

The background is a vibrant, abstract composition. A smartphone is shown at an angle, its screen displaying a glowing red cube with a molecular structure. Surrounding the phone are several other glowing cubes in shades of orange and red. The scene is filled with streaks of light in yellow, green, and pink, creating a sense of motion and energy. The overall color palette is dominated by warm tones like orange, yellow, and red, with cooler accents of green and pink.

ANNUAL REPORT 2021

FRAGBITE
GROUP

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FRAGBITE GROUP IN BRIEF

Fragbite Group AB (publ) develops and distributes mobile games, console games and PC games, as well as operating e-sports platforms, running e-sports tournaments and developing e-sports concepts. The company's strategy is to create shareholder value through both organic growth and acquisitions, primarily in mobile games and e-sports. The head office of Fragbite Group is situated in Stockholm, and the company is listed on the Nasdaq First North Growth Market under the ticker FRAG.

Within Fragbite Group (referred to below as "the company" or "the group"), mobile games are developed by FunRock Development AB and P Studios AB in Sweden. In Nancy, Montpellier and Paris in France, the subsidiary Playdigious SAS (referred to below as "Playdigious") primarily develops mobile versions of already launched games for PC, which are licensed to Playdigious by external parties. In The Hague in the Netherlands, the subsidiary Lucky Kat B.V. (referred to below as "Lucky Kat") develops mobile games in the Hypercasual segment, i.e. games that are usually free to play and have simple game mechanics adapted for the man on the street. Moreover, Lucky Kat has recently launched Panzerdogs, a v concept in block-chain technology, which is a relatively new segment in the global gaming market.

Through its subsidiary Fragbite AB (referred to below as "Fragbite"), the group engages in e-sports activities; mainly in the form of

various e-sports tournaments, industry-specific news updates via fragbite.se or via other communities such as Twitter, Instagram and Twitch. Fragbite also cooperates with strong brands to develop new concepts, marketing campaigns and communication strategies targeting the e-sports market.

Fragbite Group has a clear strategy to acquire fast-growing, well-managed and profitable companies in both gaming and e-sports. In 2020, the company (then under the name FunRock AB) acquired Prey Studios (P Studios AB), and in 2021 acquired Fragbite and Playdigious. The company also entered into an agreement to acquire Lucky Kat, a deal which was completed in the first few days of January 2022. The company's listing on the Nasdaq First North Growth Market in July 2021 provided the company not only with growth capital, but also with a platform for further acquisition of capital, a quality hallmark as a company; and it offers leverage for

entrepreneurs who decide to sell their companies but want to continue to be part of realising their vision as part of Fragbite Group. This facilitates knowledge exchange and extraction of synergies within the group and allows entrepreneurs to continue running their respective businesses on the basis of decentralised corporate governance and thus limited integration.

Mission

Our mission is to develop and publish the most engaging and popular games on the market in all of the company's business areas, and to convert selected titles from console and PC to mobile and provide the most engaging e-sports platform where players can meet and interact with one another online.

Vision

Our vision is to be a leading European developer and supplier at the cutting edge of digital gaming entertainment and e-sports.

2021

Net sales
(SEK millions)

124.0

Adjusted result
EBITDA (SEK millions)

9.7

Net sales pro forma
(SEK millions)

212.3

Adjusted result EBITDA,
proforma (SEK millions)

24.4

Trading in Fragbite
Group's shares on the
Nasdaq First North
Growth Market began on
12 July 2021.

The share price has
developed positively
during the year.

Three completed
acquisitions: Fragbite,
Playdigious and Lucky Kat.



**"2021 has been a significant year for Fragbite Group.
We have taken a number of smaller steps as well as a
few significant leaps towards our vision, to be:
A leading European developer and supplier at the cutting
edge of digital gaming entertainment and e-sports.**

Our exciting journey has only just begun!"

Stefan Tengvall, President and CEO

Statement from the CEO

– Key pieces of the puzzle are now in place for long-term stable development

2021 has been a significant year for Fragbite Group. We have taken a number of smaller steps as well as a few significant leaps towards our vision, to be:

A leading European developer and supplier at the cutting edge of digital gaming entertainment and e-sports.

The year 2021 has been a successful year for Fragbite Group. Our net sales amounted to SEK 124.0 million (4.6), with an adjusted EBITDA of SEK 9.7 million (-5.5). Confidence in our strategy was confirmed by a successful listing in July and our shares are now traded on the Nasdaq First North Growth Market. I am confident that our strengthened capital base and the increased transparency that comes with being listed will facilitate our expansion and attractiveness in both existing and new markets and in discussions with potential partners and entrepreneurs as we execute our acquisition agenda.

An eventful year has passed, and we have spent a lot of time and effort laying the foundations for our continuing journey. We took an important step in the first quarter, when we acquired Fragbite AB: this acquisition allowed us to create a leading position in e-sports in the Nordic region. During the year, despite the slow-down of the pandemic, Fragbite AB has successfully completed two more seasons of the well-known Fragleague concept, our own tournament in the games PUBG and CS:GO. These tournaments have continued to attract the growing number of viewers. In addition to Fragleague, One Blade Cup has also been implemented successfully in both the Nordic and DACH regions. Furthermore, we have launched the Swedish Chess League, a first e-sport tournament for chess, through a cooperation

with the Swedish Chess Federation. The pandemic has affected Fragbite AB during the year, and we have noticed that some of our customers have spent less on marketing towards the e-sports segment. We believe this is temporary, and expect volumes to increase again in the next few years when the marketing spend returns. We intend to continue investing in more e-sports concepts going forward, and to utilise the synergies offered by our subsidiaries and their somewhat different operations, which we believe will help to bring about the continued expansion and positive sales development for our e-sports business.

The acquisition of French company Playdigious SAS, a business that has developed very satisfactory, was completed during the spring. Moreover, we finished off the year by entering into an agreement to acquire Dutch company Lucky Kat B.V., one of Europe's first stakeholders in the play-and-earn segment.

Our strategic efforts to extend our portfolio of games and studios have continued, delivering results in line with our expectations. We significantly increased the number of games in 2021, noting in particular Dead Cells, Northgard, Evoland II and Sparklite via Playdigious. Dead Cells was launched in China in the first quarter and quickly achieved sales that made it Playdigious's best-selling game. Through Playdigious, we are continuing to license and adapt new mobile games based on established PC games, thereby helping to achieve a favourable balance between risk and return and a capital-efficient way of expanding our game portfolio.

We welcomed Lucky Kat to the group in the fourth quarter, with games such as Magic Finger, K-run Challenge, Ice Roll and Road Crash, which have a combined total of over 150 million downloads. The team in the Netherlands possesses valuable cutting-edge skills

in mobile game marketing (performance marketing) which can also be applied to other elements of Fragbite Group's game titles with a view to creating revenue synergies in this way. With the acquisition of Lucky Kat, the group is now pursuing two parallel initiatives in the third generation of the Internet – Web 3.0; a cooperation with The Sandbox, one of the leading metaverse stakeholders, and also our own game, Panzerdogs. Panzerdogs has its own revenue potential as it has its own digital economy that allows users who play, or are active in developing game characters or goods, to sell their creations and get paid in crypto-assets. These can then be exchanged for national currencies such as Swedish kronor or US dollars. This game genre is known as "play-and-earn" and shows that a digital world can function in a similar way to the physical world we know today; an achievement can generate earnings for players. Panzerdogs has got off to a great start, and I am looking forward to following the game's development in the future and the opportunities this creates for the group. It is inspiring to be at the cutting edge of gaming with blockchain technology, which can enable entertainment and monetisation simultaneously.

In 2021, we have also worked on building a structural platform for the entire Group, including a reinforced management team and Board of Directors. Among others, Marcus Teilman took up the position of Deputy CEO and Head of M&A at the end of April, and Lars Johansson has taken up the position of CFO. Sten Wranne has been elected to the Board. Sten was formerly the CFO of the Stillfront Group for about four years, so he brings with him some very relevant experience for our group of companies. David Wallinder, founder of the company, is still involved in the company and holds a position on the Board.

Another important piece of the puzzle was added during the year when, in addition to our listing, we also supplemented our financing options with a bank facility from Nordea Startup & Growth, which was extended in December when we acquired Lucky Kat. I am confident that we will create value for our shareholders over time, as this will give us more options for financing future acquisitions.

Our efforts to identify and evaluate interesting acquisitions are continuing. Market awareness of Fragbite Group is increasing, as is reflected in a strong influx of interesting business opportunities. We have high standards for potential acquisitions, and the company has evaluated a number of companies over the year.

The team dedicated to identifying high-quality potential



Our exciting journey has only just begun!

Stefan Tengvall, President and CEO

acquisitions has grown during the year, and these new staff bring with them experience, knowledge and drive.

I am looking to the future with great confidence. We feel that our business model and strategy are working well and providing us with good momentum for the next few years. I would like to thank all our staff for all their hard and determined efforts to deal with challenges and achieve success. The passion that we have within the group and for our products is amazing, and it gives us power, pleasure and results. I have been the company's President and CEO for some time and laid the foundation for our current journey and, as stated previously, I will be stepping down from my position as CEO and handing over to the current deputy CEO, Marcus Teilman. I, in turn, have been nominated as Chairman of the Board of Directors for the Annual General Meeting. So the team is still in place, albeit with slight changes to our roles. I have every confidence in Marcus, who is very driven, and both the Board and I are absolutely certain he will drive the company's acquisition agenda successfully going forward. I believe this will benefit our business, and I feel we are in a good position for 2022.

Developments during the year

Important events in the first six months of the year

- Acquisition of Fragbite AB was finalized on 18 february.
- A directed share issue of SEK 35.4 million before issue costs was completed in February.
- Two further directed share issues were completed in April and May, raising SEK 31.7 million before issue costs.
- Acquisition of Playdigious SAS on 31 May.
- Change of name from Funrock AB to Fragbite Group AB (publ) completed.
- Directed share issue of SEK 25 million before issue costs was completed in June.
- The annual general meeting decided to re-elect Niclas Bergkvist, Claes Kalborg and Dawid Myslinski and elect Sten Wranne and David Wallinder, all as full members of the company's Board of Directors.

Important events in the third quarter

- The offering prior to listing on the Nasdaq First North Growth Market was oversubscribed and raised more than SEK 22 million before issue costs.
- Trading in Fragbite Group's shares began on 12 July 2021 under the ticker FRAG.

Important events in the fourth quarter

- Additional purchase price of EUR 1.5 million paid for the acquisition of Playdigious, of which EUR 0.75 million was paid in cash and EUR 0.75 million was paid by means of 1,824,543 newly issued shares.
- An agreement was signed on 14 December to acquire all shares in the Dutch company Lucky Kat B.V. ("Lucky Kat").
- Fragbite Group's subsidiary Fragbite AB signed an agreement with the Swedish Chess Federation to start an e-sports chess league, Svenska Schackligan, which was launched on 15 December.

Important events after the end of the period

- The acquisition of Lucky Kat was completed on 3 January, and the Board of Directors decided to issue a total of 3,944,551 shares in connection with this. Lucky Kat's results for the fourth quarter of 2021 have been included in the group's results for the same period in accordance with the agreement.
- Fragbite Group's subsidiary Lucky Kat signed a partnership agreement with The Sandbox on 9 February to create its own amusement park-themed world in Metaverse, a decentralised digital ecosystem built on Web 3.0, the next generation internet.
- The Board of Directors has, during an extraordinary board meeting on 12 April, appointed Marcus Teilman as President and CEO who will take up this position at the annual general meeting on 25 May, 2022. The present CEO and President Stefan Tengvall will leave his position at the annual general meeting on 25 May, 2022 and has informed the Nomination Committee that he is available for an operational role on the Company's Board.
- Prior to the annual general meeting on 25 May, 2022, the Nomination Committee recommend re-election of Niclas Bergkvist, Claes Kalborg, Dawid Myslinski, Dawid Wallinder and Sten Wranne. Stefan Tengvall and Zara Zamani are proposed new Board members. The Nomination Committee further recommends that Fragbite Group's outgoing CEO Stefan Tengvall be elected as Chairman of the Board and Niclas Bergkvist as Vice Chairman.

Pro forma financial statements for the full year

Fragbite Group has a clear strategy to grow both organically and through acquisitions. This is why pro forma financial statements have been prepared in order to show how the group's financial development would have been if the acquisitions of Fragbite AB, Playdigious SAS and the recent acquisition of Lucky Kat B.V. had taken place on 1 January 2021.

Fragbite Group SEK thousands	Jan-Dec		
	Pro forma 2021	2021	2020
Net sales	212,257	124,041	4,595
Adjusted EBITDA	24,369	9,730	-5,458
Operating profit, EBITDA*	20,801	6,162	-5,458
EBIT	-67,078	-45,746	-22,336
Profit after tax	-74,872	-50,397	-22,569

*The result is affected by non-comparable costs of SEK 3,568,000 for the full year.

Acquisition of Lucky Kat

The acquisition of Lucky Kat was completed on 30 December, but the acquisition of the shares did not take place until 3 January 2022. Lucky Kat's balance sheet and cash flow have not been included in the consolidation at the end of the year, therefore, but the company's results for the fourth quarter have been included in the group's results for the same period in accordance with the agreement. Furthermore, SEK 30 million was borrowed in connection with the acquisition, but the SEK 30 million remained in cash and cash equivalents at year-end as the acquisition did not take place until after the end of the year.

Sales

Net sales in 2021 amounted to SEK 124.0 million (4.6). This strong growth is largely the result of the acquisitions of Fragbite, Playdigious and Lucky Kat made during the year. Fragbite's sales and profit are included in the group's accounts from 18 February, Playdigious from 1 June and Lucky Kat from 1 October 2021.

Profit

The group's other external costs and personnel costs amounted to 36.6 (12.0). These costs have increased compared to last year, largely due to completed acquisitions. Other external costs are affected by approximately SEK 3.6 million, attributable to the listing process.

Operating profit before depreciation and amortization (EBITDA) amounted to SEK 6.2 million (-5.5). The improved profit compared to the previous year is mainly attributable to contributions from acquired companies.

Consolidated depreciation, amortization and impairment amounted to SEK 51.6 million (16.9). The increase in amortization is mainly related to goodwill for the acquired companies, amounting to SEK 35.1 million (9.1). Profit has been affected by an impairment of an intangible asset amounting to SEK 7.3 million, in the form of capitalised work on own account, attributable to the game title Army Battle, which is in the process of being discontinued. Amortization related to capitalised work on own account amounted to SEK 9.0 million (7.7). Group profit after tax amounted to SEK -50.4 million (-22.6).

Cash flow, investments and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1.5 million (-5.7). Cash flow from changes in working capital amounted to SEK 2.4 million (-4.7).

Cash flow from investing activities during the year amounted to SEK -73.0 million (3.0), attributable mainly to the acquisitions of Fragbite AB and Playdigious. Capitalised expenditure for own work has also affected the full year. As stated, the acquisition of the shares in Lucky Kat did not take place until 3 January 2022, which meant that the balance sheet and cash flow of the acquired company were not taken into account in the consolidation as at year-end, but the company's results for the fourth quarter have been included in the group's results for the same period in accordance with the acquisition agreement.

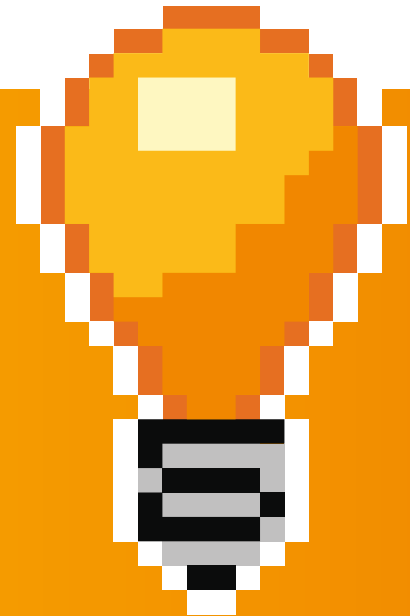
Cash flow from financing activities amounted to SEK 151.6 million (10.7) due to the new share issues completed and, to an extent, due to increased borrowing. In total, these new issues during the year amount to SEK 182.5 million (75.3); which amounts to SEK 109.9 million (10.7) when reduced by shares issued in connection with acquisitions made. The increased borrowing is attributable to the acquisition of Lucky Kat, but as the acquisition took place after year-end, the SEK 30 million remained in cash and cash equivalents at year-end pending the formal acquisition. Cash and cash equivalents at the end of the period amounted to SEK 87.5 million (4.9).

