

EMBRACER⁺ GROUP

21/22

INTERIM REPORT 3

OCTOBER – DECEMBER 2021
EMBRACER GROUP AB (PUBL)
REG NO. 556582-6558

OPERATIONAL EBIT INCREASED 86% TO SEK 1,119 MILLION

THIRD QUARTER, OCTOBER–DECEMBER 2021 (COMPARED TO OCTOBER–DECEMBER 2020)

- > Net sales increased by 135% to SEK 5,085.2 million (2,168.1).
- > Net sales for business area Games increased by 175% to SEK 3,725.5 million (1,355.5). THQ Nordic SEK 352.3 million (379.8), Koch Media Publishing SEK 727.6 million (496.9), Coffee Stain SEK 175.0 million (99.2), Saber Interactive SEK 476.4 million (307.0), DECA Games SEK 661.2 million (72.7), Gearbox Entertainment SEK 455.4 million (-) and Easybrain SEK 877.7 million (-).
- > Organic growth in constant currency for business area Games amounted to 16%. Pro forma growth in constant currency for business area Games amounted to 19%.
- > Net sales for business area Partner Publishing/Film increased by 67% to SEK 1,359.7 million (812.6).
- > EBITDA increased by 70% to SEK 1,489.9 million (878.7), corresponding to an EBITDA margin of 29% (41%).
- > Operational EBIT increased by 86% to SEK 1,119.2 million (603.1) corresponding to an Operational EBIT margin of 22% (28%).
- > Cash flow from operating activities amounted to SEK 1,050.7 million (840.4). Investments in intangible assets amounted to SEK 968.7 million (557.7). Free cash flow before change in working capital amounted to SEK 370.4 million (315.7).
- > Adjusted earnings per share was SEK 0.76 (0.53). Adjusted earnings per share excluding financial exchange gains and losses and discount interest effects on provisions was SEK 0.87 (0.55).
- > Total number of game development projects increased 44% to 216 (150).
- > Total headcount increased by 66% to 9,524 (5,730) and the total number of game developers increased by 69% to 7,824 (4,636). Organic growth for internal headcount in the Group was 16%.

Key performance indicators, Group	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
Net sales, SEK m	5,085.2	2,168.1	11,808.2	6,620.0	9,024.2
EBITDA, SEK m	1,489.9	878.7	4,662.3	2,812.9	3,985.3
Operational EBIT, SEK m	1,119.2	603.1	3,363.9	1,967.6	2,870.8
Cash flow from operating activities, SEK m	1,050.7	840.4	2,691.9	2,377.2	3,899.0
Free cash flow before change in working capital, SEK m	370.4	315.7	853.6	1,016.0	1,552.0
Total investments in intangible assets, SEK m	968.7	557.7	2,713.9	1,536.2	2,135.1
Total game development projects	216	150	216	150	160
Total internal and external game developers	7,824	4,636	7,824	4,636	5,115
Total headcount	9,524	5,730	9,524	5,730	6,325
Sales growth, %	135	44	78	69	72
EBITDA margin, %	29	41	40	42	44
Operational EBIT margin, %	22	28	29	30	32

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

CEO COMMENTS**EMBRACING AND EMPOWERING
GREAT ENTREPRENEURS**

We are pleased to announce another stable quarter, with net sales exceeding SEK 5 billion in a back catalog driven quarter with 70% recurring revenues. Business area Games reached 19% pro forma growth, driven by a solid performance by the mobile businesses growing 34% pro forma. Pro forma growth YTD was 18%. The operational EBIT increased 86% to SEK 1,119 million (603) and resulted in adjusted earnings per share increasing 58%. We now have the ambition to be ready for listing at the regulated Nasdaq Stockholm Main Market by the end of 2022, earlier than previously expected.

We conclude an eventful quarter for our company. I'm proud of the drive, resilience and enthusiasm our employees show, despite enduring another difficult time in the wake of the pandemic. The efforts paid off. The group's operational progress is on track as we continue to execute our different operational strategies across the group. We reiterate the management forecast for operational EBIT for the financial year 2021/22 of SEK 4.3-4.7 billion, and update the forecast for the financial years 2022/23 to SEK 9.2-11.3 billion and 2023/24 to SEK 10.3-13.6 billion, to include the contributions from the acquisitions announced during the quarter.

Our IFRS-conversion and preparations for listing our shares on a regulated market is progressing ahead of schedule. We now have the ambition to be ready for listing at the regulated Nasdaq Stockholm Main Market by the end of 2022, earlier than previously expected, provided that certain milestones are reached as planned.

Healthy organic growth in the quarter

Embracer Group is executing on its ambitious growth plan across soon-to-be ten operative groups. Business area Games reports an encouraging 16% organic growth in the quarter, driven by the strong performance of Koch Media Publishing and Coffee Stain. Milestone, a cornerstone business within Koch Media Publishing, has steadily outperformed the business plan we put in place when the company under the leadership of entrepreneur Luisa Bixio joined our group in 2019. Milestone's recent release *Hot Wheels Unleashed* is its most successful game yet and was a key revenue driver in the quarter. Coffee Stain saw continued strong interest in their evergreen titles *Valheim*, *Deep Rock Galactic* and *Satisfactory*.

On a pro forma basis, the business area Games reached 19% organic growth, driven by the strong performance of our mobile businesses Easybrain and DECA Games, which grew pro forma 34% with 292 million monthly and 34 million daily active users. CrazyLabs recently celebrated 5 billion accumulated installs since its inception.

Record investments in organic growth

The objective of our capital allocation is to drive profitable growth, and the model seems to be working. We believe that the highest potential for value creation is by maximizing long-term profitable organic growth. We have a record 216 ongoing development projects. More than 95% of our capitalized development spend is allocated to the development of upcoming premium games. Our pipeline now has more than 25 AAA development projects planned for release until March 2026 with the potential to drive significant organic growth.

Investing in game developer talents strengthens our capabilities to further grow our games portfolio. Our 18 publishers within the Group with over 700 employees works closely with our internal and external developers with production, marketing, sales, distribution, quality assurance and many other workstreams to ensure that our projects have best possible access to the global market upon release and beyond.



Fryken, Värmland
Photo: Tommie Ohlsson

Transformative acquisitions adding diversification and strategic opportunities

We are excited about the acquisitions of Asmodee and Dark Horse. These are transformative deals that we have contemplated for years, with strong entrepreneurial leadership, and strategic fit. Asmodee is the global leader in development, publishing and distribution of tabletop games bringing both diversification and strategic opportunities to the Group. Dark Horse, with a strong and growing core business in North American comics publishing, adds attractive capabilities to execute on our transmedia strategy. This includes established relationships with large film & TV producers in Hollywood as well as a vast library of comics IP's, some of which may potentially be developed into interactive experiences. The acquisitions have met a positive response from employees, business partners and the broader industry.

Upon closing of these transactions, Embracer Group will have one of the most diversified portfolio of IP's across the games industry. The dependency on any single title or IP is expected to be less than five percent of group net sales, hopefully making our operational performance even more predictable.

Solid financial position to support further growth

After closing of pending transactions, we project that we will have more than SEK 8 billion in available cash and credit facilities to support further M&A. Several of the businesses acquired over the past year have a low capital intensity. With strong organic growth ahead, we anticipate gradually growing free cash flow. Our diversification is increasing and revenues become more predictable. Our belief is that a strong balance sheet is a tool for long-term value creation, as we always act from a position of strength.

The M&A market is busy with activities ranging from mega deals to smaller transactions. Our great business partners Microsoft, Sony and Take Two have all been making large moves lately with strategic logic, a testimony that gaming is a very attractive form of entertainment. At Embracer, we note a growing number of inbound calls to us from a variety of actors. However, we are more selective than ever. The companies we welcome to our family need to have a long-term mindset, bold ambitions, and feel at home. As evidence of this, I take great pride in noting that 106 of a total of 108 entrepreneurs joining us since the IPO back in 2016, are still part of the family. The Groups core strategy to embrace and empower entrepreneurs seems to work.

We expect to keep growing our eco system with more entrepreneurs and creators in the coming quarters and years. We also have conversations with companies that would be financially transformative and could be the foundation for additional operative groups, but the timing on such deals is always difficult to assess.

We leave another calendar year behind us. Again, I want to sincerely thank each and every one within our global Group, for all the efforts made to keep our business up and running, despite the pandemic we had to face throughout the year. Hopefully, we will soon again be able to see each other across markets. 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.

February 17, 2022, Karlstad, Värmland, Sweden

Lars Wingefors
Co-founder & Group CEO



FINANCIAL PERFORMANCE

All comments refer to the quarter unless otherwise stated.

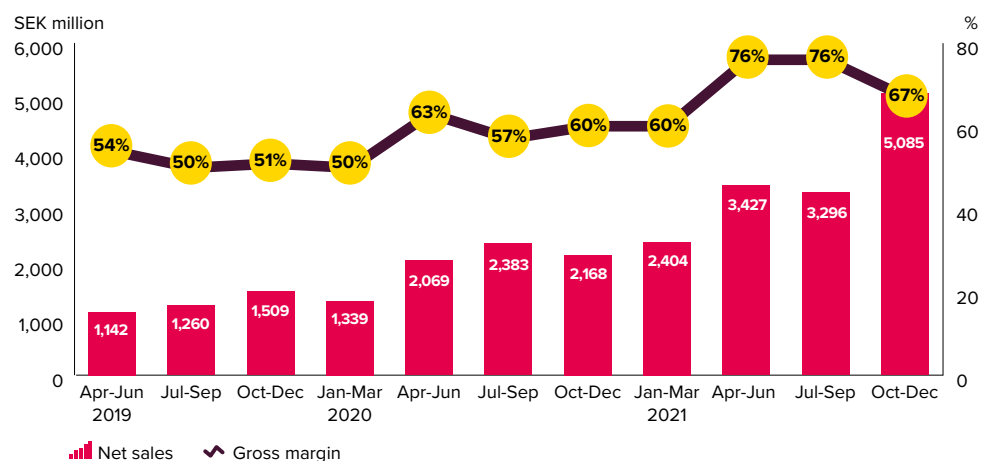
CONSOLIDATED NET SALES

Consolidated net sales by business area, SEK m	Oct–Dec 2021	Oct–Dec 2020	Change	Apr–Dec 2021	Apr–Dec 2020	Apr 2020–Mar 2021
Games - THQ Nordic	352.3	379.8	–7%	1,395.0	1,434.5	1,789.1
Games - Koch Media Publishing	727.6	496.9	46%	1,949.9	1,616.4	2,081.2
Games - Coffee Stain	175.0	99.2	76%	486.1	401.5	1,182.5
Games - Saber Interactive	476.4	307.0	55%	1,244.3	915.2	1,185.9
Games - DECA Games	661.2	72.7	809%	1,055.5	105.5	209.7
Games - Gearbox Entertainment	455.4	-	-	1,325.9	-	-
Games - Easybrain	877.7	-	-	2,060.9	-	-
Games Subtotal	3,725.5	1,355.5	175%	9,517.5	4,473.1	6,448.3
Partner Publishing/Film	1,359.7	812.6	67%	2,290.7	2,146.9	2,575.9
Consolidated Net Sales	5,085.2	2,168.1	135%	11,808.2	6,620.0	9,024.2

Consolidated net sales in the quarter increased by 135% or SEK 2,917.1 million compared to last year. The growth was driven by the addition of Easybrain, Gearbox Entertainment and DECA Games including CrazyLabs. The solid growth in Saber Interactive and Koch Media Publishing was driven by strong back catalog. Performance in Coffee Stain is mainly driven by the release of new updates and healthy back catalog. The decrease in net sales for THQ Nordic mainly relates to no new significant releases in the quarter compared to last year. Organic growth in constant currency for business area Games amounted to 16% in the quarter.

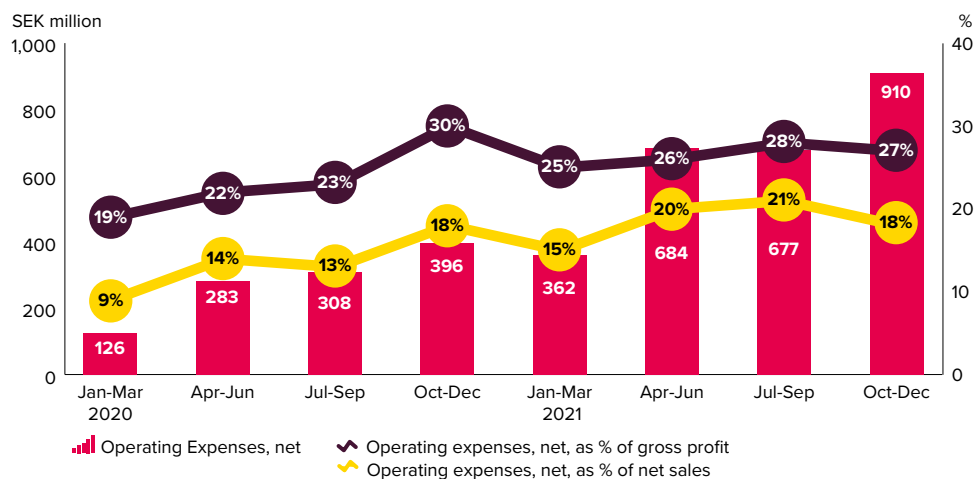
The increase in net sales for business area Partner Publishing/Film is mainly due to a major partner publishing release in the quarter compared to last year.

