

# EMBRACER<sup>+</sup> GROUP

21/22

## INTERIM REPORT 1

APRIL – JUNE 2021  
EMBRACER GROUP AB (PUBL)  
REG NO. 556582-6558

### OPERATIONAL EBIT INCREASED 79% TO SEK 1,271 MILLION

#### FIRST QUARTER, APRIL–JUNE 2021 (COMPARED TO APRIL–JUNE 2020)

- > Net sales increased by 66% to SEK 3,426.6 million (2,068.7).
- > Net sales of the Games business area increased by 83% to SEK 2,960.9 million (1,622.1). THQ Nordic SEK 668.7 million (487.8), Koch Media Publishing SEK 637.6 million (612.7), Coffee Stain SEK 190.7 million (172.5), Saber Interactive SEK 304.9 million (349.2), DECA Games SEK 145.6 million (-), Gearbox Entertainment SEK 437.0 million (-) and Easybrain SEK 576.4 million (-).
- > Net sales of Partner Publishing/Film business area increased by 4% to SEK 465.7 million (446.5).
- > EBITDA increased by 59% to SEK 1,532.2 million (965.2), corresponding to an EBITDA margin of 45% (47%).
- > Operational EBIT increased by 79% to SEK 1,271.3 million (711.8) corresponding to an Operational EBIT margin of 37% (34%).
- > Cash flow from operating activities amounted to SEK 617.3 million (732.3). Investments in intangible assets amounted to SEK 828.7 million (494.5). Free Cash Flow amounted to SEK –259.7 million (204.1).
- > Adjusted earnings per share was SEK 2.30 (1.51).
- > Organic growth in constant currency for the Games Business Area amounted to 10% in the quarter.
- > Total game development projects increased 44% to 180 (125).
- > Total headcount increased 98% to 7,886 (3,975) where total game developers increased 101% to 6,387 (3,185).

Key performance indicators, Group	Apr–Jun 2021	Apr–Jun 2020	Apr 2020– Mar 2021
Net sales, SEK m	3,426.6	2,068.7	9,024.2
EBITDA, SEK m	1,532.2	965.2	3,985.3
Operational EBIT, SEK m	1,271.3	711.8	2,870.8
Cash flow from operating activities, SEK m	617.3	732.3	3,899.0
Free cash flow, SEK m	–259.7	204.1	1,684.8
Total investments in intangible assets, SEK m	828.7	498.0	2,135.2
Total game development projects	180	125	160
Total internal and external game developers	6,387	3,185	5,115
Total headcount	7,886	3,975	6,325
Sales growth, %	66	81	72
EBITDA margin, %	45	47	44
Operational EBIT margin, %	37	34	32

In this report, all figures in brackets refer to the corresponding period of the previous year, unless otherwise stated.

**CEO COMMENTS****ANOTHER STABLE QUARTER WITH  
ADJUSTED EARNINGS PER SHARE UP 52%**

*The Group reports another stable quarter. Both the sales and operational EBIT performance of the first quarter set new records in line with management expectations. The key contributors were the release of *Biomutant* and the addition of both *Easybrain* and *Gearbox*.*

Group net sales increased by 66% to SEK 3,427 million (2,069) whereof the Games business area contributed SEK 2,961 million (1,622). The organic growth within Games business area was 10% on constant currency (CCY). On group level, the organic proforma CCY growth in the quarter is estimated to 15%. Operational EBIT grew by 79% to SEK 1,271 million (712). Free cash flow before changes in working capital grew by 36% to SEK 466 million (342) despite an increased investments in game development at a record SEK 770 million (457) to drive future organic growth. Free cash flow after changes in working capital amount to SEK –260 million (204) and was negatively impacted by royalty payments (SEK 464 million) and seasonal variances in trade payables (SEK 372 million). The adjusted earnings per share were up 52% to SEK 2.30 (1.51).

**Solid organic growth**

We are pleased with the organic year-over-year growth, given that the comparison is made against a quarter with a boost in demand due to pandemic effects. Our growth is supported by the wide back catalog and strong contribution from new releases, despite a difficult comparison with the first quarter last year that included a number of successful new releases. The main revenue driver in the quarter was the release of *Biomutant* from our internal studio Experiment 101. So far, the game has sold more than one million copies. The full investment into development and marketing as well as the acquisition cost for Experiment 101 and the IP, was recouped within a week after launch.

Looking ahead to the rest of the financial year ending March 31, 2022 we reiterate our forecast to release game development projects with a completion value of SEK 2,875 to 3,325 million in the current financial year. The strategy to put quality first remains unchanged. Games will always be released when the full value potential is deemed to be best achieved. Management now expects SEK 225 – 275 million in completion value during the second quarter to be followed by a gradual increase in activity and for the fourth quarter to become even busier than previously forecasted. Across the group we have numerous new games announcements planned up until December for products releasing current year and future years. Stay tuned!

Whereas the second quarter will mainly be relying on back catalog sales, we expect the strong pipeline of new releases during the second half of the year to be the key driver of accelerated organic growth (CCY) for the full financial year. We are increasingly optimistic about our long term organic growth prospects with more than 180 games under development. Over the next few years, we are confident that our organic growth will continue to significantly exceed the overall gaming market expansion.

Earlier this month, we welcomed CrazyLabs into the family. Our mobile entry is just a year old but we are really glad to have been able to have DECA, A Thinking Ape, IUGO, Easybrain and now CrazyLabs forming a notable business within mobile gaming. Proforma KPIs (incl CrazyLabs) for the quarter ending June is strong with 33 million DAU (Daily Active Users) and 286 million MAU (Monthly Active Users). Total installs in the period were above 200 million. The combined mobile businesses had an impressive proforma organic sales growth of 37% during the quarter. During past weeks we have seen improved projected ROAS (return on advertising spend) and in line with our strategy, our mobile companies will invest as much as possible to drive value enhancing growth.



Lake Fryken, Värmland, Sweden

### **Building brick by brick together with entrepreneurs**

The decentralized Embracer model is all about placing the entrepreneur and creator in the spotlight. Becoming part of Embracer is intended to be about taking the next step in a long journey. Founders and management that we join forces with have high ambitions for the future, and it is Embracer's role to unleash the full potential of each team and support them with the resources needed to succeed. We are setting bold targets together with the entrepreneurs. The emphasis varies between organic and inorganic growth based on the opportunities ahead and the scalability of the organization. Let me share a few examples of what has been achieved so far:

Coffee Stain became our third operating unit in 2018 and under the leadership of founder Anton Westbergh and his team the business has grown phenomenally well on a purely organic basis, by bringing new, excellent game content to market. Coffee Stain is on a trailing 12 months basis generating 12x higher net sales than at the time of joining Embracer. Now, almost three years later, Coffee Stain added M&A to its growth mix by onboarding two of its indie development partners, including Ghost Ship as a sister company in our business area dedicated to game development with an indie mindset.

Saber Interactive became part of the Embracer family during spring 2020. At that time, the business had approximately 600 developers. Together with founders Matthew Karch and Andrey Iones we set out an ambition to grow the business to more than 1 500 developers over the medium term. By scaling up existing studios and adding new talent through acquisitions, Saber exceeded that target earlier this month with the expansion within the work-for-hire segment, which remains an important growth driver within Saber.

### **The journey continues**

Our strategy to build a diverse and decentralised group that stands on many revenue streams remains unchanged. We see a long runway of growth within gaming, building on our operating groups and we will continue the journey to bring onboard more, talented creators and gaming entrepreneurs. We believe that the larger our independent ecosystem becomes, the greater output we will have over the long term.

We are humbled by the interest among entrepreneurs and creators to join the Embracer family is stronger than ever. We continue to have a large number of ongoing discussions to join, including large or transformative acquisitions that could create new operating groups. Currently, we have approximately SEK 8 billion in net cash and SEK 17 billion in available cash, including credit facilities. Our strong balance sheet will support our growth agenda going forward.

**The challenges**

COVID-19 is one of today's biggest challenges that we must face. As recent times have shown, there are also other challenges in society and in our industry. It is important that we, as an industry, but also as individual companies and as a parent company, each take our responsibility to change these social structures of discrimination.

For Embracer Group our common foundation is our code of compliance, which aims to support inclusion, diversity, and gender equality. Furthermore, we trust that each company in our Group listen, discuss and act. A way to measure and follow up our employees is done via a global survey that allows each employee to answer several questions anonymously.

To conclude, I would like to send my thanks to all our shareholders, employees, customers, industry colleagues and business partners for contributing to the prosperity and success of Embracer Group.

August 18, 2021, Karlstad, Värmland, Sweden

Lars Wingefors  
*Co-founder & Group CEO*



# FINANCIAL PERFORMANCE

All comments refer to the quarter unless otherwise stated.

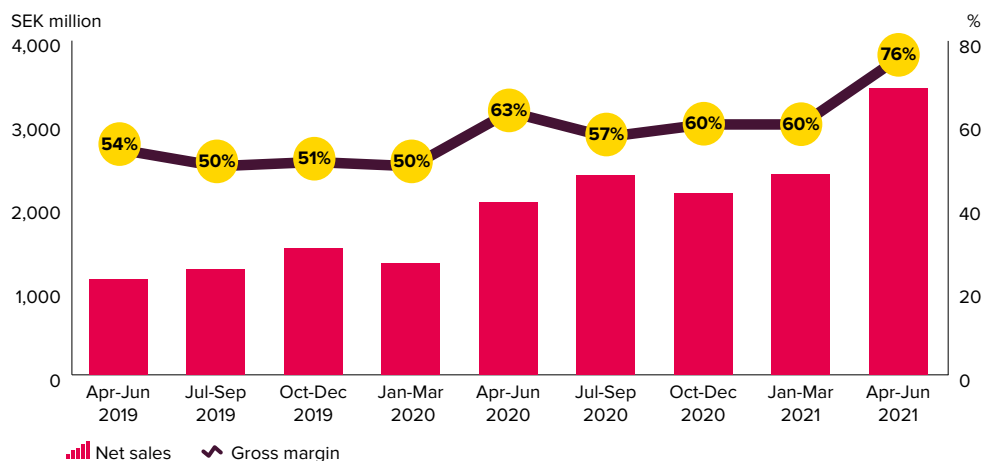
## CONSOLIDATED NET SALES

Consolidated net sales by business area. SEK m	Apr–Jun 2021	Apr–Jun 2020	Change	Apr 2020–Mar 2021
Games - THQ Nordic	668.7	487.8	+37%	1,789.1
Games - Koch Media Publishing	637.6	612.7	+4%	2,081.2
Games - Coffee Stain	190.7	172.5	+11%	1,182.5
Games - Saber Interactive	304.9	349.2	-13%	1,185.9
Games - DECA Games	145.6	-	-	209.7
Games - Gearbox Entertainment	437.0	-	-	-
Games - Easybrain	576.4	-	-	-
<b>Games Subtotal</b>	<b>2,960.9</b>	<b>1,622.1</b>	<b>+83%</b>	<b>6,448.3</b>
Partner Publishing/Film	465.7	446.5	+4%	2,575.9
<b>Consolidated Net Sales</b>	<b>3,426.6</b>	<b>2,068.7</b>	<b>+66%</b>	<b>9,024.2</b>

Consolidated net sales in the quarter increased by 66% or SEK 1,357.9 million compared to last year. The performance was driven by new releases, a continued strong interest in titles released in previous quarters and long-lasting top sellers from previous financial years.

Business area THQ Nordic grew with SEK 180.9 million driven by the successful release of *Biomutant*. Koch Media Publishing and Coffee Stain contributed to the growth with SEK 43.1 million and DECA Games with SEK 145.6 million compared to Q1 last year. The lower sales in Saber Interactive is mainly explained by no new larger releases in the quarter compared to last year's launch of *Snowrunner*. The addition of Gearbox Entertainment and Easybrain contribute with SEK 1,013,4 million. Organic growth in constant currency for the Games Business Area amounted to 10% in the quarter.

## GROSS MARGIN DEVELOPMENT

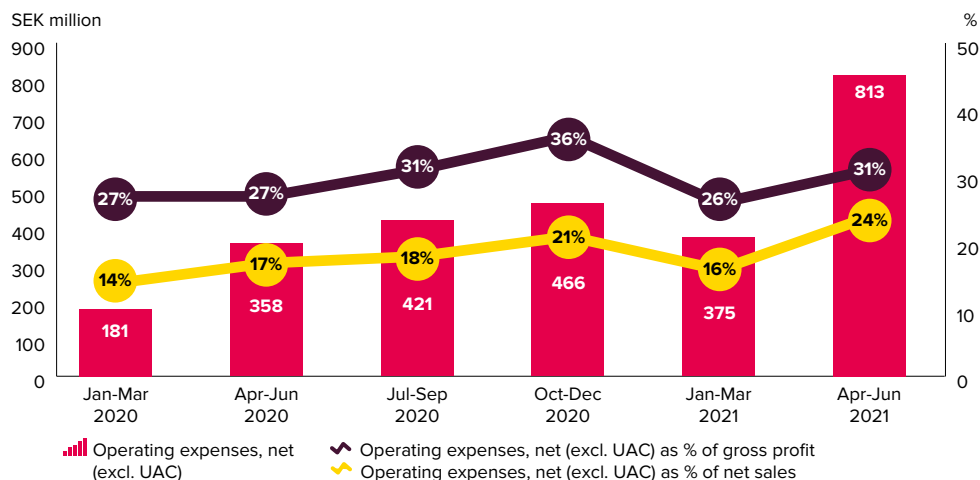


The improved gross margin is due to a favorable product mix shift towards business area Games and coupled with a margin expansion in business area Games as a result of the addition of Gearbox Entertainment and Easybrain.

