

ANNUAL REPORT 2022



FRAGBITE
GROUP

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2022

Revenue
(SEK million)

254.1

Adjusted EBITDA
(SEK million)

11.9

Cash flow from operating
activities (SEK million)

43.1

Operational EBIT
(SEK million)

5.3

"Fragbite Group has more than doubled its revenue during 2022, driven by both acquired and organic growth. EBITDA increased from SEK 6.1 million to SEK 11,9 million. The goal for 2023 stands firm: it is our clear ambition to grow with profitability in all areas."

Marcus Teilman, President & CEO

We are Fragbite Group

Fragbite Group AB (publ) is active on the global markets for GAMING, ESPORTS and WEB3. We develop, adapt and publish games and esports for traditional platforms as well as modern web3 platforms. The Group is headquartered in Stockholm and has over 80 employees in Sweden, France, the Netherlands, Gibraltar and Egypt. Fragbite Group is listed on Nasdaq First North Growth Market.

Fragbite Group is a publicly traded, Swedish corporate group 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 both traditional platforms – PC, mobile and console – and modern web3 platforms built on the latest blockchain technology. Fragbite Group has a strategy of acquiring fast-growing, well-managed and profitable companies with strong management, whose business complements the existing companies. We help companies grow through cutting-edge expertise, capital and cross-fertilisation with other operations in the Group.

In 2020, Fragbite Group's growth journey started when the Company (then FunRock AB) acquired P Studios AB ("Prey Studios"). The Company made three acquisitions in 2021: Fragbite AB ("Fragbite"), Playdigious SAS ("Playdigious") and Lucky Kat B.V. ("Lucky Kat"). In 2022, the subsidiary WAGMI Ltd. ("Wagmi") was established. Fragbite Group's listing on Nasdaq First North Growth Market in July 2021 provided not only growth capital and a platform for raising additional capital, but also represented an important quality hallmark and contributed to increased awareness. At present, there are few listed companies that develop and combine products within GAMING, ESPORTS and WEB3 and at the same time are licensed, which gives the Group a unique position.

Fragbite Group offers leverage for entrepreneurs who are keen to continue creating entertaining products, but

want a partner in taking their business and company to the next level. With the support, expertise and tools of Fragbite Group, these creative innovators can continue to drive their own businesses forward without excessive operational integration, while addressing long-term strategic issues in a way that enables knowledge sharing, resource efficiency and synergies within the Group.

Our subsidiaries

- **Fragbite** is one of the Nordic region's largest esports communities. Based in Sweden, the company operates tournament concepts and offers a complete portfolio of content, marketing and publishing within the esports ecosystem.
- **Funrock & Prey Studios** is a game developer based in Sweden that designs and develops game engines and games for mobile platforms.
- **Lucky Kat** is a game developer based in the Netherlands that develops hypercasual mobile games as well as web3 games based on blockchain technology.
- **Playdigious** is a game developer and publisher based in France that develops and ports successful game titles from PC to mobile.
- **Wagmi** is the Group's web3 publishing company, based in Gibraltar and registered as a Virtual Asset Service Provider by the Gibraltar Financial Services Commission.

fragbite

FUN
ROCK

PREY
STUDIOS

LUCKY-KAT



PLAYDIGIOUS

wagmi

CEO's comments

Our growth journey within GAMING, ESPORTS and WEB3 continues

2020 was a year in which Fragbite Group took significant steps forward in all areas and developed the business, which is now well equipped for continued growth.

During the year, Fragbite Group more than doubled its revenue from SEK 124.0 million to SEK 254.1 million, driven by a combination of acquired and organic growth. Revenue in the fourth quarter of 2022 was the highest ever reported by the Group in a single quarter, which I see as a sign that we are on track to meet our ambitious, high targets.

In 2022, we demonstrated the successful integration of our two significant acquisitions Playdigious and Lucky Kat. Playdigious has so far been a very successful acquisition, having continued to show profitable growth in a reassuring and stable way. There is great potential in the Playdigious team, which bodes well for the future, and this is why we have announced, among other things, that we will invest in increasing the production rate and aim to secure deals for porting from PC to mobile on larger IP:s. Several promising dialogues are in progress and I look forward with confidence to the outcome of these investments.

Lucky Kat has also developed very well and the strategic decision to focus more on web3 and less on hypercasual has paid off. We have established a new legal entity, Wagmi, and recieved a registration as Virtual Assets Service Provider from the Gibraltar Financial Service Commission. This was a prerequisite for selling our in-game tokens in a regulated way to a number of selected strategic investors. In total, we managed to sell just over USD 3 million worth of tokens in the third quarter. Approximately one-sixth of this sale was accounted for during the year, as the revenue is recognised over 36 months. The world experienced

a real "crypto winter" towards the end of 2022, but there are now many indications that the market is starting to thaw and we therefore aim to sell more tokens in 2023. We also aim to sell more NFT:s for the upcoming web3 title *Cosmocadia*, of which we plan to launch a demo version in 2023. We have built a strong community for this game during autumn, including over 35,000 followers on Twitter and over 17,000 on Discord. The number of followers is an important success factor for the launch of a game, which is why I see these figures as both encouraging and promising. Strong and active engagement in the games' community channels is therefore an asset we will nurture and build on.

For the subsidiary Fragbite AB, 2022 was a year of investment in which we incurred costs related to building new tournament concepts, in particular The Swedish CS:GO Cup, which contributed to Fragbite AB not achieving profitability. Given the success this event had with its audience, with the final having 1.6 million unique live broadcast viewers in a sold out SPACE arena, we have laid a good foundation for 2023. With the concept now proven, it is time to reap the benefits from a financial perspective.

At the end of June 2022, FunRock & Prey Studios launched the game *MMA Manager 2: Ultimate Fight*. The launch was promising and got off to a good start. The current challenge for mobile games stems from Apple's recent changes in APP (App Tracking Transparency). In practice, this means that users must actively choose to be tracked and share their identity. As this makes mobile marketing more difficult and

expensive, we made the decision in the fourth quarter to spend less on marketing and to continue optimising the games KPIs instead. The results so far show an improvement and this work is expected to continue for some time, after which we plan a gradual escalation of marketing. This is particularly important as our ambition is to launch more titles on the same game engine.

We remain very active but equally selective in our M&A activities – the ambitious acquisition agenda stands firm and we are continuously evaluating potential acquisition candidates that we believe meet our criteria and complement our existing business.

The underlying global market for games on mobile devices is expected to grow further in the coming years. The global market for esports is expected to grow at a higher rate than the overall gaming market and we also saw investments in web3 games increase by about 59% in 2022 compared with the previous year. These underlying market trends and the building blocks we have put in place during the year make me confident that the potential, power and passion within the Group will contribute to an exciting, to say the least, and positive 2023.

The goal for 2023 stands firm: it is our clear ambition to grow with profitability in all areas during the year as a whole.



***"The goal for 2023 stands firm:
it is our clear ambition to grow
with profitability in all areas."***

Marcus Teilman, President & CEO

Development during the year

Significant events in 2022

- The acquisition of Lucky Kat was completed on 3 January and a total of 3,944,551 shares were issued in connection with this. Lucky Kat's results were included in the Group's results for Q4 2021 in accordance with the acquisition agreement.
- On 9 February, Lucky Kat signed a partnership agreement with The Sandbox to create *Lucky Kat Land* – an amusement park-themed experience – in The Sandbox's metaverse.
- Marcus Teilman, former Deputy CEO and Head of M&A, took over as new President & CEO on 25 May.
- At the Annual General Meeting, Niclas Bergkvist, Claes Kalborg, Dawid Myslinski, David Wallinder and Sten Wranne were re-elected to the Board. Zara Zamani was newly elected to the Board and the Company's outgoing President & CEO Stefan Tengvall was elected as Chairman of the Board.
- In May, Playdigious launched the game *Evoland II* in China.
- In June, FunRock & Prey Studios launched the mobile game *MMA Manager 2: Ultimate* globally on the Apple App Store and the Android Google Play Store.
- On 14 July, WAGMI Limited, Gibraltar ("Wagmi"), established in the first half of 2022, announced its registration as a Virtual Assets Service Provider with the Gibraltar Financial Services Commission.
- The conditions for the first additional consideration related to the Lucky Kat acquisition were met and the Company duly paid EUR 4 million to the sellers of Lucky Kat on 15 July. EUR 3 million was paid in cash and EUR 1 million was settled with 1,801,092 newly issued shares in Fragbite Group.
- Fragbite AB launched the Swedish CS:GO Cup in partnership with Bonnier News, Max Burgers and SPACE. The final at a sold-out SPACE arena was watched online by 1.6 million unique viewers.
- During the third quarter, Wagmi entered into agreements with several leading blockchain investors for the sale of in-game tokens for just over USD 3 million.
- Playdigious decided to invest in additional production capacity and new intellectual property (IP), with a view to increasing the number of title releases per year for mobile devices.
- The conditions for the second additional consideration related to the Playdigious acquisition were met and the Company duly paid EUR 1 million to the sellers of Playdigious on 26 September. EUR 0.5 million was paid in cash and EUR 0.5 million was settled with 958,081 newly issued shares in Fragbite Group.
- Playdigious launched a mobile version of the game *Spiritfarer* exclusively on the Netflix platform.

Significant events after the end of the year

- Playdigious launched a mobile version of the well-known game *Teenage Mutant Ninja Turtles: Shredder's Revenge* exclusively on the Netflix platform.
- Playdigious' mobile version of *Dead Cells* reached 5 million sold units in the beginning of the year.
- Wagmi and Lucky Kat partnered with Mysten Labs on web3 game *Cosmocadia* and its launch on the Sui blockchain in 2023.
- Lucky Kat signed an agreement to develop additional metaverse experiences for The Sandbox.
- Lucky Kat och Wagmi announced the migration of web3 game *Panzerdogs* to the Sui blockchain.
- Playdigious announced the development of *Legend of Keepers* for mobile platforms with release in May 2023.
- Lars Johansson is stepping down from his current role as CFO in August 2023.

Revenue

The Group's revenue amounted to SEK 254.1 (124.0) million. Revenue was significantly higher than in the previous year, which is a consequence of the Group's acquisition of Fragbite AB, Playdigious SAS and Lucky Kat B.V. in 2021. Fragbite was acquired on 18 February 2021 and therefore contributed to consolidated revenue for Q1 2021, while the other acquisitions were consolidated with effect from 1 June 2021 (Playdigious) and 1 October 2021 (Lucky Kat).

Earnings

The Group's personnel expenses and other external expenses amounted to SEK 60.8 (36.7) million. Costs have increased compared with the previous year, driven by acquisitions as well as recruitments in the Parent Company. Other external expenses were negatively affected by non-recurring costs of SEK 0.9 million attributable to the establishment of the Group's Gibraltar-based company Wagmi. The corresponding figure for 2021 was SEK 3.6 million, attributable to the listing process.

EBITDA amounted to SEK 11.9 (6.1) million. Adjusted for the above-mentioned items affecting comparability, EBITDA amounted to SEK 12.8 (9.6) million.

Operational EBIT, defined as EBIT excluding non-operational amortisation and impairment of intangible assets, amounted to SEK 5.3 (1.3) million.

The Group's amortisation and impairment amounted to SEK 95.1 (51.6) million, which was mainly related to goodwill in connection with completed acquisitions but also included an impairment loss of SEK 5.4 million on the Group's crypto currency holdings. Amortisation related to capitalised work on own account amounted to SEK 4.0 (9.0) million. The year 2021 was also affected by impairment of an intangible asset of SEK 7.3 million, categorised as capitalised work on own account.

The Group's result after tax was SEK -103.1 (-50.4) million.

Cash flow, investments and financial position

Cash flow from operating activities was SEK 43.1 (3.9) million.

Cash flow from investing activities amounted to SEK -141.2 (-148.2) million, the majority of which was attributable to the acquisition of Lucky Kat, as the shares were not taken over until the beginning of the year, and additional consideration payments in Q3 related to Playdigious and Lucky Kat. The previous year's figures include the acquisitions of Fragbite AB (first quarter) and Playdigious (second quarter).

Cash flow from financing activities was SEK 47.7 (226.8) million, a result of new share issues in connection with the acquisitions of Playdigious and Lucky Kat, and repayments of the Company's bank borrowings.

Cash and cash equivalents amounted to SEK 41.0 (87.5) million at the end of the period.



Our strengths

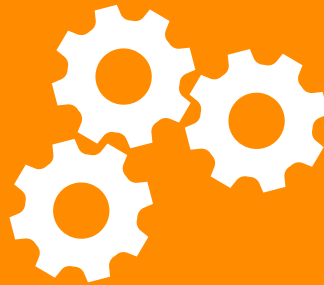


Unique market position

We utilise our unique position as a listed company to combine GAMING, ESPORTS and WEB3.

Active and selective M&A

We acquire profitable companies run by experienced entrepreneurs, with operations that bring synergies to the Group.



Passion and Expertise

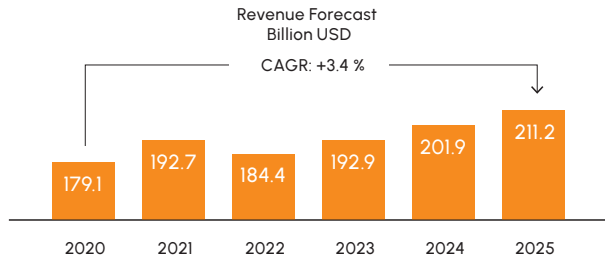
With expertise, capital and structure, the Group elevates each subsidiary, building on their passionate entrepreneurship and creating long-term success.

Market

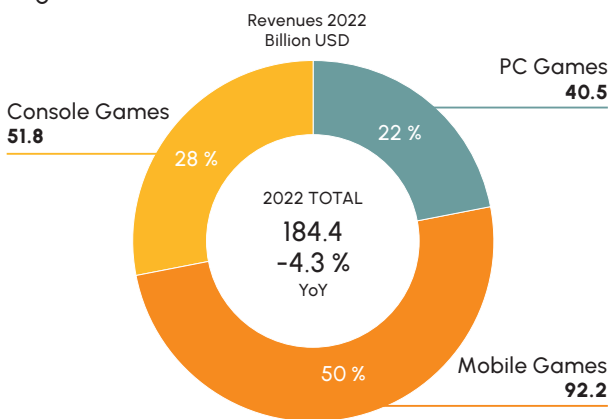
Gaming

Gaming represents a significant part of the global entertainment market and is a driver of its growth. Traditionally, products in the gaming market are often referred to as video games, although gaming platforms have evolved significantly since gaming first became established in the 1970s.

The gaming market achieved revenue of USD 184.4 billion in 2022, down 4.3 percent from 2021. While the global market saw a large increase in demand in 2020 due to Covid, the year 2022, and to some extent 2021, was affected by industry-wide production delays in the aftermath of Covid. In its yearly report, Newzoo forecasts that the market will grow from USD 179.1 billion in 2020 to USD 211.2 billion in 2025, representing a compound annual growth rate (CAGR) of +3.4 percent per year. The number of players worldwide reached 3.2 billion in 2022, an increase of 4.3 percent from the previous year. The number of players is expected to grow from 2.9 billion in 2020 to 3.6 billion in 2025.



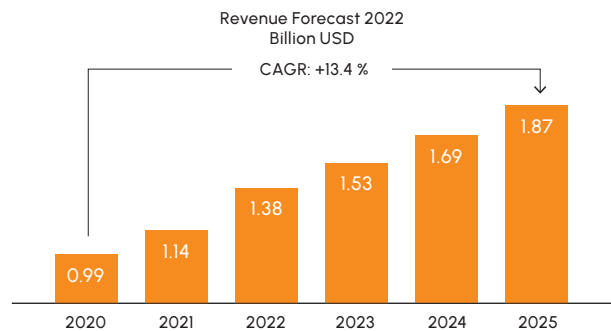
The global gaming market is often segmented by platform: console games, mobile games and PC games. Mobile games, which include games on mobile devices such as smart phones and tablets, account for the largest share.



