22/23

EMBRACER GROUP

APRIL – JUNE 2022
EMBRACER GROUP AB (PUBL)
REG NO. 556582-6558

INTERIM REPORT 1

NET SALES INCREASED BY 107% TO SEK 7,118 MILLION

FIRST QUARTER, APRIL–JUNE 2022 (COMPARED TO APRIL–JUNE 2021)

This is Embracer Group's first report prepared according to IFRS. The consolidated accounts for the previous eight quarters have been restated in accordance with the requirements in IFRS. A summary of effects is presented on page 5 in the report.

- Net sales increased by 107% to SEK 7,118 million (3,433). The sales split per segment was:
  - PC/Console Games: increased by 2% to SEK 2,294 million (2,239).
  - Mobile Games: increased by 104% to SEK 1,488 million (728).
  - Tabletop Games: SEK 2,665 million (-).
  - Entertainment & Services: increased by 44% to SEK 671 million (466).
- Reported EBIT decreased in the period to SEK –398 million (55), a reported EBIT margin of –6% (2%). Adjusted EBIT increased by 3% to SEK 1,322 million (1,279), an adjusted EBIT margin of 19% (37%), of which:
  - PC/Console Games: decreased by 39% to SEK 602 million (984).
  - Mobile Games: decreased by 3% to SEK 277 million (287).
  - Tabletop Games: SEK 445 million (-).
  - Entertainment & Services: decreased by 48% to SEK 21 million (40).
- Reported EBITDA increased by 31% to SEK 702 million (534), corresponding to an reported EBITDA margin of 10% (16%). Adjusted EBITDA increased by 19% to SEK 1,867 million (1,573), corresponding to an adjusted EBITDA margin of 26% (46%).
- Cash flow from operating activities amounted to SEK 347 million (582). Net investments in intangible assets amounted to SEK –1,204 million (–829). Free cash flow before change in working capital amounted to SEK 461 million (505).
- Basic earnings per share was SEK –0.16 (0.07) and diluted earnings per share SEK –0.16 (0.07). Adjusted earnings per share was SEK 1.04 (1.01). Adjusted earnings per share after full dilution was 0.96 (0.96).
- The company reiterates its previously published forecast for adjusted EBIT of SEK 9,200-11,300 million in the financial year 2022/23 and SEK 10,300-13,600 million in the financial year 2023/24.

Key performance indicators, Group	Apr–Jun 2022	Apr–Jun 2021	Apr 2021–Mar 2022
Net sales, SEK m	7,118	3,433	17,067
EBITDA, SEK m	702	534	1,667
Adjusted EBITDA, SEK m	1,867	1,573	5,942
EBIT, SEK m	–398	55	–1,126
Adjusted EBIT, SEK m	1,322	1,279	4,465
Cash flow from operating activities, SEK m	347	582	4,070
Free cash flow before working capital, SEK m	461	505	1,418
Total investments in intangible assets, SEK m	1,204	829	3,717
Total game development projects	222	180	223
Total internal and external game developers	9,436	6,387	8,586
Total headcount	13,877	7,886	12,760
Sales growth	107%	66%	90%
Adjusted EBITDA margin	26%	46%	35%
Adjusted EBIT margin	19%	37%	26%

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

CEO COMMENTS

20-35% ORGANIC GROWTH EXPECTED FY22/23

We are pleased to announce another stable quarter within the communicated guidance. We are on track to deliver on our ambitious plan for growth and although the market has softened somewhat, we reiterate our forecast for the current and next financial year. Today we reached a major milestone by publishing our first quarterly report under IFRS, reporting by our four business segments: PC/Console Games, Mobile Games, Tabletop Games and Entertainment & Services.

As anticipated, the first quarter was relatively quiet, albeit a record quarter for the Group in financial terms: Net sales were SEK 7,118 million in the quarter and adjusted EBIT (Operational EBIT) was SEK 1,322 million. The operational performance was largely in line with our expectations. The quarter had a relatively low release activity in the segments PC/Console Games and Entertainment & Services and the comparison numbers include last year's release of *Biomutant*. PC/Console Games sales were dominated by back catalog titles. The only new release that had a notable financial contribution in the PC/Console Games segment was *Evil Dead: The Game*.

The Mobile Games segment continues to perform strongly with 20 percent organic growth (CCY). We continue to see a strong return on ad spend (ROAS) for our mobile games portfolio and consequently we invest more into user acquisition, which somewhat burdens the margin in the quarter.

The Tabletop Games segment, with the operative group Asmodee, had a strong momentum driven by high demand especially for trading-cards, in spite of the period typically being seasonably weaker. The segment reported Net Sales of SEK 2,665 million and adjusted EBIT of SEK 445 million, making it the Group's largest revenue contributor in the quarter.

We continue to grow organic investments into our games development pipeline with a record of SEK 1,114 million invested into games development that will drive the organic growth of the company for many years to come. On the short term this however contributes to the negative free cash flow in the quarter. We do expect a strong free cash flow for the full year, reducing the leverage of our balance sheet. The increase in net working capital in the first quarter is primarily a consequence of the buildup of inventory within Tabletop Games ahead of the seasonally strong third quarter. This will notably decrease during the second half of the financial year.

We have a very long-term view, both when it comes to organic and inorganic investments. I would like to emphasize that we don't optimize the company by percentage margins, but by absolute profit numbers and on the long-term adjusted earnings per share.

Reiterating our adjusted EBIT forecast

For the Group as a whole, we reiterate our forecast for adjusted EBIT of SEK 9.2-11.3 billion in the financial year 2022/23 and SEK 10.3-13.6 billion in the financial year 2023/24. We are on track to deliver on our ambitious plan for growth, albeit acknowledging a more challenging market environment.

At the beginning of the year, Newzoo projected the gaming market to grow about five percent in 2022, whereas now they revised it down to two percent. Just as the rest of the market, we have seen some effects from inflation, pressure on consumer spending and advertising, as well as remaining pandemic effects including hardware shortages. However, new releases for PC/Console are expected to be the main organic growth driver in the coming quarters and years.

Looking into the adjusted EBIT breakdown of the year we expect Q2 and Q3 to be clearly stronger than Q1, somewhat in Q3's favor, driven by both new releases and seasonality. Q2 is supported by the reboot of *Saints Row* and other notable platform deals. Further, we expect Q4 to be the clearly strongest quarter of the financial year driven by a few strong releases including a long-awaited AAA title, now expected in Q4 and to be announced soon.

Well positioned to outpace market growth as Gamescom nears

Our growth model is unchanged. Our main priority across our business segments is to achieve profitable organic growth. We believe that we are well positioned to continue to outpace the market growth in all our four segments, due to the investments we have made into our pipeline and the growth potential of our existing products and services.

The organic growth for the overall Group was –12 percent in the quarter. For the remainder of the year, we expect to notably outgrow the rest of the market, with an overall organic growth of 20-35 percent for the full financial year for the Group.

We are excited to share more with the world in the months and years ahead about all the things that we are building. With more than 220 ongoing game development projects, our well-invested development pipeline is now maturing. It includes more than 25 AAA games under development to be released until the financial year 2025/26. After an extended period without major releases in PC/Console Games, we are now entering a new phase of higher release activity. We expect to release two AAA games during the remainder of this year, as well as to receive royalties for Gearbox's AAA game *Tiny Tina's Wonderlands*, which was released late in the previous fiscal year. The reboot of *Saints Row* hitting physical and digital stores on August 23 will be one of the most important releases in this financial year. Excitement for the game among fans is building up. Pre-orders for *Saints Row* are solid and are tracking in line with our expectations.

The second of the two remaining AAA-releases is another highly anticipated game, to be announced soon and released in the fourth quarter. In addition, AA, A and Indie titles and several exciting mobile titles and many new board games, are slated for release in the coming quarters. In the third quarter, for instance, the much anticipated (or dreaded) sequel *Goat Simulator 3* will be released by Coffee Stain. At THQ Nordics 2022 Digital Showcase, last week, several exciting titles were announced, including *Alone in the Dark, Outcast 2* and *All Elite Wrestling.* Our publishers will announce many new games in the coming period, including multiple full game announcements at Gamescom next week. One of the Group's AAA projects has transitioned to another studio within the Group. This was done to ensure the quality bar is where we need it to be for the title. We are not expecting any material delays for the title based on this transition.

The third quarter is expected to be supported by seasonally strong demand within Tabletop Games, Mobile Games and Entertainment & Services. The strong pro forma growth in our Mobile Games segment is expected to continue as we keep investing in user acquisition with attractive returns on ad spend. Our Tabletop Games segment (Asmodee) continues to see solid organic growth and market share gains, and is expected to contribute SEK 2.0-2.5 billion to adjusted EBIT in the full financial year 2022/23.

IFRS-conversion an important step

I am very proud and thankful to our finance team and advisors for finalizing the largest IFRS conversion project ever in Sweden – ahead of the original timeline. This is an important milestone in constantly improving corporate governance in our group. The process to change the listing venue to the main market at Nasdaq Stockholm by the end of the calendar year is consequently on track. We have restated our net sales and adjusted EBIT, excluding acquisitions related costs, for the past two financial years and the difference under the IFRS reporting standard is less than one percent.

Strong balance sheet

In the current financial environment, it is importance to retain a strong balance sheet. We remain committed to delivering on our financial leverage target. So far in the history of Embracer Group, we have relied solely on equity and bank financing. We cherish the long-term commitment from our existing shareholders as well as our Nordic relationship banks Nordea, SEB and Swedbank. During the summer, we have extended our group of relationship banks with HSBC and Svensk Exportkredit and look forward to working with them on an equally long-term horizon.

With our unique eco-system in the gaming and entertainment industry, we are an attractive partner for many of our friends in the industry. During the quarter we welcomed the strategic investor Savvy Gaming Group, who invested SEK 10.3 billion in a directed equity issue. We continue to have conversations with several industrial partners about supporting our long-term strategy either through investments or partnerships.

At the time of publication, we have access to SEK 20 billion in available cash and credit facilities, SEK 6 billion expires in June 2023 and the rest not until 2024 or later.

M&A update – busy but increasingly selective

During the quarter, we were happy to welcome the development studios Crystal Dynamics, Eidos-Montréal and Square Enix Montréal to the Group, together with 1,100 talented employees and an exciting catalog of IPs including *Tomb Raider, Deus Ex, Thief, Legacy of Kain, Championship Manager* and more than 50 back-catalog games. The transaction is expected to close soon and is an important contribution to our PC/Console Games segment.

We have a strong funnel of M&A opportunities to support our long-term growth ambitions. We see many attractive bolt-on acquisition opportunities across all of our segments. We are eagerly scouting for strong IP's as well as talent and capabilities that make our eco-system stronger. Price expectations have been revised especially for under-capitalized businesses. We are prudent and increasingly selective in order to ensure that we allocate our shareholders' investments wisely.

Embracer Group is a unique group in a dynamic industry, empowered by our decentralized operating model. We are proud of the entrepreneurs and companies we have combined with strong market positions across key verticals and an extensive catalog with more than 800 owned and controlled IPs. We have a well-invested pipeline of upcoming premium PC/Console games. We have a leading position in ad based free-to-play mobile games and a strong track record of bringing new games to market successfully. We are a leading publisher and have an extensive distribution network across 50 countries in tabletop games to support our 22 internal studios and leverage our product portfolio, including the most modern classics within board games.

Today we work with most of the major licensors, supporting the development of transmedia experiences based on some of the most beloved IP's in the world. Consequently, studios and publishers across our Group are experienced and well positioned to capitalize on the transmedia opportunities in our vast catalog of owned and controlled IP.

Several video game adaptions of Asmodee's franchises are already in the concept phase. Multiple of Dark Horse's franchises are being evaluated for development of both video games and tabletop games. Simultaneously, Asmodee and Dark Horse are actively evaluating opportunities of adapting our video games franchises to board games and comic books. We are actively pursuing partnerships with established industry players to bring more of our IP's to film, TV and streaming.

New sustainability goals

Sustainability continues to be an important priority in our long-term development, and we are continuously developing our efforts within our sustainability framework. In the quarter, the Board of Directors resolved on new, ambitious sustainability goals for the group, providing a clear direction for our sustainability work going forward:

> Double the number of female Managing Directors/Studio Heads by 2025 compared with the base year 2021/22.

> Reduce the carbon emissions by 45% by 2030 compared with the base year 2021/22, in line with the Paris Agreement, and set Science-Based Targets during 2022/23.

> Every operative group to set sustainability goals during 2022/23.

The inhumane and unjust war in Ukraine and its consequences have meant a new geopolitical and economic landscape that we closely monitor. Our foremost focus is our employees in the regions directly affected by the conflict. All our internal development resources are fully utilized and the relocation efforts continue as previously communicated.

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

August 18, 2022, Karlstad, Värmland, Sweden

Lars Wingefors
Co-founder & Group CEO

TRANSITION TO IFRS

This is Embracer Group's first report prepared according to IFRS. Please refer to Note 10 – First Time Adoption of IFRS for details regarding the adoption and bridges showing the effects on Consolidated Statement of Profit or Loss, Financial Position and Cash Flow versus previous accounting principles for the relevant comparison periods.

Embracer believes that the Alternative Performance Measure (APM) adjusted EBIT gives the best picture of the underlying operational performance of the Group, since it excludes expenses related to acquisitions of new companies (see page 91-92 for definition). The transition to IFRS has not had any material impact on adjusted EBIT, although the calculation differs. As acquisition related expenses under IFRS are recorded both within and below EBITDA, a new APM under IFRS has been added for consistency. The new APM is called adjusted EBITDA and excludes acquisition related expenses from reported EBITDA (see page 91-92 for definition).

Other notable differences are;

> Goodwill is not amortized over time and impairment is performed at least yearly.

> Contingent considerations. If there is an explicit or implicit condition that sellers should remain employed to receive an earnout the contingent consideration is not classified as part of the purchase price and should instead be expensed as it is earned and reported in the Income Statement as a personnel cost. This is an acquisition related expense and is excluded when establishing adjusted EBIT.

> Classification of contingent considerations in the balance sheet. Depending on how the contingent consideration is structured it can either be classified as part of equity or as a liability (under K3 classified as provisions).

> Transaction costs. Costs for legal-, financial-, tax- and commercial due diligence. Under IFRS these items are expensed as occurred, but under K3 they were classified as part of the purchase price. When establishing the adjusted EBIT only transaction costs for closed deals are excluded.

> New Segment Reporting. As part of the regulated market up-listing process and to better represent the business characteristics, position and governance structure of the business, a new segment reporting is introduced as of this interim report. The 10 operative groups are organized in four segments, yet maintain full commercial responsibility as per the decentralized model employed by Embracer Group. The segments are PC/Console Games (THQ, Plaion, Coffee Stain/Ghost Ship Games, Amplifier, Saber, Gearbox), Mobile Games (DECA, Easybrain), Tabletop Games (Asmodee) and Entertainment & Services (Plaion, Dark Horse, Game Outlet, Quantic Labs and Grimfrost).

> Lease contracts are presented as Right-of-use assets in the balance sheet.

Key measures and comments

Adjusted EBIT and Adjusted EBITDA 2021/22, SEK m	IFRS	K3	Variance	Index
EBITDA	1,667	6,135	–4,468	
Remeasurement of participation in associated companies	–416	–418	2	
Remeasurement of contingent consideration	46	16	30	
Contingent consideration not classified as part of purchase price	4,277	0	4,277	A)
Transaction costs	367	0	367	B)
Adjusted EBITDA	**5,942**	**5,734**	**208**	
Total amortizations	–2,793	–9,851	7,058	C)
Acquisition related amortizations	1,316	8,534	–7,218	C)
Operational amortizations	**–1,477**	**–1,317**	**–160**	
Adjusted EBIT	**4,465**	**4,416**	**49**	D)

Contingent Consideration and Number of shares 31 March 2022	IFRS	K3	Variance	Index
To be settled in cash, SEK billion				
Financial liability, cash	4.8	8.2	–3.4	E)
To be settled in shares (million shares)				
Already issued	95	142	–47	
To be issued	66	94	–28	
	161	**236**	**–75**	F)
Average no of shares diluted	921	1,086	–165	G)

Adjusted EPS after full dilution 2021/22	2021/2022	Index
Net profit for the period attributable to equity holders of the parent	1,078	
Acquisitions related items in Adjusted EBIT	5,591	H)
Acquisitions related items in Financial net	–2,468	I)
Tax effects on adjustments	–276	J)
Adjusted Net Profit for the period	**3,925**	
Average number of shares (K3)	1,086	K)
Adjusted EPS diluted	3.61	

A) If there is an explicit or implicit condition that sellers should remain employed to receive an earnout the contingent consideration is not classified as part of the purchase price and should instead be expensed as it is earned and reported as personnel cost. This is an acquisition related item and is excluded when establishing adjusted EBIT.

B) Costs for legal-, financial-, tax- and commercial due diligence are expensed under IFRS and part of the purchase price in K3. When establishing the adjusted EBIT only transaction costs for closed deals are excluded. This is an acquisition related expense and is excluded when establishing adjusted EBIT.

C) No goodwill amortizations under IFRS. Amortizations on acquired surplus values are an acquisition related expense and is excluded in adjusted EBIT. Individual useful economic life under IFRS as opposed to five year under K3.

D) The immaterial difference is mainly explained by the implementation of IAS 16 and the revenue recognition of durables within mobile games.

E) Consideration to be settled in cash not treated as part of purchase price is excluded from the financial liability under IFRS. Hence the liability for consideration to be settled in cash is lower under IFRS.

F) Consideration to be settled in shares not treated as part of purchase price is excluded from share count under IFRS until it is earned. Hence the outstanding number of shares are lower under IFRS.
All issued shares were part of equity and share count under K3.

G) Average no of shares diluted according to IFRS does not include shares that have not yet been released due to operational and financial earn-outs, The difference from K3 no of shares also relates to the fact that the settlement in shares does not meet the fix-for-fix critera and are classified as financial liability in the balance sheet.

H) Adjusting for acquisition related items within EBIT as above.

I) Adjusting for acquisition related financial items (revaluation of contingent consideration).

J) Tax effect on the above with 20% estimated tax rate. Not all items are taxable.

K) When calculating Adjusted EPS dilutes the fully diluted share count is used to reflect the actual shares outstanding and the maximum amount of shares that could be issued in the future to settle earnout obligations.

FINANCIAL COMMENTS

All comments refer to the quarter unless otherwise stated.

NET SALES

Net sales by segment, SEK m	Apr–Jun 2022	Apr–Jun 2021	Change	Apr 2021–Mar 2022
PC/Console Games	2,294	2,239	2%	8,498
Mobile Games	1,488	728	104%	4,896
Tabletop Games	2,665	0	-	571
Entertainment & Services	671	466	44%	3,102
Net Sales	**7,118**	**3,433**	**107%**	**17,067**

Net sales in the quarter amounted to SEK 7,118 million, an increase by 107% or SEK 3,685 million, or –12% organically, compared to the same period last year. The growth was predominately driven by inorganic growth through acquisitions, most notably CrazyLabs in the Mobile Games segment, Asmodee in the Tabletop Games segment and Dark Horse in the Entertainment & Services segment. Changed exchange rates contributed positively to sales by 12%, predominately as the SEK weakened against the USD and the EUR.

The sales split between segments differs significantly compared with the same quarter the preceding year. The main contributing factor is the addition of acquisitions, while the organic growth development is less pronounced.

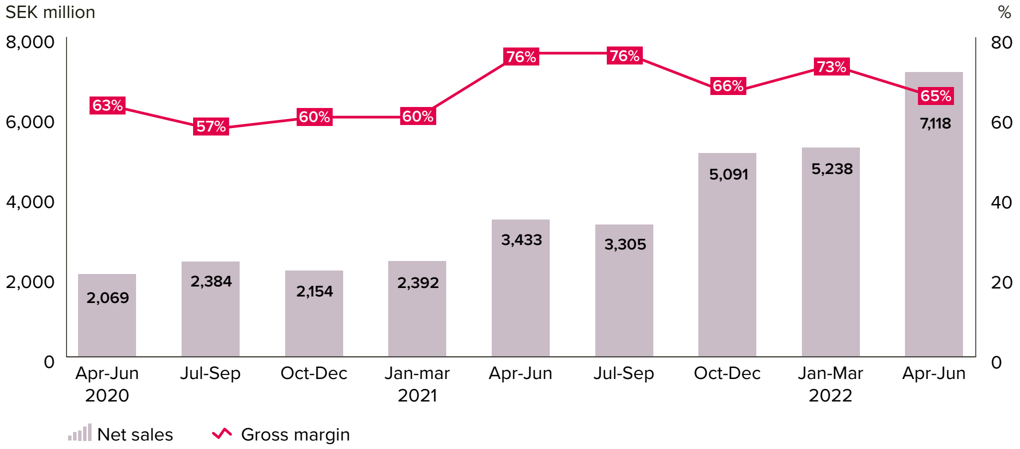
Organic growth in constant currency by segment, %	Apr–Jun 2022	Apr 2021–Mar 2022
PC/Console Games	–21%	10%
Mobile Games	20%	-
Tabletop Games	-	-
Entertainment & Services	–22%	14%
Embracer Group	**–12%**	**11%**

The strong market demand trend noted in the preceding quarters and years moderated and the sentiment turned more hesitant. This impacted the organic growth where the strong performance of the Mobile Games segment, with Easybrain as the main contributor, was more than offset by weaker outcome from the PC/Console and Entertainment & Services segments. The release of *Biomutant* in the first quarter 2021 provided a tough comparison for the PC/Console segment, whereas the Entertainment and Services segment noted fewer releases at the third party physical distribution of console games.

Pro forma growth in constant currency by segment, %	Apr–Jun 2022	Apr 2021–Mar 2022
PC/Console Games	–23%	11%
Mobile Games	11%	31%
Tabletop Games	6%	-
Entertainment & Services	–12%	14%
Embracer Group	**–6%**	**15%**

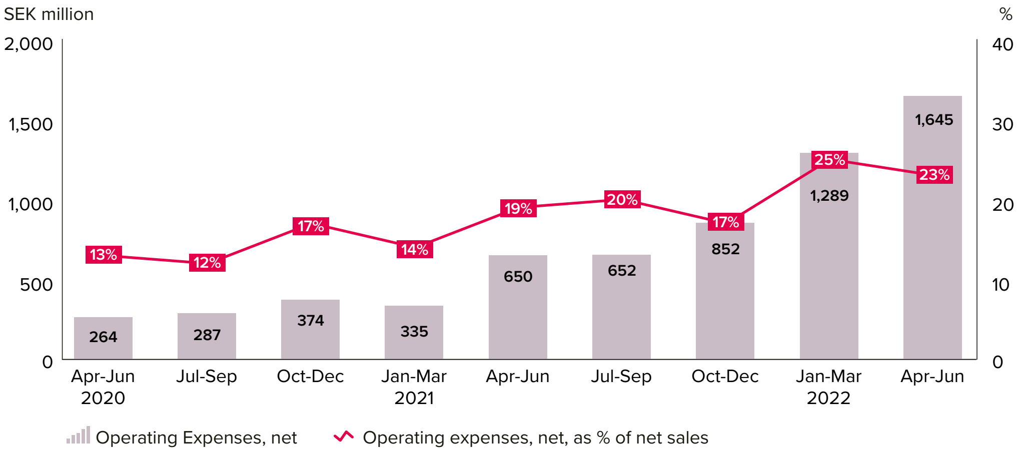
Pro forma growth was –6 percent largely reflecting the same pattern as that of the organic growth. Tabletop Games performed solidly, growing by 6 percent YoY pro forma, taking market share in a flat market.

GROSS MARGIN DEVELOPMENT



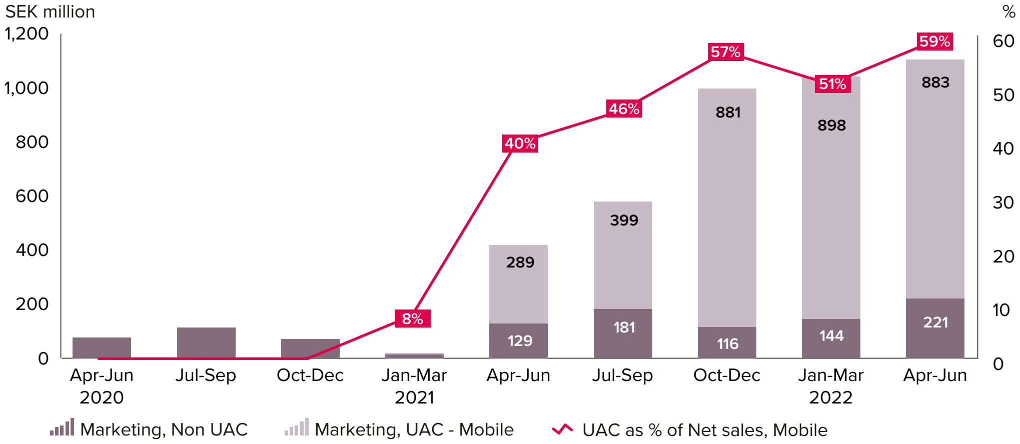
Gross margin decreased compared to last year and amounted to 65% (76%). The lower margin is attributable to the acquisition of Asmodee in Tabletop Games segment with a lower gross margin profile and significant impact on the total net sales for the group in the quarter. Excluding Tabletop Games segment, gross margin increased to 80% in Q1 22/23 compared to last year positively affected by strong growth in the Mobile Games segment.

DEVELOPMENT OF OPERATING EXPENSES, NET (SEE DEFINITION PAGE 92)



The increase in net operating expenses compared to last year is mainly explained by the acquisition of Asmodee and the increased headcount, mainly within PC/Console Games both due to acquisitions and organically, to accompany the growing games portfolio and further strengthen the Group´s capabilities. The sequential increase in net operating expenses is primarily attributable to the acquisition of Asmodee. Costs for external consultants related to the project of changing listing venue to a regulated market amounts to SEK 8 million in the quarter.

DEVELOPMENT OF MARKETING COSTS



Total marketing spend remains at a high level in the quarter. Marketing expenses outside of mobile are higher related to releases in the quarter and for releases to come. Expenses related to UAC were SEK 883 million in the quarter, which is similar to comparable quarters. UAC as % of mobile revenue increased as a result of lower sales within mobile compared to the previous quarter.

Marketing costs are expensed as occurred and never capitalized, although benefits are expected to be realized over time.

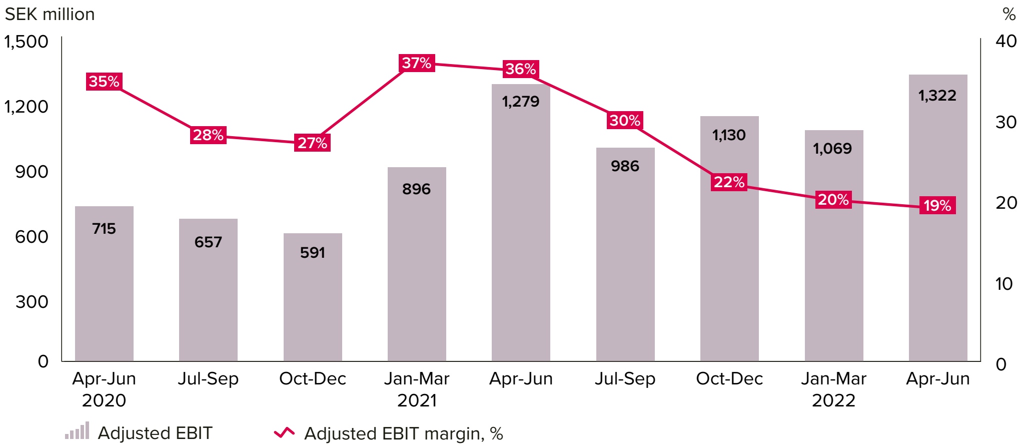
OPERATIONAL DEPRECIATION AND AMORTIZATION EXPENSES

SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr 2021–Mar 2022
Intangible assets			
Finalized game development	–370	–215	–1,047
Other intangible assets (Film etc.)	–45	–29	–168
Sub-total	**–415**	**–244**	**–1,215**
Tangible assets	**–130**	**–50**	**–262**
Total operational depreciation and amortization	**–545**	**–294**	**–1,477**

Operational amortizations for finalized game development is driven by the value of completed games and the timing of completion as the amortizations are calculated on a monthly basis. The value of completed games amounted to SEK 545 million in the quarter.

At the end of the quarter the book value of finalized games amounted to SEK 1,217 million.

ADJUSTED EBIT



Adjusted EBIT amounted to SEK 1,322 million in the quarter, yielding a 19% adjusted EBIT margin. The lower adjusted EBIT margin is mainly explained by the margin dilution resulting from the addition of newly acquired businesses. PC/Console Games had its best quarter ever last year and an expectedly quieter quarter this year, which was more than mitigated by solid performance in Tabletop Games. Adjusted EBIT for the Mobile Games segment was lower compared to same period last year, mainly due to higher UAC in relation to sales.

Furthermore, expenses increased due to a continued strengthening of resources and capabilities to accompany the growing games portfolio and overall Group.

Adjusted EBIT by segment SEK m	**Apr–Jun 2022**	**Apr–Jun 2021**	**Change**	**Apr 2021–Mar 2022**
PC/Console Games	602	984	–39%	2,926
Mobile Games	277	287	–3%	1,389
Tabletop Games	445	0	-	74
Entertainment & Services	21	40	–48%	247
Governance	–24	–31	24%	–171
Embracer Group	**1,322**	**1,279**	**3%**	**4,465**

Neverwinter: Dragonslayer

ACQUISITION-RELATED EXPENSES

SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr 2021–Mar 2022
Acquisition related amortizations (IP-rights, Publishing rights, Brands etc.)	–555	–185	–1,316
Contingent consideration not classified as part of purchase price	–1,107	–972	–4,277
Remeasurement of contingent consideration	12	-	–46
Remeasurement of participation in associated companies	-	-	416
Transaction costs	–70	–67	–367
Total acquisition-related expenses	**–1,720**	**–1,224**	**–5,590**

Contingent consideration not classified as part of purchase price mainly relates to the acquisitions of Saber, Gearbox and Easybrain. Transaction costs consist of external fees for legal-, financial-, tax- and commercial due diligence and is mainly related to the acquisitions of Gearbox and Asmodee. Last fiscal year transaction costs as a % of maximum consideration for deals closed during the year amounted to 0.6%.

FINANCIAL NET

SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr 2021–Mar 2022
Interest income and other financial income	5	0	4
Change in fair value contingent consideration	176	251	2 533
Interest expense and other financial expense	–74	–16	–104
Interest expense contingent consideration	–60	–19	-62
Exchange rate gains/losses	670	–51	382
Exchange rate gains/losses contingent consideration	–179	37	134
Total financial net	**538**	**202**	**2,887**

Exchange gains/losses net include both realized and unrealized gains or losses. Change in fair value contingent consideration is mainly related to the decrease in Embracer share price during the quarter. Interest expense contingent consideration consists of the discount effect on liabilities related to contingent considerations.

CASH FLOW AND FINANCIAL POSITION

SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr 2021– Mar 2022
EBITDA, adjusted [1]	**1,867**	**1,573**	**5,942**
Cash taxes paid	–180	–110	–542
Other non cash flow items	86	–81	143
Operating Cash Flow	**1,774**	**1,382**	**5,543**
Net investment in intangible assets	–1,204	–829	–3,712
Net investment in tangible assets	–76	–51	–341
Net investment in financial assets	–33	3	–72
Net investment	**–1,313**	**–877**	**–4,125**
Free Cash Flow before working capital	**461**	**505**	**1,418**
Change in working capital	–1,260	–732	–1,106
Free Cash Flow after working capital	**–799**	**–227**	**312**
Cash flow from financing activities	7,393	619	24,869
Net investment in acquired companies	–1,009	–2,273	–33,770
Cash flow for the period	**5,585**	**–1,881**	**–8,589**

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

Working capital increased during the quarter mainly as a result of seasonality within Tabletop Games increasing inventory with SEK 830 million in front of their peak season in Q3. Net of other operating receivables and liabilities increase in the quarter with SEK 430 million, the increase is related to payments of trade payables and notable customer contracts with cash inflow after 30 June.

Investments in intangible fixed assets mainly consist of investments into game development SEK 1,114 million and film rights SEK 90 million.

The positive cash flow from financing activities is mainly related to the share issue in June and increased utilization of available credit facilities. Net investment in acquired companies mainly cash out flow for acquisitions closed in the quarter and acquisitions closed in previous periods.

