

Q3

FY 2023/24

EMBRACER GROUP INTERIM REPORT

OCTOBER – DECEMBER 2023

NET SALES INCREASED BY 4 % TO SEK 12,050 MILLION

THIRD QUARTER, OCTOBER–DECEMBER 2023 (COMPARED TO OCTOBER–DECEMBER 2022)

- > Net sales increased by 4 % (–4 % organic growth) to SEK 12,050 million (11,622).
The sales split per operating segment:
 - > PC/Console Games: decreased by –5 % to SEK 3,379 million (3,575).
 - > Mobile Games: increased by 4 % to SEK 1,642 million (1,573).
 - > Tabletop Games: increased by 7 % to SEK 4,425 million (4,146).
 - > Entertainment & Services: increased by 12 % to SEK 2,604 million (2,328).
- > EBIT¹⁾ amounted to SEK 273 million (226), an EBIT margin of 2 % (2 %). Adjusted EBIT increased by 7 % to SEK 2,150 million (2,009), an Adjusted EBIT margin of 18 % (17 %).
- > Items affecting comparability (IAC) amounted to SEK –641 million (–75), and are related to the previously announced restructuring program. The cash effect of IAC costs amounted to SEK 261 million (-).
- > Cash flow from operating activities amounted to SEK 2,477 million (2,813). Net investments in intangible assets amounted to SEK –1,668 million (–1,413).
- > Basic earnings per share was SEK –1.44 (1.39) and diluted earnings per share SEK –1.44 (1.38). Adjusted earnings per share was SEK 0.20 (0.76). Adjusted earnings per share after full dilution was SEK 0.19 (0.70).
- > The company reiterates its forecast for the financial year 2023/24 of an Adjusted EBIT of SEK 7,000 - 9,000 million.

FIRST NINE MONTHS, APRIL–DECEMBER 2023 (COMPARED TO APRIL–DECEMBER 2022)

- > Net sales increased by 18 % (4 % organic growth) to SEK 33,331 million (28,309).
The sales split per operating segment:
 - > PC/Console Games: increased by 13 % to SEK 11,284 million (9,966).
 - > Mobile Games: increased by 1 % to SEK 4,550 million (4,502).
 - > Tabletop Games: increased by 16 % to SEK 11,679 million (10,058).
 - > Entertainment & Services: increased by 54 % to SEK 5,818 million (3,784).
- > EBIT¹⁾ amounted to SEK –141 million (289), an EBIT margin of –0 % (1 %). Adjusted EBIT increased by 3 % to SEK 5,637 million (5,451), an Adjusted EBIT margin of 17 % (19 %).
- > Items affecting comparability (IAC) amounted to SEK –2,140 million (–75), and are mainly related to the previously announced restructuring program. The cash effect of IAC costs amounted to SEK 407 million (-).
- > Cash flow from operating activities amounted to SEK 6,085 million (3,740). Net investments in intangible assets amounted to SEK –5,493 million (–4,189).
- > Basic earnings per share was SEK –0.04 (3.50) and diluted earnings per share SEK –0.04 (3.47). Adjusted earnings per share was SEK 2.26 (4.16). Adjusted earnings per share after full dilution was SEK 2.09 (3.83).

Key performance indicators, Group	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales, SEK m	12,050	11,622	33,331	28,309	37,665
EBIT ¹⁾ , SEK m	273	226	–141	289	194
EBIT margin	2 %	2 %	0 %	1 %	1 %
Adjusted EBIT, SEK m	2,150	2,009	5,637	5,451	6,366
Adjusted EBIT margin	18 %	17 %	17 %	19 %	17 %
Cash flow from operating activities, SEK m	2,477	2,813	6,085	3,740	5,383
Net investments in intangible assets, SEK m	1,668	1,413	5,493	4,189	5,996
Net sales growth	4 %	128 %	18 %	139 %	121 %
Total game development projects	179	224	179	224	221
Total game developers	10,221	11,152	10,221	11,152	11,426
Total headcount	15,218	16,243	15,218	16,243	16,601

¹⁾ EBIT equals Operating profit in the Consolidated statement of profit or loss.

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



OUR DIVERSITY DELIVERS AN ALL-TIME HIGH QUARTER

In Q3, we delivered a stable quarter just above management expectations, with Adjusted EBIT of SEK 2.2 billion and free cash flow of SEK 1.2 billion, driven by a strong quarter for Asmodee, Middle-earth Enterprises and our mobile businesses. For FY 2023/24, we reiterate our Adjusted EBIT forecast to SEK 7.0-9.0 billion, and now see it as likely that we will reach the low end of the forecast range. We are tracking well towards the capex and opex targets set out in the restructuring program announced in June 2023, as we approach the final stretch of the program, which is focused on both possible divestments, and consolidation.

Embracer's Net sales in Q3 grew by 4 % to all-time high SEK 12.1 billion. Organic growth amounted to -4 %, a result of positive organic growth within Tabletop, offset by a light release schedule within PC/Console and an increased focus on profitability within Mobile. Adjusted EBIT came in at all-time high SEK 2.2 billion, 7 % growth YoY. Free cash flow reached SEK 1.2 billion. In the last financial year, free cash flow generation was tilted towards Q3, driven by the contribution from a publishing deal for *Tomb Raider*, while for this year we see a more even distribution in H2, supported by our restructuring program.

As part of the restructuring program, Embracer still has a few larger structured divestment processes ongoing that could strengthen our balance sheet and further reduce capex. Processes are in mature stages. Certain companies might initiate restructuring before any divestment is announced. Our overruling principle is to always maximize shareholder value in any given situation. We are unlikely to reach the restructuring program target of below SEK 8 billion in net debt by March 31. Certain divestments could significantly reduce net debt post March 31, 2024. To be clear, our group leverage target of net debt to Adjusted EBIT of 1.0x on a 12-month forward looking basis remains unchanged.

Cash flow from operations and cash at hand provide sufficient funds to amortize debt in accordance with the existing bank agreement in 2024. In FY 2024/25, we have limited expected cash earnout payments of SEK 0.9 billion, compared to SEK 2.8 billion this financial year, which we now have largely paid. The free cash flow is anticipated to improve going forward driven by both a solid expected performance FY 24/25 and lower capex.

For FY 2023/24, we reiterate our Adjusted EBIT forecast of SEK 7.0-9.0 billion, and now see it as likely that we will reach the low end of the forecast range. This is driven by a somewhat softer outlook for PC/Console in FY 2023/24 compared to our assessment in Q2, due to the performance of recent new game releases, as well as a few additional pipeline shifts out from Q4 and also within the quarter.

MOBILE, TABLETOP AND ENTERTAINMENT & SERVICES PERFORMING STRONGLY

In the PC/Console Games segment, sales declined by 9 % organically. In a quarter with fewer notable new releases, sales were largely driven by back catalog revenue. The quarter included the successful release of new content for several games, including the DLCs *The Awakened King* for *Remnant II* and *Haus* for *Dead Island 2*, but was impacted by soft performance for our few new releases during the quarter. The 14 % Adjusted EBIT margin remained impacted by games development amortization combined with the soft performance for a range of primarily mid-sized titles across operative groups in FY 2022/23 and FY 2023/24.

The performance of our strongest franchises in PC/Console is stable. In general we see a more selective consumer and reduced levels of platform content investment. Looking ahead, Q4 will be a quarter with higher activity, with a range of new games including *Alone in the Dark*, *Outcast – A New Beginning*, *SOUTH PARK: SNOW DAY!*, *Expeditions: A Mudrunner game*, *Tomb Raider I–III Remastered*, as well as *Deep Rock Galactic: Survivor* and *Lightyear Frontier*.

The Tabletop Games segment delivered 1 % organic growth, with Net sales of SEK 4.4 billion in Q3. Year-to-date, the organic growth amounts to 9 %, a testament to Asmodee's diversified revenue base, solid underlying market and consistent execution. For the calendar year, the tabletop mass market saw a slight growth, confirming the industry's resilience, with Asmodee's strong position key to its robust growth. After strong profitability in the preceding quarter, the Adjusted EBIT margin of 19 % in Q3 was somewhat lower YoY, mainly due to a product mix more geared towards trading card games. Asmodee delivered strong free cash flow in the quarter, with a notable inventory reduction in the seasonally strongest quarter of the year. Preparations for the launch of *Star Wars™: Unlimited* are progressing well with strong pre-orders. We all look forward to the release on March 8, 2024.

The Mobile Games segment saw a record strong Adjusted EBIT, growing by 32 % YoY to SEK 611 million (37 % margin), driven by an improved product mix and optimized user acquisition investment. The organic growth was –10 % due to the shift in business model within DECA. Easybrain showed continued solid performance, with mid-single-digit organic growth, driven by better monetization and strong live operations execution across its key games. Pro forma growth was more stable at –2 %, supported by strong performance for the game *Alien Invasion*, acquired by CrazyLabs in Q2. The game was our second largest mobile title in Q3 and has notably accelerated CrazyLabs' shift to the hybrid casual genre. It is encouraging to see the improved performance in Mobile and I am confident that this segment will continue to be an important contributor to earnings and cash flow generation in the quarters and years ahead.

In the quarter, the Entertainment & Services segment saw organic growth of –2 %, but again delivered a strong profitability, with Adjusted EBIT growing by 63 % YoY to SEK 305 million, with a margin of 12 %. The strong earnings growth was driven by stronger-than-expected licensing revenue from *The Lord of the Rings* IP. The continued solid performance for the *Magic the Gathering* trading card game, consistent performance of Warner Bros.' movie catalog, as well as the new PC/Console game *The Lord of the Rings: Return to Moria™* were the main drivers. We now look forward to the theatrical release of *The Lord of the Rings: The War of the Rohirrim*, which has been set for December 2024.

THE FINAL STRETCH OF THE RESTRUCTURING PROGRAM

The key objectives of our ongoing restructuring program are to improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and

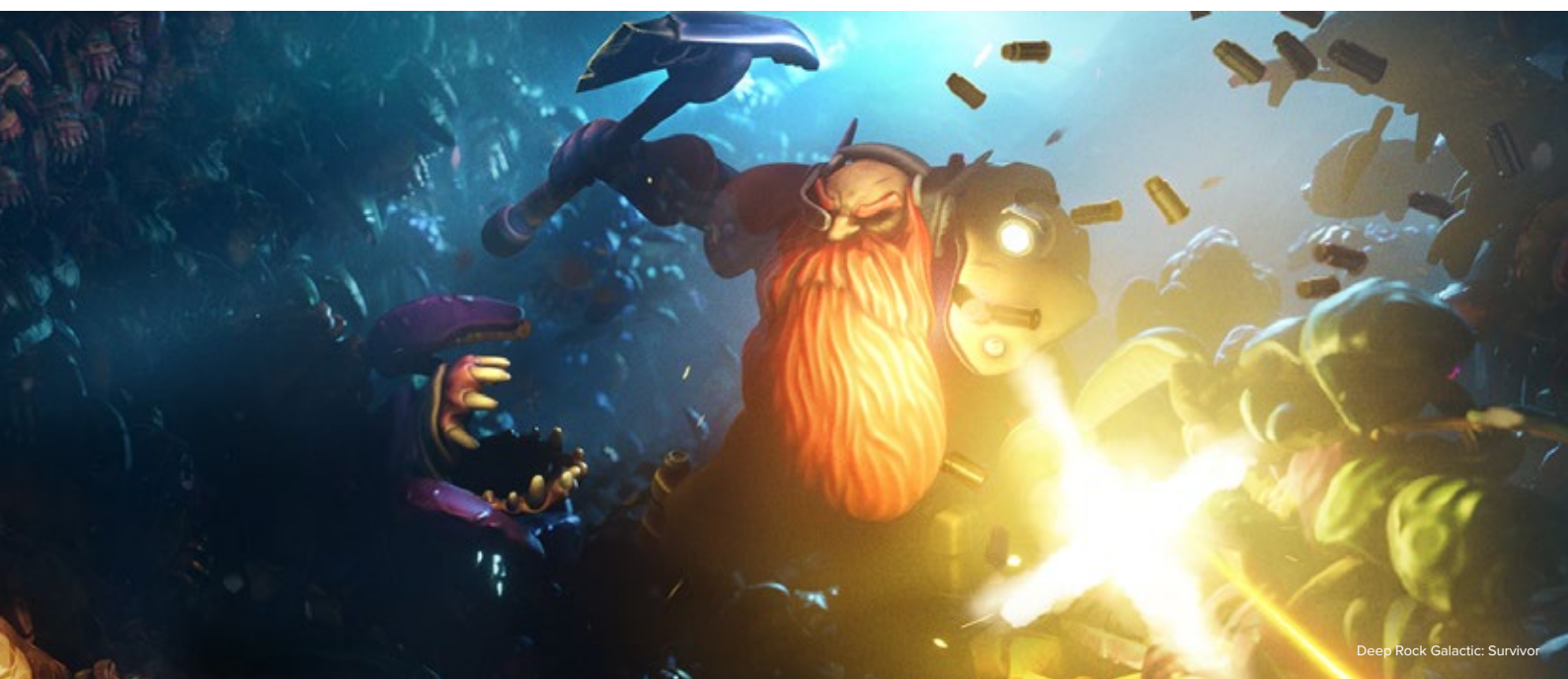
cash self-sufficient company. While we have seen solid delivery across three out of our four segments throughout the year, there is room for further improvements of our financial performance, primarily within PC/Console. In Q3, EBITDA less capex in the last twelve months was 3.0 billion on a group level. Excluding the four of our operative groups within PC/Console that have a negative contribution, EBITDA less capex would be SEK 5.3 billion. As we are nearing completion of the program, we are tracking well towards our opex and capex targets, improving current and future cash flow generation.

In a group-wide effort, our companies and studios have had to make difficult decisions, particularly on having to part ways with team members. In total, we have reduced our global headcount by 8 % of the workforce since the start of the program. The reductions are managed locally on the operative group level with a focus on informing affected employees first, and then carried out with compassion, respect and integrity towards those affected.

On capex, we are seeing an important shift in the quarter. We are moving from a run-rate of SEK 7.9 billion when the program started, to SEK 6.4 billion in December 2023, tracking towards our capex target of SEK 5 billion for FY 2024/25. Activity level remains high with several additional actions taken in January and February 2024.

CREATING A STRONG FOUNDATION FOR THE FUTURE

We are excited about the future and have a notable pipeline of sizable new games in the coming two years. In recent years, we have made strategic investments into accelerated organic growth. This has created an imbalance between capex and completed games development, which is now being addressed through



our restructuring program. In the past twelve months, we invested SEK 6.5 billion into PC/Console game development while we completed games with a value of less than half of that, at SEK 3.2 billion. As we now continue towards reducing capex to below SEK 5 billion on a group level, we will still be investing more than the value of completed game development, laying the foundation for future organic growth within PC/Console.

