



**MAXIMUM**<sup>TM</sup>  
ENTERTAINMENT

Q3 INTERIM REPORT | JULY - SEPTEMBER 2023

# AT A GLANCE

Net revenue (Q3 2023)

**295.7 MSEK**

EBITDA (Q3 2023)

**45.6\* MSEK**

Revenue from own IP (Q3 2023)

**9 %**

Gross margin % (Q3 2023)

**32.2 %**

EBITDA margin (Q3 2023)

**15.4\* %**

No. of employees (Q3 2023)

**241**

*\*Before balance sheet adjustments to Earn-outs and Goodwill*

# INTERIM REPORT JULY – SEPTEMBER 2023

Net Sales for the quarter amounted to MSEK 295.7, an increase of 14% compared to the corresponding period in 2022. Continued strong performance of our OIP releases from the first half of the year together with successful 3rd party game launches are the main contributors. Gross margin as a percentage of Net Sales is 32.2%.

Before balance sheet adjustments to Earn-outs and Goodwill, EBITDA comes in at MSEK 45.6. This represents 15.4% of Net Sales compared to 7.3% for the same period in 2022.

## HIGHLIGHTS DURING THE THIRD QUARTER

### Game Launches

- Super Animal Royale Season 8 Launched with 10M players
- Massive content update for Smalland: Survive the Wilds – Forbidden Monuments
- Double Dragon Gaiden: Rise of the Dragons
- Hammerwatch II
- Paleo Pines
- Super Animal Royale Season 9

### Game Announcements

- Whisker Waters coming in 2024
- Smalland: Survive the Wilds 1.0 & console release date in 2023

### Corporate

- Company name change registration and MAXENT B share on Nasdaq

## HIGHLIGHTS AFTER THE END OF THE QUARTER

- Smalland: Survive the Wilds 3rd Content Update – Amber Valleys
- Erik Penser Bank engaged as liquidity provider
- Spirit of the North 2 announcement
- Spells and Secrets Launch
- New Partnership and Updates to Portfolio

## KEY FIGURES FOR THE GROUP

| Operational key figures (KSEK)                  | Jul - Sep 2023 | Jul - Sep 2022 | Jan - Sep 2023 | Jan - Sep 2022 | Full Year 2022 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net sales                                       | 295,651        | 258,551        | 751,972        | 725,647        | 1,138,271      |
| EBITDA bef. EO adjustment <sup>1</sup>          | 45,593         | 18,892         | 70,275         | 61,818         | 93,376         |
| EBITDA  | 149,231        | 18,892         | 173,913        | 61,818         | 94,792         |
| Operational EBIT <sup>2</sup>                   | 28,419         | 12,690         | 35,675         | 47,203         | 68,541         |
| EBIT  | -21,271        | -16,107        | -72,469        | -34,580        | -61,732        |
| EBITDA margin % bef. EO adjustment <sup>1</sup> | 15.4           | 7.3            | 9.3            | 8.5            | 8.2            |
| EBITDA margin %                                 | 50.5           | 7.3            | 23.1           | 8.5            | 8.3            |
| Operational EBIT margin %                       | 9.6            | 4.9            | 4.7            | 6.5            | 6.0            |
| EBIT margin %                                   | -7.2           | -6.2           | -9.6           | -4.8           | -5.4           |

| Other key figures            | Jul - Sep 2023 | Jul - Sep 2022 | Jan - Sep 2023 | Jan - Sep 2022 | Full Year 2022 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Balance sheet total          | 1,598,402      | 1,764,151      | 1,581,450      | 1,764,151      | 1,727,966      |
| Equity                       | 718,887        | 748,813        | 718,887        | 748,813        | 698,358        |
| Number of shares outstanding | 51,110,152     | 42,866,231     | 51,110,152     | 42,866,231     | 42,866,231     |
| Average number of shares     | 51,110,152     | 42,866,231     | 45,795,390     | 41,675,373     | 41,675,373     |
| Net earnings per share, SEK  | -0.75          | -0.07          | -2.10          | -0.24          | -1.8           |
| Equity ratio %               | 45             | 42             | 45             | 42             | 40             |
| Number of employees          | 241            | 209            | 241            | 209            | 215            |

<sup>1)</sup> EBITDA includes an adjustment of KSEK 103,638 related to the reduction of Earn -out provisions at the end of the third quarter.

<sup>2)</sup> The Group's EBIT is affected by the amortization of goodwill in accordance with the Swedish GAAP K3 that Maximum Entertainment applies. Operational EBIT, a key figure adjusted for this amortization provides a more accurate picture of the development of the operating income from the Group's operating activities.

# WORDS FROM OUR CEO

## A Solid Performance in Q3

We are pleased to present our Q3 results which show a solid performance during this third quarter. Before balance sheet adjustments the group delivered a 15.4% EBITDA for the period of 45.6 MSEK, bringing our YTD EBITDA to 9.3% of our 752M SEK of sales. Actual EBITDA after adjustments is 149.2 MSEK due to changes in the provisions for Earn-outs on the balance sheet, which have been revalued along with goodwill. The strong results for this quarter, even before any balance sheet adjustments, confirm that our portfolio strategy is delivering on its promise. As our leadership team continues to focus on structural improvements for the group, every team kept their eye on the ball and delivered great outcomes for our OIP, publishing and sub-publishing businesses.

### CONTINUED SUCCESS FOR OIP TITLES

OIP performed well in this quarter, bringing sales of OIP games to 13% of Net Revenue for the 9 months ending in September.

Smalland: Survive the Wilds maintained its “Very Positive” rating on Steam and new content released throughout the quarter, including the Forbidden Monuments release in July, has been well received. We are releasing new content regularly and progress on the game has allowed us to announce a 1.0 release in Q1 2024.

