



ANNUAL REPORT | 2022

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2022 - A Fully Integrated Entertainment Company

During 2022, Zordix business model and corporate structure have been completely realigned to become a fully integrated gaming and entertainment company. We are now a global group with more than 240 employees and offices on four continents with the clear mission to deliver magic to the gamer in everyone.

The year closed with sales amounting to MSEK 1,138,3 which is a significant increase compared to 2021. On a proforma basis, full year revenue came in 8.9 percent below the corresponding period in 2021 which was favourably impacted by exceptionally strong releases, but in line with expectations.



Over **300**
titles in the catalog



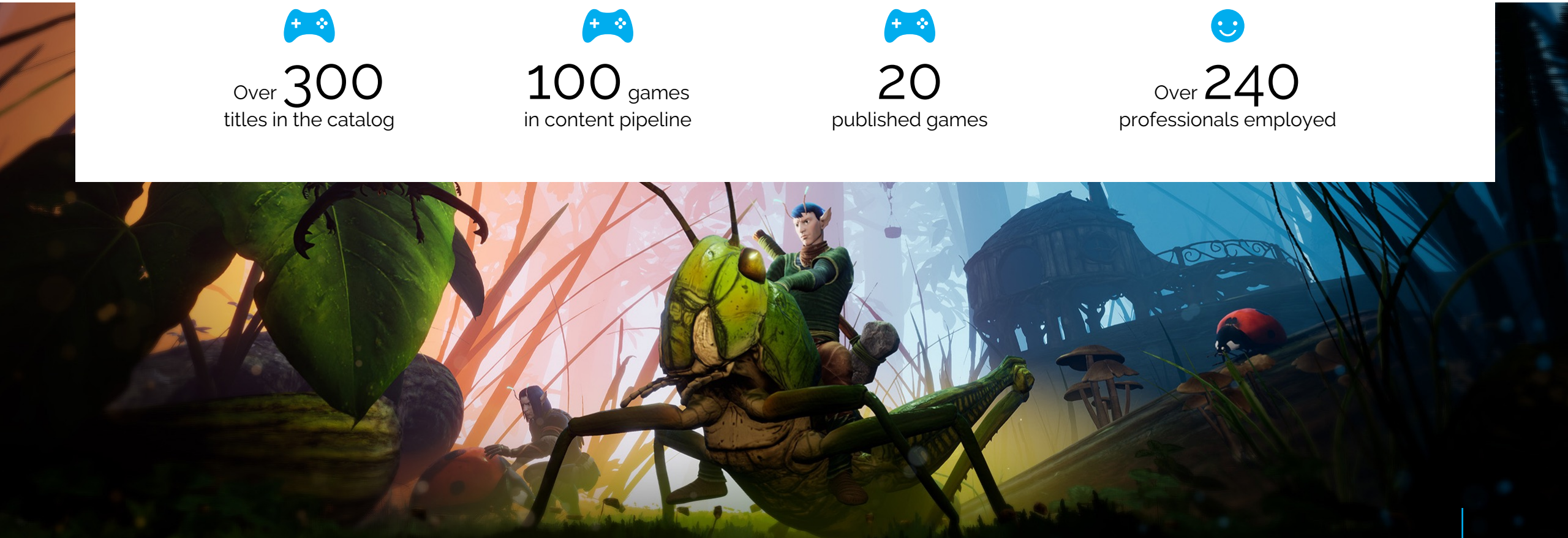
100 games
in content pipeline



20
published games



Over **240**
professionals employed



Our Studios & Publishers

Merge Games (publishing)

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

Modus Studios, Sweden

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

Maximum Games (publishing)

Full-service video game publisher for PC and console games. It includes the independent publisher Modus Games, and the development team Modus Studios and Mane6.

Modus Studios, US

A part of Modus Studios. The studio is behind the game Them's Fightin' Herds® which is based on Lauren Faust's designs.

Modus Studios, Hungary

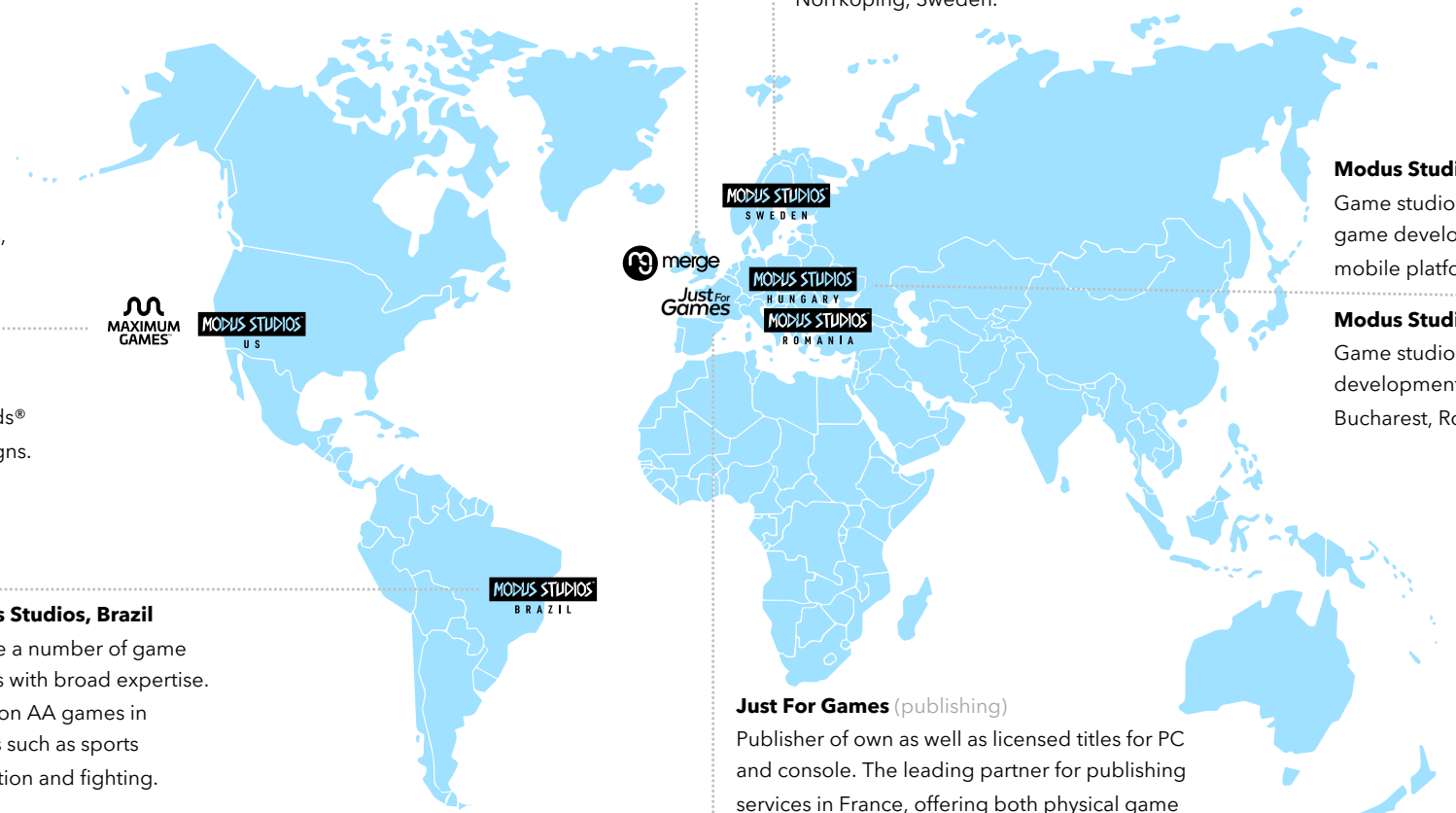
Game studio focusing on high-quality design and game development for PC and console, as well as mobile platforms.

Modus Studios, Romania

Game studio specializing in multi-platform development for console and PC based in Bucharest, Romania.

Modus Studios, Brazil

Include a number of game studios with broad expertise. Focus on AA games in genres such as sports simulation and fighting.



Just For Games (publishing)

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

Words From Our CEO

“Becoming one fully integrated gaming and entertainment company.”

In 2022 we focused on restructuring acquired companies and moving from a decentralized model to a fully integrated global entertainment company. The Zordix group of companies, studios, and publishers transformed from separate entities to operating as one organization with a single strategy, shared future goals, and a unified roadmap. Our mission is to build a creative gaming powerhouse that exceeds the expectations of gamers and investors and delivers magic to the gamer in everyone. This integration united our global studios under the Modus Studios brand and structured the publishing labels to target defined genres and sectors. We focused on efficiency, communication, and cost savings which resulted in moving to a harmonized tech stack and the creation of a group financial team, cross-functional services, and a fully deployed studio organization.

Maximum Entertainment was launched in February 2023 and is already benefitting from the foundational work and efforts done during 2022. With our balanced strategy of ambitious new IP game releases and strong back catalog with a phenomenal global publishing infrastructure, we are flexible and adaptive to the swings in the macroeconomic environment. We have a risk-mitigated portfolio with no single game reliance, long-tail earnings of back catalog games, and new owned IP launches through our roadmap for 2023, 2024 and beyond. Maximum Entertainment is committed to increase IP ownership to 30 percent of revenue in 2025.