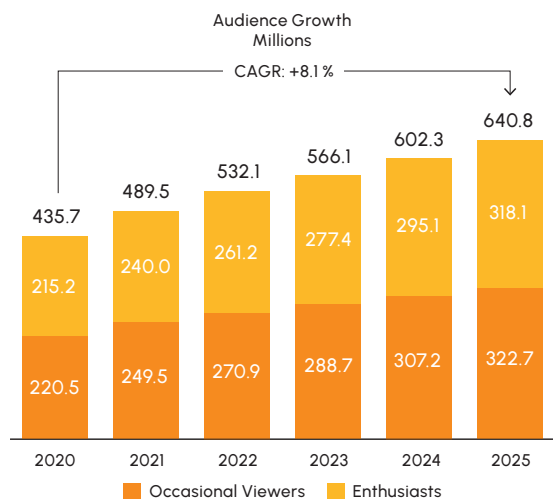
Mobile games have been growing relative to the other platforms for a long time, although not in 2022 which saw a 6.4 percent decline in revenue.

Esports

Unlike the gaming market, the global esports market was negatively affected in 2020 as cancelled physical events contributed to a decline in global revenue. This was soon reversed, with positive growth in 2021, and revenue for 2022 was USD 1.38 billion, representing an increase of 16.4 percent from the previous year. The main regions driving growth are Southeast Asia, Central Asia and Latin America. The global esports market is expected to achieve revenue of over USD 1.87 billion by 2025.

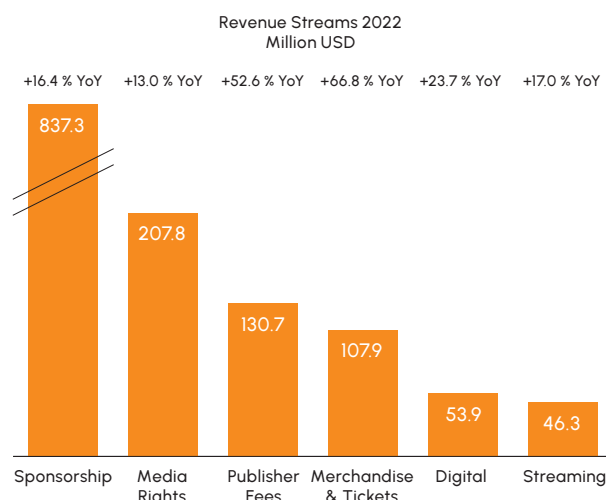


Esports represents an attractive marketing channel as it primarily attracts young target groups considered difficult to reach through traditional channels. The 21–35 age group is sometimes referred to as “the unreachable” and this is where esports has its strongest base. Something that has developed the past years, not least in younger demographics, is the audience for live-streaming of gaming and neighboring content. In 2022, 921 million people watched some form of live-streaming online, this includes professional esports and private individuals as well as so called streamers who do live broadcasts. Not just gaming yourself but also watching other people game is a clear trend and the audience is expected to grow at a CAGR of 16.3 percent between 2020 and 2025 when it is estimated to reach around 1.4 billion people. Professional esports reached a total of 525 million people in 2022, an increase of 8.7 percent from 2021. Of these, 261 million are enthusiasts who watch professional esports at least once a month, while the remaining 271 million are less frequent viewers. Both groups are expected to grow in the coming years.



Sponsorship, including advertising, has been the most significant source of revenue for the global esports market since its inception, and it continues to dominate. However, there are clear signs that many market participants are now broadening their revenue models and looking for more alternatives, particularly in the aftermath of Covid, which had a harsh effect on businesses built primarily on sponsorship revenue. However, web3 is also expected to positively affect esports revenues as content starts to be based on NFTs, enabling operators to use block-based digital assets to build loyalty and drive additional purchases from the esports audience in new ways. Digital assets as a source

of revenue, which include in-game purchase revenue linked to esports team brands and NFT-based products, are expected to grow at a CAGR of +27.2 between 2020 and 2025. But traditional sponsorship is also affected by web3, with increased interest from web3 players and blockchains in investing in teams and tournaments in order to reach the attractive esports audience. As more viewers turn to streaming, these revenues increase, especially in the wake of many major brands having entered the market by incorporating streaming into their marketing strategy. Streaming revenues are expected to have a CAGR of 24.8 percent in the period 2020–2025.



Web3

Web3 was initially a label describing the next generation of the internet; a state we have started to approach but not yet fully embraced. However, in a short space of time, web3 has come to encompass the whole movement towards decentralisation of digital assets online, which has an impact on a wide range of goods and services,

not the least in gaming and esports, as in those markets end users more or less live in a digital world already. Web3 is seen as contributing to a major shift in culture and consumer behaviour that has already begun and is moving forward at a rapid pace.

<p style="text-align: center; font-weight: bold; margin: 0;">CRYPTO</p> <hr style="width: 20%; margin: 5px auto;"/> <p style="text-align: center; font-size: small; margin: 0;">Digital currency built on blockchain technology.</p>	<p style="text-align: center; font-weight: bold; margin: 0;">NFTs</p> <hr style="width: 20%; margin: 5px auto;"/> <p style="text-align: center; font-size: small; margin: 0;">Unique digital assets with a variety of uses.</p>	<p style="text-align: center; font-weight: bold; margin: 0;">DeFi</p> <hr style="width: 20%; margin: 5px auto;"/> <p style="text-align: center; font-size: small; margin: 0;">Decentralised options for investing, trading, borrowing and saving capital.</p>	<p style="text-align: center; font-weight: bold; margin: 0;">METaverse</p> <hr style="width: 20%; margin: 5px auto;"/> <p style="text-align: center; font-size: small; margin: 0;">Virtual experience-based worlds directly linked to the physical world with transferable assets.</p>
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WEB3 – CULTURE AND CONSUMER BEHAVIOUR

Emerging technology is driving a shift towards modern cultural experiences in digital form in the areas of art, fashion, music, sport and gaming.

Source: Modified from "What to Watch in Web3 November 2022" by Vayner3.

Platforms, revenue models and engagement

At a macro level, the impact of web3 on gaming and esports can be summarised as bringing new platforms, new revenue models and new strategies for engaging users. The blockchain technology that underpins web3 has changed the technical conditions for publishing games on existing and new platforms. The technology also enables the classic pay-to-play and free-to-play revenue models to be complemented by play-and-earn. The revenue model means that players can earn in the game's internal cryptocurrency, in the form of in-game tokens, by, for example, completing missions or building their characters in the game. The game concept is basically the same as in traditional games where points are collected and used to upgrade characters and buy new items. The difference is that in web3 games, points and the items used can be bought and sold between players. They do not disappear when the player leaves the game, but follow the player and can be traded on an internal or open market instead. The game developer can also offer NFT collections linked to the game, with everything from characters and profile pictures to objects and more. Finally, web3 represents a shift in the relationship between provider and user, where not only does much of the ownership of what is created lie with the players thanks to blockchain technology, but also the design and development process is shared with the player community. Web3 brings with it a new type of culture based on decentralisation, based on openness and structured co-creation. Consequently, players' consumer behaviour is evolving as web3 emerges – they are increasingly demanding various forms of participation, both financial and non-financial.

Size

As with gaming and esports, there are no established sources that measure the size of the market year after year. The market is still very young and it is also not clear where the boundaries are for web3 games and web3 in related areas. But if we look at several sources together, the trend is clear: this is a rapidly growing market with significant potential. An estimate that points to the size of the market has been made by DappRadar in the "Blockchain Games Report". They estimate that global investments in web3 games and metaverse projects amounted to USD 7.6 billion in 2022, which is an increase

of 59 percent from 2021. Another way to estimate the size of the market is to look at games under development. One of the first AAA games in web3, Illuvium, has recently sold NFTs for over USD 72 million.

Impact of cryptocurrencies on the web3 market

As the majority of the digital assets in the games are traded in cryptocurrency, the market for web3 games has been affected by the "crypto winter" that emerged towards the end of 2022. Many in-game tokens have been directly affected by the fall in value of linked cryptocurrencies, while indirect effects include the general association of web3 with cryptocurrency even though the market is maturing and broadening. Interestingly, however, web3 development has continued as shown in many different sources. According to Ancient8 and the report "Web3 Gaming and NFT Market Report 2022", there is much data indicating that developers have actively continued developing web3 games during the crypto winter, with most of them increasing their investments in game development, indicating that the period has been productive.

Growth

With the web3 gaming market in its infancy, it is relevant to also look at investments made in web3 and blockchain-based technologies in related areas, for example:

- Global giants Microsoft och Google have invested an estimated total of USD 500 million and USD 1500 million respectively in web3 technology.
- Mobile web3 apps for different uses showed total growth of over 500 percent between 2020 and 2022.
- Well-known brands are going into web3 with significant investments. This can range from partnering with a metaverse player like The Sandbox and offering virtual experiences or using the metaverse as a direct sponsorship channel. It may also involve using blockchain technology to develop apps, ticketing systems and loyalty programmes, or complementing their physical products with virtual products in the form of NFTs. For example, global sports company Nike reported a revenue of USD 184 million from NFTs sales in 2022.

Sources:

Newzoo Global Games Market Report 2022
Newzoo Global Esport Report 2022
Newzoo Metaverse Blockchain NFT Report 2022

DappRadar x BGA Games Report – 2022
Ancient8 Web3 Gaming and NFT Market Report 2022
Vayner3

ARK Invest
investing.com

Strategy and objectives

The Board and management of Fragbite Group AB have identified the following four strategic focus areas.

Increased investment in development and publication of games and esports content

The Company's ambition is to make a positive impact on the day-to-day lives of our players by creating a social, entertaining and positive gaming experience. The business model is built on a long-term approach to the Company's subsidiaries, employees, followers and end users. For FunRock & Prey Studios, Lucky Kat and Playdigious, with their already strong game portfolios, this means development of more and bigger games, based on the Company's game engines. The Company also intends to increase its existing investments in intellectual property rights and trademarks so as to create and develop new opportunities for experiences in new media and for new platforms. This may involve creating new games or concepts based on proprietary, acquired or external game engines, cooperating with external developers of game accessories or licensing intellectual property rights held by third parties.

In esports, where the Company is already one of the leading Nordic organisers of digital esports tournaments and leagues, and through Fragbite Community, one of the leading Nordic esports platforms, this means producing customised tournaments with well-known brands such as Philips, or new esports concepts like the Swedish CS:GO Cup. Expertise in esports and gaming enables the Company to offer targeted concept marketing and activities to established brands to introduce them to the esports audience.

For Wagmi, this means continuing the establishment of web3 publishing, with gradually increasing capacity for issuing blockchain-based tokens, which in turn can support distribution and marketing of the titles produced in the Company's game development business.

Acquisition of complementary businesses and intellectual property rights

The Company intends to continue playing an active

part in the ongoing extensive consolidation in the global gaming industry. Through carefully conducted acquisitions, the Company strengthens its position in gaming, esports and web3, which enables synergies between the Group's companies and promotes organic growth. The strategy is based on investments in game development and acquisitions of established independent game developers and esports companies with a history of profitable, leading-edge business development. The Company's growth through acquisitions also brings a gradually growing portfolio of strong intellectual property rights.

Fragbite Group's subsidiaries rely on a combination of entrepreneurial spirit, creativity, passion for the gaming experience and deep industry knowledge that has formed the basis of their commercial success. In addition, the Group has significant experience in developing, financing and marketing businesses, as well as expertise in establishing efficient processes that drive profitability. Overall, this means value creation that forms the basis for the Group's growth, and our strategy is to continue making acquisitions that enable and expand that growth.

When integrating new acquisitions, management places great emphasis on creating Group affiliation and commitment among key employees of the acquired companies, as well as a common approach to corporate governance. The Company focuses on maintaining the new subsidiaries' own culture and organisation as far as possible, to avoid the risk of adversely affecting their own entrepreneurial spirit and drive. In addition to the expertise and operational support available within the Group, the Company's listing on Nasdaq First North Growth Market makes it easier to execute the acquisition agenda by opening up the option of using our listed shares as payment when acquiring companies. By making the entrepreneurs of the acquired companies' shareholders of Fragbite Group, we maintain their commitment to their own business and to the Company as a whole, which also increases the likelihood of them continuing in their roles and wanting to contribute to the Company's operations in the long term.

Maintaining and developing IP-centric activities

Fragbite Group's business strategy is characterised by a focus on intellectual property rights that create value. Through its subsidiaries, the Company has access to a broad and growing portfolio of both internally and externally owned intellectual property rights and brands. The Company is constantly striving to develop its intellectual property rights by, for example, identifying new distribution channels in order to attract and engage both existing and new players. For the Company, this involves proactively managing relationships with platform owners in order to ensure presence on their platforms and channels. Good relationships with platform owners may also result in deeper commercial collaborations – for example, through investments in the Company's game development projects in order to ensure an inflow of new content to their platforms.

Increased professionalism with heightened entrepreneurialism

The Company is rooted in a strong decentralised entrepreneurial culture, and a key component of its business strategy is to retain and continue to develop the Group's personnel and their cutting-edge skills and expertise in the Company's business areas. Since 1 February 2022, the Company's headquarters and the Swedish subsidiaries have been based at the new SPACE gaming centre in Stockholm – the largest of its kind in Europe – which besides being an attractive and relevant environment, also offers increased opportunities for in-house events and establishing mutually value-creating contacts with other companies in the industry. To maintain and reinforce the Company's competitiveness in esports and game development, publishing and distribution, it is important for all of the Company's subsidiaries to manage the Company's assets carefully and utilise the opportunities for synergies offered by the growing group of companies. This could, for example, involve shared development resources, broader geographical distribution and the ability to transfer unique game mechanics from one game

engine to another. Further examples include adapting a game to a new platform, developing new content or creating sequels within the same game series and developing new revenue models. The fact that the Company's activities include both game development and esports also creates unique opportunities for cross-fertilisation, where the Company's games and intellectual property rights can create new and innovative esports concepts

Operational goals

The Company has the following strategic goals:

- To be active in the acquisition market and drive consolidation by acquiring profitable companies.
- To create stability and diversification of risk through a well-diversified portfolio of games in a variety of genres and different geographical regions, built both on its own IP and through licensing of IP.
- To expand our esports platform by increasing the number of people in its community, attracting more partners and organising more events.
- To continue establishing the already profitable web3 business and actively explore opportunities for growth and increased profitability in this young market.

Financial targets

It is Fragbite Group's assessment that there are good opportunities for growth in the next few years. The following targets have been adopted by the Board: To show aggregated annual growth exceeding 15 percent through organic and acquired growth. In order to grow organically, the Company needs to successfully market existing games and develop and publish new ones. In terms of profitability, the Company's medium-term target is to achieve an EBITDA margin of approximately 20 percent and generate a positive cash flow from game sales and in-game purchases, as well as from esports advertising and partnerships. The Company's long-term target is to achieve an EBITDA margin exceeding 30 percent.



Our subsidiaries

Fragbite Group has a portfolio of fast-growing, well-managed and profitable subsidiaries that develop, adapt and publish games and esports content for traditional platforms and modern web3 platforms. What the Group's subsidiaries have in common is that their operations are based on a combination of entrepreneurial spirit, creativity, passion for the gaming experience and deep industry knowledge that has been the foundation of their commercial success, a foundation to build on by taking advantage of synergies within the Group.

