



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

INTERIM REPORT Q2 2024

# AT A GLANCE

Net Sales (Q2 2024)

**17.35** MEUR

Adjusted EBITDA (Q2 2024)

**1.4** MEUR

Share of revenue derived from Owned IP (Q2 2024)

**14 %**

Gross margin (Q2 2024)

**34 %**

Adjusted EBITDA margin (Q2 2024)

**8 %**

Total headcount (Q2 2024)

**192**

# INTRODUCTION

## MAXIMUM ENTERTAINMENT QUARTERLY REPORT

Maximum Entertainment's Q2 results show the benefits we continue to reap on our newly integrated operations and stable portfolio, with numbers that compare well to an exceptionally strong prior year base. We remind readers that Q2 2023 included the full launch impact of two of our most popular OIP titles to-date, Smalland: Survive the Wilds and Bramble: The Mountain King. Our year-to-date Adjusted EBITDA remains up 15% to KEUR 3,201 against the same period last year, despite a seemingly softer Q2 2024 at KEUR 1,428 compared to Q2 2023's exceptional KEUR 2,335. Much of this year-to-date uplift comes from margin improvements, with gross margin up 34% in Q2 2024 vs 29% for prior year.

Net Sales for the quarter amounted to KEUR 17,354 down from KEUR 23,884 from prior year due to the different launch calendar, as our 2024 Net Sales will reflect the packed launch schedule in the second half of the year. This impact is also reflected in the share of OIP which is at 14% in Q2 2024 v 19% for Q2 2023. The number of employees at the end of the period is 192, a decrease of 19% year-on-year. Additional reductions in overall costs and capital expenditures will continue as the company manages within its cash constraints.

### HIGHLIGHTS DURING THE QUARTER

#### Launches

- Double Dragon Gaiden: Rise of the Dragons free DLC "Sacred Reunion"
- Hammerwatch II on PS4 and Xbox Series X|S
- Whisker Waters on PC, Nintendo Switch, and PlayStation 5.
- Smalland: Survive the Wilds VR on Meta Quest.
- Morbid: The Lords of Ire on all major platforms.
- Sunnyside on PC.
- Until Then on all major platforms.

#### Updates

- Announcement of Wild Bastards launch on September 12.
- Steam Next Fest launches with demos for Maximum Football, Diesel Legacy: The Brazen Age, Wild Bastards, and Selfloss.

#### Other

- Change of liquidity provider to Pareto Securities AB.
- Maximum Entertainment publishes 2023 Annual Report.
- Board resolution on two directed share issues as earn-out payments for Maximum Games and Merge Games.
- Annual General Meeting held:

- Bart Reefman was elected as a new member of the Board of Directors.
- Petter Hjerststedt was elected as the new Chairman of the Board.
- The Board of Directors' resolutions on directed share issues to the sellers as earn-out payments for Maximum Games and Merge Games were not approved.

### HIGHLIGHTS AFTER THE QUARTER

#### Launches

- Launch of Hot Lap Racing on PC and consoles.

#### Updates

- Partnership with Brimstone to publish Overthrown.
- Maximum Entertainment heads to Gamescom with highly anticipated lineup.
- Partnership with Mob Entertainment to sub-publish Poppy Playtime Triple Pack to retail.

#### Other

- Chairman Petter Hjerststedt announces intention to resign.
- Announcement of Extraordinary General Meeting to be held on September 9, 2024.

<i>in ,000's of Euros</i>	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
Key Performance Indicators Group	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Net Sales	17,354	23,884	37,253	40,247	99,860
Share of revenue derived from Owned IP	14%	19%	13%	16%	11%
Gross Margin %	34%	29%	33%	29%	32%
Adjusted EBITDA*	1,428	2,335	3,201	2,778	12,081
Adjusted EBITDA Margin	8%	10%	9%	7%	12%
Adjusted EBIT	-397	1,229	-1,043	962	10,159
Adjusted EBIT Margin	-2%	5%	-3%	2%	10%
EBIT	2,305	1,185	1,659	918	-6,561
EBIT Margin	13%	5%	4%	2%	-7%
<b>Total Headcount</b>	<b>192</b>	<b>238</b>	<b>192</b>	<b>238</b>	<b>211</b>

\*Adjustments to EBITDA principally concern Earn Out adjustments that are posted to Other Operating Income but are excluded in this figure.

# WORDS FROM OUR CEO

## MAINTAINING STRONG MOMENTUM THROUGHOUT THE QUARTER

Our second quarter performance is in line with our internal expectation as we took advantage of a relatively light release schedule during the quarter to focus on the challenges and opportunities that are coming our way towards the second half of this year. The company is in a dynamic industry where the results are dependent upon release schedules and are not easily compared to previous year's quarters. In 2024, our Q3 and Q4 contain more releases than Q1 and Q2, so we will see increased revenue and EBITDA in the back half of this year. I'm pleased that the numbers we are showing in Q2 reflect the benefits of the consolidation work and strategy of our portfolio shifting to publishing and Owned IP of the past years and the momentum we built over the previous quarter. We can see the stability built upon our ever-growing diversified catalog and steady delivery of our ambitious pipeline. Years of consolidation have led to Maximum Entertainment's ability to meet deadlines and hit all major milestones as planned and with more streamlined resources.

We delivered 17.35 M Euros of revenue in this second quarter, which appears soft when compared to last year's Q2 results. However this is mainly due to exceptionally strong performance over Q2 2023, which saw the release of some of our most popular games to date, including Bramble: The Mountain King and Smaland: Survive the Wilds. Those titles continue to deliver revenues as part of the overall portfolio mix and, while we had no major launches in the quarter, our gross margins improved to 34% at the end of the quarter vs. 29% for prior year.

Preserving strong momentum through catalog performance and planned launches allowed us to regroup and focus on our balance sheet. As we improve clarity on our 2024 targets, we reevaluated liabilities related to earnouts, which resulted in 2.7M Euros of Other Operating Income. We continue to work on reducing our cost structure and, on top of the 20% personnel reductions announced in our annual report, have initiated further cost reductions that will be visible in our Q4 results. The combination of implementing the portfolio shift strategy and the disciplined approach to cost reductions is what has led the company to an increased gross margin % and EBITDA % over previous years. Even with this margin growth, MaxEnt continues to have cash constraints and must focus on strengthening the balance sheet to achieve the full benefit of the portfolio strategy.

### Pipeline Released as Scheduled

The benefits of Maximum Entertainment's integration into one company have again borne fruit in the second quarter, with games launched as scheduled and major milestones met across our pipeline, even after reductions. MaxEnt has now reached cruising speed with streamlined operations. This quarter we saw the launch of the very well received DLC for Double Dragon Gaiden: Rise of the Dragons, the highly anticipated souls-like Morbid: The Lords of Ire, cozy fishing RPG Whisker Waters, and the farm- and life-sim title SunnySide. The narrative adventure game Until Then, which launched on June 25, was extremely well received, reaching an "overwhelmingly positive" rating within the space of a week on Steam, a very rare occurrence on the platform and a first in MaxEnt's history. Until Then represents the best of indie development and publishing and has already made multiple "best of" lists in 2024.

Steam Next Fest in June was also the opportunity to share with our fans playable demos of some of our most anticipated games and give them an update on where we stand with owned IP games Maximum Football and Diesel Legacy, along with publishing titles Wild Bastards and Selfloss.

Maximum Football's community-focused development strategy proved to be a success with its first playable beta, with the title ranking among Steam Next Fest's 50 most downloaded demos. The community's enthusiastic reception led the development team to implement on-the-fly improvements to the game and prolong the playable beta for another week to gather more feedback and prioritize the next features. After the end of the quarter, the Maximum Football team also announced College Dynasty mode for the game, which was received with even more positive feedback.

MaxEnt's three other titles at Steam Next Fest also received good feedback, with Wild Bastards gathering a lot of praise in the press, and Diesel Legacy and Selfloss further building their community support.

# WORDS FROM OUR CEO

## **An Exciting Release Schedule for the Rest of the Year**

With highly anticipated title *Squirrel with a Gun* announced for August 29 on PC and October 15 on consoles, *Wild Bastards* scheduled to release along with *Selfloss* on September 12, and more coming for the rest of the year, Q2 2024 has been a period to regroup and continue to deliver the ambitious plan we set for the year. Even more excitement comes later in 2024 with the Early Access release of *Maximum Football* and our newest addition to the 2024 portfolio, the genre-bending community favorite, *Overthrown*. This exciting pipeline, combined with reevaluated liabilities related to EO and further reductions, sets Maximum Entertainment up for a promising second half of 2024.



CHRISTINA SEELYE | CEO

# GROUP FINANCIAL REPORTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	Note	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
		6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Net Sales	5	17,354	23,884	37,253	40,247	99,860
Cost of Sales		-11,398	-16,997	-25,027	-28,469	-67,973
<b>Gross Profit</b>		<b>5,956</b>	<b>6,887</b>	<b>12,226</b>	<b>11,779</b>	<b>31,887</b>
Research and Development (R&D)	6	-1,589	-824	-3,736	-1,294	-5,289
Sales and Marketing		-2,207	-2,557	-4,378	-4,749	-10,354
General and Administration		-2,564	-2,281	-5,174	-4,750	-19,862
Other operating income	7	2,709	24	2,721	89	9,990
Other operating expenses		-	-64	-	-157	-12,935
<b>Total Operating expenses</b>		<b>-3,651</b>	<b>-5,702</b>	<b>-10,567</b>	<b>-10,861</b>	<b>-38,448</b>
<b>Operating Profit (EBIT)</b>		<b>2,305</b>	<b>1,185</b>	<b>1,659</b>	<b>918</b>	<b>-6,561</b>
Financial income	8	-	0	1,524	0	0
Financial expenses	9	-2,888	-809	-4,938	-2,575	-9,636
<b>Financial items - net</b>		<b>-2,888</b>	<b>-809</b>	<b>-3,413</b>	<b>-2,575</b>	<b>-9,635</b>
<b>Profit before income tax</b>		<b>-584</b>	<b>377</b>	<b>-1,754</b>	<b>-1,657</b>	<b>-16,197</b>
Deferred income tax		149	438	129	434	220
Current income tax		-270	-197	-595	-340	-1,481
<b>Profit for the period</b>		<b>-704</b>	<b>617</b>	<b>-2,221</b>	<b>-1,562</b>	<b>-17,458</b>
Earnings per share, before dilution (EUR)		-0.01	0.01	-0.04	-0.04	-0.34
Earnings per share, after dilution (EUR)		-0.01	0.01	-0.04	-0.04	-0.41

