

EMBRACER⁺ GROUP

Embracer Group announces its intention to transform into three
standalone publicly listed entities at Nasdaq Stockholm

22 April, 2024

The start of a new chapter

**Embracer Group announces its
intention to transform into three
standalone publicly listed entities**

▪ **Asmodee Group** ▪

▪ **“Coffee Stain & Friends”** ▪

▪ **“Middle-earth Enterprises & Friends”** ▪

- **Asmodee Group** ▪
- **“Coffee Stain & Friends”** ▪
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Unlocking value in the high-quality assets of Embracer Group following the successful completion of the restructuring program

**Offer more differentiated and
distinct equity stories for
existing and new shareholders**

**Enabling each entity to better focus
on their core strategies**

**Expected to drive long-term
value creation**

**Let's start by taking a
step back**

**“ We are going to build
something significant**

- Lars Wingefors

2016

Establishing a platform for future strong growth

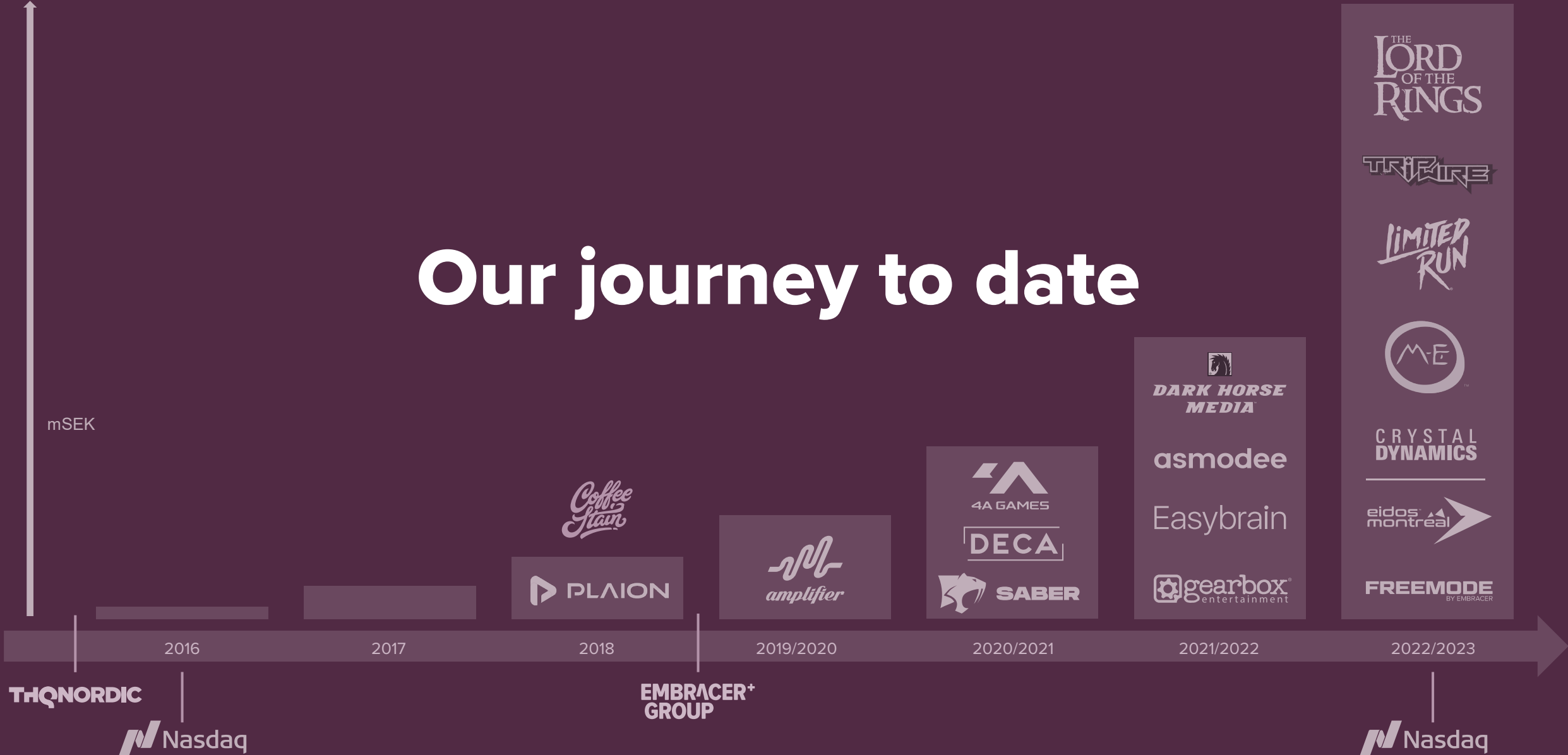
THQ Prospectus First North Listing
2016

Establishing a platform for future strong growth

THQ Prospectus First North Listing
2016

“ In addition, THQ Nordic **may** in the future make other types of investments and acquisitions within the games industry where company management believes that the Company can add value...

Our journey to date

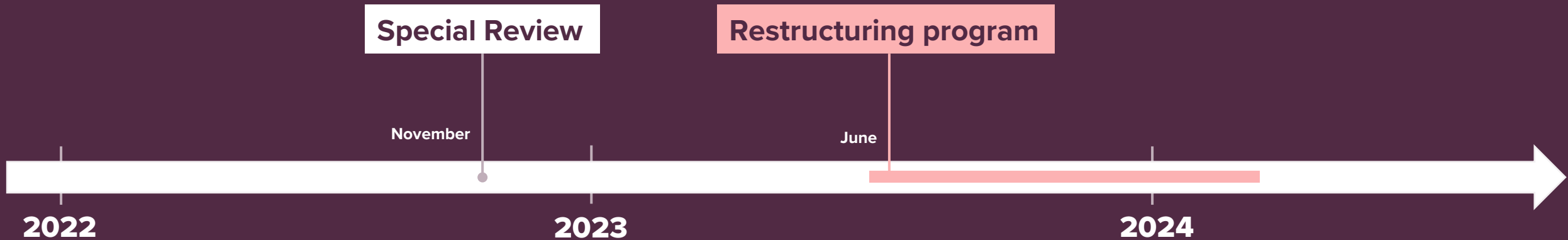


Empowering great people, great
companies and great ideas

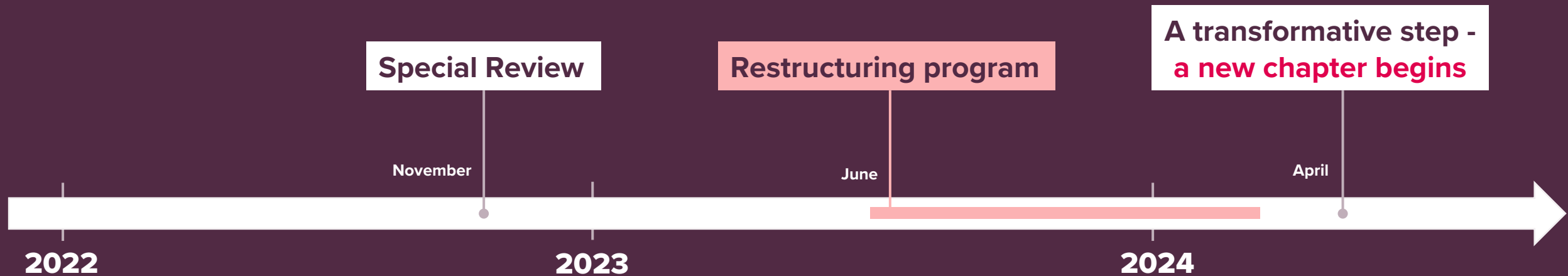
A thorough process



Turbulent times create new opportunities



Exploring options to maximize value



“

We welcome the company’s announcement today regarding a proposed transformation into three separate entities, and believe that the proposal offers significant operational and shareholder benefits.

We remain fully supportive of management and confident that the Board and Executive Team are working in the best interests of the company’s operative groups, businesses, employees, and shareholders.

