

**EMBRACER⁺
GROUP**



22

23



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** The official annual report consists of pages 109-194.*

FINANCIAL CALENDAR

Interim Report Q1, 2023/24	Aug. 17, 2023
Annual General Meeting	Sep. 21, 2023
Interim Report Q2, 2023/24	Nov. 16, 2023
Interim Report Q3, 2023/24	Feb. 15, 2024

All figures in this report are as per year-end 2022/23 unless otherwise stated.

WELCOME TO VÄRMLAND, SWEDEN

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

EMBRACER GROUP



GROUP COMPANY HQ
MILWAUKIE, OREGON, USA

CRYSTAL DYNAMICS



GROUP COMPANY HQ
SAN MATEO, USA /
MONTREAL, CANADA

FREEMODE
BY EMBRACER

GROUP COMPANY HQ
LIVERMORE, CALIFORNIA, USA



gearbox
entertainment

GROUP COMPANY HQ
FRISCO, TEXAS, USA



SABER

GROUP COMPANY HQ
FORT LAUDERDALE, FLORIDA, USA

■ Countries with Embracer Group offices/studios

For information on all Embracer Group's companies,
please refer to embracer.com/about/global-locations

Embracer Group is a global Group of creative and entrepreneurial businesses in PC, console, mobile and board games and other related media. The Group has an extensive catalog of over 850 owned or controlled franchises. With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its twelve operative groups: THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemode and Crystal Dynamics – Eidos. The Group has 138 internal game development studios and is engaging more than 16,600 employees in more than 40 countries.

EMBRACER+ GROUP

GROUP HQ
KARLSTAD, SWEDEN



GROUP COMPANY HQ
STOCKHOLM, SWEDEN



GROUP COMPANY HQ
SKÖVDE, SWEDEN



GROUP COMPANY HQ
BERLIN, GERMANY

THQNORDIC

GROUP COMPANY HQ
VIENNA, AUSTRIA

Easybrain

GROUP COMPANY HQ
LIMASSOL, CYPRUS



GROUP COMPANY HQ
MUNICH, GERMANY

asmodee

GROUP COMPANY HQ
PARIS, FRANCE

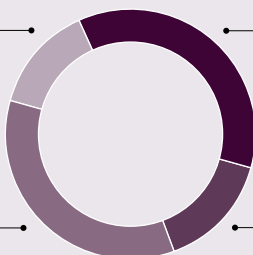
SALES BY OPERATING SEGMENT FULL YEAR 2022/23

Entertainment & Services 14 %

PC/Console Games 36 %

Tabletop Games 35 %

Mobile Games 15 %



ADJUSTED EBIT FULL YEAR 2022/23

Entertainment & Services 4 %

PC/Console Games 44 %

Tabletop Games 31 %

Mobile Games 21 %



BUILDING A STRONGER AND MORE RESILIENT GROUP

Embracer Group has grown into a dynamic ecosystem with a variety of gaming and entertainment businesses, building long-term value and increasing stability in results and cash flows. Important progress in the Group's value creation was made during the year and many new transmedia opportunities have been identified.

CONTINUED GROWTH, IN A YEAR OF MANY CHALLENGES

Embracer Group has grown increasingly diversified in recent years, adding stability to results and cash flows. In the financial year 2022/23, net sales grew 121 % to SEK 37.7 billion, Adjusted EBIT grew 43 % to SEK 6.4 billion and operating cash flow amounted to SEK 5.4 billion

in another eventful year for the Group. Read co-founder and CEO Lars Wingefors' comments on the events and efforts behind the figures, as well as his view on challenges, opportunities and the Group's strategic path ahead.

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TRANSFORMATIVE STEP UP TO A REGULATED STOCK MARKET LISTING

At the end of 2022, Embracer Group successfully changed the listing venue Nasdaq Stockholm First North Growth Market to Nasdaq Stockholm Main Market. This is a testament to the strong foundation built over the years. In preparing for this transition great efforts have been made to further strengthen transparency and governance of the Group. Read more in our Corporate Governance Report and the Share section.

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EBIT MARGIN

1 %

ADJUSTED EBIT MARGIN

17 %

VALUE COMPLETED GAMES

SEK **3,248** M

EMBRACER GROUP'S ECOSYSTEM FORMED INTO FOUR OPERATING SEGMENTS



PC/Console Games



Mobile Games



Tabletop Games



Entertainment & Services

With proud heritage in the PC and console gaming business, Embracer Group has grown into a dynamic ecosystem of gaming and entertainment businesses. During the year, these were formed into four operating segments, each with its own characteristics and business logic, but sharing the same passion for bringing people together for great experiences and world class IPs. Read more about the four operating segments: PC/Console Games, Mobile Games, Board Games and Entertainment & Services.

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ESG EFFORTS GETTING MORE RECOGNITION

The Group demonstrated its increased commitment to sustainability by setting bold sustainability goals: to double the number of female MDs/ Studio Heads by 2025, reduce CO₂ emissions by 45 % by 2030 and ensure that all operative groups set sustainability goals in 2023/24. The collective efforts and the strengthening of the Group's corporate capabilities at the parent company have been paying off through improved ESG ratings during the year. MSCI upgraded Embracer Group's ESG rating from BBB to A, and the Group is now also part of Sustainalytics' 2023 Top-Rated ESG Companies list. Read our comprehensive Sustainability Report.

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THE LORD OF THE RINGS AND THE HOBBIT JOINED THE GROUP'S EXCITING IP PORTFOLIO



As the Group grows, new IPs are consistently added by acquisitions as well as by internal creation processes. Today, Embracer Group has one of the industry's most exciting IP portfolios with 850 IPs across all segments. The most notable IP-acquisition during the year is undoubtedly the rights to *The Lord of the Rings* and *The Hobbit*, announced in August. It's one of the world's most epic fantasy franchises, opening up new transmedia opportunities including synergies across the whole Group. Read more about IPs and on-going game development.

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NET SALES GROWTH

121 %

NET SALES

SEK **37 665** M

COMING OUT STRONGER

As we close the books on FY 22/23, we can conclude that it has been a challenging year, characterized by a weaker consumer market but also, for Embracer specifically, game delays and a high-profile deal that did not materialize. It has, however, also been a year in which we have advanced our leading market position, adding some of the world's most beloved IPs to our portfolio and reaching several notable milestones, including the listing change to the Main Market at Nasdaq Stockholm. Looking ahead, we remain focused on executing on our games pipeline, partnership approach, and efficiency improvement initiatives. I am confident that Embracer will come out stronger.

During the year, we have continued to build for the future, by acquiring some incredible IPs and companies, by investing into our games pipeline, and by completing the list change to the Main Market at Nasdaq Stockholm. That said, we need to make some tough decisions ahead to adapt to the new macroeconomic reality and the higher cost of capital. Going forward, we will increase focus on optimizing the use of our resources and realizing untapped potential across the Group. I am confident in our ability to execute and deliver, and despite the past year's gloomy macro environment, I also maintain a strong positive outlook on the industry as a whole, showing solid growth potential across segments and geographies.

FOCUS ON DELIVERING THE HIGHEST QUALITY

The financial and operational development was solid in absolute terms during the year. Net sales grew by 121% YoY to SEK 37.7 billion, with organic growth of 2%. Adjusted EBIT grew by 43% YoY to SEK 6.4 billion, corresponding to a margin of approximately 17%. The strong earnings development was primarily driven by the addition of our Tabletop Games operating segment Asmodee, which has managed a challenging consumer backdrop well. The Mobile Games operating segment saw stable earnings development despite top line growth headwinds, driven by optimized user acquisition investment.

At the same time, the results are not nearly as strong as we expected heading into the year. This is largely due to the PC/Console Games operating segment, which saw

solid organic growth but notably lower margins YoY due to pipeline shifts, a lacklustre reception for certain releases, and weaker consumer purchasing power.

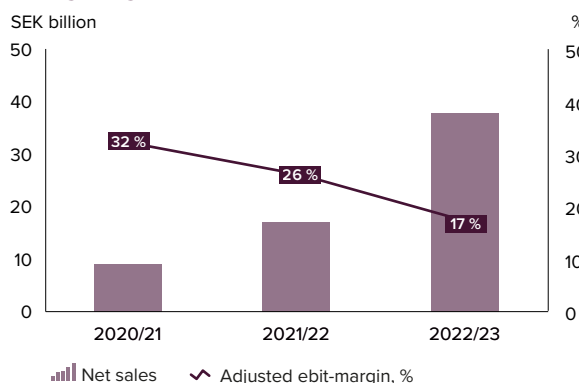
While some factors are partly out of our control, we must ensure that we deliver games of the highest quality. Although it can be frustrating to delay games with notable potential, experience shows that in some cases it is the right course of action, and it will in many situations improve ROI. It is clear that the decision to give the studio more time to polish the much-anticipated Dead Island 2 has paid off, with well over 2 million units in the first month after release after the end of the fiscal year. This is why we are now implementing a stronger, centralized framework for progress review of games in development to ensure continued focus on quality. Ultimately, this will enable us to deliver on the potential of our games pipeline.

Looking ahead, we expect to deliver consecutively higher net sales, Adjusted EBIT and free cash flow, driven by a strong pipeline of highly anticipated games based on our iconic own and licensed IP. We are confident that we are nearing a notable inflection point in our business, and that we can utilize our scale and our significant collective value to the best effect.

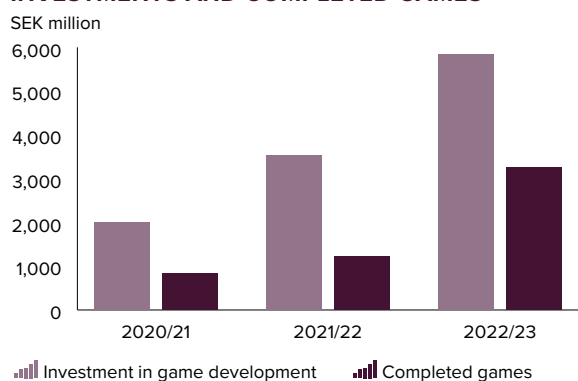
OUR EMPLOYEES MAKE UP THE FABRIC OF EMBRACER


For Embracer Group, our strong commitment to diversity, equality, and inclusion constitutes a key component of our shared code of conduct. During the year, we completed

NET SALES



INVESTMENTS AND COMPLETED GAMES





“ WE HAVE GREAT ASSETS AND IP AND WE AIM TO DEMONSTRATE THE EARNINGS POWER OF THOSE ASSETS OVER TIME

the Group's third annual employee survey, an important tool to address and take action to improve the work life and well-being of our employees. Over 10,000 people in 200 of our entities across the globe participated in the survey and the result showed that enjoyment of work, work engagement and workplace conditions such as respect and leadership are among our top strengths in the view of our employees. With an 85 % (80 %) response rate, we managed to keep the average satisfaction rate on a high level, 80 compared to 81 last year.

At the same time, we understand that the current macro environment coupled with ongoing efficiency and restructuring initiatives across the Group is a source for concern for our people. It is painful when talented and highly valued team members are affected. We will continue to act with a people-first mindset, sharing information, being as transparent as possible, and supporting managers so that they can lead with compassion, respect, and integrity.

A SIGNIFICANT LEAP FOR OUR IP PORTFOLIO AND TRANSMEDIA STRATEGY

During the year, we further strengthened our portfolio, adding some of the world's most beloved IPs. In August 2022, we completed the acquisition of Crystal Dynamics – Eidos Montreal, which also included iconic IPs such as Tomb Raider, Deus Ex, Thief and Legacy of Kain. We acquired Middle-earth Enterprises, giving Embracer Group ownership of the IPs for Lord of the Rings and Hobbit. The acquisition has rendered great excitement within the Group and enabled notable partnership opportunities. In the coming one to two years, new products based on the Tolkien universe will mainly be developed and released by external partners, but over a period of 5, 10, 20 years, we expect to have delivered several world class products from the largest fantasy IP, across different genres and from our internal studios and publishers.

Adaptations of IP across media is another integral part of Embracer's business strategy and an evolution of our IP-centric approach. Our transmedia strategy enables us to expand the audience for our core IPs across PC/Console and tabletop games, comic books and graphic novels, and TV/film, thus enhancing the value of the IP portfolio. We currently have multiple exciting transmedia projects in our pipeline and are eager to bring these new stories and experiences to fans worldwide.

NEAR-TERM PRIORITIES

In the past year, we entered into multiple partnerships and licensing agreements with industry partners, involving both AAA games and movies based on some of our iconic IPs. Unfortunately, one ground-breaking strategic partnership agreement that would have set a new benchmark for the gaming industry did unexpectedly not materialize. Nevertheless, capitalizing on our collective value through our partnership approach remains a key priority for the Group. Increasing the share of externally funded game development can improve our profit and cash flow predictability.

Following our Q4 report, on 13 June, we presented a comprehensive restructuring program, including operational and financial measures to increase cash conversion, improve efficiency and reduce capex. The program will transform Embracer to a highly cash-flow generative business and reduce financial net debt below SEK 10 billion by the end of FY 2023/24. As difficult as some of the decisions that we will take will be, we are confident that we will emerge a stronger, more efficient company setting out on a stable future to build even greater value across our many studios and uniquely diversified portfolio of IPs.

STRONG FOUNDATION FOR THE FUTURE

The long-term ambition for Embracer is to continue to build something significant and long-lasting, and to do it together with successful entrepreneurs and creators. We have a solid foundation with predictable, profitable, and cash-generative businesses, including a roster of renowned PC/Console franchises that gradually grows longer. The demand for content has never been greater, and we are well-positioned to leverage that demand. We have great assets and IPs, and we aim to demonstrate the earnings power of those assets over time.

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

June 21, 2023, Karlstad, Värmland, Sweden

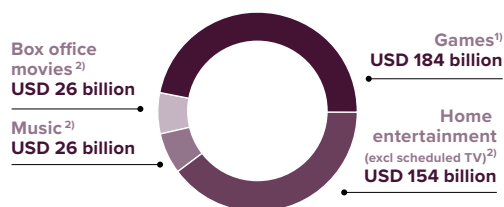
Lars Wingefors
Co-founder & Group CEO



ENTERTAINMENT MARKET CONTINUES TO GROW

Embracer Group develops and publishes games for PC, console, VR, mobile, as well as board games, and offers partner publishing services, and has niche positions in film and comic book publishing.

ENTERTAINMENT INDUSTRY SALES, ESTIMATES 2022



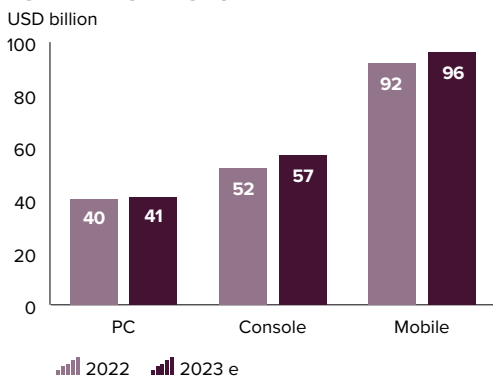
VIDEO GAMES MARKET

The video games market includes PC, Console, Mobile and VR games. It has grown rapidly during the past three decades and is now the single largest entertainment sector ahead of box office, home entertainment and music.

It was accelerated to even greater heights by the pandemic, which created two record years in 2020 and 2021. As a result, 2022 was a 'transition year', returning more towards its normal trajectory. The market last year, therefore, saw a slight YoY decline in revenues of 4 % YoY to USD 184 billion. Ongoing side effects of the pandemic, such as a shortage of consoles and delays to many new releases also impacted the market growth.

Looking a year ahead, the video games market is expected to return to growth of 5 % YoY in 2023¹⁾, driven by much better console supply, a

GLOBAL VIDEO GAMES MARKET ESTIMATES BY SEGMENT ¹⁾



stronger new release line-up (several titles previously delayed by the pandemic), digital sales generally, subscription business, VR and live game services (in-game revenue).

Looking more long term, the video games market is predicted to continue its growth with a revenue CAGR of 6 % between 2019 and 2025, reaching a market size of USD 206 billion in 2025 ¹⁾.

Dealing with a consumer spending squeeze

Most analysts point to several arguments suggesting that the games market 'should' be in a good position to weather current economic headwinds.

The video games market has been resilient to recessions in the past, with consumers choosing to reduce spending on other categories instead. Games, in fact, is seen as a good-value form of entertainment as well as offering both escapism and connectivity with friends in times of hardship. Certainly, the many segments and ways of playing and paying cater to all audiences. Furthermore, the market's peaks and troughs tend to follow their own cycle, dependent on the introduction of new platforms, technologies and devices. Currently we are in the growth stages of several new developments, including next-gen consoles and relatively new digital services such as subscriptions.

Also relevant is the fact that people are expected to spend more time at home during a spending squeeze benefiting home-based platforms such as console and PC.

Any discernible slowdown in the game market has not been felt yet as demonstrated by several recent hit releases breaking sales records. It is also worth noting that most analysts are still predicting growth in the coming years.

But there will no doubt be winners and losers across the many games market segments and genres. We see a continued stable performance for live game services and for our strongest PC/Console franchises, but also note a more normalized market for certain other categories after a strong market both in 2020 and 2021.

¹⁾ Newzoo

²⁾ IDG.

More players than ever before

Despite the market's slight revenue contraction in 2022, the number of players globally still increased by 5 % YoY to a record 3.2 billion. The number of gamers is expected to continue growing each year, reaching 3.5 billion in 2025.¹⁾

Market size and number of players by region

Asia Pacific remains the largest region both for revenues and the number of players, with North America the second largest market in terms of revenue but much lower down the ranking list in terms of player numbers. The regions seeing the highest revenue growth in 2022 were Middle East & Africa and Latin America ¹⁾.

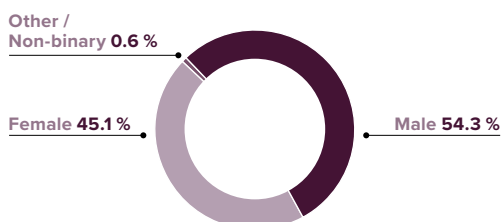
Region	2022	
	Million players	Market size (USD billion)
Asia-Pacific	1,740	88
North America	232	48
Europe	428	33
Latin America	316	8
Middle East & Africa	512	7
Total	3,230	184

GAMER SEGMENTATION ¹⁾

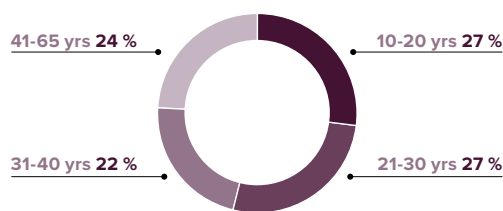
As the games market has grown, the types of players have become more diverse in terms of their own personal preferences and demographics. The gaming community ranges from deeply engaged players, that identify themselves as gamers and see games as their favourite pastime or profession, to more casual players that do not see games as a major part of their life but play as a social aspect or as a time filler. The casual players have been identified with mobile but even the PC and console player base is becoming more diverse. Players also engage to a higher degree on multiple platforms enabled by cross-play. Nearly seven in ten PC and console players have played on more than one platform, with a quarter playing on all three platforms, when polled on playing patterns for the last six months.

Gaming's popularity is diverse across different age groups and between gender too. From the age groups of 10 years and upwards, no single segment dominates. And between the genders it is quite even (with a slight bias towards male).

DEMOGRAPHIC OF PLAYERS GENDER ¹⁾



DEMOGRAPHIC OF PLAYERS AGE ¹⁾



TABLETOP GAMES MARKET

The tabletop games market saw modest growth of 2.1 % YoY, during the financial year 2022/23, benefiting from strong holiday sales in the Oct - Dec period.³⁾ The US outpaced Europe during 2022/23, 2.7 % YoY compared to 1.2 % YoY. This performance, particularly during the last quarter, reflects the resilience of the tabletop market given a general decline in consumer spending. The tabletop games market has had a CAGR of 10.3 % during 2019-2022.³⁾

During the financial year, the strongest performance was seen for strategic trading card games ("STCG"), which in Europe were up by a substantial 25.4 % YoY.²⁾ Board games on the other hand faced a tough comparison period and declined by 4 % during the financial year 2022/23.³⁾

ENTERTAINMENT & SERVICES MARKET

Comics and Books

Overall book sales in 2022 reached USD 13 billion⁴⁾ in the US. In unit terms, 2022 sales were down 6 % YoY⁴⁾, compared to the record 2021 year, but up 11 % compared to pre-covid levels in 2019. Embracer Group's operative group Dark Horse predominantly operates in the segment for comics, graphic novels and manga, and this segment was one of the best performing during 2022 and was up by 3 % YoY⁴⁾.

TV and Film

Content expenditure is expected to reach USD 243 billion in 2023, an increase of 2 % YoY⁵⁾. This growth is slower than in 2022 during which global content spend is projected to have grown by 6 % YoY, driven primarily by subscription video-on-demand (SVoD) platforms. Despite some caution in the second half of 2022, SVoD providers collectively spent over USD 26 billion on original content in 2022. Subscription video-on-demand platforms are expected to account for more expenditure than commercial and public broadcasters.

¹⁾ Newzoo

²⁾ NPD. European data from UK, Germany, France, Spain, Italy, Benelux. Asmodee estimate for US market based off NPD data.

³⁾ NPD Europe & US, 5 main boardgame categories; Family Board/Action Games, Family Strategy Games, Card Games, Adult Games, Children Games

⁴⁾ NPD BookScan

⁵⁾ Ampere Analysis



Global cinema box office revenue increased 27 % YoY to USD 26 billion ¹⁾ in 2022, which remains 35 % below the 2017-19 pre-pandemic average. Revenues are expected to continue growing in 2023; 12 % YoY to a total of USD 29 billion. Box office revenue saw especially high growth in the US during 2022, up by 65 % YoY.

Video games IPs continue to fair well for transmedia ambitions. Highlights include the film *Sonic the Hedgehog 2* which generated USD 403 million ²⁾ in global box office revenues in 2022 and the new TV series *The Last of Us*,

with 4.7 million viewers ³⁾, that became HBO's second-highest watched debut series since 2010. The trend continued in 2023 with *The Super Mario Bros. Movie* grossing over USD 1.1 billion in global box office revenues in its first month at cinemas, already making it into the highest-grossing video game adaptation of all time.

¹⁾ Gower Street Analytics

²⁾ Box Office Mojo

³⁾ Warner Media

OPTIMIZING OUR MODEL AND STRATEGY

Embracer Group is a global group of gaming and entertainment businesses. Its more than 16,600 passionate professionals deliver entertainment to gamers and value to customers around the globe supported by one of the industry's largest and most exciting portfolios of intellectual property. Embracer Group has a decentralized operating model where great entrepreneurs run operations through operative groups – each with their own distinctive heritage, branding, business strategy, and other characteristics – all within a shared framework of governance and accountability.

Embracer Group is organized in four operating segments: PC/Console Games, Mobile Games, Tabletop Games and Entertainment & Services. Through these operating segments, Embracer Group has strong market positions in PC, console, VR, mobile, and tabletop games, as well as niche positions in film and comic book publishing, including attractive partner publishing. Together these operating segments form a growing ecosystem that is unique in the industry.

GROUP VALUES

Embracer Group has come a long way on its journey to be a substantial, lasting, and sustainable Group. The long-term strategy is underpinned by its three Group values: trust, long-term mindset, and embracing. We empower great people to make the right decisions and pursue great ideas and reach their full potential, all within our common framework of governance and accountability.

OPERATING MODEL

Empowering entrepreneurs

Embracer Group comprises an ecosystem for studios, publishers, and other gaming and entertainment companies. The collaborations, empowerment, and business opportunities presented to companies are unique and provide a strong incentive to be part of Embracer Group. Embracer Group employs a decentralized operating model. The model provides operative group CEOs, founders, and studio heads with creative freedom based on accountability, while acting under our shared Group values and following Embracer Group's framework for control, reporting, governance, and compliance. This approach fosters creativity, speed, and relevance.

Synergies are encouraged

While employing a decentralized operating model, the Group seeks to realize synergies between operative groups where possible and

GROUP VALUES

TRUST – EMPOWER PEOPLE

> We believe in empowering great people to make their own decisions. Our shared and inclusive entrepreneurial mindset is our collective driving force.

LONG-TERM MINDSET – UNLEASH THE POTENTIAL

> We're in it together. Our shared knowledge enables synergies through collaborations across the growing ecosystem.

EMBRACING – RESPECT AND ENDORSE DIFFERENCES

> We're true to ourselves and believe that different perspectives make us stronger.

THE EMBRACER ECOSYSTEM

GROUP LEVEL ■

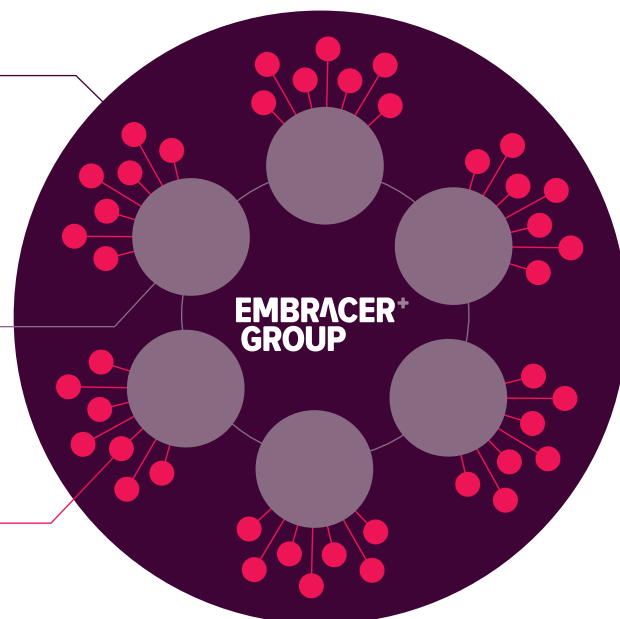
The Embracer Group head office hosts control and support functions, provides access to capital, shared knowledge, intra-Group synergies, and a solid governance framework. The organization is lean as the operative groups have significant responsibility for managing commercial operations and for implementing the governance framework including financial control, governance, compliance, human resources, and communication.

OPERATIVE GROUPS ■

The operative groups serve as primary ecosystem building blocks. They have financial and operational responsibility and accountability, and run the businesses largely independently from each other, based on Embracer Group's values and governance model and with active support and coordination from Group-level functions.

COMPANIES AND STUDIOS ■

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



deemed appropriate. This may include collaboration, spread of best practices, as well as IP and talent sharing. Centrally mandated integration initiatives are also considered in order to foster win-win synergies, both in terms of revenue and cost-savings.

Capital allocation

Embracer Group management continuously evaluates the performance and outlook of the 12 operative groups. Capital allocation decisions above a certain level, including for example game development projects, must be approved by the parent company. The Group strives to create a more comprehensive, centralized process for game investment and progress review, while maintaining creative freedom for each operative group. Diversification between operating segments and operative groups increases capital allocation opportunities and flexibility with regard to project management and IP management, while the approval process aims to focus capital allocation where it is expected to deliver the best return on investment. Embracer employs a model based on risk-adjusted profit and cost of capital.

GROWTH MODEL

Organic growth

Organic growth is mainly driven by the release of new games, additional content and revitalized IPs, and increased investments in user acquisition activities and marketing. A quality-first approach is applied, ensuring that games are released when the return on investment (ROI)

potential is maximized. Increased investments in user acquisition activities are justified when demands on return of ad spend are met.

The Group has more than 200 ongoing game development projects in PC/Console Games, with a combination of new IPs or revitalized franchises as well as existing franchises and active trademarks. Licensed IPs from Embracer Group will also be an important source of organic growth. For mobile games, investments in user acquisition activities are particularly important for driving organic growth. For board games, increased brand recognition and shelf space for existing franchises are key organic growth drivers.

An additional important source of organic growth is catalog sales. Embracer Group's diversification and capabilities within the ecosystem coupled with its vast IP portfolio, now consisting of over 850 IPs, including some of the most popular and iconic titles in gaming, comics, and other media gives a solid foundation for organic growth in the coming years.

Transmedia, a strategic cornerstone

At Embracer Group, building value through our IP is central. The Group strives to leverage its unique IP portfolio, structure, and development capacity as a basis for building a presence across key entertainment media formats. There is an abundance of highly successful video games today that originate from TV/film, comic books, and tabletop games. There is also a strong trend of video game adaptations to other media formats.

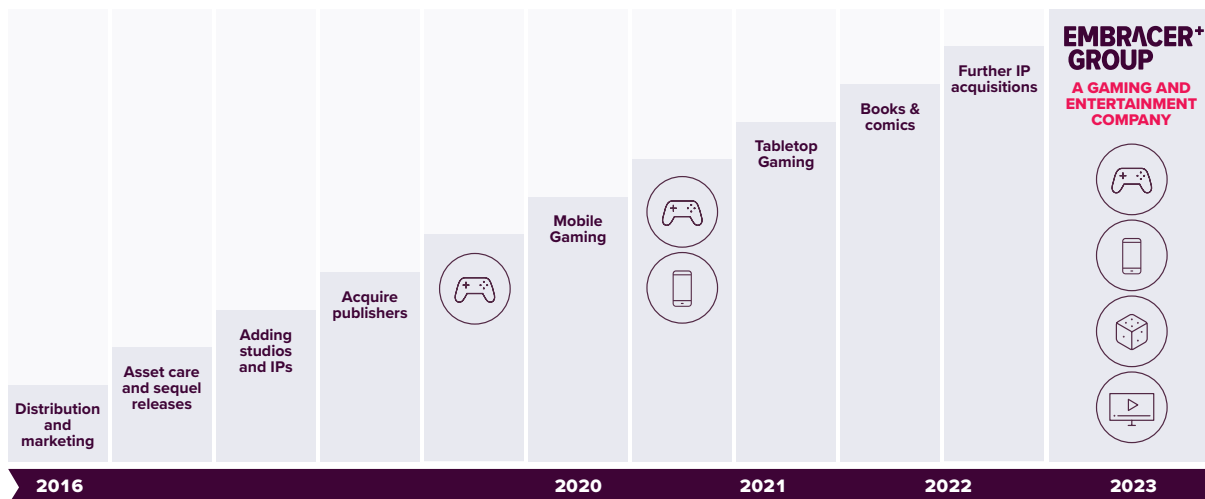


Through its transmedia strategy, Embracer Group strives to build an even stronger ecosystem based on a diversified IP portfolio, with new technologies and services complementing the Group's core gaming business – from creation to distribution. Embracer Group sees an opportunity to cross-fertilize IPs and strengthen licensing partnerships across gaming categories, different content formats, and platforms. IPs will mostly originate from PC/Console games, but Embracer Group will also create PC/Console games based on tabletop games and comics IPs. This integrated approach together with the Group's decentralized model builds resilience and is attractive for both organic growth and growth by acquisition.

Partnerships improve predictability

Over the past several years, the Group has invested significantly in building one of the largest providers of PC/Console content in the industry. Embracer has over 10,000 engaged developers creating games, many based on the Group's deep and growing catalog of IPs. These efforts have created significant collective value that can be capitalized through partnership and licensing deals, which can improve predictability, lower business risk, and provide a positive impact on cash flow and profits. It also has the potential to enable further investments into making even greater games based on both established and new IPs, driving long-term organic growth.

EMBRACER GROUP'S GROWTH JOURNEY



MARKET VALUE CHAIN



● Embracer Group in the value chain

Embracer Group has a large number of external partnerships whereby Embracer acts as both licensor and licensee. Embracer Group's main business areas are within being an IP owner, developer and publisher. Some of the operative groups also have distribution and retail businesses. Some of Embracer Group's businesses operates a direct to consumer business like Limited Run Games, Dark Horse Direct, Grimfrost and DPI Merchandising. In addition Dark Horse operates the ecommerce and bricks and mortar retail chain Things From Another World.

M&A: First choice for entrepreneurs

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

Growing earnings and cash flow per share

Embracer Group aims to achieve predictable, long-term growth in earnings and free cash flow per share. Organic and inorganic growth are primarily aimed at growing absolute profit and cash flow over time. Embracer Group's increasingly diversified portfolio across markets, segments, genres, and titles creates a more resilient earnings profile.

FINANCIAL MODEL

Owned and run by entrepreneurs

Embracer Group is run by entrepreneurs and owned by entrepreneurs. In order to align interests with founders, management, and key shareholders in acquired companies, Embracer Group often issues equity and uses long-term earnouts as part of considerations that are linked to specific operational and/or financial targets that the acquired company must achieve. Embracer management and co-founders jointly own around 40 % of the capital and around 60 % of the votes. Most executives and people in leadership positions that do not own shares are incentivized by earnouts. Operative groups are responsible for incentivizing key employees and creating profit sharing on studio level, within the framework determined by Embracer Group to maximize and align long-term interests.

Scale gives stronger risk profile

Any approved individual game development project presents a considerable business opportunity, but there is also an inherent risk element. Therefore, diversification really matters. As the Group has grown from 1 to 12 operative groups since 2016, there is now limited dependency upon single titles. This results in an attractive risk profile, while enabling our studios to be creatively bold in their mindset when developing games.

Embracer Group encourages individual game development studios to put quality first and create games that really stand out – as the depth of the diversified games pipeline lowers the aggregated operational risk at Group level. There are currently more than 200 games under development across genres and targeting different audiences.

Prudent approach to leverage

Our leverage target is to have Net Debt to Adjusted EBIT of 1.0x on a 12-month forward-looking basis. The Group may exceed this ratio for the right inorganic growth opportunity, but with the ambition to return to below 1.0x in the medium term. A strong balance sheet is emphasized, which reduces the financial risk and maximizes strategic flexibility.



GAMES AND ENTERTAINMENT PORTFOLIO

EXCITING GAMES PIPELINE

The Group had 221 games under development at the financial year-end 2022/23. During the financial year, Embracer Group continued to identify attractive transmedia possibilities and completed a number of acquisitions that strengthened its IP portfolio with some of the world's strongest IPs such as *The Lord of the Rings*, *The Hobbit* and *Tomb Raider*.

Embracer Group has one of the industry's most exciting pipelines of upcoming games, engaging over 10,000 game developers across the world. The Group is organized in four operating segments: PC/Console, Mobile, Tabletop and Entertainment & Services. These segments complement each other by developing and marketing games and entertainment that target different consumer preferences and platforms. In the financial year 2022/23, the Group released premium games with a record high value in the PC/Console, mobile and tabletop operating segments. The accumulated development expenditure for games that were completed during the financial year amounted to SEK 3,248 million within the PC/Console segment. Approximately 70 % of new product releases were owned IPs.

INCREASED RELEASE ACTIVITY

The Group continues to increase its investments in game development, with total investments in game development amounting to SEK 6,079 million during the financial year. A well invested project pipeline with diversified game projects lays the foundation for future organic growth and reduced accumulated operational risk.

Biggest releases during 2022/23

PC/Console: Reboot of *Saints Row*, *Goat Simulator 3*, *Evil Dead: The Game*, *SpongeBob SquarePants: The Cosmic Shake*, *Destroy all Humans! 2 Reprobed*, *Way of the Hunter*, *MX vs ATV Legends* and *MotoGP 22*.

Upcoming announced releases/titles

PC/Console: *Remnant II*, *Warhammer 40,000: Space Marine 2* and *Payday 3*.

BACK CATALOG UNDERPINS GROWTH

Back catalog sales have been stable throughout the year and continue to be an important complement to sales of new games. In the PC/Console segment, back catalog sales accounted for 53 % of sales compared to 66 % in the previous financial year. The decreased share of back catalog sales is a result of higher release activity during this financial year.

Back catalog sales have been supported by strong demand for evergreen titles such as *Deep Rock Galactic*, *Valheim*, *Hot Wheels Unleashed*, *Neverwinter*, *Borderlands 3*, *SnowRunner*, *Risk of Rain 2*, *Metro Exodus*, *Welcome to Bloxburg* and *Satisfactory*.

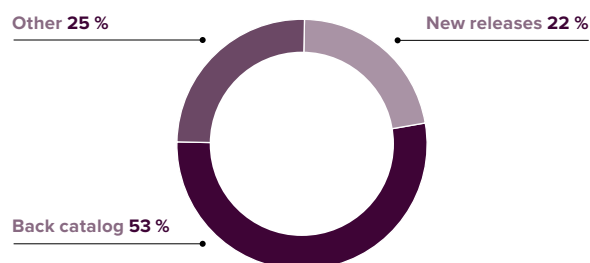
ACQUISITIONS OF WORLD-RENOWNED IPS BENEFITS ALL OPERATING SEGMENTS

During the year, Embracer completed acquisitions of some of the world's most beloved IPs. In August 2022, Middle-earth Enterprises was acquired thereby giving Embracer Group ownership of the IPs for *The Lord of the Rings* and *The Hobbit*. Key upcoming works based on the IP include the animated movie *The Lord of the Rings: The War of the Rohirrim* (Warner Bros) set for release in 2024, and the mobile game *The Lord of the Rings: Heroes of Middle-earth* (Electronic Arts). In addition, Embracer completed the acquisition of Crystal Dynamics, Eidos-Montréal, Square Enix Montréal which included iconic IPs such as *Tomb Raider*, *Deus Ex*, *Thief* and *Legacy of Kain*. For instance *Tomb Raider* has to date sold 95 million units. Embracer sees great potential to grow the reach and long-term earnings power of all these franchises.

REALIZING TRANSMEDIA OPPORTUNITIES FOR ASMODEE AND DARK HORSE

Embracer Group continues to explore and execute on identified transmedia opportunities. Since the acquisition of Asmodee, a total of 25 video game projects have been identified by Group companies whereby Asmodee's IPs will be used. Asmodee has also identified multiple areas for collaboration with Dark Horse related to novels, comics, merchandising and media development. Furthermore, there are over a dozen projects ongoing to adapt Dark Horse's IPs, led by large film and tv companies.

SALES DISTRIBUTION PC/CONSOLE GAMES 2022/23







OPERATING SEGMENTS

21

PC/CONSOLE GAMES

27

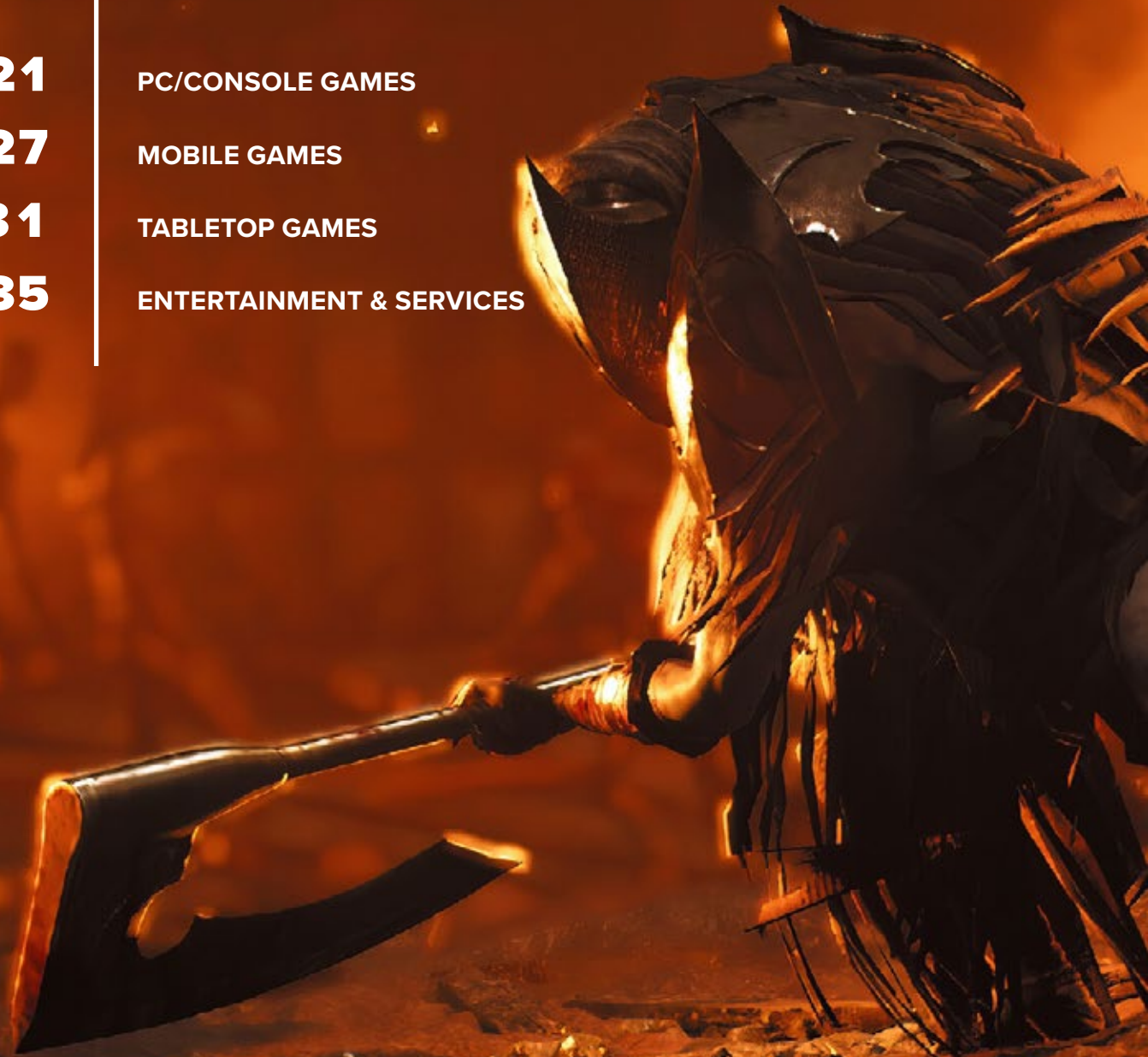
MOBILE GAMES

31

TABLETOP GAMES

35

ENTERTAINMENT & SERVICES



SAINTS ROW
Deep Silver - Volition



GOAT SIMULATOR 3
Coffee Stain Publishing - Coffee Stain North



DEEP ROCK GALACTIC
Coffee Stain Publishing - Ghost Ship Games





OPERATING SEGMENT

PC/CONSOLE GAMES

The PC/Console Games operating segment includes seven operative groups: THQ Nordic, PLAION, Amplifier Game Invest, Gearbox Entertainment, Saber Interactive, Coffee Stain and Crystal Dynamics - Eidos. PC and console games have been a core business for Embracer Group ever since its inception. The operating segment develops and publishes games for PC and console. It includes AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other games development.

SHARE OF GROUP SALES

36 %

INTERNAL HEADCOUNT

10,436

INTERNAL STUDIOS

102

INTELLECTUAL PROPERTY (IP)

258

YEAR IN BRIEF

Net sales in the PC/Console Games operating segment amounted to SEK 13,444 million (8,498), an increase by 58 % compared to last year, or 10 % organically and 2 % pro forma. EBIT amounted to SEK 41 million (509), yielding a 0 % (6 %) EBIT margin. Adjusted EBIT amounted to SEK 2,902 million (2,926), yielding a 22 % (34 %) Adjusted EBIT margin.

The growth was primarily driven by the the acquisitions of Crystal Dynamics - Eidos, Gearbox San Francisco (formerly Perfect World), Tripwire and a few smaller acquisitions. Organic growth was supported by the notable release of *Saints Row* and several several publishing deals within 'Other' revenue which are accounted for as work-for-hire agreements. The decrease in Adjusted EBIT margin compared to last year was primarily driven

KEY PERFORMANCE INDICATORS, PC/CONSOLE GAMES	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales, SEK m	13,444	8,498	6,239
of which Digital products, SEK m	8,927	5,860	4,457
of which Physical products, SEK m	1,101	1,284	1,286
of which Other ¹⁾ , SEK m	3,417	1,354	496
Net sales growth from previous period	58 %	36 %	95 %
EBIT, SEK m	41	509	2,047
EBIT margin	0 %	6 %	33 %
Adjusted EBIT, SEK m	2,902	2,926	2,621
Adjusted EBIT margin	22 %	34 %	43 %
Type of income			
New releases sales, SEK m	2,894	1,557	2,332
Back catalog sales ²⁾ , SEK m	7,134	5,587	3,410
Other ¹⁾ , SEK m	3,417	1,354	497
Number of employees	10,436	7,162	4,455
Number of internal studios	102	84	55
Number of IPs	258	241	211

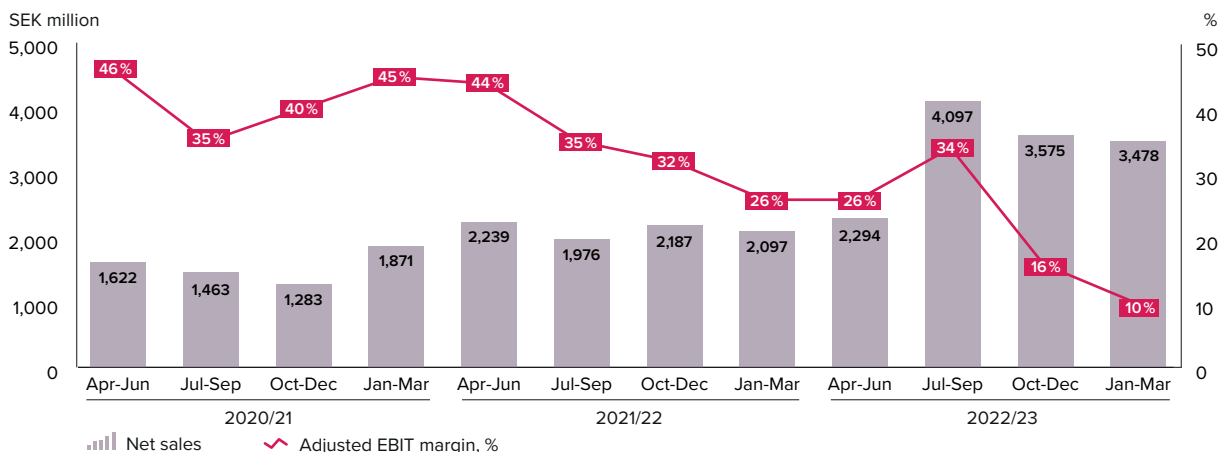
¹⁾ Primarily Work-for-Hire and other games development.

²⁾ See Definitions.

OPERATIVE GROUPS



NET SALES & ADJUSTED EBIT-MARGIN



by delays leading to a limited number of large game releases and amortization of game development costs for titles released with lower-than-expected ROI earlier in the financial year.

One of the main revenue drivers among new releases during the financial year was the highly anticipated *Saints Row* reboot, released August 23, developed by Deep Silver Volition. As of mid-October, the game had been played by over one million players. The reception of *Saints Row* did initially not meet management's expectations and left the fanbase partially polarized, but the game is expected to generate a positive ROI over time.

Other notable releases during the first half of FY 2022/23 included *Evil Dead: The Game*, developed and published by Saber Interactive. Additional releases included *Songs of Conquest* from Coffee Stain, which received a lot of positive attention from fans and critics, *MotoGP22*, from the Italian internal studio Milestone, as well as *MX vs ATV Legends*, *Destroy All Humans! 2 - Rep-robbed* and *Way of the Hunter*, which were all published by THQ Nordic.

In the second half of the financial year, notable releases included *Goat Simulator 3*, developed and published by Coffee Stain, as well as *Evil West* from the internal development studio Flying Wild Hog and the external publisher Focus Entertainment. The title received a solid critical reception and a strong fan reception and it has performed largely in line with management expectations. Further, the long-awaited titles *SpongeBob SquarePants – The Cosmic Shake*, developed by Purple Lamp and published by THQ Nordic, was released along with *Scars Above*, developed by internal studio Mad Head Games of Saber Interactive and published by PLAION.

The back catalog sales made a solid contribution to sales during the year (including related platform deals), with strong contributions from titles such as *Deep Rock Galactic*, *Valheim*, *Insurgency: Sandstorm*, *SnowRunner*, *Hot Wheels Unleashed*, *Borderlands 3*, *Risk of Rain 2*, *Star Trek Online*, *Neverwinter Online*, *Tiny Tina's Wonderlands*, *Welcome to Bloxburg*, *Metro: Exodus*, *Satisfactory* and *Tribes of Midgard*.

The highly successful game *Valheim*, released in February 2021, which has sold over 10 million units, was added

to PC Game Pass in Q2 2022/23 and to Xbox Game Pass in Q4 2022/23, and was the largest back catalog revenue contributor of the financial year. The game was developed by Iron Gate, based in Skövde, Sweden, and published by Coffee Stain. *Tiny Tina's Wonderlands*, released by Gearbox Software together with external publisher 2K late in 2021/22, continued its strong performance with sales exceeding management's expectations, and started generating royalties in Q2 2022/23. *Metro* remains a resilient and timeless IP. *Metro: Exodus* achieved a significant increase in revenue during the year and the game's sales have now surpassed an impressive 8.5 million units, attracting over 10 million players to embark on its immersive journey.

The financial year also saw some shifts in release dates in the PC/Console games pipeline, including a number of mid-sized titles and *Dead Island 2*, initially planned for a Q4 2022/23 release but instead released early in 2023/24. *Dead Island 2*, developed by internal studio Deep Silver Dambuster (PLAION), was released after the financial year, on April 21, by internal publisher Deep Silver (PLAION). It has enjoyed a highly successful start, and over 2 million units as of 24 May. The game's performance has surpassed the management's initial expectations.

