

## The Board of Goodbye Kansas Group proposes a preferential rights issue of approximately SEK 66.5 million and a setoff issue of approximately SEK 54.9 million

The Board of Goodbye Kansas Group AB (publ) ("Goodbye Kansas Group" or "Company") intends to resolve on a preferential rights issue of approximately SEK 66.5 million before deduction of transaction costs ("Preferential Rights Issue"), a directed issue by way of setoff of debt of approximately SEK 50.2 million ("Setoff Issue") and an additional setoff issue of approximately SEK 4.7 million to the sellers of minority shares in two of the Company's wholly owned subsidiaries (combined "Rights Issues"). The Board has therefore decided to convene an Extraordinary General Meeting ("EGM") to be held on 21 December 2022 and proposes that the EGM authorizes the Rights Issues. The Preferential Rights Issue is intended to be guaranteed to approximately 80 percent through subscription commitments and external guarantee commitments. The Rights Issues combined with decisions on a restructuring of the business and a cost optimization program will support Goodbye Kansas Group in reaching its financial goals of an average annual sales growth of 20% and an EBITDA margin exceeding 10% latest in 2024.

### Rights Issues in brief

- The Preferential Rights Issue will if fully subscribed provide Goodbye Kansas Group with gross proceeds of approximately SEK 66.5 million before deduction of transaction costs. Proceeds from the Preferential Rights Issue will be used for investments in the Studio business and to repay loans to reduce the Company's debt burden.
- The Preferential Rights Issue includes subscription commitments of approximately 15 percent from the Company's two biggest shareholders as well as external guarantee commitments of approximately 65 percent. The Preferential Rights Issue is thereby in total guaranteed to 80 percent, corresponding to approximately SEK 53.2 million.
- The Setoff Issue is a directed issue to some of the Company's larger creditors by way of setoff of existing debt. Debt with a value of approximately SEK 50.2 million will be setoff against newly issued shares. The Setoff Issue will further strengthen the company's balance sheet.
- In addition to the Preferential Rights Issue and the Setoff Issue, the Company's Board has also proposed an additional directed issue in which creditors may convert their receivables on the Company to newly issued shares. Creditors in this case are previous sellers of minority shares in two of the Company's wholly owned subsidiaries. Debt with a value of approximately SEK 4.7 million may be setoff against newly issued shares.
- A notice of the EGM will be announced at a later stage.

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### **Background and reason**

The Board of Goodbye Kansas Group has decided on a number of structural measures in the business in order to create prerequisites for a long-term sound and sustainable development. The purpose is to narrow the focus of the business and focus on the Studio business which is deemed to have the highest potential to create profitable growth in the long-term. The majority of other non-core businesses will in time be divested, but the Company believes that it is not possible to force divestments under time pressure in the current market conditions. A cost optimization program will be carried out in order to reduce the group's cost burden by SEK 15-20 million annually.

A number of circumstances has resulted in the need to quickly strengthen the group's capital structure and financing: delayed project starts in the studio business, delayed launch of mobile game Hello Kitty and that divestments of businesses cannot be accelerated under current market conditions.

"In order to secure long-term sustainable financing of the business we have chosen to propose these rights issues. Our long-term belief in the Studio business remains strong. We have a strong order book that stretches into the first half of 2023 and these rights issues ensure a sustainable capital structure and that we actually can meet the demand for services in the Studio business," says Stefan Danieli, CEO of Goodbye Kansas Group.

In connection to the decision to restructure the business new financial targets have been decided upon: average annual sales growth of 20% and an EBITDA margin exceeding 10% latest in 2024.

### **Preferential Rights Issue**

The board of Goodbye Kansas Group intends to resolve on a Preferential Rights Issue of approximately SEK 66.5 million. The terms of the Preferential Rights Issue are summarized below:

- One (1) existing share in Goodbye Kansas Group that is held on the record date 9 January 2023 gives one (1) subscription right. Three (3) subscription rights entitle to subscription for seventeen (17) new shares.
- The subscription price amounts to 0.03 SEK per share.
- The Preferential Rights Issue can give Goodbye Kansas Group a maximum of approximately SEK 66.5 million before deduction of transaction costs, which are expected to amount to approximately SEK 10.7 million of which approximately SEK 6.0 million relates to fees for guarantee commitments.
- The subscription period is 11 – 25 January 2023.
- Subscription rights that are not used during the subscription period become invalid and lose their value. Trading with subscription rights is planned to occur on Nasdaq First North Growth Market during 11-20 January 2023.
- The Preferential Rights Issue means that the Company's share capital increases by a maximum of 63,287,124.08 SEK, corresponding to a maximum of 2,215,445,916 shares.
- In the event that all shares are not subscribed for with preferential rights (i.e. through the use of subscription rights) the Board will, within the limit of the maximum amount of the Preferential Rights Issue decide on allotment of new shares that have not been subscribed for with the support of subscription rights, whereby allotment will firstly be made to persons who have subscribed for shares with subscription rights and, in case these persons are unable to receive full allotment, the allotment should be made in relation to the subscription with the support of subscription rights and, if this is not possible, through lottery, and secondly allotment will be made to persons who have subscribed for shares in the Preferential Rights Issue without subscription rights, and in case these are unable to receive full allotment, the allotment should be made in relation to the number of shares that have been subscribed for, and if this is not possible, through lottery. Lastly allotment should be made to guarantors and it should be made in relation to made guarantee commitments.
- The Preferential Rights Issue includes subscription commitments and guarantee commitments corresponding to a total of approximately SEK 53.2 million, corresponding to approximately 80 percent. The subscription commitments amount to approximately 15.0 percent of the Preferential Rights Issue and the guarantee commitments amount to approximately 65.0 percent of the Preferential Rights Issue. The subscription commitments and guarantee commitments have been

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agreed in writing and no fees will be paid for the subscription commitments. In terms of the guarantee commitments a fee of fourteen (14) percent of the guaranteed amount will be paid. The commitments are not secured through a bank guarantees, pledges or similar arrangements.

