

Q1 JANUARY-MARCH 2025 INTERIM REPORT



MAXIMUM ENTERTAINMENT QUARTERLY REPORT

FIRST QUARTER, JAN-MAR 2025 (COMPARED TO JAN-MAR 2024)

Addressing the Past While Working for the Future

- Net sales amounted to 15.0 (19.9) MEUR.
- Gross margin amounted to 24.4 (31.5)%.
- Adjusted EBITDA amounted to -0.2 (1.8) MEUR.
- Earnings per share amounted to -0.16 (-0.03) EUR.
- Cash flow from operating activities amounted to 0.5 (4.3) MEUR.
- The number of employees stood at 115 (193) at the end of the period.
- We remain in ongoing discussions with our lenders and continue to explore the possibility of a resolution.
- The company has filed a statement of defense in the ongoing arbitration with former CEO and COO, disputing their claim in its entirety as well as filed a counter claim of approximately USD 6.2M.

Key Performance Indicators Q1 2025

in,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Net Sales	15 007	19 900	79 936
Share of revenue derived from Owned IP	7%	13%	10%
Gross Margin %	24%	32%	30%
Adjusted EBITDA	-212	1 810	6 763
Adjusted EBITDA Margin	-1%	9%	8%
Adjusted EBIT	-1 815	-623	-16 996
Adjusted EBIT Margin	-12%	-3%	-21%
EBIT	-2 729	-646	-19 146
EBIT Margin	-18%	-3%	-24%
Total Headcount	115	193	181



CEO WORDS

STRATEGIC SHIFT AND SIGNIFICANT COST CONTROL

Maximum Entertainment has been operating a major strategic shift since October 2024, which has led to decreased costs and a more streamlined structure, allowing us to start the year on a less risky footing. As expected, short term results over the quarter appear soft compared to an exceptionally strong Q1 2024 buoyed by the release of Smalland. Net sales are down by 25% at 15 MEUR against an exceptional 19.9 MEUR in Q1 2024.

While cash constraints hampered our ability to invest in games and make necessary purchases within our subpublishing business, we have maintained our ability to capitalize on past successes, with DLC launches for Smalland released in April 2025, the launch of Care Bears: Unlock the Magic, and more content announced for Double Dragon Gaiden over the rest of the year. Licensed publishing still benefits from the incredible performance of successes such as Squirrel With a Gun over the period.

A PIPELINE FOCUSED ON Q2 TO Q4

Our focus has been on laying the foundations for a strong release pipeline later this year. On top of updates for Overthrown and Smalland, Q1 2025 saw the announcement of new titles in our pipeline, such as 100 in 1 Game Collection, How 2 Escape: Lost Submarine, and a release date for cozy life- and farm-sim Pixelshire.

During the period, we launched cozy titles Leo and Mia: Animal Rescue and Care Bears: Unlock the Magic, and released long-awaited updates for Maximum Football. Throughout the period, we delivered according to schedule while laying the groundwork with partners to bring more exciting titles to our 2025 pipeline, with a focus on accelerated cash cycles.

ADDRESSING THE PAST WHILE LOOKING AHEAD

In 2024, MaxEnt faced significant financial difficulties due to cash and debt issues, worsened by disputes over Earn-Out payments. This led us to undergo a major strategic shift, with a focus on derisking the company while reducing costs. Over the last six months, we have laid the groundwork to face them head-on, with streamlined costs and a vastly improved organizational structure. Despite these changes, there are still challenges ahead.

Deeply rooted legal and financial difficulties led us to make changes that triggered default events with key lenders. Specifically, MaxEnt's U.S. subsidiary, Maximum Entertainment, LLC, breached loan covenants in 2024 and continued to do so in Q1 2025. The same U.S. subsidiary received a default notice from Cathay Bank, as announced on April 1. We are in active discussions with all lenders, but the outcome remains uncertain.

Q1 2025 also saw the continuation of ongoing legal proceedings, with the company issuing a statement of defense regarding the arbitration with its former CEO and COO, fully disputing their claims and has also filed a counterclaim of approximately USD 6.2 million.

Upon release of our annual report, it was announced that the auditors have chosen not to recommend discharge of liability for the former CEO and previous board members. The findings of the special examiner, published the same day, clearly highlight serious deficiencies in corporate governance and failures to manage conflicts of interest. These shortcomings have significantly compromised the company's position, which led the board, the entire team and myself to put considerable efforts into restoring trust, strengthening governance, and moving the business forward.

In Q1 2025, the company's ongoing cash restrictions and legal proceedings have come to light and impacted short-term performance. However, we remain confident that we can weather these challenges with a financially sound strategic roadmap, a streamlined organization, and exciting upcoming titles in our pipeline.



PHILIPPE COHEN | CEO

COMMENTS TO THE FINANCIAL STATEMENTS

NET SALES AND GROSS MARGIN

Net Sales for Q1 2025 amounted to 15.0 (19.9) MEUR, down 4.9 MEUR or -33%. Gross margin declined to 24.4 (31.5)%. Net Sales, Share of revenue derived from OIP and Gross Margin declined against a strong Q1 2024, driven by the 1.0 launch of Smalland.

