



2023 Annual Report

FRAGBITE
GROUP

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The year in brief

237.2
Revenue (SEK million)

16.2
EBITDA (SEK million)

8.0
Operational EBIT (SEK million)



Transformative acquisition of Fall Damage Studio AB and unique FPS game ALARA Prime.



Increased capacity in Playdigious' porting business and launch of publishing business under new brand.



Over 1 million new players, sale of NFTs and private sale of game tokens in growing web3 business.



Esports return to profitability after successful year for the Swedish Cup and the Config agency business.

”After a transformative 2023, during which Fragbite Group made a number of very significant investments, we have laid the groundwork for 2024 to be a year to remember.

Marcus Teilman, President & CEO

We are Fragbite Group

We create
entertainment
for a new
generation of
gamers.



We develop, adapt and
publish games and esports
content for traditional and
modern platforms.

Fragbite Group is
based in Stockholm
and publicly traded
on Nasdaq First North
Growth Market.

With focus on the gaming experience

Fragbite Group AB (publ) ("The Company") is a publicly traded, Swedish company with a portfolio of established subsidiaries that develop, adapt and publish games and esports content within GAMING, ESPORTS and WEB3. Our products are developed for traditional platforms – PC, console and mobile – as well as modern platforms built on blockchain technology. The Group is headquartered in Stockholm with employees in Sweden, France, the Netherlands and Gibraltar.

SUBSIDIARIES

Fragbite Group has a strategy of acquiring fast-growing, well-managed and profitable subsidiaries 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. Together we create entertainment for the global gaming market by meeting the needs of a new generation of gamers – play, watch, own.

- *Read more about our business idea and strategy on page 9.*

THE GROUP IS FORMED

In 2020, Fragbite Group's growth journey began when the Company (then named

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 not only provided growth capital, but also represented an important quality hallmark and contributed to increased awareness.

A TRANSFORMATIVE ACQUISITION

In October 2023, Fragbite Group finalised the acquisition of Fall Damage Studio AB ("Fall Damage"), thus adding significant competence to the Group. The founders of Fall Damage have extensive experience

from key leadership positions in the gaming industry and from developing commercially successful AAA games. Since 2019, Fall Damage has been developing *ALARA Prime*, a tactical First Person Shooter game planned for release in the third quarter 2024. With a meticulously identified competitive position, backed by extensive play tests, *ALARA Prime* has very good prospects within the enduringly popular FPS game genre, which includes some of the global gaming market's most successful game titles historically. The acquisition is transformative for Fragbite Group as it enables considerable synergies, where both Fall Damage's excellence and the game *ALARA Prime* lay the foundation for several parallel revenue streams over time.

Our subsidiaries



Fall Damage is a Swedish game studio focusing on high quality games for PC in the Tactical First Person Shooter genre.



Fragbite is based in Sweden and is one of the Nordic region's largest esports communities. The company develops and operates tournament concepts, and offers marketing services through the Config esports and gaming agency.



FunRock & Prey Studios is a game studio based in Sweden that designs and develops game engines and games for mobile platforms.



Lucky Kat is a game studio based in the Netherlands that develops web3 games based on blockchain technology as well as hypercasual mobile games.



Playdigious is a game studio based in France that develops and ports successful game titles from PC to mobile. Under the Playdigious Originals brand, indie games for PC and console are published.



Wagmi is the Group's issuer of financial assets within web3. Based in Gibraltar and registered as a Virtual Asset Service Provider by the Gibraltar Financial Services Commission.

CEO's comments

In 2023, the foundation was laid for a platform with strong growth and significant profitability. Fragbite Group is ready to take the next step!

A very important piece of the puzzle has been put in place during the year: the transformative acquisition of Fall Damage. Fall Damage is a company founded by four former DICE veterans and the entire team has extensive experience in developing successful AAA games at an exceptionally high level. With Fall Damage, not only is the Group's expertise in the gaming core business increased, but Fragbite Group also expands its game portfolio with the tactical First Person Shooter game *ALARA Prime*. The game is planned for release in the third quarter of 2024 and will be completely unique on the market within this genre. *ALARA Prime* is both action-packed and has a high degree of tactical elements, largely due to the uniqueness of having three teams of four players facing each other. The market for First Person Shooter games is one of the most attractive in the gaming industry and

with this game we expect strong growth and significantly improved profitability going forward. Three teams combined with a high tactical level not only makes *ALARA Prime* engaging to play, but also opens up the possibility of offering exciting gaming content via live streams. And we can exploit synergies here with our subsidiary Fragbite AB, which can come in with its esports and marketing expertise. Fragbite AB can, for example, build tournament concepts around *ALARA Prime*, thereby enabling viral spread in an intuitive and cost-effective way.

During 2023, we have calibrated our operations and put an increased focus on profitability. This was reflected in the EBITDA result, which amounted to SEK 16.2 million, an increase of 36 percent compared with the previous year. With the work done in 2023, we have laid the foundation for strong growth and significant profitability in the future.

It is very encouraging to note that, after a couple of challenging years, our esports company Fragbite AB reached profitability in 2023. Organisational changes and a clear focus on the Swedish Cup in combination





“After a transformative 2023, during which Fragbite Group made a number of very significant investments, we have laid the groundwork for 2024 to be a year to remember.

with the agency business under the Config brand have paved the way for a modern organisation that is well positioned to meet today's entertainment and media landscape. With a commercially successful 2023 Swedish Cup behind us, as well as several more international contracts for Config, we now enter 2024 well positioned to further increase profitability.

During the year we made the strategic decision to divest part of the hypercasual game portfolio due to declining revenues and lower profitability. This accounts for a majority of the decline in revenue during the year. Thanks to this reprioritisation, we have been able to maintain a high development

pace for our web3 games, which we believe will contribute strongly to the Group's revenue and profitability over time. This part of Fragbite Group is at the forefront of the industry and is well positioned to take advantage of current market trends and changes in consumer behaviour among young gamers around the world. As we approach 2024 we look forward to a public launch and sale of our in-game token \$KOBAN, which is an important building block of the web3 portfolio and future revenue generation.

I am proud that we took the strategic decision to make significant capacity-increasing investments for Playdigious, an initiative

that started in 2022 and continued in 2023. Thanks to these investments, we can look forward to a doubled number of game titles on mobile devices during 2024. What's more, these investments have enabled an expansion of the business with the new business unit Playdigious Originals, which helps indie game developers to publish new games for PC and console. Alongside the increased capacity in the core business, this new business unit gives Playdigious a completely new foundation to stand on, which over time will contribute positively to accelerating both growth and profitability across the Group. Add to this the fact that the beginning of 2024 looks highly promising for *MMA Manager 2: Ultimate Fight* and I am even more confident that the 2023

strategic initiatives will be reflected in our financial figures going forward.

Fragbite Group is at the beginning of an exciting journey and we have set the bar very high for our long-term ambitions. I am therefore pleased that we laid the groundwork together in 2023 for Fragbite Group to take the next step and grow both in revenue and profitability. We thrive in a fast-paced environment and look forward to an intensive year. The prospects for a truly successful 2024 are excellent and I can only look forward to the future!

Marcus Teilman, President & CEO

Development during the year

2023 was a year characterised by important investments and game releases, focused efforts to increase profitability and the start of a new, larger and more complete Fragbite Group with the acquisition of Fall Damage.

GAMING BUSINESS AREA

In 2023, investments were made in the subsidiary Playdigious, enabling expansion of the long-standing profitable core business of porting, and establishing a business unit for publishing indie games on PC and console. The new business unit was unveiled in June 2023 and the first games will be released in 2024 under the Playdigious Originals brand.

Playdigious' core business took significant steps forward during the year with several successful game releases such as *Teenage Mutant Ninja Turtles: Shredder's Revenge* and *Little Nightmares* as well as expanded distribution via global platforms Netflix and Apple Arcade. Going into 2024, Playdigious is equipped to double the pace of new title releases, in addition to a continued expansion of distribution to more platforms and geographical markets for the current game portfolio.

With thirty years of experience in the gaming industry, Abrial Da Costa joined Playdigious as CEO, with founders Xavier Liard and Romain Tisserand remaining in the Group in new roles. As a result of Playdigious' commercial performance since its acquisition in 2021, with targets achieved and exceeded, the Company paid the final earnout in Q3 at the maximum possible level.

In 2023, the Company chose to divest and capitalise on parts of the subsidiary Lucky Kat's portfolio of hypercasual games. As a result of changes in user data policies by market-leading platform owners, the mobile game market has been affected by challenges in achieving marketing profitability, resulting in declining revenues for the portfolio. In June, the subsidiary cancelled a publishing contract for two game titles and subsequently signed an agreement to sell them. The remaining hypercasual portfolio is expected to continue to contribute revenue in 2024 but to a lesser extent than in previous years.

During 2023, the subsidiary FunRock & Prey Studios focused on further developing and optimising the title *MMA Manager 2: Ultimate Fight*. During the second quarter, the contract with the previous publisher was terminated and since beginning of fall, the subsidiary has



carried out in-house marketing of the game, with the aim of creating a long-term successful series of sports-themed manager games and increasing profitability.

ESPORTS BUSINESS AREA

In 2023, the subsidiary Fragbite AB's operations were streamlined, resulting in the business area returning to profitability. With strong support from sponsors, competitors and audience, the 2023 edition of the Swedish Cup in Counter-Strike was a commercial and financial success. This year's sponsors included MAX Burgers, Tele2, Philips, Expressen/Bonnier and others. Audience engagement increased across all metrics and channels. For example, the final was

the most watched Swedish content on Twitch throughout 2023 in terms of number of concurrent viewers.

For more than 10 years, Fragbite AB has been helping brands reach gaming and esports audiences with innovative concept marketing. This business has been given a new start through our establishment of the Config gaming and esports agency, which in 2023 successfully expanded and extended its reach with projects aimed at markets outside the Nordic region. During the year, the Agency was nominated for "Campaign of the Year" by StockholmMediaAward and the Rambukken Award for the "Legends of L'Oréal" campaign.

WEB3 BUSINESS AREA

The web3 business area experienced significant growth in 2023. At the beginning of the year, subsidiaries Lucky Kat and Wagmi entered into a strategic collaboration with Mysten Labs, and in May soft-released *Cosmocadia* as one of the first games on the Sui blockchain. In connection with the release, avatars in the form of NFTs were sold for a total of SEK 2.3 million. The game *Panzerdogs* with its NFT collection was also subsequently migrated to Sui. With the aim of engaging 1 million players to *Panzerdogs*, Lucky Kat conducted a successful campaign during the year, which resulted in the game, now with over 1.6 million players, being one of the world's biggest web3 games on mobile in terms of number of downloads.

The public launch and sale of the \$KOBAN in-game token was initially planned for fall 2023. The Company decided to postpone the date in order to wait for more favourable conditions in the financial markets, thereby improving the conditions for the most successful launch possible. However, preparations continued in fall according to plan, and the public launch is currently scheduled for 2024. At the end of December, Wagmi carried out a private sale of \$KOBAN tokens of EUR

800,000, which gave a positive indication that the market for cryptoassets is picking up again.

After the end of the year, the Company announced that CEO and co-founder of Lucky Kat, Herdjie Zhou, would be moving to the role of Senior Advisor for Fragbite Group with a focus on revenue generation in web3. Board member Zara Zamani has been appointed Acting CEO of Lucky Kat.

PARENT COMPANY

In October, Fragbite Group acquired Fall Damage. The initial purchase price was SEK 20 million, of which SEK 10 million is to be paid in cash and the remainder settled with 4,291,845 newly issued shares in Fragbite Group. In connection with the acquisition, a directed new share issue of 11,282,043 Units was carried out, corresponding to 11,282,043 shares and 11,282,043 warrants, as well as a new loan of SEK 20 million.

The new share issue provided the Company with approximately SEK 22 million before issue costs and, together with the loan, was primarily intended to finance the acquisition and the continued operation of Fall Damage and development of the game *ALARA Prime* until the release in the third quarter of 2024.

In August, Lars Johansson left his role as CFO and was succeeded by Anders Rössel, who also joined the Company's management team.

The Board decided that the Company would transition to IFRS reporting starting 2024. The biggest impact will be that Goodwill will no longer be amortised on a regular basis but will instead be subject to annual impairment tests, which is expected to have a positive effect on the income statement.

REPORTING BY BUSINESS AREA

In 2023, Fragbite Group started reporting by the Company's three business areas – Gaming, Esports and Web3. The Gaming business area includes Fall Damage, FunRock & Prey Studios, Playdigious and Lucky Kat's business in the hypercasual genre. Esports

refers to Fragbite AB, including operations under the Config brand. Web3 consists of Wagmi, and Lucky Kat's game development in this area. The table is adjusted for the management fees charged to subsidiaries to cover certain Group-wide costs.

In the esports business area, restructuring and increased efficiency led to a positive result for the full year. Web3 experienced strong growth in both revenue and EBITDA, mainly due to the sale of tokens and NFTs. In 2023, the core business of the largest business area of gaming has been characterised by investments in capacity and a focus on increasing profitability, resulting in a 36 percent increase in EBITDA for the Group as a whole compared with the previous year.

