

Embracer Group

Interim report

Q1 FY22/23

August 18, 2022





Q1 FY 22/23

Net sales Group
SEK 7,118m
 ORGANIC GROWTH **
- 12%

YOY GROWTH
107%
 PRO FORMA GROWTH
- 6%

Adjusted EBIT
SEK 1,322m
 YOY GROWTH
3%

First IFRS report

-  PC / CONSOLE GAMES
-  MOBILE GAMES
-  TABLETOP GAMES
-  ENTERTAINMENT & SERVICES

Adjusted EBIT forecast *

Management reiterates the forecast for adjusted EBIT the coming financial years

SEK 9,200m – 11,300m **FY 22/23**

SEK 10,300m – 13,600m **FY 23/24**

SAINTS ROW
 August 23rd

Pipeline projects
222
 whereof 167 unannounced

AAA projects
25+
 planned for release until March 2026


Acquisitions
 announced after Q1

THE LORD OF THE RINGS

THE HOBBIT

LIMITED RUN

TRIPWIRE


 tuxedo labs

Cash & credit facilities
SEK 20.0b
 by the time of this report

New Sustainability goals

Selected revenue driver
EVIL DEAD THE GAME


gamescom

KOCH MEDIA
 ↓
PLAION

twin salls
 interactive

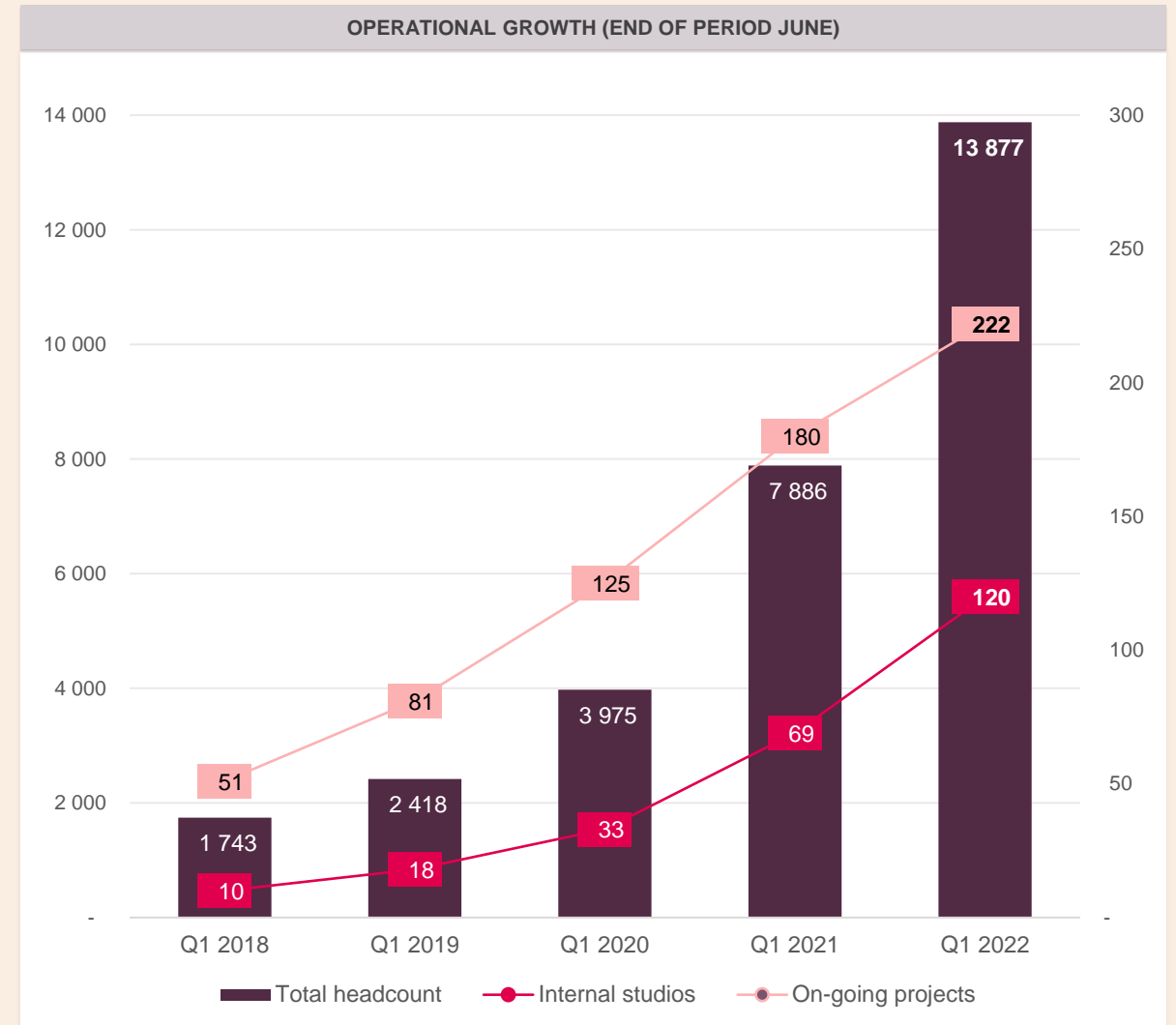
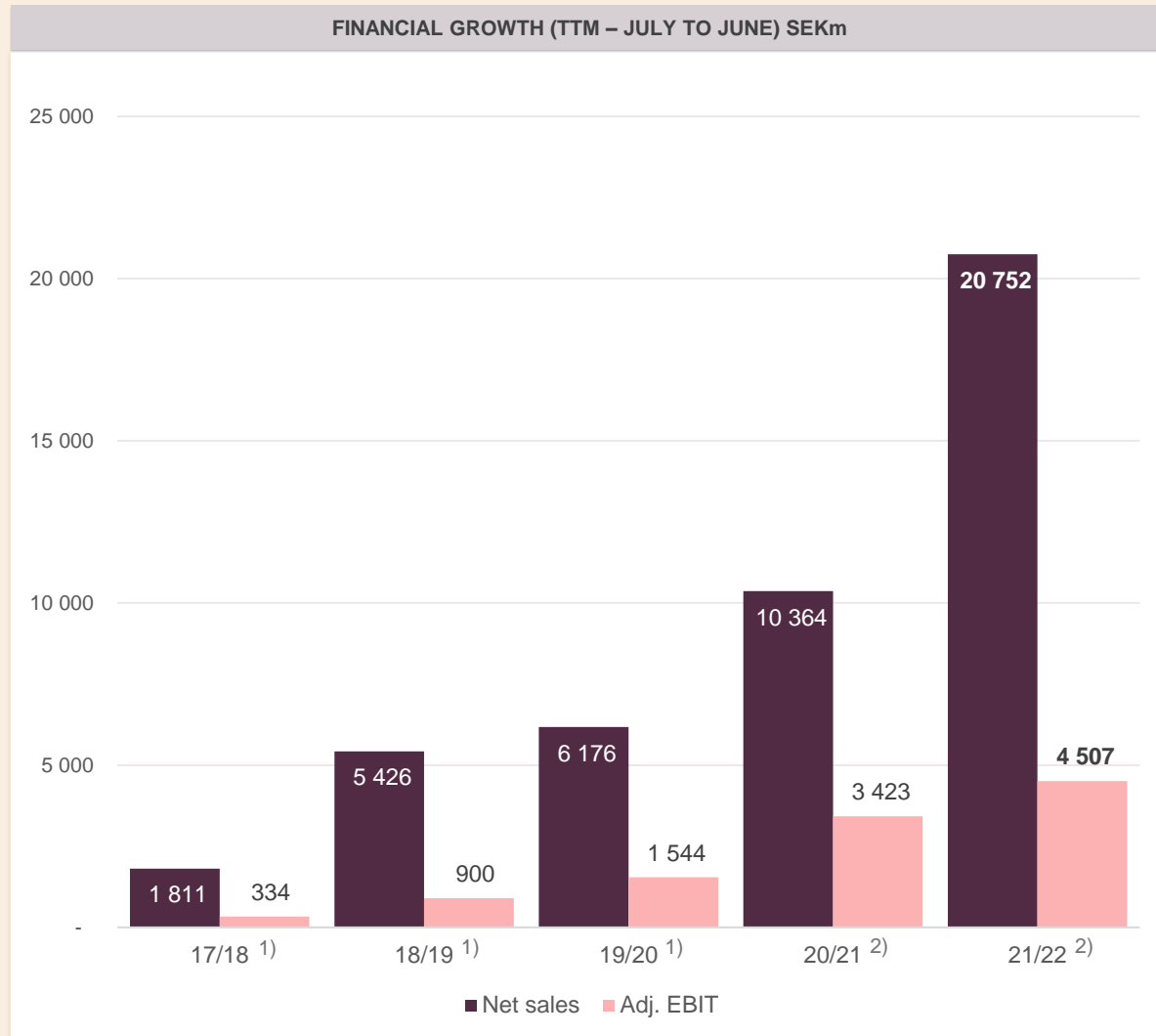
PIPELINE

DEAD ISLAND 2 **Goat Simulator 3** **ALONE IN THE DARK** **ALL ELITE WRESTLING AEW** **DESTROY ALL HUMANS! 2**

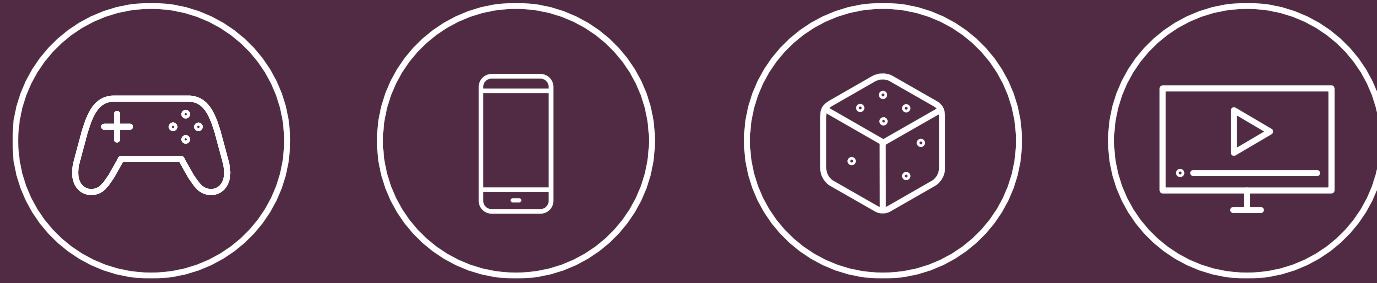
Operative groups
11
FREEMODE
 BY EMBRACER

*The forecast for the financial years 2022/23 and 2023/24 excludes Beamdog, Eidos, Crystal Dynamics and Square Enix Montréal / ** Does not include the segment Tabletop Games

Continued growth



1) According to previous reporting standards. 2) According to International Financial Reporting Standards (IFRS).



