

# Interim report July–September 2022

Net revenue for the quarter amounted to MSEK 258.6, a substantial increase from the corresponding period in 2021 driven by the acquisition of Maximum Games that took place in Q4 2021. On a proforma basis, the growth is 1.1%. EBITDA came in at MSEK 18.9, below the corresponding period in 2021 on a like-for-like basis due to a strong comparison period and a slowdown in the retail segment.

## HIGHLIGHTS DURING THE THIRD QUARTER

- Modus Games and in-house studio Mane6 announced the original IP Them's Fightin' Herds which launched on consoles this October.
- Announcement of key titles Afterimage and Teslagrad 2 and our own new IP, God of Rock during Gamescom 2022.
- Modus Games in collaboration with Reply Game Studios launched the highly anticipated game Soulstice.
- Zordix evaluates the issuance of senior secured bonds.
- The release of the successful live service battle royale game, Super Animal Royale's Season 5.

## KEY FIGURES OF THE GROUP

| KSEK  | Jul–Sep 2022 | Jul–Sep 2021 | Jan–Sep 2022 | Jan–Sep 2021 | Full year 2021 |
|---|--------------|--------------|--------------|--------------|----------------|
| <b>Operational key figures<sup>1)</sup></b> |              |              |              |              |                |
| Net revenue                                 | 258 551      | 109 331      | 725 647      | 202 665      | 462 866        |
| EBITDA                                      | 18 892       | 16 805       | 61 818       | 20 424       | 71 541         |
| Operational EBIT                            | 12 690       | 15 243       | 47 203       | 17 037       | 50 552         |
| EBIT  | - 16 107     | 4 815        | - 34 580     | - 593        | 21 272         |
| EBITDA margin, %                            | 7.3          | 15.4         | 8.5          | 10.1         | 15.5           |
| Operational EBIT margin, %                  | 4.9          | 13.9         | 6.5          | 8.4          | 10.9           |
| EBIT margin, %                              | - 6.2        | 4.4          | - 4.8        | - 0.3        | 4.6            |
| <b>Other key figures</b>                    |              |              |              |              |                |
| Balance sheet total                         | 1 764 151    | 657 111      | 1 764 151    | 657 111      | 1 672 169      |
| Equity                                      | 748 813      | 280 901      | 748 813      | 280 901      | 717 290        |
| Outstanding shares                          | 42 866 231   | 27 612 602   | 42 866 231   | 27 612 602   | 40 484 515     |
| Average number of shares                    | 42 866 231   | 26 829 874   | 41 675 373   | 23 284 822   | 29 720 779     |
| Net profit or loss per share, SEK           | -0.07        | -0.14        | -0.24        | -0.51        | -0.04          |
| Equity per share, SEK                       | 17           | 10           | 17           | 10           | 24             |
| Equity ratio, %                             | 42           | 43           | 42           | 43           | 43             |
| Number of employees                         | 209          | 110          | 209          | 110          | 196            |

1) The Group's EBIT is affected by the amortization of goodwill in accordance with the K3 regulations that Zordix applies. Operational EBIT, a key figure adjusted for this amortization, therefore provides a more accurate picture of the development of the operating income from the Group's operating activities.

# 259 MSEK

Net revenue

# 18.9 MSEK

EBITDA

# 7.3 %

EBITDA margin

# Words from our CEO



**...Zordix is building a strong foundation for the coming years ahead and beyond with a solid pipeline of our own IP releases...**

Zordix posted net revenues of MSEK 258.6 this quarter (compared to MSEK 268.0 in 2021) and MSEK 725.6 for the past nine months of 2022, a proforma increase of 1.1 percent over the corresponding period of 2021.

EBITDA amounted to MSEK 18.9, which is lower than the previous quarter and the same quarter of last year. For the first nine months, EBITDA amounted to MSEK 61.8, or 8.5 percent of net revenue, a 10.0 percent proforma decrease in comparison with the same period of last year. This is explained by outsized performance in games launched during the third quarter in 2021. Revenue and EBITDA are dependent on new game launches and vary from quarter to quarter according to our planned roadmap. Although this quarter's results are down on a proforma basis from 2021 they show stability and commitment to profitability in a changing market. As a newly integrated company, we are building a strong pipeline of new IP for release in future years while continuing the group's long history of success with 3<sup>rd</sup> party publishing and co-development.

Zordix is proud to announce the expansion of our own studio IP from Mane6, Them's Fightin' Herds to all console platforms. The game is a 2D competitive fighting game featuring a cast of characters designed by Lauren Faust (producer and developer for My Little Pony: Friendship is Magic; creator, director, and developer for Super Best Friends Forever) which has a significant global fan and follower base since its PC release. This expansion highlights Zordix's capabilities in expanding the impact and reach of a successful IP that has currently an 82 Metascore on Metacritic. Bringing this competitive fighting game, which was already highly regarded on PC to all console platforms is the first step in our long-term commitment to fighting games and this exciting genre.

