



Annual Report & Sustainability Report



**EMBRACER⁺
GROUP**

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Embracer Group is a global Group of creative and entrepreneurial businesses in PC, console, mobile and board games and other related media. The Group has an extensive catalog of over 850 owned or controlled franchises. With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its ten operative groups: THQ Nordic, Koch Media, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee and Dark Horse. The Group has 118 internal game development studios and is engaging more than 12,750 co-workers in more than 40 countries.

FINANCIAL CALENDAR

Interim Report Q1, 2022	Aug. 18, 2022
Annual General Meeting	Sep. 21, 2022
Interim Report Q2, 2022	Nov. 17, 2022
Interim Report Q3, 2022	Feb. 16, 2023

All figures in this report are as per year-end 2021/22 unless otherwise stated.

WELCOME TO VÄRMLAND, SWEDEN

This is where Embracer Group's journey began and the region's biggest city, Karlstad, is still home to the parent company. Värmland is a beautiful province with rolling hills, deep forests and over 10,000 lakes. Värmland also has a unique storytelling tradition which remains vivid in all contemporary arts.

EMBRACER GROUP IN BRIEF



GROUP COMPANY HQ
MILWAUKIE, OREGON, US



gearbox[®]
entertainment
GROUP COMPANY HQ
FRISCO, TEXAS, US



SABER
GROUP COMPANY HQ
FORT LAUDERDALE, FLORIDA, US

GROUP KEY DATA

PRO FORMA NET SALES 2021/22

SEK 31 billion

TOTAL HEADCOUNT (includes employees and consultants)

12,760

INTERNAL STUDIOS

118

SALES DISTRIBUTION

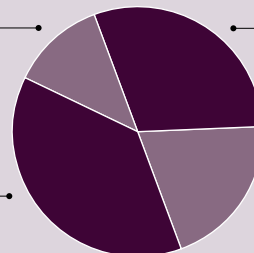
PRO FORMA TTM MARCH 31, 2022

Entertainment
& Services 12%

PC-/Console
Games 30%

Tabletop
Games 38%

Mobile
Games 20%



EMBRACER+ GROUP

GROUP HQ
KARLSTAD, SWEDEN



GROUP COMPANY HQ
STOCKHOLM, SWEDEN



GROUP COMPANY HQ
SKÖVDE, SWEDEN



GROUP COMPANY HQ
BERLIN, GERMANY



GROUP COMPANY HQ
VIENNA, AUSTRIA



GROUP COMPANY HQ
LIMASSOL, CYPRUS



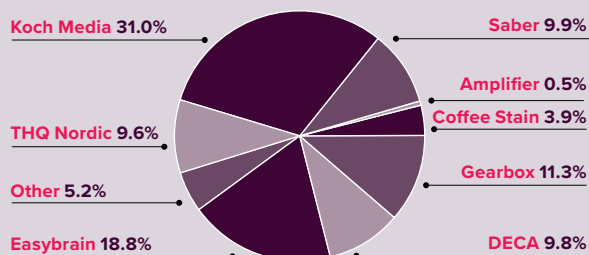
GROUP COMPANY HQ
MUNICH, GERMANY



GROUP COMPANY HQ
PARIS, FRANCE

SALES BY BUSINESS AREA

FULL YEAR 2021/2022



■ Countries with Embracer Group offices/studios

For information on all of Embracer Group's companies please refer to <https://embracer.com/about/locations/>.

HIGHLIGHTS OF THE YEAR

BROADENING EMBRACER GROUP'S ECOSYSTEM

Embracer Group has continued its ambitious merger and acquisition agenda in the financial year 2021/22 and has made both bolt-on acquisitions to strengthen existing operative groups, and transformative acquisitions, resulting in four new operative groups. Following the acquisitions of Asmodee and Dark Horse, Embracer enters a new strategic chapter on its journey, with development and publishing of board games and comics as well as trans-media potential. Embracer Group also continues to invest in organic growth initiatives and had 223 games, including over 25 AAA-titles, under development at the financial year-end 2021/2022.

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TRANSFORMATIVE AND BOLT-ON M&A

Embracer Group continued to successfully deliver on its ambitious acquisition agenda, including new game publishers, development studios, game IPs and other assets. These acquisitions strengthen Embracer's global presence and broaden the scope of Embracer's IP portfolio. Transformative acquisitions included Gearbox Entertainment, a AAA development and publishing studio, Easybrain, a leading mobile games developer, Asmodee, a leading board gaming group, and Dark Horse, a leading entertainment company with expertise in comics publishing and film & TV production. These transformative acquisitions add scale, diversification and transmedia opportunities to Embracer Group, growing the number of operative groups from six to ten. Notable bolt-on acquisitions made by operative groups included Perfect World Entertainment, a video game publisher and developer for PC and consoles, DIGIC, a leading animation studio, and CrazyLabs, a leading developer and publisher of casual and lifestyle mobile games, which significantly strengthened Embracer's presence in the mobile segment. In total, Embracer Group has completed 31 bolt-on acquisitions during the financial year to strengthen its IP portfolio, development and publishing capabilities.

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INVESTMENTS IN GAME DEVELOPMENT STRENGTHENS GROUP

A large and diversified IP portfolio is important in order to minimize operational risk for the Group. The dependency on any single title or IP is now less than five percent of group net sales. Notable sales performances of new releases during the year include *Biomutant*, *Hot Wheels Unleashed*, *Number Match*, *WWZ Aftermath*, *Tribes of Midgard*, *MotoGP21*, *Let's Sing 2022*, *ELEX II*, *Chorus* and *After the Fall*. All operative groups are well positioned for continued organic growth with a wide pipeline of new projects. The Group had 223 games under development at the financial year-end 2021/2022, including over 25 AAA-titles planned for release until March 2026. More than two thirds of ongoing development projects are new IPs or games based on IPs that will be revitalized. Bringing these projects to market will drive continued organic growth.

NET SALES

SEK **17,037** M

NET SALES,
BUSINESS AREA GAMES

SEK **13,935** M

“

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. LARS WINGEFORS

”

MOBILE GAMES KEY SOURCE OF GROWTH

Embracer Group continued to strengthen its position in mobile gaming during the year, and greatly due to the acquisitions of Easybrain and CrazyLabs sales increased to SEK 4,866 million (210). Easybrain and DECA Games had an average of 290 million MAU (Monthly Active Users) and 34 million DAU (Daily Active Users) during the financial year. During the year, CrazyLabs, which is now part of DECA Games, celebrated 5 billion accumulated installs since its inception. All of the Group's mobile businesses increased investments in user acquisition to drive further organic growth.

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SUSTAINABILITY

Our sustainability work continues to be guided by the Smarter Business Framework and its three pillars: Great People, Solid Work and Greener Planet. To further strengthen the Group's work in sustainability, Emma Ihre was recruited as the Head of Sustainability. Emma brings in senior experience in sustainability and has vast experience in finance and business development. During the year, we have continued to share experiences and knowledge within the group to create more value for our stakeholders. We therefore arranged sustainability sessions in all our operative groups to create a forum to share insights and knowledge on topics such as “Well-being”, “Accessibility” and “Women in the Gaming Industry”. Embracer Group is now also a signatory member of the UN Global Compact since December 2021.

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DIRECTED SHARE ISSUES ENABLE CONTINUED EXPANSION

Embracer Group successfully completed one directed share issue to institutional investors and raised total proceeds of approximately SEK 6 billion. The directed share issue funded the acquisition of Asmodee. At the end of the financial year, Embracer Group had approximately SEK 7.5 billion available in net cash and credit facilities. The Group's financial position enables it to deliver on its acquisition strategy by adding new game publishers, development studios or other assets to its existing operations. After the financial year-end, the company resolved to carry out a directed share issue raising proceeds of approximately SEK 10.3 billion. The shares will be issued to Savvy Gaming Group, which upon settlement will hold approximately 8.1 percent of the shares and 5.4 percent of the votes in Embracer Group.

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OPERATIONAL EBIT

SEK **4,416** M

GROSS PROFIT

SEK **12,334** M

COMMENTS FROM THE CO-FOUNDER AND CEO

A TRANSFORMATIVE YEAR

As we close the books, we can look back at another stable and eventful year for Embracer Group. The strategy to build a diverse and decentralized group that stands on many revenue streams took several important steps. Sales and profits grew significantly, and we welcomed many new companies to the Embracer family through strategic, transformative acquisitions of Easybrain, Gearbox, Asmodee and Dark Horse forming four new, operative groups within Embracer Group. I am also humbled and grateful to see how the Group has come together in a world strained by the war in Europe and the effects of the pandemic.

In the shadow of severe global challenges facing people, communities, and businesses, we managed to further accelerate our business development during the year. We invested heavily in our games pipeline to drive future organic growth. We made transformative acquisitions bringing scale, new revenue streams, new strategic opportunities and redefining the direction of our gaming ecosystem. We also continued on our sustainability journey to build lasting value for our various stakeholders and we further developed the Group's governance structures.

CONTINUING PROFITABLE GROWTH

The financial and operational development was strong. Net sales grew by 89% reaching a record-high of SEK 17,037 million. The operational EBIT increased by 54% to SEK 4,416 million corresponding to a margin of 26%. Our mobile business, established as late as in 2020, grew substantially by the acquisition and continued development of Easybrain. The combined mobile business was the leading organic growth driver for the Group in the year, outperforming our expectations. The Group's sales growth was also driven by a strong back catalog and multiple successful launches of high-quality games.

Looking ahead, we expect to achieve substantial organic growth in the financial year 2022/23 primarily driven by our premium games segment through multiple releases of games from our well-invested project pipeline. To put in perspective, we expect to release new content with at least three times higher accumulated investment value in the financial year 2022/23 compared to 2021/22. We plan for a continued solid growth from our mobile segment and expect our recently acquired the leading tabletop gaming company Asmodee to grow operational EBIT organically by at least 10%. Based on these conditions, we forecast operational EBIT of SEK 9.2-11.3 billion for the financial year 2022/23 and SEK 10.3-13.6 billion for 2023/24.

UPDATED STRATEGY AND TRANSFORMATIVE ACQUISITIONS

During the year, we made strategic acquisitions that grew the number of operative groups from six to ten: Gearbox, Easybrain, Asmodee and Dark Horse. With these additions, we now have one of the most diversified portfolios of intellectual property (IP) across the games industry,

with a pro forma net sales of SEK 31 billion by the end of the year. This has also brought successful businesses within transmedia opportunities to the Group.

The Board of Directors further developed the Group's strategy during the year, widening the scope of our operations to also include IP-driven transmedia, technologies and services complementing our well-established PC/console and mobile gaming business. This enables us to build an even stronger ecosystem with multiple business models and revenue streams. The means to achieve this can be either partnerships, joint ventures, investments or full acquisitions.

The strategic acquisitions of Asmodee and Dark Horse stand out in that they transform Embracer by diversifying the portfolio significantly and open up for new synergies and business opportunities. Asmodee is a global leader in development, publishing and distribution of tabletop games bringing scale, diversification and strategic opportunities to the Group. Dark Horse, with a strong and growing core business in North American comics publishing, adds attractive capabilities for future transmedia development. This includes established relationships with large film and TV producers in Hollywood as well as a vast library of comics IP's, some of which may potentially be developed into interactive experiences.

BUILDING BRICK BY BRICK

The decentralized Embracer model places the entrepreneur and creator in the centre and is all about empowering entrepreneurs and great people. I'm a firm believer in giving great people trust to make their own decisions. Becoming part of Embracer means taking the next step in a long entrepreneurial journey. The founders, managers and creators that we join forces with have bold ambitions for the future, and it is Embracer's role to unleash the full potential of each team and support them with the resources needed to succeed. We are setting stretched targets together with the entrepreneurs. The emphasis varies between organic growth and growth by acquisitions, based on the opportunities ahead and the scalability of the organization.

SOLID FINANCIAL POSITION

Acquiring successful companies in an attractive industry such as the games industry is an ambitious task in financial terms. We have the required financial muscles to support further M&A. At the end of the financial year, we had



approximately SEK 7.5 billion in available cash and credit facilities, and after the financial year-end we resolved to carry out a directed share issue of B-shares raising proceeds of an additional SEK 10.3 billion, welcoming Savvy Gaming Group as a major shareholder. In addition, several of the businesses acquired over the past year have a low capital intensity. With strong organic growth ahead, we also 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. Activity on the M&A market in gaming and entertainment has been very busy with activities ranging from smaller transactions to major deals from well-known and respected industry players. This is a testimony that gaming is a very attractive form of entertainment.

At Embracer, we noted a growing number of inbound calls to us from a variety of players. However, we were selective and so we remain. The companies we welcome to our family need to have a good strategic fit, long-term mindset, bold ambitions, and share our values. 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.

PULLING TOGETHER IN GLOBAL CHALLENGES

The global pandemic withheld its grip during much of the year, still impacting individuals, societies and business realities such as supply-chains. Towards the end of the financial year, the war in Ukraine broke out, effectively

forcing us to deal with a new kind of crisis. When it started, we were engaging approximately 250 people in Ukraine, 1,000 in Russia, and 250 in Belarus. We worked to support the relocation and safety of our employees and family members who chose to leave. I am proud of the unprecedented actions taken across our Group to aid those affected by the crisis. All our employees are important to us and part of our family. The business impact of the crisis has been insignificant and we have largely remained operational in the region without material operational interruptions.

For Embracer Group, our common foundation is our code of conduct, which aims to support inclusion, diversity, and gender equality among other things. Furthermore, we trust that each company in our Group listens, discusses and acts in line with the code of conduct. The concept of sustainability and ESG was never more important than it is today. In good times and in bad, I take comfort in knowing that we are united in our commitment to each other, and our stakeholders. I am humbled by the support expressed by our employees, gamers, customers, long-term shareholders, industry peers and business partners, and for contributing to the prosperity and success of our growing ecosystem.

July 2022, Karlstad, Värmland, Sweden

Lars Wingefors
Co-founder and Group CEO



MARKET OVERVIEW

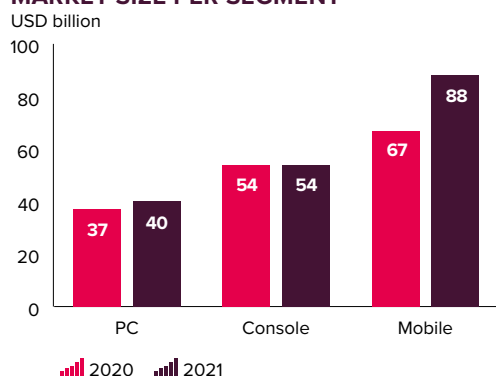
GLOBAL ENTERTAINMENT MARKET

Embracer Group AB is the parent company of businesses in the gaming and entertainment industry. The businesses develop and publish PC, console, mobile, VR and board games, as well as publish film and comics for the global market. The majority of the group's end customers are located in North America and Europe.

A GROWING MARKET

The global video games market has grown rapidly during the past three decades and is now larger than the movie (home and theatrical) and music industries combined¹⁾. Interest in gaming has never been higher, and this can be seen in several ways. The digital platform Steam, continued to increase its number of concurrent users to approximately 29 million in 2021, compared to 25 million in the previous year. Nintendo Switch hardware continued its steady increase of annual playing users, now amounting to 102 million in 2021, compared to 87 million in the previous year. The global games market, which includes games for PC, console, mobile and VR, generated USD 193 billion in consumer spending in 2021²⁾. Contrary to expectations, consumer spending actually grew by +8% YoY compared to the previous record pandemic-induced spending in 2020. This is testament to a resilient market and the fact that games continue to generate massive interest from consumers, even after the pandemic.

MARKET SIZE PER SEGMENT



MORE PLAYERS THAN EVER BEFORE

There were 2.96 billion gamers worldwide in 2021, corresponding to 38% of the total population, and this represented a growth of +5% YoY²⁾. This growth is mainly explained by new

and re-engaging players coming into gaming as a result of more time at home due to Covid-19. Evidence suggests that these new gamers are still very much engaged. In 2024, the global number of players is expected to reach 3.32 billion.

REGIONAL DEVELOPMENT

Asia-Pacific is the fastest growing market and the biggest region when measuring both number of players and market value. Even though North America has the least number of players, it is the second largest market in value due to high spending by PC and console players. 'Developing markets' have many gamers that mainly play mobile games but these markets have lower spend and less engagement per player.

Region	2021 ¹⁾	
	Million players	Market size
Asia-Pacific	1,616	\$93 Bn
Middle East & Africa	434	\$6 Bn
Europe	409	\$34 Bn
Latin America	289	\$8 Bn
North America	212	\$51 Bn
Total	2,960	\$193 Bn

GAMER SEGMENTATION³⁾

As the games market has grown, the types of players have become more diverse in terms of their own personal preferences and demographics.

The gaming community ranges from deeply engaged players, that identify themselves as gamers and see games as their favourite pastime or profession, to more casual players that do not see games as a major part of their life but play as a social aspect or as a time filler. To understand the motivations and behaviour of different types of player, Newzoo's segmentation of player personas is a good reference point.

¹⁾ According to market statistics from NPD Group.

²⁾ Newzoo.

³⁾ Newzoo's Gamer Segmentation.

Ultimate Gamers

10% OF GAMING COMMUNITY (34% FEMALE)

Live and breathe all things games across all facets of the market: playing, owning, socializing, and viewing.

All-Round Enthusiasts

8% OF GAMING COMMUNITY (33% FEMALE)

Enthusiastic about all aspects about gaming, but less so than Ultimate Gamers.

Bargain Buyers

20% OF GAMING COMMUNITY (46% FEMALE)

Enjoy playing high-quality games, but preferably free-to-play or at a discount. They only buy hardware when necessary.

Community Gamers

10% OF GAMING COMMUNITY (38% FEMALE)

Never shy away from a community discussion and enjoy game-related podcast, forums, news, and videos (as well as playing!).

Hardware Enthusiasts

10% OF GAMING COMMUNITY (40% FEMALE)

Always looking for an optimized gaming experience. They also avidly follow the latest hardware trends and news.

Popcorn Gamers

14% OF GAMING COMMUNITY (44% FEMALE)

Enjoy watching others play games despite only playing a little themselves.

Backseat Viewers

5% OF GAMING COMMUNITY (46% FEMALE)

Used to game a lot but prefer reigniting their passion by viewing games content.

Time Fillers

25% OF GAMING COMMUNITY (60% FEMALE)

Play games more casually – typically on mobile – when they have spare time or at social events.

Lapsed Gamers

Used to play games a lot but have since moved on to other interests or priorities.

VIRTUAL REALITY IS MATURING

The Virtual Reality (VR) market is growing rapidly, driven by exclusive games and lighter headsets with lower price points and easier set-up (e.g. no PC, console or cables required). Oculus Quest 2 is the device with most momentum and in 2021 their cumulative global shipments reached an estimated 10-13 million units. The outlook for VR is optimistic as a growing games library drives interest, and manufacturers such as Sony continue to invest (the launch Sony's VR2 for PS5 is expected shortly). VR games revenue reached USD 1.5 billion in 2021 and it is expected to over double and generate USD 3.3 billion in 2024¹⁾.

Vertigo Games, a company in the Koch Media operative group, has during the year strengthened its capacity to develop AAA games for VR to meet this growing market demand.

¹⁾ Newzoo

The Last Oricru

METaverse

A Metaverse, the new buzz word in tech, is a 3D virtual world focused on social connection. Many observers predict that these worlds could become the centre of entertainment in the future. Gaming and the Metaverse are naturally already intertwined, and gaming is certainly a key part of this potential future for the following reasons:

- > The components of a Metaverse have already been developed within modern internet-enabled video games.
- > The hardware needed to access the future Metaverse, is already available to gamers, be it via PCs, consoles, smartphones or VR headsets.

A future Metaverse will mostly be about non-gaming social connections, but game publishers are already driving new experiences through virtual concerts, virtual fashion shows, media/product partnerships etc.

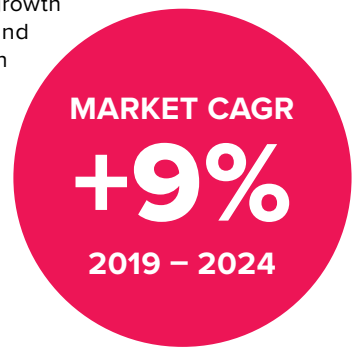
TRANSMEDIA

IPs expanding their universe across various media is nothing new, but there is now a clear trend to use game-IPs as the foundation for broadening into other media. Audiences have recently seen a number of high-quality, commercially successful TV and film adaptations such as Netflix's The Witcher and Arcane (based around League of Legends), Paramount's Halo TV series with Steven Spielberg as creative partner, and the

theatrical blockbusters Uncharted and Sonic 2. Many other adaptations are still to come such as the Super Mario movie. In terms of IPs owned by Embracer Group, audiences can look forward to the forthcoming film 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 shows that there is potential to monetise a strong gaming IP on multiple media. Embracer Group are well placed to benefit from this development with its many high profile IPs and thanks to the addition of Dark Horse Comics and their IP-rich catalog.

LOOKING AHEAD

Newzoo, a data provider for games and esports, predicts that the games market will continue to grow with a CAGR (average annual growth rate) of +9% between 2019-2024 and reach a market size of USD 223 billion in 2024, passing the coveted USD 200 billion threshold this year. 2022 is predicted to be yet another strong year, with previously out of stock next-generation consoles expected to be in better supply, and many big AAA-titles finally being launched after pandemic-induced delays.



A CLEAR TREND IS TO USE GAME IPs AS THE FOUNDATION FOR BROADENING INTO OTHER MEDIA.

GROUP STRATEGY

EMPOWERING GREAT PEOPLE, GREAT COMPANIES, AND GREAT IDEAS

Embracer Group is a group of independent gaming and entertainment businesses. Its more than 12,750 passionate professionals deliver entertainment to gamers and value to customers around the globe supported by one of the industry's largest and most exciting portfolios of intellectual property. Embracer Group has a decentralized operating model where great entrepreneurs run operations through independent operative groups – each with their own distinctive heritage, branding, business strategy, and other characteristics, but sharing the same long-term and high ambitions and a common entrepreneurial culture. Together these operative groups form a unique and rapidly growing ecosystem and they have strong market positions in PC, console and VR-, mobile- and tabletop games as well as partner publishing and niche positions in film and comic book publishing.

STRATEGIC PHILOSOPHY

Embracer Group has come a long way on its journey to be a substantial, lasting, and sustainable enterprise. The strategic philosophy has been developed and refined over time and serves as a guide for future profitable growth. Great people are trusted and empowered to pursue great ideas and reach their full potential with their unique culture and strategy.



OUR DECENTRALIZED OPERATING MODEL EMPOWERS PEOPLE, FOSTERS AUTONOMY, SPEED AND CREATES SUSTAINABLE ORGANIC SYNERGIES ACROSS THE GROUP'S ECOSYSTEM. EMBRACER'S ROLE IS TO UNLEASH THE FULL POTENTIAL OF EACH TEAM AND SUPPORT THEM WITH THE RESOURCES NEEDED TO SUCCEED. LARS WINGEFORS

Long-term mindset

The company history dates to the early 1990's when the CEO and co-founder Lars Wingefors started a used comics business at age 13. More than thirty years on, the emphasis on curiosity, taking initiative and entrepreneurship is still reflected in the Embracer culture. Founders and entrepreneurs joining Embracer Group want to stay with the company, feel at home and prosper through the freedom to develop even greater businesses. The model works as evidenced by the fact that 106 out of the 108 entrepreneurs who have joined through inorganic growth since 2016, when Embracer Group was listed, are still with the company today.

Culture of freedom and diversity

At Embracer Group, it doesn't matter who you are, where you come from or what you look like. The Group advocates a belief that diversity, different perspectives, and skillsets lead to a better environment for all, and to better results for the business. Operating in more than 40 countries across the globe, representing 69 nationalities, Embracer is a truly international company. The diversity in experiences, skillsets, and perspectives is beneficial. Local company cultures are endorsed and supported by the decentralized operating model. Leading entrepreneurs, creators, and other management are encouraged and expected to make their own decisions.

Quality comes first

Embracer Group has one of the largest and most diversified portfolios of IP's and game franchises in the industry. This is a key strength and enables the operative groups to make the right long-term decisions. The right decision is always to put the product quality first, even in cases where short-term gains seem tempting. Therefore, decisions to postpone, or even cancel releases are not seen as failures but as evidence of an active quality control.

SCALE AND A DIVERSIFICATION

Embracer Group comprises an ecosystem for studios, publishers and other gaming companies. The collaborations, financial empowerment and business opportunities presented to companies are unique and provide a strong incentive to join. This is how the Group has grown from 370 to more than 12,750 people since 2016 and the growth continues.

THE EMBRACER ECOSYSTEM

GROUP LEVEL ■

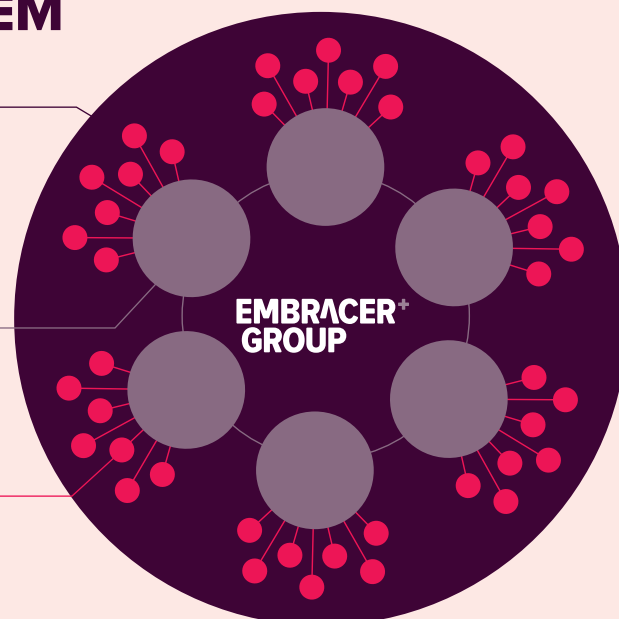
The Embracer Group head office hosts control and support functions, provides access to capital, shared knowledge, soft synergies and a solid governance framework. The organization is lean as the operative groups are commercially responsible, which includes a considerable part of financial control, governance, compliance, human resources and communication.

OPERATIVE GROUPS ■

The operative groups serve as primary ecosystem building blocks. They have full financial and operational responsibility and run the businesses independently from each other and the Group, based on Embracer Group's values and governance model.

COMPANIES AND STUDIOS ■

Embracer Group adapts a multi-brand strategy where game and entertainment consumers meet Embracer through any of the numerous brands, each with its unique way, style, and spirit.



Scale enables taking on risk

Any approved individual game development project has a considerable business opportunity, but there is also a key risk element. Therefore, diversification really matters. Embracer Group can encourage individual game development studios to put quality first and create games that stand out – as the depth of the diversified games pipeline lowers the aggregated project risk at Group level. There are currently more than 200 games under development across genres and targeting different audiences.

The company has grown from 1 to 10 operative groups since 2016 and there was no single gaming title which generated more than five percent of group revenues in the financial year 2021/22. With limited dependency upon single titles, enhanced creativity in product development is enabled. Creators are encouraged to be brave and bold in their mindset when developing games.

Diversification enables transmedia development

The convergence of media, platforms and technologies, offers increasing opportunities for creating transmedia IP's. In addition to traditional licensing, in-house creators are provided with collaboration arenas, thereby enabling the original creators to contribute to the development. Such cross fertilization is actively encouraged as it increases the likelihood of transmedia success across segments.

Through the acquisition of DECA in 2020, Embracer entered the mobile gaming segment and through the acquisitions of Easybrain and CrazyLabs in the year, Embracer expanded further in the segment. The portfolio was further broadened by Asmodee and Dark Horse, providing presence in

the board games and comics markets, respectively. These, and all other acquisitions carried out during the year, represented transformative steps, and solidified the company's position as the leading independent gaming Group.

The aim is to be a business partner in the gaming and entertainment industry, and work together with leading companies, brands, and platforms.

BUSINESS MODEL

Operating model

Embracer Group employs a decentralized operating model. This is considered key to empowering talented developers and entrepreneurs across the Group. The model gives commercial autonomy to operative group CEOs, founders, and studio heads to run business operations in the way they see fit, while following Embracer Group's framework for reporting, control, Code of Conduct and governance. The approach fosters creativity, speed and relevance as decisions are taken closer to the relevant markets and communities.

While employing a decentralized operating model, the company seeks to realize synergies where possible and deemed appropriate, for instance IP or talent sharing between operating groups. The spread of best practice across the group as well as collaboration is encouraged.

Financial model

A strong balance sheet is emphasized which reduces the financial risk and maximises strategic flexibility. Operating cash flow is reinvested in organic growth activities to as large extent as possible, and retained cash is used to finance bolt on acquisitions. To align interests with founders, management and key shareholders in acquired



companies, Embracer Group often issue equity and put in place long term earnouts as part of the consideration.

MARKET SEGMENTS

Embracer Group extended the addressable market segments during the year and the operative Groups met gamers and customers on several new platforms.

PC Console VR	<ul style="list-style-type: none"> • AAA • AA / A / Indie • MMO (Massively Multiplayer Online) • Retro / Asset Care • Work-for-hire / Services • 3rd Party Distribution
Mobile	<ul style="list-style-type: none"> • Free-to-play - ad centric • Free-to-play - in-app purchase centric • Pay-to-play
Tabletop	<ul style="list-style-type: none"> • Board games • Card games • 3rd Party Distribution
Other	<ul style="list-style-type: none"> • Comics • Film • E-commerce

More people played games than ever before in 2021, totaling 3 billion players globally according to market research for Newzoo. The interest in gaming reached new heights, as demonstrated by the number of TV and film content based on gaming origins.

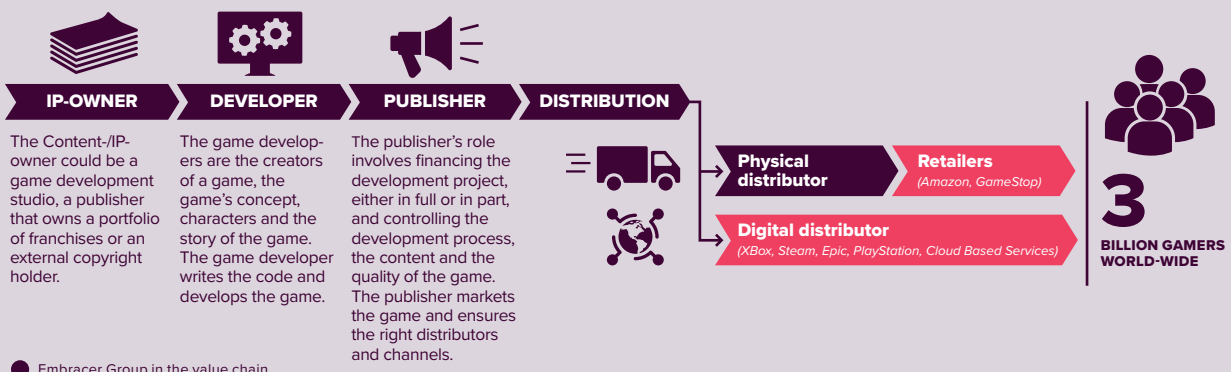
MARKET VALUE CHAIN

Embracer Group retains a strong position in all major value creating areas of the gaming market value chain. The Group hosts an intellectual property portfolio consisting of more than 850 game titles, 118 internal development studios world-wide and a global capacity for online and physical retail publishing.

DRIVING PROFITABLE GROWTH

Embracer Group aims to achieve a predictable long-term growth in revenues, earnings, and cash-flow. Operating cash-flow is to a large extent reinvested into game development and other organic growth initiatives with an attractive expected return on investment. Acquisitions of companies provide incremental organic growth opportunities.

MARKET VALUE CHAIN





Organic growth

Organic growth is driven by the release of new games, additional content and revitalized IPs, and increased investments in user acquisition activities and marketing. A quality first approach implies that games are released when the return on investment (ROI) potential is maximized. Increased investments in user acquisition activities are justified when demands on return of ad spend are met.

The Group has more than 200 ongoing premium game development projects, of which 60% are based on new IP's or revitalized franchises. The remaining 40% of investments relate to existing franchises and active trademarks. Licensed IP's will also be an important source of organic growth. Publishing will contribute to organic growth through new publishing deals with external developers and by internalizing publishing for internally developed games. For mobile games, investments in user acquisition activities are particularly important for driving organic growth.

For board games, increased brand recognition and shelf space for existing franchises are key growth drivers.

Inorganic growth

Embracer Group strives to be the first choice for companies looking to be part of a larger group. A strong cultural fit is a pre-requisite for any merger or acquisition. After closing, the approach is to empower acquired companies in order to enable accelerated organic growth. Bolt-on acquisitions are made to strengthen the existing operating groups through adding talent and IP's.

Embracer Group is continuously evaluating larger, transformative merger and acquisition opportunities, which would improve the ecosystem and could result in a new operating groups.

Growing earnings and cash-flow

Increasing sales needs to be accompanied by growing profits and cash-flow as well as an adequate return on invested capital. Organic and inorganic growth are primarily aimed at growing absolute profit and cash-flow over time. Expanding the profit margin is secondary. Embracer Group's increasingly diversified portfolio across markets, segments, genres, titles, and across the operating Groups, brings the benefit of a more resilient earnings profile.

No forced synergies

Synergies between operative groups, championed and approved by the operative CEO's, are encouraged, not forced. Centrally mandated extensive integration between operating groups to extract potential cost saving benefits are refrained from, as it violates the decentralized operating model and comes at a likely high alternative cost in terms of lower organic growth. The ambition is rather that the company culture fosters the extraction of win-win synergies between the operating groups, regardless of it being revenue synergies or cost synergies. Operating in fast-growing, creative industries, the primary focus is to pursue growth in profit and cash-flow by enhancing long-term organic growth.



GAMES AND ENTERTAINMENT PORTFOLIO, AND BUSINESS AREAS

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GAMES AND ENTERTAINMENT PORTFOLIO

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BUSINESS AREA PARTNER PUBLISHING/FILM: KOCH MEDIA / KOCH FILMS / GAME OUTLET EUROPE / QUANTIC LAB / GRIMFROST

GAMES AND ENTERTAINMENT PORTFOLIO

BROADENED SCOPE FOR THE PORTFOLIO

Embracer Group has one of the industry's most exciting pipelines of upcoming games, engaging over 8,586 game developers across the world. The Group had 223 games under development at the financial year-end 2021/2022, including over 25 AAA-titles planned for release until March 2026. During the financial year, Embracer Group has broadened its portfolio scope to also include IPs within board games and comics.

In the financial year 2021-2022, the Group released premium games with a record high value. The accumulated development spending for games that were completed during the year amounted to SEK 1,219 million and this shows how significant investments in the development pipeline continues to drive growth. A significant portion of new product releases were owned IPs.

INVESTMENTS IN BOTH NEW AND EXISTING IPs

The Group continues to increase its investments in game development which amounted to SEK 3,527 million during the financial year. A well invested project pipeline lays the foundation for accelerating future growth and reducing operational risk. Growth will be underpinned by recent and upcoming new game releases such as *SpongeBob SquarePants: Cosmic Shake*, *Destroy All Humans! 2 Reprobed*, *MX vs ATV Legends*, *Elex II*, *MotoGP 22*, *Saints Row*, *Dolmen*, *Crossfire: Legion*, *Redout II*, *Tiny Tina's Wonderlands*, *Evil Dead: The Game*, *Frozen Honey* and *Number Match*.

BACK CATALOG CONTINUES STRONG PERFORMANCE

Back catalog sales have been stable throughout the year and continue to be an important complement to sales of new games. Back catalog sales have been supported by strong demand for beloved franchises such as *Deep Rock Galactic*, *Valheim*, *BlockuDoku*, *Sudoku.com*, *Insurgency: Sandstorm*, *Let's Sing*, *Metro Exodus*, *MotoGP 21*, *Saints Row: The Third*, *Satisfactory*,

SnowRunner, *Godfall*, *SpongeBob SquarePants: Battle for Bikini Bottom - Rehydrated*, *Hot Wheels Unleashed*, *World War Z*, *Borderlands 3*, *Wreckfest*, *Risk of Rain 2*, *Tribes of Midgard*, *Party In My Dorm*, *Super Stylist* and *Solitaire*.

USER ACQUISITION SPENDING KEY TO MOBILE SUCCESS

During the year, Embracer Group has grown significantly within the mobile segment. Since both the size and method of User Acquisition spending are key to a mobile game's success, DECA Games and Easybrain have both increased UA spending and refined marketing strategies during the year. Marketing costs are expensed as occurred and never capitalized, although benefits are expected to be realized over time.

BOARD GAMES AND BROADENED IP PORTFOLIO CREATE NEW OPPORTUNITIES

The addition of Asmodee broadens Embracer's market presence to include physical board games, trading cards, and digital board games. Asmodee has more than 300 IPs and a portfolio of more than 970 games. Asmodee forms the ninth operative group in Embracer Group. The acquisition of Dark Horse, with a strong and growing core business in North American comics publishing, adds capabilities to execute a transmedia strategy and possibilities. This includes established relationships with large film & TV producers in Hollywood as well as a vast library of comics IP's. Dark Horse forms the tenth operative group in Embracer Group.

PROJECT PIPELINE

223

PROJECTS UNDER DEVELOPMENT

COMPLETED, SEK

1,219_M

GAME DEVELOPMENT INVESTMENTS

INVESTED, SEK

3,527_M

IN GAME DEVELOPMENT





**SPONGEBOB
SQUAREPANTS
COSMIC SHAKE**

*OPENING PORTALS
INTO WILD
WISHWORLDS!*

BUSINESS AREA GAMES

THQ NORDIC

THQ Nordic, based in Vienna, Austria, with subsidiaries in Europe, South East Asia, Japan and the US, is a global video game publisher and developer. THQ Nordic represents a core approach of doing much more than owning a highly competitive portfolio of IPs. It cherishes them with the very best development resources to expand the level of experience that communities and fans expect and deserve.



THQ NORDIC	SHARE OF THE GROUP NET SALES 10%	INTERNAL HEADCOUNT 988	INTERNAL STUDIOS 21
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THE YEAR IN BRIEF – THQ NORDIC

Business Area Games – THQ Nordic’s net sales amounted to SEK 1,723.3 million (1,789.1), and included SEK 80.1 million net sales from Amplifier Game Invest.

Important sales contributions were made by the releases of *Biomutant*. *Biomutant*, developed by the internal studio Experiment 101, has sold over 1 million units, only considering digital, since the release in May 2021. Also back catalog titles contributed positively to sales including evergreen titles such as *SpongeBob SquarePants: Battle for Bikini Bottom Re-Hydrated* and *Wreckfest*. Despite these sales contributions, total sales decreased somewhat compared to last year due to fewer launches.

THQ Nordic celebrated its 10th anniversary in September by hosting its first ever digital games showcase. At the event, THQ Nordic announced that it currently has 42 games in development, of which 28 are yet to be announced.

During the year, THQ Nordic made a number of acquisitions including Belgium-based Appeal Studios, the German-based studios KAIKO, metricminds and Massive Miniteam. In addition, THQ Nordic announced the foundation of Gate 21 in Bosnia and Herzegovina, which will enable THQ Nordic to develop world-class 3D characters using the most advanced character and facial rigs in development projects.

THQ Nordic is well prepared for the busy release slate for the coming years. During next financial year the much-anticipated sequels *SpongeBob SquarePants: Cosmic Shake*, *Destroy All Humans! 2 Reprobated* and *MX vs ATV Legends* are slated for release.

REVENUE DRIVERS 2021/2022



STUDIOS



PUBLISHERS



SAINTS ROW

THE BIGGEST AND
BEST SAINTS ROW
PLAYGROUND
EVER CREATED!



BUSINESS AREA GAMES

KOCH MEDIA PUBLISHING

Koch Media Publishing runs a multi-label strategy with fully owned studios and publishers of PC, console and VR games across all physical and digital channels. Additionally, Koch Media collaborates with numerous independent development studios around the world. The core strategy is to publish IPs ranging from quality indie-hits to AAA blockbusters across all labels.



Klemens Kundratitz
CEO

KOCH MEDIA

SHARE OF THE
GROUP NET SALES

15%

INTERNAL
HEADCOUNT

2,274

Incl. total Koch Media Group

INTERNAL
STUDIOS

13

THE YEAR IN BRIEF – KOCH MEDIA PUBLISHING

Net sales for Business Area Games – Koch Media Publishing increased by 17% to SEK 543,3 million (464,9).

The main revenue drivers for the year was the release of *Hot Wheels Unleashed* and *MotoGP21*. The release is a notable achievement by the 25th year celebrating-Milestone that has become the largest premium game developer in Italy over the years, today comprising over 250 employees. Strong back catalog sales were driven by the evergreen title *Metro Exodus* and *Saints Row The Third: Remastered*.

The VR developer and publisher Vertigo Games has been in the spotlight during the year. The company was selected Best Studio 2021 at the Dutch Game Awards and Vertigo has also announced a partnership deal to bring five titles to VR over the coming years.

The recent release *Chorus*, a new IP that has been

developed by Deep Silver's studio Fishlabs, was awarded the best German game of the year.

During the year, Koch Media announced its new premium gaming label Prime Matter dedicated to delivering brilliant immersive games from studios all across the world.

During the year Koch Media Publishing acquired Germany-based Spotfilm Network, the leading Advertising-based Video on Demand (AVOD) channel network in Germany. Koch Media also acquired DigixArt, a France-based a development studio and the creator of multiple narrative games. Finally, Koch Media's subsidiary Vertigo Games acquired Force Field, a Dutch-based leading VR development studio with a portfolio of multiple award-winning VR titles.

