



**FANTASMA GAMES AB (PUBL)
ANNUAL REPORT 2023**



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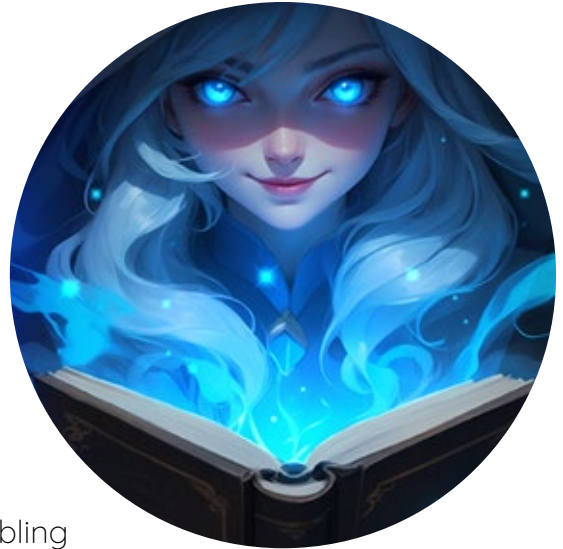
FANTASMA GAMES IN BRIEF

Fantasma Games is a Swedish gaming studio founded in 2016 with the goal of creating innovative and high-quality slot games. Through experience from leading operators and gaming companies, there is a deep understanding of both the market in general and what players want. Fantasma Games AB has been listed on the Nasdaq First North Growth Market since 2021, and has 40 employees in Stockholm, Sweden, and Sofia, Bulgaria.

Vision

SLOTS BEYOND GAMBLING

Bringing gaming experience into the world of gambling



Mission

‘Fantasma Games shall 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 and players.’

Fantasma Games

Operates in a growth market

The global market for casino games is growing rapidly. That growth is driven by strong trends, such as increased digitisation, new markets, and increased interest in playing online. In addition, deregulation means that new markets are becoming accessible.

Efficient game production

Fantasma Games’ efficient game production means a low production cost, which in turn means that the games can achieve profitability faster.

Smart distribution

Fantasma Games’ distribution takes place both via distribution partners and its own platform in order to reach as many operators and players as possible. With large-scale distribution, we can enter new markets quickly, and as such be at the forefront when new markets open up.

Scalable business model

Fantasma Games’ growth is driven by the Company producing more games and increasing its reach among operators in new markets. In addition, the Company’s existing, already developed, gaming portfolio is an important source of growth, as these are continuously launched in new markets.

HIGHLIGHTS DURING THE YEAR

16%

Net sales amounted to MSEK 35.9 (31.0), corresponding to an increase of 16%

14%

Gross gaming revenue amounted to MSEK 30.2 (26.6), corresponding to an increase of 14%

30%

Revenue amounted to MSEK 50.3 (38.6), corresponding to an increase of 30%

21%

EBITDA amounted to MSEK 7.7 (5.5), corresponding to EBITDA margin of 21% (18%)

2,3

The result for the year amounted to MSEK 2.3 (-2.9)

2023

Significant events during the year

- During the third quarter, Fantasma Games' own platform for games was launched. At the end of the period, 11 integrations with operators had been completed and 10 games launched.
- Fantasma Games obtained a Swedish licence for game development.
- The US became the largest market during the year, and a total of eight games have been licensed for the American market.
- Carnegie Investment Bank took on the role as Certified Advisor on 30 November 2023.
- At an Extraordinary General Meeting on 6 October 2023, a resolution was taken on a private placement for a total of 100 000 subscription warrants, within the framework of an incentive programme for senior executives and key personnel within the company.



After the end of the period

- All US licensed games released on the US market with FanDuel, the largest operator in the US with over 12 million registered users. The '24 Star Dream' game was released exclusively with FanDuel in the state of Michigan.
- Several game releases on the American market during the first quarter of 2024, including two games being launched exclusively with BetMGM.
- A number of major collaborations have been initiated, among them with Stake and Superbet (a Romanian gaming company with a presence in 10 European countries).

Term	Definition	2023	2022
GROSS GAMING REVENUE	Gaming turnover less all return to customers (known in the industry as GGR). Refers to the basis of net sales from games sold for a variable remuneration, after deduction of taxes and bonus costs	490 MSEK	324 MSEK
NET SALES, VARIABLE	The Company's sales revenue from own games sold for a variable remuneration	27.2 MSEK	20.6 MSEK
NET SALES, FIXED	The Company's sales revenue from games sold for a fixed remuneration	8.7 MSEK	10.4 MSEK
TOTAL NET SALES	Variable net sales and fixed net sales	35.9 MSEK	31.0 MSEK
COST OF SERVICES SOLD	Costs for distribution, certification, etc. of own games	5.7 MSEK	4.4 MSEK
GAMING INCOME	Net sales less cost of services sold	30.2 MSEK	26.6 MSEK



2023 – A RECORD YEAR

During the year, Fantasma Games demonstrated solid growth, not only in terms of sales, but also profitability. We increased net sales by 16 per cent, gross gaming revenue amounted to MSEK 490 during the full year, while our EBITDA margin further improved, to 21 per cent.

The growth is mainly attributable to a number of key factors: an increase in the number of game releases, successful game launches in the US, and the addition of new operators to our distribution network. During the year, we launched our games among several market-leading operators such as DraftKings and Rush Street Interactive in the American market, as well as Kaizen and Superbet in several European markets..

Strong global presence – continued focus on the US

We have, in recent years, placed an increasing focus on the regulated markets globally, especially the US, which is a relatively new and exciting growth market. It is therefore with great pleasure I can state that our efforts in the US during 2023 have yielded good results, establishing this region as the largest market for Fantasma Games, and now accounting for 27 per cent of gross gaming revenue.

As things stand, we have only launched eight games in the US, out of our total of 37 game titles. Our goal for 2024 is to launch even more games in this market, while increasing our overall production rate in order to capitalise on the strong market growth.

During the year, we saw continued good growth in our other focus markets, including Great Britain, which has continued to show strong growth. We can also see significant opportunities

for growth in other regulated markets in Europe, especially Italy, Portugal and the Netherlands, where we have so far only launched parts of our portfolio, but where we will now launch the majority of our existing portfolio within the year. In addition, we are also looking at other growth markets in South America, such as Colombia, Brazil and Mexico.

In total, we have expanded by a further 30 operators in over four new markets during the year, and now reach a total of around 300 operators in over 50 markets, which allows for increased growth during game launches, and a wider long-tail.

Successful game launches and own game platform enable scalability and growth

During the year, Fantasma Games successfully launched 12 games according to previously set goals, of which several titles broke records.

During the year, Fantasma Games successfully launched 12 games according to previously set goals, of which several titles broke records. Today, we have 37 launched game titles available in over 50 markets.

Today, we have 37 launched game titles available in over 50 markets through leading operators, such as BetMGM, Draftkings and FanDuel.

