

The SOZAP logo is displayed in a bold, white, sans-serif font in the upper left corner of the page. The background of the entire page is a red-tinted photograph of a fishing boat on a river with a large pike in the foreground.

SOZAP

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2024

SOZAP AB (publ)

SOZAP is a Swedish digital entertainment company that develops qualitative and innovative games with the ambition of building a product portfolio which appeals to a broad target group. SOZAP was founded in 2014 and shortly after established its first development team, focusing on games in the shooter genre. SOZAP has offices in Nyköping (Sweden) and Niš (Serbia), and is listed on the Nasdaq First North Growth Market with the ticker SOZAP.

For more information, please visit www.sozap.com.

This report is a translated version of the Swedish original. Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation.

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BUSINESS REVIEW

SOZAP is a Swedish digital entertainment company that develops qualitative and innovative games with the ambition of building a portfolio which appeals to a broad target group. The company was founded in 2014 and shortly after established its first development team, focusing on games in the shooter genre. Today, SOZAP consists of several independent development teams, working at one of SOZAP's strategically located studios in Nyköping and Niš (Serbia).

SOZAP currently has 14 employees and two positions on a consulting basis. SOZAP applies a centralized model for concept, infrastructure, and live-ops development, as well as a decentralized model for product development through independent development teams.

SOZAP's games are based on proprietary intellectual property, and the concepts are based on proven

and trending game mechanics that SOZAP refines and adapts. This methodology reduces development risk while offering players a new gaming experience and increased entertainment value.

SOZAP's first game, the mobile game ARMED HEIST, has been downloaded more than 35 million times since its launch in 2019. In addition to ARMED HEIST, the Company has two games launched in 2023, Questopia and Fishing Tour where the latter is in soft launch. Both are so-called "casual games" for mobile. With these games, the Company has created a game portfolio that can appeal to and reach a broader target group.

A light gray map of Europe is shown at the bottom of the page. Two red dots mark the locations of SOZAP's studios. A red line connects the first dot to a red-bordered box containing the text 'Nyköping'. Another red line connects the second dot to a red-bordered box containing the text 'Niš'.

Nyköping

Niš

VISION

SOZAP's vision is to become a global digital entertainment company for mobile games with competence and ambition at the center, thereby creating the conditions for further development of qualitative and innovative games.

OPERATIONS

The games SOZAP has released so far are free to play, and the monetization comes mainly from virtual in-app purchases, which provide a higher entertainment value. In addition to virtual in-app purchases, SOZAP receives revenue through in-game advertising. SOZAP uses both interstitial and rewarded ads. Rewarded ads are usually videos that give the player a bonus or advantage if the video is watched in its entirety. Interstitial ads can be static ads or short videos that appear on the game screen but with the ability to be closed down by the player if desired. The largest share of SOZAP's net revenue comes from virtual in-app purchases.

ARMED HEIST

FISHING TOUR

QUESTOPIA



3

Live Games

14

Employees

SUMMARY OF 2024

FINANCIAL YEAR 2024 – THE GROUP

- Net revenue amounted to MSEK 17.5 (15.0), an increase of 17 percent, and an increase of 18 percent in comparable currency.
- EBITDA amounted to MSEK 0.1 MSEK (-3.0).
- Operating result, EBIT, amounted to MSEK -11.3 (-8.9).
- Result for the period amounted to MSEK -11.3 (-8.9).
- Earnings per share were SEK -0.65 (-0.91) before and after dilution.
- Cash flow from operating activities was MSEK -0.3 (-3.0).
- Average Revenue Per Daily Active User (ARPDUAU) amounted to USD 0.089 (0.070), an increase of 27 percent compared to the previous year.
- Unique Monthly Active Users (MAU) during the quarter amounted to 0.8 million (0.8).
- The number of outstanding shares at the end of the period was 22 238 211, an increase of 10 877 091 as a result of the new share issue in June.

- There were no subscription warrants issued at the end of the period, since all subscription warrants issued expired without having been exercised

FINANCIAL YEAR 2024 – THE PARENT COMPANY

- Net revenue amounted to MSEK 17.5 (15.0), an increase of 17 percent, and an increase of 18 percent in comparable currency.
- Operating result, EBIT, amounted to MSEK -11.4 (-9.1).
- Result for the period amounted to -11.4 (-9.0).



SIGNIFICANT EVENTS DURING THE YEAR

- **9 April:** The Board of Directors of SOZAP decided to carry out a rights issue, subject to the subsequent approval of the Annual General Meeting. The rights issue, that ended on 7 June 2024, was subscribed to 71.8 percent, resulting in proceeds for SOZAP of approximately SEK 8.2 million before deductions of issue costs.
- **14 May:** The Annual General Meeting approved the Board of Directors' decision to carry out a rights issue. The AGM also decided to re-elect the Board members Stefan Janse and Daniel Somos, and elect the Board members Hanif Bali and Rade Prokopovic. Daniel Somos was elected as Chairman of the board.
- **10 September:** SOZAP announced that the company has entered into an agreement with Supersonic from Unity ("Supersonic"). Under the terms of the agreement, SOZAP will develop mobile game prototypes, exclusively with Supersonic, with the intent of progressing into full game development. The partnership has had a positive impact on SOZAP's 2024 fourth quarter earnings, but the size of SOZAP's revenues over time is affected by the financial success of the developed games.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- No significant events have occurred after the end of the reporting period.

A FEW WORDS FROM OUR CEO

We began 2024 with the goal of launching a scalable version of the Fishing Tour and achieving cash flow neutrality. Although we have not yet achieved full cash flow neutrality, we have delivered sequential improvements quarter by quarter during 2024. Cash flow from operating activities before changes in working capital has shifted from MSEK -1.5 in the fourth quarter of 2023 to MSEK +0.6 in the fourth quarter of 2024. Cash flow from investment activities also improved, from MSEK -2.9 to MSEK -1.3 during the same period.

As we enter 2025, the continued development of Questopia and our collaboration with Supersonic remain on track. If these initiatives continue to evolve positively, they will further strengthen our financial position.

