



# **FANTASMA GAMES AB (PUBL)** **– ANNUAL REPORT 2021**



# CONTENT

Highlights During the Year	3
A Few Words from our CEO	4
The Year in Brief	6
Definitions	7
Business Description	8
Goals for the Group	13
Market Overview	14
Administration Report	16
Corporate Governance	18
Stock	20
Accounts	22
Notes	27
Declaration of the Board of Directors	32



# HIGHLIGHTS DURING THE YEAR

- Net sales amounted to MSEK 7.8 (6.9), corresponding to an increase of 13%
- The gaming revenue amounted to MSEK 6.1 (4.5), corresponding to an increase of 35%
- EBITDA amounted to MSEK -4.7 (0.1)
- Earnings per share after dilution amounted to SEK -2.32 (-0.29)

**35%**  
gaming revenue

**6.1**MSEK  
gaming revenue

**7.8**MSEK  
net sales

## Key Figures, the Group

(TSEK)	FY 2021 jan-dec
Net sales	7 772
Revenue	13 976
Cost of services sold	-1 672
Gaming revenue	6 100
Operating expenses	-21 215
EBITDA	-4 666
<b>Equity per share</b>	
Before dilution (SEK)	9.08
After dilution (SEK)	7.21
<b>Earnings per share</b>	
Before dilution (SEK)	-2.93
After dilution (SEK)	-2.32
<b>Number of shares</b>	
Number of shares at the beginning of the period	2 056 596
Number of shares at the end of the period	3 034 090
Outstanding warrants during the period	660 000
Average number of shares before dilution	2 545 343
Average number of shares after dilution	3 205 343

- Fantasma Games reports the Group's strongest year ever, where gaming revenue is strengthened by 35% compared with the previous year.
- The acquisition of Wiener Games is completed, which leads to increased production capacity and the opportunity to continue to meet the demand for customised games.
- Fantasma Games strengthens the Group's presence in strategic markets and continues to connect with important operators.
- First game launched with the casino giant Scientific Games, and the Group thereby takes a big step towards executing the stated growth strategy by approaching the growing North American market.

## A FEW WORDS FROM OUR CEO

As we now put 2021 on paper, we can state that it has been a very exciting, eventful and successful year. Fantasma Games' share was listed on Nasdaq First North in March, and, in connection with this, a new share issue was carried out, which secured the Company's financing in order to execute on the growth strategy that will take the Group to the next level.

In 2021, we also signed very important distribution agreements with players such as Scientific Games, Salsa and Q-tech, which means that Fantasma Games will reach out with existing and upcoming games to significantly more, and beyond that, completely new, markets. Thanks to the issue proceeds, our production team has been strengthened even further, which means we can make both more and even better games, something that we have built a foundation for in 2021, and expect to see the result of as early as in the first half of this year. At the same time, Fantasma Games carried out its first acquisition, which means we now have the opportunity to produce games to meet the strong demand we have experienced.

The impetus from the last quarter of 2021, which is the strongest in the Group's history, is something we have taken with us into 2022, where we continue to break new records. Thanks to an eventful year, which was built on a solid foundation, I feel confident that the Group is well equipped to fully capitalise on the investments we have carried out, and through this take Fantasma Games to new heights.

### Listing completed and financing secured

The first months of the year were largely marked by the Group's listing on Nasdaq First North. Through the listing, a solid foundation was created in the endeavour to achieving our growth goals. The interest in Fantasma Games was clearly shown in connection with the listing and the associated issue, which was strongly oversubscribed. We are proud and grateful that so many want to join us on our growth journey, and that we have also received increased confidence from the Knutsson and Lundström families, with a strong connection to the industry, as well as Svea Ekonomi, which we see as proof that we are on the right path.

### Continued improvement in production

In our tireless efforts to continuously deliver games that the market demands, we have continued to strengthen and improve our production during the year. An important piece of the puzzle in this was the recruitment of Trevor Ko (previously active at IGT and NetEnt/Evolution) in the role of CPO, who contributes with his valuable experience from the industry. The investments made in our own production mean that the games we produce are constantly getting better and better, at the same time as they more consistently generate higher results, which assures a faster return moving forward. In addition, we can now increase

the production rate and demonstrate increased scalability by creating more games in a more cost-effective way.

### New markets around the corner

During 2021, Fantasma Games has taken real steps into several new markets, and through the industry giant Scientific Games, with which we signed an important collaboration agreement in 2021, we look forward to expanding our operations in North America, parts of South America, and further large European countries, such as Italy, Spain and Greece. We expect that this will yield results as early as during the first half of 2022, and thereby contribute to significant revenue growth in the coming years.

### Continued growth in existing markets

We continue to see great potential to grow in the Company's existing markets, where Fantasma Games' reach is constantly growing with new operators, in a cost-effective way via our strong distribution partners, including major players such as Gamesys, Entain, and Paddy Power, which shows the strength of our distribution model and scalability. I feel confident in being able to state that we are well on our way to achieving our goal of connecting with 250 quality operators before the end of 2023, which is an important component in achieving the Group's stated growth targets.

### Wiener Games is now part of Fantasma Games

We can now state that the acquisition of Wiener Games was completed successfully and has already progressed well, where, in December alone, Wiener Games contributed to the Group with net sales corresponding to TSEK 680. Wiener Games reported total revenue of MSEK 6.5 for the full year 2021, with a positive operating profit of MSEK 2.0, which is significantly better than previously communicated, in conjunction with the acquisition being presented.

For Fantasma Games, the acquisition means that we will now be able to meet the increased demand from operators. Together, we will be able to create more games without any added resource burden on the Swedish part of the business. We also have high expectations that Wiener Games will continue to make a positive contribution to our revenue and margins in the future.

### Exciting future prospects

For the full year 2021, we report gaming revenue of MSEK 6.1 (4.5), which corresponds to a growth of 35 per cent compared with the previous year. This result is completely in line with the Company's long-term goals, and we are experiencing a strong tailwind driven by the efforts we made during the year, both in terms of game production and our expanded reach, which have already yielded clear results and continue to create growth.

In January 2022, Fantasma Games reached MSEK 15 in gaming profit, which is double the same period last year.

We also broke the old record with over MSEK 1.6. The fact that we succeed in this now is due to our tireless desire to continue producing world-class games, which strengthen our brand and has led to a number of collaborations with new, world-leading operators. Our expectations are high, and we believe that these new, and additional, operators will continue to make a positive contribution to Fantasma Games' gaming revenue for a long time to come.

I am proud of what we have achieved over the past year. We have laid the foundation for growth, and I feel very confident that 2022 will be the year when we will really show the strength of our business model and deliver the results that we, and the market, expect.



Jacob Sachs  
Acting CEO until 1 April 2022

---

## FANTASMA GAMES ARE FULLY FOCUSED TO SHOW FUTURE GROWTH BY ADDING HIGH QUALITY GAMES THROUGH LEADING OPERATORS

Fantasma Games is now facing an exciting future after achieving a number of the set goals in 2021, and building a stable, and scalable, platform for continued growth. Among other things, we acquired the gaming studio Wiener Games, in which we continue to have high hopes in the ability to deliver results, and also be strengthened through synergies within the Group, which we are already seeing, at the same time as the Company contributes to increased revenue potential. In addition, we have succeeded in connecting with new leading distribution partners, as well as strengthening and improving our production. The year as a whole, insofar as what we have accomplished, has created a breeding ground, and opportunities, to continue to take Fantasma Games to new levels.

In 2021, we launched seven successful games, and we will continue to release more games than ever before in 2022; we will also reach out to more operators in new markets and, as such, reach new players. Our market growth will be focused on regulated markets, where the United States, Canada and Italy are the primary markets for growth. At the same time, we will place a lot focus on the existing markets in which we have achieved success, where England and the Netherlands are markets that hold significant potential via new relationships with leading

operators such as Paddy Power, Entain, Gamesys, Sky and Holland Casino.

All in all, I am proud of what we have managed to achieve so far, and would like to say that we are now in the starting blocks when it comes to showing strong growth and proving the scalability of our business model. I am grateful for the confidence shown to now take over as CEO of Fantasma Games, in a phase where we are ready to continue to grow thanks to high-quality games and a world-class team.



