

**EMBRACER⁺
GROUP**

RESTATED HISTORICAL FINANCIAL INFORMATION

FOR THE FINANCIAL YEARS 1 APRIL 2021 - 31 MARCH 2022 AND 1 APRIL 2020 - 31 MARCH 2021

CONTENTS

	Page
Consolidated statement of profit or loss	F-3
Consolidated statement of comprehensive income	F-4
Consolidated statement of financial position	F-5
Consolidated statement of changes in equity	F-7
Consolidated cash flow statement	F-8
Notes	F-9
Auditor's report on historical financial information	F-94

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEKm	Note	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Net sales	3,4	17,067	9,000
Other operating income	5	333	288
Total operating income		17,400	9,288
Work performed by the Company for its own use and capitalized		2,293	1,292
Goods for resale		-4,697	-3,619
Other external expenses	6	-4,745	-1,230
Personnel expenses	7	-8,602	-2,021
Depreciation, amortization and impairment	14,15,16	-2,793	-1,668
Other operating expenses	8	-447	-198
Share of profit of an associate after tax	17	465	214
Operating profit (EBIT)		-1,126	2,058
Profit or loss from financial items			
Financial income	9	3,532	289
Financial expenses	10	-747	-4,391
Profit before tax		1,659	-2,044
Income tax	11	-692	-471
Profit for the year		967	-2,515
Profit for the year is attributable to:			
Equity holders of the parent		976	-2513
Non-controlling interests		-9	-2
Earnings per share			
Basic earnings per share (SEK)	12	1.08	-3.49
Diluted earnings per share (SEK)	12	1.06	-3.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEKm	Note	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Profit for the year		967	-2,515
Other comprehensive income			
<i>Items that will be reclassified to profit or loss (net of tax):</i>			
Exchange differences on translation of foreign operations		825	-842
<i>Items that will not be reclassified to profit or loss (net of tax):</i>			
Remeasurement of defined benefit plans for employees	27	0	0
Total other comprehensive income for the year, net of tax		825	-842
Total comprehensive income for the year, net of tax		1,792	-3,357
Total comprehensive income is attributable to:			
Equity holders of the parent		1,801	-3,355
Non-controlling interests		-9	-2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEKm	Note	2022-03-31	2021-03-31	2020-04-01
ASSETS				
Non-current assets				
Goodwill	13	42,624	11,381	1,412
Intangible assets	14	31,371	5,586	4,459
Property, plant and equipment	15	720	238	185
Right-of-use assets	16	1,062	329	240
Investments in associates	17	134	175	55
Non-current financial assets	18,19,20	302	132	30
Deferred tax assets	11	1,280	265	166
Total non-current assets		77,493	18,106	6,547
Current assets				
Inventories	22	2,775	218	353
Trade receivables	18,21	4,406	1,239	959
Contract assets	4,18	177	-	-
Current tax assets		-	-	36
Other receivables	18	1,382	442	362
Prepaid expenses	23	377	377	110
Current investments	18	0	196	193
Cash and cash equivalents	18,29	5,810	14,104	2,318
Total current assets		14,927	16,576	4,331
TOTAL ASSETS		92,420	34,682	10,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont.)

Amounts in SEKm	Note	2022-03-31	2021-03-31	2020-04-01
EQUITY AND LIABILITIES				
Equity	25			
Share capital		2	1	1
Other contributed capital		42,433	22,543	5,301
Reserves		124	-701	142
Retained earnings, including net profit		-612	-1,588	925
Total equity attributable to equity holders of the parent		41,947	20,255	6,369
Non-controlling interests		228	13	25
Total equity		42,175	20,268	6,394
Non-current liabilities				
Liabilities to credit institutions	18,21	13,018	244	221
Other non-current liabilities	18,21	112	1	0
Lease liabilities	16,21	800	237	176
Other provisions	26	155	162	104
Contingent considerations	18,21	8,486	9,116	412
Non-current put/call options on non-controlling interests	18,21	4,259	-	-
Non-current employee benefits	7,27	20	17	25
Non-current liabilities to employees related to historical acquisitions	7,18	593	28	-
Deferred tax liabilities	11	6,170	560	415
Total non-current liabilities		33,613	10,365	1,353
Current liabilities				
Liabilities to credit institutions	18,21	7,014	1,203	1,098
Current account credit facilities	18,21	149	27	145
Trade payables	18,21	3,602	774	845
Lease liabilities	16,21	297	98	67
Contract liabilities	4,18,21	1,821	793	599
Contingent considerations	18,21	1,105	-	-
Tax liabilities		555	193	85
Other current liabilities	18,21	676	220	171
Accrued expenses	18,21,28	1,413	741	121
Total current liabilities		16,632	4,049	3,131
TOTAL EQUITY AND LIABILITIES		92,420	34,682	10,878

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of the parent

Amounts in SEKm	Share capital	Other contributed capital	Reserves ¹	Retained earnings including net profit	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	-	-	-	-2,513	-2,513	-2	-2,515
Other comprehensive income	-	-	-842	-	-842	-	-842
Total comprehensive income for the year	-	-	-842	-2,513	-3,355	-2	-3,357
<i>Transactions with the owners</i>							
New share issue	-	17,338	-	-	17,338	-	17,338
Issuance costs	-	-292	-	-	-292	-	-292
Tax effect issuance costs	-	62	-	-	62	-	62
Offset to non-controlling interest in connection with issue and non-controlling interest share in issue	-	-	-	-	-	-10	-10
Transactions with non-controlling interests	-	-	-	-	-	-	-
Share-related remuneration according to IFRS 2	-	135	-	-	135	-	135
Total	-	17,243	-	-	17,243	-10	17,233
Closing balance 2021-03-31	1	22,543	-701	-1,588	20,255	13	20,268
Opening balance 2021-04-01	1	22,543	-701	-1,588	20,255	13	20,268
Net profit	-	-	0	976	976	-9	967
Other comprehensive income	-	-	825	0	825	-	825
Total comprehensive income for the year	-	-	825	976	1,801	-9	1,792
<i>Transactions with the owners</i>							
New share issue	1	16,602	-	-	16,603	-	16,603
Issuance costs	-	-130	-	-	-130	-	-130
Tax effect issuance costs	-	27	-	-	27	-	27
Share-based payments	-	9	-	-	9	-	9
Transactions with non-controlling interests	-	-	-	-	-	224	224
Share-related remuneration according to IFRS 2	-	3,382	-	-	3,382	-	3,382
Total	1	19,890	-	-	19,891	224	20,115
Closing balance 2022-03-31	2	42,433	124	-612	41,947	228	42,175

¹⁾ See note 25.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEKm	Note	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Operating activities			
Profit before tax		1,659	-2,044
Adjustment for non-cash items	29	4,059	5,972
Income tax paid		-542	-259
Cash flow from operating activities before changes in working capital		5,176	3,669
Cash flow from changes in working capital			
Change in inventories		-150	83
Change in operating receivables		-934	-195
Change in operating liabilities		-22	269
Cash flow operating activities		4,070	3,826
Investing activities			
Acquisition of property, plant and equipment	15	-344	-71
Disposal of property, plant and equipment		4	2
Acquisition of intangible assets	14	-3,717	-2,139
Disposal of intangible assets		4	4
Acquisition of subsidiaries, net of cash acquired	32	-33,403	-4,441
Disposal of current investments		196	-
Acquisition of financial assets		-71	-65
Disposal of financial assets		-	56
Cash flow from investing activities		-37,331	-6,654
Financing activities			
New share issue		6,310	14,695
Issuance costs		-130	0
Proceeds from borrowings		18,861	851
Repayment of loans		-17	-821
Payment of lease liabilities		-156	-81
Cash flow from financing activities		24,868	14,644
Cash flow for the year			
Cash and cash equivalents at the beginning of the year		14,104	2,318
Exchange-rate differences in cash and cash equivalents		99	-30
Cash and cash equivalents at the end of the year	29	5,810	14,104

NOTES

NOTE 1 ACCOUNTING POLICIES FOR THE GROUP

The historical financial information comprise the Swedish parent company Embracer Group AB ("**Embracer**"), with corporate identity number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, publishing, development of computer games, video games, mobile games and boardgames, and publishes and distributes films.

The group is divided into 12 subgroups which are THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemod and Crystal Dynamics – Eidos Montréal

The Parent Company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad.

The Board of Directors and the Managing Director has approved the historical financial information on December, 19, 2022.

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.

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 third 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 34 First-time adoption of IFRS.

New or amended statements after March 31, 2022

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.

In connection with some of the Group's business combinations, the Group does not acquire all shares at the acquisition date. However, for certain business combinations, the Group enters into put and call options at the acquisition date for the remaining shares that can be exercised at a future date. There is no explicit guidance in IFRS regarding accounting for put and call options for the remaining shares in connection with a business combination, whereby the Group has, in accordance with IAS 8, developed and applied a uniform accounting policy for similar transactions. The obligation to acquire additional shares in the future from non-controlling interest constitutes a financial liability at fair value through profit or loss, no non-controlling interest is recognized. Thus, the transaction is recognized as if the shares subject to the options have already been acquired by the Group.

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 % and at most 50 % 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 million**"), 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 & 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. The license is deemed to constitute a right for the customer to use the intangible asset is current condition at the time of assignment, since the digital store then can resell the game to end consumers. There are no additional commitments in the agreement with the customer that significantly affect the intangible asset to which the customer is entitled. The revenue is therefore recognized in connection with the assignment to the customer.

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).

Merchandise

Merchandise refers to costs for the purchase and production of physical products, development costs for mobile games, operation and maintenance of games as well as royalties to external game developers and other rights holders.

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 remuneration 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.

Obligations for retirement pension and family pension for white-collar workers in Sweden are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Council, UFR 10, this is a defined benefit plan that covers several employers. For the financial year 2021/2022, the company has not had access to such information that makes it possible to report this plan as a defined benefit plan. The pension plan according to ITP which is secured through insurance in Alecta is therefore reported as a defined contribution plan. Obligations regarding contributions to defined contribution plans are reported as an expense in the year's profit when they arise.

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 7.

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 that 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, when indicated or at an annual basis.

The group is divided into 12 cash-generating units that is consistent with the twelve operative groups THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemod and Crystal Dynamics – Eidos Montréal.

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 develop-

ment 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 5-25 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. The Group's right-of-use assets mainly consist of rental premises.

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. The Group's financial assets that are debt instruments classified at amortized cost are stated in note 18 Financial instruments.

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. Contingent considerations are further described in note 32 Business combinations.

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 18 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 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 18 Financial instruments. Changes in the hedge reserve in equity is stated in note 25 Equity.

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.

For a more detailed description of the methods applied for assessment of expected credit losses, refer to note 21 Financial risks.

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 depreciation. 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 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 31 March 2022, the assessment is that the carrying amount of these assets does not exceed their fair value. The recognized amount of capitalized development expenditures is described in note 14 Intangible assets.

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. Preliminary values linked to acquisitions can have adjusted fair values up to one year after the completion of the acquisition if new information about the facts and circumstances that existed at the time of acquisition is obtained.

Goodwill

Every year, and when indicated, Embracer evaluates goodwill 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 result and a different financial position.

To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill is attributed are measured 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 for these assumptions and estimates could have a material effect on the value of goodwill. Impairment testing of the Group's goodwill is described in note 13 Goodwill.

Contingent considerations

For certain business combinations, Embracer has agreed to pay contingent considerations. Contingent consideration is 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 under financial net. 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 of contingent considerations classified as financial liabilities are described in note 18 Financial instruments. Estimates other than those made by management may result in different results and financial position. According to management, the current evaluation provides a correct assessment 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 relate to capitalized development expenses, excess values identified in connection with acquisitions 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. Recognized amounts at each financial reporting date are stated in note 11 Income tax. Management regularly participates in the judgements of transactions and estimates of probable outcomes.

Inventories

Inventories are measured at the lower of cost and net realisable value. Calculation of net realisable value is based on factors such as assessments of future sales prices, which also consider expected price reductions. The actual outcome of future sales prices may differ from the assessments made. On March 31, 2022 it is management's view that the book value of the inventories do not exceed its fair value.

Contract liabilities for price reductions and discounts

Embracer reports liabilities for expected discounts and product returns. The liabilities are recognised based on expected sales and number of returns of each title. The calculation of the liabilities is made on basis of assumptions and empirical values about price development and return rates. Estimates that deviate from management's assessments can impact the Group's financial result and financial position. On March 31, 2022 it is management's view that the book value of provisions for price reductions and discounts are sufficiently large.

	PC/ Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Elimina- tions	Group functions	Group total
2020-04-01 - 2021-03-31								
Revenue from external customers	6,239	185	-	2,576	9,000	-	-	9,000
Revenue from transactions with other operating segments	-	-	-	-	-	-	-	-
Total revenue	6,239	185	-	2,576	9,000	-	-	9,000
Adjusted EBIT	2,621	48	-	269	2,938	-	-80	2,858
Amortization of surplus values of acquired intangible assets	-387	-27	-	-	-414	-	-96	-510
Personnel costs related to acquisitions	-181	-	-	-	-181	-	-	-181
Remeasurement of contingent consideration	-	-	-	-	-	-	-	-
Remeasurement of participation in associated companies	41	-	-	-	41	-	-	41
Transaction costs	-48	-12	-	-	-60	-	-90	-150
EBIT	2,047	9	-	269	2,325	-	-266	2,058
Net financial items								-4,102
Profit before tax								-2,044

Adjusted EBIT is EBIT excluding specific items related to historical acquisitions. It provides a fairer picture of the underlying business' performance, by measuring performance excluding specific items related to historical acquisitions.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The turnover in the group is for the most part related to performance commitments that are fulfilled at a certain time. Less than 2% of turnover refers to performance commitments that must be fulfilled over time.

The turnover is divided into different operating segments. Below is a table showing the type of product that revenue from contracts with customers comes from:

	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
2021-04-01 - 2022-03-31					
<i>Type of products</i>					
Digital products	5,860	4,871	29	511	11,271
Physical products	1,284	-	526	2,539	4,348
Other ¹	1,354	25	17	52	1,448
Revenue from contracts with customers	8,498	4,896	572	3,102	17,067
2020-04-01 - 2021-03-31					
<i>Type of products</i>					
Digital products	4,457	182	-	486	5,125
Physical products	1,286	-	-	2,074	3,360
Other ¹	496	3	-	16	515
Revenue from contracts with customers	6,239	185	-	2,576	9,000

¹⁾ Refers to Work-for-hire and other game development.

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

PC/Console Games	IP-rights		Total
	Owned titles	Publishing titles	
2021-04-01 - 2022-03-31	5,532	2,966	8,498
2020-04-01 - 2021-03-31	3,787	2,452	6,239

PC/Console Games	New releases	Back-catalog	Other	Total
2021-04-01 - 2022-03-31	1,557	5,587	1,354	8,498
2020-04-01 - 2021-03-31	2,332	3,410	496	6,239

Net sales per geographic market

2021-04-01 - 2022-03-31	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Europe excl Sweden	3,163	1,164	421	1,957	6,706
USA	4,676	2,690	85	308	7,758
Sweden	102	28	8	68	205
Other	557	1,014	58	769	2,398
Total	8,498	4,896	572	3,102	17,067

Net sales per geographic market

2020-04-01 - 2021-03-31	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Koncernen totalt
Europe excl Sweden	1,665	34	-	2,547	4,246
USA	3,599	119	-	11	3,729
Sweden	99	3	-	11	113
Other	876	29	-	7	912
Total	6,239	185	-	2,576	9,000

Contract assets	2022-03-31	2021-03-31
Opening balance	-	-
Significant changes in contract assets:		
Changes attributable to ordinary business	177	-
Closing balance	177	-

Contract assets consist of accrued but not invoiced revenue in the case of percentage of completion.

Contract liabilities	2022-03-31	2021-03-31
Opening balance	793	599
Significant changes in contract liabilities:		
Changes attributable to ordinary business	1,028	194
Closing balance	1,821	793

Contractual liabilities refer to revenues invoiced but not processed in the case of percentage of completion and other prepaid revenues. In addition, reservations are included for price reductions and discounts as well as the return of goods sold.

NOTE 5 OTHER OPERATING INCOME

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Marketing contributions	81	114
Exchange gains on operating receivables/liabilities	29	0
Reversal of reserves	12	28
Indemnities	20	8
Insurance compensation	1	1
Benefits for development projects	136	85
Gain on non-current assets	5	2
Other	49	50
Total	333	288

Marketing contributions have been received from third party as a part of the total cost for marketing costs.

During the year, grants were received for project development. Project development expenses are capitalized in accordance with the company's accounting principles. Contributions received are reported on a separate line in the group's income statement and reduce capitalized development work for own account. The operating result is not affected during the development period.

Other operating income includes exchange rate gains on receivables and liabilities operative in the group. Other exchange rate effects in the group can be found in other comprehensive income, note 8 Other operating expenses, note 9 Financial income and note 10 Financial expenses.

NOTE 6 AUDITORS' FEES

<i>EY</i>	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Audit services	12	4
Other auditing activities	-	-
Tax advisory services	1	-
Other services	58	45
Sum	71	49
	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
<i>Other auditors</i>		
Audit services	7	0
Other auditing activities	-	-
Tax advisory services	6	8
Other services	12	8
Sum	25	16
Total	96	65

The item "Audit services" comprises examination of the annual financial statements, accounting records and administration of the business by the CEO and Board. Other services relate to other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of such other procedures. Other services includes costs for financial and tax due diligence in connection with company acquisitions SEK 50 million (39).

