

# Q1

FY 2023/24

# EMBRACER GROUP INTERIM REPORT

APRIL – JUNE 2023

## NET SALES INCREASED BY 47 % TO SEK 10,450 MILLION

### FIRST QUARTER, APRIL–JUNE 2023 (COMPARED TO APRIL–JUNE 2022)

- > Net sales increased by 47 % (20 % organic growth) to SEK 10,450 million (7,118).  
The sales split per operating segment:
  - > PC/Console Games: increased by 74 % to SEK 3,996 million (2,294).
  - > Mobile Games: decreased by –3 % to SEK 1,438 million (1,488).
  - > Tabletop Games: increased by 20 % to SEK 3,184 million (2,665).
  - > Entertainment & Services: increased by 173 % to SEK 1,832 million (671).
- > EBIT<sup>1)</sup> amounted to SEK 421 million (–398), an EBIT margin of 4 % (–6 %). Adjusted EBIT increased by 27 % to SEK 1,673 million (1,322), an Adjusted EBIT margin of 16 % (19 %).
- > Cash flow from operating activities amounted to SEK 1,359 million (347). Net investments in intangible assets amounted to SEK –1,911 million (–1,204).
- > Basic earnings per share was SEK 1.99 (–0.16) and diluted earnings per share SEK 1.99 (–0.16). Adjusted earnings per share was SEK 1.33 (1.28). Adjusted earnings per share after full dilution was SEK 1.23 (1.18).
- > The company reiterates its forecast for the financial year 2023/24 of an Adjusted EBIT of SEK 7,000 - 9,000 million.

Key performance indicators, Group	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales, SEK m	10,450	7,118	37,665
EBIT <sup>1)</sup> , SEK m	421	–398	194
EBIT margin	4 %	–6 %	1 %
Adjusted EBIT, SEK m	1,673	1,322	6,366
Adjusted EBIT margin	16 %	19 %	17 %
Cash flow from operating activities, SEK m	1,359	347	5,383
Net investments in intangible assets, SEK m	1,911	1,204	5,996
Net sales growth	47 %	107 %	121 %
Total game development projects	215	222	221
Total game developers	11,356	9,436	11,426
Total headcount	16,605	13,877	16,601

<sup>1)</sup> 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.



## DEAD ISLAND 2 AND REMNANT II PERFORMANCE JUMPSTART FY 2023/24

*In Q1, we achieved organic growth of 20 % and Adjusted EBIT of SEK 1.7 billion. In recent months, we have released two successful sequels, Dead Island 2 and Remnant II. We now have increased confidence regarding earnings this year and we are on track to deliver on the restructuring program announced on June 13, 2023, with a series of initial actions now taken. Even though it's a challenging time for everyone impacted, I am confident we will emerge a stronger company.*

Embracer's Q1 Net sales grew by 47 % to SEK 10.5 billion. Organic growth amounted to 20 %, driven by solid performance for *Dead Island 2* in the PC/Console Games segment, as well as solid topline development in the Tabletop Games and Entertainment & Services segments. Adjusted EBIT came in at SEK 1.7 billion, representing a notable improvement sequentially. The Q1 result is also ahead of management expectations for the quarter. The positive sequential margin development in the quarter is a result of how we deliver on our games pipeline, and our Q1 execution builds a strong foundation to further improve the margin during the year after a challenging FY 2022/23. The free cash flow of SEK –0.6 billion in Q1 is largely in line with the plan for the year given the continued imbalance between investments and completed PC/Console game development (SEK 1,672 million vs SEK 803 million). We expect a significantly improved free cash flow already in Q2, and expect to reach a financial net debt below SEK 8 billion by year-end, as announced on June 13, with notable positive effects from the restructuring program in the second half of the year.

### CONTINUING TO EXECUTE ON KEY RELEASES WILL IMPROVE PC/CONSOLE PROFITABILITY

In the PC/Console Games segment, sales grew by 38 % organically in Q1 driven by the release of *Dead Island 2*. Released on April 21, the game reached a sell-through of over two million units in its first month. The Adjusted EBIT margin for the segment remains impacted by games development amortization combined with the soft performance of the previous financial year's releases, impacting back catalog revenue this year. It is encouraging to see that Crystal Dynamics – Eidos's turnaround to solid profitability is ahead of plan, driven by cost efficiency improvements, a stable back catalog business and increased external funding for ongoing development. This is a testament to the commitment and focus of Crystal Dynamics – Eidos's management, and is supportive of our larger PC/Console business.

Developed by Gunfire Games, *Remnant II* was successfully released on July 25 and sold over one million

units in the first four days. Developing and publishing great games is our core business and I would like to highlight the great achievement from the teams behind the recent successes of *Dead Island 2* (PLAION and Dambuster Studios), *Jagged Alliance 3* (THQ Nordic & Haemimont Games) and *Remnant II* (Gearbox Publishing SF and Gunfire Games). Looking ahead, several additional large-budget games are expected in FY 2023/24, including *Payday 3* and *Warhammer 40,000: Space Marine 2*, as well as several other exciting titles such as *South Park: Snow Day!*, *Homeworld 3*, *Hot Wheels Unleashed 2: Turbocharged*, *Teardown* (console), *Alone in the Dark*, and *Outcast – A New Beginning*.

In the Tabletop Games segment, Asmodee delivered 9 % organic growth, with Net sales of SEK 3.2 billion. The Adjusted EBIT margin was 6.5 %, a result in line with our expectations during a seasonally weak quarter. The product mix in the segment was more geared towards trading card games, which impacts the margin negatively year-over-year. Operating costs also increased YoY due to inflation and the run rate impact of prior year recruitments. In addition, the comparative quarter last year benefitted from cost phasing into later quarters as a result of a shift of activities during the initial integration phase after transaction closing. These impacts are expected to moderate over the next quarters. We are now entering a period of higher activity for Asmodee, with seasonality expected to be more pronounced this financial year, driven by cost phasing, timing of new releases and product mix. The free cash flow in Q1 was positive and Asmodee is expected to convert above 100 % of its Adjusted EBIT into free cash flow in FY 2023/24, with a positive contribution also in the first half of the financial year.

The Mobile Games segment had a solid performance in profitability which was ahead of management expectations. Net sales show –12 % organic growth, but underlying market trends have improved somewhat sequentially and the organic decline moderated notably compared to Q4. Despite a sequential increase in user acquisition cost, profitability was strong, with an Adjusted EBIT

margin of 29 %, driven by systematic investments to balance growth and profitability. The mobile businesses are expected to show positive organic growth for the full-year and continue to add to both earnings and cash flow diversification.

In the quarter, the Entertainment & Services segment also made a notable contribution, growing by 70 % organically with a 15 % Adjusted EBIT margin. The high margin is primarily explained by a strong contribution from Middle-earth Enterprises, driven by strong licensing revenue for *The Lord of the Rings*. The performance of Middle-earth Enterprises is well ahead of the business plan developed at the time of acquisition a year ago. It is encouraging to see many exciting external projects based on this incredible IP, including the recently successfully released *Magic the Gathering* trading card game *The Lord of the Rings: Tales of Middle-earth™*, the upcoming PC/Console survival-crafting game *The Lord of the Rings: Return to Moria* as well as many other exciting new products that will grow the IP further. Furthermore, PLAION Partner Publishing division had two notable releases from partners in the quarter, also contributing to organic growth in the segment.

For FY 2023/24, we reiterate our Adjusted EBIT forecast of SEK 7.0-9.0 billion. Based on the performance year-to-date, we have increased confidence in our forecast range. Beyond FY 2023/24 and based on the restructuring program outlined in June, we expect to deliver positive organic growth combined with a lower capex run-rate and a more efficient cost structure. We have for several years made strategic investments into

accelerated long-term organic growth in PC/Console Games. Ongoing investments into future game releases has outpaced completed development by 2-3x, increasing the value of on-going game development to more than SEK 10 billion by the end of June. Although we now reduce capex and prioritize within our portfolio, completed development should continue to increase as our development pipeline matures. After the program is completed, more focused investments into our highest-ROI titles should drive both growth and profitability.

### **RESTRUCTURING PROGRAM ON TRACK**

We are making good progress on the restructuring program. We are tracking towards the targets, including reducing capex by at least SEK 2.9 billion and overhead costs by at least SEK 0.8 billion by FY 2024/25, as well as reaching a financial net debt below SEK 8 billion by the end of this financial year. Initial actions have been taken on closure and other initiatives to reduce the number of projects and studios and overhead savings initiatives have been defined in co-ordination with the Operative Groups. In addition, we have set a high priority on increasing external funding of certain larger projects and potential divestment opportunities.

With a series of initial actions now taken, we expect further savings after the completion of a global review of the existing pipeline, which is currently ongoing. This review will guide our capital allocation to optimize return on investment.

The purpose of the program is to operate with efficiency across the group and to reduce business risk in the short-term. This, in turn, will enable us to continue to

Lake Fryken, Värmland, Sweden

grow and to deliver high-quality products in the long-term. A painful consequence of the program is that a number of talented and passionate team members have left us, or will be leaving us before the end of the financial year. We understand and respect that this is a challenging time for everyone impacted. Where we can, we will try to provide opportunities for our colleagues to transition onto other projects. Throughout the program, we are working to ensure that everyone affected receives information first.

### **SETTING THE DIRECTION FOR YEARS TO COME**

We continue to prioritize a strong balance sheet and are on track to be well within our leverage target by financial year-end. We raised SEK 2.0 billion through a directed share issue in early July and, as previously communicated, expect to reach a net debt of SEK 8 billion by March 31, 2024.

We will continue to take important steps in FY 2023/24 to set the direction for the years to come and I am confident that we will emerge a stronger company. I want to be clear that our long-term strategy to support and empower entrepreneurs and creators remains unchanged. I would like to send my thanks to all our shareholders, employees, fans, and business partners for contributing to the continued prosperity and success of Embracer Group.

August 17, 2023, Karlstad, Värmland, Sweden

Lars Wingefors  
*Co-founder & Group CEO*



## FINANCIAL COMMENTS

### NET SALES

Net sales, SEK m	Apr–Jun 2023	Apr–Jun 2022	Change	Apr 2022–Mar 2023
PC/Console Games	3,996	2,294	74 %	13,444
Mobile Games	1,438	1,488	–3 %	5,819
Tabletop Games	3,184	2,665	20 %	13,132
Entertainment & Services	1,832	671	173 %	5,270
<b>Total</b>	<b>10,450</b>	<b>7,118</b>	<b>47 %</b>	<b>37,665</b>

Total net sales in the first quarter amounted to SEK 10,450 million, an increase of 47 % YoY. Net sales growth was primarily driven by organic growth in the PC/Console Games segment and the Entertainment & Services 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 20 % and the pro forma growth amounted to 17 %. The strong organic growth in the PC/Console Games segment is explained by the successful release of *Dead Island 2*. The Mobile Games segment is affected by lower ad prices compared to the previous year, which largely explains the negative organic growth. The Tabletop Games segment's organic growth is mainly explained by increased net sales of trading card games compared to the previous year. In the Entertainment & Services segment, the strong organic growth was driven by a couple of successful releases in the PLAION Partner Publishing and Film division.

Net sales growth	Apr–Jun 2023		
	Net sales growth	Organic growth	Pro forma growth
PC/Console Games	74 %	38 %	20 %
Mobile Games	–3 %	–12 %	–12 %
Tabletop Games	20 %	9 %	7 %
Entertainment & Services	173 %	70 %	83 %
<b>Total</b>	<b>47 %</b>	<b>20 %</b>	<b>17 %</b>



## EBIT AND ADJUSTED EBIT

EBIT amounted to SEK 421 million (–398) in the quarter, yielding an EBIT margin of 4 % (–6 %). The increase is mainly driven by increased net sales compared to the previous year. Other external expenses and personnel expenses increased primarily due to acquisitions and to a lesser extent due to increased headcount. Personnel costs related to acquisitions amounted to SEK 412 million (1,107) including FX effects. The decrease is driven by that several obligations has been fulfilled since the comparing quarter, meaning that there are lesser obligations to accrue costs for in the actual quarter compared to the same quarter last year. There is also an effect driven by revisions of estimated target fulfillment. Depreciation, amortization, and impairment amounted to SEK 1,781 million (1,100), an increase of SEK 681 million.

Adjusted EBIT increased by 27 % and amounted to SEK 1,673 million (1,322) in the quarter, yielding a 16 % margin (19 %). The increase is mainly driven by the Entertainment & Services segment and the PC/Console Games segment. The gross margin declined and amounted to 63 % (65 %), primarily driven by a product mix shift in the Tabletop Games segment. Depreciation, amortization and impairment (D&A) excluding amortization of surplus values of acquired intangible assets amounted to SEK 1,024 million (545), an increase of SEK 479 million, driven by increased D&A for released games in the PC/Console Games segment.

Costs affecting comparability amounted to SEK 78 million in the quarter and are excluded from Adjusted EBIT (see page 47-50). These are mainly related to the restructuring program as communicated by Embracer Group on June 13, 2023, and the strategic partnership negotiations that did not materialize, as further communicated in connection to the publication of the Q4 report on May 24.

EBIT, SEK m	Apr–Jun 2023	Apr–Jun 2022	Change	Apr 2022– Mar 2023
PC/Console Games	126	–407	131 %	41
Mobile Games	291	–117	349 %	–260
Tabletop Games	–71	153	–146 %	828
Entertainment & Services	185	–4	4,725 %	–170
Governance	–110	–24	–358 %	–245
<b>Total</b>	<b>421</b>	<b>–398</b>	<b>206 %</b>	<b>194</b>

Adjusted EBIT, SEK m	Apr–Jun 2023	Apr–Jun 2022	Change	Apr 2022– Mar 2023
PC/Console Games	837	602	39 %	2,902
Mobile Games	424	277	53 %	1,381
Tabletop Games	206	445	–54 %	2,010
Entertainment & Services	284	21	1,252 %	281
Governance	–77	–24	–221 %	–208
<b>Total</b>	<b>1,673</b>	<b>1,322</b>	<b>27 %</b>	<b>6,366</b>



## FORECAST

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

For the overall group, the forecast for FY 2023/24 is an Adjusted EBIT of SEK 7.0 billion - 9.0 billion. The forecast is based on scheduled game releases, market and macro conditions, and exchange rates being unchanged from current conditions.