In 2022 we announced and launched a wide array of games positively received by gamers and critics around the world. From the dark fantasy world of Soulstice to several seasons of the highly rated battle royale live service game Super Animal Royale and our own IP from Modus Studios, Them's Fightin' Herds, we saw fantastic results both with revenues and high ratings. We also experienced significant streamer support across our portfolio with many releases garnering the Top 20 positions on Twitch the day of launch. Modus Games in collaboration with 314 Arts announced Projekt Z, a first-person co-op zombie shooter game to be released. The game is set in a distinctive WWII zombie environment where a diverse crew of soldiers' mission is to unravel the secrets of a Nazi experiment on a lush, remote island.

Other significant announcements were the long-awaited sequel Teslagrad 2, a follow-up to the multimillion-selling puzzle-adventure hit Teslagrad from developer Rain Games. A game where players get to use their magical powers to explore a vast, mysterious world and fend off forgotten enemies lurking in the shadows. Together with Wangyuan Shengtang, we announced Afterimage during Gamescom 2022. The game is a beautiful, hand-drawn 2D Metroidvania adventure title with RPG elements that challenge players to explore the massive and mysterious world of Engardin. The Shanghai-based studio is the famous video game developer known for the Gujian series which sold millions of copies.

The group released 20 licensed games from our publishing labels, Modus, Merge, and Just For Games in 2022. Highlights were, Fobia - St Dinfna Hotel, Kukoos: Lost Pets, Super Animal Royale, Time on Frog Island, Slaycation Paradise, Cloudpunk, Andro Dunos 2, and Soulstice being the leading revenue generator. On the 29th of March this year, we released the highly anticipated owned IP Smalland: Survive the Wilds, to an overwhelmingly positive response. A multiplayer survival game developed and published by Merge Games, a label of Maximum Entertainment. In the first week of the launch, we saw 12 000 peak concurrent players and over 1.4 million hours of gameplay watched on Twitch. At the time of the launch, we had over 350 000 wishlists on Steam. Smalland: Survive the Wilds has surpassed our (wildest) expectations and the reception from fans and gamers all over the world.

Bramble: The Mountain King, was released on the 27th of April. The game draws on Nordic myth's powerful creatures and rich fables to spin a unique tale of one boy's fight for courage in the face of sinister creatures and maddening darkness. Bramble: The Mountain King is developed by Dimfrost Studios, one of the six acquisitions Zordix completed, and is now part of Maximum Entertainment. We will follow the result of this game with big excitement.

Words From Our CEO

“Becoming one fully integrated gaming and entertainment company.”

Currently, Maximum Entertainment has two released live service games with over 2 million active monthly players. Modus’ live service battle royale game, Super Animal Royale, performed impressively in 2022, demonstrating a 29% increase in Average Revenue Per Paying User (ARPPU) over the course of the year. The total revenue for the year also increased by 45%, further solidifying the game's commercial success. Them’s Fightin’ Herds, from Modus Studios also launched the expanded version of this highly rated 2D fighting game growing from a premium PC-only platform to a cross platform serviced game with additional content being delivered during 2023 and beyond.

The eagerly awaited Maximum Football will be launched as a free-to-play live-service game. The game allows players to take control of their football destiny, offering a physics-based simulation football experience to fans at no entry cost.

With our global physical sales infrastructure, we are equipped to expand the world of video game IP to new channels such as collectors’ editions, vinyl videogame soundtracks, and other game-related merchandise to generate additional revenue streams. Just For Games saw record quarters in vinyl sales with 49 unique releases during 2022. The releases included renowned titles such as The Elder Scrolls Online 4LP Boxset, Doom 5th Anniversary 4LP Boxset, and Tekken 5 & 6 to name a few.

Today I am proud and excited to be the leader of the new Maximum Entertainment. Our business has undergone a remarkable transformation, evolving into a fully integrated global entertainment company that covers the entire value chain of video games through content creation, publishing, distribution, and transmedia. We pushed through in 2022 to integrate our development studios to create compelling, commercially viable games that captivate audiences around the world. In addition, we focused our publishing labels to create a breadth of revenue reach across multiple sectors and genres. From our modest beginnings as a small player in the gaming industry with an estimated net revenue of 10 million SEK at the entry of 2021, we have grown into a comprehensive global entertainment company with a mission to become the leader in the triple-I to double-A video game market. The global industry changes

of 2022 were unexpected but of good timing for Zordix. It allowed us to focus on our future and establish a strong foundation for the growth of our owned IP and studio capabilities for years to come. With the success of Smalland: Survive the Wilds, and Bramble: The Mountain King recently released we are confident that the efforts made during the past year are paying off and we are heading towards a year filled with exciting game releases. As we turn to a new chapter in 2023 and beyond with Maximum Entertainment, we are excited to bring magic to the gamer in everyone.



CHRISTINA SEELYE | **CEO**



MANAGEMENT REPORT

Operations

The Board of Directors and the CEO of Zordix AB (publ) hereby submit the annual report and consolidated accounts for the financial year January 1 to December 31, 2022.

General Information About the Business

Maximum Entertainment is a global entertainment company dedicated to creating high quality experiences spanning the entire value chain of video games, including development, publishing, transmedia, sales and operations. Maximum Entertainment provides collaborative resources to its partners, through in-house publishing labels Maximum Games, Modus, Merge Games and Just For Games, as well as its development division, Modus Studios. With more than 300 titles in its catalog, Maximum Entertainment has partnered with best-in-class creators and franchises around the world to deliver magic to the gamer in everyone. Maximum Entertainment has offices around the world, employs more than 200 professionals and is a brand of Zordix AB (publ). Zordix AB (publ), is headquartered in Umeå and is a public company with company registration number 556778-7691.



Operations

Significant Events During the Year

1. Christina Seelye, founder and CEO of Maximum Games was appointed as CEO of Zordix
2. Maximum Games acquired the IP rights to the game Them's Fightin' Herds® and the team of developers at Mane 6
3. An Extraordinary General Meeting was held on 25th of February and amended the terms of warrants of series 2021/2023 and 2021/2024
4. 20 published games released by the Group with Five Nights at Freddy's Security Breach, Super Animal Royale, Soulstice, being the leading ones
5. Reorganization of the studios under one business unit to optimize use of talents
6. Zordix publisher Merge Games and in-house developer Dimfrost Studio announced a partnership in bringing Bramble: The Mountain King to PC & Console
7. Zordix publisher Modus Games and in-house studio Mane6 announced and launched original IP Them's Fightin' Herds for PlayStation, Xbox, and Nintendo Switch
8. Current Board member Stefan Lindeberg elected the new Chairman of the Board at the 2022 Annual General Meeting
9. Zordix issued 2,381,716 shares as partial payment of additional earn-out for the acquisition of Just For Games
10. Announcement of key titles Afterimage and Teslagrad 2 and our own new IP, God of Rock during Gamescom 2022
11. Modus Games in collaboration with 314 Arts announced Projekt Z, a first-person co-op zombie shooter game

Board of Zordix

Information Regarding the Board and Senior Executives

As of December 31, 2022, there are no family ties between board members and/or senior executives.

Several board members and senior executives have financial interests in Zordix as a result of their direct or indirect holdings in Zordix. Besides this, there are no conflicts of interest or potential conflicts of interest between the Board members' and senior executives' commitments to Zordix and their private interests and/or other commitments.

For the past five years, no board member or senior executive has (i) been convicted of fraud-related cases, (ii) represented a company that has been declared bankrupt or liquidated, or has been the subject of receivership, (iii) been the subject of an indictment and/or sanction of authorities empowered by law or decree (including approved professional associations) or (iv) been prohibited by a court from being a member of an issuer's administrative, management or supervisory body, or from having leading or overarching functions of an issuer.

REMUNERATION AND BENEFITS TO THE BOARD AND SENIOR EXECUTIVES

Remuneration to Board Members

Decisions on fees and other remuneration to the board members, including the Chairman, are made at the Annual General Meeting. At the Annual General Meeting on May 18, 2022, it was resolved that fees to the Board, for the period until the end of the next Annual General Meeting, shall be SEK 213,000 to each of the board members and SEK 426,000 to the chairman. The total remuneration to the Board shall not exceed SEK 1,065,000. Board members do not receive any right to benefits after their term of office as board members has ended.

Remuneration to and Current Employment Contracts for Senior Executives

Remuneration to senior executives consists of remuneration of basic salary and other benefits. Senior executives refer to the CEO, CFO and COS, who as of the balance sheet date constituted Zordix's group management.

Non-Financial Information & Sustainability Information

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

One Group - Cross-Functional Efficiencies

An important part of the growth of Zordix, is the integration of acquired companies to create cross-functional efficiencies and form a scalable group. Zordix therefore works actively with a continuous process development and group-wide working methods, and it is our opinion that an equivalent working method creates good conditions for equal treatment.

