Press release
Karlstad, Sweden, 18 August 2022

Embracer Group enters into agreement to acquire IP rights to The Lord of the Rings and The Hobbit literary works by J.R.R Tolkien

Embracer Group AB ("Embracer"), through its wholly owned subsidiary Freemode1, has entered into an agreement to acquire Middle-earth Enterprises, a division of The Saul Zaentz Company, which owns a vast intellectual property catalogue and worldwide rights to motion pictures, video games, board games, merchandising, theme parks and stage productions relating to the iconic fantasy literary works *The Lord of the Rings* trilogy and *The Hobbit* by J.R.R. Tolkien, as well as matching rights in other Middle-earth-related literary works authorized by the Tolkien Estate and HarperCollins, which have yet to be explored.

“I am truly excited to have *The Lord of the Rings* and *The Hobbit*, one of the world’s most epic fantasy franchises join the Embracer family, opening up more transmedia opportunities including synergies across our global group. I am thrilled to see what lies in the future for this IP with Freemode and Asmodee as a start within the group. Going forward, we also look forward to collaborating with both existing and new external licensees of our increasingly stronger IP portfolio,” says Lars Wingefors, Founder and Group CEO Embracer Group.

“We at the Zaentz Company have had the honor over the past half century of stewarding the Tolkien rights so that Lord of the Rings and Hobbit fans worldwide could enjoy award winning epic films, challenging video games, first rate theatre and merchandise of every variety. We could not be more thrilled that it is Embracer now taking up the responsibility and we are confident their group will take it to new heights and dimensions while maintaining homage to the spirit of these great literary works,” says Marty Glick, COO of The Saul Zaentz Company.

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1 Acquired through Embracer's subsidiary Embracer Freemode Iconic Holding Inc. and will be part of the operative group Embracer Freemode.
Background and rationale
The Saul Zaentz Company based in Berkeley, California, US, was founded in 1976. It was originally set-up as a film production company, which produced award-winning films such as *One Flew Over the Cuckoo's Nest*. The Saul Zaentz Company acquired its rights from the heirs and estate of J.R.R. Tolkien and HarperCollins Publishers, who maintain the print publication rights to J.R.R. Tolkien's literary works. The Saul Zaentz Company first acquired the rights to *The Lord of the Rings* and *The Hobbit* in 1976, in an arrangement with United Artists to produce an animated version of *The Lord of the Rings*, to be directed by Ralph Bakshi. The film was released in 1978 and has become a cult classic. In 1998, The Saul Zaentz Company licensed New Line Cinema to enable director Peter Jackson’s live-action trilogies of *The Lord of the Rings* and *The Hobbit*. The movies have grossed over USD 6 billion at the box office and won many Academy Awards.

Through its Middle-earth Enterprises division, The Saul Zaentz Company, inspired by a deep appreciation for the fictional world created by J.R.R. Tolkien, also has produced and licensed a wide variety of successful video games, board games, stage productions and merchandise based on *The Lord of the Rings* and *The Hobbit* for more than forty-five years.

Embracer’s operative group Asmodee Group is already one of the most successful licensees of *The Lord of the Rings* and *The Hobbit* through board games and card games, having published over a dozen games with over 100 expansions since the release of *The Lord of the Rings* board game over 20 years ago, including classics such as *The Lord of the Rings: The Card Game* and *The Lord of the Rings: Journeys in Middle-earth*, a fully-cooperative, app-supported board game set in J.R.R. Tolkien’s iconic land of Middle-earth.

Key upcoming works set in Middle-earth, in which Middle-earth Enterprises has financial interests, include the much-heralded Amazon series *The Lord of the Rings: Rings of Power* which will premiere on September 2, 2022, set thousands of years before *The Hobbit* and *The Lord of the Rings*; the animated movie *The Lord of the Rings: The War of the Rohirrim* (Warner Bros), set for release in 2024, and the mobile game *The Lord of the Rings: Heroes of Middle-earth* (Electronic Arts).

Other opportunities include exploring additional movies based on iconic characters such as Gandalf, Aragorn, Gollum, Galadriel, Eowyn and other characters from the literary works of
J.R.R. Tolkien, and continue to provide new opportunities for fans to explore this fictive world through merchandising and other experiences.

The acquisition of the rights is in line with Embracer’s IP-driven transmedia strategy. *The Lord of the Rings and The Hobbit* are among the world’s largest, most enduring iconic entertainment franchises and birthed the fantasy genre.

Middle-earth Enterprises will be a part of the newly founded operative group Embracer Freemode. The company will continue to operate independently under the existing Middle-earth Enterprises leadership team, working closely with Embracer Freemode management and other Embracer operative groups to foster opportunities, growth and synergies within the Group to continue to build and expand the great franchise.

**Purchase Price**
The parties have agreed not to disclose specific terms of the transaction due to commercial reasons.

**Advocates**
Skadden, Arps, Slate, Meagher & Flom LLP acted as legal advisor to Embracer Group. Arnold & Porter acted as legal advisor and ACF Investment Bank acted as Investment Banker to The Saul Zaentz Company.

**For additional information, please contact:**
Oscar Erixon, Head of Investor Relations Embracer Group AB (publ)  
Tel: + 46 730 24 91 42  
Email: oscar.erixon@embracer.com

Beatrice Forsgren, Head of Brand and Communication Embracer Group AB (publ)  
Tel: +46 704 52 57 63  
E-mail: beatrice.forsgren@embracer.com

Lee Guinchard, CEO Embracer Freemode AB  
Tel: +1 408 649 1100  
E-mail: lee.guinchard@embracer.com
Middle-earth Enterprises web page: www.middleearth.com

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 catalogue of over 850 owned or controlled franchises.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its ten operative groups: THQ Nordic, Plaion, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, and Dark Horse. 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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