300

Now we reach a total of around 300 operators in over 50 markets,

During 2023, all games turned a profit, and with a broad gaming catalogue, the company is currently financially stable without the need for external financing. We have a strong gross gaming revenue of MSEK 490. Gross Gaming Revenue, referred to as GGR, testifies to how attractive a company's gaming catalogue is as a whole. That we, as a relative newcomer in the gaming industry, achieve such a strong gross gaming revenue speaks volumes for the fact we deliver games appreciated by both players and operators.

Revenue from our long-tail games, i.e., games older than six months, increased by 95 per cent during the year. This underlines the strength of our business model, where the games continue to generate revenue for a long time. This is thanks to a growing number of returning players, strengthened brand awareness, and the possibility of launching existing games in new markets, and through new operators.

Furthermore, we have not only increased our production rate, but also managed to keep the cost burden at a level comparable to the previous year. At the same time, we have significantly improved the quality and functionality of our games. For example, during the autumn, one of our games, Payday Express, was named "Top 25 new releases" in the US, which is proof that we deliver top-class games. The game has since had a strong long-tail, with many returning players.

We have also launched games within Social Casino, which represented a new and successful revenue stream for us in 2023. We now have established collaborations with a number of leading companies in the sector, and in 2024 look forward to continued positive development. Social Casino is a sector that is predicted to face strong growth during 2024.

Another significant step in 2023 was the

development of Fantasma Games' own platform. This initiative aims to further streamline our production, broaden our operator reach, and improve our gaming margins through more direct relationships with operators.

Outlook

With the foundation we have now laid - efficient production and our own gaming platform, stronger brand recognition among operators and players, and an increasingly strong distribution network - we have created excellent conditions for demonstrating profitable growth, without having to increase the cost base, despite the increased production rate.

During 2024, Fantasma Games will continue to deliver according to the stated strategy and to secure additional market shares with a focus on

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regulated growth markets globally. In 2024 we will reach more operators than before, and as such even more players worldwide, at the same time as we will scale up our production and launch more games than ever.

Finally, I would like to thank my colleagues for a fantastic job, and all shareholders for your support in our exciting journey, where we continue to execute on our goal of demonstrating continued strong profitable growth.

Fredrik Johansson
President and CEO

95%

Revenue from our long-tail games, i.e., games older than six months, increased by 95 per cent during the year.

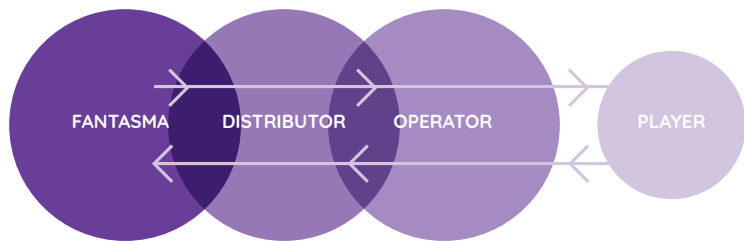
BUSINESS AND MARKET

Fantasma Games is a Stockholm-based gaming studio founded in 2016. We are an efficient team of employees spanning several nationalities, all united in creating gaming success based on the vision "slots beyond gambling". The business has its origins in our 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 goals for the Group are determined, and where strategic and financial decisions are governed and monitored. Fantasma Games is also the Parent Company in the Group, and as such reports the Group's complete financial results. Wiener Games, based in Sofia, Bulgaria, was acquired in 2021. That which is common to the operations is that the companies act as B2B players in the global online casino market. In addition, Fantasma Games Incentive AB is also part of the Group.

The core of Fantasma Games' sales is to have a good relationship with both distributors and operators. The Company's sales team works long-term on, for example, planning campaigns for upcoming game launches in collaboration with the operators. Fantasma Games' games reach, via distribution partners and its own platform, over 250 operators, who in turn offer the games to the end customer, that is to say, the player. The operator pays a certain royalty from the money retained to the distributor, who in turn takes a certain portion of the royalty received for distributing the game, and Fantasma Games receives the remaining funds.

On this basis, 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.

PARTERS



OPERATORS



1. Efficient organisation

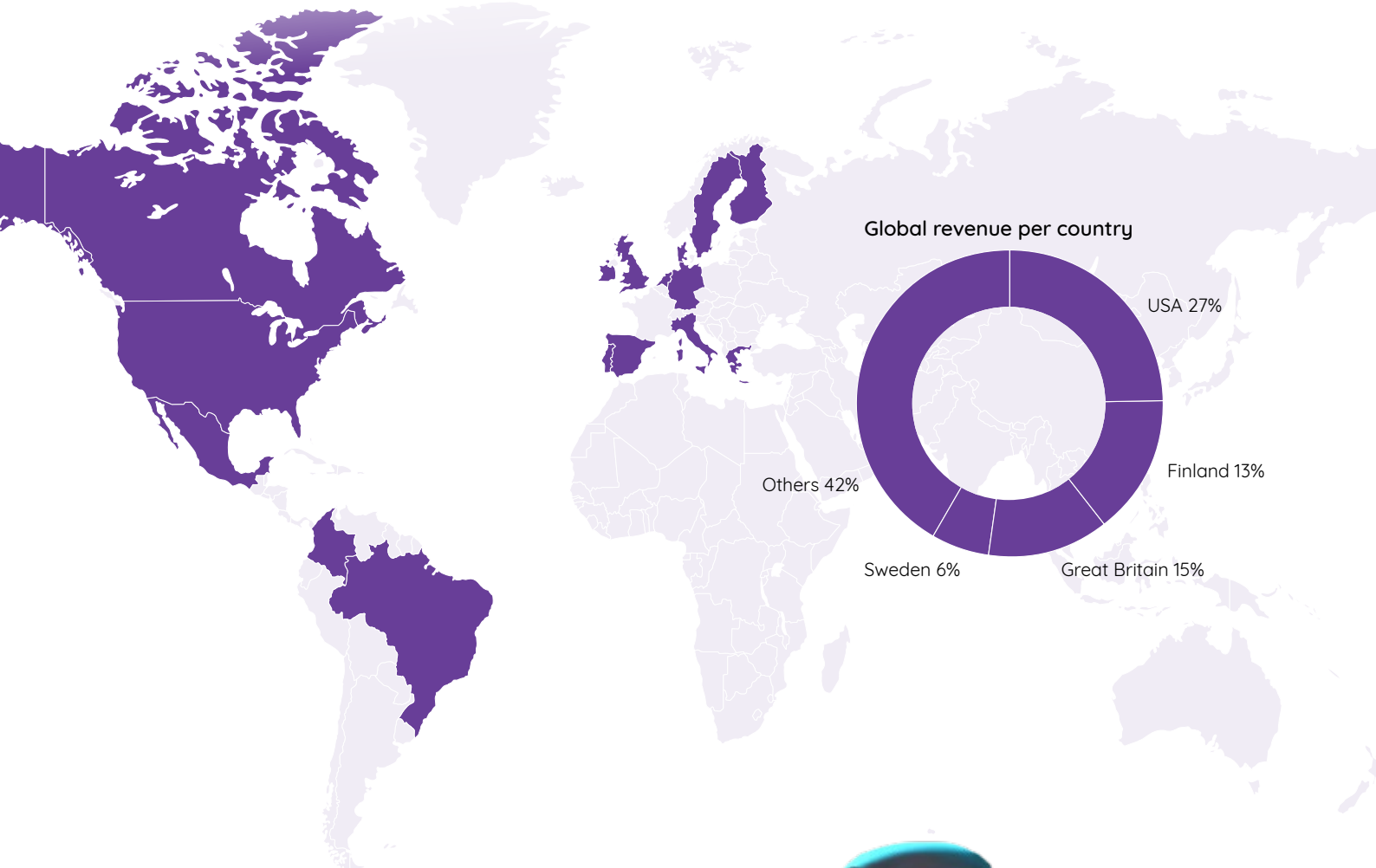
Fantasma Games has a relatively small, agile and cost-effective organisation. Complete focus can be placed on production, analysis and sales. A low cost burden lays the foundation for a scalable business with good margins in line with volumes increasing.