Throughout the Halloween season, Bramble: The Mountain King continued to deliver great results. With an “Overwhelmingly Positive” rating on Steam, we anticipate that this title will maintain its momentum through Q4 2023 and beyond. As sales progress for this title, we see a shift to digital sales which has a positive impact on margins for the game.

### A WINNING PUBLISHING LINEUP

This quarter demonstrated the power of our publishing capabilities with a lineup of successful 3<sup>rd</sup> party game launches including Double Dragon Gaiden: Rise of the Dragons, Paleo Pines and Hammerwatch II. The results of our published titles reinforce our confidence in our editorial choices across varied genres. As we continue to streamline our production and QA processes, we can release games within the window that will create the best commercial result in the right competitive landscape.

### CONFIRMATION OF PORTFOLIO APPROACH

Our teams understand that when it comes to sub-publishing, we can expect the unexpected. That proved true once again in 2023 with several delayed launches, many that were pushed back to 2024. Our sales teams were able to mobilize the rich catalog of MaxEnt games to help alleviate the impact of these slippages. The strength of our global publishing infrastructure and relationships within the retail industry around the world allows us to be responsive to changes and trends within the sector. We can move nimbly to leverage all revenue opportunities and create great results for us and for our partners. This global infrastructure and our deep portfolio of titles creates a solid foundation from which to navigate changes and headwinds in the industry.

# WORDS FROM OUR CEO

## Perspectives on Q4

We know that the hard work is not behind us, and we are preparing for a challenging Q4. As is usually the case, we have a crowded playing field, and many AAA launches creating a competitive market during this time of year. With the strong publishing and sub-publishing launches from Q3 along with our deep catalog, we will continue to leverage our wide portfolio to reach our targets.

Our catalog sales will benefit from the Five Nights at Freddy's film release in Q4 reinvigorating the Five Nights at Freddy's videogame franchise which is part of our sub-publishing catalog. Rounding out the strength of our Q4 offerings we have Dead Cells: Return to Castlevania and Atlas Fallen – both top catalog sellers in Q3.

I want to thank my team for continuing to pursue excellent results throughout this year as we finalize the changes to the group that have allowed us to build a solid foundation for growth. We are staying focused on the fundamentals of our company and we will continue to deliver engaging and entertaining games to players while creating a safe and inclusive work environment and delivering positive operating profits.



CHRISTINA SEELYE | CEO



# COMMENTS





# INCOME STATEMENT

## NET SALES

Net Sales for the quarter amounted to MSEK 295.7 delivering a YTD Net Sales of MSEK 752 at the end of September 2023. This represents an increase of 14.3% against same quarter of 2022 and a 3.6% increase in YTD against prior year. A number of titles contributed to the success in this quarter including continued performance on OIP titles such as Bramble The Mountain King and Smalland: Survive the Wilds. In addition, the group launched several published titles including Double Dragon Gaiden: Rise of the Dragons, Paleo Pines and Hammerwatch II that performed well.

## CAPITALIZED DEVELOPMENT

An important part of the Group's strategy is continued investment in its own games, which are expected to generate future positive cash flows. Over the course of the preceding quarter, the Group's studios continued development of new content for these games, including yet-to-be announced titles. Capitalized development for the current quarter amounted to MSEK 23.9 a 284% increase from prior year for the same period. For the first nine months of the year, total capitalized development is MSEK 67.3, over twice the MSEK 29 from 2022.

## OTHER OPERATING INCOME

Other operating income for the quarter amounts to MSEK 115 and MSEK 116 for the current YTD. That compares to MSEK 0 and MSEK 9 for the corresponding prior year periods. Other operating income for the quarter is generated from a change in provisions for contingent considerations for acquisitions, for which a more comprehensive note is included below (see notes on Provisions).

## OPERATING COSTS

Cost of goods sold (which includes manufacturing cost and royalties) at the end of the period amounts to MSEK 526.6 v. MSEK 511.7 for the prior year of which MSEK 200.5 was generated in the current quarter v. MSEK 183 for the same period last year. As a percentage of Net Sales, COGS have dropped in Q3 2023 to just under 68% of the quarterly net sales compared to over 70% of quarterly net sales in the previous year. This is due to a more favorable margin mix driven by the performance of OIP and published titles as well as the increase in the share of digital revenue.

Personnel costs are up MSEK 6.8 for the period from prior year and MSEK 24.2 in YTD, consistent with the variances observed in Q2 of this year. This is due to the addition of new team members in the studio division and the acquisition of our new Romanian team, in line with the strategy to develop more owned IP games.

Amortization of goodwill includes a charge of MSEK 123 for impairment. Please refer to the notes on goodwill below for further details.

## OPERATING INCOME (EBIT)

EBIT for the current quarter was MSEK -21.3 (MSEK-16.1 in prior year) which includes both amortization and the impairment adjustment of goodwill. The Group's operational EBIT, a metric giving a more accurate picture of the performance of the company, amounts to MSEK 28.4 in Q3 (up from MSEK 12.7 in Q3 2022)

and MSEK 35.7 for 9 months of 2023 (down from MSEK 47.2 in 2022).

## FINANCIAL ITEMS

The Group's financial items for the current quarter amounted to MSEK -9 compared to MSEK 18.6 for prior year. In 2023, financial results are mainly driven by loan-related expenses of MSEK -17 and impact of exchange rate fluctuations for MSEK +8.

## RESULT FOR THE PERIOD

Net result for the quarter amounted to MSEK -38.2 vs MSEK -3.1 for prior year. Cumulative net result for the Group at the end of September 2023 amounts to MSEK -107.6 compared to MSEK -10.2 in prior year.

