

# TOADMAN INTERACTIVE (PUBL)

## Interim Report January–September 2019

### **About Toadman Interactive**

Toadman Interactive is a global player in the development and marketing of video games. The business strategy is based on the combination of in-house game developers, sales of own and other titles and consultancy services for other game developers. This structure creates synergy effects and revenue throughout the value chain, from the development phase to the launch and marketing of the games. The Toadman group currently consists of Toadman Interactive and Antimatter (gaming studios), Tangentix (gaming platform) and Petrol (marketing). The company has its head office in Stockholm as well as offices in the USA, Germany, England and Russia. The company has more than 180 employees.

Nasdaq First North Ticker Symbol: TOAD

More information: [www.toadmaninteractive.com](http://www.toadmaninteractive.com)



# Interim Report January–September 2019

## July–September 2019 in short

- Net revenue amounted to 66 460 (13 618) KSEK.
- EBITDA amounted to 13 326 (4 802) KSEK and EBIT amounted to 1 953 (4 445) KSEK.
- Net profit after tax amounted to -7 832 (4 138) KSEK.
- Net debt was 121 059 (99 465) KSEK.
- Earnings per share amounted to -0.000355 SEK.
- During the third quarter of 2019, Petrol turned over 49.6 MSEK. During the same period, the gaming part of Toadman turned over 16.9 MSEK.

## Significant events during the quarter

- An agreement to consult on a project has been signed with the Swedish game developer Fatshark worth approximately 13 MSEK.
- Toadman's corporate bonds of 120 MSEK start trading on Nasdaq First North.

## January–September 2019 in short

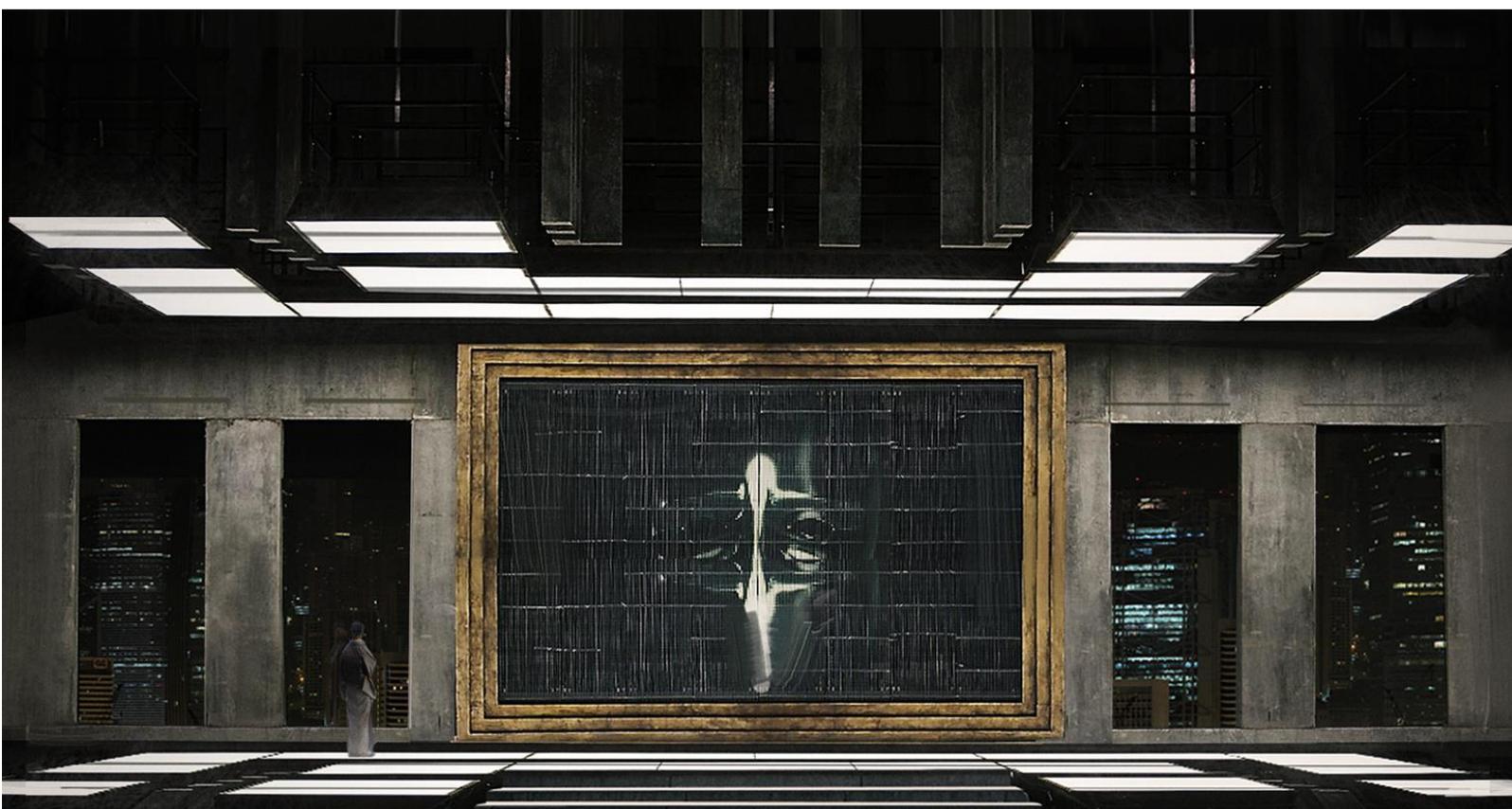
- Net revenue amounted to 94 905 KSEK.
- EBITDA amounted to 20 485 KSEK and EBIT amounted to 8 169 KSEK.
- Net profit after tax amounted to -2 123 KSEK.
- Net debt was 121 059 KSEK.
- Earnings per share amounted to -0.000125 SEK.