Fredrik Johansson  
CEO, as of 1 April 2022

# THE YEAR IN BRIEF

## Significant events during the year

- Listing on Nasdaq First North and associated new share issue completed, which secured the Company's financing needs.
- New distribution agreements, of importance to the Company, signed with leading players, among others, Scientific Games, which opens doors to additional geographical markets – such as North America, Italy and Spain.
- Acquisition of Wiener Games completed, which contributed to increased production capacity and the opportunity to produce content for others. Wiener Games' revenue correspond to approximately MSEK 6.5 on a full-year basis, based on the 2021 outcome.
- At the end of the year, the game "Wins of Nautilus" was launched together with Scientific Games, which is also the first launch on their platform. The game is currently available from a number of operators in locally regulated markets in Europe, pending certification in, among others, the US and Canada.
- Agreed to release the game "Alice in Adventureland" exclusively with the casino giant Paddy Power. The collaboration, which includes a total of three games, gives Fantasma Games huge exposure in some of Europe's most important gaming channels.
- At an Extraordinary General Meeting on 21 October 2021, Johan Königslehner was elected as a new Board member, and a new incentive programme for both existing and future senior executives, key individuals and employees in the Company, and any subsidiaries that may be included in the Company's group from time to time, was approved.

## After the end of the period

- Fantasma Games breaks the record from October 2021, and achieves its highest gaming sales and gaming profit ever during the month of January. The record is a result of several major operators launching games from Fantasma Games, as well as a relaunch of the game Medallions.
- In January, Entain PLC, with brands such as Partypoker, Ladbrokes, and Bwin, launched large parts of the Fantasma Games gaming portfolio on its 25 sites. Gamessys Group PLC, one of the largest players in the UK, has also launched two games from Fantasma Games, Elemento and Medallion Megaways™.
- Fantasma Games is the first gaming studio to sign an agreement with Livespins Ltd. Together, the two companies will reach completely new players, where traditional casino games are married together with the rapidly growing market for streamed entertainment.
- At a Board meeting on 1 April 2022, it was decided to appoint Fredrik Johansson as CEO.
- The Company makes the assessment that the war in Ukraine has no significant effect on operations, but of course follows the situation and makes necessary adjustments as required.

# DEFINITIONS

Term	Definition	Calculation example
GAMING SALES	Customers' total stakes	1 000 MSEK
RECOVERY RATE	The players' winnings in relation to gaming sales (called "RTP" or "Return To Player" in the industry)	960 MSEK
GAMING PROFIT	Gaming sales less all payments to customers (called "GGR" or "Gross Gaming Revenue" in the industry)	40 MSEK
GAMING MARGIN	Gaming profit's share of the gaming sales	4%
NET SALES	The Company's total sales revenue, partly from own games for variable remuneration, and partly from games sold for fixed remuneration	4 MSEK
COST OF SERVICES SOLD	Excl. costs for distribution, certification, etc. of own games	- 1 MSEK
GAMING REVENUE	Net sales less cost of services sold	3 MSEK





# BUSINESS DESCRIPTION

Fantasma Games is a Group consisting of several business units. The business has its origins in its own gaming studio operations under the same name, with its registered office in Stockholm, Sweden. In addition to game production, it is through Fantasma Games that the overall goal for the Group is determined, and where strategic and financial decisions are controlled and followed up. Fantasma Games is also the Parent Company in the Group, and as such reports the Group's complete financial results. The Group also includes Wiener Games, based in Sofia, Bulgaria. That which is common to the operations is that the companies act as a B2B players in the global online casino market.

## Fantasma Games

### Business concept

"Fantasma Games shall, via distribution partners, create, and make available, casino games that are surprisingly good, and thereby create a position in the market that makes the Company an obvious choice for all operators."



### Business model

The general premise is that content, in general, is becoming increasingly important, whether you are talking about music, podcasts, movies or games. The challenge is basically the same – to create attractive content at low cost, and to try to reach as many customers as possible, in a cost-effective way.

After 20 years of industrial change, the market for online gambling has become structurally more mature and distinct. Simplified, the market today can be divided into production, distribution, and sales. Game developers have historically had to have their own platform for distributing their games. The reason for this has been that game developers have had no desire to distribute

any games other than their own. The situation today is different; an increasing number of the large game developers with their own distribution ("distributors" in the following) are now open to distributing others' games. In addition, the operators' willingness and incentive to integrate additional distributors is extremely limited, especially if the amount of games offered by the distributor is small.

In light of this, Fantasma Games has adopted a business model based on the Company placing focus on creating attractive content and capitalising on existing infrastructure by distributing its games via partners in order to achieve maximum reach.

### 1. Downsized and efficient organisation

Through distribution partnerships, Fantasma Games can attain a relatively small, agile and cost-effective organisation. Complete focus can be placed on production, analysis, and sales. A low cost burden sets the foundation for a scalable business with very good margins as volumes increase.

When the games are distributed via partners, a certain proportion of Fantasma Games' revenue is paid to the distributor. That cost will, for the foreseeable future, be less, by a good margin, than the costs and investments that a complete and, for each jurisdiction, licensed distribution platform would entail for Fantasma Games. From a purely financial perspective, this means that the costs distributors incur for licenses, platform development, compliance, etc. are close to zero for Fantasma Games. Distribution

through partnerships also means that Fantasma Games can work with several parallel distributors relatively easily and at minimal cost, and thereby reach new markets and operators.

### 2. Constantly extending reach

As Fantasma Games' distribution partners grow larger and stronger by joining more suppliers, and in that way also expand the range, so does the appetite for new operators to join these networks. This, combined with the strengthening of Fantasma Games' brand, means that Fantasma Games can offer its games to operators that previously weren't available. In addition, this also creates opportunities for Fantasma Games to initiate unique collaborations with selected operators, which in turn leads to increased exposure and fixed revenues.



## Growth strategy

As Fantasma Games succeeds in producing better games in a cost-effective way, this entails significant opportunities to scale up the operations, in part through increased reach, but also through acquisitions.

### 1. Attractive product portfolio

Today, a large number of casino games are produced where quality and production cost vary drastically. Nor is it so simple that high quality automatically leads to high revenues. Instead, it is a combination of factors that determine whether a game becomes popular; factors, such as mathematics, graphics, and sound, play a crucial role. Good games are like good music - some form of harmony must be created in order for it to be a "hit". This harmony is difficult to achieve and, for any given reason, cannot be predicted.

When it comes to the development of games, Fantasma Games' strategy is to continuously and systematically raise the level of the games, and thereby increase the probability of producing games that become hits. Part of this strategy is to make the most basic parts of the game more accessible, at the same time as the games offer unique elements which make them more entertaining and attractive to players. In addition, Fantasma Games has access to a wide network of senior advisors in game production, who are involved in the process in order to ensure good quality.

### 2. Maximise reach

The Company currently reaches players through more than 200 operators, including Unibet, Betsson and Leo Vegas. All distribution takes place via agreements with distribution partners. To maximise reach, it is important to make the games available as easily as possible to parties that can distribute them to operators around the world. In addition, it is important to take advantage of the increasing number of opportunities as the networks broaden their customer base, both in geographical markets that open up for this type of business and in existing markets. The equation is simple - the more operators that offer the Company's products, the more players there will be. This reach, combined with ever-improving games that subsequently attract more new players per operator, is absolutely crucial for Fantasma Games' continued growth and profitability.

### 3. Strengthened relationships

At the same time as the Company increases its reach, great emphasis is placed on creating and maintaining the increasing number of relationships with its customers, the operators, who play an important role in the business's growth and results. Namely, it is through the operators that the players come into contact with the Company's products, and to a large extent affect their availability. Simply put, an increased exposure of games from Fantasma Games means more and higher revenues for Fantasma Games. In that respect, Fantasma Games puts great importance on ensuring that operators are provided with the necessary information on upcoming and existing games, earnings levels, availability, etc. These relationships also form the foundation for the Company's opportunity for exclusive collaborations and requests for unique content, which benefits the entire Group's operations. At present, Fantasma Games has good relations with a number of large and leading operators, such as LeoVegas, Kindred, Entain, Gamesys, Paddy Power and others.