# GROUP FINANCIAL REPORTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	Note	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
		6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
<b>Profit for the period</b>		-704	617	-2,221	-1,562	-17,458
<b>Other Comprehensive Income for the period</b>						
<i>Items that may be reclassified to profit or loss</i>						
Exchange differences on translation of foreign operations		479	-469	-911	-249	1,753
<b>Other Comprehensive Income for the period</b>		479	-469	-911	-249	1,753
<b>Total Comprehensive Income for the period</b>		-225	148	-3,131	-1,811	-15,704
<b>Profit for the period attributable to:</b>						
Owners of the parent company		-704	617	-2,221	-1,562	-17,458
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the parent company		-225	148	-3,131	-1,811	-15,704

# GROUP FINANCIAL REPORTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	6/30/24	6/30/23	12/31/23	opening 1/1/23
<b>ASSETS</b>					
<b>Non-current assets</b>					
<i>Intangible assets</i>					
Capitalized expenditure for development work and similar work	10	33,573	22,818	29,264	15,804
Trademarks		401	450	417	483
Licenses		88	108	71	94
Goodwill	11	70,311	90,379	68,840	90,559
<b>Total intangible assets</b>		<b>104,373</b>	<b>113,756</b>	<b>98,593</b>	<b>106,940</b>
<i>Property, plant and equipment</i>					
Right-of-use assets		3,866	4,351	4,156	4,775
Equipment, tools, fixtures and fittings		876	1,009	942	1,005
<b>Total property, plant and equipment</b>		<b>4,742</b>	<b>5,361</b>	<b>5,098</b>	<b>5,780</b>
<i>Non-current financial assets</i>					
Other non-current receivables		44	149	29	44
<b>Total non-current financial assets</b>		<b>44</b>	<b>149</b>	<b>29</b>	<b>44</b>
Deferred tax assets		1,016	544	722	79
<b>Total non-current assets</b>		<b>110,175</b>	<b>119,810</b>	<b>104,441</b>	<b>112,843</b>
<b>Current assets</b>					
Inventories		9,048	13,744	8,922	13,932
Accounts receivable		10,014	12,097	18,822	18,507
Current tax receivables		561	746	250	756
Other receivables		1,533	760	1,392	601
Prepayments and accrued income		3,131	5,183	3,675	4,375
Cash and cash equivalents		5,576	8,796	6,470	9,032
<b>Total current assets</b>		<b>29,864</b>	<b>41,326</b>	<b>39,531</b>	<b>47,202</b>
<b>Total Assets</b>		<b>140,039</b>	<b>161,136</b>	<b>143,972</b>	<b>160,045</b>



# GROUP FINANCIAL REPORTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	6/30/24	6/30/23	12/31/23	opening 1/1/23
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		455	455	455	385
Other contributed capital		76,159	76,134	76,159	67,036
Reserves		843	-249	1,753	-
Retained earnings		-17,743	-520	-285	6,127
Profit or loss for the period		-2,221	-1,562	-17,458	-6,544
<b>Equity attributable to owners of the parent company</b>		<b>57,494</b>	<b>74,258</b>	<b>60,625</b>	<b>67,003</b>
<b>Total equity</b>		<b>57,494</b>	<b>74,258</b>	<b>60,625</b>	<b>67,003</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings non-current	12	33,606	27,587	29,764	3,955
Lease liabilities L/T		3,246	3,821	3,546	4,207
Other non-current liabilities	12	17,632	29,571	21,241	40,781
Deferred tax liabilities		1,176	1,315	1,050	1,359
<b>Total non-current liabilities</b>		<b>55,660</b>	<b>62,294</b>	<b>55,600</b>	<b>50,302</b>
<b>Current liabilities</b>					
Borrowings	12	9,222	5,796	7,893	12,545
Lease liabilities S/T		820	671	782	672
Accounts payable		6,029	10,814	8,642	13,593
Current tax liabilities		524	923	384	1,297
Other current liabilities		8,820	4,736	7,960	11,492
Accruals and deferred income		1,470	1,645	2,085	3,139
<b>Total Current Liabilities</b>		<b>26,885</b>	<b>24,584</b>	<b>27,746</b>	<b>42,739</b>
<b>Total Liabilities and Equity</b>		<b>140,039</b>	<b>161,136</b>	<b>143,972</b>	<b>160,045</b>

# GROUP FINANCIAL REPORTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
in ,000's of Euros	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
<b>Cash flow from operating activities</b>					
Operating profit (EBIT)	2,305	1,185	1,659	918	-6,538
- Amortisation, Depreciation and Impairment	1,826	1,106	4,273	1,816	26,255
- Capital gains/losses on intangible assets	-	-	-	-	21
- Capital gains/losses on tangible fixed assets	0	-	-15	-	-
<b>EBITDA</b>	<b>4,130</b>	<b>2,291</b>	<b>5,917</b>	<b>2,734</b>	<b>19,737</b>
Other items non cash	-2,801	-570	-3,142	-2,286	-8,498
Tax paid	-7	-87	-327	-488	-2,395
<b>Cash flow from operating activities before change in working capital</b>	<b>1,323</b>	<b>1,634</b>	<b>2,448</b>	<b>-40</b>	<b>8,844</b>
<b>Changes in Working Capital</b>					
Change in Inventories	-554	710	-126	188	5,010
Change in Accounts receivables	1,927	-2,903	8,809	6,410	-316
Change in Other current receivables	-481	-1,374	91	-957	415
Change in Accounts payables	-449	3,503	-2,613	-2,779	-4,951
Change in Other current liabilities	465	-783	-2,407	-8,251	-4,587
<b>Cash flow from Operations</b>	<b>2,231</b>	<b>787</b>	<b>6,202</b>	<b>-5,430</b>	<b>4,416</b>
<b>Cash flow from Investing activities</b>					
Investments in Intangible Assets	-3,717	-4,419	-7,395	-8,371	-17,935
Investments in Tangible Assets	-34	-52	-88	-88	-425
<b>Cash flow from Investing activities</b>	<b>-3,751</b>	<b>-4,471</b>	<b>-7,483</b>	<b>-8,459</b>	<b>-18,360</b>
<b>Cash flow from Financing Activities</b>					
Proceeds from Borrowings	3,733	4,610	3,733	22,986	29,528
Loans paid	-687	-548	-1,289	-6,912	-9,060
Revolving Line of Credit	750	2,180	601	644	1,616
Provisions paid related to earn-outs	-	-	-566	-	-7,361
Lease liabilities paid	-150	-142	-262	-387	-490
Interest paid	-1,088	-596	-1,918	-3,359	-3,114
<b>Cash flow from Financing activities</b>	<b>2,559</b>	<b>5,504</b>	<b>299</b>	<b>12,972</b>	<b>11,120</b>
<b>Cash flow for the period</b>	<b>1,039</b>	<b>1,820</b>	<b>-982</b>	<b>-917</b>	<b>-2,824</b>
Cash and cash equivalents at beginning of period	4,496	6,556	6,470	9,032	9,032
Exchange rate difference on cash and cash equivalents	41	420	89	682	262
<b>Cash and cash equivalents at the end of the period</b>	<b>5,576</b>	<b>8,796</b>	<b>5,576</b>	<b>8,796</b>	<b>6,470</b>

# GROUP FINANCIAL REPORTS

## 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 including profit for the period	Total		
<b>Opening balance 1/1/23</b>	385	67,036	-	-417	67,003	-	67,003
Profit for the year				-17,325	-17,325	-	-17,325
Other comprehensive income			1,753		1,753		1,753
<b>Total comprehensive income for the year</b>	-	-	1,753	-17,325	-15,572		-15,572
<i>Transactions with shareholders</i>							
New share issue	70	9,124			9,194		9,194
<b>Total transactions with shareholders</b>	70	9,124	-	-	9,194		9,194
<b>Closing balance 12/31/23</b>	455	76,159	1,753	-17,743	60,625	-	60,625
<b>Opening balance 1/1/24</b>	385	67,036	-	-417	67,003	-	67,003
Profit for the period				-1,666	-2,237	-	-2,237
Other comprehensive income			-249		-249		-249
<b>Total comprehensive income for the year</b>	-	-	-249	-1,666	-1,915		-1,915
<i>Transactions with shareholders</i>							
New share issue	70	9,099			9,169		9,169
<b>Total transactions with shareholders</b>	70	9,099	-	-	9,169		9,169
<b>Closing balance 6/30/23</b>	455	76,134	-249	-2,083	74,258	-	74,258
<b>Opening balance 1/1/24</b>	455	76,159	1,753	-17,743	60,625	-	60,625
Profit for the period				-2,221	-2,221	-	-2,221
Other comprehensive income			-911		-911		-911
<b>Total comprehensive income for the year</b>	-	-	-911	-2,221	-3,131	-	-3,131
<b>Closing balance 6/30/24</b>	455	76,159	843	-19,963	57,494	-	57,494

# PARENT COMPANY FINANCIAL REPORTS

## PARENT COMPANY INCOME STATEMENT

in ,000's EUR	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Sales	3,761	786	7,635	2,685	16,011
Cost of Sales	-20	-1,927	-20	-4,595	-12,863
Gross Profit	3,741	-1,141	7,615	-1,910	3,148
<b>General and Administrative</b>					
Total General & Administrative	-4,221	-4,539	-8,308	-11,875	-28,102
Amortization of Intangible assets	-48	-64	-96	-96	-192
Other Operating Income	60	48	120	158	278
<b>Operating Profit (loss)</b>	<b>-468</b>	<b>-5,697</b>	<b>-669</b>	<b>-13,723</b>	<b>-24,868</b>
<b>Financial items</b>					
Result from shares in subsidiaries	-	-	6,733	25,162	45,546
Result from receivables group	5,082	4,830	9,788	9,335	19,711
Result from liabilities group	-6,200	-115	-12,041	-131	-1,464
Interest costs and similar items	-2,080	6,843	17,098	1,096	-18,178
<b>Net Financial Income</b>	<b>-3,198</b>	<b>11,558</b>	<b>21,578</b>	<b>35,462</b>	<b>45,615</b>
<b>Net Profit (loss)</b>	<b>-3,666</b>	<b>5,862</b>	<b>20,909</b>	<b>21,739</b>	<b>20,747</b>