Importantly, the structure and content of an updated group-wide capital allocation process is in production. Knowledge gained through the cross-functional and cross-operative group restructuring project forms the base. Business leaders from different areas of the organization are contributing with their vast experience and knowledge, which coupled with a clear and simple game investment greenlighting model lays the foundation for increased future cash flow return on investment.

Our concrete restructuring actions-to-date are also expected to have a positive effect on our return on investment. As of Q3, we have a weighted average ROI of around 2.2x across all our historical game releases. For the games from studios that we have now closed down, combined with third-party publishing games

where we have no ownership in the development studio, the ROI is around 1.0x. Meanwhile, for all other games, the ROI is around 3.2x. While we will still do third-party publishing in the future, we will be considerably more selective. Our future games portfolio will be more focused around established, owned IPs and studios which we are confident will generate better predictability as well as increased ROI and profitability going forward.

With the actions that we are now taking, we are creating a strong foundation for the future, with an improved financial profile, and a more streamlined structure, while leveraging the potential of our diversified portfolio. We have great assets and IPs and we aim to demonstrate the earnings power of those assets over time. I would like to send my thanks to all our shareholders, employees and customers for contributing to the continued prosperity and success of Embracer Group.

February 15, 2024, Karlstad, Värmland, Sweden

Lars Wingefors
Co-founder & Group CEO



FINANCIAL COMMENTS

NET SALES

Net sales, SEK m	Oct–Dec 2023	Oct–Dec 2022	Change	Apr–Dec 2023	Apr–Dec 2022	Apr 2022–Mar 2023
PC/Console Games	3,379	3,575	–5 %	11,284	9,966	13,444
Mobile Games	1,642	1,573	4 %	4,550	4,502	5,819
Tabletop Games	4,425	4,146	7 %	11,679	10,058	13,132
Entertainment & Services	2,604	2,328	12 %	5,818	3,784	5,270
Total	12,050	11,622	4 %	33,331	28,309	37,665

Total net sales in the third quarter amounted to SEK 12,050 million, corresponding an increase of 4 % and to SEK 33,331 million for the period April to December, an increase of 18 % YoY. Net sales growth in the quarter was primarily driven by organic growth in the Tabletop Games Segment. Inorganic growth was driven mainly by Crystal Dynamics – Eidos in the PC/Console Games segment and by Middle-earth Enterprises in the Entertainment & Services segment.

Organic growth in the quarter amounted to –4 % and the pro forma growth amounted to –2 %, and for the period April to December organic growth amounted to 4 % and pro forma growth to 4 %. The negative organic growth in the PC/Console Games segment for the third quarter is mainly related to lower other revenue for game development compared to previous year. The Mobile Games segment is affected by macroeconomic factors, platform privacy changes and an increased focus on profitability and cash flow compared to the same period previous year, which explains the negative organic growth. The Tabletop Games segment's organic growth was driven by the product category trading card games compared to the same period last year. The higher pro forma growth is driven by inorganic growth for Middle-earth Enterprises within the Entertainment & Services segment, as well as the acquisition of publishing rights of *Alien Invasion* within the Mobile Games segment.

Net sales growth	Oct–Dec 2023			Apr–Dec 2023		
	Net sales growth	Organic growth	Pro forma growth	Net sales growth	Organic growth	Pro forma growth
PC/Console Games	–5 %	–9 %	–9 %	13 %	1 %	–5 %
Mobile Games	4 %	–10 %	–2 %	1 %	–10 %	–3 %
Tabletop Games	7 %	1 %	1 %	16 %	9 %	7 %
Entertainment & Services	12 %	–2 %	5 %	54 %	15 %	29 %
Total	4 %	–4 %	–2 %	18 %	4 %	4 %



EBIT AND ADJUSTED EBIT

EBIT amounted to SEK 273 million (226) in the quarter, yielding an EBIT margin of 2 % (2 %). For the period of April to December EBIT amounted to SEK –141 million (289), yielding an EBIT margin of 0 % (1 %). The decrease in the quarter is mainly driven by expenses related to the restructuring program, SEK 641 million (-). Personnel costs related to acquisitions amounted to SEK 377 million (847) including FX effects. Depreciation, amortization, and impairment amounted to SEK 2,329 million (1,737), an increase of SEK 592 million whereof SEK 341 million relates to write-downs of ongoing game development, under the restructuring program.

Adjusted EBIT increased by 7 % and amounted to SEK 2,150 million (2,009) in the quarter, yielding a 18 % margin (17 %). The increase in the quarter is mainly due to a strong quarter from Mobile Games and Entertainment & Services compared to the same period previous year. The gross margin increased and amounted to 57 % (56 %). Depreciation, amortization and impairment (D&A) excluding amortization of surplus values of acquired intangible assets and items affecting comparability amounted to SEK 1,119 million (996) mainly related to released own developed games.

Items affecting comparability amounted to SEK 641 million in the quarter, of which SEK 341 million are related to write-downs of intangible assets, and are excluded from Adjusted EBIT (see page 52-55). These write-downs are related to projects affected by the ongoing restructuring program.

EBIT, SEK m	Oct–Dec 2023	Oct–Dec 2022	Change	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
PC/Console Games	–751	–505	–49 %	–1,884	–329	41
Mobile Games	320	89	260 %	773	–120	–260
Tabletop Games	578	615	–6 %	915	871	828
Entertainment & Services	201	132	52 %	299	32	–170
Governance	–75	–106	29 %	–245	–166	–245
Total	273	226	21 %	–141	289	194

Adjusted EBIT, SEK m	Oct–Dec 2023	Oct–Dec 2022	Change	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
PC/Console Games	469	579	–19 %	1,927	2,565	2,902
Mobile Games	611	464	32 %	1,407	1,057	1,381
Tabletop Games	832	864	–4 %	1,699	1,760	2,010
Entertainment & Services	305	187	63 %	805	215	281
Governance	–68	–85	20 %	–201	–144	–208
Total	2,150	2,009	7 %	5,637	5,451	6,366



FORECAST

Forecast	Adjusted EBIT
Financial year 2023/24	SEK 7,000 million - SEK 9,000 million

For the overall group, we reiterate our Adjusted EBIT forecast of SEK 7.0-9.0 billion in FY 2023/24, and now see it as likely that we will reach the low end of the forecast range. This is driven by a somewhat softer outlook for PC/Console in FY 2023/24 compared to our assessment in Q2, due to the performance of recent new game releases, as well as a few additional pipeline shifts out from Q4 and also within the quarter.

The forecast is based on all available information per the date of this report.

FY 2023/24 vs. FY 2022/23

In the PC/Console Games segment, a flat organic growth is expected in FY 2023/24. The Adjusted EBIT margin is expected to be lower YoY, mainly driven by lower profitability from games released in this fiscal year.

In the Mobile Games segment, a high single-digit negative organic growth is expected. The Adjusted EBIT margin is expected to be above FY 2022/23.

In the Tabletop Games segment, a mid-to-high single-digit organic growth is expected, driven by both board games and trading card games, with an Adjusted EBIT margin in line with FY 2022/23.

In the Entertainment & Services segment, a low single digit organic growth is expected for FY 2023/24, with an Adjusted EBIT margin expected to be in line with Q3 FY 2023/24, driven by a limited expected contribution from new releases and products in Q4 FY 2023/24.

Specific items related to historical acquisitions

The forecast is based on the average exchange rates for the period April to December 2023. It includes closed acquisitions as per December 31, 2023 and is based on the purchase price allocations as per January 19, 2024, which contain both preliminary and finalized purchase price allocations.

SEK m	Q4								Total
	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Amortization of surplus values of acquired intangible assets	726	2,770	2,597	2,235	1,953	1,837	1,745	1,660	15,523
Personnel costs related to acquisitions	408	1,188	927	467	34	6	0	0	3,030
Specific items related to historical acquisitions	1,134	3,958	3,524	2,702	1,987	1,843	1,745	1,660	18,553



RESTRUCTURING PROGRAM

Background

On June 13, 2023 Embracer Group presented a restructuring program. The objective of the program is to improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and cash self-sufficient company. The program has the following focus areas: capex and opex savings, net debt reduction, capital allocation, and efficiency improvements.

The program is expected to deliver:

- > Reduced capex by at least SEK 2.9 billion by FY 2024/25, compared to the annualized run-rate of SEK 7.9 billion in Q4 FY 2022/23.
- > Reduce overhead costs by at least 10 % or at least SEK 0.8 billion on a yearly basis, compared to the annualized run-rate in Q4 FY 2022/23.
- > Reaching financial net debt below SEK 8 billion by the end of FY 2023/24.

Progress

As finalization of the restructuring program approaches, Embracer continues to make good progress on the capex and opex targets. The following actions were taken during the quarter:

Capex and opex savings:

- > Capex reductions continued during the quarter:
 - > The annualized capex run-rate in Q3 was reduced by 13 %/SEK 1,068 million quarter over quarter and by 13 %/SEK 1,008 million vs Q4 FY 2022/23, which represents the base period of the program.
 - > The annualized capex run-rate in December 2023 was SEK 6.4 billion, a reduction of 19 %/SEK 1.5 billion vs Q4 FY 2022/23.
- > Opex savings are well on track and include both headcount reductions as well as savings on overhead costs.
- > Significant improvement of free cash flow generation in the quarter, tracking towards the objective of being a more cash self-sufficient company.
- > The above savings are underpinned by headcount reductions.
 - > Headcount reduced by 483 or 3% quarter over quarter, bringing the cumulative headcount reduction since the start of the program to 1,387 or 8 % of the workforce.
 - > Savings initiatives leading to headcount reductions continued to be implemented in January and February 2024.
- > Savings initiatives are led by the relevant operative groups within the framework of the restructuring program. A considered analytical approach has been taken in defining the actions based on a global review of the pipeline of ongoing PC/Console games. Throughout the program a continuous focus has been maintained on ensuring the best decisions are made for the future strength and profitability of the business.

Net debt reduction:

- > The targeted SEK 8 billion in net debt by March 31, 2024 is unlikely to be reached, but certain divestments could significantly reduce net debt post March 31.

Capital allocation:

- > The structured divestment processes referred to in the Q2 report remain and have entered mature stages. Notable capex savings and net debt reduction could be realized through the completion of certain divestment processes.
- > The structure and content of an updated group-wide capital allocation process is in production. Knowledge gained through the cross-functional and cross-operative group restructuring project forms the base. Business leaders from different areas of the organization are contribute with their vast experience and knowledge, which coupled with a clear and simple game investment greenlighting model lays the foundation for increased future cash flow return on investment.



Efficiency improvements:

- > Finalization of our future structure and operating model which includes the possible consolidation of companies and businesses.
 - > A leaner, more focused company, expected to deliver simplification and strategic focus.
 - > Finalization of the design is anticipated in Q4 FY 2023/24. Implementation is expected in H1 FY 2024/25.

Costs incurred

- > In Q3, IAC amounted to SEK 641 million and relates to the restructuring program, of which SEK 341 million relates to write-downs of intangible assets. As of Q3 YTD, items affecting comparability (IAC) amount to SEK 2,140 million and are mainly related to the restructuring program. See page 53 for more details (*Items affecting comparability*).
 - > In Q3, seven mainly unannounced projects, were written down across PLAION, THQ Nordic and Gearbox, with in total 22 projects written down YTD.
 - > Write-downs are defined as IAC if related to projects affected by the ongoing restructuring program, where the studio or team has been discontinued.
- > In Q3, the cash effect of IAC costs amounted to SEK 261 million, with the effect YTD amounting to SEK 407 million. See page 53 for more details (*Free cash flow after working capital*).

Updates

Embracer Group will update the market on restructuring program progress on a regular basis, in connection with Interim Reports or otherwise as required by applicable legislation.



Outcast - A New Beginning



OPERATING SEGMENT PC/CONSOLE GAMES

The PC/Console Games operating segment includes the following 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 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

28 % (31 %)

INTELLECTUAL PROPERTY (IP)

263 (256)

INTERNAL HEADCOUNT

9,755 (9,961)

INTERNAL STUDIOS

96 (98)

Key performance indicators, PC/Console Games	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales, SEK m	3,379	3,575	11,284	9,966	13,444
of which Digital products, SEK m	2,104	2,286	7,575	6,903	8,927
of which Physical products, SEK m	432	281	1,185	887	1,101
of which Other ¹⁾ , SEK m	843	1,008	2,524	2,176	3,417
Net sales growth	–5%	64%	13%	56%	58%
EBIT, SEK m	–751	–505	–1,884	–329	41
EBIT margin	–22%	–14%	–17%	–3%	0%
Adjusted EBIT, SEK m	469	579	1,927	2,565	2,902
Adjusted EBIT margin	14%	16%	17%	26%	22%
Type of income					
New releases sales, SEK m	470	460	3,494	2,349	2,894
Back catalog sales ²⁾ , SEK m	2,066	2,107	5,266	5,441	7,134
Other ¹⁾ , SEK m	843	1,008	2,524	2,176	3,417

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

²⁾ See Definitions, quarterly information.

SEGMENT HIGHLIGHTS

Net sales in the quarter for PC/Console Games amounted to SEK 3,379 million, a decrease by –5 % compared to the same period last year, or –9 % organically and pro forma in constant currency. The negative organic growth development is mainly explained by lower other revenue YoYs, which relates to work-for-hire and other games development.

EBIT amounted to SEK –751 million (–505), yielding a –22 % (–14 %) EBIT margin. Adjusted EBIT amounted to SEK 469 million (579), yielding a 14 % (16 %). Adjusted EBIT margin. Items affecting comparability amounted to SEK –598 million (–54), and mainly constitute write-downs for ongoing game development projects, for which the studio or team has been discontinued, as well as personnel costs.

The Adjusted EBIT margin remained impacted by games development amortization combined with the soft performance for a range of primarily mid-sized titles across operative groups in FY 22/23 and FY 23/24. The performance of the group's strongest franchises in PC/Console is stable. However, in general consumers are more selective while platform content investments are lower.

Revenue from new releases amounted to SEK 470 million in the quarter, an increase of 2 % YoY. The main revenue drivers among new releases in the quarter were *Hot Wheels Unleashed 2: Turbocharged*, *Risk of Rain Returns* and *Arizona Sunshine 2 (VR)*. *Hot Wheels Unleashed 2:*





Turbocharged was well-received by critics and players, but performed slightly below management expectations, likely partly due to a crowded release window. *Risk of Rain Returns* outperformed management expectations while *Arizona Sunshine* slightly underperformed. The game *Wildcard Football* was also released in the quarter, but had a limited revenue contribution, and performed below management expectations. Other new releases in the quarter included *Teardown* (console), *Jagged Alliance 3* (console), *Borderlands 3* (Nintendo Switch), *SpongeBob SquarePants: The Cosmic Shake* (console and mobile), and *Kona II: Brume*.