ACQUISITIONS AND NEW STUDIOS

The year was also characterized by busy M&A activity in the PC/Console operating segment. The most notable acquisition was the acquisition of Crystal Dynamics – Eidos from Square Enix Holdings, announced in May 2022. The transaction comprised a catalog of IPs including *Tomb Raider*, *Deus Ex*, *Thief*, *Legacy of Kain*, *Championship Manager*, and more than 50 back-catalog games. In November 2022, Crystal Dynamics - Eidos announced it was closing its publishing QA team and mobile studio, Onoma, to focus its production capacities on its flagship PC/Console game studios Crystal Dynamics and Eidos. In December Crystal Dynamics – Eidos, announced an agreement with Amazon Games regarding developing and publishing of a new multi-platform *Tomb Raider* game title.

Gearbox Entertainment strengthened its internal development capacity through Lost Boys, the co-developer of *Tiny Tina's Wonderlands*. Further, Gearbox acquired the



“ THE BACK CATALOG SALES MADE A SOLID CONTRIBUTION TO SALES DURING THE YEAR (INCLUDING RELATED PLATFORM DEALS), WITH STRONG CONTRIBUTIONS FROM TITLES SUCH AS VALHEIM, TINY TINA’S WONDERLANDS, BORDERLANDS 3, STAR TREK ONLINE, NEVERWINTER ONLINE, DEEP ROCK GALACTIC, HOT WHEELS: UNLEASHED, WELCOME TO BLOXBURG, INSURGENCY: SANDSTORM, SNOWRUNNER, METRO: EXODUS, CHIVALRY 2, WRECKFEST, MYTHFORCE AND RISK OF RAIN 2.



Risk of Rain IP along with all released games in the commercially successful video game franchise from Hopoo Games. Gearbox Entertainment also acquired Captured Dimensions, a Texas-based technology company specializing in 3D capture, scanning and reconstruction services.

Saber Interactive significantly strengthened its development capacity and its game and IP portfolio through acquisitions of US-based studio Beamdog, the renowned US-based developer and publisher Tripwire, best known for the *Killing Floor* franchise, as well as Sweden-based developer and publisher Tuxedo Labs, known for the game *Teardown*.

The operative group Koch Media was rebranded PLAION to better reflect the evolving nature of the business in terms of content and geography, as the operative group continues its global expansion. Several new studios were also established, including Campfire Cabal in Copenhagen, Denmark by THQ Nordic, and Infinite Mana Games, located in Malmö, Sweden, by Amplifier Game Invest.

BUSINESS MODEL

PC and console games have been a core business for Embracer Group ever since its inception. The PC/Console Games operating segment develops and publishes games for PC and console including AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other games development.

Sales of digital games take place via third-party digital stores such as Microsoft's Xbox Games Store, Sony's PSN, Epic, Discord and Steam. Sales of physical games takes place through both third-party online retailers and physical stores.

INVESTMENTS

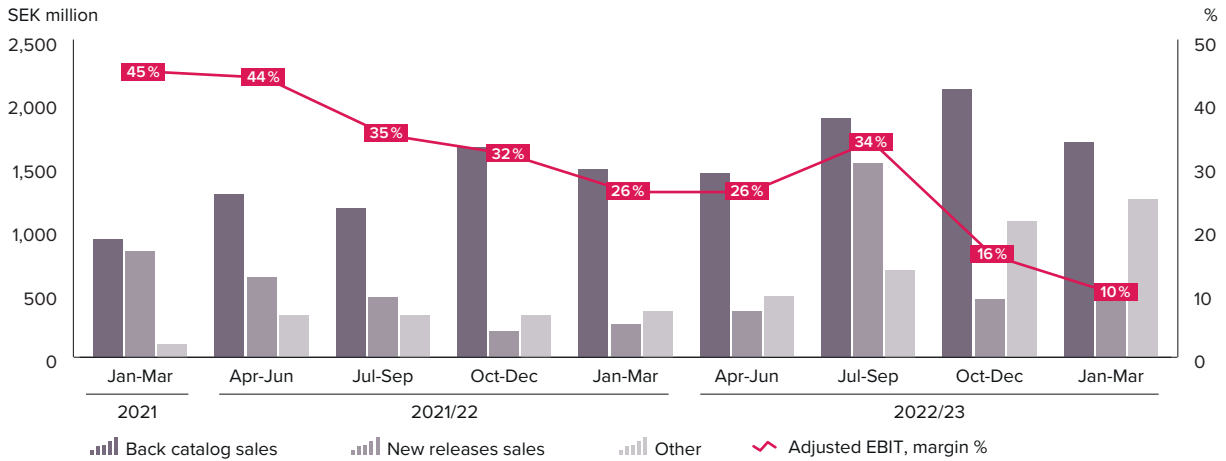
The project pipeline consists of 221 PC/Console projects. There are several already announced AAA projects for 2023/24, including *Warhammer 40,000: Space Marine 2* from Saber Interactive and *Payday 3* from external studio Starbreeze Studios, as well as other large-budget games, including *Remnant 2* from internal studio Gunfire Games. *Dead Island 2*, developed by internal studio Deep Silver Dambuster (PLAION), was released after the financial year end by internal publisher Deep Silver (PLAION). It has enjoyed a highly successful start, surpassing 1 million units sold within its first weekend (21-23 April). Currently, the game has achieved an impressive milestone of over 2 million units sold. When measured over the initial seven-day sales period, *Dead Island 2* has become the largest launch ever in terms of both units sold and revenue generated for Deep Silver and PLAION.

The PC/Console Games operating segment continues to make considerable investments in game development. In total, SEK 5,845 million were invested in game development during the financial year, a new record high. The increase in game development investments is in line with the Group's long-term strategy to grow sales organically and also reflects a deliberate shift from co-publishing and work-for-hire projects towards internal development projects for certain operative groups. The value of completed games were SEK 3,248 million, driven primarily by *Saints Row* along combined with a range of small and mid-sized titles, including *Evil Dead*, *Destroy All Humans! 2 - Reprobed*, *Way of the Hunter*, *Goat Simulator 3*, *SpongeBob SquarePants - The Cosmic Shake* and *Scars Above*, as well as several third-party publishing titles.

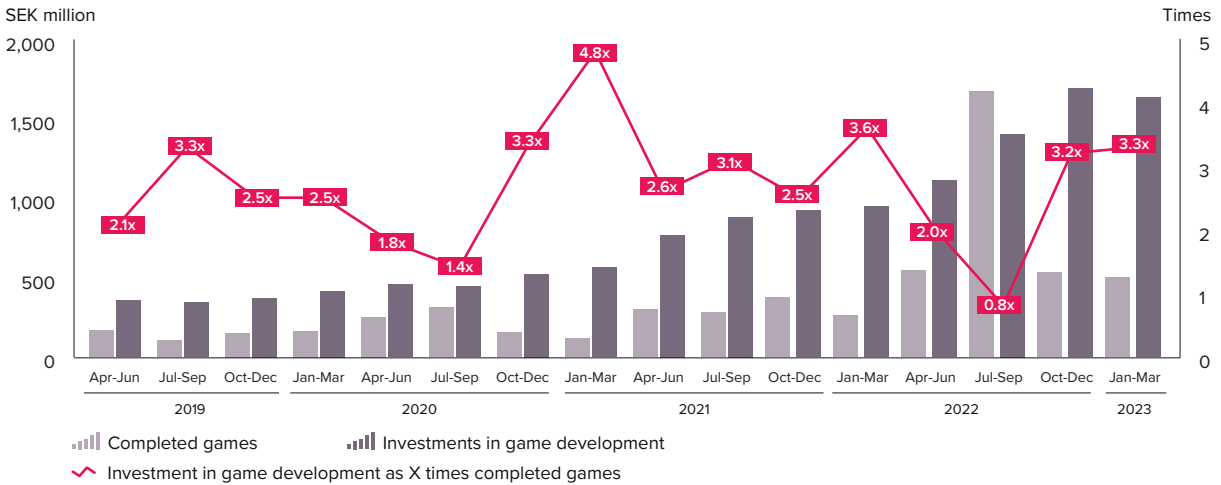
GEARBOX SOFTWARE
Frisco (TX), USA



NEW RELEASES/BACK CATALOG/OTHER



GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES



KEY REVENUE DRIVERS 2022/23



SELECTED PIPELINE





SINGLE CITY
DECA Games - A Thinking Ape



SUPER STYLIST
DECA Games – CrazyLabs

Super Stylist





OPERATING SEGMENT

MOBILE GAMES

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

SHARE OF GROUP SALES

15 %

INTERNAL HEADCOUNT

1,177

INTERNAL STUDIOS

11

INTELLECTUAL PROPERTY (IP)

48

YEAR IN BRIEF

Net sales in the Mobile Games operating segment amounted to SEK 5,819 million, an increase by 19 % compared to last year, or a decrease by 13 % organically and 12 % pro forma. EBIT amounted to SEK –260 million (–1,470). Adjusted EBIT amounted to SEK 1,381 million (1,389), yielding a 24 % (28 %) Adjusted EBIT margin.

Growth was mainly driven by the addition of Crazy-Labs and organic growth in Easybrain. Embracer Group had the position as the top publisher on Google Play in Europe during the financial year. Segment sales were negatively impacted by lower ad prices, likely due to a combination of a weakening economy and a lingering impact from Apple's changes related to IDFA (Identifiers

for Advertisers) in certain channels. Due to lower predictability of returns, user acquisition investment was lowered year-over-year, resulting in an improved margin despite negative organic growth.

Strong back catalog sales were the main contributor to performance, with notable contributions from titles such as *Blockudoku*, *Sudoku.com*, *Jigsaw Puzzles*, *Nonogram.com*, *Art Puzzles*, *Phone Case DIY*, *Sculpt People* and *Party in My Dorm*.

Easybrain, with its head office in Cyprus, continued to increase its headcount and passed the milestone of 300 employees. At the end of the financial year, Easybrain surpassed the threshold of 1.5 billion cumulative downloads. The company currently has a number of games in

KEY PERFORMANCE INDICATORS, MOBILE GAMES

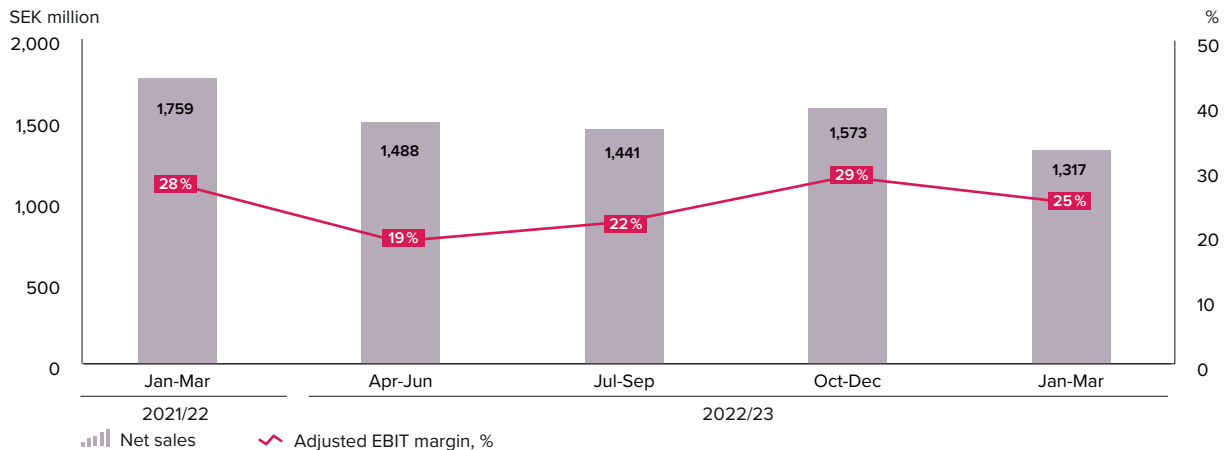
	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales, SEK m	5,819	4,896	185
Net sales growth from previous period	19 %	2,547 %	-
EBIT, SEK m	–260	–1,470	9
EBIT margin	–4 %	–30 %	5 %
Adjusted EBIT, SEK m	1,381	1,389	48
Adjusted EBIT margin	24 %	28 %	26 %
User Acquisition Cost (UAC), SEK m	2,925	2,467	-
User Acquisition Cost (UAC), % of net sales	50 %	50 %	-
Total Daily Active Users (DAU) ¹⁾ , million	35	27	-
Total Monthly Active Users (MAU) ¹⁾ , million	301	206	-
Number of employees	1,177	1,085	349
Number of internal studios	11	11	5
Number of IPs	48	41	14

¹⁾ See Definitions.

OPERATIVE GROUPS



NET SALES & ADJUSTED EBIT-MARGIN



soft launch and plans to launch a number of games for a world-wide audience during the financial year 2022/23. The company is also exploring PvP (player versus player) mechanics for some of its games and continues to improve existing games through new features and live ops. During the financial year, the internal studio A Thinking Ape launched *Single City* globally, a strategy and life simulation game, and soft launched two additional internally developed games.

CrazyLabs continues to launch hyper casual games at a high pace, both for internal and external studios. CrazyLabs recently passed 6 billion cumulative downloads with a running rate of 1-1.2 billion downloads per year now. The gaming company accelerator, CrazyHubs, supports external studios and contributes significantly to the high launch rate, with low royalty levels. *The President* game, developed by Mekan Games in collaboration with CrazyHubs, became the first hyper casual hit game from Africa, and was the most downloaded game on App Store and Google Play during the financial year. The company also successfully launched the games *Dessert DIY*, *Lash Salon*, *Battery Low*, *Lunchbox Ready* and *Mystical Mixing* as well as several other titles. CrazyLabs is also focused on hybrid casual opportunities. In the first quarter 2022/23, the company released *Dig Deep*, an Idle hybrid casual game.

ACQUISITIONS

During the financial year DECA Games made two minor asset acquisitions. Firstly, DECA Games acquired the game *Walking Dead: No Man's Land*, based on a license from AMC, from Next Games/ Netflix. Secondly DECA Games also acquired six smaller mobile games from Madfinger Games, including *Dead Trigger 1 & 2*, *Unkilled* and *Shadowgun Legends*.

BUSINESS MODEL

In the past two years, the Mobile Games operating segment has grown to account for a sizable share of Embracer Group's business. The Mobile Games operating segment is mainly a free-to-play and in-app advertising (IAA) centric business model. A smaller part of the business is in-app-purchase centric and pay-to-play mobile games. The operating segment includes the two operative groups DECA Games and Easybrain.

Sales of mobile games primarily takes place through third-party digital stores such as Apple App Store and Google Play.

INVESTMENTS

Investment levels are low in the Mobile Games operating segment and mainly relate to studios and games having a business model based on In-App Purchases (IAP), most notably DECA (excluding CrazyLabs).





“ **CRAZYLABS CONTINUES TO LAUNCH HYPER CASUAL GAMES AT A HIGH PACE, BOTH FOR INTERNAL AND EXTERNAL STUDIOS. THE GAMING COMPANY ACCELERATOR, CRAZYHUBS, SUPPORTS EXTERNAL STUDIOS AND CONTRIBUTES SIGNIFICANTLY TO THE HIGH LAUNCH RATE, WITH LOW ROYALTY LEVELS.** ”



CRAZYLABS
Tel-Aviv, Israël

THE LORD OF THE RINGS: HEROES OF MIDDLE-EARTH
Electronic Arts - Licensed from Middle-earth Enterprises



TICKET TO RIDE
Asmodee - Days of Wonder



EXPLODING KITTENS





OPERATING SEGMENT

TABLETOP GAMES

The Tabletop Games operating segment includes the operative group Asmodee. The operating segment represents the publishing and distribution of board games, card games and strategic trading card games. Asmodee is one of the global leaders in this segment through its 22 creative studios and its 22 local, owned distribution offices across the globe. With 40+ million games sold annually in more than 50 countries, Asmodee's portfolio hosts fan & family favorite board games such as *Ticket to Ride*®, *CATAN*®, *Splendor*, *7 Wonders*, *Azul*, *Exploding Kittens*, *Dobble/Spot It!*, *Star Wars™: Legion* and many more.

SHARE OF
GROUP SALES

35 %

INTERNAL
HEADCOUNT

2,582

INTERNAL
STUDIOS

22

INTELLECTUAL
PROPERTY (IP)

397

YEAR IN BRIEF

Net sales in the Tabletop Games operating segment amounted to SEK 13,132 million (571), an increase by 2 % pro forma. EBIT amounted to SEK 828 million (-124), yielding a 6 % (-22 %) EBIT margin. Adjusted EBIT amounted to SEK 2,010 million (74), yielding a 15 % (13 %) Adjusted EBIT margin.

Sales grew in Europe and North America on a pro-forma basis, driven by the strong performance of trading card games and related accessories. Trading card games performance more than offset a softer performance in board games due to a more hesitant market environment. The profit contribution was partly impacted by a lower

gross margin stemming from a product mix more geared towards trading card games, as well as inflationary pressures that led to increased operating costs.

After a seasonal peak in Q2, Asmodee's inventory level decreased during the latter part of the financial year. Combined with the collection of receivables from peak season sales and careful working capital management, free cash flow generation was very strong in the second half of the year.

Asmodee had a solid slate of new releases during the year, including a new version of its best-selling *Ticket to Ride* range (*Ticket to Ride San Francisco*) as well as new instalments for strong licensed franchises such as

KEY PERFORMANCE INDICATORS, TABLETOP GAMES

	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales, SEK m	13,132	571	-
of which Digital products, SEK m	170	29	-
of which Physical products, SEK m	12,847	526	-
of which Other, SEK m	115	17	-
Net sales growth from previous period ¹⁾	2,199 %	-	-
EBIT, SEK m	828	-124	-
EBIT margin	6 %	-22 %	-
Adjusted EBIT, SEK m	2,010	74	-
Adjusted EBIT margin	15 %	13 %	-
Number of employees	2,582	2,346	-
Number of internal studios	22	22	-
Number of IPs	397	370	-

¹⁾ Asmodee became part of Embracer Group in March 2022.

OPERATIVE GROUPS

asmodee

Marvel Crisis Protocol, *Marvel Champions* and *The Lord of the Rings – The Card Game*. Access+, Asmodee's first accessibility range, also launched in select territories. Further, on top of new iterations in major franchises such as a new *Star Wars Clone Wars* game based on the best-selling Pandemic mechanic, Asmodee also released a slate of original and owned IP boardgames that received strong critical acclaim: the two-player version of *Splendor (Splendor Duel)*, *Challengers* from Z-man, *Twilight Inscription* from Fantasy Flight Games, *3000 Scoundrels* from Unexpected Games as well as *Heat: Pedal to the Metal*, a racing game from Days of Wonder. It also released games based on Netflix licensed titles such as *Stranger Things*, *Ozark* and *Squid Game*.

ACQUISITIONS AND DEVELOPMENT

Asmodee continues to pursue a clear M&A strategy in which Asmodee targets companies that enhance its geographic distribution footprint, complement its IP portfolio and strengthen its publishing capabilities. During the year, the company acquired VR Distribution, 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.

After the financial year, Netflix France announced their upcoming release of the *Werewolves of Miller's Hollow* movie based off Asmodee's pop-culture boardgame phenomenon with 7 million copies sold. This announcement is one of numerous active projects in development around Asmodee IPs towards movies, scripted series and unscripted series – and comes off the heels of a larger partnership between Netflix and Asmodee successfully publishing and distributing boardgames based off *Squid Game*, *Stranger Things* and *Queen's Gambit*.

BUSINESS MODEL

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

Asmodee operates primarily via a B2B model in which physical products are sold through external physical and online retailers. B2C sales of physical products are made via Asmodee's online retailers Philibert and Miniature Market. Sales of digital products are sold through Asmodee's online platform Board Game Arena as well as via the main PC/console platforms and mobile app stores.

INVESTMENTS

Since the acquisition of Asmodee, a total of 25 video game projects have been identified whereby Asmodee's IPs are being evaluated for collaboration and development with other operating segments. The company has also identified multiple areas for collaboration with Dark Horse related to novels, comics, merchandising and media development.

As a company that mainly focuses on physical products, Asmodee runs a capex-light business that primarily invests in maintaining sufficient inventory. The inventory level at Asmodee is typically at its seasonal peak in September. However, this year inventory levels were also somewhat inflated due to a higher stock coverage policy adopted during the pandemic, somewhat slower sales for board games, long order-to-delivery lead times and the strength of the USD. The inventory level decreased in the second half of the financial year and is expected to normalize in the financial year 2023/24. Total investments in game development were SEK 154 million during the financial year.



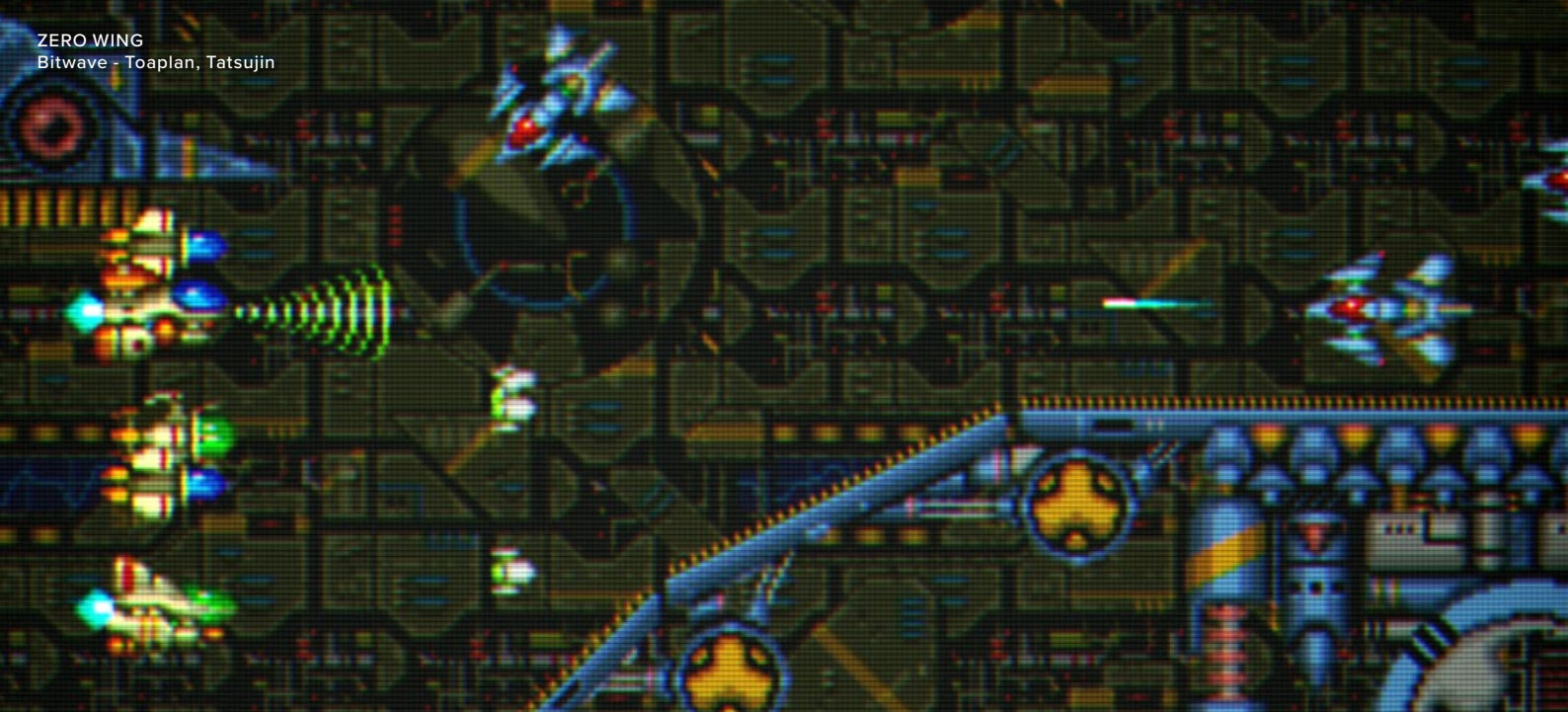


CHAMPIONS!
Asmodee - Repos Production





ZERO WING
Bitwave - Toaplan, Tatsujin



THE LORD OF THE RINGS: RETURN TO MORIA
North Beach Games - Free Range Games
Licensed from Middle-earth Enterprises





OPERATING SEGMENT

ENTERTAINMENT & SERVICES

The Entertainment & Services segment consists of three operative groups: Dark Horse Media, Freemode and parts of PLAION. Dark Horse is a leading developer, publisher and distributor of comic books in the US. Freemode is a diverse mix of companies, including Middle-earth Enterprises and Limited Run Games as well as companies active in different parts of the gaming and entertainment value chain. The operating segment also includes PLAION's partner publishing and film businesses.

SHARE OF
GROUP SALES

14 %

INTERNAL
HEADCOUNT

900

INTERNAL
STUDIOS

3

INTELLECTUAL
PROPERTY (IP)

193

YEAR IN BRIEF

Net sales in the Entertainment & Services operating segment amounted to SEK 5,270 million, an increase by 70 % compared to last year, or 3 % organically and 6 % pro forma. EBIT amounted to SEK -170 million (218). Adjusted EBIT amounted to SEK 281 million (247), yielding a 5 % (8 %) Adjusted EBIT margin. Growth was primarily driven by the acquisitions of Limited Run Games and Dark Horse Media, the latter which closed in March 2022. The organic growth development and the decrease in Adjusted EBIT compared to last year is mainly explained by fewer third-party games released by the PLAION Publishing division, as well as a changed business mix. The entertainment business was somewhat impacted

by cost-saving activities by certain subscription-based video-on-demand (SVOD) services.

The stable and relatively low margin reflects the steady performance of PLAION's physical distribution business. The acquisitions of Middle-earth Enterprises, Limited Run Games and Dark Horse Media contributed positively to the Adjusted EBIT margin.

PLAION's partner business performed above expectations during the financial year.

Dark Horse has a healthy pipeline of projects in production in its entertainment business, with new streaming services and increasing competition creating a solid demand for content libraries despite a more challenging end market.

KEY PERFORMANCE INDICATORS, ENTERTAINMENT & SERVICES	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales, SEK m	5,270	3,102	2,576
of which Digital products, SEK m	547	511	486
of which Physical products, SEK m	4,658	2,539	2,074
of which Other, SEK m	65	52	16
Net sales growth from previous period	70 %	20 %	16 %
EBIT, SEK m	-170	218	269
EBIT margin	-3 %	7 %	10 %
Adjusted EBIT, SEK m	281	247	269
Adjusted EBIT margin	5 %	8 %	10 %
Number of employees	900	784	420
Number of internal studios	3	1	0
Number of IPs	193	163	0

OPERATIVE GROUPS



Dark Horse Comics continues to have strong sales of manga, in the particular the hard cover volume of the manga series *Berserk* which is a constant bestseller.

Grimfrost, the e-commerce specialist and a leading player with a global brand within high-quality Viking merchandise, had a stable financial year within Freemode. During the year Grimfrost successfully launched the *Valheim* community webstore.

ACQUISITIONS AND DEVELOPMENT

In August 2022, Embracer announced the formation of Embracer Freemode, an operative group which supports and guides innovative and independently operated businesses pursuing broader opportunities within gaming and entertainment. Freemode is led by CEO Lee Guinchard, a gaming veteran and entrepreneur with 30 years of experience. Freemode provides a global strategic, operational, and financial support ecosystem for its collective of small and mid-sized companies to achieve operational efficiency and effectively grow their businesses to fulfill their long-term goals. Freemode is headquartered in Karlstad, Sweden, with territory offices in Livermore, California, London, UK, and Hong Kong. Freemode operates twelve companies in six countries and has a total of 580 employees. Freemode's companies include Tatsujin (Japan), Game Outlet Europe (Sweden), Clear River Games (Sweden), Quantic Lab (Romania), Bitwave Games (Sweden), Gioteck (United Kingdom), C77 Entertainment (USA) and Grimfrost (Sweden).

In conjunction with the formation of the operative group, Freemode also announced the acquisition of Limited Run Games, Singtrix and Middle-earth Enterprises. All three companies will operate as subsidiaries under Embracer Freemode and will be reported as part of the Entertainment & Services segment.

During the year, the German film publishing subsidiary of the PLAION Group, acquired 100 % 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. Together with Anime Ltd. PLAION Pictures strengthens its position as a key player in the marketing and distribution of Japanese pop art content.

Towards the end of the financial year, Middle-earth Enterprises, part of the operative group Freemode, together with New Line Cinema and Warner Bros. Pictures concluded a multi-year agreement to collaborate on feature films based on *The Lord of the Rings* and *The Hobbit*. The strategic agreement covers multiple feature films based on the revered works of J.R.R. Tolkien, expanding upon the much-loved world and characters of Middle-earth. After the period, licensee Electronic Arts released a mobile game, *The Lord of the Rings: Heroes of Middle-earth*, which received a warm reception. Additionally, after the period licensee Daedalic Entertainment is expected to release the PC/console adventure game *The Lord of the Rings: Gollum*. Also after the period Middle-earth-Enterprises announced an agreement with Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on *The Lord of the Rings*.

BUSINESS MODEL

The Entertainment & Services operating segment operates in several different market segments. Firstly it develops, publishes, distributes and sells comic books. Secondly it conducts development, wholesale, publishing and distribution of physical games, primarily for console but also for PC. Thirdly it conducts publishing and distribution of external films and TV-series, as well as the production and distribution of merchandise. Finally, it is also the owner of some of the world's most renowned IPs, including *The Lord of the Rings*.

The segment includes three operative groups: Dark Horse Media, parts of PLAION (previously Koch Media Publishing) and Freemode.

SALES BREAKDOWN



INVESTMENTS

For Freemode, the acquisition of Middle-earth Enterprises has generated a lot of interest among both internal and external partners for *The Lord of the Rings* IP, across different media formats. There are currently four games in production by external partners, to be released in financial year 2023/24. There is also one film in production by an external partner.

During the year, Freemode started to bolster its support and leadership team to support the companies on their growth journeys. The operative group has hired several senior employees and is in discussion with other experienced talents to strengthen the organization.



COMBAT CHAMPIONS
C77 Entertainment



GAME OUTLET EUROPE
Karlstad, Sweden





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ABOUT THIS REPORT

SUSTAINABILITY THAT SUPPORTS OUR BUSINESS

At Embracer Group, sustainability is about acting in line with our values and contributing to value creation for our stakeholders. Acting on more than forty markets across the globe creates opportunities and challenges for our business. We share a foundational belief in acting long-term, and embracing differences.

Across the Group, our sustainability work contributes to risk management, and business development, focusing on what matters most and living according to our values – trust, long-term and embracing differences. Our sustainability strategy is acting in line with our values to manage risks and to act on opportunities. In our sustainability framework Smarter Business, we have identified three focus areas: Great People, Solid Work and Our Planet. The focus areas cover the most material topics for our operations and is supported by business ethics and governance. The parent company's role is to facilitate and support the operative groups. Embracer Group provides an attractive model for entrepreneurs with a long-term perspective, a model which is built on empowerment by decentralization. Smarter Business Framework has been developed by the parent company and is integrated in our everyday

business operations and is implemented across the Group (see page 44 for detailed description). The Smarter Business Framework is implemented through a decentralized approach whereby the operative groups are responsible for planning and executing activities.

Defining for all sustainability work at Embracer Group is that it is anchored within our business and business model, with our most material topics at the core. Our decentralized Group find guidance in working towards our goals at Group level.

Embracer Group continues to grow both organically and through acquisitions. A key success factor is our entrepreneurial context. Through a decentralized business model providing an exciting environment for talents in the industry, the parent company provides stability and a long-term perspective enabling the different companies to thrive.

HIGHLIGHTS OF THE YEAR

- > **External recognition for our sustainability work.** Our MSCI rating improved to A and Sustainalytics included Embracer Group in Top-Rated ESG Companies List.
- > **First Embracer Group sustainability goals set.** Sustainability goals for the Group provides a clear direction and ambition.
- > **Science Based Targets set and under validation.** Continued process to align and validate our carbon-reduction targets with Science Based Target initiative (SBTi).
- > **Continued focus on governance and compliance.** Recruitment of Head of Privacy & AI Governance and Head of Governance & Compliance
- Legal. Launch of Group privacy policy.
- > **Support to people of Ukraine.** We have made donations from the parent company and our companies have shown strong engagement in initiating projects to support the people of Ukraine due to the ongoing war.

OUR SUSTAINABILITY WORK THIS YEAR

An important milestone this year has been setting our first Group-wide sustainability goals. To double female Managing Directors/Studio Heads by 2025, to reduce our carbon emissions in line with the Paris Agreement through our commitment to the SBTi and to let each of our operative groups set their own sustainability goals.

Our operative groups know their business and market best, which is why each operative group will set their own targets during FY 2023/24. Leading to the operative groups addressing their most material topics within their segment and operations, including setting targets reducing risks, capturing new business opportunities, and making sure we are acting in line with the Group's values.

The road to setting goals has been an ongoing discussion between the parent company and the operative groups, considering that each operative group know their organization the best. The goals will be presented to the board and will be externally communicated in FY 2023/24.

Ensuring that each company achieve their goals will be a key success factor. With 93 % of our companies stating that sustainability is very important for Embracer Group, and 76 % stating that it is important to their company we are confident that the goals will help us make progress over the coming years. During the financial year almost 70 % of Group companies have informed employees about the Smarter Business Framework and our sustainability goals.

On a Group level we focus on our shared opportunities and challenges. As a male dominated and young industry, female representation in management positions is generally low. We are committed to address that challenge and by 2025, our goal is to double the number of female Managing Directors/Studio Heads compared to FY 2021/22. Everyone has the responsibility to address climate change and as Europe's largest gaming company we want to contribute our part. The majority of our emissions come from purchased goods and use of sold products. To reduce the emissions where we can have a large direct impact, we have made a commitment to reduce our carbon emissions by 45 % by 2030 compared to FY 21/22 in Scope 1 and 2. For Scope 3, we have committed to a economic intensity reduction target, allowing for growth while addressing climate emissions. Our Science-Based Targets are in the process of being validated. A key part of our sustainability work this year has been our Group-wide effort to improve our data collection processes, including training over 300 data owners across the group.

OUR SUSTAINABILITY GOALS

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

> Reduce the carbon emissions by 45 % by 2030 compared with the base year 2021/22, in line with the Paris Agreement through our commitment to the SBTi.

> Every operative group to set sustainability goals during the financial year 2023/24.

INTERVIEW WITH EMMA IHRE, HEAD OF SUSTAINABILITY

AN UPDATE FROM OUR SUSTAINABILITY TEAM

HI EMMA! WHAT HAVE BEEN THE MOST IMPORTANT DEVELOPMENTS IN SUSTAINABILITY AT EMBRACER THIS YEAR?

Our sustainability work has continued to take big steps forward this year. In dialogue with the operative groups and other stakeholders, we continued facilitating the alignment of the sustainability work across the Group. All companies know their market and business best, but we

can learn from each other and create effective synergies. Importantly, we have also set Group-wide sustainability goals, providing guidance and direction in the proceeding of our sustainability work. At our parent company, we have increased our support functions and continued integration of risk, legal, privacy and finance, taking the sustainability work to the next level.

WHAT'S NEXT ON OUR SUSTAINABILITY JOURNEY FOR 2023/24?

Increasing the collaboration within the Group and creating even more synergies are vital to strengthening our sustainability work going forward and reaching our set goals. This work includes sharing best practices across the Group and learning from the organization's frontrunners. We will also continue to work with collaboration across the industry on sustainability. We actively participate in forums for the Swedish gaming industry and on a EU-level we are engaged in ISFE ("Interactive Software Federation of Europe"). We also continue cooperation with key organizations such as Global Compact, Women in Games and other non-governmental organizations.

“ COLLABORATION AND SYNERGIES ARE VITAL FOR REACHING OUR TARGETS





SMARTER BUSINESS FRAMEWORK

Our values, trust, long-term and embracing differences constitute the foundation for our sustainability strategy. Through solid governance, we make sure that sustainability is at the center of everything we do. At Embracer Group, we believe in simplicity and focusing on the areas where we can accomplish most positive impact, always with our values guiding us. In that way, we mitigate risks and make use of business opportunities while contributing to a more sustainable future. The Smarter Business Framework and its three pillars Great People, Solid Work and Our Planet structure our sustainability work and ensures we have the right priorities going forward.

OUR THREE SUSTAINABILITY PILLARS

The parent company is responsible for the overall sustainability strategy and goals, facilitating collaborations within the Group, and ensuring the implementation of

Group policies through our internal control processes. The three pillars structure the work.



GREAT PEOPLE

The employees are vital to our ongoing success. Our ambition is to create even more diverse and inclusive workplaces and better work-life balance.

Main topics:

- > Diversity and inclusion in skill-sets and perspectives
- > Employee well-being
- > Career and creative development
- > Community engagement



SOLID WORK

We want to create great games and entertainment. Our ambition is to provide quality content and support a digital well-being and accessibility for all users of our games and entertainment.

Main topics:

- > Diversity and inclusion in games and entertainment
- > Digital well-being
- > Accessibility
- > Player community engagement
- > Marketing



OUR PLANET

By limiting our own emissions and investing in projects supporting the green transition, we can minimize the environmental impact from the entire Group.

Main topics:

- > Carbon emission reduction
- > Raising awareness within the industry about environmental impact
- > Part of the movement for a climate neutral industry



GREAT PEOPLE

OUR AIMS AND AMBITIONS

The employees are vital to our ongoing success. We know that embracing creative independence, inclusion, enabling employee well-being, and supporting our communities will pay off in engagement. That will contribute to us attracting and retaining great and talented people who want to be part of the Group and contribute to our work.

Main topics:

- > Diversity and inclusion in skillsets and perspectives
- > Employee well-being
- > Career and creative development
- > Community engagement

PROGRESS OF COMMITMENTS

Our ambition is to create even more diverse and inclusive workplaces and work-life balance. Part of that is enabling more women to be leaders in our Group, which is reflected in one of our sustainability goals. Different perspectives and skillsets lead to an even better environment for all of us and to better results for our business. We strive to establish a creative environment in which managers lead by example and support engaged employees that continue to find new ideas.

Diversity and inclusion in skillsets and perspectives

Striving to become a more diverse and inclusive workplace is not only key in recruiting, but also in keeping talented employees. The gaming industry is challenging regarding talent supply and being a diverse and inclusive workplace is key. 26 % of our employees are female, an increase from last year (23 %). Since we started collecting data for gender diversity we can see

a small, but rising trend. For us it is important that the diversity among our employees is also reflected in our management teams. Since last year the female ratio for managers has improved from 17 % to 23 %, close to reflecting the overall ratio. Female representation among our employees under the age of 30 is higher (32 %) than for all employees and is increasing every year. This will be key in our succession planning in coming years. Part of recognizing and respecting UN's Declaration of Human Rights is our zero-tolerance against all forms of discrimination and harassment in the Group, and equality and inclusiveness, is an ongoing, proactively work. 65 % of the companies in the Group state that they have taken measures to contribute to a more sustainable work environment, or a sustainable industry within the area of non-discrimination. To ensure that all employees understand the Group's Code of Conduct, digital training for all employees is conducted on a yearly basis, with required sign-off after completion. In December 2022 we launched an updated training. 96 % of our Group companies have stated that the training was successfully distributed. All employees are advised to contact their closest manager in case of breaches of our Code of Conduct, but also have access to the external whistleblowing function, for more information see page 61. One potential incident was reported and handled within the Group during the year.

At Embracer we have employees working physically or remotely in almost 90 countries worldwide, 18 % of our total workforce is situated in the United States of America. The diversity it imposes due to experiences, skillsets and perspectives are key for the ongoing success and source of pride within the Group. Increasing the number of female employees and female managers in the Group is a top priority, and it is therefore encouraging to see that the positive trend, specifically within the more junior employee group, continued during 2022/23.

AGE DISTRIBUTION	2022/23	2021/22	2020/21
<30 years	30 %	36 %	29 %
<i>of which women</i>	32 %	27 %	25 %
30-50 years	64 %	60 %	66 %
<i>of which women</i>	25 %	21 %	18 %
>50 years	6 %	4 %	5 %
<i>of which women</i>	30 %	31 %	30 %
Total	100 %	100 %	100 %

Employee well-being

During the year the Group's third annual employee survey was performed. Over 10,000 people in 200 of our entities across the globe participated in the survey, stating that enjoyment of work, work-life balance and workplace conditions such as respect and leadership are among our top strengths in the view of our employees. The Global Employee Survey is based on a six scale self-assessment format from "completely disagree" to "completely agree" that is recalculated in index points from 0 to 100, where 100 reflects the best result. With an 85 % (80 %) response rate in the Group the results form a solid base for analysis and conclusions made about satisfaction and engagement. During the year, the Group grew significantly but the survey shows that we managed to keep the average satisfaction rate on a high level, 80 compared to 81 last year.

Within our industry, harassment including sexual harassment, is often mentioned as a workplace risk for well-being. With a score of 87 the survey shows that our employees think that we resolutely act against any form of discrimination or harassment, including sexual harassment. The question is rated the same among female and male employees. From a workplace culture perspective, the result shows that our employees do not hesitate to make an extra effort if a task or project requires it (87), and that we treat each other with respect and appreciation (86). With a score of 86 our employees rates that they have a very positive experience collaborating with all the different cultures within the company.

The result from the employee survey is distributed and discussed in senior management teams on both global and local levels and forms priorities for coming activities. This year, our companies had the possibility to add extra questions for a better understanding of the specific challenges in each company within the Group. Results from the survey are presented as a traffic light, red results in any of the main areas Work Environment, Management Culture, Collaboration, and Engagement signals a risk concerning our greatest asset - our people. Companies with red results in any main area receives support from the parent company, results show that companies previously receiving this help have made a significant positive change thereafter.

Employee turnover as a share of total employees was 18 % during FY 2022/23, compared to 13 % in FY 2021/22. New hires as a share of total employees were 28 % during FY 2022/23, compared to 27 % in FY 2021/22.

A majority of the employees at Embracer Group is either covered by state healthcare 70 % (77 %) or private healthcare provided by the company 60 % (61 %). Mental health support is offered by almost 60 % (50 %) of all companies in the Group.

Career and creative development

The career and creative development of Embracer Group is dependent on employees continuing to developing their own skills. 79 % of our companies offered their employees work-related trainings during FY 2022/23. For the Group, the training hours conducted sums up to over 50,000 training hours reported by 60 % of Group companies, and over SEK 16.5 million spent on talent development for employees and consultants. Top areas for developing our employees are career development, leadership, personal development and health and safety, areas supporting our employees in their career development as well as our ongoing business excellence at Embracer. To promote knowledge-sharing between the employees, we are conducting several activities such as a Studio presentation, Market Monday, Techy Tuesdays and Sustainability Webinars.

Community engagement

Almost half of our companies in the Group have reported that they have a strong engagement in their communities. Activities range from volunteer work, charity initiatives and collaborations with different organizations. Across the Group, approximately 5,300 hours have been dedicated to community involvement and more than SEK 38 million have been donated or sponsored for charities. Topics range from relief and shelter for refugees from the war in Ukraine, Women in games, sponsoring projects for diversity in games and women in games mentorship programs in local schools.

ROLES IN OUR STUDIOS



We have strong resources in our owned studios, with a continued high number of internal developers across the Group.



EMPLOYEE SURVEY	2022/23	2021/22	2020/21
Average satisfaction rate	80/100	81/100	79/100
Work environment	81/100	82/100	79/100
Collaboration	83/100	82/100	80/100
Engagement	82/100	83/100	82/100
Management culture ¹⁾	73/100	-	-

¹⁾ Due to changes in how management culture is evaluated, there is no comparable data with the previous years.

EMPLOYEE TURNOVER	2022/23	2021/22	2020/21	2019/20
Total turnover	18 %	13 %	10 %	10 %
Women turnover	19 %	13 %	12 %	11 %
Men turnover	13 %	13 %	9 %	10 %
<i>Distribution</i>				
Women's share of turnover	28 %	23 %	24 %	23 %
Men's share of turnover	72 %	77 %	76 %	77 %

NEW HIRES	2022/23	2021/22	2020/21	2019/20
Total new hires	28 %	27 %	20 %	32 %
Share of total women	31 %	31 %	25 %	33 %
Share of total men	20 %	26 %	28 %	31 %
<i>Distribution</i>				
Women's share of total new hires	30 %	27 %	26 %	23 %
Men's share of total new hires	70 %	73 %	74 %	77 %



AN INCLUSIVE AGENDA AT AMPLIFIER

Amplifier Game Invest wants to create the most attractive home for passionate game developers and their studios, empowering their aspirations and creativity for sustainable, long-term success. Being a decentralized organization with 19 studios across the globe, an important part of achieving these goals is to have strong core values - and diversity and inclusion at the top of the organization's business agenda.

Since 2016, Amplifier Game Invest (Amplifier) has been working hard to find and invest in some of the most talented start up teams in the game development industry. To support the teams in reaching their vision, they have been working hard with the implementation of the organization's core values – which includes strategic work to increase diversity and inclusion in the organization. The idea behind the initiative is simple – different perspectives and skillsets create greater products.

An important part of the strategic work with diversity and inclusion is to involve the entire organization in the process, making sure that everyone has similar knowledge and vocabulary level when it comes to subjects such as norms, discrimination, and inclusion. Amplifier also believes in working with milestones and, therefore, all employees employed at Amplifier are going through a Diversity and Inclusion training program. The aim


is that all employees in the entire Group and people Amplifier meets should feel safe and comfortable in the working place.

Diversity and inclusion are now also standing items on the agenda in the management meetings, as well as a theme that is followed in the company's weekly meetings.

– Having diversity and inclusion as a standing part of our agenda has really moved our work forward. Another key factor has been our sustainability group where we emphasize collaborations within the Group. Many of our employees are passionate about sustainability and they are crucial in our future work, says Emily Drameus, Head of People and Culture at Amplifier.

The approach of prioritizing diversity and inclusion has proved to be a success. Amplifier wants to inspire other actors in the industry to work with these questions and have them on the business agenda. Emily Drameus, concludes:

– Just because you have it on the agenda it does not mean that you need to have all the answers. Admitting that it is an issue and start raising the topic on a regular basis is an important first step if you want to make a difference.

AMPLIFIER GAME INVEST	
PART OF EMBRACER GROUP SINCE:	2019
OPERATING SEGMENT:	PC/Console Games
LOCATION:	Stockholm, Sweden
STUDIOS:	19
EMPLOYEES:	app. 350

DIVERSITY IN GAMING AND ENTERTAINMENT

Careen Yapp is Embracer Group's Chief Strategic Partnership Officer and part of Embracer Group's executive management. She is Chairman of the Board for the US organization Women in Games International (WIGI) – a non-profit organization, which was incepted in 2005 with the mission to cultivate resources to advance economic equality and diversity in the global games industry. Embracer Group is a member of Women in Games (WIGJ), the UK based non-profit. Careen has during her more than 20 years in the global gaming industry had a strong engagement for involving more women into the industry and achieving a safe, inclusive, and diverse workforce.

WHY IS DIVERSITY IMPORTANT FOR THE GAMING INDUSTRY?

As our portfolio of games reaches every gamer on every platform, we know that games are played by everyone – all over the world. We are working to create the best entertainment for our players and a great working place for our employees and know that we can better reach these goals with the support of diverse groups with different perspectives. As a creative industry, we are looking to attract the best talent - no matter their preconditions and background.

WHAT GOOD EXAMPLES CAN YOU SHARE FROM YOUR WORK WITH GETTING MORE WOMEN IN GAMING?

The gaming industry is filled with creative and driven people. I am proud to be part of the Embracer leadership team working alongside amazing women like our Chairperson of the board Kicki Wallje Lund. Across the Group, we are working very hard to find more amazing women to join the Embracer family. Success in our industry is closely aligned with having a strong network, and I'm proud of WIGI's "Get in the Game Program" which offers scholars and young professionals the ability to begin to build their network by attending game trade shows. The program also offers mentorship training sessions, networking events, and visits to studios.

WHAT DO YOU THINK WILL BE KEY IN THE WORK GOING FORWARD?

At WIGI, we are investing our expertise and resources to highlight and celebrate women, femme-identifying, and nonbinary professionals in the games industry. We are working to normalize diversity in the games industry through

increased representation and want to make sure we have a variety of perspectives available at the table, including the voices and support of our allies. I have seen how WIGI's programs, from Mentorship to "Stat Boost to Get in the Game", have positively affected both the leaders and the participants. These programs are helping to eliminate barriers, increase access and offer opportunity - one by one.





GREAT PEOPLE OUR COLLABORATIONS

DONNA DAYS

During 2022 Embracer Group, together with the operative groups Coffee Stain and Amplifier Games invest participated as a partner at the DONNA DAYS at Sweden Game Arena. DONNA DAY is a day for women, trans and non-binary who love games to get together, make new connections and have fun. At the event at Sweden Game Arena Embracer Group had representatives as mentors present from several studios with the aim of inspiring women to take leading positions or start their own company within gaming. Embracer Group's Sustainability team participated and two of our managing director's also participated as speakers. DONNA is an association connected to one of Sweden's universities that works for gender equality within the gaming industry.



SAFE IN OUR WORLD

We support Safe in Our World, an initiative raising awareness about mental health in the gaming industry. Our employees are our greatest resource and we want to offer our companies and their employees training and other support to manage and prevent mental health issues and at the same time raise awareness of mental health in our Group. Embracer Group AB and several Group companies have committed to the Level Up Mental Health campaign – to within their workplaces, ensure that the environment is always safe and supportive for their team's mental health. In April 2022 the Parent Company and PLAION were part of the launch of a new Crisis Hub focusing on managing trauma during war.