### FY 2023/24 vs. FY 2022/23

In the PC/Console Games segment, a solid earnings growth is expected, driven by the release of more large- and mid-sized, internally developed games during the financial year. Two key titles have been successfully released by the date of this report. Two additional large-budget games and a range of mid-sized titles are expected during the year. Adjusted EBIT within PC/Console Games is expected to be weighted towards the second half of the year, driven by improved ROI and solid back catalog revenue from games released in H1, as well as a strong lineup of new releases across operative groups in H2.

In the Mobile Games segment, a low single-digit organic growth is expected, with gradually stronger growth during the financial year. Underlying market trends are assumed to be stable, with gradual improvements to ad monetization throughout the year. The Adjusted EBIT margin is expected to be largely in line or slightly above FY 2022/23.

In the Tabletop Games segment, high single-digit organic growth is expected, driven by the trading cards product area, with an Adjusted EBIT margin slightly below FY 2022/23. Earnings seasonality is expected to be more pronounced compared to the previous financial year, driven by cost phasing, timing of new releases and product mix.

### Specific items related to historical acquisitions

The forecast is based on the average exchange rates for the period April to June 2023. The forecast includes closed acquisitions as per June 30, 2023. The forecast is based on the purchase price allocations as per July 25, 2023, which contain both preliminary and finalized purchase price allocations.

SEK m	23/24										Total
	Q2	Q3	Q4	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Amortization of surplus values of acquired intangible assets	770	760	723	2,762	2,588	2,217	1,937	1,821	1,728	1,642	16,948
Personnel costs related to acquisitions	462	429	415	1,215	947	468	34	5	0	0	3,975
<b>Specific items related to historical acquisitions</b>	<b>1,232</b>	<b>1,189</b>	<b>1,138</b>	<b>3,977</b>	<b>3,535</b>	<b>2,685</b>	<b>1,971</b>	<b>1,826</b>	<b>1,728</b>	<b>1,642</b>	<b>20,923</b>



## RESTRUCTURING PROGRAM

### Background

The restructuring program presented and announced by Embracer Group on June 13, 2023, includes the main focus areas: capex and opex savings, 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 (including impact of SEK 2.0 billion direct share issue completed in July 2023).

### Progress

Embracer Group is tracking toward the announced targets. As of August 17, 2023, the following actions have been executed:

*Capex and opex savings:*

- > First round review of Capital Expenditure completed – initial initiatives to reduce number of projects and studios have commenced.
- > Review of Operative Group overheads completed – overhead savings initiatives identified with commitments from each Operative Group within the range of targets communicated.
- > Implementation of initiatives has started and will continue to accelerate with full implementation expected in Q3 and Q4.

*Capital allocation:*

- > Global review of the existing pipeline is in progress, guiding the allocation of capital to optimize returns on investment.
- > New group-wide investment greenlighting process designed and being rolled out for new investments.
- > Increased external funding of internally developed games and potential divestment opportunities are being worked on as a matter of high priority.

*Efficiency improvements:*

- > Important steps taken to create a new process for game investment and game development progress review.

### 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.







## OPERATING SEGMENT PC/CONSOLE GAMES

The PC/Console Games operating segment includes seven operative groups: THQ Nordic, PLAION, Amplifier Game Invest, Gearbox Entertainment, Saber Interactive, Coffee Stain and Crystal Dynamics – Eidos. PC and console games have been a core business for Embracer Group ever since its inception. The 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

**38 %** (32 %)

### INTELLECTUAL PROPERTY (IP)

**266** (243)

### INTERNAL HEADCOUNT

**10,469** (8,103)

### INTERNAL STUDIOS

**103** (86)

Key performance indicators, PC/Console Games	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales, SEK m	3,996	2,294	13,444
of which Digital products, SEK m	2,646	1,665	8,927
of which Physical products, SEK m	550	148	1,101
of which Other <sup>1)</sup> , SEK m	800	480	3,417
Net sales growth from previous period	74 %	2 %	58 %
EBIT, SEK m	126	–407	41
EBIT margin	3 %	–18 %	0 %
Adjusted EBIT, SEK m	837	602	2,902
Adjusted EBIT margin	21 %	26 %	22 %
Type of income			
New releases sales, SEK m	1,607	364	2,894
Back catalog sales <sup>2)</sup> , SEK m	1,589	1,450	7,134
Other <sup>1)</sup> , SEK m	800	480	3,417

<sup>1)</sup> Primarily Work-for-Hire and other game development.

<sup>2)</sup> See Definitions, quarterly information.

### SEGMENT HIGHLIGHTS

Net sales in the quarter for PC/Console Games amounted to SEK 3,996 million, an increase by 74 % compared to the same period last year, or 38 % organically and 20 % pro forma in constant currency. The strong organic growth development is mainly explained by the new release of *Dead Island 2*. The inorganic growth was primarily driven by the acquisitions of Crystal Dynamics – Eidos, Coffee Stain GBG and Tripwire.

EBIT amounted to SEK 126 million (–407), yielding a 3 % (–18 %) EBIT margin. Adjusted EBIT amounted to SEK 837 million (602), yielding a 21 % (26 %) Adjusted EBIT margin. The profitability notably improved sequentially driven by stronger game releases, but remained impacted by games development amortization combined with the soft performance of the previous financial year's releases, impacting back catalog revenue this year. New releases with better ROI at the start of the year provides a strong base for a continued margin improvement throughout the year.

Revenue from new releases amounted to SEK 1,607 million in the quarter, an increase of 341 % YoY. The main revenue driver among new releases in the quarter was *Dead Island 2*, developed by internal studio Dambuster and published by Deep Silver (PLAION). The game, released on April 21, reached a sell-through of over two million units in its first month. The downloadable content





roadmap for *Dead Island 2* was revealed in June, with two major expansions announced for the financial year 2023/24.

Another notable new release in the quarter was *All Elite Wrestling: Fight Forever*, developed by external studio Yuke's and published by THQ Nordic. The game was released late in the quarter, on 29 June and had a solid contribution in line with management expectations in the first two days despite a mixed reception from critics. Other new releases included the *System Shock Remake* (PC only) and *MotoGP 23*, which both had a solid reception from critics and users.

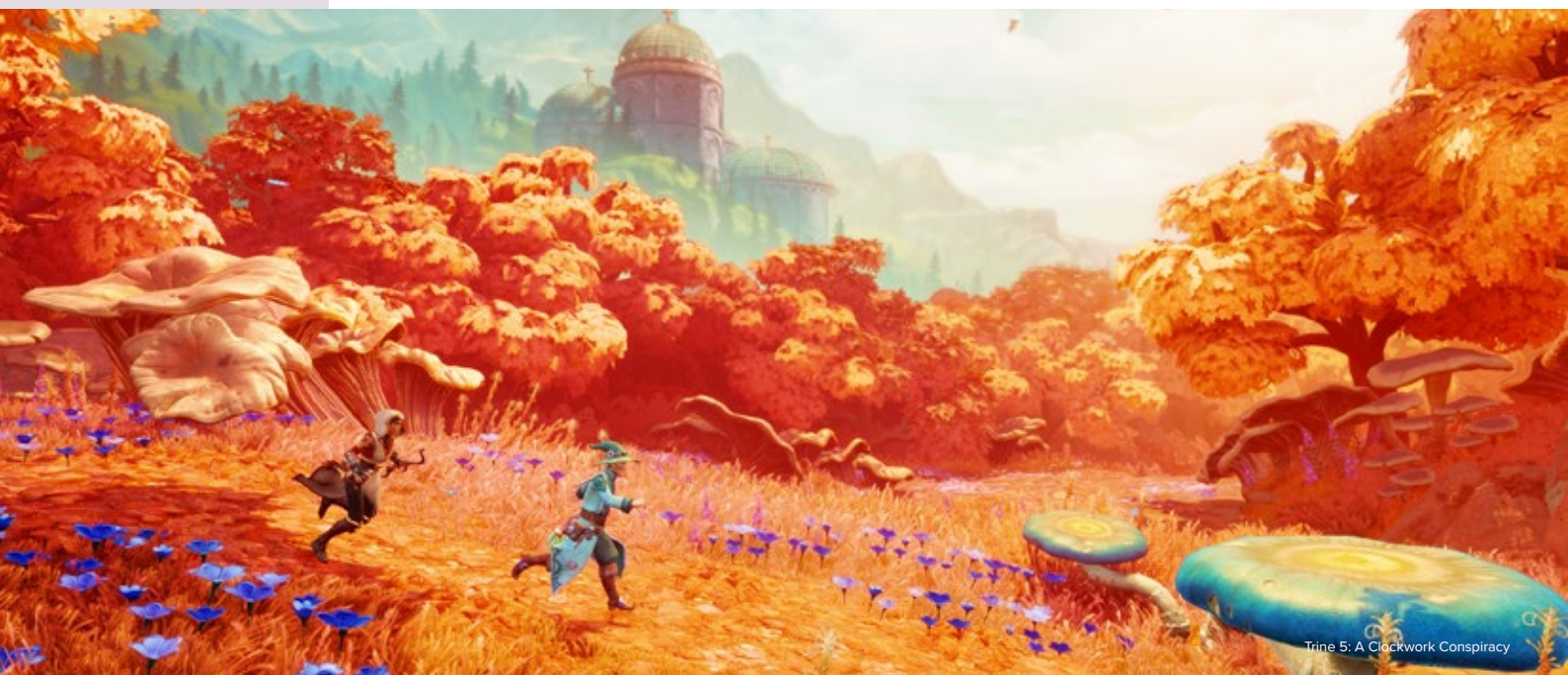
Revenue from back catalog titles (including platform deals) amounted to SEK 1,589 million in the quarter, an increase of 10 % YoY. The top-10 back catalog revenue drivers included *Star Trek Online*, *Deep Rock Galactic*, *Borderlands 3*, *Neverwinter Online*, *Welcome to Bloxburg*, *Chivalry II*, *Risk of Rain 2*, *SnowRunner*, *Valheim* and *Metro: Exodus*.

Other revenue amounted to SEK 800 million in the quarter, an increase by 67 % YoY. The growth was primarily driven by acquisitions, including Crystal Dynamics – Eidos, as well as an increased share of externally funded game development projects.

In Q2 FY 2023/24, notable new game releases include *Remnant II*, developed by Gunfire Games (THQ Nordic) and published by Gearbox Publishing. The game was successfully released on July 25 and sold over one million units in the first four days. *Jagged Alliance 3*, developed by external studio Haemimont Games and published by THQ Nordic, was released on July 14. It has seen a solid reception from critics and users, with a performance in line with management expectations. Additional titles that will be released include *Payday 3*, developed by external studio Starbreeze Studios and published by Deep Silver (PLAION), *RIDE 5*, developed and published by Milestone, and *Trine 5: A Clockwork Conspiracy*, developed by external studio Frozenbyte and published by THQ Nordic.

The release of *Payday 3* was confirmed in January 2023 and quickly reached 1 million wishlists on Steam, which has up until early August reached 1.5 million. The game was revealed in Xbox 'E3 Showcase', as one of the biggest third-party reveals. *Payday* has recently exited a successful closed Beta which was well received by the Payday community, driving a notable pre-order uplift. The full game will be released on September 21.

Since the release of *Saints Row* a year ago, Deep Silver and Volition have been improving and adding to the game over the last 12 months with a catalog of fixes, improvement and new free and premium content. The *Saints Row* upcoming Steam release on August 24 will bring an expanded and improved game.

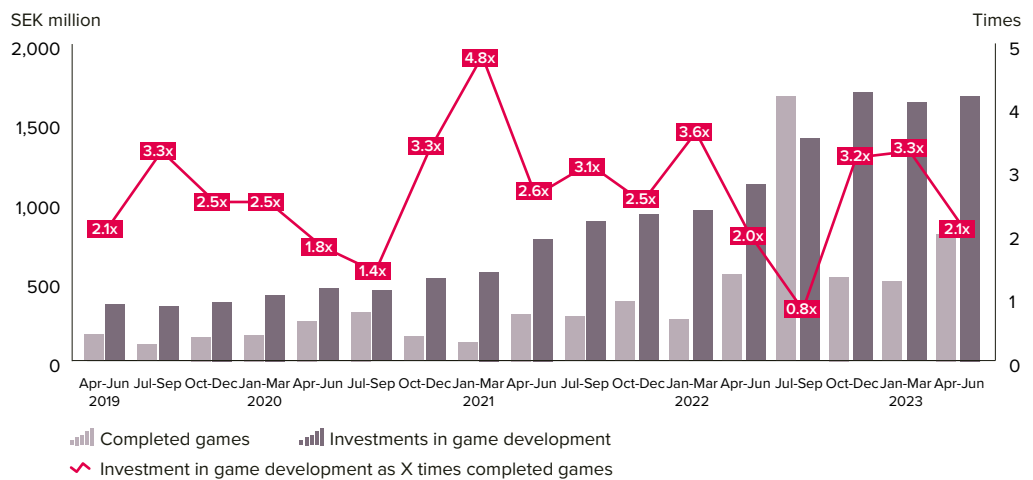




In early August THQ Nordic hosted a digital showcase revealing the following upcoming releases: *Teenage Mutant Ninja Turtles – The Last Ronin*, *Titan Quest II*, plus *South Park: Snow Day!*, which is planned to be released in Q4 FY 23/24.

### GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES

The PC/Console Games segment continues to make considerable investments in game development. In total, SEK 1,672 million (1,114) were invested in game development during the quarter. The finalized value of the completed and released games during the quarter amounted to SEK 803 million (545), driven by the release of *Dead Island 2*. The ratio of investments to completed games was thus largely stable year-over-year, at 2.1x, 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.



