

Interim report

1 JANUARY – 30 SEPTEMBER 2024

Third quarter

Revenue	SEK 51.8 million	(61.3)
EBITDA	SEK 2.2 million	(2.7)
Adjusted EBITDA	SEK 2.2 million	(2.7)
Operational EBIT ¹	SEK -0.6 million	(0.7)
EBIT	SEK -21.0 million	(-21.5)
Result after tax	SEK -23.4 million	(-19.7)
Cash flow from operating activities	SEK -5.9 million	(16.9)
Diluted earnings per share ²	SEK -0.01	(-0.20)

First nine months

Revenue	SEK 154.2 million	(176.8)
EBITDA	SEK 0.7 million	(11.0)
Adjusted EBITDA	SEK 6.2 million	(11.0)
Operational EBIT ¹	SEK -7.6 million	(5.5)
EBIT	SEK -101.8 million	(-60.1)
Result after tax	SEK -86.0 million	(-71.6)
Cash flow from operating activities	SEK -9.3 million	(2.7)
Diluted earnings per share ²	SEK -0.03	(-0.74)

During the quarter



Playdigious releases *Linkito* – the first game to be published and released under the Playdigious Originals business unit and label.



The Rights Issue decided in May is completed and 84.5% subscribed. The Issue brings the Company SEK 60.9 million before issue costs.



The Swedish Cup kicks off with strong support from new and returning sponsors and partners.



Sales of SEK 0.8 million for *Kumo*, Lucky Kat's brand mascot and NFT collection, as part of the campaign ahead of the \$KOBAN launch.

¹ Operational EBIT is defined as EBIT excluding non-operational amortisation and impairment of intangible assets

² Per number of shares at the end of the quarter

Significant events during the period

- *Loop Hero* reaches 1 million downloads since its release, the title performing above expectations both in terms of downloads and unit sales of the full game.
- The Company announces the outcome of the Rights Issue. Subscribed units correspond to approximately 51.2 percent of the Rights Issue with and without the exercise of unit rights, and approximately 33.3 percent through the fulfilment of guarantee commitments. The Issue brings the Company approximately SEK 60.9 million before issue costs.
- Playdigious releases *Linkito* – the first game to be published and released under the Playdigious Originals business unit and label.
- The Company carries out a directed share issue of 66,000,000 shares to guarantors in connection with the completed Rights Issue.
- The Company announces that cost reductions totalling just over SEK 11 million on an annual basis, or just over SEK 0.95 million per month, have been implemented.
- The Company sets the final earn-out for the Lucky Kat acquisition at zero, while constructive dialogue on new forms of cooperation with the sellers is ongoing. The provision for the maximum possible earnout of EUR 4 million is written down to EUR 0.3 million to allow scope for possible future solutions.
- Playdigious announces the upcoming PC title *Crown Gambit* live at the Future Games Show during the Gamescom global game fair.
- Lucky Kat and Wagmi enter into a partnership with market-leading launch pad DAO Maker ahead of the public launch and sale of the Company's in-game token \$KOBAN.
- Fragbite AB opens the 2024 edition of the Swedish Cup. Global market leader FACEIT is been engaged as platform partner, with MAX Burgers, Tele2 and Spendrups returning as sponsors alongside the new sponsor Unibet.
- The Company carries out a directed share issue of SEK 1 million to House of K Holding Ltd and expresses the objective of increasing the number of professional, long-term investors.
- Shareholders who together hold more than 10 percent of the total number of shares and votes in the Company submit a request for an Extraordinary General Meeting. The request concerns proposals for changes to the Board.
- Lucky Kat carries out an NFT sale of SEK 0.8 million as part of the marketing campaign for the public launch of \$KOBAN.

Significant events after the end of the period

- The Company publishes an update with selected financial information for July and August 2024.
- Playdigious releases mobile game *Children of Morta*.
- The Company announces the outcome for the exercise of Warrants in series TO2, with 119,719,059 Warrants being exercised, corresponding to a subscription rate of 32.42%. The Issue brings the Company approximately SEK 3.59 million before issue costs.
- The Company takes up loans totalling SEK 5 million in order to strengthen the balance sheet. The lenders are a group of existing shareholders wishing to support and accelerate Fragbite Group's growth. The loans mature on 16 July 2025 and may, at the Company's initiative and with the approval of the lenders, be converted into shares on two specified occasions.
- Playdigious expands its distribution in China. Contracts for *Loop Hero* are signed with a distribution partner to manage the application process and a publishing partner for the subsequent release in the Chinese market.
- Board members Maria A. Grimaldi and Claes Kalborg request to resign from the Board as of 16 October. At the Extraordinary General Meeting on 4 November, Niclas Bergkvist and Mikael Pettersson are elected as new Board members.
- The same meeting also adopts a reverse share split, whereby 500 existing shares are to be consolidated into 1 share.
- Fragbite AB concludes this year's Swedish Cup tournament with a successful final weekend, breaking last year's viewing record.
- FunRock & Prey Studios enter into an agreement for a second work-for-hire assignment.
- Lucky Kat and Wagmi announce development of \$KOBAN into a protocol token to widen revenue streams and allow for node sales capital raise.