BUSINESS AREAS

2023 (2022)

	Gaming	Esports	Web3	Parent Company	Total
Revenue, SEK million	204.6	13.0	19.6	0	237.2
	229.7	11.1	13.2	0	254.1
EBITDA, SEK million	26.3	0.7	7.0	-17.8	16.2
	30.1	-3.2	0.2	-15.2	11.9
EBITDA margin, %	13%	5%	36%	-	7%
	13%	neg. %	2%	-	5%

Business idea

The global gaming market is now the world's largest digital entertainment market – bigger than film and music combined. It is not only young people who are attracted to gaming, as the consumer groups who were children when classic video games first gained ground have now lived with this form of entertainment all their lives. In 2023, there were an estimated 3.38 billion players globally, a number that is expected to grow by 4.3 percent per year, partly due to the broadening of the target audience as more age groups are gradually included. Gaming is currently a mainstream market with wide target groups that also hold significant purchasing power.

However, as in many other markets, the younger generation of consumers is driving the direction of new product development. Gaming is also a highly competitive market with excess supply and often capital-intensive game development. For a young gaming group like Fragbite Group, with a clearly stated growth agenda, it is therefore crucial to identify tomorrow's consumer needs and meet them with the right business idea to enable a long-term profitable business for the benefit of shareholders.

PLAY, WATCH, OWN

The global gaming market is currently undergoing an evolution in terms of how users, aka 'gamers', consume games. For the new generation, gaming

is an important social activity, and in addition to playing themselves, today's gamers also want to watch others play and follow live-streaming content. In 2025, over 1.4 billion people are expected to regularly watch some form of live esports or gaming, a type of content that is rapidly developing into a key marketing channel for new games.

In parallel, we are seeing an evolution in how players view ownership. When gaming is not just entertainment but something social, creative and personal, what a player creates becomes important in both monetary and emotional terms. Increasingly, players want to be involved in the development of games and to own their gaming assets. With blockchain technology, the market is able to meet these needs.

For the new generation of gamers, the lines between playing and watching others play are becoming blurred. In much the same way, the creation and ownership of the game developer has begun to blend together with that of the individual player. At Fragbite Group, we are convinced that this development is moving faster than many players realise, and that developers, publishers and marketers within gaming will soon need to meet consumer needs in a new way, with a holistic approach to the gaming experience. That is why we build our business idea on the PLAY, WATCH, OWN concept.



Business idea

Fragbite Group develops, adapts and publishes games and esports content for traditional and modern platforms. We combine expertise in gaming, esports and web3 to create entertainment for a new global generation of gamers who want to play, watch and own.

WHAT?

We develop and publish games and esports content for traditional and modern platforms.

HOW?

We combine expertise in gaming, esports and web3 to create entertainment for...

WHO?

... a new global generation of gamers who want to **play, watch and own.**

OUR REVENUE MODELS

Fragbite Group is at the beginning of a growth journey where we, off the foundation of an already strong core business, are building a next generation gaming company that combines expertise in gaming, esports and web3. Within our business areas, we have a number of revenue models that support each other, to an increasingly higher degree as the Company's business develops.

development
porting
publishing

marketing

ownership

development

We develop games, focusing primarily on the FPS genre on PC and free-to-play mobile games. Revenues are generated via in-game purchases and/or advertising.

porting

We port already released games from PC and console to mobile platforms and publish them. These games are pay-to-play and generate revenue initially via download and later via game updates.

publishing

We publish games within the independent game genre to PC and console. As publisher, we have a share in the total revenue generated from the games.

marketing

We are experts in marketing through esports and streamed gaming content. Revenue is generated via our own IPs and the sale of services.

ownership

We develop ecosystems, communities and digital assets within the framework of games built on blockchain technology. Revenue is generated via the sale of assets, in-game purchases and transaction fees.

Our strengths

✓ Solid and profitable core business

Fragbite Group's core business within the gaming business area has been profitable for many years.

✓ Risk diversification

Our game portfolio is wide and spans across different genres, technical platforms and geographic markets. We also work in different parts of the value chain; both with own IPs and with established IPs that have had documented commercial success and for which the bulk of the development costs have already been taken by the IP owner. With this diversification, Fragbite Group has established a confident risk spread.

✓ Passion and expertise

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

✓ Uniquely positioned to meet the needs of a new generation of gamers: play, watch, own

Fragbite Group is positioned the forefront, with expertise in gaming, esports and web3 that few other publicly traded gaming companies have. Our business is built on insight into how the new generation consumes game entertainment.



gaming
esports
web3

Strategy and financial targets

Strategic focus areas

The Board and management of Fragbite Group have identified four focus areas key to executing on the Company's strategy in order to secure a long-term profitable business.

1 SUSTAINED ENTREPRENEURIALISM

The Company is rooted in a strong decentralised entrepreneurial culture, and a key component of our business strategy is to retain and continue to develop the cutting-edge skills present in our subsidiaries.

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.

When integrating a new subsidiary, 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 entrepreneurial spirit and drive. By making the entrepreneurs of the acquired companies' shareholders of Fragbite Group as part of the acquisition, we maintain their commitment to their own business as well as to the Group as a whole, which also increases the likelihood of them wanting to continue contributing to the Group in the long term.

2 DEEPENING AND CAPITALISING ON SYNERGIES

In its current form, Fragbite Group is a young entity, and although the Group is already capitalising on synergies between the subsidiaries, there is still a lot of potential to be met. Especially since the acquisition of Fall Damage, which in many ways has made the Group more complete, there is a clearly defined path forward with more potential for collaboration. We will continue to strengthen the Group's overall competitiveness by combining our expertise in gaming, esports and web3 to create entertainment for the next generation of gamers. This may involve basic synergies such as sharing development resources, marketing resources or distribution channels, but also transferring unique game mechanics from one game engine to another,

combining revenue models, adapting games to different platforms and creating new, innovative entertainment based on expertise from all areas that few other gaming companies have today.

3 DEVELOP AND DIVERSIFY IP RIGHTS

Fragbite Group's business strategy is characterised by a focus on maintaining and developing a well-diversified portfolio of value-generating immaterial property rights. The Company currently has access to a broad portfolio of both internally and externally owned intellectual property rights and brands, and intends, based on an expressed growth agenda, to increase such investments further. A strong portfolio of intellectual property rights and brands allows for a balanced risk diversification, while assets can be shared between subsidiaries and form the basis for further developed concepts and synergies.

4 ACTIVE AND SELECTIVE M&A

Fragbite Group acquires profitable, or soon to be profitable, companies run by experienced

entrepreneurs with businesses that add synergies to the Group. Fragbite Group's subsidiaries share a common foundation of entrepreneurial spirit combined with creativity, passion for the gaming experience and deep industry knowledge, that together 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.

We actively and continuously map potential target companies, but are highly selective in our screening process and are prepared to leave the negotiating table even late in the process if the fit is not optimal. Fragbite Group will be built with M&A when an acquisition clearly improves and develops the entire Group, our strategy is thus based on creating a business ecosystem rather than a straight-forward portfolio of subsidiaries.

FINANCIAL TARGETS

It is Fragbite Group's assessment that there are good opportunities for growth in the coming years. The following targets have been adopted by the Board:

GROWTH

To generate an aggregated annual growth rate exceeding 15 percent through organic and acquired growth.

PROFITABILITY – MEDIUM TERM

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.

PROFITABILITY – LONG TERM

The Company's long-term target is to achieve an EBITDA margin exceeding 30 percent.

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 billion in 2023, up 0.6 percent from 2022. Despite challenging macro conditions, the gaming market returned to growth in 2023 after a brief downturn in 2022, when revenue fell by 4.3 percent compared with 2021 in the wake of Covid. 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 which have now largely balanced out.

In its annual report, Newzoo forecasts that the market will grow from USD 179.1 billion in 2020 to USD 205.4 billion in 2026, representing a compound annual growth rate (CAGR) of 3.74 percent per year.

The number of players worldwide reached 3.31 billion in 2023, an increase of 4.3 percent from the previous year. Number of players is expected to grow in the period 2021–2026

with a CAGR of +3.7 percent, reaching 3.68 billion in 2026. A majority of the players are in Asia and Oceania, with dominant markets such as India, China, Japan and South Korea. The main growth is in the Middle East, Africa and Latin America, which are less mature markets but where player numbers are increasing, driven by improved digital infrastructure, cheaper mobile networks and a growing middle class.

Global gaming market segments



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

MOBILE

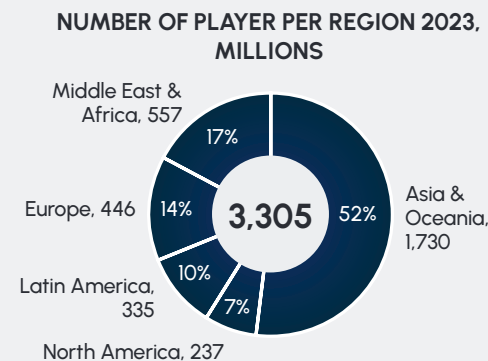
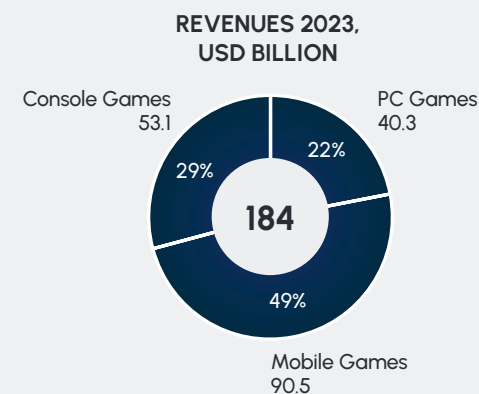
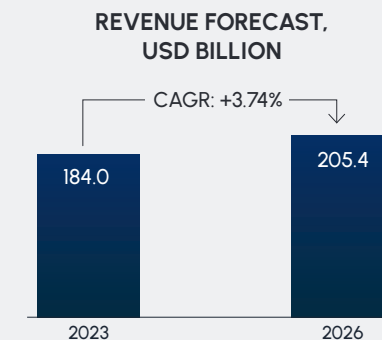
Mobile remains the dominant platform, accounting for almost half of the global market. After many years of strong growth, mobile gaming declined by -1.4 percent in



2023 compared with 2022. The reason for this slowdown is largely attributable to changes in policies regarding user data and User Acquisition (UA) at Apple and Google, as well as overall changes in how player privacy is managed. However, mobile is expected to continue to grow in emerging markets and return to previous growth by 2026 as developers and publishers adapt their operations to new privacy policies.

FIRST PERSON SHOOTER

With revenue of USD 5.5 billion in 2023, the First Person Shooter, or FPS, genre is the largest on PC, with 14.1 percent of the total revenue for the platform. The genre is expected to grow annually by 4.9 percent, which exceeds the growth rate of the gaming market as a whole. Some of the growth in recent years has been attributed to the increasing popularity of esports, with FPS being one of the dominant genres in professional esports.



ESPORTS

Revenue for the esports market was USD 1.72 billion in 2023 and is expected to grow from USD 2.06 billion in 2024 to USD 9.29 billion in 2032. This means that the market is expected to show a compound annual growth rate (CAGR) of 20.7 percent between 2024 and 2032, which is significantly faster than the gaming market as a whole.

LIVE-STREAMING

A driving factor in the growth of esports is that it attracts young audiences who choose to watch gaming over other entertainment. Esports therefore represents a very appealing marketing channel as it attracts young audiences that are 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 in recent years, not least in younger demographics, is the audience for live-streaming of gaming and neighbouring content. In 2023, about 1.2 billion people watched some form of live-streaming online. This includes professional, competition-based esports and content from private individuals

as well as professional gamers. Not just gaming yourself but also watching other people play is a clear trend and the audience is expected to grow to around 1.8 billion people by 2029.

REVENUE

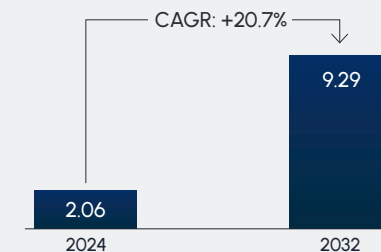
Sponsorship, including advertising, has traditionally been the most significant source of revenue for the global esports market, and it continues to dominate. However, there are clear signs that many market players are now broadening their revenue models and looking for more alternatives, particularly in the aftermath of Covid, which had a harsh effect on businesses built primarily on sponsorship revenue. However, web3 is also expected to affect esports revenues as increasingly more content is built on NFTs, enabling operators to use blockchain-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 revenue



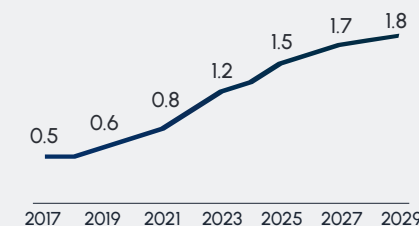
from in-game purchases linked to esports team brands as well as NFT-based products, are expected to grow at a CAGR of +27.2 between 2020 and 2025.