NOTE 7 EMPLOYEES AND PERSONNEL EXPENSES

Average number of employees	2021-04-01 - 2022-03-31			2020-04-01 - 2021-03-31		
	Average number of employees	Women, per cent %	Men, per cent %	Average number of employees	Women, per cent %	Men, per cent %
USA	1 086	20%	80%	360	15%	85%
Russia	895	21%	79%	440	16%	84%
Germany	624	24%	76%	521	25%	75%
Canada	423	21%	79%	364	15%	85%
Romania	345	30%	70%	135	16%	84%
Austria	325	43%	57%	241	43%	57%
Sweden	349	36%	64%	244	15%	85%
Italy	309	16%	84%	239	16%	84%
Great Britain	273	23%	77%	194	19%	81%
Spain	263	27%	73%	171	27%	73%
Belarus	249	36%	64%	-	-	-
France	139	35%	65%	-	-	-
Serbia	136	22%	78%	-	-	-
Bulgaria	123	21%	79%	-	-	-
Israel	119	40%	60%	-	-	-
The Netherlands	107	19%	81%	-	-	-
Czech Republic	104	22%	78%	175	16%	84%
Other	663	36%	64%	89	7%	93%
Group, total	6,532	28%	72%	3 173	21%	79%

Gender distribution, Board of Directors and senior executives	2022-03-31			2021-03-31		
	Number at the end of the reporting period	Women, per cent %	Men, per cent %	Number at the end of the reporting period	Women, per cent %	Men, per cent %
Board of Directors	6	14%	86%	6	14%	86%
Chief Executive Officer and other senior executives	5	40%	60%	2	0%	100%
Group, total	11	27%	73%	8	12%	88%

Salaries, other benefits and social security contributions, including pension costs	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Group		
<i>Board of Directors, CEO and other senior executives</i>		
Salaries and other remuneration	298	143
Social security contributions	78	43
Pension costs	11	6
Total	387	192
<i>Other employees</i>		
Salaries and other remuneration	3,010	1,305
Social security contributions	410	206
Pension costs	31	73
Total	3,451	1,584
Group, total	3,838	1,776

Remuneration to permanent contract self-employed persons is reported as personnel costs in the income statement. In total, the compensation amounts to SEK 370 million (29). The amount is not included in the sum of 3,010 (1,305) in the above table.

Pension costs and personnel expenses in the subsidiaries are to some extent attributable to defined benefit plans, see note 27 Non-current employee benefits for further information.

In connection with acquisitions, agreements on conditional purchase price that are not classified as part of transferred purchase price have been entered into, where there is a requirement that the seller is still employed. This remuneration refers to future services and is classified as personnel costs according to IAS 19 or IFRS 2 depending on whether the remuneration is received in cash or in shares. During the year 2021/2022, this amount has amounted to SEK 4,247 million (180).

Remuneration to Board of Directors, CEO and other executives

2021-04-01 - 2022-03-31

Remuneration of senior executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
Chairman of the Board					
Kicki Wallje-Lund	1	1	-	-	2
Board member					
David Gardner	0	-	-	-	0
Ulf Hjalmarsson	1	-	-	-	1
Jacob Jonmyren	1	-	-	-	1
Matthew Karch	4	-	-	-	4
Erik Stenberg	1	-	-	-	1
Chief Executive Officer					
Lars Wingefors	1	-	-	-	1
Other senior executives (4 persons)	5	-	1	-	6
Total	14	1	1	-	16

2020-04-01 - 2021-03-31

Remuneration of senior executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
Chairman of the Board					
Kicki Wallje-Lund	1	1	-	-	2
Board member					
David Gardner	0	-	-	-	0
Ulf Hjalmarsson	0	-	-	-	0
Jacob Jonmyren	0	-	-	-	0
Matthew Karch	5	-	-	-	5
Erik Stenberg	1	-	0	-	1
Chief Executive Officer					
Lars Wingefors	1	-	0	-	1
Other senior executives (1 person)	2	-	0	-	2
Total	10	1	0	-	11

Variable remuneration refers to time spent on a specific assignment.

Remuneration and employment terms for senior executives

Remuneration to the CEO and other senior executives consists of salaries. Other senior executives refer to those persons who are part of the extended management.

Termination benefits

Embracer Group's CEO and CFO must observe a notice period of six months. In addition to the notice period, the CEO is entitled to termination benefit corresponding to six months' salary, provided that it is Embracer Group that terminated the employment contract and the CEO has not been dismissed. Other senior executives in Embracer Group is entitled to a period of notice with compensation up to 6 months. The executives must observe the same notice period. Managing directors of the sub-groups have a notice period varying between three to a maximum of six months there compensation is paid until the employment is terminated.

Other non-current employee benefits

Embracer has contractual obligations for personnel regarding bonuses and anniversary benefits. These obligations relate to personnel in Austria, Italy, France and Spain. A liability is recognized for expected payments over a period of 40 years in the future regarding the non-current benefits. The liability corresponds only to the estimated remuneration for services already rendered by the employees and the probability that a person does not remain in service has been considered when measuring the liability.

	Non-current employee benefits		Non-current liabilities to employees related to historical acquisitions	
	2022-03-31	2021-03-31	2022-03-31	2021-03-31
Other non-current employee benefits				
Opening balance as of 1 April	17	25	28	-
Paid	-	-3	-286	-
Expense of the year	-1	-4	1	-
Additions as a result of acquired business combinations	5	-	814	28
Exchange rate differences	-1	-1	36	-
Closing balance as of 31 March	20	17	593	28

Agreement on share-based remuneration (IFRS 2)

The fair value of the share-based payment is based on the market price of Embracer's share at the acquisition date of each respective acquisition. The table below presents granted and outstanding share rights at the beginning and the end of the financial year:

Number of share rights	2022-03-31	2021-03-31
Outstanding as of 1 April	11,934,789	0
Granted	60,563,567	14,222,981
Vested	-29,111,955	-2,288,192
Outstanding as of 31 March	43,386,401	11,934,789
Exercisable at the end of the period	-	-
Weighted average share price at the grant date for share rights granted during the period	121.80 kr	52.17 kr
Weighted average remaining term for outstanding share rights at the end of the period	2.99 years	4.82 years

The total expense recognized in the consolidated statement of profit or loss during the year as a result of share-based payments amounted to SEK 3 382 million (SEK 135 million).

NOTE 8 OTHER OPERATING EXPENSES

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Other operating expenses	-20	-46
Transactions costs related to acquisitions	-367	-150
FX gain/loss related to Personnel costs related to acquisitions	-60	-1
Total	-447	-198

NOTE 9 FINANCIAL INCOME

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
<i>Assets and liabilities measured at fair value through profit or loss</i>		
Changes in fair value of contingent consideration	3,012	-
Total recognized in profit or loss	3,012	-
<i>Assets measured at amortized cost:</i>		
Interest income from other financial assets	4	57
Total interest income in accordance with the effective interest method	4	57
<i>Other financial income:</i>		
Exchange gain on financial items	382	232
Exchange gain on contingent consideration	134	-
Total	516	232
Total financial income	3,532	289

See also note 18 Financial instruments.

NOTE 10 FINANCIAL EXPENSES

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
<i>Assets and liabilities measured at fair value through profit or loss</i>		
Changes in fair value of contingent consideration	-581	-4,300
Total recognized in profit or loss	-581	-4,300
<i>Liabilities measured at amortized cost:</i>		
Interest expense liabilities to credit institutions	-22	-
Interest expense liabilities contingent consideration	-62	-43
Interest expense other financial liabilities	-69	-34
Total interest expense in accordance with the effective interest method	-153	-77
<i>Other financial expense:</i>		
Exchange loss on contingent consideration	-	-6
Interest expense lease liabilities	-12	-8
Total	-12	-14
Total financial expense	-747	-4,391

See also note 18 Financial instruments.

NOTE 11 INCOME TAX

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
<i>Current tax</i>		
Current tax on profit for the year	-617	-363
Adjustments relating to prior years	14	-1
Total current tax	-603	-364
<i>Deferred tax</i>		
Deferred tax attributable to temporary differences	-65	-114
Deferred tax attributable to loss carryforwards	-24	7
Total deferred tax	-89	-107
Recognized tax in profit or loss	-692	-471

Reconciliation of effective tax rate	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Profit before tax	1,659	-2,044
Tax at the applicable tax rate for the parent company, 20,6% (21,4%)	-341	437
Tax effect of:		
Effect of different tax rates in foreign subsidiaries	-10	21
Other non-deductible expenses	-1,259	-1,099
Non-taxable income	863	175
Increase in tax losses for which no corresponding deferred tax was recognised	-9	-12
Utilization of previously unrecognized loss carry-forwards	90	5
Tax attributable to prior years	14	-1
Standard interest on tax allocation reserve	-1	-0
Other	-40	2
Recognized effective tax	-692	-471
Effective tax rate	42%	23%

Non-deductible costs/non-taxable income mostly refers to personnel costs related to acquisitions and fair value changes regarding contingent considerations.

Amounts recognized directly in equity	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Tax effect issuance costs	27	62
Total	27	62

Amounts recognized in other comprehensive income	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Tax attributable to cash flow hedges	-	-
Tax attributable to remeasurement of defined benefit plans for employees	-	-
Total	-	-

Disclosure on deferred tax assets and tax liabilities

The tables below specify the tax effect of temporary differences:

Deferred tax	Deferred tax assets		Deferred tax liabilities	
	2022-03-31	2021-03-31	2022-03-31	2021-03-31
Opening balance as of 1 April	265	166	560	415
Business combinations (for further info see note 32)	981	77	5,480	153
Recognized in the consolidated statement of profit or loss	41	42	-103	-14
Recognized in other comprehensive income	-1	21	-	-
Change in tax rates	-	-	-5	-
Exchange rate differences for the year	-3	-41	238	6
Other	-3	-	0	-
Closing balance as of 31 March	1,280	265	6 170	560

Deferred tax specified by item	2022-03-31				2021-03-31			
	Deferred tax assets	Deferred tax liabilities	Recognized in profit for the year (+ income, - expense)		Deferred tax assets	Deferred tax liabilities	Recognized in profit for the year (+ income, - expense)	
<i>Untaxed reserves</i>	-	50	-50	3	-	51	-51	-13
Intangible assets	393	5,814	-5,421	23	113	381	-268	-2
Property, plant and equipment	-2	13	-15	-	-1	1	-2	-
Right-of-use assets	-	-	-	-	-	-	-	-
Lease liabilities	70	70	-	-	34	34	0	1
Derivative instruments	-	-	-	-	-	-	-	-
Accrued income	36	-	36	-	25	-	25	-
Other temporary differences	53	293	-240	-78	19	126	-107	-100
Inventories	263	-	263	-	-	-	-	-
Post employment benefits	-	-	-	-	-	-	-	-
Tax loss carry-forwards	399	-	399	-14	100	-	100	1
Other unused tax credits	137	-	137	-24	8	1	7	7
Deferred tax assets/liabilities	1,350	6,240	-4,891	-91	299	594	-296	-107
Offsetting	-70	-70	0	0	-34	-34	0	0
Deferred tax assets/liabilities (net)	1,280	6,170	-4,891	-91	265	560	-296	-107

2020-04-01

Deferred tax specified by item	Deferred tax assets	Deferred tax liabilities	Net
Untaxed reserves	-	37	-37
Intangible assets	35	369	-334
Property, plant and equipment	9	3	6
Right-of-use assets	-	-	-
Lease liabilities	1	1	-
Accrued income	-	-	-
Other temporary differences	30	6	24
Derivative instruments	-	-	-
Post employment benefits	-	-	-
Tax loss carry-forwards	84	-	84
Other unused tax credits	7	-	7
Deferred tax assets/liabilities	167	416	-249
Offsetting	-1	-1	0
Deferred tax assets/liabilities (net)	166	415	-249

Offsetting refers to deferred tax attributable to lease liabilities and right-of-use assets.

There are loss carry-forwards for which deferred tax assets have not been recognized in the statement of financial position in the amount of SEK 133 million (SEK 0 million as of 2021-03-31 and SEK 0 million as of 2020-04-01) (taxable value) and they have no time limit. Deferred tax assets were not recognized for these items, since it was not deemed probable that the Group would be able to utilize them to offset future taxable profits.

There are no known tax disputes in the group.

NOTE 12 EARNINGS PER SHARE

	2021-04-01	2020-04-01
	- 2022-03-31	- 2021-03-31
Basic earnings per share		
Profit for the year attributable to equity holders of the parent	976	-2,513
Weighted average number of ordinary shares outstanding (millions)	905	719
Basic earnings per share	1.08	-3.49
Diluted earnings per share		
Profit for the year attributable to equity holders of the parent	976	-2,513
Weighted average number of shares after dilution (millions)	921	719
Diluted earnings per share	1.06	-3.49
Reconciliation weighted average number of ordinary shares		
	2021-04-01	2020-04-01
	- 2022-03-31	- 2021-03-31
Weighted average number of ordinary shares before dilution	905	719
Dilutive effect due to:		
<i>Contingent considerations</i>	16	0
Weighted average number of ordinary shares after dilution	921	719

Embracer has certain instruments that may have a potential dilutive effect on earnings per share in the future, but which were not included in the calculation of diluted earnings per share because they did not give rise to any dilutive effect during the reported periods. Embracer has issued 44 096 522 ordinary shares (87 933 938 per 31 March 2021) with clawback rights if certain conditions are not met, that have not been included in the calculation of the average number of shares before dilution as the conditions were not met and 165 900 860 ordinary shares (209 734 320 per 31 March 2021) that have not been included in the calculation of the average number of shares after dilution as the conditions were not met at the end of the reporting period. In addition, there are 98 765 297 ordinary shares (52 698 961 per 31 March 2021) that may be issued if certain conditions are met that have not been included in the calculation of diluted earnings per share, as the conditions for the issue of the shares were not met at the end of the reporting period. In addition to these, there are no outstanding convertible loans, warrants or similar in the Embracer Group that could result in a potential dilution for shareholders.

Outstanding ordinary shares subject to redemption as a condition (ie, subject to revocation) - such as shares subject to claw-back conditions issued by Embracer upon acquisition are not treated as outstanding and are excluded from the calculation of pre-diluted earnings per share up to and including the date the shares are no longer subject to revocation. Such shares affect earnings per share after dilution if they are dilutive and to the extent that the conditions are met, without having yet been earned, at the end of the reporting period. The existence of such claw-back shares means that the number of shares used to calculate earnings per share is lower than the number of formally issued shares. These shares have been issued as part of the purchase price for the acquisition of companies and fall under the IFRS 2 regulations.

NOTE 13 GOODWILL

	2022-03-31	2021-03-31
<i>Accumulated cost</i>		
Opening balance	11,381	1,412
Business combinations	30,608	10,076
Exchange rate differences	635	-107
Closing balance	42,624	11,381
<i>Accumulated impairment</i>		
Opening balance	-	-
Impairments for the year	-	-
Sales	-	-
Reclassifications	-	-
Exchange rate differences	-	-
Closing balance	-	-
Carrying amount at the end of the year	42,624	11,381

Impairment test

At least annually, the Group performs impairment tests of the Group's goodwill. Impairment test of goodwill are performed at the lowest levels where there are independent cash flows (cash generating units), which for the Group consists of the Group's verticals. The carrying amount of goodwill is allocated to cash-generating units as presented below:

Goodwill	Segment	2022-03-31	2021-03-31	2020-04-01
Amplifier Game Invest	PC/Console	372	325	158
Asmodee	Table Top	16,940	-	-
CoffeeStain	PC/Console	1,783	489	489
Dark Horse	Entertainment & Services	1,280	0	-
Deca Games	Mobile	3,784	1,852	-
Easybrain	Mobile	3,273	-	-
Freemode	Entertainment & Services	212	41	-
Gearbox Entertainment	PC/Console	2,394	-	-
Plaion	PC/Console	2,868	2,530	333
Saber Interactive	PC/Console	9,129	5,709	0
THQ Nordic	PC/Console	589	435	432
Total		42,624	11,381	1,412

Goodwill is assessed based on the recoverable amount of the cash-generating units. The recoverable amount consists of the discounted future expected cash flow without taking into account potential future expansion of the business or future restructuring.

The impairment test for the Group's goodwill consists of assessing whether the unit's recoverable amount is higher than its reported value for the respective cash-generating unit to which the goodwill belongs. Important estimates and judgments in the impairment test were forecasts for the cash flows over the next few years, estimated growth after the forecast period of 2 (2) percent incl unchanged EBITDA margin and a pre-tax discount factor of 8.4 (8.2) percent. Assumptions regarding revenue development during the forecast period are based on forecasts related to games under development, expected industry market growth and a more mature game development portfolio.

The discount rate (WACC) has been calculated on the basis of a risk-free interest rate corresponding to a 10-year municipal bond from the Riksbank. Beta has been calculated at 0.72, the market's required return is assessed at 8.5% and the company-specific risk amounts to 2%.

	Amplifier Game Invest	Asmodee	CoffeeStain	Dark Horse	Deca Games	Easybrain	Freemode	Gearbox Enter- tainment	Plaion	Saber Inter- active	THQ Nordic
2022-03-31											
Discount rate before tax (%)	10.1	10.0	10.9	9.9	10.0	10.0	8.9	9.8	10.0	11.5	10.2
Discount rate after tax (%)	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Forecast of cash flows over	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Extrapolation of cash flows thereafter with a growth of (%)	2	2	2	2	2	2	2	2	2	2	2
2021-03-31											
Discount rate before tax (%)	9.7	-	9.9	-	9.5	-	9.0	-	10.6	11.4	11.2
Discount rate after tax (%)	8.2		8.2		8.2		8.2		8.2	8.2	8.2
Forecast of cash flows over	5 years	-	5 years	-	5 years	-	5 years	-	5 years	5 years	5 years
Extrapolation of cash flows thereafter with a growth of (%)	2	-	2	-	2	-	2	-	2	2	2
2020-04-01											
Discount rate before tax (%)	7.3	-	9.8	-	-	-	-	-	9.4	-	10.5
Discount rate after tax (%)	7.9		7.9						7.9		7.9
Forecast of cash flows over	5 years	-	5 years	-	-	-	-	-	5 years	-	5 years
Extrapolation of cash flows thereafter with a growth of (%)	2	-	2	-	-	-	-	-	2	-	2

For all cash-generating units, the impairment tests demonstrate no need for impairment and they do not indicate that any reasonably possible changes in important assumptions would lead to a need for impairment. Impairment tests show that there is no need for impairment, assuming a contemporary negative change in growth after the forecast period and an increased discount rate (WACC) of 20%.

