M&A Medley – 8 Acquisitions
August 5, 2021
We are delighted to present 8 new acquisitions and welcome 560 new colleagues!
Purchase price (1/2)

• Aggregated day 1 purchase price of SEK 2.7bn in total, on a cash and debt free basis.

• Approx. SEK 2.1bn is paid in cash and SEK 0.6bn is paid in shares.

• Maximum additional consideration amounting to SEK 2.0bn, which is subject to fulfilment of agreed milestones, both operational and financial, over a period of up to 8 years. (SEK 1.0bn to be paid in cash and approx. SEK 1.0bn in shares)

• The aggregated maximum consideration amounts to SEK 4.7bn.
**Purchase price (2/2)**

- To achieve the max additional consideration the acquired companies combined must generate an aggregated Operational EBIT exceeding **SEK 6bn** by the financial year ending **March 2029**.

- To achieve the maximum consideration milestone on year five, the acquired companies combined must exceed **SEK 1bn** in Operational EBIT for the financial year ending March 2026.

- The estimated surplus value that will be in the preliminary PPA amounts to approx. **SEK 4.5bn**. This will be amortized according to Embracer's current accounting principles straight over 5 years.
Financial impact

• Net sales contribution: **SEK 2,000-3,000m** during next FY ending **March 2023**.

• Operational EBIT contribution: **SEK 350-550m** during the next FY ending **March 2023**.

• The run rate contribution is expected to be in the lower end of the above-mentioned ranges during Q3 and Q4 current financial year.

• Crazy Labs is the most impactful contributor, estimated to be closed during end Q2.
Other notes

• Extra general meeting to be held on 23 August 2021, for which a notice will be announced separately shortly.

• Growth centric capital allocation strategy remains unchanged. We still have a strong balance sheet with a sizable net cash position to support further M&A going forward.

• We continue to have many ongoing discussions with entrepreneurs, creators and companies to join the family, including large or transformative acquisitions that would create new operating groups.
Embracer Group acquires Crazy Labs

Today's speakers:

SAGI SCHLIESSER
Co-founder, CEO
Crazy Labs

GUY TOMER
COO
Crazy Labs

NURIT BENJAMINI
CFO
Crazy Labs

KEN GO
Founder, CEO
DECA
CrazyLabs overview

- Developer of hit SuperStylist and long lasting Casual & Lifestyle mobile RPGs targeting a female audience

- Also a top Hyper-Casual publisher, with robust infrastructure to rapidly test and scale hundreds of products monthly

- +4.5bn downloads since inception, of which 1bn in 2020

- Released 11 new titles worldwide in 2020, of which 8 reached +20m downloads within 12 months

- +110m unique MAUs across portfolio

Top 3 Globally in mobile game downloads

Super Stylist - Most downloaded fashion game in 2020

- Released in May 2019
- 60m Installs
- Revenue: $16m
- Contribution: $5m
- MAU: 7.2m
- ARPPU: $20

Multi-dimensional developer-publisher

Strong profitability driven by long-lasting Casual Lifestyle RPG titles while rapidly scaling to become a Hyper-Casual market leader

CrazyLabs

Casual & Lifestyle Lab
- Long-lifespan titles, retaining players for multiple years
- Mix of IAP and ad monetization
- Higher monetization potential, targeting underserved female demographic

Hyper-Casual Lab
- High release cadence, short development cycles
- Mostly monetized through ads
- Expertise in high volumes UA and ad monetization optimization

Innovation Lab
Continuous R&D and genre experimentation
Leading mobile games publisher, developer and innovator

- **LEADERSHIP**
  - **SAGI SCHLIESSER**
    - CO-FOUNDERS & CEO
    - +11y tenure with CrazyLabs
    - Previous experience from Sapiens, IDIT & HP
  - **GUY TOMER**
    - COO
    - +9y tenure with CrazyLabs
    - Previous experience from Unipier & co-founder of attracTV.
  - **NURIT BENJAMINI**
    - CFO
    - +7y tenure with CrazyLabs
    - Previous experience from Sigma Designs Israel, Compugen & Wix.com