We have implemented cost savings and established new revenue streams through partnerships. We have also ensured that the Fishing Tour team and development work can continue without interruption, even if we may need to make further efficiency improvements. Our continued priority is to launch the scalable version that we believe will meet the key performance indicators necessary to demonstrate the game's long-term revenue potential and regain market confidence.

My plan going forward is clear. Fishing Tour will be launched in the spring. Our goal is for the game to prove its revenue potential and ensure that shareholders and the team can drive Fishing Tour's continued success within SOZAP, maximizing its long-term value.

To succeed, we rely on several key factors: that we have made the right decisions during the development of Fishing Tour; that the team maintains the set schedule; and that our launched games, together with the collaboration with Supersonic, continue to develop in line with expectations. These interdependent factors

are crucial for our available cash reserves to be sufficient and provide the best possible conditions to create long-term value for SOZAP and our shareholders.

At the same time, I am continuously evaluating strategic partnerships and other opportunities to ensure that the game's value is realized in the most effective way. If developments do not progress as planned, we may need to make strategic decisions to optimize operations and financing, or explore potential strategic alternatives, including a possible divestment.

On behalf of the entire team, I would like to thank you for your continued support and trust. We now enter 2025 with a clear vision, ambitious goals, and a strong commitment to delivering results that benefit both our players and our shareholders.



Rade Prokopovic
Founder and CEO

A handwritten signature in black ink, appearing to read 'Rade Prokopovic', written in a cursive style.

MANAGEMENT REPORT

The Board of Directors and the CEO of SOZAP AB (publ) submit the following Annual Report and consolidated accounts for the financial year 2024.

The Annual Report is prepared in Swedish kronor, SEK. Unless otherwise stated, all amounts are reported in thousands of kronor, TSEK. Information in parentheses refers to the previous year.

THE BUSINESS

SOZAP develops and distributes mobile games through the platforms of Apple and Google, where users download our games and pay for upgrades and improvements. During 2024, SOZAP focused on the already launched game Questopia, as well as on the development of Fishing Tour, which is in a so-called soft launch. In addition, a major cost saving programme, decided on in 2023, was implemented, and a collaboration with Supersonic from Unity ("Supersonic") initiated, where SOZAP is developing prototypes for new mobile games exclusively with Supersonic, with the intention of subsequently moving on to the development of complete games.

The Company develops games with development teams based in Nyköping and in Niš, Serbia. The number of employees decreased during 2024 due to the cost-savings program initiated in October 2023. At the end of the year, the Group had 14 employees (32) as well as 4 positions on a consulting basis (2).

SOZAP's first game launched globally, Armed Heist, is a leading shooter game in the PVE (Player v Enemy) genre. During 2024, the company continued to focus on optimizing the net contribution from the game, and improving the operational reliability of the platform. With regard to Questopia, the company continued to develop and improve the game, increasing the playable content and

working on improving marketing. Fishing Tour remained in soft launch during the year, receiving increased game content, new user interfaces and an improved gaming experience.

SOZAP AB is the Parent Company of Sozap DOO, 2147194 based in Serbia and consolidated accounts have been prepared.

The conflicts in Ukraine and the Middle East have not significantly impacted the Company because an extremely small percentage of its revenue comes from these regions, and SOZAP has no developments in Ukraine or the Middle East.

The Company has its registered office in Nyköping.

OWNERS

Name	Number of shares	Capital	Votes
Rade Prokopovic	6,299,714	28.33%	28.33%
Ossian Hellers	1,869,149	8.41%	8.41%
Avanza Pension	1,827,318	8.22%	8.22%
Daniel Somos	933,796	4.20%	4.20%
Claes Wenthzel	831,304	3.74%	3.74%
Nordnet Pension Insurance	811,434	3.65%	3.65%
Ivan Prokopovic	791,953	3.56%	3.56%
Augment Partners AB	676,601	3.04%	3.04%
Daniel Ekstrand	650,328	2.92%	2.92%
Rödögötören AB	605,306	2.72%	2.72%

Ownership per 2024-12-30. Source: Modular Finance AB. Composite data from multiple sources, e.g. Euroclear, Morningstar and Finansinspektionen (the Swedish Financial Supervisory Authority).

SIGNIFICANT RISKS AND UNCERTAINTIES

The most significant risks and uncertainties are presented below. For a more detailed description, see note 1.

SOZAP is reliant on successfully developing new games and improving SOZAP's existing games over time

An essential part of SOZAP's current revenue is generated from a limited number of games. Since SOZAP's current revenue is generated from a limited number of games, SOZAP needs to successfully develop new games and improve SOZAP's existing games over time, thereby generate growing revenues.

SOZAP is dependent on market conditions

The global market for mobile games is a rapidly evolving market. SOZAP's ability to adapt to changing market conditions is critical to future profitability.

SOZAP is exposed to competition from other game developers

The market for developing mobile games is generally considered to have relatively low barriers to entry and profitability is very high for those who succeed. Overall, this makes the digital gaming industry highly competitive.

Innovation and adaptation of games to market trends and preferences may generate lower revenue than estimated

When launching new game titles, there is a risk that the market will not receive them according to SOZAP's expectations. If this happens, SOZAP may invest resources and capital in games that do not provide expected returns.

Capital needs

SOZAP is in an expansion phase and may need to raise additional capital in the future. There is a risk that capital cannot be raised when the need arises, or at all, or cannot be raised at favorable terms for SOZAP or its shareholders, which could adversely affect SOZAP's business and financial position.

Currency risks

SOZAP's revenues are almost exclusively in USD and EUR, while a large part of its expenses, mainly salary expenses, are in SEK and RSD (Serbian Dinar). Changes in exchange rates may therefore have a material adverse effect on SOZAP's financial position and performance.

Financial performance during the year

THE GROUP

Net revenue and result

Net revenue amounted to MSEK 17.5 (15.0), an increase of 17 percent, and an increase of 18 percent in comparable currency. The increase is primarily due to the fact that Questopia was launched in the third quarter of last year and as such did not generate a full year of revenue until 2024. The increase from Questopia is in part offset by lower revenue from Armed Heist, due to reduced UA in order to optimise the net contribution from the game.