The most cost-effective solutions are constantly being evaluated in order to reach as many players as possible are continually evaluated – whether that means obtaining licences for a certain market ourselves, or using existing routes via distributors.



2. Constantly extending reach

With the distribution of our own platform via direct integrations with a large number of aggregators and operators, the games reach ever more players. This, combined with the strengthening of Fantasma Games' brand, means that Fantasma Games can offer its games to operators which 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.



GOALS FOR THE GROUP

In conjunction with the IPO in 2021, financial and strategic goals were set up to the end of the financial year 2023.

Financial goal:

- **Average annual growth of 30 per cent**
The compound annual growth rate ("CAGR") is 90 per cent for total revenue, and 115 per cent for net gaming revenue for the years 2021 to 2023.
- **EBITDA margin of 50 per cent, with a positive cash flow**
The EBITDA margin amounted to 21 per cent, and cash flow amounted to MSEK -2.2. Both areas were affected by the investment in our own platform, that was completed during the year, which opens up new opportunities for improved EBITDA margin and cash flow.

Strategic goals:

- **At least 50 per cent of the in-house produced games shall be profitable within 180 days of launch**
12 games were released in 2023, of which seven were released in the second half of the year and so have not generated revenue for 180 days as of the balance sheet date. Of the five games that had 180 days of earnings, two were profitable within 180 days. The ratio of earnings to costs per game up to 180 days amounts to 80 per cent for all games released in 2023, including those released in the second half of 2023.
- **At least 250 qualitative operators in the group's network**
As of the closing date 2023, we had over 250 qualitative operators, with a number of ongoing discussions with new operators, and with several new operators releasing Fantasma Games' games in the first quarter of 2024, including FanDuel.

New goals have been laid out up to the end of the financial year 2026.

Financial goals:

- **Average annual growth of 30 per cent for net sales**
- **EBITDA margin of 50 per cent, with a positive cash flow**

Strategic goals:

- **At least 50 per cent of the in-house produced games shall be profitable within 180 days of launch**
- **Increase the number of game releases in a year by 100% by 2026**

In order to achieve the financial and strategic goals, Fantasma Games works according to a growth strategy consisting of the following steps.

1. Attractive gaming portfolio

Fantasma Games strives to continuously and systematically create new and interesting games for operators and players, based on the concept of 'Slots beyond gambling'. This is reflected in the game's functions, as well as in the graphics, and creates the best possible gaming experience. Game development is efficient, which means a low production cost that enables the games to quickly reach profitability.

2. Maximise reach through distributors and operators

Fantasma Games reaches the end user, the player, via distributors and operators. The equation is simple – the more distributors and operators that offer our products, the more players there will be. Through its own platform, Fantasma Games reaches the leading distributors in the world, and is constantly looking for new options to be able to maximise the reach among markets and operators. Fantasma Games uses both

its own and distributors' licences to enter new markets, and thereby reach new operators, which creates cost-effective growth.

3. Strong relationships

Strong customer relationships, for example, with distributors and operators, are an important cornerstone of Fantasma Games' growth strategy. Close relationships ensure good exposure when launching new games, build a better long-tail in the games, and create a solid understanding of the types of games that the operators want to be able to offer their players. With a relatively small organisation, Fantasma Games is agile and adapts production at short notice, which is appreciated by operators.

4. Acquisitions

The gaming market is characterised by a strong consolidation trend. Fantasma Games sees great opportunities to acquire companies, such as the acquisition of Wiener Games in 2021, or acquisitions that strengthen the Company's business, as both production and the gaming portfolio are increased.

Market

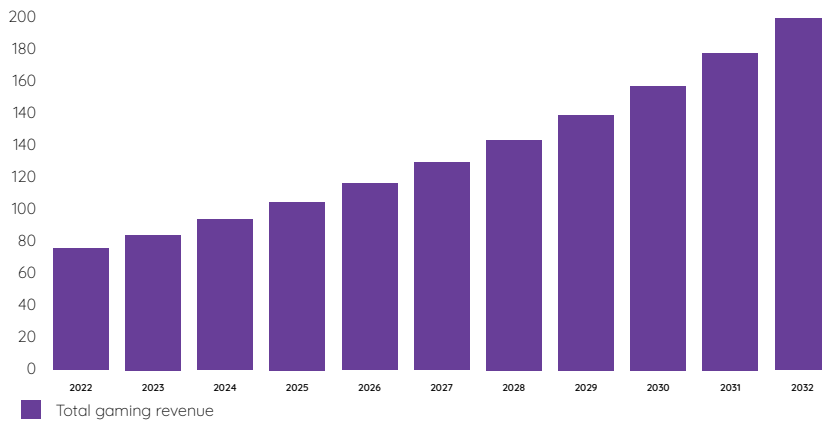
In 2022, the global online gaming market amounted to USD 63.5 billion, with casino gaming as the most lucrative sector, according to Emergen Research's industry report, released at the end of 2023. The market is expected to grow at an average annual growth rate of 11.3 per cent, which means that the global market for online games is estimated to reach USD 184 billion by 2032.

This strong growth is primarily driven by the increasing demand for online casino games, which attract players thanks to their convenience and accessibility. Gaming

is increasingly moving from physical to online, and the growing use of mobile phones is a significant factor driving the market growth.

The European market is the largest in online gaming, but several markets are continuing to grow, such as the North and South American markets. In the US, there are still six states where online casino gambling is permitted, with a seventh state set to allow gambling in 2024, and more states expected to open up to online gambling in the coming years.

Growth for online casinos



11.3%

The market is expected to grow at an average annual growth rate of 11.3 per cent

Licensing and certification

Fantasma Games holds a licence issued by the Swedish Gambling Authority, granting permission to manufacture, supply, install and modify gaming software, and is in the process of obtaining more licences for other markets for its own platform. Historically, games have been launched via external platforms, meaning the party that distributes Fantasma Games' games is also responsible for holding a gaming licence valid in each jurisdiction, for both its platform and the games that are on the platform.

Wiener Games

Wiener Games is a gaming studio based in Sofia, Bulgaria, with a primary focus on the production of customised casino games. Fantasma Games ranks among its customers, along with other game 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, for example, in connection with development, design, and concept development. From a Group perspective, the acquisition of Wiener Games means that Fantasma Games can not only increase its own production capacity, but also better meet the increasing demand from external parties for unique content.

