

EMBRACER⁺ GROUP

20/21

INTERIM REPORT 2

JULY–SEPTEMBER 2020
EMBRACER GROUP AB (PUBL)
REG NO. 556582-6558

OPERATIONAL EBIT INCREASED 171% TO SEK 653 MILLION

SECOND QUARTER, JULY–SEPTEMBER 2020 (COMPARED TO JULY–SEPTEMBER 2019)

- > Net sales increased by 89% to SEK 2,383.2 million (1,259.7). Net sales of the Games business area increased by 83% to SEK 1,495.4 million (816.1). THQ Nordic SEK 566.9 million (329.6), Deep Silver SEK 506.8 million (441.7), Coffee Stain SEK 129.9 million (44.7), Saber Interactive SEK 259.1 million (-) and DECA Games SEK 32.7 million (-).
- > Net sales of Partner Publishing/Film business area increased by 100% to SEK 887.8 million (443.6).
- > EBITDA increased by 132% to SEK 969.0 million (418.1), corresponding to an EBITDA margin of 41%.
- > Operational EBIT increased by 171% to SEK 652.5 million (240.7) corresponding to an Operational EBIT margin of 27% (19%).
- > Cash flow from operating activities amounted to SEK 804.7 million (284.8). Investments in intangible assets amounted to SEK 484.1 million (391.9). Free Cash Flow amounted to SEK 311.5 million (-115.8).
- > Adjusted earnings per share was SEK 1.80 (0.65).
- > Organic growth in constant currency for the Games Business Area amounted to 61% in the quarter.
- > Total game development projects increased 57% to 135 (86). Total headcount increased 49% to 4,445 (2,981) where total game developers increased 58% to 3,593 (2,272).

Key performance indicators, Group	Jul–Sep 2020	Jul–Sep 2019	Apr–Sep 2020	Apr–Sep 2019	Apr 2019– Mar 2020
Net sales, SEK m	2,383.2	1,259.7	4,451.9	2,401.8	5,249.4
EBITDA, SEK m	969.0	418.1	1,934.1	807.6	1,821.3
Operational EBIT, SEK m	652.5	240.7	1,364.3	444.8	1,033.0
Cash flow from operating activities, SEK m	804.7	284.8	1,537.0	723.1	1,728.3
Free cash flow, SEK m	311.5	-115.8	515.5	-68.5	-0.1
Total investments in intangible assets, SEK m	484.1	391.9	981.6	770.0	1,653.4
Total game development projects	135	86	-	-	103
Total internal and external game developers	3,593	2,272	-	-	2,365
Total headcount	4,445	2,981	-	-	3,109
Sales growth, %	89	-1	85	14	3
EBITDA margin, %	41	33	43	34	35
Operational EBIT margin, %	27	19	31	19	20

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



CEO COMMENTS**OPERATIONAL EBIT INCREASED 171%
TO SEK 653 MILLION**

The Group had yet another stable quarter with growing sales and profitability exceeding management expectations, driven in particular by a record strong performance of our back catalogue.

Net sales increased by 89% to a record SEK 2,383.2 million (1,259.7) whereof the Games business area contributed SEK 1,495.4 million (816.1) driven by 61% organic growth. Operational EBIT increased 171% to SEK 652.5 million (240.7), driven by strong back catalogue sales, improved quality of new releases and the generally favourable trends for gaming. The profitability was also driven by the fact that we are getting more recurring revenues from games-as-a-service or live-operated titles, for example *Satisfactory*, *Wreckfest*, *Deep Rock Galactic*, *World War Z* and the DECA catalogue.

It is gratifying to see that our companies attract and retain a lot of great talent. The number of employees has grown 17% on an organic basis in the past year. We continue to strive for long term organic growth by reinvesting our underlying operating cashflow into scaling up existing studios, setting up new studios and making more great games. Despite our efforts to find further growth investments, it is encouraging to see that our free cashflow reached a record SEK 311 million (-116) in the period.

