

# EMBRACER<sup>+</sup> GROUP

M&A Medley – 8 Acquisitions

August 5, 2021

# We are delighted to present 8 new acquisitions and welcome 560 new colleagues!



**Crazy Labs**



**GHOST SHIP  
GAMES**



**FORCE  
FIELD<sup>®</sup>**

**DIGIX ART**



**EASY TRIGGER GAMES**

**GRIMFROST<sup>®</sup>**

# Purchase price (1/2)

- Aggregated day 1 purchase price of **SEK 2.7bn** in total, on a cash and debt free basis.
- Approx. **SEK 2.1bn** is paid in cash and **SEK 0.6bn** is paid in shares.
- Maximum additional consideration amounting to **SEK 2.0bn**, which is subject to fulfilment of agreed milestones, both operational and financial, over a period of up to **8 years**. (**SEK 1.0bn** to be paid in cash and approx. **SEK 1.0bn** in shares)
- The aggregated maximum consideration amounts to **SEK 4.7bn**.



## Purchase price (2/2)

- To achieve the max additional consideration the acquired companies combined must generate an aggregated Operational EBIT exceeding **SEK 6bn** by the financial year ending **March 2029**.
- To achieve the maximum consideration milestone on year five, the acquired companies combined must exceed **SEK 1bn** in Operational EBIT for the financial year ending March 2026.
- The estimated surplus value that will be in the preliminary PPA amounts to approx. **SEK 4.5bn**. This will be amortized according to Embracer's current accounting principles straight over 5 years.





# Financial impact

- Net sales contribution: **SEK 2,000-3,000m** during next FY ending **March 2023**.
- Operational EBIT contribution: **SEK 350-550m** during the next FY ending **March 2023**.
- The run rate contribution is expected to be in the lower end of the above-mentioned ranges during Q3 and Q4 current financial year.
- Crazy Labs is the most impactful contributor, estimated to be closed during end Q2.



# Other notes

- Extra general meeting to be held on **23 August 2021**, for which a notice will be announced separately shortly.
- Growth centric capital allocation strategy remains unchanged. We still have a **strong balance sheet** with a **sizable net cash position** to support further M&A going forward.
- We continue to have **many ongoing discussions** with entrepreneurs, creators and companies to join the family, including large or transformative acquisitions that would create new operating groups.





# Embracer Group acquires Crazy Labs

DECA



## Crazy Labs

### Today's speakers:



**SAGI SCHLIESSER**  
Co-founder, CEO  
Crazy Labs



**GUY TOMER**  
COO  
Crazy Labs



**NURIT BENJAMINI**  
CFO  
Crazy Labs



**KEN GO**  
Founder, CEO  
DECA



# CrazyLabs overview

- Developer of hit SuperStylist and long lasting **Casual & Lifestyle mobile RPGs** targeting a female audience
- Also a **top Hyper-Casual publisher**, with robust infrastructure to rapidly test and scale hundreds of products monthly
- +4.5bn** downloads since inception, of which **1bn** in 2020
- Released **11 new titles** worldwide in 2020, of which 8 reached **+20m** downloads within 12 months<sup>2</sup>
- +110m unique MAUs** across portfolio



## Top 3 Globally in mobile game downloads<sup>1</sup>

Top Parent Companies	
#	Parent Company
1	Voodoo
2	AppLovin
3	Crazy Labs
4	Jinke Culture - Outfit7
5	SayGames