GROSS MARGIN DEVELOPMENT



The gross margin increased compared to last year and amounted to 67% (60%). However, the gross margin declined compared to the preceding quarter, mainly due to a product mix shift with a higher share of sales from the Partner Publishing/Film business area.

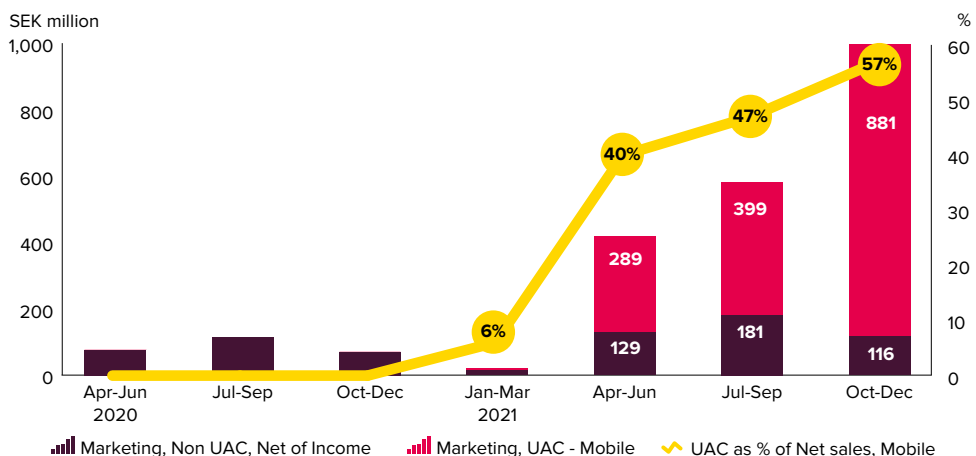
DEVELOPMENT OF OPERATING EXPENSES, NET (SEE DEFINITION, PAGE 42)



The increase in net operating expenses compared to last year is mainly explained by the addition of Gearbox Entertainment and Easybrain in April 2021 and the acquisition of CrazyLabs in September 2021. Organically, net operating expenses is driven by increased headcount to accompany the growing games portfolio and further strengthen the Group's capabilities. Average cost per FTE for the overall Embracer Group in the quarter remains at the same level as in the previous quarter.

The business model of Gearbox Entertainment includes larger co-publishing projects that are accounted for under the percentage of completion method. Based on the current business models of Easybrain and CrazyLabs, it has been concluded that development expenses should be expensed as occurred, hence there are no capitalization of development expenses related to Easybrain and CrazyLabs.

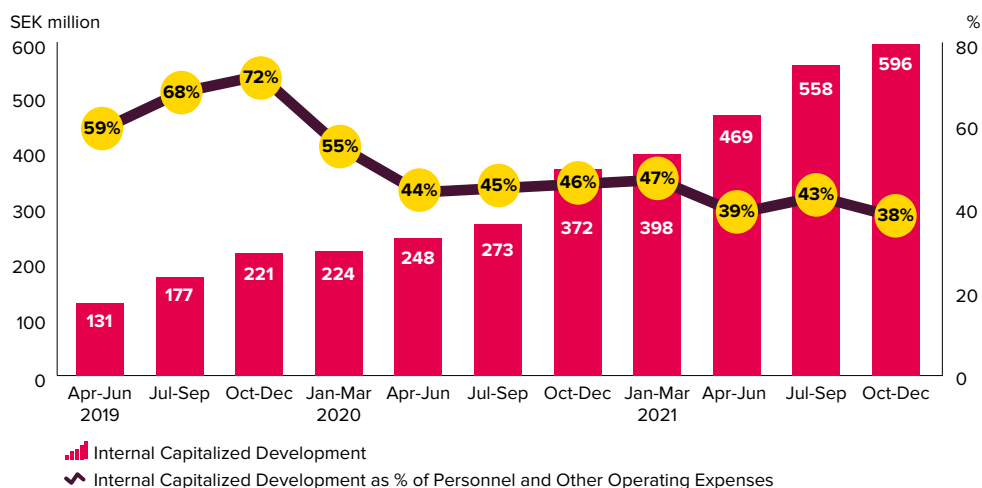
DEVELOPMENT OF MARKETING COSTS



The increased user acquisition costs (UAC) in the quarter are explained by the addition of CrazyLabs and continued investments by the existing mobile companies to drive further organic growth. Marketing costs are expensed as occurred and never capitalized, although benefits are expected to be realized over time.



INTERNAL INVESTMENTS - CAPITALIZATION RATE



Investments in on-going game development have increased over time. As internal development capabilities increase a larger share of development is capitalized as “Work performed by the Company for its own use and capitalized”. The capitalization rate has decreased as new business models have been added to the group.

OPERATIONAL DEPRECIATION AND AMORTIZATION EXPENSES

SEK m	Oct-Dec 2021	Oct-Dec 2020	Apr-Dec 2021	Apr-Dec 2020	Apr 2020–Mar 2021
Intangible assets					
Finalized game development	302.2	200.0	737.9	613.3	814.9
Other intangible assets (Film etc.)	43.0	65.3	103.6	163.1	217.0
Sub-total	345.2	265.3	841.5	776.4	1,031.9
Tangible assets	25.6	10.3	67.3	27.5	41.2
Total operational depreciation and amortization	370.8	275.6	908.8	803.9	1,073.2

Operational amortizations for finalized game development is driven by the value of completed games and the timing of completion as the amortizations are calculated on a monthly basis.

Operational amortization of games amounted to SEK 302.2 million in the quarter, and the value of finalized game development in the quarter amounted to SEK 377 million. At the end of the quarter the book value of finalized games amounted to SEK 859.2 million.

OPERATIONAL EBIT

Compared to last quarter Operational EBIT increased 15% (SEK 146 million) while sales increased 54%. The lower growth in Operational EBIT is mainly explained by reduced gross margin due to higher share of sales at business area Partner Publishing Film and all-time high investments into UA SEK 881 million (57% of mobile sales).

Furthermore, expenses increased due to the inclusion of CrazyLabs for the full quarter and higher headcount to strengthen resources and capabilities to accompany our growing games portfolio and overall Group. Lastly, operational amortizations increased due to the value and timing of completed games.



ACQUISITION-RELATED AMORTIZATION EXPENSES

SEK m	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
IP-rights	249.1	117.9	690.2	324.3	456.7
Surplus value Partner Publishing/Film	13.4	10.0	41.5	40.4	53.8
Goodwill	1,863.6	536.0	5,012.4	1,312.5	1,924.9
Total acquisition-related depreciations	2,126.1	663.9	5,744.1	1,677.2	2,435.4

Forecasted acquisition-related amortizations for the quarter amounted to SEK 2,000 million, which is SEK 126,1 million lower than actual. The difference is mainly explained by the difference in Embracer's share price at completion date, the VWAP share price as set forth in the relevant share purchase agreement and the resulting revaluation of goodwill due to changes of conditional purchase price within 12 months as mentioned below under "Conditional Purchase Price Overview".

The increase in acquisition-related depreciations resulted from the completion of several acquisitions during the year, most notably Gearbox Entertainment, Easybrain, Aspyr, CrazyLabs and Ghost Ship Games.

PROFIT FROM ASSOCIATED COMPANIES

Profit from associated companies in the quarter amount to SEK 7.5 million and is mainly related to the profit share from Iron Gate that amounts to SEK 7.2 million, which should be viewed together with the gross margin generated.

FINANCIAL NET

MSEK	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
Interest income and similar items	1.5	46.0	2.1	61.3	59.2
Interest expenses and similar items	–60.0	–19.3	–171.1	–40.7	–78.8
Exchange gains/losses net	–122.3	–17.8	–124.3	42.9	222.8
Financial net sum, SEK m	–180.8	8.9	–293.4	63.5	203.2

Exchange gains/losses net include both realized and unrealized gains or losses. The increase in interest expenses relate mainly to the discount effect on provisions for conditional purchase prices amounting to SEK 52.2 million in the quarter. The net exchange loss is mainly related to revaluation of provisions for conditional purchase prices.

CONSOLIDATED EARNINGS

The increase of the Group's EBITDA, from SEK 878.7 million to SEK 1,489.9 million, and Operational EBIT, from SEK 603.1 million to SEK 1,119.2 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 more than offset by increased acquisition-related amortizations of SEK 1,462.2 million. Consequently, EBIT decreased, from SEK –60.8 million to SEK –1,007.1 million, in the quarter.



CONSOLIDATED CASH FLOW AND FINANCIAL POSITION

MSEK	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
EBITDA, adjusted¹⁾	1,489.9	878.7	4,272.7	2,771.5	3,943.9
Cash taxes paid	-133.0	-70.4	-456.2	-143.3	-259.4
Other non cash flow items	83.3	38.7	2.0	-59.4	81.5
Operating Cash Flow	1,440.2	847.0	3,818.5	2,568.8	3,766.0
Net investment in intangible assets	-968.7	-557.7	-2,713.9	-1,536.2	-2,135.1
Net investment in tangible assets	-91.2	-23.6	-240.8	-52.6	-69.6
Net investment in financial assets	-9.9	50.0	-10.2	36.0	-9.3
Net investment	-1,069.8	-531.3	-2,964.9	-1,552.8	-2,214.0
Free Cash Flow before working capital	370.4	315.7	853.6	1,016.0	1,552.0
Change in working capital	-389.6	-6.6	-1,126.6	-191.6	133.0
Free Cash Flow after working capital	-19.2	309.1	-273.0	824.4	1,685.0
Cash flow from financing activities	6,139.5	5,404.2	6,966.4	7,858.2	14,725.3
Net investment in acquired companies	-861.0	-2,308.2	-5,856.2	-4,185.9	-4,590.8
Cash flow for the period	5,259.4	3,405.1	837.2	4,496.7	11,819.5

¹⁾ EBITDA, adjusted - EBITDA adjusted for remeasurement of participation in associated companies and contingent consideration.

Investments in intangible fixed assets mainly consist of investments into ongoing game development SEK -925.4 million and film rights SEK -37.2 million. Net investment in tangible assets mainly related to expansions of office buildings and a logistics center.

The increased working capital is mainly related to increased trade receivables in Partner Publishing / Film and driven by increased net sales. Management expects to see a positive effect in the quarter ending 31 March.

The positive cash flow from financing activities is mainly related to the share issue in December coupled with increased utilization of credit facilities.

SEK m	Dec 31 2021	Dec 31 2020	Sep 30 2021	Mar 31 2021
Cash and cash equivalents	15,226.6	6,919.1	9,919.4	14,299.9
Unutilized Credit Facility	6,901.3	5,557.9	6,918.9	6,212.7
Available cash and unutilized credit facilities	22,127.9	12,477.0	16,838.3	20,512.6
Net Cash	12,747.6	4,901.0	7,698.6	12,805.6

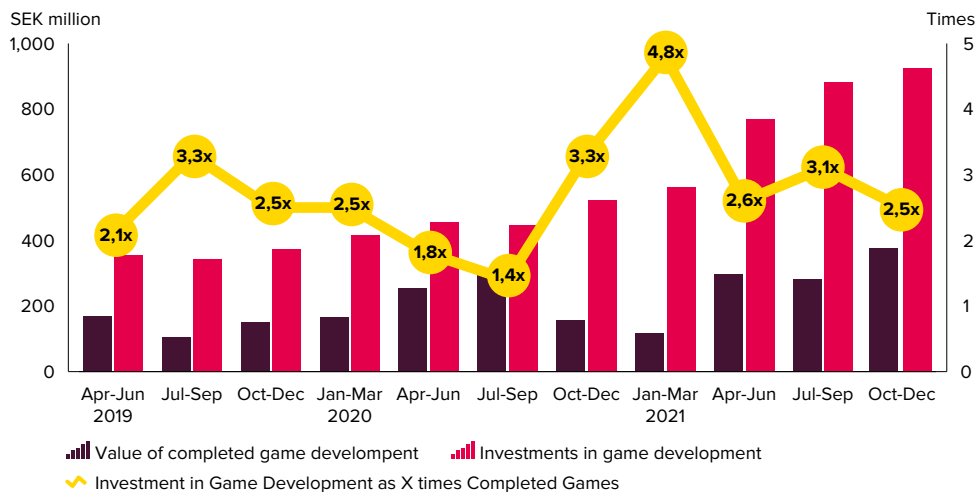
After closing all acquisitions announced, but not yet closed, management estimates that available cash and unutilized credit facilities amounts to more than SEK 8 billion.



ONGOING DEVELOPMENT AND COMPLETED GAMES

In total, SEK 925,4 million was invested in ongoing game development, the highest amount ever in a single quarter. These investments lay the foundation for sales from future launches. The reason for the increase is twofold; firstly it reflects the efforts put into growing the new game development organically, secondly it reflects a shift from co-publishing projects and work-for-hire towards internal development projects.

The finalized value of the completed and released games during the quarter were SEK 377 million driven by the releases of *Chorus*, *After the Fall*, *Beyond*, *This is the president* and *Scarf*.





CONDITIONAL PURCHASE PRICE OVERVIEW

As of 31 December 2021 the Group had provisions of SEK 10,465.7 million for earnouts with expected settlement according to the table below.