CEO's comments

The third quarter of the year started with the Company completing the rights issue adopted at the end of May – an important component in restructuring and rebuilding Fragbite Group.

During the quarter, the Group developed in the positive direction expected by the Board and management following the cost reduction programme. EBITDA and adjusted EBITDA for the quarter were SEK 2.2 million compared with the second quarter when they were both negative. It will take some more time for the Company to fully recover, but at this level we can see that improvements are yielding effect. All identified cost reductions are now fully implemented, but efforts to increase overall efficiency in the Group's subsidiaries and the Group as a whole continues.

Revenue

Revenue for the quarter was SEK 51.8 million, which is lower than the same period in the previous year and below our forecasts. This is mainly attributable to the Gaming business area, for the most part due to a delayed release. The release plan for the year included the mobile version of one of the most prominent titles Playdigious has signed so far. Our team has been ready to release the game for some time, but due to requests from the IP owner, both the announcement and release of the game have been postponed until 2025, taking their pipeline into account. As this game was central to Playdigious' core business of porting, this has had a noticeable effect on the business area's overall revenue in the third and fourth quarters. Playdigious has worked with the IP owner to find solutions, and an advance payment was made in the fourth quarter as compensation – the first of three until release. We look forward to presenting this exciting game on the other side of the New Year.

High activity at Playdigious

Playdigious had an intense quarter in terms of marketing campaigns, participating in several events. The highlight of the summer was the live presentation of *Crown Gambit* at Gamescom, the world's largest event for computer and video games. *Crown Gambit* is the third title that Playdigious Originals has signed. The game is planned for release in the first half of 2025, when the much-awaited *Fretless – The Wrath of Riffson* is also expected to reach the market.

Playdigious has placed added focus on distribution during the quarter, particularly in regard to the Chinese market. Three applications, including one for award-winning title *Spiritfarer*, have been pending approval for some time. As it is the Playdigious team's assessment that there are other titles in the portfolio that would do well in China, negotiations are in progress with potential new partners with the objective of shortening the processing time for

new applications. A contract for *Loop Hero* was recently signed which is very positive news.

The total estimated net revenue of the Playdigious pipeline of new games remains between EUR 10 and 17 million. The estimate corresponds to a game's total net revenue over a period of three years from release, before licensing costs and platform fees. We aim to publish an update on the value of this pipeline during the first quarter of 2025. Despite the delay of the autumn's big title, the plan to further increase the release pace in 2025 still hold.

The Swedish Cup establishes important partnerships

Sweden's largest national esports tournament began at the end of the third quarter. The tournament, played in Counter-Strike, is organised by subsidiary Fragbite AB whose business unit Config assists sponsors and partners with brand-building communication. A testament of last year's success is the fact that MAX Burgers, Tele2 and Spendrups have all returned as sponsors alongside the new sponsor Unibet. The team's success in engaging global market leader FACEIT as a platform partner was a real feather in the cap and allowed for a broader distribution of the Swedish Cup. The final was held last weekend in front of a full arena and the first statistics show record viewing numbers and high levels of engagement across all channels. When the time comes to report on the fourth quarter, we will have a complete outcome of this year's tournament and with it plans for how to grow next year's Swedish Cup.

An ecosystem takes shape

The Web3 business area has delivered a strong quarter in terms of revenue and EBITDA, while in terms of cash flow we continue to see a negative effect from the public launch of \$KOBAN not having been carried out during the end of 2023 as initially planned.

At Lucky Kat and Wagmi, work has been continuing in preparation for the upcoming public launch of \$KOBAN. During the period, we were pleased to announce a partnership with DAO Maker – the world's leading launch pad. DAO Maker is highly sought after and accepts less than 1% of all partnership applications. This is a positive indication that the leading global launch pad sees the potential in \$KOBAN's ecosystem.

In late September, an NFT sale was carried out for a collection tied to Lucky Kat's new brand mascot *Kumo*. The aim of the campaign for *Kumo* was to build Lucky Kat's brand as a game developer and web3 studio, and to show the strength of the ecosystem of games and digital assets based on the \$KOBAN. Initially, the plan was to release the NFT collection in three stages, all of them free, but with such a positive response after the first two stages and high NFT turnover in the market, we decided to make the third stage a sale. *Kumo* topped the list of the best-selling NFT collections for many weeks and currently has a market value of circa USD 800,000. I am

impressed by how the team has successfully packaged, marketed and sold this collection.

The business area has a strong pipeline of business opportunities. Over the period, Lucky Kat and Wagmi have taken several important steps to establish the foundations of a B2B business with commercial partnerships and services in connection with \$KOBAN's ecosystem. We have started the development of \$KOBAN as a protocol token, which enables not only added revenue models but also node sales – something we believe can increase the business area's financial upside. We expect 2025 to be a year of business growth.

Work-for-hire strengthens revenue

FunRock & Prey Studios have continued the work-for-hire project which was initiated early in Q2, alongside their work on *MMA Manager 2*. As recently communicated, we have expanded the work-for-hire business with an additional assignment. Under the first project, the studio built a white-label game based on *MMA Manager 2*. This new assignment is also for a white-label game for which the subsidiary has utilised an inactive IP.

