

Press release

Karlstad, Sweden, 21 December 2021

Embracer Group enters into agreement to acquire DIGIC

Embracer Group AB ("Embracer"), through its operative group Saber Interactive¹, has entered into an agreement to acquire 100 percent of the shares in Hungary based DIGIC Holdings Kft ("DIGIC") from its current owners, including founder Alex Rabb. DIGIC is an animation studio founded by Alex Rabb and late Hollywood legend Andrew G. Vajna. Embracer adds a highly skilled team of close to 400 people through the acquisition, with a strong track record within commercial trailers and cinematics for best-selling game titles as well as animations for streaming media. The closing of the purchase is subject to various conditions including, without limitation, approval of the transaction by lenders of DIGIC and of the Hungarian Ministry of Innovation and Technology.

"DIGIC is the best animation studio in the world - period. They have worked on more game animation products than any company in the industry and have also created incredible content for streaming partners such as Netflix. DIGIC will continue to provide creative services to our external partners as well as to internal Embracer studios across the operative groups. I have tremendous respect for Alex and I couldn't be happier to welcome him into the Embracer family. This acquisition is precisely why I love what I do." Said Matthew Karch, CEO of Saber.

Background and rationale

DIGIC, based in Budapest, Hungary, is an animation studio founded in 2002, with a strong track record for creating commercial trailers and cinematics for best-selling game titles. They also have created award-winning content for shows such as *Love, Death and Robots* on Netflix. The acquisition of DIGIC also includes DIGIC's subsidiaries DIGIC Pictures Kft and DIGIC Services Kft.

DIGIC is led by founder Alex Rabb, long-time industry veteran in both the games and cinematic space. Alex worked closely with late DIGIC co-founder Andrew G. Vajna (*Rambo, Terminator, Die Hard*) using their experience in Hollywood to bring AAA production values to DIGIC's operations. Alex Rabb will continue to lead the operations with a long-term commitment to the company and considerable incentive to grow. DIGIC engages close to 400 FTE's, located in Budapest (plus an additional 40-50 freelance experts). The company has made its mark worldwide with its multi-award-winning 3D animation for the video game industry, feature films and commercials. DIGIC is best known for crafting all its work to an incredibly high-level of detail, with realistic characters and

¹ Acquired through Embracer's wholly owned subsidiary Embracer Group Lager 2 AB and will be part of the Saber Interactive operative group

beautiful environments brought to life using world class lightning and rendering. DIGIC's directors use epic cinematography with film industry storytelling techniques to create visuals.

The acquisition adds a talented team with a strong track record in creating AAA cinematics, trailers and concept art. Within the Embracer Group, DIGIC will operate as a subsidiary under the Saber Interactive operating group. DIGIC will also contribute to internal projects with Gearbox, THQ Nordic, Coffee Stain and Koch Media and further strengthen Saber Interactive's work-for-hire business.

Purchase Price and financial contribution

Due to commercial reasons the specific transaction terms are not disclosed but include shares and long-term earnouts. The transaction will be accretive to adjusted earnings per share.

In the calendar year 2021, DIGIC will generate approximately net sales of SEK 240 million and operational EBIT of SEK 50 million. Forecasted operational EBIT is SEK 60-70 million in 22/23 and SEK 70-90 million in 23/24. These figures do not include any commercial synergies.

Founder and CEO, Alex Rabb, is committed to stay within the company. Post transaction business will remain as usual and there is no planned restructuring.

Completion of the transaction

The transaction is subject to various conditions including without limitation, approval of the transaction by lenders of DIGIC and of the Hungarian Ministry of Innovation and Technology and is estimated to be completed during the fourth quarter of Embracer's fiscal year.

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About Embracer Group

Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. The Group has an extensive catalogue of over 250 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency, World War Z and Borderlands, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its eight operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment and Easybrain. The Group has 86 internal game development studios and is engaging more than 9,000 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 +46-8-528 00 399.

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