### 4. Acquisitions

The gaming market is strongly characterised by a consolidation trend. When it comes to iGaming, this happens at all levels, regardless of the size of the companies, and takes place among operators, game developers and distributors. It is clear that the American financial market has recently shown an increasing interest in investing in online gambling, not only in the US but also in Europe, which has not been the case to the same extent previously. The reason for this is the legal changes that are now taking place in state after state, where online gambling is being allowed, which as a consequence also enhances the financial market's appetite in the market as a whole. Today, we often see, for example, foreign interests among the listed companies in Sweden. In parallel with the organic growth, Fantasma Games, as a listed company, sees great opportunities to be part of the ongoing consolidation. The Company believes there are and will be interesting acquisition opportunities, of both companies and assets, that would strengthen the Company's business deals within the framework of the Company's established strategies.



### Revenue model

The Company operates in an increasingly global market, and produces casino games. Games from Fantasma Games are made available in the easiest way to distribution partners who have integrated their licensed platforms to a large number of operators, who in turn offer the games to the end customer.

The end customer is a customer of the operator, with whom a gaming account has been opened to which the end customer has transferred money. From the gaming account, the end customer plays the game with the operator, who keeps the money the player doesn't win on the current game ("gaming profit"). Of the money that the operator keeps, a certain royalty is paid to the distributor, who takes a certain proportion of the royalties received for distribution of the game and sends the rest of the money to Fantasma Games.

### Sales and customers

According to the Company's assessment, the number of new slots made available to operators via various distributors amounts to approximately 90 per month. So as not to get lost in the noise, the basic sales of games from Fantasma Games therefore takes place through distributors. The lead time is relatively long, which means that Fantasma Games' sales team can plan campaigns for game launches in more detail directly with the operators. Fantasma Games currently reaches over 200 operators of varying sizes, mainly in Europe, but is well on its way to entering the huge North American market. The gaming market is becoming increasingly global, and the Company's business model is highly scalable, which means that the growth opportunities are extremely good for gaming producers, but never greater than the ability to make good games.

Through the agreements Fantasma Games entered into during the year, the Company not only reaches more, but also larger and more significant, operators and markets. The US, for example, is a market characterised by a few large operators, and here, Fantasma Games will have access to almost all of them through the collaboration with Scientific Games. In addition, the Company has also made preparations with the aim of also launching its games with operators in new markets within Europe, including Greece, Italy and Spain.

Another example of a successful collaboration is our relationship with Relax Gaming. During the year, games from Fantasma Games were launched with a total of 47 new operators, which is an increase corresponding to 52 per cent compared to the same period last year.

Below are some of the most well-known operators in Sweden, all of which offer games from Fantasma Games to their customers.



### Risk Management

Provided that companies maintain a good distribution of the games, the greatest risk for companies such as Fantasma Games is that the majority of the games produced do not generate income that covers the development costs. That risk cannot be completely avoided, but by developing methods and processes for evaluating the games, this risk is reduced at the same time as the qualitative level is continuously raised. As part of this process, several game prototypes are developed before the Company decides which games will be further developed, and thereby entail additional costs. Furthermore, senior, both internal and external, advisers are given the opportunity to provide suggestions and criticisms. However, it is always a risky balance when determining whether the Company should spend more time on a game or go straight to launch. At a somewhat difficult to define moment, game development companies reach a point where more production time has a diminishing commercial benefit.

### Licensing and certification

Fantasma Games distributes its games globally via external platforms (distributors) that are integrated with hundreds of operators. In most cases, this means that the party that distributes the Company's games is responsible for having a gaming licence valid in each jurisdiction,

for both its platform and the games on the platform. Fantasma Games therefore does not need its own gaming licence as long as their games are distributed via other people's licensed platforms.

Fantasma Games as a business, on the other hand, must undergo certification, which the Company has carried out at Alderney. This means that the Company's principal owners and management team have been deemed suitable to conduct the operations, and that they have no historically culpable (financial or criminal) conduct that can influence future business decisions.

### Game strategy

One issue that has always been discussed when it comes to game production is quantity or quality? In terms of quantity, the variation is very large - there are companies that release two games per year and there are companies that release one game every week. It follows that quality and production costs vary greatly.

To the uninitiated, all slots look more or less the same, but the revenue difference is huge between a good and bad slot. In fact, a hit can carry the entire Fantasma Games cost burden for several years.

A more objective definition of what constitutes a good slot is most easily achieved by measuring how long it takes before a game, relative to the production cost, becomes profitable, i.e. Return on Investment, "ROI". Regardless of the production cost of a game, there is always a theoretical risk that the game could either have generated more revenue if the Company had spent more time on it, or that the game could have generated the same revenue even if the Company had dedicated less time. The challenge can be summed up by saying that game developers must find their "sweet spot", i.e. where the best ROI is created. The Company management continuously and systematically looks at how this "sweet spot" can be achieved for the Company.

### What does "beyond gambling" mean?

The strategic starting point for Fantasma Games, when it comes to actual game production, is to combine gambling with gaming, all according to the motto "beyond gambling". The goal is to create slots that, while belonging to the framework of traditional casino games, are at the same time deepened by weaving in well-known elements from the gaming world. In this way, the Company endeavours to always be able to challenge and surprise, without losing the classic recognition factors that define a good slot. Fantasma Games' game portfolio contains a balanced combination of classic slots with a twist, together with what could be called the next generation of slots; advanced, exciting, and a gaming experience beyond the ordinary. The player shall know that a game from Fantasma Games always contains something extra. It can be a clever feature, a special effect, bonus games that are tricky, or graphics that feel innovative. Thinking beyond the traditional and always daring to challenge - the game process itself and, ultimately, the player - are key words when Fantasma

Games creates slots. Passion and creativity drive our prototype and concept process, and with innovative features, Fantasma Games strengthens its position among the major operators with every game release.

It is important to always keep a close eye on the market. By carefully following customer behaviours, problems can be quickly identified and the gaming experience optimised proactively. One insight the Company gained early on, for example, is that it must be possible to play all games with just one hand in a mobile environment. The reason for this is in part that this is where much of today's casino games take place, but also that it is an increasing behaviour among consumers to be able to play with one hand.

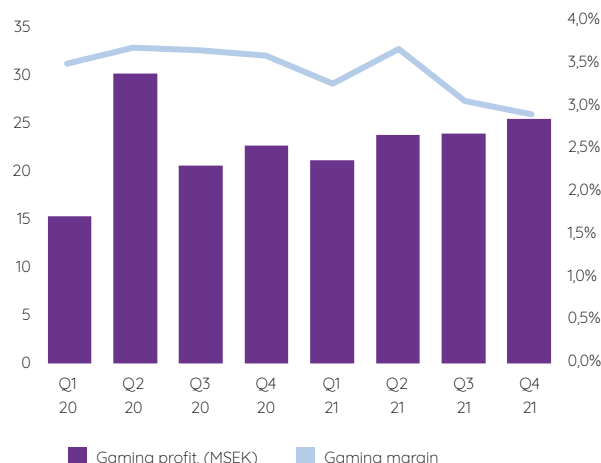
### Gaming sales

The ultimate measure of the popularity of games from Fantasma Games is the total gaming sales, as it demonstrates the total stakes in the Company's products. For the full year 2021, total gaming sales amounted to MSEK 2 997 (2 578), corresponding to an increase of 20 per cent in the nominal currency (Euro).



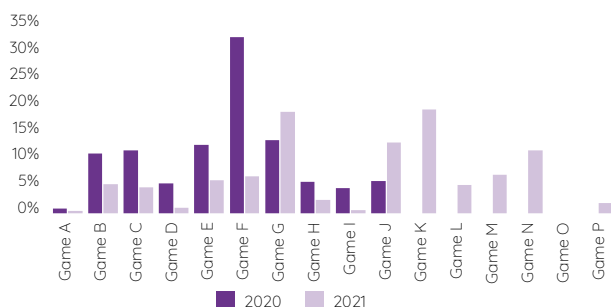
### Gaming profit and gaming margin

The gaming profit, i.e. the remainder after winnings are paid out to the customers, is the amount that forms the basis for Fantasma Games' revenue linked to its own games. For the full year, gaming profit amounted to MSEK 91 (89), corresponding to an increase of 6 per cent in the nominal currency (Euro). The reason that the increase is not as large as the gaming sales is due to the fact the gaming margin for the full year only amounted to 3.0 (3.4) per cent, which is low in terms of how the games are designed and what the market demands. However, this figure tends to vary, and is expected to rise over time.