The business has gradually become more efficient and was profitable in terms of EBITDA for most of the period. I am pleased to see an inactive IP from the Company's broad portfolio being utilised for new business – using our IPs as leverage is a key part of Fragbite Group's strategy. These assignments are profitable and provide a good cash injection, and we have a plan for how the subsidiary will take the next step and become profitable.

Looking ahead

Our most important task remains to ensure that the healthy profitability that characterises much of the business is extended to the whole Group, at both individual subsidiary and Group level. When we put 2024 behind us, it will have been a turbulent year in many respects, but I am extremely proud of all the employees who have worked hard to turn things around to the much-improved point where we stand today. There is now just over a month of 2024 left, during which we expect a high level of activity in all areas. I look forward to closing the year and then starting 2025 with renewed vigour.

Stefan Tengvall, President and CEO

We are Fragbite Group

Fragbite Group AB (publ) (“Fragbite Group” or “The Company”) is a publicly traded, Swedish company with a portfolio of established subsidiaries that develop, adapt and publish games and esports content within GAMING, ESPORTS and WEB3. Our products are developed for traditional platforms – PC, console and mobile – as well as modern platforms built on blockchain technology. Together we create entertainment for the global gaming market by meeting the needs of a new generation of gamers – **play, watch, own**.

The Group is headquartered in Stockholm and has employees in Sweden, France, the Netherlands and Gibraltar. Fragbite Group has been listed on Nasdaq First North Growth Market since 2021.

More about our business concept and strategy can be found on pages 9-13 of Fragbite Group’s 2023 annual report: www.fragbitegroup.com/en/investors/financial-reports

OUR SUBSIDIARIES

- **Fragbite** is based in Sweden and is one of the Nordic region’s largest communities in esports. The company develops and operates tournament concepts and offers marketing services through the Config esports and gaming agency.
- **Funrock & Prey Studios** is a game studio based in Sweden that designs and develops game engines and games for mobile platforms.
- **Lucky Kat** is a game studio based in the Netherlands that develops web3 games based on blockchain technology as well as hypercasual mobile games.
- **Playdigious** is a game developer based in France that develops successful game titles from PC to mobile, and subsequently publishes them. Under the Playdigious Originals brand, independent games for PC and console are published.
- **Wagmi** is the Group’s issuer of financial assets within web3. Based in Gibraltar and registered as a Virtual Asset Service Provider by the Gibraltar Financial Services Commission.

OUR BUSINESS AREAS

Gaming

The Gaming business area includes FunRock & Prey Studios and Playdigious, and Lucky Kat’s business in the hypercasual genre. The company develops games, with a focus on free-to-play mobile games. We also port already released games from PC and console to mobile platforms and then publish them. Finally, the company publishes games in the indie game genre for PC and console.

Esports

The Esports business area comprises Fragbite AB. The business is based on expertise in marketing through esports and gaming content and is conducted under the Fragbite and Config brands.

Web3

The Web3 business area comprises Wagmi, as well as Lucky Kat’s business in this area. The company develops ecosystems, communities and digital assets within the framework of games built on blockchain technology.

Financial performance January – September 2024

Fragbite Group SEK thousands	Jul-Sep		Jan-Sep		R12m	Full Year
	2024	2023	2024	2023	2023/2024	2023
Revenue	51 835	61 255	154 184	176 829	214 553	237 198
Adjusted EBITDA	2 193	2 681	6 175	11 050	11 318	16 193
EBITDA	2 193	2 681	693	11 050	5 836	16 193
Operational EBIT	-582	718	-7 598	5 523	-26 822	-13 701
EBIT	-20 951	-21 547	-101 804	-60 073	-138 460	-96 728
Net profit after tax	-23 397	-19 700	-85 985	-71 649	-67 484	-53 148

Adjusted EBITDA is EBITDA adjusted for extraordinary costs. Earnings for the period were negatively affected by extraordinary costs of SEK 5,482 thousand, of which SEK 5,482 thousand were in Q2. SEK 1,741 thousand was related to restructuring costs and SEK 3,742 thousand to the bankruptcy of the Swedish subsidiary Fall Damage Studio AB.

THE GROUP'S REVENUE

Revenue for the quarter amounted to SEK 51.8 (61.3) million and for the first nine months SEK 154.2 (176.8) million. The decline compared to the previous year is mainly attributable to the Gaming business area and Playdigious. The subsidiary's operations are based – in addition to updating and broadening distribution for the existing portfolio – on the continuous release of new games in order to maintain revenue. A postponement caused by the IP owner of a significant, not yet announced title in the porting business is the main reason for the quarter's revenue decline compared to the previous year. The previous year's revenue for the first nine months also included sales proceeds from the divestment of two titles in the hypercasual genre, and the previously recurring revenue for these titles is now also gone.

OPERATING PROFIT

EBITDA for the quarter amounted to SEK 2.2 (2.7) million and for the first nine months SEK 0.7 (11.0) million. In the EBITDA for the period, we see a positive effect of realised cost reductions, but EBITDA is also negatively affected to some extent by the postponement of some game releases and projects. The EBITDA result includes a loss of SEK 3.7 million attributable to the subsidiary declared bankrupt in the second quarter. Adjusted EBITDA for the quarter amounted to SEK 2.2 (2.7) million and for the first nine months SEK 6.2 (11.0) million. In adjusted EBITDA for the first nine months, extraordinary costs of SEK 5.5 million have been reversed: SEK 1.7 million attributable to restructuring costs and SEK 3.7 million attributable to the Fall Damage bankruptcy.

