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Goodbye Kansas establishes Joint Venture in India with NY VFXWAALA and secures SEK 36.8 million financing package

Goodbye Kansas Group AB (publ) ("Goodbye Kansas" or the "Company") and NY VFXWAALA, through the subsidiary FUNTASTIK STUDIOS LIMITED (the "Investor"), have today entered into a strategic partnership including an agreement to establish a Joint Venture in India. The partnership is based on strong industrial rationale where the companies will work in partnership to build up a scalable production hub in India to provide cost competitive solutions, as well as supporting revenue growth into new business segments and categories. Simultaneously, it creates opportunities for the extensive talent pool in India and the entire Asian region to collaborate with the Joint Venture and its partners. The Board of Directors of Goodbye Kansas has also resolved on a SEK 36.8 million financing package including a rights issue of approximately SEK 21.8 million (the "Rights Issue"), fully covered by subscription and guarantee commitments, and on a directed issue of convertible debentures of SEK 15 million to the Investor (the "Directed Convertible Issue"). Upon conversion of all the convertible debentures, the Investor will become the largest shareholder in Goodbye Kansas, owning 34 percent of outstanding shares and votes. In addition, the Company has entered into bridge loan agreements amounting to a total of SEK 10 million (the "Bridge Loans") in order to fund the business until the capital raise has been completed. The Rights Issue and the Directed Convertible Issue are conditional upon approval by Extraordinary General Meetings in the Company. Notices to the EGMs will be published through separate press releases.

NY VFXWAALA, a renowned and award-winning post-production studio specializing in visual effects and DI, has firmly established itself in the Indian market. Since its inception in 2015, the company has successfully contributed to approximately 300 films, earning widespread acclaim for its premium services. Headquartered in Mumbai, NY VFXWAALA boasts an expansive studio space dedicated to visual effects and Digital Intermediate (DI). The company also operates a studio branch in Hyderabad. With a talent pool of over 400 artists and the ability to scale rapidly, NY VFXWAALA serves as a thriving hub for dedicated creative professionals in India.

"It is pleasing to welcome NY VFXWAALA as a business partner and a strategic investor in Goodbye Kansas. The partnership opens up exciting growth opportunities in Asia and enables us to efficiently expand production resources and capabilities. These important operational changes coupled with the announced rights issues will support Goodbye Kansas' journey towards profitable growth," says CEO Stefan Danieli.

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"Our endeavours involve setting new benchmarks with each project. We embrace a continuous process of learning, evolution, and adaptation to the latest technologies. I am delighted to extend our NY family through the Goodbye Kansas partnership. Our unwavering passion for delivering excellence persists, fuelled by our core values and dedication. We take pride in associating with a like-minded partner such as Goodbye Kansas, and look forward to this journey together," says the Founder & Chairman of NY VFXWAALA, Mr. Ajay Devgn.

"We are thrilled about partnering with the Goodbye Kansas team. Our joint vision is to raise the quality benchmark, drive global expansion, and deliver exceptional service to clients worldwide. With unwavering commitment to our goals, we eagerly look forward to expanding our business and welcoming dedicated talent not only in India but globally, to collaborate on an exciting future," says the Creative Head and Co-founder of NY VFXWAALA, Mr. Naveen Paul.

"NY VFXWAALA is an ideal partner for Goodbye Kansas, sharing the same dedication to outstanding talent, cutting edge technology and engaging narrative. This strategic partnership brings together our strengths in a way that will benefit both our organizations. Together, we're positioned to create exceptional value for our customers, and open new development opportunities for our talented co-workers." says Goodbye Kansas' chairman of the Board, Per Anders Wärn.

Both parties will contribute with creative and technological expertise to offer technology-driven visual content to film, tv and gaming companies in India and broader Asia and use global resource planning in order to improve production efficiency. The main focus for the partnership and Joint Venture encompasses:

- Improve profit margins by utilising scalable production hub resources and establish a global approach to resource planning & talent acquisition.
- Accelerate revenue growth through scalable capacity addition and increased sales efforts within existing business segments (VFX, Animation, Game Trailers and In-Game) in new geographical markets and benefit from the trend of increased outsourcing of VFX and gaming content.
- Strengthen service offerings globally, with a combined increased scope of services whilst exploiting the Indian Games market and additional Asian markets.
- Goodbye Kansas state-of-the-art scanning and motion capture studio will be extended to serve our clients in Asia and beyond.
- Establish a collaborative Research and Development (R&D) team between both partners. This team will focus on creating innovative tools and technological advancements.

The parties aim to make the Joint Venture and integrated collaboration operational as of Q3 2024.