- **Founded in 2010, HQ in Tel Aviv, Israel**
- **Additional offices** in China, Macedonia, Germany & Ukraine as well as Hyper-Casual hubs in India, Serbia, Poland, Turkey and South Africa among others
- **Offers external & internal studios** a proprietary publishing platform, game design expertise & analytics capabilities in order to efficiently publish the next #1 hit
- **Rapid iteration and robust publishing infrastructure** allowing CL to test continuously during development and stay focused on titles with superior potential

- **+4.5bn** Downloads to date
- **11** Hyper-Casual titles released 2020
- **+300** FTEs
- **+350** Developers in network
Casual & Lifestyle RPGs
Casual & Lifestyle RPGs overview

- Casual games combining CL’s leading game development expertise with licensed IPs from top world entertainment brands

- Mostly female oriented RPG titles with strong long term retention

- Miraculous Ladybug & Cat Noir game reached 1m downloads in just 2 days after release

- Most downloaded casual & lifestyle games in 2020:
  - My Bakery Empire: 55m
  - Super Stylist: 49m
  - Miraculous Ladybug & Cat Noir: 47m

- Two Casual RPGs currently in testing
  - Once Upon a Match
  - Yet to be announced game with ZAG interactive with the Ladybug license
Casual & Lifestyle RPGs monetization model

(USDm)

- Gross Casual Revenue
- InApp % of Gross Casual Revenue

Note: Financials are based on CrazyLabs’ financial year (Jan-Dec).
Hyper-Casual
- Light weight, **instantly playable and widely appealing** games, ensuring user engagement and fast payback periods
- Focused on **recognizing shifts and trends** within the gaming sphere
- In total the Hyper-Casual games had **+480m downloads** in 2020, one of the fastest growing segments in the mobile industry
- Strong investments provides promising prospects to become **THE Hyper-Casual leader**
- Tie Dye reached **70m downloads** in 9 months

### RELEASES FROM 2020

<table>
<thead>
<tr>
<th>Game</th>
<th>Release Date</th>
<th>Downloads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tie Dye</td>
<td>Jun 20</td>
<td>102m</td>
</tr>
<tr>
<td>I Can Paint</td>
<td>Aug 20</td>
<td>19m</td>
</tr>
<tr>
<td>Acrylic Nails</td>
<td>Sep 20</td>
<td>70m</td>
</tr>
<tr>
<td>Rubber Band Cutting</td>
<td>Nov 20</td>
<td>15m</td>
</tr>
<tr>
<td>DIY Phone Case</td>
<td>Dec 20</td>
<td>76m</td>
</tr>
<tr>
<td>Diamonds Painting</td>
<td>Dec 20</td>
<td>16m</td>
</tr>
<tr>
<td>Dentist Bling</td>
<td>Jan 20</td>
<td>43m</td>
</tr>
<tr>
<td>ASMR Slicing</td>
<td>Apr 20</td>
<td>87m</td>
</tr>
<tr>
<td>Foot Clinic</td>
<td>Apr 20</td>
<td>43m</td>
</tr>
<tr>
<td>Flip Jump Stack</td>
<td>Apr 20</td>
<td>25m</td>
</tr>
<tr>
<td>Neon On</td>
<td>Jun 20</td>
<td>12m</td>
</tr>
</tbody>
</table>

Notes: 1) From release until May 2021
The CrazyLabs Hyper-Casual process

Developer relationships created & cultivated

Driven by:
- CL’s global footprint (through hubs)
- Strong track record of success
- Tools & Infrastructure advantage

Prototypes Tested on CL’s Tech Platform

Driven by:
- Quantity of quality developers
- Publishing managers identifying trends and concepts
- Speed of iteration