Capitalised work on own account SEK thousands	Jan-Dec	
	2021	2020
Capitalisations	6,757	6,087
Amortization, capitalised expenditure	-9,017	-7,740
Impairment, capitalised expenditure	-7,341	0
Effect on earnings/net effect	-9,601	-1,652

Business concept, mission and vision

Business concept

Fragbite Group develops and distributes mobile games, console games and PC games, as well as operating e-sports platforms, running e-sports tournaments and developing e-sports concepts.



Mission

To develop and publish the most engaging and popular games on the market in all of the company's segment, and to convert selected titles from console and PC to mobile and provide the most engaging e-sports platform where players can meet and interact with one another online.

Vision

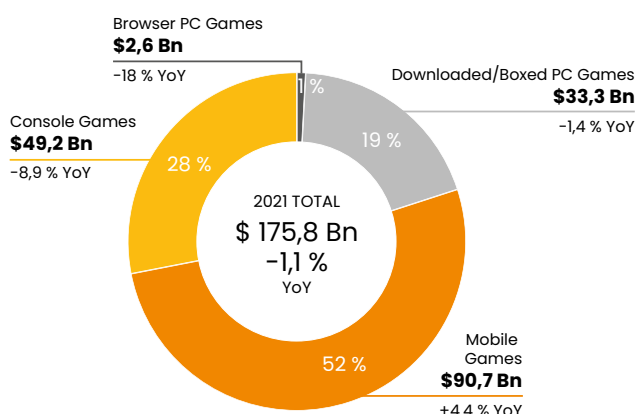
To be a leading European developer and supplier at the cutting edge of digital gaming entertainment and e-sports.



Market

Games

The global gaming market can be divided into four different segments; console games, mobile games and PC games, which in turn are divided into browser games and downloaded games. The market's sales have fallen by 1.1 per cent since 2020, to USD 175.8 billion in 2021.

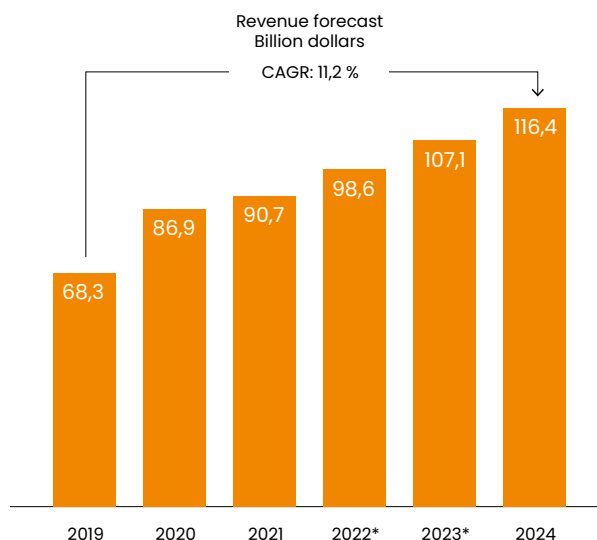


Mobile games represent around 52 per cent of these sales. Unlike the PC and console games market, the mobile games market has been less affected by the pandemic in terms of delays. This is because PC and console game developers tend to have a larger number of employees working on the same game, have more international cooperations than mobile game developers, and there is a global shortage of semiconductors which has had a negative impact on the PC- and console games market¹.

Mobile games

Mobile games are played on mobile devices, which include smartphones and tablets. As stated previously, mobile gaming is the largest segment in the global gaming market in terms of sales. NewZoo estimates that sales in the mobile gaming market grew to USD 90.7 billion in 2021, representing an increase of approximately 4.4 per cent compared to 2020. This is driven primarily by growth in markets such as Asia and the Pacific region, the Middle East and Africa, but also by new innovations in mobile revenue generation and major PC and console game developers integrating their intellectual property into mobile. Statista estimates that the number of mobile gamers reached 2.7 billion globally in 2021. By 2024, the mobile gaming market is estimated to turn over USD 116.4 billion, representing a CAGR (Compounded Annual Growth Rate) of 11.2 per cent from 2019.

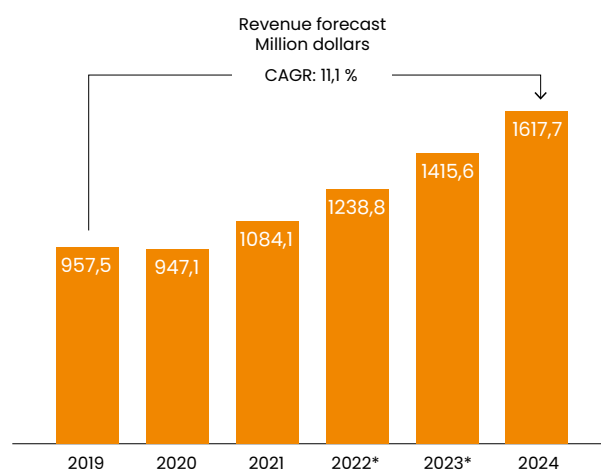
These sales correspond only to players' own consumption and thus exclude advertising revenues from games².



*Fragbite Group's own estimate.

E-sport

The global e-sports industry declined from sales of approximately USD 957.5 million in 2019 to USD 947.1 million in 2020. In 2021, the global e-sports market amounted to approximately USD 1.1 billion and is expected to grow to approximately USD 1.6 billion by 2024. This means a CAGR of 11.1 per cent calculated from 2019³.



*The Fragbite Group's own estimate.

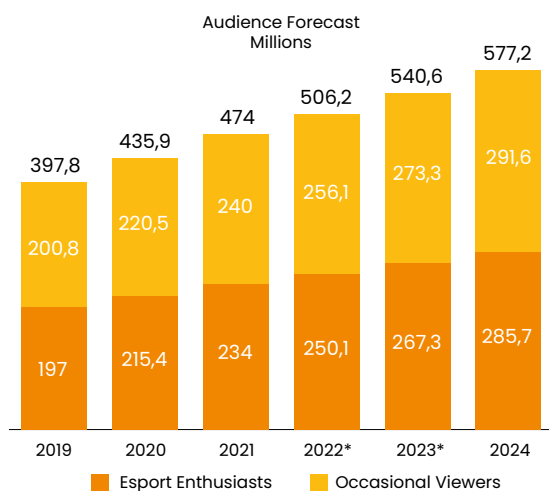
In 2021, the global number of e-sports viewers increased by 8.7 per cent year-on-year to 474 million. Of these viewers, 234 million are e-sports enthusiasts and the remaining 240 million viewers occasionally watching e-sports events³.

(1) Source: NewZoo Global Games Market Report 2021.

(2) Source: NewZoo Global Mobile Market Report 2021.

(3) Source: NewZoo Global Esport & Live Streaming Market Report 2021.

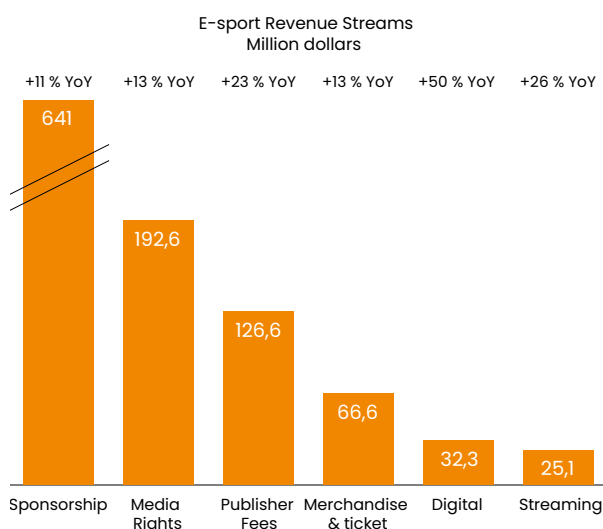
E-sports enthusiasts include viewers who watch e-sports more than once a month. Global viewing figures are expected to continue to grow at a CAGR of approximately 7.7 per cent to USD 577 million by 2024, from 2019. This growth is expected to be driven primarily by markets such as Asia and the Pacific region, the Middle East and Africa³.



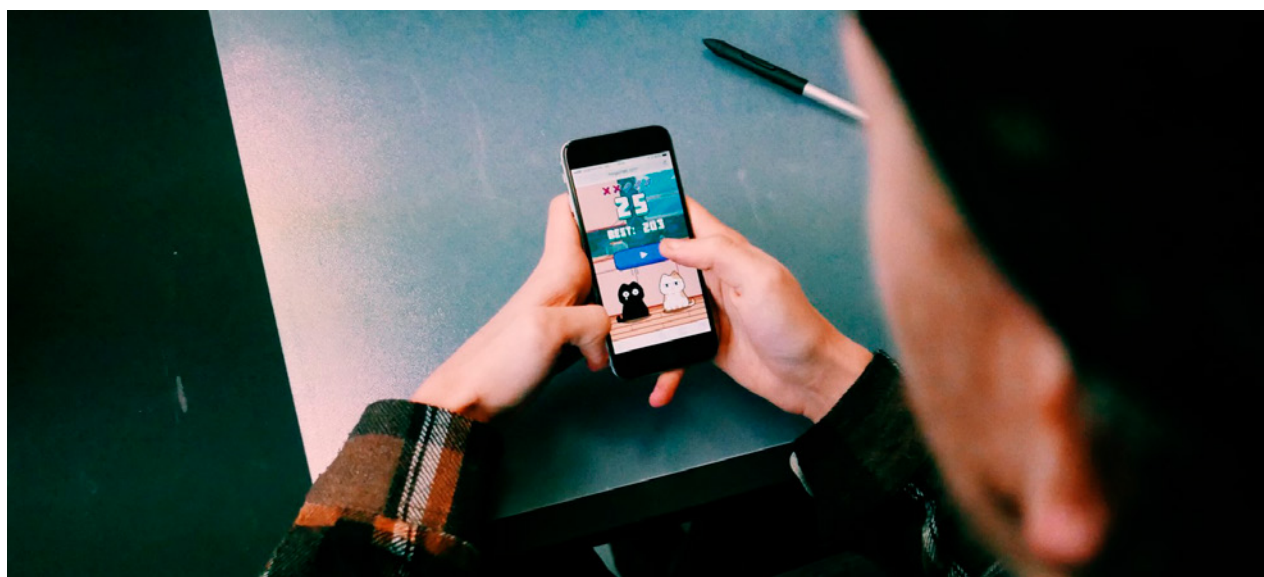
*Fragbite Group's own estimate.

Sales in 2021 have been divided into sponsorship deals and advertising, media rights, publishing costs, merchandise and ticket sales and digital, and via live broadcasts. The pandemic has continued to have a clear impact on the e-sports market in 2021. Sponsors continue to be the dominant segment in the e-sports market. The sponsorship revenue stream reached USD 641 million in 2021, representing 59 per cent of the total e-sports market. According to NewZoo, this share of

total e-sports revenues will gradually decrease over the next few years, mainly due to the fact that it will be possible to arrange more physical events, leading to an increase in total sales. Revenue from merchandise and ticket sales amounted to USD 67 million in 2021, a marked decline, which is not expected to recover from the pandemic until after 2022 at the earliest. The digital element and live broadcasts are the market segments that have seen most growth in 2021, with increases of 50 per cent and 26 per cent respectively from the previous year. The digital element includes revenues generated by digital sales of in-game purchases linked to e-sports teams' brands and contracted players. Live broadcasts include revenues generated by professional players' and contracted streamers' own channels³.



*Fragbite Group's own estimate.



(3) Source: NewZoo Global Esport & Live Streaming Market Report 2021.

Strategy and objectives

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

Increased investment in development and publication of games and e-sports concepts

The company's ambition is to make a positive impact on the day-to-day lives of our players by creating a social, entertaining and positive gaming experience. Our business model is built on a long-term approach regarding our subsidiaries, our employees and our followers and players.

For Lucky Kat, FunRock and Prey Studios, with their already strong game portfolios, this means development of more and bigger games, based on the company's game engines. The company also intends to increase its existing investments in intellectual property rights and trademarks so as to create and develop new opportunities for experiences in new media and for new platforms. This may involve creating new games or concepts based on proprietary, acquired or external game engines, cooperating with external developers of game accessories or licensing intellectual property rights held by third parties.

In the e-sports business area, where the company is already one of the leading Nordic organisers of digital e-sports tournaments and leagues, and through Fragbite Community, one of the leading Nordic e-sports communities, this means producing customized tournaments with well-known brands such as for example Philips or new e-sports concepts such as the Swedish Chess League. Here, Fragbite Creative Studios assists by introducing established brands to e-sports through targeted concept marketing.

Acquisition of complementary businesses and intellectual property rights

The company intends to play an active part in the ongoing and extensive consolidation in the global gaming industry, including e-sports. The company is using acquisitions to reinforce its portfolio of intellectual property rights while also promoting organic growth

through the synergies these acquisitions create. This strategy is based on investments in game development and acquisitions of mainly independent e-sports companies and game developers with strong intellectual property rights and a good track record of profitable game development at the cutting edge of development.

When integrating these new acquisitions, the management places great emphasis on creating group affiliation and commitment among the founders and key employees of the acquired companies, as well as a common approach to corporate governance. We focus on maintaining the companies' own culture and organisation as far as possible, so as not to risk adversely affecting their own entrepreneurial spirit and drive.

The company's 2021 listing on the Nasdaq First North Growth Market makes it easier for us to execute our acquisition agenda in that it opens up the possibility of using our listed shares as payment when acquiring companies. Making the entrepreneurs for the acquired companies part-owners of Fragbite Group allows us to maintain their commitment to their own business and also to the company as a whole, which also increases the chances of them continuing in their roles and wanting to contribute to the company's operations in the long term.

Maintaining and developing IP-centric activities

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

commercial relationships through investments in the company's game development projects, for example, in order to ensure an influx of new content to their platforms.

High performance and sustainability in all business areas

The company is based on a strong decentralised entrepreneurial culture, and a key component of the company's business strategy is to retain and continue to develop the group's personnel and their cutting-edge skills and expertise in the company's respective business areas. The company's headquarters and the Swedish subsidiaries are since 1 February 2022, based at the new SPACE gaming centre in Stockholm – the largest of its kind in Europe – which besides being an attractive and relevant environment, also offers increased opportunities for in-house events and establishment of mutually value-creating contacts with other companies in the industry.

To maintain and reinforce the company's competitiveness in e-sports and game development, publishing and distribution, it is important for all of the company's subsidiaries to manage the company's assets carefully and make the most of the opportunities for synergies offered by the growing group of companies. This could for example involve shared development resources, broader geographical distribution and the ability to transfer unique game mechanics from one game engine to another. Further examples include adapting a game to a new platform, developing new content or creating sequels within the same game series. The fact that the company's activities include both game development and e-sports also creates unique

opportunities for "cross-fertilisation" where the company's games and intellectual property rights can create new and innovative e-sports concepts.

Operational goals

The company has the following strategic objectives:

- To be active in the acquisition market and drive consolidation by acquiring profitable companies.
- To create stability and diversification of risk by means of a well-diversified portfolio of games in a variety of genres and different geographic regions.
- To expand our e-sports platform by increasing the number of people in its community, attracting more partners and organising more events.

Financial targets

Fragbite Group is of the opinion that there are good opportunities for growth in the next few years. The following targets have been decided upon by the Board:

To show aggregated annual growth exceeding 15 per cent, through organic and acquired growth. The company needs to successfully market existing games and develop and publish new games in order to grow organically.

In terms of profitability, the company's medium-term objective is to achieve an EBITDA margin of approximately 20 per cent and a positive cash flow from game sales and in-game purchases, as well as from e-sports advertising and partnerships. In the long term, the company's objective is to achieve an EBITDA margin exceeding 30 per cent.