## Significant events after the quarter

- The management has been strengthened with Christopher Bergstresser as COO and Andreas Jonsson as CTO.
- Toadman acquired the assets of Tangentix Ltd for 50 KGBP, thereby adding the game streaming service Game Sessions to its portfolio.
- A new trailer for the game IGI: Origins has been released with more than 1 million views on Youtube.

| Net revenue<br>Q3<br>2019 | EBITDA<br>Q3<br>2019 | FTE | Total number of<br>games in<br>development | Number of<br>companies in the<br>group |
|---------------------------|----------------------|-----|--|--|
| 66 MSEK                   | 13 MSEK              | 176 | 9  | 6                                      |

| Financial Overview of the Toadman Group                 | Quarter                  |                          |                          | Accumulated              | Full Year                |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 2019-07-01<br>2019-09-30 | 2019-04-01<br>2019-06-30 | 2019-01-01<br>2019-03-31 | 2019-01-01<br>2019-09-30 | 2017-09-01<br>2018-12-31 |
|   | 3 months                 | 3 months                 | 3 months                 | 9 months                 | 16 months                |
| Net revenue (KSEK)                                      | 66,460                   | 13,618                   | 14,827                   | 94,905                   | 73,110                   |
| Net revenue growth                                      | 388%                     | -8%                      | -                        | -                        | -                        |
| EBITDA (KSEK)   | 13,326                   | 4,802                    | 2,357                    | 20,485                   | 6,382                    |
| EBITDA margin (%)                                       | 20%                      | 35%                      | 16%                      | 22%                      | 9%                       |
| Operating profit (EBIT) (KSEK)                          | 1,953                    | 4,445                    | 1,771                    | 8,169                    | 5,728                    |
| Operating margin (EBIT margin)                          | 3%                       | 33%                      | 12%                      | 9%                       | 8%                       |
| Items affecting comparability (KSEK)                    | 0                        | 2,138                    | 0                        | 2,138                    | -8,233                   |
| Adjusted EBITDA (KSEK)                                  | 13,326                   | 2,664                    | 2,357                    | 18,347                   | 14,615                   |
| Adjusted EBITDA margin (%)                              | 20%                      | 20%                      | 16%                      | 19%                      | 20%                      |
| Adjusted operating profit (adjusted EBIT) (KSEK)        | 1,953                    | 2,307                    | 1,771                    | 6,031                    | 13,961                   |
| Adjusted operating profit margin (adjusted EBIT margin) | 3%                       | 17%                      | 12%                      | 6%                       | 19%                      |
| Net debt (KSEK)   | 121,059                  | 99,465                   | -24,599                  | 121,059                  | -14,596                  |
| Equity ratio  | 39%                      | 38%                      | 75%                      | 39%                      | 65%                      |
| Average number of FTEs                                  | 176                      | 178                      | 81                       | 82                       | 47                       |
| Total number of shares                                  | 22,091,519               | 21,626,196               | 16,978,761               | 16,978,761               | 15,178,761               |
| Earnings per share (SEK)                                | -0.000355                | 0.000191                 | 0.0000925                | -0.000125                | 0.000261                 |



## A Word from the CEO

### Gaming Company Undergoing Strong Growth

*"Several key achievements within the Toadman Group"*

During the third quarter of 2019, our net revenue grew by almost 400% from 13.6 MSEK to 66.5 MSEK. In conjunction with this, we have taken many important steps to create an organization able to support this rapid growth.

#### A Group of 180 Employees

Earlier this year, we completed our largest acquisition to date of the world-leading US marketing agency Petrol Advertising, which increased our team to near 180 employees.

Growth places great demands on the organization and I am very pleased to announce that the integration of Petrol has gone well primarily as we have succeeded in strengthening the management with new and competent employees. Christopher Bergstresser has been hired as operational manager (COO) and Andreas Jonsson, who was employed in connection with the acquisition of Diskett, has been promoted to CTO. This gives us the necessary prerequisites to continue to grow rapidly in the future.

#### The First Trailer of IGI: Origins is Released

In conjunction with the acquisition of the Norwegian gaming studio Artplant, Toadman was granted ownership of all the rights to the franchise Project IGI. Work is progressing according to plan and we have recently released a so-called teaser trailer for the third game in the series, IGI: Origins, which in just a few weeks has received over 1 million views on YouTube. The trailer is not only a taste of what IGI: Origins will look like, but also a good example of the collaboration between the various companies within the Toadman Group.

At present, IGI: Origins is a playable prototype and we expect to be able to launch the game 2020-2021.

#### Acquisition of Tangentix

After the third quarter, and as part of our vertical expansion strategy within the value chain, we have also acquired the assets of the UK-based company Tangentix for 50 KGBP. This gives us the ownership of all patents and rights linked to the digital game publishing platform Game Sessions.



Game Sessions has 500,000 users as a result of a total of 6 MGBP having been invested in the platform in the last years.

We see great value in the platform, technology and patents. Our intention is to continue developing Game Sessions, both for our own games but also for third party games. Our ambition is to re-open the service during the fourth quarter of 2019.

#### Future Prospects

During the third quarter of 2019, we have taken further steps towards growing within the value chain and we continue to evaluate new opportunities for further expansion. We see good potential in being able to grow within distribution and publishing games in a way that is advantageous to us.

