

# EMBRACER<sup>+</sup> GROUP

M&A update

February 3, 2021

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# Three Transformative Transactions



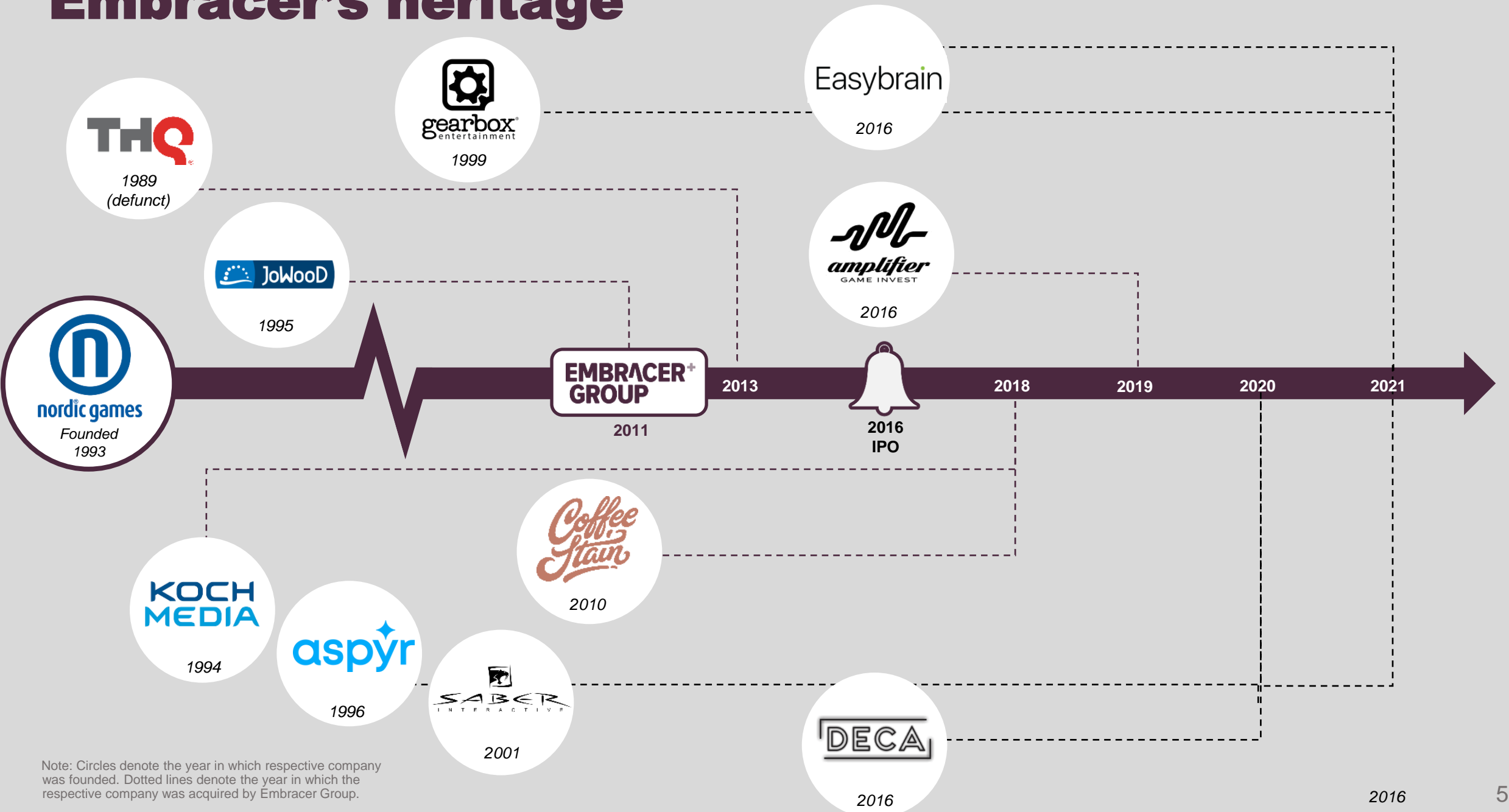
# The new combined group

	EMBRACER+ GROUP Pre. Acq. <sup>1</sup>	Easybrain	aspyr	gearbox SOFTWARE	EMBRACER+ GROUP Post. Acq.	
<b>Internal development studios</b>	59	1	1	2	63	
<b>External development studios</b>	57	2	1 <sup>2</sup>	13	73	
<b>Number of IPs</b>	222	15	3	4	244	
<b>Development projects</b>	Announced	61	9	1	3	74
	Unannounced	96	8	5	10	119
	<b>Tot: 157</b>				<b>Tot: 193</b>	
<b>Developers</b>	Internal	3 576	207	140	367	4 290
	External	963	56	100 <sup>2</sup>	310	1 429
	<b>Tot: 4 539</b>				<b>Tot: 5 719</b>	

1) Includes A Thinking Ape Entertainment and IUGO Mobile Entertainment although not fully consolidated with Embracer Group per 20201231, expected closing during Q1 2021/2022

2) Aspyr uses 100+ contractors with an external work-for-hire studio


# Embracer's heritage



Note: Circles denote the year in which respective company was founded. Dotted lines denote the year in which the respective company was acquired by Embracer Group.