Our subsidiaries

Fragbite Group has five subsidiaries: Fragbite AB, Lucky Kat B.V, Playdigious SAS, Funrock Development AB and P Studios AB.



Fragbite AB runs an e-sports business that reaches out to approximately 250,000 e-sports enthusiasts in the Nordic region every month through its platform. Fragbite works with internationally renowned advertisers and has a good knowledge of how to create value based on content in e-sports. Fragbite also provides a platform for continued growth through additional acquisitions within the segment, thereby complementing current operations and extending its reach into more geographic markets.

The subsidiary is active in advertising and marketing, league operations and live broadcasts, and provides an e-sports community. The Fragbite brand was founded in 2002 and is now one of the leading e-sports media companies in the Nordic region. The business also produces e-sports content in order to engage and attract its community.

Fragbite's operations are divided into the following four areas:

- **Leagues and tournaments**

Fragbite is a leader in the full production of digital e-sports tournaments and leagues. Fragbite has more than a decade of experience in the production and distribution of e-sports tournaments. Fragbite owns Fragleague, the biggest amateur e-sports league in the Nordic region, but also produces customized tournaments in partnership with well-known brands such as Philips and Samsung.

- **Fragbite Community**

Fragbite.se was founded in 2002 and was initially a community for players of the PC game Counter-Strike. Fragbite is now the biggest e-sports community in the Nordic region, with around 250,000 visitors per month and around 180,000 followers on its channel on the

streaming platform Twitch.tv. E-sports enthusiasts can use fragbite.se to communicate and read about news, tournaments and games, for instance.

- **Fragbite Creative Studios ("FCS")**

FCS is Fragbite's own studio that helps international brands reach out to and make an impact on its e-sports audience. Based on its broad experience, FCS carries out targeted concept marketing so as to primarily introduce different brands to e-sports, but also to carry out further marketing towards target groups that are often classified as difficult to reach with traditional marketing.

- **Frag-AD**

Frag-AD is the biggest complete advertising vertical in the Nordic region for advertising and marketing in e-sports aimed at gamers. Frag-AD handles everything from web servers, hosting and programmatic advertising, which means that advertising takes place automatically. Frag-AD also provides the rights for the in-game advertising solution "Anzu" in the Nordic region, an innovative solution for advertising through integrated advertisements in actual games.

Fragbite has around 10 employees working at its office in Stockholm.



Lucky Kat develops and publishes mobile games in the hypercasual segment. Hypercasual games have simple game mechanics aimed at the general public and free-to-play. Lucky Kat creates value through advertisements that are displayed to players while they are playing Lucky Kat games. Lucky Kat's games have been downloaded over 150 million times. Its most popular games include Road Crash, K Run Challenge and Magic Finger 3D.

Besides developing hypercasual mobile games, Lucky Kat has recently developed the game Panzerdogs for desktop. Panzerdogs is a game in the third generation internet including Web 3.0, with “play-and-earn” mechanics within the metaverse. This game is undergoing further development for future releases, including the release of custom NFTs (Non-Fungible Tokens). Lucky Kat also adds to Fragbite Group’s cutting-edge expertise in data-driven marketing models and provides additional opportunities for future gaming projects in the metaverse.

In December, Lucky Kat made a sale of 5,555 NFTs in the form of dog avatars at the price of one unit of the cryptocurrency Solana per NFT. These avatars are characters for the Web 3.0 game Panzerdogs, an online Player vs Player game built on the Solana blockchain with play-and-earn mechanics.

Lucky Kat has around 20 employees and is based in The Hague in the Netherlands.



Playdigious publishes and adapts existing indie games originally built for computers, converting them for smartphones, tablets and consoles. The games developed by Playdigious include Dead Cells, which was launched in China in mid-February 2021 in partnership with distributor Bilibili. A total of over 2 million paid downloads have been completed since its launch and the game remains attractive, holding steady among the top 30 popular games in the charts in China. Another game launched is the iOS version of Northgard. This game has won awards on the App Store (Game of the Day) and Google Play Store (Pre-register section). The game was also launched on Android in August.

Playdigious’s activities reduce Fragbite Group’s development risk as the group can reduce the high development costs associated with developing its own

game from scratch, and having a larger number of titles in its portfolio reduces its dependence on one or a small number of game titles. By building new games based on established gametitles, the recognition increases and thereby the likelihood for a good sales development.

Playdigious brings to Fragbite Group a larger portfolio of pay games and an established network of indie developers who own game titles that are already established and successful. These games are distributed via the leading distribution platforms in Asia and the West.

Playdigious has around 20 employees over the company’s three offices in Montpellier, Nancy and Paris in France.



FunRock Development and P Studios (“FunRock and Prey”) develop and publish proprietary mobile games. A decision has been made to merge these operations, but the group will retain and continue to work with both these brands going forward.

The games are distributed primarily via Google Play and Apple App Store. The games are developed by the subsidiaries’ own developers, primarily at their offices in Stockholm and Egypt, but also with the help of external consultants. The games are adapted for smartphones and tablets and apply the most common business model in mobile games (“free-to-play”), which means that players download the games and play for free, but can pay for additional game content in order to advance more easily in the game.

The subsidiaries have more than 20 employees working in Stockholm and at a development office in Alexandria, Egypt.

NFTs and Web 3.0

NFTs and Web 3.0 – a new and growing area in gaming and a new market for the Fragbite Group

Blockchain is best known as the technology and software behind the Bitcoin cryptocurrency. This technology can also be used in many other areas. A blockchain is a complete, distributed ledger of transactions made with an underlying digital object. The distributed nature of the ledger means that identical copies of it are available on many computers. The underlying reason for this is that it should be difficult to falsify the information. Each new transaction must be approved by all computers on the blockchain. All previous values related to the blockchain are already in these computers, so they can check that everything is correct and that nothing has been changed. If everything is correct, the transaction is approved and added to the blockchain list. Essentially, the blockchain technology are an innovative new way

of creating records. The blockchain technology is developing at a rapid pace and can also be extended to many non-financial applications.

As stated above, digital currencies such as Bitcoin were one of the first applications of sovereign decentralised autonomous organisations (DAOs). Public and decentralised blockchains offer a changed distribution of trust between different parties, and with decentralised software and open source code they can replace institutions that rely on centralised systems. While centralised institutions have to coordinate the functions of a financial system, the digital currency operates as a single, decentralised institution. The digital currency relies and is based on a global network of digital blocks that are validated and consist of cryptographic transactions verified by means of mathematical algorithms.⁴

The characteristics for DAOs (*) are that they are replacing centralized, hierarchical corporate structures with decentralized communities

Status Quo Infrastructure		Public Blockchain Infrastructure	
Centralized	Central authorities mediate network activity	Decentralized	Distributed computer nodes mediate network activity
Closed-Source	Network rules are determined behind closed door at the discretion of companies, platforms, and regulators	Open-Source	Network rules are open and auditable, coordinated by users and stakeholders
Corporate-Run	Corporations facilitate coordination, often excluding network participants	User-Run	Network participants facilitate coordination through a fair system of checks and balances
Permissioned	Geography and regulation control access to platforms	Permissionless	Anyone with an internet connection can participate and innovate

	Traditional Corporations	DAOs
Ownership	Permissioned	Permissionless
Governance	Costly	Frictionless
Accounting	Not transparent	Transparent
Discourse	Private	Public

*DAOs = Decentralized autonomous organisations.

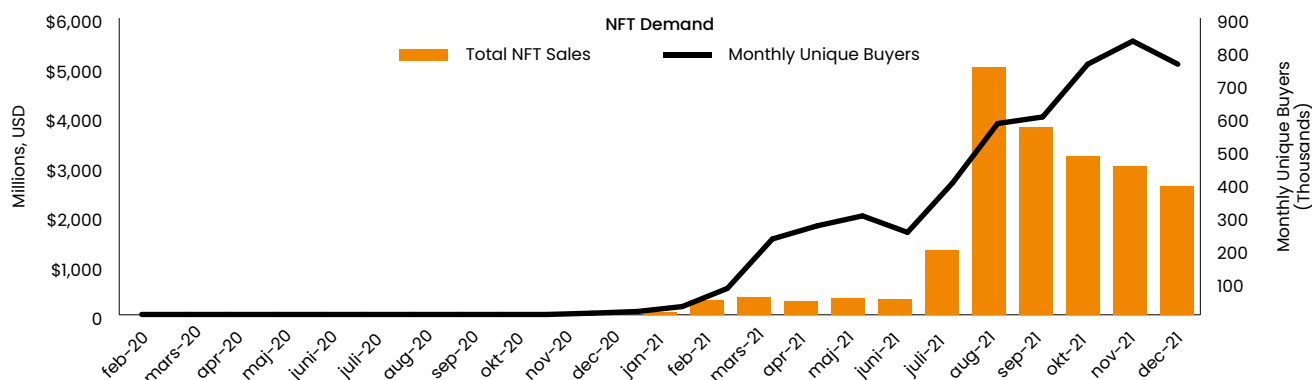
(4) <https://ark-invest.com/>

Smart contracts enable ownership of digital assets

Decentralised contract solutions are one of the most exciting applications for blockchain technology. Smart contracts help users to exchange funds, shares or any other type of property in a transparent, conflict-free way while avoiding intermediaries. It could be described as contracts being small programs that implement "if this happens, do this". If the blockchain has given us reliable distributed storage space, smart contracts will give us distributed contracts without the need for additional verification and financial intermediaries, and with reduced counterparty risk. Following the turbulent period between 2018 and 2020, Ethereum emerged in 2021 as the dominant smart contract platform for decentralised finance and Non-Fungible Tokens (NFTs). According to ARK Invest, a US investment fund that focuses on disruptive investments and trends, smart contract platforms such as Ethereum and Solana ensure both the underlying security of these decentralised financial systems and the currency in NFT marketplaces, leading them to predict that they are likely to comprise a portion of the global money supply over time⁵.

Smart contract platforms are open and transparent. High transaction fees on the Ethereum platform have created demand for new, more scalable solutions ("Layer 2") while maintaining security. The Solana platform has proven to be a competitive alternative for the gaming market, and is regarded as the most scalable blockchain in the world and the fastest growing ecosystem in crypto, with thousands of projects spanning DeFi (defined as the decentralised financial system of digital currencies), NFTs, Web 3.0 and more⁶. In total, more than 63 trillion transactions have been completed on the Solana platform and the currency has a total market value in excess of SEK 200 billion⁷. In addition, less energy is required to mine Solanas compared to other cryptocurrencies like Bitcoin and Ethereum.

Non-Fungible Tokens (NFTs) act as smart contracts that verify ownership of digital assets via public blockchains. NFTs generated USD 21 billion in revenue in 2021, and the number of monthly unique buyers increased nearly eight-fold to more than 700,000⁸.



Source: ARK Investment Management LLC, data sourced from Cryptoslam and NonFungible.

Web 3.0 – the third generation web

Web 3.0 is described as a decentralised internet based on blockchain technology where users own their own data and carry it with them from service to service, which enthusiasts predict will be the future of the internet.

Web 1.0 emerged in the 1990s and was based on simpler websites where you could access information but not create or do much with it. Building a website and getting it online was not something that many people were capable of. With Web 2.0, we started to think of the web more as an application or platform.

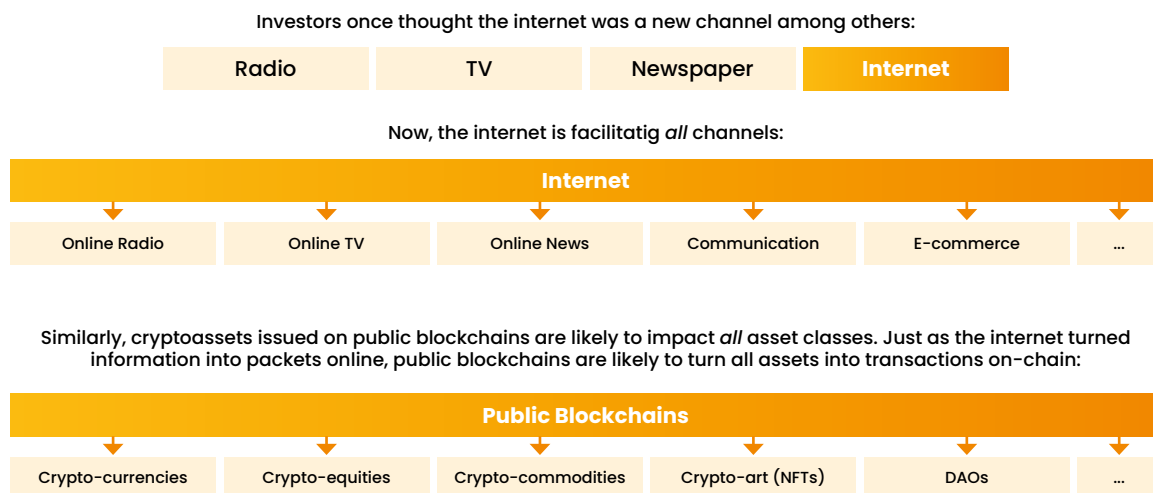
Along with this came online banking, blogs, social media and suchlike. We started doing things online, we create our own material and express our opinions. According to enthusiasts, we are moving away from large applications and enterprises with Web 3.0. Where we read and created things digitally in Web 1.0 and 2.0, in Web 3.0 we are taking the step of owning things digitally as well. Instead of a huge amount of data being stored in a few large databases held by Facebook or Google, for example, data is distributed so that everyone has control over their own information in a small, defined part of a shared blockchain.

(5) <https://ethereum.org/en/eth2/beacon-chain/>

(6) <https://solana.com/>

(7) <https://coinbase.com>

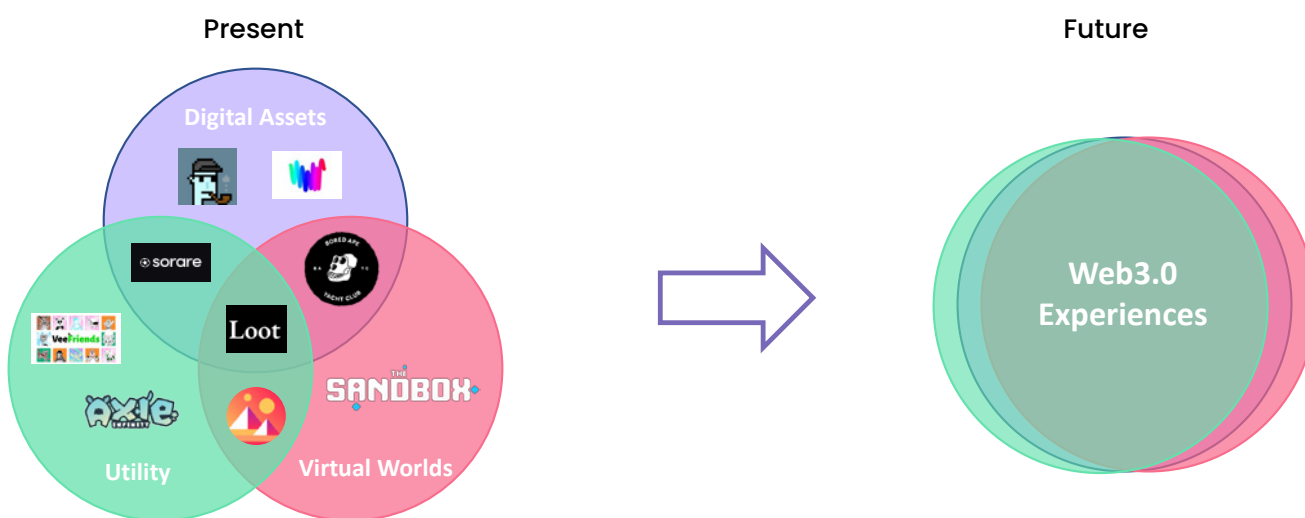
(8) <https://ark-invest.com/>



Source: ARK Investment Management LLC

It is likely that the applications and demand for digital assets will increase as consumers spend more time and resources online. ARK Invest predicts that this trend will lead to some of today's total consumer spending shifting to virtual worlds⁹. Collectibles and digital art accounted for more than 75% of NFT sales on Ethereum in 2021. NFT sales in virtual worlds such as *The Sandbox*

and games such as *Axie Infinity* have during 2021 accounted for less than 25% of cumulative sales on Ethereum. The increasing ability of different systems to communicate and work together for NFTs may enable convergence of collection of data, gaming, socialising and investments.



