Q1

FRAGBITE GROUP

Interim report

1 JANUARY – 31 MARCH 2024

First Quarter

- Revenue amounted to SEK 52.5 (55.2) million
- EBITDA amounted to SEK 6.5 (2.3) million
- EBIT amounted to SEK 2.4 (0.2) million
- Profit for the period was SEK -22.0 (-4.8) million
- Cash flow from operating activities was SEK 3.6 (-14.1) million
- Basic earnings per share amounted to SEK -0.20 (-0.05)
- Diluted earnings per share amounted to SEK -0.20 (-0.05)

Significant events during the period

- This is the Group's first financial report prepared in accordance with IFRS. Comparative figures have been restated.
- Board member Zara Zamani is appointed as acting CEO of till Lucky Kat.
- Playdigious releases *Potion Permit* on mobile platforms.
- Playdigious announces the upcoming release of *Loop Hero* on mobile platforms.
- Playdigious enters into an agreement on publishing *Linkito* under Playdigious Originals.
- Playdigious announces the upcoming release of *Skul* on mobile plattforms.

Significant events after the end of the period

- The Company updates its net revenue estimates for Playdigious' pipeline of upcoming new game releases to which further titles have been added. Total estimated net revenue three years from release increases to between EUR 10 and 17+ million.
- Playdigious releases *Loop Hero* on mobile platforms.
- Playdigious announces the release of *Teenage Mutant Ninja Turtles: Shredder's Revenge* on Apple App Store and Google Play Store in November, alongside extended distribution via Netflix.

Amounts in SEK thousands unless otherwise stated	2024 Jan-Mar	2023 Jan-Mar	R12 2023/2024	2023 Jan-Dec
Revenue	52,520	55,163	234,555	237,198
EBITDA	6,459	2,254	20,618	16,413
EBIT	2,403	216	9,112	6,925
Profit/loss for the period	-21,975	-4,824	15,552	32,703
Basic earnings per share (SEK)	-0.20	-0.05	0.15	0.30
Diluted earnings per share (SEK)	-0.20	-0.05	0.11	0.26
Cash flow from operating activities	3,601	-14,126	14,655	-3,072

CEO's comments

Net revenue for the first quarter amounted to SEK 52.5 million, which is a decrease of SEK 2.6 million compared to the same quarter last year, however entirely attributable to the divestment of and reduced focus on the Company's hypercasual games. Adjusted for those divested hypercasual games, revenues increased by app. SEK 7.6 million, or app. 17%. EBITDA increased to SEK 6.5 million (2.3) and EBIT increased to SEK 2.4 million (0.2).

Playdigious' pipeline increases in value

Our French subsidiary has continued to stay on course by signing a number of key agreements during the quarter that expanded their pipeline of new game titles, for which Fragbite Group was recently able to update estimates. I am very pleased that our investments have yielded clear results, as evidenced by the development since the Company last communicated estimates. The total estimated net revenue for the current pipeline is between EUR 10 and 17+ million, compared to estimates communicated in August 2023 which amounted to a total estimated net revenue of between EUR 6 and 14+ million. The estimates correspond to a game's total net revenue over a three-year period from release, before licence costs and platform fees.

What is key is that despite a near same number of upcoming game releases, the value of Playdigious' pipeline has increased significantly, fuelled by the fact that we now have more major game titles to look forward to. If anything, this is a testament to the Playdigious brand growing stronger. In addition to an expanded pipeline of new games, where more discussions are underway, work continues to gradually expand the distribution of the entire Playdigious game portfolio to new platforms and geographical markets.

The quarter saw the release of *Potion Permit*, and another title was approved for release in China - *Dungeon of the Endless*. After the end of the period, we were able to announce that Playdigious and Netflix have agreed to extend *TNMT: Shredder's Revenge* for a period, in addition to the game being released on Apple App Store and Google Play Store in November. All in all, Playdigious is well set to accelerate its release pace during the year, as planned.

FunRock & Prey Studios takes steps forward

MMA Manager 2 demonstrated growth in the first quarter of 2024 compared to the same quarter last year, which is very positive. The successful UA campaign initiated this fall has continued during the spring, resulting in the game recently reaching over 4 million downloads. During the period, the team has also worked on targeted updates to improve game experience and further drive microtransactions, and in the coming months we will continue to optimise marketing resources to enable further steps forward. Work also continues on increasing the profitability of the subsidiary, including expanding the business towards new revenue models, something which we will further outline in the upcoming report.

Strong start to 2024 for Esports

After reaching profitability for the full year 2023, the esports business looks set to outperform last year in 2024. This business typically has its strongest period in the second half of the year, but the team has already made good progress in closing sales for new projects for Config as well as sponsors for the Swedish Cup.

$KOBAN launch

In our web3 business area, Zara Zamani has done a commendable job of leading and preparing the business for the upcoming public token launch and sale, in parallel to further adapting our web3 games to match the upcoming $KOBAN ecosystem. There is significant work being done with all the necessary preparations and I look forward to updating the market going forward. Lucky Kat released *Cosmocadia* on mobile towards the end of the quarter. The game, along with *Panzerdogs*, is highlighted as one of the most important gaming projects on the Sui blockchain, and dialogue with Sui on further expanding the collaboration is ongoing.

Fall Damage

Dialogues with several potential partners for Fall Damage's game ALARA Prime have taken longer than expected. The feedback we have received regarding the game has been consistently very good. We have also had more dialogues than expected, and this has led to the process being time-consuming and lasting longer than optimal. Game development is otherwise on track and the game is ready for release by the end of the third quarter, with the possibility of a soft release already this summer.

We are target-oriented

Finally, I would like to emphasise that we are target-oriented and working hard to make Fragbite Group as successful as possible, both in the short and long term. We have a fundamentally stable and profitable business with several important opportunities to realise in 2024, a year for which I have high expectations given all that is in the pipeline.

Marcus Teilman, President and CEO

We are Fragbite Group

Fragbite Group AB (publ) ("The Company") is a publicly traded, Swedish company with a portfolio of established subsidiaries that develop, adapt and publish games and esports content within GAMING, ESPORTS and WEB3. Our products are developed for traditional platforms – PC, console and mobile – as well as modern platforms built on blockchain technology. The Group is headquartered in Stockholm with employees in Sweden, France, the Netherlands and Gibraltar. Fragbite Group is listed on Nasdaq First North Growth Market since 2021.

OUR BUSINESS

Fragbite Group has a strategy of acquiring fast-growing, well-managed and profitable subsidiaries with strong management, whose business complements the existing companies. We help companies grow through cutting-edge expertise, capital and cross-fertilisation with other operations in the Group. Together we create entertainment for the global gaming market by meeting the needs of a new generation of gamers – ***play, watch, own***.

Read more about our business idea and strategy on pages 9-13 in the Fragbite Group 2023 Annual Report: www.fragbitegroup.com/arsredovisningar

OUR SUBSIDIARIES

- **Fall Damage** is a Swedish game studio focusing on high quality games for PC in the Tactical First Person Shooter genre.
- **Fragbite** is based in Sweden and is one of the Nordic region's largest esports communities. The company develops and operates tournament concepts and offers marketing services through the Config esports and gaming agency.
- **Funrock & Prey Studios** is a game studio based in Sweden that designs and develops game engines and games for mobile platforms.
- **Lucky Kat** is a game studio based in the Netherlands that develops web3 games based on blockchain technology as well as hypercasual mobile games.
- **Playdigious** is a game studio based in France that develops and ports successful game titles from PC to mobile. Under the Playdigious Originals brand, indie games for PC and console are published.
- **Wagmi** is the Group's issuer of financial assets within web3. Based in Gibraltar and registered as a Virtual Asset Service Provider by the Gibraltar Financial Services Commission

OUR BUSINESS AREAS

Gaming

The Gaming business area comprises Fall Damage, FunRock & Prey Studios and Playdigious, as well as Lucky Kat's operations in the hypercasual genre. The Company has in-house development of games focusing on the First Person Shooter genre on PC and free-to-play mobile games. In addition, we port already released games from PC and console to mobile platforms and subsequently publish them. Finally, the Company publishes games in the independent game genre to PC and console.

Esport

The Esport business area consists of Fragbite AB. The business is based on expertise in marketing through esports and gaming content and is operated under the Fragbite brand and the Config brand.

Web3

The Web3 business area consists of Wagmi and Lucky Kat's operations in this area. The company develops ecosystems, communities and digital assets within the framework of games built on blockchain technology.

Financial performance in the first quarter of 2024

Amounts in SEK thousands unless otherwise stated	2024 Jan-Mar	2023 Jan-Mar	R12 2023/2024	2023 Jan-Dec
Revenue	52,520	55,163	234,555	237,198
EBITDA	6,459	2,254	20,618	16,413
EBIT	2,403	216	9,112	6,925
Profit/loss for the period	-21,975	-4,824	15,552	32,703
Basic earnings per share (SEK)	-0.20	-0.05	0.15	0.30
Diluted earnings per share (SEK)	-0.20	-0.05	0.11	0.26
Cash flow from operating activities	3,601	-14,126	14,655	-3,072

THE GROUP'S REVENUE

Net revenue for the quarter amounted to SEK 52.5 (55.2) million, a decline of 4.8 percent compared with the same period the previous year. The decline is due to loss of revenue from the hypercasual games which were was divested in the second quarter 2023.