Profit from associated companies in the quarter is mainly related to the minority ownership in Iron Gate and amounts to SEK 20.7 million, which should be viewed together with the gross margin generated.

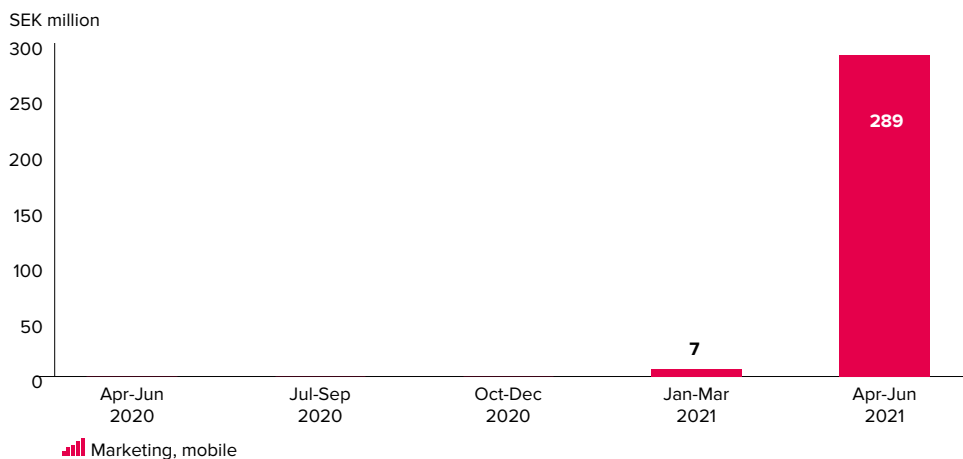


## DEVELOPMENT OF OPERATING EXPENSES EXCLUDING USER ACQUISITION COSTS (UAC)



The increase in net operating expenses is mainly explained by the addition of Gearbox Entertainment and Easybrain. Organically net operating expenses increased to accompany the growing games portfolio and further strengthen the Group's corporate capabilities.

## DEVELOPMENT OF USER ACQUISITION COSTS



The increased user acquisition costs (UAC) in the quarter is explained by the addition of Easybrain.

## OPERATIONAL DEPRECIATION AND AMORTIZATION EXPENSES

	Apr-Jun 2021	Apr-Jun 2020	Apr 2020–Mar 2021
<b>Operational depreciation and amortization, SEK m</b>			
<b>Intangible assets</b>			
Finalized game development	214.9	191.1	814.9
Other intangible assets (Film etc.)	28.6	54.4	217.0
<b>Sub-total</b>	<b>243.5</b>	<b>245.5</b>	<b>1,031.9</b>
<b>Tangible assets</b>	<b>17.5</b>	<b>7.9</b>	<b>41.2</b>
<b>Total operational depreciation and amortization</b>	<b>260.9</b>	<b>253.4</b>	<b>1,073.2</b>

The increased amortization of games is explained by the higher value of finalized game development.

Operational amortization of games amounted to SEK 214.9 million in the quarter, and the value of finalized game development in the quarter amounted to SEK 297.9 million. At the end of the quarter the book value of finalized games amounted to SEK 697.2 million.

## ACQUISITION-RELATED AMORTIZATION EXPENSES

Acquisition-related depreciation, SEK m	Apr–Jun 2021	Apr–Jun 2020	Apr 2020– Mar 2021
IP-rights	217.8	102.2	456.4
Surplus value Partner Publishing/Film	13.7	15.1	54.1
Goodwill	1,564.0	375.3	1,924.9
<b>Total acquisition-related depreciations</b>	<b>1,795.5</b>	<b>492.6</b>	<b>2,435.4</b>

Forecasted acquisition-related amortizations for the quarter amounted to SEK 1,670 million, which is SEK 125.5 million lower than actual. The difference is mainly explained by the difference in Embracer's share price at completion date and the VWAP share price as set forth in the relevant share purchase agreement.

The increase in acquisition related depreciations in the quarter, compared to same period last year, is explained by that more acquisitions were completed during the year where Gearbox Entertainment, Easybrain and Aspyr account for the largest portion.

## CONSOLIDATED EARNINGS

The increase of the Group's EBITDA, from SEK 965.2 million to SEK 1,532.2 million, and Operational EBIT, from SEK 711.8 million to SEK 1,271.3 million, for the quarter is mainly explained by the increase in net sales and improved gross margin compared to the same period last year.

The increase in Operational EBIT fell through to EBIT but was offset by increased acquisition-related amortizations of SEK 1,302.9 million. EBIT decreased, from SEK 219.2 million to SEK –524.2 million, in the quarter.

## CONSOLIDATED CASH FLOW AND FINANCIAL POSITION

SEK m	Apr–Jun 2021	Apr–Jun 2020	Apr 2020– Mar 2021
<b>EBITDA</b>	<b>1,532.2</b>	<b>965.2</b>	<b>3,985.3</b>
Cash Taxes paid	–110.2	–44.0	–259.4
Other non cash flow items	–79.1	–51.4	40.1
Change in working capital	–725.6	–137.5	133.0
<b>Cash Flow from operating activities</b>	<b>617.3</b>	<b>732.3</b>	<b>3,899.0</b>
Net investment in intangible assets	–828.7	–494.5	–2,135.1
Net investment in tangible assets	–51.2	–16.2	–69.6
Net investment in financial assets	2.9	–17.5	–9.3
<b>Free Cash Flow</b>	<b>–259.7</b>	<b>204.1</b>	<b>1,685.0</b>
Cash flow from financing activities	651.3	1,940.3	14,725.3
Net investment in acquired companies	–2,272.6	–1,103.9	–4,590.8
<b>Cash flow for the period</b>	<b>–1,881.0</b>	<b>1,040.5</b>	<b>11,819.5</b>

Investments in intangible fixed assets mainly consist of investments into ongoing game development SEK –770.3 million and film rights SEK –38.3 million. The increased investments into game development in the quarter over prior quarters is mainly related to the addition of Aspyr and Gearbox coupled with increased organic investments into new game development, where the latter is impacted by a shift from co-publishing projects towards internal development projects in Saber Interactive.

The negative effect from change in working capital of SEK –725 million is mainly related to payment of royalties (approx. SEK –464 million) and seasonal variances in trade payables (approx. SEK –372 million).



SEK m	Jun 30 2021	Jun 30 2020	Mar 31 2021
Cash and cash equivalents	12,417.2	3,525.1	14,299.9
Unutilized Credit Facility	7,376.0	1,623.9	6,212.7
<b>Available cash and unutilized credit facilities</b>	<b>19,793.2</b>	<b>5,149.0</b>	<b>20,512.6</b>
<b>Net Cash</b>	<b>10,295.2</b>	<b>813.7</b>	<b>12,805.6</b>

Available funds as per the date of this report amounts to approximately SEK 17 billion and Net Cash to approximately SEK 8 billion after reduction of estimated cash consideration related to signed, but not completed acquisitions communicated in the pressrelease dated 5th August 2021.

### CONDITIONAL PURCHASE PRICE OVERVIEW

As of 30 June 2021 the Group had provisions of SEK 9,784.1 million for earnouts with expected settlement according to the table below.

Provisions for conditional purchase price, SEK m	Financial year when settlement is expected							Total
	21/22	22/23	23/24	24/25	25/26	26/27	>27/28	
Provisions to be settled in cash	17.8	464.6	329.2	450.9	1,035.6	588.2	1,930.0	4,816.2
Provisions to be settled by shares	69.7	0.0	0.0	1,232.4	2,283.3	480.5	902.1	4,968.0
<b>Total</b>	<b>87.5</b>	<b>464.6</b>	<b>329.2</b>	<b>1,683.3</b>	<b>3,318.9</b>	<b>1,068.7</b>	<b>2,832.1</b>	<b>9,784.1</b>

The present value of the additional purchase prices has been calculated based on expected outcome. The provisions will vary over time depending on, among other things, the degree of fulfillment of the conditions for the additional purchase prices, the development of certain exchange rates versus the Swedish krona and interest rate. Provisions to be settled by shares are further dependent on the development of Embracer's share price. This means that the number of shares to be paid as additional purchase price can vary but never exceed 26,349,480 according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 5.0% and 3.2% of the voting rights as of June 30, 2021.

Shares under clawback, nr of shares	Nr claw back shares released							Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	
Release of clawback shares	3,1	16,3	6,7	1,1	24,2	2,9	2,4	56,6

In addition to provisions for conditional purchase price the Group has issued shares with clawback rights. Out of the 500.5 million shares outstanding there are approximately 56.6 million shares with clawback rights as per 30 June 2021. These shares have already been issued to cover for future earnout obligations

### INTANGIBLE ASSETS

The Group had intangible assets of SEK 35,679.6 million at the end of the quarter, compared to SEK 16,390.0 million at the end of the previous quarter, distributed as follows:

Intangible assets – Specification	Jun 30 2021	Jun 30 2020	Mar 31 2021
Completed games	697.2	511.5	512.6
Ongoing game development projects	3,834.6	2,274.4	3,182.2
Other intangible assets (film etc.)	207.7	192.6	180.2
<b>Intangible assets</b>	<b>4,739.5</b>	<b>2,978.5</b>	<b>3,875.0</b>
IP-rights	3,214.1	1,337.6	1,575.2
Partner Publishing/Film	119.9	152.1	135.5
Goodwill	27,606.1	6,502.9	10,804.2
<b>Acquisition related intangible assets</b>	<b>30,940.1</b>	<b>7,992.6</b>	<b>12,515.0</b>
<b>Total</b>	<b>35,679.6</b>	<b>10,971.1</b>	<b>16,390.0</b>



## PRELIMINARY PURCHASE PRICE ALLOCATION (PPA)

During the quarter Embracer closed the following acquisitions; Gearbox Entertainment, Easybrain, Aspyr, FRAME BREAK, Massive Minitteam, Kaiko and Appeal Studios. The acquired companies have been included into Embracer's consolidated financial reporting from each respective closing date. A summary of the preliminary purchase price allocations is provided below:

SEK m	Apr–Jun 2021
On-going game development	228
Finished game development	101
IP-rights/Trademarks	7
Other intangible assets	11
<b>Total intangible assets</b>	<b>346</b>
<b>Total financial assets</b>	<b>168</b>
<b>Total tangible assets</b>	<b>77</b>
Net working capital	–373
Cash and cash equivalents	901
Provisions	–66
Other long term liabilities	–50
<b>Total net assets acquired excluding surplus value</b>	<b>1,003</b>
<i>Surplus value allocated to:</i>	
Goodwill	18,720
IP-rights, Trademarks and Other	1,846
Deferred tax liabilities	–388
<b>Total surplus value net of taxes</b>	<b>20,178</b>
<b>Total net assets acquired</b>	<b>21,181</b>
Acquired cash	–901
Upfront consideration paid by shares issued	–8,472
Shares issued under clawback (Earnout)	–1,306
Provisions for conditional purchase price (Earnout)	–8,243
Other	–10
<b>Net cash outflow on acquisition of business</b>	<b>2,249</b>
Cash outflow relating to earlier acquisitions	23
<b>Total Net cash outflow on acquisition of business</b>	<b>2,272</b>

A total of SEK 329 million has preliminarily been identified as on-going game development projects and finished game development projects. During the PPA work notable projects have been identified as co-publishing projects meaning that the projects will be accounted for under the percentage of completion method. The percentage of completion method means that revenues are recognized as a percentage of total project income as work is performed and expenses incurred, where timing differences are recorded in working capital as opposed to intangible assets.

## FORECAST – ACQUISITION RELATED AMORTIZATIONS

The forecast includes closed transactions as per 30 June 2021 and the acquisitions that were closed or signed after quarter end and communicated in the pressrelease dated 5th August 2021. The forecast is based on the average exchange rates for the period April to June 2021. The forecast is based on the purchase price allocations as per 18 August 2021, which contain both preliminary and finalized purchase price allocations. Consideration shares related to transactions that were not closed per 30 June 2021 are valued at the VWAP as set forth in the relevant share purchase agreement.

SEK m	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	Total
Amortization related to acquisitions closed 2021-06-30	7,182	7,116	6,867	6,536	4,857	4	32,561
Amortization related to acquisitions to be closed after 2021-06-30	553	898	898	898	898	345	4,490
<b>Non-operational Depreciations and Amortizations</b>	<b>7,734</b>	<b>8,014</b>	<b>7,765</b>	<b>7,434</b>	<b>5,755</b>	<b>349</b>	<b>37,052</b>

The forecast for July to September 21/22 amounts to SEK 1,900 million.

## DEPENDENCY ON FOREIGN EXCHANGE RATES

Embracer operates on a global market and reports financial performance in SEK and thus has a dependency towards foreign currencies, mainly USD and EUR. The Swedish krona (SEK) has strengthened during the year versus USD and EUR. Everything else being equal, this has a negative impact on net sales in SEK. However, organic growth in net sales in local currency would not be affected.

The consolidated equity of the group has been reduced with SEK 216.3 million in translation differences from 1 April 2021 to 30 June 2021. The translation differences are mainly related to the revaluation of net assets in subsidiaries to the exchange rate per 30 June 2021.

## PARENT COMPANY

The Parent Company's net sales for the quarter were SEK 206.7 million (189.8) and profit before tax was SEK –59.0 million (46.9). The negative outcome is explained by unrealized exchange rate losses on intercompany loans. Profit after tax was SEK –46.7 million (36.8).