SEK m	Jun 30 2022	Jun 30 2021	Mar 31 2022
Cash and current investments	11,760	12,417	5,810
Unutilized credit facilities	8,165	7,376	1,578
Available cash and unutilized credit facilities	**19,925**	**19,793**	**7,388**
Utilized credit facilities	**23,295**	**2,122**	**20,218**
Net cash(+) / Net debt (–)	**–11,535**	**10,295**	**–14,408**

Available funds as per the date of this report amount to SEK 20 billion, whereof SEK 16.3 billion consists of cash and cash equivalents. Embracer Group AB will use part of the cash to fund previously communicated inorganic growth opportunities and strengthen the balance sheet. We are confident that we will be in line with our financial leverage target of 1.0x (Net Debt to adjusted EBIT on a 12-month forward looking basis) in the end of this financial year.

During the quarter, Embracer Group AB has entered into amendment agreements, at unchanged terms, for two unsecured long-term credit and loan facilities, maturing in 2024 and 2026. Thereby increasing unutilized credit facilities with SEK 5.0 billion, of which SEK 3.0 billion is added to the SEK 6.0 billion multicurrency revolving credit facility announced in June 2021. The credit facilities will replace the facility of SEK 4.0 billion communicated in the press release published on May 2, 2022. This facility was canceled on July 4, 2022. Following the amendment, Embracer's relationship banks consist of Nordea, SEB, Swedbank, HSBC and Svensk Exportkredit. Embracer Group AB has substantial headroom to its financial covenants.

BUSINESS COMBINATIONS

The business combinations have been restated according to IFRS and are presented on an aggregated level in Note 6.

Contingent considerations classified as part of the transferred purchase price are described in Note 5.

In connection with certain business combinations, an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount.

The tables below give an overview of the total contingent considerations as per June 30, 2022 together with timing- and way of expected settlement.

Total contingent consideration to be settled in cash, SEK m	Contingent consideration classified as part of purchase price (under IFRS)	Contingent consideration not classified as part of purchase price	Total contingent consideration
2022/2023	1,189	18	1,206
2023/2024	410	381	792
2024/2025	419	301	719
2025/2026	1,888	637	2,526
2026/2027	461	323	784
2027/2028	563	1,792	2,355
2028/2029	159	3	162
2029/2030	175	2	177
2030/2031	69	0	69
	5,333	**3,457**	**8,790**

The present value of the additional purchase prices has been calculated based on expected outcome based on financial and operational targets for each individual agreement. The provisions will vary over time depending on, among other things, the degree of fulfillment of the conditions for the additional purchase prices, the development of certain exchange rates versus the Swedish krona and interest rate.

Total contingent consideration to be settled in shares, number of shares	Contingent consideration classified as part of purchase price (under IFRS)	Contingent consideration not classified as part of purchase price	Total contingent consideration
Already issued	93,870,301	35,052,075	128,922,376
To be issued	69,780,866	28,981,431	98,762,298
	163,651,168	**64,033,506**	**227,684,674**

In addition to the variables described above, the provision for the contingent considerations to be settled by shares are further dependent on the development of Embracer's share price. The number of shares to be paid as additional purchase price can vary but never exceed 98,762,298 according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 7.71% and 5.25% of the voting rights as of June 30, 2022.

FORECAST

Adjusted EBIT

Management reiterates the forecasts for adjusted EBIT the coming financial years:

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

The forecast for the financial years 2022/23 and 2023/24 excludes Beamdog, Eidos, Crystal Dynamics and Square Enix Montréal.

Embracer Group´s segments experience seasonality as part of their business to a varying extent. Consequently, the adjusted EBIT contribution should not be expected to be linear through the financial year. On Group level, the first quarter (April-June) is typically the financially weakest reflecting a generally lower gaming activity during the spring and early summer, an effect more pronounced for PC/Console Games. The activity normally increases during the second quarter (July-September) and culminates during the third quarter (October-December) as the Christmas season drives demand, most notably for Tabletop Games, Mobile Games and Entertainment & Services. Thereafter demand recoils during the fourth quarter (January-March) for Tabletop Games and Mobile Games in particular. While it is relevant to consider normal seasonal patterns, deviations frequently occur. PC/Console Games is particularly prone to deviate as the timing of individual titles released affect the quarterly outcome more than anything else.

Although differences exist between accounting principles, adjusted EBIT is considered equal to operational EBIT as previously defined.

Acquisition-related expenses

The forecast is based on the average exchange rates for the period April to June 2022. The forecast includes closed acquisitions as per June 30, 2022. The forecast is based on the purchase price allocations as per August 18, 2022, which contain both preliminary and finalized purchase price allocations. Consideration shares related to transactions that were not closed per June 30, 2022 are valued at the VWAP as set forth in the relevant share purchase agreement.

Flying Wild Hog

SEK m	Q2 22/23	Q3 22/23	Q4 22/23	23/24	24/25	25/26	26/27	27/28	Total
	Financial year								
Acquisition-related amortizations (IP-rights, Publishing rights, Brands etc.)	559	545	510	1,987	1,852	1,733	1,363	1,206	**9,755**
Contingent consideration not classified as part of purchase price	532	532	532	1,977	1,471	892	624	15	**6,576**
Acquisition-related expenses	**1,092**	**1,077**	**1,042**	**3,964**	**3,323**	**2,625**	**1,988**	**1,220**	**16,331**

DEPENDENCY ON FOREIGN EXCHANGE RATES

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

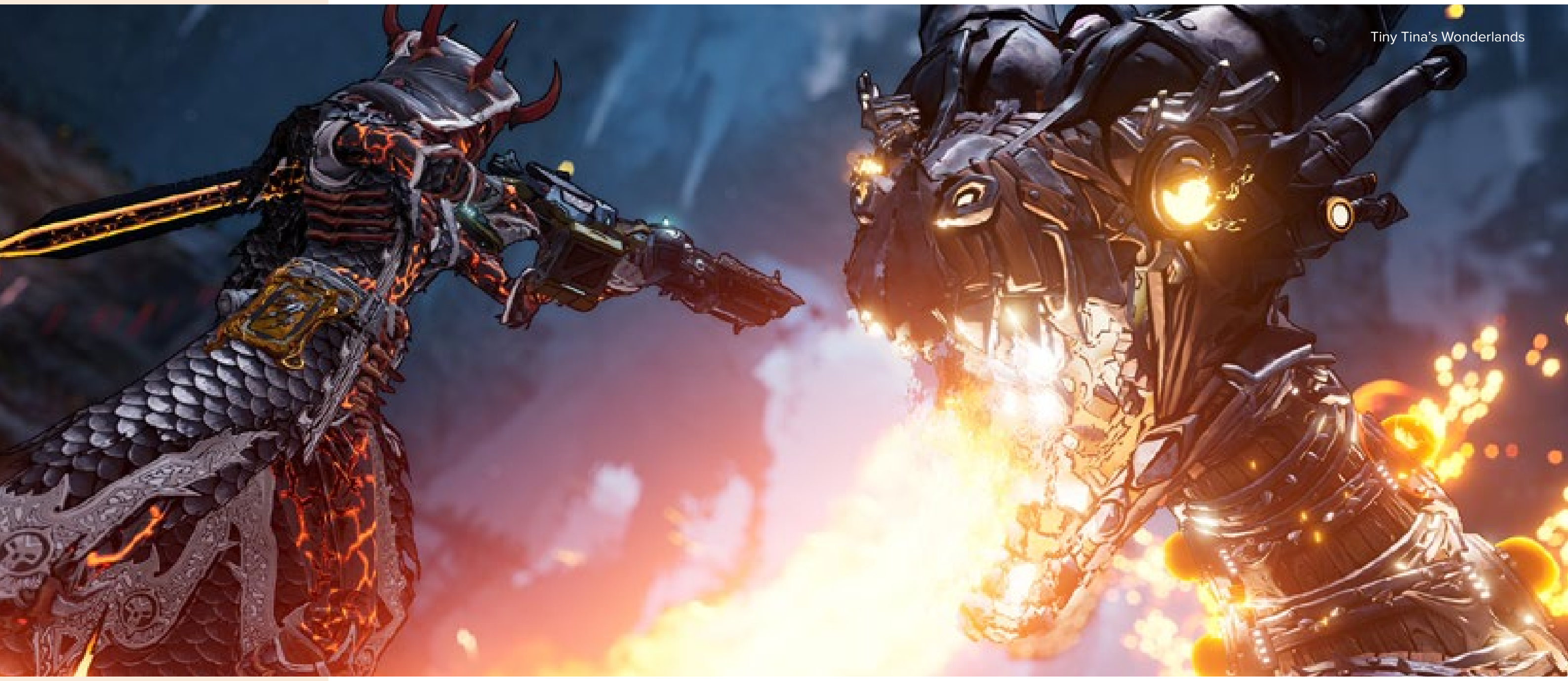
FINANCIAL LEVERAGE POLICY

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

PARENT COMPANY

The Parent Company's net sales for the quarter were SEK 18 million (207), and profit before tax was SEK 493 million (–67). Profit after tax was SEK 389 million (–55).

Cash and current investments as of June 30, 2022 were SEK 7,396 million (9,187).
The Parent Company's equity at the end of the period was SEK 52,458 million (33,828).


Tiny Tina's Wonderlands

SIGNIFICANT EVENTS DURING THE QUARTER

- On May 2, Embracer Group entered into an agreement to acquire the development studios Crystal Dynamics, Eidos-Montréal, Square Enix Montréal, and a catalogue of IPs including *Tomb Raider, Deus Ex, Thief, Legacy of Kain, Championship Manager* and more than 50 back-catalogue 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.

- On June 8, Embracer Group resolved to carry out a directed share issue of approximately 99.9 million B shares at a subscription price of SEK 103.47 per share, corresponding to a premium of 15.0 percent 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 were issued to Savvy Gaming Group ("SGG"), which upon settlement of the share issue holds approximately 8.1 percent of the shares and 5.4 percent of the votes in Embracer.

  Through the share issue Embracer Group further strengthens its institutional shareholder base with a significant long-term shareholder. SGG has agreed, with customary exceptions, to a lock-up of 360 calendar days after June 8, 2022 with the clear intention to be a long-term shareholder and to continue to support Embracer's future growth and M&A ambitions.

  The share issue consisted of a total of 99,884,024 B shares and was divided into two tranches where one tranche corresponding to 47,115,105 B shares was resolved by the Board of Directors based on the authorization granted by the extra general meeting on January 7, 2022 and subject to payment and settlement in June 2022. The second tranche, corresponding to 52,768,919 B shares, was subject to resolution, subscription, payment and settlement in July. Since the Board utilized the whole authorization from January 7, 2022, the Board summoned an extra general meeting to resolve to issue additional B shares to accommodate for the second tranche.

- On June 27, an extra general meeting 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 percent 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.

- In June, Embracer Group entered into agreements regarding amendments of two unsecured long-term credit and loan facilities at unchanged terms and increased the number of relationship banks with HSBC and Svensk Exportkredit.

  The new agreements entail an increase of the unutilized credit facilities by SEK 5.0 billion, of which SEK 3.0 billion is added to the SEK 6.0 billion multicurrency revolving credit facility announced in June 2021. The credit facilities replace the previous facility of SEK 4.0 billion communicated on May 2, 2022. The amended credit and loan facilities strengthen Embracer's long-term financial flexibility and support continued organic growth together with inorganic growth opportunities.

  Following the amendment, Embracer's relationship banks consist of Nordea, SEB, Swedbank, HSBC and Svensk Exportkredit.

MARKET OVERVIEW

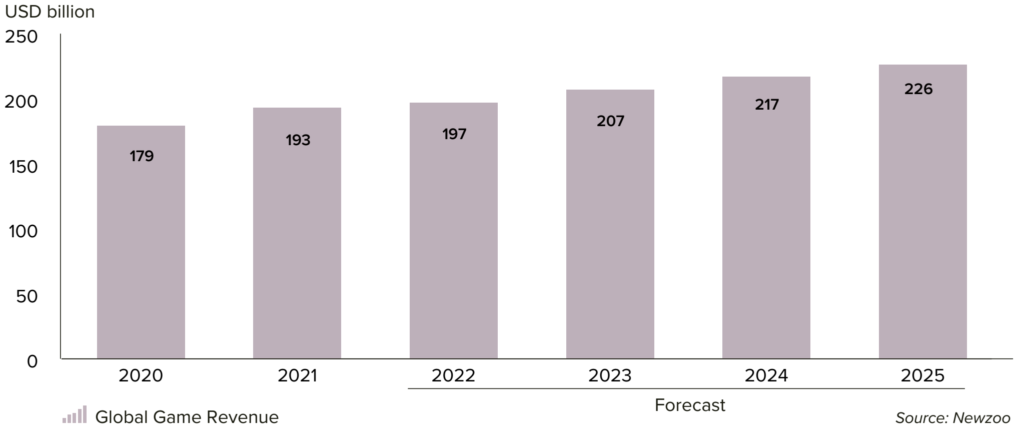
THE GLOBAL VIDEO GAMES MARKET [1]

As the underlying market conditions remain strong, the global games market is predicted to generate USD 197 billion in 2022, a growth by 2% YoY[2]. This represents a slight downward revision of previous 2022 forecasts (+5% YoY), mainly driven by a lower forecast for console games. The development can be seen as a largely anticipated reaction to two record-breaking years with pandemic growth rates that were both unprecedented and unsustainable. In addition, the market has seen some headwinds from inflation, pressure on consumer spending and remaining pandemic effects like hardware shortages and new release delays.

There are, however, several factors currently adding momentum and stability to the games market. It is now both accessible and affordable to the mass-market, with growing revenue from subscription models and expanding sectors such as VR (76% CAGR expected in 2022-24) [2]. Furthermore, according to data from IDG, the games market is expected to gain share versus other entertainment sectors in 2022.

The longer-term growth prospects remain strong. The number of gamers keeps growing and is expected to reach 3.2 billion this year, +5% YoY. The games market is predicted to continue its revenue growth in subsequent years, reaching USD 226 billion in 2025, a +5% CAGR between 2020 and 2025 [2].

[1] *The global numbers exclude tabletop gaming* [2] *Source: Newzoo*



Source: Newzoo

Riisk of Rain 2

PC/CONSOLE GAMES MARKET OUTLOOK

The PC-segment accounts for 21% of the global games market and is expected to grow 2% YoY (5%) to USD 40 billion. Meanwhile, the Console sector in the global games market is expected to decline slightly, by 2% YoY to USD 53 billion, still representing 27% of the global market [1]. Apart from the wider macroeconomic factors mentioned above, hardware supply issues remain for console gaming. There are also clear regional differences with regards to growth in H1 2022, with PC/console games sold up by 13% in Europe but declining by 8% in the US. [2]

MOBILE GAMING MARKET OUTLOOK

The mobile gaming market segment represents 53% of the global gaming market. It is anticipated to be the gaming industry's primary growth driver, projected to generate revenues of USD 104 billion this year, a growth of 5% YoY [1]. In North America and Europe, the strong mobile growth and, to a lesser extent modest PC growth, will be offsetting the decline in console games.[1] Regions where mobile has a larger market share than elsewhere will see solid over-all growth this year, with the Middle East and Africa increasing 11% YoY and Latin America growing by 7% [1].

TABLETOP GAMES MARKET OUTLOOK

Despite inflation and geopolitical concerns, the market for tabletop (board games and trading card games) remained flat during the quarter. Europe performed slightly better than the US, with only minor differences. The first quarter of the financial year is generally a seasonally weaker quarter for the Tabletop Games segment. The market performance is also consistent with earlier industry projections for 2022 of a flat performance after a very strong development in 2020-21. It appears that whilst consumers have already started to restrict their general consumption in other categories (for example, lower holiday spending, according to Spring IPSOS data), they have not done so on boardgames.

The industry is seeing sustained interest for trading card games and modern, highly-rated (by consumers) boardgames which is likely to benefit publishers who are focused on high-quality new releases as well as being well positioned in the trading cards category. The company estimates the global games market for games and tabletop games at flat level in the quarter. The financial year 2022/23 longer outlook will be determined by the extent and impact of external factors such as consumer confidence and inflation.

ENTERTAINMENT & SERVICES MARKET OUTLOOK

The console gaming market, which is important for the Entertainment & Services segment, is expected to decline by 2% YoY in 2022. The physical games market performed in line with digital in Europe in calendar H1 2022, but notably underperformed in the US [2]. It would suggest that lower growth for physical distribution than for the total console gaming market in key markets for the full year is likely. Digital & Licensing Business performance remains strong with growth in all channels in Germany and Italy.

The comic book market remains relatively strong despite recent supply chain issues and a dip in overall industry sales. The 2021 comic book market showed massive growth of 62% in North America (according to The ICv2-Comichron Comic Sales Report), going from USD 1.3 billion in 2020 to USD 2.1 billion in 2021. The performance was driven by graphic novels, comic books and digital comics. Overall book sales in 2022 are down, but still higher than pre-covid levels, according to NPD BookScan. Economic factors may hamper book sales in Q3 and Q4 of 2022.

1) *Source: Newzoo*

2) *Source: EU data from GSD, US data from NPD.*

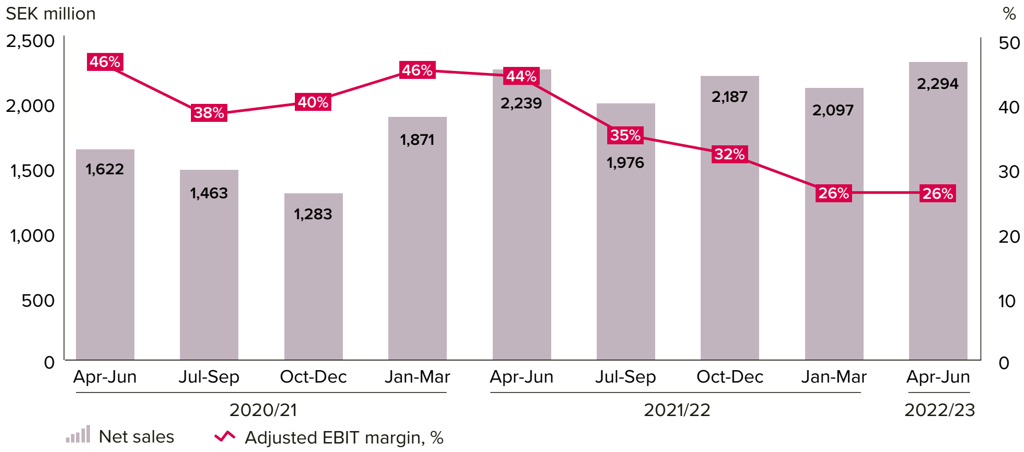
SEGMENT
PC/CONSOLE GAMES

PC and console games have been a core business for Embracer Group ever since its inception. The PC/Console Games segment develops and publishes games for PC and console including AAA, AA+, Indie, MMO, Free-To-Play, Asset Care, VR, Work-for-Hire and other games development. The following six operative groups are included in the segment: THQ Nordic, Plaion (previously Koch Media), Amplifier Game Invest, Gearbox Entertainment, Saber Interactive and Coffee Stain.

Key performance indicators, PC/Console Games	**Apr–Jun 2022**	**Apr–Jun 2021**	**Apr–Jun 2020**	**Apr 2021–Mar 2022**	**Apr 2020–Mar 2021**
Net sales, SEK m	2,294	2,239	1,622	8,498	6,239
of which Digital products, SEK m	*1,665*	*1,537*	*1,086*	*5,860*	*4,457*
of which Physical products, SEK m	*149*	*375*	*419*	*1,284*	*1,286*
of which Other [1], SEK m	*480*	*327*	*117*	*1,354*	*496*
Net sales growth from previous period	+2%	+38%	+153%[2]	+36%	+95%[2]
Adjusted EBIT, SEK m	602	984	751	2,926	2,621
Adjusted EBIT margin	26%	44%	46%	34%	43%
Product categories					
New releases sales, SEK m	*364*	*627*	*733*	*1,557*	*2,332*
Back catalog sales, SEK m	*1,450*	*1,285*	*772*	*5,587*	*3,410*
Other [1], SEK m	*480*	*327*	*117*	*1,354*	*497*

[1] *Primarily Work-for-Hire and other games development.* [2] *According to previous reporting standards.*

SALES AND EARNINGS
Net sales in the quarter for PC/Console games amounted to SEK 2,294 million, an increase by 2% compared to the same period last year but –21% organically and –23% pro forma in constant currency. Adjusted EBIT amounted to SEK 602 million (984), yielding 26% (44%) in adjusted EBIT margin.



THQNORDIC amplifier gearbox entertainment SABER PLAION Coffee Stain

SHARE OF GROUP SALES
32% (65)

INTELLECTUAL PROPERTY (IP)
243 (218)

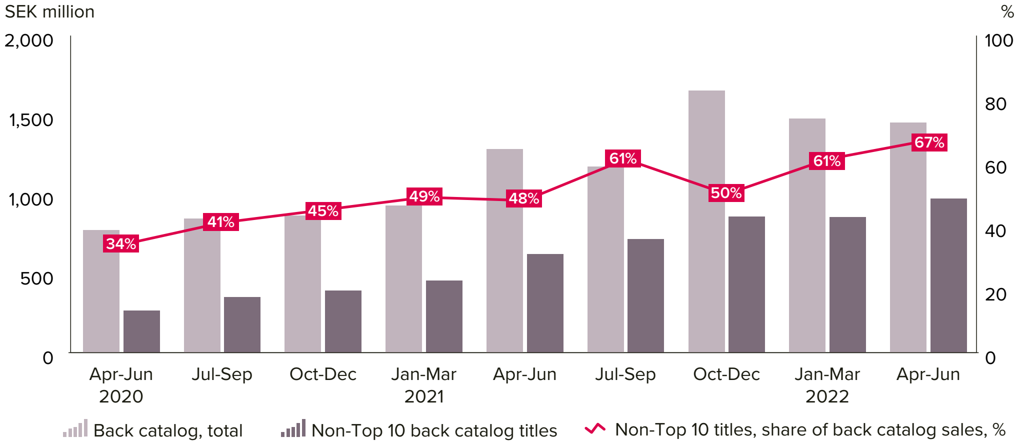
INTERNAL HEADCOUNT
8,234 (5,609)

INTERNAL STUDIOS
86 (63)

The organic growth development compared to last year is mainly explained by a significantly higher contribution from new releases last year, with *Biomutant* as key revenue driver in the corresponding quarter. The shift in product mix with higher share of development revenue with lower operating margin, as well as a higher share of publishing titles, diluted the adjusted EBIT margin in the quarter. Marketing expenses were higher in the quarter compared to previous year and quarters.

The main sales driver in the quarter was the solid back catalog with contributions from titles such as *Star Trek Online, Hot Wheels Unleashed, Deep Rock Galactic, Risk of Rain 2, Neverwinter Online, Insurgency: Sandstorm, Borderlands 3, Valheim, Wreckfest* and *Metro Exodus.*

These top 10 titles represented 33% of the back catalog revenue. Conversely, the group has become less dependent on individual titles. The contribution from non-top 10 titles has grown significantly, representing 67% of back catalog revenue in Q1, up from 34% two years ago.



Tiny Tina's Wonderlands, recently released by Gearbox Software together with external publisher 2K, continued its strong performance with sales exceeding management's expectations. Royalties are expected to be received as the financial year progresses.

Evil Dead: The Game

The main revenue driver among new releases in the quarter was the highly anticipated *Evil Dead: The Game,* developed by Saber Madrid. The game has been well received by both fans and critics. Other notable releases in the quarter were *Songs of Conquest,* which received a lot of positive attention from fans and critics, *MotoGP22,* from the Italian internal studio Milestone and *MX vs ATV Legends,* developed by the internal resources of Rainbow Studio and published by THQ. *MX vs ATV Legends* was released two days before the end of the reporting quarter and that contribution were below management's expectations. The revenue contribution of the game is however expected on a long term.

Looking ahead, the long-awaited game *Saints Row* will be released on August 23. Developed by the internal studio Deep Silver Volition, attention is high and the excitement among gamers is growing. This is particularly evident since the launch of the *Boss Factory*. It is a pre-release editor where fans can create their own personal avatar for the upcoming game. Press and audience have responded very well to the extraordinary customization options. As of mid-August, the character customization tool *Boss Factory* has been installed over 1.3 million times.

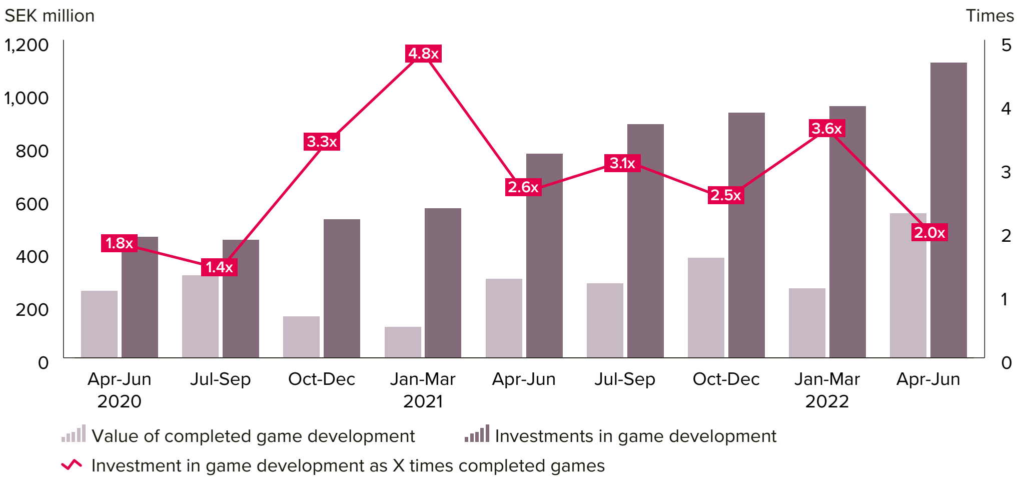
The much anticipated *Goat Simulator 3,* internally developed by Coffee Stain North, has gained a lot of excitement from gamers. As of mid-August, the announcement trailer of *Goat Simulator 3* at Playstation's YouTube post had 4.5 million views.

The project pipeline includes more than 25 AAA-titles of which several will be released in the coming quarters.

GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES

The value of completed and released games during the quarter amounted to SEK 545 million, the highest amount to date as displayed in the graph below. When new games are released, capitalized development costs are amortized, meaning a degressive depreciation over two years.

The PC/Console Games segment continues to make considerable investments in game development. In total, SEK 1,114 million were invested in game development during the quarter, a new record high for a single quarter as displayed in the graph below. These investments lay the foundation for future sales. The increase in game development investments is in line with the Group's long-term strategy to grow sales organically. It also reflects a deliberate shift from co-publishing and work-for-hire projects towards internal development projects.



BUSINESS DEVELOPMENT

During the quarter, the innovative studio Lost Boys Interactive located in Austin, Texas and Madison, Wisconsin was acquired. The studio was a co-developer of *Tiny Tina's Wonderlands* and is now part of the operative group Gearbox Entertainment.

In the quarter, Embracer announced the acquisition of the development studios Crystal Dynamics, Eidos-Montréal, Square Enix Montréal. The pending transaction include a catalog of IPs including *Tomb Raider, Deus Ex, Thief, Legacy of Kain, Championship Manager* and more than 50 back-catalog games from Square Enix Holdings.

A number of partnership deals were made during the quarter, including a work-for-hire and co-publishing deal as well as a subscription service deal to monetize the Group's strong back catalog.

After the quarter, operative group Koch Media was rebranded Plaion to better reflect the evolving nature of the business in terms of content and geography, as the company continues its global expansion.

In August, Amplifier Game Invest formed a new game studio, Infinite Mana Games, located in Malmö, Sweden. The studio, with its team of three game development veterans, seeks to become an inclusive and sustainable mid-sized game studio, with a team that brings decades of expertise from leading creative teams at large game companies.

Wreckfest

ANNOUNCED PC/CONSOLE RELEASES AS OF AUGUST 18, 2022

Title	Publishing Label	IP Owner	Platforms	Channels
ProtoCorgi	Ravenscourt	External	PC, Switch	Digital
Lets's sing Abba	Ravenscourt	Own	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
Kona 2: Brume	Ravenscourt	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
Saints Row	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
Dead Island 2	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
Payday 3	Prime Matter	External	TBC	Digital & Physical
Gungrave G.O.R.E.	Prime Matter	External	PC, PS4	Digital & Physical
Scars Above	Prime Matter	Own	PC	Digital & Physical
The Chant	Prime Matter	External	PC, PS4, PS5, Xbox One, XSX	Digital & Physical
Echoes of The End	Prime Matter	External	PC, PS5, XSX	Digital & Physical
Final Form	Prime Matter	Shared	PC, PS5, XSX	Digital & Physical
The New Painkiller	Prime Matter	Own	TBC	Digital & Physical
Evil West	External	External	PC, PS4, PS5, Xbox One, XSX	Digital
Mato Anomalies	Prime Matter	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
Mount & Blade II Bannerlord (full release)	Prime Matter	External	PC	Digital & Physical
Yum Yum Cookstar	Ravenscourt	External	PC, PS4, Xbox One, Switch	Digital & Physical
Pathfinder: Wrath of the Righteous	Prime Matter	External	PS4, PS5, XSX	Digital & Physical
System Shock Remastered	Prime Matter	External	PC, PS4, PS5, XSX	Digital & Physical
The Last Oricru	Prime Matter	External	PC, PS5, XSX	Digital & Physical
Gothic - Remake	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
Knights of Honor II: Sovereign	THQ Nordic	Own	PC	Digital & Physical
Destroy All Humans! 2 - Reprobed	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
SpongeBob SquarePants: The Cosmic Shake	THQ Nordic	External	PC, PS4, Xbox One, Switch	Digital & Physical
Outcast 2 - A New Beginning	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
Jagged Alliance 3	THQ Nordic	Own	PC	Digital & Physical
Are You Smarter Than A 5th Grader?	THQ Nordic	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
The Valiant	THQ Nordic	Own	PC	Digital & Physical
Stuntfest - World Tour	THQ Nordic	Own	PC	Digital
SpellForce: Conquest of Eo!	THQ Nordic	Own	PC	Digital
SuperPower 3	THQ Nordic	Own	PC	Digital & Physical
All Elite Wrestling	THQ Nordic	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
Alone in the Dark	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
Wreckreation	THQ Nordic	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital & Physical
Tempest Rising	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
Space For Sale	THQ Nordic	Own	PC	Digital
A Rat´s Quest	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & Physical
Airhead	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
De-Exit	HandyGames	External	PC, PS4, Xbox One, PS5, XSX, Switch	Digital
Perish	HandyGames	External	PC	Digital

For latest release dates please refer to above mentioned publishers.

CONT. >>

Title	Publishing Label	IP Owner	Platforms	Channels
Lightyear Frontier	Amplifier	Own	PC, XSX	Digital
Crisol: Theater of Idols	TBC	Own	TBC	Digital
Star Wars™: Knights of the Old Republic -Remake	External	License	PC, PS5	Digital & Physical
A Quiet Place	Saber	External	TBC	TBC
Warhammer 40,000: Space Marine II	External	External	PC, PS5, XSX	TBC
Dakar: Desert Rally	Saber	License	PC, PS4, PS5, Xbox One, XSX	Digital & Physical
Circus Electrique	Saber	Own	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
Core Decay	3D Realms	License	PC, PS5, XBX, XSX	Digital
Kingpin: Reloaded	3D Realms & External	License	PC, PS5, XBX, XSX	Digital
Homeworld 3	Gearbox Publishing	Own	PC	Digital & Physical
Homeworld Mobile	Gearbox Publishing	Own	Mobile - Android, IOS	Digital
Hyper Light Breaker	Gearbox Publishing	External	PC	Digital
Goat Simulator 3	Coffee Stain Publishing	Own	PC, PS5, XSX	Digital & Physical

For latest release dates please refer to above mentioned publishers.