Operational EBIT for the quarter amounted to SEK -0.6 (0.7) million and for the first nine months SEK -7.6 (5.5) million. Operating profit (EBIT) for the quarter amounted to SEK -21.0 (-21.5) million and for the first nine months SEK -101.8 (-60.1) million. Operational EBIT is exclusive of goodwill amortisation of SEK 20.4 (22.3) million for the quarter and SEK 94.2 (65.6) million for the first nine months. Goodwill amortisation included in EBIT for the quarter is significantly lower than earlier in the year as the value of the then subsidiary Fall Damage Studio AB was written down to 0 in the second quarter. Goodwill amortisation for the quarter is also lower than in the previous year as a proportion of the acquisition of Fragbite AB, which was completed in 2021, is now fully amortised.

NET FINANCIAL ITEMS

Net financial items for the quarter amounted to SEK -2.0 (3.0) million and for the first nine months SEK 17.3 (-7.7) million. Net financial items for the first nine months include a negative item of SEK 12.9 million in foreign exchange losses, mainly related to the revaluation of foreign currency liabilities, and a positive item attributable to an adjustment of the Lucky Kat earnout.

PROFIT/LOSS FOR THE PERIOD

Profit/loss after tax for the quarter amounted to SEK -23.4 (-19.7) million and for the first nine months SEK -86.0 (-71.6) million. Basic earnings per share for the quarter amounted to SEK -0.01 (-0.21) and for the first nine months SEK -0.03 (-0.77). Diluted earnings per share for the quarter amounted to SEK -0.01 (-0.20) and for the first nine months SEK -0.03 (-0.74). Earnings per share are calculated on the number of shares at the end of the period, 30 September 2024.

LIQUIDITY AND CASH FLOW

Cash flow from operating activities for the quarter was SEK -5.9 (16.9) million and for the first nine months SEK -9.3 (2.7) million.

Cash flow from investing activities for the quarter amounted to SEK -9.0 (-16.0) million and for the first nine months SEK -39.0 (-25.4) million, which mainly relates to capitalisation of work performed for own account and the purchase and sale of crypto assets.

Cash flow from financing activities for the quarter was SEK 13.4 (6.5) million and for the first nine months SEK 29.1 (5.0) million. The outcome of the Rights Issue brought the Company net proceeds of SEK 52.5 million, of which SEK 40.0 million was used to repay short-term loans taken out previously. Scheduled repayments of SEK 5.9 (7.1) million to credit institutions were made in the quarter and SEK 20.1 (20.7) million in the first nine months.

Cash flow for the quarter amounted to SEK -1.6 (7.3) million and for the first nine months SEK -19.3 (-17.7) million. SEK 2.5 million of the Group's SEK 10 million overdraft facility was unutilised as of 30 September 2024.

At the end of the period, the Group's cash and cash equivalents totalled SEK 5.7 (24.4) million.

FINANCIAL POSITION

The equity ratio was 50.6 (32.1) percent and equity amounted to SEK 117.8 (104.0) million on 30 September 2024. Total assets amounted to SEK 232.8 (323.7) million on 30 September 2024.

PARENT COMPANY

Earnings for the second quarter were affected by SEK -50.9 million attributable to the subsidiary that was declared bankrupt. A dividend of SEK 11.3 million from the French subsidiary Playdigious was received during the period.

Planned game releases and activities

Title	IP owner	Publisher
TNMT Shredder's Revenge DLC – release on Netflix (Q1 2025)	External	Playdigious
TMNT Shredder's Revenge incl. DLC – release on Apple & Google (Q1 2025)	External	Playdigious
Dead Cells DLC – China (December 2024) remaining platforms (Q1 2025)	External	Playdigious
Don't Starve Together – release on mobile, exclusively on Netflix (2025)	External	Playdigious
Six signed, not yet presented titles for release on mobile (2025-2026)	External	Playdigious
Fretless – release on PC (H1 2025)	External	Playdigious Originals
Crown Gambit on PC (H1 2025)	External	Playdigious Originals
New release with web3 functionality of title not yet presented (2025)	Lucky Kat	Wagmi & Lucky Kat
Node sales (H1 2025)	Wagmi	Wagmi
\$KOBAN – public launch and sale (2025)	Wagmi	Wagmi & Lucky Kat

Cost reductions and restructuring

In early 2024, Fragbite Group initiated a cost reduction programme consisting of financial and operational measures to increase the Company's efficiency, reduce capital expenditure and contribute to a stronger cash flow in the short and long term.

FINANCIAL MEASURES

Cost reductions initiated in the first quarter of 2024 and continuing during the period produced full effects in the third quarter. The costs come under the following main categories and are expected to have a full impact, i.e. to be fully implemented, as follows:

Measure	Full impact
Staff reductions – Group	July
Reduction in staff and part-time consultants – FunRock & Prey Studios	July
Reduction in staff – Lucky Kat	June
Reduction in part-time consultants – Fragbite AB	October
Rental of premises for all Swedish entities	June
Miscellaneous Group-wide costs	June

The total savings now realised are around SEK 0.95 million per month. Just over SEK 0.5 million of these savings are at Group level. From 1 July onwards, the Company expects total annual savings of just over SEK 11 million.

