MAXIMUM™
ENTERTAINMENT

INTERIM REPORT Q3 2024

AT A GLANCE

Net Sales (Q3 2024)
17.2 MEUR

Adjusted EBITDA (Q3 2024)
-0.2 MEUR

Share of revenue derived from Owned IP (Q3 2024)
10%

Gross margin (Q3 2024)
24%

Adjusted EBITDA margin (Q3 2024)
-1%

Total headcount (Q3 2024)
181

INTRODUCTION

MAXIMUM ENTERTAINMENT QUARTERLY REPORT

Maximum Entertainment's Q3 results benefited from a few overperforming publishing releases, counterbalanced by a quieter Owned IP release calendar. We delivered Net Sales of 17.2 MEUR compared to 25.2 MEUR in Q3 2023, which was an exceptionally strong quarter, benefiting from the release of Smalland: Survive the Wilds and Bramble: The Mountain King.

Our Adjusted EBITDA for the quarter is -0.2 MEUR, amounting to 3.0 MEUR year-to-date. Gross Margin is 24% over Q3, keeping the year-to-date at 30% which is stable compared to the same period last year. EBIT and Adjusted EBIT for the quarter include impact of an impairment to Capitalized Development of 13.2 MEUR. The share of revenue derived from Owned IP is still slightly up at 10% against Q3 2023's 9%, despite a lack of releases in this category over the period. The number of employees at the end of the period is 181, a decrease of 24% year-on-year.

HIGHLIGHTS DURING THE QUARTER

Launches

- Squirrel with a Gun launches on PC
- Selfloss launches on PC and consoles
- Wild Bastards releases on all major platforms

Updates

- Announcement of partnership with Brimstone to Publish Overthrown
- Maximum Entertainment announces Gamescom lineup
- Maximum entertainment partners with Mob Entertainment to sub-publish Poppy Playtime Bundle to retail
- Maximum Football Early Access release date announced for 11/07/24

Other

- Chairman of the board Petter Hjertstedt notifies board of directors intention to resign
- EGM on September 9, 2024 elects Torgny Hellström and Jan Benjaminson to the Board and appoints special examiner to investigate inter alia the management of the Company
- Christina Seelye and Thierry Bonnefoi demand payment in total appr. 116 MSEK
- Board appoints Philippe Cohen as new CEO

HIGHLIGHTS AFTER THE QUARTER

Launches

- Squirrel with a Gun Launches on Consoles
- Maximum Football launches into Early Access on 11/07/24

Updates

- Diesel Legacy: The Brazen Age release date announced for 12/03/24 on all platforms
- Overthrown and Spirt of the North demos available at Steam Next Fest
- Maximum Football Xbox Game Preview and Game Pass release date announced for 12/10/24
- Overthrown Early Access release date announced for 12/05/24

Other

- Christina Seelye and Thierry Bonnefoi have filed request for arbitration against Maximum Entertainment
- EGM on November 6, 2024 reelects Torgny Hellström, Jan Benjaminson, and Bart Reefman, and elects Bob Blake to the Board
- Maximum Entertainment announced it is in negotiations with lenders following covenant breaches

in ,000's of Euros ***Key Performance Indicators Group***	**07/01/24 - 09/30/24**	**07/01/23 - 09/30/23**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Net Sales	17,216	25,257	54,469	65,504	99,860
Share of revenue derived from Owned IP	10%	9%	12%	13%	11%
Gross Margin %	24%	33%	30%	31%	32%
Adjusted EBITDA*	-171	4,115	3,045	6,893	12,081
Adjusted EBITDA Margin	-1%	16%	6%	11%	12%
Adjusted EBIT	-15,713	2,484	-16,755	3,446	6,735
Adjusted EBIT Margin	-91%	10%	-31%	5%	7%
EBIT	-16,293	-6,831	-14,634	-5,913	-6,561
EBIT Margin	-95%	-27%	-27%	-9%	-7%
Total Headcount	181	238	181	238	211

**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

SUCCESSFUL LAUNCHES IN A TIME OF CHANGE

I am delighted to publish our Q3 report as the CEO of Maximum Entertainment, a company I know well, having been a business partner for years before joining its executive team.

Video games have been a significant part of my life for the past 25 years. When I sold my company, Just For Games, to Maximum Entertainment, it was with the vision of realizing the immense potential of integrating my business into a larger group and expanding its reach on a global scale.

That vision remains unchanged, and it is with this mindset that I intend to lead as CEO.

Q3 AT A GLANCE

Our third quarter performance was marked by significant releases in our sub-publishing and publishing portfolios, including hit titles Until Then and Squirrel with a Gun.

Major Owned IP Release Dates Announced

We laid the groundwork for exciting Q4 releases, including Maximum Football. Projekt Z, another long-awaited title was highlighted at Gamescom, where it won the prestigious “Best Game Made with Unity” award.

Publishing Titles Surpass Expectations

Critically acclaimed Until Then, which launched in June, continued its strong performance into Q3.

Released on PC, Squirrel With a Gun instantly became one of Maximum Entertainment’s top publishing hits, surpassing even our most optimistic projections.

Sub-publishing Titles Perform Well

Our sub-publishing lineup also saw strong performance with Oregon Trail on Switch, which got strong traction in the US retail market. Other releases included Cat Quest 3, Kena on Xbox, and Asphalt Legends, complementing our extensive portfolio.

We were proud to announce in August a partnership with Mob Entertainment to bring horror sensation Poppy Playtime Triple Pack to physical retail for PlayStation 5.

OPERATIONAL AND FINANCE

We made some significant cost savings during the first six months of 2024, and these continued in Q3 with reductions at our Chelford, UK and Swedish offices. This resulted in our headcount decreasing from 238 last year down to 181 as at end of September 2024.

We delivered Net Sales of 17.2 MEUR over the period, a decrease from Q3 2023 due to last year’s exceptionally successful launches of Owned IP titles Smalland and Bramble, combined with strong performances from Paleo Pines and Double Dragon Gaiden.

Strengthening our balance sheet by canceling riskier projects from our portfolio impacted our EBIT, which amounted to -16.3 MEUR and includes a one-off write-down of 13.2 MEUR in Q3.

Other events occurred both during and after the period. Sellers of Maximum Games entered into arbitration regarding the payment of their earn-outs, which the company disputes, while shareholders appointed a special examiner to investigate subjects such as earn-out calculations. The group continues to accrue the earn-outs as liabilities while awaiting resolution of these procedures.

As a result of the cash position at the end of the quarter and the departure of the previous CEO, the group is in breach of covenants with two major lenders. We are working with our lenders to resolve these issues and present these financial statements with the conviction that we will find a satisfactory resolution.

