

# EMBRACER GROUP INTERIM REPORT

Q2 FY 22/23  
November 17, 2022

**IMPORTANT INFORMATION – PLEASE READ THE FOLLOWING BEFORE CONTINUING READING**

This presentation (the “**Presentation**”) has been prepared by Embracer Group AB (“**Embracer**” or the “**Company**”) and is provided for information purposes only. By attending a meeting where this Presentation is presented or by accessing information contained in or obtained from the Presentation, including by reading this Presentation, you agree to be bound by the following limitations and notifications.

This Presentation may not be used for, or in connection with, any offer to, or solicitation by, any person in any jurisdiction or under any circumstances. This Presentation does not constitute or form part of, and should not be constructed as, any offer, invitation, solicitation or recommendation to purchase, sell or subscribe for any securities in the Company in any jurisdiction and does not constitute any form of commitment or recommendation on the part of Embracer or anyone else. The Presentation is intended to present background information on the Company and is not intended to provide complete disclosure. Readers of the Presentation should not treat the contents of this Presentation as an advice relating to legal, taxation, investment or any other matters. Neither the Presentation, nor any part of it, shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This presentation is not a research report. The Company and its affiliates, directors, advisors, employees and representatives disclaims any and all liability for direct and indirect consequences resulting from decisions which are wholly or partly based on information in the Presentation. The Presentation does not constitute and should not be considered as any form of financial opinion, advice or recommendation by the Company or anyone else.

This Presentation is not a prospectus in accordance with the (EU) 1129/2019 Prospectus Regulation and has not been approved or reviewed by any governmental authority or stock exchange in any jurisdiction in the EEA. Nor has the Presentation been reviewed or approved by any other regulatory authority or stock exchange globally.

The distribution of the Presentation in certain jurisdictions may be restricted by law and persons into whose possession the Presentation comes should make themselves aware of the existence of, and observe, any such restriction. The securities of the Company have not been and will not be registered under the U.S. Securities Act, as amended (the “**Securities Act**”), or under any of the relevant securities laws of any state or other jurisdiction of the United States and the Company does not intend to make a public offer of its securities in the United States.

Certain information contained in this Presentation (including market data and statistical information) has been obtained from various sources prepared by other parties (including third party sources) that the Company has deemed to be relevant and trustworthy. Moreover, certain information in the Presentation is based on assumptions, estimates and other factors that were available to the Company at the time of when the information was prepared. Such assumptions, estimates or other factors, either made by the Company or by third parties, may prove to be, or become, incorrect, thus rendering the information in the Presentation to be inaccurate, incomplete or incorrect. No representation or warranty, express or implied, is made by the Company or any of its affiliates, directors, advisors, employees and representatives as to the accuracy, completeness or verification of any information contained in this Presentation. The Company has not made any independent review of information based on public statistics or information from any independent third parties regarding the market information that has been provided by such third party, the industry or general publications. Financial information contained in the Presentation is not necessarily directly extracted from the Company’s accounting systems or records. No information in the Presentation has been independently reviewed or verified by the Company’s auditors unless explicitly stated otherwise. In addition, certain financial information may be preliminary and has yet not been finalized, be forward-looking, or subject to review/audit from the Company’s auditors. Accordingly, such preliminary financial information may change. Furthermore, certain financial information in this Presentation has been prepared for illustrative purposes only and is solely intended to describe the hypothetical situation of if the acquired companies were part of Embracer for the periods referred to in the Presentation.

Statements in this Presentation, including those regarding the Company’s and its industry’s possible or assumed future, the Company’s business strategies, its expansion and growth of operations, future events, objectives, trend projections and expectations, or other performance of the Company or its industry, constitute forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, contingencies, uncertainties, assumptions and other factors as they relate to events and depend on circumstances that will or may occur in the future, whether or not outside the control of the Company. No assurance is given that such forward-looking statements will prove to be correct. Prospective investors should not place undue reliance on forward-looking statements and they speak only as at the date of this Presentation. Past performance does not guarantee or predict future performance. Moreover, the Company does not undertake any obligation to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this Presentation unless required by law or Nasdaq First North Growth Market’s Rulebook for issuers. The Company and its affiliates, directors, advisors, employees and representatives expressly disclaim any liability whatsoever for such forward-looking statements.

This Presentation as well as any other information provided by or on behalf of Company in connection herewith shall be governed by Swedish law. The courts of Sweden, with the District Court of Stockholm as the first instance, shall have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with this Presentation or related matters.

# Interim Report Q2 FY 22/23

**Net Sales Group** YOY GROWTH  
**SEK 9,569m** **190%**

GROUP ORGANIC GROWTH GROUP PRO FORMA GROWTH  
**35%** **18%**

**Adjusted EBIT** YOY GROWTH  
**SEK 2,121m** **115%**

**Adjusted EPS** AFTER FULL DILUTION  
**SEK 1.95** **(0.91)**

**Adjusted EBIT forecast**

---


**SEK 8,000 – 10,000 million** FY 22/23  
(downward adjustment)

**SEK 10,300 – 13,600 million** FY 23/24  
(reiterated)




**Transformative partnership and licensing deal expected to be closed this Financial Year**

**Revenue driver**  
**SAINTS ROW**

**gearbox**  
entertainment  
  
**volition**

**DEAD ISLAND 2**  
 Postponed to  
 28 April, 2023

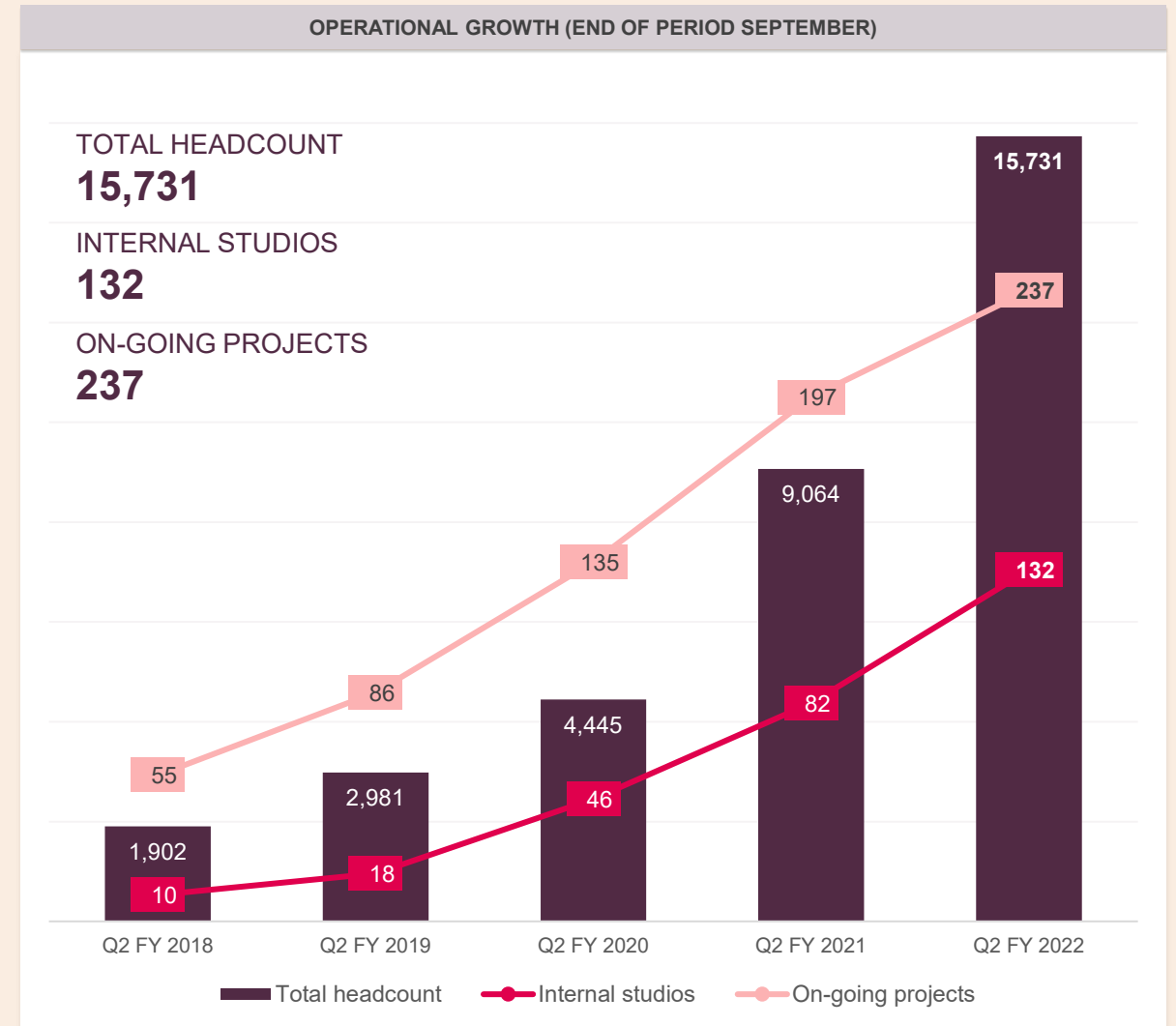
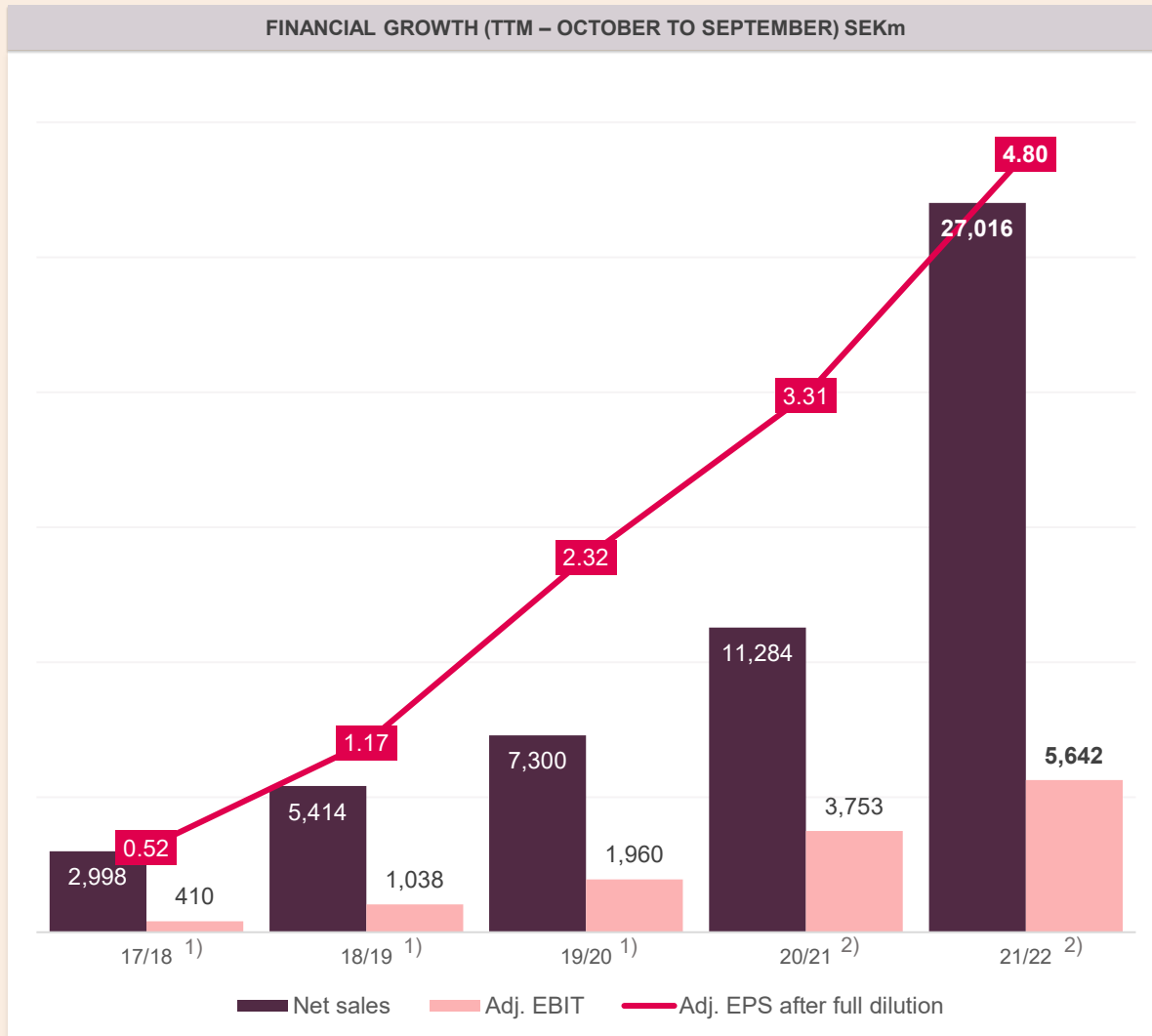
**Goat Simulator 3**  
 released  
 today

**On track**  
  
 change listing venue 2022

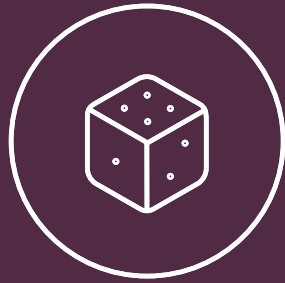
**Global games market, 2022**  
**- 4%** (+2%)  
 YoY

**Special review initiated by the Board of Directors on November 16th, 2022**

# Continued growth



1) According to previous reporting standards. 2) According to International Financial Reporting Standards (IFRS) | source: as of 30 September, 2022