We continue to emphasize our strategy for game development – quality comes first. Games should be released when ready. This will likely be appreciated and rewarded by our fans and gamers by more sold units, over a longer period of time at higher average selling price. Staying true to this strategy, in the recent months we decided to allow more time for polishing, bug fixing and completion to a number of titles across the operative groups.

Looking ahead this financial year ending March 31, 2021, we now expect the total value of completed games released to be SEK 1,000–1,100 million including a notable title from THQ Nordic that we still expect to launch within the fourth quarter. The third quarter will have less releases than the fourth quarter. We expect the third quarter to have new releases with expected completion value in the range of SEK 150-175 million followed by fourth quarter in the range of SEK 300-350 million. Looking ahead to the next financial year ending March 31, 2022, management is confident that it will be another record year in terms of new games released, as we see a potential to double the value of completed games compared to the current financial year.

Despite the ongoing covid-19 pandemic, we have been able to maintain operations in a good manner. The employees in our studios have been working from home where they have sustained the development and scheduled releases. It has been impressive to follow how our studios have been able to adapt to the current climate despite challenges to stay productive during the pandemic and to keep the pace at the level prior to the working from home situation. So far, we have no noticeable delays due to the coronavirus. Studios are somewhat affected by how their employees need extra support to maintain work-life balance under these new conditions and prevent ambient stress, a new challenge for management to address and consider.

We are happy to see that DECA Games, our most recent operative group, came off to a good start within the group. DECA Games will be a growth driver for the group within free-to-play going forward.

The outlook for the games market is positive. In 2020 according to Newzoo, the global market is projected to generate USD 159 billion which represents a 9% year-on-year growth. Embracer Group are a small fish in the big pond and currently represents 0.5-1% of the total market. The global market is expected to continue grow with a forecast exceeding USD 200 billion by the end of 2023. One strong factor for the continued growth is the next-generation consoles PlayStation 5 and Xbox Series X/S that are launching this month. Initially the demand will outstrip the supply, but long-term the next-generation consoles expected installed base will outperform the previous generation according to Ampere Analysis.

Coupled with the on-going transition to digital distribution, which affects publisher's gross margins, will have a positive effect on Embracer Group.

The Group continues to grow within new segments of the gaming market, like Vertigo Games specializing in VR and DECA Games with a catalogue of free-to-play and mobile titles. VR is expecting to grow from USD 3.3 billion in 2019 to 5.7 billion in 2023 according to Superdata, thanks to improved equipment that increases convenience and player experience. Mobile is the biggest segment at USD 77 billion in 2020 and showed no signs of slowing down with an estimated growth of 13% year-over-year. With over 2.7 billion players (Newzoo) the games market is becoming a global mass-market. New ways of playing and accessing games like streaming will help open up the market to a larger audience.

I am pleased to see that the operating groups are initiating an increased number of potential acquisitions. During the quarter we added eight new companies to the operative groups. The Embracer strategy to build a truly independent eco-system based on committed entrepreneurs and developers that share the same ambitious long-term mindset. I'm a firm believer in giving great people trust to make their own decisions. The M&A market is more active than ever and the past three months we have actively been engaging with more than 100 entrepreneurs who want to be part of the Embracer family, including a dozen sizable businesses that has the potential to create new operative groups under the parent company. We patiently and disciplined continue to execute our M&A strategy across the group.

To support this M&A ambitions, we completed a directed share issue of SEK 5,7 billion on October 8. The new share issue further strengthens our financial position. I was happy to see that all of our existing institutional investors participating along with a wide range of new long term investors, including Canada Pension Plan Investment Board. It is important for me as a founder and major shareholder to have reputable and sizable long-term shareholders that share the same 20 years+ horizon of building something sustainable and substantial.

To conclude, I would like to send my thanks to all of our colleagues, customers, business partners, and shareholders contributing to our growing family's prosperity and success. I would like to personally wish you all a safe and relaxing upcoming holiday period.