While we saw continued strong demand for our titles throughout this quarter, this year saw fewer Q1 launches against prior year during which we had some key sub-publishing launches like Banishers and Pacific Drive. Strains on the group's resources as it grappled with cash constraints and reductions in personnel resulted in a temporary slow-down in meeting demand for catalog product, resulting in an additional drop in sales. The group has been working on resolving these issues by the end of Q2.

OPERATING EXPENSES

Total Operating Expenses amount to 6.4 (6.9) MEUR. Before Depreciation and Amortization, Operating Expenses total 4.8 (4.5) MEUR. This increase is related to the Group's legal expenses, which have risen to 1 (0.1) MEUR. Remaining Operating Expenses are down 0.6 MEUR against prior year, as a result of cost-cutting measures initiated at the end of 2024.

Sales and Marketing Expenses dropped to 1.5 (2.1) MEUR, linked in part to the drop in variable compensation and the impact of lower sales in 2025 and in part due to cost-cutting measures.

General and Administration expenses amounted to 3.3 (2.6) MEUR due to a significant increase in legal expenses described above.

The number of employees stood at 115 (193) at the end of the period, consistent with the Group's strategic realignment and cost reductions policies.

Adjusted EBITDA amounted to -0.2 (1.8) MEUR. The adjusted items, amounting to 0.5 MEUR in Q1 2025, are related to legal costs in connection to the ongoing disputes. The drop in Adjusted EBITDA by 2 MEUR is explained by 2.6 MEUR lower gross profit, and partly compensated by lower R&D and Sales and Marketing costs, which are down as they are sales related. Further cost reductions are due to organizational changes.

Operating profit, EBIT, amounted to -2.7 (-0.6) MEUR. This decrease is driven by the lower sales and gross profit in this quarter and partly compensated by lower Sales and Marketing costs, which are down as they are sales related. Further cost reductions are due to organizational changes.

FINANCIAL ITEMS

The financial results are driven by interest expense on loans, unwinding of discounts on financial instruments and exchange rate fluctuations on USD based intercompany loans.

CAPITALIZED DEVELOPMENT

Capitalized development includes studio costs and other capitalized costs related to the development of Owned IP games as well as milestones and other expenses generated for licensed publishing games still in development.

At the end of March 2025, capitalized development totaled 19.9 MEUR versus 19.8 MEUR on December 31, 2024. This variation includes the impact of 2 MEUR of investment in new games as well as amortization of launched games of 1.4 MEUR. Investments in games decreased by 1.6 MEUR year on year as a result of decisions made in Q4 2024 to reduce investments in OIP and shorten the runway of investment in Licensed Publishing games.

BORROWINGS

Total Borrowings amount to 42.8 (59.9) MEUR. This decrease mainly concerns a reduction in Contingent Considerations (Note 14).

The loan facilities in the US include provisions for covenants and termination events. The group breached these covenants at the end of Q3 2024, Q4 2024 and Q1 2025. While the group remains in discussions with its financial partners to obtain waivers for these breaches and to attempt to revise the covenants going forward, the loans are presented under current liabilities.

NET DEBT

Net Debt on March 31, 2025 amount to 49.7 MEUR compared to 48.7 MEUR at the end of 2024. The Group decreased borrowing on its overdraft and short term revolving lines of credit while increasing debt generated from accrued and unpaid interest on non-amortized loans. Net debt includes liabilities to sellers for unpaid earnouts for which there was no variation in Q1 2025.

A significant part of the reported Earn-Outs relate to the acquisition of Maximum Games. Since these amounts are disputed and subject to an ongoing arbitration, no changes have been made to previously adopted assessments, and no additional amounts have been accrued. The outcome of the arbitration may have a material impact on the financial result.

COMMENTS TO THE FINANCIAL STATEMENTS (CONT.)

The Earn-Outs are also subject to an investigation being carried out by a special examiner appointed at the Extraordinary General Meeting in September 2024. The report of the Special Examiner was published on 21 May 2025 and will be presented at the Annual General Meeting on 11 June 2025.

CONTINGENT CONSIDERATIONS

At the end of March 2025, Contingent Considerations for future periods stood at 0.7 (0.6) MEUR. The slight increase is mainly due to exchange rate and discount unwind.

OTHER BALANCE SHEET COMMENTS

Accounts Payable

Accounts payable at the end of the period amount to 3.3 MEUR down from 7.3 MEUR at the end of 2024. The Group has negotiated payment plans and implemented procedures to ensure that it continues to pay down accumulated vendor debt, shoring up its balance sheet while restoring relationships with its partners.

Other Current Liabilities

Other Current Liabilities remains stable against the end of last year, amounting to 23 MEUR at the end of the quarter against 22.8 MEUR at December 31, 2024. This account includes the liabilities related to unpaid Earn-Outs which were recorded as non-current liabilities prior to Q3 2024.