Operating expenses amounted to MSEK 38.3 (38.2). Det kostnadsbesparingsprogram som infördes under 2024 och fick full effekt under tredje kvartalet har minskat kostnaderna med ca 7 MSEK jämfört med föregående år. Kostnadsminskningen motverkas av ökade avskrivningar då bolaget nu har tre spel under avskrivning jämfört med ett under 2023, samt ökade marknadsföringskostnader eftersom Questopia lanserades under 2023 och därmed inte marknadsfördes under hela året. Operating expenses consist of purchased services, in the form of marketing, personnel costs, depreciation and impairment of tangible and intangible fixed assets, and other operating expenses.

The operating result for the year amounted to MSEK -11.3 (-8.9). Result for the year amounted to MSEK -11.3 (-8.9).

Balance sheet items

The Company's fixed assets, consisting of intangible, tangible, and financial fixed assets, amounted to MSEK 21.1 (23.6) on 31 December. The Company's intangible assets consist of capitalised expenses for development work and similar items.

The Company's current assets, consisting of short-term receivables and cash and cash equivalents, amounted to MSEK 7.6 (9.8) on 31 December. Cash and cash equivalents as of 31 December amounted to MSEK 4.7 (6.3).

The Group's equity amounted to MSEK 26.3 (29.9) on 31 December.

The Company's short-term liabilities, consisting of the items accounts payable, other liabilities, and accrued expenses and prepaid income, amounted to MSEK 2.4 (3.4) on 31 December. The decrease is mainly due to lower accounts payable.

Cash flow

Cash flow from operating activities amounted to MSEK -0.3 (-3.0). The higher cash flow is, to a greater extent, due to increased profitability from operations, which in turn is a result of the cost savings made during 2024.

Cash flow from investment activities amounted to MSEK -8.9 (-13.5), mainly related to intangible assets; i.e., the ongoing investment in new game development. The cash flow improvement is mainly due to the fact that all of the Company's games have passed the most intensive development phase and as a result fewer resources have been spent on development work.

Cash flow for financing activities amounted to MSEK 7.6 (10.6), as a result of a new issue that was carried out both this and previous year. Cash flow for the year amounted to MSEK -1.6 (-5.9).

Outlook for the coming year

SOZAP's game Questopia, which was launched in 2023, is generating revenue, and Fishing Tour shows great potential through the metrics it generated in the soft launch phase. In addition, the collaboration that began with Supersonic in the autumn has developed positively, and the cost-saving programme, decided on in 2023 and implemented in 2024, showed better results than expected.

Overall, this has led to a significant improvement in cash flow compared to the previous year. The expected increase in revenue moving forward, in combination with the already reduced costs, create the conditions for reaching the goal of being a cash flow neutral company, calculated before investments in marketing for Fishing Tour's growth. Based on this, the Board of Directors' assessment is that the Company has the necessary financing for the next four quarters.

THE PARENT COMPANY

Net revenue amounted to MSEK 17.5 (15.0) with an operating result of MSEK -11.4 (-9.1) and a result after tax of MSEK -11.4 (-9.0).

The Company's fixed assets, consisting of intangible, tangible, and financial fixed assets, amounted to MSEK 21.0 (23.3) on December 31.

The Parent Company's cash and cash equivalents as of December 31 amounted to MSEK 4.1 (6.1). The decrease is mainly due to spending on investment activities, i.e., the ongoing effort to develop new games.

MULTI-YEAR OVERVIEW (TSEK)

Group	2024	2023	2022	2021	2020
Net revenue	17,474	14,964	16,584	17,493	10,543
Result after financial items	-11,248	-8,908	-14,267	-8,171	-2,431
Equity/assets ratio (%)	92	90	91	94	96

Parent Company	2024	2023	2022	2021	2020
Net revenue	17,474	14,964	16,584	17,493	10,543
Result after financial items	-11,386	-9,038	-14,508	-8,642	-2,492
Equity/assets ratio (%)	91	89	90	93	95

For definitions of key figures, see Accounting and valuation principles.

PROPOSAL FOR DISTRIBUTION OF PROFITS

The Board of Directors proposes that available profits (SEK):

Accumulated losses	-64,928,839
Share premium fund	78,957,512
Loss for the year	-11,385,599
	2,643,074
are appropriated to be carried forward	2,643,074
	2,643,074

The Group's and the Parent Company's results and financial position in general are shown in the following income statements and balance sheets, as well as cash flow statements with notes.

FINANCIAL REPORTS

INCOME STATEMENT – THE GROUP

Amounts in TSEK	Financial Year January - December	
	2024	2023
Net revenue	17,474	14,964
Capitalized production	8,901	13,274
Other operating income	657	1,052
	27,032	29,290
Operating expenses		
Services purchased	-1,696	-1,496
Other external expenses	Note 2, 3	-16,738
Personnel costs	Note 4, 5	-13,336
Depreciation and impairment of tangible and intangible assets	-11,393	-5,941
Other operating expenses	-671	-719
Total operating expenses	-38,318	-38,230
Operating result	-11,286	-8,940
Result from financial items		
Interest income and similar profit and loss items	39	37
Interest costs and similar profit and loss items	-1	-5
Total financial items	38	32
Result after financial items	-11,248	-8,908
Result before tax	-11,248	-8,908
Tax on the result for the year	-39	-35
Result for the year	-11,286	-8,944
Earnings per share (before and after dilution), SEK	-0.65	-0.91