All the best from Värmland
November 18, 2020, Karlstad, Sweden

Lars Wingefors
Co-founder & CEO



Hagudden, Fryken, Värmland
Photo: Tommie Svanström Ohlsson



FINANCIAL PERFORMANCE

All comments refer to the quarter unless otherwise stated.

CONSOLIDATED NET SALES

Consolidated net sales by business area, SEK m	Jul-Sep 2020	Jul-Sep 2019	Change	Apr-Sep 2020	Apr-Sep 2019	Change
Games - THQ Nordic	566.9	329.6	72%	1,054.7	514.7	105%
Games - Deep Silver	506.8	441.7	15%	1,119.5	815.1	37%
Games - Coffee Stain	129.9	44.7	191%	302.4	127.5	137%
Games - Saber Interactive	259.1	-	-	608.2	-	-
Games - DECA Games	32.7	-	-	32.7	-	-
Games Subtotal	1,495.4	816.1	83%	3,117.5	1,457.5	114%
Partner Publishing/Film	887.8	443.6	100%	1,334.4	944.3	41%
Consolidated Net Sales	2,383.2	1,259.7	89%	4,451.9	2,401.8	85%

Consolidated net sales in the quarter increased by 89% or SEK 1,123.5 million compared to last year. All business areas contributed to the growth, of which the recently acquired companies Saber Interactive contributed SEK 259,1 million and DECA Games with SEK 32.7 million. Business area Games - THQ Nordic, Coffee Stain and Deep Silver showed growth over last year, mainly driven by new releases and solid back catalog sales. Organic growth in constant currency for the Games Business Area amounted to 61% in the quarter.

The growth in Partner Publishing/Film business area is mainly driven by larger releases in the quarter compared to last year.

CONSOLIDATED EXPENSES

Operating expenses, SEK m	Jul-Sep 2020	Jul-Sep 2019	Apr-Sep 2020	Apr-Sep 2019	Apr 2019–Mar 2020
Goods for resale	-1,034.1	-635.1	-1,794.0	-1,163.1	-2,576.0
Other external expenses	-359.7	-191.8	-651.9	-369.3	-784.0
Personnel expenses	-398.8	-258.2	-777.5	-481.4	-1,130.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-795.6	-341.7	-1,541.6	-649.9	-1,475.9
Total operating expenses	-2,588.2	-1,426.8	-4,765.0	-2,663.7	-5,965.9

Consolidated expenses has increased due to a number of additional acquisitions and general growth of underlying business. Goods for resale mainly includes cost of replication, license fees and royalties. Growth in goods for resale was relatively low compared to growth in net sales, resulting in an increased gross margin of 57% (50%). The improved gross margin is mainly due to a higher gross margin in both business area Games and Partner Publishing/film compared to last year. Gross margin improvement in business area Games is mainly driven by the addition of Saber which has a high proportion of royalty income and an important Work For Hire business.

The year-over-year increase in other external expenses and personnel expenses is primarily explained by acquisitions made versus corresponding quarter last year and increased internal investments in the Group's gaming portfolio of SEK 96.8 million. The net increase excluding capitalized game development amounts to SEK 211.7 million and is mainly driven by increased overhead to manage the growing games portfolio as well as increased general & administration expenses to further strengthen the Group's corporate capabilities. Costs for sales and marketing increased in the quarter, mainly explained by more releases than in the comparison period.



CONSOLIDATED DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization, SEK m	Jul-Sep 2020	Jul-Sep 2019	Apr-Sep 2020	Apr-Sep 2019	Apr 2019– Mar 2020
Intangible assets					
Game development	-222.2	-143.7	-413.3	-306.1	-587.1
Other intangible assets (Film etc.)	-43.4	-26.5	-97.8	-43.0	-171.8
Sub-total	-265.7	-170.2	-511.2	-349.1	-758.9
<i>Acquisition-related depreciation</i>					
IP-rights	-104.2	-100.5	-206.4	-169.6	-359.4
Surplus value Partner Publishing/Film	-15.3	-12.0	-30.4	-20.2	-43.1
Goodwill	-401.1	-51.7	-776.4	-97.2	-285.1
Sub-total	-520.6	-164.3	-1,013.2	-287.0	-687.6
Total intangible assets	-786.3	-334.5	-1,524.4	-636.1	-1,446.5
Tangible assets	-9.3	-7.4	-17.2	-13.8	-29.4
Total depreciation and amortization	-795.6	-341.7	-1,541.6	-649.9	-1,475.9