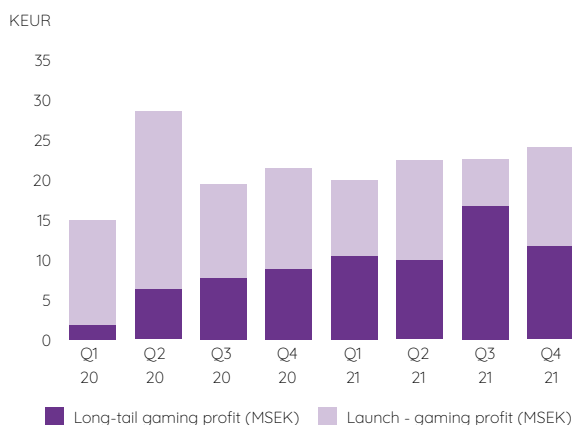
### Gaming profit per game

During the year, a significant part of the gaming profit came from “Heroes Hunt 2”, a new game based on the success of Fantasma Games’ most successful game to date, and “Hades: River of Souls”, a game that was originally launched in 2020, but has now gained new life on another operator network. This is also proof of the power of our business model, in that even “old” games can be given new life and contribute to our earnings for a long time via different game cycles. In terms of the full year, gaming profit was distributed relatively evenly.



### Gaming profit - underlying growth

Our so-called long-tail gaming profit (gaming profit from games older than six months) continue to grow as a share of total gaming profit. This growth is the foundation of our ability to increase the Company’s net sales over time. Variations between quarters are completely natural, and mainly depend on how many games we launch during the period (since a large part of the revenue arises early, in connection with the games being released).



### Wiener Games

A gaming studio based in Sofia, Bulgaria, with a primary focus on the production of customised casino games for external customers. The customers mainly consist of other gaming studios and operators who lack the capacity and resources to produce games themselves, or who are in need of support during parts of the production, e.g. in connection with development, design, concept development etc. The Company has been around since 2016, currently has around 25 employees, and has, since its formation, built up a strong brand reputation with returning customers, including Electric Elephant and LeoVegas.

Wiener Games’ revenue model is based on fixed remuneration for time designated, and therefore includes a limited business risk. The size of the revenue is based entirely on the size of the projects, and varies from project to project.

For the Group, the acquisition of Wiener Games means that Fantasma Games can increase its own production capacity when needed, and that it can now better meet the increasing demand from external parties for unique content.

# GOALS FOR THE GROUP

## Financial goals:

- Growth rate of 30 per cent per year.
- EBITDA margin of 50 per cent with positive cash flow.

The Company makes the assumption of an average annual growth ("CAGR") of 30 per cent for the next three years at Group level. If the Company achieves this growth and maintains a cost-effective organisation, it will be possible to reach a good EBITDA margin and a positive cash flow before the end of 2023.

## Strategic goals:

- At least 50 per cent of the in-house produced games shall be profitable within 180 days of launch.
- At least 250 quality operators in the group's network.

The strategic goals reflect the described strategic initiatives for extended reach, and that an increased share of the games produced will reach profitability increasingly quickly.



# MARKET OVERVIEW

## Introduction

What has primarily driven the growth in online casinos is the increasing use of smartphones. Today, the proportion of casino games that take place via mobile phones often accounts for over 50 per cent of the total gaming volume for most online operators in Europe.

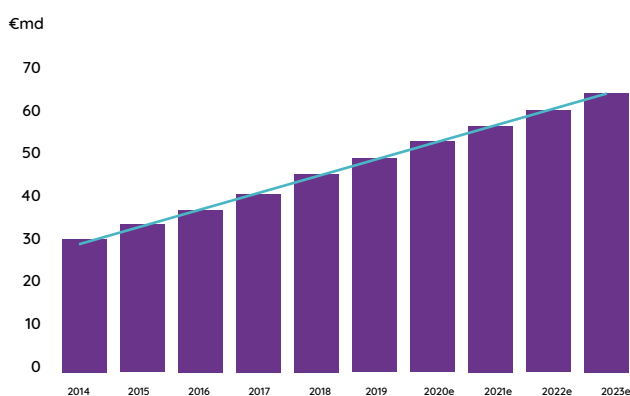
Differences in broadband penetration and Internet maturity between different markets have become very clear, when looking at the distribution between physical and digital gaming consumption. The Nordic region has been a forerunner, and currently has almost as large a digital market as physical, while Europe as a whole has not come as far, but still significantly further than the rest of the world.

## The global gaming market

The total global gaming market (gambling) was estimated in 2019 at around €400 billion, of which 12 per cent, or €48 billion, was online. Up to 2023, the total market is expected to grow by 2.5 per cent annually, while the online market is expected to grow annually by 8.6 per cent.

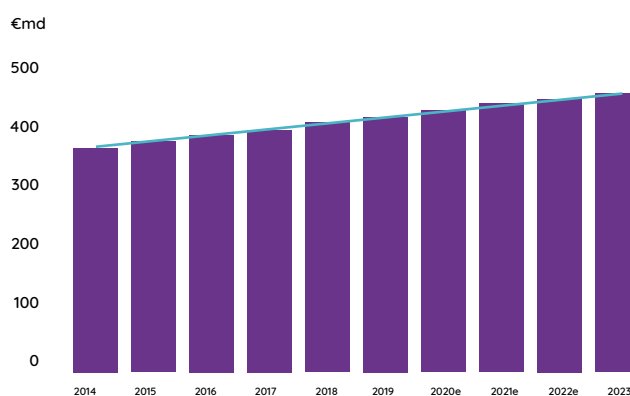
The graphs below illustrate the achieved and expected growth for the online gaming market and the total gaming market over a ten-year period 2014 to 2023, with trend lines representing average annual growth.

Global total gaming market growth



\*H2 Gambling Capital (H2GC)

Global total gaming market growth



## Competition

The market for the game development of slots has increased sharply in recent years. At present, around 90 slots a month are launched to operators around the world. The difference between the players who produce slots is great. Many of the larger players produce 30-50 slots per year, while the smaller players produce 2-10 slots per year. The development costs per game also vary greatly and, as previously stated, it is not so simple that an expensive game, from a production perspective, is the game that generates the most revenue.

Provided that a game receives a good distribution and reaches many operators in many markets, the games have a relatively good chance of competing on equal terms. There are some price differences, i.e. that some game developers choose to charge a low royalty in the hope of getting more exposure from the operator, but no real price war is ongoing in that respect at present. In the end, it is the operator who chooses which games to pick up and offer to the end customer. With this in mind, every slot produced, regardless of who produced it, is competition

for Fantasma Games, which has proven that you can make good games with good ROI.

Of course, the cost burden differs significantly between a large and a small game developer. The major player has many cost items, such as platform, development and compliance, which the smaller gaming studio do not have. This implies that a small gaming studio can attain very high profitability if you manage to produce a slot that becomes a hit, and/or manage to maintain a high level in the majority of the games that are launched.

## Market potential

To understand the potential of the market, it is pertinent to give a general historical description. NetEnt was founded in 1996, and was the first provider of online casinos in Sweden. 90 per cent of NetEnt's revenue comes from slots. The company's journey has not ended; however, the company was acquired by the live casino giant, Evolution Gaming, in the spring of 2020 to a value of approximately SEK 20 billion. Over the years, many talented people have left NetEnt and started their own companies developing



casino games. Most famous in this category are Yggdrasil and Quickspin. Quickspin was founded in 2011, and was sold, with high growth and sound profitability, to Playtech for M€50 in 2016. With that said, there are good opportunities to continue to build strong and profitable game development companies in Sweden.

Fantasma Games, which, like the majority of the above-mentioned players, focuses on slots, has reached a sound market position in a short period. With a growing global market, skilled developers and a relatively low cost base, the potential is significant, both in terms of growth and profitability, but to be fully successful also requires a combination of systematics, creativity, and luck.

### Rules and legislation

The gaming industry is individually regulated in each country. As such, there is no common international gaming law with which to comply. This arrangement is not expected to change.

Historically, gambling has been restricted to the state and/or charitable organisations. Over the past 15 years, many countries, especially in Europe, have introduced new gaming legislation. In most countries, new gaming legislation means that online gaming will be permitted, and that gaming licences can also be applied for by private players. In 2019, for example, Switzerland and Sweden introduced new gaming legislation. In the United States, online gambling has long been banned, and it is only in recent years that the first states have passed their own gaming legislation.