Voxler

SEGMENT
MOBILE GAMES

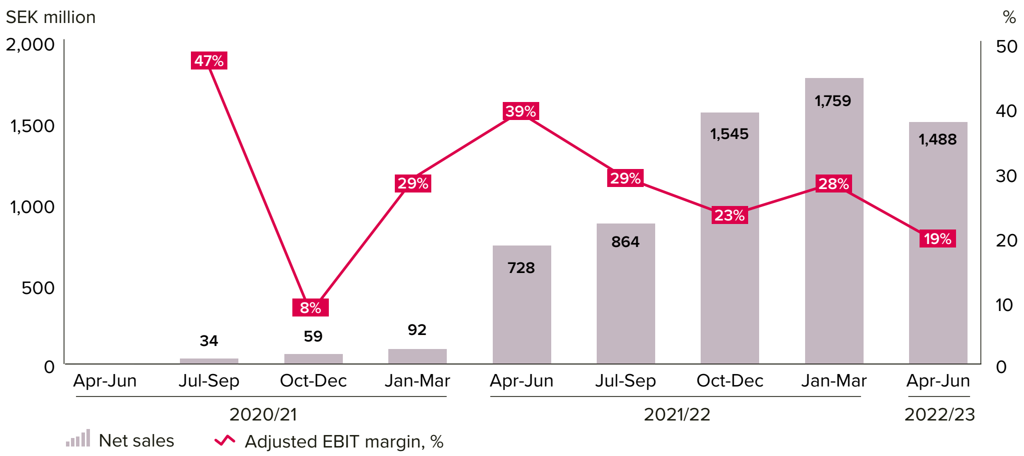
In the past two years, the Mobile Games segment has grown to account for a sizable share of Embracer Group's business. The Mobile Games segment includes free-to-play, ad centric, in-app-purchase centric and pay-to-play mobile games. It encompasses two operative groups: DECA Games and Easybrain.

Key performance indicators, Mobile Games	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Net sales, SEK m	1,488	728	-	4,896	185
Net sales growth from previous period	+104%	-	-	+2,546%	-
Adjusted EBIT, SEK m	277	287	-	1,389	48
Adjusted EBIT margin	19%	39%	-	28%	26%
User Acquisition Cost (UAC), SEK m	883	289	-	2,467	-
User Acquisition Cost (UAC), % of net sales	59%	40%	-	50%	-
Total installs, million	387	102	-	-	-
Total Daily Active Users (DAU), million	36	16	-	-	-
Total Monthly Active Users (MAU), million	307	84	-	-	-

SALES AND EARNINGS

Net sales in the quarter for Mobile games amounted to SEK 1,488 million, an increase by 104% compared to the same period last year, or by 20% organically and 11% pro forma in constant currency. The growth is mainly driven by the addition of CrazyLabs and growth in Easybrain.

Adjusted EBIT amounted to SEK 277 million (287), yielding 19% (39%) in adjusted EBIT margin. The decrease in adjusted EBIT margin compared to last year is mainly explained by a higher UAC % in relation to net sales and the addition of CrazyLabs that has a lower margin profile. The sequentially reduced margin is explained by a higher UAC % in relation to net sales as well as a meaningful contribution from an ad mediation deal in the previous quarter.



DECA Easybrain

SHARE OF GROUP SALES
21% (21)

INTELLECTUAL PROPERTY (IP)
41 (29)

INTERNAL HEADCOUNT
1,117 (603)

INTERNAL STUDIOS
11 (6)

Segment sales were negatively impacted by seasonally lower activity among mobile players but mainly in line with management's expectations. Strong back catalog sales contributed to performance, with notable contributions from titles such as *Blockudoku, Sudoku.com, Jigsaw Puzzles, Nonogram.com, Art Puzzles, Phone Case DIY, Sculpt People* and *Party in My Dorm.*

CrazyLabs successfully launched the games *Dessert DIY, Lash Salon* and *Battery Low* during the quarter and also has a number of exciting upcoming releases during the next quarter. CrazyLabs is also focused on Hybrid Casual opportunities. In the first quarter, the company released *Dig Deep*, an Idle hybrid casual game. CrazyLabs has several other Hybrid casual games with strong early KPIs in the pipeline.

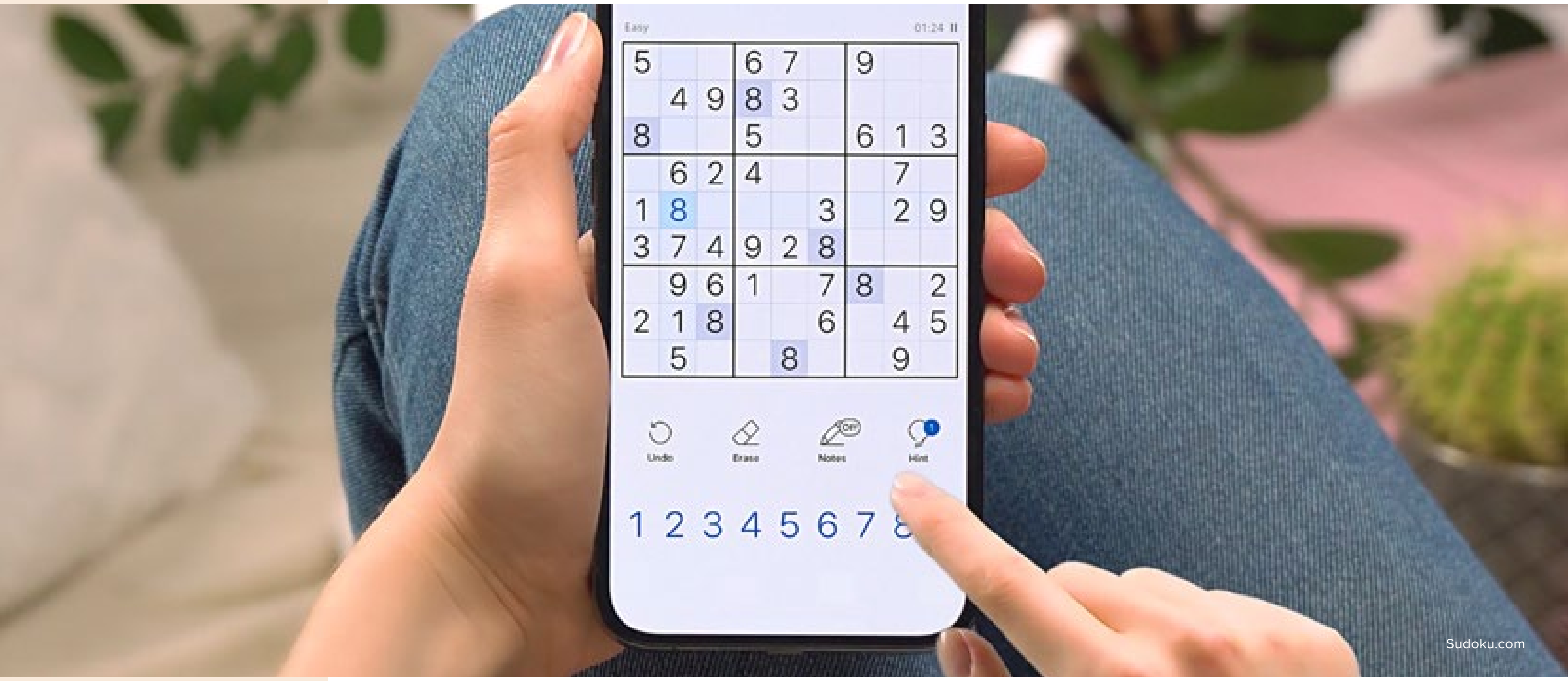
Embracer Group still has the position as the top publisher on Google Play in Europe. With strong performance among hyper-casual publishers, such as CrazyLabs, the Mobile Games segment had 15 different apps surpass one million downloads during the quarter.

The Mobile Games segment is expected to continue its growth through investments in live-operated games, improvement of current titles, UA and most importantly through upcoming releases. It is too early to draw any conclusions based on Google's forthcoming policy and restrictions for ad placements in Android apps. The policy will be effective as of September 30, 2022. These developments will be monitored closely and both DECA Games and Easybrain are working proactively to mitigate risks.

BUSINESS DEVELOPMENT

Following the acquisition of CrazyLabs and through organic growth, the Mobile Games segment has doubled the number of developers since last year. CrazyLabs continues to have a strong organic momentum in attracting talented developers to join the company.

Marketing investments, (UAC) amounted to SEK 883 million motivated by attractive return on ad spend, which is anticipated to support continued growth.



Sudoku.com

SEGMENT
TABLETOP GAMES

The Tabletop Games segment consists of the operative group Asmodee, a leading international games publisher and distributor committed to telling amazing stories through great games, with over 43 million games sold annually in more than 50 countries. The portfolio hosts iconic game titles such as Ticket to Ride, Catan, Splendor, 7 Wonders, Azul, Exploding Kittens, Dobble/Spot It!, Star Wars: Legion and many more. The main product categories are board games and trading card games.

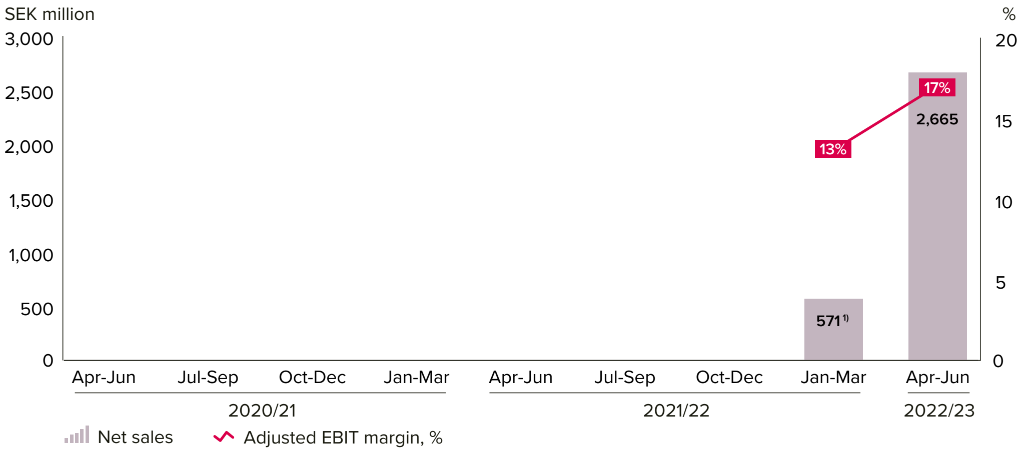
Key performance indicators, Tabletop Games	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022[1]	Apr 2020–Mar 2021
Net sales, SEK m	2,665			571	-
of which Digital products, SEK m	*59*	-	-	*29*	-
of which Physical products, SEK m	*2,583*	-	-	*525*	-
of which Other, SEK m	*23*	-	-	*17*	-
Net sales growth from previous period	-	-	-	-	-
Adjusted EBIT, SEK m	445	-	-	74	-
Adjusted EBIT margin	17%	-	-	13%	-

[1] Asmodee became part of Embracer Group in March 2022.

SALES AND EARNINGS

Net Sales for the Tabletop Games segment amounted to SEK 2,665 million, representing 6% growth during the quarter on a pro forma basis, compared to the corresponding quarter last year. Adjusted EBIT amounted to SEK 445 million yielding a 17% adjusted EBIT margin.

Sales grew in Europe and North America, driven by the strong performance of trading card games and related accessories. Online board games and video games also contributed to growth.



[1] Asmodee became part of Embracer Group in March 2022.

SHARE OF GROUP SALES

37% (-)

INTELLECTUAL PROPERTY (IP)

369 (-)

INTERNAL HEADCOUNT

2,388 (-)

INTERNAL STUDIOS

22 (-)

Asmodee has a strong pipeline of upcoming game releases during the coming quarters. New releases include new games for strong licensed franchises such as *Lord of the Rings – The Card Game, Marvel Crisis Protocol, the Star Wars X-Wing* and *Star Wars Legion-series* as well as Netflix licensed titles such as *Stranger Things, Ozark* and *Squid Game.*

BUSINESS DEVELOPMENT

During the integration of Asmodee in Embracer Group, a total of 15 projects have been identified whereby Asmodee´s IPs will be evaluated for collaboration and development with other business units.

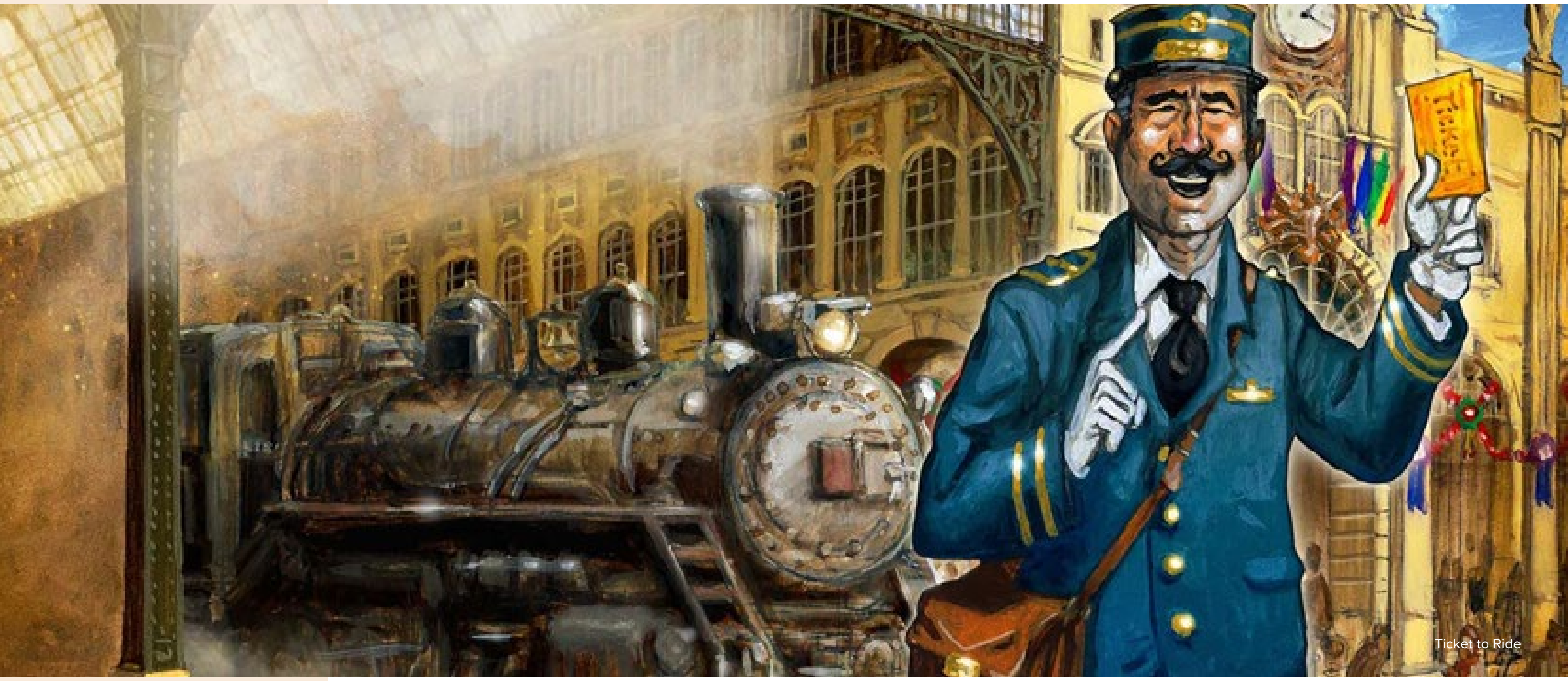
In May, Asmodee announced a new studio named Access+. The studio is one of Asmodee's ESG initiatives, aiming at studying and promoting the benefits of board games to all members of society. Working with healthcare professionals, the Access+ teams are developing a line of inclusive games accessible to a wide spectrum of people including those living with cognitive disorders.

So Clover was named Party Game of 2021 at Board Game Geek's 16th Annual Golden Geek Awards. *Stella: Dixit Universe* was runner-up in the same category while *7 Wonders Architects* came third in the Light Game of the Year category.

The digital version of the best-selling *Exploding Kittens card game* was launched on Netflix's gaming platform. Finally, the global online boardgaming platform Board Game Arena launched *Catan,* ranking #1 in terms of hours played since its launch.

Asmodee has a solid M&A pipeline and continues to pursue a clear M&A strategy consisting of targets that enhance their geographic distribution footprint and targeting strong IP's and games publishers to continue to reinforce their IP portfolio. Asmodee currently has two signed LOI's that have entered into an exclusive process.

After the quarter, Asmodee Digital announced its rebranding to Twin Sails Interactive. Initially focused on board games, Twin Sails' catalogue has expanded into new experiences with titles such as *Dark Envoy, Ember Knights* and *Innchanted.* Two new titles were announced: *News Tower* and *Amberial Dreams.*


Ticket to Ride

SEGMENT
ENTERTAINMENT & SERVICES

The Entertainment & Services segment is engaged in the development, publishing and distribution of comic books. It also conducts wholesale of publishing titles of games, primarily for console but also for PC. The segment also conducts publishing and external distribution of films and TV-series, as well as the production and distribution of merchandise. The following Operative Groups and companies are included in the segment: Dark Horse Entertainment, Plaion and Plaion Pictures (previously Koch Media Publishing and Koch Film), Game Outlet Europe, Grimfrost and Quantic Labs.

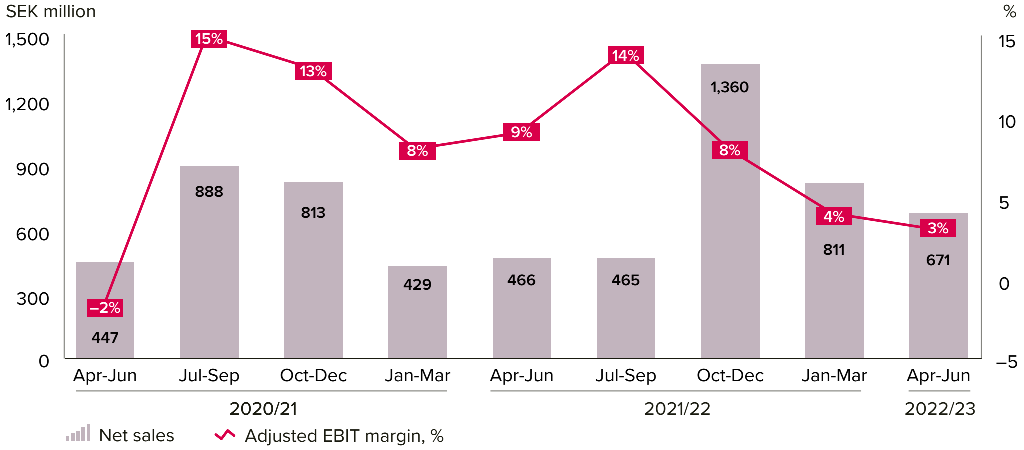
Key performance indicators, Entertainment & Services	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Net sales, SEK m	671	466	447	3,102	2,576
of which Digital products, SEK m	*97*	*105*	*76*	*511*	*486*
of which Physical products, SEK m	*560*	*351*	*371*	*2,539*	*2,074*
of which Other, SEK m	*14*	*10*	*0*	*52*	*16*
Net sales growth from previous period	+44%	+4%	–11%[1)]	+20%	+25%[1)]
Adjusted EBIT, SEK m	21	40	–7	247	269
Adjusted EBIT margin	3%	9%	–2%	8%	10%

[1)] *According to previous reporting standards.*

SALES AND EARNINGS

Net sales in the quarter for Entertainment & Services amounted to SEK 671 million, an increase by 44% compared to the same period last year, but –22% organically and –12% pro forma in constant currency. The increase is mainly driven by the acquisition of Dark Horse for which the performance was in line with management expectations.

Adjusted EBIT amounted to SEK 21 million (40), yielding 3% (9%) in adjusted EBIT margin. The organic growth development and the decrease in adjusted EBIT compared to last year is mainly explained by lower activity in terms of third-party games released within the Plaion Publishing division.



SHARE OF GROUP SALES

9% (14)

INTELLECTUAL PROPERTY (IP)

163 (-)

INTERNAL HEADCOUNT

689 (369)

INTERNAL STUDIOS

1 (-)

The main revenue contributors during the quarter were in falling order:
- Plaion Partner Publishing
- Dark Horse
- Plaion Pictures
- Grimfrost, Game Outlet and Quantic Labs

The primary reason for the decrease in net sales was a lower demand for games and film and a lack of major releases in the quarter. Dark Horse's comics sales were affected by shipping delays from China.

During the quarter, *The Umbrella Academy Season 3,* based on the Dark Horse comic book serie, made its debut on Netflix. After the quarter, Dark Horse Entertainment announced that its partnership with Netflix had been extended for several years, giving Netflix options on filming-rights based on Dark Horse's IP's.

The film business, Plaion Pictures (formerly Koch Film), won two of the main awards at the Cannes film festival:

- *Broker* (Drama) directed by Kore-eda - won Best Male Lead Actor, and
- *Decision to Leave* (Drama/Thriller) – Director Park Chan-wook was reward as Best Director.

The game merchandise-business is gaining momentum. During the quarter, GAYA Entertainment GmbH, was renamed to DPI Merchandise GmbH. Angela Reynolds, President of DPI Merchandising, Inc. will also head up the European company, offering a global merchandise solution for its partners on both sides of the Atlantic.

Umbrella Academy

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER THE QUARTER

- On July 3, Embracer Group AB announced it had appointed CFO Johan Ekström to the additional role of Deputy CEO of Embracer Group. Former Deputy CEO Erik Stenberg continues to be a board member of Embracer Group. At the same date, the appointment of General Counsel Ian Gulam as Chief of Staff, Legal & Governance and became a member of the Group Executive Management was announced. The Group Executive Management thus consists of Lars Wingefors, CEO, Johan Ekström, CFO and Deputy CEO and Ian Gulam, Chief of Staff, Legal & Governance.
- On August 3, Oscar Erixon assumed the role of Head of Investor Relations. Oscar joined from Carnegie Investment Bank, where he worked as an equity research analyst covering the Swedish gaming sector.

M&A ACTIVITY STATUS AS OF JUNE 30

Company	Country	Segment	Operative Group	Type	Status
Q1 22/23 • April-June 2022					
DIGIC	Hungary	PC/Console Games	Saber	Studio	Closed
Beamdog	Canada	PC/Console Games	Saber	Studio	Pending
Lost Boys	USA	PC/Console Games	Gearbox	Studio	Closed
Eidos, Crystal Dynamics and Square Enix Montréal	USA/Canada/UK	PC/Console Games	TBD	Studio	Pending

SUSTAINABILITY

At Embracer Group, sustainability is about creating long-term value for shareholders and other stakeholders and acting in line with the company values. A long-term mindset and a decentralized business model enable further business development and risk management. The goal is to create great entertainment, be a great company to work for, and to do good for local communities and society.

The group-wide sustainability strategy is the Smarter Business Framework and is based on three pillars: Great People, Solid Work and Greener Planet. It is the shared approach to the sustainability efforts on a group level. The three focus areas are closely linked to the business and contribute to creating real effects and results for the stakeholders. As part of the governance model, the sustainability work is supported by a strong foundation in business ethics and compliance. Embracer Group employs a decentralized business model where decision-making is executed at operative group and company levels. They have the best understanding of their market situation from commercial and sustainability perspectives, and how to best create value for the business. This ensures that the entrepreneurial spirit within companies and employees is kept alive. Individual ideas and achievements are thereby acknowledged and celebrated, and the possibility to cascade to the wider Embracer Group is made possible. The Head Office is responsible for the overall sustainability strategy and goals, facilitating collaborations within the group, and ensuring the implementation of group policies.

Sustainability goals

The following goals were set by the Board of Directors during the quarter:

- Double the number of female Managing Directors/Studio Heads by 2025 compared with the base year 2021/22.
  The goal targets the gender imbalance aspect of diversity as it poses a particular challenge for the gaming industry and for the Embracer Group alike.
- Reduce the carbon emissions by 45% by 2030 compared with the base year 2021/22, in line with the Paris Agreement, and set Science-Based Targets during 2022/23.
  The impacts of climate change are global in scope and unprecedented in scale, as expressed by the United Nations. The Embracer Group acknowledges the importance and acts to mitigate the impact of climate change in ways possible for the company.
- Every operative group to set sustainability goals during 2022/23.
  To leverage the strength of the decentralized business model, Embracer Group commissions every operative group to set one or more sustainability goals of their choice.

Example of current events

- Performed carbon emission calculation for the base year 2021/22.
- Conducting engagement activities across the group in response to Embracer Group becoming a member of the United Nations Global Compact (UNGC) in December 2021.
- Conducting prioritized sustainability discussions with key people across the group including all ten operative group CEOs.
- Recruitment of Head of Privacy.

Destroy All Humans! 2 - Reprobed

GAMES ARCHIVE

For Embracer Group, games are more than just games. It is culture. It is something created by great people with creative ideas. By building a large archive of physical games, we want to preserve and tribute the games culture for a long period of time. Preservation of all video games is a very big and overwhelming mission and can be approached from many different angles. The archive is to be seen as a little part of the greater work of preserving video game history with physical games. It is like a campfire to gather around, and its storytelling raises awareness, and interest for the industry, a place that tributes the gaming culture and becomes an interesting, captivating place for Embracer visitors and business purposes. Further, the archive can be exhibited to entertain and educate about the video games history, and it is a launchpad for a long-term plan to support and collaborate with institutional and grassroots efforts to preserve and document the video games heritage, and also provide a helping hand to publishers and developers researching old titles.

The games archive is rapidly increasing its collection of vintage games. The latest noteworthy additions are a complete collection of all Famicom games released in Japan, and Virtuality, a VR-machine from the 1990s.

Famicom is the Japanese equivalent of the Nintendo 8-bit/NES. It has great cultural and historical significance in Japan and the rest of the world. It not only marked the start of a series of great game series such as *Mario, Zelda* and *Final Fantasy*, but also the start of a new wider market for video games. The format had a very long lifespan with over a thousand games released and to reach a complete collection is therefore something special.

The Virtuality VR machine is an excellent representative of Virtual Reality's development during the nineties. The machines could convincingly read the player's position and movements in a simulated 3D environment. The machine was intended primarily for amusement parks, technology fairs and it appeared in various television programs. The unit at the Archive, SU2000 manufactured in 1994, is unusually well preserved and one of the few known examples.

The Embracer Games Archive established a presence on Instagram and Twitter and a website https://embracergamesarchive.com.

Games Archive

ANALYSTS FOLLOWING EMBRACER GROUP

AS OF JUNE 30, 2022

Company	Name	Phone	Mail
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Bernstein	Matti Littunen	+44 207 170 50 09	matti.littunen@bernstein.com
BofA Securities	Chirag Vadhia	+44 (0) 20 7996 1050	chirag.vadhia@bofa.com
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DNB Bank ASA	Martin Arnell	-	martin.arnell@dnb.se
Exane BNP Paribas	Nicholas Langlet	-	nicholas.langlet@exanebnpparibas.com
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Nordea	Marlon Värnik		marlon.varnik@nordea.com
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Raiffeisen Bank	Jakub Krawczyk		jakub.krawczyk@rbinternational.com
Redeye	Tomas Otterbeck	-	tomas.otterbeck@redeye.se
SEB	Jesper Birch-Jensen	+46 8 763 70 39	jesper.birch-jensen@seb.se
SHB	Rasmus Engberg	-	rasmus.engberg@handelsbanken.se

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 consensus estimates are provided as an IR-service.

THE SHARE

TOP 10 OWNERS, AS OF JUNE 30, 2022

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Change from March 31 Class A and B shares
Lars Wingefors AB	52,260,204	210,238,330	22.21%	41.10%	
S3D Media Inc	12,798,274	70,772,440	7.07%	11.15%	
Swedbank Robur Fonder		67,749,038	5.73%	3.80%	1,724,878
Founders/Management - Easybrain		65,037,968	5.50%	3.65%	
Canada Pension Plan Investment Board (CPP)		54,753,946	4.63%	3.07%	
Savvy Gaming Group SGG [1]		47,115,105	3.99%	2.64%	47,115,105
PAI Partners		39,044,571	3.30%	2.19%	
Alecta Pensionsförsäkring		30,385,000	2.57%	1.70%	4,815,000
Didner & Gerge Fonder		28,842,486	2.44%	1.62%	–1,504,438
Handelsbanken Fonder		23,282,240	1.97%	1.31%	–1,729,980
TOTAL TOP 10	**65,058,478**	**637,221,124**	**59.41%**	**72.22%**	
ALL OTHER SHAREHOLDERS	**1,739,796**	**478,061,535**	**40.59%**	**27.78%**	
TOTAL	**66,798,274**	**1,115,282,659**	**100.00%**	**100.00%**	

[1] *52,768,919 additional B-shares have been issued to Savvy Gaming Group after the reporting period end, which upon settlement of the issue hold 99,884,024 shares in the company.*

Source: *Monitor by Modular Finance.*

INTERNATIONAL OWNERSHIP TOP 50 INSTITUTIONAL

BY CAPITAL

INSTITUTIONAL OWNERSHIP VS MANAGEMENT

BY CAPITAL

TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF JUNE 30, 2022

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	Embracer Group	52,260,204	210,238,330	22.21%	41.10%
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	7.07%	11.15%
Founders/Management	Easybrain	0	65,037,968	5.50%	3.65%
Ken Go	Deca Games	0	11,803,182	1.00%	0.66%
Randy Pitchford	Gearbox	0	9,563,028	0.81%	0.54%
Erik Stenberg	Embracer Group	0	9,000,000	0.76%	0.50%
Founders/Management	4A Games	0	4,892,140	0.41%	0.27%
Luisa Bixio	Milestone	0	4,757,149	0.40%	0.27%
Management	Crazy Labs	0	4,402,714	0.37%	0.25%
Founders	Ghostship Games	0	4,271,304	0.36%	0.24%
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	3,516,420	0.30%	0.20%
Founders/Management	Aspyr	0	3,549,742	0.30%	0.20%
Pelle Lundborg	Embracer Group	1,739,796	1,009,120	0.23%	1.03%
Anton Westbergh	Coffee Stain	0	2,412,666	0.20%	0.14%
Klemens Kundratitz	Plaion	0	2,255,856	0.19%	0.13%
Vincent Van Brummen	Vertigo Games	0	1,346,702	0.11%	0.08%
Klemens Kreuzer	THQ Nordic	0	1,118,104	0.09%	0.06%
Founders	Zen Studios	0	1,054,078	0.09%	0.06%
Matthew Karch	Saber Interactive	0	1,070,000	0.09%	0.06%
John Coleman	Vertigo Games	0	732,521	0.06%	0.04%
TOP 20		**66,798,274**	**412,803,464**	**40.57%**	**60.61%**
ALL OTHER SHAREHOLDERS		**0**	**702,479,195**	**59.43%**	**39.39%**
TOTAL		**66,798,274**	**1,115,282,659**	**100.00%**	**100.00%**

Holdings by management above are in general owned trough various wholly owned companies. Holdings include clawback shares that are issued but subject to restrictions and in some cases are these shares not part of the transferred consideration in the PPA but is classified as renumeration for future services according to IFRS2.