- Brian Ward
CEO Savvy Games Group

**A transformative step for value
creation**



“Coffee Stain & Friends”

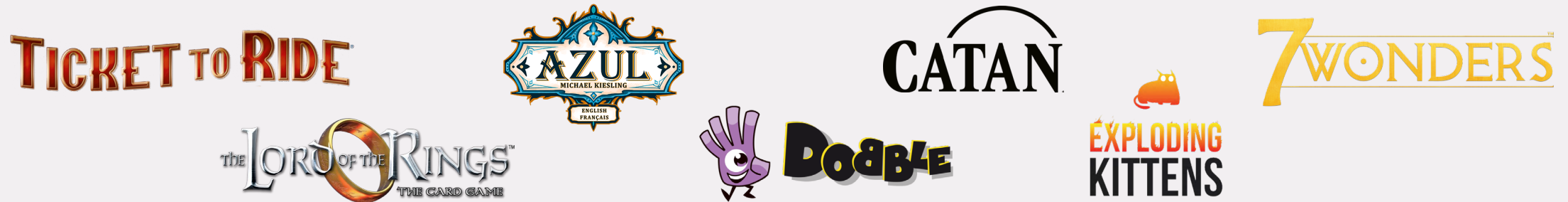


“Middle-earth Enterprises & Friends”



Asmodee Group

A global leading tabletop games publisher and distributor with an extensive studio network and IP catalog, with **23 fully owned studios and 300+ IPs.**



I Rationale for spinoff

- Enable **value-enhancing benefits for** Asmodee to greater focus on its core strategy, portfolio, and markets
- **Quicker resume its value accretive M&A strategy**

The Asmodee separation - process key components

- Lex ASEA dividend
- Subject to approval of the general meeting of Embracer Group and certain other customary conditions, it is anticipated that a listing of Asmodee can be completed within twelve months
- The current dual-share class of A and B-shares will be replicated into the new public entities
- The parent company is intended to be headquartered in Karlstad, Sweden. Asmodee's operational headquarters will remain in Paris
- The new agreement with the management of Asmodee means that a maximum of approximately 41 million B shares in a share earnout will be reduced from Embracer Group as of this current quarter



Financing agreement secured at Asmodee level

- Embracer Group has, through Asmodee, entered into a financing agreement with a group of banks amounting to EUR 900 million (approximately SEK 10.5 billion)
- The loan has a maturity up to 18 months with similar terms as the previous loan
- It is used to refinance Embracer Group's existing loans and credit facilities
- On a pro forma basis as per LTM December 2023:
 - Embracer Group (excl. Asmodee), will have a Net Debt-to-Adjusted EBIT of around 0.6x
 - Asmodee will have a Net Debt to Adjusted EBITDA of approximately 3.9x
- A continued deleveraging is intended at Embracer Group level, through improved free cash flow generation and proceeds from recent asset divestments
- The full capital structure, including both equity and debt, will be reviewed in Asmodee and "Coffee Stain & Friends" to create the best possible long-term foundation for each entity



“Coffee Stain & Friends”

- A diverse gaming entity with a dual focus on indie and A/AA premium and free-to-play games for PC/console and mobile, with a high degree of recurring revenues
- The parent company is intended to be headquartered in Karlstad, Sweden