Remnant II



## ANNOUNCED PC/CONSOLE RELEASES AS OF AUGUST 17, 2023

Title	Publishing Label	IP Owner	Main developer	Platforms
<i>MythForce</i>	Aspyr	Own	Internal	PS5, XB XIS, Switch, PS4, XB1
<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>Ripout</i>	3D Realms	External	External	PC, XB XIS, PS5
<i>Kingpin: Reloaded</i>	3D Realms & External	License	Internal	PC, PS5, XB XIS, XB1
<i>Lightyear Frontier</i>	Amplifier	Own	Internal	PC, XB XIS, XB1
<i>Payday 3</i>	Deep Silver	External	External	PC, PS5, XB XIS
<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>Relic Hunters Legend</i>	Gearbox Publishing	External	External	PC
<i>Risk of Rain Returns</i>	Gearbox Publishing	Own	External	PC, Switch
<i>Deep Rock Galactic: Survivor</i>	Ghost Ship Publishing	Own	External	PC
<i>Spellrouge</i>	Ghost Ship Publishing	External	External	PC
<i>DarkSwarm</i>	Ghost Ship Publishing	External	External	PC
<i>Airhead</i>	HandyGames	External	External	PC, PS4, XB1, Switch
<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, PS4, XB1
<i>Hot Wheels Unleashed™ 2 – Turbocharged</i>	Milestone	License	Internal	PC, PS5, XB XIS, Switch, PS4, XB1
<i>RIDE 5</i>	Milestone	Own	Internal	PC, PS5, XB XIS
<i>Ships at Sea</i>	Misc Games	Own	Internal	PC
<i>The Siege and the Sandfox</i>	PLAION	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Undisputed</i>	PLAION	External	External	PS5, XSX
<i>Warhammer 40,000: Speed Freeks</i>	PLAION	External	External	PC
<i>Echoes of The End</i>	Prime Matter	External	External	PC, PS5, XB XIS
<i>Final Form (final title TBD)</i>	Prime Matter	Shared	External	PC, PS5, XB XIS
<i>New Painkiller (final title TBD)</i>	Prime Matter	Own	Internal	TBC
<i>System Shock Remake</i>	Prime Matter	External	External	PS4, PS5, XB XIS
<i>Kona 2: Brume</i>	Ravencourt	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Night is Coming</i>	Ravencourt	External	External	PC
<i>A Quiet Place</i>	Saber	External	External	TBC
<i>Teardown</i>	Saber	Own	Internal	PS5, XB XIS
<i>Tempest Rising</i>	Saber	Own	Internal	PC
<i>WarPaws</i>	Saber	External	Internal	PC, PS5, XB XIS, Switch
<i>Wild Card Football</i>	Saber	Own	Internal	PC, PS5, XB XIS, Switch, PS4, XB1

\* 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>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>Last Train Home</i>	THQ Nordic	Own	Internal	PC
<i>Outcast – A New Beginning</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Space For Sale</i>	THQ Nordic	Own	Internal	PC
<i>South Park: Snow Day!</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch
<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 II</i>	THQ Nordic	Internal	Internal	PC, PS5, XB XIS
<i>Trine 5: A Clockwork Conspiracy</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Wreckreation</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Arizona Sunshine 2</i>	Vertigo games	Own	Internal	PS VR2, PC VR, Standalone VR
<i>Hellsweeper VR</i>	Vertigo Games	External	External	Oculus Quest 2, PC VR, PS VR2
<i>The 7th Guest VR</i>	Vertigo games	External	Internal	Oculus Quest 2, PC VR, PS VR2
<i>Toss!</i>	Vertigo Games	External	External	Oculus Quest 2, Standalone VR, PS VR2, PC VR
<i>World of diving</i>	Vertigo Games	External	External	Oculus Quest 2, Steam VR, Viveport
<i>Bloomtown: A Different Story*</i>	Twin Sails Interactive	External	External	PC
<i>Wantless*</i>	Twin Sails Interactive	External	External	PC
<i>News Tower*</i>	Twin Sails Interactive	External	External	PC
<i>Gloomhaven*</i>	Twin Sails Interactive	License	Internal	PS5, XB XIS ,Switch, PS4, XB1
<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.



Wreckreation



## OPERATING SEGMENT MOBILE GAMES

The Mobile Games operating segment consists of 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 %** (21 %)

### INTELLECTUAL PROPERTY (IP)

**48** (41)

### INTERNAL HEADCOUNT

**1,196** (1,117)

### INTERNAL STUDIOS

**11** (11)

Key performance indicators, Mobile Games	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales, SEK m	1,438	1,488	5,819
Net sales growth from previous period	–3 %	104 %	19 %
EBIT, SEK m	291	–117	–260
EBIT margin	20 %	–8 %	–4 %
Adjusted EBIT, SEK m	424	277	1,381
Adjusted EBIT margin	29 %	19 %	24 %
User Acquisition Cost (UAC), SEK m	641	883	2,925
User Acquisition Cost (UAC), % of net sales	45 %	59 %	50 %
Total installs, million	257	387	1,353
Total Daily Active Users (DAU), million	33	36	35
Total Monthly Active Users (MAU), million	312	307	301

### SEGMENT HIGHLIGHTS

Net sales in the quarter for Mobile Games amounted to SEK 1,438 million, a decrease of –3 % compared to the same period last year, or by –12% organically and pro forma in constant currency. The Mobile Games saw some headwind from lower ad prices YoY, impacted by platform changes related to privacy, lower player engagement post-covid and macroeconomic factors. The negative growth is also a result of lower user acquisition investments in recent quarters as a response to new market circumstances, aimed to keep desired profitability levels. Underlying market trends have started to improve including some positive trends with regard to monetization.

EBIT amounted to SEK 291 million (–117), yielding a 20 % (–8 %) EBIT margin. Adjusted EBIT amounted to SEK 424 million (277), yielding a 29 % (19 %) Adjusted EBIT margin. User acquisition costs amounted to SEK 641 million (883), or 45 % (59 %) of net sales. Easybrain and DECA (including CrazyLabs) have optimized user acquisition investment, leading to a solid profit margin in the quarter despite negative organic growth.

Easybrain had a solid quarter, with profitability above management expectations, and is scaling up user acquisition investments in a systematic way to balance growth and profitability. The company had no new full releases in the quarter, but has more than six games in soft launch or in development. CrazyLabs launched *Drawing Carnival* in the quarter and its hyper casual back catalog saw an improved performance. DECA has several ongoing projects and saw sequential growth and improved profitability. The strongest back catalog titles in the quarter were *Sudoku.com*, *BlockuDoku*, *Jigsaw Puzzles*, *Number Match* and *Art Puzzle*.





## OPERATING SEGMENT TABLETOP GAMES

The Tabletop Games operating segment consists of 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 22 creative studios and its 22 local, owned distribution offices across the globe. With 40+ million games sold annually in more than 50 countries, Asmodee's portfolio hosts fan & family favorite board games such as Ticket to Ride, Catan, Splendor, 7 Wonders, Azul, Exploding Kittens, Dobble/Spot It!, Star Wars: Legion and many more.

### SHARE OF GROUP SALES

**30 %** (37 %)

### INTELLECTUAL PROPERTY (IP)

**397** (369)

### INTERNAL HEADCOUNT

**2,579** (2,388)

### INTERNAL STUDIOS

**22** (22)

Key performance indicators, Tabletop Games	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales, SEK m	3,184	2,665	13,132
of which Digital products, SEK m	32	59	170
of which Physical products, SEK m	3,121	2,583	12,847
of which Other, SEK m	32	23	115
Net sales growth from previous period <sup>1)</sup>	20 %	-	2,199 %
EBIT, SEK m	-71	153	828
EBIT margin	-2 %	6 %	6 %
Adjusted EBIT, SEK m	206	445	2,010
Adjusted EBIT margin	6 %	17 %	15 %

<sup>1)</sup> Asmodee became part of Embracer Group in March 2022.

### SEGMENT HIGHLIGHTS

Net Sales for the Tabletop Games segment amounted to SEK 3,184 million, an increase of 20 % compared to the same period last year or by 9 % organic growth and 7 % pro forma in constant currency. Growth was driven by the trading card games product category, with more contained growth for board games. From a geographical perspective, growth in Europe notably outperformed growth in the US.

EBIT amounted to SEK -71 million (153), yielding a -2 % (6 %) EBIT margin. Adjusted EBIT amounted to SEK 206 million (445), yielding a 6 % (17 %) Adjusted EBIT margin. Adjusted EBIT was in line with management expectations in one of the seasonally weakest quarters of the year. On a YoY basis, profitability was impacted by a product mix more geared towards trading card games. Operating costs also increased YoY due to inflation and the run rate impact of prior year recruitments. In addition, the comparative quarter last year benefitted from notable cost phasing into later quarters as a result of a shift of activities during the initial integration phase after transaction closing. These impacts are expected to moderate over the next quarters as Asmodee laps the run-rate and inflation effects and as the timing differences on operating costs unwind.

The effects of the continued inventory unwinding mentioned in previous quarters can be seen in Asmodee's free cash flow generation. While the first fiscal quarter is a period where historic seasonal trends reflect a significant inventory build-up in preparation for the peak season, the inventory increase in Q1 this year was moderated by the unwinding effect and the action plans previously implemented by management to control inventory levels. As a result, the working

# asmodee



capital investment in inventory during Q1 decreased by more than SEK 400 million compared to the same period last year. This drives a significant improvement in cash generation with Asmodee delivering a positive free cash flow for the quarter.

The company is expected to convert above 100% of its Adjusted EBIT into free cash flow in FY 2023/24, with a positive contribution in the first half of the financial year compared to the cash consumption seen in H1 last year.

Asmodee has a strong pipeline of novelties and new releases with a number of new titles reaching the market during Q1 FY 2023/24, including new original titles such as *Anarchy Pancakes* from Exploding Kittens, *Setup* from Bezzerwizzer and *The Number* from Repos Prod along with new licensed games such as *MARVEL D.A.G.G.E.R* from Fantasy Flight Games and a successful launch of *Shatterpoint*, a new Star Wars miniatures game from Atomic Mass.

In the coming quarters new releases will include original titles such as *Champions!* and *Spellbook*, a new legacy game in the successful *Ticket to Ride* franchise as well as new titles base on popular licenses such as *Dixit Disney* and *Bridgerton*. The release of an exciting new trading card game, *Star Wars Unlimited* published by Asmodee's Fantasy Flight Games studio, is scheduled for release in the fourth quarter.

Asmodee also received 3 prestigious Spiel des Jahres awards at the recent ceremony in July.

- > *Mysterium Kids: Captain Echo's Treasure* from Space Cow and Libellud received the Kinderspiel des Jahres 2023 recognising the best childrens' game.
- > *Challengers!* from Z-Man received the Kennerspiel des Jahres 2023 recognising the advanced games category.
- > *Unlock!* and *Unlock! Kids* from Space Cowboys and Space Cow received the Sonderpreis 2023, a Special Jury prize acknowledging the games' innovation and impact on the board gaming industry.







## 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

**18 %** (9 %)

### INTELLECTUAL PROPERTY (IP)

**194** (163)

### INTERNAL HEADCOUNT

**967** (820)

### INTERNAL STUDIOS

**3** (1)

Key performance indicators, Entertainment & Services	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales, SEK m	1,832	671	5,270
of which Digital products, SEK m	342	97	547
of which Physical products, SEK m	1,084	560	4,658
of which Other, SEK m	407	14	65
Net sales growth from previous period	173 %	44 %	70 %
EBIT, SEK m	185	–4	–170
EBIT margin	10 %	–1 %	–3 %
Adjusted EBIT, SEK m	284	21	281
Adjusted EBIT margin	15 %	3 %	5 %

### SEGMENT HIGHLIGHTS

Net sales in the quarter for Entertainment & Services amounted to SEK 1,832 million, an increase of 173 % compared to the same period last year, or 70 % organically and 83 % pro forma in constant currency. The organic and pro forma growth was primarily driven by PLAION Publishing division, with two notable releases from partners in the quarter. The inorganic increase in net sales was primarily driven by the acquisitions of Limited Run Games and Middle-earth Enterprises.

EBIT amounted to SEK 185 million (–4), yielding a 10 % (–1 %) EBIT margin. Adjusted EBIT amounted to SEK 284 million (21), yielding a 15 % (3 %) Adjusted EBIT margin. The higher margin is primarily explained by stronger-than-expected licensing revenue for the *Lord of the Rings* IP. In the quarter, two external games were released, including the mobile game *The Lord of the Rings: Heroes of Middle-earth* (EA) and PC/console game *The Lord of the Rings: Gollum* (Daedalic Entertainment). Middle-earth-Enterprises, part of the operative group Freemode, also announced a licensing agreement for Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on the IP.

Late in the quarter, on June 23, the *Magic the Gathering* trading card game *The Lord of the Rings: Tales of Middle-earth™*, was released by Middle-earth Enterprises' licensing partner Wizards of the Coast, garnering positive acclaim from fans and critics. Middle-earth Enterprises is the licensor and thereby receives royalty revenues based on the sales of the TCG series. Additionally, later this year, *The Lord of the Rings: Return to Moria*, a new, exciting PC/console survival-crafting game from external licensee North Beach Games and the development studio Free Range Games is expected to be released. These two titles are examples of potential key revenue drivers for Middle-earth Enterprises during this financial year.



## OTHER FINANCIAL INFORMATION

### NET PROFIT FOR THE PERIOD

Net profit for the first quarter amounted to SEK 2,251 million (–182), an increase of SEK 2,433 million YoY, primarily driven by non-cash effects in net financial items.

Net financial items amounted to SEK 2,171 million (538) in the quarter. Net interest income/expenses and other financial income/expenses amounted to SEK –236 million (–67). 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 1,667 million (–65). The increase is mainly explained by a reduction in the Embracer share price which lowers the fair value. Exchange rate gain/losses amounted to SEK 740 million (670), mainly related to the revaluation of intercompany financial receivables.

Income tax amounted to SEK –341 million (–322) in the quarter. Current income tax amounted to SEK –504 million (–275) and deferred income tax amounted to SEK 163 million (–47).