1. Segments

Operative groups by segment

PC / CONSOLE GAMES (AAA ▪ AA+ ▪ Indie ▪ Free-to-play ▪ MMO ▪ Asset care ▪ VR ▪ Work-for-hire)

Internal Headcount: 8,234 | Internal Studios: 86 | IP: 243













MOBILE GAMES (Free-to-play ▪ Pay-to-play)

Internal Headcount: 1,117 | Internal Studios: 11 | IP: 41



TABLETOP GAMES (Board games ▪ Trading card games)

Internal Headcount: 2,388 | Internal Studios: 22 | IP: 369





ENTERTAINMENT & SERVICES (Comic books ▪ Film ▪ TV ▪ e-Services ▪ Merchandise ▪ Distribution)

Internal Headcount: 689 | Internal Studios: 1 | IP: 163



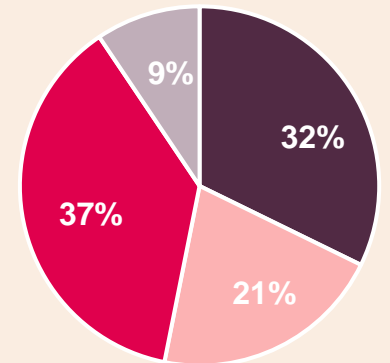




NET SALES SPLIT

Q1 FY 22/23

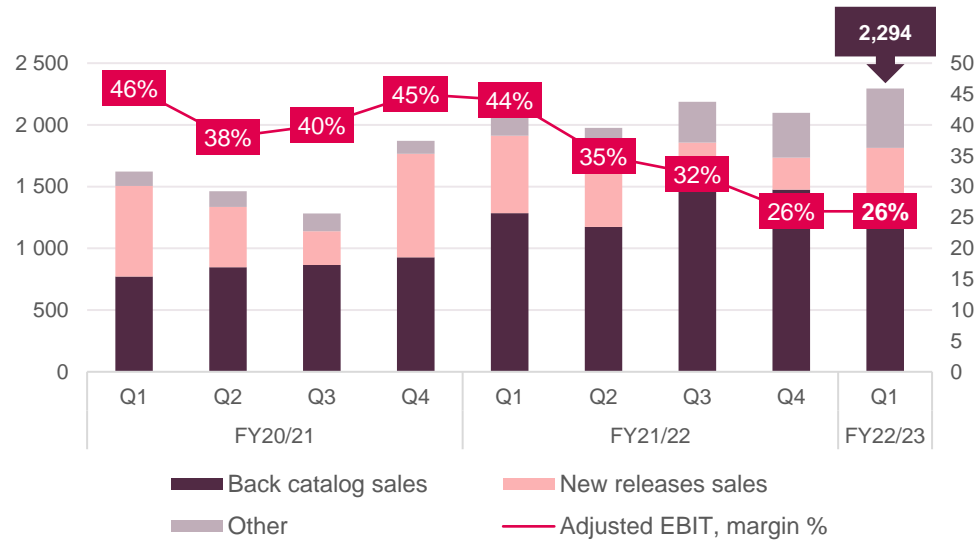
-  PC / CONSOLE GAMES
-  MOBILE GAMES
-  TABLETOP GAMES
-  ENTERTAINMENT & SERVICES



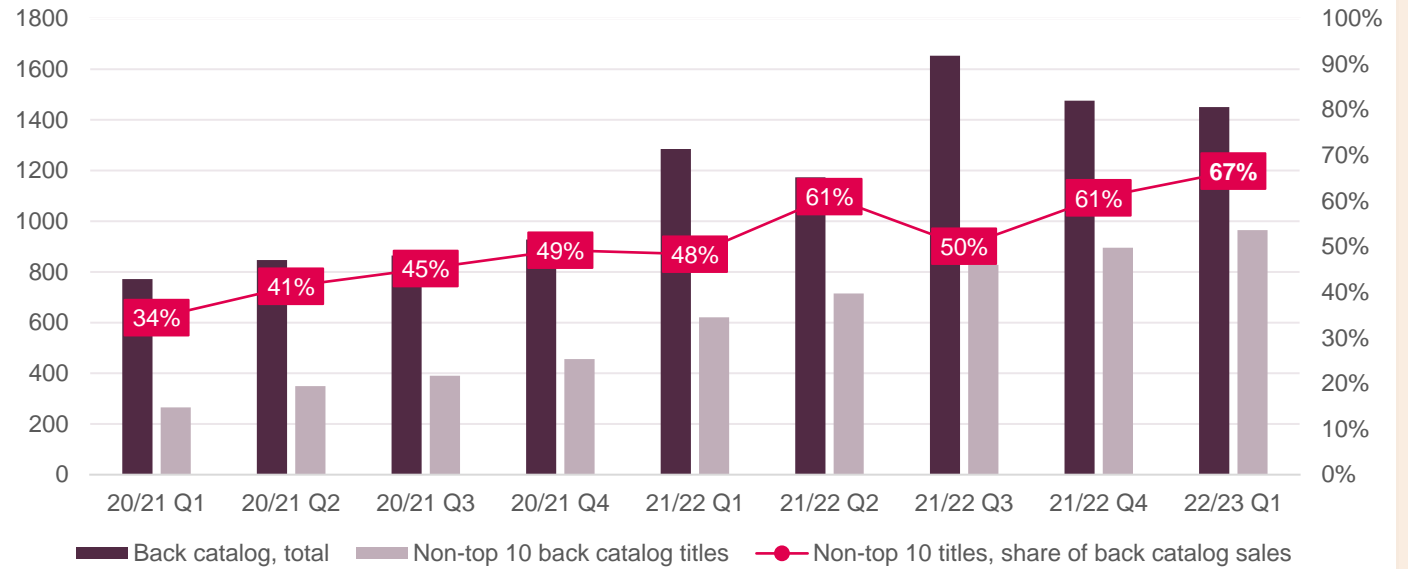


PC / Console Games

NET SALES REVENUE SPLIT SEK (million)



NON TOP 10 BACK CATALOG TITLES SEK (million)



NEW RELEASES



OPERATIVE GROUPS



SELF MADE
SAINTS ROW



LAUNCH MOMENTUM

The biggest and most ambitious
Saints Row is primed for takeoff!

- ✓ Successful Launch Boss Factory
- ✓ Pre-orders performing to 118% of target
- ✓ Strong final hands-on previews and blanket top-tier coverage.
- ✓ Pre-orders performing to expectation
- ✓ Kicked off Global Marketing Campaign

“Saints Row is shaping up to be a powerful
return to form for the franchise”

Windows Central

“Fear not. The Saints Row reboot is just as
ridiculous as previous games”

Eurogamer

GLOBAL REACH



TV SPOT

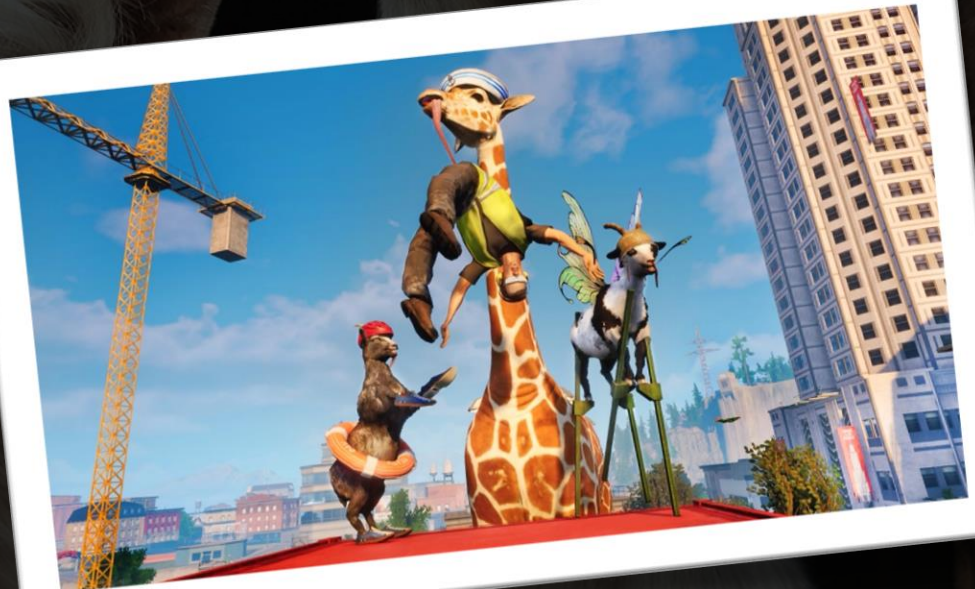


The background of the image features three white goats with prominent, curved horns. They are positioned in a dark, possibly wooden, enclosure. The goat on the right is looking towards the right, while the other two are looking forward. The overall lighting is dim, creating a moody atmosphere.

Goat Simulator 3

Goat Simulator 3

- The one and only **Pilgor** is back!
- Coming **November 17th** to **EGS, PS5** and **Xbox Series X/S**
- Gameplay trailer will be shown at **Gamescom Opening Night Live** on the **23rd August**
- TikTok ❤️ Goat Simulator - **587K** followers and **4.7M** likes



Goat Simulator 3

Online Multiplayer

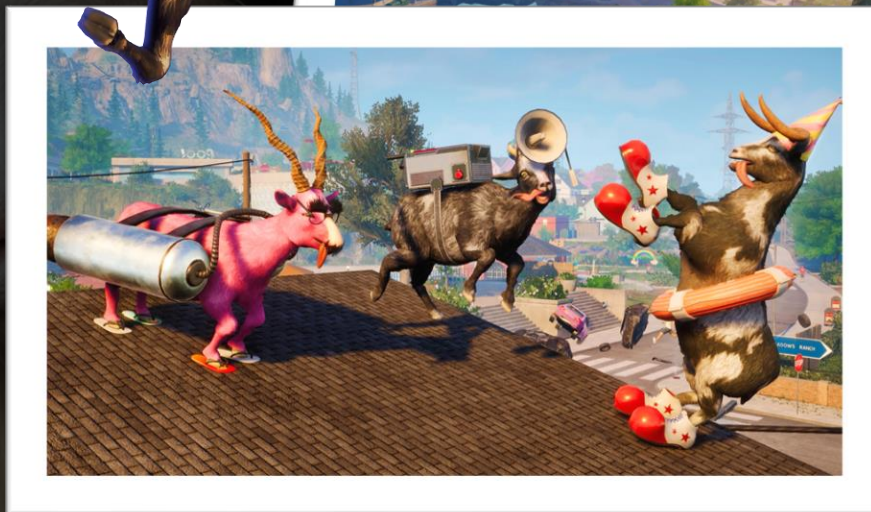
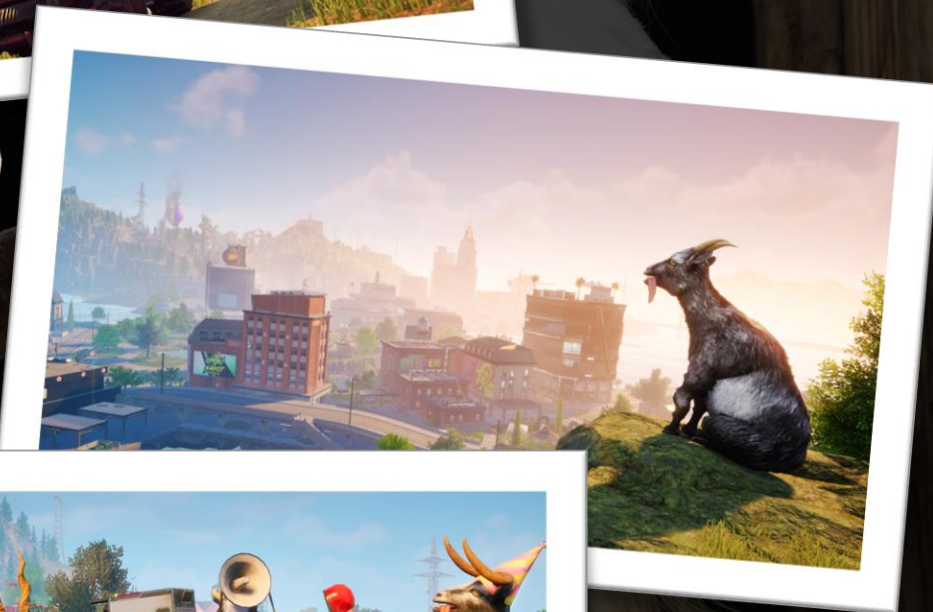
- Up to 4 players (online or split screen)
- 7 unique **Minigames**
- Wreak havoc together or annoy each other

Sandbox

- New large world to explore!
- Tons of **Quests**
- Lots of destruction and chaos
- Play with fire, electricity, oil and more

