

PRESS RELEASE

17 October 2023 15:23:00 CEST

Fragbite Group finalises the acquisition of Fall Damage

Fragbite Group AB (publ) ("Fragbite Group" or "the Company") has finalised the acquisition of Fall Damage Studio AB ("Fall Damage") which was announced on October 11 2023 ("The Acquisition").

All conditions for the finalisation of the Acquisition have been met and Fragbite Group has thus gained access to the shares in Fall Damage. Fragbite Group will report Fall Damage as a subsidiary and consequently consolidate Fall Damage in the Group during the fourth quarter of 2023. The Company's report for the third quarter of 2023 will include an account of the Acquisition. As per to the purchase agreement, the part of the purchase price that consists of cash in the amount of SEK 10 million will be paid to the former external institutional owner during the month of April 2024, and will therefore be included as a liability in the Company's balance sheet as of the fourth quarter 2023.

An estimate for the financial outcome of Fall Damage for the fiscal year 2025 has been generated. The target is for 2025 net sales to amount to between SEK 480 million and SEK 680 million, with an EBITDA of between SEK 55 million and SEK 86 million.

Fragbite Group has acquired all outstanding shares in Fall Damage for an initial purchase price of SEK 20 million. SEK 10 million has been paid through an offset issue, as decided by the Board based on the authorisation granted by the annual general meeting on May 12, 2023, with 4,291,845 shares issued to the four founding members of Fall Damage Holding AB ("the Founders"). The share issue was carried out at a subscription price of 2.33 SEK per share in accordance with the stipulations of the share transfer agreement entered into by the Company and the Founders. Through this share issue, the Company's share capital has increase by SEK 71,529.514487. The Founders will remain in Fall Damage after the Acquisition and have, for the shares issued, entered into lock-up agreements during a period of 36 months starting from the entry date. The remaining SEK 10 million is paid to an external institutional owner by the issuing a promissory note with the maturity date of April 30, 2024.

Based on the results of Fall Damage during the period 2024-2027, a maximum earnout of SEK 400 million may be paid to the Founders. At a minimum, half of the earnout will be paid in cash, with the Company having the option of paying the remaining half of the earnout in newly issued shares in Fragbite Group. The Founders have entered into lock-up agreements, regarding those shares which may be received as part of the earnout, for a period of 12 months from the date of delivery of the shares. Payment of any potential earnout shall be made during the second quarter of 2028. In the event that the conditions for the maximum earnout are met, the maximum potential part of the profit during the years 2024-2027 that is retained by Fragbite Group, after earnout and recoup have been paid, is over SEK 1,000 million.

Investors that previously contributed to the financing of the game development in Fall Damage is entitled to a recoup on future profits in Fall Damage of up to a total of approximately USD 22.3 million, 50 percent of profits up to approximately USD 17.3 million and 30 percent of profits between approximately USD 17.3 million and USD 22.3 million.

Hansen Advokatbyrå has been the legal advisor in connection with the Acquisition.

For questions, please contact:

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Redeye AB is the Company's Certified Adviser.

About us

Fragbite Group (publ) is a Swedish corporate group with a portfolio of established subsidiaries that develop, adapt and publish games and esports content within GAMING, ESPORTS and WEB3. Our products are developed for both traditional platforms – PC, mobile and console – and modern web3 platforms built on blockchain technology. The Group is headquartered in Stockholm and has over 80 employees in Sweden, France, the Netherlands, Gibraltar and Egypt. Fragbite Group is listed on Nasdaq First North Growth Market.

Attachments

[Fragbite Group finalises the acquisition of Fall Damage](#)