Enad Global 7 AB (publ)
Org.no 556923-2837

Annual Report and Group Accounting

January – December 2021

This is a translation of the Swedish original annual report.

EG7 IN SHORT
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 470+ game developers and develops its own original IPs, as well as acts as consultants to other publishers around the world through its game development divisions Daybreak Games, Piranha Games, Toadman Studios, Big Blue Bubble and Antimatter Games. In addition, the group's marketing department Petrol has contributed to the release of 1,500+ titles, of which many are world famous brands such as Call of Duty, Destiny and Elden Ring. The group's publishing and distribution departments Innova and Fireshine Games hold expertise in both physical and digital publishing. EG7 is headquartered in Stockholm with approximately 880 employees in 16 offices worldwide.

Management Report

The board and CEO for Enad Global 7 AB (publ) (556923-2837) hereby submit the annual report with consolidated group statements for the financial year 2021-01-01 – 2021-12-31. The company is based in Stockholm. All values in SEK millions unless otherwise stated.

Information about the operations

Enad Global 7 AB corporate identity number 556923-2837, based in Stockholm, has since its inception in 2013 had as its business concept to develop, operate and market video games into a growing consumer market for players on a global basis. There is a broad focus in the group on PC, console games, MMORPGs (Massively multiplayer online role-playing games) and mobile games. The group includes companies engaged in marketing campaigns for games and physical and digital distribution of games. In addition, the Group provides and operates games via its own and external platforms.

Enad Global 7 AB has two business areas,

- game development – both in one's own name and in consulting assignments. EG7 has 8 game development and live operation studios in North America and Europe within the group: Antimatter Games, Piranha, Toadman Studios, Big Blue Bubble, Dimensional Ink, Standing Stone, Rogue Planet and Darkpaw. Daybreak is an MMO developer that has developed 13 MMOs in its 24-year history, including EverQuest, the first MMORPG game entirely in 3D. Daybreak currently maintains a portfolio of 8 live titles, which contributes a strong foundation of stable revenues and profitability for the group.
- services— which include consulting activities relating to development strategies and marketing of games through the subsidiary Petrol Advertising Inc., as well as distribution of games as publishers – digitally and physically through the subsidiary Fireshine Games (formerly Sold Out Sales & Marketing Ltd). With the acquisition of Innova during the second quarter of 2021, the live portfolio was expanded with another 12 titles. The MMOs published by Innova include Lineage 2, Black Desert Online and Blade & Soul. The business model was intended to create provides the conditions for close collaborations as well as stable cash flows.

The result is an independent game development company that develops games through its own investments, which thus does not have to rely on external investments. Combining Daybreak, Innova, My Singing Monsters and MechWarrior Online, EG7 currently has 22 live titles, making EG7 one of the largest live title publishers and operators in the world. The company's strategy is to continue to grow by developing games via its own independent studios, and to continue to work its way up the value chain by developing games with its own funds and locating games on its own.

Ownership

EG7's share is listed on Nasdaq First North Growth Market with the short name 'EG7'. The total number of outstanding shares amounts to 87,118,089 as of December 31, 2021. The price was SEK 35.00 per share as of December 31, 2021.

ÄGARE (2021-12-31)	Antal aktier	Kapital %
Settecento Ltd	9 043 282	10,38%
Media and Games Invest SE	7 126 190	8,18%
Dan Sten Olsson med familj och stiftelse	6 912 000	7,93%
Jason Epstein	6 910 000	7,93%
Swedbank Robur Fonder	4 650 000	5,34%
SPSW Capital	4 096 952	4,70%
Avanza Pension	2 965 247	3,40%
Robin Flodin	2 905 255	3,33%
Rasmus Davidsson	2 872 743	3,30%
TIN Fonder	2 367 000	2,72%
Övriga aktieägare	37 269 420	42,78%
Totalt	**87 118 089**	**100,00%**

Significant events during the year

2021 was an eventful year with two major acquisitions, the game development company Piranha and the digital distributor Innova, for details regarding acquisitions see Note 25. The year was also marked by a consolidation of the Daybreak and Big Blue Bubble businesses acquired in 2020.

A decentralized group management strategy for each subsidiary was established during the second half of 2021. The previous management left and was replaced by Ji Ham, CEO of the group's largest subsidiary, as acting CEO and Fredrik Rüdén as Deputy CEO and CFO. Group management is now working in close collaboration with the business unit management to find a balance between the group vision from above and the strategy that is specific to each subsidiary. This new way of working has been welcomed by the management in the various business areas.

2021 is the first year the company presents its reports in accordance with IFRS. The conversion from K3 to IFRS have been executed since January 1, 2020.
During the first quarter, EG7 acquires Innova for SEK 1,104 million with 100% newly issued EG7 shares and completes the acquisition as of March 31, 2021. EG7 also completes the acquisition of Piranha and the company is consolidated as of March 1, 2021.
The group adopts the accounting standard IFRS and is presented for the first time with this principle in the first quarterly report for 2021.
During the second quarter, the integration of acquired subsidiaries continues. An earn-out to the sellers of Daybreak Game Company of USD 40 million was paid during the second quarter.
The third quarter of 2021 was a transition period for EG7. After a period of high acquisition-driven growth, the company took the necessary measures to reorganize to focus more on sustainable organic growth. During the third quarter, EG7 delivered revenue and EBITDA according to communicated guideline and thus showed that the company managed to navigate the challenges from the reorganization with a more decentralized group management and Ji Ham as acting CEO.
In the fourth quarter, EG7 showed organic growth of 28% compared to the fourth quarter of 2020. During the fourth quarter, the group also acquired Magic: The Gathering Online, a games-as-a-service title that will be developed by the subsidiary Daybreak.

Financial development during the year

The group is presented in accordance with IFRS for the first time in 2021, the comparison year 2020 has been recalculated. The transition is described in Note 27.
Net sales for the full year 2021 amounted to SEK 1,670.5 million (569.8), which corresponds to a growth of 193%. Our diversified and long-lived live game portfolio from Daybreak, Big Blue Bubble, Piranha and Innova constitutes in normal time periods a sustainable and predictable base for revenue and cash flows. This stable portion of our revenue is expected to grow further in 2022 through releases of new content, game upgrades and the contribution from the newly acquired MTGO (Magic: The Gathering Online, see more below). Big Blue Bubble was acquired in November 2020 and Daybreak acquired in December 2020 affect the comparison. The 2021 acquisition of Piranha at the end of February 2021 and Innova at the end of March 2021 also affect the comparison. Excluding currency effects and acquisitions, the full year 2021 was in line with the previous year in terms of sales.
For games that are own developments, EG7 applies the 'capitalization model' in accordance with IAS 38. During the financial year, EG7 capitalized own expenses to a value of SEK 127.0 million (42.9).
EBITDA amounts to SEK 714.5 million (12.6). EBITDA is affected by the revaluation of additional purchase payments (SEK 352 million), primarily for the Piranha acquisition, where MechWarrior did not reach expected sales. The lower sales result for MechWarrior also resulted in a write-down of surplus values linked to MechWarrior of SEK -176.7 million. EG7 consists of companies with different profit margins, during the fourth quarter the share of revenues from companies with lower profit margins increased, with the operating margins for the group being below the average for the full year. Ahead of the full year 2022, the assessment is that we will reach maintained operating margins during the full year.
In connection with the company's impairment test, a need for impairment of goodwill linked to Petrol was indicated and the goodwill was written down by SEK -103.0 million.
Profit after tax amounted to SEK 96.7 million (-98.0). Earnings per share before and after dilution amounted to 1.11 (-1.28)
The company continue to have strong equity ratio of 75.2% (67.6%). Net debt amounted to SEK -77.7 million (568.1) consisting of SEK 483.9 million in cash and SEK 406.2 million in total debt.
The group's cash flow from operating activities amounted to SEK 161.6 million (-165.1). Cash flow from investing activities amounted to -661.2 (-1,304.2), mainly linked to the additional payment of the Daybreak purchase and the activation of own expenses for game development. Financing activities contributed negatively with SEK -128.1 million (2,467.8), mainly linked to the repayment of loans of SEK 100 million.

Future developments

In addition to 22 live titles, EG7 currently has a pipeline of 10 new titles and reinvestment projects.
In December 2021, EG7 signed an agreement through Daybreak to take over the development and operation of Magic: The Gathering Online (MTGO). In 2022, MTGO is expected to contribute SEK 90–100 million in net sales and SEK 25–30 million in game level EBITDA. The transaction was completed in mid-January 2022. Based on the size of the investment, cash flow from MTGO is expected to be neutral to positive in 2022 and thereafter provide significant cash flow and profitability growth during 2023.
On 19 April, EG7 entered into a letter of intent for the sale of the Company's subsidiary Innova. The sale of Innova is intended to be structured as a management buy-out (MBO) and the purchase price has been set at EUR 32 million. Structuring the Innova sale as an MBO is aimed to ensure the continuance of its ongoing business operations under the strong leadership of the existing management team and secure the talented team of local employees. The sale will be conditional upon an approval from a general shareholders' meeting of the Company.
Additionally, EG7 will be relocating Toadman Interactive and its employees who are currently based in Russia.

Risks and factors of uncertainty

Operational risk:

The company is dependent on a few agreements with existing publishers for the development of their games – if the company not succeed in achieving agreed goals, the compensation can be affected and the company's reputation damaged.
Releasing new own game titles can generate lower revenue than expected.
The company is dependent on retaining and being able to recruit key people.

The company is dependent on well-functioning IT systems and in addition exposed to risks related to hacking, viruses, sabotage and other cybercrime.

Financial risk:
The company considers the operations to be conducted in accordance with current tax legislation and practice in each country and between the countries, but in the event of an error, the consequences may adversely affect the company's results.
Interest rate risk is the risk that the value of financial instruments varies due to changes in market interest rates. The group only has interest-bearing financial assets in the form of bank balances. The interest-bearing financial liabilities in the group are bank loans. Changes in market interest rates are affected by a number of factors that are beyond the company's control.
The group is exposed to exchange rate risks as external income and certain expenses are denominated in foreign currencies, mainly RUB, USD, EUR and GBP. In connection with the group's growth, internal balances and exposure to foreign currency also increase. The translation of foreign companies into SEK also makes the group dependent on the development of the Swedish krona.

Strategic risk:
In order to achieve the expected financial and strategic synergies of acquisitions, the company must rationalize, coordinate and integrate all operations that the acquired operations conduct. If this not succeed, positive synergies and thereby results can be lost.
The company may fail to develop and adapt to new technology.
The company operates in a competitive market and may fail to select products to develop or technologies to use, which may lead to a deteriorating market position.

Liquidity risk/refinancing risk:
Liquidity risk is the risk that the group will have difficulty fulfilling its obligations related to financial liabilities. Refinancing risk refers to the risk that cash and cash equivalents are not available and that financing can only be obtained partially or not at all or at an increased cost. If the group could not obtain, or alternatively can only obtain such financing on unfavourable terms, it could have a material adverse effect on the group's operations, earnings and financial position. In that case the group has the opportunity to finance projects via bank loans, invoice mortgages and / or new issues.

The conflict in Ukraine:
On February 24, 2022, the military conflict between Russia and Ukraine was initiated.
EG7 has two subsidiaries in Russia: OOO Artplant in Tver and Innova Distribution LLC in Moscow.
OOO Artplant is a wholly owned subsidiary of Artplant AS which is 100% owned by Enad Global 7 AB. Innova Distribution LLC is 100% owned by Innova Intellectual Properties Sarl. which is 100% owned by Enad Global 7 AB.
Innova is an independent group within EG7 that can finance its operations with its own funds.
The Russian operations account for 9.7% of the group's net sales in 2021 and 7.4% of the Group's EBITDA. Converted to the last February exchange rates, this corresponds to 7.3% of the group's sales and 5.6% of the Group's EBITDA. The effect of the currency decline was by then24.5%.
During the period of conflict management has carefully monitored the development and evaluated different potential measures to ensure staff security, financial stability and minimize the operational and strategic risk that comes with the conflict. After the end of the first quarter, the company has informed the market about the intent to divest Innova thru an MBO (Management Buy Out) and to relocate the top development talents in OOO Artplant to outside Russia.
On 19 April, EG7 entered into a letter of intent for the sale of the Company's subsidiary Innova. The sale of Innova is intended to be structured as a management buy-out (MBO) and the purchase price has been set at EUR 32 million. Structuring the Innova sale as an MBO is aimed to ensure the continuance of its ongoing business operations under the strong leadership of the existing management team and secure the talented team of local employees. The sale will be conditional upon an approval from a general shareholders' meeting of the Company.
Additionally, EG7 will be relocating Toadman Interactive and its employees who are currently based in Russia.

Sustainability information
Responsible gaming
The gaming market is growing and becoming an increasingly important part of the entertainment industry. This leads to an increase in our responsibility to ensure friendly communication in and around games (communities) and to help people make informative decisions when buying a game or deciding to play a game. EG7 acts decisively and has taken several measures to ensure that the company constantly evaluates its responsibility, which contributes to a sustainable business.
An important part of EG7's sustainability work is to ensure that our products comply with international guidelines and standards for responsible content. All EG7 games in Europe follow the classification according to PEGI and all games in America follow the classification according to the ESRB. These standards describe adult content classifications to determine the appropriate minimum age. This applies, for example, to classifications of games that contain alcohol, blood or violence.
PEGI (Pan European Game Information) was launched in 2003 by the Interactive Software Federation of Europe. It is a voluntary rating system that most serious game developers in Europe follow. A total of 38 countries have adhered to this standard, which includes Portugal, which has also adapted the rules to local legislation.
PEGI includes classification of gross language, discrimination, drugs, horror, gambling, sex, violence, and online shopping. For example, if a game contains crude language such as a light swear word, the minimum recommended age is set to 12 years, but if the game instead contains sexual swear words, the recommended age is instead 16 years. Regarding violence, a PEGI 7 classified

game can only contain unrealistic and non-detailed violence. A PEGI 12 rated game can contain violence in a fictional fantasy world and unrealistic violence against a human-like character while PEGI 16 and 18 provide increasingly realistic violence.

The following symbols visualize different types of expected content according to PEGI.

A PEGI3 rated game is considered suitable for all ages. These games should not contain any sounds or images that would probably scare a minor. A childish form of light violence is acceptable. Rough language must not occur. Example: Super Mario Maker 2

Content in scenes and sounds, in this category of games can be perceived as frightening by younger children. Easier indicated, not detailed and not realistic is accepted within PEGI7. Example: SpongeBob SquarePants: Battle for Bikini Bottom – Rehydrated

Video games that show more graphically depicted lifelike violence against a fantasy figure or unrealistic violence against a human-like figure fall into this category. Certain sexual content may occur while only slightly crude language may occur. Gambling and gambling that normally occur in life or in gaming halls may occur. (eg playing cards used to play for money). Example: Gundam Versus

PEGI16 is used when violence or sexual activity is described in a way that it would look like in life. More extreme crude language may occur, while gambling, tobacco, alcohol and drugs may also occur. Example: Halo 5: Guardians

The adult classification of a game applies when violence is portrayed in its most brutal form as meaningless murder or violence against the defenseless. This also includes glorifying drug use and explicit sexual content. Example: Mortal Kombat 11

In addition to the age classification, PEGI also contains a symbol for the recommendation of “parental supervision / guidance”. This is applicable for all age categories but is recommended for everyone under 18 years. Examples include Facebook, Instagram, or Twitter. Dating sites are excluded (eg Tinder), where PEGI 18 is used.

ESRP is the American equivalent of PEGI and it contains more or less the same structure as the European system.
In addition to the applicable classification systems, EG7 acts as a moderator in games and in communities. The company has manual controls and automatic algorithms that monitor, display and counter fraudulent behavior. The purpose of this is to ensure an open and friendly environment. Each publishing company within EG7 applies a local declaration of responsibility. These counteract harmful behaviors such as attacks due to racial affiliation, sexual orientation, gender, religion, descent or unwelcome sexual approach. They also include cheating and exploitation. They work for the appropriateness of created and shared content and that applicable laws are followed. EG7 uses automatic chat filters as much as possible. Which evaluates words and sentences and blocks players who break the guidelines. These filters block sexual comments, racist or hate speech, threats, etc. for each language. Players who regularly violate our guidelines will be banned and their access to our games will be restricted. These filters also restrict the sharing of links and images.
EG7 is a young company. We have just begun our journey to take our natural responsibility. We do not have all the routines and processes in place, but we are determined to continue evaluating what we do and how we can improve.

Parent company

Enad Global 7 AB is the group's parent company. The group management is in the parent company and also some group common functions.