MotoGP 22

TOP 50 INSTITUTIONAL OWNERS, AS OF JUNE 30, 2022					Change from March 31
Name	**Class A shares**	**Class B shares**	**Share of capital, %**	**Share of votes, %**	**Class B shares**
Swedbank Robur Fonder		67,749,038	5.73%	3.80%	1,724,878
Canada Pension Plan Investment Board (CPP)		54,753,946	4.63%	3.07%	
Savvy Gaming Group SGG		47,115,105	3.99%	2.64%	47,115,105
PAI Partners		39,044,571	3.45%	2.25%	
Alecta Pensionsförsäkring		30,385,000	2.57%	1.70%	4,815,000
Didner & Gerge Fonder		28,842,486	2.55%	1.66%	–1,504,438
Handelsbanken Fonder		23,282,240	1.97%	1.31%	–1,729,980
BlackRock		17,928,801	1.52%	1.01%	1,714,858
AMF Pension & Fonder		17,500,000	1.48%	0.98%	
ODIN Fonder		17,000,000	1.44%	0.95%	–5,792,072
SEB Fonder		13,379,120	1.18%	0.77%	–432,119
Första AP-fonden		12,851,987	1.09%	0.72%	524,918
TIN Fonder		12,034,706	1.02%	0.67%	–760,818
Andra AP-fonden		11,670,048	0.99%	0.65%	3,685,753
Livförsäkringsbolaget Skandia		9,766,226	0.83%	0.55%	–577,263
Skandia Fonder		8,447,951	0.75%	0.49%	1,325,581
Avanza Pension		8,293,568	0.70%	0.47%	–3,744,237
DNB Fonder		7,158,950	0.63%	0.41%	5,265,325
AFA Försäkring		6,676,768	0.56%	0.37%	–25,000
Futur Pension		6,484,817	0.55%	0.37%	395,079
Enter Fonder		5,925,940	0.50%	0.33%	–298,000
Martin Larsson (Chalex AB)		4,713,369	0.42%	0.27%	–30,000
Länsförsäkringar Fonder		4,208,762	0.36%	0.24%	4,142,588
Baillie Gifford & Co		4,028,841	0.36%	0.23%	–1,019,504
Cliens Fonder		3,850,000	0.33%	0.22%	–300,000
Aktia Asset Management		3,624,496	0.31%	0.20%	
Government of Japan Pension Investment Fund		3,429,338	0.30%	0.20%	
VanEck		3,148,628	0.27%	0.18%	–154,770
Northern Trust		2,862,749	0.25%	0.17%	86,695
State Street Global Advisors		2,909,210	0.25%	0.16%	274,442
Fidelity Investments (FMR)		2,773,481	0.24%	0.16%	185,185
Naventi Fonder		2,360,097	0.21%	0.14%	–2,599,781
Deka Investments		2,241,449	0.21%	0.13%	–7,011
Svenska Handelsbanken AB for PB		2,338,674	0.20%	0.13%	175,000
Danske Invest (Lux)		2,167,052	0.19%	0.12%	250,000
Sensor Fonder		2,192,184	0.19%	0.12%	
DNB Asset Management SA		2,001,257	0.18%	0.12%	1,545,545
Handelsbanken Liv Försäkring AB		2,006,781	0.17%	0.11%	104,145
Consensus Asset Management		1,958,290	0.17%	0.11%	–36,000
Öhman Fonder		1,924,583	0.16%	0.11%	–14,158
Swedbank Försäkring		1,916,455	0.16%	0.11%	92,117
Ålandsbanken Fonder		1,870,000	0.16%	0.10%	–85,500
M&G Investment Management		1,731,962	0.16%	0.10%	
Säästöpankki Fonder		1,810,000	0.15%	0.10%	355,000
Lancelot Asset Management AB		1,710,500	0.15%	0.10%	
Nordea Liv & Pension		1,708,738	0.14%	0.10%	–14,571
1832 Asset Management		1,466,000	0.13%	0.08%	
Vanguard		1,445,059	0.13%	0.08%	–24,457
Prioritet Finans		1,422,000	0.12%	0.08%	
Global X Management Company LLC		1,414,402	0.12%	0.08%	–130,335
OTHERS	**66,798,274**	**597,757,034**	**55.73%**	**70.76%**	
TOTAL TOP 50	**0**	**517,525,625**	**44.27%**	**29.24%**	
TOTAL	**66,798,274**	**1,115,282,659**	**100.00%**	**100.00%**	

Source: *Monitor by Modular Finance.*

INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

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

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

RISKS AND UNCERTAINTY FACTORS

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

AUDITOR'S REVIEW

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

FORTHCOMING REPORTS

Annual General Meeting 2022	September 21, 2022
Interim Report Q2, July-September 2022	November 17, 2022
Interim Report Q3, October-December 2022	February 16, 2023

FOR MORE INFORMATION

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

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

Karlstad, Sweden, August 18, 2022

Kicki Wallje-Lund
Chairman of the Board

David Gardner	Ulf Hjalmarsson	Jacob Jonmyren
Matthew Karch	Erik Stenberg	Lars Wingefors *Chief Executive Officer*

This report is information that is mandatory for Embracer Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 06:00 CET on August 18, 2022.

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

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

PLAION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Net sales	4	7,118	3,433	2,069	17,067	9,000
Other operating income		100	89	65	333	288
Total operating income		**7,217**	**3,522**	**2,133**	**17,400**	**9,287**
Work performed by the Company for its own use and capitalized		866	469	248	2,293	1,292
Goods for resale		–2,506	–813	–760	–4,697	–3,618
Other external expenses		–1,806	–753	–250	–4,745	–1,230
Personnel expenses	14	–2,940	–1,841	–403	–8,602	–2,021
Depreciation, amortization and impairment	15	–1,100	–479	–388	–2,793	–1,668
Other operating expenses	16	–134	–72	–95	–447	–197
Share of profit of an associate		5	22	17	465	214
Operating profit		**–398**	**55**	**502**	**–1,126**	**2,058**
Net financial items	17	538	202	–997	2,887	–4,102
Profit before tax		**140**	**257**	**–495**	**1,761**	**–2,045**
Income tax		–322	–197	–93	–693	–471
Net profit for the period		**–182**	**60**	**–588**	**1,069**	**–2,515**
Net profit for the period attributable to:						
Equity holders of the parent		–167	60	–586	1,078	–2,513
Non-controlling interests		–15	0	–2	–9	–2
Earnings per share						
Basic earnings per share (SEK)		–0.16	0.07	–0.87	1.19	–3.49
Diluted earnings per share (SEK)		–0.16	0.07	–0.87	1.17	–3.49

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Net profit for the period		**–182**	**60**	**–588**	**1,069**	**–2,515**
Other comprehensive income						
Items that may be reclassified to profit or loss (net of tax):						
Exchange differences on translation of foreign operations		2,814	–220	–490	778	–851
Items that will not be reclassified to profit or loss (net of tax):						
Remeasurement of defined benefit plans for employees		-	-	0	0	0
Total other comprehensive income for the period, net of tax		**2,814**	**–220**	**–490**	**778**	**–851**
Total comprehensive income for the period, net of tax		**2,632**	**–160**	**–1,078**	**1,847**	**–3,366**
Total comprehensive income attributable to:						
Equity holders of the parent		2,647	–160	–1,076	1,856	–3,364
Non-controlling interests		–15	0	–2	–9	–2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2022	Jun 30, 2021	Jun 30, 2020	Mar 31, 2022	Mar 31, 2021	Apr 1, 2020
ASSETS							
Non-current assets							
Goodwill	8	46,153	20,157	6,018	42,937	11,381	1,412
Intangible assets	8	33,014	8,120	4,468	31,371	5,586	4,459
Property, plant and equipment		843	344	185	720	238	185
Right-of-use assets		1,006	454	263	1,062	329	240
Investments in associates		142	173	66	134	175	55
Non-current financial assets		348	149	44	302	132	30
Deferred tax assets		1,344	401	122	1,280	265	166
Total non-current assets		**82,850**	**29,797**	**11,167**	**77,807**	**18,106**	**6,547**
Current assets							
Inventories		4,129	403	429	3,162	243	353
Trade receivables		3,958	1,353	1,092	3,755	1,076	959
Current tax assets			-	24	-	-	36
Other receivables		1,141	536	478	994	424	351
Prepaid expenses		1,662	675	291	1,205	533	122
Current investments		1,533	195	194	0	195	193
Cash and cash equivalents		10,227	12,222	3,331	5,810	14,104	2,318
Total current assets		**22,650**	**15,384**	**5,839**	**14,926**	**16,576**	**4,331**
TOTAL ASSETS		**105,500**	**45,182**	**17,006**	**92,733**	**34,682**	**10,878**

CONT. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2022	Jun 30, 2021	Jun 30, 2020	Mar 31, 2022	Mar 31, 2021	Apr 1, 2020
EQUITY AND LIABILITIES							
Equity							
Share capital		2	1	1	2	1	1
Other paid-up capital		48,163	29,475	7,631	42,434	22,543	5,301
Reserves		2,890	−920	−348	76	−701	142
Retained earnings, including net profit		–678	–1,529	339	–511	–1,588	925
Total equity attributable to equity holders of the parent		**50,377**	**27,026**	**7,624**	**42,002**	**20,254**	**6,369**
Non-controlling interests		215	13	25	228	13	25
Total equity		**50,592**	**27,039**	**7,649**	**42,230**	**20,267**	**6,394**
Non-current liabilities							
Liabilities to credit institutions		9,172	1,401	214	7,232	244	222
Other non-current liabilities		132	32	966	112	1	–
Lease liabilities		747	341	199	800	237	176
Other provisions		142	154	394	155	162	47
Contingent considerations		11,104	11,071	3,572	13,004	9,116	412
Non-current employee benefits		19	17	24	20	17	82
Non-current liabilities to employees related to acquisitions		505	134	-	593	28	-
Deferred tax liabilities		6,551	1,045	371	6,170	560	415
Total non-current liabilities		**28,373**	**14,195**	**5,739**	**28,085**	**10,366**	**1,353**
Current liabilities							
Liabilities to credit institutions		13,865	595	1,265	12,800	1,203	1,098
Current account credit facilities		208	125	244	149	27	145
Advances from customers		115	76	34	69	35	-
Trade payables		3,755	758	825	3,602	774	845
Lease liabilities		303	127	66	297	98	67
Contract liabilities		1,852	902	206	1,821	793	599
Tax liabilities		704	254	110	608	193	85
Other current liabilities		618	214	269	555	184	172
Accrued expenses and prepaid income		1,536	894	598	1,413	740	121
Contingent considerations		3,579	-	-	1,105	-	-
Total current liabilities		**26,534**	**3,947**	**3,618**	**22,418**	**4,049**	**3,131**
TOTAL EQUITY AND LIABILITIES		**105,500**	**45,182**	**17,006**	**92,733**	**34,682**	**10,878**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent						
Amounts in SEK m	**Share capital**	**Other contributed capital**	**Reserves**	**Retained earnings including profit for the period**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Opening balance 2020-04-01	**1**	**5,301**	**142**	**925**	**6,369**	**25**	**6,394**
Net profit	-	-	-	–586	**–586**	–1	–587
Other comprehensive income	-	-	–489	-	**–489**	-	–489
Total comprehensive income for the period	**-**	**-**	**–489**	**–586**	**–1,075**	**-**	**–1,076**
Transactions with the owners							
New share issue	-	5,577	-	-	**5,577**	-	5,577
Issuance costs	-	–44	-	-	**–44**	-	–44
Tax effect issuance costs	-	9	-	-	**9**	-	9
Adjustments according to IFRS2	-	–3,211	-	-	**–3,211**	-	–3,211
Total	**-**	**2,331**	**-**	**-**	**2,331**	**-**	**2,331**
Closing balance 2020-06-30	**1**	**7,631**	**–348**	**339**	**7,624**	**25**	**7,649**
Opening balance 2021-04-01	**1**	**22,544**	**–701**	**–1,589**	**20,254**	**13**	**20,267**
Net profit	-	-	-	60	**60**	-	60
Other comprehensive income	-	-	–219	-	**–219**	-	–219
Total comprehensive income for the period	**-**	**-**	**–219**	**60**	**–159**	**-**	**–159**
Transactions with the owners							
New share issue	-	9,742	-	-	**9,743**	-	9,743
Issuance costs	-	–1	-	-	**–1**	-	–1
Adjustments according to IFRS2	-	–2,810	-	-	**–2,810**	-	–2,810
Total	**-**	**6,931**	**-**	**-**	**6,932**	**-**	**6,932**
Closing balance 2021-06-30	**1**	**29,475**	**–920**	**–1,529**	**27,026**	**13**	**27,039**
Opening balance 2022-04-01	**2**	**42,434**	**76**	**–511**	**42,002**	**228**	**42,230**
Net profit	-	-	-	–167	**–167**	–15	–182
Other comprehensive income	-	-	2,814	-	**2,814**	2	2,816
Total comprehensive income for the period	**-**	**-**	**2,814**	**–167**	**2,647**	**–13**	**2,634**
Transactions with the owners							
New share issue	-	5,160	-	-	**5,160**	-	5,160
Adjustments according to IFRS2	-	569	-	-	**569**	-	569
Total	**-**	**5,729**	**-**	**-**	**5,729**	**-**	**5,729**
Closing balance 2022-06-30	**2**	**48,163**	**2,890**	**–678**	**50,377**	**215**	**50,592**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Operating activities					
Profit before tax	155	257	–493	1,524	–2,042
Adjustment for differences between profit before tax and net cash flow	2,062	1,236	1,353	4,097	5,992
Tax paid	–180	–110	–44	–542	–259
Changes in non-paid interest	–431	–69	–1	97	–18
Cash flow from operating activities before changes in working capital	**1,607**	**1,314**	**815**	**5,176**	**3,672**
Cash flow from changes in working capital					
Change in inventories	–830	–75	–95	–150	83
Change in operating receivables	–150	44	–262	–934	–195
Change in operating liabilities	–280	–701	220	–22	269
Cash flow from operating activities	**347**	**582**	**678**	**4,070**	**3,829**
Investing activities					
Acquisition of property, plant and equipment	–79	–51	–16	–344	–71
Disposal of property, plant and equipment	3	-	0	4	2
Acquisition of intangible assets	–1,204	–829	–498	–3,717	–2,139
Disposal of intangible assets	-	-	4	4	4
Acquisition of subsidiaries, net of cash acquired	–842	–2,206	–1,033	–33,403	–4,441
Acquisition of financial assets	–35	3	–19	–15	–65
Disposal of financial assets	3	-	2	–56	56
Cash flow from investing activities	**–2,155**	**–3,082**	**–1,561**	**–37,527**	**–6,655**
Financing activities					
New share issue	4,875	–1	1,647	6,310	14,695
Issuance costs	-	-	–35	–130	-
Proceeds from borrowings	2,739	661	337	18,861	851
Received dividend	-	-	-	-	-
Repayment of loans	–42	–9	–8	–17	–821
Payment of lease liabilities	–179	–32	–17	–156	–81
Cash flow from financing activities	**7,393**	**619**	**1,924**	**24,869**	**14,645**
Cash flow for the period	**5,585**	**–1,881**	**1,041**	**–8,589**	**11,819**
Cash and cash equivalents at the beginning of period	5,810	14,300	2,510	14,300	2,510
Exchange-rate differences in cash and cash equivalents	365	–2	–26	99	–30
Cash and cash equivalents at the end of period	**11,760**	**12,417**	**3,525**	**5,810**	**14,299**

SELECTED KEY PERFORMANCE INDICATORS

	Apr-Jun 2022	Apr-Jun 2021	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Net sales, SEK m	7,118	3,433	17,067	9,000
Operating profit, SEK m	–398	55	–1,126	2,058
Profit before tax, SEK m	140	257	1,761	–2,045
Profit after tax, SEK m	–182	60	1,069	–2,515
Number of shares at end of period, million [1]	1,182	1,001	1,131	922
Basic shares weighted average (IAS 33), million [1]	1,026	877	905	719
Diluted shares weighted average (IAS 33) [1]	1,032	883	921	719
Average number of shares, million [1]	1,157	990	1,031	796
Average number of shares after full dilution, million [1]	1,256	1,042	1,086	922
Derivation of the alternative KPIs, adjusted EBITDA and adjusted EBIT				
EBIT, SEK m	**–398**	**55**	**–1,126**	**2,058**
Depreciation, amortization and impairment, SEK m	1,100	479	2,793	1,668
EBITDA, SEK m	**702**	**534**	**1,667**	**3,726**
Contingent consideration not classified as part of the purchase price, SEK m	1,107	972	4,277	181
Remeasurement of participation in associated companies, SEK m	0	0	–416	–41
Remeasurement of contingent consideration, SEK m	–12	0	46	0
Transaction costs, SEK m	70	67	367	150
Adjusted EBITDA, SEK m	**1,867**	**1,573**	**5,942**	**4,016**
Operational depreciation and amortization expenses, SEK m	–545	–294	–1,477	–1,157
Adjusted EBIT	**1,322**	**1,279**	**4,465**	**2,858**

Alternative key performance indicators

	Apr-Jun 2022	Apr-Jun 2021	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Net sales growth, %	107%	66%	90%	71%
EBIT, SEK m	–398	55	–1,126	2,058
EBIT margin, %	–6%	2%	–7%	23%
Adjusted EBITDA, SEK m	1,867	1,573	5,942	4,016
Adjusted EBITDA margin, %	26%	46%	35%	45%
Adjusted EBIT, SEK m	1,322	1,279	4,465	2,858
Adjusted EBIT margin, %	19%	37%	26%	32%
Basic earnings per share, SEK (IAS 33)	–0.16	0.07	1.19	–3.49
Diluted earnings per share, SEK (IAS 33)	–0.16	0.07	1.17	–3.49
Adjusted Earnings per share, SEK	1.04	1.01	3.81	3.14
Adjusted Earnings per share after full dilution, SEK	0.96	0.96	3.61	2.71

[1] *Recalculated with respect to the 2:1 split carried out on September 30, 2021 as resolved at the annual general meeting on September 16, 2021.*

PARENT COMPANY'S CONDENSED INCOME STATEMENT

Amounts in SEK m	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2020	Apr 2021–Mar 2022	Apr 2020–Mar 2021
Net sales	18	207	190	527	796
Other operating income	6	-	-	-	-
Total operating income	**24**	**207**	**190**	**527**	**796**
Operating expenses					
Other external expenses	–29	–17	–23	–92	–36
Personnel expenses	–17	–8	–5	–49	–22
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–1	–87	–84	–264	–417
Other operating expenses	-	–5	-	–9	–21
Operating profit	**–23**	**90**	**78**	**113**	**300**
Profit/loss from financial assets	-	-	1	252	–556
Net financial items	615	–157	–32	312	207
Profit after financial items	**592**	**–67**	**47**	**677**	**–49**
Appropriations	–99	-	-	–307	230
Profit before tax	**493**	**–67**	**47**	**370**	**181**
Income tax	–104	12	–10	–48	–40
Net profit for the period	**389**	**–55**	**37**	**322**	**141**

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Jun 30, 2022	Jun 30, 2021	Jun 30, 2020	Mar 31, 2022	Mar 31, 2021	Apr 1, 2020
ASSETS						
Intangible assets	5	325	418	153	409	394
Property, plant and equipment	5	4	5	5	4	2
Shares in Group companies	30,590	5,448	2,626	29,426	5,446	2,547
Receivables from Group companies	32,405	5,438	5,656	32,098	5,432	267
Other financial assets	70	58	13	66	52	-
Deferred tax assets	-	34	-	1	22	-
Total non-current assets	**63,075**	**11,307**	**8,718**	**61,749**	**11,365**	**3,210**
Current assets						
Receivables from Group companies	3,112	13,444	1,102	1,898	2,742	896
Other receivables	639	558	34	37	117	28
Current tax assets	-	29	-	54	22	3
Current investments	1,533	195	194	-	195	193
Cash and bank balances	5,863	8,992	2,207	1,483	12,198	1,762
Total current assets	**11,147**	**23,218**	**3,537**	**3,472**	**15,274**	**2,882**
TOTAL ASSETS	**74,222**	**34,525**	**12,255**	**65,221**	**26,639**	**6,092**
EQUITY AND LIABILITIES						
Restricted equity	74	294	242	74	294	242
Unrestricted equity	52,384	33,534	10,260	46,834	25,753	5,333
Total equity	**52,458**	**33,828**	**10,502**	**46,908**	**26,047**	**5,575**
Untaxed reserves						
Untaxed reserves	104	117	141	104	117	141
Total untaxed reserves	**104**	**117**	**141**	**104**	**117**	**141**
Provisions						
Other provisions	246	218	4	231	221	4
Total provisions	**246**	**218**	**4**	**231**	**221**	**4**
Non-current liabilities						
Liabilities to credit institutions	7,950	202	210	5,962	205	222
Other non-current liabilities	-	-	958	-	-	-
Total non-current liabilities	**7,950**	**202**	**1,168**	**5,962**	**205**	**222**
Current liabilities						
Overdraft facilities	-	116	233	11,812	23	138
Trade payables	25	10	32	95	12	5
Other current liabilities	13,439	34	175	109	14	7
Total current liabilities	**13,464**	**160**	**440**	**12,016**	**49**	**150**
TOTAL EQUITY AND LIABILITIES	**74,222**	**34,525**	**12,255**	**65,221**	**26,639**	**6,092**

NOTES

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

This interim report comprise of the Swedish parent company Embracer Group AB ("Embracer"), with corporate registration number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, publishing, development of computer, video and mobile games, and publishes and distributes films. The Parent Company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Älvgatan 1, 652 25 Karlstad.

Embracer applies International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations that have been issued by IFRS Interpretations Committee (IFRS IC), as they have been adopted by the European Union (EU). The Group's interim report is prepared in accordance with IAS 34 Interim Financial Reporting as well as applicable parts of the Swedish Annual Accounts Act (1995:1554). These financial statements are Embracer's first financial statements prepared in accordance with IFRS with transition date on April 1, 2020. The Group has previously applied BFNAR 2012:1 (K3). The transition to IFRS is made in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards and is described in more detail in Note 10 First time adoption of IFRS.

The Parent Company has previously applied the Swedish Annual Accounts Act and BFNAR 2012:1 (K3) in the preparation of financial statements. As of this financial report, as a result of the Group's transition to IFRS, the Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and its related notes in the interim information on page 48-90 that form an integral part of this financial report. The Group's complete accounting policies are described in Note 11 Complete accounting policies.

All amounts are presented in million Swedish kronor ("SEK m"), unless otherwise indicated. Rounding differences may occur.

NOTE 2 KEY ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information. These assessments are based on experience and the assumptions that management and the Board of Directors consider to be reasonable under the prevailing circumstances. Actual outcome may differ from the estimates if the estimates or circumstances change. The estimates and assumptions are continuously evaluated and are deemed not to involve any significant risk for material adjustments in the carrying amounts of assets and liabilities during the coming financial year. Changes in estimates are recognized in the period when the change is made if the change affects that period only, or in the period when the change is made and in future periods if the change affects the period in question as well as future periods. The assessments that were the most material when preparing the Group's financial statements are described below.

Capitalization of development expenditure

The Group capitalizes certain development expenditures as intangible assets in the statement of financial position, primarily relating to game development. Capitalization of development expenditure is based, among other things, on the assessment that future economic benefits will be generated by the asset and that it is technically possible to complete the asset. The Group must make significant assessments regarding the timing of capitalization. The Group's expenditures related to game development is capitalized when games are technologically sufficient to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience from previous games. Development not yet completed and where amortization therefore has not started (since the game is not ready for use), are subject to annual impairment tests. The most important underlying assumption of these estimates may alter, and accordingly, have an impact on the Group's results and financial position.

As of June 30, 2022, the assessment is that the carrying amount of these assets does not exceed their fair value.

Purchase price allocations

When subsidiaries are acquired, a purchase price allocation (PPA) is performed, in which the fair value at the acquisition date of acquired identifiable assets, liabilities and contingent liabilities are recognized. The valuation of identifiable assets and liabilities in acquired businesses includes items in the acquired entity's statement of financial position, and various types of items that have not been recognized in the acquired entity's statement of financial position, such as intangible assets. Initially, intangible assets that may have value need to be identified, such as ongoing game development, game back catalogue, technical knowhow, trademarks, etc. Usually, there are no quoted prices for such assets and liabilities, and accordingly, different valuation methods must be applied. These methods are based on different assumptions such as future cash flows, growth rates of revenues, EBIT margins as well as tax rates and discount factors in different countries. Valuations of this kind involve a high degree of estimation, which all need thorough examination, measurement and analysis. This also means that preliminary valuations may be restated. All valuations are subject to final fair value adjustment by no later than one year after the acquisition date.

Goodwill and acquisition-related assets

Every year, Embracer evaluates goodwill and acquisition-related assets for impairment needs. Evaluations are conducted simultaneously with impairment tests, and are based on estimates and assumptions. The critical assumptions underlying these judgements are the growth rate, free cash flow and discount rates. Other estimates than those made by management may result in different results and a different financial position.

To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill is attributed are valued, which is done by discounting the cash-generating unit's cash flows. In applying this approach, Embracer relies on historical statistics and other assumptions, including results achieved, business plans, economic forecasts, and market data. Changes in the conditions underlying these assumptions and estimates could have a material effect on the value of goodwill.

Contingent considerations

For certain business combinations, Embracer has agreed to pay contingent considerations. Contingent considerations are recognized at fair value at the acquisition date. If a contingent consideration is classified as a financial liability, it is remeasured each reporting period and changes in fair value are recognized in profit or loss. If a contingent consideration is classified as equity, it shall not be remeasured and its subsequent settlement shall be accounted for within equity. The assumptions underlying the fair value measurement are stated in Note 5 Financial instruments. Estimates other than those made by management may result in different results and financial position. According to management, applied assessments give a fair view of the Group's financial situation for the actual periods.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences and for the opportunity to in the future utilize tax loss carry forwards. Embracer's deferred tax assets are attributable to tax loss carry forwards, deferred income and other temporary differences. The deferred tax liabilities are attributable to capitalized development expenditures, 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 jurisdictions and the management's 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 to assess the future ability to utilize the deferred tax assets. Assessments regarding future utilization of tax loss carry forwards can change over time which may impact the tax expense recognized in profit or loss. Management regularly participates in the judgements of transactions and estimates of probable outcomes.

NOTE 3 OPERATING SEGMENTS

For accounting and monitoring, the Group has divided its operations into four operating segments based on how the chief operating decision maker reviews the operations for allocation of resources and assessment of performance. Embracer's CEO is identified as the Group's chief operating decision maker (CODM). The division of operating segments is based on differences in the goods and services that Embracer offers.

PC/Console Games - This part of the business conducts development and publishing of premium games for PC and console.

Mobile Games - This part of the business conducts development and publishing of mobile games.

Tabletop Games - This part of the business conducts development, publishing and distribution of tabletop games.

Entertainment & Services - This part of the business is engaged in development, publishing and distribution of comic books, conducts wholesale of publishing titles of games for console and PC as well as films, conducts publishing and external distribution of films and TV-series and produce and distribute merchandise.

The CODM primarily uses the performance measure adjusted EBIT to assess the operating segments' performance. The CODM does not follow up on the assets and liabilities of the segments for allocation of resources or assessment of performance.

Apr-Jun 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	2,294	1,488	2,665	671	7,118	-	-	7,118
Revenue from transactions with other operating segments	11	-	-	11	22	–22	-	0
Total revenue	**2,305**	**1,488**	**2,665**	**683**	**7,139**	**–22**	**0**	**7,118**
Adjusted EBIT	**602**	**277**	**445**	**21**	**1,345**	**-**	**–24**	**1,322**
Acquisition related amortizations	-	-	-	-	-	-	-	–555
Transaction costs	-	-	-	-	-	-	-	–70
Contingent consideration not classified as part of purchase price	-	-	-	-	-	-	-	–1,107
Remeasurement of participation in associated companies	-	-	-	-	-	-	-	0
Remeasurement of contingent consideration	-	-	-	-	-	-	-	12
Net financial items	-	-	-	-	-	-	-	553
Profit before tax								**155**

Apr-Jun 2021	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	2,239	728	0	466	3,433	-	-	3,433
Revenue from transactions with other operating segments	11	-	-	5	16	–16	-	0
Total revenue	**2,250**	**728**	**0**	**471**	**3,449**	**–16**	**0**	**3,433**
Adjusted EBIT	**984**	**287**	**0**	**40**	**1,310**	**-**	**–31**	**1,279**
Acquisition related amortizations	-	-	-	-	-	-	-	–185
Transaction costs	-	-	-	-	-	-	-	–67
Contingent consideration not classified as part of purchase price	-	-	-	-	-	-	-	–972
Remeasurement of participation in associated companies	-	-	-	-	-	-	-	0
Remeasurement of contingent consideration	-	-	-	-	-	-	-	0
Net financial items	-	-	-	-	-	-	-	202
Profit before tax								**257**

Apr-Jun 2020	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	1,622	0	0	447	2,069	-	-	2,069
Revenue from transactions with other operating segments	-	-	-	-	-	-	-	0
Total revenue	**1,622**	**0**	**0**	**447**	**2,069**	**0**	**0**	**2,069**
Adjusted EBIT	**751**	**0**	**0**	**–7**	**745**	**-**	**–30**	**715**
Acquisition related amortizations								–117
Transaction costs	-	-	-	-	-	-	-	–71
Contingent consideration not classified as part of purchase price	-	-	-	-	-	-	-	–24
Remeasurement of participation in associated companies	-	-	-	-	-	-	-	0
Remeasurement of contingent consideration	-	-	-	-	-	-	-	0
Net financial items	-	-	-	-	-	-	-	–995
Profit before tax								**–493**

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Apr-Jun 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	1,665	1,454	59	97	**3,275**
Physical products	149	0	2,583	560	**3,292**
Other	480	34	23	14	**551**
Revenue from contracts with customers	**2,294**	**1,488**	**2,665**	**671**	**7,118**

Apr-Jun 2021	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	1,537	722	0	105	**2,364**
Physical products	375	0	0	351	**726**
Other	327	6	0	10	**343**
Revenue from contracts with customers	**2,239**	**728**	**0**	**466**	**3,433**

Apr-Jun 2020	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	1,086	0	0	76	**1,162**
Physical products	419	0	0	371	**790**
Other	117	0	0	0	**117**
Revenue from contracts with customers	**1,622**	**0**	**0**	**447**	**2,069**

In addition to the breakdown by revenue from contracts with customers for PC/Console Games, Mobile Games and Tabletop Games and Entertainment and Services, we also monitor PC/Console in categories below:

	IP-rights		
PC/Console Games	**Owned titles**	**Publishing titles**	**Total**
Apr-Jun 2022	1,412	882	**2,294**
Apr-Jun 2021	1,645	594	**2,239**
Apr-Jun 2020	1,194	428	**1,622**

PC/Console Games	New releases	Back-catalog	Other	Total
Apr-Jun 2022	364	1,450	480	**2,294**
Apr-Jun 2021	627	1,285	327	**2,239**
Apr-Jun 2020	733	772	117	**1,622**

NOTE 5 FINANCIAL INSTRUMENTS

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below presents financial instruments measured at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

Level 1 - Quoted (unadjusted) market prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (i.e. price quotations) or indirectly (i.e. derived from price quotations).

Level 3 - Input data for the asset or liability which is not based on observable market data (i.e. unobservable input data).

Financial assets measured at fair value

Financial assets measured at fair value as of Jun 30, 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	**6**
Current investments	29	-	-	**29**
Derivatives	-	3	-	**3**

Financial assets measured at fair value as of Jun 30, 2021	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	**6**
Current investments	23	-	-	**23**

Financial assets measured at fair value as of Jun 30, 2020	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	1	-	**1**

Financial assets measured at fair value as of Mar 31, 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	**6**
Current investments	29	-	-	**29**
Derivatives	-	51	-	**51**

Financial assets measured at fair value as of Mar 31, 2021	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	**6**
Current investments	18	-	-	18

Financial assets measured at fair value as of Apr 1, 2020	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	-	-	**-**
Current investments	-	-	-	**-**

Financial liabilities measured at fair value

Financial liabilities measured at fair value as of Jun 30, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	14,683	**14,683**

Financial liabilities measured at fair value as of Jun 30, 2021	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	11,071	**11,071**
Derivatives	-	3	-	**3**

Financial liabilities measured at fair value as of Jun 30, 2020	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	3,572	**3,572**
Derivatives	-	3	-	**3**

Financial liabilities measured at fair value as of Mar 31, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	14,110	**14,110**
Derivatives	-	3	-	**3**

Financial liabilities measured at fair value as of Mar 31, 2021	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	9,116	**9,116**
Derivatives	-	3	-	**3**

Financial liabilities measured at fair value as of Apr 1, 2020	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	412	**412**
Derivatives	-	3	-	**3**

Current receivables and current liabilities

For current receivables and liabilities, such as trade receivables and trade payables and for liabilities to credit institutions with variable interest rate, the carrying amount is considered to be a good approximation of the fair value.

Derivatives

Derivative instruments are measured at fair value in accordance with Level 2 in the fair value hierarchy. Interest rate derivatives are measured in accordance with the market valuation determined by the issuing party.

Contingent consideration

The fair value of contingent considerations have been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions for the contingent considerations, the development of certain exchange rates against the Swedish krona and the interest rate environment. Contingent considerations to be settled with shares are also dependent on the development of Embracer's share price.

Contingent considerations classified as financial liabilities are measured at fair value by discounting expected cash flows at a risk-adjusted discount rate of 1.8%-3.8%. Measurement is therefore in accordance with Level 3 in the fair value hierarchy. Significant unobservable input data consists of forecasted turnover and a risk-adjusted discount rate as well operational targets.

Contingent considerations	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Opening balance	**16,293**	**10,426**	**1,055**	**10,426**	**1,055**
Business combinations	210	2,793	3,480	8,585	6,081
Payment - shares to be issued	0	0	0	0	0
Payment - clawback shares	–154	–1	0	–421	0
Payment - cash	–35	0	0	–19	–874
Change in contingent consideration FX effect over balance sheet	345	226	–75	327	–185
Change in fair value recognized in profit or loss	63	-269	958	-2 605	4 349
Closing balance	**16 722**	**13 175**	**5 417**	**16 293**	**10 426**

During the period, unrealized gains or losses for contingent considerations recognized at the end of the reporting period amounted to SEK 63 million. This amount is included as part of net financial items in the consolidated statement of profit or loss.