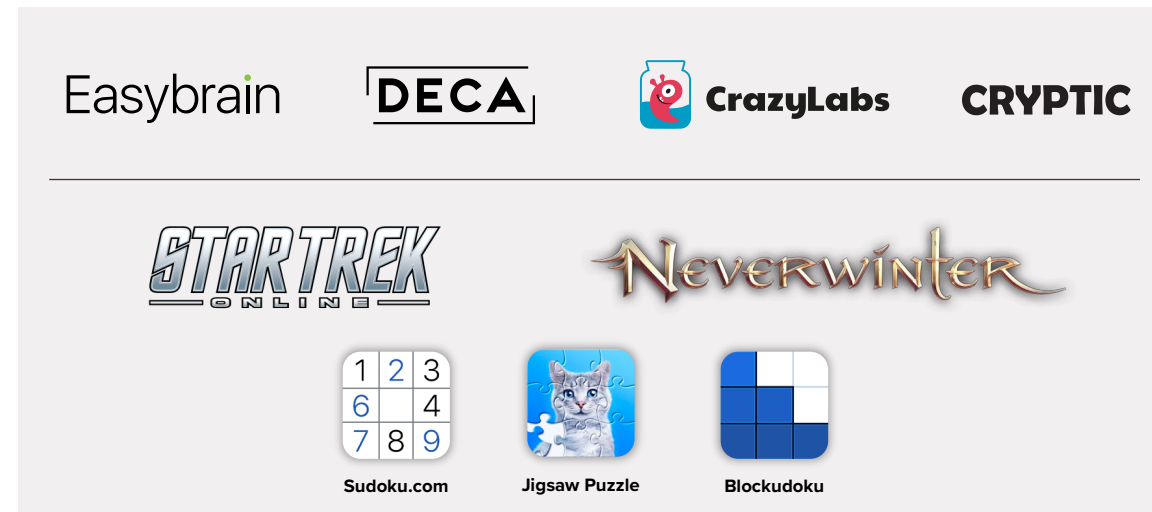
Rationale

- As a standalone company, “Coffee Stain & Friends” will be able to **better showcase its high-margin profile and strong cash flow profile**
- Enhanced ability to **resume and allocate resources** towards opportunities to maximize the long-term value creation

Premium¹



Free-to-play¹



* IP owned by Iron Gate AB, part-owned by Coffee Stain | ¹ non exhaustive list | Official name for “Coffee Stain & Friends” will be decided at a later stage

“Middle-earth Enterprises & Friends”

- A creative powerhouse in AAA game development and publishing for PC and console, as well as the stewards of The Lord of the Rings and Tomb Raider intellectual properties, among many others
- The parent company is intended to be headquartered in Karlstad, Sweden

Rationale

- Will operate as a more transparent entity, offering a **better structure to maximize the potential of its highly strategic franchises**
- Decision-makers will be closer to the organization, leading to **enhanced capital expenditure management**, accountability, and well-balanced investments to optimize financial performance and profitable growth over the long term

Companies¹



IPs¹



¹ non exhaustive list | Official name for “Middle-earth Enterprises & Friends” will be decided at a later stage

Illustrative pro forma¹ financials

LTM as per Q3 FY 23/24 (1 January 2023 – 31 December 2023)

SEK, billion	Asmodee Group	“Coffee Stain & Friends”	“Middle-earth Enterprises & Friends”	HQ	Embracer Group
Net sales	14.8	10.9	14.1	0.0	39.7
Adjusted EBITDA	2.3	4.2	4.1	-0.3	10.4
Adjusted EBIT	1.9	2.8	2.0	-0.3	6.5
Capex	-0.3	-2.2	-2.9	0.0	-5.4
EBITDAC²	2.0	2.1	1.2	-0.3	4.9
# headcount	2,450	3,150	4,550	50	10,200

¹ Pro forma basis – actual reported numbers have been adjusted to exclude the divested assets from Saber Interactive and Gearbox Entertainment for the entire period. Acquisitions closed during the period have been adjusted for as if they were owned throughout the entire period! ² EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

Leadership and organization

ASMODEE



THOMAS KOGLER

Currently Deputy COO at Asmodee and has been a key member of the executive team of Asmodee for the past years

“COFFEE STAIN & FRIENDS”



ANTON WESTBERGH

Currently CEO of the operative group Coffee Stain

“MIDDLE-EARTH & FRIENDS”



PHIL ROGERS

Currently interim Group Chief Strategy Officer, with the responsibility for the concluded restructuring program, and CEO of the operative group Crystal Dynamics - Eidos

To conclude

A transformative step for value creation for all stakeholders – three new market-leading games and entertainment companies

Offer more differentiated and distinct equity stories for existing and new shareholders

Unleashing the full potential of each team, empowering them to continue to deliver unforgettable experiences for gamers and fans across the globe

This is the start of a new chapter

Q&A

EMBRACER⁺
GROUP