MAXIMUM™ ENTERTAINMENT

INTERIM REPORT Q4 2024

Q4 AT A GLANCE

Net Sales
25.5 MEUR

Adjusted EBITDA
3.7 MEUR

Share of revenue derived from Owned IP
6%

Gross margin
31%

Adjusted EBITDA margin
14%

Total headcount
123

INTRODUCTION

MAXIMUM ENTERTAINMENT QUARTERLY REPORT

Maximum Entertainment's Q4 results reflect preliminary impact from the strategic shifts made by the company during the quarter. We delivered Net Sales of 25.5 MEUR compared to 34.4 MEUR in Q4 2023, driven by some exceptional titles in our publishing and sub-publishing catalogs but with a Q4 sub-publishing lineup that contained fewer blockbuster titles than the previous year.

Our Adjusted EBITDA for the quarter is 3.7 MEUR, amounting to 6.8 MEUR for the full year. Gross Margin is 31% over Q4, keeping the full year margin at 30% which is lower compared to last year. The share of revenue derived from Owned IP was 6% for the quarter and 10% for the year, almost stable against prior year for both periods. EBITDA and EBIT are impacted by a number of one-off adjustments recorded into the quarter that include adjustments to Earn-Outs, the sale of certain Merge assets and impairment on games and on Goodwill, all of which are detailed further in this report. The number of employees at the end of the period is 123, a decrease of 48% year-on-year.

HIGHLIGHTS DURING THE QUARTER

Launches

- *Squirrel with a Gun* launched on Consoles on October 15
- *Maximum Football* launched into Early Access on November 7
- *Diesel Legacy: The Brazen Age* launched on December 3
- *Overthrown* released into Steam Early Access on December 5
- *Maximum Football* released on Xbox Game Preview on December 10

Updates

- *Overthrown* demo available at Steam Next Fest

Other

- Christina Seelye and Thierry Bonnefoi filed request for arbitration against Maximum Entertainment
- EGM on November 6, 2024 reelected Torgny Hellström, Jan Benjaminson, and Bart Reefman, and elected Bob Blake to the Board
- Maximum Entertainment announced it is in negotiations with lenders following covenant breaches
- Maximum Entertainment terminated COO Thierry Bonnefoi with immediate effect
- Maximum Entertainment divested certain assets in its subsidiary Merge Games

HIGHLIGHTS AFTER THE QUARTER

Updates

- *Smalland: Survive the Wilds* received World Balance update on consoles
- *Diesel Legacy: The Brazen Age* Demo released on consoles
- *100-in-1 Games* announced to release on May 22, 2025
- *Maximum Football* update introduced invite multiplayer feature

in ,000's of Euros *Key Performance Indicators*	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Net Sales	25,467	34,356	79,936	99,860
Share of revenue derived from Owned IP	6%	6%	10%	11%
Gross Margin %	31%	34%	30%	32%
Adjusted EBITDA	3,658	5,188	6,763	12,081
Adjusted EBITDA Margin %	14%	15%	8%	12%
Adjusted EBIT	-300	3,289	-16,996	6,735
Adjusted EBIT Margin %	-1%	10%	-21%	7%
EBIT	-4,512	-649	-19,146	-6,561
EBIT Margin %	-18%	-2%	-24%	-7%
Total Headcount	123	238	181	211

**Adjustments to EBITDA principally concern Earn Out adjustments and one-off expenses.*

WORDS FROM OUR CEO

DRIVING SALES AMID STRATEGIC SHIFTS

I am proud to present our Q4 results which highlight our ability to continue driving sales while undergoing a significant strategic shift. These numbers only begin to reflect the impact of the changes I have implemented since becoming CEO on October 1st, 2024. I spent Q4 focused on four key objectives to get the company back on track:

- Implement stronger cost control
- Improve our balance sheet
- Finance the development of core IPs
- Leverage our international distribution network

This quarter, we delivered 25.5 MEUR in Net Sales and 12.7 MEUR in EBITDA, resulting in an adjusted EBITDA for the quarter of 3.7 MEUR or 14% of Net Sales. For the full year, our Net Sales came to 79.9 MEUR and our adjusted EBITDA stands at 6.8 MEUR or 8% of Net Sales.

A COST-CONTROLLED AND LEANER OPERATIONAL STRUCTURE

Over the period, I swiftly restructured the organization in order to rebalance our finance position – streamlining operations and studios. Over the last three months of the year, we have significantly reduced our headcount and expect to save 1.9 MEUR annually while preserving key talent and ensuring delivery on our core pillars: developing IPs, publishing quality titles, and securing sub-publishing revenue.

Concurrent with reductions in staff, Maximum Entertainment has implemented general cost reductions across travel, training, external service providers, and we are currently evaluating how we can reduce IT costs and office costs in 2025.

OPTIMIZING OUR BALANCE SHEET BY DIVESTING ECONOMICALLY UNVIABLE OR NON-STRATEGIC ASSETS

Committed to shifting towards lower-risk projects, I decided to cancel our more costly Owned IP projects in development as they were not financially viable. While much of the impact was already included in our Q3 results, additional game impairments of 1.2 MEUR were recognized in Q4.