# 1. Segments

# Operative Groups by segment

**PC / CONSOLE GAMES**

Total Headcount: 11,165 | Internal Studios: 96 | IP: 252

**MOBILE GAMES**

Total Headcount: 1,135 | Internal Studios: 11 | IP: 41

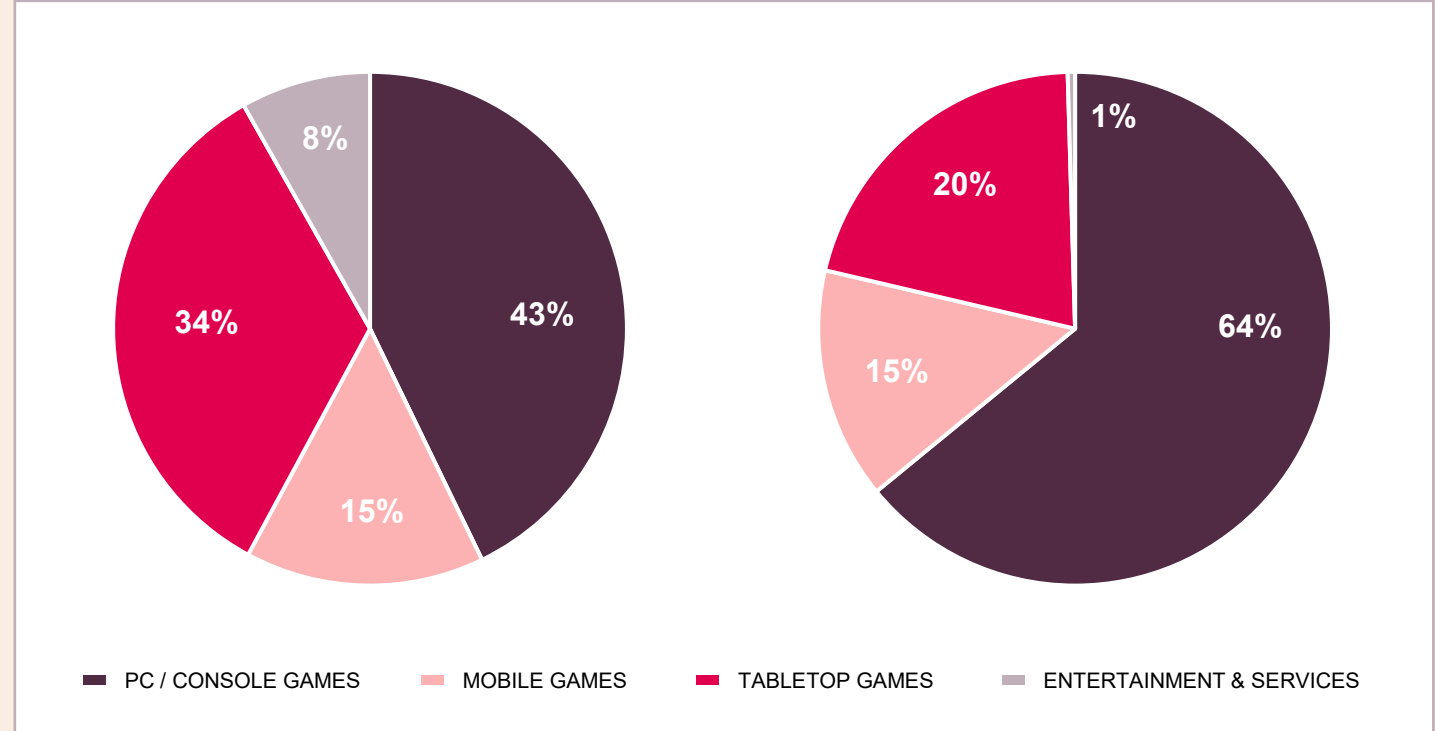
**ENTERTAINMENT & SERVICES**

Total Headcount: 941 | Internal Studios: 3 | IP: 164

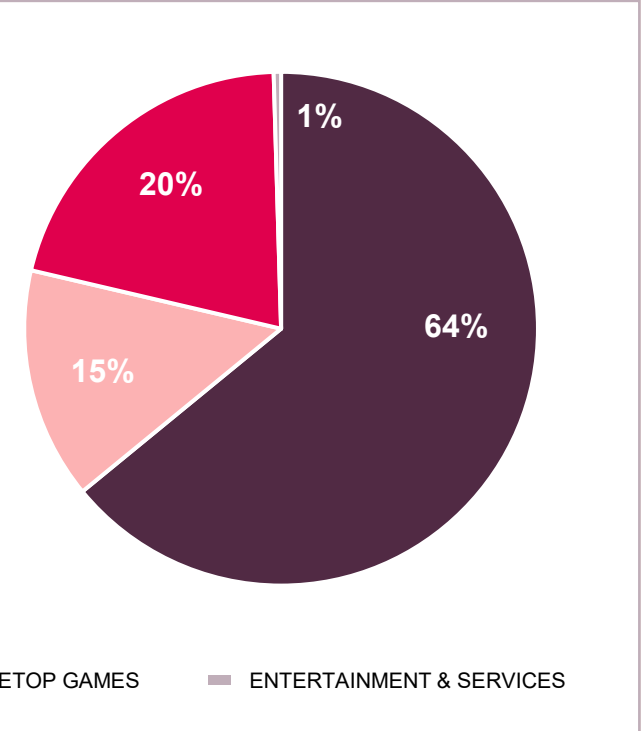
**TABLETOP GAMES**

Total Headcount: 2,445 | Internal Studios: 22 | IP: 370

NET SALES SPLIT | Q2 FY 22/23



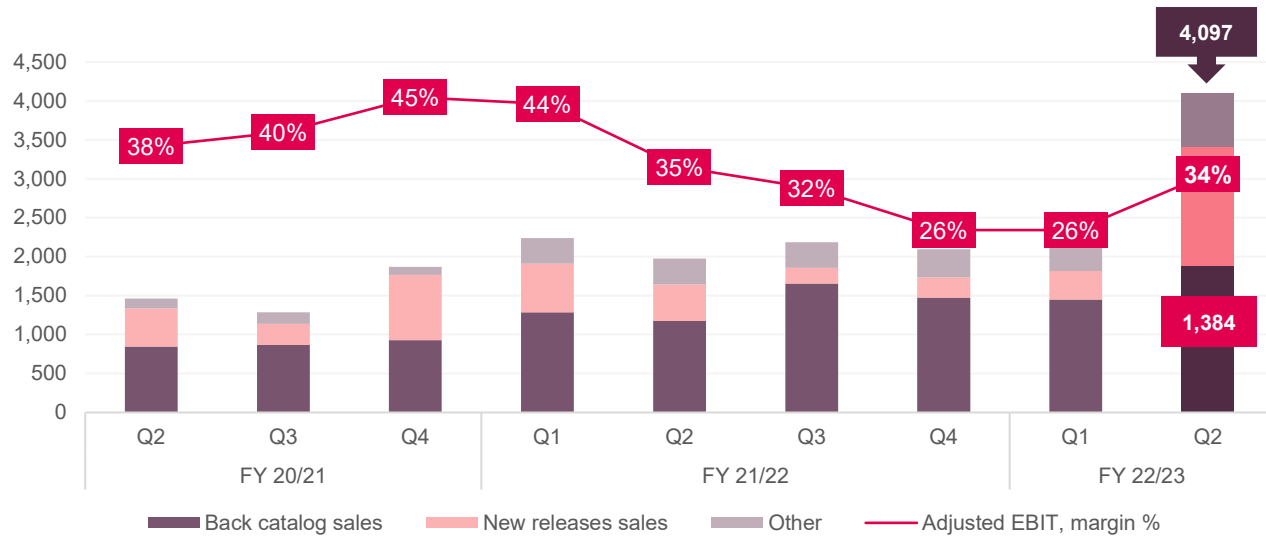
ADJUSTED EBIT SPLIT | Q2 FY 22/23



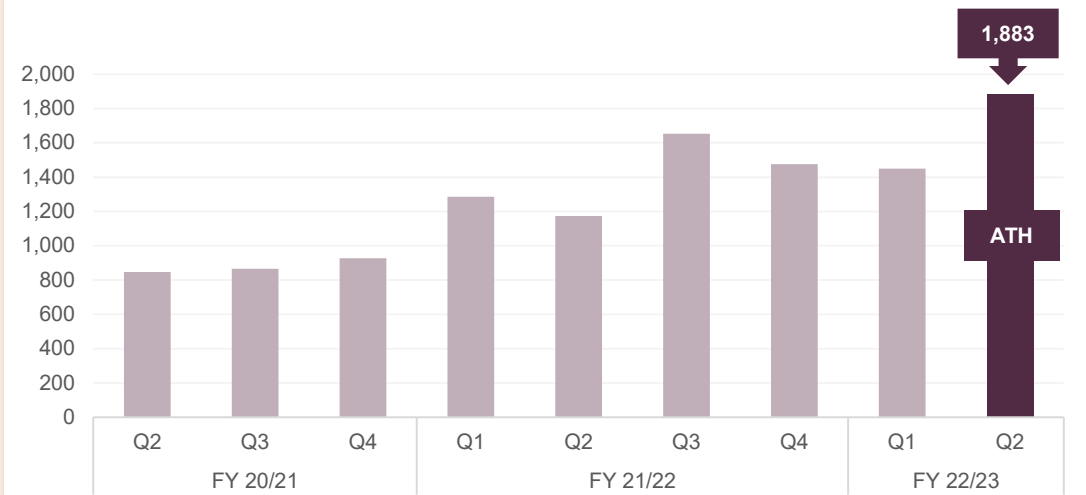


# PC / Console Games

NET SALES REVENUE SPLIT SEKm & ADJUSTED EBIT MARGIN



BACK CATALOG SALES SEKm



NEW RELEASES



Black Forest Games | Destroy All Humans! 2 – Reprobed

Organic growth  
**57%**

Pipeline projects  
**234**  
whereof 173 unannounced

AAA projects  
**25**  
planned for release until March 2026

TOP 10 BACK CATALOG TITLES Q2 FY22/23

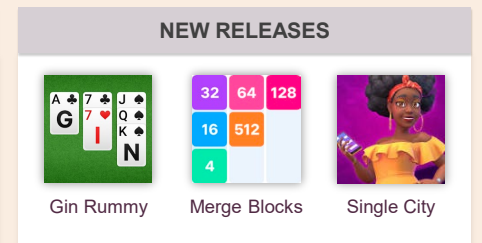
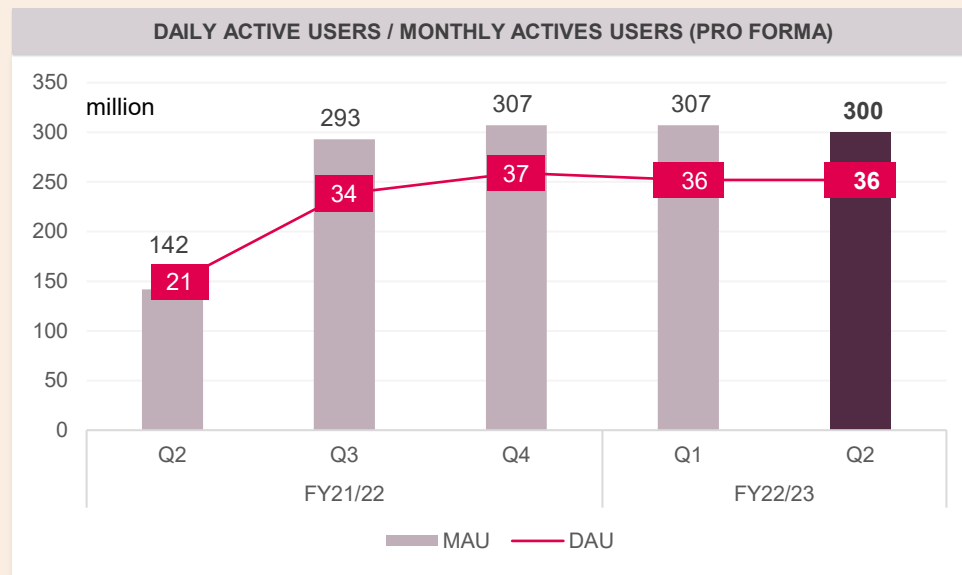
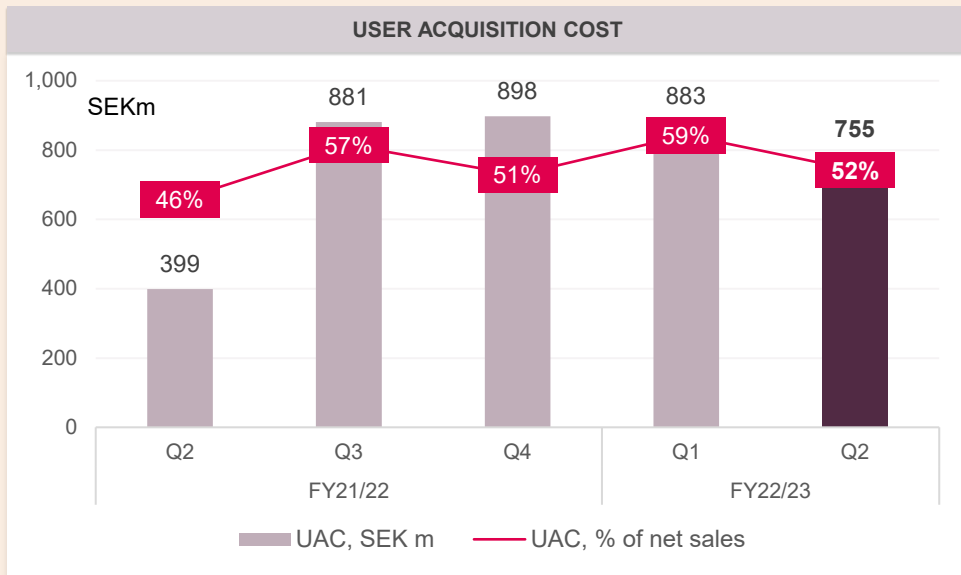
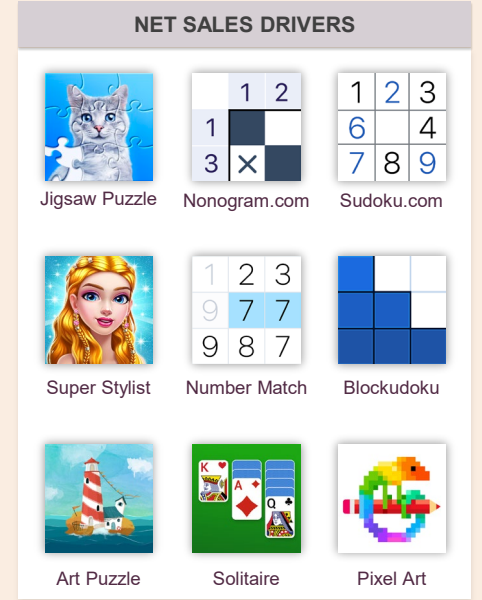
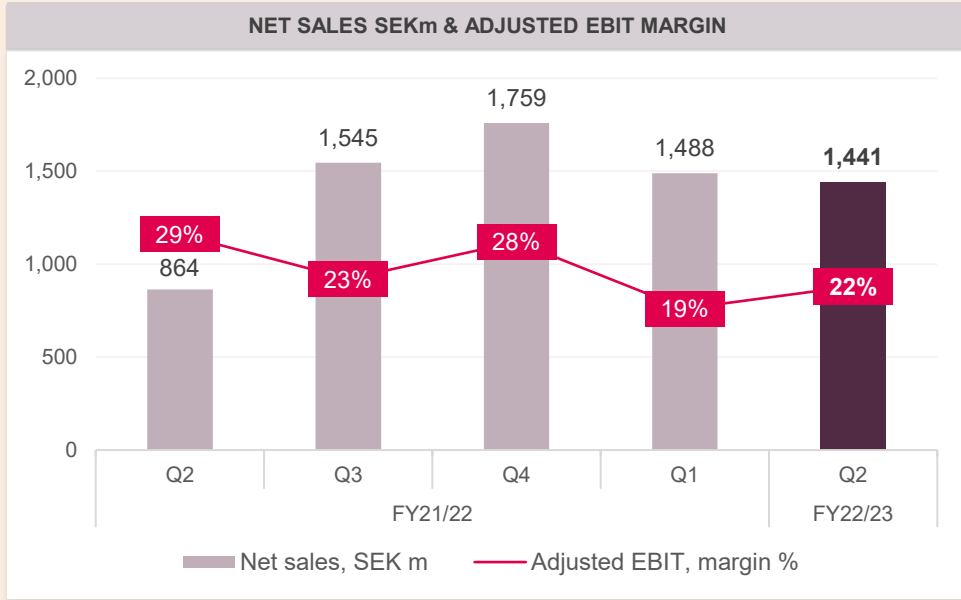