Yearly comparison, group	2021 *12 months*	2020 *12 months*	2019* *12 months*	2017/2018* *16 months*
Net revenue	1,670.5	569.8	151.6	73.1
Profit after financial items	90.6	-95.4	-28.1	6.4
EBIT-margin	11.7%	-1.4%	-13.7%	7.8%
Total assets	6,008.8	4,596.3	711.0	47.4
Equity ratio	76.5%	67.6%	35.2%	64.7%
Return on equity	2.0%	-3.1%	-11.2%	20.9%
EBITDA	714.5	12.5	5.1	6.4
Average number of shares	85,370,134	39,670,424	31,209,159	15,178,761
Earnings per share	1.1	-2.5	-0.9	0.3
Average FTE	807.6	178.6	93.0	79.0

**not recalculated according to IFRS*

Yearly comparison, parent company	2021 *12 months*	2020 *12 months*	2019 *12 months*	2017/2018 *16 months*	2016/2017 *12 months*
Net revenue	7.5	11.1	67.9	72.6	11.0
Profit after financial items	-79.1	-125.9	-8.7	7.4	0.6
EBIT-margin	-1,271.8%	-242.3%	-2.9%	9.1%	6.6%
Total assets	4,837.3	3,886.7	656.7	46.4	6.2
Equity ratio	89.8%	84.0%	41.8%	69.3%	49.7%
Return on equity	-1.9%	-3.1%	-3.2%	41.9%	25.1%
EBITDA	-94.8	-26.8	-1.9	6.7	
Average number of shares	85,370,134	76,630,359	31,209,159	15,178,761	
Earnings per share	-1.1	-1.3	-0.2	0.2	
Average FTE	12	13	33	33	19

Proposed allocation of the company's profit

At the Annual General Meeting's disposal stands:	
Accumulated profit/loss	-313,247,370
Share premium reserve	4,547,392,510
Profit/loss of the year	-92,865,590
	4,141,279,550
The board proposes that	
the following is carried forward	4,141,279,550
	4,141,279,550

CONSOLIDATED REPORT ON PROFIT AND LOSS

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Revenue			
Net revenue	3,4	1,670.5	569.8
Other revenue		367.9	44.5
Own work capitalized	11	127.0	42.9
		2,165.4	**657.2**
Operating expenses			
Cost of goods sold		-662.9	-380.9
Other external expenses	5	-192.2	-109.0
Personnel expenses	6	-594.9	-153.8
Other expenses		-1.0	-1.0
Operating profit before depreciation and amortization (EBITDA)		**714.5**	**12.5**
Depreciation and amortization	11,12,13	-518.5	-20.4
Operating profit (EBIT)		**195.9**	**-7.9**
Financial items			
Financial income	7	9.2	0.2
Financial expenses	8,13	-114.5	-87.6
Financial net		**-105.3**	**-87.4**
Profit before tax		**90.6**	**-95.4**
Tax expense for the period	9	6.1	-2.7
Net profit		**96.7**	**-98.1**

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

Earnings per share	10		
Earnings per share before dilution (SEK)		1.13	-2.47
Earnings per share after dilution (SEK)		1.13	-2.47

THE GROUP'S REPORT OVER COMPREHENSIVE INCOME

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Net profit for the period		96.7	-98.1
Other comprehensive income			
Items that will be reclassified to profit or loss			
Translation difference	19	248.2	-62.6
Deferred tax		-28.8	2.6
Other comprehensive income for the period, after tax		**219.4**	**-60.0**
Comprehensive income for the period, after tax		**316.2**	**-158.1**

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

Average number of shares outstanding	85,370,134	39,670,424

THE GROUP'S REPORT ON CHANGES IN EQUITY

	Equity attributable to the parent company's shareholders					
SEKm	Share Capital	Other Shareholder Contributions	Translation reserve	Accumulated Profit incl. Net profit	**Total equity attributable to the parent company's shareholders**	**Total equity**
Opening balance 2020-01-01	**1.2**	**272.1**	**0.0**	**-110.1**	163.2	163.2
The net profit of the period	0.0	0.0	0.0	-98.1	**-98.1**	**-98.1**
Other comprehensive income for the period	0.0	0.0	-60.0	0.0	**-60.0**	**-60.0**
Comprehensive income for the period	**0.0**	**0.0**	**-60.0**	**-98.1**	**-158.1**	**-158.1**
Transactions with shareholders:						
Rights issue	1.8	3,143.0	0.0	0.0	**3,144.8**	**3,144.8**
Rights issues transaction costs		-53.0			**-53.0**	**-53.0**
Tax effects transaction costs of rights issues		11.3			**11.3**	**11.3**
Total	**1.8**	**3,101.3**	**0.0**	**0.0**	**3,103.1**	**3,103.1**
Closing balance 2020-12-31	**3.1**	**3,373.4**	**-60.0**	**-208.2**	**3,108.3**	**3,108.3**
Opening balance 2021-01-01	**3.1**	**3,373.4**	**-60.0**	**-208.2**	**3,108.3**	**3,108.3**
The net profit of the period	0.0	0.0	0.0	96.7	**96.7**	**96.7**
Other comprehensive income for the period	0.0	0.0	219.4	0.0	**219.4**	**219.4**
Comprehensive income for the period	**0.0**	**0.0**	**219.4**	**96.7**	**316.2**	**316.2**
Transactions with shareholders:						
Rights issue	0.4	1,173.6	0.0	0.0	**1,174.0**	**1,174.0**
Rights issues transaction costs		-1.5			**-1.5**	**-1.5**
Tax effects transaction costs of rights issues		0.3			**0.3**	**0.3**
First consolidation of OOO Artplant	0.0	0.0	0.0	0.5	**0.5**	**0.5**
Total	**0.4**	**1,172.4**	**0.0**	**0.5**	**1,173.4**	**1,173.4**
Closing balance 2021-12-31	**3.5**	**4,545.8**	**159.4**	**-110.9**	**4,597.8**	**4,597.8**

THE GROUP'S REPORT ON FINANCIAL POSITION

Values in SEKm	Note	2021-12-31	2020-12-31	2020-01-01
ASSETS				
Non-current assets				
Goodwill	11	3,891.9	2,292.8	318.3
Intangible assets	11	1,124.6	843.4	105.2
Tangible non-current assets	12	33.2	24.8	9.0
Right-of-use assets	13	54.2	63.6	29.0
Deferred tax assets	9	63.9	26.8	2.2
Other non-current receivables	14,20	11.1	48.9	3.0
Total non-current assets		**5,179.0**	**3,300.2**	**466.7**
Current assets				
Inventory	15	13.2	6.9	12.1
Accounts receivable	14,20	222.7	122.8	49.7
Current tax claim		22.7	28.8	2.1
Other receivables	14	22.2	0.3	3.3
Earned but not invoiced income	4	35.6	32.4	10.2
Prepayments and accrued income	16	32.3	20.1	6.1
Cash and cash equivalents	14,17,20	481.2	1,084.8	103.0
Total current assets		**829.8**	**1,296.0**	**186.5**
TOTAL ASSETS		**6,008.8**	**4,596.3**	**653.2**

EQUITY AND LIABILITIES

Values in SEKm	Note	2021-12-31	2020-12-31	2020-01-01
Equity	19			
Share capital		3.5	3.1	1.2
Other contributed capital		4,545.8	3,373.4	272.1
Retained earnings including profit for the period		48.5	-268.3	-110.0
Total equity attributable to the parent company's shareholders		**4,597.8**	**3,108.2**	**163.2**
Total equity		**4,597.8**	**3,108.2**	**163.2**
Non-current liabilities				
Bond loans	14,20	0.0	0.0	204.2
Liabilities to credit institutions	14,20	403.1	3.0	0.0
Leasing liabilities	13,20	29.7	47.8	27.7
Deferred tax liability	9	68.2	9.7	0.8
Contingent considerations	14,20	64.1	0.0	110.4
Contractual liabilities	4	10.2	0.0	0.0
Other liabilities	14,20	130.2	39.9	12.1
Total non-current liabilities		**705.4**	**100.5**	**355.2**
Current liabilities				
Liabilities to credit institutions	14,20	3.2	516.4	1.1
Leasing liabilities	13,20	22.5	16.1	0.0
Accounts payable	14,20	71.6	42.5	16.7
Current tax liability		32.3	25.4	3.0
Contingent considerations	14,20	64.6	484.4	58.8
Other liabilities	14,20	125.8	3.2	4.8
Contractual liabilities	4	144.1	108.8	12.3
Accrued expenses and prepaid income	21	241.5	190.8	37.9
Total current liabilities		**705.6**	**1,387.6**	**134.7**
TOTAL EQUITY AND LIABILITIES		**6,008.8**	**4,596.3**	**653.2**

THE GROUP'S REPORT ON CASH FLOW

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Operating activities			
Operating profit (EBIT)		195.9	-7.9
Adjustment for non-cash flow items	22	125.6	-11.8
Received interest		0.0	1.4
Paid interest		-34.8	-73.9
Paid taxes		-18.6	-40.3
Cash flow from operating activities before changes in working capital		**268.2**	**-132.6**
Cash flow from changes in working capital			
Decrease / increase of inventories / work in progress		-4.9	4.4
Decrease / increase of receivables		-106.3	-85.2
Decrease / increase of current liabilities		5.8	48.2
Cash flow from operating activities		**162.7**	**-165.2**
Investment activities			
Business acquisitions	25	-467.3	-1,251.4
Acquisition of intangible assets	11	-140.4	-49.2
Acquisition of tangible non-current assets	12	-18.1	-3.8
Divestment of tangible non-current assets	12	0.0	0.2
Cash flow from investment activities		**-625.8**	**-1,304.2**
Financing activities			
Rights issue of the year		0.0	2,247.2
Transactions costs of rights issues		-1.5	-53.0
Loans raised	14,22	400.0	500.0
Repaid loans	14,22	-500.0	-220.0
Repaid leasing debt	13,14,20,22	-62.7	-6.5
Cash flow from financing activities		**-164.2**	**2,467.8**
Cash flow for the period		**-627.3**	**998.5**
Cash and cash equivalents at start of period		1,084.8	103.0
Exchange rate differences		23.6	-16.7
Cash and cash equivalents at end of period	**17**	**481.1**	**1,084.8**
From balance sheet		481.2	1,084.8

THE GROUP'S NOTES

NOTE 1 Accounting Principles

This annual report with group accounting regards the Swedish parent company Enad Global 7 AB, corporate identity number 556923-2837, and its subsidiaries
EG7 is a group in the gaming industry that develops, markets, publishes and distributes PC, console and mobile games to the global gaming market.
The parent company is a corporation with its registered office in Stockholm, Sweden. The address of the head office is Ringvägen 100, 118 60 Stockholm.
On 25 April 2022, the Board of Directors and the CEO approved this annual report and consolidated accounts, which will be submitted for adoption at the Annual General Meeting on 26 May 2022.

Basis for group accounting

The group accounting has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the group applies the Annual Accounts Act (1995: 1554) and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board.
The consolidated financial statements have been prepared on the basis of the assumption of going concern. Assets and liabilities are valued on the basis of acquisition value with the exception of certain financial instruments that are valued at fair value. The consolidated financial statements have been prepared in accordance with the acquisition method and all subsidiaries in which controlling influence is held are consolidated as of the date this influence was acquired.
Preparing reports in accordance with IFRS requires that several estimates be made by management for accounting purposes. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts, are stated in Note 2 Significant estimates and assessments. These assessments and assumptions are based on historical experience as well as other factors that are deemed reasonable in the prevailing circumstances. Actual outcome may differ from assessments made if assessments are changed or other conditions exist.
The parent company applies the same accounting principles as the group, except in the cases specified in the section "Parent company's accounting principles". The parent company applies the Annual Accounts Act (1995: 1554) and RFR 2 Accounting for legal entities. The deviations that occur are caused by restrictions on the possibilities of applying IFRS in the parent company as a result of the Annual Accounts Act and current tax rules.
The accounting principles set out below have, unless otherwise stated, been applied consistently to all periods presented in the group's financial reports.
These is EG7's first financial reports prepared in accordance with IFRS. EG7 has applied IFRS 1 The first time IFRS is applied in the preparation of these financial statements. The transition to IFRS is described in more detail in Note 27 Transition to IFRS.

New standards and interpretations

A number of new standards and interpretations enter into force for financial years beginning after 1 January 2021 and have not been applied in the preparation of this financial report. None of these are expected to have a significant impact on the group's financial reports.

Consolidation

Subsidiaries

Subsidiaries are all companies over which EG7 has a controlling influence. The group controls a company when it is exposed to or entitled to variable returns from its holdings in the company and has the opportunity to influence the returns through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the group and are excluded from the consolidated financial statements from the date on which the controlling influence ceases.
Subsidiaries are reported according to the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction whereby the group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses, with the exception of transaction expenses that are attributable to the issue of equity instruments or debt instruments, that arise are reported directly in the profit for the year. In business acquisitions where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, so-called acquisitions at a low price, this is reported directly in the profit for the year.
In the case of acquisitions that take place in stages, goodwill is determined on the day when a controlling influence arises. Previous holdings are valued at fair value and the change in value is reported in profit or loss. Previous holdings are valued at fair value and the change in value is reported in profit or loss. If additional shares are acquired, i.e. after a controlling influence has been obtained, this is reported as a transaction between owners within equity.

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

Currency

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

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

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

Classification

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

Segment reporting

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

Revenue from customer contracts

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

Step 1: Identify an agreement between at least two parties where there is a right and a commitment.
Step 2: Identify the various promises (performance obligations) contained in the agreement.
Step 3: Determine the transaction price, i.e. the amount of compensation that the company is expected to receive in exchange for the promising goods or services. The transaction price must be adjusted for variable parts, for example any discounts.
Step 4: Distribute the transaction price on the various performance obligations.
Step 5: Report revenue when the performance obligations are met, i.e. control is passed to the customer. This is done at one time or over time if any of the criteria set out in the standard are met.

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

Work-for-hire (Game segment)
The group performs development assignments for other publishers. The customers consist of corporate customers. An agreement arises when the development assignment is signed between EG7 and the publisher.
EG7 considers that the obligation to develop games for a customer is a single performance obligation. The transaction price is mainly fixed, but some agreements include variable remuneration in the form of performance bonuses. EG7 estimates the variable

amount of compensation using the expected value and includes variable compensation only to the extent that it is highly probable that a material reversal of accumulated income will not occur when the uncertainty associated with the variable compensation subsequently ceases.
The group reports revenue as the performance obligation is met, which is when the customer gains control of the asset. EG7 believes that control is transferred over time, as the group's performance creates or improves an intangible asset that the customer controls when the asset is created.

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

Marketing (Service segment)
EG7 offers marketing services to other gaming companies. The group's customers consist of corporate customers and EG7 has both framework agreements and agreements for specific assignments with these customers. For framework agreements, there is an agreement in accordance with IFRS 15 only when a specific call-off, usually in the form of an assignment description ("SOW"), exists. The contract period is generally relatively short, usually less than 12 months.
The group assesses that an agreement with a customer generally contains a number of performance obligations as the various promises in the agreement constitute distinct services. The transaction price is mainly fixed. The group allocates the transaction price to each performance obligation based on the independent sales prices, which are based on an observable price for the service when the group sells the service separately under similar circumstances and to similar customers.
Revenues from marketing are reported when control has been transferred to the customer and the performance obligation is thus fulfilled, which is considered to be when the customer has the significant risks and benefits associated with the delivery.

Publishing (Service segment)
The group is also active in physical and digital publishing and distribution of games. EG7 believes that the group's customer is the private individual who buys the game. An agreement exists for digital products when the customer places an order for the game via the platform and for physical products when the game is sold in store.
In these agreements with customers, other parties are often involved in the provision of the game to the end customer, which means that different shares of the gross income from the end customer are obtained. For each performance obligation in the customer agreements, the group determines whether it is the principal or agent. To determine whether the group is the principal or agent in the revenue transactions when several parties are involved in delivering a game to the end customer, it is assessed whether the group has control over the asset that the customer buys before it is transferred.
The transaction price is mainly fixed, but there may be certain variable parts, which may include discounts. EG7 estimates the variable amount of compensation but includes variable compensation only to the extent that it is highly probable that a material reversal of accumulated income will not occur when the uncertainty associated with the variable compensation ceases thereafter.
Revenues from publishing are reported when sales to end customers have taken place. EG7 assesses that when selling to the end customer, it can be considered that control has passed to the customer and that the performance obligation has been fulfilled. If the group is deemed to be the principal for a revenue stream the remuneration received in net sales is reported gross and the shares that are passed on to other parties are reported as costs in the income statement. In cases where the group acts as an agent, revenue is reported that corresponds to the fee or commission to which EG7 is entitled.

Cost of goods sold
The item consists of costs directly linked to the games and game development (COGS). The majority of the group's direct costs consist of royalties and licenses for the issued games. Costs that can be capitalized when it comes to consultants and other direct costs such as photography / film, technical service and software linked to product development are also presented here. Direct marketing is also presented here.