The Company has been around since 2016, and currently has approximately 20 employees. Wiener Games has built 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. A share of royalty is also received for the games developed together with Fantasma Games, once the investment has been repaid.

Environmental, social and corporate governance

Fantasma Games' premise is diversity and diversification. By these means, we attain a dynamic and creative work environment, with great respect for each individual and the differences that exist in terms of values and culture. Currently, more than 10 nationalities are represented among our employees. The well-being and motivation of each employee is central to Fantasma Games achieving its goals. We therefore prioritise evaluations in the form of conversations, and encourage physical activity through, among other things, healthcare subsidies. Environmentally, the footprint of an online company without physical goods or its own server halls is limited.

Key Figures

(TSEK)	FY 2023 Jan - Dec	FY 2022 Jan - Dec	FY 2021 Jan - Dec
Gross gaming revenue, MSEK	490	324	91
Net sales, MSEK	35.9	31.0	7.8
Operating revenue, MSEK	50.3	38.6	14.0
Cost of services sold, MSEK	-5.7	-4.4	-1.7
Gaming income, MSEK	30.2	26.6	6.1
Operating expenses, MSEK	-52.5	-40.7	-21.2
EBITDA, MSEK	7.7	5.5	-4.7
EBITDA margin	21%	18%	-60%
Result for the year, MSEK	2.3	-2.9	
Equity per share			
Before dilution, SEK	8.98	8.57	9.30
After dilution, SEK	8.93	8.57	8.18
Earnings per share			
Before dilution, SEK	0.64	-0.95	-2.99
After dilution, SEK	0.64	-0.95	-2.63
Number of shares			
Number of shares at the beginning of the period	3 556 535	3 034 090	2 056 596
Number of shares at the end of the period	3 556 535	3 556 535	3 034 090
Outstanding warrants	310 000	210 000	660 000
Average number of shares before dilution	3 556 535	3 341 242	2 476 458
Average number of shares after dilution	3 573 636	3 341 242	2 815 059



Gross gaming revenue

The gross gaming revenue, in other words, the balance after winnings are paid out to customers, is the amount that forms the basis of Fantasma Games' income associated with its own games. For the full year, gross gaming revenue amounted to MSEK 490 (324), corresponding to an increase of 51 per cent.

Long-tail gross gaming revenue

The so-called long-tail gross gaming revenue represents one of the Company's most important key figures, and provides an overview of how the Company's older games perform over time. During 2023, the Company achieved MSEK 268 (138) in long-tail gross gaming revenue from 27 games, as of the end of the year, corresponding to an increase of 95 per cent. The average annual growth of long-tail gross gaming revenue has amounted to 208 per cent since 2020, thanks to the number of games increasing, but also the existing portfolio being launched in new markets.

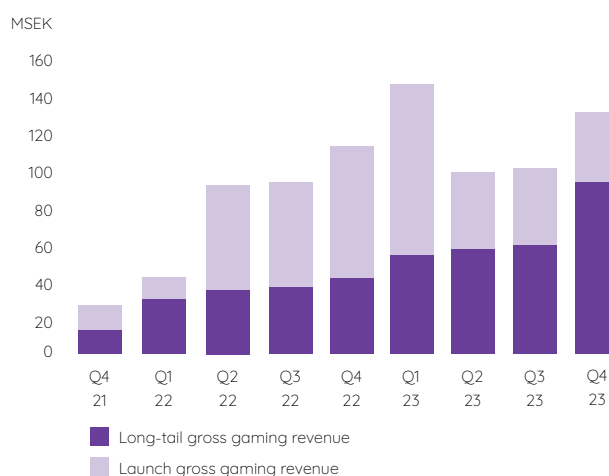
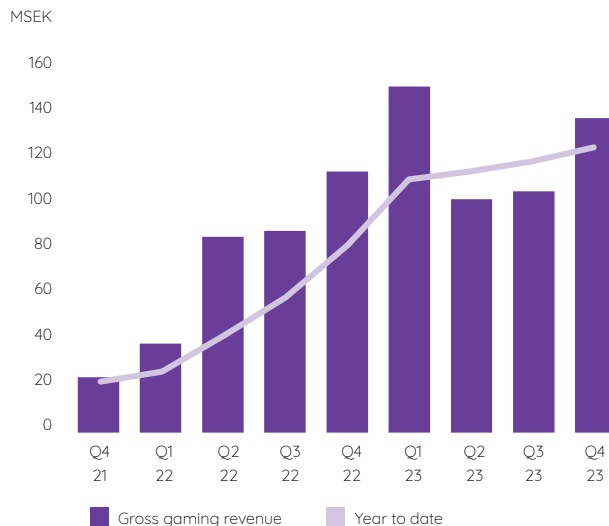
Launch gross gaming revenue

Launch gross gaming revenue amounted to MSEK 222 (186). Gross gaming revenue measured six months after a game release can vary per month and quarter as it is governed by how many games are released, when they are released, and how many operators have had time to launch the new games, as well as on which markets the games are released, during the current period. The launch gross gaming revenue at the end of the year included a total of seven games; three games were launched during the fourth quarter, of which two games were launched in December.



Net sales, variable and margin (Fantasma Games)

Net sales from games with a variable remuneration amounted to MSEK 27.2 (20.6), which, relative to the gross gaming revenue of MSEK 490, entailed a margin of 5.6 (6.4) per cent. Adjusted for currency, the margin amounted to 5.5 (5.9) per cent. The margin fluctuates, mainly due to differences in tax rates between countries, and as such is affected by where the revenue is generated. During the year, a larger proportion of the revenue, compared to the previous year, came from countries with higher gambling taxes, such as the US, which resulted in a lower margin. The margin from the games has thereby not changed, rather the differences between the years are solely an effect of currency and the revenue distribution between different markets.



Net sales, fixed (Wiener Games)

Net sales from games with a fixed remuneration relates to revenue that the subsidiary Wiener Games generates when they produce games for a fixed remuneration. At the beginning of 2023, a strategic decision was made to use Wiener Games to a greater extent to co-produce games with Fantasma Games, in order to increase the production rate and launch more games.

During the year, Wiener Games' revenue from external parties amounted to MSEK 8.7 (10.4). The reason for this reduction is primarily the work the subsidiary carried out for Fantasma Games. These games are in final production and will be released in the first half of 2024, which results in revenue over a longer period, but not directly in relation to the production.

Own platform

In 2023, the Company decided to invest in its own platform. This is a strategically important decision which, over time, will result in a number of positive effects for Fantasma Games. The Company will have a significantly increased production rate, at the same time that production will be more efficient as the games are developed on the Company's own platform instead of the distributors' platforms. As a result, it will also be possible to distribute the games to more operators and markets as new games will not be tied exclusively to one distributor. In the long term, distribution costs will also decrease as Fantasma Games will be able to integrate the platform directly with larger operators and aggregators, thereby retaining a larger portion of the revenue. Overall, this will have a positive effect on distribution costs.

Development costs for our own platform were taken on in full during the third quarter of 2023, and amounted to MSEK 4.3, which explains a majority of the increase in both external expenses and capitalised development costs during the year.