We have also published a road-map for our upcoming games that clearly illustrates how exciting the upcoming years will be.

I remain enthusiastic and look forward to seeing our broadened and strengthened organization deliver now that we have created such good conditions for it. We continue to switch up step by step to approach the position as a leading player in the gaming industry.

#### Robin Flodin

*CEO and Co-Founder*  
Toadman Interactive AB (publ)

# The Gaming Industry

The gaming industry is the fastest growing part of the entertainment industry and is estimated to have generated about 135 BNUSD in 2018 - an increase of 10% in revenue. 53% or 71.7 BNUSD of this revenue relates to PC or console games. The number of active players is estimated to be 2.2 billion, of which 47% are classified as paying players.

Asia Pacific (APAC) with China at the forefront is the largest geographic market and accounts for close to half of total sales. The second largest in terms of turnover is North America, closely followed by Europe, the Middle East and Africa (EMEA). All geographic markets are expected to show continued strong growth in the coming years with an average global market growth (CAGR) of 6.2% by 2020.

Digital distribution of games on PC and console, via online platforms such as Steam, represented 76% of sales in 2018. In the mobile segment, all sales are digital, but digital distribution also dominates in sales of PC and console games.<sup>1</sup>

## Business Model and Vision

Toadman specializes in role-playing games (RPG) and strives to become one of the world's leading developers and publishers in the genre. It also happens that we make other games - such as IGI 3, which is a game in the "shooting" category.

One of the main principles for Toadman's business philosophy is resource efficiency, which permeates both the Company's business strategy and working methods. By communicating a clear and shared vision of the end product, keeping time-consuming processes such as meetings and approvals to a minimum and building a team of motivated and versatile individuals, Toadman has succeeded in achieving profitability and productivity. This provides the Company with a stable platform for future growth. The management's many years of industry experience means that Toadman can identify and initiate discussions with potential acquisitions that can complement the Company's offer. An acquisition-driven growth strategy would also enable Toadman to strengthen its global presence and gain access to employees in new markets.

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<sup>1</sup> <https://www.gamesindustry.biz/articles/2018-12-18-global-games-market-value-rose-to-usd134-9bn-in-2018>

# Toadman's Game Pipeline

Toadman has previously announced to the market that an update of the gaming portfolio would take place during the third quarter. It follows below:

**Project Osiris:** Toadman is developing a game for Chinese Leyou where the initial contract was for over 1 year and turnover for Toadman was just over 40 MSEK. An agreement for an extension of the game to December 2019 has been signed, which is worth 6.5 MUSD (approximately 60 MSEK). Toadman receives 20% of the revenue when the game goes on the market.

**Project Anubis:** RPG game currently in test phase. Fully financed by Toadman, expected release 2020-2021.

**IGI: Origins:** Toadman collaborates with Petrol Advertising for the development of the game. The game is expected to be released 2021-2022. A first playable prototype has been developed and a teaser trailer has been released.

**'83:** Toadman's newly acquired studio Antimatter Games is currently developing the '83 game, a realistic shooter. Antimatter has sold over a million copies in the same genre in its latest developed games and Toadman will continuously inform the market about the development.

**Projekt Hathor:** A game in prototype phase based on a well-known IP. The game is fully funded by Toadman. Expected release 2021-2022.

**Westmark Manor:** An RPG game scheduled for release in 2020. Toadman does not own the IP but has sequel rights.

**Block'n'load 2:** Sequel to a game that Toadman owns and is on the market. Expected release 2020-2021. Toadman will continuously inform the market about the development.

In addition, Toadman has two consulting assignments, one of which is for Fatshark and the other for one of the world's largest gaming companies.

# Companies in the Group

## Petrol Advertising

At the end of June 2019, Toadman Interactive entered into an agreement with the owners of the world-leading US-based marketing agency Petrol Advertising on an acquisition for the equivalent of 171 MSEK.

The purchase price corresponds to a multiple of 6.8 times Petrol's 2018 adjusted EBIT. It is Toadman Interactive's single largest acquisition to date and the payment was partly in cash and partly in shares.

Of course, in tough competition in the global gaming market, it is important to have games that stand out and are discovered by players. Through the acquisition, Toadman Interactive gains world-leading expertise within the Group to market its own games, but also to be able to offer these services to other game developers.

The acquisition of Petrol also means new diversified revenue streams for the Group through Petrol's existing operations, which contributes to the Group's ongoing cash flow and reduces the overall business risk in the company.

By paying part of the acquisition in shares, this means that Petrol's founder has become a new major shareholder in Toadman and thus invested long-term in the company's success.

In 2019, Petrol celebrates 16 years as a company and having won over 170 industry awards through the times crowned by seven final places and three medals in the Promax Game Awards for:

1. Gold medal for best product logo design for Rage.
2. Silver medal for best box art for Call of Duty – Black Ops 4 Standard Packaging.
3. Silver medal for best box art (limited edition, special edition or collector's edition) – Call of Duty – Black Ops 4 Mystery Box Edition.

## Antimatter Games

The agreement to acquire the British gaming studio Antimatter Games is in line with the Group's goal to become a leading gaming group with its own games. Antimatter Games was acquired for a total of 1.58 MSEK (132 KGBP) with a cash balance of 3.45 MSEK (300 KGBP) included in the purchase.

Antimatter Games, founded in 2013, currently has 20 employees and is the largest game development studio in the south west of the United Kingdom. The acquisition means, among other things, that Toadman Interactive becomes the full owner of a game under development called '83. It is a game within the popular first-person shooter multiplayer genre that takes place in an alternate history as the Cold War gets hot and a new world war begins in 1983.