# PARENT COMPANY FINANCIAL REPORTS

## PARENT COMPANY BALANCE SHEET

in ,000's EUR	6/30/24	6/30/23	12/31/23
<b>Assets</b>			
<b>Intangible fixed assets</b>			
Licenses and trademarks	613	806	709
<b>Total intangible fixed assets</b>	<b>613</b>	<b>806</b>	<b>709</b>
<b>Financial assets</b>			
Investments In Subsidiaries	508,217	490,621	508,217
Non-current receivables from group companies	416,601	405,513	357,286
Other non-current receivables	93	93	93
<b>Total fixed assets</b>	<b>925,524</b>	<b>897,033</b>	<b>866,305</b>
<b>Current assets</b>			
Accounts receivable	0	188	80
Receivable from Group companies	65,084	302	51,549
Tax assets	0	-	469
Other receivables	1,723	1,453	1,536
Prepayments and accrued income	742	31,827	479
Cash and bank	57	1,168	1,899
<b>Total current assets</b>	<b>67,606</b>	<b>34,939</b>	<b>56,012</b>
<b>TOTAL ASSETS</b>	<b>993,131</b>	<b>931,971</b>	<b>922,318</b>

# PARENT COMPANY FINANCIAL REPORTS

## PARENT COMPANY BALANCE SHEET, CONT.

in ,000's EUR	6/30/24	6/30/23	12/31/23
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	5,111	5,111	5,111
<i>Unrestricted equity</i>			
Share premium fund	853,681	853,915	853,681
Retained earnings	-31,544	-52,291	-52,291
Result for the period	20,090	21,739	20,747
<b>Total equity</b>	<b>847,337</b>	<b>828,473</b>	<b>827,246</b>
<b>Provisions</b>			
Other provisions	36,075	51,888	64,863
<b>Total provisions</b>	<b>36,075</b>	<b>51,888</b>	<b>64,863</b>
<b>Non-current liabilities</b>			
Other liabilities to group companies	20,324	-	5,566
Other non-current liabilities	60,149	32,734	-
<b>Total non-current liabilities</b>	<b>80,473</b>	<b>32,734</b>	<b>5,566</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	-	7,324	-
Accounts payable	3,272	935	1,220
Liabilities to group companies	19,993	4,126	17,113
Tax liabilities	80	76	-
Other current liabilities	3,072	21	217
Accruals and deferred income	2,828	6,392	6,091
<b>Total current liabilities</b>	<b>29,245</b>	<b>18,874</b>	<b>24,642</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>993,131</b>	<b>931,971</b>	<b>922,318</b>

# 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 April 2024 to 30 June 2024 were authorized for issue by the Board of Directors and the CEO of Maximum Entertainment AB on 29 August 2024.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### BASIS OF PREPARATION

This condensed consolidated interim financial report is Maximum Entertainment AB's second interim financial report and consolidated financial statements prepared in accordance with IFRS. Historical financial information has been recalculated from January 1, 2023, which is the date of transition to IFRS. For information on exceptions applied in connection with the opening balance as of January 1, 2023 for the first consolidated accounts being prepared in accordance with IFRS, see Note 16.

The condensed consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted in the EU and the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups.

### New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for reporting periods ending 31 December 2024 and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## BASIS OF CONSOLIDATION

### Subsidiaries

Subsidiaries are all companies over which the Group has control. The Group has control over a company when it is exposed to or has a right to variable returns from its participation in the company and has the possibility to influence the return through its participation in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Inter-company transactions and balances between Group companies are eliminated.

The accounting principles for subsidiaries have, when necessary, been revised in order to ensure a consistent application of the Group's accounting principles.

## SEGMENT REPORTING

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO is the chief operating decision maker and evaluates financial position and performance and makes strategic decisions. When the chief operating decision maker makes decisions regarding the allocation of resources and measure results for the Group as a whole, the Group in its entirety is deemed to make up one segment.

## FOREIGN CURRENCY TRANSLATION

### Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates. The Group's presentation currency is Euro (EUR). The Parent Company's accounting currency is Swedish krona (SEK).

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange rate profits and losses from the settlement of such transactions and the translation of monetary assets and liabilities in foreign currencies using the exchange rates prevailing at the reporting date are recognized in operating loss in the consolidated statement of profit or loss.

Foreign exchange rate profits and losses attributable to loans and cash and cash equivalents of the Group are recognized in the consolidated statement of profit or loss as finance income and finance costs. All other foreign exchange rate profits and losses are recognized under other operating income/expense.

# NOTES TO THE FINANCIAL STATEMENTS

## TRANSLATION OF FOREIGN GROUP COMPANIES

The results and financial position for all companies with a functional currency other than the presentation currency are translated into the Group's reporting currency according to the following:

- assets and liabilities are translated from the foreign operation's functional currency using the exchange rates prevailing at the reporting date;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all foreign exchange differences arising from the currency translation of foreign operations are recognized in other comprehensive loss.

## REVENUE RECOGNITION

The Group's income is generated from the sale of goods and digital sales (licenses). The principles for recognition of revenue are as follows.

The inflow of economic benefits received and receivable by the Company on its own account is recognized as revenue. Revenue is recognized at the fair value of the consideration received or receivable after deductions for discounts.

### SERVICE ASSIGNMENTS - FIXED PRICE

Contract revenue relating to fixed-price service assignments is recognized as and when performance obligations are completed. Contract expenses are recognized as work is performed or third-party costs are incurred.

#### Sales of Physical Goods

Revenue from the sale of goods is recognized at the time when control of the goods has passed to the customer. This occurs when the Group has a contractual right to payment for the goods, the customer has legal ownership of the goods, the goods have been delivered to the customer and/or the customer has significant risks and rewards of ownership of the goods.

#### Sales of Goods on Digital Channels

Revenue from the sale of goods made via digital distribution channels is recognized when control has passed to the end customer or when control over the program has passed to the platform (in the case of subscription services).

#### Right of Return and Discounts

When a customer contract specifies a right to return the goods within a specified period of time, the Group recognizes this right of return by applying the expected value method, which is based on historical

experience of the customer or similar customers as well as expected future deliveries. Liabilities are reported for expected future discounts, calculated on the basis of assumptions and empirical values relating to product life cycle and price development.

## LEASES

### The Group as lessee

The group leases premises and equipment. The leasing agreements are normally written for fixed periods, but there may be a possibility of extension. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

When determining the length of the leasing agreement, management considers all available information that provides a financial incentive to exercise an extension option or to exercise an option to terminate an agreement. The option to extend or terminate an agreement is only included in the length of the leasing agreement if it is reasonably certain that the agreement will be extended or terminated.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Right of use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

There are no other variable lease payments identified in the group's leasing agreements than index increases. When adjustments to lease payments based on an index take effect, the lease liability is revalued and adjusted against the right of use asset.



# NOTES TO THE FINANCIAL STATEMENTS

Payments associated with short-term leases and all leases for which the underlying asset is of low value are expensed on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Contracts may contain both lease and non-lease components. The group has chosen to apply the exemption in IFRS 16 which states that non-leasing components do not need to be separated from leasing components.

## INCOME TAX

The tax expense for the period includes current and deferred tax. Tax is reported in the group's statement of comprehensive income, except when the tax refers to items that are reported in other comprehensive income or directly in equity. In such cases, the tax is also reported in other comprehensive income and equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. When deemed appropriate, provisions for amounts that are likely to be paid to the tax authority are made.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## GOODWILL

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration transferred exceeds the fair value of the net identifiable assets acquired. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. Goodwill is monitored at group level. The carrying amount of the cash-generating unit to which the goodwill is allocated is compared with the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any write-down is expensed immediately and will not be reversed.

## INTANGIBLE ASSETS

Separately acquired intangible assets such as trademarks and licenses are shown at historical cost. They are reported at fair value at the time of acquisition and amortized on a straight-line basis over the projected useful life. They are reported in subsequent periods at cost less accumulated amortization and impairment. The estimated useful life is in general 5 years, which corresponds to the estimated time these will generate cash flow.

### Capitalized expenditure for development activities

Expenditures for development are recognized as an asset in the consolidated statement of financial position if the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use,
- it is the Group's purpose to complete the asset so that it will be available for use or sale,
- there are prerequisites to make the asset available for use or sale,
- it is possible to prove how the asset is likely to generate future economic benefits,
- there are adequate technical, economic and other resources to fulfil the development and to make the assets available for use or sale,
- the expenditure attributable to the asset during development can be reliably measured.

Capitalized development expenditure is recognized as intangible assets and is depreciated from the date when the asset is made available for sale (First Ship Date or Launch Date). Other development costs are recognized in the statement of comprehensive income as costs when incurred. Development expenditure previously carried at cost is not recognized as an asset in a subsequent fiscal period.

Amortization is calculated using the straight-line method. The estimated useful life is in general 3 years, which corresponds to the estimated period of time during which these assets will generate cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## TANGIBLE ASSETS

Property, plant and equipment consist of equipment, tools, fixtures and fittings and leasehold improvements. These are recognized at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of assets is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful life as follows:

- Computers, development kits & other technical equipment 3-7 years
- Office equipment, fixtures and fittings, motor vehicles 3-7 years
- Leasehold improvements 6 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted, if needed.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets not ready to use are not subject to amortization and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for reversal of the impairment at the end of each reporting period.

## FINANCIAL INSTRUMENTS

### Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument's contractual conditions. The purchase or sale of a financial asset or financial liability is recognized on the trade date, i.e. the date when the Group commits to buying or selling the asset.

Financial instruments are initially recognized at fair value, plus, for financial assets or financial liabilities that are not recognized at fair value through the income statement, transaction costs that are directly attributable to the acquisition or the issue of a financial asset or financial liability, such as fees and commissions.