Provisions for conditional purchase price Financial year when settlement is expected, SEK m	Provision to be settled		
	in cash	by shares	Total
2021/2022	10.2	58.5	68.7
2022/2023	570.4	19.5	590.0
2023/2024	412.3	0.0	412.3
2024/2025	708.0	1,033.8	1,741.8
2025/2026	1,129.3	1,955.1	3,084.4
2026/2027	889.8	379.7	1,269.5
2027/2028	2,049.1	619.4	2,668.5
2028/2029	246.1	103.1	349.2
2029/2030	167.8	0.0	167.8
2030/2031	68.2	26.6	94.8
2031/2032	0.0	18.8	18.8
Total	6,251.2	4,214.5	10,465.7

The present value of the additional purchase prices has been calculated based on expected outcome based on financial and operational targets for each individual agreement. 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 53,037,298 according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 4.7% and 3.1% of the voting rights as of 31 December 2021.

The provision to be settled in shares was approximately SEK 606.2 million higher 31 December 2021 compared to 30 September 2021 primarily driven by the increase in the Embracer share price (SEK 96.5 as of 31 December 2021 compared to SEK 84.3 as of 30 September 2021).

Million shares	Nr clawback shares released							Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	
Release of clawback shares	1.7	32.9	16.1	2.6	51.1	6.2	6.3	116.9

In addition to provisions for conditional purchase price the Group has issued shares with clawback rights. Out of the 1,084.3 million shares outstanding there are approximately 116.9 million shares with clawback rights as per 31 december 2021. These shares have already been issued to cover for future earnout obligations but can be reclaimed if the target is not reached.

Million shares	Nr of shares released from lock-up							Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	
Closing shares	10.8	15.5	6.8	0.7	0.1	0.0	0.0	34.0

The Group had 34 million closing consideration shares subject to lock-up as of 31 December 2021.

INTANGIBLE ASSETS

At the end of the quarter the Group had intangible assets as specified below:

SEK m	Dec 31 2021	Dec 31 2020	Mar 31 2021
Completed games	859.2	551.8	512.6
Ongoing game development projects	5,072.5	2,794.6	3,182.2
Other intangible assets (film etc.)	242.1	182.9	180.2
Intangible assets	6,173.8	3,529.3	3,875.0
IP-rights	3,450.9	1,368.6	1,575.2
Partner Publishing/Film	93.4	147.2	135.5
Goodwill	29,494.7	9,641.1	10,804.2
Acquisition related intangible assets	33,039.0	11,156.9	12,515.0
Total	39,212.9	14,686.2	16,390.0

PRELIMINARY PURCHASE PRICE ALLOCATION (PPA)

During the quarter Embracer closed the following acquisitions; Jufeng, Hothead (IP's), Splatter Connect, Aionic Labs, Fractured Byte, Shiver Entertainment, Spotfilm Networkx, Green Tile Digital. 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	Oct-Dec 2021	Adjustments prel PPA	Total Oct-Dec	YTD Apr-Dec
On-going game development	0	4	5	247
Finished game development	0	0	0	113
IP-rights/Trademarks	0	-1	-1	-77
Other intangible assets	5	0	5	21
Total intangible assets	5	3	8	304
Total financial assets	0	9	9	248
Total tangible assets	1	0	1	90
Net working capital	5	-32	-26	-500
Cash and cash equivalents	33	10	43	1,155
Provisions	-1	-2	-4	-75
Other long term liabilities	-7	0	-7	-75
Total net assets acquired excl. surplus value	37	-12	25	1,147
<i>Surplus value allocated to:</i>				
Goodwill	427	492	919	23,198
IP-rights, Trademarks and Other	561	0	561	2,639
Deferred tax liabilities	-1	0	-1	-423
Total surplus value net of taxes	987	492	1,479	25,414
Total net assets acquired	1,025	480	1,505	26,561
Acquired cash	-33	-10	-43	-1,155
Upfront consideration paid by shares issued	-32	0	-32	-9,039
Shares issued under clawback (Earnout)	0	0	0	-2,253
Provisions for conditional purchase price (Earnout)	-238	-350	-588	-8,257
Transactions with minority	0	0	0	-30
Other	0	-1	-1	-14
Net cash outflow on acquisition of business	721	119	840	5,812
Cash outflow relating to earlier acquisitions	0	21	21	43
Total Net cash outflow on acquisition of business	721	140	861	5,856

FORECAST

Operational EBIT

Management forecasts the following Operational EBIT for the coming financial years:

Financial year 21/22	SEK 4,300 to SEK 4,700 million
Financial year 22/23	SEK 9,200 to SEK 11,300 million
Financial year 23/24	SEK 10,300 to SEK 13,600 million

The forecast for the current financial year is reiterated. The forecast for the financial years 2022/23 and 2023/24 includes acquisitions announced, but not yet closed, by 31 December 2021. These acquisitions will be included in Embracer's consolidated financial statements from the respective closing dates. When calculating the forecast, all acquisitions not closed by 31 December 2021 are assumed to close on 1 April 2022.

Acquisition related amortizations

The forecast includes acquisitions that are announced, but not yet closed. When calculating the forecast, all acquisitions not closed by 10 February 2022 are assumed to close 1 April 2022. The forecast is based on the average exchange rates for the period April to December 2021. The forecast is based on purchase price allocations as per 17 February 2022, which contain both preliminary and finalized purchase price allocations. Consideration shares related to transactions that were not closed per 31 December 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 2021-12-31	7,840	8,317	8,067	7,736	6,028	566	38,554
Amortization related to acquisitions to be closed after 2021-12-31	29	6,255	6,255	6,255	6,255	6,226	31,275
Non-operational Depreciations and Amortizations	7,869	14,572	14,322	13,991	12,283	6,792	69,829

The forecast for January to March 21/22 amounts to SEK 2,125 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 increased with SEK 282.7 million in translation differences from 1 April 2021 to 31 December 2021. The translation differences are mainly related to the revaluation of net assets in subsidiaries to the exchange rate per 31 December 2021.

FINANCIAL LEVERAGE POLICY

The board of directors maintains a prudent financial leverage policy for the group, reiterating the existing target. Financial leverage can temporarily be allowed to exceed 1.0x net debt to operational EBIT, where operational EBIT is measured as management's pro forma expectations for the coming twelve months. Under such circumstances, leverage should at least return to below 1.0x net debt to operational EBIT over the medium term.

PARENT COMPANY

The Parent Company's net sales for the quarter were SEK 108.8 million (185.4) and profit before tax was SEK 10.2 million (-369.0). The negative outcome last year was explained by unrealized currency exchange loss on loan to a subsidiary. Profit after tax was SEK -4.5 million (-297.9).

Investments in intangible assets in the quarter were SEK 0.1 million (106.3).

Cash and cash equivalents as of 31 December, 2021 were SEK 11,524.1 million (5,421.8). The Parent Company's equity at the end of the period was SEK 41,455.9 million (17,731.3).



SIGNIFICANT EVENTS DURING THE QUARTER

- > On October 14, Embracer Group announced the acquisition of mobile game developer Jufeng Studio and eight mobile titles through its operative group DECA Games. Total gross revenues for the period July to September 2021 were approximately SEK 50 million. The operation is consolidated in Embracer Group's accounting as of October 2021.
- > On December 15, Embracer Group announced the acquisition of Financière Amuse Topco SAS ("Asmodee"), a leading international publisher and distributor for board games, trading cards and digital board games. Pro forma Net Sales of Asmodee for this calendar year is estimated to be EUR 1.1 billion, pro forma Adjusted EBITDA EUR 240 million and pro forma Adjusted Operational EBIT EUR 206 million. Once completed, the acquisition would mark a transformative step in Embracer's strategy within gaming and entertainment as outlined at the September 2021 Annual General Meeting. After closing, Asmodee will become the ninth operating group, continuing to operate independently.
- > On December 16, Embracer Group successfully completed an issue of 69,000,000 new B shares directed to Swedish and international institutional investors. Embracer Group received gross proceeds of about SEK 6 billion through the Share Issue. The proceeds will be used for the completion of the acquisition of Asmodee and is considered positive for the Company's capital structure and general risk level.
- > On December 21, Embracer Group announced five acquisitions. The aggregated day one purchase price for the Transactions amounts to approximately SEK 3.1 billion in total, on a cash and debt free basis. Approximately SEK 2.3 billion is paid in cash and approximately SEK 770 million is paid in newly issued Embracer B shares. To create long term alignment, a maximum additional consideration amounting to approximately SEK 950 million on an aggregated basis has been agreed, which is subject to fulfilment of agreed milestones, both operational and financial, over a period of up to eight years. The additional consideration comprises of a maximum of approximately SEK 720 million to be paid in cash and approximately SEK 230 million to be paid in Embracer B shares. All shares are issued at a price corresponding to the volume weighted average price per Embracer B share at Nasdaq First North Growth Market during 20 trading days preceding (but not including) the date of signing of each of the Transactions. Thus, the price per share ranges from SEK 90.50 to SEK 91.94. The aggregated maximum consideration amounts to SEK 4.05 billion.
 - Perfect World North America Corporation and Perfect World Publishing B.V. (collectively "PWE"). PWE is a video game developer and publisher for PC and consoles, including PWE Publishing and Cryptic Studios, and based in the US. PWE will add a total of 237 employees to the group and will be subsidiaries of Gearbox Entertainment's operative group.
 - US-based Shiver Entertainment. Through the acquisition, a highly skilled team of nearly 20 people join, focusing on game development, co-development, and porting projects across platforms and genres. In the calendar year 2020, Shiver generated net sales of SEK 40 million. Within Embracer group, Shiver will operate as a subsidiary under the Saber operative group.
 - Hungary-based DIGIC. DIGIC is an animation studio and adds a highly skilled team of close to 400 people to the group. DIGIC has a strong track record within commercial trailers and cinematics for best-selling game titles as well as animations for streaming media. In the calendar year 2021, DIGIC will generate approximately net sales of SEK 240 million and operational EBIT of SEK 50 million. Within Embracer Group, DIGIC will operate as a subsidiary under the Saber operative group.
 - Germany-based Spotfilm Networx. Spotfilm Networx is the leading Advertising-based Video on Demand (AVOD) channel network in Germany. Spotfilm Networx today comprises 18 full-time employees. Spotfilm Networx will be a full operating subsidiary under the Koch Media operative group, and will continue its operations out of their current facilities.
 - Embracer Group acquired Dark Horse which post closing will become the tenth operative group in Embracer Group. Through the acquisition, Embracer strengthens its transmedia capabilities by adding expertise in content development, comics publishing, and film & TV production. In the calendar year 2021 Dark Horse generated net sales of approximately SEK 900 million and an operational EBIT of approximately SEK 130 million.

THE GAMES MARKET

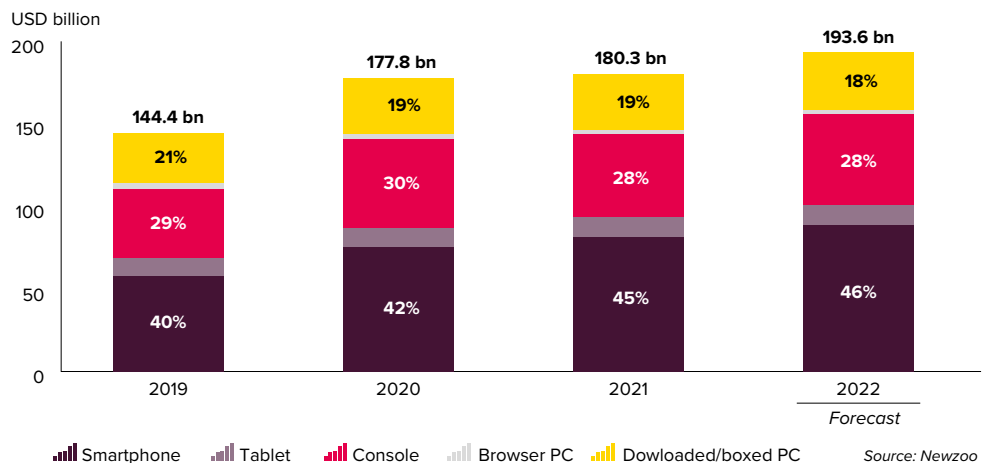
The underlying market conditions remain buoyant, and the games sector has proved more resilient in the post lockdown era than analysts were previously predicting. This points to a highly mature and diverse market no longer just the seasonal and hit-driven business it once was.

The 2021 games market

The 2021 games market is assessed to have generated an increase in consumer spending of +1.4%, in spite of previous expectations of a slight post-pandemic slowdown. The global market, including console, mobile, PC and free-to-play but not hardware, had an estimated gross turnover of USD 180 billion in 2021*. There are more players than ever before, now 3 billion in total globally, a growth of +5%*. And interest in gaming has also never been higher with Twitter reporting gaming posts up +14% in 2021.

Looking further ahead for the global games market, Newzoo predict that it will continue to grow at a CAGR (2019 to 2024) of +9% to reach USD 219 billion in 2024, passing the coveted USD 200 billion threshold in 2023.