## Super Stylist - Most downloaded fashion game in 2020



- Released in May 2019
- 60m Installs<sup>3</sup>



- Revenue<sup>4</sup>: \$16m
- Contribution<sup>4</sup>: \$5m

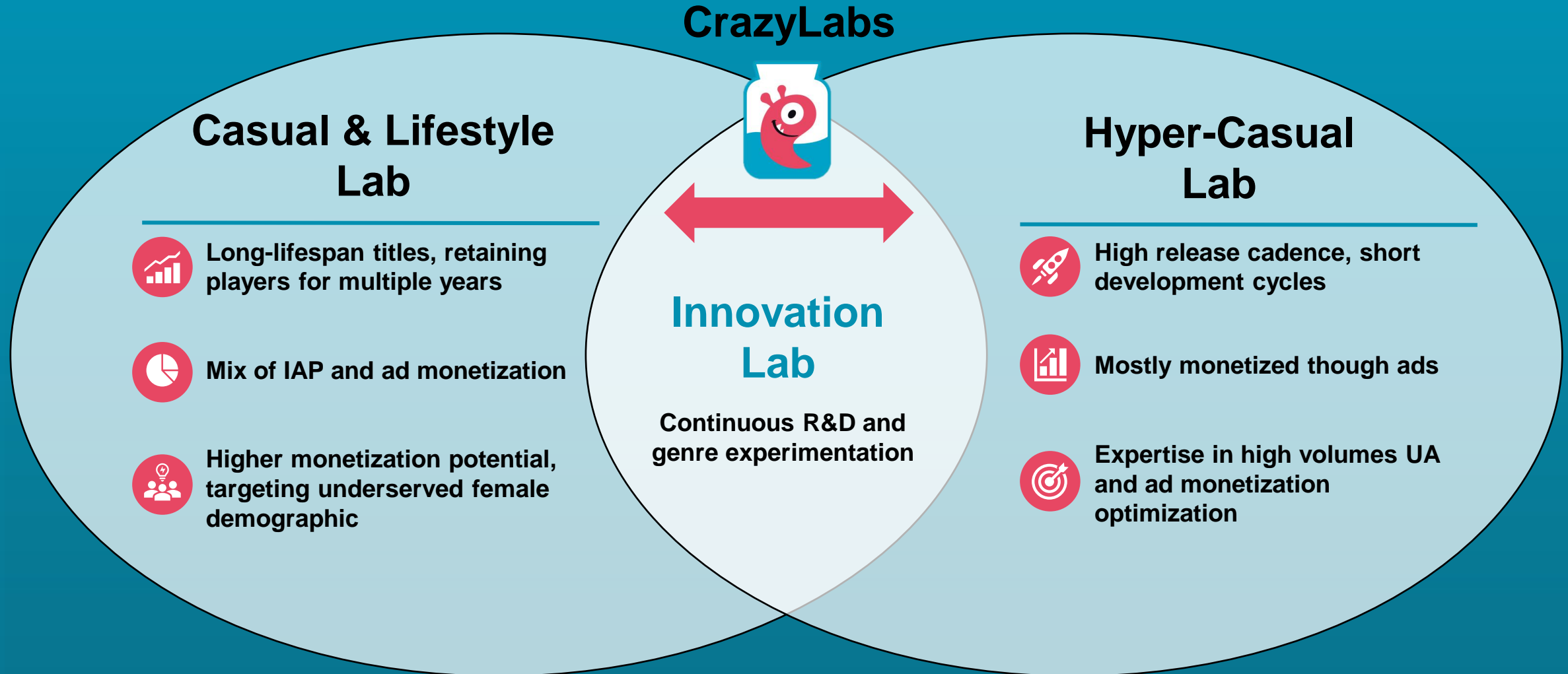


- MAU<sup>5</sup>: 7.2m
- ARPPU<sup>6</sup>: \$20

Notes: 1). AppAnnie and Sensor Tower for 2020. 2). 6 out of the 8 titles reached +20m downloads in 6 months. 3). Until May 2021 4) From release until March 2021. 5). MAU as per Jan21. 6). ARPPU as per Jan21.

# Multi-dimensional developer-publisher

Strong profitability driven by long-lasting Casual Lifestyle RPG titles while rapidly scaling to become a Hyper-Casual market leader





# Leading mobile games publisher, developer and innovator

## LEADERSHIP



**SAGI SCHLIESSER**  
CO-FOUNDERS & CEO

- +11y tenure with CrazyLabs
- Previous experience from Sapiens, IDIT & HP



**GUY TOMER**  
COO

- +9y tenure with CrazyLabs
- Previous experience from Unipier & co-founder of attracTV.



**NURIT BENJAMINI**  
CFO

- +7y tenure with CrazyLabs
- Previous experience from Sigma Designs Israel, Compugen & Wix.com

- Founded in 2010, HQ in Tel Aviv, **Israel**
- Additional offices** in China, Macedonia, Germany & Ukraine **as well as Hyper-Casual hubs** in India, Serbia, Poland, Turkey and South Africa among others
- Offers **external & internal studios** a proprietary publishing platform, game design expertise & analytics capabilities in order to efficiently **publish the next #1 hit**

● Current and future CrazyHubs



- Rapid iteration and robust publishing infrastructure allowing CL to test continuously during development and stay focused on titles with superior potential