Expanding upon the fighting game genre, our own Modus Studios announced the new IP, God of Rock coming to PC and console platforms. God of Rock is a genre-bending fighting and rhythm game launching in 2023. Fans of both genres will enjoy the competition and intensity created by bringing these two genres together into this stage-based rhythm game with competitive fighting game mechanics.

Another highly anticipated game from Modus, Maximum Football released two behind-the-scenes development updates for this American football sports simulation experience. In these updates, we announced key development pillars of the game including physics-based gameplay and full customization capabilities. These are major differentiators demanded from fans that distinguish Maximum Football from its competition in this 2023 release.

Our own IP and highly anticipated multiplayer survival game, Smalland in development by Merge Games, continues to release new game assets onto TikTok with almost 5m views and wishlists are currently in excess of 270 000 and growing. This expectation along with the community's positive response and encouraging comments around the game shows us that we are on the right path for a quality release in the near future.

In August, we had the opportunity to participate in gamescom 2022, one of the largest industry events in the world. This allowed us the opportunity to announce and present multiple new titles that Zordix will be publishing in the coming years. Modus announced Afterimage, to be released in 2023 on PC and console platforms from Wangyuan Shengtang Entertainment Co, the Chinese developer behind the Gujian series selling millions of copies.

Modus also announced, Teslagrad 2 for PC and consoles from indie studio, Rain Games. This game is a long-awaited sequel to the multimillion-selling puzzle-adventure hit Teslagrad, to be released in 2023. Showing our abilities to manage a variety of genres, Modus also announced Kukoos: Lost Pets for PC and console from Brazilian studio, PetitFabrik. Kukoos is a quirky 3D adventure game to explore five diverse worlds to save the adorable animal inhabitants of the Kukoo Tree.

During the quarter we signed two exciting new IPs, Projekt Z and Yet Another Fantasy Title. Projekt Z is an atmospheric first-person zombie co-op-shooter set on a nazi-controlled island during WWII, in collaboration with 314 Arts. Yet Another Fantasy Title is an old-school gameplay style where players get to explore an open-world, top-down action RPG in a fantasy setting full of pop-culture references that are popular among fans and gamers.

Through our publishing labels, Zordix had a prolific release schedule with 30 games in Q3. This includes the highly anticipated Soulstice published by Modus, one of the highest-grossing games in their portfolio. With the well-executed launch promotion through strategic press, media placements, and influencers, Soulstice outperformed internal revenue expectations in the first week and achieved positive gamer and critical feedback for this original IP from our studio partner Reply Game Studios.

As part of our ongoing strategy to captivate gamers globally through live service games, Zordix released yet another anticipated season of the game Super Animal Royale. Season 5 was well received by the global fanbase and saw a 16 percent uptick in the first week of the launch of currency pack DLC revenue versus last season. This makes the past two seasons a healthy growth area for our recurring revenue base. The new season brought 25 percent more ARPPU than the previous season, demonstrating higher spending levels per player. The past quarter for SAR brought in a 5 percent increase in currency packs vs durable SKUs, this is a desirable trend as it

aligns with our goal of migrating players from making one-time purchases to becoming recurring spenders in our live-service environment.

The third quarter result shows that despite the current macroeconomic environment, we have a robust catalog creating revenue and can create solid profitable results. What I have seen this past quarter validates that Zordix is building a strong foundation for the coming years ahead and beyond with a solid pipeline of our own IP releases as well as new exciting 3rd party titles. The team at Zordix is adaptable and is developing a globally integrated entertainment company that covers the full value chain of innovative creation of content, publishing, sales and marketing and transmedia. I look forward to our time ahead together with our players, shareholders, partners, and investors.

**Christina Seelye, CEO**

## INCOME STATEMENT

# Comments

**NET REVENUE**

During the third quarter of 2022, net revenue amounted to KSEK 258 551 (109 331). For the current quarter, the Group's companies Just For Games, Merge Games and Maximum Games, together with its subsidiaries, are included in the current period, whereas in the comparison period 2021 only Just For Games and Merge Games were included.

**CAPITALIZED DEVELOPMENT**

An important part of the Group's strategy is continued development of its own games, which are expected to generate future positive cash flows. The Group's studios are therefore continuing to work on the pipeline of IPs according to our roadmap. Capitalized development for the period amounted to KSEK 8 400 (12 835).