### CONDENSED CASH FLOW

SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>Operating activities</b>			
Cash flow from operating activities before changes in working capital	1,870	1,606	7,545
Cash flow from changes in working capital	–511	–1,260	–2,162
<b>Cash flow from operating activities</b>	<b>1,359</b>	<b>347</b>	<b>5,383</b>
Cash flow from investing activities	–2,350	–3,688	–15,489
Cash flow from financing activities	120	7,393	8,501
<b>Cash flow for the period</b>	<b>–871</b>	<b>4,052</b>	<b>–1,605</b>
Cash and cash equivalents at the beginning of period	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	161	365	457
<b>Cash and cash equivalents at the end of period</b>	<b>3,952</b>	<b>10,227</b>	<b>4,662</b>

Cash flow from operating activities amounted to SEK 1,359 million (347) whereof cash flow from working capital amounted to SEK –511 million (–1,260) in the quarter. Compared to the previous year there is a significantly reduced inventory build-up in the Tabletop Games segment. The increase in working capital in the quarter is driven by seasonal build-up of inventory in Tabletop Games segment. Operating receivables increased driven by strong sales in Entertainment & Services and Tabletop towards the end of the quarter. The increase in operating liabilities was relatively lower due to reduction of prepaid income and trade payables.

Cash flow from investing activities amounted to SEK –2,350 million (–3,688) in the quarter. The effects in the cash flow from investing activities is driven by increased investments in intangible assets SEK –1,911 million (–1,204) where SEK –1,757 million (–1,114) is invested in the portfolio of on-going game development and the majority –1,672 million relates to the PC/Console Segment.

Current investments amounted to SEK 0 million (–1 533) and the cash flow from Acquisitions of subsidiaries amounted to SEK –113 million (–842). Acquisition of financial assets amounted to –226 million (–35) and mainly relates to a long-term licensing contract in Entertainment & Services segment.

Free cash flow after changes in working capital amounted to SEK –599 million (–794) (see page 47-50) which is largely in-line with management expectations for the quarter.

Cash flow from financing activities amounted to SEK 120 million (7,393) in the quarter. Comparing this quarter to the same quarter last year the decrease mainly relates to the proceeds from borrowings that amounted to 635 million during the quarter compared with SEK 2,739 million during the same quarter last year. A new share issue that amounted to SEK 4,875 million was made in the first quarter of the financial year 2022/2023.



## NET DEBT AND AVAILABLE FUNDS

SEK m	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Cash	3,952	10,227	4,662
Current investments	17	1,533	18
Current liabilities to credit institutions	-17,962	-13,865	-683
Current account credit facilities	-88	-208	-17
Non-current liabilities to credit institutions	-2,671	-9,172	-19,560
<b>Net Debt (-) / Net Cash (+)</b>	<b>-16,752</b>	<b>-11,486</b>	<b>-15,581</b>

As per June 30, 2023 the group had non-interest-bearing deferred considerations and obligations related to historical business combinations with an expected cash settlement of SEK 8.8 billion with an estimated maturity structure according to page 20.

In July, agreements were signed for the parent company's main credit- and loan facilities, extending the maturity until October 2024. Thus, as of August 17, the parent company has no material short-term loans. Further negotiations regarding a longer-term extension of the loans continue according to plan and are expected to conclude during the autumn.

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 June 30, 2023 Embracer has substantial headroom to the covenants.

SEK m	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Cash	3,952	10,227	4,662
Current investments	17	1,533	18
Unutilized credit facilities amounts to	1,066	8,165	1,404
<b>Available funds</b>	<b>5,035</b>	<b>19,925</b>	<b>6,083</b>



Embracer Group HQ

## 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 are accounted for as either equity or debt in the group's balance sheet. On June 30, the debt portion amounted to SEK 4,074 million and the equity portion amounted to SEK 1,999 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 business combinations 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 June 30, 2023. The table is based on the closing exchange rates as of June 30. The present value of contingent considerations has been calculated based on the 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.

During the quarter the obligations has increased with SEK 196 million driven by exchange rates and discount rates. The changes in the settlement structure since last quarter is explained by changes in the estimation of timing on target fulfillment.

Financial year when settlement might occur	Contingent consideration classified as part of purchase price <sup>1)</sup> , SEK m	Obligations in relation to future personnel costs related to acquisitions, SEK m	Total obligations related to historical acquisitions, SEK m
2023/2024	1,962	342	2,304
2024/2025	596	291	887
2025/2026	303	395	699
2026/2027	1,782	846	2,628
2027/2028	560	1,031	1,591
2028/2029	240	113	352
2029/2030	284	25	309
2030/2031	19	3	21
	<b>5,745</b>	<b>3,046</b>	<b>8,791</b>

<sup>1)</sup> 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 June 30, the debt amounted to SEK 1,073 million, divided into current and non-current debt.

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent upon future financial or operational targets. Additional information is available in note 5. Put/call options on non-controlling interest refers to put/call option on non-controlling interests in business combinations 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. Additional information is available in note 5.



### Obligations related to historical acquisitions to be settled in shares

The table below provides an overview of obligations related to historical acquisitions on June 30, 2023, which will be settled in shares, with information on the number of shares. Contingent considerations classified as part of the purchase consideration are 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 are 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	66	24	90
To be issued	77	30	107
<b>Total number of shares</b>	<b>143</b>	<b>54</b>	<b>197</b>

The number of shares to be issued as additional purchase price can vary but never exceed 107 million according to the earnout agreements. If all shares are issued, the dilution will amount to 7.86 % of capital and 5.46 % of the voting rights as of June 30, 2023, and the total number of shares after full dilution will be 1,367 million.

Current expectations of shares to be issued based on target achievement are within the interval 63 to 76 million. If shares within this interval are issued, the dilution will amount to 4.74-5.70 % of capital and 3.26-3.93 % of the voting rights as of June 30, 2023.

The 90 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 the 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 40 million shares due to several target achievements.

### FINANCIAL LEVERAGE POLICY

The Board of Directors of Embracer Group has set goals for the capital structure. The leverage target is to have net debt to Adjusted EBIT of 1.0x on a 12-month forward looking basis. The Group may exceed this ratio for the right inorganic growth opportunity, but with the ambition to return to below 1.0x in the medium term.

### 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 31 million (18), and profit before tax was SEK 532 million (493). Profit after tax was SEK 445 million (389).

Cash and current investments as of June 30, 2023 were SEK 0 million (7,396). Available funds amounted to SEK 173 million as of June 30, 2023. The parent company's equity at the end of the period was SEK 60,099 million (52,458).



## SIGNIFICANT EVENTS DURING THE QUARTER

- > On May 15, Middle-earth-Enterprises announced an agreement with Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on *The Lord of the Rings*.
- > On May 15, Embracer Group AB estimated that the Adjusted EBIT for Q4 FY 2022/23 would amount to SEK 0.9 billion. Adjusted EBIT for FY 2022/23 was estimated to SEK 6.35 billion, compared to the previously communicated forecast range of SEK 8.0-10.0 billion. The difference was primarily due to not closing the transformative partnership- and licensing deals, as announced by a press release on 27 March 2023.
- > In connection to the publication of the Q4 FY 2022/23 report on May 24, Embracer Group communicated that a major strategic partnership would not materialize. The deal would have enabled a catch-up payment at closing for already capitalized costs for a range of large-budget games, but also notably improved medium-to-long-term profit and cash flow predictability for the duration of the game development projects.
- > On June 13, Embracer Group AB announced a comprehensive restructuring program for FY 2023/24, running until the end of March 2024. The program's main focus areas are capex and opex savings, capital allocation, and efficiency improvements.
- > On June 13, and in connection with the announcement of the restructuring program Matthew Karch was appointed interim Chief Operating Officer, and Phil Rogers was appointed interim Chief Strategy Officer, who will co-lead the program planning and implementation.
- > On June 29, the nomination committee of Embracer Group resolved, in accordance with the audit and sustainability committee's recommendation, to propose PwC as new auditor at the annual general meeting 2023. PwC has notified that Magnus Svensson Henryson will be proposed as main responsible auditor.

## SIGNIFICANT EVENTS AFTER THE QUARTER

- > On July 5, Embracer Group announced and successfully carried out an issue of 80,000,000 new B shares directed to Swedish and international institutional investors, thereby raising gross proceeds of SEK 2 billion. The subscription price in the share issue amounted to SEK 25.00 per B share and was determined through an accelerated book-building procedure led by Goldman Sachs, Nordea Bank, SEB and Swedbank. Embracer Group intends to use the net proceeds to further strengthen its financial position, improve financing costs and operational flexibility in addition to previously announced restructuring program. The rights issue increased the number of shares in Embracer Group to 1,339,242,167, of which 66,798,274 are A shares carrying ten votes each and 1,272,443,893 are B shares carrying one vote each.



## SUSTAINABILITY AND GOVERNANCE

During Q1 FY 2023/24, Embracer Group enrolled in the UN Global Compact Target Gender Equality Accelerator program. It is a six-month program that activates participating companies of the UN Global Compact to move from commitment to action through performance analysis, capacity-building workshops, learning from best-practice, and multi-stakeholder dialogue. The program will support companies in setting and reaching ambitious corporate targets for women's representation and equal pay for work of equal value.

Further, Embracer also participated in the S&P Global Corporate Sustainability Assessment (CSA), an annual evaluation of companies' sustainability practices. CSA covers over 10,000 companies around the world. The assessment focuses on sustainability criteria that are both industry-specific and financially material and is used to benchmark companies' sustainability performance relative to their industry peers. It also provides internal and external stakeholders with important insights into a company's sustainability performance and value drivers.

To meet the upcoming legal requirements for EU's Corporate Sustainability Reporting Directive (CSRD), Embracer launched an internal CSRD readiness project, ensuring that the Group is prepared to meet those obligations.

During the quarter different initiatives were taken to create interest in the industry among youngsters and girls. To encourage young people and introduce them to the gaming industry Embracer cooperates with partners addressing these topics and one of the initiatives is Kodcentrum. This summer, Kodcentrum organized a five-day camp, including game development workshops for children and young people in Karlstad, Sweden. Kodcentrum organized the camp together with Karlstad Municipality, Embracer Group, and The Great Journey. The operative group Crystal Dynamics – Eidos hosted their second annual summer camp "Girls Make Games" to inspire the next generation of designers, creators, and engineers.

In the quarter an internal accessibility webinar week was launched and shared across the group, hosted by Gearbox and Eidos. Topics included were; *"2022-2023 Game Accessibility Industry Recap"*, *"QA's role in Accessibility"*, *"How To Be A Game Accessibility Champion in Your Organization"*, *"Developing Closed Captions in Marvel's Guardians of the Galaxy"* and *"Audio Description Best Practices in Games"*.

During the reporting quarter, a new annual training on privacy was launched for all 16,500 employees in the group.



The Lord of the Rings: Tales of Middle-earth™

## MARKET REVIEW

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

### VIDEO GAMES MARKET

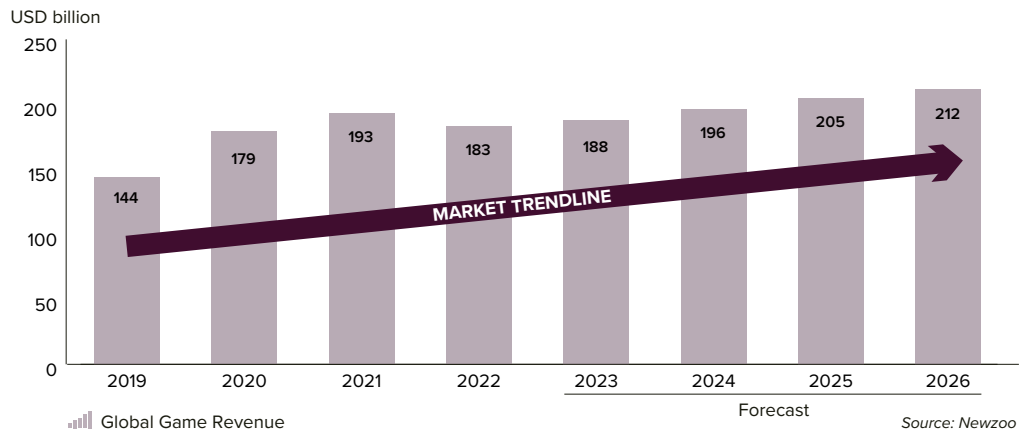
The underlying market conditions have improved, compared to last year, despite a challenging macro environment. Gaming continues to permeate the mainstream, with many gaming IPs crossing medias successfully to Film and TV. Furthermore, the number of players globally continues to rise, up 6 % to 3.4 billion in 2023<sup>1)</sup>.

In 2023 the global video games market is expected to generate USD 188 billion, an increase of 3 % YoY<sup>1)</sup>.

The video games market growth is being driven by better console supply, a stronger new release line-up (several titles previously delayed by the pandemic), digital sales generally, subscription business, VR and Games as a Service (in-game revenue). In the first half of 2023, PS5 console sales are off to a good start, over doubling YoY in Europe and almost doubling YoY in the US<sup>2)</sup>.

The gaming market is more resilient than other markets to deal with economic pressures. This comes from its good perceived value for money and the many different ways and levels of playing and paying. Furthermore, people are expected to spend more time at home during a spending squeeze.

The longer-term growth prospects also remain strong, and total games market values are predicted to reach USD 212 billion in 2026, a 6 % CAGR between 2019 and 2026<sup>1)</sup>. In fact 2022 represents the only declining year for the games market (in the 8 years between 2019 and 2026) and analyst firm Newzoo predict market growth in each of the next 4 years.



*A note on the above market estimations from Newzoo: Values and growth levels are slightly lower than their previous predictions (May) mainly due to a lowering of 2023 estimations for mobile gaming revenues (total 2023 revenue is USD 0.8 billion / 0.4 % lower than the previous forecast in May).*

### PC / Console Games Market

The Console sector, estimated at USD 52 billion (2022), accounts for 29 % of the global video games market and is expected to increase in 2023 by 7 % YoY<sup>1)</sup> thanks largely to an acceleration of the new-gen console installed base, with more freely available supply, growing subscription revenues and a stronger new release line-up. Furthermore, Sony has reported that PS5 owners are generally more engaged and spend more on average (30 % more) than PS4 owners previously. Overall, console will be the fastest growing sector of the video games market in 2023.

The PC sector continues its steady performance. It is estimated at USD 39 billion (2022), accounting for 21 % of the global games market. It is expected to see growth of 0.5 % in 2023<sup>1)</sup>. The sector has benefitted from the large increase in home PCs and laptops during the pandemic. Steam is still the dominant retailer and, noticeably, their global player base reached its highest ever (at 250 million) last year growing with a 2-year CAGR of 9 % between 2020 and 2022<sup>1)</sup>.





