



PRESS RELEASE

Stockholm, June 4, 2019

Toadman Interactive enters into an agreement to acquire Petrol Advertising

Toadman Interactive AB (publ) ("Toadman" or the "Company") has today entered into an agreement with the owners of Petrol Advertising, Inc. ("PETROL")¹ to acquire 100 percent of the shares in PETROL for a consideration of USD 18.0 million on a cash and debt free basis, plus an additional consideration of up to USD 5.0 million based on PETROL's financial performance during the twelve months following the merger (the "Merger"). PETROL is a creative marketing company within the gaming and entertainment industry and is located in Burbank, California. The Merger Consideration is comprised of a cash payment and an issue of shares in Toadman directed to the shareholders of PETROL. Following the Merger, Alan J. Hunter (through the Hunter Trust) and Benjamin A. Granados (through the Granados Family Trust), the founders and key members of the management team of PETROL, will become significant shareholders in Toadman. The Cash Consideration of the Merger will be financed through the issuance of senior secured bonds (the "Bonds") under a larger loan framework amount with expected final maturity in June 2022 (the "Bond Loan"). The Merger is conditional upon, *inter alia*, approval of authorization to issue shares by the Extraordinary General Meeting in Toadman.

The Merger in brief

- The Merger is in line with Toadman's communicated strategy to perform complementary mergers & acquisitions to take a stronger industry position and the Merger will transform Toadman into a significant industry player in the global video games universe. The combination of Toadman and PETROL presents a well-positioned company with:
 - Reduced business risk, through an additional stable and profitable revenue base which captures parts of the publishing vertical of the industry value chain;
 - Control of a larger portion of the value chain, creating opportunities to capture a higher share of the total profit;
 - Access to an increased client and revenue base;
 - Increased geographical reach;
 - Strengthened allocation of resources; and
 - A deeper talent pool for the goal of being a content provider for games and entertainment
- The total upfront consideration for 100 percent of the shares in PETROL amounts to USD 18.0 million, equivalent of SEK 171.3 million at current exchange rates, on a cash and debt free basis (the "Merger Consideration"), of which:
 - USD 10.75 million, equivalent of SEK 102.3 million at current exchange rates, will be paid in cash (the "Cash Consideration") and financed through the issuance of the Bonds, and
 - USD 7.25 million, equivalent of SEK 69.0 million at current exchange rates, will be paid in the form of newly issued Toadman shares, in a number which will be finally determined at closing (the "Consideration Shares"). The number of Consideration Shares to be issued will be based on the average closing price per share on Nasdaq First North for the ten consecutive trading days immediately preceding the closing date

¹ The owners of Petrol Advertising, Inc. are Alan J. Hunter and Ivana Sue Hunter, as co-trustees of the Hunter Trust, and Benjamin A. Granados and Rebecca P. Granados, as co-trustees of the Granados Family Trust.



- The USD 18.0 million Merger Consideration implies 6.8x PETROL's 2018 adjusted EBIT
- Toadman and PETROL combined (the "Group") has an unaudited pro forma² revenue and adjusted EBIT³ for the period January-December 2018 of SEK 230.8 million and SEK 31.3 million, respectively
- In addition to the Merger Consideration, Toadman will pay an additional consideration to the shareholders of PETROL of up to USD 5.0 million, equivalent of up to SEK 47.6 million at current exchange rates, based on PETROL's EBIT performance for the twelve months period following the closing of the Merger. Such additional consideration will be paid in equal parts cash and newly issued Toadman shares
- Closing of the Merger is expected to take place on June 26, 2019
- The issue of the Consideration Shares is conditional upon, *inter alia*, approval of authorization to issue shares by the Extraordinary General Meeting in Toadman for which a separate press release with the notice will be published today, June 4, 2019. Shareholders representing approximately 62.8 percent of the capital and votes in Toadman have committed to vote in favor of the resolution at the Extraordinary General Meeting

"We are happy to join forces with one of the most well-reputed firms in the gaming industry when it comes to go-to-market strategies. The Group will be strengthened with increased reach and will be able to serve the clients even better. For Toadman, PETROL is in line with the acquisition strategy previously set out of broadening our services related to gaming. I am personally looking forward to supporting the empowerment of PETROL, its personnel and clients to further success. It is a landmark for everyone in the Group and I would like to take the opportunity to thank PETROL for a well-executed process and looking forward to starting a new chapter in Toadman's history.", says Robin Flodin, CEO Toadman Interactive AB (publ)

"PETROL believes in the strength of the "Global gaming market" and with this infusion of capital, it will allow us to broaden our presence in wider territories. The entertainment industry is now largely driven by gaming and the constant content that fans are eventually converted by. PETROL will be able to deepen our services in media, digital and content development and continue to grow our ability to bring our current, past and future clients' games to market. Our work with the Toadman Group will be to bring their games to market with the world class campaigns that PETROL has become known for.", says Alan J. Hunter, CEO Petrol Advertising, Inc.