BALANCE SHEET - THE GROUP

Amounts in TSEK		2024-12-31	2023-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work and similar items	Note 7	20,589	22,766
		20,589	22,766
<i>Tangible fixed assets</i>			
Equipment, tools and fittings	Note 8	491	800
		491	800
<i>Financial fixed assets</i>			
Other long-term receivables	Note 9	0	7
		0	7
Total fixed assets		21,080	23,572
Current assets			
<i>Short-term receivables</i>			
Accounts receivable		1,875	2,289
Current tax assets		154	95
Other receivables		248	288
Prepaid expenses and accrued income		587	779
Cash and cash equivalents		4,733	6,300
Total current assets		7,598	9,752
TOTAL ASSETS		28,677	33,323
EQUITY AND LIABILITIES			
Equity			
Share capital	Note 13	2,224	1,136
Other contributed capital	Note 14	73,580	67,040
Other equity, including the result for the year		-49,479	-38,233
Total equity (attributable to the Parent Company's owners)		26,325	29,943
Short-term liabilities			
Accounts payable		1,016	1,551
Other liabilities		211	435
Accrued expenses and prepaid income		1,126	1,394
Total short-term liabilities		2,353	3,380
TOTAL EQUITY AND LIABILITIES		28,677	33,323

CHANGES IN EQUITY – THE GROUP

Amounts in TSEK	Share capital	Other contributed capital	Other equity, including the result for the period	Equity attributable to the Parent Company's shareholders
Equity 2023-01-01	852	56,722	-29,115	28,459
Share issue	284	11,077		11,361
Issue costs		-759		-759
Translation difference			-174	-174
Result for the period			-8,944	-8,944
Equity 2023-12-31	1,136	67,040	-38,233	29,943
Equity 2024-01-01	1,136	67,040	-38,233	29,943
New share issue	1,088	7,070		8,158
Issue costs		-530		-530
Translation difference			40	40
Result for the period			-11,286	-11,286
Equity 2024-12-31	2,224	73,580	-49,479	26,325

CASH FLOW – THE GROUP

Amounts in TSEK	Financial Year January - December	
	2024	2023
Cash flow from operating activities		
Result before financial items	-11,286	-8,940
Adjustments for items not included in the cash flow	Note 10 11,393	5,941
Interest received	39	37
Interest paid	-1	-5
Tax paid and received	-39	-35
Cash flow from operating activities, before changes in working capital	106	-3,003
Cash flow from changes in working capital		
Changes in operating receivables	861	-973
Changes in operating liabilities	-1,252	969
Cash flow from changes in working capital	-391	-4
Cash flow from operating activities	-284	-3,007
Investment activities		
Investments in intangible fixed assets	-8,901	-13,274
Investments and divestments in tangible fixed assets	1	-277
Investments and divestments in financial fixed assets	-	50
Cash flow from investment activities	-8,900	-13,502
Financing activities		
New share issues	8,158	11,361
Issue costs	-530	-759
Cash flow from financing activities	7,627	10,602
Cash flow for the period	-1,557	-5,907
Cash and cash equivalents at the beginning of the period	6,300	12,289
Exchange rate difference in cash and cash equivalents	-10	-82
Cash and cash equivalents at the end of the period	4,733	6,300

INCOME STATEMENT – THE PARENT COMPANY

Amounts in TSEK	Financial Year January – December	
	2024	2023
Net revenue	17,474	14,964
Capitalized production	8,901	13,274
Other operating income	657	907
	27,032	29,145
Operating expenses		
Services purchased	-1,696	-1,496
Other external expenses	Note 2, 3	-20,283
Personnel costs	Note 4, 5	-4,586
Depreciation and impairment of tangible and intangible assets	-11,273	-5,821
Other operating expenses	-619	-630
Total operating expenses	-38,456	-38,215
Operating result	-11,424	-9,070
Result from financial items		
Interest income and similar profit and loss items	Note 6	39
Interest costs and similar profit and loss items		-1
Total financial items	38	32
Result after financial items	-11,386	-9,038
Result before tax	-11,386	-9,038
Result for the year	-11,386	-9,038

BALANCE SHEET – THE PARENT COMPANY

Amounts in TSEK		2024-12-31	2023-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work and similar items	Note 7	20,589	22,766
		20,589	22,766
<i>Tangible fixed assets</i>			
Equipment, tools and fittings	Note 8	381	576
		381	576
<i>Financial fixed assets</i>			
Interests in Group companies	Note 11, 12	0	0
Other long-term receivables	Note 9	0	7
		0	7
Total fixed assets		20,970	23,349
Current assets			
<i>Short-term receivables</i>			
Accounts receivable		1,875	2,289
Current tax assets		154	95
Other receivables		244	280
Prepaid expenses and accrued income		587	779
<i>Cash and cash equivalents</i>		4,118	6,140
Total current assets		6,977	9,583
TOTAL ASSETS		27,947	32,931
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	Note 13,14	2,224	1,136
Development expenditure fund		20,589	22,766
		22,813	23,902
<i>Unrestricted equity</i>			
Free share premium fund		78,958	71,887
Balanced profit or loss		-64,929	-57,537
Result for the year		-11,386	-9,038
		2,643	5,312
Total equity		25,456	29,214
Short-term liabilities			
Accounts payable		976	1,539
Liabilities to Group companies		241	552
Other liabilities		148	232
Accrued expenses and prepaid income		1,126	1,394
Total short-term liabilities		2,491	3,717
TOTAL EQUITY AND LIABILITIES		27,947	32,931

CHANGES IN EQUITY – THE PARENT COMPANY

Amounts in TSEK	Share capital	Fund for development expenditure	Share premium fund	Profit or loss carried forward	Result for the year	Total
Equity 2023-01-01	852	15,116	60,810	-34,620	-14,508	27,650
Appropriation of funds according to resolution of the				-14,508	14,508	-
New share issue	284		11,077			11,361
Issue costs				-759		-759
Fund for development expenditure		7,649		-7,649		-
Result for the year					-9,038	-9,038
Equity 2023-12-31	1,136	22,765	71,887	-57,536	-9,038	29,214
Equity 2024-01-01	1,136	22,765	71,887	-57,536	-9,038	29,214
Appropriation of funds according to resolution of the				-9,038	9,038	-
New share issue	1,088		7,070			8,158
Issue costs				-530		-530
Fund for development expenditure		-2,177		2,177		-
Result for the year					-11,386	-11,386
Equity 2024-12-31	2,224	20,589	78,957	-64,928	-11,386	25,456

NOTES

Note 1 Accounting and valuation principles

GENERAL INFORMATION

The Annual Report and consolidated accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting principles are unchanged compared with the previous year.