The first '83 trailer was released in March 2019 and has been viewed by hundreds of thousands of people on YouTube and received millions of views on other social media. '83 is expected to be ready for launch in 2021.

Antimatter Games had a turnover of approximately 14 MSEK in 2018 and made an operating profit (EBIT) of about 3 MSEK, which is mainly due to the development of the game Rising Storm 2.

Antimatter Games and its employees will be consolidated with Toadman Interactive's other game development operations, with significant cost and development synergies as a result.

## Tangentix

When the assets of Tangentix were acquired for GBP 50,000, Toadman acquired the ownership of all patents, digital rights, development technology and domain rights for the digital publishing platform Game Sessions. A total of around 6 MGBP has been invested in the platform which currently has 500,000 users.

Toadman's leaders see significant value in the acquired technology and will continue to develop the Game Sessions platform for their own games and possibly third-party games. The acquisition also strengthens the ability to digitally publish games for all companies in the Toadman Group.

# Acquisition After the End of the Quarter

## **Tangentix**

Toadman Interactive AB (publ) acquired the assets of UK-based Tangentix Ltd for 50 KGBP to strengthen the Company's opportunities to reach a wider network of players and lay the groundwork for enhancing its ability in digital publishing operations.

The acquisition gives Toadman the ownership of all Tangentix patents, digital rights, development technology and domain rights for their digital publishing platform Game Sessions ([www.gamesessions.com](http://www.gamesessions.com)).

Game Sessions is a game streaming service that allows a subscriber to try a game for free for one hour without downloading it. Subsequently, the subscriber must purchase the product to continue playing the game. Today, the Game Sessions platform has 500,000 users. Prior to the acquisition, the owners of Tangentix Ltd have invested approximately 6 MGBP in the development of the platform.

On September 30, 2019, the company filed for bankruptcy and Toadman acquired the assets through a bidding process. The Game Sessions website will be down temporarily while Toadman is working on updates. Toadman expects to open the service again in the fourth quarter of 2019.

Toadman's management sees significant value in Tangentix technology and patents. Toadman will continue to develop the Game Sessions platform for its own games, and possibly third-party games. In addition, the acquisition will strengthen the ability to digitally place games for all the companies in the Toadman Group. This also follows Toadman's previously communicated strategy to expand and strengthen its position in digital distribution.

Toadman will also employ key personnel from Tangentix who will be integrated into a newly formed publishing business in Toadman.

# Development of the Group

## The Quarter July-September 2019

### Revenue and Operating Profit

Net revenue for the third quarter of 2019 amounted to 66.5 (13.6) MSEK, an increase mainly attributable to the acquisition of the subsidiary Petrol. Operating profit amounted to 2.0 MSEK.

### Game Development

During the third quarter, 2.6 (2.0) MSEK was capitalized as an intangible asset - in-house game development. The investments are mainly attributable to Project Osiris and '83. Depreciation and amortization during the period amounted to -11.4 (-0.4) MSEK.

### Financial Net

The financial net for the third quarter was -6.6 (-0.4) MSEK due to the financing of the acquisition of Petrol.

### Tax

The Group's tax expenses for the quarter amounted to -3.2 (-0.1) MSEK.

## The Period January-September 2019

### Revenue and Operating Profit

Net revenue for the period January-September amounted to 108.1 MSEK. Operating profit amounted to 8.2 MSEK.

### Game Development

During the period, 6.3 MSEK was capitalized as an intangible asset - in-house game development. Depreciation and amortization during the period amounted to -12.3 MSEK.

### Financial Net

The financial net for the third quarter was -6.9 MSEK due to the financing of the acquisition of Petrol.

### Tax

The Group's tax expenses for the period amounted to -3.6 MSEK.

## Financial Position

### Financial Position and Liquidity

At the end of the quarter, the Group had 13.4 (25.1) MSEK in cash. The company will invest further in project-funded and own titles.

### Operational Cash Flow

The cash flow from operations amounted to -25.5 MSEK.

### Financing

To finance recent and upcoming acquisitions, Toadman has signed bond loans, which as of July 17, 2019, are traded on Nasdaq First North. The initial loan amount is SEK 120 million and runs for three years.

### Investments and Acquisitions

Toadman is further exploring opportunities to grow within the value chain and sees good potential in expanding in distribution and publishing of games in the future.

### Earnout Payments

There has been no earnout payments during the third quarter.

## Other Information

### Significant events after the quarter

Management has been strengthened with Christopher Bergstresser as COO and Andreas Jonsson as CTO.

The assets of Tagentix Ltd have been acquired for 50 KGBP, thereby adding the game subscription service Game Sessions to its portfolio.

A new trailer for the game IGI: Origins has been released.

### Personnel

As of this report's publication date, the Group has 176 employees. The company continues to expand through organic growth and acquisitions in order to work on large projects and to complete further investments in its own games.

## Share and Ownership

Toadman's share is listed on Nasdaq First North Stockholm with the ticker symbol 'TOAD'. The share price was SEK 20.20 per share on November 25, 2019. The total number of shares outstanding is 22,091,519 as of November 26, 2019.

| Shareholder      | Number of shares  | Capital %     |
|------------------|-------------------|---------------|
| Robin Flodin     | 3,815,691         | 17.3%         |
| Rasmus Davidsson | 3,815,691         | 17.3%         |
| Alan Hunter      | 2,323,718         | 10.5%         |
| Ben Granados     | 2,323,718         | 10.5%         |
| Johan Svensson   | 1,766,766         | 8.0%          |
| Alexander Albedj | 1,677,779         | 7.6%          |
| Fatshark AB      | 1,000,000         | 4.5%          |
| Ola Nilsson      | 680,000           | 3.1%          |
| Ted Löfgren      | 680,000           | 3.1%          |
| Others           | 4,008,156         | 18.1%         |
| <b>Total</b>     | <b>22,091,519</b> | <b>100.0%</b> |

## Related Party Transactions

There has been no transactions with related parties other than customary transactions.