During 2022, the Group's entities have migrated towards a consolidated tech stack, allowing global teams to fill gaps and utilize capabilities more effectively for services such as Finance, Quality Assurance, Creative Services and Data. The integration has been focused on consolidating SaaS applications and a roll-out of a unified ERP across the Group.

Diversity and Inclusion

Zordix has employees with different backgrounds and skills in several countries and continents. The employees are our most valuable asset and therefore we place great value on creating a sustainable work environment in an organization based on learning and continuous further development.

We do not tolerate discrimination or harassment, and therefore carry out active work for an inclusive culture based on the values of Zordix around trust in employees, everyone's equal value, inclusion, self-determination and diversity. It is our conviction that such a culture creates the conditions for being both an attractive employer and a strong and sustainable organization that delivers good results.

A challenge, that we share with others in our industry, is to achieve a more balanced gender distribution among our employees and senior executives.



THE SHARE & RISKS



The Zordix Share

General Information

Zordix Series B shares were listed on NGM Nordic SME in November 2018 at a subscription price of SEK 5.90. In 2021, the company switched trading venues to Nasdaq First North.

The share capital shall amount to a minimum of SEK 1,800,000 and a maximum of SEK 7,200,000 divided into a minimum of 18,000,000 shares and a maximum of 72,000,000 shares. The A-shares of Zordix may not exceed 2,000,000 shares, which are only kept private. The number of B-shares may amount to a maximum of 70,000,000 shares. As of the balance sheet date, the share capital amounted to SEK 4,286,623.10 divided into 42,866,231 shares. The quota value is SEK 0.10 per share. All shares of Zordix are denominated in Swedish kronor (SEK) and are issued in accordance with Swedish law. All issued shares are fully paid and freely transferable.

Authorization

At the Annual General Meeting on May 18, 2022, it was decided that the Meeting authorizes the Board to resolve, on one or more occasions during the period until the next Annual General Meeting, to issue new shares, convertibles and/or warrants, with or without deviation from shareholders' preferential rights.

The increase in the share capital, which includes the issuance of, conversion to or new subscription of shares, may correspond to a dilution amounting to a maximum of 20 percent of the share capital at the time the authorization is used for the first time to issue shares, convertibles and/or warrants. The authorization aims to enable Zordix to effectively acquire companies, businesses or parts of these, or to broaden the ownership structure. Payment may be made in cash and/or with conditions to pay with assets other than cash or by set-off, or other conditions.

Rights Associated with the Shares

Zordix shares have been issued in accordance with the Swedish Companies Act. Rights associated with the shares issued by Zordix, including the rights arising from its articles of association, can only be adjusted in accordance with the procedures given in the above-mentioned law. Each A-share has ten (10) votes, while each B-share has one (1) vote. Each share, regardless of class, has equal rights to the assets and profits of Zordix. At the Annual General Meeting, each shareholder has the right to vote for all shares held by him in the Company.

In the event of a new issue of shares, warrants or convertibles through a cash or set-off issue, the shareholders are, as a general rule, given preferential rights to subscribe for such securities in relation to the number of shares held for the issue. However, the issues may take place with deviation from preferential rights that follow from the Articles of Association.

Owners with Significant Influence

According to the register of owners established by Euroclear, as of December 31, 2022, Zordix had 4,346 shareholders. Below is an account of the top 10 shareholders.

Name	ZORDIX A	ZORDIX B	Capital	Votes
Avanza Pension		4,859,235	11.34 %	7.98 %
Matti Larsson	2,000,000	2,720,000	11.01 %	37.33 %
Christina Seelye		3,630,864	8.47 %	5.97 %
Philippe Cohen		3,589,410	8.37 %	5.90 %
Prioritet Finans		2,415,991	5.64 %	3.97 %
Knutsson Holdings AB		2,000,000	4.67 %	3.29 %
David Wallsten		1,631,567	3.81 %	2.68 %
Viktor Vallin*		1,558,722	3.64 %	2.56 %
Patrik Bloch with family		1,279,370	2.98 %	2.10 %
Bart Reefman		1,204,970	2.81 %	1.98 %
Total 10	2,000,000	24,890,129	62.73 %	73.75 %
Others		15,976,102	37.27 %	26.25 %
Total number of owners		4,346		
Total number of shares		42,866,231		

On April 3, 2023, it was announced that CEO Christina Seelye, together with Stefan Lindeberg, Chairman of the Board, and a number of institutional investors, have entered into an agreement to purchase 2,000,000 A shares and 1,076,500 B shares from board member and founder Matti Larsson. This transaction is not reflected in the above table.

Lock-Up Agreements and Shareholder Agreements

As of the balance sheet day, there were lock-up commitments regarding shares in Zordix, which have arisen in connection with new issues. These agreements entail an undertaking to refrain from, with certain reservations, directly or indirectly selling their respective holdings in the Company during the lock-up period agreed. There are no shareholder agreements or other agreements between the Company's shareholders that aim at joint influence over the Company. Nor are there any other agreements that can lead to a significant change in control in the Company.

Dividend Policy

Zordix has no adopted dividend policy. All decisions regarding dividends are based on the company's profitability, future development and acquisition opportunities as well as financial position.

Central Management of Securities

Zordix is connected to Euroclear's account-based securities system in accordance with the Act (1198:1479) on central securities depositories and the accounting of financial instruments. This register is maintained by Euroclear. No share certificates have been issued for the Company's shares. The account operator is Euroclear.

*Source: Monitor of Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Significant Risks and Factors of Uncertainty

The Company's risk factors derive from both industry and business-related risks for the operational activities. There are also financial risks attributable to Zordix being a public company as well as currency exposure risks. The estimates and assessments made in the accounts are also subject to some risks. In addition, there are a number of legal risks.



Operational Risks

The games that Zordix 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 Zordix.

The gaming industry is characterized by a rapid pace of change, and it is of great importance for Zordix to both attract and retain employees with relevant competence, experience and understanding of the Group's operations. The high demand for competent personnel in the gaming industry may lead to expectations regarding increased remuneration levels that are potentially driven by highly capitalized companies that are larger than Zordix, which is why there is a risk that Zordix will not be able to retain key personnel and recruit competent personnel.

Zordix has both internal and external game development where the Group acts 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.

To develop, produce and distribute its products, Zordix 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 Zordix 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. Zordix is thus exposed to risks related to disruptions and system failures in both its own and its partners' IT systems.



Financial Risks

The group's strategic direction entails acquisitions as well as investments in IP rights and publishing operations, and Zordix 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.

The revenue of Zordix is mainly in USD, EUR and GBP, while the reporting currency is in SEK. Exchange rate fluctuations in relation to SEK may have a negative impact on the competitiveness of Zordix in relation to competitors who report in another currency.

Legal Risks

Zordix 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.

The activities of Zordix 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 Zordix must manage, control and document the processing of the data. Zordix 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.

Zordix operates in markets in and outside of Sweden, hence the laws and regulations of a number of jurisdictions become applicable. As of the balance sheet date 2022, Zordix is located in Sweden, Hungary, France, UK, Ireland, Brazil, USA, Germany 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 Zordix 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 the outcome of which may be uncertain.

Performance and Financial Position

Full year 2022 in brief - the Group

- Net sales amounted to MSEK 1,138 (463).
- EBITDA amounted to MSEK 94.8 (71.5).
- EBIT amounted to MSEK -61.7 (21.3).
- Balance sheet total was MSEK 1,728 (1,672).
- Number of employees 215 (196).

Multiple Year Overview

The Group's EBIT is affected by the amortization of acquisition goodwill and the write-down of intangible assets related to deprioritized projects. Operational EBIT, a key figure adjusted for this amortization, therefore gives a more accurate picture of how the operating income from the Group's operating activities has evolved. The Group's equity amounted to KSEK 698,358 on the balance sheet date.

All amounts are stated in KSEK unless otherwise specified. Numbers within parentheses refer to the corresponding period in the preceding year, unless otherwise specified.

Key Figures for the Group

Operational key figures	2022	2021	2020	2019	2018
Net sales	1,138,271	462,866	9,030	11,113	11,758
EBITDA	94,792	71,541	6,818	2,180	3,385
Operational EBIT	69,957	50,552	5,637	1,217	2,150
EBIT	-61,732	21,272	4,876	1,217	2,150
EBITDA margin %	8	15	76	20	29
Operational EBIT margin %	6	11	62	11	18
EBIT margin %	-5	5	54	11	18

Other key figures	2022	2021	2020	2019	2018
Balance sheet total	1,727,966	1,672,169	92,886	41,631	26,897
Equity	698,358	717,290	77,274	28,775	20,286
Number of shares outstanding	42,866,231	40,484,515	18,957,042	13,050,847	13,050,847
Average number of shares	41,675,373	29,720,779	15,607,874	13,050,847	9,245,850
Net earnings per share, SEK	-1.80	-0.08	0.23	0.06	0.11
Equity ratio %	40	44	83	69	75

Key Figures for the Parent Company

Parent key figures	2022	2021	2020	2019	2018
Net sales	9,144	10,976	5,895	11,048	11,758
Balance sheet total	979,364	951,386	85,014	40,576	26,145
Equity	697,995	653,464	72,057	27,423	18,963
Equity ratio %	71	69	85	68	74

Proposed Appropriation of Profit or Loss

The following funds are available to the Annual General Meeting:

Share premium reserve	745,999,544
Retained earnings	-49,928,697
Profit for the year	-2,362,501
Total	693,708,347

Proposed by the Board to be carried forward: SEK 693,708,347.

