

EMBRACER⁺ GROUP

Embracer Group acquires DECA Games

13 August 2020

DECA – a mobile/FTP asset care and LiveOps expert



MOBILE ASSET CARE

'DECA acquires profitable FTP IPs and applies LiveOps expertise to amplify the game'

highly profitable, cash generative and scalable model applicable on all FTP games



2 SITES
BERLIN &
BULGARIA



100+
FTEs



> € 20m
REV. FY20/21



> 35%
Op. EBIT (%) FY20/21



Ken Go (CEO) becomes a large shareholder in Embracer as DECA reaches its financial targets

PURCHASE PRICE

c. **€25m** in equity for 100% of DECA¹⁾

EV/Op. EBIT CY20: **c.4x**

LONG TERM ALIGNMENT: 7+ YEARS

up to c. **€60m** in earnout shares if DECA achieves profitable growth over the coming 7 years creating a substantially larger business²⁾

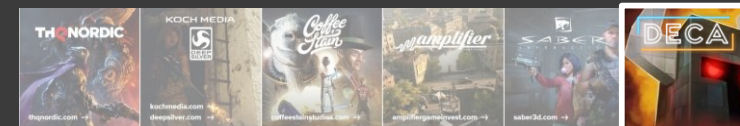
PLATFORM FOR GROWTH

reinvest cash flows and add funding to accelerate inorganic growth within mobile / FTP games

SYNERGIES

access to capital and deal flow
IP catalog
knowledge sharing
experienced developers

CREATES EMBRACER'S 6TH OPERATIVE GROUP



Note: Financials based on unaudited preliminary management accounts and estimates prepared in local GAAP. DECA capitalizes no operating or development costs. Consideration and earnout shares represent newly issued EMBRAC B shares at 2020-08-12 trading close price and with lock-up. 1) Embracer acquires 100 percent of DECA for c. €25m in equity (c. 1.9m EMBRAC B shares) including assumed net debt of c. €3.0m, corresponding to an upfront multiple of c.4x expected operational EBIT in CY20. 2) The maximum earnout is equivalent to c.4.5m EMBRAC B shares. Earn-out shares subject to claw-back rights.

Live operations and Free-to-Play experts

LEADERSHIP



KENNETH GO
FOUNDER & CEO

+13 years in F2P Live Operations
General Manager at Kabam prior to DECA
Exec Producer of Kingdoms of Camelot



STEPHEN LEE
HEAD OF BUS. DEV.

9+ years in Gaming
Head of Publishing at 6waves prior to
DECA



CHRIS O'KELLY
HEAD of STRATEGIC
PARTNERSHIPS

12+ years in F2P Live Operations
GM of Huuuge Games prior to DECA



DAN RACANELLI
TECHNICAL DIRECTOR

10+ years in Gaming
Principal Engineer at WB Games prior to
DECA

DECA

- ▶ Headquartered in Berlin, Germany
- ▶ Globally sourced, scalable and distributed team of 100+ FTEs
- ▶ Focused on M&A and revitalization of game IP & assets
- ▶ Live operations and mobile free-to-play expertise
- ▶ >1.5 million DAU across portfolio
- ▶ Strong pipeline of new acquisition opportunities across all platforms and genres