Parts of the platform were procured, and will be paid off on a rolling basis during 2023, 2024 and 2025. The outstanding debt as of the balance sheet date amounted to MSEK 0.6, in the form of long-term liabilities, and MSEK 1.8, in short-term liabilities.

During the third and fourth quarters, a number of integrations were made to the platform and, as of the closing date, a total of 10 games are connected to the platform.



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, 29 December 2023, the last closing price was SEK 36.4 per share, which corresponds to a market value of approximately MSEK 129.5, based on 3 556 535 outstanding shares.

Share capital

As of 31 December 2023, the registered share capital amounted to SEK 889 133.75, divided into 3 556 535 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 2023, including subsequent known changes that have taken place up to the date of the report, are shown below.

Shareholder (directly and indirectly via the Company)	Number of shares	Proportion of votes and capital, %
Fredrik Johansson*	520 386	14.6%
Karl Lindstedt	304 069	8.5%
KL Capital	207 671	5.8%
Christina Andersson	195 616	5.5%
Oliver Jönsson	189 483	5.3%
Martin Fagerlund*	166 716	4.7%
Tianzhi Zhou	132 779	3.7%
Björn W Ericsson	118 000	3.3%
Magnus Borghede	98 707	2.8%
Eric Holmberg*	93 900	2.6%
Other	1 529 208	43.0%
Total	3 556 535	100.00%

*The shareholder is a Board member of the Company



Subscription warrants, convertibles and share-related incentive programmes

	Year decided	Number of warrants	Subscription period	Subscription price (SEK)	Paid premium (SEK)	Holder
Incentive programme 2021/2024	2021	100 000	21/10/2024 -- 21/12/2024	SEK 65	SEK 1.85	The Company's senior executives and key personnel
Incentive programme 2022/2025	2022	110 000	30/09/2025 -- 30/11/2025	SEK 50	SEK 2.67	The Company's senior executives and key personnel
Incentive programme 2023/2026	2023	100 000	06/10/2026 -- 06/12/2026	SEK 80	SEK 9.59	The Company's senior executives and key personnel

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 Games 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 sixty-five (65) kronor 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 three per cent.

Incentive programme 2022/2025

At the Extraordinary General Meeting on 30 September 2021, there was a resolution on a private placement of a total of 110 000 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

Games 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 fifty (50) kronor during the period from 30 September 2025 to 30 November 2025. Upon full exercise of the subscription warrants, the Company's share capital will increase by a maximum of SEK 27 500, and entail a dilution of approximately three per cent.

Incentive programme 2023/2026

At the Extraordinary General Meeting on 6 October 2023, 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 Games 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 eighty (80) kronor during the period from 6 October 2026 to 21 December 2026. 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 three per cent.

CORPORATE GOVERNANCE

Fantasma Games AB (publ) is a Swedish public limited company, with its registered office in Stockholm municipality, Sweden. Corporate governance at Fantasma Games is based on Swedish legislation, the Company's Articles of Association, Nasdaq First North's regulations for 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 a 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.

An 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 six ordinary members, including the Chair of the Board, without deputies. Martin Fagerlund and Fredrik Johansson were elected at an Annual General Meeting on 5 February 2021, Johan Königslehner was elected at an Extraordinary General Meeting on 21 October 2021, and Eric Holmberg, Antonia Svensson and Johan Styren were elected at an Annual General Meeting on 25 May 2022, all until the end of the 2024 Annual General Meeting.

Name	Position	Elected	Year of birth	Shares	Warrants	Independence in relation to	
						Company and company management	Company's major shareholders
Eric Holmberg	SO	2022	1982	93 900	22 500	Independent	Independent
Antonia Svensson	LE	2022	1987	0	17 500	Independent	Independent
Martin Fagerlund	LE	2020	1981	166 716	17 500	Independent	Independent
Johan Styren	LE	2022	1982	0	17 500	Independent	Independent
Johan Königs-lehner	LE	2021	1972	1 019	17 500	Independent	Independent
Fredrik Johans-son	LE	2017	1981	520 386	32 402	Dependent	Dependent

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.

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 25 May 2023, 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 53 500). The Company's Board members are not entitled to any benefits after they have resigned as Board members.

Senior executives

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

Name	Position	Year of birth	Employed since	Shares	Warrants
Fredrik Johansson	VD	1981	2017	520 386	32 402
Tianzhi Zhou	CPO	1991	2019	132 779	44 598
Axel Billgren	Senior Business Controller	1993	2022	2 803	15 000

CEO

The CEO is appointed and dismissed by the Board of Directors, and his/her 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 management

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.

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.

No 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.

Rules and legislation

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

Historically, gambling for money 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 gambling legislation means that online gambling 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 US, online gambling has long been banned, and it is only in recent years that the first states have passed their own gaming legislation.

Environment, sustainability and social responsibility

Fantasma Games does not conduct any activities that are subject to licence 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 procurement, 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.

Certified Adviser

Carnegie Investment Bank has been the Company's certified adviser since 30 November 2023.



STATUTORY ADMINISTRATION REPORT

The Board of Directors and the CEO of Fantasma Games AB (publ), with its registered office in Stockholm, Sweden, and corporate identity number 559074-0881, hereby submit the Annual Report for the financial year 2023. Figures in brackets refer to the previous year. All amounts are expressed in thousands of kronor (TSEK) unless otherwise stated.



Multi-year comparison, Group

	2023	2022	2021
Net sales	35 914	30 984	7 772
Result after financial items	-2 217	-2 926	-7 182
Result as % of net sales	-6%	-9%	-92%
Balance sheet total	48 164	42 779	37 289
Equity/assets ratio (%)*	66%	67%	62%
Cash and cash equivalents (%)*	128%	329%	302%

Multi-year comparison, Parent Company

	2023	2022	2021	2020	2019	2018
Net sales	27 241	20 558	7 092	4 515	1 241	392
Result after financial items	1 314	-1 962	-6 806	-563	-6 363	-4 212
Equity/assets ratio (%)*	70%	68%	64%	59%	10%	neg

**Definitions of key figures, see notes

In previous years, sales consisted of net reported revenue after deductions for costs. As of 2021, gross revenues and deductions are reported separately.

Revenue (TSEK)	Group		Parent Company	
	2023	2022	2023	2022
Net sales	30 984	7 772	20 558	7 092
Cost of services sold	-4 429	-1 672	-4 429	-1 672
Gaming income	26 555	6 100	16 128	5 420

The total reported gaming income for the full year amounted to MSEK 30.2 (26.6) for the Group, corresponding to an increase of 14 per cent. Capitalised development costs amounted to MSEK 14.0 (7.5), and other income amounted to MSEK 0.3 (0.1).

The Parent Company's gaming income amounted to MSEK 21.5 (16.1), corresponding to an increase of 33 per cent. Capitalised development costs amounted to MSEK 14.8 (7.5), and other income amounted to MSEK 0.4 (0.1).