BACKGROUND AND REASONS

Toadman is a game consultancy-driven company with a goal of establishing an international market leading studio with expertise within action-based Role Playing Games (RPG) for PC, Playstation and Xbox. Toadman has its headquarters in Stockholm and has four additional offices located in Berlin, Oslo, Tver and Visby with a total of 85 employees. The Company was founded in 2013 by Robin Flodin and Rasmus Davidsson as a work-for-hire gaming consultancy firm. With a consultancy-driven business model, Toadman has successfully established an in-house business for own- and co-development of game titles as well as project financed games. Toadman has previously communicated that the Company has a total of five projects and game titles in development, within both own- and co-development. For Toadman's fiscal year of 1 September 2017 to 31 December 2018, Toadman reported net revenues of SEK 73.1 million and an adjusted EBIT⁴ of SEK 14.0 million.

Toadman has a business model with three complementary but not competitive revenue streams: Own game titles, Project financed game titles, and Work-for-hire. The diversification of three revenue streams has enabled Toadman to decrease its total business risk and achieve a balanced structure for risk and reward. Toadman has previously acquired and successfully integrated Artplant AS, a Norwegian game

² All pro forma figures are unaudited and presented for illustrative purposes excluding any synergies.

³ Unaudited pro forma revenue and EBIT adjusted for terminated or discontinued operations by PETROL.

⁴ Reported EBIT adjusted for non-recurring costs associated with the buyout of Toadman's agent, Flashman, of SEK 8.2 million.



developer with eight employees in Oslo and a fully owned subsidiary in Russia with an additional 28 employees, in 2018. Going forward, Toadman will actively identify and evaluate opportunities to expand its position in the industry value chain through acquisitions of game developers with complementary IP rights and publishing companies.

PETROL is a creative marketing company comprising a team of experts in Creative Development, Campaign and Go-To Market Strategy as well as Media Planning/Buying across gaming, tech, and sports. PETROL has pioneered the business of creating iconic Visuals/Trailers/Content and Marketing Strategies for the global entertainment market, largely focused on the gaming vertical. This approach has created success for PETROL's clients and partner brands. For the fiscal year of 2018, PETROL generated adjusted net revenues⁵ of USD 18.5 million, equivalent of SEK 164.1 million⁶, and an adjusted EBIT⁷ of USD 2.7 million, equivalent of SEK 23.6 million⁸.

PETROL was founded in 2003 by Alan J. Hunter and Benjamin A. Granados. Since its inception, PETROL has had consistent growth and has won over 165 global awards and accolades. This has been achieved through PETROL's service and client-oriented business model with four integrated business segments: Creative, Digital, Media, and Strategy. PETROL has an industry unique network coupled with a broad range of clients spanning all major verticals enabling long partnerships with industry leading clients. From a value chain perspective, PETROL works as an advertising agency and consultants on projects for game developers, publishers and distributors, with clients such as, Activision, Bethesda, and Bandai Namco.

On June 4, 2019, Toadman, PETROL and the shareholders of PETROL signed a merger agreement, stipulating the conditions for the Merger.

Toadman and PETROL are complementary as they operate within two different verticals of the same industry value chain. Through the acquisition, the Group will gain a strengthened position enabling scale advantages and creating opportunities to utilize PETROL's go-to-market expertise. Furthermore, the two companies reduce the Group's business risk by adding a stable and profitable revenue base to Toadman's three existing revenue streams. As separate entities, but within the same group, Toadman and PETROL will also achieve an increased client and revenue diversification together with strengthened and diversified profitability.

Toadman expects the acquisition of PETROL to result in several potential synergies and growth opportunities directly upon closing of the Merger. The Group has identified several synergies within revenue generation, an increased geographical reach and strengthened allocation of resources at both companies, as well as cost reductions. Achieving these synergies will result in an enhanced profitability within the Group. No revenue synergies or cost reductions have been taken into consideration in the preliminary unaudited pro forma figures.

PRELIMINARY UNAUDITED PRO FORMA FINANCIALS

A preliminary unaudited pro forma consolidated balance sheet as of December 31, 2018 is presented below with the purpose of describing the financial situation after the Merger. The unaudited pro forma consolidated balance sheet is solely intended to describe the hypothetical situation of the Group as if the Merger had been completed as of December 31, 2018. Note that the preliminary unaudited pro forma consolidated balance sheet neither includes adjustments for financing of the Merger, nor the Merger's effects on Toadman's balance sheet.

⁵ Unaudited revenue and EBIT adjusted for terminated or discontinued operations by PETROL.