### Market update

The global online casino market has grown strongly in recent years, and will continue to be one of the fastest growing gaming segments in online gambling in the coming years. This growth is in part due to the general digitalisation of society, mainly driven by increased smartphone use, but also to the legislators' increased understanding of this type of game and business.

As a B2B provider, Fantasma Games maintains a relationship with the operators, who in turn own the relationship with the players. These operators are generally licensed in a number of jurisdictions, but operate in a global market and allow gaming from different geographical regions. Fantasma Games' ambition is to grow faster than the market by gaining market share, primarily in locally regulated markets, which are managed and monitored via the respective countries' authorities, and via our distribution partners.

That which has predominantly marked the year is the ongoing re-regulation in the Netherlands. This has meant that many of Fantasma Games' customers have had to temporarily limit their stakes in this market, with a certain loss of revenue as a result. Fantasma Games and its customers are generally positive about this type of change, and as such welcome initiatives where the aim is to create a more sustainable market.





# ADMINISTRATION REPORT

The Board of Directors and the CEO of Fantasma Games AB (publ), with its registered office in Stockholm and corporate identity number 559074-0881, hereby submit the annual report for the financial year 2021. Figures in parentheses refer to the previous year. All amounts are expressed in thousands of kronor (TSEK) unless otherwise stated.

## Multi-year comparison\*, Group

(TSEK)	2021
Net sales	7 772
Profit after financial items	-7 228
Profit in % of net sales	-93
Balance sheet total	42 363
Equity/assets ratio (%)	54.53
Cash and cash equivalents (%)	302.07

## Multi-year comparison\*, Parent Company

(TSEK)	2021	2020	2019	2018	2016/2017
Net sales	7 092	4 515	1 241	392	149
Profit after financial items	-6 765	-563	-6 363	-4 212	-2 882
Equity/assets ratio (%)	56.10	59.07	10.25	neg	78.23

\*Definitions of key figures, see notes

In previous years, sales consisted of net reported revenue after deductions for fees.

As of 2021, gross revenues and deductions are reported separately.

## REVENUE

(TSEK)	Group 2021	Parent Company 2021
Net sales	7 772	6 857
Cost of services sold	-1 672	-2 342
<b>Gaming revenue</b>	<b>6 100</b>	<b>4 515</b>

Since Fantasma Games has made an adjustment in the classification of revenue during 2021, the total gaming revenue is now reported, i.e. net sales less the cost of services sold. The comparison is acceptable as the gaming revenue corresponds to previously reported net sales in Fantasma Games. During 2021, the Company chose to reclassify revenue in order to more clearly illustrate the Company's expenses directly attributable to sold services. A comparative adjustment took place during the previous year. The total reported gaming revenue for the full year amounted to MSEK 6.1 (4.5), corresponding to an increase of 35 per cent.

In this context, it should also be mentioned that we report this good result despite exceptionally tough comparative figures, a lower gaming margin, and despite the fact that a change in regulations had a negative impact on the Dutch gaming market as a whole.

## Costs and results

Operating expenses amounted to MSEK 21.2 in 2021, and are primarily characterised by the investments the Company has made in improving its own production, as well as the fact that the Company now operates in a listed environment. Of the total operating expenses, personnel costs amounted to MSEK 10.7, other external expenses to MSEK 6.2, and depreciation and amortisation to MSEK 2.6. Operating profit amounted to MSEK -7.2.

## Financial position

Cash and cash equivalents amounted to MSEK 8.1 at the end of the period. Cash flow during the period was strongly influenced by the acquisition of Wiener Games. The Company assesses that its current liquidity is sufficient to finance the existing plans for 2022.

The subscription period for the warrants issued in connection with the listing in 2021 will begin in May 2022. Depending on the Company's share price during the measurement period just before, these options will bring in up to approximately MSEK 25, before costs.

## Acquisition of Wiener Games

On 29 November, Fantasma Games completed the acquisition of Wiener Games OOD, a game producer based in Bulgaria. The acquisition means that Fantasma Games will be able to increase the pace of its own game development, while Wiener Games' operations provide completely new revenue streams. This also means that Fantasma Games will be able to make more games for selected operators without any added resource burden on the Swedish part of the business.

In 2021, Wiener Games generated net sales of MSEK 6.5, and an operating profit of MSEK 2.0. Reported figures only include net sales from the time the acquisition was completed, corresponding to TSEK 680.

The transfer took place at a purchase price of MEUR 0.7 (MEUR 0.5 paid in cash and MEUR 0.2 through newly issued shares in Fantasma Games) on a net debt-free basis. The deal also includes a contingent consideration, based on future results (EBIT 2021 - 2024), which can amount to a maximum of MEUR 1.8, and is paid either through newly issued shares in Fantasma Games or in cash, which Fantasma Games has the right to decide.

In conjunction with the completion of the transaction, 56 124 shares were issued at a subscription price of SEK 36 1386 per share. This corresponded to the volume-weighted average price of Fantasma Games' share on Nasdaq First North during thirty (30) trading days up to and including 15 September 2021.

# CORPORATE GOVERNANCE

Fantasma Games AB (publ) is a Swedish public limited company, with its registered office in Stockholm municipality. Corporate governance at Fantasma Games is based on Swedish legislation, the Company's Articles of Association, Nasdaq First North's regulations before issuers, and internal rules and regulations. The Company does not apply the Swedish Code of Corporate Governance.

## General Meeting

In accordance with the Swedish Companies Act (2005:551), the General Meeting is the Company's highest decision-making body. At the General Meeting, the shareholders exercise their voting rights on key issues, such as resolution on the results and balance sheets, appropriation of the Company's profit/loss, granting discharge from liability for the Board members and CEO, election of Board members and auditors, and remuneration to the Board of Directors and auditors.

The Annual General Meeting shall be held within six months from the end of the financial year. In addition to the Annual General Meeting, notice can also be given of an Extraordinary General Meeting. According to the Articles of Association, notice of a General Meeting is given via an announcement in Post- och Inrikes Tidningar and on the Company's website. Information that a summons has been issued shall be announced in Svenska Dagbladet.

## Composition of the Board of Directors

The Board members are appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Articles of Association, the Board of Directors of Fantasma Games shall consist of a minimum of three and a maximum of six ordinary members, and it is the Annual General Meeting that decides on the exact number of Board members. The Articles of Association have no special provisions on the appointment and dismissal of Board members.

## Board members

As of the reporting date, the Company's Board of Directors consists of five ordinary members, including the Chair of the Board, without deputies. Björn W Ericsson, Christina Andersson, Martin Fagerlund, and Fredrik Johansson were elected at the Annual General Meeting on 5 February 2021, and Johan Königslehner was elected at the Extraordinary General Meeting on 21 October 2021, all until the end of the 2022 Annual General Meeting.

## Remuneration to the Board of Directors

Remuneration is paid to the Chair and members of the Board in accordance with the decision of the Annual General Meeting. At the Annual General Meeting on 5 February 2021, it was resolved that fees to the Board members, including the Chair, who do not receive a salary from the Company, shall be paid in a price base amount (SEK 47 600). The Company's Board members are not entitled to any benefits after they have resigned as Board members.

Name	Position	Elected	Year of birth	Shares	Independence in relation to	
					The Company and company management	The Company's major shareholders
Björn W Ericsson	Chair	2019	1967	118 000	Independent	Independent
Christina Andersson	Member	2019	1973	203 420	Independent	Dependent
Martin Fagerlund	Member	2020	1981	166 716	Independent	Independent
Fredrik Johansson	Member	2017	1981	495 166	Dependent	Dependent
Johan Königslehner	Member	2021	1972	1 019	Independent	Independent

Independence refers to a non-obvious position of dependence, such as common corporate involvement in another form, or other financial dealings that are not reflected in the common commitment as Board members of Fantasma Games.

Name	Position	Year of birth	Employed since	Shares	Warrants
Fredrik Johansson	CEO	1981	2017	495 166	14 902
Trevor Ko	CPO	1971	2021	0	28 000
Tianzhi Zhou	Game Producer	1991	2019	112 098	22 098

### Senior Executives

The management team consists of three people, all of whom are based in Sweden.