Looking ahead, notable releases during the coming financial year include the long-awaited new *Saints Row* as well as *Scars Above* and *Superbike 2022*.

REVENUE DRIVERS 2021/2022



STUDIOS



PUBLISHERS



SATISFACTORY
FIRST-PERSON
OPEN-WORLD FACTORY
BUILDING GAME!



BUSINESS AREA GAMES

COFFEE STAIN

Coffee Stain is an indie game developer and publisher of PC, console and mobile games. Particular strengths in creating new products include its focus on digital sales, retention, cross platform and multiplayer. The Coffee Stain Group has been part of Embracer Group since November 2018, and holds seven fully owned internal studios.



SHARE OF THE GROUP NET SALES

4%

INTERNAL HEADCOUNT

123

INTERNAL STUDIOS

7

THE YEAR IN BRIEF – COFFEE STAIN

Net sales for the business area Games – Coffee Stain amounted to SEK 657.2 million (1,182.5).

The decrease is explained by the difficult comparison due to the overwhelming success of the *Valheim* release the previous year. *Valheim* has been sold in more than 10 million copies. During the year, *Valheim* was awarded Game of the Year 2021 by PC Gamer. The back catalog titles *Deep Rock Galactic*, *Valheim*, *Satisfactory* and *Goat Simulator* continued to contribute to sales. During the year, *Deep Rock Galactic* exceeded 10 million accumulated downloads and was awarded the Best Live Game by the Danish Spilprisen 2022.

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

Coffee Stain acquired the game development studios Easy Trigger and Ghost Ship Games during the year. Easy Trigger is based in Sweden, was founded in 2016 and has developed the critically acclaimed title *HuntDown*. The studio consists of five employees that have previously collaborated with Coffee Stain and will continue to focus on new original indie titles. Ghost Ship Games is a Danish development studio founded by six industry veterans in 2016, with headquarters located in Copenhagen. The studio engages 26 employees that have previously also collaborated with Coffee Stain on development projects. Ghost Ship Games later invested in a minority stake in the Danish start-up Ugly Duckling Games, an Aarhus-based game developer and in a minority stake in the Danish studio Half Past Yellow.

REVENUE DRIVERS 2021/2022



STUDIOS



PUBLISHER



ASSOCIATED STUDIO





LIGHTYEAR FRONTIER
OPEN-WORLD FARMING
EXPLORATION GAME!

BUSINESS AREA GAMES

AMPLIFIER GAME INVEST

Amplifier Game Invest, acquired in August 2019, is becoming an important vehicle for our investments in new IP-development and teams. The business is based on a partnership model designed to attract top talents through incentives and commercial support from the Group, while leaving them full creative integrity.



Per-Arne Lundberg
CEO



INTERNAL
HEADCOUNT

303

INTERNAL
STUDIOS

16

THE YEAR IN BRIEF – AMPLIFIER GAME INVEST

Amplifier Game Invest is consolidated in business area Games - THQ Nordic.

Sales were driven by catalog sales of *Little Nightmares 1* and *Little Nightmares 2*. 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. The operative group now consists of 19 wholly or partly owned studios. During the year, Amplifier opened its new headquarters in Stockholm.

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

During the year, Amplifier acquired or started 6 studios.

- > **FRAME BREAK** (Sweden) are in full production on *Light-year Frontier*, a peaceful open-world farming adventure game with crafting, resource management and base building.
- > **Zapper Games** (US) currently developing an open world action adventure game.
- > **Goose Byte Studios** (Canada), currently developing an open-world survival craft focused on exploration, discovery, and creation.
- > **Green Tile Digital** (Sweden), build games that forge a creative and inclusive safe-haven where players can express and feel safe to be themselves.
- > **Invisible Walls** (Denmark), add expertise on the social strategy game genre to the group.
- > **A Creative Endeavor** (Sweden), develop Hyper and Idle Casual games for mobile, Amplifier's first wholly owned mobile game studio.

REVENUE DRIVERS 2021/2022



STUDIOS



ASSOCIATED STUDIOS





**EVIL DEAD:
THE GAME**
THE ULTIMATE
MULTIPLAYER
EXPERIENCE...
AND IT'S GROOVY!

BUSINESS AREA GAMES

SABER INTERACTIVE

Saber Interactive, founded in 2001, is an independent developer and publisher of high-quality video games for PC, consoles and mobile platforms. Saber is renowned for its strong technology knowledge and cost-efficient development. Saber also offers a unique platform for development throughout Eastern Europe. Saber Interactive became part of Embracer Group in April 2020.



Matthew Karch
CEO



SHARE OF THE
GROUP NET SALES

10%

INTERNAL
HEADCOUNT

2,671

INTERNAL
STUDIOS

24

THE YEAR IN BRIEF – SABER INTERACTIVE

Net sales for the business area Games – Saber Interactive increased by 43% to SEK 1,692.3 million (1,185.9).

The number of employees increased by 73% to 2,671 (1,543).

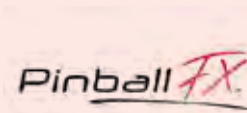
Solid performance by the new releases *World War Z: Aftermath* and *Insurgency Sandstorm* made significant contributions to the strong sales development. Back catalog sales were driven primarily by the titles *Snowrunner* and the original *World War Z*. Furthermore, the work-for-hire business continues to be an important source of sales for Saber.

Currently, the Saber studios combined are working on eight AAA projects and numerous smaller sized development projects with both internal and external publishers. In total, Saber Interactive has over 40 games under development.

Saber recently opened a new corporate headquarter in Ft. Lauderdale, Florida, to accommodate legal, finance, management, sales and some development.

During the period, Saber announced and closed the acquisition of US-based studio Shiver Entertainment and of Hungary-based DIGIC Pictures. These companies complement and extend Saber's existing work-for-hire business with new capabilities and partners. Saber also completed the acquisitions of Slippgate, 3D Realms, Fractured Byte, SPL (Smartphone Labs), Bytex and Demiurge.

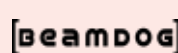
REVENUE/DRIVERS 2021/2022



STUDIOS



Acquired after
the period



Acquired after
the period

STUDIOS & PUBLISHERS





**REALM OF
THE MAD GOD**
8-BIT RETRO STYLE
EVOLUTION OF
TRADITIONAL MMO
GAMEPLAY!

BUSINESS AREA GAMES

DECA GAMES

DECA Games is an ecosystem of mobile publishers and developers with an expertise in live operations of Free-to-Play games. DECA started as an asset care business acquiring other developers' games and IPs and has since joining Embracer Group, in August 2020, also added development studios and publishers. It's business is highly complementary to Embracer Group's existing and fast-growing business within PC/console game development and publishing.



SHARE OF THE GROUP NET SALES

10%

INTERNAL HEADCOUNT

814

INTERNAL STUDIOS

10

THE YEAR IN BRIEF – DECA GAMES

Net sales for the business area Games – DECA Games increased by 697% to SEK 1,670.6 million (209.7).

The main explanation to the sales growth is the consolidation of CrazyLabs. Established live operated games made solid contributions, with strong performances from *DragonVale*, *Party In My Dorm*, *Realm of the Mad God*, *Kingdom of Heckfire* and *Super Stylist*. During the year, CrazyLabs published two new successful hyper casual titles – *Frozen Honey* and *DIY Keyboard*. Investments in user acquisition and technology has strengthened the performance of the hyper-casual back catalog.

DECA Games made a number of sizeable acquisitions during the year. The acquisition of the Israel-based publisher and developer CrazyLabs, closed in September. CrazyLabs is a publisher and developer of hit mobile games and long-lasting casual and lifestyle role playing games. Additionally, CrazyLabs is one of the top hyper-casual publishers. During the year, DECA Games also acquired China-based Jufeng Studio from Gaea and two mobile titles, *Hero Hunters* and *Killshot Bravo*, from Canada-based Hothead Games. The acquisition of Jufeng Studio gives access to a talent base in China and a platform for growth in the Asia Pacific Region.

REVENUE/DRIVERS 2021/2022



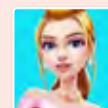
DRAGONVALE



PARTY IN MY DORM



REALM OF THE MAD GOD



SUPER STYLIST

STUDIOS & PUBLISHERS





TINY TINA'S WONDERLANDS
AN EPIC ADVENTURE FULL
OF WHIMSY, WONDER, AND
HIGH-POWERED WEAPONRY!

BUSINESS AREA GAMES

GEARBOX ENTERTAINMENT

The acquisition of Gearbox Entertainment closed in April 2021 and Gearbox thereby formed Embracer Group's seventh operative group. It has a mission to entertain the world and has highly creative AAA development studios, North American publishing capabilities, and a robust IP portfolio, including critically acclaimed and commercially successful franchises like *Borderlands*, *Brothers in Arms* and *Homeworld*.



SHARE OF THE GROUP NET SALES

11%

INTERNAL HEADCOUNT

961

INTERNAL STUDIOS

4

THE YEAR IN BRIEF – GEARBOX ENTERTAINMENT

Net sales for the business area Games – Gearbox Entertainment Company amounted to SEK 1,932.1 million (-).

The back catalog titles *Borderlands 3*, *Godfall* and *Risk of Rain* and the new release *Tribes of Midgard* were the main revenue contributors during the year. During the year, *Borderlands 3* surpassed 15 million units sold, and the entire franchise exceed 70 million units sold. When the NYX Game Awards announced its winners, *Borderlands 3* received three Grand Awards.

New releases during the year also included *Tiny Tina's Assault on Dragon Keep* and *Tiny Tina's Wonderlands*. *Tiny Tina's Wonderlands* is a *Borderlands*-franchise spinoff and was well-received by both critics and gamers. Another notable release during the year was *Risk of Rain 2: Survivors of the Void* which was well received by the gaming community.

Gearbox is scaling up the organization to deliver on an ambitious growth plan. In August, Gearbox Entertainment announced a new studio in Montréal, Canada that will

work on internal franchises and create new IPs. Currently, Gearbox has nine AAA games under development.

Gearbox Entertainment's founder and CEO Randy Pitchford announced that veteran chief technology officer Steve Jones will take on his role as president of Gearbox Software. Randy Pitchford will remain as a key driver of creative strategy and development across titles and franchises, and continue to serve as CEO of The Gearbox Entertainment Company and oversee Gearbox's transmedia work in film and television.

During the year, Embracer announced the acquisition of Perfect World Entertainment (now rebranded as Gearbox Publishing) and Cryptic Studios. Both of these were brought in under Gearbox's umbrella, expanding Gearbox Publishing's reach and catalog while also adding a strong portfolio of live operated MMO games.

REVENUE DRIVERS 2021/2022



STUDIOS



CRYPTIC



Acquired after the period

PUBLISHER





OVER 1.2 BILLION INSTALLS TO DATE
SUDOKU.COM, NONOGRAM.COM,
BLOCKUDOKU, JIGSAW PUZZLES,
ART PUZZLE, PIXEL ART AND MANY MORE

BUSINESS AREA GAMES

EASYBRAIN GROUP LIMITED

The acquisition of Easybrain Group Limited closed in April 2021 and Easybrain thereby became Embracer Group's eighth operative group. Easybrain Group Limited is a Cyprus-based leading mobile games developer with a core focus on puzzle and logic game titles. By unlocking the potential of every team member, Easybrain strives to develop the best products on the market.



Easybrain

SHARE OF THE GROUP NET SALES

19%

INTERNAL HEADCOUNT

271

INTERNAL STUDIO

1

DAILY ACTIVE USERS

16 M

THE YEAR IN BRIEF – EASYBRAIN

Net sales for the business area Games – Easybrain amounted to SEK 3,195 million (-).

Top revenue contributors during the year were *Blockudoku*, *Sudoku.com*, *Jigsaw Puzzles*, *Nonogram.com*, *Art Puzzle* and *Pixel Art*. Recently released *Number Match* saw strong traction in terms of user acquisition. Easybrain currently has several interesting titles in soft launch phase.

The IDFA changes during the year were anticipated to have a negative impact on Easybrain's performance. However, this impact was lower than management initially expected and Easybrain's overall performance has exceeded management's expectations.

During the year, games by Easybrain surpassed 1 billion cumulative downloads. Easybrain also reached record levels of daily active users (DAU), reaching 16 million DAU. Easybrain had several of the top revenue titles in the wider Embracer Group during the year. Easybrain has continued to improve projected ROAS (return on advertising spend) throughout the year.

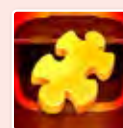
REVENUE DRIVERS 2021/2022



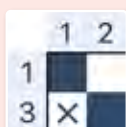
BLOCKUDOKU



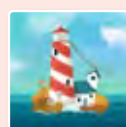
SUDOKU.COM



JIGSAW PUZZLES



NONOGRAM.COM



ART PUZZLE



PIXEL ART

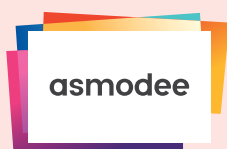
STUDIO & PUBLISHER

Easybrain

BUSINESS AREA GAMES

NEW ACQUISITION: ASMODEE GROUP

Asmodee is an entertainment leader specialized in board games, committed to bringing people together through great games and amazing stories. Thanks to its global and passionate workforce of over 2,300 people, players around the world enjoy one of the largest boardgame IP catalogs with Catan, Ticket to Ride, Dobble/Spot it!, Exploding Kittens and 300 more across a variety of digital and physical platforms. Asmodee Group became part of Embracer Group in March 2022 and is based in France.



INTERNAL
HEADCOUNT

2,346

INTERNAL
STUDIOS

22

ASMODEE GROUP

Net sales for the business area Games – Asmodee Group amounted to SEK 571.2 million (-). Embracer Group's acquisition of Asmodee Group closed on March 8, 2022, and sales is consolidated thereafter.

Asmodee had a strong year with growth across all geographies driven by both trading card and board games. During the year, Asmodee sold more than 43 million board games in more than 50 countries – of which 70% were owned IPs.

Asmodee games were recognized at a variety of awards. *7 Wonders Architects*, developed by Asmodee's Repos Prod studio, was recognized at the Festival International des Jeux in Cannes, winning the As d'Or for Game of the Year 2022. *A Game of Cat and Mouth*, developed by Exploding Kittens, was awarded the Game of the Year in the 2022 Toy of the Year Awards.

During 2021, Asmodee accelerated its transmedia strategy. *Gloomhaven* was released, a best-selling board game adapted into a videogame, reaching 445 thousand downloads on PC. 30 new books were published by Acoryte, a publisher of fiction novels. There are also several ongoing discussions to adapt Asmodee's IPs for various media.

During the calendar year 2021, Asmodee acquired Board Game Arena, one of the largest online boardgaming platforms, and Miniature Market, a major independent e-commerce store for boardgames in the US. These acquisitions broadened Asmodee's presence in the boardgames value chain. Asmodee also acquired Plan B Games, a publisher of hit game *Azul*, and a majority stake in the Exploding Kittens Studio. These acquisitions strengthen Asmodee's IP portfolio and creative talent resources.

Headquartered in France (Guyancourt), Asmodee operates across Europe, North America, South America and Asia. Asmodee includes the following businesses:

- > **Board games** - this business is the backbone of Asmodee and includes tabletop games and trading card games for all demographics.
- > **Interactive** - an emerging business that includes apps of board games and a digital board game platform.
- > **Consumer** - know and engage audiences to convert newcomers and retain recurring players, including e-commerce platforms in key geographies
- > **Entertainment** - a platform for IP development which leverages board game IP in other media such as books, movies, TV and other consumer products.

KEY IP'S

AS AULS BELLEBON
CATAN

TICKET TO RIDE
Alan R. Moon

DOBBLE

Spot it!

**EXPLODING
KITTENS**



+40

**ACQUISITIONS
SINCE INCEPTION**

+970

GAME TITLES

+50

COUNTRIES

BUSINESS AREA COMICS AND FILM

NEW ACQUISITION: DARK HORSE

Dark Horse owns and controls over 300 IPs and has transmedia ambitions based on its vast comics IP library, including the creation of new video games. In addition to its owned content, Dark Horse seeks creative partnerships and licensed opportunities. In addition to comics, Dark Horse operates a film and TV production company and a retail chain. Dark Horse became part of Embracer Group in March 2022.



INTERNAL
HEADCOUNT

180

DIVISIONS

3

DARK HORSE

Net sales for the business area Comics and Film – Dark Horse amounted to SEK 74.5 million (-). Embracer Group's acquisition of Dark Horse Media closed in early March 2022, and sales is consolidated thereafter.

Dark Horse achieved high growth in both sales and profit during the year. Growth has been driven by record sales in its bookstores where the sales performance outpaced the industry. All title categories have experienced growth during the past few years but sales of comics and graphic novels has been especially strong. Some titles have been particularly popular among both retailers and fans alike, including *Berserk*, *Avatar the Last Airbender*, *Minecraft*, *The Legend of Zelda art books* and *Critical Role*.

Dark Horse has also grown its business in products where it creates items based on popular games, including *Halo*, *The Witcher* and *The Last of Us Part II*.

With Netflix as an important customer, Dark Horse's production company is expected to complete and air 6 film or TV productions during 2022. In total, Dark Horse has approximately 40 projects in production or development at multiple studios. Current and upcoming productions

include the highly anticipated premiere of season 3 of *The Umbrella Academy* on Netflix and season 2 of *Resident Alien* on SyFy Channel/Peacock.

Dark Horse includes the following businesses:

- > **Dark Horse Comics**, a publisher of comics, graphic novels, prose novels, genre art books and related pop culture books. It also sells merchandise and collectables.
- > **Dark Horse Entertainment**, develops and produces films and series based on its intellectual properties.
- > **Things from Another World**, includes three stores in Oregon and California, and an online store TFAW.com, that sell comic books and related merchandise, toys, model kits, apparel and entertainment-related products.

DIVISIONS



UMBRELLA ACADEMY
AN AMERICAN COMIC
BOOK SERIES ADAPTED
INTO A TV SERIES BY
NETFLIX!



+500 BOOKS
PUBLISHED EVERY YEAR

30 NEW COMICS
RELEASED EVERY MONTH

BUSINESS AREA

PARTNER PUBLISHING/FILM

SHARE OF THE GROUP NET SALES

18%

Embracer Group's fully owned subsidiary Koch Media is one of the leading third-party publishers and distributors of video games worldwide. The partner publishing business primarily generates revenues through physical publishing and distribution of games, merchandise and films. Koch Media publishes games in Europe, Australia and North America for a number of major partners including Activision/Blizzard, Sega, Square Enix and Warner Bros. Games. The business area also includes Game Outlet Europe, Quantic Lab and Grimfrost.

Net sales for the business area Partner Publishing/Film increased by 18% to SEK 3,027.1 million (2,575.9).

Growth during the year was driven by larger game releases and increased film revenues. In the Partner Publishing segment, sales were driven by the release of *Dying Light 2* from Techland and solid back catalog sales.

Sales in the film segment rebounded during the year, although from a low level, as the effects from the pandemic subsided. 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.

During the year, Koch Media has onboarded several new partners in key territories and invested into its modern and scalable European logistics center in Höfen, Austria to become the preferred publishing partner for physical games. The logistics center now has a fully automated picking system which can handle all product categories.

Koch Media UK announced the acquisition of the British marketing and live events company Splatter Connect. Splatter Connect provides a multitude of field marketing services, spanning retail store attendance, experiential marketing and live event staffing and management.



KOCH MEDIA

The parent company is based in Höfen, Austria with operational publishing headquarters in Munich, Germany. Koch Media owns studios and offices in 15 countries around the world. It runs three distribution centers serving the European market, in the UK, Austria and Spain, and an external manufacturing and logistics partnership in Tennessee. Physical publishing in the US is mainly via partners such as Amazon, Walmart and GameStop.

The strong market position of Koch Media as Partner Publisher is largely due to its expertise and experience to support the marketing of third-party publishing clients, managing the manufacturing and distribution of physical goods, inventory levels and offering reach into retail outlets. Although digital distribution has an ever-increasing portion of the global console and PC market's sales, physical distribution still represents an important part of the total revenue.

KOCH FILMS

Embedded in the Koch Media group, Koch Films is a leading independent film publisher and distributor in German-speaking Europe and Italy operating in all film sales channels. The catalog consists of thousands of films/TV series in all genres, it is particularly strong in anime, cult classics and world cinema movies.

koch films

GAME OUTLET EUROPE AB

Game Outlet Europe AB is an independent niche distributor of reprinted physical videogames, gaming hardware and retro gaming hardware located in Karlstad, Sweden. The company was founded in 1994 by the Embracer Group's CEO Lars Wingefors.



QUANTIC LAB™
Quality Assurance.

QUANTIC LAB

Quantic Lab, based in Cluj-Napoca, Romania, is a software outsourcing company specialized in Quality Assurance ("QA"), localization and User Experience for gaming and applications. Quantic Lab was founded in 2006 by Stefan Seicarescu, current CEO, and has since grown, from being a start-up with a small team of twelve persons, into a leading QA company with more than 60 active clients and more than 350 employees in three office locations in Romania and one office in UK.

GRIMFROST

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.



OSCARS-NOMINEE:
**"THE WORST PERSON
IN THE WORLD"**

**WINNER – BEST
ACTRESS CANNES
FILM FESTIVAL 2021**





SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

CREATIVITY, BUSINESS SENSE AND KEEPING IT REAL

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

Our group-wide sustainability strategy is named the Smarter Business Framework. It is based on three focus areas: Great People, Solid Work and Greener Planet. Business ethics and governance constitute the

foundation for the framework, guided by the keywords trust, honesty, and long-term commitment. The sustainability framework is part of our business and contributes to creating long-term value for our stakeholders.

HIGHLIGHTS OF THE YEAR

- > **Strengthening the sustainability team with Head of Sustainability, with long experience in the field of sustainability and finance.**
- > **The work with a climate strategy initiated: a maturity and impact analysis prepared alongside a greenhouse gas inventory and commitment to SBTi**
- > **Focus on ethics and governance during the year with the number of group policies increasing from 4 to 15**
- > **80% of all employees responded to the annual Global Employee Survey* and the outcome of the survey shows that all aspects on group level received positive results**
- > **A pledge with Solvatten ensures increased access to safe and warm water with one person receiving access for every new Embracer employee**
- > **Launch of Give back – Think ahead™, an initiative to structure the allocation of funds to sustainability initiatives**
- > **Development of ambitious sustainability goals to be launched during the coming financial year**

* Reported data from companies part of the group by Q3, also excluding operative groups Asmodee and Dark Horse.

DigixArt (Montpellier, France)

VISIT
EMBRACER.COM
AND THE YEAR IN
BRIEF FOR MORE
INSPIRING
SUSTAINABILITY
WORK

EXAMPLES
ON HOW
SUSTAINABILITY
MATTERS
THROUGHOUT
THE GROUP

SUSTAINABILITY REPORT

EMBRACER GROUP BUSINESS AND VALUES

Embracer Group forms a global group of businesses that develop and publish PC, console, mobile, VR and board games, as well as publish film and comics for the global market. We are an ecosystem for entrepreneurial companies in the gaming and entertainment industry, led by the keywords of honesty, trust, and a long-term perspective.

The role of the parent company is to facilitate and support the operative groups. Embracer Group provides an attractive model for entrepreneurs with a long-term perspective, a model which is built on empowerment by decentralization. Embracer Group's growth is driven both by organic growth and acquisitions. Long-term organic growth is driven by continuous investments in developing and expanding the IP portfolio, developing, and expanding internal studios, as well as establishing new studios with top talent developers. Acquired growth is an enabler for diversification, more organic growth opportunities and revenue synergies within the Embracer ecosystem. The growth strategy also includes signing development projects with external studios and consolidating the partner publishing market. Embracer Group has a proven track-record of acquiring and developing IPs, studios and publishers and our business in board games and comics.

At Embracer Group, working sustainably means conducting ourselves according to our values, risk management and exploring new business opportunities. The sustainability strategy is based on our materiality analysis, where the most important sustainability topics to focus on have been identified. The parent company is responsible for the overall sustainability goals and strategy of the group. As a decentralized group, each operative group adapts the Smarter Business framework to its core business and context, defining relevant goals for their specific operations.

EMBRACER GROUP'S SUSTAINABILITY GOALS

We are currently working on presenting sustainability goals to set an ambition for our sustainability framework, Smarter Business. The goals will be presented at the latest in the interim report for the first quarter.

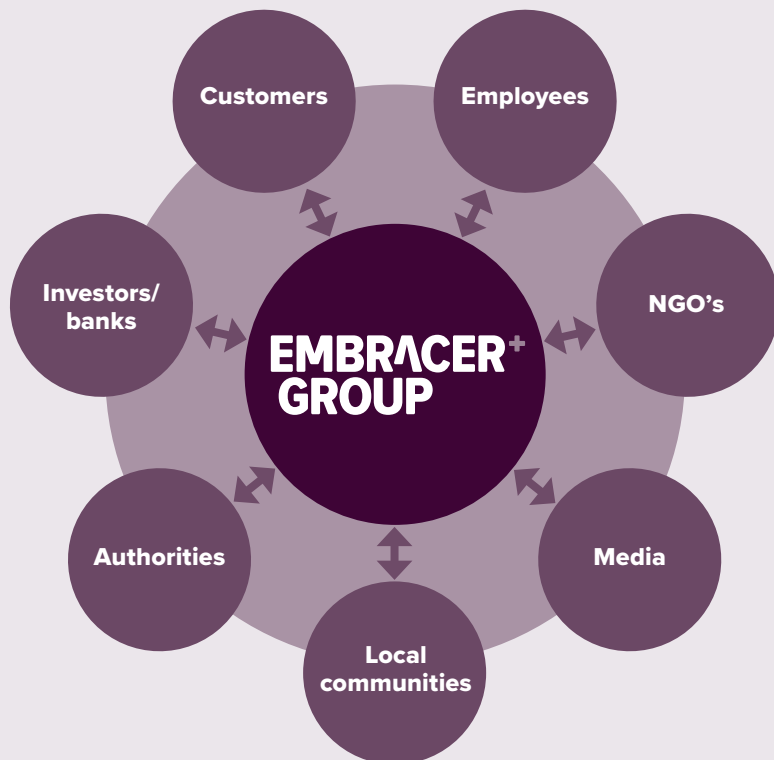
CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Embracer Group supports Agenda 2030 and the holistic approach to sustainable societies that the UN Sustainable Development Goals (SDG) provides. We have identified six of the SDGs where we have a responsibility and the best opportunity to contribute since they align with our business. They include SDG 3 Good health and well-being, SDG 4 Quality education, SDG 5 Gender equality, SDG 8 Decent work and economic growth, SDG 12 Responsible consumption and production and SDG 17 Partnerships for the goals.



UN GLOBAL COMPACT

Embracer Group is since December 2021 a signatory member of the UN Global Compact. Today, there are almost 500 companies and organizations affiliated with the UN Global Compact in Sweden, and globally more than 14,000 organizations. Supporting the UN Global Compact goes hand in hand with our core values and is a great way to create a strong network with other companies and gain insights into how they work with sustainability. It is a strategic tool for our sustainability work and a way of mitigating risks and pursuing business opportunities.



STAKEHOLDER DIALOGUE

Transparency and dialogue are central in our sustainability work. Embracer Group is in continuous and close contact with our stakeholders, and we have a two-way communication to both learn and share knowledge. An active stakeholder dialogue is integrated into our daily operations. We all have an ongoing dialogue with different stakeholders.

Our stakeholders come from various industries and sectors, and they provide key insights that contribute to our work and decisions. Main stakeholders include our customers, employees, investors, as well as NGOs and industry organizations. For us, it is important to conduct our own stakeholder dialogues and keep our key stakeholders close to our operations and daily work. It is a way for us to ensure that we live up to expectations, needs and gain valuable insights that improve our business in the long term.

SUSTAINABILITY REPORT

ORGANIZATION AND MANAGEMENT APPROACH

The sustainability organization is aligned with the decentralized philosophy and business model of Embracer Group. The overall goals, sustainability strategy and ambitions will be approved by the Board of Directors, and subsequently implemented by the whole group via the operative groups.

The Head of Sustainability has the overall responsibility for the sustainability strategy and works closely with the CEO, operative CEOs and Chairperson of the Board. She reports to the CFO and is leading the Group Sustainability team. The team has a close cooperation with the operative groups through contacts with senior management and the Ambassador Group, a knowledge sharing network with representatives from each operative group. The Group Sustainability Manager is responsible for facilitating collaboration and synergies within the Group and reports to the Head of Sustainability.

The operative groups contribute to the overall sustainability goals and strategy in their daily operations, and report sustainability data to the parent company. The execution of the strategy is adjusted to the specific market and business situations for each operative group, according to Embracer Group's decentralized business model.

The Embracer Group parent company is responsible for supporting and ensuring the implementation of Group policies and facilitating collaboration, within the group. The Chief of Staff, Legal & Governance is responsible for ensuring that the

governance model is implemented and monitored throughout the Group. In each operative group, management is responsible for implementing and safeguarding the governance model, including ensuring that there are regional or local procedures in place to support compliance.

AMBASSADOR GROUP

The Ambassador Group consists of representatives from each operative group. Today, there are about 40 active ambassadors of whom 43% are women. The Group Sustainability team hosts regular meetings with the ambassadors to engage the whole group in the Smarter Business Framework. This year, the group had five meetings discussing topics such as risk and materiality, climate footprint, managing toxic behavior in the workplace, and next steps on our sustainability journey. The Ambassador Group has also launched a series of group-wide sustainability webinars on different topics, from mental health and wellbeing to women in gaming, available to all employees across the Group. The Ambassador Group is a knowledge sharing forum for team members to get insights and examples from across the Group.

SUSTAINABILITY ORGANIZATION AND GOVERNANCE



GET TO KNOW

OUR NEW HEAD OF SUSTAINABILITY



HI EMMA! YOU ARE THE NEW HEAD OF SUSTAINABILITY AT EMBRACER GROUP – WHAT IS YOUR ROLE?

I am responsible for our group-wide strategic sustainability work and am in contact with companies in the group, investors and other stakeholders to make sure we are meeting their expectations and thoughts in the sustainability area. Together with the team at the parent company and all the companies in the group, we work to create results for our stakeholders. We are deepening our collaboration on strategic sustainability with all Operative CEOs and management teams to facilitate collaboration, support each other and share learnings across the group.

WHAT'S NEXT ON OUR SUSTAINABILITY JOURNEY?

We have great opportunities to turn the challenges in our industry into opportunities and by doing so take our responsibility as a company. The gaming and entertainment industry is a growing global industry. It has a strong potential to be a force for good and impact the world in the right direction. Our products are used and enjoyed by people from all over the world, and we have employees in over 40 countries.

WHY IS OUR SUSTAINABILITY WORK IMPORTANT?

Our sustainability work is part of our business development, based on our values and is a way to manage risk and create opportunities. Gearbox Academy and Borderlands Science (feature on page 55 and 61) are two of many strong examples of how our products create value for many stakeholders from young students to scientists. By recruiting and retaining a diverse workforce, we can create even better products while at the same time allowing everyone to reach their full potential. Collaborations and partnerships, within the group, in the industry, with authorities and NGOs supports our connection and contribution to society. I am proud of our collaboration with Safe in Our World, which has further developed this year and enabled people across the gaming industry to get easy access to mental health tools.

SUSTAINABILITY REPORT

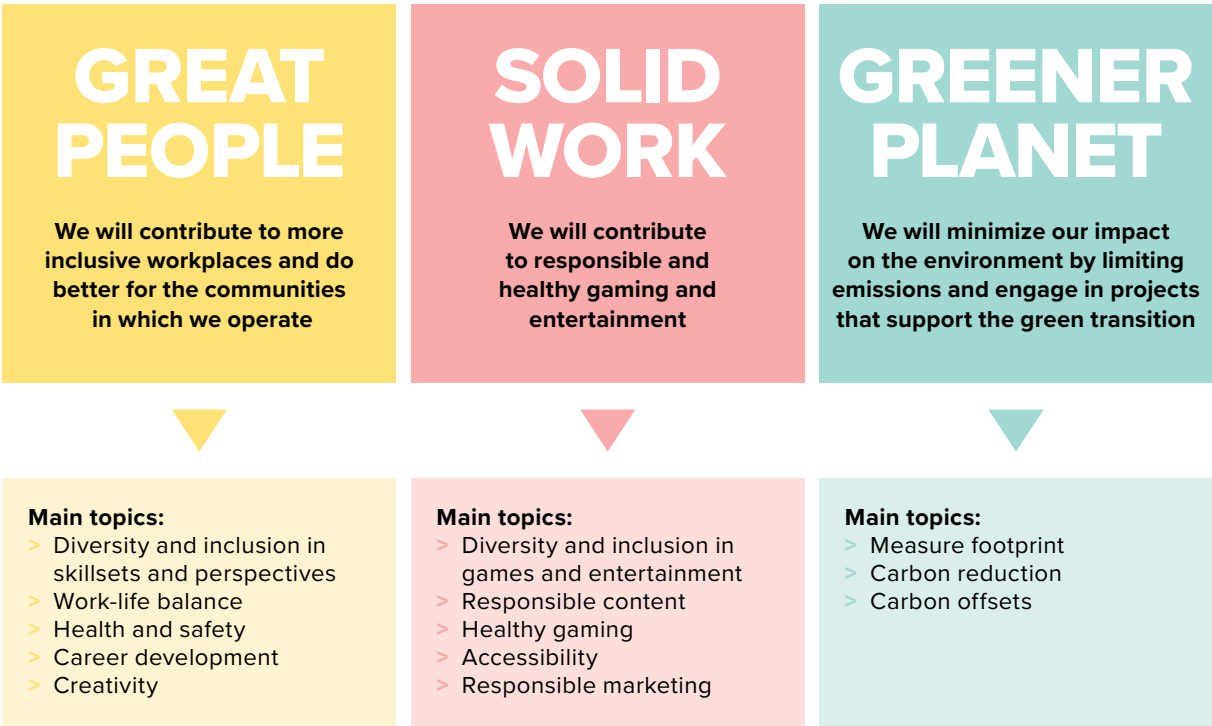
SMARTER BUSINESS FRAMEWORK

At Embracer Group, we believe in simplicity and focusing on the areas where we can have the most impact, with good business ethics leading the way. Governance and business ethics is our way of mitigating risks and continuing to drive our sustainability work forward. The Smarter Business Framework and its three focus areas Great People, Solid Work and Greener Planet guide our sustainability work. The parent company collaborates with all operative groups regarding sustainability and the Smarter Business Framework, for example through the sustainability team, the legal team and by enabling knowledge-sharing between different operative groups.

As Embracer Group grows into an even larger and diverse group of companies, the sustainability strategy supports that development by focusing on areas that are building stronger sustainable

businesses. 97% of the Embracer group companies have rated sustainability as very important or important for the Group.

OUR THREE SUSTAINABILITY PILLARS



SUSTAINABILITY REPORT

GREAT PEOPLE

The employees at Embracer Group truly are our greatest asset. It is key to the group's ongoing success to keep all employees engaged and continuously review their feedback. We also want to make sure that we are attracting and retaining great and talented people who want to be part of the group. We know that embracing creative independence, inclusion, and enabling good work-life balance, will pay off in engagement and wellbeing for everyone. At Embracer Group, it does not matter who you are, where you come from, or what you look like.

OUR AIMS AND AMBITIONS

Great People is the pillar within our Smarter Business Framework that focuses on our employees. We believe that diversity, different perspectives, and skillsets lead to a better environment for all of us and to better results for our business. Our ambition is to create an even more diverse and inclusive workplace and work-life balance. We strive to create an environment where our employees can be their very best and true selves. We want to offer conditions for everyone to contribute and grow according to their needs and unique experiences. With that foundation we increase diversity and inclusion to ensure that the power of different perspectives and skillsets create greater products. Our ambition is to have more women as leaders and in other positions at Embracer Group.

Main topics:

- > Diversity and inclusion in skillsets and perspectives
- > Work-life balance
- > Health and safety
- > Career development
- > Creativity

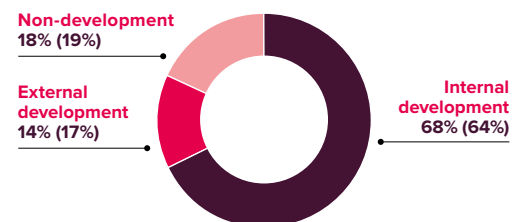
PROGRESS OF COMMITMENTS**Diversity and Inclusion**

We acknowledge that diversity and inclusion are challenges to the games and entertainment industry as a whole. At the same time, the gaming industry is facing great challenges in talent supply. We want to hedge for the future by being an inclusive

workplace with a multitude of different perspectives and skillsets. At Embracer Group we have zero-tolerance against all forms of discrimination and harassment. We work proactively for equality and inclusivity.

Being present in more than 40 countries across the globe, we are a truly international company. We have 69 different nationalities represented at Embracer Group. We are proud of the diversity in experiences, skillsets, and perspectives, that this group of people brings. It is also a reflection of our decentralized business model – we embrace differences and doing things in various ways. In the financial year 2021/22, the group employed more than 10,000 people in the reporting scope, and approximately 50% of the employees works in the United States, Russia, Germany, Canada and Sweden.¹⁾

¹⁾ Reported data from 100% of the companies covered in the reporting scope. See the section About this report for more information.

ROLES IN THE EMBRACER GROUP**AGE DISTRIBUTION**

	2021/22	2020/21
<30 years	36%	29%
of which women	27%	25%
30-50 years	60%	66%
of which women	21%	18%
>50 years	4%	5%
of which women	31%	30%
Total	100%	100%



We are working to increase diversity in Embracer Group. It is a priority for the Board of Directors, the Parent company and all operative groups. One benefit of being a large multinational group is that we do share experiences and best practices, which the parent company provides forums for. In the financial year 2021/2022, the total female representation in the Group increased to 23% (FY 20/21: 20%). The employee group under 30 years old, holds a higher representation of women and this year this number was 27%, (FY 20/21: 25%), and when studying managers within Embracer group, women represented 17% (FY 20/21: 15%). It is pleasing to see that we are making important progress in terms diversity.

Based on our (corporate) values and as part of risk management, we work actively with anti-discrimination through inclusive leadership. The Group's Code of Conduct is an important component for our company culture. We work proactively to prevent discrimination and all employees have access to the whistleblowing function, more information available on page 66. To secure awareness about our Code of Conduct, training for all employees is conducted on an annual basis. 74% of the group companies have taken measures to contribute to a more sustainable work environment in terms of non-discrimination. This year, five incidents of potential discrimination have been reported in companies belonging to the group. All incidents have been followed-up and managed fully by responsible company management.²⁾

WORK ENVIRONMENT

Within the gaming industry, work environment and work-life balance are important issues as well as areas with the opportunity for improvement. Based on our corporate values and as part of risk management, Embracer Group focuses on well-being in the workplace and how we can support all our companies in promoting a healthy work environment at group level. Our annual employee

²⁾ Reported data from 95-98% of the companies covered in the reporting scope. See the section About this report for more information.

survey clearly shows that work-life balance and workplace conditions are among the most important aspects for our employees.

Based on these insights, we will continue to work to maintain a high standard in these areas and to invest in development where areas for improvement have been identified.

When possible, employees are encouraged to work from where they can be most productive, if that means from the office, from home or hybrid. This year many employees chose to work a majority of their time from home. 21% of our companies reported that all their employees were exclusively working from home. 44% of employees worked 75-99% of the time from home and the remaining 35% worked 0-74% of the time from home.

5% of the group employees are reported to be part of a trade union or have a collective bargaining agreement.³⁾ It is important to note that all employees are entitled to organize themselves in unions and are also entitled to a series of employee benefits and channels of representation in markets where Embracer Group operates.

CREATIVITY AND INDEPENDENCE

Human talent development is a cornerstone of our business. From skills development trainings to learning in everyday work life, the Group works in many ways to enable personal growth for the employees. 89% of the Embracer Group companies⁴⁾ conduct regular performance and employee reviews (FY 20/21: 72%).

Most of our companies offered their employees work-related trainings during 2021/22. Our ambition in 2020/21 was to increase the number of training hours per employee, something we continue to work on. This year we have

³⁾ Reported data from 88% of the companies covered in the reporting scope. See the section About this report for more information.

⁴⁾ Reported data from 95% of the companies covered in the reporting scope. See the section About this report for more information.



offered more trainings and knowledge-sharing on a group level, for example through sessions and forums on several different topics. When we measured trainings conducted, 73% of the companies stated that they offered trainings on company level. In total, companies in the group have reported devoting 8,655 training hours.⁵⁾

HEALTH AND SAFETY

The pandemic has continued to impact our societies during the year, and our companies have taken impressive steps to adapt to the new circumstances with hybrid work and digital teamwork. We are grateful for all the hard work that employees within the group have put in despite these challenging times.

Almost 90% of the group companies have made operational and organizational changes for pandemic-related reasons. This has been challenging, but also created new opportunities. Challenges reported include communications from afar, integrating new talents into teams and supporting employees’ mental health and well-being. Also, recruitment has been challenging considering that many offices have chosen to work from home during the pandemic which has sometimes made it more difficult to recruit new employees.

⁵⁾ Reported data from 95% of the companies covered in the reporting scope, training hours from 42% of the companies covered in the reporting scope. See the section About this report for more information.