# CASH FLOW AND FINANCIAL POSITION

## CASH FLOW

Cash flow from operating activities during the quarter amounted to MSEK -17.1 (vs MSEK -39.7 for Q3 2022) of which MSEK -41.9 came from change of the working capital. Cash flow from investment activities during the period amounted to MSEK -47.2 (compared to MSEK -30.9 last year), chiefly driven by investments in games. The variations to net investments in acquired companies and that for investments in financial assets concern the Earn-outs paid in Q2 2023.

Cash flow from financing activities during the period amounted to MSEK 23.5 (MSEK 73 in 2022) which was driven by deferred interest on the new term loan secured in February 2023 and new loan in Europe.

Cash balance at end of period amounted to MSEK 60.6 compared to MSEK 64.7 at the end of September 2022.

## FIXED ASSETS

The Group's fixed assets as of the balance sheet date amounted to MSEK 1,179.5 at the end of September 2023 vs a closing balance at the end of 2022 of MSEK 1,202.6. Main contributors to this post include consolidated goodwill from acquired companies and investments in games.

### Goodwill

Goodwill for acquired assets is reported at cost less accumulated amortization and impairment losses. The Group tests for impairment on a regular basis and no less than annually each fiscal year. An assessment of goodwill is based upon an evaluation of future cash flows and fair values of acquired assets. A significant amount of judgement is used in these assessments. These tests were performed at the end of Q3, resulting in a reduction of goodwill of MSEK 123. A corresponding charge for impairment expense is posted to Operating Costs.

### Capitalized Development Work

Capitalized development work includes the capitalized costs less amortization and impairment for in-house development studios on OIP games as well as the external development costs for OIP and for published games when the Group has acquired full monetization rights (physical and digital). Total capitalized development costs at the end of September 2023 amounted to MSEK 295.4, an increase from the 31 December 2022 balance of MSEK 175.9.

## CURRENT ASSETS

Inventories of physical games and accessories stood as of the balance sheet date at MSEK 147.7 compared to MSEK 214.9 at the same period last year. Account receivables as of the balance sheet date stood at MSEK 152.8 compared to MSEK 148.7 at 30 September 2022.

## EQUITY

The Group's equity, as of the balance sheet date, amounted to MSEK 718.9, an increase from the balance of MSEK 698.4 at 31 December 2022. The movement is explained by the new issue of shares in connection with acquisitions that occurred during 2021, as well as earnings for the periods in which the Group owned and managed the operations of its subsidiaries. In addition to the impact of goodwill amortization, results for this quarter include the net impact of impairment charges for reduction in goodwill as well as operating income related to changes in the value of deferred payments for the acquisition of those same assets. Please refer to the notes on Goodwill and Provisions for further details on these changes.

## PROVISIONS

Provisions at the end of the period amounted to MSEK 222.5 v MSEK 484.3 at the end of 2022. Provisions include deferred tax liabilities and deferred considerations related to acquisitions ("Earn-outs").

Earn-outs are contingent upon meeting certain performance obligations for current and future periods which may or may not be met. They may fall due for payment during the period 2023-2025 in the form of shares and cash. Provisions reflect group management's assessment of probable outcomes and are evaluated on a regular basis. At the end of Q3, the Group performed an evaluation of Earn-outs and, as a result, reduced its Earn-out provision by MSEK 104.

## NON-CURRENT LIABILITIES

Non-current liabilities mostly consist of liabilities to credit institutions included as part of the Group's financing strategy.

In February 2023, the Group secured a credit line of roughly MSEK 320 (\$30 M USD) through its US affiliate, MG1 Acquisition Corp. As at September 30, 2023, the Group has drawn down MSEK 273 corresponding to \$25 M. The US based facility has a maturity of 36 months and is non-amortizing.

## CURRENT LIABILITIES

Current liabilities are mostly attributable to the short-term portion of the long-term debt and outstanding accounts payable and accruals.