NOTE 14 INTANGIBLE ASSETS

<i>Accumulated cost</i>	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
As of 1 April 2020	2,297	1,549	2,125	219	572	22	6,784
Investment of the year	1,938	50	1	-	126	25	2,139
Business combinations	120	87	645	-	27	8	887
Sales/disposals	-15	-16	-2	-	-	-1	-34
Reclassifications	-	-	17	-	-	6	23
Exchange rate differences	-167	-34	-73	-14	-45	-2	-335
Transferred from projects in progress to completed development projects	-787	787	-	-	-	-	-
As of 31 March 2021	3,386	2,423	2,712	205	680	58	9,464
Investment of the year	3,468	59	16	-	145	28	3,717
Business combinations	430	937	23,148	5	31	259	24,810
Sales/disposals	0	-1	-	-	-	-1	-2
Reclassifications	-	-	-	-	-	0	0
Exchange rate differences	136	20	289	3	8	22	478
Transferred from projects in progress to completed development projects	-1,160	1,160	-	-	-	-	-
As of 31 March 2022	6,260	4,598	26,166	213	863	367	38,467

<i>Accumulated amortization</i>	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
As of 1 April 2020	0	-1,110	-646	-88	-327	-10	-2,181
Amortization for the year	-	-786	-457	-42	-216	-12	-1,513
Sales/disposals	-	16	-	-	0	1	17
Reclassifications	-	0	-17	-	0	-3	-20
Exchange rate differences	-	20	56	7	27	3	113
Business combinations	-	-50	-74	-	-	-4	-128
As of 31 March 2021	0	-1,910	-1,137	-123	-516	-26	-3,712
Amortization for the year	-	-1,037	-1,252	-41	-155	-25	-2,509
Sales/disposals	-	-	-	-	-	1	1
Reclassifications	-	-	-	-	-	-0	0
Exchange rate differences	-	-32	-43	-2	-7	-3	-87
Business combinations	-	-416	-44	-	-	-134	-594
As of 31 March 2022	0	-3,395	-2,476	-166	-678	-188	-6,903

<i>Accumulated impairment</i>	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
As of 1 April 2020	-144	-	-	-	-	-	-144
Impairment	-29	-	-	-	-	-	-29
Sales/disposals	15	-	-	-	-	-	15
Reclassifications	-	-	-	-	-	-	-
Exchange rate differences	-7	-	-	-	-	-	-7
As of 31 March 2021	-165	-	-	-	-	-	-165
Impairment	-16	-	-7	-	-	-	-23
Sales/disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Exchange rate differences	-6	-	-0	-	-	-	-6
As of 31 March 2022	-187	-	-7	-	-	-	-194

	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
Opening balance at 1 April 2020	2,153	439	1,479	131	245	12	4,459
Closing balance at 31 March 2021	3,221	513	1,575	82	164	32	5,586
Closing balance at 31 March 2022	6,073	1,203	23,683	47	185	179	31,371

For information on intangible assets pledged as security for obligations, see note 30 Pledged assets and contingent liabilities.

Impairment testing is done annually for ongoing projects for intangible assets. The value of the asset as of the balance sheet date is compared with discounted cash flows during the asset's expected depreciation period. For the year 2021/2022, a discount rate of 10% (10%) has been used.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

<i>Accumulated cost</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
As of 1 April 2020	128	122	0	-	250
Investments for the year	6	65	0	-	71
Business combinations	10	60	5	-	75
Sales/disposals	-1	-2	-	-	-3
Reclassifications	-	-	-	-	-
Exchange rate differences	-10	-14	-	-	-24
As of 31 March 2021	133	231	6	-	370
Investments for the year	15	171	116	42	344
Business combinations	10	560	7	106	683
Sales/disposals	-	-11	-	-4	-15
Reclassifications	-	-4	-	3	-1
Exchange rate differences	2	18	1	8	29
As of 31 March 2022	160	965	130	155	1,410

<i>Accumulated depreciation</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
As of 1 April 2020	-7	-58	-	-	-65
Depreciation	-4	-38	-	-	-42
Business combinations	-1	-31	-	-	-32
Sales/disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Exchange rate differences	1	6	-	-	7
As of 31 March 2021	-11	-121	-	-	-132
Depreciation	-5	-85	-	-11	-101
Business combinations	-7	-384	-	-60	-451
Sales/disposals	-	8	-	2	10
Reclassifications	-	2	-	-2	-
Exchange rate differences	-	-13	-	-3	-16
As of 31 March 2022	-23	-593	-	-74	-690

<i>Accumulated impairment</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
As of 1 April 2020	-	-	-	-	-
Impairment	-	-	-	-	-
Sales/disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Exchange rate differences	-	-	-	-	-
As of 31 March 2021	-	-	-	-	-
Impairment	-	-	-	-	-
Sales/disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Exchange rate differences	-	-	-	-	-
As of 31 March 2022	-	-	-	-	-

	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
Opening balance at 1 April 2020	121	64	-	-	185
Closing balance at 31 March 2021	122	110	6	-	238
Closing balance at 31 March 2022	137	372	130	81	720

NOTE 16 LEASES

Embracer's lease portfolio consists of premises, servers, cars, storage units and office equipment. With respect to materiality, Embracer presents its leases as two classes of underlying assets: Premises and Other. Other includes the Group's servers, cars and storage unit agreements. All office equipment are considered to be leases where the underlying asset is of low value. The following table presents the Group's opening and closing balances regarding right-of-use assets and lease liabilities, as well as the changes during the year.

The amounts recognized in the consolidated statement of profit or loss for the year attributable to leasing activities are presented below:

	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Depreciation expense of right-of-use assets	-160	-84
Interest expense on lease liabilities	-12	-8
Total	-172	-92

Right-of-use assets

	Right-of-use assets		Lease liabilities	
	Premises	Other	Total	
Opening balance 1 April 2020	240	0	240	243
Additional agreements net	173	-	173	173
Depreciation	-84	-	-84	-
Lease payments	-	-	-	-81
Closing balance 31 March 2021	329	0	329	335
Additional agreements net	874	-	874	874
Depreciation	-160	-	-160	-
Remeasurement of leases	19	-	19	-
Lease payments	-	-	-	-112
Closing balance 31 March 2022	1,062	0	1,062	1,097

NOTE 17 INVESTMENTS IN ASSOCIATES

Below are the associates that are material to the Group as of 31 March 2022. Companies listed below have share capital consisting of shares which are owned directly by the Group. The share of equity is the same as the share of votes unless otherwise stated below.

Company	Corp. Id. No.	Country of incorporation and business	Share of equity (%)			Nature of the entity's relationship	Valuation method
			2022-03-31	2021-03-31	2020-04-01		
Ghost Ship Games ApS	37 98 98 19	Denmark	100%	30%	30%	Associated company	Equity method
Fall Damage Studio AB	559064-6484	Sweden	0%	0%	50%	Associated company	Equity method
Iron Gate AB	559203-4820	Sweden	30%	30%	30%	Associated company	Equity method
Neon Giant AB	559119-4070	Sweden	28%	28%	22%	Associated company	Equity method
Kavalri Games AB	559164-5089	Sweden	49%	49%	22%	Associated company	Equity method
Framebunker ApS	35 23 72 75	Denmark	34%	37%	34%	Associated company	Equity method
Double Damage Games Inc	5 493 089	USA	33%	0%	0%	Associated company	Equity method

All associates are game development studios

Company	2022-03-31	2021-03-31	2020-04-01
	Carrying amount	Carrying amount	Carrying amount
Ghost Ship Games ApS ¹	-	33	11
Fall Damage Studio AB ²	-	-	19
Iron Gate AB	88	112	1
Neon Giant AB	16	11	8
Kavalri Games AB	14	12	6
Framebunker ApS	6	7	8
Double Damage Games Inc	10	-	-
Total investments accounted for according to the equity method	134	175	55

1) During the year 21/22, the company has transitioned to a wholly owned subsidiary.

2) The company was sold during the year 20/21.

Summarized financial information for associates

Profit/loss from associated companies adds up to SEK 465 million (SEK 214 million). The profit/loss for the financial year consists partly of profit share from associated companies SEK 49 million (8) and partly of profit from revaluation of shares in associated companies SEK 416 million (41), which has arisen when the remaining shares in the company Ghost Ship Games ApS were acquired.

NOTE 18 FINANCIAL INSTRUMENTS**Financial assets and liabilities as of 31 March 2022**

	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Financial assets					
Other non-current receivables (Non-current assets)	-	6	-	296	302
Trade receivables	-	-	-	4,406	4,406
Contract assets	-	-	-	177	177
Other current receivables	-	-	-	1,331	1,331
Derivatives (Other receivables)	-	51	-	-	51
Cash and cash equivalents	-	-	-	5,810	5,810
Total	-	57	-	12,020	12,077
Financial liabilities					
Liabilities to credit institutions	-	-	-	20,181	20,181
Other non-current liabilities	-	-	-	112	112
Trade payables	-	-	-	3,602	3,602
Contract liabilities	-	-	-	1,821	1,821
Contingent consideration	-	-	9,591	-	9,591
Put/call options on non-controlling interest	-	-	4,259	-	4,259
Non-current liabilities to employees related to historical acquisitions	-	-	593	-	593
Other current liabilities	-	-	-	673	673
Derivatives (Other current liabilities)	-	3	-	-	3
Accrued expenses	-	-	-	1,413	1,413
Total	-	3	14,443	27,802	42,248

Valuation of financial assets and liabilities as of 31 March 2021

	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Financial assets					
Other non-current receivables (Non-current assets)	-	6	-	126	132
Trade receivables	-	-	-	1,239	1,239
Other current receivables	-	-	-	442	442
Current investments	-	-	196	-	196
Cash and cash equivalents	-	-	-	14,104	14,104
Total	-	6	196	15,910	16,112
Financial liabilities					
Liabilities to credit institutions	-	-	-	1,474	1,474
Other non-current liabilities	-	-	-	1	1
Trade payables	-	-	-	774	774
Contract liabilities	-	-	-	793	793
Contingent consideration	-	-	9,116	-	9,116
Non-current liabilities to employees related to historical acquisitions	-	-	28	-	28
Other current liabilities	-	-	-	217	217
Derivatives (Other current liabilities)	-	3	-	-	3
Accrued expenses	-	-	-	741	741
Total	-	3	9,144	4,000	13,147

Valuation of financial assets and liabilities as of 1 April 2020

	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Financial assets					
Other non-current receivables	-	-	-	30	30
Trade receivables	-	-	-	959	959
Other current receivables	-	-	-	362	362
Current investments	-	-	193	-	193
Cash and cash equivalents	-	-	-	2,318	2,318
Total	-	-	193	3,669	3,862
Financial liabilities					
Liabilities to credit institutions	-	-	-	1,464	1,464
Trade payables	-	-	-	845	845
Contract liabilities	-	-	-	599	599
Contingent consideration	-	-	412	-	412
Other current liabilities	-	-	-	168	168
Derivatives	-	3	-	-	3
Accrued expenses	-	-	-	121	121
Total	-	3	412	3,197	3,612

Current receivables and liabilities

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

The Group has no financial assets or liabilities that are offset in the accounts or that are subject to legally binding netting agreements. The maximum credit risk of the assets comprise the net amount of the carrying amounts in the tables above. The Group did not receive any pledged assets for the net financial assets.

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 have been 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 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Financial assets measured at fair value as of 31 March 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Derivatives	-	51	-	51

Financial assets measured at fair value as of 31 March 2021	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	-	-	196	196

Financial assets measured at fair value as of 1 April 2020	Level 1	Level 2	Level 3	Total
Current investments	-	-	193	193

Financial liabilities measured at fair value as of 31 March 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	9,591	9,591
Put/call option on non-controlling interest	-	-	4,259	4,259
Non-current liabilities to employees related to historical acquisitions	-	-	593	593
Derivatives	-	3	-	3

Financial liabilities measured at fair value as of 31 March 2021	Nivå 1	Nivå 2	Nivå 3	Summa
Contingent consideration	-	-	9,116	9,116
Non-current liabilities to employees related to historical acquisitions	-	-	28	28
Derivatives	-	3	-	3

Financial liabilities measured at fair value as of 1 April 2020	Nivå 1	Nivå 2	Nivå 3	Summa
Contingent consideration	-	-	412	412
Derivatives	-	3	-	3

Derivatives

Derivative instruments are measured at fair value in accordance with Level 2 in the fair value hierarchy. The Group holds foreign currency derivatives and interest rate derivatives that are measured in accordance with the market valuation determined by the issuing party. Also, see note 21.

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% - 10,2 %. Measurement is therefore in accordance with Level 3 in the fair value hierarchy. Significant unobservable input information consists of forecasted sales and earnings as well as a risk-adjusted discount rate and operational targets.

Contingent considerations	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Opening balance	10,426	1,055
Business combinations	4,773	6,109
Payment - clawback shares	-421	-
Payment - cash	-19	-874
Change in fair value recognized in profit or loss	-2,498	4,349
FX effects	-747	-213
Closing balance	11,514	10,426

During financial year 21/22, 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 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 (SEK -700 million).

The Group's contingent considerations is settled in cash, through newly issued shares or through the release of reservations about repossession of shares (claw-back). The Group's contingent considerations as of 31 March 2022 are expected to be settled according to the table below.

Expected settlement	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity	
	Cash settlement	New share issue or claw-back		New share issue or claw-back	Total contingent consideration
Total	3,304	6,287	9,591	1,923	11,514

Out of Embracer's issued shares, some relate to prepaid contingent consideration with clawback rights as specified in the following table:

As of 2022-03-31	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

Put/call option on non-controlling interest

Put/call option on non-controlling interest refers to put/call option on non-controlling interest in business combination where the selling shareholders keep some ownership and there is a contractual obligation where Embracer will purchase the remaining interest of the holder of the option determines to exercise. The valuation and settlement is similar as for contingent consideration (level 3 fair value measurement). The fair value of put/call options on non-controlling interests have been calcu-

lated 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 put/call option on non-controlling interests, the development of certain exchange rates against the Swedish krona and the interest rate environment. Put/call option on non-controlling interests to be settled with shares are also dependent on the development of Embracer's share price.

Put/call option on non-controlling interest	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Opening balance	0	0
Transactions	3,813	0
FX effects	446	0
Closing balance	4,259	0

Put/call option on non-controlling interest

Expected settlement	Cash settlement	New share issue	Total, classified as financial liability
Total	1,324	2,935	4,259

As of March 31, 2022, the Group's put/call options on non-controlling interest will be replaced in cash or through shares according to the table below:

As of 2022-03-31	Classified as put/call option on non-controlling interest	Of which already issued
Maximum number of shares related to contingent considerations	40,840,363	0

NOTE 19 NON-CURRENT FINANCIAL ASSETS

	2022-03-31	2021-03-31	2020-04-01
Receivables from associates	11	6	-
Non-current external receivables	245	46	25
Non-current receivables on employees	2	-	-
Non-current financial assets	44	80	5
Carrying amount	302	132	30

NOTE 20 NON-CURRENT RECEIVABLES

Accumulated acquisition values	2022-03-31	2021-03-31	2020-04-01
Att beginning of year	132	30	0
Business combinations	153	41	20
Investments for the year	26	85	9
Reclassification	-29	-21	-
Loan	6	6	-
Repayment	-	-2	-
Translation difference	14	-5	0
Carrying amount at end of year	302	132	30

NOTE 21 FINANCIAL RISKS

The Group's earnings, financial position and cash flow are impacted by both changes in the business environment and by the Group's own actions. The objective of risk-management activities is to define and analyze the risks faced by the entity and, as far as possible, prevent and limit any negative effects.

Through its operations, the Group is exposed to different types of financial risks: credit risk, market risk (interest-rate risk, currency risk and other price risk) as well as liquidity risk and refinancing risk. The Board is ultimately responsible for the Group's risk activities, including financial risks. Risk activities include identifying, assessing and evaluating the risks faced by the Group. Priority is assigned to the risks that are estimated to have the greatest negative impact on the Group, based on an overall assessment of potential effect, probability and consequences. The Group's overall aim for financial risks is to manage financial exposures to reduce volatility in the statement of profit or loss and the statement of financial position, protect future value of cash flows and financial assets, optimize and secure funding as well as taking advantage of economies of scale.

The group has a number of policies that should work to mitigate the risks that need to be managed.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligations and thus causes a financial loss for the Group. The Group's credit risk primarily arises through receivables from customers and investing cash and cash equivalents. At each reporting date, the Group evaluates the credit risk of existing exposures, considering forward-looking factors.

The financial assets for which the Group has made loss allowances for expected credit losses are presented below. In addition to the assets below, the Group also monitors its loss allowance requirements for other financial instruments. In situations where the amounts are deemed to be material, loss allowances are also made for these financial instruments.

Credit risk in trade receivables and contract assets (simplified approach for credit risk provision)

Credit risk for the Group is primarily attributable to trade receivables and contract assets and Embracer's aim is to continuously monitor this credit risk. The Group's customers primarily comprise of digital retailers and physical stores as well as retailers. The Group has established guidelines to ensure that products are sold to customers with a suitable credit background. Payment terms are normally between 30 - 90 days. Historical credit losses amounts to insignificant amounts in relation to the Group's turnover.