Fragbite

One of the Nordics' leading esports companies



Fragbite AB ("Fragbite") was founded in 2002 and through its platform the company reaches more than 200 000 unique visitors each month. The company is based in Stockholm and is currently one of the leading Nordic esports companies, offering a complete portfolio of content – tournaments, league operations, marketing, advertising, streaming and publishing. Through the platform fragbite.se and its channel on the streaming platform Twitch, Fragbite provides a well-visited platform that has long been a thriving community of great importance to the development of esports in Sweden and the Nordic region. Fragbite works with internationally renowned advertisers and has good knowledge of how to create value based on content in esports. Fragbite's well-known brand also represents a springboard for the Group's continuing growth in esports and enables additional acquisitions aimed at extending the reach into additional geographical markets.

Leagues and tournaments

Fragbite has long experience in the production and distribution of esports tournaments and provides customised tournaments for clients, including well-known global brands Philips and Samsung. During 2022, Fragbite operated the following leagues and tournaments under its own management:

- *Swedish CS:GO Cup* – The first tournament was held in 2022 with the qualifiers in autumn and the final at the Space Arena, which attracted a large audience, 3 million started streams and 1.6 million unique viewers.
- *Fragleague* – The largest amateur esports league in the Nordic region.
- *Swedish Chess League* - Digital chess league for all levels, from amateurs to professionals, hosted on international portal chess.com. Operated in partnership with the Swedish Chess Federation.

Marketing and advertising

Fragbite helps international brands reach and make their mark on the esports audience – a young target group often considered difficult to reach with traditional marketing. The company offers targeted concept marketing, primarily to introduce different brands to esports, but also to carry out continuous marketing for long-term exposure. As the Nordic region's largest complete advertising vertical for esports, Fragbite offers automated advertising and provides the technical solution. Fragbite also has the rights for the "Anzu" in-game advertising solution in the Nordic region, an innovative tool that is integrated into games.



Funrock & Prey Studios

Complete development studio for mobile games



Funrock Development AB and P Studios AB ("Funrock & Prey Studios") were founded in 2008 and 2011 respectively and the two businesses were merged into one organisational unit in 2021 (P Studios AB). Funrock & Prey Studios develop game engines and games adapted for smart phones and tablets which are primarily distributed via Google Play and Apple App Store. The studio utilises the free-to-play business model, which means that players download the games and play for free, but can pay for additional content to help advance more easily in the game. In this way, revenue is generated through advertisements and in-game purchases. Operations are run from the offices in Stockholm and Alexandria, Egypt.

of sports management games, and for the strategic improvements now being made to lead to a higher return on future investments in UA (*user acquisition*).

The title *MMA Manager 2: Ultimate fight* was released in 2022 and quickly showed improved KPIs in relation to its predecessor *MMA Manager 1*. The title received a nomination for Best Mobile Sports Game by PocketGamer.com. The game is the start of a series of management games where the game engine will be used for other themes. In late autumn 2022, work on further development began, aimed at optimising and increasing the game's ARPU (*average revenue per user*), which includes targeted, strategic adjustments in order to increase earning capacity. The goal is to create a long-term, profitable series



Lucky Kat

Pioneer in web3 development.



Lucky Kat B.V. ("Lucky Kat"), founded in 2015, is a game developer based in the Hague, The Netherlands. Lucky Kat develops mobile games in the hypercasual segment and web3 games based on blockchain technology.

development, the focus is on marketing and long-term branding towards key target groups.

Hypercasual

Lucky Kat is well-established as a developer of mobile games in the hypercasual segment – titles with simple game mechanics, often with a retro-inspired style, targeting a wide audience and aimed at offering moments of pastime entertainment. The business model for these mobile games is free-to-play and the main source of revenue is advertising. Lucky Kat's catalogue of over 20 games has had more than 200 million downloads to date. The most popular titles include *Magic Finger*, *Road Crash* and *Ice Cream Roll*.

The Sandbox

In cooperation with its partner The Sandbox, Lucky Kat is developing content for its metaverse – a virtual world where users can access various social and cultural experiences such as games, concerts and shows. The first project the studio developed was *Lucky Kat Land* – an amusement park-themed gaming experience. In February 2023, work started on a parkour-themed experience that will also form the basis for reskinning to other avatar collections within The Sandbox.

Web3 games

Lucky Kat is a pioneer in web3 games, and the studio's title *Panzerdogs* has been nominated by the European Blockchain Convention as one of Europe's top 100 Blockchain startups. The beta version of *Panzerdogs* was launched in 2022 and a mobile version is currently being developed, as well as an updated PC version. The game *Cosmocadia* is being prepared for launch in 2023, and in addition to work on design and game



Playdigious



Award-winning development studio with expertise in porting

Playdigious SAS ("Playdigious") is a well-established game developer, with cutting-edge expertise in developing and adapting successful game titles from PC to mobile and subsequently publishing them, known as *porting*. The company also develops and publishes titles for PC and console. Playdigious is based in France, with offices in Paris, Montpellier and Nancy.

Successful portfolio

Playdigious' design and technical expertise in porting a game from one platform to another has made the studio a renowned player in the industry, with high-profile partners and several award-winning titles in its portfolio. The company has developed mobile versions of successful games such as *Dead Cells*, *Spirittarer*, *Northguard* and most recently *Teenage Mutant Ninja Turtles: Shredder's Revenge*, launched exclusively on Netflix in January 2023. Some titles in the Playdigious game catalogue have been launched in China, where, for example, the best seller *Dead Cells*, which has sold 5 million units to date, has shown good results. While there is significant potential for development in China, obtaining approval to publish games is time-consuming and complicated, which means that titles already having passed the process have a major advantage.

Profitable growth

Playdigious' operations reduce development risk in Fragbite Group as the Group can balance the significant costs associated with developing its own games from scratch with the porting of licensed, already financially successful IP, while the broad portfolio is less dependent on a few game titles. In 2022, the Group provided capital to accelerate Playdigious' already positive growth, in order to enable increased production capacity and create the conditions needed to be able to sign contracts for larger and more established titles.

Broadening distribution and revenue models

During 2022, Playdigious has been working on several titles, among them the mobile version of *Little Nightmares* which will be launched in 2023. For titles like *Dead Cells*, *Northguard* and others, work on developing DLC (*downloadable content*) updates is in progress. These updates expand the financial life of the game by keeping the game current and, when they are for purchase, enable additional revenues from existing players. In 2022, Playdigious has worked with the Group to broaden its distribution network and add more revenue models, which will also bear fruit for the other companies in the Group. Under the agreements with Netflix and Apple Arcade, subscription has been added, exclusively or alongside downloading, and in these cases the payment is by fixed amounts distributed over time.



WAGMI

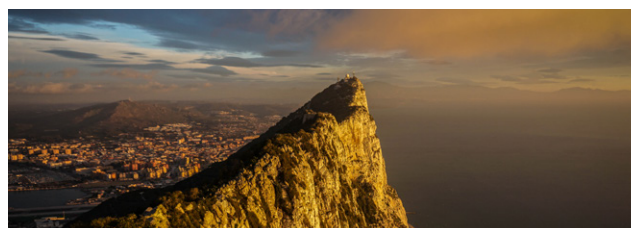
Licensed publisher in web3

WAGMI Ltd. ("Wagmi") is the Group's web3 publishing company, licensed to issue blockchain-based tokens. The company was founded in 2022 and is based in Gibraltar, where it has been approved as a *Virtual Assets Service Provider* by The Gibraltar Financial Services Commission.

In 2022, Wagmi published the beta version of the game *Panzerdogs*, developed by Lucky Kat, for which the company successfully launched and sold in-game tokens. In 2023, preparations for the sale of the next batch of in-game tokens are in progress, and for the launch of the game *Cosmocadia* and its NFT collection. *Cosmocadia* will be launched on the Sui

wagmi

blockchain and the development of the game is part of a strategic partnership between Wagmi, Lucky Kat and Mysten Labs, the original contributor to the Sui blockchain.





The award-winning mobile version of *Spiritfarer* was launched in October 2022 on Netflix.

Successful title *Dead Cells* reached 5 million sold units in the beginning of 2023. The game is available for purchase on iOS and Android, and since December 2022 also on subscription platform Apple Arcade.



Electronics giant Samsung is one of several clients that engage Fragbite AB for the development of bespoke marketing campaigns targeting the esports audience.

Northgard is a popular, viking-themed strategy game for which Playdigious recurrently releases new content.



Web3 – Games for the next generation

Web3 is today largely an overall label for a technological, cultural and commercial paradigm shift for the digital entertainment industry. How we create, own and trade virtual assets was primarily driven by technology but is increasingly driven by a cultural evolution where the view of who creates and who owns is radically changing. In this section, we have a brief look at some key concepts and what they mean to the Group as we develop our web3 offering.

What is web3?

Web 3.0 is described as the third era and future form of the worldwide web – a decentralised internet based on blockchain technology in which users own their own data and take it with them from service to service. Web 1.0 arrived in the 1990s and was based on simple websites from which recipients could access information. With Web 2.0, the internet began to evolve and be seen as an application or platform, something to interact with, and with it came online banking, blogs, social media and the like. With web 3.0, users progress to also owning things digitally. Instead of huge amounts of data being stored in a few large databases, held by for example Facebook or Google, data is distributed so that everyone has control over their own information and what they themselves have created in a small, defined part of a shared blockchain. This next era of the internet is now usually referred to simply as web3.

What is a blockchain?

A blockchain is a complete, distributed ledger of transactions made with an underlying digital object. The distributed nature of the ledger means that identical copies of it are available on many computers. The underlying reason for this is that it should be difficult to falsify the information. Each new transaction must be approved by all computers on the blockchain. All previous values related to the blockchain are already

in these computers, so they can check that everything is correct and that nothing has been changed. If everything is correct, the transaction is approved and added to the blockchain list. Blockchains are essentially an innovative new way of creating records. Digital currencies such as Bitcoin were among the first applications of sovereign decentralised autonomous organisations (DAOs). Public and decentralised blockchains offer a changed distribution of trust between different parties, and with decentralised software and open source code they can replace institutions that rely on centralised systems. While centralised institutions have to coordinate the functions of a financial system, the digital currency operates as a single, decentralised institution. The digital currency relies and is based on a global network of digital blocks that are validated and consist of cryptographic transactions verified by means of mathematical algorithms. The blockchain technology is developing at a rapid pace and can also be extended to many non-financial applications.

What is an NFT?

Decentralised contract solutions are one of the most exciting applications for blockchain technology. Smart contracts help users to exchange funds, shares, art or any other types of property in a transparent, conflict-free way while avoiding intermediaries. The contracts could be described as small programs with a code stipulating "if X happens, do Y". If the blockchain has given us reliable distributed storage space, then smart contracts give us distributed contracts without the need for additional verification and financial intermediaries, and with reduced counterparty risk. These smart contracts are called non-fungible tokens (NFTs) and they verify the ownership of digital assets via public blockchains. Following the turbulent period between 2018 and 2020, Ethereum emerged in 2021 as the dominant smart contract platform for decentralised financing, but as smart contract platforms are open and transparent, high transaction fees on the Ethereum platform created demand for new and more scalable solutions (referred to as Layer 2 solutions) while maintaining security. Similarly, many stakeholders have called for more energy-efficient blockchains. In 2022, according to DappRadar, the NFT market generated about USD 24.7

billion in organic trading volumes, globally across different blockchains and marketplaces.

What is the metaverse?

The metaverse, or metaversum, is set to become part of the next generation internet, a virtual 3D animated meeting and trading place where digital currencies play a growing role. Metaverse means “beyond the universe” and offers a more interactive version of the internet where users can trade, socialise and engage in various activities. There is no overall picture of exactly what such a universe will include, and the vision presented by one market player does not necessarily entirely match what is described by other stakeholders. The metaverse is not just a place or platform. It is not something that will be developed by a single company. Rather, it involves different virtual worlds that can interact with one another. In the book “The Metaverse”, Matthew Balls describes his vision of the metaverse consisting of lots

of 3D worlds where everything happens in real time, where everyone can connect and where changes are permanent. These worlds and their users can interact with one another and data, identities, payments and digital assets can be transferred between them. A key observation that Matthew Balls shares with many others is that the metaverse exists in not just the digital sphere, rather it should also be able to interact with the physical world.

“The metaverse is best understood as the shift of computing and interaction from a device in your pocket into a virtual simulation”.

Matthew Balls,
“The Metaverse: And How It Will Revolutionize Everything”



Sources:
www.ark-invest.com
www.coinbase.com
www.meta.com

www.matthewball.vc/all/themetaverse
Decrypt.com - NFT Sales 2022
Forbes Blockchain 50 2023

Vayner3
Newzoo
DappRadar

Lucky Kat Land – a gaming experience developed by Lucky Kat for The Sandbox Metaverse.

Our web3 games

Our goal in web3 is to use blockchain technology to create digital experiences that offer players new and innovative ways to express their interests, interact with others, own what they create and have the opportunity to influence decisions about the experience's ecosystem and development.

Panzerdogs

Panzerdogs is Fragbite Group's first web3, developed by Lucky Kat and published by Wagmi. The game was soft-launched in 2022 on PC prior to which 5,555 NFTs in the form of dog avatars were sold for just under USD 1 million. The game was launched on mobile platforms in selected markets later in 2022 and since then testing and work aimed at increasing the number of players and improve the gaming experience has been in progress ahead of a full launch on mobile scheduled for 2023.

In July 2022, the first sale of in-game tokens was carried out for a total of just over USD 3 million. These tokens are intended as a means of payment within the game's ecosystem, and also in the Group's other web3 games in the future. *Panzerdogs* is currently on the Solana blockchain but will be migrated to the Sui blockchain after the launch of Sui Mainnet, where the game will join *Cosmocadia*.

Gaming experience

Panzerdogs is a game of strategy that can be played as both PVE (Player versus Environment) and PVP (Player versus Player) where two teams of three players compete against each other. Each player controls a character (an avatar) with a set of capabilities that can be improved during the course of the game and that contribute to the overall strategy of the team. The gaming experience is the top priority in the development of *Panzerdogs*, and it is then supplemented with the layers of functionality provided by blockchain technology, including play-and-earn mechanics.



The Panzerdog ecosystem

To play *Panzerdogs* in PVP mode, a player has to own NFTs in the form of tank parts and dog avatars. The tank parts are used to create unique tanks that are controlled by the player in the game, while the dog avatars give the opportunity to unlock a variety of rewards and advantages in the game. The *Panzerdog* ecosystem includes two internal game currencies: \$PANZR and \$SCRAP. \$PANZR is a premium currency, which is in limited supply, and can be used to acquire new or upgrade existing objects in the form of NFTs in the game. \$SCRAP is offered to all players, whether they own NFTs or not, as a reward for playing the game and interacting with other players. In this way, \$SCRAP helps to lower the entry barriers to the game by attracting a larger group of players. A variety of activities and opportunities for structured, co-creation are offered continuously through the game's social channels, which means that we as developers and the game's users (its community) build a game that is made accessible and attractive to

a wide audience. To create liquidity in the game currencies, the Company initially issued \$PANZR and \$SCRAP tokens on a decentralised exchange through a targeted strategic offering, which was the first sale of in-game tokens, conducted in August 2022. This sale also meant that the game currency could be exchanged for other cryptocurrencies. External NFT marketplaces are used for in-game purchases of NFTs and for trading NFTs between players. On these, players can sell avatars, and tanks and tank parts they have created. Commission of 5–10 percent is charged on transactions, depending on the type of NFT and number of users on the platform. Part of the revenue from NFT sales and transaction fees is returned to *Panzerdogs'* game treasury and can be used for in-game rewards, competitions to increase engagement etc. Additional NFTs in the form of avatars, tanks, tank parts, garages, land and more are continuously introduced into the game and on these marketplaces as the game is developed and maintained.



