

Press release

Karlstad, Sweden, 18 August 2022

Embracer Group acquires Tuxedo Labs

Embracer Group AB ("Embracer"), through its wholly owned subsidiary Saber Interactive¹, has acquired 100 percent of the shares of Swedish developer Tuxedo Labs. Tuxedo Labs is best known for creating the hit voxel-based destruction PC game *Teardown*. Embracer adds Dennis Gustafsson, Tuxedo Labs' founder and CTO, who is a highly technical visionary with a specialty in physics, and his team of 5.

*"Tuxedo Labs has created revolutionary technology that opens up vast possibilities for emergent gameplay and user-created content. Their hit title *Teardown* has the potential to become the standard-bearer platform for physics simulation in games. Many of us at Saber and our subsidiary 3D Realms have worked with Dennis since the mid-2000's. We are super excited to welcome Dennis, their CEO Marcus Dawson, and the rest of the Tuxedo Labs team into the Embracer family,"* said Matthew Karch, CEO of Saber Interactive.

*"This is a perfect fit for us because of our shared interests in physics-driven game design and Saber's resources to help us achieve our long-term vision. We will now be able to rapidly expand and accelerate our plans for *Teardown*, including bringing it to new audiences, while simultaneously focusing on evolving voxel-based technology for our next generation of games,"* said Dennis Gustafsson, founder of Tuxedo Labs.

Background and rationale

Founded in 2019 in Malmo, Sweden, Tuxedo Labs has six team members led by Dennis Gustafsson, a highly-technical visionary. Their first title, *Teardown*, has received universal critical acclaim since its initial release in Steam Early Access in 2020 and has built a thriving modding community. The game exited early access in April 2022 and has sold over a million copies on Steam to date.

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

Dennis Gustafsson is the founder of Tuxedo Labs and Chief Technology Officer; he recently brought on Marcus Dawson, former CEO of Illusion Labs, as the company's new Chief Executive Officer. Gustafsson has a Master of Science degree in technological media from Linköpings University, and previously worked on the object-oriented physics engine Meqon and co-created the popular game *Smash Hit* in 2014 (200m downloads).

The acquisition adds a uniquely talented team focused on physics-based game technology and design. Within the Embracer Group, Tuxedo Labs will operate as a subsidiary under the Saber operating group. The acquisition further strengthens Saber's presence within Sweden.

Purchase Price

The parties have agreed not to disclose specific terms due to commercial reasons. The purchase price contains an upfront part and a long-term potential earn-out. The terms and conditions for the acquisition are in line with previous Embracer transactions.

Founder Dennis Gustafsson is committed to Tuxedo Labs and the company will focus on growing in Malmo, Sweden. Post transaction business will remain as usual, with the team focused on expanding *Teardown*.

Completion of the transaction

The transaction was completed on 1 July 2022.

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About Embracer Group

Embracer Group is a parent company of businesses led by entrepreneurs in PC, console, mobile and board games and other related media. The Group has an extensive catalog of over 850 owned or controlled franchises.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its eleven operative groups: THQ Nordic, Plaion, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse and Embracer Freemod. The Group has 120 internal game development studios and is engaging more than 12,750 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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