### Financial assets – Classification and measurement

The Group classifies and measures all its financial assets in the category of financial assets measured at amortized cost.

### Financial assets measured at amortized cost

Classification of investments in debt instruments depends on the Group's business model for managing financial assets and on the contractual terms for the assets' cash flow. The Group reclassifies debt instruments only when the Group's business model for the instruments is changed.

### Financial liabilities - Classification and measurement

The Group classifies and measures all its financial liabilities in the category financial liabilities measured at amortized cost with exemption for contingent consideration which are classified and measured in the category of financial liabilities at fair value through profit or loss.

### Financial liabilities measured at amortized cost

At initial recognition, the Group measures a financial liability at its fair value plus transaction costs that are directly attributable to the financial liability.

### Financial liabilities at fair value through profit or loss

The group measures contingent considerations at fair value. Changes in the fair value of financial liability at fair value through profit or loss are recognized in other gains/(losses) in the statement of profit or loss as applicable. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels in the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the contingent consideration in the Group.

### Derecognition of financial liabilities

Financial liabilities are derecognized from the consolidated statement of financial position when the obligations are settled, cancelled or have expired in any other way. The difference between the carrying value of a financial liability that has been extinguished or transferred to another party and the fee paid are reported in the consolidated statement of comprehensive income.

When the terms and conditions of a financial liability are renegotiated and are not derecognized from the consolidated statement of financial position, a profit or loss is reported in the consolidated statement of comprehensive income. The profit or loss is calculated as the discounted difference between the original contractual cash flows and the modified cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## **Impairment of financial assets recognized at amortized cost**

The group assesses the future expected credit losses associated with assets carried at amortized cost. The group reports a loss allowance for such expected credit losses at each reporting date.

For trade receivables, the group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables recognized from initial recognition of the receivables.

The impairment method applied on trade receivables is based on individual assessments of customers using their respective credit rating and specific risk characteristics. These individual assessments also include forward-looking variables for expected credit losses. As of each balance sheet date, the group assesses whether the credit risk for a financial instrument has increased significantly since the first reporting occasion. In making this assessment, the group uses the change in the risk of default during the expected term of the financial instrument.

## **Trade receivables**

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them net any provisions for expected credit loss.

## **Cash and cash equivalents**

Cash and cash equivalents include cash and available bank balances, both in the statement of financial position and in the cash flow statement.

## **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## **Borrowing**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of comprehensive income over the period of the liabilities to credit institutions using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of comprehensive income.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## **Trade payables**

Trade payables are financial instruments and represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized at amortized cost.

## **INVENTORIES**

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **EMPLOYEE BENEFITS**

### **Short-term benefits to employees**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

### **Post-employment obligations**

Within the Group, there are defined-contribution plans. A defined-contribution plan is a pension plan according to which the Group pays a fixed amount to a separate legal entity. The Group has no legal or constructive obligation to pay additional premiums if this legal entity does not have adequate means to pay all benefits to employees, attributable to their service in current or previous periods. The premiums are reported as personnel costs in the consolidated statement of profit or loss when they fall due.

## **STATEMENT OF CASH FLOWS**

The statement of cash flows is prepared according to the indirect method. The reported cash flow includes transactions that resulted in inflows or outflows.

## **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net result after tax for the period by the weighted average number of ordinary shares outstanding for the period. Diluted earnings per share is computed using the treasury stock method to the extent that the effect is dilutive by using the weighted-average number of outstanding ordinary shares and potential ordinary shares during the period. The Group's potential ordinary shares consist of incremental shares issuable upon the assumed exercise of warrants, excluding all anti-dilutive ordinary shares outstanding during the period.

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES OF THE PARENT COMPANY

The significant accounting principles adopted in the preparation of this interim financial report are presented below. These principles have been consistently applied to all the years presented, unless otherwise stated.

The interim financial report of the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. RFR 2 states that the parent company in its annual report shall apply International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent this is possible within the framework of the Annual Accounts Act and the Social Security Act, and with regards to the relationship between accounting and taxation. RFR 2 states which exceptions and additions that are to be used in relation to IFRS.

The parent company applies other accounting principles than the group as stated below:

### Format

The income statement and balance sheet follow the format of the Annual Accounts Act. The report on changes in equity is presented in the form of the group's presentation but must contain the columns specified in the Annual Accounts Act. Furthermore, there are differences regarding names of line items compared with the consolidated accounts, mainly regarding cash and cash equivalents, financial income and expenses, income tax and equity.

### Shares in subsidiaries

Shares in subsidiaries are reported at acquisition cost less any impairment loss. When there is an indication that shares and participations in subsidiaries are impaired, an estimate of the recoverable amount is made. If this is lower than the carrying amount, a write-down is performed. Impairment is recorded within "result from participation in group companies" in the income statement.

### Financial instruments

The parent company does not apply IFRS 9. The parent company instead applies the points specified in RFR 2 (IFRS 9 financial instruments). Financial instruments are measured on the basis of acquisition cost. In subsequent periods, financial assets acquired with the intention of being held in the short term will be measured in accordance with the lowest value principle at the lower of acquisition value and market value. When calculating the net sales value of receivables that are reported as current assets, the principles for impairment testing and loss allowance in IFRS 9 shall be applied. For receivables measured at acquisition cost at group level, the loss allowance reported in the group in accordance with IFRS 9 must also be recognized in the parent company.

### Leasing

All leasing agreements where the company is the lessee are reported as operational leasing (lease agreements), regardless of whether the agreements are financial or operational. The leasing fee is reported as an expense on a straight-line basis over the leasing period.

### Segment reporting

Information will only be provided for the breakdown of net sales on geographical areas.

## 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.

### OPERATIONAL RISKS

#### Commercial Success of Games:

The games that Maximum Entertainment launches depend on living up to market expectations and on maintaining an interest from the market. There is a risk that the demand for the launched games does not correspond to the level that the Group expected. In cases where the risk is incorporated, this may mean a loss of revenue, which in turn has a negative effect on the earnings and financial position of Maximum Entertainment.

The company aims to mitigate this risk by diversifying its revenue sources through a mix of Owned IP, publishing and sub-publishing titles. This portfolio approach, along with building up a back catalog of titles over the long term, helps mitigate the risk of operating in a highly competitive, risk-prone industry. Performance of similar companies in the sector might also impact overall market sentiment and affect Maximum Entertainment's perceived potential. In order to mitigate this type of risk, Maximum Entertainment is communicating with key stakeholders and partners on a regular basis and making sure that it remains transparent in its communication.

# NOTES TO THE FINANCIAL STATEMENTS

## Employee Retention

The gaming industry is characterized by a rapid pace of change, and it is of great importance for Maximum Entertainment to both attract and retain employees with relevant competence, experience and understanding of the Group's operations.

The high demand for competent personnel in the gaming industry may lead to expectations regarding increased remuneration levels that are potentially driven by highly capitalized companies that are larger than Maximum Entertainment, which is why there is a risk that Maximum Entertainment will not be able to retain key personnel and recruit competent personnel.

Governance and a culture that values diversity and employee well-being help mitigate this risk. Maximum Entertainment's efforts to provide a safe and sustainable work environment that values creativity and rewards employee contributions helps retain talent in this highly competitive industry.

## Risks associated with operational delays

Maximum Entertainment develops games internally and externally as a publisher. Delays can potentially occur in both internal and external game development processes, which in turn can have a negative impact on other projects, thus undermining the Group's earnings and financial position.

Maximum Entertainment's expertise across the entire value chain of video game production, along with its experienced in-house talent helps mitigate this risk and balance between managing lead time and insuring product quality upon release.

## Risks associated with IT infrastructure

To develop, produce and distribute its products, Maximum Entertainment relies on functioning infrastructure for its IT systems. In the Group's game development process, software is used for animation, programming, and design, among other things. It is also highly relevant that the suppliers of Maximum Entertainment have well-functioning IT systems, as the Group uses external suppliers in the development of certain games and the distribution of the Group's games takes place through global gaming channels. Maximum Entertainment is thus exposed to risks related to disruptions and system failures in both its own and its partners' IT systems.

In the context of its integration into one company, Maximum Entertainment has standardized processes and deployed security tools across the entire company to help mitigate these risks.

## Technology

Advancements in technology and the reliance of gaming projects on available tech can render some of the company's games obsolete or outdated. The continual emergence of new hardware, software, and gaming platforms, along with elevated industry standards, may necessitate substantial investments to replace, upgrade, or modify existing and upcoming titles. Given that some games undergo development over multiple years, the introduction of new technology during this period may require adaptations to ensure compatibility, leading to escalated development expenses and potential delays in game launches.

The company manages this risk by staying up to date on upcoming technologies, releasing its content on multiple platforms, and in the case of certain titles, by developing its own technology framework to optimize game performance.

## FINANCIAL RISKS

### Financing of Investments in Games

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 favorable terms, that such raised capital is not sufficient to finance the operations, or that capital cannot be raised at all.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## LEGAL RISKS

### IP Rights

Maximum Entertainment depends on protecting its intellectual property rights, as these are an integral part of the Group's business. The Group holds a large number of intellectual property rights, mainly in the form of copyrights to games developed or acquired by the Group.

As part of its consolidation into one integrated company, Maximum Entertainment established a group-level legal team to protect its intellectual property rights across its portfolio.

### Personal Data

The activities of Maximum Entertainment include the processing of personal data of, among others, users and employees. Personal data about users is mainly collected when registering for newsletters, registering for game updates and in competitions. Personal data on employees mainly relates to what is necessary to collect for the purposes of employment. The Group's processing of personal data is subject to Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"), which is a law that affects, among other things, how Maximum Entertainment must manage, control and document the processing of the data. Maximum Entertainment risks misinterpreting and thus misapplying laws and requirements and, in the event of an infringement, sanctions are imposed, which then require resources that could otherwise be spent on the business.

### Changes in Legislation

Maximum Entertainment operates in markets in and outside of Sweden, hence the laws and regulations of a number of jurisdictions become applicable. During the reported period, Maximum Entertainment had locations in Sweden, Hungary, France, UK, Ireland, Brazil, USA, and Romania. Risks may also arise as a result of changes in legislation and other applicable regulations related to taxation and fees and other conditions applicable to operations in the various geographic markets. The activities of Maximum Entertainment in other countries may affect its ability to exercise or enforce its rights and obligations in other jurisdictions and legal proceedings may be expensive, time consuming and their outcome uncertain.

