

The background of the top half of the page is a red-tinted image. It shows a fishing boat on a lake with a person on board, and a large fish, possibly a pike, jumping out of the water. The text 'SOZAP' is in the top left corner.

SOZAP

INTERIM REPORT JAN-MAR 2025

SOZAP AB (publ)

SOZAP is a Swedish digital entertainment company that develops qualitative and innovative games with the ambition of building a product portfolio which appeals to a broad target group. SOZAP was founded in 2014 and shortly after established its first development team, focusing on games in the shooter genre. SOZAP has offices in Nyköping (Sweden) and Niš (Serbia), and is listed on the Nasdaq First North Growth Market with the ticker SOZAP.

For more information, please visit www.sozap.com.

This report is a translated version of the Swedish original. Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation.

JANUARY – MARCH 2025

- Net revenue amounted to MSEK 3.7(4.7), a decrease of 21 percent, and a decrease of 22 percent in comparable currency.
- EBITDA amounted to MSEK 0.7 MSEK (-1.2).
- Operating result, EBIT, amounted to MSEK -2.3 (-3.9).
- Result for the quarter amounted to MSEK -2.3 (-3.9).
- Earnings per share were SEK -0.10 (-0.34) before and after dilution.
- Cash flow from operating activities was MSEK 0.4 (-1.8).
- Cash and cash equivalents amounted to MSEK 3.8 (1.8).
- Average Revenue Per Daily Active User (ARPDau) amounted to USD 0.071 (0.083), a decrease of 14 percent compared to the previous year.
- Unique Monthly Active Users (MAU) during the quarter amounted to 0.7 million (0.9).
- The number of outstanding shares at the end of the period was 22 238 211. There were no subscription warrants issued at the end of the period.

SIGNIFICANT EVENTS

No significant events have occurred during or after the end of the reporting period.

FINANCIAL OVERVIEW AND KEY FIGURES

	Quarter January - March		Financial Year January - December
Amounts in TSEK, unless otherwise specified (Definitions can be found at the end of the report)	2025	2024	2024
Net revenue	3,696	4,681	17,474
Net revenue growth %	-21%	42%	17%
Net revenue - comparable currency	3,658	4,659	17,724
Net revenue growth % - comparable currency	-22%	41%	18%
EBITDA	724	-1,181	107
EBITDA %	20%	-25%	1%
Operating result, EBIT	-2,282	-3,877	-11,286
Operating result, EBIT %	-62%	-83%	-65%
Balance sheet total	25,736	29,513	28,677
MAU; average during the period (number in 000s)	688	929	768
DAU; average during the period (number in 000s)	47	61	51
ARPPDAU (total); average during the period (USD)	0.071	0.083	0.089
Total number of employees; average during the period	13	22	23
Of which are game developers/designers	11	20	21
Number of game development projects live	2	2	2
Number of game development projects in the process of development	1	1	1
Earnings per share before dilution (SEK)	-0.10	-0.34	-0.65
Earnings per share after dilution (SEK)	-0.10	-0.34	-0.65
Average number of shares before dilution	22,238,211	11,361,120	17,252,878
Average number of shares after dilution	22,238,211	12,146,120	17,416,628
Number of outstanding shares at the end of the period	22,238,211	11,361,120	22,238,211

A FEW WORDS FROM OUR CEO

We begin 2025 with a positive EBITDA, continued cost control, and improved cash flow from operating activities. While we have not yet reached full cash flow neutrality, the development confirms that we have strong control over both our business and cost structure – and are moving steadily in the right direction.

Based on this, our focus is clear, and we are working toward two key objectives:

- To launch the version of Fishing Tour that we have developed over an extended period and now consider scalable – and, by the third quarter, present clear results, strategy, and a business model for Fishing Tour – and thereby for SOZAP.
- To approach a cash flow neutral position during the year through the continued development of Questopia and through our partnership with Supersonic.

Fishing Tour has been developed with the ambition to create long-term engagement – to become a natural part of the user's daily digital experience, supported by a clear and measurable business model, quarter by quarter. That is the type of product needed in a market saturated with titles competing for short-term attention, often with weak long-term user retention.