**+4.5bn**  
Downloads to date

**11**  
Hyper-Casual titles released 2020

**+300**  
FTEs

**+350**  
Developers in network

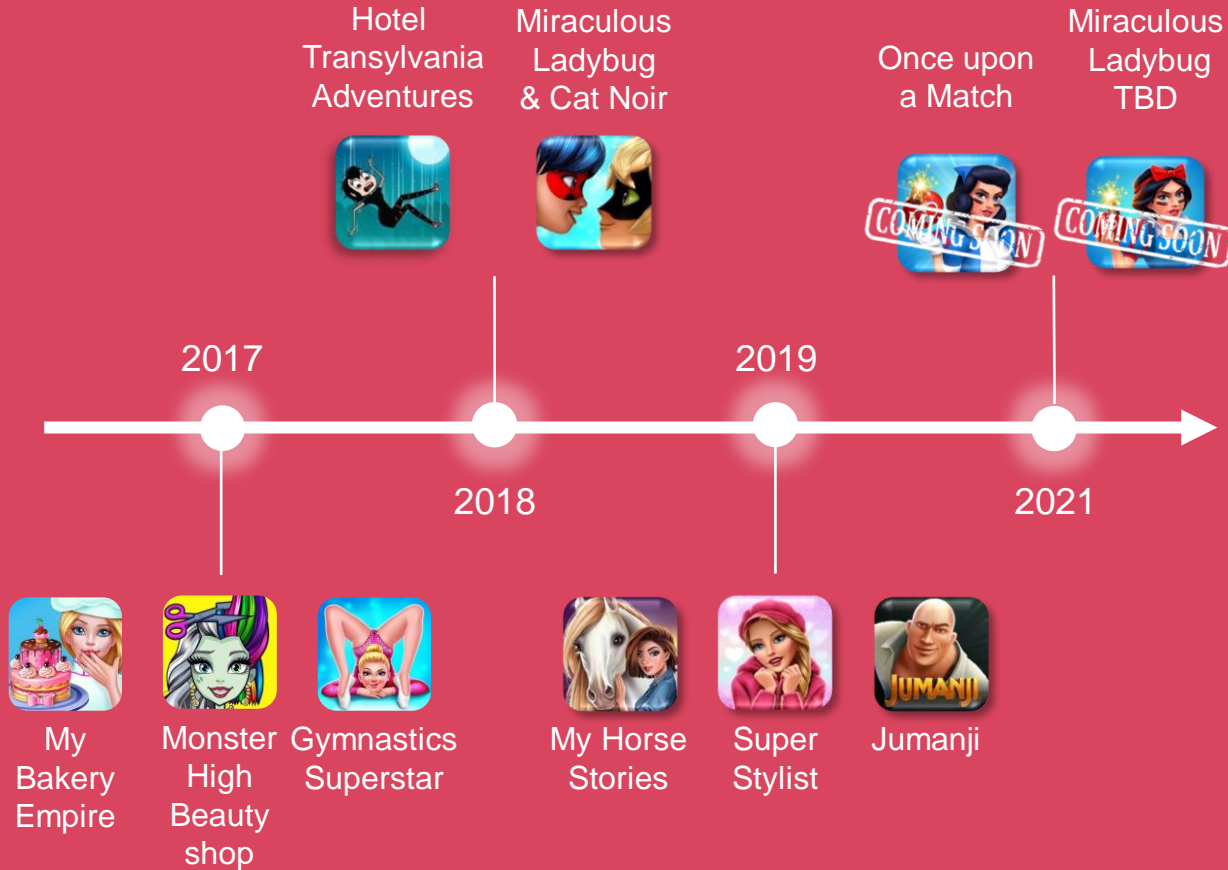


# How Crazy Are You?



Casual &  
Lifestyle RPGs

# Casual & Lifestyle RPGs overview

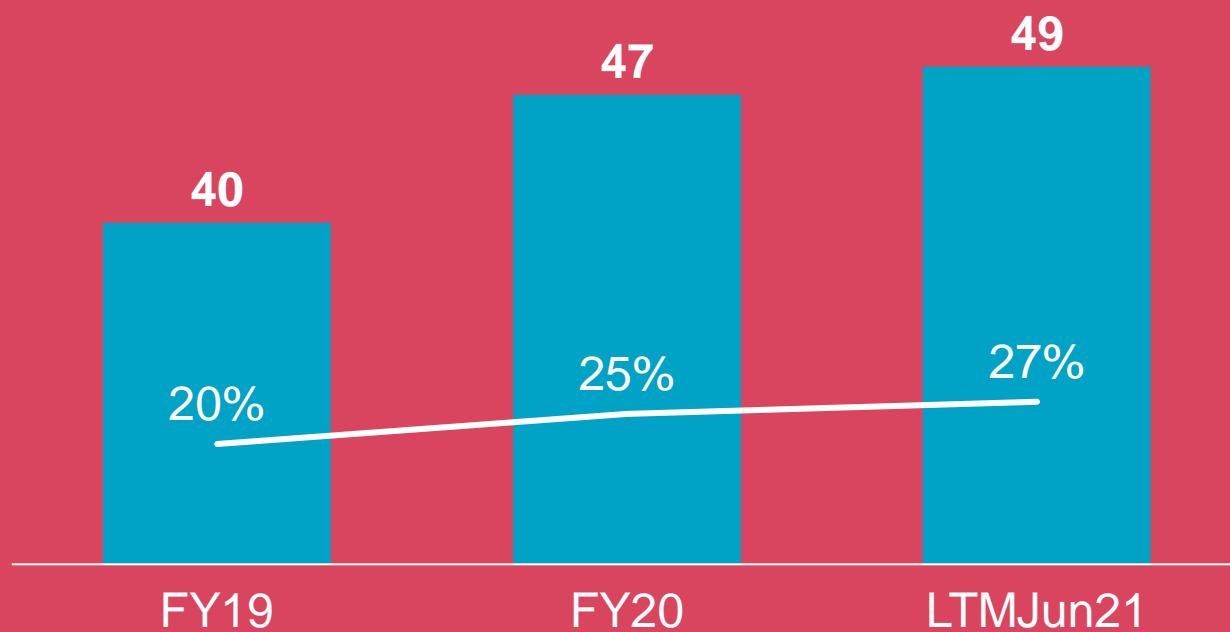


- Casual games combining **CL's leading game development expertise** with **licensed IPs** from top world entertainment brands
- Mostly **female oriented RPG** titles with **strong long term retention**
- Miraculous Ladybug & Cat Noir game reached **1m downloads in just 2 days** after release
- Most downloaded casual & lifestyle games in 2020:
  - **My Bakery Empire: 55m**
  - **Super Stylist: 49m**
  - **Miraculous Ladybug & Cat Noir: 47m**
- **Two Casual RPGs** currently in testing
  - Once Upon a Match
  - Yet to be announced game with ZAG interactive with the Ladybug license

# Casual & Lifestyle RPGs monetization model

(USDm)

■ Gross Casual Revenue  
— InApp % of Gross Casual Revenue



Note: Financials are based on CrazyLabs' financial year (Jan-Dec).



How  
**Crazy**  
Are  
You?