**OPERATING COSTS**

Cost of goods sold at the end of the period amount to KSEK 183 122 (81 698). The increase is explained by the growth of the Group and comprises sold inventory as well as royalty expenses during the period.

Personnel cost increase for the period is explained by the addition of new subsidiaries to the Group that took place during 2021.

Amortization of goodwill amounted to KSEK 28 797 (10 428). This is a result of the acquisition goodwill built up over 2021 and amortized over 10 years, in accordance with the K3 regulations that Zordix applies.

**OPERATING INCOME (EBIT)**

Operating income for the current quarter was KSEK -16 107 (4 815). The Group's EBIT is affected by the amortization of goodwill. The Group's operational EBIT was KSEK 12 690 (15 243) – a metric that is adjusted for this goodwill amortization.

**FINANCIAL ITEMS**

The Group's financial items for the current quarter amounted to KSEK 18 629 (-4 223). The change is in large part explained by exchange rate gains on receivables and liabilities in foreign currency and to a lesser extent by interest on external loans.

**RESULT FOR THE PERIOD**

Profit for the quarter amounted to KSEK -3 082 (-3 699).

# 12.7 MSEK

Operational EBIT

# 4.9%

Operational EBIT margin

## CASH FLOW AND FINANCIAL POSITION

# Comments, cont.

## CASH FLOW

Cash flow from operating activities during the period amounted to KSEK -39 745 (-28 231) of which KSEK -48 763 was working capital absorption. Cash flow from investment activities during the period amounted to KSEK -30 883 (-12 835), chiefly driven by investments in games. Cash flow from financing activities during the period amounted to KSEK 72 838 (-16 346). Cash balance at end of period amounted to KSEK 64 725 (50 066).

## FIXED ASSETS

The Group's fixed assets as of the balance sheet date amounted to KSEK 1 245 358 (467 603). The increase, which mainly consists of consolidated goodwill, is explained by the acquisitions made in 2021. The increase is also explained by the Group's investments in work on its own IPs. Capitalization of development costs takes place in accordance with the applied K3 regulations, which entails an adjustment from local accounting principles in each subsidiary.

## CURRENT ASSETS

Inventories of physical games and accessories stood as of the balance sheet date at KSEK 214 901 (55 812). Account receivables as of the balance sheet date stood at KSEK 148 716 (61 918). The increase is explained by acquisitions during 2021.

## EQUITY

The Group's equity, as of the balance sheet date, amounted to KSEK 748 813 (280 901). The increase is explained by the new issue of shares in connection with acquisitions during 2021, as well as earnings for the periods in which the Group owned and managed the operations of its subsidiaries.

## PROVISIONS

Provisions at the end of the period amounted to KSEK 528 044 (202 265). It consists of deferred considerations related to acquisitions. These may fall due for payment during the period 2022-2025 in the form of shares and cash. Provisions reflect group management's assessment of probable outcome. These are evaluated continuously and revised if indications of an outcome other than previous estimates are deemed more likely.

## NON-CURRENT LIABILITIES

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

## CURRENT LIABILITIES

The increase in current liabilities is attributable to debt-financed acquisition liabilities, outstanding accounts payable and accruals.

**1.8** BSEK  
Assets

**42** %  
Equity ratio

## THE GROUP

# Income statement

| KSEK  | Jul-Sep 2022    | Jul-Sep 2021   | Jan-Sep 2022    | Jan-Sep 2021    | Full year 2021 |
|---|-----------------|----------------|-----------------|-----------------|----------------|
| <b>Operating income</b>   |                 |                |                 |                 |                |
| Net revenue   | 258 551         | 109 331        | 725 647         | 202 665         | 462 866        |
| Capitalized development   | 8 400           | 12 835         | 29 400          | 31 507          | 51 687         |
| Other operating income  | 297             | 29             | 8 971           | 1 742           | 3 318          |
| <b>Total income</b>   | <b>267 249</b>  | <b>122 195</b> | <b>764 018</b>  | <b>235 914</b>  | <b>517 870</b> |
| <b>Operating costs</b>  |                 |                |                 |                 |                |
| Cost of goods sold  | - 183 122       | - 81 698       | - 511 729       | - 157 298       | - 337 979      |
| Other external costs  | - 25 412        | - 10 288       | - 72 851        | - 22 904        | - 50 096       |
| Personnel costs   | - 37 587        | - 13 255       | - 113 252       | - 34 523        | - 55 809       |
| Depreciation and amortization of intangible and tangible fixed assets | - 34 999        | - 11 990       | - 96 398        | - 21 017        | - 50 269       |
| Other operating expenses  | - 2 235         | - 149          | - 4 368         | - 765           | - 2 445        |
| <b>Operating income (EBIT)</b>  | <b>- 16 107</b> | <b>4 815</b>   | <b>- 34 580</b> | <b>- 593</b>    | <b>21 272</b>  |
| <b>Financial items</b>  |                 |                |                 |                 |                |
| Financial net   | 18 629          | - 4 223        | 36 302          | - 4 186         | - 4 215        |
| <b>Result after financial items</b>                                   | <b>2 521</b>    | <b>592</b>     | <b>1 722</b>    | <b>- 4 779</b>  | <b>17 057</b>  |
| <b>Income before tax</b>  |                 |                |                 |                 |                |
| Tax for the period  | - 5 603         | - 4 291        | - 11 883        | - 7 024         | - 18 169       |
| <b>Result for the period</b>  | <b>- 3 082</b>  | <b>- 3 699</b> | <b>- 10 161</b> | <b>- 11 803</b> | <b>- 1 112</b> |
| <b>Relating to</b>  |                 |                |                 |                 |                |
| Shareholders of the parent company                                    | - 3 084         | - 3 699        | - 10 149        | - 11 795        | - 1 091        |
| Non-controlling interest  | 3               | -              | - 12            | - 8             | - 21           |