In hindsight, this ambition has led to delays and higher development costs than we initially anticipated. But we are following the latest communicated timeline, and a major update is now set to launch during the second quarter. This update is not just another milestone in the development – it is a confirmation, or an ending. If the outcome lives up to the expectations, we will be able to present a product that generates shareholder value, quarter by quarter. If not, we may need to

make strategic decisions, including further efficiency measures, alternative financing, or – as a last resort – evaluate a potential sale.

During the quarter, Questopia was updated with new content, which had a positive effect on both user retention and revenue per user. Our investments in user acquisition have yielded solid returns, and each update has the potential to accelerate growth. We continue development with the aim of improving key metrics and enabling increased marketing efforts.

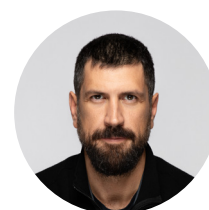
Our partnership with Supersonic has evolved positively and was extended during the quarter. As an established player with deep experience, they have given us valuable insights – and confirmed that our team delivers at the level required in today's global mobile games market. In the event of a launch and successful scaling, we believe this title also has the potential to contribute to stronger cash flow.

Cost control remains a clear priority. During the quarter, we made further adjustments to our administrative structure. At the same time, it is clear that the cost of being a publicly traded company now represents a disproportionately large share of our overhead. This is an ongoing area of evaluation for us.

Fishing Tour must now prove itself. If the KPIs meet our expectations, we have a product that can carry weight – and clearly demonstrate SOZAP's potential to both investors and the market.



Chief Executive Officer



FINANCIAL COMMENTS

NET REVENUE AND RESULT

NNet revenue during the first quarter amounted to MSEK 3.7 (4.7), a decrease of 21 percent, and a decrease of 22 percent in comparable currency. The decrease is mainly due to lower revenue for Questopia as a result of an optimization of User Acquisition (UA) which led to a reduced UA, however the gaming contribution increased.

Operating expenses during the first quarter amounted to MSEK 7.5 (11.5). The decrease is mainly a result of the cost-saving program of MSEK 8, on an annual basis, that was decided on in the fourth quarter of 2023 and reached full effect in the third quarter 2024. The savings during the quarter amounted to MSEK 2.7, meaning the program exceeded its set target. In addition, User Acquisition (UA) costs have decreased, whereas depreciation increased. Operating expenses consist of purchased services, in the form of marketing, personnel costs, depreciation and impairment of tangible and intangible fixed assets, and other operating expenses.

The operating result and the result for the period in the first quarter amounted to MSEK -2.3 (-3.9).

BALANCE SHEET ITEMS

The Company's fixed assets, consisting of intangible, tangible, and financial fixed assets, amounted to MSEK 19.4 (23.6) on 31 March. The Company's intangible assets consist of capitalised expenses for development work and similar items.

The Company's current assets, consisting of short-term receivables and cash and cash equivalents,

amounted to MSEK 6.3 (6.0) on 31 March. Cash and cash equivalents as of 31 March amounted to MSEK 3.8 (1.8).

The Group's equity amounted to MSEK 24.0 (26.1) on March 31.

The Company's short-term liabilities, consisting of the items accounts payable, other liabilities, and accrued expenses and prepaid income, amounted to MSEK 1.7 (3.4) on 31 March. The decrease is mainly due to lower accounts payable.

CASH FLOW

Cash flow from operating activities in the first quarter amounted to MSEK 0.4 (-1.8). The higher cash flow is, to a greater extent, due to increased profitability from operations, which in turn is a result of the cost savings made during 2024 and increased gaming contribution from the company's games.

Cash flow from investment activities amounted to MSEK -1.3 (-2.7) in the first quarter. Cash flow is almost exclusively related to intangible assets, i.e., the ongoing investment in improving existing games, as well as developing new games. The improvement for the quarter is mainly due to the fact that all of the Company's games have passed the most intensive development phase and as a result fewer resources have been spent on development work.

Financing activities had no cash flow activities, either during the first quarter or the corresponding quarter of the previous year.

Cash flow for the period for the first quarter amounted to MSEK -0.9 (-4.5).

OUTLOOK FOR THE COMING YEAR

SOZAP's game Questopia, which was launched in 2023, is generating revenue and shows a positive gaming contribution trend. Fishing Tour continue to show great potential through the metrics it generated in the soft launch phase. In addition, the collaboration that began with Supersonic in the autumn has developed positively, and the cost-saving program, decided on in 2023 and implemented in 2024, showed better results than expected.