OPERATIVE GROUPS





# Mobile Games

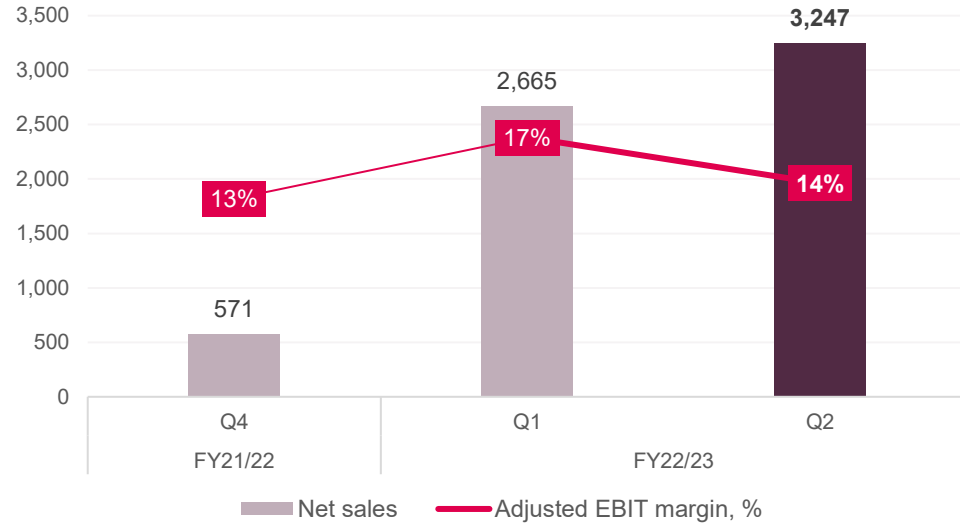






# Tabletop Games

## NET SALES SEKm & ADJUSTED EBIT MARGIN



## STRONG PIPELINE



Acquired **VR Group** expanding mass market distribution in Australia, New Zealand and the UK



*Mantis* (Exploding Kittens) was finalist in the 2022 **Toy of the Year Awards** in the Game of the Year Category

## INTERNAL STUDIOS



Access + launched 3 games after the quarter in France, Canada and Belgium.

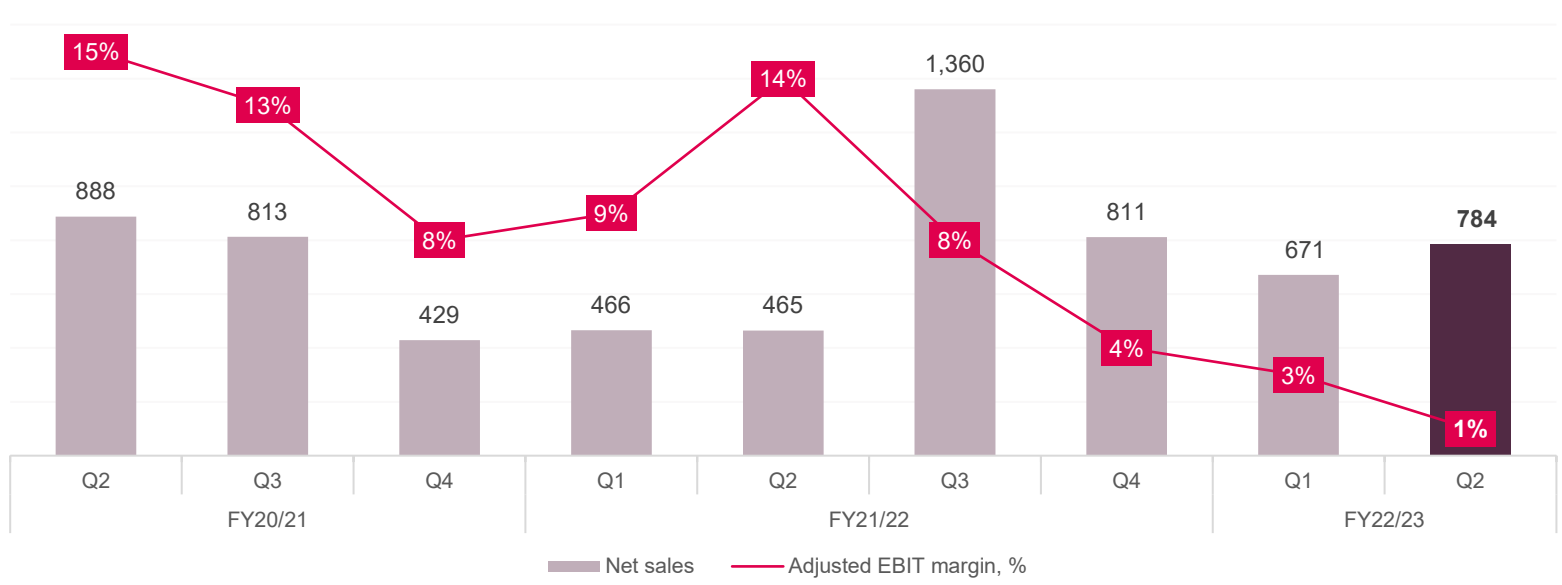


Twin Sails Interactive | Gloomhaven



# Entertainment and Services

NET SALES SEKm & ADJUSTED EBIT MARGIN



OPERATIVE GROUPS

COMPANIES



Middle-earth Enterprises | Lord of the Rings

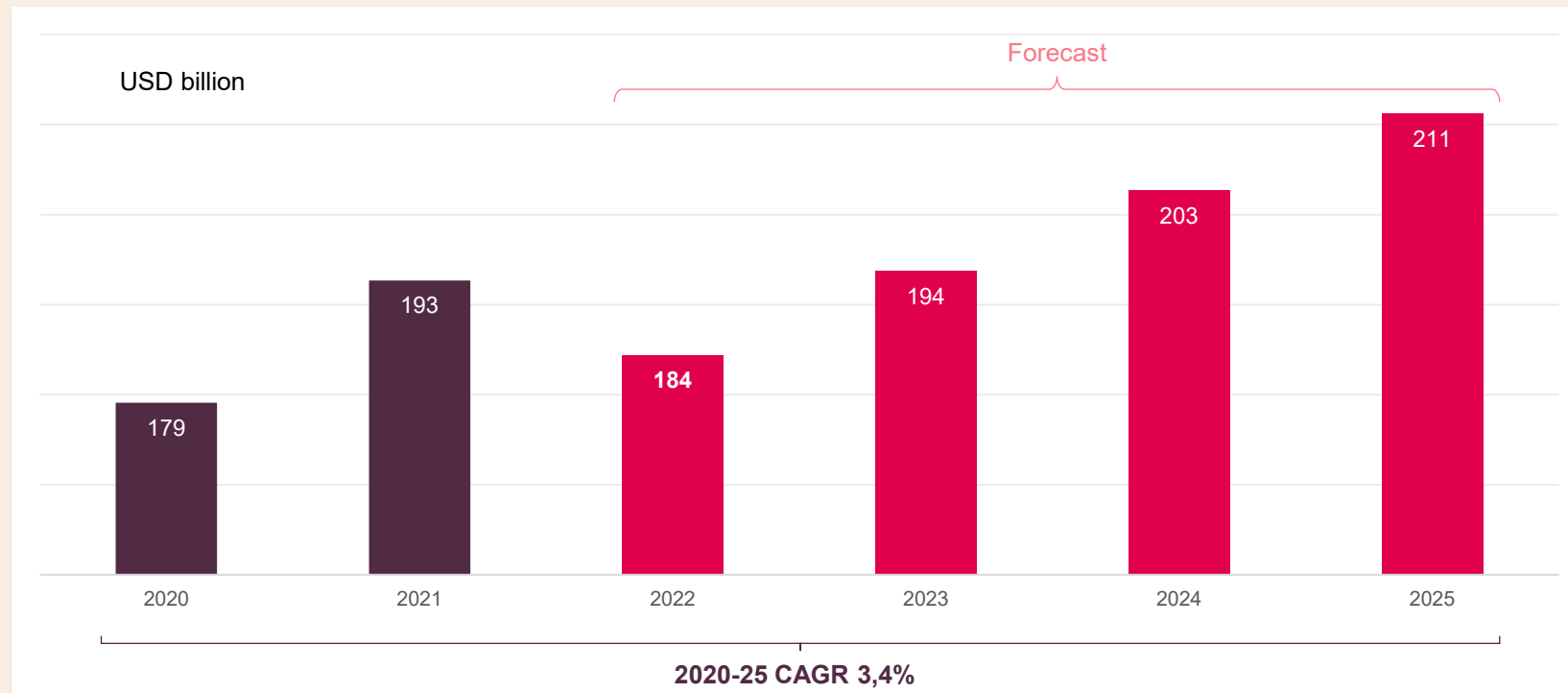
4 announced licensed Lord of the Rings games in production.



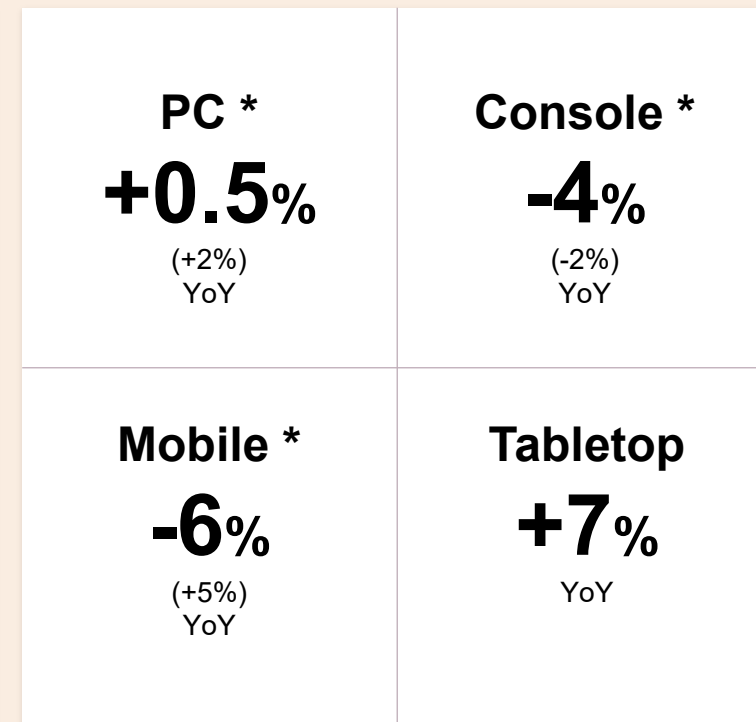
PLAION Pictures acquired Anime Limited, Europe's premiere distributor for Japanese animation.

# Market update

## GLOBAL VIDEO GAMES MARKET REVENUE FORECAST



## GLOBAL MARKET GROWTH 2022



- The global video games market is estimated by Newzoo to generate USD 184 billion in 2022, a decrease of -4% YoY (+2%).
- This represents a clear downward revision of previous 2022 forecasts, largely due to a lowering of estimates in the mobile sector.
- The Tabletop games market up by +7% YoY in the April-September due to the Strategic Trading Card Games segment, which was up (in the quarter), by a substantial +25 % YoY. The Board Games (only) segment decreased by -6 % YoY.
- Current “Board Games” consumer purchase intentions\*\* indicate a potential solid fourth calendar quarter. Should the trading levels be similar to the previous two record years, it would put the full CY growth at +4 %\*\*\*.

