

Interim report for the period January – September 2021

Continued strong growth

Third quarter 2021

- Net revenue for the third quarter amounted to SEK 44.1 (0.9) million.
- EBITDA for the third quarter amounted to SEK 2.9 million (-3.5) million. Items affecting comparability had an effect of SEK -0.2 million on earnings.
- Adjusted EBITDA (before items affecting comparability) amounted to SEK 3.1 (-3.5) million.
- Net result after tax was SEK -11.8 (-7.9) million.
- Earnings per share after dilution amounted to SEK -0.14 (-0.24).

First nine months 2021

- Net revenue for the first nine months amounted to SEK 63.7 (3.4) million.
- EBITDA for the first nine months amounted to SEK -4.2 (-7.9) million. Items affecting comparability had an effect of SEK -3.5 million on earnings.
- Adjusted EBITDA (before items affecting comparability) amounted to SEK -0.6 (-7.9) million.
- Net result after tax for the first nine months was SEK -36.3 (-21.4) million.
- Earnings per share after dilution amounted to SEK -0.42 (-0.66).

Significant events during the quarter

- The offering prior to listing on Nasdaq First North Growth Market was 788 percent subscribed and raised just over SEK 22 million before issue expenses. Trading in Fragbite Group's shares commenced on 12 July 2021 under the ticker FRAG.

Significant events after the end of the period

- Lars Johansson appointed new CFO.
- Additional purchase consideration paid for the Playdigious acquisition of EUR 1.5 million, EUR 0.75 million of which in cash and EUR 0.75 million via 1,824,543 newly issued shares.

Proforma statement for the first nine months

As Fragbite Group has a stated strategy to grow both organically and through acquisitions, a proforma statement has been prepared to show what the financial performance would have been like if the most recent acquisitions of Fragbite AB and Playdigious SAS had been acquired on 1 January 2021. Fragbite AB was acquired on 18 February 2021 and Playdigious on 31 May 2021.

Fragbite Group 2021 SEK thousands	Jul-sep		Jan-sep		
	2021	2020	Proforma 2021	2021	2020
Revenue	44 139	888	99 048	63 710	3 351
Adjusted EBITDA	3 067	-3 479	7 261	-637	-7 922
EBITDA*	2 880	-3 479	3 693	-4 205	-7 922
EBIT	-10 696	-7 932	-27 205	-34 885	-21 165
Profit/loss after tax	-11 836	-7 941	-30 579	-36 258	-21 387

*Earnings were affected by items affecting comparability of SEK 187 thousand in Q3 and SEK 3,568 thousand during the first nine months. The costs are directly attributable to the IPO process.

About Fragbite Group AB (publ)

Fragbite Group is a digital gaming entertainment group with subsidiaries active in the mobile gaming and e-sports industry. The group consists of companies with about 60 employees who all share the same passion for gaming. The Group is headquartered in Stockholm, Sweden and has physical representation in Alexandria, Egypt and Montpellier and Nancy, France. The group has two internal game development studios; Funrock Development and Prey Studios develop, publish, distribute and market mobile games for the global gaming market. Fragbite AB is one of the Nordic region's leading E-sports media companies that arranges and broadcasts e-sports tournaments live. Playdigious SAS places and adapts games for mobile phones and develops indie games. For more information, see www.fragbitegroup.com.

CEO's comments

Fragbite's net revenue during the third quarter amounted to SEK 44.1 million and adjusted EBITDA was SEK 3.1 million. Our business is therefore growing profitably while we have continued to invest in our business with a particular focus on acquisition-driven growth, new e-sports and game development projects and increased collaboration within the Group companies in order to leverage synergies. We have strengthened and expanded our growing portfolio of games and we are working hard with all our subsidiaries to achieve their full potential. We are confident that our strategy and our ability to harness the positive underlying market trends in gaming and e-sports will generate significant value over time. We are committed to providing highly attractive e-sports concepts and mobile games. Organic growth and carefully selected and executed acquisitions make up our growth strategy.