## THE GROUP

# Balance sheet

| KSEK  | 2022-09-30       | 2021-09-30     | 2021-12-31       |
|---|------------------|----------------|------------------|
| <b>Assets</b>   |                  |                |                  |
| <b>Intangible fixed assets</b>                                |                  |                |                  |
| Capitalized expenditure for game development and similar work | 152 399          | 75 386         | 94 434           |
| Licenses and trademarks                                       | 6 036            | 162            | 820              |
| Goodwill  | 1 072 103        | 389 114        | 980 010          |
| <b>Total intangible fixed assets</b>                          | <b>1 230 538</b> | <b>464 662</b> | <b>1 075 264</b> |
| <b>Tangible fixed assets</b>                                  |                  |                |                  |
| Equipment, tools, fixtures and fittings                       | 11 889           | 1 894          | 7 617            |
| <b>Total tangible fixed assets</b>                            | <b>11 889</b>    | <b>1 894</b>   | <b>7 617</b>     |
| <b>Financial fixed assets</b>                                 |                  |                |                  |
| Deferred tax assets   | 1 527            | -              | 1 177            |
| Other non-current receivables                                 | 1 403            | 1 047          | 3 916            |
| <b>Total fixed assets</b>                                     | <b>1 245 358</b> | <b>467 603</b> | <b>1 087 973</b> |
| <b>Current assets</b>   |                  |                |                  |
| Inventories   | 214 901          | 55 812         | 125 665          |
| Accounts receivable   | 148 716          | 61 918         | 240 154          |
| Tax assets  | 7 545            | -              | 670              |
| Other receivables   | 8 333            | 4 606          | 20 374           |
| Prepayments and accrued income                                | 74 575           | 17 106         | 34 226           |
| Cash and bank   | 64 725           | 50 066         | 163 107          |
| <b>Total current assets</b>                                   | <b>518 794</b>   | <b>189 508</b> | <b>584 196</b>   |
| <b>TOTAL ASSETS</b>   | <b>1 764 151</b> | <b>657 111</b> | <b>1 672 169</b> |

## THE GROUP

# Balance sheet, cont.

| KSEK   | 2022-09-30       | 2021-09-30     | 2021-12-31       |
|--|------------------|----------------|------------------|
| <b>Equity and liabilities</b>                          |                  |                |                  |
| <b>Equity</b>  |                  |                |                  |
| Share capital  | 4 286            | 2 761          | 4 048            |
| Other contributed capital                              | 747 074          | 286 117        | 700 248          |
| Capitalized income including net result for the period | - 2 538          | - 7 992        | 12 990           |
| Equity relating to shareholders of the parent company  | 748 822          | 280 886        | 717 287          |
| Non-controlling interest                               | - 9              | 15             | 4                |
| <b>Total equity</b>                                    | <b>748 813</b>   | <b>280 901</b> | <b>717 290</b>   |
| <b>Provisions</b>                                      |                  |                |                  |
| Deferred tax liabilities                               | 2 309            | 304            | 3 711            |
| Other provisions                                       | 528 044          | 202 265        | 491 663          |
| <b>Total provisions</b>                                | <b>530 353</b>   | <b>202 569</b> | <b>495 374</b>   |
| <b>Non-current liabilities</b>                         |                  |                |                  |
| Other liabilities to credit institutions               | 115 044          | 42 838         | 31 223           |
| Other non-current liabilities                          | 33 460           | -              | 36 788           |
| <b>Total non-current liabilities</b>                   | <b>148 504</b>   | <b>42 838</b>  | <b>68 012</b>    |
| <b>Current liabilities</b>                             |                  |                |                  |
| Liabilities to credit institutions                     | 60 030           | 2 387          | 80 352           |
| Accounts payable                                       | 119 848          | 44 483         | 113 436          |
| Tax liabilities  | 19 569           | 2 511          | 8 697            |
| Other current liabilities                              | 76 120           | 73 228         | 42 013           |
| Accruals and deferred income                           | 60 915           | 8 194          | 146 996          |
| <b>Total current liabilities</b>                       | <b>336 481</b>   | <b>130 803</b> | <b>391 493</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    | <b>1 764 151</b> | <b>657 111</b> | <b>1 672 169</b> |