Overall, this has led to a significant improvement in cash flow compared to the previous year. The expected increase in revenue moving forward, in combination with the already reduced costs, create the conditions for reaching the goal of being a cash flow neutral company, calculated before investments in marketing for Fishing Tour's growth. Based on this, the Board of Directors' assessment is that the Company has the necessary financing for the next four quarters.

PERSONNEL

The number of employees in the Group as of 31 March was 12 (22), as well as four positions on a consulting basis (2).

THE PARENT COMPANY

SOZAP's net revenue for the first quarter amounted to MSEK 3.7 (4.7), with an operating result and result after tax of MSEK -2.3 (-3.8).

The Parent Company's fixed assets, consisting of intangible, tangible, and financial fixed assets, amounted to MSEK 19.3 (23.4) as of 31 March.

The Parent Company's cash and cash equivalents as of 31 March amounted to MSEK 2.8 (1.4).

SIGNIFICANT EVENTS

No significant events have occurred during or after the end of the reporting period.

RELATED PARTY TRANSACTIONS

No significant transactions have taken place during the period, apart from transactions between subsidiaries and remuneration to senior executives for the Group and the Parent Company. Insofar as transactions and agreements on services with related parties are made, these always take place on market terms.

SIGNIFICANT RISKS AND UNCERTAINTIES

SOZAP is reliant on successfully developing new games and improving SOZAP's existing games.

SOZAP relies on virtual app stores for game distribution. The dominant distribution channels are Google Play for Android and Apple's App Store for iOS.

SOZAP is reliant on attracting and retaining key people.

At present, there is a platform limitation to mobile devices as a gaming platform. SOZAP currently provides games for mobile devices only, not for game consoles or PCs.

Risks related to IT systems are primarily that SOZAP is reliant on efficient and uninterrupted operation in external cloud-based IT systems and servers.

No new risks have come about in 2025 for detailed risk factors, please refer to SOZAP's Annual Report, which can be found on the Company's website.

IMPACT OF THE CONFLICT IN UKRAINE AND THE MIDDLE EAST

The conflict in Ukraine and the Middle East has not had a substantial impact on the Company due to the fact an extremely small percentage of the revenue comes from these regions, plus the fact SOZAP has no development in Ukraine, Russia, or the Middle East.

GENERAL INFORMATION

Unless otherwise stated in this interim report, this relates to the Group.

Figures in brackets indicate the outcome for the corresponding period in the previous year. Unless otherwise stated, amounts are in MSEK.

AUDITOR'S REVIEW

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

CERTIFIED ADVISOR

As a business listed on Nasdaq First North Growth Market Stockholm, the Company is obliged to have a Certified Advisor. SOZAP has appointed Augment Partners AB as its Certified Advisor.

FINANCIAL CALENDAR

All financial reports are published on
<https://www.sozap.com/ir/financial-reports>

- **Interim Report first quarter 2025:** 15 Aug 2025
- **Interim Report first quarter 2025:** 14 Nov 2025
- **Year-End Report 2025:** 13 Feb 2026

BOARD OF DIRECTORS

The Board of Directors and the CEO affirm that the interim report provides a fair overview of the Parent Company's and the Group's operations, financial positions and results, and describes the significant risks and uncertainties which the Parent Company and the Group are facing.

Nyköping, May 16, 2025



Daniel Somos

Chair of the Board



Stefan Janse

Board member



Hanif Bali

Board member



Rade Prokopovic

CEO & Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FINANCIAL REPORTS

INCOME STATEMENT – THE GROUP

	Quarter January – March		Financial Year January – December
Amounts in TSEK	2025	2024	2024
Net revenue	3,696	4,681	17,474
Capitalized production	1,324	2,678	8,901
Other operating income	160	220	657
	5,180	7,580	27,032
Operating expenses			
Services purchased	-327	-463	-1,696
Other external expenses	-2,611	-5,785	-17,402
Personnel costs	-1,303	-2,371	-7,156
Depreciation and impairment of tangible and intangible assets	-3,005	-2,697	-11,393
Other operating expenses	-215	-142	-671
Total operating expenses	-7,461	-11,457	-38,318
Operating result	-2,282	-3,877	-11,286
Result from financial items			
Interest income and similar profit and loss items	0	1	39
Interest costs and similar profit and loss items	0	0	-1
Total financial items	0	1	38
Result after financial items	-2,281	-3,876	-11,248
Result before tax	-2,281	-3,876	-11,248
Tax on the result for the period	0	0	-39
Result for the period	-2,281	-3,876	-11,286
Earnings per share (before and after dilution), SEK	-0.10	-0.34	-0.65