The Group applies the simplified approach to recognizing expected credit losses on trade receivables and contract assets. This means that reserves for expected credit losses are recognized for the full lifetime, which is expected to be less than one year for all receivables. The Group applies a rating-based method for calculating expected credit losses based on probability of default, loss given default and exposure at default. When an external credit rating is not available for the counterparty, an internal assessment of the counterparty's credit rating is performed based on the Group's previous experience of the customer and other available information. Individual assessments are made for individually material receivables, which take into account past, current and forward-looking information. Collective assessments are made for individually immaterial receivables. The Group may have credit enhancements in the form of credit insurance for trade receivables, which is then considered when assessing expected credit losses. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

Age analysis of trade receivables

	2022-03-31	2021-03-31	2021-04-01
Trade receivables not yet due, excluding impairment	2,811	1,062	959
Past due trade receivables, excluding impairment			
1-60 days	381	20	0
61-120 days	560	1	0
>120 days	145	0	0
Total	3,897	1,083	959
Accrued income	651	156	0
Loss allowance for expected credit losses	-142	0	0
Carrying amount	4,406	1,239	959

The credit quality of receivables that are not more than 60 days past due is considered good, based on historically low customer losses and considering forward-looking factors. The value of written off receivables that are still under recovery measures amounts to SEK 142 million (SEK 0 million as per 31 March 2021 and SEK 0 million as per 1 April 2020).

Expected credit losses for trade receivables and contract assets (simplified approach)	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Opening balance	-	-
Impairment	-142	-
Closing balance	-142	-

Current investments and cash and cash equivalents

The Group's credit risk also pertains to cash and cash equivalents and investment of surplus liquidity. Embracer's aim is to continuously monitor credit risk attributable to deposits and investments. The Group shall reduce the Credit & Counterparty risk by conducting business with financial counterparties that holds a credit rating of minimum single A- long term credit rating as defined by S&P Global or equivalent from at least two rating agencies. Currently Embracer Group has a small number of accounts in acquired companies where they work to achieve the objective.

Loss allowances for expected credit losses (general method)

For other items subject to expected credit losses, an impairment method with three stages is applied. Initially, and as of each reporting date, a loss allowance is recognized for the next 12 months, alternatively for a shorter period of time depending on the remaining life (stage 1). If there has been a significant increase in credit risk since initial recognition, resulting in a rating below investment grade, a loss allowance is recognized for the asset's remaining life (stage 2). For assets deemed to be credit impaired, loss allowances are still reserved for lifetime expected credit losses (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss allowance, as opposed to the gross amount in previous stages. The Group's assets covered of provision for expected credit losses according to the general method essentially refers to bank deposits.

The Group 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. Assessment is made per counterparty. The Group has defined default as when payment of a receivable is 90 days or more past due, or if other factors indicate default. The Group has assessed that there has been no significant increase of credit risk at the end of the reporting period for any receivable. Such an assessment is based on whether payment is 60 days or more past due, or if there is a significant deterioration in the rating, resulting in a rating below investment grade. Individual assessments are made for credit-impaired assets and receivables, which take into account past, current and forward-looking information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are recognized at amortized cost in the statement of financial position, i.e. net of gross amount and loss allowance. Changes in the loss allowance are recognized in profit or loss under "Other external expenses".

Credit risk exposure and credit risk concentration

The Group's credit risk exposure consists of trade receivables, contract assets and cash and cash equivalents. Cash and cash equivalents of SEK 5,810 million are invested with financial institutions with a credit rating of at least A-. The Group's trade receivables are distributed over a large number of different customers.

There has been no significant increase in credit risk for any of the group's financial assets. The funds placed in banks in Ukraine, Russia and Belarus are only funds needed for approximately three months of operational activities in the companies that have operations in these countries.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market prices. According to IFRS, market risks comprises three types of risks: currency risk, interest rate risk and other price risk. The market risks that primarily impact the Group are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market interest rates. The aim is to not be exposed to future fluctuations in interest rate changes that impact the Group's cash flows and earnings to a greater extent than Embracer can manage. A significant factor affecting interest rate risk is the fixed interest rate period. The Group is primarily exposed to interest rate risk attributable to the Group's liabilities to credit institutions.

The following table specifies the terms and repayment dates for each interest-bearing liability:

		Currency	Due date	Interest	Carrying amount		
					2022-03-31	2021-03-31	2020-04-01
Liabilities to credit institutions	Nordea 20 MEUR	EUR	2021-07-02	Variable	0	228	359
Liabilities to credit institutions	Nordea Facility A (SEK 6,000,000,000)	SEK	2024-06-14	Variable	6,000	0	0
Liabilities to credit institutions	Nordea RCF Mult (SEK 926,914,000)	SEK	2026-06-24	Variable	927	0	0
Liabilities to credit institutions	Nordea RCF Mult (EUR 470,000,000)	EUR	2026-06-24	Variable	4,859	0	0
Liabilities to credit institutions	Nordea Facility B (EUR 582,886,453:27)	EUR	2022-09-30	Variable	5,988	0	0
Liabilities to credit institutions	Different lenders*	EUR*	< 1 year-2031	Variable	2,407	1,246	1,105
Total					20,181	1,474	1,464

* Loans within our operational groups. The loans are bilateral, with different terms, repayment plans and covenants. The loans are a total of 29, distributed among 12 credit institutions, with maturities from < 1 year to 2031-09-30 and with different sizes. The largest loan corresponds to 2% of total debt.

Of the total liabilities to credit institutions, SEK 17,774 million refers to borrowing in the parent company. These loans are placed in Swedish credit institutions in SEK and EUR.

In some cases and to a lesser extent, the group uses interest rate derivatives in the form of interest rate swaps to manage interest rate risk. In all interest rate swap agreements, Embracer has chosen to exchange variable interest rate for fixed interest rate. As of 31 March 2022, the volume of the interest rate swaps amounted to SEK 1 million (SEK -3 million as per 31 March 2021 and SEK -3 million as per 1 April 2020). The interest rate derivative contracts have been entered into with institutions that have an investment grade rating, whereby the credit exposure to the institution is considered limited.

The table below presents, given the interest bearing assets and liabilities that exists at the end of the reporting period, the impact on equity and profit or loss in the event of an interest rate increase.

	2022-03-31	2021-03-31	2020-04-01
Market interest rate -1%	202	15	15
Market interest rate +1%	-202	-15	-15

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in foreign exchange rates. Currency risk relates to the translation of foreign operations' assets and liabilities into the parent company's functional currency, known as translation exposure. A substantial part of the Group's sales and purchases are also in foreign currencies, so-called transaction exposure. Currency risk related to sales and purchases in foreign currencies is managed by the Group's ambition to balance inflows and outflows in different currencies, thereby creating a natural hedge of the currency risk.

Currency exposure (%)	2021-04-01 - 2022-03-31		2020-04-01 - 2021-03-31	
	Operating income	Operating expenses	Operating income	Operating expenses
USD	64%	35%	54%	23%
EUR	28%	36%	40%	44%
Other currencies	8%	29%	6%	33%

Sensitivity analysis - Exchange rate fluctuations against the Swedish krona	2021-04-01 - 2022-03-31		2020-04-01 - 2021-03-31	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
EUR				
+ 10%	229	210	39	280
- 10%	-229	-210	-39	-280
USD				
+ 10%	458	91	306	90
- 10%	-458	-91	-306	-90

Liquidity risk and refinancing risk

Liquidity risk is the risk that an entity will have difficulty in fulfilling obligations related to financial liabilities settled with cash or other financial assets. The Group's operations are essentially financed through equity and external funding. The Group manages the liquidity risk by continuously monitoring the operations and by maintaining cash pools for the currencies where financial synergies can be achieved. The risk is mitigated by the Group's liquidity reserves, which are immediately available. The Group regularly forecasts future cash flows based on different scenarios to ensure that financing takes place in due time.

The Group has a credit amount granted for its overdraft facilities amounting to SEK 21,875 million (SEK 7,697 million as per 31 March 2021 and SEK 3,230 million as per 1 April 2020). The total liquidity reserve consists of cash and cash equivalents and unutilized overdraft facilities. At the end of the reporting period, SEK 1.7 million (SEK 6.3 million as per 31 March 2021 and SEK 1.5 million as per 1 April 2020) of the overdraft facilities was not utilized.

Embracer Group AB has an agreement on covenants in its agreements for long- and short-term credits. The terms for these are 2.5 x the net debt through adjusted EBITDA calculated according to agreement with the lenders.

Refinancing risk refers to the risk that financing of acquisitions or development cannot be retained, extended, refinanced or that such financing can only be made on terms that are unfavorable to the company. The need for refinancing is regularly reviewed by the company and the Board of Directors to ensure financing for the company's expansion and investments. The Group's aim is to have access to both current and non-current credit facilities at a given time to secure financing. This is achieved through forward planning and good relations with banks, financial institutions and credit facility providers. Terms and conditions in existing loan agreements are continuously monitored and managed.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are presented in the table below.

Maturity analysis	2022-03-31			Total
	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	13,713	6,245	223	20,181
Contingent considerations	5,762	3,282	547	9,591
Put/call options on non-controlling interests	-	4,259	-	4,259
Other non-current liabilities	112	-	-	112
Lease liabilities	1,097	-	-	1,097
Contract liabilities	1,821	-	-	1,821
Trade payables	3,602	-	-	3,602
Accrued expenses	1,413	-	-	1,413
Other current liabilities	676	-	-	676
Total	28,196	13,786	770	42,752

Maturity analysis	2021-03-31			Total
	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	942	455	77	1,474
Contingent considerations	412	8,704	-	9,116
Other non-current liabilities	1	-	-	1
Lease liabilities	335	-	-	335
Contract liabilities	793	-	-	793
Trade payables	774	-	-	774
Accrued expenses	741	-	-	741
Other current liabilities	220	-	-	220
Total	4,218	9,159	77	13,454

Maturity analysis	2020-04-01			Total
	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	452	647	365	1,464
Contingent considerations	-	412	-	412
Lease liabilities	243	-	-	243
Contract liabilities	599	-	-	599
Trade payables	845	-	-	845
Accrued expenses	121	-	-	121
Other current liabilities	171	-	-	171
Total	2,431	1,059	365	3,855

Capital management

The Board of Directors of Embracer Group have stipulated goals for the Capital Structure. The leverage target is to have Net Debt to adjusted EBIT of 1.0x on a 12-month forward looking basis.

The group's financial targets are set quarterly by management and amount to a range between which adjusted EBIT is expected to be. In the most recently submitted forecast, the range for the financial year 22/23 amounts to SEK 8,000 million - SEK 10,000 million.

NOTE 22 INVENTORIES

	2022-03-31	2021-03-31	2020-04-01
Raw materials and supplies	9	1	1
Finished goods and goods for resale	2,766	217	352
Carrying amount	2,775	218	353

For information regarding the calculation of the value of the goods, refer to the group's accounting principles.

NOTE 23 PREPAID EXPENSES

	2022-03-31	2021-03-31	2021-04-01
Prepaid expenses	377	377	110
Carrying amount	377	377	110

Prepaid expenses refer to costs that have been accrued and are attributable to a later period.

NOTE 24 GROUP COMPANIES

The parent company's, Embracer Group AB, holdings in direct and indirect subsidiaries included in the consolidated financial statements are shown in the following table:

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Embracer Group AB	556582-6558	Karlstad, Sweden	Parent company	Parent company	Parent company
PLAION Holding GmbH	FN 482610x	Höfen, Austria	100%	100%	100%
PLAION GmbH	FN 194505 m	Höfen, Austria	100%	100%	100%
PLAION GmbH	HRB105290	Planegg, Germany	100%	100%	100%
Deep Silver Fishlabs	HRB105290	Hamburg, Germany	100%	100%	100%
PLAION AG	CH-320.3.044.267-5	St. Gallen, Switzerland	100%	100%	100%
PLAION sp.z.o.o	383878148	Warszawa, Poland	100%	100%	100%
Warhorse Studios s.r.o	24155849	Prague, Czech Republic	100%	100%	100%
PLAION, Inc.	26-2243948	Larkspur, CA, USA	100%	100%	100%
DPI Merchandising Inc.	6456046	Delaware, USA	100%	100%	100%
Deep Silver Volition LLC	90-0931309	Champaign, IL, USA	100%	100%	100%
PLAION Ltd.	02925650	Reading, Great Britain	100%	100%	100%
Splatter Connect Ltd	07965335	Manchester, Great Britain	100%	100%	100%
Koch Media Ltd (UK) Sweden	516405-2465	Stockholm, Sweden	100%	100%	100%
Benelux Branches	24472570	Amsterdam, Netherlands	100%	100%	100%
PLAION Service s.r.o.	08219966	Olomouc, Czech Republic	100%	100%	100%
PLAION S.r.L.	MI-1963591	Milano, Italy	100%	100%	100%
Deep Silver Dambuster Studios Ltd.	09140280	Nottingham, Great Britain	100%	100%	100%
Atlantis Games Ltd.	09771586	Reading, Great Britain	100%	100%	100%
PLAION SAS	440642247	Paris, France	100%	100%	100%
Koch Media S.L.U	M-119499	Madrid, Spain	100%	100%	100%
Milestone S.r.L	10851750967	Milano, Italy	100%	100%	100%
PLAION PTY Ltd	37608232177	Sydney, Australia	100%	100%	100%
DigiXart Entertainment SAS	5912Z	Montpellier, France	100%	100%	100%
DPI Merchandising GmbH	HRB262973	Planegg, Germany	100%	-	-
Prism Ray Online Services GmbH (AT)	FN 579041 g	Höfen, Austria	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
PLAION Pictures GmbH	HRB160607	Planegg, Germany	100%	100%	100%
Sola Media AS	920804233	Bodö, Norway	100%	100%	100%
Sola Media GmbH	HRB 24372	Stuttgart, Germany	100%	100%	100%
Spotfilm Networx GmbH	HRB 136977	Berlin, Germany	100%	100%	100%
Anime Ltd.	SC406063	Glasgow, England ¹	100%	-	-
Voxler SAS	484440243	Paris, France	100%	100%	100%
Voxler Ltd	09887544	London, Great Britain	100%	100%	100%
PLAION Ltd. – Hongkong	2974237	Hongkong, Hongkong	100%	100%	100%
PLAION Inc. – Tokyo	0118-01-038257	Tokyo, Japan	100%	100%	100%
Flying Wild Hog Holding Ltd.	11293390	Nottingham, Great Britain	100%	100%	100%
Flying Wild Hog Studios Sp.z.o.o.	0000836710	Warszawa, Poland	100%	100%	100%
Flying Wild Hog Services Sp.z.o.o.	0000836773	Warszawa, Poland	100%	100%	100%
Flying Wild Hog Development Ltd	11420362	Reading, Great Britain	100%	100%	100%
Vertigo Games Holding B.V.	73570400	Rotterdam, Netherlands	100%	100%	-
Force Field Holding BV	65763033	Rotterdam, Netherlands	100%	-	-
Force Field Entertainment B.V (under namnbyte till Vertigo Studios Amsterdam B.V.)	32129579	Rotterdam, Netherlands	100%	-	-
Force Field HBE Studio B.V.	34227248	Rotterdam, Netherlands	100%	-	-
Force Field Productions B.V.	34247648	Rotterdam, Netherlands	100%	-	-
Force Field LBE Studio B.V.	34336313	Rotterdam, Netherlands	100%	-	-
Force Field B.V.	62567268	Rotterdam, Netherlands	100%	-	-
Vertigo Studios B.V.	24446448	Rotterdam, Netherlands	100%	100%	100%
Vertigo Publishing B.V.	73574600	Rotterdam, Netherlands	100%	100%	100%
Vertigo Arcades B.V.	70279160	Rotterdam, Netherlands	100%	100%	100%
Free Radical Design Ltd.	13418580	Nottingham, Great Britain	100%	100%	100%