Hyper-Casual



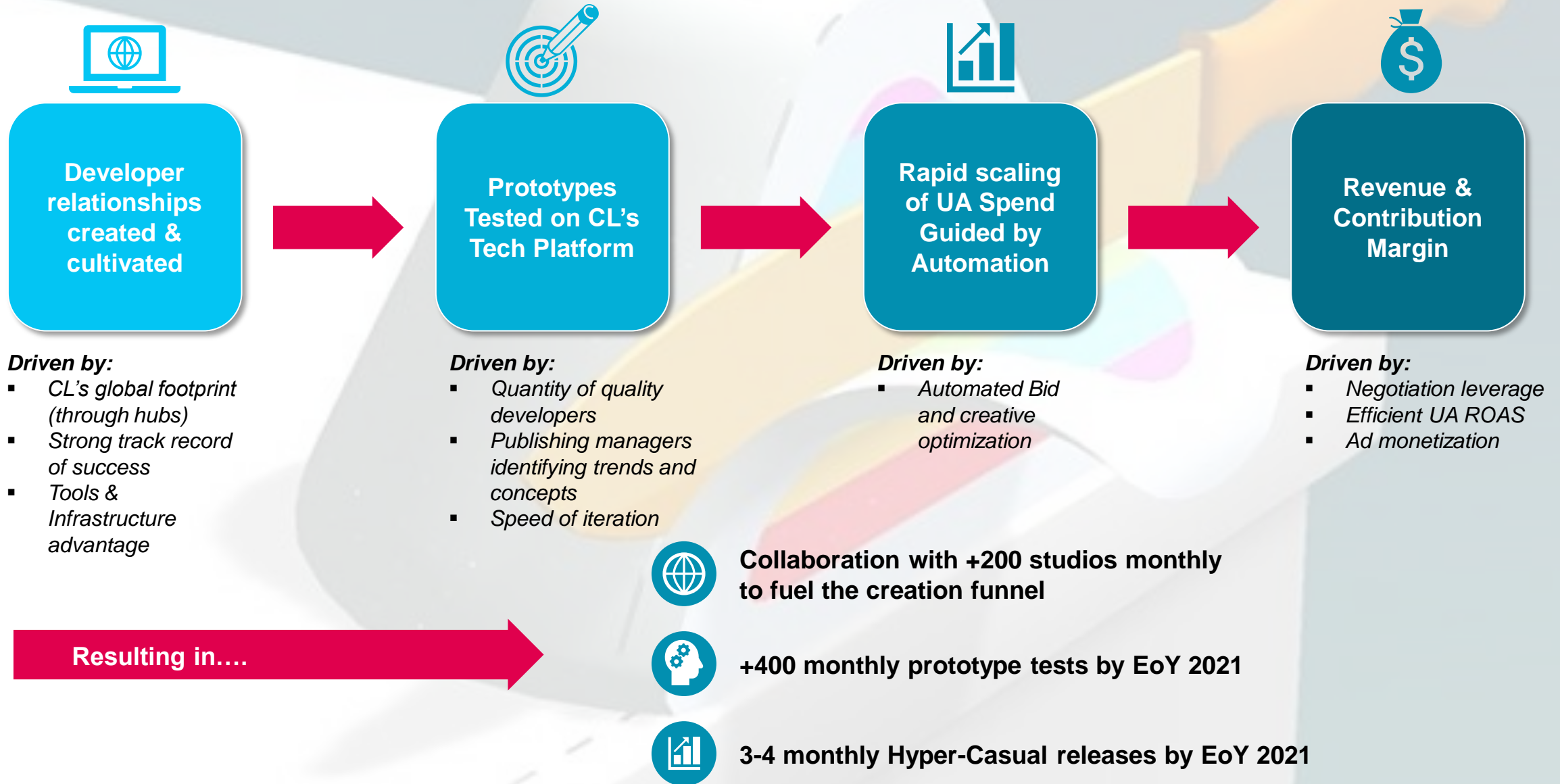
# Strong infrastructure enabling rapid Hyper-Casual growth

- Light weight, **instantly playable and widely appealing** games, ensuring user engagement and fast payback periods
- Focused on **recognizing shifts and trends** within the gaming sphere
- In total the Hyper-Casual games had **+480m** downloads in 2020, one of the fastest growing segments in the mobile industry
- Strong investments provides promising prospects to become **THE Hyper-Casual leader**
- Tie Dye reached **70m** downloads in 9 months

## RELEASES FROM 2020

				
<b>Dentist Bling</b>	<b>ASMR Slicing</b>	<b>Foot Clinic</b>	<b>Flip Jump Stack</b>	<b>Neon On</b>
Release: Jan 20	Release: Apr 20	Release: Apr 20	Release: Apr 20	Release: Jun 20
Downloads <sup>1</sup> : 43m	Downloads <sup>1</sup> : 87m	Downloads <sup>1</sup> : 43m	Downloads <sup>1</sup> : 25m	Downloads <sup>1</sup> : 12m
				
<b>Tie Dye</b>	<b>I Can Paint</b>	<b>Acrylic Nails</b>	<b>Rubber Band Cutting</b>	<b>DIY Phone Case</b>
Release: Jun 20	Release: Aug 20	Release: Sep 20	Release: Nov 20	Release: Dec 20
Downloads <sup>1</sup> : 102m	Downloads <sup>1</sup> : 19m	Downloads <sup>1</sup> : 70m	Downloads <sup>1</sup> : 15m	Downloads <sup>1</sup> : 76m
				
				<b>Diamonds Painting</b>
				Release: Dec 20
				Downloads <sup>1</sup> : 16m

# The CrazyLabs Hyper-Casual process





# Cutting-edge technology

- **Internally-developed BI system**, improves the development process through data analysis
- **Ad Monetization Management Dashboard**, efficiently handles ad profiling and AB testing procedures
- The **CrazyLabs Integration Kit**, accelerates the development process and provides transparency for developers
- **Automated User Acquisition**, provides automatic bid optimization and deep creative performance analysis in order to efficiently scale UA
- **Robust publishing infrastructure**, allows developers to self service to test marketability and experiment with their game

The image displays four overlapping screenshots of internal dashboards used for game development and monetization.

