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Press release

Karlstad, Sweden, October 8, 2020

Embracer Group successfully completed a placement of 35,689,907 new B shares raising proceeds of more than SEK 5.75 billion

INSIDE INFORMATION: Embracer Group AB (the "Company" or "Embracer Group") has, as communicated in its press release on October 7, 2020, carried out an issue of 35,689,907 new Class B shares directed to institutional investors, resolved on by the Board of Directors based on the authorization from the annual general meeting on September 16, 2020 (the "Share Issue"). Compared to the announced deal size in the press release yesterday, the Share Issue has been increased by approximately 6.6 million new Class B shares due to strong demand. In connection with the Share Issue, the original co-founders have carried out a sale of 9,084,703 existing Class B shares (the "Sell-down", and together with the Share Issue, the "Private Placement"). The subscription price in the Share Issue is SEK 162 per share and has been determined through an accelerated book-building procedure led by Carnegie Investment Bank AB (publ), Goldman Sachs International and Joh. Berenberg, Gossler & Co. KG (jointly, the "Managers"). The Sell-down has been carried out at the same price as the Share Issue. Embracer Group will receive gross proceeds amounting to SEK 5,782 million (approximately EUR 550 million) through the Share Issue (the Company will not receive any proceeds from the Sell-down).

The Private Placement

Canada Pension Plan Investment Board ("CPPIB") has acquired new Class B shares for a total amount of approximately SEK 2.1 billion (approximately EUR 200 million) through the Share Issue at the subscription price of SEK 162 per share. CPPIB has agreed, with customary exceptions, to a lock-up of 180 calendar days after the settlement date with the clear intention to be a long-term shareholder and continue to support Embracer Group's future growth and M&A ambitions.

The Private Placement has seen significant demand from Swedish and international institutional investors, including AMF Pension, among other reputable investors, with books multiple times oversubscribed.

Proceeds received from the Share Issue will further strengthen the Company's financial position and enable the Company to continue its long track-record of successful acquisitions by complementing its operations by adding new game publishers, development studios or other assets.

The reasons for the deviation from the shareholders' preferential rights was mainly to further diversify the shareholder base among Swedish and international institutional investors and at

the same time raise capital in a time efficient manner. The Board of Directors' assessment is that the subscription price in the Share Issue is in accordance with market conditions, since it has been determined through an accelerated book-building procedure and arms' length negotiations with CPPIB.

Dilution, Lock-up and Delivery of Shares

The Share Issue results in a dilution of approximately 8.47 percent of the number of shares and approximately 4.95 percent of the number of votes in Embracer Group post completion of the transaction, through an increase in the number of outstanding shares by 35,689,907 to 421,139,665 and of the outstanding votes by 35,689,907 to 721,731,898 (in total 421,139,665 shares, divided between 33,399,137 Class A shares and 387,740,528 Class B shares following the Share Issue). The share capital will increase by SEK 99,138.64 from approximately SEK 1,070,693.83 to approximately SEK 1,169,832.47.

In connection with the Private Placement, the Company has agreed, with customary exceptions, not to issue additional shares for a period of 90 calendar days after the settlement date. In addition, Lars Wingefors AB (through which the Co-Founders will own their shares) has agreed, with customary exceptions, not to sell any shares in Embracer Group for a period of 180 calendar days after the settlement date of the Private Placement.

In order to facilitate the timely delivery of shares to the investors in the Share Issue, Lars Wingefors AB will lend 35,689,907 Class B shares to Carnegie Investment Bank AB (publ). The lent shares will be returned after the Share Issue has been registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

The Restructuring

To consolidate the long term shareholding of the original co-founders Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer, and Reinhard Pollice (the "Co-Founders"), the CEO Lars Wingefors' holding company Lars Wingefors AB will concurrently with the Private Placement acquire shares from the other Co-Founders worth approximately SEK 5.8 billion.

All Sell-down proceeds are payable to the Co-Founders holding companies and not paid to the Co-Founders as private individuals.

As a result, the other Co-Founders will become direct owners in Lars Wingefors AB and will no longer own shares directly through their own holding companies in Embracer Group, except for Klemens Kreuzer and Reinhard Pollice who will hold 559,052 B shares and 200,000 B shares, respectively. The Co-Founders have agreed on this transaction on October 7, 2020 by entering into a binding term-sheet.

In order for Lars Wingefors AB to finance the SEK 5.8 billion acquisition of the other Co-Founders' shares Lars Wingefors AB executed a Sell-down of 9,084,703 B shares worth SEK 1,471 million. Lars Wingefors AB will at closing of the "Co-Founders transaction" make the following cash payments to the holding companies of the Co-Founders: Erik Stenberg SEK 630 million, Mikael Brodén SEK 208 million, Klemens Kreuzer SEK 90 million and Reinhard Pollice SEK 16 million. The balance of the transaction will be paid with new B-shares in Lars Wingefors AB. Post the "Co-Founders transaction" Lars Wingefors AB will receive net proceeds of approx. SEK 525 million, giving Lars Wingefors AB a net cash

position of approximately SEK 100 million in order to continue support existing long term operations within real estate and other existing ventures.

The rationale of the Sell-down was to attract new long-term shareholders such as CPPIB as well as establish a long term ownership of Embracer Group by consolidating the Co-founders' shareholdings in Lars Wingefors AB.

Following completion of the restructuring, Lars Wingefors will hold approximately 80% of the capital in Lars Wingefors AB, with the residual held by the original Co-Founders. Lars Wingefors AB will also implement an A and B-share structure where Lars Wingefors will be the only A-share owner.

After the Private Placement and the completion of the consolidation with the Co-Founders Lars Wingefors AB will hold 32.1 percent of the Company's outstanding shares and 51.3 percent of the Company's voting rights.

Advisers

Carnegie Investment Bank AB (publ) and Goldman Sachs International have been appointed Global Coordinators and Joint Bookrunners and Berenberg has been appointed Joint Bookrunner. Baker & McKenzie Advokatbyrå KB acts as legal counsel to the Company and Gernandt & Danielsson Advokatbyrå KB acts as legal counsel to the Managers in connection with the Private Placement. PJT Partners acted as financial advisor to CPPIB. Mannheimer Swartling has acted as legal adviser to CPPIB.

Responsible party

This information is such information Embracer Group AB is obliged to make public in accordance with the (EU) Market Abuse Regulation 596/2014. The information in this press release has been made public through the agency of the responsible person set out below for publication at the time stated by Embracer Group's news distributor Cision at the publication of this press release. The responsible person below may be contacted for further information.

For more information, please contact:

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About Embracer Group:

Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. Embracer Group has an extensive catalogue of over 190 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency and World War Z, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its six operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest, Saber Interactive and DECA Games. Embracer Group has 44 internal game development studios and is engaging more than 4,000 employees and contracted employees in more than 40 countries.

Embracer Group's shares are publicly listed on Nasdaq First North Growth Market Stockholm under the ticker EMBRAC B with FNCA Sweden AB as its Certified Adviser; info@fnca.se +46-8-528 00 399.

For more information, please visit: <http://www.embracer.com>

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. Embracer Group has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the Private Placement. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly

any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market's rule book for issuers..

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the B shares in Embracer Group have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the B shares in Embracer Group may decline and investors could lose all or part of their investment; the B shares in Embracer Group offer no guaranteed income and no capital protection; and an investment in the B shares in Embracer Group is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Private Placement. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the B shares in Embracer Group.

Each distributor is responsible for undertaking its own target market assessment in respect of the B shares in Embracer Group and determining appropriate distribution channels.