We are now steering toward a strategic shift while navigating cash constraints by deleveraging our balance sheet and insuring full transparency. We have started taking action to drive long-term value with a commitment to three core priorities : minimizing investment risks, accelerating cash flow and reducing costs.

WORDS FROM OUR CEO

Q4 HIGHLIGHTS: EXCITING RELEASES

Maximum Football's anticipated announcement was met with enthusiastic support from the community and football fans alike. Following extensive groundwork in Q3, Maximum Football launched into early access on November 7. We are encouraged by the early results of this Free to Play game.

Other releases in our Q4 Owned IP lineup include the new opus of our family-friendly franchise Fantasy Friends, and our new fighting game, Diesel Legacy: The Brazen Age.

Overthrown is scheduled to release into Steam Early Access, Xbox Game Preview and Xbox Game Pass in December, less than six months after the partnership was announced.

Our publishing portfolio and revenue expanded with the launch of Squirrel with a Gun for PlayStation and Xbox, which, like its PC version, is far exceeding performance expectations.

The final quarter started well for our sub-publishing business, with the release of Ethernights on Switch and strong performance from Poppy Playtime Triple Pack during Halloween.

FRESH OUTLOOK FOR 2025 AND BEYOND

In addition to publishing the most compelling games in our segments, my priority will be to strengthen our financial position by increasing revenue and improve cost control.

I aim to minimize investment risks and accelerate cash flow by prioritizing faster turnaround deals, focusing on financially viable projects that harness Maximum Entertainment's extensive publishing expertise and dedicate our studio resources to our flagship titles such as Maximum Football, Projekt Z, and Smalland.

Moving forward, new Owned IP projects will undergo a more rigorous greenlighting process, emphasizing tightly controlled budgets and shorter development cycles.

With the support of our Board and teams, I am energized and fully committed to building a solid foundation for the sustainability of our company and future growth. Alongside an internal cost reduction program, we are also prepared to divest certain assets to address cash flow needs in the coming months. Ongoing discussions reinforce our confidence that solutions can be found.

As we realign our objectives, we will emerge stronger.

PHILIPPE COHEN | CEO

COMMENTS TO THE FINANCIAL STATEMENTS

NET SALES AND GROSS MARGIN

Net Sales for Q3 2024 amounted to 17.2 MEUR compared to 25.3 MEUR in Q3 2023, down 8.1 MEUR or -32%. This is due to a lighter launch schedule in 2024 compared to a prior year quarter that performed exceptionally with launches of two Owned IP titles: Smalland and Bramble as well as successful publishing launches of titles such as Paleo Pines and Double Dragon Gaiden.

Our Gross Margin for Q3 2024 stood at 24%, down from 33% in the same period last year. This is supported mainly by our rich catalog of Owned IP titles last year with higher gross profit in addition to the successful two releases of Published titles Squirrel with a Gun and Until Then.

OPERATING EXPENSES

Operating Expenses amount to 20.5 MEUR for the period, up from 15,2 MEUR for prior year.

R&D Expenses is up from 1.2 MEUR Q3 2023 to 15.3 MEUR Q3 2024 and includes a one-off write-down on 13.2 MEUR. The write-down is a result of impairment test during the quarter on games and includes canceled projects and underperforming launched titles. Of the 13.2 MEUR write-down amount 9 MEUR canceled titles Mudfest, Project Velos and Avatar: The Last Airbender.

Marketing Expenses remain relatively flat in Q3 2024, amounting to 2.3 MEUR versus 2.2 MEUR in prior year.

General and Administration expenses increase by 0.7 MEUR in Q3 2024, due mainly to the accrual of a provision for severance for the previous CEO.

Other operating income and expenses is net down from Q3 2023. Last year an adjustment for contingent consideration was made for the seller of Maximum Games and affected Other operating income of 10.0 MEUR. Last year's Other operating expenses, -19,4 MEUR, corresponds to adjustments for the seller of Merge and impairment of goodwill.

Operating profit, EBIT, amounted to -16.3 MEUR during Q3 2024. This is down from last year's -6.8 MEUR and a drop of 9.5 MEUR. Adjusted for the one-off write-down, 13.2 MEUR, EBIT amounted to -3.1 MEUR and that is 3.7 MEUR better than the same period last year.

FINANCIAL ITEMS

Financial Expenses is up from -2.7 MEUR Q3 2023 to -4.0 MEUR during Q3 2024. The difference is -1.3 MEUR whereof exchange rate differences and discount unwind from financial instrument together is -0.9 MEUR.

CAPITALIZED DEVELOPMENT

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

At the end of September 2024, capitalized development totaled 20.7 MEUR versus 29.3 MEUR on December 31, 2023. This change includes the impact of impairments posted in Q3 2024 totaling 14.3 MEUR.

BORROWINGS

Total Borrowings on September 30, 2024, amount to 40.2 MEUR versus 37.7 MEUR at the end of December 2023. This increase mainly concerns PIK (payment in kind) interest on US loan facilities that accrue over the course of the loan.

The loan facilities in the US include provisions for covenants and termination events. While the group continues to negotiate with its partners for the revision of covenants, the loans are presented under current liabilities.

CONTINGENT CONSIDERATIONS

As of the end of September 2024, contingent considerations stood at 7.0 MEUR, down from 17.9 MEUR at the end of December 2023. This reduction is attributed to the adjustment in the nominal value of earnouts for Merge and Maximum Games sellers for 1.2 MEUR, to the conversion of earnouts as other current liabilities for 9.2 MEUR, and to the payment in earnouts to Merge sellers for 0.6 MEUR.

However, the Company is in arbitration with the sellers of Maximum Games regarding the earn-out that is also subject to an investigation carried out by a special examiner appointed by the shareholders meeting in September. Awaiting the outcome, the earn-out for Maximum Sellers is accounted for as other current liabilities (see note 17).

CURRENT LIABILITIES

At the end of September, current liabilities include unpaid earn outs, accrual for ex-CEO severance and other operating liabilities. It amounts to 21.6 MEUR at the close versus 8.0 MEUR at the end of prior year. This variation is due in part to the classification of Contingent Considerations to Earn Outs over the course of 2024 and a reclassification of unpaid earn-outs which were considered non-current liabilities through the end of June 2024.

COMMENTS TO THE FINANCIAL STATEMENTS

CASH FLOW

The group generated 2.7 MEUR of cash flow from operations in Q3 2024 versus 3.7 MEUR in the prior year.