Accruals and Deferred Income

Accruals and Deferred Income at the end of Q1 2025 amounted to 1 MEUR against 1.3 MEUR at the end of December 2024. This account includes accruals for vacation and time off for the Group's worldwide employees and the reductions over the course of the quarter are related to continued downsizing in the early part of 2025.

CASH FLOW

Cash flow from operating activities was positive at 0.5 (4.3) MEUR. The decrease has been compensated by a significant drop in the investment in games, down 1.7 MEUR from last year.

Investments in games and other assets decreased to 2.0 (3.6) MEUR, a drop of over 40% mainly driven by the strategic realignment adopted in the end of Q4 2024.

Cash flow from financing activities amounted to -2.5 (-2.6) MEUR. The Group paid down principle and short term credit during the quarter but delayed payment of cash interest on non-amortizable loans while it continues its ongoing discussions with lenders regarding the Group's situation.

The Group is in breach of some of its covenants. In addition, on April 1, 2025, Maximum Entertainment LLC received a notice of default under loan agreements with Cathay Bank. The Group remains in ongoing discussions with lenders and continues to explore the possibility of a resolution. At this time, the outcome is uncertain.

At the end of the quarter, the Group finished with 2.6 MEUR of cash, down from 6.1 MEUR at the end of last year.



SIGNIFICANT EVENTS

DURING THE QUARTER

- Care Bears: Unlock the Magic launched.
- Maximum Entertainment filed a statement of defense denying the entire claim for Earn-Outs to former CEO Christina Seelye and former COO Thierry Bonnefoi and filed a counterclaim requesting repayment of previously Paid Earn-Outs and interest.

AFTER THE QUARTER

- Maximum Entertainment LLC in the USA received notice of default under its loan agreements with Cathay Bank.
- Maximum Entertainment appointed Henrik Resmark as new CFO effective April 1, 2025.
- Adventure RPG Pixelshire launch.
- Maximum Entertainment AB (publ) published its Annual Report for 2024 with adverse audit report and outlines adjustments made to the figures disclosed in the company's year-end report Q4 2024. In the Audit Report, the auditors oppose discharge of liability for former board members and former CEO.
- Maximum Entertainment published the special examiner's report to be presented at the AGM.
- Board member Bob Blake resigns at his own request.



GROUP FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in,000's of Euros	NOTE	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Net Sales	5	15 007	19 900	79 936
Cost of Sales		-11 340	-13 630	-55 768
Gross Profit		3 667	6 270	24 168
Research and Development (R&D)	6	-1 527	-2 147	-22 051
Sales and Marketing		-1 605	-2 171	-8 506
General and Administration	7	-3 265	-2 609	-10 058
Other operating income	8	1	12	10 738
Other operating expenses	9	-	-	-13 437
Total Operating expenses		-6 396	-6 916	-43 314
Operating Profit (EBIT)		-2 729	-646	-19 146
Financial income	10	191	1 712	4 522
Financial expenses	10	-5 337	-2 236	-11 357
Financial items - net		-5 147	-525	-6 835
Profit before Income tax		-7 876	-1 170	-25 981
Deferred income tax		-12	-20	-133
Current income tax		-97	-325	-1 206
Profit for the period		-7 985	-1 516	-27 320

STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

in,000's of Euros	NOTE	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Profit for the period		-7 985	-1 516	-27 320
Other Comprehensive Income for the period				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		3 162	-1 397	-1 208
Other Comprehensive Income for the period		3 162	-1 397	-1 208
Total Comprehensive Income for the period		-4 823	-2 913	-28 528
Profit for the period attributable to:				
Owners of the parent company		-7 985	-1 516	-27 320
Non-controlling interests		-	-	-
Total comprehensive income for the period attributable to:				
Owners of the parent company		-4 823	-2 913	-28 528
Non-controlling interests		-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in,000's of Euros	NOTE	03/31/25	03/31/24	12/31/24
ASSETS				
Non-current assets				
Intangible assets				
Capitalized expenditure for development work and similar work	11	19 885	31 104	19 832
Trademarks		380	412	397
Licenses		35	89	69
Goodwill	12	56 954	69 875	58 507
Total intangible assets		77 253	101 481	78 804
Property, plant and equipment				
Right-of-use assets		2 799	4 025	3 153
Equipment, tools, fixtures and fittings		546	924	629
Total property, plant and equipment		3 345	4 949	3 782
Non-current financial assets				
Other non-current receivables		45	28	44
Total non-current financial assets		45	28	44
Deferred tax assets		523	850	519
Total non-current assets		81 166	107 308	83 150
Current assets				
Inventories		5 240	8 494	5 822
Accounts receivable		9 465	11 941	13 182
Current tax receivables		-	229	887
Other receivables		748	1 324	1 161
Prepayments and accrued income	13	2 149	3 191	3 203
Cash and cash equivalents		2 641	4 496	6 106
Total current assets		20 256	29 676	30 361
Total Assets		101 422	136 984	113 511