A vibrant, lush jungle scene. In the foreground, a character with a red hood and a large backpack stands on a tree branch, looking towards the left. Two orange and black butterflies are flying in the air. Large, brown, bowl-shaped mushrooms are attached to a tree trunk on the right. The background is filled with dense green foliage and sunlight filtering through the trees.

FINANCIAL REPORTS

Consolidated Income Statement

	Note	01/01/2022 12/31/2022	01/01/2021 12/31/2021
Operating income			
Net sales	3	1,138,271	462,866
Capitalized own development work		55,207	51,687
Other operating income	4	30,148	3,318
Total income		1,223,626	517,870
Operating costs			
Cost of goods sold		-821,434	-337,979
Other external costs	5	-142,228	-50,096
Personnel costs	6	-153,074	-55,809
Depreciation and amortization of fixed assets	11,12,13,14	-156,524	-50,269
Other operating expenses		-12,098	-1,525
Operating income (EBIT)		-61,732	21,272
Income from financial items			
Interest income and similar items	8	33,839	404
Interest costs and similar items	9	-32,116	-4,619
Income after financial items		-60,009	17,057
Income before tax			
Tax on profit for the year		-12,828	-18,169
Profit for the year		-72,825	-1,091
Attributable to:			
The parent company's shareholders		-72,825	-1,112
Non-controlling interests		-	21



Consolidated Balance Sheet

Assets	Note	12/31/2022	12/31/2021
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development work and similar work	11	175,870	94,434
Trademarks	12	5,371	224
Licenses	12	1,048	596
Goodwill	13	1,007,781	980,010
Total intangible fixed assets		1,190,069	1,075,264
Tangible fixed assets			
Equipment, tools, fixtures and fittings	14	11,185	7,617
Total tangible fixed assets		11,185	7,617
Financial assets			
Deferred tax assets		883	1,177
Other non-current receivables		491	3,916
Total fixed assets		1,202,628	1,087,973
Current assets			
Inventories		155,038	125,665
Total inventories		155,038	125,665
Current receivables			
Accounts receivable		205,949	240,154
Tax assets		8,409	670
Other receivables		6,691	20,374
Prepayments and accrued income	17	48,741	34,226
Total current receivables		269,791	296,601
Cash and cash equivalents			
Cash and bank	18	100,510	163,107
Total current assets		525,338	584,196
TOTAL ASSETS		1,727,966	1,672,169

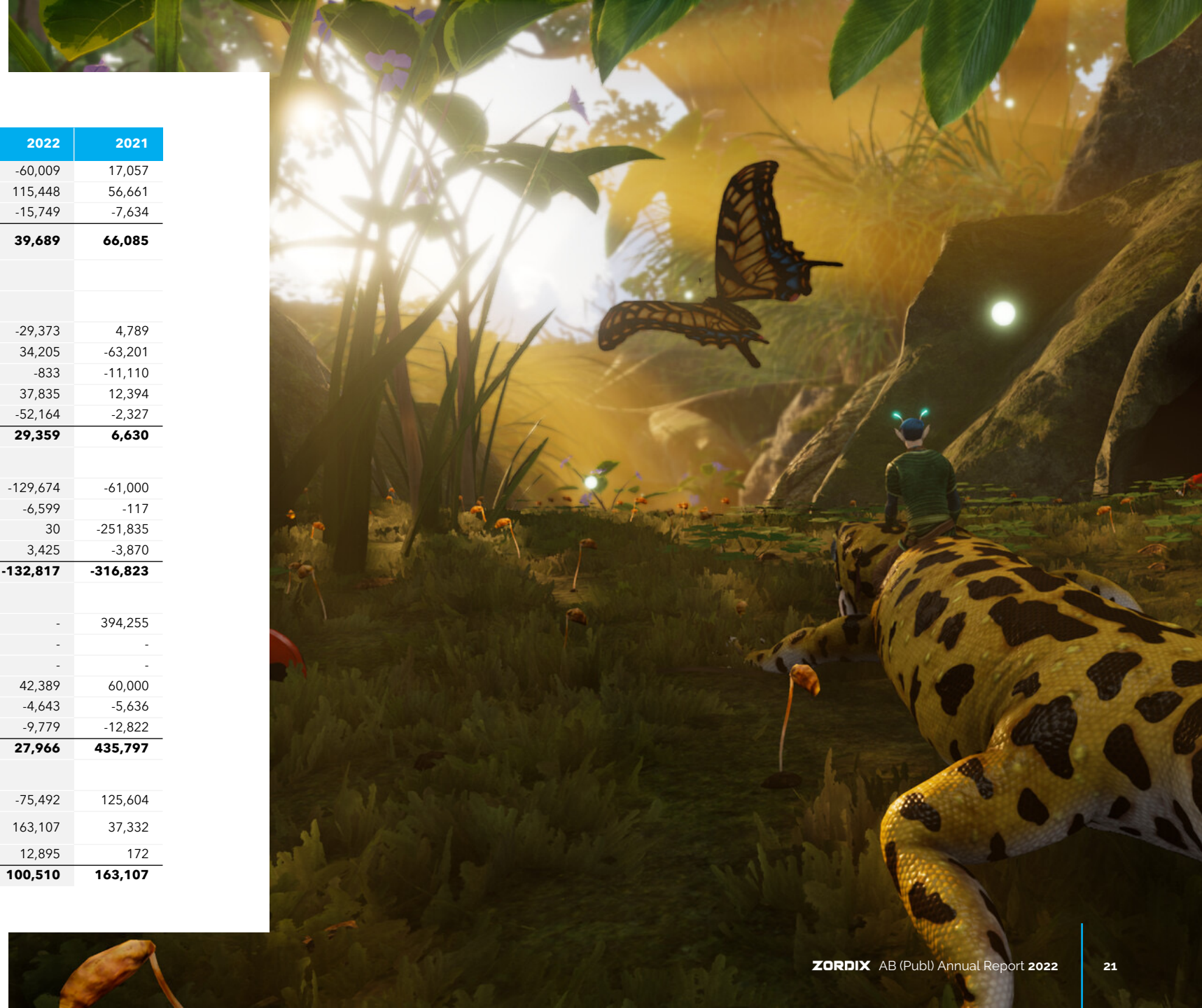
Equity and Liabilities	Note	12/31/2022	12/31/2021
Equity	19		
Share capital		4,287	4,048
Other contributed capital		746,000	700,248
Retained earnings including net profit for the year		-51,928	12,990
Equity attributable to the parent company's shareholders		698,358	717,287
Non-controlling interests		-	4
Total equity		698,358	717,290
Provisions			
Deferred tax liabilities	21	2,494	3,711
Other provisions	22	481,838	491,663
Total provisions		484,332	495,374
Non-current liabilities			
Other liabilities to credit institutions	23	76,157	31,223
Other non-current liabilities		-	36,788
Total non-current liabilities		76,157	68,012
Current liabilities			
Liabilities to credit institutions		109,952	80,352
Accounts payable		151,271	113,436
Tax liabilities		14,437	8,697
Other current liabilities		128,869	42,013
Accruals and deferred income	24	64,589	146,996
Total current liabilities		469,119	391,493
TOTAL EQUITY AND LIABILITIES		1,727,966	1,672,169

Consolidated Changes in Equity

	Share Capital	Other Contributed capital	Other equity including net result for the period	Non-controlling interests	Total equity
Opening balance equity 01/01/2021	1,896	69,385	5,970	23	77,274
New issue (net after issuance costs)	2,152	629,789	-	-	631,941
Repurchase of warrants	-	-68	-	-	-68
Profit for the year	-	-	-1,091	-21	-1,112
Translation differences	-	-	8,095	-	8,095
Other	-	1,142	18	-	1,160
Equity 12/31/2021	4,048	700,248	12,992	2	717,290
Opening balance equity 01/01/2022	4,048	700,248	12,992	2	717,290
New issue (net after issuance costs)	239	45,773	-	-	46,012
Repurchase of warrants	-	-22	-	-	-22
Profit for the year	-	-	-72,837	-	-72,837
Translation differences	-	-	7,917	-	7,917
Other	-	-	-	-2	-2
Equity 12/31/2022	4,287	746,000	-51,928	0	698,358