A majority of the employees, 77%, are covered by state health insurance, and 61% are covered by health insurance provided by the company. Over 50% of the Embracer companies offer mental health support for employees.⁶⁾

EMPLOYEE SATISFACTION

Starting in 2020/21, we perform an annual Global Employee Survey that addresses all employees in the Group. This year, 99% of all Embracer Group companies participated in the survey which is the same as last year. The response rate of 80% across all employees, an increase from last year’s response rate of 74%. During this financial year, we have completed 24 acquisitions and grown from 6,325 to 12,760 employees compared to last year, with many new joiners in Q4 (companies acquired in Q4 are not part of the annual employee survey). The Global Employee Survey is essential to get an overview of the satisfaction and engagement of all employees in the group. We present and discuss the results with our operative groups’ management teams. Aggregated operative group reports, as well as specific company reports are distributed to the management teams for review and follow up.

The Global Employee Survey is based on a six scale self-assessment format from “completely

⁶⁾ Reported data from 91% (state health insurance) and 100% (insurance provided by the company) of the companies covered in the reporting scope. See the section About this report for more information.

EMPLOYEE SURVEY

	2021/22	2020/21
Average satisfaction rate	81/100	79/100
Work environment	82/100	79/100
Collaboration	82/100	80/100
Local Management Culture	77/100	75/100
Engagement	83/100	82/100



disagree” to “completely agree” that is recalculated in index points from 0 to 100, where 100 reflects the best result. This year we received 81 as the average satisfaction rate; this is a slight increase compared to 79 in 2020/21.

In addition to the global Employee Survey, over 40% of our group companies locally conduct employee surveys of their own, as an essential part of their strategic human resources programs.

We measure employee satisfaction through the Employee Net Promoter Score, eNPS. This year we received a +33 score, a result that qualifies as good by the measurement standard. Last year, our eNPS was +29 and we have this year increased the total score of the group. The Employee Net Promoter Score, or eNPS, is a globally accepted KPI, that we use to measure employee satisfaction and loyalty within Embracer Group. An eNPS score can range anywhere from -100 to 100. Any score above zero is seen as acceptable. Generally, a score within the range of 10-30 is considered good and a score of 50 is excellent.

Turnover as a share of total employees amounted to 13% in 2021/22 compared to 10% in 2020/21.⁷⁾ We believe that employee turnover will remain at a slightly higher level as hybrid work with partial work from home gives game developers a greater supply of potential job opportunities.

New hires as a share of total employees amounted to 27% in 2021/22 compared to 20% in 2020/21⁸⁾. New hires increased significantly during the year, in part to address the growing turnover of employees. Out of all new hires, 27% were women and the remaining 73% were men.

⁷⁾ Reported data from 98% of the companies covered in the reporting scope. See the section About this report for more information.

⁸⁾ Reported data from 98% of the companies covered in the reporting scope. See the section About this report for more information.

EMPLOYEE TURNOVER	2021/22	2020/21	2019/20
Total turnover	13%	10%	10%
Women turnover	13%	12%	11%
Men turnover	13%	9%	10%
<i>Distribution</i>			
Women's share of turnover	23%	24%	23%
Men's share of turnover	77%	76%	77%
NEW HIRES	2021/22	2020/21	2019/20
Total new hires	27%	20%	32%
Share of total women	31%	25%	33%
Share of total men	26%	28%	31%
<i>Distribution</i>			
Women's share of total new hires	27%	26%	23%
Men's share of total new hires	73%	74%	77%

THE PEOPLE OF EMBRACER GROUP


Our initiative *Embracer Stories* is a way of telling some of the stories about the people, companies and ideas that make up the Embracer Group.

This year we have for example covered topics such as mental health, leadership and harassment in the gaming industry. We want to show examples of the different personalities, roles and skills that every team needs and contribute to a discussion on what a gaming and entertainment business is.

Our storytelling is headed by award-winning journalist Thomas Arnroth, part of the Embracer Group as Storyteller since 2019.

To read some of these stories, visit the following link: <https://embracer.com/stories/>

EMBRACER GROUP **STORIES**



The world's most inclusive game studio?

Making game studios more inclusive and increasing the gender balance are big challenges for the games industry. The good news? Vermila Studios in Madrid seems to have found a solution to the problem. The bad news? They don't really know how they did it.

Vermila Studios, Madrid • 1 June 2022

WE EMBRACE GREAT PEOPLE, GREAT IDEAS AND GREAT COMPANIES. THESE ARE THEIR STORIES.



VIDEO

When enough is enough

As a woman, you should be able to say what you want, be who you want, dress the way you want – and still be taken as serious as a man. Amplifier Game Invest executive Linn-Marie Edlund grew up loving games and saw no limit to what she could do within the gaming world. Then she met men who thought otherwise. So she quit. But only for a while. Now she's back, with an important message.

Amplifier Game Invest, Sweden • 24 November 2021



VIDEO

From two wheels to Hot Wheels

Italy's biggest game studio, Milestone in Milan, is experiencing great success with a toy car game for kids, Hot Wheels Unleashed. But before it came 30 years of doing realistic motorcycle racing games. CEO Luisa Bixio tells the story of the studio, why they wanted to be a part of Embracer and what lies ahead.

Milestone, Milano • 27 October 2021



VIDEO

Kick-Ass Kicki

Kicki Wallje Lund left home when she was fifteen. Her parents told her she would never make it on her own. That was 50 years ago and Kick-Ass Kicki is still proving them wrong, every day.

Studio, City • 16 September 2020



Aaron Thibault
Vice President of
Strategic Operations
Gearbox

THE NEXT GENERATION GAME DEVELOPERS

How can we support the next generation of game developers and increase diversity in the gaming industry? Gearbox created the Gearbox Academy to address this challenge and to engage with the talents of the future. Gearbox Academy is an educational program that brings together a formal curriculum that builds game development skills with modules that cater to individual interests, and teacher training. The work has been going on for almost five years and has reached thousands of students.

– The interest for the gaming industry must be sparked early, which is why we have partnered up with both local school districts and universities in Texas to reach students from an early age. We need great talent to make great games, and we realized that few higher education institutions were preparing their students for work in the industry, both in terms of skills but also in finding the right place to begin successful careers, says Aaron Thibault, Vice President of Strategic Operations at Gearbox.

Gearbox Academy prioritizes problem-based and project-based challenges to engage learners’ curiosity and imagination, to put their new knowledge to work, and grow their skills over time. Gearbox is currently piloting a curriculum in partnership with Texas A&M University, historically black land-grant Prairie View A&M University, Le Tourneau University, and recently desegregated Longview school district. The universities provide mentors to elementary, middle, and high school students. Right now, the focus is on the diverse local community in Texas, but the potential is vast.

– Long term, we want to make it possible for anyone in the world who wants to become a game developer to join Gearbox Academy. Our goal is to allow anyone access our curriculum to practice with the same style of production environment that we use at Gearbox to make games, and to engage with mentors who guide and encourage them, says Aaron Thibault.

EXAMPLES
ON HOW
SUSTAINABILITY
MATTERS
THROUGHOUT
THE GROUP



gearbox
SOFTWARE

GEARBOX SOFTWARE

PART OF EMBRACER GROUP SINCE: 2021

OPERATIVE GROUP: Gearbox Entertainment

LOCATION: Frisco, US

EMPLOYEES: app. 360



Andrew Hance
CEO, Purple Lamp

GAMERS FIRST AT PURPLE LAMP

EXAMPLES ON HOW SUSTAINABILITY MATTERS THROUGHOUT THE GROUP

Purple Lamp has a unique approach to being an inclusive workplace where employees continuously develop and get the opportunity to grow. Game development studios face a lot of competition for talent recruitment, that is why Purple Lamp decided to think broader when it comes to recruitment and a diverse workplace.

– We try never to let the perfect be the enemy of the good. If a person has great skills that we need but misses a certain aspect, we ask ourselves how long it would take to teach that skill. Sharing knowledge is part of our DNA, according to Andrew Hance, CEO Purple Lamp.

The approach has proved to be a success. Employees today working as game designers once joined the company as game developers, others working as game artists have a developer background, while some developers have backgrounds as artists. Purple Lamp even has employees joining from other sectors than the gaming industry, such as banking or law. At Purple Lamp, traditional education is part of the equation but the focus is on finding great talent and supporting it to grow. That is the way to make great games.

The 70 Purple Lamp employees share at least fifteen different nationalities, with English as the working language. Most people do not work in their first language and misunderstandings are bound to happen, but at Purple Lamp diversity is seen as an advantage rather than a problem. Purple Lamp works to be an open and inclusive workplace, with respect for each other's differences.

– Being from so many places with many different backgrounds, we share a culture – we are all gamers! We share the culture of gaming by playing the same or similar games. Having differences is interesting and creates advantages. We make games for people from all over the world, says Andrew Hance, CEO Purple Lamp.

PURPLE LAMP



PART OF EMBRACER GROUP SINCE: 2020

OPERATIVE GROUP: THQ Nordic

LOCATION: Vienna, Austria

EMPLOYEES: app. 70



*Florencia Trotta
Head of People
Engagement,
Sustainability
and Diversity,
Nimble Giant*

THREE PILLARS SUPPORTING A GIANT

Nimble Giant Entertainment has offices in Argentina, Uruguay, Peru and Chile, where the team of 160 employees works to produce AAA games. At Embracer Group's Smarter Business Framework, Nimble Giant Entertainment has found a structure for their own sustainability initiatives, while having the freedom to adapt to their context.

The three pillars are: Great People, Solid Work and Greener planet. According to Florencia Trotta, Head of People Engagement, Sustainability and Diversity, being part of a group provides inspiration to build something of their own.

All our initiatives are linked to each pillar. Our work is focused on the company culture, to create even better games and to support our local environment, so there is a strong link to Embracer's overall sustainability agenda. For the past twenty years the company has worked in order to create an internal culture that is inclusive and allows everyone to grow. That includes internal trainings and knowledge sharing to build a strong team. Creating spaces to share personal and professional development has been an important feature as well.

We keep working on diversity and inclusion to improve our developments adding more perspectives by having a more diverse team. Also, we are spreading environmental initiatives, by communicating and sharing information with all the team about how we can make small efforts to make a difference and positive impact from home and in the office.

In alliance with an NGO the company has an agenda for a tree-planting initiative in a part of the rainforest that links the Southern American countries where they have offices. Every time a new colleague joins, a tree is planted and the hope is to one day have a forest.

**EXAMPLES
ON HOW
SUSTAINABILITY
MATTERS
THROUGHOUT
THE GROUP**

NIMBLE GIANT



PART OF EMBRACER GROUP SINCE: 2020

OPERATIVE GROUP: Saber

LOCATION: Buenos Aires, Argentina

EMPLOYEES: app. 160

SUSTAINABILITY REPORT

SOLID WORK

Embracer Group produces many different products and solutions within entertainment – for example games, movies, board games, comic books and e-commerce solutions. The work produced in the group aims to entertain and create an emotional response, and we are proud of the excellent work produced by our people. We want games and entertainment to be based on a creative expression and rely on common sense regarding the content.

The Solid Work pillar focuses on supporting the innovative ideas coming out of studios and explore new creative fields. We are constantly expanding our portfolio of unique games and related media. Developing quality games and products is always the main priority since this enables us to build outstanding experiences for our fans, create long-term profitability, and long-term value for all stakeholders.

OUR AIMS AND AMBITIONS

We also prioritize developing quality content and supporting healthy gaming and continue to manage and monitor responsible marketing practices. We want to contribute to responsible and healthy gaming through innovation and creativity. We want our games to be based on a creative expression and rely on common sense. Our ambition is to increase diversity in games to better reflect our audiences.

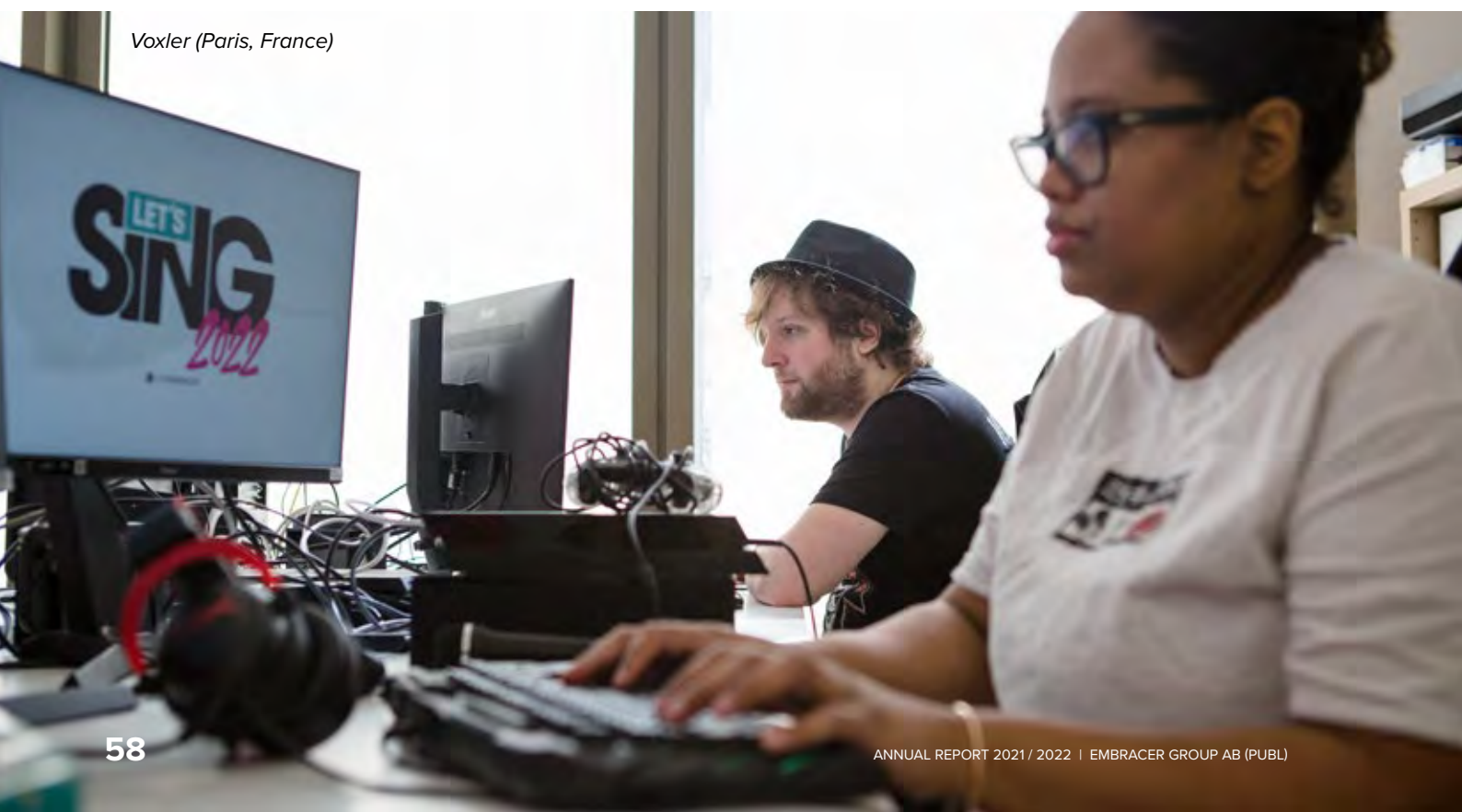
Main topics:

- > Diversity and inclusion in games and entertainment
- > Responsible content
- > Healthy gaming
- > Accessibility
- > Responsible marketing

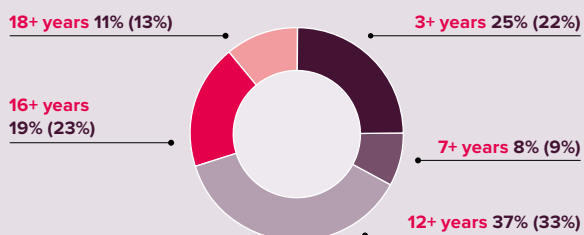
PROGRESS OF COMMITMENTS

On a group level we raise awareness of healthy gaming, gaming content and inclusive and diverse games. It is within every company's and studio's responsibility and freedom to decide how that is expressed in the products. Exploring new ideas and creative development is a critical foundation of a solid gaming and entertainment business. These are activities that are driven by our creative studios and companies.

Voxler (Paris, France)

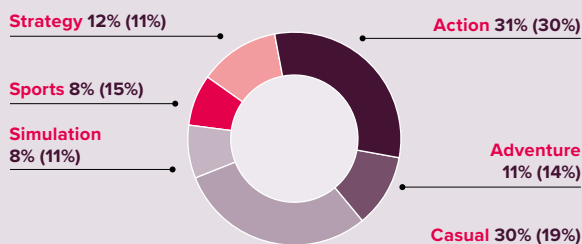


GAMES PORTFOLIO BY AGE CATEGORY (PEGI AGE RATING)



The Pan European Game Information (PEGI) is a European video game content rating system that provides age recommendations and content descriptors.

GAMES PORTFOLIO BY GENRE



Note that the games portfolio is impacted by the acquisition of CrazyLabs, which has added 100 titles to the Casual genre. CrazyLab's other 200 titles have been excluded.

GAMING CONTENT AND HEALTHY GAMING

Inclusive and healthy gaming are important topics for the Group's studios and play a vital role in game development. How we communicate with and treat our players defines how our players behave and act as a community. Zero tolerance for racism, sexism and other bad behaviors is key to making games accessible to and inclusive for all. This year, over half of our studios reported that they have implemented routines for responsible gaming content, with an additional 16% in the process of doing so. Each studio is responsible for working with responsible gaming content in game development. Almost 40% of the studios¹⁾ stated that they have routines for addressing diversity and inclusion in content, and one fifth is in the process of establishing that routine. The data is similar to last year. Actions highlighted include formal inclusivity councils or panels having been set up by studios, offering a safe space to secure an inclusive product.

Our studios monitor chats and forums to counteract negative behavior.

- > 82% (85%) of our studios²⁾ do not use communications and/or in-game chat forums for the majority of their games.
- > 60% (50%) of our internal studios are active on communities hosted by third parties like Steam or Discord.
- > 63% (53%) of our internal studios have a community manager, responsible for ensuring that chats and dialogues follow their community guidelines.

¹⁾ Reported data from 91% of the companies covered in the reporting scope. See the section About this report for more information.

²⁾ Reported data from 91-100% of the companies covered in the reporting scope. See the section About this report for more information.

Some studios have included features to maintain and experience healthy gaming via in game notifications regarding time limits. This promotes setting the length of gaming sessions and enables players to report inappropriate content, and use bad words filtering. During the year Embracer Group became members of the European video games industry organization (ISFE) with a representative on the Board. As a group we monitor and adhere to ISFE's initiatives, data, and structures, that are supporting our industry with for example the Pan European Game Information (PEGI) rating system, parental empowering, and information, as well as player and parental controls.

RESPONSIBLE MARKETING PRACTICES

Responsible marketing is a priority for Embracer Group. Our companies produce games and entertainment for all age groups, and we work to ensure that our marketing practices comply with all applicable laws and regulations and are responsible. During the financial year 2021/22, we have had one reported incident of non-compliance with regulations concerning marketing communications, compared to zero incidents in 2020/21. The incident has been followed-up and managed fully by responsible company management.

One third of our studios have reported that they have contributed to a more sustainable gaming sector, in external communication, marketing or in partnerships with other organizations. All our games are rated according to the PEGI rating system. The PEGI age ratings are assessed through age recommendations and content descriptors. We have also assessed our game portfolio by genre.

Yoan Fanise
Creative Director
DigixArt



Anne-Laure Fanise
CFO, DigixArt



NEVER PLAYING THE SAME GAME TWICE

EXAMPLES
ON HOW
SUSTAINABILITY
MATTERS
THROUGHOUT
THE GROUP

Adventure games have long been greatly appreciated by audiences and the genre keeps further developing to continue to entertain players. A central challenge for developers is creating a truly interactive game. The team at Koch Media's DigixArt studio decided to take on that challenge by creating a game where each player has a unique experience playing the game. The result is Road 96, a game where each player's experience is never the same.

In Road 96 the player takes the role of a teenager that is traveling through a fictional authoritarian country. Before the game begins, the players are asked a few questions to determine their taste and preferences. The answers provide insights to tailor each player's experience of the game.

– We wanted to make a game where Road 96 is about absolute freedom and allowing players to make their own choices. The setting is important, as we want to make games that have an impact and get people thinking about their lives and society, at the same time as they are

being entertained, says Yoan Fanise, Creative Director of DigixArt.

The game development phase included a strong focus on testing and trials, and the team relied on AI-readings of big data and the launch in 2021 was a success among critics and fans. One key to its success is that Road 96 was produced as a strongly collaborative product. While the team at DigixArt is small, with around twenty people on staff, the culture at the studio is an important factor for the whole creative process.

– We believe that diversity in perspective and experience creates even more interesting games. The game has been made by everyone in collaboration. The credits go to the whole team, not one person in particular, says Anne-Laure Fanise, Chief Financial Officer of DigixArt.

DIGIXART

DIGIXART

PART OF EMBRACER GROUP SINCE: 2021

OPERATIVE GROUP: Koch Media

LOCATION: Montpellier, France

EMPLOYEES: app. 20



Sébastien Caisse
Co-Studio Head
Gearbox Québec

GAMING IN THE NAME OF SCIENCE

In Borderlands Science, there is no contradiction between having fun and contributing to science – quite the opposite. Gearbox's Borderlands 3 is a game enjoyed by millions, but one part of the game is also a citizen science project where players help scientists map the human gut microbiome. Borderlands Science is simple block puzzles based on strands of DNA, and by solving them, the players are helping to map and compare the microbes contained therein.

By combining great entertainment with doing good for the world, Borderland Science is crowd-sourcing comparative genomic tasks through a tile-matching puzzle game. Simply put – players are helping to improve the algorithms cracking the human genetic code. Gearbox Québec, in collaboration with McGill University and Massively Multiplayer Online Science, and the Microsetta Initiative, has combined entertainment and science.

– From the start, we knew the game had to be fun to get people engaged. The game is enjoyed

by players and the talents that develop them. Almost 2.8 million unique players have played Borderland Science so far, says Sébastien Caisse, Co-Studio Head Gearbox Québec.

Games are about solving problems, and science is too. While computers are becoming increasingly good at processing large quantities of data, they still need help with correcting flaws in algorithms. By crowd-sourcing player's input on data sets, this can be accomplished. Players get in-game boosters and special character skins when they solve the puzzles.

– We asked players about their foremost reason for playing Borderlands Science and their answer was clear – their main motivational factor is engaging in citizen science, says Sébastien Caisse.

EXAMPLES
ON HOW
SUSTAINABILITY
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THROUGHOUT
THE GROUP



GEARBOX STUDIO QUEBEC

PART OF EMBRACER GROUP SINCE: 2021

OPERATIVE GROUP: Gearbox Entertainment

LOCATION: Québec, Canada

EMPLOYEES: app. 215

SUSTAINABILITY REPORT

GREENER PLANET

Minimize our impact on the environment by limiting our own emissions and investing in projects that supports the green transition, is the main focus for Embracer Group when contributing to the climate agenda.

Embracer Group bears the responsibility to see and understand the environmental impact we contribute to. We want to keep our planet green where people and the planet thrive together. With almost 3 billion users around the globe the gaming industry can still make a significant impact.

Therefore, the Greener Planet pillar within our Smarter Business Framework focuses on minimizing our own environmental impact, as well as innovation and technological advancements that support carbon emissions reduction. Embracer Group is engaged with and working collaboratively with other actors in the industry. It is a way to provoke new thinking and to make the issues visible as well as have industry relevant efforts with the ambition to have a real impact on the climate crisis.

OUR AIMS AND AMBITIONS

We will minimize our environmental impact by limiting our own emissions and investing in projects that support the green transition.

Main topics:

- > Measure footprint
- > Carbon reduction
- > Carbon offsets

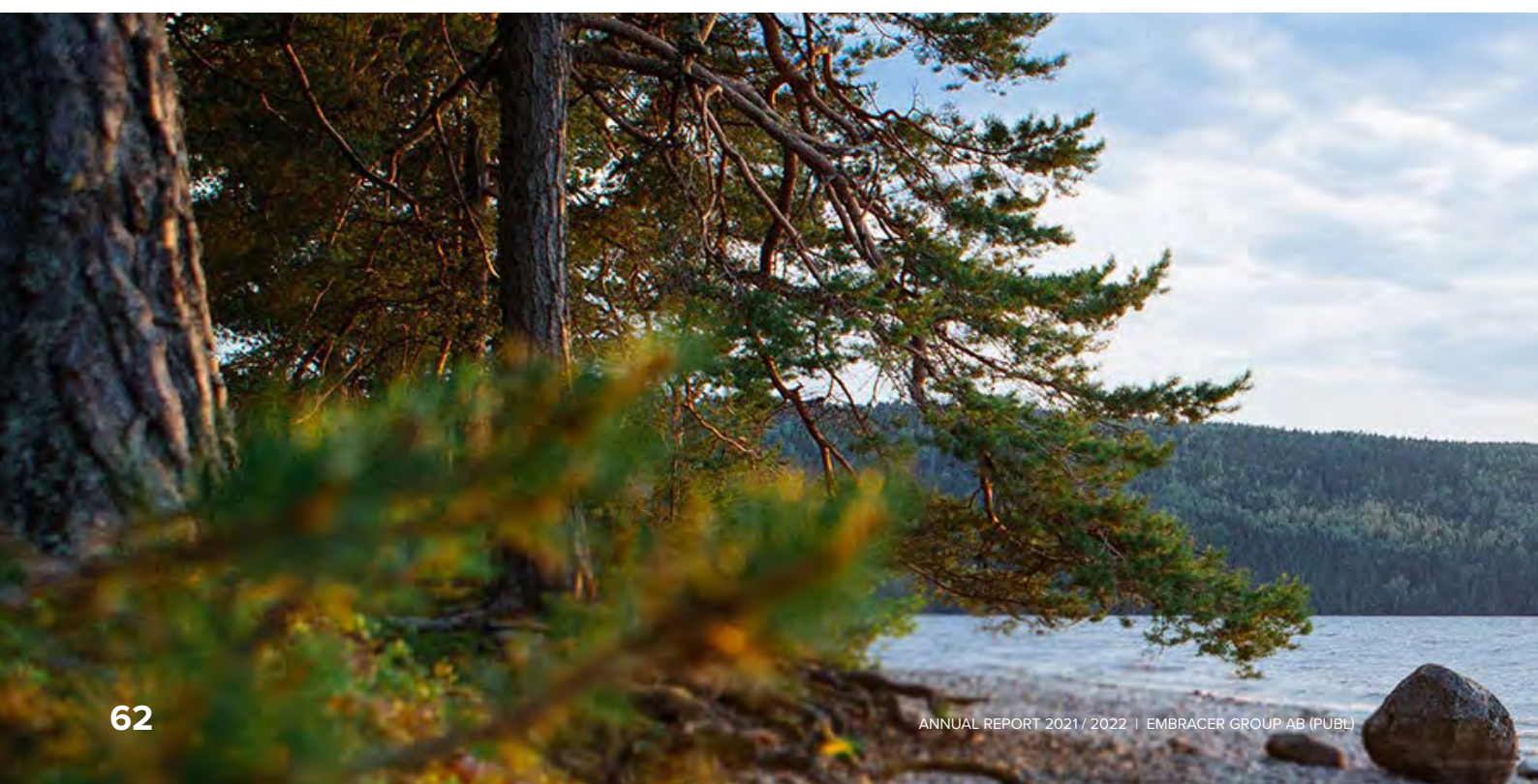
PROGRESS OF COMMITMENTS

During the financial year 2021/22, we have accelerated our efforts. This year, with support from external experts, we have prepared the groundwork for our climate strategy by performing a maturity and impact analysis in close collaboration with all our operative groups (two Groups excluded, Dark Horse and Asmodee, who joined the Embracer Group after completion of the analysis). We have continued our commitment to local community partnerships and investments in carbon reduction.

CLIMATE STRATEGY AND SCIENCE BASED TARGET

The maturity and impact analysis enables us to understand our operative groups' different pre-conditions, which is key to a successful climate strategy as a decentralized group. We have also conducted an extensive greenhouse gas inventory of our scope 1, 2 and 3 emissions, which will be used as the baseline for our future emission reduction work and climate strategy.

Based on the greenhouse gas inventory it is evident that most of our emissions are indirect and found both upstream and downstream in our value chain, approximately 99% of Embracer Group's emissions derive from scope 3, from using our products and playing our games. We are aware



that it will be challenging to reduce some emissions in our carbon footprint, as it requires a more global transition to climate friendly technology. Nonetheless, thanks to this year's efforts in developing a greenhouse gas inventory, we can set ambitious climate reduction targets.

Our ambition is to set targets in line with the Paris Agreement for our scope 1 and 2 emissions. As part of the climate strategy, we will continue the work in defining climate reduction targets for scope 3 as well.

In May 2022, Embracer Group submitted a commitment letter to the SBTi, and we aim to submit our emissions reductions targets for third-party validation by the SBTi during the upcoming financial year.

CARBON EMISSIONS

During the year, our data collection strategy has improved, allowing us to disclose reliable data for scope 1-3, for 117 companies following the Greenhouse Gas Protocol.

- > Scope 1 includes direct emissions from fuels for heating, delivery vehicles and passenger vehicles as well as from refrigerants.
- > Scope 2 includes indirect emissions from purchased energy such as electricity, district heating and cooling.

- > Scope 3 includes emissions from indirect activities in a company's upstream and downstream value chain, e.g., purchased goods and services, business travel, employee commuting and use of sold products. For Embracer Group, 99% of the company emissions is found in scope 3.

The foundation for the calculations of the emissions from the use of sold products, is the total number of sold digital and physical games on different platforms and consoles in different countries. We used an estimation of time spent on playing each game, the energy efficiency of each console, and the electricity emission factors for countries where the game was sold. The calculations are, however, based on various assumptions, of which the average game time per user is the most significant one. Therefore, Embracer Group has decided to implement a conservative assumption of the average game time to ensure no emissions are missed. This is the first year we have conducted a calculation of our indirect greenhouse gas emissions from the use of products, and we are aiming to improve our data collection and assumptions for each year in close collaboration with our operative groups, industry peers, and stakeholders.

EMBRACER GROUP EMISSIONS (tCO ₂ e) ¹⁾	2021/22 ²⁾
Scope 1	1,068
Scope 2 ³⁾	4,458
Scope 3	676,963
Total	682,489

¹⁾ Emissions of greenhouse gases have been calculated in line with the GHG Protocol. Sources for emission factors are e.g. DEFRA, IEA, AIB.

²⁾ FY 2021/2022 is the baseline for the greenhouse gas inventory.

³⁾ The scope 2 location-based emissions are 4,418 tonnes CO₂e.

“WE WANT TO KEEP OUR PLANET GREEN WHERE PEOPLE AND THE PLANET THRIVE TOGETHER.”



ENERGY CONSUMPTION	Reported (MWh)	Total including extrapolation (MWh)	Extrapolated for X number of FTEs (FTEs)
District heating	1,074	1,905	1,357
District cooling	642	652	43
Electricity	10,362	12,489	1,735

Besides improvements in climate data reporting throughout the Group, the new data collection strategy has been a great tool to increase the awareness of our work within Greener Planet and create an understanding of carbon emissions for each company. Next year, identifying required actions to achieve our 2030 climate target will be prioritized, and we continue the work to impact scope 3 positively through industry partnerships and supplier dialogues.

The energy use at Embracer Group is a mix of several energy types, including fuels, district heating, district cooling and electricity, of which 37% is renewable electricity. Sustainable IT and e-waste management continues to be a focus for us. This involves recycling equipment and including a sustainability perspective when purchasing IT equipment, etc.

This year, district heating has been reported by 25 companies and extrapolated for 14 entities. District heating is not applicable for remaining entities and the extrapolation represent 16% of all full-time employees. District cooling data has been provided by seven companies and extrapolated for two entities. District cooling is not applicable for remaining entities and the extrapolation represent 0.5% of all full-time employees.

Electricity data is collected for 97 offices representing 80% of all full-time employees. Remaining MWh has been extrapolated for 21 offices representing 20% of all full-time employees.

The high increase in the total energy consumption is due to a growing company group, with another 26 companies included in the calculations since last year. Also, a refined data collection strategy and higher rate of companies reporting their data contribute to the

higher energy use outcome of the financial year 2021/22. Last year we reported a total of 6,801 MWh.

PARTNERSHIPS

We work actively in partnerships to support companies and communities across the world. For example, we contribute to positive change in the gaming and entertainment industry through the initiative PlayCreateGreen, which provides a climate handbook for game companies by game companies. During 2020 Embracer Group helped launch the initiative and takes a continued active role in PlayCreateGreen through the steering committee.

As part of our climate strategy and the active work with carbon emission reduction, we invest in carbon offset projects to compensate for the Group's CO₂ emissions in scope 1, 2 and 3 (purchased goods, energy and fuel related emissions, business travel, employee commuting and downstream Transportation and Distribution). This year, we have continued our support to Prony Wind Power, a project to generate sustainable energy from wind in the island nation of New Caledonia. And we have added several certified and thirdparty verified projects to our offset-plan. Spring 2022 we started new climate compensation projects by entering partnerships, including solar, wind and forest protecting projects.

We have also extended our commitment to the social enterprise Solvatten. Every time a new employee joins Embracer Group, our pledge with Solvatten ensures that one person accesses safe and warm water through their innovative solution. During the year this resulted in warm and safe water to over 3,500 people in the developing countries. Our engagement in Solvatten remains going forward as well.



Reinhard Gratl
Managing Director
and group CFO
Koch Media

OVER TWELVE MILLION PRODUCTS SHIPPED FROM THE HEART OF EUROPE

Sustainability and caring for the environment are core values at Koch Media. Last year, the company set a goal to become carbon neutral in their operations. So, when Koch Media realized they needed a one stop solution for games, films, and merchandise products for their own and partner publishing to Europe, South Africa and the Middle East, they did it with efficiency and positive impacts in mind.

This year, the warehouse in Höfen, Austria, was completely remodeled and a new building in wood was built. The work started in July 2021, and the 5,400 square meter warehouse was completely finalized in June 2022. According to the Managing Director and group CFO Reinhard Gratl, the sustainability approach with local partners and sustainable materials was the key to success.

Our ambition was to expand our business in a sustainable way from the materials used to using technological solutions that create a good

working environment for our employees. The local approach saved time and resources, and transports were kept to a minimum while local businesses were doing the construction.

The global gaming market is both for online platforms, but a large portion is also sales to consoles. As a leading global publishing partner, Koch Media's new warehouse was in late 2021 put to test. For two and a half weeks, it shipped and distributed 1 million products. The new warehouse has a robot system "Autostore" that can handle different sizes of products to create an even more efficient chain for the distribution. Koch Media is also planning to launch local on-demand digital printing T-shirt machines for individual games. The machines will shorten the transportations and enable quick and optimized delivery to fans, avoiding unnecessary production.

EXAMPLES
ON HOW
SUSTAINABILITY
MATTERS
THROUGHOUT
THE GROUP

KOCH MEDIA HÖFEN	KOCH MEDIA
PART OF EMBRACER GROUP SINCE:	2018
OPERATIVE GROUP:	Koch Media
LOCATION:	Höfen, Austria
EMPLOYEES:	app. 200

SUSTAINABILITY REPORT

BUSINESS ETHICS AND GOVERNANCE

Governance and business ethics constitute the foundation of the Smarter Business Framework and is our way of mitigating risks and continuing to drive our sustainability work forward. Governance and business ethics helps us ensure that Embracer Group is complying with applicable laws and regulations and that Embracer Group's values and ways of conducting business are communicated and followed throughout the entire group. The parent company has developed a number of governing documents, which aim to govern the decentralized company group.

Embracer Group conducts sustainability due diligence as a standard protocol during each acquisition to identify key sustainability risks and opportunities, as well as to make sure everyone in the process is aware of the group's sustainability expectations. The process is followed up during the onboarding of all new companies joining the Embracer Group.

As part of the onboarding process the new entities joining the group are included in the Embracer Group governance model. This is our way of securing a structured governance and sustainability process throughout the group by managing risks at an early stage as well as implementing group-wide routines and initiatives.

GROUP POLICIES

During the financial year, the parent company has developed a global policy package that is being implemented across the group. At the start of the year, we had four group policies in use, and today we have fifteen group policies. The policies have been developed by the management at the parent company and subsequently adopted by the Board of Directors of Embracer Group. During the implementation phase in the operative groups, the parent company enables support which includes dialogue, workshops,

instructive guidelines, and instructions (see next page), etc. to support the processes.

After the implementation phase, the parent company monitors and evaluates implementation and provides support where needed.

As part of the governance model, we also have a group-wide whistleblowing system. Two whistleblowing messages were received during the financial year and managed in line with our procedures. The external company WhistleB is the provider of our whistleblowing system, and the system ensures security, anonymity, and legal protection for the user. This system ensures compliance with relevant national legislation and helps us detect and act on any malpractice, thereby protecting our employees and the reputation of our business.

96% of Embracer Group's companies have confirmed that all employees have knowledge of how to report unethical behaviour through the whistleblowing system. Almost 70% of the companies in addition have a local mechanism in place that provides means on how to report any unethical behaviour in a safe and anonymous manner.

Embracer Group's internal guidelines and instructions provide support and guidance in the integration of the group policies.

FIFTEEN GROUP POLICIES IN USE

- > Code of Conduct
- > Corporate governance policy
- > Anti-Corruption Policy
- > Trade Compliance Policy
- > Information Policy
- > Supplier Code of Conduct
- > Insider Policy
- > Treasury Policy
- > Enterprise Risk Management and Internal Control Policy
- > IT policy
- > Information Security Policy
- > Related Party Transaction Policy
- > Policy for Processing of Personal Data
- > Privacy Policy
- > Tax Policy



Koch Media UK (Theale, UK)

We expect everyone at Embracer Group to conduct themselves in a professional manner and act in line with our Code of Conduct. That is the foundation for our shared company culture. The Code of Conduct is divided into three sections: conduct in business, conduct towards employees and colleagues, and conduct in society. We strive for a culture based on honesty and trust, and long-term commitment. The Code of Conduct is available in a short playful version online, with the full version also available online to all.

We conduct yearly trainings of the Code of Conduct, as a reminder and to continue to build our culture. During the year 99% of Embracer companies reported implementation of the updated Code of Conduct and 79% of employees within the group completed the Code of Conduct training during the year. Group policies will go forward have yearly trainings and follow ups to continue to develop the Embracer governance model.

Embracer Group recognizes and respects UN's Declaration of Human Rights, with our zero-tolerance policy for violations integrated into our Code of Conduct. Our Information Policy is available to all, and we also have an Insider Q&A, which supplements the Insider Policy (76% reported distribution of the Q&A

as completed). Our Anti-Corruption policy has been implemented by 96% of our companies. During 2021/22, we have not had any confirmed incidents of corruption.

Our Trade Compliance Policy aims to ensure that the group is compliant with sanctions regimes implemented across the globe. The policy requires all third parties operating in high-risk countries to be screened and that a trade compliance clause must be included in both agreements and End-User License Agreements (EULA). Operative groups are required to have an appointed Compliance Officer, who is the main responsible at the operative group level for compliance and monitoring of the Trade Compliance Policy and other group policies. All operative groups have procedures in place to ensure compliance with the Trade Compliance Policy. 94% companies reported implementation is completed, including such as licenses for the Dow Jones screening system to ensure access to updated sanctions lists.

NINE GROUP GUIDELINES AND INSTRUCTIONS

- > **Financial Manual**
- > **Enterprise Risk Management and Internal Control Guideline**
- > **Insider Q&A**
- > **Whistleblowing guidelines**
- > **Embracer Group Password Guidelines**
- > **Cookie Policy**
- > **Reporting Manual**
- > **Smarter Business Framework**
- > **Employee Handbook**



DUE DILIGENCE AND ON-BOARDING

Prior to investing in a new company, due diligence is undertaken during every material acquisition process to help understand and identify key sustainability risks and opportunities, as well as consider if any mitigating measures are required to reduce the harm resulting from any possible issues. A systematic approach toward sustainability related areas has been developed to support the due diligence process of the Group's M&A transactions. For example, all new companies sign off on Embracer Group's Code of Conduct and key policies prior to the acquisition. In the due diligence phase, the focus, in addition to identifying any material risks, is on the maturity of our new companies from a sustainability perspective, which is a foundation for the onboarding process.

The first year at Embracer Group consists of four phases for onboarding. The first phase covers finance, and the second phase includes compliance and governance, when risk-based internal controls are implemented. The third phase introduce the Smarter Business Framework and sustainability, and the fourth, and final, phase reconciles the overall onboarding process.

For new operative groups the onboarding process is managed by a dedicated M&A team from Embracer Group. The onboarding process related to bolt-on acquisitions made by existing operative groups are managed by each Operative group with the support and assistance from the parent company. All our companies work with sustainability issues in

their operations and business relations, which is regulated through our Supplier Code of Conduct.

INTERNAL CONTROL

Embracer Group's internal control mechanisms are based on our enterprise risk management. We have continuously developed our risk management model over the last years. Today, we are continuously doing risk assessments and the outcome is a documented risk heat map which identifies the top risks for the company once the inherent risks in the risk universe are assessed in terms of impact and likelihood. For more information on Embracer Group's risk universe, see page 109.

The result is used by management as basis for deciding on focus areas for Embracer Group in terms of risk management, governance and internal control enhancement and setting the priority of individual efforts in order to end up at the desired residual risk level. The risk appetite is ultimately decided by the Board of Directors. Risk mitigating efforts per top risk are documented by management along with potential gaps and remediation required.

Effective internal control is achieved by managing risk through a combination of risk responses such as eliminating, reducing, monitoring and/or insuring against risks. The aim of effective internal control is to achieve an efficient operation that reaches its goals, ensuring reliable internal and external financial reporting, and compliance with applicable laws, rules, policies, and steering documents. The group internal control process is a



cycle of activities to ensure that efficient controls are in place to manage key risks.