Costs and result

Operating expenses amounted to MSEK 52.5 (40.7) in 2023, and are primarily characterised by the investments

the Company has made in improving its own production, increased depreciation costs attributable to the increase in the gaming portfolio, and investments in its own platform. Cost of services sold has increased to MSEK 5.7 (4.4), for both the Group and the Parent Company, as an effect of the increased net sales, as well as increased licensing costs as more games have been released in markets that require their own licences. Of the total operating expenses, personnel costs amounted to MSEK 20.6 (19.3), other external expenses to MSEK 15.9 (9.1), depreciation and amortisation to MSEK 9.9 (7.6), and other operating expenses to MSEK 0.3 (0.2). The operating result amounted to MSEK -2.2 (-2.1).

The Parent Company's costs amounted to MSEK 42.3 (29.3), of which personnel costs amounted to MSEK 12.7 (11.7), other external expenses to MSEK 17.0 (8.7), depreciation and amortisation amounted to MSEK 6.5 (4.3), and other operating expenses to MSEK 0.3 (0.2). The operating result amounted to MSEK 0.1 (-1.1).

Financial position

Cash and cash equivalents amounted to MSEK 3.5 (5.8), and total current assets amounted to MSEK 10.8 (15.2) at the end of the year for the Group. The Company assesses that its current liquidity is sufficient to finance the existing plans for 2024.

Risk management

Provided that a company has a good distribution of games, the biggest risk for companies like Fantasma Games is that the majority of the games produced do not generate revenue 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 while the quality level is continuously raised. As part of this, several game prototypes are developed before the Company decides which games will be further developed, and consequently entail additional costs. Furthermore, senior advisors, both internal and external, are given the chance to offer suggestions and criticism. At the same time, it is always a risk-based balance that determines whether the Company should spend more time on a game or go straight to launch. At a somewhat difficult to define juncture, game development companies reach a point where more production time has a diminishing commercial benefit.

In addition to this, the company operates globally and is

thus exposed to currency risks, both through transactions in foreign currencies and through the translation of the subsidiary's income statements and balance sheets into Swedish kronor.

Ownership Structure

No significant changes in the ownership structure have occurred during the year. A detailed list of shareholders is available on page 14.

Significant Events During the Year

At an Extraordinary General Meeting on 6 October 2023, a resolution was taken on a private placement for a total of 100 000 subscription warrants, within the framework of an incentive programme for senior executives and key personnel within the company. For more information, see page 15.

Acquisition of Wiener Games

On 29 November 2021, 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.

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.

APPROPRIATION OF PROFIT/LOSS

Proposal on appropriation of the company's profit

At the disposal of the Annual General Meeting:

Balanced loss	-41 769 675
Free premium fund	50 770 359
Profit for the year	5 833 350
	14 834 033

The Board of Directors proposes to be transferred to a new account 14 834 033

ACCOUNTS

PROFIT AND LOSS STATEMENT

(TSEK)	Note	Group		Parent Company	
		2 023	2 022	2 023	2 022
Operating revenue					
Net sales	2	35 914	30 984	27 241	20 558
Capitalised work on own account		14 027	7 508	14 767	7 508
Other revenue		317	113	386	113
Total		50 258	38 605	42 394	28 178
Operating expenses					
Cost of services sold		-5 732	-4 429	-5 732	-4 429
Other external expenses	3	-15 906	-9 107	-17 036	-8 666
Personnel costs	4	-20 635	-19 324	-12 679	-11 677
Depreciation and amortisation	6,7,8	-9 899	-7 581	-6 500	-4 319
Other operating expenses		-330	-245	-314	-200
Total operating expenses		-52 502	-40 686	-42 261	-29 291
Operating result		-2 244	-2 081	133	-1 112
Other interest income and similar items		187	4	182	0
Interest expenses and similar items		-160	-849	-160	-850
Profit from shares in group companies		0	0	1 159	0
Result after financial expenses		-2 217	-2 926	1 314	-1 962
Tax on the result for the year	5, 11	4 491	-242	4 520	0
Result for the year		2 273	-3 168	5 833	-1 962

BALANCE SHEET

(TSEK)	Note	Group		Parent Company	
		2023-12-31	2022-12-31	2023-12-31	2022-12-31
ASSETS					
Fixed assets					
Intangible fixed assets					
Capitalised expenditure for development work and similar work	6	21 138	13 554	20 419	12 127
Concessions, patents, licences, trademarks, etc.	7	316	22	316	22
Goodwill	8	9 611	12 944	0	0
Total intangible fixed assets		31 065	26 520	20 735	12 149
Tangible fixed assets					
Machinery and other technical equipment	9	24	40	0	0
Total tangible fixed assets		24	40	0	0
Financial fixed assets					
Interests in Group companies	10	0	0	19 221	19 221
Receivables from Group companies		0	0	1 253	480
Deferred tax receivable	11	4 679	0	4 520	
Other long-term receivables	12	1 621	971	261	279
Total financial fixed assets		6 300	971	25 254	19 980
Total fixed assets		37 389	27 530	45 990	32 129
Current assets					
Short-term receivables					
Accounts receivable		3 582	5 337	268	930
Receivables from Group companies		0	0	191	5
Tax receivables		0	0	0	0
Other receivables		433	309	247	287
Prepaid expenses and accrued income	13	3 218	3 825	3 096	3 821
		7 233	9 471	3 801	5 042
Cash and cash equivalents		3 542	5 777	1 621	5 308
Total current assets		10 775	15 248	5 422	10 350
Total assets		48 164	42 779	51 411	42 480

(TSEK)	Note	Group		Parent Company	
		2023-12-31	2022-12-31	2023-12-31	2022-12-31
EQUITY AND LIABILITIES					
Equity, Group					
Share capital		889	889		
Other contributed capital		52 180	51 221		
Other equity incl. result for the year		-21 139	-23 490		
Total equity attributable to the Parent Company's shareholders		31 930	28 620		
Equity, Parent Company					
Restricted equity					
Share capital				889	889
Development expenditure fund				20 008	11 716
				20 897	12 605
Unrestricted equity					
Unrestricted share premium fund				50 770	50 770
Balanced profit				-41 770	-32 475
Result for the year				5 833	-1 962
				14 834	16 334
Total equity, Parent Company				35 731	28 939
Long-term liabilities					
	14				
Provisions		7 263	9 510	7 263	8 397
Other liabilities		584	15	569	0
Total long-term liabilities		7 847	9 525	7 832	8 397
Short-term liabilities					
Advances from customers		1 387	1 280	1 387	1 280
Accounts payable		823	703	797	685
Liabilities to Group companies		0	0	251	0
Current tax liability		0	0	0	0
Other liabilities		3 530	616	2 766	1 145
Accrued expenses and prepaid income		2 648	2 034	2 648	2 034
Total short-term liabilities		8 388	4 633	7 848	5 144
Total equity and liabilities		48 164	42 779	51 411	42 480

