

Press release

Karlstad, Sweden, August 5, 2021

Embracer enters into an agreement to acquire CrazyLabs

Embracer Group AB ("Embracer")¹, has entered into an agreement to acquire 100 percent of the shares in CrazyLabs Ltd. ("CrazyLabs") from the current owners. CrazyLabs is an Israel-based publisher and developer of hit mobile game Super Stylist and long-lasting casual and lifestyle role playing games. Additionally, CrazyLabs is one of the top hyper-casual publishers. CrazyLabs was the 3rd most downloaded publisher in all of mobile games in 2020 with over 4.5 billion downloads to date and over 110 million monthly active users. CrazyLabs will improve Embracer's publishing capabilities within mobile, add scale and create additional M&A opportunities. Completion of the transaction is subject to customary conditions including merger control approval. Closing is expected to take place during the second quarter of Embracer's financial year.

"CrazyLabs is exactly the type of company Embracer wants to join forces with. Sagi and team are extremely talented, driven and long term oriented. They have over a decade of success and have proven that they can adapt and succeed in an ever-evolving environment of mobile games. CrazyLabs has an exciting growth plan and their publishing capabilities will further strengthen the mobile ecosystem within Embracer"

Says Lars Wingefors, co-founder and Group CEO of Embracer Group.

Background and Rationale

CrazyLabs is a top mobile game publisher and developer of casual and lifestyle role playing games. CrazyLabs had the third most downloads amongst all mobile game publishers in 2020 and the top downloaded fashion game of 2020, Super Stylist. CrazyLabs was co-founded by CEO Sagi Schliesser in 2010. The company currently engages over 300 FTEs across their sites in Israel, China, Macedonia, Germany and Ukraine. Additionally, the company has a worldwide network of developers located across its hyper-casual accelerators "CrazyHubs" in India, Serbia, Poland, Turkey and South Africa, with the objective to expand its global footprint to source creative talent from across

¹ Acquired through Embracer's wholly owned subsidiary Embracer Group Lager 1 AB and will be a part of DECA Games

the world. CrazyLabs engages hundreds of external hyper-casual studios concurrently helping CrazyLabs concept, test, and scale their products.

CrazyLabs started its journey under the name TabTale, focusing on kids' educational games, but has over recent years found further success in casual, lifestyle, and hyper-casual games and changed its name to CrazyLabs. The company has created a proprietary publishing process and infrastructure allowing it to test and refine gameplay and marketability early in the product lifecycle. This has allowed CrazyLabs to create a highly durable and profitable casual business with a rapidly scaling hyper-casual business in parallel. Together, CrazyLabs' games are engaging over 110 million users every month, 12 million users daily, with more than 4.5 billion in lifetime downloads. CrazyLabs exhibited gross revenues of MUSD 152.9 for the period Jul 2020-Jun 2021.

Within the casual and lifestyle RPG segment, CrazyLabs focuses on an underserved female demographic. Many of the games combine licensed IP from top worldwide entertainment brands. The largest title in this diversified segment is Super Stylist, the most downloaded fashion game in 2020, with over 60 million lifetime downloads to date. CrazyLabs also has 2 additional casual titles currently in development.

Within the hyper-casual segment, CrazyLabs has become a leading publisher for indie game developers who are looking for a strong publishing partner. Examples of titles from CrazyLabs' successful hyper-casual portfolio include "Tie Dye", "ASMR Slicing", "Acrylic Nails", "Phone Case DIY", "Dentist Bling" and "I Can Paint", over 70 percent of the hyper casual titles released in 2020 reached more than 20 million downloads within their first 12 months. Together, CrazyLabs' hyper-casual segment reached over 480 million downloads in 2020.

"In these exhilarating times for mobile games we are extremely happy to join forces with the whole Embracer family and the DECA Group in particular. We are confident that this is a jump forward for CrazyLabs on our journey of becoming the top publisher and developer of casual and hyper-casual games and anticipate in excitement what's yet to come!"

Says Sagi Schliesser, CEO CrazyLabs Ltd

Within the Embracer Group, CrazyLabs will operate as an independent group under DECA Games continuing its role as a publisher and developer scaling products made by internal studios and external development partners. With the acquisition of CrazyLabs, Embracer considerably increases its mobile business both in terms of revenues but also audience.

CrazyLabs brings an internal team of over 300 FTEs, a large global network of developer relationships, proven publishing and UA expertise across multiple genres and a robust publishing infrastructure. The Embracer Group also gains another strong platform for future studio and asset acquisitions, establishes a strong footprint in the talent-crowded Israel region and potential for additional synergies within publishing and marketing across Embracer's other mobile companies.

Purchase price

The parties have agreed not to disclose the terms. The purchase price contains an upfront part and consists of a mix of cash and newly issued Embracer B shares. Current management will remain in their current roles and are incentivized through earn-out components lasting for up to 8 years. The transaction is in line with previous Embracer transactions.

Completion of the Transaction

Completion of the transaction is subject to customary conditions including merger control approval. The transaction was signed July 27th and closing is expected end of the second quarter of Embracer's financial year.

Advisers

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

Aream & Co. is acting as financial advisors and Meitar is acting as legal counsel to the sellers and CrazyLabs Ltd.

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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 240 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 69 internal game development studios and is engaging more than 7,000 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.

Webcast presentation for investors, analysts and media

Representatives from Embracer Group and Crazy Labs will participate in a webcast presentation today at 09.00 CET. Invitation and details for participation will be sent out by a separate press release

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