OPERATING PROFIT

Operating profit before depreciation and amortisation (EBITDA) for the quarter amounted to SEK 6.5 (2.3) million, an increase of SEK 4.2 million compared with the first quaarter in the previous year. Other operating income in 2024 includes a capital gain of SEK 4.3 million on the sale of crypto assets.

Operating profit (EBIT) for the quarter amounted to SEK 2.4 (0.2) million, an increase of SEK 2.2 million compared with the first quarter in the previous year.

TAX

The Group's effective tax for the period is negative.

Deferred tax is mainly calculated in the acquired company Fall Damage Studio AB. Other Swedish companies have non-capitalising loss carry-forwards to be utilised, while the foreign subsidiaries calculate current tax on an ongoing basis during the year.

PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period was SEK -22.0 (-4.8) million. Basic earnings per share amounted to SEK -0.20 (-0.05) and diluted earnings per share amounted to SEK -0.20 (-0.05).

The result for the quarter is adversely affected by a negative net financial result of SEK 25.2 million. Of this amount, SEK 2.4 million relates to interest expenses affecting cash flow, while the remaining SEK 22.8 million relates to currency fluctuations and present value calculations of financial items in the Balance Sheet

LIQUIDITY AND CASH FLOW

Cash flow from operating activities was SEK 3.6 (-14.1) million. During the quarter, proceeds were received for the private sale of $KOBAN tokens in the previous quarter.

Cash flow from investing activities amounted to SEK -14.6 (-3.6) million, which mainly relates to the capitalisation of work performed for own account and the purchase and sale of crypto assets.

Cash flow from financing activities was SEK 0.9 (-6.9) million. Loan repayments were made during the quarter and the use of existing overdraft facilities increased.

Cash flow for the quarter amounted to SEK -10.1 (-24.6) million. SEK 0.9 million of the Group's SEK 10 million overdraft facility was unutilised as of 31 March 2024.

At the end of the period, the Group's cash and cash equivalents totalled SEK 15.6 (16.7) million.

FINANCIAL POSITION

The equity ratio was 25.3 (54.0) percent on 31 March 2024 and equity amounted to SEK 224.9 (166.9) million. Total assets on 31 March 2024 amounted to SEK 913.0 (373.5) million.

Right-of-use assets have increased since the beginning of the year in connection with the signing of a new lease contract for Fall Damage starting on 1 January 2024.

PARENT COMPANY

During the first quarter of the year, a dividend of SEK 11.3 million from the French subsidiary Playdigious was adopted.

Risks and risk management

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

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

For a more detailed description of the different risks, see the Fragbite Group 2023 Annual Report: www.fragbitegroup.com/arsredovisningar

Condensed consolidated income statement

(Amounts in SEK thousands)	Not	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Revenue	2, 3	52,520	55,163	237,198
Other operating income		4,539	0	702
Capitalised work on own account		23,551	3,420	28,039
Royalties and other direct consumables		-38,801	-38,340	-161,297
Personnel expenses		-22,480	-11,500	-56,658
Other external expenses		-12,869	-6,489	-31,571
EBITDA		**6,459**	**2,254**	**16,413**
Amortisation and impairment of intangible assets		-2,314	-1,587	-7,330
Depreciation of property, plant and equipment, incl. right-of-use assets		-1,742	-451	-2,158
Operating profit/loss (EBIT)		**2,403**	**216**	**6,925**
Net financial items		-25,157	-4,306	34,663
Profit/loss before tax		**-22,754**	**-4,090**	**41,588**
Tax		779	-734	-8,885
Profit/loss for the period		**-21,975**	**-4,824**	**32,703**
Profit/loss for the period attributable to parent company shareholders		-21,975	-4,824	32,703
Earnings per share, SEK	4			
Basic earnings per share		-0.20	-0.05	0.30
Diluted earnings per share		-0.20	-0.05	0.26

(Amounts in SEK thousands)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Profit/loss for the period	-21,975	-4,824	32,703
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	10,404	3,650	-979
Other comprehensive income	**10,404**	**3,650**	**-979**
Comprehensive income for the period	**-11,572**	**-1,174**	**31,724**

Comprehensive income for the period is attributable to parent company shareholders.

Condensed consolidated statement of financial position

(Amounts in SEK thousands)	Mar 31, 2024	Mar 31, 2023	Dec 31, 2024
ASSETS			
Non-current assets			
Capitalised development expenditure	96,160	23,480	74,527
Licences and similar rights	276,725	106	276,731
Cryptocurrency holdings	209	4,112	8,887
Goodwill	473,882	288,545	465,298
Equipment	1,727	1,175	2,118
Right-of-use assets	21,964	9,629	8,515
Non-current receivables	426	429	522
Deferred tax assets	3,181	13	1,513
	874,274	**327,489**	**838,111**
Current assets			
Trade receivables	3,199	4,948	2,441
Current tax assets	1,658	1,900	2,986
Other receivables	1,452	2,733	14,334
Prepaid expenses and accrued income	16,806	19,794	16,282
Cash and cash equivalents	15,604	16,660	25,055
	38,719	**46,035**	**61,098**
TOTAL ASSETS	**912,993**	**373,524**	**899,209**
EQUITY			
Share capital	1,809	1,511	1,809
Other paid-in capital	392,060	355,674	392,060
Translation reserves	9,425	3,650	-979
Retained earnings, including profit for the year	-178,428	-193,980	-156,453
Equity attributable to parent company shareholders	**224,865**	**166,855**	**236,437**
Non-controlling interests	0	0	0
Total equity	**224,865**	**166,855**	**236,437**
Non-current liabilities			
Liabilities to credit institutions	11,946	23,842	14,752
Other financial liabilities	506,160	84,088	486,063
Lease liabilities	17,666	8,288	7,309
Deferred tax liabilities	8,148	0	8,148
	543,919	**116,218**	**516,272**
Current liabilities			
Liabilities to credit institutions	22,237	26,657	25,644
Overdraft facilities	9,077	0	0
Lease liabilities	4,483	1,095	1,122
Trade payables	7,267	3,453	10,795
Other financial liabilities	20,000	0	20,000
Current tax liabilities	22	130	2,975
Other liabilities	21,270	3,978	21,003
Accrued expenses and deferred income	59,853	55,138	64,961
	144,208	**90,451**	**146,500**
Total liabilities	**688,128**	**206,669**	**662,772**
TOTAL EQUITY AND LIABILITIES	**912,993**	**373,524**	**899,209**

Condensed consolidated statement of changes in equity

(Amounts in SEK thousands)	Share capital	Other paid-in capital	Translation reserves	Retained earnings incl. profit for the year	**Total equity attributable to parent company shareholders**
Opening balance, 1 January 2023	1,511	355,674		-189,156	**168,029**
Profit/loss for the year				32,703	**32,703**
Total other comprehensive income			-979		**-979**
Total comprehensive income	**0**	**0**	**-979**	**32,703**	**31,724**
Transactions with owners:					
New share issue	298	37,421			**37,719**
Issue expenses after tax		-1,035			**-1,035**
Total transactions with owners	**298**	**36,386**	**0**	**0**	**36,684**
Closing balance, 31 December 2023	**1,809**	**392,060**	**-979**	**-156,453**	**236,437**

(Amounts in SEK thousands)	Share capital	Other paid-in capital	Translation reserves	Retained earnings incl. profit for the year	**Total equity attributable to parent company shareholders**
Opening balance, 1 January 2024	1,809	392,060	-979	-156,453	**236,437**
Profit/loss for the year				-21,975	**-21,975**
Total other comprehensive income			10,404		**10,404**
Total comprehensive income	**0**	**0**	**10,404**	**-21,975**	**-11,572**
Transactions with owners:					
New share issue					**0**
Issue expenses after tax					**0**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Closing balance, 31 March 2024	**1,809**	**392,060**	**9,425**	**-178,428**	**224,865**