Rapid scaling of UA Spend Guided by Automation

Driven by:
- Automated Bid and creative optimization

Revenue & Contribution Margin

Driven by:
- Negotiation leverage
- Efficient UA ROAS
- Ad monetization

Collaboration with +200 studios monthly to fuel the creation funnel

+400 monthly prototype tests by EoY 2021

3-4 monthly Hyper-Casual releases by EoY 2021
Cutting-edge technology

- **Internally-developed BI system**, improves the development process through data analysis
- **Ad Monetization Management Dashboard**, efficiently handles ad profiling and AB testing procedures
- The **CrazyLabs Integration Kit**, accelerates the development process and provides transparency for developers
- **Automated User Acquisition**, provides automatic bid optimization and deep creative performance analysis in order to efficiently scale UA
- **Robust publishing infrastructure**, allows developers to self service to test marketability and experiment with their game
Finacial overview and new home within the Embracer Group

**FINANCIALS**

<table>
<thead>
<tr>
<th>(USDm)</th>
<th>FY19</th>
<th>FY20</th>
<th>LTMJun21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Hyper-Casual Revenue</td>
<td>72</td>
<td>122</td>
<td>153</td>
</tr>
<tr>
<td>Gross Casual Revenue</td>
<td>32</td>
<td>75</td>
<td>104</td>
</tr>
</tbody>
</table>

Note: Financials are based on CrazyLabs’ EBIT definition and financial year (Jan-Dec).

**POST DEAL CORPORATE STRUCTURE**

- Embracer acquires 100% of the shares in CrazyLabs
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management is retained through 8-year alignment
- The parties have agreed not to disclose the terms
Acquisition rationale

1. Adds a **strong entrepreneur-driven team** with proven track record in multiple mobile categories with significant organic growth trajectory.

2. Significantly increases **size of user base and scale of UA**. Combined Embracer mobile business will increase marketing efficiency, cross promotion opportunities and purchasing leverage.

3. Synergies with DECA will accelerate CrazyLabs efforts in **live operations & improve DECA’s publishing capabilities**.

4. **Enhanced M&A opportunities** in the hyper-casual and casual mobile genres.
Embracer Group acquires Ghost Ship Games

Today's speakers:

Søren Lundgaard
CEO, co-founder
Ghost Ship Games

Mikkel Martin Pedersen
Creative Director, co-founder
Ghost Ship Games

Anton Westbergh
CEO, co-founder
Coffee Stain Studios
The team behind critically acclaimed Deep Rock Galactic

**COMPANY OVERVIEW**

- **Founded**: 2016
- **Employees**: 26
- **Location**: Copenhagen, Denmark

**THE TEAM**

- **HENRIK EDWARDS**: CTO
- **SØREN LUNDGAARD**: CEO
- **MIKKEL MARTIN PEDERSEN**: Creative Director
- **JONAS MØLLER**: Technical Director
- **ROBERT FRIIS**: Art Director
- **PHILIP MYGIND**: Lead Programmer

**CO-FOUNDING MANAGEMENT**

- **SOREN LUNDGAARD**: CEO
- **MIKKEL MARTIN PEDERSEN**: Creative Director
- **HENRIK EDWARDS**: CTO
- **JONAS MØLLER**: Technical Director
- **ROBERT FRIIS**: Art Director
- **PHILIP MYGIND**: Lead Programmer
Award-winning Deep Rock Galactic

- Co-op FPS game published by Coffee Stain
  - Development engine: Unreal
  - Early access / Game Preview in 2018
  - Fully released in May 2020
- 2m+ units sold across all platforms (as of Jan 2021)