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

in,000's of Euros	NOTE	03/31/25	03/31/24	12/31/24
EQUITY AND LIABILITIES				
Equity				
Share capital		455	455	455
Other contributed capital		76 159	76 159	76 159
Reserves		3 708	357	546
Retained earnings		-45 062	-17 743	-17 743
Profit or loss for the period		-7 985	-1 516	-27 320
Equity attributable to owners of the parent company		27 275	57 712	32 098
Total equity		27 275	57 712	32 098
Liabilities				
Non-current liabilities				
Borrowings non-current	14/15	2 413	30 521	2 513
Lease liabilities L/T		2 373	3 408	2 646
Other non-current liabilities	16	692	21 587	638
Deferred tax liabilities		968	1 145	939
Total non-current liabilities		6 447	56 660	6 736
Current liabilities				
Borrowings	14/15	39 685	7 769	41 687
Lease liabilities S/T		635	807	711
Accounts payable		3 349	6 478	7 323
Current tax liabilities		-32	390	836
Other current liabilities	16	22 998	4 983	22 794
Accruals and deferred income		1 065	2 184	1 326
Total Current Liabilities		67 700	22 612	74 676
Total Liabilities and Equity		101 422	136 984	113 511

CONSOLIDATED STATEMENT OF CASH FLOWS

in,000's of Euros	NOTE	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Cash flow from operating activities				
Operating profit (EBIT)		-2 729	-646	-19 146
Adjustment for non-cash items:				
- Amortisation, Depreciation and Impairment		1 603	2 447	35 851
- Capital gains/losses on intangible assets		-	-	1 162
- Capital gains/losses on tangible fixed assets		-	-14	-38
Other items non cash		-685	-	-12 397
Tax paid		-61	-319	-754
Cash flow from operating activities before change in Working Capital		-1 872	1 468	4 679
Changes in Working Capital				
Change in Inventories		583	428	3 100
Change in Accounts receivables		4 403	6 881	6 702
Change in Other current receivables		1 453	572	66
Change in Accounts payables		-3 973	-2 164	-1 098
Change in Other current liabilities		-58	-2 877	3 370
Total Changes in Working Capital		2 407	2 839	12 140
Cash flow from Operations		535	4 307	16 819
Cash flow from Investing Activities				
Investments in Subsidiaries		-	-566	-1 353
Investments in Intangible Assets		-1 985	-3 678	-12 615
Investments in Tangible Assets		-4	-54	-73
Cash flow from Investing Activities		-1 990	-4 299	-14 041
Cash flow from Financing Activities				
Proceeds from Borrowings		-	-	3 733
Loans paid		-547	-132	-3 172
Revolving line of credit		-1 602	-96	435
Lease liabilities paid		-210	-113	-1 128
Interest paid		-123	-1 690	-3 530
Cash flow from Financing Activities		-2 481	-2 030	-3 662
Cash flow for the Period		-3 936	-2 021	-884
Decrease / Increase in cash and cash equivalents				
Cash and cash equivalents beginning of the period		6 106	6 470	6 470
Exchange rate difference on cash and cash equivalents		470	48	520
Cash and cash equivalents at the end of the period		2 641	4 496	6 106

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in,000's of Euros	Equity attributable to shareholders of parent company						Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total			
Opening balance 01/01/24	455	76 159	1 753	-17 743	60 625			60 625
Profit for the period				-1 516	-1 516			-1 516
Other comprehensive income			-1 397		-1 397			-1 397
Total comprehensive income for the period			-1 397	-1 516	-2 913			-2 913
Closing balance 03/31/24	455	76 159	357	-19 259	57 712			57 712
Opening balance 01/01/25	455	76 159	546	-45 062	32 098			32 098
Profit for the period				-7 985	-7 985			-7 985
Other comprehensive income			3 162		3 162			3 162
Total comprehensive income for the year			3 162	-7 985	-4 823			-4 823
Closing balance 03/31/2025	455	76 159	3 708	-53 047	27 275			27 275

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY INCOME STATEMENT

in ,000's of SEK	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Sales	-	3 874	14 343
Cost of Sales	-	-	-27
Gross Profit	-	3 874	14 316
General and Administrative			
Total General & Administrative	-8 729	-9 890	-41 847
Amortization of Intangible assets	-49	-48	-204
Other Operating Income			
Other Operating Income	-	60	200
Other Operating Expenses			
Other Operating Expense	-5 155	-	-1 902
Operating Profit (loss)	-13 933	-6 004	-29 438
Financial items			
Result from shares in subsidiaries	-	6 733	-453 181
Other interest income and similar items	12 323	23 984	51 405
Interest costs and similar items	-41 769	-137	-1 249
Net Financial Income	-29 446	30 580	-403 026
Net Profit (loss)	-43 379	24 575	-432 464