Growth in both the PC and Console markets are expected to be helped (this year and onwards) by increasing “in-game revenue” stemming from purchases within games (either in premium games or free-to-play games).

### Mobile Gaming Market

The mobile gaming market, estimated at USD 92 billion (2022), is the largest game sector, representing 50 % of the global gaming market. It is expected to see modest growth of 0.8 % YoY in 2023<sup>1)</sup>. The sector’s performance is good considering persistent headwinds including ongoing pressures of privacy regulation which is taking time for developers to adjust to, China’s slow license approval process and the fact that the more casual mobile users are seemingly more affected by economic pressures than other gaming sectors.

### TABLETOP GAMES MARKET

The tabletop market (EU + US, STCG, Card & Board Games), in which Embracer Group’s Asmodee is a key player, was slightly down by 1.3 % YoY in Q1 FY 2023/24. Tabletop market growth was driven by the EU, growing by 8.1 %, while the US Tabletop market decreased by 5.9 %<sup>3)</sup>. Growth in Europe was driven primarily by the STCG market, which was up 25.1% YoY, while the Boardgame market also grew slightly at 2 % YoY. The US Boardgame market was down 5 % YoY<sup>3)</sup>.

### ENTERTAINMENT & SERVICES MARKET

#### Comics and Books

Book sales in the US continue to be lower compared to the record levels of 2020-2022 but are higher than pre-pandemic levels. In Q1 FY 2023/24 sales fell 2.7 % YoY<sup>4)</sup>. After years of constant growth, manga slowed down and declined by 19 % for 2023 YTD (as of week 24, ending June 17). Excluding manga, the comics and graphical novels category is down 13 % YoY in value, although still trending above pre-pandemic levels. Dark Horse published manga *Berserk*, the top selling manga series in the US during the first half of 2023<sup>5)</sup>.

#### TV and Film

The strikes by both the Writers’ and Screen Actor’s Guilds have had an impact on the entertainment industry with a vast number of projects and productions halted, resulting in delays until after the strikes are settled<sup>6)</sup>. Industry revenues are expected to decline in the coming quarters as major films and TV series are delayed. The strikes affect scripted content produced in the US which means that unscripted content, like reality TV shows and game shows, together with films and TV series produced outside of the US, can fill the void of delayed productions.

The strike aside, the trend for global box office revenues has been positive and hit USD 4.54 billion in the month of July 2023, making it the single highest grossing month since before the pandemic began, tracking 17 % above the July-average of the last three pre-pandemic years (2017-2019)<sup>7)</sup>. For 2023 YTD (as of end of July) the global box office revenue is estimated at USD 20.95 billion, which is 31 % up YoY but 11 % below the 2017-2019 average for the same period. The US box office revenue reached USD 5.83 billion for 2023 YTD which is down 18 % compared to the 2017-2019 average.

Film and TV series based on video games continue to perform well. *The Super Mario Bros.* movie continued its stellar performance grossing USD 1.35 billion in global box office revenues<sup>8)</sup> from the premiere in April until end of July. Furthermore, Season 3 of *The Witcher* was the most watched TV series for three weeks in July on Netflix<sup>9)</sup>. The trend of film and TV adaptations is set to continue with major properties like *Sonic the Hedgehog 3* (Paramount Pictures), *Borderlands* (Lionsgate) and *Minecraft* (Warner Bros Pictures) coming to the silver screen in 2024 and 2025.

<sup>1)</sup> Source: Newzoo

<sup>2)</sup> Source: VG Chartz

<sup>3)</sup> Source: NPD / Circana and Asmodee

<sup>4)</sup> Source: Circana BookScan

<sup>5)</sup> Source: ICv2.com analysis of data from Circana BookScan (book channel) and ComicHub (comic store channel)

<sup>6)</sup> Source: Business Insider

<sup>7)</sup> Source: Gower Street Analytics

<sup>8)</sup> Source: Box Office Mojo

<sup>9)</sup> Source: Netflix



## GAMES ARCHIVE

The Embracer Games Archive preserves and tributes the games culture with an 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 the Games Archive started a collaboration with Karlstad University, which will lead to researching and studying in the archive.

The Games Archive now has its own and dedicated homepage with regular updates and more accessible information where stakeholders can navigate and follow the work of the archive: [www.embracergamesarchive.com](http://www.embracergamesarchive.com)



Embracer Games Archive

## ANALYSTS FOLLOWING EMBRACER GROUP

AS OF AUGUST 17, 2023

Company	Name	Mail
ABG Sundal Collier	Simon Jönsson	simon.jonsson@abgsc.se
Barclays	Nick Dempsey	nick.dempsey@barclays.com
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Carnegie	Dennis Berggren	dennis.berggren@carnegie.se
Citi	Thomas A Singlehurst	thomas.singlehurst@citi.com
DNB Markets	Martin Arnell	martin.arnell@dnb.se
Danske Bank	Jacob Edler	jedl@danskebank.se
Deutsche Bank	George Brown	geroge-samuel.brown@db.com
Exane BNP Paribas	Nicholas Langlet	nicholas.langlet@exanebnpparibas.com
Goldman Sachs	Alexander Duval	alexander.duval@gs.com
HSBC	Ali Naqvi	ali.naqvi@hsbc.com
Handelsbanken Capital Markets	Rasmus Engberg	raen01@handelsbanken.se
Jefferies	Sebastian Patulea	spatulea@jefferies.com
JP Morgan	David Peat	david.peat@jpmorgan.com
Kepler Cheuvreux	Mathias Lundberg	mlundberg@keplercheuvreux.com
Nordea Markets	Marlon Värnik	marlon.varnik@nordea.com
Pareto	Vincent Edholm	vincent.edholm@paretosec.com
Redeye	Viktor Lindström	viktor.lindstrom@redeye.se
SEB	Erik Larsson	erik.larsson@seb.se

At [www.embracer.com](http://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 JUNE 30, 2023

Change from  
Mar 31, 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	20.85 %	39.39 %	-
Savvy Gaming Group	-	99,884,024	7.93 %	5.37 %	-
S3D Media Inc	12,798,274	70,772,440	6.64 %	10.68 %	-
Founders/Management - Easybrain	-	62,138,689	4.93 %	3.34 %	-2,267,448
Canada Pension Plan Investment Board (CPP)	-	43,595,333	3.46 %	2.34 %	-
PAI Partners	-	39,044,571	3.10 %	2.10 %	-
Alecta Tjänstepension	-	38,584,000	3.06 %	2.07 %	-4,000,000
DNB Asset Management AS	-	36,191,284	2.87 %	1.95 %	16,752,375
Handelsbanken Fonder	-	29,688,591	2.36 %	1.60 %	762,490
Swedbank Robur Fonder	-	26,427,211	2.10 %	1.42 %	-15,171,959
<b>TOP 10</b>	<b>65,058,478</b>	<b>656,564,473</b>	<b>57.31 %</b>	<b>70.26 %</b>	
<b>OTHERS</b>	<b>1,739,796</b>	<b>535,879,420</b>	<b>42.69 %</b>	<b>29.74 %</b>	
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,192,443,893</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Source: Monitor by Modular Finance.

Shareholder lists are available on [embracer.com](http://embracer.com) and are updated in real time.

## INTERNATIONAL OWNERSHIP

### TOP 50 INSTITUTIONAL

AS OF JUNE 30, 2023

BY CAPITAL

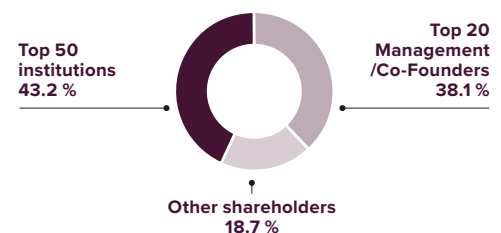


## INSTITUTIONAL OWNERSHIP

### VS MANAGEMENT

AS OF JUNE 30, 2023

BY CAPITAL



**TOP 20 MANAGEMENT & CO-FOUNDER OWNERS AS OF JUNE 30, 2023**

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	Embracer Group	52,260,204	210,238,330	20.85 %	39.39 %
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	6.64 %	10.68 %
Founders/Management <sup>1)</sup>	Easybrain	-	62,138,689	4.93 %	3.34 %
Ken Go	Deca Games	-	11,803,182	0.94 %	0.63 %
Randy Pitchford	Gearbox	-	9,563,028	0.76 %	0.51 %
Matthew Karch <sup>2)</sup>	Saber interactive	-	7,570,000	0.60 %	0.41 %
Founders/Management	4a	-	4,892,140	0.39 %	0.26 %
Erik Stenberg	Embracer Group	-	4,500,000	0.36 %	0.24 %
Management	Crazy Labs	-	4,402,714	0.35 %	0.24 %
Founders <sup>3)</sup>	Ghostship Games	-	4,128,206	0.33 %	0.22 %
Luisa Bixio	Milestone	-	4,124,342	0.33 %	0.22 %
Founders/Management	Aspyr	-	3,549,742	0.28 %	0.19 %
Richard Stitselaar and Kimara Rouwit	Vertigo Games	-	3,516,420	0.28 %	0.19 %
Pelle Lundborg	Embracer Group	1,739,796	1,009,120	0.22 %	0.99 %
Anton Westbergh	Coffee Stain	-	2,412,666	0.19 %	0.13 %
Klemens Kundratitz	Koch Media	-	2,255,856	0.18 %	0.12 %
William Munk II	Tripwire	-	1,501,907	0.12 %	0.08 %
David Hensley	Tripwire	-	1,501,907	0.12 %	0.08 %
Alan Wilson	Tripwire	-	1,482,887	0.12 %	0.08 %
Dennis Gustafsson	Tuxedo Labs	-	1,408,031	0.11 %	0.08 %
<b>TOP 20</b>		<b>66,798,274</b>	<b>412,771,607</b>	<b>38.08 %</b>	<b>58.09 %</b>
<b>ALL OTHER SHAREHOLDERS</b>		<b>-</b>	<b>779,672,286</b>	<b>61.92 %</b>	<b>41.91 %</b>
<b>TOTAL</b>		<b>66,798,274</b>	<b>1,192,443,893</b>	<b>100.00 %</b>	<b>100.00 %</b>

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.

<sup>1)</sup> Easybrain founders sold 2,267,448 B-shares during quarter.

<sup>2)</sup> Matthew Karch has bought 6,500,000 B-shares during quarter and 1,000,000 B-shares after quarter end.

<sup>3)</sup> Ghostship Games founders sold 10,000 B-shares during quarter.



Homeworld 3

**TOP 50 INSTITUTIONAL OWNERS AS OF JUNE 30, 2023**
**Change from  
Mar 31, 2023**

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Savvy Gaming Group		99,884,024	7.93 %	5.37 %	-
Canada Pension Plan Investment Board (CPP)		43,595,333	3.46 %	2.34 %	-
PAI Partners		39,044,571	3.10 %	2.10 %	-
Alecta Tjänstepension		38,584,000	3.06 %	2.07 %	-4,000,000
DNB Asset Management AS		36,191,284	2.87 %	1.95 %	16,752,375
Handelsbanken Fonder		29,688,591	2.36 %	1.60 %	762,490
Swedbank Robur Fonder		26,427,211	2.10 %	1.42 %	-15,171,959
Didner & Gerge Fonder		24,518,842	1.95 %	1.32 %	-7,205,287
SEB Fonder		21,826,096	1.73 %	1.17 %	4,211,447
BlackRock		20,868,161	1.66 %	1.12 %	878,386
Länsförsäkringar Fonder		12,567,869	1.00 %	0.68 %	3,204,770
Andra AP-fonden		12,426,695	0.99 %	0.67 %	-880,000
TIN Fonder		12,034,706	0.96 %	0.65 %	-
Skandia Fonder		10,475,804	0.83 %	0.56 %	-306,787
ODIN Fonder		8,000,000	0.64 %	0.43 %	-6,000,000
AMF Pension & Fonder		7,909,600	0.63 %	0.43 %	-15,856,400
DNB Asset Management SA		5,726,974	0.45 %	0.31 %	449,900
Baillie Gifford & Co		5,484,660	0.44 %	0.29 %	-109,869
Nordea Fonder		4,815,034	0.38 %	0.26 %	4,783,953
Första AP-fonden		4,627,001	0.37 %	0.25 %	-6,612,047
Martin Larsson (Chalex AB)		4,523,369	0.36 %	0.24 %	-
LOYS AG		4,350,000	0.35 %	0.23 %	3,510,000
Government of Japan Pension Investment Fund		4,343,291	0.34 %	0.23 %	-
Livförsäkringsbolaget Skandia		4,316,254	0.34 %	0.23 %	-5,561,228
Storebrand Fonder		3,995,789	0.32 %	0.21 %	2,760,787
State Street Global Advisors		3,626,088	0.29 %	0.19 %	114,473
Handelsbanken Liv Försäkring AB		3,614,913	0.29 %	0.19 %	850,525
Swedbank Försäkring		3,496,130	0.28 %	0.19 %	845,591
Enter Fonder		3,333,940	0.26 %	0.18 %	-2,159,828
Fidelity Investments (FMR)		3,240,934	0.26 %	0.17 %	68,146
Northern Trust		3,174,569	0.25 %	0.17 %	61,503
Aktia Asset Management		3,037,500	0.24 %	0.16 %	-544,496
Kåpan Pensioner Försäkringsförening		2,890,000	0.23 %	0.16 %	2,434,424
Folksam		2,688,592	0.21 %	0.14 %	2,688,592
Nordea Liv & Pension		2,618,453	0.21 %	0.14 %	519,635
Naventi Fonder		2,572,911	0.20 %	0.14 %	-
Tredje AP-fonden		2,550,000	0.20 %	0.14 %	428,000
RAM Rational Asset Management		2,178,114	0.17 %	0.12 %	240,620
Svenska Handelsbanken AB for PB		1,923,309	0.15 %	0.10 %	-87,150
1832 Asset Management		1,877,680	0.15 %	0.10 %	-
Aviva		1,807,496	0.14 %	0.10 %	1,366,164
M&G Investment Management		1,731,962	0.14 %	0.09 %	-
KBC Asset Management		1,702,333	0.14 %	0.09 %	-
Öhman Fonder		1,613,000	0.13 %	0.09 %	-3,719,391
Lancelot Asset Management AB		1,600,000	0.13 %	0.09 %	-
TIAA - Teachers Advisors		1,574,445	0.13 %	0.08 %	-
Global X Management Company LLC		1,519,807	0.12 %	0.08 %	-24,894
Fondita Fund Management		1,340,000	0.11 %	0.07 %	-
DWS Investments		1,228,049	0.10 %	0.07 %	14,666
Provobis Holding AB		1,200,000	0.10 %	0.06 %	800,000
<b>TOP 50</b>	<b>0</b>	<b>544,365,384</b>	<b>43.23 %</b>	<b>29.26 %</b>	
<b>ALL OTHER SHAREHOLDERS</b>	<b>66,798,274</b>	<b>648,078,509</b>	<b>56.77 %</b>	<b>70.74 %</b>	
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,192,443,893</b>	<b>100.00 %</b>	<b>100.00 %</b>	

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.