Blockchain-based games can enable simultaneous entertainment and revenue generation

Game developers use different business models to capitalise on their player base. Pay-to-play models require end-users to purchase games at a fixed cost. Free-to-play models replace pay-to-play and address a larger customer base as they are free to download and play. NFTs, virtual goods, services and gaming-as-a-service are predicted to increase revenues for game

developers. NFTs enable play-and-earn models as they ensure ownership of digital assets in a game or a virtual world. For instance, game developers can raise capital and reward users by distributing NFTs and other in-game rewards. Play-and-earn games are mobile and computer games based on a blockchain where players can “earn” the game’s internal cryptocurrency. Currency is earned by completing tasks, levelling up and building your characters in the game. Games in this genre have

⁽⁹⁾ ARK Invest predicts that by 2030, the Web 3.0 trend will reduce annual offline consumption by USD 7.3 trillion and that online consumption will increase at an annual growth rate of 28%, from an annual turnover of USD 1.4 trillion today to USD 12.5 trillion by 2030.

enjoyed increasing popularity worldwide in 2020 and 2021. Essentially, this is the same game idea as in traditional games, where points from the game (perhaps in the form of diamonds, coins or apples) are collected and used to upgrade characters and buy new in-game items. The difference is that these “points”, as well as the items used, can be bought and sold between players. This means that players can play the game and earn the game’s currency – play-and-earn. Unlike traditional games, these points are only linked to the player and have no value when the player stops playing, so in the case of play-and-earn, the game’s currency and characters can be sold on an internal or an open market. So with play-and-earn, players own their items/assets. In the games, items can either be linked to the player’s account or are transferable to a digital wallet, which can also be put up for sale on various NFT markets. To simplify this process, some games have also developed internal marketplaces. Supply and demand is what controls the price of the game’s currency and NFTs. Examples of successful play-and-earn games include *Axie Infinity*, *The Sandbox*, *Splinterlands*, *Sorare* and *Panzerdogs* (Fragbite Group).

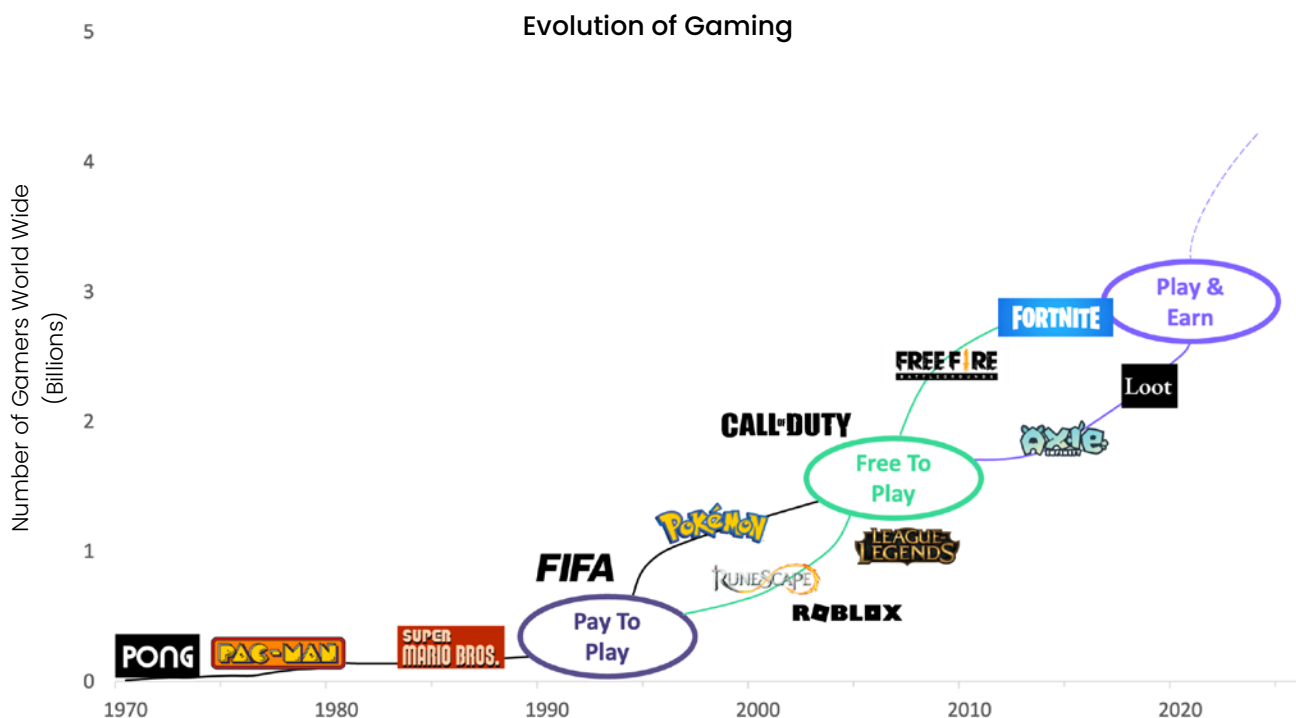
Metaverse – a virtual universe

The Metaverse is set to become part of the next generation internet, a virtual 3D animated meeting and trading place where digital currencies play a growing

role. Metaverse means “beyond the universe” and is expected to offer a more interactive version of the internet where users can trade, socialise and engage in various activities. There is no overall picture of exactly what such a universe will include, and the vision presented by one market player does not necessarily entirely match what is described by other stakeholders. The Metaverse can be described as an extension or sequel to today’s internet. The Metaverse is not just a place or a platform, or something that will be developed by one company alone. Rather, it involves different virtual worlds that can interact with one another. To quote Meta, the company formerly known as Facebook⁽¹⁰⁾:

“Metaverse is a series of virtual environments in which you can create and explore together with other people who are not in the same physical location as you”.

According to Matthew Balls⁽¹¹⁾, author of *The Metaverse*, the vision of the metaverse consists of lots of 3D worlds where everything happens in real time, where everyone can connect and where changes are permanent. These worlds and their users can interact with one another and data, identities, payments and digital assets can be transferred between them. Another point mentioned is that not only does a metaverse remain in the digital sphere, it should also be able to interact with the physical world.



(10) <https://meta.com>

(11) <https://www.matthewballs.vc/all/themetaverse>

Fragbite Group's blockchain-based games

As named above, the group, following the acquisition of Lucky Kat, now has two initiatives within Web 3.0, its own game, Panzerdogs, and in partnership with one of the leaders in metaverse, The Sandbox.

Panzerdogs

Panzerdogs is a game based on Solana, a blockchain technology where users can own characters and accessories in the game and use these to challenge other players. Players can own and refine their own content and potentially increase the value of these. Via their characters (avatars) players can access a Multiplayer online battle arena (MOBA) game.

Panzerdogs is in the nature of a strategic video game that can be played as both PVE (Player versus Environment) and PVP (Player versus Player) where two teams of three players each, compete against each other on a pre-defined map or in a pre-defined world. Each player controls a character with a set of distinct capabilities that can be increased during the course of the game and that contribute to the overall strategy of the team. The typical end goal is for the team to challenge or conquer the tanks or assets of their opponent, that are often located in the opponent's part of the map. PVE is the game mode where a player performs missions with various goals against AI controlled opponents. The PVE game mode will be available and free-to-play for everyone. This mode will consist of series of missions that are fun and easy to complete, and that will guide users in how to play the game, and so act as an introduction for new players.

The gaming experience has been the highest priority in the development of Panzerdogs. Followed by blockchain technology and play-to-earn Mechanics. By using blockchain technology, the aim is to offer players an innovative new way of practising their hobby that includes interactions and the possibility of influencing decisions on the game's ecosystem, character and development. Together with other users of the game, its Community, the Company is building a game that is available to a wide audience.

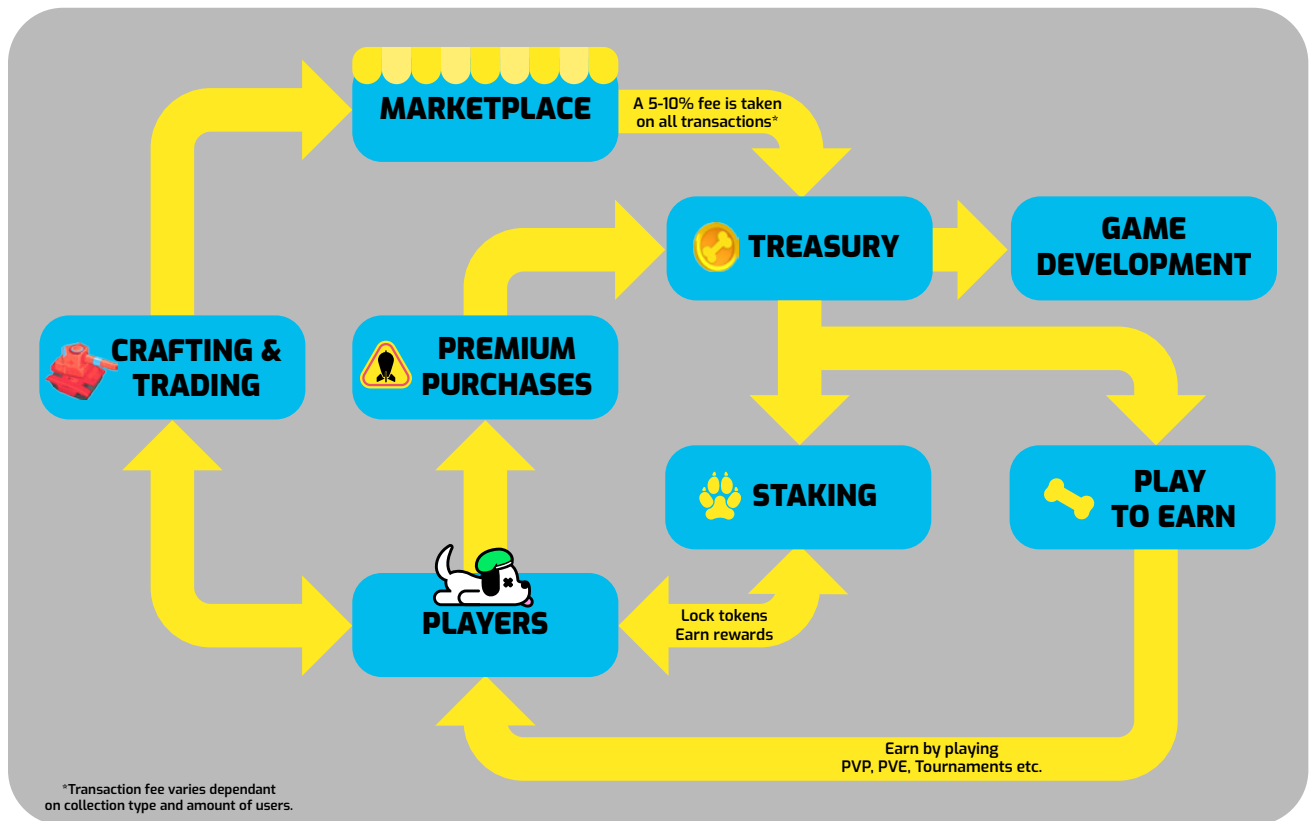
The Panzerdog ecosystem

To play Panzerdogs in PVP mode, a player has to own NFTs in the form of tank parts and dog avatars. The tank parts are used to create unique tanks that are controlled by the player in the game, while the dog avatars that are largely dependent on their unique skills, are given the opportunity to unlock a variety of rewards and advantages in the game. The Panzerdog ecosystem includes two internal game currencies, \$SCRAP and \$PANZR. \$PANZR is a premium currency and is in limited supply and that can be used to acquire new or upgrade existing objects (NFTs) in the game. \$SCRAP lowers the entry barrier and is offered to all players, whether or not they own NFTs, to be received as a reward to interacting with and playing the game. To create liquidity in the game currencies, the aim is to issue \$PANZR and \$SCRAP tokens on a decentralised exchange via a so-called IDO (Initial Decentralised Offering). This also means that the game currency can be exchanged for other cryptocurrencies.

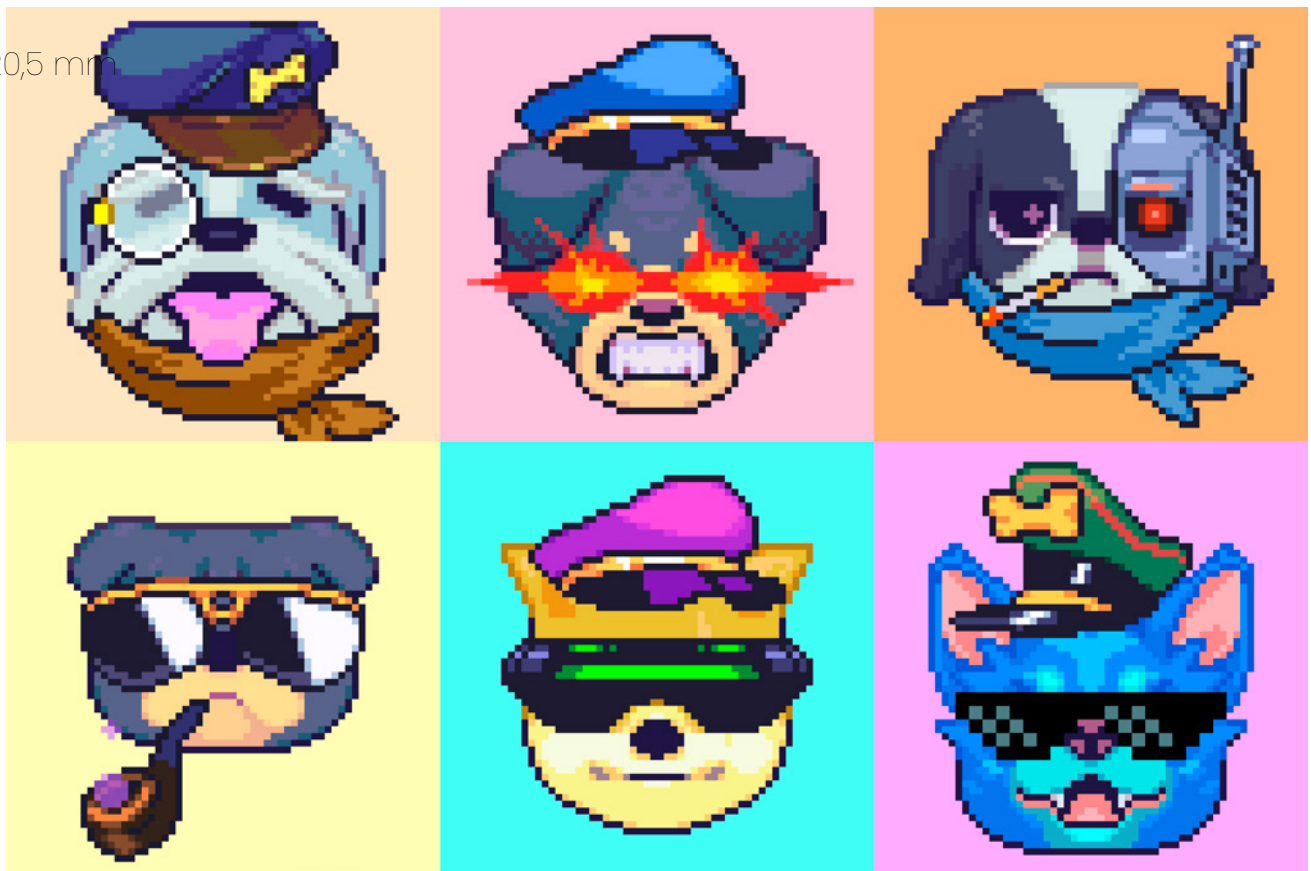
External NFT marketplaces are used to buy NFTs in the game, and for NFT trades between players. Players can sell avatars and tanks and tank parts that they have created. A commission of 5%-10% is charged on transactions depending on the type of NFT and number of users on the platform. Part of the revenues from NFT sales and transaction charges will flow back to the Panzerdogs Treasury, that can be used as rewards in the game, for example.