⁶ The USD figures have been translated to SEK using the FX rate as of December 31, 2018, with USD/SEK at 8.866.

⁷ Unaudited revenue and EBIT adjusted for terminated or discontinued operations by PETROL.

⁸ The USD figures have been translated to SEK using the FX rate as of December 31, 2018, with USD/SEK at 8.866.



Unaudited pro forma consolidated balance sheet (SEKm⁹)	31 December, 2018
Intangible assets	4.7
Fixed tangible assets	8.4
Financial assets	4.4
Prepayments and accrued income	66.9
Cash and bank	38.8
TOTAL ASSETS	123.3
Shareholder capital	62.7
Provisions	7.5
Current liabilities	51.5
Long term liabilities	1.7
TOTAL LIABILITIES AND EQUITY	123.3

Preliminary unaudited pro forma revenue and profitability of the Group for the fiscal year of 2018 is shown below, with the purpose of describing a hypothetical situation as if the Merger had been completed as of January 1, 2018. No revenue synergies or cost reductions have been considered in the unaudited pro forma revenue and profitability.

Unaudited pro forma revenue and profitability (SEKm¹⁰)	Jan-Dec 2018
Net revenues	230.0
Other revenues	0.8
Total operating revenues	230.8
EBITDA	38.8
EBIT	34.8
Adjustment	-3.5
Adjusted EBITDA	35.3
Adjusted EBIT	31.3

⁹ The USD figures have been translated to SEK using the FX rate as of December 31, 2018, with USD/SEK at 8.866.

¹⁰ The USD figures have been translated to SEK using the FX rate as of December 31, 2018, with USD/SEK at 8.866.



PURCHASE PRICE

The Merger Consideration for 100 percent of the shares in PETROL amounts to USD 18.0 million, equivalent of SEK 171.3 million at current exchange rates¹¹, on a cash and debt free basis. The Merger Consideration is comprised of the Cash Consideration and the Consideration Shares.

The Cash Consideration of USD 10.75 million, equivalent of SEK 102.3 million at current exchange rates¹², will be paid in cash and financed through issuance of the Bonds. The Cash Consideration will be adjusted for the amount equal to the difference between the estimated and final closing net working capital, indebtedness and transactions costs.

The number of Consideration Shares will be finally determined at closing. The value of the Consideration Shares will correspond to USD 7.25 million, equivalent of SEK 69.0 million at current exchange rates¹³, and the price per Toadman share will be based on the average closing price per share on Nasdaq First North for the ten consecutive trading days immediately preceding the closing date.

In addition to the Merger Consideration, Toadman will pay an additional consideration to the shareholders of PETROL of up to USD 5.0 million, equivalent of up to SEK 47.6 million at current exchange rates. 50 percent of any additional consideration will be paid to the shareholders of PETROL through the issuance of additional shares in Toadman, with the value therefore being determined based upon the average closing price of the shares on Nasdaq First North for the ten consecutive trading days preceding the date of the additional consideration payment. The remaining 50 percent of any additional consideration payable to the shareholders of PETROL will be paid in cash. Any additional consideration will be calculated as; an amount equal to USD 3.333 for each USD 1.0 by which PETROL's EBIT for the additional consideration period exceeds USD 2.0 million.

The purchase price table below illustrates the Merger Consideration, at current exchange rates.

Indicative purchase price table	USD	SEK ¹⁴
Consideration Shares	USD 7.25m	SEK 69.0m
Cash Consideration	USD 10.75m	SEK 102.3m
Merger Consideration	USD 18.00m	SEK 171.3m

ISSUE OF THE CONSIDERATION SHARES AND SUBSEQUENT CLOSING OF THE ISSUE

Toadman's Board of Directors will summon to an Extraordinary General Meeting in order to resolve on, the proposed issue of the Consideration Shares.

The number of Consideration Shares to be issued to the shareholders of PETROL will be finally determined at closing. The price of the Consideration Shares will be based on the average closing price per share on Nasdaq First North for the ten consecutive trading days immediately preceding the closing date set to June 26, 2019.

The Consideration Shares, as well as all shares held by Robin Flodin, Rasmus Davidsson, and Alexander Albedj will be subject to lock-up provisions. Alan J. Hunter, Benjamin A. Granados, Robin Flodin, Rasmus Davidsson and Alexander Albedj will be subject to a six months lock-up provision for 25 percent of their

¹¹ The Merger Consideration has been established based on an exchange ratio USD/SEK of 9.517 as of May 31, 2019.

¹² The Cash Consideration has been established based on an exchange ratio USD/SEK of 9.517 as of May 31, 2019.

¹³ The Consideration Shares has been established based on an exchange ratio USD/SEK of 9.517 as of May 31, 2019.