Given the contingent considerations recognized at the end of the reporting period, a change in discount factor of 1.5 percentage points will have an impact on the fair value of the contingent considerations of SEK 750 million and SEK –700 million respectively.

The Group's contingent considerations will be settled in cash or with shares. The Group's contingent considerations as of June 30, 2022 are expected to be settled according to the table below.

	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity	
Expected settlement per financial year	Cash settlement	Newly issued shares		Newly issued shares	Total contingent consideration
2022/2023	1,189	2	1,191	317	**1,508**
2023/2024	410	2,489	2,899	323	**3,222**
2024/2025	419	1,339	1,758	410	**2,168**
2025/2026	1,888	625	2,513	202	**2,715**
2026/2027	461	2,325	2,786	315	**3,100**
2027/2028	563	2,426	2,989	133	**3,122**
2028/2029	159	56	214	104	**318**
2029/2030	175	61	236	35	**271**
2030/2031	69	28	97	114	**211**
2031/2032	0	0	0	87	**87**
2032/2033	0	0	0	0	**0**
Total	**5,333**	**9,350**	**14,683**	**2,038**	**16,722**

As of Jun 30, 2022	Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent considerations	134,133,685	68,841,092	29,517,483	25,029,209

NOTE 6 BUSINESS COMBINATIONS

THE GROUP'S ACQUISITIONS DURING APR-JUN 2022

Acquired entity	Operation	Operating segment	Purpose of acquisition	Acquisition date	Capital and voting rights
DIGIC	Studio	PC/Console Games	Onboarding a talented team to Saber interactive, with a strong track record within commercial trailers and cinematics within best selling game- titles.	2022-04-01	100%
Lost Boys	Studio	PC/Console Games	Trusted development studio with a track record working on AAA games that can satisfy a significant need for headcount to fulfil and potentially expand Gearbox's games pipeline	2022-06-01	100%

Purchase price allocations for acquisitions during Apr-Jun 2022

The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material. None of the Apr–Jun 2022 PPAs is considered as final.

Purchase price allocations summary - IFRS
Amounts in SEK m, fair value

Acquired net assets at the acquisition date	Q1 acquisitions	Adj. Prel PPAs	Total
Intangible assets	16	695	711
Property, plant and equipment	27	–7	20
Right-of-use assets	3	0	3
Financial assets	0	53	53
Deferred tax assets	8	–7	1
Inventories	0	–56	–56
Trade receivables and other receivables	153	42	195
Cash and cash equivalents	41	–1	40
Interest-bearing liabilities	–29	0	–29
Lease liabilities	–3	0	–3
Deferred tax liabilities	–4	–200	–203
Trade payables and other operating liabilities	–96	9	–87
Identified net assets	**116**	**529**	**644**
Goodwill	753	–520	233
Non-controlling interests	0	0	0
Total purchase consideration	**869**	**9**	**877**
Purchase consideration comprises:			
Cash	413	33	446
Contingent consideration	210	–24	186
Equity instruments	246	0	246
Total purchase consideration	**869**	**9**	**877**

The fair value of issued equity instruments included in the transferred purchase consideration is based on the price of Embracer's Class B share at each acquisition date. The number of shares issued with no restrictions/clawback is stated in the table below:

	Q1 acquisitions	Adj. Prel PPAs	Total
Number of Class A shares	0	0	**0**
Number of Class B shares	3,020,714	0	**3,020,714**
Total	**3,020,714**	**0**	**3,020,714**

Contingent consideration, goodwill and transaction related costs have been recognized in connection with the Group's business combinations during Apr-Jun 2022. Below is information about the acquisition-related items.

Contingent considerations	Q1 acquisitions	Adj. Prel PPAs	Total
Recognized amount	210		**210**
Payments are likely to fall within the range			
Low	158		**158**
High	263		**263**
Maximum amount for payment is unlimited	No		**No**

The basis for receiving the contingent consideration is based on both operational targets, such as releasing a certain number of games from a game portfolio during a certain period, and financial targets based on achieving a certain performance measure over a given period.

Other transactions entered into in connection with the business combinations

In connection with certain business combinations during the period, an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount. Thus, the amount is classified as remuneration for future services. The amount may be settled with shares or cash, whereby the transactions are recognized either in accordance with IFRS 2 Share-based payment for equity-settled share-based payments or in accordance with IAS 19 Employee benefits for cash-settled remuneration. As the remuneration is earned, it is recognized as personnel expense in the consolidated statement of profit or loss.

Goodwill

Goodwill mainly refers to to the value of the organisations existing skills and capabilities to develop and produce future succesful assets as well as synergies of collaboration within the Embracer ecosystem.

Transaction costs	Q1 acquisitions	Adj. Prel PPAs	Total
Transaction costs recognized in profit or loss in other operating expenses	16	54	**70**
Issuance costs recognized in equity	-	-	**-**
Total	**16**	**54**	**70**

The acquisitions impact on the Group's cash flow	Q1 acquisitions	Adj. Prel PPAs	Total
Purchase consideration	413	33	**446**
Less:			
Acquired cash	41	−1	**40**
Net cash outflow	**372**	**34**	**405**

The acquisitions impact on the consolidated statement of profit or loss and statement of comprehensive income

Revenues and net profit for the acquired companies since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately. The revenues and adjusted EBIT that the companies would have contributed if the acquisitions had taken place at the beginning of the period are not deemed to be material on an overall Group level.

THE GROUP'S ACQUISITIONS DURING APR 2021-MAR 2022

Acquired entity	Operation	Operating segment	Acquisition date	Capital and voting rights
Easybrain Ltd	Mobile developer	Mobile Games	01/04/2021	100%
Gearbox Entertainment Inc.	Publisher/Studio	PC/Console Games	01/04/2021	100%
Aspyr Media Inc.	Publisher/Studio	PC/Console Games	01/04/2021	100%
Massive Miniteam GmbH	Studio	PC/Console Games	01/04/2021	100%
Appeal Studios SA	Studio	PC/Console Games	11/05/2021	100%
KAIKO GmbH	Studio	PC/Console Games	11/05/2021	100%
Bitwave AB	Studio	PC/Console Games	03/06/2021	100%
Forcefield	Studio	PC/Console Games	01/07/2021	100%
3D Realms Entertainment ApS	Publisher	PC/Console Games	02/07/2021	100%
Slipgate Ironworks ApS	Studio	PC/Console Games	02/07/2021	100%
Varyag Group AB	Merchandise	Entertainment and Services	07/07/2021	70%
DigiXart	Studio	PC/Console Games	30/07/2021	100%
GhostShipGames ApS	Studio	PC/Console Games	01/08/2021	100%
Easy Trigger AB	Studio	PC/Console Games	05/08/2021	100%
SPL Limited	Studio	PC/Console Games	11/08/2021	100%
Demiurge Studios Inc	Studio	PC/Console Games	23/08/2021	100%
CrazyLabs Ltd	Mobile developer	Mobile Games	03/09/2021	100%
Firescore Interactive Private Limited	Mobile developer	Mobile Games	06/09/2021	95%
Bytex 1 LLC	Quality assurance	PC/Console Games	13/09/2021	100%
OÜ Fractured Byte	Studio	PC/Console Games	01/10/2021	100%
Aionic Labs Inc	Platform	Entertainment and Services	26/10/2021	100%
Green Tile Digital AB	Studio	PC/Console Games	01/12/2021	100%
TATSUJIN Co., Ltd	Studio	PC/Console Games	16/12/2021	100%
Shiver Entertainment Inc.	Studio	PC/Console Games	16/12/2021	100%
Spotfilm GmbH	Studio	Entertainment and Services	21/12/2021	100%
A Creative Endeavor AB	Studio	PC/Console Games	01/02/2022	100%
Perfect World Entertainment Inc.	Publisher	PC/Console Games	01/02/2022	100%
GoodBetterBest Ltd	Merchandise	Entertainment and Services	01/02/2022	100%
Metricminds GmbH	Studio	PC/Console Games	16/02/2022	100%
DPI	Merchandise	Entertainment and Services	28/02/2022	100%
Dark Horse Comics LLC	Comics	Entertainment and Services	01/03/2022	100%
Asmodee	Tabletop	Tabletop Games	08/03/2022	96%
Invisible Walls ApS	Studio	PC/Console Games	16/03/2022	100%

The PPAs for Easybrain, Gearbox Aspyr, Massive Miniteam, Appeal, Kaiko and Bitwave are considered final.
The remaining PPAs for the acquisitions during April 2021 - March 2022 are still open.

Purchase price allocations for acquisitions during Apr 2021-Mar 2022

The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material, except in the acquisition of Gearbox, Easybrain and Asmodee.

Purchase price allocations summary - IFRS
Amounts in SEK m, fair value

Acquired net assets at the acquisition date	Gearbox	Easybrain	Asmodee	Other	Total
Intangible assets	3,186	1,230	17,570	1,437	23,423
Property, plant and equipment	55	2	116	83	256
Right-of-use assets	76	9	383	240	707
Financial assets	60	0	47	74	181
Deferred tax assets	95	0	580	301	975
Inventories	58	0	2,736	236	3,030
Trade receivables and other receivables	226	291	2,579	779	3,875
Cash and cash equivalents	612	252	1,109	625	2,598
Interest-bearing liabilities	–57	0	–2,662	–173	–2,891
Lease liabilities	–76	–9	–383	–240	–707
Deferred tax liabilities	–683	–86	–4,373	–332	–5,475
Trade payables and other operating liabilities	–796	–154	–3,719	–1,334	–6,002
Identified net assets	**2,758**	**1,534**	**13,983**	**1,696**	**19,971**
Goodwill	1,380	2,972	18,282	8,613	31,247
Non-controlling interests	0	0	0	–30	–30
Total purchase consideration	**4,138**	**4,506**	**32,265**	**10,279**	**51,188**
Purchase consideration comprises:					
Cash	2,274	216	26,933	5,559	34,982
Contingent consideration	503	633	2,490	3,079	6,704
Equity instruments	1,361	3,657	2,842	1,650	9,510
Other				–9	–9
Total purchase consideration	**4,138**	**4,506**	**32,265**	**10,279**	**51,188**

The fair value of issued equity instruments included in the transferred purchase consideration is based on the price of Embracer's Class B share at each acquisition date. The number of shares issued with no restrictions/clawback is stated in the table below.

	Gearbox	Easybrain	Asmodee	Other	Total
Number of Class A shares	0	0	0	0	**0**
Number of Class B shares	10,737,214	29,755,934	40,060,091	16,123,085	**96,676,324**
Total	**10,737,214**	**29,755,934**	**40,060,091**	**16,123,085**	**96,676,324**

Contingent consideration, goodwill and transaction related costs have been recognized in connection with the Group's business combinations during Apr 2021-Mar 2022. Below is information about the acquisition-related items .

Contingent considerations	Gearbox	Easybrain	Asmodee	Other	Total
Recognized amount	503	633	2,490	3,079	**6,705**
Payments are likely to fall within the range					
Low	377	475	1,690	2,109	**4,651**
High	629	633	2,490	3,636	**7,388**
Maximum amount for payment is unlimited	No	No	No	No	**No**

The basis for receiving the contingent consideration is based on both operational targets, such as releasing a certain number of games from a game portfolio during a certain period, and financial targets based on achieving a certain performance measure over a given period.

Other transactions entered into in connection with the business combinations

In connection with certain business combinations during the period, an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount. Thus, the amount is classified as remuneration for future services. The amount may be settled with shares or cash, whereby the transactions are recognized either in accordance with IFRS 2 Share-based payment for equity-settled share-based payments or in accordance with IAS 19 Employee benefits for cash-settled remuneration. As the remuneration is earned, it is recognized as personnel expense in the consolidated statement of profit or loss.

Goodwill

Goodwill mainly refers to to the value of the organisations existing skills and capabilities to develop and produce future succcesful assets as well as synergies of collaboration within the Embracer ecosystem.

Transaction costs	Gearbox	Easybrain	Asmodee	Other	Total
Transaction costs recognized in profit or loss in other operating expenses	58	16	142	132	**347**
Issuance costs recognized in equity	-	-	-	-	**-**
Total	**58**	**16**	**142**	**132**	**347**

The acquisitions impact on the Group's cash flow	Gearbox	Easybrain	Asmodee	Other	Total
Purchase consideration	2,274	216	26,933	5,559	**34,982**
Less:					
Acquired cash	612	252	1,109	625	**2,598**
Net cash outflow	**1,662**	**–36**	**25,824**	**4,934**	**32,384**

The acquisitions impact on the consolidated statement of profit or loss and statement of comprehensive income

Revenues and net profit for the acquired companies since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately.

The revenues and adjusted EBIT that Asmodee would have contributed if the acquisitions had taken place at the beginning of the period was SEK 11.7 billion and SEK 2.0 billion respectively. Gearbox and Easybrain were consolidated in the beginning of the period as of April 1, 2021. No individual acquisition of the aggregated business combinations is deemed to have had an estimated material contribution overall Group revenues and adjusted EBIT if the acquisitions had taken place at the beginning of the period.

THE GROUP'S ACQUISITIONS DURING APR 2020-MAR 2021

Acquired entity	Operation	Operating segment	Acquisition date	Capital and voting rights
Saber Interactive Inc	Studio and publisher	PC/Console games	01/04/2020	100%
Pow Wow Entertainment	Studio	PC/Console Games	11/08/2020	100%
Vermila Studios	Studio	PC/Console Games	12/08/2020	100%
Sola Media	Film	Entertainment and Services	13/08/2020	100%
Rare Earth Games	Studio	PC/Console Games	13/08/2020	100%
DECA Live Operations GmbH	Mobile developer	Mobile Games	13/08/2020	100%
4A Games Limited	Studio	PC/Console Games	13/08/2020	100%
Palindrome Interactive AB	Studio	PC/Console Games	13/08/2020	100%
DESTINYbit	Studio	PC/Console Games	01/09/2020	100%
New World Interactive Ltd	Studio	PC/Console Games	01/09/2020	100%
Vertigo Games Holding B.V	Studio	PC/Console Games	16/09/2020	100%
Silent Games Ltd	Studio	PC/Console Games	18/11/2020	100%
Quantic Lab SRL	Quality assurance	Entertainment and Services	18/11/2020	95%
NGD Studios S.A.	Studio	PC/Console Games	18/11/2020	100%
34 BigThings S.r.l.	Studio	PC/Console Games	18/11/2020	100%
Coffee Stain North	Studio	PC/Console Games	18/11/2020	100%
Purple Lamp Studios GmbH	Studio	PC/Console Games	18/11/2020	100%
Mad Head Games d.o.o. Novi Sad	Studio	PC/Console Games	26/11/2020	100%
Snapshot Games Inc	Studio	PC/Console Games	07/12/2020	100%
Sandbox Strategies LLC	Game relations agencies	PC/Console Games	01/02/2021	100%
Zen Studios	Studio	PC/Console Games	24/02/2021	100%
IUGO Mobile Entertainment Inc.	Studio	Mobile Games	24/02/2021	100%
A Thinking Ape Entertainment Ltd.	Studio	Mobile Games	25/02/2021	100%
Flying Wild Hogs	Studio	PC/Console Games	01/03/2021	100%
Frame Break AB	Studio	PC/Console Games	25/03/2021	100%

All PPAs for the Apr 2020-Mar 2021 acquisitions are final.

Purchase price allocations for acquisitions during Apr 2020-Mar 2021
The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material, except in the acquisition of Saber

Purchase price allocations summary - IFRS
Amounts in SEK m, fair value

Acquired net assets at the acquisition date	Saber	Other	Total
Intangible assets	91	639	729
Property, plant and equipment	0	34	34
Right-of-use assets	15	46	61
Financial assets	13	35	48
Deferred tax assets	0	74	74
Inventories	0	0	0
Trade receivables and other receivables	193	380	573
Cash and cash equivalents	5	392	397
Interest-bearing liabilities	0	–136	–136
Lease liabilities	–15	–46	–61
Deferred tax liabilities	0	–129	–129
Trade payables and other operating liabilities	–77	–447	–524
Identified net assets	**225**	**842**	**1,067**
Goodwill	5,075	5,552	10,627
Non-controlling interests	0	91	91
Total purchase consideration	**5,300**	**6,484**	**11,785**
Purchase consideration comprises:			
Cash	1,104	2,764	3,868
Contingent consideration	3,478	2,668	6,146
Equity instruments	718	1,044	1,762
Other	0	2	2
Total purchase consideration	**5,300**	**6,477**	**11,777**

The fair value of issued equity instruments included in the transferred purchase consideration is based on the price of Embracer's Class B share at each acquisition date. The number of shares issued with no restrictions/clawback is stated in the table below:

	Saber	Other	Total
Number of Class A shares	0	0	**0**
Number of Class B shares	7,816,600	12,959,320	**20,775,920**
Total	**7,816,600**	**12,959,320**	**20,775,920**

Contingent consideration, goodwill and transaction related costs have been recognized in connection with the Group's business combinations during Apr 2020-Mar 2021. Below is information about the acquisition-related items.

Contingent considerations	Saber	Other	Total
Recognized amount	3,478	2,668	**6,146**
Payments are likely to fall within the range			
Low	2,609	1,544	**4,153**
High	4,348	2,797	**7,145**
Maximum amount for payment is unlimited	No	No	**No**

The basis for receiving the contingent consideration is based on both operational targets, such as releasing a certain number of games from a game portfolio during a certain period, and financial targets based on achieving a certain performance measure over a given period.

Other transactions entered into in connection with the business combinations

In connection with certain business combinations during the period, an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount. Thus, the amount is classified as remuneration for future services. The amount may be settled with shares or cash, whereby the transactions are recognized either in accordance with IFRS 2 Share-based payment for equity-settled share-based payments or in accordance with IAS 19 Employee benefits for cash-settled remuneration. As the remuneration is earned, it is recognized as personnel expense in the consolidated statement of profit or loss.

Goodwill

Goodwill mainly refers to to the value of the organisations existing skills and capabilities to develop and produce future succesful assets as well as synergies of collaboration within the Embracer ecosystem and IP catalog.

Transaction costs	Saber	Other	Total
Transaction costs recognized in profit or loss in other operating expenses	74	96	**170**
Issuance costs recognized in equity	-	-	**-**
Total	**74**	**96**	**170**

The acquisitions impact on the Group's cash flow	Saber	Other	Total
Purchase consideration	1,104	2,764	**3,868**
Less:			
Acquired cash	5	392	**397**
Net cash outflow	**1,099**	**2,372**	**3,471**

The acquisitions impact on the consolidated statement of profit or loss and statement of comprehensive income

Revenues and net profit for the acquired companies since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately.

The revenues and adjusted EBIT that the companies would have contributed if the acquisitions had taken place at the beginning of are not deemed to be material. Saber was consolidated in the beginning of the period as of April 1, 2020.

PURCHASE PRICE ALLOCATIONS FOR ACQUISITIONS AFTER THE REPORTING PERIOD

After the end of the reporting period Embracer has acquired 100% of the shares in Tuxedo Labs AB for an undisclosed purchase price. The acquisition is not deemed to be material on an overall Group level.

Upfront consideration is paid in cash and Embracer B-shares.

Earnout consideration is paid in cash and Embracer B-shares and is based on both financial and operational targets over 5-year period. The first version of the preliminary Purchase Price Allocation will be included in Embracers Q2 report.

NOTE 7 RELATED PARTY TRANSACTIONS

Companies owned by shareholders	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Purchase of goods/services	1	0	2	23	9
Collection of games	-	-	-	14	-
Total	**1**	**0**	**2**	**37**	**9**

NOTE 8 INTANGIBLE ASSETS

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

	Jun 30, 2022	Jun 30, 2021	Jun 30, 2020	Mar 31, 2022	Mar 31, 2021	Apr 1, 2020
Completed games	1,217	697	512	1,045	513	439
Ongoing game development projects	6,838	3,877	2,274	6,073	3,221	2,153
Other intangible assets (film etc.)	433	165	193	294	142	215
Intangible assets	**8,488**	**4,739**	**2,979**	**7,412**	**3,875**	**2,807**
Acquisition related intangible assets	24,527	3,380	1,490	23,960	1,711	1,652
Goodwill	46,153	20,157	6,018	42,937	11,381	1,412
Acquisition related intangible assets	**70,680**	**23,537**	**7,508**	**66,897**	**13,092**	**3,064**
Total	**79,167**	**28,276**	**10,487**	**74,308**	**16,967**	**5,871**

NOTE 9 SIGNIFICANT EVENTS AFTER THE QUARTER

> On July 3, Embracer Group announced it had AB appointed CFO Johan Ekström to the additional role of Deputy CEO of Embracer Group. Former Deputy CEO Erik Stenberg continues to be a board member of Embracer Group. At the same date, the appointment of General Counsel Ian Gulam as Chief of Staff, Legal & Governance and became a member of the Group Executive Management was announced. The Group Executive Management thus consists of Lars Wingefors, CEO, Johan Ekström, CFO and Deputy CEO and Ian Gulam, Chief of Staff, Legal & Governance.

> On August 3, Oscar Erixon assumed the role of Head of Investor Relations. Oscar joined from Carnegie Investment Bank, where he worked as an equity research analyst covering the Swedish gaming sector.

NOTE 10 FIRST TIME ADOPTION OF IFRS

As of April 1, 2022, Embracer Group AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as adopted by the European Union (EU). The Group's transition date to IFRS is April 1, 2020, which means that the Group presents two comparative years. Up to and including the financial year 2021/22, the Group has prepared its consolidated financial statements in accordance with the Swedish Annual Accounts Act and Swedish GAAP BFNAR 2012:1 (K3). The transition to IFRS is recognized in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards.

The effect of the transition to IFRS is recognized directly against opening equity. The previously published financial information for the period 2020-04-01 - 2021-03-31 and 2021-04-01 - 2022-03-31, prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3), is restated to IFRS. The general principle is that all applicable IFRSs and IASs that have entered into force and have been endorsed by the EU shall be applied retrospectively. The Group has applied the following exceptions to the general principle in accordance with IFRS 1:

> The Group has chosen not to restate business combinations that occurred before the date of transition to IFRS, e.g. before April 1, 2020.

> The Group has chosen not to restate contracts with customers that were completed prior to transition to IFRS (IFRS 15), i.e. contracts for which Embracer had transferred all goods or services identified under previous accounting policies.

> The Group has chosen to apply the exemption in IFRS 1 regarding leases (IFRS 16), and thus measures lease liabilities and right-of-use assets at the date of transition to IFRS.

The tables below presents the effects of the above applications on the consolidated statement of profit or loss, the consolidated statement of financial position and the consolidated cash flow statement. The effects are presented for the historical periods that have been restated to IFRS. The transition from previous accounting policies has also resulted in a different structure and classification of the statements compared to previously applied policies.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD APRIL - JUNE 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net sales	3,427	-	6	-	-	-	-	6	3,433
Work performed by company for its own use an capitalized	469	-	-	-	-	-	-	-	469
Other operating income	88	-	-	-	-	-	1	1	89
Total operating income	**3,984**	**-**	**6**	**-**	**-**	**-**	**1**	**7**	**3,991**
Operating expenses									
Goods for resale	–813	-	-	-	-	-	-	-	–813
Other external expenses	–788	-	-	35	-	-	-	35	–753
Personnel expenses	–868	–973	-	-	-	-	-	–973	–1,841
Depreciation, amortization and impairment	–2,056	1,564	-	–33	-	-	46	1,577	–479
Other operating expenses	–4	–66	-	-	-	-	–1	–68	–72
Total operating expenses	**–4,529**	**524**	**-**	**2**	**-**	**-**	**45**	**571**	**–3,958**
Share of profit of an associate	21	-	-	-	-	1	-	1	22
Operating profit	**–524**	**524**	**6**	**2**	**-**	**1**	**46**	**579**	**55**
Net financial items	101	-	-	–3	291	-	–188	101	202
Profit before tax	**–423**	**524**	**6**	**–1**	**291**	**1**	**–142**	**680**	**257**
Income tax	–183	-	–1	-	-	-	–13	–14	–197
Net profit for the period	**–606**	**524**	**5**	**–1**	**291**	**1**	**–155**	**666**	**60**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD APRIL - JUNE 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net profit for the period	**–606**	**524**	**5**	**–1**	**291**	**1**	**–155**	**666**	**60**
Other comprehensive income									
Items that may be reclassified to profit or loss (net of tax):									
Exchange differences on transla-tion of foreign operations	50	-	-	-	-	-	–270	–270	–220
Items that will not be reclassi-fied to profit or loss (net of tax):									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the period, net of tax	**50**	**-**	**-**	**-**	**-**	**-**	**–270**	**–270**	**–220**
Total comprehensive income for the period, net of tax	**–555**	**524**	**5**	**–1**	**291**	**1**	**–425**	**395**	**–160**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD APRIL - JUNE 2020

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net sales	2,069	-	-	-	-	-	-	-	2,069
Work performed by company for its own use an capitalized	248	-	-	-	-	-	-	-	248
Other operating income	65	-	-	-	-	-	-	-	65
Total operating income	**2,381**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,381**
Operating expenses									
Goods for resale	–760	-	-	-	-	-	-	-	–760
Other external expenses	–292	-	-	18	-	-	24	42	–250
Personnel expenses	–379	–24	-	-	-	-	-	–24	–403
Depreciation, amortization and impairment	–746	375	-	–18	-	-	-	358	–388
Other operating expenses	-	–71	-	-	-	-	–24	–95	–95
Total operating expenses	**–2,177**	**280**	**-**	**1**	**-**	**-**	**-**	**281**	**–1,896**
Share of profit of an associate	15	-	-	-	-	2	-	2	17
Operating profit	**219**	**280**	**-**	**1**	**-**	**2**	**-**	**283**	**502**
Net financial items	–36	-	-	–2	–958	-	-	–960	–995
Profit before tax	**184**	**280**	**-**	**–1**	**–958**	**2**	**-**	**–677**	**–493**
Income tax	–93	-	-	-	-	-	-	-	–93
Net profit for the period	**91**	**280**	**-**	**–1**	**–958**	**2**	**-**	**–677**	**–586**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD APRIL - JUNE 2020