Investments in intangible assets in the quarter were SEK 0.5 million (108.0).

Cash and cash equivalents as of June 30, 2021 were SEK 9,187.0 million (2,401.2).

The Parent Company's equity at the end of the period was SEK 33,841.6 million (10,470.4).



## SIGNIFICANT EVENTS DURING THE QUARTER

- > On April 6, 2021 Embracer Group and its subsidiaries completed the acquisitions of Aspyr, Easybrain and Gearbox Entertainment after all the conditions for the transactions, including regulatory approvals, were fulfilled. The acquired companies were consolidated into Embracer Group's consolidated financial statements as of April 1, 2021. The aggregated day one purchase price for the acquisitions amounted to approximately SEK 9.3 billion in total, on a cash and debt free basis. Approximately SEK 2.5 billion was paid in cash and approximately SEK 6.8 billion was paid in newly issued B shares of the company. A maximum additional consideration amounting to SEK 12.5 billion on an aggregated basis can be paid, subject to fulfilment of agreed financial and operational milestones, during a period of up to 7 years. The additional consideration comprises a maximum of approximately SEK 7.0 billion to be paid in cash and approximately SEK 5.5 billion to be paid in B shares of the company.
- > On May 11, 2021 Embracer Group, through its subsidiaries THQ Nordic GmbH and Amplifier Game Invest AB, entered into four acquisition agreements to acquire 100% each of Appeal Studios S.A., KAIKO GmbH, Massive Miniteam GmbH (all three by THQ) and FRAME BREAK AB (by Amplifier). The aggregated day one purchase price for all four acquisitions amounts to approximately SEK 71 million on a cash and debt free basis. In addition, THQ Nordic announced the foundation of Gate 21 in Bosnia and Herzegovina, which will enable THQ Nordic to develop world-class 3D characters using the most advanced character and facial rigs in development projects.
- > On June 28, 2021 Embracer Group secured an unsecured multicurrency revolving credit facility of SEK 6.0 billion arranged by the leading Nordic banks Nordea, SEB and Swedbank. The facility has a tenor of three years which may be extended by up to two years and it refinances in total SEK 4.4 billion in facilities with Nordea maturing in July 2021 and May 2022.

## THE GAMES MARKET

### The games market, the quarter April-June 2021

The underlying market conditions remain buoyant. In the U.S., total consumer spending on video gaming increased by 2% compared to the previous year (NPD Group). Gains were seen across PC, cloud and non-console VR content, mobile and subscription spending (the fastest growing), as well as hardware. Console content and accessories declined. It should be noted that a year ago, in the quarter April-June of 2020, consumer spending on video games increased by a remarkable 47% compared to 2019. Thus, consumer spending has not only maintained last year's elevated levels but exceeded them.

### Outlook for the global games market

Newzoo predicts that 2021 will see revenues of approximately USD 176 billion all sectors, including console, mobile, PC and free-to-play but not hardware. A robust performance considering that the games market in 2020 (compared to 2019) grew 23% to USD 178 billion. The market is also still on track to hit USD 205 billion by 2023, representing a +7.2% CAGR between 2019 and 2023 (Newzoo). The market is benefitting from a surge of new players who came into the category from the second quarter of 2020.

### COVID-19 impacts on the console games business

Due to the heights achieved by the market in the unique backdrop of 2020, there will be a 'leveling-off' of consumer demand in 2021, and initial first half (Jan-June) sales data shows that this is the case. Digital sales of catalogue (older) games (which were higher in 2020) are noticeably down year-over-year in 2021, albeit still above 2019 (pre-COVID-19) levels. Sales of boxed games, however, have been relatively stable from 2019 through 2020 and 2021 despite the overall industry trending towards digital.

Both Sony and Microsoft reported strong demand for their new consoles. Sony, despite supply constraints, shipped the highest launch volume (PS5) ever achieved for any of its previous consoles. Xbox Series' sales, during recent months, are very close to that of PS5, according to VGChartz.


Nintendo Switch, however, has been the standout console of the last 2 years and it is currently the best-selling console globally. Nintendo reported Switch console shipments of 4.5 million units for Q2 2021, bringing the total lifetime number to 89 million.

For mobile games, data from Sensor Tower shows U.S. consumer spending during the second quarter of 2021 increased 5% from 2020, showing no indication that spending or usage has diminished as consumers have begun their return to life in a post-vaccine world. Looking forward, analyst firm, IDG predicts further growth in the mobile gaming market with a CAGR of +7% over the next 5 years (reaching USD 170 billion in 2025).

On the PC platform, analyst firm IDG predicts the PC market to grow by 2% YoY in 2021 with most PC digital distribution platforms sustaining COVID-19-spurred spending levels. Valve announced the Steam Deck, a new portable PC console that will ship in December 2021. Due to supply constraints, its revenue impact for developers will ramp slowly and not be impactful until next year however.



## THQ NORDIC

HQ  
**Vienna, Austria**   
 INTERNAL HEADCOUNT  
**868** (548)  
 STUDIOS  
**20** (13)

### BUSINESS AREA: GAMES – THQ NORDIC

Business Area: Games – THQ Nordic released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Biomutant</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital & physical
<i>We are Football</i>	THQ Nordic	Own	PC	Digital & physical
<i>Destroy all Humans!</i>	THQ Nordic	Own	Switch	Digital & physical
<i>Wreckfest</i>	THQ Nordic	Own	PS5, XSX	Digital & physical
<i>Through The Darkest of Times</i>	HandyGames	External	PC	Physical
<i>Chicken Police: Paint it RED!</i>	HandyGames	External	Mobile	Digital
<i>One Hand Clapping (early access)</i>	HandyGames	External	PC	Digital




















Net sales of Business Area: Games - THQ Nordic increased 37% to SEK 668.7 million (487.8) compared to the same period last year.

THQ Nordic had its best quarter ever, mainly driven by the long-awaited release of *Biomutant*, with sales in line with management expectations, and healthy back catalogue sales. *Biomutant*, developed by the internal studio Experiment 101, has sold over 1 million units since the release date.

The quarter was supported by back-catalogue sales, mainly driven by evergreen titles such as *Wreckfest*, *Spongebob: Battle for Bikini Bottom Rehydrated* and *Destroy All Humans!*

Other notable releases during the quarter were *We are Football* as well as releases on additional platforms for *Wreckfest* on PS5 and XSX and *Destroy all Humans!* on Switch. All of them performed in line with management expectations.

### STUDIOS

 Alkimia Interactive (Barcelona, Spain)	 Appeal Studios S.A. (Charleroi, Belgium)	 Ashborne Games (Brno, Czech Republic)	 Black Forest Games (Offenburg, Germany)	 Bugbear Entertainment (Helsinki, Finland)
 Experiment 101 (Stockholm, Sweden)	 Grimlore Games (Munich, Germany)	 Gunfire Games (Austin, USA)	 HandyGames (Giebelstadt, Germany)	 KAIKO GmbH (Frankfurt, Germany)
 Massive Miniteam GmbH (Cologne, Germany)	 Mirage Game Studios (Karlstad, Sweden)	 Nine Rocks Games (Bratislava, Slovakia)	 Pieces Interactive (Skövde, Sweden)	 Piranha Bytes (Essen, Germany)
 Pow Wow Entertainment (Vienna, Austria)	 Purple Lamp (Vienna, Austria)	 Rainbow Studios (Phoenix, USA) (Montréal, Canada)	 GATE 21 Gate 21 (Sarajevo, Bosnia Herzegovina)	

### PUBLISHERS

 HandyGames (Giebelstadt, Germany)	 THQ Nordic (Vienna, Austria)
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## BUSINESS AREA: GAMES – COFFEE STAIN

Business Area: Games – Coffee Stain released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>HuntDown</i>	Coffee Stain Publishing	External	PC (Steam), Switch (Japan), Mobile	Digital
<i>Satisfactory Update 4</i>	Coffee Stain Publishing	Own	PC	Digital

Net sales of Business Area: Games – Coffee Stain increased 11% to SEK 190.7 million (172.5) compared to the same period last year.

Coffee Stain had another solid quarter and *Valheim* continued its strong performance following its successful release in the previous quarter. *Valheim* has now sold over 8 million copies since its release and 1.1 million copies during the quarter which is in line with management expectations. Iron Gate, the small studio behind *Valheim*, has since the launch grown their team to a total of eight members and now work on a long term plan to further support and develop the IP.

In addition to *Valheim*, the back-catalogue continued to perform well with solid contribution from the evergreen titles *Goat Simulator*, *Deep Rock Galactic* and *Satisfactory*. The launch of *HuntDown* on Steam during the quarter was also well received with 95% positive reviews.

Coffee Stains' publishing division continues to grow as additional senior roles were filled during the quarter. Coffee Stain has also realized significant synergies within the wider space of the Embracer Group's eco system.

After the quarter, Coffee Stain announced the acquisitions of Easy Trigger and Ghost Ship Games, the latter forming a sister company to Coffee Stain. Easy Trigger is a development studio founded in 2016, with headquarters located in Trollhättan, Sweden. The studio consists of 5 employees that have collaborated with Coffee Stain on the development and release of the critically acclaimed indie title *HuntDown*. Ghost Ship Games is a Danish development studio founded by six industry veterans in 2016, with headquarters located in Copenhagen. The studio engages 26 employees that have worked with Coffee Stain on the development of the critically acclaimed co-op FPS game *Deep Rock Galactic*. Recently in March 2021, the game was awarded 'Indie Game of the Year' and 'Excellence in Multiplayer' at the SXSW 2021 Gaming Awards.

## STUDIOS



Coffee Stain Studios  
(Skövde, Sweden)



Coffee Stain North  
(Stockholm, Sweden)



Box Dragon  
(Gothenburg, Sweden)



Lavapotion  
(Gothenburg, Sweden)



Ghost Ship Games ApS  
(Copenhagen, Denmark)  
*Acquired after the quarter*



Easy Trigger  
(Trollhättan, Sweden)  
*Acquired after the quarter*

## PUBLISHERS



Coffee Stain Publishing  
(Stockholm, Sweden)

## ASSOCIATED STUDIOS



Iron Gate  
(Skövde, Sweden)

HQ

Munich, Germany



INTERNAL HEADCOUNT

2,068\* (1,414\*)

STUDIOS

11 (6)

\*Incl total Koch Media Group (all internal studios, publishing units, Koch films etc.)



Wasteland 3

# KOCH MEDIA

## BUSINESS AREA: GAMES – KOCH MEDIA PUBLISHING

Business Area: Games – Koch Media Publishing released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Chivalry II</i>	Deep Silver	External	PC, PS4, Xbox One	Physical
<i>Maneater</i>	Deep Silver	External	Switch	Physical
<i>Metro Exodus Complete Edition</i>	Deep Silver	External	PS5, XSX	Digital & physical
<i>Outward: The Three Brothers</i>	Deep Silver	External	PS4, Xbox One	Digital
<i>Rust</i>	Deep Silver	External	PS4, Xbox One	Physical
<i>Saints Row The Third Remastered</i>	Deep Silver	External	PS5, XSX	Digital & physical
<i>Wasteland 3: The Battle of Steeltown (expansion)</i>	Deep Silver	External	PC, PS4, Xbox One	Digital
<i>MotoGP 21</i>	Milestone	License	PC, PS4, PS5, Switch, Xbox One, XSX	Digital & physical
<i>Siege Survival: Gloria Victis</i>	Ravenscourt	External	PC	Digital
<i>Traffic Jams VR</i>	Vertigo Games	Own	PC, PS4, Oculus Quest	Digital

Net sales of Business Area: Games – Koch Media Publishing increased 4% to SEK 637.6 million (612.7) compared to the same period last year. In the period, the business area previously known as Deep Silver was renamed Koch Media Publishing.

Sales were driven by back catalogue sales, headed by the evergreen titles *Metro Exodus*, *Kingdom Come: Deliverance*, *Outward*, the portfolio of *Saints Row* and *Let's Sing* games, as well as the new release of *MotoGP21*, developed by the Italian internal studio, Milestone.

Koch Media Publishing has focused on re-opening its offices and are looking at hybrid solutions for the future.

During the quarter, Koch Media announced its new premium gaming label Prime Matter dedicated to delivering brilliant immersive games from studios all across the world. Operating out of Koch Media's headquarters in Munich, Prime Matter is a dynamic mix of seasoned industry veterans and enthusiastic younger talents which form a team of diverse multi-cultural gaming experts. The new publishing label will include legacy brands like *Kingdom Come: Deliverance*, *Pathfinder Kingmaker*, *Outward* and *Iron Harvest*.

Koch Media's publishing label Ravenscourt has been altered to better align within the Koch Media multi-label strategy and has during the quarter been reorganized and repositioned to achieve its goal of becoming a fully global label.

After the quarter, Koch Media announced the acquisitions of Force Field and Digixart. Force Field, based in the Amsterdam / The Netherlands, is a leading VR development studio. Their portfolio consists of multiple award-winning VR titles, including Oculus Studios' titles *Landfall*, *Time Stall* and *Coaster Combat*. Force Field will operate as an independent subsidiary to Vertigo Games and continue to produce innovative and creative VR titles. Through this acquisition the Vertigo Games Group continues to build a VR powerhouse within the Koch Media Group. Digixart, a French indie developer with a focus on narrative games, was founded 2015 in Montpellier, France. Digixart is today an award-winning and profitable games development studio with 20+ employees. The team consists of veterans from the AAA industry as well as young talented developers with experience in mobile, PC and console games development.