Cosmocadia

Work on development of *Cosmocadia*, the Group's second web3 game, took place in 2022. *Cosmocadia* is a community-based web3 game with a farming theme, developed by Lucky Kat and published by Wagmi. Players can farm, fish, create and work together to transform

the overgrown wilderness into their own utopian creation. Just as with *Panzerdogs*, using blockchain technology, players will be able to own and trade characters and in-game items in the form of NFTs, and use in-game tokens as a method of payment.

Launch

In 2022, Wagmi and Lucky Kat entered into partnership with infrastructure company Mysten Labs to jointly offer web3 games to a wider audience. The partnership with Mysten Labs was expanded in early 2023 when the parties agreed to collaborate on the launch of *Cosmocadia* on Sui Mainnet. *Cosmocadia* and the game's NFT collection will be fully launched as one of the first projects on Sui – a high-performance blockchain of which Mysten Labs is the original contributor. Sui is currently in a test phase and the launch of the complete Sui Mainnet is planned for spring 2023.

Pre-launch

In addition to the game's development, there has been a strong focus on building the game's community, i.e. the players and collectors who connect with the game also in the development phase, thereby contributing to its direction. A large number of followers on Discord and Twitter help drive engagement and support the marketing of the game for the soft launch. In conjunction with the launch, the first NFT collection will be released in the form of 11,111 avatars, and after the sale, a demo of the game will be available exclusively to NFT holders.

The Sandbox Metaverse

In early 2022, a partnership was announced between Lucky Kat and Wagmi and blockchain-based metaverse provider The Sandbox, which operates a leading, decentralised virtual world in which players are offered a host of different experiences and are able to build and own their content. Through their characters (avatars), players can access different types of social and cultural entertainment such as gaming experiences, virtual shows and concerts.

The first project under the partnership was called *Lucky Kat Land* – an amusement park-themed gaming experience that includes virtual unique assets (NFTs) in the form of characters, equipment such as helmets and boots, and buildings.

In February 2023, the Company announced that another agreement had been signed with The Sandbox on the development of a customisable type of obstacle course with multiplayer functionality and a parkour theme. The obstacle course will initially be released as a standalone gaming experience and then as a framework that enables reskinning to other avatar collections within The Sandbox.

The Sandbox is a wholly owned subsidiary of Animoca Brands and has a strong position in the global web3 market, with an exclusive set of partners including Warner Music Group, The Walking Dead, Snoop Dogg and Adidas.

Revenue models

The Company's business in web3 can chiefly be divided into the following revenue streams:

Sale of NFTs

NFTs are digital assets that are sold and recognized as revenue upon conclusion of the transaction, such as the 5555 avatars sold for *Panzerdogs* in December 2021. The incentive for a buyer of these avatars, in addition to an expectation of a positive value growth if the NFT or game is a success, is that NFTs in web3 games come with various benefits. Another example is the planned sale of NFTs for *Cosmocadia*, where ownership will, among other benefits, allow holders exclusive access to a demo version of the game. An NFT can be used in-game or sold like any regular asset.

Sale of tokens

Tokens are digital assets that are sold to various types of actors who may initially be strategic investors and over time the general player community. Tokens are to be considered as an in-game currency equivalent to an investment with an expectation of a positive value growth, or an investment made for the purpose of establishing in-game purchasing power. In this case, the publisher, i.e. the Company, has a commitment to develop and market the game and create a community for the game in question, a commitment that continues as long as the game is in demand, which is why the revenue is recognised over the estimated economic life of the game. Thus, the difference between an NFT and a token is that the former is a singular digital asset, while the latter functions as currency which can be used to purchase many different assets within the game as well as be traded outside the game.

Transaction fees

NFTs and tokens alike can be traded on different marketplaces, i.e. change ownership in a transaction confirmed by the decentralized clearing system that blockchain technology constitutes. In addition to being affected by general market development and the price development of the cryptocurrency to which the asset is linked, the value of these assets is affected by how the game develops and, in the case of NFTs, how the holder refines the asset by acquiring accessories in the game and/or by successfully playing the game and thus increasing the value of the NFT. Transactions that occur when a digital asset changes hands via a marketplace generate a transaction revenue for the Company, recognized as revenue upon completion of the transaction.

The share

Fragbite Group's shares were listed on Nasdaq First North Growth Market on 12 July 2021 and are traded under the ticker FRAG. The share's ISIN code is SE0015949334.

Share development in 2022

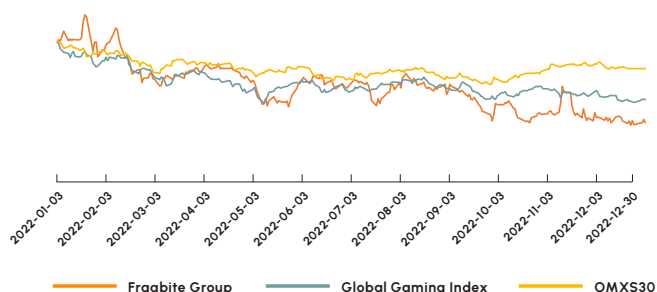
The closing price on the last trading day of the period, 30 December 2022, was SEK 3.90 per share, corresponding to a market capitalisation of SEK 353.6 million for the Company, based on 90,672,923 outstanding shares. The highest price listed during the year was SEK 9.23 and the lowest was SEK 3.78.

Trading in the shares

A total of 44.1 million shares were traded at a value of SEK 250.5 million during the year. On average, 174,395 shares were traded per trading day, corresponding to average daily turnover of approximately SEK 1.1 million.

Share price development 2022

(vs OMX30 index and Global Gaming index*)



* Global index of international listed gaming shares, sample based on ABG Sundal Collier's industry tracking.

Number of shares and share capital

The number of shares in Fragbite Group on 1 January 2022 was 83,969,199, corresponding to the same number of votes, with share capital of SEK 1,399,462 and a quotient value per share of SEK 0.0167. When the acquisition of Lucky Kat B.V. was completed on 3 January 2022, 3,944,551 new shares were issued, which meant that the number of shares increased to 87,913,750.

On 15 July, the conditions for the first additional consideration related to the Lucky Kat acquisition were met and the Company paid EUR 4 million, of which EUR 3 million was paid in cash and EUR 1 million was settled with 1,801,092 newly issued shares in Fragbite Group. The newly issued shares increased the total number of shares to 89,714,842.

On 26 September, the conditions for the second additional consideration related to the Playdigious acquisition were met and the Company paid EUR 1 million, of which EUR 0.5 million was paid in cash and EUR 0.5 million was settled with 958,081 newly issued shares in Fragbite Group. The newly issued shares increased the total number of shares to 90,672,923.

Consequently, the total number of shares was 90,672,923, at the end of the year. The share capital amounted to SEK 1,511,189.

Ownership structure

Fragbite Group had 3,170 shareholders at 31 December 2022. The 10 largest shareholders held shares corresponding to 44.13 percent of the outstanding shares and votes.

List of shareholders, 31 December 2022 Ten largest shareholders in Fragbite Group AB

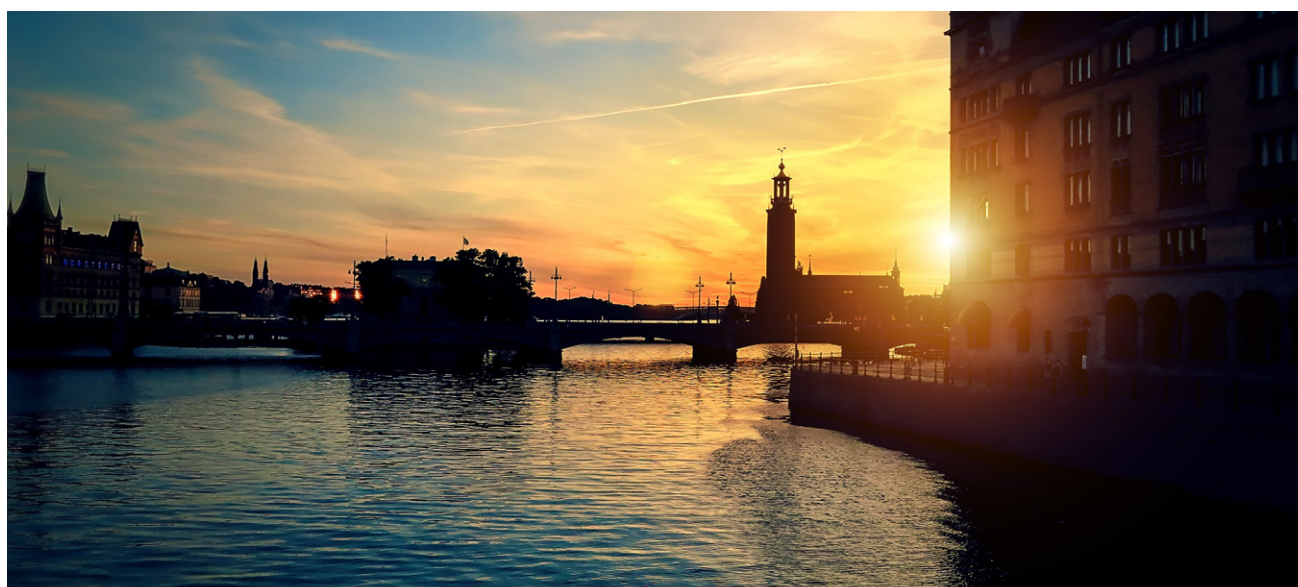
Shareholder	Number of shares and votes	Share of capital and votes (%)
Mikael A Pettersson	7,135,236	7.95 %
The Barbarian Group AB	6,066,461	6.69 %
Santhe Dahl	4,500,000	4.96 %
Sellers of Lucky Kat B.V.	3,860,755	4.39 %
IF Holding	3,931,231	4.38 %
Moongolde Ltd	3,961,164	4.37 %
Avanza Pension	3,500,607	3.86 %
Museion Förvaltning AB	2,651,351	2.92 %
Nordnet Pensionsförsäkring	2,110,799	2.33 %
Stefan Tengvall	2,058,000	2.27 %
TOTAL	39,775,604	44.13 %

Dividend policy

All shares in the Company carry equal rights to dividends, and decisions on dividends are made by the Annual General Meeting. The Company's Board of Directors has not adopted a dividend policy. However, when considering whether to propose a dividend, the Board takes into account a number of factors, including the Company's operations, operating profit, financial position, current and anticipated liquidity needs, expansion plans, contractual restrictions and other material factors. No dividend was paid for the 2019, 2020 or 2021 financial years. The Board of Directors intends to prioritise investments over distribution of dividends to shareholders in the next few years, and will therefore recommend to the AGM that no dividend be paid for the 2022 financial year.

Key data, Fragbite Group shares

Earnings per share	-1.14 SEK
Earnings per share after dilution	-1.10 SEK
Shares outstanding at year-end	90,672,923
Closing price at year-end	3.90 SEK
Highest price during the year	9.23 SEK
Lowest price during the year	3.78 SEK
Market cap at year-end	353,624,400 SEK
Number of shareholders	3,170



Organisation

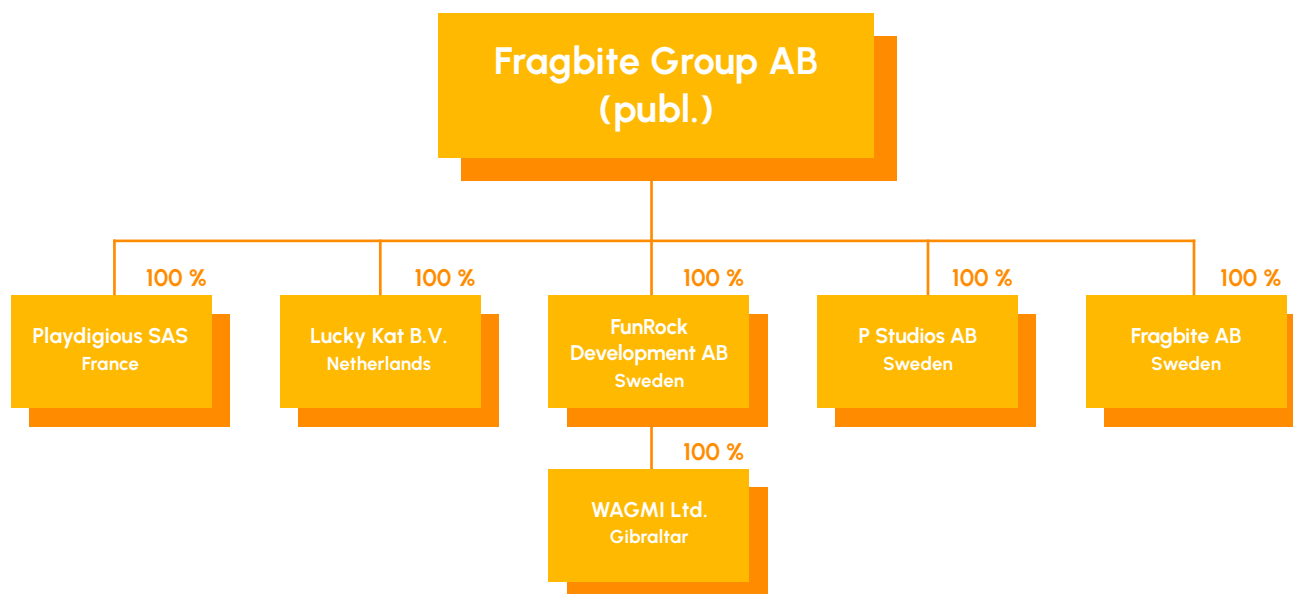
Fragbite Group AB (publ), corporate ID 556990-2777, is a Swedish public limited liability company and has its registered office in the Municipality of Stockholm, County of Stockholm. The Company's shares are admitted to trading on Nasdaq First North Growth Market under the ticker FRAG.

Management and personnel

Company management consists of five (5) individuals and the Board of Directors consists of seven (7) members. Individual presentations can be found under "Board of Directors" and "Senior executives". The Company has a total workforce of approximately 80 full-time employees and uses external consultants to staff certain projects.

Legal structure

Fragbite Group AB has six wholly-owned subsidiaries and a physical presence in Sweden (Stockholm), France, (Paris, Montpellier and Nancy), Netherlands (The Hague), Gibraltar and Egypt (Alexandria).



General company information

- The Company's head office and visiting address is at Mäster Samuelsgatan 45, SE-111 57 Stockholm
- The Company's website is www.fragbitegroup.com.
- The Company's legal entity identifier (LEI) code is 549300RMCBX44ZFTPT73.
- The Company's share has the ISIN code SE0015949334.
- The Company has engaged Euroclear Sweden AB to act as the account-holding institution and maintain the Company's share register.
- The Company's Certified Adviser is Redeye AB, Mäster Samuelsgatan 42, Box 7141, SE-103 87 Stockholm.

Board of Directors

According to the Articles of Association, the Board of Directors shall consist of no fewer than three and no more than eight members, with no more than one deputy, who are to be elected annually by the Annual General Meeting for the period until the next AGM is held. The Company's Board of Directors currently

consists of seven members elected by the AGM, including the Chairman of the Board. The Board members, their position, year of election and their independence of the Company, its management and major shareholders are described in the table below.

Name	Position	Year appointed to current position	Independent of the Company and its management	Independent of major shareholders
Stefan Tengvall	Chairman	2022	No	Yes
Niclas Bergkvist	Director	2020	Yes	Yes
Claes Kalborg	Director	2020	Yes	Yes
Dawid Myslinski	Director	2020	Yes	Yes
David Wallinder	Director	2021	Yes	Yes
Sten Wranne	Director	2021	Yes	Yes
Zara Zamani	Director	2022	Yes	Yes

Stefan Tengvall (b.1976) Chairman of the Board since 2022



Education and experience:

Stefan studied the Master's Programme in Accounting, Valuation & Financial Management at Stockholm School of Economics. He has extensive experience as an entrepreneur and investor in the field of information and communication technology. Stefan is one of the founders of Ownit Broadband and helped to build up the company to revenue of SEK 134 million and EBIT of SEK 29 million until the company was sold to Telenor in 2012. He was also previously an investor and chairman of Scrive, a leading e-signature company.