SEGMENT BREAKDOWN OF GLOBAL GAMES REVENUE



Mobile gaming

Mobile gaming is driving much of the market growth. The segment is estimated to have seen an increase of +7% in 2021 up to USD 93 billion* representing over half of the total games market. The pandemic has had significantly fewer negative impacts on mobile, which relies more heavily on in-app purchases, and whose development process has been less affected by home working. Growth figures are in spite of limitations in game approvals in its largest market, China as well as changes to Apple's IDFA for advertising. Looking forward, a healthy market growth CAGR of +11% is expected between 2019 and 2024*. Embracer Group is now highly engaged in this sector, notably from its recent acquisitions CrazyLabs and Easybrain.

The Console Market

Whilst well up on 2019 revenues, the console segment is estimated to have fallen short of the pandemic-fuelled highs of 2020, slightly declining in 2021 by -7%*. Widespread home-working of development teams has caused some delays to several highly anticipated games. Whilst next-generation consoles are selling in higher numbers to their previous versions, the semiconductor crisis has led to a large shortage of PlayStation 5 and Xbox Series consoles. As a result, the console software market is still dominated by the older version formats, such as PS4 and Xbox One (which are declining year-on-year) and Switch (which is still performing well). The transition to a software market largely dominated by the next-gen formats, once console supply catches up, is expected by Sony to happen in the last quarter of 2022. This point, combined with the high number of big games coming (existing ones as well as those delayed) points to a strong year for the console segment in 2022.

* Source: Newzoo Global Games Market Report 2021



The PC Market


The PC Market had another great year, maintaining a stable revenue performance, declining only marginally (-1%) versus the record 2020 year. Steam continues to break its own previous records with the number of its concurrent users, reaching its highest yet, some 30 million gamers in January 2022.

VR

The holiday period of 2021 was solid for the VR segment, with the Oculus Quest 2 now a successful and dominant hardware performer. And proof of its popularity and success is seen by the fact that the Oculus app (which you need to run the hardware) topped the iOS App Store and Google Play charts in the US during the last week of the year, reaching an estimated 13m global lifetime downloads (with 10% coming from the Christmas week alone) (Sensor Tower). And with Oculus's owner (Facebook) now rebranding to Meta, the company's new 'metaverse-first' strategy, is sure to further raise interest in VR. Beyond Oculus, some of the biggest brands in consumer tech have headsets on the horizon too, including Sony's PS VR2 and Meta's own Cambria. Embracer Group are well positioned to take advantage of this growing business through its VR studio Vertigo.

Transmedia

IPs expanding their universe across various media is nothing new, but there is a clear trend moving towards "games first" as the central IP. We have recently seen a high number of high-quality, commercially successful TV / film adaptations such as Netflix's The Witcher season 2 and Arcane (based around League of Legends). Still to come are Uncharted, Sonic 2, Super Mario movie and the Halo TV series (with Steven Spielberg as creative partner). From within Embracer Group, forthcoming films include Borderlands, an action/comedy with Eli Roth as director and a high-profile cast including Cate Blanchett, Kevin Hart, Jack Black, and Jamie Lee Curtis. This proves the value in brand building and the monetisation possible across several media with having a stable of strong gaming IPs. Through the diverse portfolio of IP's and following the acquisitions of Asmodee and Dark Horse, Embracer Group will be well positioned to benefit from transmedia IP's.

HQ
 Vienna, Austria 
 INTERNAL HEADCOUNT
932 (683)
 STUDIOS
20 (16)

THQ NORDIC

BUSINESS AREA: GAMES – THQ NORDIC

Business area Games – THQ Nordic released the following new products in the quarter October–December 2021:





















Title	Publishing Label	IP Owner	Platforms	Channels
<i>Kingdoms of Amalur: Re-Reckoning Add-on - Fatesworn</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital
<i>SpellForce 3 Reforced Edition</i>	THQ Nordic	Own	PC	Digital
<i>This Is the President</i>	THQ Nordic	Own	PC	Digital
<i>Titan Quest Add-on: Eternal Embers</i>	THQ Nordic	Own	PC	Digital
<i>Wreckfest</i>	THQ Nordic	Own	Stadia	Digital
<i>Chicken Police - Paint it RED!</i>	HandyGames	External	Stadia	Digital
<i>One Hand Clapping</i>	HandyGames	External	PC, PS4, Xbox One, Switch, Mobile	Digital
<i>Scarf</i>	HandyGames	External	PC	Digital

Net sales of business area Games – THQ Nordic amounted to SEK 352.3 million (379.8) including SEK 20.4 million net sales for Amplifier Game Invest.

Sales were driven by well performing back catalog titles *Spongebob Squarepants: Battle for Bikini Bottom Re-Hydrated*, *Wreckfest* and *Biomutant*. The new releases in the quarter were mainly released digitally and had a minor impact on the performance.

THQ Nordic is well prepared for the busy release slate for the coming years. In January, *Expeditions Rome* was released on PC and has been well received by fans and critics. In the near term, *ELEX II*, developed by Piranha Bytes, is set to be released March 1st, 2022 on PC, Xbox One & Series X, PS4 and PS5. During next financial year, for instance the much-anticipated sequels *Spongebob Squarepants: Cosmic Shake*, *Destroy All Humans 2 Reprobed* and *MX vs ATV Legends* are slated for release.

STUDIOS

 Alkimia Interactive Barcelona, Spain	 Appeal Studios Charleroi, Belgium	 Ashborne Games Brno, Czech Republic	 Black Forest Games Offenburg, Germany	 Bugbear Entertainment Helsinki, Finland
 Experiment 101 Stockholm, Sweden	 Gate 21 Sarajevo, Bosnia Herzegovina	 Grimlore Games Munich, Germany	 Gunfire Games Austin, USA	 HandyGames Giebelstadt, Germany
 KAIKO 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	 Rainbow Studios Montréal Montréal, Canada

PUBLISHERS

 THQ Nordic Vienna, Austria	 HandyGames Giebelstadt, Germany
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HQ
Munich, Germany 

INTERNAL HEADCOUNT

2,219* (1,918*)

STUDIOS

13 (10)

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

KOCH MEDIA

BUSINESS AREA: GAMES – KOCH MEDIA PUBLISHING

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

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Chorus</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
<i>MXGP 2021</i>	Milestone	License	PC, PS4, PS5, XSX	Digital
<i>Iron Harvest</i>	Prime Matter	License	PS5, XSX	Digital & Physical
<i>Phoenix Point: Behemoth Edition</i>	Prime Matter	Own	PS4, Xbox One	Physical
<i>Let's Sing 2022</i>	Ravencourt	Own	PS4, PS5, Switch, Xbox One	Digital & Physical
<i>After the Fall</i>	Vertigo Games	Own	PC, PS4, Oculus Quest	Digital
<i>Unplugged VR</i>	Vertigo Games	External	PC VR, Oculus Quest	Digital

Net sales for business area Games – Koch Media Publishing increased by 46% to SEK 727.6 million (496.9) compared to the corresponding period last year.

The main revenue driver for the quarter was strong back catalog performance, which exceeded management's expectations. The major contribution was the success of the recently released *Hot Wheels Unleashed* developed and published by Milestone. Since its launch on September 30, *Hot Wheels Unleashed™* had sold one million copies worldwide in December. Back-catalog sales were also driven by the evergreen title *Metro Exodus*, which has sold 6 million copies since its launch in February 2019, and *Saints Row The Third: Remastered*.

During the quarter, the new IP titled *Chorus* and developed by Deep Silver Fishlabs was released. *Chorus* was positively received by both critics and fans, but the financial performance did not meet management expectations.

Late in the quarter, Vertigo Games released *After the Fall*, which is their first internally developed game since joining Embracer Group. The VR title performed in line with expectations and is expected to generate revenue over a long time. *After the Fall* was awarded Best PC VR Game of the Year, and Vertigo Games was awarded Best Studio during the Dutch Games Awards.

STUDIOS



Deep Silver
Dambuster Studios
Nottingham, U.K



Deep Silver FishLabs
Hamburg, Germany



Deep Silver Volition
Champaign, USA



DigixArt
Montpellier, France



Flying Wild Hog
Warsaw, Poland
Krakow, Poland
Rzeszów, Poland



Vertigo Games
Amsterdam, Netherlands
Rotterdam, Netherlands



Free Radical Design
Nottingham, U.K



Milestone
Milan, Italy



Voxler
Paris, France



Warhorse Studio
Prague, Czech Republic

PUBLISHERS



Deep Silver
London



Milestone
Milan, Italy



Prime Matter
Munich, Germany



Ravencourt
Munich, Germany



Vertigo Games
Rotterdam, Netherlands

HQ
Skövde, Sweden 

INTERNAL HEADCOUNT

124 (72)

STUDIOS

6 (4)



BUSINESS AREA: GAMES – COFFEE STAIN / GHOST SHIP GAMES

Business area Games – Coffee Stain / Ghost Ship Games released the following new products in the quarter October–December 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Deep Rock Galactic Season 01: Rival Incursion</i>	Coffee Stain Publishing	Own	PC, Xbox One	Digital
<i>Satisfactory Update 5</i>	Coffee Stain Publishing	Own	PC	Digital

Net sales for business area Games – Coffee Stain / Ghost Ship Games increased by 76% to SEK 175.0 million (99.2).

Sales were above management expectations driven by strong sales of *Deep Rock Galactic*, *Valheim* and *Satisfactory*, fueled by updates released in the quarter.

During the quarter, *Valheim* was awarded Game of the Year 2021 by PC Gamer, *Satisfactory* launched its fifth update and *Deep Rock Galactic Season 01 – Rival Incursion* launched its free season pass in October, with great praise from the gaming community. Ghost Ship also revealed a board game project for *Deep Rock Galactic*, which also gained a lot of positive attention.

On January 4, Coffee Stain and Ghost Ship launched *Deep Rock Galactic* on PlayStation 4 and PlayStation 5 as part of PS+. The game has already received more than 9 million downloads and has generated solid downloadable content (DLC) sales after the end of the quarter.

After the reporting quarter, Coffee Stain announced the launch of its new mobile game studio, Coffee Stain Malmö. The new division, looks to build on the success of *Goat Simulator* and *HuntDown* mobile launches and bring more of its critically-acclaimed portfolio to mobile.

STUDIOS



Coffee Stain Studios
Skövde, Sweden



Coffee Stain North
Stockholm, Sweden



Box Dragon
Gothenburg, Sweden



Easy Trigger
Trollhättan, Sweden



Ghost Ship Games ApS
Copenhagen, Denmark



Lavapotion
Gothenburg, Sweden

PUBLISHERS



Coffee Stain Publishing
Stockholm, Sweden

ASSOCIATED STUDIOS



Iron Gate
Skövde, Sweden



BUSINESS AREA: GAMES – AMPLIFIER GAME INVEST

Business area Games – Amplifier Game Invest released the following new products in the quarter October–December 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Fishing: North Atlantic Enhanced Edition</i>	External	External	PS5, XSX	Digital

Net sales for Amplifier Game Invest increased by 62% to SEK 20.4 million (12.6) in the quarter, driven by royalties related to *Little Nightmares 1* and *Little Nightmares 2*. Amplifier Game Invest is consolidated in business area Games THQ Nordic.

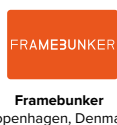
Amplifier Game Invest currently consists of 17 wholly owned or partly owned studios that are gradually building a pipeline of exciting games typically based on new IP's from newer game development studios run by industry veterans. Significant organic growth is expected in the coming years as the pipeline matures and more games are released.

Amplifier continues to strengthen its internal capabilities by adding more colleagues to its publishing services and building more robust processes for financial reporting, compliance and new studios' onboarding. During the quarter, Amplifier opened its new head-quarter in Münchenbryggeriet, Stockholm, which also will serve as a hub for all studios in the Amplifier Group.

STUDIOS



ASSOCIATED STUDIOS



HQ
 Fort Lauderdale,
 USA



INTERNAL HEADCOUNT
2,478 (1,380)

STUDIOS
21 (13)



BUSINESS AREA: GAMES – SABER INTERACTIVE

Business area Games – Saber Interactive released the following new products in the quarter October–December 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Star Wars™: Knights of the Old Republic</i>	Aspyr	License	Switch	Digital & Physical
<i>World War Z</i>	Saber	License	Switch	Digital & Physical

Net sales for business area Games – Saber Interactive increased by 55% to SEK 476.4 million (307.0) during the quarter.

Solid performance by back catalog titles such as *World War Z: Aftermath and Insurgency Sandstorm* contributed significantly to the strong sales development. Back-catalog sales were also driven by titles *Snowrunner* and the original *World War Z*. Also, the Work-for-hire business is an ongoing contributor to sales.

Currently, the Saber studios combined are working on seven AAA projects and numerous smaller sized development projects with both internal and external publishers. Upcoming new releases are expected to have a solid contribution to organic growth at Saber. On Friday the 13th of May, the highly anticipated *Evil Dead: The Game*, developed at Saber Madrid, will be released on PC, Xbox One & Series X, PS4, PS5 and Nintendo Switch. On December 10, Saber showed the world premiere of the long-awaited *Warhammer 40,000: SPACE MARINE 2* at The Game Awards 2021. The trailer was well received in terms of views on YouTube and the positive response from the community has exceeded expectations. This AAA game is one of Saber’s most ambitious projects yet.

In the quarter, Saber announced and closed the acquisition of US-based studio Shiver Entertainment and announced the acquisition of Hungary-based DIGIC Pictures. These companies complement and extend Saber’s existing work-for-hire business with new capabilities and partners. Work-for-hire services is a growth area for Saber.

