

Press release
Karlstad, 6 April 2020

Embracer Group reflects on impact of covid-19 and provides management update

INSIDE INFORMATION: Embracer Group AB (publ) (“Embracer Group” or the “Group”) today provides a management update regarding the Group’s current business performance and comments on the impact from covid-19 on its operations.

Embracer Group, including all its operative groups, is monitoring the development of covid-19 closely and act accordingly. The Group is working hard on adapting operations to the current situation and aligning to authority recommendations and government requirements. For Embracer Group, safety, security, and peace-of-mind of employees and co-workers is the primary concern, and actions are being taken to limit further spread of the virus in society. Travel bans and meeting restrictions have been implemented worldwide in the Group. The current situation is unpredictable, and despite the measures taken, the risk of future disruption can not be ruled out.

Covid-19 impacts on Embracer Group in short

- Overall, the impact on the Group’s business is limited. Many people are in home quarantine. Embracer Group has seen an increased engagement and demand for the Group’s products during recent weeks.
- For the business area Games, all studios and publishers are up and running and the majority of the employees are currently working from home. The transition to working from home ran in general smoothly, causing only a minor loss in production during transition.
- For the business area Partner Publishing, the physical distribution of games has and will continue to be affected since many retailers have closed their operations for the time being. However, parts of this retail sales have moved to e-commerce sales. Currently, all the Group’s physical distribution operations are fully operative.
- In summary, Embracer Group has seen an increased engagement and demand for the group’s products but it should be noted that revenues for the Group in general are dependant on notable new releases or notable digital promotions driving back-catalogue sales.

"The Covid-19 crisis challenges us all. I am truly impressed and thankful to all our hardworking employees around the world, committed to keeping our business going in these challenging times. The health of our employees is very important to me and it is my number one priority. Whilst the economic turmoil will affect all businesses including ours, the games industry is in a solid state due to the fact that our products and services entertain people at home. I want you to know the group stands on a solid financial position with a healthy cash position." comments Lars Wingefors, co-founder and Group CEO.

Group Net Sales performance during the quarter ending 31 March 2020

- The business segment "Games", including THQ Nordic, Deep Silver, Coffee Stain and Amplifier Game Invest, has experienced a stronger development during the quarter than management had expected, partly driven by an increase in digital sales during March 2020, despite lack of more significant releases or promotion activities during March. Revenues for the quarter are expected to be SEK 810-850 million.
- The business segment "Partner Publishing" has experienced a weaker development during the quarter than management had expected, particularly driven by lower physical sales, especially in March. Demand for physical products are still stable and lower sales are driven by the temporary closure of certain physical retailers. Revenues for the quarter are expected to be SEK 450-500 million.

Strategy, M&A and Pipeline

- The Group will remain committed to its current strategy for organic and inorganic growth.
- Management believes its current games pipeline, with more than 100 ongoing development projects that engage over 3,000 game developers, will drive future organic growth in the business segment Games, both in terms of generated revenues, profitability and cash flows.
- The Group strives to allocate more capital to new development projects with both internal and external studios to drive organic growth in the future.
- The Group continues to be active within M&A and is at present involved in several ongoing discussions which could lead to further acquisitions, both within the existing operating units and as potential new operating units. Embracer Group has since the announcement of the Saber Interactive transaction on 19 February 2020 seen increased appetite from entrepreneurs to engage in discussions with the Group.

This press release is published due to the unprecedented global circumstances. Embracer Group does not intend to provide this kind of updates on a regular basis. As previously announced, the Group will present the full results for the financial year ending 31 March 2020 on 20 May 2020.

Embracer Group invites to a teleconference for investors, analysts and media today, Monday, April 6, 2020, at 10:30 am (CET) about this press release.

A presentation will be held in English by CEO Lars Wingefors, after which questions will be invited.

Date: 6 April, 2020

Time: 10:30-11:00 (CET)

Link to live stream:

<https://tv.streamfabriken.com/2020-04-06-press-conference>

Participants from Sweden, please call in on: +46 8 50 55 83 59

From the UK: +44 33 33 00 92 71

From the US: +1 84 46 25 15 70

Please dial in a few minutes before the presentation begins. To participate, please state your first, last and company name. For questions during Q&A press 01.

Responsible party

This information is such information Embracer Group AB is obliged to make public in accordance with the (EU) Market Abuse Regulation 596/2014. The information in this press release has been made public through the agency of the responsible person set out below for publication at the time stated by Embracer Group's news distributor Cision at the publication of this press release. The responsible person below may be contacted for further information.

For more information, please contact:

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About Embracer Group:

Embracer Group is the parent company of businesses developing and publishing PC and console games for the global games market.

The Group has an extensive catalogue of over 160 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest and World War Z, amongst many others. With its

head office based in Karlstad, Sweden, Embracer Group has a global presence through its five operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest and Saber Interactive. The Group has 31 internal game development studios and is engaging more than 3,500 employees and contracted employers in more than 40 countries.

Embracer Group's shares are publicly listed on Nasdaq First North Stockholm under the ticker EMBRAC B with FNCA Sweden AB as its Certified Adviser; info@fnca.se +46-8-528 00 399.

For more information, please visit: <http://www.embracer.com>