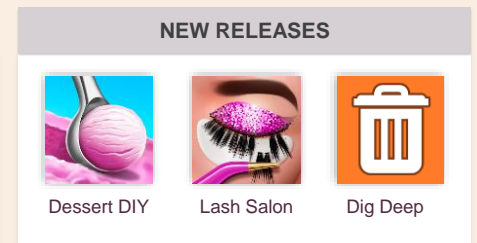
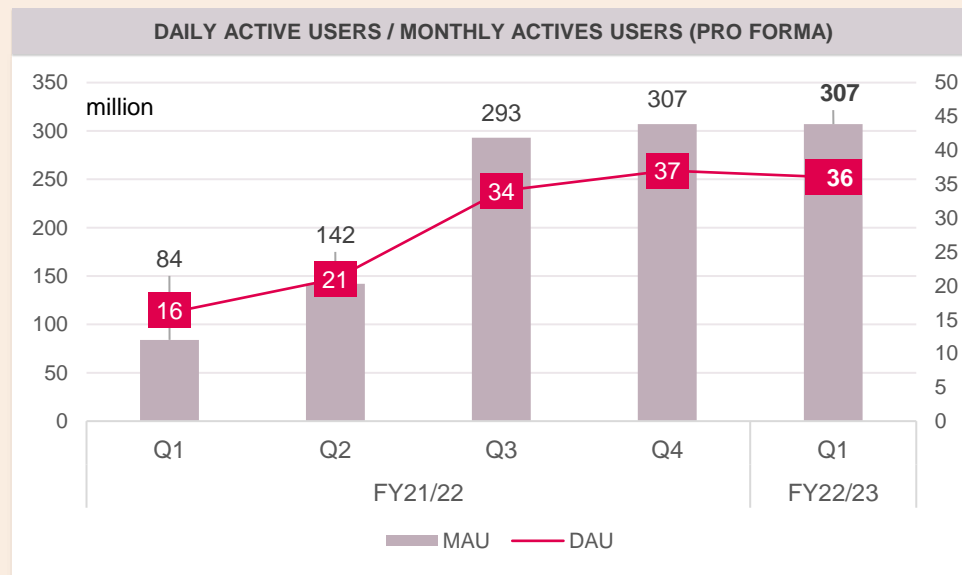
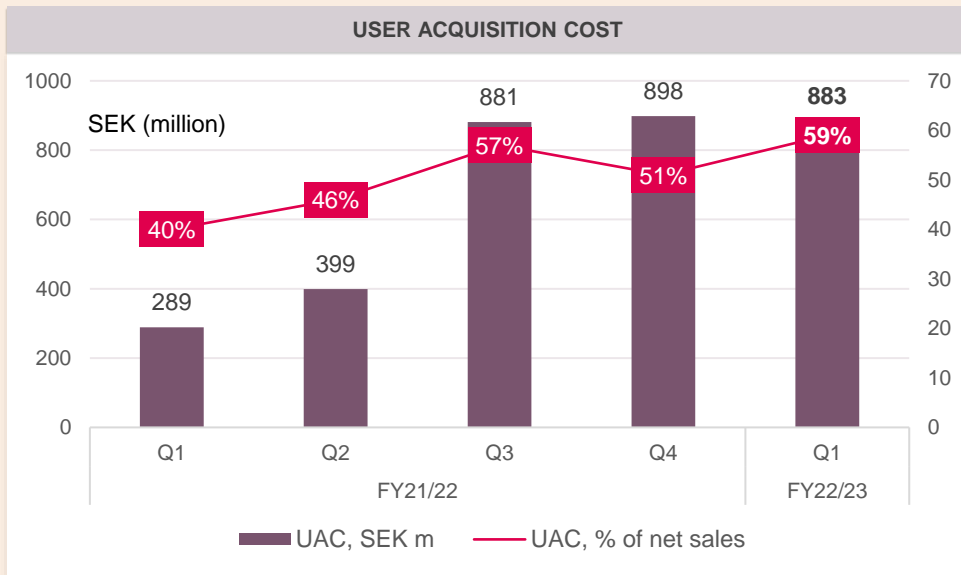
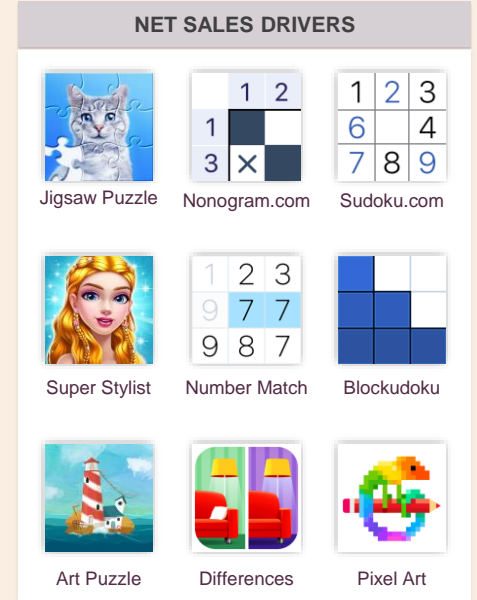
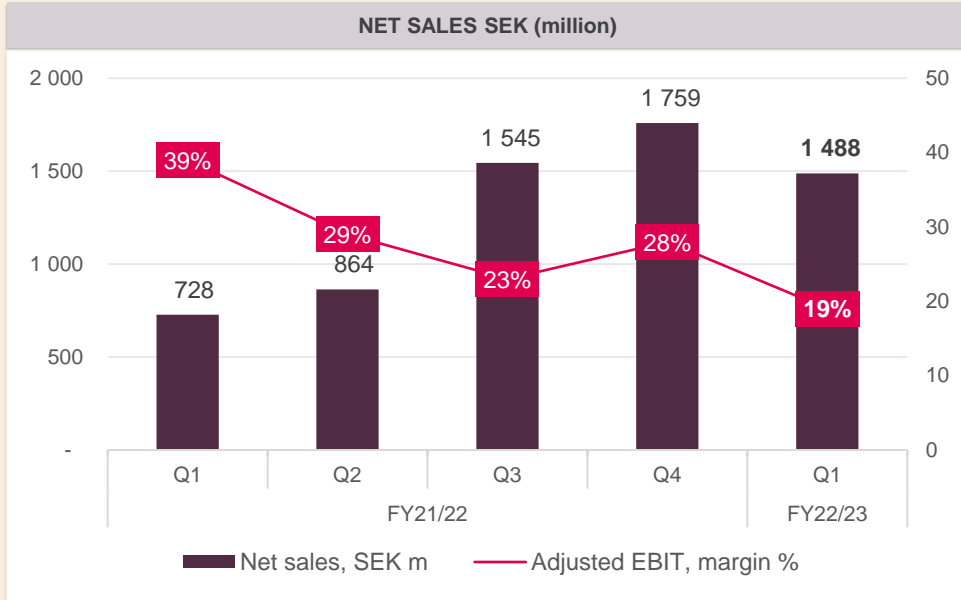
Customization

- 7 customization slots
- 11 different types of goats
- 350+ different **Goat Gears**
- Some with unique abilities





Mobile Games



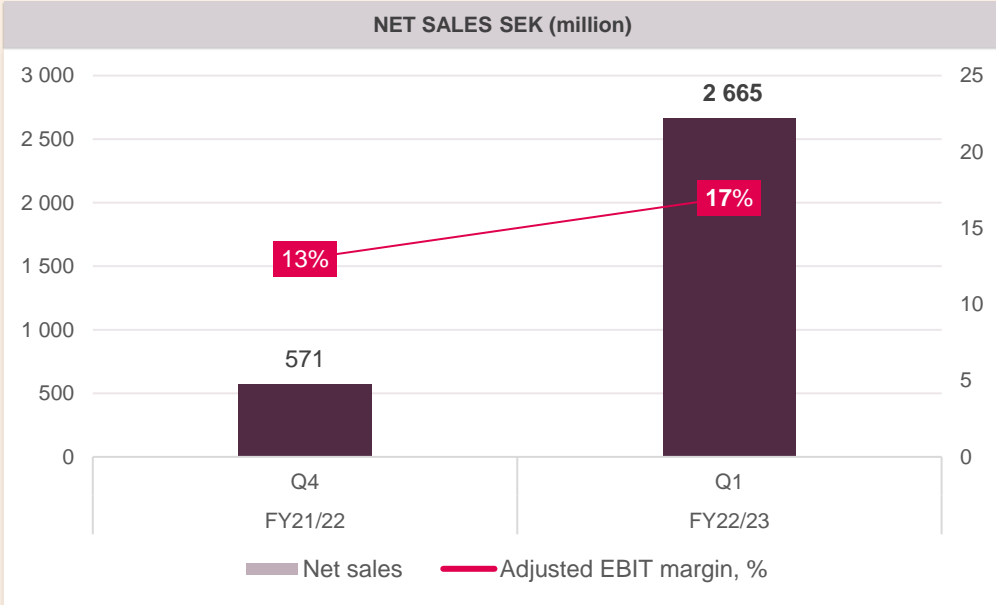
OPERATIVE GROUPS

DECA

Easybrain



Tabletop Games



SELECTED NET SALES DRIVERS

So Clover was named Party Game of 2021 at Board Game Geek

15 Synergy projects identified

Solid M&A pipeline

Launched **Catan** ranking #1 in terms of hours played.

Launched **Exploding Kittens** on Netflix.

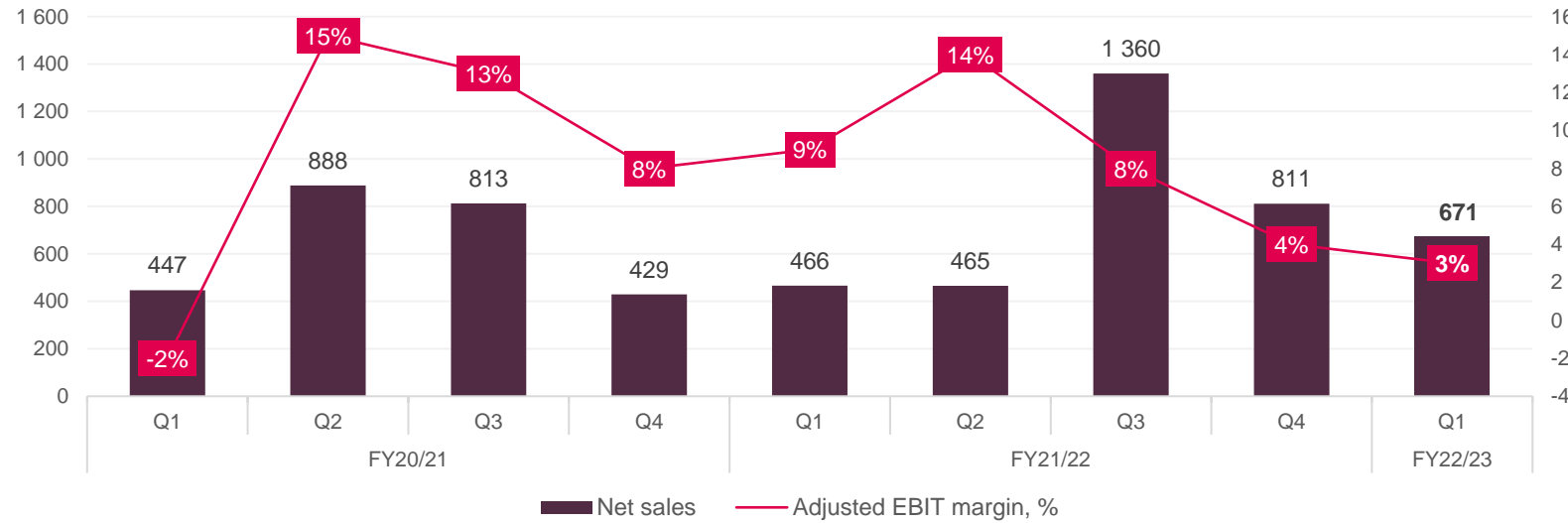
INTERNAL STUDIOS





Entertainment and Services

NET SALES SEK (million)



The Umbrella Academy Season 3, based on the Dark Horse comic book series, made its debut on Netflix.

Dark Horse Entertainment announced that its partnership with Netflix had been extended for several years.