PARENT COMPANY BALANCE SHEET

in ,000's of SEK	03/31/25	03/31/24	12/31/24
Assets			
Intangible fixed assets			
Licenses and trademarks	457	661	505
Total intangible fixed assets	457	661	505
Tangible fixed assets			
Equipment, tools, fixtures and fittings	-	-	-
Total tangible fixed assets	-	-	-
Financial assets			
Investments In Subsidiaries	177 846	508 217	177 846
Non-current receivables from group companies	452 582	379 089	309 531
Other non-current receivables	-184 456	93	93
Total fixed assets	446 429	888 060	487 976
Current assets			
Accounts receivable	-6 838	57	-
Receivable from Group companies	19 004	56 651	11 469
Tax assets	-	169	-
Other receivables	2 815	8 315	242
Prepayments and accrued income	1 186	981	663
Cash and bank	272	567	517
Total current assets	16 438	66 739	12 891
TOTAL ASSETS	462 867	954 800	500 867

PARENT COMPANY BALANCE SHEET, CONT.

in ,000's of SEK	03/31/25	03/31/24	12/31/24
Equity and Liabilities			
Equity			
Restricted equity			
Share capital	5 111	5 111	5 111
Share premium fund	853 681	853 681	853 681
Retained earnings	-464 008	-31 544	-31 544
Result for the period	-43 379	24 575	-432 464
Total equity	351 405	851 822	394 783
Provisions			
Other provisions	7 663	67 202	7 663
Total provisions	7 663	67 202	7 663
Non-current liabilities			
Other liabilities to group companies	20 098	12 706	26 303
Other non-current liabilities	34 040	-	37 310
Total non-current liabilities	54 139	12 706	63 613
Current liabilities			
Accounts payable	5 185	2 315	3 070
Liabilities to group companies	39 908	15 293	27 842
Tax liabilities	-41	-	186
Other current liabilities	3 008	3 723	2 396
Accruals and deferred income	1 601	1 737	1 312
Total current liabilities	49 661	23 069	34 807
TOTAL EQUITY AND LIABILITIES	462 867	954 800	500 867

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

Maximum Entertainment is a global entertainment company dedicated to crafting indie to AA video game experiences through original content and licensed partnerships. A fully integrated group with a broad portfolio of content, the company emphasizes collaboration and inclusivity in its partnerships to produce the highest level of interactive entertainment. With more than 300 titles in its catalog, Maximum Entertainment has joined forces with talented creators and renowned franchises around the globe to deliver magic to the gamer in everyone. Maximum Entertainment employs experienced professionals across the entire value chain of video games including development, publishing, transmedia, sales, and operations.

Maximum Entertainment is headquartered in Stockholm and is a public company with company registration number 556778-7691.

The Interim statements for the period 1 January 2025 to 31 March 2025 were authorized for issue by the Board of Directors and the CEO of Maximum Entertainment AB on 28 May 2025.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Maximum Entertainment AB applies International Financial Reporting Standards (IFRS) as adopted by the EU. The group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995: 1554). The parent company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. For full accounting principles see annual report 2024.

NOTE 3: KEY ESTIMATES AND ASSUMPTIONS

Key estimates and assumptions are evaluated and assessed continuously and are based on past experience and other factors, including expectations on future events that are assessed reasonable under current circumstances. These estimates and assumptions may be used when evaluating liabilities such as contingent considerations and when conducting impairment testing on goodwill and capitalized game development.



NOTE 4: RISK MANAGEMENT

Through its operations, the Group is exposed to various financial risks attributable to primarily trade receivables, trade payables and borrowings. The Group strives to minimize potential unfavorable effects from these risks on the Group's financial results.

FINANCIAL RISKS

Financing of Operations

The Group's strategic direction entails acquisitions as well as investments in IP rights and publishing operations, and Maximum Entertainment may need to raise additional capital. In the event of a future need for capital, there is a risk that additional capital cannot be raised on favourable terms, that such raised capital is not sufficient to finance the operations, or that capital cannot be raised at all. In addition, the Group is in breach of covenants and has triggered events of default on its loans at the end of 2024. The Group is still in breach of these covenants and remains in ongoing discussions with its lenders to explore the possibility of a sustainable resolution. There are significant risks associated with the outcome of these discussions, as the Group will be unable to continue operations if forced to reimburse the debt owed to its lenders. In the interim, the Group continues to invest in Games on a scale that corresponds to its current cash constraints.

Maximum Entertainment continually monitors both its cash, financing and investing activities to ensure that sufficient resources remain available to meet targets.

Exchange Rate Risk

The revenue of Maximum Entertainment is mainly in USD, EUR and GBP, while the group reporting currency is in EUR (Parent company currency remains SEK). Exchange rate fluctuations in relation to EUR may have a negative impact on the competitiveness of Maximum Entertainment in relation to competitors who report in another currency.