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

Defined contribution pension plans
EG7's pension commitments are only covered by defined contribution plans.
A defined contribution pension plan is a pension plan according to which the group pays fixed contributions to a separate legal entity. The group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods. The group thus has no additional risk. The group's obligations regarding fees for defined contribution plans are reported as an expense in the income statement at the rate they are earned by the employees performing services for the group during the period.

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

Financial income and expenses

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

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

Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in net profit for the period, except when the underlying transaction is reported in other comprehensive income or in equity, whereby the associated tax effect is reported in other comprehensive income or in equity.
Current tax is tax that is to be paid or received for the current year, with application of the tax rates that have been decided or in practice decided on the balance date. Current tax also includes an adjustment of current tax attributable to previous periods.
Deferred tax is reported in its entirety, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and its reported values. Temporary differences are not taken into account when reporting goodwill or for the initial reporting of an asset acquisition because the acquisition does not affect either reported or taxable profit.
Furthermore, temporary differences attributable to shareholdings in subsidiaries that are not expected to be reversed in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how and in which jurisdiction the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules that have been decided or announced on the balance sheet date and that are expected to apply in the jurisdiction when the deferred tax asset is realized or the deferred tax liability is settled.
Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized. Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset short-term tax assets against short-term tax liabilities and the deferred tax is attributable to the same unit in the group and the same tax authority.

Earnings per share

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

Intangible assets

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

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

Internally generated intangible assets
The group's internally generated assets are divided into two phases in accordance with IAS 38; the research phase and the development phase. Costs that arise during the research phase are expensed on an ongoing basis as they arise and are never

capitalized afterwards. Costs that arise during the development phase are capitalized as intangible assets when, in the management's assessment, it is probable that they will result in future financial benefits for the group, the criteria for capitalization are met and the costs can be measured reliably.
For EG7, internally generated intangible assets mainly pertain to game development for PC, console and mobile. The expenses that are capitalized include expenses for direct salary, consulting costs and other expenses directly attributable to the project. All other costs that do not meet the criteria for capitalization affect the net profit when they arise. Internally generated assets under development are tested at least annually for impairment.

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

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

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

- Internally generated intangible assets 2-5 years
- IP rights 5-10 years
- Market and client-related assets 3-7 years
- Goodwill Undefinable

Tangible non-current assets
Tangible non-current assets are reported as an asset in the balance sheet if it is probable that future economic benefits will benefit the company and the acquisition value of the asset can be calculated in a reliable manner. Tangible non-current assets are reported in the group at acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and expenses directly attributable to the asset to bring it into place and in condition for use in accordance with the purpose of the acquisition.
The reported value of an asset is removed from the balance sheet upon disposal or divestment or when no future economic benefits are expected from the use or disposal / divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's reported value less direct selling expenses. Profit and loss are reported as other operating income / expenses.

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

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

- Equipment, tools and installations 3-5 years

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

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

Leasing liabilities
On the commencement date of a leasing agreement, the group reports a leasing liability corresponding to the present value of the leasing payments to be paid during the leasing period. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the group is reasonably certain of exercising those options. Leasing payments include fixed payments (after deduction of any benefits in connection with the signing of the leasing agreement to be received), variable leasing fees that depend on an index or a price (e.g. a reference interest rate) and amounts that are expected to be paid according to residual value guarantees. Lease payments also include the exercise price of an option to purchase the underlying asset or penalties payable on termination in accordance with a termination option, if such options are reasonably certain to be

exercised by EG7. Variable leasing fees that are not due to an index or a price are reported as an expense in the period to which they are attributable.
For the calculation of the present value of the leasing payments, the group uses the implicit interest rate in the agreement if it can be easily determined and in other cases the marginal borrowing rate as of the commencement date of the leasing agreement is used. After the commencement date of a lease agreement, the lease liability increases to reflect the interest on the lease liability and decreases with the lease payments paid. In addition, the value of the lease liability is revalued as a result of modifications, changes in the lease term, changes in lease payments or changes in an assessment to purchase the underlying asset.

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

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

Amortization of non-financial assets
The group conducts an impairment test in the event that there are indications that a decline in value has occurred in the tangible or intangible assets, i.e. whenever events or changes in circumstances indicate that the reported value is not recoverable. This also applies to right-of-use assets attributable to leasing agreements. Furthermore, assets with an indefinite useful life, i.e. the group's goodwill, are tested annually for impairment by calculating the asset's recoverable amount, regardless of whether there are indications of a decline in value or not.
An impairment loss is recognized in the amount by which the asset's reported value exceeds its recoverable amount. A recoverable amount consists of the higher of a net sales value and a value in use that constitutes an internally generated value based on future cash flows. When assessing impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). When impairment needs have been identified for a cash-generating unit (group of units), the impairment amount is primarily allocated to goodwill. Thereafter, a proportional impairment is made of other assets included in the unit (group of units). When calculating the value in use, future cash flows are discounted with a discount factor that takes into account risk-free interest and the risk associated with the specific asset. An impairment loss is charged to the net profit.
Previously reported impairments are reversed if the recoverable amount is judged to exceed the reported value. However, reversals do not take place with an amount that is greater than the reported value amounts to what it would have been if impairments had not been reported in previous periods. Any reversal is reported in the income statement. Impairment of goodwill is never reversed, however.

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

Accounting and removal
Financial assets and liabilities are reported when the group becomes a party in accordance with the instrument's contractual terms. Transactions with financial assets are reported on the business day, which is the day on which the group commits to acquire or divest the assets. Accounts receivable are recognized in the balance sheet when an invoice has been sent and the group's right to compensation is unconditional. Liabilities are reported when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are taken up when the invoice has been received.
A financial asset is removed from the balance sheet (in whole or in part) when the rights in the contract have been realized or expired, or when the group no longer has control over them. A financial liability is removed from the balance sheet (in whole or in part) when the obligation in the agreement is fulfilled or otherwise extinguished. A financial asset and a financial liability are reported net in the balance sheet when there is a legal right to offset the reported amounts and the intention is to either settle the net or to realize the asset at the same time as the liability is settled. Gains and losses from removal from the balance sheet and modification are reported in the income statement. At each reporting date, the company evaluates the need for write-downs regarding expected credit losses for a financial asset or group of financial assets, as well as any other credit exposure.

Classification and valuation

Financial assets

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

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

Financial assets classified at amortized cost are held in accordance with the business model to collect contractual cash flows that are only payments of principal and interest on the outstanding principal. Financial assets that are classified at amortized cost are initially valued at fair value with the addition of transaction costs. After the first reporting opportunity, the assets are valued according to the effective interest method. The assets are covered by a loss provision for expected credit losses. The group's financial assets, which are debt instruments classified at amortized cost, are shown in Note 14 Financial instruments.
The group does not hold any financial assets classified at fair value through other comprehensive income. The group also does not hold any financial assets that constitute debt instruments classified at fair value through profit or loss.

Financial liabilities

Financial liabilities, with the exception of contingent considerations, are classified at amortized cost. Financial liabilities reported at amortized cost are initially valued at fair value including transaction costs. After the first reporting occasion, they are valued at amortized cost according to the effective interest method. The group's contingent considerations are classified and reported as a financial liability valued at fair value through profit or loss.
Borrowing is classified as current liabilities unless the group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date. Borrowing costs are reported in the income statement in the period to which they relate.
Accrued interest is reported as part of current liabilities to credit institutions, in which case the interest is expected to be settled within 12 months from the balance date.
Fair value is determined as described in Note 14 Financial instruments.

Write-downs of financial assets

Financial assets, in addition to those classified at fair value through profit or loss or equity instruments valued at fair value through other comprehensive income, are subject to write-downs for expected credit losses. In addition, the write-down also includes contract assets that are not valued at fair value through profit or loss. Write-down losses on credit losses in accordance with IFRS 9 are forward-looking and a loss provision is made when there is an exposure to credit risk, usually at the first reporting date for an asset or receivable. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining maturity of the financial instrument, depending on the asset class and on credit deterioration since the first reporting date.
For a more detailed description of methods applied for calculating expected credit losses, see Note 20 Financial risks.

Inventory

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

Cash and cash equivalents

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

Equity

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

Contingent liabilities

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

Government grants

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

Grants are systematically accrued in the profit for the year in the same way and over the same periods as the costs the grants are intended to compensate for.

Cash flow

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

NOTE 2 Significant estimates and assessments

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

Impairment testing of goodwill

To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill has been attributed are valued, which is done by discounting the cash-generating unit's cash flows. In applying this method, EG7 relies on a number of input factors, including results achieved, business plans, financial forecasts and market data. Changes in the conditions for these assumptions and estimates could have a significant effect on the value of goodwill.

Acquisition analyses

In the case of acquisitions of subsidiaries, an acquisition analysis is performed, in which the fair value on the acquisition date of acquired identifiable assets as well as assumed liabilities and contingent liabilities is reported. Acquisition analyses are based on significant estimates and assessments of future events. Actual values may consequently differ from those imposed in the acquisition analysis.

Contingent considerations

In connection with the acquisition of subsidiaries, EG7 has entered into agreements on conditional purchase prices. These additional purchase prices are valued at fair value through profit or loss and the fair value is determined by discounting future cash flows. Since the additional purchase price is dependent on future results, the actual outcome may vary from the assessments that have been made, even if the assessments used are the company management's best estimate of the outcome. Changes in the significant unobservable input factors, such as forecast sales and a risk-adjusted discount rate, can lead to a change in the reported values.

NOTE 3 Operational segments

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

- "Games"— both own developments and consulting assignments. EG7 has 8 game development and live operations studios in North America and Europe within the group: Antimatter Games, Piranha, Toadman Interactive AB, Big Blue Bubble and Daybreak.
- "Services"— which includes consulting activities regarding development strategies and marketing of games through the subsidiary Petrol Advertising Inc., as well as distribution of games as publishers – digitally and physically through the subsidiary Fireshine Games (formerly Sold Out Marketing Ltd) and Innova.

2021-01-01 – 2021-12-31	Services	Games	**Total segment**	Other units	**Group total**
Revenue from external customers	758.9	911.6	1,670.5	0.0	1,670.5
Own work capitalized	0.0	127.0	127.0	0.0	127.0
Other revenue	2.9	365.1	367.9	0.0	367.9
Total revenue	**761.7**	**1,403.7**	**2,165.4**	**0.0**	**2,165.4**
Operating expenses					
Cost of goods sold	-451.8	-211.1	-662.9	0.0	-662.9
Other external expenses	-33.9	-112.0	-145.9	-46.3	-192.2
Personnel expenses	-140.6	-434.1	-574.7	-20.1	-594.9
Other expenses	-1.4	0.4	-1.0	0.0	-1.0
Operating profit before depreciation and amortization (EBITDA)	**134,0**	**646.9**	**780.9**	**-66.4**	**714.5**
Depreciation and amortization	**-144.7**	**-364.1**	**-508.8**	**-9.7**	**-518.5**
Operating profit (EBIT)	-10.7	282.8	272.1	-76.2	195.9
Financial income					9.2
Financial expenses					-114.5
Profit before tax					**90.6**

2020-01-01 – 2020-12-31	Services	Games	**Total segment**	Other units	**Group total**
Revenue from external customers	529.4	40.4	569.8	0.0	569.8
Own work capitalized	0.0	42.9	42.9	0.0	42.9
Other revenue	15.9	28.6	44.5	0.0	44.5
Total revenue	**545.3**	**111.9**	**657.2**	**0.0**	**657.2**
Operating expenses					
Cost of goods sold	-357.0	-24.0	-380.9	0.0	-380.9
Other external expenses	-17.1	-52.6	-69.7	-39.3	-109.0
Personnel expenses	-94.7	-44.9	-139.6	-14.2	-153.8
Other expenses	0.0	2.2	2.2	-3.2	-1.0
Operating profit before depreciation and amortization (EBITDA)		**-7.4**	**69.2**	**-56.7**	**12.5**
Depreciation and amortization	-8.5	-8.3	-16.8	-3.6	-20.4
Operating profit (EBIT)	68.1	-15.7	52.4	-60.3	-7.9
Financial income					0.2
Financial expenses					-87.6
Profit before tax					**-95.4**

NOTE 4 Revenue from customer contracts

2021-01-01 – 2021-12-31	Games	Services	Group total
GEOGRAPHICAL REGION			
Sweden	12.0	1.0	13.0
Rest of Europe	180.0	415.4	595.4
North America	682.5	275.5	958.1
South America	5.2	1.3	6.5
Asia	12.3	53.2	65.5
Africa	1.1	0.0	1.1
Oceania	18.4	12.5	30.9
Revenue from customer contracts	**911.6**	**758.9**	**1,670.5**

2020-01-01 – 2020-12-31	Games	Services	Group total
GEOGRAPHICAL REGION			
Sweden	10.6	0	10.6
Rest of Europe	8.0	265.5	273.4
North America	20.9	217.9	238.8
South America	0.2	0.0	0.2
Asia	0.4	29.4	29.8
Africa	0.0	0.0	0.0
Oceania	0.4	16.6	17.0
Revenue from customer contracts	**40.4**	**529.4**	**569.8**

CONTRACTUAL ASSETS	2021-12-31	2020-12-31	2020-01-01
Opening balance	32.4	10.2	10.2
Significant changes in contractual assets:			
Changes attributable to ordinary operations	3,2	22.2	0.0
Closing balance	**35.6**	**32.4**	**10.2**

CONTRACTUAL LIABILITIES	2021-12-31	2020-12-31	2020-01-01
Opening balance	108.8	12.3	12.3
Significant changes in contractual liabilities:			
due to business acquisitions	16.5	90.3	0.0
Changes attributable to ordinary operations	29.0	6.2	0.0
Closing balance	**154.3**	**108.8**	**12.3**

REPORTED INCOME DURING THE YEAR	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Which was found in the contractual liabilities as of 1 January	108.8	12.3
From performance commitments that were fulfilled / have been partially fulfilled during previous periods	0,0	0,0

Revenues allocated to unfulfilled, or partially fulfilled performance commitments are expected to be reported as revenue	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Within one year	144.1	108.8
After one year	10.2	0.0

Contractual assets consist of accrued income, to which the company's right is conditional on continued performance in accordance with the agreement. When the company's right to compensation becomes unconditional, the asset is reported as a trade receivable. Contractual debt refers to advance payments from customers for whom performance commitments have not been fulfilled. Contractual liabilities are reported as income when performance commitments in the contract are fulfilled (or have been fulfilled).

NOTE 5 Remuneration to auditors

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
ERNST & YOUNG AB		
The audit assignment	6.4	3.5
Other auditing activities	5.2	11.9
Total	**11.6**	**15.4**
OTHER AUDITORS		
The audit assignment	2.2	0.5
Tax advice	2.2	0.0
Other services	0.05	0.0
Total	**4.4**	**0.5**

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

NOTE 6 Personnel and personnel expenses

	2021-01-01 – 2021-12-31			2020-01-01 – 2020-12-31		
Average number of employees	**Average number of employees**	**Of which women, %**	**Of which men, %**	**Average number of employees**	**Of which women, %**	**Of which men, %**
Parent company	12.0	50%	50%	12.9	23%	77%
Subsidiaries in:						
Sweden	32.0	28%	72%	23.3	30%	70%
Canada	131.9	27%	73%	5.6	28%	73%
Luxembourg	2.3	100%	0%	0.0	0%	0%
Norway	3.0	0%	100%	2.8	0%	100%
Russia	212.7	35%	65%	0.0	0%	0%
UK	71.0	13%	87%	46.5	26%	74%
Germany	17.0	12%	88%	14.1	14%	86%
USA	325.7	22%	78%	73.4	32%	68%
Group total	**807.6**	**26%**	**74%**	**178.6**	**27%**	**73%**

	2021-01-01 – 2021-12-31			2020-01-01 – 2020-12-31		
Gender distribution in the board and company management	**Average number of employees**	**Of which women, %**	**Of which men, %**	**Average number of employees**	**Of which women, %**	**Of which men, %**
Board of directors	6.0	17%	83%	6.0	17%	83%
CEO and other management	2.0	0%	100%	4.0	25%	75%
Group total	**8.0**	**13%**	**88%**	**10.0**	**20%**	**80%**

Personnel expenses	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Parent company		
Board of Directors and the management:		
Salaries and benefits	2.5	1.1
Social expenses	0.5	0.0
Pension costs	0.01	0.0
Total	**3.0**	**1.1**
Other personnel		
Salaries and benefits	12.8	7.4
Social expenses	3.5	2.8
Pension costs	0.8	0.3
Other personnel expenses	2.9	0.0
Total	**19.9**	**10.5**
Subsidiaries		
Board of Directors and the management:		
Salaries and benefits	21.6	7.7
Social expenses	1.3	0.7
Pension costs	1.8	0.0
Other personnel expenses	0.9	0.0
Total	**25.7**	**8.4**
Other personnel		
Salaries and benefits	459.4	113.3
Social expenses	34.1	12.1
Pension costs	13.6	3.5
Other personnel expenses	40.9	3.9
Total	**548.1**	**132.8**
Group total	**596.7**	**152.8**

2021-01-01 – 2021-12-31	Base salary, board compensation	Variable compensation	Pension costs	Other compensation	Total
Chairman of the board					
Alexander Albedj	0.4	0.0	0.0	0.0	0.4
Member of the board					
Marie-Louise Hellström Gefwert	0.3	0.0	0.0	0.0	0.3
Erik Nielsen	0.1	0.0	0.0	0.0	0.1
Gunnar Lind	0.2	0.0	0.0	0.0	0.2
Sven Folkesson	0.1	0.0	0.0	0.0	0.1
Chief executive officer					
Robin Flodin	1.3	0.0	0.0	0.0	1.3
Ji Ham	2.5	0.5	0.0	0.0	3.0
Other management (8 staff)	21.6	1.4	1.8	0.9	25.7
Total	**26.4**	**1.8**	**1.9**	**0.9**	**31.1**

2020-01-01 – 2020-12-31	Base salary, board compensation	Variable compensation	Pension costs	Other compensation	Total
Chairman of the board					
Alexander Albedj	0.1	0.0	0.0	0.0	0.1
Member of the board					
Marie-Louise Hellström Gefwert	0.1	0.0	0.0	0.0	0.1
Erik Nielsen	0.1	0.0	0.0	0.0	0.1
Sven Folkesson	0.1	0.0	0.0	0.0	0.1
Gunnar Lind	0.1	0.0	0.0	0.0	0.1
Chief executive officer					
Robin Flodin	0.8	0.0	0.0	0.0	0.8
Other management (5 staff)	7.4	0.0	0.0	0.0	7.4
Total	**8.8**	**0.0**	**0.0**	**0.0**	**8.8**

Remuneration and conditions for management

Remuneration to the CEO and other management consists of basic salary, variable compensation and in some cases pension benefits as well as other benefits such as a company car. Other management refers to the persons responsible for each subsidiary and group management.