Additional NFTs in the form of avatars, tanks and parts, garages, land etc., will be continuously introduced in the game and on these marketplaces.

The vision is for all players to be able to be involved, even if they do not have any previous knowledge of NFTs or cryptocurrency. One of the goals of introducing Panzerdogs to a wide audience is to generate interest in and an understanding of NFTs.



20,5 mm



Lucky Kat Land

In partnership with The Sandbox, Lucky Kat is developing an amusement park themed part of The Sandbox metaverse. The Sandbox, a subsidiary of Animoca Brands, is a leading blockchain-based virtual world where players can own and build their own digital content, and potentially increase the value of these assets. Via their characters in the metaverse, players can access entertaining and socially enriching experiences, which, in addition to gaming experiences, can also be manifested in the form of virtual shows, concerts, art exhibitions, museums etc.

Lucky Kat Land is a unique gaming experience that includes unique virtual assets. These are in the form of characters, equipment such as helmets and shoes and buildings, NFTs within the Sandbox metaverse. The game

takes the form of an amusement park themed obstacle course where players have to avoid obstacles and other kinds of barriers. In addition to the obstacle course, Lucky Kat Land will include a social hub with an NFT gallery and places where players can socialise with each other virtually.

The partnership agreement means that the Fragbite Group and Lucky Kat are now part of an exclusive group of partners of The Sandbox, that includes Warner Music Group, Adidas, Snoop Dogg, The Walking Dead, Deadmau5, Atari, Rollercoaster Tycoon, Care Bears, the Smurfs and others. They all work in line with The Sandbox vision of giving players opportunities to create suitable digital experiences and drive the development of the next generation internet – Web 3.0.



The Fragbite Group share

Fragbite Group's shares were listed on the Nasdaq First North Growth Market on 12 July 2021 and are traded under the ticker FRAG. ISIN CODE: SE0015949334. The listing price was SEK 4.00 per share.

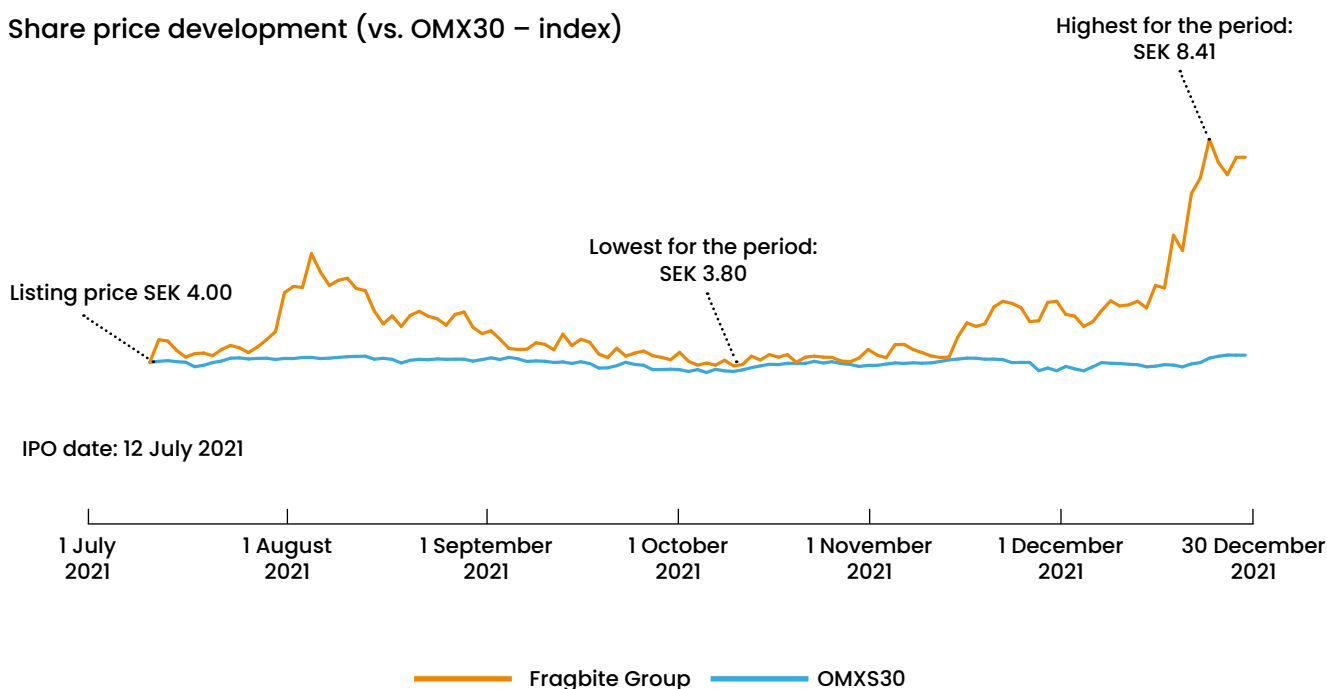
Development of the shares in 2021

The closing price for Fragbite Group shares on the last trading day of the year was SEK 8.00 per share, giving the company a total market value of SEK 671.8 million SEK. The highest price listed during the year was SEK 8.41, and the lowest was SEK 3.80.

Trading in the shares

A total of 52 million shares were traded at a value of SEK 266.9 million during the part of the year in which the company was listed, which is equivalent to 63 per cent of the average number of shares during the listed period. On average, 422,861 shares were traded per trading day, equivalent to average daily sales of approximately SEK 2.2 million.

Share price development (vs. OMX30 – index)



Number of shares and share capital

The number of shares in Fragbite Group at the end of the year was 83,969,199, corresponding to the same number of votes. The share capital amounted to SEK 1,399,462, and the quotient value per share is SEK 0.0167.

When the acquisition of Lucky Kat B.V. was completed in January 2022, Fragbite Group conducted a new issue of a total of 3,944,551 shares at a price of SEK 5.30, which meant that the number of shares increased from 83,969,199 to 87,913,750, a dilution of approximately 4.70 per cent.

Ownership structure

Fragbite Group had 1,429 shareholders as at 31 December 2021. The 10 largest shareholders held shares corresponding to 54.68 per cent of shares and votes.

List of shareholders, 31 December 2021, ten largest shareholders in Fragbite Group AB

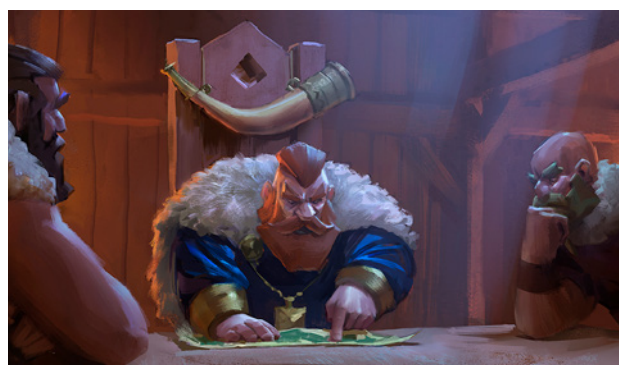
Shareholder	Number of shares and votes	Percentage of shares and votes (%)
Nordnet Pensions-försäkring	12,119,713	14.43%
Swedbank Försäkring	7,640,022	9.10%
Cacaeis Bank	5,409,138	6.44%
Santhe Dahl Invest AB	4,500,000	5.36%
Försäkringsaktiebolaget Avanza Pension	4,469,664	5.32%
Ålandsbanken Abp (Finland), Swedish branch	3,912,583	4.66%
Museion Förvaltning AB	2,651,351	3.16%
Stefan Tengvall (Privately and through companies)	2,035,000	2.42%
Måns Johansson	1,700,000	2.02%
Société Generale Securities	1,477,907	1.76%
TOTAL	45,915,378	54.68%

Dividend policy

All shares in the company carry equal rights to dividends, and decisions on dividends are made by the annual general meeting. The company's Board of Directors has not adopted a dividend policy. However, when considering whether to propose a dividend, the Board takes into account a number of factors, including the company's operations, operating profit, financial position, current and anticipated liquidity needs, expansion plans, contractual restrictions and other material factors. No dividend was issued for the 2020 or 2019 financial year. The Board of Directors intends to prioritise investments in profitable companies over dividends to shareholders over the next few years, and therefore proposes that the annual general meeting should decide not to pay a dividend for the 2021 financial year.

Key data, Fragbite Group shares

Earnings per share	-0.60
Earnings per share after dilution, SEK	-0.59
Outstanding shares at year-end	83,969,199
Closing price at year-end, SEK	8.00
Highest price during the year, SEK	8.41
Lowest price during the year, SEK	3.80
Market value at year-end, SEK millions	671.8
Number of shareholders	1,429



Board of Directors

According to the company's Articles of Association, the Board of Directors shall consist of not less than three and not more than eight members, with not more than one deputy, who are to be elected annually by the annual general meeting for the period until the next annual general meeting is held. The company's Board of Directors currently consists of five members elected by

the annual general meeting, including the Chairman of the Board.

The Board members, their positions, when they were first elected and whether they are deemed to be independent of the company and its management and of major shareholders are described in the table below.

Name	Position	Year of first election	Independence of the company and its management
Niclas Bergqvist	Chairman	2020	Yes
Claes Kalborg	Director	2020	Yes
Dawid Myslinski	Director	2020	Yes
David Wallinder	Director	2021	No
Sten Wranne	Director	2021	Yes



Niclas Bergqvist (born 1978) Chairman of the Board since 2020



Education and experience: Niclas holds a Bachelor of Science from Halmstad University. Niclas has previously been active in leading roles in a number of companies such as Getinge Sterilisation AB, Allergon, Benzlers and Stora Enso. Niclas has experience as an investor and entrepreneur. Niclas also has experience from previous and current Board appointments and as a management consultant.

Shareholding: Niclas owns 510,600 shares through companies and

privately, plus 150,000 warrants of series TO 3 2020/2022 and 150,000 warrants of series TO 5 2021/2022 in Fragbite Group privately.

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

Claes Kalborg (born 1962) Board member since 2020

Education and experience: Claes studied at Stockholm University. Claes has extensive experience as an entrepreneur, and of leading roles in the media and gaming industry. Claes was previously SVP Global Licensing at Rovio and SVP Head of Global Licensing at King.

Shareholding: Claes owns 15,000 shares through companies, plus 100,000 warrants of series TO 3 2020/2022 and 100,000 warrants of series TO 5 2021/2022 in Fragbite Group privately.

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



Dawid Myslinski (born 1976) Board member since 2020



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

Shareholding: Dawid privately owns 82,500 shares, plus 100,000 warrants of series TO 3 2020/2022 and 100,000 warrants of series TO 5 2021/2022 in Fragbite Group.

Other appointments: –

Sten Wranne (born 1961) Board member since 2021

Education and experience: Sten holds an MSc in Technical Physics from Chalmers University of Technology. Sten has held a number of CFO roles throughout his career, including at Stillfront Group from 2015 to 2019, but also at companies such as Adcore AB and Connecta AB. He has extensive experience of both financial management and M&A in gaming and other industries in addition to his Board work. Sten is a partner and working Board member of the management consulting group Newground Alliance. In his role as CFO at Stillfront, Sten worked with the listing process, investor relations, financing and a number of acquisitions.

Shareholding: Sten owns 160,000 shares privately and 75,000 shares through companies, plus 100,000 warrants of series TO 5 2021/2022 in Fragbite Group.

Other appointments: Board member of Newground Alliance AB, Black Ocean Development AB, Deseven International AB and Black Ocean Invest AB. Deputy Board member of Procure It Right AB, Influence AB, Influence People Sweden AB, Adage AB, Influence Tech AB, Influence Consulting Group AB, Influence Labs AB and Source It Right Nordic AB. Deputy Board member and CEO of Deseven Capital AB.



David Wallinder (born 1987) Board member since 2021



Education and experience: David holds a Master of Business Administration from Stockholm University. David has extensive experience as an entrepreneur in the gaming and technology sector, where he has founded several companies including Funrock as well as working with M&A. David also has experience from Board appointments, advisory roles and his own investment activities.

Shareholding: David owns 1,396,028 shares through companies and 100,000 warrants of series TO 5 2021/2022 in Fragbite Group privately.

Other appointments: Board member of Svenska Folkhemmet Möbler & Inredning AB, Heep Agency AB, Sqrtn Company AB, Lybe Sweden AB, DW Capital AB, Awelin AB, David Wallinder Holding AB, King's Island Ventures SL, VD Refine Group AB (publ) and Deputy Board member of AHT Holding AB.

Senior executives

Name	Position	Year of first election to current position
Stefan Tengvall	CEO, Fragbite Group	2020
Marcus Teilman	Deputy CEO and Head of M&A, Fragbite Group	2021
Lars Jonsson	CFO, Fragbite Group	2021
Magdy Shehata	CEO, FunRock och Prey	2016
Xavier Liard	CEO, Playdigious	2015/2021
Daniel Pereaux	CEO, Fragbite	2018/2021

Stefan Tengvall (born 1976) CEO since 2020



Education and experience: Stefan studied the Master's Programme in Accounting, Valuation & Financial Management at Stockholm School

of Economics. Stefan 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 sales of SEK 134 million and EBIT of SEK 29 million until the company was sold to Telenor in 2012. Previously, Stefan was also a leading investor and Chairman of Scrive, a leading e-signing company.

Shareholding: Stefan owns 2,035,000 shares privately and through companies and 150,000 warrants of series TO 3 2021/24 in Fragbite Group privately.

Other appointments: Board member of Topco AB. Chairman of the Board of TechBuddy International Holding AB and Hello Ebbot AB. Board member and CEO of Twin Mountain Group AB and Autonoma System i Stockholm AB.

Marcus Teilman (born 1983) Deputy CEO and Head of M&A since 2021



Education and experience:

Marcus studied Business and Economics at Stockholm University. Marcus has more than 15 years' experience from leading positions in a listed environment, mainly from iGaming, including 8 years as CEO and Group President as well as Board member of Acroud AB (publ.), listed on the Nasdaq First North Growth Market Premier. He also has broad experience in M&A and finance, mainly in iGaming, FinTech and Online Media.

Shareholding: Marcus owns 75,000 shares and 150,000 warrants of series TO 3 2021/24 in Fragbite Group privately.

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

Lars Johansson (born 1959) CFO since 2021

Education and experience:

Lars holds an MSc in Business and Economics from Stockholm School of Economics and has more than 30 years' experience from leading roles and Board appointments at listed and unlisted companies in various industries. Besides running his own consultancy, Lars joined the company from NetEnt AB, where he was CFO; and prior to that he worked at Ratos AB, where he was Senior Investment Director and formerly the acting CEO. His previous positions include

CFO of Swedavia, CFO/COO of TV4 Group AB, CFO/COO and Acting CEO of Orc Software AB. Lars has extensive experience of M&A.

Shareholding: Lars owns no shares or warrants in Fragbite Group.

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



Magdy Shehata (born 1990) CEO of FunRock since 2016



Education and experience: Magdy holds an MSc in Entrepreneurship and Innovation Management from the Royal Institute of Technology and a BSc in Computer Engineering from Pharos University in Alexandria. Magdy is co-founder of FunRock and has approximately 15 years' experience from working in the technology industry. Magdy previously worked as Marketing Manager at Truecaller.

Shareholding: Magdy owns 29,722 shares and 137,500 warrants of series TO 3 2021/24 in Fragbite Group.

Other appointments: –

Xavier Liard (born 1983) CEO of Playdigious since 2015

Education and experience:

Xavier holds an MSc in Computer Engineering from the University of Technology of Compiègne (UTC). He co-founded DotEmu in 2007 with Romain Tisserand, which was sold in 2014. Xavier and Romain then founded Playdigious in 2015, which Fragbite Group acquired in May 2021.

Shareholding: Xavier privately owns 1,477,907 shares in Fragbite Group.

Other appointments: Board member of Capital Games.