Consolidated Cash Flow Statement

	Note	2022	2021
Income after financial items		-60,009	17,057
Adjustments for items not included in cash flow	26	115,448	56,661
Income tax paid		-15,749	-7,634
Cash flow from operating activities before changes in working capital		39,689	66,085
Cash flow from changes in working capital			
Changes in inventories		-29,373	4,789
Changes in accounts receivable		34,205	-63,201
Changes in operating receivables		-833	-11,110
Changes in accounts payable		37,835	12,394
Changes in operating payables		-52,164	-2,327
Cash flow from operating activities		29,359	6,630
Acquisitions or divestments of intangible fixed assets		-129,674	-61,000
Acquisitions or divestments of tangible fixed assets		-6,599	-117
Acquisitions of subsidiaries, net liquidity impact		30	-251,835
Acquisition of financial assets		3,425	-3,870
Cash flow from investing activities		-132,817	-316,823
New issuance		-	394,255
Issuance costs		-	-
Warrants		-	-
Borrowings		42,389	60,000
Amortization of loans payable		-4,643	-5,636
Changes in other financing-related items		-9,779	-12,822
Cash flow from financing activities		27,966	435,797
Cash flow for the period		-75,492	125,604
Cash and cash equivalents at the beginning of the period		163,107	37,332
Exchange rate difference on cash and cash equivalents		12,895	172
Cash and cash equivalents at the end of the period		100,510	163,107



Parent Company's Income Statement

	Note	2022/01/01 - 2022/12/31	2021/01/01 - 2021/12/31
Operating income			
Net sales	3	9,144	10,976
Capitalized own development work		-	19,726
Other operating income	4	7635	2,328
		9,908	33,030
Operating costs			
Cost of goods sold		-13,162	-21,426
Other external costs	5	-4 440	-20,364
Personnel costs	6	-15,199	-17,758
Depreciation and amortization of fixed assets	11,12,14	-169	-16,813
Other operating expenses		-20	-10
Operating income (EBIT)		-23,082	-43,341
Income from financial items			
Result from participation in group companies	7	-14,130	-
Interest income and similar items	8	114,143	562
Interest costs and similar items	9	-79,294	-8,768
Income after financial items		-2,363	-51,546
Appropriations			
Change in tax allocation reserve	10	-	843
Income before tax			
Tax on profit for the year		-	174
Profit for the year		-2,363	-50,530



Parent Company's Balance Sheet

Assets	Note	12/31/2022	12/31/2021
Fixed assets			
Intangible fixed assets			
Capitalized own development work	11	-	38,214
Trademarks	12	101	101
Licenses and similar rights	12	801	545
Total intangible fixed assets		902	38,859
Tangible fixed assets			
Equipment, tools, fixtures and fittings	14	-	613
Total tangible fixed assets		0	613
Financial assets			
Investments in subsidiaries	15	489,397	482,915
Other non-current receivables in group companies		457,129	-
Other non-current receivables		93	386,219
Total fixed assets		947,521	908,605
Current receivables			
Accounts receivable		179	878
Receivables, group	16	28,610	4
Tax assets		-	-
Other receivables		2,183	781
Prepayments and accrued income, other	17	635	1,852
Total current receivables		31,606	3,515
Cash and cash equivalents			
Cash and bank	18	238	39,266
Total current assets		31,844	42,781
TOTAL ASSETS		979,364	951,386

Equity and Liabilities	Note	12/31/2022	12/31/2021
Equity	19		
Restricted equity			
Share capital		4,287	4,048
Development fund		-	38,214
Total restricted equity		4,287	42,263
Unrestricted equity			
Share premium		746,000	699,174
Retained earnings		-49,929	-37,443
Profit for the year		-2,363	-50,530
Total unrestricted equity	25	693,708	611,201
Total equity		697,995	653,464
Tax free reserves			
Tax allocation reserves	10	-	-
Total tax-free reserves		0	0
Provisions			
Other provisions	22	126,685	202,265
Total provisions		126,685	202,265
Non-current liabilities	23		
Other liabilities to credit institutions		-	4,166
Other non-current liabilities		-	9
Total non-current liabilities		0	4,176
Current liabilities			
Overdraft facility	18	13,636	-
Liabilities to credit institutions		67,101	64,978
Accounts payable		736	10,191
Liabilities to Group companies		12,521	6,870
Tax liabilities		-	238
Other current liabilities		25,821	1,125
Accruals and deferred income	24	34,870	8,255
Total current liabilities		154,684	91,657
TOTAL EQUITY AND LIABILITIES		979,364	951,386

Parent Company's Changes in Equity

	Share Capital	Development fund	Share premium	Retained earnings including net profit for the year	Total equity
Opening balance equity 01/01/2021	1,896	34,809	69,385	-34,033	72,057
New issue (net after issuance costs)	2,152	-	629,788	-	631,940
Repurchase of warrants	-	-	-	-4	-4
Profit for the year	-	-	-	-50,530	-50,530
Changes in fund for development costs	-	3,405	-	-3,405	-
Equity 12/31/2021	4,048	38,214	699,174	-87,972	653,463
Opening balance equity 01/01/2022	4,048	38,214	699,174	-87,972	653,463
New issue (net after issuance costs)	239	-	46,826	-149	46,915
Repurchase of warrants	-	-	-	-22	-22
Profit for the year	-	-	-	-2,363	-2,363
Changes in fund for development costs	-	-38,214	-	38,214	-
Equity 12/31/2022	4,287	0	746,000	-52,291	697,995

Parent Company's Cash Flow Statement

	Note	2022	2021
Income after financial items		-2,363	-51,546
Adjustment for items not included in cash flow	26	-29,083	18,470
Income tax paid		-	284
Cash flow before changes in working capital		-31,446	-32,793
Changes in accounts receivable		-5,425	579
Changes in operating receivables		-1,754	-145,945
Changes in accounts payable		-6,078	10,211
Changes in operating payables		-322	12,957
Cash flow from operating activities		-45,925	-154,991
Investing activities			
Acquisition of intangible fixed assets		-415	-20,371
Acquisition of tangible fixed assets		-	-191
Acquisition of subsidiaries, net liquidity impact		-	-251,835
Acquisition of financial assets		-12,823	-2,227
Cash flow from investing activities		-13,238	-274,624
Financing activities			
New issuance including issuance costs		-	394,255
Borrowings		21,288	60,009
Amortization of loans payable		-2,053	-1,933
Repurchase of warrants		-	-
Changes in other financing-related items		-	-18,616
Cash flow from financing activities		19,235	433,716
Cash flow for the year		-39,028	4,100
Cash and cash equivalents at the beginning of the period		39,266	35,166
Cash and cash equivalents at the end of the period		238	39,266





ADDITIONAL DISCLOSURES

Note 1: Accounting and Valuation Policies

The annual and consolidated financial statements of Zordix AB were prepared in accordance with the Swedish Annual Accounts Act and to the general recommendations of the Swedish Accounting Standards board BFNAR 2012:1 Annual accounts and consolidated financial statements (K3). The accounting policies are the same as the previous year.

INTANGIBLE ASSETS

Research and Development Costs

Development costs are recognized according to the capitalization model. That means that expenditures arising during the development phase are reported as assets when all of the following prerequisites are met:

- It is technically possible to complete the intangible fixed asset for use or sale.
- The intention is to complete the intangible fixed asset and to use it or sell it.
- Conditions exist to use or sell the intangible fixed asset.
- It is likely that the intangible fixed asset will generate future economic benefits.
- Sufficient and adequate technological, financial and other resources are available to complete the development and use or sell the intangible asset.
- The costs that are attributable to the intangible asset can be calculated reliably.

Internally generated intangible assets are recognized at cost less accumulated amortization and impairment. The cost of an internally generated intangible asset is all directly attributable development expenditure.

Other Intangible Fixed Assets

Other intangible fixed assets acquired are reported at cost less accumulated depreciation and impairment losses. Expenses for internally generated goodwill and trademarks are recognized in the income statement as expenses as they arise.

Amortization

Amortization is recognized on a straight-line basis over the asset's estimated useful life, Amortization is recognized as an expense in the income statement.

Capitalized expenditure for game development	5 years
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Acquired Intangible Assets

Licenses	5 years
Trademarks	5 years
Software	5 years
Goodwill	10 years

Tangible Fixed Assets

Tangible fixed assets are recognized at cost less accumulated depreciation and impairment. In addition to the original purchase price, cost includes expenditure that is directly attributable to the acquisition.

Additional Expenses

Additional expenses that meet the asset criterion are included in the carrying amount of the asset. Expenditure relating to routine maintenance and repairs is recognized as an expense as incurred.

Depreciation

Depreciation is recognized on a straight-line basis over the asset's estimated useful life, since this reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The depreciation is recognized as an expense in the income statement.

Machinery and other technical equipment	5 years
Equipment, tools, fixtures and fittings	5 years

Impairment losses - tangible and intangible fixed assets and participations in Group companies

At each balance sheet date, an assessment is made as to whether there is any indication that an asset value is lower than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated. The recoverable amount is the highest of the fair value less costs to sell and the value in use. The value in use is calculated as the present value of future cash flows that the asset is expected to generate in the operating activities as well as when it is sold or scrapped. The discount rate applied is before tax and reflects assessments, based on market conditions, of the time value of money and the risks associated with the asset. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last recognition of impairment loss.

