

Welcome to
Annual General Meeting
FY 19/20

16 SEPTEMBER 2020

Today's agenda

- 15.00** Welcome by Matilda Karlsson, Pareto Securities
- 15.01** AGM Agenda by Kicki Wallje-Lund
- 15.05** Presentation including deep dive and acquisition of Vertigo Games including Q&A
- 16.30** AGM continues
- 17.00** AGM ends

AGM Agenda (Part 1)

1. Opening of the meeting
2. Election of Chairman of the meeting
3. Preparation and approval of voting list
4. Election of one or two persons to certify the minutes
5. Question whether the general meeting has been duly convened
6. Approval of the agenda
7. Presentation of the business activities in the Embracer group

EMBRACER⁺ GROUP

Annual General meeting 2020

16 September 2020



Operational overview FY 19/20

Financial and operational metrics FY 19/20

Net sales
SEK 5,249m YoY growth
+3%

Net sales – Games
SEK 3,197m YoY growth
+31%

Operational EBIT
SEK 1,033m YoY growth
+35%

Games – business area Organic growth
+9%



PROJECT PIPELINE

118 projects under development
(Saber Interactive included)

TOTAL NUMBER OF HEADCOUNTS

3109 (2208)

ONGOING

SEK 1.5 (1.0) billion
game development investments

INTERNAL STUDIOS

26 (17)

COMPLETED

SEK 589 (480) m
game development investments

ESG

First Sustainability Report published

During FY, we estimate our market share for Business Area Games (including proforma from acquired companies) had

- **Approx 0,50% of the overall total global gaming market or**
- **Approx 1,20-1,40% of the premium console & PC software market.**

Selected releases FY 19/20



The following joined Embracer Group:

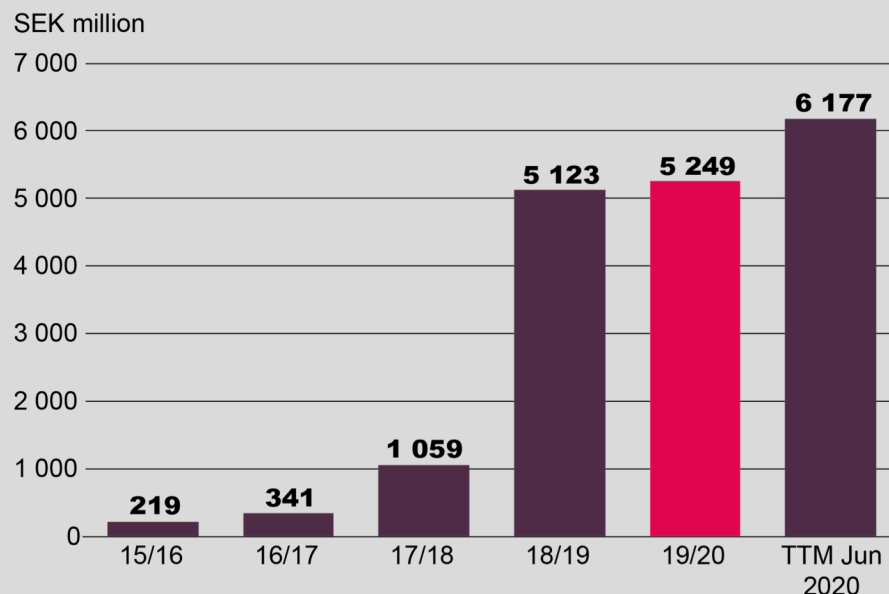


Acquired after
Year End



2019–2020 Continued momentum & growth

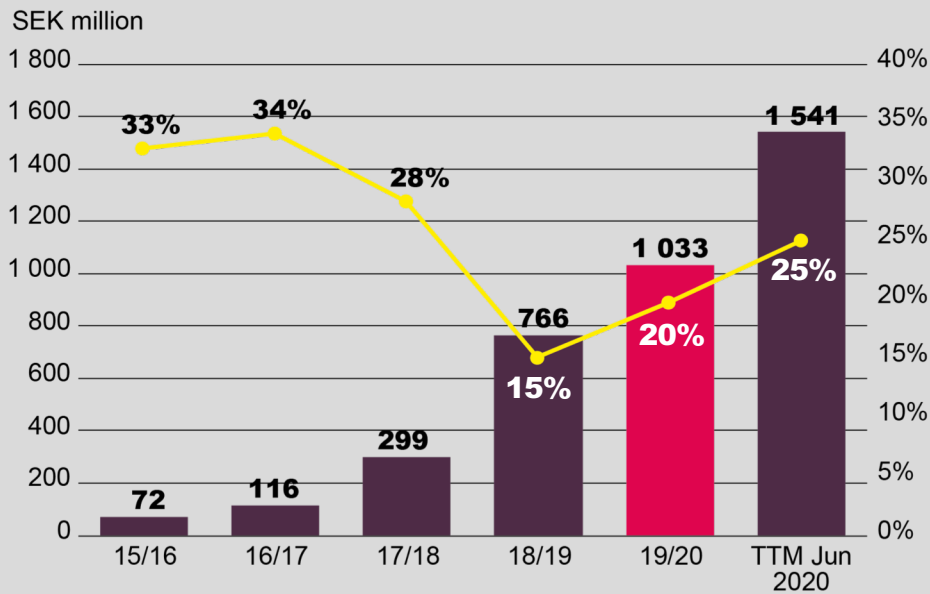
NET SALES AND INVESTMENTS IN GAME DEVELOPMENT



Net sales, left

¹⁾ Excluding items reported as Other intangible assets.

OPERATIONAL EBIT & MARGIN



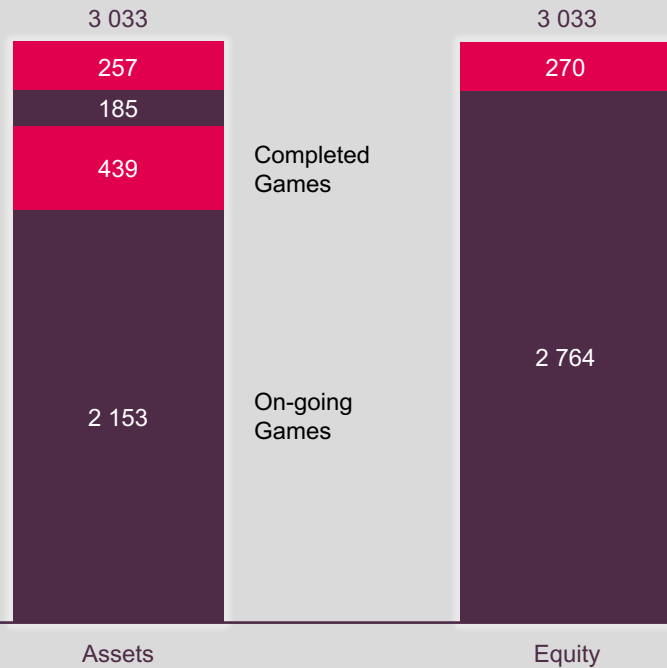
Operational EBIT, SEK m

Operational EBIT Operational EBIT %

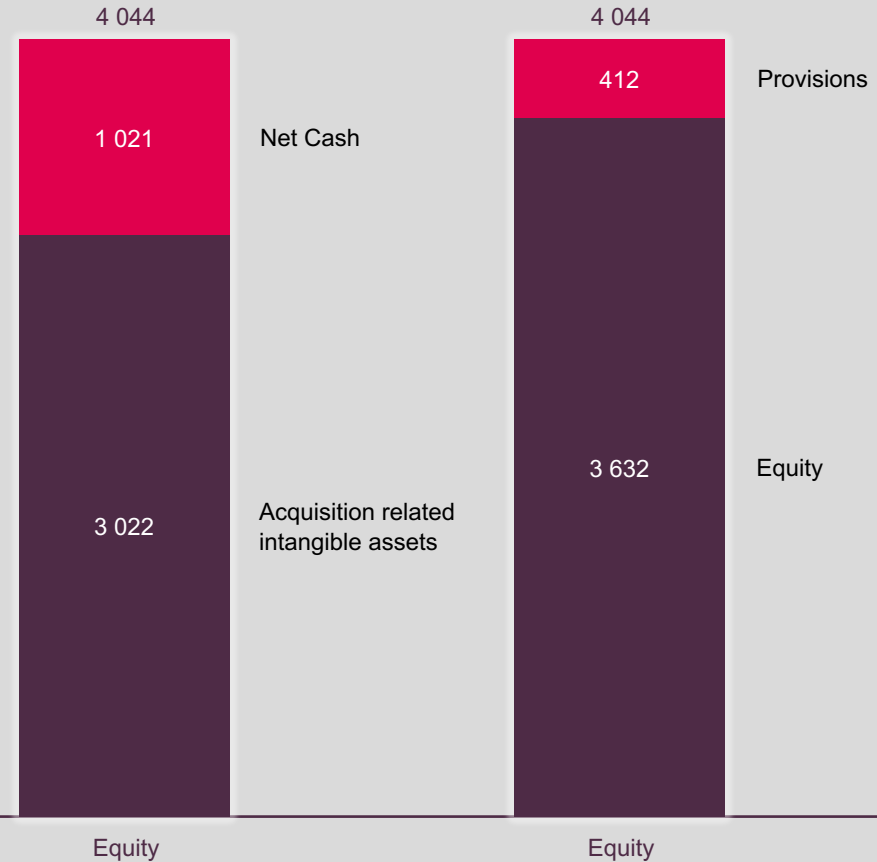
- Continued growth, driven by business area games.
- Higher share of revenue towards business area games drives profitability (15% to 20%).
- Slower performance in Partner Publishing mainly due to fewer large releases.
- Performance in Games even more impressive as we have Metro Exodus in the corresponding period last year.
- Solid performance in Q1 improving TTM June.