- CLIK Dashboard:** A top-level dashboard with a search bar, filters for date range and game test status, and a list of games including Defect Master, Snowball Flacer, Ball Defender 3D, Fire Art, Gold Digger Pranks, and ASMR Paintball Blaster.
- Crazy Labs Ad Profile Testing:** An "Experiment List" dashboard showing various AB testing experiments such as "Stylist\_Monetization\_2020...", "My Bakery Empire V1", and "ASMR\_Slicing\_1.7.0\_fixed". Each experiment card includes details like the game name, test type, date range, and status (e.g., "STOPPED").
- Crazy Bil:** A dashboard for bid optimization, featuring a date range selector (22/12/2020 - 22/12/2020) and filters for game, network, and country.
- Game Test List Table:** A table showing detailed test results for "Acrylic Nails!" in three different countries (ZA, IT, DE). The table includes columns for date, game, country, network, campaign, site ID, previous bid, and new bid.

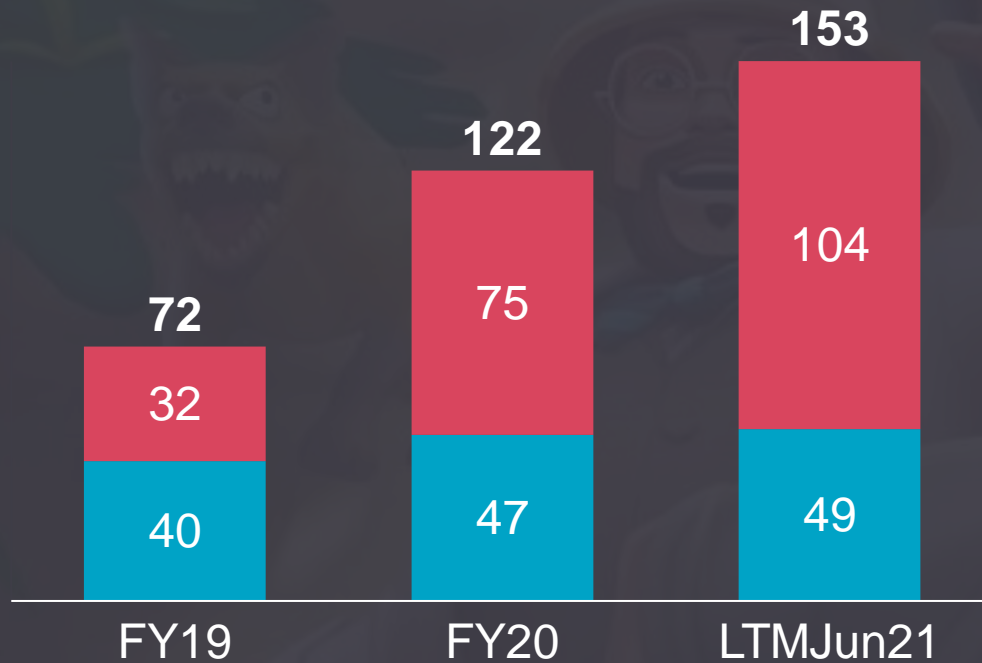
DATE	GAME	COUNTRY	NETWORK	CAMPAIGN	SITE ID	PREVIOUS BID	NEW BID
22.12.20	Acrylic Nails!	ZA	AppLovin	Acrylic Nail...	bed6c796b517df6844ea...	0.07\$	0.07\$
22.12.20	Acrylic Nails!	IT	AppLovin	Acrylic Nail...	cb182352e01b09de4218...	0.05\$	0.05\$
22.12.20	Acrylic Nails!	DE	AppLovin	Acrylic Nail...	9ca8c30b08012e4f8c6d...	0.16\$	0.16\$

# Financial overview and new home within the Embracer Group

## FINANCIALS

(USDm)

- Gross Hyper-Casual Revenue
- Gross Casual Revenue



## POST DEAL CORPORATE STRUCTURE



### DEAL TERMS

- Embracer acquires 100% of the shares in CrazyLabs
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management is retained through 8-year alignment
- The parties have agreed not to disclose the terms



# Acquisition rationale

**1** Adds a **strong entrepreneur-driven team** with proven track record in multiple mobile categories with **significant organic growth trajectory**

**2** Significantly increases **size of user base and scale of UA**. Combined Embracer mobile business will increase marketing efficiency, cross promotion opportunities and purchasing leverage

**3** Synergies with DECA will accelerate CrazyLabs efforts in **live operations** & improve DECA's **publishing capabilities**