Plaion Pictures won two of the main awards at the Cannes film festival (*Broker* and *Decision to Leave*)

The main revenue contributors during the quarter were in falling order:

- Plaion Partner Publishing
- Dark Horse
- Plaion Pictures
- Grimfrost, Game Outlet and Quantic Labs

OPERATIVE GROUPS

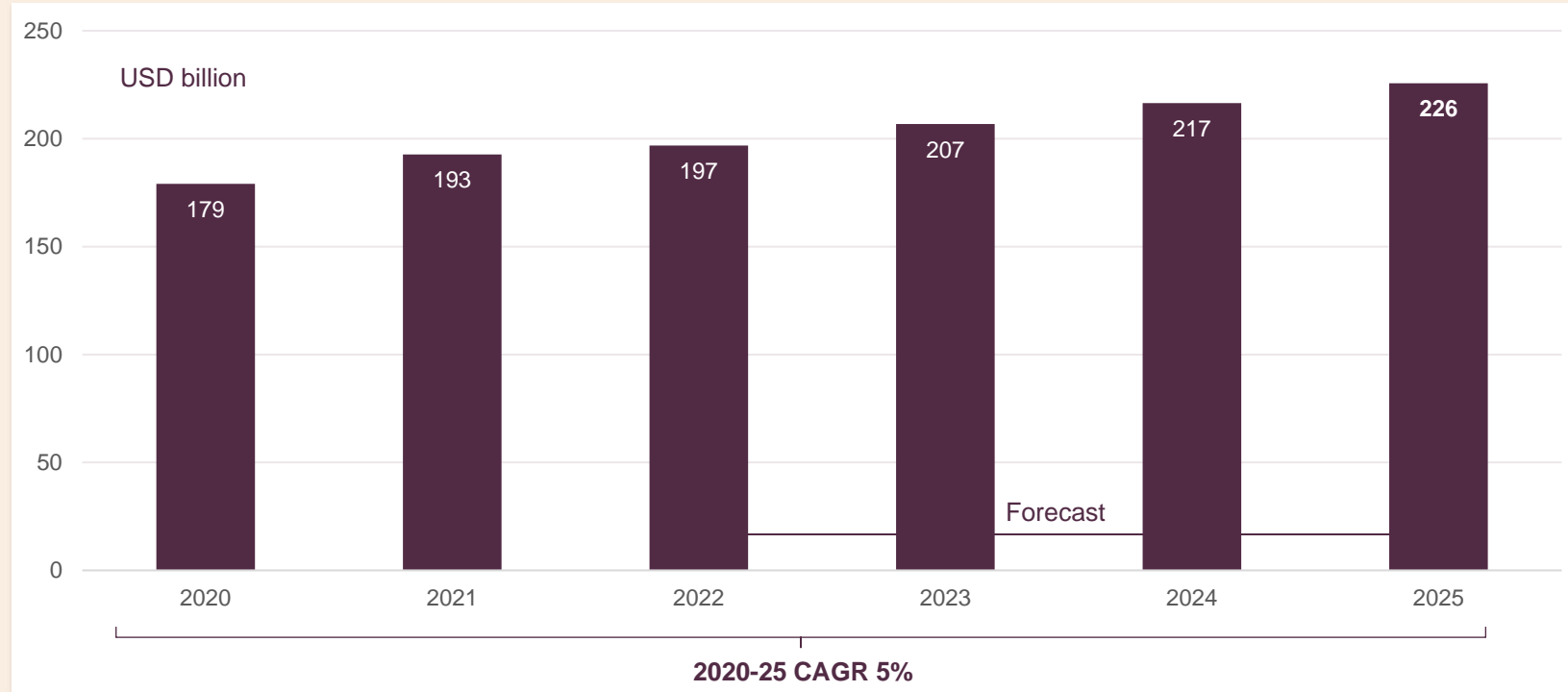


COMPANIES



Market update

GLOBAL GAME REVENUE



GLOBAL MARKET KPIS

<p>PC market*</p> <p>+2% YoY</p>	<p>Console market*</p> <p>-2% YoY</p>
<p>Mobile gaming* expected to grow by</p> <p>+5% YoY</p>	<p>Tabletop market</p> <p>Remained flat in Q1 in line with full-year estimates</p>

- The global games market is predicted to generate USD 197 billion in 2022, a growth by 2% YoY
- This represents a slight downward revision of previous 2022 forecasts (+5% YoY), mainly driven by a lower forecast for console games.

2. Financial Performance

A vibrant, futuristic racing track scene. In the foreground, a sleek, purple and blue race car with glowing blue accents is shown in motion, leaving a blue motion blur trail. The track is a bright cyan color with a white center line. In the background, a large crowd of spectators is visible, and a building with a sign that reads "MOTOR" is partially visible. The sky is a mix of purple and blue, suggesting a sunset or sunrise. The overall atmosphere is dynamic and high-tech.

Key PNL Metrics

SEK million	Q1 FY22/23	Q1 FY21/22	YOY GROWTH	YOY ORGANIC GROWTH	YOY PRO FORMA GROWTH
Net sales	7,118	3,433	107%	-12%	-6%
Net sales – PC / Console Games	2,294	2,239	2%	-21%	-23%
Net sales – Mobile Games	1,488	728	104%	20%	11%
Net sales – Tabletop Games	2,665	-	-	-	6%
Net sales – Entertainment & Services	671	466	44%	-22%	-12%
Adjusted EBIT (margin %)	1,322 (19%)	1,279 (36%)	3%	-	-
Adjusted EBIT – PC / Console Games	602 (26%)	984 (44%)	-39%	-	-
Adjusted EBIT – Mobile Games	277 (19%)	287 (39%)	-3%	-	-
Adjusted EBIT – Tabletop Games	445 (17%)	-	-	-	-
Adjusted EBIT – Entertainment & Services	21 (3%)	40 (9%)	-48%	-	-
Adjusted EPS, SEK	1.04	1.01	3%		
Adjusted EPS after full dilution, SEK	0.96	0.96	0%		

Transition to IFRS

- The transition to IFRS is an important workstream in the process of changing listing venue but does not change the way we conduct business or measure underlying performance.
- Best way to measure the underlying operational performance of Embracer is through **Adjusted EBIT** (previously Operational EBIT). The transition to IFRS has an immaterial impact on Adjusted EBIT, but the definition is different, since acquisition related expenses are accounted for differently under IFRS.
- **Adjusted EBITDA**; due to the accounting treatment of certain earnouts under IFRS, we have added a new APM (Alternative Performance Measure) in our reporting to get a relevant measure of underlying operational cash flow generation.
- **Segment reporting**; the reporting now consists of four segments for which we disclose net sales, adjusted EBIT and additional information where applicable to facilitate understanding of the business performance from a segment perspective.

Information about the transition is available in our quarterly report;

- An overview in the **transition to IFRS, page 5**,
- Details are available in **note 10 – Transition to IFRS**. There is bridges for key financial reports (PL, BS and CF) and an explanation to the different steps in moving from K3 to IFRS.

Questions? ir@embracer.com

Adjusted EBIT and Adjusted EBITDA

Adjusted EBIT and Adjusted EBITDA 21/22, SEKm	IFRS	K3	Variance	Index
EBITDA	1,667	6,135	-4,468	
Remeasurement of participation in associated companies	-416	-418	2	
Remeasurement of contingent consideration	46	16	30	
Contingent consideration not classified as part of purchase price	4,277	0	4,277	A)
Transaction costs	367	0	367	B)
Adjusted EBITDA	5,942	5,734	208	
Total amortizations	-2,793	-9,851	7,058	C)
Acquisition related amortizations	1,316	8,534	-7,218	C)
Operational amortizations	-1,477	-1,317	-160	
Adjusted EBIT	4,465	4,416	49	D)

- A. If there is an explicit or implicit condition that sellers should remain employed to receive an earnout the contingent consideration is not classified as part of the purchase price and should instead be expensed as it is earned and reported as personnel cost. This is an acquisition related item and is excluded when establishing adjusted EBIT.
- B. Costs for legal-, financial-, tax- and commercial due diligence are expensed under IFRS and part of the purchase price in K3. When establishing the adjusted EBIT only transaction costs for closed deals are excluded. This is an acquisition related expense and is excluded when establishing adjusted EBIT.
- C. No goodwill amortizations under IFRS. Amortizations on acquired surplus values are an acquisition related expense and is excluded in adjusted EBIT. Individual useful economic life under IFRS as opposed to five year under K3.
- D. The immaterial difference is mainly explained by the implementation of IAS 16 and the revenue recognition of durables within mobile games.

Earnouts, Numbers of shares and Adjusted EPS

Contingent Consideration and Number of shares 31 March 2022	IFRS	K3	Variance	Index
To be settled in cash, SEK billion				
Financial liability, cash	4.8	8.2	-3.4	A)
To be settled in shares (million shares)				
Already issued	95	142	-47	
To be issued	66	94	-28	
	161	236	-75	B)
Average no of shares diluted	921	1,086	-165	C)

Adjusted EPS after full dilution 2021/22	2021/2022	Index
Net profit for the period attributable to equity holders of the parent	1,078	
Acquisitions related items in Adjusted EBIT	5,591	A)
Acquisitions related items in Financial net	-2,468	B)
Tax effects on adjustments	-276	C)
Adjusted Net Profit for the period	3,925	
Average number of shares (K3)	1,086	D)
Adjusted EPS diluted	3.61	

- A. Consideration to be settled in cash not treated as part of purchase price is excluded from the financial liability under IFRS. Hence the liability for consideration to be settled in cash is lower under IFRS.
- B. Consideration to be settled in shares not treated as part of purchase price is excluded from share count under IFRS until it is earned. Hence the outstanding number of shares are lower under IFRS. All issued shares were part of equity and share count under K3.
- C. Average no of shares diluted according to IFRS does not include shares that has not yet been released due to operational and financial earn-outs, The difference from K3 no of shares also relates to the fact that the settlement in shares does not meet the fix-for-fix criteria and are classified as financial liability in the balance sheet

- A. Adjusting for acquisition related items within EBIT as above.
- B. Adjusting for acquisition related financial items (revaluation of contingent consideration)
- C. Tax effect on the above with 20% estimated tax rate. Not all items are taxable.
- D. When calculating Adjusted EPS diluted, the fully diluted share count is used to reflect the actual shares outstanding and the maximum amount of shares that could be issued in the future to settle earnout obligations

Cash flow and investments

SEK million	FY22/23 Q1	FY21/22 Q1	TTM Q1
Adjusted EBITDA	1,867	1,573	6,236
Cash Tax	-180	-110	-612
Other non-cash items	86	-82	312
Operating Cash flow	1,774	1,381	5,936
Net investment in intangible assets	-1,204	-829	-4,088
Net investment in tangible assets	-76	-51	-365
Net investment in financial assets	-33	3	-108
Net Investment	-1,313	-877	-4,561
Free Cash Flow before WC	461	504	1,376
Change in working capital	-1,260	-732	-1,634
Free Cash Flow after WC	-799	-228	-258
Cash Flow from financing activities	7,393	619	31,643
Net investment in acquired companies	-1,009	-2,273	-32,507
Cash Flow for the period	5,585	-1,881	-1,122

