

EMBRACER+ GROUP

M&A update
August 13, 2020

WE ARE DELIGHTED TO PRESENT 8 NEW ACQUISITIONS



THE NEW COMBINED GROUP

	EMBRACER⁺ GROUP Pre. Acq.	Acquisitions announced 13th of August ¹	EMBRACER⁺ GROUP Post. Acq.
Internal development studios	33	10	43
External development studios	55	0	55
Number of IPs	174	16	190
Development projects Announced	52	2	54
Unannounced	73 Tot: 125	6	79 Tot: 133
Developers Internal	2,076	254	2,330
External	1,109	0	1,109

Note: 1) DECA, 4A Games, NWI, Palindrome, Pow Wow, Rare Earth Games and Vermila studios

ORGANIZATIONAL OVERVIEW POST TRANSACTION

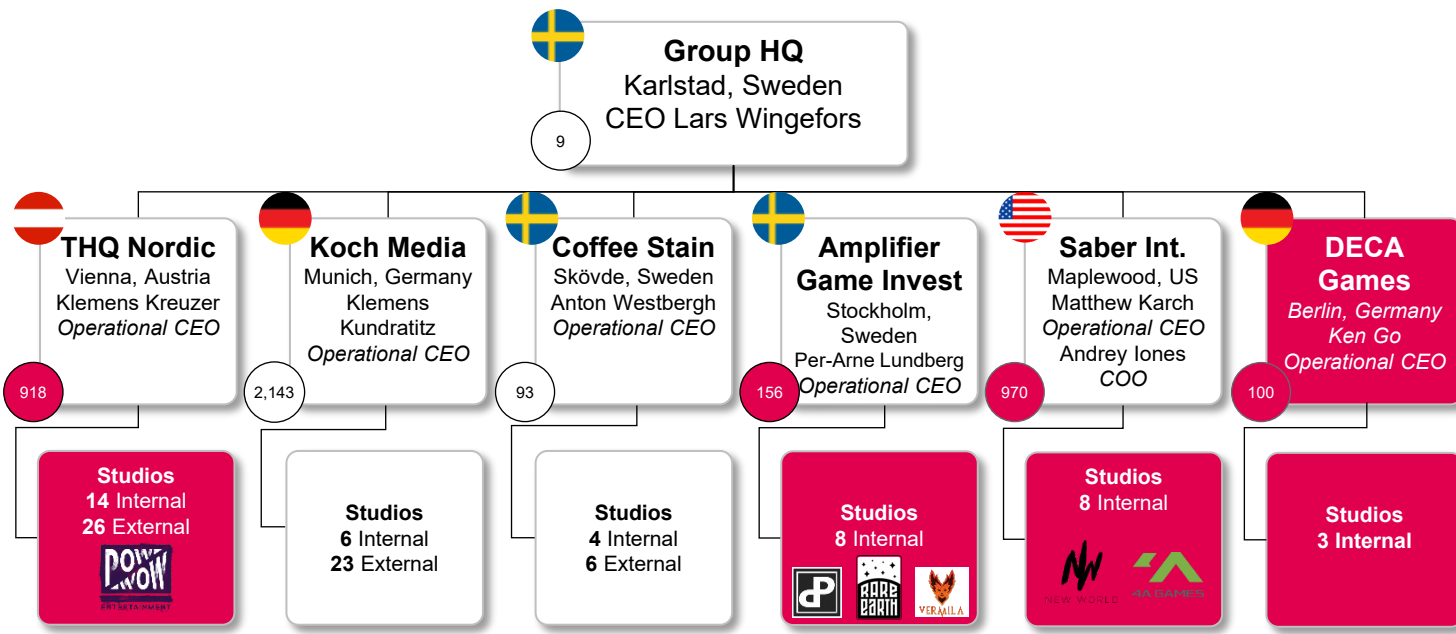
ORGANIZATION POST ACQUISITION

DECA forms the sixth operating group within Embracer, Ken Go becomes operating CEO