Developments during the third quarter

During the third quarter of 2021, the Group released two significant updates to existing games (*Dead Cells* and *Northgard*) and two games in a soft launch phase (*MMA Manager 2: Ultimate Fight* and *Army Battle*). Two of these games were produced in the Group's own studios and the other two through the Group's publishing operations in Playdigious. After the end of the quarter, one additional game, *Sparklite*, was released, also through Playdigious. During the quarter, we also announced that we are forming a chess e-sport league with Sveriges Schackförbund. Svenska Schackligan is scheduled for launch before the end of 2021 with a tournament format that will be played continuously throughout 2022. Chess is growing rapidly in Sweden, particularly due to the Netflix series "The Queen's Gambit", and the aim is that Sweden's only official e-sport chess league will engage more chess players in the 18-35 year-old target group and establish chess as a real e-sport in Sweden, also attracting a new category of Fragbite AB customers and sponsors.

The Publishing and Indie Games (Playdigious) business area, which has been part of our group since May 2021, showed strong growth and has grown faster than the annual growth rate for our addressable market.

The Mobile Gaming business area experienced negative sequential growth for the third quarter, as expected. This was partly due to the studio's reduced marketing of *MMA Manager: Fight Hard* as the sequel *MMA*

Manager 2: Ultimate Fight is scheduled for a global launch in the fourth quarter. *MMA Manager 2: Ultimate Fight* is expected to drive positive organic growth for the business area in the coming years.

In the e-sports business area, which consists of Fragbite AB, the third quarter has presented some challenges, which are a direct effect of the pandemic. Cancelled live events and a customer base that has tightened its marketing have contributed to lower earnings in 2021 than in the previous year. However, we see a brighter outlook going into 2022 and I am very confident that our new growth initiatives and concepts in the coming year will contribute positively.

A clear sign that e-sports continues to grow is that the recent e-sports tournament PGL Major Stockholm 2021, held in a packed Avicii Arena, became the most successful CS:GO event of all time according to escharts.com.

First nine months of the year

Net revenue for the nine-month period amounted to SEK 63.7 million and adjusted EBITDA was SEK -0.6 million. We have made two acquisitions during the year – the Swedish company Fragbite and the French company Playdigious.

As we sum up the first nine months of the year, we are well positioned to deliver on our planned activities and goals for 2022 and beyond. Several promising game titles have entered soft launch, and further game releases are planned for the fourth quarter and next year. The focus is on executing on our acquisition strategy and supporting our business areas to further strengthen the Company in the long term. Our acquisition pipeline is strong and our long-term vision and goal to build one of the Nordic region's leading e-sports and gaming entertainment groups stands firm. The fact that we are engaged in intense discussions with potential acquisitions, combined with our healthy cash position, leads me to believe that we have an exciting future ahead of us.



Stefan Tengvall, President and CEO

Financial performance in the period January – September 2021

Revenue

The Group's net revenue for the third quarter amounted to SEK 44.1 (0.9) million. Net revenue for the first nine months was SEK 63.7 (3.4) million. Revenue for the period is significantly higher than in the previous year due to the Group's acquisition of Fragbite and Playdigious. As Playdigious was acquired on 31 May 2021, only the revenue for June contributed to the higher revenue for the second quarter, while the third quarter includes three months of revenue.

Earnings

The Group's other external and personnel expenses for the third quarter amounted to SEK 7.5 (3.9) million and SEK 22.1 (9.4) million for the first nine months. Costs have increased compared with the previous year, driven by completed acquisitions. Other external costs attributable to items affecting comparability in for the third quarter amounted to SEK 0.2 million in the third quarter and approximately SEK 3.5 million in the first nine months, related to the IPO process.

EBITDA for the third quarter amounted to SEK 2.9 (-3.5) million and for the first nine months SEK -4.2 (-7.9) million. The improvement compared with the previous year is largely attributable to EBITDA from Playdigious.

The Group's depreciation/amortisation for the third quarter amounted to SEK 13.4 (4.5) million and for the first nine months SEK 30.4 (13.2) million. The increase is related to goodwill amortisation for the acquired companies. The second quarter only includes one month's goodwill amortisation associated with the Playdigious acquisition, while the third quarter includes amortisation for the full quarter. Depreciation related to work performed by the Company and capitalised amounts to SEK 2.2 (0) million for the third

quarter and SEK 6.4 (0) million for the first nine months. The Group's net result after tax for the third quarter amounted to SEK -11.8 (-7.9) million and for the first nine months SEK -36.3 (-21.4) million.