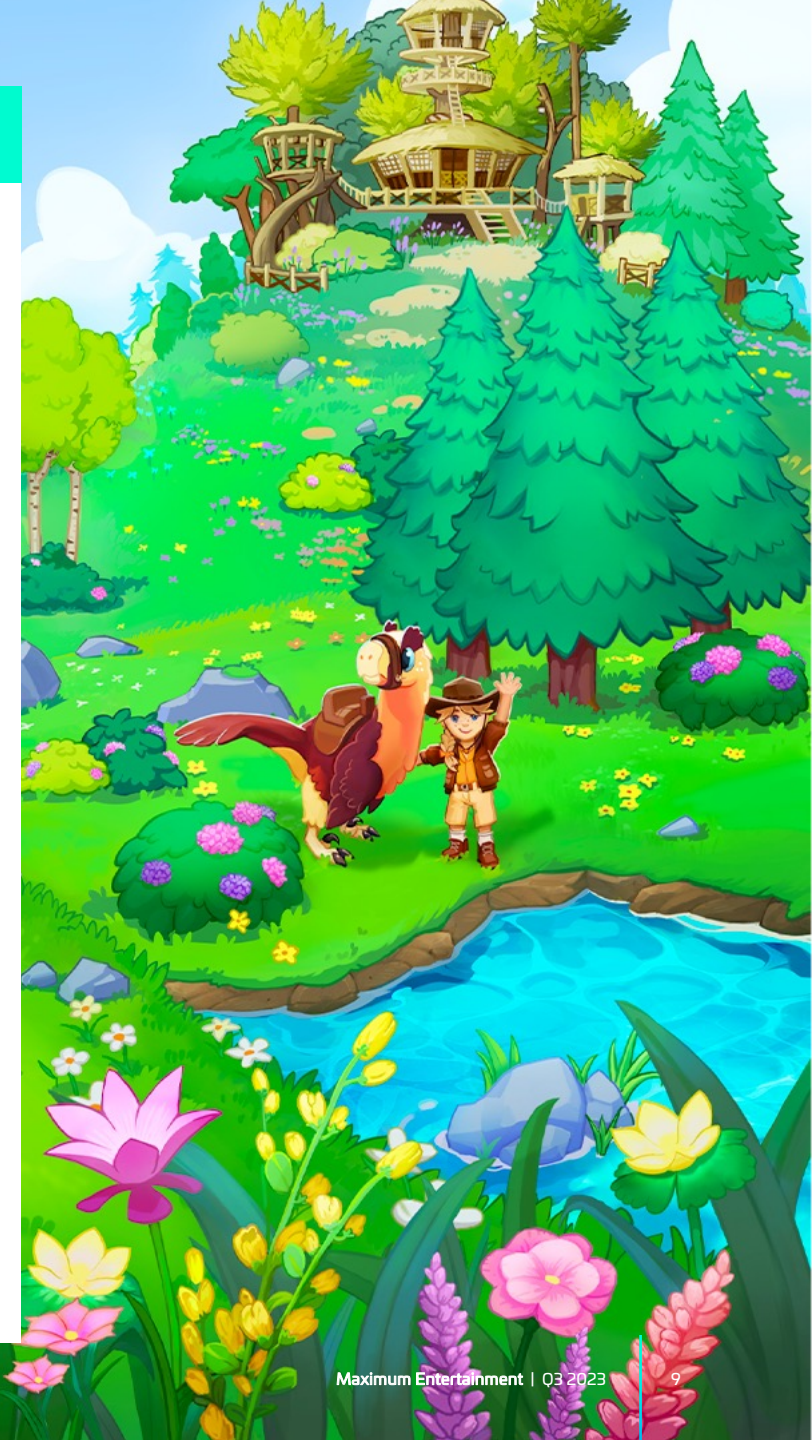


# FINANCIAL INFORMATION



# INCOME STATEMENT

| KSEK  | Jul - Sep 23   | Jul - Sep 22   | Jan - Sep 23    | Jan - Sep 22   | Full Year 22     |
|---|----------------|----------------|-----------------|----------------|------------------|
| <b>Operating income</b>                       |                |                |                 |                |                  |
| Net sales                                     | 295,651        | 258,551        | 751,972         | 725,647        | 1,138,271        |
| Capitalized own development work              | 23,897         | 8,400          | 67,276          | 29,400         | 55,207           |
| Other operating income                        | 114,968        | 297            | 115,982         | 8,971          | 30,148           |
| <b>Total income</b>                           | <b>434,517</b> | <b>267,249</b> | <b>935,230</b>  | <b>764,018</b> | <b>1,223,626</b> |
| <b>Operating costs</b>                        |                |                |                 |                |                  |
| Cost of goods sold                            | -200,540       | -183,122       | -526,615        | -511,729       | -821,434         |
| Other external costs                          | -38,360        | -25,412        | -93,449         | -72,851        | -142,228         |
| Personnel costs                               | -44,346        | -37,587        | -137,430        | -113,252       | -153,074         |
| Depreciation and amortization of fixed assets | -170,502       | -34,999        | -246,382        | -96,398        | -156,524         |
| Other operating expenses                      | -2,039         | -2,235         | -3,822          | -4,368         | -12,098          |
| <b>Operating income (EBIT)</b>                | <b>-21,271</b> | <b>-16,107</b> | <b>-72,469</b>  | <b>-34,580</b> | <b>-61,732</b>   |
| <b>Financial items</b>                        |                |                |                 |                |                  |
| Financial Net                                 | -9,002         | 18,629         | -25,761         | 36,302         | 1,723            |
| <b>Income after financial items</b>           | <b>-30,273</b> | <b>2,521</b>   | <b>-98,229</b>  | <b>1,722</b>   | <b>-60,009</b>   |
| <b>Income before tax</b>                      |                |                |                 |                |                  |
| Tax on profit for the period                  | -7,894         | -5,603         | -9,357          | -11,883        | -12,828          |
| <b>Profit for the period</b>                  | <b>-38,167</b> | <b>-3,082</b>  | <b>-107,586</b> | <b>-10,161</b> | <b>-72,825</b>   |
| <b>Attributable to:</b>                       |                |                |                 |                |                  |
| The parent company's shareholders             | -38,167        | -3,084         | -107,586        | -10,149        | -72,825          |
| Non-controlling interests                     | -              | 3              | -               | -12            | -                |



## BALANCE SHEET

| KSEK  | 9/30/23          | 9/30/22          | 12/31/22         |
|---|------------------|------------------|------------------|
| <b>Assets</b>   |                  |                  |                  |
| <b>Intangible fixed assets</b>                                |                  |                  |                  |
| Capitalized expenditure for development work and similar work | 295,431          | 152,399          | 175,870          |
| Licenses and trademarks                                       | 6,348            | 6,036            | 6,419            |
| Goodwill  | 842,237          | 1,072,103        | 1,007,781        |
| <b>Total intangible fixed assets</b>                          | <b>1,144,016</b> | <b>1,230,538</b> | <b>1,190,069</b> |
| <b>Tangible fixed assets</b>                                  |                  |                  |                  |
| Equipment, tools, fixtures and fittings                       | 12,151           | 11,889           | 11,185           |
| <b>Total tangible fixed assets</b>                            | <b>12,151</b>    | <b>11,889</b>    | <b>11,185</b>    |
| <b>Financial assets</b>                                       |                  |                  |                  |
| Deferred tax assets   | 7,965            | 1,527            | 883              |
| Other non-current receivables                                 | 15,378           | 1,403            | 491              |
| <b>Total fixed assets</b>                                     | <b>1,179,510</b> | <b>1,245,358</b> | <b>1,202,628</b> |
| <b>Current assets</b>   |                  |                  |                  |
| Inventories   | 147,668          | 214,901          | 155,038          |
| Accounts receivable   | 152,782          | 148,716          | 205,949          |
| Tax assets  | 9,419            | 7,545            | 8,409            |
| Other receivables   | 7,052            | 8,333            | 6,691            |
| Prepayments and accrued income                                | 41,327           | 74,575           | 48,741           |
| Cash and bank   | 60,644           | 64,725           | 100,510          |
| <b>Total current assets</b>                                   | <b>408,893</b>   | <b>518,794</b>   | <b>525,338</b>   |
| <b>TOTAL ASSETS</b>   | <b>1,598,402</b> | <b>1,764,151</b> | <b>1,727,966</b> |