As more viewers turn to live-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.

REVENUE FORECAST, 2024-2032, USD BILLION



LIVE STREAMING OF ESPORTS & GAMING CONTENT, NUMBER, BILLIONS



WEB3

Web3 has in a short space of time 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 least in gaming and esports. Web3 is seen as contributing to a major shift in culture and consumer behaviour.

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.



NEW PLATFORMS

The blockchain technology that underpins web3 has changed the technical conditions for publishing games on existing and new platforms. Blockchain technology also enables players to own and trade in-game items on decentralised marketplaces without third-

party intervention. 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 items can be bought and sold between players in a secure manner. They do not disappear if the developer stops operating the game or when the player leaves the game, but follow the player and can be traded as a commodity.

NEW REVENUE MODELS

Developers can capitalise on digital assets by selling high margin NFT:s and tokens linked to the game. Web3 also introduces "play-and-earn" as a complement to the classic pay-to-play and free-to-play revenue models. This revenue model means that players are rewarded financially via digital assets for actions such as completing missions or building their characters. Play-and-earn attracts players to the game and increases activity and in-game purchases, thus driving revenue.

- *Read more about different kinds of revenues from web3 on page 25.*

NEW STRATEGIES FOR ENGAGEMENT

Finally, web3 represents a shift in the relationship between provider and user, where not only much of the ownership of what is created lie with the players thanks to blockchain technology, but the design and development process is also 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

There are no established sources that measure the size of the market for web3 gaming year after year in the same way as for traditional gaming. The market is young, and it is also not yet established how web3 gaming is defined



in relation to 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. The report "Blockchain Gaming" compiles a number of market estimates from PWC, Bain, Statista, Newzoo and others that estimate the size of the market in 2023 to be between 15–20 percent of the total global gaming market. DappRadar estimates that global investments in web3 gaming amounted to USD 7.6 billion in 2022, an increase of 59 percent from 2021.

INVESTMENTS

During 2023, investments in web3 gaming have shifted towards blockchains built for gaming, while fewer new web3 games have been released, which is a break in the trend as investments in web3 gaming since 2018 have primarily focused on game development over infrastructure. Starting in 2022, there has also been an overall shift in terms of blockchain-based infrastructure, with investments in new networks specifically built for gaming outweighing general purpose networks. Despite relatively unfavourable macro conditions, investment in gaming networks increased significantly in 2023.

Regional distribution

Both investors and developers in web3 are geographically concentrated in the USA

and Southeast Asia-Oceania respectively, with one-third of all development teams in the USA. There are significantly fewer web3 companies in Europe compared to the gaming market as a whole.

After the crypto winter

As the majority of in-game digital assets are traded in cryptocurrency, the web3 gaming market has been affected by the so-called crypto winter that began in late 2022 and dominated much of 2023, with many in-game tokens affected by the fall in value of underlying cryptocurrencies. Interestingly, several sources highlight examples of how web3 product development has continued during this period, despite the difficult financial climate. In 2023, overall investment in web3 gaming has stabilised and is now on par with 2021 levels, before the market first expanded rapidly and then suffered a setback during the crypto winter.

GROWTH

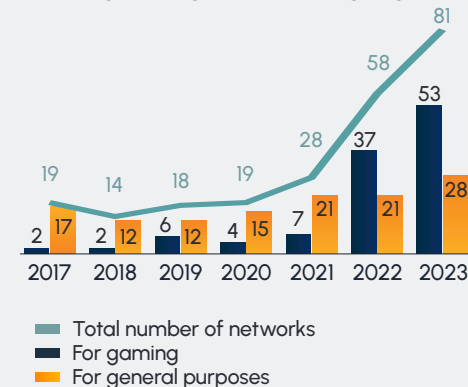
With the web3 gaming market in its infancy, it is relevant to also look at investments made in web3 and blockchain-based technologies in related areas, for example:

- Global giants Microsoft and Google have invested an estimated total of USD 500 million and USD 1,500 million respectively in web3 technology.

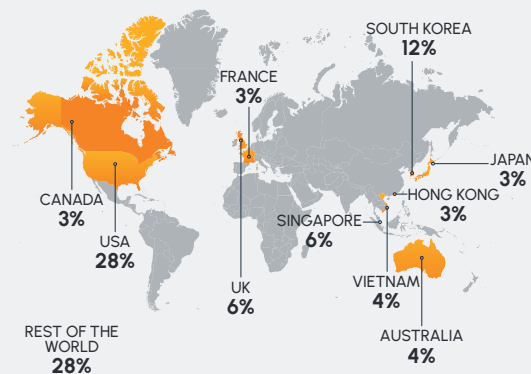
- Mobile web3 apps for different uses showed total growth of over 500 percent between 2020 and 2022.
- Well-known brands are going into web3 with significant investments. This can range from offering virtual experiences, using the metaverse as a sponsorship channel, using blockchain technology to develop apps, ticketing systems and loyalty programmes, or complementing physical products with virtual products in the form of NFTs. For example, global sports company Nike reported revenue of USD 184 million from NFT sales in 2022. Luxury brand Prada regularly pairs physical products with NFTs in collaboration with famous designers and invites its fans to join the "Prada Crypted" community on Discord.

Sources
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 Statista – Worldwide Games Live Streaming Report 2023
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NEW INFRASTRUCTURE BUILT ON BLOCKCHAIN TECHNOLOGY, NUMBER OF NEW NETWORKS



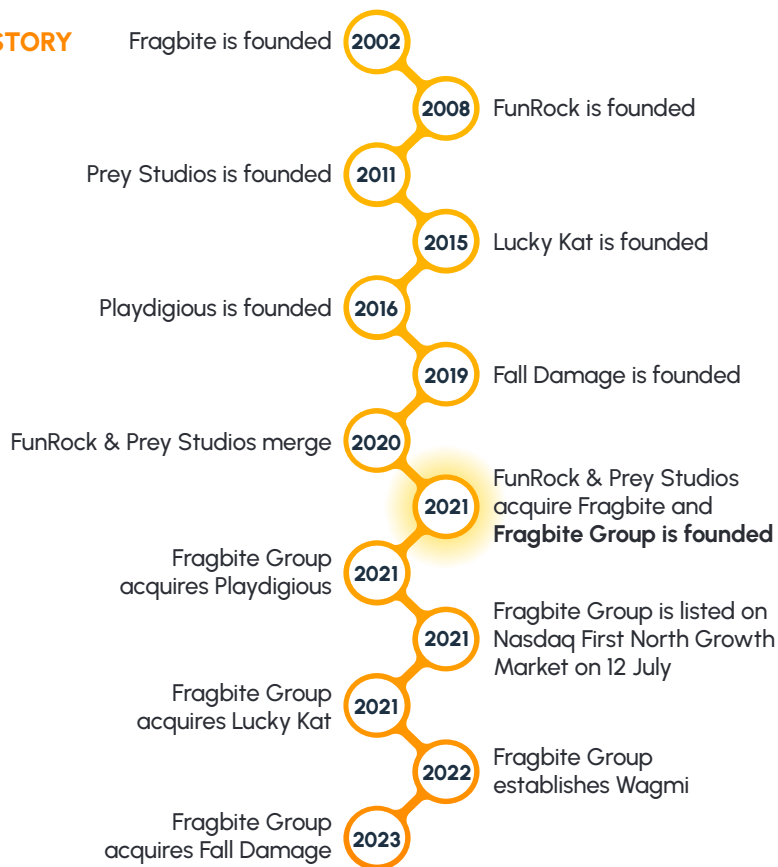
DEVELOPMENT BY COUNTRY



Our subsidiaries

Fragbite Group has a growing portfolio of well-managed and carefully selected subsidiaries. The common foundation of our entities is a combination of entrepreneurial spirit, creativity, passion for the gaming experience and deep industry knowledge that has formed the basis of commercial success, a foundation to expand on by taking advantage of synergies within the Group.

OUR HISTORY



FunRock & Prey Studios

Complete development studio for mobile games



FunRock & Prey Studios were founded in 2008 and 2011 respectively and the two businesses merged into one organisational unit in 2021. 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. The company is based in Stockholm with part of the team located in Alexandria, Egypt.

released in 2022. Partly due to changes in market conditions for mobile games in recent years, the company chose to cancel the partnership with its previous publisher and has carried out in-house marketing of the game since fall 2023. The goal is to create a series of sports themed manager games with long-term profitability, and for the strategic improvements made in 2023 to result in a higher return on future investments in UA (user acquisition).

During 2023, the studio has focused on further developing and optimising the title *MMA Manager 2: Ultimate Fight*, which was



MMA Manager 2: Ultimate Fight has more than 3.7 million downloads and high user ratings on Apple App Store and Google Play Store. In December 2023, the game was released on the Google Play Pass subscription platform.

Fall Damage

Swedish game studio with AAA capacity



FALL DAMAGE STUDIO

Fall Damage is a Swedish game development studio founded in 2016 by Anders Gyllenberg, Mikael Kalms, Markus Nyström and Dan Vaderlind. The founders, who are also the management team, all have a background from the legendary Swedish gaming company DICE (since 2006 owned by EA Games), with Markus Nyström having been one of the co-founders of DICE in 1992. The management team has solid experience from key leadership positions in the gaming industry, and have a long background working together on the development of several FPS games like Battlefield 3, Battlefield 4, and Star Wars Battlefront, with more than 35 million units sold combined.

Team

Since 2016, Fall Damage has gradually expanded its team with qualified employees bringing experience from numerous Swedish and international AAA studios. The current capacity of the 50-strong team is at a very high level.

THE ACQUISITION

The acquisition of Fall Damage was completed in October 2023. Fall Damage fits well into Fragbite Group, and Fall Damage's excellence as a studio, together with the game *ALARA Prime*, has significant revenue potential, with



several synergies created within the Group's ecosystem of expertise in gaming, esports and web3. The game *ALARA Prime*, planned for release in the third quarter 2024, will within the framework of Fragbite Group form the basis for several parallel revenue streams. The new Fragbite Group with Fall Damage creates opportunities for the Group to, over time, grow

***“We have an extremely dedicated and professional team that now becomes part of a growing Group, within which we can take on all the opportunities that the gaming market offers. On the basis of shared values and view of the future, we have started an exciting journey for us together in Fragbite Group, where the first step consists of completing *ALARA Prime* and taking it to market.*”**

Anders Gyllenberg, CEO, Fall Damage

significantly faster than the market and achieve substantial profitability.

ALARA PRIME

Since 2019, Fall Damage has been developing ALARA Prime, a tactical First Person Shooter game. Tactical FPS games have, in addition to standard mechanics, an additional depth of game design that requires more tactical thinking, skills and team cooperation. They often have a broader utility arsenal of weapons and tools than the classic FPS titles.

Unique game design

Dominant tactical FPS games such as Counter-Strike and Valorant have two competing teams, whereas what makes ALARA Prime distinctive is that it has a third team, which radically changes the game dynamic and opens up for a multi-dimensional tactical approach.

ALARA Prime has modern graphics inspired by sports and military technology, where humans represented by connected androids battle in a futuristic gladiatorial game. Three-team gameplay, a deep arsenal of weapons and tools, and an innovative game design all come together to create unique gameplay situations not currently found in any other tactical FPS game on the market.

MARKETING

ALARA Prime is constructed from the ground up with marketing, social media

and commercial partnerships in mind. Work is underway on the development of built-in tools to allow players to view previous game sessions and, by later extension, to export them, which enables both players and developers to create content.

Adapted for esports

Game design and underlying functionality make ALARA Prime optimal for esports, both in terms of professional tournaments and as a channel for marketing brands towards the gaming and esports audience. The game offers a lot of opportunity for established brands to be incorporated into the framework of the game's narrative.

A tested concept

ALARA Prime has been extensively tested against key target groups in both closed and public play tests since the start of 2020. Closed tests in Sweden and Asia have generated consistently high ratings on all metrics with an aggregated average rating of over 8 out of 10. In July 2022, a public play test was conducted in Europe with 6,000 players over 3 days. More than 3,500 of these players are still active members in the Discord channel where small tests are offered at intervals to build the game's community. In the survey conducted after the test, 98.5 percent of respondents stated that they are interested in participating in future tests.

ALARA Prime has also been played over the years by professional esports players, influencers and streamers, with good ratings and reviews. All in all, the positive outcome of what will soon be four years of testing is a strong indication of ALARA Prime's significant potential.

