

**PRESS RELEASE**

14 December 2021 21:00:00 CET

## Fragbite acquires Lucky Kat B.V.

Fragbite Group AB ("Fragbite") has today signed an agreement to acquire all shares in the Dutch company Lucky Kat B.V. ("Lucky Kat" or "The Company"). The initial purchase price amounts to EUR 7.0 million on a cash and debt-free basis, which will be paid with EUR 5.0 million in cash and by EUR 2.0 million through 3,860,755 newly issued shares in Fragbite, at a subscription price of SEK 5.30. Variable additional purchase consideration of a maximum of EUR 11 million may be paid based on future financial performance during the years 2021, 2022 and 2023, corresponding to a potential total purchase price of EUR 18.0 million. For the full year 2021, the forecasted sales of the Company amounts to approximately 7.5 MEUR with a forecasted EBITDA of approximately 2.0 MEUR.

**BACKGROUND AND MOTIVES**

Fragbite has today entered into an agreement to acquire all outstanding shares in Lucky Kat. The company was founded in 2015 by brothers Herdjie and Hernan Zhou and focuses on publishing and developing hypercasual and casual games from its headquarters in The Hague, the Netherlands. The company has a track record of over 200 million downloads on the App Store and Google Play.

During the first nine months of 2021, the Company's sales amounted to EUR 5.2 million with an EBITDA of EUR 0.9 million. For the full year 2021, sales of approximately 7.5 MEUR and an EBITDA of approximately 2.0 MEUR are forecasted. The management of Fragbite has identified a number of potential synergies within, among other things, marketing of games, data-driven working methods and shared costs for various systems.

At Closing, which is expected to take place before year-end of 2021, the sellers, ie the founders will enter into an agreement on a so-called lock-up, i.e. undertake to retain 100% of the shares received in the coming year and 50% of the shares in the next two years.

**CONSIDERATION**

At Closing, Fragbite will pay the initial purchase price of EUR 7.0 million on a cash and debt-free basis, by paying EUR 5.0 million in cash and EUR 2.0 million through 3,860,755 newly issued shares. The issue price has been set at SEK 5.30 and is based on the volume-weighted average price 30 days before today's date plus a premium of 10%.

Variable additional purchase consideration of a maximum of EUR 11 million may be paid based on the Company's future financial results in 2021, 2022 and 2023. Of the additional purchase price, a maximum of EUR 6 million may be paid in cash and a maximum of EUR 5 million may be paid with newly issued shares in Fragbite.

In connection with Closing, another four employees in the Company will invest approximately SEK 1.5 million in Fragbite through a directed share issue of 286,858 shares at a subscription price of SEK 5.30.

In connection with the closing of the transaction, Fragbite will initially issue a total of 4,147,613 shares, which means that Fragbite's share capital will increase by approximately SEK 69,124 to approximately SEK 1,468,587 and the total number of shares in Fragbite will increase from 83,969,199 to 88,116,812 shares, corresponding to a dilution of approximately 4.94%.

- I am very happy and proud to announce that today we have signed an agreement to acquire Lucky Kat B.V. I look forward to working more closely with its founders Herdjie and Hernan Zhou and all their employees. The company has proven that they can produce games with data-driven decisions and is currently making its first game with "play-to-earn mechanics". I believe that the rest of Fragbite Group will benefit from the company's know-how and knowledge and that this is an acquisition that will complement our group and create good synergies with our existing operations, comments Stefan Tengvall, President and CEO of Fragbite Group AB.

- We are proud and excited to join Fragbite group as we accelerate our growth into both mobile games and play-to-earn games. With the recent success of the NFT sales of Panzerdogs there are operational synergies with Fragbite's knowledge and expertise in e-sports, comments Herdjie Zhou, co-founder and CEO of Lucky Kat B.V.

#### **FINANCING**

The purchase price will be financed, in addition to the use of Fragbite's cash, by the issue of shares and loans with *Nordea Start-up & Growth* of SEK 30 million, which runs over 36 months with a straight amortization rate during the term.

#### **ADVISOR**

Rämsell Advokatbyrå AB has acted as Swedish and Jones Day as local legal advisor to Fragbite in connection with the Transaction. KPMG has acted as financial advisor.

#### **For questions, please contact:**

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*This information is information that Fragbite 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 above, at 2021-12-14 21:00 CET.*

## **About us**

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

## **Attachments**

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