We further improved our balance sheet by reaching a deal with Silver Lining Interactive Ltd, a UK company owned by the founders of Merge Games. This enabled us to sell part of our Merge catalog while retaining ownership of flagship IPs including *Bramble: The Mountain King* and *Smalland: Survive The Wilds*. This deal allowed us to improve working capital and resolve long-term liabilities.

With these changes to our structure, the group has reassessed its goodwill, posting EUR 13.2 million impairment at the end of the year.

FOCUS ON CORE IPs AND FAST-RETURN PUBLISHING PROJECTS

Despite a turbulent 2024, we proved our ability to generate cash and a steady revenue stream within a short timeframe. We successfully pivoted to gear the organization towards cash generation and a more strategic use of our funds.

Efficient cash investments led to key publishing releases during Q4, starting with the console launch of *Squirrel with a Gun*, which exceeded expectations as it already did on PC in Q3. Additionally, in December, we launched *Overthrown* into Steam Early Access only six months after having signed our partnership with Brimstone.

Q4 was also marked by significant milestones among our Owned IP titles: *Diesel Legacy: The Brazen Age*, released in December with positive reviews from the fighting game community, and *Maximum Football* entered Steam Early Access in November and Xbox Game Preview in December. While revenue is deferred until full release in 2025, this pre-release phase has provided valuable player feedback. Seven updates have already introduced new features, including online matchmaking for friend challenges.

In line with our commitment to investing in our core and successful IPs, we have continued to add new content to *Smalland: Survive the Wilds*, most recently with the *World Balance* update, out on February 20.

WORDS FROM OUR CEO

LEVERAGING OUR INTERNATIONAL DISTRIBUTION NETWORK TO STRENGTHEN OUR SUB-PUBLISHING ACTIVITIES

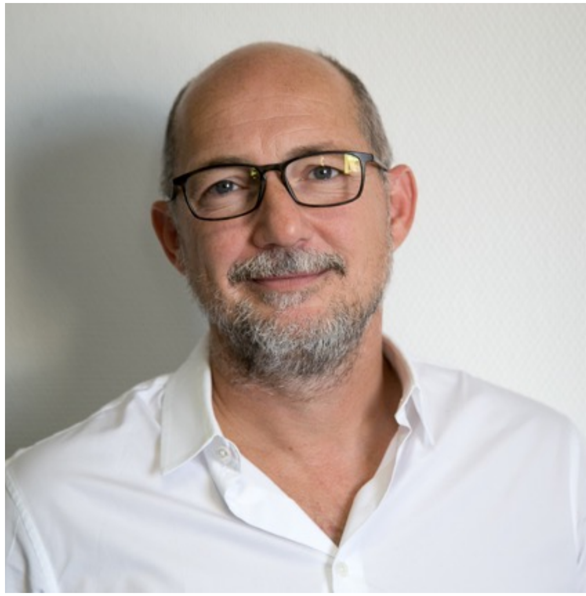
Our focus on fast cash-generating initiatives delivered solid results in Q4, driven by our strong international distribution network and reputation as a trusted sub-publishing partner. Sales throughout the quarter were in line with our expectations for the year-end season, driven by both our catalog and newly released titles. *Oregon Trail*, *Cat Quest Trilogy*, and *Poppy Playtime Triple Pack* on PS5, were major contributors during Black Friday promotions and the holiday season.

AN ORGANIZATION PREPARED TO FACE THE CHALLENGES AHEAD

Thanks to our team's hard work and resilience, our organization is ready to face the upcoming challenges. We remain focused on generating sales from games while addressing both our cash constraints and our ongoing legal battles. We are actively negotiating with our banking partners to obtain waivers for covenant breaches and attempt to establish a more sustainable loan structure. Meanwhile, arbitration with former CEO and COO will continue during 2025 as we dispute their entire claim for Earn-Outs.

Despite these hurdles, 2025 presents strong market opportunities, with major AAA releases in the industry and the launch of Nintendo Switch 2, expected to revitalize our Switch catalog of franchises. Our lineup is promising, with *Maximum Football* set for a 2025 launch, alongside *Bye Sweet Carole*, *How to Escape 2*, *Projekt Z* and *Smalland* DLCs. We will further leverage our vast catalog across retail and digital sales.

While challenges persist, the strategic shifts in Q4 have strengthened our position to overcome them and get the best of new opportunities.



PHILIPPE COHEN | CEO

COMMENTS TO THE FINANCIAL STATEMENTS

NET SALES AND GROSS MARGIN

Net Sales for Q4 2024 amounted to 25.5 MEUR compared to 34.4 MEUR in Q4 2023, down 8.9 MEUR or -26%. This trend is carried forward from the prior quarter in spite of the exceptional performance of titles like Squirrel with a Gun from our publishing line-up and continued success for titles in our sub-publishing catalog. This drop is explained in part due to less than expected results of other 2024 publishing titles and in part due to the sale of part of Merge catalog with an effective date of October 1, 2024.

Our Gross Margin for Q4 2024 represented 31% of net sales, up from the prior quarter but down from 34% in the same period last year. The drop in gross margin is attributed mainly to the higher royalty profile on games that are signed with lower upfront commitments, allowing the group a faster transition to cash with lower long-term contribution than traditional publishing deals.