Investments in games and other assets decreased in Q3 2024 to 3.2 MEUR versus 4.1 MEUR in prior year, a drop of 23%.

Cash flow from financing activities amounted to -3.4 MEUR versus -3.1 MEUR in 2023. This is due mainly to the increase in interest payments and variations in revolving credit lines in the US.

Total cash flow for the group in Q3 2024 was -3.9 MEUR versus -3.5 MEUR for the same period last year. The group holds 1.9 MEUR in cash at the end of the period versus 5.3 MEUR at the end of September 2023.

GROUP FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	Note	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Net Sales	5	17,216	25,257	54,469	65,504	99,860
Cost of Sales		-13,055	-16,933	-38,082	-45,401	-67,973
Gross Profit		**4,161**	**8,324**	**16,387**	**20,103**	**31,887**
Research and Development (R&D)	6	-15,263	-1,166	-18,999	-2,460	-5,289
Sales and Marketing		-2,263	-2,197	-6,641	-6,946	-10,354
General and Administration	7	-3,074	-2,369	-8,247	-7,118	-9,142
Other operating income	8	145	10,014	2,866	10,103	9,990
Other operating expenses	9	–	-19,437	–	-19,595	-23,654
Total Operating expenses		**-20,454**	**-15,155**	**-31,021**	**-26,016**	**-38,448**
Operating Profit (EBIT)		**-16,293**	**-6,831**	**-14,634**	**-5,913**	**-6,561**
Financial income	10	–	0	1,524	0	0
Financial expenses	11	-4,024	-2,683	-8,962	-5,258	-9,636
Financial items - net		**-4,024**	**-2,682**	**-7,437**	**-5,258**	**-9,635**
Profit before Income tax		**-20,318**	**-9,513**	**-22,072**	**-11,170**	**-16,197**
Deferred income tax		98	451	227	885	220
Current income tax		-41	-737	-637	-1,077	-1,481
Profit for the period		**-20,261**	**-9,799**	**-22,481**	**-11,361**	**-17,458**
Earnings per share, before dilution (EUR)		-0.40	-0.19	-0.44	-0.22	-0.34
Earnings per share, after dilution (EUR)		-0.40	-0.19	-0.44	-0.27	-0.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	Note	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Profit for the period		**-20,261**	**-9,799**	**-22,481**	**-11,361**	**-17,458**
Other Comprehensive Income for the period						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		2,127	-116	1,217	-365	1,753
Items that will not be reclassified to profit or loss						
Other Comprehensive Income for the period		**2,127**	**-116**	**1,217**	**-365**	**1,753**
Total Comprehensive Income for the period		**-18,134**	**-9,915**	**-21,265**	**-11,726**	**-15,704**
Profit for the period attributable to:						
Owners of the parent company		-20,261	-9,799	-22,481	-11,361	-17,458
Total comprehensive income for the period attributable to:						
Owners of the parent company		-18,134	-9,915	-21,265	-11,726	-15,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	09/30/24	09/30/23	12/31/23	*opening* 01/01/23
ASSETS					
Non-current assets					
Intangible assets					
Capitalized expenditure for development work and similar work	12	20,699	25,986	29,264	15,804
Trademarks		376	445	417	483
Licenses		85	105	71	94
Goodwill	13	68,959	72,955	68,840	90,559
Total intangible assets		**90,118**	**99,490**	**98,593**	**106,940**
Property, plant and equipment					
Right-of-use assets		3,536	4,476	4,156	4,775
Equipment, tools, fixtures and fittings		778	1,053	942	1,005
Total property, plant and equipment		**4,315**	**5,528**	**5,098**	**5,780**
Non-current financial assets					
Other non-current receivables		44	28	29	44
Total non-current financial assets		**44**	**28**	**29**	**44**
Deferred tax assets		1,041	692	722	79
Total non-current assets		**95,518**	**105,739**	**104,441**	**112,843**
Current assets					
Inventories		8,681	12,791	8,922	13,932
Accounts receivable		7,154	13,234	18,822	18,507
Current tax receivables		906	816	250	756
Other receivables		1,204	611	1,392	601
Prepayments and accrued income	14	4,568	3,580	3,675	4,375
Cash and cash equivalents		1,909	5,253	6,470	9,032
Total current assets		**24,422**	**36,284**	**39,531**	**47,202**
Total Assets		**119,940**	**142,023**	**143,972**	**160,045**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	09/30/24	09/30/23	12/31/23	*opening* 01/01/23
EQUITY AND LIABILITIES					
Equity					
Share capital		455	455	455	385
Other contributed capital		76,159	76,159	76,159	67,036
Reserves		2,970	-365	1,753	-
Retained earnings		-17,743	-502	-285	6,127
Profit or loss for the period		-22,481	-11,361	-17,458	-6,544
Equity attributable to owners of the parent company		**39,361**	**64,387**	**60,625**	**67,003**
Total equity		**39,361**	**64,387**	**60,625**	**67,003**
Liabilities					
Non-current liabilities					
Borrowings non-current	15, 16	2,613	27,501	29,764	3,955
Lease liabilities, long-term		2,977	3,856	3,546	4,207
Other non-current liabilities	15	7,065	20,672	21,241	40,781
Deferred tax liabilities		1,135	1,025	1,050	1,359
Total non-current liabilities		**13,790**	**53,054**	**55,600**	**50,302**
Current liabilities					
Borrowings	15, 16	37,626	8,926	7,893	12,545
Lease liabilities, short-term		763	780	782	672
Accounts payable		4,917	8,025	8,642	13,593
Current tax liabilities		318	628	384	1,297
Other current liabilities	17	21,561	5,610	7,960	11,492
Accruals and deferred income		1,604	614	2,085	3,139
Total Current Liabilities		**66,790**	**24,583**	**27,746**	**42,739**
Total Liabilities and Equity		**119,940**	**142,023**	**143,972**	**160,045**