## AUDITOR'S REVIEW

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

## FORTHCOMING REPORTS

Annual General Meeting 2023	September 21, 2023
Interim Report Q2, July-September 2023	November 16, 2023
Interim Report Q3, October-December 2023	February 15, 2024

## FOR MORE INFORMATION

Find more information about the Company at its website: [embracer.com](https://embracer.com)  
For any questions on this report, please contact:

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**Johan Ekström**, *Group CFO & Deputy CEO*  
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**Oscar Erixon**, *Head of Investor Relations*  
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**Beatrice Flink Forsgren**, *Head of Brand & Communication*  
[beatrice.forsgren@embracer.com](mailto:beatrice.forsgren@embracer.com), +46 54 53 56 07



Lightyear Frontier

## SIGNATURES AND ASSURANCE

The Board of Directors and Chief Executive Officer offer their assurance that this interim report for the first 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, August 17, 2023

Kicki Wallje-Lund  
*Chair of the Board*

David Gardner  
*Board member*

Cecilia Driving  
*Board member*

Jacob Jonmyren  
*Board member*

Matthew Karch  
*Board member*

Erik Stenberg  
*Board member*

Lars Wingefors  
*CEO and Board member*

*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 August 17, 2023.*

*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.*



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales	4	10,450	7,118	37,665
Other operating income		90	100	409
<b>Total operating income</b>		<b>10,540</b>	<b>7,218</b>	<b>38,074</b>
Work performed by the Company for its own use and capitalized		1,458	866	4,788
Goods for resale		–3,915	–2,506	–14,768
Other external expenses	7	–2,391	–1,806	–8,704
Personnel expenses	8	–3,440	–2,940	–12,449
Depreciation, amortization and impairment		–1,781	–1,100	–6,523
Other operating expenses	9	–56	–134	–436
Share of profit of an associate		6	5	213
<b>Operating profit (EBIT)</b>		<b>421</b>	<b>–398</b>	<b>194</b>
Net financial items	10	2,171	538	4,822
<b>Profit before tax</b>		<b>2,592</b>	<b>140</b>	<b>5,015</b>
Income tax		–341	–322	–553
<b>Net profit for the period</b>		<b>2,251</b>	<b>–182</b>	<b>4,462</b>
<i>Net profit for the period attributable to:</i>				
Equity holders of the parent		2,250	–167	4,454
Non-controlling interests		0	–15	8
<b>Earnings per share</b>				
Basic earnings per share (SEK)		1.99	–0.16	4.17
Diluted earnings per share (SEK)		1.99	–0.16	4.12

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>Net profit for the period</b>		<b>2,251</b>	<b>–182</b>	<b>4,462</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss (net of tax):</i>				
Exchange differences on translation of foreign operations		3,071	2,816	4,802
Cash flow hedges		–1	-	8
<i>Items that will not be reclassified to profit or loss (net of tax):</i>				
Remeasurement of defined benefit plans for employees		0	-	10
<b>Total other comprehensive income for the period, net of tax</b>		<b>3,070</b>	<b>2,816</b>	<b>4,820</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>5,321</b>	<b>2,634</b>	<b>9,282</b>
<i>Total comprehensive income attributable to:</i>				
Equity holders of the parent		5,320	2,647	9,275
Non-controlling interests		0	–13	7



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		50,734	46,100	48,524
Intangible assets		47,909	33,014	45,579
Property, plant and equipment		1,214	843	1,148
Right-of-use assets		1,597	1,006	1,423
Investments in associates		250	142	253
Non-current financial assets		664	347	369
Deferred tax assets		1,801	1,344	1,777
<b>Total non-current assets</b>		<b>104,168</b>	<b>82,797</b>	<b>99,073</b>
<b>Current assets</b>				
Inventories		4,545	4,129	4,081
Trade receivables		5,702	3,958	5,253
Contract assets		885	-	790
Other receivables		1,881	1,141	1,484
Prepaid expenses		646	1,662	710
Current investments	5	17	1,533	18
Cash and cash equivalents		3,952	10,227	4,662
<b>Total current assets</b>		<b>17,629</b>	<b>22,650</b>	<b>16,998</b>
<b>TOTAL ASSETS</b>		<b>121,797</b>	<b>105,447</b>	<b>116,071</b>

## CONT. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		2	2	2
Other contributed capital		57,455	48,163	55,886
Reserves		8,016	2,938	4,945
Retained earnings, including net profit		6,086	-779	3,835
<b>Total equity attributable to equity holders of the parent</b>		<b>71,559</b>	<b>50,324</b>	<b>64,668</b>
Non-controlling interests		65	215	53
<b>Total equity</b>		<b>71,623</b>	<b>50,539</b>	<b>64,721</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		2,671	9,172	19,560
Other non-current liabilities		207	132	52
Lease liabilities		1,177	747	1,044
Other provisions		119	142	118
Contingent considerations	5, 6	3,643	11,104	4,497
Non-current put/call options on non-controlling interests	5, 6	1,851	-	2,905
Deferred considerations	5	376	-	329
Non-current employee benefits		11	19	10
Non-current liabilities to employees related to historical acquisitions	5	704	505	720
Deferred tax liabilities		8,102	6,551	7,965
<b>Total non-current liabilities</b>		<b>18,860</b>	<b>28,373</b>	<b>37,201</b>
<b>Current liabilities</b>				
Liabilities to credit institutions <sup>1)</sup>		17,962	13,865	683
Current account credit facilities		88	208	17
Advances from customers		94	115	79
Trade payables		3,268	3,755	2,809
Lease liabilities		482	303	444
Contract liabilities		1,916	1,852	2,012
Contingent considerations	5, 6	432	3,579	1,837
Current put/cal options on non-controlling interests	5, 6	324	-	-
Deferred considerations	5	1,712	-	1,690
Tax liabilities		938	704	638
Current liabilities to employees related to historical acquisitions	5	369	-	370
Other current liabilities		452	618	451
Accrued expenses		3,277	1,536	3,119
<b>Total current liabilities</b>		<b>31,315</b>	<b>26,534</b>	<b>14,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121,797</b>	<b>105,447</b>	<b>116,071</b>

<sup>1)</sup> SEK 17,059 million of the reported amount relates to the parent company's main credit- and loan facilities, which were extended on July 11, 2023.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Equity attributable to equity holders of the parent						
	Share capital	Other contributed capital	Reserves <sup>1)</sup>	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Opening balance 2022-04-01</b>	<b>2</b>	<b>42,433</b>	<b>124</b>	<b>-612</b>	<b>41,946</b>	<b>228</b>	<b>42,174</b>
Net profit	-	-	-	-167	-167	-15	-182
Other comprehensive income	-	-	2,814	-	2,814	2	2,816
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,814</b>	<b>-167</b>	<b>2,647</b>	<b>-13</b>	<b>2,634</b>
<i>Transactions with the owners</i>							
New share issue	-	5,125	-	-	5,125	-	5,125
Share-based remuneration according to IFRS 2	-	604	-	-	604	-	604
<b>Total</b>	<b>-</b>	<b>5,729</b>	<b>-</b>	<b>-</b>	<b>5,729</b>	<b>-</b>	<b>5,729</b>
<b>Closing balance 2022-06-30</b>	<b>2</b>	<b>48,163</b>	<b>2,938</b>	<b>-779</b>	<b>50,324</b>	<b>215</b>	<b>50,539</b>
<b>Opening balance 2023-04-01</b>	<b>2</b>	<b>55,886</b>	<b>4,945</b>	<b>3,835</b>	<b>64,668</b>	<b>53</b>	<b>64,721</b>
Net profit	-	-	-	2,250	2,250	0	2,251
Other comprehensive income	-	-	3,072	-	3,072	-	3,072
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>3,072</b>	<b>2,250</b>	<b>5,322</b>	<b>0</b>	<b>5,322</b>
<i>Transactions with the owners</i>							
Share-based remuneration according to IFRS 2	-	1,569	-	-	1,569	-	1,569
Transactions with non-controlling interests	-	-	-	-	-	11	11
<b>Total</b>	<b>-</b>	<b>1,569</b>	<b>-</b>	<b>-</b>	<b>1,569</b>	<b>11</b>	<b>1,580</b>
<b>Closing balance 2023-06-30</b>	<b>2</b>	<b>57,455</b>	<b>8,016</b>	<b>6,086</b>	<b>71,559</b>	<b>65</b>	<b>71,623</b>

<sup>1)</sup> Includes currency translation difference and cash flow hedge reserve.

# CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>Operating activities</b>			
Profit before tax	2,592	140	5,015
Adjustments for non-cash items, etc.	–493	1,646	3,432
Income tax paid	–229	–180	–902
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,870</b>	<b>1,607</b>	<b>7,545</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories	–269	–830	–801
Change in operating receivables	–304	–150	–361
Change in operating liabilities	62	–280	–1,000
<b>Cash flow operating activities</b>	<b>1,359</b>	<b>347</b>	<b>5,383</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	–103	–79	–500
Proceeds from sales of property, plant and equipment	-	3	3
Acquisition of intangible assets	–1,911	–1,204	–6,495
Proceeds from sales of intangible assets	-	-	499
Acquisition of subsidiaries, net of cash acquired <sup>1)</sup>	–113	–842	–8,935
Change in current investments	-	–1,533	–18
Acquisition of financial assets	–226	–35	–92
Proceeds from sales of financial assets	3	3	48
<b>Cash flow from investing activities</b>	<b>–2,350</b>	<b>–3,688</b>	<b>–15,489</b>
<b>Financing activities</b>			
New share issue	-	4,875	10,335
Issuance costs	-	-	–9
Proceeds from borrowings	635	2,739	6,120
Repayment of loans	–340	–42	–7,443
Payment of lease liabilities	–175	–179	–502
<b>Cash flow from financing activities</b>	<b>120</b>	<b>7,393</b>	<b>8,501</b>
<b>Cash flow for the period</b>	<b>–871</b>	<b>4,052</b>	<b>–1,605</b>
Cash and cash equivalents at the beginning of period	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	161	365	457
<b>Cash and cash equivalents at the end of period</b>	<b>3,952</b>	<b>10,227</b>	<b>4,662</b>

<sup>1)</sup> Of which SEK 102 million is related to historical acquisitions

# NOTES

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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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.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and its related notes in the interim information on page 37-43 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

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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

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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.

**CONT. >>**

>> NOTE 3 CONTINUED

Apr–Jun 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	3,996	1,438	3,184	1,832	10,450	-	-	10,450
Revenue from transactions with other operating segment	6	-	-	6	12	-12	-	0
<b>Total revenue</b>	<b>4,002</b>	<b>1,438</b>	<b>3,184</b>	<b>1,838</b>	<b>10,462</b>	<b>-12</b>	<b>-</b>	<b>10,450</b>
<b>Adjusted EBIT</b>	<b>837</b>	<b>424</b>	<b>206</b>	<b>284</b>	<b>1,750</b>	<b>-</b>	<b>-77</b>	<b>1,673</b>
Amortization of surplus values of acquired intangible assets	-358	-107	-203	-89	-757	-	-	-757
Transaction costs	-1	-	0	-6	-7	-	-	-7
Personnel costs related to acquisitions	-310	-25	-73	-4	-412	-	-	-412
Remeasurement of participation in associated companies	3	-	-	-	3	-	-	3
Items affecting comparability	-45	-	-	-	-45	-	-33	-78
<b>EBIT</b>	<b>126</b>	<b>291</b>	<b>-71</b>	<b>185</b>	<b>531</b>	<b>-</b>	<b>-110</b>	<b>421</b>
Net financial items								2,171
<b>Profit before tax</b>								<b>2,592</b>

Apr–Jun 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	2,294	1,488	2,665	671	7,118	-	-	7,118
Revenue from transactions with other operating segment	11	-	-	11	22	-22	-	0
<b>Total revenue</b>	<b>2,305</b>	<b>1,488</b>	<b>2,665</b>	<b>682</b>	<b>7,140</b>	<b>-22</b>	<b>-</b>	<b>7,118</b>
<b>Adjusted EBIT</b>	<b>602</b>	<b>277</b>	<b>445</b>	<b>21</b>	<b>1,345</b>	<b>-</b>	<b>-24</b>	<b>1,322</b>
Amortization of surplus values of acquired intangible assets	-251	-125	-178	-0	-555	-	-	-555
Transaction costs	-16	-1	-29	-24	-70	-	-	-70
Personnel costs related to acquisitions	-754	-268	-85	-	-1,107	-	-	-1,107
Remeasurement of contingent consideration	12	-	-	-	12	-	-	12
<b>EBIT</b>	<b>-407</b>	<b>-117</b>	<b>153</b>	<b>-4</b>	<b>-374</b>	<b>-</b>	<b>-24</b>	<b>-398</b>
Net financial items								538
<b>Profit before tax</b>								<b>140</b>

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	-	0
<b>Total revenue</b>	<b>13,490</b>	<b>5,819</b>	<b>13,132</b>	<b>5,296</b>	<b>37,737</b>	<b>-72</b>	<b>-</b>	<b>37,665</b>
<b>Adjusted EBIT</b>	<b>2,902</b>	<b>1,381</b>	<b>2,010</b>	<b>281</b>	<b>6,574</b>	<b>-</b>	<b>-208</b>	<b>6,366</b>
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
<b>EBIT</b>	<b>41</b>	<b>-260</b>	<b>828</b>	<b>-170</b>	<b>439</b>	<b>-</b>	<b>-245</b>	<b>194</b>
Net financial items								4,822
<b>Profit before tax</b>								<b>5,015</b>

## NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Apr–Jun 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
<b>Type of products</b>					
Digital products	2,646	1,423	32	342	<b>4,442</b>
Physical products	550	-	3,121	1,084	<b>4,755</b>
Other <sup>1)</sup>	800	15	32	407	<b>1,254</b>
<b>Revenue from contracts with customers</b>	<b>3,996</b>	<b>1,438</b>	<b>3,184</b>	<b>1,832</b>	<b>10,450</b>
<b>Apr–Jun 2022</b>					
<b>Type of products</b>					
Digital products	1,665	1,454	59	97	<b>3,275</b>
Physical products	148	-	2,583	560	<b>3,292</b>
Other <sup>1)</sup>	480	34	23	14	<b>551</b>
<b>Revenue from contracts with customers</b>	<b>2,294</b>	<b>1,488</b>	<b>2,665</b>	<b>671</b>	<b>7,118</b>
<b>Apr 2022–Mar 2023</b>					
<b>Type of products</b>					
Digital products	8,927	5,752	170	547	<b>15,395</b>
Physical products	1,101	-	12,847	4,658	<b>18,606</b>
Other <sup>1)</sup>	3,417	67	115	65	<b>3,664</b>
<b>Revenue from contracts with customers</b>	<b>13,444</b>	<b>5,819</b>	<b>13,132</b>	<b>5,270</b>	<b>37,665</b>

<sup>1)</sup> See Operating segment, page 9-17.