Condensed consolidated cash flow statement

(Amounts in SEK thousands)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
OPERATING ACTIVITIES			
Operating profit	2,403	217	5,702
Adjustments for non-cash items			
Depreciation/amortisation	4,056	2,038	9,303
Interest received	0	0	0
Interest paid	-1,665	-987	-5,032
Income tax paid	-2,457	-3,995	-9,353
Cash flow from operating activities before changes in working capital	**2,337**	**-2,727**	**620**
Increase (-) / decrease (+) in trade receivables	-666	597	3,131
Increase (-) / decrease (+) in other receivables	13,078	-499	-7,356
Increase (+) / decrease (-) in trade payables	-3,608	-1,039	2,940
Increase (+) / decrease (-) in other liabilities	-7,540	-10,458	-2,407
Cash flow from operating activities	**3,601**	**-14,126**	**-3,072**
Investing activities			
Investments in subsidiaries	0	0	-20,064
Investments in intangible assets	-7,377	-18	-4,759
Disposal of intangible assets	16,032	0	0
Investments in property, plant and equipment	-216	0	-596
Disposal of property, plant and equipment	387	0	0
Capitalisation of work on own account	-23,551	-3,420	-26,588
Acquisition of financial assets	0	-113	-222
Disposal of financial assets	114	0	0
Cash flow from investing activities	**-14,611**	**-3,551**	**-52,229**
Financing activities			
Proceeds from borrowings	0	0	31,340
Change in overdraft facilities	9,077	-6,643	0
Repayment of borrowings	-7,141	0	-27,758
Repayment of lease liabilities	-1,039	-263	-1,099
New share issue	0	0	36,685
Cash flow from financing activities	**897**	**-6,906**	**39,168**
Cash flow for the period	**-10,113**	**-24,583**	**-16,133**
Cash and cash equivalents at beginning of period	25,055	40,993	40,993
Exchange differences in cash and cash equivalents	662	250	195
Cash and cash equivalents at end of period	**15,604**	**16,660**	**25,055**

Condensed Parent Company income statement

(Amounts in SEK thousands)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Revenue	1,674	1,591	5,853
Personnel expenses	-2,097	-2,470	-9,511
Other external expenses	-1,207	-2,301	-8,274
Operating profit/loss	**-1,630**	**-3,180**	**-11,932**
Profit/loss from investments in Group companies	11,253	22,925	28,795
Impairment of financial assets	0	0	-19,492
Other interest and similar income	497	140	21,675
Interest and similar expenses	-10,998	-4,152	-32,223
Profit/loss after financial items	**-877**	**15,733**	**-13,177**
Tax on profit/loss for the period	0	0	0
Profit/loss for the period	**-877**	**15,733**	**-13,177**

Condensed Parent Company statement of financial position

(Amounts in SEK thousands)	Mar 31, 2024	Mar 31, 2023	Dec 31, 2024
ASSETS			
Non-current assets			
Shares in subsidiaries	657,314	426,307	655,414
Receivables from Group companies	52,200	18,524	31,900
Other non-current receivables	255	409	255
	709,769	**445,240**	**687,569**
Current assets			
Receivables from Group companies	2,536	3,177	2,970
Current tax assets	64	34	0
Other receivables	7	96	0
Prepaid expenses and accrued income	478	629	295
Cash and bank balances	495	3,152	1,331
	3,580	**7,088**	**4,596**
TOTAL ASSETS	**713,350**	**452,328**	**692,165**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1,809	1,511	1,809
Unrestricted equity			
Share premium reserve	392,060	355,674	392,060
Retained earnings	-112,371	-99,194	-99,194
Profit/loss for the period	-877	15,733	-13,177
Total equity	**280,620**	**273,724**	**281,498**
Non-current liabilities			
Liabilities to credit institutions	2,657	21,810	5,159
Liabilities to Group companies	76,932	43,454	54,695
Other financial liabilities	309,434	84,088	303,437
	389,022	**149,352**	**363,291**
Current liabilities			
Liabilities to credit institutions	19,378	25,448	22,819
Other financial liabilities	20,000	0	20,000
Trade payables	247	979	691
Liabilities to Group companies	1,797	849	1,649
Tax liabilities	0	0	135
Other liabilities	685	343	256
Accrued expenses and deferred income	1,602	1,632	1,827
	43,709	**29,251**	**47,377**
TOTAL EQUITY AND LIABILITIES	**713,350**	**452,328**	**692,165**

Notes to the financial statements

Note 1. Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

These are Fragbite Group AB (publ)'s first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The Group previously applied the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The IFRS transition date has been set at 1 January 2023, which means that the comparative figures for the financial year 2023 have been restated in accordance with IFRS. A description of the accounting policies applied is provided in note 7 and a quantification of the transitional effects can be found in note 9.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. This is the Parent Company's first financial report prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The Parent Company previously applied the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3) and the Swedish Annual Accounts Act. The IFRS transition date has been set at 1 January 2023, which means that the comparative figures for the financial year 2023 have been restated in accordance with RFR 2. Apart from recognition of contingent consideration at present value, the transition to RFR 2 has not had any significant effects on the Parent Company's financial position, earnings or cash flow. The adjustment for discounting of contingent consideration has meant that other liabilities decreased by SEK 6,519 thousand at 1 January 2023, by SEK 5,545 thousand at 31 March 2023 and by SEK 150.947 thousand at 31 December 2023, and that interest expenses of SEK 7.664 thousand have been recognised for the full year and SEK 975 thousand for the first quarter, thereby affecting the recognised profit before tax.

A description of the accounting policies applied for the Parent Company is set out in note 7 and a quantification of transitional effects can be found in note 9.

Disclosures in accordance with IAS 34 Interim Financial Reporting are provided both in the notes and elsewhere in the interim report.

Note 2. Segment information

The Group's different business areas form the basis of the Group's internal reporting structure and are reviewed by the CEO for the purpose of allocating resources and evaluating performance across the Group. The following segments have been identified:

- **Gaming:** The segment includes Fall Damage, FunRock & Prey Studios and Playdigious, as well as Lucky Kat's business in the hypercasual genre. Revenue is generated in three main ways:
    - *Development:* We develop games, focusing primarily on the FPS genre on PC and free-to-play mobile games. Revenues are generated via in-game purchases and/or advertising and, in the case of the upcoming ALARA Prime, also through commercial partnerships.
    - *Porting:* We port already released games from PC and console to mobile platforms and then publish them. These games are pay-to-play and generate revenue initially via download and subsequently via game updates.
    - *Publishing:* We publish games in the independent game genre for PC and console. As publisher, we have a share of the total revenue generated from the games.
- **Web3:** The segment includes Wagmi and Lucky Kat's business in this area. In the business area, we develop ecosystems, communities and digital assets within the framework of games built on blockchain technology. Revenue is generated through the sale of digital assets such as tokens and NFTs, in-game purchases, advertising and transaction fees.
- **Esport:** The segment consists of Fragbite AB. Business based on expertise in marketing through esports and gaming content is conducted under the Fragbite and Config brands. Revenue is generated via proprietary IP:s and the sale of services.

Operating profit before depreciation, amortisation and impairment of intangible assets and property, plant and equipment is the performance measure reported to the chief operating decision maker for the purpose of allocating resources and assessing segment performance. The President & CEO does not monitor operations based on assets and liabilities per segment.

Group-wide refers to eliminations of intra-group transactions and costs for the head office and certain central functions not allocated to the segments.

The tables below show an analysis of the Group's revenue and earnings for each reportable operating segment:

1 January - 31 March 2024 (Amounts in SEK thousands)	Gaming	Esport	Web3	Group-wide & eliminations	Total
Total revenue	46,868	1,880	3,772	0	52,520
EBITDA	4,362	-281	5,389	-3,011	6,459
Depreciation, amortisation and impairment					-4,056
Net financial items					-25,157
Profit/loss before tax					-22,754

1 January - 31 March 2023 (Amounts in SEK thousands)	Gaming	Esport	Web3	Group-wide & eliminations	Total
Total revenue	50,089	1,457	3,617	0	55,163
EBITDA	7,133	-1,143	1,035	-4,771	2,254
Depreciation, amortisation and impairment					-2,038
Net financial items					-4,307
Profit/loss before tax					-4,091

Note 3. Breakdown of revenue from client contracts

1 January - 31 March 2024	Gaming	Esport	Web3	Group-wide & eliminations	Total
Sweden	4,054	1,880			5,934
France	41,903				41,903
Netherlands	911				911
Gibraltar			3,772		3,772
	46,868	1,880	3,772	0	52,520

1 January - 31 March 2023	Gaming	Esport	Web3	Group-wide & eliminations	Total
Sweden	2,838	1,457			4,295
France	36,845				36,845
Netherlands	10,406		784		11,190
Gibraltar			2,833		2,833
	50,089	1,457	3,617	0	55,163

The breakdown by geographical market is mainly based on the country in which the companies operate.

The tables below show the Group's revenue based on the timing of revenue recognition, i.e. over time or at a point in time:

1 January - 31 March 2024	Gaming	Esport	Web3	Group-wide & eliminations	Total
Recognised over time	4,160	1,880	3,772		9,812
Recognised at a point in time	42,708				42,708
	46,868	1,880	3,772	0	52,520

1 January - 31 March 2023	Gaming	Esport	Web3	Group-wide & eliminations	Total
Recognised over time	3,107	1,457	3,617		8,181
Recognised at a point in time	46,982				46,982
	50,089	1,457	3,617	0	55,163

Note 4. Earnings per share

Earnings per share	Q1 2024	Q1 2023
Profit/loss		
Profit/loss attributable to parent company shareholders for calculation of basic and diluted earnings per share	-21,975,442	-4,824,000
Number of shares		
Weighted average number of ordinary shares for calculation of basic earnings per share	108,525,164	90,672,923
Weighted average number of ordinary shares after bonus issue component for calculation of basic earnings per share	108,525,164	90,672,923
Basic earnings per share	-0.20	-0.05
Weighted average number of dilutive shares arising from share-based payment programmes	15,388,958	2,668,582
Weighted average number of shares, after dilution	123,914,122	93,341,505
Diluted earnings per share	-0.20	-0.05

Note 5. Equity

The number of shares amounted to 108,525,164 (90,672,923) at the end of the period. After the reporting date there has been an issue of 681,282 shares due to redemption of warrants which were issued in conjunction with the acquisition of Fall Damage Studio AB.