CONSOLIDATED STATEMENT OF CASH FLOWS

in ,000's of Euros	Note	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Cash flow from operating activities						
Operating profit (EBIT)		-16,293	-6,831	-14,634	-5,913	-6,538
- Amortisation, Depreciation and Impairment		15,546	20,058	19,819	21,874	26,255
- Capital gains/losses on tangible fixed assets		-5	21	-19	21	21
EBITDA		**-751**	**13,248**	**5,166**	**15,982**	**19,737**
Other items non-cash		-1,723	-7,313	-4,865	-9,599	-8,498
Tax paid		-376	-1,257	-703	-1,746	-2,395
Cash flow from operating activities before change in working capital		**-2,850**	**4,678**	**-402**	**4,638**	**8,844**
Changes in Working Capital						
Change in Inventories		367	953	241	1,141	5,010
Change in Accounts receivables		3,791	-653	12,599	5,757	-316
Change in Other current receivables		-1,453	1,683	-1,362	725	415
Change in Accounts payables		-1,112	-2,789	-3,725	-5,568	-4,951
Change in Other current liabilities		3,936	-157	1,529	-8,408	-4,587
Cash flow from Operations		**2,679**	**3,715**	**8,881**	**-1,715**	**4,416**
Cash flow from Investing activities						
Investments in Intangible Assets		-3,175	-3,965	-10,570	-12,336	-17,935
Investments in Tangible Assets		15	-162	-73	-250	-425
Cash flow from Investing activities		**-3,160**	**-4,127**	**-10,643**	**-12,586**	**-18,360**
Cash flow from Financing Activities						
Proceeds from Borrowings		–	1,000	3,733	23,986	29,528
Loans paid		-664	-1,514	-1,953	-8,426	-9,060
Revolving Line of Credit		-822	1,010	-222	1,653	1,616
Provisions paid related to earn-outs		–	-3,163	-566	-3,163	-7,361
Lease liabilities paid		-630	144	-892	-244	-490
Interest paid		-1,268	-596	-3,185	-3,955	-3,114
Cash flow from Financing activities		**-3,385**	**-3,120**	**-3,086**	**9,852**	**11,120**
Cash flow for the period		**-3,866**	**-3,532**	**-4,848**	**-4,449**	**-2,824**
Cash and cash equivalents at beginning of period		5,576	8,796	6,470	9,032	9,032
Exchange rate difference on cash and cash equivalents		198	-11	287	671	262
Cash and cash equivalents at the end of the period		**1,909**	**5,253**	**1,909**	**5,253**	**6,470**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of parent company						
in ,000's of Euros	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the period	Total	Non-controlling interest	Total equity
Opening balance 01/01/23	**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**
Total comprehensive income for the year	**–**	**–**	**1,753**	**-17,325**	**-15,572**		**-15,572**
Transactions with shareholders							
New share issue	70	9,124			**9,194**		**9,194**
Total transactions with shareholders	**70**	**9,124**	**–**	**–**	**9,194**		**9,194**
Closing balance 12/31/23	**455**	**76,159**	**1,753**	**-17,743**	**60,625**	–	**60,625**
Opening balance 01/01/23	**385**	**67,036**	**–**	**-417**	**67,003**	–	**67,003**
Profit for the period				-1,666	**-2,237**	–	**-2,237**
Other comprehensive income			-249		**-249**		**-249**
Total comprehensive income for the year	**–**	**–**	**-249**	**-1,666**	**-2,486**	–	**-2,486**
Transactions with shareholders							
New share issue	70	9,099			**9,169**		**9,169**
Total transactions with shareholders	**70**	**9,099**	**–**	**–**	**9,169**		**9,169**
Closing balance 09/30/23	**455**	**76,134**	**-249**	**-2,083**	**73,686**	–	**73,686**
Opening balance 01/01/24	**455**	**76,159**	**1,753**	**-17,743**	**60,625**	–	**60,625**
Profit for the period				-22,481	**-22,481**	–	**-22,481**
Other comprehensive income			1,217		**1,217**		**1,217**
Total comprehensive income for the year	**–**	**–**	**1,217**	**-22,481**	**-21,265**	–	**-21,265**
Closing balance 09/30/24	**455**	**76,159**	**2,970**	**-40,224**	**39,361**	–	**39,361**

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY INCOME STATEMENT

in ,000's of SEK	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Sales	3,758	151	11,393	2,836	16,011
Cost of Sales	-3	-4,564	-22	-9,159	-12,863
Gross Profit	**3,756**	**-4,413**	**11,371**	**-6,323**	**3,148**
General and Administrative					
Total General & Administrative	-4,697	-4,981	-13,004	-16,856	-28,102
Amortization of Intangible assets	-48	-48	-144	-144	-192
Other Operating Income	60	1,052	180	1,210	278
Operating Profit (loss)	**-929**	**-8,390**	**-1,598**	**-22,113**	**-24,868**
Financial items					
Result from shares in subsidaries		19,671	6,733	44,833	45,546
Result from receivables group	5,558	4,949	15,346	14,283	19,711
Result from liabilities group	-6,429	-126	-18,470	-257	-1,464
Interest costs and similar items	-19,243	8,972	-2,145	10,068	-18,178
Net Financial Income	**-20,113**	**33,466**	**1,464**	**68,929**	**45,615**
Net Profit (loss)	**-21,043**	**25,076**	**-133**	**46,815**	**20,747**

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY BALANCE SHEET

in ,000's of SEK	09/30/24	09/30/23	12/31/23
Assets			
Intangible fixed assets			
Capitalized expenditure for development work and similar work			
Licenses and trademarks	565	758	709
Total intangible fixed assets	**565**	**758**	**709**
Financial assets			
Investments In Subsidiaries	488,168	501,174	508,217
Non-current receivables from group companies	399,726	399,350	357,286
Other non-current receivables	93	93	93
Total fixed assets	**888,553**	**901,374**	**866,305**
Current assets			
Accounts receivable	0	103	80
Receivable from Group companies	67,354	101	51,549
Tax assets	-	202	469
Other receivables	1,373	1,019	1,536
Prepayments and accrued income	836	36,275	479
Cash and bank	384	246	1,899
Total current assets	**69,948**	**37,946**	**56,012**
TOTAL ASSETS	**958,500**	**939,320**	**922,318**

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY BALANCE SHEET, CONT.

in ,000's of SEK	09/30/24	09/30/23	12/31/23
Equity and Liabilities			
Equity			
Share capital	5,111	5,111	5,111
Share premium fund	853,681	853,681	853,681
Retained earnings	-31,544	-52,291	-52,291
Result for the period	-133	46,815	20,747
Total equity	**827,114**	**853,315**	**827,246**
Provisions			
Other provisions	17,477	60,848	64,863
Total provisions	**17,477**	**60,848**	**64,863**
Non-current liabilities			
Other liabilities to group companies	21,914	5,773	5,566
Other non-current liabilities	58,638	-	-
Total non-current liabilities	**80,552**	**5,773**	**5,566**
Current liabilities			
Liabilities to credit institutions	-	8,128	-
Accounts payable	3,313	864	1,220
Liabilities to group companies	25,375	1,374	17,113
Tax liabilities	-211	-	-
Other current liabilities	3,594	5,294	217
Accruals and deferred income	1,287	3,724	6,091
Total current liabilities	**33,358**	**19,385**	**24,642**
TOTAL EQUITY AND LIABILITIES	**958,500**	**939,320**	**922,318**

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 July 2024 to 30 September 2024 were authorized for issue by the Board of Directors and the CEO of Maximum Entertainment AB on 27 November 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 third 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 21.