Revenue from back catalog titles (including platform deals) amounted to SEK 2,066 million in the quarter, a decrease of 2 % YoY. The quarter included the successful release of new content for several games, including the DLCs *The Awakened King* for *Remnant II* and *Haus* for *Dead Island 2*, but was impacted by a soft performance for *Payday 3* in the previous quarter. The top-10 back catalog revenue drivers included *Remnant 2*, *Dead Island 2*, *Chivalry II*, *Deep Rock Galactic*, *Payday 3*, *Goat Simulator 3*, *Star Trek Online - Live Game*, *Wreckfest*, *Risk of Rain 2* and *SnowRunner*.

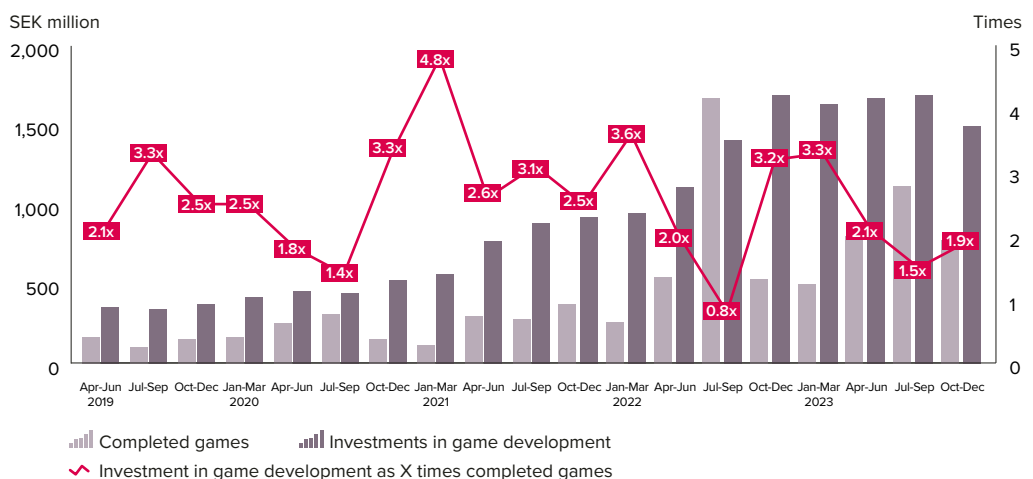
Other revenue amounted to SEK 843 million in the quarter, a decrease of 16 % YoY but a stable development compared to Q1 and Q2. In the corresponding quarter last year, a publishing deal for *Tomb Raider* was signed with Amazon, driving a notable revenue contribution.

In Q4, notable new game releases include *Alone in the Dark*, *Outcast - A New Beginning*, *SOUTH PARK: SNOW DAY!*, *Expeditions: A Mudrunner Game*, *Tomb Raider I-III Remastered*, as well as *Deep Rock Galactic: Survivor*, *Lightyear Frontier*, and *Goat Simulator 3* (Steam). *Warhammer 40,000: Space Marine II*, developed by internal studio Saber Interactive, is now planned for the second half of 2024, as communicated by the publisher Focus Entertainment in late November. *Homeworld 3*, developed externally and published by Gearbox, is now planned for May 2024, as communicated by Gearbox in early February.

Amplifier Game Invest is entering a period of a more intense release schedule after several years of investment. Following the release of *Lightyear Frontier* in Q4 FY 2023/24, several studios have games that are nearing release over the following 12 months.

GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES

The PC/Console Games segment continues to make considerable investments in game development. In total, SEK 1,492 million (1,693) were invested in game development during the quarter. The finalized value of the completed and released games during the quarter amounted to SEK 780 million (531), primarily driven by the release of *Wild Card Football*, *Last Train Home*, and *Arizona Sunshine 2 (VR)*. The ratio of investments to completed games thus decreased year-over-year, to 1.9x (3.2), but with a continued higher pace of ongoing investment into future game releases than completed investment in released games. When new games are released, capitalized development costs are amortized, based on a degressive depreciation model over two years.





ANNOUNCED PC/CONSOLE RELEASES AS OF FEBRUARY 15, 2024

Title	Publishing Label	IP Owner	Main developer	Platforms
<i>Bloodless</i>	3D Realms	External	External	PC
<i>Combustion</i>	3D Realms	License	Internal	PC
<i>Core Decay</i>	3D Realms	License	Internal	PC, PS5, XB XIS, XB1
<i>Phantom Fury</i>	3D Realms	Own	Internal	PC, PS5, XB XIS, Switch
<i>Twisted Tower</i>	3D Realms	External	External	PC
<i>Lightyear Frontier</i>	Amplifier	Own	Internal	PC, XB XIS, XB1
<i>Expeditions: A MudRunner Game</i>	External	Own	Internal	PS5, XB XIS, Switch, PS4, XB1
<i>John Carpenter's Toxic Commando</i>	External	Own	Internal	PC, PS5, XB XIS
<i>Star Wars™: Knights of the Old Republic - Remake</i>	External	License	Internal	PC, PS5
<i>Tomb Raider (final title TBC)</i>	External	Own	Internal	TBC
<i>Warhammer 40,000: Space Marine II</i>	External	External	Internal	PC, PS5, XB XIS
<i>Homeworld 3</i>	Gearbox Publishing	Own	External	PC
<i>Hyper Light Breaker</i>	Gearbox Publishing	External	External	PC
<i>Deep Rock Galactic: Rogue Core</i>	Ghost Ship Publishing	Own	Internal	PC
<i>Dinolords</i>	Ghost Ship Publishing	External	External	PC
<i>DarkSwarm</i>	Ghost Ship Publishing	External	External	PC
<i>A Rat's Quest</i>	HandyGames	External	External	PC, PS4, XB1, Switch
<i>Lethal Honor - Order of the Apocalypse</i>	HandyGames	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Oddsparks</i>	HandyGames	Own	Internal	PC
<i>Perish Exodus</i>	HandyGames	External	Internal	PS5, XB XIS, Switch, PS4, XB1
<i>WE ARE FOOTBALL 2024</i>	HandyGames, THQ Nordic	External	External	PC
<i>Ships at Sea</i>	Misc Game	Own	Internal	PC
<i>The Siege and the Sandfox</i>	Plaion	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Warhammer 40,000: Speed Freeks</i>	Plaion	External	External	PC
<i>Outward</i>	Plaion	External	External	Switch
<i>Kingdom Come Deliverance</i>	Plaion	Own	Internal	Switch
<i>Echoes of The End</i>	Prime Matter	External	External	PC, PS5, XB XIS
<i>Final Form (Final title TBC)</i>	Prime Matter	Shared	External	PC, PS5, XB XIS
<i>New Painkiller (final title TBC)</i>	Prime Matter	Own	Internal	TBC
<i>Bears In Space</i>	Ravencourt	External	External	PC
<i>Night is Coming</i>	Ravencourt	External	External	PC
<i>Metro Awakening</i>	Vertigo Games	License	Internal	PS VR2, PC VR, Meta Quest 2/3
<i>A Quiet Place</i>	Saber	External	External	TBC
<i>WarPaws</i>	Slipgate Ironworks	External	Internal	PC, PS5, XB XIS, Switch
<i>Tempest Rising</i>	Saber & 3D Realms	Own	Internal	PC
<i>Jurassic Park: Survival</i>	Saber	External	Internal	PC, PS5, XB XIS
<i>Alone in the Dark</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Biomutant</i>	THQ Nordic	Own	Internal	Switch
<i>Gothic Remake</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Outcast- A New Beginning</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>SOUTH PARK: SNOW DAY!</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch
<i>Space For Sale</i>	THQ Nordic	Own	Internal	PC

* PC/Console titles from the operating segments *Mobile Games*, *Tabletop Games* and *Entertainment & Services* are also included in the release list.

For latest release dates please refer to above mentioned publishers.

Please note: Limited Run Games distributed games are not included in the release list.

The release list does not include games where we only have physical distribution rights.

The release list does not include DLC's.

CONT. >>



Title	Publishing Label	IP Owner	Main developer	Platforms
<i>Söldner: Secret Wars Remastered</i>	THQ Nordic	Own	External	PC
<i>Teenage Mutant Ninja Turtles - The Last Ronin</i>	THQ Nordic	External	Internal	PC, PS5, XB XIS
<i>Titan Quest 2</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Wreckreation</i>	THQ Nordic	External	External	PC, PS5, XB XIS
<i>Killing Floor 3</i>	Tripwire	Own	Internal	PC, PS5, XB XIS
<i>Bloomtown: A Different Story*</i>	Twin Sails Interactive	External	External	PC
<i>Innchanted*</i>	Twin Sails Interactive	External	External	PS5,PS4, XB XIS, XB1, Switch

* PC/Console titles from the operating segments Mobile Games, Tabletop Games and Entertainment & Services are also included in the release list.

For latest release dates please refer to above mentioned publishers.

Please note: Limited Run Games distributed games are not included in the release list.

The release list does not include games where we only have physical distribution rights.

The release list does not include DLC's.



Killing Floor 3



OPERATING SEGMENT MOBILE GAMES

The Mobile Games operating segment encompasses the two operative groups: DECA Games and Easybrain. In the past years, the 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

14 % (13 %)

INTELLECTUAL PROPERTY (IP)

51 (47)

INTERNAL HEADCOUNT

1,058 (1,157)

INTERNAL STUDIOS

11 (11)

Key performance indicators, Mobile Games	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales, SEK m	1,642	1,573	4,550	4,502	5,819
Net sales growth	4 %	2 %	1 %	43 %	19 %
EBIT, SEK m	320	89	773	–120	–260
EBIT margin	19 %	6 %	17 %	–3 %	–4 %
Adjusted EBIT, SEK m	611	464	1,407	1,057	1,381
Adjusted EBIT margin	37 %	29 %	31 %	23 %	24 %
User Acquisition Cost (UAC), SEK m	646	733	1,988	2,370	2,925
User Acquisition Cost (UAC), % of net sales	39 %	47 %	44 %	53 %	50 %
Total installs, million	258	331	777	1,081	1,353
Total Daily Active Users (DAU), million	30	34	31	35	35
Total Monthly Active Users (MAU), million	236	283	267	297	301

SEGMENT HIGHLIGHTS

Net sales in the quarter for Mobile Games amounted to SEK 1,642 million, an increase of 4 % compared to the same period last year, or by –10 % organically and –2 % pro forma in constant currency. Easybrain had a mid-single-digit organic growth in Q3 while DECA Games (including CrazyLabs) saw clearly negative organic growth, primarily impacted by a business model shift, and an increased focus on profitability and cash flows. The number of MAUs and DAUs both declined YoY, driven by DECA Games and CrazyLabs, partly driven by a shift to a genre with smaller player bases but better retention and monetization. Pro forma growth was more stable thanks to a strong performance for *Alien Invasion*, for which the publishing rights were acquired by CrazyLabs in August 2023.

EBIT amounted to SEK 320 million (89), yielding a 19 % (6 %) EBIT margin. Adjusted EBIT amounted to SEK 611 million (464), yielding a 37 % (29 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –2 million (-) in the quarter. User acquisition costs amounted to SEK 646 million (733), or 39 % (47 %) of net sales. The improved profitability YoY is driven mainly by lower user acquisition costs, and a product mix shift, with a stronger-than-expected performance for Easybrain and for CrazyLabs' hybrid casual game *Alien Invasion*.

Easybrain saw a solid performance in its seasonally strongest quarter, driven by a better monetisation and a strong live operations execution across its key games. CrazyLabs' shift to the hybrid casual genre has been accelerated through the game *Alien Invasion*, which has performed notably stronger than expected. Meanwhile, hyper casual is expected to slow slightly and partially offset the performance of *Alien Invasion*.

The strongest back catalog titles in the quarter were *Sudoku.com*, *Alien Invasion*, *BlockuDoku*, *Art Puzzle* and *Jigsaw Puzzles*.





OPERATING SEGMENT TABLETOP GAMES

The Tabletop Games operating segment includes the operative group Asmodee. The 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 23 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™*, *Shatterpoint* and many more.

SHARE OF GROUP SALES

37 % (36 %)

INTELLECTUAL PROPERTY (IP)

414 (380)

INTERNAL HEADCOUNT

2,523 (2,642)

INTERNAL STUDIOS

23 (22)

Key performance indicators, Tabletop Games	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales, SEK m	4,425	4,146	11,679	10,058	13,132
of which Digital products, SEK m	43	48	128	139	170
of which Physical products, SEK m	4,345	4,069	11,461	9,834	12,847
of which Other, SEK m	37	29	91	84	115
Net sales growth ¹⁾	7 %	-	16 %	-	2,199 %
EBIT, SEK m	578	615	915	871	828
EBIT margin	13 %	15 %	8 %	9 %	6 %
Adjusted EBIT, SEK m	832	864	1,699	1,760	2,010
Adjusted EBIT margin	19 %	21 %	15 %	17 %	15 %

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

SEGMENT HIGHLIGHTS

Net Sales for the Tabletop Games segment amounted to SEK 4,425 million, an increase of 7 % compared to the same period last year or by 1 % organic growth and 1 % pro forma in constant currency. Growth was driven by the trading card games product category, with a slightly negative growth for board games. From a geographical perspective, growth in Europe outperformed growth in the US. For the calendar year, the tabletop mass market saw a slight positive growth, confirming the industry's resilience to a difficult macroeconomic environment.

EBIT amounted to SEK 578 million (615), yielding a 13 % (15 %) EBIT margin. Adjusted EBIT amounted to SEK 832 million (864), yielding a 19 % (21 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –26 million (-) in the quarter. Adjusted EBIT declined by 4 % YoY, mainly due to a product mix more geared towards trading card games, after a very strong growth YoY in the previous quarter. Asmodee delivered a strong free cash flow in the quarter, with a notable inventory reduction in the seasonally strongest quarter of the year.

Asmodee has a strong pipeline of novelties and new releases with a number of exciting new titles that reached the market during Q3 2023/24 including new original titles such as *Forest Shuffle* from Lookout, *Waterfall Park* from Repos Prod and *Perspectives* from Space Cowboys along with new legacy version in our evergreen *Ticket to Ride* franchise, *Ticket To Ride Legacy: Legends of the West*.

asmodee



Next quarter releases include *Ticket to Ride – Paris* from Days of Wonder, *MLEM: Space Agency* from Rebel Studio, and *Word Traveller* from Office Dog. Preparations for the exciting launch of *Star Wars™ Unlimited* on 8 March 2024 are progressing well with a strong pre-orders, a positive buzz in the industry press and a successful recent retailer day in the US.

Releasing later this year, Asmodee announced its first collaboration with LEGO® on boardgames with the global launch of *Monkey Palace*. Asmodee also announced during the quarter its worldwide exclusive distribution rights & premium supplies lines on the upcoming trading card game *Altered*, which is experiencing consumer success on Kickstarter with its funding goal achieved in 2 minutes.





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 segment also includes PLAION's partner publishing and Film businesses.