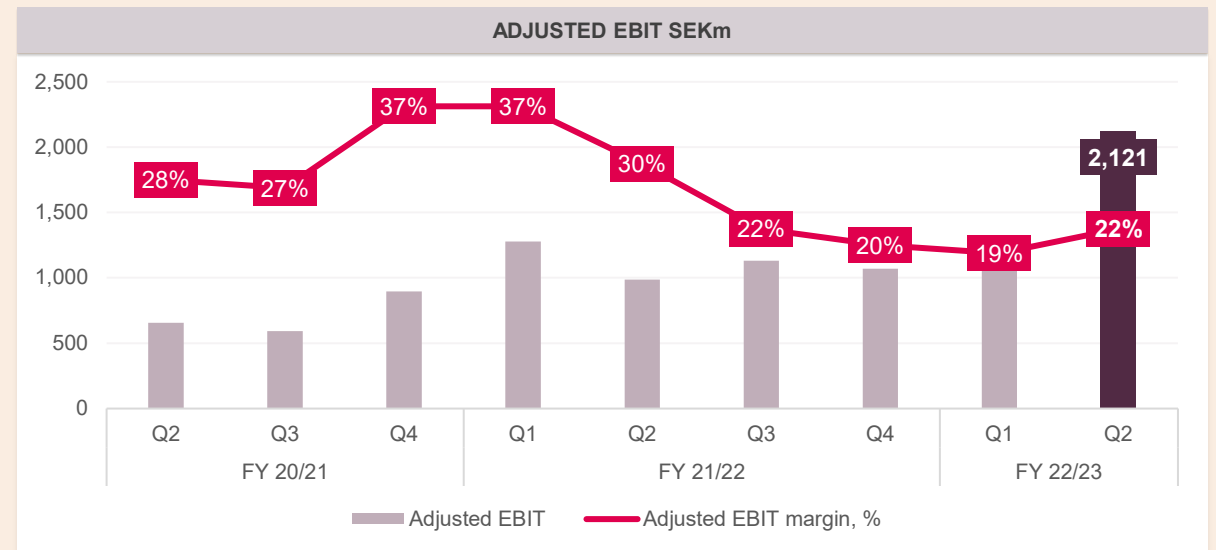
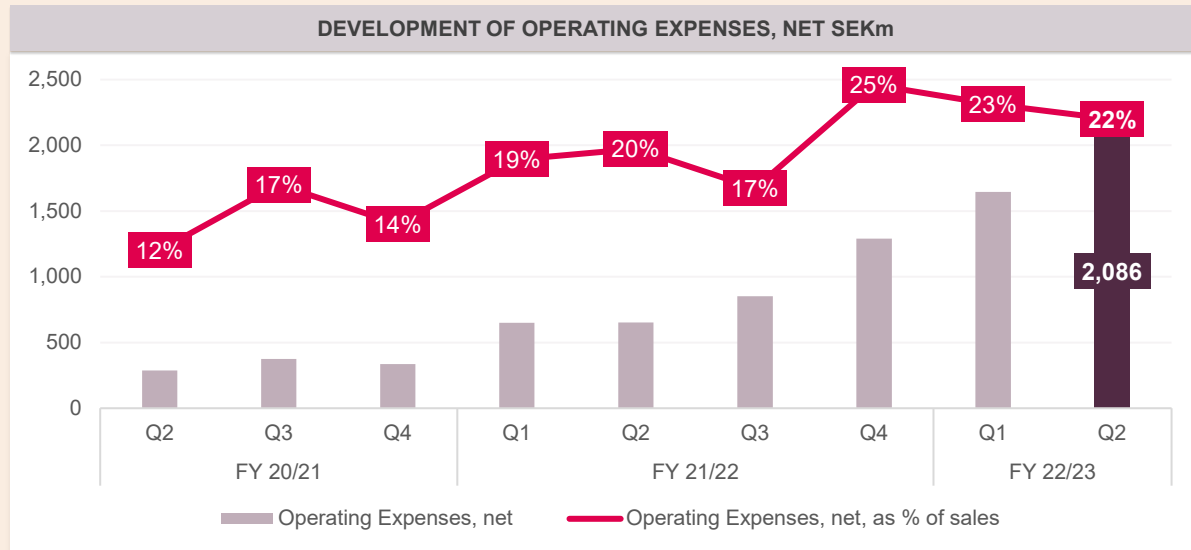
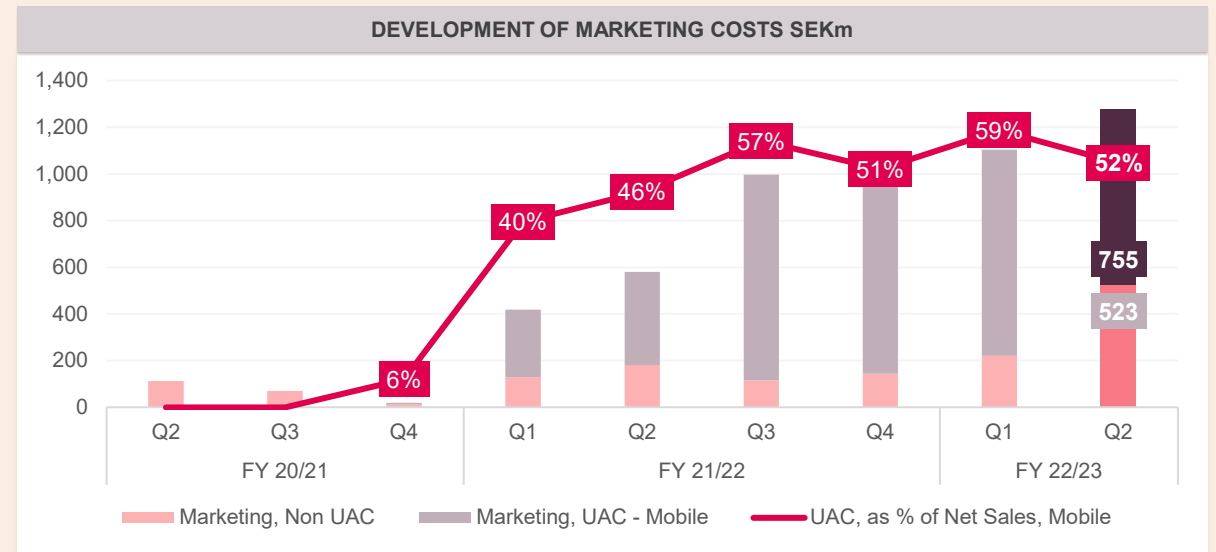
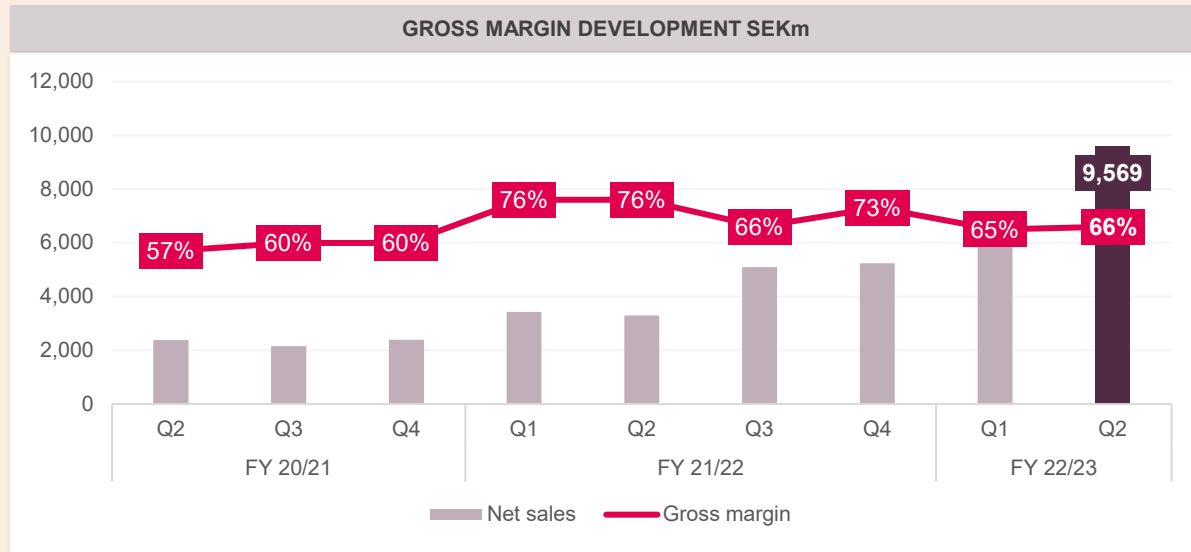
A goat is walking on a tightrope, pulling a scarecrow behind it. The goat is on the left, and the scarecrow is on the right. The tightrope is a thin red line. The background is a red barn with white trim and a blue sky. The scene is set in a rural, autumnal landscape.

## 2. Financial Performance

# Key PNL Metrics

SEK million	Q2 FY22/23	Q2 FY21/22	YOY GROWTH	YOY ORGANIC GROWTH	YOY PRO FORMA GROWTH
<b>Net sales</b>	<b>9,569</b>	<b>3,305</b>	<b>190%</b>	<b>35%</b>	<b>18%</b>
Net sales – PC / Console Games	4,097	1,976	107%	57%	39%
Net sales – Mobile Games	1,441	864	67%	8%	5%
Net sales – Tabletop Games	3,247	-	-	-	9%
Net sales – Entertainment & Services	784	465	69%	-15%	-2%
<b>Adjusted EBIT (margin %)</b>	<b>2,121 (22%)</b>	<b>986 (30%)</b>	<b>115%</b>	<b>-</b>	<b>-</b>
Adjusted EBIT – PC / Console Games	1,384 (34%)	695 (35%)	99%	-	-
Adjusted EBIT – Mobile Games	315 (22%)	254 (29%)	24%	-	-
Adjusted EBIT – Tabletop Games	451 (14%)	-	-	-	-
Adjusted EBIT – Entertainment & Services	7 (1%)	66 (14%)	-90%	-	-
<b>Adjusted EPS, SEK</b>	<b>2.12</b>	<b>0.95</b>	<b>123%</b>		
<b>Adjusted EPS after full dilution, SEK</b>	<b>1.95</b>	<b>0.91</b>	<b>114%</b>		

# Financial development



# Cash flow and investments

SEK million	FY22/23 Q2	FY21/22 Q2	TTM Q2
<b>Adjusted EBITDA</b>	<b>3,056</b>	<b>1,299</b>	<b>7,992</b>
Cash Tax	-203	-213	-602
Other non-cash items	-162	-6	356
<b>Operating Cash flow</b>	<b>2,691</b>	<b>1,080</b>	<b>7,747</b>
Net investment in intangible assets	-1,572	-916	-4,743
Net investment in tangible assets	-124	-98	-391
Net investment in financial assets	10	-3	-94
<b>Net Investment</b>	<b>-1,686</b>	<b>-1,018</b>	<b>-5,228</b>
<b>Free Cash Flow before WC</b>	<b>1,005</b>	<b>62</b>	<b>2,519</b>
Change in working capital	-1,936	-20	-3,550
<b>Free Cash Flow after WC</b>	<b>-931</b>	<b>42</b>	<b>-1,031</b>
Cash Flow from financing activities	3,199	138	33,171
Net investment in acquired companies	-3,799	-2,723	-33,588
<b>Cash Flow for the period</b>	<b>-1,531</b>	<b>-2,543</b>	<b>-1,448</b>

## Net debt and Financing

- At the end of September Net debt amounted to SEK 11.2 bn and available funds amounted to SEK 10.2 bn.
- Increased receivables in the Tabletop segment driven by increased sales in the quarter. Cash inflow from new releases and notable customer contracts after quarter end.
- Increase in inventory mainly related to inventory build-up in the Tabletop segment.
- Actions have been initiated to focus on working capital reduction and management expects to see tangible results during the remainder of the fiscal year with emphasis on the fourth quarter.
- During the quarter, Embracer Group AB made a voluntary loan prepayment of SEK 6.2 billion. The financial leverage target of 1.0x is expected to be reached by the end of the financial year.
- Embracer Group has substantial headroom to its financial covenants.

## Cash & credit facilities

**SEK 5.7b**

by the time of this report

# Forecast

## MARKET

- The global video games market is predicted to generate USD 184 billion in 2022, a decrease of -4% YoY (+2%)
- This represents a clear downward revision of previous 2022 forecasts, largely due to a lowering of estimates in the mobile sector

## OUR FORECAST

We now expect a reduced forecast\* in FY 2022/23 while we reiterate the forecast FY 2023/24.

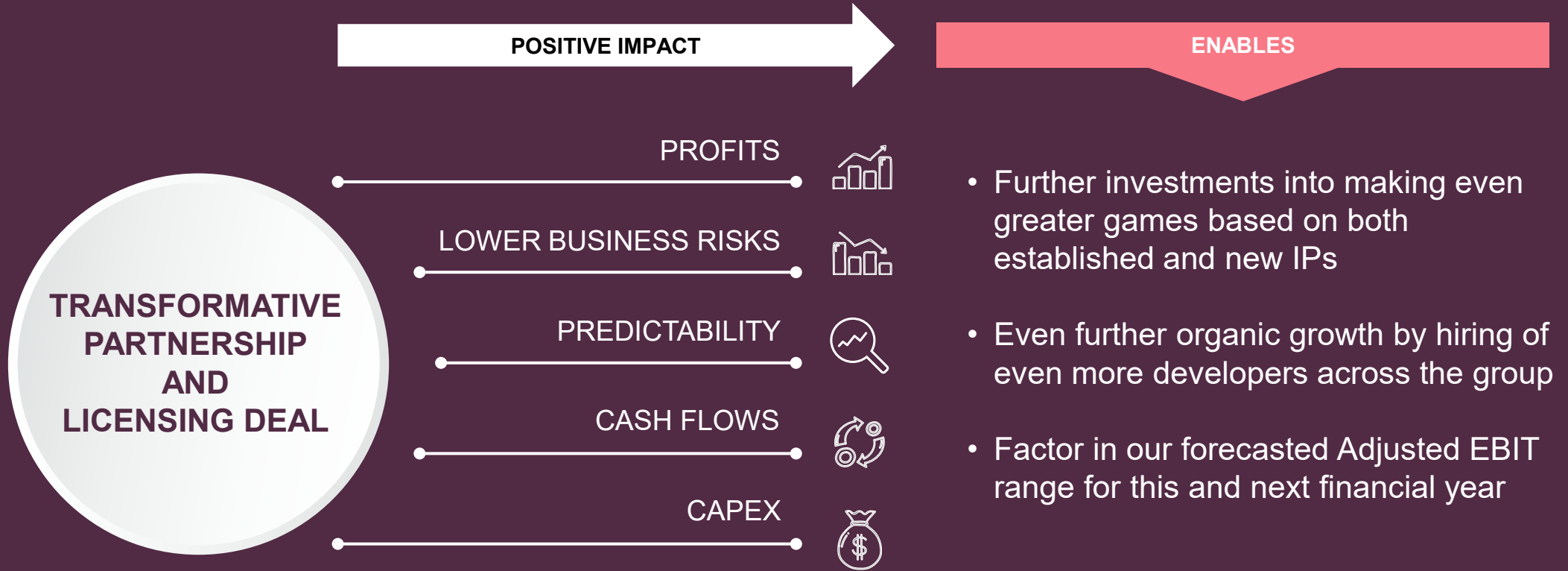
ADJUSTED EBIT	CURRENT FORECAST	PREVIOUS FORECAST
Financial Year 22/23	SEK 8,000 – 10,000 million	SEK 9,200 - 11,300 million
Financial Year 23/24	SEK 10,300 – 13,600 million	SEK 10,300 - 13,600 million

### Our reduced forecast reflects:

- A mixed reception to some of our key Q2 PC/console releases impacting catalog sales in the coming quarters
- Shifts in the PC/Console pipeline (including Dead Island 2)
- A more cautious view on the current macroeconomic situation, particularly related to the Mobile Games and Tabletop Games segments
- It also includes a range of outcomes from partnership- and licensing deals with several industry partners expected to be completed during financial year 22/23.



# Transformative partnership and licensing deal



# Special review

## Turbulent times create new opportunities

- We continue our long-term mindset in building enduring, innovative and profitable businesses in a creative industry.
- We need to adapt to the challenges of geopolitical and social issues around the world and the new macroeconomic reality.
- The increased cost of capital will impact our business going forward. The adjustments in the cost of capital will, compared to before, require current and future investments, both organic and in-organic, to have a higher minimum hurdle with a safety margin to justify the capital allocation.
- We need to continue our sharp focus on the execution of our ongoing business around the world.

## The Board of Directors decided on November 16 to launch a special review of our business to navigate:

- The new market conditions
- How we both make sure all businesses have all the tools to succeed and maximize the long-term shareholder value creation



The outcome of this review may, for example, lead to board recommendations to make spin-off/s (under Lex Asea) into separate publicly listed companies in the future, if that is deemed to be the best for its employees, create higher shareholder value and improve our strategic flexibility.