#### **Preliminary time plan for the Preferential Rights Issue**

4 January 2023 Publication of prospectus

4 January 2023 Last day of trading in shares of the company including the right to receive subscription rights

5 January 2023 First trading day excluding right to receive subscription rights

9 January 2023 Record date for participation in Preferential Rights Issue

11 – 20 January 2023 Trading in subscription rights on Nasdaq First North Growth Market

11 – 25 January 2023 Subscription period

30 January 2023 Announcement of outcome of Preferential Rights Issue

#### **Setoff Issue**

The Board of Goodbye Kansas Group also proposes that the EGM authorizes a Setoff Issue of approximately SEK 50.2 million to some of the Company's creditors.

- The subscription price in the Setoff Issue is 0.03 SEK per share, i.e. the same subscription price as in the Preferential Rights Issue. Payment will be made by way of setoff of creditors receivables.
- The subscription period is 11 – 25 January 2023.
- The Setoff Issue means that the Company's share capital increases by a maximum of 47,765,538.86 SEK, corresponding to a maximum of 1,672,093,171 shares.

The reason for deviation from the shareholders' preferential rights in the Setoff Issue is that the board has determined that there is an urgent need to reduce the group indebtedness, that this is not possible to solve through own cash flows in the near term and that it is unlikely that the Preferential Rights Issue can be increased by the corresponding amount.

The subscription price has been decided based upon the subscription price in the Preferential Rights Issue, which the Company has deemed as decisive for the market's pricing of the share, especially in light of the Preferential Rights Issue's size and the Company's financially strained position, and thereby also for determining whether the Setoff Issue's subscription price is conforming with the market.

#### **Additional setoff issue**

The Board of Goodbye Kansas Group also proposes that the EGM authorizes another setoff issue directed to sellers of minority shares in two of the Company's wholly owned subsidiaries. The subscription price is 0.03 SEK, same as for the Preferential Rights Issue and Setoff Issue. The Company's share capital can through this setoff issue increase by a maximum of 4,456,925.85 SEK, corresponding to a maximum of 156,020,222 shares.

The reason for the deviation from the shareholders' preferential rights in this setoff issue is that the Company has made an agreement with respective sellers of minority shares, whereby the Company will issue shares to the sellers by way of setoff of debt related to previous purchase considerations. The subscription price has been decided based upon the subscription price in the Preferential Rights Issue, which the Company has deemed as decisive for the market's pricing of the share, especially in light of the Preferential Rights Issue's size and the Company's financially strained position, and thereby also for determining whether the additional setoff issue's subscription price is conforming with the market.

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### **Changes in share capital and number of shares and dilution of Rights Issues**

The Preferential Rights Issue increases share capital in the Company by a maximum of 63,287,124.08 SEK, by allotment of a maximum of 2,215,445,916 shares. The Setoff Issue increases share capital in the Company by a maximum of 47,765,538.86 SEK, by allotment of a maximum of 1,672,093,171 shares. The additional setoff issue increases share capital in the Company by a maximum 4,456,925.85 SEK, by allotment of a maximum of 156,020,333 shares.

The Rights Issues thereby increase the number of shares by a maximum of 4,043,559,420 shares, corresponding to a dilution of a maximum of 91.2 percent.

### **EGM**

The EGM will be held on 21 December 2022 and the notice will be published separately.

### **Prospectus**

Complete terms and information for the Preferential Rights Issue and other information about the Company will be included in the prospectus which is expected to be published on 4 January 2023. The time plan is preliminary and may be changed due to, among other things, administrative proceedings for the prospectus in question.

### **Advisor**

Erik Penser Bank AB has acted as financial advisor and Synch Advokat AB has acted as legal advisor in connection to these Rights Issues.

### **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. The company creates award-winning visual experiences for all media and offers products that combine cutting-edge technology with world-class artistry. In order to realize growth opportunities the Group has created three business areas: Visual Content & Brand, IP & Products and Games & Apps. Visual Content & Brand offers visual content for film, TV and games. IP & Products develops IP for film and TV, offers VR-training solutions and a SaaS platform that visualizes e-retailers' products through AR. Games & Apps develops location based mobile games and offers an app for 3D animation. Goodbye Kansas Group is listed on the Nasdaq First North Growth Market and has studios and offices in Stockholm (HQ), London, Helsinki, Vilnius, Belgrade, Los Angeles, Vancouver and Beijing.

The company has Wildeco Ekonomisk Information AB as Certified Adviser, Kungsgatan 6, 103 87, Stockholm, email: [info@wildeco.se](mailto:info@wildeco.se), phone: +46 8 545 271 00.

*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 2022-11-18 07:45 CET.*

### **Attachments**

[The Board of Goodbye Kansas Group proposes a preferential rights issue of approximately SEK 66.5 million and a setoff issue of approximately SEK 54.9 million](#)