8 IPs
IN PORTFOLIO

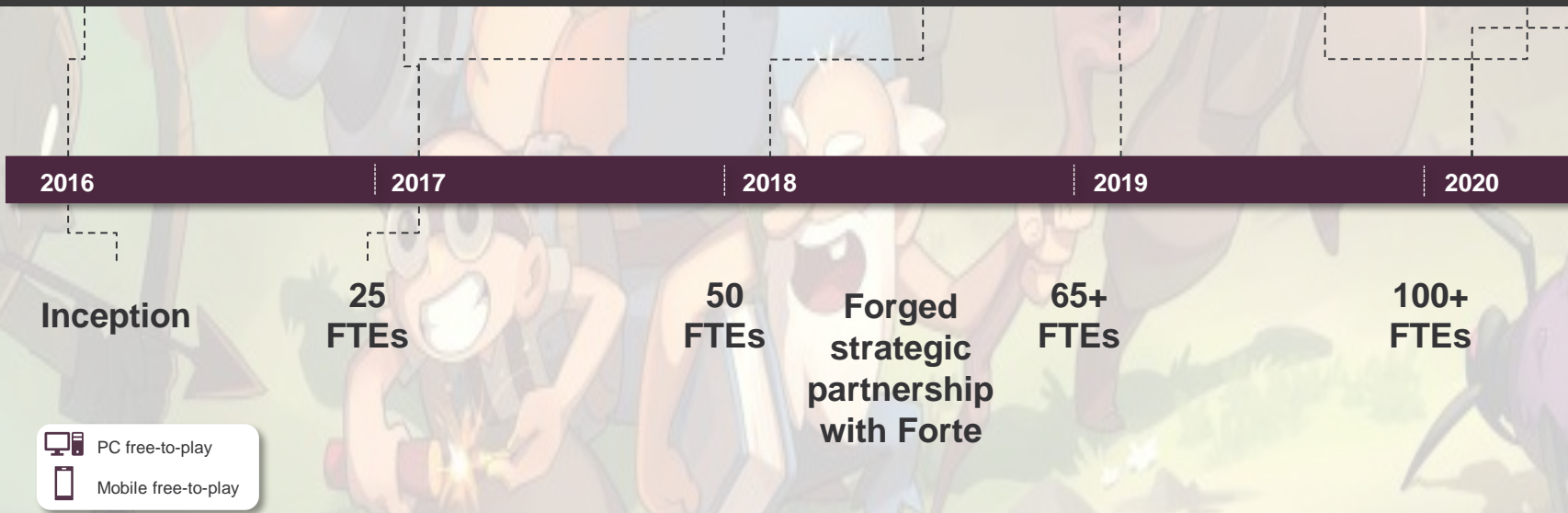


100+
FTEs



14
COUNTRIES

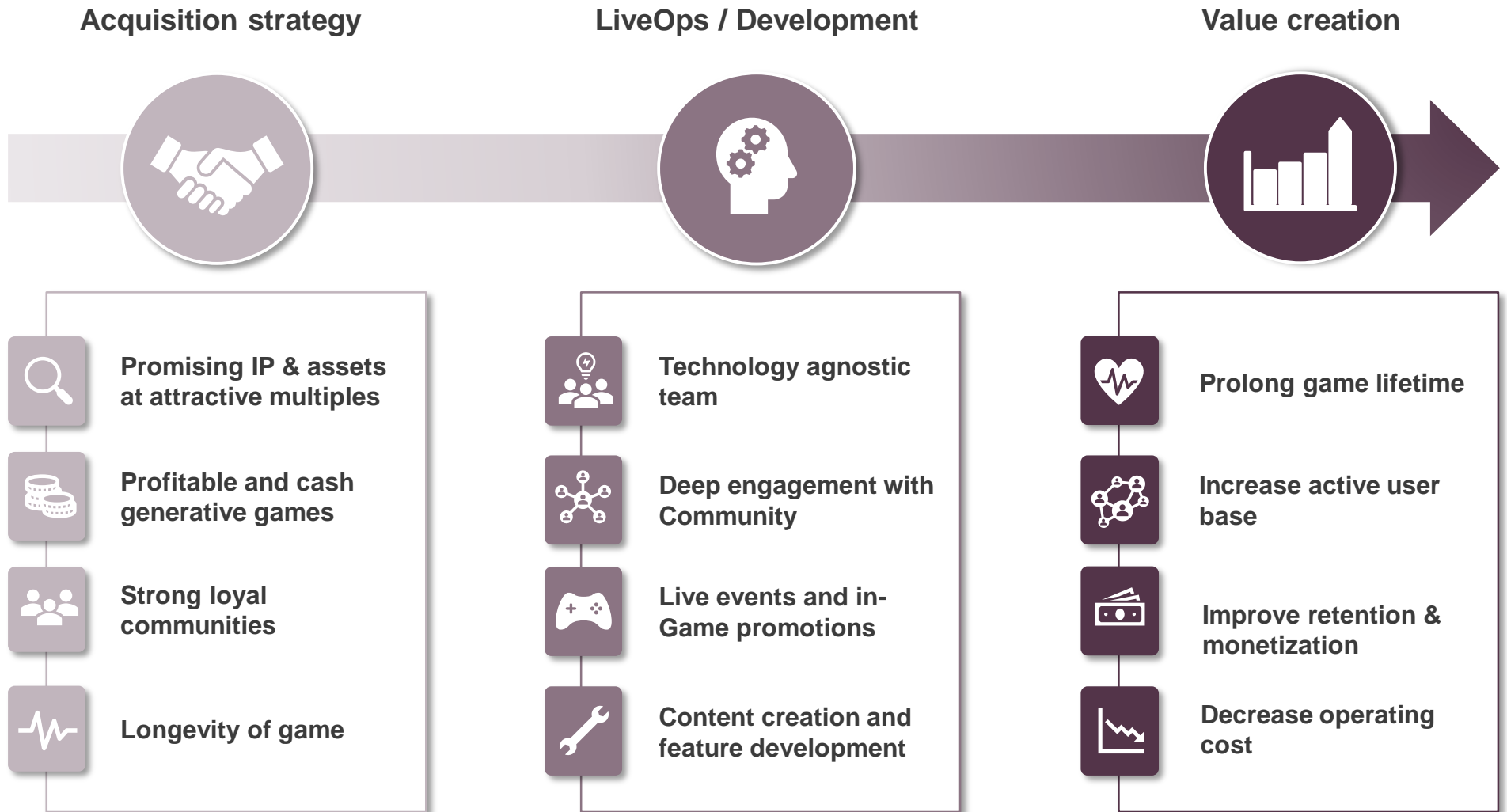
History of DECA Games



PC free-to-play
 Mobile free-to-play

Note: Flags represent country of development 1) Acquisition of development and publishing rights.

DECA's operational model





REVITALIZATION VIA COMMUNITY ENGAGEMENT AND CONTENT DEVELOPMENT



- Took over LiveOps in 2016 (Anno: 2010)
- Had been operated by small team with minimal support



- Harnessed the power of community