## THE GROUP

# Changes in equity

| KSEK                              | Share capital | Other contributed capital | Other equity incl.<br>net result for the period | Non-controlling influence | Total equity   |
|-----------------------------------|---------------|---------------------------|---|---------------------------|----------------|
| <b>Opening balance 2021-01-01</b> | <b>1 896</b>  | <b>69 385</b>             | <b>5 970</b>                                    | <b>23</b>                 | <b>77 274</b>  |
| New issue (net after issue costs) | 2 152         | 629 789                   |   |                           | 631 941        |
| Repurchase warrants               |               | - 68                      |   |                           | - 68           |
| Profit for the period             |               |                           | - 1 091   | - 21                      | - 1 112        |
| Recalculation difference          |               |                           | 8 095   |                           | 8 095          |
| Other                             |               | 1 142                     | 16  | 2                         | 1 160          |
| <b>Equity 2021-12-31</b>          | <b>4 048</b>  | <b>700 248</b>            | <b>12 990</b>                                   | <b>4</b>                  | <b>717 290</b> |
| <b>Opening balance 2021-01-01</b> | <b>1 896</b>  | <b>69 385</b>             | <b>5 970</b>                                    | <b>23</b>                 | <b>77 274</b>  |
| New issue (net after issue costs) | 865           | 213 923                   |   |                           | 214 788        |
| Repurchase warrants               |               | 1 309                     | 1 498   |                           | 2 807          |
| Profit for the period             |               |                           | - 11 795  | - 8                       | - 11 803       |
| Recalculation difference          |               |                           | - 1 253   |                           | - 1 253        |
| Other                             |               | 1 500                     | - 2 412   |                           | - 912          |
| <b>Equity 2021-09-30</b>          | <b>2 761</b>  | <b>286 117</b>            | <b>- 7 992</b>                                  | <b>15</b>                 | <b>280 901</b> |
| <b>Opening balance 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 issue costs) | 238           | 46 826                    |   |                           | 47 064         |
| Repurchase warrants               |               |                           |   |                           | -              |
| Profit for the period             |               |                           | - 10 149  | - 12                      | - 10 161       |
| Recalculation difference          |               |                           | - 5 379   |                           | - 5 379        |
| Other                             |               |                           |   |                           | -              |
| <b>Equity 2022-09-30</b>          | <b>4 286</b>  | <b>747 074</b>            | <b>- 2 538</b>                                  | <b>- 9</b>                | <b>748 813</b> |

## THE GROUP

# Cash flow analysis

| KSEK   | Jul-Sep 2022    | Jul-Sep 2021    | Jan-Sep 2022    | Jan-Sep 2021     | Full year 2021   |
|--|-----------------|-----------------|-----------------|------------------|------------------|
| Result after financial items   | 2 521           | 592             | 1 722           | - 4 779          | 17 057           |
| Adjustments for items not included in cash flow                              | 12 997          | 11 990          | 56 156          | 21 014           | 56 661           |
| Income tax paid  | - 6 500         | - 2 056         | - 9 639         | - 4 303          | - 7 634          |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>9 018</b>    | <b>10 526</b>   | <b>48 239</b>   | <b>11 932</b>    | <b>66 085</b>    |
| Change in working capital  | - 48 763        | - 38 757        | - 104 238       | - 57 544         | - 59 455         |
| <b>Cash flow from operating activities</b>                                   | <b>- 39 745</b> | <b>- 28 231</b> | <b>- 55 998</b> | <b>- 45 612</b>  | <b>6 630</b>     |
| Net investments in acquired companies  | -               | -               | -               | - 96 428         | - 251 835        |
| Net investments in intangible assets   | - 28 701        | - 12 835        | - 74 717        | - 31 507         | - 61 000         |
| Net investments in tangible assets   | - 1 884         | -               | - 6 335         | - 374            | - 117            |
| Net investments in financial assets  | - 298           | -               | 2 512           | - 2 016          | - 3 870          |
| <b>Cash flow from investing activities</b>                                   | <b>- 30 883</b> | <b>- 12 835</b> | <b>- 78 540</b> | <b>- 130 325</b> | <b>- 316 823</b> |
| <b>Cash flow from financing activities</b>                                   | <b>72 838</b>   | <b>- 16 346</b> | <b>37 028</b>   | <b>188 716</b>   | <b>435 797</b>   |
| <b>Cash flow for the period</b>  | <b>2 210</b>    | <b>- 57 412</b> | <b>- 97 511</b> | <b>12 778</b>    | <b>125 604</b>   |
| Cash at the beginning of the period  | 62 371          | 107 486         | 163 107         | 37 332           | 37 332           |
| Translation difference in cash and cash equivalents                          | 144             | - 8             | - 872           | - 44             | 172              |
| <b>Cash at the end of the period</b>   | <b>64 725</b>   | <b>50 066</b>   | <b>64 725</b>   | <b>50 066</b>    | <b>163 107</b>   |