**Now we will have**

**Q&A**

**Until 10:00 CET - hosted by Martin Arnell, DnB Markets**

**This will be followed by Session 2: Deep Dives & Other presentations**

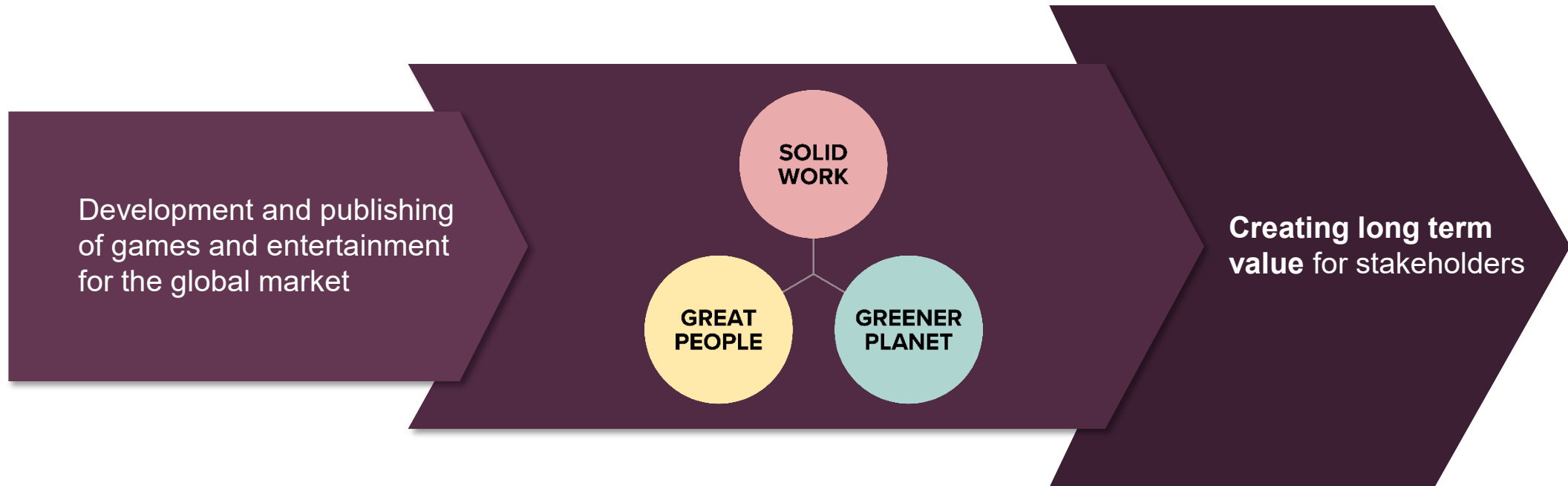
A character in a tactical suit holding a handgun, with a background of shattered glass.

**3. Deep Dives &  
Other Presentations**



**Sustainability  
– Part of our Business**

# Sustainability - Part of our business



- **Provide entertainment**
- Hiring people
- Paying tax
- Suppliers

- **MORE entertainment**
- Hiring MORE people
- Paying MORE tax
- Providing MORE suppliers with business

# Embracer and Sustainability



## Values

- *Trust*
- *Long-term*
- *Embracing*



## Risk Management

- *Legal*
- *Financial*
- *Reputational*



## Business Support

- *Products*
- *People*
- *Collaborations and Partnerships*

# Our global presence



**EMBRACER GROUP HQ**  
Karlstad, Sweden

**OPERATIVE GROUPS**

**12**

**TOTAL HEADCOUNT**

**15 731**

**INTERNAL STUDIOS**

**132**





# Asmodee – Access +

EQUAL AND INCLUSIVE ACCESS TO GAMES



# Gearbox - Borderlands Science



**Sebastien Caisse**

STUDIO HEAD GEARBOX QUÉBEC





Best Places  
to Work 2022  
Canada

---

Winner



Large Company Winner  
Gearbox Quebec

ENTERTAIN THE WORLD SUSTAINABLY



neon along edges?



desk design  
-> less suitable  
for graphics



-> Hologram



exposed H-lights

changing  
hologram

-> will attract  
players  
to explore



computer  
cards/  
wires



< CATEGORIES

Digestive and respiratory system diseases

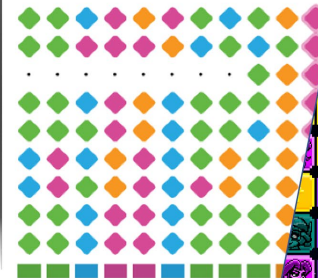
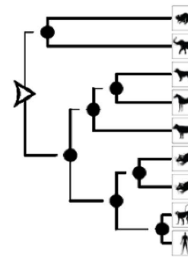
Gaps - 0

Goal 202

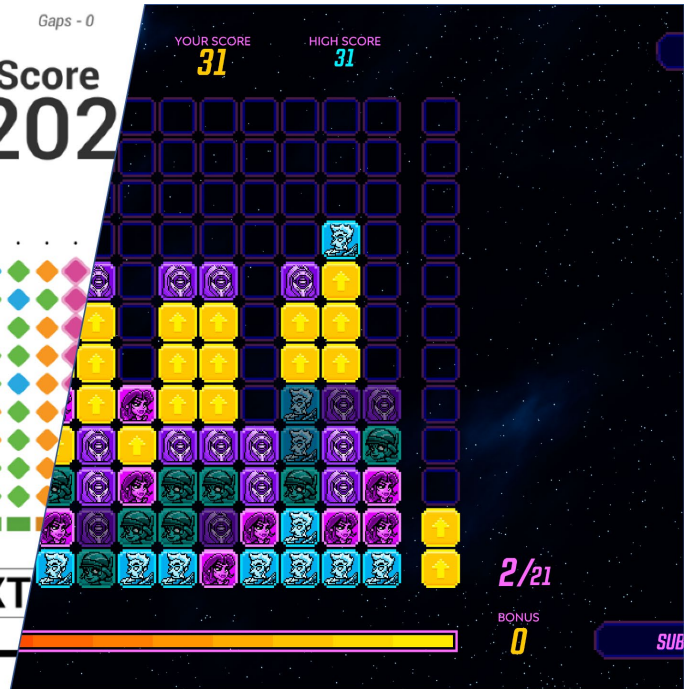
Score  
202

YOUR SCORE  
31

HIGH SCORE  
31



NEXT



2/21

BONUS

0

← QUIT

TARGET SCORE  
31

YOUR SCORE  
31

HIGH SCORE  
31

HELP ?

## NUCLEOTIDES:

- Cytosine
- Guanine
- Adenine
- Thymine

Human Gut  
Microbiome  
Bacteria DNA

The game board consists of a 10x10 grid of cells. The icons in the grid are as follows:


At the bottom of the grid is a horizontal progress bar that is approximately 90% full. To the right of the grid, the text '2/21' is displayed in a large, stylized font.

WITH OUR PARTNERS



↻ QUICK PASS

SUBMIT →

BONUS  
0

## WHY?

Our gut microbiome impacts our health:

- Obesity
- Neurological diseases
- Diabetes
- Cancer
- Psychological disorders



# Why? Boosters!

BOOSTER SHOP

999999 



<p><b>BRAIN NANOBOTS</b> +15% XP FOR 2 HOURS</p>  <p>500 </p>	<p><b>LUCKY CHARM MILK</b> +10% RARE LOOT CHANCE FOR 2 HOURS</p>  <p>1000 </p>	<p><b>MAGNETISED FERROFLUID</b> +25% MONEY DROP FOR 2 HOURS</p>  <p>1000 </p>
<p><b>TEARS OF THE CoV</b> +50% BADASS SPAWN RATE FOR 2 HOURS</p>  <p>1000 </p>	<p><b>ULTRA CONCENTRATED COFFEE</b> +15% MOVEMENT SPEED FOR 2 HOURS</p>  <p>2000 </p>	<p><b>TAURINE AND TESTOSTERONE MIX</b> +50% WEAPON DAMAGE FOR 2 HOURS</p>  <p>2500 </p>



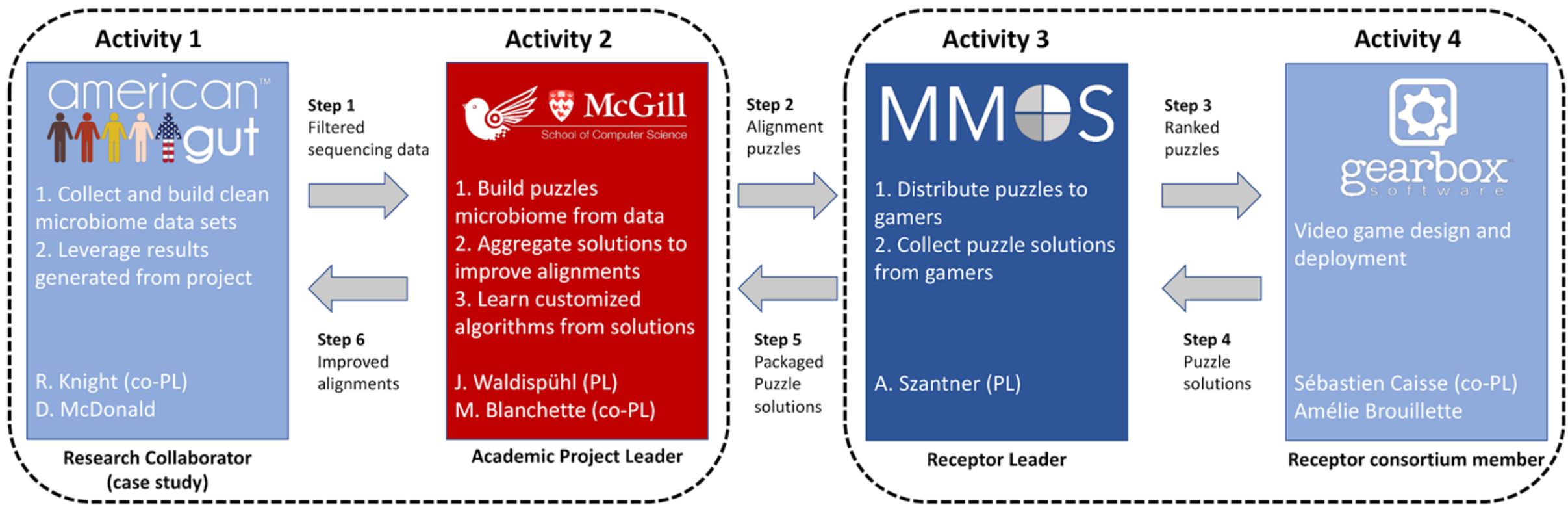
 Hint Text Does This Th  Hint Text Does This Th  Hint Text Does This Th



# HOW?

## Academic Team

## Receptor Consortium



**April 7<sup>th</sup> 2020**

**Launch**

**World Health Day**



**BORDERLANDS  
SCIENCE**



## THE FIRST 24 HOURS:

- More than 6 million puzzles completed, or 4,100+ puzzles solved every minute;
- More than 150,000 active players;
- Each player completed, on average, 40 puzzles;
- Our top player completed 519 puzzles!

Our optimistic forecast was to reach one million completed puzzles by the end of the 1<sup>st</sup> week...

# ACHIEVEMENTS



More than **3.5 million** active players as of November 17<sup>th</sup> 2022, with over **122 million puzzles** completed. Worldwide coverage in specialized and mass media, as well as:

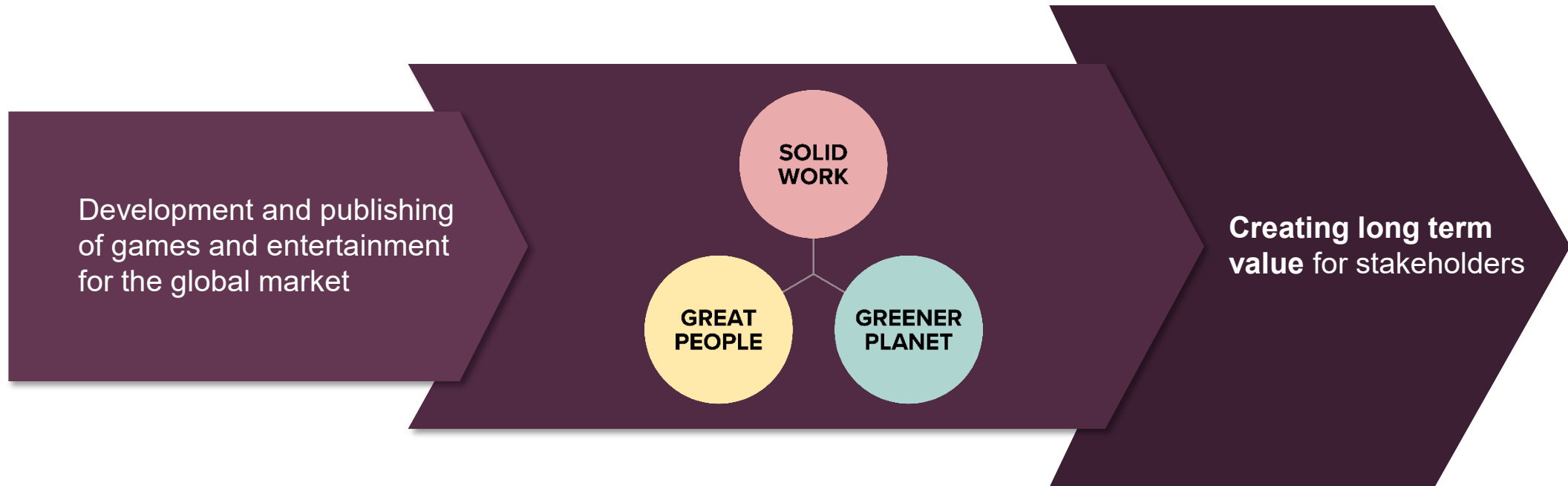
- *Leveling up citizen science in Nature Biotechnology* [<https://doi.org/10.1038/s41587-020-0694-x>]
- In-depth documentaries at *Off the Cuff* (Amazon Prime), *Red Bull TV*, and *Savoir Media*;
- *Tech Titans' 2021 Corporate Innovation Award*



# VERSATILITY OF DATA IN BORDERLANDS SCIENCE

- It's all about DNA
- Data is easily interchangeable
- **Microbiome analysis is relevant to many fields of scientific inquiry**

# Create Value for the World



- **Provide entertainment**
- Hiring people
- Paying tax
- Suppliers

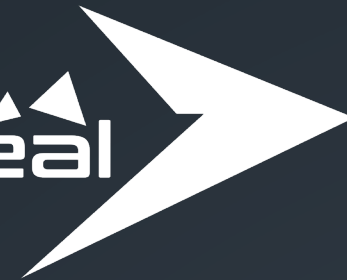
- **MORE entertainment**
- Hiring MORE people
- Paying MORE tax
- Providing MORE suppliers with business