STUDIOS

 34 Big Things Turin, Italy	 4A Games Kiev, Ukraine Silema, Malta	 BYTEX Bytex Saransk, Russia	 demiurge Demiurge Studios Cambridge, USA	 Fractured Byte Tallinn, Estonia
 Madhead Games Novi Sad, Serbia	 NEW WORLD INTERACTIVE Calgary, Canada Denver, USA	 NIMBLE GIANT ENTERTAINMENT Nimble Giant Entertainment Buenos Aires, Argentina	 SHIVER Shiver Entertainment Miami, USA	 SNAPSHOT GAMES Snapshot Games Sofia, Bulgaria
 Slippgate Aalborg, Denmark	 SPL SmartPhone Labs Veliky Novogorod, Russia	 zen STUDIOS Zen Studios Budapest, Hungary	 DIGIC DIGIC Pictures Budapest, Hungary <i>(Announced in the quarter)</i>	

PUBLISHERS & STUDIOS



Saber Interactive
 Vila Nova de Gaia, Portugal
 Saint Petersburg, Russia
 Alcobendas, Spain
 Sundsvall, Sweden
 Minsk, Belarus



Aspyr Media Inc
 Austin, Texas, USA



3D
 Copenhagen, Denmark

HQ
Berlin, Germany 

INTERNAL HEADCOUNT

777 (151)

STUDIOS

10 (3)



BUSINESS AREA: GAMES – DECA GAMES

Revenues for business area Games – DECA Games increased by 809% to SEK 661.2 million (72.7).

During the quarter, CrazyLabs, Firescore, Jufeng Studio and acquired IPs were fully consolidated into DECA Games. The new additions had a significant positive impact on this quarter's results. CrazyLabs' results were in line with management expectations. CrazyLabs' sales were at an all-time high in December, driven by improvements to ad monetization in the hyper-casual back catalog and the scale of *Multi Maze*. Jufeng Studio's performance was slightly above management expectations.

Sales from established live operated games were solid, with a strong performance from *DragonVale*, *Party In My Dorm* and *Super Stylist*. DECA Games continues to see positive effects from its investments in user acquisitions and technology.

After the quarter CrazyLabs reached a milestone of 5 billion accumulative downloads.

DECA Games will continue integrating the new businesses and strengthening its internal capabilities. There are also ongoing initiatives to cooperate on certain topics with Easybrain.

DECA Games

October-December 2021

Total installs	298 million
Daily active users (DAU)	20 million
Monthly active users (MAU)	219 million

STUDIOS & PUBLISHERS



DECA Games
Veliko Tarnovo, Bulgaria
Berlin, Germany
Beijing, China
DECA remote



A THINKING APE
Vancouver, Canada



CrazyLabs
Tel Aviv, Israel
Luoyang, China
New York, USA



Firescore
Mumbai, India



IUGO
Vancouver, Canada

HQ
Limassol, Cyprus



INTERNAL HEADCOUNT

268 (-)

STUDIOS

1 (-)

Easybrain

BUSINESS AREA: GAMES – EASYBRAIN GROUP LIMITED

Net sales for business area Games – Easybrain amounted to SEK 877.7 million (-) during the quarter.

Easybrain had its best quarter since joining the group and made the highest contribution of all operative groups within business area Games. The performance exceeded management's expectations. Even considering seasonal sales patterns, where the third quarter is seasonally strong, Easybrain overachieved in terms of net sales, margins and performance of user acquisitions. The current market conditions coupled with Easybrain's product updates created opportunities to improve performance. The impact from Apple's IDFA changes have to a certain extent stabilized and is not deemed to have had an extra negative impact on net sales during the quarter. Easybrain has seen improved projected ROAS (return on advertising spend) and will continue to invest in value-enhancing growth.

During the quarter, games by Easybrain surpassed 1 billion cumulative downloads. Easybrain also reached record levels of daily active users (DAU), hitting 14 million at quarter end. Easybrain had 8 of the top-25 revenue titles in the wider Embracer Group during the quarter. Top revenue contributors during the quarter were *Blockudoku*, *Sudoku.com*, *Jigsaw Puzzles* and *Nonogram.com*. Recently released *Number Match* saw strong traction in terms of user acquisition and projected results.

Easybrain


October-December 2021

Total installs	94 million
Daily active users (DAU)	14 million
Monthly active users (MAU)	73 million

STUDIOS & PUBLISHERS

Easybrain

Easybrain
Minsk, Belarus
Limassol, Cyprus

HQ
 Frisco, USA 
 INTERNAL HEADCOUNT
 686 (-)
 STUDIOS
 3 (-)



BUSINESS AREA: GAMES – GEARBOX ENTERTAINMENT COMPANY

Business area Games – Gearbox Entertainment Company released the following new products in the quarter October–December 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Godfall Challenger Edition</i>	Gearbox Publishing	External	PS4, PS5, PC (Epic)	Digital
<i>Tiny Tina's Assault on Dragon Keep: A Wonderlands One-shot Adventure</i>	External	Own	PC, PS4, Xbox One	Digital

Net sales for business area Games – Gearbox Entertainment Company amounted to SEK 455.4 million (-).

The third quarter was as eventful as it was successful for Gearbox. Sales were strong, the pipeline solid, several organic expansion activities were undertaken, and an acquisition was announced.

The strong back catalog titles *Borderlands*, *Godfall* and *Risk of Rain* were the revenue contributors during the quarter. In the period, the *Borderlands* franchise sold over 2 million copies and *Borderlands 3* passed 15 million units sold. New releases during the quarter included *Tiny Tina's Assault on Dragon Keep*, which was originally a DLC for *Borderlands 2*, as a stand alone game.

On March 25, *Tiny Tina's Wonderlands* is scheduled for release with an external publisher. This AAA game is a fantasy *Borderlands* spinoff and is highly anticipated by fans across the globe.

Gearbox is scaling up the organization to deliver on an ambitious growth plan. In August, Gearbox Entertainment announced a new studio in Montréal, Canada, which will work on internal franchises and create new IP's. Gearbox is also onboarding talent at its studios in Frisco, Texas, USA and Quebec City, Canada and work with several high quality external studios. Currently, Gearbox has ten AAA games under development in different phases.

During the quarter, Gearbox announced the acquisition of Perfect World Entertainment, which brings additional scale in North America to Gearbox Publishing, with an exciting pipeline of future releases as well as a portfolio of live operated MMO games.

STUDIOS



PUBLISHER





koch films

HQ

Munich, Germany



INTERNAL HEADCOUNT

2,219 (1,918)

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

BUSINESS AREA: PARTNER PUBLISHING/FILM

Net sales for business area Partner Publishing/Film increased 67% to SEK 1,359.7 million (812.6). Partner Publishing/Film had its best quarter ever, driven by a couple of notable physical releases within Partner Publishing.

Over the past couple of years, Koch Media has executed on its strategy of being the preferred publishing partner in Europe and the rest of the world for physical games. Koch Media has onboarded several new partners in key territories and invested into a modern and scalable European logistics center in Höfen, Austria to provide a top service to its partners. The strategy is working and the Partner Publishing business is now generating all-time-high sales both on a quarterly and trailing 12 months basis. The ambition is that the current success will encourage more partners to leverage Koch Media's publishing services and improve their physical offering and enhance profitability.

The film segment also had its best quarter during this financial year. However, sales were still lower than in the comparable period last year. Strong back catalog sales were mainly driven by TV and digital license sales. The digital market's performance remains strong. The theatrical market has been significantly impacted by the pandemic as physical interaction has been heavily restricted in large parts of the world. While the blockbuster movie production was largely maintained, release dates were postponed. This resulted in an increasing number of titles ready for release. The skewed supply-demand balance results in a highly competitive situation as the theatrical market slowly recovers. During the quarter, Koch Films acquired Spotfilm Networx GmbH in Berlin, a leading ad-supported (AVOD) streaming operator in Germany. Koch Films plans for further expansion in the AVOD market internationally.





HQ

Karlstad, Sweden



INTERNAL HEADCOUNT

15 (13)

Game Outlet Europe, the niche distributor of retro products and deep back catalog games, had a solid quarter with record-high sales. Sales were mainly driven by robust back catalog sales and long-awaited deliveries by Retro-Bit and 8BitDo.



HQ

Cluj-Napoca, Romania



INTERNAL HEADCOUNT

333 (351)

Quantic Lab, the software outsourcing company specialized in quality assurance ("QA"), localization, and user experience for gaming and applications had a solid quarter with sales exceeding management expectations. Quantic Labs has several customers within the Embracer ecosystem.

Quantic Lab has expanded the testing capacity with an additional 1400sqm office space, enabling for more demanding projects. Following the new office opening, Quantic has recruitment needs and expects to cover these needs by the end of spring 2022. Furthermore, the team has expanded during the quarter with experienced specialists to develop and improve new services (UX, PM).



HQ

Karlstad, Sweden



INTERNAL HEADCOUNT

12 (-)

Grimfrost is a global leader in high-quality Viking merchandise, located in Karlstad, Sweden and comprises a team of 12 employees. While the primary business model is business-to-consumers (B2C), Grimfrost also supplies costumes and assets to TV and movie productions (e.g. Game of Thrones and Vikings) and reproductions for museums. Grimfrost had a strong quarter with increased sales and a focus on product development.





RELEASES AFTER THE END OF THE QUARTER

During the period January 1 until February 17, 2022 the following titles were released:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Expeditions Rome</i>	THQ Nordic	Own	PC	Digital & Physical
<i>El Hijo - A Wild West Tale</i>	HandyGames	External	Android, IOS	Digital
<i>Deep Rock Galactic</i>	Coffee Stain Publishing	Own	PS4, PS5	Digital

ANNOUNCED RELEASES AS OF FEBRUARY 17, 2022

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Destroy All Humans! 2 - Reprobed</i>	THQ Nordic	Own	PC, PS5, XSX	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>Jagged Alliance 3</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Knights of Honor II: Sovereign</i>	THQ Nordic	Own	PC	Digital & Physical
<i>MX vs. ATV: Legends</i>	THQ Nordic	Own	PC, PS4, Xbox One, PS5, XSX	Digital & Physical
<i>Outcast 2 - A New Beginning</i>	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
<i>SpellForce 3 Reforced</i>	THQ Nordic	Own	PS4, Xbox One, PS5, XSX	Digital & Physical
<i>SpongeBob SquarePants: The Cosmic Shake</i>	THQ Nordic	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>Superpower 3</i>	THQ Nordic	External	PC	Digital & Physical
<i>The Guild 3</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Wreckfest</i>	THQ Nordic	Own	Switch	Digital & Physical
<i>Airhead</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>A Rat's Quest</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>De-Exit</i>	HandyGames	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital
<i>Endling - Extinction is Forever</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>Perish</i>	HandyGames	External	PC	Digital
<i>Townsmen VR</i>	HandyGames	Own	PC, PS4	Digital
<i>Dead Island 2</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
<i>Saints Row</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
<i>Evil West</i>	External	External	PC, PS4, PS5, Xbox One, XSX	Digital
<i>Shadow Warrior 3</i>	External	External	PC, PS4, Xbox One	Digital
<i>Trek to Yomi</i>	External	External	PC, PS5, XSX	Digital
<i>Monster Energy Supercross 5</i>	Milestone	License	PC, PS4, PS5, Xbox One, XSX	Digital & Physical

For latest release dates please refer to above mentioned publishers.

CONTINUED >>



CONT. ANNOUNCED RELEASES AS OF FEBRUARY 17, 2022

Title	Publishing Label	IP Owner	Platforms	Channels
<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>Final Form</i>	Prime Matter	Shared	PC, PS5, XSX	Digital & Physical
<i>Gungrave G.O.R.E.</i>	Prime Matter	External	PC, PS4, PS5, XSX	Digital & Physical
<i>Pathfinder: Wrath of the Righteous</i>	Prime Matter	External	PS4, Xbox One	Physical
<i>Payday 3</i>	Prime Matter	External	TBC	Digital & Physical
<i>Scars Above</i>	Prime Matter	Own	PC	Digital & Physical
<i>System Shock</i>	Prime Matter	External	PC, PS4, PS5, XSX	Digital & Physical
<i>The Chant</i>	Prime Matter	External	PC, PS4, PS5, Xbox One, XSX	Digital & Physical
<i>The Last Oricru</i>	Prime Matter	External	PC, PS5, XSX	Digital & Physical
<i>The New Painkiller</i>	Prime Matter	Own	TBC	Digital & Physical
<i>Let's Get Fit</i>	Ravenscourt	Own	Switch	Digital & Physical
<i>ProtoCorgi</i>	Ravenscourt	External	PC, Switch	Digital
<i>Road 96</i>	Ravenscourt	Own	PS4, Xbox One	Digital & Physical
<i>Midnight Ghost Hunt</i>	Coffee Stain Publishing	Shared	PC	Digital
<i>Songs of Conquest</i>	Coffee Stain Publishing	Own	PC	Digital
<i>Lightyear Frontier</i>	Amplifier	Own	PC, XSX	Digital
<i>Crisol: Theater of Idols</i>	TBC	Own	TBC	TBC
<i>A Quiet Place</i>	Saber	External	TBC	TBC
<i>Circus Electrique</i>	Saber	Own	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
<i>Dakar: Desert Rally</i>	Saber	License	PC, PS4, PS5, Xbox One, XSX	Digital & Physical
<i>Evil Dead: The Game</i>	Saber & external	License	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
<i>Redout 2</i>	Saber	Own	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
<i>Core Decay</i>	3D Realms	License	PC, PS5, XBX, XSX	Digital
<i>Kingpin: Reloaded</i>	3D Realms & external	License	PC, PS5, XBX, XSX	Digital
<i>Star Wars™: The Force Unleashed</i>	Aspyr	License	Switch	Digital
<i>Star Wars™: Knights of the Old Republic -Remake</i>	External	License	PC, PS5	Digital & Physical
<i>Warhammer 40,000: Space Marine II</i>	External	External	PC, PS5, XSX	TBC
<i>Homeworld 3</i>	Gearbox Publishing	Own	PC	Digital & Physical
<i>Homeworld Mobile</i>	Gearbox Publishing	Own	Android, IOS	Digital
<i>Tiny Tina's Wonderlands</i>	External	Own	PC, PS4, PS5, Xbox One, XBX, XSX	Digital & Physical

For latest release dates please refer to above mentioned publishers.