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.

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.

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.

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, canceled 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, canceled, 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.

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.

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.

Liquidity Risk
The Group ends the quarter with 1.9 MEUR of cash which is in breach of covenants with its principal lender. In addition, some loans in the Group require approval of a change in leadership for certain entities or for the Group. If these lenders call their loans, the Group will be unable to meet its obligations. We are currently in active discussions with lenders to renegotiate the covenants to better align with the Group's abilities to pay.

Arbitration
During the quarter, the sellers of Maximum Games have filed a request for arbitration requesting immediate payment of approximately 116 MSEK under the share sale and purchase agreement for the acquisition. The current cash position of the Group would not sufficiently cover immediate payment of this amount if it is required. However, all earn-out liabilities are accrued under Other Current Liabilities.

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.

NOTE 5: NET SALES

in ,000's of Euros Net Sales by Line of Business	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Owned IP	1,692	2,268	6,720	8,646	10,566
Licensed Publishing	4,333	5,657	10,032	11,885	17,712
Subpublishing	10,882	16,052	35,789	41,192	64,448
Transmedia	309	1,280	1,813	3,781	6,656
Other	-1	-	115	-	479
Total Sales	**17,216**	**25,257**	**54,469**	**65,504**	**99,860**

in ,000's of Euros Net Sales by Region	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
North America	7,387	10,734	24,230	28,419	41,379
Europe	8,379	12,578	25,924	32,028	51,610
Asia	591	878	1,719	2,006	2,571
ROW	858	1,067	2,596	3,051	4,300
Total Sales	**17,216**	**25,257**	**54,469**	**65,504**	**99,860**

NOTE 6: GAME DEVELOPMENT

in ,000's of Euros Game Development	07/01/24 - 09/30/24	07/01/23 - 09/30/23	01/01/24 - 09/30/24	01/01/23 - 09/30/23	01/01/23 - 12/31/23
Non Capitalized Development and Studio Research	29	-18	-6	-4	-1,204
Amortization/Impairments on Capitalized Development	-15,292	-1,147	-18,993	-2,455	-4,085
Other	–	–	–	–	–
Total Development	**-15,263**	**-1,166**	**-18,999**	**-2,460**	**-5,289**

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

Amortization/Impairments on Capitalized Development for the quarter includes 8,998 KEUR of impairments for projects canceled as a result of strategic realignment and 4 246 KEUR for revaluations based on performance of launched games. Total impairments for the quarter total 13,244 KEUR.

NOTE 7: NON-RECURRING GENERAL AND ADMINISTRATION EXPENSES

On September 30, 2024, the board of directors removed C Seelye from her responsibilities as CEO, effective October 1, 2024. As a result of this decision, the group has accrued potential severance in the amount of 721 KEUR under General and Administration expenses.

NOTE 8: OTHER OPERATING INCOME

Other operating income for Q3 2024 includes a 141 KEUR adjustment to 2023/24 Contingent Considerations for the sellers of Merge.

Other operating income for the same period in 2023 includes adjustments for Contingent Considerations for the sellers of Maximum Games.

NOTE 9: OTHER OPERATING EXPENSES

Other operating expenses for Q3 2023 corresponds to adjustments for Contingent Considerations for the sellers of Merge and impairment of Goodwill.

NOTE 10: FINANCIAL INCOME

No significant financial income was generated in the current quarter.

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

NOTE 11: FINANCIAL EXPENSES

in ,000's of Euros **Financial Expenses**	**07/01/24 - 09/30/24**	**07/01/23 - 09/30/23**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Cash Interest Expense	1,178	1,015	3,374	2,211	3,114
Non-cash interest	613	297	1,660	675	985
Exchange rate differences	1,905	-697	2,024	-1,015	1,497
Discount Unwind	197	1,902	1,424	2,959	3,398
Other Financial Expenses	132	166	480	428	642
Total Financial Expenses	**4,024**	**2,683**	**8,962**	**5,258**	**9,636**

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.
Discount unwind includes related financial instrument exchange rate differences.

NOTE 12: INVESTMENTS IN GAMES

Increased revenues in the Owned IP 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.

in ,000's of Euros **Capitalized Game Development**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Book Value as at opening	29,264	15,804	15,804
Additional Development Paid in	10,421	12,336	17,935
Amortization of launched Games	-4,678	-2,455	-4,092
Adjustment/Impairment on Games	-14,315		
Exchange Rate Differences	6	299	-382
Book Value as at closing	**20,699**	**25,985**	**29,264**

Amortization/Impairments on Capitalized Development for the year includes 8,998 KEUR of impairments for projects canceled as a result of strategic realignment and 4,246 KEUR for revaluations based on performance of launched games. Total impairments for the quarter total 13,244 KEUR.

NOTE 13: GOODWILL

in ,000's of Euros **Goodwill**	**09/30/24**	**09/30/23**	**12/31/23**
Book Value as at opening	68,840	90,559	90,559
Goodwill acquisition	–	378	378
Goodwill impairment	–	-18,344	-21,576
Exchange Rate Differences	119	361	-521
Book Value as at closing	**68,959**	**72,955**	**68,840**

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 378 KEUR.

NOTE 14: ACCRUED INCOME AND PREPAID EXPENSES

in ,000's of Euros **Accrued Income and Prepaid Expenses**	**09/30/24**	**09/30/23**	**12/31/23**
Accrued Income	3,344	1,080	1,585
Prepaid Expenses	1,224	2,499	2,090
Total accrued income and prepaid expenses	**4,568**	**3,580**	**3,675**

NOTE 15: 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.

in ,000's of Euros **Financial Instruments**	**09/30/24**	**09/30/23**	**12/31/23**
Non Current			
Interest bearing financial instruments	2,613	31,727	33,031
Contingent Considerations	7,065	16,447	17,974
Current			
Interest bearing financial instruments	37,626	8,926	7,893
Financial Instruments - Liabilities	**47,305**	**57,099**	**58,898**

Loan facilities negotiated in the US are associated with covenants for which the group is in breach on Sept 30, 2024.
Loans in breach of covenants are recorded as current liabilities in Q3 2024.