POSITIONING AND REVENUE MODEL

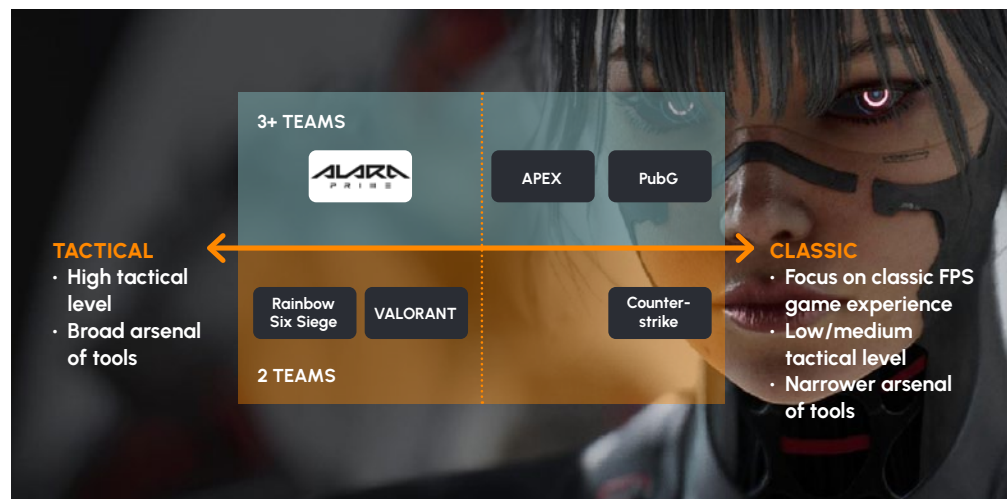
Positioning

Based on deep experience of the genre and its competitive conditions, Fall Damage has positioned the game in a carefully selected niche of the FPS market. The combination of three teams, a deep utility arsenal and a high level of tactical play sets ALARA Prime apart from other titles.

There are games that have the same level of tactics but with two teams. There are some,

but only few, games on the market that have three or more teams, and none of them can be categorised as tactical. ALARA Prime will be the only tactical FPS game to have three teams, which radically changes the game dynamic and means that ALARA Prime can offer the market something completely new.

The strength of this positioning has been verified by the game tests carried out. Feedback from players has also confirmed that ALARA Prime's primary competitors are Counter-Strike, Rainbow 6 and Valorant, and many players have described their experience of ALARA Prime as an exciting combination of the three. Players who already play these titles today will first recognise and embrace ALARA Prime's basic game design and then enjoy delving into what makes the game unique. During the game tests, it has also



emerged that the game attracts not only experienced, competitive players but also newcomers to the genre, providing a broad global audience.

Revenue model

ALARA Prime is based on the free-to-play revenue model, which means that users can download and play the game free of charge. This provides low entry barriers for new players to test and play the game and allows for a consistently high level of active players. Revenues are generated through in-game purchases, known as microtransactions, of things like weapons and accessories, but also payment for participation in activities and competitions via, e.g., Battle Passes and Season Passes.

For optimum use of the revenue model, the game needs to be continuously updated with new accessories and activities, and there must be intuitive interplay between the flow of the game and possible microtransactions.

FIRST PERSON SHOOTER

The enduringly popular FPS gaming genre includes some of the most historically successful titles ever in the global gaming market. The genre took off in the early 90s with legendary titles such as Counter-Strike and Call of Duty, the latter of which has generated revenue of over USD 30 billion over more than 20 years. With revenue of USD 5.5 billion in 2023, the First Person Shooter, or FPS, genre is the largest on PC, with 14.4 percent of the total revenue. On the leading distribution

platform for PC games, Steam, FPS is the top genre in terms of total lifetime revenue, which is a clear indication of the commercial resilience of the genre.

FPS titles have also proved that with the right marketing, they can make a big impact in a short time. For example, when popular tactical title Valorant was released in 2020, it reached over 20 million average monthly players in the space of a few weeks. However, the statistics also show that it is difficult for new titles to break through unless they have something obviously new to offer, and a small number of titles, many of them old by now, are dominating in the top year after year.

In December 2023, ALARA Prime took part in the Swedish Cup, enabling Fall Damage to showcase the game in a live environment and conduct game tests with Swedish esports fans.



This means that identifying a well thought out niche position as Fall Damage has done for ALARA Prime is crucial.

CCU – Concurrent connected users

An important metric for FPS games is the number of players active in the game at the same time, abbreviated to CCU (concurrent connected users). It gives a clear indication of the game's popularity and, for example, for a brand that wants to be visible to the gaming market, it indicates how big the audience is for an individual game. Based on different CCU levels, in-game purchases can also be forecast. For ALARA Prime, Fall Damage has drawn on extensive data and experience from working with previous prominent titles

to make calculations based on expected CCU, and used them to make game design choices and financial projections.

Esports

FPS has long been one of the biggest genres in esports. FPS games attract a significant esports audience both to online streaming platforms and to physical arenas, further accelerating the genre's popularity. With a new generation of gamers increasingly interested in watching others play, more opportunities are opening up for new FPS games to enter the market via streaming and esports as a marketing channels.



Fragbite

One of the Nordics' leading esports companies



Fragbite was founded in 2002 and through its platforms the company reaches more than 300,000 unique users every month. Fragbite is based in Stockholm and is currently one of the leading Nordic esports companies, offering a complete portfolio of content – tournaments, marketing, advertising, live-streaming and publishing. Through fragbite.se and its channel on 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. Under the Config brand, the company works with internationally established advertisers and has deep knowledge of how to create value based on esports content. Fragbite's well-known brand also constitutes a springboard

In December 2023, Config developed a modern campaign for SJ with great success.



for the Group's continued growth in esports and the development of esports as a marketing channel for the gaming business area.

TOURNAMENTS

Fragbite has extensive experience in the production and distribution of tournaments in various formats. For example, between 2018 and 2022, Fragbite operated Frag-league, which during that period was the largest amateur esports league in the Nordics. With deep knowledge of how players and fans consume esports and gaming content, Fragbite has long demonstrated an innovative capacity through projects such as the Swedish Chess League which was launched in 2022 in collaboration with the Swedish Chess Federation. In 2023, Fragbite's operations were streamlined to enable the development of new revenue models, with among other initiatives an increased focus on the Swedish Cup in Counter-Strike.

SWEDISH CUP

This year's edition of the Swedish Cup in Counter-Strike was held in fall 2023 and consisted of a three-month tournament followed by playoffs and the final in front of a live audience on December 2–3. With



The Swedish Cup final was the most watched Swedish content on Twitch throughout 2023 in terms of concurrent viewers.

a strong response from sponsors, competitors and audience, the 2023 tournament was a success, commercially as well as in terms of reception. The final had 1.6 million unique viewers on Twitch who spent an average of 300 percent more time in front of the broadcast compared to 2022. Audience engagement throughout the tournament increased across all metrics and channels, with for example 1 million started streams and 800,000 unique viewers on TikTok. In 2024, Fragbite continues to expand and develop this concept which is a cornerstone of the subsidiary's business.

CONFIG

For over 10 years, Fragbite has utilised innovative concept marketing to help international brands reach and make an impact on the gaming and esports audience – a young target group often considered difficult to reach with traditional marketing. This business has been renewed with the establishment of gaming and esports agency Config, which expanded in 2023 and was a driving factor in the business area's return to profitability. With a growing pipeline, Config's offering will continue to develop in 2024 through, among other things, more projects on the international level.

Playdigious

Award-winning development studio with expertise in porting



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 publishes titles for PC and console. Playdigious is based in France, with offices in Paris, Montpellier and Nancy.

WELL-ESTABLISHED BUSINESS MODEL

Playdigious' design and technical expertise in porting a game from one platform to another has made the studio a renowned player, with high-profile partners and several award-winning titles in the portfolio. Their porting capabilities combined with competent publishing of these titles have earned them the trust of leading IP owners in the market. The company has developed mobile versions of games such as *Dead Cells*, *Spirittfarer* and *Northguard*, where, for example, *Dead Cells* with over 5 million mobile downloads is particularly successful.

During the year

Playdigious' most prominent titles in 2023 were *Teenage Mutant Ninja Turtles: Shredder's Revenge*, which was released exclusively on Netflix, *Castlevania – DLC* (downloadable

content) for *Dead Cells* and the hit title *Little Nightmares*. Prior to the release in December, *Little Nightmares* was voted winner of the Play More Award presented by Google Play. The game has since won the French Pégases award for the best international mobile game of 2024.

PROFITABLE GROWTH

Playdigious' core business has shown growth and profitability since 2019, and has also proven itself during periods of less favourable global market conditions. The operations reduce the total development risk in Fragbite Group as the Group can balance the costs associated with developing its own games from scratch with the porting of licensed, already financially successful IPs, while the broad portfolio is less dependent on a few game titles. Fragbite Group therefore decided in 2022 and 2023 to provide 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 even more prominent titles. In August 2023, the Company announced that Playdigious would enter 2024 well-equipped to double the pace of new title releases.



NEW BUSINESS UNIT AND BRAND

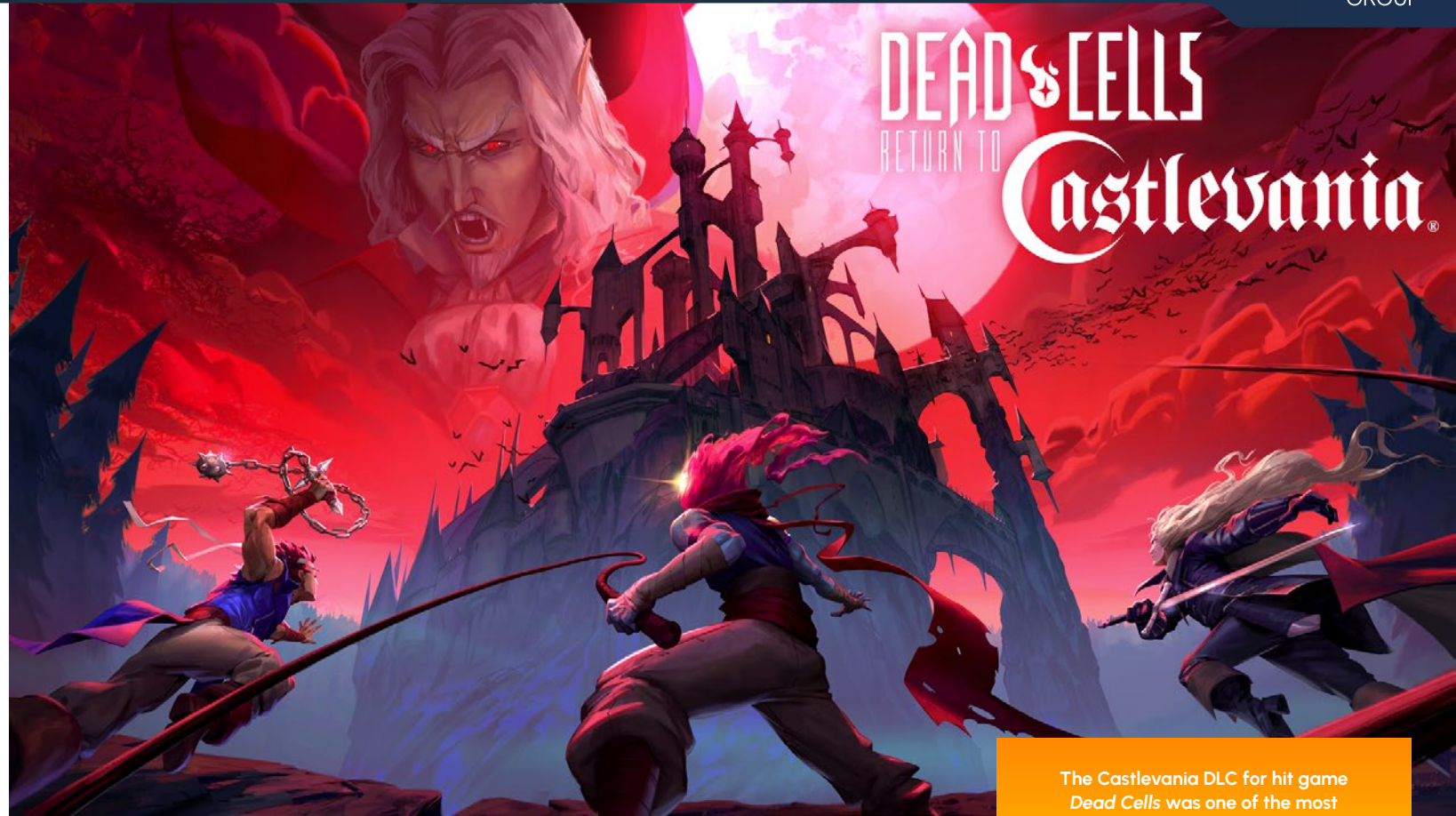
The investments made in Playdigious have also enabled the establishment of a new business unit for publishing games on PC and console under the brand Playdigious Originals. The new business unit publishes indie games, which are being released for the first time. Playdigious Originals was unveiled in June 2023 and the first two games will be released in 2024: *Fretless – The wrath of Riffson* and *Linkito*.



BROADENING DISTRIBUTION AND REVENUE MODELS

In addition to releasing new games, Playdigious is gradually working to broaden distribution to more platforms and geographical markets for the existing portfolio. By way of example, *Dead Cells* was released on Netflix in fall 2023, after which Spanish was added as a language in the game to increase the player base, mainly in Latin America.