Net debt and Financing

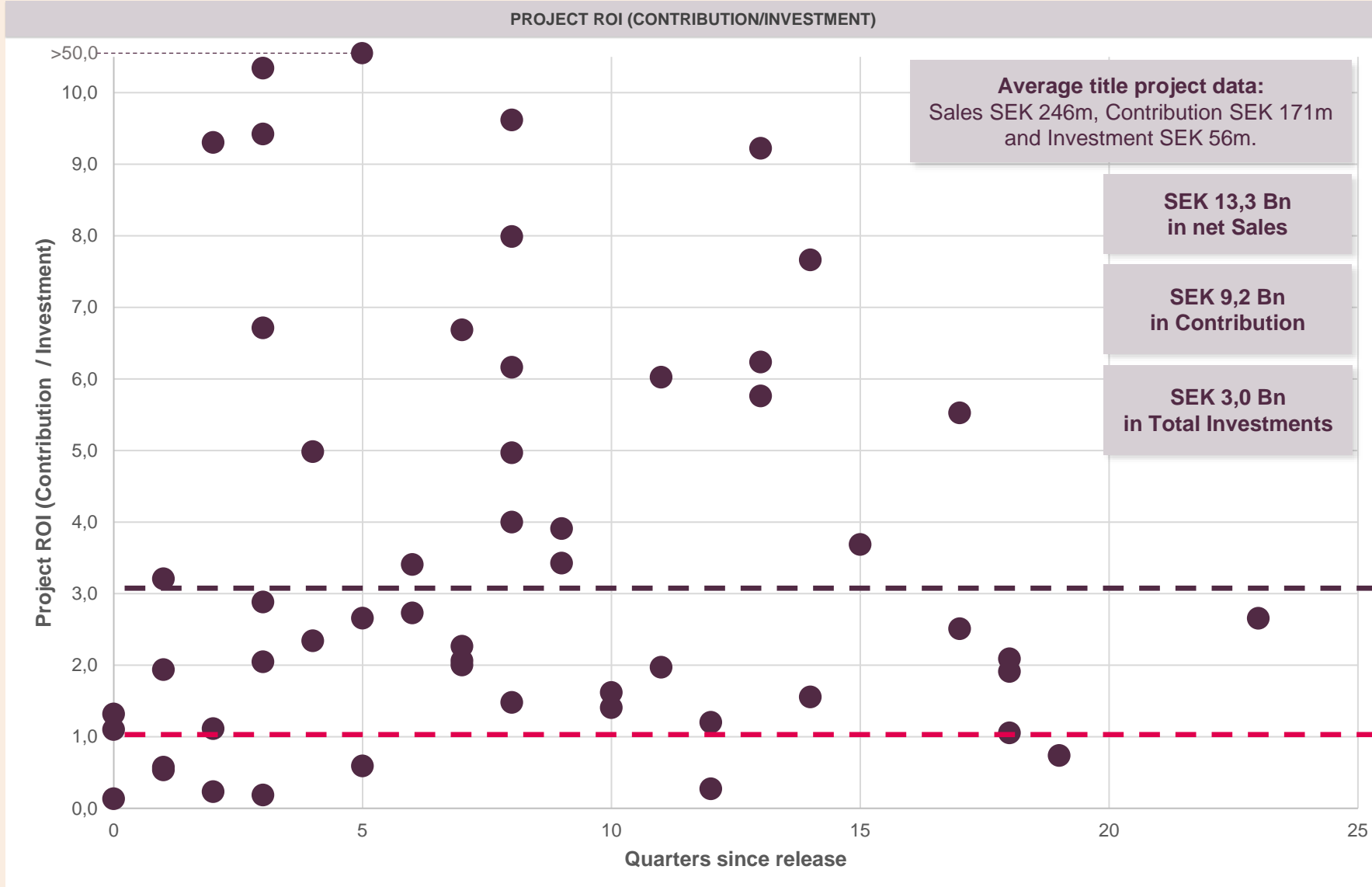
- At the end of June Net debt amounted to SEK 11.5 bn.
- Available funds as per the date of this report amount to approx. SEK 20 bn.
- We expect a strong cash flow for the remainder of the fiscal year. We are confident that we will be in line with our financial leverage target of 1.0x (Net debt to adjusted EBIT on a 12-month forward looking basis) in the end of this fiscal year.
- We welcome HSBC and Svensk Exportkredit to Embracer's group of relationship banks as we entered into amendment agreements, at unchanged terms, for two unsecured long-term credit and loan facilities, maturing in 2024 and 2026. Increasing our credit facilities with SEK 5.0bn replacing the SEK 4.0bn facility communicated in May.







Project ROI - PC/Console



- Based on reported numbers until 30 June 2022
- Sample includes projects with sales above SEK 40 mn or investment above SEK 40 mn (54 projects)
- ROI = Contribution / Investment
- Contribution = Gross Profit less marketing expenses from release to 30 June 2022.
- Investment = Capitalized Development Expenses including follow-on investment.

Guidance

Market

- Growth forecast of 2% YoY (excl. Tabletop Games) has seen a slight downward revision of previous 2022 forecasts (+5% YoY).

PC / Console

- Strong organic growth driven by at least 3x higher accumulated investment value of games YoY planned for release in FY22/23.
- Two AAA releases in addition to several AA, A and Indie titles slated for release in FY22/23.
- Multiple platform deals driving profitability as well as predictability.

Mobile

- Organic growth notably above the overall market driven by increased utilization of existing platforms, fueled by current and future investment in user acquisition and planned releases.

Tabletop

- Expected to deliver according to plan with adjusted EBIT growth of at least 10% versus last year.

Management reiterates the forecast* for adjusted EBIT the coming financial years:

FY 22/23 SEK 9,200-11,300 million

FY 23/24 SEK 10,300-13,600 million

Phasing of forecast 22/23

- We expect notable seasonality phasing for board games, mobile and PC/Console back-catalog products.
- Q2 and Q3 to be clearly stronger than Q1, somewhat in Q3's favor, driven by both new releases and seasonality.
 - Q2 is supported by the reboot of Saints Row and other notable platform deals.
- Further, we expect Q4 to be the clearly strongest quarter of the financial year driven by a few strong releases including a long-awaited AAA title, now expected in Q4 and to be announced soon.

A character with large, feathered brown wings and a yellow and black outfit is seen from behind, looking towards a floating island. The island is a large, rocky platform with a complex, multi-story building on top, featuring a crane and various mechanical structures. The scene is set against a bright blue sky with soft, white clouds. The foreground shows lush green vegetation and a rocky path.

3. Sustainability

Why sustainability?



Our responsibility

We want, and have, to take our responsibility.



Legal requirements

Sustainability is not a “soft issue”, there are more and more laws in the area of sustainability and ESG.



Stakeholder expectations

It is also about expectations from customers, employees, investors, and other stakeholders.

Legal requirements

- CSRD, Corporate Sustainability Reporting Directive
- SFRD, Sustainable Finance Disclosure Regulation
- EU Taxonomy for sustainable activities
- Accounting Directive
- Swedish Annual Accounts Act
- International Sanction Legislation
- Directive on Corporate Sustainability Due Diligence
- Swedish Whistleblowing Act and EU Whistleblower Directive
- Local and global anti-corruption legislation
- Modern Slavery Act
- Data Protection and Privacy legislation
- Swedish Corporate Governance Code
- United Nations Global Compact
- United Nations guiding principles on business and human rights
- OECD responsible business conduct, including OECD guidelines for multinational enterprises and OECD due diligence guidance for responsible business conduct
- ILO Social policy principles for multinational enterprises



Stakeholder expectations



Embracer and Sustainability



Values

- *Honesty*
- *Trust*
- *Long-term*



Risk Management

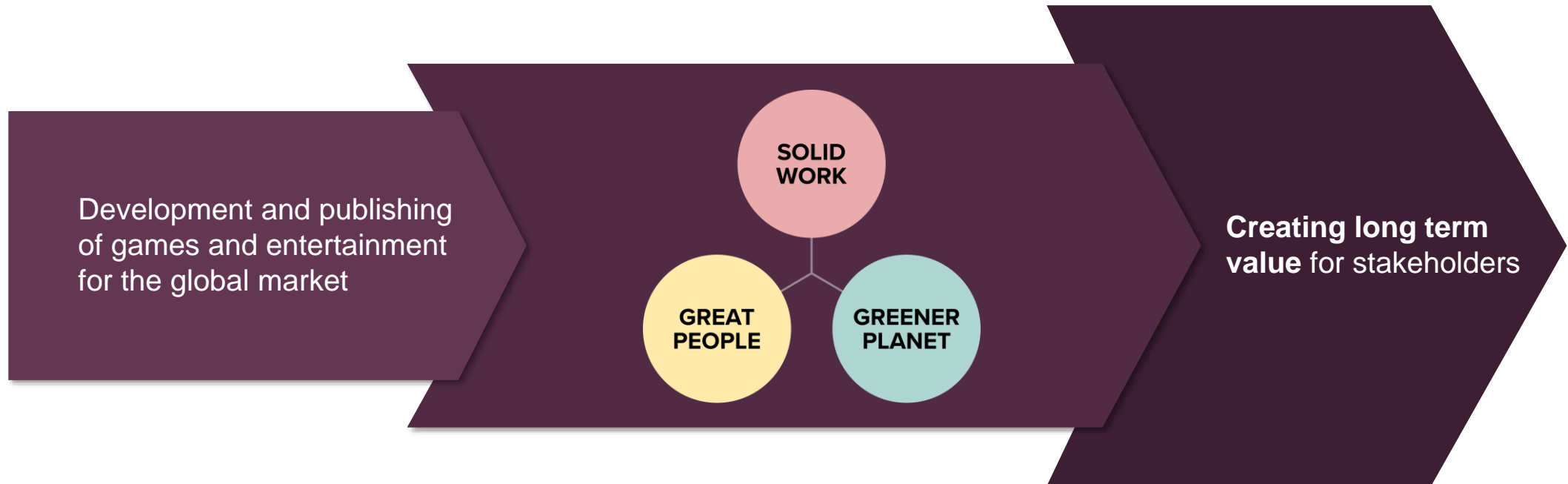
- *Legal*
- *Financial*
- *Reputational*



Business Support

- *Products*
- *People*
- *Collaborations and Partnerships*

Part of our business



- **Provide entertainment**
- Hiring people
- Paying tax
- Suppliers

- **MORE entertainment**
- Hiring MORE people
- Paying MORE tax
- Providing MORE suppliers with business

Some of our most material issues

Great People

- Diversity and inclusion
- Work-life balance

Solid Work

- Diversity and inclusion in games and entertainment
- Responsible content
- Healthy gaming

Greener Planet

- Carbon emissions – footprint, goal and strategy



Sustainability goals

Great People

Double the number of female Managing Directors/Studio Heads by 2025 compared with the base year 2021/22.

Greener Planet

Reduce the carbon emissions by 45% by 2030 compared with the base year 2021/22, in line with the Paris Agreement, and set Science Based Targets during 2022/23.










Every operative group to set sustainability goals during 2022/23.

A cinematic shot of Lara Croft from the Tomb Raider series. She is shown from the back, looking towards a vast, misty jungle landscape. She is wearing her signature green tank top, brown tactical vest, and brown cargo pants. Her hair is braided and tied with a scarf. She holds a handgun in her right hand. The background features a large, snow-capped mountain peak under a blue sky with scattered clouds, birds, and flying creatures. The overall atmosphere is adventurous and mysterious.

4. M&A update

M&A Update

We believe it is important to continue expanding and investing in the ecosystem that attracts and retain talents, creates synergies and enables great people to realize their high ambitions.

		Announced Q1 FY22/23					Announced Q2 FY22/23					
	PRE-CLOSING EMBRACER⁺ GROUP										POST-CLOSING EMBRACER⁺ GROUP	
Internal Studios	120	1	1	1	1	-	-	1	1	1	127	
Total Headcount	13,877	80+	300	500	150	5	69	10	110+	6	15000+	

We have a strong funnel of M&A opportunities to support our long-term growth ambitions. We see many attractive bolt-on acquisition opportunities across all of our segments.

Now we will have a 15 minute

Q&A

hosted by Martin Arnell, DnB Markets.

Then we will present this morning's
announcements followed by a Q&A.



5. Presentation of FREEMODE BY EMBRACER and M&A

THE
HOBBIT

THE
LORD OF THE RINGS



LIMITED
RUN

TRIFIRE



tuxedo labs

Financial impact and purchase price

FINANCIAL IMPACT FROM ACQUISITIONS:

FY 2022/23:

SEK 1.8 - 2.1 billion in net sales and
SEK 550 to 750 million in adjusted EBIT on a combined pro forma basis (1 April 2022 until 31 March 2023)

The transactions expected to close during the end of Q2 or early Q3 in financial year 2022/23FY

FY 2023/24:

SEK 2.1 - 2.4 billion in net sales and
SEK 750 to 950 million in adjusted EBIT

FY 2024/25:

SEK 3.0 to 3.5 billion in net sales and
SEK 1.0 to 1.5 billion in adjusted EBIT

EBIT to free cash flow for the acquired businesses, before funding costs, is expected to be in the range of 70 to 80% next year and to be in the range of 85 to 95% in future years

TRANSACTION DETAILS:

The aggregated upfront purchase price amounts to SEK 6.0 billion, of which

- SEK 4.2 billion is paid in cash at closing,
- SEK 1.3 billion in cash is paid in 12 months and
- SEK 0.5 billion is paid with Embracer B shares

The likely total deferred consideration, linked to achievement of financial and operational targets over up to 7 years, amounts to SEK 2.2 billion, of which SEK 1.5 billion will be paid in cash and SEK 0.7 billion will be paid with Embracer B shares.