The Group is actively in negotiation with lenders in the US to obtain waivers and amendments.

in ,000's of Euros **Contingent Considerations**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Book Value as at Opening	17,974	37,893	37,893
Change recognized in the total comprehensive income	-1,184	-5,839	-3,830
Conversion to other current liabilities	-9,166	-	-
Amounts Paid, including cash and non-cash payments	-566	-15,315	-15,420
Exchange Rate Differences	8	-292	-669
Book Value as at Closing	**7,065**	**16,447**	**17,974**

NOTE 16: COVENANTS AND NET DEBT

Loan facilities negotiated in the US are associated with covenants for which the group is in breach on Sept 30, 2024. The Group is actively in negotiation with lenders in the US to obtain waivers and amendments due to the covenant breaches.

in ,000's of Euros **Net Debt**	**09/30/24**	**09/30/23**	**12/31/23**
Liabilities to Credit Institutions - non amortized	28,460	23,034	25,994
Liabilities to Credit Institutions - amortized	8,044	8,416	7,614
Overdraft and Revolving Credit Facilities	3,735	4,940	4,015
Cash and cash equivalents	-1,909	-5,253	-6,470
Net Debt before Earn Outs	**38,330**	**31,137**	**31,153**
Liabilities to Sellers for Unpaid Earnouts (prior periods)	10,843	4,269	3,271
Liabilities to Sellers for Contingent Considerations (future periods) discounted	7,065	16,447	17,974
Net Debt after Earn Outs	**56,239**	**51,853**	**52,398**

Unpaid earnouts do not include provisions for contingent considerations concerning future/not yet closed periods.

NOTE 17: OTHER CURRENT LIABILITIES

Prior to 2024 unpaid earn outs were recorded as non-current liabilities

in ,000's of Euros **Other Current Liabilities**	**09/30/24**	**09/30/23**	**12/31/23**
Unpaid earn outs	10,843	–	–
Accrued Severance	729	–	–
Other	9,989	5,610	7,960
	21,561	**5,610**	**7,960**

NOTE 18: RELATED PARTY

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:

in ,000's of Euros **Related Party Transactions**	**07/01/24 - 09/30/24**	**07/01/23 - 09/30/23**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Rental Agreements	204	201	603	647	852
Interest on earn-outs owed	190	182	446	189	336
Total Related Party Transactions Impact to Comprehensive Income	**393**	**383**	**1,049**	**836**	**1,188**

NOTE 19: DILUTIVE INSTRUMENTS & AVERAGE NUMBER OF SHARES

in numbers of instruments **Dilutive Instruments Outstanding**	**09/30/24**	**09/30/23**	**12/31/23**
Warrants			
Allocated to Board Members - Redemption period ending July 31, 2024	–	175,000	175,000
Total Allocated Warrants	**–**	**175,000**	**175,000**

in numbers of instruments **Average Number of Shares**	**07/01/24 - 09/30/24**	**07/01/23 - 09/30/23**	**01/01/24 - 09/30/24**	**01/01/23 - 09/30/23**	**01/01/23 - 12/31/23**
Total number of shares - opening balance	51,110,152	51,110,152	51,110,152	42,866,231	42,866,231
New issue 2023-06-26				1,946,948	1,946,948
New issue 2023-06-26				3,216,802	3,216,802
New issue 2023-06-26				3,080,171	3,080,171
Total number of shares - closing balance	**51,110,152**	**51,110,152**	**51,110,152**	**51,110,152**	**51,110,152**
Average number of shares during the period	51,110,152	51,110,152	51,110,152	45,775,850	47,124,080
Number of potential shares outstanding		175,000		175,000	175,000
Total number of shares after dilution - closing balance	**51,110,152**	**51,285,152**	**51,110,152**	**51,285,152**	**51,285,152**
Total average number of shares after dilution - closing balance	**51,110,152**	**51,285,152**	**51,110,152**	**45,950,850**	**47,299,080**

NOTE 20: 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.

NOTE 21: FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim report for Q3 2024 is Maximum Entertainment AB's third 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 September 30, 2024, and for the comparison information presented as of September 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 September 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.

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).

PROFIT OR LOSS STATEMENT Q3 2023

in ,000's SEK	PL by Nature of Exp	Total impact	PL by Function
Operating income			
Net sales	295,651	–	295,651
Capitalized own development work	23,897	-23,897	–
Cost of Sales	–	-200,265	-200,265
Other operating income	114,968	-114,968	–
Gross profit	**434,517**	**-339,130**	**95,387**
Operating expenses			
Cost of goods sold	-200,540	200,540	–
Other external costs	-38,360	38,360	–
Personnel costs	-44,346	44,346	–
Depreciation and amortisation of fixed assets	-170,502	170,502	–
Research and Development (R&D)	–	-13,131	-13,131
Sales and Marketing	–	-25,898	-25,898
General and Administration	–	-190,557	-190,557
Other operating income	–	114,968	114,968
Other operating expenses	-2,039	–	-2,039
Operating profit (loss)	**-21,271**	**0**	**-21,271**
Result from financial items			
Interest income and similar items	4	–	–
Interest costs and similar items	-9,007	–	–
Financial income	–	4	4
Financial expenses	–	-9,007	-9,007
Result from financial items	**-9,002**	**–**	**-9,002**
Profit (loss) before tax	**-30,273**	**0**	**-30,273**
Tax on profit for the year	-7,894	7,894	–
Current income tax	–	-8,509	-8,509
Deferred income tax	–	615	615
Profit (loss) from continuing operations	**-38,167**	**0**	**-38,167**
Profit for the period	**-38,167**	**0**	**-38,167**
Total comprehensive income for the year	**-38,167**	**0**	**-38,167**

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
Operating income			
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	–
Gross profit	**1,352,381**	**-992,788**	**359,593**
Operating expenses			
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
Operating profit (loss)	**-80,361**	**0**	**-80,361**
Result from financial items			
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
Result from financial items	**-70,712**	–	**-70,712**
Profit (loss) before tax	**-151,073**	–	**-151,073**
Tax on profit for the year	-22,696	22,696	–
Current income tax	–	-16,998	-16,998
Deferred income tax	–	-5,698	-5,698
Profit (loss) from continuing operations	**-173,769**	–	**-173,769**
Profit for the Period	**-173,769**	–	**-173,769**
Total comprehensive income for the year	**-173,769**	–	**-173,769**

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.

