

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES.

Press release  
Karlstad, Sweden, 18 November 2020

## **Embracer Group acquires Flying Wild Hog**

**Embracer Group AB ("Embracer"), through its wholly owned subsidiary Koch Media GmbH, has today entered into an agreement to acquire 100 percent of the shares in the Poland-based Flying Wild Hog ("FWH") from Supernova Capital LLP.**

**Flying Wild Hog is a renowned and growing independent Polish developer of AA+ PC and console games such as the critically acclaimed Shadow Warrior series. The FWH team is currently working on four projects together with well reputable external publishers. Through the acquisition, Embracer onboards a reputable team of 260+ people across three studios in Poland, adding a solid platform in an important and growing hub for game development in Europe.**

**The day one purchase price is equivalent to MUSD 137.2 on a cash and debt free basis and is paid in cash to Supernova Capital LLP, a well-known private equity firm in the games sector. Additionally, a management incentive program has been set up in order to align interests going forward. The incentive program amounts to a combined maximum MUSD of 7.1 in Embracer B-shares and is subject to fulfilment of agreed milestones and commitments to stay engaged in FWH over the coming 5 years.**

*"Flying Wild Hog has been on our radar for many years because of their talent, but also because of their ability to scale up with consistent high-quality work. Flying Wild Hog will remain independently run by its strong management team within Koch Media, while exploring the benefits from collaboration with the wider Embracer Group. Flying Wild Hog will be an engine for growth in Poland, which is one of the most dynamic and vibrant developer scenes for premium games globally" says Lars Wingefors, Founder and Group CEO of Embracer Group*

### **Background and rationale**

Flying Wild Hog was founded by Michal Szustak, the current CEO, together with developers of CD Projekt Red and People Can Fly in Warsaw, Poland in 2009. In 2016, FWH expanded by opening a new studio in Cracow, followed up by an additional studio in Rzeszów in 2018. The team today consists of more than 260 persons with a unique and diverse set of skills, originated from developing global hits for other leading publishers as well as from FWH's own projects. FWH's released games have together

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES.

sold more than 9.5 million units<sup>1</sup> since release.

Through the acquisition, Embracer adds one of the few remaining independent top-quality developers of scale in Europe with strong capabilities of further growing organically, as well as creating and developing original IP. The acquisition significantly strengthens Embracer's footprint in Eastern Europe and represents Embracer's first owned development team in Poland, a significant and growing hub for game development in Europe.

The team at FWH in Cracow is the only established Game-as-a-Service developer on console/PC platforms in Poland and brings new capabilities to the Embracer group that can be further scaled and leveraged in other projects going forward. FWH are currently working on an exciting project pipeline, including developing four titles for publishers such as Jagex, Devolver Digital and Focus Home Interactive. The 4 new titles will be released starting from FY 21/22. The majority of the revenues of the 4 games in FWH are generated under ongoing work-for-hire contracts with notable potential to earn royalty participations if the titles achieve commercial success.

*"Having 'The Hogs' join the Koch Media Group is truly great. Together with the local management we plan to develop the three studios further on their journey to making AAA games in the coming years"* says Klemens Kundratitz, CEO of the Koch Media Group.

Going forward, Embracer will see development and royalty cost savings from future in-house developed IPs as well as publishing margin savings between Koch Media and FWH. Additional synergies between FWH and Embracer group companies include among other things technology sharing, development resources, utilization of IP catalog and business development. The strategy after the release of the currently developed four games will be a mixture of continued collaboration with external companies as well as own games development based on either new IPs or existing IPs from the Embracer portfolio.

Within the Embracer Group, Flying Wild Hog will operate as an independent studio in the Koch Media Group, which has high confidence in the competence and knowledge that has been accumulated during FWH's +11 years in the games business. Embracer and Koch Media look forward to supporting FWH's studios with long-term investments into new game development projects going forward.

*"We're so excited to see Flying Wild Hog join Embracer Group's portfolio of globally-renowned game developers. We always knew there was enormous potential in Flying*

---

<sup>1</sup> Including total unit sales and Microsoft's Game Pass

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES.