Balance sheet

OPERATIONAL BALANCE SHEET ITEMS

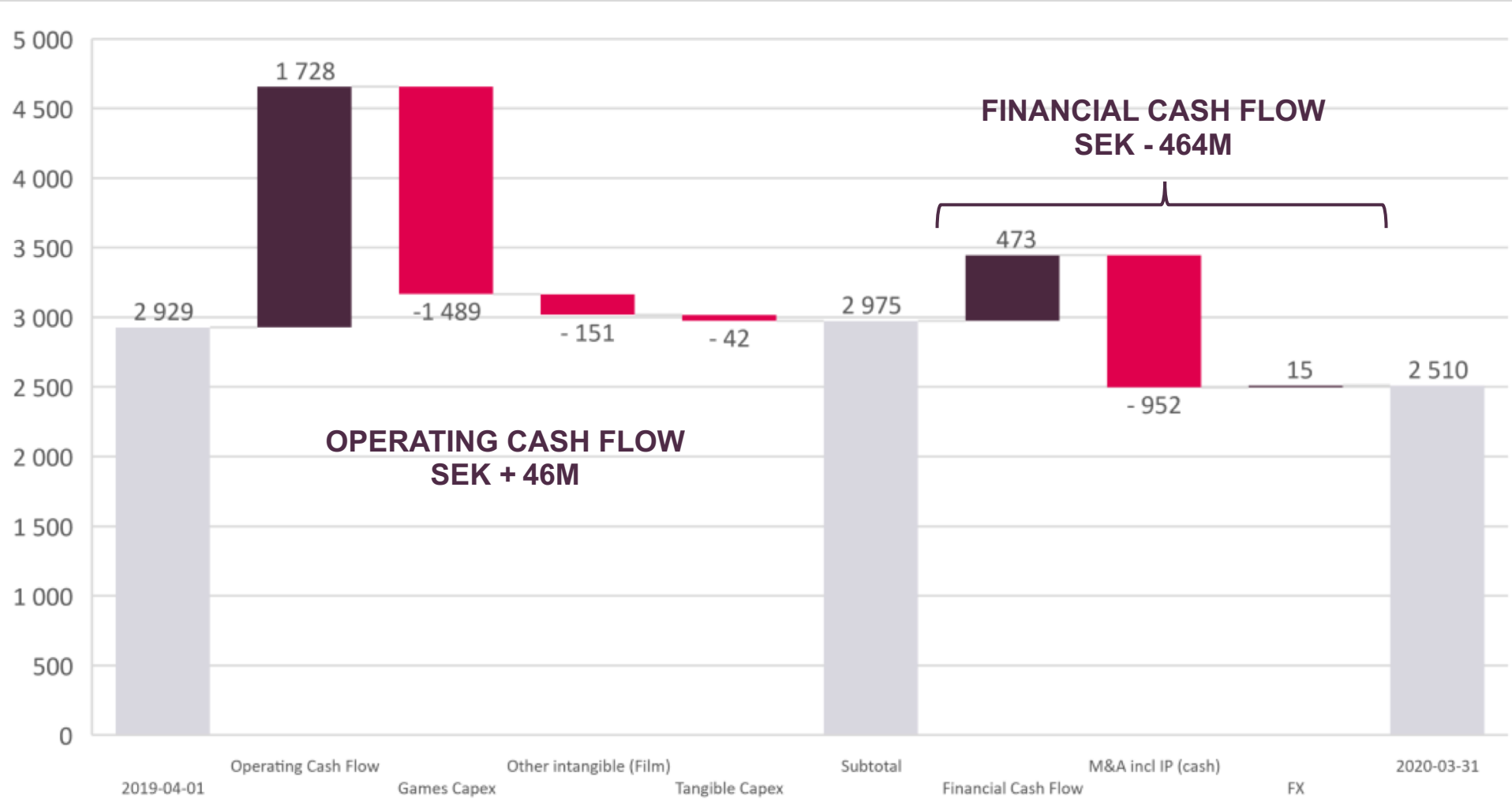


FINANCIAL BALANCE SHEET ITEMS



SEK 2.6bn invested in our game's portfolio per year-end, where SEK 0.4bn relates to completed games and SEK 2.2bn relates to On-going development. SEK 3.0bn of assets are related to acquisitions (Goodwill and IP-rights). Net cash amounts to SEK 1.0bn. Vast majority is financed thru Equity (net of other assets and liabilities SEK 0.3bn and provisions for conditional purchase price amounts to SEK 0.4bn)

CASH FLOW FROM 1 APRIL 2019 TO 31 MARCH 2020



During last year we generated SEK 1.7bn in operating cash flow and invested SEK 1.5bn in our games portfolio, SEK 0.2bn in Other intangibles (mainly Film) and SEK 42m in tangible assets, resulting in a operational FCF of SEK +46m. Positive cash flow from financing activities at SEK 0.5 bn, net cash flow effect from acquisitions amount to SEK -1.0bn.

A traditional Chinese junk boat with a large red sail is sailing on a blue sea. The boat is made of wooden planks and has a single mast with a large, rectangular red sail. The sea is a deep blue with white-capped waves. In the background, there are large, dark, rocky islands. One prominent island has a pagoda-like structure on top. The sky is a clear, light blue. The overall scene is a stylized, digital illustration.

ESG Update

Our ESG/sustainability journey so far...

Smarter Business underpinned by four pillars

- Launch of sustainability project initiated by board of directors
- Published Sustainability report
- Popular version of Compliance Code
- Partnering with organizations, which helps us push our focus areas in the right direction
- Launched Whistleblowing Service
- On-going data protection management



2018

2019

2020

Ongoing

- Onboarded Corporate Governance & Sustainability Coordinator
- Launched our sustainability framework “Smarter Business”
- Implemented Global governance polices; Compliance Code, Global ABC, Global Information Policy
- Data Protection review
- Ambassador Program launched

- Increase understanding of impact, risks and identification of actions through extensive and systematic KPI data collection
- Evaluate SASB standards to highlight financial impacts of sustainability
- Compliance Code training
- Compliance training schedule
- Extension of the Ambassador program
- Clear goals
- Updated risk analysis

Business Sense

With honesty and trust we make acquisitions and build brand value for the long term.

Solid Work

Our products entertain and create feelings, based on creative expression and common sense.

Great People

Our people are creative, dedicated and our most important asset

Greener Planet

We want to make our planet greener through innovation and technological advancements



73%
OF OUR REVENUE

IN 2019/2020 CAME FROM SALES OF DIGITALLY DISTRIBUTED GAMES – COMPARED TO 51% IN 2018/2019

22%
WOMEN

GENDER DISTRIBUTION IS A TOPIC THAT WE WILL CONTINUE TO ADDRESS AS WE WORK TO BECOME MORE DIVERSE

20
AMBASSADORS

20 AMBASSADORS REPRESENTING ALL OPERATIVE GROUPS SPREAD OVER 13 DIFFERENT COMPANIES OF EMBRACER GROUP

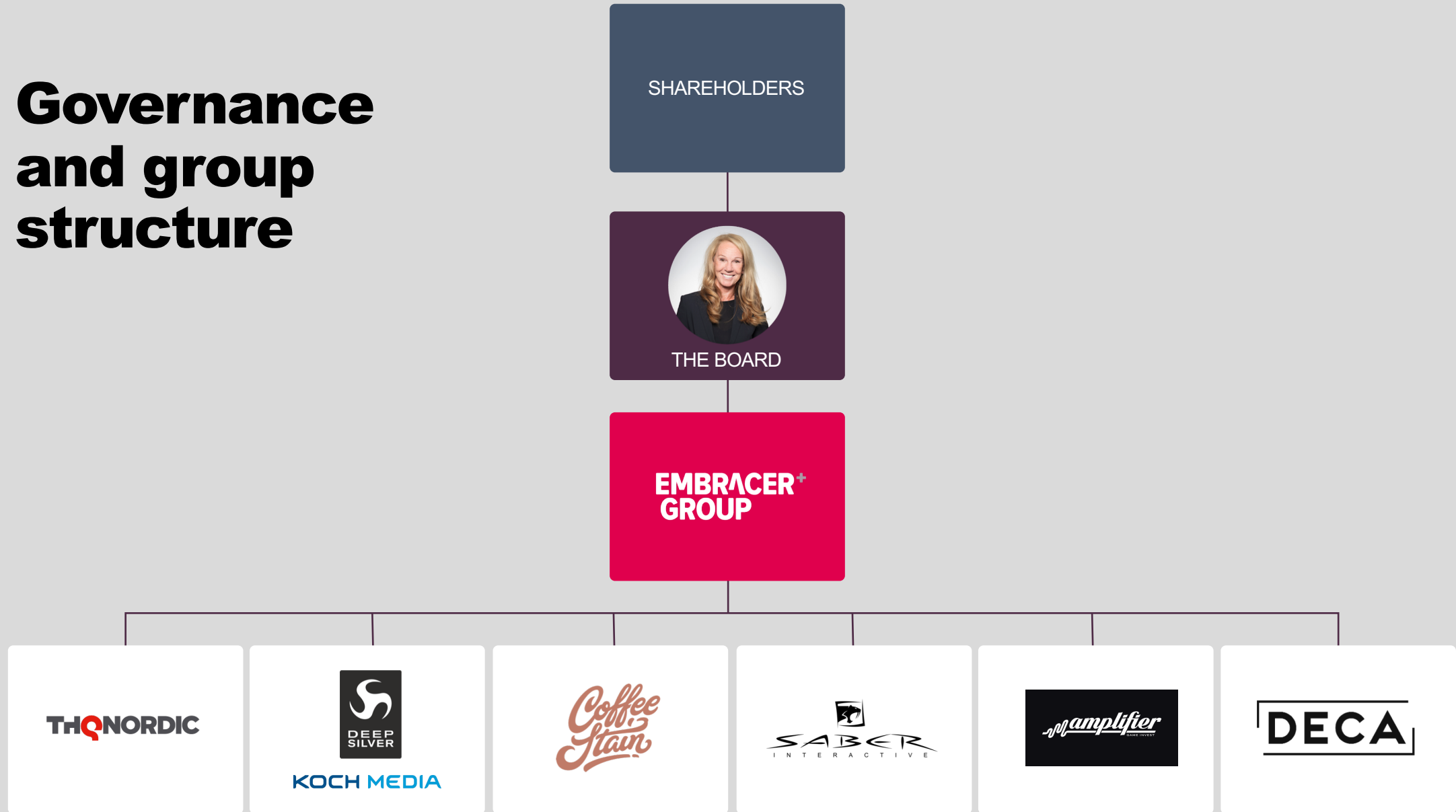
47
REPRESENTED NATIONALITIES

German 23%, American 18%, Italian 13%, British 11%, Swedish 10%, Czech 2%, French 3%, Austrian 10%, Spanish 2%, Other 8%