Holdings in Fragbite Group:

Stefan owns 2,258,000 shares; 278,000 privately and the remainder through companies. He holds 150,000 warrants of series OP 2021/2024 and 100,000 warrants of series OP 2022/2025.

Other appointments:

Board member of Verification Topco AB, TechBuddy International Holding AB and Hello Ebbot AB. Board member and CEO of Twin Mountain Group AB and Autonomia System i Stockholm AB.

Niclas Bergkvist (b.1978) Board member since 2020



Education and experience:

Niclas holds a Bachelor of Science from Halmstad University. He has experience as an investor and entrepreneur and was previously active in leading roles in several companies such as Getinge Sterilisation AB, Allergon, Benzlers and Stora Enso. Niclas also has experience as a management consultant.

Holdings in Fragbite Group:

Niclas owns 547,600 shares: 18,883 privately and the remainder through companies and related parties. He holds 50,000 warrants of series OP 2022/2025.

Other appointments:

CEO and Board member of WB Invest AB and Grannsaker AB. Deputy Board member of Bio Farming Sweden AB. Board member of WB Fastigheter Syd AB and Goodspot Group AB. Chairman of the Board of Wilhelmssons Holding i Laholm AB.

Claes Kalborg (b.1962) Board member since 2020

Education and experience:

Claes studied at Stockholm University and has extensive experience as an entrepreneur and from leading roles in the media and gaming industry. Claes was previously SVP Global Licensing at Rovio and Head of Global Licensing at King. He holds several directorships in different companies and is also an Associate of the AI company CanopyLAB.

Holdings in Fragbite Group:

Claes owns 15,000 shares through companies. He holds 25,000 warrants of series OP 2022/2025.

Other appointments:

CEO and Board member of Barn Storm Media AB, Bodiam AB and Every Sense Entertainment AB. Deputy CEO and Board member of Sentinella Aktiebolag. Board member of Adventure Box Technology AB (publ), CF Entertainment AB, LL Lucky Games AB (publ) and Kidz Inc. (publ).



Dawid Myslinski (b.1976) Board member since 2020



Education and experience:

Dawid holds a Master of Business Administration from Stockholm University. Dawid has many years of experience as a financial analyst of technology companies and of raising capital for growth companies, including listing processes. He also has experience as a Certified Adviser for companies listed on Nasdaq First North Growth Market.

Holdings in Fragbite Group:

Dawid owns 82,500 shares. He does not hold any warrants.

Other appointments:

Board member of Cherry with Friends AB and Gattaca Holding AB.

David Wallinder (b.1987) Board member since 2021

Education and experience:

David holds a Master of Business Administration from Stockholm University. David has extensive experience as an entrepreneur in the gaming and technology sector, where he has founded several companies, including Fragbite Group, and has worked with M&A. He also has experience from advisory roles and his own investment activities. David is currently active as an investor in various businesses and as CEO of the brand group Refine Group.

Holdings in Fragbite Group:

David owns 1,396,028 shares through companies. He holds 50,000 warrants of series OP 2022/2025 through companies.

Other appointments:

Board member of Svenska Folkhemmet Möbler & Inredning AB, Heep Agency AB, Sqrrn Company AB, Lybe Sweden AB, DW Capital AB, Awelin AB, David Wallinder Holding AB and King's Island Ventures SL. Deputy Board member of AHT Holding AB.



Sten Wranne (b.1961) Board member since 2021



Education and experience:

Sten holds an MSc in Technical Physics from Chalmers University of Technology. He has held a number of CFO roles during his career, including at Stillfront Group, Adcore AB and Connecta AB. Sten has extensive experience of both financial management and the listed environment, as well as M&A, in gaming and other industries. He also has experience from a number of directorships, both previous and current, and is a partner and executive Board member of the management consultancy group Newground Alliance.

Holdings in Fragbite Group:

Sten owns 270,000 shares: 160,000 privately and the remainder through companies. He does not hold any warrants.

Other appointments:

Board member of Newground Alliance AB. Board member or Deputy Board member of a number of companies in the Newground Alliance Group. Board member of Black Ocean Development AB, Deseven International AB and Black Ocean Invest AB. Deputy Board member and CEO of Deseven Capital AB.

Zara Zamani (b.1985) Board member since 2022

Education and experience: Zara holds a dual degree in Electrical & Electronics engineering and Petroleum engineering, and is currently pursuing a PhD in blockchain adoption. She has leadership experience from global companies such as Schlumberger and DH Anticounterfeit, and an extensive background in designing blockchains for various industries and uses. She has been involved in the development of innovative crypto-based investment models and recently founded fashion metaverse Neoki. Zara currently serves as Chief Solutions Officer for ChromaWay, Lecturer

at Halmstad University and panel expert for the EU Blockchain Observatory and Forum. She was featured by American publication Analytics Insight as one of the 10 most influential women in technology in 2021.

Holdings in Fragbite Group:

Zara holds 40,000 warrants of series OP 2022/2025. She does not own any shares.

Other appointments:

Deputy Board member of Neoki AB and Allny Bygg AB.



Senior executives

Name	Position	Year of appointment to current position
Marcus Teilman	President & CEO, Fragbite Group	2022
Lars Johansson	CFO, Fragbite Group	2021
Magdy Shehata	CEO, Funrock & Prey Studios	2016
Xavier Liard	CEO, Playdigious	2015/2021
Daniel Pereaux	CEO, Fragbite	2018/2021

Marcus Teilman (b.1983) President & CEO since 2022



Education and experience:

Marcus studied Business and Economics at Stockholm University and has more than 15 years' experience from leading positions in a listed environment, mainly in iGaming. He spent 8 years with Acroud AB (publ.), listed on Nasdaq First North Growth Market Premier, initially as CFO and then as President & CEO and was also a Board member. Marcus also has broad experience in M&A and finance, mainly in iGaming, FinTech and Online Media. He joined Fragbite Group as Deputy CEO and Head

of M&A in 2021, before taking over as President & CEO in May 2022.

Holdings in Fragbite Group:

Marcus owns 210 000 shares. He holds 150 000 warrants of series OP 2021/24 and 300 000 warrants of series OP 2022/25.

Other appointments: Chairman of the Board of Creddo AB. Board member of Mentimeter AB (publ), Corploan Media AB and Baryton Sweden AB.

Lars Johansson (b.1959) CFO, Fragbite Group since 2021



Education and experience: Lars holds an MSc in Business and Economics from Stockholm School of Economics and has more than 30 years' experience from leading roles and Board appointments at listed and unlisted companies in various industries. Lars runs his own consultancy and was most recently CFO of NetEnt AB. Prior to that he worked at Ratos AB, where he was Senior Investment Director and Acting CEO. Other previous positions include CFO of Swedavia, CFO/COO of TV4

Group AB, CFO/COO and Acting CEO of Orc Software AB. Lars also has extensive experience of M&A.

Holdings in Fragbite Group: Lars does not own any shares. He holds 100,000 warrants of series OP 2022/2025.

Other appointments: Board member of the Swedish Maritime Administration, Visit Sweden AB, Plegium AB and AB Lars Johansson & söner.

Magdy Shehata (b.1990) CEO, FunRock & Prey Studios since 2016

Education and experience: Magdy holds an MSc in Entrepreneurship and Innovation Management from the Royal Institute of Technology and a BSc in Computer Engineering from Pharos University in Alexandria. He is co-founder of FunRock and Fragbite Group and has approximately 15 years' experience working in the technology industry, including the role of Marketing Manager at Truecaller. Magdy is an active angel investor and a mentor to several startups in Europe and the MENA

region, and is a member of the Swedish Institute Network for Future Global Leaders. He is also co-founder of the recruitment company Söderhub.

Holdings in Fragbite Group: Magdy owns 29,722 shares. He holds 137,500 warrants of series OP and 150 000 warrants of series OP 2022/25.

Other appointments: CEO and Deputy Board member of Söderhub AB.



Xavier Liard (b.1983) CEO, Playdigious since 2015



Education and experience: Xavier holds an MSc in Computer Engineering from the University of Technology of Compiègne (UTC). He co-founded DotEmu with Romain Tisserand in 2007 and sold the company in 2014. Xavier and Romain then founded Playdigious in 2015, Xavier has extensive experience in sales and business development, particularly in licensing where he has

managed agreements for over 300 games from more than 40 different brands since 2007.

Holdings in Fragbite Group: Xavier owns 1,565,415 shares: 479,041 privately and the remainder through companies.

Other appointments: Board member of Capital Games.

Daniel Pereaux (b.1988) CEO, Fragbite AB since 2018

Education and experience:

Daniel has a Bachelor's degree in Business Administration and a Bachelor's degree in Innovation technology from Mälardalen University. He has a long background in digital marketing/advertising with expertise in esports and gaming. Daniel previously worked as Sales Manager and Creative Project Manager for Nyheter24-Gruppen, the previous owner of Fragbite.

When Fragbite AB was incorporated in 2018, Daniel was appointed CEO.

Holdings in Fragbite Group:

Daniel owns 1,404,055 shares through companies. He holds 150,000 warrants of series OP 2021/2024 and 40 000 warrants of series OP 2022/25.

Other appointments: Board member of Pereaux Holding AB.



Additional information on the Board of Directors and Senior executives

President & CEO Marcus Teilman has a notice period of six (6) months when resigning from his position. When employment is terminated by the Company, the notice period is six (6) months with termination benefits corresponding to six (6) months' salary. Lars Johansson has, as previously communicated, decided to end his employment and his final day in the role of CFO is 20 August 2023. None of the Board members or senior executives referred to in this annual report has entered into any agreement with the Company concerning post-employment benefits.

Auditor

Revideco AB has been the Company's auditor since 2016 and was last elected for the period until the 2023 Annual General Meeting. Erik Emilsson (born 1962) is an authorised public accountant and chief auditor for Fragbite Group. Revideco AB's office address is Drottningholmsvägen 22, Stockholm

Remuneration of the Board of Directors, CEO and other Senior executives

Remuneration of the Board of Directors

At the Annual General Meeting on 25 May 2022, it was decided that the Chairman of the Board would receive a Board fee of SEK 300,000 and the other members would receive SEK 150,000 each. For more information on outstanding share option programmes and on remuneration paid to Board members and senior executives in the 2022 financial year, see note 2 in the Directors' report.

Risks and risk management

Uncertainty about future events is a natural part of any business. Future events may have a positive impact and present opportunities for increased value creation, or a negative impact and affect the result unfavourably. Active risk management is a prerequisite for the successful operation of the Company.

Fragbite Group's Board of Directors is responsible to shareholders for the Company's risk management. Risk management associated with business development and long-term strategic planning is prepared by the management team, and decisions are made by the Board. The management team reports regularly to the Board on risk issues such as the Group's financial status and compliance with financial and accounting policies. Fragbite Group monitors the external environment continuously, assessing and evaluating the risks to which the Group is and may be exposed. Critical external factors are managed on an ongoing basis within the framework of operating activities.

Some of the strategic and operational risks that may be of significance to the Company's future development are described below. The list is not exhaustive and the risks are not described in order of importance or potential impact on the Company's performance or financial position.

Risks related to the Company's business and industry

Risks related to the Company's products and its users' preferences

Fragbite Group's operational and financial performance is dependent on the attractiveness of the products developed, marketed and distributed by the Company and its partners. Revenues are currently generated from the Company's games, web3 operations, publishing operations and esports operations. To generate recurring revenues, Fragbite Group needs to work actively on maintaining a high level knowledge of the Company's markets and customer awareness of existing game titles and of the games covered by the Company's publishing activities and the activities conducted within the frame-

work of the esports business. The commercial success of existing and future games and esports content may deteriorate or not be achieved at all if the Company fails to identify and adapt to trends and end-user expectations and demands for gaming experiences and esports content.

Risks related to competition in the Company's market

The gaming industry is attractive and competitive, and characterised by relatively high development costs at often high risk, but at the same time high potential profit should a product be well received by the players. In order for Fragbite Group to maintain its competitive position and thereby continue to grow and develop, the Company must develop, launch and successfully market competitive games that appeal to players and to provide content on the Company's esports platform that is attractive to esports enthusiasts. The Company must also ensure a broad and long-term sustainable distribution network with risk diversification across different remuneration models to secure revenues in the long term.

Risks related to the Company's game development

All development and launching of games involves a certain amount of uncertainty when it comes to estimating the time and resources required to complete games. Game development projects may turn out to need more development work than was originally planned. Projects in progress may also need to change direction or design for commercial reasons. This may, for example, be due to changes in gaming trends or expectations and demands from gamers. Delays in product launches and technological developments in the gaming market could cause Fragbite Group's games to become outdated compared with competing games.

Risks related to dependence on partners

The Company's game development and/or marketing may take place in cooperation with external partners such as developers and distributors. With this type of cooperation, the Company may have less control over processes for marketing and other key activities than when development, publishing, marketing and distribution are carried out entirely in-house. Delays and interruptions in the marketing of the Company's current and future game projects may lead to delayed or lost revenues. The Company's reputation and relationships with current and potential future partners may also be damaged. Mobile games are distributed via partnerships with various distributors such as the Apple App Store, Netflix and Google Play. If holders of digital distribution platforms were to suspend or limit the Company's access to their platforms, be affected by outages, impair the Company's terms and conditions in respect of, e.g., revenue distribution, or report inaccurate sales figures to the Company, this could have a negative financial impact in the short term, while in the longer term, persistent failures could make it more difficult for the Company to reach out to end users.

Risks related to the web3 market

Web3, i.e. blockchain technology, is considered by many to be a market with very high potential that will fundamentally change the gaming industry, and investors are therefore both large and numerous in this new market. However, it is still under heavy development and therefore very immature, as shown by the high volatility in the value of most cryptocurrencies. At the same time, significant global efforts are being made to regulate this market in order to create greater predictability, and the Company is at the forefront in this area with its registration as a Digital Service Asset Provider in Gibraltar. However, the virgin nature of the market presents risks for early adopters and an unfavourable development could therefore have a negative impact on the Company's operations.

Risks related to the Company's growth strategy

The Group's future growth is expected to be both organic and through acquisitions. Acquisitions may also involve legal, financial and operational risks related to the business being acquired, as well as risks that the integration process will be more costly or time-consuming than estimated, or that expected synergies will totally or partly fail to materialise.

IT risks

Fragbite Group is dependent on effective IT infrastructure in order to produce, develop, sell and publish its gaming products and run its esports operations. The Company and its partners and customers are at risk from attacks by hackers, viruses and other forms of cybercrime. There is a risk that information management systems belonging to the Company or other companies with which the Company has a business relationship may be subject to cybercrime, hacking or other similar events. The effects of such activities may result in total or partial inaccessibility of the Company's IT systems.

Risks related to regulatory requirements

It is of key importance for the Company that its operations are compliant with applicable laws and regulations in the various jurisdictions in which the Company operates. However, regulatory compliance is time-consuming and cost-intensive and may increase in the event of changes to laws and regulations. As esports and web3, and to some extent gaming, are still relatively new industries, laws and regulations may change rapidly and affect the Company's operations and profitability in the short term, for example by requiring the Company to allocate additional resources to regulatory compliance. Furthermore, the Company processes personal data and is therefore subject to the EU Regulation (2016/679) on the protection of natural persons with regard to the processing of personal data ("GDPR") and national data protection legislation. Failure by the Company to comply with the requirements of the GDPR – for example, by improper handling of personal data or not preventing unauthorised disclosure – could result in negative publicity, financial damage or an adverse impact on the Company's brand in the market.