Borrowing Costs

All borrowing costs have been recognized as expense

LEASING

Lessee

All leases have been classified as financial or operational leases. A financial lease is a lease under which the risks and advantages that are associated with owning an asset are, in all material respects, transferred from the lessor to the lessee. An operating lease is a lease that is not a financial lease.

Rights and obligations under financial leases are recognized as assets and liabilities on the balance sheet. On the first accounting date, the asset and liability are valued at whichever is lower of the asset's fair value and the present value of the minimum lease payments. Expenses directly attributable to the conclusion and arrangement of the lease are added to the amount recognized as an asset.

After initial recognition, minimum lease fees are distributed across interest and amortization of debt according to the effective interest method. Variable fees are reported as expenses in the financial year in which they are incurred.

The leased asset is amortized over its useful life.

Operational Lease Agreements

Leasing fees under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognized as expenses on a straight-line basis over the leasing period.

FOREIGN CURRENCY

Items in Foreign Currency

Monetary items in foreign currency are translated at the exchange rate at the balance sheet date. Non-monetary items are not translated but are recognized at the exchange rate at the date of acquisition. Exchange differences arising on the settlement of monetary items or on translation of monetary items are recognized in profit or loss for the year in which they arise.

Translation of Foreign Operations

Assets and liabilities, including goodwill and other surpluses and deficits on consolidation, are translated into the reporting currency at the exchange rate at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Exchange rate differences arising on translation are recognized directly in equity.

Foreign Subsidiaries

The income statements and cash flow statements of subsidiaries whose currency is other than Swedish kronor (SEK) are translated using the average exchange rate for the financial period. Balance sheet assets and liabilities are translated into Swedish kronor using the exchange rate at the balance sheet date. Translation differences arising from different exchange rates are recognized as translation differences in the Group's equity.

Inventory

Inventories are stated at the lower of cost and net realizable value. The risk of inventory obsolescence has been taken into account. The cost is determined using the first-in, first-out (FIFO) method. In addition to acquisition costs, the cost includes costs incurred in bringing the inventories to their present location and condition.

Financial Assets and Liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments valued based on cost) in BFAR 2012:1.

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the contractual terms of the instrument. A financial asset is derecognized when the contractual right to receive the cash flows from the asset has expired or been settled. The same applies when the risks and advantages associated with the ownership are in all material respects transferred to another party and the company no longer has control of the financial asset. A financial liability shall be derecognized when the contractual obligation is fulfilled or has ceased to exist.

Valuation of Financial Assets

Financial assets are at initial recognition valued at cost, including any transaction expenses that are directly attributable to the acquisition of the asset. After initial recognition, current financial assets are measured at the lower of cost and net realizable value at the balance sheet date.

Accounts receivable and other receivables that are current assets are measured individually at the amount expected to be collected.

Financial assets are measured, after initial recognition, at cost less any impairment and plus any revaluation.

Interest-bearing financial assets are measured at amortized cost using the effective interest method.

When measuring at the lower of cost or market (LOCOM) and when testing for impairment, the company's financial instruments held with a view to the diversification of risks are considered to be part of a portfolio of securities and are therefore measured as one item.

Derivative instruments that are financial assets and for which hedge accounting has not been applied are measured after initial recognition at the lower of cost and net realizable value at the balance sheet date.

Valuation of Financial Liabilities

Financial liabilities are measured at amortized cost. Expenses directly attributable to the raising of loans are adjusted to the cost of the loan and amortized using the effective interest method.

REMUNERATION OF EMPLOYEES

Short-Term Employee Benefits:

Short-term employee benefits include salaries, social security contributions, paid annual leave, compensated absences, health care and bonus. Short-term employee benefits are recognized as expenses and liabilities when there is legal or constructive obligation to pay a remuneration.

Post-Employment Employee Benefits

The company's post-employment benefit plans are defined contribution plans. Under defined contribution plans, fixed fees are paid to another company, generally an insurance company, with no further obligations to the employee once the fee has been paid. The size of the employee's post-employment remuneration depends on the fees that were paid and the returns that the fees generate.

Pension

The Group's pension plans are administered by various external insurance institutions. The Group has only defined contribution pension plans, but to some extent, there are also defined benefit pension plans. Payments made under defined contribution plans are recognized as personnel costs in the income statement during the period in which the employees perform the services that they relate to.

Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax liabilities. Current tax is income tax for the current financial year, which relates to the taxable profit for the year and the part of the previous financial year's income tax that has not yet been reported. Deferred tax is income tax for taxable profit for future financial years as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences except temporary differences arising from the initial recognition of goodwill. Deferred tax assets are reported for deductible temporary differences and for the carryforward of unused tax losses. The valuation is based on how the recognized value of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on tax rates and tax laws that have been enacted before the balance sheet date and are not calculated in present value terms.

Deferred tax assets are measured at no more than the amount that will likely be returned based on present and future taxable earnings. The valuation is reassessed on every balance sheet date. Untaxed reserves are divided into deferred tax liabilities and equity in the consolidated balance sheet.

Share-Based Remuneration

Share-based remuneration refers to remuneration of employees under an employee option program implemented in 2021. Personnel costs are recognized for the value of services received over the vesting periods of the programs, and are calculated as the fair value of the equity instruments granted. The fair value is determined at the grant date, that is, when Zordix and the employees have entered into agreement on the terms and conditions of the programs. As the programs are settled in equity instruments, they are classified as 'equity-settled', and an amount equal to the recognized personnel cost is recognized directly in equity (retained earnings). The vesting of the options is subject to the continued employment of the participant.

Provisions

A provision is recognized in the balance sheet when the company has a legal or informal obligation as a result of an event whereby it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made. On initial recognition, provisions are measured at the best estimate of the amount that will be required to settle the liability on the balance sheet date.

Contingencies

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or an existing obligation that arises from past events but is not recognized as a liability or provision, either because it is not probable that an outflow of resources will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are a summary term for such guarantees, financial obligations and any liabilities that are not included in the balance sheet.

Revenue

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 - Current Account

Revenue from current account assignments is recognized as income as work is performed.

Service Assignments - Fixed Price

Contract revenue and contract expenses relating to fixed-price service assignments are recognized as income and expenses based on the stage of completion at the balance sheet date. The degree of completion is calculated as contract expenses incurred for work performed as of the balance sheet date in relation to the estimated total contract expenses. An expected loss is recognized as an expense, because it is probable that total contract expenses will exceed total contract revenue.

Sales of 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 the significant risks and rewards of ownership of the goods.

Right of Return

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.

Financial Income and Costs

Interest income and interest costs are recognized in profit or loss using the effective interest method.

Interest, Royalties and Dividend

Revenue is recognized when it is likely that the financial benefits arising from the transaction will be available to the company and when the revenue can be reliably calculated.

Interest is recognized as revenue according to the effective interest method.

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Dividend is recognized when the competent body has decided that a dividend shall be paid.

Public Grants

Public grants that are not contingent on future performance are recognized as revenue when the conditions for the award of the grant are satisfied. Public grants that are contingent on future performance are recognized as revenue when the performance is delivered. If the grant has been received before the satisfaction of the associated conditions, the grant is recognized as a liability. The company has received grants for new start jobs.

Cash Flow Statement and Cash Equivalents

The cash flow statement is drawn up using the indirect method. The reported cash flow covers only operations resulting in cash transactions. Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with a maturity less than three months from the date of acquisition.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiary Undertakings

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50 percent of the voting rights or otherwise has a controlling influence. Controlling influence means a right to formulate a company's financial and operational strategies in order to obtain financial benefits. The recognition of business combinations is based on the unit perspective, meaning that the acquisition analysis is conducted on the date on which the acquiring party gains a controlling interest. From this point onwards, the acquirer and the acquired entity are regarded as an accounting unit. Application of the unitary view also means that all assets and liabilities, as well as income and expenses, are included in their entirety even for part-owned subsidiaries.

The cost of a subsidiary is calculated as the sum of fair value on the date of acquisition for purchased assets, plus accrued and assumed liabilities as well as issued equity instruments, expenses directly attributable to the business acquisition, and any contingent consideration. The acquisition analysis determines, with some exceptions, the fair value of the identifiable assets acquired, the liabilities assumed, and minority interest, at the acquisition date. Minority interests are measured at fair value at the acquisition date. As of the acquisition date, the acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill, are included in consolidated financial statements.

Change in Ownership Stake

No additional acquisition analysis is prepared when additional shares are acquired in companies that already are subsidiaries, as the parent company already has a controlling influence. Because changes in the ownership of companies that are subsidiaries are purely transactions between owners, gains or losses are not recognized in profit or loss and the effect of the transaction is recognized only in equity.

When additional interests are acquired in a company, hence making it a subsidiary, an acquisition analysis is drawn up. The previously held shares are considered divested. Shares in a subsidiary have been acquired. The gain or loss, calculated as the difference between the fair value and the carrying amount on consolidation, is recognized in the consolidated income statement.

If shares in a subsidiary are divested or the controlling influence otherwise ceases, the shares are regarded as divested in the consolidated financial statements, and the resulting gain or loss is recognized in the consolidated income statement. When controlling influence ceases, any remaining shares are recognized with the fair value on the date of acquisition as cost.

