

EMBRACER⁺ GROUP

RESTRUCTURING PROGRAM

13 June, 2023

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Today's speakers



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Restructuring program for FY 23/24

HIGHLIGHTS

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 23/24.

- Capex reduced by at least SEK 2.9 billion by FY 24/25 compared to the run-rate of SEK 7.9 billion in Q4 FY 22/23.
- Overhead costs by at least 10%, or SEK 0.8 billion on a yearly basis, compared to the Q4 FY 22/23 run-rate.
- The previously announced forecast of SEK 7-9 billion Adjusted EBIT in FY 2023/24 is reiterated

The program is initiated immediately, and the measures will reach full run-rate from FY 24/25.

Program organisation

TEAM LEADING THE RESTRUCTURING PROGRAM PLANNING AND IMPLEMENTATION

- Planning and implementation of the program will be co-led by Matthew Karch appointed interim Chief Operating Officer, and Phil Rogers appointed interim Chief Strategy Officer.
- They will work to create a more comprehensive, centralized process for game investment and progress review, while maintaining creative freedom.
- They will also take the lead on further consolidation of operations, including review of operative group structure.
- The details and changes for each affected company will be implemented by each operative group CEO and management teams, in collaboration with each operative group CEO and its management teams.



Main focus areas and actions (1/2)

COST SAVINGS

- Reduction of general overhead, corporate, publishing and SG&A costs
- The closing of studios
- Termination of projects, that have not yet been announced and with low projected returns

EFFICIENCY IMPROVEMENTS

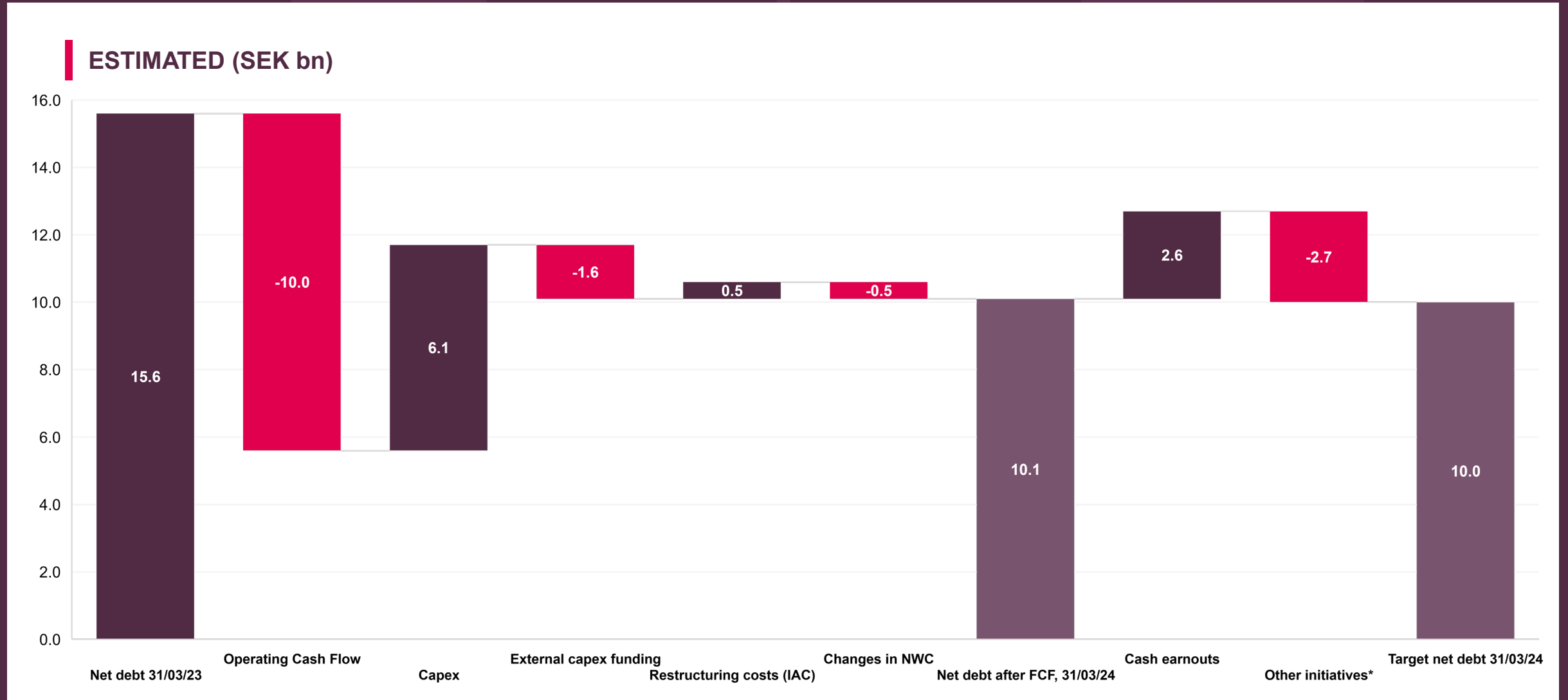
- Greater accountability for performance across the Group
- Implementing a centralized and standardized, more data-driven and precise approach to game forecasting

Main focus areas and actions (2/2)

CAPITAL ALLOCATION

- Creation of a more comprehensive, centralized process for game investment
- Consolidation of companies and businesses, including review of operative group structure
- Reduction of investments into external development with greater focus on internal development based on owned/controlled IP
- Increased external funding of internally developed games
- Renewed focus on the Group's main business areas with a divestment of non-core assets

Management estimates of net debt effects



* Other initiatives could include further cash savings FY 23/24 not yet specified under the restructuring program, increased level of external capex funding or inclusion of content into various consumer-services, as well as the potential divestment of non-core assets

Adjusted EBIT forecast

The previously communicated forecast for FY 2023/24 of SEK 7-9 billion Adjusted EBIT is reiterated.

FORECAST	ADJUSTED EBIT
Financial Year 23/24	SEK 7,000 – 9,000 million

- The forecast includes all acquisitions announced as per May 24, 2023, and is based on scheduled game releases, market and macro conditions, and exchange rates being unchanged from current conditions, as announced in the Q4 FY 22/23 report.
- The forecast is based on the same assumptions for the PC/Console Games segment, the Mobile Games segment and the Tabletop Games segment as communicated in the Q4 FY 22/23 report.
- Adjusted EBIT will be adjusted for any items affecting comparability, including potential severance payments and write-downs related to ongoing game development projects that are part of the restructuring program. These separate items affecting comparability will be clearly specified for full transparency of reported and underlying profitability.

Final remarks

- **Significant untapped potential in Embracer**
 - Better leverage scale, quality of portfolio and capabilities
- **Heading into a solid year with many strong releases**
 - Dead Island 2 one of our greatest successes so far
- **Short to mid-term actions presented today**
 - CMD during second half of 2023 with more details of strategy, model and mid-term financial targets.

Q&A

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