## Risks

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

## Accounting Policies

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

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

In December 2017, a subsidiary was registered in Germany - Toadman Interactive GmbH. The operations of the German subsidiary were modest and did not lead to the introduction of consolidated accounts. When on June 28, 2018, the company acquired the Norwegian gaming studio Artplant AS with subsidiaries in Russia, the activities of the subsidiaries became more significant and the group consolidated since the beginning of the year. This means that, since the interim report as of 2018-08-31, the company presents consolidated figures in accordance with the K3 rules.

The acquisition analysis regarding Artplant AS with a subsidiary in Russia is closed and the additional purchase price was redeemed with shares as of June 28, 2019.

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

Since the Group was first formed at the acquisition of Artplant at the end of June 2018, no periodic comparative figures for the Group from the first quarter of 2018 are presented.

The acquisition analysis regarding Petrol Advertising is still open. The purchase price was paid with shares and cash as of June 26, 2019.

## Auditor

Ernst & Young Aktiebolag was elected auditor in the General Meeting as of May 9, 2019 and is represented by Beata Lihammar. This interim report has not been reviewed by our auditors.

## FINANCIAL RAPPORTS

### Income Statement – Group

|   | Quarter                                     |   |   | Accumulated                                 | Full Year                                    |
|---|---|---|---|---|--|
|   | 2019-07-01<br>2019-09-30<br><i>3 months</i> | 2019-04-01<br>2019-06-30<br><i>3 months</i> | 2019-01-01<br>2019-03-31<br><i>3 months</i> | 2019-01-01<br>2019-09-30<br><i>9 months</i> | 2017-09-01<br>2018-12-31<br><i>16 months</i> |
| Net revenue   | 66,460                                      | 13,618                                      | 14,827                                      | 94,905                                      | 73,110                                       |
| Own work capitalized  | 2,629                                       | 1,987                                       | 1,710                                       | 6,326                                       | 458  |
| Other revenue   | 3,879                                       | 2,750                                       | 224   | 6,853                                       | 2,543  |
| <b>Total revenue</b>  | <b>72,968</b>                               | <b>18,355</b>                               | <b>16,761</b>                               | <b>108,084</b>                              | <b>76,111</b>                                |
| <i>Operating expenses</i>   |   |   |   |   |  |
| Cost of goods sold  | -20,700                                     | -3,279                                      | -2,604                                      | -26,583                                     | -16,183                                      |
| Other external expenses   | -10,466                                     | -3,285                                      | -4,183                                      | -17,934                                     | -27,158                                      |
| Personnel expenses  | -28,328                                     | -6,933                                      | -7,599                                      | -42,860                                     | -26,199                                      |
| Other expenses  | -148  | -56   | -18   | -222  | -189   |
| <b>Operating profit before depreciation and amortization (EBITDA)</b> | <b>13,326</b>                               | <b>4,802</b>                                | <b>2,357</b>                                | <b>20,485</b>                               | <b>6,382</b>                                 |
| Depreciation and amortization   | -11,373                                     | -357  | -586  | -12,316                                     | -654   |
| <b>Operating profit (EBIT)</b>  | <b>1,953</b>                                | <b>4,445</b>                                | <b>1,771</b>                                | <b>8,169</b>                                | <b>5,728</b>                                 |
| <b>Financial net</b>  | <b>-6,631</b>                               | <b>-431</b>                                 | <b>144</b>                                  | <b>-6,918</b>                               | <b>669</b>                                   |
| <b>Profit before tax</b>  | <b>-4,678</b>                               | <b>4,014</b>                                | <b>1,915</b>                                | <b>1,251</b>                                | <b>6,397</b>                                 |
| Tax expense for the period  | -3,197                                      | 80  | -478  | -3,595                                      | -1,872                                       |
| Deferred tax  | 43  | 44  | 134   | 221   | -567   |
| <b>NET PROFIT</b>   | <b>-7,832</b>                               | <b>4,138</b>                                | <b>1,571</b>                                | <b>-2,123</b>                               | <b>3,958</b>                                 |

As the Group was first formed at the acquisition of Artplant at the end of June 2018, no periodic comparative figures for 2018 are presented.

Comparative figures for the full year comprise 16 months instead of 12 as a result of the transition to the calendar year as a financial year. As a result, the comparative figures from quarter 5, 2018 are four months instead of three.