Summary of the Rights Issue

- The subscription price in the Rights Issue has been set at SEK 1.35 per share which, assuming the Rights Issue is fully subscribed, amounts to proceeds of approximately SEK 21.8 million, before deduction of transaction costs.
- For each existing share held on the record date, one (1) subscription right is received. The subscription rights entitle the holder to subscribe for new shares with preferential rights, whereby five (5) subscription rights give the right to subscribe for fourteen (14) new shares.
- The largest shareholder, Quarterback Capital AB and a number of existing shareholders, Chairman of the Board Per Anders Wärn and Nowo Fund Management AB among others, have entered into subscription commitments of approximately SEK 10.3 million, corresponding to approximately 47.1 per cent of the Rights Issue.
- In addition, a number of existing shareholders and external investors have entered into guarantee commitments of approximately SEK 11.5 million, corresponding to approximately 52.9 percent of the Rights Issue.
- The Rights Issue is thus fully covered by subscription and guarantee commitments, corresponding in total to approximately SEK 21.8 million.
- The Rights Issue will be subject to the approval of an Extraordinary General Meeting planned to be held on 2 April 2024.

- The record date for the right to participate in the Rights Issue with preferential rights is 4 April 2024, and the subscription period is expected to run from and including 8 April 2024, up to and including 22 April 2024.

The Directed Convertible Issue

- A convertible loan of SEK 15,000,000 (nominal amount), which carries the right to convert to 11,111,111 shares in the Company. The subscription price for the convertible debentures corresponds to the nominal amount of the convertible debentures.
- The conversion price per share is SEK 1.35.
- The convertible loan carries no interest.
- To the extent that conversion has not occurred, the convertible loan must be repaid in full on 31 March 2026 (the "**Due Date**") at the latest.
- The right to subscribe in the Directed Convertible Issue shall vest with the Investor, or an affiliate of the Investor.
- The Investor shall subscribe and pay for the convertible debentures in connection with the settlement in the Rights Issue. The Investor and the Company have agreed that the Investor's subscription and payment for the convertible debentures is subject to, *inter alia*, that the representations provided by the Company are accurate and that no events occur that would have a material adverse effect on the Company.
- The Investor is entitled to convert the convertible debentures from the period commencing when the convertible debentures have been registered with the Swedish Companies Registration Office until 30 March 2026.
- The Investor has undertaken to convert the convertible debentures upon occurrence of certain events relating to the performance of the Company and certain milestones being achieved in the Joint Venture (the "**Trigger Events**"). In the event the Trigger Events have not been achieved by the Company as per 31 December 2024, the Investor may grant the Company a cure period of six (6) months from 28 February 2025 to complete the Trigger Events ("**Cure Period**"). The Investor may extend the Cure Period for another three (3) months, from the expiry of the Cure Period ("**Extended Cure Period**").
- In an event the Company fails to complete the Trigger Events on or before the expiry of the Cure Period or the Extended Cure Period, as the case may be, the Investor shall be entitled to receive early repayment of the outstanding nominal amount under the convertible debentures. The repayment shall be made within four (4) months from the expiration of 28 February 2025, the Cure Period or the Extended Cure Period (as the case may be).
- The Company has undertaken not to issue additional shares or other share-related instruments until and including 15 April 2025 (the "**Lock-Up Period**"). If the Trigger Events are not met, the Lock-Up Period may be extended to and including 31 August 2025.
- The Directed Convertible Issue is carried out with deviation from the shareholders' preferential rights. The Board of Directors' assessment is that the Company could not have carried out a capital acquisition to create financial preparedness in another form on more favourable terms for the Company and its shareholders. The Board of Directors has in this context, carefully considered the possibility of acquiring the corresponding capital through an issuance of convertible debentures with preferential rights for the current shareholders or a larger rights issue of shares than the Rights Issue, but it has, however, been assessed that such new issue, compared to the Directed Convertible Issue, would entail a significantly longer implementation period and higher costs. A longer implementation period may entail that the Company misses out on such market opportunities for which the capital acquisition serves to create to financial preparedness. A longer implementation period also entails an increased market exposure as well as a higher potential risk of a material negative impact on the share price of the Company's shares. Such new issue would also entail higher costs and would likely be carried out at a lower subscription price, why it is the Board of Directors' overall conclusion is that the Directed Convertible Issue together with the Rights Issue is the most suitable alternative for the Company and its shareholders. In addition, the Board of Directors considers the Investor to be a long-term strategic partner. The conversion price of SEK 1.35 per share corresponds to a premium of approximately 22.7 per cent compared to the closing price of the Company's shares on 13 March 2024 (SEK 1.10 per share). The conversion price in the Directed Convertible Issue have been determined through negotiations at

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arms-length with the Investor and the Board of Directors' assessment, based on such negotiations and the advice from a financial advisor, is that the conversion price is in line with market conditions.

