

# ENAD GLOBAL 7 AB (PUBL)

## **Prospectus for admission to trading of shares in Enad Global 7 AB (publ) on Nasdaq Stockholm**

### **Validity of the prospectus**

This Prospectus was approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 13 June 2024. The Prospectus is valid under a period of twelve months after the approval, provided that Enad Global 7 AB (publ) fulfils the obligation, in accordance with the (EU) 2017/1129 Prospectus Regulation, to provide supplements to the Prospectus in the event of a significant new circumstance, material error or material inaccuracy arises which may affect the assessment of the shares in the Company. The obligation to prepare supplements to the Prospectus is valid from the time of the approval until the time when trading of the shares on Nasdaq Stockholm commences. The Company has no obligation to thereafter prepare a supplement to the Prospectus.



## IMPORTANT INFORMATION FOR INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the application by Enad Global 7 AB (publ), a Swedish public limited liability company, reg. no. 556923-2837 ("**EG7**", the "**Group**" or the "**Company**"), for admission to trading of the Company's shares on Nasdaq Stockholm. The admission to trading of the Company's shares will take place through a change of listing venue from Nasdaq First North Growth Market in Stockholm to Nasdaq Stockholm.

### **Approval of the Prospectus**

The Prospectus has been prepared as a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"). The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**"), which is the Swedish national competent authority, has approved the Prospectus in accordance with Article 20 of the Prospectus Regulation. The SFSA approves the Prospectus only to the extent that it meets the requirements of completeness, comprehensibility and consistency set out in the Prospectus Regulation. The approval should not be considered as an endorsement of the Company or of the securities described in the Prospectus. The SFSA does not guarantee the accuracy or completeness of the factual information contained in the Prospectus. Each investor is advised to make its own assessment of whether it is appropriate to invest in the Company.

Swedish law applies to the Prospectus. Disputes arising from the Prospectus and related legal matters shall be decided exclusively by the Swedish court, whereby Stockholm District Court shall constitute the first instance.

### **Admission to trading on Nasdaq Stockholm**

The prospectus has only been prepared solely in connection with the application for admission to trading of EG7's shares on Nasdaq Stockholm and does not contain any offer to subscribe for or otherwise acquire shares or other financial instruments in the Company, whether in Sweden or in any other jurisdiction.

No shares or other securities issued by EG7 have been or will be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction of the United States. Neither the US Securities and Exchange Commission nor any state securities commission in the United States has approved or disapproved or expressed an opinion as to the accuracy or suitability of the Prospectus. Any claim to the contrary is a criminal offense in the United States.

### **Investment information**

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of EG7, including applicable facts and risks. Prior to making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorized to provide any information or make any statement other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by the Company. The Company is not responsible for any such information or statements. Neither the publication or distribution of the Prospectus, nor any transactions entered into in connection with the Prospectus, shall be deemed to constitute an indication that the information contained in the Prospectus is accurate and current as of any date other than the date of its publication or that there has been no change in the business of EG7 since such date. In the event that a new material fact, material error or material misstatement occurs that may affect the valuation of the shares of the Company in, such changes will be disclosed in accordance with the provisions on supplements under the Prospectus Regulation.

### **Forward-looking statements**

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and those statements and opinions that relate to the future and that, for example, contain language such as "assumes", "believes", "intends", "estimates", "anticipates", "should", "should", "estimates", "anticipates", "predicts", "expects", "believes", "may", "will", "plans", "schedules", "potential", "forecasts", "could", "as far as is known", "believes" or similar expressions, where the intent is to identify a statement as forward-looking. This applies in particular to statements and opinions in the Prospectus that deal with future financial returns, plans and expectations for the Company's operations and

management, future growth and profitability as well as the general economic and legal environment and other issues relating to the Company.

Unless otherwise stated, forward-looking statements are based on estimates and assumptions made on the basis of what the Company knows as of the date of the Prospectus. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results, including the Company's cash flow, financial condition and results of operations, to differ from those set forth in such statements, or fail to meet the expectations expressly or implicitly assumed or described in such statements or prove to be less favorable than the results expressly or implicitly assumed or described in such statements. Accordingly, potential investors should not place undue reliance on these forward-looking statements and are strongly advised to read the Prospectus in its entirety. The Company does not guarantee the future accuracy of the opinions presented or whether the predicted developments will actually occur.

Due to the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus will not occur. Forward-looking estimates and projections derived from third-party studies and referred to in the Prospectus may prove to be incorrect. Actual results, performance or events may differ materially from those indicated in such statements as a result of, without limitation: changes in general economic conditions, particularly economic conditions in the markets in which the Company operates, changes in interest rates, changes in exchange rates, changes in competition levels, changes in laws and regulations and the occurrence of accidents or environmental damage.

After the date of the Prospectus, the Company does not undertake, except as required by applicable law or Nasdaq Stockholm's rulebook for issuers (Nasdaq Nordic Main Market Rulebook for Issuers of Shares), to update any forward-looking statements or to conform any forward-looking statements to actual events or developments.

### **Industry and market information**

The prospectus contains information about the Company's geographical and product markets, market size, market shares, market position and other market information relating to EG7's business and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry or market reports, market surveys, publicly available information and commercial publications. Such third party information has been accurately reproduced and, as far as the Company is aware and can ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information in the publication has been obtained from sources believed to be reliable, but the accuracy and completeness of the information cannot be guaranteed. The Company has not independently verified, and therefore cannot guarantee the accuracy of, the market information contained in the Prospectus that has been obtained from or derived from these market publications. Market information and market statistics are by their nature forward-looking, subject to uncertainty, may be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market surveys, which in turn are based on sampling and subjective interpretations and judgments, including judgments about the type of products and transactions that should be included in the relevant market, both by those conducting the surveys and the respondents. Accordingly, potential investors should be aware that the financial and market information and the forecasts and estimates of market information contained in the Prospectus are not necessarily reliable indicators of EG7's future results.

### **Accessibility**

The prospectus is available on EG7's website (<https://www.enadglobal7.com/>), the website of the SFSA (<https://fi.se/sv/vara-register/prospektregister/>) and the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu)).

### **Financial information**

Certain financial and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditor. All financial amounts are presented in Swedish krona ("**SEK**"), Euro ("**EUR**") or US dollars ("**USD**") unless otherwise stated.

# CONTENTS

Summary .....	3
Risk factors .....	9
Background and rationale.....	20
Business and market description.....	21
Capital structure, indebtedness and other financial information .....	35
Board of Directors, senior management and auditors.....	38
Share capital and ownership structure .....	44
Legal considerations and supplementary information .....	48
Documents incorporated by reference .....	52
Addresses .....	53

## INDICATIVE TIMETABLE

Last day for trading on Nasdaq First North Growth Market	14 June 2024
First day of trading on Nasdaq Stockholm	17 June 2024

## INFORMATION ABOUT THE SHARE

Short name (ticker) on Nasdaq First North Growth Market	EG7
Short name (ticker) on Nasdaq Stockholm	EG7
ISIN code	SE0010520106

## FINANCIAL CALANDER

Interim report Q2 2024	14 August 2024
Interim report Q3 2024	12 November 2024
Interim report Q4 2024	11 February 2025

# SUMMARY

## INTRODUCTION AND WARNINGS

<i>Introduction and warnings</i>	This summary should be considered as an introduction to the Prospectus. Any decision to invest in the securities should be based by the investor on an assessment of the entire Prospectus. The investor may lose all or part of the capital invested. If a court action is brought regarding the information in the Prospectus, the investor who is the plaintiff under Swedish law may have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on the persons who have produced the summary, including translations thereof, but only if the summary is misleading, inaccurate or inconsistent with the other parts of the Prospectus or if it does not provide, together with the other parts of the Prospectus, key information to assist investors when considering investing in such securities.
<i>Information on the issuer</i>	Enad Global 7 AB (publ) is a Swedish public limited company with organization number 556923-2837. The company's address is Sveavägen 17, level 5, 111 57 Stockholm, Sweden. The Company is the parent company of the Group which, in addition to the parent company, consists of 13 subsidiaries. The Company's website is <a href="http://www.enadglobal7.com">www.enadglobal7.com</a> .  The company's legal entity identifier (LEI) is 549300OBCTAOBEEVN513.
<i>Competent authority</i>	The prospectus has been reviewed by the Swedish Financial Supervisory Authority. The SFSA is the Swedish competent authority for approval of prospectuses under the Prospectus Regulation. The SFSA approved the Prospectus on 13 June 2024. The contact information for the SFSA is:  <b>Financial Supervisory Authority</b> Box 7821, SE-103 97 Stockholm +46 (0)8 408 980 00 <a href="mailto:finansinspektionen@fi.se">finansinspektionen@fi.se</a> <a href="http://www.fi.se">www.fi.se</a>

## KEY INFORMATION ABOUT THE ISSUER

### Who is the issuer of the securities?

Registered office and legal form of the company	Enad Global 7 AB (publ), organization number 556923-2837, is a Swedish public limited liability company formed on 13 January 2013 and registered with the Swedish Companies Registration Office on 20 February 2013. The company name was registered on 16 April 2020. The Company has its registered office in Stockholm and the Company's operations are conducted in accordance with Swedish law. The Company's legal entity identifier (LEI) is 549300OBCTAOBEEVN513. The Company's address is Sveavägen 17, plan 5, 111 57 Stockholm, Sweden and the Company can be reached on telephone number +46 (0) 73 058 76 08. The Company's website is www.enadglobal7.com.																								
Main activities of the company	EG7 is a gaming industry group specialized in the development and publishing of PC, console and mobile games for the global gaming market. With a proven franchise strategy, the Company has established an international game portfolio based on its own and third-party controlled intellectual property rights. The Company's overall vision is to consolidate its position as a top player in the mid-market segment of the video game industry, and at the same time strengthen the Group's position in other parts of the game industry where the Group operates.																								
Major shareholders	<p>As of 31 March 2024, the Company had approximately 6,792 shareholders. The table below shows holdings of shares and votes of at least five percent in the Company as of 31 March 2024 and thereafter known changes until the date of the Prospectus. Each share in the Company entitles the holder to one vote at General Meetings. The Company is not owned or controlled, directly or indirectly, by any shareholder.</p> <table><tr><th>Shareholders</th><th>No. of shares</th><th>Percent (%)</th></tr><tr><td>Jason Epstein*</td><td>8,582,320</td><td>9.69</td></tr><tr><td>Settecento LTD</td><td>6,981,119</td><td>7.88</td></tr><tr><td>Avanza Pension</td><td>6,435,980</td><td>7.26</td></tr><tr><td>Alta Fox Capital</td><td>5,347,681</td><td>6.04</td></tr><tr><td><b>Total major shareholders</b></td><td><b>27,347,100</b></td><td><b>30.87</b></td></tr><tr><td>Other shareholders</td><td>61,256,426</td><td>69.13</td></tr><tr><td><b>Total</b></td><td><b>88,603,526</b></td><td><b>100</b></td></tr></table> <p>*Chairman of the board in EG7</p>	Shareholders	No. of shares	Percent (%)	Jason Epstein*	8,582,320	9.69	Settecento LTD	6,981,119	7.88	Avanza Pension	6,435,980	7.26	Alta Fox Capital	5,347,681	6.04	<b>Total major shareholders</b>	<b>27,347,100</b>	<b>30.87</b>	Other shareholders	61,256,426	69.13	<b>Total</b>	<b>88,603,526</b>	<b>100</b>
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Board of Directors and senior management	<p>The Company's Board of Directors consists of Jason Epstein (Chairman), Ron Moravek, Ben Braun, Ebba Ljungerud, Gunnar Lind, Marie-Louise Gefwert and Ji Ham.</p> <p>The senior management team consists of Ji Ham (CEO), Fredrik Rüdén (Deputy CEO and CFO), David Youssefi (Legal Counsel) and Huyen Huynh (VP of Group Operations).</p>																													
Auditor	<p>Öhrlings PricewaterhouseCoopers AB ("<b>PwC</b>") is the Company's auditor with Niklas Renström as auditor in charge since June 2022. PwC has been the Company's auditor throughout the period covered by the historical financial information in the Prospectus. Niklas Renström is an authorized auditor and member of FAR (Föreningen Auktoriserade Revisorer). PwC's address is Torsgatan 21, 113 97 Stockholm, Sweden.</p>																													
Key financial information for the Company																														
Summary of key financial information	<p><b>Key items in the consolidated income statement</b></p> <table><tr><th></th><th colspan="2">1 January - 31 December</th><th colspan="2">1 January - 31 March</th></tr><tr><th>SEKm</th><th>2023</th><th>2022</th><th>2024</th><th>2023</th></tr><tr><td>Net revenue</td><td>2,045.0</td><td>1,865.9</td><td>381.7</td><td>571.7</td></tr><tr><td>Operating profit</td><td>495.9</td><td>474.5</td><td>40.0</td><td>138.8</td></tr><tr><td>Net profit/loss for the period</td><td>156.1</td><td>-1,239.0</td><td>15.0</td><td>-88.2</td></tr></table>		1 January - 31 December		1 January - 31 March		SEKm	2023	2022	2024	2023	Net revenue	2,045.0	1,865.9	381.7	571.7	Operating profit	495.9	474.5	40.0	138.8	Net profit/loss for the period	156.1	-1,239.0	15.0	-88.2				
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Key risks specific to the Company																														
Key risks related to the Company's operations	<p><b>EG7 could be negatively affected by risks related to the development, launch and improvement of existing games</b></p> <p>EG7's future and continued growth journey will depend on, inter alia, EG7's ability to choose the right games for publication and to regularly develop games and improve existing games in a manner that constantly expands and enhances the gaming experience, which requires, for example, effective project management and control of costs, time and resources. The Company endeavors to continuously develop and improve games, for example by providing sequels, downloadable material, expansions and continuous development and improvement of existing games. For this reason, it is important that EG7 continuously updates and develops its existing games in relation to current trends and taking into account the development of various hardware and software on which EG7's games are based. Besides trends in society, specific events or courses of events could influence interest in different types of game genres, which means that even though EG7 follows expected developments in society the success of games releases could still be at risk. EG7 is also exposed to risks related to the release of games that can arise for both internally and externally developed game projects. Delays may, for example, be due to quality</p>																													