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net profit for the period	**91**	**280**	**-**	**–1**	**–958**	**2**	**-**	**–677**	**–586**
Other comprehensive income									
Items that may be reclassified to profit or loss (net of tax):									
Exchange differences on transla-tion of foreign operations	–575	-	-	-	-	-	85	85	–490
Items that will not be reclassi-fied to profit or loss (net of tax):									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the period, net of tax	**–575**	**-**	**-**	**-**	**-**	**-**	**85**	**85**	**–490**
Total comprehensive income for the period, net of tax	**–484**	**280**	**-**	**–1**	**–958**	**2**	**85**	**–591**	**–1,076**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR APRIL 1, 2021 - MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net sales	17,037	-	30	-	-	-	-	30	17,067
Work performed by company for its own use an capitalized	2,293	-	-	-	-	-	-	-	2,293
Other operating income	333	-	-	-	-	-	-	-	333
Total operating income	**19,663**	**-**	**30**	**-**	**-**	**-**	**-**	**30**	**19,694**
Operating expenses									
Goods for resale	–4,697	-	-	-	-	-	-	-	–4,697
Other external expenses	–4,919	-	-	169	-	-	6	174	–4,745
Personnel expenses	–4,356	–4,247	-	-	-	-	-	–4,247	–8,602
Depreciation, amortization and impairment	–9,851	6,608	-	–154	-	-	604	7,058	–2,793
Other operating expenses	–19	–397	-	-	-	-	–31	–428	–447
Total operating expenses	**–23,842**	**1,964**	**30**	**15**	**-**	**-**	**579**	**2,558**	**–21,284**
Share of profit of an associate	463	-	-	-	-	2	-	2	465
Operating profit	**–3,716**	**1,964**	**30**	**15**	**-**	**2**	**579**	**2,590**	**–1,126**
Net financial items	–90	–8	-	–13	3,008	-	–2	2,986	2,896
Profit before tax	**–3,806**	**1,956**	**30**	**2**	**3,008**	**2**	**577**	**5,576**	**1,770**
Income tax	–470	-	5	-	-	-	–228	–222	–693
Net profit for the period	**–4,276**	**1,956**	**36**	**2**	**3,008**	**2**	**349**	**5,354**	**1,078**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR APRIL 1, 2021 - MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net profit for the period	**–4,276**	**1,956**	**36**	**2**	**3,008**	**2**	**349**	**5,354**	**1,078**
Other comprehensive income									
Items that may be reclassified to profit or loss (net of tax):									
Exchange differences on translation of foreign operations	1,443	-	-	-	-	-	–668	–668	776
Items that will not be reclassified to profit or loss (net of tax):									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the period, net of tax	**1,443**	**-**	**-**	**-**	**-**	**-**	**–668**	**–668**	**776**
Total comprehensive income for the period, net of tax	**–2,832**	**1,956**	**36**	**2**	**3,008**	**2**	**–319**	**–4,686**	**1,854**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR APRIL 1, 2020 - MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net sales	9,024	-	–25	-	-	-	-	–25	9,000
Work performed by company for its own use an capitalized	1,292	-	-	-	-	-	-	-	1,292
Other operating income	288	-	-	-	-	-	-	-	288
Total operating income	**10,604**	**-**	**–25**	**-**	**-**	**-**	**-**	**–25**	**10,579**
Operating expenses									
Goods for resale	–3,618	-	-	-	-	-	-	-	–3,618
Other external expenses	–1,365	-	-	88	-	-	46	135	–1,230
Personnel expenses	–1,842	–180	-	-	-	-	-	–180	–2,021
Depreciation, amortization and impairment	–3,509	1,925	-	–84	-	-	-	1,841	–1,668
Other operating expenses	-	–151	-	-	-	-	–46	–197	–197
Total operating expenses	**–10,333**	**1,594**	**-**	**4**	**-**	**-**	**-**	**1,598**	**–8,735**
Share of profit of an associate	207	-	-	-	-	7	-	7	214
Operating profit	**477**	**1,594**	**–25**	**4**	**-**	**7**	**-**	**1,581**	**2,058**
Net financial items	203	-	-	–8	–4,300	-	4	–4,304	–4,100
Profit before tax	**680**	**1,594**	**–25**	**–3**	**–4,300**	**7**	**4**	**–2,723**	**–2,043**
Income tax	–393	-	6	1	-	-	–85	–78	–471
Net profit for the period	**287**	**1,594**	**–18**	**–3**	**–4,300**	**7**	**–81**	**–2,801**	**–2,513**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR APRIL 1, 2020 - MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Net profit for the period	**287**	**1,594**	**–18**	**–3**	**–4,300**	**7**	**–81**	**–2,801**	**–2,513**
Other comprehensive income									
Items that may be reclassified to profit or loss (net of tax):									
Exchange differences on translation of foreign operations	–337	-	-	-	-	-	–514	–514	–851
Items that will not be reclassified to profit or loss (net of tax):									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	0	0	0
Total other comprehensive income for the period, net of tax	**–337**	**-**	**-**	**-**	**-**	**-**	**–514**	**–514**	**–851**
Total comprehensive income for the period, net of tax	**–49**	**1,594**	**–18**	**–3**	**–4,300**	**7**	**–595**	**–3,315**	**–3,364**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
ASSETS									
Non-current assets									
Goodwill	27,606	–7,456	-	-	–316	-	323	–7,449	20,157
Intangible assets	8,074	-	-	-	-	-	46	46	8,120
Property, plant and equipment	345	-	-	-	-	-	–2	–2	344
Right-of-use assets	-	-	-	452	-	-	2	454	454
Investments in associates	168	-	-	-	-	1	4	5	173
Non-current financial assets	149	-	-	-	-	-	-	-	149
Deferred tax assets	424	-	25	1	-	-	–49	–23	401
Total non-current assets	**36,766**	**–7,456**	**25**	**453**	**–316**	**1**	**324**	**–6,969**	**29,797**
Current assets									
Inventories	403	-	-	-	-	-	-	-	403
Trade receivables	1,353	-	-	-	-	-	-	-	1,353
Other receivables	519	18	-	-	-	-	-	18	536
Prepaid expenses	675	-	-	-	-	-	-	-	675
Current investments	-	-	-	-	-	-	195	195	195
Cash and cash equivalents	12,417	-	-	-	-	-	–195	–195	12,222
Total current assets	**15,367**	**18**	**-**	**-**	**-**	**-**	**-**	**18**	**15,384**
TOTAL ASSETS	**52,133**	**–7,438**	**25**	**453**	**–316**	**1**	**324**	**–6,951**	**45,182**
EQUITY AND LIABILITIES									
Equity									
Share capital	1	-	-	-	-	-	-	-	1
Other paid-up capital	28,402	–6,618	-	-	–196	-	-	–6,814	29,475
Reserves	-	-	-	2	-	-	261	263	–920
Retained earnings, incl net profit	7,669	1,737	–170	–4	–4,324	1	266	–2,494	–1,529
Equity attributable to equity holders of the parent	**36,072**	**–4,881**	**–170**	**–3**	**–4,520**	**1**	**527**	**–9,046**	**27,026**
Non-controlling interests	13	-	-	-	-	-	-	-	13
Total equity	**36,085**	**–4,881**	**–170**	**–3**	**–4,520**	**1**	**527**	**–9,046**	**27,039**
Non-current liabilities									
Liabilities to credit institutions	1,401	-	-	-	-	-	-	-	1,401
Other non-current liabilities	40	-	-	-	-	-	–8	–8	32
Lease liabilities	-	-	-	354	-	-	–13	341	341
Provisions	10,209	-	-	-	-	-	–10,056	–10,056	154
Contingent consideration	-	–2,691	-	-	4,204	-	9,558	11,071	11,071
Acquisition-related personnel cost	-	134	-	-	0	-	-	134	134
Non-current employee benefits	17	-	-	-	0	-	-	-	17
Deferred tax liabilities	1,001	-	-	-	0	-	44	44	1,045
Total non-current liabilities	**12,669**	**–2,557**	**0**	**354**	**4,204**	**-**	**–474**	**1,526**	**14,195**
Current liabilities									
Liabilities to credit institutions	725	-	-	-	-	-	–130	–130	595
Current account credit facilities	-	-	-	-	-	-	125	125	125
Advances from customers	-	-	-	-	-	-	76	76	76
Trade payables	758	-	-	-	-	-	-	-	758
Lease liabilities	-	-	-	102	-	-	25	127	127
Contract liabilities	-	-	195	-	-	-	708	902	902
Tax liabilities	277	-	-	-	-	-	–23	–23	254
Other current liabilities	290	-	-	-	-	-	–76	–76	214
Accrued expenses and prepaid income	1,329	-	-	-	-	-	–434	–434	894
Total current liabilities	**3,379**	**-**	**195**	**102**	**-**	**-**	**271**	**568**	**3,947**
TOTAL EQUITY AND LIABILITIES	**52,133**	**–7,438**	**25**	**453**	**–316**	**1**	**324**	**–6,951**	**45,182**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
ASSETS									
Non-current assets									
Goodwill	6,503	–283	-	-	–196	-	–5	–484	6,018
Intangible assets	4,468	-	-	-	-	-	-	-	4,468
Property, plant and equipment	185	-	-	-	-	-	-	-	185
Right-of-use assets	-	-	-	263	-	-	-	263	263
Investments in associates	63	-	-	-	-	3	-	3	66
Non-current financial assets	44	-	-	-	-	-	-	-	44
Deferred tax assets	122	-	-	1	-	-	-	1	122
Total non-current assets	**11,385**	**–283**	**-**	**263**	**–196**	**3**	**–5**	**–218**	**11,167**
Current assets									
Inventories	429	-	-	-	-	-	-	-	429
Trade receivables	1,036	-	-	-	-	-	56	56	1,092
Current tax assets	24	-	-	-	-	-	-	-	24
Other receivables	534	-	-	-	-	-	–56	–56	478
Prepaid expenses	291	-	-	-	-	-	-	-	291
Current investments	-	-	-	-	-	-	194	194	194
Cash and cash equivalents	3,525	-	-	-	-	-	–194	–194	3,331
Total current assets	**5,839**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,839**
TOTAL ASSETS	**17,224**	**–283**	**-**	**263**	**–196**	**3**	**–5**	**–218**	**17,006**
EQUITY AND LIABILITIES									
Equity									
Share capital	1	-	-	-	-	-	-	-	1
Other paid-up capital	10,312	–2,992	-	-	–196	-	509	–2,679	7,632
Reserves	–339	-	-	-	-	-	–9	–9	–348
Retained earnings, incl net profit	1,525	277	-	–2	–958	3	–505	–1,186	339
Equity attributable to equity holders of the parent	**11,499**	**–2,715**	**-**	**–2**	**–1,154**	**3**	**–5**	**–3,874**	**7,624**
Non-controlling interests	24	-	-	-	-	-	-	-	25
Total equity	**11,523**	**–2,715**	**-**	**–2**	**–1,154**	**3**	**–5**	**–3,874**	**7,649**
Non-current liabilities									
Liabilities to credit institutions	214	-	-	-	-	-	-	-	214
Other non-current liabilities	966	-	-	-	-	-	-	-	966
Lease liabilities	-	-	-	199	-	-	-	199	199
Provisions	600	-	-	-	-	-	–206	–206	394
Contingent consideration	-	2,432	-	-	958	-	182	3,572	3,572
Non-current employee benefits	-	-	-	-	-	-	24	24	24
Deferred tax liabilities	371	-	-	-	-	-	-	-	371
Total non-current liabilities	**2,150**	**2,432**	**-**	**199**	**958**	**-**	**-**	**3,589**	**5,739**
Current liabilities									
Liabilities to credit institutions	1,265	-	-	-	-	-	-	-	1,265
Current account credit facilities	-	-	-	-	-	-	244	244	244
Advances from customers	-	-	-	-	-	-	34	34	34
Trade payables	825	-	-	-	-	-	-	-	825
Lease liabilities	-	-	-	66	-	-	-	66	66
Contract liabilities	-	-	-	-	-	-	206	206	206
Tax liabilities	110	-	-	-	-	-	-	-	110
Other current liabilities	752	-	-	-	-	-	–483	–483	269
Accrued expenses and prepaid income	598	-	-	-	-	-	-	-	598
Contingent consideration	1	-	-	-	-	-	–1	–1	-
Total current liabilities	**3,551**	**-**	**-**	**66**	**-**	**-**	**-**	**66**	**3,618**
TOTAL EQUITY AND LIABILITIES	**17,224**	**–283**	**-**	**263**	**–196**	**3**	**–5**	**–218**	**17,006**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
ASSETS									
Non-current assets									
Goodwill	46,069	–2,195	-	-	–364	-	572	–3,132	42,937
Intangible assets	30,004	-	-	-	-	-	1,368	1,368	31,371
Property, plant and equipment	727	-	-	-	-	-	–7	–7	720
Right-of-use assets	-	-	-	930	-	-	132	1,062	1,062
Investments in associates	130	-	-	-	-	–1	4	4	134
Non-current financial assets	300	-	-	-	-	-	2	2	302
Deferred tax assets	1,311	-	37	1	-	-	–68	–30	1,280
Total non-current assets	**78,540**	–2,195	**37**	**931**	**–364**	**–1**	**859**	**–733**	**77,807**
Current assets									
Inventories	3,162	-	-	-	-	-	-	-	3,162
Trade receivables	3,754	-	-	-	-	-	1	1	3,755
Other receivables	1,155	-	-	-	-	-	–160	–160	994
Prepaid expenses	1,034	-	-	-	-	-	171	171	1,205
Cash and cash equivalents	5,810	-	-	-	-	-	-	-	5,810
Total current assets	**14,914**	**-**	**-**	**-**	**-**	**-**	**12**	**12**	**14,926**
TOTAL ASSETS	**93,454**	**–2,195**	**37**	**931**	**–364**	**–1**	**871**	**–722**	**92,733**
EQUITY AND LIABILITIES									
Equity									
Share capital	2	-	-	-	-	-	-	-	2
Other paid-up capital	47,297	–2,720	-	-	–196	-	–1,947	–4,864	42,434
Reserves	-	-	-	–3	-	-	79	77	76
Retained earnings, incl net profit	–2,709	3,178	–219	–1	–1,744	–1	986	2,198	–511
Equity attributable to equity holders of the parent	**44,590**	**457**	**–219**	**–3**	**–1,941**	**–1**	**–882**	**–2,589**	**42,002**
Non-controlling interests	222	-	-	-	-	-	6	6	228
Total equity	**44,812**	**457**	**–219**	**–3**	**–1,941**	**–1**	**–876**	**–2,583**	**42,230**
Non-current liabilities									
Liabilities to credit institutions	7,351	-	-	-	-	-	–119	–119	7,232
Other non-current liabilities	-	-	-	-	-	-	112	112	112
Lease liabilities	-	-	-	739	-	-	61	800	800
Provisions	13,901	-	-	-	-	-	–13,746	–13,746	155
Contingent consideration	-	–3,246	-	-	1,576	-	14,673	13,004	13,004
Acquisition-related personnel cost	-	593	-	-	-	-	-	593	593
Non-current employee benefits	20	-	-	-	-	-	-	-	20
Deferred tax liabilities	5,796	-	-	-	-	-	373	373	6,170
Total non-current liabilities	**27,068**	**–2,653**	**-**	**739**	**1,576**	**-**	**1,355**	**1,018**	**28,085**
Current liabilities									
Liabilities to credit institutions	12,808	-	-	-	-	-	–8	–8	12,800
Current account credit facilities	149	-	-	-	-	-	-	-	149
Advances from customers	-	-	-	-	-	-	69	69	69
Trade payables	3,671	-	-	-	-	-	–69	–69	3,602
Lease liabilities	-	-	-	196	-	-	101	297	297
Contract liabilities	-	-	256	-	-	-	1,565	1,821	1,821
Tax liabilities	602	-	-	-	-	-	6	6	608
Other current liabilities	561	-	-	-	-	-	–7	–7	555
Accrued expenses and prepaid income	2,573	-	-	-	-	-	–1,160	–1,160	1,413
Contingent consideration	1,210	-	-	-	-	-	–105	–105	1,105
Total current liabilities	**21,574**	**-**	**256**	**196**	**-**	**-**	**392**	**844**	**22,418**
TOTAL EQUITY AND LIABILITIES	**93,454**	**–2,195**	**37**	**931**	**–364**	**–1**	**871**	**–722**	**92,733**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
ASSETS									
Non-current assets									
Goodwill	10,804	681	97	-	–279	-	77	577	11,381
Intangible assets	5,586	-	-	-	-	-	-	-	5,586
Property, plant and equipment	238	-	-	-	-	-	-	-	238
Right-of-use assets	0	-	-	329	-	-	-	329	329
Investments in associates	171	-	-	-	-	2	2	4	175
Non-current financial assets	132	-	-	-	-	-	-	-	132
Deferred tax assets	269	-	26	1	-	-	–30	–4	265
Total non-current assets	**17,199**	**681**	**123**	**330**	**–279**	**2**	**49**	**906**	**18,106**
Current assets									
Inventories	243	-	-	-	-	-	-	-	243
Trade receivables	1,076	-	-	-	-	-	-	-	1,076
Other receivables	401	-	-	-	-	-	23	23	424
Prepaid expenses	534	-	-	-	-	-	-	-	534
Current investments	-	-	-	-	-	-	195	195	195
Cash and cash equivalents	14,300	-	-	-	-	-	–195	–195	14,104
Total current assets	**16,553**	**-**	**-**	**-**	**-**	**-**	**23**	**23**	**16,576**
TOTAL ASSETS	**33,752**	**681**	**123**	**330**	**–279**	**2**	**73**	**930**	**34,682**
EQUITY AND LIABILITIES									
Equity									
Share capital	1	-	-	-	-	-	-	-	1
Other paid-up capital	26,762	–3,760	-	-	–196	-	–263	–4,219	22,543
Reserves	-	-	-	-	-	-	–701	–701	–701
Retained earnings, incl net profit	389	1,575	–77	–3	–4,601	2	1,127	–1,977	–1,588
Equity attributable to equity holders of the parent	**27,153**	**–2,185**	**–77**	**–4**	**–4,798**	**2**	**163**	**–6,898**	**20,254**
Non-controlling interests	13	-	-	-	-	-	-	-	13
Total equity	**27,165**	**–2,185**	**–77**	**–4**	**–4,798**	**2**	**163**	**–6,898**	**20,267**
Non-current liabilities									
Liabilities to credit institutions	245	-	-	-	-	-	–2	–2	244
Other non-current liabilities	1	-	-	-	-	-	-	-	1
Lease liabilities	-	-	-	235	-	-	2	237	237
Provisions	2,267	-	-	-	-	-	–2,104	–2,104	162
Contingent consideration	-	2,838	-	-	4,519	-	1,760	9,116	9,116
Acquisition-related personnel cost	-	28	-	-	-	-	-	28	28
Non-current employee benefits	17	-	-	-	-	-	-	-	17
Deferred tax liabilities	532	-	-	-	-	-	28	28	560
Total non-current liabilities	**3,063**	**2,866**	**-**	**235**	**4,519**	**-**	**–317**	**7,303**	**10,366**
Current liabilities									
Liabilities to credit institutions	1,231	-	-	-	-	-	–27	–27	1,203
Current account credit facilities	-	-	-	-	-	-	27	27	27
Advances from customers	-	-	-	-	-	-	35	35	35
Trade payables	774	-	-	-	-	-	-	-	774
Lease liabilities	-	-	-	98	-	-	-	98	98
Contract liabilities	-	-	199	-	-	-	594	793	793
Tax liabilities	193	-	-	-	-	-	-	-	193
Other current liabilities	214	-	-	-	-	-	–30	–30	184
Accrued expenses and prepaid income	1,113	-	-	-	-	-	–373	–373	740
Total current liabilities	**3,524**	**-**	**199**	**98**	**-**	**-**	**227**	**525**	**4,049**
TOTAL EQUITY AND LIABILITIES	**33,752**	**681**	**123**	**330**	**–279**	**2**	**73**	**930**	**34,682**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF APRIL 1, 2020

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associ-ates	F. Translation of foreign operations and adjustments	IAS 1	IFRS-adjustments	According to IFRS
ASSETS										
Non-current assets										
Goodwill	1,412	-	-	-	-	-	-	-	-	1,412
Intangible assets	4,459	-	-	-	-	-	-	-	-	4,459
Property, plant and equipment	185	-	-	-	-	-	-	-	-	185
Right-of-use assets	-	-	-	240	-	-	-	-	240	240
Investments in associates	55	-	-	-	-	-	-	-	-	55
Non-current financial assets	30	-	-	-	-	-	-	-	-	30
Deferred tax assets	165	-	-	-	-	-	-	-	-	166
Total non-current assets	**6,306**	**-**	**-**	**241**	**-**	**-**	**-**	**-**	**241**	**6,547**
Current assets										
Inventories	353	-	-	-	-	-	-	-	-	353
Trade receivables	959	-	-	-	-	-	-	-	-	959
Current tax assets	36	-	-	-	-	-	-	-	-	36
Other receivables	351	-	-	-	-	-	-	-	-	351
Prepaid expenses	110	-	-	-	-	-	-	-	-	110
Current investments	193	-	-	-	-	-	-	-	-	193
Cash and cash equivalents	2,318	-	-	-	-	-	-	-	-	2,318
Total current assets	**4,331**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,331**
TOTAL ASSETS	**10,637**	**-**	**-**	**241**	**-**	**-**	**-**	**-**	**241**	**10,878**
EQUITY AND LIABILITIES										
Equity										
Share capital	1	-	-	-	-	-	-	-	-	1
Other paid-up capital	5,301	-	-	-	-	-	-	-	-	5,301
Reserves	142	-	-	-	-	-	-	-	-	142
Retained earnings, incl net profit	927	-	-	–2	-	-	-	-	–2	925
Equity attributable to equity holders of the parent	**6,370**	**-**	**-**	**–2**	**-**	**-**	**-**	**-**	**–2**	**6,369**
Non-controlling interests	25	-	-	-	-	-	-	-	-	25
Total equity	**6,395**	**-**	**-**	**–2**	**-**	**-**	**-**	**-**	**–2**	**6,394**
Non-current liabilities										
Liabilities to credit institutions	222	-	-	-	-	-	-	-	-	222
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	176	-	-	-	-	176	176
Provisions	801	-	–285	-	-	-	-	–469	–754	47
Contingent consideration	-	-	-	-	-	-	-	412	412	412
Non-current employee benefits	25	-	-	-	-	-	-	57	57	82
Deferred tax liabilities	415	-	-	-	-	-	-	-	-	415
Total non-current liabilities	**1,463**	**-**	**–285**	**176**	**-**	**-**	**-**	**-**	**–109**	**1,353**
Current liabilities										
Liabilities to credit institutions	1,098	-	-	-	-	-	-	-	-	1,098
Current account credit facilities	145	-	-	-	-	-	-	-	-	145
Advances from customers	37	-	-	-	-	-	-	–37	–37	0
Trade payables	845	-	-	-	-	-	-	-	-	845
Lease liabilities	-	-	-	67	-	-	-	-	67	67
Contract liabilities	-	-	599	-	-	-	-	-	599	599
Tax liabilities	85	-	-	-	-	-	-	-	-	85
Other current liabilities	136	-	-	-	-	-	-	37	37	172
Accrued expenses and prepaid income	434	-	–314	-	-	-	-	-	–314	121
Total current liabilities	**2,779**	**-**	**285**	**67**	**-**	**-**	**-**	**-**	**352**	**3,131**
TOTAL EQUITY AND LIABILITIES	**10,637**	**-**	**-**	**241**	**-**	**-**	**-**	**-**	**241**	**10,878**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD APR - JUN 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Operating activities									
Profit before tax	–423	524	6	–1	291	1	–142	680	257
Adjustment for differences between profit before tax and net cash flow	1,945	–591	-	33	–291	–1	142	–709	1,236
Income tax paid	–110	-	-	-	-	-	-	-	–110
Changes to unpaid interest are subject to change	–69	-	-	-	-	-	-	-	–69
Cash flow from operating activities before changes in working capital	**1,343**	**–67**	**6**	**32**	**-**	**-**	**-**	**–29**	**1,314**
Cash flow from changes in working capital									
Change in inventories	–75	-	-	-	-	-	-	-	–75
Change in operating receivables	44	-	-	-	-	-	-	-	44
Change in operating liabilities	–695	-	–6	-	-	-	-	–6	–701
Cash flow from operating activities	**617**	**–67**	**-**	**32**	**-**	**-**	**-**	**–35**	**582**
Investing activities									
Acquisition of property, plant and equipment	–51	-	-	-	-	-	-	-	–51
Acquisition of intangible assets	–829	-	-	-	-	-	-	-	–829
Acquisition of subsidiaries, net of cash acquired	–2,273	67	-	-	-	-	-	67	–2,206
Acquisition of financial assets	3	-	-	-	-	-	-	-	3
Cash flow from investing activities	**–3,150**	**67**	**-**	**-**	**-**	**-**	**-**	**67**	**–3,082**
Financing activities									
New share issue	–1	-	-	-	-	-	-	-	–1
Proceeds from borrowings	661	-	-	-	-	-	-	-	661
Repayment of loans	–9	-	-	-	-	-	-	-	–9
Payment of lease liabilities	-	-	-	–32	-	-	-	–32	–32
Cash flow from financing activities	**651**		**-**	**–32**	**-**	**-**	**-**	**–32**	**619**
Cash flow for the period	**–1,881**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**–1,881**
Cash and cash equivalents at the beginning of period	14,300	-	-	-	-	-	-	-	14,300
Exchange-rate differences in cash and cash equivalents	–2	-	-	-	-	-	-	-	–2
Cash and cash equivalents at the end of period	**12,417**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,417**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD APR - JUN 2020

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Operating activities									
Profit before tax	184	280	-	–1	–958	2	-	–677	–493
Adjustment for differences between profit before tax and net cash flow	731	–351	-	18	958	–2	-	622	1,353
Income tax paid	–44	-	-	-	-	-	-	-	–44
Changes to unpaid interest are subject to change	–1	-	-	-	-	-	-	-	–1
Cash flow from operating activities before changes in working capital	**870**	**–71**	**-**	**17**	**-**	**-**	**-**	**–54**	**815**
Cash flow from changes in working capital									
Change in inventories	–95	-	-	-	-	-	-	-	–95
Change in operating receivables	–262	-	-	-	-	-	-	-	–262
Change in operating liabilities	220	-	-	-	-	-	-	-	220
Cash flow from operating activities	**732**	**–71**	**-**	**17**	**-**	**-**	**-**	**–54**	**678**
Investing activities									
Acquisition of property, plant and equipment	–16	-	-	-	-	-	-	-	–16
Acquisition of intangible assets	–498	-	-	-	-	-	-	-	–498
Disposal of intangible assets	4	-	-	-	-	-	-	-	4
Acquisition of subsidiaries, net of cash acquired	–1,104	71	-	-	-	-	-	71	–1,033
Acquisition of financial assets	–19	-	-	-	-	-	-	-	–19
Disposal of financial assets	2	-	-	-	-	-	-	-	2
Cash flow from investing activities	**–1,632**	**71**	**-**	**-**	**-**	**-**	**-**	**71**	**–1,561**
Financing activities									
New share issue	1,647	-	-	-	-	-	-	-	1,647
Issuance costs	–35	-	-	-	-	-	-	-	–35
Proceeds from borrowings	337	-	-	-	-	-	-	-	337
Repayment of loans	–8	-	-	-	-	-	-	-	–8
Payment of lease liabilities	-	-	-	–17	-	-	-	–17	–17
Cash flow from financing activities	**1,940**		**-**	**–17**	**-**	**-**	**-**	**–17**	**1,924**
Cash flow for the period	**1,041**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,041**
Cash and cash equivalents at beginning of period	2,510	-	-	-	-	-	-	-	2,510
Exchange-rate differences in cash and cash equivalents	–26	-	-	-	-	-	-	-	–26
Cash and cash equivalents at end of period	**3,525**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,525**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR APRIL 1, 2021 - MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Operating activities									
Profit before tax	–3,821	1,927	30	2	3,008	2	376	5,345	1,524
Adjustment for differences between profit before tax and net cash flow	9,631	–2,302	-	154	–3,008	–2	–376	–5,533	4,097
Income tax paid	–542	-	-	-	-	-	-	-	–542
Changes to unpaid interest are subject to change	89	8	-	-	-	-	-	8	97
Cash flow from operating activities before changes in working capital	**5,357**	**–367**	**30**	**156**	**-**	**-**	**-**	**–181**	**5,176**
Cash flow from changes in working capital									
Change in inventories	–150	-	-	-	-	-	-	-	–150
Change in operating receivables	–934	-	-	-	-	-	-	-	–934
Change in operating liabilities	8	-	–30	-	-	-	-	–30	–22
Cash flow from operating activities	**4,281**	**–367**	**-**	**156**	**-**	**-**	**-**	**–212**	**4,070**
Investing activities									
Acquisition of property, plant and equipment	–344	-	-	-	-	-	-	-	–344
Disposal of property, plant and equipment	4	-	-	-	-	-	-	-	4
Acquisition of intangible assets	–3,717	-	-	-	-	-	-	-	–3,717
Disposal of intangible assets	4	-	-	-	-	-	-	-	4
Acquisition of subsidiaries, net of cash acquired	–33,770	367	-	-	-	-	-	367	–33,403
Acquisition of financial assets	–15	-	-	-	-	-	-	-	–15
Disposal of financial assets	–56	-	-	-	-	-	-	-	–56
Cash flow from investing activities	**–37,895**	**367**	**-**	**-**	**-**	**-**	**-**	**367**	**–37,527**
Financing activities									
New share issue	6,310	-	-	-	-	-	-	-	6,310
Issuance costs	–130	-	-	-	-	-	-	-	–130
Proceeds from borrowings	18,861	-	-	-	-	-	-	-	18,861
Repayment of loans	–17	-	-	-	-	-	-	-	–17
Payment of lease liabilities	-	-	-	–156	-	-	-	–156	–156
Cash flow from financing activities	**25,025**	**-**	**-**	**–156**	**-**	**-**	**-**	**–156**	**24,869**
Cash flow for the period	**–8,589**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-8,589**
Cash and cash equivalents at beginning of period	14,300	-	-	-	-	-	-	-	14,300
Exchange-rate differences in cash and cash equivalents	99	-	-	-	-	-	-	-	99
Cash and cash equivalents at end of period	**5,810**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,810**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR APRIL 1, 2020 - MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Business combina-tions	B. Revenue	C. Leases	D. Financial instruments	E. Associates	F. Translation of foreign operations and adjustments	IFRS-adjustments	According to IFRS
Operating activities									
Profit before tax	680	1,594	–25	–3	–4,296	7	0	–2,723	–2,042
Adjustment for differences between profit before tax and net cash flow	3,364	–1,744	-	84	4,296	–7	0	2,628	5,992
Income tax paid	–259	-	-	-	-	-	-	-	–259
Changes to unpaid interest are subject to change	–18	-	-	-	-	-	-	0	–18
Cash flow from operating activities before changes in working capital	**3,766**	**–150**	**–25**	**81**	**-**	**-**	**-**	**–94**	**3,672**
Cash flow from changes in working capital									
Change in inventories	83	-	-	-	-	-	-	-	83
Change in operating receivables	–195	-	-	-	-	-	-	-	–195
Change in operating liabilities	245	-	25	-	-	-	-	25	269
Cash flow from operating activities	**3,899**	**–150**	**-**	**81**	**-**	**-**	**-**	**–70**	**3,829**
Investing activities									
Acquisition of property, plant and equipment	–71	-	-	-	-	-	-	-	–71
Disposal of property, plant and equipment	2	-	-	-	-	-	-	-	2
Acquisition of intangible assets	–2,139	-	-	-	-	-	-	-	–2,139
Disposal of intangible assets	4	-	-	-	-	-	-	-	4
Acquisition of subsidiaries, net of cash acquired	–4,591	150	-	-	-	-	-	150	–4,441
Acquisition of financial assets	–65	-	-	-	-	-	-	-	–65
Disposal of financial assets	56	-	-	-	-	-	-	-	56
Cash flow from investing activities	**–6,805**	**150**	**-**	**-**	**-**	**-**	**-**	**150**	**–6,655**
Financing activities									
New share issue	14,695	-	-	-	-	-	-	-	14,695
Proceeds from borrowings	851	-	-	-	-	-	-	-	851
Repayment of loans	–821	-	-	-	-	-	-	-	–821
Payment of lease liabilities	-	-	-	–81	-	-	-	–81	–81
Cash flow from financing activities	**14,725**	**-**	**-**	**–81**	**-**		**-**	**–81**	**14,645**
Cash flow for the period	**11,819**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,819**
Cash and cash equivalents at beginning of period	2,510	-	-	-	-	-	-	-	2,510
Exchange-rate differences in cash and cash equivalents	–30	-	-	-	-	-	-	-	–30
Cash and cash equivalents at end of period	**14,299**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,299**

NOTES

A. Business combinations
In connection with the transition to IFRS, previously prepared purchase price allocations for business combinations that occurred after April 1, 2020 have been restated in accordance with the requirements in IFRS, resulting in certain consideration previously classified as part of the purchase consideration being reclassified to remuneration for future services.

- Contingent consideration dependent on continued employment of the previous owners of the acquired company is considered to be remuneration for future services in IFRS. Such consideration is not recognized as part of the purchase consideration, but is instead recognized as personnel expense as the services are rendered.
- In cases where the acquired business has had employee share-option programs prior to the business combination that were replaced as part of the acquisition, part of the consideration previously recognized as purchase consideration is reclassified as personnel expense. Already vested shares are recognized as part of the purchase consideration while consideration related to unvested shares (or vested with new service conditions) are recognized as personnel expenses during the vesting period.
- In some business combinations, it has been agreed that part of the consideration for the acquired business accrues to the employees of the company instead of the selling shareholders (the seller forgives part of the consideration in favor of the employees). This part of the consideration was accounted for under previous accounting policies as part of the purchase consideration but shall, according to IFRS, be recognized as personnel expense.

The effect of these adjustments is recognized against goodwill calculated according to previous accounting policies, wherefore the carrying amount of goodwill is decreased.

In accordance with previously applied accounting policies, contingent consideration has been included in the purchase consideration when it is probable that an outflow of resources will be required. In accordance with IFRS, contingent considerations are measured at fair value. The measurement of the contingent consideration in the purchase consideration at fair value reduces the carrying amount of goodwill. The subsequent measurement of the contingent consideration depends on whether the contingent consideration is classified as equity or financial liability. When classified as equity, there is no subsequent remeasurement. If the contingent consideration instead is classified as a financial liability, it is recognized in accordance with IFRS 9 Financial instruments (see item D below).

Surplus values of previously identified intangible assets have been remeasured in connection with the restatement of purchase price allocations, which has resulted in the carrying amounts of assets being adjusted, which affects amortizations. The deferred tax liability attributable to the assets has been affected by the remeasurement. The effect of these adjustments is recognized against the value of goodwill calculated according to previous accounting policies, wherefore the carrying amount of goodwill is decreased.

According to previous accounting policies, goodwill is amortized over the estimated useful life. Under IFRS, goodwill is not amortized; instead an impairment test is prepared annually. In connection with the transition to IFRS, amortizations of goodwill recognized during financial year 2021/22 and 2020/21 were reversed. A corresponding increase in the amount of goodwill is recognized in the statement of financial position. Goodwill was tested for impairment in connection with the transition, and no impairment requirement existed. No deferred tax was recognized.

In accordance with previously applied accounting policies, acquisition-related costs were included in the cost of acquisition. Under IFRS, acquisition-related costs shall be expensed in the period in which they arise, which means that other operating expenses increase in the statement of profit or loss. A corresponding decrease in the amount of goodwill is recognized in the statement of financial position.

The transition to IFRS has also impacted the initial recognition of contingent considerations:

- Certain contingent considerations previously classified as financial liabilities are, according to IFRS, classified as equity if they are settled in equity instruments and meet the conditions in IAS 32 to be classified as equity.
- Under previous accounting policies, certain contingent considerations were considered to be settled, e.g. when paid in advance to an escrow account. These contingent considerations are not considered to be settled under IFRS, resulting in the contingent consideration being recognized as a liability measured at fair value in the statement of financial position and the recognition of a receivable on the escrow account.

B. Revenue
In connection with the transition to IFRS, the Group's contracts with customers have been analyzed in accordance with the model presented in IFRS 15. This analysis has resulted in a change in the accrual of the Group's revenue attributable to mobile games. In some of the Group's mobile games, the player can purchase goods that can be used in the game for a longer period of time. Under previous accounting policies, revenue for these goods was recognized at the time of purchase, but Embracer has under IFRS 15 made the assessment that the revenue should be accrued over time. This has resulted in certain revenue attributable to mobile games being reversed and recognized as current liabilities in the statement of financial position. The revenue is accrued over the customer's expected use of the virtual good.

C. Leases
In accordance with previous accounting policies, the Group classified leases as either operating or finance leases. Under IFRS 16, the Group's leases (except for short-term leases and leases in which the underlying asset is of low value) will be recognized in the statement of financial position. The obligation to make lease payments is discounted and recognized as lease liabilities, split between a current and non-current portion in the statement of financial position. Right-of-use assets for leases are included as a separate line item. Prepaid or accrued lease payments that were previously included in the statement of financial position are eliminated since these are included in the initial measurement of the right-of-use asset. A deferred tax asset is recognized attributable to the temporary difference that arises. The operating lease expense recognized under other external expenses is eliminated in the statement of profit or loss. Expenses related to depreciation of right-of-use assets and interest expense on lease liabilities are added.

Finally, the reclassification also affects the presentation of the Group's cash flows. Under previous accounting policies, cash flow attributable to operating leases was recognized as part of operating activities. Under IFRS 16, payments are divided between repayment of the principal portion of the lease liability (financing activities) and payment of interest (operating activities).

D. Financial instruments
In accordance with previously applied accounting policies, Embracer has recognized all financial instruments at cost. In connection with the transition to IFRS, the measurement basis for a number of financial instruments have changed. Under previous accounting policies, the Group measured its non-current ownership interests in other entities and current investments at cost.

In accordance with IFRS 9, the Group's non-current ownership interests in other entities and current investments are recognized at fair value through profit or loss. In accordance with IFRS, contingent considerations classified as financial liabilities are also recognized at fair value. The change in fair value of contingent consideration are recognized in the consolidated statement of profit or loss in net financial items. Prepaid contingent considerations, with claw-back clauses, might result in the recognition of an asset for the right to receive back some of the consideration transferred.