## THE PARENT COMPANY

# Income statement

| KSEK  | Jul-Sep 2022   | Jul-Sep 2021    | Jan-Sep 2022   | Jan-Sep 2021    | Full year 2021  |
|---|----------------|-----------------|----------------|-----------------|-----------------|
| <b>Operating income</b>                       |                |                 |                |                 |                 |
| Net revenue                                   | -              | 108             | 1 446          | 1 139           | 10 976          |
| Capitalized development                       | -              | 6 377           | -              | 15 726          | 19 726          |
| Other operating income                        | - 500          | 29              | 8 804          | 730             | 2 328           |
| <b>Total income</b>                           | <b>- 500</b>   | <b>6 514</b>    | <b>10 250</b>  | <b>17 595</b>   | <b>33 030</b>   |
| <b>Operating costs</b>                        |                |                 |                |                 |                 |
| Cost of goods sold                            | - 1 263        | - 6 981         | - 8 388        | - 15 970        | - 21 426        |
| Other external costs                          | - 18           | - 1 473         | - 1 194        | - 4 608         | - 20 364        |
| Personnel costs                               | - 2 481        | - 3 674         | - 9 892        | - 13 734        | - 17 758        |
| Depreciation and amortization of fixed assets | - 52           | - 422           | - 120          | - 1 259         | - 16 813        |
| Other operating expenses                      | -              | - 29            | -              | - 642           | - 10            |
| <b>Operating income (EBIT)</b>                | <b>- 4 314</b> | <b>- 6 065</b>  | <b>- 9 344</b> | <b>- 18 618</b> | <b>- 43 341</b> |
| <b>Financial items</b>                        |                |                 |                |                 |                 |
| Financial net                                 | - 2 795        | - 4 182         | 4 384          | - 4 424         | - 8 205         |
| <b>Result after financial items</b>           | <b>- 7 109</b> | <b>- 10 247</b> | <b>- 4 959</b> | <b>- 23 042</b> | <b>- 51 546</b> |
| <b>Appropriations and tax</b>                 |                |                 |                |                 |                 |
| Changes in amortization fund                  | -              | -               | -              | -               | 843             |
| Tax on profit for the period                  | -              | -               | -              | -               | 174             |
| <b>Result for the period</b>                  | <b>- 7 109</b> | <b>- 10 247</b> | <b>- 4 959</b> | <b>- 23 042</b> | <b>- 50 530</b> |

Note: Effective 1 January 2022 Zordix AB completed a business transfer whereby assets and personnel related to the game development and operations of Zordix AB were transferred to a newly formed entity, Zordix Racing AB. As a result, comparisons to previous periods are not like for like.

## THE PARENT COMPANY

# Balance sheet

| KSEK   | 2022-09-30     | 2021-09-30     | 2021-12-31     |
|--|----------------|----------------|----------------|
| <b>Assets</b>                                      |                |                |                |
| <b>Fixed assets/Intangible fixed assets</b>        |                |                |                |
| Capitalized development                            | -              | 49 963         | 38 214         |
| Licenses and trademarks                            | 849            | 92             | 646            |
| <b>Total intangible fixed assets</b>               | <b>849</b>     | <b>50 055</b>  | <b>38 859</b>  |
| <b>Tangible fixed assets</b>                       |                |                |                |
| Equipment, tools, fixtures and fittings            | 40             | 675            | 613            |
| <b>Total tangible fixed assets</b>                 | <b>40</b>      | <b>675</b>     | <b>613</b>     |
| <b>Financial fixed assets</b>                      |                |                |                |
| Investments in subsidiaries                        | 512 148        | 481 665        | 482 915        |
| Other non-current receivables from group companies | 453 204        | -              | 386 219        |
| <b>Total fixed assets</b>                          | <b>966 241</b> | <b>532 395</b> | <b>908 605</b> |
| <b>Current receivables</b>                         |                |                |                |
| Accounts receivable                                | 3 162          | 812            | 882            |
| Tax assets   | 694            | 694            | -              |
| Other receivables                                  | 416            | 657            | 781            |
| Prepayments and accrued income                     | 10 040         | 1 829          | 1 852          |
| Cash and bank                                      | 1 472          | 7 661          | 39 266         |
| <b>Total current assets</b>                        | <b>15 785</b>  | <b>11 653</b>  | <b>42 781</b>  |
| <b>TOTAL ASSETS</b>                                | <b>982 026</b> | <b>544 048</b> | <b>951 386</b> |