- Social media to reactivate lapsed players



- New content, game rebalancing and cosmetics releases
- Bug Fixing

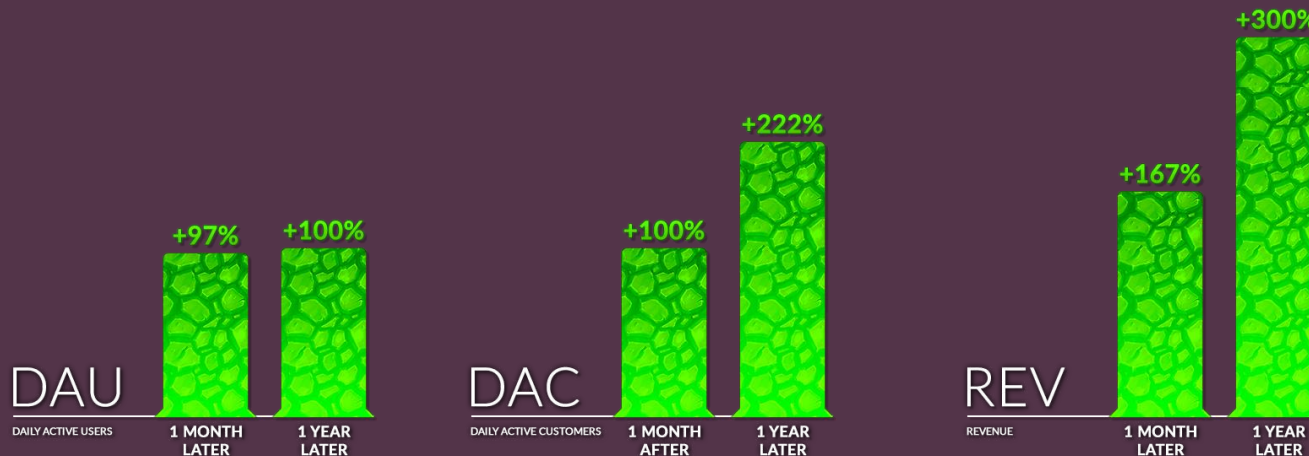


- Active Game community doubled in size
- Engagement higher than ever



- Grew users and revenue in its 8th year of operation without paid marketing

DIRECTLY AFTER DECA TAKEOVER AND CONTINUING IMPROVEMENT





ENGAGING IN GAME EVENTS AND GROWTH IN 9TH YEAR OF OPERATIONS



- Released in 2011
- 45m+ lifetime players
- Acquired game after studio was shutting down