Under previous accounting policies, Embracer has applied hedge accounting for derivatives used to hedge cash flows from loans with variable interest rates and foreign currency transactions. Under previous accounting policies, the Group recognized derivatives identified as hedging instruments at cost. In accordance with IFRS 9, the Group's derivatives are recognized at fair value. The Group applies hedge accounting under IFRS 9 in the form of cash flow hedges. The effective portion of the fair value change of a derivative instrument, recognized in a cash flow hedge and that meets the hedge accounting requirements, is recognized in other comprehensive income and accumulated in the hedge reserve in equity. The ineffective portion is immediately recognized in the consolidated statement of profit or loss as financial income or financial expense. The accumulated amount in the hedge reserve is reclassified to the statement of profit or loss in the same periods during which the hedged item affect profit or loss.

Under previously applied accounting policies, Embracer applied an impairment model for credit losses based on an incurred event. Under IFRS 9, entities shall apply an expected credit loss model entailing that a credit loss is recognized when the company becomes a party to the financial instrument. The application of the expected credit loss model has not had any material impact on Embracer's credit risk provisions.

Under previous accounting policies, the Group has classified transaction costs directly attributable to the raising of new loan facilities as an asset that is expensed during the term of the agreement. In accordance with the effective interest rate method, these transaction costs are included in the amortized cost of the liability, wherefore they are reclassified.

E. Associates

Under previous accounting policies, goodwill has been amortized over its estimated useful life. Under IFRS, goodwill is not amortized; instead an impairment test is prepared annually. In connection with the transition to IFRS, amortizations of goodwill relating to associates made during financial year 2021/22 and 2020/21 was reversed. The reversal of goodwill is recognized in the statement of profit or loss under the line item share of profit of an associate. In the statement of financial position, the value of investments in associates and equity increases.

F. Translation of foreign operations

In accordance with previously applied accounting policies, exchange differences on translation of foreign subsidiaries are recognized directly against equity. In accordance with IFRS, the exchange difference is recognized in other comprehensive income. The translation differences are thus presented on a separate row in other comprehensive income.

Additional items and reclassifications

According to previous accounting policies, the consolidated statement of profit or loss and the consolidated statement of financial position were presented in a different format. Certain assets, liabilities, revenues and expenses recognized in accordance with previous accounting policies have been reclassified to conform to the IFRS presentation format. These reclassifications do not affect profit or loss nor equity.

NOTE 11 GROUP ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations issued by IFRS Interpretations Committee (IFRS IC), as they have been adopted by the European Union (EU). Furthermore, the Group applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board.

The consolidated financial statements have been prepared based on the assumption of going concern. Assets and liabilities are measured at cost, with the exception of certain financial instruments that are measured at fair value.

The preparation of financial statements in accordance with IFRS requires management to make estimates for accounting purposes. The areas that involve a high degree of judgement, which are complex or such areas where the assumptions and estimates are material for the consolidated financial statements are described in Note 2 Key estimates and assumptions. These estimates and assumptions are based on historical experience and other factors that are considered to be reasonable under current circumstances. Actual outcome may differ from the estimates if the estimates or circumstances change.

The Parent Company applies the same accounting policies as the Group except for the areas described in the section "Accounting policies of the Parent Company". The parent company applies the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for legal entities.

Unless otherwise indicated, the accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

These financial statements are Embracer's first financial statements prepared in accordance with IFRS. The transition to IFRS is recognized in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The transition to IFRS is described in more detail in Note 10 First-time adoption of IFRS.

New or amended statements after March 31, 2023

A number of new and amended accounting standards have not yet entered into force and have not been early adopted in the preparation of the Group's and Parent Company's financial statements. The Group intends to comply with these new and amended standards once they enter into force. These standards and amendments of standards as published by IASB are not expected to have any material impact on the Group's or Parent Company's financial statements

Consolidation

Subsidiaries

Subsidiaries are all entities over which Embracer has a controlling interest. The Group controls an entity when it is exposed to or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date on which controlling influence is obtained by the Group, and are excluded from the consolidated financial statements from the date on which the controlling interest ceases.

Subsidiaries are recognized in accordance with the acquisition method. The method implies that the acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities.

The consideration transferred in a business combination is measured at fair value, which is measured as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The consideration transferred only includes consideration paid to obtain control of the acquired company. This implies that consideration that settles pre-existing relationships between the parties or relate to separate transactions, such as transactions that remunerates employees or former owners of the acquiree for future services, are accounted for separately from the business combination. Any acquisition-related costs that arise, except for acquisition-related costs attributable to the issuance of equity instruments or debt instruments, are recognized directly in the statement of profit or loss.

The acquisition analysis determines the fair value of the identifiable assets, assumed liabilities and any non-controlling interests on the acquisition date. In a business combination where the consideration transferred, any non-controlling interests and fair value of any previously held interests exceeds the fair value of acquired assets and assumed liabilities that are separately recognized, the difference is recognized as goodwill.

Contingent consideration is classified either as equity or as financial liability. Contingent consideration is recognized at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured each reporting period and the changes in fair value are recognized in the statement of profit or loss. In connection with certain business combinations, Embracer has prepaid contingent consideration classified as a financial liability, with a claw-back clause if the conditions for obtaining the contingent consideration are not met. Embracer evaluates the facts and circumstances in connection with such prepayments to determine whether the commitment is considered settled, whereby the liability is derecognized, or whether the commitment remains, whereby the liability continues to be recognized at fair value in the statement of financial position. Any right to recover a prepaid contingent consideration is reported as an asset at fair value in the statement of financial position.

For step acquisitions, goodwill is determined on the date on which controlling interest is obtained. Previous holdings are measured at fair value and the difference between the carrying amount of the holding immediately before the transaction and the fair value is recognized in the statement of profit or loss. If additional interests are acquired after controlling influence has been obtained, these are recognized in equity as a transaction between owners.

Associates

Investments in associates, in which the Group's investments total at least 20 per cent and at most 50 per cent of the votes or the Group otherwise has a significant influence, are recognized in accordance with the equity method. The equity method entails that the carrying amount of the associates corresponds to the Group's share in the associate's equity and consolidated surplus and deficit values that arose from the acquisition of the shares. The equity method is applied until the date on which the significant influence ceases.

Transactions eliminated during consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealized gains or losses arising from intra-group transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's holdings in the associates.

Currency

Functional currency and reporting currency

Items included in the financial statements for each company in the Group are measured in the currency used in the primary economic environment in which the company primarily operates (functional currency). The functional currency of the Parent Company is Swedish kronor (SEK), which comprises the reporting currency for the Parent Company and the Group. All amounts are presented in millions Swedish kronor ("SEK m"), unless otherwise indicated. Rounding differences may occur.

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the closing exchange rate at the end of the reporting period . Non-monetary items, measured at historical cost in a foreign currency, are not remeasured. Exchange differences that arise during translation are recognized in the statement of profit or loss. Exchange gains and losses relating to operating receivables and liabilities are recognized in operating profit while exchange gains and losses relating to financial assets and liabilities are recognized as financial items.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operation into the Group's reporting currency, Swedish kronor, at the exchange rate prevailing at the balance-sheet date. Revenue and expenses in a foreign operation are converted into Swedish kronor at an average rate that is an approximation of the exchange rates that existed at the respective transaction dates. Translation differences arising from foreign exchange translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When control ceases for a foreign operation, the associated translation differences are reclassified from the translation reserve in equity to the statement of profit or loss.

Classification

Non-current assets and non-current liabilities primarily comprise of amounts that are expected to be recovered or paid more than twelve months from the balance-sheet date. Current assets primarily comprise of amounts that are expected to be realized during the Group's normal operating cycle, which is twelve months after the reporting period. Current liabilities primarily comprise of amounts that are expected to be settled during the Group's normal operating cycle, which is twelve months after the reporting period.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is the function that is responsible for the allocation of resources and the assessment of the operating segments results. Embracer's CEO has been identified as the CODM. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, and for which discrete financial information is available. The division of the Group into segments is based on differences in goods and services that Embracer offers, which means that the Group's operations have been divided into four operating segments: PC/Console Games, Mobile Games, Tabletop Games and Entertainment & Services.

The same accounting policies are used for the segments as for the Group.

Revenue from contracts with customers

The Group generates revenue mainly through the sale of interactive entertainment content and services, primarily for console, PC and mobile platforms, as well as through licensing of Embracer's intellectual property and media content. The Group also generates revenue from the sale of tabletop games, comic books, and merchandise. The Group recognize revenue when the Group satisfies a performance obligation, which is when a promised good or service is transferred to the customer and the customer obtains control of the good or service. Control over a performance obligation can transfer over time or at a point in time. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The most material revenue streams per operating segment are the following:

> Segment PC/Console Games: sales of interactive entertainment content and services for console and PC platforms.

> Segment Mobile Games: sales of interactive entertainment content and services for mobile platforms.

> Segment Tabletop Games: sales of tabletop games.

> Segment Entertainment and Services: sales of comic books and related goods and services, sales of film and merchandise and wholesales of publishing titles of interactive entertainment content and film.

In the following sections, the most material revenue streams per segment is described in more detail, as well as the assessments regarding revenue recognition that Embracer has made per material revenue stream.

Revenue from sales of interactive entertainment content and services for console and PC platforms

The Group sells digital games for console and PC platforms that typically provides access to the main game content. The Group also sells downloadable content that provide the players with additional in-game content in purchased games. Digital sales of interactive entertainment content are sold through third-party digital storefronts, such as Microsoft's Xbox Games Store, Sony's PSN, Epic and Steam. Embracer considers the digital storefront to be Embracer's customer and Embracer's performance obligation is therefore to provide a license to the digital storefront to sell the game or the downloadable content to end-users. The transaction price typically comprises of variable consideration in the form of sales-based royalty, that is recognized when the subsequent sale to end-user occurs in accordance with the guidelines for sales-based royalties in IFRS 15. The transaction price sometimes also consists of fixed consideration in the form of minimum sales guarantees. As the digital storefront can sell the game to end-users immediately when the license has been transferred, control is assessed to be transferred at the point in time when the license is granted. Any fixed consideration is therefore recognized as revenue when the license is granted to the digital storefront.

The Group also has some free-to-play games for PC and console where players have the opportunity to purchase virtual goods in the game. When selling virtual goods, each virtual good usually constitutes a separate performance obligation. The transaction price for virtual goods comprises of a fixed consideration. Control transfers to the customer over time or at a point in time (when the good is made available to the customer) depending on the nature of the good, which is either consumed at the time of purchase or is permanent. Revenue attributable to goods not consumed at the time of purchase is recognized over the contract period, which is estimated to be the average playing period for the game's paying users.

When Embracer uses an external publisher for its developed games, the publisher is the Group's customer, and the performance obligation is to grant a license to the publisher.

The transaction price typically comprises of both sales-based royalty (which is recognized as described above) and fixed consideration in the form of minimum sales guarantees or development funding from the publisher. Both minimum sales guarantees and development funding are recognized as revenue at the point in them when the license is granted to the publisher, which corresponds to when control is transferred.

The Group also derive revenue from sale of physical copies of owned and licensed games for console and PC platforms to physical retail stores such as GameStop and Media Markt, which is considered to be Embracer's customers. A physical copy of a game is a combination of a license and a physical good, where Embracer considers the license to be the primary/dominant component. The transaction price comprises of a fixed price per game, but also includes variable consideration in the form of right of return and price protection. The variable consideration is estimated by use of the expected value method. To make such an assessment, Embracer utilizes historical statistics and forecasts. Revenue is recognized when control is transferred to the customer, which is at the point in time when the license is transferred to the customer. Fixed consideration is therefore recognized when the license has been transferred to the retail store and variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not subsequently occur. The remaining part of the variable consideration is recognized as the uncertainty associated with the consideration is subsequently resolved.

Revenue from when Embracer performs game development services ("work-for-hire") is also included in the segment PC/Console Games. Embracer assesses that the promise to develop a game for a customer constitute a single performance obligation. The transaction price typically comprises of a fixed consideration as well as variable consideration in the form of a revenue share for the game. The Group recognize fixed consideration from work-for-hire project as revenue over time as the performance obligation is satisfied. Control is transferred over time as the customer controls the game as the development service is being performed. The Group measure the progress towards complete satisfaction of the performance obligation using an input method based on cost incurred in relation to total estimated cost to fulfil the game development. Due to the uncertainty regarding the variable consideration, revenue from variable consideration is only recognized once the subsequent sale has occurred.

Revenue from sales of interactive entertainment content and services for mobile platforms

The Group develop games for mobile platforms. The Group's mobile games are essentially so called "Free-to-play games", in which the players are provided access to the main game content without paying a fee. Revenue is generated from sales of additional game content in the form of virtual goods and subscriptions. Regarding the sale of virtual goods, each separate virtual good is usually considered a distinct performance obligation which is satisfied when control is transferred to the customer. Some virtual goods are consumed at the time of purchase while other goods are durable and can be used by the player without time limit. The transaction price for virtual goods comprises of a fixed consideration. Control is transferred to the customer over time or at a point in time (when the good has been made available to the customer) depending on the nature of the good. Revenue from virtual goods not consumed at the time of purchase is recognized over the contract period, which is considered to be the average playing period for the game's paying users. Regarding the sale of subscriptions, Embracer's obligation is considered to be to stand ready to provide the benefits of the subscription service to the customer. The obligation is therefore considered to comprise of a series of distinct services that are substantially the same, wherefore each subscription is considered to constitute a single performance obligation. Control is transferred to the customer over time and revenue is recognized linearly over the subscription period.

The segment Mobile Games also generates revenue by displaying ads within Embracer's mobile apps. Embracer's customers are represented by the ad networks to which Embracer provide advertisement space. The ad networks in turn place ads from third parties in Embracer's mobile apps. Embracer assesses that the obligation to provide advertisement space to the ad network comprise of a series of distinct services that are substantially the same, wherefore each contract is considered to constitute a single performance obligation. The transaction price solely comprises of variable consideration and is dependent on the number of valid clicks or impressions that a specific ad generates whilst it is being displayed within the app. The variable consideration is allocated to each respective distinct service within the time period. The ad network simultaneously receives and consumes the benefits provided by Embracer's performance, wherefore, advertising revenue is recognized over time.

Revenue from sales of tabletop games

The Group generates revenue from sales of tabletop games directly to end consumers or to physical retail stores which then resell the games to end consumers. Revenue is also generated from sales of digital versions of tabletop games that are sold via third-party digital storefronts, such as Microsoft Xbox Game Store, Sony's PSN and Apple App Store. Each game is usually considered a distinct performance obligation. The transaction price comprises of a fixed consideration per game and sometimes also variable consideration in the form of discounts and right of return. Revenue is recognized when control is transferred to the customer which is when the game has been transferred to the customer.

Revenue from sales of comic books and related goods and services, sales of film and merchandise and wholesale of publishing titles of interactive entertainment content and film

Regarding sales of comic books and related goods, each good is usually considered a distinct performance obligation. Comic books are sold in both physical printed editions and digital editions. The transaction price typically comprises of a fixed consideration but sometimes also includes variable consideration in the form of discounts and right of return. The variable consideration is estimated by use of the expected value method. To make such an assessment, Embracer utilizes historical statistics and forecasts. Revenue is recognized when control is transferred to the customer. When selling digital editions of comic books, control is transferred to the customer when the comic book is made available for the customer. For physical sales, control is transferred when the product has been delivered to the customer.

Regarding sales of film and merchandise, each good is usually considered a distinct performance obligation which is satisfied when control is transferred to the customer. Sales of film and merchandise take place both physically and digitally. The transaction price for physical sales generally comprises of a fixed consideration per good, but with variable components such as right of return and price protection. The transaction price for digital sales comprises of either fixed or sales-based royalties. When selling physical copies of film and merchandise, control is transferred when the good has been delivered to the customer. When selling digital copies of film, control is transferred to the customer when the license is granted to the customer.

The Group also generates revenue from wholesale of physical copies of games and films. Sales are made to physical retail stores which are Embracer's customers. The transaction price comprises of a fixed consideration per copy of the game or film but also includes variable consideration in the form of right of return and price protection. The variable consideration is estimated by use of the expected value method. Revenue is recognized when control is transferred to the customer, which is at the point in time when the product is transferred to the customer. Fixed consideration is therefore recognized when the product has been transferred to the retail store and variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not subsequently occur.

Principal- agent considerations
In some sales of the Group's goods and services, a third party is involved in providing the good or service. For example, when digital games are sold via third-party digital storefronts. When another party is involved in providing goods or services to a customer, Embracer evaluates which party that represents the Group's customer. This depends on whether the third party is the principal or agent in providing the product or service to the end consumer, which determines whether revenue from the sale is recognized gross or net (adjusted for commission received by third parties). Important indicators that the Group evaluates when deciding which party that represents the Group's customer include but are not limited to:

1. Which party that is primarily responsible for fulfilling the promise to provide the specified good or service.
2. Which party that establish the price for the specified good or service.
3. If the third party combines or integrates the good or service with other goods or services that Embracer does not deliver before delivery to the end consumer.

In cases where the end consumer is considered to be the Group's customer, the consideration received from the customer is recognized in the gross amount within net sales and the amount attributable to the third party is recognized as expense in the consolidated statement of profit or loss. In cases when the third party is considered to be the Group's customer, revenue is recognized that corresponds to the amount of consideration that Embracer is entitled to.

Contract assets and contract liabilities
A contract asset arises when a company performs by transferring goods or services and when the right to consideration is conditioned on something other than the passage of time. The item excludes amounts that are reported as trade receivables.

A contract liability arises if a customer pays before the Group has performed, or if the company has the right to compensation that is unconditional before the good/service has been transferred to the customer. The liability is recognized either when the payment occurs or when the payment is due (whichever occurs first). A contract liability represents the obligation to transfer goods or services to a customer in those cases where the consideration has been received (or the amount is due for payment).

Employee benefits
Short-term employee benefits
Short-term employee benefits such as salaries, social security contributions and holiday pay are expensed in the period when the employees perform the services.

Defined contribution pension plans
A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional contributions if the separate legal entity does not have sufficient assets to pay all benefits to employees that relate to the employees' service during the current or prior periods. The Group therefore has no additional risk. The Group's obligations pertaining to fees for defined contribution pension plans are recognized as an expense in the statement of profit or loss at the rate they are earned as the employees perform services for the Group during the period.

Defined benefit pension plans
A defined benefit pension plan is a pension plan under which the Group has an obligation to pay contractual renumeration to the employees. The Group thereby bears both the actuarial and the investment risk.

The expense of the defined benefit pension plan, as well as the scope of the pension obligation, is calculated yearly by independent actuaries using the Projected Unit Credit Method, which involves distributing the expense over the employee's term of service. The calculation uses actuarial assumptions such as personnel turnover, future salary increases, life expectancy and retirement age. Actuarial gains and losses on remeasurements due to experience-based adjustments and changes in actuarial assumptions are recognized in the statement of other comprehensive income for the period in which they arise. Other expenses are recognized in the statement of profit or loss, service expenses as part of personnel expenses and interest expenses in net financial items.

Other long-term employee benefits
Embracer has contractual obligations for employees regarding long-term bonuses and anniversary benefits. Long-term bonuses primarily relate to contingent consideration agreed in relation to certain business combinations that are classified as remuneration for future services as there are requirements for the seller to remain in employment to receive the contingent consideration. The long-term benefit is calculated with the Projected Unit Credit Method. The net of expenses relating to employee service, net interest on the net defined benefit liability, and remeasurements of the net defined benefit liability are recognized in the consolidated statement of profit or loss.

Termination benefits
An expense for benefits in connection with the termination of employment is recognized only if the entity is objectively obligated, without any realistic possibility of withdrawal, by virtue of a formal detailed plan to terminate an employment contract.

Share-based payments
In some of Embracer's business combinations, a contingent consideration has been agreed which requires future employment for certain key personnel in the acquired company. When the contingent consideration is settled with newly issued shares, the agreement is classified as a share-based payment. If the employees in question continue their employment during the specified period and the other conditions for the contingent consideration are met, the purchase price will be settled with newly issued shares. The expense for these transactions, which are settled with equity, consists of the fair value at the time the agreement is entered into. The valuation is further described in Note 5.

The expense for share-based payments is recognized in the statement of profit or loss as personnel expenses with a corresponding increase in equity. The assessment regarding how many shares that are expected to be earned is updated at the end of each reporting period and any deviations is recognized in the statement of profit or loss with a corresponding adjustment in equity. In cases where the shares are forfeited due to the employee not fulfilling the vesting conditions, the amount previously recognized for these instruments will not be reversed.

Finance income and expenses
Finance income
Finance income consists of interest income, any capital gains on financial assets, gain from fair value changes of financial instruments measured at fair value. Interest income is recognized in

accordance with the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments and receipts during the financial instrument's expected term to the recognized net value of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Dividend income is recognized when the right to receive dividend is established. The result from divestment of a financial instrument is recognized when the risks and rewards that are associated with the ownership of the instrument are transferred to the buyer and the Group no longer has control of the instrument. Finance income is recognized in the period to which it is attributable.

Finance expense
Finance expense consists primarily of interest expenses on liabilities, which are calculated based on application of the effective interest method, interest expenses on lease liabilities, loss from fair value changes of financial instruments measured at fair value. Finance expenses are recognized in the period to which they are attributable.

Foreign exchange gains and losses are recognized gross.

Income taxes
Income tax consists of current tax and deferred tax. Income taxes are recognized in the statement of profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity, in which case the associated tax effect is also recognized in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates enacted, or substantively enacted, by the end of the reporting period. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred income tax is recognized in its entirety, according to the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Temporary differences are not considered in the recognition of goodwill or in the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. Nor are temporary differences attributable to shares in subsidiaries that are not expected to be reversed in the foreseeable future considered. The measurement of deferred tax is based on how, and in which jurisdiction, the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax laws that have been enacted or announced by the reporting date and which are expected to apply in that jurisdiction when the deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets on deductible temporary differences and loss carry-forwards are only recognized to the extent that it is probable than they can be utilized. The value of the deferred tax assets is reduced when it is no longer considered probable that they can be utilized. Deferred tax assets and deferred tax liabilities are set off if there is a legal right to set off current tax receivables against current tax liabilities and the deferred tax is attributable to the same company in the Group and the same tax authority.

Earnings per share
Basic earnings per share is calculated by dividing profit or loss attributable to the equity holders of the parent company by a weighted average of the number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the parent company, adjusted where applicable, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may result in dilution. Dilution from potential ordinary shares is only recognized if a conversion to ordinary shares would result in a decrease in earnings per share or an increase in loss per share after dilution.

Goodwill
Goodwill is initially measured according to the principles described under consolidation in this note. Goodwill is recognized at cost less any accumulated impairments. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination. The factors that comprise recognized goodwill are primarily related to synergies, personnel, know-how and customer relationships of strategic importance. Goodwill is considered to have an indefinite useful life and is thereby tested for impairment at least an annual basis.

Intangible assets
An intangible asset is recognized if it is probable that the future economic benefits attributable to the asset will flow to the entity and if the cost can be reliably measured.

Internally generated intangible assets
The Group's development projects are divided into two phases in accordance with IAS 38: the research phase and the development phase. Costs arising in the research phase are expensed as it is incurred and never subsequently capitalized. Cost arising in the development phase are capitalized as intangible assets when, in the opinion of the management, it is probable that they will result in future economic benefits for the Group, the criteria for capitalization have been met and the costs can be reliably measured.

In Embracer, internally generated intangible assets pertain primarily to game development and film rights. The costs that are capitalized in game development projects include costs for direct salaries, consultant fees and other to the project directly attributable costs. The costs that are capitalized for film rights include costs for direct salaries, consultant fees and other to the project directly attributable costs. All other costs that do not meet the criteria for capitalization are expensed in profit or loss as incurred. Completed development projects and internally generated film rights are recognized at cost less accumulated amortization and any accumulated impairments. The cost for completed development projects comprises of all directly attributable costs. Indirect manufacturing costs that constitute a significant part of the total manufacturing cost and amounts to more than an insignificant amount are included in the cost.

Impairment testing is performed annually on internally generated intangible assets under development and if there are indications that the recoverable amount of an internally generated intangible asset under development is lower than the carrying amount. If the carrying amount exceeds the asset's recoverable amount, an impairment is recognized so that the asset's carrying amount matches the recoverable amount.

IP-rights
IP-rights have been acquired in a business combination and refers to rights attributable to the Group's game products, such as a game's software or title. IP-rights are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Publishing and distribution relationships
Publishing and distribution relationships have been acquired in a business combination and refers to the Group's board game products. Publishing and distribution relationships are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Film rights
Acquired film rights are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets
Other intangible assets mainly refer to assets that are not classified as above. Other intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses.

Amortization methods
Completed development projects and film rights are amortized using the declining balance method, i.e. a decreasing expense over the useful life. IP-rights, publishing and distribution relationships and other intangible assets are amortized on a straight-line basis over its estimated useful life. The useful life is reassessed at the end of each reporting period and adjusted as needed. When determining the amortizable amount of the asset, the residual value of the asset is considered where applicable. Intangible assets with a finite useful life are amortized from the date they are available for use.

The estimated useful lives of material intangible assets are as follows:

> Completed game development projects — 2 years

Depreciation of finished game development projects - degressive depreciation over two years. 1/3 depreciation during month 1 to 3 following release, 1/3 depreciation in month 4 to 12 following release and the remaining 1/3 in month 13 to 24 following release.

> IP-rights — 5-10 years
> Publishing and distribution relationships — 25 years
> Film rights — 0-5 years
> Other intangible assets — 5 years

Property, plant and equipment
Property, plant and equipment are recognized as an asset in the statement of financial position if it is probable that future economic benefits will flow to the entity and the cost of the asset can be reliably measured. Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of an asset is derecognized from the statement of financial position when it is disposed or divested or when no future economic benefits are expected from the use or disposal of the asset. Gains or losses from the sale or disposal of an asset consist of the difference between the sales price and the asset's carrying amount less direct selling expenses. Gains and losses are recognized as other operating income/expense.

Additional expenditures are added to the cost of the asset only to the extent that it is probable that the future economic benefits associated with the asset will flow to the Group and the cost can be reliably measured. All other additional expenditures are recognized as an expense in the period in which they arise.

Depreciation methods
Items of property, plant and equipment that consists of parts with different useful lives have been divided into components and the components are depreciated separately over the useful life of each component. For the Group, this mainly applies to buildings where a division is made on, for example, foundation, facade, roof and so on. Depreciation is recognized on a straight-line basis over the estimated useful life of the asset or component.

The estimated useful lives of material items of property, plant and equipment are as follows:

> Buildings — 33-40 years
> Equipment, tools, fixtures and fittings — 3-14 years

The applied depreciation methods, residual values and useful lives are reassessed at the end of each reporting period.

Leases
At contract inception, the Group determined whether the contract is or contains a lease based on the substance of the agreement. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Group recognizes right-of-use assets in the statement of financial position at the commencement date of the lease (i.e., the date on which the underlying asset is made available for use). Right-of-use assets are measured at cost less accumulated depreciation and any impairment losses and adjusted for remeasurements of the lease liability. The cost of right-of use assets includes the initial amount recognized for the attributable lease liability, initial direct costs, and any prepaid payments on or before the commencement date of the lease less any incentives received. Provided that Embracer is not reasonably certain that the ownership of the underlying asset will be assumed upon expiration of the lease, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life.

Lease liabilities
At the commencement date of a lease, the Group recognizes a lease liability corresponding to the present value of the lease payments to be made over the lease term. The lease term is defined as the non-cancellable period together with periods covered by an option to extend or terminate the lease if the Group is reasonably certain to exercise such options. The lease payments include fixed payments (less any incentives receivable), variable lease payments that depend on an index or a rate (e.g. a reference interest rate) and amounts that are expected to be paid under residual value guarantees. Additionally, the lease payments include the exercise price of an option to purchase the underlying asset, or termination penalties, if it is reasonably certain that such options will be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period they are incurred.

To calculate the present value of lease payments, the Group uses the implicit interest rate in the contract if it can be readily determined. If the implicit interest rate cannot be readily determined, the incremental borrowing rate as of the commencement date of the lease is used. After the commencement date of a lease, the lease liability is increased to reflect the interest on the lease liability and decreased with lease payments. Additionally, the value of the lease liability is remeasured as a result of modifications, changes to the lease term, changes in lease payments or changes in an assessment of whether to purchase the underlying asset.

Application of practical expedients
The Group applies the practical expedient for short-term leases and leases in which the underlying asset is of low value. Short-term leases are defined as leases that, at the commencement date, have a lease term of 12 months or less after consideration of any options to extend the lease. In the Group, leases in which the underlying asset is of low value comprises of office equipment. Lease payments for short-term leases and leases in which the underlying asset is of low value are expensed on a straight-line basis over the lease term.

Impairment of non-financial assets

The Group conducts an impairment test in the event there are indications that there has been a decrease in the value of tangible or intangible assets, i.e. whenever events or changes in circumstances indicate that the carrying amount is not recoverable. This also applies to right-of-use assets attributable to leases. Moreover, assets with an indefinite useful life, meaning the Group's goodwill as well as intangible assets not yet ready for use are tested for impairment annually by calculating the recoverable amount of the asset regardless of whether there are indications of a decrease in value or not.

Impairment is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount. A recoverable amount comprises of the higher of fair value less costs of disposal and a value in use, which constitutes an internally generated value based on future cash flows. When determining impairment requirements, assets are grouped at the lowest level where cash inflows that are largely independent exist (cash-generating units). When impairment is identified for a cash-generating unit or group of units, the impairment amount is primarily allocated to goodwill. Other assets in the unit, or group of units, are subsequently proportionally impaired. When calculating value in use, future cash flows are discounted at a discount rate that considers risk-free interest and risk related to the specific asset. An impairment is recognized in the statement of profit or loss.

Previously recognized impairment is reversed if the recoverable amount is deemed to exceed the carrying amount. However, there is no reversal of an amount greater than what the carrying amount would have been if impairment had not been recognized in previous periods. Any reversal of impairment is recognized in the statement of profit or loss. Impairment of goodwill is, however, never reversed.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or an equity instrument in another entity. Measurement of the financial instruments depends on how they have been classified.

Recognition and derecognition

Financial assets and liabilities are recognized when the Group becomes a party under the contractual terms of the instrument. Transactions with financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Group. Trade receivables are recognized in the statement of financial position when the Group's right to consideration is unconditional. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognized once the invoice has been received.

A financial asset is derecognized from the statement of financial position (fully or partially) when the rights in the contract have been realized or matured, or when the Group no longer has control over it. A financial liability is derecognized from the statement of financial position (fully or partially) when the obligation of the agreement is discharged or otherwise expires. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Gains and losses from derecognition from the statement of financial position, as well as from modifications, are recognized in profit or loss. At each reporting date, the entity evaluates the need for impairment relating to expected credit losses for a financial asset or group of financial assets, as well as any other existing credit exposure.

Classification and measurement

Financial assets

Debt instruments: classification of financial instruments that are debt instruments is based on the Group's business model for managing financial assets and the asset's contractual cash flow characteristics. The instruments are classified at:

> Amortized cost,
> Fair value through other comprehensive income, or
> Fair value through profit or loss.

Financial assets are classified at amortized cost if they are held under a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount. At initial recognition, financial assets at amortized cost are measured at fair value including transaction costs. After initial recognition, the assets are measured at amortized cost using the effective interest rate method. The assets are subject to impairment for expected credit losses.

Equity instruments are classified at fair value through profit or loss unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to classify them at FVOCI with no subsequent reclassification to profit or loss. The Group holds ownership interests in other entities and current investments that are recognized at fair value through profit or loss.

Financial liabilities

The Group's financial liabilities are classified at amortized cost or at fair value through profit or loss. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. Following initial recognition, they are measured at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss include the Group's contingent considerations and derivative instruments with negative value. Contingent consideration is remeasured at each reporting date. Changes in the fair value are recognized in the consolidated statement of profit or loss in profit or loss from financial items. Contingent considerations are recognized as current liabilities if they are to be settled within 12 months of the closing date. The Group's contingent considerations are settled through payment of cash or newly issued shares in Embracer Group AB.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance-sheet date. Borrowing costs are recognised in the statement of profit or loss in the period to which they are attributable. Accrued interest is recognized as part of current borrowing from credit institutions, in the event that settlement of the interest is expected within 12 months from the end of the reporting period.