## STRATEGIC RISKS

### Dependence on geopolitical and environmental factors

The Group's operations may be affected by general external factors such as political or economic instability, climate change, pandemics, or the general economic climate. Maximum Entertainment has no direct or indirect operations in either Ukraine, Russia, or the Middle East, and the Company's operations have therefore not been significantly affected by the ongoing wars.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 5: NET SALES

in ,000's of Euros	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
Net Sales by Line of Business	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Owned IP	2,364	4,646	4,980	6,378	10,566
Licensed Publishing	2,756	3,954	5,714	6,229	17,712
Sub-publishing	11,537	13,994	24,949	25,141	64,448
Transmedia	697	1,290	1,502	2,500	6,656
Other	-	-	110	-	479
<b>Total Sales</b>	<b>17,354</b>	<b>23,884</b>	<b>37,253</b>	<b>40,247</b>	<b>99,860</b>

in ,000's of Euros	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
Net Sales by Region	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
North America	7,765	11,153	16,057	17,684	41,379
Europe	8,203	11,114	18,574	19,451	51,610
Asia	522	828	1,388	1,128	2,571
ROW	864	790	1,235	1,985	4,300
<b>Total Sales</b>	<b>17,354</b>	<b>23,884</b>	<b>37,254</b>	<b>40,247</b>	<b>99,860</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6: GAME DEVELOPMENT

in ,000's of Euros	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
Game Development	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Non Capitalized Development and Studio Research	-35	15	-35	14	-1,204
Amortization/Impairments on Capitalized Development	-1,537	-840	-3,701	-1,308	-4,085
Other	-16	-	-	-	-
<b>Total Development</b>	<b>-1,589</b>	<b>-824</b>	<b>-3,736</b>	<b>-1,294</b>	<b>-5,289</b>

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

## NOTE 7: OTHER OPERATING INCOME

Other operating income in the quarter includes a 2.7M Euro adjustment to Contingent Considerations which were reduced from the originally projected values forecast at the time of acquisition of these assets. Adjustments concerned both Merge and Maximum Games acquisitions.

## NOTE 8: FINANCIAL INCOME

No significant financial income was generated in the current quarter.

YTD Financial Income is principally made up of unrealized exchange rate differences.



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 9: FINANCIAL EXPENSES

in ,000's of Euros	4/1/24	4/1/23	1/1/24	1/1/23	1/1/23
Financial Expenses	6/30/24	6/30/23	6/30/24	6/30/23	12/31/23
Cash Interest Expense	1,232	585	2,196	1,196	3,114
Non cash interest	532	241	1,047	378	985
Exchange rate differences	226	-667	119	-318	1,497
Discount Unwind	722	418	1,227	1,058	3,398
Other Financial Expenses	178	233	348	262	642
<b>Total Financial Expenses</b>	<b>2,889</b>	<b>809</b>	<b>4,938</b>	<b>2,575</b>	<b>9,636</b>

Cash interest expense includes invoiced or accrued interest that is due to be paid in cash on a short term basis. Non cash interest includes expenses for interest that becomes due upon loan maturity.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 10: 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.

<i>in ,000's of Euros</i>	1/1/24 - 6/30/24	1/1/23 - 6/30/23	1/1/23 - 12/31/23
<b>Capitalized Game Development</b>			
Book Value as at opening	29,264	15,804	15,804
Additional Development Paid in	7,395	8,371	17,935
Amortization of launched Games	-2,885	-1,307	-4,092
Adjustment/Impairment on Games	-815	-	-
Exchange Rate Differences	613	-50	-382
<b>Book Value as at closing</b>	<b>33,573</b>	<b>22,819</b>	<b>29,264</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: GOODWILL

<i>in ,000's of Euros</i>	1/1/24 - 6/30/24	1/1/23 - 6/30/23	1/1/23 - 12/31/23
<b>Goodwill</b>			
Book Value as at opening	68,840	90,559	90,559
Goodwill acquisition	-	378	378
Goodwill impairment	-	-	-21,576
Exchange Rate Differences	1,471	-559	-521
<b>Book Value as at closing</b>	<b>70,311</b>	<b>90,379</b>	<b>68,840</b>

In 2023, as part of incorporation of Maximum entertainment s.r.l, the Group acquired the assets of Fun Labs Romania s.r.l, resulting in goodwill acquisition of 378k Euro

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 12: 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.

<i>in,000's of Euros</i>			
<b>Financial Instruments</b>	<b>6/30/24</b>	<b>6/30/23</b>	<b>12/31/23</b>
<b>Non Current</b>			
Interest bearing financial instruments	44,012	33,791	33,031
Contingent Considerations	7,227	23,367	17,974
<b>Current</b>			
Interest bearing financial instruments	9,222	5,796	7,893
<b>Financial Instruments - Liabilities</b>	<b>60,461</b>	<b>62,953</b>	<b>58,898</b>

Non Current interest bearing financial instruments is made up of borrowings and interest bearing liabilities. They include unpaid earn-outs for which the Group has the possibility to defer settlement under certain conditions, which the group believes will be met.

<i>in,000's of Euros</i>	<b>1/1/24 -</b>	<b>1/1/23 -</b>	<b>1/1/23 -</b>
<b>Contingent Considerations</b>	<b>6/30/24</b>	<b>6/30/23</b>	<b>12/31/23</b>
Book Value as at Opening	17,974	37,893	37,893
Change recognized in the total comprehensive income	-1,561	1,229	-3,830
Conversion to vendor loan notes	-9,166	-	-
Amounts Paid (including cash and non cash payments)	-566	-15,315	-15,420
Exchange Rate Differences	546	-440	-669
<b>Book Value as at Closing</b>	<b>7,227</b>	<b>23,367</b>	<b>17,974</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 13: RELATED PARTY DISCLOSURES

Related parties are principal shareholders, as well as the Board of Directors and key management (senior executives and their associates) in the Group.

The following transactions have incurred with related parties:

<i>in ,000's of Euros</i>	4/1/24 - 6/30/24	4/1/23 - 6/30/23	1/1/24 - 6/30/24	1/1/23 - 6/30/23	1/1/23 - 12/31/23
<b>Related Party Transactions</b>					
Rental Agreements	205	201	399	446	429
Interest on earn-outs owed	87	0	256	7	336
<b>Total Related Party Transactions Impact to Comprehensive Income</b>	<b>292</b>	<b>201</b>	<b>656</b>	<b>453</b>	<b>766</b>

## NOTE 14: DILUTIVE INSTRUMENTS

<i>in numbers of instruments</i>	6/30/24	6/30/23	12/31/23
<b>Dilutive Instruments Outstanding</b>			
<b>Warrants</b>			
Allocated to Employees - Redemption period ending July 31, 2023	–	653,683	–
Allocated to Board Members - Redemption period ending July 31, 2024	175,000	175,000	175,000
<b>Total Allocated Warrants</b>	<b>175,000</b>	<b>828,683</b>	<b>175,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 15: PARENT COMPANY ACCOUNTING AND VALUATION POLICIES

### **Intangible Assets**

Trademarks are not amortized in the parent company.

### **Borrowing Costs**

In the parent company, borrowing costs are recognized in profit or loss.

### **Leases**

Financial leases are recognized as operational lease agreements in the parent company.

### **Foreign Currency**

An exchange rate difference relating to a monetary item that is part of the parent company's net investment in a foreign operation and that is measured at cost is recognized in profit or loss when it arises in the parent company.

### **Participations in Subsidiaries, Associated Companies and Joint Ventures**

Participations in subsidiaries, associated companies and joint ventures are recognized at cost less accumulated impairment. In addition to the original purchase price, cost includes expenditure that is directly attributable to the acquisition.

### **Tax**

Deferred tax relating to untaxed reserves is not recognized separately in the parent company.

### **Equity**

Equity is divided into restricted and unrestricted capital, in accordance with what is set forth in the Annual Accounts Act.

### **Appropriations**

Changes in untaxed reserves are recognized as appropriations in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 16: FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim report for Q2 2024 is Maximum Entertainment AB's second financial report prepared in accordance with IFRS. The accounting policies in Note 2 above were applied when the consolidated accounts for Maximum Entertainment AB were prepared as of June 30, 2024 and for the comparison information presented as of June 30, 2023 and December 31, 2023, as well as in the preparation of the report for the opening financial position for the period as of January 1, 2023 (the date of transition to IFRS).

When the opening IFRS balance sheet as of January 1, 2023 and the balance sheets as of June 30, 2024 and 31 December 2023 were prepared in accordance with IFRS, the amounts that were reported in earlier annual reports in accordance with BFNAR 2012:1 Annual Report and Consolidated Accounts (K3) were adjusted. An explanation of how the transition from previous accounting policies to IFRS has impacted the Group's earnings and financial position is provided in the following tables and accompanying notes.

During the preparation of these Q2 figures, the group identified discrepancies in certain exchange rates used for previous presentations of comparative information for March 31, 2023 and for December 31, 2023. For purposes of clarity, both Q1 and Q2 are presented below.

### **The Group's change in presentation of the consolidated statement of total comprehensive income**

In conjunction with the transition to IFRS, the Group has changed their presentation of the consolidated statement of total comprehensive income from nature of expense to function of expense. The following tables shows the reclassification from nature of expense to function of expense according to the previously applied accounting principles (K3).