# Founded by entrepreneurs and run by entrepreneurs

THQ NORDIC




Klemens

DEEP SILVER  
KOCH MEDIA




Klemens

Coffee  
Stain



Anton

amplifier




Per-Arne

SABER  
INTERACTIVE



Matthew

DECA




Ken

gearbox  
entertainment



Randy

Easybrain



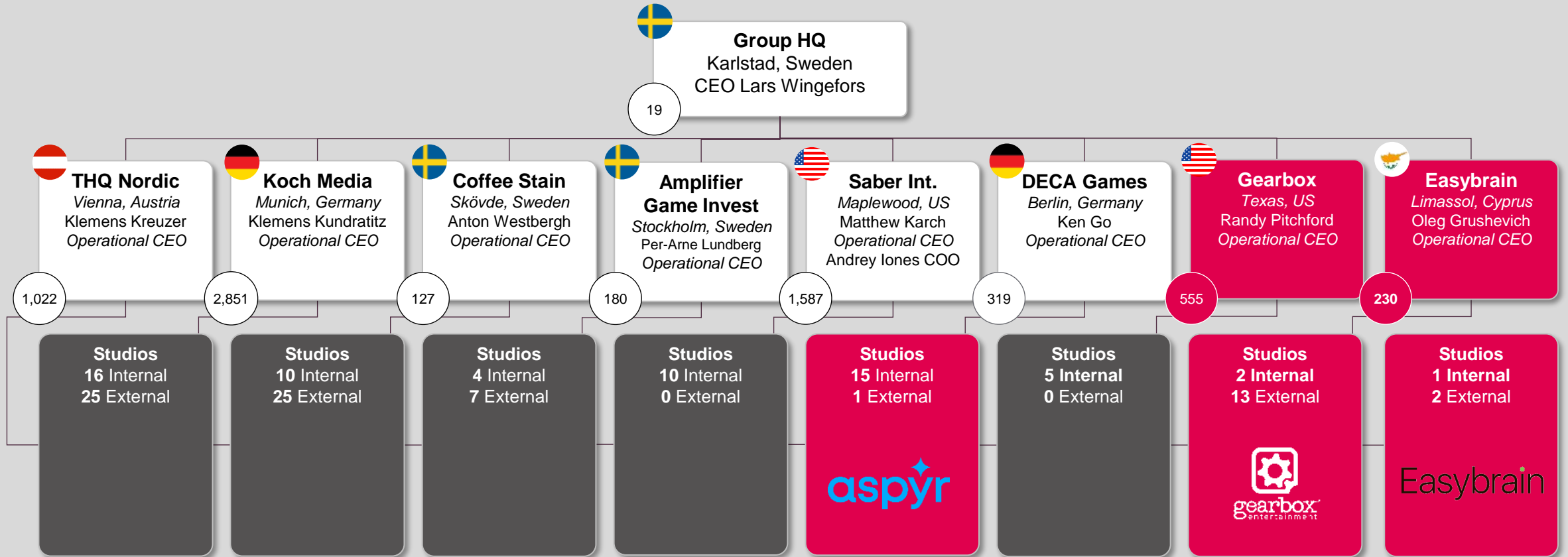
Oleg

EMBRACER+  
GROUP



Lars

# Organization overview post transaction



# Purchase price for the Transactions

- The aggregated day one purchase price for the Transactions amounts to approximately SEK 9.3 billion on a cash and debt free basis. Approximately SEK 2.1 billion is paid in cash and SEK 7.2 billion in newly issued Embracer B shares.
- Maximum additional consideration amounting to SEK 12.5 billion, which is subject to fulfilment of agreed milestones, both operational and financial, over a period of up to 7 years. Maximum approximately SEK 7,0 billion is paid in cash and a maximum approximately SEK 5,5 billion in Embracer B shares at VWAP20 at time of signing.
- To earn the aggregated maximum total consideration of SEK 21,8 billion the acquired businesses must generate an accumulated Operational EBIT in excess of SEK 23,0 billion over the next 6 to 7 years.



# Estimated net sales and operational EBIT of Transactions FY 21/22

	Acquisitions announced 2nd of February <sup>1</sup>
Estimated Net Sales, SEK million	3,600 to 4,600
Estimated Operational EBIT, SEK million	1,000 to 1,500

# Capital structure

- Embracer Group's capital allocation strategy is essential for continued growth.
- Embracer reiterates the ambition to maintain a strong balance sheet and strives to maintain a net cash position to maintain maximum strategic flexibility. For the right inorganic growth opportunity, financial leverage could temporarily exceed 1,0x operational EBIT to net debt, where operational EBIT is measured as management expectations for the coming twelve months.
- Solid net cash position post-closing of the Transactions providing desired strategic flexibility.
- Cash at hand and available credit facilities post the cash payment of the Acquisitions amounts to approximately 10,0 billion.

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