Cash flow, investments and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1.6 (-11.9) million for the third quarter and SEK -5.5 (-8.2) million for the first nine months. The improved cash flow is largely due to earnings from the subsidiary Playdigious, which was acquired on 31 May 2021. Cash flow from changes in working capital amounted to SEK -13.0 (-4.8) million for the third quarter and SEK 15.6 (3.3) million for the first nine months. These changes are also mainly related to the acquisition of the French company. Cash flow from investing activities amounted to SEK -1.9 (-1.5) million for the third quarter and SEK -68.6 (-7.5) million for the first nine months, and is mainly attributable to the acquisitions of Fragbite AB (18 February 2021) and Playdigious (31 May 2021), but also to work performed by the Company and capitalised for the quarter and the first nine months.

Cash flow from financing activities amounted to SEK 43.1 (22.4) million for the third quarter and SEK 122.9 (21.4) million for the first nine months, and is a consequence of new share issues amounting to SEK 182.5 (75.3) million in total. After deducting shares issued in connection with acquisitions, the share issues amount to SEK 109.2 (26.1) million for the first nine months and SEK 44.5 ¹(27.1) million for the third quarter.

Cash and cash equivalents amounted to SEK 69.3 (10.4) million at the end of the period.

¹ The amount also includes the private placement of SEK 25 million before issue costs that were subscribed for

before the beginning of the quarter but where the payment was made during the quarter.

Work performed by the Company and capitalised	Jul - sep		jan - sep	
	2021	2020	2021	2020
SEK thousands				
Recognition of capitalised expenditure	1 900	0	4 308	0
Depreciation of capitalised expenditure	-2 212	0	-6 436	0
Earnings effect/net effect	-312	0	-2 128	0

During the reporting period, there has been no capitalized work at own expense in Playdigious.

Activities during the third quarter and forthcoming launches

Activities during the third quarter

Title	IP owner	Publisher
Northgard (Andriod version)	External	Playdigious
Dead Cells Fatals Falls DLC	External	Playdigious
Northgard Multiplayer update	External	Playdigious

Planned activities up to and including second quarter of 2022

Title	IP owner	Publisher
Sparklite	External	Playdigious
Swedish Chessleague	Fragbite	Fragbite AB
MMA Manager 2: Ultimate Fight	Prey Studios	Tilting Point
Army Battle	FunRock	Tilting Point
Fragleague season 9	Fragbite AB	Fragbite AB
Evoland II (Chinese version)	External	Playdigious
Dead Cells – Crossover update	External	Playdigious
Title not yet communicated	External	Playdigious
Title not yet communicated	External	Playdigious
MMA Manager 2: Ultimate Fight (new geography)	Prey Studios	External

Market²

The gaming industry is now the world's largest entertainment industry with almost 3 billion players globally. According to Newzoo, the gaming industry is expected to generate revenues of approximately USD 175.8 billion in 2021, corresponding to a year-on-year decline of -1.1%. However, Newzoo expects a rapid recovery from the 2021 downturn, with gaming market growth and a CAGR of +8.3% between 2019 and 2024, meaning that revenues are expected to exceed USD 200 billion by the end of 2023. Mobile gaming is the world's most popular form of gambling and is expected to reach 2.6 billion players and generate revenues of USD 90.7 billion in 2021, representing more than half of the global gaming market.

Fragbite's games are in the Free-to-Play (F2P) and Pay-to-Play segments. Both models have been successfully applied to the browser game market for several years and has now also taken over the mobile segment. In the world's single largest market, Asia, and in particular China, the models are dominating and now gaining ground across all platforms globally. People of all age demographics play online games. According to ESA, the average age of a player in the US, for example, is 31 and 80% of all players are over 18. The number of female players has also increased rapidly in recent years and now accounts for just under half (45%) of the total population of players in the US.

E-sports are forecast to continue in the future. PGL Major Stockholm 2021 in November broke all viewing records in CS:GO history with over 2.74 million viewers, double the previous record. PGL Major Stockholm took the CSGO category to 5th place on Twitch and ranks 7th among the top ten most popular e-sports events in history, according to escharts.com, and the tournament's organiser sold broadcast rights to over 20 markets.

² Market data sources: Newzoo's Global Games Market Report 2021, Essential Facts of the Video Game Industry 2021, by ESA, escharts.com

Parent Company

The Parent Company's revenue for the third quarter amounted to SEK 0.6 (0.0) million and net result after tax for was SEK -0.1 (0.0) million. The Parent Company's revenue for the first nine months amounted to SEK 0.6 (0.0) million and net result after tax was SEK -5.2 (-0.4) million

Accounting policies

This interim report has been prepared in accordance with K3, Interim Financial Reporting, and the Annual Accounts Act.