The Parent Company and the Group apply the same accounting principles unless otherwise stated below.

RECOGNITION OF REVENUE

Revenue has been recognized at the fair value of what has been or will be received and is reported to the extent that it is probable that the financial benefits will be credited to the Company and the revenue can be calculated in a reliable manner.

SOZAP develops game applications that are distributed through two digital download stores with which it has an agreement. SOZAP's revenues consist of sales of virtual products offered in the games and advertising revenue from ads displayed in the games.

The revenues consist of "in-ad" revenue, advertising revenue, by displaying ads in the game, and "in-app" revenue generated by game applications, where the player buys equipment and other items in the game to enhance the experience. The majority of advertising revenue is paid out by Google and Apple, while a smaller portion is received from third-party ad networks. In-app revenue is received exclusively from Apple and

Google. Revenues are recognized in the period in which they are consumed, which is exclusively in the month of ad viewing or in-app purchases.

CONSOLIDATED ACCOUNTS

The Parent Company of the Group is Sozap AB (publ), which also prepares the consolidated accounts for the Group. The Parent Company Sozap AB (Publ) owns 100% of the shares in the Serbian company Sozap DOO.

Consolidation method

The consolidated accounts have been prepared in accordance with the acquisition method. This means that the identifiable assets and liabilities of acquired businesses are reported at market value in accordance with the prepared acquisition analysis. If the acquisition value of the business exceeds the estimated market value of the expected net assets according to the acquisition analysis, the difference is reported as goodwill.

Subsidiaries

The consolidated accounts include, apart from the Parent Company, all companies in which the Parent Company directly or indirectly has more than 50% of the voting rights or otherwise holds the controlling influence and thus has a right to shape the Company's financial and operational strategies in order to obtain financial benefits.

A subsidiary's income and expenses are included in the consolidated accounts from and including the time of the acquisition up to and including the time when the Parent Company no longer has a controlling influence over the subsidiary.

Transactions between Group companies

Intra-group receivables and liabilities and transactions between Group companies, as well as unrealized gains, are eliminated in their entirety. Unrealized losses are also eliminated, unless the transaction corresponds to a need for impairment.

Changes in internal profit during the financial year have been eliminated in the consolidated income statement.

Translation of foreign subsidiaries

The financial statements of foreign subsidiaries have been translated using the current rate method. All balance sheet items have been translated at the closing rate. All items in the income statement have been translated at the average exchange rate for the financial year. Any resulting differences are recognized directly in equity. The subsidiary's reporting currency is the Serbian Dinar. Therefore, translation is carried out using the current exchange rate at the closing date for the balance sheet and the average exchange rate for the income statement. Intra-group transactions have been eliminated in the income statement and balance sheet.

INTANGIBLE FIXED ASSETS

The Company accounts for games and a gaming platform as internally generated intangible assets under the capitalization model. This means that, in the development phase, all expenses relating to the production of an internally generated intangible asset, such as the development of mobile games, are capitalized and amortized over the estimated useful life of the asset, expected to be three years from global launch, provided that the criteria in BFNAR 2012:1 are met. Examples of expenses that are capitalized are graphics, sound, animation and some percentage of salaries of those working on game projects. Expenses in the early MVP (Minimum Viable Product) process, when concepts are tested and evaluated, are seen as research and are not capitalized. When the development of a specific game starts, the process is seen as in the development phase and capitalization starts.

Intangible fixed assets are reported at cost less accumulated depreciation according to plan and any impairment losses.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at cost less accumulated depreciation according to plan and any impairment losses.

DEPRECIATION

The depreciation period for intangible fixed assets, i.e., capitalization of development work and similar work, is amortized over three years, which aligns with the industry. The depreciation period for tangible fixed assets, i.e., equipment, tools, and fittings, is generally five years.

Depreciation is applied on a straight-line basis over the expected useful life, taking into account any significant residual value. The following rates of depreciation apply:

Capitalized expenses for development work	3 years
Equipment, tools and fittings	5 years

FOREIGN CURRENCY RECEIVABLES AND LIABILITIES

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported in operating result, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

FINANCIAL INSTRUMENTS

The parent company's interests in subsidiaries

The parent company's interests in subsidiaries are reported at acquisition value after deductions for any impairment losses. The acquisition value includes the purchase price paid for the shares as well as acquisition costs. Any capital injections are added to the acquisition value when they arise.

Accounts receivable/short-term receivables

Trade and current receivables are recognized as current assets at the amount expected to be paid after deducting individually assessed bad debts.

Loans and accounts payable

Loan liabilities and accounts payable are initially reported at acquisition value after deduction of transaction costs. If the amount recognized differs from the amount to be repaid at maturity, the difference is accrued as interest expense over the loan term using the instrument's effective interest rate. Hence, at the date of maturity, the recognized amount will agree with the amount to be repaid.

Impairment assessment of financial fixed assets

At each balance sheet date, an assessment is made as to whether there are indications of a need for impairment of any of the financial fixed assets. Impairment occurs if the decline in value is deemed to be permanent and is tested individually.

All financial instruments are measured and reported based on acquisition value in accordance with BFAR 2012:1(K3), Chapter 11.

LEASING AGREEMENTS

The Group has no finance leasing agreements, the Parent Company's leasing agreements are operational. Operating leases are recognized as an expense on a straight-line basis over the term of the lease.

INCOME TAXES

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement except where the underlying transaction is recognized directly in equity, upon which the associated tax effects are also recognized in equity.

Current tax

Current tax relates to income tax for the current financial year and the unrecognized part of income tax for previous financial years. Current tax is calculated using the tax rate in force at the balance sheet date.

Deferred tax

Deferred tax is income tax that pertains to future financial years as a result of past events. Reporting takes place in accordance with the balance sheet method. Under this method, deferred tax liabilities and deferred tax assets are reported for temporary differences that arise between the book value and tax base of assets and liabilities, and for other tax deductions or tax losses.

Deferred tax assets are only reported net against deferred tax liabilities if they can be paid with a net amount. Deferred tax is calculated using the tax rate applicable at the balance sheet date. Effects of changes in the applicable tax rates are taken up as income in the period in which the change becomes legally binding. Deferred tax assets are recognized as financial fixed assets and deferred tax liabilities as provisions.