Read more about our collaborations and partnerships at embracer.com



SUSTAINABILITY REPORT

SOLID WORK

OUR AIMS AND AMBITIONS

The overall ambition of the Solid Work pillar is to create great games and entertainment while supporting digital well-being and accessibility for all users of our games and entertainment. To better reflect the audiences, the ambition is to develop and increase the diversity in our games and other entertainment. Through solid marketing practices and strong community engagement responsible marketing practices are managed and monitored.

Main topics:

- > Diversity and inclusion in games and entertainment
- > Digital well-being
- > Accessibility
- > Player community engagement
- > Responsible marketing

PROGRESS OF COMMITMENTS

The parent company is on a Group level raising awareness about digital well-being, diversity and inclusion in content, yet it is each studio's responsibility to implement those perspectives into the creative development.

Diversity and inclusion in skillsets and perspectives

Creating games and entertainment that are inclusive and can be played by all regardless of any differences in functional variations, are key aspects for us, in game development, entertainment, other products and services. In order to ensure responsible gaming content, half of our studios have routines in place for addressing diversity and inclusion in content.

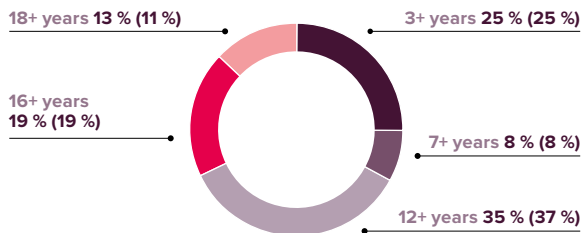
Digital well-being

Digital well-being is the pursuit of an intentional and healthy relationship with technology. For Embracer Group digital well-being means taking responsibility for a good behavior in both our games, gaming communities, forums, and other platforms where our games are played and discussed. This can sometimes be challenging as Embracer Group is not always the platform owner, increasing the need to collaborate with other actors and industry organizations. Over 25 % of our studios reported that features helping players maintain and experience digital well-being are available in their games. Embracer Group has a zero tolerance for racism, sexism, and other unwanted behaviors, ensuring games are accessible and inclusive for all. 46 % of the studios have implemented routines for responsible gaming content, which is an increase compared to last year. To lessen negative behavior in our chats and forums, monitoring is implemented by the studios. 86 % (82 %) of our studios do not use communications or in-game chat forums for most of their games which decreases the risk of toxic behavior and violations. To ensure digital well-being for players of our games 53 % (60 %) of our internal studios are active on third-party communities, and 57 % (63 %) have a community manager responsible for ensuring that chats and dialogues follow community guidelines.

Accessibility

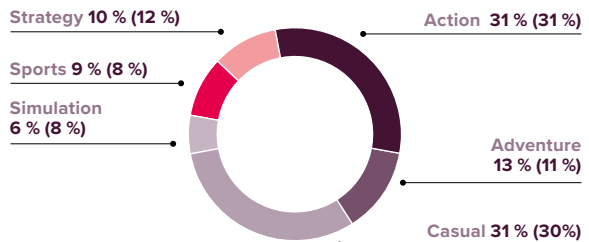
We believe that all people should be able to enjoy our games and entertainment. Accessible games can help combat social isolation, build inclusive communities, and improve the quality of life for people with disabilities. By implementing adaptive gaming technology, the Group is making games accessible to a greater audience, thus bringing joy and inclusiveness and enabling

GAMES PORTFOLIO BY AGE CATEGORY (PEGI AGE RATING)



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

GAMES PORTFOLIO BY GENRE



The chart visualizes a simplified overview of our total games portfolio.

players with different backgrounds and abilities to play together. The different needs addressed includes challenges from both a physical, social and a cognitive perspective.

Responsible marketing and community engagement

Since Embracer Groups is a provider of games and entertainment to all groups in society, responsible marketing practices and player community engagement are top priorities, especially regarding kids and youth communities. Our marketing practices are based on our values and applicable laws and regulations, as well as international guidelines. All marketing activities are monitored, and breaches of our policies are handled. During the year three incidents were reported. All PC and console games are rated according to the PEGI rating system, ensuring age recommendations and content descriptions. Almost 30 % of our entities report that they contribute to a more sustainable gaming sector with responsible communication and marketing, or in partnership with other organizations.

In-game purchases and loot boxes enable players to buy in-games items. Loot boxes is a common definition for a purchase with a randomized selection of in-game items ranging from cosmetic customization to in-game equipment such as weapons, magic potions, vehicle parts, or other in-game resources, either being persistent items or consumables. The system is also known as gacha based on Japanese vending machines

with various capsule toys that the purchaser gets randomly. Loot boxes are currently discussed within the EU and the European video games trade association ISFE, and Embracer Group are monitoring the question closely. Over 80 % of companies within Embracer Group do not have loot boxes or similar features in their games, and 21 % (23 %) have policies or guidelines governing the topic.

When addressing inclusive and healthy gaming one aspect is how we communicate with and treat our players to create safe gaming communities. We have a zero tolerance for racism, sexism, and other unwanted behaviors, making games accessible to and inclusive for all. This year, almost half of our studios reported that they have implemented routines for responsible gaming content, and 44 % of our studios work proactively with guidelines regarding responsible gaming content. Each studio is responsible for ensuring responsible gaming content in the development phase. 50 % of the studios stated that they have routines for addressing diversity and inclusion in content. Actions highlighted include formal inclusivity councils or panels having been set up by studios, offering a safe space to secure an inclusive product. A great example of how Embracer Group is working with inclusion in gaming content is the operative group Asmodee's launch of the studio Access+, a studio focusing on adapting some of Asmodee's titles and making them accessible to everyone.



OVER 50 % OF THE COMPANIES IN OUR GROUP COLLABORATE WITH SCHOOLS AND UNIVERSITIES TO SPREAD AND BUILD KNOWLEDGE ABOUT OUR INDUSTRY



LAUNCHING WITH OUR FANS

The strong player community engagement connected to our games is a success factor, and fans truly are our strongest ambassadors. During the year our studio Ghost Ship Games set up a kick starter to fund the platform success game *Deep Rock Galactic* into also a board game. The kick starter got nearly 20 000 supporters and raised over SEK 29 million in just one month, making it the biggest kick starter ever in the Nordic region. *Deep Rock Galactic – The Board Game* is now produced and currently being delivered into the hands of fans all over the world.



BOARDGAMES FOR EVERYONE

With the belief that everyone should have access to the enjoyment and benefits of board games, Asmodee launched the Access+ studio in 2022. Created by Asmodee Research teams and supported in its development by an external scientific committee, the studio focuses on adapting some of Asmodee's popular titles to make games as universal as possible. The result has been overwhelmingly positive among players, allowing families and friends to introduce the fun of board games to their loved ones with special needs.

It was in February 2020 that a group of experts made up of clinicians, researchers, caregivers, artists, and game specialists were first met with the task of defining the role board games can play in non-pharmaceutical interventions. Their recommendations emphasized that games should be used primarily to stimulate cognitive functions, motivation, and positive emotions, as well as foster social interaction. These insightful recommendations were applied to the creation of the Access+ line of games - board games with different levels of difficulty. The different levels prevent gamers from feeling a sense of defeat and, instead, promote their self-esteem and success.

Today, the Access+ line of games consists of three different types of board games: *Dobble*, *Cortex* and *Timeline*. Tested in the field and validated by medical and recreational professionals, Access+ games focus on accessibility and ease of use. Each adapted game is selected upon its ability to stimulate cognitive functions, spark positive emotions, and foster social ties.

Adaptations concern, for instance, thicker and bigger materials, new progressive levels of difficulty, "one player rules" to allow more autonomy, washable contents, and modified themes. Also included are analyses by scientific experts, to inform practitioners, caregivers, and players of the benefits of the games and the cognitive functions they stimulate.

– The idea behind the creation of Access+ is not only to create games that are fun, but provide real, tested benefits to those with special needs, starting with cognitive impairments. We believe board games are universal and a vital part of society. By starting to adapt some of our most popular titles to everyone's needs, we can strive to make board games as inclusive and accessible as possible, says Mikael Le Bourhis, Head of the Access+ studio.

The feedback from the players of the games has been far over positive and in the upcoming year Access+ is planning to enter new markets with their games.

– Access+'s journey has just started. We will continue to create products that can truly make a difference in people's lives. Playing board games is a social activity and Access+ titles allow families and friends to re-introduce the fun of board games to their loved ones with special needs, creating moments of happiness that can only come from shared experiences, ends Mikael Le Bourhis Head of the Access+ studio.



ACCESS+	
PART OF EMBRACER GROUP SINCE:	2022
OPERATING SEGMENT:	Board Games
LOCATION:	Guyancourt, France
EMPLOYEES:	3

ACCELERATING INNOVATION TO BEAT COMPETITION

The combination of increased competition in the space, macroeconomic factors, and the desire to create more revenue-generating opportunities led CrazyLabs to rethink how to sustain its position as a market leader. One of the solutions was the opening of a strategic game development accelerator, CrazyHubs. The team behind CrazyHubs carefully scours destinations worldwide and employs a strategic yet flexible approach when pursuing locations to ultimately open hubs in the best locations possible.

Hyper-casual mobile games, characterized as lightweight, instantly and infinitely replayable games for the masses, have been the leading game genre from 2014 - 2022 in terms of downloads, according to the data analytics company Sensor Tower. As such, the number of publishers and studios working on hyper-casual mobile games has substantially increased.



To meet these new market conditions, CrazyLabs opened CrazyHubs in key target markets like Turkey and India, as well as in markets where they do not usually operate such as Israel and Serbia to ultimately attract top talent.

To date, over 1,200 program applicants have applied to the program, and CrazyLabs have had over 100 studios completing the Hub programs.

The program is a win-win situation as developers who are accepted to the Hubs have a life-changing opportunity to gain the skill sets and tools to create a top-chart game, establish their own studio, and generate significant revenue. Specifically, Hub participants have access to:

- > Personalized mentorship and daily lessons from CrazyLabs' experts
- > Financial support and physical office space enables the developers to focus on building a top-chart game
- > Official publishing agreement (including revenue share) with CrazyLabs

– *Our CrazyHubs enable developers to develop games that in many other cases, wouldn't have the possibility to actually do so. We provide developers with the opportunity to become hyper-casual game professionals and the chance of a lifetime to create a hit game and generate significant revenue. Through this, we accelerate innovation and revenue opportunities, while helping young entrepreneurs realize their dreams of establishing gaming studios,* says Omri Henkin, Vice President of Publishing & Business Development at CrazyLabs.

The Hubs, which was launched only two years ago, have proven to be a great success. Since its inception, CrazyHubs achieved more than six hit games released (four games in 2022 and two games in 2021) and cumulative game downloads of more than 150 million. It's safe to say that CrazyHubs' future looks bright with the entering of new markets in the pipeline.



CRAZYLABS

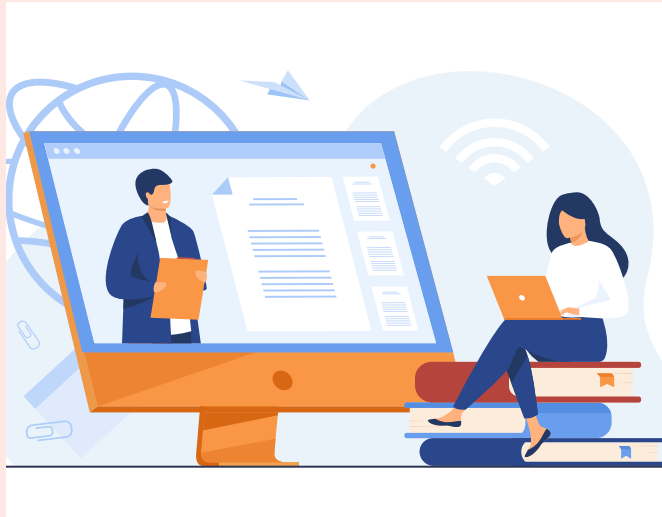
PART OF EMBRACER GROUP SINCE:	2021
OPERATING SEGMENT:	Mobile Games
LOCATION:	Tel Aviv, Israel
STUDIOS:	4
EMPLOYEES:	app. 330



SOLID WORK OUR COLLABORATIONS

THE ABLE GAMERS CHARITY

The Able Gamers Charity is an organization with the mission to combat social isolation, foster inclusive communities, and improve the quality of life for people with disabilities through games. Embracer Group has helped with fundraising, and the charity has held courses in Accessible Player Experience (APX), educating developers in developing accessible games for several Embracer studios.



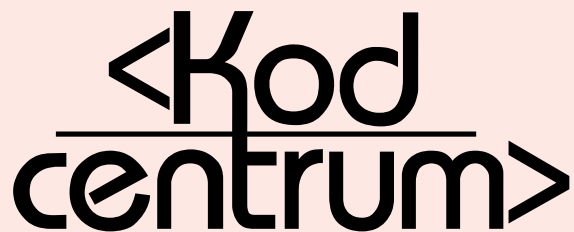
FRAMTIDSRÖN

Framtidsrön (Future seeds) is a non-profit organization with the aim of promoting and develop entrepreneurship in preschool and school. By submitting a case with real assignments to solve students can practice their entrepreneurial skills through problem solving and creativity. Problems submitted from Embracer during 2022 differed between age groups and included looks of different characters, ideas for games that would encourage movement and games to inspire to lowering climate footprint. During the year we reached 3,000 students via Framtidsrön.



KODCENTRUM

Embracer Group is a supporting partner of the non-profit organization Kodcentrum. The organisation introduces children into the world of programming and digital creation. Their mission is to strengthen the digital skills and knowledge, while at the same time promote the industry as a future job destination.



Read more about our collaborations and partnerships at embracer.com



OUR PLANET

OUR AIMS AND AMBITIONS

By limiting our own emissions in our operations, throughout the value chain, and investing in projects supporting the green transition, we can minimize the environmental impact from the entire Group. We address carbon emission reduction and are continuously looking to find new opportunities to raise awareness of climate change within our Group and the gaming industry.

Main topics:

- > Carbon emission reduction
- > Raising awareness about environmental impact
- > Part of the movement for a climate neutral industry

PROGRESS OF COMMITMENTS

Our Science Based Targets has guided the emission reduction work during the year, where we have recalculated our base year and submitted targets for validation. Being a highly decentralized Group, it is vital to show how each studio can work with their own emissions to accomplish the reductions needed. The maturity across the Group varies and the steps needed will differ between different studios. To illustrate the progress needed, climate scenarios have been developed, allowing us to visualize progress given certain assumptions and choices made ahead. A new platform for collecting climate data was launched. Besides aggregating data on Group level, it allows each studio to easily track their own progress, creating ownership of our climate targets across the entire Group.

Carbon emission reduction

FY 2022/23 marks a year where Embracer Group built on the work done during previous years to move forward in the aspect of reducing carbon emissions. The maturity and impact analysis conducted in FY 2021/22 was complemented. The primary source of carbon emissions, approximately 99 %, are indirect in scope 3, both upstream and downstream, and comes from using products and playing games. The climate roadmap ahead includes emission reduction targets for all three scopes. To make sure the emission reduction targets are in line with the Paris Agreement, Embracer Group submitted a commitment letter to Science Based Targets initiative (SBTi) during the year. Though the targets has not yet been validated the work to reduce emissions is ongoing throughout the Group, and disclosed carbon emissions represent 100 % of the 190

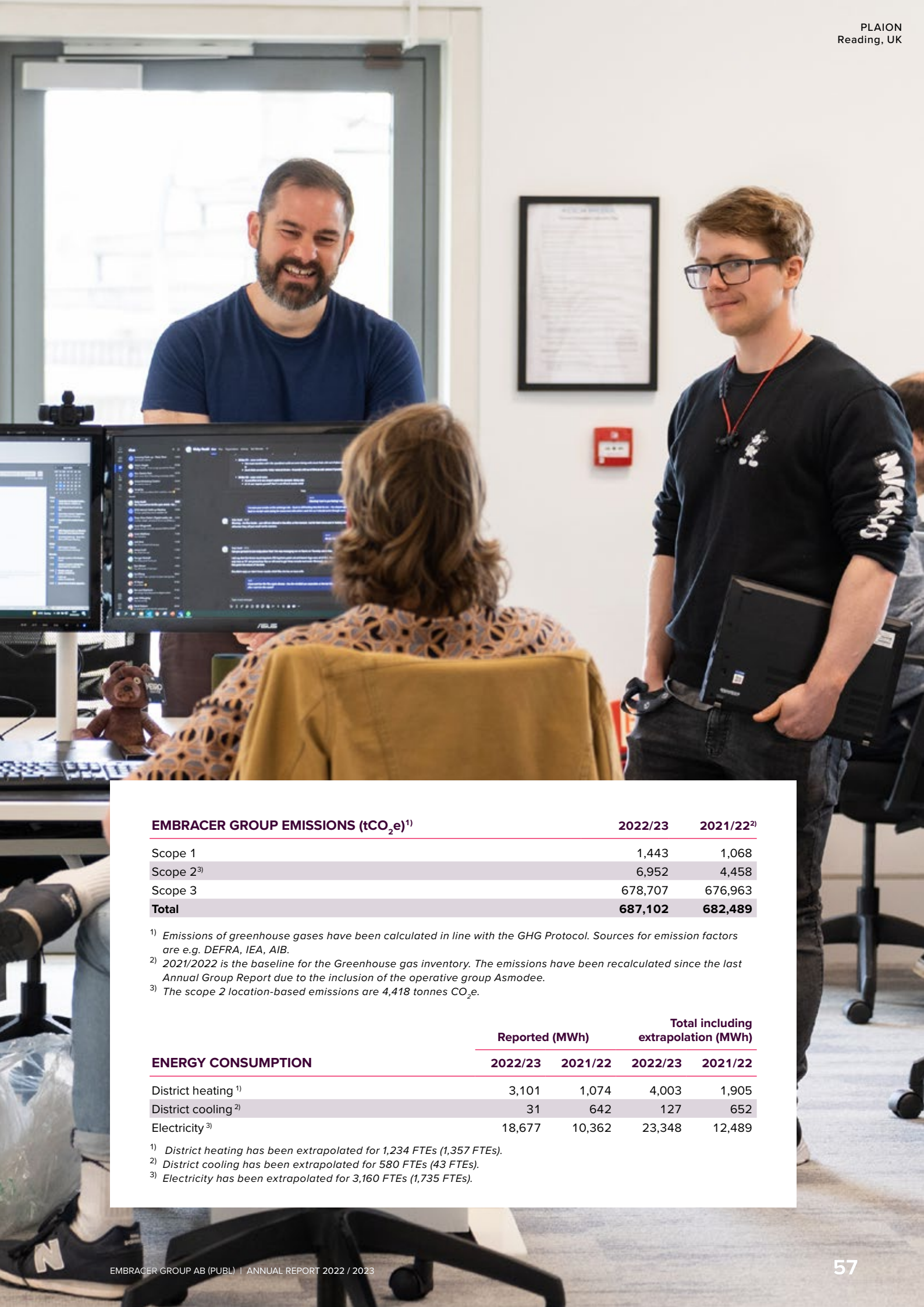
companies in the Group. Baseline for the initial SBTi targets is the emissions inventory performed during FY 2021/22. During 2022 our baseline has been updated after the acquisition of Asmodee, a necessity for the targets ahead to be continually relevant and accurate.

Carbon emission calculations have been made for all companies, in accordance with the Greenhouse Gas Protocol, and represent same scope as last year. Compared to previous years the calculations show an increase in emissions referring from business travel, attributed to lower levels during the COVID-19 pandemic. Due to a larger scope, with Asmodee included in our base year, and changed calculation method, we have an increase in fuel and energy related activities compared to last year.

Due to uncertainties in data quality, collected data for Scope 1 does not include leakage of refrigerant. We have not included estimates for this data point, as large variations year to year can be expected. We will continue work to improve data quality for refrigerants, as they have a significant climate impact.

- > Scope 1 includes direct emissions from fuels for heating, delivery vehicles and passenger vehicles as well as from refrigerant.
- > Scope 2 includes indirect emissions from purchased energy such as electricity, district heating and cooling.
- > Scope 3 includes emissions from indirect activities in a company's upstream and downstream value chain, e.g., purchased goods and services, business travel, employee commuting and use of sold products. For Embracer Group, 99 % of the company emissions is found in Scope 3.

For Scope 3 estimations has been done concerning emissions from use of sold products. The estimations have been based on number of sold products, digital and physical games on different platforms and consoles, estimated time spent on each game, energy efficiency for each console, and the electricity emissions factors for countries where the games were sold. Since the calculations are based on several assumptions, Embracer Group has decided to adopt a conservative, more negative than positive assumption on average time spent ensuring all emissions are calculated. To reduce the emissions for sold products, cooperation within the industry is vital and ongoing. The industry is developing different features as eco modes and raising awareness on how to remove not needed background features, improvements that can reduce energy consumption while playing.



EMBRACER GROUP EMISSIONS (tCO₂e)¹⁾	2022/23	2021/22²⁾
Scope 1	1,443	1,068
Scope 2 ³⁾	6,952	4,458
Scope 3	678,707	676,963
Total	687,102	682,489

- ¹⁾ Emissions of greenhouse gases have been calculated in line with the GHG Protocol. Sources for emission factors are e.g. DEFRA, IEA, AIB.
- ²⁾ 2021/2022 is the baseline for the Greenhouse gas inventory. The emissions have been recalculated since the last Annual Group Report due to the inclusion of the operative group Asmodee.
- ³⁾ The scope 2 location-based emissions are 4,418 tonnes CO₂e.

ENERGY CONSUMPTION	Reported (MWh)		Total including extrapolation (MWh)	
	2022/23	2021/22	2022/23	2021/22
District heating ¹⁾	3,101	1,074	4,003	1,905
District cooling ²⁾	31	642	127	652
Electricity ³⁾	18,677	10,362	23,348	12,489

- ¹⁾ District heating has been extrapolated for 1,234 FTEs (1,357 FTEs).
- ²⁾ District cooling has been extrapolated for 580 FTEs (43 FTEs).
- ³⁾ Electricity has been extrapolated for 3,160 FTEs (1,735 FTEs).

Energy use at Embracer Group includes fuels, district heating, district cooling and electricity. 29 % of total energy use is renewable energy, a decrease from last year (FY 21/22 37 %). The decrease in renewable energy compared to last year is explained by newly acquired companies in the Group having a lower rate of renewable energy, and a lower reported rate for companies, due to uncertainties in data quality. Having accurate data for all companies is a tool for us in working to improve the rates for next year, which we will continue to work on. The sustainability perspective also covers recycling IT equipment and including a sustainability perspective for new purchases.

This year, district heating has been reported by 20 companies and extrapolated for 29 entities. District heating is not applicable for remaining entities and the extrapolation represent 10 % of all full-time employees. District cooling data has been provided by five companies and extrapolated for 15 entities. District cooling is not applicable for remaining entities and the extrapolation represent 5 % of all full-time employees. Electricity data has been collected for 103 entities and extrapolated for 53 entities representing 25 % of all full-time employees.

Part of the movement for a climate neutral industry

Through our climate reduction targets we are part of the movement to mitigate climate change in the gaming and entertainment industry. Embracer Group is taking responsibility for our business' impact on climate change. Our goal is to reduce our emissions in line with the Paris agreement. We have previously compensated for emissions referring from purchased goods, energy and fuel related emissions, business travel, employee commuting and downstream transportation and distribution. With our baseline in place and most of our carbon emissions identified we are now

increasing our efforts to cut emissions, rather than compensating through third parties. We plan to fund internal initiatives and projects that seek to reduce emissions from our own business. That way, we will be able to implement key learnings from internal projects throughout the Group, helping us achieve our Science Based Targets through internal initiatives, projects and cooperations.

Part of our work is to collaborate and educate with other actors in the industry. Embracer Group has participated in several events during the year, with the aim of influencing and talking more about how the industry can work for a climate neutral future. For instance, Group Sustainability Manager, Karin Edner Karlsson, participated in a round table discussion on when the video game sector steps up to deliver on the green agenda hosted by Members of the European Parliament in March. Karin Edner Karlsson also acted as a panelist at the Climate & Games Awareness Day at Game Habitat's DevHub in Malmö, discussing how all actors in the industry can make a change and contribute to a better future.

Raising awareness about environmental impact

To raise awareness about environmental impact internally in the Group, one of the recurring sustainability webinars during the year has had the topic "Our planet: Climate and the gaming industry". The sustainability webinars are a great way of raising cross-border sustainability topics, concerning all employees at Embracer Group. Both internal and external speakers are invited to the webinars to both inspire and educate about important sustainability topics.

During the year, Embracer Group has developed a reduction plan that will also be shared with all employees in the Group. At Embracer we aim to streamline and simplify the work towards reaching a climate neutral gaming industry by being transparent about our current environmental impact.



OUR PLANET OUR COLLABORATIONS

PLAYCREATEGREEN

Founded in 2019, PlayCreateGreen is the result of a joint commitment signed by Embracer Group and industry peers to UNEP's initiative Playing for the Planet. PlayCreateGreen invites all gaming companies to become architects of a gaming industry-driven movement claiming ownership and improvement of our carbon footprint. PlayCreateGreen has developed a green handbook by gaming companies for gaming companies with practical guides, examples, and inspiration for reducing carbon footprint and celebrating climate action. Our support continued during 2022, and our Group Sustainability Manager, Karin Edner Karlsson, is a member of the steering group.



Read more about our collaborations and partnerships at embracer.com



GAMING FOR A BETTER UNDERSTANDING OF THE CLIMATE ISSUE

In the game “Endling - Extinction is Forever”, players experience a world ravaged by the mistakes of mankind through the eyes of the last mother fox on earth. The game by the Spanish developer Herobeat Studios and German publisher HandyGames was released in the summer of 2022 and has since then caused strong emotional reactions among players across the world. The eco-conscious adventure has already proven to be a success, being nominated for the well-known gaming award “The Game Awards” for its unique content and impactful message. It raises awareness of the climate issue and is a truly great example of how big impact gaming content can have on players.

and humans trying to survive. Players will also hunt and try to find shelter from threats and attempt to raise the kits to survive.

– In the game players explore devastated environments which are based on a real contemporary issue. Consequently, many players are reacting emotionally to the setting and story of the game. I think that really proves how big impact gaming content can have on players. The message of the game is clear – we must act today to not destroy the future of our planet. But importantly, it also underlines that we can manage to make a positive difference. There is hope, says Markus Kassulke, CEO and founder of HandyGames.

The game has been praised for the way it handles important issues, like climate issues. For instance, it was nominated for “The Game Awards” in the category “Games for Impact”. The future of the game looks bright, and it was launched on mobile in spring – making it accessible to even more players.

Will a mother fox manage to keep its little cubs alive on a post-apocalyptic earth destroyed by mankind? That is the starting point and main story of the survival-based adventure game *Endling - Extinction is Forever*. The game was released in the summer of 2022 by HandyGames and lets players explore environments from the perspective of the fox, seeing first-hand how current-day ecological concerns can threaten both animals



HandyGames
A THE NORDIC COMPANY

HANDYGAMES

PART OF EMBRACER GROUP SINCE: 2018

OPERATING SEGMENT: PC/Console Games

LOCATION: Giebelstadt, Germany

EMPLOYEES: app. 70

PARTNERSHIPS AND CONTRIBUTIONS

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

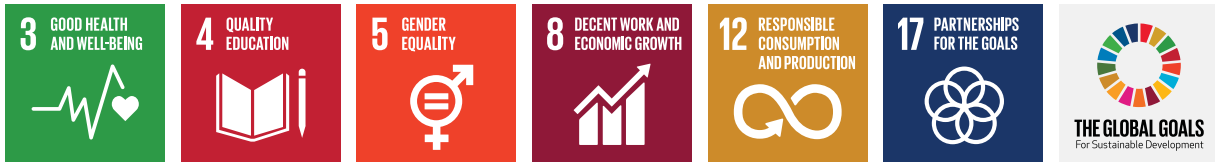
Embracer supports Agenda 2030 and its holistic approach to sustainable development that the UN Sustainable Development Goals (SDG) establishes. With regards to our business operations, we have identified six of the goals where we have a great responsibility and possibility to contribute:

- > 3 – Good health and well-being,
- > 4 – Quality education,
- > 5 – Gender equality,
- > 8 – Decent work and economic growth,
- > 12 – Responsible consumption and production, and
- > 17 – Partnership for the goals.

Our contribution to the goals is through various actions and initiatives at Group level as well as at company level.

UN GLOBAL COMPACT

Embracer is a signatory member of UN Global Compact since 2021. Supporting it aligns with our core values and facilitate cooperation with other companies and stakeholders to contribute to a sustainable future. To accomplish sustainable change, collaboration and knowledge-sharing is a central element and our membership allows us to build on that. During 2023 we have participated in the UN Global Compact accelerator programme regarding environmental aspects and human rights. The programmes allow employees at Group level to gain insight in different business and sustainability matters. The Ambassador Group (see page 67) has access to extensive sustainability training, reports and research and the networks that are provided through our membership.



SUSTAINABILITY GOVERNANCE

Governance and business ethics is the foundation of the Smarter Business Framework, which ensures that Embracer Group is complying with applicable laws and regulations and that Embracer Group's culture, values, and preferred ways of conducting business are communicated and followed throughout the Group. The parent company has established governing documents and processes for all companies and aim to govern the decentralized Group. The thorough readiness assessment required by up listing to Nasdaq Stockholm's regulated market further strengthened our decentralized governance model, risk management and commitment to sustainability. Strengthening of and implementations of processes for financial reporting and principles, internal control process and Corporate Governance structure were corner stones in that.

GROUP POLICIES

Governing documents and processes developed by the parent company ensure that laws and shared values concerning business ethics are communicated and followed throughout the Group. All Group policies and processes have been developed by the management at the parent company and subsequently adopted by the Board of Directors of Embracer Group.

The work initiated during FY 2021/22 with the launch of an expanded Group policy package has continued during the year, and three new policies have been developed, adopted, and added to the package during FY 2022/23: now totaling 16 policies. The implementation phase for new policies in the operative groups consists of dialogues, workshops, guidelines and instructions to make sure the new policies are implemented in line with the intention. The parent company monitors and evaluates implementation. As a way of securing local implementation and alignment all internal policies are translated into 17 local languages. The parent company also follows up implementation through the internal control framework and has routines in place to receive confirmation when policies have been implemented. Embracer Group's internal guidelines and instructions provide support and guidance in the integration of the Group policies.

Employees and external stakeholders, such as suppliers, can report violations of our Code of Conduct anonymously through a third-party Group-wide whistleblowing system. Following relevant national legislation, the system ensures security, anonymity and legal protection for users. This year, the system registered one Whistleblower message that was investigated and managed.

SIXTEEN GROUP POLICIES

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

TWELVE GROUP GUIDELINES AND INSTRUCTIONS

- > Authorization Instruction
- > Business Continuity Plan
- > Employee Handbook
- > Enterprise Risk Management and Internal Control Guideline
- > Financial Manual
- > Insider Q&A
- > M&A Onboarding and Integration
- > M&A Process Instruction
- > Password Guidelines
- > Reporting Manual
- > Smarter Business Framework
- > Whistleblowing guidelines

88 % (96 %) of companies within Embracer Group has confirmed that all employees have knowledge of the whistleblowing system, and how to use it. 75 % (70 %) of the companies also have a local mechanism in place that provides means on how to report any unethical behavior in a safe and anonymous manner.

Embracer Group expects everyone in the Group to conduct themselves in a professional manner and act in line with our Code of Conduct. The Code of Conduct is the foundation for our shared company culture and values and is implemented in 98 % of all companies within the Group. The Code of Conduct is divided into three sections: conduct in business, conduct towards employees and colleagues, and conduct in society. Embracer Group strives for a culture based on trust, long-term and embracing differences.

Our Information Policy is available to all employees, and we also have an Insider Q&A, which supplements the Insider Policy. Our Anti-Corruption policy has been implemented by 93 % of our companies. During 2022/23, we have not had any confirmed incidents of corruption. Our Trade Compliance Policy aims to ensure that the Group is compliant with sanctions against regimes implemented across the globe. The policy requires all third parties operating in high risk countries to be screened and that a trade compliance clause must be included in both agreements and End-User License Agreements (EULA). Operative groups are required to have an appointed Compliance Officer, who is the main responsible at the operative group level for compliance and monitoring of the Trade Compliance Policy and other Group policies. All operative groups have procedures in place to ensure compliance with the Trade Compliance Policy. 89 % companies reported implementation

is completed, including such as licenses for the Dow Jones screening system to ensure access to updated sanctions lists.

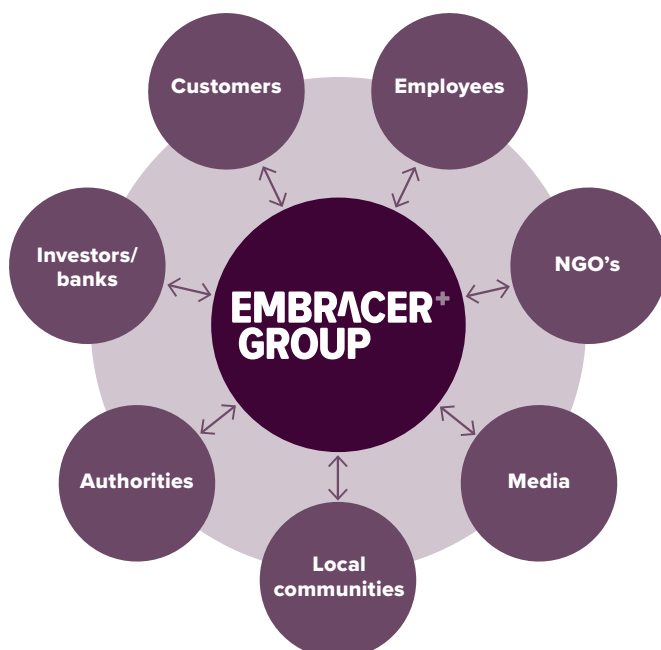
SUSTAINABILITY INDEXES AND RANKINGS

A key milestone during the year has been that the leading stock market provider, MSCI, has upgraded Embrace's ESG Rating from BBB to A, recognizing how the Group works with sustainability in a structured and goal-oriented way. Embracer has also become a part of Sustainalytic's 2023 list of Top-Ranked ESG-Companies, also showing the work and commitment running Embracer Groups' business and company in a responsible and sustainable way. Both these ESG ratings are used by investors to understand companies' ESG risks and make it easier for investors to consider sustainability in both their investment decisions and their ongoing portfolio management. Embracer also reports to S&P Global and CDP.

SUSTAINABILITY DUE DILIGENCE AND ON-BOARDING

To manage risks related to acquiring and introducing new companies into Embracer Group, due diligence is undertaken in every material acquisition. In the due diligence process, key sustainability risks and opportunities are identified, and risk-reducing measures to prevent any possible harm are considered. Once a company is acquired the onboarding process is initiated and it consists of four phases which are carried out during the first year. Due to regulation and demands from external stakeholders, but also considering the time needed for the implementation of different routines and policies, the phases are placed in a specific order.

The due diligence for new operative groups is managed by an M&A team at the parent



STAKEHOLDER DIALOGUE

Embracer Group is in continuous and close contact with our stakeholders, which includes employees, non-governmental organizations (NGOs), media, local communities, authorities, investors, banks and customers. The dialogue with our stakeholders is an everyday ongoing activity where we take part of their opinions, as well as share our own thoughts and ambitions with them. We conduct our own stakeholder dialogues, as it is a way for us to ensure that we live up to expectations and gain valuable insights. Corporate transparency is a central value in our sustainability work. We aspire to have two-way communication to both learn and share knowledge to continuously develop and improve the quality of our work.



company, whereas the due diligence process for bolt-on acquisitions, made by existing operative groups, is managed by each operative group, but relies on a standardized process that has been developed by the parent company. Onboarding of operative groups are managed by the parent company's onboarding team, whereas responsibility for the onboarding of bolt-on acquisitions, made by existing operative groups, lies with each operative group, with support and assistance from the parent company.

During FY 2022/23 the onboarding process has been improved in several aspects. Due to the changed listing venue at Nasdaq Stockholm, the onboarding process has been aligned accordingly. It has also been further formalized and new tools to facilitate follow-up and status checks have been implemented through a business intelligence system. In addition, the content of the four phases in the onboarding process has been rearranged to be in alignment with the Group's focus on managing sustainability risks and opportunities. Prior to the acquisition, the acquired company is required to sign off Embracer Group's Code of Conduct and key policies before becoming a part of Embracer Group. The first phase of the onboarding process is initiated directly after the deal closing and includes finance and compliance integration. The second phase includes other sustainability issues, governance, and compliance, including internal

control. By making sustainability a part of the second phase, the Smarter Business Framework is introduced early as part of the onboarding process. The third phase covers the stabilization of newly implemented Group processes, and the fourth phase reconciles the overall onboarding process.

RISK MANAGEMENT THROUGH INTERNAL CONTROL

Embracer Group's internal control mechanisms are based on the enterprise risk management (ERM), described in more detail on page 104. The Group performs risk assessments, where risks such as sustainability risks, are weighed based on impact and likelihood, and results in a risk heat map. The risk heat map determines the focus areas for risk management ahead, including governance and internal control enhancement, with a clear focus on reducing the risk level to a residual level. For top risks, the mitigating efforts are documented by management together with potential remaining gaps and further efforts needed. Risk and internal control processes are Group wide processes to ensure key risks are identified and mitigating actions are in place.

By having effective internal control Embracer Group ensures reliable internal and external financial reporting and compliance with applicable laws as well as internal policies and steering

documents. Through the Group internal control framework Embracer Group ensures a consistent control environment throughout the Group. Since internal control is risk based and needs to be compliant with local regulations, requirements differ between different companies and different local levels within Embracer Group. The ERM process has been enhanced during FY 2022/23 and a semi-annual follow-up to the Annual ERM risk assessment has been added. To improve the quality of the risk assessment the involvement of risk owners and extended management teams, CEOs of subgroups, Group executive management, Audit and Sustainability Committee and Board of Directors has increased.

Key sustainability risks at Embracer Group have been assessed through a process with representatives from all parts of the Group. Risks are revised at least bi-annually and include current

mitigations in place and an overall assessment if the risks are currently within risk appetite. Current risks monitored within the sustainability field is talent, games and entertainment and value chain.

TAX

We are committed to being transparent with the amount of taxes generated through our operations. By making sure we always comply with local tax regulations we contribute to society welfare and strengthening the social sustainability in the communities in which we are operating. To increase tax awareness within the operative groups a new role, Global Head of Tax, was employed during 2021/22. The Global Head of Tax is responsible for building relationships with internal stakeholders. During the year the Group-wide Transfer Pricing Policy was documented for inter alia publishers and large studios, ensuring

DESCRIPTIONS OF KEY SUSTAINABILITY RISKS

Talent – diversity, inclusion and working environment

- > Embracer Group is dependent on the ability to retain and recruit key people and to have a diversified group of employees in the Group. Inclusion is part of the diversity work – diversity without inclusion will increase this risk. To manage this risk Embracer Group needs to act competitively in finding, engaging and retaining competent personnel and offer good working conditions.
- > Workplace environment risks such as ill-health, high turnover and unfair wages may have a negative impact on the retention and recruitment of talent. To manage this risk Embracer Group performs an annual employee survey to measure the well-being amongst the employees and monitor progress through data collection. Remote work is an area where risks can be observed for the workplace environment.
- > The gaming industry has issues regarding lack of diversity relating to gender and gender identity, age, ethnicity, sexual orientation, physical ability, national origins and other. A homogeneous group of employees will lack perspectives which may increase the risk of creating products that only attracts certain groups of players. To prevent discrimination, all employees have access to an anonymous whistleblowing function. Embracer Group measures diversity and inclusion through data collection and participates in different forums within the industry to improve the diversity amongst employees.

Games and Entertainment – diversity, inclusion and digital well-being

- > Gaming and entertainment may be exposed to safety risks to gamers such as lack of diversity or discrimination, cyber-bullying, toxic behavior, privacy violations, online predators and grooming. Lack of representation or otherwise inappropriate game content as well as gaming addiction/gaming disorder may cause adverse consumer reactions and loss of customers as well as damaged reputation of Embracer, our studios and games. To manage these risks Embracer Group collaborates with professional actors in these areas and supports initiatives to increase awareness and process the outcome in a positive direction. Embracer Group has structures in place consistent of routines from early stages to adhere to responsible gaming content at studio level.

Value chain – environmental, social and governance

- > Value chain risks is essential since Embracer Group has a decentralized business model and acquires companies at a rapid pace.
- > Environmental risks consist of greenhouse gas emissions, particularly from data centers, which may pose a reputational climate risk.
- > Social risks consist of violations of human rights, child labor, forced labor, poor or harmful working conditions, violation of the rights of freedom of association and collective bargaining. To manage these risks Embracer Group has an internal Code of Conduct, a Code of Conduct for suppliers along with other policies and guidelines, all of which applies to the whole Group.
- > Governance risk consist of corruption and lack of business ethics. These risks are managed through the internal Code of Conduct, the Code of Conduct for suppliers and stakeholder dialogues. Embracer Group has a process for managing incidents.

For complete information on Embracer Group's enterprise risk management, see page 104.

consistency across the operative group. Trainings were conducted for the Group in relevant tax matters to ensure compliance.

To ensure consistency across operative groups, a financial manual - including relevant tax aspects - was implemented during the year. The Global Head of Tax is responsible for reviews and approvals according to the manual. Another improvement in the tax area during the year was the implementation of a new entity and tax management system of which the Quarterly Tax Questionnaire - consisting of 50 questions related to tax compliance and tax risks - is an important part. The questionnaire is to be answered by all Embracer entities, giving Embracer Group increased awareness and control over potential risks and compliance issues within the Group. Embracer Group's first Country-by-Country report will be filed during 2023 in Sweden including information on revenue, tax paid, number of employees and material assets by country. The Swedish Tax Agency annually exchanges the country-by-country reports submitted by Swedish companies with relevant tax authorities in other countries through automatic information exchange. The report will be made public during 2024. In connection with the new listing of Embracer Group at Nasdaq Stockholm an external tax due diligence was performed without any major findings.

DATA PRIVACY AND INFORMATION SECURITY

The integrity of our players is vital when safeguarding their human rights. To ensure that new companies joining Embracer Group are aligned with the data privacy and information security standards demanded, new companies are evaluated in terms of IT and privacy maturity in the due diligence process, and thereafter in the onboarding process. All new companies are obliged to adopt a local data privacy policy, which must comply with the principles set out in Embracer Group's Internal Privacy Policy. The same principles apply with regards to adoption of an IT-policy and an Information security policy.

During 2022/23 Embracer Group launched a comprehensive new privacy program for the Group. The privacy program, led by the new Head of Privacy & AI Governance employed during 2022/23, is aimed at managing privacy risks throughout the Group, supporting the Group to use personal data in a business friendly and compliant way as well as to further the understanding about the importance of privacy and ensuring that our players trust in us is well looked after. Embracer Group also launched a new Group Internal Privacy Policy with requirements for all companies in the Group. The policy includes requirements such as retention times, handling of privacy risks as well as securing personal data from breaches. 41 % of the Group companies handle end-user data and out of the Group companies that do handle end user data, 3 % confirmed that they do so in a minority of the operations. To ensure that the Group lives up to the legal expectations the annual third-party

privacy audit initiative, where all Group companies are audited within the privacy area by an independent third party, was expanded. During the financial year 2022/23, Embracer Group reported receiving four substantiated complaints concerning breaches of data privacy and three concerning breaches of cybersecurity. The incidents have been addressed.

Several Group coordination initiatives were launched during the year where Embracer Group AB produced material, procedures and processes that are beneficial to all companies within the Group. Such initiatives include templates, agreements, frameworks, and guidelines.

ARTIFICIAL INTELLIGENCE

AI has the capability to massively enhance game development by saving resources, adding intelligent behaviors, personalization, and optimization to gameplay experiences. By leveraging AI, we can create more engaging and immersive experiences that provide a unique, dynamic, and personalized experience for each player. We also see great opportunities for AI in logistics and planning. Embracer Group also understands the potential risks associated with the use of AI and it is important to us to ensure that we will not replace the great people employed within the Group but rather that we will empower our employees with the use of our AI applications.

To manage the possibilities and risks of AI, Embracer Group expanded the role of the Head of Privacy to also include AI Governance during Q1 2023. This newly expanded role will establish a governance model for AI usage within the Group and support the Group companies with secure, ethical and business-driven AI implementation.

CYBER SECURITY

During 2022/23 a Chief Information Security Officer was appointed at Embracer Group with responsibility to design and implement the cyber security strategy, and during the year a governance structure for cyber security management was implemented. The group regularly conducts both internal as well as external cyber security audits and vulnerability assessments to ensure that products and services are resilient towards cyber breaches. Any confirmed breaches are reported to the Group CISO and shared with counterparts within each business unit. Also, the Board of Directors initiate yearly external Cyber Maturity Assessments on extra sensitive parts of the company. Significant findings are reported to the Group CISO and shared with the Board of directors. A new Group IT-policy and Information security policy was implemented, setting a baseline of technical and organizational controls throughout the Group. Technical and organizational controls for key financial processes and operations were designed, implemented and validated. Examples of controls included are business continuity management, disaster recovery capabilities, internal and external change management capabilities, access management capabilities and incident management capabilities.

ORGANIZATION AND MANAGEMENT APPROACH

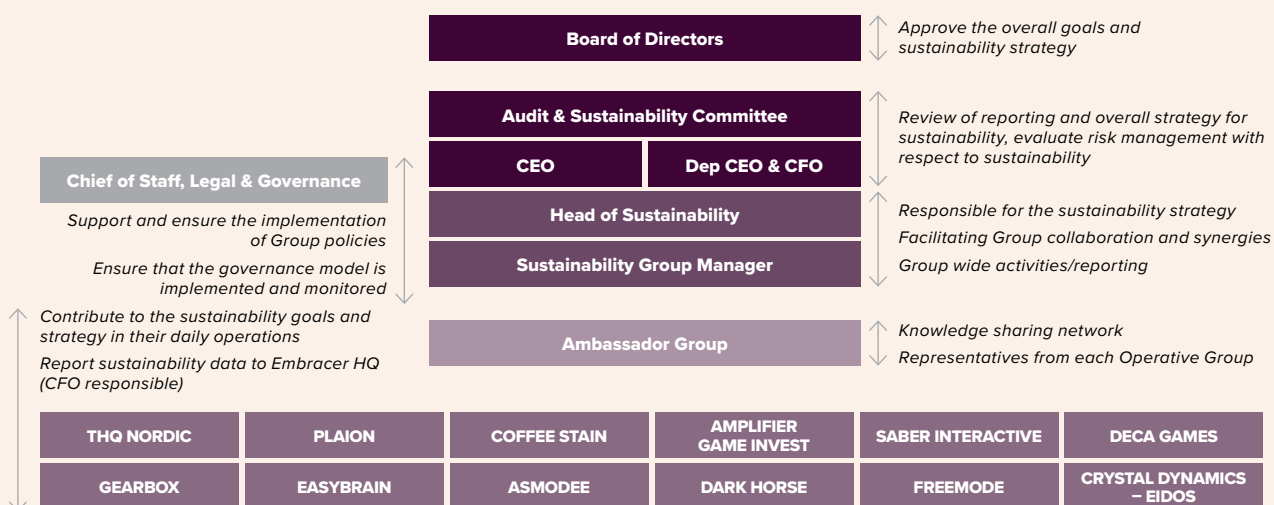
SUSTAINABILITY ORGANIZATION AND GOVERNANCE

At Embracer Group, the sustainability organization is aligned with our decentralized operating model. The Board of Directors approves the sustainability strategy, Group-wide goals and overall ambitions. Implementation occurs at Parent Company and Operative Group levels. Each company has the freedom to formulate their own company specific work and initiatives, while aligning with our governance and business ethics procedures.

The Head of Sustainability leads the sustainability team and is responsible for the implementation of the sustainability strategy and reports to the Group CFO & Deputy CEO. The sustainability team works closely with the CEO and other departments such as legal, finance and public affairs. The Group Sustainability Manager is responsible for facilitating knowledge-sharing, synergies and data collection in the Group, and reports to the Head of Sustainability. During the year, the sustainability team has given regular reports to the Audit and Sustainability Committee and the Board of Directors.

In the Group, the sustainability strategy is executed on a parent company level and on Operative Group level. The Parent Company is responsible for ensuring the implementation of Group policies and facilitation of collaboration within the Group. The Chief of Staff, Legal & Governance is responsible for that the implementation and monitoring of the governance model. Each Operative Group's management is responsible for implementation and safeguarding the governance model. In that responsibility lies ensuring regional, or local, procedures in place for compliance. The sustainability team works closely with all Operative Groups, both via contacts with senior management, through the Ambassador Group and other forums. The execution of the sustainability strategy is adapted to the specific business and market conditions for each Operative Group. This is in line with Embracer Group's decentralized business model and core values trust, long-term and embracing differences.

SUSTAINABILITY ORGANIZATION AND GOVERNANCE



AMBASSADOR GROUP

Dialogue and knowledge-sharing is a key aspect of Embracer Groups sustainability work and is why the Ambassador Group was originally formed. Representatives from all operative group make up the Ambassador Group which is led by the Group sustainability team. During the year the Ambassador Group has developed in a more strategic way with the Group taking more responsibility for being a local promoter for sustainability.

Important responsibilities for the Ambassador Group are promoting the Smarter Business Framework and the Group sustainability goals, share insights and anchor initiatives. Members of the group are also responsible for reporting developments, opportunities and risks across the Group to the parent company. In 2023 the group consisted of almost 50 members, representing all twelve operative groups and with a good gender balance. The group held three meetings during the FY 2022/23, in between those meetings different gatherings with smaller workgroups, as well as informal knowledge-sharing took place. The Ambassador Group is supported by the parent

company, and at the same time the group provides the parent company with valuable insights on specific topics.