	<p>deficiencies during the development of the game, changed requirements from external partners or other circumstances beyond EG7's control.</p> <p><b>EG7 may be negatively affected by changes in the gaming market and the preferences of game reviewers and customers</b></p> <p>The industry in which the Company operates is characterized by rapid developments, innovation and ever-changing end-user trends and preferences. Developments in the gaming industry are driven by the differing preferences in the gaming market, which in turn are driven by the customers who play the games. There is a risk that players or game reviewers may find that EG7's existing and future games or updates do not meet their requirements or expectations of the games and that circumstances beyond the Company's control, such as players' or game reviewers' opinions of a game, could lead to negative reviews of the games. In addition, new technology and market demands for technological advances could mean that the Company needs to devote considerable time and resources to adapting its operations to meet such demand, which may lead to higher costs and delays in development activities.</p> <p><b>EG7 operates in a competitive market</b></p> <p>There is a risk that other players will develop new types of games, services and technologies that the Company's products have difficulty competing with. EG7's position in existing markets can be quickly weakened by competitors developing superior products, driving down prices or running successful marketing campaigns. Competitors that are more well-known and who have a large existing customer base, and therefore significant competitive advantages over EG7, may also enter the Group's markets.</p> <p><b>EG7 has a primary growth strategy based on organic growth</b></p> <p>EG7 currently acts as an active owner and works closely with the business units to provide support and strategy. The Group consists of six different segments and employs approximately 690 people as of 31 March 2024. The Group's ability to grow organically is dependent on its ability to generate cash, the efficient allocation of resources, the execution of projects and external technological shifts as well as varying preferences. A reduction in profitability for EG7 cannot be ruled out in a situation whereby available cash could be needed today to finance the Company's own operations and the scope for investing in growth no longer exists or is reduced. Furthermore, it is not certain that a completed investment will yield the expected return.</p> <p><b>EG7 is dependent on obtaining and maintaining the protection of its intellectual property rights and the continued use of third-party intellectual property rights</b></p> <p>EG7 has an extensive portfolio of 10 active live games with owned or controlled brands as of 31 March 2024. Each group company owns and is responsible for maintaining the protection of its intellectual property rights. EG7's continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and adequately protecting them. If the products that the Company holds or acquires in the future or develops do not obtain the required intellectual property protection, or if existing intellectual property protection cannot be retained or if existing intellectual property protection proves insufficient to safeguard the Company's rights and market position, the Company's ability to conduct operations, its financial position and earnings may be negatively affected.</p> <p><b>EG7's operations are subject to regulations in a number of different countries which place demands on the Company's continuous regulatory compliance</b></p> <p>The global nature of the Group's operations thus means that the Group is obliged to comply with a number of different laws, regulations and recommendations at both national and international level. Examples of areas that the Group considers material to its operations are laws and regulations related to sanctions, corruption, data protection and tax. Even if the Company has procedures and processes in place to monitor legal developments and other developments that impact EG7's regulatory compliance, there is a risk that the Company's interpretation of application of the rules may not be consistent with interpretations of the rules by the relevant authorities or that the Company's procedures and processes could fail to identify regulatory changes that impact its operations.</p> <p><b>EG7's international operations expose the Group to risks related to compliance with multiple tax systems and the application and interpretation of the various tax systems may vary between jurisdictions</b></p> <p>Due to the international nature of EG7's operations, the Company and its subsidiaries must comply with a wide range of tax laws and regulations. The tax laws and regulations that the Group needs to comply with change frequently, sometimes at short notice and sometimes retrospectively, which requires that the Group is able to remain updated about the changes that are made locally in many different countries. The application of the different tax laws and regulations in the jurisdictions where EG7 operates can vary significantly, which also entails the fact that tax authorities and authoritarian tax bodies in different jurisdictions may interpret and apply similar tax laws and regulations in different ways, and this may not necessarily agree with EG7's interpretation and application of the laws and regulations.</p> <p><b>EG7 could be negatively affected by exchange rate fluctuations</b></p> <p>EG7's currency risk can be divided into translation risk and transaction risk. Translation risk means that assets and liabilities in foreign operations are translated from the foreign operations' functional currency to the Group's presentation currency (SEK) at the exchange rate on the reporting date. Revenue and expenses in a foreign operation are translated to SEK at an average rate, which is an estimate of the exchange rates that prevailed on each transaction date. The</p>
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	<p>Company mainly has inflows in USD but also significant inflows in GBP and CAD and may in the future have significant inflows in other currencies as well. This means the Company is continuously exposed to transaction risk.</p> <p><b>EG7 is subject to risks related to impairment of goodwill</b></p> <p>EG7 continuously evaluates the value of other intangible assets, such as capitalized work for games and licenses. Estimates that differ from management's assessments may result in different results of operations and financial position. The impairment test for the Group's goodwill consists of assessing whether the recoverable amount of the unit is equal to or higher than its carrying amount for each cash-generating unit to which the goodwill belongs. The recoverable amount is 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 restructuring</p>
<b>KEY INFORMATION ABOUT THE SECURITIES</b>	
<b>The main features of the securities</b>	
<i>Information regarding the Company's shares</i>	<p>As of the date of the Prospectus, the Company's share capital amounts to SEK 3,544,141.04 divided into 88,603,526 shares and each share had a quota value of SEK 0.04.</p> <p>The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The ISIN code for the Company's share is SE0010520106. The shares are denominated in SEK.</p> <p>The shares planned to be admitted to trading on Nasdaq Stockholm are of the same type. Rights attached to shares issued by the Company, including those pursuant to the Company's articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).</p> <p><b>Preferential rights to new shares, etc.</b></p> <p>If the Company decides to issue new shares, warrants or convertibles in a cash issue or a set-off issue, the shareholders have, as a general rule, preferential rights to subscribe for such securities in proportion to the number of shares held before the issue.</p> <p><b>Voting rights</b></p> <p>Each share in the Company entitles the holder to one vote at General Meetings and each shareholder is entitled to vote for all shares held by the shareholder in the Company.</p> <p><b>Rights to dividends and balances in the event of liquidation</b></p> <p>All shares carry equal rights to dividends and to the Company's assets and any surplus in the event of liquidation.</p> <p>There are no restrictions on the right to dividends for shareholders resident outside Sweden. Subject to restrictions imposed by banks and clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same way as to shareholders in Sweden. Shareholders who are not resident in Sweden for tax purposes are normally subject to Swedish withholding tax.</p> <p><b>Dividend policy</b></p> <p>The Board of Directors of EG7 has not adopted a dividend policy. The Board of Directors does not intend to propose a dividend in the short to medium term and shall use the cash flows generated for further growth investments. The Board of Directors shall annually evaluate the possibility of payment of dividend taking into account the development of the business, operating results and financial position.</p> <p>At the Extraordinary General Meeting on 13 December 2023, it was decided on a dividend, based on the adopted annual report for the financial year 2022, amounting to a total of approximately SEK 40 million, corresponding to SEK 0.45 per share, to be paid in cash. The dividend shall be paid twice quarterly during 2024 and due to technical limitations at Euroclear Sweden AB, it was decided to pay a quarterly dividend in the first payment amounting to SEK 0.23 per share, meaning a total dividend of SEK 20,378,810.98, and in the second payment amounting to SEK 0.22 per share, meaning a total dividend of SEK 19,492,775.72. The record dates for the quarterly dividends were decided to be 1 March 2024 and 3 June 2024. The first dividend was paid on 6 March 2024 and the second dividend was paid on 7 June 2024.</p> <p>Furthermore, in the notice to the Extraordinary General Meeting of Shareholders of 13 December 2023, the Board of Directors informed that the ambition of the Board of Directors is, subject to the shareholders' approval of the dividend and buy-back program. The dividend and share buy-back program is assumed to allow the Company to distribute on an annual basis, taking into account a continued attractive capital structure, up to 50% of the cash adjusted net profit. This would be split into an ordinary dividend and an opportunistic share buyback program. For the full year 2023, the maximum size of the program is estimated to amount to SEK 100 million, of which SEK 40 million is distributed as a minimum ordinary dividend, and the remaining SEK 60 million can be distributed either as an extra dividend or through an opportunistic share buyback program in 2024.</p>
<b>Where will the securities be traded?</b>	

<i>Admission to trading on Nasdaq Stockholm</i>	As of the date of the Prospectus, the shares in the Company are subject to trading on the multilateral trading platform and growth market for small and medium-sized companies Nasdaq First North Growth Market. Nasdaq Stockholm's Listing Committee has on 12 June 2024 assessed that EG7 meets the requirements for the Company's shares to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 17 June 2024.
<b>What are the key risks specific to the securities?</b>	
<i>Key risks that are specific to the Company's securities</i>	<p><b>Trading in EG7 shares has historically, from time to time, been volatile</b></p> <p>The Company's shares have been traded on Nasdaq First North Growth Market since February 2019 and the Company has decided to apply for admission of the company's shares to trading on Nasdaq Stockholm. The price at which the shares will be traded and the price at which investors can make their investment on Nasdaq Stockholm may be affected by a large number of factors, some of which are specific to EG7 and its operations, while others are general for listed companies. Examples of the latter include the general level of interest rates, which in 2022 and 2023 particularly affected the technology sector and companies in related industries, as well as an uncertain external environment.</p> <p><b>Dividends may not be paid on shares</b></p> <p>To support value creation, EG7 intends to invest its profits and cash flows in organic growth initiatives including publishing rights for external games and acquisitions, while the Company also expects to make both dividend payments and opportunistic share repurchases when this is possible. The timing and size of potential future dividends is proposed by the Board of Directors. There is a risk that the Company may not have sufficient distributable funds in the future. Furthermore, the Company's shareholders could prioritize the reinvestment of distributable funds in the operations.</p> <p><b>Future issues of shares or other securities could dilute existing shareholders' holdings</b></p> <p>If EG7 is unable to meet its financing needs in connection with, for example, acquisitions or other growth initiatives, through borrowing or cash flows from the Group's operating activities, it cannot be ruled that the Company could raise capital through a new issue of shares. In view of the fact that the timing and conditions of any such future share issues may depend on the situation for EG7 and general market conditions prevailing at such time, the Company cannot predict or estimate in advance either the scope, timing or conditions.</p> <p><b>Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future new share issues</b></p> <p>If EG7 issues new shares with preferential rights for existing shareholders in the future, shareholders in some countries may be subject to restrictions that mean they are unable to participate in such issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US are not permitted to exercise their rights to subscribe for new shares unless such shares are registered in accordance with the Securities Act, or if an exemption from the registration requirement under the Securities Act is not granted. Also, shareholders in other jurisdictions outside Sweden may similarly be affected.</p>
<b>KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC</b>	
<b>Under which conditions and timetable can I invest in this securities?</b>	
<i>General</i>	The Prospectus relates to the admission trading of EG7's shares on Nasdaq Stockholm and does not contain any offer to subscribe for or otherwise acquire shares or other securities in the Company.
<i>Expected timetable for admission to trading on Nasdaq Stockholm</i>	Nasdaq Stockholm's Listing Committee has on 12 June 2024 assessed that EG7 meets the requirements for the Company's shares to be admitted to trading on Nasdaq Stockholm, subject to customary conditions, including the approval and registration of a prospectus by the Swedish Financial Supervisory Authority. The first day of trading on Nasdaq Stockholm is expected to be 17 June 2024.
<i>Costs for admission to trading</i>	The Company's costs in connection with the admission to trading of the Company's shares on Nasdaq Stockholm are expected to amount to approximately SEK 15 million. The costs are primarily attributable to costs for auditors, the listing auditor, legal and tax advice, listing costs to Nasdaq Stockholm and fees to the Swedish Financial Supervisory Authority.
<b>Why is this Prospectus being produced?</b>	
<i>Background and rationale</i>	EG7 is an international group of established companies within the gaming industry that develop, market, publish and distribute PC, console and mobile games to the global gaming market. The Company's goal is to create a more modern, structured and strategic way to be both a launchpad for various IPs as well as a service provider to the ever-increasing opportunities in the gaming sector.



	<p>As of 31 March 2024, EG7 had approximately 690 employees, operating in eight countries across North America and Europe. The Company has reported a strong financial performance in recent years. In the 2023 financial year, EG7 delivered net revenue of SEK 2,045 million, which was an increase of 9.6 percent compared with the 2022 financial year.</p> <p>The Company, under the name Toadman Interactive AB (publ), was listed on NGM Nordic MTF in December 2017 and completed a change of trading venue to Nasdaq First North Growth Market in February 2019. The motive for becoming a company with shares listed on an MTF was, among other things, to create a flexible capital structure. Since it was listed, the Company has completed seven acquisitions, which were fully or partly financed by issuing new shares. Since the 2019 financial year, the Group's net revenue has grown from approximately SEK 151.6 million to approximately SEK 2,045.0 million for the 2023 financial year and the average number of employees in the Group has grown from 178 to 681 employees during the same period.</p> <p>The listing of the Company's shares on Nasdaq Stockholm is an important step in the Company's continued development and value creation. In addition to the listing on Nasdaq Stockholm signaling the quality of the Company, the listing is expected to further improve the Company's capital structure by, <i>inter alia</i>, providing the opportunity to repurchase own shares. Furthermore, the listing on Nasdaq Stockholm is considered to better reflect the Company's level of maturity in relation to the capital market, and enable more institutional investors to invest in the Company's share. The Company also welcomes the additional requirements on corporate governance, transparency and openness associated with being listed on Nasdaq Stockholm.</p> <p>In light of the above, EG7's Board of Directors has submitted an application to admit the Company's shares to trading on Nasdaq Stockholm. On 12 June 2024, Nasdaq Stockholm's Listing Committee decided that EG7 meets the requirements for the Company's share to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered with Swedish Financial Supervisory Authority (Sw. <i>Finansinspektionen</i>). The first day of trading on Nasdaq Stockholm is expected to be 17 June 2024.</p>
<i>Interests of advisers</i>	<p>The Company believes that there are no material conflicts of interest in connection with the Company's application for admission to trading on Nasdaq Stockholm.</p>

# RISK FACTORS

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*An investment in securities is associated with various risks. This section describes the risk factors and important circumstances that are considered to be material to EG7's business and future development. In accordance with the Prospectus Regulation, the risk factors described in this section are limited to such risks which are deemed specific to the Group and/or to the Company's shares and which are deemed material for an investor to make a well-informed investment decision.*

*EG7 has assessed the materiality of the risks based on the probability that they will occur and the expected magnitude of the negative impact. The risk factors are presented in a limited number of categories that cover risks relating to the Company's operations and industry, legal risks, financial risks and risks related to the Company's shares. The risk factors presented below are based on the Company's assessment and information available on the date of the Prospectus. The risk factors considered most material on the date of the Prospectus are presented first in each category, and subsequent risk factors are presented in no particular order.*

## **Risks related to the Company's operations and industry**

### **EG7 could be negatively affected by risks related to the development, releases and improvement of existing games**

EG7 is an international group of established companies within the gaming industry that develop, market, publish and distribute PC, console and mobile games to the global gaming market. EG7's future and continued growth journey will depend on, *inter alia*, EG7's ability to choose the right games for publication and to regularly develop games and improve existing games in a manner that constantly expands and enhances the gaming experience, which requires, for example, effective project management and control of costs, time and resources. The Company endeavors to continuously develop and improve games, for example by providing sequels, downloadable material, expansions and continuous development and improvement of existing games. EG7's industry is characterized by the rapid development of new products and technologies, both in terms of hardware and software, but also as regards end users' expectations of the user experience. Player preferences change over time and may depend on such factors as general developments in society. A game that has taken a long time to develop may be perceived as outdated when it is released in relation to current views on specific social issues, such as diversity and inclusion and/or various ethical matters, but also graphically and technically matters. For this reason, it is important that EG7 continuously updates and develops its existing games in relation to current trends and taking into account the development of various hardware and software on which EG7's games are based. Besides trends in society, specific events or courses of events could influence interest in different types of game genres, which means that even though EG7 follow expected developments in society the success of games releases could still be at risk.

EG7 is also exposed to risks related to the release of games that can arise for both internally and externally developed game projects. Delays may, for example, be due to quality deficiencies during the development of the game, changed requirements from external partners or other circumstances outside of EG7's control. There is also a risk that EG7 stops developing a game due to, *inter alia*, major quality deficiencies or changes in preferences in the gaming market. If a game is delayed, it means a potential loss of revenue during that period and it may have a negative impact on the Company's reputation among players and potential buyers of the game, especially if delays are not deemed to be a one-off occurrence. Furthermore, delays may mean that EG7 is forced to launch a game at a time that is not optimal, for example if the launch coincides with a competitor's launch or if the launch needs to take place in competition with another major event in the gaming market. EG7 has budgeted that its games will be sold in a certain number of editions and in the event of delays, or if EG7 discontinues the development of a game title, this may lead to reduced expected revenues from sales of the specific game and/or that impairments of capitalized development expenses and goodwill need to be made in whole or in part. There is thus a risk that a delayed launch or if EG7 discontinues the development of a

major game title can lead to budgeted revenues not being achieved during one or more quarters due to lack of revenue and negatively affect both capitalized development fees and goodwill. Delays or termination of ongoing game projects may thus have a significant negative effect on the Group's cash flows, revenues and operating profit.

New technology, hardware or software and higher standards in the gaming market could result in EG7 having to inject funds to replace, upgrade, modify and/or adapt existing or future games. For example, the emergence of Virtual Reality (VR) was rapid a few years ago. Furthermore, significant marketing efforts have been made in Metaverse, a 3D virtual world focused on social connection. More recently, the rise in Artificial Intelligence (AI) tools has been important in the production of games. Most of EG7's own or third-party game titles take several years to develop and new hardware and software may be launched during the development period, which could mean that the games may need to be adapted to the new hardware or software, which could lead to higher development costs and delaying the release of a game. Associated with rapid advances in technology, there is also a risk that certain technologies will not break through in the market as the Company had initially intended or are knocked out by other solutions and games. There is a risk that EG7 invests significant financial and human resources in adapting its offer in such a way that later proves not to be as successful as EG7 had initially assessed. If the development model for the Company's current games ceases to be effective, this could lead to an increase in the current development costs, which in turn could have a negative impact on operating result. If EG7 fails to select the right games to publish or to develop new games and improve existing games that generate significant revenue or at least pre-planned revenue, it could have a material negative impact on EG7's future prospects, cash flows, financial position and earnings.

### **EG7 may be negatively affected by changes in the gaming market and the preferences of game reviewers and customers**

The industry in which the Company operates is characterized by rapid developments, innovation and ever-changing end-user trends and preferences. Developments in the gaming industry are driven by the differing preferences in the gaming market, which in turn are driven by the customers who play the games. When new game titles or updates to existing games are released, there is a risk that they are not received as the Company had expected the market to receive them for such reasons as different exceptions regarding quality, changing consumer preferences or technological changes. This means that EG7 must constantly stay up-to-date to offer new, well-developed products and games to attract and retain customers. To extend the life cycles of games and generate recurring revenue, EG7 needs to actively and continuously work to maintain a high level of awareness and knowledge of its existing game titles. This may take place through, for example, launching new titles in combination with existing game titles and sequels to games with a large existing player base. There is a risk that players or game reviewers may find that EG7's existing and future games or updates do not meet their requirements or expectations of the games and that circumstances beyond the Company's control, such as players' or game reviewers' opinions of a game, could lead to negative reviews of the games. Dissatisfied players, a low rating or bad reviews within the gaming community or from game reviewers could impact EG7's ability to retain and attract new players for existing and future games and lead to a negative impact on the Company's reputation among players and with other game developers. It may also result in difficulties for EG7 to successfully build on the game with new upgrades or sequels if the game has lost credibility among actual and potential players.

In addition, new technology and market demands for technological advances could mean that the Company needs to devote considerable time and resources to adapting its operations to meet such demand, which may lead to higher costs and delays in development activities. If EG7 fails to retain its existing player base, attract new players and/or adapt to market demands and expectations, it could lead to lower revenue due to lower sales and have a direct impact on the Company's growth plans and forecasts, which in turn risks having a negative impact on the Company's financial position and future prospects.

## **EG7 operates in a competitive market**

The Group operates globally in a number of highly competitive markets. Competition in the gaming industry has increased in pace with a large number of new players entering the market and the range of products increasing. There is a risk that other players will develop new types of games, services and technologies that the Company's products have difficulty competing with. EG7's position in existing markets can be quickly weakened by competitors developing superior products, driving down prices or running successful marketing campaigns. Competitors that are more well-known and who have a large existing customer base, and therefore significant competitive advantages over EG7, may also enter the Group's markets.