OPERATING EXPENSES

Total Operating Expenses amount to 12.3 MEUR for the period and include one-off income of 8.5 MEUR related to adjustments in Earn Out provisions in addition to other one-off adjustments such as the reversal of a severance accrual booked in Q3 related to the departure of the previous CEO (0.7 MEUR), an impairment to Goodwill (-13.2MEUR), impairments of Capitalized Development (-1.2 MEUR) and legal expenses mainly related to the Special Examiner and Arbitration with MG Sellers (-0.1 MEUR). This compares to Operating Expenses in Q4 2023 of 12.4 MEUR and which also included one-off adjustments to Goodwill (-2.5 MEUR), adjustments to Earn-Outs (1.2 MEUR) and other one-off expenses mainly related to severance (-0.3 MEUR). Net all of these one-off expenses, recurring Operating Expenses in Q4 2024 amounts to 7 MEUR compared to 8.4 MEUR in the same period last year, a 17% reduction in costs stemming from group-wide reductions in headcount and spending.

R&D Expenses for the quarter include 1.2 MEUR of impairment to games which is a result of annual impairment testing on both launched and unlaunched titles. No impairments were posted in Q4 2023.

Marketing Expenses dropped from 3.4 MEUR in prior year Q4 to 1.9 MEUR in this quarter, reflecting the efforts to scale back expenses in addition to a reclassification of some salary costs from Marketing to G&A.

General and Administration expenses amounted to 1.8 MEUR in Q4 compared to 2 MEUR for the same period last year. 2024 expenses include the impact of one-off events described above in addition to changes to board remuneration and a reclassification of some salaries from Sales to G&A.

Other operating income and expenses is principally due to changes in Goodwill, Earn Outs to Dimfrost and MG Sellers and a net gain on the sale of assets from Merge including a settlement and waiver of all past and future Earn Out claims for a net benefit to the group of 1.7 MEUR. Last year an adjustment for contingent consideration was made for the seller of Maximum Games and Dimfrost resulting in 4 MEUR of other operating expenses.

Operating profit, EBIT, amounted to -4.5 MEUR during Q4 2024. This is down from last year's -0.7 MEUR. Adjusted EBIT, which still includes the impact of -2.4 MEUR from impairments and disposals of games amounted to -0.3 MEUR down from 3.3 MEUR from prior year.

FINANCIAL ITEMS

Financial Income of 3.0 MEUR for the quarter is mainly due to exchange rate differences on intercompany loans. Financial expenses amount to 2.4 MEUR in Q4 2024, down from 4.4 MEUR in the same period of 2023 due mainly to exchange rate differences.

CAPITALIZED DEVELOPMENT

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

At the end of the year, capitalized development totaled 19.8 MEUR versus 29.3 MEUR on December 31, 2023. This change includes the impact of impairments and disposal totaling 16.8 MEUR during 2024. Additional capitalized development over the course of 2024 amounted to 12.6 MEUR v 17.9 MEUR over 2023.

BORROWINGS

Total Borrowings on December 31, 2024, amount to 44.1 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. The group breached these covenants at the end of Q3 and at the end of the year. While the group continues to negotiate with its partners to obtain waivers for these breaches and to attempt to revise the covenants going forward, the loans are presented under current liabilities.

COMMENTS TO THE FINANCIAL STATEMENTS

CONTINGENT CONSIDERATIONS

At the end of 2024, contingent considerations for future periods stood at 0.6 MEUR, down from 16.5 MEUR at the end of December 2023. This reduction is attributed to the settlement with Merge sellers at the end of the year which removed all Earn-Out liabilities for the group with regards to that transaction and a revised estimate of amounts owed to other sellers.

Although disputed, unpaid Earn-Outs for prior periods concerning the sellers of Maximum Games are recorded as Current Liabilities.

The Group is still in arbitration with the sellers of Maximum Games regarding Earn-Outs which are also subject to an investigation being carried out by a special examiner appointed at the shareholders meeting in September. The report of the Special Examiner has not been finalized before publication of these results.

CURRENT LIABILITIES

At the end of December, current liabilities include unpaid earn outs and other operating liabilities. It amounts to 22.8 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.

CASH FLOW

The group generated 7.9 MEUR of cash flow from operations in Q4 2024 versus 7.8 MEUR in the prior year.

Investments in games and other assets decreased in Q4 2024 to 2.0 MEUR versus 5.8 MEUR in prior year, a drop of over 65%.

Cash flow from financing activities amounted to -1.9 MEUR versus -0.4 MEUR in 2023. This is related to delays in the payment of Q4 interest at the end of 2024 and a decrease in new borrowings, as the Group drew 5.6 MEUR from its credit line at the end of 2023.