AUDIT AND SUSTAINABILITY COMMITTEE

The Audit and Sustainability Committee is a committee under the Board and was formed to contribute to the continued development of our sustainability work. The Committee has an advisory role to the Board and is responsible for ensuring the quality of financial reporting and the efficiency of internal controls, audits, and risk management, as well as the Group's sustainability work. Example of topics presented to the Board during FY 2022/23 was the new sustainability goals developed, process for reporting and integration of sustainability risk in the overall risk analysis and the ongoing work of strengthening sustainability as a part of the overall strategy and targets for Embracer Group. The Audit and Sustainability Committee had eleven meetings during the year.



EU TAXONOMY

The main economic activities at Embracer Group, develop and publish PC, console, mobile, VR and board games within the gaming and entertainment industry, are not yet included in the EU taxonomy and therefore alignment to it is not covered in this report for those activities. Since the number of affected sectors are expected to increase Embracer Group is closely monitoring the development of the EU taxonomy.

Acquisition and ownership of buildings are eligible under the EU taxonomy and therefore Embracer Group's owned and leased premises recognized as right-of-use and investments in adapting and repairing premises are taxonomy eligible. CapEx covered by the taxonomy refers to leased properties. The proportion of turnover (Note 4), CapEx (Note 15) and OpEx that are taxonomy eligible and the proportion of eligible activities that are aligned are shown in tables below:

DETAILED TAXONOMY DISCLOSURES

Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3) SEK m	Proportion of turnover (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (A.1)									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total (A.1+A.2)									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of non-eligible activities (B)									
Total (A+B)									

Turnover continued

Economic activities (1)	(DNSH) criteria (do no significant harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category - enabling activity (20)	Category - transitional activity (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
A. TAXONOMY-ELIGIBLE ACTIVITIES											
A.1. Environmentally sustainable activities (Taxonomy-aligned)											
Turnover of environmentally sustainable activities (A.1)											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)											
Total (A.1+A.2)											

CapEx

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) SEK m	Proportion of turnover (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (A.1)									-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings	7.7	706	9 %						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total (A.1+A.2)		706	9 %						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of non-eligible activities (B)		6,777	91 %						
Total (A+B)		7,483	100 %						

CapEx continued

Economic activities (1)	(DNSH) criteria (do no significant harm)							Category - enabling activity (20)	Category - transitional activity (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)		
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (A.1)									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total (A.1+A.2)									

OpEx

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) SEK m	Proportion of OpEx (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (A.1)									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total (A.1+A.2)									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of non-eligible activities (B)		4	100 %						
Total (A+B)		4	100 %						

OpEx continued

Economic activities (1)	(DNSH) criteria (do no significant harm)										
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2022 (18)	Taxonomy-aligned proportion of OpEx 2021 (19)	Category - enabling activity (20)	Category - transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES											
A.1. Environmentally sustainable activities (Taxonomy-aligned)											
OpEx of environmentally sustainable activities (A.1)											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)											
Total (A.1+A.2)											

ABOUT THIS REPORT

This sustainability report is the statutory sustainability report required by ÅRL 6 chapter §10. The report highlights activities and progress within Embracer Group's material sustainability topics and disclose the work conducted during the year to succeed with our goals. The scope of the report includes all companies within the Group prior to, and acquired during, FY 2021/22 (183 companies).

This represents 96 % of all companies within the Group for FY 2022/23. For new companies entering Embracer Group the first year consists of an onboarding phase covering sustainability as the second part of the process. Companies acquired after FY 2021/22 will be included in the sustainability report next year.

Within the sustainability work progress is monitored by a corporate performance management software solution. Data collection is inspired by the international reporting standards Sustainability Accounting Standard Board (SASB) and the Global Reporting Initiative (GRI) and is reported through a digital sustainability system. The sustainability report covers progress during the year within Embracer Groups three sustainability pillars Great People, Solid Work and Our Planet. For companies within the scope of the report an average response rate for all questions is between 97 % to 98 %. For segment specific questions not relevant for all companies the response rate is similar for companies included.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 39-71, and that it is prepared in accordance with the Annual Accounts Act.

My (Our) examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Karlstad, June 21, 2023
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

DAMBUSTER STUDIOS
Nottingham, UK





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LETTER FROM THE CHAIR OF THE BOARD

OUR FOUNDATION REMAINS STRONG

It's been a year of extraordinary events and unexpected turns – on global issues broadly, but also for Embracer. We advanced our position in many respects, but also had to navigate the most challenging period in the history of the company, affecting both our financial result for the year that ended March 31, 2023, and our forecast for 2023/2024. We fully understand the concerns raised following events in recent months, and are more committed than ever to make sure that we truly maximize the potential across our large ecosystem of entrepreneurially driven businesses.

There are many reasons for me and the Board to be confident in our ability to rebuild trust, as we execute on our strategy and focus ardently on delivering value to our shareholders, over time.

What we have built in the past few years is quite exceptional. This foundation has not changed. Embracer has one of the industry's most recognized and diverse portfolios of IPs. We have deep in-house capabilities in game development and publishing, spanning segments, genres, and formats. The combined collective value of these assets has not yet fully materialized; we are only beginning to identify substantial opportunities for cross-fertilization within the Group. Moreover, this past year, we formed the new operative groups Freemode and Crystal Dynamics-Eidos Montréal, and acquired many exciting new IPs, including Lord of the Rings, Tomb Raider, and Deus Ex, further bolstering both scale and quality of our ecosystem. Additionally, we raised proceeds of about SEK 10.3 billion as we welcomed Savvy Games Group as a new shareholder, underpinning the strength and attractiveness of our capabilities and portfolio.

With our people-first mindset, we know that our success ultimately comes down to the hard work and creativity of the thousands of people in our studios and businesses. This is another reason to remain confident about the future. We maintain our position as a home for the industry's most talented entrepreneurs and creators. In this year of turbulence, it has been inspiring to see the level of leadership throughout the organization, and the sense of shared commitment to the joint progress across the Group. The strong entrepreneurial drive that characterizes our group of businesses will be an important factor as we act swiftly to increase operative efficiency, predictability, cost control, and optimization.

DELIVERING ON GOVERNANCE TO SUPPORT GROWTH

When I addressed you a year ago, in my most recent annual letter, the Board was fully engaged in reviewing and refining our governance and reporting, to adequately prepare for Embracer's uplisting to Nasdaq Stockholm. On December 22, 2022, we successfully completed this major transition, as Embracer's B-shares began trading

on Nasdaq Stockholm. This was a pivotal moment in the history of our company and the result of a thorough process to establish a robust framework that will benefit the company for the foreseeable future. Thousands of controls were conducted, several extensive external reviews and checks completed, and perhaps most notably, it was one of the largest conversions to IFRS in Swedish corporate history. We have since then continued this path, by constantly striving to refine and improve in governance and sustainability to meet the high standards of a large multinational company. Our upgraded ESG rating by MSCI is testament to those efforts. The Board and I are encouraged to see the progress made and the solid foundation we have built in these past twelve months. As a company with operations spanning across more than 40 countries, and with more than 16,000 employees, our governance and sustainability framework is a key enabler of our success.

EXPLORING OPTIONS TO MAXIMIZE VALUE

Our decentralized operating model, built around operative groups and studios, led by entrepreneurs with successful track records, remains at the core of how we operate. What we have seen this past year, and this is a key focus for the Board, is that the maturity of Embracer Group is increasingly sparking intra-Group collaborations. These are happening organically in a more dynamic way, as attractive business prospects present themselves across the Embracer family. In parallel, the Board and management have taken measures to actively identify areas and opportunities where we can bring together the vast resources and deep IP catalog across several operative groups.

This is decentralization at its best; each group and studio delivering outstanding games, independently, but with the potential to draw on resources and assets from other parts of the Group, entirely on a commercially driven basis. Clearly, our ability to leverage this combined force will be a determining factor for our success, and one that can increase both our competitiveness and attractiveness as a partner.

During the year, the Board initiated a special review to secure long-term value creation for all businesses



within Embracer Group. The Board has during this period explored various options, with a focus on increased efficiency and synergies across the Group. As a result of this process, significant untapped potential has been identified across the Group's ecosystem that will now be realized. The Board will continue to closely monitor market conditions to ensure swift responses to any changes in the environment.

THE CONTINUED STRENGTH OF EMBRACER'S MODEL

In light of the past year's results, and events in recent months, the Board's focus and responsibility is to ensure that the Group can perform in all parts. As announced after the end of the fiscal year, on June 13, we are now implementing a comprehensive restructuring program that will enable us to generate growth in profitability with less business risk and with higher margins in the PC/ Console segment over the coming years.

We need to better leverage our scale, the quality of our portfolio and our capabilities to become a stronger, more efficient company.

In parallel, we will advance our focus on strategically important areas, such as transmedia, which allows us to draw on our vast IP portfolio for game adaptations into and from other media. This is a natural evolution of our business model and will truly enhance the unique value of our diverse portfolio and assets. The Board and I have strong confidence in our ability to ultimately deliver lasting value to shareholders, creators, entrepreneurs, and gamers worldwide.

Kicki Wallje-Lund
Chair of the Board

CORPORATE GOVERNANCE REPORT 2022/23

CORPORATE GOVERNANCE

Embracer Group is a Swedish public limited liability company. On December 22, 2022, Embracer Group completed the change of listing venue from Nasdaq Stockholm First North to Nasdaq Stockholm Main Market. Embracer Group’s Corporate Governance is based on Swedish law, Embracer Group’s articles of association, internal rules and instructions, Nasdaq Stockholm’s Rulebook for Issuers and other applicable laws and regulations. Following the change of listing venue to Nasdaq Stockholm’s Main Market during the financial year, Embracer Group now also applies the Swedish Corporate Governance Code.

CORPORATE GOVERNANCE AT EMBRACER GROUP

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

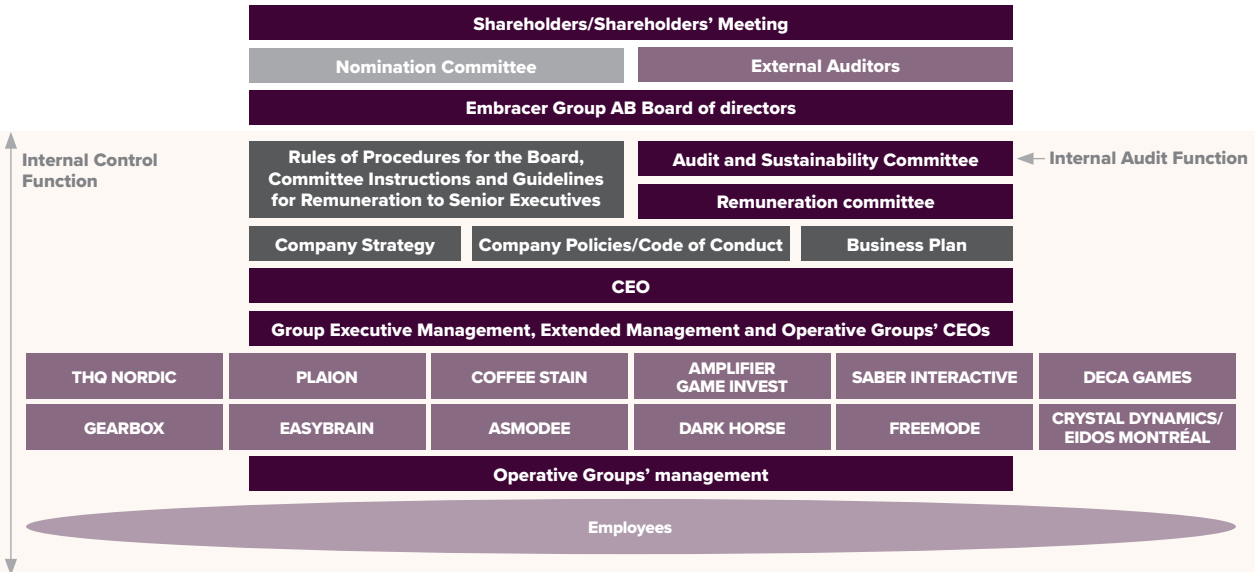
The Board of Directors (the “Board”) of Embracer Group is responsible for the Company’s organization and the management of its business worldwide and is obliged to follow directives provided by the shareholders meeting. The Board may appoint committees with specific areas of responsibility and furthermore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

The Chair of the Board directs the work of the Board and monitors the Board’s fulfilment of its obligations. The Board annually adopts procedures and instructions for the work of the Board, which set out the principles for work of the Board and its established committees. The CEO of Embracer Group is appointed by the Board to handle the Group’s day-to-day management and to lead the Group Executive Management Team, which also includes the Group CFO & Deputy CEO, the Chief of Staff, Legal & Governance, the Chief Strategic Partnerships Officer, interim Chief Operating Officer and interim Chief Strategy Officer.

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

The Group CFO & Deputy CEO is responsible for leading the Extended Management Team. The Chief of Staff, Legal & Governance is responsible for managing and handling the forums where the operative group CEOs and the Extended Management Team meet. The Chief of

GOVERNANCE MODEL



GOVERNANCE FRAMEWORK

Approved by	Type of Governing Document	Comments
General Meeting	Articles of Association	Policies are principle-based, binding and are an overall declaration of intent that expresses overall intentions and accepted practice in specific areas / process to guide decisions and achieve desired goals.
Board of Directors	Rules of Procedures incl instructions and guidelines	Policies can be accompanied by Guidelines/instructions which detail the processes etc. that appear in the policies. Recipients of instructions are typically all employees and / or other representatives of the Company, but a specific instruction may also be aimed at a specific specified recipient / recipient group.
CEO/Group Management Team	Policies/Code of Conduct	Policies and instructions can be further detailed in other types of governing documents , such as routine descriptions, action plans, guidelines, descriptions, manuals and tutorials, which can refer to all employees or be function-based and local.
Operative Groups	Guidelines / Instructions	Each Operative Group CEO is responsible to identify and implement guidelines and instructions to meet the Group Policy requirements as deemed necessary. If assistance is needed, support is provided from the parent company.
	Instructions and other types of governing documents	

Staff, Legal & Governance is also responsible for assisting the CEO in bridging the relationship between the operative group CEOs and the Extended Management Team.

Embracer Group has twelve operative group CEOs. The operative group CEOs Forum consist of twelve CEOs who each head up one of the operative groups plus the Group CEO, Group CFO & Deputy CEO, Chief of Staff, Legal & Governance, Chief Strategic Partnerships Officer, interim Chief Operating Officer and interim Chief Strategy Officer.

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

An integral part of Embracer Group's governance model is the governance framework adopted for policies, guidelines and instructions which is briefly described in the chart above. Currently Embracer Group has 16 Group policies in use:

- > Anti-Corruption Policy
- > Code of Conduct
- > Corporate governance policy
- > Delegation of Authority
- > Enterprise Risk Management and Internal Control Policy
- > HR Policy
- > Information Policy
- > Information Security Policy

- > Insider Policy
- > IT policy
- > Privacy Policy
- > Related Party Transaction Policy
- > Supplier Code of Conduct
- > Tax Policy
- > Trade Compliance Policy
- > Treasury Policy

In addition, Embracer Group's internal guidelines and instructions provide support and guidance in the integration of our Group policies. At present date Embracer Group has 12 Group guidelines and instructions:

- > Authorization Instruction
- > Business Continuity Plan
- > Employee Handbook
- > Enterprise Risk Management and Internal Control Guideline
- > Financial Manual
- > Insider Q&A
- > M&A Onboarding and Integration
- > M&A Process Instruction
- > Password Guidelines
- > Reporting Manual
- > Smarter Business Framework
- > Whistleblowing Guidelines

General Meeting of shareholders

Pursuant to the Swedish Companies Act (2005:551), the shareholders' meeting is the Embracer Group's highest decision-making body. At a shareholders' meeting,

shareholders exercise their voting rights on key issues such as the adoption of income statements and balance sheets, appropriation of Embracer Group's profit, discharge from liability of Board members and the CEO, and election of the Board and external auditors, and amendments to the articles of association. Embracer Group does not apply any special arrangements to the function of the shareholder meeting, either based on the provisions of the articles of association or any shareholders' agreements known to the Company. The annual general meeting ("AGM") is held within six months after the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened when required.

Notice of the AGM, as well as an extraordinary general meeting ("EGM") at which the matter of amendment to the articles of association is to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting. Notices of other EGMs shall be issued not earlier than six weeks and not later than three weeks prior to the EGM. In accordance with Embracer Group's articles of association, notices of AGMs and EGMs are made by an announcement in the Post- och Inrikes Tidningar (the Swedish Official Gazette) and by making the notice available on Embracer Group's website. Simultaneously, an announcement with information that the notice has been issued is to be published in Svenska Dagbladet. Documents related to proposals, proxy voting, postal voting and the minutes recorded at a general meeting are published on the website. The AGM 2023 will take place on September 21, 2023.

Right to attend shareholders' meetings

All shareholders who are directly registered in the share register maintained by Euroclear Sweden AB six banking days prior to the shareholders' meeting (record date) and who have notified Embracer Group of their intention to participate (with potential assistants) at the shareholders' meeting no later than the date stated in the notice have the right to attend the shareholders' meeting and vote for the number of shares they hold. In addition to notifying Embracer Group, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden AB, in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Voting registrations made by nominees not later than four banking days prior to the general meeting will be taken into account. Shareholders may attend the shareholder meeting in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for the shareholders' meeting in several different ways stated in the notice.

Shareholder initiatives

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

Authorization to issue shares

The AGM 2022 authorized the Board, on one or more occasions for the period before the next AGM, by applying or disapplying shareholders' preferential rights, to decide to issue new shares in the Company, although, not more than 10 percent of the total number of shares in Embracer Group on the date of the AGM. As of the date of this annual report the Board has issued 18,588,236 of B shares under the authorization. Thus, 105,477,157 B shares may be issued pursuant to the authorization.

The share and shareholders

Embracer Group's B shares are traded at the regulated market Nasdaq Stockholm. Information about Embracer shares and major shareholders is provided on pages 96-101 of the annual report 2022/23. Lars Wingefors AB and S3D Media Inc, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in the Embracer Group.

Embracer Group does not hold any own shares.

Nomination Committee

The AGM 2022 adopted principles for appointment of a Nomination Committee, including the tasks of the Nomination Committee and the procedure for appointing its members. The principles that apply until the general meeting resolves otherwise, state that, the Nomination Committee, comprises each of the Embracer Group's five largest shareholders in terms of votes on the last business day of November 2022. The Chair of the board shall convene the first meeting of the Nomination Committee and shall also be an adjunct to the Nomination Committee.

The Nomination Committee's proposal for the Board of Directors and Auditor will be presented no later than in connection with the publication of the notice to the AGM.

Board of Directors

The Board is the highest decision-making body after the shareholders' meeting and is ultimately responsible for Embracer Group's organization, administration, long-term development and strategy. In accordance with the Swedish Companies Act (2005:551) this means that the Board is responsible for establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating Embracer Group's financial position and performance, and evaluating the executive management. The Board is also responsible for ensuring that the annual accounts and interim reports are prepared on time. The Board shall further ensure that Embracer Group complies with applicable laws and regulations, the Swedish Corporate Governance Code, Nasdaq Stockholm's Rulebook for Issuers, Embracer Group's articles of association and internal rules and instructions.

Composition

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



From left to right: Matthew Karch, David Gardner, Lars Wingefors, Jacob Jonmyren, Kicki Wallje-Lund, Erik Stenberg and Cecilia Driving.

dismissal of Board members or regarding amendment of the articles of association.

The Board represents a mix of both important qualifications and valuable experiences within areas of strategic importance to Embracer Group. The Board also has a variety of geographical and cultural backgrounds, share the same mindset, has a firm commitment and a strong engagement. Embracer Group's current Board comprises Kicki Wallje-Lund, Lars Wingefors, Erik Stenberg, Jacob Jonmyren, David Gardner, Matthew Karch and Cecilia Driving as Board members, with Kicki Wallje-Lund is also elected as the Chair of the Board. The Company's seven Board members are presented in more detail under the section "Board of Directors".

The composition of the Board does not meet the requirements concerning the independence of Directors prescribed in the Swedish Corporate Governance Code, rule 4.3, which provides that no more than one director elected by the shareholders' meeting may be part of the management of the Company or of the Company's subsidiaries. Two of Embracer Group's Board members, Lars Wingefors and Matthew Karch, work operationally within the Group's management. Furthermore, Matthew Karch has announced that he will resign as director of the board at the annual general meeting 2023. Therefore, the previous deviation from the Swedish Corporate Governance Code will no longer exist as of the annual general meeting. The explanation of the current deviation is as follows:

The Group operates under a very decentralized operating model, where business and operation decisions are managed at either Group or entity level. Lars Wingefors is the founder, the largest shareholder and the CEO of Embracer Group. As such, Embracer Group is dependent on Lars Wingefors on both a strategic and overall Group level and he is instrumental for the continued success of the Group's business operations. Lars Wingefors is a very strong individual and clearly associated with Embracer Group and his competence is needed in order to get a full picture of the Company's position, strategic options, etc. Embracer Group has been growing rapidly since its inception and the markets in which the Company is present are moving rapidly. Key to Embracer Group's success story is the fact that it is founder-led, entrepreneurial and able to rapidly develop new products and features. Accordingly, it is not only critical to have Lars Wingefors as CEO but with him as Board member, the Board can better adapt Embracer Group's long- and short-term strategy and continue the successful growth journey.

Matthew Karch is the founder and was until recently CEO of Saber Interactive, one of the largest of Embracer Group's twelve operative group's, with gaming studios in multiple locations across the globe. Matthew founded Saber Interactive in 2001 after a brief career as an attorney. He has experience in game development, ranging from design and licensing to business development and has for the past 21 years served as CEO of Saber Interactive, and

now recently stepped down to act as interim Chief Operating Officer in Embracer Group. To manage potential conflicts of interest that may arise as a consequence of the Board of Director's composition, and until Matthew Karch steps down as director, the Board has taken appropriate measures in the Rules of Procedure for the Board of Directors as a complement to the provisions on conflicts of interest as prescribed in the Swedish Companies Act (2005:551). For additional information on Board members' independence, see page 80.

Conflicts of interest

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

Board meetings

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

Board work and matters for the Board

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

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

The Chair of the Board who is elected by the AGM and has special responsibility for the management of the

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

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

To ensure that the Board has good visibility of the Group's operations, the CEO submits a report on the business, including reporting from the operative group's at all ordinary Board meetings. At the ordinary Board meetings, the CFO also reports on the financials and governance of Embracer Group, including relevant matters relating to treasury, hedging, risk management, insurance, compliance and sustainability, as appropriate. The Chief of Staff, Legal & Governance also reports on certain matters at the ordinary Board meetings, including governance, compliance, legal matters and HR. In addition, the Board discusses specific strategic topics of relevance and the Board Committees report on their work. At each Board meeting the Board is also presented with a number of decision items for consideration and approval as set out in the Rules of Procedure for the Board. The Board is also provided with a monthly financial report including items on operations and financials and receives any additional information depending on the specific matter at hand.

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

Evaluation of the work of the Board and the CEO

The Board conducts an annual survey of its work performed during the year. The survey covers areas such as the climate at Board meetings and the allocation of time

BOARD OF DIRECTORS, ATTENDANCE & INDEPENDENCE

Name	Position	Member since	Attendance Board meetings ¹⁾	Independent in relation to:	
				The Company and management	Major shareholders
Kicki Wallje Lund	Board member (Chair)	2016	15/15	Yes	Yes
Lars Wingefors	Member of the Board	2011	15/15	No	No
Erik Stenberg	Member of the Board	2011	15/15	No	No
Jacob Jonmyren	Member of the Board	2018	15/15	Yes	No
Ulf Hjalmarsson ²⁾	Member of the Board	2018	12/15	Yes	Yes
David Gardner	Member of the Board	2020	12/15	Yes	Yes
Matthew Karch	Member of the Board	2020	13/15	No	No
Cecilia Driving ³⁾	Member of the Board	2022	3/15	Yes	Yes

¹⁾ Per capsulam not included

²⁾ Ulf Hjalmarsson resigned as Member of the Board on September 21, 2022, at the annual general meeting.

³⁾ Cecilia Driving was appointed as Member of the Board on September 21, 2022, at the annual general meeting.



spent on different topics, the work of the Board committees, the efficiency of the work of the Board, Board leadership and relations with the Group Management Team. Based on the result of the survey the Board will evaluate the performance and identify possible areas of improvement. In addition to the annual survey, the Chair of the Board conducts meetings with each individual Board member during the year.

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

The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

The Board's work in 2022/23

In 2022/23, the Board held 86 recorded meetings (of which 15 physical/video conference and 71 per capsulam). The large number of meetings held per capsulam (64 meetings) is mostly related to the number of acquisitions made during the year and the growth of Embracer Group where the work of the Board takes place at a higher pace. The Board members' attendance at Board meetings and Committee meetings is shown in the table below. The secretary of the Board meetings during the financial year was the Chief of Staff, Legal & Governance, Ian Gulam.

The Board's regular work is performed at formal Board meetings, all included in the initial meeting plan.

The Board work is also performed through meetings in the Board Committees. In addition, the Board has met on a frequent basis during the financial year, outside of the regular Board work, and such meetings have covered topics relating to the listing change to Nasdaq Stockholm, directed share issues, geopolitical issues due to Russia's invasion of Ukraine and transformative publishing and development deals.

The vast majority of the content at per capsulam meetings was devoted to acquisition matters (such as issue of shares, issue of promissory notes, allotment of shares) and proposed decisions at general meetings. In addition, the Chair of the Board continuously met with Board members separately between meetings to discuss imminent matters. An important focus for the Board during 2022/23 has been to follow-up and secure continued long-term organic and acquired growth, oversee the transition to IFRS and other changes required in connection with the listing change to Nasdaq Stockholm to fulfil requirements of Nasdaq Stockholm's Rulebook for Issuers.

Our listing change was one of the Nordic's biggest listing change ever and at the same we successfully completed the largest IFRS conversion ever done. The completion of the listing change was dependent on our ongoing strengthening of financial reporting, our ongoing development and expansion of our Internal Control Framework and the continuous development of our Corporate Governance structure as well as the implementation of these processes. During the listing change process we added three new operative groups, increased the total headcount with 6,667 people and we made 27 acquisitions since start of the listing change project.

Due to a more challenging geopolitical and macro-economic environment it became clear that we had to adapt to a new reality and that the increased cost of capital would impact our business going forward. Therefore the Board decided to carry out a special review of the business in order to further optimize our decentralized

model and capture new opportunities as well as continue our sharp focus on the execution of our ongoing business around the world.

At the yearly strategy review, the long term mind set to drive our strategy was emphasized and we want to continue to support and empower our people. Furthermore, it was emphasized that our decentralized operating model creates value by empowering great people, great businesses, and great ideas. We also want to create synergies through shared knowledge and collaborations to execute on our transmedia strategy and maintain our uniquely diversified position in the market. With our Group-wide framework, we have a shared overall strategy, values and policies to ensure responsibility and accountability in all operations.

The Board has paid particular attention to the financial strategy, since the macro economic conditions have impacted the financial market. The Board has analyzed and discussed the higher cost of capital, higher return requirements and how to adapt to this new reality. The Board has also paid particular attention to the M&A strategy, the significant number of acquisitions made during the financial year and follow-ups on prior acquisitions. The Board has concluded that we need to focus more on digesting completed acquisitions and prioritizing bolt on acquisitions. The Board has therefor paid particular attention to onboarding and integration of new businesses. Furthermore, the Board focused on the large investments made in game development including financial evaluations of ongoing major development projects, including impairment tests.

The Board has also devoted notable time to ensure that Embracer Group has a solid governance structure and appropriate systems for following up on and controlling the Company's risks. The uplisting to Nasdaq Stockholm's regulated market triggered an extra thorough readiness assessment and further refinement of our decentralized governance model, risk management and commitment to sustainability.

At regular Board meetings, reports are presented on the Group's business performance. Embracer Group's auditor also attended two Board meetings as well as four Audit and Sustainability Committee meeting, during which Board members had the opportunity to pose questions to the auditor on audit reports and the efficiency of the internal control in the financial reporting process.

Reports from the operative groups have been presented on a quarterly basis. Such reports include information on performance in relation to budget, games releases, top revenue contributors, collaborations between operative groups and market updates. The Board is also continuously updated and involved in the development of the Group's sustainability framework and initiated projects. During 2022 the Board worked extensively with issues relating to the war in Ukraine.

Board Committees

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

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

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

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

Audit and Sustainability Committee

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

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

Cecilia Driving (Chair of Committee), Kicki Wallje-Lund and Jacob Jonmyren are the current members of the Audit and Sustainability Committee. The Committee complies with the Swedish Companies Act's (2005:551) and the Swedish Corporate Governance Code's requirements for independence as well as accounting and audit competence.

Remuneration Committee

The Remuneration Committee prepared remuneration principles for the CEO and the Group Executive Management Team members that were adopted by the AGM 2022. Furthermore, the Committee supports the Board, with the approval of remuneration and benefits of the CEO and, in dialogue with the CEO, assist with or resolve on various other remuneration matters in relation to the Group management.

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

reports and proposals to the Board for resolution. The Remuneration Committee is also responsible for preparing the remuneration report to be presented at the AGM. The Remuneration Committee submits proposals to the Board regarding guidelines for remuneration and other employment terms and conditions for the Group Team Management. The AGM 2022 adopted guidelines for remuneration to the Group Executive Management Team.

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

Compensation to the Board of Directors

The remuneration to the members of the Board is determined at the AGM. The AGM 2022 resolved that the remuneration to the Board shall be in total SEK 5,475,000, including remuneration for committee work, and for each director elected by the meeting and who is not employed by The Group, the remuneration shall be SEK 600,000 and the Chair of the Board is to receive SEK 2,100,000.

Furthermore, the AGM 2022 resolved that remuneration for members of the audit and sustainability committee shall be SEK 175,000 and the remuneration to the chair of the audit and sustainability committee shall be SEK 275,000 and that remuneration for members of the remuneration committee shall be SEK 100,000 and remuneration to the Chair of the remuneration committee shall be SEK 150,000.

Remuneration to each Board member during 2022/23 is specified in Note 7.

CEO and management

The CEO is appointed by the Board and has the foremost responsibility for the continuous management of Embracer Group and the day-to-day operations. The division of work between the Board and the CEO is set out in the Rules of Procedure for the Board and in the instructions for the CEO and follows the Swedish Companies Act (2005:551). The CEO is also responsible for the preparation of reports and compiling information to the Board meetings and for presenting such material at the Board meetings.

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

The CEO leads the work of the operative group CEOs Forum and the Group Executive Management Team, which is responsible for the overall business development and operations of the Group. The operative group CEOs Forum consist of twelve CEOs who each head up

one of the operative groups plus the Group CEO, Group CFO & Deputy CEO, Chief of Staff, Legal & Governance, Chief Strategic Partnership Officer, interim Chief Operating Officer and interim Chief Strategy Officer. The Group Executive Management Team consists of the Group CEO, Group CFO & Deputy CEO, the Chief of Staff, Legal & Governance, Chief Strategic Partnerships Officer, interim Chief Operating Officer and interim Chief Strategy Officer.

The operative group CEOs have weekly meetings addressing operational performance and strategic matters. In addition, at the meetings, the operative group CEOs discuss pre-announced topics. In addition, operative group CEOs have at least two more extensive meetings during the year which cover issues related to the Group's development.

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

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

The CEO, the operative group CEOs and the Group Executive Management Team are presented in more detail from page 86.

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

GROUP MANAGEMENT AND OPERATIVE GROUP CEOs



External Auditor

Ernst & Young Aktiebolag ("EY") were re-elected as the Company auditor at the AGM 2022. EY have been Embracer Group's auditor since 2017 with the auditor-in-charge, since the AGM 2020, being Johan Eklund (born in 1975), authorized public accountant and member of FAR.

The external auditors discuss the external audit plan, audit findings and risk management with the Audit and Sustainability Committee. The results of their financial year audit and the audit of the annual report of the parent company and the consolidated financial statements are presented to the Audit and Sustainability Committee and the Board at meetings after year-end. The auditor

also participated in an Audit and Sustainability Committee meeting during which the committee members had the opportunity to pose questions to the auditor without representations of the Management being present. When EY is asked to provide services other than the external audit, this is done in accordance with laws and regulations as well as internal guidelines adopted by the Audit and Sustainability Committee.

Internal Auditor

The purpose of Internal Audit is to improve the business by enhancing risk management, governance and internal control. In 2019, Embracer Group established a Group Internal Audit function which performs risk-based reviews of Corporate Governance and internal control procedures within the Group. Internal Audit is an independent and objective assurance and consulting activity that aims to enhance and protect organizational value by providing risk-based and objective advice and insight. The Internal Audit function formally reports to the Audit and Sustainability Committee and findings are also reported to the Group Executive Management Team and process owners. The output of the reviews include action plans to improve risk management procedures. The Internal Audit Plan 2022 has been developed based on the risk analysis from 2021 and considers the risks identified by the organization. The Internal Audit Plan is also based on the internal auditor's experience of identifying other risk areas which may warrant attention. An Internal Audit Tracker process is governed by the Audit and Sustainability Committee who reports back to the Board. The Audit and Sustainability Committee receives updates periodically with regards to open items in the Internal Audit Tracker. The Internal Audit Plan may also address some ad hoc areas which are not deemed high risk.

Embracer Group ERM process and Internal Control framework

According to the Swedish Companies Act (2005:551), the Board is ultimately responsible for ensuring that an effective internal control system exists within the Group.

In order to assist the Board and the Group Management Teams (Group Executive Management and Extended Management) in their internal control responsibilities, the Group Internal Control Coordinator (ICC), ensures a common and consistent control environment throughout the Group. The Group ICC reports to the Audit and Sustainability Committee on a periodic basis.

Enterprise Risk Management (ERM) is the process of consistent Group wide risk management enabling continuous risk identification, assessment, mitigation, and monitoring of risk exposure (the spectrum of risks includes, strategic, operational, financial and compliance risks). For more information on the ERM process see page 104.

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

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

The overall expectation is that operations within Embracer Group are conducted with sound internal control and risk

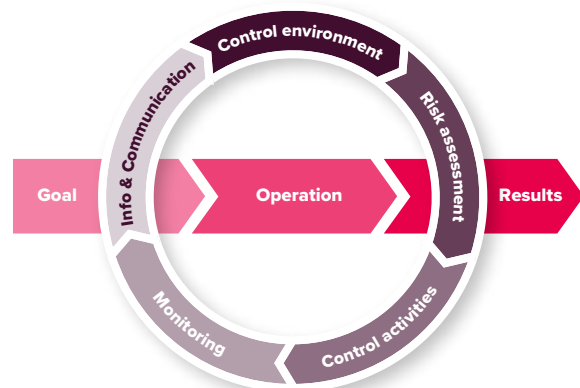
management, which means, among other things, that enterprise-wide risk assessments are performed, risk based internal controls have been implemented and are followed up on an ongoing basis, and that adequate segregation of duties is established. Monitoring activities are used to assess whether the components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

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

During the year, Embracer Group implemented an extended internal control framework to meet Nasdaq's requirements in terms of Governance and Internal Control for listed companies, including Internal control over financial reporting (ICFR). The internal control framework serves to ensure the existence of a common and consistent control environment throughout the Group, stating what internal control measures need to be implemented, including ICFR which aims to ensure reliable and timely financial information, in compliance with regulatory requirements. The Group internal control framework enables the Group to maintain the decentralized organization model, ensuring that the entire organization with all operative groups are carrying out internal control related tasks consistently in line with the intentions of Embracer. The Group internal control framework, including Group level documentation of expected ICFR controls, is compiled by the Group ICC.

Control Environment

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



Risk Assessment

The ERM risk identification is based on a definition of risk which entails to identify events that threaten the organization's ability to achieve its business goals and objectives. Risk management is part of the Board's and management's governance of the business. During 2022/23, a Group wide ERM risk management process has been reviewed and updated to ensure that key risks are identified, assessed, and mitigating actions are in place to manage these risks and have designated internal owners. The purpose is to identify, analyze and evaluate any new relevant Group level risks and update Embracer Group's view on any previously identified risks and is the starting point for determining the internal control measures required. Risk owners, the Extended management team, the Operative group CEO forum and the Group executive management team are all stakeholders and involved in the risk assessment process. The top risk report is prepared by the Group executive management team and presented for the Audit and Sustainability Committee, and finally approved by the Board. The ERM risk management process is at least performed semi-annually and is approved with Group executive management and is reported to the Audit and Sustainability Committee and finally decided by the Board.

A separate, targeted ICFR risk assessment related to Financial Reporting has been performed at Group level, to identify key risks for errors and fraud, based on the Group's income statement and balance sheet. The result has been used as basis for identifying key financial reporting processes in scope for risk based internal controls over financial reporting (ICFR). The ICFR risk assessment was initiated by the Group ICC and performed in close collaboration with Group key process owners of ICFR and other representatives from Group Finance.

Control Activities

Based on the Embracer Group Risk Assessments performed, internal controls are designed, implemented, and documented to manage key risks in business and financial reporting processes.

Control activities are the actions established through policies and procedures that help ensure mitigation of non-acceptable risks. The aim is to have a cost-effective composition of controls which are adapted to the business conditions and risk tolerance. The controls in the internal control framework consist of a combination of process level and transaction related key controls, enterprise-wide controls as well as controls that ensure the continuity of the IT infrastructure. Internal controls and monitoring procedures must also be implemented to cover controls over key processes, if any, performed by a third party, i.e., outsourced processes.

Monitoring

The Group ICC is facilitating the monitoring of enterprise risk management and internal control as well as initiating monitoring of internal control status. The effectiveness of the internal control activities is monitored by a newly implemented risk based self-assessment process which is verified through testing done by an independent internal control coordinator in each operative group and is reported to the Group's ICC. If necessary, additional independent testing can be done. The Group ICC has an annual cycle of the internal control and it is a part of a multi-year risk-based plan with different focus areas and

coverage. The plan is based on the risk assessment, previous control, and monitoring activities, and to mitigate residual risks as well as to meet the risk appetite. Any gaps and action items are documented in a remediation tracker and any significant overdue items are communicated timely to process owners and representatives from the Extended Management team. The Group ICC keeps regular contact with the Group CFO & Deputy CEO. During the year an operational group internal control coordinator was appointed in each operative group with the role of being the first point of contact to the Group ICC and as an independent party lead the internal control work in the operative groups.

Information and Communication

Regular and transparent communication between stakeholders in the ERM and internal control process is the basis for conducting and ensuring sound internal governance and control. A Group internal control framework information campaign is communicated annually to stakeholders. The campaign launches the annual process, any changes to the framework, training if needed, principles for focus areas and scope, as well as an annual and multi-year plan for internal control which includes an annual evaluation of controls and an independent testing of controls. The Group ICC keeps regular contact with the operative group internal control coordinators.

Reporting

The Groupwide top risks are discussed with ERM stakeholders, agreed upon with ERM stakeholders, and reported to the Audit and Sustainability Committee and the Board, along with actions for mitigating top risks where residual risk does not align with risk appetite as determined by the Board.

According to the annual plan for the Group's ICC, internal control coordinators in each operative group reports to the Group's ICC, which in turn reports status and potential gaps in the annual plan for internal control to representatives in Group management.

Remuneration to the Group Executive Management Team

For information on remuneration to Group Executive Management see note P6.

Notice period and severance payment

Embracer Group and its CEO and CFO must observe a notice period of 6 months. The CEO is entitled to termination benefits corresponding to 6 months' salary, provided Embracer Group terminated the employment contract and the CEO has not been dismissed. The Chief Strategic Partnerships Officer is entitled to termination benefits corresponding to 6 months' salary plus 50 percent of any payable bonuses, provided Embracer Group terminated the employment contract and the Chief Strategic Partnerships Officer has not been dismissed. Other CEOs have a notice period in the Group varying from 3 to a maximum of 6 months, with remuneration paid until employment is terminated. The other senior executives are entitled to a notice period with remuneration up to 6 months. The executives must observe the same notice period.

BOARD OF DIRECTORS



KICKI WALLJE-LUND Born: 1953

Chair of the Board, elected 2016

Member of the board's audit and sustainability committee, and remuneration committee.

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

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

Holdings in Embracer Group: As of March 31, 2023, Kicki Wallje-Lund held 96,200 class B shares in Embracer Group AB (publ).



LARS WINGEFORS Born: 1977

Co-founder and CEO of Embracer Group

Board member, elected 2011

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

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

Holdings in Embracer Group: As of March 31, 2023, Lars Wingefors held 81.17 % of the shares and 96.62 % of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



ERIK STENBERG Born: 1963

Co-founder of Embracer Group

Board member, elected 2011

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

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

Holdings in Embracer Group: As of March 31, 2023, Erik Stenberg held 10.86 % of the shares and 1.95 % of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group. Erik Stenberg also holds 4,500,000 class B shares in Embracer Group AB (publ) through a wholly owned company.



JACOB JONMYREN Born: 1980

Board member, elected 2018

Member of the board's audit and sustainability committee, and remuneration committee. Chair of the remuneration committee.

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

Current assignments: Jacob Jonmyren is CEO and board member at Jacob Jonmyren Kapital AB, Chairman of the Board of Lars Wingefors AB, and a board member at Forskningsstiftelsen SSE-MBA, Consilio International AB and RAM ONE AB.

Holdings in Embracer Group: As of March 31, 2023, Jacob Jonmyren held 42,000 class B shares in Embracer Group privately and additional shares indirectly through Lars Wingefors AB.



CECILIA DRIVING Born: 1971

Board member, elected 2022

Member of the board's audit and sustainability committee. Chair of the audit and sustainability committee.

Education/background: Cecilia Driving holds a LL.M. and a Bachelor of Science in Business Administration from Stockholm University. She has held several CFO positions in life-science, private equity, research and telecom companies.

Current assignments: Director and chair of the audit committee of Ovzon AB and CFO Mabtech AB.

Holdings in Embracer Group: As of March 31, 2023, Cecilia Driving held 1,000 class B shares in Embracer Group AB (publ).



DAVID GARDNER Born: 1965

Board member, elected 2020

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

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

Holdings in Embracer Group: David Gardner has no holding of shares in Embracer Group AB (publ).



MATTHEW KARCH Born: 1971

Chief Operating Officer, appointed June 2023

Board member, elected 2020

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

Current assignments: Matthew Karch has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Matthew Karch owned 57.5 % of S3D Media which in turn holds 12,798,274 class A shares and 70,772,440 class B shares in Embracer Group AB (publ). Matthew Karch also holds 1,070,000 B shares directly.



AUDITOR

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

PARENT COMPANY

SENIOR EXECUTIVES



LARS WINGEFORS Born: 1977

Co-founder and CEO of Embracer Group

Board member, elected 2011

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

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

Holdings in Embracer Group: As of March 31, 2023, Lars Wingefors held 81.17 % of the shares and 96.62 % of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



JOHAN EKSTRÖM Born: 1977

Group CFO & Deputy CEO, appointed August 2019

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

Current assignments: Johan Ekström has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Johan Ekström held 73,370 class B shares in Embracer Group AB (publ).



IAN GULAM Born: 1982

Chief of Staff, Legal & Governance, appointed May 2022

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

Current assignments: Ian Gulam is Chairman of the Board of TinyHouse AB.

Holdings in Embracer Group: As of March 31, 2023, Ian Gulam held 19,036 class B shares in Embracer Group AB (publ).



CAREEN YAPP Born: 1969

Chief Strategic Partnerships Officer, employed since 2023

Education/background: Careen has more than twenty years of technology and entertainment experience, including executive business development and licensing positions at Sony Computer Entertainment, Konami Digital Entertainment and others. Before joining Embracer Group, Careen worked at Google Stadia.

Current relevant assignments: Serves as Chairman of the Board for Women in Games International and as a board member of the Entertainment Software Association Foundation.

Holdings in Embracer Group: Careen Yapp has no holding of shares in Embracer Group AB (publ).



MATTHEW KARCH Born: 1971

Chief Operating Officer, appointed June 2023

Board member, elected 2020

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

Current assignments: Matthew Karch has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Matthew Karch owned 57.5 % of S3D Media which in turn holds 12,798,274 class A shares and 70,772,440 class B shares in Embracer Group AB (publ). Matthew Karch also holds 1,070,000 B shares directly.



PHIL ROGERS Born: 1969

Chief Strategy Officer, appointed in June 2023

Education/Background: Phil holds a BSc degree in Mathematics (University of Leeds, UK) and has over 20 years' experience in the games industry working across start-ups to multinational organisations. He became CEO of Eidos in 2008 and was CEO across Square Enix's western business from 2009 to 2022.

Current assignments: Phil Rogers has no other current assignments

Holdings in Embracer Group: Phil Rogers has no holding of shares in Embracer Group AB (publ).

OPERATIVE GROUPS

CHIEF EXECUTIVE OFFICERS



KLEMENS KREUZER Born: 1976

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

CEO, THQ Nordic GmbH, employed 2011

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

Current assignments: Klemens Kreuzer has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Klemens Kreuzer holds 1.62 % of the shares and 0.29 % of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330. Klemens Kreuzer also holds 1,118,104 class B shares in Embracer Group AB (publ) through a wholly owned company.



ANTON WESTBERGH Born: 1985

Co-founder and CEO, Coffee Stain, employed 2013

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

Current assignments: Anton Westbergh has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Anton Westbergh held, through companies 2,412,666 class B shares in Embracer Group AB (publ).



KLEMENS KUNDRATITZ Born: 1962

Co-founder and CEO, Koch Media, employed 1994

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

Current assignments: Klemens Kundratitz has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Koch Media Holding GmbH holds 2,255,856 class B shares in Embracer Group (publ). Koch Media Holding GmbH (previously Parent Company in the Koch Media Group) is partly owned by Klemens Kundratitz, co-founder and CEO of the Koch Media Group.



ANDREY IONES Born: 1973

Co-founder and CEO of Saber Interactive

Education/Background: Andrey has a PhD in computer science from St.Petersburg Polytechnic University. He has extensive experience in game design, development, and studio management.

Current assignments: Andrey Iones has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Andrey Iones owned 42.5 % of S3D Media which in turn held 12,798,274 class A shares and 70,772,440 class B shares in Embracer Group AB (publ).



PER-ARNE LUNDBERG Born: 1970

CEO Amplifier Game Invest AB, employed since 2018

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

Current assignments: Board member, Forsway Scandinavia.

Holdings in Embracer Group: As of March 31, 2023, Per-Arne Lundberg held 33,694 class B shares in Embracer Group AB (publ).



KEN GO Born: 1980

Founder and CEO, DECA Games

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

Current assignments: Ken Go has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Ken Go held 11,803,182 class B shares in Embracer Group AB (publ).



RANDY PITCHFORD Born: 1971

Founder and CEO, Gearbox Entertainment Company

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

Current assignments: Randy Pitchford has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Randy Pitchford held 9,563,028 class B shares in Embracer Group AB (publ).



OLEG GRUSHEVICH Born: 1984

Co-founder and CEO Easybrain, employed 2016

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

Current assignments: Oleg Grushevich has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Oleg Grushevich held, through company, 10,066,558 class B shares in Embracer Group AB (publ).



STÉPHANE CARVILLE Born: 1968

CEO Asmodee Group

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

Current assignments: Stéphane Carville has no other current assignments.

Holdings in Embracer Group: Stéphane Carville has no holding of shares in Embracer Group AB (publ).



MIKE RICHARDSON Born: 1950

CEO Dark Horse Media

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

Current assignments: Mike Richardson has no other current assignments.

Holdings in Embracer Group: Mike Richardson has no holding of shares in Embracer Group AB (publ).



LEE GUINCHARD Born: 1970

CEO, Freemove by Embracer

Education/Background: CEO Lee Guinchard was co-founder & CEO of Aionic Labs Inc an ideation technology incubator located in Silicon Valley, California. He was also Studio Head of Red Octane Design and VP of Hardware at video game publisher Activision Blizzard for 11 years. While at Activision Blizzard, he oversaw production, hardware development, manufacturing, and compliance for multibillion-dollar franchises such as *Guitar Hero* and *Skylanders*. Lee was also Founder and CEO of Joytech as well as Founder and Managing Director of LDA Distribution, a leading European game distributor. Both companies were acquired from Take 2 Interactive in 1999.

Current assignments: Lee Guinchard has no other current assignments.

Holdings in Embracer Group: As of March 31, 2023, Lee Guinchard held 205,580 class B shares in Embracer Group AB (publ).



PHIL ROGERS Born: 1969

CEO, Crystal Dynamics and Eidos

Education/Background: Phil holds a BSc degree in Mathematics (University of Leeds, UK) and has over 20 years' experience in the games industry working across start-ups to multinational organisations. He became CEO of Eidos in 2008 and was CEO across Square Enix's western business from 2009 to 2022.

Current assignments: Phil Rogers has no other current assignments

Holdings in Embracer Group: Phil Rogers has no holding of shares in Embracer Group AB (publ).