In order to meet increasing competition, EG7 may be compelled to reduce the price of its services and products, and increase investments in game development to generate higher demand for the Group's products. Increased competition both from larger and from smaller players may thus lead to lower margins and reduced demand for the Company's products, which in turn could negatively affect the Company's operations, earnings and financial position.

## **EG7 has a primary growth strategy based on organic growth**

The Group has a decentralized structure under which EG7 serves as the Group's parent company that acquires game titles and administers companies in the gaming sector including but not limited to Group strategy, financing, resource allocation and Group management. EG7 currently acts as an active owner and works closely with the business units to provide support and strategy. The Group consists of six different segments and employs approximately 690 people as of 31 March 2024. EG7 publishes, develops and markets its own original titles and acts as the publisher or consultant for other developers and publishers through its gaming studios Darkpaw Games, Dimensional Ink Games, Rogue Planet Games, Standing Stone Games, Piranha Games Inc ("**Piranha**"), Toadman Studios and Big Blue Bubble Inc ("**Big Blue Bubble**"). In the past, EG7 has expanded its business through organic growth and acquisitions. The Company has made seven acquisitions and one divestment between 2019 and the date of the Prospectus. The Company may make further acquisitions in the future, but the Group's primary growth strategy is currently based on organic growth.

The Group's ability to grow organically is dependent on its ability to generate cash, the efficient allocation of resources, the execution of projects and external technological shifts as well as varying preferences. A reduction in profitability for EG7 cannot be ruled out in a situation whereby available cash could be needed today to finance the Company's own operations and the scope for investing in growth no longer exists or is reduced. Furthermore, it is not certain that a completed investment will yield the expected return. This, in turn, may be due to the fact that a planned game development takes longer than expected, resulting in a larger investment than planned. A project spanning an increasingly long-term horizon also entails a higher probability of new technological shifts impacting the market or changes to player preferences and expectations. Overall, a growth strategy based on investments in games and game development is associated with many uncertainties that could give rise to unpredictable negative effects.

## **EG7 is exposed to risks related to IT system outages and operational disruptions**

EG7 has a decentralized IT system whereby each Group company provides and is responsible for its own IT systems based on EG7 guidelines established through policies and other policy documents and the different IT systems of the Group companies are not integrated with each other. EG7 relies on the efficient and continuous operation of the different IT systems to conduct its various operational activities, including game development, sales, storage and distribution. For example, the Group has servers at its own premises in Stockholm, where backup copies of developed code are stored locally, and also uses cloud solutions for information storage.

EG7's Group companies are exposed to risks regarding hacking, the spread of viruses and other forms of IT disruptions that affect EG7's ability to conduct product development, and to carry out effective

sales, invoicing and delivery of products and services to customers. Such activities could disrupt websites, cause system failures and may damage computers or other electronic equipment. This may lead to outages or delays in the Company's external digital distribution channels and result in players not being able to download the Company's games or game updates, which may lead to negative reviews from the Company's players, reviewers and the gaming market, which may negatively affect the Group's reputation. The risk of reputational damage is greater if an outage or delay occurs when EG7 launches a new game or a new edition or versions of an existing game title. EG7 has in the past and will continue in the future to experience hacking attempts and similar IT disruptions from third parties, particularly in live games. Furthermore, if EG7 or any Group company fails to effectively protect its IT systems against such attacks, the effect of such actions may lead to a loss of confidence in EG7. IT breaches could result in a significant loss of revenue through a reduction in the number of users, a reduction in the number of purchases of the Group's games, and a reduction in revenue from in-game or in-app purchases during the time that the affected games are unavailable while EG7 corrects the disruption or damage. Disruptions or technical problems related to the Group's IT systems could therefore result in a loss of revenue for the Group. Such IT breaches could result in questions about the IT integrity and security of the games and reduce interest in the games when they are released, and lead to lower sales proceeds. In the event that one of EG7's Group companies fails to provide its customers with products and services, EG7 may be held liable, with the risk of increased costs and a damaged reputation.

Furthermore, EG7 possesses a large volume of personal data relating to its customers which is protected in accordance with local data protection regulations. There is a risk that the Company's security measures relating to its systems and other security procedures will not prevent unlawful breaches or the disclosure of personal data or protected information for other reasons. If such data is accessed by unauthorized parties or if EG7 does not report the breach to the respective regulatory authority within the stipulated time limits, the Group may be subject to claims from customers and the regulatory authorities, which in turn may lead to significant costs in the form of fines, penalties or measures to restore EG7's IT systems or to increase IT security. For more information on the risks and consequences related to the inadequate management of personal data, refer also to the risk "*EG7 may fail to manage personal data.*" If such risks were to materialize, they could have a material negative impact on EG7's operations, reputation and the success of individual game titles.

### **EG7 depends on retaining and recruiting key individuals and having a diverse group of employees within the Group**

EG7 has a decentralized business model with several Group companies. In many cases, it would most likely be difficult to replace these entrepreneurs in their key positions in each Group company without having a negative effect on their operations. These key individuals have knowledge and experience of the operations of each individual Group company and their respective markets. Accordingly, the Company is dependent on retaining the skills and experience that these key individuals possess in order to successfully grow and develop the Group in line with the business strategy, or to replace such individuals with new employees who have at least equivalent skills and experience. The Company also has key individuals who handle group-specific matters within the senior management team. For example, the Company's CEO has a long background in the gaming industry and is also the CEO of Daybreak. An important component of EG7's development is thus the Company's ability to retain its senior executives and other key individuals, who have extensive expertise and long experience of the business in general and in key areas such as financial management and reporting, corporate governance and legal issues. One important component in EG7's development is thus the Company's ability to retain its senior management representatives and other key individuals, with their extensive expertise and experience of the operations as a whole and in central areas, such as financial control and reporting, corporate governance and legal matters.

In addition, it is essential for the Company's growth to be able to attract competent and qualified employees. There is a risk that recruitment will not take place in a satisfactory manner as a result of competing employers or difficulties in finding the right skills while the Company is experiencing constant growth. There is a risk that a lack of qualified labor and skills could lead to ill health among employees

due to high workloads, high staff turnover and unsuitable working conditions. There is a risk that EG7's development may be delayed or that it could lose market shares in the event key employees leave the Company for any reason or if the Company is unable to recruit qualified personnel, which could have a negative impact on the Company's operations.

### **EG7 could be negatively affected by geopolitical conditions and macroeconomic effects**

EG7 operates globally and is therefore affected by geopolitical changes in the markets where either the Group companies' operations are conducted or where sales take place. Geopolitical turmoil or regional or national events resulting from, for example, diplomatic crises, wars, regional and/or cross-border crises, natural disasters, epidemics, pandemics, or strikes specifically affecting one or more of these regions could therefore have an impact on EG7's operations.

One example is the military conflict between Russia and Ukraine. At the outbreak of the conflict, EG7 had two subsidiaries in Russia: OOO Artplant in Tver and Innova Distribution LLC in Moscow. OOO Artplant was a wholly owned subsidiary of Artplant AS which was wholly owned by EG7. Innova Distribution LLC was wholly owned by Innova Intellectual Properties Sarl, which in turn was wholly owned by EG7. The Russian operations represented 12.1 percent of the Group's net revenue in 2021, 19.8 percent of the Group's operating profit (EBIT) and 18.1 percent of the Group's adjusted operating profit before depreciation, amortization and impairment losses (EBITDA<sup>1</sup>) during the same period. After the first quarter of 2022, the Company informed the market about the intent to divest Innova and to relocate the top development talents in OOO Artplant to outside Russia. On 23 September EG7 communicated the agreement to sell Innova to Games Mobile ST LTD. The guaranteed portion of the transaction value was EUR 21 million. The relocation of Toadman Studios and its employees who were based in Russia took longer than expected. On 1 April 2023, the relocation to the new hub in Novi Sad, Serbia, was completed and the Company has no exposure to either Ukraine or Russia on the date of the Prospectus.

The extent of any negative consequences for EG7 in connection with geopolitical changes in markets where the Company operates is difficult to determine in advance. Demand for EG7's products is, for example, dependent on the general economic climate, which in turn is affected by macroeconomic factors in the countries and regions in which the Group conducts its operations. Examples of such factors are the rate of growth of the global and local economy, employment rates, household disposable incomes and exchange-rate fluctuations. Instability worldwide and in individual regions have led to greater volatility in the global financial markets and the global economy. Furthermore, the global economy was negatively affected by rising inflation in many parts of the world in 2022 and 2023, forcing central banks to raise interest rates in many countries. Energy and fuel prices have also increased dramatically, especially in Europe, due to the reduction of gas supplies from Russia to European countries as a result of the tense political situation between Russia and the EU. If household disposable incomes and employment levels are negatively affected in the future due to rising inflation, higher interest expenses, increased energy and fuel costs, it could lead to a recession in certain markets or globally, which could result in a negative impact on the demand for gaming products and a significant industry-wide decline in sales. In addition, the gaming market has more than doubled in size since 2012 and is expected to reach 3.4 billion players by the end of 2023.<sup>2</sup> The Company's industry is more sensitive to changes in the global economy given its breadth and since gaming is becoming an increasingly natural part of household entertainment budgets. Accordingly, there is a risk that the Company will be more deeply affected by macroeconomic turmoil in the future and that this will lead to greater negative effects compared with previous periods of economic turbulence. Should these risks materialize, they could have a material negative impact on EG7's revenue, financial position and earnings.

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<sup>1</sup> EBITDA is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023 which is incorporated into the Prospectus by reference, refer to section "*Documents incorporated by reference*".

<sup>2</sup> Newzoo's Global Games Market Report – Quarterly Update (October 2023).



## Legal risks

### **EG7 is dependent on obtaining and maintaining the protection of its intellectual property rights and the continued use of third-party intellectual property rights**

Like other companies operating in the gaming industry, intellectual property rights represent a significant part of EG7's assets. EG7 has an extensive portfolio of ten active live games with owned or controlled brands as of 31 March 2024. Each group company owns and is responsible for maintaining the protection of its intellectual property rights. EG7's continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and adequately protecting them. The Company's intellectual property rights are mainly protected by copyright law, trademarks, trade secret legislation and/or contracts. When acquisitions are made, checks are normally carried out to verify that acquired intellectual property rights are transferred to the Group in accordance with the terms of the acquisition agreement. However, the reviews carried out in connection with acquisitions, normally with the assistance of legal advisors, may be subject to limitations related to, for example, the duration of the review or certain materiality thresholds. Accordingly, there may be, or it might subsequently be discovered that, circumstances associated with a specific intellectual property right that mean that it has not been transferred to the Group as stipulated in the acquisition agreement. If the products that the Company holds or acquires in the future or develops do not obtain the required intellectual property protection, or if existing intellectual property protection cannot be retained or if existing intellectual property protection proves insufficient to safeguard the Company's rights and market position, the Company's ability to conduct operations, its financial position and earnings may be negatively affected. Furthermore, the Company's operations, financial position and earnings may be negatively affected if the Company is subject to breaches of its intellectual property rights or breaches the intellectual property rights of others.

In addition to EG7 developing games based on intellectual property rights held within the Group, the Group also develops games based on intellectual property rights held by third parties. The Group's total net revenue related to development of games based on third party intellectual property rights for the 2023 financial year amounted to SEK 654 million and corresponded to 32 percent of the Group's total net revenue for the financial year. Some examples of intellectual property rights held by third parties but developed by the Company are the Lord of the Rings, DC Universe and Dungeons & Dragons. The rights for the Group to develop these games are based on agreements with the rights holders regarding, inter alia, use of the intellectual property rights and distribution of revenue. There is a risk that the Company may exceed or breach the terms of the agreements, which could include the Company improperly using the intellectual property rights in contravention of the agreement. This could lead to the termination of agreements and the Company will then not be able to continue to develop a game and thus it will not be possible to realize investments and intended future revenue will not be obtained. Furthermore, termination of an agreement could result in a game that has already been developed not being able to continue to generate revenue in accordance with the Group's and the market's expectations. There is also a risk that the Company needs to compensate the counterparty in the agreement in the form of penalties or damages due to breaches of the agreements, which could lead to increased expenses for the Company and legal costs for handling the issues that may arise. This could also lead to damage to the Group's reputation in the industry and thereby limit the Group's ability to enter into new agreements for the development of games based on third party intellectual property rights, which in turn could have a material negative impact on the Group's revenue.

There is also a risk that third parties will register or develop intellectual property rights that could limit the Company's ability to continue with its current or future operations or that could replace or circumvent the Group's intellectual property rights. In addition, the authorities may reject applications for the protection of intellectual property rights filed by the Company. Furthermore, there is a risk that employees could develop intellectual property rights and that such intellectual property rights could be deemed to belong to the employee under applicable local legislation.

## **EG7's operations are subject to regulations in a number of different countries which place demands on the Company's continuous regulatory compliance**

EG7 operates in several different jurisdictions in Europe and North America, many of which have their own local laws and regulations and recommendations specific to the industry in which EG7 operates. The global nature of the Group's operations thus means that the Group is obliged to comply with a number of different laws, regulations and recommendations at both national and international level. Examples of areas that the Group considers material to its operations are laws and regulations related to sanctions, corruption, data protection and tax. In many countries where the Group operates, there is generally a greater risk of breaches of laws and regulations related to sanctions, corruption and tax rules. Breaches committed by, or allegations of such breaches directed at EG7, suppliers or other external parties with whom EG7 has a commercial relationship risk leading to negative publicity that could damage EG7's reputation, even if EG7 is not involved in such incidents. Even if the Company has procedures and processes in place to monitor legal developments and other developments that impact EG7's regulatory compliance, there is a risk that the Company's interpretation of application of the rules may not be consistent with interpretations of the rules by the relevant authorities or that the Company's procedures and processes could fail to identify regulatory changes that impact its operations. Should any of the aforementioned risks occur, this could lead to fines or other sanctions, which in turn could have a negative impact on the Group's operations, financial position and earnings.

Compliance with these regulations and requirements is also associated with costs for the Company, mainly costs for external advisors such as lawyers and auditors. If EG7's employees, suppliers, distributors or other co-development partners act in a manner that constitutes a serious contravention of prevailing laws and internal and external policies or in a manner that does not correspond to the level of business ethics and integrity undertaken by EG7, this could have a negative impact on EG7's reputation, operations and financial position.

## **EG7's international operations expose the Group to risks related to compliance with multiple tax systems and the application and interpretation of the various tax systems may vary between jurisdictions**

EG7 conducts operations in eight countries across North America and Europe. This means that EG7 is subject to several different tax laws and related practices and statements from the authorities. For the 2023 financial year, EG7's income tax amounted to SEK -59.9 million (SEK 28 million in the preceding financial year) and the effective tax rate was 28 percent (-9 percent in the preceding year).

Due to the international nature of EG7's operations, the Company and its subsidiaries must comply with a wide range of tax laws and regulations. The tax laws and regulations that the Group needs to comply with change frequently, sometimes at short notice and sometimes retrospectively, which requires that the Group is able to remain updated about the changes that are made locally in many different countries. The application of the different tax laws and regulations in the jurisdictions where EG7 operates can vary significantly, which also entails the fact that tax authorities and authoritarian tax bodies in different jurisdictions may interpret and apply similar tax laws and regulations in different ways, and this may not necessarily agree with EG7's interpretation and application of the laws and regulations. The application of relevant tax laws and regulations also normally requires significant judgments and estimates to be made by the Company's and Group companies' management teams. The risks described above mean that EG7's tax position for previous years, as well as for the current year, could change if the tax authorities were to make decisions that are negative to the Group in ongoing tax audits, initiate audits on new matters, or if tax laws and regulations are changed in a way that is unfavorable to the Group (with or without retrospective effect). If any of the risks described above were to materialize, it could have a significant negative impact on EG7's earnings, financial position and cash flows.

## **EG7 may fail to manage personal data**

EG7, through its Group companies, processes and stores a variety of personal data in its IT systems, mainly relating to customers and employees. Customers' personal data is primarily stored in the context

of mobile and online (live) games, usually by registering customer data to create a user profile for the game. On 31 December 2023, 69 percent of the Company's revenue was attributable to its operations in North America. EG7's authority to collect, store, share and process customer data is therefore largely governed by data privacy regulations such as the GDPR in EU and the California Consumer Protection Act ("**CCPA**") in the US, which is essentially very similar to the GDPR. There are other states that have their own data protection laws in the US, such as Colorado and Virginia, but according to the Company these laws are less strict than the GDPR or the CCPA.

The Company also operates in Europe, where the EU's General Data Protection Regulation (EU) 2016/679 (the "**GDPR**"), as well as other national data protection laws, confidentiality requirements and other regulatory provisions apply. The GDPR entered force in 2018 and sets strict requirements on EG7 ensuring that collected personal data must be correct, relevant and limited to the purposes for which it has been collected and may not be saved for longer than necessary considering the purpose of its collection. Similar legislation generally exists in the other jurisdictions in which EG7 operates, and in several countries where such laws are not as developed, legislation in the field of data protection is, in many cases, being drawn up, often inspired by the GDPR.

The authorities' interpretations of several aspects of the CCPA, the GDPR and other non-EU national legislation are associated with uncertainty and may be subject to change, for example, as a result of rulings by the European Court of Justice, other national courts or authorities. There is no guarantee that the Company's interpretation and application of data protection laws are correct or in line with the interpretations of relevant authorities.