Since the end of August, the company has had an acting CEO – Ji Ham – who has a fixed-term employment with the wholly owned subsidiary Daybreak Game Company LLC in California, USA. The current contract – as CEO of Daybreak as well as acting CEO of EG7 runs until 31 December 2023 with automatic extension one year at a time or through renegotiation. The company's acting CEO has a notice of termination period of two (2) months, regardless of whether the dismissal is on the company's or acting CEO's initiative. The acting CEO does not enjoy any pension benefit.

The deputy CEO has a notice of termination period of six (6) months, regardless of whether the termination is on the initiative of the company or the deputy CEO. In addition, the company has the opportunity to quarantine the vice president for three (3) months after the end of the employment against a remuneration corresponding to three (3) monthly salaries. The pension benefit for the deputy CEO corresponds to 31.6% of pensionable salary.

Severance pay

The acting CEO is entitled to severance pay if he has 'good reasons' to resign or if the company terminates his employment without 'good reasons'. The severance pay can be valued at basic salary for the remaining months during the term of the contract or up to USD 1,500,000. According to the agreement, the acting director shall be 'quarantined' for three (3) months if the employment is terminated on his own initiative for any reason or on the company's initiative without 'good reasons'.

According to the agreement, the deputy CEO is not entitled to severance pay if his employment ends.

NOTE 7 Financial income

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Assets valued at accrued acquisition value:		
Interest income other financial assets	0.7	0.2
Total interest income according to the effective interest method	**0.7**	**0.2**
Other financial income	2.0	0.0
Exchange rate differences – financial items	6.4	0.0
Total	**8.4**	**0.0**
Total financial income	**9.2**	**0.2**

NOTE 8 Financial expenses

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Assets and liabilities valued at fair value through profit or loss:		
Discount rate contingent consideration	-59.0	0.0
Total reported through profit and loss	**-59.0**	**0.0**
Liabilities valued at accrued acquisition value:		
Discounted tax credit	-16.5	
Interest expenses liabilities to credit institutions	-21.2	-27.8
Total interest expenses according to the effective interest method	**-37.7**	**-27.8**
Other financial expenses:		
Borrowing costs	-14,8	-29.7
Exchange rate differences – financial items	0.0	-29.3
Interest expenses leasing liabilities	-3.0	-0.9
Total	**-17.8**	**-59,8**
Total financial expenses	**-114.5**	**-87.6**

NOTE 9 Tax

Current tax	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Current tax on net profit	-93.3	-13.6
Adjustments regarding previous years	0.0	0.0
Total current tax	-93.3	-13.6
Deferred tax		
Deferred tax on temporary differences	113.2	-1.8
Deferred tax on loss carryforwards	-13.8	12.7
Total deferred tax	99.4	10.9
Reported tax on income statement	6.1	-2.7

Reconciliation of effective tax rat	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Profit before tax	**90.6**	**-95.4**
Tax according to the current tax rate for the parent company (20.6%)	-18.7	19.7
Tax effect from:		
Non-deductible expenses	-0.1	-2.2
Non-taxable income	3.4	4.7
Non-taxable income earn-out	76.7	0.0
Non-deductible interest	0.0	-11.3
Previous years' taxes	-8.8	-0.9
Effect of changes in tax rate	-8.9	-1.0
Non-reported deferred tax on temporary differences	-6.6	-10.4
Adjustment tax rate other countries	-7.5	-1.3
Goodwill impairment	-24.2	0.0
Other	0.7	0.0
Reported tax	**6.1**	**-2.7**
Effective tax rate	7%	3%

Amounts reported directly against equity	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Deferred tax: currency effect net investment in subsidiaries	28.7	-2.6
Total	**28.7**	**-2.6**

Information on deferred tax assets and liabilities
The following tables specify the tax effect of the temporary differences:

Deferred tax assets	**Other**	**Intangible assets**	**Right-of-use assets**	**Unused tax carryforwards**	**Total**
Opening balance 2021-01-01	**0.0**	**0.6**	**0.0**	**26.2**	**26.8**
Reported:					
Acquisition	10.9	1.1	1.0	38.8	51.8
In profit	1.3	-1.0	-1.1	-13.8	-14.6
Closing balance 2021-12-31	**12.2**	**0.7**	**-0.1**	**51.2**	**63.9**

Deferred tax assets	**Intangible assets**	**Right-of-use assets**	**Unused tax carryforwards**	**Total**
Opening balance 2020-01-01	**0.0**	**0.0**	**2.3**	**2.3**
Reported:				
Acquisition	0.6	0.0	0.0	0.6
In profit	0.0	0.0	12.6	12.6
In comprehensive income	0.0	0.0	11.3	11.3
Closing balance 2020-12-31	**0.6**	**0.0**	**26.2**	**26.8**

Deferred tax liabilities	**Other**	**Net investment subsidiaries**	**Intangible assets**	**Total**
Opening balance 2021-01-01	**0**	**0.0**	**9.8**	**9.8**
Reported:				
Acquisition	11.5		132.2	143.6
In profit	-0.7	-28.7	-84.6	-114.0
In comprehensive income		28.7	0.0	28.7
Closing balance 2021-12-31	**10.9**	**0.0**	**57.4**	**68.2**

Deferred tax liabilities	**Net investment subsidiaries**	**Intangible assets**	**Total**
Opening balance 2020-01-01		**0.8**	**0.8**
Reported:			
Acquisition	0.0	9.4	9.4
In profit	2.6	-0.4	2.2
In comprehensive income	-2.6	0.0	-2.6
Closing balance 2020-12-31	**0.0**	**9.8**	**9.8**

NOTE 10 Earnings per share

Earnings per share before dilution	**2021-01-01 –2021-12-31**	**2020-01-01 –2020-12-31**
Profit for the year attributable to the parent company’s shareholders	96.7	-98.1
Average number of ordinary shares outstanding	85,370,134	39,670,424
Earnings per share before dilution	**1.13**	**-2.47**

Earnings per share after dilution	2021-01-01 **- 2021-12-31**	2020-01-01 **- 2020-12-31**
Profit for the year attributable to the parent company’s shareholders	96.7	-98.1
Average number of shares after dilution	85,370,134	39,670,424
Earnings per share after dilution	**1.13**	**-2.47**

NOTE 11 Intangible assets

ACQUISITION VALUE	Goodwill	Self-generated intangible assets	IP rights	Market and customer-related assets	Other intangible assets	Total intangible assets excluding goodwill
Per 1 January 2020	**426.6**	**111.9**	**3.0**	**0.0**	**0.0**	**114.9**
Business acquisitions	2,045.1	51.3	305.2	343.2	26.2	725.8
Internally processed	0.0	40.9	0.0	0.0	0.0	40.9
Reclassifications	0.0	-0.6	0.0	0.0	0.0	-0.6
Translation effect	-83.5	-6.0	-6.1	-6.6	0.0	-18.7
Per 31 December 2020	**2,388.1**	**197.5**	**302.0**	**336.6**	**26.2**	**862.3**
Separate acquisition	0.0	0.0	0.0	0.0	6.2	6.2
Business acquisitions	1,402.5	28.2	304.5	28.8	7.3	368.7
Internally processed	0.0	134.2	0.0	0.0	0.0	134.2
Reclassifications	0.0	0.0	0.0	0.0	77.2	77.2
Translation effect	314.6	9.3	45.6	37.6	7.0	99.4
Per 31 December 2021	**4,105.3**	**369.1**	**652.1**	**402.9**	**123.9**	**1,547.9**
Depreciation and amortization						
Per 1 January 2020		**-7.5**	**-0.7**	**0.0**	**0.0**	**-8.2**
This year's depreciation and amortization		-5.3	-2.3	-2.0	-1.2	-10.9
Sales / scraps		0.1	0.0	0.0	0.0	0.1
Reclassifications		0.0	0.0	0.0	0.0	0.0
Translation effect		0.9	0.3	0.2	0.1	1.4
Per 31 December 2020		**-11.8**	**-2.7**	**-1.9**	**-1.1**	**-17.5**
This year's depreciation and amortization		-25.5	-104.8	-58.9	-0.6	-189.8
Business acquisitions		0.0	-16.9	0.0	-6.7	-23.6
Reclassifications		0.0	0.0	0.0	0.0	0.0
Translation effect		-1.3	-4.2	-3.1	-0.2	-8.8
Per 31 December 2021		**-38.6**	**-128.7**	**-63.9**	**-8.5**	**-239.6**
Impairment						
Per 1 January 2020	**-104.5**	**-1.5**	**0.0**	**0.0**	**0.0**	**-1.5**
Translation effect	9.1	0.1	0.0	0.0	0.0	0.1
Per 31 December 2020	**-95.4**	**-1.4**	**0.0**	**0.0**	**0.0**	**-1.4**
This year's impairment	-103.0	-0.4	-146.4	-24.8	-5.2	-176.7
Translation effect	-14.9	0.0	-4.7	-0.8	0.0	-5.5
Per 31 December 2021	**-213.3**	**-1.7**	**-151.0**	**-25.6**	**-5.2**	**-183.6**
Closing balance per 31 December 2020	**2,292.7**	**184.4**	**299.3**	**334.7**	**25.1**	**843.5**
Closing balance per 31 December 2021	**3,891.9**	**328.8**	**372.4**	**313.4**	**110.1**	**1,124.8**

Impairment test

The group tests impairment of intangible fixed assets with an indefinite useful life at least annually, i.e. goodwill and self-generated intangible assets that have not yet been taken into use.

2021-12-31	SoldOut	Petrol	Daybreak	Big Blue Bubble	Innova	Piranha	Summa
Goodwill	180.6	24.6	2,194.0	179.6	999.7	313.4	3,891.9

2020-12-31	SoldOut	Petrol	Daybreak	BigBlueBubble	Summa
Goodwill	165.5	120.4	1,865.2	141.6	2,292.7

2020-01-01	SoldOut	Petrol	Summa
Goodwill	181.1	137.2	318.3

The impairment test for the group's goodwill consists of assessing whether the unit's recoverable amount is higher than its carrying amount for each cash-generating unit to which the goodwill belongs. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without regard to any future business expansion and restructuring. The calculation of the value in use has been based on a discount factor of 12% and a forecast of cash flows of five years and an extrapolation of cash flows thereafter with a growth of 2%.

The discounted cash flow model includes forecasting of future cash flows from operations, including estimates of revenue volumes and costs. In connection with the impairment test in 2021, the goodwill of Petrol is impaired. The surplus values for gaming rights and customers regarding MechWarrior in Piranha are also impaired. In sensitivity tests of reported value in relation to value in use, assumptions about growth have changed by + – 3 percentage points and the discount factor by + – 3 percentage points. A reduction in growth of 3% or a change in the discount factor of 3% creates an additional need for impairment for Petrol. Also for Piranha, a reduction in growth of 3% or a change in the discount factor of 3% provides additional impairment. For changes in growth or discount factor of more than 3%, an impairment loss is indicated for Sold-Out. Big Blue Bubble also indicates an impairment loss if the assumption of the discount factor or growth decreases by more than 3%. Daybreak shows good margins and does not show any indications in the range +/- 3% growth or discount factor. Innova also has good margins and does not show any indications in the range +/- 3% growth or discount factor. See also Note 26 Events after the balance sheet date regarding Innova.

NOTE 12 Tangible fixed assets

ACQUISITION VALUE	Inventory, tools and installations	Total tangible fixed assets
Per 1 January 2020	**12.5**	**12.5**
This year's acquisitions	3.9	3.9
Acquired via business acquisitions	135.9	135.9
Sales / scraps	0.1	0.1
Translation effect	-15.9	-15.9
Per 31 December 2020	**136.3**	**136.3**
This year's acquisitions	18.1	18.1
Acquired via business acquisitions	50.7	50.7
Sales / scraps	-0.3	-0.3
Translation effect	16.1	16.1
Per 31 December 2021	220.9	220.9
Accumulated depreciation		
Per 1 January 2020	**-3.5**	**-3.5**
This year's depreciations	-4.8	-4.8
Acquired via business acquisitions	-116.4	-116.4
Translation effect	13.3	13.3
Per 31 December 2020	**-111.5**	**-111.5**
This year's depreciations	-18.2	-18.2
Acquired	-44.8	-44.8
Sales / scraps	0.3	0.3
Translation effect	-13.5	-13.5
Per 31 December 2021	**-187.6**	**-187.6**
Closing balance per 31 December 2020	**24.8**	**24.8**

NOTE 13 Leasing agreements

EG7's significant leasing agreements mainly consist of agreements regarding rental premises. EG7 presents leasing agreements in the class premises. The table below presents the group's closing balances regarding right-of-use assets and leasing liabilities as well as the operations during the year:

	Right-of use assets		
	Premises	**Total**	**Leasing liability**
Opening balance 1 January 2020	**29.0**	**29.0**	**29.0**
Additional agreements	50.6	50.6	49.9
Depreciation	-10.4	-10.4	
Concluded agreements	0.0	0.0	0.0
Reclassification	-5.6	-5.6	-5.6
Interest expenses			0.9
Leasing fees			-10.2
Closing balance 31 December 2020	**63.6**	**63.6**	**63.9**
Additional agreements	47.7	47.7	48.8
Depreciation	-51.9	-51.9	
Concluded agreements	-10.0	-10.0	-12.5
Reclassification	4.8	4.8	3.8
Interest expenses			11.0
Leasing fees			-62.7
Closing balance 31 December 2021	**54.2**	**54.2**	**52.3**

The amounts reported in the group's report on earnings during the year attributable to leasing operations are presented below:

	2021-01-01 –2021-12-31	**2020-01-01 –2020-12-31**
Depreciation of right-of-use assets	-51.9	-10.4
Interest expenses on leasing liabilities	-11.0	-0.9
Expense regarding short-term leasing agreements	0.0	0.0
Expense of agreements where the underlying asset is of low value	-11,3	0.6
Expenses for variable leasing fees	-1.7	-3.0
Profit effect terminated agreements	-10.0	12.5
Total	**-85.9**	**-1.1**

For a maturity analysis of the group's leasing liabilities, see Note 20 Financial risks.