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 73-92 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Karlstad, June 21, 2023
Ernst & Young AB

Johan Eklund
Authorized Public Accountant



THE SHARE

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THE SHARE AND OWNERS

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SHARE CAPITAL DEVELOPMENT

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THE SHAREHOLDERS

LISTED ON NASDAQ STOCKHOLM

THE SHARE AND OWNERS

Embracer Group has a diversified shareholder base with a large holding among the co-founders of the Group's companies as well as a large base of retail shareholders. At the end of the period, top-20 in management held a combined 42 % of capital and 62 % of votes in Embracer Group. On December 19, 2022, Embracer Group completed a listing change to Nasdaq Stockholm Main Market. Embracer Group's Class B shares are traded under the short name EMBRAC B.

SHARE PRICE AND TURNOVER

At the beginning of the financial year April 1, 2022, the share price was SEK 81.70 and the closing price of the share at the end of the financial year on March 31, 2023 was SEK 48.47, a decrease of 40.7 percent. The share price varied during the year between a low of SEK 41.00 on November 23, 2022 and a high of SEK 98.56 on June 8, 2022. Embracer Group's market capitalization at the end of the financial year amounted to SEK 57.8 billion. The free float amounted to 57 % of outstanding shares (source: Holdings).

NUMBER OF SHARES AND SHARE CAPITAL

On March 31, 2023, the number of shares in Embracer Group AB (publ) amounted to 66,798,274 A shares and 1,192,443,893 B shares, a total of 1,259,242,167 shares. B shares have one vote each and A shares have ten votes each. All shares represent an equal share of the company's assets and earnings.

SHARE ISSUES AND AUTHORIZATION

On June 8, 2022, Embracer Group resolved to carry out a directed share issue of approximately 99.9 million B shares at a subscription price of SEK 103.47 per share, corresponding to a premium of 15.0 percent compared to the closing price of the B shares on June 7, 2022. The proceeds from the share issue amount to approximately SEK 10.3 billion. The shares were issued to Savvy Gaming Group ("SGG"), which upon settlement of the share issue holds approximately 8.1 percent of the shares and 5.4 percent of the votes in Embracer. Through the share issue Embracer Group further strengthens its institutional shareholder base with a significant long-term shareholder. SGG has agreed, with customary exceptions, to a lock-up of 360 calendar days after June 8, 2022 with the clear intention to be a long-term shareholder and to continue to support Embracer's future growth and M&A ambitions. The share issue consisted of a total of 99,884,024 B shares and was divided into two tranches where one tranche corresponding to 47,115,105 B shares was resolved by the Board of Directors based on the authorization granted by the extra general meeting on January 7, 2022 and subject to payment and settlement in June 2022. The second tranche, corresponding to 52,768,919 B shares, was subject to resolution, subscription, payment and settlement in July 2022. Since the Board uti-

lized the whole authorization from January 7, 2022, the Board summoned an extra general meeting to resolve to issue additional B shares to accommodate for the second tranche.

On June 27, 2022, an extra general meeting resolved to authorize the Board of Directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten percent of the total number of shares in Embracer at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off. The purpose for the Board to resolve on issuances with deviation from the shareholders preferential rights is primarily for the purpose to raise new capital to increase flexibility of Embracer Group or in connection with acquisitions.

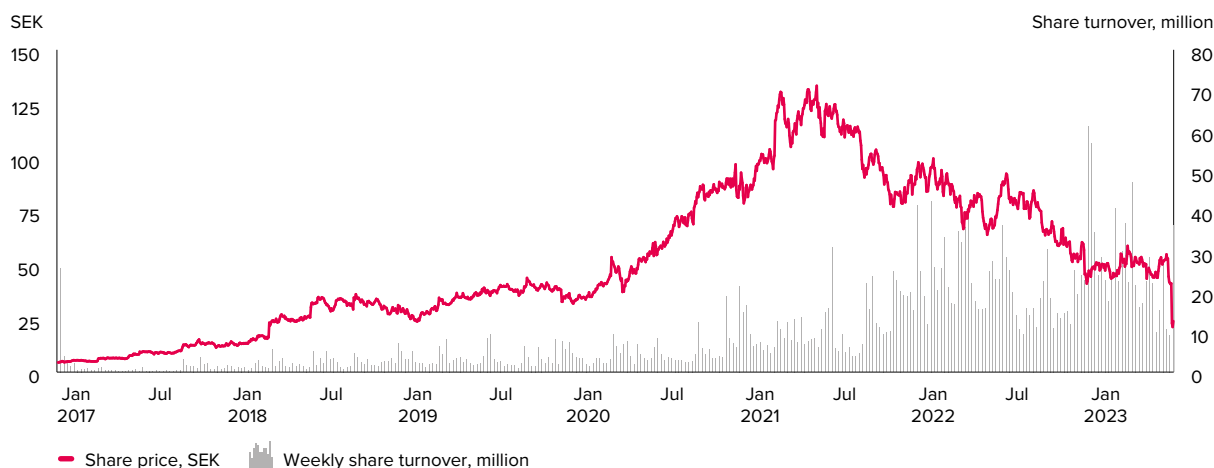
AGM 2023

The AGM 2023 will take place on September 21, 2023.

INFORMATION ABOUT NASDAQ STOCKHOLM MAIN MARKET

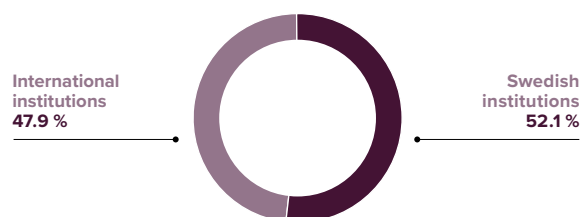
Nasdaq Stockholm Main Market ("Nasdaq Stockholm") is a regulated marketplace operated by NASDAQ. Companies quoted on Nasdaq Stockholm are subject to Nasdaq Stockholm Rulebook for Issuers.

SHARE PRICE DEVELOPMENT AND SHARE TURNOVER



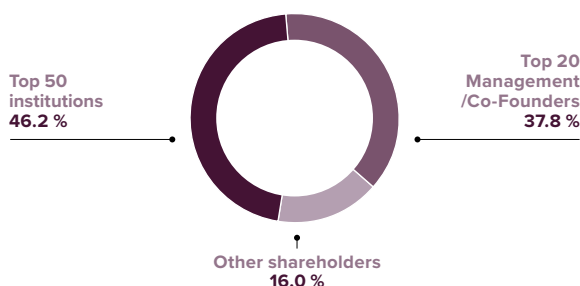
INTERNATIONAL OWNERSHIP TOP 50 INSTITUTIONAL

By capital, as of March 31, 2023



INSTITUTIONAL OWNERSHIP VS MANAGEMENT

By capital, as of March 31, 2023



ANALYSTS FOLLOWING EMBRACER GROUP

AS OF DATE OF PUBLICATION

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SHB	Rasmus Engberg	-	rasmus.engberg@handelsbanken.se

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

At www.embracer.com consensus estimates are provided as an IR-service.

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

HISTORICAL SHARE CAPITAL DEVELOPMENT

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

CONTINUED >>

CONT'D HISTORICAL SHARE CAPITAL DEVELOPMENT

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

THE SHARE

TOP 10 OWNERS, AS OF MARCH 31, 2023

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	52,260,204	210,238,330	20.85 %	39.39 %
Savvy Gaming Group		99,884,024	7.93 %	5.37 %
S3D Media Inc	12,798,274	70,772,440	6.64 %	10.68 %
Founders/Management - Easybrain		64,406,137	5.11 %	3.46 %
Canada Pension Plan Investment Board (CPP)		43,595,333	3.46 %	2.34 %
PAI Partners		39,044,571	3.10 %	2.10 %
Alecta Tjänstepension		42,584,000	3.38 %	2.29 %
Swedbank Robur Fonder		41,599,170	3.30 %	2.24 %
Didner & Gerge Fonder		31,724,129	2.52 %	1.71 %
Handelsbanken Fonder		28,926,101	2.30 %	1.55 %
TOTAL TOP 10	65,058,478	672,774,235	58.59 %	71.1 %
ALL OTHER SHAREHOLDERS	1,739,796	519,669,658	41.41 %	28.9 %
TOTAL	66,798,274	1,192,443,893	100.00 %	100.0 %

Source: Monitor by Modular Finance.

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

TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF MARCH 31, 2023

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	Embracer Group	52,260,204	210,238,330	20.85 %	39.39 %
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	6.64 %	10.68 %
Founders/Management	Easybrain		64,406,137	5.11 %	3.46 %
Ken Go	Deca Games		11,803,182	0.94 %	0.63 %
Randy Pitchford	Gearbox		9,563,028	0.76 %	0.51 %
Founders/Management	4a		4,892,140	0.39 %	0.26 %
Erik Stenberg	Embracer Group		4,500,000	0.36 %	0.24 %
Management	Crazy Labs		4,402,714	0.35 %	0.24 %
Founders	Ghostship Games		4,138,206	0.33 %	0.22 %
Luisa Bixio	Milestone		4,124,342	0.33 %	0.22 %
Founders/Management	Aspyr		3,549,742	0.28 %	0.19 %
Richard Stitselaar and Kimara Rouwit	Vertigo Games		3,516,420	0.28 %	0.19 %
Pelle Lundborg	Embracer Group	1,739,796	1,009,120	0.22 %	0.99 %
Anton Westbergh	Coffee Stain		2,412,666	0.19 %	0.13 %
Klemens Kundratitz	PLAION		2,255,856	0.18 %	0.12 %
William Munk II	Tripwire		1,501,907	0.12 %	0.08 %
David Hensley	Tripwire		1,501,907	0.12 %	0.08 %
Alan Wilson	Tripwire		1,482,887	0.12 %	0.08 %
Dennis Gustafsson	Tuxedo Labs		1,408,031	0.11 %	0.08 %
Vincent Van Brummen	Vertigo Games		1,346,702	0.11 %	0.07 %
TOP 20		66,798,274	408,825,757	37.77 %	57.88 %
ALL OTHER SHAREHOLDERS		0	783,618,136	62.23 %	42.12 %
TOTAL		66,798,274	1,192,443,893	100.00 %	100.00 %

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

TOP 50 INSTITUTIONAL OWNERS, AS OF MARCH 31, 2023

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Savvy Gaming Group		99,884,024	7.93 %	5.37 %
Canada Pension Plan Investment Board (CPP)		43,595,333	3.46 %	2.34 %
PAI Partners		39,044,571	3.10 %	2.10 %
Alecta Tjänstepension		42,584,000	3.38 %	2.29 %
Swedbank Robur Fonder		41,599,170	3.30 %	2.24 %
Didner & Gerge Fonder		31,724,129	2.52 %	1.71 %
Handelsbanken Fonder		28,926,101	2.30 %	1.55 %
AMF Pension & Fonder		23,766,000	1.89 %	1.28 %
BlackRock		19,755,666	1.57 %	1.06 %
DNB Asset Management AS		19,353,488	1.54 %	1.04 %
SEB Fonder		17,606,321	1.40 %	0.95 %
ODIN Fonder		14,000,000	1.11 %	0.75 %
Andra AP-fonden		13,306,695	1.06 %	0.72 %
TIN Fonder		12,034,706	0.96 %	0.65 %
Första AP-fonden		11,239,048	0.89 %	0.60 %
Skandia Fonder		10,782,591	0.86 %	0.58 %
Livförsäkringsbolaget Skandia		9,877,482	0.78 %	0.53 %
Länsförsäkringar Fonder		9,363,099	0.74 %	0.50 %
Futur Pension		6,242,008	0.50 %	0.34 %
Baillie Gifford & Co		5,608,552	0.45 %	0.30 %
Enter Fonder		5,493,768	0.44 %	0.30 %
Öhman Fonder		5,332,391	0.42 %	0.29 %
DNB Asset Management SA		4,873,213	0.39 %	0.26 %
AFA Försäkring		4,629,218	0.37 %	0.25 %
Avanza Pension		4,570,908	0.36 %	0.25 %
Martin Larsson (Chalex AB)		4,523,369	0.36 %	0.24 %
Government of Japan Pension Investment Fund		3,429,338	0.27 %	0.18 %
Aktia Asset Management		3,581,996	0.28 %	0.19 %
Northern Trust		3,341,907	0.27 %	0.18 %
State Street Global Advisors		3,327,001	0.26 %	0.18 %
Fidelity Investments (FMR)		3,010,428	0.24 %	0.16 %
VanEck		2,884,901	0.23 %	0.16 %
Handelsbanken Liv Försäkring AB		2,764,388	0.22 %	0.15 %
Swedbank Försäkring		2,650,539	0.21 %	0.14 %
Naventi Fonder		2,572,911	0.20 %	0.14 %
Tredje AP-fonden		2,122,000	0.17 %	0.11 %
Nordea Liv & Pension		2,098,818	0.17 %	0.11 %
Svenska Handelsbanken AB for PB		2,010,459	0.16 %	0.11 %
1832 Asset Management		1,877,680	0.15 %	0.10 %
M&G Investment Management		1,731,962	0.14 %	0.09 %
Nordnet Pensionsförsäkring		1,721,954	0.14 %	0.09 %
Lancelot Asset Management AB		1,649,999	0.13 %	0.09 %
Prioritet Finans		1,632,000	0.13 %	0.09 %
TIAA - Teachers Advisors		1,556,387	0.12 %	0.08 %
Global X Management Company LLC		1,544,701	0.12 %	0.08 %
Deka Investments		1,494,274	0.12 %	0.08 %
Cliens Fonder		1,400,000	0.11 %	0.08 %
Fondita Fund Management		1,340,000	0.11 %	0.07 %
DWS Investments		1,308,390	0.10 %	0.07 %
RAM Rational Asset Management		1,302,526	0.10 %	0.07 %
TOP 50	0	582,070,410	46.22 %	31.29 %
ALL OTHER SHAREHOLDERS	66,798,274	610,373,483	48.47 %	32.81 %
TOTAL	66,798,274	1,192,443,893	94.70 %	64.10 %

Source: Monitor by Modular Finance.





ENTERPRISE RISK MANAGEMENT

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RISK MANAGEMENT IMPROVES GROUP PERFORMANCE

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RISK AND MITIGATION OVERVIEW

RISK MANAGEMENT IMPROVES GROUP PERFORMANCE

Embracer Group aims to achieve a predictable long-term organic and inorganic growth in revenues, earnings, and cash-flow. The strategy involves taking risks as part of enabling growth through acquisitions, while maintaining a decentralized organization with multinational presence all within a common framework of governance and accountability.

The Group-wide Enterprise Risk Management (ERM) process is based on understanding the dynamic Embracer ecosystem of businesses in a variety of gaming and entertainment businesses, integrated in our Group Strategy, endorsing growth and empowered by our Group Values.

Embracer Group is organized in four operating segments, divided in 12 decentralized operative groups around the globe, with a diversified portfolio of intellectual property. This operating model itself builds resilience and is endorsed by a structured ERM process, ensuring that risks are managed with the intentions of Embracer Group.

The ERM process is an ongoing process involving and challenging different stakeholders. The process is updated at least bi-annually.

RISK ASSESSMENT AND RISK MATRIX

Identified risks are assessed based on events that might impact the achievement of strategic objectives with the aim of ensuring that Embracer Group is aware of the most significant risks.

The most important risks are analyzed based on likelihood of occurrence and magnitude of impact if the risk would occur. Embracer Group has also assessed velocity of risks, i.e. the time it takes for the risk to have an impact and thereby also the time the company has to respond.

The risk matrix is used in order to implement appropriate governance and risk mitigating measures to efficiently manage risks. Risks are evaluated and an action plan is developed.



RISK ANALYSIS OVERVIEW - MARCH 31, 2023



- 1 Game development (PC/Console) – product quality of releases
- 2 Game development (PC/Console) – delays in game projects
- 3 Technology
- 4 Customer expectations
- 5 M&A
- 6 IP-rights
- 7 IT and information security
- 8 Key personnel
- 9 Talent – diversity, retention and work environment
- 10 External communication
- 11 Games and entertainment – diversity, inclusion and digital wellbeing
- 12 Decentralized operating model
- 13 Distribution channels
- 14 Value chain – environmental, social and governance
- 15 Regulatory
- 16 Geopolitical conditions
- 17 Financial and sustainability reporting
- 18 Currency
- 19 Credit
- 20 Funding
- 21 Manufacturing
- 22 Tax
- 23 Goodwill
- 24 Privacy

The size of the bubble indicates the estimated speed of impact, where a large bubble means higher velocity (i.e., less time to respond).

RISK AND MITIGATION OVERVIEW

The following overview includes some of the Groups' identified risks. Read about *Significant risks and uncertainties* in the *Board of Directors' Report* on page 115-116 and Sustainability related risks; *Talent, Games and Entertainment* and *Value Chain*, on page 64.

OPERATIONAL RISKS

Risk area	Description of risk	Probability	Impact	How Embracer Group manages risk
2 Game development (PC/Console) – delays to game projects	Embracer Group could be adversely affected by launch delays and the discontinuation of major game titles. If a game is delayed, this would entail a potential loss of revenue during this period and could have a negative effect on the Company's reputation among players, particularly if the delay is not considered an isolated event. Furthermore, delays can mean Embracer Group is compelled to launch a game at a time that is not optimal.	5	4	<ul style="list-style-type: none"> > A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns. > A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences. > An approval process for capital allocation with evaluation of individual business cases. > All studios are required to have a formalized <i>Development Process</i> for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up.
3 Technology	Technical development shifts and project dependency on available technology in the gaming market could make Embracer Group games obsolete or outdated. The widespread introduction of new technology, new hardware and software, new types of game consoles and higher standards may require that Embracer Group must make significant investments to replace, upgrade, change or modify existing or future games. Some of Embracer Group's game titles take several years to develop and new hardware and software may be launched during the time it takes to develop the game, meaning that Embracer Group needs to modify the game to adapt to the new hardware or software, which may result in increased development costs and delays to the launch of the game.	2	4	<ul style="list-style-type: none"> > Through the many business developers, publishers and game development studios the Group maintains a tight dialogue with key players in the market, which is of great importance in understanding current and future trends. > The decentralized operating model allows for rapid response to changes.
4 Customer expectations	Embracer Group may be adversely affected by changes in the games market and preferences among game reviewers and gaming customers. When new game titles or updates of existing games are launched, there is a risk that these are not positively received by the market due to, inter alia, an expectation gap in terms of quality, changed consumer preferences or technological modifications. This could also cause difficulties for Embracer Group to successfully build on the game with new upgrades or sequels if the game has lost credibility among the gamer base.	4	5	<ul style="list-style-type: none"> > A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns. > A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences. > An approval process for capital allocation with evaluation of individual business cases. > All studios are required to have a formalized <i>Development Process</i> for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up.
7 IT & information security	Embracer Group is exposed to IT- and information security risks such as Phishing attempts, viruses or ransomware attacks. These types of cyber-crimes are aimed at stealing our IP, eavesdropping on stakeholders, disrupting our operations and services or blackmailing our organization. In order to conduct our day-to-day operations, the Group is heavily dependent on effective and uninterrupted internal IT-operations and services provided by external service providers. Furthermore, Embracer Group holds a variety of personal data pertaining to our colleagues and customers that is protected in accordance with local data protection regulations across the globe.	4	5	<ul style="list-style-type: none"> > The Group has conducted cyber maturity assessments on some subsidiaries to investigate current states of cyber maturity and define roadmaps with required activities to close high and medium risks. > The Embracer Group has further recruited a Group CISO while several subsidiaries have recruited local CISO or Security manager to oversee the cyber security agenda. A third party service provider is being evaluated. > A governance structure regarding IT- and information security has been established and a forum with relevant stakeholders was initiated in the beginning of 2023, the forum will aim to communicate and coordinate IT-policy and Information security policy requirements as applicable. > All entities within the Group to have formalized General IT controls which have been validated for full-scope entities with regards to their way of working with areas such as Identity- and access management, business resilience, change management, third party management and incident or problem management.

OPERATIONAL RISKS CONTINUED

Risk area	Description of risk	Probability	Impact	How Embracer Group manages risk
8 Key personnel	<p>Embracer Group is dependent on the ability to retain key people in the Group. In a number of cases, it would probably be difficult to replace entrepreneurs in their key positions in subsidiaries without having a negative impact on the subgroup's operations. There is a risk that the motivation of key people declines or that key people leave their positions once the date for the payment of earn-outs has passed.</p> <p>The Company also has a small, central team of key people who manage Group-specific matters and who have been involved in building up the Company.</p>	3	5	<ul style="list-style-type: none"> > Management constantly identifies key competencies that are needed and essential to execute the companies' long-term ambitions and needs. > The ability to retain, attract and develop individuals within Embracer is supported by several measures such as a well-defined recruitment process, succession and incentive planning, market and long-term remuneration and focus on development opportunities. > Key personnel dependency is reduced through knowledge sharing supported by established processes and organizational structures.
10 External communication	Embracer Group operates in industries that are periodically subject to public negative attention and debate. That could lead to a negative perception of the brand and it could also negatively impact on how to retain and attract new gamers and employees. Embracer Group could also be affected by negative perception with regard to its communication or lack of communication on a Group, operative group or company/studio level.	3	5	<ul style="list-style-type: none"> > There are established risk reducing procedures and support, including: > Group Information policy > Code of Conduct including training for all employees > Insider Q&A > Due Diligence procedures > Explainers covering: Social media, Crisis communication and Insider Information
24 Privacy	All companies within Embracer Group process Personal Data of players, employees, suppliers or contractors to various degrees. Most countries have Personal Data laws, and the global nature of the Group's operations therefore means the Group is obligated to comply with most global data protection laws. All laws require Embracer Group to understand and document any processing of Personal Data as well as be transparent towards Data Subjects.	4	5	<ul style="list-style-type: none"> > Embracer Group works to ensure all its subsidiaries comply with Data Protection laws and regulations through the ongoing implementation of a Group Internal Privacy Policy that requires a Personal Data processing baseline for all companies. > A third-party privacy audit initiative of the operative groups has been started and three operative groups have already been assessed. > A Group-wide privacy forum has been launched to increase awareness of privacy issues and requirements.

STRATEGIC RISKS

Risk area	Description of risk	Probability	Impact	How Embracer Group manages risk
1 Game development (PC/Console) – product quality of releases	Embracer Group may be adversely affected by risks related to the development of new games and improvement of existing games. Embracer Group's continued growth depends on, among other things, its ability to regularly develop new games, improve existing games in a way that enhances the gaming experience and to enter into agreements regarding new game development projects. There is a risk that none or only a minor number of future games are successful	5	5	<ul style="list-style-type: none"> > A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns. > A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences. > An approval process for capital allocation with evaluation of individual business cases. > All studios are required to have a formalized <i>Development Process</i> for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up.
5 M&A	<p>Embracer Group has a M&A agenda as part of its growth strategy. There is a risk that the company fails to successfully execute acquisitions. During 2016-2022, Embracer Group completed more than 90 acquisitions.</p> <p>Successful M&A is dependent on Embracer Groups' ability to identify suitable acquisition targets, conduct adequate due diligence, negotiate, and conclude transactions on favorable terms, and secure funding and relevant permits. There is a risk that Embracer Group when carrying out due diligence, fails to detect deficiencies in the target companies.</p> <p>In conjunction with an acquisition, Embracer Group makes certain assumptions and forecasts based on the acquired company's business plan and ability to integrate the company and these assumptions and forecasts are associated with uncertainty.</p> <p>M&A also involves risks linked to integration. To fully achieve anticipated financial and strategic objectives in relation to acquired companies, Embracer Groups must integrate operations of the acquired company.</p>	4	5	<ul style="list-style-type: none"> > There are established processes for M&A and onboarding, including: <ul style="list-style-type: none"> > Approval process prior to acquisition in line with established Delegation of Authority and Request for Investment processes and including key financial and other deal terms > Commercial analysis/due diligence > Financial and tax due diligence > Legal due diligence > Sustainability due diligence > Regulatory analysis (merger control and foreign investment regulations) > Implementation of the Group's policies and processes > Onboarding milestones. > These processes are continuously reviewed and adapted to ensure the necessary support in acquisitions. > Considerations in acquisitions often contain an earn out component over several years to sellers who usually stay in active management roles, thus creating incentives and reducing the financial and operational risk at the same time. Earn-out provisions are carefully drafted in order to incentivize management, as well as protect the Company against related disputes.

STRATEGIC RISKS CONTINUED

Risk area	Description of risk	Probability	Impact	How Embracer Group manages risk
12 Decentralized operating model	Embracer Group's decentralized organization is based on subsidiaries having local responsibility for their operations. This requires high standards of governance, internal communication, reporting and monitoring. Shortcomings in this regard will lead to inadequate control of the operations.	4	4	<ul style="list-style-type: none"> > Embracer has implemented a governance structure that clarifies the division of work within the Group including internal control, financial reporting, sustainability function, business control and compliance. Delegation of Authority / Approval rights are reviewed and approved at least annually. > The Embracer Group Internal Control Framework is implemented across the Group. A self-assessment of internal control is performed annually. The review is documented and approved, and actions are followed up. > Group governing documents are determined at Group level (e.g. Group policies, including Code of Conduct with mandatory training/confirmation). > Channels for reporting unethical behavior are available and communicated to all personnel. Anonymous reporting is possible through the whistleblowing system, where all reported incidents are investigated, and action taken in line with set process.
16 Geopolitical conditions	Embracer Group operates globally and is therefore affected by geopolitical changes in the markets where either the subgroups operate or where sales take place. Geopolitical unrest or regional or national events resulting from, for example, diplomatic crises, wars, regional and/or cross-border crises, natural disasters, epidemics, pandemics, or strikes that particularly affect one or more of these regions may therefore have an impact on Embracer Group's operations. Embracer Group conducts operations in Ukraine, Russia and Belarus and is therefore affected by the ongoing war.	5	3	<ul style="list-style-type: none"> > Embracer's companies are active in a wide variety of market segments and geographic locations. As such, the Group's exposure to any one particular area is relatively low. > The companies with operations at more high risk geographic locations work proactively with many activities to minimize the impact of regulation changes. Part of this work is reflected in the Embracer Trade Compliance Policy and Supplier Code of Conduct, which sets a minimum set of standards and procedures which all companies within the Group must adhere to.

COMPLIANCE RISKS

Risk area	Description of risk	Probability	Impact	How Embracer Group manages risk
6 IP-rights	Embracer Group is dependent on obtaining and maintaining protection for its intellectual property rights. Intellectual property rights represent, as is the case for other companies active in the gaming industry, a significant proportion of Embracer Group's assets. Embracer Group's continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and that these are then adequately protected. If the products held, developed or acquired in the future by the Company do not receive the requisite intellectual property rights protection, or if the existing intellectual property rights protection cannot be retained or if the existing intellectual property rights protection proves to be insufficient to safeguard the Company's rights and market position, the Company's ability to conduct operations, its financial position and earnings could be adversely affected. In addition, the Company's operations, financial position and earnings may be adversely affected in the event that the Company's intellectual property rights are encroached upon or if it is considered in breach of a third party's intellectual property rights	2	3	<ul style="list-style-type: none"> > Under Embracer's decentralized operating model each operative group is responsible for ensuring and implementing sufficient protection and processes to protect the Group's intellectual property rights. > The subgroups attempt to protect the Group intellectual property under trademark, patent, copyright and trade secret laws as well as through contractual restrictions on disclosure, copying and distribution. > At parent company level there is also ongoing work to continue and develop the Group strategy and protection in relation to intellectual property rights. A legal counsel has been hired in December 2022, who will work with developing and implementing a Group strategy. In addition, the parent company has set up an opt in offer for all companies within the Group to join a centralized system for administrating and managing intellectual property rights.
15 Regulatory	Embracer Group's operations are subject to regulations in several countries, which requires continuous regulatory compliance. Violations committed by, or claims of such violations that target Embracer Group, suppliers or other external parties with whom Embracer Group has a commercial relationship, risk resulting in significant fines for the Group, in-depth authority audits, negative publicity that could damage Embracer Group's reputation and lead to lack of trust among players, investors and other stakeholders.	4	4	<ul style="list-style-type: none"> > Embracer works to ensure all its subsidiaries comply with applicable laws and regulations through the implemented governance structure by having an extensive policy package accompanied with guidelines and instructions. Several of the new policies adopted during the financial year will be supported by training. > All companies in the Group must comply with the Code of Conduct and other applicable policies, guidelines and instructions. If deviations from these are identified, Embracer will take all reasonable measures to remedy the deviation. > Channels for reporting unethical behaviour are available and communicated to all personnel. Anonymous reporting is possible through the Whistleblowing system, where all reported incidents are investigated, and action taken in line with set process.



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

BOARD OF DIRECTORS' REPORT

The Board and CEO of Embracer Group AB (publ), reg no. 556582-6558, hereby submit the Annual Report for financial year 2022/23. Embracer Group conducts operations as a limited liability company (publ) and is based in Karlstad, Sweden. The financial statements are presented in SEK, Swedish kronor, which is the functional currency of the Parent Company. This Annual Report is the first Annual Report that Embracer Group AB (publ) prepares according to International Reporting Standards (IFRS) as it has been adopted by the EU. Embracer Group AB (publ) has previously published Restated historical financial information according to International Reporting Standards (IFRS) as it has been adopted by the EU.

OPERATIONS – GENERAL INFORMATION

Embracer Group is a global group of creative and entrepreneurial businesses in gaming and entertainment. Its more than 16,600 developers and other employees deliver value and entertainment to gamers and customers around the globe based on one of the industry's largest and most exciting portfolios of intellectual property. Embracer Group has a decentralized operating model with 12 operative groups – each with their own distinctive heritage, branding, business strategy, and other characteristics, but sharing the same long-term and high ambitions and a common entrepreneurial culture. Together they form a unique and rapidly growing ecosystem, and they have strong market positions in PC/Console games, mobile games, board games and VR games as well as partner publishing and niche positions in film and comic book publishing.

Embracer Group comprises of an ecosystem of studios, publishers, and other gaming and entertainment companies. Embracer Group retains a strong position in all important parts of the gaming and entertainment market value chain; IP-ownership, development, publishing and distribution.

Embracer Group employs a decentralized operating model. We consider it key to empowering talented developers and entrepreneurs across the Group. The model empowers operative group CEOs, founders, and studio heads to run business operations, while acting in line with Embracer Group's strategic values and frameworks for reporting, control, Code of Conduct and governance. The Group seeks to realize synergies where possible and deemed appropriate, for instance through IP or talent sharing between operative groups.

Over the past several years, the Group has invested significantly in creating one of the industry's largest and most exciting game development pipelines. Embracer has over 11,400 developers creating games, many based on the Group's deep and growing catalog of IPs. These efforts have created significant value that can also be capitalized through partnership and licensing deals in order to improve predictability and lower business risk. The Group also strives to leverage its unique and diversified IP portfolio through a transmedia strategy that enables adaptation of IPs for new entertainment media formats. The depth of the diversified IP portfolio means that there was no single gaming title which generated more than five percent of Group revenues in the financial year 2022/23.

In addition to investments in game development, the Group's growth has been driven by M&A. Embracer

Group's collaborations, financial empowerment and business opportunities presented to companies are unique and provide a strong incentive to join. Bolt-on acquisitions are made to strengthen the existing operative groups and the Group also can evaluate larger, transformative M&A opportunities, which would improve our ecosystem and long-term organic growth opportunities.

A strong balance sheet is emphasized which reduces the financial risk and maximizes strategic flexibility. The Group aims to achieve predictable long-term growth in revenues, earnings and cash-flow.

NET SALES & EARNINGS

The Group's net sales for 2022/23 amounted to SEK 37,665 million (17,067). Growth was mainly driven by the acquisitions of Crystal Dynamics – Eidos and Perfect World in the PC/Console Games segment, Asmodee in the Tabletop Games segment, and Dark Horse and Limited Run Games in the Entertainment & Services segment. Work performed by the Company for its own use and capitalized amounted to SEK 4,788 million (2,293) during the financial year, driven by an increase in games development projects in the Group.

Expenses related to Goods for resale amounted to SEK –14,768 million (–4,697), an increase driven by acquired growth. Other external expenses amounted to SEK –8,704 million (–4,745) and include costs for Sales and Marketing. Personnel expenses amounted to SEK –12,449 million (–8,602) and the increase is primarily due to acquisitions of companies and a growing number of developers to manage a larger portfolio of game development projects.

EBITDA amounted to SEK 6,717 million (1,667).

Depreciation, amortization and impairments totaled SEK –6,523 million (–2,793), of which amortization of intangible assets amounted to SEK –5,516 million (–2,510), and was primarily related to IP rights and internally developed games.

The Group's EBIT increased to SEK 194 million (–1,126) mainly due to an increase in net sales. The Group's financial net amounts to 4,822 (2,785). The increase in the financial net is mainly due to changes in the fair value of contingent consolidations.

The Group's profit before tax amounted to SEK 5,015 million (1,659) and tax on the profit amounted to Tax for the year amounted to SEK –553 million (–692). The Group's profit before tax mainly contains of non-taxable income in the form of fair value assessments, for example, contingent considerations, which results in a low cost of the year's tax in relation to profit before tax.

DEVELOPMENT OF THE OPERATIONS, EARNINGS AND POSITION – GROUP

SEK m	2022/23	2021/22	2020/21	2019/20 ¹⁾	2018/19 ^{1) 2)}
Net sales	37,665	17,067	9,000	5,249	5,754
EBIT	194	-1 126	2 058	345	575
EBIT margin, %	1	-7	23	7	10
Adjusted EBIT	6,366	4,465	2,858	1,033	897
Adjusted EBIT margin, %	17	26	32	20	16
Total assets	116,071	92,420	34,682	10,637	8,608
Equity/assets ratio, %	56	46	58	60	66
Average number of employees	11,956	6,532	3,174	1,856	1,026

¹⁾ Periods presented according to previous accounting standard K3 and are not recalculated according to IFRS.

²⁾ The financial year 2018/19 refers to 15 months, other comparison years refer to 12 months.

Definitions, see page 193

The period's result amounted to SEK 4,462 million (967). Earnings per share before dilution amounted to SEK 4.17 (1.08) and after dilution SEK 4.12 (1.06).

FINANCIAL POSITION

Non-current assets

Non-current assets amounted to SEK 99,073 million (77,493).

Goodwill amounted to SEK 48,524 million (42,624). The increase is mainly due to business combinations and FX effects.

The value of intangible assets amounted to SEK 45,579 million (31,371) and the increase is primarily related to IP-rights. Development projects in progress which is equivalent to the value of capitalized expenditure on ongoing development of new games and other entertainment products amounted to SEK 9,309 million (6,073) at the end of the financial year. The total number of game development projects at the end of the financial year amounted to 221 (223) projects. The value of acquired and completed development projects amounted to SEK 2,088 million (1,203) and amortization related to game development for the year amounted to SEK -2,375 million (-1,037). The value of IP rights amounted to SEK 32,854 million (23,683) and the amortization of IP rights amounted to SEK -2,693 million (-1,252).

Property, plant and equipment mainly consists of properties, and IT and office equipment. The value of property, plant and equipment amounted to SEK 1 148 million (720) and depreciation for the year amounted to SEK -275 million (-101). The value of Right-of-use assets amounted to SEK 1,423 million (1,062) and mainly refer to leasing of property. Deferred tax assets amounted to SEK 1,777 million (1,280) and mainly relate to temporary differences in receivables and liabilities.

Current assets

Current assets amounted to SEK 16,998 million (14,927).

The value of inventories, which mainly consist of physical videogames, tabletop games, merchandise products and films, amounted to SEK 4,081 million (2,775). Trade receivables amounted to SEK 5,253 million (4,406). Other receivables amounted to SEK 1,484 million (1,382). The value of the Group's total cash and cash equivalents, short-term investments and unutilised credit facilities amounted to SEK 6,083 million (7,388).

Equity

The Group's equity amounted to SEK 64,721 million (42,175) on March 31, 2023 and the equity/assets ratio increased to 56 (46) percent mainly affected by increased retained earnings and new share issues.

Non-current liabilities

The Group's non-current liabilities amounted to SEK 37,201 million (33,613). Non-current debt to credit institutions amounted to SEK 19,560 million (13,018). Contingent considerations amounted to SEK 4,497 million (8,486). Non-current put/call options on non-controlling interests amounted to SEK 2,905 million (4,259). Non-current deferred tax liabilities amounted to SEK 7,965 million (6,170).

Current liabilities

The Group's current liabilities amounted to SEK 14,150 million (16,632). Current debt to credit institutions amounted to SEK 683 million (7,014). Accounts payable amounted to SEK 2,809 million (3,602).

CASH FLOW

Cash flow from operating activities amounted to SEK 5,383 million (4,070).

Cash flow from investment activities amounted to SEK -15,489 million (-37,331). Acquisitions of subsidiaries had a net cash effect of SEK -8,935 million (-33,403). Acquisitions of other financial assets amounted to SEK -92 million (-71). Net investments in non-current assets totaled SEK -6,493 million (-4,053) of which the Group's investments in intangible assets during the financial year (excluding company acquisitions) amounted to SEK -6,495 million (-3,717) million, mostly related to investments in game development. Investments in property, plant and equipment amounted to SEK -500 million (-344) million, the majority of which was related to investments in building, inventories and in IT.

Cash flow from financing activities amounted to SEK 8,501 million (24,868), with rights issues contributing SEK 10,335 million (6,310). Cash flow for the year amounted to SEK -1,605 million (-8,393).

OPERATING SEGMENT

PC/Console Games segment increased net sales with 58 % to SEK 13 444 million (8 498). EBIT amounted to SEK 41 million (509). Adjusted EBIT amounted to SEK 2,902 million (2,926).

Mobile Games segment increased net sales with 19 % to SEK 5,819 million (4,896). EBIT amounted to –260 (–1 470) and adjusted EBIT to 1,381 (1,389).

Tabletop Games segment increased net sales to SEK 13,132 million (571). EBIT amounted to SEK 828 million (–124) and adjusted EBIT to SEK 2,010 million (74).

Entertainment & Service segment increased net sales with 70 % to SEK 5,270 million (3 102) and EBIT amounted to SEK –170 million (218). Adjusted EBIT amounted to SEK 281 million (247).

CORPORATE GOVERNANCE REPORT

A separate Corporate Governance Report can be found on pages 73-92 of this Annual Report.

SUSTAINABILITY REPORT

In accordance with the Swedish Annual Accounts Act Ch. 6, §8 and §11, Embracer Group has prepared a statutory sustainability report separately from the Board of Directors' Report. The sustainability report is available on pages 39-71.

PARENT COMPANY

From this financial year, the parent company prepares its financial statements in accordance with RFR 2 Accounting for legal entities. The Parent Company acquires and conducts operations through its subsidiaries and underlying companies.

The Parent Company's net sales for the year amounted to SEK 95 million (527) and EBIT amounted to SEK –219 million (113). Profit before tax amounted to SEK 1,526 million (684) and the period's result amounted to SEK 583 million (329). The change in net sales is explained by lower royalty revenues due to the move of intangible assets to subgroup THQ Nordic in the beginning of financial year 2022/23. The change in profit before tax is mainly related to changes in the financial net and lower revenues.

Non-current assets amounted to SEK 75,796 million (61,749) of which financial assets amounted to SEK 75,785 million (61,592) at the end of the period. Current assets amounted to SEK 1,665 million (3,473) of which cash and bank equivalents amounted to SEK 23 million (1,483). The Parent Company's equity at the end of the financial year amounted to SEK 59,655 million (46,909) with an Equity/Assets-ratio of 77 % (72). Non-current liabilities amounted to SEK 17,031 million (11,748) and current liabilities amounted to SEK 455 million (6,230).

Cash flow during the year amounted to SEK –1,460 million (–10,910). Cash flow from operating activities amounted to SEK –106 million (1,371). Cash flow from investment activities amounted to SEK –10,796 million (–36,592) of which provided loans to Group companies amounted to SEK –9,734 million (36,567). Cash flow from financing activities amounted to SEK 9,442 million (24,310) of which new loans amounted to SEK 5,465 million (18,357) and proceeds from rights issues amounted to SEK 10,335 million (6,310).

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

> On May 2, 2022, 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, 2022, Embracer Group resolved to carry out a directed share issue of approximately 99.9 million B shares at a subscription price of SEK 103.47 per share, corresponding to a premium of 15.0 percent compared to the closing price of the B shares on June 7, 2022. The proceeds from the share issue amount to approximately SEK 10.3 billion. The shares were issued to Savvy Gaming Group ("SGG"), which upon settlement of the share issue holds approximately 8.1 percent of the shares and 5.4 percent of the votes in Embracer. Through the share issue Embracer Group further strengthens its institutional shareholder base with a significant long-term shareholder. SGG has agreed, with customary exceptions, to a lock-up of 360 calendar days after June 8, 2022 with the clear intention to be a long-term shareholder and to continue to support Embracer's future growth and M&A ambitions. The share issue consisted of a total of 99,884,024 B shares and was divided into two tranches where one tranche corresponding to 47,115,105 B shares was resolved by the Board of Directors based on the authorization granted by the extra general meeting on January 7, 2022 and subject to payment and settlement in June 2022. The second tranche, corresponding to 52,768,919 B shares, was subject to resolution, subscription, payment and settlement in July.
- > On June 27, 2022, an extra general meeting resolved to authorize the Board of Directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue B shares, convertibles and/or warrants with right to convert into and subscribe for B shares respectively, with or without preferential rights for the shareholders, in the amount not exceeding ten percent of the total number of shares in Embracer at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off. The purpose for the Board to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily for the purpose to raise new capital to increase flexibility of Embracer Group or in connection with acquisitions.
- > In June 2022, Embracer Group entered into agreements regarding amendments of two unsecured long-term credit and loan facilities at unchanged terms and increased the number of relationship banks with HSBC and Svensk Exportkredit. The new agreements entail an increase of the unutilized credit facilities by SEK 5.0 billion, of which SEK 3.0 billion is added to the SEK 6.0 billion multicurrency revolving credit facility announced in June 2021. The credit facilities replace the previous facility of SEK 4.0 billion communicated on May 2, 2022. The amended credit and loan facilities strengthen Embracer's long-term financial flexibility and support continued organic growth together with inorganic growth opportunities. Following the amendment, Embracer's relationship banks consist of Nordea, SEB, Swedbank, HSBC and Svensk Exportkredit.

- > On July 8, 2022, 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, 2022, 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, 2022, 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, 2022, 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 estimated 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 estimated total consideration for the acquired businesses amounts to SEK 8.2 billion.
- > On August 26, 2022, 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.
- > During the financial year, Embracer Group AB made a voluntary loan prepayment of SEK 6.2 billion to reduce interest-bearing debt. Embracer Group's financial leverage target remains, where at the end of the financial year it should amount to 1.0x (Net Debt to Adjusted EBIT on a 12-month forward-looking basis) in the end of this financial year. Embracer Group AB has headroom to its financial covenants.
- > On December 7, 2022, Nasdaq Stockholm Main Market announced that the exchange's Listing Committee had approved Embracer's application for admission to trading of the Company's class B shares on Nasdaq Stockholm Main Market. Trading in Embracer's class B shares on Nasdaq Stockholm Main Market commenced on December 22.
- > Crystal Dynamics, part of Embracer Group's operative group Crystal Dynamics – Eidos, announced on December 15, 2022, an agreement with Amazon Games regarding developing and publishing a new multi-platform Tomb Raider game title, that will be available on several platforms. Crystal Dynamic's agreement with Amazon Games is one of the transformative transactions with several industry partners that was communicated in conjunction with Embracer's Q2 report.
- > Careen Yapp was appointed Chief Strategic Partnerships Officer during the third quarter, thereby serving as part of the Group Executive Management Team.
- > The members of the Nomination Committee for the Embracer Group AB Annual General Meeting 2023 was announced and appointed on January 9. The following five members were appointed: Per Fredriksson, Michael Levy, Ola Åhman, Lennart Francke and Henrik Olsson.

- > Middle-earth-Enterprises, part of Embracer Group's operative group Freemode, announced on February 23, an agreement with New Line Cinema and Warner Bros. Pictures to conclude a multi-year agreement to collaborate on feature films based on *The Lord of the Rings* and *The Hobbit*. The strategic agreement covers multiple feature films based on the revered works of J.R.R. Tolkien, expanding upon the much-loved world and characters of Middle-earth. The agreement is one of the deals with several industry partners, previously discussed in conjunction with Embracer's Q3 report in February 2023, that are jointly transformative. This specific partnership aims to create long-term value for Embracer Group and is expected to have limited effects in the short term.

IMPORTANT CONSIDERATIONS

Embracer Group's revenue streams from the sale of PC/Console and mobile games have relatively short sales cycles, with a large proportion of the revenue for each game being generated on and soon after the launch. The Company's revenue from these revenue streams may therefore vary from year to year, depending on the number of game launches and how they develop. Revenue streams from the Tabletop Games segment are more stable since the products have significantly longer life cycles and not so dependent on the number of game launches.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The AGM 2022 resolved to adopt Guidelines for Remuneration to Senior Executives of Embracer Group for the period up until the AGM held in 2026. The complete Guidelines are available below and on Embracer Group's website, www.embracer.com/. Any changes to the guidelines will be presented in the notice for the AGM 2023.

General

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

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

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

The guidelines shall contribute to establish conditions for the Company to recruit and maintain qualified senior executives in order to successfully implement the Company's business strategy and achieve the Company's longterm

interests, including sustainability. The guidelines shall also stimulate an increased interest in the business and the result as a whole as well as increase the motivation of the senior executives and increase belonging within the Company. The guidelines' purpose is further to create alignment between the Company's shareholders and the senior executives. The guidelines shall also contribute to a good ethics and culture within the Company.

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

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

The forms of remuneration etc.

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

The senior executives may receive variable cash remuneration in addition to fixed cash salaries. The variable remuneration shall be based on the outcome of actual predetermined targets based on the Company's business strategy and the long-term business plan approved by the board of directors. The targets may include share based or financial targets, on Group level, operational goals and goals for sustainability and social responsibility, employee engagement. These targets are to be established and documented annually. The Company has established financial targets and KPIs in relation to strategic and business critical initiatives and projects which ensures alignment with the business plan and business strategy for a continued sustainable business. The variable cash remuneration shall also be designed to encourage the right behavior and contribute to the achievement of increased community of interests between the executive and the Company's shareholders in order to contribute to the Company's long-term interests.

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

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

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

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

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

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

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

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

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The board of directors, after following

recommendation by the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other senior executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information.

Notice of termination and severance pay

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

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

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

Deviations from the guidelines

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

Preparation, decision processes etc.

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

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

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

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

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

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

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

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

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

Delays to game projects

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

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

New game title launches may generate lower revenue than expected

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

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

Development of new games and improvement of existing games

Embracer Group's continued growth depends, among other things, on the ability to regularly develop new games and improve existing games in a way that improves the gaming experience and to initiate new game development projects.

M&A risk

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

IT-systems risks

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

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

External communication risks

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

Decentralized governance model

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

Regulatory

These risks relate to laws/regulations and transparency. As a global company, Embracer Group has to adhere to a number of regulations. Non-compliance with regulations or lack of clear disclosures and transparency can lead to lack of trust among investors and other stakeholders. If the Group companies do not identify and act on significant

compliance risks or deficiencies in the management of identified risks, Embracer Group may be subject to various forms of sanctions, fines and risk damage to its reputation. Regulatory changes (e.g. new regulation related to online gaming) could impact Embracer Group's ability to operate profitably.

Currency

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

Credit

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

Funding

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

Geopolitical factors

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

Privacy

All companies within Embracer Group process Personal Data of players, employees, suppliers or contractors to various degrees. Most countries have Personal Data laws, and the global nature of the Group's operations therefore means the Group is obligated to comply with most global data protection laws. All laws require Embracer Group to understand and document any processing of Personal Data as well as be transparent towards Data Subjects.

IP-rights

Embracer Group is dependent on obtaining and maintaining protection for its intellectual property rights. Intellectual property rights represent, as is the case for other companies active in the gaming industry, a significant proportion of Embracer Group's assets. Embracer Group's continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and that these are then adequately protected.

Internal Control and Enterprise Risk Management

In accordance with the Swedish Annual Accounts Act Ch. 7 §31, information about the main items of the internal control and enterprise risk management are included in the Corporate Governance Report on pages 73-92.

SHARES AND SHARE CAPITAL

CLASSES OF SHARES

SEK m	Class A shares	Class B shares	Total
Number of shares	66,798,274	1,192,443,893	1,259,242,167
Number of votes	667,982,740	1,192,443,893	1,860,426,633

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

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

OWNERS WITH MORE THAN 10 PERCENT OF THE VOTES

March 31, 2023	Class A shares	Class B shares	Capital, %	Votes, %
Lars Wingefors through company ¹⁾	52,260,204	210,238,330	20.85	39.40
S3D Media Inc ²⁾	12,798,274	70,772,440	6.64	10.68

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

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

SHAREHOLDER AGREEMENTS AND AUTHORIZATION

On March 31, 2023, the number of shares in Embracer Group AB (publ) amounted to 66,798,274 A shares and 1,192,443,893 B shares, a total of 1,259,242,167 shares. B shares have one vote each and A shares each have ten votes. All shares represent an equal share of the company's assets and earnings. Shares in Embracer Group AB (publ) have been listed on Nasdaq First North since November 22, 2016, and on Nasdaq Stockholm since December 22, 2022. On March 31, 2023, the closing price was SEK 48.5 per share. Movements during the year in the number of shares are described in note 12.

The number of known shareholders at year-end was 132,383. The largest shareholders on March 31, 2023, were Lars Wingefors AB with 20.85 percent of the outstanding shares and 39.40 percent of the votes, Savvy Gaming Group with 7.94 percent of the outstanding shares and 5.37 percent of the votes, S3D Media Inc with 6.64 percent of the shares and 10.69 percent of the votes, Founders/Management - Easybrain with 5.11 percent of the outstanding shares and 3.46 percent of the votes and Swedbank Robur Fonder with 3.30 percent of the outstanding shares and 2.24 percent of the votes.