## THE PARENT COMPANY

# Balance sheet, cont.

| KSEK                                     | 2022-09-30     | 2021-09-30     | 2021-12-31     |
|--|----------------|----------------|----------------|
| <b>Equity and liabilities</b>            |                |                |                |
| <b>Equity</b>                            |                |                |                |
| <i>Restricted equity</i>                 |                |                |                |
| Share capital                            | 4 287          | 2 761          | 4 048          |
| Share issue under registration           | -              | -              | -              |
| Development fund                         | 960            | 49 935         | 38 214         |
| <i>Unrestricted equity</i>               |                |                |                |
| Share premium fund                       | 746 000        | 286 117        | 699 174        |
| Retained earnings                        | - 50 889       | - 49 160       | - 37 443       |
| Result for the period                    | - 4 959        | - 23 042       | - 50 530       |
| <b>Total equity</b>                      | <b>695 398</b> | <b>266 611</b> | <b>653 464</b> |
| <b>Tax-free reserves</b>                 |                |                |                |
| Amortization funds                       | -              | 843            | -              |
| <b>Total tax-free reserves</b>           | <b>-</b>       | <b>843</b>     | <b>-</b>       |
| <b>Provisions</b>                        |                |                |                |
| Other provisions                         | 172 118        | 202 265        | 202 265        |
| <b>Total provisions</b>                  | <b>172 118</b> | <b>202 265</b> | <b>202 265</b> |
| <b>Non-current liabilities</b>           |                |                |                |
| Other liabilities to credit institutions | 65 981         | 4 269          | 4 166          |
| Other non-current liabilities            | -              | -              | 9              |
| <b>Total non-current liabilities</b>     | <b>65 981</b>  | <b>4 269</b>   | <b>4 176</b>   |
| <b>Current liabilities</b>               |                |                |                |
| Liabilities to credit institutions       | -              | 2 387          | 64 978         |
| Accounts payable                         | 3 726          | 872            | 10 191         |
| Liabilities to group companies           | 4 387          | -              | 6 870          |
| Tax liabilities                          | 390            | -              | 238            |
| Other current liabilities                | 15 242         | 63 382         | 1 125          |
| Accruals and deferred income             | 24 784         | 3 419          | 8 255          |
| <b>Total current liabilities</b>         | <b>48 529</b>  | <b>70 060</b>  | <b>91 656</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>982 026</b> | <b>544 048</b> | <b>951 386</b> |

## THE PARENT COMPANY

# Changes in equity

| KSEK                              | Share capital | Development fund | Share premium fund | Other income incl.<br>net result for the period | Total equity   |
|-----------------------------------|---------------|------------------|--------------------|---|----------------|
| <b>Opening balance 2021-01-01</b> | <b>1 896</b>  | <b>34 809</b>    | <b>69 385</b>      | <b>- 34 033</b>                                 | <b>72 057</b>  |
| New issue (net after issue costs) | 2 153         |                  | 629 789            |   | 631 942        |
| Repurchase warrants               |               |                  |                    | - 4   | - 4            |
| Profit for the period             |               |                  |                    | - 50 530  | - 50 530       |
| Development expenditure fund      |               | 3 405            |                    | - 3 405   | -              |
| <b>Equity 2021-12-31</b>          | <b>4 048</b>  | <b>38 214</b>    | <b>699 174</b>     | <b>- 87 973</b>                                 | <b>653 464</b> |
| <b>Opening balance 2021-01-01</b> | <b>1 896</b>  | <b>34 809</b>    | <b>69 385</b>      | <b>- 34 033</b>                                 | <b>72 057</b>  |
| New issue (net after issue costs) | 865           |                  | 213 923            |   | 214 788        |
| Repurchase warrants               |               |                  | 1 309              | 1 498   | 2 807          |
| Profit for the period             |               |                  |                    | - 23 042  | - 23 042       |
| Development expenditure fund      |               | 15 126           | 1 500              | - 16 625  | 1              |
| <b>Equity 2021-09-30</b>          | <b>2 761</b>  | <b>49 935</b>    | <b>286 117</b>     | <b>- 72 202</b>                                 | <b>266 611</b> |
| <b>Opening balance 2022-01-01</b> | <b>4 048</b>  | <b>38 214</b>    | <b>699 174</b>     | <b>- 87 973</b>                                 | <b>653 464</b> |
| New issue (net after issue costs) | 238           |                  | 46 826             |   | 47 064         |
| Repurchase warrants               |               |                  |                    |   | -              |
| Profit for the period             |               |                  |                    | - 4 959   | - 4 959        |
| Development expenditure fund      |               | - 37 254         |                    | 37 084  | - 170          |
| <b>Equity 2022-09-30</b>          | <b>4 287</b>  | <b>960</b>       | <b>746 000</b>     | <b>- 55 848</b>                                 | <b>695 398</b> |