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Easybrain Holding AB	559237-4044	Karlstad, Sweden	100%		-
Easybrain Group Limited	HE 417027	Limassol, Cyprus	100%	-	-
Easybrain Ltd (Cyprus)	HE 345807	Limassol, Cyprus	100%	-	-
Easybrain LLC (Belarus)	192677819	Minsk, Belarus	100%	-	-
Easybrain sp. Z o.o.	0000963602	Warszawa, Poland	100%	-	-
THQ Nordic AB	559338-6104	Karlstad, Sweden	100%	100%	100%
THQ Nordic GmbH	FN366280y	Wien, Austria	100%	100%	100%
Black Forest Games GmbH	HRB 708729	Offenburg, Germany	100%	100%	100%
Grimlore Games GmbH	HRB 214761	München, Germany	100%	100%	100%
Nine Rocks Games s.r.o.	131468/B	Bratislava, Slovakia	100%	100%	100%
www.handy-games.com GmbH	HRB 8667	Giebelstadt, Germany	100%	100%	100%
Massive Minitime GmbH	HRB 94296	Pulheim, Germany	100%	-	-
Piranha Bytes GmbH	HRB 30287	Essen, Germany	100%	100%	100%
Purple Lamp Studios GmbH	FN 483727 p	Wien, Austria	100%	100%	-
THQ Nordic Japan KK	0100-01-204521	Tokyo, Japan	100%	100%	100%
Alkimia Interactive SL	B-67542720	Barcelona, Spain	100%	100%	-
Pow Wow Entertainment	FN 530975 x	Wien, Austria	100%	100%	-
Ashborne Games s.r.o.	095 78 439	Brno, Czech Republic	100%	100%	-
THQ Nordic Holdings USA inc	7549948	Wilmington, USA	100%	100%	-
Gunfire Games LLC	32054776284	Austin, USA	100%	100%	-
THQ Nordic Inc.	33-1224317	Bohemia, USA	100%	100%	-
Rainbow Studios Inc.	81-0979019	Phoenix, USA	100%	100%	-
Rainbow Studios Montréal Inc.	1175772384	Montreal, Canada	100%	100%	-
THQ Nordic France	898013073	Paris, France	100%	100%	100%
Palm Beach	0899.697.764	Charleroi, Belgium	100%	-	-
Appeal Studios SA	0704.609.582	Charleroi, Belgium	94%	-	-
KAIKO GmbH	HRB 98636	Frankfurt am Main, Germany	100%	-	-
Gate21 d.o.o.	65-01-0368-21	Sarajevo, Bosnia Herzegovina	80%	-	-
Bugbear Entertainment Oy	1586716-8	Helsingfors, Finland	100%	100%	100%
Mirage Game Studios AB	559043-8437	Karlstad, Sweden	100%	100%	100%
Metricminds GmbH	HRB50908	Berlin, Germany	100%	-	-
Pieces Interactive AB	556744-4384	Skövde, Sweden	100%	100%	100%
Experiment 101 AB	559019-9609	Stockholm, Sweden	100%	100%	100%
Campfire Cabal Aps (DK)	43369830	Valby, Denmark	100%	-	-
We Sing Company Holding AB	556997-4255	Karlstad, Sweden	100%	100%	100%
We Sing Company AB	556758-8024	Karlstad, Sweden	100%	100%	100%
House in the Woods AB	556997-4271	Karlstad, Sweden	100%	100%	100%
THQ Nordic Singapore Pte Ltd (SGP)	202203960M	Singapore	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Indie Games Holding AB	559280-0014	Karlstad, Sweden	100%	100%	100%
Coffee Stain Holding AB	556995-0180	Skövde, Sweden	100%	100%	100%
Coffee Stain Publishing AB	559073-7069	Skövde, Sweden	100%	100%	100%
Coffee Stain Studios AB	556821-8225	Skövde, Sweden	100%	100%	100%
Coffee Stain North AB	556950-9960	Stockholm, Sweden	100%	100%	100%
Box Dragon AB	559219-7668	Gothenburg, Sweden	70%	70%	70%
Lavapotion AB	559087-8954	Gothenburg, Sweden	60%	60%	60%
GhostShip Holdings Aps	37864005	Copenhagen, Denmark	100%	-	-
Ghost Ship Games Aps	37989819	Copenhagen, Denmark	100%	-	-
Easytrigger AB	559076-4543	Trollhättan, Sweden	100%	-	-
Coffee Stain Gbg AB	559105-9208	Skövde, Sweden	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Embracer Freemode AB (SE)	559273-7984	Karlstad, Sweden	100%	100%	100%
Embracer Freemode Retro Holding AB	559237-4051	Karlstad, Sweden	100%	100%	100%
Embracer Freemode Retro Holding Inc.	EIN 88-3703797	Wilmington, Delaware, USA	100%	-	-
Limited Run Games, Inc.	C201701300593	North Carolina, USA	100%	-	-
Limited Run Retail, LLC	C202026300043	North Carolina, USA	100%	-	-
Bitwave AB	556939-8117	Gothenburg, Sweden	100%	-	-
TATSUJIN Co., Ltd.	0105-01-041069	Tokyo, Japan	90%	-	-
Embracer Freemode Services Holding AB (SE)	556884-8369	Karlstad, Sweden	100%	100%	100%
Quantic Lab S.R.L (RO)	RO18404320	Cluj-Napoca, Romania	95%	95%	-
Quantic Lab UK Ltd (Uk)	13092174	Hailsham, Great Britain	100%	100%	100%
Embracer Freemode Holding AB (SE)	559349-7059	Karlstad, Sweden	100%	100%	-
Embracer Freemode Iconic Holding Inc.	6962090	Delaware, USA	100%	-	-
Middle-earth Enterprises, LLC	6939689	Delaware, USA	100%	-	-
Game Outlet Europe AB	556633-6052	Karlstad, Sweden	100%	100%	100%
Clear River Games AB	559092-8734	Karlstad, Sweden	100%	100%	100%
Embracer Freemode Inc	87-3323684	Livemore, California, USA	100%	-	-
Sing Trix LLC	5152511	Delaware, USA	100%	-	-
Embracer Freemode Ltd	6234577	Clevedon, Great Britain	100%	-	-
GoodBetterBest Ltd	4511276	Clevedon, Great Britain	100%	-	-
Embracer Freemode Investment Holding AB (SE)	556884-8369	Karlstad, Sweden	100%	100%	-
C77 Entertainment Inc	20197538467	Washington, USA	100%	100%	100%
Varyag Group AB	559185-6553	Karlstad, Sweden	70%	-	-
Grimfrost Production AB	556983-1026	Karlstad, Sweden	100%	-	-
Grimfrost Records AB	559149-7317	Karlstad, Sweden	100%	-	-
JIS Trading AB	559073-7036	Karlstad, Sweden	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Amplifier Game Invest Holding AB	559092-8742	Karlstad, Sweden	100%	100%	100%
Amplifier Studios AB	559042-8818	Stockholm, Sweden	100%	100%	100%
Tarsier Studios AB	556700-9278	Malmö, Sweden	100%	100%	100%
Tarsier Studios Productions AB	556812-9802	Malmö, Sweden	100%	100%	100%
River End Games AB	559092-8767	Gothenburg, Sweden	100%	100%	100%
DestinyBit	IT02555520390	Ravenna, Italy	100%	100%	-
Palindrome Interactive AB	559005-7906	Skövde, Sweden	100%	100%	-
Rare Earth Games GmbH	FN 535537	Wien, Austria	100%	100%	-
Vermila Studios S.L.	B-88568043	Madrid, Spain	100%	100%	-
Infinite Mana Games AB	559379-6146	Stockholm, Sweden	100%	-	-
Silent Games Ltd	11600265	Newcastle Upon Tyne, Great Britain	100%	100%	-
Plucky Bytes AB	559237-4028	Karlstad, Sweden	100%	100%	100%
Misc Holding AS	928183556	Sandnes, Norway	54%	54%	54%
Misc Game AS	915366775	Sandnes, Norway	100%	100%	100%
Frame Break AB	559241-9278	Skövde, Sweden	100%	100%	-
Zapper Games Inc	87-1962716	Durham, USA	100%	-	-
Goose Byte Studios Inc	1176916246	Montreal, Canada	100%	-	-
Green Tile Digital AB	559244-3393	Skövde, Sweden	100%	-	-
A Creative Endeavor AB	556895-1221	Gothenburg, Sweden	100%	-	-
Amplifier Studios US Holding Inc	87-4258475	Durham, USA	100%	100%	100%
Invisible Walls Aps	38999524	Copenhagen, Denmark	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Deca Games Holding AB	559205-5387	Karlstad, Sweden	100%	100%	-
Embracer Canada ATA Holdings Inc.	70063 3878 RC0001	Saint John, Canada	100%	100%	-
Embracer ExchangeCo ATA Inc.	70123 9535 RC0001	Saint John, Canada	100%	100%	-
A Thinking Ape Entertainment Ltd.	802493247 RC0002	Vancouver, Canada	100%	100%	-
Item Box Apps Ltd.	74263 0122 RC0001	Vancouver, Canada	100%	100%	-
Embracer Exchangeco IUGO Inc.	70123 4734 RC0001	Saint John, Canada	100%	100%	-
Embracer Canada IUGO Holdings Inc.	70063 2870 RC0001	Saint John, Canada	100%	100%	-
IUGO Mobile Entertainment Inc.	87540 8601 RC0002	Vancouver, Canada	100%	100%	-
Crazy Labs Ltd	514531110	Tel Aviv, Israel	100%	-	-
Kid Baby Toddler Ltd	514761774	Tel Aviv, Israel	100%	-	-
Crazy Style Ltd	514761725	Tel Aviv, Israel	100%	-	-
CocoPlay by TabTale Ltd	514761733	Tel Aviv, Israel	100%	-	-
Kids Games Club Ltd	514761782	Tel Aviv, Israel	100%	-	-
TabTale (Luoyang) Software Ltd Company	91410300396830851D	Luoyang, China	100%	-	-
TabTale Inc	30-0806435	Delaware, USA	100%	-	-
Kids Funny Preschool Education Games Ltd	514761758	Tel Aviv, Israel	100%	-	-
TabTale International Ltd	514791151	Tel Aviv, Israel	100%	-	-
Kids Fun Club by TabTale G.P.	540249398	Tel Aviv, Israel	100%	-	-
Sunstorm by TabTale G.P	540253895	Tel Aviv, Israel	100%	-	-
CrazyLabs by TabTale G.P	540249109	Tel Aviv, Israel	100%	-	-
Firescore Interactive Private Limited	U74999MH2018PTC318252	Mumbai, Indien	95%	-	-
Beijing Deca Interactive Entertainment Technology Co., Ltd.	91110105MA04GAD673	Peking, China	100%	-	-
Deca Live Operations GmbH	HRB 191999 B	Berlin, Germany	100%	100%	-
Deca Games EOOD	205681825	Veliko Tarnovo, Bulgarien	100%	100%	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Embracer Group Lager 2 AB	559237-4010	Karlstad, Sweden	100%	100%	-
4A Games Ltd	C65059	Tas-Silema, Republic of Malta	100%	100%	-
Limited Liability Group "AAAA Group"	43289227	Kiev, Ukraine	100%	100%	-
4A Games Bratislava sro	52473210	Bratislava, Slovakia	100%	100%	-
New World North Ltd	11096125	Calgary, Canada	100%	100%	-
34BigThings S.r.l.	10863730015	Torino, Italy	100%	100%	-
ZEN Stúdió Kft.	Cg.01-09-691-205	Budapest, Hungary	100%	100%	-
Mad Head Games doo Novi Sad	20980818	Novi Sad, Serbian	100%	100%	-
MHG d.o.o.	65-01-0334-22	Sarajevo, Bosnia	100%	100%	-
NGD Studios AB	556818-4393	Karlskrona, Sweden	100%	100%	-
Nimble Giant Entertainment SL	B72521313	Barcelona, Spain	100%	-	-
NGD Studios S.A.	1.742.109	Caba, Argentina	100%	100%	-
TONEX S.A.	218970500012	Montevideo, Uruguay	100%	100%	-
Nimble Giant S.A.C.	20609180260	Lima, Peru	100%	100%	-
Nimble Giant Chile SpA	77.528.756-K	Santiago, Chile	100%	100%	-
Saber London Ltd (UK)	13890034	London, Great Britain	100%	100%	-
Tuxedo Labs AB	559219-0259	Malmö, Sweden	100%	-	-
Binary Motion AB	559085-2579	Sundsvall, Sweden	100%	100%	-
Slipgate Ironworks ApS	38541161	Aalborg, Denmark	100%	-	-
3d Realms Entertainment ApS	36912197	Stovring, Denmark	100%	-	-
Action Entertainment Inc	75-2542441	Texas, USA	100%	-	-
Apogee Software Ltd	7404910	Plano, USA	95%	-	-
SPL Limited	1089847117458	St. Petersburg, Russia	100%	-	-
Aspyr Canada ISL Holdings Inc.	1000163721	Toronto, Ontario, Canada	100%	-	-
Aspyr Exchangeco ISL Inc.	1000163722	Toronto, Ontario, Canada	100%	-	-
IdeaSpark Labs Inc.	2023590983	Edmonton, Alberta, Canada	100%	-	-
Oü Fractured Byte	14361173	Tallinn, Estonia	100%	-	-
Bytex (Байтэкс) Limited Liability Company	1091326000446	Saransk, Russia	100%	-	-
OOO Stuntworks GS	1161326055770	St. Petersburg, Russia	100%	100%	100%
Saber Interactive Armenia	264.110.1241739	Yerevan, Armenia	100%	100%	100%
DIGIC HOLDINGS Vagyonkezelő Korlátolt Felelősségű Társaság	01-09-293721	Budapest, Hungary	100%	100%	100%
DIGIC PICTURES Filmgyártó, Szoftverfejlesztő és Kereskedelmi Korlátolt Felelősségű Társaság	01-09-693165	Budapest, Hungary	100%	100%	100%
DIGIC SERVICES Korlátolt Felelősségű Társaság	01-09-303274	Budapest, Hungary	100%	100%	100%

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Saber Interactive Inc	32-0624055		100%	100%	-
SM2 Games Factory SLU	B-88442413	Madrid, Spain	100%	100%	-
Saber BGS LLC	193299984	Minsk, Belarus	100%	100%	-
Saber Porto	515652296	Porto Area, Portugal	100%	100%	-
New World Interactive LLC	20111622299	Denver, USA	100%	100%	-
Sandbox Strategies LLC	3225484	New York, USA	100%	100%	-
Aspyr Media, Inc.	86-3477904	Austin, USA	100%	-	-
Aspyr Media Europe Ltd.	5073853	Great Britain	100%	-	-
Demiurge Studios LLC	1027134	Cambridge, USA	100%	-	-
Snapshot Games Inc	C4662393	Los Angeles, USA	100%	100%	-
Snapshot Games Sofia EOOD	203132183	Sofia, Bulgarien	100%	100%	-
Tripwire Interactive LLC	0509050	Georgia, USA	100%	-	-
Tripwire International Exports Inc.	5030372	Delaware, USA	100%	-	-
Tripwire Publishing, LLC	18083784	Georgia, USA	100%	-	-
Shiver Entertainment Inc	80-0875186	Miami, USA	100%	-	-
Saber Interactive SGS LLC	1207800040315	St. Petersburg, Russia	100%	100%	-
Saber Interactive Spain SLU	B-87576872	Madrid, Spain	100%	100%	-
Gearbox Entertainment Company Holding AB	559237-4036	Karlstad, Sweden	100%	-	-
The Gearbox Entertainment Company Inc.	80-3307675	Frisco, USA	100%	-	-
Gearbox Software LLC	75-2806132	Frisco, USA	100%	-	-
Gearbox Development Services, LLC	27-4592730	Frisco, USA	100%	-	-
Gearbox Enterprises, LLC	84-3286294	Frisco, USA	100%	-	-
Gearbox Studios Quebec, Inc.	1171354757	Montreal, Canada	100%	-	-
Gearbox Publishing, LLC	81-3874601	Frisco, USA	100%	-	-
Gearbox Studios, LLC	87-2843233	Frisco, USA	100%	-	-
Lost Boys Interactive, LLC	L059605	Maidison, Wisconsin	100%	-	-
Gearbox Productions, LLC	87-2623337	Frisco, USA	100%	-	-
Gearbox Production Services, LLC	87-2647274	Frisco, USA	100%	-	-
Meezey, LLC	84-2689894	Frisco, USA	100%	-	-
Embracer Group Lager 11 AB (Perfect World Holding)	559273-8008	Karlstad, Sweden	100%	-	-
Gearbox Publishing Amsterdam B.V.	24484242	Amsterdam, Netherlands	100%	-	-
Perfect World North American Corporation	C3059892	Redwood City, Delaware, USA	100%	-	-
Gearbox Publishing San Francisco Inc.	4481387	San Francisco, USA	100%	-	-
Runic Games Inc.	4581901	Seattle, USA	100%	-	-
Cryptic Studios Inc.	C2238039	Los Gatos, USA	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Embracer Group Archive AB	559273-7976	Karlstad, Sweden	100%	-	-
Embracer Group Lager 10 AB (Dark Horse)	559273-7992	Karlstad, Sweden	100%	-	-
Gladiator Bidco Inc	EIN 88-0848177	Delaware, USA	100%	-	-
Dark Horse Holding, Inc.	EIN 61-1897686	Delaware, USA	100%	-	-
Dark Horse Media, LLC	EIN 83-1567733	Delaware, USA	100%	-	-
Dark Horse Entertainment, LLC	EIN 93-1066511	Delaware, USA	100%	-	-
Things From Another World, LLC	EIN 93-1092217	Delaware, USA	100%	-	-
Dark Horse Comics, LLC	EIN 82-3923340	Delaware, USA	100%	-	-
Dark Horse Technology & Trading, Ltd.		Shanghai, China	100%	-	-
Dark Horse Media China, LLC	EIN 61-1897686	Delaware, USA	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
Embracer Group Lager 12 AB	559273-8016	Karlstad, Sweden	100%	-	-
Asmodee III	842403651	Guyancourt, France	70%	-	-
Les Nouveaux Amis d'Asmodee	842398109	Guyancourt, France	80%	-	-
Financiere Amuse TopCo	842440778	Guyancourt, France	100%	-	-
Financiere Amuse BidCo	815143904	Guyancourt, France	100%	-	-
Asmodee Group SAS	399899806	Guyancourt, France	100%	-	-
Asmodee France SAS	821169794	Guyancourt, France	100%	-	-
Asmodee Digital	818058216	Guyancourt, France	100%	-	-
Days of Wonder	443656277	Guyancourt, France	100%	-	-
Philibert	313642613	Strasbourg, France	100%	-	-
Asmodee Vente A Domicile	885273474	Guyancourt, France	100%	-	-
Flat Prod	512950254	Guyancourt, France	100%	-	-
Fondation D'Enterprise Libellud	878959097	Poitiers, France	100%	-	-
AD2G Studio	803287150	Guyancourt, France	100%	-	-
Asmodee Treasury Services	889410833	Guyancourt, France	100%	-	-
Asmodee UK Holding Limited	11737872	London, Great Britain	100%	-	-
VR Distribution (UK) Limited	11286297	Wellingborough, England	100%	-	-
Asmodee Entertainment Limited	12188396	London, Great Britain	100%	-	-
Esdevium Games Limited	3055732	London, Great Britain	100%	-	-
Coiledspring Games Ltd	4986141	Great Britain	100%	-	-
The Green Board Game Company Limited	2583329	London, Great Britain	100%	-	-
Asmodee Gift Company Limited	2475241	London, Great Britain	100%	-	-
Asmodee Belgium SA	0429.666.250	Belgium	100%	-	-
Repos Production	0535.709.224	Bryssel, Belgium	100%	-	-
Pearl Games SPRL	0564.749.638	Belgium	100%	-	-
Asmodee Holding Gmbh	HRB29630	Essen, Germany	100%	-	-
ADC Blackfire Entertainment GmbH	HRB 25016	Ratingen, Germany	100%	-	-
Asmodee Gmbh	HRB24912	Essen, Germany	100%	-	-
Gamegenic Gmbh	HRB 30099	Essen, Germany	100%	-	-
Lookout Gmbh	HRB 47617	Schwabenheim, Germany	100%	-	-
Plan B Games Europé GmbH	HRB 147912	Stuttgart, Germany	100%	-	-
Asmodee Italia SRL	No. 02200000350	Italy	100%	-	-
European Player Network B.V	862969591	Netherlands	100%	-	-
Enigma Distribution Benelux	53234715	Netherlands	100%	-	-
Asmodee Nordics A/S	27519601	Denmark	100%	-	-
Asmodee Norway A/S	988238805	Oslo, Norway	100%	-	-
Asmodee Sweden AB	556718-9344	Gothenburg, Sweden	100%	-	-
Asmodee Finland OY	2204165-5	Finland	100%	-	-