The primary revenue model for Playdigious' games is pay-to-play, i.e. the game costs to download. In 2022 and 2023, more games have been offered via subscription platforms that generate revenue in contracts with the respective counterparty, such as Netflix, Apple and Google.



The *Castlevania* DLC for hit game *Dead Cells* was one of the most anticipated releases of the year.

Updates

For many Playdigious titles, work is constantly in progress to develop updates, known as DLCs. These updates increase the financial life of the game by keeping the game current and, when they are for purchase, enable additional purchases from existing players.

Expansion in China

In January, *Dungeon of the Endless: Apogee* was released in China. Playdigious has previously released *Evoland II* and *Dead Cells*

on the Chinese market after approval was granted. Releasing games in China is preceded by an application process that usually takes at least a year, with the time frame varying from case to case. While there is significant potential for development in China, obtaining approval is time-consuming and complicated, which means that titles already having passed the process have a major advantage. Applications for additional titles are currently being processed.



In March 2023, Playdigious' mobile version of *Spiriffarer* won the Pégases Award for Best International Mobile Game.

Lucky Kat & Wagmi

Pioneers in web3 development



Lucky Kat and Wagmi together form the web3 business area, and Lucky Kat also operates in the hypercasual game genre. Web3 is today an overall label for a technological, cultural and commercial paradigm shift for the digital entertainment industry. How we create, own and trade digital assets was first driven primarily by technology, but is now increasingly driven by a cultural evolution.

Fragbite Group's goal in web3 is to create digital gaming experiences that offer players new and innovative ways to develop their interests, interact with others, own what they create and have the opportunity to influence decisions about the experience's ecosystem and development. Game experience is the top priority in the development of our web3 games, which can also be played as classic games, and to that we add the layers of functionality provided by blockchain technology, including play-and-earn mechanics.

REVENUES

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

Sale of NFTs

NFTs (non-fungible tokens) are digital assets that are sold and recognised as revenue upon conclusion of the transaction, such as the

avatars sold for *Cosmocadia* in May 2023. The incentive for a buyer of these avatars, in addition to an expectation of value growth if the game is a success, is that NFTs in web3 games come with various benefits. For example, the NFTs sold in May included access to an exclusive demo version of *Cosmocadia*. 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 categories of actors who may initially be strategic investors and over time the general player community. The difference between NFTs and tokens is that the former is a singular digital asset, while the latter functions as an in-game currency which can be used to purchase different assets within the game as well as be traded outside the game. Fragbite Group's token \$KOBAN is a so-called ecosystem token which will be utilised in all of the Group's web3 games. An issuer of tokens used as in-game currency 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. For this reason, revenue from the Company's tokens is recognised over the estimated economic life of the game.

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 could be seen as an application or platform, something to interact with, and along 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 an innovative way of creating reliable records. A blockchain is a ledger of transactions made with an underlying digital object such as an avatar in a game. The ledger is distributed, meaning that it exists in identical copies on many computers, with the aim of making it impossible to falsify the information and creating trust between parties. Each new transaction must be approved by all computers on the blockchain, and as all the previous values related to the blockchain are already in these computers, they can therefore check that nothing has been changed in an incorrect way. If everything is correct, the transaction is approved and added to the blockchain list. This way, digital assets can be owned, bought, sold and exchanged in a fully decentralised system. One of the first applications of blockchain technology was digital currencies, but the technology is developing rapidly and expanding into many non-financial uses. For a web3 game developer, it is essential to link their game and its financial assets to a blockchain with technical and financial conditions suitable for game development.

Transaction fees

NFTs and tokens alike can be traded on different marketplaces, i.e. change ownership in a transaction confirmed by the decentralised 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 transaction revenue for the Company, which is recognised as revenue upon completion of the transaction. Part of the revenue from transaction fees is channelled back into the game treasury and is used, for example, for rewards and competitions to increase player engagement.

Advertising revenue

The Group's web3 games can be downloaded from Apple App Store and Google Play Store like any classic mobile game, hence revenue is also generated through advertising.

WAGMI

Wagmi is the Group's issuer within web3, licensed to issue blockchain-based financial

assets. Wagmi was founded in 2022 and is based in Gibraltar where the subsidiary is authorised as a Virtual Assets Service Provider by the Gibraltar Financial Services Commission.

Lucky Kat handles game development and product strategy as well as maintaining the games' communities, while Wagmi handles all financial aspects of the digital assets issued, including legal matters such as maintaining AML policies and reporting.

Fragbite Group has a great competitive advantage in Wagmi as there are few other gaming companies that are publicly traded and also licensed in web3. With legal changes such as MICA – the recently implemented EU directive – requirements for those wanting to operate in web3 gaming are gradually increasing.

LUCKY KAT

Lucky Kat was founded in 2015 and is based in the Hague, the Netherlands. The company develops mobile games and first established itself in the hypercasual genre – titles with simple game mechanics 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.



For the purpose of capitalising on the portfolio after diminishing revenues due to changes in market conditions, two titles were sold during 2023.

Panzerdogs

The studio's first web3-title *Panzerdogs* was released in 2022 and is considered a pioneer title within web3, nominated by the European Blockchain Convention as one of Europe's top 100 Blockchain startups. The game was soft-released in 2022 on PC prior to which 5,555 NFTs in the form of dog avatars were sold for just under USD 1 million. In 2023 the game was released on mobile. During the second half of 2023, Lucky Kat ran a UA campaign with the goal of introducing 1 million web2 players to web3. The campaign was a success and *Panzerdogs* now has over 1.6 million players.

Based on downloads, *Panzerdogs* is today one of the world's largest web3 games on mobile. *Panzerdogs* is a strategy game in which two teams of three players compete against each other. Each player controls an avatar with a set of capabilities that can be improved during the course of the game and that contributes to the team's overall strategy. One can choose to play *Panzerdogs* without a wallet or buy an avatar, and thus play it as a classic mobile game. Additional NFTs in the form of new avatar collections, tanks, tank parts, land and more are continuously introduced into the game as it is developed and maintained.

Cosmocadia

Lucky Kat's second web3 title *Cosmocadia* is a farming game in which players can farm, fish, create and work together. The game was soft-released on PC in May 2023, and in conjunction with the release, avatars were sold for approximately SEK 2.3 million. In February

2024, the game was soft-released on mobile in select markets before a full mobile release later in the year.

In 2022, Wagmi and Lucky Kat initiated a collaboration with infrastructure company Mysten Labs to jointly offer web3 games



to a wider audience. The collaboration was expanded in early 2023 with the release of *Cosmocadia* as one of the first projects on Sui, a new blockchain especially suitable for gaming projects, of which Mysten Labs is the original developer. The release of *Cosmocadia* in May 2023 was the third most successful release on Sui in conjunction with the launch of the blockchain.

Community

Engaging the users and creating a vibrant, collaborative community is a cornerstone of web3. During the ongoing development of *Panzerdogs* and *Cosmocadia*, Lucky Kat has placed a focus on building the games' communities – a community of players and owners of tokens and NFTs who connect with the games in the development phase and thus contribute to the direction. A significant number of followers on Discord and Twitter help drive engagement and support marketing, while their opinions on how the game should evolve are carefully considered and incorporated into development. Owning digital assets linked to the games provides additional benefits and opportunities for deeper participation.

\$KOBAN

The \$KOBAN in-game currency is an eco-system token, meaning it will be possible to use \$KOBAN in all the Group's web3 titles as a means of payment. The public launch and sale of \$KOBAN was initially planned for fall 2023 but was postponed due to unfavourable conditions in the financial markets. However, preparations continued according to plan, and the public launch is scheduled for 2024. To date, private sales have been carried out, generating revenue to support game development, the latest of which was at the end of 2023 and totalled EUR 800,000. After the public launch, \$KOBAN will not only be used in the games but also traded on external exchanges.

The Sandbox

During parts of 2023, Lucky Kat did work-for-hire in the form of game development for Animoca Brands and their global metaverse The Sandbox. The collaboration was paused towards the end of the year due to significant technical problems on the counterparty's side. No additional work-for-hire projects are planned for 2024.

Organisation

Fragbite Group AB (publ), corporate ID 556990-2777, is a Swedish public limited liability company with its head office in Stockholm, Sweden. The Company has seven wholly-owned subsidiaries and a physical presence in Sweden (Stockholm), France, (Paris, Montpellier and Nancy), Netherlands (The Hague) and Gibraltar.



MANAGEMENT

Company management consists of five persons and the Board of Directors consists of five members. Individual presentations can be found under "Board of Directors" and "Senior executives".

PERSONNEL

Our employees are our most important resource. We strive for joy, creativity and well-being in the workplace and to develop our employees' skills in an inclusive environment in which we empower them to do their best. The Group's different offices are crucial to the performance of the organisation.

Through them, we aim to build a sense of community, promote belonging and cooperation, and create a place where all employees feel welcome. We provide our employees with what they need in order to work in our offices and other locations, with flexibility based on their personal needs. Some employees work remotely and others in a hybrid work model.

Fragbite Group currently has a workforce made up of three-quarters men and one-quarter women. It is the Company's goal to increase the number of female employees in all parts of the Group.

The Company operates in locations with different local regulations and we endeavour to comply with all applicable local laws and regulations. We also respect the right to collective bargaining and freedom of association.

The Company has share option programmes designed to increase employees' commitment to the Group's collective performance through share ownership.

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 five members elected by the AGM, including the Chairman of the Board.



Stefan Tengvall

Born 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 it was sold to Telenor in 2012. He is currently Chief Strategy Officer for Telness Tech and was previously an investor and Chairman of Scrive.

Holdings in Fragbite Group:

Stefan owns 2,712,090 shares: 732,090 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:

Chairman of the Board of uNorth AB. Board member of Ground Transportation Services Sweden AB, Travel Contracts Sweden AB, Snowfall IP AB, Internet Legends AB, Verification Topco AB, Travel Technology Development Europe AB, Tech-Buddy International Holding AB, Travel Development Sweden AB, Mobility46 AB, Elbilio AB, First San Fransisco Invest AB, Shinjitsu AB, Incaprettamento AB, Sören Tengvall Bygg och Inredningar Aktiebolag and Hello Ebbot AB. Board member and CEO of Twin Mountain Group AB and Autonoma System i Stockholm AB.

Independent of the Company and its management: Yes

Independent of major shareholders: Yes



Claes Kalborg

Born 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 and CEO of Rightbridge Ventures Group AB (publ).

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, Rightbridge Ventures Group AB (publ) and Every Sense Entertainment AB. Deputy CEO and Board member of Sentinella Aktiebolag. CEO and Deputy Board member of Bodiam AB. Chairman of the Board of Gaming Guardians AB. Board member of Adventure Box Technology AB, CF Entertainment AB, LL Lucky Games AB (publ), Non Violence Licensing AB and Sound Dimension AB. Deputy Board member of Rosebloom Enterprises AB and Rosebloom Ventures AB.

Independent of the Company and its management: Yes

Independent of major shareholders: Yes



Sten Wranne

Born 1961
Board member since 2021

Education and experience:

Sten holds an MSc in Technical Physics from Chalmers University of Technology, Gothenburg. 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 holds 50,000 warrants of series OP 2022/2025.

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.

Independent of the Company and its management: Yes

Independent of major shareholders: Yes



Zara Zamani

Born 1985
Board member since 2022

Education and experience:

Zara holds a dual degree in Electrical & Electronics engineering and Petroleum engineering, and is in the final stages of PhD studies in Innovation Science. She has leadership experience from global companies such as Chromaway, Schlumberger and DH Anticounterfeit, and an extensive background in designing blockchains and developing innovative crypto-based investment models. In 2021, Zara founded the metaverse company NEOKI, where she serves as Chief Operations Officer in addition to a lecturer position at Halmstad University and the role of Acting CEO of subsidiary Lucky Kat. Zara was previously a panel expert for the EU Blockchain Observatory and Forum, and was featured by the US 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.

Independent of the Company and its management: Yes

Independent of major shareholders: Yes



Maria A. Grimaldi

Born 1968
Board member since 2023

Education and experience:

Maria holds a diploma in Market Economy and Brand Strategy from Berghs School of Communication, Stockholm. Maria has extensive leadership and Board experience, both in Sweden and globally, with executive roles including CEO of the listed XR technology company Bublar Group. She has also been CEO of Nordiska Dataspelsbranschen (Nordic gaming industry), and a Board member of the Interactive Software Federation of Europe (ISFE, now Video Games Europe). Maria has expertise in scalable technologies, fast-growing businesses, product development, acquisition and consolidation strategies, and has an extensive network in the global gaming industry.

Holdings in Fragbite Group:

Maria does not own any shares.

Other appointments:

Chairman of the Board of PS of Sweden AB and JH Holding AB. Board member of the Association of Swedish Fashion Brands, ESPORTAL GROUP AB, Gegant AB, Insert Coin AB, M.O.B.A. Network AB (Publ), Trainimal AB and Vator Securities AB.