Elimination of Transactions Between Group Companies

Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from transactions between group companies are eliminated in their entirety.

Goodwill

Goodwill on consolidation arises when the cost of acquiring an interest in a subsidiary exceeds the value of the identifiable net assets of the acquiree as determined by the acquisition analysis. Goodwill is recognized at cost less accumulated amortization and any impairment.

Other Intangible Assets

Other intangible assets comprise mainly licences, trademarks, and administrative software. These assets are recognized at cost less amortization according to plan. Amortization is carried out on a linear basis over the estimated useful life.

Contingent Consideration

If, at the acquisition date, it is probable that the purchase price will be adjusted at a later date and the amount thereof can be estimated reliably, the amount shall be included in the calculated final cost of the unit acquired. Within twelve months of the acquisition date, adjustments to the value of the contingent consideration affect goodwill. Adjustments made later than twelve months after the acquisition date are recognized in the consolidated income statement.

Adjustment of Acquisition Analysis

In cases where the prerequisites underlying the acquisition analysis are incomplete, the acquisition analysis is adjusted to better reflect the actual circumstances at the acquisition date. Adjustments within twelve months of the acquisition date are carried out retrospectively. Adjustments taking place later than twelve months after the acquisition date are accounted for as a change in accounting estimate.



PARENT COMPANY'S ACCOUNTING POLICIES

Intangible Assets

When recognizing expenditure on the development of generated research results or other knowledge, the parent company applies the expensing method, which means that all expenditure is expensed as incurred.

Tangible Fixed Assets

In the parent company, dismantling, removal and site restoration expenses are not included in the cost of a tangible fixed asset. Instead, a provision is recognized progressively over the useful life of the asset.

Borrowing Costs

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

Leases

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

Foreign Currency

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

Participations in Subsidiaries, Associated Companies and Joint Ventures

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

Tax

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

Equity

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

Appropriations

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

Revenue

Service assignments and construction contracts - fixed price.

Contract revenue and contract expenses relating to fixed price assignments are recognized as revenue in the parent company when the work is essentially completed (the completion method).

Note 2: Estimates and Assessments

Estimates and assessments are reviewed regularly and are based on past experience and other factors, including expectations of future events that are judged to be reasonable taking current conditions into consideration.

The Group incurs development expenditure relating to game development, which is recognized as intangible assets. After initial recognition, the assets are tested for impairment as soon as there is an indication of decrease in value. The Group estimates the useful life in connection with the initial recognition. The useful life is reviewed annually and adjusted as needed.

Provisions for additional consideration reflect management's assessment of the likely outcome. These are subject to ongoing assessment and are revised if an outcome other than the previous estimate is deemed more likely.

Note 3: Net Sales Per Geographic Market

Net sales of the Group and the parent company can be broken down by geographic market as follows.

Net sales per geographic market	2022	2021
Group		
Sweden	6,378	9,346
EU countries	428,915	325,875
Non-EU countries	702,978	127,664
Total	1,138,271	462,886
Parent company		
Sweden	1,882	5,629
EU countries	987	4,548
Non-EU countries	6,275	800
Total	9,144	10,976

Note 4: Other Operating Income

Other operating income	2022	2021
Group		
Exchange gains on receivables/liabilities of an operating nature	1,203	147
Adjustment to provision for earn-out	28,332	-
Capital gains	39	33
Other	575	3,138
Total	30,148	3,318
Parent company		
Exchange gains on receivables/liabilities of an operating nature	388	1,302
Capital gains	-	-
Other	376	936
Total	763	2,238

Note 5: Fees and Payment of Expenses to the Auditors

The audit assignment involves review of the the annual report and the financial accounts of the parent company and the Group. It further includes the review of the Board of Directors' and the CEO's administration, as well as other tasks which are for the company's auditor to perform, and consultation and other assistance in response to observations made during the performance of such review and other tasks.

Group	2022	2021
PwC		
Audit assignment	1,568	1,072
Audit work in addition to the audit assignment	-	127
Tax consultancy services	70	2
Other tasks	-	3,167
Total PwC	1,638	4,368
Other auditors		
Audit assignment	1,258	304
Audit work in addition to the audit assignment	201	-
Tax consultancy services	1,401	-
Other tasks	91	-
Total	4,589	4,671
Parent company		
PwC Sweden		
Audit assignment	1,583	812
Audit work in addition to the audit assignment	-	127
Tax consultancy services	70	2
Other tasks	-	3,167
Total	1,653	4,108

Note 6: Employees, Personnel costs and Board Fees

Average Number of Employees	2022	Of whom men	2021	Of whom men
Parent company				
Sweden	6	83%	20	85%
Total in parent company	6	83%	20	85%
Subsidiaries				
Sweden	23	73%	10	70%
France	25	84%	15	73%
Hungary	42	95%	38	92%
The United Kingdom	37	73%	19	79%
Germany	1	0%	0	0%
The United States	78	67%	77	65%
Total in subsidiaries	206	76%	159	74%
Total in the Group	212	76%	179	74%

Salaries and other remuneration broken down by country between board members, etc.

	2022		2021	
	Board of Directors & CEO	Other employees	Board of Directors & CEO	Other employees
Parent company				
Sweden	2,671	9,880	2,679	14,159
Total in parent company	2,671	9,880	2,679	14,159
Subsidiaries				
Sweden	-	12,592	-	4,403
Hungary	-	13,225	90	10,643
France	-	11,392	584	8,981
The United Kingdom	-	22,086	222	5,396
Germany	-	229	-	-
The United States	6,007	64,415	1,656	6,945
Total in subsidiaries	6,007	123,939	2,552	36,368

Note 7: Result for Participation in Group Companies

Parent company	2022	2021
Dividends received	23,142	-
Result for sale of subsidiary	-103	-
Write-down of participation in subsidiary	-37,169	-
Total	-14,130	0

Note 8: Interest income and similar items

Group	2022	2021
Interest income, credit institutions	1	404
Currency adjustments, gain	33 838	-
Total	33 839	404

Parent company	2022	2021
Interest income, Group companies	22,097	553
Interest income, other	1	9
Currency adjustments, gain	92,046	-
Other financial gains	-	-
Total	114,143	562

Note 9: Interest Costs and Similar Items

Interest costs and similar items of profit or loss	2022	2021
Group		
Interest costs, credit institutions	-32,109	-1,619
Other interest costs	-	-3,000
Other costs	-7	-
Total	-32,116	-4,619
Parent company		
Interest costs, Group companies	-31	-
Interest costs, other	-26,840	-8,768
Currency adjustments, loss	-52,422	-
Other financial losses	-	-
Total	-79,294	-8,768

Note 10: Appropriations

Appropriations	2022	2021
Tax allocation reserve, provision for the year	-	-
Tax allocation reserve, reversal for the year	-	843

Note 11: Capitalized Game Development Cost

Group	12/31/2022	12/31/2021
Gross value		
At the beginning of the year	118,215	46,764
New purchases	110,500	51,687
Business acquisition	-	19,758
Reclassification	-34,897	-
Translation differences for the year	6,883	6
At year-end	200,701	118,215
Accumulated depreciation		
At the beginning of the year	-23,781	-5,063
Depreciation for the year	-41,051	-4,738
Impairment for the year	26,548	-15,076
Reclassification	14,213	-
Translation differences for the year	-760	1,096
At year-end	-24,831	-23,781
Carrying amount at year-end	175,870	94,434

Parent company	12/31/2022	12/31/2021
Accumulated cost		
At the beginning of the year	58,085	38,359
New purchases	-	19,726
Sales/disposal	-58,085	-
At year-end	-	58,085
Accumulated depreciation		
At the beginning of the year	-19,871	-3,302
Depreciation for the year	-	-1,493
Sales/disposal	19,871	-
Impairment for the year	-	-15,076
At year-end	-	-19,871
Carrying amount at year-end	-	38,214

Note 12: Licenses and Trademarks

	12/31/2022	12/31/2021
Group		
Accumulated cost		
At the beginning of the year	820	17
New purchases	5,560	752
Business combinations	-	50
Reclassification	1,468	-
Translation differences for the year	209	-
At year-end	8,056	820
Accumulated amortization		
At the beginning of the year	-	-
Amortization for the year	-1,588	-
Reclassification	-6	-
Translation differences for the year	-44	-
At year-end	-1,638	-
Carrying amount at year-end	6,418	820

	12/31/2022	12/31/2021
Parent company		
Accumulated cost		
At the beginning of the year	646	17
New purchases	415	629
At year-end	1,061	646
Accumulated amortization		
At the beginning of the year	-	-
Amortization for the year	-159	-
At year-end	-159	-
Carrying amount at year-end	902	646

Note 13: Goodwill

Group	12/31/2022	12/31/2021
Accumulated cost		
At the beginning of the year	1,010,697	9,427
Business combinations	27,551	963,595
Translation differences for the year	116,699	37,675
At year-end	1,154,946	1,010,697
Accumulated amortization		
At the beginning of the year	-30,688	-761
Adjustment	16	-
Amortization for the year	-110,854	-29,280
Translation differences for the year	-5,640	-647
At year-end	-147,165	-30,688
Carrying amount at year-end	1,007,781	980,010



Note 14: Equipment, Tools, and Installations

Group	12/31/2022	12/31/2021
Accumulated cost		
At the beginning of the year	10,246	2,149
New purchases	13,309	645
Business combinations	-	6,701
Sales/disposal	-3,186	-
Translation differences for the year	2,334	751
At year-end	22,703	10,246
Accumulated depreciation		
At the beginning of the year	-2,629	-1,018
Depreciation for the year	-3,031	-1,135
Sales/disposal	-4,516	-
Translation differences for the year	-1,342	-476
At year-end	-11,518	-2,629
Carrying amount at year-end	11,185	7,617

Parent company	12/31/2022	12/31/2021
Accumulated cost		
At the beginning of the year	1,629	1,438
New purchases	-	191
Sales/disposal	-1,629	-
At year-end	0	1,629
Accumulated depreciation		
At the beginning of the year	-1,017	-772
Depreciation for the year	-	-245
Sales/disposal	1,017	-
At year-end	-	-1,017
Carrying amount at year-end	-	613

Note 15: Investments in Subsidiaries

The parent company's participations in subsidiaries as of the balance sheet date amounted to a total of KSEK 489 397.