**4** **Enhanced M&A opportunities** in the hyper-casual and casual mobile genres



# Embracer Group acquires Ghost Ship Games

Coffee  
Stain



**GHOST SHIP**  
GAMES



## Today's speakers:



**Søren Lundgaard**  
CEO, co-founder  
Ghost Ship Games



**Mikkel Martin Pedersen**  
Creative Director, co-founder  
Ghost Ship Games



**Anton Westbergh**  
CEO, co-founder  
Coffee Stain Studios

**DANGER. DARKNESS. DWARVES.**



# The team behind critically acclaimed Deep Rock Galactic

## COMPANY OVERVIEW

**2016**  
Founded



Denmark  
Copenhagen



**26**  
Employees

## THE TEAM



## CO-FOUNDING MANAGEMENT



**SØREN LUNDGAARD**  
CEO



**MIKKEL MARTIN PEDERSEN**  
Creative Director



**HENRIK EDWARDS**  
CTO



**JONAS MØLLER**  
Technical Director



**PHILIP MYGIND**  
Lead Programmer



**ROBERT FRIIS**  
Art Director



# Award-winning Deep Rock Galactic

## DEEP ROCK GALACTIC

- Co-op FPS game published by Coffee Stain
  - Development engine: Unreal
  - Early access / Game Preview in 2018
  - Fully released in May 2020
- 2m+ units sold across all platforms (as of Jan 2021)



**85**  
Metascore

**8.1**  
User Score

PC

**83**  
Metascore

**8.2**  
User Score

XBOX ONE

**46k**  
DAU

**310k**  
MAU

**+1m**  
Steam  
followers

9/10  
IGN

9/10  
EUROGAMER

**“AN ABSOLUTE GEM”**  
ROCK PAPER SHOTGUN

**INDIE GAME OF THE YEAR**  
2021 SXSW Gaming Awards

Overall since launch  
**97% POSITIVE REVIEWS**

430 out of 75 265 total reviews  
on Steam

Steam250.com overall  
**RANK #42**

best Steam games of all time  
according to gamer reviews



# Deal structure and acquisition rationale

## ACQUISITION RATIONALE

**Solid financial development and profitability**

**Highly passionate team with track record of creating successful IP**

**Close relationship and collaboration with Coffee Stain will continue**

**Embracer Group will support Ghost Ship Games' growth journey going forward**

## POST DEAL STRUCTURE

**EMBRACER+  
GROUP**

*Coffee  
Stain*



Ghost Ship Games will operate as a sister company to Coffee Stain

## DEAL TERMS

- Embracer acquires the remaining 70% of Ghost Ship Games
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management is retained through 8-year alignment
- The parties have agreed not to disclose the terms



# Embracer Group acquires Easy Trigger Games

Coffee  
Stain



EASY TRIGGER GAMES



**Today's speaker:**



**Anton Westbergh**  
CEO  
Coffee Stain Studios



# A critically acclaimed game studio

## Talented team with proven ability to create strong IPs

 **2016**  
Founded

HQ in Sweden

 **5**  
Employees

Trollhättan 

## Games portfolio

**HUNTDOWN**

  
EASY TRIGGER GAMES  
IP owner

*Coffee Stain*  
Publisher



## Platforms



## Deal terms

- Coffee Stain acquires 100% of the shares
- Upfront purchase price: a mix of cash and shares
- Earnout consideration: based on operational and financial goals for 8 years
- The parties have agreed not to disclose the amount

## Strategic focus and deal rationale

- Continued focus on development of creative indie games as an independent studio under Coffee Stain
- Already established relationship with Coffee Stain
- Increased 1<sup>st</sup> party development capabilities
- Original IP that will strengthen the Coffee Stain brand



# Embracer Group, through Koch Media subsidiary Vertigo Games, acquires Force Field VR



### Today's speakers:



**Arthur Houtman**  
CEO  
Force Field



**Martin de Ronde**  
Creative Director  
Force Field



**John Coleman**  
Dir. Of Business Dev.  
Vertigo Games



# A pioneering AAA VR studio

## Experienced team with strong development capabilities

 **2015**  
Founded

HQ in Netherlands

 c. **65**  
Employees



## Games portfolio and project extract

**11**  
owned portfolio IPs



Jul 2020  
 oculus



Jul 2020  
 oculus

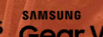


Jul 2020  
PlayStation.VR



Dec 2019  
 oculus



May 2018  
 oculus 



May 2017  




Feb 2017  
 oculus

Note: Star Trek IP not owned by Force Field

## Deal terms

- Vertigo Games acquires 100% of the shares
- Upfront purchase price: a mix of cash and shares
- Earnout consideration: based on operational and financial goals for 5 years
- The parties have agreed not to disclose the amount

## Strategic focus and deal rationale

- Continued focus on development of innovative VR games as an autonomous studio under Vertigo Games
- Increased 1<sup>st</sup> party VR development capabilities to fuel more rapid growth in the VR market
- Pipeline of multiple AAA VR game productions