The increased amortization of games is mainly explained by the higher value of finalized game development in the quarter versus last year. The increase in depreciations of other intangible assets (Film etc.) in the quarter is mainly due to the fact that KSM is not included in the comparison period. The increase in acquisition related depreciations over last year in the quarter is primarily explained by that more acquisitions were completed during the year where the acquisition of Saber Interactive accounts for the largest portion.

Depreciation and amortization principles

Game development; Amortization of finished game development projects - degressive amortization over two years; 1/3 amortization during months 1 to 3 following release, 1/3 amortization in months 4 to 12 following release and the remaining 1/3 in months 13 to 24 following release.

Other intangible assets (Film etc); The majority of other intangible assets are related to the Group's film business and are amortized based on actual sales in relation to expected sales of the relevant title.

IP-rights; Amortization of IP rights related to Games - straight-line amortization over five years.

Surplus value Film & Partner publishing; Amortization of surplus values related to Partner Publishing/Film – straight-line amortization over five years.

Goodwill; Amortization of Goodwill - straight-line amortization over five years.

CONSOLIDATED EARNINGS

The increase of the Group's EBITDA, from SEK 418.1 million to SEK 969.0 million, and Operational EBIT, from SEK 240.7 million to SEK 652.5 million, for the quarter is mainly explained by the increase in net sales and improved gross margin compared to the same period last year.

EBITDA and EBIT for the period includes Profit from revaluation of shares in associated company Palindrome of SEK 41.4 million. The profit is recognized in accordance with Swedish GAAP K3 and relates to Embracer's increased ownership in Palindrome during the quarter. The profit has no cash flow impact and has therefore been excluded from Operational EBIT.

The increase in Operational EBIT contributed to the increasing EBIT but was significantly lowered by increased acquisition-related depreciations, of SEK 356.3 million. EBIT increased, from SEK 76.4 million to SEK 173.4 million, in the quarter.

CONSOLIDATED CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the quarter was SEK 852.1 million (364.7). The increase is mainly due to increased earnings from operations. Cash taxes for the quarter amounted to SEK -28.9 million (-53.4). Change in working capital amounts to SEK -47.5 million (-79.9).



There was no effect of forfeiting in the quarter for the current year or the previous year.

Cash flow from operating activities after change of working capital for the period was SEK 804.7 million (284.8). Cash flow from investing activities was SEK –1,267.2 million (–1,203.3), where SEK –773.9 million (–802.7) relates to acquired companies.

The Group's investments in intangible fixed assets amounted to SEK –484.1 million (–391.9), related to capitalized expenditure for ongoing game development of SEK –444.7 million, film rights SEK –36.8 million and other SEK –2.6 million. Investments in buildings, property, plant and equipment amounted to SEK –12.8 million (–8.6). Change in financial assets amounted to SEK 3.6 million (–0.1).

Cash flow from financing activities amounted to SEK 513.7 million (619.6) and is mainly related to increased utilization of existing credit facilities.

Cash and cash equivalents at the end of the period were SEK 3,579.1 million compared to SEK 3,525.1 million as of June 30, 2020. The Group also had unutilized credit facilities of SEK 1,086.9 million compared to SEK 1,623.9 million as of June 30, 2020. The Group's total available cash and unutilized credit facilities were SEK 4,665.9 million at the end of the quarter compared to SEK 5,149.0 million as of June 30, 2020. As per September 30, 2020 the Net Cash of the Group amounted to SEK 1,281.3 million compared to SEK 813.7 million as per June 30, 2020.