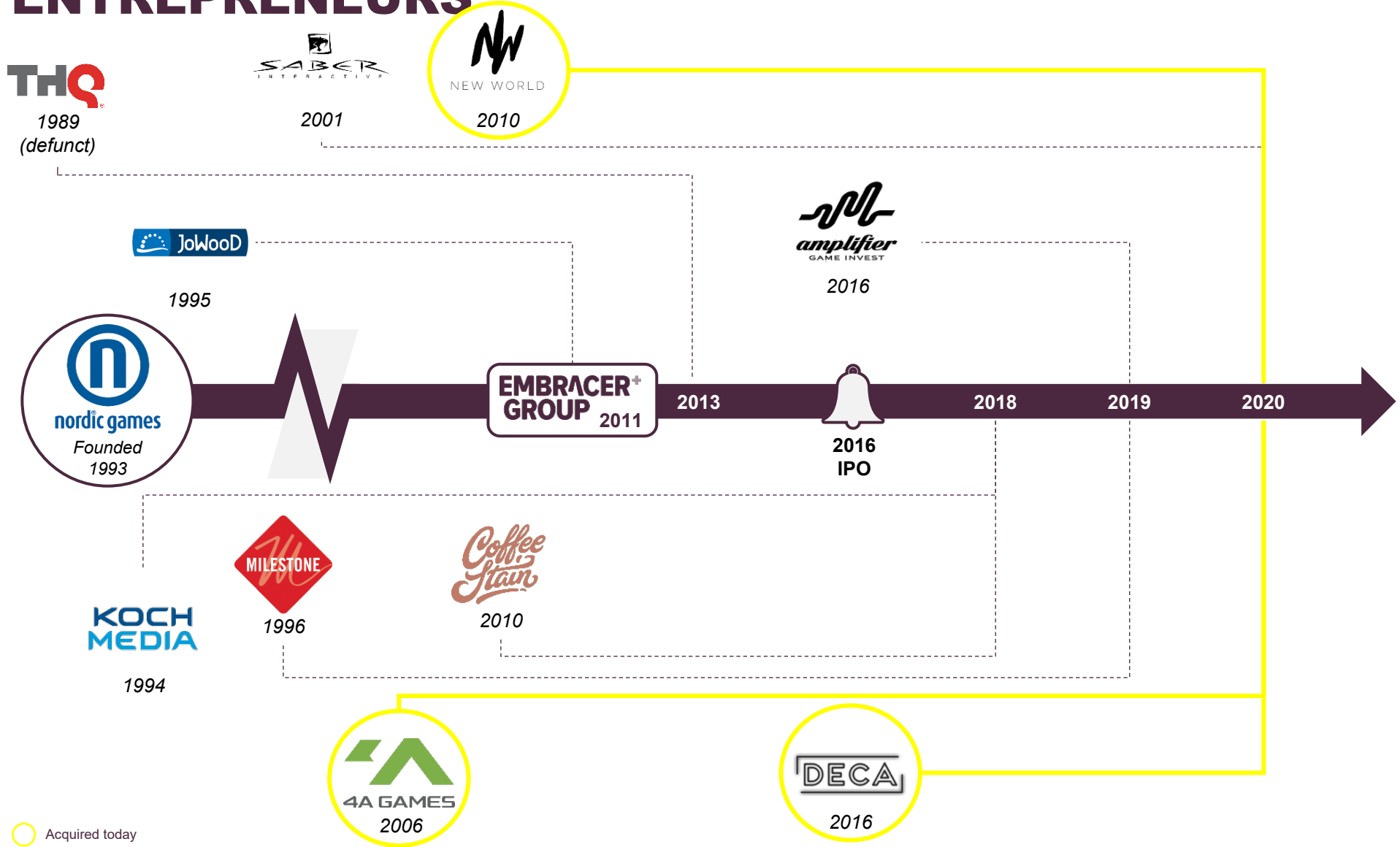
4A Games and NWI will remain independent studios within Saber Interactive

Palindrome, Rare Earth Games and Vermila will remain independent studios within Amplifier Game Invest

Pow Wow will remain an independent studio under THQ Nordic



ACQUISITION JOURNEY: DECADES OF EMBRACING ENTREPRENEURS



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

PLATFORM AND BOLT-ON ACQUISITIONS SINCE EMBRACER FOUNDING



- Over the past few years Embracer Group has combined many generally self-funded companies, run by successful gaming entrepreneurs, into a diversified, fast growing and high ROIC business.
- Embracer Group has transformed from one to six operating units, across two business areas, which jointly has completed 24 bolt on acquisitions.
- All operating units have further room to grow both organically and inorganically.
- The Group operates with a decentralized, highly scalable governance model, where all operating units and most acquired subsidiaries are run independently by original founders and management.
- The main strategic objectives for leaders of all operating units are to generate organic growth with high incremental ROIC and to scout their network for suitable, attractive bolt on acquisitions of entrepreneur-led companies.

OUR ACQUISITIONS HAVE A HISTORY OF INTERNAL CASH-FLOW GENERATION AND ORGANIC GROWTH

Ownership split at time of acquisition			
Inception year	Company	Founders	
		Founders/mgmt	Others
2002	Saber	100%	0%
1994	Koch Media	100%	0%
2010	Coffee Stain	100%	0%
1996	Milestone	100%	0%
2016	Deca	100%	0%
2006	4A Games	100%	0%
2011	Warhorse	30%	70%
2010	NWI	86%	14%
2013	Gunfire	100%	0%
2000	Bugbear	51%	49%

- Most acquired businesses had been entirely self-funded by the founders as shown by having few financial owners at the time of Embracer's acquisition, which indicates healthy cash flow generation by the underlying businesses and business acumen on part of the founders.
- Embracer provides capital, strategic advice and support to these successful business leaders in order to accelerate growth of their business when they become part of the Group

EMPOWERMENT THROUGH DECENTRALIZATION

A different type of gaming company – founded by entrepreneurs, run by entrepreneurs

We embrace a decentralization philosophy to empowering individuality, creativity and speed...

...while offering benefits of a large structure such as access to growth capital, knowledge sharing and (never forced) synergies

Attractive model for long-term creatives and entrepreneurs, will help bring more publishers and studios onboard

Each group and studio has its own unique culture, DNA and strategy

THQ NORDIC

Strategy of acquiring established, beloved IPs and enhancing their value through Asset Care and sequels



Multiple world-class AA-AAA IPs and studios
World-class marketing and distribution power



World-leading indie
Highly creative
Lean production



Multi-million sellers
Top quality while highly cost effective
World-leading tech



Amplifying the best creative talent in the industry



Acquires profitable FTP IPs and applies LiveOps expertise to amplify the game

43 internal and 55 external studios*

M&A OUTLOOK

- M&A prospects continue to look favorable
- Currently we have more discussions than ever with potential joiners, including a handful of sizable companies that could form new operative groups. However, we do not depend on acquisitions to grow our business
- Ongoing scouting and research activity at HQ in Sweden, Saber Interactive, THQ Nordic Vienna, Koch Media Deep Silver, Coffee Stain and Amplifier
- Substantial watchlist of IPs, development studios and publishers
- Strategy of giving autonomy to our local management teams is empowering them to continue succeeding. We are firm believers in empowering great people to make their own decisions. This is attracting more studios and publishers to join our family



Q&A

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.