BALANCE SHEET – THE GROUP

Amounts in TSEK	2025-03-31	2024-03-31	2024-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work and similar items	18,986	22,826	20,589
	18,986	22,826	20,589
<i>Tangible fixed assets</i>			
Equipment, tools and fittings	408	729	491
	408	729	491
<i>Financial fixed assets</i>			
Other long-term receivables	0	7	0
	0	7	0
Total fixed assets	19,394	23,561	21,080
Current assets			
<i>Short-term receivables</i>			
Accounts receivable	1,546	2,787	1,875
Current tax assets	154	73	154
Other receivables	284	418	248
Prepaid expenses and accrued income	589	887	587
Cash and cash equivalents	3,769	1,787	4,733
Total current assets	6,343	5,952	7,598
TOTAL ASSETS	25,736	29,513	28,677
EQUITY AND LIABILITIES			
Equity			
Share capital	2,224	1,136	2,224
Other contributed capital	73,580	67,040	73,580
Other equity, including the result for the year	-51,788	-42,068	-49,479
Total equity (attributable to the Parent Company's)	24,015	26,108	26,325
Short-term liabilities			
Accounts payable	458	1,713	1,016
Other liabilities	198	535	211
Accrued expenses and prepaid income	1,065	1,157	1,126
Total short-term liabilities	1,721	3,405	2,353
TOTAL EQUITY AND LIABILITIES	25,736	29,513	28,677

CHANGES IN EQUITY - THE GROUP

Amounts in TSEK	Share capital	Other contributed capital	Other equity, including the result for the period	Equity attributable to the Parent Company's shareholders
Equity 2024-01-01	1,136	67,040	-38,233	29,943
Translation difference			42	42
Result for the period			-3,876	-3,876
Equity 2024-03-31	1,136	67,040	-42,068	26,108
Equity 2024-04-01	1,136	67,040	-42,068	26,108
Share issue	1,088	7,070		8,158
Issue costs		-530		-530
Translation difference			-2	-2
Result for the period			-7,410	-7,410
Equity 2024-12-31	2,224	73,580	-49,479	26,325
Equity 2025-01-01	2,224	73,580	-49,479	26,325
Translation difference			-28	-28
Result for the period			-2,281	-2,281
Equity 2025-03-31	2,224	73,580	-51,789	24,015

CASH FLOW -THE GROUP

	Quarter January - March		Finacial Year January - December
Amounts in TSEK	2025	2024	2024
Cash flow from operating activities			
Result before financial items	-2,282	-3,877	-11,286
Adjustments for items not included in the cash flow	3,005	2,697	11,393
Interest received	0	1	39
Interest paid	0	0	-1
Tax paid and received	-	-	-39
Cash flow from operating activities, before changes in working capital	724	-1,180	106
Cash flow from changes in working capital			
Changes in operating receivables	635	-577	861
Changes in operating liabilities	-950	-68	-1,252
Cash flow from changes in working capital	-315	-646	-391
Cash flow from operating activities	409	-1,825	-284
Investment activities			
Investments in intangible fixed assets	-1,324	-2,678	-8,901
Investments and divestments in tangible fixed assets	-1	1	1
Cash flow from investment activities	-1,325	-2,678	-8,900
Financing activities			
New share issues	-	-	8,158
Issue costs	-	-	-530
Cash flow from financing activities	-	-	7,627
Cash flow for the period	-916	-4,503	-1,557
Cash and cash equivalents at the beginning of the period	4,733	6,300	6,300
Exchange rate difference in cash and cash equivalents	-48	-10	-10
Cash and cash equivalents at the end of the period	3,769	1,787	4,733