Fair value is determined as described in Note 5 Financial instruments.

Derivates and hedge accounting

Derivates are measured at fair value. The Group applies hedge accounting in the form of cash flow hedges. The effective portion of changes in the fair value of a derivative instrument that has been identified as a cash flow hedge and that fulfils the qualifying criteria for hedge accounting is recognized in other comprehensive income and accumulated in the cash flow hedge reserve in equity. Gains or losses relating to the ineffective part of hedges are recognized immediately in the consolidated statement of profit or loss as financial income or financial expenses. The accumulated amount recognized in equity is reclassified to the consolidated statement of profit or loss in the same periods during which the hedged item affects profit or loss. The Group uses interest rate swaps to hedge loans with floating interest rates and foreign exchange forward contracts to hedge parts of future cash flows from forecasted transactions in foreign currencies. When a hedging instrument expires or is sold or when the hedge no longer no longer fulfils the qualifying criteria for hedge accounting, accumulated gains or losses remain in equity. These are immediately recognized in the statement of profit or loss at the same time as the hedged transaction is eventually recognized in the consolidated statement of profit or loss. If a hedged transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately reclassified to profit or loss.

Information on the fair value of derivative instruments can be found in Note 5 Financial instruments.

Impairment of financial assets

Financial assets, except for assets classified at fair value through profit or loss, or equity instruments that are measured at fair value through other comprehensive income, are subject to impairment for expected credit losses. The method for impairment for expected credit losses also applies to contract assets deriving from IFRS 15. Impairment for credit losses in accordance with IFRS 9 is forward-looking, and a loss allowance is recognized when there is an exposure to credit risk, normally at the initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in the cash flow related to default events, either for the following 12 months or for the expected remaining term of the financial instrument, depending on the type of asset and on its credit risk deterioration since initial recognition.

The simplified approach is applied for trade receivables and contract assets. In the simplified approach, a loss allowance is recognized for the expected remaining term of the receivable or asset.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and includes all costs of purchase for the inventories and transport of the inventories to their present location and condition. The net realizable value is defined as the sales price less selling expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash, immediately available balances with banks and equivalent institutions and current investments. Current investments are classified as cash and cash equivalents when they have a maturity date within three months from the date of acquisition, can easily be converted into cash at a known amount and are exposed to an insignificant risk of changes in value. Cash and cash equivalents are subject to the loss provision requirements for expected credit losses.

Equity

All the company's shares are ordinary shares. The share capital consists of shares in Class A and shares in Class B. Each class A share entitles the holder to ten votes and each Class B shares entitles the holder to one vote at general meetings. The share capital is recognized at its quota value, and the excess portion is recognized as other contributed capital. Transaction costs that can be directly attributed to the issuance of new shares are recognized, net of tax, in equity as a deduction from the proceeds of the issue.

Provisions

A provision can be distinguished from other liabilities as there is an uncertainty about the timing or amount required to settle the provision. A provision is recognized in the statement of financial position when the entity has an existing legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of when a payment is made is material, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability. Provisions are reassessed at the end of each reporting period.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment arising from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or when there is a present obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or because the amount of the obligation cannot be reliably estimated.

Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received, and that the Group will comply with the related conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, which means that the grant is accrued over the asset's useful life in the form of lower deprecation. Grants related to profit or loss are systematically allocated to profit or loss in the same way and over the same periods as the costs the grant is intended to compensate for. Grants attributable to profit or loss are recognized as an other operating income.

Cash flow

The statement of cash flow has been prepared using the indirect method. This means that profit or loss are adjusted for non-cash transactions as well as revenue or expenses attributable to investing or financing activities.

NOTE 12 PARENT COMPANY'S TRANSITION TO RFR 2

The Parent Company has previously applied the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3) in the preparation of financial statements. As of this financial report, as a result of the Group's transition to IFRS, the Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The date of the parent company's transition to RFR 2 is April 1, 2020.

The accounting policies included in note 2 have been applied when the interim report is prepared as of June 30, 2022 and for the historical periods presented for the comparative periods.

The effect of the transition to RFR 2 is reported directly against the opening equity. Previously published financial information for the periods 2020-04-01 - 2021-03-31 and 2021-04-01 - 2022-03-31, prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3), has been converted to RFR 2. The following condensed summaries presents the effect of the parent company's transition to RFR 2 on the parent company's income statement and on the parent company's balance sheet. The transition to RFR 2 has had no effect on the parent company's cash flow.

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY FOR THE PERIOD APRIL 1, 2021 - JUNE 30, 2021

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Total operating income	**207**	**-**	**207**
Other expenses	–112	-	–112
Other operating expenses	–5	-	–5
Total operating expenses	**–117**	**-**	**–117**
Operating profit	**90**	**-**	**90**
Profit/loss from financial items	–149	–8	–157
Profit after financial items	**–59**	**–8**	**–67**
Appropriations	0	-	0
Profit before tax	**–59**	**–8**	**–67**
Income tax	12	-	12
Net profit for the period	**–47**	**–8**	**–55**

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY FOR THE PERIOD APRIL 1, 2020 - JUNE 30, 2020

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Total operating income	**190**	**-**	**190**
Other expenses	–112	-	–112
Other operating expenses	0	-	0
Total operating expenses	**–112**	**-**	**–112**
Operating profit	**78**	**-**	**78**
Profit/loss from financial items	–31	-	–31
Profit after financial items	**47**	**-**	**47**
Appropriations	0	-	0
Profit before tax	**47**	**-**	**47**
Income tax	–10	-	–10
Net profit for the period	**37**	**-**	**37**

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY FOR THE PERIOD APRIL 1, 2021 - MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Total operating income	**527**	**-**	**527**
Other expenses	–405	-	–405
Other operating expenses	–9	-	–9
Total operating expenses	**–414**	**-**	**–414**
Operating profit	**113**	**-**	**113**
Profit/loss from financial items	588	–24	564
Profit after financial items	**701**	**–24**	**677**
Appropriations	–307	-	–307
Profit before tax	**394**	**–24**	**370**
Income tax	–48	-	–48
Net profit for the period	**346**	**–24**	**322**

CONDENSED INCOME STATEMENT OF THE PARENT COMPANY FOR THE PERIOD APRIL 1, 2020 - MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Total operating income	**796**	**-**	**796**
Other expenses	–475	-	–475
Other operating expenses	–21	-	–21
Total operating expenses	**–496**	**-**	**–496**
Operating profit	**300**	**-**	**300**
Profit/loss from financial items	–343	–6	–349
Profit after financial items	**–43**	**–6**	**–49**
Appropriations	230	-	230
Profit before tax	**187**	**–6**	**181**
Income tax	–40	-	–40
Net profit for the period	**147**	**–6**	**141**

CONDENSED BALANCE SHEET OF THE PARENT COMPANY AS OF JUNE 30, 2021

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Intangible assets	325	-	325
Property, plant and equipment	4	-	4
Receivables from Group companies	5,442	–4	5,438
Other financial assets	5,540	-	5,540
Total non-current assets	**11,311**	**–4**	**11,307**
Receivables from Group companies	13,454	–10	13,444
Other current assets	9,774	-	9,774
Total current assets	**23,228**	**–10**	**23,218**
Total assets	**34,539**	**–14**	**34,525**
Equity			
Restricted equity	294	-	294
Unrestricted equity	33,548	–14	33,534
Total equity	**33,842**	**–14**	**33,828**
Provisions	218	-	218
Non-current liabilities	319	-	319
Current liabilities	160	-	160
Total equity and liabilities	**34,539**	**–14**	**34,525**

CONDENSED BALANCE SHEET OF THE PARENT COMPANY AS OF JUNE 30, 2020

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Intangible assets	418	-	418
Property, plant and equipment	5	-	5
Receivables from Group companies	5,656	-	5,656
Other financial assets	2,639	-	2,639
Total non-current assets	**8,718**	**-**	**8,718**
Receivables from Group companies	1,102	-	1,102
Other current assets	2,435	-	2,435
Total current assets	**3,537**	**-**	**3,537**
Total assets	**12,255**	**-**	**12,255**
Equity		**-**	
Restricted equity	242	-	242
Unrestricted equity	10,260	-	10,260
Total equity	**10,502**	**-**	**10,502**
Provisions	4	-	4
Non-current liabilities	1,309	-	1,309
Current liabilities	440	-	440
Total equity and liabilities	**12,255**	**-**	**12,255**

CONDENSED BALANCE SHEET OF THE PARENT COMPANY AS OF MARCH 31, 2022

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Intangible assets	153	-	153
Property, plant and equipment	5	-	5
Receivables from Group companies	32,121	–23	32,098
Other financial assets	29,493	-	29,493
Total non-current assets	**61,772**	**–23**	**61,749**
Receivables from Group companies	1,899	–1	1,898
Other current assets	1,574	-	1,574
Total current assets	**3,473**	**–1**	**3,472**
Total assets	**65,245**	**–24**	**65,221**
Equity			
Restricted equity	74	-	74
Unrestricted equity	46,858	–24	46,834
Total equity	**46,932**	**–24**	**46,908**
Provisions	231	-	231
Non-current liabilities	6,066	-	6,066
Current liabilities	12,016	-	12,016
Total equity and liabilities	**65,245**	**–24**	**65,221**

CONDENSED BALANCE SHEET OF THE PARENT COMPANY AS OF MARCH 31, 2021

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Intangible assets	409	-	409
Property, plant and equipment	4	-	4
Receivables from Group companies	5,436	–4	5,432
Other financial assets	5,520	–	5,520
Total non-current assets	**11,369**	**–4**	**11,365**
Receivables from Group companies	2,744	–2	2,742
Other current assets	12,532	–	12,532
Total current assets	**15,276**	**–2**	**15,274**
Total assets	**26,645**	**–6**	**26,639**
Equity		**–**	
Restricted equity	294	–	294
Unrestricted equity	25,759	–6	25,753
Total equity	**26,053**	**–6**	**26,047**
Provisions	221	–	221
Non-current liabilities	322	–	322
Current liabilities	49	–	49
Total equity and liabilities	**26,645**	**–6**	**26,639**

CONDENSED BALANCE SHEET OF THE PARENT COMPANY AS OF APRIL 1, 2020

Amounts in SEK m	According to previous policies	A. Expected credit losses	According to RFR 2
Intangible assets	394	-	394
Property, plant and equipment	2	-	2
Receivables from Group companies	267	-	267
Other financial assets	2,547	-	2,547
Total non-current assets	**3,210**	**-**	**3,210**
Receivables from Group companies	896	-	896
Other current assets	1,986	-	1,986
Total current assets	**2,882**	**-**	**2,882**
Total assets	**6,092**	**-**	**6,092**
Equity		**-**	
Restricted equity	242	-	242
Unrestricted equity	5,333	-	5,333
Total equity	**5,575**	**-**	**5,575**
Provisions	4	-	4
Non-current liabilities	363	-	363
Current liabilities	150	-	150
Total equity and liabilities	**6,092**	**-**	**6,092**

A. Expected credit losses

In accordance with previously applied accounting policies, Embracer has applied an impairment model for credit losses based on an occurred loss event. In accordance with RFR 2, an entity shall apply a model for expected credit losses that involves recognizing a credit loss when the entity becomes a party to the financial instrument. The application of the expected credit loss model has not resulted in increased provisions for credit losses on receivables from group companies. In the income statement, the provision for expected credit losses has resulted in an increase of other operating expenses.

NOTE 13 PARENT COMPANY'S ACCOUNTING POLICIES

The parent company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the recommendation issued by the Financial Reporting Board RFR 2 "Accounting for legal entities". The parent company applies the same accounting policies as the Group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the exceptions listed below. Unless otherwise indicated, the accounting policies stated below for the parent company have been applied consistently to all periods presented in the parent company's financial statements.

Leases

The guidance on accounting for lease agreements in accordance with IFRS 16 are not applied in the parent company. This means that lease payments are expensed linearly over the lease term and right-of-use assets and lease liabilities are not included in the parent company's balance sheet. However, identification of a lease agreement is made in accordance with IFRS 16, i.e. than an agreement is, or contains a lease if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Revenue from investments in subsidiaries

Dividends are recognized when the right to receive payment is considered certain. Revenue from divestment of subsidiaries is recognized when control of the subsidiary has been transferred to the acquirer.

Taxes

In the parent company, deferred tax liabilities attributable to untaxed reserves are recognized gross in the balance sheet. The appropriations are recognized gross in the income statement.

Shares in subsidiaries

Shares in subsidiaries are recognized in the parent company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the investment. In cases where the carrying amount exceeds the subsidiaries' consolidated value, an impairment is made that is recognized in the income statement. An impairment assessment is performed at the end of each reporting period. If a previous impairment loss is no longer justified, it is reversed.

Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared to the carrying amount for these assets and forms the basis for any impairments or reversals. The assumptions that affect the recoverable amount the most are future earnings development, discount rate and useful life. If future external factors and conditions change, assumptions may be affected so that the carrying amounts of the parent company's assets change.

Group contributions and shareholder contributions

The parent company recognize both received and paid group contributions as appropriations in accordance with the alternative method in RFR 2. Shareholder contributions paid by the parent company are recognized as an increase of shares and participations in the parent company. Shareholder contributions received are recognized as an increase of non-restricted equity.

Financial instruments

The parent company applies the exemption to not apply IFRS 9 Financial Instruments in the legal entity. Instead, the parent company applies, in accordance with the Swedish Annual Accounts Act, the cost method. In the parent company, non-current financial assets are thus measured at cost and current financial assets are measured at the lower of cost or net realizable value. The parent company does, however, apply the expected credit loss method (ECL) in accordance with IFRS 9 for financial assets that are debt instruments. Contingent considerations are measured at the amount that the parent company deems would need to be paid if it was settled at the end of the reporting period.

The parent company applies the exemption to not measure financial guarantee contracts for the benefit of subsidiaries, associates and joint ventures in accordance with IFRS 9. Instead, the parent company applies the policies for measurement in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Impairment of financial assets

Financial assets, including intra-group receivables, are subject to impairment for expected credit losses. For receivables from Group companies and other items subject of expected credit losses, an impairment method with three stages is applied in accordance with IFRS 9. The parent company applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default. The parent company assesses that the subsidiaries currently have similar risk profiles and assessment is made on a collective basis. The assessment has been based on the Embracer Group's credit risk, which has been adjusted to reflect the subsidiaries' assessed credit risk. The application of the expected credit loss model has not resulted in increased provisions for credit losses on receivables from group companies. In the income statement, the provision for expected credit losses has resulted in an increase of other operating expenses.

Expected credit losses for cash and cash equivalents have not been recognized, as the amount has been deemed insignificant.

Development fund

Expenditures for game development is capitalized as intangible assets in the parent company in line with the Group's accounting policies. In the parent company, an amount corresponding to the development expenditures capitalized is transferred from non-restricted equity to a reserve for development expenditures within restricted equity.

NOTE 14 PERSONNEL EXPENSES

SEK m	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Personnel expenses	–1,868	–868	–379	–4,356	–1,842
Contingent consideration not classified as part of purchase price - Excluding FX gain/loss	–1,071	–973	–24	–4,247	–180
Total	**–2,940**	**–1,841**	**–403**	**–8,602**	**–2,021**

NOTE 15 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

SEK m	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Operational depreciation and amortization expenses					
Intangible assets	–416	–244	–246	–1,215	–1,032
Tangible assets	–130	–50	–26	–262	–125
Sub-total	**–545**	**–294**	**–271**	**–1,477**	**–1,157**
Acquisition related amortizations	–555	–185	–117	–1,316	–510
Total	**–1,100**	**–479**	**–388**	**–2,793**	**–1,668**

NOTE 16 OTHER OPERATING EXPENSES

SEK m	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Other operating expenses	–28	–6	–24	–20	–46
Transaction costs related to acquisitions	–70	–67	–71	–367	–150
Contingent consideration not classified as part of purchase price - FX gain/loss	–35	1	0	–60	–1
Total	**–134**	**–72**	**–95**	**–447**	**–197**

NOTE 17 NET FINANCIAL ITEMS

SEK m	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2020	Apr 2021-Mar 2022	Apr 2020-Mar 2021
Interest income and other financial income	5	0	1	4	57
Change in fair value contingent consideration	176	251	–958	2,533	–4,300
Interest expense and other financial expense	–74	–16	–11	–104	–42
Interest expense contingent consideration	–60	–19	–	–62	–43
Exchange rate gains/losses	670	–51	–	382	232
Exchange rate gains/losses contingent consideration	–179	37	–29	134	–6
Total financial net	**538**	**202**	**–997**	**2,887**	**–4,102**

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

In accordance with the guidelines from ESMA (European Securities and Markets Authority), regarding the disclosure of alternative performance measures, the definition and reconciliation of Embracer's alternative performance measures are presented below. The guidelines entail increased disclosures regarding the financial measures that are not defined by IFRS. The performance measures presented below are reported in the interim report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. One important part of Embracer´s strategy is to pursue inorganic growth opportunities through acquisitions. Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitative strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM´s are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding acquisition-related items. The individual APMs, definitions, purpose are described more in detail below.

Name	Definition	Reason for Use
Adjusted Earnings per share	Net profit for the period excluding Acquisition related expenses net of tax, Change in fair value contingent consideration net of tax and Interest expense contingent consideration net of tax divided by the average number of shares in the period. Net taxes are calculated using the effective tax rate.	Operational performance per share.
Adjusted Earnings per share after full dilution	Net profit for the period excluding Acquisition related expenses net of tax, Change in fair value contingent consideration net of tax and Interest expense contingent consideration net of tax divided by the average number of shares in the period. Net taxes are calculated using the effective tax rate.	Operational performance per share to factor in the effect of dilution.
Adjusted EBIT	EBIT excluding Acquisition related expenses.	Adjusted EBIT in order to provide a fair picture of the underlying operational performance, since it excludes expenses related to acquisitions of new companies.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	N/A
Adjusted EBITDA	EBITDA excluding contingent considerations not classified as part of the purchase price, transaction costs, remeasurement of participation in associated companies and remeasurement of contingent consideration.	As acquisition related expenses under IFRS are recorded both within and below EBITDA, a new APM under IFRS has been added for consistency in relation to adjusted EBIT.
Acquisition related expenses	Acquisition related expenses consist of contingent considerations not classified as part of the purchase price, amortization of acquired surplus values (e.g. IP-rights, publishing rights, brand name), transaction costs, remeasurement of participation in associated companies and remeasurement of contingent consideration.	Input used to calculate adjusted EBITDA and adjusted EBIT.
Average number of share adjusted	Weighted average no of shares that are outstanding during the period as calculated under K3. Number of shares have been recalculated with respect to split of shares.	
Average number of shares after full dilution	Weighted average no of ordinary shares and potential ordinary shares as calculated under K3. Number of shares have been recalculated with respect to split of shares.	
Basic earnings per share	Profit after tax less non-controlling interest divided by the average number of shares in the period according to IAS 33. Outstanding ordinary shares that are contingently returnable (ie subject to recall) - such as shares subject to clawback conditions issued by Embracer in business combinations - are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall. Such shares affect diluted earnings per share if dilutive and to the extent that conditions are met, without yet havning vested, at the end of the reporting period. The existence of such clawback shares has the effect that the numbers of shares used for calculating earnings per share is lower than the number of shares formally issued.	

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Name	Definition	Reason for Use
Basic shares weighted average (IAS 33)	Weighted average no of shares that are outstanding during the period. Number of shares have been recalculated with respect to split of shares.	
Diluted earnings per share	Profit after tax less non-controlling interest divided by the average number of shares after full dilution in the period according to IAS 33.	
Diluted shares weighted average (IAS 33)	Weighted average no of ordinary shares and potential ordinary shares. Number of shares have been recalculated with respect to split of shares.	
EBIT margin	EBIT as a percentage of net sales.	
EBITDA	Earnings before interest, taxes, depreciation and amortization.	EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results
EBITDA margin (%)	EBITDA as a percentage of net sales.	EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results.
Free cash flow after changes in working capital	Cash Flow from operating activities, excluding net investment in acquired companies and cash flow from financing activities.	Reported to visualize the ability to generate cash flow from operations excluding, financing activities and net investment.
Free cash flow before changes in working capital	Cash Flow from operating activities before changes in working capital, excluding net investment in acquired companies and cash flow from financing activities.	Reported to visualize the ability to generate cash flow from operations excluding changes in working capital, financing activities and net investment.
Gross margin	Net sales less goods for resale divided by net sales	Measuring the profitability from the net sales of products and services
Net Debt (–) / Net Cash (+)	Total interest bearing liabilities of the Company less Cash and Cash Equivalent.	The metric is commonly used by investors, financial analysts and other stakeholders to measure the debt compared to its liquid assets. This metric is also used in calculating the Company's financial leverage
Net investment in acquired companies	Acquisition of subsidiaries, net of cash acquired plus cash impact from Acquisition related expenses, plus acquisition of IP:s through asset deal structures.	A measure of cash flow allocated to inorganic growth opportunities in the reporting period.
Net sales growth	Net sales growth for the current period compared to the same period previous year.	Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress.
Operating Expenses, net	Net amount of Other operating income, Work performed by the Company for its own use and capitalized, Other external expenses, Personnel expenses and Other operating expenses. Excluding marketing costs, marketing contribution, Contingent consideration not classified as part of purchase price transaction costs and remeasurement of contingent consideration.	To give a fair picture of the underlying operating expenses.
Organic growth	Growth between periods where net sales from companies acquired in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.	Growth measure for companies that has been part of Embracer Group for more than one year excluding effects of differences in exchange rates.
Pro forma growth	Growth between periods where net sales from companies acquired in the last five quarters have been added historically. The comparison period is adjusted for differences in exchange rates.	Growth measure for all companies that are a part of Embracer Group as per reporting date regardless of when the company became a part of Embracer Group excluding effects of differences in exchange rates.

DEFINITIONS, QUARTERLY INFORMATION

Accumulated number of additional operative Groups	Number of closed acquisitions of new operative groups
Accumulated number of additional companies added	Number of closed acquisitions which are not new operative groups
Completed games	Total book value of finished game development projects (released games) during the quarter. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and depreciation starts.
DAU	Average daily active users in the period.
Digital product	Product sold/transfered through digital/electronic channels.
Digital sales	Sales and transfer of products, physical and digital, through digital/electronic channels.
External game developers	Game developers engaged in game development projects by studios that are not owned by the group (external studios).
External Studios	Studios not owned by the group"
Game development projects	On-going game development projects financed by the group and number of on-going game development projects financed by third party with notable expected royalty income.
Internal employees, non-development	Employees not directly engaged in game development (both employees and contractors).
Internal game developers	Game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
Internal Studios	Studios owned by the group.
MAU	Average monthly active users in the period.
Net sales split – PC/Console segment	
Owned titles	Net sales of game titles that are owned IP:s or titles that are controlled by the group.
Publishing titles	Net sales of game titles of IP:s the group does not own or control.
New releases	Net sales of game titles that are released in the current quarter.
Back catalog	Net sales of game titles that are not released in the current quarter.
Max cash consideration	The maximum potential consideration to be paid in cash including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms and FX-rates stated in each individual agreement.
Max share consideration	The maximum potential consideration to be paid in Embracer B-shares including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms, FX-rates and Embracer VWAP20 Share Price stated in each individual agreement.
Max total consideration	The sum of the max cash and share consideration. Note that the total max consideration might deviate from the total consideration used in the Purchase Price Analysis following movements in FX-rates and Embracer Share price between the signing and closing date as well as if the expected achievement of the individual earnout targets deviate from the maximum scenario. The Max total consideration includes contingent consideration in cash and shares that is classified as renumeration for future services and not part of the transferred consideration in the PPA according to IFRS2 and IAS19.
Number of IP:s	Number of IP:s owned by the group.
Physical product	Product sold/transfered through physical channels.
Physical sales	Sales and transfer of products, physical and digital, through physical channels.
Total installs	Total accumulated installs in the period.

QUARTERLY INFORMATION BY CALENDAR YEAR

	2016	2017	2018	2019	2020[1]	2020/21					2021/22					2022/23
	Full year	Full year	Full year	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun
Net sales, SEK m	**302**	**508**	**4,124**	**5,541**	1,339	2,069	2,384	2,154	2,392	**9,000**	3,433	3,305	5,091	5,238	**17,067**	7,118
Adjusted EBITDA, SEK m						986	951	889	1,190	**4,016**	1,573	1,299	1,542	1,527	**5,942**	1,867
Adjusted EBIT, SEK m	**108**	**202**	**501**	**1,143**	286	715	657	592	896	**2,858**	1,279	986	1,130	1,069	**4,465**	1,322
EBIT, SEK m	**95**	**188**	**403**	**421**	97	502	502	395	658	**2,058**	55	44	−259	−967	**−1,126**	−398
Basic shares weighted average (IAS 33), million[2]						673	681	753	771	**719**	877	880	894	968	**905**	1,026
Diluted shares weighted average (IAS 33)[2]						673	681	753	771	**719**	883	888	906	984	**921**	1,032
Average number of shares, million[2]	**367**	**444**	**504**	**606**	624	737	756	838	855	**796**	990	1,008	1,026	1,099	**1,031**	1,157
Average number of shares after full dilution, million[2]	**367**	**444**	**504**	**606**	624	737	756	840	859	**798**	1,042	1,060	1,079	1,162	**1,086**	1,256
Basic earnings per share, SEK (IAS 33)	**0.20**	**0.31**	**0.58**	**0.43**	0.21	−0.87	−0.68	−0.90	−1.02	**−3.49**	0.07	2.26	−1.38	0.27	**1.19**	−0.16
Diluted earnings per share, SEK (IAS 33)	**–**	**–**	**–**	**–**	0.21	−0.87	−0.68	−0.90	−1.02	**−3.49**	0.07	2.24	−1.38	0.27	**1.17**	−0.16
Adjusted Earnings per share, SEK[2]	**0.23**	**0.34**	**0.75**	**1.41**	0.49	0.74	0.91	0.51	0.97	**3.14**	1.01	0.92	0.93	0.95	**3.81**	1.04
Adjusted Earnings per share after full dilution, SEK	**0.23**	**0.34**	**0.75**	**1.41**	0.49	0.74	0.91	0.51	0.96	**3.13**	0.96	0.87	0.88	0.90	**3.61**	0.96
Cash flow from operating activities, SEK m	**99**	**179**	**579**	**174**	766	886	872	854	1,210	**3,822**	1,381	1,082	1,487	1,593	**5,543**	1,774
Free cash flow after working capital, SEK m	**–**	**–**	**–**		276	221	330	329	885	**1,766**	−228	43	22	475	**313**	−799
Sales growth, Group, YoY %	**42%**	**68%**	**713%**	**34%**	−18%	81%	89%	43%	79%	**71%**	66%	39%	136%	119%	**90%**	107%
Organic growth, CCY, YoY, %	**–**	**–**	**–**	**–**	–	34%	83%	26%	61%		11%	−24%	34%	−18%		−12%
Gross Margin, %	**61%**	**71%**	**39%**	**52%**	50%	63%	57%	60%	60%	**60%**	76%	76%	66%	73%	**72%**	65%
Adjusted EBITDA, margin, %						48%	40%	41%	50%	**45%**	46%	39%	30%	29%	**35%**	26%
Adjusted EBIT, margin, %	**38%**	**40%**	**12%**	**21%**	21%	35%	28%	27%	37%	**32%**	37%	30%	22%	20%	**26%**	19%
EBIT, margin, %	**31%**	**37%**	**10%**	**8%**	7%	24%	21%	18%	28%	**23%**	2%	1%	−5%	−18%	**−7%**	−6%
Operational depreciation and amortization expenses	**−24**	**−70**	**−473**	**−454**	−557	−271	−294	−298	−294	**−1,157**	−294	−313	−411	−459	**−1,477**	−545
Acquisition related Expenses																
Acquisition related amortizations, SEK m	**−13**	**−14**	**−99**	**−722**	−189	−117	−120	−128	−146	**−510**	−185	−191	−233	−706	**−1,316**	−555
Transaction costs, SEK m						−71	−14	−34	−31	**−150**	−67	−52	−43	−205	**−367**	−70
Contingent consideration not classified as part of purchase price, SEK m						−24	−62	−34	−61	**−181**	−972	−1,087	−1,113	−1,105	**−4,277**	−1,107
Remeasurement of participation in associated companies, SEK m						0	41	0	0	**41**	0	417	0	−1	**416**	0
Remeasurement of contingent consideration, SEK m						0	0	0	0	**0**	0	−27	0	−19	**−46**	12
Total	**−13**	**−14**	**−99**	**−722**	**−189**	**−212**	**−154**	**−196**	**−237**	**−801**	**−1,224**	**−942**	**−1,389**	**−2,036**	**−5,591**	**−1,720**
Investments																
External game development and advances, SEK m	**98**	**212**	**528**	**732**	193	209	172	150	166	**697**	301	323	329	280	**1,233**	248
Internal capitalized development, SEK m	**36**	**80**	**359**	**645**	224	248	273	372	398	**1,291**	469	558	596	670	**2,293**	866
Sub-total - Investment in Game development	**134**	**292**	**887**	**1,377**	**417**	**457**	**445**	**522**	**564**	**1,988**	**770**	**881**	**925**	**950**	**3,526**	**1,114**
Other intangible assets/IP-rights, SEK m	**23**	**15**	**123**	**138**	48	41	39	35	36	**151**	58	35	44	53	**190**	90
Total	**291**	**306**	**1,010**	**1,515**	**465**	**498**	**484**	**557**	**600**	**2,139**	**828**	**916**	**969**	**1,003**	**3,716**	**1,204**
Completed games																
Completed games, SEK m	-	**176**	**383**	**644**	165	253	311	156	117	**837**	298	281	377	262	**1,218**	545
Other KPIs																
Game development projects																
Announced Game Dev projects	-	-	-	-	43	52	53	61	53	-	56	67	67	64	-	55
Unannounced Game Dev projects	-	-	-	-	60	73	82	89	107	-	124	130	149	159	-	167
Total	-	-	-	-	**103**	**125**	**135**	**150**	**160**	-	**180**	**197**	**216**	**223**	-	**222**
Headcount																
Total internal game developers	-	-	-	-	1,359	2,076	2,551	3,673	4,036	-	5,107	6,141	6,473	7,240	-	8,025
Total external game developers	-	-	-	-	1,006	1,109	1,042	963	1,079	-	1,280	1,329	1,351	1,346	-	1,411
Total internal employees, non-development	-	-	-	-	744	790	851	1,094	1,210	-	1,499	1,594	1,700	4,174	-	4,441
Total	-	-	-	-	**3,109**	**3,975**	**4,445**	**5,730**	**6,325**	-	**7,886**	**9,064**	**9,524**	**12,760**	-	**13,877**
Number of studios																
Total number External Studios	-	-	-	-	58	55	56	57	66	-	67	69	66	63	-	63
Total number Internal Studios	-	-	-	-	26	33	46	56	60	-	69	82	88	118	-	120
Total	-	-	-	-	**84**	**88**	**102**	**113**	**126**	-	**136**	**151**	**154**	**181**	-	**183**
IP-rights	-	-	-	-	**160**	**174**	**195**	**208**	**225**	-	**247**	**262**	**271**	**815**	-	**816**
Business combinations KPIs																
Acc. Additional operative groups	**0**	**0**	**2**	**3**	3	4	5	5	5	-	7	7	7	9	-	9
Acc. Additional companies added	**1**	**4**	**6**	**15**	15	18	26	39	39	-	45	57	64	70	-	72
Acc. Total	**1**	**4**	**8**	**18**	18	22	31	44	44	-	52	64	71	79	-	81
Acc. Max cash consideration, SEK m	**0**	**82**	**1,598**	**3,422**	3,422	5,487	6,736	9,476	9,476	-	18,619	22,952	23,706	50,359	-	51,222
Acc. Max share consideration, SEK m	**0**	**10**	**649**	**1,010**	1,010	4,248	6,215	7,471	7,471	-	20,595	22,142	22,206	30,103	-	30,754
Acc. Max total consideration, SEK m	**0**	**92**	**2,247**	**4,432**	4,432	9,735	12,950	16,948	16,948	-	39,214	45,095	45,911	80,462	-	81,976

[1] *Periods prior to April-June 2020/2021 are presented according to previous accounting standards and are not recalculated according to IFRS*

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

Embracer Group is 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, Plaion, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee and Dark Horse. The Group has 120 internal game development studios and is engaging more than 13,800 employees in more than 40 countries.

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