OPERATIONAL MEASURES

In parallel with the cost reductions, the Company has reviewed opportunities for rationalisation and restructuring within the Group. To date, this process has resulted in a change in the finance function and a shortening of decision-making paths between subsidiaries and the Parent. The Company has also started to look into selling assets that do not contribute to the core business.

Rights Issue

On 23 May 2024, Fragbite Group announced a Rights Issue of units with a subscription period from 2 July 2024 to 16 July 2024. The intention was for the proceeds to finance repayment of the Company's utilised credit facilities and strengthen the balance sheet in order to leverage current opportunities to increase the profitability of the Company's portfolio. Each unit in the Rights Issue consisted of thirty-three (33) shares and four (4) warrants.

OUTCOME

On 17 July, the Company announced the outcome as follows:

- 55,923,443 units, corresponding to approximately 51.2 percent of the Rights Issue, were subscribed for, with and without the exercise of unit rights.
- The Rights Issue was covered by subscription commitments and issue guarantees corresponding to approximately 84.5 percent. This meant that 36,398,313 units, corresponding to approximately 33.3 percent of the Rights Issue, were subscribed for through the fulfilment of guarantee commitments.
- The Company's initial proceeds from the Rights Issue were approximately SEK 60.9 million before issue costs (SEK 4.4 million of which was set off against outstanding bridge financing).

NUMBER OF SHARES AND SHARE CAPITAL

Through the Rights Issue, share capital in the Company increased by SEK 50,776,088.75, from SEK 1,820,075.99 to SEK 52,596,164.64, through the issue of 3,046,617,948 shares. This increases the number of shares from 109,206,446 to 3,155,824,394. The dilution amounts to approximately 96.5 percent.

COMPENSATION FOR GUARANTEE COMMITMENTS

Approximately 43.2 percent of the Rights Issue was covered by bottom-up guarantee commitments and approximately 18.7 percent by top-down guarantee commitments, for which guarantee compensation was paid. Compensation for the top-down guarantee commitments is paid at 20 percent of the guaranteed amount in cash or 20 percent of the guaranteed amount in the form of newly issued shares in the Company, while compensation for the bottom-up guarantee commitments is paid at 12 percent of the guaranteed amount in cash or 12 percent of the guaranteed amount in the form of newly issued shares.

As three investors chose to receive guarantee compensation as newly issued shares, the Board decided, on 26 July, to issue a total of 66,000,000 new shares. The guarantors who decided not to receive compensation as newly issued shares received a cash amount instead. The cash portion of the guarantee compensation amounted to approximately SEK 5.2 million.

Payment in the compensation issue was made by offsetting each guarantor's claim at a subscription price of SEK 0.02 per share. The subscription price corresponds to the subscription price per share in the Rights Issue and was determined through negotiations between the guarantors and the Company, in consultation with financial advisors and by analysing a number of market factors. In total, SEK 1,320,000 was set off in connection with the compensation issue to the guarantors.

The compensation issue increased the number of shares in Fragbite Group by 66,000,000, from 3,155,824,394 to 3,221,824,394 shares, while share capital increased by approximately SEK 1,099,981.00, from SEK 52,596,164.64 to SEK 53,696,145.64, corresponding to a dilutive effect of about 2.05 percent.

WARRANTS

The exercise period for the Warrants was in October. The subscription price upon exercise of Warrants was SEK 0.03 per share. The Warrants brought the Company a further SEK 3.6 million.

Share capital increased by SEK 1,995,283.19 to SEK 56,524,747.88 through the issue of 119,719,059 shares. This increased the number of shares to 3,391,543,453, corresponding to an additional dilutive effect of 3.53 percent.

Fall Damage

On 23 May 2024, the Company declared its subsidiary Fall Damage bankrupt after the ongoing process of securing publishing partners for the game ALARA Prime could not be completed within the necessary time frame, which led to an unsustainable financial situation. As it was the Board's judgement that the subsidiary would be unable to settle its liabilities as they fell due and this inability was not temporary, a bankruptcy order was deemed necessary.

EFFECT ON THE GROUP'S EARNINGS

The bankruptcy is expected to have a final negative effect of approximately SEK 4 million on the Group's earnings, and is included in the Company's operating profit for the period. The bankruptcy is expected to have a final negative effect of approximately SEK 51 million on the Parent Company's earnings, recognised as impairment of financial assets for the period.

BACKGROUND

Fall Damage was acquired in October 2023 when there were 9-10 months of development left before the game ALARA Prime could be released. Since autumn 2023, Fall Damage had had multiple dialogues with potential partners regarding publishing ALARA Prime – an extensive process, involving many counterparts, and led by an international consultancy with expertise in the field. Initial contact was made with just over 60 potential partners, leading to dialogue with more than 40 counterparties. Of these, more than 20 dialogues led to one or more game tests. Finally, 8 counterparties remained, all of which carried out several game tests, and dialogue was conducted over the course of many months, some of which resulted in partial offers such as marketing guarantees and regional publishing. All these dialogues were considerably more time-consuming than initially estimated. Despite a very good response on the game's quality and potential, Fall Damage did not manage to establish a sustainable solution within the necessary time frame that would have guaranteed coverage of operational costs until the launch of ALARA Prime.