Our enterprise risk management is an on-going process to ensure a common and consistent control environment throughout the Group. We constantly strive for a sound internal control environment supported by our group policies and the control mechanisms that are in place at group and local levels. All employees in Embracer Group must comply with our policies in order for us as a group to be compliant with laws and regulations, and act in line with a high business standard. This is risk-based and therefore, there are different requirements for different companies. In addition, there may be local rules, working methods, and ambitions that will continue to apply.

DATA PRIVACY AND INFORMATION SECURITY

35% of the group companies handle end-user data and out of the group companies that do handle end user data, 75% confirmed that they do so in a minority of the operations. New companies joining Embracer Group are subjected to an evaluation of IT and privacy maturity in the due diligence process, that is followed up in the on-boarding process. All new companies are obliged to adopt a data privacy policy, which must comply with the principles set out in Embracer Group's Data Privacy Policy.

Additionally, we have continued to build our governance model to ensure compliance with regulatory requirements with regards to personal data, adapted to our decentralized operating

model. We have developed frameworks to be implemented, including a revision and update of the internal privacy policy and external privacy notice. We have also reviewed procedures and templates for data protection health checks to better allow for efficient implementations and insights into subsidiary data privacy management to support cross-group coordination. We have also extended the Group legal team with a Chief of Staff, Legal & Governance and Head of Privacy.

During the financial year 2021/22, Embracer Group reported receiving three substantiated complaints concerning breaches of data privacy and four concerning breaches of cyber security. The incidents have been addressed.

AUDIT & SUSTAINABILITY COMMITTEE

The Embracer Group Audit & Sustainability Committee contributes to the continued development of our sustainability work. The main task of the committee is to prepare matters for resolution by the Board and provide preparatory support to the Board. The Committee has an advisory role to the Board of Directors and is responsible for ensuring the quality of financial reporting and the efficiency of internal controls, audits, and risk management, and the Group's sustainability work. The Audit & Sustainability Committee had seven meetings during the year.

SUSTAINABILITY REPORT

COMMUNITY INVOLVEMENT AND VOLUNTEERING

At Embracer Group, we care about contributing to the local communities where we operate. With operations worldwide we have the ambition to give back. We want to think ahead and contribute to a future where people and the planet thrive together by engaging with initiatives that supports the next generation, our industry, and a greener planet. We are proud that people across the Group contribute their time to their local community.

On a global level we are supporting Women in Games as corporate ambassadors, Safe In Our World, Able Gamers and PlayCreateGreen among other initiatives.

Collaboration is a key part of what we do and 60% of our studios cooperate with schools, vocational training, and universities. Almost 20% also collaborate with researchers.

This year, the parent company launched Give back – Think ahead™ to allocate funds to sustainability initiatives in the Group.

We want to promote positive development and support future generations in various ways. Therefore, we have set aside funds for projects that support future generations, the games and entertainment industry or a greener planet. Employees and other stakeholders can identify local community support efforts and apply for funding.

Almost 50% of Embracer Group's subsidiaries reported that they have been engaged in

community involvement and volunteering, both through funding and contributing almost 6,000 hours during this financial year.¹⁾

OUR SUPPORT TO UKRAINE

The war in Ukraine is a humanitarian crisis that has impacted the lives of millions and has been heartbreaking to witness. From the start of the invasion, our focus has been on supporting our employees and their families in the region to ensure their safety and well-being through offering relocation and support. By the end of 2021, we employed 250 people in Ukraine, 1,000 in Russia, and 250 in Belarus. All our employees are an essential part of the Embracer family, and we continue towards to goal of enabling all employees to live and work in a safe environment.

We are proud to say that unprecedented action has been taken across the group to support those affected by the crisis – from opening their homes, and offering office space to making donations. We want to thank our employees from across the world and all other stakeholders we

¹⁾ Reported data from 100% on engagement and 66% on hours, of the companies covered in the reporting scope. See the section About this report for more information.



Global activists for women in games and esports. Shaping the future of games and the creative industries



Safe in Our World, an initiative committed to raise mental health awareness.



Enable play to combat social isolation, foster inclusive communities, and improve the quality of life for people with disabilities.



PlayCreateGreen has developed a handbook for gaming companies to reduce carbon footprint and celebrate climate action



are cooperating with during these challenging times. Together as a group, we have also donated more than 5 million USD to humanitarian aid organizations working in Ukraine.

PARENT COMPANY INITIATIVES

Supporting the local community in Sweden and establishing partnerships through different projects is part of our progress within the Smarter Business Framework at Embracer Group. We are supporting and collaborating with The Great Journey, a non-profit organization with the mission to support the growing games industry in Värmland. Our shared activities are part of the project “Stories from Värmland” initiated by The Great Journey, Karlstad Innovation Park and Embracer Group with the goal of building a games industry in Värmland. The project is funded by Embracer Group, Karlstad Municipality, Karlstad Innovation Hub, Region Värmland and by the European Regional Development Fund. We are also collaborating with and supporting Kodcentrum, Ung Företagsamhet and

Framtidsfrön, reaching children with the aim to introduce our industry and all different opportunities within it.

THE EMBRACER GAMES ARCHIVE

In 2021, we introduced our games archive. Currently we have 50,000 games, consoles, and accessories stored in Karlstad, Sweden. During the financial year a team with CEO, archivist, archive assistant, technical engineer and supply manager has been recruited. The on-going phase is building a data base to catalog the collection. Our short-term ambition is to collaborate with initiatives, museums and institutions as well as provide help to researchers and journalists with inquiries. Long-term we want to exhibit parts of the archive locally in Karlstad and through satellite exhibitions at other locations.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

This statutory sustainability report explains our sustainability framework and highlights sustainability activities within our focus areas across Embracer Group. Our sustainability work is a key aspect of our risk management.

Decisive for Embracer Group's sustainability strategy has been our type of business, sustainability risks and our values. The report includes all the Group's owned companies until Q2 2021/22 (116 entities) and their reported data. The Great People Pillar is based on data reported from companies acquired until Q3 2021/22 (122 entities, excluding four companies). Due to the war in Ukraine three companies did not report data this year. The data is reported through a digital sustainability system and provides important insights into which issues our sustainability framework should continue to address and monitor.

The data collection is based on key performance indicators influenced and inspired by the international reporting standards Sustainability

Accounting Standard Board (SASB) and the Global Reporting Initiative (GRI). The implementation of our sustainability strategy Smarter Business Framework requires us to have tools available to monitor progress. We have a corporate performance management software solution that is available across the group.

As for now, Embracer Group is not subject to the EU taxonomy and consequently, the group does not cover this in the 2021/22 Sustainability Report. However, given that the proportion of companies and activities covered by the regulation is expected to increase, we are monitoring the development of the EU taxonomy to see if we may be covered by it in the future.



AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders of Embracer Group AB (publ), corporate identity number 556582-6558

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability report for the financial year April 1, 2021 – March 31, 2022 on page 43-72, and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted

auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability report has been prepared.

Karlstad, July 8, 2022

Ernst & Young AB

Johan Eklund
Authorized Public Accountant





Chorus

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LETTER FROM THE CHAIRMAN OF THE BOARD

REFINING EMBRACER'S SUSTAINABLE AND DECENTRALIZED GOVERNANCE MODEL

In an eventful year, we further evolved our strategy to expand the Group's operations and we made several strategic acquisitions in line with this updated strategy. A major initiative during the year has been our planned up-listing of the Embracer share to Nasdaq Stockholm's regulated market before the end of 2022. This has triggered a thorough readiness assessment and further refinement of our unique, decentralized governance model, risk management and commitment to sustainability. As I have said before, things move quickly here at Embracer Group.

A devastating war on European soil is creating unimaginable damage, human suffering and geopolitical insecurity whilst people in many regions are still coping with the effects of the pandemic. I extend my compassion and sympathy to all of you who have been affected in various ways. At the same time, I'm impressed and pleased with the determination and unselfish willingness to help and contribute shown by so many of you across the organization. I'm truly grateful for the way the group has come together and cared for the safety of our people.

I would like to believe that this caring mentality is part of our corporate culture. One of the core elements of the growing Embracer Group is our strong trust in the individual. This is the foundation of our decentralized model, and I think our model has yet again proved itself during these difficult times.

EFFICIENT GOVERNANCE MODEL – DECENTRALIZED DECISION MAKING

The decentralized governance model is the essence of Embracer and we have a strong conviction to never become a slow, bureaucratic organism. With that said, we have been building and enhancing our governance model for years now. During the year, we took important steps to refine it further.

As we are aiming to list the company's shares on Nasdaq Stockholm's regulated market by the end of 2022, we have to comply with even stricter requirements. This has triggered a thorough readiness assessment. We launched several new initiatives and improvements to our corporate governance such as further developed committee-work in the Board, recruitments in key positions and an increasing number of group policies, guidelines and instructions to be consistently implemented. We made improvements to our risk assessment and risk management structure, including internal control as well as to our commitment to sustainability, with group-wide objectives,

policies and training programs being rolled out in key areas. Once we are up-listed, we will be implementing the Swedish Corporate Governance Code, and a transfer of our reporting to IFRS began as of the start of the financial year 2022/2023.

In the following pages we outline the governance structure and the extended framework of policies, guidelines and instructions. The policies have been resolved by the Board of Directors to be implemented throughout the Group. The Board also decided to expand the scope of the Audit committee to also include sustainability renaming it the Audit and Sustainability Committee. Stakeholders are pushing for greater corporate transparency and they want to know how we are addressing ESG-risks and opportunities because of their potential impact on shareholder value. By adding sustainability to the audit committee's responsibilities we address this with a better governance structure.

THE M&A PROCESS - A WELL ESTABLISHED PART OF THE GOVERNANCE MODEL

This strict and highly professional governance framework is combined with creating an environment which allows for creative independence for companies that join us. Our approach to M&A is to empower entrepreneurs to remain independent and work in the way that works best for them and for us. Strategic and cultural fit are important elements, so getting to know the entrepreneurs is always an important part of the evaluation process. In the end you have to trust people, and we do.

Naturally, we have a well-established process for mergers and acquisitions and a dedicated and experienced M&A-team. They follow thorough, yet efficient procedures for financial, legal, commercial and sustainability due diligence. Of course, a failed acquisition could be a serious risk, but an equally important risk is that we lose creativity, talented employees or important skills that we



paid for. Our model has proven successful in balancing these risks and objectives.

BROADENED STRATEGIC SCOPE – TRANSFORMATIVE ACQUISITIONS

The Board resolved on a revised, updated strategy that expands the strategic scope of the Group, creating an even stronger ecosystem. With Asmodee, Dark Horse, Gearbox and Easybrain, we made sizeable, strategic and transformative M&A in line with this revised strategy.

The strategic development of the Group has been gradual but consistent and very deliberate. Remember that this was only our first full year with a substantial mobile business, alongside our well-established premium console- and PC-games business. Today we have 10 operative groups and highly diversified revenue streams.

SIGNIFICANT SHAREHOLDING AMONG KEY PEOPLE ALIGNING INTERESTS

The entrepreneurs joining us by M&A are still entrepreneurs after they have joined the Group. The difference is that after an acquisition, they become part of a greater family that empowers them to develop their business further. An important element in making this work in the long-term is the alignment of interests obtained by widespread ownership of the Embracer-share among our key people. It's a huge strength for the Group to have such a

large shareholder base of operationally active key people, because they are ambitious, skilled entrepreneurs and they share our long-term commitment to build something significant and lasting. Such a strong base of shareholding amongst entrepreneurs and co-founders is a solid foundation for our values and governance model.

I am proud that we are able to implement a sustainability framework in this dynamic and decentralized group. Creating a sustainable company is an ongoing journey and we continue to make important progress. Step by step we work towards our objectives, to create great entertainment, be a great company to work for and to do good for local communities and society.

Kicki Wallje-Lund
Chair of the Board

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

CORPORATE GOVERNANCE

Embracer Group is a Swedish public limited liability company. Embracer Group's corporate governance is based on Swedish law, Embracer Group's articles of association, internal rules and instructions, Nasdaq First North Growth Market Rulebook for Issuers and other applicable laws and regulations. Since Embracer Group is listed on Nasdaq First North Growth Market, Embracer Group does not currently apply the Swedish Corporate Governance Code.

CORPORATE GOVERNANCE AT EMBRACER GROUP

Corporate governance is a system of rules, practices and processes by which Embracer Group is operated and controlled. It provides the framework for sound corporate governance, responsible business practice and attaining the Company's objectives and creating value in the Group. Well-functioning corporate governance principles assure shareholders and other stakeholders that the activities of Embracer Group are characterized by reliability, effective management and control, openness, clarity and good business ethics.

The Board of Directors of the Company is responsible for Embracer Group's organization and the management of its business worldwide and is obliged to follow directives provided by the shareholders meeting. The Board of Directors may appoint committees with specific areas of responsibility and furthermore authorize such committees to decide on specific matters in accordance with instructions established by the Board of Directors. Currently, the Board of Directors has established the Audit and Sustainability Committee and the Remuneration Committee.

The Chair of the Board directs the work of the Board of Directors and monitors the Board of Directors' fulfillment of its obligations. The Board of Directors annually adopts procedures and instructions for the work of the

Board, which set out the principles on governance of the Board and its committees.

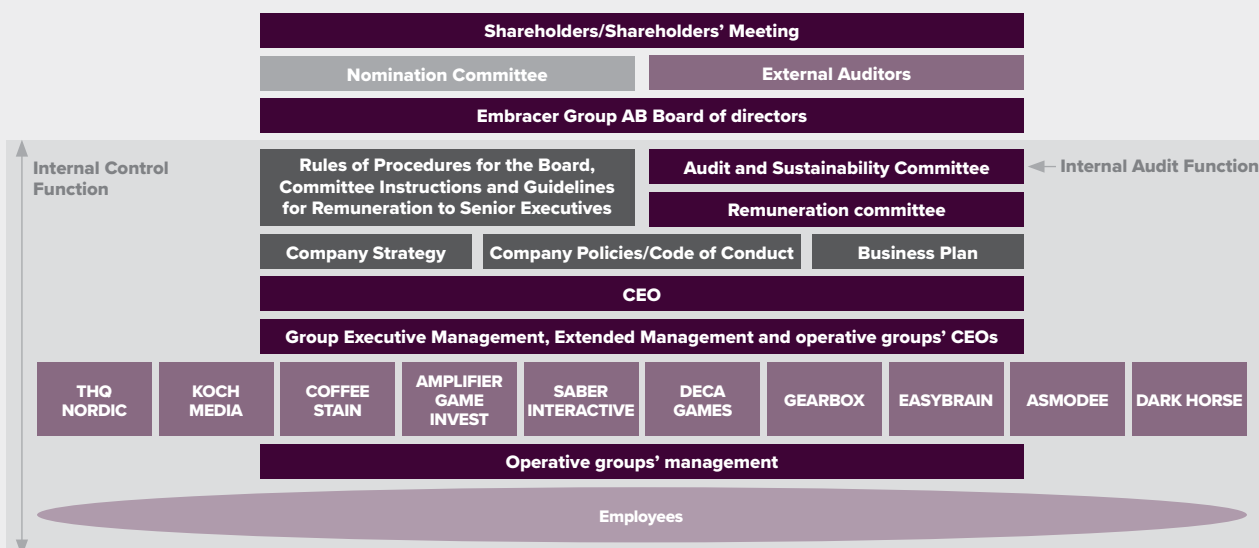
The CEO of Embracer Group is appointed by the Board of Directors to handle the Group's day-to-day management and to lead the Group Executive Management Team, which also includes the Group CFO/Deputy CEO and the Chief of Staff, Legal & Governance.

Embracer Group has ten operative group CEOs. The Extended Management Team consists of functions such as the Group Finance Function, Group Legal, Governance and Compliance Function, Group M&A Function and other functions implemented to manage Embracer Group.

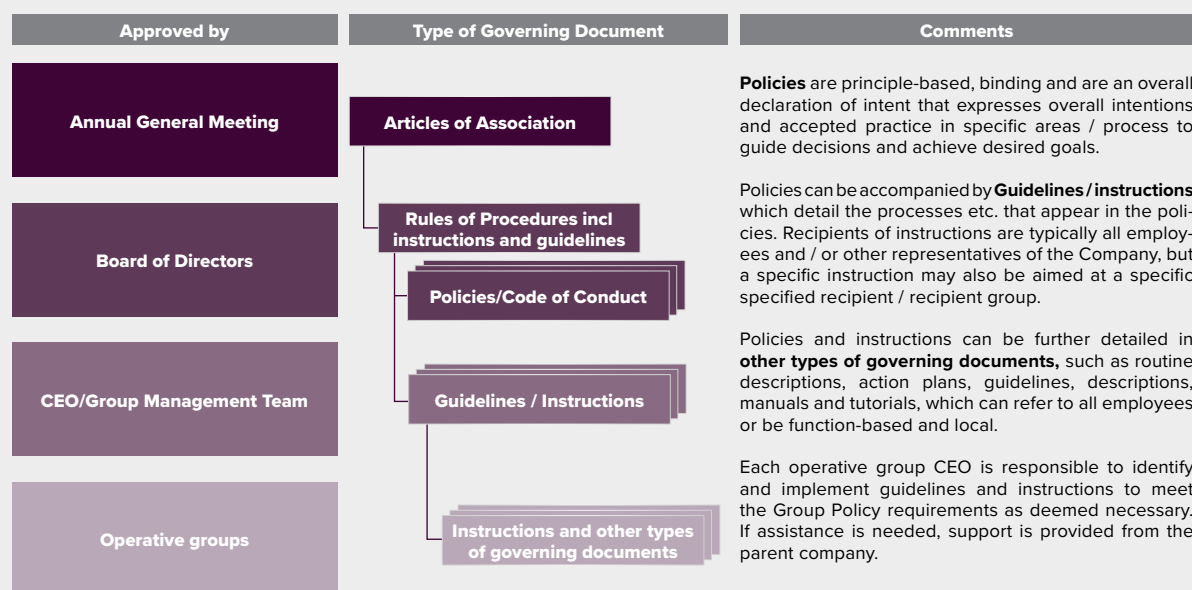
The Group CFO/Deputy CEO is responsible for leading the Extended Management Team. The Chief of Staff, Legal & Governance is responsible for managing and handling the forums where the operative group CEOs and the Extended Management Team meet. The Chief of Staff, Legal & Governance main responsibility is to assist the CEO in bridging the relationship between the operative group CEOs and the Extended Management Team.

Within Embracer Group's decentralized business model the operative group CEOs are responsible for the day-to-day management of the operative groups, with support from the Group Executive Management Team and the Extended Management Team. While the business model is decentralized the governance model is implemented from parent company level to ensure a coherent model that aims

GOVERNANCE MODEL



GOVERNANCE FRAMEWORK



to implement Embracer Group's values and governance, including financial reporting and internal control.

The Embracer Group governance model is described in the chart on page 78.

An integral part of Embracer Group's governance model is the governance framework adopted for policies, guidelines and instructions which is briefly described in the chart above. Currently Embracer Group has 15 group policies in use:

- > Code of Conduct
- > Corporate governance policy
- > Anti-Corruption Policy
- > Trade Compliance Policy
- > Information Policy
- > Supplier Code of Conduct
- > Insider Policy
- > Treasury Policy
- > Enterprise Risk Management and Internal Control Policy
- > IT policy
- > Information Security Policy
- > Related Party Transaction Policy
- > Policy for Processing of Personal Data
- > Privacy Policy
- > Tax Policy

In addition Embracer Group's internal guidelines and instructions provide support and guidance in the integration of our group policies. At present date Embracer Group has 9 group guidelines and instructions:

- > Financial Manual
- > Enterprise Risk Management and Internal Control Guideline
- > Insider Q&A
- > Whistleblowing guidelines
- > Password Guidelines
- > Cookie Policy
- > Reporting Manual
- > Smarter Business Framework
- > Employee Handbook

General Meeting of shareholders

Pursuant to the Swedish Companies Act, the shareholder meeting is the company's highest decision-making body. At a shareholders' meeting, shareholders exercise their voting rights on key issues such as the adoption of income statements and balance sheets, appropriation of the company's profit, discharge from liability of Board members and the CEO, and election of the Board and external auditors, and changes of the articles of association. The annual general meeting (AGM) is held within six months after the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened when required.

Notice of the AGM, as well as an extraordinary general meeting at which the matter of amendment to the articles of association is to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting. Notices of other extraordinary general meetings shall be issued not earlier than six weeks and not later than two weeks prior to the extraordinary general meeting. In accordance with Embracer Group's articles of association, notices of AGMs and extraordinary general meetings are made by an announcement in the Post- och Inrikes Tidningar (the Swedish Official Gazette) and by making the notice available on Embracer Group's website. Simultaneously, an announcement with information that the notice has been issued is to be published in Svenska Dagbladet. Documents related to proposals, proxy voting, postal voting and the minutes recorded at a general meeting are published on the website. The AGM 2022 will take place on September 21, 2022.

Right to attend shareholders' meetings

All shareholders who are directly registered in the share register maintained by Euroclear Sweden AB six banking days prior to the shareholders' meeting (record date) and who have notified the Company of their intention to participate (with potential assistants) at the shareholders' meeting no later than the date stated in the notice have the right to attend the shareholders' meeting and vote for the number of shares they hold.

In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden AB, in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Voting registrations made by nominees not later than four banking days prior to the general meeting will be taken into account.

Shareholders may attend the shareholder meeting in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for the shareholders' meeting in several different ways stated in the notice.

Shareholder initiatives

Any shareholder of the Company who wishes to have a matter dealt with at a general meeting must submit a written request to the Board of Directors to that effect. The matter will be dealt with at a general meeting if the request has been received by the Company no later than seven weeks prior to the general meeting, or after such date, if it still is in due time for the matter to be included in the notice of the general meeting.

Nomination Committee

The majority shareholder of the Company, Lars Wingefors AB, will propose that the AGM 2022 adopts principles for appointment of a Nomination Committee. Such proposal will be presented in the notice for the AGM 2022.

Board of Directors

The Board of Directors is the highest decision-making body after the shareholders' meeting and is ultimately responsible for Embracer Group's organization, administration, long-term development and strategy. In accordance with the Swedish Companies Act this means that the Board is responsible for establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating Embracer Group's financial position and performance, and evaluating the executive management. The Board is also responsible for ensuring that the annual accounts and interim reports are prepared on time. The Board of Directors shall further ensure that the Company complies with applicable laws and regulations, Nasdaq First North Growth Market Rulebook for Issuers, the Company's articles of association and the rule of procedures for the Board.

Composition

The Board members are elected every year at the AGM for the period until the next AGM and an EGM can also elect new board members. According to the Company's articles of association, the Board must consist of at least three members and at most ten members with no deputy members. The Chair of the Board is elected by the AGM.

The Board represents a mix of both important qualifications and valuable experiences within areas of strategic importance to Embracer Group. The board also has a variety of geographical and cultural backgrounds, share the same mindset, has a firm commitment and a strong engagement. At the time of publication, the Company's Board consists of seven members who are presented in

more detail in the section "Board of Directors". The composition of the Board meets the requirements concerning the independence of Directors prescribed in the Nasdaq First North Rulebook.

Conflicts of interest

The Board members shall inform the Chair of the Board immediately if they find themselves in a conflict of interest situation. A Board member with a conflict of interest in relation to any matter to be dealt with by the Board may not participate in the discussions or decisions regarding such matter.

Board meetings

In accordance with the rules of procedure for the Board, the Board is expected to hold at least six meetings per year at venues to be agreed by the Board. The Board meets the statutory auditor at least once a year without the CEO or any other member of the Group Executive Management Team and the Extended Management Team present. The Group CFO and the Chief of Staff, Legal & Governance, who is the secretary of the Board, also attend Board meetings.

Board work and matters for the Board

The Board is responsible for the organization of Embracer Group and the management of its business worldwide. The Board continuously monitors Embracer Group's performance, evaluates Embracer Group's strategic direction and business plan as well as other aspects such as adherence to the Code of Conduct.

Sustainability is an integral part of Embracer Group's strategy and the Board and Audit and Sustainability Committee monitors Embracer Group's efforts in that area. Certain matters that have not been expressly allocated to the Board are delegated to the Board's Committees or the CEO as set out in the regulations for the work of the Board.

The Chair of the Board who is elected by the AGM and has special responsibility for the management of the Board's work and to ensure that the Board's work is well organized and effectively implemented. The Board follows written rules of procedure, which are revised annually and adopted by the inaugural Board meeting each year or another board meeting if necessary. The work procedure outlines the distribution of the Board's duties including the specific role and duties of the Chair, instructions for the division of duties between the Board and the CEO, and the reporting procedure for financial information to the Board. The Board has also adopted specific instructions for the Board's committees, which are linked to the work procedure. Certain matters that have not been expressly allocated to the Board are delegated to the Board's Committees or the CEO as set out in the procedures and instructions for the work of the Board and CEO.

The Board meets according to an annual schedule that is established in advance. Besides these meetings, additional meetings can be arranged to handle questions that cannot be submitted to an ordinary meeting.

To ensure that the Board has good visibility of the Group's operations, the CEO submits a report on the business, including reporting from the operative group's at all ordinary Board meetings. The CFO also reports on the financials and governance of Embracer Group, includ-

ing relevant matters relating to treasury, hedging, risk management, insurance, compliance, sustainability etc. as appropriate. In addition, the Board discusses specific strategic topics of relevance and the Board Committees report on their work. At each Board meeting the Board is also presented with a number of decision items for consideration and approval as set out in the rules of procedure for the Board.

Besides the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the Company.

Evaluation of the work of the Board

The Board conducts an annual survey of its work performed during the year. The survey covers areas such as the climate at Board meetings and the allocation of time spent on different topics, the work of the Board committees, the efficiency of the work of the Board, Board leadership and relations with the Group Management Team. Based on the result of the survey the Board will evaluate the performance and identify possible areas of improvement. In addition to the annual survey, the Chair of the Board conducts meetings with each individual Board member during the year.

The purpose of the evaluation is to further develop the Board's efficiency and working procedures and to determine the main focus of the Board's coming work. Areas that were covered also included issues related to strategy, sustainability, potential risks and succession planning. This gives valuable insights into the Board members' opinions about the performance of the Board. In addition, the evaluation serves as a tool for determining the competence required in the Board. The results of the evaluations of the Board as a collective and of the Chairman, were discussed by the Board.

The Board's work in 2021/22

In 2021/22, the Board held 73 recorded meetings (of which 54 per capsulam). The large number of meetings is mostly related to the number of acquisitions made during the year and the growth of the Company where the work of the Board takes place at a higher pace. The Board members' attendance at Board meetings and Committee meetings is shown in the table below. The secretary of the Board meetings until mid-August 2021 was Embracer Group's CFO Johan Ekström, whom thereafter was replaced as secretary by the Chief of Staff, Legal & Governance, Ian Gulam. The Board's regular work is performed at formal Board meetings, all included in the initial meeting plan. The Board work is also performed through meetings in committees of the Board. In addition, the Board has met on a frequent basis during the financial year, resulting in a total of 14 extraordinary Board meetings, mainly devoted to major acquisitions and one completed directed share issue, raising proceeds of approximately SEK 6 billion. A majority of time at per capsulam meetings was devoted to acquisition matters (such as issue shares, issue of promissory notes, allotment of shares) and proposed decisions at general meetings. In addition, the Chairman of the Board met with Board members separately between meetings to discuss imminent matters. An important focus for the Board during 2021 has been to follow-up and secure continued long-term organic and acquired growth. At the yearly strategy review the Board discussed to further evolve the strategy and explore

new growth areas and opportunities that would be relevant for the Company's growing ecosystem. The board decided on an extended strategic scope from gaming to transmedia, e.g. for "Embracer Group to be an evergreen owner of Entertainment businesses based on transmedia IPs". The Board has paid particular attention to the financial strategy and the M&A strategy going forward, the significant number of acquisitions made, follow-ups on prior acquisitions as well as the growing pipeline of new suitable acquisition candidates. Furthermore, the Board focused on the large investments made in game development including financial evaluations on ongoing major development projects, including impairment tests. Another important component of the work has been to follow up on the progress of onboarding and integration processes for newly acquired companies. The Board has also devoted notable time to ensure that the company has a solid governance structure and appropriate systems for following up on and controlling the company's risks. The Board has approved new policies and updates of Group policies. At regular Board meetings, reports are presented on the Group's business performance. Embracer Group's auditor also attended two Board meetings as well as one Audit Committee meeting (after the FY), during which Board members had the opportunity to pose questions to the auditor on audit reports and the efficiency of the internal control in the financial reporting process. Non-financial reports from the operative groups have been presented on a quarterly basis. The Board is also continuously updated and involved in the development of the Group's sustainability framework and initiated projects. During 2020, the Board decided to convert to the reporting standards IFRS and thereby start the process toward being listed on a regular market. The Board also closely monitored the listing change project. During February/March 2022 the Board worked extensively with issues relating to the war in Ukraine. The Board also monitored the effects of Covid-19 on the business – with the safety of employees being the highest priority.

Board Committees

The Board has established two Committees, the Audit and Sustainability Committee and the Remuneration Committee. The major tasks of these committees are of preparatory and advisory nature, but the Board of Directors may also delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and continuously reported to the Board.

The members of each Committee are appointed by the Board annually at the inaugural Board meeting in connection to the AGM. The Chair of the Audit and Sustainability Committee is appointed by the Committee and the Chair of the Remuneration Committee is appointed by the inaugural Board meeting. The Committees' duties and decision-making authorities are regulated in the annually approved Committee instructions.

Members of the Audit and Sustainability Committee are elected from Board members who are not employees of the company. At least one of the members must be competent in accounting or auditing matters.

The Remuneration Committee is appointed by the Board and members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives.

Audit and Sustainability Committee

The Board has assigned an Audit and Sustainability Committee to oversee corporate governance, financial reporting, sustainability and risks and compliance with external and internal regulations. The Audit and Sustainability Committee is responsible for identifying and reporting relevant issues to the Board within the Audit and Sustainability Committee's areas of responsibility.

The Audit and Sustainability Committee's tasks are to monitor the integrity of Embracer Group's financial reporting system, internal controls, Internal Audit, operation procedure and the enterprise risk management framework, recommend to the Board the appointment, removal and remuneration of the statutory auditors (subject to approval at the shareholders' meeting), monitor the independence of the statutory auditors and review the effectiveness of the Internal Audit. The Internal Audit function reports directly to the Audit and Sustainability Committee. Each year, the Audit Committee adopts an Internal Audit plan which is based on risks that have been identified by the Board in the review of commercial, governance, reporting, sustainability and compliance risks. The audit plan is prepared by the Internal Audit function and discussed with the external auditors to enhance the efficiency and quality of regular audit work.

Ulf Hjalmarsson (Chair), Kicki Wallje-Lund and Jacob Jonmyren are the current members of the Audit and Sustainability Committee. The Committee complies with the Swedish Companies Act's and the Swedish Corporate Governance Code's requirements for independence as well as accounting and audit competence.

Remuneration Committee

The Board has assigned a Remuneration Committee to prepare remuneration principles for the CEO and the Group Executive Management Team members. Furthermore, the Committee supports the Board, with the approval of remuneration and benefits of the CEO and, in dialogue with the CEO, assist with or resolve on various other remuneration matters in relation to the Group Team Management.

The committee is also responsible for preparing and monitoring of global terms of strategic variable compensation programs and incentive schemes. The Remuneration Committee also sees to the outcome of these remuneration programs and submits reports and proposals to the Board for resolution.

Remuneration Committee submits proposals to the Board regarding guidelines for remuneration and other employment terms and conditions for the Group Team Management. The Remuneration Committee has recommended to the Board to propose that the Board proposes that the AGM 2022 adopts guidelines for remuneration to the Group Executive Management Team.

David Gardner (Chair), Kicki Wallje-Lund and Ulf Hjalmarsson are the current members of the Remuneration Committee. The Committee complies with the Swedish Corporate Governance Code's requirements for independence.

Compensation to the Board of Directors

The remuneration to the members of the Board is determined at the AGM. At the AGM 2021 it was decided that Board members elected at the meeting who are employed by Embracer Group shall not be entitled to any remuneration. At the AGM 2021 it was resolved that the remuneration to each director elected by the meeting and who is not employed by the Company shall be SEK 450,000 and the Chair of the Board shall receive SEK 1,200,000.

It was further resolved that remuneration for members of the Audit and Sustainability Committee shall be SEK 125,000 and that remuneration to the Chair of the Committee shall be SEK 250,000. It was also resolved that remuneration for members of the Remuneration Committee shall be SEK 75,000 and that remuneration to the Chair of the Committee shall be SEK 150,000.

In total the remuneration, including remuneration for committee work, amounted to SEK 4,000,000.

It was also resolved on a retroactive compensation to members of the Committees since these had been active since February 2021. For this reason, a retroactive remuneration was decided for the eight months, i.e., from February 1, 2021 until the AGM 2021 held on September 16, 2021 as follows:

- > chair of the audit committee SEK 166,000,
 - > members of the audit committee SEK 83,000,
 - > chair of the remuneration committee SEK 100,000, and
 - > members of the remuneration committee SEK 50,000.
- > the total retroactive remuneration amounts to SEK 532,000.

Remuneration to each Board members during 2021/2022 is specified in Note 6

BOARD OF DIRECTORS, ATTENDANCE & INDEPENDENCE

Name	Position	Member since	Attendance Board meetings ¹⁾	Independent in relation to:	
				The Company and management	Major shareholders
Kicki Wallje Lund	Board member (Chairman)	2016	19/19	Yes	Yes
Lars Wingefors	Member of the Board	2011	19/19	No	No
Erik Stenberg	Member of the Board	2011	19/19	No	No
Jacob Jonmyren	Member of the Board	2018	19/19	Yes	Yes
Ulf Hjalmarsson	Member of the Board	2018	18/19	Yes	Yes
David Gardner	Member of the Board	2020	18/19	Yes	Yes
Matthew Karch	Member of the Board	2020	18/19	No	No

¹⁾ Per capsulam not included

Internal Audit

The purpose of Internal Audit is to improve the business by enhancing risk management, governance and internal control. In 2019, Embracer Group established a Group Internal Audit function which performs risk-based reviews of corporate governance and internal control procedures within the Group. Internal Audit is an independent and objective assurance and consulting activity that aims to enhance and protect organizational value by providing risk-based and objective advice and insight. The Internal Audit function formally reports to the Audit and Sustainability Committee and findings are also reported to the Group Executive Management Team and business area management. The output of the reviews include action plans to improve risk management procedures. The Internal Audit Plan 2021 has been developed based on the risk analysis from 2020 and considers the risks identified by the organization. The Internal Audit Plan is also based on the internal auditor's experience of identifying other risk areas which may warrant attention. An Internal Audit Tracker process has been implemented and is governed by the Audit and Sustainability Committee who reports back to the Board. The Audit and Sustainability Committee receive quarterly updates with regards to open items in the Internal Audit Tracker. The Internal Audit Plan may also address some ad hoc areas which are not deemed high risk.

External Auditor

The Company's auditors are appointed by the AGM. Ernst & Young Aktiebolag were re-elected as the company auditor at the AGM 2021. EY has been the company's auditor since 2006 and Johan Eklund is the auditor in charge..

The external auditors discuss the external audit plan, audit findings and risk management with the Audit and Sustainability Committee. The results of their financial year audit and the audit of the annual report of the parent company and the consolidated financial statements are presented to the Audit and Sustainability Committee and the Board of Directors at meetings after year-end. The auditor also participated in a Audit and Sustainability Committee meeting during which the committee members had the opportunity to pose questions to the auditor without representations of the Management being present. When Ernst & Young Aktiebolag is asked to provide services other than the external audit, this is done in accordance with general independence rules.

Embracer Group ERM process and Internal Control framework

According to the Swedish Companies Act, the Board is ultimately responsible for ensuring that an effective internal control system exists within the Group.

In order to assist the Board and the Group Management Team (Group Executive Management and Extended Management) in their internal control responsibilities, the Group has appointed the new position Group Internal Control Coordinator (ICC), with the purpose of ensuring a common and consistent control environment throughout the Group. The Group ICC reports to the Audit and Sustainability Committee on a periodic basis.

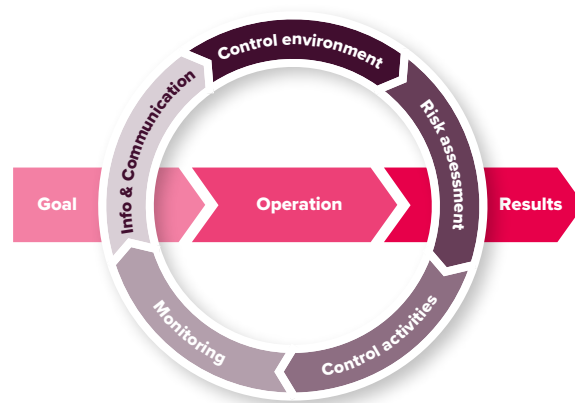
Enterprise Risk Management (ERM) is the process of consistent group wide risk management enabling continuous risk identification, mitigation, and monitoring of risk exposure (the spectrum of risks includes, strategic, operational, financial and compliance risks).

Internal Control (IC) refers to processes and systems (including risk-based control activities), effected by the Board of Directors, management, and all employees, designed to provide reasonable conditions for achievement of objectives relating to:

- > Effective and efficient operations,
- > Reliable reporting (including Financial Reporting), and
- > Compliance with applicable laws and regulations

The overall expectation is that operations within Embracer Group are conducted with sound internal control and risk management, which means, among other things, that enterprise-wide risk assessments are performed, risk based internal controls have been implemented and are followed up on an ongoing basis, and that adequate segregation of duties is established. Monitoring activities are used to assess whether the components of internal control are present and functioning.

Embracer Group has established group level processes for enterprise risk management and internal control, based on the components defined by COSO (Control environment, Risk assessment, Control activities, Information and communication, and Monitoring), aimed to ensure that efficient controls are in place to manage key risks, through a combination of risk responses and controls, such as eliminating, reducing, monitoring and/or insuring against risks. The aim of effective internal control is to achieve an efficient business that reaches its goals, ensuring reliable internal and external financial reporting, and compliance with applicable laws, rules, policies, and steering documents.



During the year Embracer Group started a process of implementing a developed structure of the group internal control framework (ICF), including control activities. Internal control over financial reporting (ICFR), which ensures identification and adequate response to company risks is included. The internal control framework serves to ensure the existence of a common and consistent control environment throughout the Group, stating what internal control measures need to be implemented, including ICFR aimed at ensuring that financial information is reliable, timely and in compliance with regulatory requirements. The Group ICF enables the Group to maintain the decentralized organization model, ensuring that the entire organization with all operative groups are carrying out internal control related tasks consistently in line with the intentions of Embracer.

The Group ICF, including group level documentation of expected ICFR controls, is compiled by the ICC.

Control Environment

The overall internal governance and control within Embracer Group is based on having a structure of governing documents, processes and defined roles and responsibilities. In addition, the Group must have a sound control environment with an overall tone that supports the benefits and overall aim of internal control. The foundation of Embracer Group's control environment is the Code of Conduct, which is the guiding principle of Embracer Group and sets the tone of the Group's policies, guidelines, and values.

Risk Assessment

The ERM risk identification is based on a definition of risk which entails to identify events that threaten the organization's ability to achieve its business goals and objectives. Risk management is part of the Board's and management's governance of the business. During 2021-22, a group wide ERM risk management process has been reviewed and updated to ensure that key risks are identified, and mitigating actions are in place to manage these risks. The purpose is to identify, analyze and evaluate any new relevant Group level risks and update the company's view on any previously identified risks and is the starting point for determining the internal control measures required. The CFO presents the top risk report to the Audit and Sustainability Committee who review and prepare for the Board to decide on the top risks.

The updated ERM risk management process includes a planned group wide ERM Risk Assessment to be performed semiannually at Group level by representatives from the Group Management team and the Board, with requested input from operative group management. The purpose is to identify any new relevant Group level risks and update the company's view on any previously identified risks. A separate, targeted ICFR risk assessment related to Financial Reporting has been performed at Group level, to identify key risks for errors and fraud, based on the Group's income statement and balance sheet. The result has been used as basis for identifying key financial reporting processes in scope for risk based internal controls over financial reporting (ICFR). The ICFR risk assessment was initiated by the Group ICC and performed by representatives from Group Finance.

Control Activities

Based on the Embracer Group Risk Assessments performed, internal controls are designed, implemented, and documented to manage key risks in business and financial reporting processes. ICFR were designed and the phase of implementation and documentation started during the year.

Control activities are the actions established through policies and procedures that help ensure mitigation of nonacceptable risks. The aim is to have a cost-effective composition of controls which are adapted to the business conditions and risk tolerance. The controls in the ICF consist of a combination of process level and transaction related key controls, enterprise-wide controls as well as controls that ensure the continuity of the IT infrastructure. Internal controls and monitoring procedures must also be

implemented to cover controls over key processes, if any, performed by a third party, i.e., outsourced processes.

Monitoring

The Group ICC is facilitating the monitoring of enterprise risk management and internal control as well as initiating monitoring of internal control status. The effectiveness of the internal control activities is monitored by a newly implemented risk based self-assessment process and, when so decided, independent testing. The Group ICC annual ICF plan is a part of a multiyear risk-based plan with different focus areas and coverage. The plan is based on the risk assessment, previous control, and monitoring activities, and to mitigate residual risks as well as to meet the risk appetite. Any gaps and action items are documented in a remediation tracker and any significant overdue items are communicated timely to representatives from the Extended Management team. The Group ICC keeps regular contact with the CFO.