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

PC/Console Games	IP-rights		Total
	Owned titles	Publishing titles	
Apr-Jun 2023	2,923	1,073	<b>3,996</b>
Apr-Jun 2022	1,412	882	<b>2,294</b>

PC/Console Games	New releases	Back-catalog	Other	Total
Apr-Jun 2023	1,607	1,589	800	<b>3,996</b>
Apr-Jun 2022	364	1,450	480	<b>2,294</b>

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

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

## 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 Jun 30, 2023	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	29	-	-	29

Financial assets measured at fair value as of Jun 30, 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	29	-	-	29
Derivatives	-	3	-	3

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 Jun 30, 2023	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	4,075	4,075
Put/call options on non-controlling interests	-	-	2,174	2,174
Liabilities to employees related to acquisitions	-	-	1,073	1,073

Financial liabilities measured at fair value as of Jun 30, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	10,295	10,295
Put/call options on non-controlling interests	-	-	4,388	4,388
Liabilities to employees related to acquisitions	-	-	505	505

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	-	-	1,089	1,089
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–Jun 2023	Apr–Jun 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>8,471</b>	<b>11,572</b>	<b>11,572</b>
Acquisitions	-	210	1,352
Payment - shares to be issued	-	-	-1
Payment - clawback shares	-1,366	-154	-450
Payment - cash	-24	-35	-498
FX effects	-70	561	47
Reclassifications	-32	-	-338
Change in fair value recognized in consolidated statement of profit or loss	-906	180	-3,213
<b>Closing balance</b>	<b>6,073</b>	<b>12,334</b>	<b>8,471</b>

During the period, unrealized gains or losses for contingent considerations recognized at the end of the reporting period amounted to SEK 906 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 -305 million and a lower discount factor of 1.5 percentage points will have an impact with SEK 291 million.

The Group's contingent considerations will be settled in cash or with issued shares. As at June 30, 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		
<b>Total</b>	<b>2,509</b>	<b>1,565</b>	<b>4,074</b>	<b>1,999</b>	<b>6,073</b>	

As of Jun 30, 2023	Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent considerations	72,349,591	40,774,815	29,939,906	24,941,754



### 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 782 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–Jun 2023	Apr–Jun 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>2,905</b>	<b>4,259</b>	<b>4,259</b>
Acquisitions	-	-	-
FX-effects	51	244	-169
Change in fair value recognized in consolidated statement of profit or loss	-782	-115	-1,185
<b>Closing balance</b>	<b>2,174</b>	<b>4,388</b>	<b>2,905</b>

As at June 30, 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	
<b>Total</b>	<b>1,147</b>	<b>1,027</b>	<b>2,174</b>

As of Jun 30, 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	40,840,363	-

### Liabilities to employees related to acquisitions

Liabilities to employees related to acquisitions refers to part of the purchase price in historical acquisitions which according to IFRS is classified as personnel debt. Fair value for liabilities to employees related to acquisitions has been calculated based on

expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions.

Liabilities to employees related to acquisitions	Apr–Jun 2023	Apr–Jun 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>1,090</b>	<b>593</b>	<b>593</b>
Accrual of personnel cost in consolidated statement of profit or loss	196	193	640
Payment - cash after the acquisition day	-272	-102	-658
Change in fair value recognized in consolidated statement of profit or loss	53	6	238
Reclassifications	-	-220	240
FX-effects	6	35	37
<b>Closing balance</b>	<b>1,073</b>	<b>505</b>	<b>1,090</b>

As at June 30, the Group's liabilities to employees related to acquisitions will be settled in cash.

*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.

	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>Deferred considerations</b>			
<b>Opening balance</b>	<b>2,019</b>	-	-
Acquisitions	-	-	2,093
Payment - cash	-78	-	-464
FX-effects	95	-	17
Reclassifications	32	-	338
Discount effect recognized in consolidated statement of profit or loss	20	-	36
<b>Closing balance</b>	<b>2,088</b>	-	<b>2,019</b>

As at June 30, 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	
<b>Total</b>	<b>2,088</b>	-	<b>2,088</b>

As of Jun 30, 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 April-June 2023**

In the first month of the quarter, two minor acquisitions were closed with a total cash outflow of less than SEK 1 million. The acquisitions were closed without any agreements of contingent consideration or deferred consideration.

One of the acquisitions is classified as a business combination achieved in stages and the other acquisition is classified as an asset deal. The acquisitions are deemed immaterial and is thus not presented as the relative amounts are not deemed material.

The acquisitions will be presented in the Annual report 2023/24. The purchase price allocations for acquisitions during the period 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.

In the first month of the quarter, Embracer Group completed the asset deal of a small IP-portfolio of mobile games to further strengthen the mobile business.

## NOTE 7 RELATED PARTY TRANSACTIONS

Related party transaction	Related party	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Consulting services	Logvreten AB <sup>1)</sup> (supplier)	0	0	–1
Transportation services	Sola Service i Karlstad AB <sup>2)</sup> (supplier)	–5	0	–9
Transportation services	Empterwik Special Services Ltd <sup>2)</sup> (supplier)	–8	-	–21
Sale of goods/services	Bröderna Wingefors AB <sup>2)</sup> (supplier)	-	0	0
Acquisition of game collection	Lars Wingefors AB <sup>3)</sup> (supplier)	-	-	0
<b>Total</b>		<b>–13</b>	<b>–1</b>	<b>–31</b>

<sup>1)</sup> Kicki Wallje-Lund, chairman of the board, has controlling influence over the company

<sup>2)</sup> The company is part of Lars Wingefors AB

<sup>3)</sup> Lars Wingefors AB is owned by Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer, Reinhard Pollice and Jacob Jonmyren.

## NOTE 8 PERSONNEL EXPENSES

SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Personnel expenses	–3,034	–1,868	–9,854
Personnel costs related to acquisitions - Excluding FX gain/loss	–406	–1,071	–2,595
<b>Total</b>	<b>–3,440</b>	<b>–2,940</b>	<b>–12,449</b>

## NOTE 9 OTHER OPERATING EXPENSES

SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Other operating expenses	–3	–28	–109
Transaction costs related to acquisitions	–7	–70	–290
Loss sale of subsidiaries	–39	-	-
FX gain/loss related to Personnel costs related to acquisitions	–6	–35	–36
<b>Total</b>	<b>–56</b>	<b>–134</b>	<b>–436</b>

## NOTE 10 NET FINANCIAL ITEMS

SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Interest income and other financial income	14	5	51
Interest expense and other financial expense	–250	–72	–618
<b>Sum</b>	<b>–236</b>	<b>–67</b>	<b>–567</b>
Change in fair value contingent consideration and put/call options on non-controlling interests	1,687	–65	4,469
Interest deferred consideration	–20	-	–36
Exchange rate gains/losses	740	670	956
<b>Total financial net</b>	<b>2,171</b>	<b>538</b>	<b>4,822</b>

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	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
Net sales	31	18	64
Other operating income	-	6	31
<b>Total operating income</b>	<b>31</b>	<b>24</b>	<b>95</b>
<b>Operating expenses</b>			
Other external expenses	-53	-29	-200
Personnel expenses	-27	-17	-103
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-1	-1	-3
Other operating expenses	-29	-	-9
<b>Operating profit</b>	<b>-79</b>	<b>-23</b>	<b>-219</b>
Net financial items	648	615	1,745
<b>Profit after financial items</b>	<b>569</b>	<b>592</b>	<b>1,525</b>
Appropriations	-37	-99	-894
<b>Profit before tax</b>	<b>532</b>	<b>493</b>	<b>631</b>
Income tax	-87	-104	-48
<b>Net profit for the period</b>	<b>445</b>	<b>389</b>	<b>583</b>

# PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>	4	5	4
<b>Tangible assets</b>	9	5	8
Shares in Group companies	42,796	30,590	42,504
Receivables from Group companies	33,007	32,405	33,210
Other longterm receivables	81	70	71
<b>Total financial assets</b>	<b>75,884</b>	<b>63,065</b>	<b>75,785</b>
<b>Total non-current assets</b>	<b>75,897</b>	<b>63,075</b>	<b>75,797</b>
<b>Current assets</b>			
Receivables from Group companies	2,472	3,112	1,559
Current tax assets	-	-	9
Prepaid expenses and accrued income	45	639	74
	<b>2,517</b>	<b>3,751</b>	<b>1,642</b>
Current investments	-	1,533	-
Cash and cash equivalents	0	5,863	23
<b>Total current assets</b>	<b>2,517</b>	<b>11,147</b>	<b>1,665</b>
<b>TOTAL ASSETS</b>	<b>78,414</b>	<b>74,222</b>	<b>77,462</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	2	74	2
Unrestricted equity	60,097	52,384	59,653
<b>Total equity</b>	<b>60,099</b>	<b>52,458</b>	<b>59,655</b>
<b>Untaxed reserves</b>	<b>162</b>	<b>104</b>	<b>162</b>
<b>Provisions</b>	<b>167</b>	<b>246</b>	<b>159</b>
<b>Non-current liabilities</b>	-	<b>20,122</b>	<b>17,031</b>
Liabilities to credit institutions <sup>1)</sup>	17,136	-	0
Trade payables	28	25	22
Liabilities to Group companies	629	1,162	355
Other current liabilities	105	72	8
Accrued expenses and prepaid income	88	33	70
<b>Total current liabilities</b>	<b>17,986</b>	<b>1,292</b>	<b>455</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,414</b>	<b>74,222</b>	<b>77,462</b>

<sup>1)</sup> SEK 17,059 million of the reported amount relates to the main credit- and loan facilities, which were extended on July 11, 2023.

## **NOTE P1 THE PARENT COMPANY'S ACCOUNTING POLICIES**

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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 the full year report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. One important part of Embracer's strategy is to pursue inorganic growth opportunities through acquisitions. Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitive strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM's are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding specific items related to historical acquisitions and items affecting comparability. The individual APMs, definitions, purpose are described more in detail below.

Name	Definition	Reason for Use
<b>Adjusted Earnings per share</b>	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.
<b>Adjusted Earnings per share after full dilution</b>	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.
<b>Adjusted EBIT</b>	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.
<b>Adjusted EBIT margin</b>	Adjusted EBIT as a percentage of net sales.	
<b>Adjusted EBITDA</b>	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.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	
<b>Average number of shares</b>	Weighted average number of shares that are outstanding during the period. Number of shares have been recalculated with respect to split of shares.	
<b>Average number of shares after full dilution</b>	Weighted average number of ordinary shares and potential ordinary shares. Number of shares have been recalculated with respect to split of shares.	
<b>EBIT margin</b>	EBIT as a percentage of net sales.	