# NOTES TO THE FINANCIAL STATEMENTS

## PROFIT OR LOSS STATEMENT Q1 2023

in ,000's SEK			
	PL by Nature of Exp	Total impact	PL by Function
<b>Operating income</b>			
Net sales	183,506	-	183,506
Capitalized own development work	17,279	-17,279	-
Cost of Sales	-	-130,314	-130,314
Other operating income	735	-735	-
<b>Gross profit</b>	<b>201,521</b>	<b>-148,328</b>	<b>53,192</b>
<b>Operating expenses</b>			
Cost of goods sold	-130,441	130,441	-
Other external costs	-26,173	26,173	-
Personnel costs	-41,838	41,838	-
Depreciation and amortisation of fixed assets	-35,539	35,539	-
Research and Development (R&D)	-	-5,157	-5,157
Sales and Marketing	-	-24,584	-24,584
General and Administration	-	-56,656	-56,656
Other operating income	-	735	735
Other operating expenses	-1,051	-	-1,051
<b>Operating profit (loss)</b>	<b>-33,521</b>	<b>0</b>	<b>-33,521</b>
<b>Result from financial items</b>			
Interest income and similar items	1	-1	-
Interest costs and similar items	-12,426	12,426	-
Financial income	-	1	1
Financial expenses	-	-12,426	-12,426
<b>Result from financial items</b>	<b>-12,425</b>	<b>-</b>	<b>-12,425</b>
<b>Profit (loss) before tax</b>	<b>-45,946</b>	<b>0</b>	<b>-45,946</b>
Tax on profit for the year	-3,148	3,148	-
Current income tax	-	-1,594	-1,594
Deferred income tax	-	-1,554	-1,554
<b>Profit (loss) from continuing operations</b>	<b>-49,094</b>	<b>0</b>	<b>-49,094</b>
<b>Profit for the period</b>	<b>-49,094</b>	<b>0</b>	<b>-49,094</b>
<b>Total comprehensive income for the year</b>	<b>-49,094</b>	<b>0</b>	<b>-49,094</b>



# NOTES TO THE FINANCIAL STATEMENTS

## PROFIT OR LOSS STATEMENT Q2 2023

in ,000's SEK			
	PL by Nature of Exp	Total impact	PL by Function
<b>Operating income</b>			
Net sales	272,814	-	272,814
Capitalized own development work	26,099	-26,099	-
Cost of Sales	-	-196,044	-196,044
Other operating income	279	-279	-
<b>Gross profit</b>	<b>299,192</b>	<b>-222,422</b>	<b>76,771</b>
<b>Operating expenses</b>			
Cost of goods sold	-195,634	195,634	-
Other external costs	-28,916	28,916	-
Personnel costs	-51,247	51,247	-
Depreciation and amortisation of fixed assets	-40,341	40,341	-
Research and Development (R&D)	-	-9,090	-9,090
Sales and Marketing	-	-29,259	-29,259
General and Administration	-	-55,646	-55,646
Other operating income	-	279	279
Other operating expenses	-732	-	-732
<b>Operating profit (loss)</b>	<b>-17,677</b>	<b>0</b>	<b>-17,677</b>
<b>Result from financial items</b>			
Interest income and similar items	1	-1	-
Interest costs and similar items	-4,334	4,334	-
Financial income	-	1	1
Financial expenses	-	-4,334	-4,334
<b>Result from financial items</b>	<b>-4,333</b>	<b>-</b>	<b>-4,333</b>
<b>Profit (loss) before tax</b>	<b>-22,011</b>	<b>0</b>	<b>-22,011</b>
Tax on profit for the year	1,685	-1,685	-
Current income tax	-	-2,256	-2,256
Deferred income tax	-	3,941	3,941
<b>Profit (loss) from continuing operations</b>	<b>-20,326</b>	<b>0</b>	<b>-20,326</b>
<b>Profit for the period</b>	<b>-20,326</b>	<b>0</b>	<b>-20,326</b>
<b>Total comprehensive income for the year</b>	<b>-20,326</b>	<b>0</b>	<b>-20,326</b>

# NOTES TO THE FINANCIAL STATEMENTS

## PROFIT OR LOSS STATEMENT FULL YEAR 2023

in ,000's SEK			
	PL by Nature of Exp	Total impact	PL by Function
<b>Operating income</b>			
Net sales	1,145,843	-	1,145,843
Capitalized own development work	91,903	-91,903	-
Cost of Sales	-	-786,250	-786,250
Other operating income	114,634	-114,634	-
<b>Gross profit</b>	<b>1,352,381</b>	<b>-992,788</b>	<b>359,593</b>
<b>Operating expenses</b>			
Cost of goods sold	-785,061	785,061	-
Other external costs	-156,297	156,297	-
Personnel costs	-188,821	188,821	-
Depreciation and amortisation of fixed assets	-294,415	294,415	-
Research and Development (R&D)	-	-59,366	-59,366
Sales and Marketing	-	-118,803	-118,803
General and Administration	-	-368,272	-368,272
Other operating income	-	114,634	114,364
Other operating expenses	-8,148	-	-8,148
<b>Operating profit (loss)</b>	<b>-80,361</b>	<b>0</b>	<b>-80,361</b>
<b>Result from financial items</b>			
Interest income and similar items	8	-8	-
Interest costs and similar items	-70,719	70,719	-
Financial income	-	8	8
Financial expenses	-	-70,719	-70,719
<b>Result from financial items</b>	<b>-70,712</b>	<b>-</b>	<b>-70,712</b>
<b>Profit (loss) before tax</b>	<b>-151,073</b>	<b>-</b>	<b>-151,073</b>
Tax on profit for the year	-22,696	22,696	-
Current income tax	-	-16,998	-16,998
Deferred income tax	-	-5,698	-5,698
<b>Profit (loss) from continuing operations</b>	<b>-173,769</b>	<b>-</b>	<b>-173,769</b>
<b>Profit for the Period</b>	<b>-173,769</b>	<b>-</b>	<b>-173,769</b>
<b>Total comprehensive income for the year</b>	<b>-173,769</b>	<b>-</b>	<b>-173,769</b>

# NOTES TO THE FINANCIAL STATEMENTS

## THE GROUP'S CHANGE IN PRESENTATION CURRENCY

In conjunction with the transition to IFRS, the Group has changed their presentation currency to Euros.

## OPTIONAL EXEMPTIONS AND MANDATORY EXCEPTIONS APPLIED IN THE TRANSITION TO IFRS

The transition to IFRS is reported in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The main rule is that all applicable IFRS and IAS standards that have entered force and been adopted by the EU as of March 31, 2024 are to be applied retrospectively.

However, IFRS 1 provides a number of optional exemptions and mandatory exceptions to the requirement for retrospective application. Below are the exemptions from complete retrospective application, permitted by IFRS, that the Group has elected to apply in the transition to IFRS from previous accounting policies:

### Leases

The Group has elected the exemption of applying IFRS 16 *Leases* from the transition date (January 1, 2023) forward. The exemption selected means that the lease liability is measured at the present value of lease payments remaining discounted by the lessee's incremental borrowing rate. Right-of-use assets are measured at an amount corresponding to the lease liability. IFRS 1 does not make a distinction between leases that were recognized as operating or financial leases under previous accounting policies, which is why all leases are to be treated in the same manner at the transition to IFRS regardless of their previous classification under K3.

Moreover, the Group has made the following choices at the transition date:

- Short-term leases (leases where the original lease period is long term, but where the remaining lease period is less than 12 months) have not been included in the calculation of the lease liability.
- A right-of-use asset or lease liability is not recognized for leases where the underlying asset has a low value

### Translation differences

IFRS 1 allows for accumulated translation differences for foreign operations recognized in equity to be set at zero at the date of the transition to IFRS. This provides a transition relief compared with determining the accumulated translation differences in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, from the date on which the subsidiary or associated company was formed or acquired. The Group has chosen to set all accumulated translation differences in the translation reserve to zero.

## Business combinations

IFRS 1 offers the option to apply the policies in the standard IFRS 3 *Business Combinations* either prospectively from the date of the transition to IFRS or from a specific date prior to the transition date. This provides transition relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group has elected to apply IFRS 3 prospectively for business acquisitions that take place after the date of transition to IFRS. Business acquisitions that took place before the transition date have thus not been restated.

## Reconciliation between previous accounting policies and IFRS

According to IFRS 1, the Group is to present a reconciliation between equity and total comprehensive income recognized according to previous accounting policies, and equity and total comprehensive income recognized according to IFRS, which is presented in the following tables.

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP COMPREHENSIVE INCOME FOR FULL YEAR 2023

in ,000's EUR	2023		
	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	99,860	-	99,860
Cost of sales	-68,522	549	-67,973
<b>Gross profit</b>	<b>31,339</b>	<b>549</b>	<b>31,887</b>
Research and Development (R&D)	-5,174	-115	-5,289
Sales and marketing	-10,354	-	-10,354
General and Administration	-32,095	12,233	-19,862
Other operating income	9,990	-	9,990
Other operating expenses	-710	-12,225	-12,935
<b>Operating expenses</b>	<b>-38,342</b>	<b>-106</b>	<b>-38,448</b>
<b>Operating profit (loss)</b>	<b>-7,003</b>	<b>442</b>	<b>-6,561</b>
Financial items			
Financial income	1	-	1
Financial expenses	-6,163	-3,473	-9,636
<b>Financial items - net</b>	<b>-6,163</b>	<b>-3,473</b>	<b>-9,635</b>
<b>Profit (loss) before income tax</b>	<b>-13,166</b>	<b>-3,031</b>	<b>-16,197</b>
Deferred income tax	-497	717	220
Current income tax	-1,481	-	-1,481
<b>Net profit (loss) for the year</b>	<b>-15,144</b>	<b>-2,314</b>	<b>-17,458</b>
<b>Profit (loss) is attributable to:</b>			
Owners of the parent company	-15,144	-2,314	-17,458
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	-467	2,153	1,685
<i>Items that will not be reclassified to profit or loss</i>			
<b>Other comprehensive income for the year</b>	<b>-467</b>	<b>2,314</b>	<b>17,458</b>
Owners of the parent company	-467	2,221	1,753
<b>Other comprehensive income for the year</b>	<b>-467</b>	<b>2,221</b>	<b>1,753</b>
<b>Total comprehensive income for the year</b>	<b>-15,611</b>	<b>-93</b>	<b>-15,704</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the parent company	-15,611	-93	-15,704
<b>Total</b>	<b>-15,611</b>	<b>-93</b>	<b>-15,704</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 4/1/23 THROUGH 6/30/23