The articles of association contain no restrictions on the transferability of the company's shares, such as post-transfer acquisition rights clauses, and no other circumstances of that type have been identified that the company is liable to disclose under the provisions in chapter 6, section §2a and §3–11 of the Swedish Annual Accounts Act.

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For information on significant events after the reporting period see note 32 for the Group and note P25 for the Parent Company.

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

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

PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

The Board proposes that the unrestricted equity of SEK 59,653,159 thousand be allocated as follows:

At the disposal of the Annual General Meeting are the following earnings (SEK thousand):

	31/03/2023
Share premium reserve	12,162,367
Retained earnings	46,908,146
Net profit for the year	582,646
	59,653,159

The Board proposes that profits be allocated as follows (SEK thousand):

To be carried forward	59,653,159
	59,653,159

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEKm	Note	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Net sales	3, 4	37,665	17,067
Other operating income	5	409	333
Total operating income		38,074	17,400
Work performed by the Company for its own use and capitalized		4,788	2,293
Goods for resale		–14,768	–4,697
Other external expenses	6	–8,704	–4,745
Personnel expenses	7	–12,449	–8,602
Depreciation, amortization and impairment	14, 15, 16	–6,523	–2,793
Other operating expenses	8	–436	–447
Share of profit of an associate after tax	17	213	465
Operating profit (EBIT)		194	–1,126
Profit or loss from financial items			
Financial income	9	6,155	3,532
Financial expenses	10	–1,333	–747
Profit before tax		5,015	1,659
Income tax	11	–553	–692
Profit for the year		4,462	967
<i>Profit for the year is attributable to:</i>			
Equity holders of the parent		4,454	976
Non-controlling interests		8	–9
Earnings per share			
Basic earnings per share (SEK)	12	4,17	1,08
Diluted earnings per share (SEK)	12	4,12	1,06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEKm	Note	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Profit for the year		4,462	967
Other comprehensive income			
<i>Items that may be reclassified to profit or loss (net of tax):</i>			
Exchange differences on translation of foreign operations		4,802	825
Cash flow hedges		8	-
<i>Items that will not be reclassified to profit or loss (net of tax):</i>			
Remeasurement of defined benefit plans for employees	26	10	0
Total other comprehensive income for the year, net of tax		4,820	825
Total comprehensive income for the year, net of tax		9,282	1,792
<i>Total comprehensive income is attributable to:</i>			
Equity holders of the parent		9,275	1,801
Non-controlling interests		7	–9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEKm	Note	31/03/2023	31/03/2022
ASSETS			
Non-current assets			
Goodwill	13	48,524	42,624
Intangible assets	14	45,579	31,371
Property, plant and equipment	15	1,148	720
Right-of-use assets	16	1,423	1,062
Investments in associates	17	253	134
Non-current financial assets	18,19, 20	369	302
Deferred tax assets	11	1,777	1,280
Total non-current assets		99,073	77,493
Current assets			
Inventories	21	4,081	2,775
Trade receivables	18, 20	5,253	4,406
Contract assets	4, 18	790	177
Other receivables	18	1,484	1,382
Prepaid expenses	22	710	377
Current investments	18	18	0
Cash and cash equivalents	18, 28	4,662	5,810
Total current assets		16,998	14,927
TOTAL ASSETS		116,071	92,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

Amounts in SEKm	Note	31/03/2023	31/03/2022
EQUITY AND LIABILITIES			
Equity	24		
Share capital		2	2
Other contributed capital		55,886	42,433
Reserves		4,945	124
Retained earnings, including net profit		3,835	-612
Total equity attributable to equity holders of the parent		64,668	41,947
Non-controlling interests		53	228
Total equity		64,721	42,175
Non-current liabilities			
Liabilities to credit institutions	18, 20	19,560	13,018
Other non-current liabilities	18, 20	52	112
Lease liabilities	16, 20	1,044	800
Other provisions	25	118	155
Contingent considerations	18, 20	4,497	8,486
Non-current put/call options on non-controlling interests	18, 20	2,905	4,259
Deferred considerations	18, 20	329	-
Non-current employee benefits	7, 26	10	20
Non-current liabilities to employees related to historical acquisitions	7, 18	720	593
Deferred tax liabilities	11	7,965	6,170
Total non-current liabilities		37,201	33,613
Current liabilities			
Liabilities to credit institutions	18, 20	683	7,014
Current account credit facilities	18, 20	17	149
Advances from customers	18, 20	79	69
Trade payables	18, 20	2,809	3,602
Lease liabilities	16, 20	444	297
Contract liabilities	4, 18, 20	2,012	1,821
Contingent considerations	18, 20	1,837	1,105
Deferred considerations	18, 20	1,690	-
Tax liabilities		638	555
Current liabilities to employees related to historical acquisitions	18, 20	370	-
Other current liabilities	18, 20	451	608
Accrued expenses	18, 20, 27	3,119	1,413
Total current liabilities		14,150	16,632
TOTAL EQUITY AND LIABILITIES		116,071	92,420

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEKm	Equity attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves ¹⁾	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent			
Opening balance 01/04/2021	1	22,544	-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 period	-	-	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-based remuneration according to IFRS 2	-	3,382	-	-	3,382	-	3,382	
Total	1	19,890	-	-	19,891	224	20,115	
Closing balance 31/03/2022	2	42,433	124	-612	41,947	228	42,175	
Opening balance 01/04/2022	2	42,433	124	-612	41,947	228	42,175	
Net profit	-	-	-	4,454	4,454	8	4,462	
Other comprehensive income	-	-	4,821	-	4,821	0	4,820	
Total comprehensive income for the period	-	-	4,821	4,454	9,275	7	9,282	
<i>Transactions with the owners</i>								
New share issue	-	12,155	-	-	12,155	-	12,155	
Issuance costs	-	10 ²⁾	-	-	10	-	10	
Tax effect issuance costs	-	-2	-	-	-2	-	-2	
Share-based payments	-	-	-	-	0	-	0	
Transactions with non-controlling interests	-	-	-	-6	-6	-183	-189	
Share-based remuneration according to IFRS 2	-	1,290	-	-	1,290	-	1,290	
Total	-	13,453	-	-6	13,446	-183	13,263	
Closing balance 31/03/2023	2	55,886	4,945	3,835	64,668	53	64,721	

¹⁾ Includes currency translation difference, cash flow hedge reserve as well as revaluation of defined benefit plans to employees.

²⁾ Positive amount due to reversal of accrued costs that are not paid.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEKm	Note	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Operating activities			
Profit before tax		5,015	1,659
Adjustment for non-cash items	28	3,432	4,059
Income tax paid		–902	–542
Cash flow from operating activities before changes in working capital		7,545	5,176
Cash flow from changes in working capital			
Change in inventories		–801	–150
Change in operating receivables		–361	–934
Change in operating liabilities		–1,000	–22
Cash flow from operating activities		5,383	4,070
Investing activities			
Acquisition of property, plant and equipment	15	–500	–344
Proceeds from sales of property, plant and equipment		3	4
Acquisition of intangible assets	14	–6,495	–3,717
Proceeds from sales of intangible assets		499	4
Acquisition of subsidiaries, net of cash acquired	31	–8,935	–33,403
Change in current investments		–18	196
Acquisition of financial assets		–92	–71
Proceeds from sales of financial assets		48	-
Cash flow from investing activities		–15,489	–37,331
Financing activities			
New share issue		10,335	6,310
Issuance costs		–9	–130
Proceeds from borrowings		6,120	18,861
Repayment of loans		–7,443	–17
Payment of lease liabilities		–502	–156
Cash flow from financing activities		8,501	24,868
Cash flow for the period			
Cash and cash equivalents at the beginning of period		5,810	14,104
Exchange-rate differences in cash and cash equivalents		457	99
Cash and cash equivalents at the end of period	28	4,662	5,810

GROUP NOTES

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

This annual report and the consolidated financial statements 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 has approved the historical financial information on June, 21, 2023.

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, apart from certain financial instruments that are measured at fair value.

The parent company applies the same accounting principles as the Group except in the cases specified under the section "Parent company's accounting principles". The parent company applies the Annual Accounts Act (1995:1554) and RFR 2 Accounting for legal entities for the first time in this Annual Report.

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

New and amended standards that entered into force during the financial year

None of the new or amended standards that entered into force during the year have had any significant impact on the Group. The accounting principles are unchanged compared to the latest consolidated statements according to IFRS.

New and amended standards that haven't entered into force

A number of new and amended standards and interpretations have been published by the IASB but have not yet entered into force. None of the new or amended standards or interpretations have been early adopted by the Group. The new and amended standards that could affect the Groups or parent company's financial reports are described below.

Other new or changed standards or interpretations that the IASB has published are not expected to have any significant impact on the Group's or parent company's financial statements.

Amendments to IAS 1 Presentation of financial statements (classification of liability)

IASB has published amendments to IAS 1 regarding the classification of liabilities as current or non-current.

The Group assesses that the changes will not have any significant impact on the Group's or the parent company's financial reports. However, the Group will continuously take into account and evaluate the changes when signing new credit agreements.

Amendments to IAS 1 Design of financial reports (Disclosure of accounting principles)

The changes mean that the requirement in IAS 1 for disclosures for significant accounting principles is replaced with a requirement for significant accounting principles. At the same time, the IASB's Practice Statement 2 Making Materiality Judgments is updated with guidance and examples intended to illustrate the application of the materiality criterion to disclosures of accounting principles. The purpose of the changes is to achieve more efficient communication in financial reports. By focusing on material accounting principles, the usefulness of accounting principles disclosures is expected to increase and the amount of standardized information that is not useful to users is reduced. The changes are to be applied for fiscal years beginning on or after January 1, 2023.

The Group has begun a mapping of the changes based on the Group's conditions and current routines for information about accounting principles, in order to be able to assess how the changes may have an effect on the accounting principles that are presented to the Group or the parent company.

Amendments to IAS 12 Income taxes

The changes make it clear that the exception, which means that deferred tax is not reported on temporary differences that arise when an asset or liability is first reported, is not applicable to transactions that give rise to both an asset and a liability at the same time, such as right-of-use assets and leasing liabilities. The changes are to be applied retroactively for fiscal years beginning on or after January 1, 2023.

The changes include the Group's reporting of right-of-use assets and lease liabilities. However, this principle is already applied for deferred tax, which is why the change in IAS 12 has no effect.

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

NOTE 1 CONTINUED

influence is obtained by the Group, and are excluded from the consolidated financial statements from the date on which the controlling interest ceases.

Business combinations

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.

Asset acquisitions

For acquisitions where, in all material respects, the fair value of the acquired assets consists of an asset or a group of similar assets, this acquisition is reported as an asset acquisition. When acquiring assets, the acquisition value is allocated to the individual identifiable assets and liabilities based on their fair values at the time of acquisition. The fair value initially includes the conditional purchase price. Changes in the assessed value of contingent consideration after the acquisition are added to the cost of acquired assets. Transaction expenses are added to the acquisition value of acquired net assets in case of asset acquisition.

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 m"), unless otherwise indicated. Rounding differences may occur.

Transactions in foreign currency

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

Translation of foreign subsidiaries

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operation into the Group's reporting currency, Swedish kronor, at the exchange rate prevailing at the balance-sheet date. Revenue and expenses in a foreign operation are converted into Swedish kronor at an average rate that is an approximation of the exchange rates

NOTE 1 CONTINUED

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 recognizes revenue when the Group satisfies a performance obligation, which is when a promised good or service is transferred to the customer and the customer obtains control of the good or service. Control over a performance obligation can transfer over time or at a point in time. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The most material revenue streams per operating segment are the following:

- > **Segment PC/Console Games:** sales of interactive entertainment content and services for console and PC platforms.
- > **Segment Mobile Games:** sales of interactive entertainment content and services for mobile platforms.
- > **Segment Tabletop Games:** sales of tabletop games.
- > **Segment Entertainment and Services:** sales of comic books and related goods and services, sales of film and merchandise and wholesales of publishing titles of interactive entertainment content and film.

The Group has chosen to apply the practical solution of not providing information on the transaction price allocated to unfulfilled (or partially unfulfilled) performance commitments at the end of the reporting period, including an explanation of the expected timing of revenue recognition, for contracts with customers that have an original expected term of maximum one year. For additional expenses to obtain an agreement,

the Group uses the practical solution of reporting additional expenses as an expense if the depreciation period for the asset that would otherwise have been reported is one year or less.

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. There are also agreements where Embracer, in addition to providing the license to the publisher, also provide the license to a specific game to the publisher and where the publisher take control of the game over time. These agreements are deemed to constitute two performance commitments and the income from game development is reported in the same way as "work-for-hire" with fixed compensation as described below, meaning control is transferred over time because the publisher controls the game during the time the development assignment is carried out. In cases when Embracer has developed game development at the time of signing the agreement and the customer takes over this developed game development at one point, when the agreement is signed, a one-time income is reported at the time that part of the game is transferred. Remaining revenue from game

NOTE 1 CONTINUED

development is reported over time in line with development. The performance commitment that involves the provision of a license is reported in the same way as described above.

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 operating 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 operating 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

NOTE 1 CONTINUED

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.

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

NOTE 1 CONTINUED

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 development projects comprises of all directly attributable costs. Indirect manufacturing costs that constitute a significant part of the total manufacturing cost and amounts to more than an insignificant amount are included in the cost.

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

NOTE 1 CONTINUED

IP-rights

IP-rights emanates from an acquisition 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 emanates from an acquisition. 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 – depressive 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	5-25 years
> Publishing and distribution relationships	5-10 years
> Film rights	1-5 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

NOTE 1 CONTINUED

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,

NOTE 1 CONTINUED

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 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 2023, 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 relevant 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 Group companies. 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.

NOTE 2 CONTINUED

Income statement

In certain agreements with customers, Embracer assigns a game with an associated license to a publisher. In order to determine how the income from these agreements should be reported, an analysis of the number of performance obligations in the agreement is required as well as an assessment of when the customer gains control of the game, as this determines when the income should be reported.

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, 2023 it is management's view that the book value of provisions for price reductions and discounts are sufficiently large.

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, 2023 it is management's view that the book value of the inventories do not exceed its fair value.

NOTE 3 OPERATING SEGMENTS

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

> PC/Console Games - This part of the business conducts development and publishing of premium games for PC and Console. THO Nordic, PLAION excluding Partner Publishing, Coffee Stain, Amplifier Game Invest, Saber Interactive and Gearbox Entertainment are included in this operating segment.

> Mobile Games - This part of the business conducts development and publishing of mobile games. DECA Games and Easybrain are included in this operating segment.

> Tabletop Games - This part of the business conducts development, publishing and distribution of tabletop games. Asmodee is included in this operating segment.

> Entertainment & Services - This part of the business is engaged in development, publishing and distribution of comic books, conducts wholesale of publishing titles of games for console and PC as well as films, conducts publishing and external distribution of films and TV-series and produce and distribute merchandise. Dark Horse, Freemod and PLAION Partner Publishing are included in this operating segment.

The CODM primarily uses the performance measure Adjusted EBIT to assess the operating segments' performance. The CODM does not follow up on the assets and liabilities of the segments for allocation of resources or assessment of performance. The same accounting principles are used for the operating segments as for the group.

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	13,444	5,819	13,132	5,270	37,665	-	-	37,665
Revenue from transactions with other operating segments	46	-	-	26	72	-72	-	-
Total revenue	13,490	5,819	13,132	5,296	37,737	-72	0	37,665
Adjusted EBIT	2,902	1,381	2,010	281	6,574	-	-208	6,366
Amortization of surplus values of acquired intangible assets	-1,308	-580	-781	-303	-2,972	-	-	-2,972
Personnel costs related to acquisitions	-1,096	-1,065	-360	-111	-2,631	-	-	-2,631
Remeasurement of contingent consideration	0	-	-	-	0	-	-	0
Remeasurement of participation in associated companies	-	-	-	-	-	-	-	-
Items affecting comparability	-240	-	-	-	-240	-	-38	-278
Transaction costs	-217	4	-41	-37	-291	-	0	-291
EBIT	41	-260	828	-170	439	-	-245	194
Net financial items								4,822
Profit before tax								5,015

NOTE 3 CONTINUED

01/04/2021 – 31/03/2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	8,498	4,896	571	3,102	17,067	-	-	17,067
Revenue from transactions with other operating segments	30	-	-	33	63	-63	-	0
Total revenue	8,528	4,896	571	3,135	17,130	-63	0	17,067
Adjusted EBIT	2,926	1,389	74	247	4,636	-	-171	4,465
Amortization of surplus values of acquired intangible assets	-845	-332	-56	-1	-1,234	-	-82	-1,316
Personnel costs related to acquisitions	-1,743	-2,534	-	-	-4,277	-	-	-4,277
Remeasurement of contingent consideration	-100	55	-	-	-45	-	-1	-46
Remeasurement of participation in associated companies	416	-	-	-	416	-	-	416
Transaction costs	-145	-49	-142	-27	-363	-	-4	-367
EBIT	509	-1,471	-124	219	-867	-	-258	-1,126
Net financial items								2,785
Profit before tax								1,659

Adjusted EBIT is EBIT excluding specific items related to historical acquisitions. See definitions page 190.

Non-current assets per segment in which the Group has operations	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
PC/Console Games	42,820	29,324
Mobile Games	9,145	9,637
Tabletop Games	36,968	34,791
Entertainment & Services	7,681	1,635
Group functions	60	390
Total	96,674	75,777

The carrying amount of the non-current assets are based on the segments to which the assets belong. Division by country has not been possible, as the assets are allocated over several geographical areas. Non-current assets in the table includes intangible assets, tangible assets and right-of-use assets.

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:

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	8,927	5,752	170	547	15,395
Physical products	1,101	-	12,847	4,658	18,606
Other ¹⁾	3,417	67	115	65	3,664
Revenue from contracts with customers	13,444	5,819	13,132	5,270	37,665

01/04/2021 – 31/03/2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
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

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

NOTE 4 CONTINUED

In addition to the breakdown by type of product above, revenue from contracts with customers within the operating segment PC/Console Games is also followed up on subcategories. These subcategories are specific to this particular operating segment. Below is a table showing this:

PC/Console Games	IP-rights		Total
	Owned titles	Publishing titles	
01/04/2022 – 31/03/2023	8 210	5 234	13 444
01/04/2021 – 31/03/2022	5 532	2 966	8 498

PC/Console Games	New releases	Back-catalog	Other	Total
01/04/2022 – 31/03/2023	2 894	7 134	3 417	13 444
01/04/2021 – 31/03/2022	1 557	5 587	1 354	8 498

Net sales per geographic market

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Europe excl Sweden	3,399	1,283	9,127	2,198	16,007
USA	8,344	3,058	2,476	2,379	16,257
Sweden	155	33	28	82	298
Other	1,546	1,445	1,501	611	5,103
Total	13,444	5,819	13,132	5270	37,665

01/04/2021 – 31/03/2022	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

The distribution by geographic market is mainly based on where the companies have their operations.

Contract assets	31/03/2023	31/03/2022
Opening balance	177	0
Significant changes in contract assets: Changes attributable to ordinary business	613	177
Closing balance	790	177

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

Contract liabilities	31/03/2023	31/03/2022
Opening balance	1,821	793
Significant changes in contract liabilities: Changes attributable to ordinary business	191	1,028
Closing balance	2,012	1,821

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

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Marketing contributions	94	81
Exchange gains on operating receivables/liabilities	70	29
Reversal of reserves	0	12
Indemnities	2	20
Insurance compensation	0	1
Benefits for development projects	37	136
Gain on non-current assets	18	5
Other	188	49
Total	409	333

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 as a reduction of own capitalized work.

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

EY	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Audit services	-30	-12
Other auditing activities	-1	-
Tax advisory services	-3	-1
Other services	-30	-58
Sum	-64	-71

PWC	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Audit services	-3	-
Other auditing activities	-	-
Tax advisory services	-0	-
Other services	-0	-
Sum	-3	-

Mazars	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Audit services	-4	-
Other auditing activities	-	-
Tax advisory services	-0	-
Other services	-0	-
Sum	-4	-

Moss Adams	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Audit services	-3	-
Other auditing activities	-	-
Tax advisory services	-	-
Other services	-	-
Sum	-3	-

Other auditors	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Audit services	-8	-7
Other auditing activities	-3	-
Tax advisory services	-3	-6
Other services	-1	-12
Sum	-14	-25

Total **-89** **-96**

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 33 million (50).

NOTE 7 EMPLOYEES AND PERSONNEL EXPENSES

	01/04/2022 – 31/03/2023			01/04/2021 – 31/03/2022		
	Average number of employees	Women, %	Men, %	Average number of employees	Women, %	Men, %
US	2,901	25 %	75 %	1,086	20 %	80 %
Canada	1,107	23 %	77 %	423	21 %	79 %
Germany	967	33 %	67 %	624	24 %	76 %
Russia	891	26 %	74 %	895	21 %	79 %
France	593	33 %	67 %	139	35 %	65 %
Great Britain	551	22 %	78 %	273	23 %	77 %
Sweden	477	26 %	74 %	349	36 %	64 %
Hungary ¹⁾	412	18 %	82 %	-	-	-
Romania	393	28 %	72 %	345	30 %	70 %
Italy	392	20 %	80 %	309	16 %	84 %
Austria	364	42 %	58 %	325	43 %	57 %
Spain	356	27 %	73 %	263	27 %	73 %
Belarus	252	35 %	65 %	249	36 %	64 %
The Netherlands	208	27 %	73 %	107	19 %	81 %
China	204	34 %	66 %	-	-	-
Serbia	159	25 %	75 %	136	22 %	78 %
Denmark ¹⁾	154	22 %	78 %	-	-	-
Czech Republic	153	28 %	72 %	104	22 %	78 %
Israel	151	18 %	82 %	119	40 %	60 %
Poland ¹⁾	149	36 %	64 %	-	-	-
Estonia ¹⁾	134	18 %	82 %	-	-	-
Bulgaria	134	31 %	69 %	123	21 %	79 %
Portugal ¹⁾	108	19 %	81 %	-	-	-
Argentina	106	36 %	64 %	-	-	-
Other	640	22 %	78 %	663	36 %	64 %
Group, total	11,956	26 %	74 %	6,532	28 %	72 %

¹⁾ Last year, these countries are included in the row Other.

NOTE 7 CONTINUED

	31/03/2023	31/03/2022
Gender distribution, Board of Directors and senior executives	Women, %	Women, %
Board of Directors	8 %	2 %
Chief Executive Officer and other senior executives	20 %	2 %
	01/04/2022	01/04/2021
Salaries, other benefits and social security contributions, including pension costs	- 31/03/2023	- 31/03/2022
Group		
<i>Board of Directors, CEO and other senior executives</i>		
Salaries and other remuneration	-531	-298
Social security contributions	-47	-78
Pension costs	-16	-11
Total	-594	-387
<i>Other employees</i>		
Salaries and other remuneration	-6,822	-3,010
Social security contributions	-172	-410
Pension costs	-939	-31
Total	-7,933	-3,451
Group, total	-8,527	-3,838

Remuneration to permanent contract self-employed persons is reported as personnel costs in the statement of profit or loss. In total, the compensation amounts to SEK 798 million (370). The amount is not included in the sum of SEK 6,822 million (3,010) in the above table.

Pension costs and personnel expenses in the subsidiaries are to some extent attributable to defined benefit plans, see Note 26 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 2021/22, this amount has amounted to SEK 2,595 million (4,247), which are also not included in the amount of SEK 6,822 million (3,010) in the table above.

	01/04/2022 – 31/03/2023				
Remuneration to Board of Directors, CEO and other executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
Chair of the Board					
Kicki Wallje-Lund	-2	-1	-	-	-3
Board member					
David Gardner	-1	-	-	-	-1
Ulf Hjalmarsson ¹⁾	-0	-	-	-	-0
Cecilia Driving ²⁾	-1	-	-	-	-1
Jacob Jonmyren	-1	-	-	-	-1
Matthew Karch	-5	-	-	-	-5
Erik Stenberg	-1	-	-0	-	-1
Chief Executive Officer					
Lars Wingefors	-1	-	-0	-	-1
Other senior executives (3 persons)	-10	-	-1	-	-10
Total	-21	-1	-1	-	-23

¹⁾ Resigned during the financial year 2022/23

²⁾ Joined during the financial year 2022/23

	01/04/2021 – 31/03/2022				
Remuneration to Board of Directors, CEO and other executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
Chair of the Board					
Kicki Wallje-Lund	-1	-1	-	-	-2
Board member					
David Gardner	-0	-	-	-	-0
Ulf Hjalmarsson	-0	-	-	-	-0
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

NOTE 7 CONTINUED

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.

Provisions for personnel costs

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. See also, note 26.

Personnel costs in connection with historical acquisitions

In connection with acquisitions, agreements on conditional purchase price which 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 cost according to IAS 19 or IFRS 2 depending on whether the compensation is received in cash or in shares. During the year 2022/23, this amount has amounted to SEK 2,595 million (4,247).

	Liabilities to employees related to historical acquisitions	
	31/03/2023	31/03/2022
Opening balance as of 1 April	593	28
Paid	-709	-286
Expense of the year	13	1
Additions as a result of acquired business combinations	-	814
Reclassification	-129	-
Exchange rate differences	36	36
Closing balance as of 31 March	720	593

Current liability amounts to SEK 370 million (-).

Agreement on share-related 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	31/03/2023	31/03/2022
Outstanding as of 1 April	43,386,401	11,934,789
Granted	875,078	60,563,567
Vested	-11,231,858	-29,111,955
Forfeited	-16,896,289	-
Outstanding as of 31 March	16,133,332	43,386,401
Exercisable at the end of the period	-	-
Weighted average share price at the grant date for share rights granted during the period	70.30 SEK	121.80 SEK
Weighted average remaining term for outstanding share rights at the end of the period	1,94 year	2,99 year

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 1,449 million (3,382).

NOTE 8 OTHER OPERATING EXPENSES

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Other operating expenses	–109	–20
Transactions costs related to acquisitions	–291	–367
FX gain/loss related to Personnel costs related to acquisitions	–36	–60
Total	–436	–447

NOTE 9 FINANCIAL INCOME

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
<i>Assets and liabilities measured at fair value through profit or loss;</i>		
Changes in fair value of contingent consideration	2,435	3,012
Changes in fair value of put/call option on non-controlling interests	1,364	-
Adjustment of contingent consideration	1,350	-
Total recognized in profit or loss	5,148	3,012
<i>Assets measured at amortized cost:</i>		
Interest income from other financial assets	39	4
Other financial income	12	-
Total interest income in accordance with the effective interest method	51	4
<i>Other financial expense:</i>		
Exchange gain on income, financial items	956	382
Exchange gain on contingent consideration	-	134
Total	956	516
Total financial income	6,155	3,532

See also note 18 "Financial instruments"

NOTE 10 FINANCIAL EXPENSES

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
<i>Assets and liabilities measured at fair value through profit or loss;</i>		
Changes in fair value of contingent consideration	-	–581
Adjustment of contingent consideration	–23	0
Total recognized in profit or loss	–23	–581
<i>Liabilities measured at amortized cost:</i>		
Interest expense liabilities to credit institutions	–449	–22
Interest expense liabilities contingent consideration	–125	–62
Interest expense liabilities put/call options on non-controlling interests	–179	0
Interest expense liabilities deferred considerations	–36	-
Interest expense other financial liabilities	–133	–69
Total interest income in accordance with the effective interest method	–920	–153
<i>Other financial expense:</i>		
Exchange loss on contingent consideration	–137	-
Exchange loss on put/call options on non-controlling interests	–203	-
Exchange loss on deferred considerations	–0	-
Interest expense lease liabilities	–49	–12
Total	–390	–12
Total financial expense	–1,333	–747

See also note 18 "Financial instruments"

NOTE 11 INCOME TAX

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Current tax		
Current tax on profit for the year	–882	–617
Adjustments relating to prior years	–19	14
Total current tax	–901	–603
Deferred tax		
Deferred tax attributable to temporary differences	359	–65
Deferred tax attributable to loss carryforwards	–11	–24
Total deferred tax	348	–89
Recognized tax in profit or loss	–553	–692

NOTE 11 CONTINUED

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Reconciliation of effective tax rate		
Profit before tax	5,015	1,659
Tax at the applicable tax rate for the parent company, 20,6 %	–1,033	–341
Tax effect of:		
Effect of different tax rates in foreign subsidiaries	472	–10
Other non-deductible expenses	–515	–1,259
Non-taxable income	807	863
Increase in tax losses for which no corresponding deferred tax was recognized	–46	–9
Utilization of previously unrecognized loss carry-forwards	133	90
Tax attributable to prior years	–19	14
Standard interest on tax allocation reserve	–1	–1
Other	–351	–40
Recognized effective tax	–553	–692
Effective tax rate	–11 %	–42 %

Non-deductible costs/non-taxable income mostly refers to personnel costs related to acquisitions, depreciation of acquired surplus values on intangible assets and fair value changes regarding contingent considerations.

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Amounts recognized directly against equity		
Tax effect issuance costs	–2	27
Total	–2	27

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Amounts recognized in other comprehensive income		
Tax attributable to cash flow hedges	-	-
Tax attributable to remeasurement of defined benefit plans for employees	–4	-
Total	–4	-

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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Opening balance as of 1 April	1,280	265	6,170	560
Business combinations (for further info see note 31)	278	981	1,448	5,480
Recognized in the consolidated statement of profit or loss	125	41	–225	–103
Recognized in other comprehensive income	15	–1	-	-
Change in tax rates	–2	-	–5	–5
Exchange rate differences for the year	104	–3	581	238
Other	–24	–3	–4	-
Closing balance as of 31 March	1,777	1,280	7,965	6,170

Deferred tax specified by item	31/03/2023			31/03/2022			Recognized in profit for the year (+ income, – expense)	
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net		
Untaxed reserves		103	–103	–53	0	50	–50	3
Intangible assets	–66	7,313	–3,768	131	393	5,814	–5,421	23
Property, plant and equipment	0	-	0	0	–2	13	–15	-
Right-of-use assets	0	11	–10	5	-	-	-	-
Lease liabilities	164	164	–0	-	70	70	-	-
Derivative instruments	-	-	-	-	-	-	-	-
Accrued income	-	-	-	-	36	-	36	-
Other temporary differences	311	163	–3,463	189	53	293	–240	–78
Inventories	288	21	267	–24	263	-	263	-
Post employment benefits	5	–1	6	-	-	-	-	-
Tax loss carry-forwards	822		822	112	399	-	399	–14
Other unused tax credits	416	355	62	-	137	-	137	–24
Deferred tax assets/liabilities	1,941	8,129	–6,188	359	1,350	6,240	–4,891	–91
Offsetting	–164	–164	0	0	–70	–70	0	0
Deferred tax assets/liabilities (net)	1,777	7,965	–6,188	359	1,280	6,170	–4,891	–91

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 2,443 million (450) taxable

value, which amounts to a positive tax effect of SEK 523 million (133) 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.

NOTE 12 EARNINGS PER SHARE

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Basic earnings per share		
Profit for the year attributable to equity holders of the parent	4,454	976
Weighted average number of ordinary shares outstanding (millions)	1,069	905
Basic earnings per share	4.17	1.08
	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Diluted earnings per share		
Profit for the year attributable to equity holders of the parent	4,454	976
Weighted average number of shares after dilution (millions)	1,081	921
Diluted earnings per share	4.12	1.06
	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Reconciliation weighted average number of ordinary shares		
Weighted average number of ordinary shares before dilution	1,069	905
Dilutive effect due to:		
Contingent considerations	12	16
Weighted average number of ordinary shares after dilution	1,081	921

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 6,563,120 ordinary shares (44,096,522 per 31 March 2022) with claw-back 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 178,225,000 ordinary shares (165,900,860 per 31 March 2022) 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 107,662,629 ordinary shares (98,765,297 per 31 March 2022) 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

	31/03/2023	31/03/2022
Accumulated cost		
Opening balance	42,624	11,381
Business combinations	2,104	30,608
Reclassifications	-91	0
Sales		
FX effect	3,887	635
Closing balance	48,524	42,624
	31/03/2023	31/03/2022
Accumulated impairment		
Opening balance	0	0
Impairments for the year	-	-
Sales	-	-
Reclassifications	-	-
Other	-	-
Closing balance	0	0
Carrying amount at the end of the year	48,524	42,624

Impairment testing of goodwill

The Group performs impairment test at least annually, or when events or circumstances indicate that the carrying amount may not be recoverable. 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	31/03/2023	31/03/2022
Amplifier Game Invest	PC/Console	377	372
Coffee Stain	PC/Console	1,997	1,783
Crystal Dynamics-Eidos	PC/Console	692	-
Gearbox Entertainment	PC/Console	2,700	2,394
PLAION	PC/Console	3,108	2,868
Saber Interactive	PC/Console	12,751	9,129
THQ Nordic	PC/Console	648	589
PC/Console		22,273	17,135
Deca Games	Mobile	4,107	3,784
Easybrain	Mobile	3,658	3,273
Mobile		7,765	7,057
Asmodee	Table Top	16,806	16,940
Tabletop		16,806	16,940
Dark Horse	Entertainment & Services	1,070	1,280
Freemode	Entertainment & Services	610	212
Entertainment & Services		1,680	1,492
Total		48,524	42,624

To determine whether the value of goodwill has decreased, the cash-generating units (CGU) to which goodwill is attributed are valued. The valuation is done by calculating the value in use, which is based on a discounted cash flow model with a forecast period of five years followed by an extrapolation of cash flow for the years after the forecast since goodwill has an infinite lifetime.

NOTE 13 CONTINUED

Material assumptions used to calculate values in use:

- Forecast operating margin.
- Growth rate for extrapolating cash flows beyond the forecast period.
- Discount rate after tax used for estimated future cash flows

Expected operating margins is based on management's overall assessment of historic profitability levels, current strategic decisions, general market conditions and trends as well as other available information for each individual CGU. A growth rate of 2.5 percent (2.0) has been used for all CGUs to extrapolate cash flows beyond the forecast

period. This growth rate is considered to be a conservative estimate. Forecasted cash flows are discounted to current value applying a weighted average cost of capital (WACC). For each CGU an individual discount rate after tax has been used in calculating useful values. By using an individual discount rate before tax no significant difference on calculated value in use occurs. The applied discount rate and the applied discount rate previous year is in accordance with the tables below.

The calculation shows that the value in use exceeds the carrying value in all cash-generating units. No impairment was identified.

31/03/2023	Discount rate before tax (%)	Discount rate after tax (%)	Forecast of cash flow over:	Growth rate used to extrapolate cash flows beyond the forecast period (%)
Amplifier Game Invest	12.5	10.6	5 year	2.5
Asmodee	11.6	9.4	5 year	2.5
Coffee Stain	12.7	10.6	5 year	2.5
Crystal Dynamics-Eidos	12.3	10.6	5 year	2.5
Dark Horse	10.9	9.1	5 year	2.5
Deca Games	10.3	8.7	5 year	2.5
Easybrain	10.3	8.7	5 year	2.5
Freemode	11.5	9.6	5 year	2.5
Gearbox Entertainment	12.5	10.6	5 year	2.5
Plaion	12.6	10.6	5 year	2.5
Saber Interactive	12.7	10.6	5 year	2.5
THQ Nordic	12.7	10.6	5 year	2.5

31/03/2022	Discount rate before tax (%)	Discount rate after tax (%)	Forecast of cash flow over:	Growth rate used to extrapolate cash flows beyond the forecast period (%)
Amplifier Game Invest	10.1	8.4	5 year	2.0
Asmodee	10.0	8.4	5 year	2.0
Coffee Stain	10.9	8.4	5 year	2.0
Dark Horse	9.9	8.4	5 year	2.0
Deca Games	10.0	8.4	5 year	2.0
Easybrain	10.0	8.4	5 year	2.0
Freemode	8.9	8.4	5 year	2.0
Gearbox Entertainment	9.8	8.4	5 year	2.0
Plaion	10.0	8.4	5 year	2.0
Saber Interactive	11.5	8.4	5 year	2.0
THQ Nordic	10.2	8.4	5 year	2.0

Sensitivity analysis

A sensitivity analysis has been carried out for each CGU. The results of this analysis are summarized in the table below.

Six of the hypothetical cases below would lead to an impairment of goodwill in an individual Cash Generating Unit.

If the post tax discount rate would be 1.0 percentage point higher than the basic assumption it would indicate a possible need of impairment of 0.4 % of the total carrying value of goodwill.

If the EBITDA margin in the forecast period and the period beyond the forecast period would be 2.0 percentage points lower than the basic assumption it would indicate a possible need of impairment of 1.0 % of the total carrying value of goodwill.

If the growth rate used to extrapolate cash flows beyond the forecast period would 0.5 percentage points lower than the basic assumption and the post-tax discount rate with 0.5 percentage points higher than the basic assumption it would indicate a possible need of impairment of 0.3 % of the total carrying value of goodwill

These calculations are hypothetical and should not be viewed as an indication that these factors are any more or less likely to change. These calculations don't consider such incentives and actions that would be implemented if actual cash flows negatively differ from forecasted cash flows. The sensitivity analysis should therefore be interpreted with caution.

NOTE 13 CONTINUED

	Possible need of impairment if increase of post tax discount rate with 1 percentage point	Possible need for impairment if decrease of EBITDA margin of 2,0 percentage points in the forecast period and the period beyond the forecast period	Possible need for impairment if contemporary decrease of growth rate used to extrapolate cash flows beyond the forecast period with 0,5 percentage points and an increase of post-tax discount rate with 0,5 percentage points
Amplifier Game Invest	No	No	No
Asmodee	No	No	No
Coffee Stain	No	No	No
Crystal Dynamics-Eidos	No	No	No
Dark Horse	No	Yes	No
Deca Games	Yes	Yes	No
Easybrain	No	No	No
Freemode	No	No	No
Gearbox Entertainment	Yes	Yes	Yes
Plaion	No	No	No
Saber Interactive	No	No	No
THQ Nordic	No	No	No

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 2021	3,386	2,423	2,712	205	680	58	9,464
Internally generated	3,468	59	16	-	145	28	3,715
Business combinations	430	521	23,104	5	31	125	24,216
Sales/disposals	-	-1	-	-	-	-1	-2
Reclassifications	-	-	-	-	-	0	0
FX effects	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	4,182	26,122	213	863	232	37,872
Internally generated	5,886	193	5,777	-	259	156	12,271
Business combinations	839	17	4,073	611	113	29	5,682
Sales/disposals	-625	-58	-0	-	-	-19	-702
Reclassifications	-174	0	58	-	21	98	3
FX effects	582	185	2,407	47	95	43	3,359
Transferred from projects in progress to completed development projects	-3,137	3,137	-	-	-	-	-
As of 31 March 2023	9,630	7,656	38,436	871	1,351	540	58,485

<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 2021	-	-1,910	-1,137	-123	-516	-26	-3,712
Amortization for the year	-	-1,037	-1,252	-41	-155	-25	-2,510
Sales/disposals	-	-	-	-	-	1	1
Reclassifications	-	-	-	-	-	-0	0
Exchange rate differences	-	-32	-43	-2	-7	-3	-87
Business combinations	-	-	-	-	-	-	-
As of 31 March 2022	-	-2,979	-2,432	-166	-678	-53	-6,308
Amortization for the year	-	-2,375	-2,693	-153	-230	-65	-5,516
Sales/disposals	-	13	3	-	-	5	21
Reclassifications	-	53	-153	-	-	13	-88
Exchange rate differences	-	-225	-198	-16	-72	-18	-529
As of 31 March 2023	-	-5,512	-5,473	-335	-980	-119	-12,420

NOTE 14 CONTINUED

<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 2021	-165	-	-	-	-	-	-165
Impairment	-16	-	-7	-	-	-	-23
Sales/disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Exchange rate differences	-6	-	-	-	-	-	-6
As of 31 March 2022	-187	-	-7	-	-	-	-194
Impairment	-111	-57	-96	-	-	-0	-264
Sales/disposals	5	0	0	-	-	-	5
Reclassifications	-11	0	-	-	-	-	-11
Exchange rate differences	-19	2	-6	-	-	-	-23
As of 31 March 2023	-322	-56	-109	-	-	-0	-486

	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 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
Closing balance at 31 March 2023	9,309	2,088	32,854	536	371	420	45,579

For information on intangible assets pledged as security for obligations, see note 29 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 are compared with discounted cash flows during the asset's expected depreciation period. This year's write-downs refers to non completed project within the operating segments PC/Console Games and Mobile Games.

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 2021	133	231	6	0	370
Investments for the year	15	171	116	42	344
Business combinations	3	176	7	46	232
Sales/disposals	-	-11	-	-4	-15
Reclassifications	-	-4	-	3	-1
Exchange rate differences	2	18	1	8	29
As of 31 March 2022	153	581	130	95	959
Investments for the year	13	281	116	89	499
Business combinations	8	97	1	80	186
Sales/disposals	-3	-92	-1	-7	-103
Reclassifications	96	-4	-157	61	-4
Exchange rate differences	19	87	9	17	132
As of 31 March 2023	286	950	98	335	1,669

<i>Accumulated amortization</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
As of 1 April 2021	-11	-121	0	0	-132
Depreciation	-5	-85	-	-11	-101
Sales/disposals	-	8	-	2	10
Reclassifications	-	2	-	-2	-
Exchange rate differences	-	-13	-	-3	-16
As of 31 March 2022	-16	-209	0	-14	-239
Depreciation	-10	-224	-	-41	-275
Sales/disposals	2	66	-	3	71
Reclassifications	-	30	-	-44	-14
Exchange rate differences	-3	-52	-	-9	-64
As of 31 March 2023	-27	-389	0	-105	-521

NOTE 15 CONTINUED

	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
Opening balance at 1 April 2021	122	110	6	-	238
Closing balance at 31 March 2022	137	372	130	81	720
Closing balance at 31 March 2023	259	561	98	230	1,148

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.

	Right-of-use assets			Lease liabilities
	Premises	Other	Total	
Opening balance 1 April 2021	329	0	329	335
Additional agreements net	874	-	874	874
Terminated leases	-160	-	-160	-
Remeasurement of leases	19	-	19	-
Lease payments	-	-	-	-112
Closing balance 31 March 2022	1,062	0	1,062	1,097
Additional agreements net	768	-	768	768
Terminated leases	-467	-	-467	-
Remeasurement of leases	60	-	60	116
Interest expense	-	-	-	9
Lease payments	-	-	-	-502
Closing balance 31 March 2023	1,423	0	1,423	1,488

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

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Expenses relating to current leases (part of other external expenses)	-15	-
Expenses relating to leases of low-value assets (part of other external expenses)	-2	-
Depreciation expense of right-of-use assets	-467	-160
Interest expenses on lease liabilities	-49	-12
Total	-533	-172

Embracer reports a cash outflow attributable to lease agreements amounting to SEK -502 million (-156). For a

maturity analysis of the Group's lease liabilities, see Note 20 Financial risks.

NOTE 17 INVESTMENTS IN ASSOCIATES

Below are the associates that are material to the Group as of 31 March 2023. 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	Reg. no.	Country of incorporation and business	Share of equity (%)		Nature of the entity's relationship	Valuation method
			31/03/2023	31/03/2022		
Iron Gate AB	559203-4820	Sweden	30 %	30 %	Associated company	Equity method
Neon Giant AB	559119-4070	Sweden	0 %	28 %	Associated company	Equity method
Kavalri Games AB	559164-5089	Sweden	45 %	49 %	Associated company	Equity method
Framebunker ApS	35 23 72 75	Denmark	34 %	34 %	Associated company	Equity method
Ugly Duckling ApS	42 56 62 76	Denmark	30 %	0 %	Associated company	Equity method
Super Deluxe Games Inc	0100-01-143799	Japan	40 %	0 %	Associated company	Equity method
Double Damage Games Inc	5 493 089	US	33 %	33 %	Associated company	Equity method
Equinox	894382746	France	40 %	-	Associated company	Equity method

All associates are game development studios

Company	Carrying amount	
	31/3/2023	31/3/2022
Iron Gate AB	215	88
Neon Giant AB	-	16
Kavalri Games AB	15	14
Framebunker ApS	6	6
Ugly Duckling ApS	3	-
Super Deluxe Games	2	-
Double Damage Games Inc	9	10
Equinox	3	-
Total investments accounted for according to the equity method	253	134

Financial information for associates

The main change between the years consist of result from associated companies, that amounts to SEK 213 million (465). The profit/loss for financial year 2021/22 consists partly of profit share from associated companies SEK 49 million and partly of profit from revaluation of shares in associated companies SEK 416 million, which has arisen when the remaining 70 % of the shares in the company Ghost Ship Games ApS were acquired.

NOTE 18 FINANCIAL INSTRUMENTS

Measurement of financial assets and liabilities as of 31 March 2023

Financial assets	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
Other non-current receivables (Non-current assets)	-	43	-	326	369
Trade receivables	-	-	-	5,253	5,253
Contract assets	-	-	-	790	790
Other current receivables	-	-	-	1,484	1,484
Derivatives (Other receivables)	-	-	-	-	-
Current investments	-	18	-	-	18
Cash and cash equivalents	-	-	-	4,662	4,662
Total	-	61	-	12,515	12,576
Financial liabilities					
Liabilities to credit institutions	-	-	-	20,260	20,260
Other non-current liabilities	-	-	-	52	52
Advances from customers	-	-	-	79	79
Trade payables	-	-	-	2,809	2,809
Contract liabilities	-	-	-	2,012	2,012
Contingent considerations	-	-	6,334	-	6,334
Current put/call options on non-controlling interests	-	-	2,905	-	2,905
Deferred considerations	-	-	2,019	-	2,019
Liabilities to employees related to historical acquisitions	-	-	1,090	-	1,090
Other current liabilities	-	-	-	449	449
Derivatives (Other current liabilities)	-	2	-	-	2
Accrued expenses	-	-	-	3,119	3,119
Total	-	2	12,348	28,780	41,130

Measurement of financial assets and liabilities as of 31 March 2022

Financial assets	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
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
Advances from customers	-	-	-	69	69
Trade payables	-	-	-	3,602	3,602
Contract liabilities	-	-	-	1,821	1,821
Contingent considerations	-	-	9,591	-	9,591
Put/call options on non-controlling interests	-	-	4,259	-	4,259
Liabilities to employees related to historical acquisitions	-	-	593	-	593
Other current liabilities	-	-	-	605	605
Derivatives (Other current liabilities)	-	3	-	-	3
Accrued expenses	-	-	-	1,413	1,413
Total	-	3	14,443	27,802	42,248

Current receivables and liabilities

For current receivables and liabilities, such as trade receivables, lease liabilities 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 off-set 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 are defined as follows:

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

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

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

Financial assets measured at fair value as of Mar 31, 2023	Level 1	Level 2	Level 3	Total
Other non-current receivables	-	43	-	43
Derivatives	-	18	-	18

Financial assets measured at fair value as of Mar 31, 2022	Level 1	Level 2	Level 3	Total
Other non-current receivables	-	6	-	6
Derivatives	-	51	-	51

Financial liabilities measured at fair value as of Mar 31, 2023	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	6,334	6,334
Put/call options on non-controlling interests	-	-	2,905	2,905
Liabilities to employees related to acquisitions	-	-	1,090	1,090
Derivatives	-	2	-	2

Financial liabilities measured at fair value as of Mar 31, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	9,591	9,591
Put/call options on non-controlling interests	-	-	4,259	4,259
Liabilities to employees related to acquisitions	-	-	593	593
Derivatives	-	3	-	3

Derivatives

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

Contingent consideration

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

Contingent considerations classified as financial liabilities are measured at fair value by discounting expected cash flows at a risk-adjusted discount rate of 1.8 %-10.2 %. Measurement is therefore in accordance with Level 3 in the fair value hierarchy. Significant unobservable input data consists of forecasted turnover and a risk-adjusted discount rate as well operational targets.

Contingent considerations ¹⁾	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Opening balance	11,572	10,466
Acquisitions	1,352	4,165
Payment - shares to be issued	-1	-
Payment - clawback shares	-450	-421
Payment - cash	-498	-19
FX effects, realized	47	-
FX effects, unrealized	-338	-119
Change in fair value recognized in profit or loss	-3,213	-2,498
Closing balance	8,471	11,572

¹⁾ See table below for distribution between financial debt and equity.

During the period, unrealized gains or losses for contingent considerations recognized at the end of the reporting period amounted to a gain of SEK 3,213 million. This amount is included as part of net financial items in the consolidated statement of profit or loss. The change is due to changes in Embracer Group AB's share price or changes in target fulfillment of operational and financial targets.

Given the contingent considerations recognized at the end of the reporting period, a higher discount factor of 1.5 percentage points will have an impact on the fair value of the contingent considerations of SEK -454 million and a lower discount factor of 1,5 percentage points will have an impact with SEK 469 million respectively.