NOTE 14 Financial instruments

Valuation of financial assets and liabilities as of 2021-12-31

Financial assets	**Financial assets/liabilities valued at fair value through profit or loss**	**Financial assets/liabilities valued at amortized cost**	**Total reported values**
Accounts receivable	0.0	242.9	242.9
Blocked bank balance	0.0	2.7	2.7
Cash and cash equivalents	0.0	481.2	481.2
Total	**0.0**	**726.8**	**726.8**
Financial liabilities			
Bond loan	0.0	0.0	0.0
Contingent consideration	128.7	0.0	128.7
Liabilities to credit institutions	0.0	406.2	406.2
Accounts payable	0.0	71.6	71.6
Other current liabilities	0.0	604.4	604.4
Total	**128.7**	**1,082.2**	**1,210.9**

Valuation of financial assets and liabilities as of 2020-12-31

Financial assets	Financial assets/liabilities valued at fair value through profit or loss	Financial assets/liabilities valued at amortized cost	Total reported values
Accounts receivable	0.0	122.8	122.8
Blocked bank balance	0.0	2.7	2.7
Cash and cash equivalents	0.0	1,084.8	1,084.8
Total	**0.0**	**1,210.3**	**1,210.3**
Financial liabilities			
Contingent consideration	484.4	0.0	484.4
Liabilities to credit institutions	0.0	519.4	519.4
Accounts payable	0.0	42.5	42.5
Other current liabilities	0.0	399.1	399.1
Total	**484.4**	**961.0**	**1,445.4**

Valuation of financial assets and liabilities as of 2020-01-01

Financial assets	Financial assets/liabilities valued at fair value through profit or loss	Financial assets/liabilities valued at amortized cost	Total reported values
Accounts receivable	0.0	49.7	49.7
Blocked bank balance		2.7	2.7
Cash and cash equivalents	0.0	103.0	103.0
Total	**0.0**	**155.4**	**155.4**
Financial liabilities			
Bond loan	0.0	204.2	204.2
Contingent consideration	169.2	0.0	169.2
Liabilities to credit institutions	0.0	1.1	1.1
Accounts payable	0.0	16.7	16.7
Other current liabilities	0.0	83.2	83.2
Total	**169.2**	**305.2**	**474.4**

Interest-bearing receivables and liabilities
Liabilities to credit institutions bear variable interest rates.

Current receivables and liabilities
For current receivables and liabilities, such as accounts receivable and accounts payable, the carrying amount is considered to be a good approximation of the fair value.
The group has no financial assets or liabilities that have been set off in the accounts or that are covered by a legally binding netting agreement. The assets' maximum credit risk consists of the net amounts of the reported values in the tables above. The group has not received any collateral for the net financial assets

Valuation at fair value
Fair value is the price that at the time of valuation would be obtained on the sale of an asset or paid on the transfer of a liability through an orderly transaction between market participants. The table below shows financial instruments valued at fair value, based on how the classification in the fair value hierarchy is made. The different levels are defined as follows:
Level 1 – Listed prices (unadjusted) in active markets for identical assets and liabilities.
Level 2 – Observable input data for the asset or liability other than quoted prices included in level 1, either directly (i.e. price quotations) or indirectly (i.e. derived from price quotations).
Level 3 – Input data for the asset or liability that is not based on observable market data (i.e. non-observable input data).
All of the group's contingent considerations are valued according to level 3.

Contingent consideration

The contingent consideration is reported as a separate item in the balance sheet and is valued at fair value by discounting expected cash flows with a risk-adjusted discount rate of 17.4%. Valuation thus takes place according to level 3 in the valuation hierarchy. The additional purchase price is dependent on the earnings trend in the acquisitions up to and including 2025. Significant unobservable input data consists of forecast earnings and a risk-adjusted discount rate.

Additional purchase prices	**2021-01-01 –2021-12-31**	**2020-01-01 –2020-12-31**
Opening balance	**484.3**	**169.2**
Business acquisitions	276.6	432.8
Payments	-445.2	-77.0
Change in value reported in the result	-352,0	-27.0
Translation effect	78.3	0.0
Discount effect	59.0	0.0
Currency effect	27.8	-13.7
Closing balance	**128.8**	**484.3**

During the period, unrealized gains or losses for contingent considerations held as of the balance sheet date amounted to SEK 352.0 million. This amount is included as part of other operating income in the group's income statement.
Given the contingent considerations available as of the balance sheet date, a change in the discount factor of 5 percentage points will have an impact on the fair value of the contingent additional purchase consideration of SEK 6.6 million.

NOTE 15 Inventory

	2021-12-31	**2020-12-31**	**2020-01-01**
Prepared goods and goods for sale	13.2	6.9	12.1
Reported value	**13.2**	**6.9**	**12.1**

NOTE 16 Prepayments and accrued income

	2021-12-31	**2020-12-31**	**2020-01-01**
Prepaid rental/leasing expenses	0.0	1.8	1.7
Other prepaid expenses	32.3	18.3	4.4
Reported value	**32.3**	**20.1**	**6.1**

NOTE 17 Cash and cash equivalents

	2021-12-31	**2020-12-31**	**2020-01-01**
Bank balances	483.9	1,087.5	105.7
Reported value	**483.9**	**1,087.5**	**105.7**

Of the group's bank balances, SEK 2.6 million (SEK 2.6 million) consists of blocked bank balances that are classified as other long-term receivables.

NOTE 18 Group companies

The parent company's, Enad Global 7 AB (publ), holdings in direct and indirect subsidiaries that are covered by the consolidated financial statements are shown in the table below:

			Amount/Share %		
Company	**Corporate identity number**	**Location**	**2021-12-31**	**2020-12-31**	**2020-01-01**
Enad Global 7 AB (publ)	556923-2837	Stockholm	Parent company	Parent company	Parent company
Toadman Interactive AB	556930-6483	Stockholm, Sweden	100%	100%	100%
Artplant AS	NO983807747	Oslo, Norway	100%	100%	100%
OOO Artplant	1106952017501	Tver, Russia	100%	100%	100%
Anti-matter Games Ltd	8543466	Cornwall, UK	100%	100%	100%
Petrol Advertising Inc	EIN: 84-2171339	North Varney, USA	100%	100%	100%
Toadman Interactive GmbH	DE314775478	Berlin, Germany	100%	100%	100%
Sold-out Marketing & Distribution Ltd	Reg nr. 06989121	London, UK	100%	100%	100%
Dream Acquisition Co.	85-4392549	San Diego, US	100%	100%	-
Daybreak Game Company LLC	20-4347762	San Diego, US	100%	100%	-
Standing Stone Games LLC	81-43419251	San Diego, US	100%	100%	-
Daybreak Game Studios LLC	84-2100313	San Diego, US	-	100%	-
718511 N.B. Ltd	718511	London, Canada	100%	100%	-
Big Blue Bubble Inc.	OCN 5037200	London, Canada	100%	100%	-
Big Blue Bubble Corp.		San Francisco, USA	-	100%	-
Piranha Games Inc.	865634174RC0002	Vancouver, Canada	100%	-	-
Innova Intellectual Properties Sarl	B 156 284	Luxembourg	100%	-	-
Innova Co. Sarl	B 156 444	Luxembourg	100%	-	-
Innova Distribution LLC	1077763692720	Moscow, Russia	100%	-	-

NOTE 19 Equity

Share capital

The registered share capital of SEK 3,484,723 (SEK 3,065,213) consists of 87,118,089 shares (76,630,359 shares). EG7 AB has only one class of shares where all shares have equal voting rights. The par value of the shares is SEK 0.04.
Holders of ordinary shares are entitled to dividends that are determined gradually and the shareholding entitles the holder to vote at the Annual General Meeting with one vote per share. All shares have the same right to EG7's remaining net assets. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries.

	2021-01-01 –2021-12-31	**2020-01-01 –2020-12-31**
Number of shares outstanding at the beginning of the year	**76,630,359**	**31,209,159**
Issue for non-cash consideration	10,487,730	45,421,200
Number of outstanding shares at the end of the year	**87,118,089**	**76,630,359**

Other contributed capital

Refers to equity contributed by the owners. This includes premiums paid in connection with issues and the attributable tax effect.

Reserves

The group's reserve fully refers to a translation reserve, which includes all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a functional currency other than the currency in which the group's financial reports are presented. Accumulated translation difference is reported in the result on disposal of the foreign operation. The company also reports the currency effect on intra-group receivables with associated deferred tax on equity as a result of net investment in foreign operations.

NOTE 20 Financial risks

The group's earnings, financial position and cash flow are affected both by changes in the rest of the world and by the group's own actions. The risk management work aims to clarify and analyze the risks that the company encounters and, as far as possible, to prevent and limit any negative effects.
Through its operations, the group is exposed to various types of financial risks; credit risk, market risks (interest rate risk, currency risk and other price risk) as well as liquidity risk and refinancing risk. The board has the overall responsibility for the group's risk work, including financial risks. The risk work includes identifying, assessing and evaluating the risks that the group faces. Priority is given to the risks that, in an overall assessment regarding possible impact, probability and consequence, are judged to have the most negative effect on the group. The group's overall objective for financial risks is to manage and monitor these in order to minimize the risks as far as possible.

Credit risk

Credit risk is the risk that the group's counterparty in a financial instrument will not be able to fulfill its obligation and thereby cause the group a financial loss. The group's credit risk arises primarily through receivables from customers and when investing cash and cash equivalents. At each reporting occasion, the group evaluates the credit risk of existing exposures, taking into account forward-looking factors.
Below are the financial assets the group has reserved expected credit losses for. In addition to the assets below, the group also monitors provisions for other financial instruments. In cases where the amounts are not deemed to be insignificant, a provision is made for expected credit losses also for these financial instruments.

Credit risk in accounts receivable (simplified method for credit risk reserve)

For the group, credit risk is mainly in accounts receivable and contractual assets and EG7's goal is to have a continuous follow-up of this credit risk. The group's customers consist of both companies and consumers. The group has established guidelines to ensure that products are sold to customers with a suitable credit background. The payment terms normally amount to between 0-60 days depending on the counterparty. The historical credit losses amount to a small amount in relation to the group's sales: 0.04%.
For accounts receivable and contractual assets, the simplified method for reporting expected credit losses is applied. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. The company applies a rating-based method for calculating expected credit losses based on the probability of default, expected loss and exposure in the event of default. The company has defined default as when payment of the claim is 90 days delayed or more, or if other factors indicate that there is a suspension of payment. In cases where an external credit rating is not available to the counterparty, the company makes an internal assessment of the counterparty's credit rating based on the company's previous experience of the customer and other available information. For credit-impaired assets and receivables as well as for receivables amounting to significant amounts, an individual assessment is made where historical, current and forward-looking information is taken into account. For non-credit impaired receivables and receivables that do not amount to significant amounts, a collective assessment is made. The company impairs a receivable when there is no longer any expectation of receiving payment and when active measures to receive payment have been completed.

Maturity analysis accounts receivable

		2021-12-31			2020-12-31	
	Gross	**Impaired**	**Loss share**	**Gross**	**Impaired**	**Loss share**
Non-overdue accounts receivable	101.6	0.0	0.0	73.5	0.0	0.0
Overdue accounts receivable:						
0-30 days	75.7	0.0	0.0	41.0	0.0	0.0
31-60 days	27.3	0.0	0.0	6.9	0.0	0.0
61-90 days	5.9	0.0	0.0	-0.3	0.0	0.0
>91	12.3	-0.2	-2%	2.6	-0.9	-35%
Total	**222.9**	**-0.2**	**0%**	**123.7**	**-0.9**	**-1%**

		2020-01-01	
	Gross	**Impaired**	**Loss share**
Non-overdue accounts receivable	29.9	0.0	0.0
Overdue accounts receivable:			
0-30 days	15.5	0.0	0.0
31-60 days	1.8	0.0	0.0
61-90 days	2.5	0.0	0.0
>91	6.1	-6.1	-100%
Total	**55.8**	**-6.1**	**-11%**

The credit quality of receivables that are not overdue for more than 90 days is deemed to be good, based on historically low customer losses and consideration of forward-looking factors. The value of impaired receivables that are still under recovery measures amounts to SEK 0.2 million.

Expected loss on accounts receivable (according to simplified method)	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Opening balance	**-0.9**	**-6.1**
Impairments	0.0	-1.0
Established credit losses	0.7	6.2
Closing balance	**-0.2**	**-0.9**

Cash and cash equivalents
The group's credit risk also arises from the investment of cash and cash equivalents and excess liquidity. EG7's goal is to have a continuous follow-up of credit risk attributable to investments. For investments in bank accounts, the goal is for the counterparty to have a high credit rating of at least investment grade rating BBB (S&P). One way of counteracting credit risk is for the Group to have bank accounts in more than one bank.

Provision for expected credit losses (general method)
For other items that are covered by expected credit losses, an impairment method with three stages is applied. Initially, and as of each balance sheet date, a loss reserve is reported for the next 12 months, alternatively for a shorter period depending on the remaining term (stage 1). If there has been a significant increase in credit risk since the first reporting occasion, resulting in a rating below the investment grade, a loss reserve is reported for the asset's remaining term (stage 2). For assets that are deemed to be credit impaired, provisions are still reserved for expected credit losses for the remaining term (stage 3). For impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in previous stages. The group's assets have been assessed to be in stage 1, i.e. there has been no significant increase in credit risk.
The company applies a rating-based method for assessing expected credit losses based on the probability of default, expected loss and exposure in the event of default. Assessment is made per counterparty. The company has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that there is a suspension of payment. As of the balance sheet date, no significant increase in credit risk has been deemed to exist for any receivable. Such an assessment is based on whether payment is 30 days late or more, or if there is a significant deterioration in the rating, resulting in a rating below the investment grade. For credit-impaired assets and receivables, an individual assessment is made where historical, current and forward-looking information is taken into account. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.
The financial assets are reported in the balance sheet at accrued acquisition value, ie net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

Credit risk exposure and credit risk concentration
The group's credit risk exposure consists of accounts receivable and cash and cash equivalents. Cash and cash equivalents of SEK 481.5 million are invested in various countries with financial institutions with a high credit rating. The majority of cash and cash equivalents are placed in banks with a rating of A.

Market risk
Market risk is the risk that the fair value of or future cash flows from a financial instrument varies due to changes in market prices. According to IFRS, market risks are divided into three types; currency risk, interest rate risk and other price risks. The market risks that affect the Group mainly consist of interest rate risks and currency risks.

Interest rate risk
Interest rate risk is the risk that fair value or future cash flows from a financial instrument will vary due to changes in market interest rates. The goal is not to be exposed to future fluctuations in interest rate changes that affect the group's cash flow and earnings to a greater extent than EG7 can handle. A significant factor that affects interest rate risk is the fixed interest period. The group is primarily exposed to interest rate risk regarding the group's loans to credit institutions. The group's borrowing normally takes place at a variable interest rate. The interest rate risk is low as the group's interest costs are low in relation to total profit.

The table below specifies the terms and repayment dates for each interest-bearing debt:

				Reported value		
	Currency	Maturity	Interest	2021-12-31	2020-12-31	2020-01-01
Bond debt	SEK	2022-06-17	Fixed			200
Liabilities to credit institutions, bridge loans	SEK	2021-03-02	Variable		500	
Liabilities to credit institutions, Facility B	SEK	2023-11-01	Variable	400		
Total				**400**	**500**	**200**

Bond loan maturing 2022-06-17 early redeemed as of 30 December 2020.

Currency risk
Currency risk is the risk that fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risks are found primarily in the translation of foreign operations' assets and liabilities into the parent company's functional currency, so-called translation exposure. Some of the group's sales and purchases also take place in foreign currencies, so-called transaction exposure.

Liquidity risk and refinancing risk
Liquidity risk is the risk that a company will have difficulty fulfilling obligations that are related to financial liabilities that are settled with cash or other financial assets. The group manages liquidity risk through continuous follow-up of operations, where the group continuously forecasts future cash flows based on various scenarios to ensure that financing takes place on time.
The risk is mitigated by the group's good liquidity reserves, which are immediately available. The group's operations are essentially financed via cash flows from operations. The group has covenants linked to the debt to credit institutions. Indebtedness in relation to EBITDA, loans in relation to EBITDA and EBITDA in relation to borrowing costs. The total liquidity reserve consists of cash and cash equivalents.
Refinancing risk refers to the risk that financing for acquisitions or development cannot be retained, extended, expanded, refinanced or that such financing can only take place on terms that are unfavourable to the company. The need for refinancing is regularly reviewed by the company and the board to ensure financing of the company's expansion and investments. The goal is to ensure that the group has ongoing access to external borrowing without the cost of borrowing increasing significantly. The refinancing risk is reduced by structuring and starting the refinancing process in good time. The company also maintains a continuous dialogue with several lenders.
The group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates have been calculated with the interest rate that existed on the balance sheet date. Liabilities have been included in the period when repayment can be demanded at the earliest.