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
Gross profit	**31,339**	**549**	**31,887**
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
Operating expenses	**-38,342**	**-106**	**-38,448**
Operating profit (loss)	**-7,003**	**442**	**-6,561**
Financial items			
Financial income	1	–	1
Financial expenses	-6,163	-3,473	-9,636
Financial items - net	**-6,163**	**-3,473**	**-9,635**
Profit (loss) before income tax	**-13,166**	**-3,031**	**-16,197**
Deferred income tax	-497	717	220
Current income tax	-1,481	–	-1,481
Net profit (loss) for the year	**-15,144**	**-2,314**	**-17,458**
Profit (loss) is attributable to:			
Owners of the parent company	-15,144	-2,314	-17,458
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	-467	2,153	1,685
Other comprehensive income for the year	**-467**	**2,314**	**17,458**
Owners of the parent company	-467	2,221	1,753
Other comprehensive income for the year	**-467**	**2,221**	**1,753**
Total comprehensive income for the year	**-15,611**	**-93**	**-15,704**
Total comprehensive income for the period is attributable to:			
Owners of the parent company	-15,611	-93	-15,704
Total	**-15,611**	**-93**	**-15,704**

GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 7/1/23 THROUGH 9/30/23

	7/1/23 – 9/30/23		
in ,000's EUR	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	25,257	–	25,257
Cost of sales	-17,089	157	-16,933
Gross profit	**8,167**	**157**	**8,324**
Research and Development (R&D)	-1,128	-37	-1,166
Sales and marketing	-2,197	–	-2,197
General and Administration	-16,477	3,394	-13,083
Other operating income	10,014	–	10,014
Other operating expenses	-176	-8,547	-8,723
Operating profit (loss)	**-1,797**	**-5,034**	**-6,831**
Financial items			
Financial income	0	–	0
Financial expenses	-766	-1,917	-2,683
Financial items - net	**-766**	**-1,917**	**-2,682**
Profit (loss) before income tax	**-2,563**	**-6,950**	**-9,513**
Deferred income tax	51	400	451
Current income tax	-737	–	-737
Net profit (loss) for the year	**-3,249**	**-6,550**	**-9,799**
Profit (loss) is attributable to:			
Owners of the parent company	-3,249	-6,550	-9,799
Other comprehensive income:			
Exchange differences on translation of foreign operations	-188	72	-116
Other comprehensive income for the year	**-188**	**72**	**-116**
Owners of the parent company	-188	72	-116
Other comprehensive income for the year	**-188**	**72**	**-116**
Total comprehensive income for the year	**-3,437**	**-6,478**	**-9,915**
Total comprehensive income for the period is attributable to:			
Owners of the parent company	-3,437	-6,478	-9,915
Total	**-3,437**	**-6,478**	**-9,915**

GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 1/1/23 THROUGH 9/30/23

in ,000's EUR	1/1/23 – 9/30/23		
	According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	65,504	–	65,504
Cost of sales	-45,874	473	-45,401
Gross profit	**19,630**	**473**	**20,103**
Research and Development (R&D)	-2,385	-75	-2,460
Sales and marketing	-6,946	–	-6,946
General and Administration	-26,382	8,549	-17,833
Other operating income	10,103	–	10,103
Other operating expenses	-333	-8,547	-8,880
Operating profit (loss)	**-6,313**	**400**	**-5,913**
Financial items			
Financial income	0	–	0
Financial expenses	-2,245	-3,013	-5,258
Financial items - net	**-2,245**	**-3,013**	**-5,258**
Profit (loss) before income tax	**-8,557**	**-2,614**	**-11,170**
Deferred income tax	262	624	885
Current income tax	-1,077	–	-1,077
Net profit (loss) for the year	**-9,372**	**-1,990**	**-11,361**
Profit (loss) is attributable to:			
Owners of the parent company	-9,372	1,990	-11,361
Other comprehensive income:			
Exchange differences on translation of foreign operations	53	-417	-365
Other comprehensive income for the year	**53**	**-417**	**-365**
Owners of the parent company	53	-417	-365
Other comprehensive income for the year	**53**	**-417**	**-365**
Total comprehensive income for the year	**-9,139**	**-2,407**	**-11,726**
Total comprehensive income for the period is attributable to:			
Owners of the parent company	-9,172	-1,990	-11,361
Total	**-9,139**	**-2,407**	**-11,726**

GROUP STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

in ,000's EUR	9/30/23 According to previous GAAP	9/30/23 Total effect of IFRS transition excl reclassifications	9/30/23 IFRS
ASSETS			
Non-current assets			
Capitalized expenditure for development work and similar work	25,590	396	25,986
Trademarks	445	–	445
Licenses	105	–	105
Goodwill	72,955	–	72,955
Property, plant and equipment			
Right-of-use assets	–	4,476	4,476
Equipment, tools, fixtures and fittings	1,053	–	1,053
Non-current financial assets			
Other non-current receivables	28	–	28
Deferred tax assets	690	2	692
Current assets			
Inventory			
Inventories	12,791	–	12,791
Current receivables			
Accounts receivable	13,234	–	13,234
Current tax receivables	816	–	816
Other receivables	611	–	611
Prepayments and accrued income	3,580	0	3,580
Cash and cash equivalents	5,253	–	5,253
TOTAL ASSETS	**137,149**	**4,874**	**142,023**

GROUP STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

in ,000's EUR	9/30/23 According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
EQUITY AND LIABILITIES			
Equity			
Share capital	433	12	455
Other contributed capital	73,946	2,214	76,159
Reserves	53	-417	-365
Retained earnings	-2,799	2,298	-502
Profit or loss for the period	-9,372	-1,990	-11,361
Total equity	**62,270**	**2,117**	**64,387**
Non-current liabilities			
Borrowings non-current	27,501	–	27,501
Lease liabilities L/T	–	3,856	3,856
Other non-current liabilities	22,940	-2,268	20,672
Deferred tax liabilities	549	476	1,025
Current liabilities			
Borrowings	8,926	–	8,926
Lease liabilities S/T	–	780	780
Accounts payable	8,025	–	8,025
Current tax liabilities	628	–	628
Other current liabilities	5,697	-87	5,610
Accruals and deferred income	614	0	614
TOTAL EQUITY AND LIABILITIES	**137,149**	**4,874**	**142,023**

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 30/9/2023 and 31/12/2023. 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 **Deferred Tax**	**9/30/2024**	**9/30/2023**	**12/31/2023**
Deferred Tax Per Statements	-398	141	68
Adjustments as a result of IFRS 16	2	2	3
Adjustments as a result of IFRS 9	302	-476	-399
Re-stated deferred tax	**-93**	**-333**	**-328**

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:

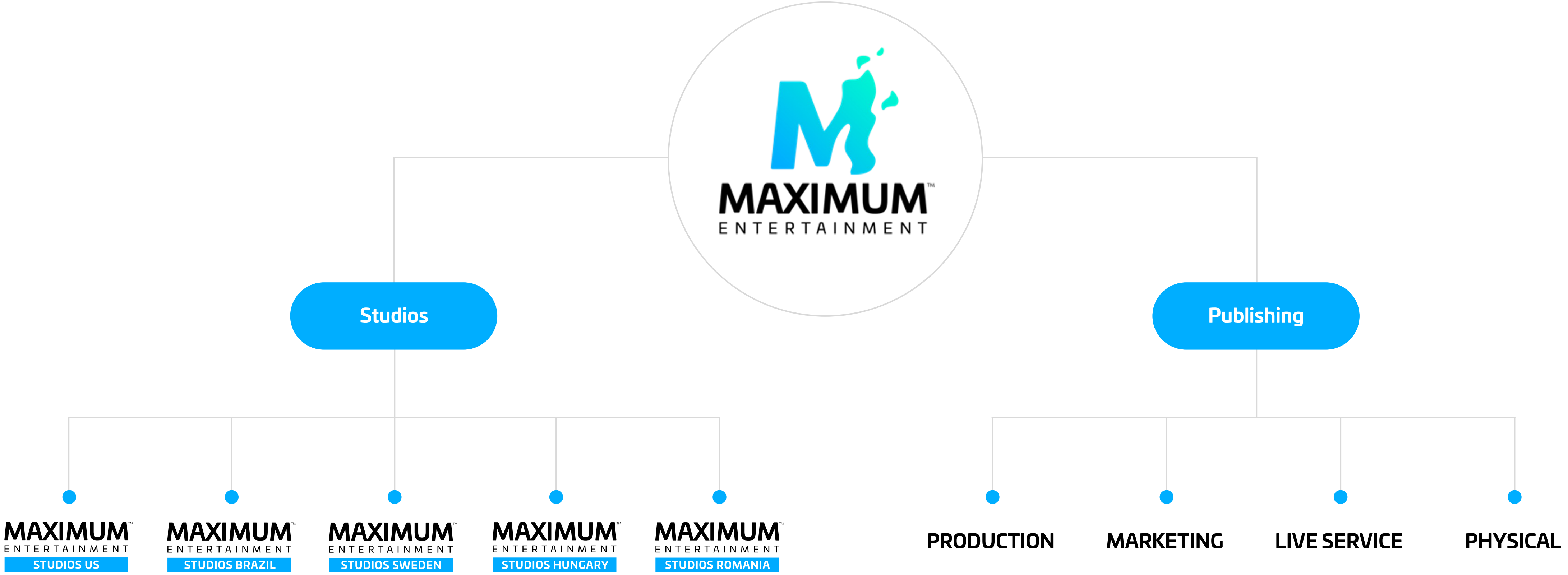
- Interest income and similar items is changed into Financial income
- Interest costs and similar items is changed into Financial expense
- Tax on profit for the year is changed into Income tax

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

The interim report for Q3 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 20 above were applied when the balance sheet and income statement for the parent company were prepared as of September 30, 2024, and for the comparison information presented as of September 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 January 1, 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.

Subsidiaries	Country	Ownership interest %
Maximum Entertainment Sweden AB (Dimfrost Studio AB)[1]	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
MG1 Acquisition Corporation[2]	The United States	100
Maximum Entertainment LLC	The United States	100
Modus Games LLC	The United States	100
Maximum Entertainment Brazil Limitada	Brazil	100
Maximum Entertainment Srl	Romania	100
Maximum Entertainment Ireland Ltd	Ireland	100
Maximum Entertainment Ltd	The United Kingdom	100
Maximum Games GmbH	Germany	100

Certified Adviser

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

Liquidity Provider

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

Outstanding Shares

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

Financial calendar

Interim Report Q4 2024	2/19/2025

Contact information

Philippe Cohen, CEO: ceo@maximument.com
Deborah Bellangé, CFO: ir@maximument.com

1) Zordix Racing AB was dissolved on August 15, 2024 through merger with Maximum Entertainment Sweden AB
2) Holding company that acquired MG Team LLC and Maximum Games LLC, along with their respective subsidiaries.

GLOSSARY

What we say	What we mean
Maximum Entertainment or The Company	Refers to Maximum Entertainment AB, formerly Zordix AB (publ), company registration number 556778-7691, or the Group or companies in the Group in which Maximum Entertainment AB is the Parent Company.
Owned IP	Owned IP, OIP, or Owned Intellectual Property, refers to games for which the Group owns at least 50% of the IP rights to the game. In addition to full monetization rights for the game, Owned IP includes rights to prequels, sequels, spinoffs and other derivative rights.
Publishing	Publishing refers to activities related to games for which the Group has global monetization rights. This means that the Group owns global rights to the game via digital and physical distribution channels. The Group can have publishing rights for select platforms of a game (eg: publishing rights for Console versions only).
Sub-publishing	Sub-publishing refers to activities related to games for which the group has limited monetization rights. This typically means that rights are restricted to a defined channel or territory and do not include digital distribution.
New Releases	New releases are games which have launched within the current fiscal year. Games launched in Early Access are considered new both in the year of first EA release and in the year of 1.0 launch.
Catalog Games or Titles	Also referred to as back-catalog, catalog refers to games that have launched in previous fiscal years.
Adjusted EBIT	EBIT less impact from non-recurring and restructuring expenses, share-based compensation (if any), adjustment to contingent considerations and impairment of goodwill.
Adjusted EBITDA	EBITDA less impact from non-recurring and restructuring expenses, share-based compensation (if any) and adjustment to contingent considerations.
Adjusted EBIT margin	Adjusted EBIT over Net sales.
Adjusted EBITDA margin	Adjusted EBITDA over Net sales.
Gross Margin	Net sales less cost of sales.
EBITDA	EBIT before amortization, depreciation impairment, capital gains/losses on assets and any value adjustments on assets.
EBITDA Margin	EBITDA as a percentage of Net sales.
EBIT	Operating profit.
EBIT Margin	EBIT as a percentage of Net revenue.
Number of Employees	Number of employees at the end of the period.
Live or Live Services	Games that benefit from continual development throughout the life of the game and for which the monetization follows a freemium or micro-transactions model.

THE BOARD’S ASSURANCE

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

Stockholm, November 27, 2024

TORGNY HELLSTRÖM– CHAIRMAN OF THE BOARD

BART REEFMAN– DIRECTOR

JAN BENJAMINSON – DIRECTOR

BOB BLAKE – DIRECTOR

PHILIPPE COHEN – CHIEF EXECUTIVE OFFICER

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

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ENTERTAINMENT