## Balance Sheet - Group

|                                     | 2019-09-30     | 2019-06-30     | 2019-03-31    | 2018-12-31    |
|-------------------------------------|----------------|----------------|---------------|---------------|
| <b>ASSETS</b>                       |                |                |               |               |
| <b>Non-current assets</b>           |                |                |               |               |
| Intangible non-current assets       | 211,919        | 208,432        | 9,707         | 8,162         |
| Tangible non-current assets         | 7,822          | 7,987          | 240           | 247           |
| Financial non-currents assets       | 1,311          | 1,288          | 968           | 860           |
| <b>Total non-current assets</b>     | <b>221,052</b> | <b>217,707</b> | <b>10,915</b> | <b>9,269</b>  |
| <b>Current assets</b>               |                |                |               |               |
| Current receivables                 | 110,053        | 92,453         | 34,311        | 23,556        |
| Cash and cash equivalents           | 13,360         | 25,135         | 24,599        | 14,596        |
| <b>Total current assets</b>         | <b>123,413</b> | <b>117,588</b> | <b>58,910</b> | <b>38,152</b> |
| <b>TOTAL ASSETS</b>                 | <b>344,465</b> | <b>335,295</b> | <b>69,825</b> | <b>47,421</b> |
| <b>EQUITY AND LIABILITIES</b>       |                |                |               |               |
| <b>Equity</b>                       | <b>133,025</b> | <b>127,355</b> | <b>52,350</b> | <b>30,662</b> |
| <b>Deferred liabilities</b>         | <b>50,533</b>  | <b>49,296</b>  | <b>7,549</b>  | <b>7,579</b>  |
| <b>Non-current liabilities</b>      | <b>134,419</b> | <b>124,600</b> | <b>0</b>      | <b>0</b>      |
| <b>Current liabilities</b>          | <b>26,488</b>  | <b>34,044</b>  | <b>9,926</b>  | <b>9,180</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>344,465</b> | <b>335,295</b> | <b>69,825</b> | <b>47,421</b> |

## Cash Flow Statement - Group

|  | 2019-07-01<br>2019-09-30<br><i>3 months</i> | 2019-04-01<br>2019-06-30<br><i>3 months</i> | 2019-01-01<br>2019-03-31<br><i>3 months</i> | 2019-01-01<br>2019-09-30<br><i>9 months</i> | <u>Full Year</u><br>2017-09-01<br>2018-12-31<br><i>16 months</i> |
|--|---|---|---|---|--|
| <b>OPERATING ACTIVITIES</b>  |   |   |   |   |  |
| Operating profit   | 1,953                                       | 4,445                                       | 1,771                                       | 8,169                                       | 5,728  |
| Depreciation   | 10,931                                      | 799   | 586   | 12,316                                      | 654  |
| Exchange rate differences in intra-group items                               | 635   | -112  | 112   | 635   | 131  |
| Financial items and tax  | -9,699                                      | -504  | 46  | -10,157                                     | 541  |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>3,820</b>                                | <b>4,628</b>                                | <b>2,515</b>                                | <b>10,963</b>                               | <b>7,054</b>   |
| Cash flow from changes in working capital                                    | -29,295                                     | -11,008                                     | -10,351                                     | -50,654                                     | -14,851  |
| <b>Cash flow from operating activities</b>                                   | <b>-25,475</b>                              | <b>-6,380</b>                               | <b>-7,836</b>                               | <b>-39,691</b>                              | <b>-7,797</b>  |
| <b>INVESTMENT ACTIVITIES</b>   |   |   |   |   |  |
| Cash flow from investment activities   | 57  | -111,948                                    | -2,383                                      | -114,274                                    | -2,383   |
| <b>Cash flow from investment activities</b>                                  | <b>57</b>                                   | <b>-111,948</b>                             | <b>-2,383</b>                               | <b>-114,274</b>                             | <b>-2,383</b>  |
| <b>FINANCING ACTIVITIES</b>  |   |   |   |   |  |
| Cash flow from financing activities  | 13,321                                      | 118,792                                     | 20,293                                      | 152,406                                     | 24,116   |
| <b>Cash flow from financing activities</b>                                   | <b>13,321</b>                               | <b>118,792</b>                              | <b>20,293</b>                               | <b>152,406</b>                              | <b>24,116</b>  |
| <b>CASH FLOW FOR THE PERIOD</b>  | <b>-12,097</b>                              | <b>464</b>                                  | <b>10,074</b>                               | <b>-1,559</b>                               | <b>13,936</b>  |
| <b>Cash and cash equivalents at start of period</b>                          | <b>25,134</b>                               | <b>24,599</b>                               | <b>14,596</b>                               | <b>14,596</b>                               | <b>772</b>   |
| Cash flow for the period   | -12,097                                     | 464   | 10,074                                      | -1,559                                      | 13,936   |
| Exchange rate differences  | 323   |   | -71   | 323   | -112   |
| <b>Cash and cash equivalents at end of period</b>                            | <b>13,360</b>                               | <b>25,063</b>                               | <b>24,599</b>                               | <b>13,360</b>                               | <b>14,596</b>  |
| <b>Specification of cash and cash equivalents</b>                            |   |   |   |   |  |
| Total cash balance   | 13,360                                      | 25,063                                      | 24,599                                      | 13,360                                      | 14,596   |
| <i>of which are blocked</i>  | -1,268                                      | -1,568                                      | -1,568                                      | -1,268                                      | -1,568   |
| <b>Available cash at the end of the period</b>                               | <b>12,092</b>                               | <b>23,495</b>                               | <b>23,031</b>                               | <b>12,092</b>                               | <b>13,028</b>  |

## Changes in Equity - Group

|  | Share Capital | Other Shareholder Contributions | Other Equity  | Total Equity   |
|--|---------------|---------------------------------|---------------|----------------|
| <b>Opening balance 2019-01-01</b>        | <b>569</b>    | <b>24,635</b>                   | <b>5,458</b>  | <b>30,662</b>  |
| Rights issues                            | 272           | 93,030                          |               | 93,302         |
| Rights issues transaction costs          |               | -2,457                          |               | -2,457         |
| Bonus issue                              | 43            |                                 | -43           | 0              |
| Exchange difference foreign subsidiaries |               |                                 | 13,641        | 13,641         |
| Net profit for the period                |               |                                 | -2,123        | -2,123         |
| <b>Closing balance 2019-09-30</b>        | <b>884</b>    | <b>115,208</b>                  | <b>16,933</b> | <b>133,025</b> |