### CEO

The CEO is appointed and dismissed by the Board of Directors, and his work is evaluated on an ongoing basis by the Board. The Company's CEO leads the day-to-day operations. A written instruction defines the division of responsibilities between the Board of Directors and the CEO. The CEO reports to the Board of Directors and presents a specific CEO report at each Board meeting, which includes information on how the business is developing based on the decisions made by the Board of Directors.

### Remuneration to the management team

The CEO's remuneration is determined by the Board of Directors. Remuneration to other senior executives is decided by the CEO after consultation with the Chair of the Board.

Prior to the Extraordinary General Meeting on 21 October 2021, an incentive programme was proposed, for both existing and future senior executives, key individuals and employees in the Company, as well as any subsidiaries that may be included in the Company's group from time to time and was approved by the General Meeting.



# STOCK

## Trading and market value

Fantasma Games has been listed on Nasdaq First North Growth Market since 18 March 2021 under the ticker FAGA and with ISIN code SE0015557053. As of the last trading day during the period, 30 December 2021, the last closing price was 29.85 per share, which corresponds to a market value of approximately MSEK 90.5 based on 3 034 090 outstanding shares.

## Share capital

As of 31 December 2021, the registered share capital amounted to SEK 758 522.5, divided into 3 034 090 shares with a quota value of SEK 0.25 per share. The Company has only one class of shares, and all shares have the same right to dividends and repayment of invested capital, as well as one vote at the Annual General Meeting.

### Ownership and major shareholders

The Company's shareholders with holdings as of 31 December 2021, including subsequent known changes that have taken place up to the date of the report.

Shareholder (directly and indirectly via the Company)	No. of shares	Proportion of votes and capital, %
Fredrik Johansson*	495 166	16.3%
Karl Lindstedt	220 000	7.3%
Christina Andersson*	203 420	6.7%
Oliver Jönsson	189 483	6.2%
Martin Fagerlund*	166 716	5.5%
Björn W Ericsson*	118 000	3.9%
Tianzhi Zhou	112 098	3.7%
Pontus Lindvall	97 328	3.2%
Eric Holmberg	83 900	2.8%
Mats Westerlund	65 000	2.1%
Other	1 177 577	38.8%
<b>Total</b>	<b>3 034 090</b>	<b>100.00%</b>

\* The shareholder is a Board member of the Company.

## Related party transactions

The Group's key individuals consist of the Board of Directors, the CEO, and Group Management, in part through their ownership in Fantasma Games, but also through their role as senior executives.

The Company is located in premises at Regeringsgatan 88 in Stockholm, which, since 1 October 2017, has been sublet by CF Digital Developments AB, one of Fredrik Johansson's wholly owned companies, to which reimbursement in the form of rent has been paid, for a total of SEK 200 000 for 2018, SEK 381 890 for 2019, SEK 468 838 for 2020, and SEK 420 000 for 2021.

No further related party transactions between these key individuals and the Company were carried out during the year other than remuneration in the form of salary and fees.

## Environment, sustainability and social responsibility

Fantasma Games does not conduct any activities that require a permit in accordance with the Environmental Code (1998:808). As the Company develops games that constitute software, which does not result in a physical product, there is limited environmental focus in the product development itself. In the operational activities, the management team seeks to ensure responsible behaviour towards both the environment and society in terms of purchasing, operations, etc.

## Dividend and Dividend Policy

Fantasma is a company under construction, and has historically not paid any dividends to shareholders and has not adopted any dividend policy. The Company does not plan to pay dividends in the coming years either, but intends to reinvest any profits in the business.

## Subscription warrants, convertibles and share-related incentive programmes

	Year decided	No. of warrants	Subscription period	Subscription price (SEK)	Paid premium (SEK)	Holder
<b>TO1/ 2022</b>	2021	560 000	2022/05/10 -- 2022/05/24	70% of volume-weighted average share price during the period 2022/04/22 - 2022/05/05, however, max. of SEK 45 per share	SEK 0	Subscribers of so-called units (shares and subscription warrants as one unit) in the rights issue in connection with the listing on Nasdaq First North
<b>Incentive programme 2021/2024</b>	2021	100 000	2024/10/21 -- 2024/12/21	SEK 65	SEK 1.85	The Company's senior executives and key personnel

### Subscription warrants series TO1/2022

On 24 February 2021, the Company's Board of Directors resolved on a private placement of a total of 560 000 subscription warrants of series TO1 in conjunction with the listing of the Company's share on Nasdaq First North. Each subscription warrant entitles the holder, during the period from 10 May 2022 to 24 May 2022, to subscribe for one share at a subscription price corresponding to seventy (70) per cent of the volume-weighted average price according to the Nasdaq First North's official price list for shares in the Company between the period 22 April 2022 up to and including 5 May 2022, however, a maximum of SEK 45. The subscription price, however, may never be less than the quota value of the share. Upon full exercise of the subscription warrants, the Company's share capital will increase by a maximum of SEK 140 000 and entail a dilution of approximately 18 per cent.

### Incentive programme 2021/2024

At the Extraordinary General Meeting on 21 October 2021, there was a resolution on a private placement of a total of 100 000 subscription warrants within the framework of an incentive programme for both existing and future senior executives, key individuals and employees of the Company, and any subsidiaries that may be included in the Company's Group from time to time. All subscription warrants were subscribed for by the subsidiary Fantasma

Incentive AB, and then transferred to the participants in the incentive programme. Each subscription warrant entitles the holder to subscribe for one share at a subscription price corresponding to SEK sixty-five (65) during the period from 21 April 2024 to 21 December 2024. Upon full exercise of the subscription warrants, the Company's share capital will increase by a maximum of SEK 25 000, and entail a dilution of approximately 3 per cent.

### Certified Adviser

The Company's Certified Adviser is Mangold Fondkommission AB. The agreement with Mangold is ongoing with a three-month mutual notice period.

### Appropriation of profit/loss

Proposal on appropriation of the company's profit

#### At the disposal of the Annual General Meeting:

Balanced loss	-22 767
Free share premium fund	44 083
Loss for the year	-6 765
	<b>14 552</b>

The Board of Directors proposes to be transferred to a new account 14 552

# ACCOUNTS

## PROFIT AND LOSS STATEMENT

		Group	Parent Company	
(TSEK)	Note	2021	2021	2020
<b>Operating revenue</b>				
Net sales		7 772	7 092	6 857
Capitalised work on own account		6 164	6 164	5 668
Other revenue		40	41	28
<b>Total operating revenue</b>		<b>13 976</b>	<b>13 297</b>	<b>12 552</b>
<b>Operating expenses</b>				
Cost of services sold		-1 672	-1 672	-2 342
Other external expenses		-6 214	-6 233	-3 912
Personnel costs	2	-10 684	-9 869	-6 116
Depreciation and amortisation		-2 573	-2 233	-671
Other operating expenses		-71	-71	-48
<b>Total operating expenses</b>		<b>-21 215</b>	<b>-20 078</b>	<b>-13 088</b>
<b>Operating profit</b>				
		<b>-7 238</b>	<b>-6 782</b>	<b>-536</b>
Other interest income and similar items		127	127	0
Interest expenses and similar items		-117	-110	-27
<b>Result after financial expenses</b>				
		<b>-7 228</b>	<b>-6 765</b>	<b>-563</b>
Tax on profit for the period		-223	0	0
<b>Result for the year</b>				
		<b>-7 451</b>	<b>-6 765</b>	<b>-563</b>



## BALANCE SHEET

		Group	Parent Company	
(TSEK)	Note	2021-12-31	2021-12-31	2020-12-31
ASSETS				
Fixed assets				
Intangible fixed assets				
Capitalised expenditure on development work and similar work	3	10 241	8 932	4 996
Concessions, patents, licences, trademarks, etc.	4	28	28	0
Goodwill	5	20 007	0	0
		30 276	8 960	4 996
Tangible fixed assets				
Machinery and other technical equipment	6	8	0	0
		8	0	0
Financial assets				
Interests in Group companies	7	0	24 254	0
Other long-term receivables	8	250	28	20
		250	24 282	20
Total fixed assets		30 534	33 242	5 016
Current assets				
Short-term receivables				
Accounts receivable		2 628	172	163
Receivables from Group companies		0	186	0
Other receivables		491	292	176
Prepaid expenses and accrued income		604	604	495
		3 724	1 255	834
Cash and cash equivalents		8 105	7 981	260
Total current assets		11 829	9 236	1 094
Total assets		42 363	42 478	6 110

