

Press release

Karlstad, Sweden, 21 December 2021

Embracer Group enters into an agreement to acquire Dark Horse and forms the tenth operative group

Embracer Group AB ("Embracer") has today entered into an agreement to acquire Dark Horse Media, LLC ("Dark Horse"), a leading entertainment company. Post-closing, Dark Horse will become the tenth operative group of the Embracer group. Through the acquisition, Embracer strengthens its transmedia capabilities by adding expertise in content development, comics publishing, and film & TV production. Dark Horse owns or controls more than 300 intellectual properties, many of which are attractive for future transmedia exploitation, including the creation of new video games. Dark Horse founder and CEO Mike Richardson will continue to lead the company together with existing management.

"I can't express the excitement I feel as Dark Horse moves into this new chapter in our history. The synergies that exist with the Embracer network of companies promises exciting new opportunities not only for Dark Horse, but also for the creators and companies we work with. I've had a number of compelling conversations with Embracer CEO Lars Wingefors and I'm very impressed with him and what he and his team have built. I have to say, the future for our company has never looked brighter," says Mike Richardson, founder and CEO of Dark Horse.

Background and rationale

Dark Horse is a leading entertainment company founded in 1986 by Mike Richardson and based on the idea of establishing an ideal atmosphere for creative professionals: where writers and artists were treated as partners. This formula attracted top creative talent, and 30 years later the company has grown to become the third-largest comics publisher in the United States, with a successful track record of producing films and TV series as well.

Through the acquisition, Embracer strengthens its transmedia capabilities by adding expertise in content development, comics publishing, and film & TV production. Dark Horse owns or controls more than 300 intellectual properties, many of which can build a strong foundation for the future development of transmedia IPs and the opportunity to cross-fertilise IP and strengthen licensing partnerships across PC, console, VR and mobile.

Dark Horse is headquartered in Milwaukie, Oregon, USA, has entertainment offices in Los Angeles, California, USA and has 181 employees across its three business units:

- **Dark Horse Comics:** The core business of Dark Horse is content creation, with comics publishing being the key expression of that content. Dark Horse

publications include company owned titles, such as *The Mask*, *Time Cop*, *Father's Day*, and *Ghost*; licensed titles, such as *Star Wars*, *Avatar the Last Airbender*, *Stranger Things* and *Witcher*; Japanese manga titles, such as *Berserk*, *Lone Wolf & Cub*, and creator-owned material, such as *Big Guy and Rusty* and *Grendel*. Dark Horse is also a leader in game art collections with books like the best seller *The Legend of Zelda: Hyrule Historia*.

- **Dark Horse Entertainment:** A production company founded in 1989, which has produced over 40 films and series, including the #1 box office hits *The Mask* and *Timecop*, the *Hellboy* films, and the critically acclaimed series *The Umbrella Academy* and *Resident Alien*.
- **Things From Another World:** A unique retail concept offering a wide range of comics, graphics novels, toys, statues and other pop-culture related collectibles, and a philosophy to offer excellent customer service. Founded in 1980 and consisting of three retail locations and a rapidly growing e-commerce presence.

Dark Horse's growing library includes over 300 compelling intellectual properties. With a structure and proven ability to produce IP, partner with top creative talent, and create brands and global hits, Dark Horse is in a strong position in a market where entertainment content is in high demand. This proof-point can be seen in Dark Horse's strong pipeline of over 40 projects at Netflix, Amazon, Syfy, Sony, MGM, Universal, and Warner Media. Additionally, there is untapped potential in creating games based on Dark Horse IP and substantial opportunity for synergies within the Embracer group, both within the Dark Horse Comics and Dark Horse Entertainment.

In the calendar year 2021 Dark Horse will generate net sales of approximately SEK 900 million with operational EBIT of approximately SEK 130 million. Dark Horse is forecasted to generate operational EBIT of SEK 140-180 in FY22/23 and SEK 170-200 million in FY 23/24. These figures excludes any commercial synergies or planned M&A.

Purchase price

Due to commercial reasons the specific transaction terms are not disclosed. The transaction will be accretive to adjusted earnings per share.

80 percent of the shares of Dark Horse will be acquired from a seller based in Hong Kong and China. The remaining 20 percent of the shares will be acquired from founder and CEO, Mike Richardson and COO Neil Hankerson. Both are committed to stay within the company. Post completion of the acquisition business will remain as usual and there is no planned restructuring.

Completion of transaction

The transaction is subject to certain closing conditions, including merger control approval, and is estimated to be completed early 2022.

Advisors

EY acted as financial advisor and Skadden, Arps, Slate, Meagher & Flom acted as legal advisor to Embracer in connection with the Transaction. Lazard acted as financial advisor and White & Case acted as legal advisor to the seller.

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

Mike Richardson, Founder and CEO of Dark Horse

Tel: +1 503 905 2357

E-mail: miker@darkhorse.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. 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, Koch Media, Coffee Stain, 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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