## Income Statement – Parent

|   | Quarter                                     |   |   | Accumulated                                 | Full Year                                    |
|---|---|---|---|---|--|
|   | 2019-07-01<br>2019-09-30<br><i>3 months</i> | 2019-04-01<br>2019-06-30<br><i>3 months</i> | 2019-01-01<br>2019-03-31<br><i>3 months</i> | 2019-01-01<br>2019-09-30<br><i>9 months</i> | 2017-09-01<br>2018-12-31<br><i>16 months</i> |
| Net revenue   | 21,341                                      | 13,428                                      | 14,637                                      | 49,406                                      | 72,573                                       |
| Own work capitalized  | 2,628                                       | 804   | 1,204                                       | 4,636                                       | 458  |
| Other revenue   | 3,875                                       | 641   | 195   | 4,711                                       | 1,785  |
| <b>Total revenue</b>  | <b>27,844</b>                               | <b>14,873</b>                               | <b>16,036</b>                               | <b>58,753</b>                               | <b>74,816</b>                                |
| <i>Operating expenses</i>   |   |   |   |   |  |
| Cost of goods sold  | -15,630                                     | -7,750                                      | -6,042                                      | -29,422                                     | -25,067                                      |
| Other external expenses   | -4,290                                      | -2,721                                      | -3,360                                      | -10,371                                     | -25,188                                      |
| Personnel expenses  | -3,957                                      | -4,623                                      | -4,646                                      | -13,226                                     | -17,894                                      |
| Other expenses  | -148  | -56   | -18   | -222  | 0  |
| <b>Operating profit before depreciation and amortization (EBITDA)</b> | <b>3,819</b>                                | <b>-277</b>                                 | <b>1,970</b>                                | <b>5,512</b>                                | <b>6,667</b>                                 |
| Depreciation and amortization   | -22   | -22   | -22   | -66   | -99  |
| <b>Operating profit (EBIT)</b>  | <b>3,797</b>                                | <b>-299</b>                                 | <b>1,948</b>                                | <b>5,446</b>                                | <b>6,568</b>                                 |
| <b>Financial net</b>  | <b>-6,572</b>                               | <b>-453</b>                                 | <b>171</b>                                  | <b>-6,854</b>                               | <b>817</b>                                   |
| <b>Profit before tax</b>  | <b>-2,775</b>                               | <b>-752</b>                                 | <b>2,119</b>                                | <b>-1,408</b>                               | <b>7,385</b>                                 |
| Tax expense for the period  | 0   | 0   | 0   | 0   | -2,773                                       |
| Deferred tax  | 287   | -287  | 0   | 0   | -1,831                                       |
| <b>NET PROFIT</b>   | <b>-2,488</b>                               | <b>-1,039</b>                               | <b>2,119</b>                                | <b>-1,408</b>                               | <b>2,781</b>                                 |

As the parent company changed the fiscal year to calendar year at the end of 2018, no periodic comparative figures from 2018 are presented.

Comparative figures for the full year comprise 16 months instead of 12 as a result of the transition to the calendar year as a financial year. As a result, the comparative figures from quarter 5, 2018 are four months instead of three.

## Balance Sheet - Parent

|                                     | 2019-09-30     | 2019-06-30     | 2019-03-31    | 2018-12-31    |
|-------------------------------------|----------------|----------------|---------------|---------------|
| <b>ASSETS</b>                       |                |                |               |               |
| <b>Non-current assets</b>           |                |                |               |               |
| Intangible non-current assets       | 5,094          | 2,466          | 1,662         | 458           |
| Tangible non-current assets         | 87             | 109            | 131           | 152           |
| Financial non-currents assets       | 235,082        | 235,991        | 9,226         | 8,301         |
| <b>Total non-current assets</b>     | <b>240,263</b> | <b>238,566</b> | <b>11,019</b> | <b>8,911</b>  |
| <b>Current assets</b>               |                |                |               |               |
| Current receivables                 | 74,380         | 60,323         | 34,750        | 25,899        |
| Cash and cash equivalents           | 9,689          | 18,472         | 22,599        | 11,550        |
| <b>Total current assets</b>         | <b>84,069</b>  | <b>78,795</b>  | <b>57,349</b> | <b>37,449</b> |
| <b>TOTAL ASSETS</b>                 | <b>324,332</b> | <b>317,361</b> | <b>68,368</b> | <b>46,360</b> |
| <b>EQUITY AND LIABILITIES</b>       |                |                |               |               |
| <b>Equity</b>                       | <b>118,778</b> | <b>121,306</b> | <b>51,485</b> | <b>29,540</b> |
| <b>Deferred liabilities</b>         | <b>52,356</b>  | <b>51,073</b>  | <b>9,382</b>  | <b>9,382</b>  |
| <b>Non-current liabilities</b>      | <b>120,000</b> | <b>120,505</b> | <b>0</b>      | <b>0</b>      |
| <b>Current liabilities</b>          | <b>33,198</b>  | <b>24,477</b>  | <b>7,501</b>  | <b>7,438</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>324,332</b> | <b>317,361</b> | <b>68,368</b> | <b>46,360</b> |