CASH FLOW ANALYSIS

(TSEK)	Note	Group		Parent Company	
		2 023	2 022	2 023	2 022
Operating activities					
Operating result		-2 244	-2 081	133	-1 112
Adjustment for items not included in the cash flow	15	9 924	7 597	6 463	4 321
Interest received		5	4	16	0
Interest paid		9	-2	-6	-2
Paid income taxes		-224	-216	-131	-63
Cash flow from operating activities before changes in working capital		7 470	5 301	6 475	3 144
Cash flow from changes in working capital					
Decrease(+)/increase(-) in accounts receivable		1 780	-2 405	692	-759
Decrease(+)/increase(-) in receivables		770	-3 213	878	-3 216
Decrease(-)/increase(+) in accounts payable		120	328	383	247
Decrease(-)/increase(+) in short-term liabilities		3 192	320	2 973	310
Cash flow from operating activities		13 333	331	11 402	-275
Investing activities					
Acquisition of capitalised expenses for research, etc.	6	-14 027	-7 508	-14 767	-7 508
Acquisition of concessions, patents, licences, etc.	7	-319	-46	-319	0
Acquisition of machinery and other technical equipment	9	-10	0	0	0
Acquisitions of Group companies	10	-1 180	-1 698	-1 180	-1 458
Dividends from Group companies		0	0	1 159	0
Acquisition of financial fixed assets		0	-250	0	-250
New lending to third parties	12	-4	0	0	0
Repayment of loans from third parties	12	18	0	18	0
Cash flow from investing activities		-15 522	-9 501	-15 090	-9 216
Financing activities					
New issue for the year		0	6 818	0	6 818
Amortisation of long-term loans		0	0	0	0
Cash flow from financing activities		0	6 818	0	6 818
Change in cash and cash equivalents		-2 190	-2 352	-3 688	-2 673
Cash and cash equivalents at the beginning of the period		5 778	8 105	5 308	7 981
Exchange rate differences in cash and cash equivalents		-46	25	0	0
Cash and cash equivalents at the end of the period		3 542	5 778	1 621	5 308

CHANGES IN EQUITY, GROUP

(TSEK)	Share capital	Other contributed capital	Other equity			Total equity
			Balanced result incl. result for the year	Fund for development costs	Acc. exchange rate differences	
At the beginning of the period 2022-01-01	759	44 260	-30 358	8 521	-163	23 019
Capitalised development costs			-7 508	7 508		0
Dissolution as a result of the year's depreciation			4 312	-4 312		0
New share issue	131	7 116				7 246
Issue costs		-428				-428
Allocation of subscription warrants		274				274
Conversion difference					1 677	1 677
Result for the period			-3 168			-3 168
At the end of the period 2022-12-31	889	51 221	-36 722	11 716	1 515	28 620

(TSEK)	Share capital	Other contributed capital	Other equity			Total equity
			Balanced result incl. result for the year	Fund for development costs	Acc. exchange rate differences	
At the beginning of the period 2023-01-01	889	51 221	-36 722	11 716	1 515	28 620
Capitalised development costs			14 767	-14 767		0
Dissolution as a result of the year's depreciation			-6 475	6 475		0
Allocation of subscription warrants		959				959
Conversion difference					78	78
Result for the period			2 273			2 273
At the end of the period 2023-12-31	889	52 180	-26 157	3 424	1 593	31 930

CHANGES IN EQUITY, PARENT COMPANY

(TSEK)	Share capital	Fund for development costs	Premium fund	Other unrestricted equity	Result for the year	Total equity
Amount at the beginning of the year 2022-01-01	759	8 521	44 083	-22 767	-6 806	23 790
Capitalised development costs		7 508		-7 508		0
Dissolution as a result of the year's depreciation		-4 312		4 312		0
Fund issue						0
New share issue	131		7 116			7 246
Issue costs			-428			-428
Allocation of subscription warrants				294		294
Cancellation of warrants programme						0
Appropriation of profit/loss acc. to resolution of the AGM				-6 806	6 806	0
Loss for the year					-1 962	0
Amount at the end of the year 2022-12-31	889	11 716	50 771	-32 475	-1 962	28 939

(TSEK)	Share capital	Fund for development costs	Premium fund	Other unrestricted equity	Result for the year	Total equity
Amount at the beginning of the year 2023-01-01	889	11 716	50 771	-32 475	-1 962	28 939
Capitalised development costs		14 767		-14 767		0
Dissolution as a result of the year's depreciation		-6 475		6 475		0
Allocation of subscription warrants				959		959
Appropriation of profit/loss acc. to resolution of the AGM				-1 962	1 962	0
Profit for the year					5 833	5 833
Amount at the end of the year 2023-12-31	889	20 009	50 771	-41 770	5 833	35 731



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). The company's reporting currency is Swedish kronor, and amounts are reported in thousands of kronor (SEK) unless otherwise stated. The parent company applies the same accounting principles as the group, except as stated below in the section 'Parent Company Accounting Principles'. The accounting principles are unchanged compared to the previous year, with the exception of deferred tax receivables and the depreciation period for intangible fixed assets.

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 consists of two revenue streams. One, which relates to Fantasma Games, is royalty based on how much revenue its games realise. Income is recognised at the fair value of what has been received or will be received. Revenue recognition takes place based on the customer's reported accounts, which then equals actual sales.

In previous years, sales consisted of net reported revenue after deductions for fees. From 2021 onwards, revenue and deductions are reported as costs of services sold.

The second revenue stream, which relates to Wiener Games, is based on services rendered and invoiced on an ongoing basis. For service assignments on an ongoing basis, the income attributable to an executed service assignment is reported as income as work is performed and materials are delivered or consumed.

Foreign currencies

Assets and liabilities in a 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 from the translation of 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 fair value for the options and the settlement for subscription warrants is reported directly in 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 subscription warrants, and translation difference.

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:

	No. of years
Machinery and other technical equipment	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 and seven years.

	No. of years
Capitalised expenditure for development work and similar work (regarding games)	3
Concessions, patents, licences, trademarks and similar rights	5
Capitalised expenditure for development work and similar work (regarding platform)	7

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.

Accounts receivable 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.

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 year-end appropriations of profit/loss in the income statement. Group contributions are reported as year-end appropriations of profit/loss. Group contributions made to a subsidiary are, however, reported as an increase in the interest's reported value.

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.

Equity

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

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.

Estimates and assessments

Goodwill and shares in subsidiaries

Every year the Group investigates whether there is any impairment need for goodwill and shares in subsidiaries. The calculations are based on an assessment of the expected growth rate and margin development based on the business plan for the coming year, management's long-term expectations for the business, and the historical development. The Board of Directors deems there is no need for impairment as of 31 December 2023.

Capitalised expenditure for development costs

The Group has capitalised expenditure for development expenses relating to games and the platform that are reported as intangible assets. After the first account, the need for impairment is tested as soon as there are

indications that the asset has decreased in value. The useful life is tested every year and adjusted if necessary. The Group's capitalised expenditure for development costs is depreciated over three years (regarding games) and seven years (regarding platform). The Board of Directors deems there is no need for impairment as of 31 December 2023.

Deferred tax asset

Deferred tax asset related to loss carryforwards or other future tax deductions are recognized to the extent it is probable that the deduction can be offset against excess taxation in future periods. The board's assessment is that this is probable as the parent company has an excess for the year 2023, and thus, the asset has been recognized.