## BALANCE SHEET, CONT.

| KSEK  | 9/30/23          | 9/30/22          | 12/31/22         |
|---|------------------|------------------|------------------|
| <b>Equity and Liabilities</b>                                   |                  |                  |                  |
| <b>Equity</b>   |                  |                  |                  |
| Share capital   | 5,111            | 4,286            | 4,287            |
| Other contributed capital                                       | 853,681          | 747,074          | 746,000          |
| Capitalized income including net result for the period          | -139,905         | -2,538           | -51,928          |
| <b>Equity attributable to the parent company's shareholders</b> | <b>718,887</b>   | <b>748,822</b>   | <b>698,358</b>   |
| Non-controlling interests                                       | -                | -9               | -                |
| <b>Total equity</b>   | <b>718,887</b>   | <b>748,813</b>   | <b>698,358</b>   |
| <b>Provisions</b>   |                  |                  |                  |
| Deferred tax liabilities  | 6,334            | 2,309            | 2,494            |
| Other provisions  | 216,193          | 528,044          | 481,838          |
| <b>Total provisions</b>   | <b>222,526</b>   | <b>530,353</b>   | <b>484,332</b>   |
| <b>Non-current liabilities</b>                                  |                  |                  |                  |
| Other liabilities to credit institutions                        | 332,548          | 115,044          | 76,157           |
| Other non-current liabilities                                   | 48,646           | 33,460           | -                |
| <b>Total non-current liabilities</b>                            | <b>381,194</b>   | <b>148,504</b>   | <b>76,157</b>    |
| <b>Current liabilities</b>                                      |                  |                  |                  |
| Liabilities to credit institutions                              | 102,622          | 60,030           | 109,952          |
| Accounts payable  | 92,645           | 119,848          | 151,271          |
| Tax liabilities   | 7,251            | 19,569           | 14,437           |
| Other current liabilities                                       | 65,768           | 76,120           | 128,869          |
| Accruals and deferred income                                    | 7,509            | 60,915           | 64,589           |
| <b>Total current liabilities</b>                                | <b>275,795</b>   | <b>336,481</b>   | <b>469,119</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>1,598,402</b> | <b>1,764,151</b> | <b>1,727,966</b> |



# CHANGES IN EQUITY

| KSEK                                     | Share Capital | Other Contributed Capital | Other equity including net result for the period | Non-controlling interests | Total equity   |
|--|---------------|---------------------------|--|---------------------------|----------------|
| <b>Opening balance equity 2022-01-01</b> | <b>4,048</b>  | <b>700,248</b>            | <b>12,992</b>                                    | <b>2</b>                  | <b>717,290</b> |
| New issue (net after issuance costs)     | 239           | 45,773                    | -  | -                         | 46,012         |
| Repurchase of warrants                   | -             | -22                       | -  | -                         | -22            |
| Result for the period                    | -             | -                         | -72,837  | -                         | -72,837        |
| Recalculation difference                 | -             | -                         | 7,917  | -                         | 7,917          |
| Other                                    | -             | -                         | -  | -2                        | -2             |
| <b>Closing balance 2022-12-31</b>        | <b>4,287</b>  | <b>746,000</b>            | <b>-51,928</b>                                   | <b>0</b>                  | <b>698,358</b> |
| <b>Opening balance equity 2022-01-01</b> | <b>4,048</b>  | <b>700,248</b>            | <b>12,990</b>                                    | <b>4</b>                  | <b>717,290</b> |
| New issue (net after issuance costs)     | 238           | 46,826                    | -  | -                         | 47,064         |
| Repurchase of warrants                   | -             | -                         | -  | -                         | 0              |
| Result for the period                    | -             | -                         | -10,149  | -12                       | -10,161        |
| Recalculation difference                 | -             | -                         | -5,379   | -                         | -5,379         |
| Other                                    | -             | -                         | -  | -                         | 0              |
| <b>Closing balance 2022-09-30</b>        | <b>4,286</b>  | <b>747,074</b>            | <b>-2,538</b>                                    | <b>-9</b>                 | <b>748,813</b> |
| <b>Opening balance equity 2023-01-01</b> | <b>4,287</b>  | <b>746,000</b>            | <b>-51,928</b>                                   | <b>0</b>                  | <b>698,358</b> |
| New issue (net after issuance costs)     | 590           | 107,917                   | -  | -                         | 108,506        |
| Repurchase of warrants                   | -1            | -                         | -  | -                         | -1             |
| Result for the period                    | -             | -                         | -107,586   | -                         | -107,586       |
| Recalculation difference                 | -             | -                         | 19,666   | -                         | 19,666         |
| Other                                    | -             | -                         | -56  | -                         | -56            |
| <b>Closing balance 2023-09-30</b>        | <b>4,876</b>  | <b>853,917</b>            | <b>-139,905</b>                                  | <b>0</b>                  | <b>718,887</b> |