Total cash flow for the group in Q4 2024 was 4.0 MEUR versus 1.6 MEUR for the same period last year and reflects the tight controls the Group has implemented with regards to cash generation and use of funds. The Group finished the year with 6.1 MEUR in cash, down slightly from 6.5 MEUR at the end of 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	Note	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Net Sales	5	25,467	34,356	79,936	99,860
Cost of Sales		-17,686	-22,572	-55,768	-67,973
Gross Profit		**7,781**	**11,784**	**24,168**	**31,887**
Research and Development (R&D)	6	-3,056	-2,829	-22,056	-5,289
Sales and Marketing		-1,865	-3,407	-8,506	-10,354
General and Administration	7	-1,805	-2,024	-10,053	-9,142
Other operating income	8	7,872	-113	10,738	9,990
Other operating expenses	9	-13,437	-4,060	-13,437	-23,654
Total Operating expenses		**-12,292**	**-12,433**	**-43,314**	**-38,448**
Operating Profit (EBIT)		**-4,512**	**-649**	**-19,146**	**-6,561**
Financial income	10	2,987	0	4,511	0
Financial expenses	11	-2,385	-4,378	-11,347	-9,636
Financial items - net		**602**	**-4,378**	**-6,836**	**-9,635**
Profit before Income tax		**-3,910**	**-5,026**	**-25,982**	**-16,197**
Deferred income tax		3,480	-665	3,707	220
Current income tax		-569	-405	-1,206	-1,481
Profit for the period		**-999**	**-6,096**	**-23,480**	**-17,458**
Earnings per share, before dilution (EUR)		-0.02	-0.12	-0.46	-0.34
Earnings per share, after dilution (EUR)		-0.02	-0.12	-0.46	-0.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in ,000's of Euros	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Profit for the period	**-999**	**-6,096**	**-23,480**	**-17,458**
Other Comprehensive Income for the period				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	-2,276	2,118	-1,058	1,753
Items that will not be reclassified to profit or loss				
Other Comprehensive Income for the period	**-2,276**	**2,118**	**-1,058**	**1,753**
Total Comprehensive Income for the period	**-3,275**	**-3,978**	**-24,539**	**-15,704**
Profit for the period attributable to:				
Owners of the parent company	-999	-6,096	-23,480	-17,458
Total comprehensive income for the period attributable to:				
Owners of the parent company	-3,275	-3,978	-24,539	-15,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	12/31/24	12/31/23	12/31/23	*opening* 01/01/23
ASSETS					
Non-current assets					
Intangible assets					
Capitalized expenditure for development work and similar work	12	19,832	29,264	29,264	15,804
Trademarks		397	417	417	483
Licenses		69	71	71	94
Goodwill	13	58,507	68,840	68,840	90,559
Total intangible assets		**78,804**	**98,593**	**98,593**	**106,940**
Property, plant and equipment					
Right-of-use assets		3,153	4,156	4,156	4,775
Equipment, tools, fixtures and fittings		629	942	942	1,005
Total property, plant and equipment		**3,782**	**5,098**	**5,098**	**5,780**
Non-current financial assets					
Other non-current receivables		44	29	29	44
Total non-current financial assets		**44**	**29**	**29**	**44**
Deferred tax assets		4,508	722	722	79
Total non-current assets		**87,139**	**104,441**	**104,441**	**112,843**
Current assets					
Inventories		5,822	8,922	8,922	13,932
Accounts receivable		13,182	18,822	18,822	18,507
Current tax receivables		887	250	250	756
Other receivables		1,161	1,392	1,392	601
Prepayments and accrued income	14	3,203	3,675	3,675	4,375
Cash and cash equivalents		6,106	6,470	6,470	9,032
Total current assets		**30,361**	**39,531**	**39,531**	**47,202**
Total Assets		**117,500**	**143,972**	**143,972**	**160,045**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in ,000's of Euros	Note	12/31/24	12/31/23	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		695	1,753	1,753	-
Retained earnings		-17,743	-285	-285	6,127
Profit or loss for the period		-23,481	-17,458	-17,458	-6,544
Equity attributable to owners of the parent company		**36,087**	**60,625**	**60,625**	**67,003**
Total equity		**36,087**	**60,625**	**60,625**	**67,003**
Liabilities					
Non-current liabilities					
Borrowings non-current	15/16	2,513	29,764	29,764	3,955
Lease liabilities L/T		2,646	3,546	3,546	4,207
Other non-current liabilities	15	638	21,241	21,241	40,781
Deferred tax liabilities		939	1,050	1,050	1,359
Total non-current liabilities		**6,736**	**55,600**	**55,600**	**50,302**
Current liabilities					
Borrowings	15/16	41,687	7,893	7,893	12,545
Lease liabilities S/T		711	782	782	672
Accounts payable		7,323	8,642	8,642	13,593
Current tax liabilities		836	384	384	1,297
Other current liabilities	17	22,794	7,960	7,960	11,492
Accruals and deferred income		1,326	2,085	2,085	3,139
Total Current Liabilities		**74,676**	**27,746**	**27,746**	**42,739**
Total Liabilities and Equity		**117,500**	**143,972**	**143,972**	**160,045**