SHARE OF GROUP SALES

22 % (20 %)

INTELLECTUAL PROPERTY (IP)

193 (193)

INTERNAL HEADCOUNT

756 (924)

INTERNAL STUDIOS

2 (3)

Key performance indicators, Entertainment & Services	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales, SEK m	2,604	2,328	5,818	3,784	5,270
of which Digital products, SEK m	168	135	463	376	547
of which Physical products, SEK m	2,214	2,179	4,420	3,358	4,658
of which Other, SEK m ¹⁾	222	14	934	50	65
Net sales growth	12 %	71 %	54 %	65 %	70 %
EBIT, SEK m	201	132	299	32	–170
EBIT margin	8 %	6 %	5 %	1 %	–3 %
Adjusted EBIT, SEK m	305	187	805	215	281
Adjusted EBIT margin	12 %	8 %	14 %	6 %	5 %

¹⁾ Primarily royalties from IP-licensing.

SEGMENT HIGHLIGHTS

Net sales in the quarter for Entertainment & Services amounted to SEK 2,604 million, an increase of 12 % compared to the same period last year, or –2 % organically and 5 % pro forma in constant currency. The organic growth was primarily driven by PLAION Partner Publishing & Film, which saw a notable release of a FPS game, a solid back catalog revenue as well as a solid performance for its films business. The higher pro forma growth is driven by Middle-earth Enterprises within operative group Freemode.

EBIT amounted to SEK 201 million (132), yielding an 8 % (6 %) EBIT margin. Adjusted EBIT amounted to SEK 305 million (187), yielding a 12 % (8 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –11 million (-), and mainly constitute of write-downs of ongoing game development projects and other cost related to restructuring.

The higher Adjusted EBIT margin is primarily explained by stronger-than-expected licensing revenue for *The Lord of the Rings* IP. This was primarily driven by a continued solid performance for the *Magic the Gathering* trading card game *The Lord of the Rings: Tales of Middle-earth*, consistent performance of Warner Bros.' movie catalogue with *The Lord of the Rings* trilogy and *The Hobbit* trilogy, as well as the game *The Lord of the Rings: Return to Moria* published by external licensee North Beach Games. *The Lord of the Rings: Return to Moria*, released towards the end of October 2023 on Epic Game Store (PC) performed in line with management expectations. In December the game was released for PlayStation 5.

Dark Horse Entertainment had an encouraging performance in Q3, partly supported by less headwind from external factors, and with an increased focus on profitability and cash flow generation. Particularly impactful was the manga title *Berserk Deluxe* volume 14 released





in late November 2023. Another notable new book was *LEGO SPACE: 1978-1992*, the first release from Dark Horse's publishing partnership with LEGO.

Limited Run successfully launched pre-orders during the quarter for the physical edition of *Persona 4: Golden* in partnership with SEGA. Limited Run also continues to build the catalogue of classic games that are being brought back to modern platforms via their proprietary Carbon Engine. The latest Carbon title *Jurassic Park Classic Games Collection* released on 22 November 2023 showed solid performance on digital storefronts, adding additional revenue streams for Limited Run. Limited Run continued to develop its operations in order to increase transparency towards customers who place pre-orders and saw an uplift in revenue already at the end of the quarter as a result.

Beyond the quarter, Middle-earth Enterprises is looking forward to the theatrical release of *The Lord of the Rings: The War of the Rohirrim*, which has been set for 13 December 2024. Produced by New Line and Warner Bros. Animation, the original anime is set 183 years before the events in *The Lord of the Rings* telling the life and bloodsoaked times of its founder, Helm Hammerhand, the King of Rohan.



The Lord of the Rings: The War of the Rohirrim

OTHER FINANCIAL INFORMATION

NET PROFIT FOR THE PERIOD

Net profit for the third quarter amounted to SEK –1,741 million (1,493), a decrease of SEK 3,234 million compared to the same period previous year. For the period April to December net profit amounted to SEK –52 million (3,692) a decrease of SEK 3,744 million.

The decrease of the net profit in the quarter is mainly related to change in net financial items and restructuring costs. Net financial items amounted to SEK –2,057 million (1,369) in the quarter. Net interest income/ expenses and other financial income/expenses amounted to SEK –355 million (–183). Changes in fair value of contingent consideration and put/call options on non-controlling interests and related interest expenses including deferred considerations amounted to SEK –413 million (2,165). The negative effect is mainly explained by an increase in the Embracer share price which effects the fair value. Exchange rate gain/losses amounted to SEK –1,274 million (–613), mainly related to the revaluation of intercompany financial receivables.

Income tax amounted to SEK 42 million (–102) in the quarter. Current income tax amounted to SEK –340 million (–198) and deferred income tax amounted to SEK 383 million (96). The deferred tax recognized in profit and loss are mainly attributable to an increase of tax losses in the group.

CONDENSED CASH FLOW

SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Operating activities					
Cash flow from operating activities before changes in working capital	2,185	2,142	6,154	6,265	7,545
Cash flow from changes in working capital	292	671	–69	–2,525	–2,162
Cash flow from operating activities	2,477	2,813	6,085	3,740	5,383
Cash flow from investing activities	–3,733	–5,694	–8,211	–13,162	–15,489
Cash flow from financing activities	–412	318	1,210	9,378	8,501
Cash flow for the period	–1,668	–2,561	–916	–44	–1,605
Cash and cash equivalents at the beginning of period	5,520	8,879	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	–169	–120	–63	432	457
Cash and cash equivalents at the end of period	3,683	6,198	3,683	6,198	4,662

Cash flow from operating activities amounted to SEK 2,477 million (2,813) whereof change in working capital amounted to SEK 292 million (671) in the quarter. Sequentially there is a positive seasonal effect from the Tabletop Games segment. Compared to previous year the change in working capital is less positive mainly because of lower operating liabilities due to the timing in inventory buildup. The inventory level amounted to SEK 3,715 million (4,236), the positive change mainly relates to inventory unwinding initiatives in Tabletop Games Segment and timing of game releases in PLAION Publishing in Entertainment & Services Segment.

Cash flow from investing activities amounted to SEK –3,733 million (–5,694) in the quarter. Cash flow from historical acquisitions amounted to SEK –1 943 million mainly related to payments of deferred considerations in Middle-earth and Tripwire. Investments in intangible assets amounted to SEK –1,668 million (–1,864) where SEK –1,543 million (–1,750) is invested in the portfolio of ongoing game development and the majority –1,492 million relates to the PC/Console Segment. Last year net investment in intangible asset was reduced by proceeds from sales of intangible assets of SEK 451 million.

Free cash flow after changes in working capital amounted to SEK 1,180 million (1 722) in the quarter (see page 53). It is worth noting that last year included a positive contribution from proceeds related to sales of intangible assets of SEK 451 million.

Cash flow from financing activities amounted to SEK –412 million (318) in the quarter, mainly related to changes in utilization of credit facilities.



NET DEBT AND AVAILABLE FUNDS

SEK m	Dec 31 2023	Dec 31 2022	Mar 31 2023
Cash	3,683	6,198	4,662
Current investments	0	-	18
Current liabilities to credit institutions	-2,874	-2,334	-683
Current account credit facilities	-18	-18	-17
Non-current liabilities to credit institutions	-16,918	-18,189	-19,560
Net Debt (-) / Net Cash (+)	-16,127	-14,343	-15,581

As per December 31, 2023 the group had non-interest-bearing deferred considerations and obligations related to historical business combinations with an expected cash settlement of SEK 6.3 billion with an estimated maturity structure (see page 21).

In December, agreements were signed for the parent company's two main credit- and loan facilities extending the maturity until February and May 2025, respectively. The amendment agreements include scheduled quarterly minimum prepayments, that amount to SEK 2.6 billion on an accumulated basis up until January 2025, starting in Q1 FY 2024/25.

The Board of Directors of Embracer Group has set goals for the capital structure in the financial leverage policy for Embracer Group. The 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.

Embracer Group AB has a leverage covenant in its credit agreements. The terms for these are 2.5x net debt through Adjusted EBITDA trailing twelve months calculated according to agreement with lenders. As per December 31, 2023 Embracer has substantial headroom to the covenants.

SEK m	Dec 31 2023	Dec 31 2022	Mar 31 2023
Cash	3,683	6,198	4,662
Current investments	0	-	18
Unutilized credit facilities	1,481	978	1,404
Available funds	5,164	7,176	6,083



Metro Awakened

OBLIGATIONS RELATED TO HISTORICAL ACQUISITIONS

In connection to certain business combinations, agreements have been entered regarding contingent considerations that are not classified as part of the transferred purchase consideration since there is a requirement for continued employment for the seller or other reasons for the contingent consideration to be accounted for as a separate transaction. Therefore the item is classified as payment for future services. The contingent consideration could be paid in cash or through shares, whereby transactions are accounted for according to *IFRS 2 Share-based payment for remuneration that is equity and share-based*, or according to *IAS 19 Benefits for employees through cash settled benefits*. As the benefits are earned, the item is accounted for as a personnel expense in the group's income statement.

Contingent considerations that are classified as part of transferred purchase considerations and put/call options on non-controlling interests are described in note 5. Contingent considerations classified as part of the purchase consideration is accounted for as either equity or debt in the group's balance sheet. On Dec 31, the debt portion amounted to SEK 3,583 million and the equity portion amounted to SEK 1,803 million. The value of these obligations is based on the estimated degree of fulfillment and timing for such fulfillment, which is continuously monitored and evaluated.

Obligations related to historical acquisitions to be settled in cash

The table below gives an overview of obligations related to historical acquisitions in SEK million to be settled in cash on Dec 31, 2023. The present value of contingent considerations has been calculated based on expected outcome for financial and operational targets for each individual agreement. The financial liability will vary over time depending on, among other things, the degree of fulfillment of conditions for payment, the development of certain exchange rates in relation to the Swedish krona and interest rates.

Since the last quarter the obligations has decreased with SEK 2,564 million mainly driven by several payments and exchanges rates.

Financial year when settlement might occur	Contingent consideration classified as part of purchase price ¹⁾ , SEK m	Obligations in relation to future personnel costs related to acquisitions, SEK m	Total obligations related to historical acquisitions, SEK m
2023/2024	94	61	155
2024/2025	659	276	936
2025/2026	266	393	659
2026/2027	1,544	826	2,369
2027/2028	547	963	1,510
2028/2029	250	106	356
2029/2030	195	24	219
2030/2031	65	3	67
	3,620	2,651	6,271

¹⁾ Includes cash portion of put/call options on non-controlling interests and deferred consideration

Contingent considerations classified as part of the purchase consideration and which will be settled in cash are accounted for as debt in the group's balance sheet, divided into current and non-current debt. Additional information is available in note 5. Obligations related to future personnel costs related to acquisitions which will be settled in cash are accounted for in the group's balance sheet, to the extent that it has been earned by the employee and is classified as debt. On Dec 31, the debt amounted to SEK 1,087 million, divided into current and non-current debt.



Obligations related to historical acquisitions to be settled in shares

The table below provides an overview of obligations related to historical acquisitions on December 31, which will be settled in shares, with information on the number of shares. Contingent considerations classified as part of the purchase consideration is accounted for as either equity or debt in the group's balance sheet. Additional information is available in note 5. Obligations related to future personnel costs related to acquisitions which will be settled in shares is accounted for in the group's balance sheet, to the extent that it has been earned by the employee and is classified as equity in the group's balance sheet.

Number of shares, million	Contingent consideration classified as part of purchase price	Obligations in relation to future personnel costs related to acquisitions	Total obligations related to historical acquisitions
Already issued	63	24	87
To be issued	77	30	107
Total number of shares	140	54	194

The number of shares to be paid as additional purchase price can vary but never exceed 107 million according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 7.4 % and 5.2 % of the voting rights as of December 31, 2023, and the total number of shares after full dilution will be 1,446 million.

Current expectations of shares to be issued based on target achievement is within the interval 62 to 75 million. If shares within this interval is issued, the dilution in capital will amount to 4.4-5.3 % and 3.1-3.7 % of the voting rights as of as of December 31, 2023

The 87 million shares that have so far been issued are subject to clawback restrictions (clawback shares). Clawback shares are defined as 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.

During the quarter the number of already issued shares under clawback restrictions decreased with 2 million shares due to several target achievements.

PARENT COMPANY

The parent company acquires and conducts operations through its subsidiaries and underlying companies.

The parent company's net sales for the quarter were SEK 18 million (15), and loss before tax was SEK -483 million (-852). Loss after tax was SEK -328 million (-648). The change in profit before tax is mainly related to changes in the financial net due to unrealized exchange rate losses and changes in appropriations.

The parent company's net sales for April-December 2023 were SEK 67 million (44), and loss/profit before tax was SEK -445 million (474). Loss/profit after tax was SEK -314 million (436). The change in profit before tax is mainly related to changes in the financial net due to unrealized exchange rate losses and changes in appropriations.

Cash and current investments as of December 31, 2023 were SEK 255 million (316). Available funds amounted to SEK 505 million (566) as of December 31, 2023. The parent company's equity at the end of the period was SEK 61,313 million (59,470).



SIGNIFICANT EVENTS DURING THE QUARTER

- > On the 18th of December, Embracer Group announced an *Extension of Credit and Loan facilities* for its two main credit- and loan facilities, with a nominal value of around SEK 17 billion, extending the maturity until February and May 2025, respectively. The amendment agreements include scheduled quarterly minimum prepayments, that amount to SEK 2.6 billion on an accumulated basis up until January 2025, starting in Q1 FY 24/25. The currently expected interest rate on the group's total debt, based on a floating rate, is around 6.15 %.



Alien Invasion

SUSTAINABILITY AND GOVERNANCE

SUSTAINABILITY

During the third quarter, the Science-based Target initiative validated and approved our climate sustainability goal for the Group. That means that our climate goal is determined to be in alignment with the latest climate science and the goals of the Paris Agreement. The Science-Based Targets initiative is a collaborative effort between CDP¹⁾, UN Global Compact, WWF and World Resources Institute. The initiative aims to encourage and assist companies in setting greenhouse gas emission reduction targets that align with the decarbonization level required to keep global temperature increase well below 2 degrees Celsius above pre-industrial levels. Embracer Group commits to reduce absolute scope 1 and scope 2 GHG emissions by 45 % by 2030 from the 2021 base year (the target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks). Embracer Group also commits to reduce scope 3 GHG emissions covering purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, business travel, and employee commuting with 51.6% per MSEK value added within the same timeframe.

Representatives from the financial, legal, and sustainability teams have, during the quarter, put a great focus on preparing for coming EU requirements regarding external sustainability reporting, Corporate Sustainability Reporting Directive (CSRD). We have conducted a double materiality analysis, which maps the Group's most material sustainability issues and will serve as a base for the coming reporting. CSRD requires companies to report on the impact of corporate activities on the environment, society, and governance and requires that information is reviewed by a third party.

GOVERNANCE

During the quarter, we launched the new Group-wide AI Policy and began implementation together with our operative groups. The AI Policy includes important principles about how we as a company want to implement AI and what security measures need to be put in place before launching any AI system. Two central parts of the policy are that we shall always try to empower our employees with the help of AI tools to increase quality and productivity rather than replacing them, and all AI must be audited for risks before implementation. As part of the roll-out, a Group-wide forum was established where all operative groups are represented and discuss various AI matters.