*Wild Hog and we couldn't be prouder to have been a part of their growth and success. This new partnership with Embracer will see them reach even greater heights.” says Supernova founder and Managing Partner Paul Wedgwood.*

*“We are absolutely thrilled that Flying Wild Hog will be joining Koch Media and the Embracer family. Koch Media is a renowned publisher who has embraced our vision to create the most exciting, fast-paced, over the top action games for players worldwide. What drives Flying Wild Hog is the ambition to surprise fans with unique gaming experiences delivered to the highest quality. By joining forces with the notoriously energetic Embracer Group and Koch Media, we will be able to continue to grow and focus on delivering even more ambitious games. We fell in love with Embracer's vision to build an alliance of diverse and talented studios who keep their independence and creative freedom. It's an incredibly compelling opportunity which is why we're delighted by this partnership and what it holds for our future.” says Michal Szustak, CEO Flying Wild Hog Studios.*

### **Purchase Price and Management Incentive Program**

The day one purchase price of MUSD 135.2 is equivalent to MUSD 137.2 on a cash and debt free basis and is paid in cash to Supernova Capital LLP. Additionally, a management incentive program has been set up in order to align interests going forward. The incentive program, which amounts to combined maximum 7.1 MUSD in Embracer B-shares is subject to fulfilment of agreed milestones and commitments to stay engaged over the coming 5 years.

The Management Incentive Shares are issued at completion of the transaction at a price of SEK 174.06 per share which equals the 20 day volume weighted average price of Embracer B shares on Nasdaq First North Growth Market up to and including 17 November 2020, and using the FX rate USD/SEK of 8.6133 per 17 November 2020.<sup>2</sup> The number of shares in Embracer thereby increase with 352,038 B shares, from 421,139,665 to 421,491,703 shares (divided on 33,399,137 A shares and 388,092,566 B shares.

### **Completion of the transaction**

The transaction is not subject to any further condition and is completed as of November 18, 2020.

### **Advisers**

Ernst & Young AB is providing transaction support and Baker McKenzie is acting as legal counsel to Embracer in the transaction. Aream & Co. acted as financial advisor to the Seller and Sheridans as legal counsel to the Seller.

---

<sup>2</sup> Source: Riksbanken

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES.

**For additional information, please contact:**

Lars Wingefors, Co-founder and Group CEO Embracer Group AB

Tel: +46 708 47 19 78

E-mail: [lars.wingefors@embracer.com](mailto:lars.wingefors@embracer.com)

Klemens Kundratitz, Co-founder and CEO Koch Media

Tel: +49 162 2525 704

E-mail: [k.kundratitz@kochmedia.com](mailto:k.kundratitz@kochmedia.com)

Michal Szustak, CEO Flying Wild Hog

Tel: +48 668 814 622

E-mail: [michal.szustak@flyingwildhog.com](mailto:michal.szustak@flyingwildhog.com)

**About Embracer Group**

Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. Embracer Group has an extensive catalogue of over 190 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency and World War Z, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its six operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest, Saber Interactive and DECA Games. Embracer Group has 46 internal game development studios and is engaging more than 4,000 employees and contracted employees in more than 40 countries.

Embracer Group's shares are publicly listed on Nasdaq First North Growth Market Stockholm under the ticker EMBRAC B with FNCA Sweden AB as its Certified Adviser; [info@fnca.se](mailto:info@fnca.se) +46-8-528 00 399.

Subscribe to press releases and financial information:

<https://embracer.com/investors/subscription/>

For more information, please visit: <http://www.embracer.com>

**About Supernova Capital LLP**

Supernova Capital is a private equity firm focused on realising the untapped potential of independent game development studios and their IPs across the globe. Supernova was founded in 2017 by the key forces behind award-winning London-based studio, Splash Damage: Paul Wedgwood, Mark Morris, Ross Farrow, and Richard Jolly. With dozens of #1 hit games to their names and hundreds of awards and nominations, Supernova

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES.

draws upon decades of experience and industry credibility in the AAA game development space and beyond. Supernova seeks to create a network of talented, independent creators, offering them the capital and high level support necessary to establish long-term stability in an unpredictable industry, all while allowing them to maintain their creative freedom and independence.

For more information, visit <http://www.novacap.uk>

### **Forward-looking statements**

This press release contains forward-looking statements that reflect Embracer's intentions, beliefs, or current expectations about and targets for Embracer's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Embracer believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. Embracer does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither Embracer nor anyone else undertakes to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.