Company	Corp. Reg. No.	Registered office	Share of equity/votes		
			2022-03-31	2021-03-31	2021-04-01
REBEL Spółka z ograniczoną odpowiedzialnością (REBEL sp. z o.o.)	451062	Gdansk, Poland	100%	-	-
Bezzewizzer Nordic ApS	31854229	Denmark	100%	-	-
ADC Blackfire Entertainment S.R.L	J40/9027/2014	Bukarest, Romania	100%	-	-
ADC Blackfire Entertainment s.r.o.	C 70317	Prague, Czech Republic	100%	-	-
Asmodee Editions LLC.	EIN 20-2123892	Pennsylvania, USA	100%	-	-
Asmodee North America INC.	8T-468	USA	100%	-	-
Minature Market LLC	LC0815642	USA	100%	-	-
KittenWorks LLC	3385777	Los Angeles, USA	100%	-	-
Exploding Kittens Inc	5665128	Los Angeles, USA	100%	-	-
Asmodee Canada	1163659668	Québec, Canada	100%	-	-
Lion Rampant Imports LT	1454467	Ontario, Canada	100%	-	-
Plan B Games Inc.	773395496RC0001	Québec, Canada	100%	-	-
Ilhas Galápagos Comérico De Brinquedos E Servicos Ltda.-EPP	15.605.065/0001-38	São Paulo, Brazilien	100%	-	-
Importadora Y Comercializadora Skyship SpA	76.353.094-9	Santiago, Chile	100%	-	-
Asmodee trading Co. Ltd	913100000512704000	Shanghai, China	100%	-	-
Asmodee Asia Ltd	67839282 – 000 – 06 17 -9	Hong Kong	100%	-	-
Asmodee Taiwan	53100400	Taipei, Taiwan	100%	-	-
Forever Bright Limited Company	91440300781353326B	Shenzhen, China	100%	-	-
Asmodee Korea Limited	424-87-01981	Korea	100%	-	-
Asmodee Holding Australia PTY Ltd	661 533 866	Crows Nest, Australia	100%	-	-
Venross Pty Ltd	ACN 166 076 642	Dulwich, Australia	100%	-	-
Embracer Group Lager 13 AB	559352-6121	Karlstad, Sweden	100%	-	-
Ace Radish Acquisition Canada Inc.	713540805	Toronto, Canada	100%	-	-
Eidos Interactive Corp.	85948 5583 RC0001	Montreal, Canada	100%	-	-
Ace Radish Acquisition Inc.	EIN 88-2611962	Delaware, USA	100%	-	-
Crystal Dynamics, Inc.	94-3161281	California, USA	100%	-	-
CDE Entertainment Ltd.	14053837	London, UK	100%	-	-
Eidos Creative Software (Shanghai) Co., Ltd	91310000676212708F	Shanghai, China	100%	-	-
Embracer Group Lager 16 AB	559352-6139	Karlstad, Sweden	100%	-	-

NOTE 25 EQUITY**Share capital**

The registered share capital of SEK 1,571,475.38 consists of 66,798,274 Class A shares and 1,064,663,764 Class B shares. The shares are denominated in SEK and the par value of each share is SEK 0.0013. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote at general meetings.

Holders of ordinary shares are entitled to dividends as such are determined. All shares have the same rights to Embracer Group's remaining net assets. All shares are fully paid and a limited number of shares are held by the company's subsidiary Plaion. Out of Embracer's 1131,5 million shares outstanding there were approximately 116,8 million shares with clawback rights as per 31 March 2022. These shares have already been issued to cover for future obligations relating to contingent considerations.

	Class A shares	Class B shares	Total
Number of shares outstanding as of 1 April 2020	33,399,137	320,453,418	353,852,555
New share issue	0	106,972,893	106,972,893
Number of shares outstanding as of 31 March 2021	33,399,137	427,426,311	460,825,448
New share issue	0	163,161,675	163,161,675
Share split	33,399,137	474,075,778	507,474,915
Number of shares outstanding as of 31 March 2022	66,798,274	1,064,663,764	1,131,462,038

The number of shares in the table above has been adjusted considering share splits made on October 8, 2019 and September 30, 2021.

In accordance with the Board's proposal, the Annual General Meeting in September 2022 passed a resolution authorising the Board on one or more occasions to decide on the issue of Class B shares, convertibles and/or warrants with the right to convert to or subscribe for a number of Class B shares, with or without departure from shareholders' preferential rights, corresponding to a maximum of ten (10) percent of the total number of shares in the Company, to be settled in cash, by payment in kind and/or by way of offsetting.

Other contributed capital

Other contributed capital consists of capital contributed by Embracer Group's owners in the form of cash- and direct shares issues.

Reserves**Translation reserve, actuarial reserve and cash flow hedging reserve**

The Group's translation reserve includes all exchange differences that arise when translating the financial statements of foreign operations that have prepared their financial statements in a different functional currency than the currency in which the consolidated financial statements are presented. The Group presents its financial statements in SEK, Swedish kronor. Accumulated exchange differences are recognized in profit or loss on divestment of the foreign operation. SEK 113 million (-708). Actuarial reserve refers to the assessment made to cover future payments for pensions of SEK 11 million (7). Cash flow hedging reserve refers to hedge accounting. As of the balance sheet date, there were no amounts reported.

Reserves	2022-03-31	2021-03-31
Opening balance	-701	142
Change during the year	825	-842
Closing balance	124	-701

NOTE 26 OTHER PROVISIONS

	Provision for personnel costs	Provision for disputes and legal fees	Other provi- sions	Total
As of 1 April 2020	57	40	7	104
Business combinations	63	-	1	64
Amounts utilized	-17	-4	-2	-23
Reversal of reserve	-	-24	-	-24
Provision during year	39	9	2	50
Translation differences	-5	-3	-1	-9
As of 31 March 2021	137	18	7	162
Business combinations	7	30	1	38
Amounts utilized	-99	-15	-4	-118
Reversal of reserve	-1	-2	-1	-4
Provision during year	60	3	10	73
Translation differences	4	-	-	4
As of 31 March 2022	108	34	13	155

Provision for disputes and legal fees

Provision for litigation costs and fees is based on the expected outcome of active legal proceedings. The provision has been made based on the group's assessment of the outcome after obtaining legal opinions from independent legal experts. The change in the provision for disputes and fees is based on current risk assessments of the ongoing processes. At the time of submitting this report, the Group has no ongoing legal disputes.

Provision for personnel costs

Refers to expected payments over a period of 40 years in the future regarding contractual obligations for staff (anniversary benefits, bonuses and other staff provisions regarding post-employment benefits other than pensions/severance pay. These provisions refer to obligations in Austria, Italy, France and Spain).

NOTE 27 NON-CURRENT EMPLOYEE BENEFITS

Non-current employee benefits	2022-03-31	2021-03-31	2020-04-01
Defined benefit pension plans	20	17	25
Non-current bonus plans	-	-	-
Total	20	17	25

The Group has defined benefit pension plans in Austria, Germany and Switzerland. The plans in Austria and Germany refers to individual commitments of old-age, disability and survivors' pensions towards two active CEOs in a subgroup of Embracer. The pension plans in Switzerland are issued in accordance with the Swiss federal law of old-age and survivor's insurance benefit plans and are classified as defined benefit plans due to the statutory minimum guarantees. All plans are funded.

Embracer has certain obligations regarding other post-employment benefits that are not pensions or termination benefits. See note 26.

The net defined benefit liability for employees are recognized in the statement of financial position under the line item non-current employee benefits. The amounts recognized in the consolidated statement of profit or loss and the statement of financial position during the year are as follows:

Changes in the value of the pension liability	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Opening balance, defined benefit liability (gross)	41	47
Current service cost	2	3
Remeasurement of the defined benefit liability	-2	-5
Business combinations	5	0
Exchange differences	1	-4
Closing balance, defined benefit liability (gross)	47	41
Fair value of plan assets	-27	-24
Closing balance, defined benefit liability (net)	20	17

NOTE 28 ACCRUED EXPENSES

	2022-03-31	2021-03-31	2020-04-01
Accrued personnel expenses	279	104	44
Accrued royalties/ commission	551	566	53
Audit and consulting expenses	33	6	2
Accrued expense for merchandise	27	-	-
Acquisition cost	-	26	0
Other items	523	39	22
Carrying amount	1,413	741	121

NOTE 29 CASH FLOW STATEMENT

Components of cash and cash equivalents	2022-03-31	2021-03-31	2021-04-01
Bank deposits	5,810	14,104	2,318
Carrying amount	5,810	14,104	2,318
Adjustment for differences between profit before tax and net cash flow		2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Depreciation, amortization and impairment		2,793	1,668
Gains/losses on sale of non-current assets		9	0
Profit shares in associated companies		-380	-207
Financial income		-25	44
Financial expenses		12	8
Other provisions		76	-7
Personnel cost related to acquisitions		4,247	180
Change in fair value of contingent consideration		-2,565	4,306
Other non-cash items		-108	-20
Total		4,059	5,972

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

<i>Pledged assets for liabilities to credit institutions</i>	2022-03-31	2021-03-31	2020-04-01
Floating charges	51	301	306
IP-rights	171	142	0
Property mortgages	62	61	67
Shares in subsidiaries	0	1,982	673
Total	284	2,486	1,046

<i>Contingent liabilities</i>	2022-03-31	2021-03-31	2020-04-01
Contractual commitments	70	-	-
Firm and irrevocable commitments	185	-	-
Other contingent liabilities	65	28	28
Total	320	28	28

For the contingent liabilities, the highest amount that may be relevant is stated.

NOTE 31 INFORMATION ABOUT RELATED PARTY

The company's top 10 owners are presented in the table below.

Name	2022-03-31			
	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	52,260,204	210,238,330	23.20%	42.30%
Matthew Karch och Andrey Iones	12,798,274	70,772,440	7.39%	11.47%
Swedbank Robur Fonder		66,024,160	5.84%	3.81%
Founders/Management Easybrain		65,037,968	5.75%	3.75%
Canada Pension Plan Investment Board (CPP)		54,753,946	4.84%	3.16%
PA/Partners		39,044,571	3.45%	2.25%
Didner & Gerge Fonder		30,346,924	2.68%	1.75%
Alecta Pensionsförsäkring		25,570,000	2.26%	1.48%
Handelsbanken Fonder		25,012,220	2.21%	1.44%
ODIN Fonder		22,792,072	2.01%	1.32%
Total top 10	65,058,478	609,592,631	59.63%	72.73%
All other shareholders	1,739,796	455,071,133	40.37%	27.27%
Total	66,798,274	1,064,663,764	100.00%	100.00%

Name	2021-03-31			
	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	26,130,102	104,705,965	28.39%	48.07%
S3D Media Inc	6,399,137	35,386,220	9.07%	13.05%
Swedbank Robur Fonder		27,392,741	5.94%	3.60%
Canada Pension Plan Investment Board (CPP)		27,376,973	5.94%	3.60%
Handelsbanken Fonder		14,552,200	3.16%	1.91%
Didner & Gerge Fonder		11,363,477	2.47%	1.49%
ODIN Fonder		8,290,000	1.80%	1.09%
AMF Pension & Fonder		7,650,000	1.66%	1.00%
Ken Go		6,301,591	1.37%	0.83%
Avanza Pension		6,077,974	1.32%	0.80%
Total top 10	32,529,239	249,097,141	61.11%	75.44%
All other shareholders	869,898	178,329,170	38.89%	24.56%
Total	33,399,137	427,426,311	100.00%	100.00%

A list of the Group's subsidiaries, which also are related parties to the parent company, is found in note 24 Group companies. All transactions between Embracer Group AB and its subsidiaries have been eliminated in the consolidated financial statements.

For information regarding remuneration of senior executives, see note 7 Employees and personnel expenses.

Embracer's other transactions with related parties consist of transactions with companies that is owed by the major shareholders and the key personal in the company.

Related Party transaction	Related party	2021-04-01 - 2022-03-31	2020-04-01 - 2021-03-31
Consulting services	Logvreten AB (supplier). ¹	1	1
Transportation services/Rent	Mad Dog Games LLC, Mek Production (supplier). ²	12	2
Transportation services	Sola Service i Karlstad AB (supplier). ³	0	6
Transportation services	Empterwik Special Services Ltd (supplier). ³	21	-
Sale of goods/ services	Bröderna Wingefors AB (supplier). ³	0	0
Acquisition of game collection	Lars Wingefors AB (supplier). ⁴	14	-
		48	9

1) Kicki Walje-Lund has controlling influence over the company.

2) Matthew Karch has controlling influence over the companies.

3) The company is part of Lars Wingefors AB.

4) Lars Wingefors AB is owned by Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer and Reinhard Pollice

As of the balance sheet date, there are no debts or claims that have not been settled.

NOTE 32 BUSINESS COMBINATIONS**The Group's acquisitions during 2021/2022**

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
Easybrain Ltd	Mobile Games developer	Strengthen and diversify Embracers portfolio with successful brands	2021-04-01	100%	Mobile Games
Gearbox Entertainment Inc	Publisher/Studio	Strengthen Embracers publishing and development projects in the North American marketplace.	2021-04-01	100%	PC/Console Games
Aspyr Media Inc.	Publisher/Studio	By this acquisition Embracers position in asset management is strengthened, and keep on building the portfolio of development projects licensed on external IPs.	2021-04-01	100%	PC/Console Games
Massive Miniteam GmbH	Studio	Acquire knowledge and competence, and strengthen Embracers development projects in Europe.	2021-04-01	100%	PC/Console Games
Appeal Studios SA	Studio	Acquire knowledge and competence, and strengthen Embracers development projects in Europe.	2021-05-11	100%	PC/Console Games
KAIKO GmbH	Studio	Acquire knowledge and competence, and strengthen Embracers development projects in Europe.	2021-05-11	100%	PC/Console Games
Bitwave AB	Studio	Acquire knowledge and competence	2021-06-03	100%	PC/Console Games
Forcefield	Studio	Acquire knowledge and competence	2021-07-01	100%	PC/Console Games
3D Realms Entertainment ApS	Publisher	Acquire knowledge and competence	2021-07-02	100%	PC/Console Games
Slipgate Ironworks ApS	Studio	Acquire knowledge and competence	2021-07-02	100%	PC/Console Games
Varyag Group AB	Merchandise	The acquisition open the possibilities for internal collaborations and knowledge in merchandise	2021-07-07	70%	Entertainment and Services
DigiXart	Studio	Acquire knowledge and competence	2021-07-30	100%	PC/Console Games
GhostShipGames ApS	Studio	Acquire knowledge and competence	2021-08-01	100%	PC/Console Games
Easy Trigger AB	Studio	Acquire knowledge and competence	2021-08-05	100%	PC/Console Games
SPL Limited	Studio	Acquire knowledge and competence	2021-08-11	100%	PC/Console Games
Demiurge Studios Inc	Studio	Strengthening Embracers work-for-hire-capacity with significant experience from developing AAA-games	2021-08-23	100%	PC/Console Games

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
CrazyLabs Ltd	Mobile Games developer	Increasing the mobile business	2021-09-03	100%	Mobile Games
Firescore Interactive Private Limited	Mobile Games developer	Increasing the mobile business	2021-09-06	95%	Mobile Games
Stuntworks GS LLC	Quality assurance	Acquire knowledge and competence in quality assurance	2021-09-13	100%	PC/Console Games
Splatter Connect	Studio	Acquire knowledge and competence	2021-10-01	100%	Entertainment & Services
OÜ Fractured Byte	Studio	Acquire knowledge and competence	2021-10-01	100%	Entertainment & Services
Aionic Labs Inc	Platform	Acquire competence and development- and testing skills to the organisation	2021-10-01	100%	PC/Console Games
Green Tile Digital AB	Studio	Acquire knowledge and competence	2021-10-26	100%	Entertainment and Services
TATSUJIN Co. Ltd	Studio	Acquire knowledge and competence	2021-12-01	100%	PC/Console Games
Shiver Entertainment Inc	Studio	Adding experience, development capacity and strong business development possibilities.	2021-12-16	100%	PC/Console Games
Spotfilm GmbH	Studio	Acquire knowledge and competence	2021-12-16	100%	PC/Console Games
A Creative Endeavor AB	Studio	Acquire knowledge and competence	2021-12-21	100%	Entertainment and Services
Perfect World Entertainment Inc.	Publisher	Acquire knowledge and competence to strengthen the internal collaborations	2022-02-01	100%	PC/Console Games
GoodBetterBest Ltd	Merchandise	Acquire knowledge and competence	2022-02-01	100%	PC/Console Games
Metricminds GmbH	Studio	Acquire knowledge and competence	2022-02-01	100%	Entertainment and Services
DPI	Merchandise	Acquire knowledge and competence	2022-02-16	100%	PC/Console Games
Dark Horse Comics LLC	Comics	Through the acquisition Embracer is strengthening the possibilities in transmedia by adding knowledge in areas like content, comics and TV and film production.	2022-02-28	100%	Entertainment and Services
Asmodee	Board Games	Increased financial possibilities and diversification of Embracer Group.	2022-03-01	100%	Entertainment and Services
Invisible Walls ApS	Studio	Acquire knowledge and competence	2022-03-08	96%	Tabletop Games