Note 2

	Group		Parent Company	
	2023	2022	2023	2022
Net sales				
Net sales, variable	27 241	20 558	27 241	20 558
Net sales, fixed	10 917	11 053	-	-
Group adjustments	-2 244	-627	-	-
Total	35 914	30 984	27 241	20 558

For more information on variable and fixed net sales, please refer to page 12.

	Group		Parent Company	
	2023	2022	2023	2022
Net sales per country				
Malta	17 069	14 160	17 069	14 160
Isle of Man	15 051	11 299	8 982	5 912
Other	3 795	5 526	1 191	486
Total	35 914	30 984	27 241	20 558

Note 3

	Group		Parent Company	
	2023	2022	2023	2022
Remuneration to auditors				
PWC	423	697	481	595
Audit	350	451	481	348
Tax advice	-	-	-	-
Other services	73	246	-	246

Note 4

Average number of employees	Group		Parent Company	
	2023	2022	2023	2022
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	36	37	18	16
Salaries and other remuneration Board of Directors and CEO:				
Salaries and other remuneration	1 177	986	1 177	986
Pension	261	248	261	248
Total remuneration	1 438	1 234	1 438	1 234
Other employees:				
Salaries and other remuneration	14 694	14 029	7 706	7 143
Pension	291	362	291	362
Total remuneration	14 985	14 392	7 997	7 506
Social security costs	3 602	3 461	2 854	2 700
Total	20 025	19 086	12 289	11 439

Note 5

Tax on the result for the year	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-174	-242	0	0
Deferred tax	4 665	0	4 520	0
	4 491	-242	4 520	0
Reconciliation of effective tax				
Result before tax	-2 217	-2 926	1 314	-1 962
Tax cost according to the Parent Company's tax rate	-457	-845	271	-404
Tax effect of:				
Differences attributable to foreign taxes	554	669	0	0
Non-deductible costs	64	37	34	37
Non-taxable income	-268	0	-239	0
Deficit deductions utilised	-66	0	-66	0
Tax-related adjustments	0	13	0	0
Deficit deductions incurred during the year	0	368	0	368
Change in deferred tax	4 665	0	4 520	0
Total	4 491	242	4 520	0

Note 6

	Group		Parent Company	
	2023	2022	2023	2022
Capitalised expenditure for development work and similar work				
Opening acquisition value	20 766	13 140	19 339	11 832
Purchases	14 767	7 508	14 767	7 508
Reclassifications	-740	0	0	0
Conversion difference	-2	118	-	-
Closing accumulated acquisition values	34 790	20 766	34 106	19 339
Opening depreciation	-7 212	-2 900	-7 212	-2 900
Reclassifications	35	-	-	-
Depreciation for the year	-6 474	-4 312	-6 474	-4 312
Closing accumulated depreciation	-13 651	-7 212	-13 686	-7 212
Closing reported value	21 139	13 554	20 419	12 127

Note 7

	Group		Parent Company	
	2023	2022	2 023	2022
Concessions, patents, licenses, trademarks, etc.				
Opening acquisition value	33	33	33	33
Purchases	319	0	319	0
Closing accumulated acquisition values	352	33	352	33
Opening depreciation	-11	-5	-11	-5
Depreciation for the year	-25	-7	-25	-7
Closing accumulated depreciation	-37	-11	-37	-11
Closing reported value	316	22	316	22

Note 8

	Group		Parent Company	
	2023	2022	2023	2022
Goodwill				
Opening acquisition value	16 525	15 186	0	0
Conversion difference	-48	1 339	0	0
Closing accumulated acquisition values	16 477	16 525	0	0
Opening depreciation	-3 580	-253	0	0
Depreciation for the year	-3 408	-3 305	0	0
Conversion difference	123	-22	0	0
Closing accumulated depreciation	-6 865	-3 580	0	0
Closing reported value	9 611	12 944	0	0

Note 9

	Group		Parent Company	
	2023	2022	2023	2022
Machinery and other technical equipment				
Opening acquisition value through acquisition of subsidiaries	84	35	0	0
Purchases	10	46	0	0
Conversion difference	0	3	0	0
Closing accumulated acquisition values	94	84	0	0
Opening depreciation	-44	-27	0	0
Depreciation for the year	-25	-15	0	0
Conversion difference	0	-2	0	0
Closing accumulated depreciation	-69	-44	0	0
Closing reported value	24	40	0	0

Note 10

Interests in Group companies	Site	Capital share %	Reported value	
			2023	2022
Company				
Corporate Identity Number				
Wiener Games OOD*				
202680682	Sofia	100.00%	19 196	19 196
Fantasma Games Incentive AB				
559332-4352	Stockholm	100.00%	25	25
			19 221	19 221
Weiner Games OOD				
Opening acquisition value			19 196	19 196
Purchases			0	0
Closing accumulated acquisition values			19 196	19 196
Closing reported value			19 196	19 196
Fantasma Games Incentive AB				
Opening acquisition value			25	25
Purchases			0	0
Closing accumulated acquisition values			25	25
Closing reported value			25	25

Note 11

Deferred tax	Group			Parent Company		
	Temporary difference	2023	2022	Temporary difference	2023	2022
Deficit deduction	21 939	4 520	0	21 939	4 520	0
Deferred tax, foreign companies		14	0		0	0
Capitalised development costs	705	145	0		0	0
			4 679	0	4 520	0

Note 12

Other long-term receivables	Group		Parent Company	
	2023	2022	2023	2022
Opening acquisition value	971	250	279	28
New loans	841	524	0	251
Amortisations	-18	20	-18	0
Reclassifications	-173	178	0	0
Conversion difference	0	0	0	0
Closing accumulated acquisition values	1 621	971	261	279
Closing reported value	1 621	971	261	279

Note 13

Prepaid expenses and accrued income	Group		Parent Company	
	2023	2022	2023	2022
Accrued income	2 709	3 392	2 587	3 388
Prepaid expenses	509	433	509	433
			3 218	3 825
			3 096	3 821

Note 14

Long-term liabilities	Group		Parent Company	
	2023	2022	2023	2022
Provision for contingent consideration relating to the acquisition of Wiener Games	7 263	9 510	7 263	8 397
Other liabilities	569	0	569	0
	7 832	9 510	7 832	8 397

Note 15

Items not included in cash flow	Group		Parent Company	
	2023	2022	2023	2022
Depreciation	9 899	7 581	6 500	4 319
Unrealised exchange rate gains and losses	24	16	-37	2
	9 924	7 597	6 463	4 321

Note 16

Pledged collateral	Group		Parent Company	
	2023	2022	2023	2022
No pledged collateral	0	0	0	0

Note 17**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



DECLARATION OF THE BOARD OF DIRECTORS

The annual report has been approved for issuance by the Board of Directors and the CEO on 17 April 2024. The Company's income statement and balance sheet will be subject to approval at an Annual General Meeting on 22 May 2024.

Stockholm, 17 April 2024

Eric Holmberg
Chair of the Board

Antonia Svensson

Johan Styren

Martin Fagerlund

Johan Königslehner

Fredrik Johansson
CEO

Our auditor's report was submitted on 17 April 2024
Öhrlings PricewaterhouseCoopers AB

Niclas Bergenmo
Chartered Accountant

FANTASMA GAMES

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