INCOME STATEMENT - THE PARENT COMPANY

	Quarter January - March		Financial Year January - December
Amounts in TSEK	2025	2024	2024
Net revenue	3,696	4,681	17,474
Capitalized production	1,324	2,678	8,901
Other operating income	160	220	657
	5,180	7,580	27,032
Operating expenses			
Services purchased	-327	-463	-1,696
Other external expenses	-2,825	-6,772	-20,283
Personnel costs	-1,143	-1,333	-4,586
Depreciation and impairment of tangible and intangible assets	-2,976	-2,667	-11,273
Other operating expenses	-213	-178	-619
Total operating expenses	-7,484	-11,412	-38,456
Operating result	-2,304	-3,832	-11,424
Result from financial items			
Interest income and similar profit and loss items	0	1	39
Interest costs and similar profit and loss items	0	0	-1
Total financial items	0	1	38
Result after financial items	-2,304	-3,831	-11,386
Result before tax	-2,304	-3,831	-11,386
Tax for the period	-	-	-
Result for the period	-2,304	-3,831	-11,386

BALANCE SHEET - THE PARENT COMPANY

Amounts in TSEK	2025-03-31	2024-03-31	2024-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work and similar items	18,986	22,826	20,589
	18,986	22,826	20,589
<i>Tangible fixed assets</i>			
Equipment, tools and fittings	332	528	381
	332	528	381
<i>Financial fixed assets</i>			
Interests in Group companies	0	0	0
Other long-term receivables	-	7	0
	0	7	0
Total fixed assets	19,318	23,360	20,970
Current assets			
<i>Short-term receivables</i>			
Accounts receivable	1,546	2,787	1,875
Current tax assets	154	73	154
Other receivables	274	414	244
Prepaid expenses and accrued income	589	887	587
Cash and cash equivalents	2,820	1,352	4,118
Total current assets	5,383	5,513	6,977
TOTAL ASSETS	24,701	28,872	27,947
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	2,224	1,136	2,224
Development expenditure fund	20,589	22,826	20,589
	22,813	23,962	22,813
<i>Unrestricted equity</i>			
Free share premium fund	78,958	71,887	78,958
Balanced profit or loss	-76,314	-66,635	-64,929
Result for the year	-2,304	-3,831	-11,386
	339	1,421	2,643
Total equity	23,152	25,383	25,456
Short-term liabilities			
Accounts payable	383	1,707	976
Liabilities to Group companies	-	467	241
Other liabilities	101	159	148
Accrued expenses and prepaid income	1,065	1,157	1,126
Total short-term liabilities	1,549	3,490	2,491
TOTAL EQUITY AND LIABILITIES	24,701	28,872	27,947

ACCOUNTING PRINCIPLES AND LIST OF DEFINITIONS

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual report and consolidated accounts (K3). The accounting principles are unchanged since the most recently issued annual report. For a more detailed description of the accounting principles, see SOZAP AB (publ.) Annual Report for 2024, pages 19-24.

LIST OF DEFINITIONS

Number of employees	Number of employees with a position at SOZAP, at the end of the period.
Number of employees, average for the period	Average of the number of employees at the end of the period and the number of employees at the end of the previous period.
ARPDau	Average Revenue Per Daily Active User (total); The average revenue per daily, unique, active user/player, including in-app purchases and advertising revenue.
Daily Unique Spenders	The number of daily unique players who have made purchases of virtual products via Apple, Google or another platform.
DAU	Daily Active Users; i.e., daily, unique, active user/players.
EBIT	Operating result, before financial items and tax.
EBIT margin (%)	The result before financial items and tax, as a percentage of net revenue.
EBITDA	The result before depreciation of tangible and intangible fixed assets.
EBITDA margin (%)	The result before depreciation of tangible and intangible fixed assets, as a percentage of net revenue.
Free-to-play (FTP)	A revenue model where players gain access to part of the content without payment.
Global launch	A commercial launch to a wide audience.
In-app purchases (IAP)	Microtransactions within the game in order to access virtual goods and content.
In-ad revenues (IAD)	Advertising revenue from third parties for advertisements shown to players.
Live-ops	Changes/improvements in games after launch.
Monthly Active Users (MAU)	Active, unique, monthly players/users as of the last day of the period.
Revenue growth	Difference in revenue from the previous period (comparative period).
Soft launch	A 'soft launch' to a specific audience in order to test game methodology, graphics, etc.
Equity/assets ratio	Proportion of total assets financed with equity.

CREATIVELY TOGETHER STRONG

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For more information, please visit
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