# Embracer Group acquires DigixArt

KOCH MEDIA

DIGIX ART

## Today's speakers:



**Yoan Fanise**  
Founder, Creative Director  
DigixArt



**Anne Laure Fanise**  
Founder, CFO  
DigixArt



**Klemens Kundratitz**  
Co-founder, CEO  
Koch Media





# Award winning creative team focused on narrative games

**Studio based in vibrant gaming city  
lead by experienced founders**

**2015**  
Founded



**21**  
Employees  
incl. freelancers

## Games development and portfolio



**Lost in Harmony**  
Released 2016  
IP owner



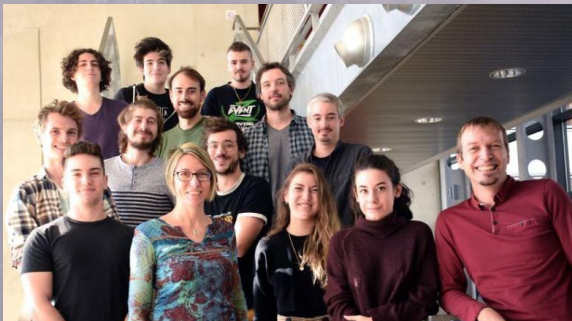
**11-11 Memories Retold**  
Released 2018  
Creator & Developer



**Road 96**  
To be released on Aug 16th, 2021  
IP owner



## The Team



A mix of **veterans** from the AAA industry and **young talents** with high potential

## Deal terms

- Koch Media acquires 100% of the shares
- Purchase price is based on upfront and earnout components for 6 years and consist of a mix of cash and shares
- The parties have agreed not to disclose the amount



# Embracer Group acquires Slipgate Ironworks and 3D Realms

## Today's speakers:



**Frederik Schreiber**  
Founder, CEO of Slipgate Ironworks  
CEO of 3D Realms



**Tim Willits**  
CCO  
Saber Interactive





# Studio with rich heritage and strong development capabilities

## Slipgate in brief

**2017**

Founded



c. **100**

**Developers including contractors**

**HQ**  
Aalborg, Denmark



## Deal terms

- Acquisition of 100% of the shares in Slipgate, including existing 40% ownership in 3D Realms
- Purchase price structure is based on an upfront payment as well as earnout components, and contains cash and shares
- Management retained through 6-year alignment
- The parties have agreed not to disclose the terms

## Games development and portfolio extract

**AAA-Indie**

Genre



Engines



Platforms and Partners

Current projects

★ AAA RTS  
★ AAA FPS  
+ a number of unannounced projects

Notable recent projects 2019-2021

★ ★  
upcoming AA porting project from THQ Nordic

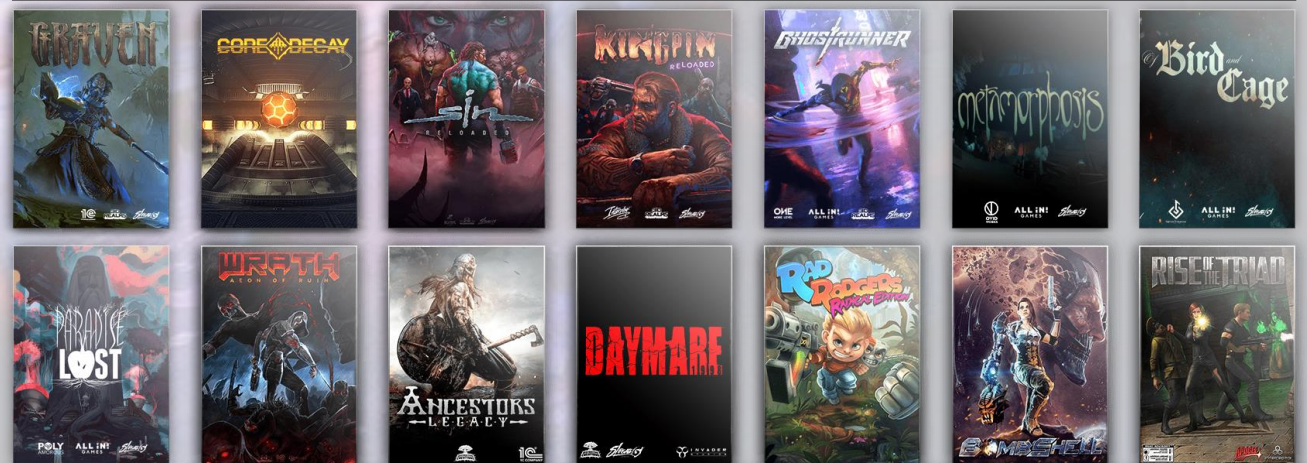


Co-Development  
All console ports (current, next-gen)



Original IP  
Development for PC/Consoles

Portfolio 2013-2020



Slipgate has worked with several entities within Embracer Group



# Game publishing and distribution heritage – built up during 35 years

**1987**  
Founded



**7**

Employees

**Incl. US and Denmark**

**HQ**  
Aalborg, Denmark



## Deal terms

- Acquisition of 60% of the remaining shares
- Purchase price is paid with cash and shares
- Includes earnout consideration based on financial targets over 3 years
- The parties have agreed not to disclose the terms

## Most recent published titles



Owned IP

Owned IP

## A successful partnership that has already started



3D Realms has worked with Sabar on several titles



# Acquisition rationale and post-deal structure

## ACQUISITION RATIONALE

**Founder-led development and publishing studios with significant experience and ambition to expand**

**Highly passionate teams with excellent track record of publishing, development and porting of games across genres and platforms**