The likely total consideration for the acquired businesses amounts to SEK 8.2 billion

The size of upfront considerations for the five announced acquisitions, in descending order: Middle-earth Enterprises, Tripwire Interactive, Limited Run Games, Tuxedo Labs and Singtrix

- In addition to the five announced acquisitions today, Embracer has entered into agreement to acquire another company within PC/Console gaming. The purchase price for this un-disclosed acquisition is in the range of being among either third or fourth largest of the Transactions



TODAYS SPEAKERS



LEE GUINCHARD

CEO - Freemode



MARTIN LINDELL

Senior Advisor
Embracer Group

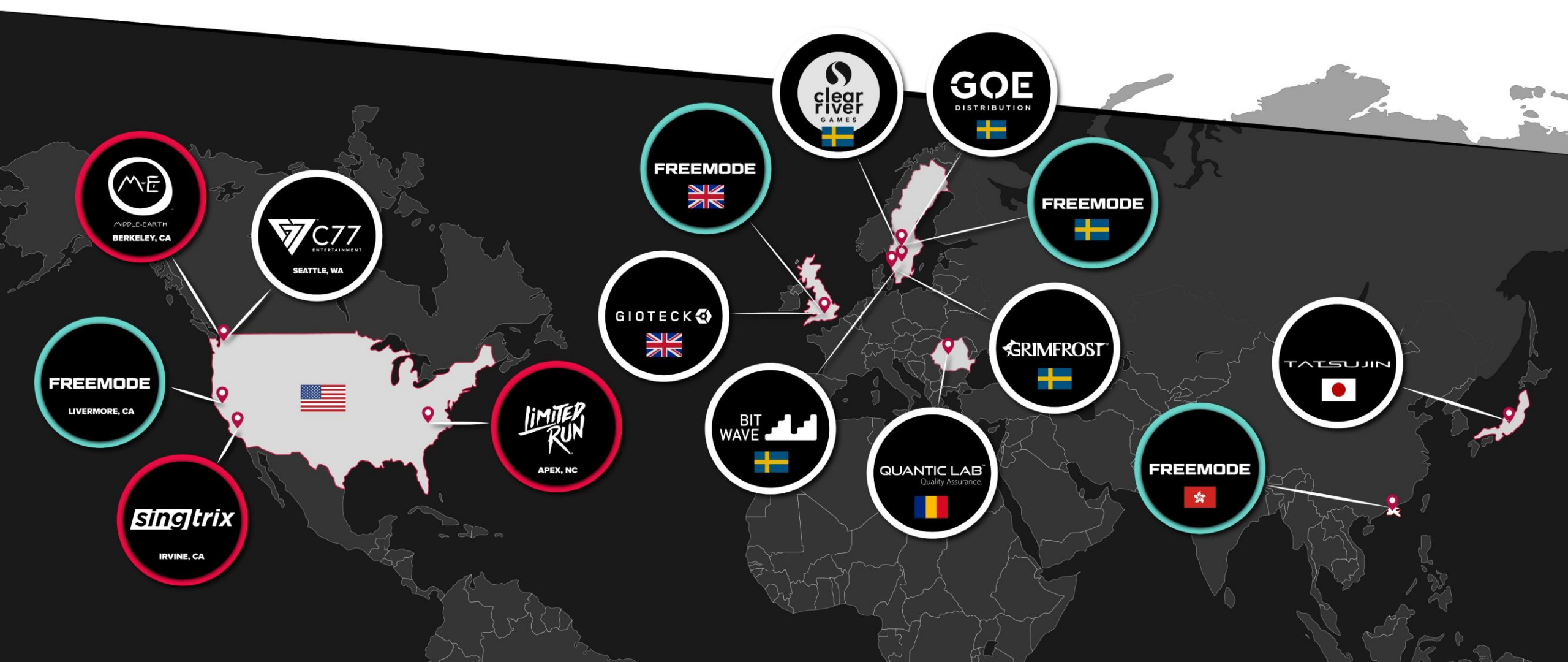
OUR GROWING GLOBAL ECOSYSTEM

 **580 EMPLOYEES**

 **3 STUDIOS**

+ **14 COMPANIES**

 **6 COUNTRIES**



BROAD & DIVERSE APPROACH

CONSISTING OF SMALL TO MID SIZED BUSINESSES

MODE 1
CLASSIC/RETRO 

- Retro / Classic / IP
- Retro & Classic Collectibles
- Retro & Classic Community Building
- Iconic IP Transmedia Licensing

MODE 2
E-COMMERCE & COMMUNITY

- Direct to Customer E-Commerce
- Gaming & Adjacent Category Merch
- Community Building

 **MODE 3**
DEVICES & GEAR

- Device/Game Focused Experiences
- Gaming Devices & Gear
- Physical Gaming Collectibles
- Co-Branded Gaming Gear

OUR SIX FOUNDATIONAL MODES

MODE 4
GAME DEVELOPMENT 

- Industry Vet Studio's & Teams
- Retro/Classic Studios
- Multiplatform, Multi Genre

MODE 5
SERVICES



















- Industry Wide Quality Assurance
- UX & Localization services
- Specialized Publishing & Distribution
- Business Dev & Comms Service

 **MODE 6**
NEW IDEA & TECHNOLOGY INCUBATION

- Ideation Lab for Prototyping
- Acquire & Re-energize Tech & IP
- Licensing to Wider Industry Partners
- Group talent Feeder System



AREAS OF OPERATION

FREEMODE								
FREEMODE		ICONIC IP	RETRO/CLASSIC	E-COMMERCE / COMMUNITY	DEVICES / GEAR	GAME DEVELOPMENT	SERVICES	IDEAS & TECH
	MIDDLE EARTH	●						
	LIMITED RUN		●	●	●	●		
	C77					●		
	BITWAVE GAMES		●			●	●	
	CLEAR RIVER GAMES		●				●	
	GOE DISTRIBUTION		●		●		●	
	QUANTIC LAB						●	
	TATSUJIN	●	●			●		
	GIOTECK				●			
	SINGTRIX			●	●			○
	GRIMFROST			●				
	FREEMODE LAB (USA)							○

SUPPORT FOR OUR CREATORS & ENTREPRENEURS

Freemode strikes the ideal balance of independence with targeted levels of world class operational support, growth capital and strategic guidance. Our businesses pull support directly from our veteran entrepreneur led team with decades of experience in gaming & entertainment.



singtrix



GRIMFROST



GIOTECK



QUANTIC LAB
Quality Assurance.

GOE
DISTRIBUTION

TATSUJIN

**STRATEGIC
& OPERATIONAL
SUPPORT**

**FINANCE
& COMPLIANCE
SUPPORT**

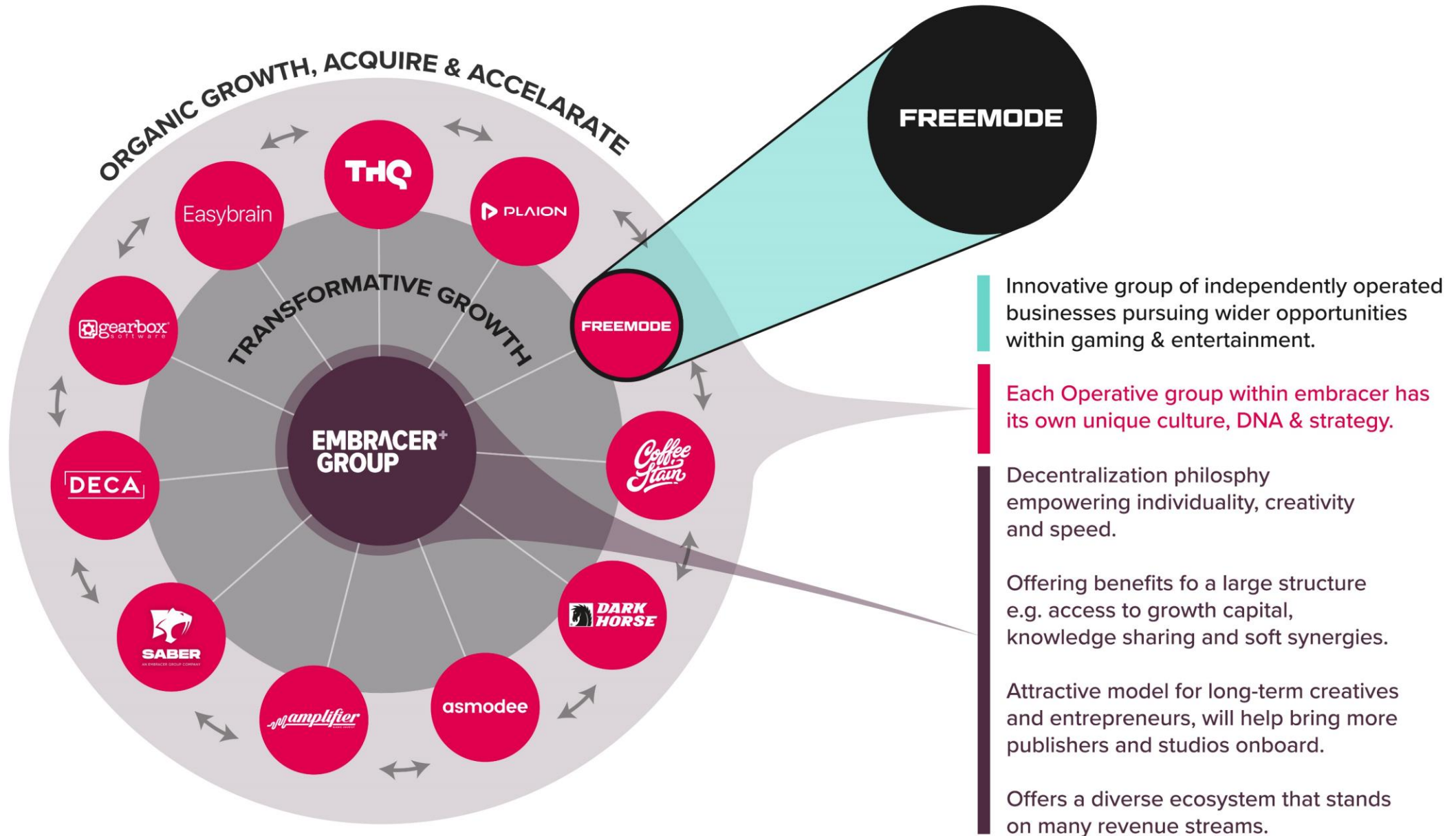
**ENGINEERING
SUPPORT**

**CREATIVE &
DESIGN SUPPORT**

FREEMODE

LEADERSHIP & SUPPORT TEAM

WITHIN THE WIDER EMBRACER GROUP



RETRO / CLASSIC

PRESERVING THE PAST TO BUILD A BRIDGE TO THE FUTURE OF GAMES CULTURE & LIFESTYLE.



WHY RETRO/CLASSICS

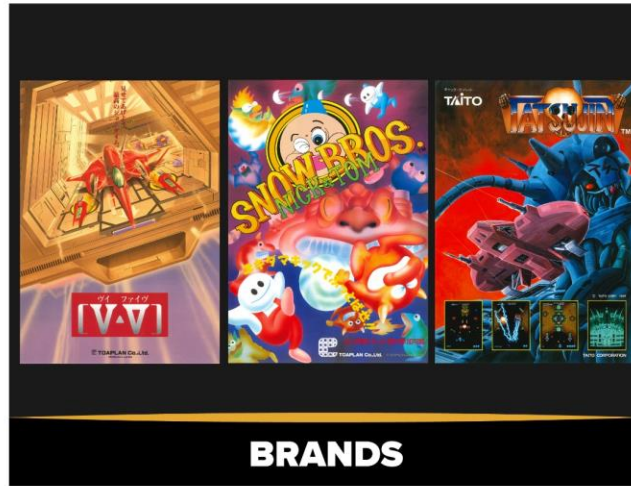


As time progresses, older gamers want to relive their experiences playing classic games.



NOSTALGIA

Legends never die. There are varying degrees of brand recognition in classic IP's that fans are waiting to be revived.



BRANDS

Over time, gamers have come to embrace the uniqueness of pixel art graphics & retro sound design.