Information and Communication

Regular and transparent communication between stakeholders in the ERM and IC process is the basis for conducting and ensuring sound internal governance and control. A Group ICF information campaign is communicated annually to stakeholders of the ICF including launch of the annual process, any changes to the framework, training if needed, scoping principles and ICF annual and multiyear plan regarding self-assessments and independent testing of controls.

Reporting

The Groupwide top risks are discussed and agreed upon within representatives from the Extended Management team and updated at least semiannually and reported to the Audit and Sustainability Committee and the Board of Directors, along with actions for mitigating top risks where residual risk does not align with risk appetite as determined by the Board.

CEO and Management Team

The CEO is appointed by the Board and has the foremost responsibility for the continuous management of the Company and the day-to-day operations. The division of work between the Board and the CEO is set out in the rules of procedure for the Board and in the instructions for the CEO and follows the Swedish Companies Act. The CEO is also responsible for the preparation of reports and compiling information to the Board meetings and for presenting such material at the Board meetings.

According to the instruction for financial reporting, the CEO is further responsible for Embracer Group's financial reporting and consequently must ensure that the Board receives adequate information for the Board to be able to evaluate the Group's financial condition. The CEO regularly keeps the Board informed of the developments in Embracer Group's operations, the development of sales, ongoing development projects, the Group's results and financial position, important business events and all other events, circumstances or conditions which can be assumed to be of significance to Embracer Group's shareholders.

The CEO leads the work of the operative group CEOs Forum and the Group Executive Management Team, which is responsible for the overall business development and

operations of the Group. The operative group CEOs Forum consist of ten people who each head up one of the operative groups plus the CEO, CFO/Deputy CEO and Chief of Staff. The Group Executive Management Team consists of the Group CEO, Group CFO/Deputy CEO and the Chief of Staff.

The operative group CEOs has monthly meetings addressing operational performance and strategic matters. In addition, at the meetings, the operative group CEOs discuss pre-announced topics.

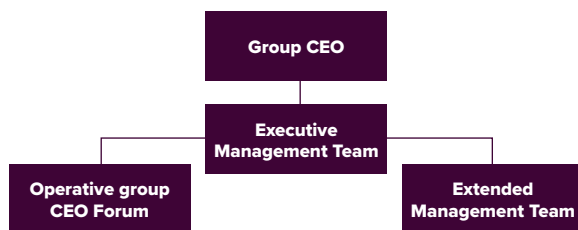
The Group Executive Management Team has monthly meetings addressing finance, strategic transformation, business performance, risk management, governance, compliance, sustainability and investor relations. In addition, at the meetings, the Group Executive Management Team discusses pre-announced topics.

The Group CFO/Deputy CEO leads the work of the members of the Extended Management Team. The Extended Management Team has monthly meetings addressing various topics within the Embracer Group, including finance, governance, compliance, sustainability, risk management, internal control, communication etc. In addition, at the meetings, the Extended Management Team discusses pre-announced topics. Depending on the specific topics to be raised at the meetings with the Extended Group Management Team, only certain members of the team might participate and other persons might be invited to participate as well.

The CEO, the operative group CEOs and the Group Executive Management Team are presented in more detail from page 90.

The Embracer Group operative group CEOs forum, Group Executive Management and Extended Management are described in the below chart.

GROUP MANAGEMENT AND OPERATIVE GROUP CEOs



Guidelines for remuneration to senior executives

The board of directors of the Company will propose that the AGM 2022 adopts the following guidelines for remuneration to senior executives.

General

The guidelines shall apply to remuneration that may be agreed upon or to changes in already agreed remunerations after the guidelines have been adopted by the annual general meeting. The guidelines do not apply to any remunerations that has specifically been resolved by the general meeting or any remuneration in the form of shares, warrants, convertibles or other share-related instruments such as synthetic options or employ stock options, which require specific approval by the general meeting.

These guidelines apply to the CEO, deputy CEO and the CFO, and Chief of Staff, Legal & Governance, as well as to any remuneration to members of the board other than approved director fees. Reference to senior executives shall therefore be considered to include such remuneration to directors. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

The guidelines contribution to the Company's business strategy, long term interest and sustainability

The guidelines shall contribute to establish conditions for the Company to recruit and maintain qualified senior executives in order to successfully implement the Company's business strategy and achieve the Company's long-term interests, including sustainability. The guidelines shall also stimulate an increased interest in the business and the result as a whole as well as increase the motivation of the senior executives and increase belonging within the Company. The guidelines' purpose is further to create alignment between the Company's shareholders and the senior executives. The guidelines shall also contribute to a good ethics and culture within the Company.

In order to achieve the Company's business strategy, total annual remuneration must be market-based and competitive in the employment market where the senior executive is located, as well as take into account the individual's qualifications and experience; furthermore, exceptional performance should be reflected in the total remuneration. For more information regarding the Company's business strategy, see page 12.

Variable cash remuneration covered by these guidelines is intended to promote the Company's business strategy and long-term interests, including sustainability.

The forms of remuneration etc.

The remuneration to the senior executives in the Company shall comprise of fixed cash salary, possible variable cash salary, other customary benefits and pension payments. The total cash remuneration, including pension benefits, shall, on a yearly basis, be in line with market practice and competitive on the labor market where the senior executive is based and take into account the individual responsibilities, competences, qualifications and experiences of the senior executive as well as reflecting any notable achievements. Fixed and variable cash salary shall be related to the senior executives' responsibility and authority. The fixed cash salary shall be revised on a yearly basis.

The senior executives may receive variable cash remuneration in addition to fixed cash salaries. The variable remuneration shall be based on the outcome of actual predetermined targets based on the Company's business strategy and the long-term business plan approved by the board of directors. The targets may include share based or financial targets, on group level, operational goals and goals for sustainability and social responsibility, employee engagement. These targets are to be established and documented annually. The Company has established financial targets and KPIs in relation to strategic and business critical initiatives and projects which ensures alignment with the business plan and business

strategy for a continued sustainable business. The variable cash remuneration shall also be designed to encourage the right behavior and contribute to the achievement of increased community of interests between the executive and the Company's shareholders in order to contribute to the Company's long-term interests.

Cash based variable remuneration shall be earned and paid out pro rata based on the number of working months and days since first employment date assuming the employee starts with the Company no later than September 30. If the employee starts with the Company after September 30, any entitlement to cash based variable remuneration will commence from the following fiscal year. Any variable cash remuneration shall not exceed a maximum of 50 percent of the fixed annual cash salary. However, the variable cash remuneration may correspond to up to 100 percent of the fixed annual cash salary of a senior executive if justified by extraordinary arrangements in the individual case.

The conditions of any variable cash remuneration should be designed so that the board of directors may reduce or withhold payment of variable remuneration in the event of exceptional economic circumstances, or if the board of directors finds the payments unreasonable and incompatible with the Company's responsibility to its shareholders or stakeholders. With respect to yearly cash bonuses, it should be possible to reduce or withhold payments, if the board of directors deems it reasonable because of any other reasons. The Company shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such arrangements are limited in time and made only on an individual basis. The purpose of such arrangements must be to recruit or retain executives, or as compensation for extraordinary work in addition to the person's ordinary duties. Such compensation shall not exceed an amount corresponding to 25 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. A decision on such remuneration shall be made by the board of directors upon proposal from the remuneration committee.

Pension benefits for the CEO and other senior executives must reflect normal market conditions, compared to what generally applies to corresponding senior executives in other companies and shall normally be based on defined contribution pension plans. Right to pension occurs normally at 65 years of age.

Employees have the right to salary exchange (i.e., instead of salary choose to receive salary as pension payments. Salary exchange shall be cost neutral for the employer). Variable cash remuneration does not qualify for any pension entitlements/contributions, unless local law provides otherwise. The pension premiums for defined contribution pensions shall amount to a maximum of 30 percent of the fixed annual cash salary.

The Company may provide other benefits to senior executives in accordance with local practice. Such other benefits may include company healthcare and education. Such benefits must be considered reasonable in relation to the practice in the market where the respective senior executives operate and may in total amount to a maximum of 5 percent of the fixed annual cash salary.

For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible. Such benefits may not exceed 15 percent of the fixed annual cash salary.

If a director performs services on behalf of the Company, which do not constitute board work additional consultancy fees or other additional remuneration may be paid to directors upon decision by the board of directors following recommendation by the remuneration committee. Any such remuneration shall be designed in accordance with these guidelines.

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The board of directors, after following recommendation by the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other senior executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information.

Notice of termination and severance pay

Fixed salary during the notice period and any severance pay shall in total not exceed an amount corresponding to a maximum of two years' fixed salary. A sanctioned notice period for a senior executive may not exceed twelve months, during which time salary payment will continue. In the event of termination by the executive, the notice period may not exceed six months, without the right to severance pay.

Remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies.

No senior executives are entitled to any additional benefits during the notice period and the Company has no allocated or capitalized amounts for pensions or similar benefits in the event that a senior executive leaves his or her position.

Deviations from the guidelines

The board of directors shall be entitled to deviate from the guidelines with regards to such as the recruitment of senior executives on the global labor market to be able to offer competitive terms and conditions, in an individual case if there are special reasons for it and a deviation is necessary to ensure the Company's long-term interests and sustainability or to ensure the Company's economic viability. Such deviation shall also be approved by the remuneration committee. An arrangement deviating from the guidelines can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 24 months or an amount that is twice the remuneration that the individual would have received had no additional arrangement been made.

GROUP MANAGEMENT REMUNERATION ¹⁾

Name	Position	Remuneration, TSEK
Lars Wingefors	Co-founder and CEO	993
Erik Stenberg	Co-founder and Deputy CEO	746
Johan Ekström	CFO	2,885

¹⁾ Erik Stenberg is no longer Deputy CEO and Ian Gulam has been appointed Chief of Staff after the end of the period.

Preparation, decision processes etc.

Decisions regarding salary and other remuneration to the CEO and other senior executives are prepared by the remuneration committee and resolved by the board of directors or, where applicable, the CEO.

The remuneration committee shall also prepare the board of directors' decisions on issues concerning principles for remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior executives and monitor and evaluate the application of these guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the Company.

The board of directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the annual general meeting. The guidelines shall remain in force until new guidelines have been adopted by the general meeting.

The Company believes remuneration is one of several key components in attracting and retaining the right employees. The Company shall offer a total rewards package that is:

- > Fair and equitable. No employee should be discriminated in relation to gender, ethnicity, age, disability or any other factor unrelated to performance or experience. Rewards should be understood in relation to the level of responsibility and impact on the business that a certain role has.
- > In line with market. The Company strives to remunerate in accordance with market. Base and variable pay, as well as benefits and pensions should be in line with what each local market offers for similar positions.
- > Performance based. The Company recognizes people who are committed to sustainable long-term performance that drives the business and develops the company in line with our values and principles. High performance is the main differentiator for employee's rewards packages.

In preparing the board of directors' proposal for these guidelines, salary and terms of employment for the Company's employees have been taken into account, with respect to information on the employees' total remuneration, the components of the remuneration and the rate of increase and increase over time, when the remuneration committees and the boards of directors have decided on the evaluation of the reasonableness of these guidelines and the limitations that follows from the guidelines.

The board of directors considers that the guidelines on remuneration to senior executives are proportionate in relation to salary levels, remuneration levels and conditions for other employees in the group.

Compliance with the guidelines must be checked annually through, among other things, the collection of documented annual targets for short-term variable remuneration.

Remuneration to the Group Executive Management Team

The remuneration to members of Group Executive Management Team comprises fixed salary, variable salary, pension benefits and other benefits.

The table above shows the remuneration paid to the Group Executive Management Team in 2021/2022.

Notice period and severance payment

Embracer Group and its CEO and CFO must observe a notice period of 6 months¹⁾, both the CEO and CFO are entitled to termination benefits corresponding to 6 months' salary, provided Embracer Group terminated the employment contract and the CEO or CFO has not been dismissed. Other CEOs have a notice period in the Group varying from 3 to a maximum of 6 months, with remuneration paid until employment is terminated. The other senior executives are entitled to a notice period with remuneration up to 6 months. The executives must observe the same notice period.

BOARD OF DIRECTORS



KICKI WALLJE-LUND Born: 1953

Chairman of the board, elected 2016

Education/background: Kicki Wallje-Lund has experience in business development from a variety of international companies, especially in the IT sector, primarily for the banking and finance industry as well as board assignments for listed companies on Nasdaq Stockholm, Large and Small cap. She has held leading global positions in companies like NCR, Digital Equipment, AT & T, Philips, ICL and Unisys.

Current assignments: Board member of C-Rad AB (publ).

Holdings in Embracer Group: As of March 31, 2022, Kicki Wallje-Lund held 96,200 class B shares in Embracer Group AB (publ).



LARS WINGEFORS Born: 1977

Co-founder and CEO of Embracer Group

Board member, elected 2011

Education/background: Lars Wingefors is founder and CEO of Embracer Group. Lars Wingefors started his first video games company at the age of sixteen. He has a broad and long experience in entrepreneurship and business management.

Current assignments: Lars Wingefors is a board member and CEO of Lars Wingefors AB.

Holdings in Embracer Group: As of March 31, 2022, Lars Wingefors owned 81.17% of the shares and 96.62% of the votes of Lars Wingefors AB which in turn held 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



ERIK STENBERG Born: 1963

Co-founder of Embracer Group

Board Member, elected 2011

Education/background: Erik Stenberg has a Degree of Master of Science in Business and Economics from Högskolan Karlstad (today Karlstad University) and a long and solid experience in business management.

Current assignments: Erik Stenberg is a Board member of Xagonus AB and Zagonus AB, Fractal Gaming Group, Sting Bioeconomy and Richter Life Science Development.

Holdings in Embracer Group: As of March 31, 2022, Erik Stenberg owned 10.86% of the shares and 1.95% of the votes of Lars Wingefors AB which in turn held 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ). Erik Stenberg also held 9,000,000 B shares through a wholly owned company.



JACOB JONMYREN Born: 1980

Board member, elected 2018

Education/background: Jacob Jonmyren holds a M.Sc in Accounting and Financial Management from Stockholm School of Economics and has studied Finance at University of Wisconsin and Media & Communication Studies (Master level) at Stockholm University. Jacob Jonmyren has long experience from the financial markets.

Current assignments: Jacob Jonmyren is CEO and board member at Jacob Jonmyren Kapital AB, and a board member at Forskningsstiftelsen SSE-MBA and RAM Rational Asset Management AB.

Holdings in Embracer Group: As of March 31 2022, Jacob Jonmyren held 42 000 Class B shares in Embracer Group AB (publ).



ULF HJALMARSSON Born: 1956

Board member, elected 2018

Education/background: Ulf Hjalmarsson holds a M.Sc in Accounting and Financial Management from Lund's University and has served as an officer in the Swedish armed forces. Ulf has long experience from the financial markets. He has amongst other things been the Head of Corporate Finance Sweden at Aros Securities AB, financial analyst and portfolio manager and Head of Corporate Finance at AB Investor/Förvaltnings AB Providentia. Ulf is the founder of Hjalmarsson & Partners Corporate Finance AB.

Current assignments: Chairman of the Board in Hjalmarsson & Partners Corporate Finance AB, director of the Board Connecting Capital Holding AB and Stiftelsen Kungafonden.

Holdings in Embracer Group: As of March 31, 2022, Ulf Hjalmarsson held 5,000 class B shares in Embracer Group AB (publ).



DAVID GARDNER Born: 1965

Board member, elected 2020

Education/background: David Gardner has a solid industry background and experience. He met Electronic Arts founder Trip Hawkins in 1982, and in 1983 David became part of the founding team behind EA. He went on to establish EA's European Business Unit in 1986 and lead it as it grew to USD 1 billion in gross revenue and 1,200 employees. David later became part of EA's global management team based in California from 2004 to 2007. David became CEO of Atari S.A.

Current assignments: David is co-founder and general partner of London Venture Partners LLP, a VC-company founded in 2010.

Holdings in Embracer Group: –



MATTHEW KARCH Born: 1971

Co-founder and CEO of Saber Interactive

Board member, elected 2020

Education/Background: Matthew has a Bachelor of Arts from Washington University and a Juris Doctor from University of Pennsylvania. He has extensive experience in game design and development, business and legal affairs and is fluent in Russian.

Current assignments: Matthew Karch has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Matthew Karch owned 57,5% of S3D Media which in turn held 12,798,274 class A shares and 70,772,440 class B shares in Embracer Group AB (publ). Matthew Karch also holds 1,070,000 B shares directly.



AUDITOR

The auditor of Embracer Group is Ernst & Young AB, with Johan Eklund (born in 1975) as auditor-in-charge since the 2020 annual general meeting. Johan Eklund is an authorized public accountant and member of FAR.

PARENT COMPANY

SENIOR EXECUTIVES



LARS WINGEFORS Born: 1977

Co-founder and CEO of Embracer Group

Board member, elected 2011

Education/background: Lars Wingefors is founder and CEO of Embracer Group. Lars Wingefors started his first video games company at the age of sixteen. He has a broad and long experience in entrepreneurship and business management.

Current assignments: Lars Wingefors is a board member and CEO of Lars Wingefors AB.

Holdings in Embracer Group: As of March 31, 2022, Lars Wingefors owned 81.17% of the shares and 96.62% of the votes of Lars Wingefors AB which in turn held 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



JOHAN EKSTRÖM Born: 1977

CFO and Deputy CEO, employed since 2019

Education/background: Johan Ekström holds a M.Sc in business administration from Stockholm School of Economics. He has an extensive background in accounting, reporting and financial control from previous positions at Crem International, Permobil and PwC.

Current assignments: Johan Ekström has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Johan Ekström held 73,370 class B shares in Embracer Group AB (publ).



IAN GULAM Born: 1982

Chief of Staff, Legal & Governance, employed since 2021

Education/background: Ian holds a Master of Laws from Uppsala University. Ian was previously General Counsel of Embracer Group. Ian Gulam has extensive knowledge of corporate and capital markets law as well as governance topics and before joining Embracer Group he worked as a corporate and capital markets lawyer at Baker McKenzie.

Current assignments: Ian Gulam has no other relevant assignments.

Holdings in Embracer Group: As of March 31, 2022, Ian Gulam held 19,036 class B shares in Embracer Group AB (publ).

OPERATIVE GROUPS

CHIEF EXECUTIVE OFFICERS



KLEMENS KREUZER Born: 1976

Co-founder Embracer Group (founder of THQ Nordic GmbH)

CEO, THQ Nordic GmbH, employed 2011

Education/background: Klemens Kreuzer has a Masters degree in Business Administration from the Vienna University of Economics and Business. He also has experience from business management.

Current assignments: Klemens Kreuzer has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Klemens Kreuzer owned 1.62% of the shares and 0.29% of the votes of Lars Wingefors AB which in turn held 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ). Klemens Kreuzer also held 1,118,104 B shares through a wholly owned company.



ANTON WESTBERGH Born: 1985

Co-founder and CEO, Coffee Stain, employed 2013

Education/background: Anton Westbergh studied computer science at the University of Skövde, and has extensive experience in game and business development.

Current assignments: Anton Westbergh has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Anton Westbergh held, through companies 2,412,666 class B shares in Embracer Group AB (publ).



KLEMENS KUNDRATITZ Born: 1962

Co-founder and CEO, Koch Media, employed 1994

Education/background: Klemens Kundratitz holds a Doctor of Law degree from Leopold-Franzen-University in Innsbruck and has a strong track record within the gaming and entertainment industry. He is the co-founder of Koch Media and has been the company's Managing Director and CEO. Klemens Kundratitz is also the founder of Deep Silver, the games publishing label of Koch Media.

Current assignments: Klemens Kundratitz has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Koch Media Holding GmbH held 2,255,856 class B shares in Embracer Group (publ). Koch Media Holding GmbH (previously Parent Company in the Koch Media Group) is partly owned by Klemens.



MATTHEW KARCH Born: 1971

Co-founder and CEO of Saber Interactive

Board member, elected 2020

Education/Background: Matthew has a Bachelor of Arts from Washington University and a Juris Doctor from University of Pennsylvania. He has extensive experience in game design and development, business and legal affairs and is fluent in Russian.

Current assignments: Matthew Karch has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Matthew Karch owned 57.5% of S3D Media which in turn held 12,798,274 class A shares and 70,772,440 class B shares in Embracer Group AB (publ). Matthew Karch also holds 1,070,000 B shares directly.



PER-ARNE LUNDBERG Born: 1970

CEO Amplifier Game Invest AB, employed since 2018

Education/Background: Per-Arne has 16 years of experience in the games industry. As Head of The Game Incubator, he participated in and developed over 80 game companies, amongst others Coffee Stain Studios, Pieces Interactive, ACE and Flamebait Games. He has a broad experience in business development, financing, and goto-market strategies for startups and scaleups, in both Sweden and Silicon Valley, where he held a one-year Fellowship from VINNOVA at Nordic Innovation House during 2017.

Current assignments: Member of the Board, Forsway Scandinavia.

Holdings in Embracer Group: As of March 31, 2022, Per-Arne Lundberg held 33,694 class B shares in Embracer Group AB (publ).



KEN GO Born: 1980

Founder and CEO, DECA Games

Education/Background: Ken has a bachelors degree from The George Washington University. Ken is the CEO and founder of DECA games. He has spent over 14 years in the gaming industry focused on games as a service and free to play games. Ken has previously been the Executive Producer of the game Kingdoms of Camelot and the European General Manager of Kabam.

Current assignments: Ken Go has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Ken Go held 11,803,182 class B shares in Embracer Group AB (publ).



RANDY PITCHFORD Born: 1971

Founder and CEO, Gearbox Entertainment Company

Background: Randy Pitchford is a video game industry veteran of more than 30 years and founder of the Gearbox Entertainment Company, which develops and publishes award-winning and best-selling video games through its subsidiaries, Gearbox Software and Gearbox Publishing, and produces groundbreaking film and television content.

Current assignments: Randy Pitchford has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Randy Pitchford held 9,563,028 class B shares in Embracer Group AB (publ).



OLEG GRUSHEVICH Born: 1984

Co-founder and CEO Easybrain, employed 2016

Education/background: Oleg Grushevich studied accounting in foreign activities at Belarusian State Economic University and holds FCCA as a member of the Association of Chartered Certified Accountants. Before joining the gaming industry Oleg worked in different roles and locations at EY.

Current assignments: Oleg Grushevich has no other current assignments.

Holdings in Embracer Group: As of March 31, 2022, Oleg Grushevich held, through company, 10,066,554 class B shares in Embracer Group AB (publ).



STÉPHANE CARVILLE Born: 1968

CEO Asmodee Group

Education/Background: Stéphane holds a Post Graduate degree in Finance & Marketing from Paris Dauphine University. He joined Asmodee in 2009 and has been Chief Executive Officer of Asmodee Group since 2012. He has over 12 years of experience in the Games Industry. Prior to his current position, he held senior leadership roles in finance & business development within corporate groups and start-ups.

Current assignments: Stéphane Carville has no other current assignments.

Holdings in Embracer Group: –



MIKE RICHARDSON Born: 1950

CEO Dark Horse Media

Education/Background: Mike Richardson holds a Bachelor of Arts degree from Portland State University. In 1980, he founded Pegasus Fantasy Books, which later became the Things From Another World retail chain. In 1986 he founded Dark Horse Comics, an award-winning international publishing house for which he has created numerous comics and graphic novels. Richardson is also the founder and President of Dark Horse Entertainment where he has produced many projects for film and television.

Current assignments: Mike Richardson has no other current assignments.

Holdings in Embracer Group: –



Warhammer 40,000: Space Marine 2

THE SHARE

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SHARE CAPITAL DEVELOPMENT

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THE SHAREHOLDERS

LISTED ON NASDAQ FIRST NORTH STOCKHOLM

THE SHARE AND OWNERS

Embracer Group has a diversified shareholder base with a large holding among the Group's entrepreneurs. The top 20 in management have a combined holdings of 43% of capital and 66% of votes. The Embracer Group Class B shares are listed on Nasdaq First North Growth Market Stockholm since November 22, 2016 under the short name EMBRAC B. The process to change the listing venue to Nasdaq Stockholm's main market by the end of this calendar year is on track.

SHARE PRICE AND TURNOVER

At the beginning of the financial year April 1, 2021, the share price was SEK 240.20 (corresponding to SEK 120.10 adjusted for the share split 2:1 on September 29, 2021) and at the end of the financial year on March 31, 2022 the share price was SEK 79,38, a decrease of -33.9 percent. The share price varied during the year between a low of SEK 64.50 on March 8, 2022 and a high of SEK 269.40 (or SEK 134.70 adjusted for the share split) on May 3, 2021. Embracer Group's market capitalization at the end of the financial year amounted to SEK 80.6 billion. The free float amounted to SEK 42.6 billion, i.e. the value of the Class B shares available for trading (defined as all holdings not exceeding 5 percent).

NUMBER OF SHARES AND SHARE CAPITAL

The number of shares in Embracer Group AB (publ) as of March 31, 2022 amounted to 66,798,274 A shares and 1,064,663,764 B shares, a total of 1 131 462 038 shares. B shares have one vote each and A shares each have ten votes. All shares represent an equal share of the company's assets and earnings.

SHARE ISSUES AND AUTHORIZATION

On March 8, 2022 a total of 40,060,091 shares were issued, subscribed for and allotted, which comprised the consideration shares as part of the purchase agreement for Asmodee, and the number of shares and votes have

increased correspondingly. The consideration shares represent approximately 3.54 percent and 2.31 percent of the total number of shares and votes in Embracer Group AB, respectively, on a fully diluted basis. By issuing the consideration shares, the share capital increases by approximately SEK 55,639.

On January 7, 2022 an extraordinary general meeting ("EGM") resolved to authorize the board of directors during the period up until the next annual general meeting, on one or more occasions, to resolve to issue B shares, without preferential rights for the shareholders to be paid in cash, in kind and/or by way of set-off. A resolution for a share issue in accordance with the above may only take place in connection with the completion of the acquisition of Asmodee. The EGM also resolved to authorize the board of directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten (10) percent of the total number of shares in Embracer Group AB at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off.

On December 16, 2021 Embracer Group carried out an issue of 69,000,000 new B shares directed to Swedish and international institutional investors, resolved upon by the Board of Directors based on the authorization

SHARE PRICE DEVELOPMENT AND SHARE TURNOVER





from the annual general meeting on September 16, 2021. The subscription price amounted to SEK 87 per B share. Embracer Group received gross proceeds of about SEK 6 billion which were used to finance the purchase price for the acquisition of Asmodee. The share issue resulted in a dilution of approximately 6.4 percent of the number of shares and approximately 4.1 percent of the number of votes in Embracer Group. The number of outstanding shares increased by 69,000,000 to 1,084,290,927 and the outstanding votes increased by 69,000,000 to 1,685,475,393. The share capital increased by SEK 95,833 from SEK 1,410,127 to SEK 1,505,960.

On September 16, 2021 the annual general meeting ("AGM") in Embracer Group AB resolved on a share split 2:1 whereby an existing A share and an existing B share each were split into two new shares respectively. The record date for the split of the shares in the company was September 30, 2021. The number of shares after completion of the share split amounted to 1,014,949,830, divided on 66,798,274 A shares and 948,151,556 B shares (before the share split there were 507,474,915 shares in total). The quota value of each share was changed from approximately SEK 0.0027 to approximately SEK 0.0013. The AGM also resolved, in accordance with the board of directors' proposal, to amend the Company's articles of

association regarding the limits of the share capital and number of shares. It was resolved that the share capital shall not be less than SEK 1,398,000 and not more than SEK 5,592,000. It was also resolved that the number of shares shall not be less than 1,000,000,000 and not more than 4,000,000,000. The AGM also resolved, in accordance with the board of directors' proposal, to authorize the board of directors during the period up until the next AGM to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten (10) percent of the total number of shares in the Company at the time when the authorization is used the first time (based on the number of shares after completion of the share split in accordance with the above), to be paid in cash, in kind and/or by way of set-off.

On August 23, 2021 an EGM resolved, in accordance with the board of directors' proposal, to authorize the board of directors during the period up until the next AGM to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten (10) percent of the total number of shares

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AS OF DATE OF PUBLICATION

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Note: The commissioned research analyst, Redeye do not have any buy, hold, or sell recommendation.

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.

in Embracer Group AB at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off. This authorization replaced the authorization resolved upon by the EGM held on February 26, 2021 under which there remained 3,378,875 B shares to issue.

AGM 2022

The shareholders of Embracer Group AB, reg. no. 556582-6558, (the "**Company**") are hereby invited to the annual general meeting on Wednesday September 21, 2022.

INFORMATION ABOUT NASDAQ FIRST NORTH

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 sta-

tus as a regulated marketplace. Companies quoted on First North Growth Market 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 Growth Market implies higher risk than an investment in a listed company. Companies must apply to the exchange and gain approval before trading on First North Growth Market 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.

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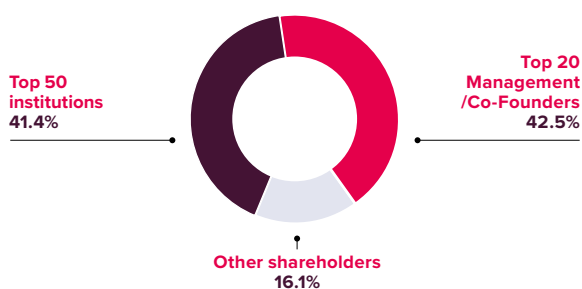
INTERNATIONAL OWNERSHIP TOP 50 INSTITUTIONAL

By capital, as of March 31, 2022



INSTITUTIONAL OWNERSHIP VS MANAGEMENT

By capital, as of March 31, 2022



HISTORICAL SHARE CAPITAL DEVELOPMENT

Registration date	Event	Class A shares	Class B shares	Total number shares	Share capital, change	Share capital, total
30/12/1999	Establishment		1,000	1,000	100,000.00	100,000.00
30/09/2016	Bonus issue		499,000	500,000	400,000.00	500,000.00
14/10/2016	Share split 1:120	9,000,000	51,000,000	60,000,000		500,000.00
07/11/2016	New share issue		32,500	60,032,500	270.83	500,270.83
28/11/2016	New share issue		10,000,000	70,032,500	83,333.33	583,604.17
02/12/2016	New share issue		2,000,000	72,032,500	16,666.67	600,270.83
26/09/2017	New share issue		7,203,250	79,235,750	60,027.10	660,297.92
04/06/2018	New share issue		135,135	79,370,885	1,126.13	661,424.04
07/06/2018	New share issue		1,082,601	80,453,486	9,021.68	670,445.72
12/07/2018	New share issue		7,700,000	88,153,486	64,166.68	734,612.38
16/11/2018	New share issue		3,136,903	91,290,389	26,140.86	760,753.24
16/11/2018	New share issue		60,358	91,350,747	502.98	761,256.22
15/02/2019	New share issue		142,870	91,493,617	1,190.58	762,446.81
27/02/2019	New share issue		4,732,661	96,226,278	39,438.85	801,885.66
06/03/2019	New share issue		74,357	96,300,635	619.64	802,505.30
14/03/2019	New share issue		6,267,339	102,567,974	52,227.84	854,733.12
14/03/2019	New share issue		11,000,000	102,567,974	91,666.69	854,733.13
14/08/2019	New share issue		133,048	102,701,022	1,108.74	855,841.86
14/08/2019	New share issue		1,267,323	103,968,345	10,561.02	866,402.88
02/10/2019	Split 1:3	18,000,000	189,936,690	311,905,035		
27/12/2019	New share issue		162,163	312,067,198	450.46	866,853.34
01/04/2020	New share issue	6,399,137	35,386,220	353,852,555	116,070.44	982,923.78
08/04/2020	New share issue		18,500,000	372,352,555	51,388.89	1,034,312.67
08/13/2020	New share issue		2,466,070	374,818,625	6,850.20	1,041,162.87
08/13/2020	New share issue		6,338,901	381,157,526	17,608.06	1,058,770.93
08/13/2020	New share issue		186,225	381,343,751	517.3	1,059,288.23
08/13/2020	New share issue		6,504	381,350,255	18.07	1,059,306.30
08/13/2020	New share issue		26,090	381,376,345	72.48	1,059,378.78
08/13/2020	New share issue		32,596	381,408,941	90.55	1,059,469.33
09/10/2020	New share issue		924,771	382,333,712	2,568.81	1,062,038.14
09/16/2020	New share issue		623,209	382,956,921	1,731.14	1,063,769.28
09/18/2020	New share issue		2,492,837	385,449,758	6,924.55	1,070,693.83
10/08/2020	New share issue		35,689,907	421,139,665	99,138.64	1,169,832.47
18/11/2020	New share issue		8,800	421,148,465	24.45	1,169,856.92
18/11/2020	New share issue		61,280	421,209,745	170.23	1,170,027.15
18/11/2020	New share issue		247,419	421,457,164	687.28	1,170,714.43
18/11/2020	New share issue		84,665	421,541,829	235.19	1,170,949.62
18/11/2020	New share issue		109,707	421,651,536	304.75	1,171,254.37
18/11/2020	New share issue		117,036	421,768,572	325.11	1,171,579.48
19/11/2020	New share issue		352,640	422,121,212	979.56	1,172,559.04
25/11/2020	New share issue		233,416	422,354,628	648.38	1,173,207.42
09/12/2020	New share issue		840,899	423,195,527	2,335.84	1,175,543.26
11/12/2020	New share issue		37,111	423,232,638	103.09	1,175,646.35
01/02/2021	New share issue		567,039	423,799,677	1,575.11	1,177,221.46
25/02/2021	New share issue		1,025,771	424,825,448	2,849.37	1,180,070.83
18/03/2021	New share issue		36,000,000	460,825,448	100,000.02	1,280,070.85

CONTINUED >>

2021/22 SHARE CAPITAL DEVELOPMENT

Registration date	Event	Class A shares	Class B shares	Total number shares	Share capital, change	Share capital, total
01/04/2021	New share issue		5,365,709	466,191,157	14,904.75	1,294,975.60
01/04/2021	New share issue		1,774,871	467,966,028	4,930.20	1,299,905.80
01/04/2021	New share issue		32,518,984	500,485,012	90,330.53	1,390,236.33
02/06/2021	New share issue		2,533	500,487,545	7.04	1,390,243.37
02/07/2021	New share issue		1,232	500,488,777	3.422223	1,390,246.79
15/07/2021	New share issue		415,130	500,903,907	1,153.14	1,391,399.93
22/07/2021	New share issue		247,936	501,151,843	688.72	1,392,088.65
22/07/2021	New share issue		32,694	501,184,537	90.82	1,392,179.47
22/07/2021	New share issue		2,135,652	503,320,189	5,932.37	1,398,111.84
04/08/2021	New share issue		68,112	503,388,301	189.21	1,398,301.05
09/08/2021	New share issue		201,612	503,589,913	560.04	1,398,861.09
02/09/2021	New share issue		521	503,590,434	1.45	1,398,862.54
07/09/2021	New share issue		3,878,316	507,468,750	10,773.11	1,409,635.65
21/09/2021	New share issue		6,165	507,474,915	17.13	1,409,652.78
30/09/2021	Share split 2:1	33,399,137	474,075,778	1,014,949,830	0	1,409,652.78
05/10/2021	New share issue		42,954	1,014,992,784	59.66	1,409,712.44
27/10/2021	New share issue		282,795	1,015,275,579	392.78	1,410,105.22
30/11/2021	New share issue		1,012	1,015,276,591	1.41	1,410,106.63
03/12/2021	New share issue		14,336	1,015,290,927	19.92	1,410,126.55
17/12/2021	New share issue		69,000,000	1,084,290,927	95,833.36	1,505,959.91
21/12/2021	New share issue		58,190	1,084,349,117	80.82	1,506,040.73
07/02/2022	New share issue		72,796	1,084,421,913	101.11	1,506,141.84
07/02/2022	New share issue		6,570,386	1,090,992,299	9,125.54	1,515,267.38
17/02/2022	New share issue		59,740	1,091,052,039	82.98	1,515,350.36
09/03/2022	New share issue		40,060,091	1,131,112,130	55,639.03	1,570,989.39
10/03/2022	New share issue		316,659	1,131,428,789	439.81	1,571,429.20
18/03/2022	New share issue		33,249	1,131,462,038	46.18	1,571,475.38
05/04/2022	New share issue		2,296,100	1,133,758,138	3,189.03	1,574,664.41
02/06/2022	New share issue		1,207,690	1,134,965,828	1,677.35	1,576,341.76
13/06/2022	New share issue		47,115,105	1,182,080,933	65,437.66	1,641,779.42

THE SHARE

TOP 10 OWNERS, AS OF MARCH 31, 2022

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB ¹⁾	52,260,204	210,238,330	23.20%	42.30%
Matthew Karch and Andrey Iones	12,798,274	70,772,440	7.39%	11.47%
Swedbank Robur Funds		66,024,160	5.84%	3.81%
Founders/Management Easybrain		65,037,968	5.75%	3.75%
Canada Pension Plan Investment Board (CPP)		54,753,946	4.84%	3.16%
PAI Partners		39,044,571	3.45%	2.25%
Didner & Gerge Funds		30,346,924	2.68%	1.75%
Alecta Pensionsförsäkring		25,570,000	2.26%	1.48%
Handelsbanken Funds		25,012,220	2.21%	1.44%
ODIN Fonder		22,792,072	2.01%	1.32%
TOTAL TOP 10	65,058,478	609,592,631	59.63%	72.73%
ALL OTHER SHAREHOLDERS	1,739,796	455,071,133	40.37%	27.27%
TOTAL	66,798,274	1,064,663,764	100.00%	100.00%

Source: Monitor by Modular Finance.

¹⁾ Lars Wingefors et al. For more information, please see: embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/
Holdings by management above are in general owned through various wholly owned companies.

TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF MARCH 31, 2022

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB ¹⁾	Embracer Group	52,260,204	210,238,330	23.20%	42.30%
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	7.39%	11.47%
Founders/Management	Easybrain	0	65,037,968	5.75%	3.75%
Ken Go	DECA Games	0	11,803,182	1.04%	0.68%
Randy Pitchford	Gearbox Entertainment	0	9,563,028	0.85%	0.55%
Erik Stenberg	Embracer Group	0	9,000,000	0.80%	0.52%
Luisa Bixio	Milestone	0	4,755,483	0.42%	0.27%
Founders/Management	4A Games	0	4,892,140	0.43%	0.28%
Management	CrazyLabs	0	4,402,714	0.39%	0.25%
Founders	Ghostship Games	0	4,271,304	0.38%	0.25%
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	3,856,420	0.34%	0.22%
Founders/Management	Aspyr	0	3,549,742	0.31%	0.20%
Pelle Lundborg	Embracer Group	1,739,796	1,509,120	0.29%	1.09%
Anton Westbergh	Coffee Stain	0	2,412,666	0.21%	0.14%
Klemens Kundratitz	Koch Media	0	2,255,856	0.20%	0.13%
Vincent Van Brummen	Vertigo Games	0	1,495,702	0.13%	0.09%
Founders	Zen Studios	0	1,134,078	0.10%	0.07%
Klemens Kreuzer	THQ Nordic	0	1,118,104	0.10%	0.06%
Matthew Karch	Saber Interactive	0	1,070,000	0.09%	0.06%
John Coleman	Vertigo Games	0	740,660	0.07%	0.04%
TOTAL TOP 20		66,798,274	413,878,937	42.48%	62.44%
ALL OTHER SHAREHOLDERS		0	650,784,827	57.52%	37.56%
TOTAL		66,798,274	1,064,663,764	100%	100%

¹⁾ Lars Wingefors et al. For more information, please see: embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/
Holdings by management above are in general owned through various wholly owned companies.

TOP 50 INSTITUTIONAL OWNERS, AS OF MARCH 31, 2022

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Swedbank Robur Fonder		66,024,160	5.84%	3.81%
Canada Pension Plan Investment Board (CPP)		54,753,946	4.84%	3.16%
PAI Partners		39,044,571	3.45%	2.25%
Didner & Gerge Fonder		30,346,924	2.68%	1.75%
Alecta Pensionsförsäkring		25,570,000	2.26%	1.48%
Handelsbanken Fonder		25,012,220	2.21%	1.44%
ODIN Fonder		22,792,072	2.01%	1.32%
AMF Pension & Fonder		17,500,000	1.55%	1.01%
BlackRock		15,454,683	1.37%	0.89%
SEB Fonder		13,811,239	1.22%	0.80%
TIN Fonder		12,795,524	1.13%	0.74%
Första AP-fonden		12,327,069	1.09%	0.71%
Avanza Pension		12,037,805	1.06%	0.69%
Livförsäkringsbolaget Skandia		10,343,489	0.91%	0.60%
Andra AP-fonden		7,984,295	0.71%	0.46%
Skandia Fonder		7,122,370	0.63%	0.41%
AFA Försäkring		6,701,768	0.59%	0.39%
Enter Fonder		6,148,940	0.54%	0.35%
Futur Pension		6,089,738	0.54%	0.35%
Baillie Gifford & Co		5,483,262	0.48%	0.32%
Nordnet Pensionsförsäkring		5,297,405	0.47%	0.31%
Naventi Fonder		4,959,878	0.44%	0.29%
Martin Larsson (Chalex AB)		4,713,369	0.42%	0.27%
Cliens Fonder		4,150,000	0.37%	0.24%
Aktia Asset Management		3,624,496	0.32%	0.21%
VanEck		3,303,398	0.29%	0.19%
Northern Trust		2,873,086	0.25%	0.17%
State Street Global Advisors		2,619,535	0.23%	0.15%
Fidelity Investments (FMR)		2,417,647	0.21%	0.14%
Deka Investments		2,248,460	0.20%	0.13%
Sensor Fonder		2,192,184	0.19%	0.13%
Svenska Handelsbanken AB for PB		2,163,674	0.19%	0.12%
Consensus Asset Management		1,994,290	0.18%	0.12%
Ålandsbanken Fonder		1,955,500	0.17%	0.11%
Öhman Fonder		1,938,741	0.17%	0.11%
Danske Invest (Lux)		1,917,052	0.17%	0.11%
Handelsbanken Liv Försäkring AB		1,902,636	0.17%	0.11%
Swedbank Försäkring		1,824,338	0.16%	0.11%
TIAA - Teachers Advisors		1,764,706	0.16%	0.10%
RAM Rational Asset Management		1,755,385	0.16%	0.10%
Nordea Liv & Pension		1,723,309	0.15%	0.10%
Lancelot Asset Management AB		1,700,000	0.15%	0.10%
M&G Investment Management		1,632,778	0.14%	0.09%
Global X Management Company LLC		1,544,737	0.14%	0.09%
DNB Fonder		1,523,410	0.13%	0.09%
Fondita Fonder		1,510,000	0.13%	0.09%
Allspring Global Investments		1,489,549	0.13%	0.09%
Säästöpankki Fonder		1,455,000	0.13%	0.08%
1832 Asset Management		1,425,600	0.13%	0.08%
Prioritet Finans		1,422,000	0.13%	0.08%
TOTAL TOP 50		468,386,238	41.40%	27.00%
OTHERS	66,798,274	596,277,526	58.60%	73.00%
TOTAL	66,798,274	1,064,663,764	100%	100%

Source: Monitor by Modular Finance.