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Name	Definition	Reason for Use
<b>EBITDA</b>	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.
<b>EBITDA margin</b>	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.
<b>Free cash flow after working capital</b>	Cash flow for the period, excluding cash flow from financing activities and acquisitions of subsidiaries including transaction costs and cash impact from personnel costs related to acquisitions.	Provide a true and fair picture of the underlying operational performance, by excluding cash flow from Specific items related to historical acquisitions.
<b>Gross margin</b>	Net sales less goods for resale divided by net sales.	Measuring the profitability from the net sales of products and services.
<b>Items affecting comparability</b>	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.
<b>Net Debt (-) / Net Cash (+)</b>	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.
<b>Net investment in acquired companies</b>	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.
<b>Net sales growth</b>	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.
<b>Organic growth</b>	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.
<b>Pro forma growth</b>	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.
<b>Specific items related to historical acquisitions</b>	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	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>EBIT</b>	<b>421</b>	<b>–398</b>	<b>194</b>
Depreciation, amortization and impairment	1,781	1,100	6,523
<b>EBITDA</b>	<b>2,202</b>	<b>702</b>	<b>6,717</b>
Personnel costs related to acquisitions	412	1,107	2,631
Remeasurement of participation in associated companies	–3	-	-
Remeasurement of contingent consideration	0	–12	0
Transaction costs	7	70	290
Items affecting comparability	78	-	228
<b>Adjusted EBITDA</b>	<b>2,697</b>	<b>1,867</b>	<b>9,866</b>
Depreciation, amortization and impairment	–1,781	–1,100	–6,523
Items affecting comparability	-	-	50
Amortization of surplus values of acquired intangible assets	757	555	2,973
<b>Adjusted EBIT</b>	<b>1,673</b>	<b>1,322</b>	<b>6,366</b>

## ADJUSTED EARNINGS PER SHARE - DERIVATION

Amounts in SEK m	Apr–Jun 2023	Apr–Jun 2022	Apr 2022– Mar 2023
<b>Net profit for the period attributable to equity holders of the parent</b>	<b>2,250</b>	<b>–167</b>	<b>4,454</b>
<b>Adjustments</b>			
Personnel costs related to acquisitions	412	1,107	2,631
Remeasurement of participation in associated companies	–3	-	-
Remeasurement of contingent consideration	0	–12	0
Transaction costs	7	70	290
Amortization of surplus values of acquired intangible assets	757	555	2,973
Change in fair value contingent consideration and put/call options on non-controlling interests	–1,705	5	–4,558
Interest expense contingent consideration	38	61	125
Items affecting comparability	78	-	278
<b>Adjustments before tax</b>	<b>–415</b>	<b>1,786</b>	<b>1,739</b>
Tax effects on adjustments	–160	–135	–678
<b>Adjustments after tax</b>	<b>–575</b>	<b>1,651</b>	<b>1,062</b>
<b>Total</b>	<b>1,675</b>	<b>1,484</b>	<b>5,515</b>
Average number of shares, million	1,259	1,157	1,252
<b>Adjusted Earnings per share, SEK</b>	<b>1.33</b>	<b>1.28</b>	<b>4.41</b>
Average number of shares after full dilution, million	1,367	1,256	1,360
<b>Adjusted Earnings per share after full dilution, SEK</b>	<b>1.23</b>	<b>1.18</b>	<b>4.06</b>

<b>ORGANIC GROWTH - DERIVATION</b> Amounts in SEK m	Apr–Jun 2023	Apr–Jun 2022	Change
<b>Net sales</b>	<b>10,450</b>	<b>7,118</b>	<b>47 %</b>
Net sales from acquired companies <sup>1)</sup>	-1,386	-32	
Difference in exchange rate	-	492	
<b>Organic growth output</b>	<b>9,064</b>	<b>7,578</b>	<b>20 %</b>

<b>PRO FORMA GROWTH - DERIVATION</b> Amounts in SEK m	Apr–Jun 2023	Apr–Jun 2022	Change
<b>Net sales</b>	<b>10,450</b>	<b>7,118</b>	<b>47 %</b>
Net sales from acquired companies <sup>2)</sup>	-	1,233	
Difference in exchange rate	-	580	
<b>Pro forma growth output</b>	<b>10,450</b>	<b>8,931</b>	<b>17 %</b>

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

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

<b>FREE CASH FLOW AFTER WORKING CAPITAL</b> Amounts in SEK m	Apr–Jun 2023	Apr–Jun 2022
<b>Cash flow for the period</b>	<b>-871</b>	<b>4,052</b>
<b>Cash flow from financing activities</b>	<b>-120</b>	<b>-7,393</b>
Acquisition of subsidiaries, net of cash acquired	113	842
Transaction costs	7	70
Short-term investments	-	1,533
Payment personnel cost related to acquisitions	272	102
<b>Free cash flow after working capital</b>	<b>-599</b>	<b>-794</b>

## DEFINITIONS, QUARTERLY INFORMATION

<b>Accumulated number of additional operative groups</b>	Number of closed acquisitions of new operative groups.
<b>Accumulated number of additional acquisitions added</b>	Number of closed acquisitions which are not new operative groups including asset deals.
<b>Clawback shares</b>	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.
<b>Completed games</b>	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.
<b>DAU</b>	Average daily active users in the period.
<b>Digital product</b>	Product sold/transferred through digital/electronic channels.
<b>Digital sales</b>	Sales and transfer of products, physical and digital, through digital/electronic channels.
<b>External game developers</b>	Game developers engaged in game development projects by studios that are not owned by the group (external studios).
<b>External Studios</b>	Studios not owned by the group engaged in game development project financed by the Group.
<b>Game development projects</b>	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.
<b>Internal employees, non-development</b>	Employees not directly engaged in game development (both employees and contractors).
<b>Internal game developers</b>	Game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
<b>Internal headcount</b>	Internal game developers + internal employees, non-development
<b>Internal Studios</b>	Studios owned by the group.
<b>MAU</b>	Average monthly active users in the period.
<b>Net sales split – PC/Console segment</b>	
<b>Owned titles</b>	Net sales of game titles that are owned IPs or titles that are controlled by the group.
<b>Publishing titles</b>	Net sales of game titles of IPs the group does not own or control.
<b>New releases</b>	Net sales of game titles that are released in the current quarter.
<b>Back catalog</b>	Net sales of game titles that are not released in the current quarter.
<b>Max cash consideration</b>	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.
<b>Max share consideration</b>	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.
<b>Max total consideration</b>	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.
<b>Number of IP:s</b>	Number of IPs owned by the group.
<b>Physical product</b>	Product sold/transferred through physical channels.
<b>Physical sales</b>	Sales and transfer of products, physical and digital, through physical channels.
<b>Total installs</b>	Total accumulated installs in the period.
<b>UAC (User Acquisition Cost)</b>	Marketing costs in the operating segment Mobile Games.

# INFORMATION BY FINANCIAL YEAR AND QUARTER

	2016	2017	2018	2019	2020 <sup>1</sup>	2020/21	2021/22					2022/23				2023/24	
	Full year	Full year	Full year	Full year	Jan-Mar	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun
Net sales, SEK m	302	508	4,124	5,541	1,339	9,000	3,433	3,305	5,091	5,238	17,067	7,118	9,569	11,622	9,356	37,665	10,450
Sales growth, Group, YoY %	42 %	68 %	713 %	34 %	-18 %	71 %	66 %	39 %	136 %	119 %	90 %	107 %	190 %	128 %	79 %	121 %	47 %
EBIT, SEK m	95	188	403	421	97	2,058	55	44	-259	-967	-1,126	-398	461	226	-95	194	421
EBIT, margin, %	31 %	37 %	10 %	8 %	7 %	23 %	2 %	1 %	-5 %	-18 %	-7 %	-6 %	5 %	2 %	-1 %	1 %	4 %
Adjusted EBIT, SEK m	108	202	501	1,143	286	2,858	1,279	986	1,130	1,069	4,465	1,322	2,121	2,009	915	6,366	1,673
Adjusted EBIT, margin, %	38 %	40 %	12 %	21 %	21 %	32 %	37 %	30 %	22 %	20 %	26 %	19 %	22 %	17 %	10 %	17 %	16 %
Adjusted EBITDA, SEK m	-	-	-	-	-	4,016	1,573	1,299	1,542	1,527	5,942	1,867	3,056	3,005	1,938	9,866	2,697
Adjusted EBITDA, margin, %	-	-	-	-	-	45 %	46 %	39 %	30 %	29 %	35 %	26 %	32 %	26 %	21 %	26 %	26 %
Basic shares weighted average, million <sup>2</sup>	-	-	-	-	-	719	877	880	894	968	905	1,026	1,071	1,088	1,091	1,069	1,130
Diluted shares weighted average <sup>2</sup>	-	-	-	-	-	719	883	888	906	984	921	1,032	1,078	1,096	1,103	1,081	1,130
Average number of shares, million <sup>2</sup>	367	444	504	606	624	796	990	1,008	1,026	1,099	1,031	1,157	1,231	1,256	1,259	1,252	1,259
Average number of shares after full dilution, million <sup>2</sup>	367	444	504	606	624	798	1,042	1,060	1,079	1,162	1,086	1,256	1,338	1,364	1,367	1,360	1,367
Basic earnings per share, SEK	0.20	0.31	0.58	0.43	0.21	-3.49	0.07	2.26	-1.38	0.17	1.08	-0.16	2.21	1.39	0.68	4.17	1.99
Diluted earnings per share, SEK	-	-	-	-	0.21	-3.49	0.07	2.24	-1.38	0.16	1.06	-0.16	2.20	1.38	0.67	4.12	1.99
Adjusted Earnings per share, SEK <sup>2</sup>	0.23	0.34	0.75	1.41	0.49	3.15	0.97	0.95	0.96	0.81	3.69	1.28	2.12	0.76	0.38	4.41	1.33
Adjusted Earnings per share after full dilution, SEK	0.23	0.34	0.75	1.41	0.49	3.14	0.92	0.91	0.91	0.76	3.50	1.18	1.95	0.70	0.35	4.06	1.23
Cash flow from operating activities, SEK m	99	179	579	174	766	3,825	582	1,009	1,048	1,431	4,070	347	580	2,813	1,643	5,383	1,359
Organic growth, YoY, %	-	-	-	-	-	-	11 %	-24 %	34 %	-18 %	-	-12 %	35 %	-3 %	-4 %	-	20 %
Gross Margin, %	61 %	71 %	39 %	52 %	50 %	60 %	76 %	76 %	66 %	73 %	72 %	65 %	66 %	56 %	58 %	63 %	63 %
<b>Specific items related to historical acquisitions</b>																	
Amortization of surplus values of acquired intangible assets	-13	-14	-99	-722	-189	-510	-185	-191	-233	-706	-1,316	-555	-629	-740	-1,048	-2,973	-757
Transaction costs, SEK m	-	-	-	-	-	-150	-67	-52	-43	-205	-367	-70	-81	-117	-22	-290	-7
Personnel costs related to acquisitions	-	-	-	-	-	-181	-972	-1,087	-1,113	-1,105	-4,277	-1,107	-941	-847	264	-2,631	-412
Remeasurement of participation in associated companies, SEK m	-	-	-	-	-	41	-	417	-	-1	416	-	-	-	-	-	3
Remeasurement of contingent consideration, SEK m	-	-	-	-	-	-	-	-27	-	-19	-46	12	-8	-4	-	0	-
<b>Total</b>	<b>-13</b>	<b>-14</b>	<b>-99</b>	<b>-722</b>	<b>-189</b>	<b>-801</b>	<b>-1,224</b>	<b>-942</b>	<b>-1,389</b>	<b>-2,036</b>	<b>-5,591</b>	<b>-1,720</b>	<b>-1,660</b>	<b>-1,708</b>	<b>-807</b>	<b>-5,894</b>	<b>-1,174</b>
<b>Investments</b>																	
External game development and advances, SEK m	98	212	528	732	193	697	301	323	329	280	1,233	248	408	399	236	1,291	299
Internal capitalized development, SEK m	36	80	359	645	224	1,291	469	558	596	670	2,293	866	1,097	1,351	1,474	4,788	1,458
<b>Sub-total - Investment in Game development, all segments</b>	<b>134</b>	<b>292</b>	<b>887</b>	<b>1,377</b>	<b>417</b>	<b>1,988</b>	<b>770</b>	<b>881</b>	<b>925</b>	<b>950</b>	<b>3,526</b>	<b>1,114</b>	<b>1,505</b>	<b>1,750</b>	<b>1,710</b>	<b>6,079</b>	<b>1,757</b>
Other intangible assets/IP-rights, SEK m	23	15	123	138	48	151	58	35	44	53	190	90	67	114	145	416	155
<b>Total</b>	<b>157</b>	<b>306</b>	<b>1,010</b>	<b>1,515</b>	<b>465</b>	<b>2,139</b>	<b>828</b>	<b>916</b>	<b>969</b>	<b>1,003</b>	<b>3,717</b>	<b>1,204</b>	<b>1,572</b>	<b>1,864</b>	<b>1,855</b>	<b>6,497</b>	<b>1,911</b>
<b>Completed games</b>																	
Completed games, PC/Console, SEK m	-	176	383	644	165	837	298	281	377	262	1,218	545	1,671	531	501	3,248	803
<b>Other KPIs</b>																	
<b>Game development projects, PC/Console</b>																	
Announced Game Dev projects	-	-	-	-	43	-	56	67	67	64	-	55	61	62	56	-	62
Unannounced Game Dev projects	-	-	-	-	60	-	124	130	149	159	-	167	173	162	165	-	153
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>180</b>	<b>197</b>	<b>216</b>	<b>223</b>	<b>-</b>	<b>222</b>	<b>234</b>	<b>224</b>	<b>221</b>	<b>-</b>	<b>215</b>
<b>Headcount</b>																	
Total internal game developers	-	-	-	-	1,359	-	5,107	6,141	6,473	7,240	-	8,025	9,380	9,639	9,971	-	10,014
Total external game developers	-	-	-	-	1,006	-	1,280	1,329	1,351	1,346	-	1,411	1,519	1,513	1,455	-	1,342
Total internal employees, non-development	-	-	-	-	744	-	1,499	1,594	1,700	4,174	-	4,441	4,832	5,091	5,175	-	5,249
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,109</b>	<b>-</b>	<b>7,886</b>	<b>9,064</b>	<b>9,524</b>	<b>12,760</b>	<b>-</b>	<b>13,877</b>	<b>15,731</b>	<b>16,243</b>	<b>16,601</b>	<b>-</b>	<b>16,605</b>
<b>Number of studios</b>																	
Total number External Studios	-	-	-	-	58	-	67	69	66	63	-	63	60	59	56	-	59
Total number Internal Studios	-	-	-	-	26	-	69	82	88	118	-	120	132	134	138	-	139
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>136</b>	<b>151</b>	<b>154</b>	<b>181</b>	<b>-</b>	<b>183</b>	<b>192</b>	<b>193</b>	<b>194</b>	<b>-</b>	<b>198</b>
<b>IP-rights</b>																	
IP-rights	-	-	-	-	160	-	247	262	271	815	-	816	827	876	896	-	905
<b>M&amp;A KPIs</b>																	
Acc. Additional operative groups	-	-	2	3	3	-	7	7	7	9	-	9	10	10	10	-	10
Acc. Additional acquisitions added	1	4	6	16	17	-	45	58	66	72	-	74	79	86	87	-	88
Acc. Total	1	4	8	19	20	-	52	65	73	81	-	83	89	96	97	-	98
Acc. Max cash consideration, SEK m	-	82	1,598	3,433	3,454	9,477	18,619	23,036	24,385	51,038	-	51,901	57,039	64,544	64,570	-	64,582
Acc. Max share consideration, SEK m	-	10	649	1,010	1,010	7,484	20,595	22,142	22,206	30,103	-	30,754	31,936	33,195	33,217	-	33,217
Acc. Max total consideration, SEK m	-	92	2,247	4,443	4,464	16,961	39,214	45,178	46,591	81,141	-	82,655	88,975	97,739	97,787	-	97,799

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

<sup>2</sup> 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 139 internal game development studios and is engaging more than 16,500 employees in more than 40 countries.