# About Zordix

Zordix is a transnational developer and publisher dedicated to providing the global games market with the highest level of innovation, technology and creative ambition, through a growing family of brands.

The Group consists of five studios and four publishers and leverages each entity's unique capabilities and brand identities to deliver influential entertainment to gamers worldwide. Dimfrost Studio, Invictus Games, Mane6, Zordix Racing and Modus Studios make up the Zordix development branch, while Maximum Games, Merge Games, Modus Games, and Just For Games are global games publishers.

## Studios

### Dimfrost Studio

Game studio that develops adventure and strategy games for PC and console. Focused on storytelling and atmospheric environments inspired by Nordic folklore. The company is based in Norrköping, Sweden.



### Invictus Games

Game studio focusing on high-quality design and game development for PC and console, as well as mobile platforms. The company is based in Debrecen, Hungary.



### Zordix Racing

A game studio specialized in the design and development of racing games. Operations are conducted from offices in Umeå, Sweden.



### Modus Studios

Include a number of game studios with broad expertise. Focus on AA games in genres such as sports simulation and fighting. Operations are in Walnut Creek, California, USA and Brasilia, Brazil.



### Mane6

A part of Modus Studios. The studio is behind the game Them's Fightin' Herds® which is based on Lauren Faust's designs. The company is based in Walnut Creek, California, USA.



Headquartered in Umeå, Sweden, Zordix employs approximately 200 people across offices in US, Latin America, Sweden, France, UK, and Hungary. Through strategic acquisitions, leveraging its global infrastructure, and perpetually seeking inspired games to bring to market, Zordix continues to scale with the expanding games industry.

## Publishers

### Maximum Games

Full-service video game publisher for PC and console games. It includes the independent publisher Modus Games, and the development team Modus Studios and Mane6. The company is based in Walnut Creek, California, USA.



### Modus Games

Global video game publishing and production company for all formats that focuses on creating high quality, long-lasting video game franchises. The company is based in Walnut Creek, California, USA.



### Merge Games

Publisher and video game developer of PC and console games. It also includes the Signature Edition line-of-business, with sales of collectors' items within the premium segment. The office is located in Manchester, UK.



### Just For Games

Publisher of own as well as licensed titles for PC and console. The leading partner for publishing services in France, offering both physical game publishing and retro products. The company is based in Paris, France.



# Further information

## Accounting principles

The interim report has been established in accordance with the Annual Accounts Act and BFAR 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, Zordix AB (publ), have holdings in subsidiaries according to the table below.

| Subsidiary                                    | Shares in % |
|---|-------------|
| Zordix Entertainment AB                       | 93.3        |
| Dimfrost Studio AB                            | 100         |
| Invictus Games Ltd                            | 100         |
| Just For Games SAS                            | 100         |
| Merge Games Ltd                               | 100         |
| MG1 Acquisition Corporation Inc <sup>1)</sup> | 100         |
| Zordix Racing AB                              | 100         |

1) Holding company that acquired MG Teams Inc and Maximum Games Inc, along with their respective subsidiaries.

## Certified Adviser

Augment Partners AB, phone: +46 8 604 2255, is the Company's Certified Adviser in accordance with the regulations for Nasdaq First North.

## Financial calendar

|                        |            |
|------------------------|------------|
| Interim report Q3 2022 | 2022-11-23 |
| Year-end report 2022   | 2023-02-22 |

## Contact information

Christina Seelye, CEO, [ir@zordix.com](mailto:ir@zordix.com)  
Augment Partners AB, CA, [info@augment.se](mailto:info@augment.se)

## Definitions

### Zordix or the Company

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

### 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.

### 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.

Umeå, November 23, 2022

**Stefan Lindeberg** – Chairman of the Board

**Matti Larsson** – Director

**Stefan Lampinen** – Director

**David Eriksson** – Director

**Christina Seelye** – CEO

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