

# Financial update

1 JULY – 31 AUGUST 2024

Fragbite Group AB (publ) (“Fragbite Group” or “the Company”) hereby presents an update with select financial information for July and August 2024 (hereafter referenced as “the period”). Since both revenues and costs vary considerably between months and quarters, and the results for September are not yet available to the Company, no forecasts will be communicated regarding the outcome of the full third quarter.

## Profit and loss

Fragbite Group SEK millions	Jul-Aug		Jan-Aug		Jan-Mar		Apr-Jun	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	36.8	40.2	139.2	155.8	52.5	55.2	49.8	60.4
Adjusted EBITDA	1.7	1.5	5.6	9.8	5.1	1.9	-1.1	6.5
EBITDA	1.7	1.5	0.2	9.8	5.1	1.9	-6.6	6.5
Operational EBIT <sup>1</sup>	-0.2	0.1	-7.2	4.9	2.4	0.1	-9.4	4.7
EBIT	-13.8	-14.7	-94.7	-53.3	-39.3	-21.4	-41.6	-17.2
Net profit after tax	-16.2	-16.9	-78.8	-68.9	-60.4	-25.3	-2.1	-26.6

Earnings for 2024 have been affected by accumulated extraordinary costs of SEK 5,482 thousand as of August, of which SEK 5,482 thousand are in Q2. SEK 1,741 thousand is attributable to restructuring costs and SEK 3,742 thousand is attributable to the bankruptcy of the Swedish subsidiary Fall Damage Studio AB.

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

## KPI:s per business area

SEK thousands	Jul-Aug 2024					Jul-Aug 2023				
	Gaming	Esport	Web3	Parent	TOTAL	Gaming	Esport	Web3	Parent	TOTAL
Revenue	33.0	0.9	2.9	0.0	<b>36.8</b>	37.0	0.8	2.5	0.0	<b>40.2</b>
Adjusted EBITDA	2.7	-0.3	0.7	-1.4	<b>1.7</b>	4.4	-0.3	0.0	-2.6	<b>1.5</b>

SEK thousands	Jan-Aug 2024					Jan-Aug 2023				
	Gaming	Esport	Web3	Parent	TOTAL	Gaming	Esport	Web3	Parent	TOTAL
Revenue	121.2	5.7	12.2	0.0	<b>139.2</b>	137.3	3.6	14.9	0.0	<b>155.8</b>
Adjusted EBITDA	8.6	-0.2	5.1	-7.9	<b>5.6</b>	20.6	-2.5	4.1	-12.4	<b>9.8</b>

“Fragbite Group is moving forward in a positive direction, at the beginning of the second half of 2024 we are seeing trend break in operational activities as well as in financial terms, for example on the EBIT level. We are particularly proud of Playdigious that after an intense summer has laid a solid foundation for the publishing business under Playdigious Originals, as well as the hard-working team at Lucky Kat who has done an excellent job preparing for the \$KOBAN launch. We have high expectations for \$KOBAN, both in terms of revenue in the fourth quarter and long-term development of a game ecosystem with the potential of evolving into something completely unique in the gaming market,”

Stefan Tengvall, CEO

## Comments

- The Group is developing in the positive direction expected by the Board of Directors and management following the implementation of the cost reduction programme. Efforts to increase efficiency and profitability in the Group's subsidiaries as well as the Group as a whole are still in progress.
- Net income for the period, with summer typically being a low activity period, is slightly lower than in the previous year. When comparing 2024 and 2023, the effects of the sale of parts of the hypercasual game portfolio in 2023 are still prevalent in the period.
- On the EBITDA level, the Company has turned to positive numbers since the second quarter 2024, there is also an improvement compared to the same period in 2023. The EBITDA for the period includes a positive effect of implemented cost reductions, it is at the same time also partly negatively affected by the delay of some game releases and project launches.
- On the EBIT level, there is improvement in 2024 where the period's EBIT indicates a trend break in relation to EBIT in the first and second quarters. Goodwill amortisation included in EBIT for the period is significantly lower than earlier in the year, when the value of the former subsidiary Fall Damage Studio AB was written down to 0 in the second quarter of the year. Also compared to the previous year, goodwill amortisation is lower due to the fact that a significant part of the acquisition of Fragbite AB, which was completed in 2021, is now fully amortised.
- During July, one bridge loan and one loan relating to the acquisition of previous subsidiary Fall Damage, together amounting to SEK 40 million, have been repaid in full.
- The Company still expects a dividend of approximately SEK 10 million from the bankruptcy estate of previous subsidiary Fall Damage. Based on information from the estate liquidator the dividend is expected to be received during the first quarter 2025.
- The result in the parent company is improved compared to last year with an adjusted EBITDA of SEK -1.4 million (-2.6) for the period and SEK -7.9 million (-12.4) for January to August. The improvements are mainly due to implemented cost reductions during the spring and summer, as well as completed and non-recurring implementation projects carried out in 2023.
- The Esport business area, which due to the Swedish Cup has a majority of its earnings towards the end of the year, is keeping a high pace so far in 2024 with a turnover of SEK 5.7 million (3.6) from January to August. Given this strong start, it is the Company's expectation that the business area will show further improved profitability for the full year 2024 compared to 2023.
- In line with previously published estimates, Playdigious' pipeline continues to look very promising for the remainder of 2024 and 2025. Total estimated net sales three years from release for the current pipeline of new games is between EUR 10 and 17 million.
- The marketing campaign for the upcoming \$KOBAN public launch and sale of are going well and according to plan. During the period, expenses have been incurred related to expected revenues from the \$KOBAN launch.

## Highlights

- Playdigious mobile title *Loop Hero* reaches 1 million downloads since release, performing above expectation both in terms of downloads and units sold of the complete game.
- *Linkito* is released – the first game published and released under the Playdigious Originals business unit and brand.
- During the summer Playdigious participates in several events such as PAX East, Steam Next Fest and Gamescom where the games mainly promoted are *Linkito* and upcoming titles *Crown Gambit* and *Fretless*.
- *Crown Gambit* is announced live during the Gamescom Future Games Show and receives significant attention in social channels and gaming media.
- The final earnout for the acquisition of Lucky Kat is determined to zero (0) during ongoing constructive dialogue with the sellers. The provision for the maximum possible earnout of EUR 4 million is written down to EUR 0.3 million to allow for possible future solutions. The write-down had a positive impact on the income statement in the second quarter of 2024 of approximately SEK 41.7 million in reduced provision.
- At the end of August Lucky Kat and Wagmi successfully launch *Kumo* – a symbol for the brand as well as an NFT collection that may be utilised throughout the \$KOBAN ecosystem. The campaign aims to strengthen Lucky Kat's brand and increase the \$KOBAN user base with a total of three releases. After the first release, *Kumo* reaches the number one spot as the highest selling NFT collection.