Fragbite Group's share

Fragbite Group AB (publ) was listed on Nasdaq First North Growth Market on 12 July 2021 under the ticker (short name) FRAG. The total number of ordinary shares outstanding on 30 September 2021 is 82,144,656. Each share carries one vote at the AGM.

Consolidated statement of comprehensive income

<i>SEK thousands</i>	Jul-sep		Jan-sep	
	2021	2020	2021	2020
Revenue	46 041	905	68 028	3 438
<i>Revenue</i>	44 139	888	63 710	3 351
<i>Other provisions</i>	1 900	0	4 308	0
<i>Other income</i>	2	17	9	87
Cost of goods and services sold	-35 620	-512	-50 131	-1 990
Gross profit	10 420	393	17 897	1 448
Other external costs	-3 300	-2 380	-12 219	-4 954
Personnel expenses	-4 240	-1 493	-9 883	-4 417
EBITDA	2 880	-3 479	-4 205	-7 922
Depreciation/amortisation				
Intangible assets	-2 212	-1 980	-6 436	-5 759
Property, plant and equipment	-22	-3	-31	-5
Goodwill	-11 171	-2 488	-23 960	-7 463
Total depreciation/amortisation	-13 405	-4 470	-30 428	-13 227
Other operating expense	-171	17	-252	-16
EBIT	-10 696	-7 932	-34 885	-21 165
Net financial items	250	-9	301	-222
EBT	-10 446	-7 941	-34 585	-21 387
Tax	-1 390	0	-1 674	0
Profit/loss for the period	-11 836	-7 941	-36 258	-21 387
Other comprehensive income				
Translation differences attributable to foreign operations	178	0	178	0
Other comprehensive income	178	0	178	0
Comprehensive income for the period	-11 657	-7 941	-36 080	-21 387
Profit/loss for the period attributable to the parent company's shareholders	-11 836	-7 941	-36 258	-21 387
Comprehensive income for the period attributable to the parent company's shareholders	-11 657	-7 941	-36 080	-21 387
Earnings per share (SEK)	-0,14	-0,28	-0,44	-0,74
Earnings per share after dilution (SEK)	-0,14	-0,24	-0,42	-0,66
Average number of shares outstanding	79 047 451	28 767 733	58 432 569	19 294 222
Number of shares before dilution	82 144 656	28 767 733	82 144 656	28 767 733
Number of shares diluted	85 869 199	32 585 603	85 869 199	32 585 603

Consolidated balance sheet

<i>SEK thousands</i>	30 sep 2021	30 sep 2020	31 dec 2020
ASSETS			
<u>Non-current assets</u>			
Intangible assets	200 731	61 854	64 733
Property, plant and equipment	164	10	9
Financial assets	144	0	0
Total non-current assets	201 040	61 865	64 742
<u>Current assets</u>			
Trade receivables	23 131	243	473
Other receivables	3 565	1 357	2 127
Prepaid expenses and accrued income	718	61	54
Cash and cash equivalents	69 307	10 393	4 861
Total current assets	96 721	12 054	7 515
Total assets	297 762	73 918	72 257
EQUITY AND LIABILITIES			
Equity	217 062	68 917	67 660
Provisions	20 288	0	0
<u>Non-current liabilities</u>			
Borrowing	17 809	0	0
Total non-current liabilities	17 809	0	0
<u>Current liabilities</u>			
Accounts payable	26 266	2 244	473
Current tax liabilities	363	-30	39
Other current liabilities	10 965	1 744	2 825
Accrued costs and accrued income	5 007	1 043	1 259
Total current liabilities	42 602	5 001	4 597
Total equity and liabilities	297 762	73 918	72 257

Consolidated statement of changes in equity

SEK millions	Share capital	Unregistered share capital	Development Expenditure Fund	Premium Fund	Balanced result	Loss for the period	Equity attributable to shareholders of the Parent Company
Opening balance 2020-01-01	172	0	0	58 677	-29 719	-13 454	15 675
Changes in equity during the period 2020-01-01 - 2020-12-31							
Results for the reporting period						-22 569	-22 569
New share issue paid	362	10		74 182			74 554
Disposition according to decision of the Annual General Meeting					-13 454	13 454	0
Closing balance 2020-12-31	534	10	0	132 858	-43 173	-22 569	67 660