## STUDIOS



**Deep Silver Dambuster Studios**  
(Nottingham, U.K)



**Milestone**  
(Milan, Italy)

**voxler**

**Voxler**  
(Paris, France)

**WARIORSE**

**Warhorse Studio**  
(Prague, Czech Republic)



**Deep Silver FishLabs**  
(Hamburg, Germany)



**Deep Silver Volition**  
(Champaign, USA)



**Vertigo Games**  
(Rotterdam, The Netherlands)



**Flying Wild Hog**  
(Warszaw, Poland)  
(Krakow, Poland)  
(Rzeszow, Poland)



**Digixart**  
(Montpellier, France)  
*Acquired after the quarter*



**Forcefield**  
(Amsterdam, The Netherlands)  
*Acquired after the quarter*



**Free Radical Design**  
(Nottingham, U.K)

## PUBLISHERS



**Deep Silver**  
(Munich & London)



**Milestone**  
(Milan, Italy)



**Ravenscourt**  
(Munich, Germany)



**Vertigo Games**  
(Rotterdam, The Netherlands)



**Prime Matter**  
(Munich, Germany)



HQ  
**Fort Lauderdale,  
 USA**   
 INTERNAL HEADCOUNT  
**1,768** (720)  
 STUDIOS  
**15** (5)



## BUSINESS AREA: GAMES – SABER INTERACTIVE

Business Area: Games – Saber Interactive released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Pinball: Star Wars VR</i>	Zen Studios	External	PC VR, PSVR, Oculus Quest	Digital
<i>SnowRunner</i>	External	Own	PC (Steam), Switch	Digital & physical
<i>Star Wars Republic Commando</i>	Aspyr	License	PC (Steam)	Digital & physical
<i>Quantum League (full release)</i>	Nimble Giant Entertainment	Own	PC (Steam)	Digital
<i>RWBY: Grimm Eclipse - Definitive Edition</i>	Aspyr	External	Switch	Digital & physical

Net sales of Business Area: Games – Saber Interactive were SEK 304.9 million (349.2) during the quarter.

Saber Interactive had another solid quarter, despite the lack of any notable new release. Sales were mainly driven by back catalogue sales, including *SnowRunner*, *World War Z* and partnership projects.

Saber is growing both organically and through acquisitions and management are making necessary investments to support this growth. Saber is currently building a new corporate headquarters in Ft. Lauderdale, Florida, to accommodate legal, finance, management, sales and some development.

After the quarter, Saber announced and closed the acquisitions of Slippgate Ironworks and 3D Realms. Slippgate Ironworks, based in Aalborg, Denmark, is a game development studio with long experience in collaborating with leading publishers and IP-owners on a broad range of projects. Through the acquisition, Saber onboards a strong team with proven expertise in development, co-development and porting. 3D Realms, based in Aalborg, Denmark, is a game publisher with 30+ years of heritage in the industry and the creators of the cult game series *Duke Nukem*. Through the acquisition, Saber onboards an experienced Danish publisher with an owner-led management team that will work closely with the Saber team going forward.

## STUDIOS



## PUBLISHERS & STUDIOS





## BUSINESS AREA: GAMES – AMPLIFIER GAME INVEST

Business Area: Games – Amplifier Games Invest released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Fishing: North Atlantic</i>	External	External	PS4, Xbox One	Digital

Net sales for Amplifier amounted to SEK 8.7 million in the quarter. Amplifier’s net sales are reported within Business Area: Games THQ Nordic.

Amplifier has been equipped with a new offering, improved services to existing studios and more robust processes for financial reporting, compliance and the onboarding of new studios. The publishing service team has also been strengthened to increase its service capabilities and to potentially open up for new ways of acquiring studios.

Amplifier now compasses three different areas of business: Publishing Services, Production Services and Acquisitions. Publishing Services was made operational during the quarter, providing support to studios in publishing initiatives and other areas. Publishing Services have tailored solutions that consider the inherent capabilities and values of studios and IPs. Production Services was also made operational during the quarter, providing production related support and services to the studios within Amplifier.

During the quarter, Amplifier acquired the Swedish-based studio FRAME BREAK. The studio was founded in 2020 and today has a team size of 5 persons. FRAME BREAK will be developing games based on their own IP, focusing on highly replayable co-op experiences on platforms like PC and Consoles. FRAME BREAK, based in Skövde, becomes a wholly owned subsidiary of Amplifier Game Invest, joining the ranks of 10 other game development studios already part of the Amplifier family.

Amplifier’s team has grown and Amplifier is therefor moving its headquarters to larger offices in Münchenbryggeriet, Stockholm, in October 2021.

## STUDIOS



Vermila Studios  
(Madrid, Spain)



Palindrome Interactive  
(Skövde, Sweden)



Tarsier Studios  
(Malmö, Sweden)



Destiny Bit  
(Ravenna, Italy)



Rare Earth Games  
(Vienna, Austria)



Misc Games  
(Sandnes, Norway)



C77  
(Belleveue, USA)



River End Games  
(Gothenburg, Sweden)



Silent Games  
(Newcastle, UK)



Plucky Bytes  
(Karlstad, Sweden)



Frame Break  
(Skövde, Sweden)

## ASSOCIATED STUDIOS




Kavalri Games  
(Stockholm, Sweden)



Framebunker  
(Copenhagen, Denmark)



Neon Giant  
(Uppsala, Sweden)

HQ  
 Berlin, Germany   
 INTERNAL HEADCOUNT  
 349 (-)  
 STUDIOS  
 5 (-)



## BUSINESS AREA: GAMES – DECA GAMES

Net sales for DECA Games were SEK 145.6 million (-) during the quarter.

There were no new launches during the period. The back catalog portfolio performance was strong. *Party in my Dorm*, *Realm of the Mad God* and *Kingdom of Heckfire* made the greatest contributions.

A Thinking Ape Entertainment (ATAE) has increased its UAC (User Acquisition Costs) spend compared to the previous year in order to accelerate its sales and has started a new development project. The benefits should be seen in future periods as the users increase over time.

After the quarter, Embracer Group AB announced the acquisition of Crazylabs. CrazyLabs will operate as an independent studio under the DECA Games vertical. CrazyLabs is an Israel-based publisher and developer of the hit mobile game *Super Stylist* and long-lasting casual and lifestyle role playing games. Additionally, CrazyLabs is one of the top hyper-casual publishers. CrazyLabs was the 3rd most downloaded publisher in all of mobile games in 2020 with over 4.5 billion downloads to date and over 110 million monthly active users. CrazyLabs will improve Embracer’s publishing capabilities within mobile, add scale and create additional M&A opportunities. Closing of the transaction is expected to take place during the end of the second quarter of Embracer’s financial year.

## STUDIOS & PUBLISHERS



**DECA Games**  
 (Veliko Tarnovo, Bulgaria)  
 (Berlin, Germany)  
 (DECA remote)



**IUGO**  
 (Vancouver, Canada)



**A THINKING APE**  
 A Thinking Ape  
 (Vancouver, Canada)



**CrazyLabs**  
 CrazyLabs  
 (Tel Aviv, Israel)  
 Acquired after the quarter



HQ  
Frisco, USA 

INTERNAL HEADCOUNT

593 (-)

STUDIOS

2 (-)



## BUSINESS AREA: GAMES – GEARBOX ENTERTAINMENT COMPANY

Business Area: Games – Gearbox Entertainment Company released the following new products in the quarter April–June 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Borderlands 3: Directors Cut - DLC</i>	External	Own	PC, Stadia, PS4, Xbox One	Digital

Net sales of Business Area: Games – Gearbox Entertainment Company were SEK 437.0 million (-) during the quarter.

Gearbox Entertainment had a stable quarter and sales were mainly driven by Co-publishing projects and back catalogue sales from titles such as *Borderlands 3* and *Risk of Rain 2*.

Since June, 60% of Gearbox Entertainment’s employees in Frisco, US, have returned to work from the office. However, the spread of the Delta variant of COVID-19 has resulted in new recommendations and guidelines. This development will prolong the process of returning developers to the studio.

When the NYX Game Awards announced the winners on May 10, *Borderlands 3* received three Grand Awards. *Borderlands 3* was also nominated for the Webby Awards in the categories “Best Adventure” and “Best Art Direction,” and received Honors for “Best Music/ Sound Design and Adventure.”

On the Gearbox Publishing side, *Godfall* and *Risk of Rain 2* also received multiple awards.

The onboarding of Gearbox Entertainment and the integration into the wider Embracer Group went well during the quarter. The work has focused on reporting integration and identifying synergies within Embracer Group.

Principal photography in Budapest for the *Borderlands* movie completed in June, 2021. The film stars Cate Blanchett, Jack Black, Kevin Hart, Jamie Lee Curtis, and leading stars of film and television. The film’s story occurs within the *Borderlands* Cinematic Universe, which is parallel and related to the *Borderlands* video game franchise, but has an independent canon from the video games. Lionsgate, Gearbox Entertainment, and 2K are coordinating on marketing strategies and plans leading to the film’s release date, which has not yet been announced.

After the quarter, *Tribes of Midgard* was launched. The game was initially the top seller on Steam and sold over 250K units during the first 72 hours with strong user reviews. *Tribes of Midgard* is the team’s first published game that has a virtual currency.

## STUDIOS



## PUBLISHER



HQ  
Limassol, Cyprus   
INTERNAL HEADCOUNT  
254 (-)  
STUDIOS  
1 (-)

# Easybrain

## BUSINESS AREA: GAMES – EASYBRAIN GROUP LIMITED

Net sales of Business Area: Games – Easybrain Group Limited were SEK 576.4 million (-) during the quarter.

Easybrain had a solid performance during the quarter with sales and margins significantly exceeding management expectations. Top revenue contributors during the quarter were *Sudoku.com*, *Nonogram.com* and *Blockudoku*. At the quarter end, games by Easybrain had more than 900 million cumulative installs. The delays in the IDFA changes have given the organization additional time to enjoy higher ad CPMs and to prepare and adopt its UA strategies. IDFA changes negative impact was lower than management initially expected and some further possible turbulence remains factored into the predictive models. Overall market situation together with product updates created opportunities to scale some of Easybrain products higher than was predicted.

Easybrain's headquarters are located in Cyprus and the island has been heavily impacted by wildfires during the summer. Easybrain committed a donation to support rebuilding initiatives.

Easybrain continues to support the relocation program to the Cyprus office which also gives employees the option to work remotely.

The onboarding of Easybrain and the integration into the wider Embracer Group went well during the quarter. The work has focused on reporting integration and identifying synergies within Embracer Group.

## STUDIOS & PUBLISHERS

### Easybrain

Easybrain  
(Minsk, Belarus)  
(Limassol, Cyprus)



Easybrain headquarters in Cyprus



# koch films

HQ

Munich, Germany



INTERNAL HEADCOUNT

**2,068** (1,414) Film+Koch Media incl.

## BUSINESS AREA: PARTNER PUBLISHING/FILM

Net sales in the Partner Publishing/Film business area increased 4% to SEK 465.7 million (446.5) compared to the same period last year.

There were no notable releases with significant commercial impact during the quarter. Sales were driven by a large number of minor releases during the quarter including *Resident Evil Village* and *NieR Replicant*. Partner Publishing/Film performed in line with management expectations during the quarter. It is evident that retail businesses in some markets are still struggling due to the COVID-19 pandemic and this also has an impact on the business area Partner Publishing/Film.

### FILM

The film business had a solid quarter and performed in line with management expectations. Sales were primarily driven by TV, digital and license revenues in Germany. Physical sales are still negatively impacted by the COVID-19 pandemic.

The theatrical market remains weak even though it has recovered compared to the same period last year. The digital market is performing strongly even though it has performed lower compared to the same quarter last year.

Koch Films have the exclusive German rights for the horror movie *Titane*. *Titane* won the golden palm at this year's Cannes Film Festival and this is the second time in history that a female director, Julia Ducournau, has won the prize. This is also the second time that a Koch Films' movie has won the golden palm, *Parasite* won the prize last year. Cannes Film Festival has been especially important for Koch Films this year as the program was premiering 8 movies of Koch Films' line-up.

During the quarter, Koch Film successfully launched its own AVOD-channel, *Moviedome*, on Samsung TV. After the quarter, Koch Film launched a new online shop, *FanFactory*, in Italy.





HQ

Karlstad, Sweden



INTERNAL HEADCOUNT

17 (13)

Game Outlet Europe, the niche distributor of retro products and deep back catalogue games, had another stable quarter. Sales were driven by strong back-catalogue sales. Demand for gaming hardware remains strong but due to shortages of certain hardware from suppliers, Game Outlet Europe has struggled to fully service European customers. Even though there is sufficient stock on a few popular items, some hardware items will suffer from longer lead times and this is expected to continue until the end of 2021.



QUANTIC LAB™  
Quality Assurance.

HQ

Cluj-Napoca, Romania



INTERNAL HEADCOUNT

352 (-)

Quantic Lab, the software outsourcing company specialized in quality assurance ("QA"), localization and user experience for gaming and applications, has continued its onboarding and integration during the reporting quarter. Its business has grown during the period, both within Embracer Group and on the external market. The COVID-19 pandemic still has an adverse effect on client business in 2021, as they are affected of the aftermath of working from home and to some extent delayed projects.