Note 6. Contingent liabilities

There was no change in contingent liabilities during the quarter.

Note 7. Fair value of financial instruments

In addition to contingent consideration, Fragbite Group recognises a future recoup (repayment) as a financial instrument at fair value. Other financial instruments are measured at amortised cost. The classification has been carried out taking into account the Company's business model for managing financial assets and the characteristics of the contractual cash flows from the financial asset.

Contingent consideration (previously referred to as earnout)
Under IFRS, contingent consideration is measured at fair value in accordance with Level 3 of the measurement hierarchy and reported under Non-current liabilities and Other current liabilities in the statement of financial position. At the end of the period, the Group's estimated contingent consideration liability amounted to SEK 309.4 million and is related to the acquisitions of Lucky Kat and Fall Damage. The recognised liability on 31 December 2023 amounted to SEK 303.4 million. The contingent consideration is based on whether the acquired companies achieve pre-determined key performance measures for the years 2021-2023 for Lucky Kat and 2024-2027 for the acquisition of Fall Damage. The outcome of the contingent consideration for Lucky Kat has not been finalised at the date of this interim report.

Contingent consideration is measured at fair value in each quarter using a probability assessment based on expected profit development and operating profit/EBITDA and cash flows with a risk-adjusted discount rate. The expected operating profit has been estimated based on management's knowledge of the business, historical performance, expected market development and the likely impact of the current economic environment on each acquired entity. The risk-adjusted discount rate applied is 6 percent. The contingent consideration has a fixed maximum level. The potential undiscounted amount of all future payments that Fragbite Group may make under the contingent consideration agreement is EUR 4.0 (7.0) million for Lucky Kat and SEK 400 (0) million for Fall Damage.

Contingent recoup (repayment)
Under IFRS, contingent recoup (repayment) is measured at fair value in accordance with Level 3 of the measurement hierarchy and reported under Non-current liabilities and Other current liabilities in the statement of financial position. At the end of the period, the Group's estimated contingent recoup liability amounted to USD 18.5 million, and is related to Fall Damage's business. The recognised liability on 31 December 2023 amounted to USD 18.2 million. The contingent recoup is based on whether the acquisition of Fall Damage achieves pre-determined key performance measures in future years. The recoup is measured at fair value in each quarter using a probability assessment based on expected profit development and cash flows with a risk-adjusted discount rate. The expected operating profit has been estimated based on management's knowledge of the business, historical performance, expected market development and the likely impact of the current economic environment on each acquired entity. The risk-adjusted discount rate applied is 6 percent. The contingent recoup has a fixed maximum level. The potential undiscounted amount of all future payments that Fragbite Group may make under the contingent recoup agreement is USD 22.3 (0) million.

Other financial assets and liabilities
The fair values of the Group's other financial assets and liabilities are estimated to correspond to their carrying amounts. Fragbite Group does not offset any of its material assets or liabilities. There were no transfers between Levels 1, 2 or 3 or valuation categories during the period.

Note 8. Events after the reporting date

No significant events have occurred after the balance sheet date.

Note 9. Transition to IFRS

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee as adopted by the EU. This is Fragbite Group's first interim report prepared in accordance with IAS 34 Interim Financial Reporting and is therefore the first time that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group previously applied the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The IFRS transition date has been set at 1 January 2023. The transition to IFRS is reported in accordance with IFRS 1 on initial application of IFRS. The main principle of IFRS 1 is that an entity is required to apply all standards retrospectively when determining the opening balances under IFRS. This means that the comparative figures for 2023 have been restated in line with IFRS. However, some exceptions to retrospective application are allowed. The Group has elected to apply the following:

Business Combinations (IFRS 3)
Fragbite Group has decided against retrospective application of IFRS 3 for business combinations made before the IFRS transition date (1 January 2023). The carrying amount of goodwill at the IFRS transition date (1 January 2023) has been adopted and is recognised at acquisition cost. Impairment tests performed have not indicated any goodwill impairment.

Financial Instruments (IFRS 9)
The Group has elected to apply the exemption from retrospective application in calculating the loss allowance for expected credit losses, as restatement is not possible without the use of hindsight. This means that no transitional effect is reported and the effect of the transition to IFRS as per 1 January 2024 is reported instead. However, as the transitional effect amounts to an insignificant amount, no adjustment has been reported.

Revenue from Contracts with Customers (IFRS 15)
The Group has elected not to restate contracts that commence and terminate within the same financial year or that terminated before 1 January 2024. No significant effects from the transition and application of IFRS 15.

Leases (IFRS 16)
The Group has elected to apply the following transitional rules when applying IFRS 16 Leases at the transition date:

- Assess whether a contract existing at the IFRS transition date contains a lease by applying paragraphs 9-11 of IFRS 16 to those contracts on the basis of facts and circumstances existing at that date.
- Measure the lease liability at the IFRS transition date at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the IFRS transition date.
- Measure right-of-use assets at the IFRS transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments.
- Apply IAS 36 to right-of-use assets at the IFRS transition date.
- Leases for which the lease term ends within twelve months of the IFRS transition date are recognised as short-term leases.
- Leases for which the underlying asset is of low value are recognised at the transition date as low-value leases.
- Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Accumulated translation of currency effects attributable to foreign subsidiaries (IAS 21)
Fragbite Group has previously recognised the translation of currency effects attributable to foreign subsidiaries in retained earnings. From the IFRS transition date, these translation differences are recognised in other comprehensive income and as a separate component/reserve within equity. Fragbite Group has chosen not to recognise historical cumulative translation differences prior to transition to IFRS as part of currency reserve in equity. They are instead part of retained earnings in equity.

The following tables present and quantify the effects of the Group's transition to IFRS on the consolidated and parent company statements of comprehensive income and financial position as assessed by management.

Condensed consolidated statement of financial position January 1, 2023 Amounts in SEK thousands	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Non-current assets				
Capitalised development expenditure		21,631	0	21,631
Licences and similar rights		2	0	2
Cryptocurrency holdings		4,298	0	4,298
Goodwill		285,589	0	285,589
Equipment		1,133	0	1,133
Right-of-use assets	D	0	9,824	9,824
Non-current receivables		313	0	313
		312,966	**9,824**	**322,790**
Current assets				
Trade receivables		5,490	0	5,490
Current tax assets		1,481	0	1,481
Other receivables		2,336	0	2,336
Prepaid expenses and accrued income	D	19,735	-303	19,432
Cash and cash equivalents		40,993	0	40,993
		70,035	**-303**	**69,732**
Total assets		**383,001**	**9,521**	**392,522**
Equity				
Share capital		1,511	0	1,511
Other paid-in capital		355,674	0	355,674
Translation reserves	B	0	0	0
Retained earnings, including profit for the year	B, C	-195,675	6,519	-189,156
Equity attributable to parent company shareholders		*161,510*	*0*	*168,029*
Non-controlling interests		0	0	0
Total equity		**161,510**	**6,519**	**168,029**
Provisions				
Provisions	C	88,525	-88,525	0
		88,525	**-88,525**	**0**
Non-current liabilities				
Liabilities to credit institutions		30,317	0	30,317
Other financial liabilities	C	0	82,006	82,006
Lease liabilities	D	0	8,434	8,434
		30,317	**90,440**	**120,757**
Current liabilities				
Liabilities to credit institutions		26,534	0	26,534
Lease liabilities	D	0	1,087	1,087
Trade payables		4,470	0	4,470
Current tax liabilities		2,961	0	2,961
Other liabilities		2,380	0	2,380
Accrued expenses and deferred income		66,304	0	66,304
		102,649	**1,087**	**103,736**
Total equity and liabilities		**383,001**	**9,521**	**392,522**