Phil Rogers, CEO

**CRYSTAL  
DYNAMICS**

**eidos™  
montreal**





**THQ NORDIC**



Talent  
Expertise  
Synergy



**FREEMODE**  
BY EMBRACER

Easybrain

**asmodee**



**EMBRACER<sup>+</sup>**  
**GROUP**



# First 90 Days

1. PEOPLE
2. STRATEGIC ALIGNMENT
3. BROADENING REVENUE SOURCES



**INSPIRING THE GREAT STORYTELLERS OF THE FUTURE**

**CRYSTAL  
DYNAMICS**



# PERFECT DARK

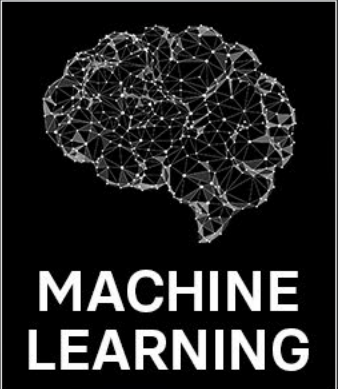
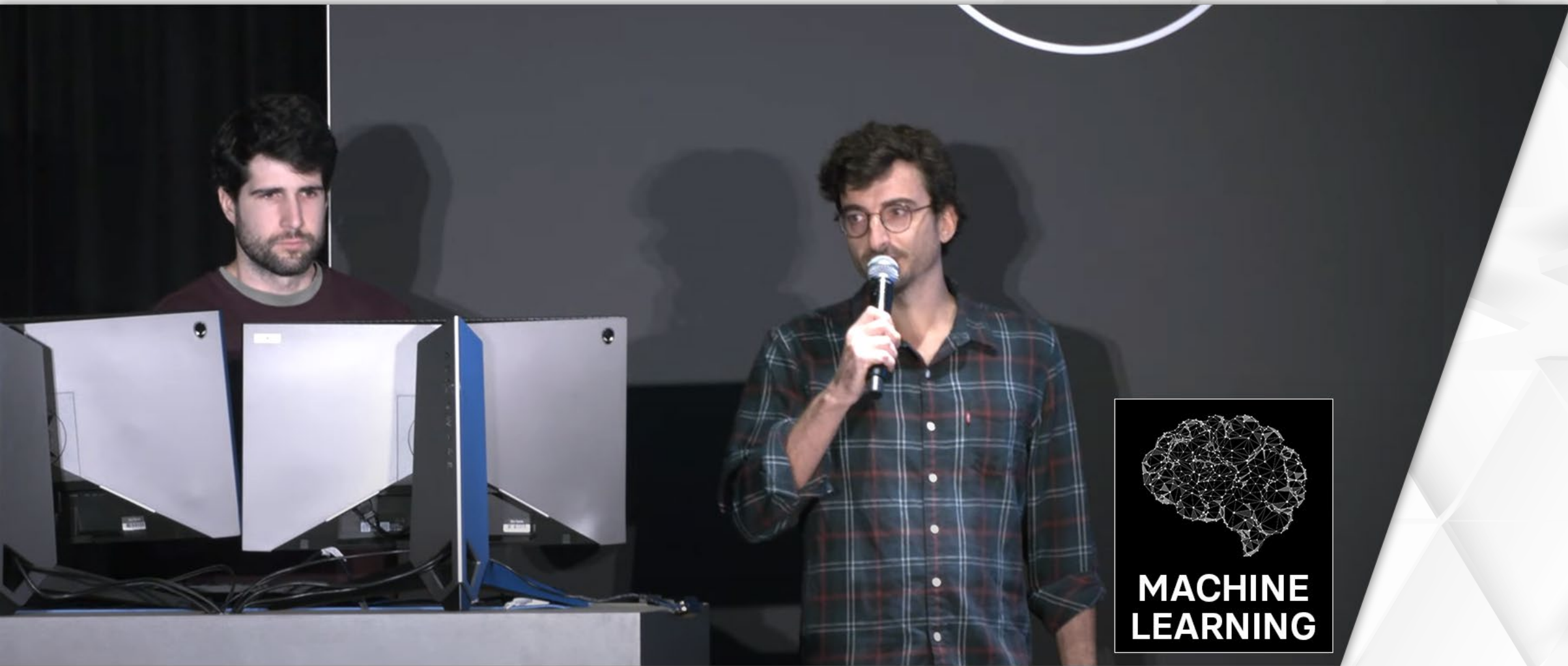


THE INITIATIVE

CRYSTAL DYNAMICS

**THE ICONIC SECRET AGENT HEROINE RETURNS**

**CRYSTAL DYNAMICS**



**UNREAL FEST: SHARING KNOWLEDGE AND EXPERTISE**





**UNREAL FEST: THE PATH TO EXCEPTIONAL DESIGN AND CRAFTSMANSHIP**

**CRYSTAL  
DYNAMICS**



**MULTI AWARD-WINNING GAME CELEBRATES ITS 1<sup>ST</sup>  
ANNIVERSARY - 8M PLAYERS AND COUNTING**





**NEW HERO – LAUNCHING NOVEMBER 29<sup>th</sup>**

**CRYSTAL  
DYNAMICS**



# LEGACY OF KAIN

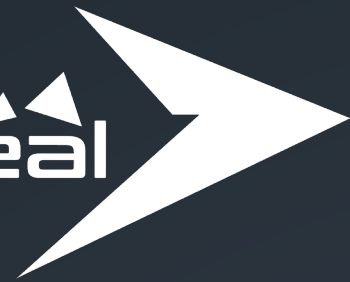
**73,000 SURVEY RESPONSES FROM GAMERS – WE HEAR YOU!**

**CRYSTAL  
DYNAMICS**



**CRYSTAL  
DYNAMICS**

**eidos™  
montreal**





**Müge**  
**BOUILLON**

**Group CFO, Asmodee Group**



**Solid H1 topline performance driven by TCG's while growing share in softer Boardgames market.**

**Adj. EBIT delivered in line with last year despite temporary product mix impact and a challenging inflationary environment.**

**5,9bn SEK**

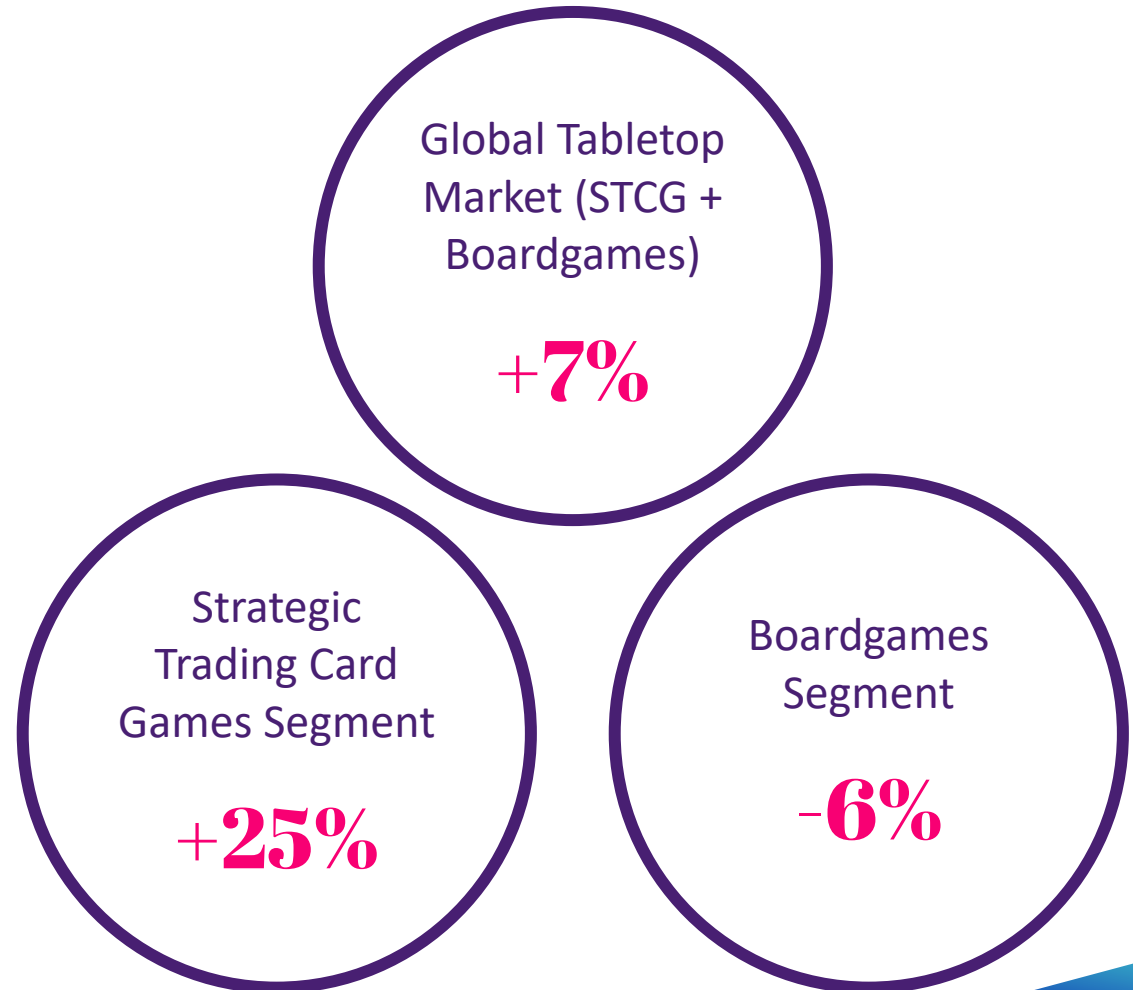
YTD net sales

**+10%**

YTD YoY proforma growth \*

**Adj EBIT in line**

YTD YoY proforma

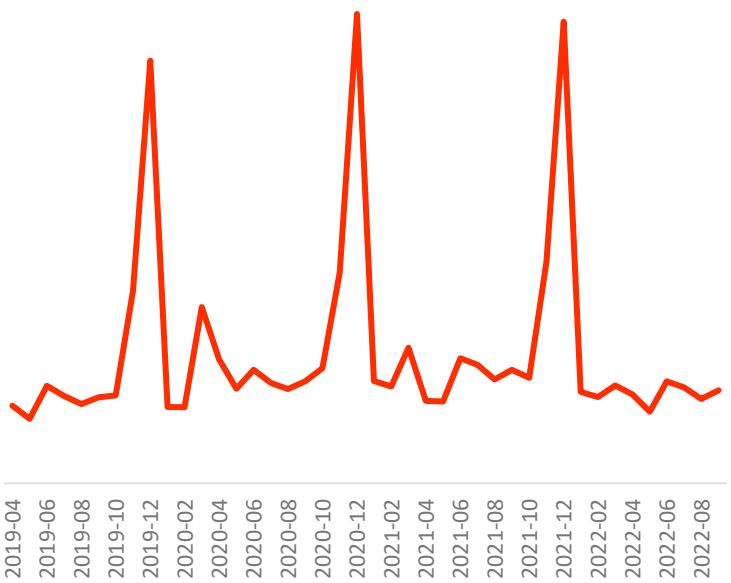


\* Discrete Q2 net sales growth +9% YoY proforma

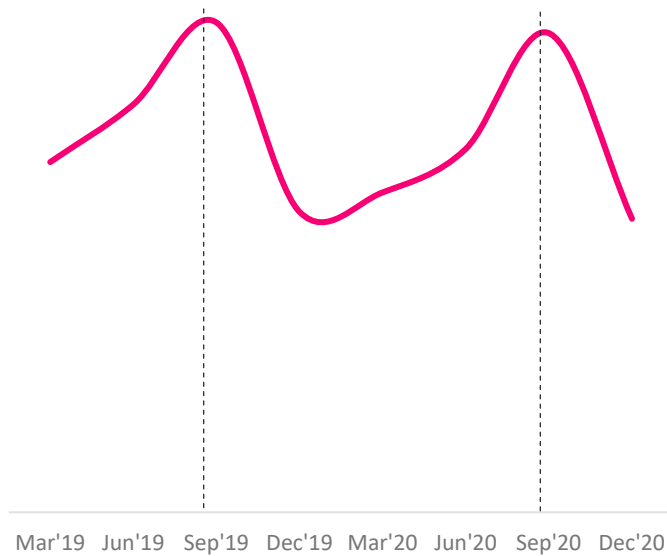
# September is the peak of seasonal driven working capital investment...

Strong seasonal trend in market demand drives seasonality in boardgame inventory levels and distinct H1/H2 split in cash generation

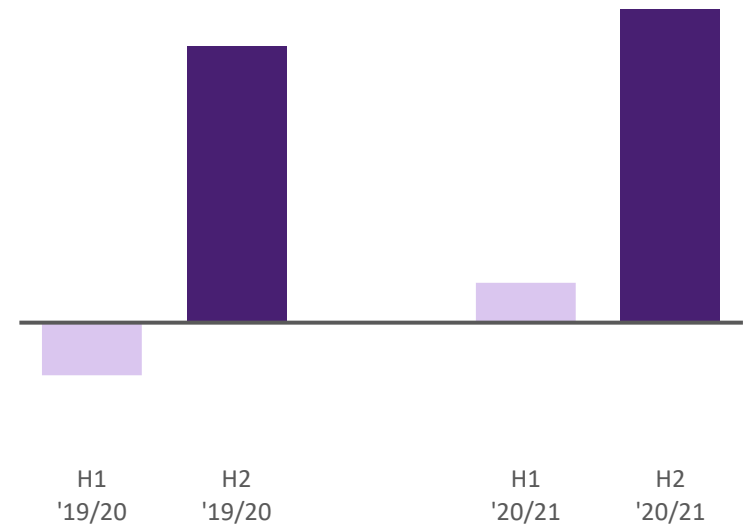
Boardgames Segment (excl. STCG) – Market sellout



Asmodee Historic Inventory Cycle



Asmodee Free Cashflow historic split H1/H2



# ...while boardgames inventory is also impacted by temporary factors driving a timing impact on cash generation

Inventory net value at 30 Sep 2022  
**4,171mSEK<sup>(1)</sup>**



We expect seasonal unwinding of the stock position to year end, with temporary effects unwinding over the next 12 months as we normalize coverage of evergreen/bestseller titles.

After H1 investment, seasonal unwinding is to generate strong H2 cash generation even after accounting for a partial phasing to next year due to the temporary inventory effects.

(1) 382m€  
 (2) In days LTM Net Sales

# Strong release pipeline, exciting opportunities and further geographic expansion

Exciting new releases in H1...



... and many more in the months to come



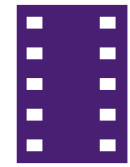
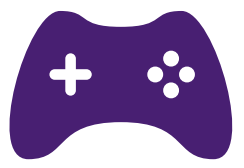
Many exciting opportunities with other operating units

## 25 projects in discussion

Including use of Asmodee IP's by Embracer studios...

...collaboration with Dark Horse on novels, comics, merchandising and media development...