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 for Gearbox, Easybrain, Asmodee and Others

<i>Acquired net assets at the acquisition date</i>	Gearbox Fair value	Easybrain Fair value	Asmodee Fair value	Others Fair value	Adjusted preliminary purchase price allocation	Total Fair value
Intangible assets	3,186	1,230	17,570	1,437	939	24,362
Property, plant and equipment	55	2	116	83	-7	249
Right-of-use assets	76	9	383	240	0	708
Financial assets	60	0	47	74	53	234
Deferred tax assets	95	0	580	301	-7	969
Inventories	58	0	2,736	236	-56	2,974
Trade receivables and other receivables	226	291	2,579	779	42	3,917
Cash and cash equivalents	612	252	1,109	625	-1	2,597
Interest-bearing liabilities	-57	0	-2,662	-173	2	-2,890
Lease liabilities	-76	-9	-383	-240	0	-708
Deferred tax liabilities	-683	-86	-4,373	-332	-260	-5,735
Trade payables and other operating liabilities	-796	-154	-3,719	-1,334	9	-5,993
Identified net assets	2,758	1,534	13,983	1,696	714	20,684
Goodwill	1,380	2,972	18,282	8,613	-705	30,542
Non-controlling interests	0	0	0	-30	0	-30
Total purchase consideration	4,138	4,506	32,265	10,279	9	51,196
Purchase consideration comprises:						
Cash	2,274	216	26,933	5,559	33	35,015
Contingent consideration	503	633	0	3,079	-24	4,190
Equity instruments	1,361	3,657	2,842	1,650	0	9,510
Put/call options on non-controlling interest	0	0	2,490	0	0	2,490
Other	0	0	0	-9	0	-9
Total purchase consideration	4,138	4,506	32,265	10,279	9	51,196

Adjustments in the preliminary purchase price allocations refers to identification of additional intangible assets in Asmodee and Perfect World.

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 is stated in the table below:

	Gearbox	Easybrain	Asmodee	Others	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 considerations	Basis for determining the amount of the payment	Recognized amount	Payments are likely to fall within the range, Low	Payments are likely to fall within the range, High	Maximum amount for payment is unlimited
<i>Material acquisitions</i>					
Gearbox	Operational/financial targets	503	377	629	No
Easybrain	Operational/financial targets	633	475	633	No
Asmodee	Operational/financial targets	0	0	0	No
Others	Operational/financial targets	3,079	2,109	3,636	No
Adjusted preliminary purchase price allocation	Operational/financial targets	-24	-24	-24	No
Total		4,191	2,937	4,874	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.

Through the agreement in the acquisition of Asmodee, a put/call option was both acquired and arose regarding holdings without controlling interest with a right to both buy and sell the remaining share of the shares according to the terms of the agreement. Reported amount is based on operational and financial targets where the group assumes that 100% of the targets will be met.

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. For further information see note 7 and note 27.

Goodwill

Goodwill mainly refers to the value of the organisations existing skills and capabilities to develop and produce future successful assets as well as synergies of collaboration within the Embracer ecosystem, IP catalog and access to global distribution network.

Goodwill	Goodwill mainly refers to	Recognized amount	Of which is expected to be tax deductible
<i>Material acquisitions</i>			
Gearbox	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees.	1,460	0
Easybrain	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees.	3,273	0
Asmodee	Expected synergies in transmedia	17,498	0
Others	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees.	8,590	0
Total		30,821	0

Transaction costs	Gearbox	Easybrain	Asmodee	Others	Adjusted preliminary purchase price allocation	Total
Transaction costs regarding acquisitions during the year, of which SEK 367 million are expensed during the year	58	16	142	132	56	404

The acquisitions impact on the Group's cash flow	Gearbox	Easybrain	Asmodee	Others	Adjusted preliminary purchase price allocation	Total
Purchase consideration	2,274	216	26,933	5,559	33	35,015
Less:						
Acquired cash	612	252	1,109	625	-1	2,597
Net cash outflow	1,662	-36	25,824	4,934	34	32,418

Net cash outflow regarding previously made acquisitions amounts to SEK 985 million, which gives a total cash flow impact from acquisitions amounting to SEK 33,403 million.

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 as presented below. The table also shows Embracer's estimate of revenues and net profit that the companies would have contributed if the acquisitions had taken place at the beginning of the period.

SEKm	Gearbox	Easybrain	Asmodee	Total
<i>Contribution after the acquisition date included in the Group's net profit</i>				
Group revenue	1,819	3,195	571	5,585
Group net profit	-1,273	-1,343	-425	-3,041
<i>Contribution if the acquisition was completed per 2021-04-01</i>				
Group revenue			11,000	11,000
Group net profit			500	500

No individual acquisition of the aggregated business combinations is deemed to have had an estimated material contribution overall Group revenues and EBIT if the acquisitions had taken place at the beginning of the period.

The Group's acquisitions during 2020/2021

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
Saber Interactive Inc	Publisher/ studio	Acquire a new vertical with over 20 years of experience in the PC/Console business and studios in different places around the world.	2020-04-01	100%	PC/Console Games
Pow Wow Entertainment	Studio	Acquires knowledge and competence	2020-08-11	100%	PC/Console Games
Vermila Studios	Studio	Acquires knowledge and competence	2020-08-12	100%	PC/Console Games
Sola Media	Film	Acquires competence in film distribution	2020-08-13	100%	Entertainment & Services
Rare Earth Games	Studio	Acquires knowledge and competence	2020-08-13	100%	PC/Console Games
DECA Live Operations GmbH	Mobile games developer	Adding Mobile business to the Group	2020-08-13	100%	Mobile Games
4A Games Limited	Studio	Acquires knowledge and competence	2020-08-13	100%	PC/Console Games
Palindrome Interactive AB	Studio	Acquires knowledge and competence	2020-08-13	100%	PC/Console Games
DESTINYbit	Studio	Acquires knowledge and competence	2020-09-01	100%	PC/Console Games
New World Interactive Ltd	Studio	Acquires knowledge and competence	2020-09-01	100%	PC/Console Games
Vertigo Games Holding B.V	Studio	Acquires knowledge and competence	2020-09-16	100%	PC/Console Games
Silent Games Ltd	Studio	Acquires knowledge and competence	2020-11-18	100%	PC/Console Games
Quantic lab SRL	Quality assurance	Acquires knowledge and competence	2020-11-18	95%	Entertainment & Services
NGD Studios S.A.	Studio	Acquires knowledge and competence	2020-11-18	100%	PC/Console Games
34 BigThings S.r.l.	Studio	Acquires knowledge and competence	2020-11-18	100%	PC/Console Games
Coffee Stain North	Studio	Acquires knowledge and competence	2020-11-18	100%	PC/Console Games
Purple Lamp Studios GmbH	Studio	Acquires knowledge and competence	2020-11-18	100%	PC/Console Games
Mad Head Games d.o.o. Novi Sad	Studio	Acquires knowledge and competence	2020-11-26	100%	PC/Console Games
Snapshot Games Inc	Studio	Acquires knowledge and competence	2020-12-07	100%	PC/Console Games
Sandbox Strategies LLC	PR-bureau for games	Acquires knowledge that can strengthen the collaborations in the Group through content in future games	2021-02-01	100%	PC/Console Games
Zen Studios	Studio	Acquires knowledge and competence	2021-02-24	100%	PC/Console Games
IUGO Mobile Entertainment Inc.	Studio	Acquires knowledge and competence	2021-02-24	100%	Mobile Games
A Thinking Ape Entertainment Ltd.	Studio	Acquires knowledge and competence	2021-02-25	100%	Mobile Games
Flying Wild Hogs	Studio	Acquires knowledge and competence	2021-03-01	100%	PC/Console Games
Frame Break AB	Studio	Acquires knowledge and competence	2021-03-25	100%	PC/Console Games

Purchase price allocations for acquisitions during 2020/2021

The business combinations are presented on an aggregated level, per operating segment, as the relative amounts for the individual business combinations are not deemed to be material, except in the acquisition of Saber.

Purchase price allocations for Saber

Acquired net assets at the acquisition date	Saber Fair value	Others Fair value	Total Fair value
Intangible assets	91	639	730
Property, plant and equipment	-	34	34
Right-of-use assets	15	46	61
Financial assets	13	35	48
Deferred tax assets	-	74	74
Inventories	-	-	-
Trade receivables and other receivables	193	380	573
Cash and cash equivalents	5	392	397
Interest-bearing liabilities	-	-136	-136
Lease liabilities	-15	-46	-61
Deferred tax liabilities	-	-129	-129
Trade payables and other operating liabilities	-77	-447	-524
Identified net assets	225	842	1,067
Goodwill	5,002	5,552	10,554
Non-controlling interests	-	91	91
Total purchase consideration	5,227	6,484	11,712
Purchase consideration comprises:			
Cash	1,031	2,764	3,795
Contingent consideration	3,478	2,668	6,146
Equity instruments	718	1,044	1,762
Other	-	10	10
Total purchase consideration	5,227	6,485	11,712

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 is stated in the table below:

	Saber	Other	Total
Number of Class A shares	-	-	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 2020/21. Below is information about the acquisition-related items arising from the Group's acquisitions during the period.

Contingent considerations	Basis for determining the amount of the payment	Recognized amount	Payments are likely to fall within the range low	Payments are likely to fall within the range high	Maximum amount for payment is unlimited
Material acquisitions					
Saber	Operational/ Financial targets	3,478	2,609	4,348	No
Other	Operational/ Financial targets	2,668	1,544	2,797	No
Total		6,146	4,153	7,145	

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. For further information see note 7 and note 27.

Goodwill	Goodwill mainly refers to	Recognized amount	Of which is expected to be tax deductible
Material acquisitions			
Saber	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees.	9,761	1,770
Others	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees.	315	-
Total		10,076	1,770

Transaction costs	Saber	Others	Total	The acquisitions impact on the Group's cash flow	Saber	Others	Total
Transaction costs regarding acquisitions during the year, of which SEK 150 million are expensed during the year	74	96	170	Purchase consideration	1,031	2,764	3,795
				Less:			
				Acquired cash	5	392	397
				Net cash outflow	1,026	2,372	3,398

Net cash outflow regarding previously made acquisitions amounts to SEK 1,043 million, which gives a total cash flow impact from acquisitions amounting to SEK 4,441 million.

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 EBIT that the companies would have contributed the acquisition had taken place in the beginning of the year have not been calculated due to the fact that this would disproportionately burdensome and they are not deemed to be material on an overall Group level. Saber Interactive was consolidated in the beginning of the year as of 1 April 2020.

SEKm	Saber	Total
<i>Contribution after the acquisition date included in the Group's net profit</i>		
Group revenue	1,150	1,150
Group net profit	453	453

The revenues and EBIT that other acquisitions would have contributed if the acquisitions had taken place at the beginning of the period are not deemed to be significant on an overall group level.

The Group's acquisitions after the reporting period

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
DIGIC	Studio	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%	PC/Console Games
Lost Boys inc	Studio	Trusted game 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%	PC/Console Games
Tuxedo Labs	Studio	Addition of talented team focused on physics-based games technology and design.	2022-07-01	100%	PC/Console Games
CSGBG	Studio	Addition of talented studio to the Coffee Stain Vertical.	2022-08-19	100%	PC/Console Games
Crystal Dynamics - Eidos-Montréal	Studio	The collection of studios represents a world-class creative team of ~1 100 employees across three studios and eight global locations, including two of the most reputable AAA studios across the industry in Crystal Dynamics and Eidos Montréal. The acquisition builds on Embracer's mission of creating a leading independent global gaming and entertainment ecosystem.	2022-08-26	100%	PC/Console Games
Singtrix	Studio	Strengthen Freemove's position within music and audio gaming products.	2022-09-01	100%	Entertainment & Service
Limited Run Games	Publisher	Global leading brand within premium publishing of physical games.	2022-09-06	100%	Entertainment & Service
Beamdog	Studio	A founder-led game development studio with long experience and ~80 highly skilled developers in business-friendly Canada.	2022-09-13		PC/Console Games
Animee Ltd.	Studio	Acquirement to strengthen marketing and distribution on the Japanese popart market.	2022-10-05		Entertainment & Service
Tripwire Interactive LLC	Publisher/studio	Addition of talented development team and strong brands.	2022-10-06		PC/Console Games
VR Group	Distribution	Acquire a strong distributor of tabletop games in Australia, New Zealand and UK.	2022-10-12		Tabletop

Purchase price allocations for acquisitions after the reporting period

The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material on an overall Group level.

Preliminary Purchase price allocations others

The impairment tests are preliminary when the report is submitted, as new information regarding assets and liabilities can still be obtained, which may affect the final design of the analysis.

<i>Acquired net assets at the acquisition date</i>	Others Fair value	Total Fair value
Intangible assets	3,567	3,567
Property, plant and equipment	241	241
Right-of-use assets	164	164
Financial assets	2	2
Deferred tax assets	229	229
Inventories	296	296
Trade receivables and other receivables	688	688
Cash and cash equivalents	1,010	1,010
Interest-bearing liabilities	-79	-79
Lease liabilities	-164	-164
Deferred tax liabilities	-531	-531
Trade payables and other operating liabilities	-1,100	-1,100
Identified net assets	4,323	4,323
Goodwill	4,727	4,727
Total purchase consideration	9,050	9,050
Purchase consideration comprises:		
Cash	6,114	6,114
Contingent consideration	1,118	1,118
Deferred consideration	1,098	1,098
Equity instruments	719	719
Total purchase consideration	9,049	9,049

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 is stated in the table below:

	Others	Total
Number of Class A shares	0	0
Number of Class B shares	9,987,465	9,987,465
Total	9,987,465	9,987,465

In connection with the group's acquisitions after the reporting period, there have been conditional additional purchase prices, goodwill and transaction costs related to the acquisitions. Below is information on the acquisition-related items that arose during the group's acquisitions during the period.

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. For further information see note 7 and note 27.

Goodwill	Goodwill mainly refers to	Recognized amount	Of which is expected to be tax deductible
<i>Material acquisitions</i>			
Other	Intangible assets that doesn't met the requirements to be handled separately and acquired knowledge at the employees	4,727	0

Total

Transaction costs	Others	Total
Transaction costs recognized in profit or loss in other operating expenses	94	94

The acquisitions impact on the Group's cash flow

	Others	Total
Purchase consideration	6 114	6 114
Less:		
Acquired cash	1 086	1 086
Net cash outflow	5 028	5 028

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 EBIT that the companies would have contributed if the acquisition had been calculated due to the fact that this would be disproportionately burdensome and they are not deemed to be material on an overall Group level.

NOTE 33 EVENTS AFTER THE REPORT

> 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.

> 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.

> 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.

> 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.

> On July 3, Embracer Group AB announced it had appointed CFO Johan Ekström to the additional role of Deputy CEO of Embracer Group. On the same date, the appointment of General Counsel Ian Gulam as Chief of Staff, Legal & Governance was announced.

> 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.

> On August 18, Embracer announced the formation of the operative group Embracer Freemode. Freemode provides a global strategic, operational, and financial support ecosystem for its collective of small to mid-sized gaming and entertainment companies owned by Embracer.

> On August 18, Embracer Group announced six acquisition agreements. The aggregated upfront purchase price for the transactions amounts to SEK 6.0 billion, of which SEK 4.2 billion paid in cash at closing, SEK 1.3 billion in cash paid in 12 months and SEK 0.5 billion paid with Embracer B shares. The likely total deferred consideration, linked to achievement of financial and operational targets, amounts to SEK 2.2 billion, of which SEK 1.5 billion paid in cash and SEK 0.7 billion paid with Embracer B shares. The likely total consideration for the acquired businesses amounts to SEK 8.2 billion. All acquisitions announced on August 18 have been closed per November 17, 2022.

> On August 26, all conditions were fulfilled, including regulatory approvals, for the transaction to acquire Crystal Dynamics, Eidos-Montréal, Square Enix Montréal, and a catalog of IPs from Square Enix Holdings. The acquisition was therefore completed.

Embracer Group AB made a voluntary loan prepayment of SEK 6.2 billion to reduce interest-bearing debt.

> The German film publishing subsidiary of the PLAION Group, has entered into an agreement to acquire 100 percent of the shares of Anime Ltd. from its founders. The company is based in Glasgow, UK, and is specialized in the marketing and distribution of Japanese animation, music and merchandise in the UK and France.

> Asmodee announced the acquisition of VR Group a leading wholesale distributor of gaming products in Australia, New Zealand and the UK. The acquisition will help Asmodee expand its mass market distribution of tabletop games, trading cards, and collectibles in these territories. VR Group was founded 2014 and employs 46 people across its active territories.