SIGNIFICANT EVENTS AFTER THE QUARTER

An EGM was held on January 7, 2022 which authorized the Board to issue shares for the acquisition of Asmodee and also authorized the Board to issue shares, convertibles and/or warrants, not exceeding 10 percent of the total number of shares in Embracer at the time when the authorization is used the first time. The latter authorization will replace the authorization resolved upon by the extra general meeting held on 16 September 2021, under which there are still 32,052,854 shares left to issue.

M&A ACTIVITY UPDATE

The following M&A activities were closed during the reporting quarter.

Company	Country	Operative Group	Type	Closing Month
Q3 - October-December 2021				
Jufeng	China	DECA	Studio/IP	October
Hothead	Canada	DECA	IP	October
Fractured Byte	Estonia	Saber	Studio	October
Splatter Connect	UK	Koch	Services	October
Aionic Labs	USA	Embracer	Tech	October
Shiver Entertainment	USA	Saber	Studio/IP	December
Spotfilm Networx	Germany	Koch	Studio/IP	December
Green Tile Digital	Sweden	Amplifier	Studio/IP	December

EMBRACER GROUP AND SUSTAINABILITY

At Embracer Group, sustainability is about creating long-term value for shareholders and other stakeholders and acting in line with our values. We have a long-term mindset and a decentralized business model that enables us to further develop our business and manage risks. Our goal is to create great entertainment, be a great company to work for, and to do good for local communities and society.

Our group-wide sustainability strategy is the Smarter Business Framework and is based on three pillars: *Great People*, *Solid Work* and *Greener Planet*. It is our shared approach to our sustainability efforts on a group level. The three focus areas are closely linked to our business and contribute to creating real effects and results for our stakeholders. As part of our governance model, our sustainability work is supported by a strong foundation in business ethics and compliance.

As a decentralized group, decision-making is executed at each Operative Group and company. The operative entities have the best understanding of their market situation from both a commercial and sustainability perspective, and how to best create value for the business. That means taking both commercial and sustainability goals into consideration. The overall objective for Embracer Group's sustainability work is to support and ensure the implementation of group policies and values and to facilitate collaborations within the company.

Knowledge Sharing and Collaboration in the Group

We believe that it is important to involve all our companies to make progress in our sustainability work. We conducted sustainability sessions in December and January with all of our Operative Group management teams. These were about establishing a common ground regarding sustainability and providing a discussion forum to share insights.

Our first group-wide sustainability webinars were organized last quarter. The webinar series was initiated by the Ambassador Group which is a network consisting of representatives from all operative groups. It is a recurring event that will take place every month. We have invited external partners, that we collaborate with in the area of sustainability, to highlight their work and also let our own studios contribute with their experiences in the various focus areas. Some topics have been "Well-being", "Accessibility" and "Women in the Gaming Industry". By highlighting important sustainability aspects within the organization, the webinars are a forum to share insights and knowledge across the organization.



Collaborations and Partnerships

Embracer Group is a signatory member of the UN Global Compact since December 2021. Supporting the UN Global Compact goes hand-in-hand with our core values and is a great way to create strong networks with other companies to gain and share insight. It is a strategic tool for our sustainability efforts and a way of mitigating risks while pursuing business opportunities.

In our efforts to contribute to a more sustainable future, we have extended our collaboration with our partner Solvatten. Every time a new employee joins Embracer Group, our collaboration with Solvatten ensures that one person accesses safe and warm water through their innovative solutions. During this quarter, over 400 people have been given access to safe and warm water through our partnership. The collaboration with Solvatten is one example of how we contribute to Agenda 2030 and the Sustainability Development Goals as a company.

THE GAMES ARCHIVE

We are building an archive to embrace the history of games

As announced previously, Embracer is establishing an archive for physical games. The games, their background, stories and cultural setting form parts of our heritage. Therefore the work to preserve and to tribute is of great importance.

The team of experts expanded from two to five during the quarter, and the work gained further traction. The game inventory grew in size and moved to its new premises where the extensive task to catalog and structure commenced.

Example of most recent additions to the archive includes complete sets of all Japanese NeoGeo AES, Sega Megadrive and Sega Mega CDs games.





ANALYSTS FOLLOWING EMBRACER GROUP

AS OF FEBRUARY 17, 2022

Company	Name	Phone	Mail
Carnegie	Oscar Erixon	-	oscar.erixon@carnegie.se
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Bernstein	Matti Littunen	+44 207 170 50 09	matti.littunen@bernstein.com
Redeye	Tomas Otterbeck	-	tomas.otterbeck@redeye.se
ABG Sundal Collier	Simon Jönsson	+46 8 566 286 89	simon.jonsson@abgsc.se
Citi	Thomas A Singlehurst	+44 20 7986 4051	thomas.singlehurst@citi.com
Kepler Cheuvreux	Mathias Lundberg	+46 73 053 26 51	mlundberg@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
Exane BNP Paribas	Nicholas Langlet	-	nicholas.langlet@exanebnpparibas.com
SHB	Rasmus Engberg	-	rasmus.engberg@handelsbanken.se
BofA Securities	Chirag Vadhia	+44 (0) 20 7996 1050	chirag.vadhia@bofa.com
SEB	Jesper Birch-Jensen	+46 8 763 70 39	jesper.birch-jensen@seb.se
Danske Bank	Jacob Edler	-	jedl@danskebank.se

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

The estimates are collected by Infront and based on predictions made by analysts who cover Embracer Group.

At www.embracer.com we provide an IR service providing consensus estimates.

THE SHARE

TOP 10 OWNERS, AS OF DECEMBER 31, 2021

Change from
Sept. 30, 2021

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class A and B shares
Lars Wingefors AB	52,260,204	210,238,330	24.21%	43.48%	526,400
Matthew Karch and Andrey Iones	12,798,274	70,772,440	7.71%	11.79%	
Swedbank Robur Funds		65,324,160	6.02%	3.88%	11,106,326
Founders/Management Easybrain		65,037,968	6.00%	3.86%	
Canada Pension Plan Investment Board (CPP)		54,753,946	5.05%	3.25%	
Didner & Gerge Funds		30,079,572	2.77%	1.78%	4,249,958
ODIN Funds		24,985,953	2.30%	1.48%	3,605,953
Alecta Pensionsförsäkring		22,870,000	2.11%	1.36%	12,710,000
Handelsbanken Funds		22,296,035	2.06%	1.32%	-7,584,603
AMF Pension & Funds		19,750,000	1.82%	1.17%	3,750,000
TOTAL TOP 10	65,058,478	586,108,404	60.05%	73.37%	
ALL OTHER SHAREHOLDERS	1,739,796	431,442,439	39.95%	26.63%	
TOTAL	66,798,274	1,017,550,843	100%	100%	

Source: Monitor by Modular Finance.



TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF DECEMBER 31, 2021

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB ^{1) 2)}	Embracer Group	52,260,204	210,238,330	24.21%	43.48%
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	7.71%	11.79%
Founders/Management	Easybrain	0	65,037,968	6.00%	3.86%
Ken Go ³⁾	DECA Games	0	11,803,182	1.09%	0.70%
Randy Pitchford	Gearbox Entertainment	0	9,563,028	0.88%	0.57%
Erik Stenberg	Embracer Group	0	9,000,000	0.83%	0.53%
Luisa Bixio	Milestone	0	5,200,526	0.48%	0.31%
Founders/Management	4A Games	0	4,892,140	0.45%	0.29%
Management	CrazyLabs	0	4,402,714	0.41%	0.26%
Founders	Ghostship Games	0	4,271,304	0.39%	0.25%
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	3,856,420	0.36%	0.23%
Founders/Management	Aspyr	0	3,549,742	0.33%	0.21%
Pelle Lundborg	Embracer Group	1,739,796	1,589,120	0.31%	1.13%
Anton Westbergh	Coffee Stain	0	2,412,666	0.22%	0.14%
Klemens Kundratitz	Koch Media	0	2,255,856	0.21%	0.13%
Vincent Van Brummen	Vertigo Games	0	1,495,702	0.14%	0.09%
Founders	Zen Studios	0	1,134,078	0.10%	0.07%
Klemens Kreuzer	THQ Nordic	0	1,118,104	0.10%	0.07%
Founders	A Thinking Ape	0	1,048,176	0.10%	0.06%
John Coleman	Vertigo Games	0	740,660	0.07%	0.04%
TOP 20		66,798,274	414,382,156	44.38%	64.21%
ALL OTHER SHAREHOLDERS		0	603,168,687	55.62%	35.79%
TOTAL		66,798,274	1,017,550,843	100%	100%

¹⁾ Lars Wingefors et al. For more information, please see: embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/

²⁾ Lars Wingefors AB has purchased 526,400 B-shares during the quarter.

³⁾ Ken Go has sold 800,000 B shares during the quarter.

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



TOP 50 INSTITUTIONAL OWNERS, AS OF DECEMBER 31, 2021

**Change from
Sept. 30, 2021**

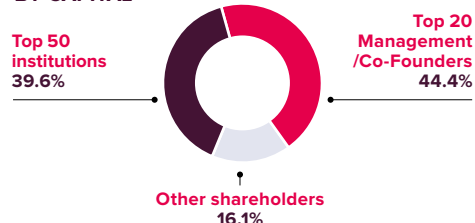
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Swedbank Robur Fonder		65,324,160	6.02%	3.88%	11,106,326
Canada Pension Plan Investment Board (CPP)		54,753,946	5.05%	3.25%	-
Didner & Gerge Fonder		30,079,572	2.77%	1.78%	4,249,958
ODIN Fonder		24,985,953	2.30%	1.48%	3,605,953
Alecta Pensionsförsäkring		22,870,000	2.11%	1.36%	12,710,000
Handelsbanken Fonder		22,296,035	2.06%	1.32%	-7,584,603
AMF Pension & Fonder		19,750,000	1.82%	1.17%	3,750,000
BlackRock		15,080,689	1.39%	0.89%	1,825,541
Avanza Pension		14,536,319	1.34%	0.86%	2,260,535
SEB Fonder		13,806,105	1.27%	0.82%	13,712,431
TIN Fonder		12,960,600	1.20%	0.77%	1,210,000
Första AP-fonden		12,376,359	1.14%	0.73%	2,363,999
Livförsäkringsbolaget Skandia		11,392,307	1.05%	0.68%	4,645,755
Skandia Fonder		8,233,476	0.76%	0.49%	2,469,496
Andra AP-fonden		7,984,295	0.74%	0.47%	1,961,867
Enter Fonder		6,325,940	0.58%	0.38%	2,053,000
Futur Pension		6,121,269	0.56%	0.36%	172,039
AFA Försäkring		6,057,168	0.56%	0.36%	47,300
Baillie Gifford & Co		5,096,573	0.47%	0.30%	5,096,573
Nordnet Pensionsförsäkring		5,064,211	0.47%	0.30%	138,741
Naventi Fonder		4,915,542	0.45%	0.29%	-
Martin Larsson (Chalex AB)		4,743,369	0.44%	0.28%	-122,525
Cliens Fonder		4,207,143	0.39%	0.25%	1,763,143
Aktia Asset Management		3,504,496	0.32%	0.21%	1,184,496
VanEck		3,337,206	0.31%	0.20%	66,724
Northern Trust		2,836,972	0.26%	0.17%	383,101
State Street Global Advisors		2,424,357	0.22%	0.14%	213,777
Öhman Fonder		2,224,469	0.21%	0.13%	902,487
Sensor Fonder		2,192,184	0.20%	0.13%	-
Consensus Asset Management		2,111,790	0.19%	0.13%	200,000
Svenska Handelsbanken AB for PB		2,108,674	0.19%	0.13%	7,640
Swedbank Försäkring		2,012,915	0.19%	0.12%	103,171
Fidelity Investments (FMR)		1,977,903	0.18%	0.12%	-155,925
Danske Invest (Lux)		1,868,996	0.17%	0.11%	-404,414
Handelsbanken Liv Försäkring AB		1,822,420	0.17%	0.11%	187,306
TIAA - Teachers Advisors		1,814,054	0.17%	0.11%	84,114
Global X Management Company LLC		1,775,517	0.16%	0.11%	-347,279
M&G Investment Management		1,597,725	0.15%	0.09%	-3,240
Nordea Liv & Pension		1,566,332	0.14%	0.09%	96,016
Lancelot Asset Management AB		1,550,000	0.14%	0.09%	-
Fondita Fonder		1,510,000	0.14%	0.09%	-
Ålandsbanken Fonder		1,484,500	0.14%	0.09%	1,386,740
RAM Rational Asset Management		1,480,187	0.14%	0.09%	427,915
Thrift Savings Plan		1,414,410	0.13%	0.08%	-382,338
Vanguard		1,377,465	0.13%	0.08%	38,487
Prioritet Finans		1,302,000	0.12%	0.08%	702,578
Knutsson Holdings AB		1,300,000	0.12%	0.08%	-
Handelsinvest Fonder		1,290,823	0.12%	0.08%	152,901
JP Morgan Asset Management		1,105,192	0.10%	0.07%	60,888
Mandatum Life Funds		1,024,048	0.09%	0.06%	150,460
TOTAL TOP 50 INSTITUTIONAL OWNERS	0	428,975,666	39.56%	25.45%	
ALL OTHER SHAREHOLDERS	66,798,274	588,575,177	60.44%	74.55%	
TOTAL	66,798,274	1,017,550,843	100.00%	100.00%	