85 8.1
Metacritic  PC

83 8.2
Metacritic  XBOX ONE

46k DAU
310k MAU
+1m Steam followers

9/10 IGN
9/10 EUROGAMER

“AN ABSOLUTE GEM”
ROCK PAPER SHOTGUN

INDIE GAME OF THE YEAR
2021 SXSW Gaming Awards

Overall since launch
97% POSITIVE REVIEWS
out of 75 265 total reviews on Steam

Steam250.com overall
RANK #42
best Steam games of all time according to gamer reviews
ACQUISITION RATIONALE

- Solid financial development and profitability
- Highly passionate team with track record of creating successful IP
- Close relationship and collaboration with Coffee Stain will continue
- Embracer Group will support Ghost Ship Games’ growth journey going forward

POST DEAL STRUCTURE

EMBRACER+
GROUP

Ghost Ship Games will operate as a sister company to Coffee Stain

DEAL TERMS

- Embracer acquires the remaining 70% of Ghost Ship Games
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management is retained through 8-year alignment
- The parties have agreed not to disclose the terms
Embracer Group acquires Easy Trigger Games

Today's speaker:

Anton Westbergh
CEO
Coffee Stain Studios
A critically acclaimed game studio

**Talented team with proven ability to create strong IPs**
- **2016** Founded
- **5** Employees
- **HQ in Sweden**

**Games portfolio**
- **Trollhättan**
- **5 Employees**

**Platforms**
- **Huntdown**
- **Easy Trigger Games**
- **IP owner**
- **Coffee Stain**
- **Publisher**

**Strategic focus and deal rationale**
- Continued focus on development of creative indie games as an independent studio under Coffee Stain
- Already established relationship with Coffee Stain
- Increased 1st party development capabilities
- Original IP that will strengthen the Coffee Stain brand

**Deal terms**
- Coffee Stain acquires 100% of the shares
- Upfront purchase price: a mix of cash and shares
- Earnout consideration: based on operational and financial goals for 8 years
- The parties have agreed not to disclose the amount
Embracer Group, through Koch Media subsidiary Vertigo Games, acquires Force Field VR

Today’s speakers:

- **Arthur Houtman**
  - CEO
  - Force Field

- **Martin de Ronde**
  - Creative Director
  - Force Field

- **John Coleman**
  - Dir. Of Business Dev.
  - Vertigo Games
A pioneering AAA VR studio

**Experienced team with strong development capabilities**

- 2015
  - Founded
  - HQ in Netherlands
- c. 65
  - Employees

**Vertigo Games acquires 100% of the shares**

**Upfront purchase price: a mix of cash and shares**

**Earnout consideration: based on operational and financial goals for 5 years**

**The parties have agreed not to disclose the amount**

**Games portfolio and project extract**

- **11 owned portfolio IPs**
  - **Coaster Company**
    - Jul 2020
    - oculus
  - **Time Stall**
    - Jul 2020
    - oculus
  - **Picture Party VR**
    - Jul 2020
    - PlayStation VR
  - **Star Trek: Bridge Crew**
    - Dec 2019
    - oculus
  - **Pet Lab**
    - May 2018
    - oculus
  - **Terminal**
    - May 2017
    - Gear VR
  - **Landfall**
    - Feb 2017
    - oculus

**Strategic focus and deal rationale**

- **Continued focus on development of innovative VR games as an autonomous studio under Vertigo Games**
- **Increased 1st party VR development capabilities to fuel more rapid growth in the VR market**
- **Pipeline of multiple AAA VR game productions**

**Note:** Star Trek IP not owned by Force Field
Embracer Group acquires DigixArt

Today’s speakers:

Yoan Fanise  
Founder, Creative Director  
DigixArt

Anne Laure Fanise  
Founder, CFO  
DigixArt

Klemens Kundratitz  
Co-founder, CEO  
Koch Media
Award winning creative team focused on narrative games

Studio based in vibrant gaming city lead by experienced founders

- Studio based in Montpellier, France
- Founded in 2015
- 21 Employees (incl. freelancers)