Investments in subsidiaries	12/31/2022	12/31/2021
Accumulated cost		
At the beginning of the year	482,915	10,800
Acquisitions	30	472,115
Shareholders contributions	37,721	-
Revaluation/Adjustments	6,001	-
Disposals	-37,273	-
Currency Adjustment	3	-
At year-end	489,397	482,915

Subsidiaries	Country	Ownership interest %
Dimfrost Studio AB	Sweden	100
Invictus Games Kft	Hungary	100
Just for Games SAS	France	100
Merge Games Ltd	The United Kingdom	100
Zordix Racing AB	Sweden	100
MG1 Acquisition Corporation Inc	The United States	100
MG Team LLC	The United States	100
Maximum Games LLC	The United States	100
Modus Studio Brazil Ltda	Brazil	100
Modus Games LLC	The United States	100
Maximum Games Ireland Ltd	Ireland	100
Maximum Games Ltd	The United Kingdom	100
Maximum Games GmbH	Germany	100

Note 16: Receivables Group

	12/31/2022	12/31/2021
Parent company		
Accounts receivables	6,128	-
Other short term receivables	-	-
Accrued interest	22,481	-
Total	28,610	0

Note 17: Prepayments and Accrued Income

	12/31/2022	12/31/2021
Group		
Prepaid royalties	19,640	17,330
Prepaid costs for future game releases	13,941	13,075
Prepaid rent	358	566
Prepaid insurance	1,578	1,252
Accrued income	10,632	-
Other prepayments and accrued income	2,593	2,002
Total	48,741	34,226
Parent company		
Prepaid rent	120	178
Prepaid insurance	28	-
Other prepayments and accrued income	487	1,674
Total	635	1,852

Note 18: Cash, Cash Equivalent and Overdraft Facilities

Group	12/31/2022	12/31/2021
The following subcomponents are included in cash and cash equivalents		
Cash in bank	100,510	163,107
Total	100,510	163,107
Parent company		
The following subcomponents are included in cash and cash equivalents		
Cash in bank	238	39,266
Total	238	39,266
Granted overdraft facility	15,000	-
Utilized overdraft	-13,636	-
Remaining overdraft facility	1,364	0

Granted amount for overdraft in the parent company amounts to up to SEK15 000 000. No other overdraft facility exists elsewhere in the Group

Note 19: Number of Shares and Quote Value

	12/31/2022	12/31/2021
A shares		
Number of shares	2,000,000	2,000,000
Quota value, SEK	0.1	0.1
B shares		
Number of shares	40,866,231	38,484,515
Quota value, SEK	0.1	0.1
Total number of shares	42,866,231	40,484,515

Note 20: Collateral Pledged

Pledged collateral for debt and provisions	12/31/2022	12/31/2021
Group		
Pledged Assets	310,600	60,072
Total	310,600	60,072
Parent company		
Rent guarantee for subsidiary	98	-
Business mortgage	13,810	13,810
Total	13,908	13,810

Note 21: Provisions for Deferred Taxes

Group	12/31/2022	12/31/2021
Capitalized expenditure for game development	2,347	3,584
Other temporary differences	147	127
Total	2,494	3,711

Note 22: Provisions for Contingent Consideration

Group	12/31/2022	12/31/2021
Group		
Opening balance	491,663	-
Reclass of provision	-17,649	-
Provision utilized	-48,516	-
Revaluation	58,404	-
Movement of the year	-2,063	491,663
Closing Balance	481,838	491,663
Parent company		
Opening balance	202,264	-
Reclass of provision	-17,649	-
Provision utilized	-48,516	-
Revaluation	13,816	-
Movement of the year	-23,230	202,264
Closing Balance	126,685	202,264

Note 23: Long-Term Liabilities

Group	12/31/2022	12/31/2021
Other liabilities to credit institutions		
Liabilities that fall due for payment more than 5 years after the balance sheet date	-	3,043
Liabilities that fall due for payment between 1-5 years after the balance sheet date	76,157	28,180
Total	76,157	31,223

Note 24: Accruals and Deferred Income

Group	12/31/2022	12/31/2021
Group		
Accrued royalties	2,177	85,139
Accrued purchases (goods and services)	310	2,277
Accrued interest	29,654	1,610
Accrued wages, bonus and holiday pay	10,517	20,780
Other accruals and deferred income	21,931	37,189
Total	64,589	146,996
Parent company		
Accrued interest	29,654	1,610
Accrued wages, bonus and holiday pay	2,891	6,644
Other accruals	2,325	-
Total	34,870	8,255

Note 25: Appropriations of Profit or Loss

The following funds are available to the Annual General Meeting.

Share premium	746,000
Retained earnings	-49,929
Profit for the year	-2,363
Total	693,708

Note 26: Non Cash-Flow Items

Group	2022	2021
Depreciation/amortization and impairment	156,524	50,259
Other	-1,065	884
Accrued interest	-40,012	5,518
Total	115,448	56,661
Parent company		
Depreciation/amortization and impairment	169	16,813
Tax-free reserves	-	843
Provision for earn-out	28,832	-
Accrued interest	82	814
Total	29,083	18,740

Note 27: Related Party Transactions

During the financial year, normal trade has occurred between the companies of the Group.

Note 28: Significant Events After the End of the Year

- MG1 Acquisition Corporation, the US affiliate of Zordix has secured a \$30 million USD senior credit facility. The U.S. based facility has a maturity of 36 months and will be used to refinance existing debt, investment in owned IP games, and to pursue accretive acquisitions.
- Zordix launched Maximum Entertainment as a strategically realigned global entertainment company with differentiated inhouse publishers and a newly restructured development division, Modus Studios. The company also presented a new corporate identity, and the roadmap of upcoming releases .
- Maximum Entertainment Srl, the Romanian affiliate of the group announced the acquisition of the assets of FUN Labs, a development studio based in Romania.

Note 29: Definitions

Net sales	Revenue from sales less discounts and VAT and after elimination of any intra-group sales.
EBITDA	Operating income before depreciation and amortization.
Operational EBIT	Operating income excluding amortization of acquisition-related goodwill.
EBIT	Operating income.
EBITDA margin	EBITDA as a percentage of net sales.
Operational EBIT margin	Operational EBIT as a percentage of net sales
EBIT margin	EBIT as a percentage of net sales.
Balance sheet total	Total assets
Equity	Total equity
Equity ratio	Equity as a percentage of the balance sheet total.
Zordix or the Company	Refers to Zordix AB (publ), company registration number 556778-7691, or the Group or companies in the Group in which Zordix is the Parent Company, depending on the context.





SIGNATURES

Umeå, the 5th of May, 2023

CHRISTINA SEELYE - CHIEF EXECUTIVE OFFICER

STEFAN LINDEBERG - CHAIRMAN OF THE BOARD

MATTI LARSSON - DIRECTOR

STEFAN LAMPINEN - DIRECTOR

DAVID ERIKSSON - DIRECTOR

OUR AUDIT REPORT WAS SUBMITTED ON MAY 5th, 2022
ÖHRLINGS PRICEWATERHOUSECOOPERS AB

NIKLAS RENSTRÖM - AUTHORIZED PUBLIC ACCOUNTANT

Auditor's Report

To the general meeting of shareholders of Zordix AB (publ), reg.no. 556778-7691

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Zordix AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 6 to 47 in this document

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2022, and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information Than the Annual and Consolidated Accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 to 5. The Board of Directors and the Chief Executive Officer are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's Report

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined the administration of the Board of Directors and the CEO of Zordix AB (publ) for 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Report

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Remark

Without affecting our statements, we would like to point out that withheld tax, social security contributions and VAT were not paid on time on several occasions.

Stockholm, Sweden, May 5th 2023
Öhrlings PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant





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