Corporate governance

Corporate governance within Fragbite Group is based on Swedish law, internal rules and regulations, and Nasdaq First North Growth Market's rules. The Swedish Corporate Governance Code ("the Code") is applicable to all Swedish companies whose shares are listed on a regulated market in Sweden. As Nasdaq First North Growth Market is not a regulated market, the Company is not obliged to apply the Code.

General meeting

General information

According to the Swedish Companies Act (2005:551), the general meeting is the Company's highest decision-making body. Shareholders exercise their voting rights on key issues at the general meeting, including the adoption of the income statement and balance sheet, appropriation of the Company's profits, discharge of Board members and the CEO from liability, election of Board members and auditors, and remuneration of the Board and auditors. Fragbite Group's annual general meetings are held in Stockholm every calendar year and must be held within six months of the end of the financial year. Extraordinary general meetings may be convened in addition to the annual general meeting. According to the Articles of Association adopted at the extraordinary general meeting on 3 May 2021, the annual general meeting and general meetings are convened by advertising in Post- och Inrikes Tidningar and on the Company's website. When the notice convening the meeting has been issued, information to this effect shall be published in Dagens Industri.

Working methods of the Board of Directors and the Chief Executive Officer

General information

The Board of Directors is the company's highest decision-making body after the general meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the management and organisation of the company, which means that the Board is responsible for defining objectives and strategies, ensuring that procedures and systems

are in place for evaluating the defined objectives, regularly evaluating the company's performance and financial position and evaluating its operational management, for example. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. The Board also appoints the Chief Executive Officer. Board members are normally appointed by the annual general meeting for the period until the end of the next annual general meeting. According to Fragbite Group's Articles of Association, the Board of Directors must consist of no fewer than three and no more than eight members, with no more than one deputy.

The Board follows written rules of procedure. The rules of procedure govern factors such as the frequency of Board meetings, functions and the division of work between the Board and the Chief Executive Officer. The Board meets according to a schedule defined each year. Besides these Board meetings, additional Board meetings may be convened in order to deal with matters that cannot be left until to an ordinary Board meeting. The company's CEO must prepare a CEO report describing significant events, KPIs, sales development, liquidity, etc. before each Board meeting.

The Board also adopted and updated the instructions for the Chief Executive Officer and for the Deputy Chief Executive Officer in connection with the Board meeting of 12 August 2021. The Chief Executive Officer is responsible for compiling and sending a monthly management report to all ordinary members of the Board. The instruction for the Chief Executive Officer also deals with which matters are to be submitted to the Board and the division of work between the Chief Executive Officer and the Board.

Other policies

The Company's Board of Directors has adopted an insider trading policy as a complement to current insider trading legislation in Sweden. This policy, which applies to Board members and employees alike, sets out procedures for certain duty of notification, trading in financial instruments issued by the Company, deferral of disclosure of inside information and management of insider lists (logbooks), among other things. The Board has also adopted an information and communication policy which regulates the Company's information disclosure and other matters.

Audit Committee and Remuneration Committee

Provisions on the establishment of audit committees are set out in the Swedish Companies Act and apply only to companies whose shares are admitted to trading on a regulated market. Provisions on remuneration committees can be found in the Code, application of which is not mandatory for the Company. It is currently the Company's assessment that the size of the Company and the scope of its activities do not justify setting up a committee to deal with audit matters, but that these should be dealt with by the full Board. The Company has a Remuneration Committee consisting of Stefan Tengvall, Niclas Bergkvist and Claes Kalborg.

Audit

The Company's auditor is appointed by the annual general meeting for the period until the end of the next annual general meeting. Fragbite Group's auditor audits the annual accounts and annual report and the administration of the Board of Directors and the CEO. The auditor must submit an audit report to the annual general meeting after each financial year. According to the Company's Articles of Association, the Company shall have one or two auditors, with or without deputy auditors. The AGM on 25 May 2022 decided to re-elect Revideco AB as the Company's auditor for the period until the next AGM. Erik Emilsson is chief auditor.

Internal control

The Company has not established a specific internal audit function

Directors' report

General information about the business

Fragbite Group AB (publ), corporate ID 556990-2777, is a group of companies listed on Nasdaq First North Growth Market in Stockholm and active in the global GAMING, ESPORTS and WEB3 markets. The Group has a portfolio of established subsidiaries that develop, adapt and publish games and esports content for both traditional and modern web3 platforms.

The Group has just over 80 employees and is headquartered in Stockholm, Sweden, with physical representation in France (Paris, Montpellier and Nancy), the Netherlands (The Hague), Gibraltar and Egypt (Alexandria). The Group has a stated strategy to acquire fast-growing, well-managed and profitable companies with strong management, whose business operations, supported by the Parent Company, have good potential to grow both organically and through synergies within the Group.

Development of the Company's operations, results and financial position

Group, SEK thousands	2022	2021	2020
Revenue	254,059	124,041	4,595
EBITDA	11,909	6,162	-5,458
EBITDA margin, %	4.69	4.97	n/a
Operational EBIT	5,255	-3,110	-5,469
Operating profit, EBIT	-83,221	-45,746	-22,336
Total assets	383,001	304,258	72,257
Equity/assets ratio, %	42.2	66.8	93.6
Adjusted equity/assets ratio, %	58.0	70.1	93.6

Definitions: see note 26.

Significant events during the financial year

- The acquisition of Lucky Kat was completed on 3 January and a total of 3,944,551 shares were issued in connection with this. Marcus Teilman, former Deputy CEO and Head of M&A, took over as new President & CEO on 25 May.
- At the Annual General Meeting, Niclas Bergkvist, Claes Kalborg, Dawid Myslinski, David Wallinder and Sten Wranne were re-elected to the Board. Zara Zamani was newly elected to the Board and the Company's outgoing President & CEO Stefan Tengvall was elected as Chairman of the Board.
- The conditions for the first additional consideration related to the Lucky Kat acquisition were met and the Company duly paid EUR 4 million to the sellers of Lucky Kat on 15 July. EUR 3 million of the amount was paid in cash and EUR 1 million was settled with 1,801,092 newly issued shares in Fragbite Group.
- During the third quarter, WAGMI entered into agreements with several leading blockchain investors for the sale of in-game tokens for just over USD 3 million.

- The conditions for the second additional consideration related to the Playdigious acquisition were met and the Company duly paid EUR 1 million to the sellers of Playdigious on 26 September. EUR 0.5 million of the amount was paid in cash and EUR 0.5 million was settled with 958,081 newly issued shares in Fragbite Group.

Events after the end of the financial year

Since the end of the financial year, the Company has not communicated any regulatory news per the Market Abuse Regulation, other than the publication of the year-end report.

Expected future development

The Company continues to develop, port and publish high quality games that appeal to players in the gaming and web3 markets. The Company continues to broaden and strengthen its esports offering with the development of its own IP and expansion into other countries.

Important conditions

The Parent Company's balance sheet has taken into account the final additional consideration of EUR 1 million agreed for the acquisition of Playdigious SAS on 31 May 2021, which is due in September 2023 and the additional consideration of EUR 7 million agreed for the acquisition of Lucky Kat B.V. on 3 January 2022, which is due in 2024.

Financial risks and uncertainties

Liquidity risks

To enable acquisitions, game development and other development within its operations, the Company is in need of external financing in cases where the Company's own cash flow is not sufficient. There is a risk that, in the future, external capital cannot be raised when needed and/or cannot be raised on terms acceptable to the Company. This could result in the Company's market position deteriorating in relation to competitors, and the Company's growth strategy being hampered by limited ability to acquire companies.

Currency risks

In the course of its international operations, the Company is exposed to exchange rate fluctuations in the form of transaction exposure, which arises when one currency is exchanged for another. Earnings are also affected by exchange rate fluctuations in the form of translation exposure when the foreign companies' results are translated into Swedish kronor, and the Group's equity is affected by exchange rate fluctuations when foreign assets and liabilities are translated into Swedish kronor. The Company is mainly exposed to exchange rate fluctuations in the currencies EUR and USD. There is currently no hedging of equity in foreign subsidiaries, and there was no currency hedging of the Company's flows in foreign currency during 2022.

Interest rate risks

Changes in interest rates may affect the cost of borrowed capital and the return that the Company receives on cash and cash equivalents. Given the Company's relatively low borrowing and its short investment horizon, the interest rate risk to which the Group's revenues and cash flow are exposed is relatively low.

Credit risks

The Company does not have a significant concentration of credit risks regarding income from marketing and advertising, and cooperates with several established distributors regarding the Company's games. However, in the event of a distributor's suspension of payments, this would have an adversely financial effect on the Company.

Financial risk associated with holdings of crypto assets

The Company is active in web3, which may mean that it has positions in cryptocurrency from time to time. These holdings are reported as intangible assets whose value is exposed to price fluctuations in the global cryptocurrency market.

Proposed appropriation of the Company's profit or loss

The Board of Directors proposes that the unrestricted equity of SEK 256,479,482 be carried forward. Disclosures about the Group's and the Company's financial results and position can be found in the following income statements, balance sheets and accompanying notes.

Consolidated income statement

Amounts in SEK thousands	Note	2022	2021
Revenue		254,059	124,041
Capitalised work on own account		11,037	6,757
Other operating income		4	9
Total revenue		265,100	130,807
Operating expenses			
Cost of goods and services sold		-192,391	-88,013
Personnel expenses	2	-37,845	-16,488
Other external expenses		-22,955	-20,143
EBITDA		11,909	6,162
Depreciation, amortisation and impairment of tangible and intangible fixed assets	8-12	-95,130	-51,621
Other operating expenses	3	0	-287
Operating profit, EBIT		-83,221	-45,746
Financial items			
Interest and similar income	5	5,966	-
Interest and similar expenses	6	-19,075	-443
Profit/loss after financial items		-96,330	-46,189
Tax on profit/loss for the year	7	-6,782	-4,207
Net result		-103,112	-50,397
Attributable to Parent Company shareholders		-103,112	-50,397

Consolidated balance sheet

Amounts in SEK thousands	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure on development and similar work	8	21,631	14,595
Concessions, patents, licences, trademarks and similar rights	9	2	143
Cryptocurrency holdings	10	4,298	–
Goodwill	11	285,589	167,797
Total intangible fixed assets		311,520	182,535
Tangible fixed assets			
Equipment, tools and fixtures & fittings	12	1,133	221
Total tangible fixed assets		1,133	221
Financial assets			
Long-term receivables	15	313	1 806
Total financial assets		313	1 806
Total fixed assets		312,966	184,562
Current assets			
Short-term receivables			
Accounts receivable		5,490	17,175
Tax receivables		1,481	–
Other receivables		2,336	3,701
Prepaid expenses and accrued income	16	19,735	11,361
Total short-term receivables		29,042	32,237
Cash and bank balances		40,993	87,460
Total current assets		70,035	119,697
TOTAL ASSETS		383,001	304,258
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,511	1,399
Other paid-in capital		355,674	317,165
Retained earnings, incl. net result		-195,675	-115,310
Total equity		161,510	203,254
Equity attributable to Parent Company shareholders		161,510	203,254
Long-term liabilities			
Liabilities to credit institutions	19	30,317	31,487
Other liabilities	21	77,898	10,131
Total long-term liabilities		108,215	41,618
Short-term liabilities			
Liabilities to credit institutions	19	26,534	15,000
Accounts payable		4,470	25,834
Current tax liabilities		2,961	338
Other liabilities	21	13,007	13,523
Accrued expenses and deferred income	22	66,304	4,692
Total short-term liabilities		113,276	59,386
TOTAL EQUITY AND LIABILITIES		383,001	304,258

Consolidated cash flow statement

Amounts in SEK thousands	Note	2022	2021
Operating activities			
Profit/loss after financial items	25	-96,330	-46,189
Adjustment for non-cash items	26	105,562	51,621
Income tax paid		-8,411	-3,908
Cash flow from operating activities before changes in working capital		821	1,524
Increase(-)/decrease(+) in operating receivables		12,673	-29,430
Increase(+)/decrease(-) in operating liabilities		29,602	31,836
Cash flow from operating activities		43,096	3,930
Investing activities			
Acquisition of tangible fixed assets		-309	-362
Acquisition of intangible fixed assets		-35,610	-6,993
Disposal of intangible fixed assets		23,190	-
Acquisition of subsidiaries, net cash effect	27	-128,351	-139,084
Ongoing investment in financial assets		-	-1,806
Acquisition of financial assets		-155	-
Cash flow from investing activities		-141,235	-148,245
Financing activities			
New share issue	27	38,621	185,162
Proceeds from borrowings		30,059	45,000
Repayment of borrowings		-20,949	-3,360
Cash flow from financing activities		47,731	226,802
Cash flow for the year		-50,408	82,487
Cash and cash equivalents at beginning of year		87,460	4,861
Exchange difference in cash and cash equivalents		3,941	112
Cash and cash equivalents at end of year		40,993	87,460

Consolidated statement of changes in equity

Amounts in SEK thousands	Share capital	Other paid-in capital	Retained earnings, incl. net result	Total equity
2021				
Opening balance	544	132,858	-65,742	67,660
Net result			-50,397	-50,397
New share issue	855	184,307	-	185,162
Translation difference	-	-	829	829
At end of year	1,399	317,165	-115,310	203,254
2022				
Opening balance	1,399	317,165	-115,310	203,254
Net result			-103,112	-103,112
New share issue	112	38,509	-	38,621
Translation difference	-	-	22,747	22,747
At end of year	1,511	355,674	-195,675	161,510

Income statement – Parent Company

Amounts in SEK thousands	Note	2022	2021
Revenue		7,270	2,359
Operating expenses			
Personnel expenses	2	-8,671	-1,278
Other external expenses		-6,514	-8,621
EBITDA		-7,915	-7,540
Other operating expenses	3	-	-804
Operating profit, EBIT		-7,915	-8,344
Financial items			
Profit/loss from participations in Group companies	4	-	6,815
Impairment of financial assets		-654	-22,500
Interest and similar income	5	5,254	-
Interest and similar expenses	6	-18,363	-202
Profit/loss after financial items		-21,678	-24,230
Tax on profit/loss for the year	7	-	-
Net result		-21,678	-24,230

Balance sheet – Parent Company

Amounts in SEK thousands	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	13	430,616	235,496
Receivables from Group companies	14	18,374	1,150
Other long-term receivables	15	409	1,661
Total financial assets		449,399	238,307
Total fixed assets		449,399	238,307
Current assets			
Short-term receivables			
Accounts receivable		–	1,969
Receivables from Group companies		1,832	3,152
Current tax assets		27	90
Other receivables		221	–
Prepaid expenses and accrued income	16	299	695
Total short-term receivables		2,379	5,906
Cash and bank balances		1,497	66,885
Total current assets		3,876	72,790
TOTAL ASSETS		453,275	311,097
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	18	1,511	1,399
Total restricted equity		1,511	1,399
Unrestricted equity			
Unrestricted share premium reserve		355,674	317,165
Retained earnings		-77,516	-53,286
Net result		-21,678	-24,230
Total unrestricted equity		256,480	239,648
Total equity		257,991	241,047
Long-term liabilities			
Liabilities to credit institutions	19	28,013	27,500
Liabilities to Group companies	20	49,612	1,614
Other liabilities	21	77,898	10,131
Total long-term liabilities		155,523	39,246
Short-term liabilities			
Liabilities to credit institutions	19	25,342	15,000
Accounts payable		924	1,838
Liabilities to Group companies		223	1,800
Other liabilities	21	10,934	10,308
Accrued expenses and deferred income	22	2,338	1,858
Total short-term liabilities		39,761	30,804
TOTAL EQUITY AND LIABILITIES		453,275	311,097

Cash flow statement – Parent Company

Amounts in SEK thousands	Note	2022	2021
Operating activities			
Profit/loss after financial items	25	-21,678	-24,230
Adjustment for non-cash items	26	11,594	22,500
Income tax paid		-7	-20
Cash flow from operating activities before changes in working capital		-10,091	-1,750
Increase(-)/decrease(+) in operating receivables		3,757	-1,083
Increase(+)/decrease(-) in operating liabilities		-303	2,119
Cash flow from operating activities		-6,637	-714
Investing activities			
Shareholder contributions paid		-6,170	-10,400
Loans to subsidiaries		-17,224	-1,150
Acquisitions of subsidiaries	27	-128,008	-151,838
Intangible assets acquired		-255	-
Financial assets acquired		-154	-
Ongoing investment in financial assets		-	-1,661
Cash flow from investing activities		-151,811	-165,049
Financing activities			
New share issue	27	38,621	185,162
Proceeds from borrowings		30,059	45,000
Repayment of borrowings		-20,144	-2,500
Loans from subsidiaries		44,606	1,614
Cash flow from financing activities		93,142	229,276
Cash flow for the year		-65,306	63,513
Cash and cash equivalents at beginning of year		66,885	3,372
Exchange difference in cash and cash equivalents		-82	-
Cash and cash equivalents at end of year		1,497	66,885

Equity – Parent Company

Amounts in SEK thousands	Restricted equity	Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings, incl. net result	
2021				
Opening balance	544	132,858	-53,286	80,116
Net result			-24,230	-24,230
New share issue	855	184,307	-	185,162
At end of year	1,399	317,165	-77,517	241,047
2022				
Opening balance	1,399	317,165	-77,517	241,047
Net result			-21,678	-21,678
New share issue	112	38,509	-	38,621
At end of year	1,511	355,674	-99,194	257,991

Notes

Amounts in SEK thousands unless otherwise stated

NOTE 1. Accounting policies

The Annual Report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Accounting Policies". The accounting policies are unchanged from previous years. Assets, provisions and liabilities have been measured at cost unless otherwise stated.