Interest Risk

During the period, Maximum Entertainment relied on financing from credit institutions that include obligations to pay interest at variable rates. Fluctuations in interest rates can impact the cost of borrowing and our ability to make future investments, potentially affecting our profitability. We closely monitor market conditions and adjust our financing and investment decisions to reflect our risk-return profile.

Liquidity Risk

The Group is still in breach of Q3 2024, Q4 2024 and Q1 2025 covenants for which it is currently in discussions with its principal lenders. Some loans in the Group require approval of a change in leadership for certain entities or for the Group for which waivers have yet to be obtained. The Group's available resources at the end of Q1 2025 are insufficient to allow reimbursement of the capital and accrued interest on the loans. We are in discussions with all lenders to better align with the Group's abilities to pay but the Group could fail to achieve sustainable results. After Q1 2025 and prior to the publication of this report, the Group received notification from one of its lenders calling for immediate repayment of USD 5.5 M. In addition to loans from credit institutions, the Group carries significant Accounts Payable and significant ongoing legal expenses which reduces cash available for the generation of future sales. The Group requires sufficient cash flow to allow it to continue meeting its ongoing obligations while making investments in games. Currently, the Group's cash constraints impede execution of investments, jeopardizing the Group's ability to acquire new games and feed the revenue pipeline, impacting its ability to continue operations.

Arbitration

During 2024, the sellers of Maximum Games filed a request for arbitration requesting immediate payment of approximately 116 MSEK under the share sale and purchase agreement for the acquisition. Maximum Entertainment AB disputes this claim. In addition, and during the period, Maximum Entertainment AB filed a counterclaim in this matter requesting repayment of previously paid out earn-outs and interest, amounting to USD 6.2M. That process continues throughout and after Q1 2025.

For additional information regarding risk management, please refer to the Annual Report 2024.

NOTE 5: NET SALES

Net Sales by Line of Business

in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Owned IP	994	2 616	8 304
Licensed Publishing	3 127	2 957	15 116
Subpublishing/Distribution/Transmedia	10 885	14 217	56 400
Other	-	110	116
Total Sales	15 007	19 900	79 936

Net Sales by Region

in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
North America	5 217	8 292	37 486
Europe	8 513	10 371	37 424
Asia	551	866	2 065
ROW	725	371	2 961
Total Sales	15 007	19 900	79 936

NOTE 6: GAME DEVELOPMENT

Game Development

in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Non Capitalized Development and Studio Research	-153	-	-336
Amortization/Impairments on Capitalized Development	-1 373	-2 164	-21 714
Other	-	16	-
Total Development	-1 527	-2 147	-22 051

Non Capitalized Development includes costs related to work-for-hire contracts and studio expenses for pre-Greenlit projects.

Amortization/Impairments on Capitalized Development for the quarter includes 1 198 KEUR of impairment revaluations based on performance of launched games.

NOTE 7: NON-RECURRING GENERAL AND ADMINISTRATION EXPENSES

Non-Recurring G&A			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
IFRS Conversion Project	-27	-23	-61
Maximum Games' Sellers Arbitration Costs	-209	-	-69
Special Examiner	-47	-	-65
Restructuring Costs	-228	-	-
Refinancing Costs	-403	-	-
Total Non-Recurring G&A	-914	-23	-195

NOTE 8: OTHER OPERATING INCOME

Operating Income			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Adjustment of contingent consideration	-	-	11 315
Other items -Sales of Merge assets	-	-	-616
Other items Rental income	-	5	17
Others	1	-	7
Other items sale of fixed assets that were previously disposal at zero value	-	1	14
Other items grant income	-	5	1
Total Operating Income	1	12	10 738

NOTE 9: OTHER OPERATING EXPENSES

Operating Expenses			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Adjustment of contingent consideration	-	-	-54
Impairment on goodwill	-	-	-13 217
Parent company costs relating to special examiner professional fee	-	-	-166
Total Operating Expenses	-	-	-13 437

NOTE 10: FINANCIAL NET

Financial Net			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Financial Income			
Interest income	0	-	3
FX gain	191	1 712	4 518
Total Financial Expenses	191	1 712	4 522
Financial Expenses			
Interest expense, borrowings*	-1 562	-1 349	-6 697
Interest expense, liabilities related to right-of-use assets	-12	-131	-11
Unwind of discount	83	-80	-1 874
FX Loss	-3 662	-506	-2 060
Other items - amortised loan fee	-184	-170	-715
Total Financial Expenses	-5 337	-2 236	-11 357
Financial Net	-5 147	-525	-6 835

NOTE 11: INVESTMENTS IN GAMES

Increased revenues in the OIP and Licensed Publishing areas of the Group's business require the investment in game development. Investments in games are made through the Group's internal studio structure as well as through the payment of milestones to third party studios in exchange for the IP or the full monetization rights to the game.