Background and reasons for capital raise

During 2023 Goodbye Kansas worked on a number of initiatives to significantly reduce costs, while focusing on making the studio business the core business of the Company. Despite achieving cost savings, the sales development for the studio business has been negatively affected in various ways, primarily due to the now terminated strikes in the US. The financial situation for the Company became untenable, which in the fall of 2023 led Goodbye Kansas to initiate a significant restructuring process, whereby six subsidiaries were discontinued and the Studio business became the core business. As a consequence of the restructuring process, the Company significantly reduced its operational costs and financial debt. As part of the restructuring process the Company also completed a preferential rights issue in January 2024. Within the business plan on which the refinancing was made, the Company set targets for new sales, based on the existing sales pipeline but for different reasons, these sales targets were not met, which led to a new and acute working capital deficit in March 2024.

The proceeds from the Rights Issue and Directed Convertible Issue amount to approximately SEK 36.8 million in total, before deduction of transaction costs and the Company believes that these are sufficient funds in order to finance operations until the Company can achieve profitable growth.

Terms and additional information about the Rights Issue

According to the proposed terms, registered shareholders of Goodbye Kansas receive one (1) subscription right per each share held on the record date. Five (5) subscription rights entitle shareholders to subscribe for fourteen (14) new shares. The new shares are issued at a subscription price of SEK 1.35 per share. The subscription price corresponds to a premium of approximately 22.7 per cent compared to the closing price of the Company's shares on 13 March 2024 (SEK 1.10 per share). In total, a maximum of 16,141,650 shares will be issued through the Rights Issue, corresponding to an amount of approximately SEK 21.8 million before deduction of transaction costs related to the Rights Issue.

The record date for determination of which shareholders are entitled to participation in the Rights Issue is 4 April, 2024. The subscription period is expected to commence on 8 April 2024, and end on 22 April 2024, with a right for the Company's Board of Directors to prolong the subscription and payment period. Subscription for new shares without the support of subscription rights will take place during the same time period.

Subscription may also take place without the support of subscription rights. In the event not all shares are subscribed for with the support of subscription rights in accordance with the above, the Board of Directors shall, within the limit of the maximum amount of the Rights Issue, decide on allotment of shares subscribed for without the support of subscription rights. Firstly, such allotment shall be made to those who have subscribed for shares with subscription rights, regardless of if they were shareholders on the record date or not, pro rata in relation to the number of shares subscribed for through exercise of subscription rights and, insofar this cannot be done, by drawing lots. Secondly, allotment shall be made to those who have subscribed for shares without subscription rights, pro rata in relation to the number of shares subscribed for and, insofar this cannot be done, by drawing lots. Thirdly, allotment shall be made to those who have entered guarantee commitments, in relation to such guarantee commitments.

Trading in paid subscribed shares ("BTAs") on Nasdaq First North Growth Market is expected to take place during the period from and including 8 April 2024, up to the Swedish Companies Registration Office's registration of the Rights Issue, after which the BTAs are converted into shares.

Preliminary timetable for the Rights Issue

- 2 April 2024: Extraordinary General Meeting
- 2 April 2024: Last day of trading in the share, including the right to receive subscription rights
- 3 April 2024: First day of trading in the share, excluding the right to receive subscription rights
- 4 April 2024: Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register maintained by Euroclear Sweden AB on this date will receive subscription rights for participation in the Rights Issue with preferential right

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- 8 April – 17 April 2024: Trading in subscription rights
- 8 April – 22 April 2024: Subscription period
- 23 April 2024: Expected day for publication of the outcome of the Rights Issue

Subscription and guarantee commitments

The largest shareholder, Quarterback Capital AB and a number of existing shareholders, Chairman of the Board Per Anders Wörn Nowo Fund Management AB among others, have entered into subscription commitments of approximately SEK 10.3 million, corresponding to approximately 47.1 per cent of the Rights Issue.

In addition, a number of existing shareholders and external investors have entered into guarantee commitments of approximately SEK 11.5 million, corresponding to approximately 52.9 per cent of the Rights Issue. The Rights Issue is thus fully covered by subscription and guarantee commitments, totalling approximately SEK 21.8 million.

A guarantee fee will be paid to the guarantors, based on current market conditions, of twelve (12) per cent of the guaranteed amount. No fee will be paid for subscription commitments from existing shareholders. Neither the subscription commitments nor the guarantee commitments are secured through bank guarantees, restricted funds, pledged assets or similar arrangements.

All current shareholders who have entered subscription commitments in the Rights Issue, corresponding to about 47.1 per cent of all outstanding shares in Goodbye Kansas, has also undertaken to vote in favour of the Rights Issue and the Directed Convertible Issue at the EGMs.