			2021-12-31			
Maturity analysis	**<6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Leasing liabilities	11.3	11.3	22.6	4.5	2.6	52.3
Contingent considerations	64.6	0.0	64.1	0.0	0.0	128.7
Liabilities to credit institutions	0.0	3.2	403.1	0.0	0.0	406.3
Accounts payable	71.6	0.0	0.0	0.0	0.0	71.6
Other liabilities	240.5	171.1	86.0	37.1	17.4	552.1
Total	**387.9**	**185.6**	**575.7**	**41.6**	**20.0**	**1,210.9**

			2020-12-31			
Maturity analysis	**<6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Leasing liabilities	8.0	8.0	36.2	5.1	6.7	63.9
Contingent considerations	484.4	0.0	0.0	0.0	0.0	484.4
Liabilities to credit institutions	516.4	0.0	3.0	0.0	0.0	519.4
Accounts payable	42.5	0.0	0.0	0.0	0.0	42.5
Other liabilities	147.6	147.6	39.9	0.0	0.0	335.2
Total	**1,198.9**	**155.6**	**79.1**	**5.1**	**6.7**	**1,445.4**

			2020-01-01			
Maturity analysis	**<6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Bond debt*	0.0	0.0	200.0	0.0	0.0	200.0
Leasing liabilities	5.6	5.6	11.5	1.7	3.4	27.8
Contingent considerations	0.0	58.8	110.4	0.0	0.0	169.2
Liabilities to credit institutions	1.1	0.0	0.0	0.0	0.0	1.1
Accounts payable	16.7	0.0	0.0	0.0	0.0	16.7
Other liabilities	27.6	27.6	0.0	0.0	0.0	55.1
Total	**51.0**	**92.0**	**321.9**	**1.7**	**3.4**	**469.9**

** Bond loan maturing 2022-06-17 early redeemed as of 30 December 2020.*

NOTE 21 Accrued expenses and prepaid income

	2021-12-31	**2020-12-31**	**2020-01-01**
Accrued salaries, holiday pay and employer's contributions	72.1	41.0	11.6
Accrued acquisition expenses	0.0	12.2	5.9
Accrued media expenses	22.7	0.0	0.0
Buy-out Project Osiris short-term portion	0.0	0.0	12.1
Royalty	96.6	0.0	0.0
Other accrued expenses and prepaid income	50.1	137.6	8.3
Reported value	**241.5**	**190.8**	**37.9**

NOTE 22 Cash flow statement

Adjustments for non-cash flow items.

Adjustments in operating profit	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Depreciation and amortization	518.5	20.4
Contingent considerations	-352.0	0.0
Other non-cash flow affecting items	-40.9	-32.2
Total	**125.6**	**-11.8**

Change in liabilities attributable to financing activities.

	2020-12-31	Cash flow from financing	Contracts entered into / depreciation leasing	Changes in fair value	Borrowing costs	2021-12-31
Bond debt	0.0	0.0	0.0	0.0	0.0	0,0
Leasing liabilities	63.9	-62.7	51.1	0.0	0.0	52.3
Liabilities to credit institutions	519.5	-100.0	0.0	0.0	-13.3	406.2
Total liabilities attributable to financing activities	**583.4**	**-162.7**	**51.1**	**0.0**	**-13.3**	**458.5**

	2020-01-01	Cash flow from financing	Contracts entered into / depreciation leasing	Changes in fair value	Borrowing costs	2020-12-31
Bond debt	204.2	-220.0	0.0	0.0	15.8	0.0
Leasing liabilities	27.7	-6.5	42.7	0.0	0.0	63.9
Liabilities to credit institutions	1.1	500.0	0.0	0.0	18.4	519.5
Total liabilities attributable to financing activities	**233.0**	**273.5**	**42.7**	**0.0**	**34.2**	**583.4**

NOTE 23 Pledged collateral and contingent liabilities

Pledged collateral for own liabilities to credit institutions	2021-12-31	2020-12-31	2020-01-01
Pledged shares in subsidiaries	0,0	0,0	212,3
Blocked bank funds regarding rent deposit	2,6	2,6	1,3
Total	**2,6**	**2,6**	**213,6**

Contingent liabilities	2021-12-31	2020-12-31	2020-01-01
Incentive fees, deemed payment for Lineage 2	14.4	0.0	0.0
CAPEX commitments, investments not delivered	14.6	0.0	0.0
Other contingent liabilities	2.5	0.0	0.0
Total	**31.5**	**0.0**	**0.0**

NOTE 24 Transactions with related parties

A list of the group’s subsidiaries, which are also the companies that are related to the parent company, is provided in Note 18 Group companies. All transactions between EG7 AB and its subsidiaries have been eliminated in the consolidated accounts. Further information on the parent company’s transactions with subsidiaries can be found in the parent company’s Note 19 Transactions with related parties.

For information on remuneration to senior executives, see Note 6 Employees and personnel costs.

EG7’s other transactions with related parties consist of transactions on commercial terms with companies in the same industry and at arm’s length. EG7’s CEO Ji Ham has an ownership in the company Cold Iron LLC, EG7’s subsidiary Petrol has during the year done business with Cold Iron.

Cold Iron Studios, LLC; 38-4096168	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Sales of goods / services	3.1	0.0
Purchase of goods / services	0.0	0.0
Receivable on the balance sheet date	0.7	0.0
Payable on the balance sheet date	0.0	0.0

NOTE 25 Business acquisitions

Acquisitions 2021

On March 1, Enad Global 7 AB acquired 100 percent of the shares and votes in Piranha Games Inc. The company develops games and is headquartered in Vancouver, Canada. The company has expertise in the development of both premium and free-to-play AAA titles, which is why EG7 will benefit from the team's experience in the Group's future development projects.
The transferred compensation (purchase price) consists of a cash purchase price of SEK 138.2 million, issue of own shares SEK 34.5 million.
In connection with the acquisition, an agreement was entered into on contingent considerations, which means that part of the purchase price depends on future results in the acquired companies. At the time of acquisition, the reported value for contingent considerations amounted to SEK 276.6 million. The purchase price also includes a future share issue of SEK 34.5 million.
The earn-out is calculated from EBIT with an EBIT multiple and the opportunity to earn the earn-out for five years from the time of acquisition. The maximum earn-out amounts to CAD 63.4 million.
On March 31, Enad Global 7 AB acquired 100 percent of the shares and votes in Innova Intellectual Properties S.a.r.l. Innova is a game publisher based in Luxembourg and Russia. Innova will work as an independent publisher and contribute to future group-wide projects with its expertise as publisher of free-to-play MMORPG titles with EG7's knowledge in development and marketing. Innova will also contribute to EG7's position in Asia and emerging markets.
The transferred consideration (the purchase price) consists of the issue of own shares, the fair value of which on the date of acquisition amounted to SEK 1,104.5 million.

Acquired net assets at the time of acquisition	Piranha Games Inc fair value	Innova fair value
Intangible assets	228.2	117.9
Tangible non-current assets	2.3	6.5
Right-of-use assets	0.0	19.0
Deferred tax assets	0.0	46.0
Inventory	0.0	0.6
Accounts receivable and other receivables	4,4	3.8
Cash and cash equivalents	14.9	60.2
Interest-bearing liabilities	0.0	-1.5
Deferred tax liability	-52.6	-18.2
Accounts payable and other operating liabilities	-6.3	-111.1
Identified net assets	**191.0**	**123.2**
Goodwill	292.9	981.4
Total Purchase Price	**483.9**	**1,104.6**
The purchase price consists of:		
Cash	138.2	0.0
Contingent consideration	276.6	0.0
Equity instruments	34.5	0.0
Equity instruments, Holdback shares	34.5	1,104.6
Total purchase price	**483.8**	**1,104.6**

In connection with the acquisition of Piranha, a preliminary goodwill of SEK 292.9 million arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to synergies and expertise in the acquired company. Goodwill is not expected to be tax deductible.
In connection with the acquisition of Innova, a preliminary goodwill of SEK 981.4 million arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to synergies and expertise in the acquired company. Goodwill is not expected to be tax deductible.
Transaction costs related to the acquisition of Piranha amounted to SEK 0.2 million. The transaction costs were reported as an expense in the income statement under other external costs. Transaction costs amounting to SEK 0.4 million that are directly attributable to the issue of treasury shares have been reported directly against equity.
Transaction costs related to the acquisition of Innova amounted to SEK 9.1 million. The transaction costs were reported as an expense in the income statement under other external costs. Transaction costs amounting to SEK 0.6 million that are directly attributable to the issue of treasury shares have been reported directly against equity.

The acquisition's impact on the group's cash flow	**Piranha Games Inc**	**Innova**
Cash consideration	138.2	0.0
Deducted:		
Cash and cash equivalents (acquired)	14.9	60.2
Net cash outflow	**123.3**	**-60.2**

During the 10 months to 31 December 2021, Piranha contributed SEK 91.1 million to the Group's revenues and SEK -173.1 million to the group's profit after tax. If the acquisition had taken place at the beginning of the financial year, EG7 estimates that Piranha would have contributed SEK 94.2 million to the group's revenues and SEK -164.5 million to the group's profit after tax.
During the 9 months to 31 December 2021, Innova contributed SEK 202.6 million to the group's revenues and SEK 31.2 million to the Group's profit after tax. If the acquisition had taken place at the beginning of the financial year, EG7 estimates that Innova would have contributed SEK 282.5 million to the group's revenues and SEK 56.1 million to the group's profit after tax.

Acquisitions 2020

On December 22, 2020, Enad Global 7 AB acquired 100% of the shares and votes in Daybreak Game Company LCC through the newly formed unit Dream Acquisition Co. The company is headquartered in San Diego, USA. The company is a leading MMORPG video game developer and publisher with strong IPs such as Lord of the Rings, Dungeons & Dragons and original IPs such as Everquest, H1Z1 and Planet Side. The company has expertise in the development of both premium and free-to-play AAA titles. In addition to the strong IPs and customer base, the acquisition contributes with stable cash flows from existing games.
The transferred compensation (purchase price) consists of a cash purchase price of SEK 1,273.4 million, an issue of own shares of SEK 848.1 million, a contingent consideration valued at SEK 327.8 million at the time of acquisition and a debt to the previous owners of SEK 117.6 million. The maximum contingent consideration amounted to USD 40 million based on the result in 2020. The earn-out was estimated to be paid in full.
On November 23, 2020, Enad Global 7 AB acquired 100% of the shares and votes in Big Blue Bubble Inc through the newly formed unit 718511 N.B. Ltd. The company is headquartered in London, Canada. The company is a game developer with a main focus on mobile games with the premier title My Singing Monsters. The company contributes to development in Canada and the USA as well as in mobile games.
The transferred compensation (purchase price) consists of a cash purchase price of SEK 68.2 million, an issue of own shares of SEK 49.4 million, a contingent consideration valued at SEK 105.0 million at the time of acquisition and a debt to the previous owners of SEK 18.9 million. The maximum additional purchase consideration amounted to CAD 30 million per year and was calculated on EBIT for 2020 and 2021 with three different EBIT levels that generated different multiples of EBIT as contingent consideration.

Acquired net assets at the time of acquisition	Daybreak fair value	Big Blue Bubble fair value
Intangible assets	666.9	51.2
Tangible non-current assets	43.9	14.6
Right-of-use assets	0.9	0.0
Financial assets	27.3	0.0
Deferred tax assets	0.0	30.8
Accounts receivable and other receivables	52.7	10.5
Cash and cash equivalents	19.5	21.4
Interest-bearing liabilities	0.0	0.0
Deferred tax liability	0.0	-9.7
Accounts payable and other operating liabilities	-266,1	-44.8
Identified net assets	**545.2**	**74.0**
Goodwill	2,021.7	167.5
Total purchase price	**2,566.9**	**241.5**
The purchase price consists of:		
Cash	1,273.4	68.2
Contingent consideration	327.8	105.0
Equity instruments	848.1	49.4
Equity instruments, Holdback shares	117.6	18.9
Total purchase price	**2,566.9**	**241.5**

In connection with the acquisition of Daybreak, goodwill of SEK 2,021.7 million arose in the form of a difference between the transferred compensation and the fair value of the acquired net assets. Goodwill mainly refers to synergies and knowledge in the acquired company. Goodwill is tax deductible.
In connection with the acquisition of Big Blue Bubble, goodwill of SEK 167.5 million arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to synergies and knowledge in the acquired company. Goodwill is not tax deductible.
Transaction costs related to the acquisition of Daybreak amounted to SEK 35.7 million. The transaction costs were reported as an expense in the income statement under other external costs. Transaction costs amounting to SEK 42.5 million that are directly attributable to the issue of treasury shares have been reported directly against equity.
Transaction costs related to the acquisition of Big Blue Bubble amounted to SEK 6.6 million. The transaction costs were reported as an expense in the income statement under other external costs. Transaction costs amounting to SEK 0.5 million that are directly attributable to the issue of treasury shares have been reported directly against equity.

The acquisition's impact on the group's cash flow	Daybreak	Big Blue Bubble
Cash consideration	1,273.4	68.2
Deducted:		
Cash and cash equivalents (acquired)	19.5	21.4
Cash and cash equivalents (acquired)	**1,253.9**	**46.9**

During the days up to 31 December 2020, Daybreak contributed SEK 18.7 million to the group's revenues and SEK -40.9 million to the group's profit after tax. If the acquisition had taken place at the beginning of the financial year, EG7 estimates that Daybreak would have contributed SEK 750.6 million to the Group's revenues and SEK 183.8 million to the group's profit after tax.
During that month until 31 December 2020, Big Blue Bubble contributed SEK 8.9 million to the group's revenues and SEK -5.4 million to the group's profit after tax. If the acquisition had taken place at the beginning of the financial year, EG7 estimates that Big Blue Bubble would have contributed SEK 93.3 million to the group's revenues and SEK 14.9 million to the group's profit after tax.

NOTE 26 Events after the balance sheet date

The conflict in Ukraine:

On February 24, 2022, the military conflict between Russia and Ukraine was initiated.
Innova is an independent group within EG7 that can finance its operations with its own funds.
The Russian operations account for 9.7% of the group's net sales in 2021 and 7.4% of the group's EBITDA. Converted to the last February exchange rates, this corresponds to 7.3% of the group's sales and 5.6% of the group's EBITDA. The effect of the currency decline is 24.5%.
During Q1 2022, the company has maintained the Russian operations in the same execution, while closely following developments to be able to take the necessary measures to ensure staff security, financial stability and minimize the operational and strategic risk that comes with the conflict. Considering that the Russian operations account for 5.6% of the group's EBITDA, this is not considered to affect the company's future earnings and earnings to a greater extent.
The value of goodwill in connection with the acquisition of Innova may be written down if the indication arises during the impairment test.
On 19 April, EG7 entered into a letter of intent for the sale of the Company's subsidiary Innova. The sale of Innova is intended to be structured as a management buy-out (MBO) and the purchase price has been set at EUR 32 million. Structuring the Innova sale as an MBO is aimed to ensure the continuance of its ongoing business operations under the strong leadership of the existing management team and secure the talented team of local employees. The sale will be conditional upon an approval from a general shareholders' meeting of the Company.

NOTE 27 Transition to IFRS

As of January 1, 2021, Enad Global 7 AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee as adopted by the European Union (EU). The date for the group's transition to IFRS is 1 January 2020. Until the financial year 2020, the group has prepared consolidated accounts in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). The transition to IFRS is reported in accordance with IFRS 1 "First time IFRS is applied".
The effect of the transition to IFRS is reported directly against opening equity. Previously published financial information for the period 2020-01-01 – 2020-12-31, prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3), has been recalculated to IFRS. The main rule is that all applicable IFRS and IAS standards, which have entered into force and been approved by the EU, must be applied with retroactive effect. The group has applied the following exceptions to the main rule in accordance with IFRS 1:

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

The following summary shows the effects of the above applications on the group's report on the result for the financial year 2020-01-01 – 2020-12-31, the group's report on financial position as of 1 January 2020 and 31 December 2020, and the group's report on cash flows for the financial year 2020 -01-01 – 2020-12-31. The transition from previous accounting principles has also meant a different structure and classification of the accounts than before.