CONDITIONAL PURCHASE PRICE OVERVIEW

As of 30 September 2020 the Group had provisions of 724.6 MSEK for earnouts with expected settlement according to the table below.

Provisions for conditional purchase price, SEK m	Financial year when settlement is expected					Total
	20/21	21/22	22/23	23/24	>24/25	
Provisions to be settled in cash	9.4	23.3	137.5	100.1	414.2	684.4
Provisions to be settled by shares ¹⁾					40.2	40.2
Total	9.4	23.3	137.5	100.1	454.4	724.6

¹⁾ 361,744 shares are not issued and will be issued if certain earnout targets are met. If all shares are issued the dilution amounts to 0.09% of the outstanding shares and 0.053 percent of the outstanding votes per 30 September 2020.

In addition, out of the 385.4 million shares outstanding there are approximately 57.9 million shares with clawback rights as per 30 September 2020. These shares have already been issued to cover for future earnout obligations.

INTANGIBLE ASSETS

The Group had intangible assets of SEK 13,768.2 million at the end of the quarter, compared to SEK 10,971.1 million at the end of the previous quarter, June 30, 2020, distributed as follows:

Intangible assets – Specification, SEK m	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020	Mar 31, 2020
Completed games	604.8	392.9	511.5	438.6
Ongoing game development projects	2,427.7	1,582.4	2,274.4	2,117.7
Other intangible assets (film etc.)	212.2	283.0	192.6	250.1
Intangible assets	3,244.7	2,258.3	2,978.5	2,806.4
IP-rights	1,463.2	2,071.8	1,337.6	1,479.8
Surplus value Partner Publishing/Film	167.5	208.3	152.1	173.0
Goodwill	8,892.8	983.2	6,502.9	1,411.7
Acquisition related intangible assets	10,523.5	3,263.3	7,992.6	3,064.5
Total	13,768.2	5,521.6	10,971.1	5,870.9

PRELIMINARY PURCHASE PRICE ALLOCATION

During the quarter Embracer closed the following acquisitions; Deca Games, 4A Games, Palindrome, Rare Earth, Vermila, Sola Media, Pow Wow Entertainment, NWI Interactive and Vertigo. The acquired companies have been included into Embracer's consolidated financial reporting from each respective closing date. A summary of the preliminary purchase price allocations is provided below:

	SEK m
On-going game development	22
Finished game development	5
IP-rights/Trademarks	124
Other intangible assets	6
Total intangible assets	157
Total financial assets	17
Total tangible assets	10
Net working capital	11
Cash and cash equivalents	164
Provisions	-9
Other long term liabilities	-53
Total net assets acquired excluding surplus value	296
Goodwill	2,979
Surplus – value IP	97
Surplus – film	27
Deferred tax liabilities	-37
Total surplus value net of taxes	3,065
Total net assets acquired	3,362
Acquired cash	-164
Shares issued	-2,084
Earnout	-357
Other	-58
Net cash outflow on acquisition of business	699
Cash outflow relating to earlier acquisitions	80
Total Net Cash outflow on acquisitions of business	779

The above surplus values SEK 3,103 million is the base for the Amortization related to acquisitions closed in the quarter below. The difference between SEK 3,103 million and SEK 3,292 million relates to amortizations in Q2 and currency rates.

Non-operational Depreciations and Amortizations – Forecast

SEK m	Q3 20/21	Q4 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	Total
Amortization related to acquisitions closed in the quarter	-166	-166	-666	-666	-666	-666	-297	0	-3,293
Amortization related to acquisitions closed previous quarters	-468	-467	-1,857	-1,809	-1,534	-1,257	0	0	-7,391
Non-operational Depreciations and Amortizations	-634	-633	-2,523	-2,475	-2,200	-1,923	-297	0	-10,683

Forecast is based on the average exchange rate during the quarter for EUR and USD. Forecast is based on the purchase price allocations as per 30th September, which contain both preliminary and finalized purchase price allocations.



DECA GAMES

As part of Embracer's consolidated financial reporting DECA Games has implemented the Swedish GAAP K3.