Independent of the Company and its management: Yes

Independent of major shareholders: Yes

Senior Executives



Marcus Teilmann

Born 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, 300,000 warrants of series OP 2022/25 and 500,000 warrants of series OP 2023/2026.

Other appointments:

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



Anders Rössel

Born 1973

CFO since 2023

Education and experience:

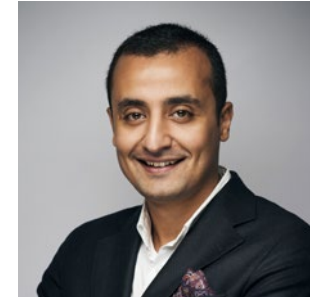
Anders holds an MSc in Business and Economics from Lund University and has over 20 years of experience from leading positions in listed and unlisted companies in different industries, and an extensive background in finance and M&A. Anders' most recent positions were at Advertly, where he was CFO, and before that Howden Sweden, also there in the role of CFO. His previous positions also include Head of Group Business Control at iGaming company Cherry.

Holdings in Fragbite Group:

Anders owns 10,000 shares.

Other appointments:

No other appointments.



Magdy Shehata

Born 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, Stockholm, 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 2021/24, 150,000 warrants of series OP 2022/25 and 350,000 warrants of series OP 2023/2026.

Other appointments:

CEO and Deputy Board member of Söderhub AB. Board member of Recoma AB.



Abrial Da Costa

Born 1972
CEO Playdigious since 2023

Education and experience:

Abrial Da Costa has over 30 years' experience in the gaming industry across development, distribution, publishing, marketing and sales. He has an entrepreneurial background, having founded several businesses, as well as experience in leading positions in roles such as VP Sales and Marketing for Microids and Chief Business Officer for Don't Nod. An avid video game enthusiast and industry contributor, Abrial served on the board of the SNJV (French Association of Video Game Producers) in 2004-2005 and is currently a Board member of Capital Games (Paris' Video Game Studios Association). Since 2012, he has been working at the Institut de l'Internet et du Multimédia, teaching game distribution ecosystems to students in the Master in Video Game Production and MBA in Video Game Management programs.

Holdings in Fragbite Group:

Abrial does not own any shares or warrants.

Other appointments:

Board member of Capital Games.



Daniel Pereaux

Born 1988
CEO Fragbite since 2018

Education and experience:

Daniel holds a Bachelor's degree in Business Administration and 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 Account & 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 1,254,055 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.

REMUNERATION OF THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

Remuneration of the Board of Directors

At the Annual General Meeting on 12 May 2023, it was decided that the Chairman of the Board would receive a Board fee of SEK 200,000 and the other members would receive SEK 100,000 each, with the exception of one member who receives an additional SEK 50,000 as a member of the Audit Committee. For more information on outstanding warrant programmes and on remuneration paid to Board members and senior executives in the 2023 financial year, see note 2 in the Directors' report.

ADDITIONAL INFORMATION ABOUT 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. 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 is an authorised public accountant and chief auditor for Fragbite Group. Revideco AB's office address is S:t Eriksgatan 119, Stockholm.

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 framework 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 game experience 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, release 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 releasing 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 releases 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 is 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 owners 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 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 market being in such an early phase 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 reputation.



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 2023

The closing price on the last trading day of the period, 29 December 2023, was SEK 1.86 per share, corresponding to a market capitalisation of SEK 202.3 million for the Company, based on 108,525,164 outstanding shares. The highest price listed during the year was SEK 4.15 and the lowest was SEK 1.12.

TRADING IN THE SHARES

A total of about 23 million shares were traded at a value of approximately SEK 61 million during the year. On average, 93,332 shares were traded per trading day, corresponding to average daily turnover of SEK 242,113.

NUMBER OF SHARES AND SHARE CAPITAL

The number of shares in Fragbite Group on 1 January 2023 was 90,672,923, corresponding to the same number of votes, with share capital of SEK 1,511,189 and a quotient value per share of SEK 0.0167.

On 29 September, the conditions for the final earnout related to the acquisition of Playdigious 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 2,278,353 newly issued shares in Fragbite Group. The new share issue increased the total number of shares to 92,951,276.

On 11 October, in connection with the acquisition of Fall Damage, 4,291,845 new shares were issued as payment to the founders of Fall Damage and a directed issue of 11,282,043 shares to finance the acquisition was carried out. The total number of shares increased by 15,573,888 to 108,525,164.

Consequently, the total number of shares was 108,525,164 at the end of the year and the share capital amounted to SEK 1,808,721.

OWNERSHIP STRUCTURE

Fragbite Group had 2,493 shareholders at 31 December 2023. The 10 largest shareholders held shares corresponding to 49.69 percent of the outstanding shares and votes.

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. 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 2023 financial year.

LIST OF SHAREHOLDERS, 31 DECEMBER 2023

Ten largest shareholders in Fragbite Group AB

Shareholder	Number of shares and votes	Share of capital and votes (%)
Mikael A Pettersson	8,445,515	7.78
Avanza Pension	7,913,213	7.29
The Barbarian Group AB	6,579,286	6.06
Moongolde Ltd	5,685,394	5.24
Santhe Dahl	5,525,641	5.09
Nordnet Pensionsförsäkring	4,977,118	4.59
Fall Damage Holding AB	4,291,845	3.95
IF Holding	3,931,231	3.62
Sellers of Lucky Kat B.V.	3,860,755	3.56
Stefan Tengvall	2,712,090	2.50
TOTAL	53,922,088	49.69

KEY DATA, FRAGBITE GROUP SHARE

Earnings per share	SEK -0.49
Earnings per share after dilution	SEK -0.47
Shares outstanding at year-end	108,525,164
Closing price at year-end	SEK 1.86
Highest price during the year	SEK 4.15
Lowest price during the year	SEK 1.12
Market cap at year-end, SEK million	SEK 202,290,906
Number of shareholders	2,493



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 OF SHAREHOLDERS

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 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 CEO

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 responsibility for defining goals and strategies, ensuring that procedures and systems are in place for evaluating the defined goals, regularly evaluating the Company's performance and financial position and evaluating its operational management, among other things. 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 shall 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 matters such as the frequency of Board meetings, functions and the division of work between the Board and the CEO. The Board meets according to a schedule defined each year. In addition to these Board meetings, extra 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 prepares a CEO report describing significant events, KPIs, sales development, liquidity etc. before each Board meeting. At the Board meeting on 12 August 2021, the Board adopted and updated the instructions for the CEO and for the Deputy CEO. The CEO is responsible for compiling and sending a monthly management report to all ordinary members of the Board. The instructions for the CEO also specify which matters are to be submitted to the Board and deal with the division of work between the CEO and the Board.

Other guidelines

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. However, it is the Company's assessment that, given the scope of the business, there is good reason to have a committee to deal with audit matters. An Audit Committee has therefore been established and consists of Stefan Tengvall and Sten Wranne. The Company also has a Remuneration Committee consisting of Stefan Tengvall 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 12 May 2023 decided to re-elect Revideco AB as the Company's auditor for the period until the next AGM. Erik Emilsson is chief auditor.

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 web3 platforms. The Group has approximately 120 team members and is headquartered in Stockholm, Sweden, with physical representation in France (Paris, Montpellier and Nancy), the Netherlands (The Hague) and Gibraltar. The Group has a stated strategy to acquire fast-growing, well-managed and profitable companies with strong manage-

ment, whose business operations, supported by the Parent Company, have good potential to grow both organically and through synergies within the Group.

- Fragbite Group acquired Fall Damage Studio AB in October, and in connection with the acquisition, issued 4,291,845 new shares to the founders and carried out a directed issue of 11,282,043 shares with the same number of warrants, which so far have provided the Company with SEK 22 million before issue costs and loan proceeds of SEK 20 million. The warrants expire in April 2024.
- Wagmi conducted a private sale of \$KOBAN tokens of approximately SEK 9 million.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- At the Annual General Meeting, Board members Stefan Tengvall, Sten Wranne, Claes Kalborg and Zara Zamani were re-elected to the Board and Maria Andersson Grimaldi was newly elected. Stefan Tengvall was re-elected as Chairman of the Board.
- The subsidiary Fragbite AB launched the Config gaming and esports agency.
- Playdigious launched a new business unit for publishing indie games under the Playdigious Originals brand.
- Abrial Da Costa was appointed new CEO of Playdigious and joined Fragbite Group's management team.
- Anders Rössel was appointed new CFO and Head of M&A and joined Fragbite Group's management team.
- Fragbite Group made the final earnout payment of EUR 1 million related to the Playdigious acquisition, with EUR 0.5 million paid in cash and EUR 0.5 million settled with newly issued shares in Fragbite Group.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

The Company has not communicated any regulatory events under the Market Abuse Regulation after the end of the financial year, other than the publication of the year-end report.

EXPECTED FUTURE DEVELOPMENT

The Company continues to develop, adapt and publish high quality games that appeal to players in the gaming and web3 markets. The Company continues to strengthen its esports offering with the development of proprietary IPs and marketing services.

DEVELOPMENT OF THE COMPANY'S OPERATIONS, RESULTS AND FINANCIAL POSITION

Group, SEK thousands	2023	2022	2021	2020
Revenue	237,198	254,059	124,041	4,595
EBITDA	16,193	11,909	6,162	-5,458
EBITDA margin, %	6.83	4.69	4.97	n/a
Operational EBIT	8,028	5,255	-3,110	-5,469
Operating profit, EBIT	-96,728	-83,221	-45,746	-22,336
Total assets	984,521	383,001	304,258	72,257
Equity/assets ratio, %	14.8	42.2	66.8	93.6
Adjusted equity/assets ratio, %	37.4	58.0	70.1	93.6

Parent Company, SEK thousands	2023	2022	2021	2020
Revenue	5,853	7,270	2,359	49
EBITDA	-11,932	-7,915	-7,540	-80
Total assets	850,777	453,275	311,097	83,669
Equity/assets ratio, %	34.0	56.9	77.5	95.8
Adjusted equity/assets ratio, %	60.1	67.9	80.7	95.8

Definitions: see note 30.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Other paid-in capital	Retained earnings incl. net profit	Total equity
2022				
Opening balance	1,399	317,165	-115,310	203,254
Net profit			-103,112	-103,112
New share issue	112	38,767		38,879
Issue expenses		-258		-258
Translation difference			22,747	22,747
At end of year	1,511	355,674	-195,675	161,510
2023				
Opening balance	1,511	355,674	-195,675	161,510
Net profit			-53,148	-53,148
New share issue	298	37,421		37,719
Issue expenses		-1,035		-1,035
Translation difference			1,021	1,021
At end of year	1,809	392,060	-247,802	146,067

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings incl. net profit		
2022					
Opening balance	1,399	317,165	-77,517		241,047
Net profit			-21,678		-21,678
New share issue	112	38,767			38,879
Issue expenses		-258			-258
At end of year	1,511	355,674	-99,194		257,991
2023					
Opening balance	1,511	355,674	-99,194		257,991
Net profit			-5,513		-5,513
New share issue	298	37,421			37,719
Issue expenses		-1,035			-1,035
At end of year	1,809	392,060	-104,707		289,162

IMPORTANT CONDITIONS

The Parent Company's balance sheet has taken into account the final earnout of EUR 4 million agreed for the acquisition of Lucky Kat BV in December 2021, which is due in the first half of 2024, and the earnout of SEK 400 million agreed for the acquisition of Fall Damage Studio AB on 17 October 2023, which is due in 2028. These earnouts are payable provided the stipulated conditions are met in accordance with the respective acquisition agreements.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Fragbite Group does not conduct any activities subject to permit under the Environmental Code (1998:808). As the Company's gaming operations involve the development of games that are distributed digitally and do not result in a physical product, there is minimal environmental impact. The Company's esports business is also largely digital, so this too does not have any significant environmental impact. In web3, the Company is exposed to cryptocurrency, a market that initially had some environmental impact, but with the majority of today's blockchains being based on new technology, the environmental impact is insignificant. The first blockchains were based on proof-of-work mechanics, which required all transactions to be verified by

each computer on the blockchain solving complex algorithms, resulting in significant electricity consumption. More modern blockchains, such as Sui, are based on proof-of-stake mechanics which, in simple terms, verify transactions against randomly selected users, resulting in exponentially lower electricity consumption. The blockchains to which the Company is exposed are based on proof-of-stake mechanics and the web3 business therefore also has a minimal environmental impact. When it comes to the day-to-day operations of all the Group's entities, such as travel, purchasing and premises, the Company tries as far as possible to ensure responsible behaviour towards both the environment and the society in the countries of operation.

SIGNIFICANT 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 the year.

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 287,353,592 be carried forward. Disclosures about the Group's and the Parent Company's financial results and position can be found in the following income statements, balance sheets and accompanying notes.