## ONGOING DEVELOPMENT AND UPCOMING RELEASES

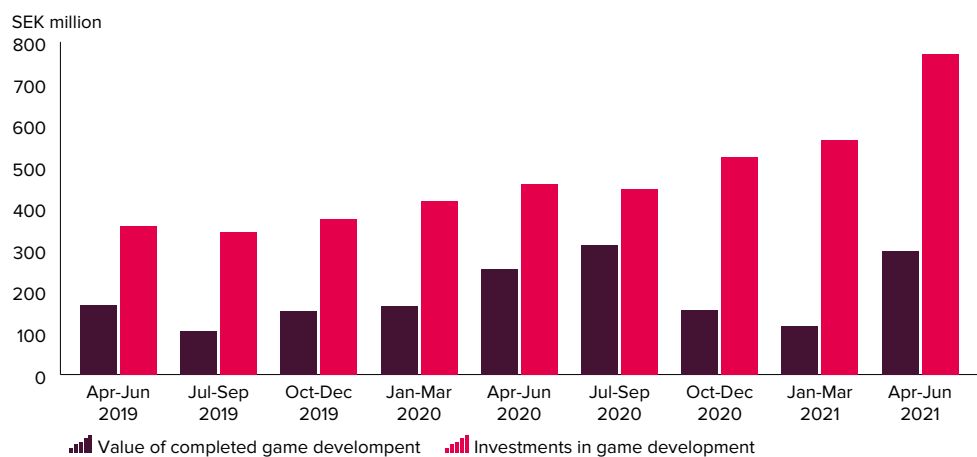
The Company invested SEK 770.3 million during the quarter in its growing ongoing game development pipeline that will be driving growth and profitability in the coming years.

The finalized value of the completed and released games during the quarter were SEK 297,9 million driven by the releases of *Biomutant*, *MotoGP21*, *We Are Football* and *Wreckfest PS5*.

## VALUE AND INVESTMENTS, GAME DEVELOPMENT

The value of completed (released) games consists of the investments that generated the quarter's revenue. Total SEK 770.3 million was invested in game development, the highest amount ever in a single quarter. These investments lay the foundation for growing revenues from future launches.

The increased investments into game development in the quarter over prior quarters is mainly related to the addition of Aspyr and Gearbox Entertainment coupled with increased organic investments into new game development, where the latter is impacted by a shift from co-publishing projects towards internal development projects in Saber Interactive.



## FORECAST – VALUE OF FINALIZED GAME DEVELOPMENT

In the current financial year ending March 2022, the ambition is to complete more than 90 game development projects with a total completion value in the range of SEK 2,875 to 3,325 million. The level of completion is expected to be back-end loaded, with significantly higher completion value in the fourth quarter than the other quarters.

Value of finalized game development SEK m	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	FY 21/22
Current forecast (Aug 18, 2021)	-	225-275	350-450	2,000-2,300	2,875-3,325
Previous forecast (May 20, 2021)	300-350	350-400	500-550	1,650-2,000	2,800-3,300





## RELEASES AFTER THE END OF THE QUARTER

During the period July 1, 2021 until August 18, 2021, the following titles were released:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Skydrift Infinity</i>	HandyGames	Own	PC, PS4, Xbox One, Switch	Digital
<i>Neighbours back from Hell</i>	HandyGames	Own	Mobile	Digital
<i>Pile Up!</i>	HandyGames	External	PS4, Xbox One, Switch	Digital
<i>Road 66</i>	Digixart	Own	PC, Switch	Digital
<i>Tribes of Midgard</i>	Gearbox Publishing	External	PC (Steam), PS5, PS4	Digital & physical
<i>Godfall - Fire &amp; Darkness DLC</i>	Gearbox Publishing	External	PS4, PS5, PC (Epic)	Digital & physical
<i>Godfall</i>	Gearbox Publishing	External	PS4	Digital
<i>Fishing: North Atlantic Scallop - DLC</i>	External	External	PC, PS4, Xbox One	Digital

## ANNOUNCED RELEASES AS OF AUGUST 18, 2021

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Comanche</i>	THQ Nordic	Own	PC	Digital
<i>Darksiders 3</i>	THQ Nordic	Own	Switch	Digital & physical
<i>Expeditions Rome</i>	THQ Nordic	Own	PC	Digital & physical
<i>ELEX II</i>	THQ Nordic	Own	PC, PS4, Xbox One, PS5, XSX	Digital & physical
<i>Gothic - Remake</i>	THQ Nordic	Own	PC, PS5, XSX	Digital & physical
<i>Kingdoms of Amalur: Re-Reckoning - Fatesworn (expansion)</i>	THQ Nordic	Own	PS4, Xbox One, PC	Digital
<i>Knights of Honor II: Sovereign</i>	THQ Nordic	Own	PC	Digital & physical
<i>Scarf</i>	THQ Nordic	External	PC	Digital
<i>The Guild 3</i>	THQ Nordic	Own	PC	Digital & physical
<i>A Rat's Quest</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Airhead</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Ending - Extinction is Forever</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & physical
<i>One Hand Clapping</i>	HandyGames	External	PC, PS4, Xbox One, Switch, Mobile	Digital
<i>Townsmen VR</i>	HandyGames	Own	PC, PS4	Digital
<i>Midnight Ghost Hunt</i>	Coffee Stain Publishing	Shared	PC	Digital
<i>Songs of Conquest</i>	Coffee Stain Publishing	Own	PC	Digital
<i>Insurgency: Sandstorm</i>	External	Own	PS4, Xbox One	Digital & physical
<i>WWZ Aftermath</i>	Saber Interactive	License	PC, PS4, Xbox One	Digital & physical
<i>Zen Pinball Party</i>	Zen Studios	Own	Apple Arcade	Digital
<i>Evil Dead: The Game</i>	Saber	License	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & physical
<i>Chorus</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & physical
<i>Dead Island 2</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & physical
<i>Crossfire Legion</i>	Prime Matter	External	PC	Digital
<i>Dolmen</i>	Prime Matter	External	PC, PS4, PS5, XSX	Digital & physical
<i>Echoes of The End</i>	Prime Matter	External	PC, PS5, XSX	Digital & physical
<i>Encased</i>	Prime Matter	External	PC	Digital
<i>Final Form</i>	Prime Matter	External	PC, PS5, XSX	Digital & physical
<i>Gungrave G.O.R.E.</i>	Prime Matter	External	PC, PS4	Digital & physical

For latest release dates please refer to above mentioned publishers.

**CONTINUED >>**



**CONT. ANNOUNCED RELEASES AS OF AUGUST 18, 2021**

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Iron Harvest</i>	Prime Matter	External	PS4, Xbox One	Digital & physical
<i>King's Bounty II</i>	Prime Matter	External	PC, PS4, Switch, Xbox One	Digital & physical
<i>Mount &amp; Blade II Bannerlord (full release)</i>	Prime Matter	External	PC, Console (TBC)	Digital & physical
<i>Payday 3</i>	Prime Matter	External	TBC	Digital & physical
<i>Phoenix Point: Behemoth Edition</i>	Prime Matter	Own	PS4, Xbox One	Physical
<i>Scars Above</i>	Prime Matter	External	PC	Digital & physical
<i>The Chant</i>	Prime Matter	External	PC, PS4, PS5, Xbox One, XSX	Digital & physical
<i>The New Painkiller</i>	Prime Matter	Own	TBC	Digital & physical
<i>Dice Legacy</i>	Ravencourt	Own	PC, Switch	Digital
<i>Proto Corgi</i>	Ravencourt	External	PC, Switch	Digital
<i>Hot Wheels Unleashed</i>	Milestone	License	PC, PS4, PS5, Switch, XSX	Digital & physical
<i>After the Fall</i>	Vertigo Games	Own	PC, PS4, Oculus Quest	Digital & physical
<i>Shadow Warrior 3</i>	External	External	PC, PS4, Xbox One	TBC
<i>Trek to Yomi</i>	External	External	PC, PS5, XSX	TBC
<i>Space Punks</i>	External	External	PC	TBC
<i>Evil West</i>	External	External	PC, PS4, PS5, Xbox One, XSX	TBC
<i>Tiny Tina's Wonderlands</i>	External	Own	PC, PS4, PS5, Xbox One, XBX, XSX	Digital & physical
<i>Homeworld 3</i>	Gearbox Publishing	Own	PC	Digital & physical
<i>Lightyear Frontier</i>	Amplifier	Own	PC, XSX	Digital

For latest release dates please refer to above mentioned publishers.

### SIGNIFICANT EVENTS AFTER THE QUARTER

On August 5, Embracer Group entered into eight acquisition agreements, adding more than 550 new colleagues to the group:

- > Crazy Labs, Israel (DECA Games)
- > Ghost Ship Games, Denmark (Coffee Stain)
- > Easy Trigger, Sweden (Coffee Stain)
- > Force Field, The Netherlands (Koch Media Publishing)
- > DigixArt, France (Koch Media Publishing)
- > Slipgate Ironworks, Denmark (Saber Interactive)
- > 3D Realms, Denmark (Saber Interactive)
- > Grimfrost, Sweden (Embracer Group)

The acquisitions improve the group's capabilities within mobile publishing and development, indie development, VR development as well as story driven, retro shooter and other development for PC/consoles.

Combined these eight acquisitions are expected to contribute an estimated SEK 2,000-3,000 million in net sales and SEK 350-550 million in operational EBIT during FY 2022/23. The aggregated day one purchase price for the eight acquisitions amounts to approximately SEK 2.7 billion in total, on a cash and debt free basis. Approximately SEK 2.1 billion is paid in cash and SEK 0.6 billion is paid in newly issued Embracer B shares. To create long term alignment, a maximum additional consideration of SEK 2.0 billion on an aggregated basis has been agreed upon, which is subject to fulfilment of agreed operational and financial milestones over a period of up to eight years. The additional consideration comprises of a maximum of approximately SEK 1.0 billion to be paid in cash and approximately SEK 1.0 billion to be paid in Embracer B shares.

### IFRS CONVERSION AND REGULATED MARKET

The Board of directors decided on the Board Meeting 17th of February to convert to the reporting standard IFRS and thereby start the process to become listed on a regulated market.

The IFRS conversion project has had solid progress during the quarter. The project is currently in phase one where all operative groups are involved in a supplemental data collection process to identify, document, and analyze all areas when converting to IFRS. Completion of phase one is planned for during the current quarter ending September and target is to communicate a solid timeframe in our next quarterly report.

Engagement agreement has been signed with an external partner to provide support and expertise throughout the regulated market project. Key activities during the quarter includes a regulated market gap analysis of status in relation to requirements. We are happy to see that several of the initiatives identified already is underway and planned as part of our general strive for continuous improvement.

### SUSTAINABILITY

For a comprehensive report on Embracer Group's sustainability work, please see the upcoming Embracer Group's Annual Report 2020/21 where the group's first statutory ESG-report is incorporated.

Embracer Group's sustainability framework, "Smarter Business", is underpinned by four pillars to help us focus our efforts and work; Business sense, Solid work, Great people and Greener planet.

#### Business Sense

##### *Governance*

We continuously monitor and develop our internal control systems and governing documents. As the group expands into different geographies it is key to keep global governing documents up to date and available in relevant languages. During the quarter we have updated our compliance code including more elaborate guidance on areas such as social media and political activity.

An important part of the onboarding process is to inform the acquired companies about the consequences of being a listed company. While striving for continuous improvement we launched an elaborate insider Q&A document during the quarter to help guide employees in what being part of a listed family implies in terms of ensuring proper awareness and understanding of relevant rules and regulations.

#### Solid Work

##### *Game Development collaboration*

Knowledge sharing and networking is done regularly through digital studio presentations from Embracer's studios around the world, as well as through the newly launched concept for tech lead development. The tech development concept is one of many great initiatives where competence and best practice are shared across the global Group on a regular and voluntary basis.

#### Great People

##### *Employment distribution*

As of the end of this quarter, five countries host over 50% of the talents in our group, and these countries are the USA, Germany, Russia, Canada, and Sweden.

##### *Global employee survey*

During the quarter, we have continued to review collected data to gain valuable insights on our group companies. The results from the annual global employee survey conducted in the previous quarter has been presented to all operative groups. One of the summarizing KPI's collected and calculated in the annual global employee survey is the "Employee Net Promoter Score" (eNPS\*). Our Score amounted to +29 and we are pleased with the result, while always aiming to improve our scoring.

\* The eNPS measures employee satisfaction and loyalty and an eNPS score can range between -100 to 100. Any score above zero is viewed as acceptable, while a score between 10-30 is considered good while 50 or above is excellent.

##### *Embracer Stories*

Our ambition to share stories from our employees with the wider group has continued during the quarter. This quarter's stories have focused on mental health awareness, corporate culture and heritage of games.