Revenues are reported on a gross basis within Business Area – DECA Games, which is consistent with peers in the industry of live-ops/mobile gaming.

DEPENDENCY ON FOREIGN EXCHANGE RATES

Embracer operates on a global market and reports financial performance in SEK and thus has a dependency towards foreign currencies, mainly USD and EUR. The SEK has strengthened after quarter end versus USD and EUR. Everything else being equal, this would have a negative impact on net sales in SEK. However, organic growth in net sales in local currency would not be affected.

PARENT COMPANY

The Parent Company's net sales for the quarter were SEK 252.9 million (183.0) and profit before tax was SEK –241.2 million (95.1). The negative outcome is explained by unrealized currency exchange loss on loan to a subsidiary. Profit after tax was SEK –189,3 million (74.2).

Investments in intangible assets in the quarter were SEK 150.1 million (189.9).

Cash and cash equivalents as of September 30, 2020 were SEK 2,083.3 million (2,069.5). The Parent Company's equity at the end of the period was SEK 11,965.9 million (5,552.0).

OPERATIONAL OVERVIEW BY BUSINESS AREA

BUSINESS AREA: GAMES – THQ NORDIC

Business Area: Games – THQ Nordic released the following new products in the quarter ended September 2020:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Destroy All Humans!</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital & Physical
<i>Kingdoms of Amalur Re-Reckoning</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital & Physical
<i>MX vs ATV All Out</i>	THQ Nordic	Own	Switch	Digital & Physical
<i>Little Big Workshop</i>	HandyGames	Own	PS4, Xbox One, Switch	Digital
<i>One Hand Clapping - Early Access</i>	HandyGames	External	Stadia	Digital
<i>Spitlings</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Through the Darkest of Times</i>	HandyGames	External	PS4, Xbox One, Switch	Digital

Net sales of THQ Nordic increased 72% to SEK 566.9 million (329.6) compared to the same period last year.

THQ Nordic reports a new record quarter. In the period, the major revenue drivers were *Destroy all Humans!* and *Kingdoms of Amalur: Re-Reckoning* – both exceeding management expectations. Back catalogue sales continued showing a strong momentum, driven by *Spongebob Squarepants: Battle for Bikini Bottom - Rehydrated* released during Q1.

THQ Nordic has established two new studios during the quarter; the first one, Ashborne Games, Brno, Czech Republic is a newly founded studio with an experienced team, focusing on strategy and RPG games. The second one, Rainbow Studios Montréal got its name from Rainbow Studios based in Phoenix, USA. This will allow the Rainbow Team a better access to the local talent pool in the Montréal area.

In August, THQ Nordic acquired the Austria-based Pow Wow Entertainment GmbH. The studio employs 22 developers with AAA- and Games-as-a-Service experience. The team is working on two unannounced games one of which is based on an existing THQ Nordic-owned IP.

Facts

THQ NORDIC

Studios

Ashborne Games
(Brno, Czech Republic)

Alkimia Interactive
(Barcelona, Spain)

Black Forest Games
(Offenburg, Germany)

Bugbear Entertainment
(Helsinki, Finland)

Experiment 101
(Stockholm, Sweden)

Grimlore Games
(Munich, Germany)

Gunfire Games
(Austin, USA)

HandyGames
(Giebelstadt, Germany)

Mirage Game Studios
(Karlstad, Sweden)

Nine Rocks Games
(Bratislava, Slovakia)

Pieces Interactive
(Skövde, Sweden)

Piranha Bytes
(Essen, Germany)

Pow Wow Entertainment
(Ienna, Austria)

Rainbow Studios
(Phoenix, USA)

Rainbow Studios
(Montréal, Canada)

Publisher

HandyGames (Giebelstadt, Germany)
THQ Nordic (Vienna, Austria)

Internal headcount

599 (442)

Studios

15 (10)








BUSINESS AREA: GAMES – COFFEE STAIN

Net sales of Business Area: Games – Coffee Stain increased 191% to SEK 129.9 million (44.7) compared to the same period last year.