DIVIDEND FROM THE BANKRUPTCY ESTATE

Fragbite Group is the largest creditor in Fall Damage's bankruptcy estate. The Company has recognised SEK 10 million as a receivable based on information from the liquidator.

Condensed consolidated income statement

SEK thousands	Jul-Sep		Jan-Sep		Full Year
	2024	2023	2024	2023	2023
Revenue	51 835	61 255	154 184	176 829	237 198
Capitalised work on own account	8 086	3 272	46 938	9 725	28 040
Other operating income	19	263	4 602	386	701
Total revenue	59 940	64 791	205 724	186 941	265 939
Cost of goods and services sold	-37 708	-43 928	-110 358	-120 414	-161 298
Gross profit	22 231	20 862	95 365	66 526	104 642
<i>Gross margin %</i>	<i>37,1%</i>	<i>32,2%</i>	<i>46,4%</i>	<i>35,6%</i>	<i>39,3%</i>
Personnel expenses	-10 740	-11 770	-54 514	-34 964	-56 657
Other external expenses	-9 298	-6 412	-40 159	-20 513	-31 791
EBITDA	2 193	2 681	693	11 050	16 193
Amortisation and impairment of intangible assets	-2 660	-1 818	-7 464	-5 115	-7 331
Depreciation of tangible assets	-115	-145	-827	-412	-833
Amortisation goodwill	-20 369	-22 265	-94 206	-65 596	-104 757
EBIT	-20 951	-21 547	-101 804	-60 073	-96 728
Net financial items	-1 957	3 006	17 272	-7 696	48 533
Earnings before tax (EBT)	-22 908	-18 542	-84 532	-67 769	-48 195
Tax	-489	-1 159	-1 453	-3 880	-4 953
Net profit	-23 397	-19 700	-85 985	-71 649	-53 148
Other comprehensive income	0	0	0	0	0
Total comprehensive income	-23 397	-19 700	-85 985	-71 649	-53 148
Comprehensive income for the period attributable to the parent company's shareholders	-23 397	-19 700	-85 985	-71 649	-53 148
Earnings per share (SEK)	-0,01	-0,21	-0,03	-0,77	-0,49
Earnings per share after dilution (SEK)	-0,01	-0,20	-0,03	-0,74	-0,43
Average number of shares outstanding	2 407 163 190	90 697 688	883 339 933	90 681 269	94 639 007
Average number of shares outstanding diluted	2 407 163 190	94 842 284	883 339 933	93 990 595	100 683 783
Number of shares before dilution	3 271 824 394	92 951 276	3 271 824 394	92 951 276	108 525 164
Number of shares diluted	3 271 824 394	97 058 191	3 271 824 394	97 058 191	123 914 122

Condensed consolidated statement of financial position

<i>SEK thousands</i>	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
ASSETS			
Fixed assets			
Intangible assets	186 122	262 295	920 481
Tangible assets	938	1 064	2 118
Financial assets	504	522	522
Total fixed assets	187 564	263 882	923 122
Current assets			
Accounts receivable	4 428	7 289	2 441
Current tax receivables	4 309	2 683	2 986
Other receivables	14 739	2 257	14 334
Prepaid expenses and accrued income	16 091	23 116	16 584
Total current assets	39 567	35 346	36 345
Cash and cash equivalents	5 686	24 432	25 055
Total assets	232 817	323 660	984 521
EQUITY AND LIABILITIES			
Equity	117 810	103 999	146 067
Provisions*	13 673	80 446	678 325
Long-term liabilities			
Liabilities to credit institutions	7 771	21 057	14 752
Total long-term liabilities	7 771	21 057	14 752
Short-term liabilities			
Liabilities to credit institutions	13 005	27 355	25 644
Overdraft facilities	7 520	8 670	0
Other financial liabilities	8 182	0	18 622
Accounts payable	9 307	3 647	10 795
Current tax liabilities	0	415	2 975
Other current liabilities	9 233	15 098	22 380
Accrued expenses and deferred income	46 316	62 972	64 959
Total short-term liabilities	93 564	118 157	145 377
Total equity and liabilities	232 817	323 660	984 521

* All additional purchase consideration amounts are accounted for as provisions.