Deferred tax assets relating to loss carry-forwards or other future tax-related deductions are reported to the extent that it is probable that the deductions can be offset against future taxable surpluses.

Due to the link between accounting and taxation, the deferred tax liability related to untaxed reserves is not separately presented in the parent company.

EMPLOYEE BENEFITS

Employee benefits refer to all forms of remuneration that the Company provides to its employees. Short-term benefits include salaries, paid holidays, paid absences, bonuses and post-employment benefits (pensions). Short-term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay a benefit as a result of a past event and a reliable estimate of the amount can be made. The Group has established warrant programs for employees and board members, where the Black & Scholes model calculation prices the warrants, which the employee then pays, and where a premium of 30% is applied to the share price to be paid when the program vests after three years.

The Parent Company only has defined contribution pension plans. Defined contribution plans are classified as plans in which fixed contributions are paid, and there is no obligation to pay anything further than these contributions.

butions. Expenditure on defined contribution plans is recognized as an expense during the period in which employees render the related services. The subsidiary has no pension plans.

CASH FLOW STATEMENT

The cash flow statement is drawn up using the indirect method. The reported cash flow only includes transactions that result in receipts or payments.

In addition to cash on hand, the Company classifies cash and cash equivalents as available balances at banks and other credit institutions and short-term liquid investments that are listed on a marketplace and have a shorter duration than three months from the date of acquisition. Changes in blocked funds are reported in investment activities.

KEY-FIGURE DEFINITIONS

Net revenue

Operating main revenue, invoiced expenses, side revenue and revenue corrections.

Result after financial items

Result after financial income and expenses but before year-end appropriation and taxes.

Earnings per share

Earnings per share are attributable to the Parent Company's shareholders before and after dilution.

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

ESTIMATES AND JUDGMENTS

Preparing financial statements and applying accounting principles are often based on management's judgments, estimates, and assumptions that are considered reasonable at the time the judgment is made. Estimates and judgments are based on historical experience as well as on a number of other factors that are considered

reasonable given the prevailing circumstances. The results of these are used to assess the carrying values of assets and liabilities, which are not otherwise clear from other sources. In Sozap's case, it is mainly game development costs that are a matter of judgment. The judgments with the largest impact, and thus with the largest risk for discrepancies, are regarding capitalization working hours and regarding impairment testing the estimates of future sales. The actual results may ultimately differ from those estimates and judgments. Estimates and assumptions are regularly reviewed.

With the exception of the judgment in the valuation, capitalization, and depreciation of games and game development costs, there are no significant sources of uncertainty in the estimates and assumptions at the balance sheet date that are deemed to significantly risk causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year.

SIGNIFICANT RISKS AND UNCERTAINTIES

SOZAP is reliant on successfully developing new games and improving SOZAP's existing games over time

An essential part of SOZAP's current revenue is generated from a limited number of games. Therefore, SOZAP needs to successfully develop new games and improve SOZAP's existing games over time, thereby diversifying the Group's portfolio of games.

SOZAP relies on virtual app stores for distribution of SOZAP's games

SOZAP's income is almost exclusively derived from the distribution agreements with Apple and Google, which are based on the distributors' standard terms and conditions.

SOZAP is reliant on attracting and retaining key people

SOZAP's operations and future success largely depend on the knowledge, experience, and creativity of several key people, particularly the management team. Therefore, SOZAP's ability to attract and retain key people is of great importance.

SOZAP is dependent on market conditions

The global market for mobile games is a rapidly evolving market. The growth of the global mobile games market and the level of demand and market acceptance for SOZAP's games are subject to high uncertainty. SOZAP's ability to adapt to changing market conditions is critical to future profitability.

SOZAP is exposed to competition from other game developers

The market for developing mobile games is generally considered to have relatively low barriers to entry and profitability is very high for those who succeed. Overall, this makes the digital gaming industry highly competitive.

Risks related to SOZAP's ability to increase sales

SOZAP relies on in-app purchases on Google and Apple platforms. A substantial part of SOZAP's revenue stems from in-app purchases, but a relatively small proportion of players make in-app purchases when playing SOZAP's games. If the players making in-app purchases stop playing SOZAP's games, or if SOZAP fails to provide offers worth buying, or if the virtual app store makes it more difficult or expensive for players to make in-app purchases, it could have a material adverse effect on SOZAP's business, financial position and performance.

Innovation and adaptation of games to market trends and preferences may generate lower revenue than estimated

When launching new game titles, there is a risk that the market will not receive them according to SOZAP's expectations. If this happens, SOZAP may invest resources and capital in games that do not provide expected returns, and the amount of the game on the balance sheet may have to be written off.

Risks related to IT systems

SOZAP depends on the effective and uninterrupted operation of the IT systems used in the framework of the Group's activities, including game development, which third-party suppliers provide. A substantial breakdown or other disruption of IT systems could adversely affect SOZAP's ability to conduct its business of developing games and providing them to end users.

LEGAL RISKS

Risks related to intellectual property rights

Intellectual property rights are essential to SOZAP's business, so it needs to protect them. SOZAP's most significant rights are unregistered copyrights that arise automatically when they are created, so it is important that SOZAP has sufficient agreements in place to acquire these rights from the employees and consultants who develop them. Regarding registrable rights, SOZAP holds registered trademarks for the names of its games and several domains used or planned to be used in the business.

Processing of personal data

In the framework of SOZAP's activities, SOZAP collects and processes the personal data of employees and players. However, player data is mainly managed by the platform providers Apple and Google. It is essential that personal data is processed under the specific requirements of virtual app stores and applicable data protection legislation.

SOZAP is subject to laws and regulations in a number of jurisdictions

SOZAP operates through companies in Sweden and Serbia and has sales to several countries, including China and the United States. Thus, it is subject to regulations in several different countries and jurisdictions and consequently also exposed to risks related to the implementation of new or amended laws or regulations in these countries and jurisdictions.