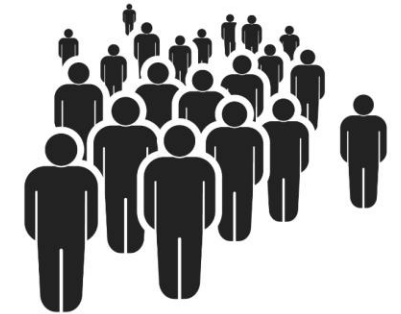
AESTHETICS

WHOS PLAYING?

ENTHUSIASTS • COLLECTORS • PARENTS • YOUNG ADULTS • KIDS



EMERGING AGES: 6 - 14



CORE AGES: 25 - 60+

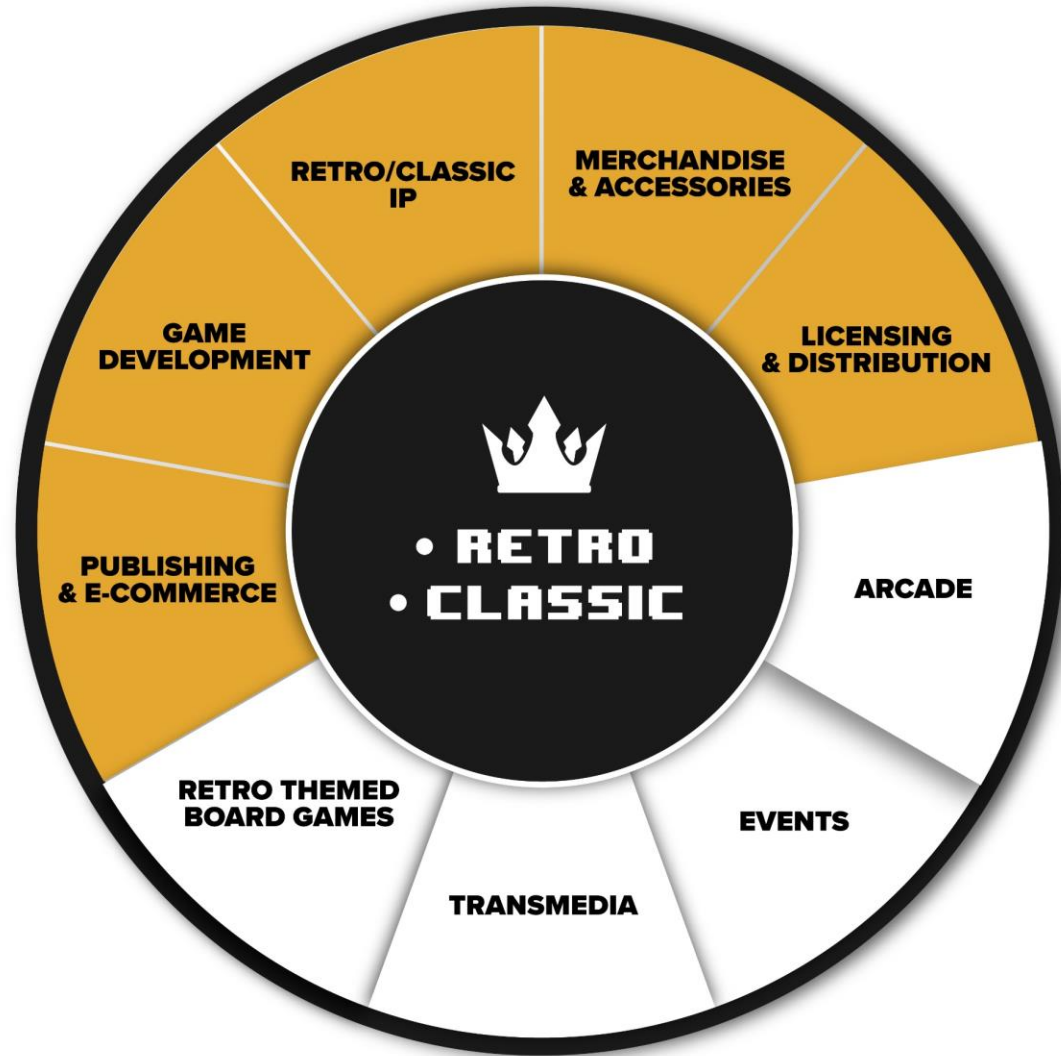
AVERAGE AGE: 31

PRESERVING THE PAST

TO BUILD A BRIDGE TO THE FUTURE OF GAMING CULTURE & LIFESTYLE



TATSUJIN



CURRENT/CORE BUSINESSES



AREAS OF OPPORTUNITY

PRESERVING THE PAST

TO BUILD A BRIDGE TO THE FUTURE OF GAMING CULTURE & LIFESTYLE

FREEMODE
BY EMBRACER



FANS OF RETRO/CLASSIC GAMES
40+ YEARS OF A GROWING FANBASE

There is more accessibility to retro/classic games than **EVER** before.



All trademarks, service marks and company names are the property of their respective owners.

EMBRACER+ GROUP

Embracer Group acquires Limited Run Games

TODAY'S SPEAKERS



Josh Fairhurst
CEO



Douglas Bogart
COO



Lee Guinchard
CEO

FREEMODE

ABOUT LIMITED RUN GAMES

- Established October 2015, based in North Carolina, USA
- Team of 69 people
- Collector-focused publisher of physical video game software
- Manufactures and distributes games developed by other companies, both large and small
- Published over 1,000 physical games for Nintendo and PlayStation
- Limited Run has a strong brand with closer to 400,000 unique paying customers and ships to 144 countries
- Sales channels:
 - Direct to Consumer
 - Full Retail
 - Limited Run Retail



LIMITED RUN'S BIGGEST HITS

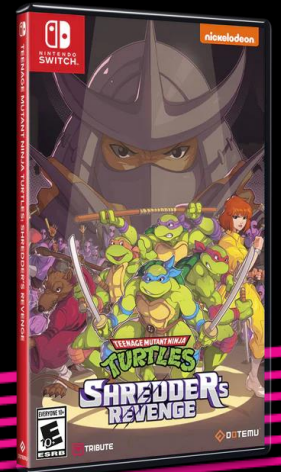


Shantae

Re-release of the original Shantae game on Game Boy Color sold 13,000 units – 3,000 units more than the game had sold when originally released in 1998!

Teenage Mutant Ninja Turtles: Shredder's Revenge

#1 best-selling game on Amazon for several days on Switch and PlayStation 4, topping first-party Nintendo releases!



POPULAR TITLES

- Scott Pilgrim vs. The World
- Celeste
- Turok & Turok 2
- Bloodstained: Curse of the Moon
- The King of Fighters '97
- Power Rangers: Battle for the Grid
- Star Wars: Shadows of the Empire
- Metal Slug 3
- River City Girls
- Axiom Verge
- Lumines Remastered
- Night Trap
- Streets of Rage 4
- Star Wars: Bounty Hunter
- DOOM
- Panzer Dragon
- Double Dragon
- Castlevania
- Contra

and more!



GLOBAL EXPANSION & RETAIL

- **Superdeluxe Games (SDX)** is a joint-venture between Limited Run Games and esteemed localization house 8-4 in Japan.
- Close partnership with **Clear River Games** in Europe will allow further distribution into Europe, both D2C and at retail.
- Dedicated Limited Run Games retail store opened April 30th, 2022 in Cary, North Carolina which also serves as a community building space and a showcase.



CARBON ENGINE



LIMITED
RUN

- Ultra-accurate emulation engine for re-releasing classic games on all major modern platforms.
- Allows for easy re-releases of games from a vast number of classic platforms



And more in development...

ACQUISITION RATIONALE

- Limited Run's business model aligns with the focus area heritage within Freemode cherishing retro games.
- Carbon engine allows us to capitalize on our extensive back catalog of IP.
- Limited Run Games is a turn-key solution for physical game releases, providing us full-service help for every aspect of our process.
- Global reach through D2C and recent global expansion which includes soft synergies with other companies within Embracer Group.



EMBRACER+ GROUP

Embracer Group enters into agreement to acquire IP rights to The Lord of the Rings and The Hobbit literary works by J.R.R Tolkien

TODAY'S SPEAKERS

Lee Guinchard

CEO



Andy Jones

SVP STRATEGIC PROJECTS



Tom Magnani

OUTSIDE COUNSEL/STRATEGIC ADVISOR



Fredrica Drotos

DIRECTOR OF BRAND & LICENSING



FREEMODE



The Saul Zaentz Company

Embracer Group is proud to acquire the IP rights to one of the largest, most enduring, and iconic fantasy properties in the world.

THE LORD OF THE RINGS + THE HOBBIT



SUMMARY OF RIGHTS



Video &
Boardgames

Rights to commercial video and board games based on the *The Lord of the Rings and The Hobbit*.



Film

Motion picture rights to *The Lord of the Rings and The Hobbit* in all media, including shown serially in four or fewer episodes.



Merchandising

Merchandising rights (including services such as hotels & restaurants) with respect to the *The Lord of the Rings and The Hobbit*, supported by a vast registered trademark portfolio.



Theme Parks &
Experiences

Jointly controlled rights to license, adapt and develop *The Lord of the Rings and The Hobbit* for theme parks.



Stage
Productions

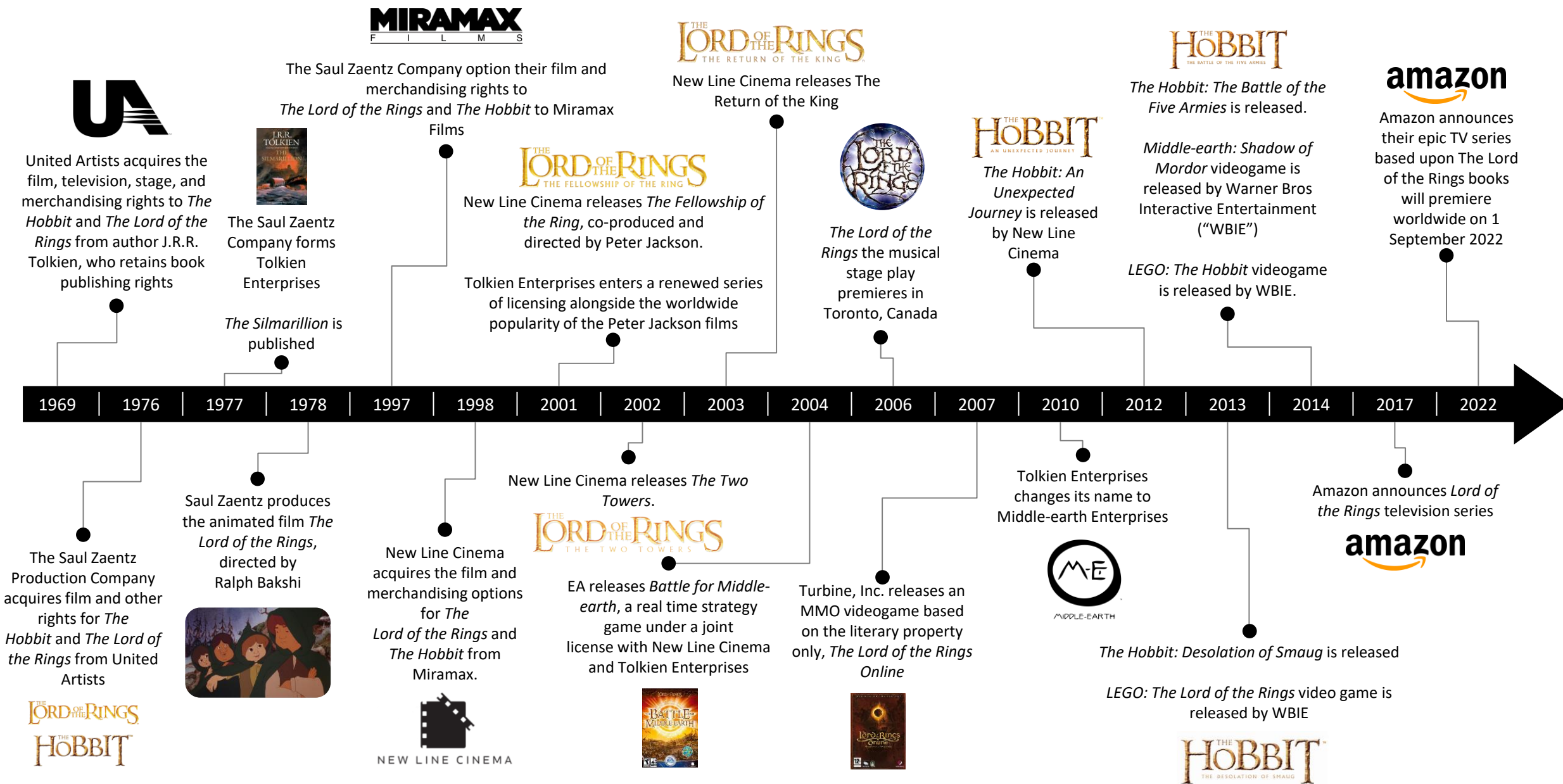
Rights to adapt *The Lord of the Rings and The Hobbit* for live stage productions.