Further, we implemented, in addition to the existing Global Group Whistleblower Reporting channel, 16 local reporting channels to ensure that we fulfill our obligations according to the Whistleblowing Directive (Directive EU 2019/1937) as well as any specific local requirements in the EU Member States where we operate. As part of this upgrade, we further adopted updated Whistleblowing Guidelines, including country-specific appendices to meet the new requirements under the mentioned legislation.

We also launched a new Anti-Corruption and Anti-Bribery e-learning for the entire Group. The training targets all staff within the Group, outlining the most important parts of our governance and principles related to Anti-Corruption and Anti-Bribery, as set out in our Anti-Corruption policy.

¹⁾ CDP (previously 'Carbon Disclosure Project') is a non-profit organization that provides a standardized and globally accepted reporting system that enables companies, cities and regions to measure and manage their environmental impact.



MARKET REVIEW

Embracer Group operates in four segments; PC/Console and Mobile Games (jointly 'Video games'), Tabletop Games and Entertainment & Services.

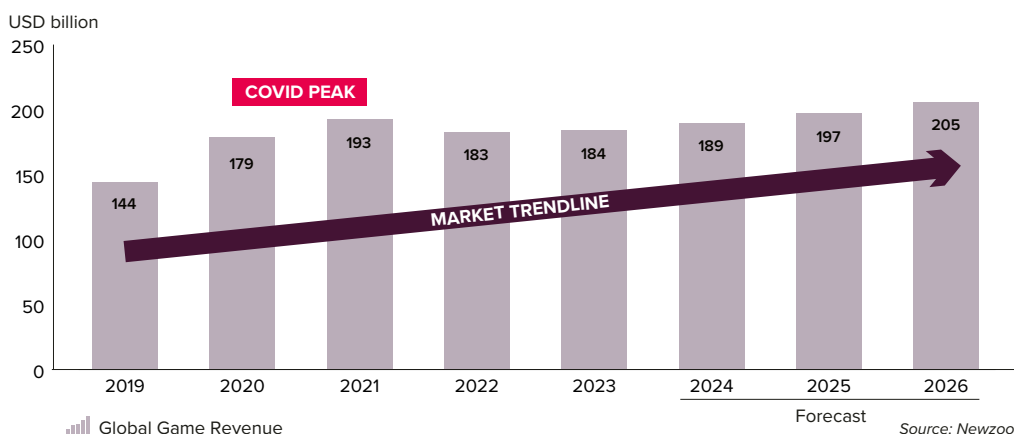
VIDEO GAMES MARKET

The games market in calendar year 2023 is estimated to have generated USD 184 billion and grown by +1 % YoY, despite a challenging macro environment for consumers and businesses alike.

2023 was a year of contrasts and even though the industry has been heavily hit by many layoffs it has also seen several positives:

- > 2023 was the second highest grossing year in history (secondly only to the pandemic fuelled 2021)¹⁾.
- > It sees a return to growth following a post-pandemic dip in 2022¹⁾.
- > The market's value is a substantial 28 % above pre-pandemic levels (2019 CY).
- > There are more people playing games than ever before (3.3 billion, i.e. 41 % of global population)¹⁾.
- > The market continues to out-perform many other leisure and entertainment categories.
- > There were over double the historical average number of very high-quality titles released (Metacritic aggregated review score of 90% or above).
- > PS5 was finally in free supply and surged during the (Sep to Dec) peak buying period. In Europe, in November, there was a 4x uplift in PS5 console sales YoY²⁾.

The longer-term growth prospects remain strong, and total games market values are predicted to grow again in 2024 by +3 % and to a value of USD 205 billion in 2026, a +5 % CAGR between 2019 and 2026¹⁾.



PC/Console Games Market

The Console games market, estimated at USD 53 billion (2023), accounts for 29 % of the global video games market and is estimated to have grown in 2023 by +2 % YoY¹⁾ thanks largely to an acceleration of the new-gen console installed base, with a higher supply and a stronger new release line-up. In 2024 growth is expected to accelerate further to +4% YoY¹⁾.

The PC games market continues its robust performance. It is estimated at USD 40 billion (2023), accounting for 22 % of the global games market and is estimated to have grown by +4 % in 2023 making it the fastest growing of the three main sectors. Growth is expected to continue in 2024 by +3 % YoY¹⁾. It has been driven largely by a strong performance in the premium game sector and with some high performing new releases.



Growth in both the PC and Console markets is expected to gain (this year and onwards) from increasing in-game revenue stemming from purchases within games (either in premium games or free-to-play games).

Mobile Games Market

The mobile games market, estimated at USD 91 billion (2023), is the largest game sector, representing 49 % of the global gaming market. It is estimated to have seen a small decline of -1 % YoY in 2023 but is expected to get back to growth of + 2 % YoY in 2024¹⁾. The sector's main headwinds stem from privacy regulation (which is taking time for developers to adjust to), China's slow and often volatile license approval process and the fact that the more casual mobile users are seemingly more affected by economic pressures than other areas of gaming.

TABLETOP GAMES MARKET

The tabletop games mass market (Strategic Trading Cards, Card & Boardgames) has shown good resilience to the challenging macro environment. It grew by +0.4 % YoY in 2023, a strong performance coming off a record-high in 2022. Europe increased by +3.5 %, offsetting a small decline of -1.4 % in the US. The growth in Europe is mostly being driven by the STCG market. The board games category held level with 2022 revenues (+0.1 % YoY).³⁾

ENTERTAINMENT & SERVICES MARKET

Comics and Books

Sales of books in the US, for the quarter ending December 31st, 2023, were +1 % in unit sales and +4 % in value YoY⁴⁾. For the full year of 2023, unit sales ended on -3 % and value almost flat at +0.1 % YoY. Graphic novels have been a major growth area of recent years but did cool off during 2023 landing at -22 % in unit sales YoY. Despite the decline, graphic novels remained the third-largest category within adult fiction.

TV and Film

Global box office revenues are expected to have generated USD 33.9 billion for full-year 2023, a growth of +31 % YoY⁵⁾. It remains -15 % behind the average of the last three pre-pandemic years (2017-2019). The forecast for 2024 is -7 % due to the lost production time following the Hollywood strikes resulting in several major movies postponing their release until 2025.

Broadcasters and streaming services return to production following the end of the Hollywood strikes is believed to push spending on content + 2% YoY to USD 247 billion in 2024 compared to USD 243 billion last year⁶⁾. The driver of the growth is the global streaming video on demand services that are forecasted to increase content spending by +7 % in 2024.

¹⁾ Source: Newzoo

²⁾ Source: VG Chartz

³⁾ Source: Circana and Asmodee

⁴⁾ Source: Circana BookScan

⁵⁾ Source: Gower Street Analytics

⁶⁾ Source: Ampere Analysis



GAMES ARCHIVE

The Embracer Games Archive preserves and tributes the games culture through its archive of physical games and consoles. By building an extensive archive of physically released games for the consumer market, the aim is to be a resource for the gaming industry and its community. Games should be shared with future and current generations for cultural and educational purposes and the archive aims to contribute to these preservation efforts.

During the reporting quarter, work has continued to register all objects in the archive in the database. As of now, there are just over 30,000 objects registered out of an estimated 80,000. As proof that the archive can be used for good purposes, both researchers and school classes have been given access to the archive. More collaborations regarding education and research are welcomed. The contact network has expanded, and many fruitful conversations have been held with others who work with the preservation and promotion of gaming history and gaming culture.

A donation was received to the archive from the DIU Foundation with Swedish educational games. They hold a cultural significance as they were typically found in schools and have impacted a lot of people.



Embracer Games Archive

ANALYSTS FOLLOWING EMBRACER GROUP

AS OF FEBRUARY 15, 2024

Company	Name	Mail
ABG Sundal Collier	Simon Jönsson	simon.jonsson@abgsc.se
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BofA Securities	Adrien de Saint Hilaire	adrien.de_saint_hilaire@bofa.com
Cantor Fitzgerald	Edward James	Edward.James@cantor.com
Carnegie Investment Bank	Amar Galijasevic	amar.galijasevic@carnegie.se
Citi	Thomas A Singlehurst	thomas.singlehurst@citi.com
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Danske Bank Markets	Jacob Edler	jedl@danskebank.se
Deutsche Bank	George Brown	george-samuel.brown@db.com
Goldman Sachs	Alexander Duval	alexander.duval@gs.com
HSBC	Ali Naqvi	ali.naqvi@hsbc.com
Handelsbanken Capital Markets	Rasmus Engberg	raen01@handelsbanken.se
JP Morgan	David Peat	david.peat@jpmorgan.com
Jefferies	Sebastian Patulea	spatulea@jefferies.com
Kepler Cheuvreux	Mathias Lundberg	mlundberg@keplercheuvreux.com
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Pareto	Vincent Edholm	vincent.edholm@paretosec.com
Redeye	Hjalmar Ahlberg	hjalmar.ahlberg@redeye.se
SEB	Erik Larsson	erik.larsson@seb.se
Wedbush	Nick McKay	nick.mckay@wedbush.com

At www.embracer.com consensus estimates are provided as an IR-service. The estimates presented are delivered from Modular Finance and based on predictions made by analysts who cover Embracer Group.

THE SHARE

TOP 10 OWNERS AS OF FEBRUARY 15, 2024

Change from
Sep. 30, 2023

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class A and B shares
Lars Wingefors AB	52,260,204	210,238,330	19,60 %	37,76 %	
Savvy Gaming Group		99,884,024	7,46 %	5,15 %	
S3D Media Inc	12,798,274	70,772,440	6,24 %	10,24 %	
DNB Asset Management AS		52,307,744	3,91 %	2,70 %	3,804,106
Canada Pension Plan Investment Board (CPP)		43,663,200	3,26 %	2,25 %	
Alecta Tjänstepension		41,064,000	3,07 %	2,12 %	
PAI Partners		39,044,571	2,91 %	2,01 %	
Vanguard		28,804,233	2,15 %	1,48 %	204,483
Didner & Gerge Fonder		28,718,842	2,14 %	1,48 %	400,000
Handelsbanken Fonder		28,050,973	2,09 %	1,45 %	-1,842,387
TOP 10	65,058,478	642,548,357	52,83 %	66,63 %	
OTHERS	1,739,796	630,116,558	47,17 %	33,37 %	
TOTAL	66,798,274	1,272,664,915	100,00 %	100,00 %	

Source: Monitor by Modular Finance.

Shareholder lists are available on embracer.com and are updated in real time.

INTERNATIONAL OWNERSHIP

TOP 50 INSTITUTIONAL

AS OF FEBRUARY 15, 2024

BY CAPITAL

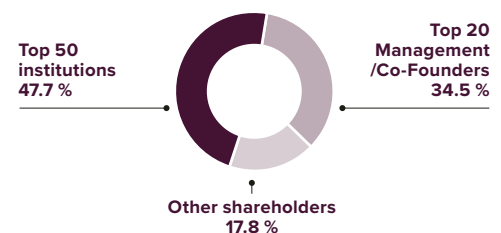


INSTITUTIONAL OWNERSHIP

VS MANAGEMENT

AS OF FEBRUARY 15, 2024

BY CAPITAL



TOP 20 MANAGEMENT & CO-FOUNDER OWNERS AS OF FEBRUARY 15, 2024

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	19.60 %	37.76 %
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	6.24 %	10.24 %
Founders/Management	Easybrain	0	50,077,162	3.74 %	2.58 %
Ken Go	Deca Games	0	10,374,962	0.77 %	0.53 %
Randy Pitchford	Gearbox	0	9,563,028	0.71 %	0.49 %
Matthew Karch	Saber Interactive	0	8,570,000	0.64 %	0.44 %
Founders/Management	4A	0	4,892,140	0.37 %	0.25 %
Management	Crazy Labs	0	4,402,714	0.33 %	0.23 %
Founders	Ghostship Games	0	4,108,206	0.31 %	0.21 %
Founders/Management	Aspyr	0	3,549,742	0.27 %	0.18 %
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	3,516,420	0.26 %	0.18 %
Pelle Lundborg	Embracer Group	1,739,796	1,009,120	0.21 %	0.95 %
Luisa Bixio	Milestone	0	2,424,341	0.18 %	0.12 %
Anton Westbergh	Coffee Stain	0	2,412,666	0.18 %	0.12 %
Klemens Kundratitz	PLAION	0	2,255,856	0.17 %	0.12 %
William Munk II	Tripwire	0	1,501,907	0.11 %	0.08 %
David Hensley	Tripwire	0	1,501,907	0.11 %	0.08 %
Alan Wilson	Tripwire	0	1,482,887	0.11 %	0.08 %
Dennis Gustafsson	Tuxedo Labs	0	1,408,031	0.11 %	0.07 %
Klemens Kreuzer	THQ Nordic	0	1,000,000	0.07 %	0.05 %
TOP 20		66,798,274	395,061,859	34.48 %	54.78 %
ALL OTHER SHAREHOLDERS		0	877,603,056	65.52 %	45.22 %
TOTAL		66,798,274	1,272,664,915	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.