in ,000's EUR	4/1/23 – 6/30/23		
	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	23,884	–	23,884
Cost of sales	-17,165	168	-16,997
<b>Gross profit</b>	<b>6,720</b>	<b>168</b>	<b>6,887</b>
Research and Development (R&D)	-797	-28	-824
Sales and marketing	-2,557	–	-2,557
General and Administration	-4,853	2,572	-2,281
Other operating income	24	–	24
Other operating expenses	-64	–	-64
<b>Operating profit (loss)</b>	<b>-1,527</b>	<b>2,712</b>	<b>-1,185</b>
<b>Financial items</b>			
Financial income	0	–	0
Financial expenses	-370	-438	-809
<b>Financial items - net</b>	<b>-370</b>	<b>-438</b>	<b>-809</b>
<b>Profit (loss) before income tax</b>	<b>-1,897</b>	<b>2,273</b>	<b>377</b>
Deferred income tax	349	89	438
Current income tax	-197	–	-197
<b>Net profit (loss) for the year</b>	<b>-1,745</b>	<b>2,362</b>	<b>617</b>
<b>Profit (loss) is attributable to:</b>			
Owners of the parent company	-1,745	2,362	617
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations	220	-689	-469
<b>Other comprehensive income for the year</b>	<b>220</b>	<b>-689</b>	<b>-469</b>
Owners of the parent company	220	-689	-469
<b>Other comprehensive income for the year</b>	<b>220</b>	<b>-689</b>	<b>-469</b>
<b>Total comprehensive income for the year</b>	<b>-1,525</b>	<b>1,673</b>	<b>148</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the parent company	-1,525	1,673	148
<b>Total</b>	<b>-1,525</b>	<b>1,673</b>	<b>148</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 1/1/23 THROUGH 6/30/23

in ,000's EUR	1/1/23 – 6/30/23		
	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	40,247	–	40,247
Cost of sales	-28,785	316	-28,469
<b>Gross profit</b>	<b>11,463</b>	<b>316</b>	<b>11,779</b>
Research and Development (R&D)	-1,257	-38	-1,294
Sales and marketing	-4,749	–	-4,749
General and Administration	-9,905	5,155	-4,750
Other operating income	89	–	89
Other operating expenses	-157	–	-157
<b>Operating profit (loss)</b>	<b>-4,516</b>	<b>5,434</b>	<b>918</b>
<b>Financial items</b>			
Financial income	0	–	0
Financial expenses	-1,478	-1,097	-2,575
<b>Financial items - net</b>	<b>-1,478</b>	<b>-1,097</b>	<b>-2,575</b>
<b>Profit (loss) before income tax</b>	<b>-5,994</b>	<b>4,337</b>	<b>-1,657</b>
Deferred income tax	211	224	434
Current income tax	-340	–	-340
<b>Net profit (loss) for the year</b>	<b>-6,123</b>	<b>4,561</b>	<b>-1,562</b>
<b>Profit (loss) is attributable to:</b>			
Owners of the parent company	-6,123	4,561	-1,562
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations	241	-490	-249
<b>Other comprehensive income for the year</b>	<b>241</b>	<b>-490</b>	<b>-249</b>
Owners of the parent company	241	-490	-249
<b>Other comprehensive income for the year</b>	<b>241</b>	<b>-490</b>	<b>-249</b>
<b>Total comprehensive income for the year</b>	<b>-5,882</b>	<b>4,071</b>	<b>-1,811</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the parent company	-5,882	4,071	-1,811
<b>Total</b>	<b>-5,882</b>	<b>4,071</b>	<b>-1,811</b>

# NOTES TO THE FINANCIAL STATEMENTS

## RESTATED GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 1/1/23 THROUGH 3/31/23 INCORPORATING CHANGES OF EXCHANGE RATE

in ,000's EUR	1/1/23 – 3/31/23		
	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	16,363	–	16,363
Cost of sales	-11,620	149	-11,472
<b>Gross profit</b>	<b>4,743</b>	<b>149</b>	<b>4,892</b>
Research and Development (R&D)	-460	-10	-470
Sales and marketing	-2,192	–	-2,192
General and Administration	-5,052	2,583	-2,469
Other operating income	66	–	66
Other operating expenses	-94	–	-94
<b>Operating profit (loss)</b>	<b>-2,989</b>	<b>2,722</b>	<b>-267</b>
<b>Financial items</b>			
Financial income	0	–	0
Financial expenses	-1,108	-658	-1,766
<b>Financial items - net</b>	<b>-1,108</b>	<b>-658</b>	<b>-1,766</b>
<b>Profit (loss) before income tax</b>	<b>-4,097</b>	<b>2,063</b>	<b>-1,766</b>
Deferred income tax	-139	135	-4
Current income tax	-142	–	-142
<b>Net profit (loss) for the year</b>	<b>-4,378</b>	<b>2,198</b>	<b>-2,179</b>
<b>Profit (loss) is attributable to:</b>			
Owners of the parent company	-4,378	2,198	-2,179
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations	21	199	221
<b>Other comprehensive income for the year</b>	<b>21</b>	<b>199</b>	<b>221</b>
Owners of the parent company	21	199	221
<b>Other comprehensive income for the year</b>	<b>21</b>	<b>199</b>	<b>221</b>
<b>Total comprehensive income for the year</b>	<b>-4,357</b>	<b>2,398</b>	<b>-1,959</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the parent company	-4,357	2,398	-1,959
<b>Total</b>	<b>-4,357</b>	<b>2,398</b>	<b>-1,959</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION FOR JANUARY AND DECEMBER 2023 RESTATED

in ,000's EUR	1/1/23			12/31/23		
	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Capitalized expenditure for development work and similar work	15,804	–	15,804	28,815	450	29,264
Trademarks	483	–	483	417	–	417
Licenses	94	–	94	71	–	71
Goodwill	90,559	–	90,559	68,840	–	68,840
<b>Property, plant and equipment</b>						
Right-of-use assets	–	4,775	4,775	–	4,156	4,156
Equipment, tools, fixtures and fittings	1,005	–	1,005	942	–	942
<b>Non-current financial assets</b>						
Other non-current receivables	44	–	44	29	–	29
Deferred tax assets	79	–	79	719	3	722
<b>Current assets</b>						
<b>Inventory</b>						
Inventories	13,932	–	13,932	8,922	–	8,922
Prepayments and accrued income	4,380	–5	4,375	3,680	–5	3,675
Cash and cash equivalents	9,032	–	9,032	6,470	–	6,470
<b>TOTAL ASSETS</b>	<b>155,275</b>	<b>4,770</b>	<b>160,045</b>	<b>139,369</b>	<b>4,603</b>	<b>143,972</b>



# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION FOR JANUARY AND DECEMBER 2023

in ,000's EUR	1/1/23			12/31/23		
	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	385	–	385	459	–4	455
Other contributed capital	67,036	–	67,036	76,695	–535	76,159
Reserves	–	–	–	–467	2,221	1,753
Retained earnings	1,878	4,249	6,127	–2,781	2,496	–285
Profit or loss for the period	–6,544	–	–6,544	–15,144	–2,314	–17,458
<b>Total equity</b>	<b>62,754</b>	<b>4,249</b>	<b>67,003</b>	<b>58,762</b>	<b>1,863</b>	<b>60,625</b>
<b>Non-current liabilities</b>						
Borrowings non-current	3,955	–	3,955	29,764	–	29,764
Lease liabilities L/T	–	4,207	4,207	–	3,546	3,546
Other non-current liabilities	46,187	–5,406	40,781	23,143	–1,902	21,241
Deferred tax liabilities	224	1,135	1,359	651	399	1,050
<b>Current liabilities</b>						
Borrowings	12,545	–	12,545	7,893	–	7,893
Lease liabilities S/T	–	672	672	–	782	782
Accounts payable	13,593	–	13,593	8,642	–	8,642
Current tax liabilities	1,297	–	1,297	384	–	384
Other current liabilities	11,580	–88	11,492	8,045	–85	7,960
Accruals and deferred income	3,139	–	3,139	2,085	–	2,085
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>155,275</b>	<b>4,770</b>	<b>160,045</b>	<b>139,369</b>	<b>4,603</b>	<b>143,972</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

in ,000's EUR	6/30/23		
	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure for development work and similar work	22,551	267	22,818
Trademarks	450	–	450
Licenses	108	–	108
Goodwill	85,426	4,953	90,379
<b>Property, plant and equipment</b>			
Right-of-use assets	–	4,351	4,351
Equipment, tools, fixtures and fittings	1,009	–	1,009
<b>Non-current financial assets</b>			
Other non-current receivables	149	–	149
Deferred tax assets	542	2	544
<b>Current assets</b>			
<b>Inventory</b>			
Inventories	13,744	–	13,744
<b>Current receivables</b>			
Accounts receivable	12,097	–	12,097
Current tax receivables	746	–	746
Other receivables	760	–	760
Prepayments and accrued income	5,189	–5	5,183
Cash and cash equivalents	8,796	–	8,796
<b>TOTAL ASSETS</b>	<b>151,568</b>	<b>9,568</b>	<b>161,136</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

in ,000's EUR	6/30/23		
	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	433	22	455
Other contributed capital	72,308	3,827	76,134
Reserves	241	-490	-249
Retained earnings	-987	467	-520
Profit or loss for the period	-6,123	4,561	-1,562
<b>Total equity</b>	<b>65,872</b>	<b>8,386</b>	<b>74,258</b>
<b>Non-current liabilities</b>			
Borrowings non-current	27,587	-	27,587
Lease liabilities L/T	-	3,821	3,821
Other non-current liabilities	33,652	-4,081	29,571
Deferred tax liabilities	458	857	1,315
<b>Current liabilities</b>			
Borrowings	5,796	-	5,796
Lease liabilities S/T	-	671	671
Accounts payable	10,814	-	10,814
Current tax liabilities	923	-	923
Other current liabilities	4,823	-87	4,736
Accruals and deferred income	1,645	-	1,645
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>151,568</b>	<b>9,568</b>	<b>161,136</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023, RESTATED

in ,000's EUR	3/31/23		
	Income statement (according to previous GAAP)	Total effect of IFRS transition	IFRS
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development work and similar work	18,999	138	19,137
Trademarks	897	–	897
Licenses	90	–	90
Goodwill	87,014	2,572	89,585
<b>Property, plant and equipment</b>			
Right-of-use assets	–	4,512	4,512
Equipment, tools, fixtures and fittings	982	–	982
<b>Non-current financial assets</b>			
Other non-current receivables	26	–	26
Deferred tax assets	78	1	78
<b>Current assets</b>			
<b>Inventory</b>			
Inventories	14,454	–	14,454
<b>Current receivables</b>			
Accounts receivable	9,194	–	9,194
Current tax receivables	741	–	741
Other receivables	735	–	735
Prepayments and accrued income	3,829	–5	3,824
Cash and cash equivalents	6,556	–	6,556
<b>TOTAL ASSETS</b>	<b>143,597</b>	<b>7,217</b>	<b>150,814</b>