Capitalized Game Development			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Book Value as at opening	19 832	29 264	29 264
Additional Development Paid in	1 985	3 611	12 615
Amortization of launched Games	-1 396	-1 349	-6 181
Disposal of Games	-	-	-1 162
Adjustment/Impairment on Games	-	-815	-15 667
Exchange Rate Differences	-537	393	963
Book Value as at closing	19 885	31 104	19 832

NOTE 12: GOODWILL

Goodwill

in ,000's of Euros	03/31/25	03/31/24	12/31/24
Book Value as at opening	58 507	68 840	68 840
Goodwill impairment	-	-	-13 217
Exchange Rate Differences	-1 553	1 035	2 884
Book Value as at closing	56 953	69 875	58 507

NOTE 13: ACCRUED INCOME AND PREPAID EXPENSES

Accrued Income and Prepaid Expenses

in ,000's of Euros	03/31/25	03/31/24	12/31/24
Accrued Income	1 263	1 949	2 113
Prepaid Expenses	899	1 242	1 089
Total accrued income and prepaid expenses	2 162	3 191	3 203



NOTE 14: FINANCIAL INSTRUMENTS

The book value of long-term financial instruments which are interest-bearing corresponds to the fair value in all material aspects, as the interest rates are in parity with current market rates. Other long-term financial instruments, mainly contingent considerations, are discounted. The book value of short-term financial instruments corresponds to the fair value in all material aspects as the effect of discounting is deemed insignificant.

Financial Instruments			
in ,000's of Euros	03/31/25	03/31/24	12/31/24
Non Current			
Interest bearing financial instruments	2 413	33 865	2 513
Contingent Considerations	692	18 243	638
Current			
Interest bearing financial instruments	39 685	7 769	41 687
Financial Instruments - Liabilities	42 790	59 877	44 838

Loan facilities negotiated in the US are associated with covenants for which the group is in breach at March 31, 2025. Loans in breach of covenants are recorded as current liabilities in Q1 2025. The Group is actively in discussions with lenders in the US to obtain waivers and amendments.

For further information, refer to the Annual Report 2024.

Contingent Considerations			
in ,000's of Euros	01/01/25 03/31/25	01/01/24 03/31/24	01/01/24 12/31/24
Book Value as at Opening	638	17 983	17 983
Change recognized in the total comprehensive income	17	475	-7 639
Conversion to other current liabilities	-	-	-9 166
Amounts Paid (including cash and non cash payments)	-	-566	-1 353
Exchange Rate Differences	37	351	814
Book Value as at Closing	692	18 243	638

NOTE 15: COVENANTS AND NET DEBT

Loan facilities negotiated in the US are associated with covenants for which the group is in breach at September 30, 2024, December 31, 2024, and March 31, 2025. The Group is actively negotiation with lenders in the US to obtain waivers and amendments.

Net Debt			
in ,000's of Euros	03/31/25	03/31/24	12/31/24
Liabilities to Credit Institutions - non amortized	33 749	28 654	32 844
Liabilities to Credit Institutions - amortized	5 365	5 644	6 592
Overdraft and Revolving Credit Facilities	2 919	3 961	4 696
Cash and cash equivalents	-2 641	-4 496	-6 106
Net Debt before Earn-Outs	39,392	33 763	38 026
Liabilities to Sellers for Unpaid Earn-Outs (prior periods)	10 307	-	10 706
Net Debt after Earn-Outs	49 699	33 763	48 732

Unpaid Earn-Outs do not include provisions for contingent considerations concerning future/not yet closed periods

NOTE 16: OTHER CURRENT LIABILITIES

Other Current Liabilities			
in ,000's of Euros	03/31/25	03/31/24	12/31/24
Unpaid Earn-Outs	10 307	-	10 706
Other	12 691	4 983	12 088
Total Other Current Liabilities	22 998	4 983	22 794

Prior to 2024 unpaid Earn-Outs were recorded as non-current liabilities.

NOTE 17: RELATED PARTY TRANSACTIONS

Related Party Transactions		03/31/25			03/31/24 12/31/24	
in ,000's of Euros		Value	Outstanding	Future Commitment	Value	Value
Rental agreement	Seebon LLC ¹ (supplier)	110	-	2 586	95	413
Rental agreement	BPOK Investments Ltd ² (supplier)	-	-	-	18	59
Rental agreement	Kodinvest Kft ³ (supplier)	7	-	7	7	27
Consulting	Philippe Cohen Consulting SAS ⁴	120	-	240	75	345
Interest on earn-outs	Christina Seelye & Thierry Bonnefoi ⁵	-	-	-	87	665
Salary & other benefits	Luke Keighran	-	-	-	33	81
Salary & other benefits	Joanne Keighran	-	-	-	33	81
NBV on sale of Merge assets, including release of EO obligation	Silver Lining Interactive Ltd ⁶	-	-	-	-	1 907
Total		237	-	2 832	347	3 578

¹ a company owned by Christina Seelye and Thierry Bonnefoi. The rental agreement will end on September 30th 2031

² a company owned by Luke & Joanne Keighran. The rental agreement ended on October 31st 2024

³ a company owned by Tamas Kozak. The lease runs indefinitely, with a 90-day notice period for termination

⁴ a company owned by Philippe Cohen, CEO of Maximum Entertainment. An indefinite contract with a 6 month notice period for termination

⁵ sellers of the Maximum Games Group

⁶ a company owned by Luke & Joanne Keighran. On December 23rd, 2024, the Group announced an asset sales arrangement whereby a number of intellectual property rights to catalog titles were sold to Silver Lining Interactive Ltd.