¹⁴ The Merger Consideration has been established based on an exchange ratio USD/SEK of 9.517 as of May 31, 2019.



respective shares held, and a two year lock-up period for their respective remaining 75 percent shares held.

FINANCING OF THE CASH CONSIDERATION

The Cash Consideration will be financed through issuance of SEK-denominated senior secured bonds. The Bonds issued pursuant to the Bond Loan will be secured through pledges over all shares in Toadman's directly wholly-owned material subsidiaries including PETROL. The Bonds are expected to be admitted to trading on Nasdaq First North. The Cash Consideration has been secured through subscription undertakings and underwriting commitments in conjunction with the issuance of the Bonds.

CONDITIONS FOR THE COMPLETION OF THE MERGER

The Merger is conditional upon the Extraordinary General Meeting in Toadman resolving to authorize the board of directors of Toadman to issue the Consideration Shares. The resolution will require the support of shareholders representing not less than two-thirds (2/3) of the votes cast and of the shares represented at the Extraordinary General Meeting in Toadman. If this condition, or any other condition precedent for completion of the Merger, is not fulfilled within a specified time period from the signing of the merger agreement, both Toadman and PETROL have the right to terminate the merger agreement.

EXTRAORDINARY GENERAL MEETING AND VOTING COMMITMENTS

An Extraordinary General Meeting in Toadman is planned to be held on June 24, 2019 to approve the authorization to issue the Consideration Shares required for completion of the Merger. For further information, please refer to the notice in a separate press release which will be published today, June 4, 2019, and the documentation which will be held available on Toadman's website, www.toadmaninteractive.com.

Shareholders representing approximately 62.8¹⁵ percent of the capital and votes in Toadman have committed to vote in favor of the authorization to issue the Consideration Shares at the Extraordinary General Meeting for their shares held on the record date.

TRANSACTION COSTS

Toadman's total costs for the Merger are estimated to amount to approximately SEK 18.0 million, which will be accounted for in Q2 2019.

DUE DILIGENCE

Before entering into the merger agreement, Toadman has together with its advisors conducted limited due diligence reviews of certain business, financial and legal information relating to PETROL.

FINANCIAL AND LEGAL ADVISORS

Carnegie Investment Bank AB (publ) is acting as financial advisor to Toadman in relation to the Merger and sole bookrunner in the issuance of the Bonds. Baker McKenzie (Stockholm & San Francisco/Palo Alto offices) is acting as legal advisor to Toadman. Sheppard, Mullin, Richter & Hampton LLP is legal advisor to PETROL and its shareholders. Gernandt & Danielsson Advokatbyrå KB is acting as legal counsel to Carnegie Investment Bank AB (publ).

CONFERENCE CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

Representatives of both Toadman and PETROL will participate in a conference call on June 4, 2019, at 18.00 CET. To participate, please use the details set out below.

¹⁵ A Voting Agreement has been signed by Rasmus Davidsson, Robin Flodin, Alexander Albedj, Ola Nilsson and Ted Löfgren.



Number: +46 8 50 33 65 91

Participation-PIN: 6691828949

TIMETABLE FOR COMPLETION OF THE MERGER

The timetable below is preliminary and may come to be altered.

June 4, 2019	Announcement of the proposed Merger
June 4, 2019	Notice to Extraordinary General Meeting in Toadman is announced
June 24, 2019	Extraordinary General Meeting in Toadman
June 26, 2019	Closing of the Merger

FOR FURTHER INFORMATION, PLEASE CONTACT:

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This information is information that Toadman Interactive AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 08:30 CET on June 4, 2019.

ABOUT TOADMAN

Toadman is a Swedish gaming development studio based in Stockholm, whose business concept is to develop games for a growing consumer market for players on a global basis. The focus is primarily on games in the areas of action-based Role Playing Games but can also be games in related areas. Since its foundation in 2013, the Company's employees have been involved in the development of well-known PC and console titles, as well as mobile, including Dead Island, Killing Floor, and Warhammer: Vermintide. The Company's goal is to create an independent gaming development company that develops games through its own investments, which thus does not have to rely on external investments. The Company's strategy is to continue to grow by developing games in its existing offices, and to work its way up the value chain by first going towards developing games through own resources and then also placing games on its own. For further information, please visit www.toadmaninteractive.com

Nasdaq First North Ticker Symbol: TOAD

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ABOUT PETROL

PETROL is a creative marketing company comprising a team of experts in Creative Development, Campaign and Go-To Market Strategy as well as Media Planning/Buying across gaming, tech, and sports. PETROL was founded in 2003 by Alan J. Hunter and Benjamin A. Granados. PETROL has pioneered the business of creating iconic Visuals/Trailers/Content and Marketing Strategies for the global entertainment market, largely focused on the Gaming vertical. This approach has created incredible success for their clients and partner brands. For further information, please visit www.petrolad.com



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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.