ANNUAL REPORT & FINANCIAL STATEMENTS

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The English version of the Annual Report is a translation of the original Swedish version. In case of any discrepancy between the versions, the Swedish version shall take precedence.

BOARD OF DIRECTORS' REPORT

The Board and CEO of Embracer Group AB (publ), reg no. 556582-6558, hereby submit the report for 2021/22. Embracer Group conducts operations as a limited liability company (publ) and is based in Karlstad, Sweden. The financial statements are presented in SEK, Swedish kronor, which is the functional currency of the Parent Company.

OPERATIONS – GENERAL INFORMATION

Embracer Group is a group of independent gaming and entertainment businesses. Its more than 12,750 employees deliver value and entertainment to gamers and customers around the globe based on one of the industry's largest and most exciting portfolios of intellectual property. Embracer Group has a decentralized operating model in which great entrepreneurs run operations in independent operative groups – each with their own distinctive heritage, branding, business strategy, and other characteristics, but sharing the same long-term and high ambitions and a common entrepreneurial culture. Together they form a unique and rapidly growing ecosystem, and they have strong market positions in premium-, mobile-, board games, and VR as well as partner publishing and niche positions in film and comic book publishing.

STRATEGIC PHILOSOPHY

Embracer Group compromise an ecosystem for studios, publishers, and other gaming and entertainment companies. The collaborations, financial empowerment and business opportunities presented to companies are unique and provide a strong incentive to join. Great people are trusted and empowered to pursue great ideas and reach their full potential with their unique culture and strategy.

The depth of the diversified games pipeline reduces the aggregated project risk at Group level. Therefore, Embracer Group can encourage individual game development studios to be brave and bold in their mindset when developing games, and to put quality first. There was no single gaming title which generated more than five percent of group revenues in the financial year 2021/22.

Through the acquisitions of Easybrain and CrazyLabs, Embracer Group expanded further in the mobile gaming market during the year. The portfolio was further broadened by the acquisitions of Asmodee and Dark Horse, providing presence in the board games and comics markets, respectively. These represented transformative steps and solidified the company's position as a leading independent gaming Group.

Embracer Group retains a strong position in all major value creating areas of the gaming market value chain, IP-ownership, development, publishing, and distribution.

A strong balance sheet is emphasized which reduces the financial risk and maximizes strategic flexibility. The Group aims to achieve a predictable long-term growth in revenues, earnings, and cash-flow. Organic and inorganic growth are primarily aimed at growing absolute profit and cash-flow over time. Expanding the profit margin is secondary. Embracer Group's increasingly diversified portfolio brings the benefit of a more resilient earnings profile.

Synergies between operative groups, championed and approved by the operative CEO's, are encouraged, not forced.

NET SALES & EARNINGS

The Group's net sales for 2021/22 amounted to SEK 17,036.7 (9,024.2) million. Growth was mainly driven by the Games Business Area and the acquisitions of Gearbox, Easybrain and CrazyLabs. Work performed by the Company for its own use and capitalised increased to SEK 2,293.5 (1,291.6) million during the financial year, driven by more development projects in the Group. Expenses related to Goods for resale amounted to SEK

–4,697.1 (–3,618.4), an increase driven by organic and acquired growth. Other external expenses amounted to SEK –4,938.4 (–1,318.5) million and include costs for Sales and Marketing. The increase relates to a larger amount of titles being released during the year. Personnel expenses amounted to SEK –4,355.7 (–1,841.5) million. The increase is partly due to the acquisition of companies and partly related to managing the growing games portfolio and to further strengthening the Group's corporate capabilities.

EBITDA amounted to SEK 6,135.1 (3,985.3) million.

Amortization of intangible assets for the financial year amounted to SEK –9,750.9 (–3,467.3) million mainly due to an increase in acquisition related amortizations as a result of a greater number of acquisitions.

Depreciation of property, plant and equipment amounted to SEK –100.1 (–41.2) million.

The Group's operating profit amounted to SEK –3,716.0 (476.8) million. The decrease is a result of higher costs associated with amortization in acquisition related amortization.

The Group's profit before tax amounted to SEK –3,820.7 (680.0) million and the profit after tax amounted to SEK –4,291.1 (287.3) million. Earnings per share amounted to SEK –4.16 (0.36).

FINANCIAL POSITION

The value of owned and licensed games amounted to SEK 1,202.7 (512.6) million and amortization related to game development for the year amounted to SEK –1,036.7 (–786.0) million. The value of IP rights amounted to SEK 22,316.4 (1,575.2) million and the amortization of IP rights related to games amounted to SEK –1,868.2 (–456.7) million. Projects in progress which is equivalent to the value of capitalised expenditure on development of new games amounted to SEK 6,072.8 (3,220.6) million at the end of the financial year. The value of other intangible assets amounted to SEK 179.2 (32.1) million, with amortization for the year SEK –25.5 (–12.4) million. Goodwill amounted to

DEVELOPMENT OF THE OPERATIONS, EARNINGS AND POSITION – GROUP

SEK m	2021/22	2020/21	2019/20	2018/19 ¹⁾	2017
Net sales	17,036.7	9,024.2	5,249.4	5,754.1	507.5
Operational EBIT	4,416.3	2,870.8	1,033.0	897.1	202.3
Operational EBIT margin, %	26	32	20	16	40
Total assets	93,454.4	33,752.2	10,637.2	8,608.2	1,328.8
Equity/assets ratio, %	48	80	60	66	81
Average number of employees	6,532	3,174	1,856	1,026	143

¹⁾ The financial year 2018/19 refers to 15 months, other comparison years refer to 12 months.

Definitions, see note 51.

SEK 46,068.9 (10,804.2) million, with amortization for the year SEK –6,608.1 (–1,924.9) million. Intangible assets attributable to Partner Publishing/Film amounted to SEK 232.6 (245.3) million, with amortization for the year SEK –196.0 (–258.3) million. Assets are recognised at the exchange rate on the reporting date and are mainly acquired in USD and EUR. The total number of game development projects at the end of the financial year amounted to 223 (160) projects.

Property, plant and equipment mainly consists of property, and IT and office equipment in each company. The value of property, plant and equipment amounted to SEK 726.6 (237.8) million and depreciation for the year totaled SEK –100.1 (–41.4) million.

Deferred tax assets amounted to SEK 1,310.5 (269.1) million and refer mainly to temporary differences in receivables and liabilities.

The value of inventories, which mainly consist of physical videogames, tabletop games, merchandise products and films, amount to SEK 3,162.4 (242.9) million.

Trade receivables amount to SEK 3,753.5 (1,075.6) million.

Prepayments and accrued income amounted to SEK 1,034.0 (533.8) million, with accrued income accounting for the majority of the receivable.

At the end of the financial year, cash & bank equivalents, including short-term investments, amounted to SEK 5,809.8 (14,299.9) million.

The value of the Group's total cash & bank equivalents, short-term investments and unutilised credit facilities amounted to SEK 7,387.7 million on March 31, 2022, compared with SEK 20,512.6 million on March 31, 2021.

The Group's equity amounted to SEK 44,812.2 (27,165.4) million on March 31, 2022 and the equity/assets ratio decreased to 48 (80) percent mainly affected of the acquisition of the Asmodee group. Equity per share was SEK 39.41 (58.92).

Provisions for pensions amounted to SEK 19.6 (17.1) million.

Deferred tax liabilities attributable to untaxed reserves and surplus values arising from acquisitions amounted to SEK 5,796.1 (532.4) million.

Other provisions amounted to SEK 13,901.1 (2,267.0) million, covering expected additional purchase considerations and returns of physical products, mainly warranties and discounts. The Group had non-current liabilities of SEK 7,351.1 (246.0) million and current liabilities to credit institutions of SEK 12,808.3 (1,203.3) million.

Utilized credit facilities are SEK 20,218.1 (1,474.2) million. In addition the Group had unutilised credit of SEK 1,657.3 (6,258.9) million at the reporting date. Advances from customers and trade payables amounted to SEK 3,670.9 (809.1) million.

Current tax liabilities amounted to SEK 602.1 (201.4) million.

Other liabilities, accruals and deferred income amounted to SEK 4,297.4 (1,282.6) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 4,281.3 (3,899.0) million. Net investments in non-current assets totaled SEK –4,052.8 (–2,204.7) million.

Acquisitions of subsidiaries had a net cash effect of SEK –33,770.3 (–4,590.8) million.

Acquisitions of other financial assets amounted to SEK –71.8 (–9.3) million.

Cash flow from financing activities amounted to SEK 25,024.9 (14,725.3) million, with new share issues contributing SEK 6,310.4 (14,988.3) million to the figure and net change in credit contributing SEK 98.6 (–29.9) million.

Cash flow for the year was SEK –8,588.7 (11,819.5) million.

INVESTMENTS, DEPRECIATION AND AMORTIZATION

The Group's investments in intangible assets during the financial year (excluding company acquisitions) amounted to SEK 3,716.5 (2,139.2) million, most of which concerned investments in game development. Investments in property, plant and equipment amounted to SEK 344.1 (70.9) million, the majority of which was related to investments in building, inventories and in IT. Amortization of intangible assets amounted to SEK –9,750.9 (–3,467.1), and was primarily related to IP rights, internally developed games and goodwill. Depreciation of property, plant and equipment amounted to SEK –100.1 (–41.2) million.

TAX

Tax for the year amounted to SEK –470.4 (–392.7) million, with the tax expense being mainly attributable to the Swedish operations and Koch Media's tax costs.

SUSTAINABILITY REPORT

The Sustainability Report is issued by the Board. This year's Sustainability Report is available on page 44-73.

PARENT COMPANY

The Parent Company's net sales for the year amounted to SEK 527.4 (796.0) million and profit before tax amounted to SEK 393.5 (186.7) million. Profit after tax amounted to SEK 345.9 (147.0) million.

The Parent Company received Group contributions of SEK 148.4 (206.4) million and group contributions made amounted to SEK –469.1 (–) million, which in total had a negative impact on earnings for the financial year.

Cash and bank equivalents on March 31, 2022 were SEK 1,482.7 (12,393.6) million.

DEVELOPMENT OF OPERATIONS, EARNINGS AND POSITION – PARENT COMPANY

SEK m	2021/22	2020/21	2019/20	2018/19 ¹⁾	2017
Net sales	527.4	796.0	495.9	416.4	244.9
Operating margin, %	22	38	19	39	68
Total assets	65,245.0	26,645.0	6,090.1	5,482.8	1,209.2
Equity/assets ratio, %	72	98	93	95	86

¹⁾ The financial year 2018/19 refers to 15 months, other comparison years refer to 12 months.

Definitions, see note 51.

Investments in intangible assets for the year were SEK 5.4 (431.1) million and amortization of intangible assets amounted to SEK –262.7 (–416.4) million.

Investments in equipment for the year were SEK 2.1 (2.8) million and depreciation of equipment amounted to SEK –1.1 (–0.4) million.

The Parent Company's equity at the end of the financial year was SEK 46,932.3 (26,053.0) million with an Equity/Assets ratio of 72 (98)%.

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

On April 6, 2021 Embracer Group and its subsidiaries completed the acquisitions of Aspyr, Easybrain and Gearbox Entertainment after all the conditions for the transactions, including regulatory approvals, were fulfilled. The acquired companies were consolidated into Embracer Group's consolidated financial statements as of April 6, 2021. The aggregated day one purchase price for the acquisitions amounted to approximately SEK 9.3 billion in total, on a cash and debt free basis. Approximately SEK 2.5 billion was paid in cash and approximately SEK 6.8 billion was paid in newly issued B shares of the company. A maximum additional consideration amounting to SEK 12.5 billion on an aggregated basis can be paid, subject to fulfilment of agreed financial and operational milestones, during a period of up to 7 years. The additional consideration comprises a maximum of approximately SEK 7.0 billion to be paid in cash and approximately SEK 5.5 billion to be paid in B shares of the company.

On May 11, 2021 Embracer Group, through its subsidiaries THQ Nordic GmbH and Amplifier Game Invest AB, entered into four acquisition agreements to acquire 100 percent each of Appeal Studios S.A., KAIKO GmbH, Massive Miniteam GmbH (all three by THQ) and FRAME BREAK AB (by Amplifier). The aggregated day one purchase price for all four acquisitions amounts to approximately SEK 71 million on a cash and debt free basis. In addition, THQ Nordic announced the foundation of Gate 21 in Bosnia and Herzegovina, which will enable THQ Nordic to develop world-class 3D characters using the most advanced character and facial rigs in development projects.

On June 28, 2021 Embracer Group secured an unsecured multicurrency revolving credit facility of SEK 6.0 billion arranged by the leading Nordic banks Nordea, SEB and Swedbank. The facility had a tenor of three years with a possible extension of up to two years and it refinanced in total SEK 4.4 billion in facilities with Nordea which matured in July 2021 and May 2022. Later in December 2021, Embracer Group secured a new credit facility from Nordea Bank, SEB and Swedbank which consisted of a SEK 6 billion term loan with a tenor of 30 months, as well as SEK 12 billion in bridge loans. This credit facility replaced the credit facility that was secured on June 28, 2021.

On August 5, 2021 Embracer Group entered into eight acquisition agreements which closed during the financial

year, some through its subsidiaries, adding more than 550 new colleagues to the group. DECA Games acquired CrazyLabs, an Israel-based publisher and developer of hit mobile game Super Stylist and long-lasting casual and lifestyle role playing games. Coffee Stain acquired Ghost Ship Games, a Denmark-based indie game developer. Coffee Stain acquired Easy Trigger, a Sweden-based studio behind the critically acclaimed title *HuntDown*. Koch Media through its subsidiary Vertigo Games acquired Force Field, a Dutch-based leading VR development studio with a portfolio of multiple award-winning VR titles. Koch Media acquired DigixArt, a France-based a development studio and the creator of multiple narrative games. Saber acquired Slipgate Ironworks, a Denmark-based game development studio with long experience in collaborating with leading publishers and IP-owners. Saber acquired 3D Realms, a Denmark-based game publisher with 30+ years of heritage in the industry and the creators of cult game series Duke Nukem. Embracer Group acquired 70 percent in Grimfrost, a Sweden-based e-commerce specialist and a leading player with a global brand within high-quality Viking merchandise. These acquisitions improve the group's capabilities within mobile publishing and development, indie development, VR development as well as story driven and retro shooter development for PC/consoles and e-commerce.

On August 18, 2021 Saber Interactive entered into agreements to make three acquisitions which have now closed: Demiurge Studios, an independent game development studio with a team of 68 employees, based in Cambridge, Massachusetts, US; Fractured Byte, a well-regarded, creative and cost-effective game studio with headquarters in Estonia and operations in Ukraine; Russian-based SmartPhone Labs, an independent software testing and games development company for mobile, PC, consoles and VR.

On September 22, 2021 Saber Interactive entered into an agreement to acquire Bytex Limited Liability Company, a reputable Quality Assurance and Work for hire-developer studio based in Saransk, Russia.

On September 30, 2021 Embracer Group completed a share split 2:1, as resolved by the annual general meeting.

On October 14, 2021 Embracer Group announced the acquisition of mobile game developer Jufeng Studio and eight mobile titles through its operative group DECA Games.

On December 15, 2021 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. After completion in March 2022, Asmodee became the ninth operating group, continuing to operate independently. The day one consideration amounted to approximately EUR 2.75 billion in total. An additional consideration amounting to approximately EUR 360 million can be paid in B shares

of Embracer Group to certain minority shareholders in the future, subject to fulfillment of certain conditions.

On March 8, 2022 all conditions for the transaction, including regulatory approvals such as merger control clearance, were fulfilled and the transaction was completed. As of the same date, Asmodee was consolidated into Embracer Group's accounts, and now operates as a separate operative group.

On December 16, 2021 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 were 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, 2021 Embracer Group announced five acquisitions, which have since then all been completed. The aggregated day one purchase price for the transactions amounted to approximately SEK 3.1 billion in total, on a cash and debt free basis. 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 fulfillment of agreed milestones, both operational and financial, over a period of up to eight years. The acquired companies included: Perfect World North America Corporation and Perfect World Publishing B.V., now operating as Gearbox Publishing, a video game developer and publisher for PC and consoles; US-based Shiver Entertainment, focused on game development, co-development, and porting projects across platforms and genres; Hungary-based DIGIC, an animation studio with a strong track record within commercial trailers and cinematics for best-selling game titles as well as animations for streaming media; Germanybased Spotfilm Networx, the leading Advertising-based Video on Demand (AVOD) channel network in Germany. Embracer Group also acquired Dark Horse which post closing became the tenth operative group in Embracer Group. Through the acquisition, Embracer Group strengthens its transmedia capabilities by adding expertise in content development, comics publishing, and film & TV production.

On February 24, 2022, Russia invaded neighboring Ukraine and an inhumane and aggressive war broke out. On March 15, 2022, Embracer Group provided an update on the situation in Ukraine through an open letter from the CEO. By mid-May, the war had the following direct effects on Embracer Group:

- > By the end of 2021 Embracer Group engaged approximately 250 people in Ukraine, 1,000 in Russia, and 250 in Belarus. The employees in the affected regions mainly do game development or related support services and most of the employees have been able to carry out their normal work. Many employees and family members have been relocated. Key functions in development, tech, business intelligence and user acquisition have been relocated primarily to Portugal, Cyprus and Poland.
- > Publishing and intellectual properties are owned and managed by companies outside the region.
- > The Group does not have significant assets in these territories other than invaluable human resources.

- > Embracer Group does not have any direct consumer sales in Ukraine, Russia, or Belarus. Consumer sales are made through third parties which has historically represented approximately 1% of global net sales.
- > During the quarter SEK 50 million was contributed to humanitarian aid, including esteemed organizations such as the International Committee of the Red Cross, SOS Children's Villages, and ACT Alliance among others.
- > Sanctions put in place against Russia and Belarus have not targeted the business activities of Embracer Group to date. This may of course change, should further sanctions be put in place and Embracer Group has worked tirelessly with business continuity actions since the war broke out.

The goal is to enable the employees to work safely and live in an environment free of physical or political dangers. Hard work has been, and will continue to be, put in to achieve this goal.

IMPORTANT CONSIDERATIONS

Embracer Group's main revenue streams are derived from the sale of videogames, mobilegames with relatively short sales cycles, with a large proportion of the revenue for each game being generated on and soon after the launch. The Company's revenue may therefore vary considerably from year to year, depending on the number of game launches and how they develop.

Revenue streams from tabletop products are more stable since the products have significantly longer life cycles and not so depending on the number of games launches.

EXPECTED FUTURE DEVELOPMENT

Looking ahead, the Group expect to achieve substantial organic growth in FY 22/23 primarily driven by our premium games segment through multiple releases of games from our well-invested project pipeline.

Embracer Group plan for a continued solid growth from our mobile segment, driven by increased utilization of existing platforms, fueled by current and future investment in UAC (User Acquisition Costs) and planned releases.

The launch plan for the first quarter, ending June 2022, is less busy than the subsequent quarters in 2022/23. Nonetheless, the group are eagerly looking forward to AA and indie releases, such as *Evil Dead: The Game* and *Songs of Conquest* in the first quarter.

The first major AAA release, which is expected to step change the pace of organic growth, is the much anticipated reboot of *Saints Row* scheduled for release on August 23. Across 20 publishers, Embracer Group have a vast and diversified pipeline of upcoming premium PC- and console games with 223 games to be released in the coming years, including more than 25 AAA games up until FY 25/26. The Group continues to emphasize its strategy for game development – quality comes first. Developers should have the required time and resources to release a quality product and games should be released when ready.

CLASSES OF SHARES

SEK m	Class A shares	Class B shares	Total
Number of shares	66,798,274	1,064,663,764	1,131,462,038
Number of votes	667,982,740	1,064,663,764	1,732,646,504

The shares are issued in two series, Series A and Series B. The number of shares of each type may correspond to a maximum of the entire number and shares in the

company. Class A shares carry ten (10) votes and Class B shares carry one (1) vote.

OWNERS WITH MORE THAN 10 PERCENT OF THE VOTES

March 31, 2022	Class A shares	Class B shares	Capital, %	Votes, %
Lars Wingefors through company ¹⁾	52,260,204	210,238,330	23.2	42.3
S3D Media Inc ²⁾	12,798,274	70,772,440	7.4	11.5

¹⁾ Lars Wingefors AB, controlled to 100 percent by CEO Lars Wingefors, Erik Stenberg, Klemens Kreuzer, Mikael Brodén and Reinhard Police.

²⁾ S3D Media Inc controlled to 100 percent by Matthew Karch and Andrey Iones

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks related to Embracer Group's operations are described below.

Embracer Group is dependent on the ability to retain and recruit key employees

Embracer Group is highly dependent on the experience and skills of its employees. A prerequisite for Embracer Group's ability to continue to perform and act competitively in the market is finding, engaging and retaining competent personnel. Loss of such individuals and difficulties in attracting new employees may affect the Group's operations in the form of project delays, lost contacts, thereby affecting the Group's financial position and earnings.

Delays to game projects

Embracer Group develops games both internally and in collaboration with external game developers. Delays to planned and ongoing game projects may have a negative effect on cash flows, revenues, and operating margins. Delays can arise for both internally and externally developed projects.

Completion of a game project may also require more resources than originally estimated and in this case Embracer Group normally has to bear the costs, particularly if this is an internal project.

New game title launches may generate lower revenue than expected

When new game titles are launched, there is a risk that they will not be positively received by the market due to reasons like an expectation gap regarding quality, changed consumer preferences or technological shifts.

This can lead to loss of revenue, lower margins and reduced cash flows. This applies to both self-financed projects and games where the Company acts as publisher and is responsible for a significant proportion of the financing. There is also a risk that capitalised development expenses may need to be written down.

Development of new games and improvement of existing games

Embracer Group's continued growth depends, among

other things, on the ability to regularly develop new games and improve existing games in a way that improves the gaming experience and to initiate new game development projects.

M&A risk

Embracer Group has made, and may make, acquisitions that did not achieve the expected financial benefits at the time of acquisition. An unsuccessful acquisition may strain the Group's resources.

IT-systems risks

IT-systems risks relate to both usage of critical/sensitive data as well as functionality of IT-systems. Cyber security breaches including leakage of confidential company data to competitors, integrity issues (related to applicable data protection/privacy rules) and hacking and exploitation of products, could cause severe disruptions for our businesses.

Breaches may lead to damage to customers and large fines, particularly as a large portion of gamers are minors.

External communication risks

Risks related to external communication to customers and investors and other external stakeholders. This includes PR risks related to both traditional and social media, e.g. negative publicity and/or rumours impacting the valuation of the company. This also includes marketing risks related to unethical and discriminatory marketing practices. Finally, risks related to investor communication include not communicating in line with rules and regulations.

Decentralized governance model

Embracer Group's decentralized organization is based on subsidiaries having extensive local responsibility for their operations. This requires high standards of financial reporting and monitoring. Shortcomings in this regard will lead to inadequate control of the operations. With new acquisitions, Embracer Group seeks a strategic balance between freedom and control.

Regulatory

These risks relate to laws/regulations and transparency. As a global company, Embracer Group has to adhere to

a number of regulations. Non-compliance with regulations or lack of clear disclosures and transparency can lead to lack of trust among investors and other stakeholders. If the Group companies do not identify and act on significant compliance risks or deficiencies in the management of identified risks, Embracer Group may be subject to various forms of sanctions, fines and risk damage to its reputation. Regulatory changes (e.g. new regulation related to online gaming) could impact Embracer Group's ability to operate profitably.

Currency

Risks related to currency exposure - The Group's revenues are mainly in EUR and USD, while the reporting currency is SEK. Although the Group has costs in both EUR and USD which partly offsets the exposure, the Group is affected by long-term exchange rate changes.

Credit

Risks related to counterparty obligations (credit losses) - The risk that a customer or partner cannot fulfill payment obligation towards Embracer Group resulting in credit losses.

Funding

Risk related to available funds - The risk that funding of the Group's capital requirement will be impeded or become more costly. Embracer Group's capital requirement relates to funding for acquisitions and development of games. Generally, funding for game development are to be funded by cash flow generated by operations while funding for acquisitions depend on external funding.

Geopolitical factors

Risks related to geopolitical factors given international presence. Changes in domestic or international import/export regulations on various types of products could result in higher costs or other difficulties for Embracer Group's companies. Military conflicts, such as the one in Ukraine, can also adversely impact Embracer Group's business.

SHAREHOLDER AGREEMENTS AND AUTHORIZATION

To the best of Embracer Group's knowledge, there are no shareholder agreements or other agreements between the Company's shareholders aimed at jointly influencing the Company. Neither does the Board know of any agreements or similar that could lead to a change in control of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For information on significant events after the reporting period see note 50.

NON-FINANCIAL DISCLOSURES

Remuneration of the CEO and other senior executives consists of a market-based basic salary, with customary employee benefits and a pension.

Pay during the period of notice and termination benefits shall not exceed six months' salary for each senior executive. The Board shall have the right to depart from this policy if there are special reasons to do so in individual cases.

OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS UNDER THE SWEDISH ENVIRONMENTAL CODE

The Group and Parent Company do not conduct any operations subject to permit or notification requirements under the Swedish environmental code.

PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

The Board proposes that the unrestricted equity of SEK 46,857,929 thousand be allocated as follows:

Carried forward (SEK thousand)	46,857,929
Total	46,857,929

More detailed disclosures about the Group's and the Parent Company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

CONSOLIDATED INCOME STATEMENT

SEK m	Note	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales	3	17,036.7	9,024.2
Work performed by the Company for its own use and capitalized		2,293.5	1,291.6
Other operating income	4	333.1	287.7
Total operating income		19,663.3	10,603.5
Operating expenses			
Goods for resale		–4,697.1	–3,618.4
Other external expenses	5, 7	–4,938.4	–1,318.5
Personnel expenses	6	–4,355.7	–1,841.5
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	13-23	–9,851.0	–3,508.5
Other operating expenses		-	–46.3
Total operating expenses		–23,842.2	–10,333.2
Profit from participation in associated companies		462.9	206.5
Operating profit/loss		–3,716.0	476.8
<i>Profit/loss from financial assets</i>			
Result from financial assets	8	–1.2	-
Interest and similar income	9	385.4	291.5
Interest and similar expenses	10	–488.9	–88.3
Total financial items		–104.7	203.2
Profit/loss after financial items		–3,820.7	680.0
Profit/loss before tax		–3,820.7	680.0
Tax on profit for the year	12	–470.4	–392.7
Profit/loss for the year		–4,291.1	287.3
<i>Attributable to:</i>			
Equity holders of the parent		–4,275.9	287.0
Non-controlling interests		–15.2	0.3

CONSOLIDATED BALANCE SHEET

SEK m	Note	Mar 31, 2022	Mar 31, 2021
ASSETS			
Non-current assets			
Intangible assets			
Completed development projects	13	1,202.7	512.6
IP-rights	14	22,316.4	1,575.2
Publishing and distribution relationships	15	47.3	82.0
Film rights	16	185.3	163.3
Goodwill	17	46,068.9	10,804.2
Projects in progress and advances for intangible assets	18	6,072.8	3,220.6
Other intangible assets	19	179.2	32.1
		76,072.6	16,390.0
Property, plant and equipment			
Land and buildings	20	136.9	121.2
Equipment, tools, fixtures and fittings	21	371.8	110.8
Ongoing investments and prepayment	22	129.8	5.8
Leasehold improvements	23	88.1	-
		726.6	237.8
Financial assets			
Investments in associates	26	129.9	172.7
Non-current receivables from associated companies, interest bearing	27	5.9	-
Non-current receivables from associated companies	28	5.7	5.6
Ownership interests in other entities	29	43.1	84.0
Deferred tax assets	30	1,310.5	269.1
Other non-current receivables	31	245.7	40.2
		1,740.8	571.6
Total non-current assets		78,540.0	17,199.4
Current assets			
Inventories etc.			
Raw materials and supplies		8.9	1.2
Finished goods and goods for resale		2,766.5	216.7
Advances to suppliers		387.0	25.0
		3,162.4	242.9
Current receivables			
Advances to suppliers		232.0	15.0
Trade receivables		3,753.5	1,075.6
Other receivables		922.7	385.6
Prepayments and accrued income	32	1,034.0	533.8
		5,942.2	2,010.0
Short-term investments			
		-	195.5
Cash and bank balances			
Cash and bank balances	47	5,809.8	14,104.4
		5,809.8	14,104.4
Total current assets		14,914.4	16,552.8
TOTAL ASSETS		93,454.4	33,752.2

CONSOLIDATED BALANCE SHEET CONTINUED

SEK m	Note	Mar 31, 2022	Mar 31, 2021
EQUITY AND LIABILITIES			
Equity			
	35		
Share capital	33	1.6	1.3
Other paid-up capital		47,297.3	26,764.5
Retained earnings, incl. net profit		-2,708.5	386.8
Equity attributable to equity holders of the parent		44,590.4	27,152.6
Non-controlling interests		221.8	12.8
Total equity		44,812.2	27,165.4
Provisions			
Provisions for pensions	38	19.6	17.1
Deferred tax liability	30	5,796.1	532.4
Other provisions	39	13,901.1	2,139.8
Total provisions		19,716.8	2,689.3
Non-current liabilities			
Loans from credit institutions	40, 41, 42	7,351.1	246.0
Total non-current liabilities		7,351.1	246.0
Current liabilities			
Liabilities to credit institutions	40, 41, 42	12,808.3	1,203.3
Non-current liabilities in jointly controlled entities		47.0	0.5
Current account credit facilities	41, 42	148.6	27.4
Trade payables		3,670.9	809.1
Current tax liabilities		602.1	201.4
Other provisions	39	1,210.0	127.2
Other liabilities		514.2	297.1
Accruals and deferred income	43	2,573.2	1,112.7
Total current liabilities		21,574.3	3,651.5
TOTAL EQUITY AND LIABILITIES		93,454.4	33,752.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Share capital	Other paid-up capital	Other equity including net profit ¹⁾	Minority interest	Consolidated equity
Opening balance, 2020-04-01	0.9	5,300.5	1,068.8	25.1	6,395.3
Net profit/loss			287.0	0.3	287.3
Changes recognised directly in equity					
Translation differences			-266.7		-266.7
Change in actuarial reserve			7.9		7.9
Change in hedge reserve			-602.1		-602.1
Total	-	-	-860.9	-	-860.9
Owner transactions					
New share issue	0.4	21,694.4			21,694.8
Issue expenses		-292.2			-292.2
Tax effect, issue expenses		61.8			61.8
Offset to minority in connection with issue and minority share in issue			-108.1	-12.6	-120.7
Total	0.4	21,464.0	-108.1	12.8	21,369.1
Closing balance, 2021-03-31	1.3	26,764.5	386.8	12.8	27,165.4
Opening balance, 2021-04-01	1.3	26,764.5	386.8	12.8	27,165.4
Net profit			-4,275.9	-15.2	-4,291.1
Changes recognised directly in equity					
Translation differences			1,176.5	0.2	1,176.7
Change in actuarial reserve			4.0		4.0
Total	-	-	1,180.5	0.2	1,180.7
Owner transactions					
New share issue	0.3	20,626.3			20,626.6
Issue expenses		-129.6			-129.6
Tax effect, issue expenses		26.7			26.7
Transactions between owners		9.4		224.0	233.4
Total	0.3	20,532.8		224.0	20,757.1
Closing balance, 2022-03-31	1.6	47,297.3	-2,708.5	221.8	44,812.2

¹⁾ Investment fund is included in Other equity including net profit, with MSEK 90.9 (137.2).

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Note	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Operating activities			
Profit/loss after financial items	45	–3,820.7	680.0
Adjustment for non-cash items	46	9,719.7	3,345.4
		5,899.0	4,025.4
Income tax paid		–542.2	–259.4
Cash flow from operating activities before changes in working capital		5,356.8	3,766.0
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		–150.1	83.1
Increase(-)/Decrease(+) in operating receivables		–933.5	–195.0
Increase(+)/Decrease(-) in operating liabilities		8.1	244.9
Cash flow from operating activities		4,281.3	3,899.0
Investing activities			
Acquisition of property, plant and equipment		–344.1	–70.9
Disposal of property, plant and equipment		3.5	1.3
Acquisition of intangible assets		–3,716.5	–2,139.2
Disposal of intangible fixed assets		4.3	4.1
Acquisition of subsidiaries/operations, net cash effect		–33,770.3	–4,590.8
Acquisition of other securities		–15.4	–22.3
Sales of other securities		-	13.0
Change in long-term loans		–56.4	-
Cash flow from investing activities		–37,894.9	–6,804.8
Financing activities			
New share issue		6,310.4	14,988.3
Issue expenses		–129.6	–292.9
Proceeds from borrowings		18,860.8	184.8
Repayment of loans and overdrafts		–16.7	–154.9
Cash flow from financing activities		25,024.9	14,725.3
Cash flow for year			
Cash & bank equivalents and short-term investments at beginning of the year		14,299.9	2,510.3
Exchange differences		98.6	–29.9
Cash & bank equivalents and short-term investments at end of year	47	5,809.8	14,299.9

PARENT COMPANY INCOME STATEMENT

SEK m	Note	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales	3	527.4	796.0
Total operating income		527.4	796.0
Operating expenses			
Other external expenses	5, 7	–91.9	–35.8
Personnel expenses	6	–49.1	–22.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	13, 14, 18, 19, 21	–263.8	–416.8
Other operating expenses		–9.0	–21.4
Total operating expenses	49	–413.8	–496.0
Operating profit		113.6	300.0
Profit/loss from financial assets			
Result from financial assets	8	251.6	–556.3
Interest and similar income	9	940.5	261.8
Interest and similar expenses	10	–604.9	–48.4
Total financial income/expenses		587.2	–342.9
Profit after financial items		700.8	–42.9
Appropriations			
Appropriations	11	–307.3	229.6
Profit before tax		393.5	186.7
Tax on profit for the year	12	–47.6	–39.7
Net profit for the year		345.9	147.0

PARENT COMPANY BALANCE SHEET

SEK m	Note	Mar 31, 2022	Mar 31, 2021
ASSETS			
Non-current assets			
Intangible assets			
Completed development projects	13	62.7	282.3
IP rights	14	75.3	112.6
Projects in progress and advances for intangible assets	18	10.1	10.1
Other intangible assets	19	4.4	4.0
		152.5	409.0
Property, plant and equipment			
Equipment, tools, fixtures and fittings	21	4.8	3.7
		4.8	3.7
Financial assets			
Investments in Group companies	24	29,426.1	5,445.8
Receivables from Group companies	25	32,121.2	5,435.9
Investments in associates and jointly controlled entities	26	-	-
Ownership interests in other entities	29	29.4	17.6
Other non-current receivables	31	37.0	34.9
Deferred tax assets	30	1.0	22.0
		61,614.7	10,956.2
Total non-current assets		61,772.0	11,368.9
Current assets			
Current receivables			
Receivables from Group companies		1,898.7	2,744.2
Current tax assets		54.4	22.1
Other receivables		14.8	20.3
Prepayments and accrued income	32	22.4	95.8
		1,990.3	2,882.4
Short-term investments			
Short-term investments	47	-	195.5
		-	195.5
Cash and bank balances			
Cash and bank balances	47	1,482.7	12,198.1
		1,482.7	12,198.1
Total current assets		3,473.0	15,276.1
TOTAL ASSETS		65,245.0	26,645.0

PARENT COMPANY BALANCE SHEET CONTINUED

SEK m	Note	Mar 31, 2022	Mar 31, 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	33	1.6	1.3
Development expenditure fund		72.8	292.5
		74.4	293.8
Unrestricted equity			
Share premium reserve	34	20,533.1	20,330.5
Retained earnings		25,978.9	5,281.7
Net profit for the year		345.9	147.0
		46,857.9	25,759.2
Total equity		46,932.3	26,053.0
Untaxed reserves			
Accumulated accelerated amortization	36	-	-
Tax allocation reserves	37	104.0	117.4
		104.0	117.4
Provisions			
Other provisions	39	231.1	220.9
		231.1	220.9
Non-current liabilities			
Long-term loans from credit institutions	40, 41, 42	5,962.3	204.8
Total non-current liabilities		5,962.3	204.8
Current liabilities			
Current account credit facilities	40, 41, 42	11,812.1	23.4
Trade payables		95.1	11.5
Liabilities to Group companies		67.1	4.9
Other liabilities		2.5	1.0
Accruals and deferred income	43	38.5	8.1
Total current liabilities		12,015.3	48.9
TOTAL EQUITY AND LIABILITIES		65,245.0	26,645.0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK m	Restricted equity		Unrestricted equity		Total equity
	Share capital	Development expenditure fund	Share premium reserve	Retained earnings, incl. net profit	
Opening balance, 2020-04-01	0.9	241.1	5,396.9	-63.8	5,575.1
Net profit				147.0	147.0
Owner transactions					
New share issue	0.4		20,560.9		20,561.3
Issue expenses			-292.2		-292.2
Tax effect			61.8		61.8
Total	0.4		20,330.5		20,330.9
Transfers between items in equity					
Development expenditure fund		51.4		-51.4	0.0
Share premium reserve			-5,396.9	5,396.9	0.0
Total	-	51.4	-5,396.9	5,345.5	0.0
Closing balance, 2021-03-31	1.3	292.5	20,330.5	5,428.7	26,053.0
Opening balance, 2021-04-01	1.3	292.5	20,330.5	5,428.7	26,053.0
Net profit				345.9	345.9
Owner transactions					
New share issue	0,3		20,626.6		20,626.9
Issue expenses			-129.6		-129.6
Tax effect			26.7		26.7
Transactions between owners			9.4		9.4
Total	0.3	-	20,533.1	-	20,533.4
Transfers between items in equity					
Development expenditure fund		-219.7		219.7	0.0
Share premium reserve			-20,330.5	20,330.5	0.0
Total	-	-219.7	-20,330.5	20,550.2	0.0
Closing balance, 2022-03-31	1.6	72.8	20,533.1	26,324.8	46,932.3

PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Operating activities			
Profit after financial items	45	700.8	–42.9
Adjustment for non-cash items	46	–203.4	1,220.3
		497.4	1,177.4
Income tax paid		–32.8	–80.7
Cash flow from operating activities before changes in working capital		464.6	1,096.7
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in operating receivables		1,059.4	–981.8
Increase(+)/Decrease(-) in operating liabilities		–153.1	13.5
Cash flow from operating activities		–906.3	128.4
Investing activities			
Acquisition of shares in subsidiaries		–5.6	–2,970.1
Acquisition of intangible assets		–5.4	–431.1
Acquisition of tangible assets		–2.1	–2.9
Acquisition of financial assets		–11.7	–57.5
Repaid loans from group companies		-	0.3
Provided loans to group companies		–36,566.9	–863.1
Divestment of subsidiaries / operations		-	71.0
Cash flow from investing activities		–36,591.7	–4,253.4
Financing activities			
New share issue		6,310.4	14,988.3
Issue expenses		–129.6	–292.9
Change in bank overdraft facilities		–23.4	–114.4
Proceeds from borrowings		18,357.2	-
Repayment of loans		–204.7	–16.9
Cash flow from financing activities		24,309.9	14,564.1
Cash flow for year		–10,910.9	10,439.1
Cash & bank equivalents and short-term investments at beginning of the year		12,393.6	1,954.5
Cash & bank equivalents and short-term investments at end of year	47	1,482.7	12,393.6

NOTES (AMOUNTS IN SEK MILLIONS UNLESS OTHERWISE INDICATED)

NOTE 1 ACCOUNTING POLICIES

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Recommendation BFNAR 2012:1, Annual Report and Consolidated Statements (K3).

The Parent Company applies the same accounting policies as the Group, apart from the cases described below in the section entitled "Accounting Policies – Parent Company".

The accounting policies are unchanged from the previous year.

Assets, provisions and liabilities have been measured at cost unless otherwise stated below.