CONSOLIDATED STATEMENT OF CASH FLOWS

in ,000's of Euros	Note	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Cash flow from operating activities					
Operating profit (EBIT)		-4,512	-625	-19,146	-6,538
- Amortisation, Depreciation and Impairment		16,032	4,381	35,851	26,255
- Capital gains/losses on intangible assets		1,162	–	1,162	
- Capital gains/losses on tangible fixed assets		-19	0	-38	21
EBITDA		**12,663**	**3,755**	**17,829**	**19,737**
Other items non cash		-7,531	1,100	-12,397	-8,498
Tax paid		-51	-649	-754	-2,395
Cash flow from operating activities before change in working capital		**5,081**	**4,206**	**4,679**	**8,844**
Changes in Working Capital					
Change in Inventories		2,858	3,869	3,100	5,010
Change in Accounts receivables		-5,897	-6,072	6,702	-316
Change in Other current receivables		1,428	-310	66	415
Change in Accounts payables		2,627	617	-1,098	-4,951
Change in Other current liabilities		1,840	5,467	3,370	-2,100
Cash flow from Operations		**7,938**	**7,777**	**16,819**	**6,903**
Cash flow from Investing activities					
Investments in Intangible Assets		-2,045	-5,599	-12,615	-17,935
Investments in Tangible Assets		–	-176	-73	-425
Cash flow from Investing activities		**-2,045**	**-5,774**	**-12,688**	**-18,360**
Cash flow from Financing Activities					
Proceeds from Borrowings		–	5,542	3,733	29,528
Loans paid		-1,219	-633	-3,172	-9,060
Revolving Line of Credit		656	-37	435	1,616
Provisions paid related to earn-outs		-787	-4,198	-1,353	-7,361
Lease liabilities paid		-236	-246	-1,128	-490
Interest paid		-344	-805	-3,530	-5,601
Cash flow from Financing activities		**-1,929**	**-378**	**-5,014**	**8,633**
Cash flow for the period		**3,964**	**1,625**	**-884**	**-2,824**
Cash and cash equivalents at beginning of period		1,909	5,253	6,470	9,032
Exchange rate difference on cash and cash equivalents		233	-408	520	262
Cash and cash equivalents at the end of the period		**6,106**	**6,470**	**6,106**	**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 01/01/24	455	76,159	1,753	-17,743	60,625	–	60,625
Profit for the period				-23,480	-23,480	–	-23,480
Other comprehensive income			-1,058		-1,058		-1,058
Total comprehensive income for the year	–	–	-1,058	-23,480	-24,538	–	-24,538
Closing balance 12/31/24	455	76,159	695	-41,223	36,087	–	36,087

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY INCOME STATEMENT

in ,000's of SEK	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Sales	2,561	13,175	13,953	16,011
Cost of Sales	-27	-3,703	-27	-12,863
Gross Profit	2,534	9,471	13,926	3,148
General and Administrative				
Total General & Administrative	-11,016	-11,246	-24,020	-28,102
Amortization of Intangible assets	-60	-48	-204	-192
Other Operating Income				
Other Operating Income	20	-932	200	278
Other Operating Expenses				
Other Operating Expense	-1,902		-1,902	
Operating Profit (loss)	**-10,424**	**-2,755**	**-12,000**	**-24,868**
Financial items				
Result from shares in subsidaries	-459,914	712	-453,181	45,546
Result from receivables group	5,791	5,428	20,748	19,711
Result from liabilities group	-298	-1,207	-18,767	-1,464
Interest costs and similar items	32,882	-28,246	30,737	-18,178
Net Financial Income	**-421,539**	**-23,314**	**-420,464**	**45,615**
Net Profit (loss)	**-431,963**	**-26,069**	**-432,464**	**20,747**

PARENT COMPANY FINANCIAL REPORTS

PARENT COMPANY BALANCE SHEET

in ,000's of SEK	12/31/24	12/31/23
Assets		
Intangible fixed assets		
Capitalized expenditure for development work and similar work		
Licenses and trademarks	505	710
Total intangible fixed assets	**505**	**710**
Financial assets		
Investments In Subsidiaries	177,846	508,217
Non-current receivables from group companies	309,531	357,286
Other non-current receivables	93	93
Total fixed assets	**487,976**	**866,306**
Current assets		
Accounts receivable	0	80
Receivable from Group companies	11,469	51,290
Tax assets		0
Other receivables	242	1,536
Prepayments and accrued income	663	738
Cash and bank	517	1,899
Total current assets	**12,891**	**55,543**
TOTAL ASSETS	**500,867**	**921,849**

PARENT COMPANY BALANCE SHEET, CONT.

in ,000's of SEK	12/31/24	12/31/23
Equity and Liabilities		
Equity		
Restricted equity		
Share capital	5,111	5,111
Unrestricted equity		
Share premium fund	853,681	853,681
Retained earnings	-31,544	-52,291
Result for the period	-432,464	20,747
Total equity	**394,784**	**827,246**
Provisions		
Other provisions	7,663	64,863
Total provisions	**7,663**	**64,863**
Non-current liabilities		
Other liabilities to group companies	26,303	5,566
Other non-current liabilities	37,310	
Total non-current liabilities	**63,613**	**5,566**
Current liabilities		
Accounts payable	3,070	1,220
Liabilities to group companies	27,842	17,019
Tax liabilities	186	
Other current liabilities	2,396	280
Accruals and deferred income	1,312	5,654
Total current liabilities	**34,807**	**24,173**
TOTAL EQUITY AND LIABILITIES	**500,867**	**921,849**

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 October 2024 to 31 December 2024 were authorized for issue by the Board of Directors and the CEO of Maximum Entertainment AB on 28 February 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 fourth 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.

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.

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 is still in breach of Q3 and Q4 covenants for which it is currently negotiating waivers with its principal lenders. Some loans in the Group require approval of a change in leadership for certain entities or for the Group for which waivers have yet to be obtained. If these lenders call their loans, the Group will be unable to meet its obligations. We are currently in active discussions with all lenders to better align with the Group's abilities to pay but the Group could fail to achieve sustainable results.

