

Goodbye Kansas Group decides to restructure business following strategic review

The Board of Goodbye Kansas Group AB (publ) (“Goodbye Kansas Group” or “Company”) has decided on a number of structural measures in the business in order to create prerequisites for a sustainable and value creating development for the company. The Company has decided to narrow the focus of the business and focus on the Studio business which, based on its strong market position, scalable technical platform as well a quickly growing underlying market, is deemed to have good possibilities to build an internationally leading company with profitable growth in the long-term. This decision also includes new financial targets of average annual sales growth of 20% and an EBITDA margin exceeding 10% latest in 2024.

Background and reason

Goodbye Kansas Group was established in 2019 following a merger between Bublär and Goodbye Kansas Studios, in which Studios had established a market position with growing sales in VFX and strong customers in gaming, film and tv, while Bublär contributed promising products and projects in development phases.

Covid-19 meant several challenges for Goodbye Kansas Group and Studios faced pressure primarily due to weaker demand in the film and tv segments while products and projects in development has required significant investments. VFX markets have had a positive development during the last year in which Studios has shown positive trend. The geopolitical situation which has a direct impact on capital and M&A markets, has also affected the Company's possibilities to develop businesses and projects in addition to the growing Studios business. The balance sheet is strained and synergies between the Studio business and other business are deemed as limited. The Board and management have therefore done a thorough strategic review of the Company's focus.

Decision on restructuring

The Board of Goodbye Kansas Group has made a strategic decision to focus on the Studio business going forward. This means, as in part previously communicated, that other non-core businesses will be divested.

The decision is based on the Studio business having a strong market position and a scalable technical platform in structurally growing global markets. Studios also has a strong leadership that manages the business towards larger and longer recurring projects for large global customers and that has identified growing segments in in-games and animation, segments in which the platform and competencies can be used fully. Moreover, we are seeing exciting outsourcing of production processes from customers to suppliers like Studios, as well as consolidation of different sectors. With a stronger balance sheet and increased resources, the prerequisites are good in finding sustainable growth going forward.

Goodbye Kansas Group is seeing strong demand in all segments and the order book for Q4 and the first half-year 2023 is stronger than ever after a strong first half-year 2022, but with a downturn in Q3 due to postponed project starts. The prognosis for the Studio business during the current quarter shows growth that is in line with the Company's communicated financial goals and a positive result.

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Divestments and strategic reviews of businesses

The restructuring means that there are plans to divest a number of businesses. We have previously communicated a planned divestment of Sayduck and a strategic review of Vobling. In addition to these processes, we will also look over the possibilities to divest Infinite Entertainment in business area IP & Products as well as Plotagon in business area Games & Apps. Funds from divestments will be re-invested in the Studio business.

New financial goals

Following restructuring measures and with the new, more focused business, the financial goals have been revised. The business is expected to have a lower business risk and lower capital but a strong potential for growth. The growth target remains unchanged while the target for the EBITDA-margin is adjusted down, after excluding divested businesses that carry high risk. Consequently the group's new financial goals are average annual sales growth of 20% and an EBITDA margin exceeding 10% latest in 2024.

Cost optimization program

In parallel, a new cost optimization program has been initiated that has the potential to lower operational costs by SEK 15-20 million annually. Focus for the cost optimization program is optimization of office space, reduced use of consultants and more efficient use of freelance services. In addition to announced cost savings the business will invest in better system tools to secure more efficient use of resources in production and that improve our ability to lead, administrate and follow up on projects

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Goodbye Kansas Group

Goodbye Kansas Group AB (publ) är en ledande leverantör av teknologidrivet visuellt innehåll. Företaget skapar prisbelönta visuella upplevelser för alla media och erbjuder produkter som kombinerar avancerad teknologi med artisteri i världsklass. För att tillvarata tillväxtpotentialer har koncernen strukturerat verksamheten i tre affärsområden: Visual Content & Brand, IP & Products och Games & Apps. Visual Content & Brand erbjuder visuellt innehåll för film, TV och dataspel. IP & Products utvecklar IP för film och TV, erbjuder virtuell träning genom VR och en SaaS-lösning för visualisering av e-handelsprodukter genom AR. Games & Apps utvecklar kartbaserade mobilspel och erbjuder en app för 3D-animering. Goodbye Kansas Group är noterat på Nasdaq First North Growth Market och har verksamhet i Stockholm (HQ), London, Helsingfors, Vilnius, Belgrad, Los Angeles, Vancouver och Peking. Bolaget har Wildeco Ekonomisk Information AB som Certified Adviser, Kungsgatan 6, 103 87, Stockholm, email: info@wildeco.se, tel: +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 07:30 CET.

Attachments

[Goodbye Kansas Group decides to restructure business following strategic review](#)