Tomb Raider I-III Remastered

TOP 50 INSTITUTIONAL OWNERS AS OF FEBRUARY 15, 2024
**Change from
Sep. 30, 2023**

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Savvy Gaming Group		99,884,024	7.46 %	5.15 %	
DNB Asset Management AS		52,307,744	3.91 %	2.70 %	3,804,106
Canada Pension Plan Investment Board (CPP)		43,663,200	3.26 %	2.25 %	
Alecta Tjänstepension		41,064,000	3.07 %	2.12 %	
PAI Partners		39,044,571	2.91 %	2.01 %	
Vanguard		28,804,233	2.15 %	1.48 %	204,483
Didner & Gerge Fonder		28,718,842	2.14 %	1.48 %	400,000
Handelsbanken Fonder		28,050,973	2.09 %	1.45 %	-1,842,387
SEB Fonder		27,515,200	2.05 %	1.42 %	54,193
Swedbank Robur Fonder		18,704,498	1.40 %	0.96 %	-4,360,183
Norges Bank		18,021,019	1.35 %	0.93 %	10,769,045
Folksam		15,887,214	1.19 %	0.82 %	13,212,540
DNB Asset Management SA		15,791,209	1.18 %	0.81 %	2,907,648
Skandia Fonder		14,772,717	1.10 %	0.76 %	1,488,239
BlackRock		12,970,497	0.97 %	0.67 %	273,191
TIN Fonder		12,034,706	0.90 %	0.62 %	
Länsförsäkringar Fonder		10,778,811	0.80 %	0.56 %	-403,176
Andra AP-fonden		9,226,695	0.69 %	0.48 %	-2,957,563
Avanza Pension		8,630,735	0.64 %	0.44 %	-8,521,081
Tredje AP-fonden		8,584,788	0.64 %	0.44 %	3,000,000
ODIN Fonder		8,500,000	0.63 %	0.44 %	
Storebrand Fonder		6,452,026	0.48 %	0.33 %	795,852
Futur Pension		6,339,115	0.47 %	0.33 %	-120,986
Nordea Funds		6,338,641	0.47 %	0.33 %	1,130,051
LOYS AG		5,970,000	0.45 %	0.31 %	150,000
Livförsäkringsbolaget Skandia		5,610,802	0.42 %	0.29 %	1,418,123
Nordnet Pensionsförsäkring		5,374,811	0.40 %	0.28 %	1,946,101
Swedbank Försäkring		5,269,483	0.39 %	0.27 %	593,991
VanEck		4,662,077	0.35 %	0.24 %	1,684,581
Jofam AB		4,361,000	0.33 %	0.22 %	2,456,000
Government of Japan Pension Investment Fund		4,343,291	0.32 %	0.22 %	
Aktia Asset Management		4,287,500	0.32 %	0.22 %	850,000
Kåpan Pensioner Försäkringsförening		3,950,000	0.29 %	0.20 %	873,909
State Street Global Advisors		3,858,607	0.29 %	0.20 %	103,208
Nordea Liv & Pension		2,907,141	0.22 %	0.15 %	142,409
Ruth Asset Management		2,572,911	0.19 %	0.13 %	
Handelsbanken Liv Försäkring AB		2,378,473	0.18 %	0.12 %	-1,002,230
Lancelot Asset Management AB		2,000,000	0.15 %	0.10 %	
Första AP-fonden		2,000,000	0.15 %	0.10 %	-2,627,001
Provobis Holding AB		2,000,000	0.15 %	0.10 %	300,000
Svenska Handelsbanken AB for PB		1,911,994	0.14 %	0.10 %	4,000
Deka Investments		1,885,043	0.14 %	0.10 %	-17,164
Enter Fonder		1,783,940	0.13 %	0.09 %	-1,240,000
Charles Schwab Investment Management Inc		1,713,099	0.13 %	0.09 %	234,729
Dimensional Fund Advisors		1,637,375	0.12 %	0.08 %	541,635
Northern Trust		1,526,691	0.11 %	0.08 %	
Kammarkollegiet		1,419,241	0.11 %	0.07 %	
KBC Asset Management		1,316,052	0.10 %	0.07 %	
Nordea Funds (Lux)		1,286,962	0.10 %	0.07 %	142,629
eQ Asset Management Oy		1,250,000	0.09 %	0.06 %	-100,000
TOP 50 INSTITUTIONAL	0	639,361,951	47.73 %	32.95 %	
OTHERS	66,798,274	633,302,964	52.27 %	67.05 %	
TOTAL	66,798,274	1,272,664,915	100.00 %	100.00 %	

Source: Monitor by Modular Finance.



RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons for the success of game development, the sales performance of launched games, dependence on a few distributors and the success and performance of acquisitions. The complete risk analysis is found in the company's most recent Annual Report. No significant risks are considered to have arisen besides those being described in the Annual Report.

AUDITOR'S REVIEW

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

FORTHCOMING REPORTS

Full Year Report 2023/24	May 23, 2024
Annual Report 2023/24	June 20, 2024
Interim Report Q1, April-June 2024	August 15, 2024
Annual General Meeting 2024	September 19, 2024
Interim Report Q2, July-September 2024	November 14, 2024
Interim Report Q3, October-December 2024	February 13, 2025
Full Year report 2024/25	May 22, 2025

FOR MORE INFORMATION

Find more information about the Company at its website: embracer.com
For any questions on this report, please contact:

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Beatrice Flink Forsgren, *Head of Brand & Communication*
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Gothic: Remake

SIGNATURES AND ASSURANCE

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

Karlstad, Sweden, February 15, 2024

Kicki Wallje-Lund
Chair of the Board

Yasmina Brihi
Board member

Cecilia Driving
Board member

David Gardner
Board member

Bernt Ingman
Board member

Jacob Jonmyren
Board member

Cecilia Qvist
Board member

Lars Wingefors
CEO and Board member

This report is information that is mandatory for Embracer Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on February 15, 2024.

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

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



SOUTH PARK: SNOW DAY!

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales	3, 4	12,050	11,622	33,331	28,309	37,665
Other operating income		143	63	364	291	409
Total operating income		12,193	11,685	33,694	28,600	38,074
Work performed by the Company for its own use and capitalized		1,303	1,351	4,197	3,314	4,788
Goods for resale		-5,134	-5,057	-13,099	-10,863	-14,768
Other external expenses	7	-2,306	-2,284	-7,118	-6,454	-8,704
Personnel expenses	8	-3,410	-3,605	-10,495	-9,773	-12,449
Depreciation, amortization and impairment		-2,329	-1,737	-7,159	-4,401	-6,523
Other operating expenses	9	-48	-134	-169	-296	-436
Share of profit of an associate after tax		6	6	6	161	213
Operating profit (EBIT)		273	226	-141	289	194
Net financial items	10	-2,057	1,369	275	4,069	4,822
Profit before tax		-1,783	1,595	134	4,357	5,015
Income tax		42	-102	-186	-665	-553
Net profit for the period		-1,741	1,493	-52	3,692	4,462
<i>Net profit for the period attributable to:</i>						
Equity holders of the parent		-1,740	1,515	-52	3,717	4,454
Non-controlling interests		-1	-22	0	-25	8
Earnings per share						
Basic earnings per share (SEK)		-1.44	1.39	-0.04	3.50	4.17
Diluted earnings per share (SEK)		-1.44	1.38	-0.04	3.47	4.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net profit for the period		-1,741	1,493	-52	3,692	4,462
Other comprehensive income						
<i>Items that may be reclassified to profit or loss (net of tax):</i>						
Exchange differences on translation of foreign operations		-3,334	-970	-1,367	4,421	4,802
Cash flow hedges	4	4	-10	2	-10	8
<i>Items that will not be reclassified to profit or loss (net of tax):</i>						
Remeasurement of defined benefit plans for employees		0	3	0	3	10
Total other comprehensive income for the period, net of tax		-3,330	-977	-1,365	4,414	4,820
Total comprehensive income for the period, net of tax		-5,071	516	-1,417	8,106	9,282
<i>Total comprehensive income attributable to:</i>						
Equity holders of the parent		-5,070	562	-1,417	8,125	9,275
Non-controlling interests		-1	-46	0	-19	7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022	Mar 31, 2023
ASSETS				
Non-current assets				
Goodwill		47,499	50,490	48,524
Intangible assets		43,706	42,700	45,579
Property, plant and equipment		1,110	1,091	1,148
Right-of-use assets		1,537	1,312	1,423
Investments in associates		252	201	253
Non-current financial assets		636	424	369
Deferred tax assets		1,944	1,767	1,777
Total non-current assets		96,684	97,985	99,073
Current assets				
Inventories		3,715	4,236	4,081
Trade receivables		6,412	6,900	5,253
Contract assets		795	420	790
Other receivables		1,633	2,015	1,484
Prepaid expenses		621	1,009	710
Current investments	5	0	0	18
Cash and cash equivalents		3,683	6,198	4,662
Total current assets		16,858	20,778	16,998
TOTAL ASSETS		113,541	118,763	116,071

CONT. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022	Mar 31, 2023
EQUITY AND LIABILITIES				
Equity				
Share capital		2	2	2
Other contributed capital		59,891	56,134	55,886
Reserves		3,580	4,532	4,945
Retained earnings, including net profit		3,783	3,105	3,835
Total equity attributable to equity holders of the parent		67,256	63,773	64,668
Non-controlling interests		64	209	53
Total equity		67,320	63,982	64,721
Non-current liabilities				
Liabilities to credit institutions		16,918	18,189	19,560
Other non-current liabilities		165	60	52
Lease liabilities		1,159	968	1,044
Other provisions		56	213	118
Contingent considerations	5, 6	3,303	5,428	4,497
Non-current put/call options on non-controlling interests	5, 6	1,818	2,969	2,905
Deferred considerations	5	33	310	329
Non-current employee benefits		12	21	10
Non-current liabilities to employees related to historical acquisitions	5	866	858	720
Deferred tax liabilities		7,342	7,201	7,965
Total non-current liabilities		31,672	36,220	37,201
Current liabilities				
Liabilities to credit institutions		2,874	2,334	683
Current account credit facilities		18	18	17
Advances from customers		44	96	79
Trade payables		3,188	5,454	2,809
Lease liabilities		441	385	444
Contract liabilities		1,903	2,193	2,012
Contingent considerations	5, 6	280	2,443	1,837
Current put/call options on non-controlling interests	5, 6	332	-	-
Deferred considerations	5	440	1,721	1,690
Tax liabilities		762	911	638
Current liabilities to employees related to historical acquisitions	5	221	579	370
Other current liabilities		633	374	451
Accrued expenses		3,412	2,052	3,119
Total current liabilities		14,549	18,561	14,150
TOTAL EQUITY AND LIABILITIES		113,541	118,763	116,071

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Equity attributable to equity holders of the parent						
	Share capital	Other contributed capital	Reserves ¹⁾	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Opening balance 2022-04-01	2	42,433	124	-612	41,947	228	42,175
Net profit	-	-	-	3,717	3,717	-25	3,692
Other comprehensive income	-	-	4,408	-	4,408	6	4,414
Total comprehensive income for the period	-	-	4,408	3,717	8,125	-19	8,106
<i>Transactions with the owners</i>							
New share issue	-	12,064	-	-	12,064	-	12,064
Issuance costs	-	-9	-	-	-9	-	-9
Tax effect issuance costs	-	2	-	-	2	-	2
Share-based remuneration according to IFRS 2	-	1,644	-	-	1,644	-	1,644
Total	-	13,701	-	-	13,701	-	13,701
Closing balance 2022-12-31	2	56,134	4,532	3,105	63,773	209	63,982
Opening balance 2023-04-01	2	55,886	4,945	3,835	64,668	53	64,721
Net profit	-	-	-	-52	-52	0	-52
Other comprehensive income	-	-	-1,365	-	-1,365	0	-1,365
Total comprehensive income for the period	-	-	-1,365	-52	-1,417	0	-1,417
<i>Transactions with the owners</i>							
New share issue	0	2,018	-	-	2,019	-	2,019
Excess value	-	-12	-	-	-12	-	-12
Issuance costs	-	-43	-	-	-43	-	-43
Tax effect issuance costs	-	9	-	-	9	-	9
Share-based remuneration according to IFRS 2	-	2,033	-	-	2,033	-	2,033
Transactions with non-controlling interests	-	-	-	-	-	11	11
Total	0	4,005	-	-	4,005	11	4,017
Closing balance 2023-12-31	2	59,891	3,580	3,783	67,256	64	67,320

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

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Operating activities					
Profit before tax	–1,783	1,595	134	4,357	5,015
Adjustments for non-cash items, etc.	4,235	909	6,759	2,652	3,432
Income tax paid	–266	–361	–738	–744	–902
Cash flow from operating activities before changes in working capital	2,185	2,142	6,154	6,265	7,545
Cash flow from changes in working capital					
Change in inventories	921	652	308	–797	–801
Change in operating receivables	–345	–819	–1,216	–2,144	–361
Change in operating liabilities	–283	838	840	416	–1,000
Cash flow operating activities	2,477	2,813	6,085	3,740	5,383
Investing activities					
Acquisition of property, plant and equipment	–67	–118	–261	–322	–500
Proceeds from sales of property, plant and equipment	2	–1	6	3	3
Acquisition of intangible assets	–1,668	–1,864	–5,493	–4,640	–6,495
Proceeds from sales of intangible assets	–	451	–	451	499
Acquisition of subsidiaries, net of cash acquired ¹⁾	–1,943	–4,066	–2,118	–8,532	–8,935
Change in current investments	–	–	–	–5	–18
Acquisition of financial assets	–75	–109	–370	–140	–92
Proceeds from sales of financial assets	18	13	25	22	48
Cash flow from investing activities	–3,733	–5,694	–8,211	–13,162	–15,489
Financing activities					
New share issue	–	–	2,000	10,326	10,335
Issuance costs	–	–	–42	–9	–9
Proceeds from borrowings	723	531	1,456	6,279	6,120
Repayment of loans	–988	–44	–1,730	–6,881	–7,443
Payment of lease liabilities	–147	–169	–475	–337	–502
Cash flow from financing activities	–412	318	1,210	9,378	8,501
Cash flow for the period	–1,668	–2,561	–916	–44	–1,605
Cash and cash equivalents at the beginning of period	5,520	8,879	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	–169	–120	–63	432	457
Cash and cash equivalents at the end of period	3,683	6,198	3,683	6,198	4,662

¹⁾ The change in the quarter refers to historical acquisitions.

NOTES

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

This interim report comprises of the Swedish parent company Embracer Group AB (“Embracer”), with corporate registration number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, publishing, development of computer, video and mobile games, and publishes and distributes films. The parent company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad.

The Group’s interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act (1995:1554). For the parent company, the interim report has been prepared in compliance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities.

For the Group, the same accounting policies and methods of computation have been applied as in the Annual Report for FY 2022/2023. A complete description of the Group’s applied accounting policies can be found in Note 1 in the Annual Report for FY 2022/2023. For the parent company’s applied accounting policies, see note P1.

The group is covered by the OECD’s model rules for Pillar Two. Legislation on Pillar Two has been adopted in Sweden, where Embracer Group AB is based, and will enter into force on 1 January 2024. As the legislation on Pillar Two had not entered into force on the balance sheet date, the Group has no related current tax exposure. The Group applies the exemption for reporting and disclosing deferred tax assets and liabilities related to income taxes from Pillar Two, which is set out in the amendments to IAS 12 issued in May and adopted by the EU in November 2023.

The IASB has published amendments to standards that take effect on, or after January 1, 2023. The standards have not had any significant impact on the financial reports.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and its related notes in the interim information on page 38-46 that from an integral part of this financial report.

All amounts are presented in million Swedish kronor (“SEKm”), unless otherwise indicated. Rounding differences may occur.

NOTE 2 KEY ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information. Actual outcome may differ from the estimates

if the estimates or circumstances change. The key estimates and assumptions made when preparing the interim report correspond to the ones described in Note 2 in the Annual Report for FY 2022/2023.