Condensed consolidated statement of financial position March 31, 2023 Amounts in SEK thousands	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Non-current assets				
Capitalised development expenditure		23,480	0	23,480
Licences and similar rights		106	0	106
Cryptocurrency holdings		4,112	0	4,112
Goodwill	D	266,942	21,603	288,545
Equipment		1,175	0	1,175
Right-of-use assets	A	0	9,629	9,629
Non-current receivables		429	0	429
Deferred tax assets	D	0	13	13
		296,244	**31,245**	**327,489**
Current assets				
Trade receivables		4,948	0	4,948
Current tax assets		1,900	0	1,900
Other receivables		2,733	0	2,733
Prepaid expenses and accrued income	A	20,101	-307	19,794
Cash and cash equivalents		16,660	0	16,660
		46,342	**-307**	**46,035**
Total assets		**342,586**	**30,938**	**373,524**
Equity				
Share capital		1,511	0	1,511
Other paid-in capital		355,674	0	355,674
Translation reserves	B	3,546	104	3,650
Retained earnings, including profit for the year	A, B, C, D	-220,975	26,995	-193,980
Equity attributable to parent company shareholders		*139,756*	*27,099*	*166,855*
Non-controlling interests		0	0	0
Total equity		**139,756**	**27,099**	**166,855**
Provisions				
Provisions	C	89,633	-89,633	0
		89,633	**-89,633**	**0**
Non-current liabilities				
Liabilities to credit institutions		23,842	0	23,842
Other financial liabilities	C	0	84,088	84,088
Lease liabilities	A	0	8,288	8,288
		23,842	**92,376**	**116,218**
Current liabilities				
Liabilities to credit institutions		26,657	0	26,657
Lease liabilities	A	0	1,096	1,096
Trade payables		3,453	0	3,453
Current tax liabilities		130	0	130
Other liabilities		3,978	0	3,978
Accrued expenses and deferred income		55,137	0	55,137
		89,355	**1,096**	**90,451**
Total equity and liabilities		**342,586**	**30,938**	**373,524**

Condensed consolidated statement of financial position December 31, 2023 Amounts in SEK thousands	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Non-current assets				
Capitalised development expenditure		74,527	0	74,527
Licences and similar rights	B	237,179	39,552	276,731
Cryptocurrency holdings		8,887	0	8,887
Goodwill	A, B	599,888	-134,590	465,298
Equipment		2,118	0	2,118
Right-of-use assets	D	0	8,515	8,515
Non-current receivables		522	0	522
Deferred tax assets	B, D	0	1,513	1,513
		923,121	**-85,010**	**838,111**
Current assets				
Trade receivables		2,441	0	2,441
Current tax assets		2,986	0	2,986
Other receivables		14,334	0	14,334
Prepaid expenses and accrued income	D	16,584	-302	16,282
Cash and cash equivalents		25,055	0	25,055
		61,400	**-302**	**61,098**
Total assets		**984,521**	**-85,312**	**899,209**
Equity				
Share capital		1,809	0	1,809
Other paid-in capital		392,060	0	392,060
Translation reserves	A	1,020	-1,999	-979
Retained earnings, including profit for the year	A, B, C, D	-248,821	92,370	-156,451
Equity attributable to parent company shareholders		*146,068*	*90,371*	*236,439*
Non-controlling interests		0	0	0
Total equity		**146,068**	**90,371**	**236,439**
Provisions				
Provisions	C	678,325	-678,325	0
		678,325	**-678,325**	**0**
Non-current liabilities				
Liabilities to credit institutions		14,752	0	14,752
Other financial liabilities	C	0	486,063	486,063
Lease liabilities	D	0	7,309	7,309
Deffered tax liability	B, D	0	8,148	8,148
		14,752	**501,520**	**516,272**
Current liabilities				
Liabilities to credit institutions		25,644	0	25,644
Lease liabilities	D	0	1,122	1,122
Other financial liabilities		0	20,000	20,000
Trade payables		10,795	0	10,795
Current tax liabilities		2,975	0	2,975
Other liabilities		41,003	-20,000	21,003
Accrued expenses and deferred income		64,959	0	64,959
		145,376	**1,122**	**146,498**
Total equity and liabilities		**984,521**	**-85,312**	**899,209**

Consolidated income statement and other comprehensive income for the period 1 January-31 March 2023 Amounts in SEK thousands	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Income statement				
Revenue		55,163	0	55,163
Capitalised work on own account		3,420	0	3,420
Royalties and other direct consumables		-38,340	0	-38,340
Personnel expenses		-11,500	0	-11,500
Other external expenses	D	-6,883	395	-6,488
EBITDA		**1,860**	**395**	**2,255**
Amortisation and impairment of intangible assets		-1,587	0	-1,587
Goodwill amortisation	A	-21,499	21,499	0
Depreciation of property, plant and equipment, incl. right-of-use assets	D	-128	-323	-451
Operating profit/loss		**-21,354**	**21,571**	**217**
Net financial items	C, D	-3,200	-1,107	-4,307
Profit/loss before tax		**-24,554**	**20,464**	**-4,090**
Tax		-746	12	-734
Profit/loss for the period		**-25,300**	**20,476**	**-4,824**
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	A	0	3,650	3,650
		0	**3,650**	**3,650**
Comprehensive income for the period		**-25,300**	**24,126**	**-1,174**
Basic earnings per share		-0.28	0.27	-0.01
Diluted earnings per share		-0.28	0.27	-0.01

Profit/loss and comprehensive income for the period are attributable to parent company shareholders.

Consolidated income statement and other comprehensive income for the period 1 January-31 December 2023 Amounts in SEK thousands	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Income statement				
Revenue		237,198	0	237,198
Other operating income		702	0	702
Capitalised work on own account		28,039	0	28,039
Royalties and other direct consumables		-161,297	0	-161,297
Personnel expenses		-56,658	0	-56,658
Other external expenses	D	-31,791	220	-31,571
EBITDA		**16,193**	**220**	**16,413**
Amortisation and impairment of intangible assets		-7,331	0	-7,331
Goodwill amortisation	A	-104,757	104,757	0
Depreciation of property, plant and equipment, incl. right-of-use assets	D	-833	-1,324	-2,157
Operating profit/loss		**-96,728**	**103,653**	**6,925**
		73,508	0	73,508
Net financial items	C	-24,974	-13,871	-38,845
Profit/loss before tax		**-48,194**	**89,782**	**41,588**
Tax	B, D	-4,953	-3,932	-8,885
Profit/loss for the period		**-53,147**	**85,850**	**32,703**
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	A	0	-979	-979
		0	**-979**	**-979**
Comprehensive income for the period		**-53,147**	**84,871**	**31,724**
Basic earnings per share		-0.49	0.78	0.29
Diluted earnings per share		-0.43	0.69	0.26

Profit/loss and comprehensive income for the period are attributable to parent company shareholders.

Parent Company balance sheet January 1, 2023 (Amounts in SEK thousands)	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non-current assets				
Shares in subsidiaries	C	430,616	-6,519	424,097
Receivables from Group companies		18,374	0	18,374
Other non-current receivables		409	0	409
		449,399	**-6,519**	**442,880**
Current assets				
Receivables from Group companies		1,832	0	1,832
Current tax assets		27	0	27
Other receivables		221	0	221
Prepaid expenses and accrued income		299	0	299
Cash and bank balances		1,497	0	1,497
		3,876	**0**	**3,876**
Total assets		**453,275**	**-6,519**	**446,756**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		1,511	0	1,511
Unrestricted equity				
Share premium reserve		355,674	0	355,674
Retained earnings		-77,516	0	-77,516
Profit/loss for the period		-21,678	0	-21,678
Total equity		**257,991**	**0**	**257,991**
Provisions				
Other provisions	C	88,525	-88,525	0
		88,525	**-88,525**	**0**
Non-current liabilities				
Liabilities to credit institutions		28,013	0	28,013
Liabilities to Group companies		49,612	0	49,612
Other financial liabilities	C	0	82,006	82,006
		77,625	**82,006**	**159,631**
Current liabilities				
Liabilities to credit institutions		25,342	0	25,342
Trade payables		924	0	924
Liabilities to Group companies		223	0	223
Other liabilities		307	0	307
Accrued expenses and deferred income		2,338	0	2,338
		29,134	**0**	**29,134**
Total equity and liabilities		**453,275**	**-6,519**	**446,756**

Parent Company balance sheet March 31, 2023 (Amounts in SEK thousands)	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non-current assets				
Shares in subsidiaries	C	432,826	-6,519	426,307
Receivables from Group companies		18,524	0	18,524
Other non-current receivables		409	0	409
		451,759	**-6,519**	**445,240**
Current assets				
Receivables from Group companies		3,177	0	3,177
Current tax assets		34	0	34
Other receivables		96	0	96
Prepaid expenses and accrued income		629	0	629
Cash and bank balances		3,152	0	3,152
		7,088	**0**	**7,088**
Total assets		**458,847**	**-6,519**	**452,328**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		1,511	0	1,511
Unrestricted equity				
Share premium reserve		355,674	0	355,674
Retained earnings		-99,194	0	-99,194
Profit/loss for the period	C	16,708	-975	15,733
Total equity		**274,699**	**-975**	**273,724**
Provisions				
Other provisions	C	89,633	-89,633	0
		89,633	**-89,633**	**0**
Non-current liabilities				
Liabilities to credit institutions		21,810	0	21,810
Liabilities to Group companies		43,454	0	43,454
Other financial liabilities	C	0	84,088	84,088
		65,264	**84,088**	**149,352**
Current liabilities				
Liabilities to credit institutions		25,448	0	25,448
Trade payables		979	0	979
Liabilities to Group companies		849	0	849
Other liabilities		343	0	343
Accrued expenses and deferred income		1,632	0	1,632
		29,251	**0**	**29,251**
Total equity and liabilities		**458,847**	**-6,519**	**452,328**