		Group	Parent Company	
(TSEK)	Note	2021-12-31	2021-12-31	2020-12-31
EQUITY AND LIABILITIES				
Equity, Group				
Share capital		759		
Other contributed capital		44 260		
Other equity incl result for the year		-21 915		
<b>Total equity attributable to the Parent Company's shareholders</b>		<b>23 103</b>		
Equity, Parent Company				
Restricted equity				
Share capital			759	103
Development expenditure fund			8 521	4 996
			<b>9 279</b>	<b>5 099</b>
Unrestricted equity				
Unrestricted share premium fund			44 083	17 528
Balanced profit			-22 767	-18 454
Result for the year			-6 765	-563
			<b>14 552</b>	<b>-1 489</b>
<b>Total equity, Parent Company</b>			<b>23 831</b>	<b>3 610</b>
Long-term liabilities				
	9			
Depositions		15 111	15 111	0
Other long-term liabilities		233	0	0
<b>Total long-term liabilities</b>		<b>15 344</b>	<b>15 111</b>	<b>0</b>
Short-term liabilities				
Advances from customers		9	9	0
Accounts payable		376	394	616
Liabilities to Group companies		0	43	0
Current tax liability		208	0	115
Other liabilities		562	329	587
Accrued expenses and prepaid income		2 761	2 761	1 183
<b>Total short-term liabilities</b>		<b>3 916</b>	<b>3 536</b>	<b>2 500</b>
<b>Total equity and liabilities</b>		<b>42 363</b>	<b>42 478</b>	<b>6 110</b>

## CASH FLOW ANALYSIS

		Group	Parent Company	
(TSEK)	Note	2021	2021	2020
Operating activities				
Operating profit after depreciation		-7 238	-6 782	-536
Adjustment for items not included in the cash flow		2 573	2 232	671
Interest paid		-117	-110	-27
Paid income taxes		-72	-58	-6
Cash flow from operating activities before changes in working capital		-4 854	-4 717	101
Cash flow from changes in working capital				
Decrease(+)/increase(-) in accounts receivable		-308	-6	147
Decrease(+)/increase(-) in receivables		-310	-226	-34
Decrease(-)/increase(+) in accounts payable		-387	-179	436
Decrease(-)/increase(+) in short-term liabilities		1 400	1 168	684
Cash flow from operating activities		-4 458	-3 960	1 334
Investing activities				
Acquisition of capitalised expenses for research, etc.	3	-6 164	-6 164	-5 668
Acquisition of concessions, patents, licences, etc.	4	-33	-33	0
Acquisitions of Group companies	7	-6 686	-6 879	0
New lending to third parties	8	-18	-18	-9
Repayment of loans from third parties	8	292	9	0
Cash flow from investing activities		-12 610	-13 085	-5 676
Financing activities				
New issue for the year		24 947	24 766	4 015
Amortisation of long-term loans		-33	0	0
Cash flow from financing activities		24 913	24 766	4 015
Cash flow for the period		7 845	7 721	-327
Cash and cash equivalents at the beginning of the period		260	260	587
Cash and cash equivalents at the end of the period		8 105	7 981	260

## CHANGES IN EQUITY, GROUP

(TSEK)	Share capital	Other contributed capital	Other equity			Total equity
			Balanced profit incl result for the year	Fund for development fees	Acc. exchange rate diffs	
Amount at the beginning of the year 2021-01-01	103	17 528	-9 024	-4 996		3 610
Fund issue	411		-411			0
New share issue	244	26 555				26 800
Subscription warrants		177				177
Development expenditure fund			3 524	-3 524		0
Conversion differences					-32	-32
Result for the year			-7 451			-7 451
<b>Amount at the end of the year 2021-12-31</b>	<b>759</b>	<b>44 260</b>	<b>-13 363</b>	<b>-8 521</b>	<b>-32</b>	<b>23 103</b>

## CHANGES IN EQUITY, PARENT COMPANY

(TSEK)	Share capital	Other restricted equity	Other unrestricted equity	Profit for the year	Total equity
Amount at the beginning of the year 2020-01-01	87		6 435	-6 363	158
Development expenditure fund		4 996	-4 996		0
New share issue	16		3 999		4 015
Appropriation of profit acc. to resolution of the AGM			-6 363	6 363	0
Loss for the year				-563	-563
<b>Amount at the end of the year 2020-12-31</b>	<b>103</b>	<b>4 996</b>	<b>-926</b>	<b>-563</b>	<b>3 610</b>

(TSEK)	Share capital	Other restricted equity	Other unrestricted equity	Profit for the year	Total equity
Amount at the beginning of the year 2021-01-01	103	4 996	-926	-563	3 610
Development expenditure fund		3 935	-3 935		0
New share issue	244		26 564		26 809
Subscription warrants			177		177
Appropriation of profit acc. to resolution of the AGM			-563	563	0
Fund issue	411	-411			0
Loss for the year				-6 765	-6 765
<b>Amount at the end of the year 2021-12-31</b>	<b>759</b>	<b>8 521</b>	<b>21 316</b>	<b>-6 765</b>	<b>23 831</b>

# NOTES

## Note 1

### Accounting and valuation principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3). In 2021, the company acquired 100% of the shares in Wiener Games OOD and formed the subsidiary Fantasma Games Incentives AB. As a result, the company prepares consolidated financial statements from 29 November 2021. The group's profit and loss statement, cash flow analysis and changes in equity before 29 November 2021 only contains the parent company. In other respects, the accounting principles are unchanged compared with the previous year.

### Consolidated financial statements

#### Subsidiaries

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50 per cent of the voting rights, or otherwise has a controlling influence. Controlling influence means a right to formulate a company's financial and operational strategies in order to obtain financial benefits. The reporting of business acquisitions is based on the unit view. This means that the acquisition analysis is prepared as of the time when the acquirer gains a controlling influence. From this point on, the acquirer and the acquired unit are considered as an accounting unit. The application of the unit view also means that all assets (including goodwill) and liabilities, as well as revenue and expenses, are included in their entirety, including for partly owned subsidiaries.

The acquisition value for subsidiaries is calculated at the sum of fair value at the time of acquisition for paid assets, with the addition of incurred and acquired liabilities, as well as issued equity instruments, expenses that are directly attributable to the business combination, and any contingent consideration. The acquisition analysis determines the fair value at the time of acquisition of acquired identifiable assets and assumed liabilities. From the time of acquisition, the consolidated financial statements include the acquired company's revenues and expenses, identifiable assets and liabilities, as well as goodwill incurred.

#### Goodwill

Consolidated goodwill arises when the acquisition value upon acquisition of interests in subsidiaries exceeds the value of the acquired company's identifiable net assets determined in the acquisition analysis. Goodwill is reported at acquisition value less accumulated depreciation and any impairment.

#### Contingent consideration

If, at the time of acquisition, it is probable that the purchase price will be adjusted at a later date and the amount can be estimated in a reliable manner, the amount shall be

included in the estimated final acquisition value of the acquired unit. Adjustment of the value of the contingent consideration within twelve months from the time of acquisition affects the goodwill/negative goodwill. Adjustments later than twelve months after the acquisition date are reported in the Group's income statement.

#### Revenue recognition

The Group's revenue mainly comprises two revenue streams. One, relating to Fantasma Games, consists of royalties based on the earnings generated by its games. The income is recognised at the fair value of the amount received or receivable. Recognition of realised income is based on the customer's reported accounting, which then equals actual sales.

In previous years, turnover consisted of net recognised revenue less fees. As of 2021, revenue and deductions are recognised separately on a gross basis.

The second revenue stream, relating to Wiener Games, is based on services rendered and is invoiced on an ongoing basis. For service assignments on a cost plus contract, revenue attributable to services rendered is recognised as the work is performed and materials are delivered or consumed.

#### Foreign currencies

Assets and liabilities in foreign currency have been translated at the closing day exchange rate. Transactions in foreign currency have been translated at the spot rate on the transaction date. The subsidiary Wiener Games OOD's accounting currency is BGN, where the balance sheet has been translated at the closing day exchange rate and the income statement at the average rate for the period from the Group's formation. Exchange rate differences that arise when re-calculating foreign subsidiaries are reported in the Group's equity.