A list of the Group's subsidiaries, which are related parties to the parent company, is found in Further Information. All transactions between Maximum Entertainment AB and its subsidiaries have been eliminated in the consolidated financial statements.

NOTE 18: DILUTIVE INSTRUMENTS

Dilutive Instruments Outstanding

In numbers of instruments	03/31/25	03/31/24	12/31/24
Allocated to Board Members - Redemption period ending July 31, 2024	-	175 000	-
Total Allocated Warrants	-	175 000	-

NOTE 19: PARENT COMPANY ACCOUNTING AND VALUATION POLICIES

For information regarding the Parent Company accounting principles, please refer to Note 30 in the Company's Annual Report 2024.

FURTHER INFORMATION

ORGANIZATION AND GROUP STRUCTURE

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

SUBSIDIARIES	Country	Ownership interest %
Maximum Entertainment Sweden AB (Dimfrost Studio AB)	Sweden	100
Maximum Entertainment Hungary kft (invictus Games Kft)	Hungary	100
Maximum Entertainment France (Just For Games SAS)	France	100
Merge Games Ltd	The United Kingdom	100
MGI Acquisition Corporation	The United States	100
Maximum Entertainment LLC	The United States	100
Modus Games LLC	The United States	100
Maximum Entertainment Brazil Limitada	Brazil	100
Maximum Entertainment Srl	Romania	100
Maximum Entertainment Ireland Ltd	Ireland	100
Maximum Entertainment Ltd	The United Kingdom	100
Maximum Games GmbH	Germany	100

Certified Adviser

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

Liquidity Provider

The company has an agreement with Pareto Securities AB to act as a Liquidity Provider in accordance with the regulations for Nasdaq First North.

Outstanding Shares

Outstanding shares at the close of the reported period amounted to 51,110,152 shares. During the reported period, no changes have been made to the total number of shares.

Financial calendar

Annual General Meeting	06/11/25
Interim Report Q2 2025	08/13/25
Interim Report Q3 2025	11/05/25
Interim Report Q4 2025	02/11/26

Contact information

Philippe Cohen, CEO: ceo@maximument.com
Henrik Resmark, CFO: ir@maximument.com

GLOSSARY

What we say	What we mean
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.
Owned IP	Owned IP, OIP, or Owned Intellectual Property, refers to games for which the Group owns at least 50% of the IP rights to the game. In addition to full monetization rights for the game, Owned IP includes rights to prequels, sequels, spinoffs and other derivative rights.
Publishing	Publishing refers to activities related to games for which the Group has global monetization rights. This means that the Group owns global rights to the game via digital and physical distribution channels. The Group can have publishing rights for select platforms of a game (eg: publishing rights for Console versions only).
Sub-publishing	Sub-publishing refers to activities related to games for which the group has limited monetization rights. This typically means that rights are restricted to a defined channel or territory and do not include digital distribution.
New Releases	New releases are games which have launched within the current fiscal year. Games launched in Early Access are considered new both in the year of first EA release and in the year of 1.0 launch.
Catalog Games or Titles	Also referred to as back-catalog, catalog refers to games that have launched in previous fiscal years.
Adjusted EBIT	EBIT less impact from non-recurring and restructuring expenses, share-based compensation (if any), adjustment to contingent considerations and impairment of goodwill.
Adjusted EBITDA	EBITDA less impact from non-recurring and restructuring expenses, share-based compensation (if any) and adjustment to contingent considerations.
Adjusted EBIT margin	Adjusted EBIT over Net sales.
Adjusted EBITDA margin	Adjusted EBITDA over Net sales.
Gross Margin	Net sales less cost of sales.
EBITDA	EBIT before amortization, depreciation impairment, capital gains/losses on assets and any value adjustments on assets.
EBITDA Margin	EBITDA as a percentage of Net sales.
EBIT	Operating profit.
EBIT Margin	EBIT as a percentage of Net revenue.
Number of Employees	Number of employees at the end of the period.
Live or Live Services	Games that benefit from continual development throughout the life of the game and for which the monetization follows a freemium or micro-transactions model.

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, May 28, 2025

TORGNY HELLSTRÖM
CHAIRMAN OF THE BOARD

BART REEFMAN
DIRECTOR

JAN BENJAMINSON
DIRECTOR

PHILIPPE COHEN
CHIEF EXECUTIVE OFFICER

THIS QUARTERLY REPORT HAS NOT BEEN SUBJECT
TO REVIEW BY THE GROUP'S AUDITOR.