##### *Supporting Embracer people*

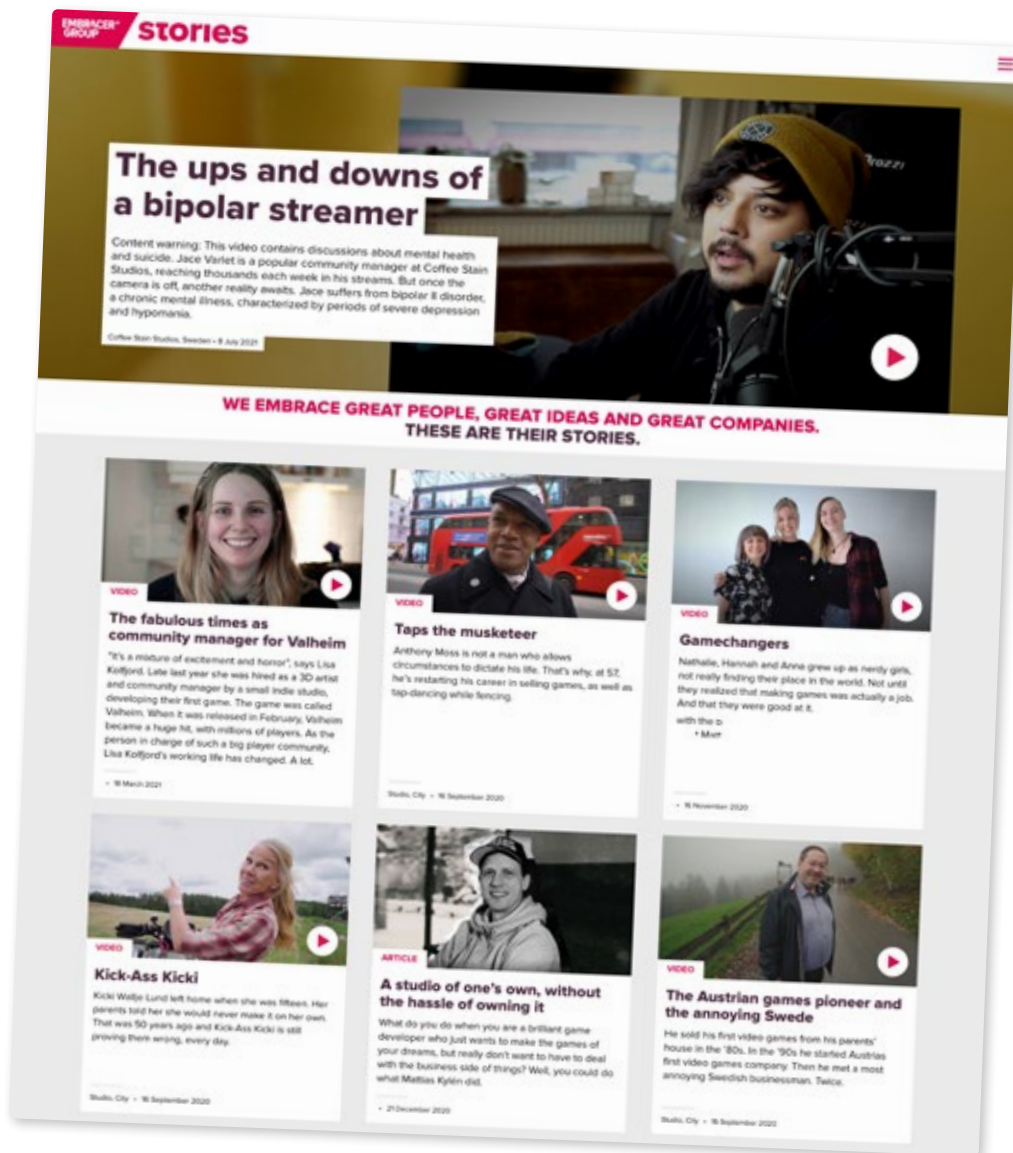
We closely monitor the recent events in our industry regarding harassment and toxic behavior in workplaces and support our employees to report any irregularities to the relevant supervisor or via our anonymous Whistleblowing system available on our website. Reports are investigated, and necessary actions are taken to understand and solve any identified issues. This is stated in the Embracer Group Compliance Code and any violations of the code should be reported.



## Greener Planet

### Emission reduction and offset

Our decentralized model requires that our operative groups are responsible for developing a strategy and initiatives to reduce their environmental impact. A climate strategy project started during the quarter including further development of our data collection to measure the carbon footprint from our operations. A reduction target is to be set during the FY year in line with the Paris Agreement. During the quarter, we have compensated for our measured emissions by a factor of 1,5x supporting the two projects Prony wind power and Solvatten, which are focused on health, diversity and generating sustainable energy.



Embracer Stories at [embracer.com](https://embracer.com)

## ANALYSTS FOLLOWING EMBRACER GROUP

AS OF JUNE 30, 2021

Company	Name	Phone	Mail
Carnegie	Oscar Erixon	-	oscar.erixon@carnegie.se
Berenberg	Benjamin May	+44 20 346 52 667	benjamin.may@berenberg.com
Bernstein	Matti Littunen	+44 207 170 50 09	matti.littunen@bernstein.com
Nordea Markets	Erik Lindholm-Röjstäl	+46 10 15 703 10	erik.lindholm-rojestal@nordea.com
Pareto Securities	Marlon Värnik	-	Marlon.Varnik@paretosec.com
Handelsbanken	Fredrik Olsson	-	frol16@handelsbanken.se
Redeye	Tomas Otterbeck	-	tomas.otterbeck@redeye.se
ABG Sundal Collier	Jesper Birch-Jensen	+46 8 566 286 13	Jesper.Birch-Jensen@abgsc.se
Citi	Thomas A Singlehurst	+44 20 7986 4051	thomas.singlehurst@citi.com
Kepler Cheuvreux	Hjalmar Ahlberg	+46 708 62 50 79	ahlberg@keplercheuvreux.com
Goldman Sachs International	Alexander Duval	+44 20 7552 2995	alexander.duval@gs.com
HSBC Bank plc	Ali Naqvi	-	ali.naqvi@hsbc.com
DNB Bank ASA	Martin Arnell	-	martin.arnell@dnb.se
Barclays	Nick Dempsey	-	Nick.Dempsey@barclays.com

Note: Redeye and ABG Sundal Collier are commissioned by Embracer Group.

At Embracer.com we provide an IR service providing consensus estimates. The estimates are collected by Infront and based on predictions made by analysts who cover Embracer Group.

## THE SHARE

TOP 10 OWNERS, AS OF JUNE 30, 2021

Change from  
Mar. 31, 2021

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class A and B shares
Lars Wingefors AB	26,130,102	104,705,965	26.14%	45.69%	
Matthew Karch and Andrey Iones	6,399,137	35,386,220	8.35%	12.41%	
Founders/Management Easybrain		32,518,984	6.50%	4.06%	+32,518,984
Canada Pension Plan Investment Board (CPP)		27,377,000	5.47%	3.42%	
Swedbank Robur Funds		26,293,445	5.25%	3.28%	-1,099,296
Handelsbanken Funds		12,841,183	2.57%	1.60%	-1,711,017
Didner & Gerge Funds		10,924,008	2.18%	1.36%	-439,469
ODIN Funds		8,990,000	1.80%	1.12%	+700,000
AMF Pension & Funds		7,375,000	1.47%	0.92%	-275,000
Ken Go		6,301,591	1.26%	0.79%	
<b>TOTAL TOP 10</b>	<b>32,529,239</b>	<b>272,713,396</b>	<b>60.99%</b>	<b>74.65%</b>	
<b>ALL OTHER SHAREHOLDERS</b>	<b>869,898</b>	<b>194,375,012</b>	<b>39.01%</b>	<b>25.35%</b>	
<b>TOTAL</b>	<b>33,399,137</b>	<b>467,088,408</b>	<b>100%</b>	<b>100%</b>	

Source: Holdings by Modular Finance.

TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF JUNE 30, 2021

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB <sup>1</sup>	Embracer Group	26,130,102	104,705,965	26.14%	45.69%
Matthew Karch and Andrey Iones	Saber Interactive	6,399,137	35,386,220	8.35%	12.41%
Founders/Management	Easybrain	0	32,518,984	6.50%	4.06%
Founders/Management	Gearbox Entertainment	0	5,368,607	1.07%	0.67%
Ken Go	DECA Games	0	6,301,591	1.26%	0.79%
Erik Stenberg	Embracer Group	0	4,500,000	0.90%	0.56%
Luisa Bixio	Milestone	0	2,977,589	0.59%	0.37%
Founders/Management	4A Games	0	2,446,070	0.49%	0.31%
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	1,928,210	0.39%	0.24%
Founders	Aspyr	0	1,774,871	0.35%	0.22%
Pelle Lundborg	Embracer Group	869,898	794,560	0.33%	1.19%
Anton Westbergh	Coffee Stain	0	1,206,333	0.24%	0.15%
Klemens Kundratitz	Koch Media	0	1,127,928	0.23%	0.14%
Vincent Van Brummen	Vertigo Games	0	747,851	0.15%	0.09%
Founders	Zen Studios	0	567,039	0.11%	0.07%
Klemens Kreuzer	THQ Nordic	0	559,052	0.11%	0.07%
Jeremy Blum	NWI	0	535,645	0.11%	0.07%
Founders	A Thinking Ape	0	524,088	0.10%	0.07%
Markus Rännare	Coffee Stain	0	416,631	0.08%	0.05%
John Coleman	Vertigo Games	0	406,955	0.08%	0.05%
<b>TOP 20</b>		<b>33,399,137</b>	<b>204,794,189</b>	<b>47.59%</b>	<b>67.26%</b>
<b>ALL OTHER SHAREHOLDERS</b>		<b>0</b>	<b>262,294,219</b>	<b>52.41%</b>	<b>32.74%</b>
<b>TOTAL</b>		<b>33,399,137</b>	<b>467,088,408</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup>Lars Wingefors et al. For more information, please see: [embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/](http://embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/)

Holdings by management above are in general owned through various wholly owned companies.



**TOP 50 INSTITUTIONAL OWNERS,  
AS OF JUNE 30, 2021**

**Change from  
Mar. 31, 2021**

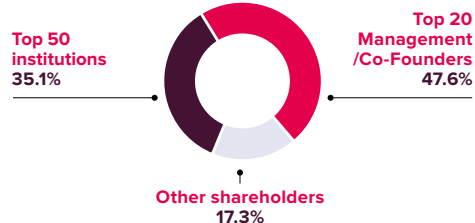
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Canada Pension Plan Investment Board (CPP)	27,377,000		5.47%	3.42%	
Swedbank Robur Funds	26,293,445		5.25%	3.28%	-1,099,296
Handelsbanken Funds	12,841,183		2.57%	1.60%	-1,711,017
Didner & Gerge Funds	10,924,008		2.18%	1.36%	-439,469
ODIN Funds	8,990,000		1.80%	1.12%	700,000
AMF Pension & Funds	7,375,000		1.47%	0.92%	-275,000
BlackRock	6,601,309		1.32%	0.82%	3,413,340
Avanza Pension	6,346,132		1.27%	0.79%	268,158
TIN Funds	5,875,300		1.17%	0.73%	-81,569
AP1 Första AP-fonden	5,299,500		1.06%	0.66%	-82,388
Alecta Pensionsförsäkring	3,380,000		0.68%	0.42%	1,000,000
Livförsäkringsbolaget Skandia	3,372,426		0.67%	0.42%	27,825
AFA Försäkring	3,304,209		0.66%	0.41%	-37,700
AP2 Andra AP-fonden	3,133,214		0.63%	0.39%	-190,500
Skandia Funds	2,890,460		0.58%	0.36%	-250,454
Futur Pension	2,875,519		0.57%	0.36%	-50,317
Janus Henderson Investors	2,507,307		0.50%	0.31%	-587,425
Martin Larsson (Chalex AB)	2,432,947		0.49%	0.30%	-151,000
Nordnet Pensionsförsäkring	2,142,929		0.43%	0.27%	-145,062
Danske Invest (Lux)	1,946,705		0.39%	0.24%	-68,295
Enter Funds	1,941,470		0.39%	0.24%	1,276,470
Oberweis Asset Management Inc	1,941,800		0.39%	0.24%	
DNB Funds	1,628,330		0.33%	0.20%	-48,066
Naventi Funds	1,620,026		0.32%	0.20%	
Northern Trust	1,374,261		0.27%	0.17%	876,719
Länsförsäkringar Funds	1,262,285		0.25%	0.16%	-445,825
Global X Management Company LLC	1,222,494		0.24%	0.15%	20,638
Aktia Asset Management	1,100,000		0.22%	0.14%	-50,000
Clients Funds	1,100,000		0.22%	0.14%	120,000
Sensor Funds	1,096,092		0.22%	0.14%	
Varma Mutual Pension Insurance Company	1,050,000		0.21%	0.13%	250,000
Fidelity Investments (FMR)	1,026,825		0.21%	0.13%	974,603
Svenska Handelsbanken AB for PB	1,003,635		0.20%	0.13%	7,534
Consensus Asset Management	965,895		0.19%	0.12%	-183,000
State Street Global Advisors	955,219		0.19%	0.12%	311,118
Vanguard	951,364		0.19%	0.12%	126,626
Evli Funds	785,000		0.16%	0.10%	-131,000
Swedbank Försäkring	743,880		0.15%	0.09%	266,397
RAM Rational Asset Management	734,697		0.15%	0.09%	
Fondita Funds	735,000		0.15%	0.09%	100,000
JP Morgan Asset Management	729,029		0.15%	0.09%	329,029
Lancelot Asset Management AB	725,000		0.14%	0.09%	
Van Eck	707,127		0.14%	0.09%	-25,070
Schroders	698,178		0.14%	0.09%	-5,625
TIAA - Teachers Advisors	658,964		0.13%	0.08%	160,700
Knutsson Holdings AB	650,000		0.13%	0.08%	
Handelsbanken Liv Försäkring AB	637,042		0.13%	0.08%	-29,190
IKC Funds	615,500		0.12%	0.08%	209,500
Amundi	528,785		0.11%	0.07%	84,166
Nordea Liv & Pension	503,331		0.10%	0.06%	65,018
<b>TOTAL TOP 50 INSTITUTIONAL OWNERS</b>	<b>0</b>	<b>175,599,822</b>	<b>35.09%</b>	<b>21.92%</b>	
<b>ALL OTHER SHAREHOLDERS</b>	<b>33,399,137</b>	<b>291,488,586</b>	<b>64.91%</b>	<b>78.08%</b>	
<b>TOTAL</b>	<b>33,399,137</b>	<b>467,088,408</b>	<b>100%</b>	<b>100%</b>	

Source: Holdings by Modular Finance.