Condensed consolidated statement of changes in equity

<i>SEK thousands</i>	Share capital	Premium Fund	Retained earnings	Result for the period	Equity attributable to shareholders of the Parent Company
OPENING BALANCE 01/01/2023	1 511	355 674	-92 563	-103 112	161 510
Changes in equity during the period 01/01/2023 - 31/12/2023					
Net result for the reporting period				-53 148	-53 148
New share issue paid	298	37 422			37 720
New share issue costs		-1 035			-1 035
Translation difference			1 020		1 020
Disposition according to decision by the AGM			-103 112	103 112	0
CLOSING BALANCE 31/12/2023	1 809	392 062	-194 655	-53 148	146 067
OPENING BALANCE 01/01/2024	1 809	392 062	-194 655	-53 148	146 067
Changes in equity during the period 01/01/2024 - 30/09/2024					
Net result for the reporting period				-85 985	-85 985
New share issue paid	52 721	11 506			64 227
New share issue costs		-10 853			-10 853
Translation difference			4 355		4 355
Disposition according to decision by the AGM			-53 148	53 148	0
CLOSING BALANCE 30/09/2024	54 530	392 715	-243 448	-85 985	117 810

Condensed consolidated cash flow statement

SEK thousands	Jul-Sep		Jan-Sep		Full Year
	2024	2023	2024	2023	2023
Operating income	-20 951	-21 547	-101 804	-60 073	-96 728
Non-cash items					
Depreciation, amortisation and impairment	23 144	24 228	102 497	71 122	112 921
Other	0	0	3 742	0	0
Financial items	-1 971	-903	-7 502	-2 869	-5 078
Tax paid	-1 933	-1 093	-6 368	-7 678	-9 353
Cash flow from operating activities before changes in working capital	-1 711	685	-9 435	503	1 762
Change in accounts receivable	-2 227	7 604	-1 983	-1 659	3 131
Change in other receivables	-1 128	21	9 171	-2 666	-7 754
Change in accounts payable	4 104	-400	3 079	-883	2 940
Change in other liabilities	-4 970	8 943	-10 163	7 356	-1 494
Cash flow from changes in working capital	-4 221	16 167	105	2 148	-3 177
Cash flow from operating activities	-5 932	16 852	-9 330	2 652	-1 415
Investment in subsidiaries	0	-10 809	-94	-10 809	-21 459
Capitalised work on own account	-8 086	-3 273	-46 958	-9 726	-28 040
Acquisition of intangible and tangible fixed assets	-858	-1 932	-8 793	-4 673	-5 812
Disposal of intangible and tangible fixed assets	0	0	16 809	0	457
Deposit paid	-66	-3	-88	-204	-222
Deposit repaid	0	0	114	0	0
Cash flow from investing activities	-9 009	-16 016	-39 010	-25 412	-55 075
New share issue	52 505	4 982	53 374	5 720	36 685
New borrowings	0	0	20 000	11 340	31 340
Change in overdraft limit	150	8 670	7 520	8 670	0
Change in other financial liabilities	-33 409	0	-31 737	0	0
Repayment of liabilities to credit institutions	-5 871	-7 149	-20 106	-20 685	-27 758
Cash flow from financing activities	13 375	6 502	29 051	5 044	40 267
Cash flow	-1 567	7 338	-19 289	-17 716	-16 223
Cash and cash equivalents at beginning of period	7 573	17 233	25 055	40 993	40 993
Cash flow for the period	-1 567	7 338	-19 289	-17 716	-16 223
Exchange difference in cash and cash equivalents	-320	-138	-79	1 156	285
Cash and cash equivalents at end of period	5 686	24 432	5 686	24 432	25 055

Condensed Parent Company income statement

SEK thousands	Jul-Sep		Jan-Sep		Full Year
	2024	2023	2024	2023	2023
Revenue	1 297	1 030	4 360	4 282	5 853
Total revenue	1 297	1 030	4 360	4 282	5 853
Personnel expenses	-1 078	-2 268	-6 912	-7 191	-9 511
Other external expenses	-1 037	-1 585	-3 841	-6 433	-8 274
EBITDA	-817	-2 823	-6 392	-9 342	-11 932
Profit from participations in Group companies	0	5 870	11 253	28 795	28 795
Impairments of financial fixed assets	0	0	-50 917	0	-19 492
Net financial items	-1 893	2 438	-6 202	-7 612	-2 883
Earnings before tax (EBT)	-2 711	5 484	-52 259	11 840	-5 513
Tax	0	0	0	0	0
Net profit	-2 711	5 484	-52 259	11 840	-5 513

Condensed Parent Company statement of financial position

<i>SEK thousands</i>	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
ASSETS			
Fixed assets			
Shares in Group companies	361 523	439 060	814 026
Receivables from Group companies	16 600	17 850	31 900
Financial assets	255	409	255
Total fixed assets	378 378	457 319	846 181
Current assets			
Receivables from Group companies	1 273	1 958	2 970
Current tax receivables	169	49	0
Other receivables	10 196	11	0
Prepaid expenses and accrued income	272	292	295
Total current assets	11 911	2 309	3 265
Cash and cash equivalents	219	6 458	1 331
Total assets	390 508	466 086	850 777
EQUITY AND LIABILITIES			
Equity	290 277	275 551	289 162
Provisions*	13 673	80 446	454 384
Long-term liabilities			
Liabilities to credit institutions	0	10 453	5 159
Liabilities to Group companies	69 266	64 730	54 695
Total long-term liabilities	69 266	75 183	59 855
Short-term liabilities			
Liabilities to credit institutions	10 349	24 354	22 819
Other financial liabilities	0	0	18 622
Accounts payable	1 512	748	691
Liabilities to Group companies	1 715	1 307	1 649
Current tax liabilities	0	0	135
Other liabilities	1 549	7 355	1 633
Accrued expenses and deferred income	2 167	1 142	1 827
Total short-term liabilities	17 292	34 906	47 376
Total equity and liabilities	390 508	466 086	850 777

* All additional purchase consideration amounts are accounted for as provisions.