Source: Monitor 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 BFNAR 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

Full Year Report 2021/2022	19 May 2022
Interim Report Q1, April-June 2022	18 August 2022
Annual General Meeting 2022	21 September 2022
Interim Report Q2, July-September 2022	17 November 2022
Interim Report Q3, October-December 2022	16 February 2023

FOR MORE INFORMATION

Find more information about the Company at its website: embracer.com

For any questions on this report, please contact:

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Johan Ekström, Group CFO

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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, February 17, 2022

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 February 17, 2022.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Forward-looking statements are subject to risks and uncertainties. Results could differ materially from forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report is based solely on the circumstances at the date of publication and except to the extent required under applicable law or applicable market place regulations, Embracer Group AB is under no obligation to update the information, opinions or forward-looking statements in this report.

CONSOLIDATED INCOME STATEMENT

SEK m	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
Net sales	5,085.2	2,168.1	11,808.2	6,620.0	9,024.2
Work performed by the Company for its own use and capitalized	595.7	372.5	1,623.3	893.8	1,291.6
Other operating income	75.4	59.3	232.3	187.9	287.7
Total operating income	5,756.3	2,599.9	13,663.8	7,701.7	10,603.5
Operating expenses					
Goods for resale	–1,695.4	–861.3	–3,308.1	–2,655.3	–3,618.4
Other external expenses	–1,466.1	–409.2	–3,215.9	–1,061.1	–1,318.5
Personnel expenses	–1,112.7	–488.4	–2,905.9	–1,265.9	–1,841.5
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–2,497.0	–939.5	–6,652.8	–2,481.1	–3,508.5
Other operating expenses	0.3	-	–27.5	-	–46.3
Total operating expenses	–6,770.9	–2,698.5	–16,110.2	–7,463.5	–10,333.2
Profit from participation in associated companies	7.5	37.9	455.9	93.6	206.5
Operating profit	–1,007.1	–60.8	–1,990.6	331.7	476.8
Financial items					
Result from financial assets	–0.2	-	–0.1	-	-
Other interest income, etc.	1.5	46.0	2.2	160.4	291.5
Other interest expenses, etc.	–182.1	–37.1	–295.5	–96.9	–88.3
Total financial items	–180.8	8.9	–293.4	63.5	203.2
Profit after financial items	–1,187.8	–51.8	–2,283.9	395.3	680.0
Profit before tax	–1,187.8	–51.8	–2,283.9	395.3	680.0
Current income tax	–135.0	–59.3	–416.9	–221.9	–364.3
Deferred tax	30.0	–78.4	80.4	–44.6	–28.4
Net profit for the period	–1,292.8	–189.5	–2,620.3	128.8	287.3
<i>Attributable to:</i>					
Equity holders of the parent	–1,288.9	–190.7	–2,616.4	128.4	287.0
Non-controlling interests	–3.9	1.2	–3.9	0.4	0.3
Earnings per share, SEK ¹⁾	–1.26	–0.23	–2.60	0.17	0.36
Average number of outstanding shares, million ¹⁾	1,026	838	1,008	778	796
Earnings per share after full dilution, SEK ¹⁾	–1.19	–0.23	–2.47	0.17	0.36
Average number of outstanding shares after full dilution, million ¹⁾	1,079	840	1,061	778	798

¹⁾ Recalculated with respect to the 2:1 split carried out on September 30, 2021 as resolved at the annual general meeting on September 16, 2021. Number of shares for previous periods have been adjusted.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Dec 31, 2021	Dec 31, 2020	Mar 31, 2021
Intangible assets	39,212.9	14,686.2	16,390.0
Property, plant & equipment	507.5	230.0	237.8
Financial assets	833.3	366.5	571.6
Inventories	479.6	279.3	242.9
Current receivables	3,970.7	1,878.0	2,010.0
Cash and bank balance	15,226.6	6,919.1	14,299.9
Total assets	60,230.5	24,359.1	33,752.2
Equity	42,031.6	18,725.0	27,165.4
Provisions for conditional purchase prices	10,456.8	1,016.9	1,887.5
Other provisions	1,426.5	914.4	929.0
Non-current liabilities	893.4	267.3	246.0
Current liabilities	5,422.3	3,435.5	3,524.3
Total liabilities and equity	60,230.5	24,359.1	33,752.2
Interest-bearing receivables amount to	15,244.1	6,919.1	14,299.9
Interest-bearing liabilities amount to	2,507.1	2,041.4	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
Amount as of April 1, 2021	1.3	26,764.5	386.8	12.9	27,165.4
Translation difference			282.7		282.7
New share issue	0.2	17,275.7			17,275.9
Issue costs ¹⁾		-128.9			-128.9
Tax costs		26.6			26.6
Transaction between owners				30.2	30.2
Net profit			-2,616.4	-3.9	-2,620.3
Amount as of December 31, 2021	1.5	43,937.8	-1,947.0	39.2	42,031.6

¹⁾ Issue costs constitutes of cost of rights issue SEK -128.9 million.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020–Mar 2021
Cash flow from operating activities before changes in working capital	1,440.2	847.0	3,818.5	2,568.8	3,766.0
Change in working capital	-389.6	-6.6	-1,126.6	-191.6	133.0
Cash flow from operating activities	1,050.7	840.4	2,691.9	2,377.2	3,899.0
Cash flow from investing activities					
Net investment in acquired companies	-861.0	-2,308.2	-5,856.2	-4,185.9	-4,590.8
Net investment in intangible assets	-968.7	-557.7	-2,713.9	-1,536.2	-2,135.1
Net investment in tangible assets	-91.2	-23.6	-240.8	-52.6	-69.6
Net investment in financial assets	-9.9	50.0	-10.2	36.0	-9.3
Cash flow from financing activities	6,139.5	5,404.2	6,966.4	7,858.2	14,725.3
Cash flow for the period	5,259.4	3,405.1	837.2	4,496.7	11,819.5
Cash and cash equivalents at beginning of period	9,919.4	3,579.1	14,299.9	2,510.3	2,510.3
Translation difference in cash and cash equivalents	47.8	-65.1	89.5	-87.9	-29.9
Cash and cash equivalents at end of period	15,226.6	6,919.1	15,226.6	6,919.1	14,299.9

PARENT COMPANY INCOME STATEMENT

SEK m	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020– Mar 2021
Net sales	108.8	185.4	421.5	628.1	796.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Total operating income	108.8	185.4	421.5	628.1	796.0
Operating expenses					
Other external expenses	–17.9	–23.5	–47.5	–49.6	–35.8
Personnel expenses	–13.5	–5.3	–31.1	–15.3	–22.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–57.9	–105.4	–214.1	–323.0	–416.8
Other operating expenses	1.2	0.0	–8.5	0.0	–21.4
Total operating expenses	–88.2	–134.2	–301.3	–387.9	–496.0
Operating profit	20.6	51.2	120.3	240.3	300.0
Financial items					
Result from financial assets	–0.3	0.1	–0.2	2.7	–556.3
Other interest income, etc.	265.7	49.1	496.6	60.1	261.8
Other interest expenses, etc.	–7.3	–469.3	–179.3	–864.9	–48.4
Total financial items	258.1	–420.1	317.1	–802.1	–342.9
Profit after financial items	278.7	–369.0	437.4	–561.9	–42.9
Appropriations	–268.5	0.0	–368.4	0.0	229.6
Profit before tax	10.2	–369.0	69.0	–561.9	186.7
Current income tax	0.0	0.0	–1.5	0.0	–39.7
Deferred tax	–14.7	71.1	–14.7	112.9	0.0
Net profit for the period	–4.5	–297.9	52.9	–449.0	147.0

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Dec 31, 2021	Dec 31, 2020	Mar 31, 2021
Intangible assets	200.3	436.0	409.0
Tangible assets	4.1	7.5	3.7
Financial assets	28,859.4	10,442.5	10,956.2
Current receivables	1,716.5	1,936.5	2,882.5
Cash and bank balance	11,524.1	5,421.8	12,393.6
Total assets	42,304.4	18,244.3	26,645.0
Equity	41,455.9	17,731.3	26,053.0
Untaxed reserves	117.4	140.6	117.4
Provisions	226.6	79.4	220.9
Long-term liabilities	0.0	208.0	204.8
Current liabilities	504.5	84.9	48.9
Total liabilities and equity	42,304.4	18,244.3	26,645.0

SELECTED KEY PERFORMANCE INDICATORS – GROUP

Financial metrics defined or specified pursuant to Swedish Accounting Standards Board standards (BFNAR)	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020–Mar 2021
Net sales, SEK m	5,085.2	2,168.1	11,808.2	6,620.0	9,024.2
Operating profit, SEK m	-1,007.1	-60,8	-1,990.6	331.7	476.8
Profit before tax, SEK m	-1,187.8	-51,8	-2,283.9	395.3	680.0
Profit after tax, SEK m	-1,292.8	-189,5	-2,620.3	128.8	287.3
Number of shares at end of period, thousands ¹⁾	1,084,349	846,466	1,084,349	846,466	921,651
Average number of outstanding shares, thousands ¹⁾	1,026,456	838,300	1,008,305	777,058	796,291
Average number of outstanding shares after full dilution, thousands ¹⁾	1,079,155	-	1,061,004	-	797,636
Average number of full-time employees in the period	6,763	3,587	6,137	2,908	3,174
Number of employees at the end of the period	6,860	4,150	6,860	4,150	4,236
Alternative key performance indicators not defined or specified pursuant to BFNAR	Oct–Dec 2021	Oct–Dec 2020	Apr–Dec 2021	Apr–Dec 2020	Apr 2020–Mar 2021
Net sales growth, %	135	44	78	69	72
EBITDA, SEK m	1,489.9	878,7	4,662.3	2,812.9	3,985.3
EBITDA margin, %	29	41	40	42	44
Operational EBIT, SEK m	1,119.2	603.1	3,363.9	1,967.6	2,870.8
Operational EBIT margin, %	22	28	29	30	32
EBIT, SEK m	-1,007.1	-60,8	-1,990.6	331.7	476.8
EBIT margin, %	-20	-3	-17	5	5
Equity/assets ratio, %	70	77	70	77	80
Adjusted earnings per share, SEK ¹⁾	0.76	0.53	2.55	2.17	3.22
Adjusted earnings per share after full dilution, SEK ¹⁾	0.73	0.53	2.43	2.17	3.22
Earnings per share, SEK ¹⁾	-1.26	-0.23	-2.60	0.17	0.36
Earnings per share after full dilution, SEK ¹⁾	-1.19	-0.23	-2.47	0.17	0.36
Dividend per share, SEK	-	-	-	-	-
<i>Derivation of the alternative KPIs, operational EBIT and EBITDA</i>					
EBIT, SEK m	-1,007.1	-60,8	-1,990.6	331.7	476.9
Amortization expenses added back to Operational EBIT					
- Goodwill, SEK m	1,863.7	536.0	5,012.4	1,312.5	1,924.9
- Intellectual property (IP) rights, SEK m	249.2	117.9	690.2	324.3	456.7
- Surplus value of Partner Publishing/Film, SEK m	13.4	10.0	41.5	40.4	53.8
Remeasurement of participation in associated companies	0.0	-	-416.7	-41.4	-41.4
Remeasurement of contingent consideration	0.0	-	27.1	-	-
Operational EBIT, SEK m	1,119.2	603,1	3,363.9	1,967.6	2,870.8
- Other depreciation and amortization expenses, SEK m	370.7	275.6	908.8	803.9	1,073.2
Remeasurement of participation in associated companies, SEK m	0.0	-	416.7	41.4	41.4
Remeasurement of contingent consideration, SEK m	0.0	-	-27.1	-	-
EBITDA, SEK m	1,489.9	878.7	4,662.3	2,812.9	3,985.3

¹⁾ Recalculated with respect to the 2:1 split carried out on September 30, 2021 as resolved at the annual general meeting on September 16, 2021. Number of shares for previous periods have been adjusted.