There is a risk that the Company's processes and methods for processing personal data are or have been inadequate and in breach of applicable data protection laws. If, as part of an audit or governmental, legal or administrative proceedings, the Company is found to breach or have breached the CCPA, the GDPR or other applicable laws or regulations relating to personal data processing, it could restrict the Company's data processing and competent authorities may impose administrative fines for non-compliance amounting to, for example, a maximum of EUR 20 million under the GDPR. The GDPR provides data subjects with the right to compensation should any breach of the GDPR lead to material damage. Non-compliance with the GDPR or other applicable data protection legislation could also lead to criminal prosecution. The Company's continued compliance with data protection laws will require continuous and significant investment in systems, processes, policies and personnel.

Should any of the above risks materialize, it could have a negative impact on the Company's operations, and reputation and involve higher costs for compliance that in turn lead to a negative impact on the Company's financial position and earnings.

## **Financial risks**

### **EG7 could be negatively affected by exchange rate fluctuations**

EG7's currency risk can be divided into translation risk and transaction risk. Translation risk means that assets and liabilities in foreign operations are translated from the foreign operations' functional currency to the Group's presentation currency (SEK) at the exchange rate on the reporting date. Revenue and expenses in a foreign operation are translated to SEK at an average rate, which is an estimate of the exchange rates that prevailed on each transaction date. The Company mainly has inflows in USD but also significant inflows in GBP and CAD and may in the future have significant inflows in other currencies as well. The Company also has net outflows in, for example, CAD, EUR, GBP, USD, and NOK. This means the Company is continuously exposed to transaction risk. On the date of the Prospectus, the Company had not entered into any currency hedging agreements in relation to CAD, EUR, GBP, USD, RSD or NOK. Translation risk comprises the risk when translating the net assets of foreign subsidiaries to the presentation currency of SEK. The Company has foreign subsidiaries in the US (USD), Canada (CAD), UK (GBP), Norway (NOK), Germany and France (EUR) and Serbia (RSD). The Company is impacted when the income statements and balance sheets of foreign subsidiaries are translated to SEK

since these exposures are not hedged. Translation differences arising from currency translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When the controlling influence in foreign operations ceases, the associated translation differences are reclassified from the translation reserve in equity to profit or loss. These exposures are not hedged. Transaction risk entails that foreign currency is translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the reporting date. Non-monetary items measured at historical cost in a foreign currency are not translated.

EG7's revenues are mainly in USD, while the reporting currency is SEK. Although EG7 has expenses in USD, which partially offset the exposure, the Group is affected by long-term exchange rate fluctuations. Thus, the main impact for the Group is the USD exchange rate. A change in SEK/USD of +/- ten (10) percent would have affected the Group with +/- SEK 15 million in relation to the Group's operating profit (EBIT) for the financial year 2023 and +/- SEK 50 million in relation to the Group's adjusted operating profit before depreciation and amortization (EBITDA<sup>3</sup>) for the financial year 2023. The sensitivity analysis is based on all other factors, such as the interest rate, remaining unchanged.

Since the exchange rates for foreign currencies fluctuate in relation to SEK, there is a risk that future changes in exchange rates could have a material negative impact on the Company's revenue, operations, profitability and financial position.

### **EG7 is subject to risks related to impairment of goodwill**

Goodwill represents the largest share of the assets in the Group's balance sheet, on 31 December 2023, the Group's goodwill amounted to SEK 3,181.7 million, corresponding to approximately 65.3 percent of the Group's total assets. Goodwill is recognized as an intangible asset and is subject to impairment testing, either annually or when events occur that indicate an impairment of the assets in question.

EG7 continuously evaluates the value of other intangible assets, such as capitalized work for games and licenses. Estimates that differ from management's assessments may result in different results of operations and financial position. The impairment test for the Group's goodwill consists of assessing whether the recoverable amount of the unit is equal to or higher than its carrying amount for each cash-generating unit to which the goodwill belongs. The recoverable amount is 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 restructuring. The calculation of the recoverable amount for the Group requires certain assumptions to be made. The calculation of the recoverable amount of the cash-generating units has been made using an average growth rate over a five- to nine-year forecast, which has been based partly on historical outcomes and management's assessment of future market development. The cash flow model involves forecasting future cash flows from operations including estimates of revenue volumes and costs. A forecast period of nine years is applied when the Company looks at Daybreak and Piranha due to the communicated long term plan which covers nine years and takes into account all planned investments. Cash flows after the forecast period are extrapolated using a 2 percent growth rate. The value in use calculation has been based on a pre-tax discount rate of 12.6 before tax for Daybreak and 13.9 percent before tax for the remaining segments and reflects specific risks in the relevant segments and in the countries in which they operate. The discounted cash flow model involves forecasting future cash flows from operations including estimates of revenue volumes and costs. In connection with the impairment test in 2023, no impairment was identified. In sensitivity tests of the carrying amount in relation to value in use, the growth assumptions have been changed by +/- 5 percentage points and the discount rate by +/- 1 percentage point. A 5 percent decrease in growth or a 1 percent change in the discount rate does not result in an impairment requirement. In the fourth quarter of 2022, SEK 308.6 million of capitalized costs related to games in the group companies Toadman and Antimatter Games were impaired due to the transition to consulting activities (Work-For-Hire). In the second quarter of

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<sup>3</sup> EBITDA is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023 which is incorporated into the Prospectus by reference, refer to section "Documents incorporated by reference".

2022, a decision was made to stop developing Marvel and the capitalized development costs of SEK 201.5 million were impaired. After the impairment, Marvel's assets have been completely scrapped. There is a risk that the conditions for the impairment tests and these assumptions, prerequisites and estimates on which the impairment tests were based could change or be incorrect and thus cause impairment of goodwill, which could have a significant effect on the value of goodwill. Significant variances and major impairments of goodwill could have a material adverse effect on EG7's financial position and results of operations.

**EG7 is subject to risks associated with obtaining additional capital to primarily carry out its publishing strategy and to create flexibility in the Group's capital structure.**

EG7 finances the development of existing and new games through cash flows that are or have been generated by sales proceeds from the games. EG7 is or may become dependent on external funding to carry out business acquisitions or other growth initiatives. Since 2019 until the date of the Prospectus, EG7 has completed seven acquisitions and the Company may evaluate further acquisitions in the future, although the Company is mainly focused on organic growth on the date of the Prospectus. To carry out the acquisitions, EG7 has used both equity and external credit. All external credit facilities at Group level have been repaid since the end of the first quarter of 2023. There is a risk that EG7 will not be able to raise additional capital at a value or on terms considered favorable to EG7.

The Company's ability to successfully raise additional financing, renegotiate and refinance existing loans depends on a number of factors, including the general situation in the financial markets, EG7's credit rating and its ability to increase its indebtedness. Furthermore, due to higher interest rates, EG7 may have to accept financing on less favorable terms.

## **Risks related to the Company's shares**

**Trading in EG7 shares has historically, from time to time, been volatile**

The Company's shares have been traded on Nasdaq First North Growth Market since February 2019 and the Company has decided to apply for admission of the company's shares to trading on Nasdaq Stockholm. The price at which EG7 shares have been traded has been volatile at times in the past. For example, between 1 January 2023 and 31 December 2023, the trading price of the share varied between a low of SEK 17.30 (1 December 2023) and a high of SEK 35.60 (31 March 2024). The price at which the shares will be traded and the price at which investors can make their investment on Nasdaq Stockholm may be affected by a large number of factors, some of which are specific to EG7 and its operations, while others are general for listed companies. Examples of the latter include the general level of interest rates, which in 2022 and 2023 particularly affected the technology sector and companies in related industries, as well as an uncertain external environment. These events led to large stock-market downturns and periodically high volatility in the stock market.

**Dividends may not be paid on shares**

To support value creation, EG7 intends to invest its profits and cash flows in organic growth initiatives including publishing rights for external games and acquisitions, while the Company also expects to make both dividend payments and opportunistic share repurchases when this is possible. The timing and size of potential future dividends is proposed by the Board of Directors. When giving consideration to future dividends, the Board of Directors will weigh in factors such as the requirements with respect to the size of equity given the nature, scope and risks associated with the operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general. There is a risk that the Company may not have sufficient distributable funds in the future. Furthermore, the Company's shareholders could prioritize the reinvestment of distributable funds in the operations. Consequently, there is a risk that the General Meeting might not resolve in favor of distributing a dividend to shareholders in a specific year or at all. An investor in the Company's share must therefore be aware that dividends may not be paid at all.

### **Future issues of shares or other securities could dilute existing shareholders' holdings**

If EG7 is unable to meet its financing needs in connection with, for example, acquisitions or other growth initiatives, through borrowing or cash flows from the Group's operating activities, it cannot be ruled that the Company could raise capital through a new issue of shares. Such new issues of shares or other securities that can be converted into or are exchangeable for shares, if carried out by not following existing shareholders' preferential rights, would dilute the financial interests and voting rights of such existing shareholders. In view of the fact that the timing and conditions of any such future share issues may depend on the situation for EG7 and general market conditions prevailing at such time, the Company cannot predict or estimate in advance either the scope, timing or conditions. If in the future EG7 issues new shares or other securities, existing shareholders have, as a general rule, preferential rights to subscribe for the new securities in proportion to their existing holdings. Shareholders in certain jurisdictions may, however, be subject to certain restrictions under applicable securities legislation in each country that in some way prevent them from participating in such new issues or that otherwise make participation difficult or limited. Shareholders in the US, for example, may be prevented from exercising such preferential rights unless the securities have been registered under the U.S. Securities Act or unless there is an applicable exemption from the registration requirements under the same rules. Shareholders in other jurisdictions outside Sweden may be affected in the same or similar ways if the securities have not been registered with or approved by the competent authorities in such jurisdictions. The holdings in EG7 of shareholders in jurisdictions outside Sweden will be diluted by the extent to which they are unable to exercise such preferential rights to subscribe for new securities.

### **Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future new share issues**

If EG7 issues new shares with preferential rights for existing shareholders in the future, shareholders in some countries may be subject to restrictions that mean they are unable to participate in such issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US are not permitted to exercise their rights to subscribe for new shares unless such shares are registered in accordance with the Securities Act, or if an exemption from the registration requirement under the Securities Act is not granted. Also, shareholders in other jurisdictions outside Sweden may similarly be affected. EG7 has no obligation to submit registration documents in accordance with the Securities Act or to seek similar approval or relevant exemptions in accordance with legislation in any jurisdiction outside Sweden, and these actions may be associated with practical difficulties and costs. Insofar as EG7's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future new issues, their proportional interests in the Company will be reduced. Such issues may therefore entail that existing shareholders will see their share of the Company's share capital diluted and this may have a negative impact on the share price, earnings per share and net asset value per share.



# BACKGROUND AND RATIONALE

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EG7 is an international group of established companies within the gaming industry that develop, market, publish and distribute PC, console and mobile games to the global gaming market. The Company's goal is to create a more modern, structured and strategic way to be both a launchpad for various IPs as well as a service provider to the ever-increasing opportunities in the gaming sector.

As of 31 March 2024, EG7 had approximately 690 employees, operating in eight countries across North America and Europe. The Company has reported a strong financial performance in recent years. In the 2023 financial year, EG7 delivered net revenue of SEK 2,045 million, which was an increase of 9.6 percent compared with the 2022 financial year.

The Company, under the name Toadman Interactive AB (publ), was listed on NGM Nordic MTF in December 2017 and completed a change of trading venue to Nasdaq First North Growth Market in February 2019. The motive for becoming a company with shares listed on an MTF was, among other things, to create a flexible capital structure. Since it was listed, the Company has completed seven acquisitions, which were fully or partly financed by issuing new shares. Since the 2019 financial year, the Group's net revenue has grown from approximately SEK 151.6 million to approximately SEK 2,045.0 million for the 2023 financial year and the average number of employees in the Group has grown from 178 to 681 employees during the same period.

The listing of the Company's shares on Nasdaq Stockholm is an important step in the Company's continued development and value creation. In addition to the listing on Nasdaq Stockholm signaling the quality of the Company, the listing is expected to further improve the Company's capital structure by, *inter alia*, providing the opportunity to repurchase own shares. Furthermore, the listing on Nasdaq Stockholm is considered to better reflect the Company's level of maturity in relation to the capital market, and enable more institutional investors to invest in the Company's share. The Company also welcomes the additional requirements on corporate governance, transparency and openness associated with being listed on Nasdaq Stockholm.

In light of the above, EG7's Board of Directors has submitted an application to admit the Company's shares to trading on Nasdaq Stockholm. On 12 June 2024, Nasdaq Stockholm's Listing Committee decided that EG7 meets the requirements for the Company's share to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered with Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**"). The first day of trading on Nasdaq Stockholm is expected to be 17 June 2024.

13 June 2024

**Enad Global 7 AB (publ)**

*Board of Directors*

*The Board of Directors of EG7 is responsible for the contents of this Prospectus. To the best of the Board of Directors' knowledge, the information given in the Prospectus is in accordance with the facts and no statement likely to affect its import has been omitted.*

# BUSINESS AND MARKET DESCRIPTION

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*The Prospectus contains information about the Company's geographic markets and product markets, market size, market share, market position and other market information concerning EG7's operations and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry and market reports, market surveys, public information and commercial publications. Information that comes from third parties has been reproduced correctly, and as far as EG7 is aware and can ascertain from the information published by the third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Although the information has been presented correctly and EG7 considers the sources to be reliable, EG7 has not independently verified the information and as such cannot guarantee its accuracy or completeness.*

## Introduction

EG7 is a group within the gaming industry that specializes in the development and publication of PC, console and mobile games for the global gaming market. With a proven franchise strategy, the Company has established an international gaming portfolio based on proprietary and third-party intellectual property rights. The Company's overall vision is to consolidate its position as a top player in the mid-market segment of the video game industry, while strengthening the Group's position in other parts of the gaming industry where the Group operates.

The Group currently manages a portfolio of ten live games, comprising both established proprietary and globally recognized third-party intellectual property rights. With expertise from its game development studios, Piranha and Toadman, the Group has established its capacity for consultant development (called "Work-for-Hire").

The Group's marketing operations, Petrol Advertising Inc. ("**Petrol**"), has played a key role in the launch of over 2,000 titles, including several globally recognized brands such as Call of Duty, Doom, Diablo and Elden Ring. The game publisher Fireship Games Ltd ("**Fireship**") specializes in both physical and digital publishing, and has an extensive merit list of successful launches in its portfolio; examples include Jurassic Park Evolution, Sniper Elite 5 and Core Keeper.

## Financial targets

EG7's goal is to achieve net revenue of SEK 3 billion and an operating profit before depreciation and amortization (EBITDA<sup>4</sup>) of SEK 1 billion by 2026. The graph below illustrates the Company's financial targets.

## Forecast for net sales and adjusted EBITDA margin<sup>5</sup>

In EG7's year-end report for the full year 2023, published on 13 February 2024, the Company provided a forecast of net sales and adjusted EBITDA margin<sup>6</sup> as set out below.

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<sup>4</sup> EBITDA is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023 which is incorporated into the Prospectus by reference, refer to section "*Documents incorporated by reference*".

<sup>5</sup> EBITDA margin is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023, which is incorporated in the Prospectus by reference, see the section "*Documents incorporated by reference*".

<sup>6</sup> EBITDA margin is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023, which is incorporated in the Prospectus by reference, see the section "*Documents incorporated by reference*".

For the financial year 2024, EG7 expects to generate net sales of approximately SEK 1,800 million with an adjusted EBITDA margin<sup>7</sup> of 22-25 percent.

### **Assumptions for the profit forecast**

EG7 has based the Company's projections of net sales and adjusted EBITDA margin<sup>8</sup> for the financial year 2024 on certain assumptions made by EG7 at the time of preparing the forecast. Such assumptions may be affected by factors within EG7's control or influence, while other factors are beyond EG7's control or influence. The main assumptions underlying the forecast are explained below.

#### **Factors within the control or influence (in whole or in part) of EG7**

- No unforeseen delays in planned game launches occurring for both new games and content upgrades in already launched games and that significant titles perform according to the company's expectations.
- The expected volume of new external cooperation agreements is signed.
- No unforeseen changes in the planned EBITDA margin occur.
- No unforeseen changes in investments and ongoing game development occur.
- No further acquisitions are made or significant third party publishing agreements are signed.

#### **Factors beyond the control or influence (in whole or in part) of EG7**

- No unforeseen changes in underlying market and macroeconomic conditions occur
- That there are no significant adverse currency movements.
- That there are no significant changes in regulatory or political factors that make it difficult for EG7 to operate.
- That no unforeseen changes to the contractual terms are made with game distributors.
- No unforeseen changes to contractual terms are made with owners of IP rights on which EG7 operates and further develops games.

If any of the assumptions on which EG7 has based the above forecast prove to be incorrect or incomplete, it may have a material adverse effect on the possibility of realizing the forecast for the financial year 2024, which in turn may have a negative impact on the share price of EG7's share on Nasdaq Stockholm.

### **Significant accounting policies**

The forecast has been compiled and prepared in a manner that is comparable to the Group's historical financial information and is consistent with the accounting policies applied by the Group. The Company applies 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 Swedish Annual Accounts Act (1995:1554) and RFR 1 "*Supplementary Accounting Rules for Groups*" issued by the Swedish Financial Reporting Board.

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<sup>7</sup> EBITDA margin is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023, which is incorporated in the Prospectus by reference, see the section "*Documents incorporated by reference*".