A scenic landscape featuring a river flowing through a valley, surrounded by rocky terrain and lush greenery. In the background, there are prominent, jagged rock formations and a small tower-like structure. The sky is filled with soft, colorful clouds, suggesting a sunset or sunrise. The overall atmosphere is peaceful and natural. The text "Business Areas" is overlaid in the center of the image in a bold, white font.

Business Areas

Governance and group structure















Business Areas overview

EMBRACER+ GROUP
 Group strategy and M&A
 HQ, Karlstad

Two complementary business areas

Games
 Development, publishing and marketing of games

Six autonomous business units

  Vienna	  Munich	  Skövde	  New York	  Stockholm	  Berlin
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190+ IPs 133 pipeline projects

~3,400 developers 43 internal and 55 external dev. studios

Partner Publishing


 NO. 1 EUROPEAN PUBLISHING PARTNER

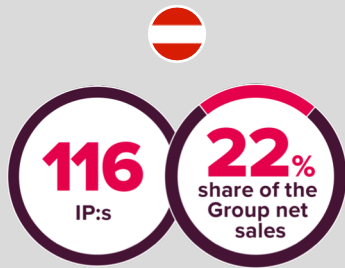





 DISTRIBUTION


* Saber Interactive only included Apr-Jun 2020, excluding acquisitions announced on Aug 13, 2020 | Other figures are including acquisitions announced on Aug 13, 2020

THQ NORDIC



Klemens Kreuzer, CEO

Info

- HQ in Vienna, Austria
- Strategy of acquiring established, esteemed IPs and enhancing their value through Asset Care and sequels
- Development size: Small to large
- SEK 1.5 billion net sales (LTM June 2020)
- 56% annual net sales growth 2016 – June 2020 (CAGR)

Selected releases FY 19/20 and as of today

 PC PS4 XB1 IP: Own	 PC PS4 XB1 IP: Own
 PC PS4 XB1 IP: Own	 PC PS4 XB1 Switch IP: 3rd

13 internal development studios

20 46 74 38	61 28 8	32 78 33 31	Acquired or founded FY 19/20 7 Acquired after FY 19/20 10 Plus announcing today: 2 more
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Publishing & Administration Publishing, Marketing and Distribution of Games

THQ NORDIC		
THQ Nordic GmbH 66 Vienna, Austria	THQ Nordic Inc. 1 Bohemia, NY	
Handygames 61 Giebelstadt, Germany	THQ Nordic Japan KK 3 Tokyo, Japan	THQ Nordic Holdings USA Inc. -

At a glance: Selected KPI's

116 IP's as of today

KINGDOMS
OF AMALUR

BIOMUTANT

TITANQUEST

WRECKFEST

DARKSIDERS

MX vs ATV

RED FACTION

GOthic

SpellFORCE

DESTROY ALL
HUMANS!

REMNANT
FROM THE ASHES

ELEX

Acquisitions related to THQ Nordic (asset- or share deals):

41 since 2011

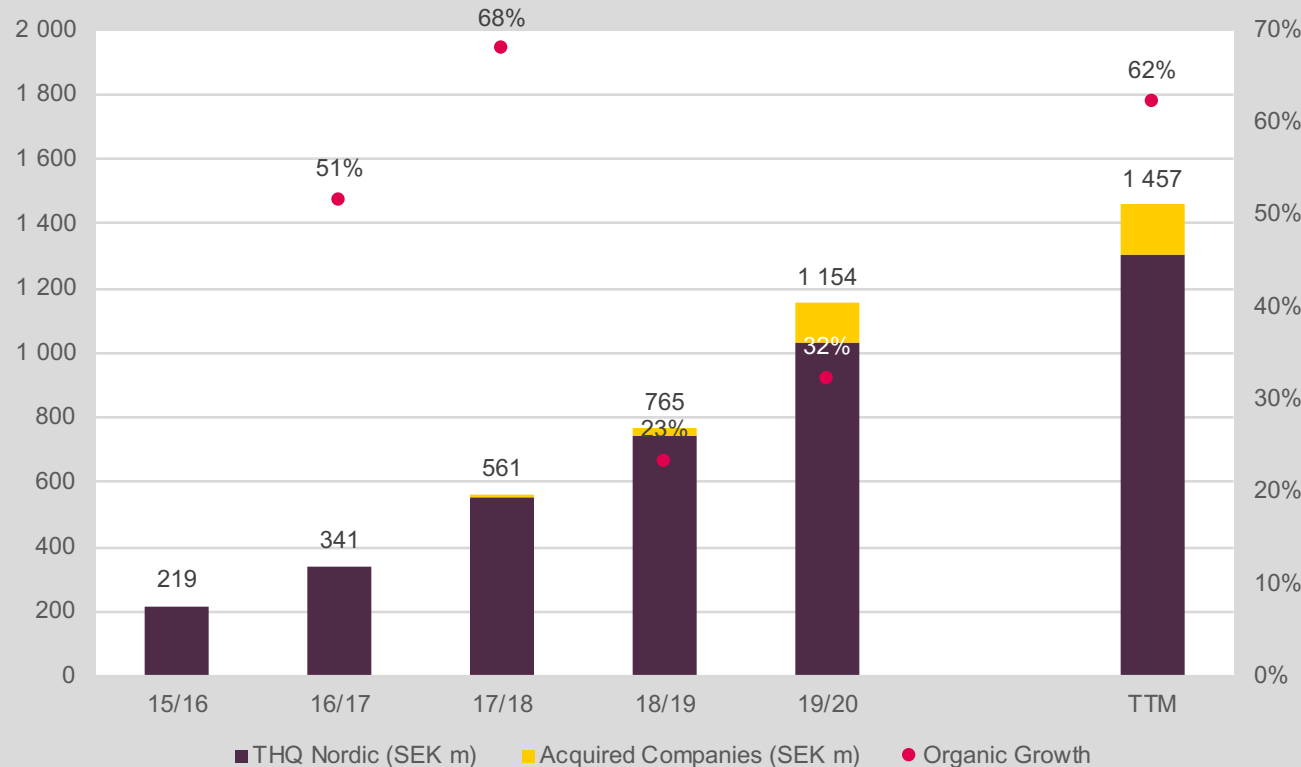
Family Size (FTEs)

898 friends & colleagues in TOTAL

...thereof Publishing/Administration:	99
...thereof internal Developers:	449
...thereof external Developers:	350

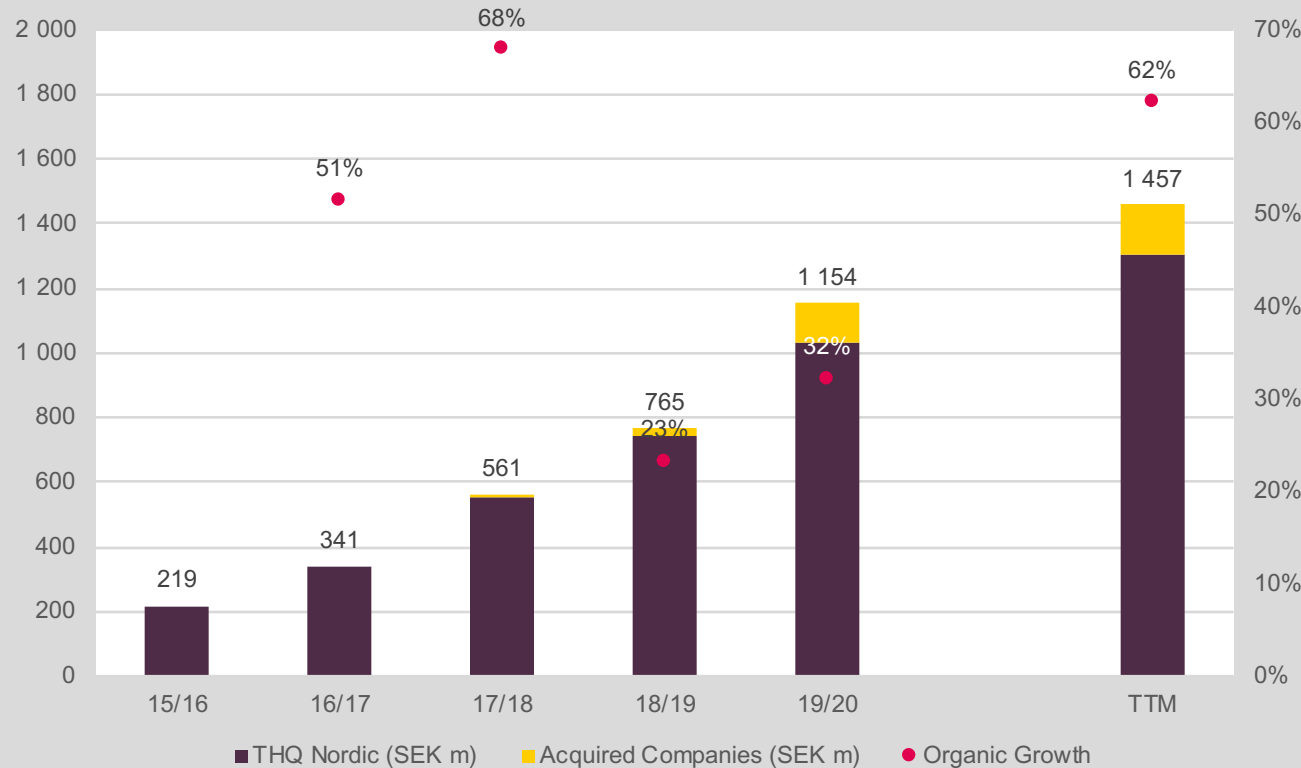
(as of June 30, 2020)