**INTERNATIONAL OWNERSHIP  
TOP 50 INSTITUTIONAL  
BY CAPITAL**



**INSTITUTIONAL OWNERSHIP  
VS MANAGEMENT  
BY CAPITAL**





### INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than one in a company listed on a regulated market. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and also ensures that the company continuously satisfies First North's standards.

FNCA Sweden AB is Embracer Group's certified adviser who may be contacted at: info@fnca.se or +46-8-528 00 399.

### RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons for the success of game development, the sales performance of launched games, dependence on a few distributors and the success and performance of acquisitions. The complete risk analysis is found in the company's most recent Annual Report.

### ACCOUNTING AND VALUATION POLICIES

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting and valuation policies applied are consistent with the Swedish Accounting Standards Board's Category 3 (BFN K3) regulation and are unchanged since the latest published Annual Accounts, and the Swedish Accounting Standards Board's BFAR 2012:1

The Company's accounting policies are stated in its most recent Annual Report.

Amounts are reported in Swedish kronor, rounded to the nearest million unless otherwise stated. Rounding to the nearest million may mean that amounts are not consistent when added. Amounts and figures stated in brackets are comparatives for the corresponding period of the previous year.

### AUDITOR'S REVIEW

This Interim Report has not been subject to review by the Company's auditor.

### FORTHCOMING REPORTS

Annual General Meeting 2020/2021	16 September 2021
Interim Report Q2, July-September 2021	17 November 2021
Interim Report Q3, October-December 2021	17 February 2022
Full Year Report 2021/2022	19 May 2022

The Annual General Meeting 2020 will be held on September 16, 2021. The Annual Report will be published at the latest on August 25, 2021, on the company's webpage and at the same time made available in the Company's headquarter in Karlstad.

### REPORT PRESENTATION

Presentation of the Q1 report will be held online via Embracer Group's official YouTube channel or by webcast (<https://tv.streamfabriken.com/embracer-group-q1-2021>) the 18th of August at 09.00 CET.

### FOR MORE INFORMATION

Find more information about the Company at its website: [embracer.com](http://embracer.com)  
For any questions on this report, please contact:

**Lars Wingefors**, Co-founder & CEO

[lars.wingefors@embracer.com](mailto:lars.wingefors@embracer.com), +46 708 47 19 78

**Johan Ekström**, Group CFO

[johan.ekstrom@embracer.com](mailto:johan.ekstrom@embracer.com), +46 761 33 82 76





## SIGNATURES AND ASSURANCE

The Board of Directors and the Chief Executive Officer offer their assurance that this Full Year Report gives a true and fair view of the Group's and Parent Company's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and Parent Company.

Karlstad, Sweden, August 18, 2021

Kicki Wallje-Lund  
*Chairman of the Board*

David Gardner

Ulf Hjalmarsson

Jacob Jonmyren

Matthew Karch

Erik Stenberg

Lars Wingefors  
*Chief Executive Officer*

*This Interim Report is information that is mandatory for Embracer Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 06:00 CET on August 18, 2021*

# CONSOLIDATED INCOME STATEMENT

SEK m	Apr–Jun 2021	Apr–Jun 2020	Apr 2020– Mar 2021
Net sales	3,426.6	2,068.7	9,024.2
Work performed by the Company for its own use and capitalized	469.2	247.9	1,291.6
Other operating income	88.4	64.5	287.8
Results from participation of associated companies	-	-	41.4
<b>Total operating income</b>	<b>3,984.2</b>	<b>2,381.2</b>	<b>10,645.0</b>
<b>Operating expenses</b>			
Goods for resale	-812.7	-759.9	-3,618.4
Other external expenses	-787.9	-292.2	-1,364.8
Personnel expenses	-867.7	-378.7	-1,841.5
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-2,056.5	-746.0	-3,508.5
Other operating expenses	-4.4	-	-
<b>Total operating expenses</b>	<b>-4,529.1</b>	<b>-2,176.8</b>	<b>-10,333.2</b>
Profit from participation in associated companies	20.7	14.8	165.1
<b>Operating profit</b>	<b>-524.2</b>	<b>219.2</b>	<b>476.9</b>
<i>Profit from financial items</i>			
Other interest income, etc.	161.9	2.4	356.0
Other interest expenses, etc.	-60.5	-38.0	-152.8
<b>Total financial items</b>	<b>101.4</b>	<b>-35.6</b>	<b>203.2</b>
<b>Profit after financial items</b>	<b>-422.8</b>	<b>183.6</b>	<b>680.1</b>
<b>Profit before tax</b>	<b>-422.8</b>	<b>183.6</b>	<b>680.1</b>
Current income tax	-179.7	-83.5	-364.3
Deferred tax	-3.3	-9.5	-28.4
<b>Net profit for the period</b>	<b>-605.9</b>	<b>90.6</b>	<b>287.4</b>
<i>Attributable to:</i>			
Equity holders of the parent	-605.8	91.1	287.1
Non-controlling interests	-0.1	-0.5	0.3
Earnings per share, SEK	-1.22	0.26	0.72
Average number of outstanding shares, million	495	368	398
Earnings per share after full dilution, SEK	-1.16	0.26	0.72
Average number of outstanding shares after full dilution, million	521	368	399

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Intangible assets	35,679.6	10,971.1	16,390.0
Property, plant & equipment	345.1	185.3	237.8
Financial assets	741.6	228.9	571.6
Inventories	402.7	428.8	242.9
Current receivables	2,546.9	1,885.2	2,010.0
Cash and bank balance	12,417.2	3,525.1	14,299.9
<b>Total assets</b>	<b>52,133.1</b>	<b>17,224.4</b>	<b>33,752.2</b>
Equity	36,085.0	11,522.9	27,165.4
Provisions for additional purchase prices	9,784.1	182.4	1,887.5
Other provisions	1,443.2	993.9	929.0
Non-current liabilities	1,441.6	1,179.9	246.0
Current liabilities	3,379.2	3,345.3	3,524.3
<b>Total liabilities and equity</b>	<b>52,133.1</b>	<b>17,224.4</b>	<b>33,752.2</b>
Interest-bearing receivables amount to	12,421.6	3,525.1	14,299.9
Interest-bearing liabilities amount to	2,152.6	2,711.4	1,494.3

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Share capital	Other paid-up capital	Other equity including net profit	Minority interest	Consolidated equity
<b>Amount as of April 1, 2021</b>	<b>1.3</b>	<b>26,762.3</b>	<b>389.0</b>	<b>12.9</b>	<b>27,165.4</b>
Translation difference			-216.3		-216.3
New share issue	0.1	9,742.4			9,742.5
Issue costs <sup>1)</sup>		-0.8			-0.8
Net profit			-605.8	-0.1	-605.9
<b>Amount as of Jun 30, 2021</b>	<b>1.4</b>	<b>36,503.9</b>	<b>-433.1</b>	<b>12.8</b>	<b>36,085.0</b>

<sup>1)</sup> Issue costs constitutes of cost of rights issue SEK -0.8 million.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	Apr-Jun 2021	Apr-Jun 2020	Apr 2020-Mar 2021
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,342.9</b>	<b>869.8</b>	<b>3,766.0</b>
Change in working capital	-725.6	-137.5	132.9
<b>Cash flow from operating activities</b>	<b>617.3</b>	<b>732.3</b>	<b>3,899.0</b>
Cash flow from investing activities			
Net investment in acquired companies	-2,272.6	-1,103.9	-4,590.8
Net investment in intangible assets	-828.7	-494.5	-2,135.2
Net investment in tangible assets	-51.2	-16.2	-69.6
Net investment in financial assets	2.9	-17.5	-9.4
Cash flow from financing activities	651.3	1,940.3	14,725.3
<b>Cash flow for the period</b>	<b>-1,881.0</b>	<b>1,040.5</b>	<b>11,819.3</b>
Cash and cash equivalents at beginning of period	14,299.9	2,510.3	2,510.3
Translation difference in cash and cash equivalents	-1.7	-25.7	-29.7
<b>Cash and cash equivalents at end of period</b>	<b>12,417.2</b>	<b>3,525.1</b>	<b>14,299.9</b>

## PARENT COMPANY INCOME STATEMENT

SEK m	Apr–Jun 2021	Apr–Jun 2020	Apr 2020– Mar 2021
Net sales	206.7	189.8	796.0
Other operating income	0.0	0.0	0.0
<b>Total operating income</b>	<b>206.7</b>	<b>189.8</b>	<b>796.0</b>
<b>Operating expenses</b>			
Other external expenses	-16.8	-23.5	-35.8
Personnel expenses	-7.8	-4.7	-22.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-86.9	-83.7	-416.8
Other operating expenses	-5.6	-	-21.4
<b>Total operating expenses</b>	<b>-117.1</b>	<b>-111.9</b>	<b>-496.0</b>
<b>Operating profit</b>	<b>89.6</b>	<b>77.9</b>	<b>300.0</b>
Result from financial assets	0.0	1.3	-556.3
Interest income, etc.	10.7	0.3	261.8
Interest expenses, etc.	-159.5	-32.6	-48.4
<b>Total financial income/expenses</b>	<b>-148.6</b>	<b>-31.0</b>	<b>-342.9</b>
<b>Profit after financial items</b>	<b>-59.0</b>	<b>46.9</b>	<b>-42.9</b>
<b>Appropriations</b>	<b>0.0</b>	<b>0.0</b>	<b>229.6</b>
<b>Profit before tax</b>	<b>-59.0</b>	<b>46.9</b>	<b>186.7</b>
Current income tax	0.0	-10.1	-39.7
Deferred tax	12.3	0.0	0.0
<b>Net profit for the period</b>	<b>-46.7</b>	<b>36.8</b>	<b>147.0</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Intangible assets	325.3	418.4	409.0
Tangible assets	3.6	5.3	3.7
Financial assets	10,981.9	8,295.8	10,956.2
Current receivables	14,041.2	1,134.8	2,882.5
Cash and bank balance	9,187.0	2,401.2	12,393.6
<b>Total assets</b>	<b>34,539.1</b>	<b>12,255.5</b>	<b>26,645.0</b>
Equity	33,841.6	10,470.4	26,053.0
Untaxed reserves	117.4	140.6	117.4
Provisions	218.3	31.8	220.9
Long-term liabilities	202.5	1,168.6	204.8
Current liabilities	159.3	444.1	48.9
<b>Total liabilities and equity</b>	<b>34,539.1</b>	<b>12,255.5</b>	<b>26,645.0</b>

## SELECTED KEY PERFORMANCE INDICATORS – GROUP

Financial metrics defined or specified pursuant to Swedish Accounting Standards Board standards (BFNAR)	Apr–Jun 2021	Apr–Jun 2020	Apr 2020–Mar 2021
Net sales, SEK m	3,426.6	2,068.7	9,024.2
Operating profit, SEK m	–524.2	219.2	476.9
Profit before tax, SEK m	–422.8	183.6	680.1
Profit after tax, SEK m	–605.9	90.6	287.4
Number of shares at end of period, thousands	500,488	372,353	460,825
Average number of outstanding shares, thousands	494,882	368,385	398,146
Average number of outstanding shares after full dilution, thousands	521,231	368,385	398,818
Average number of full-time employees in the period	5,376	2,573	3,174
Number of employees at the end of the period	5,486	2,585	4,236
<b>Alternative key performance indicators not defined or specified pursuant to BFNAR</b>	<b>Apr–Jun 2021</b>	<b>Apr–Jun 2020</b>	<b>Apr 2020–Mar 2021</b>
Net sales growth, %	66	81	72
EBITDA, SEK m	1,532.2	965.2	3,985.3
EBITDA margin, %	45	47	44
Operational EBIT, SEK m	1,271.3	711.8	2,870.8
Operational EBIT margin, %	37	34	32
EBIT, SEK m	–524.2	219.2	476.8
EBIT margin, %	–15	11	5
Equity/assets ratio, %	69	67	80
Adjusted earnings per share, SEK	2.30	1.51	6.44
Adjusted earnings per share after full dilution, SEK	2.18	1.51	6.43
Earnings per share, SEK	–1.22	0.26	0.72
Earnings per share after full dilution, SEK	–1.16	0.26	0.72
Dividend per share, SEK	-	-	-
<i>Derivation of the alternative KPIs, operational EBIT and EBITDA</i>			
<b>EBIT, SEK m</b>	<b>–524.2</b>	<b>219.2</b>	<b>476.9</b>
Amortization expenses added back to Operational EBIT			
- Goodwill, SEK m	1,564.0	375.3	1,924.9
- Intellectual property (IP) rights, SEK m	217.8	102.2	456.4
- Surplus value of Partner Publishing/Film, SEK m	13.7	15.1	54.1
Results from participation of associated companies	-	-	–41.4
<b>Operational EBIT, SEK m</b>	<b>1,271.3</b>	<b>711.8</b>	<b>2,870.8</b>
- Other depreciation and amortization expenses, SEK m	260.9	253.4	1,073.2
Results from participation of associated companies	-	-	41.4
<b>EBITDA, SEK m</b>	<b>1,532.2</b>	<b>965.2</b>	<b>3,985.3</b>

## DEFINITIONS OF ALTERNATIVE KPI'S

Embracer Group's definitions of a number of alternative KPI's used in this Interim Report are stated below. Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress. EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results. The company has chosen to disclose operational EBIT in order to provide a fair picture of the underlying operational performance. The equity/assets ratio is stated because the Company regards this as a metric commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial position.