<sup>8</sup> EBITDA margin is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023, which is incorporated in the Prospectus by reference, see the section "*Documents incorporated by reference*".

*The Group's forecast for the financial year 2024 constitutes a forward-looking statement, the realization of which is subject to risks, uncertainties and other factors that may cause the actual outcome of the net sales level and the adjusted EBITDA margin for the financial year 2024 to differ materially from the forecast presented above. The factors that could cause such differences include, but are not limited to, the assumptions set out in this section and in other parts of the Prospectus, including the section "Risk factors". Furthermore, the forecast is based on a number of estimates and assumptions regarding, among other things, the development of the Group's industry, business, results and financial position, which may prove to be incorrect or incomplete. Potential investors should therefore not place undue reliance on the forecast and are advised to read the Prospectus in its entirety, including the sections "Risk Factors" and "Important information for investors - Forward-looking statements".*

## History

**2013–2016** – The Company is founded in **2013** under the name Toadman Interactive AB by Robin Flodin and Rasmus Davidsson as a Work-For-Hire consulting firm. In **2015**, Toadman Interactive AB has the opportunity to start a proprietary game project, financed by London-based Game Odyssey, and began transitioning toward responsibility for developing entire gaming productions instead of, as previously, performing sporadic consulting assignments in various gaming projects.

**2017** – In September 2017, the Company signs an agreement with Chinese Leyou, which meant that the Company would start work on a new game that brought the Company USD 5 million over one year. During the year, a wholly owned subsidiary, Toadman Interactive GmbH, is also established in Germany. Furthermore, the Company also acquires the Norwegian game studio Artplant AS.

**2018** – The Company launches the game Immortal: Unchained on three platforms – PC, Playstation 4 and Xbox 1. The Company's Board of Directors decides to work on changing its listing venue from NGM Nordic MTF and applying for admission for trading in the Company's shares on the Nasdaq First North Growth Market in Stockholm.

**2019** – The Company acquires the marketing agency Petrol and game studio Antimatter Games Ltd. Moreover, the Company acquires the assets and liabilities of Tangentix with its Game Sessions platform and the game publisher Sold Out (now Fireshine). EG7 changes listing venue from NGM Nordic MTF to Nasdaq First North Growth Market in Stockholm.

**2020** – The Company changes its name to Enad Global 7 AB. The Company acquires Daybreak Game Company LLC ("**Daybreak**") and Big Blue Bubble Inc. ("**Big Blue Bubble**"). EG7 conducts three new share issues of approximately SEK 119 million, SEK 429 million and SEK 1.7 billion.

**2021** – The Company acquired the game development company Piranha and the digital distributor Innova Distribution LLC.

**2022** – The conflict between Russia and Ukraine resulted in the Company taking the decision to divest its Russian operation Innova Distribution LLC. In addition, the Group's proprietary game projects are re-assessed, with the development of a new Marvel game being stopped and the carrying amount of a portfolio of lesser game titles being fully impaired. The impairments amounted to a total of approximately SEK 800 million.

**2023** – The Company completes a two-year consolidation effort to close down the unprofitable AntiMatter Games game studio in Cornwall, UK, with approximately 50 employees, and presents new long-term goals that extend to 2026.

**2024** – The Company focuses on the new growth initiatives and building a base for more significant and repetitive business by investing in its publishing business, partly in partnership with Cold Iron and partly on its own by investing in a sequel to H1Z1.

# Business model

## Operational model

EG7 is an international group of established companies within the gaming industry that develop, market, publish and distribute PC, console and mobile games to the global gaming market. The Company's objective is to create shareholder value by exploiting various gaming-related intellectual property rights, and acting as a service provider in the growing opportunities in the gaming sector. The Group has a decentralized structure with EG7 as the Group's parent company, whose activities consist of acquiring and administering companies in the gaming sector including but not limited to responsibility for Group strategy, financing, resource allocation and Group management. EG7 is an active owner and has a close strategic collaboration with the Group's business units. Despite the decentralized structure, the business units – where it is considered commercially justified – use certain Group-wide resources in the form of development capacity, industry expertise and capital allocation for robust long-term growth.

## Financial model

As of the date of the Prospectus, the Group consists of six different operating companies; Daybreak, Piranha, Big Blue Bubble, Toadman Interactive AB ("**Toadman**"), Fireshine and Petrol. All these companies have profitability requirements and all of them except Toadman generated a positive cash flow in the 2023 financial year. Toadman's cash generation is being built up and is expected to be positive in 2024.

EG7's ten live games are managed within Daybreak, Piranha and Big Blue Bubble. All together, these are of crucial importance for the Group's cash generation, and in 2023 these generated SEK 1,318.7 million – corresponding to 64.5 percent of the Group's total revenue. All previously non-cash generating significant gaming initiatives that had a risk level exceeding the updated acceptable level of the Board of Directors and management were either closed down or divested over the last two years up until the end of 2023. In addition to the live games mentioned above, positive cash flows are generated from Fireshine's publishing operations, Petrol's marketing activities, and the consulting business (Work-For-Hire) within Toadman and Piranha. Revenue is also generated from continual game development and content upgrades around the *MechWarrior* intellectual property rights, which has been developed and managed by Piranha since 2013, while ownership of the intellectual property rights remain with Microsoft.

The above described operations are, according to the Company's assessment, collectively cash generative and consist of all the Group's remaining operations that management has actively worked to rationalize and streamline in recent years. A couple of new initiatives to further improve cash generation have been initiated during the second quarter of 2024 for Petrol and Toadman, but beyond this, the cash generation is according to the Company to be considered relatively predictable and stable. Based on this financial stability, which however has limited organic growth potential, a number of new organic growth initiatives were launched in 2023. These initiatives consist of new investments that are consistent with the current strategy and associated risk levels.

Two significant investments pertaining to the aforementioned new growth initiatives started in 2023. One is a project aimed at developing a sequel to EG7's proprietary game, *H1Z1*, with the Company also owning the intellectual property rights. The original game has had over 40 million user registrations since launch, and a larger active customer base is one of the criteria for the Company's new growth initiative. In addition, Daybreak has signed a publishing contract with an external company, Cold Iron Studios LLC ("**Cold Iron**")<sup>9</sup>, to finance the completion of a sequel to a game previously published by Cold Iron. This game meets both the criteria of being based on well-established intellectual property rights and of having a larger customer base. Publication of the collaboration with Cold Iron is planned for 2025, and publication of the new *H1Z1* is planned for 2026. As early as autumn 2024, Piranha is expected to launch

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<sup>9</sup> Cold Iron is owned by Chairman Jason Epstein and CEO Ji Ham. For more information on related party transactions, see the section "*Related-party transactions*".

*MechWarrior 5: Clans*, which is a sequel to *MechWarrior 5: Mercenaries*, which was published in 2021. The publication of *MechWarrior 5: Clans* is also classified as a new growth initiative, but according to the Company it lacks the dignity of *H1Z1* and the collaboration with Cold Iron.

## Operating segments

EG7's operations are divided into segments, with each business-driven operation comprising its own operating segment. These six operating segments are as follows, and are described in more detail below:

- **Big Blue Bubble**
- **Daybreak**
- **Piranha**
- **Toadman**
- **Fireshine**
- **Petrol**

### Big Blue Bubble

Big Blue Bubble is a developer and publisher of games, primarily for smart phones but also for PC and consoles, with a portfolio of mobile games that currently consists primarily of *My Singing Monsters*. As an established studio with over 15 years in the industry, Big Blue Bubble has developed over 100 games. *My Singing Monsters* is a free-to-play game where players collect and breed monsters that sing and help create songs.

Head office	London, Canada
Employees	70
CEO	Claudette Critchley
Founded	2004
Share of the Group's net revenue, 2023	28 percent

### Daybreak

Daybreak is a global publisher and developer of games in the MMO<sup>10</sup> category, whose product portfolio includes titles such as *EverQuest* and *H1Z1*. Daybreak also develops and publishes games based on popular third party intellectual properties such as *DC Universe Online*, *Dungeons and Dragons Online*, *The Lord of the Rings Online* and *Magic: The Gathering Online*.

Head office	San Diego, US
Employees	264
CEO	Ji Ham
Founded	1997

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<sup>10</sup> MMO is an abbreviation for Massively Multiplayer Online (Game), which means that several players can play together at the same time.



Share of the Group's net revenue, 2023	36.8 percent
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## Piranha

Piranha is a game developer that focuses on producing premium games. Piranha's product portfolio includes titles such as *MechWarrior 5*, a game set in the BattleTech universe that was developed by Piranha and launched in 2021, and *MechWarrior Online*, a free-to-play live game developed by Piranha. Furthermore, Piranha offers consulting services (Work-For-Hire) to customers who want to realize their own game ideas.

Head office	Vancouver, Canada
Employees	111
CEO	Russ Bullock
Founded	2000
Share of the Group's net revenue, 2023	16.5 percent

## Toadman

Toadman is a global game developer with a long history of providing consulting services, but the company has also published a number of its own games. Toadman has developed games such as *Stardoll Stylista*, *Dead Island 1 & 2*, *Battlestar Galactica*, *BloodSports* and *Killing Floor*. Toadman has also worked on titles such as *Warhammer: Vermintide 2: Chaos Wastes*, an action first-person shooter that was released in 2018, and *Immortal: Unchained*, which is an action RPG that combines fast-paced tactical combat with brutal melee battles and shootouts. Toadman's main business comprises consulting services (Work-For-Hire) to customers who want to realize their own game ideas.

Head office	Stockholm, Sweden
Employees	119
CEO	Ola Nilsson
Founded	2013
Share of the Group's net revenue, 2023	2.4 percent

## Fireshine

Fireshine is a game publisher that has sold over 11 million physical games for studios such as Frontier Developments and Rebellion. In recent years, Fireshine has developed a digital publishing capacity to serve indie game developers. The first digital release took place in early 2022, and to date they have two games have reached over 90 percent positive ratings on the Steam platform. Titles that Fireshine has distributed and/or published include: *Sniper Elite*, a tactical shooter series developed by Rebellion Developments; and *Jurassic World Evolution 2*, the sequel to the successful *Jurassic World Evolution* title developed by Frontier. Fireshine was nominated for "Best Social Game 2022" at the TIGA Games Industry Awards, with *Core Keeper* selling over 1 million copies in the first three months of the game's

early access launch. *Core Keeper* was Fireshine's first digital release and reached over 90 percent positive reviews on Steam. In 2023, *Shadow of Doubt* achieved the same high ratings, which further strengthened the Company's position on the digital stage.

Head office	London, UK
Employees	31
CEO	James Cato
Founded	2009
Share of the Group's net revenue, 2023	17.2 percent

## Petrol

Petrol is a full-service advertising agency that has helped launch over 2,000 titles, including many well-known brands such as *Call of Duty*, *Doom*, *Diablo* and *Elden Ring*. Petrol's marketing campaigns have raised over USD 50 billion in global sales for their clients. Petrol's team provides a wide range of services including strategy, creative development, media planning, purchasing and digital marketing. Petrol's collaborations with Activision Blizzard include the aforementioned *Call of Duty*, a first-person shooter which Petrol has contributed to, working on all of the game's campaigns since its inception in 2003. Moreover, Petrol has contributed to the release of *Assassin's Creed*, an open-world action-adventure game published by Ubisoft, and *Cookie Run: Kingdom*, which is a mobile action role-playing game published by Devsisters.

Head office	Los Angeles, US
Employees	75
CEO	Alan Hunter
Founded	2003
Share of the Group's net revenue, 2023	19.1 percent

## Material operational partnerships

On 15 September 2023, the Company announced that the Group company Daybreak had signed an agreement with Cold Iron under which Daybreak will publish Cold Iron's exciting new multiplayer action shooter. Refer to the section "*Material agreements – Video game publishing agreement between Daybreak and Cold Iron Studio*" for more information.

## Sales and revenue

The Company's revenues are mainly derived from the development, marketing and publishing of PC, console and mobile games. EG7's largest source of revenue comes from a portfolio of 10 live games, where revenue arises when a player makes in-game purchases to gain certain benefits or access to virtual goods. This is done, for example, through subscriptions to gain access to various types of additional content, features or benefits in the games. These revenues are considered by the Company as more predictable as these revenues are stable on an annual basis. Furthermore, the Group has revenues in the form of a so-called premium revenue model, which is an alternative revenue model

whereby the Group sells games and receives a direct revenue of a one-time nature. Piranha's business is primarily characterized by this premium revenue model. Additional revenue is generated by EG7 carrying out, for example, development assignments for other publishers where the customers are corporate customers (Work-For-Hire). EG7 also offers marketing services and for other gaming companies where the customers are corporate customers, and EG7 has both framework agreements and agreements for specific assignments with these customers. The Company is also active in physical and digital publishing and distribution of games. Due to the above, the Company's revenues may vary relatively much between years depending on how many game launches are carried out and how these develop.

EG7's decentralized and global operational business model enables the Company to generate profits and cash flow from a variety of diversified revenue streams in the gaming and entertainment industry.

## Strengths and competitive advantages

### Cash generation and profitability

EG7 is operationally cash-generating and its operating cash flow in 2023 amounted to SEK 437.8 million. The Group's EBIT margin amounted to 12.3 percent for the financial year 2023 and the Group's EBITDA margin amounted to 24.2 percent for the financial year 2023. The Group estimates that profitability will increase in pace with the successful launch of the new growth initiatives, with a target adjusted operating profit before depreciation and amortization (EBITDA<sup>11</sup>) of SEK 1 billion in 2026 and a CAGR<sup>12</sup> of 28 percent for the period 2023–2026.

### Growth

In 2023, EG7 has had a compound annual growth rate (CAGR)<sup>13</sup> of around 9.6 percent, during the same period the market is estimated to have grown marginally by 0.6 percent according to NewZoo's latest figures.<sup>14</sup> Excluding the currency impact, the average annual growth rate (CAGR)<sup>15</sup> amounted to 5.5 percent. EG7 communicated through a press release on 20 September 2023, new growth initiatives in 2023 with a target of SEK 3 billion in net sales by 2026, which corresponds to a CAGR<sup>16</sup> of 16 percent in the years 2023-2026. This can be compared to the market's expected growth of 3 percent during the same period.<sup>17</sup> In the first quarter of 2024, growth was lower compared to the previous year. The main reason is that the game My Singing Monsters attracted a much higher player activity and thus higher revenues in the same period in 2023. This is after the game became a viral trend on social media in the fourth quarter of 2022. EG7's new growth initiatives are expected to contribute to the Company's growth from the second half of 2024. The contribution of the new growth initiatives to earnings is expected to grow from there in the coming years.

### Risk management

In 2022 and 2023, EG7 has had a strong focus on measures to reduce overall risk and increase the predictability of its operations. Several unpredictable high-risk gambling projects have been closed down. At the same time, businesses dependent on favorable outcomes in uncertain high-risk ventures have either been closed or divested. In summer 2023, the Group reached the desired group structure

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<sup>11</sup> Adjusted EBITDA is an alternative performance measure applied by the Company and the definition of alternative performance measures is set out on page 87 of the Company's annual report for the financial year 2023 which is incorporated into the Prospectus by reference, refer to section "*Documents incorporated by reference*".

<sup>12</sup> Calculation of CAGR is:  $(\text{Last year's amount} / \text{first year's amount})^{1 / \text{number of years after subtracting the first year of the period}} - 1$ . CAGR refers to the expected development of the Company's total revenue in the specified years.

<sup>13</sup> Calculation of CAGR is:  $(\text{Last year's amount} / \text{first year's amount})^{1 / \text{number of years after subtracting the first year of the period}} - 1$ . CAGR refers to the expected development of the Company's total revenue in the specified years.

<sup>14</sup> Newzoo 2023.

<sup>15</sup> Calculation of CAGR is:  $(\text{Last year's amount} / \text{first year's amount})^{1 / \text{number of years after subtracting the first year of the period}} - 1$ . CAGR refers to the expected development of the Company's total revenue in the specified years.

<sup>16</sup> Calculation of CAGR is:  $(\text{Last year's amount} / \text{first year's amount})^{1 / \text{number of years after subtracting the first year of the period}} - 1$ . CAGR refers to the expected development of the Company's total revenue in the specified years.

<sup>17</sup> Newzoo 2023.

after the completion of the above closures and was able to start initiating new growth initiatives in the second half of 2023. These new investments are carefully selected and analyzed, and their risk-return profile must be consistent with the Group's new risk profile. Where, based on the Group's base of stable revenues and cash flows from the live game portfolio, the Company develops the publishing business where the Group invests in proprietary and third party games based on sequels to recognized game series with an existing base of players who have enjoyed previous games in a series. Focusing on games with an existing base of players lowers the risk of attracting users/players to a new game, while at the same time making game development more efficient by using previous drawings and characters from the game series. In addition, investments must have an expected IRR<sup>18</sup> of at least 25 percent, a payback period of up to 12 months from game launch and 42 months from initial funding, with an investment range of approximately SEK 100-300 million per title. Priority will be given to sequels with features and functions where EG7 has the necessary competence and capacity. The investment plan will be prepared and updated annually with annual budgets approved by the Board of Directors.

## **Predictability**

As of the date of the Prospectus, more than half of EG7's revenues are derived from a portfolio of ten live games. These live games have dedicated teams that actively interact with players, thereby ensuring that new game content fulfills players' wishes and expectations. These games have a proven history, spanning decades, where, according to the Company, the games have shown resilience to changes in market preferences and the entry of new competitors. By maintaining a balanced investment strategy in these assets, EG7 can keep the portfolio attractive in the coming years.