Intangible assets

Development expenditure

Intangible assets are recognised at cost less accumulated amortisation and any impairment. The cost of an internally generated intangible asset consists of all directly attributable expenses (e.g. materials and salaries).

The capitalisation model is used for recognition of development expenses. This means that expenses arising during the development phase are recognised as an asset when all the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- It is the intention to complete the intangible asset and to use or sell it;
- The Company has the ability to use or sell the intangible asset;
- The intangible asset is likely to generate future economic benefits;
- The Company has necessary and adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell it; and
- The expenditure attributable to the intangible asset can be reliably measured.

Amortisation

Amortisation is applied on a straight-line basis over the estimated useful life of the asset. Amortisation is recognised as an expense in the income statement.

<i>Internally generated intangible assets</i>	<i>Useful life</i>
Capitalised development expenses	5 years

Intangible assets acquired

Licences	5 years
Customer contracts	3 years
Computer software	5 years
Goodwill	5 years

Tangible fixed assets

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

Subsequent costs

Subsequent costs that qualify as an asset are included in the asset's carrying amount. Expenditure on ongoing maintenance and further development is recognised as an expense as incurred.

Depreciation

Depreciation is applied on a straight-line basis over the estimated useful life of the asset as this reflects the expected consumption of the asset's future economic benefits. Depreciation is recognised as an expense in the income statement.

	<i>Useful life</i>
Equipment	3–5 years

Impairment – tangible and intangible assets and shares in Group companies

An assessment is made at each reporting date to determine whether there is any indication that an asset's value is lower than its carrying amount. If there is such an indication, the asset's recoverable amount is calculated. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is based on a calculation of the present value of future cash flows expected to be generated by the asset in ongoing operations and on sale or disposal. A pre-tax discount rate is used, which reflects market assessments of the time value of money and the risks specific to the asset. Previous impairment is only reversed if there has been a change in the reasons that gave rise to the recoverable amount calculation in the case of the most recent impairment.

The Company's cryptocurrency position at any given time is accounted for as an intangible asset and recognised at cost less any impairment. The asset is not subject to amortisation and is not marked to market at the end of the accounting period, but may be subject to impairment if a change in the exchange rate of the

relevant currency is considered to be permanent. In the case of divestment, the valuation is based on the first-in, first-out principle.

Foreign currency items

Monetary items in foreign currency are translated using the exchange rate at the reporting date. Non-monetary items are not translated but are recognised at the rate on the date of acquisition.

Non-monetary items in foreign currency that are measured at fair value are translated at the exchange rate on the date on which the fair value was determined. Other non-monetary items are not translated but are recognised at the rate on the date of acquisition.

Exchange differences arising on the settlement or translation of monetary items are recognised in the income statement in the financial year in which they arise.

Net investments in foreign operations

An exchange difference related to a monetary item that is part of a net investment in a foreign operation and measured at cost is recognised directly in the consolidated accounts as a separate component of equity.

Translation of foreign operations

Assets and liabilities, including goodwill and other fair value adjustments, are translated to the reporting currency using the exchange rate at the reporting date. Income and expenses are translated at the spot rate on the date of the transaction unless a rate that approximates the actual rate is used (e.g. average rate). Exchange differences arising from the translation are recognised directly in equity.

Financial assets and liabilities

Financial assets and liabilities are recognised in accordance with Chapter 12 of BFNAR 2012:1 (Financial instruments measured in accordance with Chapter 4, Sections 14a to 14e of the Annual Accounts Act).

Classification and measurement

Financial assets and liabilities have been classified in different measurement categories in accordance with Chapter 12 of BFNAR 2012:1.

(i) Loan receivables and accounts receivable

Loan receivables are non-derivative financial assets that have fixed or determinable payments. These assets are translated to the reporting currency at the closing rate. Accrued interest related to these loan receivables is recognised as accrued interest income under current assets. Accounts receivable are recognised at the amounts expected to be received, i.e., after a deduction for doubtful receivables.

(ii) Other financial liabilities

Loans and other financial liabilities such as accounts payable are included in this category. The liabilities are translated to the reporting currency at the closing rate. Accrued interest attributable to these loan liabilities is recognised as accrued interest expense under short-term liabilities.

Employee benefits

Under defined contribution plans, defined contributions are paid to another entity, normally an insurance company, and the Company no longer has any obligation to the employee once the contribution is paid. The size of the employee's post-employment benefits depends on the contributions that have been paid and the return on capital generated by the contributions.

Defined contribution plans

Contributions under defined contribution plans are recognised as an expense. Unpaid contributions are recognised as a liability.

Pension obligations in the Group's foreign subsidiaries are recognised in the same way as in the foreign subsidiary.

Termination benefits

Termination benefits, insofar as the remuneration does not provide the Company with any future economic benefits, are recognised only as a liability and an expense when the Company has a legal obligation to terminate the employment of an employee or group of employees before the normal retirement date.

Share-based payments

The Company currently has two incentive programmes aimed at the Board and employees of Fragbite Group AB, in the form of warrants based on Fragbite Group AB's share, see note 2. The Company does not have any share-based payments beyond these.

Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax that is applied to taxable income in the current financial year and the portion of income tax for the previous financial year that has not yet been recognised. Deferred tax is income tax that is applied to taxable income payable in future financial years as a consequence of past transactions or events.

Revenue

Revenue is the inflow of economic benefits that the Company has received or will receive as a result of its ordinary operating activities. Revenue is measured at the fair value of the consideration received or receivable, less any discounts.

An expected loss is recognised as an expense when it is likely that total contract expenditure will exceed total contract revenue.

Service assignments – current account

Revenue from assignments on a current account basis is recognised as work is carried out and materials are delivered or consumed.

Service assignments – fixed price

Revenue and expenses for fixed price assignments are recognised by reference to the stage of completion on the reporting date.

Revenue from token sales

Proceeds from the sale of tokens are recognised as deferred income. Revenue is recognised from inception of the agreement and thereafter as the holders exercise their rights to use the tokens for in-game purchases. Revenue is accrued on a straight-line basis over the estimated economic lifetime of the game.

Basis of consolidation

Subsidiaries

Subsidiaries are entities in which the Parent Company, directly or indirectly, owns more than 50% of the voting rights or has some other form of control. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain economic benefits. Business combinations are reported in accordance with the accounting entity method. This means that the acquisition analysis is prepared on the date when the acquirer obtains control. From that date, the acquirer and the acquired entity are perceived as an accounting entity. Application of the entity method also means that all assets (including goodwill) and liabilities, and income and expenses are included in their entirety even for partly-owned subsidiaries. The cost of a subsidiary is calculated as the sum of the acquisition-date fair value of assets acquired and liabilities incurred and assumed, equity instruments issued, expenses that are directly attributable to the business combination and any additional consideration. The acquisition analysis determines the acquisition-date fair value, with some exceptions, of identifiable assets acquired, liabilities assumed and non-controlling interests. Non-controlling interests are measured at their acquisition-date fair value. The acquired company's revenue and expenses, identifiable assets and liabilities and any goodwill or negative goodwill are included in the consolidated financial statements with effect from the acquisition date.

Goodwill

Goodwill on consolidation arises when the cost of acquired interests in subsidiaries exceeds the fair value of

the acquired company's identifiable net assets determined in the acquisition analysis. Goodwill is recognised at cost less accumulated amortisation and any impairment.

Additional consideration

If, at the time of acquisition, it is likely that the purchase consideration will be subsequently adjusted and the amount can be estimated reliably, the amount is included in the estimated final cost for the acquired entity. Any adjustment of the additional consideration value within twelve months of the acquisition date will affect goodwill. Adjustments more than twelve months after the acquisition date are recognised in the consolidated income statement.

Adjustment of acquisition analysis

If the conditions for the acquisition analysis are incomplete, it is adjusted so as to better reflect the actual conditions at the acquisition date. The adjustments are made retrospectively within twelve months of the acquisition date. Adjustments more than twelve months after the acquisition date are recognised as an amended estimate and assessment.

Elimination of transactions between Group companies, associates and jointly controlled entities

Intra-Group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in full.

The Parent Company's Accounting Policies

The Parent Company's accounting policies are consistent with the Group's policies stated above, apart from in the cases described below.

Foreign currency

An exchange difference related to a monetary item that is part of the Parent Company's net investment in a foreign operation and measured at cost is recognised in the income statement if the difference arose in the Parent Company.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost less accumulated impairment. In addition to the purchase price, cost includes expenses that are directly attributable to the acquisition.

Shareholder contributions

Shareholder contributions provided without issued shares or other equity instruments being received in exchange are recognised in the balance sheet as an increase in the carrying amount of the investment.

NOTE 2. Employees, personnel expenses and Board fees

Average number of employees	2022	of which men	2021	of which men
Parent Company				
Sweden	5	60 %	2	100 %
Total, Parent Company	5	60 %	2	100 %
Subsidiaries				
Sweden	16	88 %	17	89 %
France	16	69 %	8	69 %
Netherlands	17	65 %	4	75 %
Total, subsidiaries	49	73 %	29	81 %
Total, Group	54	72 %	31	83 %

The average number of employees has been calculated by reference to when acquired operations were consolidated into the Group.

Salaries, other benefits and social costs, including pension costs

Amounts in SEK thousands	2022		2021	
	Salaries and benefits	Social costs	Salaries and benefits	Social costs
Parent Company	6,484	3,020	1,069	457
(of which pension costs)		(787)		(121)
Subsidiaries	22,174	6,859	12,039	3,919
(of which pension costs)		(865)		(404)
Total, Group	28,658	9,879	13,108	4,376
(of which pension costs)		(1,652)		(525)

183 (0) of the Parent Company's pension costs relate to the Company's CEO and Board. The Company's outstanding pension obligation to them is 0 (0).

183 (0) of the Group's pension costs relate to the Company's CEO and Board. The Group's outstanding pension obligation to them is 0 (0).

Salaries and other benefits – Board and CEO, and other employees

Amounts in SEK thousands	2022		2021	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent Company	2,645	3,839	444	624
Subsidiaries	-	22,174	711	11,328
Total, Group	2,645	26,013	1,156	11,952

Remuneration of senior executives

Group	2022			
	Basic salary, Board fees	Variable pay	Other benefits	Pension cost
Chairman of the Board Stefan Tengvall (from 2022 AGM)	150	-	-	-
Board member Claes Kalborg	123	-	-	-
Board member David Wallinder	123	-	-	-
Board member Dawid Myslinski	123	-	-	-
Board member Niclas Bergkvist (Chairman until 2022 AGM)	170	-	-	-
Board member Sten Wranne	123	-	-	-
Board member Zara Zamani (from 2022 AGM)	75	-	-	-
CEO Stefan Tengvall (until 2022 AGM)	265	-	-	-
CEO Marcus Teilman (from 2022 AGM)	856	375	-	183
Other senior executives (5 individuals)	4,240	188	8	756
Total	6,248	563	8	939

Group	2021			
Amounts in SEK thousands	Basic salary, Board fees	Variable pay	Other benefits	Pension cost
Chairman of the Board Niclas Bergkvist	108	–	–	–
Board member Claes Kalborg	52	–	–	–
Board member David Wallinder (from 2021 AGM)	48	–	–	–
Board member Dawid Myslinski	52	–	–	–
Board member Sten Wranne (from 2021 AGM)	48	–	–	–
Board member Linda Zetterman (until 2021 AGM)	4	–	–	–
Board member Mikael Pettersson (until 2021 AGM)	24	–	–	–
CEO Stefan Tengvall	409	–	–	–
Other senior executives (6 individuals)	3,160	–	–	121
Total	3,905	–	–	121

Share-based payments

Share option programme 2021/2024

The Extraordinary General Meeting held on 3 May 2021 adopted a long-term incentive scheme for the management of Fragbite Group AB comprising a total of 800,000 warrants with the right to subscribe for the same number of shares in Fragbite Group AB. The warrants were issued at a market price of SEK 0.2686 per option (option premium) according to a valuation based on Black-Scholes. The redemption price for the warrants was set at SEK 8.00 per share, and the share subscription period is 17 May 2024 to 31 May 2024.

Summary	
Number of outstanding warrants	773,333
Option price (SEK)	0.2686
Redemption price (SEK)	8.00
Term	approx. 3 years (17 May 2021 - 31 May 2024)

Share option programme 2022/2025

The Annual General Meeting held on 25 May 2022 adopted an incentive scheme for the Board of Directors, senior executives and other key personnel in the Group. The programme was designed as a combination of warrants issued to the Board of Directors and employees in Sweden and France, and employee share options issued to employees in the Netherlands totalling 3,100,000 options with the right to subscribe for the same number of shares in Fragbite Group AB. The warrants were issued at a market price of SEK 1.21 per option (option premium) according to a valuation based on Black-Scholes. The redemption price for the warrants was set at SEK 8.95 per share, and the share subscription period is 16 June 2025 to 15 July 2025.

Summary	
Number of outstanding warrants	1,255,248
Option price (SEK)	1.2100
Redemption price (SEK)	8.95
Term	3 years (16 June 2022 - 15 July 2025)
Number of outstanding warrants	640,000
Option price (SEK)	–
Redemption price (SEK)	8.95
Term	3 years (16 June 2022 - 15 July 2025)

The number of outstanding warrants at the end of 2022 was 2,668,582, and the number of shares after dilution amounted to 93,341,505.

NOTE 3. Other operating expenses

Amounts in SEK thousands	2022	2021
Group		
Exchange losses on operating assets/liabilities	–	287
Parent Company		
Exchange losses on operating assets/liabilities	–	804

From 2022, exchange losses are reported under Other external expenses.

NOTE 4. Profit/loss from participations in Group companies

Amounts in SEK thousands	2022	2021
Parent Company		
Dividend	–	6,815

Dividend in 2021 from the subsidiary Playdigious SAS.