## Cash Flow Statement - Parent

|  | 2019-07-01<br>2019-09-30<br><i>3 months</i> | 2019-04-01<br>2019-06-30<br><i>3 months</i> | 2019-01-01<br>2019-03-31<br><i>3 months</i> | 2019-01-01<br>2019-09-30<br><i>9 months</i> | <u>Full Year</u><br>2017-09-01<br>2018-12-31<br><i>16 months</i> |
|--|---|---|---|---|--|
| <b>OPERATING ACTIVITIES</b>  |   |   |   |   |  |
| Operating profit   | 3,796                                       | -299  | 1,948                                       | 5,445                                       | 6,568  |
| Depreciation   | 22  | 22  | 22  | 66  | 99   |
| Financial items and tax  | -4,425                                      | -48   | 102   | -4,371                                      | 689  |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-607</b>                                 | <b>-325</b>                                 | <b>2,072</b>                                | <b>1,140</b>                                | <b>7,356</b>   |
| Cash flow from changes in working capital                                    | -16,991                                     | -9,698                                      | -8,718                                      | -35,407                                     | -17,773  |
| <b>Cash flow from operating activities</b>                                   | <b>-17,598</b>                              | <b>-10,023</b>                              | <b>-6,646</b>                               | <b>-34,267</b>                              | <b>-10,417</b>   |
| <b>INVESTMENT ACTIVITIES</b>   |   |   |   |   |  |
| Cash flow from investment activities   | 8,815                                       | -112,882                                    | -2,130                                      | -106,197                                    | -2,921   |
| <b>Cash flow from investment activities</b>                                  | <b>8,815</b>                                | <b>-112,882</b>                             | <b>-2,130</b>                               | <b>-106,197</b>                             | <b>-2,921</b>  |
| <b>FINANCING ACTIVITIES</b>  |   |   |   |   |  |
| Cash flow from financing activities  | 0   | 118,778                                     | 19,825                                      | 138,603                                     | 24,116   |
| <b>Cash flow from financing activities</b>                                   | <b>0</b>                                    | <b>118,778</b>                              | <b>19,825</b>                               | <b>138,603</b>                              | <b>24,116</b>  |
| <b>CASH FLOW FOR THE PERIOD</b>  | <b>-8,783</b>                               | <b>-4,127</b>                               | <b>11,049</b>                               | <b>-1,861</b>                               | <b>10,778</b>  |
| Cash and cash equivalents at start of period                                 | 18,472                                      | 22,599                                      | 11,550                                      | 11,550                                      | 772  |
| Cash flow for the period   | -8,783                                      | -4,127                                      | 11,049                                      | -1,861                                      | 10,778   |
| <b>Cash and cash equivalents at end of period</b>                            | <b>9,689</b>                                | <b>18,472</b>                               | <b>22,599</b>                               | <b>9,689</b>                                | <b>11,550</b>  |
| <b>Specification of cash and cash equivalents</b>                            |   |   |   |   |  |
| Total cash balance   | 9,689                                       | 18,472                                      | 22,599                                      | 9,689                                       | 11,550   |
| <i>of which are blocked</i>  | 1,268                                       | 1,568                                       | 1,568                                       | 1,568                                       | 1,568  |
| <b>Available cash at the end of the period</b>                               | <b>8,421</b>                                | <b>16,904</b>                               | <b>21,031</b>                               | <b>8,121</b>                                | <b>9,982</b>   |

## Changes in Equity - Parent

|                                   | Share Capital | Capitalization Reserve | Share Premium Reserve | Non-Restricted Equity | Total Equity   |
|-----------------------------------|---------------|------------------------|-----------------------|-----------------------|----------------|
| <b>Opening balance 2019-01-01</b> | 569           | 458                    | 24,635                | 3,878                 | 29,540         |
| Rights issues                     | 272           |                        | 90,374                |                       | 90,646         |
| Bonus issue                       | 43            |                        |                       | -43                   | 0              |
| Capitalization reserve            |               | 4,636                  |                       | -4,636                | 0              |
| Net profit for the year           |               |                        |                       | -1,408                | -1,408         |
| <b>Closing balance 2019-09-30</b> | <b>884</b>    | <b>5,094</b>           | <b>115,009</b>        | <b>-2,209</b>         | <b>118,778</b> |

## Definitions

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

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

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

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

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

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

**Non-recurring items:** Non-recurring operating items in normal operations.

**Adjusted EBITDA:** EBITDA adjusted by non-recurring items.

**Adjusted EBITDA margin (%):** EBITDA adjusted by non-recurring items as a percentage of net sales.

**Adjusted operating profit (adjusted EBIT):** EBIT adjusted by non-recurring items.

**Adjusted operating margin (adjusted EBIT margin):** EBIT adjusted by non-recurring items as a percentage of net sales

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

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

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

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

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

## Next Report

The next interim report – for the year 2019 – will be published on the February 20, 2020.

## About Toadman

Toadman develops and markets PC, console and mobile games for the global games market. The Group employs near 100 game developers and creates their own original IP as well as consult for other game publishers around the world through their Game Development Division. In addition, the Group's Marketing Division has helped to release 1500+ titles, many are world renowned brands such as Call of Duty, Destiny, Dark Souls and Rage. The head quarter is situated in Stockholm, Sweden with 180 employees in 6 offices world-wide.

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## Important Information

*Toadman Interactive AB (publ) is obliged to make this information public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out, at 08:00 CET on 26 November 2019.*

# The Board's Declaration

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

Stockholm, 26 November 2019

**Robin Flodin**  
CEO and member of the board

**Alexander Albedj**  
Chairman of the board

**Sven Folkesson**  
Member of the board

**Marie-Louise Gefwert**  
Member of the board