## **Strong balance sheet**

A balance sheet with net cash and, moreover, free of bank debt that gives EG7 great flexibility. Between the fourth quarter 2021 and the fourth quarter 2022, high-risk projects falling outside core operations were impaired at a value of approximately SEK 800 million. This gives EG7 a clean balance sheet and a significantly reduced risk of unpredictable impairment.

## **Organization**

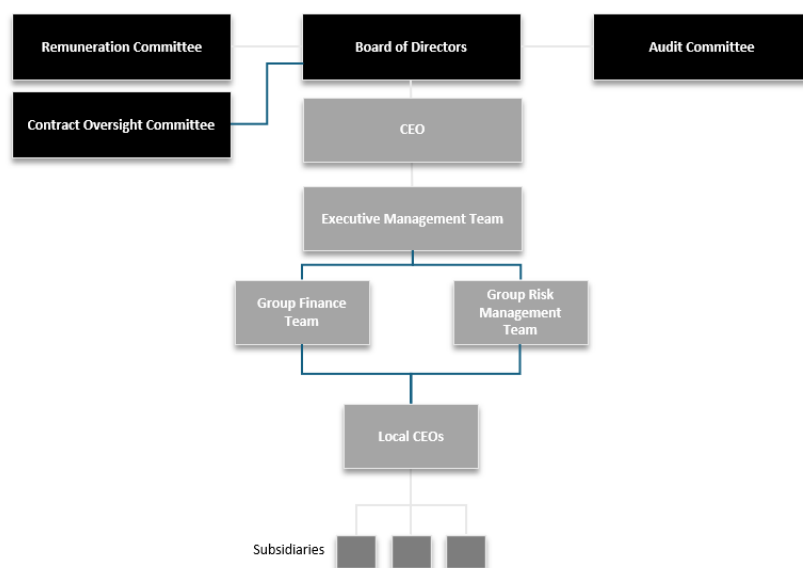
As of 31 March 2024, EG7 had approximately 690 employees in 16 offices, operating in eight countries across North America and Europe. Of these, eight were employed by the Group's parent company in central functions such as finance and IR. As of 31 March 2024, an average of 23 percent of the Group's employees were women and 76 percent were men. 1 percent identify themselves as neither male nor female.

The Company's activities are based on a decentralized operational model with a high degree of autonomy for the Group companies. The parent company of the Group is an active owner and is responsible for supporting and ensuring the implementation of the Company's policies and for enabling cooperation and synergies within the Group.

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<sup>18</sup> IRR is an abbreviation of the financial term Internal Rate of Return, which is used to assess whether a series of cash flows (positive and negative) have a net present value of zero or a present value of cash invested. The Company uses the IRR to evaluate whether an investment in a project can be justified.

## Group Operating Model



The members of EG7 senior management team are experienced in the sectors and operating segments in which the Company operates. Ji Ham is CEO of EG7, and the Company's management consists of Fredrik Rüdén (CFO and Deputy CEO), David Youssefi (VP and Legal Counsel) and Huyen Huynh (VP of Group Operations). For more information regarding senior executives, refer to the section *"Board of Directors, senior executives and auditor – Senior management"*.

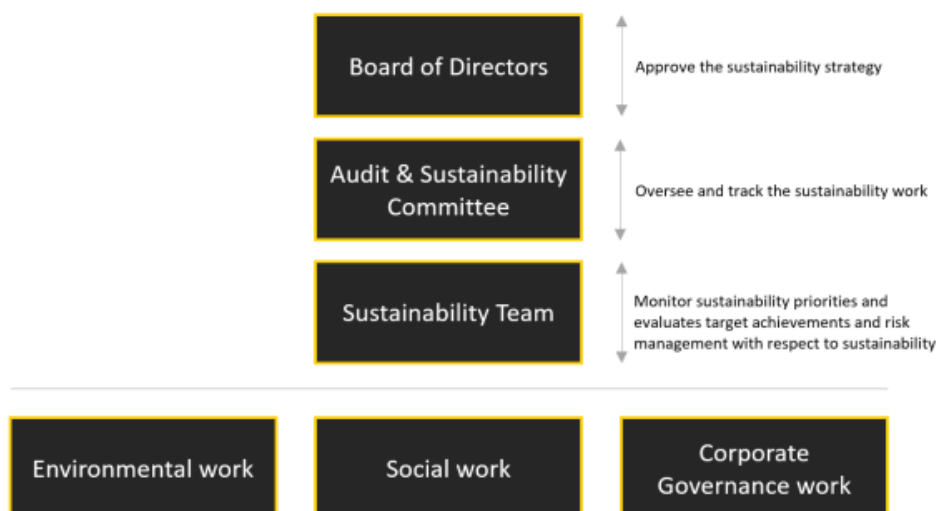
## Sustainability

### Sustainability strategy

At EG7, sustainability activities are based on analysis of key sustainability issues where EG7 believes it can have an impact. EG7 sustainability framework is built on the three pillars of environmental, social and corporate governance. In 2022, the Group began its overall sustainability activities and has laid the foundation for its future sustainability workflow. EG7 establishes the overall sustainability strategy for the Group's sustainability objectives. As a decentralized group, each operational unit aligns with the sustainability framework, defining relevant KPIs and targets according to their context and core operations.

The Company's Board of Directors oversees, defines and approves the sustainability strategy. To ensure that sustainability is given proper attention at the level of the Board of Directors, sustainability has been integrated into the Audit Committee, which oversees the sustainability team. The sustainability team reports on progress in the Group's sustainability activities to the Audit and Sustainability Committee once a quarter for routine guidance and feedback. The sustainability work is led by the Head of Sustainability, Ludvig Andersson<sup>19</sup> with the help of people within the Group who dedicate part of their work to sustainability. This to ensure that the sustainability strategy proceeds as planned and continues to develop throughout the Group. The sustainability team sets individual targets for the Group's sustainability priorities and evaluates interim targets. Implementation of the strategy is adapted to the specific conditions of each operational entity, according to EG7's decentralized business model.

<sup>19</sup> Ludvig Andersson's title is Head of Investor Relations & Sustainability.



## Sustainability targets

In 2023 and 2024, EG7 initiated work on the Corporate Sustainability Reporting Directive (“**CSRD**”), completing the double materiality assessment in the first quarter of 2024 and conducting a gap analysis to further focus on CSRD implementation, data collection and reporting.

For sustainability activities, EG7 advocates the 2030 Agenda and its methodology as provided by the UN Sustainable Development Goals (SDGs). The Company has identified 7 Sustainable Development Goals (SDGs) where EG7 believes it has an opportunity to contribute and therefore a responsibility to do so. These are: SDG 3 Good health and well-being, SDG 4 Quality education, SDG 5 Gender equality, SDG 8 Decent work and economic growth, SDG 10 Reduced inequalities, SDG 12 Responsible consumption and production and SDG 16 Peace, justice and strong institutions.



## Significant changes affecting the Company’s operations since 31 March 2024

There have been no significant events involving EG7 from 31 March 2024 until the date of the Prospectus are summarized below.

## Market overview

### Introduction

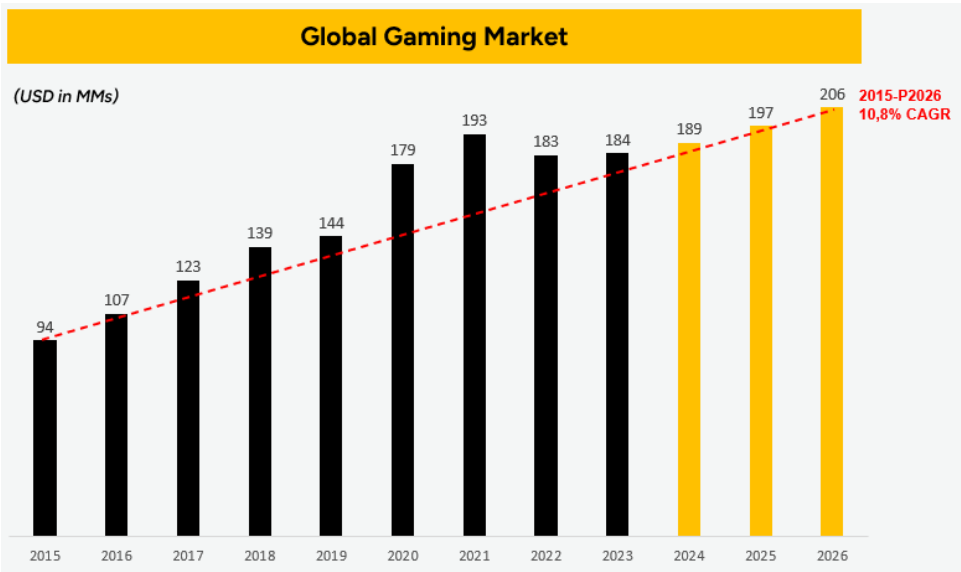
Over the past two years, EG7 has experienced annual growth of around 18 percent. Over the same period, the market is estimated to have declined by a corresponding 1 percent. In the autumn of 2023, EG7 launched new growth initiatives and a target of SEK 3 billion in net revenue by 2026, corresponding to an annual growth target of 16 percent between 2023 and 2026. This can be compared with the market’s expected annual growth of 4 percent over the same period.<sup>20</sup> The Company’s new growth initiatives are expected to yield accelerated growth from the second half of 2024 onward and extend into subsequent years.

The global gaming market is estimated to have had USD 184 billion in turnover 2023, an increase of 0.6 percent year-on-year. The long-term growth outlook remains strong and by 2026 the industry’s turnover

<sup>20</sup> Newzoo 2023.



is expected to reach USD 206 billion globally, an annual growth rate of 3.9 percent between 2023 and 2026.<sup>21</sup>

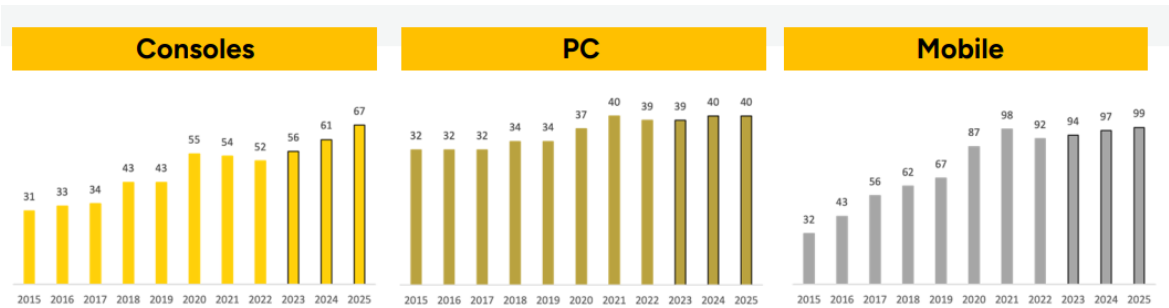


Source: Newzoo 2023.

Market segment

Overview

Underlying growth trends from 2022 to 2025 vary by distribution platform, with console games expected to post the strongest growth at 8.6 percent CAGR, PC games expected to be largely unchanged at 0.9 percent CAGR and mobile games also close to mature market penetration with an expected growth of 2.7 percent compared to its rapid growth over the last decade.<sup>22</sup>



Source: Newzoo 2023

PC and console games

PC games are defined as games played on a personal computer (PC), and can be divided between two sub-segments: web-based games and boxed/downloadable games. There is a shift towards digital sales in the PC segment as well, with greater numbers of people choosing to buy and download games online rather than buying a physical “CD game.” The turnover attributable to the sector as a whole is expected to reach USD 189.3 billion in 2024. This is due primarily to a decrease in demand for web-based games, as casual gaming is increasingly moving to mobile devices.<sup>23</sup>

Console games, or video games, are games that consist of manipulable images generated by a video game console that are then displayed on a television or similar audio-video system. Some of the most

<sup>21</sup> Newzoo 2023.

<sup>22</sup> Newzoo 2023.

<sup>23</sup> Newzoo 2023.

common consoles are Xbox, Playstation and Nintendo. The console games market is expected to reach USD 56.0 billion in 2023, corresponding to growth of 7.7 percent year-on-year. Console games are expected to be the fastest growing part of the market in coming years. Sales of digitally downloaded console games are increasingly common and are estimated to account for 30.4 percent of total revenue in 2023. In the geographical markets of Western Europe and North America, where especially advanced and well-made games – known as AAA games – dominate, the turnover of the gaming market as a whole continues to grow in popularity.<sup>24</sup>

### **Mobile games**

Mobile games are defined as games that are played on a mobile device, such as a smart phone or a tablet. Mobile games were the fastest growing segment, but growth has slowed down in recent years. Mobile games are expected to comprise 51 percent of the total market in 2023.<sup>25</sup>

## **Market trends**

### **Artificial Intelligence**

In 2023, EG7 saw the strides forward the use of artificial intelligence (“AI”) within the gaming industry. Although AI-based tools have been used for several years, new technologies for image, sound and text have made big advances and, in many ways, the industry is evaluating not only what type of tools can further streamline game development in the future, but also how it can improve the gaming experience, for example, in the form of digital opponents that become more human-like in their behavior.

### **Divestment of gaming studios**

The Company is seeing a trend in that most gaming studios have closed down or undergone major operational changes over the past year due to changes in the gaming market as a result of macroeconomic trends, economic downturn and financial instability. This could be due in part to the increased use of AI (as described above), with game studios in some cases starting to use that technology or seeing that such technology will be able to replace some of the work previously done by employees. Another factor is that, due to financial instability, access to capital or debt financing (on favorable terms) in the capital markets is not the same, which has meant that companies in the gaming industry have not been able to invest in growth projects to the same extent as before and have reduced their risk appetite, which has led to changes in the operational business structure. The Company sees this trend continuing in the coming years, which could have an impact on companies operating in the industry, including publishers and other stakeholders, as there is less financial strength and flexibility for releasing games.

## **The competitive landscape in the Company’s markets**

The industry in which the Company operates and its operating segments are exposed to competition. There are players of varying sizes that produce games and various sources of digital entertainment. In these respects, the Company competes in areas including the sale and launch of game titles and the recruitment of talent. Over the past year, the Company believes that competition for recruitment began to normalize after the elevated level of activity that the industry experienced during the pandemic years has come down.

The global gaming industry was valued at around USD 182 billion at the end of 2022. The large platform companies such as Sony, Microsoft, Nintendo, Tencent, Apple, Google, Steam and Epic Games have a near-oligopoly there. Of the total gaming industry, the market share of the leading platform companies

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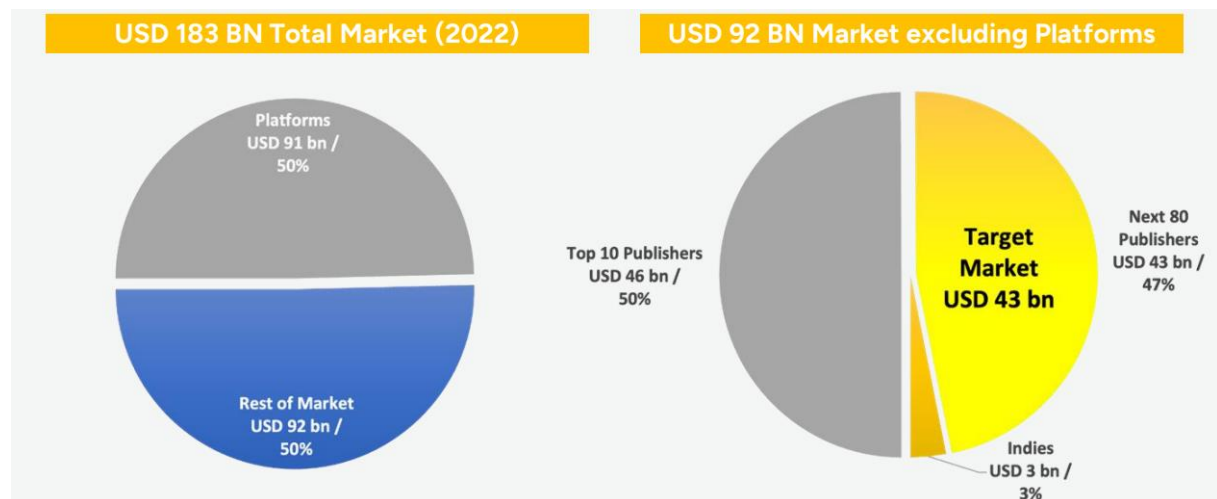
<sup>24</sup> Newzoo 2023.

<sup>25</sup> Newzoo 2023.

is valued at approximately USD 91 billion, corresponding to almost 50 percent of the total gaming market.<sup>26</sup>

The remainder of the market is valued at USD 92 billion, with the market share of the 10 leading gaming companies valued at around USD 46 billion.<sup>27</sup> Characteristic of these companies is that they own, develop and publish the biggest game titles, known as AAA titles. Examples of these titles are Call of Duty, EA Sports FC, Grand Theft Auto and Assassin's Creed, which are developed and published by Activision Blizzard, Electronic Arts, Take-Two Interactive and Ubisoft.