Financial reports

Consolidated income statement

Amounts in SEK thousands	Note	2023	2022
Revenue		237,198	254,059
Capitalised work on own account		28,040	11,037
Other operating income		701	4
Total revenue		265,939	265,100
Operating expenses			
Cost of goods and services sold		-161,298	-192,391
Personnel expenses	2	-56,657	-37,845
Other external costs	3	-31,791	-22,955
EBITDA		16,193	11,909
Depreciation, amortisation and impairment of tangible and intangible fixed assets	8–12	-112,921	-95,130
Operating profit, EBIT		-96,728	-83,221
Financial items			
Interest and similar income	5	73,507	5,966
Interest and similar expenses	6	-24,974	-19,075
Profit/loss after financial items		-48,195	-96,330
Tax on profit/loss for the year	7	-4,953	-6,782
Net profit		-53,148	-103,112
Attributable to Parent Company shareholders		-53,148	-103,112

Consolidated balance sheet

Amounts in SEK thousands	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure on development and similar work	8	74,528	21,631
Concessions, patents, licences, trademarks and similar rights	9	237,178	2
Cryptocurrency holdings	10	8,887	4,298
Goodwill	11	599,888	285,589
Total intangible fixed assets		920,481	311,520
Tangible fixed assets			
Equipment, tools and fixtures & fittings	12	2,118	1,133
Total tangible fixed assets		2,118	1,133
Financial assets			
Long-term receivables	15	522	313
Total financial assets		522	313
Total fixed assets		923,121	312,966
Current assets			
Short-term receivables			
Accounts receivable		2,441	5,490
Tax receivables		2,986	1,481
Other receivables		14,334	2,336
Prepaid expenses and accrued income	16	16,584	19,735
Total short-term receivables		36,345	29,042
Cash and bank balances		25,055	40,993
Total current assets		61,400	70,035
TOTAL ASSETS		984,521	383,001

Amounts in SEK thousands	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,809	1,511
Other paid-in capital		392,062	355,674
Retained earnings, incl. net result		-247,804	-195,675
Total equity		146,067	161,510
Equity attributable to Parent Company shareholders		146,067	161,510
Provisions			
Other provisions	20	678,325	88,525
Total provisions		678,325	88,525
Long-term liabilities			
Liabilities to credit institutions	21	14,752	30,317
Total long-term liabilities		14,752	30,317
Short-term liabilities			
Liabilities to credit institutions	21	25,644	26,534
Accounts payable		10,795	4,470
Current tax liabilities		2,975	2,961
Other liabilities	23	41,003	2,380
Accrued expenses and deferred income	24	64,960	66,304
Total short-term liabilities		145,377	102,649
TOTAL EQUITY AND LIABILITIES		984,521	383,001

Consolidated cash flow statement

Amounts in SEK thousands	Note	2023	2022
Operating activities			
Profit/loss after financial items	27	-48,195	-96,330
Adjustment for non-cash items	28	59,310	105,562
Income tax paid		-9,353	-8,411
Cash flow from operating activities before changes in working capital		1,762	821
Increase(-)/decrease(+) in operating receivables		-4,623	12,673
Increase(+)/decrease(-) in operating liabilities		1,446	29,602
Cash flow from operating activities		-1,415	43,096
Investing activities			
Acquisition of tangible fixed assets		-490	-309
Acquisition of intangible fixed assets		-33,361	-35,610
Disposal of intangible fixed assets		457	23,190
Acquisition of subsidiaries, net cash effect		-21,459	-128,351
Acquisition of financial assets		-222	-155
Cash flow from investing activities		-55,075	-141,235
Financing activities			
New share issue		36,685	38,621
Proceeds from borrowings		31,340	30,059
Repayment of borrowings		-27,758	-20,949
Cash flow from financing activities		40,267	47,731
Cash flow for the year		-16,223	-50,408
Cash and cash equivalents at beginning of year		40,993	87,460
Exchange difference in cash and cash equivalents		285	3,941
Cash and cash equivalents at end of year		25,055	40,993

Income statement – Parent Company

Amounts in SEK thousands	Note	2023	2022
Revenue		5,853	7,270
Total revenue		5,853	7,270
Operating expenses			
Personnel expenses	2	-9,511	-8,671
Other external expenses	3	-8,274	-6,514
EBITDA		-11,932	-7,915
Financial items			
Profit/loss from participations in Group companies	4	28,795	-
Impairment of financial assets		-19,492	-654
Interest and similar income	5	21,675	5,254
Interest and similar expenses	6	-24,559	-18,363
Profit/loss after financial items		-5,513	-21,678
Tax on profit/loss for the year	7	-	-
Profit/loss for the year		-5,513	-21,678

Balance sheet – Parent Company

Amounts in SEK thousands	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	13	814,026	430,616
Receivables from Group companies	14	31,900	18,374
Other long-term receivables	15	255	409
Total financial assets		846,181	449,399
Total fixed assets		846,181	449,399
Current assets			
Short-term receivables			
Receivables from Group companies		2,970	1,832
Current tax assets		-	27
Other receivables		-	221
Prepaid expenses and accrued income	16	295	299
Total short-term receivables		3,265	2,379
Cash and bank balances		1,331	1,497
Total current assets		4,596	3,876
TOTAL ASSETS		850,777	453,275

Amounts in SEK thousands	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	18	1,809	1,511
Total restricted equity		1,809	1,511
Unrestricted equity			
Unrestricted share premium reserve	19	392,060	355,674
Retained earnings		-99,194	-77,516
Net result		-5,513	-21,678
Total unrestricted equity		287,353	256,480
Total equity		289,162	257,991
Provisions			
Other provisions	20	454,384	88,525
Total provisions		454,384	88,525
Long-term liabilities			
Liabilities to credit institutions	21	5,159	28,013
Liabilities to Group companies	22	54,695	49,612
Total long-term liabilities		59,854	77,625
Short-term liabilities			
Liabilities to credit institutions	21	22,819	25,342
Accounts payable		691	924
Liabilities to Group companies		1,649	223
Tax liabilities		135	-
Other liabilities	23	20,256	307
Accrued expenses and deferred income	24	1,827	2,338
Total short-term liabilities		47,377	29,134
TOTAL EQUITY AND LIABILITIES		850,777	453,275

Cash flow statement – Parent Company

Amounts in SEK thousands	Note	2023	2022
Operating activities			
Profit/loss after financial items	27	-5,513	-21,678
Adjustment for non-cash items	28	17,051	11,594
Income tax paid		-29	-7
Cash flow from operating activities before changes in working capital		11,509	-10,091
Increase(-)/decrease(+) in operating receivables		1,100	3,757
Increase(+)/decrease(-) in operating liabilities		-607	-303
Cash flow from operating activities		12,002	-6,637
Investing activities			
Shareholder contributions paid		-12,294	-6,170
Loans to subsidiaries		-13,526	-17,224
Acquisition of subsidiaries		-22,203	-128,008
Acquisition of intangible assets		-	-255
Acquisition of financial assets		-	-154
Disposal of financial assets		154	-
Cash flow from investing activities		-47,869	-151,811
Financing activities			
New share issue		36,685	38,621
Proceeds from borrowings		20,000	30,059
Repayment of borrowings		-25,520	-20,144
Loans from subsidiaries		4,838	44,606
Cash flow from financing activities		36,003	93,142
Cash flow for the year		136	-65,306
Cash and cash equivalents at beginning of year		1,497	66,885
Exchange difference in cash and cash equivalents		-302	-82
Cash and cash equivalents at end of year		1,331	1,497

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 BFNR 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
<i>Intangible assets acquired</i>	<i>Useful life</i>
Licences	5 years
Customer contracts	3 years
Computer programs	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 per day for the business events unless a rate that is an approximation of 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 (Financial instruments measured in accordance with Chapter 4, Section 14a to 14e of the Annual Accounts Act) of BFNR 2012:1.

Classification and measurement

Financial assets and liabilities have been classified in different measurement categories in accordance with Chapter 12 of BFNR 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.

Provisions

Provisions are recognised for obligations to third parties relating to the financial year or previous financial years which, at the reporting date, are either certain or probable but uncertain in terms of amount or timing of settlement.

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 three incentive programmes aimed at the Board and employees of Fragbite Group, in the form of warrants based on Fragbite Group AB's share, see note 2. In addition, the Company has a subscription programme aimed at a limited group of Swedish and international investors, see note 19.

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 one 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 earnout. 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.

Earnout

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 earnout 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

	2023	of which men	2022	of which men
Parent Company				
Sweden	6	50%	5	60%
Total, Parent Company	6	50%	5	60%
Subsidiaries				
Sweden	22	91%	16	88%
France	22	64%	16	69%
Netherlands	27	70%	17	65%
Total, subsidiaries	71	75%	49	73%
Total, Group	77	73%	54	72%

* 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	2023		2022	
	Salaries and benefits	Social costs	Salaries and benefits	Social costs
Parent Company	6,609	3,343	6,484	3,020
(of which pension costs)		1,012		787
Subsidiaries	36,606	9,637	22,174	6,859
(of which pension costs)		1,599		865
Total, Group	43,215	12,980	28,658	9,879
(of which pension costs)		2,611		1,652

398 (183) 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).

398 (183) 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	2023		2022	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company	2,748	3,861	2,645	3,839
Subsidiaries	-	36,606	-	22,174
Total, Group	2,748	40,467	2,645	26,013

Remuneration of senior executives

Group	2023			
	Basic salary, Board fees	Variable pay	Other benefits	Pension cost
Amounts in SEK thousands				
Chairman of the Board Stefan Tengvall	225	-	-	-
Board member Claes Kalborg	113	-	-	-
Board member David Wallinder (until 2023 AGM)	38	-	-	-
Board member Dawid Myslinski (until 2023 AGM)	38	-	-	-
Board member Maria Andersson Grimaldi (from 2023 AGM)	75	-	-	-
Board member Niclas Bergkvist (until 2023 AGM)	38	-	-	-
Board member Sten Wranne	150	-	-	-
Board member Zara Zamani	113	-	-	-
CEO Marcus Teilman	1,848	113	-	398
Other senior executives (4 individuals)	4,079	-	6	637
Total	6,715	113	6	1,035



Remuneration of senior executives

Group	2022			
	Basic salary, Board fees	Variable pay	Other benefits	Pension cost
Amounts in SEK thousands				
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

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	773,334
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 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 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	1,188,581
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)

Share option programme 2023/2026

The Annual General Meeting held on 12 May 2023 adopted a long-term incentive scheme for the Board of Directors, senior executives, other key personnel and employees of the Group comprising a total of 1,505,000 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 0.45 per option (option premium) according to a valuation based on Black-Scholes. The redemption price for the warrants was set at SEK 4.36 per share, and the share subscription period is 2 June 2026 to 15 June 2026.

Summary

Number of outstanding warrants	1,505,000
Option price (SEK)	0.4500
Redemption price (SEK)	4.36
Term	3 years (2 June 2023 - 15 June 2025)

The number of outstanding employee-related options at the end of 2023 was 4,106,915 The number of other warrants at the end of 2023 was 11,242,083 The number of shares after dilution amounted to 123,874,162.

NOTE 3. Auditors' fees and remuneration

Amounts in SEK thousands	2023	2022
Group		
Revideco AB		
Audit engagement	340	235
Other assignments	35	24
Total	375	259
Öhrlings PricewaterhouseCoopers AB		
Audit engagement	54	-
Tax advisory services	-	133
Other assignments	50	567
Total	104	700
Other auditors		
Audit engagement	436	469
Total	436	469
Parent Company		
Revideco AB		
Audit engagement	238	147
Other assignments	35	24
Total	273	171
Öhrlings PricewaterhouseCoopers AB		
Audit engagement	-	-
Tax advisory services	-	133
Other assignments	50	567
Total	50	700

NOTE 4. Profit/loss from participations in Group companies

Amounts in SEK thousands	2023	2022
Parent Company		
Dividend	28,795	-

Dividend in 2023 from the subsidiaries Playdigious SAS and Lucky Kat BV.