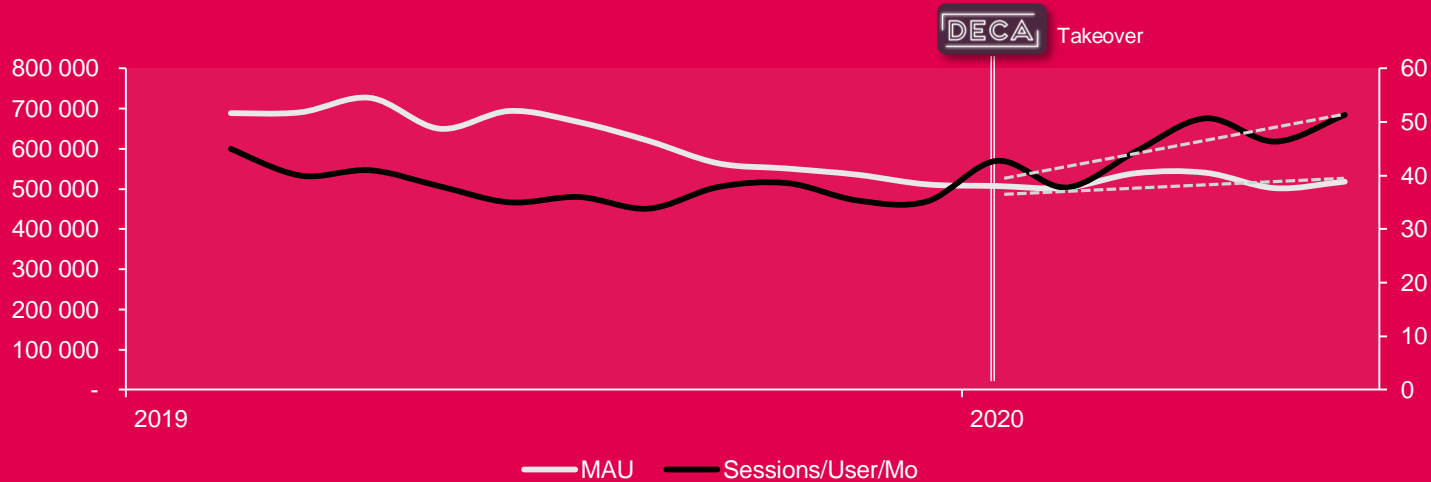
- Re-engaged community via social media and chat
- Strategic partnerships to include new gaming technologies



- Optimization of in game events and content release frequency
- Additional new users through cross promotion and reactivation campaigns