**Longstanding relationships with Saber that will be explored further**

**Focus remain on new IP development and business expansion**

**Embracer Group will support Slipgate and 3D Realms on their growth journeys going forward**

## POST DEAL STRUCTURE

**EMBRACER+  
GROUP**



**SABER**  
I N T E R A C T I V E



Slipgate and 3D Realms will operate as subsidiaries under Saber

# Embracer Group acquires



*Today's speaker:*



**Lars Wingefors**  
CEO, co-founder  
Embracer Group



# E-commerce specialist within high-quality Viking merchandise

## Company overview

2014

Founded



HQ, Karlstad

12  
FTEs



**Ismo Arvenhav**  
CEO  
Co-founder



**Stefan Sjöberg**  
Co-founder



**Johan Hegg**  
Co-founder

## Deal terms

- Embracer acquires 70% of the shares, founders remain with 10% ownership each
- Purchase price is paid in cash upfront
- The parties have agreed not to disclose the amount

## Large community of fans



+1m followers



190k followers



70k followers



iOS app

**Valuable knowledge and experience within global B2C e-commerce**



## A global and well-known brand

- the transactions enables further collaboration with other "Viking-themed" games within Embracer Group

Supplied TV and movie productions

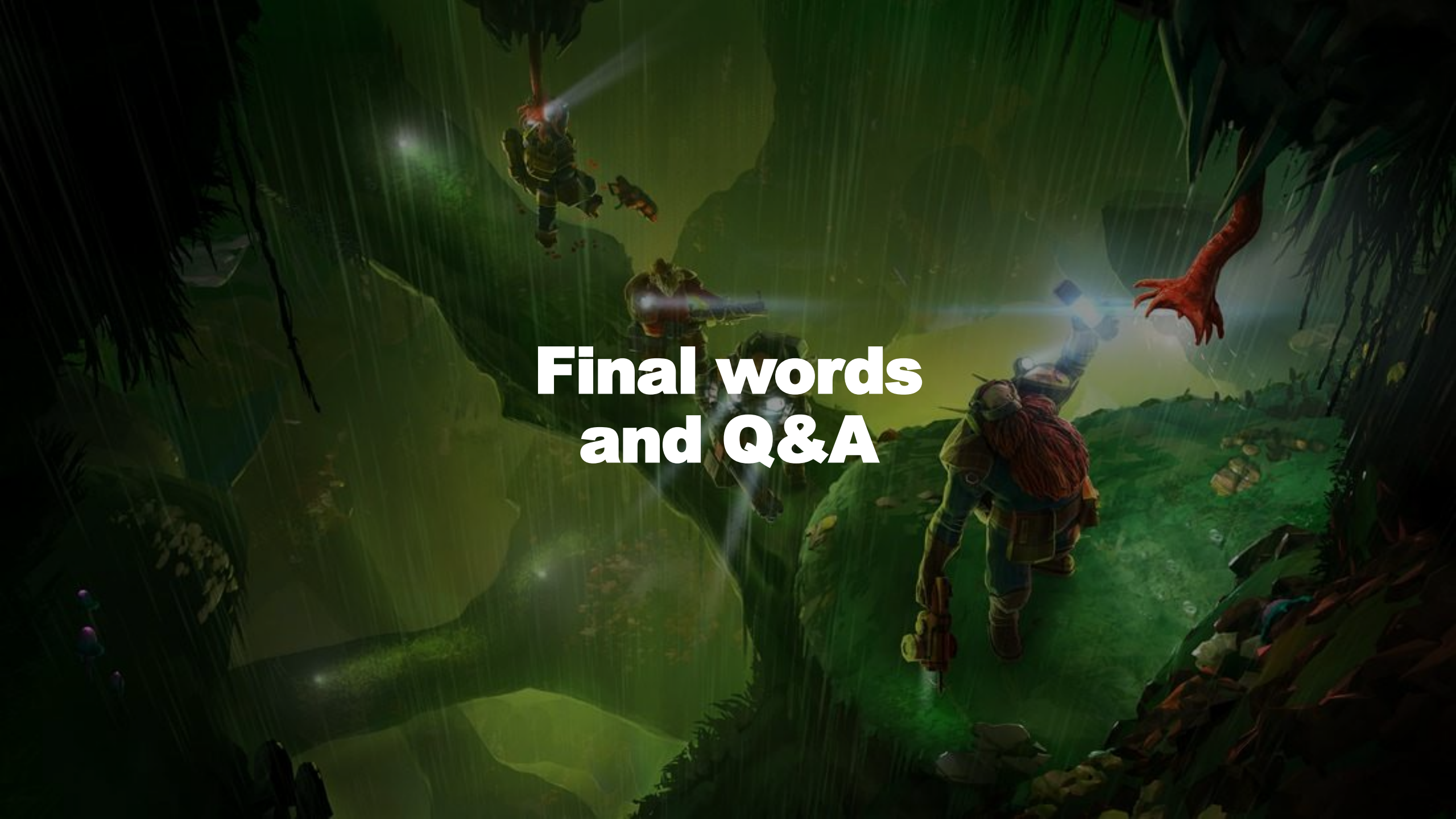


Crafted reproductions for museums



Merchandise for brands



The background image is a dark, atmospheric scene from a video game. It depicts a cave or a dense, dark forest at night. Several characters are visible, each holding a flashlight that illuminates the surrounding environment. The lighting is primarily green and blue, creating a moody and mysterious atmosphere. In the upper right, a large, red, clawed hand reaches down from the darkness. The overall scene suggests a tense or dangerous situation, possibly a rescue or a confrontation.

# Final words and Q&A



# EMBRACER+ GROUP