Group accounting

Basis for methodology

Group accounting has been conducted through the cost method. Monetary figures are denominated in Swedish Crowns (SEK) and are rounded off to the nearest million unless otherwise stated.

Basis for consolidation

In the Group accounting, the parent company's and subsidiaries businesses are consolidated up until March 31, 2022. A limited number of subsidiaries have another closing date than March 31, since local legislation prevents a change during the current year. For these companies, closing accounts have been set up for March 31, 2022 and have been included in Group accounting.

Subsidiaries

Subsidiaries are companies in which the parent company directly or indirectly control more than 50% of votes or in other ways have a controlling influence. A controlling influence gives the right to develop a company's financial and operational strategies in order to achieve economic benefits. Accounting of acquisitions is based on the unit view. This means that the purchasing price analysis is performed when the acquirer gain controlling influence. As of this point in time, the acquirer and the acquired company are seen as one accounting unit. The use of the unit view means that all assets (including goodwill) and debt as well as revenues and expenses are fully included even for partly owned subsidiaries.

The cost value for subsidiaries is estimated as the sum of the fair value at the time of acquisition for the acquired assets as well as the debt and issued equity instruments, expenses directly coupled with the acquisition and potential additional consideration. In the purchasing price analysis the fair value is estimated at the time of acquisition of identifiable assets and debts as well as holdings without controlling influence. Holdings without controlling influence are valued at their fair value at the time of acquisition. From the date of acquisition the acquired company's revenues and expenses, identifiable assets and debts as well as positive or negative goodwill, are included in the group accounting.

Associated companies

Holdings in associated companies, in which the group owns at least 20% and at the most 50% of votes or in other ways has substantial influence over the operational and financial control, is accounted for according to the equity method. The equity method means that the value of shares in the associated

company is equal to the group's share of the associated company's equity, potential residual values for consolidated over and under values, including goodwill and negative goodwill adjusted for potential internal profits. In the group's income statement and the item "Share of associated companies' profits" includes the group's share of associated companies' profit after tax adjusted for potential depreciation of or eliminations of acquired over and under values, including amortization of goodwill/elimination of negative goodwill. Received dividends from associated companies reduces the book value. Profit share following the acquisition of associated companies but not yet realized through dividends, is allocated to a profit share fund.

Eliminations of transactions between group companies, associated companies and commonly controlled companies

Internal receivables and debt, revenues and expenses and unrealized profits and losses that arise from transactions between group companies are eliminated entirely.

Reclassification from foreign currency

Group accounting is presented in the currency SEK which is also the parent company's functional currency. Transactions in foreign currency is reclassified to the functional currency, SEK, based on the currency exchange rates on the transaction date (avista rate). Profits and losses in foreign currency due to regulations of such transactions and due to revaluation of monetary items to the rate on the closing date is included in the income statement like other operating income and other operating expenses.

Non-monetary items are not revalued on the closing date but are valued at historical cost (reclassified to the exchange rate of the closing date)

In group accounting all assets, debts and transactions in group companies that have another functional currency than SEK (the group's reporting currency) are reclassified to SEK in the consolidation. Group companies' functional currency has been unchanged during the reporting period.

In the consolidation, assets and debts have been reclassified based on the exchange rate on the closing date. Adjustments of goodwill and fair value that arise in connection to acquisitions of a foreign business has been recognized as assets and debts in a foreign business and reclassified to SEK on the closing date. Revenues and expenses have been reclassified to SEK according to the average exchange rate during the reporting period. Differences in exchange rates is recognized in the exchange rate reserve as part of equity. When divesting a foreign business, the accumulated reclassification differences that recognized in equity are translated to profit for the period and are recognized as part of the profit or loss at divestment.

Revenues

Revenues primarily relate to sales of partly interactive content through platform providers (computer games, film and digital board games), and partly physical products such as computer games, films, merchandise, hardware, board games, collectible cards and comics, and partly services related to computer games, and partly through licensing of media content and our owned IPs.

Revenues from sales of digital products

Revenues from sales of interactive content such as computer games, films and board games are recognized when the risks and benefits reach the buyer or in a pace that reflects the progress of work. The transaction price for an agreement does not include amounts that have been received on behalf of a third party (for instance sales taxes such as value added tax and similar taxes) for digital products whereas revenues from mobile include amounts that have been received on behalf of a third party.

Embracer reviews whether revenues should be reported gross or net of taxes, adjusted for fees received by the store/platform since a large part of the digital sales of our products and content takes place through third party digital stores, such as Microsoft's Xbox Games Store, Sony's PSN, Apple App Store, Epic and Steam. Important considerations when determining whether Embracer is principal (gross reporting) or agent (net reporting) includes, but is not limited to:

1. Which party has the main responsibility for fulfilling the duty of delivering the product or service;
2. Which party decides on the price for the product or service.

In terms of downloadable content (DLC) Embracer recognizes the revenue when the DLC has been transferred to the customer or is activated for gameplay.

Sales of games to the end customer primarily takes place through platform owners such as Steam, Epic, Sony and Microsoft. Preliminary estimates of revenues are continuously made by such platform owners since final figures can take up to 60 days after the end of the period to receive. These estimates are based on historical data and preliminary reports.

Sales from pre-purchases, season passes and game passes are recognized as revenues when the game or its content can be downloaded by the end customer.

Revenues from sales of physical products

Revenues from sales of physical products such as computer games, films, merchandise, hardware, board games, collectible cards and comics are recognized when risks and benefits reach the seller to the customer, who can either be wholesale or an end customer. The transaction price for an agreement does not include amounts that have been received on behalf of a third party (for instance sales taxes such as value added tax and similar taxes).

Guaranteed revenue amounts (minimum guarantee)

In some cases Embracer enters into agreements with customers that include guaranteed revenues in exchange for providing a license for a game developed by Embracer or another product on certain markets and/or for certain platforms. Determining Embracer's commitments and transaction prices for guaranteed sales requires significant estimates and assumptions from executive management. The recognition of such revenues for these agreements depend on the individual agreement and are recognized when the principles for revenue recognition are fulfilled.

Embracer recognizes a debt when it receives payment for a service that has not yet been provided and these figures are recognized as a prepaid income in the balance sheet. If the group performs a service before it receives payment, the group will recognize an asset, accrued income, in the balance sheet.

Development services

Development services primarily include sales from Work-For-Hire projects (game development for third party in exchange for payment) and sales from Work-For-Hire projects are recognized through the percentage of completion method to reflect the progress of work.

In addition to the fixed remuneration, additional royalty remuneration can be paid in addition to fixed remuneration for projects and revenues are recognized when the royalty's demands have been met, see below for information regarding variable royalty.

License and royalty revenue

License and Royalty revenue is income received from

1. a third party's use of our assets (IP),
2. the sale of an IP to a third party, or
3. Variable royalty fees for development services.

The overall general principle is that license / royalty income received is recognized as revenue on an accrual basis in accordance with the economic substance of the relevant agreement, if it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably.

License of IP

Revenues come from a third party that has the right to use an IP, GAAS or GamePass. These arrangements can include several commitments such as providing the license, rights to additional game releases and downloadable content, updates and sales based royalty payments from sales to end customer.

Fixed fee payments from customers for the license of our media content are recognized upfront or over time depending on the individual agreement.

Sale of IP

Sales of IPs to third party are recognized as revenues when the IP is transferred to the buyer.

Variable royalty fees for development services

Sales based royalty revenues primarily relate to variable fees in addition to the fixed fee for development services. An estimate of the revenues is made on an ongoing basis when performance commitments have been completed and are based on preliminary and final data.

Sales incentives

Sales incentives and other consideration given by us to our customers, such as rebates and product placement fees, are considered adjustments of the transaction price of our products and are reflected as reductions to revenues.

Allowances for Returns and Price Protection

Allowances for product returns and price protection need to be considered when applying the revenue recognition criteria. Allowances for Returns and Price Protection reduce the revenue.

Other revenues

Other revenues includes revenues that do not arise from the core business. The item mainly includes marketing contributions, contributions related to development projects as well as currency gains in the operations.

Cost of goods sold (COGS)

COGS relate to expenses for purchases and production of physical products, development costs for mobile games, ongoing maintenance of games, and royalties to external game developers and other IP owners.

Other operating expenses

Other operating expenses includes expenses that arise outside the core business. The item primarily includes currency losses in operations.

Interest and dividends

Revenue is recognized when the economic benefits associated with the transaction are likely to flow to the Company and when the amount of the revenue can be measured reliably. Interest is recognized as revenue using the effective interest method. Dividend revenue is recognized when the right to receive payment is established.

Income taxes

Tax on profit for the year in the income statement consists of deferred tax and current tax that is not directly recognized in equity.

The estimate for current tax is based on tax rates and tax rules that are decided or in practice decided at the end of the reporting period. Deferred tax is estimated according to the balance sheet method for all temporary differences.

Earnings per share (EPS)

EPS before dilution is calculated by dividing the period's profit which is attributable to the shareholders of the parent company with a weighted average number of outstanding shares during the period.

In order to calculate EPS after dilution, the amounts used in the calculation of EPS before dilution by considering the weighted average number of additional shares that would have been outstanding at a conversion of all potential shares.

Intangible assets

Completed development projects

Recognized at cost less accumulated amortization and impairment. Cost consists of all directly attributable expenses. Indirect production costs that represent a considerable part of the total cost of production and are significant in size are included in the cost. Amortization is applied using the declining balance method over the useful life of the asset. Amortization is recognized as a cost in the income statement.

IP rights

IP rights acquired are recognized at cost less accumulated amortization and write-downs. Amortization is applied on a straight-line basis over the expected useful life of the asset and is recognized as an expense in the income statement.

Publishing and distribution relationships

Publishing and distribution relationships acquired are recognized at cost less accumulated amortization and write-downs. Amortization is applied on a straight-line basis over the expected useful life of the asset and is recognized as an expense in the income statement.

Film rights

Film rights (purchased) are valued at cost less accumulated amortization and write-downs. Amortization occurs through degressive amortization during the asset's estimated usability period.

Film rights purchased through acquisitions of businesses are valued at cost less accumulated amortization and write-downs. Amortization occurs linearly during the asset's estimated usability period.

Goodwill

Goodwill is recognized at cost less accumulated amortization and impairment. Amortization is applied on a straight-line basis over the expected useful life of the asset and is recognized as an expense in the income statement.

Ongoing development of game projects (capitalisation of intangible assets generated)

Capitalisation model: All expenditure arising during the development phase is capitalised when the following criteria are fulfilled:

- > it is the Company's intention to complete the intangible asset and to use or sell it; the conditions are in place for using or selling the intangible asset;
- > it is technically feasible for the Company to complete the intangible asset so that it can be used or sold;
- > adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
- > it is probable that the intangible asset will generate future economic benefits; and the Company is able to measure reliably the expenditure attributable to the asset during its development.

Development costs that do not fulfil these criteria for activation, will be booked as expenses when they arise.

Direct expenses include personell expenses that arise in the work with software development together with expenses that relate to the work of completing the asset, as well as externally invoiced development costs.

Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. Amortization is applied on a straight-line basis over the expected useful life of the asset and is recognized as an expense in the income statement.

Intangible assets

	Useful life
Completed development projects games	2 years
Film rights	0-4 years

Intangible assets acquired

IP rights	5 years
Publishing and distribution relationships	5 years
Film rights	5 years
Goodwill	5 years
Other intangible assets	5 years

Ongoing development of game projects

Ongoing development of game projects that are not yet completed, and have been activated, are not amortized but undergo impairment tests.

Impairment tests are made annually on ongoing game development projects and if there are indications that the booked value is lower than the carrying amount. If the carrying amount is lower than the projects value an impairment of the value will be performed so the assets value match the carrying amount.

Property, plant and equipment

Items of property, plant and equipment are recognized at cost less accumulated depreciation and impairment. In addition to the purchase price, cost comprises expenditure directly attributable to the acquisition.

Subsequent costs

Subsequent costs are included in the carrying amount of the asset if they meet the criteria for recognition in the asset's carrying amount. Expenses for ongoing maintenance and repairs are recognized as they arise. Depreciation is applied on a straight-line basis over the expected useful life of the asset, as this reflects the expected consumption of the asset's future economic benefits. Depreciation is recognized as an expense in the income statement.

<i>Tangible fixed assets</i>	<i>Useful life</i>
Buildings	33-40 years
Equipment, tools, fixtures and fittings	3-14 years
Leasehold improvements	7-10 years

Impairment tests – At each reporting date, an assessment is made to identify whether there is any indication that an asset's value is lower than its carrying amount. If there is such an indication, the asset's recoverable amount is measured. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is calculated by reference to the present value of the future cash flows the asset is expected to generate during its use and on disposal or retirement. A pre-tax discount rate used that reflects market assessments of the time value of money and the risks specific to the asset. A previous impairment loss is reversed only if the basis of the calculation of the recoverable amount at the time of the previous impairment has changed.

Leases

Lessee

All leases have been classified as finance leases or operating leases. A finance lease is a lease that transfers from lessor to lessee substantially all the financial risks and rewards incidental to ownership of an asset. Leases that are not finance leases are classified as operating leases.

– Finance leases

Rights and obligations under finance leases are reported as an asset and liability in the balance sheet. On initial recognition, the asset and liability are measured at the lower of the asset's fair value and the present value of the minimum lease payments. Expenditure directly attributable to setting up and arranging the lease is added to the amount reported as an asset. After initial recognition, the minimum lease payments are apportioned between the interest charge and the reduction of the liability using the effective interest method. Variable lease payments are recognized as an expense in the financial year in which they are incurred. The leased asset is depreciated linearly over its useful life.

– Operating leases

Operating lease payments, including any upfront lease payment but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease term.

Foreign currency items

Foreign currency monetary items are translated at the closing rate. Non-monetary items are not translated but are reported at the acquisition-date rate. Foreign currency non-monetary items measured at fair value are translated at the rate on the date when the fair value was determined. Other non-monetary items are not translated but are reported at the acquisition-date rate.

Exchange differences arising from the settlement or translation of monetary items are recognized in the income statement in the financial year in which they arise.

Net investments in foreign operations

An exchange difference relating to a monetary item that is part of a net investment in a foreign operation and which is measured based on cost is recognized in the consolidated financial statements directly as a separate component of equity.

Translation of foreign operations

Assets and liabilities, including goodwill and other surplus and deficit values on consolidation, are translated at the closing rate for the reporting currency. Income and expenses are

translated at a rate that represents an approximation of the actual rate – an average rate. Exchange differences arising on translation are recognized directly in equity.

Inventories

Inventories are recognized at the lower of cost (weighted average value) and net realizable value at the reporting date. The cost of inventories includes the direct costs of materials and, if applicable, the direct labor costs and the costs that were incurred to bring them to the location and state that they are in. Net realizable value is the estimated selling price of the goods less costs of disposal. The risk of obsolescence has been taken into account.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments measured based on cost of acquisition) in BFNAR 2012:1.

Recognition and derecognition in the balance sheet

A financial asset or liability is recognized in the balance sheet when the Company becomes a party to the instrument's contractual terms. A financial asset is derecognized in the balance sheet when the contractual rights to receive the cash flows from the asset have ceased or been settled. The same applies when the risks and rewards incident to ownership have essentially been transferred to another party and the Company no longer has control over the financial asset. A financial liability is derecognized in the balance sheet when the contractual obligation has been discharged or extinguished.

Measurement of financial assets

On initial recognition, financial assets are measured at cost, including any transaction expenses directly attributable to the acquisition of the asset.

Financial current assets are subsequently measured at the lower of cost and net realizable value on the reporting date.

Trade and other receivables that are current assets are measured individually at the amount expected to be received.

Financial assets are subsequently measured at cost less any impairment and plus any appreciation in value.

Interest-bearing financial assets are measured at amortised cost using the effective interest method.

After initial recognition, derivative instruments that are financial assets and for which hedge accounting has not been applied (see below) are measured at the lower of cost and net realizable value on the reporting date.

Cash and cash equivalents include readily available deposits and credits at banks and similar institutes, together with other short term, liquid placements that are due within 90 days as of the day of the acquisition and which can easily be converted into known amounts of cash and which only have insignificant risk exposure in terms of value changes.

Measurement of financial liabilities

Financial liabilities are measured at amortised cost. Expenditure directly attributable to borrowing corrects the cost of the loan and is amortised using the effective interest method. Derivative instruments with a negative value and for which hedge accounting has not been applied (see below) are reported as financial liabilities and are measured at the amount most favourable to the Company if the obligation is settled or transferred on the reporting date.

Hedge accounting

Hedge accounting is only applied when there is an economic relationship between the hedging instrument and the hedged item that corresponds to the Company's risk management objective. In addition, to qualify for hedge accounting, the

hedging relationship must be expected to be highly effective during the period for which hedging has been identified, and the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge must be documented at the inception of the hedge.

- (i) *Hedging of foreign currency receivables and liabilities*
For hedging of foreign currency receivables and liabilities with forward exchange contracts, the underlying receivable or liability is measured at the forward rate. However, if the forward premium (the difference between the spot rate on the contract date and the forward rate) is significant, the underlying receivable or liability is measured at the spot rate on the contract date. The forward premium is then accrued over the term of the contract as interest expense or interest income.
- (ii) *Hedging of firm commitments and forecast transactions in foreign currency*
The result of hedging of firm commitments and highly probable forecast transactions in foreign currency is reported at the same time as the hedged transaction affects profit or loss.

Equity

Share capital represents the quota value for issued shares.

The recalculation reserve includes currency differences from reclassification of financial reports for the group's foreign businesses to SEK. Other injected capital includes potential premiums that have been received when issuing share capital or contributions from shareholders. Potential transaction costs related to the share issue are deducted from the unrestricted equity and considering potential income tax effects.

Balanced profits include all balanced profits for the current and previous periods.

All transactions with the parent company's owners are recognized separately in equity.

Employee benefits

Post-employment benefits

– Classification

Post-employment benefits plans are classified as either defined-contribution or defined-benefit plans.

Under defined-contribution plans, fixed contributions are paid to another entity, normally an insurance company, and the Company no longer has any obligation to the employee when the contribution is paid. The size of the employee's post-employment benefits depends on the contributions paid and the investment returns arising from the contributions.

Under defined-benefit plans, the Company has an obligation to pay the agreed benefits to present and former employees. The Company essentially bears the risk of the benefits being higher than expected (actuarial risk) and the risk of the return on assets deviating from expectations (investment risk). Investment risk arises even if the assets are transferred to another entity.

The Group has both defined-benefit and defined-contribution pension plans.

– Defined-contribution plans

Contributions for defined-contribution plans are recognized as an expense. Unpaid contributions are recognized as a liability.

– Defined-benefit plans

The Company has chosen to apply the simplification rules contained in BFNAR 2012:1. Pension obligations in the Group's foreign subsidiaries follow the foreign subsidiary's reporting.

Termination benefits

Termination benefits, to the extent that the compensation does not give rise to any future economic benefits, are only recognized as a liability and an expense when the Company has a legal or constructive obligation to either

- terminate the employment of an employee or group of employees before the normal retirement date, or
- provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits are only recognized when the Company has a detailed plan for the termination, without realistic possibility of withdrawal.

Deferred tax assets and debt

Deferred tax assets have been measured at a maximum of the amount likely to be recovered based on current and future taxable profit. The measurement is reviewed at each reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences and for tax loss carryforwards available for future use. The measurement is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and regulations that have been enacted by the reporting date and have not been discounted to the present value.

Deferred tax liabilities or assets relating to temporary differences attributable to investments in subsidiaries, branches, associates or jointly controlled entities are not recognized if the Company is able to control the date of the reversal of the temporary differences and it is not probable that any such reversal will occur in the foreseeable future.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax and equity.

Provisions

Provisions for product warranties, legal processes, lost contracts or other demands are recognized in the balance sheet when the company has a legal or informal obligation due to an event and it is likely that an outflow of resources is required to regulate the obligation and the amount can be measured reliably. At the first time of recognition the provisions are valued at the best possible estimate of the amount required to regulate the obligation on the closing day. Provisions are tried every closing day.

No debt is recognized in case an outflow of economic resources due to existing obligations is unlikely. Such situations are recognized as contingent liabilities unless the likelihood of an outflow of resources is very small.

Contingent liabilities

A contingent liability is:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events outside the Company's control, or
- an existing obligation arising from past events which is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

'Contingent liabilities' is a collective term for any guarantees, financial obligations and liabilities that are not recognized in the balance sheet.

Cash flow analysis

A cash flow analysis is performed according to an indirect method. The recognized cash flow only includes transactions that require in- and outflows of cash.

Accounting policies – Parent Company

The Parent Company's accounting policies are consistent with those set out above in the consolidated financial statements, apart from the following cases.

Financial assets and liabilities

– *Shares in subsidiaries, associates and jointly controlled entities*
Shares in subsidiaries, associates and jointly controlled entities are recognized at cost less accumulated impairment losses. Additional purchase price consideration to sellers that are employed in the company are seen as a part of the total cost. In addition to the purchase price, cost comprises expenditure directly attributable to the acquisition.

– *Untaxed reserve*

The gross sum of untaxed reserves is recognized in the balance sheet, including the deferred tax liabilities attributable to the reserve. Changes of untaxed reserves are recognized as appropriations in the income statement.

– *Fund for development costs*

Activated costs for development work are placed in a fund for development costs.

The fund is restricted equity and is dissolved at the same pace as the company makes depreciations and write-downs on the activated development work.

– *Revenues*

The revenues primarily relate to remuneration for management services as well as royalty fees through licensing of IP-rights in group companies.

– *Anticipated dividend*

As the Parent Company holds more than half of the votes for all shares in the subsidiary, dividends are recognized when the right to receive a dividend is considered established and the amount can be measured reliably.

– *Group contributions and shareholder contributions*

Group contributions received/provided are recognized as an appropriation in the income statement. The Group contribution received/provided has affected the Company's current tax. Shareholder contributions provided without any issued shares or other equity instruments being received in exchange are recognized in the balance sheet as an increase in the carrying amount of the share.

NOTE 2 ACCOUNTING ESTIMATES AND ASSESSMENTS

Preparation of final accounts and application of accounting policies are often based on management's assessments, accounting estimates and assumptions that are considered reasonable in the current circumstances. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable under the prevailing conditions. Results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates. The accounting estimates and assumptions are reviewed regularly. According to Company management, significant assessments in the accounting policies applied and sources of estimation uncertainty within the Group and Parent Company are as follow.

Covid-19

Covid-19 and its effects on real economies is creating uncertainty and risks during the past few years. Embracer Group acted quickly and resolutely to protect the employees, the company and the balance sheet during the pandemic. Despite the different waves of the pandemic the group's operations have remained stable. Embracer Group does not believe that Covid-19 will affect the Group's ability to operate in the future.

Revenue recognition

Sale of games to the end user are sometimes done through platform holders such as Steam, Epic, Sony and Microsoft, assessments are made of the revenue amount since the final reporting from the platform holders can take up to 60 days after the end of the period. These assessments are based on historical statistics and preliminary reports. Estimates other than those management conducted may result in different results of operations and a different financial position.

In some cases, Embracer's agreements with customers that include guaranteed revenues and sales based royalties in addition to guaranteed amounts in exchange for providing a license for games on certain markets and/or certain platforms. These arrangements can include several commitments regarding performance, among others for providing the license, rights to make additional game releases and downloadable content, updates and royalty payments from sales to end user. Determining performance commitments and transaction prices for guaranteed sales amounts requires estimates from each unit.

Development expenditure

The Group's expenditure for game development is capitalized when games are sufficiently technologically specified to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience of previous games. Incomplete development because the Group's capitalized expenditure for development has not yet commenced amortization (as yet unready for use), it is subject to yearly impairment tests. The most important underlying assumption of these estimates may alter, and accordingly, have a material impact on the Group's results of operations and financial position. The book value of capitalized development costs is described in Note 13 and 18.

On March 31, 2022, the assessment is that the carrying amount of these items does not exceed their fair value.

Acquisition of operations

The measurement of identifiable assets and liabilities in acquisitions of operations includes items in the acquired entity's Balance Sheet, and various types of item that have not been recognized in the acquired entity's Balance Sheet, such as intangible assets. Firstly, intangible assets that may have value need to be identified, such as ongoing game development, game back catalog, technical knowhow, trademarks, for example. Normally, there are no quoted prices for the assets and liabilities to be measured, and accordingly, different measurement techniques must be applied. These techniques are based on differing assumptions such as future cash flows, growth rates for revenues, EBIT margins as well as tax rates and discount factors in different countries. Measurements of this kind involve a high degree of estimation, which all need thorough examination, measurement and analysis. This also means that preliminary measurement may need to be conducted, and subsequently restated. All acquisition measurements are subject to final fair value adjustments by no later than one year after the acquisition date.

On March 31, 2022 it is management's view that the book values give a fair representation of the acquired businesses.

Goodwill, IP, film, distribution rights and other intangible assets

Embracer investigates each year whether goodwill, IP rights, film rights, distribution rights and other intangible assets from acquisitions are valued pursuant to the accounting policies stated in Note 1. Measurement is conducted in tandem with impairment tests based on estimates and assumptions. The critical assumptions underlying these judgements are the growth rate, free cash flow and discount rate. Estimates other than those management conducted may result in completely different results of operations and a different financial position. On March 31, 2022 it is management's view that the book values of these assets do not exceed their fair value.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences and for tax loss carry forwards. Embracer's deferred tax assets is attributable to tax loss carry forwards, deferred income and other temporary differences. The deferred tax liabilities are attributable to capitalized development costs, surplus values and other temporary differences. The valuation of temporary differences and tax loss carry forwards is based on management's estimates of future taxable profits in different tax jurisdictions and are primarily based on business plans.

Tax assets that derive from tax loss carry forwards have been generated in loss making subsidiaries.

The tax losses have been assessed to be able to be utilized against future taxable income. New assessments are done on a regular basis based on the current estimated future ability to utilize the deferred tax assets. Assessment regarding future utilization of tax loss carry forwards can change over time which can impact recorded tax expense in profit or loss. Carrying amounts at each reporting date are stated in Note 30.

The Management regularly participates in the judgements of transactions and estimates of probable outcomes in fiscal matters. On March 31, 2022 it is management's view that the book values of the deferred taxes do not exceed the fair value and that the provision is sufficiently large.

Receivables

Receivables are recognised net of the provision for doubtful receivables. The provision for doubtful receivables is based on individual assessment. The net value corresponds to the

value expected to be obtained. It is group management's assessment that the current provision is sufficient.

Inventories

Inventories are measured at the lower of cost and net realisable value. Calculation of net realisable value is based on factors such as assessments of future sales prices, which also consider expected price reductions. The actual outcome of future sales prices may differ from the assessments made. On March 31, 2022 it is management's view that the book value of the inventories do not exceed its fair value.

Provisions for price reductions and discounts

Embracer reports provisions for expected discounts and product returns. The provisions are recognised based on expected sales and number of returns of each title. The calculation of the provisions is made on basis of assumptions and empirical values about price development and return rates. Estimates that deviate from management's assessments can impact the Group's financial result and financial position. On March 31, 2022 it is management's view that the book value of provisions for price reductions and discounts are sufficiently large.

Provisions for additional considerations

In connection to a number of business combinations, Embracer has made provisions for contingent considerations. These are continuously measured at fair value, and measurement is based on a number of judgements and assumptions. The assumptions underlying these judgements are stated in Note 39. This means that future revaluations of provisions may have a significant impact on the business's profits, both positive and negative, during the coming years. On March 31, 2022 it is management's view that the provisions are sufficiently large.

NOTE 3 NET SALES PER GEOGRAPHICAL MARKET

Net sales per geographical market	GROUP	
	2021/22	2020/21
Europe	6,674.8	4,252.8
US	7,758.3	3,739.3
Sweden	205.3	112.7
Other	2,398.3	919.4
	17,036.7	9,024.2

Net sales per geographical market	PARENT COMPANY	
	2021/22	2020/21
Europe and Other	503.8	794.6
Sweden	23.6	1.4
	527.4	796.0

NOTE 4 OTHER OPERATING INCOME

	GROUP	
	2021/22	2020/21
Marketing contributions	81.1	113.8
Exchange gains on operating receivables/liabilities	29.1	-
Reversal of reserves	12.4	27.9
Indemnities	20.2	8.4
Insurance compensation	0.7	1.0
Benefits for development projects	135.7	85.3
Gain on non current assets	4.8	1.9
Other	49.1	49.4
	333.1	287.7

Marketing contributions have been received from third party as a part of the total cost for marketing costs. Benefits related to project development have been received during the year. Project development expenses are capitalized according to the company's accounting principles. The benefits received are reported on a separate row in the Consolidated Income Statement and reduce Work performed by the Company for its own use and capitalized. Operating profit is not affected during development.

NOTE 5 AUDITORS' FEES AND REMUNERATION

	GROUP	
	2021/22	2020/21
<i>EY</i>		
Audit services	11.6	4.2
Tax advisory services	1.0	0.3
Other services	8.4	5.9
	21.0	10.4
<i>Other auditors</i>		
Audit services	7.2	0.5
Tax advisory services	5.9	7.8
Other services	12.4	7.7
	25.5	16.0
Total	46.5	26.4

	PARENT COMPANY	
	2021/22	2020/21
<i>EY</i>		
Audit services	7.4	1.2
Tax advisory services	0.4	-
Other services	6.4	5.2
	14.2	6.4
<i>Other auditors</i>		
Audit services	-	-
Tax advisory services	-	-
Other services	8.5	-
	8.5	-
Total	22.7	6.4

The item 'audit services' comprises examination of the annual financial statements, accounting records and administration of the business by the CEO and Board. Other services relate to other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of such other procedures. The item 'other services' does not include assistance in acquisitions of companies since costs associated with such services are activated as shares in subsidiaries.

NOTE 6 EMPLOYEES, PERSONNEL EXPENSES AND BOARD FEES

Average number of employees	2021/22	Men, %	2020/21	Men, %	Gender distribution – senior executives	Female, %	
						31/03/2022	31/03/2021
PARENT COMPANY					PARENT COMPANY		
Sweden	35	51%	13	62%	Board	14%	14%
Total, Parent Company	35	51%	13	62%	Other senior executives	50%	0%
SUBSIDIARIES					GROUP, TOTAL		
US	1,086	80%	360	85%	Board	2%	0%
Russia	895	79%	440	84%	Other senior executives	2%	0%
Germany	624	76%	521	75%			
Canada	423	79%	364	85%			
Romania	345	70%	135	84%			
Austria	325	57%	241	57%			
Sweden	314	66%	231	86%			
Italy	309	84%	239	84%			
UK	273	77%	194	81%			
Spain	263	73%	171	73%			
Belarus	249	64%	-	-			
France	139	65%	-	-			
Serbia	136	78%	-	-			
Bulgaria	123	79%	-	-			
Israel	119	60%	-	-			
Netherlands	107	81%	-	-			
Czech Republic	104	78%	175	84%			
Other	663	64%	89	93%			
Total, subsidiaries	6,497	77%	3,161	80%			
Group, total	6,532	77%	3,174	80%			

	2021/22		2020/21	
Salaries, other benefits and social security contributions, including pension costs	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
PARENT COMPANY	30.1	14.5	13.6	6.3
(of which pension costs)	(-)	(4.1) ¹⁾	(-)	(2.1) ¹⁾
SUBSIDIARIES	3,278.0	515.4	1,434.8	322.0
(of which pension costs)	(-)	(38.1)	(-)	(76.9)
Group, total ³⁾	3,308.1	529.9	1,448.4	328.3
(of which pension costs)	(-)	(42.2) ²⁾	(-)	(79.0) ²⁾

¹⁾ SEK 0.4 (previous year 0.4) million of the Parent Company's pension costs relates to the Company's CEO and Board. The Company's outstanding pension obligations to these individuals are - (previous year -).

²⁾ SEK 10.2 (5.8) million of the Group's pension costs relate to CEOs and Boards in the Group. The Group's outstanding pension obligations to these individuals are - (previous year -).

³⁾ Remuneration to self-employed individuals are accounted for as payroll expense in the income statement. In total, the remuneration amounts to SEK 370.0 (28.6) million. This amount is not included in the sum SEK 3,308.1 (1,448.4) million in the table above.

	2021/22		2020/21	
Salaries and employee benefits (Board and CEO, Other employees)	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company	10.7	19.4	3.1	10.5
(of which bonus etc.)	(-)	(-)	(-)	(-)
Subsidiaries	287.1	2,990.9	139.6	1,295.2
(of which bonus etc.)	55.2	(-)	(18.4)	(-)
Group, total	297.8	3,010.3	142.7	1,307.0
(of which bonus etc.)	55.2	(-)	(18.4)	(-)

NOTE 6 CONTINUED

Remuneration of Senior executives	2021/22			
	Basic salary, Board fees	Variable remuneration	Pension costs	Total
Kicki Wallje Lund	1.3	1.0	-	2.3
Lars Wingefors (Board member and CEO)	1.0	-	0.2	1.2
Erik Stenberg	0.7	-	0.2	0.9
Jacob Jonmyren	0.5	-	-	0.5
Ulf Hjalmarsson	0.8	-	-	0.8
Matthew Karch	4.4	-	-	4.4
David Gardner	0.5	-	-	0.5
Other senior executives (four) ¹⁾	4.9	-	0.9	5.8
Total	14.1	1.0	1.3	16.4

¹⁾ Compared to last year when it was one person as senior executives it's four persons this year.

Remuneration of Senior executives	2020/21			
	Basic salary, Board fees	Variable remuneration	Pension costs	Total
Kicki Wallje Lund	0.8	1.0	-	1.8
Lars Wingefors (Board member and CEO)	1.0	-	0.2	1.2
Erik Stenberg	0.7	-	0.2	0.9
Jacob Jonmyren	0.3	-	-	0.3
Ulf Hjalmarsson	0.3	-	-	0.3
Matthew Karch	4.5	-	-	4.5
David Gardner	0.2	-	-	0.2
Other senior executives (one) ¹⁾	2.0	-	0.3	2.3
Total	9.8	1.0	0.7	11.5

¹⁾ Compared to last year when it was five persons as senior executives it's one person this year.

Termination benefits

Embracer Group's CEO and CFO must observe a notice period of 6 months. In addition to the notice period, both the CEO and CFO are entitled to termination benefits corresponding to 6 months' salary, provided Embracer Group terminated the employment contract and the CEO or CFO has not been dismissed.

Other CEOs have a notice period in the Group varying from 3 to a maximum of 6 months, with remuneration paid until employment is terminated. The other senior executives are entitled to a notice period with remuneration up to 6 months. The executives must observe the same notice period.

NOTE 7 OPERATING LEASES

Leases where the Company is lessee	GROUP	
	31/03/2022	31/03/2021
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	296.5	121.3
Between one and five years	512.6	331.5
After five years	56.1	8.1
	865.2	460.9
	2021/22	2020/21
Lease payments recognised in financial year	140.5	119.1

Lease costs mainly refer to external premises rent.

Leases where the Company is lessee	PARENT COMPANY	
	31/03/2022	31/03/2021
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	1.6	1.9
Between one and five years	1.2	-
	2.8	1.9
	2021/22	2020/21
Lease payments recognised in financial year	2.0	2.2

NOTE 8 RESULT FROM FINANCIAL ASSETS

	GROUP	
	2021/22	2020/21
Gain/loss sale of external shares and participations	-1.2	-
	-1.2	-

	PARENT COMPANY	
	2021/22	2020/21
Exchange gains on long-term loans to subsidiaries	0.7	-625.8
Interest from subsidiaries	252.1	26.8
Other	-1.2	42.7
	251.6	-556.3

NOTE 9 INTEREST AND SIMILAR INCOME

	GROUP	
	2021/22	2020/21
Interest income	3.2	3.2
Exchange gains	380.5	232.2
Other	1.7	56.1
	385.4	291.5

	PARENT COMPANY	
	2021/22	2020/21
Interest income, Group companies	28.7	18.7
Interest income	0.3	2.0
Exchange gains	911.5	238.4
Other	-	2.7
	940.5	261.8

NOTE 10 INTEREST AND SIMILAR EXPENSES

	GROUP	
	2021/22	2020/21
Exchange losses	-	-0.9
Other interest expenses	-22.4	-23.4
Other finance costs	-63.9	-11.1
Interest expenses and exchange of additional purchase prices	-402.6	-52.9
	-488.9	-88.3

	PARENT COMPANY	
	2021/22	2020/21
Exchange losses, Group companies	-526.8	-21.3
Interest expenses	-11.9	-6.9
Interest expenses acquisition	-3.8	-10.4
Exchange differences acquisition	-6.5	-4.7
Other	-55.9	-5.1
	-604.9	-48.4

NOTE 11 APPROPRIATIONS, OTHER

	PARENT COMPANY	
	2021/22	2020/21
Tax allocation reserve, transfers	13.4	23.2
Group contribution received	148.4	206.4
Group contribution paid	-469.1	-
	-307.3	229.6

NOTE 12 TAX ON PROFIT FOR THE YEAR

Tax on profit for the year	GROUP		Tax on profit for the year	PARENT COMPANY	
	2021/22	2020/21		2021/22	2020/21
Current tax	-617.3	-363.2	Current tax	-25.7	-39.7
Deferred tax	156.0	-36.0	Deferred tax	-21.9	-
Change in current tax reported previous year	14.5	-1.1	Total tax	-47.6	-39.7
Change in deferred tax reported previous year	-23.6	7.6			
Total tax	-470.4	-392.7			

Reconciliation of effective tax	2021/22		2020/21	
	Percent	Amount	Percent	Amount
GROUP				
Profit before tax		-3,820.7		680.0
Tax according to Parent's applicable tax rate	-20.6%	787.1	-21.4%	-145.5
Effect of different tax rates for foreign subsidiaries	0.6%	-22.5	3.0%	20.5
Amortization of goodwill on consolidation	34.1%	-1,304.0	-62.8%	-426.9
Other non-deductible expenses	5.0%	-191.6	-3.4%	-23.4
Non-taxable income	-6.9%	264.3	25.5%	173.3
Increase in tax losses for which no corresponding deferred tax was recognised	0.2%	-8.6	-1.8%	-12.0
Utilisation of previously uncapitalised tax losses	-2.4%	90.0	0.7%	4.7
Tax attributable to prior years	0.2%	-9.0	1.0%	6.5
Standard interest on tax allocation reserve	0.0%	-0.5	-0.0%	-0.1
Other	2.1%	-75.6	1.5%	10.2
Recognised effective tax	12.3%	-470.4	-57.7%	-392.7

PARENT COMPANY	2021/22		2020/21	
	Percent	Amount	Percent	Amount
Profit before tax		393.5		186.7
Tax according to Parent's applicable tax rate	-20.6%	-81.1	-21.4%	-40.0
Non-deductible expenses	-0.9%	-3.6	-0.1%	-0.2
Non-taxable income	9.5%	37.4	0.3%	0.6
Standard interest on tax allocation reserve	-0.1%	-0.3	-0.1%	-0.1
Recognised effective tax	-12.1%	-47.6	-21.3%	-39.7

NOTE 13 COMPLETED DEVELOPMENT PROJECTS

Accumulated cost	GROUP		Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021		31/03/2022	31/03/2021
At beginning of year	2,422.9	1,548.8	At beginning of year	1,308.8	881.9
Investments for the year	59.1	49.9	Acquired from group companies	3.8	426.9
Business acquisitions	936.6	87.3	At end of year	1,312.6	1,308.8
Transferred from projects in progress	1,159.9	786.9	Accumulated amortization		
Discard	-1.1	-16.2	At beginning of year	-1,026.5	-651.0
Translation differences for the year	20.2	-33.8	Amortization for the year	-223.4	-375.5
At end of year	4,597.6	2,422.9	At end of year	-1,249.9	-1,026.5
Accumulated amortization			Carrying amount at end of year	62.7	282.3
At beginning of year	-1,905.2	-1,110.2			
Business acquisitions	-416.3	-50.1			
Amortization for the year	-1,036.7	-786.0			
Discard	-	16.2			
Translation differences for the year	-36.7	19.8			
At end of year	-3,394.9	-1,910.3			
Carrying amount at end of year	1,202.7	512.6			

NOTE 14 IP RIGHTS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	2,712.1	2,125.4
Business acquisitions	23,147.8	645.4
Investments for the year	16.2	0.6
Divestments	-	-2.0
Reclassifications	-	16.5
Translation differences for the year	433.9	-73.8
At end of year	25,442.2	2,712.1
Accumulated amortization		
At beginning of year	-1,136.9	-645.6
Amortization for the year	-1,868.2	-456.7
Business acquisitions	-44.1	-73.7
Reclassifications	-	-16.5
Translation differences for the year	-76.6	55.6
At end of year	-3,125.8	-1,136.9
Carrying amount at end of year	22,316.4	1,575.2

Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	264.3	264.3
Investments for the year	0.9	-
At end of year	265.2	264.3
Accumulated amortization		
At beginning of year	-151.7	-111.5
Amortization for the year	-38.2	-40.2
At end of year	-189.9	-151.7
Carrying amount at end of year	75.3	112.6

NOTE 15 PUBLISHING AND DISTRIBUTION RELATIONSHIPS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of period	204.7	219.3
Business acquisitions	5.3	-
Translation differences for the year	2.5	-14.6
At end of year	212.5	204.7
Accumulated amortization		
At beginning of year	-122.7	-88.4
Amortization for the year	-40.9	-41.4
Translation differences for the year	-1.6	7.1
At end of year	-165.2	-122.7
Carrying amount at end of year	47.3	82.0