Parent Company balance sheet December 31, 2023 (Amounts in SEK thousands)	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non-current assets				
Shares in subsidiaries	B, C	814,026	-158,612	655,414
Receivables from Group companies		31,900	0	31,900
Other non-current receivables		255	0	255
		846,181	**-158,612**	**687,569**
Current assets				
Receivables from Group companies		2,970	0	2,970
Prepaid expenses and accrued income		295	0	295
Cash and bank balances		1,331	0	1,331
		4,596	**0**	**4,596**
Total assets		**850,777**	**-158,612**	**692,165**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		1,809	0	1,809
Unrestricted equity				
Share premium reserve		392,060	0	392,060
Retained earnings		-99,194	0	-99,194
Profit/loss for the period	B, C	-5,513	-7,664	-13,177
Total equity		**289,162**	**-7,664**	**281,498**
Provisions				
Other provisions	B, C	454,384	-454,384	0
		454,384	**-454,384**	**0**
Non-current liabilities				
Liabilities to credit institutions		5,159	0	5,159
Liabilities to Group companies		54,695	0	54,695
Other financial liabilities	B, C	0	303,437	303,437
		59,854	**303,437**	**363,291**
Current liabilities				
Liabilities to credit institutions		22,819	0	22,819
Other financial liabilities		0	20,000	20,000
Trade payables		691	0	691
Liabilities to Group companies		1,649	0	1,649
Tax liability		135	0	135
Other liabilities		20,256	-20,000	256
Accrued expenses and deferred income		1,827	0	1,827
		47,377	**0**	**47,377**
Total equity and liabilities		**850,777**	**-158,612**	**692,165**

Parent Company statement of comprehensive income 01/01/2023 - 31/03/2023 (Amounts in SEK thousands)	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Revenue		1,591	0	1,591
Personnel expenses		-2,470	0	-2,470
Other external expenses		-2,301	0	-2,301
Operating profit/loss		**-3,180**	**0**	**-3,180**
Profit/loss from investments in Group companies		22,925	0	22,925
Impairment of financial assets		0	0	0
Other interest and similar income		140	0	140
Interest and similar expenses	C	-3,177	-975	-4,152
Profit/loss after financial items		**16,708**	**-975**	**15,733**
Appropriations		0	0	0
Profit/loss before tax for the period		**16,708**	**-975**	**15,733**
Tax on profit/loss for the period		0	0	0
Profit/loss for the period		**16,708**	**-975**	**15,733**

Parent Company statement of comprehensive income 01/01/2023 - 31/12/2023 (Amounts in SEK thousands)	Reference	Swedish GAAP	Effect of transition to IFRS	IFRS
Revenue		5,853	0	5,853
Personnel expenses		-9,511	0	-9,511
Other external expenses		-8,274	0	-8,274
Operating profit/loss		**-11,932**	**0**	**-11,932**
Profit/loss from investments in Group companies		28,795	0	28,795
Impairment of financial assets		-19,492	0	-19,492
Other interest and similar income		21,675	0	21,675
Interest and similar expenses	C	-24,559	-7,664	-32,223
Profit/loss after financial items		**-5,513**	**-7,664**	**-13,177**
Appropriations		0	0	0
Profit/loss before tax for the period		**-5,513**	**-7,664**	**-13,177**
Tax on profit/loss for the period		0	0	0
Profit/loss for the period		**-5,513**	**-7,664**	**-13,177**

Explanations of adjustments to IFRS from previous GAAP

Note [A] Reversal of previous goodwill amortisation

Under IFRS, goodwill is an intangible asset with an indefinite useful life, which differs from K3 where goodwill was subject to amortisation based on an estimated useful life of 5 years. The transition to IFRS will therefore result in a reversal of goodwill amortisation in 2023. Amortisation recognised in accordance with K3 amounted to SEK 21.5 million for the first quarter 2023 and SEK 104.8 million for the full year 2023. On transition to IFRS, this amortisation has been reversed, which means that amortisation has decreased by SEK 104.8 million for the full year 2023 and SEK 21.5 million for the interim period, and profit before tax has increased by the corresponding amounts for the corresponding periods. At 31 March 2023 and 31 December 2023, reversed goodwill amortisation of SEK 21.6 million and SEK 102.8 million has increased retained earnings in equity. Recognition of goodwill on consolidation is a permanent difference and deferred tax has therefore not been recognised.

Note [B] Adjustment of acquisition analysis for Fall Damage Studio AB

Recognition of transaction costs attributable to business combinations

Fragbite Group has incurred costs for, among other things, legal and financial advisory services in connection with business combinations which, under K3, have been recognised as part of the cost of acquisition for the operations, and therefore as goodwill. Unlike K3, transaction costs attributable to business combinations are recognised as an expense in the income statement in the period in which the service is received. The transition to IFRS therefore means a reduction in goodwill and an increase in operating expenses of SEK 1.4 million for both the fourth quarter and the full year 2023. The difference between K3 and IFRS is considered to be a permanent difference and tax has therefore not been recognised.

Identification and measurement of assets in business combinations

In business combinations, the difference between the consideration transferred and the net assets recognised is allocated to goodwill. As IFRS imposes higher requirements on the identification of assets, management has performed an updated assessment of identified assets in business combinations occurring after the IFRS transition date (i.e. during 2023), based on the IFRS rules. In the updated acquisition analyses for Fall Damage, ongoing game development has been identified and the estimated fair value of this asset is recognised separately from goodwill. Under K3, Fragbite Group recognised the entire surplus value as goodwill amounting to SEK 417.7 million. As the game is under development and is expected to be released in autumn 2024, no amortisation has been recognised. At the 2023 year-end, the carrying amount of game development in the statement of financial position amounted to SEK 282.1 million and amortisation for the period in the income statement, for both the fourth quarter and the full year 2023, for these assets amounted to SEK 0. Under K3, goodwill amortisation of SEK 17.3 million related to the Fall Damage acquisition was recognised in the income statement for both the fourth quarter and the full year 2023 (the reversal of the goodwill amortisation is included in the total adjustment as in note A above).

Fragbite Group also recognises a deferred tax liability in the statement of financial position linked to the game under development, which at the 2023 year-end amounts to SEK 8.1 million. The recognised deferred tax liability is reduced in line with reduction of the carrying amount of these assets through amortisation and impairment. The decrease in deferred tax liability is recognised in the income statement under the item Tax.

Cost of acquisition adjustment – measurement of Fall Damage contingent consideration

Under IFRS, contingent consideration is recognised at fair value while Fragbite Group recognised the contingent consideration agreed with the sellers at the best estimate of the future payment amounting to SEK 400 million. This means that Fragbite Group has adjusted the recognised provision in accordance with K3 measuring it at fair value and classifying it as a financial liability. Consequently, the cost of acquisition for Fall Damage has been adjusted by SEK 152.1 million and recognised goodwill by SEK 237.3 million. In the fourth quarter and the full year 2023, a discounting effect of SEK 2.4 million to take into account the time value has been recognised in net financial items. For information on how the contingent consideration was measured, see note 7.

Note [C] Adjustment and measurement of other contingent consideration

In addition to the contingent consideration related to the Fall Damage acquisition, older contingent consideration liabilities have also been adjusted as they were previously recognised as a provision based on an estimate of the expected payment and under IFRS they are instead recognised at fair value and classified as a financial liability. On transition to IFRS on 1 January 2023, recognised contingent consideration liabilities were adjusted to fair value, resulting in a reduction of SEK 6.5 million in the liabilities.

When applying IFRS, the time value of contingent consideration must also be taken into account, which is not the case under K3. On transition to IFRS, Fragbite Group has calculated the present value of contingent consideration liabilities, and an interest expense of SEK 1.1 million has been recognised in the income statement for the first quarter 2023 and SEK 4.4 million for the full year 2023.

In the Parent Company, the present value calculation of the contingent consideration in 2023 reduced the Parent Company's contingent consideration liability by SEK 6.5 million and an interest expense corresponding to the discounting effect of SEK 4.4 million for 2023 has affected profit before tax. For the period January – March 2023, the corresponding amount was SEK 1.1 million.

Note [D] Accounting for leases
IFRS 16 requires Fragbite Group to recognise all leases that meet the definition of IFRS 16 as a right-of-use asset in the statement of financial position and to recognise the present value of future lease payments as a financial liability. Fragbite has mainly identified leases for office premises in Sweden, the Netherlands and France. The transition to IFRS means that Fragbite Group recognises a right-of-use asset of SEK 9.8 million, a reduced prepaid expense of SEK 0.3 million and a total lease liability of SEK 9,5 million (current portion SEK 1.1 million and non-current portion SEK 8.4 million) as at the IFRS transition date, 1 January 2023. A right-of-use asset of SEK 8.5 million, a reduced prepaid expense of SEK 0.3 million and a current lease liability of SEK 1,1 million and non-current lease liability of SEK 7.3 million are recognised as at 31 December 2023.