# CASH FLOW ANALYSIS

| KSEK   | Jul - Sep 23   | Jul - Sep 22   | Jan - Sep 23    | Jan - Sep 22   | Full Year 22    |
|--|----------------|----------------|-----------------|----------------|-----------------|
| Income after financial items   | -30,273        | 2,521          | -98,229         | 1,722          | -60,009         |
| Adjustments for items not included in cash flow                              | 66,542         | 12,997         | 144,848         | 56,156         | 115,448         |
| Income tax paid  | -11,427        | -6,500         | -44,780         | -9,639         | -15,749         |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>24,842</b>  | <b>9,018</b>   | <b>1,839</b>    | <b>48,239</b>  | <b>39,689</b>   |
| Change in working capital  | -41,949        | -48,763        | -64,527         | -104,238       | -10,330         |
| <b>Cash flow from operating activities</b>                                   | <b>-17,107</b> | <b>-39,745</b> | <b>-62,689</b>  | <b>-55,999</b> | <b>29,359</b>   |
| Net investments in acquired companies  | -25,162        | -              | -25,401         | -              | 30              |
| Net investments in intangible assets   | -45,148        | -28,701        | -142,160        | -74,717        | -129,674        |
| Net investments in tangible assets   | -1,389         | -1,884         | -3,523          | -6,335         | -6,599          |
| Net investments in financial assets  | 24,455         | -298           | -18,892         | 2,512          | 3,425           |
| <b>Cash flow from investing activities</b>                                   | <b>-47,244</b> | <b>-30,883</b> | <b>-189,976</b> | <b>-78,540</b> | <b>-132,817</b> |
| <b>Cash flow from financing activities</b>                                   | <b>23,539</b>  | <b>72,838</b>  | <b>208,014</b>  | <b>37,028</b>  | <b>27,966</b>   |
| <b>Cash flow for the period</b>  | <b>-40,811</b> | <b>2,210</b>   | <b>-44,650</b>  | <b>-97,511</b> | <b>-75,492</b>  |
| Cash and cash equivalents at the beginning of the period                     | 103,817        | 62,371         | 100,510         | 163,107        | 163,107         |
| Exchange rate difference on cash and cash equivalents                        | -2,362         | 144            | 4,785           | -872           | 12,895          |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>60,644</b>  | <b>64,725</b>  | <b>60,644</b>   | <b>64,725</b>  | <b>100,510</b>  |

# INCOME STATEMENT

| KSEK  | Jul - Sep 23  | Jul - Sep 22  | Jan - Sep 23   | Jan - Sep 22  | Full Year 22   |
|---|---------------|---------------|----------------|---------------|----------------|
| <b>Operating income</b>                       |               |               |                |               |                |
| Net sales                                     | 151           | -             | 2,836          | 1,446         | 9,144          |
| Capitalized own development work              | -             | -             | -              | -             | -              |
| Other operating income                        | 383           | -500          | 1,210          | 8,804         | 764            |
| <b>Total income</b>                           | <b>534</b>    | <b>-500</b>   | <b>4,046</b>   | <b>10,250</b> | <b>9,908</b>   |
| <b>Operating costs</b>                        |               |               |                |               |                |
| Cost of goods sold                            | -4,564        | -1,263        | -9,159         | -8,388        | -13,162        |
| Other external costs                          | -3,761        | -18           | -8,360         | -1,194        | -4,440         |
| Personnel costs                               | -1,219        | -2,481        | -8,496         | -9,892        | -15,199        |
| Depreciation and amortization of fixed assets | -48           | -52           | -144           | -120          | -169           |
| Other operating expenses                      | -             | -             | -              | -             | -20            |
| <b>Operating income (EBIT)</b>                | <b>-9,059</b> | <b>-4,314</b> | <b>-22,113</b> | <b>-9,344</b> | <b>-23,082</b> |
| <b>Financial items</b>                        |               |               |                |               |                |
| Financial net                                 | 34,136        | -2,795        | 68,929         | 4,384         | 20,719         |
| <b>Result after financial items</b>           | <b>25,076</b> | <b>-7,109</b> | <b>46,815</b>  | <b>-4,959</b> | <b>-2,363</b>  |
| <b>Appropriations and tax</b>                 |               |               |                |               |                |
| Change in amortization fund                   | -             | -             | -              | -             | -              |
| Tax on profit for the period                  | -             | -             | -              | -             | -              |
| <b>Result for the period</b>                  | <b>25,076</b> | <b>-7,109</b> | <b>46,815</b>  | <b>-4,959</b> | <b>-2,363</b>  |



## BALANCE SHEET

| KSEK  | 9/30/23        | 9/30/22        | 12/31/22       |
|---|----------------|----------------|----------------|
| <b>Assets</b>   |                |                |                |
| <b>Intangible fixed assets</b>                                |                |                |                |
| Capitalized expenditure for development work and similar work | -              | -              | -              |
| Licenses and trademarks                                       | 758            | 849            | 902            |
| <b>Total intangible fixed assets</b>                          | <b>758</b>     | <b>849</b>     | <b>902</b>     |
| <b>Tangible fixed assets</b>                                  |                |                |                |
| Equipment, tools, fixtures and fittings                       | -              | 40             | -              |
| <b>Total tangible fixed assets</b>                            | <b>0</b>       | <b>40</b>      | <b>0</b>       |
| <b>Financial assets</b>                                       |                |                |                |
| Investments In Subsidiaries                                   | 501,174        | 512,148        | 489,397        |
| Other non-current receivables                                 | 399,443        | 453,204        | 457,222        |
| <b>Total fixed assets</b>                                     | <b>901,374</b> | <b>966,241</b> | <b>947,521</b> |
| <b>Current assets</b>   |                |                |                |
| Accounts receivable   | 103            | 3,162          | 179            |
| Receivable from Group companies                               | 101            | -              | 28,610         |
| Tax assets  | 202            | 694            | -              |
| Other receivables   | 1,019          | 416            | 2,183          |
| Prepayments and accrued income                                | 36,275         | 10,040         | 635            |
| Cash and bank   | 246            | 1,472          | 238            |
| <b>Total current assets</b>                                   | <b>37,946</b>  | <b>15,785</b>  | <b>31,844</b>  |
| <b>TOTAL ASSETS</b>   | <b>939,320</b> | <b>982,026</b> | <b>979,364</b> |