Daniel Pereaux (born 1988) CEO of Fragbite AB since 2018



Education and experience:

Daniel holds a Bachelor's degree in Business Administration and a Bachelor's degree in Innovation Technology from Mälardalen University. Daniel is very passionate about gaming and e-sports and has many years of experience in sales.

Shareholding: Daniel owns

1,404,055 shares through companies and 150,000 warrants of series TO 3 2021/24 in Fragbite Group privately.

Other appointments: Board member of Pereaux Holding AB.

Other information about the Board of Directors and senior executives

Stefan Tengvall, the company's CEO, has a notice period of six (6) months when resigning from his position as CEO and when resigning from the company. Marcus Teilman, the company's Deputy CEO and Head of M&A, has a notice period of six (6) months when resigning from his position as Deputy CEO and when resigning from the company. Lars Johansson, the company's CFO, has a notice period of six (6) months when resigning from his position as CFO and when resigning from the company.

None of the Board members or senior executives referred to above has entered into any agreement with the company concerning benefits following termination of their employment.

Auditor

Revideco AB has been the company's auditor since 2016 and was last elected for the period until the 2022 annual general meeting. Erik Emilsson (born 1962) is a certified public accountant and the principal auditor for Fragbite Group. Revideco AB's office address is Drottningholmsvägen 22, Stockholm.

Remuneration to the Board of Directors, Chief Executive Officer and other senior executives

Remuneration to the Board of Directors

At the annual general meeting on 29 June 2021, it was decided that the Chairman of the Board should receive a fee of four (4) price base amounts per year, and the other members should receive a fee of two (2) price base amounts per member per year. For more information on warrants of series TO 3, TO 4 and TO 5 and on remuneration paid to Board members and senior executives in the 2021 financial year, see note 2 in the Director's report.

Risks and risk management

Uncertainty about future events is a natural part of any business. Future events may have a positive impact on the business and provide opportunities for increased value creation, or a negative impact due to risks that may adversely affect the company's operations and performance.

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 discussed 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 the group's finance and accounting policies. Fragbite Group is constantly assessing and evaluating the risks to which the group is and may be exposed. Critical environmental factors are managed through product and business development, and operationally through daily sales activities and other business activities.

Some of the strategic and operational risks that may be of significance to the future development of the company are stated below. These 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. As things stand at present, revenues are generated primarily from the company's mobile games, publishing activities and e-sports platform. To extend game lifecycles and generate recurring revenues, Fragbite Group needs to actively work on maintaining a high level of customer awareness of existing game titles, the games covered by the com-

pany's publishing activities and the activities conducted on its e-sports platform. The commercial success of existing and future games and platform content may deteriorate or not be achieved at all if the company fails to identify and adapt to trends and end-user expectations and demands for gaming experiences and platform content. This may result in adverse impact on the company's operating revenues.

Risks related to competition in the company's market

The gaming industry is attractive and competitive, and sometimes driven by "hits". In order for Fragbite Group to maintain its competitive position and thereby continue to grow and develop the business, the Company must continue to develop, launch and successfully market games that appeal to players as well as continuing to provide content on the company's e-sports platform that appeals to e-sports enthusiasts.

Risks related to the company's game development

All development and launching of games involves a certain amount of uncertainty when it comes to estimating the time and resources required to complete games. Game development projects may turn out to need more development work than was originally planned. Projects started may also need to change direction or design for commercial reasons while they are in progress. This may be due to changes in gaming trends, for example, or expectations and demands among gamers. Delays in product launches and technological developments in the gaming market could cause Fragbite Group's games to become outdated compared to 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, for instance, compared to when tasks such as development, publishing, marketing and distribution are carried out by the company itself. 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 Apple App Store and Google Play. If holders of digital distribution platforms were to suspend or limit the company's access to their platforms, be affected by outages, impair the company's terms and conditions in respect of revenue distribution, for instance, or report inaccurate sales figures to the company, this could have a negative financial impact in the short term; and in the longer term, persistent failures could make it more difficult for the company to reach out to end users.

Risks related to the company's growth strategy

The group's future growth is expected to take place both organically 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 fail to appear in whole or in part.

IT risks

Fragbite Group is dependent on effective IT infrastructure in order to produce, develop, sell and publish its gaming products and run its e-sports 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, which may affect the company's financial position.

Risks related to regulatory requirements

It is essential for the company's operations to be compliant with the applicable laws and regulations in the various jurisdictions in which the company operates. However, regulatory compliance is time-consuming and costly and may increase when amendments are made to laws and regulations, and as mobile gaming and e-sports are still relatively new industries, laws and regulations may alter rapidly and affect the company's operations and profitability in the short term by requiring the company to allocate additional resources to regulatory compliance, for example. 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 – by failing to prevent unauthorised disclosure or incorrect handling of personal data, for example – could result in negative publicity, harm the group's reputation and lead to reduced revenues and increased costs.

Risks related to COVID-19

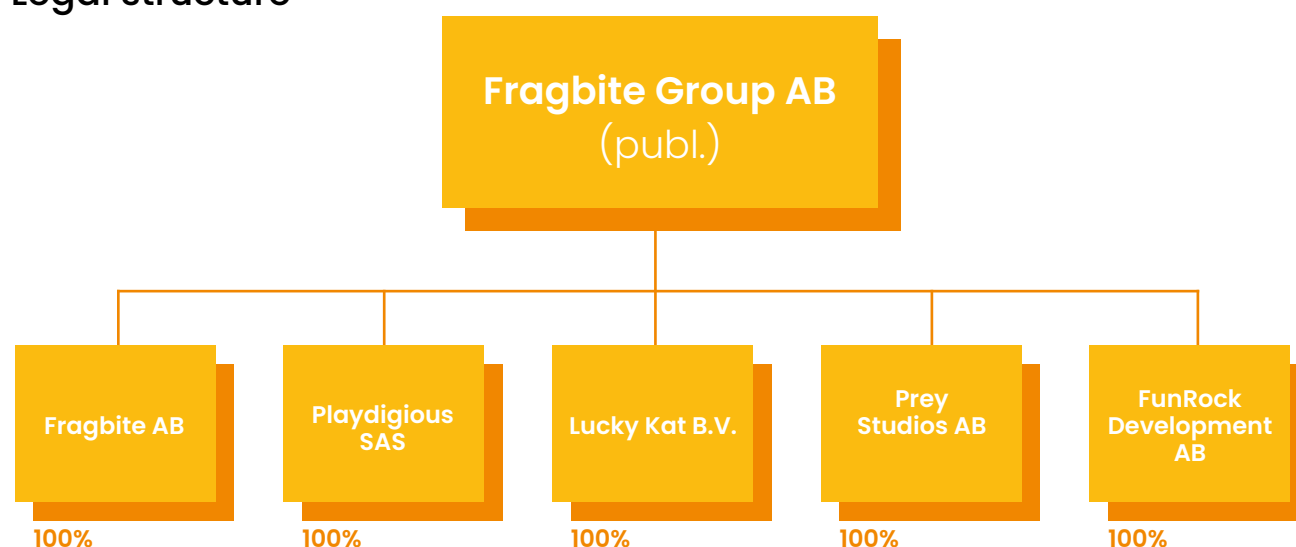
The period since the first quarter of 2020 has been marked by the global outbreak of the COVID-19 pandemic. Operations have been adversely affected by cancelled events and consequent loss of advertising revenue in 2021, especially in e-sports. When Sweden – together with many other European countries – lifts restrictions, this activity should be able to return to more normal levels. However, this still poses a risk as the pandemic is not yet over and there is a risk of new mutations and associated new restrictions. Operations may be adversely affected in the event of a renewed increase in the spread of infection, also as the organisation may be affected by illness and the company's operations may need to be restricted.

Organization

Management

The corporate management consists of six (6) persons, and the Board of Directors consists of five (5) members elected by the annual general meeting. More information on the company's executive and Board of Directors can be found under "Board of Directors" and "Senior executives", respectively. The company has a total workforce of approximately 80 full-time employees and uses external consultants to staff certain projects.

Legal structure



General company information

Fragbite Group AB (publ), co. reg. no. 556990-2777, is a Swedish public limited liability company, has its registered office in the County of Stockholm, Municipality of Stockholm, and was incorporated in Sweden on 13 November 2014. Its current company name (and trading name) was registered on 10 June 2021.

- The company's head office and visiting address is at Mäster Samuelsgatan 45, SE-111 57 Stockholm.
- The company's identification code (LEI) is 549300RMCBX44ZFTPT73.
- The company's website is www.fragbitegroup.com.
- The company's shares are admitted to trading on the Nasdaq First North Growth Market under the ticker FRAG, ISIN code SE0015949334.
- The company has engaged Euroclear Sweden AB to act as the accounting institution and maintain the company's share register.

Corporate governance

Corporate governance within Fragbite Group

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

General meeting

General information

According to the Swedish Companies Act (2005:551), the general meeting is the company's highest decision-making body. Shareholders exercise their voting rights on key issues at the general meeting, including the adoption of the income statement and balance sheets, appropriation of the company's profits, the discharge of Board members and the Chief Executive Officer from liability, election of Board members and auditors, and remuneration of the Board and auditors.

Fragbite Group's annual general meetings are held in Stockholm every calendar year and must be held within six months of the end of the financial year. Extraordinary general meetings may be convened in addition to the annual general meeting. According to the Articles of Association adopted at the extraordinary general meeting on 3 May 2021, the annual general meeting and general meetings are convened by advertising in Post- och Inrikes Tidningar and on the company's website. Information stating that the meeting has been convened must be published in Dagens Industri at the time of convening the meeting.

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

General information

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

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

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

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

Other policies

The company's Board of Directors has adopted an insider trading policy as a complement to current insider trading legislation in Sweden. This policy, which applies to both Board members and employees, 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 provision of information 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. The provisions on remuneration committees can be found in the Code, application of which is not mandatory for the company. The company is currently of the opinion that, given the scope of its activities and the size of the company, setting up committees to deal with audit issues is not justified, but that these should be dealt with by the entire Board during Board meetings. However, a remuneration committee consisting of Niclas Bergkvist (Chairman), Claes Kalborg and Sten Wranne was established in January 2022.

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 management of the Board of Directors and the Chief Executive Officer. 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 must have one or two auditors, with or without deputy auditors. A decision was made at the annual general meeting on 29 June 2021 to re-elect Revideco AB as the company's auditor for the period until the next annual general meeting. Erik Emilsson is the principal auditor.

Internal audit

The company has not established a specific internal audit function.

Directors' report

General information about the business

Fragbite Group AB (publ), co. reg. no. 556990-2777, is a digital gaming entertainment group with subsidiaries active in the mobile gaming and e-sports industry and is listed on the Nasdaq First North Growth Market in Stockholm. The group consists of companies with about 80 employees who all share the same passion for gaming. The group's registered office is in Stockholm, Sweden, and it has physical representation in Alexandria in Egypt, Montpellier, Nancy and Paris in France and

The Hague in the Netherlands. The Group has three internal game development studios; Lucky Kat, FunRock Development and Prey Studios. These develop, publish, distribute and market mobile games for the global gaming market. Fragbite AB is one of the Nordic region's leading e-sports media companies that arranges and broadcasts e-sports tournaments live. Playdigious licenses and adapts games for mobile phones and develops indie games.

A change of name from Funrock AB to Fragbite Group AB (publ) was completed in the first six months of the year.

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

Group, KSEK	2021	2020	2019
Net sales	124,041	4,595	1,241
Operating profit, EBITDA	6,162	-5,458	-7,770
EBITDA margin, %	4.97	n/a	n/a
Operating profit, EBIT	-45,746	-22,336	-13,093
Balance sheet total	304,258	72,257	21,956
Equity/assets ratio, %	66.8	93.6	71.4

Definitions: see note 26.

Significant events during the financial year

- The acquisition of Fragbite AB was completed in February.
- Directed share issue of SEK 35.4 million before issue costs was completed in February.
- Two further directed share issues were completed in April and May, raising SEK 31.7 million before issue costs.
- The acquisition of French company Playdigious SAS was completed in May.
- Change of name from Funrock AB to Fragbite Group AB (publ) completed.
- Directed share issue of SEK 25.0 million before issue costs was completed in June.
- The offering prior to listing on the Nasdaq First North Growth Market was oversubscribed and provided the company with just over SEK 22.0 million before issue costs. Trading in Fragbite Group shares began on 12 July under the ticker FRAG.
- Additional purchase price of EUR 1.5 million was paid for the acquisition of Playdigious SAS, of which EUR 0.75 million was paid in cash and EUR 0.75 million was paid by means of share issue.

- In December, an agreement was signed concerning the acquisition of Dutch company Lucky Kat B.V., and this transaction was completed in January 2022.

Events after the end of the financial year

- The acquisition of Lucky Kat B.V. was completed on 3 January, and the Board of Directors decided to issue a total of 3,944,551 shares in connection with this. Lucky Kat's results for the fourth quarter of 2021 have been included in the group's results for the same period in accordance with the acquisition agreement.
- Fragbite Group's subsidiary Lucky Kat signed a partnership agreement with The Sandbox on 9 February to create its own amusement park-themed world in Metaverse, a decentralised digital ecosystem built on Web 3.0, the next generation internet.
- The Board of Directors has, during an extraordinary board meeting on 12 April, appointed Marcus Teilman as President and CEO who will take up this position at the annual general meeting on 25 May, 2022. Marcus is presently Deputy CEO and Head of M&A. The present CEO and President Stefan Tengvall will leave

his position at the annual general meeting on 25 May, 2022 and has informed the Nomination Committee that he is available for an operational role on the Company's Board.

- Prior to the annual general meeting on 25 May, 2022, the Nomination Committee recommend re-election of Niclas Bergkvist, Claes Kalborg, Dawid Myslinski, Dawid Wallinder and Sten Wranne. Stefan Tengvall and Zara Zamani are proposed new Board members. The Nomination Committee further recommends that Fragbite Group's outgoing CEO Stefan Tengvall be elected as Chairman of the Board and Niclas Bergkvist as Vice Chairman.

Expected future development

The company is continuing to develop and launch high-quality games that appeal to its target group. The company is expected to publish new proprietary game titles and intend to hold e-sports events in an increased number of countries.

Important conditions

The Parent Company's balance sheet has taken into account the two additional purchase prices agreed on at the acquisition of Playdigious SAS as of 31 May 2021, amounting to EUR 1 million and EUR 1 million, which fall due in September 2022 and September 2023, respectively.

Pro forma report

As Fragbite Group has a clear strategy to grow both organically and through acquisitions, a pro forma report has been prepared in order to show how its financial development would have progressed if the acquisitions of Fragbite AB (acquired on 18 February 2021), Playdigious SAS (acquired on 31 May 2021), and the recent acquisition of Lucky Kat B.V. had already taken place on 1 January 2021.

Pro forma, KSEK	2021
Group	
Net sales	212,257
Capitalised work on own account	6,757
Other operating income	14
Total operating income	219,029
Operating expenses	
Cost of goods and services sold	-149,447
Other external expenses	-22,934
Personnel costs	-25,846
Operating profit, EBITDA*	20,801
Operating profit, EBITDA, adjusted	24,369
Depreciation and impairment of tangible and intangible fixed assets	-87,702
Other operating expenses	-178
Operating profit, EBIT	-67,078
Profit from financial items	
Interest expenses and similar profit items	-426
Profit after financial items	-67,505
Tax on profit for the year	-7,367
Profit for the year	-74,872

*The result is affected by non-comparable costs of KSEK 3,568 for the full year, attributable to the listing on the Nasdaq First North Growth Market in July 2021.

Significant financial risks and uncertainties

Liquidity risks

The company is in need of external financing in cases where the company's own cash flow is insufficient so as to enable acquisitions, game development and other development within the company's operations. There is a risk of being unable to raise external capital in the future if necessary, and/or if capital cannot be raised on terms acceptable to the company. This could lead to the company's market position deteriorating in relation to competitors, and to the company's growth strategy being hampered by limiting the ability of acquiring companies.

Currency risks

The company is exposed to exchange rate fluctuations due to its international operations in the form of transaction exposure that occurs when one currency is exchanged for another. The result is 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 assets and liabilities in foreign currency 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 assets and liabilities in foreign currency, and there has been no currency hedging of the company's flows in foreign currency during 2021.