The Team

- A mix of veterans from the AAA industry and young talents with high potential

Games development and portfolio

- **Lost in Harmony**
  - Released 2016
  - IP owner
  - [App Store](#), [Play Store](#), [Steam](#)
  - Nominee: "Game for Change"
  - Nominee: "Game Beyond Entertainment"

- **11-11 Memories Retold**
  - Released 2018
  - Creator & Developer
  - [PS4](#), [Xbox](#), [Switch](#), [Steam](#)

- **Road 96**
  - To be released on Aug 16th, 2021
  - IP owner
  - [App Store](#), [Play Store](#), [Steam](#)

Deal terms

- Koch Media acquires 100% of the shares
- Purchase price is based on upfront and earnout components for 6 years and consist of a mix of cash and shares
- The parties have agreed not to disclose the amount
Embracer Group acquires Slipgate Ironworks and 3D Realms
Games development and portfolio extract

### Slipgate in brief

<table>
<thead>
<tr>
<th>Year</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Founded</td>
</tr>
</tbody>
</table>

- **C. 100** Developers including contractors
- **HQ** Aalborg, Denmark

### AAA-Indie

<table>
<thead>
<tr>
<th>Genre</th>
<th>Engines</th>
<th>Platforms and Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA-RTS</td>
<td><strong>unity</strong></td>
<td><strong>PS4</strong>, <strong>Xbox One</strong></td>
</tr>
<tr>
<td>AAA-FPS</td>
<td></td>
<td><strong>STEAM</strong>, <strong>Xbox One</strong></td>
</tr>
</tbody>
</table>

+ a number of unannounced projects

### Notable recent projects 2019-2021

- **Ghostrunner**
  - Co-Development
  - All console ports (current, next-gen)

- **Graven**
  - Original IP Development for PC/Consoles

### Current projects

- **AAA**
- **AAA**

### Portfolio 2013-2020

Slipgate has worked with several entities within Embracer Group

### Deal terms

- Acquisition of 100% of the shares in Slipgate, including existing 40% ownership in 3D Realms
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management retained through 6-year alignment
- The parties have agreed not to disclose the terms

---

**Note:** Slipgate was founded as Interceptor in 2011, and rebranded as Slipgate in 2017.
Game publishing and distribution heritage – built up during 35 years

1987
Founded

7
Employees
Incl. US and Denmark

Most recent published titles

Deal terms
- Acquisition of 60% of the remaining shares
- Purchase price is paid with cash and shares
- Includes earnout consideration based on financial targets over 3 years
- The parties have agreed not to disclose the terms

A successful partnership that has already started

3D Realms has worked with Saber on several titles
Acquisition rationale and post-deal structure

ACQUISITION RATIONALE

Founder-led development and publishing studios with significant experience and ambition to expand

Highly passionate teams with excellent track record of publishing, development and porting of games across genres and platforms

Longstanding relationships with Saber that will be explored further

Focus remain on new IP development and business expansion

Embracer Group will support Slipgate and 3D Realms on their growth journeys going forward

POST DEAL STRUCTURE

Slipgate and 3D Realms will operate as subsidiaries under Saber
Embracer Group acquires

Today's speaker:

Lars Wingefors
CEO, co-founder
Embracer Group
E-commerce specialist within high-quality Viking merchandise

Company overview

2014
Founded

HQ, Karlstad

12
FTEs

Ismo Arvenhav
CEO
Co-founder

Stefan Sjöberg
Co-founder

Johan Hegg
Co-founder

Large community of fans

Valuable knowledge and experience within global B2C e-commerce

+A1m followers
190k followers
70k followers
iOS app

A global and well-known brand
- the transactions enables further collaboration with other “Viking-themed” games within Embracer Group

Supplied TV and movie productions
Crafted reproductions for museums
Merchandise for brands

Deal terms

- Embracer acquires 70% of the shares, founders remain with 10% ownership each
- Purchase price is paid in cash upfront
- The parties have agreed not to disclose the amount

Embracer Group
Final words and Q&A