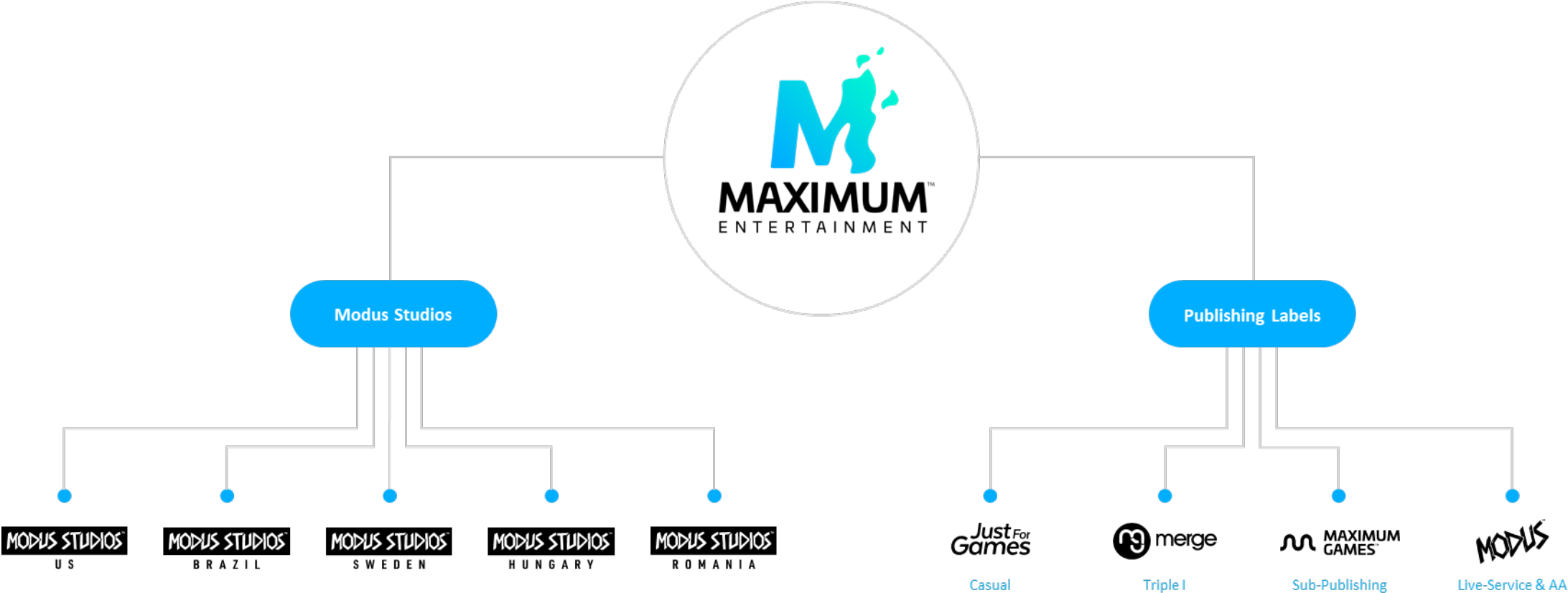
## BALANCE SHEET, CONT.

| KSEK                                     | 9/30/23        | 9/30/22        | 12/31/22       |
|--|----------------|----------------|----------------|
| <b>Equity and Liabilities</b>            |                |                |                |
| <b>Equity</b>                            |                |                |                |
| <i>Restricted equity</i>                 |                |                |                |
| Share capital                            | 5,111          | 4,287          | 4,287          |
| Share issue under registration           | -              | -              | -              |
| Development fund                         |                | 960            | -              |
| <i>Unrestricted equity</i>               |                |                |                |
| Share premium fund                       | 853,681        | 746,000        | 746,000        |
| Retained earnings                        | -52,291        | -50,889        | -49,929        |
| Result for the period                    | 46,815         | -4,959         | -2,363         |
| <b>Total equity</b>                      | <b>853,316</b> | <b>695,398</b> | <b>697,995</b> |
| <b>Tax-free reserves</b>                 |                |                |                |
| Amortization funds                       | -              | -              | -              |
| <b>Total tax-free reserves</b>           | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Provisions</b>                        |                |                |                |
| Other provisions                         | 60,848         | 172,118        | 126,685        |
| <b>Total provisions</b>                  | <b>60,848</b>  | <b>172,118</b> | <b>126,685</b> |
| <b>Non-current liabilities</b>           |                |                |                |
| Other liabilities to credit institutions | -              | 65,981         | -              |
| Other non-current liabilities            | 5,773          | -              | -              |
| <b>Total non-current liabilities</b>     | <b>5,773</b>   | <b>65,981</b>  | <b>-</b>       |
| <b>Current liabilities</b>               |                |                |                |
| Liabilities to credit institutions       | 8,128          | -              | 80,737         |
| Accounts payable                         | 864            | 3,726          | 736            |
| Liabilities to group companies           | 6,517          | 4,387          | 12,521         |
| Tax liabilities                          | 0              | 390            | -              |
| Other current liabilities                | 152            | 15,242         | 25,821         |
| Accruals and deferred income             | 3,724          | 24,784         | 34,870         |
| <b>Total current liabilities</b>         | <b>19,385</b>  | <b>48,529</b>  | <b>154,684</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>939,320</b> | <b>982,026</b> | <b>979,364</b> |