The indie game market consists of around 2,000 smaller game development companies globally and has a combined market value of around USD 3 billion. The remainder of the market is valued at approximately USD 43 billion and is characterized by a clearly unconsolidated market dynamic, consisting of a large number of AA developers and publicists.<sup>28</sup> This part of the market is often referred to as the mid-market segment. Some examples of the more prominent companies in this segment are Focus, 505 Games and Plaion. The companies operating in this segment are generally characterized by a more unstructured portfolio strategy with weak game quality control functions, which often lead to delays and budget overruns. This is the section of the gaming market where EG7 operates, and the Company believes it will be able to gain significant market share in the coming years by applying a more structured business and investment model.



Source: Newzoo 2023.

<sup>26</sup> Newzoo 2023.

<sup>27</sup> Newzoo 2023.

<sup>28</sup> Newzoo 2023.

# CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section present the Company's capital structure at Group level as of 31 March 2024. Refer to the section "*Share capital and ownership structure*" for further information on the Company's share capital and shares. The information presented in this section is based on and should be read in conjunction with the Group's unaudited, reviewed interim report for the period January 1 - March 31 2024, which is incorporated into the Prospectus by reference, see section "*Documents incorporated by reference*".

As of 31 March 2024, the Company's capitalization amounted to SEK 4,133.7 million, of which the Company's share capital amounted to SEK 3,544.1 million. As of 31 March 2024, the Company's total financial indebtedness amounted to SEK -20.8 million. The information in the tables includes both short-term and long-term interest-bearing liabilities

## Statement of capitalization

SEK million	31 March 2024
<b>Current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	460.8
<b>Total current debt</b> (including the current portion of long-term liabilities) <sup>29</sup>	<b>460.8</b>
<b>Non-current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	431.3
<b>Total non-current debt</b> (excluding current portion of long-term liabilities) <sup>30</sup>	<b>431.3</b>
<b>Equity capital</b>	
Share capital	3.5
Share premium reserve	4,607.4
Other reserves	741.4

<sup>29</sup> The Group's current liabilities excluding lease liabilities.

<sup>30</sup> The Group's non-current liabilities excluding lease liabilities.

Retained earnings	-1,218.8
<b>Total equity</b>	<b>4,133.7</b>
<b>Total</b>	<b>5,025.8</b>

## Statement of net indebtedness

SEK million	31 March 2024
A - Cash	466.8
B - Cash equivalents	-
C - Other current financial assets	89.7
<b>D - Liquidity (A + B + C)</b>	<b>556.4</b>
E - Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	231.6
F - Current portion of non-current financial debt	54.5
<b>G - Current financial indebtedness (E + F)</b>	<b>286.1</b>
<b>H - Net current financial indebtedness (G - D)</b>	<b>-270.3</b>
I - Non-current financial debt (excluding current portion and debt instruments)	248.2
J - Debt instruments	-
K - Non-current trade and other payables	1.3
<b>L - Non-current financial indebtedness (I + J + K)</b>	<b>249.5</b>
<b>M - Total financial indebtedness (H + L)</b>	<b>-20.8</b>

*The information about the Company's capital structure and indebtedness on an adjusted basis constitute forward-looking statements that are intended to describe a hypothetical situation and are provided for illustrative purposes only. Forward-looking statements are not guarantees of future performance or trends, and actual results may differ materially from those expressed directly or indirectly in the forward-looking statements as a result of a number of factors, including those described in the section "Risk factors".*

*The Company has no reason to believe that any material changes to the Company's actual capitalization, other than those listed above, have occurred since 31 March 2024.*

## Indirect and contingent indebtedness

The Company had no indirect contingent indebtedness as of 31 March 2024.

## Statement regarding working capital

The Company deems that the Company's existing working capital as of the date of the Prospectus is sufficient to meet the Company's needs for the next twelve-month period. Working capital in this context refers to the Company's ability to access cash to meet its liabilities as they fall due.

## Significant financing arrangements

The Company has no outstanding debt at group level and repaid the last of its drawn credit facility in the first quarter of 2024.

## Trends

Other than as described in the section "*Business and market description - Market trends*", the Company assess that, as of the date of the Prospectus, there are no known trends related to production, sales, inventory, costs and selling prices during the period from the end of the financial year 2023 until the date of the Prospectus.

Nor is the Company aware, as of the date of the Prospectus, of any other trends, uncertainties, demands, commitments or other events that are reasonably likely to have a material impact on the Company's future prospects during the current financial year.

## Significant ongoing investments and commitments of future significant investments

The Company has two significant ongoing investments, as described below.

MechWarrior 5: Clans, a new standalone game in the MechWarrior series developed and published by EG7, is scheduled for release in the second half of 2024 and is the first game in EG7's new growth initiative. The game together with the first DLC has a total budget of SEK 176.6 million, of which SEK 137.9 million had been invested until the end of March 2024.

The Cold Iron project is EG7's second game within the group's new growth initiative where EG7's subsidiary Daybreak has entered into an agreement to invest in, and publish in Cold Iron's upcoming game with planned launch mid 2025. EG7's total investment is budgeted at SEK 246.3 million, of which SEK 143.7 million had been invested until the end of March 2024.

In addition to the above, the Company has no significant ongoing investments or commitments of future significant investments.

## Significant changes in the Company's financial position

There have been no significant changes in the Company's financial position since 31 March 2024 up to and including the date of the Prospectus.

## Significant changes in the Company's financial performance

There have been no significant changes in the Company's financial performance since 31 March 2024 up to the date of the Prospectus.

# BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

## Board of Directors

As of the date of the Prospectus, the Company's Board of Directors consists of seven members, including the chairman of the board, who have been elected for the period until the end of the Annual General Meeting 2024. According to the Company's articles of association, the Board of Directors is to consist of not less than three and not more than nine board members, with not more than three deputies. All board members and senior management representatives can be contacted through the Company's address in the section "Addresses".

Name	Position	Member since	Independent in relation to	
			The Company and its senior management	Major shareholders
Jason Epstein	Chairman of the board	2021	No	Yes
Ron Moravek	Board member	2023	Yes	Yes
Ben Braun	Board member	2023	Yes	Yes
Gunnar Lind	Board member	2019	Yes	Yes
Marie-Louise Gefwert	Board member	2017	Yes	Yes
Ji Ham	Board member	2023	No	Yes
Ebba Ljungerud	Board member	2024	Yes	Yes

### Jason Epstein (born 1973)

*Chairman of the board*

**Education:** Bachelor of Science in Economics from Tufts University, Massachusetts, US.

**Background:** Experienced private equity investor and entrepreneur for the last 25 years based in New York, US.

**Current assignments:** Harmonix Music Systems LLC, Cold Studios LLC, Chloe's Soft Serve Group Company LLC, Remarkable LLC.

**Prior positions (past five years):** CIFC, 300 Entertainment LLC, MapAnything, Rhapsody.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Jason Epstein holds 8,582,320 shares and no warrants in the Company.

### Ron Moravek (born 1965)

*Board member*



**Education:** Bachelor of Arts in Liberal Arts and Sciences from Wilfrid Laurier University, Canada and MBA from Harvard Business School, Massachusetts, US.

**Background:** Background within the gaming industry as Vice President and COO of Electric Arts Vancouver Studio, COO and Co-Founder of Relic Entertainment, Executive Vice President Production and General Manager at THQ and Senior advisor to New Games and Emerging Markets at Nexon.

**Current assignments:** Senior Advisor and Vice President for the Business and Corporate Development of Heavy Iron Studios, Inc., Co-Founder and Investor of SportNinja Inc.

**Prior positions (past five years):** –

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Ron Moravek owns no shares or warrants in the Company.

### **Ben Braun (born 1970)**

*Board member*

**Education:** MBA from Tuck School of Business at Dartmouth College, Hanover, US.

**Background:** Background within finance and has held positions such as Managing Partner at LionTree, Managing Director and Head of Media and Telecom M&A at Bank of America Merrill Lynch, and Associate at European Bank for Reconstruction and Development (EBRD).

**Current assignments:** –

**Prior positions (past five years):** Partner at LionTree LLC.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Ben Braun owns no shares or warrants in the Company.

### **Gunnar Lind (born 1958)**

*Board member*

**Education:** Bachelor of Science in Transport Administration from Mittuniversitetet, Stockholm.

**Background:** Extensive experience from the gaming industry, most notably as group CEO of Cherry.

**Current assignments:** Chairman of the board of Explore Lofsdalen AB, chairman of the board of Lofsdalsspår economic association.

**Prior positions (past five years):** CEO and member of the board of Cherry AB, chairman of the board of Unlimited Travel Group UTG AB (publ), chairman of the board of Soundhailer AB, chairman of the board of Necomlabs Ltd., chairman of the board of Sleepo AB (publ), chairman of the board of Game Lounge Sweden AB, chairman of the board of Cherry Spelglädje AB, board member of Yggdrasil Gaming Sweden AB.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Gunnar Lind holds 200,000 shares and no warrants in the Company.

### **Marie-Louise Gefwert (born 1952)**

*Board member*

**Education:** Bachelor of Science in Business Administration and Economics from Stockholm University.

**Background:** 30 years of experience in leading positions at companies such as Ericsson and Vattenfall Data.

**Current assignments:** CEO and board member of Gefwert Development AB. Chairman of the board of ZignSec AB.

**Prior positions (past five years):** Board member of Tyréns AB, chairman of the board of Free2Move AB, Free2Move Holding AB and HIOD Sports AB.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Marie-Louise Gefwert holds 22,428 shares and no warrants in the Company.

**Ji Ham (born 1976)**

*CEO and Board member*

*See below under "Senior executives".*

**Ebba Ljungerud (born 1972)**

*Board member*

**Education:** Masters of Science in Business Administration from Lund University.

**Background:** Extensive experience from working in listed companies, both as CEO and as board member.

**Current assignments:** Chair of the board of directors of Nelly Group AB (publ) and Canucci AB. Board member of Rugvista AB (publ), Starstable Entertainment AB and Goals AB.

**Prior positions (past five years):** Several positions within Paradox Interactive, including as board member and CEO. Several positions within Kindred Group, including Chief Commercial Officer and Chief Programme Officer.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Ebba Ljungerud owns 1,000 shares and no warrants in the Company.

## Senior executives

Name	Position	Employed since
Ji Ham	CEO	2021
Fredrik Rüdén	Deputy CEO, CFO	2021
David Youssefi	Vice President and General Counsel	2024
Huyen Huynh	Vice President of Group Operations	2024

### Ji Ham (born 1976)

*CEO*

**Education:** Bachelor of Science in Business Administration and Economics from UCLA, California, US.

**Background:** Ji Ham has an extensive background in both gaming and finance and has for the last six years been the CEO of Daybreak. During his tenure at Daybreak, Ji Ham has overseen extensive growth and profitability at the company.

**Current assignments:** CEO of Daybreak Game Company LLC. Manager of Cold Iron Studios LLC.

**Prior positions (past five years):** –

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Ji Ham holds 2,018,472 shares and no warrants in the Company.

### Fredrik Rüdén (born 1970)

*Deputy CEO, CFO*

**Education:** Double Bachelor of Science in Business Administration/Commercial Law, MBA from Mälardalen University.

**Background:** Fredrik Rüdén has an extensive background from high-tech companies in listed environments specifically within finance. In addition to having worked for almost a decade as CFO at Betsson, Fredrik Rüdén also has professional experience from companies such as Kinnevik, LeoVegas and Ernst & Young.

**Current assignments:** Board member of Scout Gaming.

**Prior positions (past five years):** CFO of Cambio AB. Board member and chairman of the Audit Committee of Leo Vegas. Board member and chairman of the Audit Committee of Acroud. Board member of Scout Gaming and MultiQ and independent financial advisory operations.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Fredrik Rüdén owns 224,300 shares and no warrants in the Company.

### David Youssefi (born 1968)

*Vice President and General Counsel*

**Education:** Doctor of Law (J.D.) Arizona State University College of Law, Bachelor of Science in Computer Science at Arizona State University, US.

**Background:** David Youssefi is a senior legal professional with 25 years of legal experience both in-house and in various roles at major law firms. Joined Daybreak in 2011, EG7's largest business unit, where he has been playing a vital role in shaping Daybreak over the years.

**Current assignments:** Senior Vice President and General Counsel of Daybreak Game Company LLC.

**Prior positions (past five years):** –

**Holdings in the Company (including related parties):** As of the date of the Prospectus, David Youssefi owns no shares or warrants in the Company.

### **Huyen Huynh (born 1972)**

*Vice President of Group Operations*

**Education:** Bachelor of Science in Biology from University of California, Riverside, California, US.

**Background:** Huyen Huynh is a senior professional with 25 years of experience managing software development for various industries, of which the last 14 years was spent in the mobile and live games businesses. Since joining Daybreak in 2017, EG7's largest business unit, she has been an important asset in shaping the company.

**Current assignments:** Senior Vice President, Operations of Daybreak Game Company LLC.

**Prior positions (past five years):** –

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Huyen Huynh owns no shares or warrants in the Company.

## **Other information on the Board of Directors and senior management**

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior management have any private interests that could conflict with those of the Company. However, as described above, several board members and senior management representatives have financial interests in the Company through their shareholdings. None of the board members or senior management representatives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior management representatives in the Company have during the past five years, (i) been convicted in fraud-related offences, (ii) been a representative of a company which has been declared bankrupt, put into liquidation or undergone corporate structuring, (iii) been subject to accusations or sanctions by statutory or regulatory authorities (including recognized bodies) or (iv) been disqualified by a court from acting as a member of a company's administrative, managing or supervisory body or from acting in the management or conduct affairs of any issuer.

## **Swedish Corporate Governance Code**

The Company is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law, Nasdaq First North Growth Market's regulations and internal rules and instructions. After the listing on Nasdaq Stockholm, the Company will apply the Swedish Corporate Governance Code (the "**Code**"). Companies that apply the Code do not have to comply with all of the rules in the Code, but rather have the possibility of choosing alternate solutions that the Company deems to be better suited to the Company and its operations, provided that any deviations are presented, that the alternate solution is described and that the reasons are explained

in the corporate governance report (the “comply or explain principle”). The Company will prepare its first corporate governance report ahead of the 2025 Annual General Meeting. On the date of the Prospectus, the Company does not expect to report any deviations from the Code in the corporate governance report for the current financial year.

## Auditor

Öhrlings PricewaterhouseCoopers AB (“**PwC**”) has been the Company’s auditor, with Niklas Renström as the auditor in charge, since June 2022. PwC has been the Company’s auditor throughout the period covered by the historical financial information in the Prospectus. Niklas Renström is an authorized public accountant and a member of the Swedish Institute of Authorized Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*). PwC’s address is Torsgatan 21, 113 97 Stockholm, Sweden.

# SHARE CAPITAL AND OWNERSHIP STRUCTURE

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## General information regarding the Company's shares

In accordance with the Company's articles of association registered as of the date of the Prospectus, the share capital may not be less than SEK 3,470,000 and not more than SEK 13,880,000, and the number of shares may not be less than 86,700,000 and not more than 346,800,000.

As of 31 March 2024, the Company's share capital amounted to SEK 3,544,141.04 divided into 88,603,526 shares and each share had a quotient value of SEK 0.04.

The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The ISIN code for the Company's share is SE0010520106. The shares are denominated in SEK.

## Certain rights attached to the shares

The shares planned to be admitted to trading on Nasdaq Stockholm are of the same type. Rights attached to shares issued by the Company, including those pursuant to the Company's articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

### Preferential rights to new shares, etc.

If the Company decides to issue new shares, warrants or convertibles in a cash issue or a set-off issue, the shareholders have, as a general rule, preferential rights to subscribe for such securities in proportion to the number of shares held before the issue.

### Voting rights

Each share in the Company entitles the holder to one vote at General Meetings and each shareholder is entitled to vote for all shares held by the shareholder in the Company.

### Rights to dividends and balances in the event of liquidation

All shares carry equal rights to dividends and to the Company's assets and any surplus in the event of liquidation. Decisions on profit distribution in limited liability companies are taken by the General Meeting. The right to dividends accrues to those who, on the record date decided by the General Meeting, are registered as holders of shares in the share register maintained by Euroclear. The dividend is normally paid to the shareholders as a cash amount per share through Euroclear, but payment can also be made in other than cash (dividend in kind). If the shareholder cannot be reached through Euroclear, the shareholder's claim on the Company regarding the dividend amount remains and is limited in time by rules on ten-year limitation. Upon limitation, the dividend amount accrues to the Company.

There are no restrictions on the right to dividends for shareholders resident outside Sweden. Subject to restrictions imposed by banks and clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same way as to shareholders in Sweden. Shareholders who are not resident in Sweden for tax purposes are normally subject to Swedish withholding tax.

## Information about public takeover bids and redemption of minority shares

In the event that a public takeover offer is made for the shares in the Company, the following rules apply, as of the date of the Prospectus, when the Company's shares are admitted to trading on Nasdaq Stockholm: the Financial Instruments Trading Act (1991:980), the Swedish Takeover Act (2006:451) and the Nasdaq Stockholm Takeover Rules dated 1 January 2021.

If the Board of Directors or the CEO of the Company, based on information arising from a party intending to submit a public takeover bid for the shares in the Company, has justifiable grounds to assume that such an offer is imminent, or if such an offer has been submitted, the Company may, pursuant to Chapter 5, Section 1 of the Swedish Takeover Act, only take measures that are likely to impair the conditions for making or implementing the takeover bid, following a resolution by the General Meeting. Notwithstanding the above, the Company may seek alternative offers.