In the income statement for the full year 2023, Fragbite Group recognises depreciation of right-of-use assets of SEK 1.3 million compared with K3, reduced other external expenses related to previously recognised operating lease costs of SEK 1.6 million, and interest expenses on lease liabilities of SEK 0.5 million are recognised in net financial items, and deferred tax of SEK 0.0 million. This means that EBITDA was positively affected by SEK 1.6 million and operating profit by SEK 0.3 million. In the income statement for the period January – March 2023, the transition to IFRS means an increase of SEK 0.3 million in depreciation of right-of-use assets, a decrease of SEK 0.4 million in other external expenses related to previously recognised operating lease costs, and interest expenses on lease liabilities of SEK 0.1 million recognised in net financial items.

Fragbite Group recognises a deferred tax asset related to lease liabilities and a deferred tax liability related to right-of-use assets. Fragbite Group has recognised net deferred tax assets and liabilities related to leases in the statement of financial position, and a deferred tax asset of SEK 0 million at the year-end, 31 December 2023. The corresponding amount on 31 March 2023 was SEK 0 million.

Other adjustments
There has been a reclassification of SEK 20 million within current liabilities.

Material adjustments to the cash flow statement

The transition to IFRS has meant that cash flow effects relating to leases, which were previously presented as part of operating activities, are now presented under IFRS as a part of operating activities (related to the interest component), amounting to SEK 0.5 million for the full year and SEK 0.1 million for the interim period, and as a part of repayment of lease liabilities in financing activities corresponding to SEK 1.1 million for the full year and SEK 0.3 million for the interim period. Previously recognised cash flow related to operating lease costs has been reversed in full, amounting to SEK 1.6 million for the full year and SEK 0.3 million for the interim period.

Note 10. Accounting policies applied
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

No new or amended standards that are not yet effective are expected to have a significant impact on the consolidated financial statements.

The financial statements have been prepared on a historical cost basis, apart from the remeasurement of certain financial liabilities (primarily contingent consideration) which are measured at fair value at the end of each reporting period. The financial statements have been prepared on a going concern basis.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) over which it has control at the end of each reporting period.

A subsidiary is consolidated when the Company obtains control of the subsidiary and is deconsolidated when the Company loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date on which the Company obtains control of the subsidiary until the date on which control ceases.

Where necessary, the financial statements of subsidiaries are adjusted to bring the accounting policies used into line with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated on consolidation.

Business combinations
Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the previous owners of the acquiree and the equity interests issued by the acquirer. Acquisition-related costs are recognised in the income statement as incurred. At the acquisition date, the identifiable assets acquired or liabilities assumed are measured at fair value, with the following exceptions:

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit contracts are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or an equity instrument that are part of the acquiree's share-based payment transactions or the exchange of the acquiree's share-based payment transactions for the Group's share-based payment transactions under the method in IFRS 2 Share-based Payment at the date of acquisition (see below); and
- a non-current asset (or disposal group) classified as held for sale in accordance with IFRS 5 is measured in accordance with that standard.

Goodwill is calculated as the difference between the consideration transferred, the amount of any non-controlling interest in the acquiree, the fair value of the acquirer's previously held equity interest in the acquiree (if any) and the acquisition-date net of the amounts of the identifiable assets acquired and liabilities assumed.

When the consideration transferred from the Group in a business combination includes contingent consideration, the contingent consideration shall be measured at the acquisition-date fair value and included in the consideration transferred for a business combination. Changes in the fair value of the contingent consideration deemed to exist during the measurement period are adjusted retrospectively, with a corresponding adjustment to goodwill. Adjustments during the measurement period are adjustments resulting from new information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration not qualifying for measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured on the next reporting date and subsequent settlement is recognised in equity. Other contingent consideration is remeasured at fair value at each reporting date with changes in fair value recognised in net financial items.

Goodwill

Goodwill is initially measured and recognised as above. Goodwill is not amortised but tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the acquisition. Fragbite Group allocates goodwill from business combinations to the respective cash-generating unit (or groups of cash-generating units) acquired, which is currently per subsidiary.

Revenue

Fragbite Group develops games for mobile platforms and PC. The Group's mobile games are mainly free-to-play games, with the main content being available to the player for free. Revenue is generated from the sale of additional content in the form of virtual goods, which, for example, make it easier to advance to the next level of the game. For sales of virtual goods, each virtual good usually represents a separate performance obligation that is satisfied when control passes to the customer. Virtual goods are essentially consumed at the time of purchase, while other goods can be permanent and used by the player without a time limit. In the case of Fragbite Group, only goods consumed at the time of purchase have been identified, which means that no further performance obligation exists after the virtual goods have been transferred to the customer. The transaction price for virtual goods consists of a fixed fee. Control passes to the customer at a point in time that coincides with when the goods are available, which means that revenue is recognised when the purchase is made within one of the Group's games or apps. Revenue is recognised on a gross basis, i.e. including fees paid to distributors.

Fragbite Group also generates revenue in respect of the Group's free-to-play mobile games through the display of adverts in the Group's games. The customers are the advertisers to whom Fragbite Group grants advertising space. Fragbite Group considers that the commitment to grant in-game advertising space constitutes a performance obligation at contractual level (a series of distinct services that are essentially the same). The transaction price consists entirely of a fixed remuneration per number of clicks or views generated by a specific advert while it is displayed in the game. As the advertiser simultaneously receives and consumes the benefits provided by Fragbite Group displaying the ad in its game, the advertising revenue is recognised at a point in time, i.e. in practice when the ad is displayed in the form of a click.

Fragbite Group also offers certain games for download for which Fragbite Group receives a fixed remuneration per downloaded game. For these games, control is transferred to the customer when the customer has downloaded the game, at which point the customer has full disposal of the game. After the customer has downloaded the game, no obligations remain for Fragbite Group and revenue is recognised at this point. Any subsequent in-game purchases are recognised as above.

For some larger customers such as Netflix, Fragbite Group offers a subscription service whereby Fragbite Group's performance obligation is to provide an updated game over a certain period in exchange for a fixed remuneration for the same period. For these performance obligations, Fragbite Group has assessed that control is transferred over time as Fragbite Group's obligation to provide the relevant game on the customer's platform is transferred.

Fragbite Group has also sold tokens to some customers, which can be used for in-game purchases (see above). The basis for Fragbite Group's accounting judgement is the commitment to develop and provide Fragbite Group's web3 games for as long as they are in demand, together with the holder's right to use these tokens for future in-game purchases. The proceeds from the initial sale of tokens are therefore recognised as deferred income. Revenue is recognised from inception of the agreement and thereafter as the holders exercise their rights to use the tokens for in-game purchases. Based on Fragbite Group's best current estimate, it is reasonable to assume that the holders of these tokens will spend them evenly over the expected lifetime of the games, so straight-line accrual over the estimated economic lifetime of the games is also a reasonable reflection of the timing of revenue recognition. As above, in-game purchases are mainly based on consumables.

Fragbite Group produces and distributes esports tournaments, provides customised tournaments and offers and helps advertisers and partners to promote themselves when these tournaments take place. Advertising and partnership revenues from these tournaments are recognised over time as Fragbite Group's services are performed, which normally coincides with the running of the tournament.

Leases - The Group as lessee
The Group assesses whether the contract is, or contains, a lease when the contract is entered into. The Group recognises a right-of-use asset and a corresponding lease liability for all leases where the Group is the lessee, apart from short-term leases (classified as leases with a lease term of less than 12 months) and low-value leases (such as office equipment). For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives in connection with the signing of the lease;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- The lease liability and right-of-use asset are recognised as separate items in the consolidated statement of financial position.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by decreasing the carrying amount to reflect the lease payments made.

Right-of-use assets comprise the sum of the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date. They are subsequently recognised at cost less accumulated depreciation and impairment.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability or right-of-use asset. These related payments are recognised as an expense in the period in which the event or circumstance giving rise to the payments occurs and are included in Other external expenses in the income statement.

Foreign currencies
When preparing the financial statements of foreign subsidiaries, transactions in currencies other than the functional currency of the company (foreign currencies) are recognised at the exchange rate on the transaction date. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date on which the fair value was determined. Non-monetary items measured at cost are not translated. Exchange differences are recognised in profit or loss in the period in which they arise.

In preparing the consolidated financial statements, the Group's assets and liabilities denominated in foreign currencies are translated at the closing rate on the reporting date. Income and expenses are translated at the average exchange rate for the period. Exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

Goodwill arising on business combinations and fair value adjustments made on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and remeasured at the closing rate. Exchange differences are recognised in other comprehensive income.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that takes a substantial period of time to get ready for its intended use, are included in the cost of

the asset. Fragbite Group has determined that a substantial period of time is at least 12 months from the commencement of work to the completion of the asset.