The company also conducts certain operations in blockchain technology in the recently acquired company Lucky Kat B.V., which involves exposure to fluctuations regarding cryptocurrency.

Interest rate risks

Changes in the interest rate situation 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 short investment horizon, respectively, the interest rate risk to which the group's revenues and cash flow are exposed is 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, which could, however, adversely affect the company financially in the event of a distributor's suspension of payments.

See page 32 for risks related to the company's business and industry.

Proposed appropriation of the company's profit or loss

The Board of Directors proposes that non-restricted equity, SEK 239,647,873, will be carried forward.

With regard to the group's and the Parent Company's earnings and position in general, reference is made to the following income statements and balance sheets with accompanying notes.

Income statement – Group

Amounts in KSEK	Note	2021	2020
Net sales		124,041	4,595
Capitalised work on own account		6,757	6,087
Other operating income		9	173
Total operating income		130,807	10,856
Operating expenses			
Cost of goods and services sold		-88,013	-4,259
Other external expenses		-20,143	-6,453
Personnel costs	2	-16,488	-5,601
Operating profit before depreciation, amortization and impairments, EBITDA		6,162	-5,458
Depreciation, amortization and impairment of tangible and intangible fixed assets	7-10	-51,621	-16,867
Other operating expenses	3	-287	-12
Operating profit, EBIT		-45,746	-22,336
Profit from financial items			
Interest expenses and similar profit items	5	-443	-233
Profit after financial items		-46,189	-22,569
Tax on profit for the year	6	-4,207	-
Profit for the year		-50,397	-22,569
Attributable to the Parent Company's shareholders		-50,397	-22,569

Balance sheet – Group

Amount in KSEK	Note	31 December 2021	31 December 2020
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for development work and similar work	7	14,595	23,960
Concessions, patents, licences, trademarks and similar rights	8	143	143
Goodwill	9	167,797	40,630
Total intangible fixed assets		182,535	64,733
Tangible fixed assets			
Equipment, tools, fixtures and fittings	10	221	9
Total tangible fixed assets		221	9
Financial assets			
Other non-current receivables	13	1,806	–
Total financial assets		1,806	–
Total fixed assets		184,562	64,742
Current assets			
Current receivables			
Trade receivables		17,175	473
Other receivables		3,701	2,127
Prepaid expenses and accrued income	14	11,361	54
Total current receivables		32,237	2,654
Cash and bank balances		87,460	4,861
Total current assets		119,697	7,515
TOTAL ASSETS		304,258	72,257
EQUITY AND LIABILITIES			
Equity			
Share capital		1,399	544
Other paid-in capital		317,165	132,858
Retained earnings, including profit for the year		–115,310	–65,742
Equity attributable to Parent Company's shareholders		203,254	67,660
Total equity		203,254	67,660
Non-current liabilities			
Liabilities to credit institutions	17	31,487	–
Other liabilities	19	10,131	–
Total non-current liabilities		41,618	–
Current liabilities			
Liabilities to credit institutions	17	15,000	–
Accounts payable		25,834	473
Current tax liabilities		338	39
Other liabilities	19	13,523	2,825
Accrued expenses and prepaid income	20	4,692	1,259
Total current liabilities		59,386	4,597
TOTAL EQUITY AND LIABILITIES		304,258	72,257

Cash flow analysis – Group

Amount in KSEK	Note	2021	2020
Operating activities			
Profit after financial items	23	-46,189	-22,569
Adjustments for non-cash items	24	51,621	16,866
Income tax paid		-3,908	-12
Cash flow from operating activities before changes in working capital		1,524	-5,715
Increase (-)/Decrease (+) in operating receivables		-29,430	-475
Increase (+)/Decrease (-) in operating liabilities		31,836	-4,173
Cash flow from operating activities		3,930	-10,363
Investing activities			
Acquisition of tangible fixed assets		-362	-7,092
Acquisition of intangible fixed assets		-6,993	-143
Acquisition of subsidiaries, net liquidity impact		-63,847	10,287
Ongoing investment in financial assets		-1,806	-
Cash flow from investing activities		-73,008	3,052
Financing activities			
New share issue		109,925	10,706
Borrowings		45,000	-
Repayment of loans		-3,360	-
Cash flow from financing activities		151,565	10,706
Cash flow for the year		82,487	3,394
Cash and cash equivalents at start of year		4,861	1,466
Exchange difference in cash and cash equivalents		112	-
Cash and cash equivalents at year-end		87,460	4,861

Equity – Group

Amount in KSEK	Share capital	Other paid-in capital	Ret earnings, inc profit for the year	Total equity
2020				
Opening balance	172	58,676	-43,173	15,675
Profit for the year	-	-	-22,569	-22,569
New share issue	362	74,182	-	74,544
Unregistered share capital	10	-	-	10
At year-end	544	132,858	-65,742	67,660
2021				
Opening balance	544	132,858	-65,742	67,660
Profit for the year	-	-	-50,397	-50,397
New share issue	855	184,307	-	185,162
Change in the group's structure	-	-	829	829
At year-end	1,399	317,165	-115,310	203,254

Income statement – Parent Company

Amounts in KSEK	Note	2021	2020
Net sales		2,359	49
Operating expenses			
Other external expenses		-8,621	-129
Personnel costs	2	-1,278	-
Operating profit before depreciation, amortization and impairments, EBITDA		-7,540	-80
Other operating expenses	3	-804	-
Operating profit, EBIT		-8,344	-80
Profit from financial items			
Profit from participations in Group companies	4	6,815	-
Impairments of financial fixed assets		-22,500	-52,648
Interest expenses and similar profit items	5	-202	-225
Profit after financial items		-24,230	-52,952
Tax on profit for the year	6	-	-
Profit for the year		-24,230	-52,952

Balance sheet – Parent Company

Amounts in KSEK	Note	2021	2020
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	11	235,496	75,495
Receivables from Group companies	12	1,150	–
Other non-current receivables	13	1,661	–
Total financial assets		238,307	75,495
Total fixed assets		238,307	75,495
Current assets			
Current receivables			
Trade receivables		1,969	–
Receivables from Group companies		3,152	3,303
Current tax asset		90	–
Other receivables		–	1,500
Prepaid expenses and accrued income	14	695	–
Total current receivables		5,906	4,803
Cash and bank balances		66,885	3,372
Total current assets		72,790	8,174
TOTAL ASSETS		311,097	83,669
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,399	544
Total restricted equity		1,399	544
Non-restricted equity			
Free share premium reserve		317,165	132,858
Retained earnings		–53,286	–334
Profit for the year		–24,230	–52,952
Total non-restricted equity		239,648	79,572
Total equity		241,047	80,116
Non-current liabilities			
Liabilities to credit institutions	17	27,500	–
Liabilities to Group companies	18	1,614	–
Other liabilities	19	10,131	–
Total non-current liabilities		39,246	–
Current liabilities			
Liabilities to credit institutions	17	15,000	–
Accounts payable		1,838	63
Liabilities to Group companies	18	1,800	750
Other liabilities	19	10,308	2,655
Accrued expenses and prepaid income	20	1,858	86
Total current liabilities		30,804	3,553
TOTAL EQUITY AND LIABILITIES		311,097	83,669

Cash flow statement – Parent Company

Amounts in KSEK	Note	2021	2020
Operating activities			
Profit after financial items	23	-24,230	-52,952
Adjustments for non-cash items	24	22,500	52,648
Income tax paid		-20	-
Cash flow from operating activities before changes in working capital		-1,750	-304
Increase (-)/Decrease (+) in operating receivables		-1,083	61
Increase (+)/Decrease (-) in operating liabilities		2,119	3,551
Cash flow from operating activities		-714	3,308
Investing activities			
Shareholders' contribution made		-10,400	-10,400
Loans to subsidiaries		-1,150	-1,500
Ongoing investment in financial fixed assets		-1,661	-
Acquisition of subsidiaries		-76,601	-
Cash flow from investing activities		-89,812	-11,900
Financing activities			
New share issue		109,925	10,706
Borrowings		45,000	-
Repayment of loans		-2,500	-
Loans from subsidiaries		1,614	-
Cash flow from financing activities		154,039	10,706
Cash flow for the year		63,513	2,114
Cash and cash equivalents at start of year		3,372	1,258
Exchange difference in cash and cash equivalents		-	-
Cash and cash equivalents at year-end		66,885	3,372

Equity – Parent Company

	Restricted equity	Non-restricted equity		
Amounts in KSEK	Share capital	Share premium reserve	Ret earnings, inc profit for the year	Total equity
2020				
Opening balance	172	58,677	-334	58,514
Profit for the year		-	-52,952	-52,952
New share issue	372	74,182	-	74,554
At year-end	544	132,858	-53,286	80,116
2021				
Opening balance	544	132,858	-53,286	80,116
Profit for the year		-	-24,230	-24,230
New share issue	855	184,307	-	185,162
At year-end	1,399	317,165	-77,517	241,047

Notes

Amounts in KSEK unless otherwise stated

NOTE 1. Accounting policies

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

Intangible assets

Expenditure on development.

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

The activation model is applied when recognising expenses for development. This means that expenses incurred during the development phase are recognised as an asset when all of the following conditions are met:

- It is technically possible to complete the intangible fixed asset so that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it.
- Conditions exist for using or selling the intangible fixed asset.
- It is likely that the intangible fixed asset will generate future economic benefits.
- There are necessary and adequate technical, financial and other resources to complete development and to use or sell the intangible fixed asset.
- The expenditure that is attributable to the intangible fixed asset can be reliably calculated.

Amortization

Amortization takes place on a straight-line basis over the asset's estimated useful life. Amortization is recognised as an expense in the income statement.

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

Acquired intangible assets

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

Tangible fixed assets

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

Additional expenses

Additional expenses that meet the asset criterion are included in the asset's carrying amount. Expenses for ongoing maintenance and further development are recognised as expenses when they arise.

Depreciation

Depreciation takes place on a straight-line basis over the asset's estimated useful life, as it 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 fixed assets and participations in Group companies

An assessment is performed at each balance sheet date to see whether there is any indication that an asset's value is lower than its carrying amount. If there is any such 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. When calculating the value in use, the present value is calculated from the future cash flows that the asset is expected to give rise to in ongoing operations and when it is sold or scrapped. The discount rate used is before tax and reflects market assessments of the time value of money and the risks associated with the asset. An earlier impairment is reversed only if the reasons used as a basis for the calculation of the recoverable amount at the most recent impairment have changed.

Items in foreign currencies

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

Non-monetary items that are valued at fair value in foreign currency shall be 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 rates 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 rate difference pertaining to a monetary item that forms part of a net investment in a foreign operation and that is valued on the basis of acquisition value is recognised in the consolidated accounts as a separate component directly in equity.

Translation of foreign operations

Assets and liabilities, including goodwill and other fair value adjustments, are translated using the exchange rate at the balance sheet date. Revenue 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 rate 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 valued in accordance with Chapter 4, Sections 14a to 14e of the Annual Accounts Act) in BFAR 2012:1.

Classification and valuation

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

(i) Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that have fixed or determinable payments, but which are not derivatives. These assets are valued at amortised acquisition value. Accrued acquisition value is determined on the basis of the effective interest rate calculated at the time of acquisition. Accounts receivable are recognised at the amount that is expected to be received, i.e. after deductions for doubtful receivables.

(ii) Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. Liabilities are valued at accrued acquisition value.

Remuneration to employees

In the case of defined contribution plans, established fees are paid to another company, normally an insurance company, and the company no longer has any obligation to the employee when the fee is paid. The size of the employee's compensation after termination of employment depends on the contributions that have been paid and the return on capital that the fees provide.

Defined contribution plans

The contributions for 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 financial 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 time of termination.

Share-based payments

The company currently has three incentive schemes aimed at the Board and management of Fragbite Group AB, in the form of warrants based on Fragbite Group AB's share, see Note 2. The company has no share-based payments beyond this.

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, taking into account trade discounts or rebates.

Service assignments – current account

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

Service assignment – fixed price

Assignment income and assignment expenses for assignments at a fixed price are recognised as income and expenses based on the degree of completion on the balance sheet date.

A feared loss is recognised as an expense when it is likely that the total commission expenses will exceed the total commission income.

Consolidated financial statements

Subsidiaries

Subsidiaries are companies in which the Parent Company directly or indirectly holds more than 50% of the voting rights or has a controlling interest in some other way. Controlling interest means that the controlling entity is entitled to structure a company's financial and operating strategies for the purpose of obtaining economic advantages. The reporting of business combinations is based on the entity method. This means that the acquisition analysis is prepared on the date when the acquirer obtains controlling interest. As of this moment, the acquirer and the acquired entity are perceived as a reporting entity. The application of the entity method also means that all assets (including goodwill) and liabilities, as well as income and expense, are included in their entirety even for affiliated subsidiaries. The cost of a subsidiary is calculated as the sum of the fair value of assets acquired and the liabilities incurred and assumed at the acquisition date, and of the equity instruments issued, expenses that are directly attributable to the business combination, and any additional consideration. In the acquisition analysis, the fair value – with a few exceptions – is determined at the time of acquisition of acquired identifiable assets and assumed liabilities, as well as non-controlling interests. Non-controlling interests are measured at fair value at the acquisition date. The acquired company's revenue and expenses, identifiable assets and liabilities and any goodwill or negative goodwill that may have arisen, are included in the consolidated financial statements as of the acquisition date.

Goodwill

Group goodwill arises when the acquisition value upon acquisition of shares in subsidiaries exceeds the value of the acquired company's identifiable net assets determined in the acquisition analysis. Goodwill is recognised at cost less accumulated amortization and any impairments.

Additional purchase price

If it is likely at the time of acquisition that the purchase price will be adjusted at a later date and the amount can be estimated in a reliable manner, the amount shall be included in the estimated final acquisition value for the acquired unit. Adjustment of the value of the additional purchase price within twelve months from the time of acquisition affects goodwill. Adjustment 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, this is adjusted so as to reflect actual conditions at the time of acquisition more accurately. The adjustments are made retroactively 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, associated companies and jointly controlled companies
Intra-Group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in full.

Accounting policies of the Parent Company

The Parent Company applies the same accounting policies as those stated above for the group, except in the cases described below.

Foreign currencies

An exchange rate difference pertaining to a monetary item that forms part of the Parent Company's net investment in a foreign operation and that is valued on the basis of 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 impairments in the acquisition value. In addition to the purchase price, the acquisition value includes expenses that are directly attributable to the acquisition.

Shareholder contributions

Shareholder contributions provided without issued shares or other equity instruments in exchange are recognised in the balance sheet as an increase in the recognised value of the share.

NOTE 2. Employees, personnel costs and Board fees

Average number of employees	2021	of which men	2020	of which men
Parent Company				
Sweden	2	100 %	–	n/a
Total, Parent Company	2	100 %	–	n/a
Subsidiaries				
Sweden	17	89 %	10	100 %
France	8	69 %	–	n/a
Netherlands	4	75 %	–	n/a
Total, subsidiaries	29	81 %	10	100 %
Total, Group	31	83 %	10	100 %

The average number of employees has been calculated with regard to when acquired operations were included in the group.

Salaries and other remuneration, social costs, including pension costs

	2021		2020	
Amount in KSEK	Salaries and remuneration	Social costs	Salaries and remuneration	Social costs
Parent Company	1,069	457	–	–
(of which pension costs)		(121)		(–)
Subsidiaries	12,039	3,919	4,647	1,075
(of which pension costs)		(404)		(155)
Total, Group	13,108	4,376	4,647	1,075
(of which pension costs)		(525)		(155)

Of the Parent Company's pension costs, 0 (0) pertain to the company's CEO and Board.

The company's outstanding pension obligations to these amount to 0 (0).

Of the group's pension costs, 0 (0) pertain to the company's CEO and Board.

The group's outstanding pension obligations to these amount to 0 (0).