# CHANGES IN EQUITY

|  | Share Capital | Development Fund | Share Premium  | Retained earnings including net profit for the year | Total equity   |
|--|---------------|------------------|----------------|---|----------------|
| <b>Opening balance equity 2022-01-01</b> | <b>4,048</b>  | <b>38,214</b>    | <b>699,174</b> | <b>-87,972</b>                                      | <b>653,463</b> |
| New issue (net after issuance costs)     | 239           | -                | 46,826         | -149  | 46,916         |
| Repurchase of warrants                   | -             | -                | -              | -22   | -22            |
| Result for the period                    | -             | -                | -              | -2,363  | -2,363         |
| Changes in fund for development costs    | -             | -38,214          | -              | 38,214  | -              |
| <b>Closing balance 2022-12-31</b>        | <b>4,287</b>  | <b>0</b>         | <b>746,000</b> | <b>-52,291</b>                                      | <b>697,995</b> |
| <b>Opening balance equity 2022-01-01</b> | <b>4,048</b>  | <b>38,214</b>    | <b>699,174</b> | <b>-87,972</b>                                      | <b>653,464</b> |
| New issue (net after issuance costs)     | 238           | -                | 46,826         | -   | 47,064         |
| Repurchase of warrants                   | -             | -                | -              | -   | -              |
| Result for the period                    | -             | -                | -              | -4,959  | -4,959         |
| Changes in fund for development costs    | -             | -37,254          | -              | 37,084  | -170           |
| <b>Closing balance 2022-09-30</b>        | <b>4,287</b>  | <b>960</b>       | <b>746,000</b> | <b>-55,848</b>                                      | <b>695,398</b> |
| <b>Opening balance equity 2023-01-01</b> | <b>4,287</b>  | <b>0</b>         | <b>746,000</b> | <b>-52,291</b>                                      | <b>697,995</b> |
| New issue (net after issuance costs)     | 590           | -                | 107,917        | -   | 108,506        |
| Repurchase of warrants                   | -1            | -                | -              | -   | -1             |
| Result for the period                    | -             | -                | -              | 46,815  | 46,815         |
| Changes in fund for development costs    | -             | -                | -              | -   | -              |
| <b>Closing balance 2023-09-30</b>        | <b>4,876</b>  | <b>0</b>         | <b>853,916</b> | <b>-5,476</b>                                       | <b>853,316</b> |

# ABOUT MAXIMUM ENTERTAINMENT



# FURTHER INFORMATION

## Accounting principles

The interim report has been established in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3 rules).

## Related party transactions

The company's related party transactions consist of conventional trade between the group companies.

## Organization and group structure

The Group's parent company, Maximum Entertainment AB, have holdings in subsidiaries according to the table below.

| <b>Subsidiaries</b>                      | <b>Country</b>     | <b>Ownership interest %</b> |
|--|--------------------|-----------------------------|
| Dimfrost Studio AB                       | Sweden             | 100                         |
| Invictus Games Kft                       | Hungary            | 100                         |
| Just for Games SAS                       | France             | 100                         |
| Merge Games Ltd                          | The United Kingdom | 100                         |
| Zordix Racing AB                         | Sweden             | 100                         |
| MG1 Acquisition Corporation <sup>1</sup> | The United States  | 100                         |
| MG Team LLC                              | The United States  | 100                         |
| Maximum Games LLC                        | The United States  | 100                         |
| Modus Studio Brazil Ltda                 | Brazil             | 100                         |
| Modus Games LLC                          | The United States  | 100                         |
| Maximum Entertainment Srl                | Romania            | 100                         |
| Maximum Games Ireland Ltd                | Ireland            | 100                         |
| Maximum Games Ltd                        | The United Kingdom | 100                         |
| Maximum Games GmbH                       | Germany            | 100                         |

<sup>1</sup>) Holding company that acquired MG Team LLC and Maximum Games LLC, along with their respective subsidiaries.

## Certified Adviser

Augment Partners AB, phone: +46 8 604 22 55, is the Company's Certified Adviser in accordance with the regulations for Nasdaq First North.

## Financial calendar

|                        |            |
|------------------------|------------|
| Interim Report Q1 2023 | 05/17/2023 |
| AGM                    | 06/08/2023 |
| Interim Report Q2 2023 | 08/16/2023 |
| Interim Report Q3 2023 | 11/15/2023 |
| Interim Report Q4 2023 | 02/14/2024 |

## Contact information

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# DEFINITIONS

## Maximum Entertainment or The Company

Refers to Maximum Entertainment AB, formerly Zordix AB (publ), company registration number 556778-7691, or the Group or companies in the Group in which Maximum Entertainment AB is the Parent Company.

## GROSS MARGIN

Net Sales less Cost of Goods Sold.

## EBITDA

Operating income before depreciation and amortization.

## EBITDA Margin

EBITDA as a percentage of net revenue.

## EBIT

Operating income.

## EBIT margin

EBIT as a percentage of net revenue.

## Operational EBIT

Operating income excluding amortization of acquisition-related goodwill and non-recurring items.

## Number of Employees

Number of employees at the end of the period.

## Equity Ratio

Equity expressed as a percentage of balance sheet total.



# THE BOARD'S ASSURANCE

The Board of Directors and the CEO confirm that this interim report provides a true and fair view of the group's and the parent company's operations, position and performance.

Stockholm, November 15, 2023

**CHRISTINA SEELYE** – CHIEF EXECUTIVE OFFICER AND DIRECTOR

**STEFAN LINDEBERG** – CHAIRMAN OF THE BOARD

**KARLA MARTIN** – DIRECTOR

**STEFAN LAMPINEN** – DIRECTOR

**DAVID ERIKSSON** – DIRECTOR

**PETTER HJERTSTEDT** – DIRECTOR

This quarterly report has not been subject to review by the group's auditor.



**MAXIMUM**<sup>TM</sup>  
ENTERTAINMENT