In addition to loans from credit institutions, the Group carries significant Accounts Payable and significant ongoing legal expenses which reduces cash available for the generation of future sales.

Arbitration
During the previous quarter, the sellers of Maximum Games filed a request for arbitration requesting immediate payment of approximately 116 MSEK under the share sale and purchase agreement for the acquisition. That process continues throughout and after Q4. The current cash position of the Group would not sufficiently cover immediate payment of the claims if required. We have accrued liabilities for earnout payments that we believe are sufficient to cover the claims.

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	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Owned IP	1,578	1,920	8,304	10,566
Licensed Publishing	5,080	5,826	15,116	17,712
Sub-publishing/Distribution/Transmedia	18,784	26,609	56,400	71,104
Other	0		116	478
Total Sales	**25,442**	**34,356**	**79,936**	**99,860**

in ,000's of Euros Net Sales by Region	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
North America	13,245	12,961	37,486	41,379
Europe	11,488	19,582	37,424	51,610
Asia	345	564	2,065	2,571
ROW	363	1,249	2,961	4,300
Total Sales	**25,442**	**34,356**	**79,936**	**99,860**

NOTE 6: GAME DEVELOPMENT

in ,000's of Euros Game Development	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Non Capitalized Development and Studio Research	-330	-1,199	-336	-1,204
Amortization/Impairments on Capitalized Development	-2,721	-1,629	-21,714	-4,085
Other	–	–		
Total Development	**-3,051**	**-2,829**	**-22,051**	**-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 1,198 KEUR of impairment revaluations based on performance of launched games.

NOTE 7: NON-RECURRING GENERAL AND ADMINISTRATION EXPENSES

in ,000's of Euros Non-Recurring G&A	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
IFRS Conversion Project	1	–	61	–
Maximum Games' Sellers Arbitration Costs	69	–	69	–
Special Examiner	65	–	65	–
Restructuring Costs	-721	260	–	260
Other	–	–	–	44
Total Non-Recurring G&A	**-586**	**260**	**195**	**304**

NOTE 8: OTHER OPERATING INCOME

Other operating income for Q4 2024 includes a 8,473 KEUR adjustment to 2023/24 Contingent Considerations for the sellers of Merge and sellers of Maximum Games.

After Earn Out adjustment and taking into account cash considerations and the Net Book Value of sold assets and inventory, net gain on the sale of Merge assets amounted to 1,656 KEUR.

NOTE 9: OTHER OPERATING EXPENSES

Other operating expenses for Q4 2024 corresponds to impairment of Goodwill and adjustments for Contingent Consideration for the sellers of Maximum Entertainment Sweden AB.

Other operating expenses for Q4 2023 corresponds to impairment of Goodwill and adjustment for Contingent Consideration for the sellers of Maximum Games.

NOTE 10: FINANCIAL INCOME

The financial income for Q4 2024 was made up of unrealized exchange rate differences.

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

NOTE 11: FINANCIAL EXPENSES

in ,000's of Euros Financial Expenses	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Cash Interest Expense	1,054	903	4,428	3,114
Non cash interest	932	310	2,592	985
Exchange rate differences	-245	2,512	1,779	1,497
Discount Unwind	450	439	1,874	3,398
Other Financial Expenses	195	214	675	642
Total Financial Expenses	**2,385**	**4,378**	**11,347**	**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 OIP and Licensed Publishing areas of the Group's business require the investment in game development. Investments in games are made through the Group's internal studio structure as well as through the payment of milestones to third party studios in exchange for the IP or the full monetization rights to the game.

in ,000's of Euros Capitalized Game Development	01/01/24 12/31/24	01/01/23 12/31/23
Book Value as at opening	29,264	15,804
Additional Development Paid in	12,615	17,935
Amortization of launched Games	-6,181	-4,092
Disposal of Games	-1,162	
Adjustment/Impairment on Games	-15,667	
Exchange Rate Differences	963	-382
Book Value as at closing	**19,832**	**29,264**

Amortization/Impairments on Capitalized Development for the year includes 8,770K Euros of impairments for projects cancelled as a result of strategic realignment and 6,897K Euros for revaluations based on performance of launched games. Total impairments for the quarter total 1,198K Euros.

NOTE 13: GOODWILL

in ,000's of Euros Goodwill	12/31/24	12/31/23
Book Value as at opening	68,840	90,559
Goodwill acquisition	–	378
Goodwill impairment	-13,217	-21,576
Exchange Rate Differences	2,884	-521
Book Value as at closing	**58,507**	**68,840**

In Q4 2024, Goodwill was impaired by 13,217 KEUR.

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	12/31/24	12/31/23
Accrued Income	2,113	1,585
Prepaid Expenses	1,089	2,090
Total accrued income and prepaid expenses	**3,203**	**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	12/31/24	12/31/23
Non Current		
Interest bearing financial instruments	2,513	34,558
Contingent Considerations	638	16,447
Current		
Interest bearing financial instruments	41,687	7,893
Contingent Considerations	–	–
Financial Instruments - Liabilities	**44,838**	**58,898**

Loan facilities negotiated in the US are associated with covenants for which the group is in breach at 30 September 30 and 31 December, 2024.