Investing for long term organic growth



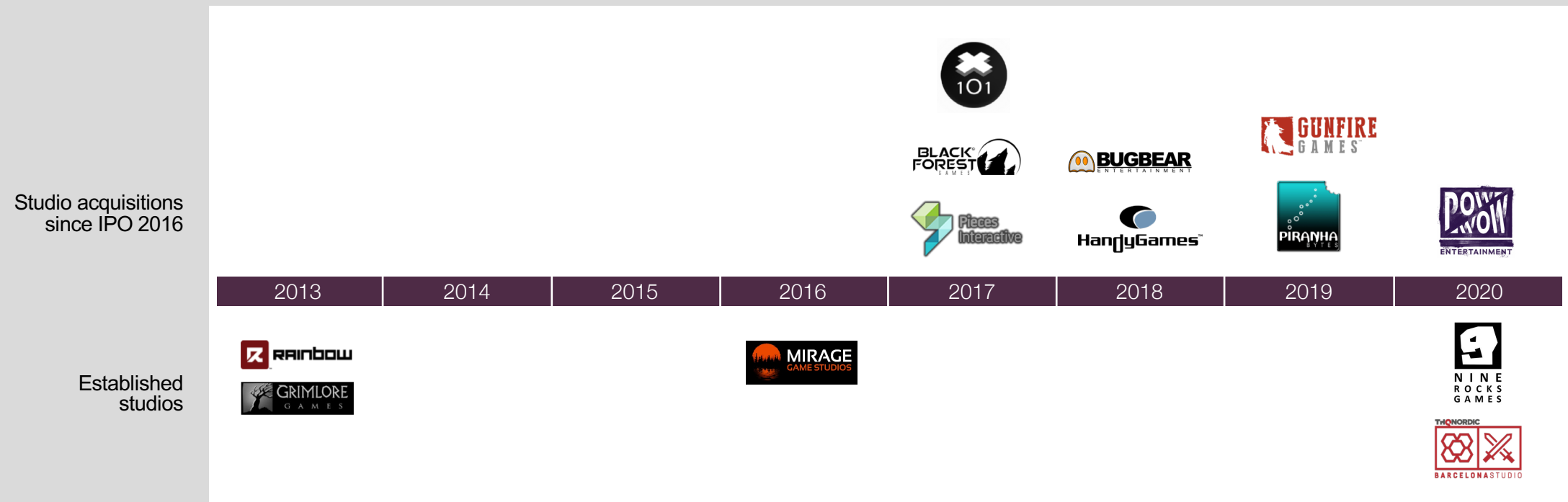
- Total consideration for IP & studio acquisitions, including full earnouts, since 2011 amount to c. 0,9 Bn SEK. (=spending for current studio footprint & IP catalog)
- Capitalized development amount to SEK 1.5 Bn since November 2016. Value of released games amount to SEK 0.9 Bn during same time period. (=significant growth investments).
- Capitalized development and released games at June 30 amounted to c. 1,0 Bn SEK. (=Investments in future growth, including many "dormant IP's")
- Depreciation & Amortization on released games over the past 12 months amount 0,3 Bn SEK.