Notes to the financial statements

Note 1. Accounting policies

The Group and Parent Company apply the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

Note 2. Segment information

The Group's different business areas form the basis of the Group's internal reporting structure and are reviewed by the CEO for the purpose of allocating resources and evaluating performance across the Group. The following segments have been identified:

- **Gaming:** In addition to Playdigious and FunRock & Prey Studios, the segment also includes Lucky Kat's business in the hypercasual genre. Revenue is generated in three main ways:
 - *Development:* The company develops games, with a focus on free-to-play mobile games. Revenues are generated via in-game purchases, advertising and work-for-hire assignments.
 - *Porting:* The company ports already released games from PC and console to mobile platforms and then publishes them. These games are pay-to-play and generate revenue initially via download and later via game updates.
 - *Publishing:* The company publishes games in the indie game genre for PC and console. As a publisher, we have a share of the total revenue generated from the games.
- **Web3:** The segment comprises Wagmi, and Lucky Kat's business in this area. In the business area, we develop ecosystems, communities and digital assets within the framework of games built on blockchain technology. Revenue is generated through the sale of digital assets such as tokens and NFTs, in-game purchases, advertising and transaction fees.
- **Esports:** The segment comprises Fragbite AB. Business based on expertise in marketing through esports and gaming content is conducted under the Fragbite and Config brands. Revenue is generated via our own IP and the sale of services.

Operating profit before depreciation, amortisation and impairment of intangible assets and property, plant and equipment (EBITDA) is the performance measure reported to the chief operating decision maker for the purpose of allocating resources and assessing segment performance. The President & CEO does not monitor operations based on assets and liabilities per segment.

The tables below show an analysis of the Group's revenue and earnings for each reportable operating segment:

	Jul-Sep 2024					Jul-Sep 2023				
SEK thousands	Gaming	Esport	Web3	Parent	TOTAL	Gaming	Esport	Web3	Parent	TOTAL
Revenue	44 313	2 195	5 327	0	51 835	56 010	1 841	3 404	0	61 255
Adjusted EBITDA	2 660	-82	1 729	-2 114	2 194	6 309	-209	435	-3 853	2 681

	Jan-Sep 2024					Jan-Sep 2023				
SEK thousands	Gaming	Esport	Web3	Parent	TOTAL	Gaming	Esport	Web3	Parent	TOTAL
Revenue	132 590	7 032	14 563	0	154 184	156 334	4 665	15 830	0	176 829
Adjusted EBITDA	8 537	62	6 204	-8 627	6 175	22 475	-2 410	4 608	-13 624	11 050

Note 3. Pro forma

Fragbite Group	Condensed consolidated income statement excluding Fall Damage Studio AB			
<i>Pro forma</i>	Jan-Sep 2024			
<i>SEK thousands</i>	Fragbite Group	Fall Damage Studio AB	Group adjustments	Proforma Fragbite Group
Revenue	154 184	-12	0	154 172
Capitalised work on own account	46 938	-25 134	0	21 804
Other operating income	4 602	-1	0	4 601
Total revenue	205 724	-25 147	0	180 576
Cost of goods and services sold	-110 358	12	0	-110 346
Gross profit	95 365	-25 135	0	70 230
<i>Gross margin %</i>	<i>46,4%</i>	<i>100,0%</i>		<i>38,9%</i>
Personnel expenses	-54 514	17 590	0	-36 924
Other external expenses	-40 159	14 647	-6 695	-32 207
EBITDA	693	7 101	-6 695	1 099
Adjusted EBITDA	6 175	7 101	-6 695	6 581
Amortisation and impairment of intangible assets	-7 464	504	0	-6 960
Depreciation of tangible assets	-827	75	0	-752
Amortisation goodwill	-94 206	0	32 501	-61 706
EBIT	-101 804	7 680	25 805	-68 319
Net financial items	17 272	15 153	-573	31 852
Earnings before tax (EBT)	-84 532	22 833	25 232	-36 467
Tax	-1 453	0	0	-1 453
Net profit	-85 985	22 833	25 232	-37 920

Declaration by the Board of Directors

The Board of Directors and the CEO of Fragbite Group AB (publ) hereby certify that this interim report provides a true and fair overview of the operations, financial position and performance of the Group and Parent Company.

Stockholm, 20 November 2024

Sten Wranne
Chairman

Stefan Tengvall
CEO and Board Member

Niclas Bergkvist
Board Member

Mikael Pettersson
Board Member

Zara Zamani
Board Member

This interim report has not been reviewed by the Company's auditors.

Contact

For further information contact:

Erika Mattsson
Chief Communications Officer
em@fragbitegroup.com
Telephone: +46 8 520 277 82

Certified Adviser:
Redeye AB

Website:
www.fragbitegroup.com

Address:
Fragbite Group AB
Linnégatan 51
SE-114 58 Stockholm

Corp ID:
556990-2777

Financial calendar

Year-end report 2024: 20 February 2025