#### Financial instruments

Financial instruments are reported at acquisition value. Financial instruments reported in the balance sheet include accounts receivable and other receivables, as well as accounts payable and other liabilities. The instruments are reported in the balance sheet when the Company becomes a party to the instrument's contractual conditions. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the Company has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise ceased.

#### Share-based payments with equity instruments

Share-based payments that are settled with equity instruments are payments through which the Company

acquires goods or services as compensation for the Company's equity instruments.

During the year, Fantasma Games AB issued subscription warrants to the subsidiary Fantasma Games Incentives AB, through which the Group's employees can subscribe for warrants in the Parent Company. The employees pay a fair value for the warrants and the reimbursement for the warrants are accounted for directly in the equity.

### Equity

The Group's equity is reported in the items Share capital, Other contributed capital, and Other equity including the result for the year, where Other contributed capital consists of unrestricted share premium fund in the Parent Company and Other equity consists of result for the year, balanced result, issued warrants as well as conversion differences.

### Tangible fixed assets

Tangible fixed assets are reported at acquisition value less accumulated depreciation and any impairment. The assets are depreciated on a straight-line basis over the assets' estimated useful life, except for land, which is not depreciated. The useful life is reviewed on each balance sheet date. The following periods of use apply:

Machinery and other technical equipment	No. of years: 2-7
---	-------------------

### Intangible fixed assets

Intangible fixed assets are reported at acquisition value less accumulated depreciation and impairment. The capitalisation model is applied to internally generated intangible assets. Depreciation is made on a straight-line basis over the estimated useful life. The depreciation period for internally generated intangible fixed assets amounts to three years.

Capitalised expenditure on development work and similar work	No. of years: 3
--	-----------------

Concessions, patents, licences, trademarks and similar rights	No. of years: 5
---	-----------------

### Leasing

A financial leasing agreement is a leasing agreement according to which the financial risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operational leasing agreement is a leasing agreement that is not a financial leasing agreement.

There are no financial leasing agreements within the Group.

### Income tax

Current taxes are valued on the basis of the tax rates and tax rules that apply on the balance sheet date. Deferred tax receivables are valued on the basis of the tax rates and tax rules decided before the balance sheet date. Deferred

tax assets relating to deficit deductions or other future tax-related deductions are reported to the extent that it is probable that the deduction can be settled against surpluses in future taxation. Receivables and liabilities are reported net only when there is a legal right to offset. Current tax, as well as changes in deferred tax, are reported in the income statement, unless the tax is attributable to an event or transaction that is reported directly in equity. In such cases, the tax effect is also reported in equity.

### Account receivables and other receivables

Receivables are reported as current assets with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are recognised at the amount that is expected to be paid after deductions for individually assessed bad or doubtful debts.

### The Parent Company's accounting and valuation principles

The same accounting and valuation principles are applied in the Parent Company as in the Group, except in the cases specified below.

### Year-end appropriations

Changes in untaxed reserves are reported as appropriations in the income statement. Group contributions are reported as year-end appropriations. Group contributions made to a subsidiary are, however, reported as an increase in the interest's reported value.

### Equity

Equity is divided into restricted and unrestricted capital, in accordance with the division of the Swedish Annual Accounts Act.

### Untaxed reserves

Untaxed reserves are reported with gross amounts in the balance sheet, including the deferred tax liability that is attributable to the reserves.

### Shares and interests in subsidiaries

Shares and interests in subsidiaries are reported at acquisition value after deduction of any impairment. The acquisition value includes the purchase price paid for the shares, as well as acquisition costs. Any capital contributions and group contributions are added to the acquisition value when they are provided. Dividends from subsidiaries are reported as revenue.

### Leasing

All leasing agreements where the Company is the lessee are reported as operational leasing, regardless of whether the agreements are financial or operational. The leasing fee is reported as an expense on a straight-line basis over the leasing period.

All leasing fees are of an operational nature and, as such, have been expensed on a straight-line basis over the leasing period.

## Note 2

Average number of employees	Group	Parent Company	
	2021	2021	2020
The average number of employees is based on attendance hours paid by the company related to normal working hours			
Average number of employees has been	30	12	8

## Note 3

Capitalised expenditure on development work and similar work	Group	Parent Company	
	2021	2021	2020
Opening acquisition value	5 668	5 668	0
Purchases	6 164	6 164	5 668
Through acquisition of subsidiaries	1 314	0	0
Closing accumulated acquisition values	13 140	11 832	0
Opening depreciation	-671	-671	0
Depreciation for the year	-2 229	-2 229	-671
Closing accumulated depreciation	-2 900	-2 900	-671
Closing reported value	10 241	8 932	4 996

## Note 4

Concessions, patents, licenses, trademarks, etc.	Group	Parent Company	
	2021	2021	2020
Opening acquisition value	0	0	0
Purchases	33	33	0
Closing accumulated acquisition values	33	33	0
Depreciation for the year	-5	-5	0
Closing accumulated depreciation	-5	-5	0
Closing reported value	28	28	0

## Note 5

Goodwill	Group	Parent Company	
	2021	2021	2020
Opening acquisition value	0	0	0
Through acquisition of subsidiaries	20 346	0	0
Closing accumulated acquisition values	20 346	0	0
Depreciation for the year	-339	0	0
Closing accumulated depreciation	-339	0	0
Closing accumulated impairment	0	0	0
Closing reported value	20 007	0	0



## Note 6

	Group	Parent Company	
	2021	2021	2020
<b>Machinery and other technical equipment</b>			
Opening acquisition value through acquisition of subsidiaries	0	0	0
Through acquisition of subsidiaries	35	0	0
Conversion difference	0	0	0
Closing accumulated acquisition values	35	0	0
Opening depreciation	0	0	0
Depreciation for the year	-27	0	0
Closing accumulated depreciation	-27	0	0
Closing reported value	8	0	0

## Note 7

		Capital share %	Reported value	
			2021	2020
<b>Interests in Group companies</b>	<b>Site</b>			
<b>Company</b>				
<b>Corporate Identity Number</b>				
Wiener Games OOD 202680682	Sofia	100.00%	24 229	0
Fantasma Games Incentive AB 559332-4352	Stockholm	100.00%	25	0
			24 254	0
Wiener Games OOD				
Opening acquisition value			0	0
Purchases			24 229	0
Closing accumulated acquisition values			24 229	0
Closing reported value			24 229	0
Fantasma Games Incentive AB				
Opening acquisition value			0	0
Purchases			25	0
Closing accumulated acquisition values			25	0
Closing reported value			25	0

**Note 8**

Other long-term receivables	Group	Parent Company	
	2021	2021	2020
Opening acquisition value	20	20	11
Through acquisition of subsidiaries	487	0	0
New loans	18	18	9
Amortisations	-292	-9	0
Reclassifications	17	-1	0
Closing accumulated acquisition values	250	28	20
Closing reported value	250	28	20

**Note 9**

Long-term liabilities	Group	Parent Company	
	2021	2021	2020
Refers to a liability for additional purchase consideration	15 111	15 111	0
Other liabilities	233	0	0
	15 344	15 111	0

**Note 10**

Pledged collateral	Group	Parent Company	
	2021	2021	2020
No pledged collateral	0	0	0

**Note 11**

Definition of key figures

**Equity/assets ratio**

Adjusted equity as a percentage of the balance sheet total.

**Quick ratio**

Total current assets including cash as a percentage of current liabilities.

**Note 12****Significant events after the end of the period**

- At a Board meeting on 1 April 2022, it was decided to appoint Fredrik Johansson as CEO.
- The Company makes the assessment that the war in Ukraine has no significant effect on operations, but of course follows the situation and makes necessary adjustments if necessary.



# DECLARATION OF THE BOARD OF DIRECTORS

The annual report has been approved for issuance by the Board of Directors and the CEO on 12 April 2022. The Company's income statement and balance sheet will be subject to approval at the Annual General Meeting on 25 May 2022.

Stockholm, 12 april 2022

Björn W Ericsson  
Chair of the Board

Christina Andersson

Martin Fagerlund

Johan Königslehner

Fredrik Johansson  
CEO

Our auditor's report was submitted on 12 April 2022  
Öhrlings PricewaterhouseCoopers AB

Niclas Bergenmo  
Chartered Accountant  
Principal auditor

Niklas Renström  
Chartered Accountant



Fantasma Games AB (publ)  
Regeringsgatan 88, 111 39 Stockholm