NOTE 3 OPERATING SEGMENTS

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

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

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

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

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

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

Oct–Dec 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	3,379	1,642	4,425	2,604	12,050	-	-	12,050
Revenue from transactions with other operating segment	8	-	-	9	17	-17	-	-
Total revenue	3,387	1,642	4,425	2,613	12,067	-17	-	12,050
Adjusted EBIT	469	611	832	305	2,218	-	-68	2,150
Amortization of surplus values of acquired intangible assets	-350	-212	-203	-92	-857	-	-	-857
Transaction costs	-	0	-	0	0	-	-	0
Personnel costs related to acquisitions	-273	-77	-24	-3	-377	-	-	-377
Remeasurement of contingent consideration >1 year	0	-	-	-	0	-	-3	-3
Items affecting comparability	-598	-2	-26	-11	-637	-	-4	-641
EBIT	-751	320	578	201	347	-	-75	273
Net financial items								-2,057
Profit before tax								-1,783
Oct–Dec 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	3,575	1,573	4,146	2,328	11,622	-	-	11 622
Revenue from transactions with other operating segment	11	-	-	7	18	-18	-	-
Total revenue	3,586	1,573	4,146	2,335	11,640	-18	-	11 622
Adjusted EBIT	579	464	864	187	2,094	-	-85	2 009
Amortization of surplus values of acquired intangible assets	-389	-118	-193	-40	-740	-	-	-740
Transaction costs	-102	5	-10	-11	-117	-	-	-117
Personnel costs related to acquisitions	-526	-262	-55	-4	-847	-	-	-847
Remeasurement of contingent consideration >1 year	-13	0	9	0	-4	-	-	-4
Items affecting comparability	-54				-54		-21	-75
EBIT	-505	89	615	132	332	-	-106	226
Net financial items								1,369
Profit before tax								1,595

CONT. >>

>> NOTE 3 CONTINUED

Apr–Dec 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	11,284	4,550	11,679	5,818	33,331	-	-	33,331
Revenue from transactions with other operating segment	20	-	-	20	40	-40	-	-
Total revenue	11,304	4,550	11,679	5,838	33,371	-40	-	33,331
Adjusted EBIT	1,927	1,407	1,699	805	5,838	-	-201	5,637
Amortization of surplus values of acquired intangible assets	-1,072	-434	-615	-274	-2,394	-	-	-2,394
Transaction costs	-1	-	0	-6	-7	-	-	-7
Personnel costs related to acquisitions	-890	-193	-130	-11	-1,224	-	-	-1,224
Remeasurement of participation in associated companies	3	-	-	-	3	-	-	3
Remeasurement of contingent consideration >1 year	-14	-	-	-	-14	-	-3	-17
Items affecting comparability	-1,837	-7	-39	-216	-2,099	-	-41	-2,140
EBIT	-1,884	773	915	299	104	-	-245	-141
Net financial items								275
Profit before tax								134

Apr–Dec 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	9,966	4,502	10,058	3,784	28,309	-	-	28,309
Revenue from transactions with other operating segment	33	-	-	20	53	-53	-	0
Total revenue	9,999	4,502	10,058	3,804	28,362	-53	-	28,309
Adjusted EBIT	2,565	1,057	1,760	215	5,596	-	-144	5,451
Amortization of surplus values of acquired intangible assets	-967	-377	-540	-41	-1,924	-	-	-1,924
Transaction costs	-196	4	-40	-37	-269	-	0	-269
Personnel costs related to acquisitions	-1,678	-804	-309	-105	-2,895	-	-	-2,895
Remeasurement of participation in associated companies	-	-	-	-	-	-	-	-
Remeasurement of contingent consideration >1 year	1	-	-	-	1	-	-	1
Items affecting comparability	-54	-	-	-	-54	-	-21	-75
EBIT	-329	-120	871	32	454	-	-166	289
Net financial items								4,069
Profit before tax								4,357

Apr 2022–Mar 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 segment	46	-	-	26	72	-72	-	-
Total revenue	13,490	5,819	13,132	5,296	37,737	-72	-	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	-2,973	-	-	-2,973
Transaction costs	-217	4	-41	-37	-291	-	-0	-290
Personnel costs related to acquisitions	-1,096	-1,065	-360	-111	-2,631	-	-	-2,631
Items affecting comparability	-240	-	-	-	-240	-	-38	-278
EBIT	41	-260	828	-170	439	-	-245	194
Net financial items								4,822
Profit before tax								5,015

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Oct-Dec 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	2,104	1,637	43	168	3,952
Physical products	432	-	4,345	2,214	6,990
Other ¹⁾	843	5	37	222	1,107
Revenue from contracts with customers	3,379	1,642	4,425	2,604	12,050
Oct-Dec 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	2,286	1,568	48	135	4,037
Physical products	281	-	4,069	2,179	6,529
Other ¹⁾	1,008	6	29	14	1,056
Revenue from contracts with customers	3,575	1,573	4,146	2,328	11,622
Apr-Dec 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	7,575	4,504	128	463	12,669
Physical products	1,185	-	11,461	4,420	17,066
Other ¹⁾	2,524	46	91	934	3,595
Revenue from contracts with customers	11,284	4,550	11,679	5,818	33,331
Apr-Dec 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Type of products					
Digital products	6,903	4,441	139	376	11,859
Physical products	887	-	9,834	3,358	14,079
Other ¹⁾	2,176	60	84	50	2,370
Revenue from contracts with customers	9,966	4,502	10,058	3,784	28,309
Apr 2022-Mar 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

¹⁾ See Operating segment, page 10-18

CONT. >>

>> NOTE 4 CONTINUED

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

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Oct–Dec 2023	2,130	1,248		3,379
Oct–Dec 2022	2,433	1,142		3,575

PC/Console Games	New releases	Back catalog	Other	Total
Oct–Dec 2023	470	2,066	843	3,379
Oct–Dec 2022	460	2,107	1,008	3,575

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Apr–Dec 2023	7,419	3,865		11,284
Apr–Dec 2022	6,541	3,425		9,966

PC/Console Games	New releases	Back catalog	Other	Total
Apr–Dec 2023	3,494	5,266	2,524	11,284
Apr–Dec 2022	2,349	5,441	2,176	9,966

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Apr 2022–Mar 2023	8,210	5,234		13,444

PC/Console Games	New releases	Back catalog	Other	Total
Apr 2022–Mar 2023	2,894	7,134	3,417	13,444

NOTE 5 FINANCIAL INSTRUMENTS

Fair value measurement

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

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

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

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

Financial assets measured at fair value

Financial assets measured at fair value as of Dec 31, 2023	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Other non-current receivables	38	-	-	38

Financial assets measured at fair value as of Dec 31, 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	-	-	0	0

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 liabilities measured at fair value

Financial liabilities measured at fair value as of Dec 31, 2023	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	3,583	3,583
Put/call options on non-controlling interests	-	-	2,150	2,150
Liabilities to employees related to acquisitions	-	-	1,087	1,087

Financial liabilities measured at fair value as of Dec 31, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	7,871	7,871
Put/call options on non-controlling interests	-	-	2,969	2,969
Liabilities to employees related to acquisitions	-	-	1,437	1,437
Derivatives	-	15	-	15

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

Current receivables and current liabilities

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

Derivatives

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

Contingent consideration

The fair value of contingent considerations 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 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	Apr-Dec 2023	Apr-Dec 2022	Apr 2022-Mar 2023
Opening balance	8,471	11,572	11,572
Acquisitions	-	1,343	1,352
Payment - shares to be issued	-30	-1	-1
Payment - clawback shares	-1,527	-316	-450
Payment - cash	-171	-489	-498
FX effects	-176	109	47
Reclassifications	-32	-	-338
Change in fair value recognized in consolidated statement of profit or loss	-1,148	-2,020	-3,213
Closing balance	5,386	10,198	8,471

During the period, unrealized gains or losses for contingent considerations recognized at the end of the reporting period amounted to SEK 1,148 million. This amount is included as part of net financial items in the consolidated statement of profit or loss.

Given the contingent considerations recognized at the end of the reporting period, a higher discount factor of 1.5 percentage points will have an impact on the fair value of SEK -281 million and a lower discount factor of 1.5 percentage points will have an impact with SEK 279 million.

CONT. >>

>> NOTE 5 CONTINUED

The Group's contingent considerations will be settled in cash or with issued shares. As at December 31, 2023, the contingent considerations are expected to be settled according to the table below.

Expected settlement	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity		Total contingent consideration
	Cash settlement	Newly issued shares		Newly issued shares		
Total	2,050	1,532	3,583	1,803	5,386	
As of December 31, 2023			Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent considerations			71,997,503	40,730,701	27,347,517	22,543,477

Put/call option on non-controlling interests

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.

During the period, unrealized gains or losses for put/call options on non-controlling interest recognized at the end of the reporting period amounted to a gain of SEK 718 million. This amount is included as part of net financial items in the consolidated statement of profit or loss.

Put/call option on non-controlling interests	Apr–Dec 2023	Apr–Dec 2022	Apr 2022–Mar 2023
Opening balance	2,905	4,259	4,259
FX-effects	-37	58	-169
Change in fair value recognized in consolidated statement of profit or loss	-718	-1,348	-1,185
Closing balance	2,150	2,969	2,905

As at December 31, 2023, 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	
Total	1,095	1,055	2,150
As of December 31, 2023		Classified as put/call options on non-controlling interest	Of which already issued
Maximum number of shares related to put/call options on non-controlling interest		40,840,296	-

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	Apr–Dec 2023	Apr–Dec 2022	Apr 2022–Mar 2023
Opening balance	1,090	593	593
Accrual of personnel cost in consolidated statement of profit or loss	425	722	640
Payment - cash after the acquisition day	-561	-419	-658
Change in fair value recognized in consolidated statement of profit or loss	138	319	238
Reclassifications	-	231	240
FX-effects	-5	-9	37
Closing balance	1,087	1,437	1,090

As at 31 of December, 2023, the Group's liabilities to employees related to acquisitions will be settled in cash.

CONT. >>

>> NOTE 5 CONTINUED

Other consideration that is not classified as financial instruments

Deferred Consideration

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent upon future financial or operational targets.

Deferred considerations	Apr–Dec 2023	Apr–Dec 2022	Apr 2022–Mar 2023
Opening balance	2,019	-	-
Acquisitions	193	2,052	2,093
Payment - cash	-1,915	-	-464
FX-effects	88	-7	17
Reclassifications	32		338
Discount effect recognized in consolidated statement of profit or loss	56	-15	36
Closing balance	474	2,031	2,019

As at December 31, 2023, 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	474	-	474

As of December 31, 2023	Classified as financial liability	Of which already issued
Maximum number of shares related to deferred considerations	-	-

NOTE 6 BUSINESS COMBINATIONS AND ASSET DEALS

Purchase price allocations for acquisitions during Sep 2023-Dec 2023

During the quarter, no acquisitions were closed. Information related to acquisitions closed under previous quarters has been disclosed in the Interim Report Q1 FY 2023/24 and Interim report Q2 FY 2023/24 available at Embracer Group's website. The purchase price allocation for acquisitions closed during the financial year 2023/24 are preliminary.

Purchase price allocations for historical acquisitions

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 for acquisitions made in the previous financial year April 2022-March 2023 has been presented in the Annual report 2022/23 available at Embracer Group's website.

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

Revenues and net profit for the acquired company since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately. The revenue and EBIT that the company 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 are not deemed to be material on an overall Group level.

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.

During the quarter, no asset deals were completed. Information related to asset deals closed under previous quarters has been disclosed in the Interim Report Q1 FY 2023/24 and the Interim report Q2 FY 2023/24 available at Embracer Group's website.

NOTE 7 RELATED PARTY TRANSACTIONS

Related party transaction	Related party	Oct-Dec 2023	Oct-Dec 2022	Apr-Dec 2023	Apr-Dec 2022	Apr 2022- Mar 2023
Consulting service	Logvreten AB ¹⁾ (supplier)	0	-1	0	-1	-1
Transportation services/Rent	Mad Dog Games LLC, Mek Production ²⁾ (supplier)	-2	-1	-3	-7	-
Transportation services/Rent	Sola Service i Karlstad AB ³⁾ (supplier)	-6	-4	-15	-5	-9
Transportation services	Empterwik Special Services Ltd ³⁾ (supplier)	-6	-11	-19	-11	-21
Sale of goods/services	Bröderna Wingefors AB ³⁾ (supplier)	-	-	-	-1	0
Acquisition of game collection	Lars Wingefors AB ⁴⁾ (supplier)	-	0	-	0	0
Consulting service	LW Comics ³⁾ (supplier)	0	-	0	-	-
Consulting service	LVP Advisory Ltd ⁵⁾ (supplier)	-	-	0	-	-
Total		-13	-17	-37	-25	-31

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

²⁾ Matthew Karch has controlling influence over the company

³⁾ The company is part of Lars Wingefors AB

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

⁵⁾ David Gardner has controlling influence over the company

NOTE 8 PERSONNEL EXPENSES

SEK m	Oct-Dec 2023	Oct-Dec 2022	Apr-Dec 2023	Apr-Dec 2022	Apr 2022- Mar 2023
Personnel expenses	-3,001	-2,807	-9,248	-6,939	-9,854
Personnel costs related to acquisitions - Excluding FX gain/loss	-409	-798	-1,247	-2,834	-2,595
Total	-3,410	-3,605	-10,495	-9,773	-12,449

NOTE 9 OTHER OPERATING EXPENSES

SEK m	Oct-Dec 2023	Oct-Dec 2022	Apr-Dec 2023	Apr-Dec 2022	Apr 2022- Mar 2023
Other operating expenses	-11	-16	-30	-14	-109
Transaction costs related to acquisitions	0	-117	-7	-269	-291
Loss sale of subsidiaries	-47	-	-132	-	-
FX loss related to Personnel costs related to acquisitions ¹⁾	10	-	0	-13	-36
Total	-48	-134	-169	-296	-436

¹⁾ FX gain related to Personnel costs related to acquisitions is included in Other operating income.

NOTE 10 NET FINANCIAL ITEMS

SEK m	Oct-Dec 2023	Oct-Dec 2022	Apr-Dec 2023	Apr-Dec 2022	Apr 2022- Mar 2023
Interest income and other financial income	18	14	56	27	51
Interest expense and other financial expense	-373	-198	-946	-389	-618
Sum	-355	-183	-890	-362	-567
Change in fair value contingent consideration and put/call options on non-controlling interests	-413	2,165	1,866	3,368	4,469
Interest deferred consideration	-15	-	-56	-	-36
Exchange rate gains/losses	-1,274	-613	-644	1,063	956
Total financial net	-2,057	1,368	275	4,069	4,822

Exchange gains/losses net include both realized and unrealized gains or losses. Change in fair value of contingent consideration and put/call options on non-controlling interests consists of interest expense and fair value change related to fluctuations in

Embracer's share price. Change in fair value contingent consideration and put/call options on non-controlling interests is mainly related to the decrease in Embracer's share price during the quarter.

PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net sales	18	15	67	44	64
Other operating income	1	–4	1	15	31
Total operating income	19	11	68	59	95
Operating expenses					
Other external expenses	–35	–83	–121	–139	–200
Personnel expenses	–50	–32	–107	–68	–103
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–1	–1	–3	–2	–3
Other operating expenses	0	–	–30	–5	–9
Operating profit	–68	–105	–193	–155	–219
Net financial items	–596	43	–302	1,514	1,745
Profit after financial items	–664	–62	–495	1,359	1,526
Appropriations	181	–790	49	–885	–894
Profit before tax	–483	–852	–445	474	631
Income tax	155	204	131	–38	–48
Net profit for the period	–328	–648	–314	436	583

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Dec 31, 2023	Dec 31, 2022	Mar 31, 2023
ASSETS			
Non-current assets			
Intangible assets	3	4	4
Tangible assets	8	7	8
Shares in Group companies	43,144	41,366	42,504
Receivables from Group companies	32,625	30,886	33,210
Other long term receivables	79	71	71
Deferred tax assets	140	2	-
Total financial assets	75,989	72,325	75,785
Total non-current assets	75,999	72,336	75,797
Current assets			
Receivables from Group companies	3,368	6,062	1,559
Current tax assets	0	-	9
Other receivables	0	77	0
Prepaid expenses and accrued income	63	14	74
	3,431	6,153	1,642
Cash and cash equivalents	255	316	23
Total current assets	3,686	6,469	1,665
TOTAL ASSETS	79,685	78,805	77,462
EQUITY AND LIABILITIES			
Restricted equity	2	74	2
Unrestricted equity	61,311	59,396	59,653
Total equity	61,313	59,470	59,655
Untaxed reserves	162	104	162
Provisions	158	256	159
Non-current liabilities	15,035	17,804	17,031
Liabilities to credit institutions	1,875	-	0
Trade payables	37	48	22
Liabilities to Group companies	950	993	355
Other current liabilities	9	6	8
Accrued expenses and prepaid income	146	124	70
Total current liabilities	3,017	1,171	455
TOTAL EQUITY AND LIABILITIES	79,685	78,805	77,462

NOTE P1 THE PARENT COMPANY'S ACCOUNTING POLICIES

The interim report for the parent company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim reports, and RFR 2 Accounting for legal entities. The same accounting principles, basis for calculations and assessments have been

applied as applied in the Annual Report for FY 2022/2023, For description of the Group's applied accounting principles, see Note P1 in the Annual Report for FY 2022/2023.

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 this 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 and 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.	

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>> CONTINUED

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, acquisitions of subsidiaries including transaction costs, cash impact from personnel costs related to acquisitions and cash effect from items affecting comparability.	Provide a true and fair picture of the underlying operational performance, by excluding cash flow from specific items related to historical acquisitions and from items affecting comparability.
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/divested 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/divested in the last five quarters have been added/adjusted 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	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
EBIT	273	226	-141	289	194
Depreciation, amortization and impairment	2,329	1,737	7,159	4,401	6,523
EBITDA	2,602	1,962	7,018	4,690	6,717
Personnel costs related to acquisitions	377	847	1,224	2,895	2,631
Remeasurement of participation in associated companies	-	-	-3	-	-
Remeasurement of contingent consideration	3	4	17	-	0
Transaction costs	0	117	7	268	290
Items affecting comparability ¹⁾	288	75	626	75	228
Adjusted EBITDA	3,269	3,005	8,889	7,928	9,867
Depreciation, amortization and impairment	-2,329	-1,737	-7,159	-4,401	-6,523
Items affecting comparability ¹⁾	353	-	1,513	-	50
Amortization of surplus values of acquired intangible assets	857	740	2,394	1,924	2,973
Adjusted EBIT	2,150	2,009	5,637	5,451	6,366

ADJUSTED EARNINGS PER SHARE - DERIVATION

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Net profit for the period attributable to equity holders of the parent	-1,740	1,515	-52	3,717	4,454
Adjustments					
Personnel costs related to acquisitions	377	847	1,224	2,895	2,631
Remeasurement of participation in associated companies	-	-	-3	-	-
Remeasurement of contingent consideration	3	4	17	-	-
Transaction costs	0	117	7	268	290
Amortization of surplus values of acquired intangible assets	857	740	2,394	1,924	2,973
Change in fair value contingent consideration and put/call options on non-controlling interests	398	-2,204	-1,898	-3,526	-4,558
Interest expense contingent consideration	31	39	89	159	125
Items affecting comparability ¹⁾	641	75	2,140	75	278
Adjustments before tax	2,305	-382	3,969	1,795	1,739
Tax effects on adjustments	-297	-180	-894	-470	-678
Adjustments after tax	2,008	-562	3,075	1,325	1,062
Total	268	953	3,022	5,042	5,515
Average number of shares, million	1,339	1,256	1,336	1,211	1,252
Adjusted Earnings per share, SEK	0.20	0.76	2.26	4.16	4.41
Average number of shares after full dilution, million	1,446	1,364	1,443	1,319	1,360
Adjusted Earnings per share after full dilution, SEK	0.19	0.70	2.09	3.83	4.06

¹⁾ See next page for further explanation on items affecting comparability

ORGANIC GROWTH - DERIVATION

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Change
Net sales	12,050	11,622	4 %
Net sales from acquired companies ¹⁾	-711	-313	
Difference in exchange rate		530	
Organic growth output	11,339	11,839	-4 %

PRO FORMA GROWTH - DERIVATION

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Change
Net sales	12,050	11,622	4 %
Net sales from acquired companies ²⁾		79	
Difference in exchange rate	-	548	
Pro forma growth output	12,050	12,250	-2 %

¹⁾ Net sales from companies acquired in the last five quarters have been excluded.

²⁾ Net sales from acquired companies in the last five quarters have been added.

FREE CASH FLOW AFTER WORKING CAPITAL

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022
Cash flow for the period	-1,668	-2,561	-916	-44
Cash flow from financing activities	412	-318	-1,210	-9,378
Acquisition of subsidiaries, net of cash acquired	1,943	4,066	2,118	8,532
Transaction costs	-	117	7	268
Payment personnel cost related to acquisitions	231	419	561	614
Cash flow effect IAC costs	261	-	407	-
Free cash flow after working capital	1,180	1,722	968	-8

ITEMS AFFECTING COMPARABILITY, IAC

Amounts in SEK m	Oct–Dec 2023	Oct–Dec 2022	Apr–Dec 2023	Apr–Dec 2022	Apr 2022– Mar 2023
Other external expenses	-37	-23	-108	-23	-74
Personnel expenses	-202	-52	-385	-52	-70
Loss sale of subsidiaries	-47	-	-132	-	-
Other operating expenses	-2	-	-2	-	-84
Total IAC cost affecting EBITDA	-288	-75	-626	-75	-228
Write-down intangible assets related to restructuring	-341	-	-1,490	-	-50
Write-down tangible assets related to restructuring	-12	-	-24	-	-
Total IAC cost affecting EBIT	-641	-75	-2,140	-75	-278

DEFINITIONS, QUARTERLY INFORMATION

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.
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.
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, 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 headcount	Internal game developers + internal employees, non-development
Internal Studios	Studios owned by the group.
MAU	Average monthly active users in the period.
Net sales split – PC/Console segment	
Owned titles	Net sales of game titles that are owned 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.
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.
Number of IP:s	Number of IPs owned by the group.
Physical product	Product sold/transferred through physical channels.
Physical sales	Sales and transfer of products, physical and digital, through physical channels.
Total installs	Total accumulated installs in the period.
UAC (User Acquisition Cost)	Marketing costs in the operating segment Mobile Games.

INFORMATION BY FINANCIAL YEAR AND QUARTER

	2016	2017	2018	2019	2020 ¹	2020/21	2021/22	2022/23					2023/24		
	Full year	Full year	Full year	Full year	Jan-Mar	Full year	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun	Jul-Sep	Oct-Dec
Net sales, SEK m	302	508	4,124	5,541	1,339	9,000	17,067	7,118	9,569	11,622	9,356	37,665	10,450	10,831	12,050
Sales growth, Group, YoY %	42 %	68 %	713 %	34 %	-18 %	71 %	90 %	107 %	190 %	128 %	79 %	121 %	47 %	13 %	4 %
EBIT, SEK m	95	188	403	421	97	2,058	-1,126	-398	461	226	-95	194	421	-836	273
EBIT, margin, %	31 %	37 %	10 %	8 %	7 %	23 %	-7 %	-6 %	5 %	2 %	-1 %	1 %	4 %	-8 %	2 %
Adjusted EBIT, SEK m	108	202	501	1,143	286	2,858	4,465	1,322	2,121	2,009	915	6,366	1,673	1,814	2,150
Adjusted EBIT, margin, %	38 %	40 %	12 %	21 %	21 %	32 %	26 %	19 %	22 %	17 %	10 %	17 %	16 %	17 %	18 %
Adjusted EBITDA, SEK m	-	-	-	-	-	4,016	5,942	1,867	3,056	3,005	1,938	9,866	2,697	2,923	3,269
Adjusted EBITDA, margin, %	-	-	-	-	-	45 %	35 %	26 %	32 %	26 %	21 %	26 %	26 %	27 %	27 %
Basic shares weighted average, million ²⁾	-	-	-	-	-	719	905	1,026	1,071	1,088	1,091	1,069	1,130	1,202	1,211
Diluted shares weighted average ²⁾	-	-	-	-	-	719	921	1,032	1,078	1,096	1,103	1,081	1,130	1,202	1,211
Average number of shares, million ²⁾	367	444	504	606	624	796	1,031	1,157	1,231	1,256	1,259	1,252	1,259	1,331	1,339
Average number of shares after full dilution, million ²⁾	367	444	504	606	624	798	1,086	1,256	1,338	1,364	1,367	1,360	1,367	1,438	1,446
Basic earnings per share, SEK	0.20	0.31	0.58	0.43	0.21	-3.49	1.08	-0.16	2.21	1.39	0.68	4.17	1.99	-0.47	-1.44
Diluted earnings per share, SEK	-	-	-	-	0.21	-3.49	1.06	-0.16	2.20	1.38	0.67	4.12	1.99	-0.47	-1.44
Adjusted Earnings per share, SEK ²⁾	0.23	0.34	0.75	1.41	0.49	3.15	3.69	1.28	2.12	0.76	0.38	4.41	1.33	0.81	0.20
Adjusted Earnings per share after full dilution, SEK	0.23	0.34	0.75	1.41	0.49	3.14	3.50	1.18	1.95	0.70	0.35	4.06	1.23	0.75	0.19
Cash flow from operating activities, SEK m	99	179	579	174	766	3,825	4,070	347	580	2,813	1,643	5,383	1,359	2,250	2,477
Organic growth, YoY, %	-	-	-	-	-	-	-	-12 %	35 %	-3 %	-4 %	-	20 %	-2 %	-4 %
Gross Margin, %	61 %	71 %	39 %	52 %	50 %	60 %	72 %	65 %	66 %	56 %	58 %	63 %	63 %	63 %	57 %
Specific items related to historical acquisitions															
Amortization of surplus values of acquired intangible assets	-13	-14	-99	-722	-189	-510	-1,316	-555	-629	-740	-1,048	-2,973	-757	-779	-857
Transaction costs, SEK m	-	-	-	-	-	-150	-367	-70	-81	-117	-22	-290	-7	0	0
Personnel costs related to acquisitions	-	-	-	-	-	-181	-4,277	-1,107	-941	-847	264	-2,631	-412	-435	-377
Remeasurement of participation in associated companies, SEK m	-	-	-	-	-	41	416	-	-	-	-	-	3	-	-
Remeasurement of contingent consideration, SEK m	-	-	-	-	-	-	-46	12	-8	-4	-	0	-	-14	-3
Total	-13	-14	-99	-722	-189	-801	-5,591	-1,720	-1,660	-1,708	-807	-5,894	-1,174	-1,229	-1,236
Investments															
External game development and advances, SEK m	98	212	528	732	193	697	1,233	248	408	399	236	1,291	299	312	240
Internal capitalized development, SEK m	36	80	359	645	224	1,291	2,293	866	1,097	1,351	1,474	4,788	1,458	1,437	1,303
Sub-total - Investment in Game development, all segments	134	292	887	1,377	417	1,988	3,526	1,114	1,505	1,750	1,710	6,079	1,757	1,749	1,543
Other intangible assets/IP-rights, SEK m	23	15	123	138	48	151	190	90	67	114	145	416	155	168	138
Tangible assets, SEK m	-	-	-	-	-	71	344	99	125	98	178	500	103	91	67
Total	157	306	1,010	1,515	465	2,210	4,060	1,303	1,698	1,962	2,033	6,995	2,014	2,008	1,749
Completed games															
Completed games, PC/Console, SEK m	-	176	383	644	165	837	1,218	545	1,671	531	501	3,248	803	1,120	780
Other KPIs															
Game development projects, PC/Console															
Announced Game Dev projects	-	-	-	-	43	53	64	55	61	62	56	56	62	63	55
Unannounced Game Dev projects	-	-	-	-	60	107	159	167	173	162	165	165	153	138	124
Total	-	-	-	-	103	160	223	222	234	224	221	221	215	201	179
Headcount															
Total internal game developers	-	-	-	-	1,359	4,036	7,240	8,025	9,380	9,639	9,971	9,971	10,014	9,503	9,143
Total external game developers	-	-	-	-	1,006	1,079	1,346	1,411	1,519	1,513	1,455	1,455	1,342	1,151	1,078
Total internal employees, non-development	-	-	-	-	744	1,210	4,174	4,441	4,832	5,091	5,175	5,175	5,249	5,047	4,997
Total	-	-	-	-	3,109	6,325	12,760	13,877	15,731	16,243	16,601	16,601	16,605	15,701	15,218
Number of studios															
Total number External Studios	-	-	-	-	58	66	63	63	60	59	56	56	59	53	50
Total number Internal Studios	-	-	-	-	26	60	118	120	132	134	138	138	139	135	132
Total	-	-	-	-	84	126	181	183	192	193	194	194	198	188	182
IP-rights															
-	-	-	-	-	160	225	815	816	827	876	896	896	905	923	921
M&A KPIs															
Acc. Additional operative groups	-	-	2	3	3	5	9	9	10	10	10	10	10	10	10
Acc. Additional acquisitions added	1	4	6	16	17	40	72	74	79	86	87	87	88	89	89
Acc. Total	1	4	8	19	20	45	81	83	89	96	97	97	98	99	99
Acc. Max cash consideration, SEK m	-	82	1,598	3,433	3,454	9,477	51,038	51,901	57,039	64,544	64,570	64,570	64,582	64,807	64,807
Acc. Max share consideration, SEK m	-	10	649	1,010	1,010	7,484	30,103	30,754	31,936	33,195	33,217	33,217	33,217	33,166	33,166
Acc. Max total consideration, SEK m	-	92	2,247	4,443	4,464	16,961	81,141	82,655	88,975	97,739	97,787	97,787	97,799	97,973	97,973

¹⁾ Periods prior to April-June 2020/2021 are presented according to previous accounting standard K3 and are not recalculated according to IFRS

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

Embracer Group is a global Group of creative and entrepreneurial businesses in PC, console, mobile and board games and other related media. The Group has an extensive catalog of over 900 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, Freemove and Crystal Dynamics – Eidos. The Group has 132 internal game development studios and is engaging more than 15,000 employees in more than 40 countries.