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

Adjusted Earnings per share	Profit after tax excluding non-operational depreciations, amortizations net of tax and profit of remeasurement of shares in associated companies and remeasurement of contingent consideration 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).
Average number of shares	Average number of shares in the period. Number of shares have been recalculated with respect to split of shares.
Earnings per share	Profit after tax less non-controlling interest divided by the average number of shares in the period.
Earnings per share after full dilution	Profit after tax less non-controlling interest divided by the average number of shares after full dilution in the period.
EBIT margin	EBIT as a percentage of net sales.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EBITDA margin	EBITDA as a percentage of net sales.
Equity/assets ratio	Equity as a percentage of total assets.
Free Cash Flow	Cash Flow from operating activities for the period excluding net investment in acquired companies and cash flow from Financing activities.
Net sales growth	Net sales for the current period divided by net sales for the corresponding period of the previous year.
Non-operational Depreciation and Amortizations	Amortization of acquisition-related goodwill, surplus values of specific business areas and IP Values (trademarks, patents, copyrights etc).
Operational EBIT	EBIT excluding non-operational depreciations, remeasurement of participation in associated companies and remeasurement of contingent consideration.
Operational EBIT margin	Operational EBIT as a percentage of net sales.

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DEFINITIONS, QUARTERLY INFORMATION

Accumulated nr of additional operative Groups	Number of closed acquisitions of new operative groups
Accumulated nr of additional companies added	Number of closed acquisitions which are not new operative groups
Completed games	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.
DAU	Average daily active users in the period.
Depreciation and amortization	
Game development	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.
Other intangible assets (Film etc)	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.
IP-rights	Depreciation of Intellectual Property rights related to Games - straight-line depreciation over five years.
Surplus value Partner Publishing/Film	Depreciation of surplus values related to Partner Publishing/Film - straight-line depreciation over five years.
Goodwill	Depreciation of Goodwill - straight-line depreciation over five years.
Digital sales	All net sales not shipped physically.
External game developers	Number of game developers engaged in game development projects by studios that are not owned by the group (external studios).
External Studios	Number of external development studios engaged in game development projects.
Game development projects	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.
Internal employees, non-development	Number of employees not directly engaged in game development (both employees and contractors).
Internal game developers	Number of game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
Internal Studios	Number of internal development studios.
MAU	Average monthly active users in the period.
Net sales split – business area Games	
Owned titles	Net sales of game titles that are owned IP:s or titles that are controlled by the group.
Publishing titles	Net sales of game titles of IP:s the group does not own or control.
New releases sales by each quarter	Net sales of game titles that are released in the current quarter.
Back-catalog	Net sales of game titles that are not released in the current quarter.
Max cash consideration	The maximum potential consideration to be paid in cash including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms and FX-rates stated in each individual agreement.
Max share consideration	The maximum potential consideration to be paid in Embracer B-shares including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms, FX-rates and Embracer VWAP20 Share Price stated in each individual agreement.
Max total consideration	The sum of the max cash and share consideration. Note that the total max consideration might deviate from the total consideration used in the Purchase Price Analysis following movements in FX-rates and Embracer Share price between the signing and closing date as well as if the expected achievement of the individual earnout targets deviate from the maximum scenario.
Number of IP:s	Number of IP:s owned by the group.
Operating Expenses, net	Net amount of Work performed by the Company for its own use and capitalized, Other operating income, Other external expenses, Personnel expenses and Other operating expenses. Excluding marketing costs and marketing contribution.
Organic growth	Growth in business area Games between periods where net sales from companies acquired in the last five quarters have been excluded.
Organic growth, CCY	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.
Physical sales	All net sales shipped physically.
Total installs	Total accumulated installs in the period.

QUARTERLY INFORMATION BY CALENDAR YEAR

	2016		2017		2018		2019		2020				2021			
	Full year	Full year	Full year	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year		
Net sales, SEK m	302	508	4,124	5,541	1,339	2,069	2,383	2,168	7,959	2,404	3,427	3,296	5,085	14,212		
EBITDA, SEK m	132	273	974	1,945	495	965	969	879	3,308	1,172	1,532	1,640	1,490	5,834		
Operational EBIT, SEK m	108	202	501	1,143	286	712	653	603	2,254	903	1,271	973	1,119	4,266		
EBIT, SEK m	95	188	403	421	97	219	173	-61	428	145	-524	-459	-1,007	-1,845		
Profit after tax, SEK m	72	139	294	254	132	91	228	-190	261	159	-606	-722	-1,293	-2,462		
Number of shares (A&B), adjusted, million ¹⁾	367	444	504	606	624	737	756	838	744	855	990	1,008	1,026	971		
Number of shares (A&B) after full dilution, adjusted, million ¹⁾	-	-	-	-	624	737	756	840	744	859	1,042	1,060	1,079	1,023		
Earnings per share, SEK ¹⁾	0.20	0.31	0.58	0.43	0.21	0.13	0.30	-0.23	0.35	0.19	-0.61	-0.72	-1.26	-2.53		
Earnings per share after full dilution, SEK ¹⁾	-	-	-	-	0.21	0.13	0.30	-0.23	0.35	0.18	-0.58	-0.68	-1.19	-2.40		
Adjusted Earnings per share, SEK ¹⁾	0.23	0.34	0.75	1.41	0.49	0.76	0.90	0.53	2.67	1.03	1.15	0.65	0.76	3.56		
Adjusted Earnings per share after full dilution, SEK ¹⁾	-	-	-	-	0.49	0.76	0.90	0.53	2.67	1.03	1.09	0.62	0.73	3.38		
Cash flow from operating activities, SEK m	99	179	579	1,740	766	732	805	840	3,143	1,522	617	1,024	1,051	4,214		
Free cash flow, SEK m	-	-	-	-	276	204	311	309	1,100	861	-260	6	-19	588		
Sales growth, Group, YoY, %	42%	68%	713%	34%	-18%	81%	89%	44%	44%	80%	66%	38%	135%	79%		
Organic growth, Games, YoY, %	-	-	-	-	-	74%	51%	11%	-	70%	-2%	-11%	18%	-		
Organic growth, CCY, Games, YoY, %	-	-	-	-	-	71%	61%	21%	-	85%	10%	-9%	16%	-		
EBITDA, margin, %	44%	54%	24%	35%	37%	47%	41%	41%	42%	49%	45%	50%	29%	41%		
Operational EBIT, margin, %	38%	40%	12%	21%	21%	34%	27%	28%	28%	38%	37%	30%	22%	30%		
EBIT, margin, %	31%	37%	10%	8%	7%	11%	7%	-3%	5%	6%	-15%	-15%	-20%	-13%		
Gross Margin (Net sales-COGS), SEK m	183	360	1,604	2,889	673	1,309	1,349	1,307	4,638	1,441	2,614	2,496	3,390	9,941		
Gross Margin, %	61%	71%	39%	52%	50%	63%	57%	60%	58%	60%	76%	76%	67%	70%		
Net sales per business area																
Games - THQ Nordic, SEK m	302	508	756	991	307	488	567	380	1,742	355	669	374	352	1,750		
Games - Koch Media Publishing, SEK m	-	-	1,033	2,076	515	613	507	497	2,132	465	638	585	728	2,415		
Games - Coffee Stain, SEK m	-	-	14	261	82	172	130	99	483	781	191	120	175	1,267		
Games - Saber, SEK m	-	-	-	-	-	349	259	307	915	271	305	463	476	1,515		
Games - DECA Games, SEK m	-	-	-	-	-	-	33	72	105	104	146	249	661	1,160		
Games - Gearbox Entertainment, SEK m	-	-	-	-	-	-	-	-	-	-	437	434	455	1,326		
Games - Easybrain, SEK m	-	-	-	-	-	-	-	-	-	-	576	607	878	2,061		
Games, total	302	508	1,803	3,328	904	1,622	1,495	1,355	5,376	1,975	2,961	2,831	3,725	11,492		
Partner Publishing/Film, SEK m	-	-	2,320	2,213	436	447	888	813	2,584	429	466	465	1,360	2,720		
Net sales total	302	508	4,124	5,541	1,339	2,069	2,383	2,168	7,959	2,404	3,427	3,296	5,085	14,212		
Net sales split – business area Games																
Owned titles, %	71%	77%	50%	80%	70%	74%	66%	65%	69%	47%	79%	69%	81%	72%		
Publishing titles, %	29%	23%	50%	20%	30%	26%	34%	35%	31%	53%	21%	31%	19%	28%		
Owned titles, SEK m	213	391	907	2,675	633	1,194	994	875	3,696	927	2,352	1,953	3,020	8,252		
Publishing titles, SEK m	89	116	897	653	270	428	501	480	1,680	1,048	609	878	705	3,240		
New releases sales by each quarter, %	-	-	-	-	38%	45%	33%	20%	-	42%	21%	17%	7%	19%		
Back-catalog, %	-	-	-	-	62%	55%	67%	80%	-	58%	79%	83%	93%	81%		
New releases sales by each quarter, SEK m	-	-	-	-	345	733	488	272	-	838	627	475	257	2,198		
Back-catalog, SEK m	-	-	-	-	559	889	1,007	1,083	-	1,137	2,333	2,356	3,468	9,295		
Physical sales, %	51%	50%	55%	32%	22%	26%	24%	21%	23%	11%	13%	7%	12%	11%		
Digital sales, %	49%	50%	45%	68%	78%	74%	76%	79%	77%	89%	87%	93%	88%	89%		
Physical sales, SEK m	154	253	988	1,070	195	419	352	289	1,255	225	375	200	465	1,266		
Digital sales, SEK m	148	251	815	2,258	709	1,203	1,143	1,066	4,121	1,750	2,585	2,631	3,260	10,227		
Depreciation and amortization																
Game development	-24	-62	-341	-631	-148	-191	-222	-200	-761	-202	-215	-221	-302	-940		
Other intangible assets (Film etc.)	-	-	-115	-144	-53	-55	-43	-65	-216	-54	-29	-32	-43	-158		
Operational Amortization	-24	-62	-455	-775	-201	-246	-265	-265	-977	-256	-244	-253	-345	-1,098		
Acquisition related amortizations	-13	-14	-99	-722	-189	-492	-521	-664	-1,867	-758	-1,796	-1,822	-2,126	-6,502		
Total intangible assets	-37	-76	-554	-1,497	-390	-738	-786	-929	-2,844	-1,014	-2,039	-2,075	-2,471	-7,599		
Investments in intangible assets																
External game developm. and advances, SEK m	98	212	528	732	193	209	172	150	724	166	301	323	329	1,119		
Internal capitalized development, SEK m	36	80	359	645	224	248	273	372	1,117	398	469	558	596	2,021		
Sub-total - Investments in game dev.	134	292	887	1,377	417	457	445	522	1,841	564	770	881	925	3,140		
Other intangible assets/IP-rights, SEK m	23	15	123	138	48	41	39	35	163	36	58	35	44	174		
Total	157	306	1,010	1,515	465	498	484	557	2,004	600	828	916	969	3,314		
Completed games																
Completed games, SEK m	-	176	383	644	165	253	311	156	885	117	298	281	377	1,074		
Other KPIs																
Total Game Dev projects	-	-	-	-	103	125	135	150	-	160	180	197	216	-		
Announced Game Dev projects	-	-	-	-	43	52	53	61	-	53	56	67	67	-		
Unannounced Game Dev projects	-	-	-	-	60	73	82	89	-	107	124	130	149	-		
Total internal game developers	-	-	-	-	1,359	2,076	2,551	3,673	-	4,036	5,107	6,141	6,473	-		
Total external game developers	-	-	-	-	1,006	1,109	1,042	963	-	1,079	1,280	1,329	1,351	-		
Total internal employees, non-development	-	-	-	-	744	790	851	1,094	-	1,210	1,499	1,594	1,700	-		
Total number headcount	-	-	-	-	3,109	3,975	4,445	5,730	-	6,325	7,886	9,064	9,524	-		
Number of studios																
Total number External Studios	-	-	-	-	58	55	56	57	-	66	67	69	66	-		
Total number Internal Studios	-	-	-	-	26	33	46	56	-	60	69	82	88	-		
Total number Studios	-	-	-	-	84	88	102	113	-	126	136	151	154	-		
Total number of IP	-	-	-	-	160	174	195	208	-	225	247	262	271	-		
M&A KPIs																
Acc. Additional operative groups	0	0	2	3	3	4	5	5	-	5	7	7	7	-		
Acc. Additional companies added	1	4	6	15	15	18	26	39	-	39	45	57	64	-		
Acc. Total	1	4	8	18	18	22	31	44	-	44	52	64	71	-		
Acc. Max cash consideration SEKm	0	82	1,598	3,422	3,422	5,487	6,736	9,476	-	9,476	18,619	22,952	23,706	-		
Acc. Max share consideration SEKm	0	10	649	1,010	1,010	4,248	6,215	7,471	-	7,471	20,595	22,142	22,206	-		
Acc. Max total consideration SEKm	0	92	2,247	4,432	4,432	9,735	12,950	16,948	-	16,948	39,214	45,095	45,911	-		

¹⁾ Number of shares for previous periods have been adjusted and recalculated with respect to the 3:1 split carried out on October 8, 2019, and the 2:1 split carried out on September 30, 2021.

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 catalog of over 250 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 88 internal game development studios and is engaging more than 9,500 employees and contracted employees in more than 40 countries.