Matching
Rights

Matching rights to adapt any other Tolkien-authorized literary sequel/prequel, including *The Silmarillion and Unfinished Tales*

TIMELINE



ACQUISITION RATIONALE



The acquisition of the rights is in line with Embracer's IP-driven transmedia strategy. *The Lord of the Rings and The Hobbit* are among the world's most popular entertainment franchises and birthed the fantasy genre.



Middle-earth Enterprises will be a part of the newly founded operative group Embracer Freemode and will continue to operate independently under the existing Middle-earth Enterprises leadership team.



Long Term opportunity to expand further new exciting story-telling in gaming, utilizing the Embracer Group family Creative and Development talent in addition to our wider gaming industry partners.

asmodee

Asmodee Group is already one of the most successful licensees of *The Lord of the Rings and The Hobbit* through board games and card games and sees potential to generate further revenues in table-top games.



Opportunities to create additional movies based on the characters such as Gandalf, Aragorn, Gollum, Galadriel, Eowyn and other characters from the literary works of J.R.R. Tolkien.



Continue to provide new opportunities for fans to explore the property through merchandising and other experiences.

EMBRACER+ GROUP

Embracer Group acquires Tripwire Interactive



Today's Speakers



Lars Wingefors
CEO, Founder
Embracer Group



Matt Karch
CEO
Saber Interactive



Alan Wilson
CEO
Tripwire Interactive



Delivering Innovation and Pioneering Concepts in AAA

- Founded in 2005, after winning the *Make Something Unreal* competition with Red Orchestra
- Operates an internal studio focused on developing award-winning FPS and Action franchises, as well as a third-party publishing label (TW Presents) supporting independent dev teams
- Creatively empowered team that consistently brings **new and fresh critically acclaimed IPs to market**, currently working on an exciting AAA project
- Crafting playable experiences that generate strong communities through delight and surprise
- Delivering content updates that keep those communities engaged in the long-term
- One of the very few developers with first-hand experience across each of PC, Xbox, PlayStation, Switch and VR



Roswell, Georgia

110+ Employees

Alan Wilson



CEO & Co-Founder

Original RO Mod Team Member

Matt LoPilato



CFO



Liz Pate



COO



[adult swim]

Bryan Wynia



Creative Director



Dave Hensley



Design Director & Co-Founder

Original RO Mod Team Member

Bill Munk



Combat Designer & Co-Founder

Original RO Mod Team Member

Sandy DiCocco



Chief Admin. Officer



A Highly Successful Third-Party Publisher



- Supporting talented independent teams, from established hit-makers, to innovative start-ups
- Highly involved, white glove publishing process: Tripwire embeds their own producers and developers to co-develop and deliver top-tier experiences
- Delivering the Tripwire go-to-market expertise to allow maximum focus on creativity
- Long-term partnerships that keep studios coming back



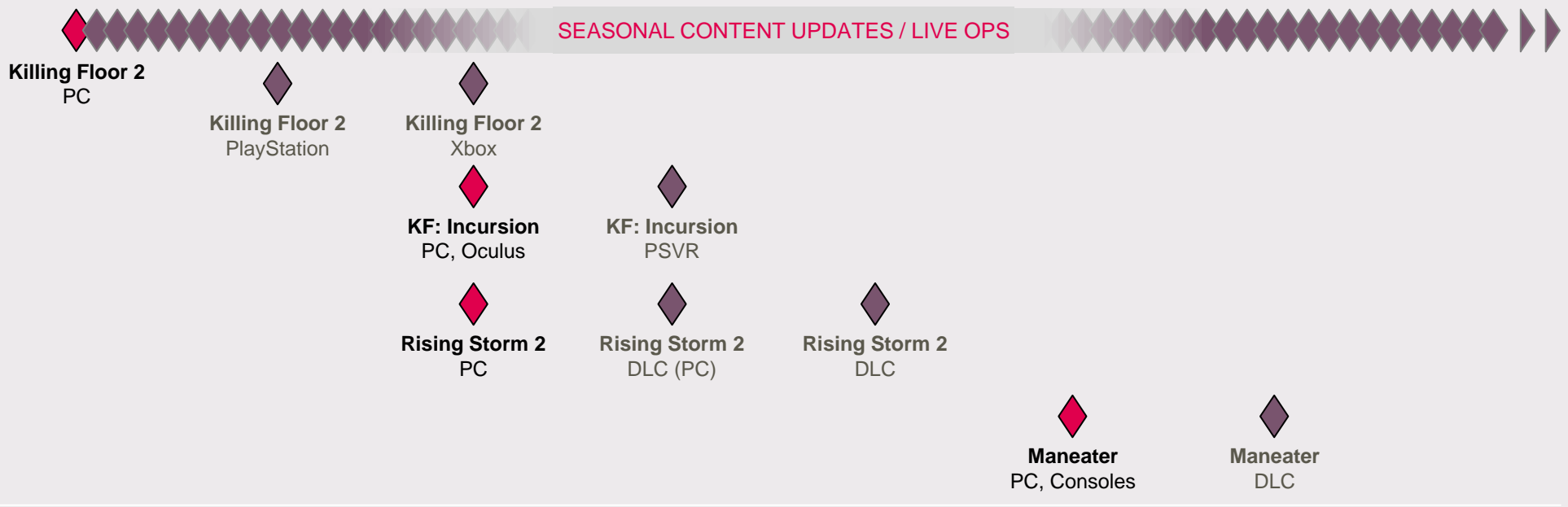
Continued Growth to Sustain a Relentless Pace

Average Annual Full-Time Employees



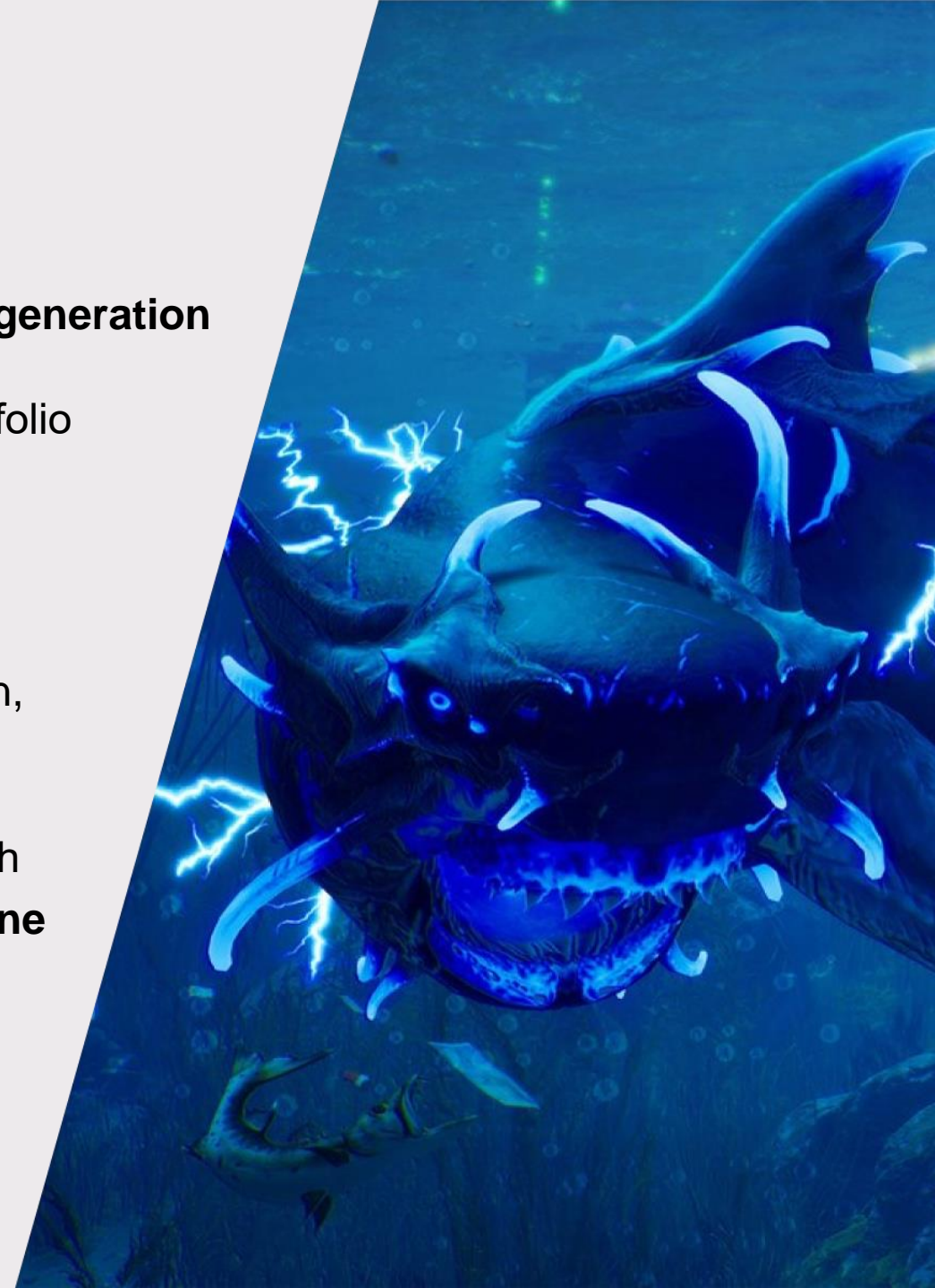
Tripwire Titles

Co-Dev. & Publishing



Strategic rationale

- Bring **highly talented teams** into Embracer, focused on **new IP generation**
- Collection of **4 strong franchises** to strengthen Embracer's portfolio (*Maneater, Killing Floor, Rising Storm, Red Orchestra*)
- **Significant organic growth** within Tripwire's existing franchises
- **Meaningful long-term synergies opportunity** within distribution, development and IP utilization
- Unique opportunity to combine Tripwire's publishing business with Embracer's existing platform) to **further cement Embracer as one of the largest independent publishers**



EMBRACER+ GROUP

Embracer Group acquires Tuxedo Labs



tuxedo labs

EMBRACER GROUP ACQUIRES TUXEDO LABS

Today's speakers

Dennis Gustafsson



Founder



tuxedo labs

Marcus Dawson



CEO



tuxedo labs

Matthew Karch



CEO Saber



SABER

EMBRACER GROUP ACQUIRES TUXEDO LABS

Background



- Tuxedo Labs was founded in 2019 and is based in Malmö, Sweden.
- 6 FTEs
- Developed Teardown, an innovative voxel-based destruction game that came out in Steam early access in October 2020 and hit 1.0 on PC in April 2022 (user reviews 95% positive)



- Teardown has sold 1.1m units and has been released only on PC, and only on one store (Steam). The game has been critically acclaimed, scoring a 90/100 from PC Gamer

Malmö ●

EMBRACER GROUP ACQUIRES TUXEDO LABS

Acquisition rationale

- Dennis Gustafsson is known as a technical genius with a specialty in physics-based games.
- *Teardown* has never had any marketing support. Saber's publishing can give this a big push.
- Tuxedo Labs voxel technology can evolve into a platform to rival Roblox and Minecraft. With the right tools, user-generated content will drive massive community growth.
- Dennis will soon incubate a next generation of voxel / physics-based tech to build new games.



tuxedo labs

Q&A

EMBRACER⁺
GROUP