> Risk of Rain, a critically and commercially successful video game franchise, was purchased by Gearbox Entertainment Company from Hopoo Games. Risk of Rain now joins Gearbox's portfolio of owned games that includes acclaimed franchises such as Borderlands, Brothers in Arms, Homeworld, and more.

NOTE 34 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. 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 BFAR 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 balance in 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 BFAR 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 Group has chosen to apply the requirements of IAS 23 from the date of transition to IFRS. Borrowing costs incurred on or after that date are accounted for in accordance with IAS 23, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

The summary below presents the effects of the Group's transition to IFRS on the consolidated statement of profit or loss and consolidated cash flow statement for the financial years 2021-04-01 - 2022-03-31 and 2020-04-01 - 2021-03-31, as well as on the consolidated statement of financial position as of 31 March 2022, 31 March 2021 and 1 April 2020. The transition from previous accounting policies has also resulted in a different structure and classification of the statements compared to previously applied policies.

Consolidated statement of profit or loss for the financial year 2021-04-01 - 2022-03-31

Amounts in SEKm	According to previous policies	A. Business combinations	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
Other operating income	333	-	-	-	-	-	-	-	333
Total operating income	17,370	-	30	-	-	-	-	30	17,400
Work performed by the Company for its own use and capitalized	2,293	-	-	-	-	-	-	-	2,293
Goods for resale	-4,697	-	-	-	-	-	-	-	-4,697
Other external expenses	-4,919	-	-	169	-	-	6	175	-4,744
Personnel expenses	-4,356	-4,247	-	-	-	-	-	-4,247	-8,603
Depreciation, amortization and impairment	-9,851	6,608	-	-160	-	-	610	7,058	-2,793
Other operating expenses	-19	-397	-	-	-	-	-31	-428	-447
Share of profit of an associate	463	-	-	-	-	2	-	2	465
Operating profit	-3,716	1,964	30	9	-	2	585	2,590	-1,126
Profit or loss from financial items									
Financial net	-105	-8	-	-13	2,906	-	4	2,890	2,785
Profit before tax	-3,821	1,956	30	-4	2,906	2	589	5,480	1,659
Income tax	-470	-	5	-	-	-	-228	-222	-692
Profit for the year	-4,291	1,956	36	-4	2,906	2	362	5,258	967
Profit for the year is attributable to:									
Equity holders of the parent	-4,276	1,956	36	-4	2,906	2	356	5,252	976
Non-controlling interests	-15	-	-	-	-	-	6	6	-9

Consolidated statement of comprehensive income

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
Profit for the year	-4,291	1,956	36	2	2,906	2	356	5,258	967
Other comprehensive income									
<i>Items that will be reclassified to profit or loss (net of tax):</i>									
Exchange differences on translation of foreign operations	1,443	-	-	-	-	-	-618	-618	825
Cash flow hedges	-	-	-	-	-	-	-	-	-
Income tax attributable to the items above	-	-	-	-	-	-	-	-	-
<i>Items that will not be reclassified to profit or loss (net of tax):</i>									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the year, net of tax	1,443	-	-	-	-	-	-618	-618	825
Total comprehensive income for the year, net of tax	-2,848	1,956	36	2	2,906	2	-262	4,640	1,792
Total comprehensive income is attributable to:									
Equity holders of the parent	-2,833	1,956	36	2	2,906	2	-268	4,634	1,801
Non-controlling interests	-15	-	-	-	-	-	6	6	-9

Consolidated statement of profit or loss for the financial year 2020-04-01 - 2021-03-31

Amounts in SEKm	According to previous policies	A. Business combinations	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
Other operating income	288	-	-	-	-	-	-	-	288
Total operating income	9,312	-	-25	-	-	-	-	-25	9,287
Work performed by the Company for its own use and capitalized	1,292	-	-	-	-	-	-	-	1,292
Goods for resale	-3,618	-	-	-	-	-	-	-	-3,618
Other external expenses	-1,365	-	-	88	-	-	46	135	-1,230
Personnel expenses	-1,842	-180	-	-	-	-	-	-180	-2,022
Depreciation, amortization and impairment	-3,509	1,925	-	-84	-	-	-	1,841	-1,668
Other operating expenses	-	-151	-	-	-	-	-46	-197	-197
Share of profit of an associate	207	-	-	-	-	7	-	7	214
Operating profit	477	1,594	-25	4	-	7	-	1,581	2,058
Profit or loss from financial items									
Financial expenses	203	-	-	-8	-4,300	-	4	-4,305	-4,102
Profit before tax	680	1,594	-25	-4	-4,300	7	4	-2,724	-2,044
Income tax	-393	0	6	1	0	0	-85	-78	-471
Profit for the year	287	1,594	-18	-3	-4,300	7	-81	-2,802	-2,515
Profit for the year is attributable to:									
Equity holders of the parent	287	1,594	-18	-3	-4,300	7	-79	-2,799	-2,513
Non-controlling interests	0	-	-	-	-	-	-2	-2	-2

Consolidated statement of comprehensive income

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
Profit for the year	287	1,594	-18	-3	-4,300	7	-81	-2,802	-2,515
Other comprehensive income									
<i>Items that will be reclassified to profit or loss (net of tax):</i>									
Exchange differences on translation of foreign operations	-337	-	-	-	-	-	-505	-505	-842
Cash flow hedges	-	-	-	-	-	-	-	-	-
Income tax attributable to the items above	-	-	-	-	-	-	-	-	-
<i>Items that will not be reclassified to profit or loss (net of tax):</i>									
Remeasurement of defined benefit plans for employees	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the year, net of tax	-337	-	-	-	-	-	-505	-505	-842
Total comprehensive income for the year, net of tax	-50	1,594	-18	-3	-4,300	7	-586	-3,307	-3,357
Total comprehensive income is attributable to:									
Equity holders of the parent	-50	1,594	-18	-3	-4,300	7	-586	-3,306	-3,355
Non-controlling interests	0	-	-	-	-	-	-	-1	-2

Consolidated statement of financial position as of 2022-03-31

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	According to IFRS
ASSETS									
Non-current assets									
Goodwill	46,069	-2,195	-	-	-678	-	-572	-3,445	42,624
Intangible assets	30,004	-	-	-	-	-	1,368	1,368	31,371
Property, plant and equipment	727	-	-	-	-	-	-7	-7	720
Right-of-use assets	-	-	-	1,062	-	-	-	1,062	1,062
Investments in associates	130	-	-	-	-	-1	4	4	134
Non-current financial assets	300	-	-	-	-	-	2	2	302
Deferred tax assets	1311	-	37	1	-	-	-68	-30	1,280
Total non-current assets	78,540	-2,195	37	1,063	-678	-1	727	-1,047	77,493
Current assets									
Inventories	3,162	-	-	-	-	-	-387	-387	2,775
Trade receivables	3,754	-	651	-	-	-	1	652	4,406
Contract assets	-	-	-	-	-	-	177	177	177
Other receivables	1,155	-	-	-	-	-	227	227	1,381
Prepaid expenses	1,034	-	-651	-	-	-	-6	-657	377
Cash and cash equivalents	5,810	-	-	-	-	-	-	-	5,810
Total current assets	14,914	-	-	-	-	-	12	12	14,926
TOTAL ASSETS	93,454	-2,195	37	1,063	-678	-1	739	-1,035	92,420

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
EQUITY AND LIABILITIES									
Equity									
Share capital	2	-	-	-	-	-	-	-	2
Other contributed capital	47,297	-2,720	-	-	-196	-	-1,948	-4,865	42,433
Reserves	-	-	-	-3	48	-	79	124	124
Retained earnings including net profit	-2,709	3,178	-219	-1	-1,799	-1	939	2,097	-612
Equity attributable to equity holders of the parent	44,590	457	-219	-3	-1,947	-1	-930	-2,643	41,947
Non-controlling interests	222	-	-	-	-	-	6	6	228
Total equity	44,812	457	-219	-3	-1,947	-1	-924	-2,637	42,175
Non-current liabilities									
Liabilities to credit institutions	7351	-	-	-	-	-	5,667	5,667	13,018
Contingent considerations	-	-3,246	-	-	1,318	-	14,673	12,746	12,746
Other non-current liabilities	-	-	-	-	-	-	112	112	112
Lease liabilities	-	-	-	800	-	-	-	800	800
Provisions	13,901	-	-	-	-	-	-13,746	-13,746	155
Non-current employee benefits	20	-	-	-	-	-	-	-	20
Långfristiga skulder till anställda relaterat till förvärv	-	593	-	-	-	-	-	593	593
Deferred tax liabilities	5,796	-	-	0	-	-	373	373	6,170
Total non-current liabilities	27,068	-2,653	-	800	1,318	-	7,080	6,545	33,613
Current liabilities									
Liabilities to credit institutions	12,957	-	-	-	-	-	-5,794	-5,794	7,163
Contingent considerations	1,210	-	-	-	-	-	-105	-105	1,105
Förskott från kunder	-	-	-	-	-	-	69	69	69
Trade payables	3,671	-	-	-	-	-	-69	-69	3,602
Lease liabilities	-	-	-	297	-	-	-	297	297
Contract liabilities	-	-	256	-	-	-	1,565	1,821	1,821
Tax liabilities	602	-	-	-	-	-	-48	-48	555
Other current liabilities	561	-	-	-	-	-	47	47	608
Accrued expenses	2,573	-	-	-	-	-	-1,160	-1,160	1,413
Total current liabilities	21,574	-	256	297	-	-	-5,495	-4,942	16,632
TOTAL EQUITY AND LIABILITIES	93,454	-2,195	37	1,093	-629	-1	661	-1,035	92,420

Consolidated statement of financial position as of 2021-03-31

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	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	-	-	-	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	-	-	-	-	-	-25	-25	218
Trade receivables	1,076	-	164	-	-	-	-	164	1,239
Contract assets	-	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	-	-	-
Other receivables	401	-	-7	-	-	-	48	41	442
Prepaid expenses	534	-	-156	-	-	-	-	-156	377
Current investments	-	-	-	-	-	-	195	195	195
Cash and cash equivalents	14,300	-	-	-	-	-	-195	-195	14,105
Total current assets	16,553	-	-	-	-	-	23	23	16,576
TOTAL ASSETS	33,752	681	123	330	-279	2	73	930	34,682

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
EQUITY AND LIABILITIES									
Equity									
Share capital	1	-	-	-	-	-	-	-	1
Other contributed capital	-	-3,760	-	-0	-196	-	26,499	22,543	22,543
Reserves	-	-	-	-	-	-	-701	-701	-701
Retained earnings including net profit	27,151	1,575	-77	-3	-4,601	2	-25,634	-28,739	-1,588
Equity attributable to equity holders of the parent	27,153	-2,185	-77	-4	-4,798	2	164	-6,897	20,255
Non-controlling interests	13	-	-	-	-	-	-	-	13
Total equity	27,165	-2,185	-77	-4	-4,798	2	164	-6,897	20,268
Non-current liabilities									
Liabilities to credit institutions	245	-	-	-	-	-	-2	-2	244
Contingent considerations	-	2,838	-	-	4,519	-	1,760	9,116	9,116
Other non-current liabilities	1	-	-	-	-	-	-	-	1
Lease liabilities	-	-	-	237	-	-	-	237	237
Provisions	2,267	-	-	-	-	-	-2,104	-2,104	162
Non-current employee benefits	17	-	-	-	-	-	-	-	17
Non-current liabilities to employees related to historical acquisitions	-	28	-	-	-	-	-	28	28
Deferred tax liabilities	532	-	-	-	-	-	28	28	560
Total non-current liabilities	3,063	2,866	-	237	4,519	-	-319	7,303	10,365
Current liabilities									
Liabilities to credit institutions	1,231	-	-	-	-	-	-	-	1,231
Contingent considerations	-	-	-	-	-	-	-	-	-
Trade payables	774	-	-	-	-	-	-	-	774
Lease liabilities	-	-	-	98	-	-	-	98	98
Contract liabilities	-	-	199	-	-	-	594	793	793
Tax liabilities	193	-	-	-	-	-	-	-	193
Other current liabilities	214	-	-	-	-	-	6	6	220
Accrued expenses	1,113	-	-	-	-	-	-373	-373	740
Total current liabilities	3,524	-	199	98	-	-	227	525	4,049
TOTAL EQUITY AND LIABILITIES	33,752	681	123	332	-279	2	72	930	34,682

Consolidated statement of financial position as of 2020-04-01

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	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	166	-	-	0	-	-	-	0	166
Total non-current assets	6,306	-	-	241	-	-	-	241	6,547
Current assets									
Inventories	353	-	-	-	-	-	-	-	353
Trade receivables	959	-	-	-	-	-	-	-	959
Contract assets	12	-	-	-	-	-	-	-12	0
Current tax assets	36	-	-	-	-	-	-	-	36
Other receivables	351	-	-	-	-	-	-	12	363
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

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Associa- tes	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
EQUITY AND LIABILITIES									
Equity									
Share capital	1	-	-	-	-	-	-	-	1
Other contributed capital	5,301	-	-	-	-	-	-	-	5,301
Reserves	-	-	-	-	-	-	142	142	142
Retained earnings including net profit	1,069	-	-	-2	-	-	-142	-144	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
Contingent considerations	-	-	-	-	-	-	412	412	412
Other non-current liabilities	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	176	-	-	-	176	176
Provisions	801	-	-285	-	-	-	-413	-698	104
Non-current employee benefits	25	-	-	-	-	-	-	-	25
Non-current liabilities to employees related to historical acquisitions	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	415	-	-	-	-	-	-	-	415
Total non-current liabilities	1,463	-	-285	176	-	-	-1	-110	1,353
Current liabilities									
Liabilities to credit institutions	1,243	-	-	-	-	-	-	-	1,243
Contingent considerations	-	-	-	-	-	-	-	-	-
Trade payables	845	-	-	-	-	-	-	-	845
Lease liabilities	-	-	-	67	-	-	-	67	67
Contract liabilities	-	-	599	-	-	-	-	599	599
Tax liabilities	-	-	-	-	-	-	-	-	-
Other current liabilities	85	-	-	-	-	-	-	-	85
Accrued expenses	172	-	-	-	-	-	-	-	172
Provisions	434	-	-314	-	-	-	-	-314	121
Total current liabilities	2,780	-	285	67	-	-	-	352	3,131
TOTAL EQUITY AND LIABILITIES	10,638	-	-	241	-	-	-1	240	10,878

Consolidated cash flow statement for the financial year 2020-04-01 - 2021-03-31

Amounts in SEKm	Accor- ding to previous policies	A. Business combi- nations	B. Revenue	C. Leases	D. Financial instru- ments	E. Asso- ciates	F. Transla- tion of foreign operations and adjust- ments	IFRS- adjust- ments	Accor- ding to IFRS
Operating activities									
Profit before tax	680	1,594	-25	-3	-4,296	7	-2	-2,725	-2,044
Adjustment for differences between profit before tax and net cash flow	3,345	-1,744	-	84	4,296	-7	-2	2,626	5,972
Income tax paid	-259	-	-	-	-	-	-	-	-259
Cash flow from operating activities before changes in working capital	3,766	-150	-25	81	-	-	-4	-98	3,668
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	-	-	-4	-74	3,825
Investing activities									
Acquisition of property, plant and equipment	-71	-	-	-	-	-	-	-	-71
Disposal of property, plant and equipment	1	-	-	-	-	-	-	-	1
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	-4,440
Acquisition of financial assets	-65	-	-	-	-	-	-	-	-65
Disposal of financial assets	56	-	-	-	-	-	-	-	56
Cash flow from investing activities	-6,805	150	-	-	-	-	-	150	-6,654
Financing activities									
New share issue	14,695	-	-	-	-	-	-	-	14,695
Issuance costs	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	851	-	-	-	-	-	-	-	851
Received dividend	-	-	-	-	-	-	-	-	-
Repayment of loans	-821	-	-	-	-	-	-	-	-821
Payment of lease liabilities	-	-	-	-81	-	-	-	-81	-81
Cash flow from financing activities	14,725	-	-	-81	-	-	-	-81	14,644
Cash flow for the year	11,820	-	-	-	-	-	-4	-4	11,816
Cash and cash equivalents at the beginning of the year	2,510	-	-	-	-	-	-192	-192	2,318
Exchange-rate differences in cash and cash equivalents	-30	-	-	-	-	-	-	-	-30
Cash and cash equivalents at the end of the year	14,300	-	-	-	-	-	-196	-196	14,104

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).

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, and when indication is implied. 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

Lessee

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 current 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). In Embracer group about 98 % of the agreements under IFRS 16 relate to rental agreements for premises.

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 from 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.

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 and adjustments

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.

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. Changes in depreciation principles of intangible assets has had an impact on profit and loss for the year as well as on equity.

SIGNATURES

Karlstad, December 19, 2022

Kicki Wallje-Lund
Chairman

David Gardner

Cecilia Driving

Jacob Jonmyren

Matthew Karch

Erik Stenberg

Lars Wingefors
CEO

Our auditor's report was submitted on December 19, 2022

Ernst & Young AB

Johan Eklund
Authorised Public Accountant

AUDITOR'S REPORT ON HISTORICAL FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Embracer Group AB (publ),
corporate identity number 556582-6558

REPORT ON THE CONSOLIDATED ACCOUNTS

Opinions

We have audited the consolidated accounts of Embracer Group AB (publ) for the period of two years ended 31 March 2022. The consolidated accounts of the company are included on pages F-[x-y] in this document.

In our opinion, the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of the 31 March 2022 and 31 March 2021 and their financial performance and cash flow for each of the two financial years ending 31 March 2021 and 31 March 2022 respectively in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the group, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of the group's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Directors' use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Karlstad 19 December 2022
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

EMBRACER⁺
GROUP