

PRESS RELEASE

19 August 2024 16:32:00 CEST

Final earnout for Lucky Kat determined, dialogue continues

Fragbite Group AB (publ) ("Fragbite Group" or "the Company") has today determined the final earnout for the acquisition of Lucky Kat B.V. ("Lucky Kat") at nil (0), as the conditions for the earnout under the acquisition agreement have not been fulfilled. During the process of determining the earnout, the sellers of Lucky Kat ("The Sellers") have expressed their view that the Company should pay an earnout, and the parties are currently in constructive dialogue to seek resolution and new forms of partnership moving forward. The maximum potential earnout was recognised as a provision of EUR 4 million, an item that is now written down to EUR 0,3 million to account for potential future resolution.

The Board of Fragbite Group has today determined the final earnout for the acquisition of Lucky Kat at nil (0), as the conditions for the earnout under the acquisition agreement have not been fulfilled. The maximum potential earnout has been recognised as a provision of EUR 4 million in the Company's balance sheet. During the process of determining the earnout, the Sellers have expressed their view that the Company should pay an earnout and have presented arguments and documentation. The Company has in discussion with the Sellers, and in consultation with our advisors, carefully reviewed the arguments and documentation presented during the course of this process. Based on this review, the Board has today taken the decision to write down the provision in the Company's balance sheet in two steps.

In step one, the earnout and thus the provision has been determined at 0 as per the terms of the acquisition agreement. And as Fragbite Group and the Sellers are currently in constructive dialogue to seek resolution and new forms of partnership moving forward; to allow for future resolution the Board has in step two restored part of the provision amounting to a total of EUR 0,3 million. This new provision is an estimate that takes into account possible future payments.

"Lucky Kat's business developed significantly during 2023, despite less than favourable market conditions. We had all hoped for an even stronger development and with it a final earnout, but the outcome did not meet those expectations. I appreciate the constructive dialogue that we have with the Sellers in this matter, and we both continue to seek resolution and new forms of collaboration moving forward," says Stefan Tengvall, President and CEO, Fragbite Group.

The write-down will have an impact on the income statement during the second quarter 2024 of approximately SEK 41,7 million in reduced provisions.

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 listed on Nasdaq First North Growth Market.

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 2024-08-19 16:32 CEST.

Attachments

[Final earnout for Lucky Kat determined, dialogue continues](#)