NOTE 5. Interest and similar income

Amounts in SEK thousands	2022	2021
Group		
Exchange gains	5,966	-
Total	5,966	0
Parent Company		
Interest income, internal	308	-
Exchange gains	4,946	-
Total	5,254	0

NOTE 6. Interest and similar expenses

Amounts in SEK thousands	2022	2021
Group		
Interest expenses, other	-1,964	-443
Exchange losses	-16,397	-
Other liability-related items	-714	-
Total	-19,075	-443
Parent Company		
Interest expenses, other	-1,827	-202
Interest expenses, internal	-304	-
Exchange losses	-15,902	-
Other liability-related items	-330	-
Total	-18,363	-202

NOTE 7. Tax on profit/loss for the year

Amounts in SEK thousands	2022		2021	
	Percent	Amount	Percent	Amount
Group				
Profit/loss before tax		-96,330		-46,189
Tax according to Parent Company's applicable tax rate	20.60%	19,844	20.60%	9,515
Effect of different tax rates for foreign subsidiaries		-2,516		291
Amortisation of goodwill on consolidation		-17,104		-7,233
Other non-deductible expenses		-31		-55
Non-taxable income		88		-
Increase in loss carryforwards without corresponding capitalisation of deferred tax		-7,063		-6,725
Recognised effective tax		-6,782		-4,207
Parent Company				
Profit/loss before tax		-21,678		-24,230
Tax according to Parent Company's applicable tax rate	20.60 %	4,466	20.60 %	4,991
Non-deductible expenses		-11		-4,641
Non-taxable income		82		1,404
Increase in loss carryforwards without corresponding capitalisation of deferred tax		-4,537		-1,754
Recognised effective tax		0		0

NOTE 8. Capitalised development expenditure

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	58,768	51,775
Internally generated assets	11,035	6,993
Disposal	-34,036	-
Translation difference	32	-
At end of year	35,799	58,768
Accumulated amortisation		
At beginning of year	-36,832	-27,815
Amortisation for the year	-4,031	-9,017
Disposal	34,036	-
At end of year	-6,827	-36,832
Accumulated impairment		
At beginning of year	-7,341	-
Impairment for the year	-	-7,341
At end of year	-7,341	-7,341
Carrying amount at end of year	21,631	14,595

Disposals also refer to previous year. The net effect is 0 and does not affect the closing balance for the year.

NOTE 9. Concessions, patents, licences, trademarks and similar rights

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	143	143
Acquisitions during the year	2	-
Disposals during the year	-143	-
Carrying amount at end of year	2	143
Accumulated impairment		
At beginning of year	-	-
Impairment for the year	-143	-
Disposals during the year	143	-
At end of year	0	-
Carrying amount at end of year	2	143

NOTE 10. Cryptocurrency holdings

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	-	-
Taken over on acquisition	9,860	-
Acquisitions during the year	24,573	-
Disposals during the year	-25,233	-
Translation difference	802	-
At end of year	10,002	-
Accumulated impairment		
At beginning of year	-	-
Impairment for the year	-7,493	-
Disposals during the year	2,043	-
Translation difference	-254	-
At end of year	-5,704	-
Carrying amount at end of year	4,298	-

NOTE 11. Goodwill

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	212,030	49,751
Acquisitions during the year	181,350	162,279
Translation difference	23,054	-
At end of year	416,434	212,030
Accumulated amortisation		
At beginning of year	-44,233	-9,121
Amortisation for the year	-83,027	-35,112
Translation difference	-3,585	-
At end of year	-130,845	-44,233
Carrying amount at end of year	285,589	167,797

NOTE 12. Equipment, tools and fixtures & fittings

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	521	42
Taken over on acquisition	1,785	117
Acquisitions during the year	309	362
Translation difference	208	-
At end of year	2,823	521
Accumulated depreciation		
At beginning of year	-300	-33
Taken over on acquisition	-838	-115
Depreciation for the year	-437	-152
Translation difference	-115	-
At end of year	-1,690	-300
Carrying amount at end of year	1,133	221

NOTE 13. Participations in Group companies

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Parent Company		
Accumulated cost		
At beginning of year	310,645	128,142
Acquisitions during the year	189,604	172,103
Shareholder contributions paid	6,170	10,400
At end of year	506,419	310,645
Accumulated impairment		
At beginning of year	-75,149	-52,648
Impairment for the year	-654	-22,501
At end of year	-75,803	-75,149
Carrying amount at end of year	430,616	235,496

Specification of the Parent Company's and the Group's shareholdings in Group companies

Amounts in SEK thousands	Number of shares	Holding, %	31 Dec 2022 Carrying amount	31 Dec 2021 Carrying amount
Subsidiary /Reg.no. /Registered office				
Funrock Development AB, 556738-9043, Stockholm	2,000,000	100	2,142	2,796
P Studios AB, 556845-5041, Stockholm	4,153,178	100	60,097	59,097
Fragbite AB, 556721-9489, Stockholm	1,000	100	81,670	76,500
Playdigious SAS, 811 512 284, Nancy, France	5,592	100	97,103	97,103
Lucky Kat B.V., 63892030, The Hague, Netherlands	1,055,500	100	189,604	-
WAGMI Limited, 122206, Gibraltar	2,000	100	0	-
Total shares in Group companies			430,616	235,496

Business acquisitions during the financial year

An agreement to acquire all shares in Lucky Kat B.V. was signed on 14 December 2021. The acquisition was com-

pleted on 30 December, but the shares were not taken over until 3 January 2022. Lucky Kat's result for Q4 2021 was included in the Group's result for the same period.

NOTE 14. Receivables from Group companies

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Parent Company		
Accumulated cost		
At beginning of year	1,150	-
Proceeds from borrowings	17,624	1,150
Repayment of borrowings	-400	-
Carrying amount at end of year	18,374	1,150

NOTE 15. Other long-term receivables

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accumulated cost		
At beginning of year	1,806	–
Additional receivables	155	1,806
Reclassification	-1,661	–
Translation difference	13	–
Carrying amount at end of year	313	1,806
Parent Company		
Accumulated cost		
At beginning of year	1,661	–
Additional receivables	409	1,661
Reclassification	-1,661	–
Carrying amount at end of year	409	1,661

In connection with the acquisition of Lucky Kat, which was completed in early 2022, accrued acquisition costs were reclassified as participations in Group companies at the end of 2021.

NOTE 16. Prepaid expenses and accrued income

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accrued income	18,385	11,052
Other accrued income	–	9
Prepaid expenses	1,350	300
Total	19,735	11,361
Parent Company		
Accrued interest income	–	2
Accrued income	–	594
Prepaid expenses	299	98
Total	299	695

NOTE 17. Appropriation of profit or loss

Proposed appropriation of the Company's profit or loss. The Board proposes that the unrestricted equity of SEK 256,479 thousand be appropriated as follows:

<i>Carried forward</i>	<i>SEK 256,479 thousand</i>
Total	SEK 256,479 thousand

NOTE 18. Number of shares and quotient value

	31 Dec 2022	31 Dec 2021
Number of shares	90,672,923	83,969,199
Quotient value	0.0167	0.0167

NOTE 19. Liabilities to credit institutions

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Due within 1 year	26,534	15,000
Due 2–5 years	30,317	31,487
Due after 5 years	–	–
Total	56,851	46,487
Parent Company		
Due within 1 year	25,342	15,000
Due 2–5 years	28,013	27,500
Due after 5 years	–	–
Summa	53,355	42,500

NOTE 20. Liabilities to Group companies

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Parent Company		
Accumulated cost		
At beginning of year	3,414	–
Proceeds from borrowings	61,693	10,313
Repayment of borrowings	-17,084	-6,899
Translation difference	1,589	–
Carrying amount at end of year	49,612	3,414

All the Parent Company's internal loans have a remaining term of less than 5 years. The carrying amount in 2021 also includes the current portion of the loan debt.

NOTE 21. Other liabilities

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Due within 1 year	13,007	13,523
Due 2–5 years	77,898	10,131
Due after 5 years	–	–
Total	90,905	23,654
Parent Company		
Due within 1 year	10,934	10,308
Due 2–5 years	77,898	10,131
Due after 5 years	–	–
Total	88,832	20,439

NOTE 22. Accrued expenses and deferred income

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Group		
Accrued interest expenses	166	78
Accrued auditors' fees	314	167
Accrued expenses for Board, management and others	3,775	1,098
Deferred income	28,177	-
Other accrued expenses	33,872	3,349
Total	66,304	4,692
Parent Company		
Accrued interest expenses	158	76
Accrued auditors' fees	73	142
Accrued expenses for Board, management and others	1,260	131
Other accrued expenses	847	1,509
Total	2,338	1,858

NOTE 23. Pledged assets and contingent liabilities – Group

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Pledged assets		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	37,490	10,100
Total pledged assets	37,490	10,100

NOTE 24. Pledged assets and contingent liabilities – Parent Company

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Pledged assets		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	20,000	10,000
Carrying amount of shares in subsidiaries	83,812	79,296
Total pledged assets	103,812	89,296

NOTE 25. Interest paid and dividend received

Amounts in SEK thousands	2022	2021
Group		
Interest, received	-	40
Interest, paid	-1,879	-483

NOTE 26. Adjustment for non-cash items

Amounts in SEK thousands	2022	2021
Group		
Depreciation/amortisation and impairment	95,130	51,621
Exchange gain/loss	10,432	-
Total	105,562	51,621
Parent Company		
Depreciation/amortisation and impairment	654	22,500
Exchange gain/loss	10,940	-
Total	11,594	22,500

NOTE 27. Reclassification of cash flow items 2021

In the cash flow for the full year 2021, a reclassification of new share issues in connection with acquisitions in 2021 has been made, which affects the reported amounts in investment in subsidiaries and new share issue.

NOTE 28. Intra-Group purchases and sales

Of the Group's total purchases and sales measured in Swedish kronor, 4.3% (8.4%) of purchases and 4.4% (2.6%) of sales relate to other companies within the group of companies to which the Group belongs.

Of the Parent Company's total purchases and sales measured in Swedish kronor, 0% (0%) of purchases and 100% (100%) of sales refer to other companies within the entire group of companies to which the Company belongs.

NOTE 29. Definitions of performance measures

EBITDA:	Earnings before depreciation, amortisation and impairment of tangible and intangible assets.
EBITDA margin:	EBITDA/ Revenue
Operational EBIT:	EBIT excluding non-operational amortisation and impairment of intangible assets.
EBIT:	Earnings after depreciation, amortisation and impairment of tangible and intangible assets.
Total assets:	Total assets in the balance sheet
Equity/assets ratio:	Equity/Total assets
Adjusted equity/assets ratio:	Equity adjusted for additional consideration settled with own shares/Total assets

Declaration by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer of Fragbite Group AB (publ) hereby certify that this annual report provides a true and fair view of the operations, financial position and performance of the Group and Parent Company.

Stockholm, April 14 2023

Stefan Tengvall
Chairman

Claes Kalborg

Dawid Myslinski

Niclas Bergkvist

David Wallinder

Sten Wranne

Zara Zamani

Marcus Teilman
President & CEO

Our audit report was submitted on 14 April 2023

Erik Emilsson
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Fragbite Group AB,
corporate identity number 556990-2777

Report on the annual report and consolidated accounts

Opinions

We have audited the annual accounts and the consolidated accounts for Fragbite Group AB for the 2022 financial year.

It is our opinion that the annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material aspects, the financial position of Parent Company and Group as of 31 December 2022 and of its financial results and cash flow for the year, in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

We have conducted our audit in compliance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility in compliance with these standards are described in more detail in the section entitled *Auditor's responsibility*. We are independent of Parent Company and Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in line with these requirements.

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

Board of Directors' and CEO's responsibility

The Board of Directors and CEO are responsible for ensuring that the annual report is prepared and that it provides a true and fair view in compliance with the Annual Accounts Act. The Board and the CEO is also responsible for the internal control that they deem necessary to prepare an annual report and consolidated accounts to ensure they do not contain any material

errors, whether these are due to fraud or error. When preparing the annual report the Board and the CEO are responsible for assessing the ability of the company and the Group to continue operations. They also make known, where applicable, any conditions that may impact the ability to continue operations and to use the assumption of continued operation. However, the assumption of continued operation is not applicable if the Board intends to liquidate the company or cease operations or has no other realistic choice than one of these options.

Auditor's responsibility

Our objectives are to obtain reasonable assurance as to whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an audit 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 ISA and generally accepted auditing standards in Sweden will always detect a material error, if any. Errors may arise due to irregularities or mistakes and are considered to be material if individually or together can reasonably be expected to impact the financial decisions that users make in the annual report.

A further description of our responsibility for the audit of the annual report is available on the Swedish Inspectorate of Auditors' website: <http://www.revisorsinspektionen.se/revisornsansvar>. This description forms a part of the audit report.

Report on other statutory and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts we have also audited the administration of the Board and CEO for Fragbite Group AB for the 2022 financial year as well as the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting allocate the profit as proposed in the Annual Report and grant release from liability to the Board Members and CEO in respect of the financial year.

Basis for opinions

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under those standards are described in more detail in the section *Auditor's responsibility*. We are independent of Parent Company and Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in line with these requirements.

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

Board of Directors' and CEO's responsibility

Responsibility for the proposal for appropriation of the company's profit or loss rests with the Board of Directors. In the case of a proposed dividend, this includes an assessment of whether the dividend is justified in view of the requirements that the company and the Group's business, scope and risks impose on the size of the company's equity, consolidation needs, liquidity and position in general.

The Board is responsible for the company's organisation and administration of the company's affairs. This includes, inter alia, continually assessing the financial situation of the company and the Group and ensuring that the company's organisation is configured to ensure that the accounting, financial administration and the company's financial affairs are otherwise controlled in a satisfactory manner. The CEO must handle the day-to-day administration in compliance with the Board's guidelines and instructions and, inter alia, take the necessary steps to ensure that the company's accounts are compiled in accordance with the law and for asset management to be conducted in a secure manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge of liability, is to obtain audit evidence in order to be able to assess with reasonable certainty whether any board member or the CEO in any material respects:

- 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 a reasonable degree of assurance whether the proposal is in compliance 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:
<http://www.revisorsinspektionen.se/revisornsansvar>.
This description forms a part of the audit report.

Stockholm on the 14th of April 2023
Revideco AB

Erik Emilsson
Authorised Public Accountant

Annual General Meeting and other information

Annual General Meeting

The Annual General Meeting of Fragbite Group AB (publ) for the financial year 1 January – 31 December 2022 will be held in Stockholm on 12 May 2022.

Right to participate and registration

Shareholders wishing to participate in a general meeting must be registered in the share register kept by Euroclear Sweden and must notify the Company of their participation no later than the time and date specified in the notice convening the meeting. Shareholders may attend the general meeting in person or by proxy. Shareholders or representatives may be assisted by no more than two persons. It is possible for shareholders to register for the general meeting in several different ways, as described in further detail in the notice convening the meeting.

Shareholders who have a matter they wish to bring up at the general meeting must send a written request to this effect to the Board of Directors. Such a request must be received by the Board no later than seven weeks before the general meeting.

Other information

Financial calendar

The Board of Directors has decided on the following financial calendar for the Company:

- **12 May 2023: Report for the first quarter 2023**
- **12 May 2023: Annual General Meeting**
- **17 August 2023: Report for the second quarter 2023**
- **15 November 2023: Report for the third quarter 2023**
- **22 February 2024: 2023 Year-end report**

Financial reports

Financial reports, press releases and other information are available on the Fragbite Group website, www.fragbitegroup.com, from the date of publication. Fragbite Group uses digital distribution as a distribution method for financial reports.

This annual report is only available in digital format.

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