Shares and dilution

Through the Rights Issue, the Company's share capital will increase with up to approximately SEK 1,614,165 and amount to a maximum of approximately SEK 2,190,653. The number of shares in Goodbye Kansas will increase with up to a maximum of 16,141,650 shares and subsequently amount to a maximum of 21,906,526 shares in total. Existing shareholders that do not participate in the Rights Issue will be diluted by a maximum of approximately 73.7 per cent but will have the possibility to gain economic compensation for the dilution effect by selling their subscription rights.

Through the Directed Convertible Issue, and upon full conversion to shares in the Company, there will be an additional increase in the share capital of up to approximately SEK 1,111,111 and an increase in number of shares of up to 11,111,111 new shares corresponding to a total dilution for shareholders who do not participate in the Rights Issue of up to 82.5 per cent.

The Bridge Loans

Goodbye Kansas Group has entered into agreements for Bridge **Loans** amounting to a total of SEK 10 million from a group of investors which include existing shareholders, alongside the Chairman of the Board Per Anders Wörn, in order to finance the Company's operations until the capital raise is completed. The Bridge **Loans** run with a fixed interest of ten (10) per cent. The Bridge **Loans** will primarily be converted to shares in the Rights Issue but with a possibility to demand repayments. The Bridge Loan from Chairman Per Anders Wörn is conditional upon approval from an Extraordinary General Meeting since it constitutes a significant transaction with a closely related party.

Extraordinary General Meetings

The Extraordinary General Meeting to approve the Board of Directors' resolution on the Rights Issue is planned to be held on 2 April 2024 and the Extraordinary General Meeting to approve the Board of Directors' resolution on the Directed Convertible Issue and amendments to the limits for the share capital and the number of shares connected therewith will be held on 16 April 2024. Notice to the Extraordinary General Meetings will be announced in separate press releases.

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Memorandum

A memorandum regarding the Rights Issue will be published no later than 7 April 2024. Full terms and instructions as well as information about subscription and guarantee commitments will be available in Goodbye Kansas memorandum which will be published on the Company's website, <https://goodbyekansasgroup.com/>

Advisors

Hagberg & Aneborn Fondkommission AB is the sole global coordinator and bookrunner in connection with the Rights Issue and the Directed Convertible Issue. Schjødt is legal advisor to Goodbye Kansas in connection with the Rights Issue and the Directed Convertible Issue.

This information is information that Goodbye Kansas Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 2024-03-[14], [xx]:[xx] CET.

For more information, please contact:

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Goodbye Kansas Group

Goodbye Kansas Group AB (publ) is a leading supplier of technology-driven visual content. Goodbye Kansas Group is headquartered in Stockholm and its shares are listed on the Nasdaq First North Growth Market with Carnegie as Certified Adviser.

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This press release is not a prospectus according to the definition in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction.

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Forward-looking statements

This press release contains forward-looking statements related to the Company's intentions, estimates or expectations with regard to the Company's future results, financial position, liquidity, development, outlook, estimated growth, strategies and opportunities as well as the markets in which the Company is active. Forward-looking statements are statements that do not refer to historical facts and can be identified by the use of terms such as "believes," "expects," "anticipates," "intends," "estimates," "will," "may," "implies," "should," "could" and, in each case, their negative, or comparable terminology. The

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forward-looking statements in this press release are based on various assumptions, which in several cases are based on further assumptions. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, there is no guarantee that they will occur or that they are correct. Since these assumptions are based on assumptions or estimates and involve risks and uncertainties, actual results or outcomes, for many different reasons, may differ materially from those what is stated in the forward-looking statements. Due to such risks, uncertainties, eventualities and other significant factors, actual events may differ materially from the expectations that expressly or implicitly are contained in this press release through the forward-looking statements. The Company does not guarantee that the assumptions which serve as a basis for the forward-looking statements in this press release are correct, and each reader of the press release should not rely on the forward-looking statements in this press release. The information, opinions and forward-looking statements that expressly or implicitly are stated herein are provided only as of the date of this press release and may change. Neither the Company nor any other party will review, update, confirm or publicly announce any revision of any forward-looking statement to reflect events that occur or circumstances that arise with respect to the contents of this press release, beyond what is required by law or Nasdaq First North Growth Market Rulebook.

This information is inside information that Goodbye Kansas Group AB (publ) is obliged to make public under the EU Market Abuse Regulation 596/2014. The information was provided by the contact person set out above for publication at 2024-03-14 08:45 CET.

Attachments

[Goodbye Kansas establishes Joint Venture in India with NY VFXWAALA and secures SEK 36.8 million financing package](#)