Loans in breach of covenants are recorded as current liabilities in Q4 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 12/31/24	01/01/23 12/31/23
Book Value as at Opening	17,974	37,893
Change recognized in the total comprehensive income	-7,639	-3,830
Conversion to other current liabilities	-9,166	–
Amounts Paid (including cash and non cash payments)	-1,353	-15,420
Exchange Rate Differences	823	-660
Book Value as at Closing	**638**	**17,983**

NOTE 16: COVENANTS AND NET DEBT

Loan facilities negotiated in the US are associated with covenants for which the group is in breach at Sept 30 and Dec 31, 2024.

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

in ,000's of Euros Net Debt	12/31/24	12/31/23
Liabilities to Credit Institutions - non amortized	32,844	25,994
Liabilities to Credit Institutions - amortized	6,592	7,614
Overdraft and Revolving Credit Facilities	4,696	4,015
		–
Cash and cash equivalents	-6,106	-6,470
Net Debt before Earn Outs	**38,026**	**31,153**
Liabilities to Sellers for Unpaid Earnouts (disputed)	10,706	3,271
Net Debt after Earn Outs	**48,732**	**34,424**

Disputed and unpaid Earn Outs do not include provisions for contingent considerations concerning future/not yet closed periods.

NOTE 17: OTHER CURRENT LIABILITIES

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

in ,000's of Euros Other Current Liabilities	12/31/24	12/31/23
Unpaid Earn Outs (disputed)	10,706	–
Accrued Severance	–	–
Other	12,088	7,960
Total Other Current Liabilities	**22,794**	**7,960**

NOTE 18: RELATED PARTY TRANSACTIONS

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

Subsequent to the dismissal of the previous CEO, the Group entered into a severance agreement dated 15 November, 2024. The Group has since then reclassified the termination of the previous CEO for cause, resulting in the reversal of any accrued severance.

The following transactions have incurred with related parties:

in ,000's of Euros Related Party Transactions	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Rental Agreements	121	130	500	527
Other contractors	120	75	345	325
NBV on sale of Merge Assets including release of EO Obligations	1,656	-	1,656	-
Interest on Earn-Outs	219	147	665	336
Total Related Party Transactions Impact to Comprehensive Income	**2,116**	**352**	**3,165**	**1,188**

NOTE 19: DILUTIVE INSTRUMENTS & AVERAGE NUMBER OF SHARES

in numbers of instruments Dilutive Instruments Outstanding	12/31/24	12/31/23	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**

Average number of shares	10/01/24 12/31/24	10/01/23 12/31/23	01/01/24 12/31/24	01/01/23 12/31/23
Total number of shares - opening balance	51,110,152	51,110,152	51,110,152	42,866,231
New issue 2023-06-26				1,946,948
New issue 2023-06-26				3,216,802
New issue 2023-06-26				3,080,171
Total number of shares - closing balance	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	47,124,080
Number of potential shares outstanding		175,000		175,000
Total number of shares after dilution - closing balance	**51,110,152**	**51,285,152**	**51,110,152**	**51,285,152**
Total average number of shares after dilution - closing balance	**51,110,152**	**51,285,152**	**51,110,152**	**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.

At the end of 2024, valuation of assets in subsidiaries includes impairments totaling 475.6 MSEK. This includes impairments of participation in subsidiaries and impairments of loans or credits to subsidiaries.

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 Q4 2024 is Maximum Entertainment AB's fourth 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 December 31, 2024, and for the comparison information presented as of 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 December 31, 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 Q4 2023

in ,000's SEK	PL by Nature of Exp	Total impact	PL by Function
Operating income			
Net sales	393,871	–	393,871
Capitalized own development work	24,628	-24,628	–
Cost of Sales	–	-259,628	-259,628
Other operating income	-1,348	1,348	–
Gross profit	**417,151**	**-282,908**	**134,243**
Operating expenses			
Cost of goods sold	-258,446	258,446	–
Other external costs	-62,848	62,848	–
Personnel costs	-51,391	51,391	–
Depreciation and amortisation of fixed assets	-48,033	48,033	–
Research and Development (R&D)	–	-31,988	-31,988
Sales and Marketing	–	-39,062	-39,062
General and Administration	–	-65,413	-65,413
Other operating income	–	-1,348	-1,348
Other operating expenses	-4,325	–	-4,325
Operating profit (loss)	**-7,893**	**0**	**-7,893**
Result from financial items			
Interest income and similar items	–	–	–
Interest costs and similar items	2		
Financial income	-44,953		
Financial expenses	–	2	2
Result from financial items	–	-44,953	-44,953
Profit (loss) before tax	**-52,844**	**0**	
Tax on profit for the year	-13,339	13,339	–
Current income tax	–	-4,639	-4,639
Deferred income tax	–	-8,700	-8,700
Profit (loss) from continuing operations	**-66,183**	**0**	**-66,183**
Profit for the period	**-66,183**	**0**	**-66,183**
Total comprehensive income for the year	**-66,183**	**0**	**-66,183**