Salaries and other benefits for Board members, etc. and other employees

	2021		2020	
Amount in KSEK	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent Company	444	624	–	–
Subsidiaries	711	11,328	540	4,107
Total, Group	1,156	11,952	540	4,107

Remuneration to senior executives

Group	2021			
Amount in KSEK	Basic salary, Board fees	Performance-related pay	Other benefits	Pension cost
Chairman of the Board Niclas Bergkvist	108	–	–	–
Board member Claes Kalborg	52	–	–	–
Board member David Wallinder (from 2021 Annual General Meeting)	48	–	–	–
Board member Dawid Myslinski	52	–	–	–
Board member Sten Wranne (from 2021 Annual General Meeting)	48	–	–	–
Board member Linda Zetterman (until the Annual General Meeting 2021)	4			
Board member Mikael Pettersson (until the Annual General Meeting 2021)	24			
Chief Executive Officer Stefan Tengvall	409	–	–	–
Other senior executives (6 people)	3,160	–	–	121
Total	3,905	–	–	121

Share-based payments

Employee stock option scheme TO 3 2020/2022

The Extraordinary General Meeting held on 10 August 2020 made a decision to introduce an incentive scheme aimed at the Board of Directors of Fragbite Group AB for a total of 550,000 outstanding options with the right to subscribe for the same number of new shares in Fragbite Group AB. The warrants were issued at a market price of SEK 0.0037 per option (option premium) according to a valuation based on Black-Scholes. The redemption price for the options was set at SEK 6.00 per share, and subscription for shares can take place from 10 August 2022 to 24 August 2022.

Summary	
Number of outstanding warrants	550,000
Option price (SEK)	0.0037
Redemption price (SEK)	6.00
Term	2 years (10 August 2020 – 24 August 2022)

Employee stock option scheme TO 4 2021/2024

At the Extraordinary General Meeting held on 3 May 2021, a decision was made to introduce a long-term incentive scheme for the management of Fragbite Group AB for a total of 800,000 warrants with the right to subscribe for the same number of new 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 options was set at SEK 8.00 per share, and subscription for shares can take place from 17 May 2024 to 31 May 2024.

Summary	
Number of outstanding options	800,000
Option price (SEK)	0.2686
Redemption price (SEK)	8.00
Term	approx. 3 years (17 May 2021 – 31 May 2024)

Employee stock option scheme TO 5 2021/2022

The Annual General Meeting held on 29 June 2021 made a decision to introduce an incentive scheme aimed at the Board of Directors of Fragbite Group AB for a total of 550,000 outstanding options with the right to subscribe for the same number of shares in Fragbite Group AB. The warrants were issued at a market price of SEK 0.11 per option (option premium) according to a valuation based on Black-Scholes. The redemption price for the options was set at SEK 8.00 per share, and subscription for shares can take place from 01 July 2022 to 15 July 2022.

Summary	
Number of outstanding options	550,000
Option price (SEK)	0.1100
Redemption price (SEK)	8.00
Term	1 year (1 July 2021 – 15 July 2022)

The number of total outstanding options at the end of 2021 was 1,900,000, and the number of shares after dilution amounted to 89,813,750 shares.

Other information about the Board of Directors and senior executives

Stefan Tengvall, the company's CEO, has a notice period of six (6) months when resigning from his position as CEO and when resigning from the company. Marcus Teilman, the company's Deputy CEO and Head of M&A, has a notice period of six (6) months when resigning from his position as Deputy CEO and when resigning from the company. Lars Johansson, the company's CFO, has a notice period of six (6) months when resigning from his position as CFO and when resigning from the company.

None of the company's Board members or senior executives has entered into any agreement with the company concerning benefits following termination of their employment.

NOTE 3. Other operating expenses

Amount in KSEK	2021	2020
Group		
Exchange rate losses on receivables/liabilities of operating nature	287	12
Parent Company		
Exchange rate losses on receivables/liabilities of operating nature	804	–

NOTE 4. Profit from participations in Group companies

Amount in KSEK	2021	2020
Dividends	6,815	

Dividends have been received from the subsidiary Playdigious SAS.

NOTE 5. Interest expenses and similar profit items

Amount in KSEK	2021	2020
Group		
Interest expense, other	-443	-233
Parent Company		
Interest expense, other	-202	-225

NOTE 6. Tax on profit for the year

	2021		2020	
Amount in KSEK	Per cent	Amount	Per cent	Amount
Group				
Profit before tax		-46,189		-22,569
Tax according to Parent Company's applicable tax rate	20.6 %	9,515	21.4 %	4,830
Effect of different tax rates for foreign subsidiaries		291		-
Amortization of consolidated goodwill		-7,233		-1,952
Other non-deductible expenses		-55		-22
Non-taxable income		-		73
Increase in loss carry-forwards without corresponding capitalisation of deferred tax		-6,725		-2,929
Recognised effective tax		-4,208		0
Parent Company				
Profit before tax		-24,230		-52,952
Tax according to Parent Company's applicable tax rate	20.6 %	4,991	21.4 %	11,332
Non-deductible expenses		-4,641		-11,267
Non-taxable income		1,404		-
Increase in loss carry-forwards without corresponding capitalisation of deferred tax		-1,754		-65
Recognised effective tax		0		0

NOTE 7. Capitalised expenditure for development

Amount in KSEK	31 December 2021	31 December 2020
<i>Group</i>		
<i>Accumulated cost</i>		
At beginning of year	51,775	39,182
Internally developed assets	6,993	12,593
At year-end	58,768	51,775
<i>Accumulated amortization</i>		
At beginning of year	-27,815	-20,079
Amortizations for the year	-9,017	-7,736
At year-end	-36,832	-27,815
<i>Accumulated impairments</i>		
Impairments for the year	-7,341	-
At year-end	-7,341	-
Carrying amount at end of year	14,595	23,960

NOTE 8. Concessions, patents, licences, trademarks and similar rights

Amount in KSEK	31 December 2021	31 December 2020
<i>Group</i>		
<i>Accumulated cost</i>		
At beginning of year	143	-
Other investments	-	143
At year-end	143	143
<i>Accumulated amortization</i>		
At beginning of year	-	-
At year-end	-	-
Carrying amount at end of year	143	143

NOTE 9. Goodwill

Amount in KSEK	31 December 2021	31 December 2020
<i>Group</i>		
<i>Accumulated cost</i>		
At beginning of year	49,751	-
Acquisitions	162,279	49,751
At year-end	212,030	49,751
<i>Accumulated amortizations</i>		
At beginning of year	-9,121	-
Amortizations for the year	-35,112	-9,121
At year-end	-44,233	-9,121
Carrying amount at end of year	167,797	40,630

NOTE 10. Equipment, tools, fixtures and fittings

Amount in KSEK	31 December 2021	31 December 2020
<i>Group</i>		
<i>Accumulated cost</i>		
At beginning of year	42	-
Takeover on acquisition	117	-
New acquisitions	362	42
At year-end	521	42
<i>Accumulated depreciation</i>		
At beginning of year	-33	-23
Takeover on acquisition	-115	-
Depreciation for the year	-152	-10
At year-end	-300	-33
Carrying amount at end of year	221	9

NOTE 11. Participations in Group companies

Amount in KSEK	31 December 2021	31 December 2020
<i>Parent Company</i>		
<i>Accumulated cost</i>		
At beginning of year	128,142	58,645
Acquisitions	172,103	59,097
Shareholders' contributions made	10,400	10,400
At year-end	310,645	128,142
<i>Accumulated impairments</i>		
At beginning of year	-52,648	-
Impairments for the year	-22,501	-52,648
At year-end	-75,149	-52,648
Carrying amount at end of year	235,496	75,495

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

			31 December 2021	31 December 2020
Amount in KSEK	Number of shares	Holding, %	Carrying amount	Carrying amount
<i>Subsidiary / Co. reg. no. / Registered office</i>				
Funrock Development AB, 556738-9043, Stockholm	2,000,000	100.0	2,796	16,398
P Studios AB, 556845-5041, Stockholm	4,153,178	100.0	59,097	59,097
Fragbite AB, 556721-9489, Stockholm	1,000	100.0	76,500	-
Playdigious SAS, 811 512 284, Nancy, France	5,592	100.0	97,103	-
Total shares in Group companies			235,496	75,495

Business acquisitions during the financial year

Acquisition of Fragbite AB on 18 February. Acquisition of Playdigious SAS on 31 May. An agreement was signed on 14 December to acquire all shares in Lucky Kat B.V. The acquisition was completed on 30 December, but the acquisition of the shares did not take place until 3

January 2022. Lucky Kat's balance sheet and cash flow have not been included in the consolidation at year-end, therefore, but the company's results for the fourth quarter have been included in the group's results for the same period in accordance with the acquisition result.

NOTE 12. Receivables from Group companies

Amount in KSEK	31 December 2021	31 December 2020
<i>Parent Company</i>		
<i>Accumulated cost</i>		
New acquisition	1,150	-
At year-end	1,150	-
<i>Accumulated depreciation</i>		
At beginning of year	-	-
At year-end	-	-
Carrying amount at end of year	1,150	-

NOTE 13. Other non-current receivables

Amount in KSEK	31 Decem- ber 2021	31 Decem- ber 2020
Group		
Accumulated cost		
At beginning of year	–	–
Additional receivables	1,806	–
At year-end	1,806	–
Accumulated impairments		
At beginning of year	–	–
At year-end	–	–
Carrying amount at end of year	1,806	–
Parent Company		
Accumulated cost		
At beginning of year	–	–
Additional receivables	1,661	–
At year-end	1,661	–
Accumulated impairments		
At beginning of year	–	–
At year-end	–	–
Carrying amount at end of year	1,661	–

Additional receivables mostly relate to acquisition costs in the ongoing company acquisition that was completed in January 2022.

NOTE 14. Prepaid expenses and accrued income

Amount in KSEK	31 Decem- ber 2021	31 Decem- ber 2020
Group		
Accrued income	11,052	–
Other accrued income	9	–
Prepaid expenses	300	54
Total	11,361	54
Parent Company		
Accrued interest income	2	–
Accrued income	594	–
Prepaid expenses	98	–
Total	695	–

The acquisition of Lucky Kat was completed on 30 December, but access to the shares did not take place until 3 January 2022 due to restrictions regarding the banks' opening hours in connection with the weekends. Lucky Kat's balance sheet and cash flow have not been included in the consolidation at year-end, therefore, but the company's results for the fourth quarter have been included in the group's results for the same period in accordance with the acquisition agreement, which for this reason also affects the group's accrued income for the period.

NOTE 15. Appropriation of profit or loss

Proposed appropriation of the company's profit or loss The Board proposes that non-restricted equity, comprising KSEK 239,648, be appropriated as follows:

<i>Carried forward</i>	KSEK 239,648
Total	KSEK 239,648

NOTE 16. Number of shares and quotient value

	31 Decem- ber 2021	31 Decem- ber 2020
Number of shares	83,969,199	32,035,603
Quotient value	0.0167	0.0167

Each share provides entitlement to one (1) vote at general meetings.

NOTE 17. Liabilities to credit institutions

Amount in KSEK	31 Decem- ber 2021	31 Decem- ber 2020
Group		
Falls due within 1 year	15,000	–
Falls due between 2-5 years	31,487	–
Falls due after 5 years	–	–
Total	46,487	–
Parent Company		
Falls due within 1 year	15,000	–
Falls due between 2-5 years	27,500	–
Falls due after 5 years	–	–
Total	42,500	–

NOTE 18. Liabilities to Group companies

Amount in KSEK	
Parent Company	
Falls due within 1 year	1,800
Falls due between 2-5 years	1,614
Falls due after 5 years	–
Total	3,414

NOTE 19. Other liabilities

Amount in KSEK	
Group	
Falls due within 1 year	13,523
Falls due between 2-5 years	10,131
Falls due after 5 years	–
Total	23,654
Parent Company	
Falls due within 1 year	10,308
Falls due between 2-5 years	10,131
Falls due after 5 years	–
Total	20,439

NOTE 20. Accrued expenses and prepaid income

Amount in KSEK	31 December 2021	31 December 2020
Group		
Accrued interest expenses	78	–
Accrued auditors' fees	167	–
Accrued expenses for Board, management and others	1,098	–
Other accrued expenses	3,349	1,259
Total	4,692	1,259
Parent Company		
Accrued interest expenses	76	–
Accrued auditors' fees	142	–
Accrued expenses for Board, management and others	131	–
Other accrued expenses	1,509	86
Total	1,858	86

NOTE 21. Pledged assets and contingent liabilities – Group

Amount in KSEK	31 December 2021	31 December 2020
Pledged assets, Group		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	10,100	100
Total pledged assets	10,100	100

NOTE 22. Pledged assets and contingent liabilities – Parent Company

Amount in KSEK	31 December 2021	31 December 2020
Pledged assets, Parent Company		
For own liabilities and provisions	Yes	Yes
Liabilities to credit institutions		
Floating charges	10,000	–
Book value of shares in subsidiaries	79,296	16,398
Total pledged assets	89,296	16,398

NOTE 23. Interest paid and dividend received

Amount in KSEK	2021	2020
Group		
Interest received	40	–
Interest paid	–483	–233

NOTE 24. Adjustments for non-cash items in the cash flow analysis etc.

Amount in KSEK	2021	2020
Group		
Depreciation	51,621	16,867
Total	51,621	16,867
Parent Company		
Impairments	22,500	52,648
Total	22,500	52,648

NOTE 25. Purchases and sales within the group

Of the group's total purchases and sales measured in Swedish kronor (SEK), 8.4% (1.8) of purchases and 2.6% (0) of sales refer 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 (SEK), 0% (0) of purchases and 100% (0) of sales refer to other companies within the entire group of companies to which the company belongs.

NOTE 26. Definitions of key indicators

Operating margin:	Operating profit / Net sales
EBITDA:	Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets.
EBITDA margin:	EBITDA / Net sales
Balance sheet total:	Total assets
Return on equity:	Profit after financial items / Equity
Equity/assets ratio:	Equity / 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) assure that this annual report provides a true and fair view of the group's and the Parent Company's operations, financial position and earnings.

Stockholm, April 29th, 2022

Niclas Bergkvist
Chairman

Claes Kalborg

Dawid Myslinski

Stefan Tengvall
Chief Executive Officer

David Wallinder

Sten Wranne

Our audit report has been submitted on
the 29th of April 2022

Erik Emilsson
Authorised Public Accountant

Auditor's report

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

Report on the annual report and consolidated accounts

Opinions

We have audited the annual accounts and the consolidated accounts for Fragbite Group AB for the 2021 financial year.

It is our opinion that the annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material aspects, the financial position of Fragbite Group AB as of 31 December 2021 and of its financial results and cash flow for the year, in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

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

Basis for opinions

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

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

Board of Directors' and CEO's responsibility

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance as to whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material error, if any. Errors may arise due to irregularities or mistakes and are considered to be material if individually or together can reasonably be expected to impact the financial decisions that users make in the annual report.

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

Report on other statutory and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts we have also audited the administration of the Board and CEO for Fragbite Group AB for the 2021 financial year as well as the proposed appropriation of the company's profit or loss.

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

Basis for opinions

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

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

Board of Directors' and CEO's responsibility

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a

reasonable degree of assurance whether the proposal is in compliance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

Stockholm on the 29th of April 2022
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Erik Emilsson
 Authorised Public Accountant

Annual general meeting and other information

Annual general meeting

The annual general meeting of Fragbite Group AB (publ) for the financial year 1 January – 31 December 2021 will be held in Stockholm on 25 May 2022.

Right to participate and registration

Shareholders wishing to participate in a general meeting must be registered in the share register kept by Euroclear Sweden and must notify the company of their participation no later than the time and date specified in the notice convening the meeting. Shareholders may attend the general meeting in person or by proxy. Shareholders or representatives may be assisted by no more than two persons. It is usually possible for shareholders to register for the general meeting in several different ways, specified 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 normally be received by the Board at least seven weeks before the general meeting.

Other information

Financial calendar

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

- **25 May 2022 Q1 report**
- **25 May 2022: Annual general meeting**
- **25 August 2022: Q2 report**
- **29 November: 2022: Q3 report**
- **28 February 2023: Year-end report 2022**

Financial reports

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

This annual report is only available in digital format.

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