

EMBRACER⁺ GROUP

Embracer Group ceases all operations in Russia through the divestment of selected assets from the operative group Saber Interactive

14 March, 2024

Transaction highlights

I Transaction overview

- Embracer Group ceases all operations in Russia
- Divestment of selected assets from the operative group Saber Interactive for a purchase price of USD 247 million, including assumed earnout liabilities of USD 44 million but before any additional consideration
- The buyer is Beacon Interactive, a company controlled by Saber Interactive co-Founder Matthew Karch

I Strategic rationale

- Reduces geopolitical risk
- Increased focus around retained key projects, IPs and studios
- Reduces capex, opex and business risk relating to PC/Console pipeline
- This transaction marks a small but important step in our journey to transform Embracer into the future for the benefit of all employees, gamers, and shareholders

Transaction – key components

- **Purchase price** of USD 247 million comprises:
 - Promissory notes of USD 203 million
 - Absorbed earn-out debt obligations of USD 44 million
- **Additional consideration** of up to USD 94 million
- **Option right** to acquire 4A Games and Zen Studios

Illustrative financials

I For the period 1 January – 31 December 2023

SEK, million	Divested assets	Retained assets	Divested assets' % of group	Retained assets' % of group	Group total, incl. divested assets
Net sales¹	1,606 mSEK	1,425 mSEK	4%	3%	42,687 mSEK
Adjusted EBIT	47 mSEK	390 mSEK	1%	6%	6,552 mSEK
EBITDAC²	-1,156 mSEK	214 mSEK	-38%	7%	3,024 mSEK
Capex	-1,448 mSEK	-395 mSEK	19%	5%	-7,803 mSEK
# internal headcount³	~2,950	~800	21%	6%	14,140 ⁴
# of projects	38	14	22%	8%	179 ⁴

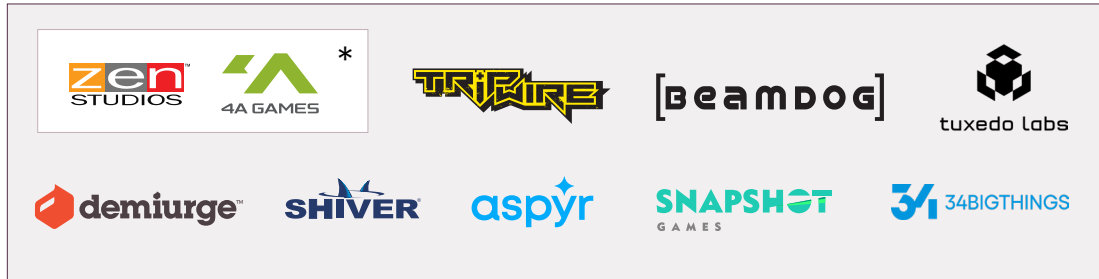
¹ Net sales include intercompany transactions within Embracer | ² EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets. | ³ Internal headcount includes internal game developers, internal employees, and non-development | ⁴ Source as of December 31, 2023

Financial impact

- **Net debt** is reduced by around SEK 2.1 billion upon full payment of the promissory notes
- **Cash earn-out obligations** will be reduced by SEK 0.5 billion
- **Capex** will be reduced by around SEK 1.2 billion
- **Non-cash net loss/expense** of approximately SEK 6.0 billion

Studio/project split post transaction

Retained assets



Divested assets



The retained projects, including two joint projects with the Buyer, include:

- The next AAA game from 4A Games
- An unannounced concept phase AAA game
- A previously announced AAA game based on a major license
- A new AAA multiplayer shooter based on a controlled IP
- A new AA game based on an Asmodee IP
- A new AA game from 34 Big Things based on an owned IP
- Killing Floor 3
- Teardown (ongoing development)
- The full upcoming pipeline and back catalog from Zen Studios, Aspyr and Tripwire

Q&A

 EMBRACER GROUP IS PRESENT

 EMBRACER GROUP IS NOT PRESENT

 EMBRACER GROUP IS LEAVING



EMBRACER⁺
GROUP