SEK millions	Share capital	Unregistered share capital	Development Expenditure Fund	Premium Fund	Balanced result	Loss for the period	Equity attributable to shareholders of the Parent Company
2021-01-01	544	0	0	132 858	-43 173	-22 569	67 660
Changes in equity during the period 2020-01-01 - 2020-09-30							
Results for the reporting period						-36 258	-36 258
New share issue paid	825	94		181 546			182 465
New share issue cost				-4 842			-4 842
Change in group structure					8 037		8 037
Disposition according to decision of the Annual General Meeting					-22 569	22 569	0
Intangible assets - net increase			3 370		-3 370		0
Closing balance 2021-09-30	1 369	94	3 370	309 563	-61 075	-36 258	217 062

Consolidated cash flow statement

	Jul-sep		Jan-sep	
<i>SEK thousands</i>	2021	2020	2021	2020
Operating profit/loss	-10 696	-16 675	-34 885	-21 165
Non-cash items	13 405	4 762	30 428	12 917
Financial items	250	0	294	0
Tax paid	-1 393	0	-1 305	0
Cash flow from operating activities before changes in working capital	1 566	-11 913	-5 468	-8 248
Change in accounts receivable	-1 252	-9	-22 614	-243
Change in other receivables	-946	-199	-2 099	407
Change in accounts payable	2 770	1 617	25 747	1 542
Change in other liabilities*	-13 560	-6 245	14 523	1 579
Cash flow from changes in working capital	-12 988	-4 836	15 557	3 285
Cash flow from operating activities	-11 422	-16 749	10 089	-4 963
Investment in subsidiaries	0	0	-63 847	0
Sale of property, plant and equipment	0	-5	0	5
Aquisitions of intangible and tangible fixed assets	-1 828	-1 460	-4 597	-7 507
New lending	-22	0	-145	0
Cash flow from investment activities	-1 850	-1 465	-68 589	-7 502
New share issue**	44 488	27 140	109 221	26 143
New borrowings	0	-4 751	15 000	-4 751
Amortization loans	-1 316	0	-1 316	0
Cash flow from financing activities	43 172	22 389	122 905	21 391
Cash flow from the period	29 901	4 175	64 405	8 926
Cash and cash equivalents at the beginning of the period	39 365	6 218	4 861	1 467
Cash flow for the period	29 901	4 175	64 405	8 926
Price difference in cash and cash equivalents	42	0	42	0
Cash and cash equivalents at the end of the period	69 307	10 393	69 307	10 393

* Change in other includes a settlement of a short debt of SEK 9,831 million corresponding to the acquisition of Playdigious' cash. ** The amount also includes the directed issue of SEK 25 million before issue costs that were subscribed before the start of the quarter but where the proceeds were paid during the quarter.

Parent Company income statement

<i>SEK thousands</i>	Jul-sep		Jan-sep	
	2021	2020	2021	2020
Revenue	552	0	552	0
Other external costs	-63	-32	-5 026	-126
Personnel expenses	-438	0	-488	0
Operating profit/loss before net financial items (EBIT)	51	-32	-4 962	-126
Net financial items	-159	0	-199	-225
Profit/loss before tax (EBT)	-109	-32	-5 162	-351
Tax	0	0	0	0
Profit/loss for the period	-109	-32	-5 162	-351

Parent Company balance sheet

<i>SEK thousands</i>	30 sep 2021	30 sep 2020	31 dec 2020
ASSETS			
Shares in Group companies	246 342	122 552	75 495
Receivables from Group companies	3 833	3 740	3 303
Other current receivables	2 012	0	1 500
Cash and cash equivalents	41 967	9 558	3 372
Total assets	294 153	135 851	83 669
EQUITY AND LIABILITIES			
Equity	260 146	133 803	80 116
Provisions	10 131		
Total non-current liabilities	13 750	0	0
Liabilities to Group companies	0	0	750
Total current liabilities	10 125	2 048	2 803
Total equity and liabilities	294 153	135 851	83 669

Declaration by the Board of Directors

The Board of Directors and the CEO of Fragbite Group AB (publ) hereby certify that the interim report provides a true and fair overview of the operations, financial position and performance of the Group and Parent Company.

Stockholm, 30 November 2021

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

Niclas Bergkvist
Chairman of the Board

Claes Kalborg

Dawid Myslinski

David Wallinder

Sten Wranne

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Upcoming reports

Year-end report 25 February 2022