The group's report on net profit 2020-01-01 – 2020-12-31

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Revenue				
Net revenue		569.8	0.0	569.8
Own work capitalized		42,9	0.0	42.9
Other revenue		44.5	0.0	44.5
Total revenue		**657.2**	**0.0**	**657.2**
Operating expenses				
Cost of goods sold		-380.9	0.0	-380.9
Other external expenses	B, C	-72.6	-36.3	-108.9
Personnel expenses		-153.8	0.0	-153.8
Other expenses		-1.0	0.0	-1.0
Operating profit before depreciation and amortization (EBITDA)		**48,9**	**-36,3**	**12.6**
Depreciation and amortization	A, C	-108.0	87.6	-20.4
Operating profit (EBIT)		**-59.1**	**51.3**	**-7.8**
Financial net	C	-86.6	-0.9	-87.5
Profit before tax		**-145.7**	**50.4**	**-95.3**
Tax expense for the period		-2.7	0.0	-2.7
Net profit		**-148.4**	**50.4**	**-98.0**

The group's report on comprehensive income

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Net profit for the period		**-148.4**	**50.4**	**-98.0**
Items that will be reclassified to profit or loss				
Translation difference		-70.0	7.4	-62.6
Deferred tax		2.6	0.0	2.6
Other comprehensive income for the period		**-67.4**	**7.4**	**-60.0**
Comprehensive income for the period		**-215.8**	**57.8**	**-158.0**

The group's report on financial position as of 2020-01-01

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
Goodwill	A, B	405.0	-86.8	318.2
Intangible assets		105.2	0.0	105.2
Tangible non-current assets		9.0	0.0	9.0
Right-of-use assets	C	0.0	29.0	29.0
Deferred tax assets		2.2	0.0	2.2
Other non-current receivables		0.3	0.0	0.3
Total non-current assets		**521.7**	**-57.8**	**463.9**
Current assets				
Inventory		12.1	0.0	12.1
Accounts receivable		49.7	0.0	49.7
Current tax claim		2.1	0.0	2.1
Other receivables		3.3	0.0	3.3
Earned but not invoiced income		2.7	0.0	2.7
Prepayments and accrued income		13.6	0.0	13.6
Cash and cash equivalents		105.7	0.0	105.7
Total current assets		**189.2**	**0.0**	**189.2**
TOTAL ASSETS		**711.0**	**-57.9**	**653.1**

EQUITY AND LIABILITIES

Equity	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Share capital		1.2	0.0	1.2
Other contributed capital		272.1	0.0	272.1
Retained earnings including profit for the period		-23.2	-86.8	-110.0
Total equity attributable to the parent company's shareholders		**250.1**	**-86.8**	**163.3**
Liabilities				
Non-current liabilities				
Bond loans		204.2	0.0	204.2
Leasing liabilities	C	0.0	27.7	27.7
Deferred tax liability		0.8	0.0	0.8
Contingent considerations		110.4	0.0	110.4
Other liabilities		12.1	0.0	12.1
Total non-current liabilities		**327.5**	**27.7**	**355.2**
Current liabilities				
Liabilities to credit institutions		1.1	0.0	1.1
Advance client payments		12.3	0.0	12.3
Accounts payable		16.7	0.0	16.7
Current tax liability		3.0	0.0	3.0
Other liabilities		63.6	0.0	63.6
Accrued expenses and prepaid income	C	36.7	1.2	37.9
Total current liabilities		**133.4**	**1.2**	**134.6**
TOTAL EQUITY AND LIABILITIES		**711.0**	**-57.9**	**653.1**

The group’s report on financial position as of 2020-12-31

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets	A, B	**2,320.5**	**-27.7**	**2,292.8**
Goodwill		843.4	0.0	843.4
Intangible assets		24.8	0.0	24.8
Tangible non-current assets	C	0.0	63.6	63.6
Right-of-use assets		26.8	0.0	26.8
Deferred tax assets		46.2	0.0	46.2
Other non-current receivables		**3,261.7**	**35.9**	**3,297.6**
Current assets				
Inventory		6.9	0.0	6.9
Accounts receivable		122.8	0.0	122.8
Current tax claim		28.8	0.0	28.8
Other receivables		6.4	0.0	6.4
Earned but not invoiced income		3,6	0.0	3.6
Prepayments and accrued income	C	50.0	-1.2	48.8
Cash and cash equivalents		1,087.5	0.0	1,087.5
Total current assets		**1,306.0**	**-1.2**	**1,304.8**
TOTAL ASSETS		**4,567.8**	**34.6**	**4,602.4**

EQUITY AND LIABILITIES

Equity	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Share capital		3.1	0.0	3.1
Other contributed capital		3,373.4	0.0	3,373.4
Retained earnings including profit for the period		-239.1	-29.2	-268.3
Total equity attributable to the parent company’s shareholders		**3,137.4**	**-29.2**	**3,108.2**
Liabilities				
Non-current liabilities				
Leasing liabilities	C	0.0	63.8	63.8
Deferred tax liability		9.7	0.0	9.7
Contingent considerations		56.6	0.0	56.6
Other liabilities		3.0	0.0	3.0
Total non-current liabilities		**69.3**	**63.8**	**133.1**
Current liabilities				
Liabilities to credit institutions		516.4	0.0	516.4
Advance client payments		18.5	0.0	18.5
Accounts payable		42.5	0.0	42.5
Current tax liability		25.4	0.0	25.4
Other liabilities		477.2	0.0	477.2
Accrued expenses and prepaid income		281.1	0.0	281.1
Total current liabilities		**1,361.1**	**0.0**	**1,361.1**
TOTAL EQUITY AND LIABILITIES		**4,567.8**	**34.6**	**4,602.4**

The group's cash flow in summary for the period 2020-01-01 – 2020-12-31

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Operating profit (EBIT)		-59.2	51.3	-7,9
Adjustment for non-cash flow items	A, C	78.6	-90.4	-11.8
Financial items and tax	C	-111.9	-0.9	-112.8
Cash flow from operating activities before changes in net working capital		**-92.5**	**-40.0**	**-132.5**
Cash flow from changes in net working capital				
Changes of inventories / work in progress		4.4	0.0	4.4
Changes of current receivables		-85.2	0.0	-85.2
Changes of current liabilities		48.2	0.0	48.2
Cash flow from changes in working capital		**-32.6**	**0.0**	**-32.6**
Cash flow from operating activities		**-125.1**	**-40.0**	**-165.1**
Investment activities				
Business acquisitions	B	-1,298.0	46.5	-1,251,5
Acquisition of intangible assets		-49.2	0.0	-49.2
Sales of intangible assets		0.0	0.0	0.0
Acquisition of tangible assets		-3.8	0.0	-3.8
Sales of tangible assets		0.2	0.0	0.2
Acquisition of financial non-current assets		0.0	0.0	0.0
Sales of financial non-current assets		0.0	0.0	0.0
Cash flow from investment activities		**-1,350.7**	**46.5**	**-1,304,2**
Financing activities				
Rights issue of the year		2,247.2	0.0	2,247.2
Transactions costs of rights issues		-53.0	0.0	-53.0
Loans raised		500.0	0.0	500.0
Dividends paid		0.0	0.0	0.0
Repaid long-term loans		-220.0	0.0	-220.0
Repaid leasing liabilities	C	0.0	-6.5	-6.5
Cash flow from financing activities		**2,474.3**	**-6.5**	**2,467.8**
Cash flow for the period		**998.4**	**0.0**	**998.4**
Cash and cash equivalents at start of period		105.7	0.0	105.7
Cash flow for the period		998.4	0.0	998,4
Exchange rate differences		-16.7	0.0	-16.7
Cash and cash equivalents at end of period		**1,087.4**	**0.0**	**1,087.4**

Notes

A. Goodwill

According to previous accounting principles, goodwill has been depreciated over the estimated useful life. According to IFRS, goodwill is not depreciated but instead annual impairment tests are performed. In connection with the transition to IFRS, depreciation of goodwill amounting to SEK 98.0 million was reversed during the period January to December 2020. The item Goodwill in the statement of financial position after reversals amounted to SEK 2,292.8 million as of 31 December 2020. At the time of the transition, the value of goodwill for impairment was tested and a total amount of SEK 85.1 million was impaired. No deferred tax has been reported for goodwill.

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

C. Leasing
According to previously applied accounting principles, the group has reported all its leasing agreements as operational leasing agreements. According to IFRS 16, the group's leasing agreements (with the exception of short-term leasing agreements and leasing agreements where the underlying asset is of low value) are reported in the balance sheet as right-of-use assets and leasing liabilities. This also means that the costs for previous operating leases are reclassified from operating expenses to depreciation of right-of-use assets and interest expenses on lease liabilities.
The change in accounting principle means that right-of-use assets are reported at SEK 29.0 million as of 1 January 2020 and SEK 63.6 million as of December 31, 2020. On the liability side, a long-term leasing liability of SEK 27.7 million is reported as of 1 January 2020 and SEK 63.8 million as of December 31, 2020.
Other external costs, where costs for the operational leasing agreements have been reported under K3, decrease by SEK 10.2 million during the period January to December 2020. Depreciation of right-of-use assets is instead reported in the income statement as part of the item "Depreciation and amortization". Depreciation for right-of-use assets amounted to SEK 10.4 million for the period January to December 2020. In addition, interest expenses attributable to the lease liability are reported in the income statement in accordance with IFRS, which increases the financial expenses by SEK 0.9 million during the period January to December 2020.
Finally, the application of IFRS 16 also affects the presentation of the group's cash flows. Under previous accounting principles, cash flow attributable to the operating leases has been reported as part of operating activities. Under IFRS 16, payments are divided between payment of lease liabilities and payment of interest. While the part relating to the payment of interest is included in cash flow from operating activities (as before), the part relating to payment of lease liabilities is reclassified to cash flow from financing activities. Thus, cash flow from operating activities decreases by SEK 6.5 million during the period January to December 2020. Cash flow from financing activities, on the other hand, increases through the inclusion of payment of lease liabilities by SEK 6.5 million during the period January to December 2020.

D. Financial instruments
In accordance with previously applied accounting principles, EG7 has applied a write-down model for credit losses based on an event that has occurred. In accordance with IFRS 9, companies that apply IFRS must apply a model for expected credit losses.
The application of the model for expected credit losses means that EG7 reports insignificant changes regarding credit provisions attributable to accounts receivable. Expected credit losses attributable to cash and cash equivalents amount to insignificant amounts.

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

PARENT COMPANY INCOME STATEMENT

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Revenue			
Net revenue	3	7.5	11.1
Own work capitalized	9	56.4	40.7
Other revenue		0.0	27.1
		63.9	78.9
Operating expenses			
Cost of goods sold		-91.5	-54.9
Other external expenses	4,5	-38.5	-36.0
Personnel expenses		-22.9	-14.2
Depreciation and amortization	9,10	-5.9	-0.1
Other expenses		0.0	-0.6
Operating profit (EBIT)		**-94.8**	**-26.9**
Financial items			
Profit from shares in group companies	11	-159.1	0.0
Financial income	6	201.9	0.3
Financial expenses	7	-28.9	-99.2
Profit after financial net		**-80.9**	**-125.8**
Appropriations		1.8	0.6
Profit before tax		**-79.1**	**-125.2**
Tax expense for the period	8	-13.8	12.6
NET PROFIT		**-92.9**	**-112.6**

PARENT COMPANY’S REPORT ON COMPREHENSIVE INCOME

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Net profit		-92.9	-112.6
Comprehensive income for the period		-92.9	-112.6

BALANCE SHEET PARENT COMPANY

Values in SEKm	Note	2021-12-31	2020-12-31
ASSETS			
Intangible non-current assets			
Capitalized expenses for development work and similar work	9	200.9	145.1
Total intangible non-current assets		**200.9**	**145.1**
Tangible non-current assets			
Fixtures, tools and installations	10	0.1	0.1
Total tangible non-current assets		**0.1**	**0.1**
Financial non-currents assets			
Shares in group companies	11	2 641.0	1 469.7
Receivables from group companies		1 892.2	1 278.8
Deferred tax assets	8	12.4	25.8
Other long-term receivables		2.6	2.6
Total financial non-current assets		**4,548.2**	**2,776.9**
Total non-current assets		**4,749.1**	**2,922.1**
Current assets			
Accounts receivables	12	0.1	0.1
Receivables from group companies	12	2.6	0.6
Current tax receivable		0.2	0.0
Other receivables		4.1	8.5
Accrued but not invoiced revenue		0.0	3.4
Prepayments and accrued income	13	1.4	49.4
		8.4	**62.0**
Cash and cash equivalents	12	79.9	902.6
Total current assets		**88.2**	**964.6**
TOTAL ASSETS		**4,837.3**	**3,886.7**

EQUITY AND LIABILITIES

Values in SEKm	Note	2021-12-31	2020-12-31
Equity	**14**		
Share capital		3.5	3.1
Development expenditure fund		199.8	137.1
Restricted equity		**203.3**	**140.1**
Share premium reserve		4 547.4	3 375.0
Accumulated profit		-313.2	-137.7
Profit for the year		-92.9	-112.7
Unrestricted equity		**4,141.3**	**3,124.6**
Total equity		**4,344.6**	**3,264.7**
Non-current liabilities			
Bond loan	12,15	0.0	0.0
Liabilities to credit institutions	12	399.2	0.0
Liabilities to group companies		0.0	19.1
Total non-current liabilities		**399.2**	**19.1**
Current liabilities			
Liabilities to credit institutions	12,15	0.0	500.4
Accounts payable	15	9.7	21.2
Liabilities to group companies	12,15	30.8	4.6
Other liabilities	12	37.0	60.5
Accrued expenses and prepaid income	16	15.9	16.2
Total current liabilities		**93.5**	**603.0**
Total liabilities		**492.7**	**622.1**
TOTAL EQUITY AND LIABILITIES		**4,837.3**	**3,886.7**

PARENT COMPANY'S REPORT ON CHANGES IN EQUITY

Values in SEKm	Restricted equity		Unrestricted equity		
	Share Capital	Capitalization Reserve	Share premium reserve	Accumulated profit	Total equity
Opening balance 2020-01-01	**1.2**	**96.3**	**273.6**	**-97.0**	**274.2**
Net profit	0.0	0.0	0.0	-112.7	-112.7
Comprehensive income of the period	**0.0**	**0.0**	**0.0**	**-112.7**	**-112.7**
Transactions with shareholders:					
Rights issues after transaction costs	1.8	0.0	3,143.0		3,144.9
Rights issues transaction costs			-53.0		-53.0
Tax effects transaction costs of rights issues			11.3		11.3
Total	**1.8**	**0.0**	**3,101.3**	**0.0**	**3,103.2**
Transfer capitalization reserve	0.0	40.7	0.0	-40.7	0.0
Closing balance 2020-12-31	**3.1**	**137.1**	**3,375.0**	**-250.5**	**3,264.7**
Opening balance 2021-01-01	**3.1**	**137.1**	**3,375.0**	**-250.5**	**3,264.7**
Net profit	0.0	0.0	0.0	-92.9	-92.9
Comprehensive income of the period	**0.0**	**0.0**	**0.0**	**-92.9**	**-92.9**
Transactions with shareholders:					
Rights issues after transaction costs	0.4	0.0	1,173.6		1,174.0
Rights issues transaction costs			-1.5		-1.5
Tax effects transaction costs of rights issues			0.3		0.3
Total	**0.4**	**0.0**	**1,172.4**	**0.0**	**1,172.8**
Transfer capitalization reserve	0.0	62.7	0.0	-62.7	0.0
Closing balance 2021-12-31	**3.5**	**199.8**	**4,547.4**	**-406.0**	**4,344.6**

PARENT COMPANY'S CASH FLOW STATEMENT

Values in SEKm	Note	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
OPERATING ACTIVITIES			
Operating profit		-94.8	-26.9
Adjustment for non-cash flow items	17	4.7	-31.4
Received interest etc.		0.8	0.0
Paid interest		-27.3	-64.0
Paid income tax		0.0	-5.4
Cash flow from operating activities before changes in working capital		**-116.7**	**-127.7**
Cash flow from changes in working capital			
Changes of current receivables		-359.4	-1,372.4
Changes of current liabilities		-4.7	-46.0
Cash flow from operating activities		**-480.8**	**-1,546.1**
INVESTMENT ACTIVITIES			
Acquisition of group companies	11	-180.3	0.0
Acquisition of intangible assets	9	-61.6	-48.8
Cash flow from investment activities		**-242.0**	**-48.8**
FINANCING ACTIVITIES			
Rights issue		0.0	2,194.2
Loans raised	17	400.0	500.0
Repaid loans	17	-500.0	-220.0
Cash flow from financing activities		**-100.0**	**2,474.2**
CASH FLOW FOR THE PERIOD		-822.8	879.3
Cash and cash equivalents at start of period		902.6	23.3
Exchange rate differences		0.0	0.0
Cash and cash equivalents at end of period		**79.8**	**902.6**

PARENT COMPANY'S NOTES

NOTE 1 Parent Company's Accounting Principles

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

Arrangement

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

Leasing

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

Income from shares in subsidiaries

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

Taxes

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

Shares in subsidiaries

Shares in subsidiaries are reported in the parent company in accordance with the acquisition value method. This means that transaction costs are included in the reported value of the holding. In cases where the book value exceeds the companies' consolidated value, a write-down is made which is charged to the income statement. An analysis of write-downs needs is carried out at the end of each reporting period. In cases where a previous write-down is no longer justified, this is reversed.
Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared with the reported value of these assets and forms the basis for any write-downs or reversals. The assumptions that affect the recoverable amount the most are future earnings development, discount rate and useful life. If future external factors and conditions change, assumptions may be affected so that the reported values of the parent company's assets change.