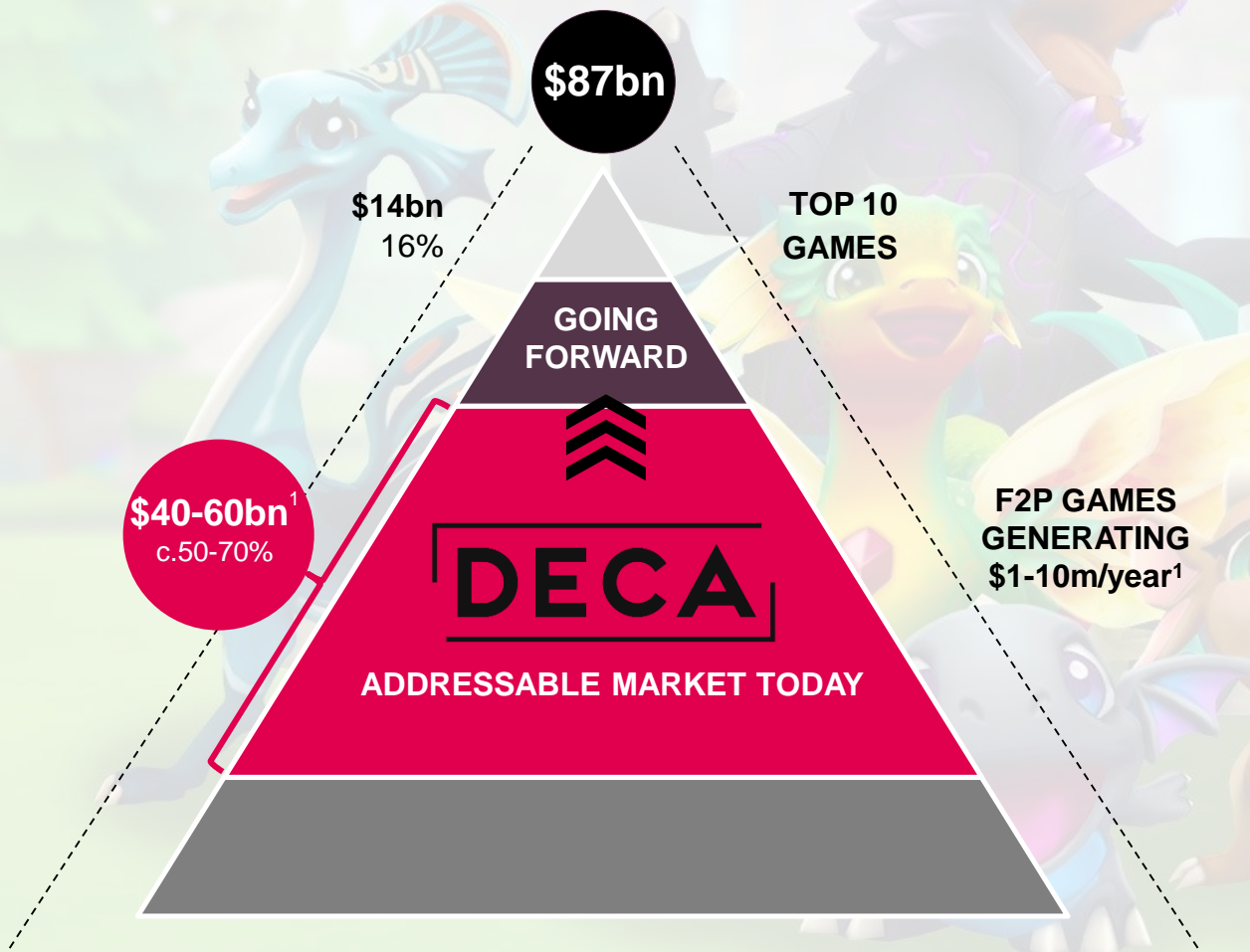
- Grew activity, users and activity in its 9th year of operation without paid marketing



Note 1): Dragonvale was acquired in the February of 2020 from Hasbro

Considerable market for profitable FTP games that lack operational attention

FREE-TO-PLAY MARKET 2019
(USDbn)



Note: 1) Embracer and EY estimate. 2) \$1-10m Net contribution before acquisition related amortization. 3) SensorTower (2020) representing 44'000 F2P games had been released between Jan-Sept 2019



600k+
games



c.90%
F2P



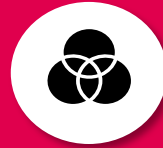
c.60k²
F2P games released
per year



Extending 'asset care' to the mobile / FTP segment



DECA is a key pillar in building a growing, profitable and cash generative mobile and FTP business within Embracer



Mobile and FTP is highly complementary to Embracer's existing, fast growing business within premium PC/console games development and publishing



Ambition to build a diversified portfolio of established mobile IPs, while exploiting current IPs on mobile platforms and experiment with FTP mechanics

EMBRACER+ GROUP

Embracer Group is the parent company of businesses developing and publishing PC and console games for the global games market. The group has an extensive catalog of over 170 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdom Come: Deliverance, TimeSplitters, Satisfactory, Wreckfest, Destroy All Humans!, World War Z and SnowRunner, amongst many others.

With its head office in Karlstad, Sweden, Embracer Group has a global presence through its five operative groups: THQ Nordic, Koch Media/Deep Silver, Coffee Stain, Amplifier Game Invest and Saber Interactive. The group has 33 internal game development studios engaging more than 4,000 employees and contracted employers in more than 40 countries.