...and further development of our longstanding relationship with MEE



Expanding geographic footprint and mass market distribution



Australia



NZ

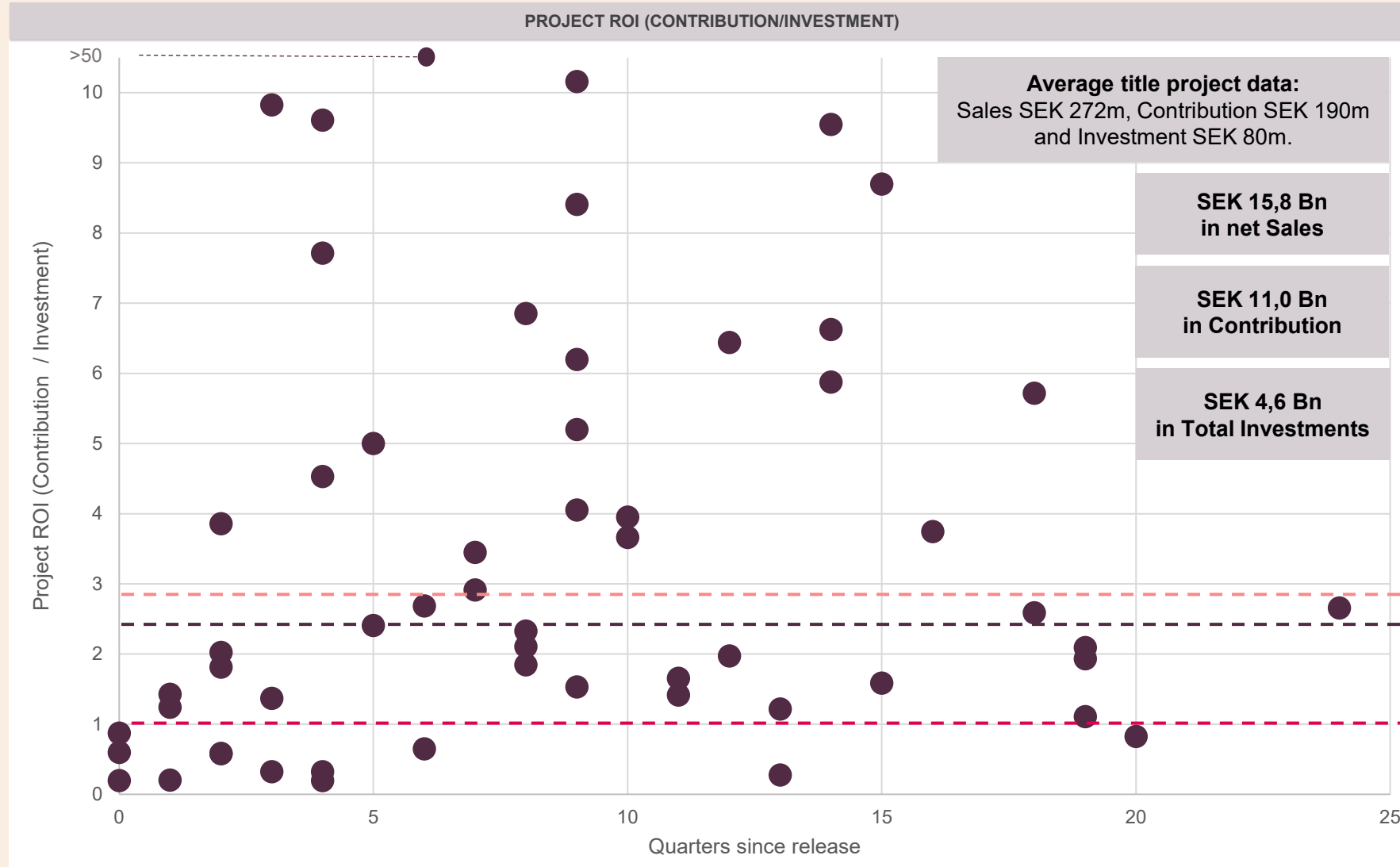


UK

A group of people wearing neon-colored suits and cat-like helmets with glowing visors. They are standing behind a metal railing. In the background, there are several motorcycles parked. The scene is lit with dramatic, low-key lighting, creating a futuristic and edgy atmosphere. The text "ROI Deep Dive" is overlaid in the center of the image.

# ROI Deep Dive

# Project ROI - PC/Console



- Based on reported numbers until 30 September 2022
- Sample includes projects with sales above SEK 40 mn or investment above SEK 40 mn (58 projects)
- ROI = Contribution / Investment
- Contribution = Gross Profit less marketing expenses from release to 30 September 2022.
- Investment = Capitalized Development Expenses including follow-on investment.
- Saints Row recouped on 0.9x

2.91x excl. Saints Row

2.37x in average

1.0x in break even

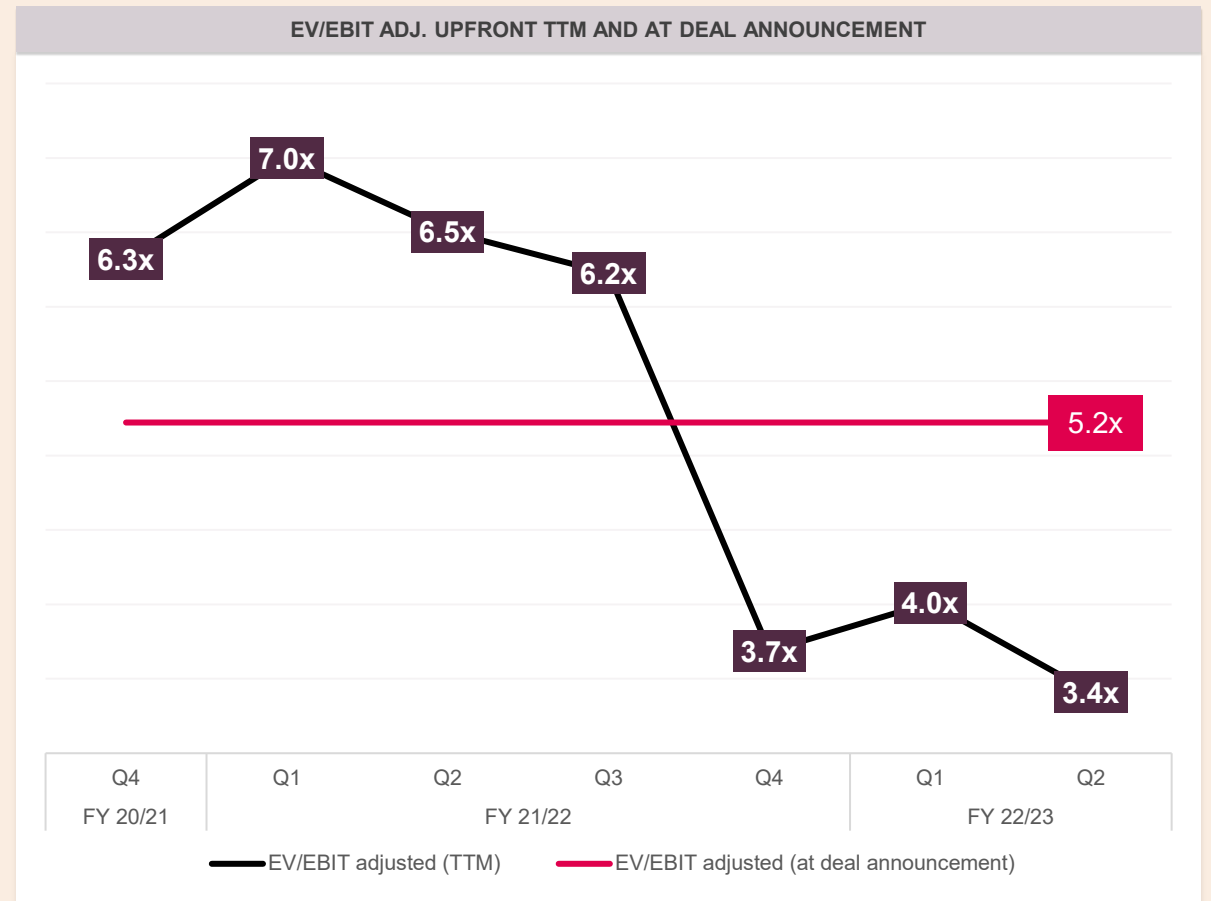
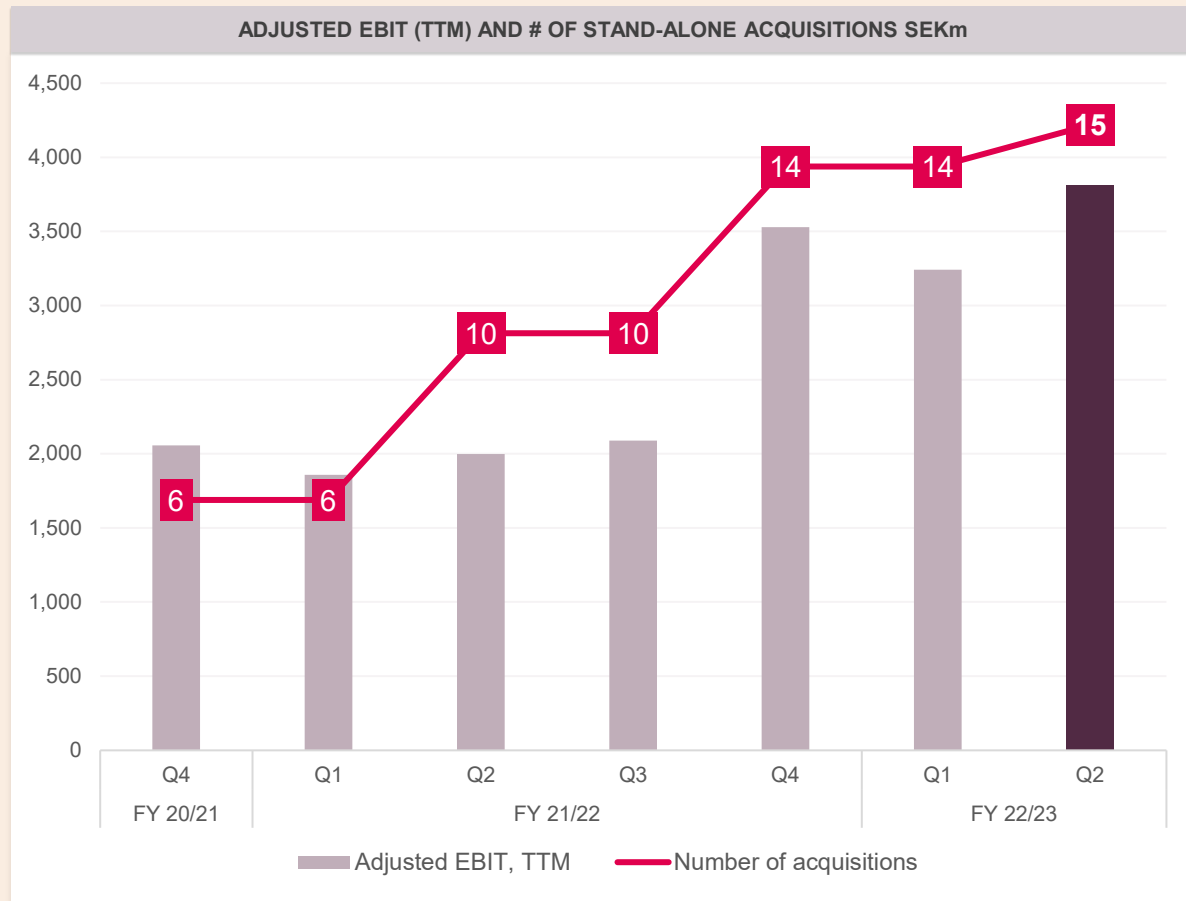




# M&A Deep Dive

# M&A follow-up

- Operative units & Standalone companies - 19 deals included, or 15 excluding integrated companies
- The study include acquisitions since 2018, with a minimum of four quarters since acquisition
- On a trailing twelve-month basis, adjusted EBIT has grown by over 50% since deal announcement
- The weighted average upfront Adjusted EV/EBIT multiple for has decreased from 5.2x to 3.4x

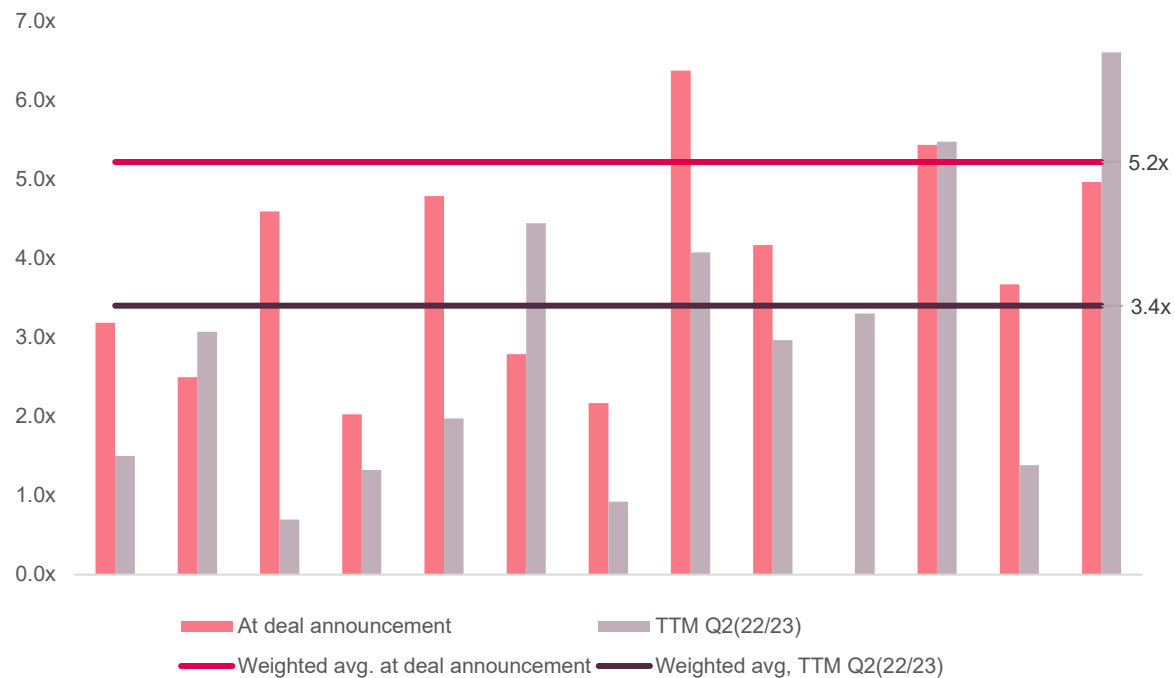


# M&A follow-up

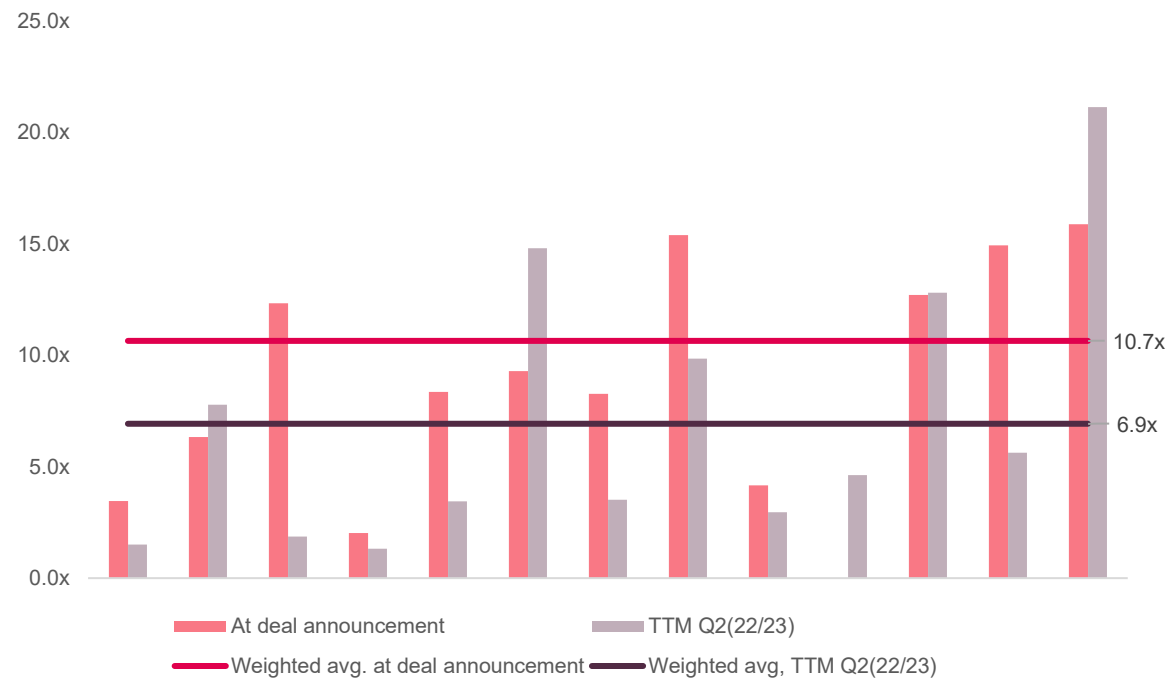
FINANCIALS | RATIONALE

- Day 1 EV = **SEK 13,0 bn** | Likely E/O = **SEK 13,5 bn\***
  - Total purchase price = **SEK 26.5bn**
  - Adjusted EBIT at closing = **2.49bn**
  - Adjusted EBIT TTM = **+53%**
  - Upfront EV/Adjusted EBIT 5.2x at deal announcement --> **3.4x TTM**
- Adding developing, publishing and other capabilities (5,945 people)
  - 2,415 people (+41%) organically since acquisition, totaling 8,360 end of quarter
  - Adding IPs, Studio network and publishers