### DEFINITIONS OF KPI'S, GROUP

<b>Adjusted Earnings per share</b>	Profit after tax excluding non-operational depreciations and amortizations net of tax and profit of revaluation of shares in associated companies divided by the average number of shares in the period. Tax related to non-operational depreciation and amortizations calculated using the effective tax rate (no tax effect on goodwill amortizations).
<b>Earnings per share</b>	Profit after tax less non-controlling interest divided by the average number of shares in the period.
<b>Earnings per share after full dilution</b>	Profit after tax less non-controlling interest divided by the average number of shares after full dilution in the period.
<b>EBIT margin</b>	EBIT as a percentage of net sales.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.
<b>Equity/assets ratio</b>	Equity as a percentage of total assets.
<b>Free Cash Flow</b>	Cash Flow from operating activities for the period excluding net investment in acquired companies and cash flow from Financing activities.
<b>Net sales growth</b>	Net sales for the current period divided by net sales for the corresponding period of the previous year.
<b>Non-operational Depreciation and Amortizations</b>	Amortization of acquisition-related goodwill, surplus values of specific business areas and IP Values (trademarks, patents, copyrights etc).
<b>Operational EBIT</b>	EBIT excluding non-operational depreciations and profit/loss of revaluation of participation in associated companies.
<b>Operational EBIT margin</b>	Operational EBIT as a percentage of net sales.

### DEFINITIONS, QUARTERLY INFORMATION

<b>Completed games</b>	Total book value of finished game development projects (released games) during the quarter. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and depreciation starts.
<b>Depreciation and amortization</b>	
<b>Game development</b>	Depreciation of finished game development projects - degressive depreciation over two years. 1/3 depreciation during month 1 to 3 following release, 1/3 depreciation in month 4 to 12 following release and the remaining 1/3 in month 13 to 24 following release.
<b>Other intangible assets (Film etc)</b>	The majority of other intangible assets (Film etc) relates to the Group's film business and is depreciated based on actual sales in relation to expected sales of the relevant title.
<b>IP-rights</b>	Depreciation of Intellectual Property rights related to Games - straight-line depreciation over five years.
<b>Surplus value Partner Publishing/Film</b>	Depreciation of surplus values related to Partner Publishing/Film - straight-line depreciation over five years.
<b>Goodwill</b>	Depreciation of Goodwill - straight-line depreciation over five years.
<b>Digital sales</b>	All net sales not shipped physically.
<b>External game developers</b>	Number of game developers engaged in game development projects by studios that are not owned by the group (external studios).
<b>External Studios</b>	Number of external development studios engaged in game development projects.
<b>Game development projects</b>	Number of on-going game development projects financed by the group and number of on-going game development projects financed by third party with notable expected royalty income.
<b>Internal employees, non-development</b>	Number of employees not directly engaged in game development (both employees and contractors).
<b>Internal game developers</b>	Number of game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
<b>Internal Studios</b>	Number of internal development studios.
<b>Net sales split – Games business area</b>	
<b>Owned titles</b>	Net sales of game titles that are owned IP:s or titles that are controlled by the group.
<b>Publishing titles</b>	Net sales of game titles of IP:s the group does not own or control.
<b>New releases sales by each quarter</b>	Net sales of game titles that are released in the current quarter.
<b>Back-catalog</b>	Net sales of game titles that are not released in the current quarter.
<b>Number of IP:s</b>	Number of IP:s owned by the group.
<b>Organic growth</b>	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded.
<b>Organic growth, CCY</b>	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.
<b>Physical sales</b>	All net sales shipped physically.

# QUARTERLY INFORMATION BY CALENDAR YEAR

	2016		2017				2018				2019				2020				2021	
	Full year	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	
Net sales, SEK m	302	508	633	838	1,273	1,381	4,124	1,631	1,142	1,260	1,509	5,541	1,339	2,069	2,383	2,168	7,959	2,404	3,427	
EBITDA, SEK m	132	273	226	207	215	326	974	619	390	418	518	1,945	495	965	969	879	3,308	1,172	1,532	
Operational EBIT, SEK m	108	202	131	70	103	197	501	396	204	241	302	1,143	286	712	653	603	2,254	903	1,271	
EBIT, SEK m	95	188	107	53	91	152	403	172	81	76	91	421	97	219	173	-61	428	145	-524	
Profit after tax, SEK m	72	139	81	33	65	114	294	103	53	65	34	254	132	91	228	-190	261	159	-606	
Number of shares (A&B), adjusted, million <sup>1)</sup>	183	222	238	241	265	283	252	283	308	310	312	303	312	368	378	419	372	427	495	
Number of shares (A&B) after full dilution, adjusted, million <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	378	420	372	429	521	
Earnings per share, SEK <sup>1)</sup>	0.39	0.63	0.34	0.14	0.25	0.44	1.17	0.37	0.17	0.21	0.11	0.84	0.42	0.26	0.60	-0.45	0.83	0.37	-1.22	
Earnings per share after full dilution, SEK <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60	-0.45	0.83	0.37	-1.16	
Adjusted Earnings per share, SEK <sup>1)</sup>	0.45	0.68	0.42	0.19	0.28	0.55	1.50	1.00	0.51	0.65	0.68	2.82	0.97	1.51	1.80	1.06	5.34	2.07	2.30	
Adjusted Earnings per share after full dilution, SEK <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.80	1.06	5.34	2.06	2.18	
Cash flow from operating activities, SEK m	99	179	700	165	-740	455	579	777	441	283	239	1,740	766	732	805	840	3,143	1,522	617	
Free cash flow, SEK m	-	-	-	-	-	-	-	-	47	-116	-207	-	276	204	311	309	1,100	861	-260	
Sales growth, Group, YoY, %	42%	68%	673%	878%	1,403%	441%	713%	158%	36%	-1%	9%	34%	-18%	81%	89%	44%	44%	80%	66%	
Organic growth, Games, YoY, %	-	-	-	-	-	-	-	-	-	-	-	-	-	74%	51%	11%	-	70%	-2%	
Organic growth, CCY, Games, YoY, %	-	-	-	-	-	-	-	-	-	-	-	-	-	71%	61%	21%	-	85%	10%	
EBITDA, margin, %	44%	54%	36%	25%	17%	24%	24%	38%	34%	33%	34%	35%	37%	47%	41%	41%	42%	49%	45%	
Operational EBIT, margin, %	38%	40%	20%	8%	8%	14%	12%	25%	18%	19%	20%	21%	21%	34%	27%	28%	28%	38%	37%	
EBIT, margin, %	31%	37%	17%	6%	7%	11%	10%	11%	7%	6%	6%	8%	7%	11%	7%	-3%	5%	6%	-15%	
Gross Margin (Net sales-COGS), SEK m	183	360	313	372	378	542	1,604	889	614	625	762	2,889	673	1,309	1,349	1,307	4,638	1,441	2,614	
Gross Margin, %	61%	71%	50%	44%	30%	39%	39%	55%	54%	50%	51%	52%	50%	63%	57%	60%	58%	60%	76%	
<b>Net sales per business area</b>																				
Games - THQ Nordic, SEK m	302	508	135	146	124	352	756	143	185	330	333	991	307	488	567	380	1,742	355	669	
Games - Koch Media Publishing, SEK m	-	-	257	338	252	187	1,033	794	373	442	467	2,076	515	613	507	497	2,132	465	638	
Games - Coffee Stain, SEK m	-	-	-	-	-	14	14	98	83	45	36	261	82	172	130	99	483	781	191	
Games - Saber, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	349	259	307	915	271	305	
Games - DECA Games, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	72	105	104	146	
Games - Gearbox Entertainment, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	437	
Games - Easybrain, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	576	
<b>Games, total</b>	302	508	391	484	376	553	1,803	1,035	641	816	836	3,328	904	1,622	1,495	1,355	5,376	1,975	2,961	
Partner Publishing/Film, SEK m	-	-	242	354	897	828	2,320	596	501	444	673	2,213	436	447	888	813	2,584	429	466	
<b>Net sales split – Games business area</b>																				
Owned titles, %	71%	77%	34%	39%	50%	72%	50%	84%	80%	78%	79%	80%	70%	74%	66%	65%	69%	47%	79%	
Publishing titles, %	29%	23%	66%	61%	50%	28%	50%	16%	20%	22%	21%	20%	30%	26%	34%	35%	31%	53%	21%	
Owned titles, SEK m	213	391	134	189	188	396	907	871	510	637	657	2,675	633	1,194	994	875	3,696	927	2,352	
Publishing titles, SEK m	89	116	257	295	188	157	897	164	131	179	178	653	270	428	501	480	1,680	1,048	609	
New releases sales by each quarter, %	-	-	63%	20%	31%	58%	-	75%	18%	32%	35%	-	38%	45%	33%	20%	-	42%	21%	
Back-catalog, %	-	-	37%	80%	69%	42%	-	25%	82%	68%	65%	-	62%	55%	67%	80%	-	58%	79%	
New releases sales by each quarter, SEK m	-	-	246	98	117	321	-	781	118	261	291	-	345	733	488	272	-	838	627	
Back-catalog, SEK m	-	-	145	386	259	232	-	254	524	555	545	-	559	889	1,007	1,083	-	1,137	2,333	
Physical sales, %	51%	50%	62%	50%	48%	59%	55%	39%	29%	26%	31%	32%	22%	26%	24%	21%	23%	11%	13%	
Digital sales, %	49%	50%	38%	50%	52%	41%	45%	61%	71%	74%	69%	68%	78%	74%	76%	79%	77%	89%	87%	
Physical sales, SEK m	154	253	243	242	179	324	988	407	189	215	259	1,070	195	419	352	289	1,255	225	375	
Digital sales, SEK m	148	251	148	242	197	229	815	628	452	601	577	2,258	709	1,203	1,143	1,066	4,121	1,750	2,585	
<b>Depreciation and amortization</b>																				
Game development	-24	-62	-59	-109	-80	-93	-341	-192	-162	-144	-133	-631	-148	-191	-222	-200	-761	-202	-215	
Other intangible assets (Film etc.)	-	-	-33	-24	-27	-31	-115	-25	-16	-26	-76	-144	-53	-55	-43	-65	-216	-54	-29	
<b>Sub-total</b>	-24	-62	-92	-133	-107	-124	-455	-217	-179	-170	-209	-775	-201	-246	-265	-265	-977	-256	-244	
<i>Acquisition-related depreciation</i>																				
IP-rights	-13	-14	-11	-7	-9	-8	-33	-166	-69	-101	-123	-458	-67	-102	-104	-118	-391	-132	-218	
Surplus value Partner Publishing/Film	-	-	-12	-10	-2	-9	-33	-15	-8	-12	-11	-46	-12	-15	-15	-10	-52	-14	-14	
Goodwill	-	-	-1	-1	-2	-28	-32	-43	-45	-52	-77	-218	-110	-375	-401	-536	-1,423	-612	-1,564	
<b>Sub-total</b>	-13	-14	-24	-17	-13	-45	-99	-224	-123	-164	-211	-722	-189	-492	-521	-664	-1,867	-758	-1,796	
<b>Total intangible assets</b>	-37	-76	-116	-150	-120	-169	-554	-441	-302	-334	-420	-1,497	-390	-738	-786	-929	-2,844	-1,014	-2,039	
<b>Investments in intangible assets</b>																				
External game developm. and advances, SEK m	98	212	115	114	132	167	528	189	225	166	152	732	193	209	172	150	724	166	301	
Internal capitalized development, SEK m	36	80	58	94	102	106	359	116	131	177	221	645	224	248	273	372	1,117	398	469	
Other intangible assets	-	11	12	31	18	31	91	20	22	43	46	131	40	41	39	35	155	36	43	
IP-rights	23	4	-	0	22	11	32	0	0	6	0	7	8	0	0	0	8	0	15	
<b>Total</b>	157	306	185	239	273	314	1,010	326	378	392	419	1,515	465	498	484	558	2,005	599	829	
<b>Completed games</b>																				
Completed games, SEK m	-	176	123	47	50	162	383	220	168	104	152	644	165	253	311	156	885	117	298	
<b>Other KPIs</b>																				
Total Game Dev projects	-	-	54	51	55	77	-	80	81	86	96	-	103	125	135	150	-	160	180	
Announced Game Dev projects	-	-	19	17	20	29	-	32	34	37	44	-	43	52	53	61	-	53	56	
Unannounced Game Dev projects	-	-	35	34	35	48	-	48	47	49	52	-	60	73	82	89	-	107	124	
Total internal game developers	-	-	536	565	608	613	-	860	882	1,162	1,237	-	1,359	2,076	2,551	3,673	-	4,036	5,107	
Total external game developers	-	-	714	692	740	871	-	807	946	1,110	1,021	-	1,006	1,109	1,042	963	-	1,079	1,280	
Total internal employees, non-development	-	-	470	486	554	529	-	541	590	709	713	-	744	790	851	1,094	-	1,210	1,499	
Total number headcount	-	-	1,720	1,743	1,902	2,013	-	2,208	2,418	2,981	2,970	-	3,109	3,975	4,445	5,730	-</			



Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. The Group has an extensive catalogue of over 240 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency, World War Z and Borderlands, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its eight operative groups: THQ Nordic, Koch Media, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment and Easybrain. Embracer Group has 77 internal game development studios and is engaging more than 8,000 employees and contracted employees in more than 40 countries.