Investing for long term organic growth



2017/18			
2018/19			
2019/20			
2020/21			
			

Investing for long term organic growth



Finance overview

CONTRACTS

Standard Bicycle

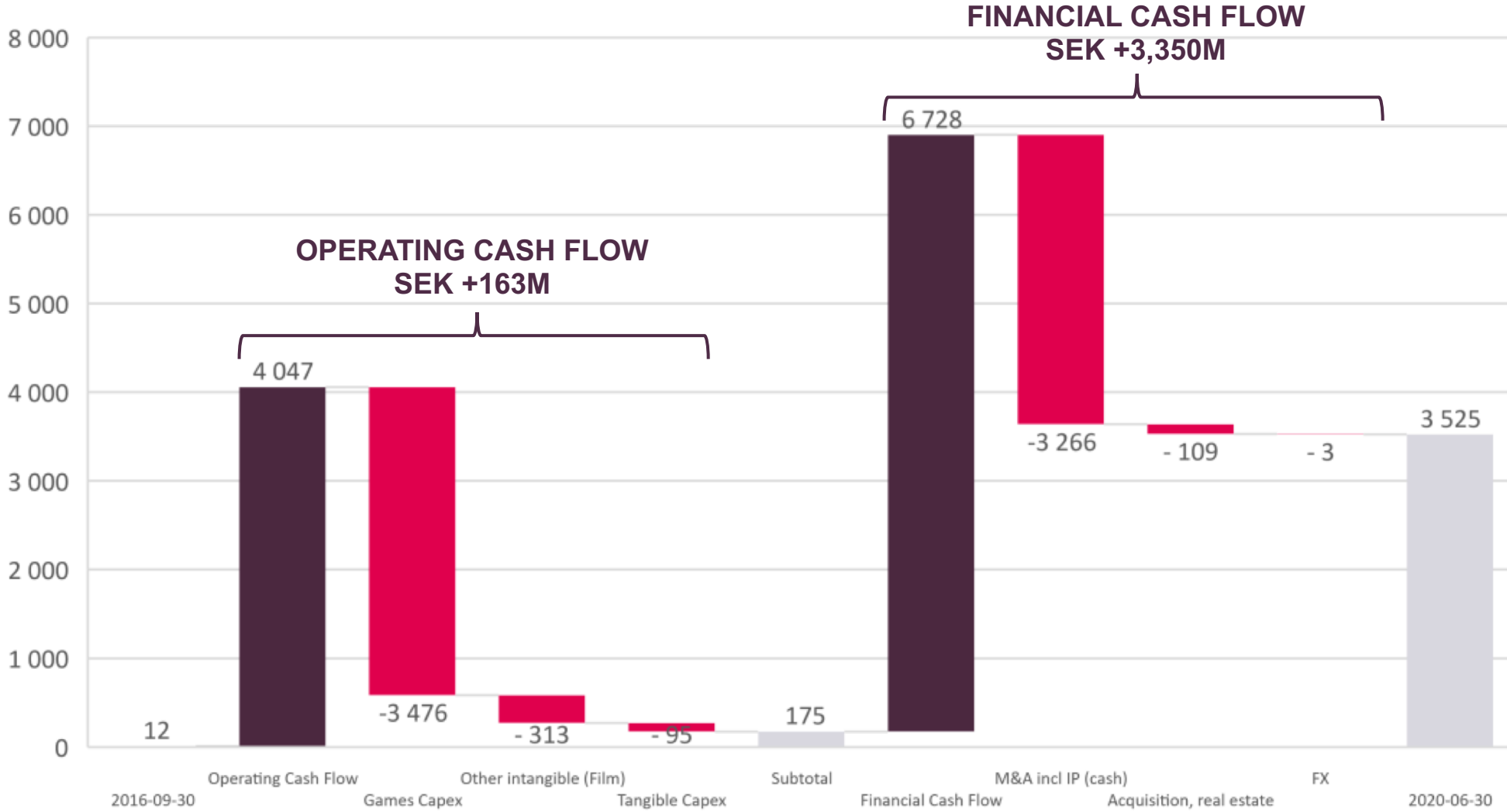
0/7 4d 15h 20.0%

MiniCar F1

0/50 0.3%

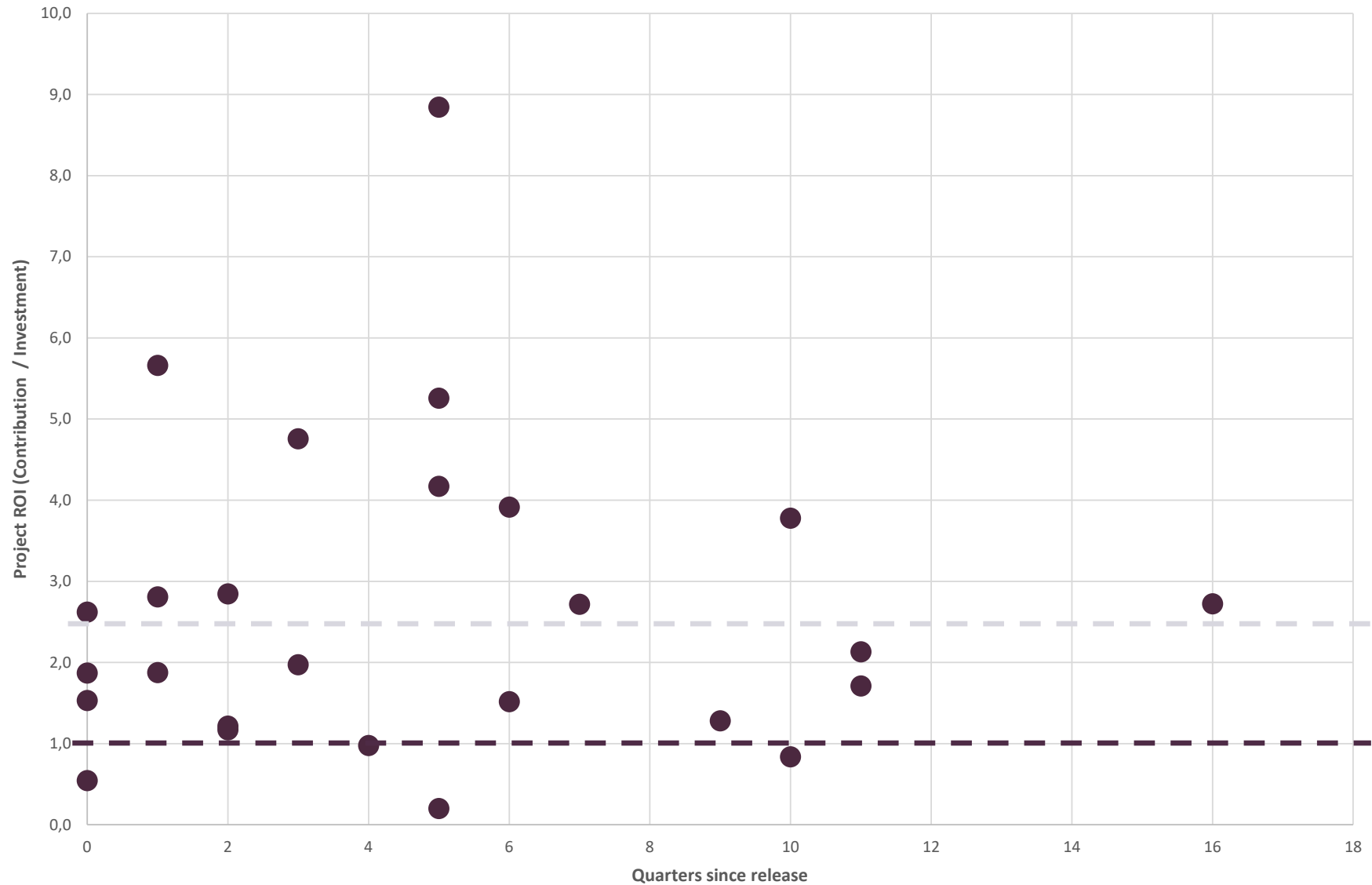


CASH FLOW FROM 30 SEPTEMBER 2016 TO 30 JUNE 2020



Since September 2016 we have generated SEK 4.0bn in operating cash flow and invested SEK 3.5bn in our games portfolio, SEK 0.3bn in Other intangibles (mainly Film) and SEK 0.1bn in tangible assets, resulting in a operational FCF of SEK +0.2bn. Positive cash flow from financing activities at SEK 6.7bn, net cash flow effect from acquisitions amount to SEK -3.3bn with a related investment in real estate of SEK -0.1bn.

PROJECT ROI



Based on reported numbers until 30 June 2020

Sample includes projects with sales above SEK 40 mn or investment above SEK 40 mn (26 projects)

ROI = Contribution / Investment

Contribution = Gross Profit less marketing expenses from release to 30 June 2020.

Investment = Capitalized Development Expenses including follow-on investment.

The background image is a dark, atmospheric scene from a game. It features a glowing, golden orb with a fiery, swirling pattern inside, resting on a dark, rocky surface. To the right, a dark, shadowy creature with glowing orange-yellow feet is visible. The scene is lit with a mix of blue, purple, and orange light, creating a mysterious and somewhat ominous mood. The overall aesthetic is that of a high-quality, cinematic video game environment.