NOTE 5. Interest and similar income

Amounts in SEK thousands	2023	2022
Group		
Reversal of earnout provision, subsidiary	30,786	-
Interest income	175	-
Exchange gains	42,546	5,966
Total	73,507	5,966
Parent Company		
Interest income	15	-
Interest income, internal	726	308
Exchange gains	20,934	4,946
Total	21,675	5,254

NOTE 6. Interest and similar expenses

Amounts in SEK thousands	2023	2022
Group		
Interest expenses, other	-4,322	-1,964
Exchange losses	-19,721	-16,397
Other liability-related items	-931	-714
Total	-24,974	-19,075
Parent Company		
Interest expenses, other	-3,801	-1,827
Interest expenses, internal	-2,220	-304
Exchange losses	-18,496	-15,902
Other liability-related items	-42	-330
Total	-24,559	-18,363

NOTE 7. Tax on profit/loss for the year

Amounts in SEK thousands	2023		2022	
	Percent	Amount	Percent	Amount
Group				
Profit/loss before tax		-48,195		-96,330
Tax according to Parent Company's applicable tax rate	20.60%	9,928	20.60%	19,844
Effect of different tax rates for foreign subsidiaries		-990		-2,516
Amortisation of goodwill on consolidation		-21,580		-17,104
Other non-deductible expenses		-247		-31
Non-taxable income		6,435		88
Costs to be deducted but not included in recognised profit/loss		471		-
Tax related to prior years		873		-
Increase in loss carryforwards without corresponding capitalisation of deferred tax		157		-7,063
Recognised effective tax		-4,953		-6,782
Parent Company				
Profit/loss before tax		-5,513		-21,678
Tax according to Parent Company's applicable tax rate	20.60%	1,136	20.60%	4,466
Non-deductible expenses		-4,041		-11
Non-taxable income		5,934		82
Costs to be deducted but not included in recognised profit/loss		213		-
Increase in loss carryforwards without corresponding capitalisation of deferred tax		-3,242		-4,537
Recognised effective tax		0		0

NOTE 8. Capitalised development expenditure

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	35,799	58,768
Taken over on acquisition	47,561	-
Internally generated assets	28,040	11,035
Disposal	-	-34,036
Translation difference	-219	32
At end of year	111,181	35,799
Accumulated depreciation		
At beginning of year	-6,827	-36,832
Taken over on acquisition	-15,182	-
Depreciation for the year	-7,311	-4,031
Disposal	-	34,036
Translation difference	8	-
At end of year	-29,312	-6,827
Accumulated impairment		
At beginning of year	-7,341	-7,341
Impairment for the year	-	-
At end of year	-7,341	-7,341
Carrying amount at end of year	74,528	21,631

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

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	2	143
Taken over on acquisition	237,094	-
Acquisitions during the year	106	2
Disposals during the year	-	-143
Translation difference	-4	-
At end of year	237,198	2
Accumulated depreciation		
At beginning of year	0	-
Depreciation for the year	-21	-
Translation difference	1	-
At end of year	-20	0
Accumulated impairment		
At beginning of year	0	-
Impairment for the year	-	-143
Disposals during the year	-	143
At end of year	0	0
Carrying amount at end of year	237,178	2

NOTE 10. Cryptocurrency holdings

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	10,002	-
Taken over on acquisition	-	9,860
Acquisitions during the year	5,216	24,573
Disposals during the year	-457	-25,233
Translation difference	-187	802
At end of year	14,574	10,002
Accumulated impairment		
At beginning of year	-5,704	-
Impairment for the year	-	-7,493
Disposals during the year	-	2,043
Translation difference	17	-254
At end of year	-5,687	-5,704
Carrying amount at end of year	8,887	4,298

NOTE 11. Goodwill

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	416,434	212,030
Acquisitions during the year	417,703	181,350
Translation difference	-848	23,054
At end of year	833,289	416,434
Accumulated amortisation		
At beginning of year	-130,845	-44,233
Amortisation for the year	-104,757	-83,027
Translation difference	2,201	-3,585
At end of year	-233,401	-130,845
Carrying amount at end of year	599,888	285,589

NOTE 12. Equipment, tools and fixtures & fittings

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	2,823	521
Taken over on acquisition	3,894	1,785
Acquisitions during the year	490	309
Disposals during the year	-316	-
Translation difference	-15	208
At end of year	6,876	2,823
Accumulated depreciation		
At beginning of year	-1,690	-300
Taken over on acquisition	-2,565	-838
Disposals during the year	316	-
Depreciation for the year	-833	-437
Translation difference	14	-115
At end of year	-4,758	-1,690
Carrying amount at end of year	2,118	1,133

NOTE 13. Participations in Group companies

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Parent Company		
Accumulated cost		
At beginning of year	506,419	310,645
Acquisitions during the year	421,395	189,604
Shareholder contributions paid	12,294	6,170
At end of year	940,108	506,419
Accumulated impairment		
At beginning of year	-75,803	-75,149
Impairment for the year	-50,279	-654
At end of year	-126,082	-75,803
Carrying amount at end of year	814,026	430,616

Included in Impairment for the year is a reversal of earnout provisions, subsidiary of SEK 30,786 thousands.

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

Amounts in SEK thousands	Number of shares	Holding, %	Carrying amount	
			Dec 31, 2023	Dec 31, 2022
Subsidiary /Corp ID /Registered office				
FunRock Development AB, 556738-9043, Stockholm	2,000,000	100	2,142	2,142
P Studios AB, 556845-5041, Stockholm	4,153,178	100	49,728	60,097
Fragbite AB, 556721-9489, Stockholm	1,000	100	84,840	81,670
Fall Damage Studio AB, 559064-6484, Stockholm	90,400	100	421,395	-
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	158,818	189,604
WAGMI Limited, 122206, Gibraltar	2,000	100	0	0
Total shares in Group companies			814,026	430,616

NOTE 14. Receivables from Group companies

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Parent Company		
Accumulated cost		
At beginning of year	18,374	1,150
Proceeds from borrowings	23,300	17,624
Repayment of borrowings	-9,774	-400
Carrying amount at end of year	31,900	18,374

NOTE 15. Other long-term receivables

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accumulated cost		
At beginning of year	313	1,806
Additional receivables	540	155
Disposals during the year	-318	-
Reclassification	-	-1,661
Translation difference	-13	13
Carrying amount at end of year	522	313
Parent Company		
Accumulated cost		
At beginning of year	409	1,661
Additional receivables	-	409
Disposals during the year	-154	-
Reclassification	-	-1,661
Carrying amount at end of year	255	409

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	Dec 31, 2023	Dec 31, 2022
Group		
Accrued income	12,737	18,385
Prepaid expenses	3,847	1,350
Total	16,584	19,735
Parent Company		
Prepaid expenses	295	299
Total	295	299

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 287,353 thousand be appropriated as follows:

Carried forward	SEK thousands	287,353
Total	SEK thousands	287,353

NOTE 18. Number of shares and quotient value

	Dec 31, 2023	Dec 31, 2022
Number of shares	108,525,164	90,672,923
Quotient value	0.0167	0.0167

NOTE 19. Warrants

The Annual General Meeting on 12 May 2023 resolved to authorise the Board of Directors to decide on the issue of shares, warrants and/or convertibles in Fragbite Group AB on market terms. On 11 October, on the basis of the authorisation, the Board adopted an issue of 11,282,043 warrants in total, with the right to subscribe for the same number of shares in Fragbite Group AB. The exercise price for the warrants shall correspond to 90 percent of the volume-weighted average price of the share according to Nasdaq First North Growth Market's official price statistics during the period 21 February 2024 to 4 April 2024. However, the subscription price shall never be set at a lower value than the quotient value of the Company's share and shall not be set at a higher amount than SEK 2.30. The share subscription period is 8 April 2024 to 15 April 2024.

Summary

Number of outstanding warrants	11,282,043
Redemption price (SEK)	max. 2.30
Term	approx. 0.5 years (8 April 2024 - 15 April 2024)

NOTE 20. Provisions

Provisions relate to the estimated earnout for acquisitions made and the purchase consideration for intangible assets taken over on acquisition, as in note 9 above.

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Opening provisions	88,525	20,263
Taken over on acquisition	237,094	-
Provisions for the year	410,000	111,650
Amounts utilised during the year	-10,807	-52,022
Amounts reversed during the year	-33,288	-
Translation difference	-13,199	8,634
Total	678,325	88,525
Parent Company		
Opening provisions	88,525	20,263
Provisions for the year	410,000	111,650
Amounts utilised during the year	-10,807	-52,022
Amounts reversed during the year	-33,288	-
Translation difference	-46	8,634
Total	454,384	88,525

Reclassification of other liabilities to provisions had an effect of SEK 88,525 thousand on the 2022 figures.

NOTE 21. Liabilities to credit institutions

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Due within 1 year	25,644	26,534
Due 2-5 years	14,752	30,317
Due after 5 years	-	-
Total	40,396	56,851
Parent Company		
Due within 1 year	22,819	25,342
Due 2-5 years	5,159	28,013
Due after 5 years	-	-
Total	27,978	53,355

NOTE 22. Liabilities to Group companies

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Parent Company		
Accumulated cost		
At beginning of year	49,612	3,414
Proceeds from borrowings	48,425	61,693
Repayment of borrowings	-43,587	-17,084
Translation difference	245	1,589
Carrying amount at end of year	54,695	49,612

All the Parent Company's internal loans have a remaining term of less than 5 years.

NOTE 23. Other liabilities

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Due within 1 year	41,003	2,380
Due 2-5 years	-	-
Due after 5 years	-	-
Total	41,003	2,380
Parent Company		
Due within 1 year	20,256	307
Due 2-5 years	-	-
Due after 5 years	-	-
Total	20,256	307

Reclassification of other liabilities to provisions had an effect of SEK 88,525 thousand on the 2022 figures.

NOTE 24. Accrued expenses and deferred income

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Group		
Accrued interest expenses	408	166
Accrued auditors' fees	704	314
Accrued expenses for Board, management and other employees	9,747	3,775
Deferred income	27,398	28,177
Other accrued expenses	26,703	33,872
Total	64,960	66,304
Parent Company		
Accrued interest expenses	381	158
Accrued auditors' fees	149	73
Accrued expenses for Board, management and other employees	795	1,260
Other accrued expenses	502	847
Total	1,827	2,338

NOTE 25. Pledged assets and contingent liabilities – Group

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Pledged assets, Group		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	58,756	37,490
Total pledged assets	58,756	37,490

NOTE 26. Pledged assets and contingent liabilities – Parent Company

Amounts in SEK thousands	Dec 31, 2023	Dec 31, 2022
Pledged assets, Parent Company		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	20,000	20,000
Carrying amount of shares in subsidiaries	184,085	83,812
Total pledged assets	204,085	103,812

NOTE 27. Interest paid

Amounts in SEK thousands	2023	2022
Group		
Interest received	175	-
Interest paid	-5,253	-1,879
Parent Company		
Interest received	15	-
Interest paid	-5,717	-1,843

NOTE 28. Adjustment for non-cash items

Amounts in SEK thousands	2023	2022
Group		
Depreciation/amortisation and impairment	112,921	95,130
Reversal of earnout provision, subsidiary	-30,786	-
Exchange gain/loss	-22,825	10,432
Total	59,310	105,562
Parent Company		
Depreciation/amortisation and impairment	19,492	654
Exchange gain/loss	-2,441	10,940
Total	17,051	11,594

NOTE 29. Intra-Group purchases and sales

Of the Group's total purchases and sales measured in Swedish kronor, 5.0% (4.3%) of purchases and 4.2% (4.4%) of sales relate to other companies within the entire 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 relate to other companies within the entire group of companies to which the Company belongs.

NOTE 30. 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 earnout 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, 18 April 2024

Stefan Tengvall
Chairman

Maria A. Grimaldi

Claes Kalborg

Sten Wranne

Zara Zamani

Marcus Teilman
CEO

Our audit report was submitted on 18 April 2024

Erik Emilsson
Authorised Public Accountant

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and the consolidated accounts for Fragbite Group AB (publ) for the 2023 financial year.

The Company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 39–61.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company and Group at 31 December 2023 and their financial performance and cash flows for the year then ended, in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

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

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

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which is presented on pages 1–38. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and CEO

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts is available on the Swedish Inspectorate of Auditors' website:

www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board and the CEO of Fragbite Group AB (publ) for the 2023 financial year and the proposed appropriations of the Company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibility *section*.

We are independent of the Parent Company and Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and CEO

The Board is responsible for the proposal for appropriation of the Company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the Parent Company's and the Group's operations place on the size of the Parent Company's and Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and the administration of its affairs. This includes, among other things, continuous assessment of the financial situation of the company and the Group and ensuring that the company's organisation is designed so that accounting, management

of assets and the company's financial affairs are otherwise controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board's guidelines and instructions, and, among other matters, shall take measures that are necessary to fulfil the Company's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

Auditor's responsibility

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

- undertaken any action or been guilty of any omission which could give rise to liability to the company; or
- in any other way 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 accordance with the Swedish 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 Swedish Companies Act.

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

Stockholm, 14 April 2023
Revideco AB

Erik Emilsson
Authorised Public Accountant

Information

ANNUAL GENERAL MEETING

The Annual General Meeting of Fragbite Group AB (publ) for the financial year 1 January - 31 December 2023 will be held in Stockholm on 21 May 2024.

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, which are 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.

FINANCIAL CALENDAR

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

- Interim report, Q1 2024: 16 May 2024
- Interim report, Q2 2024: 15 August 2024
- Interim report, Q3 2024: 14 November 2024
- Year-end report 2024: 20 February 2025

FINANCIAL REPORTS

Financial reports, press releases and other information are available on the Fragbite Group website from the date of publication. The Company distributes all financial reports in digital form.

OTHER INFORMATION

- The Company's Corporate ID no. is 556990-2777.
- The Company's Certified Adviser is Redeye AB.
- The Company has engaged Euroclear Sweden AB to act as the account-holding institution and maintain the Company's share register.
- The Company's legal entity identifier (LEI) code is 549300RMCBX44ZFTPT73.
- The Company's share has the ISIN code SE0015949334.

CONTACT

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



FRAGBITE
GROUP