SOZAP is subject to tax-related risks

SOZAP operates through companies in Sweden and Serbia. Operations are conducted in accordance with SOZAP's interpretation of applicable tax legislation, tax treaties and other tax regulations, as well as the position adopted by the relevant tax authorities.

Disputes

SOZAP may, from time to time, become involved in disputes in the normal course of business and risk being subject to legal claims from, among others, customers playing SOZAP's games, suppliers, competitors, or other market participants.

FINANCIAL RISKS

Capital needs

SOZAP is in an expansion phase and may need to raise additional capital in the future. There is a risk that capital cannot be raised when the need arises, or at all, or cannot be raised at favorable terms for SOZAP or its shareholders, which could adversely affect SOZAP's business and financial position.

Currency risks

SOZAP's revenues are almost exclusively in USD and EUR, while a large part of its expenses, mainly salary expenses, are in SEK and RSD (Serbian Dinar). Changes in exchange rates may therefore have a material adverse effect on SOZAP's financial position and performance.

Note 2 Leases

The Company reports all leases, both financial and operational, as operating leases. Operating leases are recognized as an expense on a straight-line basis over the term of the lease.

Note 3 Remuneration to auditors

Audit engagements refer to the examination of the Company's Annual Report and accounts and the administration of the Company's affairs by the Board of Directors, other tasks which are for the Company's auditor to perform, and consultation and other assistance in response to observations made during the aforementioned performance of examinations and other tasks.

TSEK	Group		Parent Company	
	2024	2023	2024	2023
Öhrlings PricewaterhouseCoopers AB				
Audit engagement	310	328	310	328
	310	328	310	389

Note 4 Employee and personnel costs

TSEK	Group		Parent Company	
	2024	2023	2024	2023
Average number of employees	18	32	8	13
	18	32	8	13
Salaries and other remuneration¹				
CEO	66	12	66	12
Board members (4)	83	425	83	425
Bonuses and similar remuneration to the Board of Directors and CEO	-	-	-	-
Other employees	4,680	8,432	3,072	4,853
	4,829	8,869	3,221	5,290
Social security contributions				
Pension costs for the Chief Executive Officer	18	15	18	15
Pension costs for board members (4)	-	-	-	-
Pension costs for other employees	146	238	146	238
Other social security contributions according to law and agreement	1,975	3,944	1,052	1,723
	2,139	4,197	1,216	1,976
Total salaries, remuneration, social security contributions and pension costs	6,967	13,066	4,436	7,266

1) Salaries and other remuneration is shown excluding pension contributions.

Note 5 Remuneration of the CEO and Board of Directors¹

TSEK	Group		Parent Company	
	2024	2023	2024	2023
Rade Prokopovic, CEO	84	27	84	27
Claes Wenthzal, Chair of the Board until 24-05-14	31	164	31	164
Annette Colin, board member until 24-05-14	17	87	17	87
Daniel Somos, board member. Chairman since 24-05-14	17	87	17	87
Stefan Janse, board member	17	87	17	87
Hanif Bali, board member since 24-05-14	0	0	0	0
	167	452	167	452

1) Remuneration of the CEO and Board of Directors are including pension contributions, where they exist.

Note 6 Result from interests in Group companies

	Parent Company	
	2024	2023
Profits and losses on disposals	-	-26
	-	-26

Note 7 Capitalized expenses for development works and similar works

	Group		Parent Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cost, opening balance	53,049	39,773	53,049	39,773
Purchases	8,899	13,276	8,899	13,276
Sales and disposals	0	0		0
Accumulated cost, closing balance	61,948	53,049	61,948	53,049
Depreciation, opening balance	-23,985	-18,360	-23,985	-18,360
Sales and disposals	0	0		0
Depreciation for the year	-11,077	-5,625	-11,077	-5,625
Accumulated depreciation, closing balance	-35,062	-23,985	-35,062	-23,985
Opening impairment	-6,298	-6,298	-6,298	-6,298
Impairments for the year	0	0		0
Accumulated impairment, closing balance	-6,298	-6,298	-6,298	-6,298
Closing carrying amount	20,589	22,766	20,589	22,766

Note 8 Equipment, tools, and installations

	Group		Parent Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cost, opening balance	1,428	1,170	1,035	1,035
Purchases	-	282	-	-
Translation differences	12	-24	-	-
Accumulated cost, closing balance	1,440	1,428	1,035	1,035
Depreciation, opening balance	-628	-322	-459	-263
Depreciation for the year	-315	-316	-195	-196
Translation differences	-6	11	-	-
Accumulated depreciation, closing balance	-949	-628	-654	-458
Closing carrying amount	491	800	381	576

Note 9 Other long-term receivables

	Group		Parent Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cost, opening balance	7	7	7	7
Additional receivables	-	-	-	-
Accumulated cost, closing balance	-7	-	-7	-
Closing carrying amount	0	7	0	7

Note 10 Adjustment for items not included in the cash flow

	Group		Parent Company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Depreciation	11,393	5,941	11,273	5,821
Impairments	-	-	-	-
Translation differences	-	-	-	-
	11,393	5,941	11,273	5,821

Note 11 Interests in Group companies

	Parent Company	
	2024-12-31	2023-12-31
Cost, opening balance	0	50
Sales	-	-50
Accumulated cost, closing balance	0	0
Closing carrying amount	0	0

Note 12 Specification of interests in Group companies

Name	Capital share	Number of shares	Book value
Sozap Doo	100%	100	0
			0

Name	Corp. ID No.	Residence
Sozap Doo	RS351600050	Belgrade, Serbia

Note 13 Equity – number of shares

	Parent Company	
	2024-12-31	2023-12-31
Number, value at beginning of the year	11,361,120	8,520,840
New share issue	10,877,091	2,840,280
Number, value at year-end	22,238,211	11,361,120

Note 14 Equity – options

	Number of warrants in the program	Number of warrants outstanding	Average exercise price per share (SEK)	Number of shares that can be subscribed for under the warrant programs (maximum), per 2023-12-31	Number of shares that can be subscribed for under the warrant programs (maximum), per 2024-12-31
Series 2020/2023:1	60,500	53,500	16.25	0	0
Series 2020/2023:2	13,000	13,000	18.46	130,000	0
Series 2021/2024:1	150,000	-	-	150,000	0
Series 2021/2024:2	120,000	120,000	16.00	120,000	0
	283,000	133,000	n.a.	400,000	0
				Of which outstanding as of 2024-12-31:	0

All subscription warrants expired during 2024 without having been exercised. No new warrants have been issued during 2024.