Furthermore, anyone who holds no shares or shares representing less than three-tenths of the voting rights of all shares in the Company and who, through the acquisition of shares in the Company, alone or together with a related party, acquires a shareholding representing at least three-tenths of the voting rights of all shares in the Company shall immediately, pursuant to Chapter 3, Section 1 of the Swedish Takeover Act, disclose the size of his or her shareholding in the Company and, within four weeks thereafter, make a public takeover offer for the remaining shares in the Company (so-called mandatory bid).

During a public takeover bid or a mandatory bid, shareholders are free to determine whether they wish to dispose of their shares in the public takeover bid or mandatory bid. If the public takeover bid or mandatory bid results in the offeror acquiring a holding of at least nine-tenths of the shares in the Company, the offeror is entitled to redeem the remaining shareholders' shares in accordance with the general rules on compulsory redemption in Chapter 22 of the Swedish Companies Act (2005:551).

The shares in the Company are not subject to any offer made due to a mandatory bid, redemption rights or buy-out obligation. Nor has any public takeover bid been submitted regarding the shares during the current or preceding financial year.

## Dividend policy

The Board of Directors of EG7 has not adopted a dividend policy. The Board of Directors does not intend to propose a dividend in the short to medium term and use the cash flows generated for further growth investments. The Board of Directors shall annually evaluate the possibility of a dividend taking into account the development of the business, operating results and financial position.

At the Extraordinary General Meeting on 13 December 2023, it was decided on a dividend, based on the adopted annual report for the financial year 2022, amounting to a total of approximately SEK 40 million, corresponding to SEK 0.45 per share, to be paid in cash. The dividend shall be paid twice quarterly during 2024 and due to technical limitations at Euroclear Sweden AB, it was decided to pay a quarterly dividend in the first payment amounting to SEK 0.23 per share, meaning a total dividend of SEK 20,378,810.98, and in the second payment amounting to SEK 0.22 per share, meaning a total dividend of SEK 19,492,775.72. The record dates for the quarterly dividends were decided to be 1 March 2024 and 3 June 2024. The first dividend was paid on 6 March 2024 and the second dividend was paid on 7 June 2024.

Furthermore, in the notice to the Extraordinary General Meeting of Shareholders of 13 December 2023, the Board of Directors informed that the ambition of the Board of Directors is, subject to the shareholders' approval of the dividend and buy-back program. The dividend and share buy-back program is assumed to allow the Company to distribute on an annual basis, taking into account a continued attractive capital



structure, up to 50 percent of the cash adjusted net profit. This would be split into an ordinary dividend and an opportunistic share buyback program. For the full year 2023, the maximum size of the program is estimated to amount to SEK 100 million, of which SEK 40 million is distributed as a minimum ordinary dividend, and the remaining SEK 60 million can be distributed either as an extra dividend or through an opportunistic share buyback program in 2024.

## Central securities depository

The shares in the Company are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear, Klarabergsviadukten 63, 111 64 Stockholm, Sweden. The ISIN code for the Company's share is SE0010520106.

## Shareholder agreements

The Company is not aware of any agreements or similar that could lead to a change in control of the Company.

## Convertibles, warrants etc.

As of the date of the Prospectus, there are no outstanding warrants, convertibles or other financial instruments that may entitle the holder to subscribe for new shares or otherwise affect the share capital of the Company.

## Ownership structure

As of 31 March 2024, the Company had approximately 6,792 shareholders. The table below shows holdings of shares and votes of at least five percent in the Company as of 31 March 2024 and thereafter known changes until the date of the Prospectus. Each share in the Company entitles the holder to one vote at General Meetings. The Company is not owned or controlled, directly or indirectly, by any shareholder.

Shareholders	No. of shares	Percent (%)
Jason Epstein*	8,582,320	9.69
Settecento LTD	6,981,119	7.88
Avanza Pension	6,435,980	7.26
Alta Fox Capital	5,347,681	6.04
<b>Total major shareholders</b>	<b>27,347,100</b>	<b>30.87</b>
Other shareholders	61,256,426	69.13
<b>Total</b>	<b>88,603,526</b>	<b>100</b>

\*Chairman of the board in EG7.

## Authorization to issue securities

The Annual General Meeting on 21 June 2023 authorized the Board of Directors of the Company to issue shares, warrants and/or convertibles. The limit of the authorization is set at a maximum of 10 percent of the Company's share capital after dilution based on the number of shares in the Company at the time of the Annual General Meeting. The authorization is valid until the Annual General Meeting 2024.

## Trading in the Company's shares

As of the date of the Prospectus, the Company's shares are subject to trading on the multilateral trading platform and growth market for small and medium-sized enterprises - Nasdaq First North Growth Market. Nasdaq Stockholm's Listing Committee has, on 12 June 2024, made the assessment that EG7 meets the requirements for the Company's shares to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 17 June 2024.

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## Approval of the Prospectus

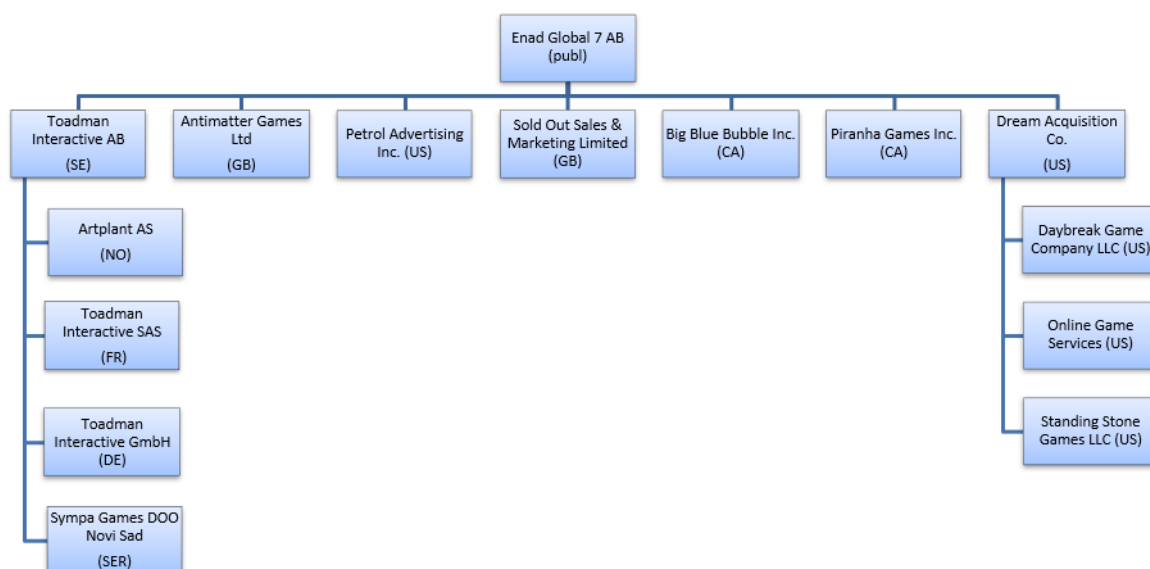
The Prospectus has been approved by the SFSA, as the national competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency set out in the Prospectus Regulation. Such approval from the SFSA should not be considered as an endorsement of the quality of the Company or of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

## General company information

Enad Global 7 AB (publ), corporate registration number 556923-2837, is a Swedish public limited liability company, founded on 13 January 2013 and registered with the Swedish Companies Registration Office on 20 February 2013. The business name was registered on 16 April 2020. The Company’s registered office is in Stockholm, Sweden. The operations of the Company are conducted in accordance with Swedish law. The Company’s Legal Entity Identifier (LEI) is 549300OBCTAOBEEVN513. The Company’s address is Sveavägen 17, plan 5, SE-111 57 Stockholm, Sweden and the Company can be contacted on +46 (0) 73 058 76 08. The Company’s website is [www.enadglobal7.com](http://www.enadglobal7.com).

## Group structure

The Company is the parent company of the Group which, aside from the parent company, consist of 14 subsidiaries.



## Material agreements

Set out below is a summary of the material agreements (except for agreements entered into in the ordinary course of business) entered into by either EG7 or its subsidiaries in the two years preceding the publication of the Prospectus, as well as a summary of other agreements (except for agreements entered into in the ordinary course of business) entered into by either EG7 or its subsidiaries which

contain obligations or rights which, at the time of publication of the Prospectus, are of material significance to the Group.

### **Video game publishing agreement between Daybreak and Cold Iron Studio**

On 23 August 2023, as announced by the Company on 15 September 2023, the Group company Daybreak entered into an agreement with Cold Iron under which Daybreak will publish Cold Iron's new multiplayer action shooter. The game is based on a global well-known IP license and is planned to be released on PC and consoles during 2025 (the **"New Game"**). During 2023 and 2024, Daybreak will invest approximately USD 23 million to fund the development of the New Game. Cold Iron is engaging Toadman as its co-development partner for the New Game with a contract value of approximately USD 8 million. EG7's net investment is expected to be approximately USD 15 million. The transaction also represents Daybreak's strategic return to the mid-market (up to AA), product publishing business as a core part of EG7's broader long-term strategy.

### **EG7's sale of Innova for a cash consideration of EUR 21 million**

On 23 September 2022, EG7 entered into an agreement to sell its subsidiary Innova to Games Mobile ST LTD (**"GMST"**), an international group of companies that offers a full range of services in the gaming sector. The Company had initially contemplated a transaction with the management team at Innova as previously communicated on 19 April 2022. However, the Board of Directors determined that GMST's proposed transaction would be more beneficial to the shareholders of the Company while also providing Innova with better stability and future prospects compared with the initially contemplated transaction. As a result, the Board of Directors decided instead to pursue and complete the sale transaction with GMST. The guaranteed portion of the transaction value is EUR 21 million and has been settled in full. The transaction also comprises a contingent consideration of up to EUR 13.5 million in the event GMST sells Innova within 5 years of closing. Furthermore, if GMST sells Innova for more than USD 100 million after five years from closing, EG7 will receive 20 percent of the proceeds from such transaction.

### **EG7's acquisition of Piranha Games Inc.**

On 20 November 2020, the Company entered an agreement with the shareholders of Canadian game developer Piranha Games Inc. (**"Piranha Games"**) to acquire 100 percent of the shares in Piranha Games. The outstanding obligation for the Company comprises of an additional consideration of up to CAD 63.4 million that is payable subject to Piranha Games generating a certain financial performance based on its EBIT during the years 1 December 2020 – 31 December 2025 (the **"Earn-Out Consideration"**), whereof up to 50 percent will be paid in newly issued shares in EG7 and the remainder in cash.

## **Insurance**

The Company has liability insurance covering the Board of Directors, the CEO, staff, equipment, accidents and business travel. The Company believes that EG7 has insurance coverage for the types of claims and amounts that the Company believes are common in the industry. However, the Company cannot guarantee that any claims against the Company or the Group will be covered (either in whole or in part) by existing insurance policies since insurance policies are subject to exemptions and limitations on the amounts that can be disbursed under a policy.

## **Information about governmental, legal or arbitration proceedings**

The Company or any company within the Group is not, nor has it been within the last 12 months, a party in any governmental, legal or arbitration proceedings (including matters which are pending or which, to the Company's knowledge, are likely to be introduced) which could have or have had in the recent past a significant impact on the Company or the Company's financial position or profitability.

## Summary of information disclosed under MAR

The following is a summary of information disclosed by EG7 under the Market Abuse Regulation (EU) No 596/2014 (“MAR”) during the last 12 months and which is relevant on the date of the Prospectus.

### Financial reports

- Interim report for the second quarter of 2023
- Interim report for the third quarter of 2023
- Interim report for the fourth quarter of 2023
- Annual report for 2023
- Interim report for the first quarter of 2024

### Other

- Enad Global 7 strengthens the executive team
- Daybreak to publish an exciting new multiplayer shooter from Cold Iron Studios
- Fireshine announce Kādomon today

## Related-party transactions

The related-party transactions that occurred during the 2022 and 2023 financial years are presented in Note 25, respectively, in the Company’s annual report for 2023 and those that occurred during the period 1 January – 31 March 2024 are presented in Note 7 in the Company’s interim report for the first quarter of 2024. The financial reports referred to above have been incorporated in the Prospectus through reference, refer to the section “*Documents incorporated by reference.*”

The following related-party transactions have occurred since 31 March 2024 until the date of the Prospectus.

- Additional consideration amounting to USD 1,760,223 has been paid in respect of the terms of a share purchase agreement.<sup>31</sup>
- Investment in Cold Iron amounted to USD 2,406,250.<sup>32</sup>

It is the Company’s understanding that all related-party transactions were conducted on market terms.

## Costs related to the admission of trading of the Company’s shares on Nasdaq Stockholm

The Company’s costs in connection with the admission to trading of the Company’s shares on Nasdaq Stockholm are expected to amount to approximately SEK 15 million. These costs are primarily attributable to costs for auditors, the listing auditor, legal and tax advice, listing costs to Nasdaq Stockholm and fees to the SFSA for review of the Prospectus.

## Interests of advisers

The Company believes that there are no material conflicts of interest in connection with the Company’s application for admission to trading on Nasdaq Stockholm.

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<sup>31</sup> Total estimated remaining amount by end of December 2023 amounted to SEK 147.8 million of which SEK 106.2 refers to Jason Epstein and SEK 14.2 million to Ji Ham. It refers to acquisition related tax saving benefits from the Daybreak acquisition where the SPA stated that the seller, including Jason Epstein and Ji Ham, and the buyer receive half each from the accumulated tax savings deriving from the acquisition. This amount will be fully settled in 2036 which also means that the tax payments in Daybreak will increase at that point. In total SEK 17.0 million was paid as part of the SPA related tax refund to the sellers of Daybreak in 2024. Where SEK 15.0 million were paid to Jason Epstein, Chairman of the Board, and SEK 2.0 million was paid to Ji Ham, CEO of EG7.

<sup>32</sup> Cold Iron is owned by CEO Ji Ham and Chairman of the Board Jason Epstein.

## **Tax consequences for investors**

Investors should note that the tax legislation in Sweden or in another state to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds from the securities is taxed. Each shareholder should, individually, obtain tax advice to ascertain the tax consequences which may arise based on the shareholder's specific situation, including the applicability of foreign legislation, agreements and treaties.

## **Websites and hyperlinks mentioned in the Prospectus**

The Prospectus contains certain references to websites and hyperlinks. The information on these websites and hyperlinks has not been reviewed and/or approved by the SFSA and the information contained on the website is not included in the Prospectus unless this information has been incorporated into the Prospectus by reference.

## **Third party information**

Information obtained from third parties has been accurately reproduced in the Prospectus and, as far as the Company is aware and can ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **Documents available for inspection**

The following documents are available on the Company's website ([www.enadglobal7.com](http://www.enadglobal7.com)) during the period of validity of the Prospectus:

- The Company's articles of association, and
- The Company's registration certificate

# DOCUMENTS INCORPORATED BY REFERENCE

The following information is incorporated into the Prospectus by reference and forms part of the Prospectus and should be read in conjunction therewith. The parts of the documents below that are not referred to are either deemed by the Company not to be relevant for an investor or the information is reproduced elsewhere in the Prospectus. The information incorporated by reference is available during the period of validity of the Prospectus on EG7's website ([www.enadglobal7.com](http://www.enadglobal7.com)). The information on the website does not form a part of the Prospectus unless such information has been incorporated by reference in the Prospectus as set out below.

<b>EG7's interim report for the period 1 January - 31 March 2024</b>	<b>Page</b>
Consolidated income statement	12
Consolidated comprehensive income	13
Consolidated balance sheet	14
Consolidated report on changes in equity	15
Consolidated cash flow statement	16
Notes to the interim report	19-24
<i>EG7's interim report for the period 1 January – 31 March 2024 is available at the following link:</i>	
<a href="#"><i>Interim report - 1 January - 31 March 2024</i></a>	

<b>EG7 Annual Report for the financial year 2023 (1 January – 31 December)</b>	
Consolidated income statement	36
Consolidated comprehensive income	37
Consolidated balance sheet	38-39
Consolidated report on changes in equity	40
Consolidated cash flow statement	41
Notes	42-71
Auditor's report	89-90
Definitions on alternative performance measures	86-87
<i>EG7's annual report for the period 1 January – 31 December 2023 is available at the following link:</i>	
<a href="#"><i>Annual report - Financial year 2023</i></a>	

<b>EG7 annual report for the financial year 2022 (1 January – 31 December)</b>	
Consolidated income statement	34
Consolidated comprehensive income	35
Consolidated balance sheet	36-37
Consolidated report on changes in equity	38
Consolidated cash flow statement	39
Notes	40-71
Auditor's report	88-89
<i>EG7's annual report for the period 1 January – 31 December 2022 is available at the following link:</i>	
<a href="#"><i>Annual report - Financial year 2022</i></a>	



# ADDRESSES

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## **The Company**

### **Enad Global 7 AB (publ)**

Sveavägen 17, floor 5  
111 57, Stockholm  
Sweden

## **Legal advisor to the Company**

### **Baker & McKenzie Advokatbyrå KB**

Vasagatan 7  
101 23, Stockholm  
Sweden

## **The Company's auditor**

### **Öhrlings PricewaterhouseCoopers AB**

Torsgatan 21  
113 97, Stockholm  
Sweden

## **The Company's Certified Adviser**

### **Eminova Fondkommission AB**

Biblioteksgatan 3, floor 3  
111 46, Stockholm  
Sweden