Pension costs
All the Group's pension plans are defined-contribution plans. Contributions to a defined-contribution plan are recognised as an expense when employees have rendered the services that entitle them to the contributions.

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments granted at the grant date. The fair value excludes the effect of non-market vesting conditions. For programmes where Fragbite Group has received market-based payment from the holder/participant in the programme, no cost has been recognised. For programmes where the share-based payment is granted for no consideration, or at a value below fair value, the accounting treatment is as follows.

The grant-date fair value of equity-settled share-based payments is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments expected to vest. At the end of each reporting period, the Group reviews its estimate of the number of equity instruments expected to vest based on the effect of non-market vesting conditions.

Any effect of a change in the original estimates is recognised in profit or loss so that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Income tax
Income tax is the sum of current tax and deferred tax.

Current tax is calculated on taxable profit for the period. Taxable profit differs from accounting profit as it is adjusted for income and expenses that are taxable or deductible in other periods and also excludes items that will never be taxable or deductible.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used to calculate taxable profit.

Deferred tax liabilities are recognised for substantially all taxable temporary differences, and deferred tax assets are recognised for substantially all deductible temporary differences to the extent that it is probable that the amounts can be utilised against future taxable profits. The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are not recognised if the temporary differences relate to the initial recognition of goodwill. Deferred tax assets and liabilities are recognised on a net basis when there is a legal right of set-off for current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority, and when the Group intends to settle the current tax assets and liabilities on a net basis.

Property, plant and equipment
Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment.

Depreciation is applied on a straight-line basis over the useful life as follows:

Equipment	*3-5 years*

The estimated useful lives and depreciation method are reviewed at the end of each reporting period. Any changes in estimates are recognised prospectively.

An item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the asset's carrying amount and is recognised in profit or loss under other operating income or other external expenses.

Intangible assets acquired separately
Intangible assets with finite useful lives are recognised at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at least at the end of each financial year and the effect of any changes in estimates is recognised prospectively. Separately acquired intangible assets with indefinite useful lives are recognised at cost less accumulated impairment.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination which are recognised separately from goodwill are initially recognised at their acquisition-date fair value (which is deemed to be the cost of the asset).

After initial recognition, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and impairment, in the same way as other intangible assets acquired separately.

The useful lives of acquired game development projects acquired in a business combination have not yet been determined. As development work related to the acquired game development project is ongoing, no amortisation has been recognised in the current period.

Internally generated intangible assets – research and development expenditure
Research expenditure is recognised as an expense in the period in which it is incurred.
An internally generated intangible asset arising from development, or in the development phase of an internal project, is recognised as an asset in the statement of financial position only if an entity can demonstrate that all the following conditions are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- It is the intention to complete the intangible asset and to use or sell it;
- The entity has the ability to use or sell the intangible asset;
- The entity can demonstrate how the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell it; and
- The entity can reliably estimate the expenditure attributable to the intangible asset during its development.

The cost of internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first fulfils the criteria in the points above. If it is not possible to recognise an internally generated intangible asset, development expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, internally generated intangible assets are recognised at cost less accumulated amortisation and impairment, in the same way as other intangible assets acquired separately.

An intangible asset is derecognised on retirement or disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the derecognition of an intangible asset, calculated as the difference between the net income and the asset's carrying amount, is recognised in profit or loss when the asset is derecognised.

Amortisation is applied on a straight-line basis over the useful life as follows:

Internally generated intangible assets	
Capitalised development expenditure	*5 years*
Intangible assets acquired	
Licences	*5 years*
Customer contracts	*3 years*
Computer programs	*5 years*

Cryptocurrency holdings
Cryptocurrency holdings are recognised as an intangible asset. Fragbite Group has elected to recognise cryptocurrency holdings at cost. The holdings are measured at the lower of cost and fair value on the reporting date. Impairment is reported as impairment of intangible assets. On disposal, any earnings effect is recognised in the consolidated income statement under other operating income or other operating expenses.

Impairment of property, plant and equipment and intangible assets excluding goodwill
At the end of each reporting period, the Group evaluates the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets may be impaired. If there are indications of impairment, the asset's recoverable amount is calculated to determine any impairment loss. If the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

Intangible assets with an indefinite useful life are tested for impairment at least annually or whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Financial instruments
Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition.

Financial assets
After initial recognition, all recognised financial assets are measured after amortised cost, taking into account Fragbite Group's business model for managing financial assets and the characteristics of the contractual cash flows from the financial asset.

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in the credit risk of each financial asset since initial recognition.

The Group always recognises expected credit losses for the remaining term of trade receivables and contract assets in accordance with the simplified approach. The expected credit losses on these financial assets are measured using a provision matrix based on the Group's historical credit losses, adjusted for factors specific to the counterparties and general economic conditions, and an assessment of both current and forward-looking factors at the end of the reporting period, including the time value of money where applicable.

For all other financial assets, the Group recognises expected credit losses for the remaining term only when there has been a significant increase in credit risk since initial recognition. If there has been no significant increase in credit risk since initial recognition, the Group recognises the loss allowance for the financial asset at an amount equal to 12-month expected credit losses.

The Group considers that if information produced internally or obtained from external sources indicates that it is unlikely that the counterparty will be able to meet its obligations in full (without taking into account collateral held by the Group), the asset is in default.

Write-offs
The Group writes off a financial asset when there is information indicating that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery (for example, when the counterparty has been placed in liquidation or has initiated bankruptcy proceedings) or, in the case of trade receivables, when the amounts are past due more than two years, whichever is earlier. Impaired financial assets may still be subject to recovery actions. Any recovered amounts are recognised in the income statement.

Derecognition of financial assets from the statement of financial position
The Group derecognises a financial asset from the statement of financial position only when the contractual rights are extinguished, or all the risks and rewards of the financial asset are transferred to another party.

Financial liabilities
Fragbite Group measures contingent consideration liabilities arising from business combinations at fair value through profit or loss. All other financial liabilities are measured at amortised cost.

The effective interest method is used to calculate the amortised cost of a financial asset or financial liability and to allocate and recognise interest income or interest expense in profit or loss for the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including transaction costs and all other premiums or discounts) over the expected life of the financial liability, or (when applicable) over a period shorter than the expected life, to the amortised cost of the financial liability.

Derecognition of financial liabilities from the statement of financial position
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Onerous contracts
Existing obligations for an onerous contract are calculated and recognised as a provision. An onerous contract exists if the Group has a contract where the unavoidable costs of meeting the Group's obligations exceed the expected economic benefits from it.

Differences between the Parent Company's and the Group's accounting policies

Classification and presentation
The Parent Company's income statement and statement of financial position are presented in accordance with the format described in the Annual Accounts Act. The difference from IAS 1 Presentation of Financial Statements, which is applied in the preparation of the consolidated financial statements, mainly concerns the presentation of finance income, finance costs and equity.

Leases
As a lessee, the Parent Company recognises lease payments as an expense on a straight-line basis over the lease term, or on another systematic basis if that basis is more representative of the user's economic benefit over time.

Subsidiaries
Shares in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised in the income statement when the right to receive payment is established and can be measured reliably. Contingent consideration is recognised as part of the cost if it is probable that it will be paid. If, in subsequent periods, it becomes apparent that the initial assessment needs to be revised, the cost is adjusted.

Financial instruments
The Parent Company does not apply IFRS 9, in accordance with the exemption in RFR 2. Instead, a cost-based method is applied in accordance with the Annual Accounts Act. This means that non-current financial assets are measured at cost less impairment, while current financial assets are measured using the lower value principle (the lower of cost and net realisable value). In calculating the net realisable value of receivables recognised as current assets, the principles for impairment testing and loss allowance under IFRS 9 are applied, see the Group's policies. In assessing and calculating impairment of financial assets recognised as non-current assets, the principles for impairment testing and loss allowance in IFRS 9 are applied whenever possible. Financial liabilities are measured at amortised cost using the effective interest method. The principles for recognition and derecognition of financial instruments are similar to those applied for the Group, described above. In addition, the IFRS 9 rules regarding financial guarantee contracts are not applied in the Parent Company for guarantee contracts in favour of subsidiaries.

Group contributions and shareholder contributions
Group contributions are recognised as an appropriation in the income statement. Shareholder contributions paid are recognised as an increase in the contributor's item Shares in Group companies.

Declaration by the Board of Directors

The Board of Directors and the CEO hereby certify that this interim report provides a fair overview of the Parent Company's and the Group's operations, financial position and performance, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 16 May 2024

Stefan Tengvall
Chairman

Marcus Teilman
President & CEO

Maria Andersson Grimaldi
Board Member

Claes Kalborg
Board Member

Sten Wranne
Board Member

Zara Zamani
Board Member

This interim report has not been reviewed by the Company's auditors.

Contact

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556990-2777

Financial calendar

- Annual General Meeting: 21 May 2024
- Interim report second quarter 2024: 15 August 2024
- Interim report third quarter 2024: 14 November 2024
- Year-end report 2024: 20 February 2025