Note 15 Pledged assets

There are no pledged assets or contingent liabilities in the Group.

Note 16 Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

Note 17 Related party transactions

No significant transactions have taken place during the period, apart from transactions between subsidiaries and remuneration to senior executives and board members for the Group and the Parent Company.

Note 18 Adjustments comparison year

GROUP AND PARENT COMPANY

In 2023, the paid preliminary tax of TEUR 95 was classified as a current tax asset. An estimated special payroll tax on pension costs of TEUR 160 was classified as an accrued expense. In 2024, paid preliminary tax and estimated special payroll tax on pension costs have been classified as other short-term liabilities. This has had no impact on the result for the year.

THE BOARD'S ASSURANCE

The Board of Directors and the Chief Executive Officer confirm that this Annual Report provides a true and fair view of the Company's operations and financial position.

Nyköping, April 2, 2025

Daniel Somos
Chair of the Board

Stefan Janse
Board member

Hanif Bali
Board member

Rade Prokopovic
CEO & Board member

Our auditor's report was issued on April 2, 2025
Öhrlings PricewaterhouseCoopers AB

Patric Kruse
Chartered Accountant

BOARD OF DIRECTORS



DANIEL SOMOS (1983)

Board member since 2021

Education:

MBA, MSc, Stockholm School of Economics.

Other ongoing assignments:

Chairman and CEO of Polygrade Holding AB. Chairman of GraphN AB. Board member and CEO of Mean Reversion AB and Lialum AB. Board member of Mibi Games AB, Polynvestor AB, Realsprint AB and Urban Events AB. Deputy board member in Dubbelplus AB, Nordic Bytes AB and NB Innovation Factory AB.

Shareholding:

933,796 shares.

Independent in relation to SOZAP, its senior management and to major shareholders.



STEFAN JANSE (1980)

Board member since 2020

Education:

Marketing, graduate of IHM Business School.

Other ongoing assignments:

Board member of the Association for the Nordic Game Industry ekonomisk förening and company within Nordisk Film Sverige AB. Sales Director at Nordisk Film Interactive AB.

Shareholding:

65 000 shares.

Independent in relation to SOZAP, its senior management and to major shareholders.



HANIF BALI (1987)

Board member since 2024

Education: -

Other ongoing assignments:

Board member and CEO of Syndikatet Payments AB.
Board member of Myaya AB and Baliborg AB.

Shareholding:

51,337 shares.

Independent in relation to SOZAP, its senior management and to major shareholders.



RADE PROKOPOVIC (1982)

Grundare. Styrelseledamot sedan 2024 och VD sedan 2019

Education:

Business IT, Nackakademin.

Other ongoing assignments:

Chairman of Camicamina AB, KONG REAL ESTATE AB, SUPERSPACE AB, MAGNAMETA AB and within the SOZAP group together with other assignments. Board member of PRORAD AB.

Shareholding:

6,299,714 shares.

MANAGEMENT



RAĐE PROKOPOVIC (1982)

Position: VD

Education: Business IT, Nackakademin.

Employed in the Group since 2016

Shareholding: 6,299,714 shares



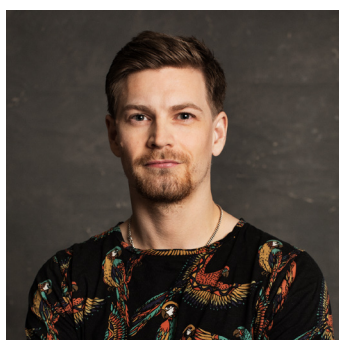
KRISTOFER BOMAN (1983)

Position: CTO

Education: The Game Assembly in Malmö and studies in Game Programming at Blekinge Institute of Technology.

Employed in the Group since 2015

Shareholding: 316,947 shares



JACOB CHRSTIANSON (1987)

Position: CPO

Education: University of Applied Sciences degree, The Game Assembly in Malmö.

Employed in the Group since 2015

Shareholding: 118,386 shares



DANIEL EKSTRAND (1981)

Position: CFO

Education: MBA, MSc, Stockholm School of Economics.

Working for the Group since 2022

Shareholding: 650,328 shares

LIST OF DEFINITIONS

Number of employees	Number of employees with a position at SOZAP, at the end of the period.
Number of employees, average for the period	Average of the number of employees at the end of the period and the number of employees at the end of the previous period.
ARPPDAU	Average Revenue Per Daily Active User (total); The average revenue per daily, unique, active user/player, including in-app purchases and advertising revenue.
Daily Unique Spenders	The number of daily unique players who have made purchases of virtual products via Apple, Google or another platform.
DAU	Daily Active Users; i.e., daily, unique, active user/players.
EBIT	Operating result, before financial items and tax.
EBIT margin (%)	The result before financial items and tax, as a percentage of net revenue.
EBITDA	The result before depreciation of tangible and intangible fixed assets.
EBITDA margin (%)	The result before depreciation of tangible and intangible fixed assets, as a percentage of net revenue.
Free-to-play (FTP)	A revenue model where players gain access to part of the content without payment.
Global launch	A commercial launch to a wide audience.
In-app purchases (IAP)	Microtransactions within the game in order to access virtual goods and content.
In-ad revenues (IAD)	Advertising revenue from third parties for advertisements shown to players.
Live-ops	Changes/improvements in games after launch.
Monthly Active Users (MAU)	Active, unique, monthly players/users as of the last day of the period.
Revenue growth	Difference in revenue from the previous period (comparative period).
Soft launch	A 'soft launch' to a specific audience in order to test game methodology, graphics, etc.
Equity/assets ratio	Proportion of total assets financed with equity.

CREATIVELY TOGETHER STRONG

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