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Press release
Karlstad, Sweden, 18 November 2020

Embracer Group acquires Zen Studios

Embracer Group AB ("Embracer"), through its wholly owned subsidiary Saber Interactive ("Saber"), has today entered into an agreement to acquire 100 percent of the shares in ZEN Stúdió Kft ("Zen Studios"). Zen Studios is a game developer and publisher of interactive entertainment for all major digital game platforms. Zen Studios is the producer behind the well-established Pinball FX and Zen Pinball franchises. Through the acquisition, Saber onboards a reputable team that has generated original titles alongside collaborations with some of the most well-known entertainment studios.

"Zen Studios has been a quietly legendary studio for over 17 years, making the very best digital pinball games. They currently own the pinball market and I see tremendous opportunity for growth and expansion. They have also showed the ability to expand into other genres. They have access to the best talent in Hungary and now, as part of Embracer Group, Zen will have the resources and support to take their creativity and technical ability to another level" says Matthew Karch, CEO Saber Interactive and Director of the Embracer Board.

Background and rationale

Zen Studios, founded in 2003 as a work-for hire tech company by four developers, is an independent premium video game developer and publisher of interactive entertainment for all major game platforms. Zen Studios is based in Budapest, Hungary, with a leadership team of industry veterans and 65 developers. In 2007, Zen Studios released its first Pinball Game and has since then defined pinball video game excellence with the Pinball FX and Zen Pinball franchises. Zen Studios has also collaborated with well-known entertainment studios, including Lucasfilm and NBC Universal, on development of brand-new virtual pinball tables based on pop culture films, characters and themes, including titles Telltale's The Walking Dead Pinball and Star Wars™ Pinball. Outside of pinball, Zen Studios is known for its real-time fantasy strategy game CastleStorm, released in 2013, with the sequel CastleStorm 2 released in June 2020. The company has also produced non-pinball titles KickBeat, a martial arts-themed action game, and Operencia: The Stolen Sun, a first-person RPG game, released in 2018.

Through the acquisition, Saber onboards an experienced studio with strong capabilities in developing and publishing original titles led by an experienced team. Saber sees an opportunity to improve Zen Studio's development process from concept, production and release, and look forward to providing support and resources in order to strengthen the

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Zen Studios team in upcoming projects.

Within the Embracer Group, Zen Studios will operate as an independent studio under Saber, with continued focus on developing premium games. Zen Studios strengthens Embracer Group's footprint and Saber's development capabilities in Eastern Europe. Saber will support Zen Studio's expansion into the RPG genre, leveraging the expertise of both teams to enhance the gaming experience of current and future titles even further.

"Zen Studio's operational philosophy and vision for the future aligns perfectly with that of the Embracer Group. With values and goals aligned, I have no doubt that this is a perfect fit, and it an honor to join forces with a global partner who truly appreciates the value Zen has created. Together we will accelerate our path to greater success as we begin to execute the next phase of Zen's global expansion" says Zsolt Kigyossy, Co-founder and Managing Director Zen Studios.

Purchase Price

The parties have agreed not to disclose the full transaction terms due to commercial reasons. The upfront consideration consists of a mixture of cash and Embracer B shares. The earnout consideration of cash and shares is based on financial targets up until 2025 (5 years). The terms and conditions for the acquisition is in line with previous Saber transactions.

Completion of the transaction

The transaction is subject to certain conditions and is expected to be completed in early 2021.

Advisers

Ernst & Young AB is providing transaction support and Baker McKenzie is acting as legal counsel to Embracer in the transaction.

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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. 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 +46-8-528 00 399.

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