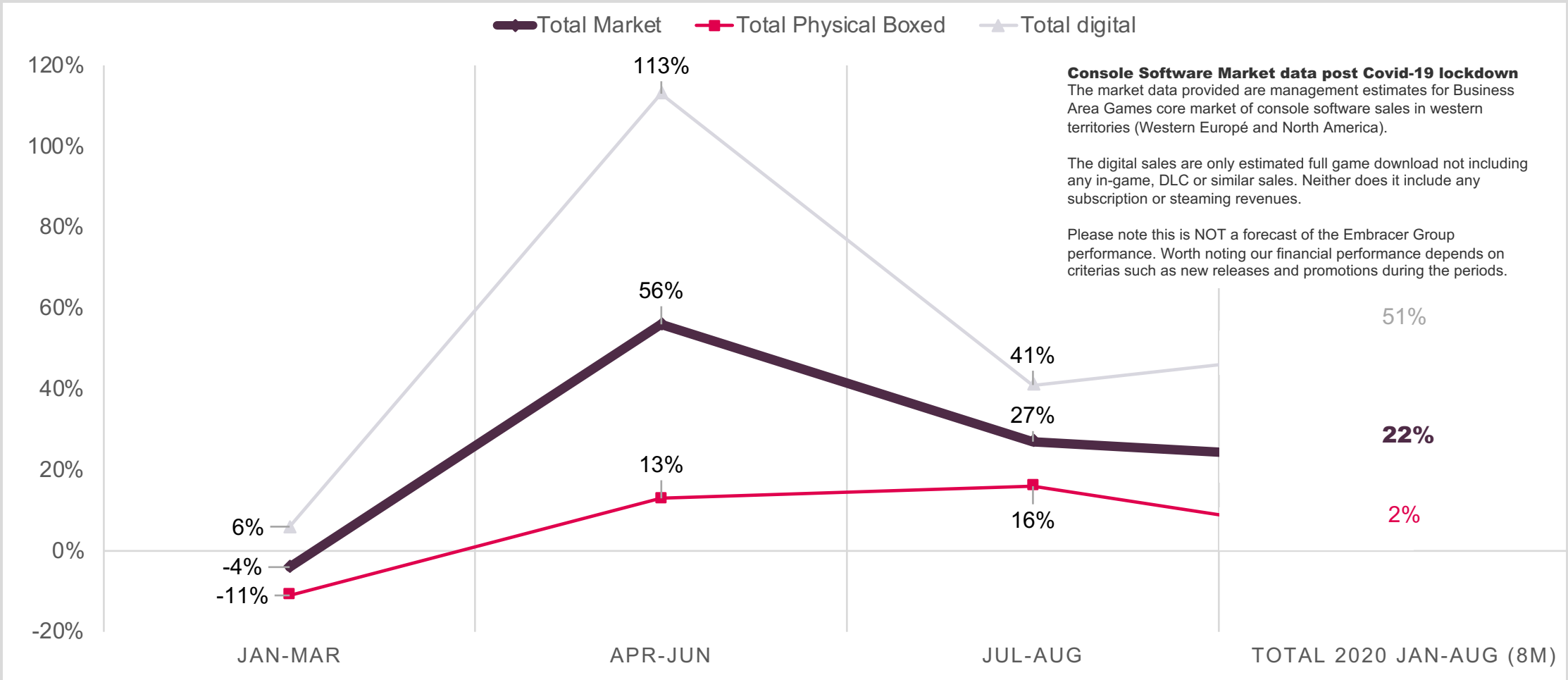
Market update

Embracer in Value Chain/ Gaming Industry



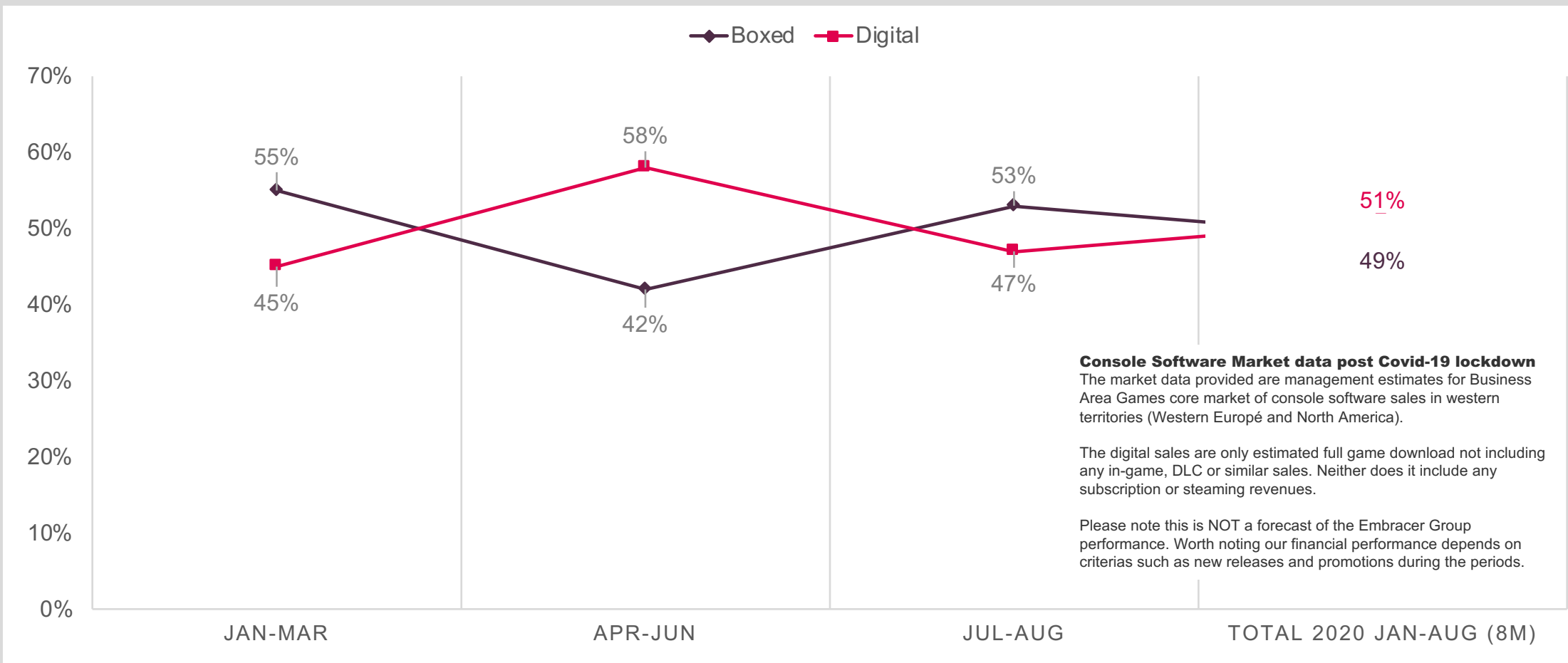
Market update post covid-19 lock down

MARKET GROWTH AS %

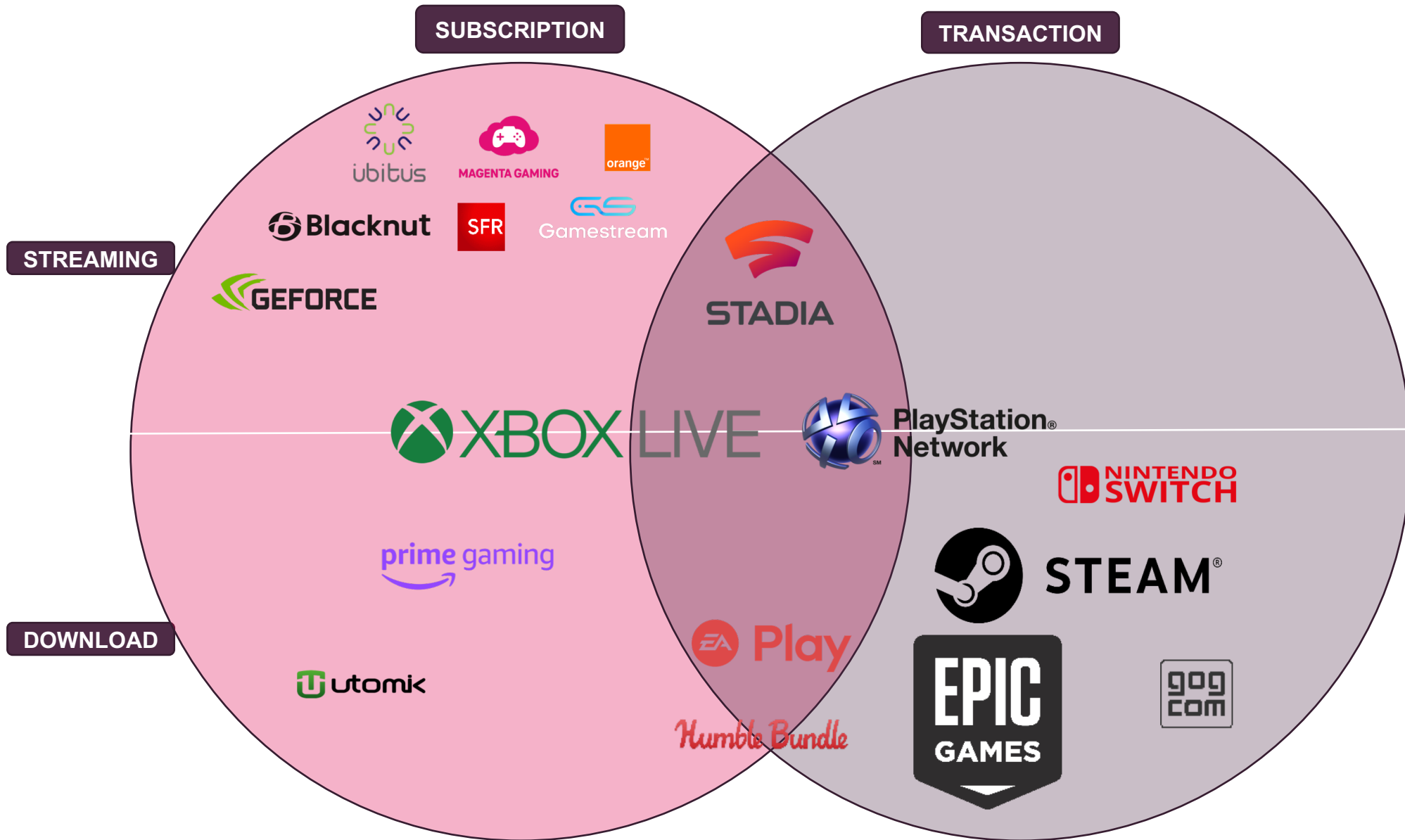


Market update post covid-19 lock down

DIGITAL AND BOXED SALES AS %



Digital Platform Landscape



Platform	User Count
PlayStation Network	103 million <i>(Jan 2020)</i>
PlayStation Plus	41.5 million <i>(March 2020)</i>
PlayStation Now	2.2 million <i>(May 2020)</i>
XBOX LIVE	90 million <i>(April 2020)</i>
XBOX GAME PASS	10 million <i>(April 2020)</i>
ONLINE	15 million <i>(January 2020)</i>

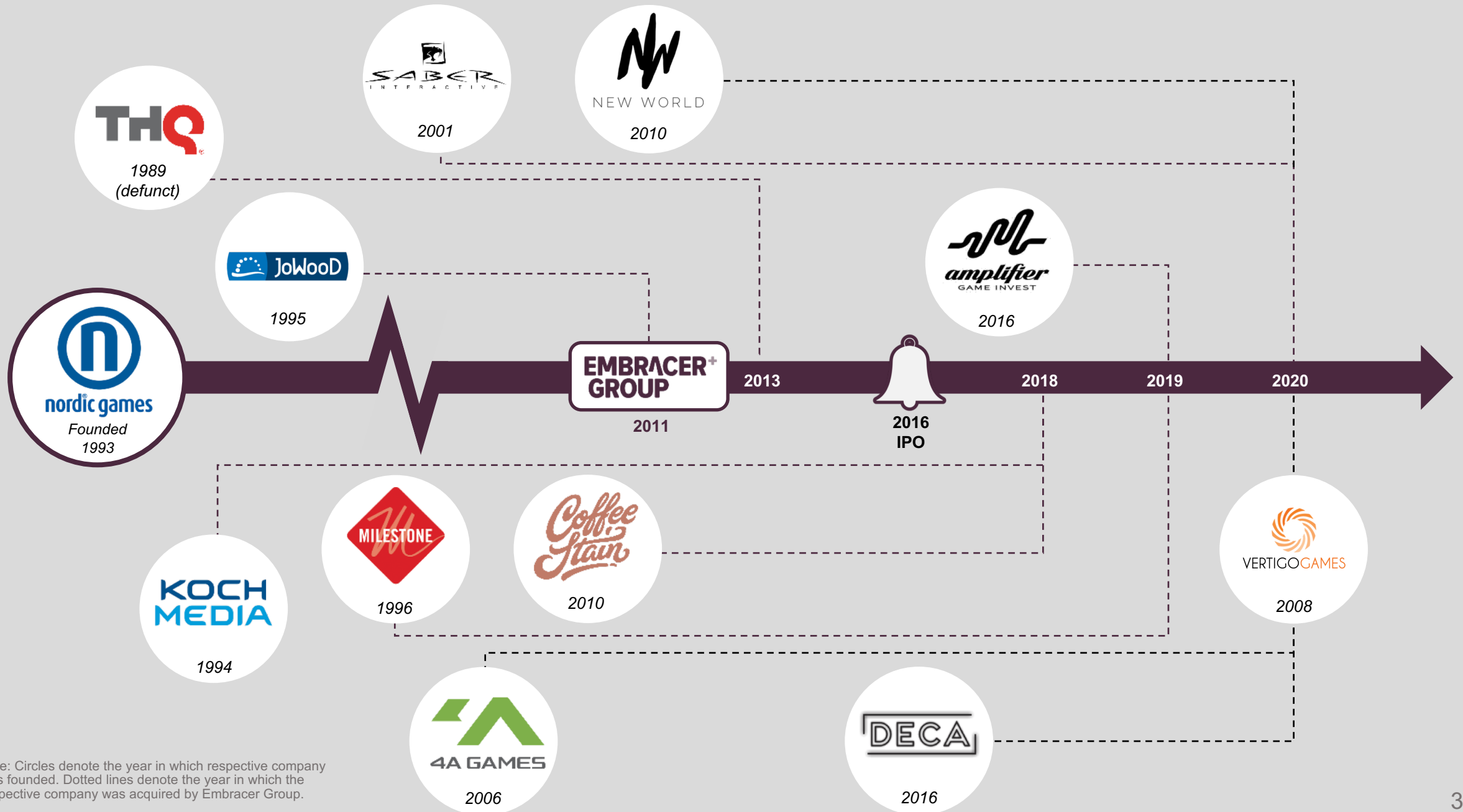
Growth Opportunities
Increased engagement driving post-sale monetization
Community driven features, Crossplatform multiplayer
Content-hungry services
New platforms entering the market