Group contributions and shareholder contributions

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

Financial instruments

Due to the connection between accounting and taxation, the rules on financial instruments according to IFRS 9 are not applied in the parent company as a legal entity, but the parent company applies the acquisition value method in accordance with the ÅRL. In the parent company, financial fixed assets are thus valued at acquisition value and financial current assets according to the lowest value principle, with the application of write-downs for expected credit losses according to IFRS 9 regarding assets that are debt instruments. Contingent considerations are valued at the amount that the parent company deems would need to be paid if it was settled at the balance date.
The parent company applies the exemption not to value financial guarantee agreements for the benefit of subsidiaries and associated companies and joint ventures in accordance with the rules in IFRS 9, but instead applies the principles for valuation in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

Write-downs of financial assets

Financial assets, including intra-group receivables, are impaired for expected credit losses. For a method regarding write-downs for expected credit losses, see the group's accounting principles. Expected credit losses for intra-group receivables are estimated through the general model in which the group companies' creditworthiness is estimated.
Expected credit losses for cash and cash equivalents have not been reported, as the amount has been judged to be insignificant.

Fund for research and development

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

NOTE 2 Significant estimates and assessments

When preparing the financial statements, the company management and the board must make certain estimates and assessments that affect the carrying amount of asset and liability items and income and expense items, respectively, as well as other information provided. The assessments are based on experiences and assumptions that the management and the board deem to be reasonable in the prevailing circumstances. Actual outcome may then differ from these assessments if other conditions arise. The estimates and assessments are evaluated on an ongoing basis and are not considered to entail any significant risk of significant adjustments in the reported values of assets and liabilities during the coming periods. Changes in estimates are reported in the period in which the change is made if the change has only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. The assessments that are most important in the preparation of the financial statements are described below.
Other liabilities include contingent considerations for acquisitions. Fair value has been calculated based on the expected outcome of the targets in the purchase agreements. The contingent considerations have been discounted with a discount rate relevant for each acquisition.
Shares in subsidiaries are valued for impairment annually. The valuation uses cash flow forecasts for each subsidiary. Capitalized development costs are tested annually for future cash flows.

NOTE 3 Revenue from Customer Contracts

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Geographical region		
Europe	7.5	11.1
Revenue from customer contracts	**7.5**	**11.1**

NOTE 4 Remuneration to auditors

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
ERNST & YOUNG AB		
Auditing services	6.6	3.5
Other auditing activities	4.2	11.9
Total	**10.8**	**15.4**
OTHER AUDITORS		
Auditing services	0.0	0.0
Other auditing activities	1.0	0.0
Total	**1.0**	**0.0**

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

NOTE 5 Leasing agreements

Future minimum lease payments	2021-12-31	2020-12-31
Within 1 year	3.7	3.7
Between 2-5 years	2.8	6.4
More than 5 years	0.0	0.0
Total	**6.5**	**10.1**

The parent company's leasing agreement mainly pertains to office premises.
Leasing fees expensed for the period amounted to SEK 4.2 million (SEK 4.3 thousand in 2020).

NOTE 6 Financial income

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Assets and liabilities valued at accrued acquisition value:		
Interest income receivables from group companies	52.5	0.1
Total interest income according to the effective interest method	**52.5**	**0.1**
Other financial income		
Exchange rate differences – income, financial items	149.4	0.1
Total	**149.4**	**0.1**
Total financial income	**201.9**	**0.2**

NOTE 7 Financial expenses

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Assets and liabilities valued at accrued acquisition value:		
Interest expenses liabilities to credit institutions	16.1	27.2
Interest expenses liabilities to group companies	1.3	1.1
Interest expenses other financial liabilities	0.0	0.0
Total interest expenses according to the effective interest method	**17.4**	**28.3**
Other financial expenses		
Exchange rate differences – costs, financial items	0.2	41.2
Expected credit losses on financial assets	0.0	0.0
Borrowing costs	11.2	29.7
Total	**11.5**	**70.9**
Total financial expenses	**28.9**	**99.2**

NOTE 8 Tax

	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Current tax	0.0	0.0
Change in deferred tax regarding temporary differences	-13.8	12.6
Reported tax	**-13.8**	**12.6**
Reconciliation of effective tax rate		
Profit before tax	**-79.1**	**-125.3**
Tax according to the current tax rate for the parent company (20.6% 2021, 21.4% 2020)	16.3	26.8
Tax effect of:		
Non-deductible expenses	0.0	-1.2
Adjustment of deferred tax in previous years	2.7	-0.9
Non-deductible interest	0.0	-11.3
Effect of tax rate change	0.0	-1.0
Impairment of subsidiary shares	-32.8	0.0
Reported tax	**-13.8**	**12.6**
Effective tax rate	17%	-10%

Information on deferred tax assets and liabilities.
The following tables specify the tax effect of the temporary differences:

Deferred tax assets	Deficit deduction	Total
Opening balance 2021-01-01	25,8	25,8
Reported:		
In profit	-13,8	-13,8
In equity	0,3	0,3
Closing balance 2021-12-31	**12,4**	**12,4**

Deferred tax assets	Deficit deduction	Total
Opening balance 2020-01-01	1.9	1.9
Reported:		
In profit	12.6	12.6
In equity	11.3	11.3
Closing balance 2020-12-31	**25.8**	**25.8**

NOTE 9 Intangible assets

Intangible assets in the parent company consist of capitalized expenses for development work and similar work. The expenses arise in connection with the game development.

Acquisition value	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Opening balance	**145.1**	**96.3**
This year's purchases	5.2	0.0
Internally processed	56.4	48.8
Closing balance	**206.7**	**145.1**
Depreciation and amortization		
Opening balance	0.0	0.0
This year's depreciation and amortization	-0.3	0.0
Closing balance	**-0.3**	**0.0**
Impairment		
Opening balance	0.0	0.0
This year's impairment	-5.6	0.0
Closing balance	**-5.6**	**0.0**
Closing balance	**200.9**	**145.1**

NOTE 10 Tangible assets

Tangible assets in the parent company consist of office equipment.

Acquisition value	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Opening balance	**0.1**	**0.7**
This year's purchases	0.0	0.0
Sales / scraps	0.0	-0.6
Closing balance	**0.1**	**0.1**
Depreciation and amortization		
Opening balance	0.0	-0.2
This year's depreciation and amortization	0.0	-0.1
Sales / scraps	0.0	0.3
Closing balance	**0.0**	**0.0**
Closing balance	**0.1**	**0.1**

NOTE 11 Shares in group companies

	2021-12-31	2020-12-31
Opening balance acquisition value	1 469.7	520.4
Acquisition / shareholder contribution	1 330.4	949.3
Closing balance acquisition value	**2 800.1**	**1 469.7**

Impairment of a share in group companies	**2021-12-31**	**2020-12-31**
Opening balance accumulated impairments	0.0	0.0
Impairments for the year	159.1	0.0
Closing balance accumulated impairments	**159.1**	**0.0**
Closing balance	**2 641.0**	**1 469.7**

Company	Corporate identity number	Location	Equity 2021-12-31	Net profit 2021	Share %	Number of shares	Reported value 2021-12-31	Reported value 2020-12-31
Toadman Interactive AB	556930-6483	Stockholm, Sweden	0.1	-0.1	100%	100,000	0.2	0.1
Artplant AS	NO983807747	Oslo, Norway	7.0	0.4	100%	1,152	7.4	7.4
OOO Artplant	1106952017501	Tver, Russia	0.5	-0.1	100%			
Anti-matter Games Ltd	8543466	Cornwall, UK	7.6	2.1	100%	44	1.7	1.7
Petrol Advertising Inc	EIN: 84-2171339	North Varney, USA	63.3	16.7	100%	100	63.3	222.4
Toadman Interactive GmbH	DE314775478	Berlin, Germany	1.4	0.6	100%	25,000	0.2	0.2
Sold-out Marketing & Distribution Ltd	Reg nr. 06989121	London, UK	121.3	34.1	100%	2	288.6	288.6
Dream Acquisition Co.	85-4392549	San Diego, US	754.5	-113.8	100%	10	835.0	835.0
Daybreak Game Company LLC	20-4347762	San Diego, US	-129.3	118.9	100%			
Standing Stone Games LLC	81-43419251	San Diego, US	256.9	89.3	100%			
718511 N.B. Ltd	718511	London, Canada	65.3	289.3	100%	100	330.9	114.3
Big Blue Bubble Inc.	OCN 5037200	London, Canada	88.2	35.8	100%			
Piranha Games Inc.	865634174RC0002	Vancouver, Canada	25.7	-22.0	100%			
Innova Intellectual Properties Sarl	B 156 284	Luxembourg	15.7	5.4	100%		1,113.7	
Innova Co. Sarl	B 156 444	Luxembourg	97.8	4.2	100%			
Innova Distribution LLC	1077763692720	Moscow, Russia	-21.6	28.6	100%			
Toadman Interactive AB	556930-6483	Stockholm, Sweden	0.1	-0.1	100%	100,000	0.2	0.1
							2,641.0	**1,469.7**

NOTE 12 Financial instruments

Financial assets / liabilities valued at accrued acquisition value.

Financial assets	**2021-12-31**	**2020-12-31**
Receivables from group companies	1,894.7	1,279.4
Accounts receivable	0.1	0.1
Cash and cash equivalents	79.9	902.6
Total	**1,974.7**	**2,182.1**

Financial liabilities		
Bond debt	0.0	0.0
Liabilities to credit institutions	399.2	500.4
Accounts payable	9.7	21.2
Liabilities to group companies	30.8	23.7
Contingent consideration	37.0	57.6
Other liabilities	0.0	2.8
Total	**476.7**	**605.7**

Liabilities to credit institutions bear variable interest rates.
For other financial instruments in the parent company, the reported value is considered to be a good approximation of the fair value.
The assets' maximum credit risk consists of the reported values. The parent company has not received any pledged collateral for the financial assets.

NOTE 13 Prepaid expenses and accrued income

	2021-12-31	**2020-12-31**
Prepaid rental expenses	1.1	1.1
Intra-group prepaid expenses	0.0	42.3
Other prepaid expenses	0.4	6.0
Reported value	**1.4**	**49.4**

NOTE 14 Equity

Fund for capitalized development	**2021-01-01 –2021-12-31**	**2020-01-01 –2020-12-31**
Opening balance	137.1	96.3
Increase through capitalized development expenses	62.7	40.8
Decrease in line with amortization of intangible assets	0.0	0.0
Closing balance	**199.8**	**137.1**

For other information on equity, see group Note 19 Equity.

NOTE 15 Maturity analysis for financial liabilities

2021-12-31	<6 months	6-12 months	1-3 years	3-5 years	>5 years	Total
Liabilities to credit institutions	0.0	0.0	399.2	0.0	0.0	**399.2**
Accounts payable	9.7	0.0	0.0	0.0	0.0	**9.7**
Liabilities to group companies	0.0	30.8	0.0	0.0	0.0	**30.8**
Holdback shares, acquisitions	37.0	0.0	0.0	0.0	0.0	**37.0**

2020-12-31	<6 months	6-12 months	1-3 years	3-5 years	>5 years	Total
Liabilities to credit institutions	500.4	0.0	0.0	0.0	0.0	**500.4**
Accounts payable	21.2	0.0	0.0	0.0	0.0	**21.2**
Liabilities to group companies	0.0	4.6	19.1	0.0	0.0	**23.7**
Contingent considerations	57.7	0.0	0.0	0.0	0.0	**57.7**
Other liabilities	2.8	0.0	0.0	0.0	0.0	**2.8**

NOTE 16 Accrued expenses and prepaid income

	2021-12-31	2020-12-31
Accrued salaries, holiday pay and employer's contributions	3,7	1,7
Accrued acquisition costs	0,0	12,2
Auditing expenses	3,0	0,0
Other accrued expenses and prepaid income	9,2	2,3
Reported value	**15,9**	**16,2**

NOTE 17 Cash flow information

Adjustments for non-cash flow items	2021-01-01 –2021-12-31	2020-01-01 –2020-12-31
Adjustments in operating profit		
Depreciation and amortization	0.3	0.1
Impairments	5.6	0.0
Provisions	0.0	-30.4
Other	-1.2	0.0
Total	**4.7**	**-30.4**

Change in liabilities attributable to financing activities.

	2021-01-01	Cash flow changes	Non-cash flow changes	2021-12-31
Bond debt	0.0	0.0	0.0	0.0
Liabilities to credit institutions	500.4	-100.0	-1.2	399.2
Total liabilities attributable to financing activities	**500.4**	**-100.0**	**-1.2**	**399.2**

	2020-01-01	Cash flow changes	Non-cash flow changes	2020-12-31
Bond debt	220.0	-220.0	0.0	0.0
Liabilities to credit institutions	0.0	500.0	0.4	500.4
Total liabilities attributable to financing activities	**220.0**	**280.0**	**0.4**	**500.4**

NOTE 18 Pledged collateral and contingent liabilities

Pledged collateral for own liabilities to credit institutions	2021-12-31	2020-12-31
Blocked bank balance, rent deposit	2.6	2.6
Total	**2.6**	**2.6**

NOTE 19 Transactions with related parties

Group companies	**2021-01-01 –2021-12-31**	**2020-01-01 –2020-12-31**
Sales of goods / services	0.0	0.7
Purchase of goods / services	-91.2	-52.9
Internal interest rate	51.1	-0.9
Receivable on the balance sheet date	1 894.8	1 279.4
Liability on the balance sheet date	30.8	23.8

NOTE 20 Events after the balance sheet date

The conflict in Ukraine:
On February 24, 2022, the military conflict between Russia and Ukraine was initiated.
EG7 has two subsidiaries in Russia; OOO Artplant in Tver and Innova Distribution LLC in Moscow. OOO Artplant is a wholly owned subsidiary of Artplant AS which is 100% owned by Enad Global 7 AB. Innova Distribution LLC is 100% owned by Innova Intellectual Properties Sarl. which is 100% owned by Enad Global 7 AB.
Innova is an independent group within EG7 that can finance its operations with its own funds.
On 19 April, EG7 entered into a letter of intent for the sale of the Company's subsidiary Innova. The sale of Innova is intended to be structured as a management buy-out (MBO) and the purchase price has been set at EUR 32 million. Structuring the Innova sale as an MBO is aimed to ensure the continuance of its ongoing business operations under the strong leadership of the existing management team and secure the talented team of local employees. The sale will be conditional upon an approval from a general shareholders' meeting of the Company.
Additionally, EG7 will be relocating Toadman Interactive and its employees who are currently based in Russia.
Shares in subsidiaries may be impaired if the value of the company in SEK decreases.

NOTE 21 Proposed allocation of profit and loss

(SEKm) At the Annual General Meeting's disposal stands:	**2021-12-31**	**2020-12-31**
Accumulated profit/loss	-313.2	-137.8
Share premium reserve	4,547.4	3,375.0
Profit/loss of the year	-92.9	-112.7
	4,141.3	3,124.5
The board proposes that the following is carried forward		
Carried forward	4,141.3	3,124.5
	4,141.3	**3,124.5**

NOTE 22 Transition to RFR 2

These financial reports for the parent company are the first to have been prepared with the application of RFR 2. Previously prepared annual reports for the parent company have been reported in accordance with BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

The accounting principles found in Note 1 have been applied when the annual report has been prepared as of December 31, 2021 and for the comparative information presented as of December 31, 2020.

Effect on profit and financial position

The transition from previous accounting principles has not had any effect on the parent company's income statement for 2020 or on the parent company's balance sheet as of 31 December 2020. The transition to RFR 2 has not had any effect on the parent company's cash flow.

Definitions

Net sales
Revenue from sales less discounts and after elimination of any intra-group sales

Net sales growth (%)
Increase in sales from the previous period in percent

EBITDA
Profit before depreciation and amortization of tangible and intangible fixed assets and usufruct assets

EBITDA margin (%)
Profit before depreciation and amortization of tangible and intangible fixed assets and usufruct assets as a percentage of net sales

EBITA
Profit before amortization of intangible fixed assets

EBITA margin (%)
Profit before amortization of intangible fixed assets as a percentage of net sales

Operating profit (EBIT)
Operating profit before financial items and tax

Operating margin (EBIT margin) (%)
Operating profit before financial items and tax as a percentage of net sales

Net debt
Interest-bearing liabilities decreased with 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 (SEK)
Net profit divided by the total number of outstanding shares

Stockholm, 25 April 2022

Ji Ham
Acting CEO

Alexander Albedj
Chairman of the board

Marie-Louise Hellström Gefwert
Board member

Erik Nielsen
Board member

Jason Epstein
Board member

Georgy Chumburidze
Board member

Gunnar Lind
Board member

Our audit report has been submitted on

Ernst & Young AB

Beata Lihammar
Authorized auditor

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

To the general meeting of the shareholders of Enad Global 7 AB (publ), corporate identity number 556923-283

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 year 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and 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.

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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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 skepticism 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.

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 year 2021 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 skepticism 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 4 May 2022
Ernst & Young AB

Beata Lihammar
Authorized Public Accountant


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