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**

NOTES TO THE FINANCIAL STATEMENTS

GROUP COMPREHENSIVE INCOME FOR THE PERIOD FROM 10/1/23 THROUGH 12/31/23

in ,000's EUR	10/1/23 – 12/31/23 According to previous GAAP	Total effect of IFRS transition	IFRS
Net sales	34,356	–	34,356
Cost of sales	-22,648	76	-22,572
Gross profit	**11,708**	**76**	**11,784**
Research and Development (R&D)	-2,789	-40	-2,829
Sales and marketing	-3,407	–	-3,407
General and Administration	-5,713	3,684	-2,029
Other operating income	-113	–	-113
Other operating expenses	-377	-3,678	-4,055
Operating profit (loss)	**-691**	**42**	**-649**
Financial items			
Financial income	0	–	0
Financial expenses	-3,919	-459	-4,378
Financial items - net	**-3,918**	**-459**	**-4,378**
Profit (loss) before income tax	**-4,609**	**-417**	**-5,026**
Deferred income tax	-758	93	-665
Current income tax	-405	–	-405
Net profit (loss) for the year	**-5,772**	**-324**	**-6,096**
Profit (loss) is attributable to:			
Owners of the parent company	-5,772	-324	-6,096
Other comprehensive income:			
Exchange differences on translation of foreign operations	-520	2,638	2,118
Other comprehensive income for the year	**-520**	**2,638**	**2,118**
Owners of the parent company	-5,772	–	-5,772
Other comprehensive income for the year	**-6,292**	**2,638**	**-3,654**
Total comprehensive income for the year	**-6,292**	**2,314**	**-3,978**
Total comprehensive income for the period is attributable to:			
Owners of the parent company	-6,292	2,314	-3,978
Total	**-6,292**	**2,314**	**-3,978**

GROUP STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	12/31/23		
in ,000's EUR	**According to previous GAAP**	**Total effect of IFRS transition excl reclassifications**	**IFRS**
ASSETS			
Non-current assets			
Capitalized expenditure for development work and similar work	28,815	450	29,264
Trademarks	417	–	417
Licenses	71	–	71
Goodwill	68,840	0	68,840
Property, plant and equipment			
Right-of-use assets	–	4,156	4,156
Equipment, tools, fixtures and fittings	942	–	942
Non-current financial assets			
Other non-current receivables	29	–	29
Deferred tax assets	719	3	722
Current assets			
Inventory			
Inventories	8,922	–	8,922
Current receivables			
Accounts receivable	18,822	–	18,822
Current tax receivables	250	–	250
Other receivables	1,392	–	1,392
Prepayments and accrued income	3,680	-5	3,675
Cash and cash equivalents	6,470	–	6,470
TOTAL ASSETS	**139,369**	**4,603**	**143,972**

GROUP STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

in ,000's EUR	12/31/23		
	According to previous GAAP	Total effect of IFRS transition excl reclassifications	IFRS
EQUITY AND LIABILITIES			
Equity			
Share capital	459	-4	455
Other contributed capital	76,695	-535	76,159
Reserves	-467	2,221	1,753
Retained earnings	-2,781	2,496	-285
Profit or loss for the period	-15,144	-2,314	-17,458
Total equity	**58,762**	**1,863**	**60,625**
Non-current liabilities			
Borrowings non-current	29,764	–	29,764
Lease liabilities L/T	–	3,546	3,546
Other non-current liabilities	23,143	-1,902	21,241
Deferred tax liabilities	651	399	1,050
Current liabilities			
Borrowings	7,893	–	7,893
Lease liabilities S/T	–	782	782
Accounts payable	8,642	–	8,642
Current tax liabilities	384	–	384
Other current liabilities	8,045	-85	7,960
Accruals and deferred income	2,085	0	2,085
TOTAL EQUITY AND LIABILITIES	**139,369**	**4,603**	**143,972**

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 September 2023 and 31 December 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	12/31/2024	12/31/2023
Deferred Tax Per Statements	3,174	68
Adjustments as a result of IFRS 16	2	3
Adjustments as a result of IFRS 9	393	-399
Re-stated deferred tax	**3,569**	**-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 Q4 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 December 31, 2024, and for the comparison information presented as of 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

MAXIMUM ENTERTAINMENT

Studios

- MAXIMUM ENTERTAINMENT STUDIOS US
- MAXIMUM ENTERTAINMENT STUDIOS BRAZIL
- MAXIMUM ENTERTAINMENT STUDIOS SWEDEN
- MAXIMUM ENTERTAINMENT STUDIOS HUNGARY
- MAXIMUM ENTERTAINMENT STUDIOS ROMANIA

Publishing

- PRODUCTION
- MARKETING
- LIVE SERVICE
- PHYSICAL

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

Annual Report and resolution regarding proposal of dividend

The annual report together with interim reports will be published on the company website: https://maximument.com/investor-relations/financial-reports-presentations/

The Board of Directors proposes that no dividend is due for 2024.

Certified Adviser

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

Liquidity Provider

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

Outstanding Shares

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

Financial calendar

Annual Report 2024	4/14/2025
Interim Report Q1 2025	5/15/2025
Annual General Meeting 2025	5/20/2025
Interim Report Q2 2025	8/13/2025
Interim Report Q3 2025	11/5/2025
Interim Report Q4 2025	2/11/2026

Contact information

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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, February 28, 2025

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