The Group's contingent considerations will be settled in cash or with issued shares. As of March 31, 2023, the contingent considerations are expected to be settled according to the table below

Contingent consideration	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity		Total contingent consideration
	Cash settlement	Newly issued shares		Newly issued/clawback shares		
31/03/2023	2,441	3,893	6,334	2,137		8,471
31/03/2022	3,304	6,287	9,591	1,981		11,572

NOTE 18 CONTINUED

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

As of 31/03/2023	Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent considerations	100,726,875	68,841,092	31,421,157	26,423,005

Put/call options on non-controlling interest

Put/call options on non-controlling interest refers to put/call option on non-controlling interests in business combination where the selling shareholders keep some ownership and there is a contractual obligation where Embracer will purchase the remaining interest if 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 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 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 options on non-controlling interest	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Opening balance	4,259	0
Acquisitions	0	3,813
FX effects, unrealized	-169	-
Change in fair value recognized in consolidated statement of profit or loss	-1,185	-
Put/call options on non-controlling interest	0	446
Closing balance	2,905	4,259

During the year, unrealized gains or losses for put/call options on non-controlling interest recognized at the end of the financial year amounted to a gain of SEK 1185 million. This amount is included as part of net financial items in the consolidated statement of profit or loss. The change is due to changes in Embracer Group AB's share price or changes in target fulfillment of operational and financial targets.

Given the put/call options 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 put/call options of SEK -186 million and SEK 203 million respectively.

As at 31 March, the Group's put/call option on non-controlling interests will be settled in cash or with shares according to the distribution below:

Expected settlement	Put/call options on non controlling interest		Total classified as financial liability
	Cash settlement	Newly issued shares	
31/03/2023	1,071	1,835	2,905
31/03/2022	1,324	2,935	4,259

As of March 31, 2023	Classified as Put/call options on non-controlling interest	Of which already issued
Maximum number of shares	40,840,363	-

Liabilities to employees related to acquisitions

Liabilities to employees related to acquisitions refers to part of the purchase price in historical acquisitions which according to IFRS is classified as personnel debt.

Fair value for liabilities to employees related to acquisitions has 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.

Liabilities to employees related to acquisitions	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Opening balance	593	28
Accrual of personnel cost in consolidated statement of profit or loss	640	814
Payment - clawback shares	0	0
Payments - cash after the acquisition day	-658	-286
Change in fair value recognized in consolidated statement of profit or loss	238	6
Reclassifications	240	0
FX-effects	37	31
Closing balance	1,090	593

Current liability amounts to SEK 370 million (-).

NOTE 18 CONTINUED

Given the non-current liabilities to employees related to acquisitions 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 non-current liabilities to employees related to acquisitions of SEK –58 million and SEK 63 million respectively.

As at 31 March, 2023, the Group's liabilities to employees related to acquisitions will be settled in cash or with shares according to the distribution below:

Expected settlement	Liabilities to employees related to acquisitions		Total classified as financial liability
	Cash settlement	Newly issued shares	
31/03/2023	1,090	-	1,090
31/03/2022	593	-	593

As of March 31, 2023	Classified as Non-current liabilities to employees related to acquisitions	Of which already issued
Maximum number of shares	-	-

Deferred consideration, not classified as a financial instrument

Deferred consideration

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent to future financial or operational targets.

Deferred consideration	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Opening balance	0	-
Acquisitions	2,093	-
Payment - shares to be issued	-	-
Payment - clawback shares	-	-
Payment - cash	-464	-
FX-effects	17	-
Reclassifications	338	-
Discount effect recognized in profit or loss	36	-
Closing balance	2,019	-

Given the deferred 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 deferred consideration of SEK –49 million and SEK 51 million respectively.

As at 31 March, the Group's deferred consideration will be settled in cash or with shares according to the distribution below:

Expected settlement	Deferred consideration		Total classified as financial liability
	Cash settlement	Newly issued shares	
Total	2,019	-	2,019

As of March 31, 2023	Classified as deferred consideration	Of which already issued
Maximum number of shares related to deferred considerations	-	-

NOTE 19 NON-CURRENT FINANCIAL ASSETS

	31/03/2023	31/03/2022
Receivables from associates	15	11
Non-current external receivables	309	245
Non-current receivables on employees	2	2
Non-current financial assets	43	44
Carrying amount	369	302

Accumulated acquisition values	31/03/2023	31/03/2022
Att beginning of year	302	132
Business combinations	5	153
Investments for the year	248	26
Reclassification	-156	-29
Loan	-	6
Repayment	-48	-
Translation difference	18	14
Carrying amount at end of year	369	302

NOTE 20 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 not deemed to be immaterial, 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	31/03/2023	31/03/2022
Trade receivables not yet due, excluding impairment	3,287	2,811
Past due trade receivables, excluding impairment		
1-60 days	642	381
61-120 days	101	560
>120 days	197	145
Total	4,227	3,897
Accrued income	1,163	651
Loss allowance for expected credit losses	-137	-142
Carrying amount	5,253	4,406

The credit quality of receivables that are not more than 90 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 137 million (SEK 142 million per March 31, 2022).

Expected credit losses for trade receivables and contract assets (simplified approach)	01/04/2022 – 31/03/2023
Opening balance	-142
Impairment	-
Recovered, previously written off amounts	17
Exchange difference	-12
Closing balance	-137

Age analysis of Expected credit losses for trade receivables and contract assets	01/04/2022 – 31/03/2023
Past due trade receivables, impairment	
1-60 days	-53
61-120 days	-10
>120 days	-74
Total	-137

NOTE 20 CONTINUED

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	
				31/03/2023	31/03/2022
Liabilities to credit institutions	Nordea 20 MEUR	EUR	02/07/2021	Variable	0
Liabilities to credit institutions	Nordea Facility A (8 000 000 000 SEK)	SEK	14/06/2024	Variable	6,000
Liabilities to credit institutions	Nordea RCF Mult (3 755 693 000 SEK)	SEK	24/06/2026	Variable	927
Liabilities to credit institutions	Nordea RCF Mult (470 000 000 EUR)	EUR	24/06/2026	Variable	4,859
Liabilities to credit institutions	Nordea Facility B (582 886 453:27 EUR)	EUR	30/09/2022	Variable	5,988
Liabilities to credit institutions	Different lenders ¹⁾	EUR*	< 1 year-2031	Variable	2,407
Total					20,260
					20,181

¹⁾ Loans within our operational groups. The loans are bilateral, with different terms, repayment plans and covenants. The loans are a total of 47, distributed among 15 credit institutions, with maturities from < 1 year to 30/09/2031 and with different sizes. The largest loan corresponds to 2 % of total debt.

Of the total liabilities to credit institutions, SEK 17,031 million (17,774) refers to borrowing in the parent company. These loans are placed in Nordic credit institutions in SEK and EUR.

In some cases ant 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 agree-

ments, Embracer has chosen to exchange variable interest rate for fixed interest rate. As of 31 March 2023, there where no rate swaps, SEK - million (SEK 1 million as per 31 March 2022). 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.

NOTE 20 CONTINUED

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.

	31/03/2023	31/03/2022
Market interest rate -1 %	203	202
Market interest rate +1 %	-203	-202

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 (%)	01/04/2022 – 31/03/2023		01/04/2021 – 31/03/2022	
	Operating income	Operating expenses	Operating income	Operating expenses
USD	52 %	27 %	64 %	35 %
EUR	30 %	53 %	28 %	36 %
Other currencies	17 %	20 %	8 %	29 %

Sensitivity analysis - Exchange rate fluctuations against the Swedish krona	01/04/2022 – 31/03/2023		01/04/2021 – 31/03/2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
EUR + 10 %	923	616	229	210
EUR - 10 %	-923	-616	-229	-210
USD + 10 %	1,030	405	458	91
USD - 10 %	-1,030	-405	-458	-91

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 21,581 million (SEK 21,875 million as per 31 March, 2022). The total liquidity reserve consists of cash and cash equivalents and unutilized overdraft facilities. At the end of the reporting period, SEK 1,404 million (SEK 1,657 million as per 31 March 2022) 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. Embracer has not breached these commitments in 2022/23 or earlier.

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 an 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	31/03/2023				
	<1 year	1-3 years	3-5 years	>5 years	Total
Liabilities to credit institutions	701	19,381	178	2	20,260
Contingent considerations	1,837	98	1,614	2,785	6,334
Put/call options on non-controlling interests	-	578	1,256	1,071	2,905
Deferred considerations	1,690	329	-	-	2,019
Other non-current liabilities	-	52	-	-	52
Lease liabilities	444	745	210	89	1,488
Contract liabilities	2,012	-	-	-	2,012
Advance to customers	79	-	-	-	79
Trade payables	2,809	-	-	-	2,809
Accrued expenses	3,119	-	-	-	3,119
Other current liabilities	451	-	-	-	451
Total	13,142	21,183	3,258	3,947	41,529

NOTE 20 CONTINUED

Maturity analysis	31/03/2022				Total
	<1 year	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	7,163	6,550	6,245	223	20,181
Contingent considerations	1,105	4,657	3,282	547	9,591
Put/call options on non-controlling interests	-	-	4,259	-	4,259
Other non-current liabilities	-	112	-	-	112
Lease liabilities	297	800	-	-	1,097
Contract liabilities	1,821	-	-	-	1,821
Advance to customers	69	-	-	-	69
Trade payables	3,602	-	-	-	3,602
Accrued expenses	1,413	-	-	-	1,413
Other current liabilities	608	-	-	-	608
Total	16,077	12,119	13,786	770	42,752

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.

NOTE 21 INVENTORIES

	31/03/2023	31/03/2022
Raw materials and supplies	19	9
Finished goods and goods for resale	3,982	2,766
Advances to suppliers	80	-
Carrying amount	4,081	2,775

The Group's obsolescence reserve amounts to SEK 324 million as of March 31, 2023. Costs as a result of inventory write-downs and disposals amount to SEK 61 million.

For information regarding the calculation of the inventory value, refer to the Group's accounting principles.

NOTE 22 PREPAID EXPENSES

	31/03/2023	31/03/2022
Prepaid insurance premiums	22	0
Prepaid financial expenses	5	-
Other prepaid expenses	683	377
Carrying amount	710	377

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

NOTE 23 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	
			31/03/2023	31/03/2022
Embracer Group AB	556582-6558	Karlstad, Sweden	Parent company	Parent company
PLAION Holding GmbH	FN 482610x	Höfen, Austria	100 %	100 %
PLAION GmbH	FN 194505 m	Höfen, Austria	100 %	100 %
PLAION GmbH	HRB105290	Planegg, Germany	100 %	100 %
Deep Silver Fishlabs	HRB105290	Hamburg, Germany	100 %	100 %
PLAION AG	CH-320.3.044.267-5	St. Gallen, Switzerland	100 %	100 %
PLAION sp.z.o.o	383878148	Warszaw, Poland	100 %	100 %
Warhorse Studios s.r.o	24155849	Prague, Czech Republic	100 %	100 %
PLAION, Inc.	26-2243948	Larkspur, CA, USA	100 %	100 %
DPI Merchandising Inc.	6456046	Delaware, USA	100 %	100 %
Deep Silver Volition LLC	90-0931309	Champaign, IL, USA	100 %	100 %
PLAION Ltd.	02925650	Reading, UK	100 %	100 %
Splatter Connect Ltd	07965335	Manchester, UK	100 %	100 %
Koch Media Ltd (UK) Sverige	516405-2465	Stockholm, Sweden	100 %	100 %
Benelux Branches	24472570	Amsterdam, Netherlands	100 %	100 %
PLAION Service s.r.o.	08219966	Olomouc, Czech Republic	100 %	100 %
PLAION S.r.L.	MI-1963591	Milan, Italy	100 %	100 %
Deep Silver Dambuster Studios Ltd.	09140280	Nottingham, UK	100 %	100 %
Atlantis Games Ltd.	09771586	Reading, UK	100 %	100 %
PLAION SAS	440642247	Paris, France	100 %	100 %
Koch Media S.L.U	M-119499	Madrid, Spain	100 %	100 %
Milestone S.r.L	10851750967	Milan, Italy	100 %	100 %
PLAION PTY Ltd	37608232177	Sydney, Australia	100 %	100 %
DigiXart Entertainment SAS	5912Z	Montpellier, France	100 %	100 %
DPI Merchandising GmbH	HRB262973	Planegg, Germany	100 %	100 %
Prism Ray Online Services GmbH (AT)	FN 579041 g	Höfen, Austria	100 %	100 %
PLAION Pictures GmbH	HRB160607	Planegg, Germany	100 %	100 %
Sola Media AS	920804233	Bodö, Norway	100 %	100 %
Sola Media GmbH	HRB 24372	Stuttgart, Germany	100 %	100 %
Spotfilm Networx GmbH	HRB 136977	Berlin, Germany	100 %	100 %
Anime Ltd.	SC406063	Glasgow, UK	100 %	100 %
Voxler SAS	484440243	Paris, France	100 %	100 %
Voxler Ltd	09887544	London, UK	100 %	100 %
PLAION Ltd. – Hongkong	2974237	Hongkong, Hongkong	100 %	100 %
PLAION Inc. – Tokyo	0118-01-038257	Tokyo, Japan	100 %	100 %
Flying Wild Hog Holding Ltd.	11293390	Nottingham, UK	100 %	100 %
Flying Wild Hog Studios Sp.z.o.o.	0000836710	Warszaw, Poland	100 %	100 %
Flying Wild Hog Services Sp.z.o.o.	0000836773	Warszaw, Poland	100 %	100 %
Flying Wild Hog Development Ltd	11420362	Reading, UK	100 %	100 %
Vertigo Games Holding B.V.	73570400	Rotterdam, Netherlands	100 %	100 %
Force Field Holding BV	65763033	Rotterdam, Netherlands	100 %	100 %
Force Field Entertainment B.V (under name change to Vertigo Studios Amsterdam B.V.)	32129579	Rotterdam, Netherlands	100 %	100 %
Force Field HBE Studio B.V.	34227248	Rotterdam, Netherlands	100 %	100 %
Force Field Productions B.V.	34247648	Rotterdam, Netherlands	100 %	100 %
Force Field LBE Studio B.V.	34336313	Rotterdam, Netherlands	100 %	100 %
Force Field B.V.	62567268	Rotterdam, Netherlands	100 %	100 %
Vertigo Studios B.V.	24446448	Rotterdam, Netherlands	100 %	100 %
Vertigo Publishing B.V.	73574600	Rotterdam, Netherlands	100 %	100 %
Vertigo Arcades B.V.	70279160	Rotterdam, Netherlands	100 %	100 %
Free Radical Design Ltd.	13418580	Nottingham, UK	100 %	100 %
Easybrain Holding AB	559237-4044	Karlstad, Sweden	100 %	100 %
Easybrain Group Limited	HE 417027	Limassol, Cyprus	100 %	100 %
Easybrain Ltd (Cyprus)	HE 345807	Limassol, Cyprus	100 %	100 %
Easybrain LLC (Belarus)	192677819	Minsk, Belarus	100 %	100 %
Easybrain sp. Z o.o	0000963602	Warszawa, Poland	100 %	100 %

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
THQ Nordic AB	559338-6104	Karlstad, Sweden	100 %	100 %
THQ Nordic GmbH	FN366280y	Vienna, Austria	100 %	100 %
Black Forest Games GmbH	HRB 708729	Offenburg, Germany	100 %	100 %
Grimlore Games GmbH	HRB 214761	München, Germany	100 %	100 %
Nine Rocks Games s.r.o.	131468/B	Bratislava, Slovakia	100 %	100 %
www.handy-games.com GmbH	HRB 8667	Giebelstadt, Germany	100 %	100 %
Massive Miniteam GmbH	HRB 94296	Pulheim, Germany	100 %	100 %
Piranha Bytes GmbH	HRB 30287	Essen, Germany	100 %	100 %
Purple Lamp Studios GmbH	FN 483727 p	Vienna, Austria	100 %	100 %
THQ Nordic Japan KK	0100-01-204521	Tokyo, Japan	100 %	100 %
Alkimia Interactive SL	B-67542720	Barcelona, Spain	100 %	100 %
Pow Wow Entertainment	FN 530975 x	Vienna, 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 %
Palm Beach	0899.697.764	Charleroi, Belgium	100 %	100 %
Appeal Studios SA	0704.609.582	Charleroi, Belgium	94 %	94 %
KAIKO GmbH	HRB 98636	Frankfurt am Main, Germany	100 %	100 %
Gate21 d.o.o.	65-01-0368-21	Sarajevo, Bosnia and Herzegovina	80 %	80 %
Bugbear Entertainment Oy	1586716-8	Helsinki, Finland	100 %	100 %
Mirage Game Studios AB	559043-8437	Karlstad, Sweden	100 %	100 %
Metricminds GmbH	HRB50908	Berlin, Germany	100 %	100 %
Pieces Interactive AB	556744-4384	Skövde, Sweden	100 %	100 %
Experiment 101 AB	559019-9609	Stockholm, Sweden	100 %	100 %
Campfire Cabal Aps (DK)	43369830	Valby, Denmark	100 %	100 %
We Sing Company Holding AB	556997-4255	Karlstad, Sweden	100 %	100 %
We Sing Company AB	556758-8024	Karlstad, Sweden	100 %	100 %
House in the Woods AB	556997-4271	Karlstad, Sweden	100 %	100 %
THQ Nordic Singapore Pte Ltd (SGP)	202203960M	Singapore	100 %	100 %
Indie Games Holding AB	559280-0014	Karlstad, Sweden	100 %	100 %
Coffee Stain Holding AB	556995-0180	Skövde, Sweden	100 %	100 %
Coffee Stain Publishing AB	559073-7069	Skövde, Sweden	100 %	100 %
Coffee Stain Studios AB	556821-8225	Skövde, Sweden	100 %	100 %
Coffee Stain North AB	556950-9960	Stockholm, Sweden	100 %	100 %
Box Dragon AB	559219-7668	Göteborg, Sweden	70 %	70 %
Lavapotion AB	559087-8954	Göteborg, Sweden	60 %	60 %
GhostShip Holdings Aps	37864005	Copenhagen, Denmark	100 %	100 %
Ghost Ship Games Aps	37989819	Copenhagen, Denmark	100 %	100 %
Easytrigger AB	559076-4543	Trollhättan, Sweden	100 %	100 %
Coffee Stain Gbg AB	559105-9208	Skövde, Sweden	100 %	100 %
Embracer Freemode AB (SE)	559273-7984	Karlstad, Sweden	100 %	100 %
Embracer Freemode Retro Holding AB	559237-4051	Karlstad, Sweden	100 %	100 %
Embracer Freemode Retro Holding Inc.	EIN 88-3703797	Wilmington, Delaware, USA	100 %	100 %
Limited Run Games, Inc.	C201701300593	North Carolina, USA	100 %	100 %
Limited Run Retail, LLC	C202026300043	North Carolina, USA	100 %	100 %
Bitwave AB	556939-8117	Göteborg, Sweden	100 %	100 %
TATSUJIN Co., Ltd.	0105-01-041069	Tokyo, Japan	90 %	90 %
Embracer Freemode Services Holding AB (SE)	556884-8369	Karlstad, Sweden	100 %	100 %
Quantic Lab S.R.L (RO)	RO18404320	Cluj-Napoca, Romania	95 %	95 %
Quantic Lab UK Ltd (Uk)	13092174	Hailsham, UK	100 %	100 %
Embracer Freemode Holding AB (SE)	559349-7059	Karlstad, Sweden	100 %	100 %
Embracer Freemode Iconic Holding Inc.	6962090	Delaware, USA	100 %	100 %
Middle-earth Enterprises, LLC	6939689	Delaware, USA	100 %	100 %
Game Outlet Europe AB	556633-6052	Karlstad, Sweden	100 %	100 %
Clear River Games AB	559092-8734	Karlstad, Sweden	100 %	100 %
Embracer Freemode Inc	87-3323684	Livemore, California, USA	100 %	100 %
Sing Trix LLC	5152511	Delaware, USA	100 %	100 %
Embracer Freemode Ltd	6234577	Clevedon, UK	100 %	100 %
GoodBetterBest Ltd	4511276	Clevedon, UK	100 %	100 %
Embracer Freemode Investment Holding AB (SE)	556884-8369	Karlstad, Sweden	100 %	100 %
C77 Entertainment Inc	20197538467	Washington, USA	100 %	100 %
Varyag Group AB	559185-6553	Karlstad, Sweden	70 %	70 %
Grimfrost Production AB	556983-1026	Karlstad, Sweden	100 %	100 %
Grimfrost Records AB	559149-7317	Karlstad, Sweden	100 %	100 %
JIS Trading AB	559073-7036	Karlstad, Sweden	100 %	100 %

NOTE 23 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
Amplifier Game Invest Holding AB	559092-8742	Karlstad, Sweden	100 %	100 %
Amplifier Studios AB	559042-8818	Stockholm, Sweden	100 %	100 %
Tarsier Studios AB	556700-9278	Malmö, Sweden	100 %	100 %
Tarsier Studios Productions AB	556812-9802	Malmö, Sweden	100 %	100 %
River End Games AB	559092-8767	Gothenburg, Sweden	100 %	100 %
DestinyBit	IT02555520390	Ravenna, Italy	100 %	100 %
Palindrome Interactive AB	559005-7906	Skövde, Sweden	100 %	100 %
Rare Earth Games GmbH	FN 535537	Vienna, Austria	100 %	100 %
Vermila Studios S.L.	B-88568043	Madrid, Spain	100 %	100 %
Infinite Mana Games AB	559379-6146	Stockholm, Sweden	100 %	100 %
Silent Games Ltd	11600265	Newcastle Upon Tyne, UK	100 %	100 %
Plucky Bytes AB	559237-4028	Karlstad, Sweden	100 %	100 %
Misc Holding AS	928183556	Sandnes, Norway	54 %	54 %
Misc Game AS	915366775	Sandnes, Norway	100 %	100 %
Frame Break AB	559241-9278	Skövde, Sweden	100 %	100 %
Zapper Games Inc	87-1962716	Durham, USA	100 %	100 %
Goose Byte Studios Inc	1176916246	Montreal, Canada	100 %	100 %
Green Tile Digital AB	559244-3393	Skövde, Sweden	100 %	100 %
A Creative Endeavor AB	556895-1221	Göteborg, Sweden	100 %	100 %
Amplifier Studios US Holding Inc	87-4258475	Durham, USA	100 %	100 %
Invisible Walls Aps	38999524	Copenhagen, Denmark	100 %	100 %
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 %	100 %
Kid Baby Toddler Ltd	514761774	Tel Aviv, Israel	100 %	100 %
Crazy Style Ltd	514761725	Tel Aviv, Israel	100 %	100 %
CocoPlay by TabTale Ltd	514761733	Tel Aviv, Israel	100 %	100 %
Kids Games Club Ltd	514761782	Tel Aviv, Israel	100 %	100 %
TabTale (Luoyang) Software Ltd Company	91410300396830851D	Luoyang, China	100 %	100 %
TabTale Inc	30-0806435	Delaware, USA	100 %	100 %
Kids Funny Preschool Education Games Ltd	514761758	Tel Aviv, Israel	100 %	100 %
TabTale International Ltd	514791151	Tel Aviv, Israel	100 %	100 %
Kids Fun Club by TabTale G.P.	540249398	Tel Aviv, Israel	100 %	100 %
Sunstorm by TabTale G.P	540253895	Tel Aviv, Israel	100 %	100 %
CrazyLabs by TabTale G.P	540249109	Tel Aviv, Israel	100 %	100 %
FireScore Interactive Private Limited	U74999MH2018PTC318252	Mumbai, India	95 %	95 %
Beijing Deca Interactive Entertainment Technology Co., Ltd.	91110105MA04GAD673	Peking, China	100 %	100 %
Deca Live Operations GmbH	HRB 191999 B	Berlin, Germany	100 %	100 %
Deca Games EOOD	205681825	Veliko Tarnovo, Bulgaria	100 %	100 %

NOTE 23 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
Embracer Group Lager 2 AB	559237-4010	Karlstad, Sweden	100 %	100 %
4A Games Ltd	C65059	Tas-Silema, 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, Serbia	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 %	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, UK	100 %	100 %
Tuxedo Labs AB	559219-0259	Malmö, Sweden	100 %	100 %
Binary Motion AB	559085-2579	Sundsvall, Sweden	100 %	100 %
Slipgate Ironworks ApS	38541161	Aalborg, Denmark	100 %	100 %
3d Realms Entertainment ApS	36912197	Stovring, Denmark	100 %	100 %
Action Entertainment Inc	75-2542441	Texas, USA	100 %	100 %
Apogee Software Ltd	7404910	Plano, USA	95 %	95 %
SPL Limited	1089847117458	St. Petersburg, Russia	100 %	100 %
Aspyr Canada ISL Holdings Inc.	1000163721	Toronto, Ontario, Canada	100 %	100 %
Aspyr Exchangeco ISL Inc.	1000163722	Toronto, Ontario, Canada	100 %	100 %
IdeaSpark Labs Inc.	2023590983	Edmonton, Alberta, Canada	100 %	100 %
Oü Fractured Byte	14361173	Tallinn, Estonia	100 %	100 %
Bytex (Байтэкс) Limited Liability Company	1091326000446	Saransk, Russia	100 %	100 %
OOO Stuntworks GS	1161326055770	St. Petersburg, Russia	100 %	100 %
Saber Interactive Armenia	264.110.1241739	Yerevan, Armenia	100 %	100 %
DIGIC HOLDINGS Vagyonkezelő Korlátolt Felelősségű Társaság	01-09-293721	Budapest, Hungary	100 %	100 %
DIGIC PICTURES Filmgyártó, Szoftverfejlesztő és Kereskedelmi Korlátolt Felelősségű Társaság	01-09-693165	Budapest, Hungary	100 %	100 %
DIGIC SERVICES Korlátolt Felelősségű Társaság	01-09-303274	Budapest, Hungary	100 %	100 %
Saber Interactive Inc	32-0624055	Fort Lauderdale, USA	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 %	100 %
Aspyr Media Europe Ltd.	5073853	UK	100 %	100 %
Demiurge Studios LLC	1027134	Cambridge, USA	100 %	100 %
Snapshot Games Inc	C4662393	Los Angeles, USA	100 %	100 %
Snapshot Games Sofia EOOD	203132183	Sofia, Bulgaria	100 %	100 %
Tripwire Interactive LLC	0509050	Georgia, USA	100 %	100 %
Tripwire International Exports Inc.	5030372	Delaware, USA	100 %	100 %
Tripwire Publishing, LLC	18083784	Georgia, USA	100 %	100 %
Shiver Entertainment Inc	80-0875186	Miami, USA	100 %	100 %
Saber Interactive SGS LLC	1207800040315	St. Petersburg, Russia	100 %	100 %
Saber Interactive Spain SLU	B-87576872	Madrid, Spain	100 %	100 %

NOTE 23 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
Gearbox Entertainment Company Holding AB	559237-4036	Karlstad, Sweden	100 %	100 %
The Gearbox Entertainment Company Inc.	80-3307675	Frisco, USA	100 %	100 %
Gearbox Software LLC	75-2806132	Frisco, USA	100 %	100 %
Gearbox Development Services, LLC	27-4592730	Frisco, USA	100 %	100 %
Gearbox Enterprises, LLC	84-3286294	Frisco, USA	100 %	100 %
Gearbox Studios Quebec, Inc.	1171354757	Montreal, Canada	100 %	100 %
Gearbox Publishing, LLC	81-3874601	Frisco, USA	100 %	100 %
Gearbox Studios, LLC	87-2843233	Frisco, USA	100 %	100 %
Lost Boys Interactive, LLC	L059605	Maidison, Wisconsin	100 %	100 %
Gearbox Productions, LLC	87-2623337	Frisco, USA	100 %	100 %
Gearbox Production Services, LLC	87-2647274	Frisco, USA	100 %	100 %
Meezey, LLC	84-2689894	Frisco, USA	100 %	100 %
Embracer Group Lager 11 AB (Perfect World Holding)	559273-8008	Karlstad, Sweden	100 %	100 %
Gearbox Publishing Amsterdam B.V.	24484242	Amsterdam, Netherlands	100 %	100 %
Perfect World North American Corporation	C3059892	Redwood City, Delaware, USA	100 %	100 %
Gearbox Publishing San Francisco Inc.	4481387	San Francisco, USA	100 %	100 %
Runic Games Inc.	4581901	Seattle, USA	100 %	100 %
Cryptic Studios Inc.	C2238039	Los Gatos, USA	100 %	100 %
Embracer Group Archive AB	559273-7976	Karlstad, Sweden	100 %	100 %
Embracer Group Lager 10 AB (Dark Horse)	559273-7992	Karlstad, Sweden	100 %	100 %
Gladiator Bidco Inc	EIN 88-0848177	Delaware, USA	100 %	100 %
Dark Horse Holding, Inc.	EIN 61-1897686	Delaware, USA	100 %	100 %
Dark Horse Media, LLC	EIN 83-1567733	Delaware, USA	100 %	100 %
Dark Horse Entertainment, LLC	EIN 93-1066511	Delaware, USA	100 %	100 %
Things From Another World, LLC	EIN 93-1092217	Delaware, USA	100 %	100 %
Dark Horse Comics, LLC	EIN 82-3923340	Delaware, USA	100 %	100 %
Dark Horse Technology & Trading, Ltd.		Shanghai, China	100 %	100 %
Dark Horse Media China, LLC	EIN 61-1897686	Delaware, USA	100 %	100 %

NOTE 23 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
Embracer Group Lager 12 AB	559273-8016	Karlstad, Sweden	100 %	100 %
Asmodee III	842403651	Guyancourt, France	70 %	70 %
Les Nouveaux Amis d'Asmodee	842398109	Guyancourt, France	80 %	80 %
Financiere Amuse TopCo	842440778	Guyancourt, France	100 %	100 %
Financiere Amuse BidCo	815143904	Guyancourt, France	100 %	100 %
Asmodee Group SAS	399899806	Guyancourt, France	100 %	100 %
Asmodee France SAS	821169794	Guyancourt, France	100 %	100 %
Asmodee Digital	818058216	Guyancourt, France	100 %	100 %
Days of Wonder	443656277	Guyancourt, France	100 %	100 %
Philibert	313642613	Strasbourg, France	100 %	100 %
Asmodee Vente A Domicile	885273474	Guyancourt, France	100 %	100 %
Flat Prod	512950254	Guyancourt, France	100 %	100 %
Fondation D'Enterprise Libellud	878959097	Poitiers, France	100 %	100 %
AD2G Studio	803287150	Guyancourt, France	100 %	100 %
Asmodee Treasury Services	889410833	Guyancourt, France	100 %	100 %
Asmodee UK Holding Limited	11737872	London, UK	100 %	100 %
VR Distribution (UK) Limited	11286297	Wellingborough, UK	100 %	100 %
Asmodee Entertainment Limited	12188396	London, UK	100 %	100 %
Esdevium Games Limited	3055732	London, UK	100 %	100 %
Coiledspring Games Ltd	4986141	UK	100 %	100 %
The Green Board Game Company Limited	2583329	London, UK	100 %	100 %
Asmodee Gift Company Limited	2475241	London, UK	100 %	100 %
Asmodee Belgium SA	0429.666.250	Belgium	100 %	100 %
Repos Production	0535.709.224	Bryssel, Belgium	100 %	100 %
Pearl Games SPRL	0564.749.638	Belgium	100 %	100 %
Asmodee Holding Gmbh	HRB29630	Essen, Germany	100 %	100 %
ADC Blackfire Entertainment GmbH*	HRB 25016	Ratingen, Germany	100 %	100 %
Asmodee Gmbh	HRB24912	Essen, Germany	100 %	100 %
Gamegenic Gmbh	HRB 30099	Essen, Germany	100 %	100 %
Lookout Gmbh	HRB 47617	Schwabenheim, Germany	100 %	100 %
Plan B Games Europé GmbH	HRB 147912	Stuttgart, Germany	100 %	100 %
Asmodee Italia SRL	No. 02200000350	Italy	100 %	100 %
European Player Network B.V	862969591	Netherlands	100 %	100 %
Enigma Distribution Benelux	53234715	Netherlands	100 %	100 %
Asmodee Nordics A/S	27519601	Denmark	100 %	100 %
Asmodee Norge A/S	988238805	Oslo, Norway	100 %	100 %
Asmodee Sverige AB	556718-9344	Göteborg, Sweden	100 %	100 %
Asmodee Finland OY	2204165-5	Finland	100 %	100 %
REBEL Spółka z ograniczoną odpowiedzialnością (REBEL sp. z o.o))	451062	Gdansk, Poland	100 %	100 %
Bezzerwizzer Nordic ApS	31854229	Denmark	100 %	100 %
ADC Blackfire Entertainment S.R.L	J40/9027/2014	Bukarest, Romania	100 %	100 %
ADC Blackfire Entertainment s.r.o.	C 70317	Prag, Czech Republic	100 %	100 %
Asmodee Editions LLC.	EIN 20-2123892	Pennsylvania, USA	100 %	100 %
Asmodee North America INC.	8T-468	USA	100 %	100 %
Minature Market LLC	LC0815642	USA	100 %	100 %
KittenWorks LLC	3385777	Los Angeles, USA	100 %	100 %
Exploding Kittens Inc	5665128	Los Angeles, USA	100 %	100 %
Asmodee Canada	1163659668	Québec, Canada	100 %	100 %
Lion Rampant Imports LT	1454467	Ontario, Canada	100 %	100 %
Plan B Games Inc.	773395496RC0001	Québec, Canada	100 %	100 %
Ilhas Galápagos Comérico De Brinquedos E Servicos Ltda.-EPP	15.605.065/0001-38	São Paulo, Brazil	100 %	100 %
Importadora Y Comercializadora Skyship SpA	76.353.094-9	Santiago, Chile	100 %	100 %
Asmodee trading Co. Ltd	913100000512704000	Shanghai, China	100 %	100 %
Asmodee Asia Ltd	67839282 – 000 – 06 17 -9	Hong Kong	100 %	100 %
Asmodee Taiwan	53100400	Taipei, Taiwan	100 %	100 %
Forever Bright Limited Company	91440300781353326B	Shenzhen, China	100 %	100 %
Asmodee Korea Limited	424-87-01981	Korea	100 %	100 %
Asmodee Holding Australia PTY Ltd	661 533 866	Crows Nest, Australia	100 %	100 %
Venross Pty Ltd	ACN 166 076 642	Dulwich, Australia	100 %	100 %

NOTE 23 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2023	31/03/2022
Embracer Group Lager 13 AB	559352-6121	Karlstad, Sweden	100 %	100 %
Ace Radish Acquisition Canada Inc.	713540805	Toronto, Canada	100 %	100 %
Eidos Interactive Corp.	85948 5583 RC0001	Montreal, Canada	100 %	100 %
Ace Radish Acquisition Inc.	EIN 88-2611962	Delaware, USA	100 %	100 %
Crystal Dynamics, Inc.	94-3161281	California, USA	100 %	100 %
CDE Entertainment Ltd.	14053837	London, UK	100 %	100 %
Eidos Creative Software (Shanghai) Co., Ltd	91310000676212708F	Shanghai, China	100 %	100 %
Embracer Group Lager 16 AB	559352-6139	Karlstad, Sweden	100 %	100 %
Embracer Group Lager 17 AB	556381-0194	Karlstad, Sweden	100 %	-
Embracer Group Lager 18 AB	559381-0202	Karlstad, Sweden	100 %	-
Embracer Group Lager 19 AB	559381-0210	Karlstad, Sweden	100 %	-
Embracer Group Lager 20 AB	559381-0228	Karlstad, Sweden	100 %	-
Embracer Group Lager 21 AB	559381-0236	Karlstad, Sweden	100 %	-

NOTE 24 EQUITY

Share capital

The registered share capital of SEK 1,748,947.89 consists of 66,798,274 Class A shares and 1,192,443,893 Class B shares. The shares are denominated in SEK and the par value of each share is SEK 0.0014. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote at general meetings.

Holdings 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. Out of Embracer's 1,259.2 million outstanding shares there were approximately 130 million shares with clawback rights as per 31 March 2023. These shares have previously 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 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
New share issue	0	127,780,129	127,780,129
Number of shares outstanding as of 31 March 2023	66,798,274	1,192,443,893	1,259,242,167

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 investment of the foreign operation. SEK 4,914 million (113). Actuarial reserve refers to the assessment made to cover future payments for pensions of SEK 23 million (11). Cash flow hedging reserve refers to hedge accounting. As of the balance sheet date, there were no amounts reported.

Reserves	31/03/2023	31/03/2022
Opening balance	124	-701
Change during the year	4,821	825
Closing balance	4,945	124

NOTE 25 OTHER PROVISIONS

	Provision for personnel costs	Provision for disputes and legal fees	Other provisions	Total
As of 1 April 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	0	0	4
As of 31 March 2022	108	34	13	155
Business combinations	-	-	-	-
Amounts utilized	-12	-30	-	-41
Reversal of reserve	-71	-1	-	-72
Provision during year	65	2	-	67
Translation differences	6	3	-	9
As of 31 March 2023	97	9	13	118

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).

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.

NOTE 26 NON-CURRENT EMPLOYEE BENEFITS

Non-current employee benefits	31/03/2023	31/03/2022
Defined benefit pension plans	10	20
Total	10	20

The Group has defined benefit pension plans in Austria, Germany and Switzerland. The plans in Austria and Germany refer 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. Investments are allocated among securities, properties and cash.

Embracer has certain obligations regarding other post-employment benefits that are not pensions or termination benefits. See note 25.

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	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Opening balance, defined benefit liability (gross)	47	41
Current service cost	1	2
Remeasurement of the defined benefit liability	-12	-2
Business combinations	0	5
Exchange differences	1	1
Closing balance, defined benefit liability (gross)	37	47
Fair value of plan assets	-27	-27
Closing balance, defined benefit liability (net)	10	20

NOTE 27 ACCRUED EXPENSES

	31/03/2023	31/03/2022
Accrued personnel expenses	802	279
Accrued royalties/ commission	871	551
Audit and consulting expenses	89	33
Accrued expense for merchandise	513	27
Accrued interest expenses	56	-
Acquisition cost	4	-
Other items	784	523
Carrying amount	3,119	1,413

NOTE 28 CASH FLOW STATEMENT

Components of cash and cash equivalents	31/03/2023	31/03/2022	Interest	31/03/2023	31/03/2022
Bank deposits	4,662	5,810	Received	39	24
Carrying amount	4,662	5,810	Paid	-396	-20
				-357	4

Adjustment for items not affecting cash flow	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022
Depreciation, amortization and impairment	6,480	2,793
Gains/losses on sale of non-current assets	22	9
Profit shares in associated companies Financial income	-213	-380
Financial income	-	-25
Financial expenses	285	12
Other provisions	-	76
Personnel cost related to acquisitions	1,790	4,247
Change in fair value of contingent consideration	-4,434	-2,565
Other non-cash items	-498	-108
Total	3,432	4,059

Changes in liabilities attributable to financing activities	01/04/2022	Financing cash flows	Business combinations	Exchange differences	New and amended lease agreements	Other	31/03/2023
Liabilities to credit institutions	20,181	-1,323	72	1,313	-	-	20,243
Lease liabilities	1,087	-502	-	10	893	-	1,488
Total liabilities attributable to financing activities	21,268	-1,825	72	1,323	893	-	21,731

Changes in liabilities attributable to financing activities	01/04/2021	Financing cash flows	Business combinations	Exchange differences	New and amended lease agreements	Other	31/03/2022
Liabilities to credit institutions	1,474	18,844	-	-130	0	-7	20,181
Lease liabilities	335	-156	601	-	307	-	1,087
Total liabilities attributable to financing activities	1,809	18,688	601	-130	307	-7	21,268

NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities to credit institutions	31/03/2023	31/03/2022	Contingent liabilities	31/03/2023	31/03/2022
Floating charges	7	51	Contractual commitments	73	70
IP-rights	36	171	Firm and irrevocable commitments	257	185
Property mortgages	68	62	Other contingent liabilities	121	65
Shares in subsidiaries	0	0	Total	451	320
Other	24	0			
Total	135	284			

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

NOTE 30 RELATED PARTY TRANSACTIONS

A list of the Group's subsidiaries, which also are related parties to the parent company, is found in note 23 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 personnel in the company.

Related party transaction	Related party	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Consulting services	Logvreten AB ¹⁾ (supplier)	-1	-1
Transportation services/Rent	Mad Dog Games LLC, Mek Production ²⁾ (supplier)	-	-12
Transportation services	Sola Service i Karlstad AB ³⁾ (supplier)	-9	0
Transportation services	Empterwik Special Services Ltd ³⁾ (supplier)	-21	-21
Sale of goods/services	Bröderna Wingefors AB ³⁾ (supplier)	0	0
Acquisition of game collection	Lars Wingefors AB ⁴⁾ (supplier)	0	-14
		-31	-48

¹⁾ Kicki Wallje-Lund (Chairperson of the board) 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 (founder and CEO), Erik Stenberg (Board member), Mikael Brodén, Klemens Kreuzer, Reinhard Pollice and Jacob Jonmyren (Chairman of the board).

As of the closing date, there were SEK 2 million in unsettled debt to related parties.

NOTE 31 BUSINESS COMBINATIONS AND ASSET DEALS

The Groups' acquisitions during 2022/23

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
DIGIC ¹⁾	Studio	Onboarding a talented team to Saber Interactive, with a strong track record within commercial trailers and cinematics within best selling game- titles.	01/04/2022	100 %	PC/Console Games
Lost Boys inc ¹⁾	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.	01/06/2022	100 %	PC/Console Games
Tuxedo Labs ¹⁾	Studio	Addition of talented team focused on physics-based game technology and design.	01/07/2022	100 %	PC/Console Games
CSGBG ¹⁾	Studio	Addition of talented studio to the Coffee Stain Vertical.	19/08/2022	100 %	PC/Console Games
Crystal Dynamics - Eidos-Montréal ¹⁾	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.	26/08/2022	100 %	PC/Console Games
Singtrix ¹⁾	Studio	Strengthen Freemod's position within music and audio gaming products.	01/09/2022	100 %	Entertainment & Service
Limited Run Games ¹⁾	Publisher	Global leading brand within premium publishing of physical games.	06/09/2022	100 %	Entertainment & Service
Beamdog ¹⁾	Studio	A founder-led game development studio with long experience and ~ 80 highly skilled developers in business-friendly Canada.	13/09/2022	100 %	PC/Console Games
Middle-earth Enterprises ²⁾	IP-rights	The acquisition of Middle-earth Enterprises are in line with Embracer groups IP-driven transmedia strategy	18/08/2022	100 %	Entertainment/ Service
Tripwire Interactive LLC ¹⁾	Publisher/ Studio	Addition of talented development team and strong brands.	05/10/2022	100 %	PC/Console Games
Animee Ltd. ¹⁾	Studio	Acquirement to strengthening marketing and distribution in the Japanese pop art market.	10/10/2022	100 %	Entertainment & Service
VR Group ¹⁾	Distribution	Acquire a strong distributor of tabletop games in Australia, New Zealand and the UK.	14/10/2022	100 %	Tabletop
Captured Dimensions ¹⁾	Studio	Acquirement of a US-based technology company specializing in 3D capture, scanning, and reconstruction services.	04/01/2023	100 %	PC/Console Games

¹⁾ Business combinations

²⁾ Asset deals

Purchase price allocations for acquisitions made during 2022/23

The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material. The purchase price allocations for acquisitions made in the latest 12 months are considered to be preliminary while the purchase price allocations for acquisitions made outside the 12 months-period are final.

Purchase price allocations summary, PPA

Acquired net assets at the acquisition date	Total
Intangible assets	4,073
Property, plant and equipment	250
Right-of-use assets	215
Financial assets	2
Deferred tax assets	271
Inventories	417
Trade receivables and other receivables	838
Cash and cash equivalents	1,087
Interest-bearing liabilities	-72
Lease liabilities	-215
Deferred tax liabilities	-749
Trade payables and other operating liabilities	-1,447
Identified net assets	4,670
Goodwill	4,376
Non-controlling interests	-
Total purchase consideration	9,046
Purchase consideration comprises:	
Cash	6,177
Contingent consideration	1,105
Deferred consideration	1,062
Equity instruments	702
Other	-
Total purchase consideration	9,046

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

Number of Class A shares	-
Number of Class B shares	10,198,625
Total	10,198,625

Contingent consideration, goodwill and transaction related costs have been recognized in connection with the Group's business combinations during Apr 2022-Mar 2023. Below is information about the acquisition-related items:

Contingent considerations

Recognized amount	1,105
<i>Payments are likely to fall within the range</i>	
Low	806
High	1,411
Maximum amount for payment is unlimited	No

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

Other transactions entered into in connection with the business combinations

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

Goodwill

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

Goodwill	Goodwill mainly relates to	Recognized amount	Of which is expected to be deductible from tax
Completed acquisitions in 2022/23	Intangible assets which do not fulfil the demands for separate accounting and acquired competencies among employees	4,376	0
		4,376	0

Transaction costs

Transaction costs regarding acquisitions	-206
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The acquisitions impact on the Group's cash flow

	Summa
Cash part of consideration	6,177
Less:	
Acquired cash	-1,087
Net cash outflow	5,090

Net cash outflow for previous acquisitions amounts to SEK 839 million which amounts to a total cash flow impact from acquisitions amounting to SEK 5 929 million.

NOTE 31 CONTINUED

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 taken place in the beginning of the period have not 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.

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	01/04/2021	100 %	Mobile Games
Gearbox Entertainment Inc	Publisher/ Studio	Strengthen Embracers publishing and development projects in the North American marketplace	01/04/2021	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	01/04/2021	100 %	PC/Console Games
Massive Miniteam GmbH	Studio	Acquire knowledge and competence and strengthen Embracers development projects in Europe	01/04/2021	100 %	PC/Console Games
Appeal Studios SA	Studio	Acquire knowledge and competence and strengthen Embracers development projects in Europe	11/05/2021	100 %	PC/Console Games
KAIKO GmbH	Studio	Acquire knowledge and competence and strengthen Embracers development projects in Europe	11/05/2021	100 %	PC/Console Games
Bitwave AB	Studio	Acquire knowledge and competence	03/06/2021	100 %	PC/Console Games
Forcefield	Studio	Acquire knowledge and competence	01/07/2021	100 %	PC/Console Games
3D Realms Entertainment ApS	Publisher	Acquire knowledge and competence	02/07/2021	100 %	PC/Console Games
Slipgate Ironworks ApS	Studio	Acquire knowledge and competence	02/07/2021	100 %	PC/Console Games
Varyag Group AB	Merchandise	The acquisition open the possibilities for internal collaborations and knowledge in merchandise	07/07/2021	70 %	Entertainment & Services
DigiXart	Studio	Acquire knowledge and competence	30/07/2021	100 %	PC/Console Games
GhostShipGames ApS	Studio	Acquire knowledge and competence	01/08/2021	100 %	PC/Console Games
Easy Trigger AB	Studio	Acquire knowledge and competence	05/08/2021	100 %	PC/Console Games
SPL Limited	Studio	Acquire knowledge and competence	11/08/2021	100 %	PC/Console Games
Demiurge Studios Inc	Studio	Strengthening Embracers work-for-hire-capacity with significant experience from developing AAA-games	23/08/2021	100 %	PC/Console Games
CrazyLabs Ltd	Mobile Games developer	Increasing the mobile business	03/09/2021	100 %	Mobile Games
Firescore Interactive Private Limited	Mobile Games developer	Increasing the mobile business	06/09/2021	95 %	Mobile Games
Stuntworks GS LLC	Quality assurance	Acquire knowledge and competence in quality assurance	13/09/2021	100 %	PC/Console Games
Splatter Connect	Studio	Acquire knowledge and competence	01/10/2021	100 %	Entertainment & Services
OÜ Fractured Byte	Studio	Acquire knowledge and competence	01/10/2021	100 %	PC/Console Games
Aionic Labs Inc	Platform	Acquire competence and development- and testing skills to the organisation	26/10/2021	100 %	Entertainment & Services
Green Tile Digital AB	Studio	Acquire knowledge and competence	01/12/2021	100 %	PC/Console Games
TATSUJIN Co. Ltd	Studio	Acquire knowledge and competence	16/12/2021	100 %	PC/Console Games
Shiver Entertainment Inc	Studio	Adding experience, development capacity and strong business development possibilities	16/12/2021	100 %	PC/Console Games
Spotfilm GmbH	Studio	Acquire knowledge and competence	21/12/2021	100 %	Entertainment & Services
A Creative Endeavor AB	Studio	Acquire knowledge and competence	01/02/2022	100 %	PC/Console Games
Perfect World Entertainment Inc.	Publisher	Acquire knowledge and competence to strengthening the internal collaborations	01/02/2022	100 %	PC/Console Games
GoodBetterBest Ltd	Merchandise	Acquire knowledge and competence	01/02/2022	100 %	Entertainment & Services
Metricminds GmbH	Studio	Acquire knowledge and competence	16/02/2022	100 %	PC/Console Games
DPI	Merchandise	Acquire knowledge and competence	28/02/2022	100 %	Entertainment & Services
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	01/03/2022	100 %	Entertainment & Services
Asmodee	Board Games	Increased financial possibilities and diversification of Embracer Group.	08/03/2022	96 %	Tabletop Games
Invisible Walls ApS	Studio	Acquire knowledge and competence	16/03/2022	100 %	PC/Console Games

NOTE 31 CONTINUED

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

Acquired net assets at the acquisition date	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 26.

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
Cash part of 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 and

is not presented separately. Revenues and net profit that Asmodee would have contributed if the acquisition had been completed in the beginning of the year amounts to SEK 11 billion and SEK 0,5 million. Gearbox and Easybrain were consolidated from April 1, 2021. 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.

Amounts in SEK m	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

Revenues and EBIT for other business combinations are not deemed to have had an estimated material contribution overall if the acquisitions had taken place at the beginning of the period.