Operating model

**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.

Empowerment through decentralization

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

EACH GROUP AND STUDIO HAS ITS OWN UNIQUE CULTURE, DNA AND STRATEGY

THE 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



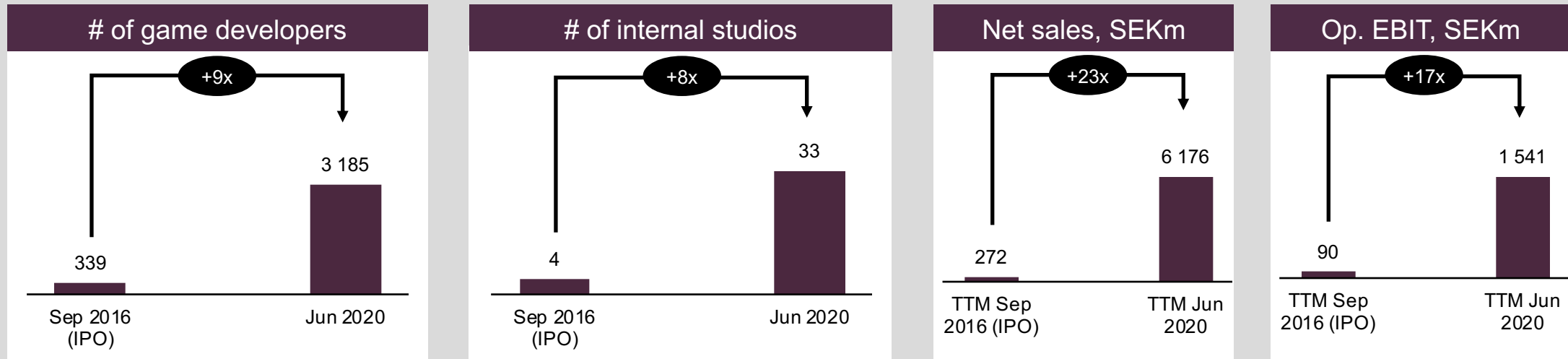
Acquires profitable FTP IPs and applies LiveOps expertise to amplify the game

43 INTERNAL AND 55 EXTERNAL STUDIOS*

*Figures are Embracer figures per 30 June 2020 plus our eight acquisitions announced on 13 Aug 2020 per announcement date

Growth track record since IPO

Organic and acquisitive (42% dilution*) growth since IPO until 30 June 2020 has yielded:



Note: Excluding eight acquisitions announced on Aug 13, 2020

M&A Update



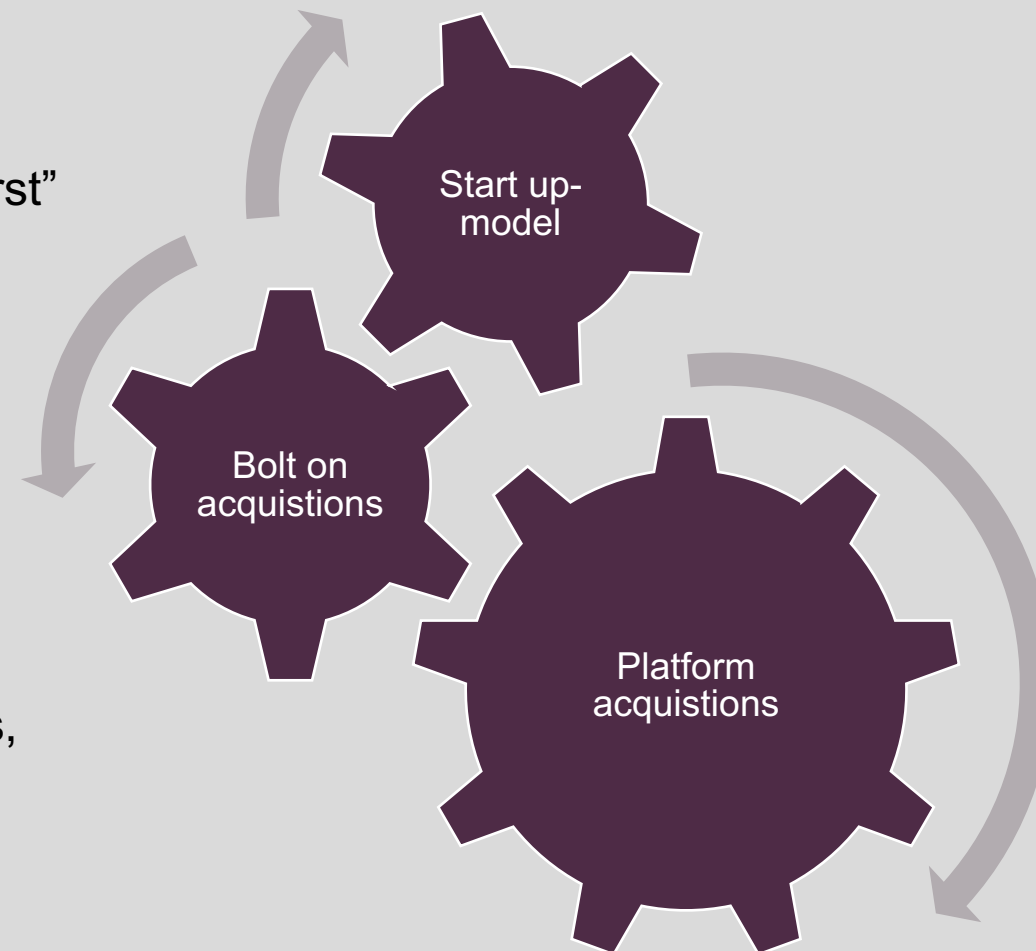
Investment priorities

Priorities with underlying operating free cash flow

1. **Invest in Organic Growth** – "Quality comes first"
2. **Bolt on acquisitions / Start up-model** with incremental organic growth opportunities
3. **New operating units**, ideally with incremental organic and inorganic growth opportunities.

The Embracer Group Eco system

- We share positive synergies as assets and resources, distribution and marketing power, but the companies are independently led, often by founders who stay committed to the company.



Business strategy

Financial model

- Diversified portfolio/pipeline – reduces operational risk
- Strong balance sheet – reduces financial risk
- Reinvests as much as possible of operating cash flow and willingness to issue equity – to capture attractive organic and acquisitive growth opportunities (ROI > WACC)

Empowering people

- Philosophy of decentralization to empower our great people across the group
- Commercial autonomy to business area CEOs, founders, and studio heads to run their operations
- Fosters creativity, speed and relevance as decisions are taken closer to local markets and niche markets

Organic growth

Invest for long-term organic growth

Investments in development should outpace finalized game development

- Develop and expand IP portfolio – including currently dormant IPs
- Develop and expand internal studios
- Establish new studios with top talent developers
- Sign development projects with external studios
- Continue to consolidate partner publishing market

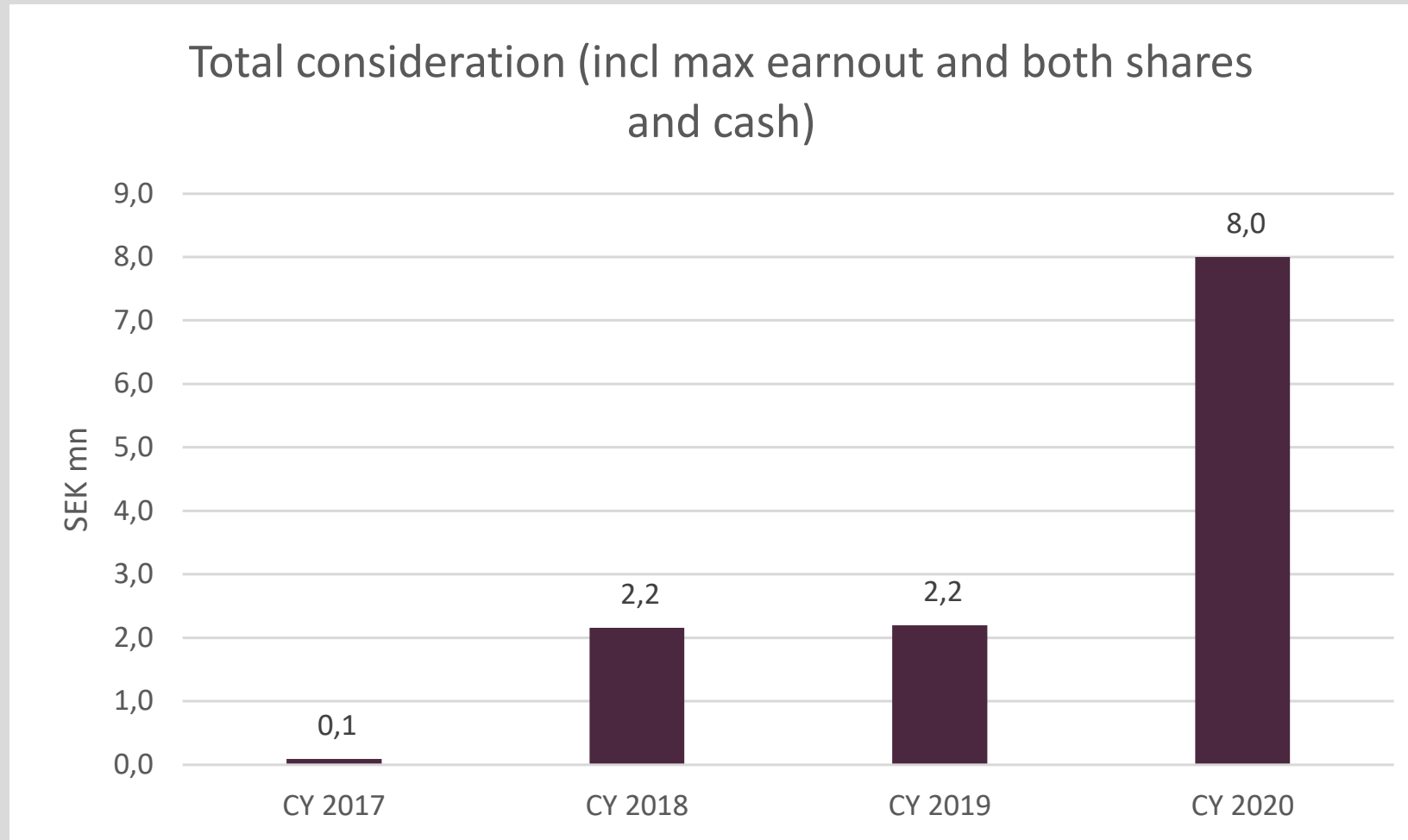
M&A

Buy to build

Continue acquiring great companies that share our vision at fair valuations

- Acquire and develop IPs, and studios and publishers
- Increase investments in acquired companies to unleash unlocked potential and capacity
- Synergies with distribution, marketing, knowledge-sharing, IPs, tech, development etc.
- In general to complement, not compete, with business partners in the game industry.