EV/EBIT ADJ. UPFRONT MULTIPLES - ACTUAL VS. AT TIME OF ACQUISITION



EV/EBIT ADJ. MULTIPLES INCL. LIKELY EO - ACTUAL VS. AT TIME OF ACQUISITION



# Amplifier



Location																
Platforms	Mobile	PC	PC / Console	PC / Console	PC	PC / Console	Mobile / VR	PC / Console	PC / Console	-	-	-	-	PC / Console	PC / Console	PC / Console
Team size	5-10	5-10	10-25	5-10	10-25	5-10	10-25	5-10	10-25	5-10	10-25	10-25	10-25	50-100	25-50	10-25

### AMPLIFIER BUSINESS CASE

- Attractive and unique business model that has become increasingly successful. Last quarter alone the Amplifier team had 195 incoming opportunities.
- Successful acquisition of Amplifier made in 2019 for in total 42 SEKm. Minority portfolio alone has generated 110 SEKm in net profits in exits.
- Successful Tarsier acquisition in 2019. Little Nightmares has been generating notable royalties. We are highly confident in their future pipeline.
- Total net investments into Amplifier are 550 SEKm whereof 315 SEKm in Capex.
- We are confident in Amplifier’s future pipeline with 15 projects across close to 300 developers. Without taking further deals into account we believe the current pipeline could generate 500-1000 SEKm in FY 24/25 alone and be a notable contributor to organic growth in the group.

### AMPLIFIER STRATEGY

- **Full acquisition** - including with long-term earnouts
- **Geography** - At our discretion - biased towards Scandinavia, EU & NA
- **Platforms** - PC & Console, dabbling with Mobile, VR, and more
- **Games** - Genre agnostic, finding gaps or overlaps with our portfolio
- **Team Size** - 5-20 FTE, we are looking at different sizes
- **Budget** - Game Budget 3 - 5 M€

**ROI: 3x inv. hurdle for all inv., but aim for outlier returns of >10x**

# Coffee Stain & Ghost Ship Games

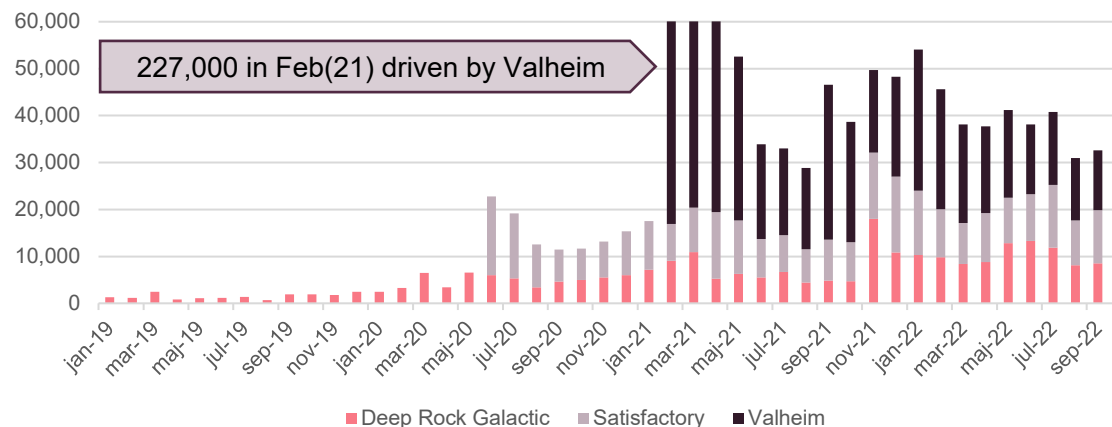


Country									
City	Skövde	Malmö	Stockholm	Göteborg	Trollhättan	Göteborg	Göteborg	Copenhagen	Skövde
Platforms	PC / Console	Mobile	PC / Console	PC / Console / Mobile	PC / Console	PC	PC	PC / Console	PC
Team size	25-50	>5	25-50	>5	5-10	5-10	5-10	25-50	5-10
IP		-		-		-			

## ABOUT COFFEE STAIN

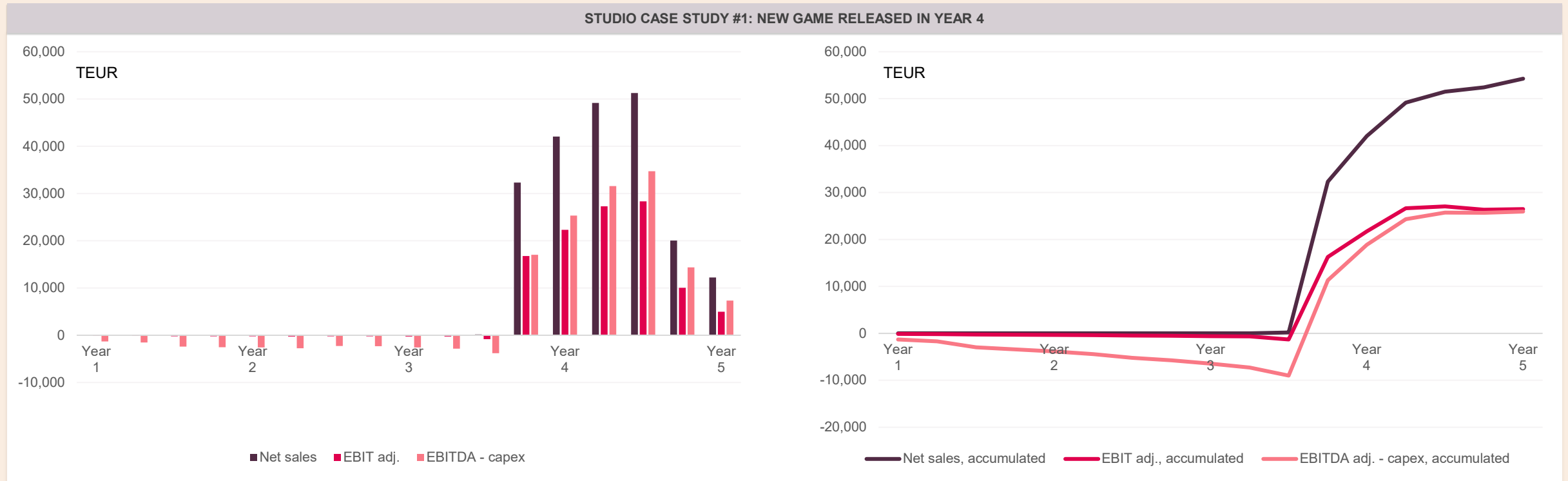
- In total we have invested SEK 2.69 bn in acquisitions since 2018 to create the Operating Group. This includes likely earn-outs until 2029
- Pro forma Net Sales TTM Q2 FY 22/23: 1,300 SEKm
- Pro forma Adjusted EBIT TTM Q2 FY 22/23: 835 SEKm or 64.2% Adjusted Ebit margin
- We expect the Goat Simulator 3 release in Q3 and Valheim Xbox release in Q4 to grow the business further
- Notable unannounced pipeline 2023 onwards
- Significant free cash flow generation since 2018 due to low Capex

## COFFEE STAIN PRO FORMA NET SALES REPORTED SEKm



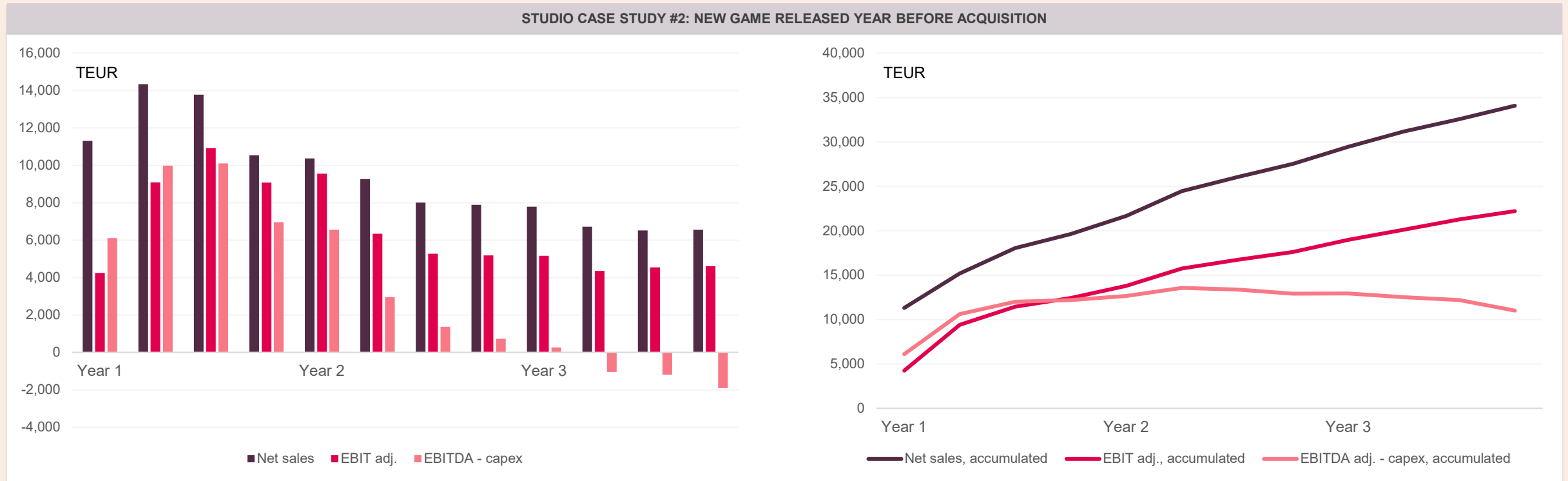
# Studio case #1

- New and only game released in year 4 after acquisition
- Negative cash flow before tax (EBITDA minus capex) for three years
- Strong earnings and cash flow contribution at release
- Adjusted EBIT and operating cash flow converge one year post-release
- New game now under development



# Studio case #2

- New and only game released one year before acquisition
- Strong earnings and cash flow contribution first two years post-acquisition
- Negative cash flow in most recent quarters one year ahead of promising sequel
- EBIT and cash flow expected to converge post-release, depending on success



# Change of listing Venue





# Change of listing Venue to regulated market

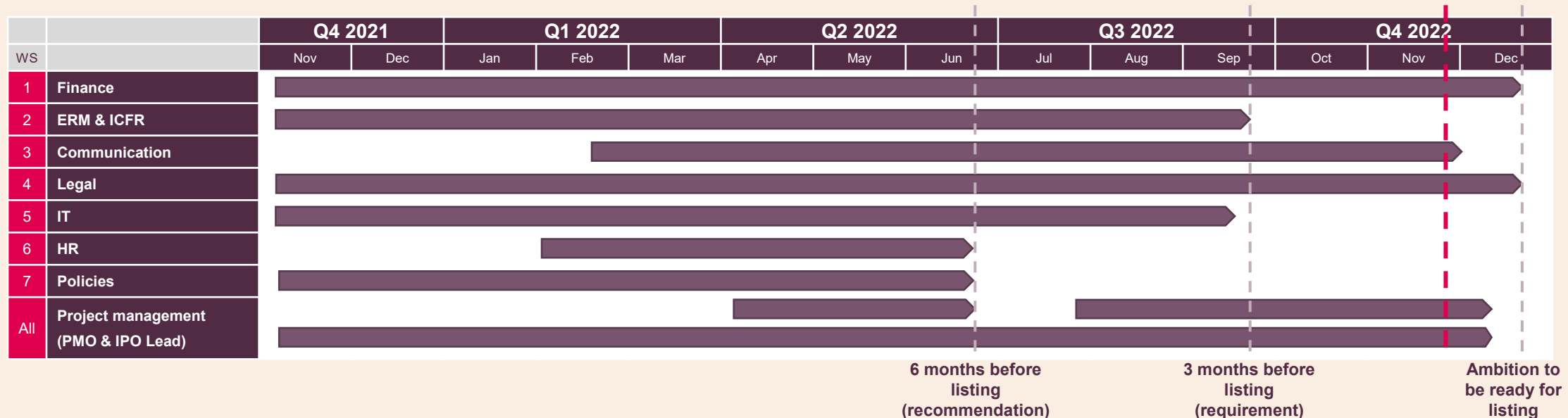
The project for changing listing venue is progressing according to time plan, where we have the ambition to be ready for listing at the regulated Nasdaq Stockholm Main Market by the end of 2022, provided that certain milestones are reached as planned.

## Rationale

- Broader shareholder base with increased liquidity.
- Company will be better known worldwide; listing on Nasdaq Stockholm gives an extra stamp of quality
- Allows for share buy-back programs
- Valuable governance and control structures, including ESG, which will continue to develop the group’s existing structures

## About

- Large project involving 12 operative groups and ~300 legal entities in ~50 jurisdictions.
- Seven project workstreams, 140+ activities in action plan and 53 milestones.
- Key milestones include; Transition to IFRS reporting, Financial Manual update, Proforma preparations for prospectus, legal and tax DD, stock exchange audit, documentation and monitoring of control activities (incl IT), prospectus, dataroom, steering documents, policies, instructions, guidelines.





**Q&A**

**Until 11:00 CET**

**EMBRACER<sup>+</sup>**  
**GROUP**