NOTE 16 FILM RIGHTS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	679.7	571.9
Business acquisitions	30.6	27.4
Investments for the year	144.6	125.8
Translation differences for the year	8.5	-45.4
At end of year	863.4	679.7
Accumulated amortization		
At beginning of year	-516.4	-326.9
Amortization for the year	-155.1	-216.9
Translation differences for the year	-6.6	27.4
At end of year	-678.1	-516.4
Carrying amount at end of year	185.3	163.3

NOTE 17 GOODWILL

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	13,053.0	1,780.3
Business acquisitions	40,920.1	11,988.4
Sold/scrapped	1.5	-7.8
Merger	49.8	-
Translation differences for the year	1,235.0	-707.9
At end of year	55,259.4	13,053.0
Accumulated amortization		
At beginning of year	-2,248.8	-368.6
Amortization for the year	-6,608.1	-1,924.9
Sold/scrapped	-	7.8
Merger	-3.7	-
Translation differences for the year	-329.9	36.9
At end of year	-9,190.5	-2,248.8
Carrying amount at end of year	46,068.9	10,804.2

NOTE 18 PROJECTS IN PROGRESS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	3,385.7	2,297.1
Business acquisitions	430.3	119.5
Transferred to Completed development projects	-1,159.9	-786.9
Investments for the year	3,468.4	1,937.6
Scrapped	-	-15.1
Translation differences for the year	135.6	-166.5
At end of year	6,260.1	3,385.7
Accumulated impairment		
At beginning of year	-165.1	-144.2
Impairment for the year	-16.4	-28.8
Translation differences for the year	-5.8	-7.2
Scrapped	-	15.1
At end of year	-187.3	-165.1
Carrying amount at end of year	6,072.8	3,220.6
PARENT COMPANY		
Accumulated cost	31/03/2022	31/03/2021
At beginning of year	10.1	10.1
Carrying amount at end of year	10.1	10.1

NOTE 19 OTHER INTANGIBLE ASSETS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	57.8	22.2
Business acquisitions	259.2	7.6
Investments for the year	28.3	25.3
Divestments	-0.6	-1.3
Reclassifications	-	5.6
Translation differences for the year	22.4	-1.6
At end of year	367.1	57.8
Accumulated depreciation		
At beginning of year	-25.7	-10.2
Business acquisitions	-134.2	-4.0
Depreciation for the year	-25.5	-12.4
Divestments	0.5	0.5
Reclassifications	-	-3.5
Translation differences for the year	-3.0	3.9
At end of year	-187.9	-25.7
Carrying amount at end of year	179.2	32.1
PARENT COMPANY		
Accumulated cost	31/03/2022	31/03/2021
At beginning of year	4.5	-
Investments for the year	1.6	4.2
Reclassifications	-	0.3
Carrying amount at end of year	6.1	4.5
Accumulated depreciation		
At beginning of year	-0.6	-
Depreciation for the year	-1.0	-0.5
Translation differences for the year	-0.1	-
At end of year	-1.7	-0.5
Carrying amount at end of year	4.4	4.0

NOTE 20 LAND & BUILDINGS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	133.1	128.3
Investments for the year	14.8	5.6
Business acquisitions	10.0	10.0
Divestments and discards	-	-0.9
Reclassifications	0.1	-
Translation differences for the year	2.4	-9.9
At end of year	160.4	133.1
Accumulated depreciation		
At beginning of year	-11.9	-7.6
Business acquisitions	-6.9	-1.4
Depreciation for the year	-4.6	-3.8
Translation differences for the year	-0.1	0.9
At end of year	-23.5	-11.9
Carrying amount at end of year	136.9	121.2

NOTE 21 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	231.3	121.6
Business acquisitions	577.0	65.0
Investments for the year	170.8	60.4
Divestments and discards	-10.5	-2.0
Reclassifications	-4.4	-
Translation differences for the year	0.3	-13.7
At end of year	964.5	231.3
Accumulated depreciation		
At beginning of year	-120.5	-57.8
Business acquisitions	-384.2	-31.5
Depreciation for the year	-84.5	-37.6
Reclassifications	1.6	-
Divestments and discards	7.6	0.3
Translation differences for the year	-12.7	6.1
At end of year	-592.7	-120.5
Carrying amount at end of year	371.8	110.8
Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	4.2	1.7
Investments for the year	2.2	2.8
Reclassification	-	-0.3
At end of year	6.4	4.2
Accumulated depreciation		
At beginning of year	-0.5	-0.1
Depreciation for the year	-1.1	-0.4
At end of year	-1.6	-0.5
Carrying amount at end of year	4.8	3.7

NOTE 22 ONGOING INVESTMENTS AND PREPAYMENT

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	5.8	-
Investments for the year	116.0	0.7
Business acquisitions	6.5	5.2
Reclassification	0.2	-
Translation differences for the year	1.3	-0.1
At end of year	129.8	5.8

NOTE 23 LEASEHOLD IMPROVEMENTS

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of period	-	-
Investments for the period	42.5	-
Business acquisitions	118.7	-
Divestments and discards	-3.7	-
Reclassification	2.6	-
Translation differences for the period	7.6	-
At end of period	167.7	-

Accumulated depreciation	GROUP	
	31/03/2022	31/03/2021
At beginning of period	-	-
Business acquisitions	-65.6	-
Depreciation for the period	-11.0	-
Divestments and discards	2.1	-
Reclassification	-1.6	-
Translation differences for the period	-3.5	-
At end of period	-79.6	-
Carrying amount at end of year	88.1	-

NOTE 24 INVESTMENTS IN GROUP COMPANIES

Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	5,519.1	2,550.3
Investments for the year	25,160.9	2,969.8
Divestments to other Group companies	-1,180.6	-1.0
At end of year	29,499.4	5,519.1
Accumulated impairment		
At beginning of year	-73.3	-73.3
At end of year	-73.3	-73.3
Carrying amount at end of year	29,426.1	5,445.8

NOTE 24 CONTINUED

Company, head office and country	Number of shares	Holding, %	31/03/2022	31/03/2021
			Carrying amount	Carrying amount
THQ Nordic GmbH, FN366280y, Vienna, Austria		100	217.8	217.8
We Sing Company Holding AB, 556997-4255, Karlstad, Sweden	500	100	0.0	0.1
House in the Woods AB, 556997-4271, Färentuna, Sweden	500	100	7.9	7.8
Mirage Game Studios AB, 559043-8437, Karlstad, Sweden	500	100	0.0	0.0
Pieces Interactive AB, 556744-4384, Skövde, Sweden	585,904	100	5.9	5.9
Experiment 101 AB, 559019-9609, Stockholm, Sweden	500	100	8.0	8.0
Coffee Stain Holding AB, 556995-0180, Skövde, Sweden			0.0	864.0
Koch Media Holding GmbH, 482610x, Höfen, Austria ¹⁾	3,500	100	3,120.0	2,968.1
Bugbear Entertainment Oy, 1586716-8, Helsinki, Finland	900	90	264.9	264.9
Saber Interactive SGS LCC, 120 780 004 0315, Saint Petersburg, Russia		100	28.6	27.7
DECA Live Operations GmbH, HRB 191999B, Berlin, Germany	25	100	626.5	623.8
Embracer Group Lager 2, 559237-4010, Karlstad, Sweden	250	100	10.0	10.0
QL Holding AB, 556884-8369, Karlstad, Sweden	500	100	49.9	49.9
Saber Interactive Inc., 32-0624055, Fort Lauderdale, US		100	5,088.0	75.0
Saber Interactive Spain SLU, B-87576872, Madrid, Spain		100	7.8	7.8
Snapshot Games Inc., Los Angeles, US			0.0	314.7
Embracer Group Lager 10 AB, 559273-7992, Karlstad, Sweden	250	100	60.0	-
Embracer Group Lager 12 AB, 559273-8016, Karlstad, Sweden	250	100	16,611.9	-
THQ Nordic AB, 559338-6104, Karlstad, Sweden	250	100	0.0	-
Deca Games Holding AB, 559205-5387, Karlstad, Sweden	50,000	100	35.1	-
Easybrain Holding AB, 559237-4044, Karlstad, Sweden	250	100	0.0	-
Indie Games Holding AB, 559280-0014, Karlstad, Sweden	250	100	0.0	-
Amplifier Game Invest Holding AB, 559092-8742, Karlstad, Sweden	500	100	4.0	-
Gearbox Entertainment Company Holding AB, 559237-4036, Karlstad, Sweden	250	100	3,277.2	-
Embracer Group Business Development Holding AB, 559273-7984, Karlstad, Sweden	250	100	2.5	-
Retro Games Group Holding AB, 559237-4051, Karlstad, Sweden	250	100	0.0	-
Embracer Group Archive AB, 559273-7976, Karlstad, Sweden	250	100	0.0	-
Other subsidiaries, dormant or of minor importance		100	0.1	0.3
			29,426.1	5,445.8

¹⁾ During the year, Embracer Group AB provided shareholder contributions of SEK 24,839.1 (1,745.5) million

Business acquisitions during the financial year

During the year, the Parent Company have acquired Gearbox Entertainment Inc, Easybrain Group Ltd, Varyag Group AB, CrazyLabs Ltd, Dark Horse Media LLC and Financière Amuse Top Co, via Swedish Holding Companies. In addition to the above-mentioned companies, several smaller acquisitions have also taken place. See also note 48.

NOTE 25 NON-CURRENT RECEIVABLES FROM GROUP COMPANIES

Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	5,435.9	266.6
Additional receivables	18,344.3	5,780.6
Repayment of receivables	-1,468.0	-
Reclassification	9,404.0	-
Translation differences for the year	405.0	-611.3
At end of year	32,121.2	5,435.9

NOTE 26 INVESTMENTS IN ASSOCIATES

Accumulated cost	GROUP	
	31/03/2022	31/03/2021
At beginning of year	172.7	55.4
Business acquisitions	9.6	-
This years investments	-	8.7
Reclassifications	-14.2	-2.2
Dividend received	-83.1	-4.2
Divestments for the year	-	-91.6
Profit/loss from investments in associates and jointly controlled entities	45.3	206.4
Translation difference	-0.4	0.2
Carrying amount at end of year	129.9	172.7

GROUP	Share of equity	Share of votes	Number of shares	Carrying amount
Iron Gate AB	30%	30%	30	88.0
Neon Giant AB	28%	28%	25,530	12.6
Kavalri Games AB	49%	49%	5,081,901	13.5
Framebunker ApS	34%	34%	124,926	6.1
Double Damage Games Inc	33%	33%	962,964	9.7
				129.9

	GROUP	
	Reg. no.	Reg'd office
Iron Gate AB	559203-4820	Skövde, Sweden
Neon Giant AB	559119-4070	Uppsala, Sweden
Kavalri Games AB	559164-5089	Lidingö, Sweden
Framebunker ApS	35 23 72 75	Copenhagen, Denmark
Double Damage Games Inc	5 493 089	Wilmington, U.S.

Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	-	70.0
Divestments for the year	-	-70.0
Carrying amount at end of year	-	0.0

Investments in associated companies only includes companies where Embracer Group owns between 20–49,99 percent. Companies where Embracer Group owns less than 20 percent are included in the balance sheet item Ownership interests in other entities.

NOTE 27 NON-CURRENT RECEIVABLES FROM ASSOCIATED COMPANIES, INTEREST BEARING

Accumulated acquisition values	GROUP	
	31/03/2022	31/03/2021
At beginning of period	-	-
Loan	5.9	-
Carrying amount at end of period	5.9	-

NOTE 29 OWNERSHIP INTERESTS IN OTHER ENTITIES

Accumulated acquisition values	GROUP	
	31/03/2022	31/03/2021
At beginning of period	84.0	9.9
Investments in the period	16.0	81.8
Reclassification	-65.2	-7.0
Business combination	9.8	-
Translation difference	-1.5	-0.7
Carrying amount at end of period	43.1	84.0

NOTE 28 NON-CURRENT RECEIVABLES FROM ASSOCIATED COMPANIES

Accumulated acquisition values	GROUP	
	31/03/2022	31/03/2021
At beginning of year	5.6	9.0
Reclassification	-	-7.0
Loan	-	5.6
Repayment	-	-1.9
Translation difference	0.1	-0.1
Carrying amount at end of year	5.7	5.6

Accumulated acquisition values	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	17.6	0.0
Investments in the year	11.8	17.6
Carrying amount at end of year	29.4	17.6

NOTE 30 DEFERRED TAX

Significant temporary differences	GROUP			
	Deferred tax assets		Deferred tax liabilities	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
At beginning of year	269.1	165.5	532.4	414.8
Business acquisitions	980.7	77.3	5,479.4	152.7
Recognized in income statement	29.8	15.6	-102.6	-14.0
Recognized direct through equity	-0.6	21.2	-	-
Change in tax rates	-	-	-4.8	-
Translation differences for the year	34.3	-10.5	-108.3	-21.5
Other	-2.8	-	-	0.4
At end of year	1,310.5	269.1	5,796.1	532.4

Significant temporary differences	GROUP	
	Deferred tax assets	Deferred tax liabilities
	31/03/2022	31/03/2021
Untaxed reserves	-	49.7
Intangible assets	392.7	5,440.7 ¹⁾
Property, plant and equipment	-2.3	12.6
Other temporary differences	121.1	293.1
Inventories	262.6	-
Tax loss carryforwards	399.0	-
Other unused tax credits	137.4	-
Deferred tax assets/liabilities	1,310.5	5,796.1
Offsetting	-	-
Deferred tax assets/liabilities (net)	1,310.5	5,796.1

¹⁾ The deferred tax liability of SEK 5,440.7 million will not have any cash impact when released.

Significant temporary differences	31/03/2021	
	Deferred tax assets	Deferred tax liabilities
Untaxed reserves	-	51.3
Intangible assets	112.6	352.6
Property, plant and equipment	-0.8	0.9
Other temporary differences	49.4	126.6
Tax loss carryforwards	100.2	-
Other unused tax credits	7.7	1.0
Deferred tax assets/liabilities	269.1	532.4
Offsetting	-	-
Deferred tax assets/liabilities (net)	269.1	532.4

Significant temporary differences	PARENT COMPANY	
	31/03/2022	
	Deferred tax assets	Deferred tax liabilities
Tax loss carryforwards	1.0	-
	1.0	-

Significant temporary differences	31/03/2021	
	Deferred tax assets	Deferred tax liabilities
Tax loss carryforwards	22.0	-
	22.0	-

NOTE 31 OTHER NON-CURRENT RECEIVABLES

	GROUP	
	31/03/2022	31/03/2021
At beginning of year	40.2	11.3
Business acquisitions	143.2	40.6
Investments in the year	10.3	3.0
Reclassification	37.1	-10.1
Translation differences	14.9	-4.6
Carrying amount at end of year	245.7	40.2

Accumulated cost	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	34.9	-
Additional receivables	-	39.9
Translation differences for the year	2.1	-5.0
At end of year	37.0	34.9

NOTE 32 PREPAYMENTS AND ACCRUED INCOME

	GROUP	
	31/03/2022	31/03/2021
Accrued income	693.0	385.8
Prepaid rents	14.0	3.2
Prepaid expenses	313.9	143.6
Other items	13.1	1.2
	1,034.0	533.8

	PARENT COMPANY	
	31/03/2022	31/03/2021
Prepaid rent	0.2	0.6
Prepaid insurance premiums	0.5	0.3
Prepaid financing expenses	-	7.0
Prepaid interest expenses	-	1.9
Prepaid expenses	18.1	84.2
Other items	3.6	1.8
	22.4	95.8

NOTE 33 SHARE CAPITAL

The Company's share capital consists of 66,798,274 Class A shares and 1,064,663,764 Class B shares. The shares are denominated in SEK and the par value of each share is SEK 0.0013. Each Class A share entitles the holder to 10 votes and each Class B share entitles the holder to one vote at general meetings.

NOTE 34 PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

The Board proposes that the unrestricted equity of SEK 46,857,929 thousand be allocated as follows:

Carried forward	46,857,929
Total	46,857,929

NOTE 35 EARNINGS PER SHARE

	GROUP	
	31/03/2022	31/03/2021
Earnings per share, SEK	-4.16	0.36 ¹⁾
Profit for the year, SEK m	-4,275.9	287.0
Weighted average number of shares outstanding, thousands	1,030,572	796,292 ¹⁾

¹⁾In September 2021, there was a split of 2:1.

In addition to the total number of outstanding shares 1,131,462,038 as of March 31, 2022 there are 94,247,241 shares that can be issued as part of additional purchase prices given that certain criterias are fulfilled, which corresponds to a dilution effect of 7.69% and 5.6% of the total number of shares and votes, respectively. In addition to these, there are no outstanding conversion loans, warrants or similar in Embracer Group that could cause a potential dilution for shareholders.

In accordance with the Board's proposal, the Annual General Meeting in September 2021 passed a resolution authorizing the Board on one or more occasions before the next AGM to decide on the issue of Class B shares, convertibles and/or warrants with the right to convert to or subscribe for a number for Class B shares, with or without derogation from shareholders' preferential rights, corresponding to a maximum of 10% of the total number of shares in the Company, to be settled in cash, by payment in kind and/ or by way of set-off.

The Extra General Meeting on January 7, 2022 resolved to authorize the board of directors during the period up until the next annual general meeting, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding 10% of the total number of shares in the Company at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off.

The purpose for the board to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily for the purpose to raise new capital to increase flexibility of the Company or in connection with acquisitions. If the board of directors finds it suitable in order to enable delivery of shares in connection with a share issuance as set out above, it may be made at a subscription price corresponding to the shares' quota value.

NOTE 36 ACCUMULATED ACCELERATED AMORTIZATION

	PARENT COMPANY	
	31/03/2022	31/03/2021
At beginning of year	-	9.3
Release during the year	-	-9.3
	-	0.0

NOTE 37 TAX ALLOCATION RESERVES

	PARENT COMPANY	
	31/03/2022	31/03/2021
Allocated for financial year 2015	-	13.4
Allocated for financial year 2016	17.2	17.2
Allocated for financial year 2017	37.9	37.9
Allocated for financial year 2018/19	3.9	3.9
Allocated for financial year 2019/20	45.0	45.0
	104.0	117.4

The parent company does not separate deferred tax attributable to untaxed reserves. If separated, deferred tax liability would amount to SEK 21.4 (25.8) million each year.

NOTE 38 PROVISIONS FOR PENSIONS

	GROUP	
	31/03/2022	31/03/2021
Pension obligations		
At beginning of year	40.6	46.6
Business acquisitions	5.3	0.1
Currency translation adjustment	1.1	-3.1
Pension provisions for the year	1.9	2.8
Translation differences for the year	-	-0.5
Net changes in previous provisions	-2.1	-5.3
At end of year	46.8	40.6

	GROUP	
	31/03/2022	31/03/2021
Pension obligation secured through payments		
At beginning of year	-23.5	-21.8
Currency translation adjustment	-0.6	1.2
Translation differences for the year	-	0.4
Paid-in funds	-2.4	-1.6
Net changes in previously paid-in funds	-0.5	-1.7
Net changes in previous provisions	-0.2	-
At end of year	-27.2	-23.5
Carrying amount at end of year	19.6	17.1

NOTE 39 OTHER PROVISIONS

	GROUP	
	31/03/2022	31/03/2021
Provision for returns, price adjustments, customer bonuses and complaints	424.3	231.3
Calculated additional consideration	13,348.5	1,766.8
Provision for disputes	34.3	18.4
Provision for personnel expenses	80.9	116.8
Other	13.1	6.5
	13,901.1	2,139.8
Calculated additional consideration short term	1,198.2	120.7
Provision for personnel expenses short term	11.8	6.5
	15,111.1	2,267.0
Of which expected to be settled within 12 months	1,210.0	127.2
Of which expected to be settled after 12 months	13,901.1	2,139.8

GROUP 31/03/2022	Opening balance	Business combinations	Amounts utilised	Reversal of reserve	Provision during year	Translation differences	Closing balance
Provision for additional consideration	1,887.5	12,411.9	-330.3	-85.3 ¹⁾	291.8 ²⁾	371.1	14,546.7
Provision for personnel expenses	123.3	7.4	-99.4	-1.2	59.9	2.7	92.7
Provision for price reductions, returns, customer bonuses and complaints	231.3	58.9	-194.7	-6.2	326.7	8.3	424.3
Provision for disputes and legal fees	18.4	30.1	-14.8	-2.4	2.6	0.4	34.3
Other	6.5	0.9	-4.3	-0.6	10.4	0.2	13.1
	2,267.0	12,509.2	-643.5	-95.7	691.4	172.8	15,111.1

¹⁾ Revaluation of provision due to change in Embracer Groups share.

²⁾ The amount SEK 291.8 million includes revaluations of additional purchase consideration of SEK 101.4 million and interest expenses of SEK 190.4 million. Net revaluations of additional purchase prices affected EBIT by SEK -16.1 million (+85.3 (according to item 1 above) -101.4).

NOTE 39 CONTINUED

GROUP 31/03/2021	Opening balance	Business combinations	Amounts utilised	Reversal of reserve	Provision during year	Translation differences	Closing balance
Provision for additional consideration	411.9	1,484.5	-28.8	-11.5	30.8	0.7	1,887.5
Provision for personnel expenses	57.4	62.8	-16.6	-	24.5	-4.9	123.3
Provision for price reductions, returns, customer bonuses and complaints	284.8	-	-248.6	-3.6	218.9	-20.3	231.3
Provision for disputes and legal fees	40.4	-	-4.1	-24.1	9.0	-2.7	18.4
Other	6.9	0.9	-2.4	-0.1	1.8	-0.5	6.5
	801.4	1,548.2	-300.5	-39.4	285.0	-27.6	2,267.0

	PARENT COMPANY	
	31/03/2022	31/03/2021
Opening balance	220.9	3.6
Provision for additional consideration	10.2	217.3
	231.1	220.9
Of which expected to be settled within 12 months	-	-
Of which expected to be settled after 12 months	231.1	220.9

PARENT COMPANY 31/03/2022	Opening balance	Business combinations	Amounts utilised	Reversal of reserve	Provision during year	Translation differences	Interest expenses	Closing balance
Provision for additional consideration	220.9	-	-	-	-	6.4	3.8	231.1
	220.9	-	-	-	-	6.4	3.8	231.1

PARENT COMPANY 31/03/2021	Opening balance	Business combinations	Amounts utilised	Reversal of reserve	Provision during year	Translation differences	Interest expenses	Closing balance
Provision for additional consideration	3.6	78.6	-	-	132.9	-4.6	10.4	220.9
	3.6	78.6	-	-	132.9	-4.6	10.4	220.9

Provision for returns, price adjustments, customer bonuses and complaints

The amounts for the period's provisions and amounts utilised during the period refer primarily to the cost of sold games and volume bonuses to customers.

Additional consideration

Contingent consideration of SEK 14,456.7 million has been calculated in connection with 31 acquisitions. The final

contingent considerations that correspond to the provisions on March 31, 2022 are primarily dependent on both operational and financial goals. The most common terms are dependent on the number of released games, the character of the released game, organization goals and revenue and EBIT development during a certain period.

The Group's provisions for earnouts, as of March 31, 2022, are expected to be paid out as shown in table below.

Provisions for conditional purchase price, SEK m	Financial year when settlement is expected				Total
	22/23	23/24	24/25	>25/26	
Provisions to be settled in cash	1,178.1	499.5	662.4	5,830.2	8,170.3
Provisions to be settled by shares ¹⁾	20.1	73.1	1,733.5	4,549.7	6,376.4
Total					14,546.7

¹⁾ The present value of the additional purchase prices has been calculated based on expected outcome. The provisions will vary over time depending on, among other things, the degree of fulfillment of the conditions for the additional purchase prices, the development of certain exchange rates versus the Swedish krona, the level of interest rate and 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 94,247,241 according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 7.69% and 5.16% of the voting rights as of March 31, 2022.

Out of the 1,131.5 million shares outstanding there are approximately 116.8 million shares with clawback rights as per March 31, 2022. These shares have already been issued to cover for future earnout obligations

Disputes and fees

The provision for costs associated with disputes and fees is based on the expected outcome of active legal proceedings. The provision is based on the Group's assessment of the outcome after obtaining a legal opinion from independent legal

experts. The change in the provision for disputes and fees is based on current risk assessments in the ongoing proceedings.

Provision for personnel expenses

Refers to expected payments over a future period of 40 years regarding contractual obligations for personnel (anniversary benefits, bonuses and other personnel provisions regarding post-employment benefits that are not pensions/termination benefits. These provisions relate to obligations in Austria, Italy, France and Spain).

NOTE 40 NON-CURRENT LIABILITIES

The group has liabilities due for payment after five years amounting to SEK 83.5 (-) million. The parent company has no liabilities due for payment after five years (-).

NOTE 41 CURRENT ACCOUNT CREDIT FACILITIES

	GROUP	
	31/03/2022	31/03/2021
Credit limit granted	21,875.4	7,697.1
Unutilised portion	-1,657.3	-6,258.9
Utilised credit amount	20,218.1	1,474.2
where of non current liabilities	7,269.6	246.0

	PARENT COMPANY	
	31/03/2022	31/03/2021
Credit limit granted	18,106.9	4,619.7
Unutilised portion	-294.8	-4,391.3
Utilised credit amount	17,812.1	228.4
where of non current liabilities	6,000.0	204.8

The Group's total cash & bank equivalents, short-term investments and unutilised credit facilities were SEK 7,387.7 million on March 31, 2022.

NOTE 42 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP	
	31/03/2022	31/03/2021
Pledged assets		
<i>Floating charges</i>	50.9	300.9
<i>IP-rights</i>	171.0	141.7
<i>Property mortgages</i>	62.0	61.4
<i>Shares in subsidiaries</i>	-	1,982.3
Total pledged assets	283.9	2,486.3
Contingent liabilities	320.3	27.7

	PARENT COMPANY	
	31/03/2022	31/03/2021
Pledged assets		
<i>Floating charges</i>	-	250.9
<i>Shares in subsidiaries</i>	-	3,185.9
<i>Receivables from Group companies</i>	-	198.3
Total pledged assets	-	3,635.1
Contingent liabilities		
Guarantees for subsidiaries	1.7	204.6

NOTE 43 ACCRUALS AND DEFERRED INCOME

	GROUP	
	31/03/2022	31/03/2021
Deferred income	1,166.8	372.9
Accrued personnel-related expenses	278.7	104.1
Accrued royalties/commission	551.0	566.2
Audit and consulting expenses	32.7	5.5
Accrued expenses for merchandise	27.2	0.4
Accrued interest payable, other	0.5	1.0
Provision for returns etc	0.8	4.2
Acquisition cost	0.8	26.2
Accrued expenses	350.3	-
Other items	164.4	32.2
	2,573.2	1,112.7

	PARENT COMPANY	
	31/03/2022	31/03/2021
Accrued personnel-related expenses	4.8	2.5
Audit and consulting expenses	11.6	2.0
Accrued Board fees	0.1	0.7
Accrued interest expenses	-	1.0
Accrued expenses	22.0	-
Other items	-	1.9
	38.5	8.1

NOTE 44 RELATED PARTY TRANSACTIONS

> Embracer Group has during the year purchased services according to agreement from 2020/2021 from Group companies included in Lars Wingefors AB¹⁾.

> Embracer Group has during the year purchased a game collection from Lars Wingefors Comics AB, a subsidiary of Lars Wingefors AB¹⁾.

The transactions above with closely related parties have been conducted at market prices.

¹⁾ *Lars Wingefors AB is owned by Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer and Reinhard Pollice.*

NOTE 45 INTEREST PAID AND DIVIDEND RECEIVED

	GROUP	
	31/03/2022	31/03/2021
Interest received and exchange gains	23.8	280.2
Interest paid and realized exchange losses	-20.1	-33.3
Dividend from associated companies	83.1	4.2
	PARENT COMPANY	
	31/03/2022	31/03/2021
Interest received and exchange gains	30.0	275.7
Interest paid and realized exchange losses	-173.1	-46.6

NOTE 46 OTHER CASH FLOW DISCLOSURES

Adjustments for non-cash items	GROUP	
	2021/22	2020/21
Depreciation/amortization	9,851.0	3,508.4
Gains/losses on sale of non-current assets	8.5	-
Not paid interest and Unrealised exchange rate differences	107.2	43.7
Profit shares in associated companies	-379.8	-206.5
Other provisions	76.0	-7.4
Other non-cash movements	56.8	-5.4
	9,719.7	3,332.8
	PARENT COMPANY	
	2021/22	2020/21
Depreciation/amortization	263.8	416.8
Not paid interest and Unrealised exchange rate differences	-487.7	830.8
Other provisions	11.5	-27.3
	-212.4	1,220.3

NOTE 47 CASH & BANK EQUIVALENTS

Components of cash & bank equivalents	GROUP	
	31/03/2022	31/03/2021
Bank deposits	5,809.8	14,104.4
Current investments	-	195.5
	5,809.8	14,299.9
	PARENT COMPANY	
	31/03/2022	31/03/2021
Bank deposits	1,482.7	12,198.1
Current investments	-	195.5
	1,482.7	12,393.6

NOTE 48 ACQUISITIONS OF SUBSIDIARIES

Acquisitions in 2021/22				GROUP
Company	Operations	Acquisition date	Capital and votes	
Easybrain Group Ltd	Holding company	01/04/2021	100%	
Easybrain Ltd	Mobile developer	01/04/2021	100%	
Easybrain LLC	Mobile developer	01/04/2021	100%	
Gearbox Entertainment Inc (GEC)	Holding company	01/04/2021	100%	
Gearbox Software LLC (GBX)	Studio	01/04/2021	100%	
Gearbox Development Services LLC	Studio	01/04/2021	100%	
Gearbox Publishing LLC	Publisher	01/04/2021	100%	
Gearbox Enterprises LLC	Holding company	01/04/2021	100%	
Gearbox Studios Quebec Inc (GSQ)	Studio	01/04/2021	100%	
Meezey LLC	Products	01/04/2021	100%	
LBX LLC	Studio	01/04/2021	100%	
Aspyr Media Inc.	Publisher/Studio	01/04/2021	100%	
Aspyr Media Europe Ltd.	Holding company	01/04/2021	100%	
Massive Minitime GmbH	Studio	01/04/2021	100%	
Appeal Studios SA	Studio	11/05/2021	100%	
KAIKO GmbH	Studio	11/05/2021	100%	
Bitwave AB	Studio	03/06/2021	100%	
3D Realms Entertainment ApS	Publisher	02/07/2021	100%	
Slipgate Ironworks ApS	Studio	02/07/2021	100%	
Action Entertainment Inc	Studio	02/07/2021	100%	
Apogee Software Ltd	Studio	02/07/2021	100%	
Varyag Group AB	Holding company	07/07/2021	70%	
JIS Trading AB	Merchandise	07/07/2021	100%	
Grimfrost Production AB	Merchandise	07/07/2021	100%	
Grimfrost Records AB	Merchandise	07/07/2021	100%	
GhostShipGames Holding ApS	Holding company	01/08/2021	100%	
Easy Trigger AB	Studio	05/08/2021	100%	
SPL Limited	Studio	11/08/2021	100%	
Demiurge Studios Inc	Studio	23/08/2021	100%	
Zapper Games Inc	Studio	01/09/2021	100%	
CrazyLabs Ltd	Mobile developer	03/09/2021	100%	
TabTale (Luoyang) Software Ltd.	Mobile developer	03/09/2021	100%	
TabTale Inc.	Mobile developer	03/09/2021	100%	
Firescore Interactive Private Limited	Mobile developer	06/09/2021	95%	
Bytex 1 LLC	Quality assurance	13/09/2021	100%	
Bytex 2 LLC	Studio	13/09/2021	100%	
Goose Byte Inc	Studio	01/10/2021	100%	
OÙ Fractured Byte	Studio	01/10/2021	100%	
Aionic Labs Inc	Platform	26/10/2021	100%	
Green Tile Digital AB	Studio	01/12/2021	100%	
TATSUJIN Co., Ltd	Studio	16/12/2021	100%	
Shiver Entertainment Inc.	Studio	16/12/2021	100%	
A Creative Endeavor AB	Studio	01/02/2022	100%	
Perfect World Publishing B.V.	Publisher	01/02/2022	100%	
Perfect World North America Corporation	Holding company	01/02/2022	100%	
Perfect World Entertainment Inc.	Publisher	01/02/2022	100%	
Runic Games Inc.	Studio	01/02/2022	100%	
Cryptic Studios Inc.	Studio	01/02/2022	100%	
GoodBetterBest Ltd	Merchandise	01/02/2022	100%	
Metricminds GmbH	Studio	16/02/2022	100%	
Dark Horse Media LLC	Holding company	01/03/2022	100%	
Dark Horse Comics LLC	Comics	01/03/2022	100%	
Dark Horse Entertainment LLC	Comics	01/03/2022	100%	
Things From Another World LLC	Comics	01/03/2022	100%	
Cenic Media Inc	Comics	01/03/2022	100%	
Gladiator Bidco Inc	Comics	01/03/2022	100%	
Asmodee III	Tabletop	08/03/2022	70%	
Les Nouveaux Amis d'Asmodee	Tabletop	08/03/2022	80%	
Financière Amuse TopCo	Tabletop	08/03/2022	96%	
Invisible Walls ApS	Studio	16/03/2022	100%	

Net sales of SEK 7,275.1 million refer to the acquired companies' contribution to the Group's 2021/22 sales from the time of acquisition. In addition to the above companies, a number of smaller studios and holding companies were started during the financial year 2021/22.

NOTE 48 CONTINUED

The tables below include information on acquisition prices, identifiable net assets and acquisition related over surplus values.

ACQUISITION PRICE	Gearbox	Easybrain	Asmodee	Others	Total
Cash paid 2021/22 including transaction costs	2,332.2	232.6	27,074.3	6,730.9	36,370.0
Fair value of issued shares	1,361.0	7,992.4	2,842.3	2,603.6	14,799.3
Other	-	-	-	-63.9	-63.9
Estimated additional purchase considerations ¹⁾	6,171.4	-	2,489.5	1,762.7	10,423.6
Total purchase price	9,864.6	8,225.0	32,406.1	11,033.3	61,529.0
Identifiable net assets (see below)	-2,757.6	-1,534.4	-13,982.6	-2,334.3	-20,608.9
Goodwill	7,107.0	6,690.6	18,423.4	8,699.1	40,920.1

¹⁾ Provisions for additional purchase prices is expected to be paid in cash and through share issues during 2022/23-2031/32. The outcome is primarily dependant on operative goals such as future game releases as well as development for revenues and income for acquired companies.

The acquired companies are primarily human capital companies and goodwill is therefor related to the gained competencies among employees and employees' combined knowledge of each product and IP.

Fair value of issued shares has been based on the closing

share price for Embracer Group's B-share on Nasdaq First North Stockholm prior to the share issue.

Fair value of the identifiable assets and debts that were included in the acquisitions were:

PURCHASE PRICE	Gearbox	Easybrain	Asmodee	Others	Total
On-going game development	107.6	-	48.3	274.4	430.3
Finished game development	85.0	-	402.7	32.6	520.3
IP-rights	2,985.4	1,220.2	17,002.1	1,896.0	23,103.7
Other immaterial rights	8.3	9.3	117.0	-59.1	75.5
Fixed assets	55.1	1.8	115.8	82.8	255.5
Financial assets	60.4	-	46.6	55.6	162.6
Deferred tax assets	94.7	-	579.8	306.2	980.7
Inventories	57.9	-	2,736.1	235.8	3,029.8
Current receivables	226.1	290.7	2,579.3	759.9	3,856.0
Cash	612.4	252.4	1,108.9	624.7	2,598.4
Minority interest	-	-	-191.4	-30.2	-221.6
Other provisions	-19.6	-	-66.5	-16.5	-102.6
Provision for additional consideration	-	-	-1,956.7	-	-1,956.7
Non current liabilities	-37.0	-	-447.2	-158.6	-642.8
Current liabilities	-795.9	-153.6	-3,718.8	1,332.7	-6,001.0
Deferred tax liabilities	-682.7	-86.4	-4,373.4	336.9	-5,479.4
Identifiable net assets	2,757.7	1,534.4	13,982.6	2,334.0	20,608.7

The working capital definition is more precise in the annual report where current liabilities has been reduced with a corresponding increase in deferred tax liabilities and provisions.

On April 1, 2021 Gearbox Entertainment Company was acquired. The company is based in Texas and was founded in 1999. Gearbox contributes with creative AAA development studios, North American publishing capabilities and a robust IP portfolio, including the critically acclaimed and iconic brands such as Borderlands, Brothers in Arms and Homeworld. Gearbox became the seventh operative group in Embracer.

On April 1, 2021 Easybrain Limited, based on Cyprus, was acquired. Easybrain is a leading developer of mobile games with a main focus on free-to-play puzzle and logic game titles. Easybrain's game titles have more than 750 million downloads and 12 million daily average users across 15 live games. Easybrain became the eighth operative group in Embracer.

On March 8, 2022, Asmodee, with headquarters in Paris, France, was acquired. The company was founded in 1995

and is a leading international publisher and distributor of board games, card games and digital board games with over 39 million games sold annually in more than 50 countries. Through 22 wholly-owned studios and with more than 300 IPs, Asmodee creates a dynamic transmedia experience for gamers across a range of different digital and physical platforms. Asmodee has a portfolio of more than 970 games.

Asmodee became the ninth operative group in Embracer, which has enabled Embracer to become a leading independent global ecosystem for games and Europe's largest gaming group.

In addition to the three operative groups described above, approximately 30 new entities have been acquired or started. The largest of these acquisitions were Aspyr Media, Varyag Group, Ghost Ship Games, Demiurge, CrazyLabs, Shiver Entertainment, Perfect World and Dark Horse.

NOTE 49 GROUP INFORMATION

Of the Parent Company's total purchases and sales measured in SEK. 2.0% (2.0%) of purchases and 100.0% (100.0%) of sales are related to other companies within the group of companies to which the company belongs.

NOTE 50 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- > On May 2, Embracer Group entered into an agreement to acquire the development studios Crystal Dynamics, Eidos-Montréal, Square Enix Montréal, and a catalog of IPs including Tomb Raider, Deus Ex, Thief, Legacy of Kain and more than 50 back-catalog games from Square Enix Holdings. The acquisition includes approximately 1,100 employees across three studios and eight global locations. The total purchase price amounts to USD 300 million on a cash and debt free basis, to be paid in full at closing. The transaction is subject to regulatory and other external approvals and is expected to close during the second quarter, July-September 2022.
- > Announced on May 2, Embracer secured additional long-term debt funding commitments of SEK 4.0 billion and extended one existing loan of SEK 6.0 billion with the Nordic relationship banks Nordea, SEB and Swedbank. The additional bank funding commitment will finance the current M&A pipeline, including the acquisition of Eidos, Crystal Dynamics, and Square Enix Montréal. The average net interest cost across the group is expected to be approximately 1.0%, including the new facility. Under the new terms, Embracer does not hold any short-term debt. No debt expires before June 30, 2023. Embracer expects strong growth in free cash flow during the financial year 2022/23 and beyond. Embracer Group remains committed to delivering on the financial leverage target. If net debt temporarily exceeds 1.0x net debt to operational EBIT on a forward 12 months basis, the intent is to return below 1.0x over the medium term.
- > Announced on June 8, Embracer Group has resolved to carry out a directed share issue of 99,884,024 B shares at a subscription price of SEK 103.47 per share, corresponding to a premium of 15.0% compared to the closing price of the B shares on June 7, 2022. The proceeds from the Share Issue amount to approximately SEK 10.3 billion. The shares will be issued to Savvy Gaming Group, which upon settlement of the Share Issue will hold approximately 8.1% of the shares and 5.4% of the votes in the Company.

The Share Issue was divided into two tranches where one tranche, corresponding to 97,878,291 B shares, was resolved by the Board of Directors based on the authorization granted by the extra general meeting on January 7, 2022 of which 47,115,105 B shares were subject to payment and settlement in June 2022. The second tranche, corresponding to 52,768,919 B shares, of which 50,763,186 B shares are included in the previous resolution from 8 June 2022 and the remaining 2,005,733 B shares have been subject to resolution of the Board of Directors based on the authorization granted from the extra general meeting on June 27, 2022. Subscription, payment and settlement for the second tranche took place in July 2022.

The Company has used the net proceeds received from the Share Issue to further strengthen the Company's financial position, which enables the Company to continue executing its successful acquisition strategy by complementing existing operations with new game publishers, game development studios or other assets.

- > An extra general meeting on June 27 resolved, in accordance with the board of directors' proposal, to authorize the board of directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten % of the total number of shares in Embracer at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off. The purpose for the board to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily for the purpose to raise new capital to increase flexibility of Embracer Group or in connection with acquisitions.

NOTE 51 KPI DEFINITIONS

Average number of employees: Number of employees in average during the period.

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBIT margin: EBIT as a percentage of net sales

Equity/assets ratio: Equity as a percentage of total assets.

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 and amortizations

Operational EBIT margin: Operational EBIT as a percentage of net sales.

Operating margin: Operating profit divided by net sales.

Karlstad, July 8, 2022

Kicki Wallje-Lund
Chairman

David Gardner

Ulf Hjalmarsson

Jacob Jonmyren

Matthew Karch

Erik Stenberg

Lars Wingefors
CEO

Our audit report was submitted on July 8, 2022
Ernst & Young AB

Johan Eklund
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Embracer Group AB (publ), corporate identity number 556582-6558

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Embracer Group AB (publ) for the year 2021-04-01 – 2022-03-31. The annual accounts and consolidated accounts of the company are included on pages 105 – 148 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of March 31, 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 – 104 and 152. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- > Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Embracer Group AB (publ) for the year 2021-04-01 – 2022-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- > has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- > in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Karlstad, July 8, 2022
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

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