ASSET DEALS

Acquisitions can be classified as either a business combination or an asset acquisition. This is an assessment that must be made in the case for each individual acquisition. For acquisitions where the fair value of the acquired assets in essence consists of one asset or a group of similar assets, is recognized as an asset acquisition. When acquisitions of subsidiaries involve the acquisition of net assets without any significant processes, the acquisition cost of each identifiable asset and liability is divided up based on its fair value at the time of acquisition. In the case of assets acquisitions, no deferred tax is recognized at the time of the acquisition and transaction costs are added to the purchase price of the acquired net assets. Acquisitions can be classified as either a business combination or an asset acquisition. This is an assessment that must be made in the case for each individual acquisition. For acquisitions where the fair value of the acquired assets in essence consists of one asset or a group of similar assets, is recognized as an asset acquisition. When acquisitions of subsidiaries involve the acquisition of net assets without any significant processes, the acquisition cost of each identifiable asset and liability is divided up based on its fair value at the time of acquisition. In the case of assets acquisitions, no deferred tax is recognized at the time of the acquisition and transaction costs are added to the purchase price of the acquired net assets.

In the financial year Embracer Group completed several acquisitions that has been classified as asset acquisitions. The total consideration of these asset acquisitions sums up to SEK 5,130 million, where SEK 3,006 million has impacted the cash flow. The most significant acquisition of these acquisitions is the acquisition of the Middle-Earth Enterprises which owns a vast intellectual property catalog and worldwide rights to motion pictures, video games, board games, merchandising, theme parks and stage productions relating to the iconic fantasy literary works The Lord of the Rings trilogy and The Hobbit by J.R.R. Tolkien, as well as matching rights in other Middle-Earth-related literary works authorized by the Tolkien Estate and HarperCollins, which have yet to be explored. The consideration for the Middle-Earth Enterprises acquisition sums up to SEK 4,265 million, where SEK 2,901 million has impacted the cash flow.

Preliminary purchase price allocations other acquisitions

Purchase price allocations performed under the fiscal year are preliminary at the end of the financial year as new information regarding the assets and liabilities may affect the finalization of the purchase price allocation.

NOTE 32 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

As per May, 15, Embracer Group AB ("Embracer"), through its wholly-owned subsidiary Middle-earth-Enterprises, part of the operative group Freemode, announced an agreement with Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on "The Lord of the Rings".

> An open-world MMO adventure, the upcoming game takes place in J.R.R. Tolkien's Middle-earth, featuring the beloved stories of The Hobbit and The Lord of the Rings literary trilogy. Set in a persistent world, the new MMO is in the early stages of production, with the Amazon Games Orange County studio leading development. Amazon Games will publish the game globally for PC and consoles.

On June, 13, Embracer Group announced a comprehensive restructuring program with immediate implementation:

> Embracer Group AB ("Embracer Group") announced a comprehensive restructuring program for FY 2023/24, running until the end of March 2024 that includes:

> Operational and financial measures to increase cash conversion, improve efficiency and reduce capex, reaching a financial net debt below SEK 10 billion by the end of FY 2023/24.

> Reducing capex by at least SEK 2.9 billion by FY 2024/25 compared to the run-rate of SEK 7.9 billion in Q4 FY 2022/23.

> Reducing overhead costs by at least 10 %, or at least SEK 0.8 billion on a yearly basis, compared to the Q4 FY 2022/23 run-rate.

> Reiterating the previously communicated forecast of SEK 7-9 billion Adjusted EBIT in FY 2023/24.

> Measures will be implemented immediately and reach full run-rate from FY 2024/25.

> Matthew Karch appointed interim Chief Operating Officer, and Phil Rogers appointed interim Chief Strategy Officer, will co-lead the program planning and implementation.

PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK m	Note	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Net sales	P3	64	527	796
Other operating income		31	-	-
Total operating income		95	527	796
Operating expenses				
Other external expenses	P4, P5	-200	-92	-36
Personnel expenses	P6	-103	-49	-22
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	P12, P13, P14	-3	-264	-417
Other operating expenses		-9	-9	-21
Total operating expenses		-315	-414	-496
Operating profit		-219	113	300
Profit/loss from financial assets				
Result from financial assets	P7	1,218	252	-556
Interest income and similar income	P8	1,702	940	262
Interest expense and similar expense	P9	-1,175	-621	-55
Profit after financial items		1,526	684	-49
Appropriations				
Appropriations	P10	-894	-307	230
Profit before tax		631	377	181
Income tax	P11	-48	-48	-40
Net profit for the period		583	329	141

Net profit for the period in the parent company corresponds to the periods comprehensive income.

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Note	31/03/2023	31/03/2022	31/03/2021	01/04/2020
ASSETS					
Non-current assets					
Intangible assets					
	P12				
Completed development projects		-	63	282	231
IP rights		-	75	113	153
Ongoing projects		-	10	10	10
Other intangible assets		4	4	4	-
Total intangible assets		4	153	409	394
Tangible assets					
Inventories, tools and installations	P13	8	5	4	2
Total tangible assets		8	5	4	2
Financial assets					
Shares in Group companies	P14	42,504	29,426	5,446	2,477
Receivables from Group companies	P15, P16	33,210	32,098	5,458	267
Shares in associated companies		-	-	-	70
Other long term receivables	P16	71	66	52	0
Deferred tax assets	P11	-	1	22	0
Total financial assets		75,785	61,592	10,978	2,814
Total non-current assets		75,796	61,749	11,391	3,210
Current assets					
Trade receivables	P16	-	-	-	10
Receivables from Group companies	P15	1,559	1,899	2,723	896
Current tax assets		9	54	22	3
Other receivables		0	15	20	7
Prepaid expenses and accrued income	P17	74	22	89	11
		1,642	1,990	2,854	927
Current investments					
Current investments	P16, P22	-	-	195	193
		-	-	195	193
Cash and cash equivalents					
Cash and cash equivalents	P16, P22	23	1,483	12,198	1,762
		23	1,483	12,198	1,762
Total current assets		1,665	3,473	15,247	2,882
TOTAL ASSETS		77,462	65,222	26,638	6,092

CONTINUED

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Note	31/03/2023	31/03/2022	31/03/2021	01/04/2020
EQUITY AND LIABILITIES					
Equity	P18				
Share capital		2	2	1	1
Development fund		-	72	241	241
Restricted equity		2	74	242	242
Share premium reserve		12,162	20,533	20,331	5,397
Retained earnings		46,908	25,973	5,333	-172
Net profit for the period		583	329	141	108
Unrestricted equity		59,653	46,835	25,804	5,333
Total equity		59,655	46,909	26,046	5,575
Untaxed reserves					
Accumulated excess depreciation	P10	-	-	-	-
Accrual funds	P10	162	104	117	141
Total untaxed reserves		162	104	117	141
Provisions					
Other provisions	P19	159	231	221	4
Total provisions		159	231	221	4
Non-current liabilities					
Liabilities to credit institutions	P16, P20	17,031	11,748	205	222
Total non-current liabilities		17,031	11,748	205	222
Current liabilities					
Liabilities to credit institutions	P16, P20	0	6,026	23	138
Trade payables	P16, P20	22	95	12	5
Liabilities to Group companies	P16, P20	355	67	5	-
Other current liabilities		8	3	1	1
Accrued expenses and prepaid income	P21	70	39	8	6
Total current liabilities		455	6,230	49	150
TOTAL EQUITY AND LIABILITIES		77,462	65,222	26,638	6,092

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Restricted equity		Unrestricted equity			Total equity
	Share capital	Development fund	Share premium reserve	Retained earnings	Net profit for the year	
Opening balance 2020-04-01	1	241	5,397	-172	108	5,575
Allocation of previous year's net profit	-	-	-	108	-108	-
Net profit	-	-	-	-	141	141
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	141	141
<i>Transactions with the owners</i>						
New share issue	-	-	20,561	-	-	20,561
Issuance costs	-	-	-292	-	-	-292
Tax effect	-	-	62	-	-	62
Total	-	-	20,331	-	-	20,331
<i>Transfers between items in equity</i>						
Share premium reserve	-	-	-5,397	5,397	-	-
Total	-	-	-5,397	5,397	-	-
Closing balance 2021-03-31	1	241	20,331	5,333	141	26,046

Amounts in SEK m	Restricted equity		Unrestricted equity			Total equity
	Share capital	Development fund	Share premium reserve	Retained earnings	Net profit for the year	
Opening balance 2021-04-01	1	241	20,331	5,333	141	26,046
Allocation of previous year's net profit	-	-	-	141	-141	-
Net profit	-	-	-	-	329	329
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	329	329
<i>Transactions with the owners</i>						
New share issue	1	-	20,627	-	-	20,628
Issuance costs	-	-	-130	-	-	-130
Tax effect	-	-	27	-	-	27
Transactions between owners	-	-	9	-	-	9
Total	1	-	20,533	-	-	20,534
<i>Transfers between items in equity</i>						
Development fund	-	-169	-	169	-	-
Share premium reserve	-	-	-20,331	20,331	-	-
Total	-	-169	-20,331	20,499	-	-
Closing balance 2022-03-31	2	72	20,533	25,973	329	46,909

CONTINUED

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Restricted equity		Unrestricted equity			Total equity
	Share capital	Development fund	Share premium reserve	Retained earnings	Net profit for the year	
Opening balance 2022-04-01	2	72	20,533	25,973	329	46,909
Allocation of previous year's net profit	-	-	-	329	-329	-
Net profit	-	-	-	-	583	583
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	583	583
<i>Transactions with the owners</i>						
New share issue	-	-	12,155	-	-	12,155
Issuance costs	-	-	10 ¹⁾	-	-	10
Tax effect	-	-	-2	-	-	-2
Total	-	-	12,162	-	-	12,162
<i>Transfers between items in equity</i>						
Development fund	-	-72	-	72	-	-
Share premium reserve	-	-	-20,533	20,533	-	-
Total	-	-72	-20,533	20,605	-	-
Closing balance 2023-03-31	2	-	12,162	46,908	583	59,655

¹⁾ Positive amount due to a reversal of unpaid issuance costs.

PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEK m	Note	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Operating activities				
Profit before tax		631	377	181
Adjustment for differences between profit before tax and net cash flow	P22	–675	121	997
Income tax paid		–3	–33	–81
Cash flow from operating activities before changes in working capital		–47	465	1,097
Cash flow from changes in working capital				
Change in operating receivables		–38	1,059	–982
Change in operating liabilities		–21	–153	13
Cash flow from operating activities		–106	1,371	128
Investing activities				
Acquisition of shares in subsidiaries		–1,058	–6	–2,970
Acquisition of intangible assets	P12	–	–5	–431
Acquisition of property, plant and equipment	P13	–4	–2	–3
Acquisition of non-current financial assets		–	–12	–57
Provided loans to Group companies		–9,734	–36,567	–863
Divestment of subsidiaries/operations		–	–	71
Cash flow from investing activities		–10,796	–36,592	–4,253
Financing activities				
New share issue		10,335	6,310	14,988
Issuance costs		–9	–130	–293
Overdraft facilities		–	–23	–114
Proceeds from borrowings		5,465	18,357	–
Repayment of loans		–6,627	–205	–17
Loans granted from Group companies		278	–	–
Cash flow from financing activities		9,442	24,310	14,564
Cash flow for the year		–1,460	–10,910	10,439
Cash and cash equivalents at the beginning of the year		1,483	12,394	1,955
Cash and cash equivalents at the end of the year	P22	23	1,483	12,394

PARENT COMPANY NOTES

NOTE P1 THE PARENT COMPANY'S ACCOUNTING POLICIES

The parent company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the recommendation issued by the Financial Reporting Board RFR 2 "Accounting for legal entities". For the parent company's transition to RFR 2 see note P2.

The Parent company applies the same accounting principles as the Group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the exceptions listed below. Unless otherwise indicated, the accounting policies stated below for the parent company have been applied consistently to all periods presented in the parent company's financial statements.

Classification and presentation of financial statements

For the Parent entity, the title balance sheet is used for the financial statements which in the Group is titled statement of financial position. The Parent entity's income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act, while the statement of other comprehensive income, the statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Lease agreements

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

Revenue from investments in subsidiaries

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

Taxes

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

Shares in subsidiaries

Shares in subsidiaries are recognized in the parent company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the investment. In cases where the carrying amount exceeds the subsidiaries' consolidated value, an impairment is made that is recognized in the income statement. An impairment assessment is performed annually or more often if there is an indication of a need for impairment. If a previous impairment loss is no longer justified, it is reversed.

Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared to the carrying amount for these assets and forms the basis for any impairments or reversals. The assumptions that affect the recoverable amount

the most are future earnings development, discount rate and useful life. If future external factors and conditions change, assumptions may be affected so that the carrying amounts of the parent company's assets change.

Group contributions and shareholder contributions

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

Financial instruments

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

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

Impairment of financial assets

Financial assets, including intra-group receivables, are subject to impairment for expected credit losses.

For receivables from Group companies and other items subject of expected credit losses, an impairment method with three stages is applied in accordance with IFRS 9. The parent company applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default.

The parent company assesses that the subsidiaries currently have similar risk profiles and assessment is made on a collective basis. The assessment has been based on the Embracer Group's credit risk, which has been adjusted to reflect the subsidiaries' assessed credit risk. At the end of the reporting period, the expected credit losses have resulted in a decrease of receivables from Group companies and as an increase in financial costs.

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

Development fund

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

NOTE P2 THE PARENT COMPANY'S TRANSITION TO RFR 2

The previously prepared annual reports for the parent company have been prepared in accordance with BFNAR 2012:1 (K3). As of the previous financial report and as a result of the Group's transition to IFRS, the parent company prepares its financial statements in accordance with the Annual Accounts Act and RFR 2. The parent company's transition date to RFR 2 is April 1, 2020.

The accounting policies stated in Note P1 have been applied when the annual report has been prepared as of 31 March 2023 and for the historical periods presented in the comparative information.

The effect of the transition to RFR 2 is recognized directly against opening equity. The previously published financial information for the period 2020-04-01 - 2021-03-31 and 2021-

04-01 - 2022-03-31, prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3), has been restated to RFR 2. The effect of the parent company's transition to RFR 2 on the income statement and balance sheet primarily relate to the effects of IFRS 9 Financial Instruments and expected credit losses. The effects on the income statement and balance sheet for the financial years 2021/22 is SEK –17 million and for 2020/21 SEK –6 million. The item that has been effected in the income statement is the financial net and the items that are affected in the balance sheet are receivables from Group companies and unrestricted equity. The transition to RFR 2 has not had any effect on the parent company's cash flow.

NOTE P3 NET SALES BREAKDOWN

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Sweden			
Management fee	49	22	1
Royalties	-	-	-
Other	2	1	-
	52	24	1
Austria			
Management fee	13	8	6
Royalties	-	495	785
Other	-	-	0
	13	503	791
Germany			
Management fee	-	-	0
Royalties	-	-	-
Other	-	1	-
	-	1	0
US			
Management fee	-	-	3
Royalties	-	-	-
Other	-	-	-
	-	-	3
Total	64	527	796

97 % (6 % in 2021/22 and 1 % in 2020/21) of net sales refers to management fees to Group companies. No purchases from Group companies occur during any of the fiscal years.

NOTE P4 AUDITOR'S FEES

EY	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Audit assignment	-15	-7	-1
Tax advisory services	-1	0	-
Other services	-19	-6	-5
Total	-35	-14	-6
Other auditors	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Other assignments	-	-9	-
Total	-	-9	-

Audit assignment refers to the auditor's work on the statutory audit and auditing activities refers to various types of assurance services. Other services are such services as are not included in the audit assignment or tax advisory services.

NOTE P5 OPERATING LEASES

Future minimum lease payments	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Within one year	-3	-2	-2	-2
Between one and five years	-10	-1	-0	-4
After five years	-6	-	-	-
Total	-19	-3	-2	-6

The parent company's lease agreements mainly refer to office space.

The period's lease expense amounted to SEK 3 million (SEK 2 million during 2021/22 and SEK 2 million during 2020/21).

NOTE P6 EMPLOYEES, PERSONNEL EXPENSES AND BOARD FEES

	01/04/2022 – 31/03/2023			01/04/2021 – 31/03/2022			01/04/2020 – 31/03/2021		
	Average number of employees	of which women, %	of which men, %	Average number of employees	of which women, %	of which men, %	Average number of employees	of which women, %	of which men, %
<i>Parent company</i>									
Sweden	39	46 %	54 %	35	49 %	51 %	13	38 %	62 %
Total in parent company	39	46 %	54 %	35	49 %	51 %	13	38 %	62 %
	31/03/2023		31/03/2022		31/03/2021				
Gender distribution, Board of Directors and senior executives	Number at the end of the reporting period	of which women, %	Number at the end of the reporting period	of which women, %	Number at the end of the reporting period	of which women, %			
Board of Directors Embracer Group AB	7	29 %	6	14 %	6	14 %			
Chief Executive Officer and other senior executives ¹⁾	4	25 %	5	50 %	5	0 %			

¹⁾ Other senior executives are Johan Ekström (CFO and deputy CEO) Ian Gulam (Chief of Staff, Legal & Governance) and Careen Yapp (Chief Strategic Partnership Officer).

NOTE P6 CONTINUED

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Salaries other benefits and social security contributions, including pension costs			
Parent company			
<i>Board of Directors, CEO and other senior executives</i>			
Salaries and other remuneration	–18	–11	–3
Social security contributions	–4	–5	–1
Pension costs	–2	0	0
Total	–24	–16	–5
<i>Other employees</i>			
Salaries and other remuneration	–55	–19	–11
Social security contributions	–15	–6	–3
Pension costs	–7	–4	–2
Total	–77	–29	–16
Total parent company	–101	–45	–20

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Remuneration of senior executives			
Chair of the Board			
Kicki Wallje-Lund ¹⁾	–3	–2	–1
Board member			
Ulf Hjalmarsson ^{2, 6)}	0	–1	0
Cecilia Driving ^{2, 7)}	–1		
David Gardner ²⁾	–1		
Jacob Jonmyren ²⁾	–1	–1	0
Erik Stenberg ³⁾	–1	–1	–1
Chief Executive Officer			
Lars Wingefors ⁴⁾	–1	–1	–1
Other senior executives (3 persons) ⁵⁾	–10	–6	
Total parent company	–18	–12	–4

¹⁾ Of which SEK 1 million relates to variable compensation (SEK 1 million for 2021/22 and SEK 1 million for 2020/21)

²⁾ Relates entirely to base salary / board remuneration

³⁾ Of which SEK 0.2 million relates to pension (SEK 0.2 million for 2021/22 and SEK 0.2 million for 2020/21)

⁴⁾ Of which SEK 0.2 million relates to pension (SEK 0.2 million for 2021/22 and SEK 0.2 million for 2020/21)

⁵⁾ Of which SEK 0.7 million relates to pension (SEK 0.9 million for 2021/22)

⁶⁾ Resigned during the fiscal year 2022/23

⁷⁾ Assumed during the fiscal year 2022/23

Variable remuneration relates to remuneration for efforts related to specific projects.

Remuneration and terms for senior executives

Remuneration to the CEO and other senior executives includes salary. Senior executives include members of the extended management team.

Termination benefits

Embracer Group's CEO and CFO must observe a notice period of 6 months. In addition to the notice period, both

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

NOTE P7 RESULT FROM FINANCIAL ASSETS

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Profit from FX gains/losses on long term loans to subsidiaries	3	1	-626
Interest from subsidiaries	1,215	252	27
Other	0	-1	43
Total	1,218	252	-556

NOTE P8 INTEREST INCOME AND SIMILAR INCOME

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
<i>Assets and liabilities measured at amortized cost:</i>			
Interest income from receivables from Group companies	-	29	19
Interest income from trade receivables	-	-	-
Interest income from other financial assets	13	0	2
Total interest income in accordance with the effective interest method	13	29	21
<i>Other financial income:</i>			
FX differences - income, financial items	1,679	912	238
Other	10	-	3
Total	1,689	912	241
Total financial income	1,702	940	262

NOTE P9 INTEREST EXPENSES AND OTHER SIMILAR EXPENSES

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
<i>Assets and liabilities measured at amortized cost:</i>			
Interest expense liabilities to credit institutions	-385	-12	-7
Interest expense liabilities to Group companies	-7	-	-
Interest expense other financial liabilities	-3	-4	-10
Total interest expense in accordance with the effective interest method	-395	-16	-17
<i>Other financial expense:</i>			
Exchange differences - expense, financial items	-660	-527	-21
FX differences acquisitions	-13	-7	-5
Expected credit losses on financial assets	-34	-17	-6
Other	-74	-56	-5
Total	-780	-606	-37
Total financial expense	-1,175	-621	-55

NOTE P10 APPROPRIATIONS

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Appropriations			
Group contribution received	74	148	206
Group contribution paid	–911	–469	-
This year's change in tax allocation reserve	–58	13	23
Total	–894	–307	230
Tax allocation reserves	31/03/2023	31/03/2022	31/03/2021
Allocated for financial year 2014	-	-	14
Allocated for financial year 2015	-	-	13
Allocated for financial year 2016	-	17	17
Allocated for financial year 2017	38	38	38
Allocated for financial year 2018/19	4	4	4
Allocated for financial year 2019/20	45	45	45
Allocated for financial year 2022/23	75	-	-
Total	162	104	117
Accumulated excess depreciation	31/03/2023	31/03/2022	31/03/2021
At the beginning of the year	-	-	9
Changes during the year	-	-	–9
At the end of the year	-	-	-

NOTE P11 INCOME TAX

	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Current tax			
Change in deferred tax attributable to temporary differences	–47	–26	–40
Recognized tax	–48	–48	–40
Reconciliation of effective tax rate			
Profit before tax	631	377	181
Tax at the applicable tax rate for the parent company (20.6%)	–130	–78	–39
Tax effect of:			
Non-deductible expenses	–2	–6	0
Non-taxable income	2	37	1
Standard interest on tax allocation reserve	–1	0	0
Dividend from subsidiaries	89	-	-
Other	–6	–2	–2
Recognized tax	–48	–48	–40
Effective tax rate	–8 %	–12 %	–22 %

Disclosure on deferred tax assets

The tables below specify the tax effect of temporary differences:

Deferred tax assets	Other	Tax loss carryforwards	Total
Opening balance as per 1 April 2021	-	22	22
<i>Recognized</i>			
In profit or loss	-	–21	–21
In other comprehensive income	-	-	-
Closing balance as per 31 March 2022	-	1	1
Deferred tax assets	Other	Tax loss carryforwards	Total
Opening balance as per 1 April 2022	-	1	1
<i>Recognized</i>			
In profit or loss	-	–1	–1
In other comprehensive income	-	-	-
Closing balance as per 31 March 2023	-	-	-

NOTE P12 INTANGIBLE ASSETS

<i>Accumulated cost</i>	Ongoing projects for intangible assets	Completed development projects	IP rights	Other intangible assets	Total intangible assets
As of 1 April 2020	10	882	264	0	1,156
Separately acquired	-	-	-	0	-
Acquired from Group companies	-	427	-	-	427
Reclassifications	-	-	-	4	4
As of 31 March 2021	10	1,309	264	5	1,588
Separately acquired	-	-	1	1	2
Acquired from Group companies	-	4	-	-	4
As of 31 March 2022	10	1,313	265	6	1,593
Internally generated	-	-	-	1	1
Sales/disposals	-10	-1,313	-265	-	-1,588
As of 31 March 2023	-	-	-	7	7

<i>Accumulated amortization</i>	Ongoing projects for intangible assets	Completed development projects	IP rights	Other intangible assets	Total intangible assets
As of 1 April 2020	-	-651	-112	-	-763
Amortization	-	-376	-40	-1	-416
As of 31 March 2021	-	-1,027	-152	-1	-1,179
Amortization	-	-223	-38	-1	-263
As of 31 March 2022	-	-1,250	-190	-2	-1,441
Amortization	-	-	-	-1	-1
Reclassifications	-	1,250	190	-	1,440
As of 31 March 2023	-	-	-	-3	-3

	Ongoing projects for intangible assets	Completed development projects	IP rights	Other intangible assets	Total intangible assets
Opening balance 1 April 2020	10	231	153	-	394
Closing balance 31 mars 2021	10	282	113	4	409
Closing balance 31 mars 2022	10	63	75	4	153
Closing balance 31 mars 2023	0	-	-	4	4

NOTE P13 PROPERTY, PLANT AND EQUIPMENT

<i>Accumulated cost</i>	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Opening balance	6	4	2	1
Investments	4	2	3	2
Sales/disposals	-	-	-	-0
Reclassifications	-	-	-0	-
Closing balance	11	6	4	2
<i>Accumulated depreciation</i>	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Opening balance	-2	-1	-0	-0
Depreciation	-2	-1	-0	-0
Sales/disposals	-	-	-	-
Reclassifications	-	-	-	-
Closing balance	-3	-2	-1	-0
Carrying amount at the end of the year	8	5	4	2

NOTE P14 INVESTMENTS IN GROUP COMPANIES

	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Opening balance accumulated cost	29,499	5,519	2,550	2,020
Acquisitions/ shareholder contributions	13,625	25,161	2,970	531
Divestments	-619	-1,181	-1	-
Closing balance accumulated cost	42,505	29,499	5,519	2,550
Impairment of investments in Group companies				
Opening balance accumulated impairments	-73	-73	-73	-73
Impairment of the year	-	-	-	-
Divestments	72	-	-	-
Closing balance accumulated impairments	-1	-73	-73	-73
Carrying amount at the end of the year	42,504	29,426	5,446	2,477

The list below includes shares and participations directly owned by the parent company. For information on the parent company's indirectly owned shares and participations, see the Group's Note 23 Group companies.

Company	Corp. Reg. No.	Registered office	Share of equity and share of votes	Number of shares
THQ Nordic AB	559338-6104	Karlstad, Sweden	100 %	250
House in the Woods AB	556997-4271	Karlstad, Sweden	100 %	500
Amplifier Game Invest Holding AB	559092-8742	Karlstad, Sweden	100 %	500
Indie Games Holding AB	559280-0014	Karlstad, Sweden	100 %	250
PLAION Holding GmbH	FN482610	Höfen, Austria	100 %	3,500
Saber Interactive SGS LLC	1207800040315	St, Petersburg, Russia	100 %	
Deca Games Holding AB	559205-5387	Karlstad, Sweden	100 %	50,000
Deca Live Operations GmbH	HRB 191999B	Berlin, Germany	100 %	25
Embracer Group Lager 2 AB	559237-4010	Karlstad, Sweden	100 %	250
Saber Interactive Inc US	32-0624055	Fort Lauderdale, US	100 %	
Saber Interactive Spain SLU	B-87576872	Madrid, Spain	100 %	
Gearbox Entertainment Company Holding AB	559237-4036	Karlstad, Sweden	100 %	250
Easybrain Holding AB	559237-4044	Karlstad, Sweden	100 %	250
Embracer Group Lager 10 AB	559273-7992	Karlstad, Sweden	100 %	250
Embracer Group Lager 12 AB	559273-8016	Karlstad, Sweden	100 %	250
Embracer Group Lager 13 AB	559352-6121	Karlstad, Sweden	100 %	250
Embracer Group Lager 16 AB	559352-6139	Karlstad, Sweden	100 %	250
Embracer Group Lager 17 AB	556381-0194	Karlstad, Sweden	100 %	250
Embracer Group Lager 18 AB	559381-0202	Karlstad, Sweden	100 %	250
Embracer Group Lager 19 AB	559381-0210	Karlstad, Sweden	100 %	250
Embracer Group Lager 20 AB	559381-0228	Karlstad, Sweden	100 %	250
Embracer Group Lager 21 AB	559381-0236	Karlstad, Sweden	100 %	250
Embracer Freemode AB	559273-7984	Karlstad, Sweden	100 %	250
Embracer Group Archive AB	559273-7976	Karlstad, Sweden	100 %	250

NOTE P15 RECEIVABLES FROM GROUP COMPANIES

	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Opening balance accumulated cost long term receivables from Group companies	32,098	5,458	267	155
Loans provided to Group companies	10,886	18,344	5,781	102
Repayment of loans from Group companies	-10,516	-1,468	0	-
Reclassification	-565	9,404	26	-
Translation differences during the year	1,306	360	-615	10
Closing balance accumulated cost long term receivables from Group companies	33,210	32,098	5,458	267
Short term receivables from Group companies	1,559	1,899	2,723	896
Total receivables from Group Companies	34,769	33,997	8,181	1,163

NOTE P16 FINANCIAL INSTRUMENTS

Valuation of financial assets and liabilities

Financial assets	Financial assets/liabilities valued according to amortized cost			
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Participation in Group companies	42,504	29,426	5,446	2,547
Long term receivables from Group companies	33,210	32,098	5,458	267
Other long term receivables	71	66	52	10
Short term receivables from Group companies	1,559	1,899	2,723	896
Other short term receivables	0	15	20	7
Prepaid cost and accrued income	74	22	89	11
Short term investments	-	-	195	193
Cash	23	1,483	12,198	1,762
Total	77,441	65,009	26,181	5,693

Financial liabilities	Financial assets/liabilities valued according to amortized cost			
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Liabilities to credit institutions	17,031	17,774	228	360
Trade payables	22	95	12	5
Liabilities to Group companies	355	67	5	0
Other current liabilities	8	3	1	1
Accrued expenses and prepaid income	70	39	8	6
Total	17,486	17,978	254	372

For financial instruments in the parent company, the carrying amount is considered to be a good approximation of the fair value.

	31/03/2023			31/03/2022		
	Gross	Impairment	Share of loss	Gross	Impairment	Share of loss
Non-current receivables from Group companies	33,210	-	0.0 %	32,098	-	0.0 %
Current receivables from Group companies	2,127	-	0.0 %	1,899	-	0.0 %

	31/03/2021			01/04/2020		
	Gross	Impairment	Share of loss	Gross	Impairment	Share of loss
Non-current receivables from Group companies	5,458	-	0.0 %	267	-	0.0 %
Current receivables from Group companies	2,723	-	0.0 %	896	-	0.0 %

Loss allowances for expected credit losses (general method)

For receivables from Group companies and other items subject of expected credit losses, an impairment method with three stages is applied. Initially, and as of each balance sheet date, a loss allowance is reported 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 assets 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 parent company's assets have been assessed to be in stage 1, i.e. there has been no significant increase in credit risk.

The parent company applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default. The parent company assesses that the subsidiaries

currently have similar risk profiles and assessment is made on a collective basis. The assessment has been based on the Embracer Group's credit risk, which has been adjusted to reflect the subsidiaries' assessed credit risk. The company has assessed that there is no significant increase of credit risk as of the end of the reporting period for any receivable.

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.

Current investments and cash and bank balances

The parent company's credit risk also relates to cash and cash equivalents and investment of surplus liquidity. Embracer's aim is to continuously monitor credit risk attributable to deposits and investments. For deposits in bank accounts, the aim is for the counterparty to have a high credit rating of at least an "investment grade rating" (which refers to high to the highest credit rating). The credit risk is deemed as insignificant.

NOTE P16 CONTINUED**Credit facilities**

Embracer Group AB has been granted access to credit facilities amounting to SEK 250 million (SEK 18,107 million on 31 March 2022, SEK 4,620 million on 31 March 2021 and SEK 817 million on 1 April 2020). Available funds include cash and unutilized credit. On 31 March, SEK 250 million of the credit facilities remained unutilized (SEK 295 million on 31 March 2022, SEK 4,391 million on 31 March 2021 and SEK 458 million on 1 April 2020).

Embracer Group's agreements on long term and short term credits include terms for covenants. These terms are 2.5x net debt divided by Adjusted EBITDA based on an agreement with lenders. Embracer has lived up to these terms during 2022/23 and previously.

NOTE P17 PREPAID EXPENSES AND ACCRUED INCOME

	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Prepaid rent	-	-	1	1
Prepaid insurance premiums	1	-	0	0
Prepaid financing expenses	-	-	-	2
Prepaid interest expenses	-	-	2	1
Prepaid expenses	70	18	84	3
Other	3	4	2	4
Carrying amount	74	22	89	11

NOTE P18 EQUITY

For information on equity, see the Group's Note 24 Equity.

NOTE P19 PROVISIONS

	Contingent considerations	Other	Total
As of 1 April 2020	4	-	4
Business combinations	79	-	79
Amounts utilized	-	-	-
Reversal of reserve	-	-	-
Provision during year	133	-	133
Translation differences	-5	-	-5
Interest expenses	10	-	10
As of 31 March 2021	221	-	221
Business combinations	-	-	-
Amounts utilized	-	-	-
Reversal of reserve	-	-	-
Provision during year	-	-	-
Translation differences	6	-	6
Interest expenses	4	-	4
As of 31 March 2022	231	-	231
Business combinations	-	-	-
Amounts utilized	-	-	-
Reversal of reserve	-88	-	-88
Provision during year	-	-	-
Translation differences	13	-	13
Interest expenses	3	-	3
As of 31 March 2023	159	-	159

NOTE P20 MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

2023-03-31	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	-	17,031	-	-	17,031
Overdraft facilities	-	-	-	-	-
Trade payables	22	-	-	-	22
Liabilities to Group companies	355	-	-	-	355
Other liabilities	8	-	-	-	8
Accrued expenses	70	-	-	-	70

2022-03-31	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	6,026	5,786	5,962	-	17,774
Trade payables	95	-	-	-	95
Liabilities to Group companies	67	-	-	-	67
Other liabilities	3	-	-	-	3
Accrued expenses	39	-	-	-	39

2021-03-31	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	23	-	205	-	228
Trade payables	12	-	-	-	12
Liabilities to Group companies	5	-	-	-	5
Other liabilities	1	-	-	-	1
Accrued expenses	8	-	-	-	8

2020-04-30	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	138	-	222	-	360
Overdraft facilities	-	-	-	-	-
Trade payables	5	-	-	-	5
Liabilities to Group companies	-	-	-	-	-
Other liabilities	1	-	-	-	1
Accrued expenses	6	-	-	-	6

NOTE P21 ACCRUED EXPENSES AND PREPAID INCOME

	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Accrued personnel-related expenses	10	5	3	2
Audit and consulting expenses	7	12	2	2
Accrued Board fees	-	-	1	0
Other interest expenses and similar items	53	-	1	2
Accrued expenses	-	22	-	-
Other	-	-	2	1
Carrying amount	70	39	8	6

NOTE P22 CASH FLOW INFORMATION

<i>Components of cash and bank balances</i>				
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Bank deposits	23	1,483	12,198	1,762
Short term investments	-	-	196	193
Carrying amount	23	1,483	12,394	1,955
<i>Interest</i>				
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Received	13	30	276	83
Paid	-332	-173	-47	-22
	-319	-143	229	61
<i>Adjustment for differences between profit before tax and net cash flow</i>				
		01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	01/04/2020 – 31/03/2021
Depreciation/amortization		3	264	417
Exchange differences		-718	-488	831
Other non-cash items		40	345	-251
Total		-675	121	997

NOTE P23 PLEDGED ASSETS AND CONTINGENT LIABILITIES

<i>Pledged assets for own liabilities to credit institutions</i>				
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Floating charges	-	-	251	250
Shares in subsidiaries	-	-	3,186	1,429
Receivables from Group companies	-	-	198	267
Total	-	-	3,635	1,946
<i>Contingent liabilities</i>				
	31/03/2023	31/03/2022	31/03/2021	01/04/2020
Guarantees for subsidiaries	1	2	205	1
Total	1	2	205	1

NOTE P24 RELATED PARTY TRANSACTIONS

Related party transactions	Related party	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022	2020-04-01 – 2021-03-31
Consultancy services	Logvreten AB ¹⁾ (supplier)	-1	-1	-1
Transportation services	Sola Service i Karlstad AB ²⁾ (supplier)	-9	0	-6
Transportation services	Empterwik Special Services Ltd ²⁾ (supplier)	-21	-21	-
Acquisitions of goods/services	Bröderna Wingefors AB ³⁾ (supplier)	0	0	0
Acquisitions of games	Lars Wingefors AB ³⁾ (supplier)	0	-14	-
		-31	-36	-7

¹⁾ Kicki Wallje-Lund (Chairperson of the board) has controlling influence over the company.

²⁾ The company is part of the Group Lars Wingefors AB.

³⁾ Lars Wingefors AB is owned by Lars Wingefors (founder and CEO), Erik Stenberg (Board member), Mikael Brodén, Klemens Kreuzer (CEO, THQ Nordic GmbH), Reinhard Pollice and Jacob Jonmyren (Chairman of the board).

On the closing date there were SEK 2 million in unsettled debt with related parties.

In Note 23 Group companies there is information on direct and indirect ownership.

In Note P14 Investments in Group companies there is information on directly owned subsidiaries.

NOTE P25 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

For information on significant events after the end of the financial year, see note 32 for the Group.

NOTE P26 PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

At the disposal of the Annual General Meeting are the unrestricted equity:	31/03/2023
Share premium reserve	12,162
Retained earnings	46,908
Net profit for the year	583
	59,653

The Board proposes that the unrestricted equity be allocated as follows:

To be carried forward	59,653
	59,653

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

In accordance with the guidelines from ESMA (European Securities and Markets Authority), regarding the disclosure of alternative performance measures, the definition and reconciliation of Embracer's alternative performance measures are presented below. The guidelines entail increased disclosures regarding the financial measures that are not defined by IFRS. The performance measures presented below are reported in the full year report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. One important part of Embracer's strategy is to pursue inorganic growth opportunities through acquisitions.

Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitive strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM's are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding specific items related to historical acquisitions and items affecting comparability. The individual APMs, definitions, purpose are described more in detail below.

Name	Definition	Reason for Use
Adjusted Earnings per share	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration and put/call options on non-controlling interests net of tax and Interest expense contingent consideration net of tax divided by the average number of shares in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions, and items affecting comparability.
Adjusted Earnings per share after full dilution	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration net of tax and Interest expense contingent consideration and put/call options on non-controlling interests net of tax divided by the average number of shares after full dilution in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions and items affecting comparability with regard for full dilution.
Adjusted EBIT	EBIT excluding specific items related to historical acquisitions and items affecting comparability.	Adjusted EBIT in order to provide a true and fair picture of the underlying operational performance, by excluding Specific items related to historical acquisitions and items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	
Adjusted EBITDA	EBITDA excluding specific items related to historical acquisitions and items affecting comparability.	Provides the best picture of the underlying entity's performance by measuring performance excluding specific items related to historical acquisitions and items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	
Average number of shares	Weighted average number of shares that are outstanding during the period. Number of shares have been recalculated with respect to split of shares.	
Average number of shares after full dilution	Weighted average number of ordinary shares and potential ordinary shares. Number of shares have been recalculated with respect to split of shares.	
EBIT margin	EBIT as a percentage of net sales.	

Name	Definition	Reason for Use
EBITDA	Earnings before interest, taxes, depreciation and amortization.	EBITDA and EBITDA margin are reported because these are metrics commonly used by investors, financial analysts and other stakeholders to measure the Company's financial results.
EBITDA margin	EBITDA as a percentage of net sales.	EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results.
Free cash flow after working capital	Cash flow for the period, excluding cash flow from financing activities and acquisitions of subsidiaries including transaction costs and cash impact from personnel costs related to acquisitions.	Provide a true and fair picture of the underlying operational performance, by excluding cash flow from Specific items related to historical acquisitions.
Gross margin	Net sales less goods for resale divided by net sales.	Measuring the profitability from the net sales of products and services.
Items affecting comparability	Transactions that are not related to recurring business operations, but affecting the financial outcome in a material way, and where the probability of reoccurrence over the coming year is limited.	Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods.
Net Debt (-) / Net Cash (+)	The company's cash and short-term investments decreased with the company's short- and long-term interest-bearing liabilities excluding leasing liabilities according to IFRS16, pension provisions, contingent consideration and put/call on non-controlling interest.	The metric is commonly used by investors, financial analysts and other stakeholders to measure the debt compared to its liquid assets. This metric is also used in calculating the Company's financial leverage.
Net investment in acquired companies	Acquisition of subsidiaries, net of cash acquired plus cash impact from specific items related to historical acquisitions, plus acquisition of IPs through asset deal structures.	A measure of cash flow allocated to inorganic growth opportunities in the reporting period.
Net sales growth	Net sales growth for the current period compared to the same period previous year.	Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress.
Organic growth	Growth between periods where net sales from companies acquired in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.	Growth measure for companies that has been part of Embracer Group for more than one year excluding effects of differences in exchange rates.
Pro forma growth	Growth between periods where net sales from companies acquired in the last five quarters have been added historically. The comparison period is adjusted for differences in exchange rates.	Growth measure for all companies that are a part of Embracer Group as per reporting date regardless of when the company became a part of Embracer Group excluding effects of differences in exchange rates.
Specific items related to historical acquisitions	Specific income/expenses related to historical acquisitions consist of personnel cost related to acquisitions (In connection with certain business combinations an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount), amortization of surplus values of acquired intangible assets (e.g. IP-rights, publishing rights, brand name), transaction costs (Costs for legal- financial- tax- and commercial due diligence for completed transactions.), remeasurement of participation in associated companies and remeasurement of contingent consideration.	Input used to calculate Adjusted EBITDA and Adjusted EBIT.

ALTERNATIVE PERFORMANCE MEASURES

ADJUSTED EBIT AND ADJUSTED EBITDA - DERIVATION Amounts in SEK m	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
EBIT	194	-1,126
Depreciation, amortization and impairment	6,523	2,793
EBITDA	6,717	1,667
Personnel costs related to acquisitions	2,631	4,277
Remeasurement of participation in associated companies	-	-416
Remeasurement of contingent consideration	0	46
Transaction costs	290	367
Items affecting comparability	228	-
Adjusted EBITDA	9,866	5,942
Depreciation, amortization and impairment	-6,523	-2,793
Items affecting comparability	50	-
Amortization of surplus values of acquired intangible assets	2,973	1,316
Adjusted EBIT	6,366	4,465
ADJUSTED EARNINGS PER SHARE - DERIVATION Amounts in SEK m	01/04/2022 – 31/03/2023	01/04/2021 – 31/03/2022
Net profit for the period attributable to equity holders of the parent	4,454	976
Adjustments		
Personnel costs related to acquisitions	2,631	4,277
Remeasurement of participation in associated companies	-	-416
Remeasurement of contingent consideration	0	46
Transaction costs	290	367
Amortization of surplus values of acquired intangible assets	2,973	1,316
Change in fair value contingent consideration and put/call options on non-controlling interests	-4,558	-2,565
Interest expense contingent consideration	125	66
Items affecting comparability	278	-
Adjustments before tax	1,739	3,092
Tax effects on adjustments	-678	-276
Adjustments after tax	1,062	2,816
Total	5,515	3,792
Average number of shares, million	1,252	1,031
Adjusted Earnings per share, SEK	4,41	3,69
Average number of shares after full dilution, million	1,360	1,086
Adjusted Earnings per share after full dilution, SEK	4,06	3,50

DEFINITIONS

Accumulated number of additional operative groups	Number of closed acquisitions of new operative groups.
Accumulated number of additional acquisitions added	Number of closed acquisitions which are not new operative groups including asset deals.
Number of IP:s	Number of IPs owned by the Group.
Clawback shares	Shares of the company issued to sellers at completion of acquisitions of companies or assets. Clawback shares are part of the earnout consideration to sellers of companies or assets. Clawback shares are held by sellers, either in escrow accounts or on regular accounts, with an agreed right for the company to receive the shares back, at no consideration, if specific earnout targets are not met. Clawback shares are kept by the sellers if earnout targets are met.
Completed games	Total book value of finished game development projects (released games) upon submission of completion. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and amortization starts.
DAU	Average daily active users in the period.
Digital product	Product sold/transferred through digital/electronic channels.
Digital sales	Sales and transfer of products, physical and digital, through digital/electronic channels.
Equity/assets ratio	Total equity as a percentage of total assets
External game developers	Game developers engaged in game development projects by studios that are not owned by the Group (external studios).
External Studios	Studios not owned by the Group engaged in game development project financed by the Group.
Game development projects	On-going game development projects financed by the Group and number of on-going game development projects financed by third party with notable expected royalty income.
Internal employees	Internal game developers + employees, non development.
Internal employees, non-development	Employees not directly engaged in game development (both employees and contractors).
Internal game developers	Game developers (both employees and contractors) engaged in game development projects by studios that are owned by the Group (internal studios).
Internal Studios	Studios owned by the Group.
MAU	Average monthly active users in the period.
Max cash consideration	The maximum potential consideration to be paid in cash including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms and FX-rates stated in each individual agreement.
Max share consideration	The maximum potential consideration to be paid in Embracer B-shares including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms, FX-rates and Embracer VWAP20 Share Price stated in each individual agreement.
Max total consideration	The sum of the max cash and share consideration. Note that the total max consideration might deviate from the total consideration used in the Purchase Price Analysis following movements in FX-rates and Embracer Share price between the signing and closing date as well as if the expected achievement of the individual earnout targets deviate from the maximum scenario. The Max total consideration includes contingent consideration in cash and shares that is classified as remuneration for future services and not part of the transferred consideration in the PPA according to IFRS 2 and IAS 19. Also note that for a limited amount of acquisitions, for which there is a material difference between the expected consideration and the maximum potential consideration, the expected cash and shares consideration have been used as measure.
Net sales split – PC/Console segment	
Owned titles	Net sales of game titles that are owned IPs or titles that are controlled by the Group.
Publishing titles	Net sales of game titles of IPs the Group does not own or control.
New releases	Net sales of game titles that are released in the current quarter.
Back catalog	Net sales of game titles that are not released in the current quarter.
Physical sales	Sales and transfer of products, physical and digital, through physical channels.
Physical product	Product sold/transferred through physical channels.
Total installs	Total accumulated installs in the period.
UAC (User Acquisition Cost)	Marketing costs in the operating segment Mobile Games.

The Board of Directors and Chief Executive Officer offer their assurance that this Annual Report has been prepared according to accounting standards and that the consolidated accounts have been prepared in line with the No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated accounts

give a fair overview of the parent company's and Group's financial position and result. The Board of Directors' Report for the parent company and Group gives a fair overview of the parent company's and Group's business, financial position and result and describes significant risks and factors of uncertainty that both the parent company and other Group company face.

Karlstad, June 21, 2023

Kicki Wallje-Lund
Chairperson

David Gardner
Board member

Cecilia Driving
Board member

Jacob Jonmyren
Board member

Matthew Karch
Board member

Erik Stenberg
Board member

Lars Wingefors
CEO and Board member

Our audit report was submitted on June 21, 2023

Ernst & Young AB

Johan Eklund
Authorised Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Embracer Group AB except for the corporate governance statement and the statutory sustainability report for the financial year 2022-04-01 – 2023-03-31. The annual accounts and consolidated accounts of the company are included on pages 109-194 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 March 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. 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 31 March 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key Audit Matter for the audit are those matters that, in our professional judgment, were the most significant in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of the audit of, and in forming our opinion thereon, the annual accounts and the consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

ACCOUNTING FOR BUSINESS COMBINATIONS

Description of the area

The group has during 2022/2023 completed 12 business acquisitions amounting to 9,046 MSEK. The acquired assets and liabilities must be separately identified and valued at fair value at the date of the acquisition. The valuation is partly based on management's assumptions about future performance for the acquired business and measurement of intangible assets at fair value. Business combination have been a key audit matter in our audit due to the total amount for acquisitions and due to the degree of management judgement in identifying accounting of various acquired assets. Disclosures related to the group's accounting principles are provided in Note 1, and significant accounting estimates and judgments when determining the net assets are provided in Note 2. Note 31 contains disclosures related to acquisitions made.

We have fulfilled the responsibilities described in the section Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

How our audit addressed this key audit matter

The matter are addressed in the audit by evaluating the Group's process for accounting for business combinations. We have reviewed acquisition agreements and the acquisition analyses for significant business combinations. The audit procedures for these have included examination of purchase agreements and testing of purchase prices. With support of our internal valuation specialists, we have evaluated the valuation methods and model used. We have assessed the reasonableness of management's significant assumptions and judgments. Finally, we have examined the disclosures made in the annual accounts.

VALUATION OF GOODWILL

Description of the area

At March 31, 2023, the total value of goodwill amounts to 48,524 MSEK and is allocated to the group's different cash generating units. Goodwill must be tested for impairment at least annually and/if whenever there are indicators of impairment. The test is carried out by comparing the recoverable amount and carrying amount. To calculate the recoverable amount management, apply significant judgment and estimates regarding future cash flows, perpetual growth rate and discount rates. The impairment test for the 2022/2023 year did not result in any impairment changes. Disclosures related to the group's accounting policies are provided in Note 1, significant accounting estimates and judgments is provided in Note 2 and disclosures related to goodwill and impairment tests is provided in Note 13. Based on the significant carrying amount of goodwill and the high degree of management estimate required to perform the impairment tests, we have assessed the accounting of valuation of goodwill as a key audit matter in our audit.

How our audit addressed this key audit matter

In our audit, we have evaluated the group's process for conducting impairment tests. Based on established criteria, we have further examined how the group identifies cash-generating units. With support of our internal valuation specialists, we have evaluated the valuation methods and models used. We have assessed the reasonableness of management's material assumptions and judgements, reviewed sensitivity analyses and comparisons to historical outcomes. Finally, we have reviewed the disclosures made in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-72 and the pages 94-108. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, 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 annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

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

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to com-

municate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Embracer Group AB for the financial year 2022-04-01 – 2023-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according

to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- > has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- > in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Embracer Group AB for the financial year 2022-04-01 – 2023-03-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Embracer Group AB 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 477, 651 11 Karlstad, was appointed auditor of Embracer Group AB by the general meeting of the shareholders on September 21, 2022 and has been the company's auditor since May 18, 2017.

Karlstad, June 21, 2023

Ernst & Young AB

Johan Eklund

Authorized Public Accountant

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