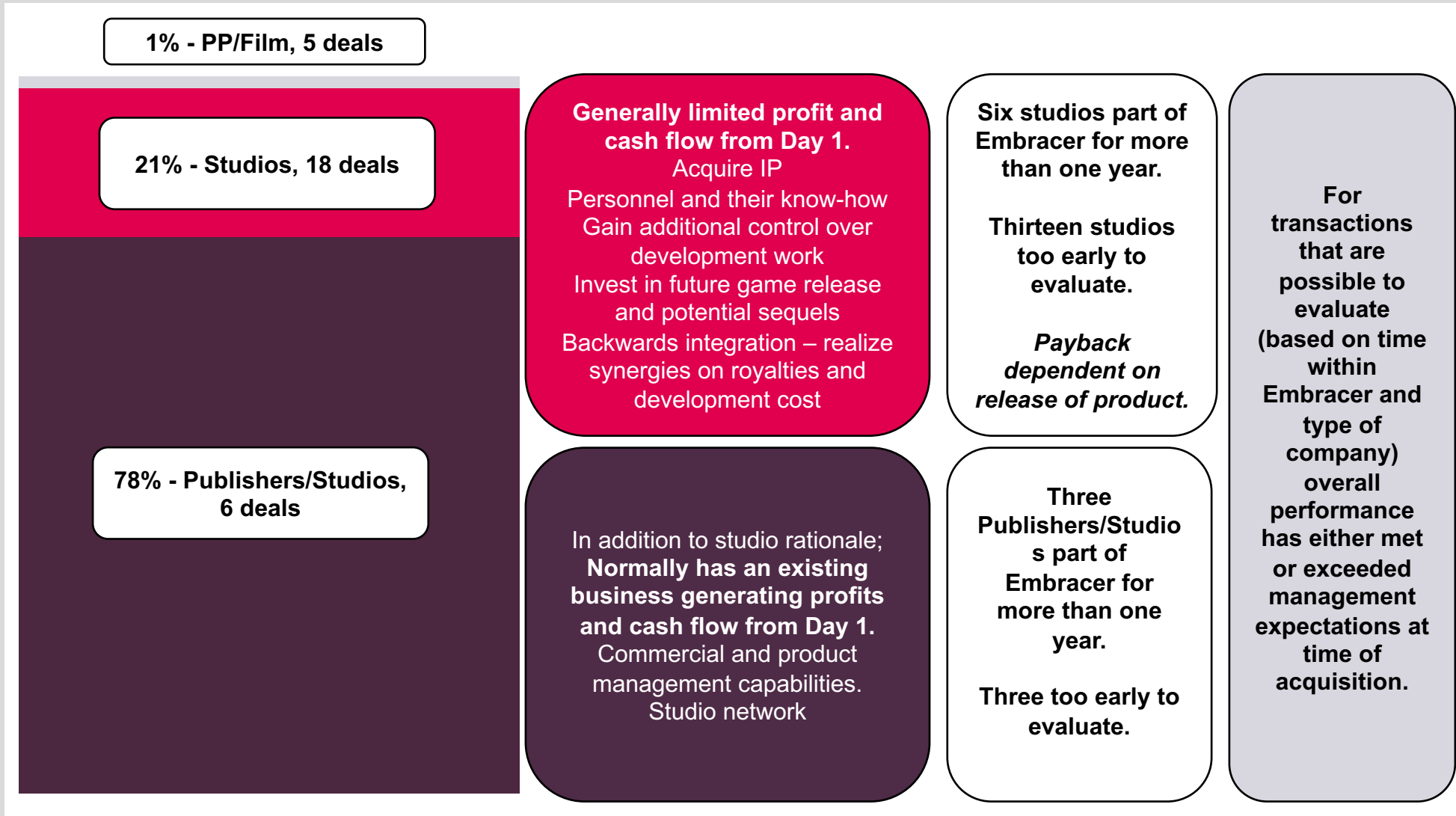
Recap on Acquisitions



SEK 12.5 Bn allocated to acquisition part of growth strategy since IPO

Intensity of M&A strategy is increasing with SEK 8.0 Bn allocated in 2020 until mid August

Recap on Acquisitions, cont.



M&A outlook

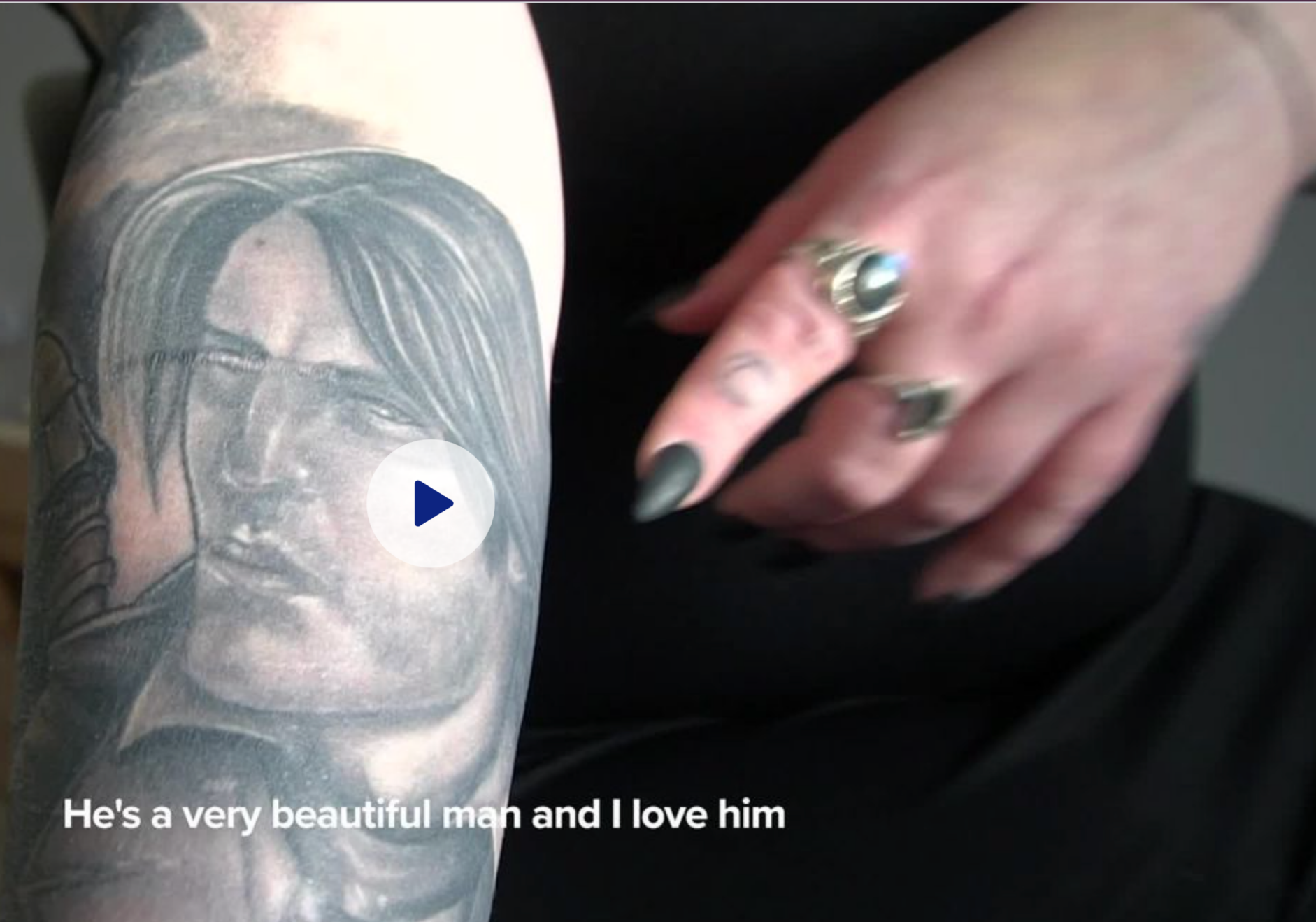
- M&A prospects continue to look favorable
- Currently we have more discussions than ever with potential joiners, including a handful of sizable companies that could form new operative groups
- Ongoing scouting and research activity at HQ in Sweden, Saber Interactive, THQ Nordic Vienna, Koch Media Deep Silver, Coffee Stain, Amplifier, and DECA
- 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

EMBRACER⁺
GROUP

EMBRACER+
GROUP**Stories**

The group is growing fast, with thousands of creative people in the companies around the world. We now premiere Embracer Stories, a new way of telling some of the stories about the people, companies and ideas that make up the Embracer Group.

Our storytelling is headed by award-winning journalist Thomas Arnroth.



He's a very beautiful man and I love him

Vertigo Games

Q&A

AGM Agenda (Part 2)

8. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report
9. Resolutions regarding:
 - 1.1. adoption of income statement and balance sheet and the group income statement
 - 1.2. and the group balance sheet,
 - 1.3. decision regarding the profit or loss of the company in accordance with the adopted balance sheet, and discharge from liability of the board of directors and the managing director.
10. Determination of the number of directors and auditors
11. Determination of fees to the board of directors and to the auditors
12. Election of the board of directors and auditors
13. Resolution regarding amendments of the articles of association
14. Resolution regarding authorization for the board to issue shares, convertibles and/or warrants
15. Closing of the meeting

Thank you!