# NOTES TO THE FINANCIAL STATEMENTS

## GROUP STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023, RESTATED

in ,000's EUR	3/31/23		
	Income statement (according to previous GAAP)	Total effect of IFRS transition	IFRS
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	380	5	385
Other contributed capital	66,200	836	67,036
Reserves	21	199	221
Development expenditure fund (goes into Retained)	-3	3	-
Retained earnings	-3,570	3,145	-425
Profit or loss for the period	-4,378	2,198	-2,179
<b>Total equity</b>	<b>58,654</b>	<b>6,384</b>	<b>65,037</b>
<b>Non-current liabilities</b>			
Borrowings non-current	20,592	-	20,592
Lease liabilities L/T	-	3,967	3,967
Other non-current liabilities	45,400	-4,702	40,698
Deferred tax liabilities	359	987	1,347
<b>Current liabilities</b>			
Borrowings	3,004	-	3,004
Lease liabilities S/T	-	668	668
Accounts payable	7,311	-	7,311
Current tax liabilities	1,027	-	1,027
Other current liabilities	5,869	-86	5,783
Accruals and deferred income	1,381	-	1,381
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>143,597</b>	<b>7,217</b>	<b>150,814</b>

# NOTES TO THE FINANCIAL STATEMENTS

## IMPACT ON CASH-FLOW STATEMENT

The cash flow has not been affected by the transition to IFRS, but the IFRS adjustments has had the following effect regarding presentation of cash flow:

### a) Leases

At the transition to IFRS 16 has the cash flow regarding payments of leasing (excluding short-term leases and leases of low value) been reclassified from an expense in the operating activities to present both the principal and interest portion of the lease payment in the financing activities. The depreciation on the right-of-use asset has been included in the adjustment for non-cash items in the operating activities.

### b) Goodwill

Under previously applied accounting policies, goodwill is amortized over the period that it is expected to generate economic benefits. Under IFRS, goodwill is not amortized, instead, an impairment test is conducted annually. As a result of goodwill not being amortized in accordance with IFRS, the amortization recognized from January 1, 2023 in accordance with previous accounting policies is added back. The amortization of goodwill that is added back during a period impacts earnings for that period as well as total comprehensive income and has been added back under Operating Expense in the consolidated statement of total comprehensive income.

The Group has maintained the Goodwill valuations recognized under impairment testing conducted at 9/30/2023 and 12/31/2023. Corresponding impairment adjustments are posted accordingly. Therefore, there are no significant changes to Goodwill as of December 31, 2023 and January 1, 2023.

### c) Deferred taxes

Deferred taxes are accounted for on all IFRS adjustments that implies a temporary difference in the statement of financial position, such as leases. Refer to table below for deferred taxes presented under IFRS.

in ,000's of Euros	6/30/24	6/30/23	12/31/23
<b>Deferred Tax</b>			
Deferred Tax Per Statements	-415	84	68
Adjustments as a result of IFRS 16	2	2	3
Adjustments as a result of IFRS 9	254	-857	-399
<b>Re-stated deferred tax</b>	<b>-159</b>	<b>-771</b>	<b>-328</b>

## RECLASSIFICATIONS UNDER IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

### Statement of financial position

The following are reclassifications made in the statement of financial position:

- Cash and bank is changed into Cash and cash equivalents.
- Deferred tax receivables are presented separate from financial assets.
- Deferred tax liabilities are no longer presented as a provision, but rather a long-term liability.

### Statement of total comprehensive income

This statement is new compared to previously applied accounting principles where only an income statement was included. Under IFRS there are items, such as translation differences on subsidiaries, to be presented in Other comprehensive income which is an additional section of the consolidated income statement, which will then be called Statement of total comprehensive income.

The following are reclassifications made in the statement of total comprehensive income:

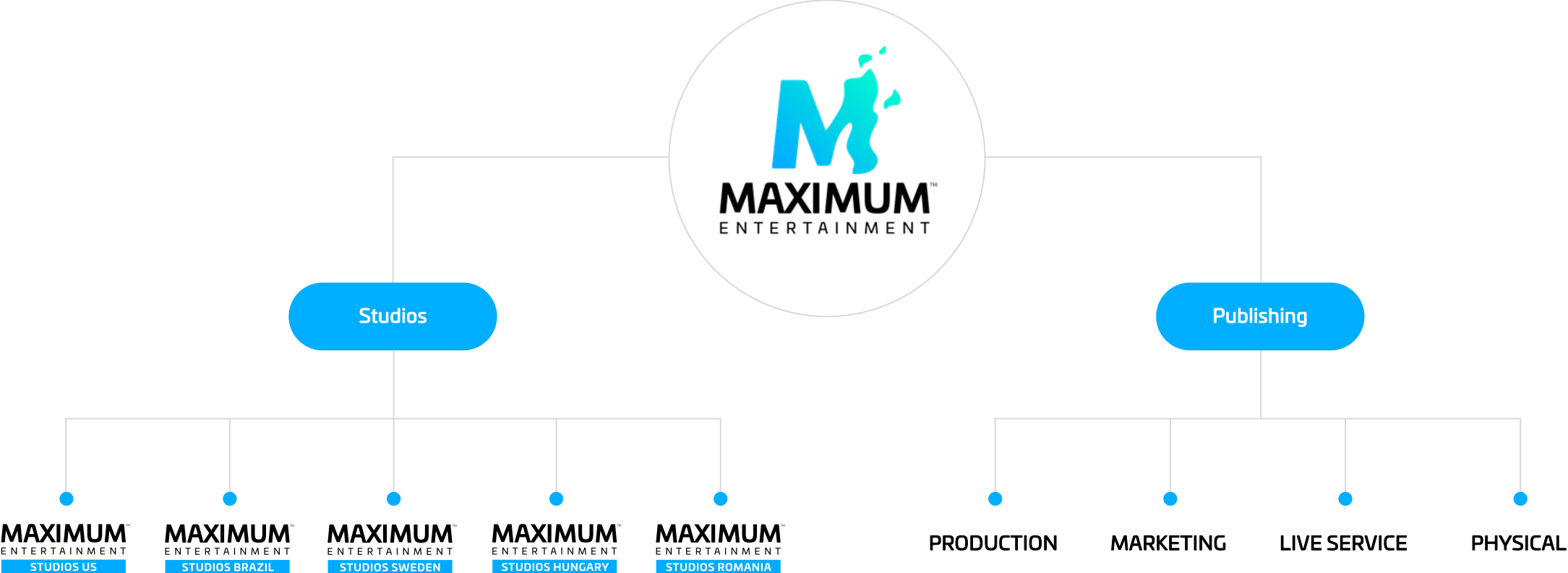
- Interest income and similar items is changed into Financial income
- Interest costs and similar items is changed into Financial expense
- Tax on profit for the year is changed into Income tax

## EFFECTS FOR THE PARENT COMPANY WHEN TRANSITIONING TO RFR 2 REPORTING FOR LEGAL ENTITIES

The interim report for Q2 2024 is Maximum Entertainment AB's first year of financial reporting prepared in accordance with RFR 2 *Reporting for legal entities*.

The accounting policies in Note 15 above were applied when the balance sheet and income statement for the parent company were prepared as of June 30, 2024 and for the comparison information presented as of June 30, 2023 and December 31, 2023, as well as in the preparation of the report for the opening financial position for the period as of January 1, 2023 (the date of transition to RFR 2 for the parent company). The parent company is transitioning to RFR 2 as of 1 January, 2023, which is the same date as the transition to IFRS for the group. The transition has not had any significant effect on the income statement, balance sheet or equity statement for the parent company.

# ABOUT MAXIMUM ENTERTAINMENT



# FURTHER INFORMATION

## 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>
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
Zordix Racing AB	Sweden	100
MG1 Acquisition Corporation <sup>1</sup>	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

<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.

## 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

Interim Report Q3 2024	11/13/2024
Interim Report Q4 2024	2/19/2025

## Contact information

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Augment Partners AB, CA: [info@augment.se](mailto:info@augment.se)



# GLOSSARY

What we say	What we mean
<a href="#">Maximum Entertainment or The Company</a>	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.
<a href="#">Owned IP</a>	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.
<a href="#">Publishing</a>	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).
<a href="#">Sub-publishing</a>	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.
<a href="#">New Releases</a>	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.
<a href="#">Catalog Games or Titles</a>	Also referred to as back-catalog, catalog refers to games that have launched in previous fiscal years.
<a href="#">Adjusted EBIT</a>	EBIT less impact from non-recurring and restructuring expenses, share-based compensation (if any), adjustment to contingent considerations and impairment of goodwill.
<a href="#">Adjusted EBITDA</a>	EBITDA less impact from non-recurring and restructuring expenses, share-based compensation (if any) and adjustment to contingent considerations.
<a href="#">Adjusted EBIT margin</a>	Adjusted EBIT over Net sales.
<a href="#">Adjusted EBITDA margin</a>	Adjusted EBITDA over Net sales.
<a href="#">Gross Margin</a>	Net sales less cost of sales.
<a href="#">EBITDA</a>	EBIT before amortization, depreciation impairment, capital gains/losses on assets and any value adjustments on assets.
<a href="#">EBITDA Margin</a>	EBITDA as a percentage of Net sales.
<a href="#">EBIT</a>	Operating profit.
<a href="#">EBIT Margin</a>	EBIT as a percentage of Net revenue.
<a href="#">Number of Employees</a>	Number of employees at the end of the period.
<a href="#">Live or Live Services</a>	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, August 29, 2024

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

**PETTER HJERTSTEDT** – CHAIRMAN OF THE BOARD

**KARLA MARTIN** – DIRECTOR

**BART REEFMAN** - DIRECTOR

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



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