Coffee Stain had another strong quarter, with *Satisfactory* as the major revenue driver, followed by *Deep Rock Galactic*. *Goat Simulator* continues to be a solid contributor to back catalogue sales performing well on all seven published platforms.

After the end of the quarter, Coffee Stain announced several organizational changes. Stefan Hanna, one of the original founders of Coffee Stain, was appointed new CEO of Coffee Stain Studios. He replaces Johannes Aspeby who will move to work for Coffee Stain Publishing. Albert Säfström, one of the publishing founders, was appointed new CEO of Coffee Stain Publishing, replacing Tim Badylak, who moves on to new ventures. Anton Westbergh remains as Group-CEO of Coffee Stain.

Facts			
	Studios		
			
	Lavapotion (Gothenburg, Sweden)	Coffee Stain Studios (Skövde, Sweden)	Coffee Stain North (Stockholm, Sweden)
		Box Dragon (Gothenburg, Sweden)	
Publisher Coffee Stain Publishing (Skövde, Sweden)	Internal headcount 72 (55)	Studios 4 (3)	



BUSINESS AREA: GAMES – DEEP SILVER

Business Area: Games – Deep Silver released the following new products in the quarter ended September 2020:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Iron Harvest</i>	Deep Silver	External	PC	Digital & Physical
<i>Pathfinder Kingmaker: Definitive Edition</i>	Deep Silver	External	PS4, Xbox One	Digital & Physical
<i>Wasteland 3</i>	Deep Silver	External	PC, PS4, Xbox One	Digital & Physical
<i>Windbound</i>	Deep Silver	External	PC, PS4, Xbox One	Digital
<i>Relicta</i>	Ravencourt	External	PC, PS4, Xbox One	Digital

Net sales of Deep Silver increased 15% to SEK 506.8 million (441.7) compared to the same period last year.

Deep Silver had a solid quarter, where the three new releases *Wasteland 3*, *Windbound* and *Iron Harvest* were the major revenue drivers. All titles performed in line with management expectations.




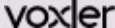




The back catalogue sales continued to exceed management expectations with a solid performance of the evergreen franchises *Metro* and *Saints Row*-series. Also *Kingdom Come: Deliverance*, *Hunt: Showdown* and *Outward* continued to perform well.

During the quarter, Koch Media/Deep Silver acquired the Dutch-based Vertigo Games, which develops, publishes and distributes games exclusively for Virtual Reality (VR). The VR-AAA title *After the Fall* is expected to launch during 2021. The addition of Vertigo Games will add a number of quality VR titles to Deep Silver's back catalogue.

Milestone performed above management expectations during the quarter, mainly driven by the increasing digital sales, based on the new consumer behavior due to covid-19 restrictions.

MotoGP 20, released during the last quarter, continued to perform well during this quarter. The title got a lot of good visibility in connection to the real championship and has been well received by its community and fans.

Milestone released *Ride 4* after the end of the period and has been well received by its audience, gaining better reviews than its predecessor and performed above management expectations.

Facts					
	Studios	 Deep Silver Dambuster Studios (Nottingham, U.K)	 Milestone (Milan, Italy)	 Voxler (Paris, France)	 Warhorse Studio (Prague, Czech Republic)
	 Deep Silver FishLabs (Hamburg, Germany)	 Deep Silver Volition (Champaign, USA)	 Vertigo Games (Rotterdam, Netherlands)		
Publisher Deep Silver (Munich & London) Milestone (Milan, Italy) Vertigo Games (Rotterdam, Netherlands)	Internal headcount 1,527* (1,358*) * Koch Media Group included	Studios 7 (5)			



BUSINESS AREA: GAMES – SABER INTERACTIVE

Business Area: Games – Saber interactive released the following new products in the quarter ended September 2020:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>World War Z Dronemaster Update DLC</i>	External	Exclusive license	PC, PS4, Xbox One	Digital
<i>SnowRunner Season 1: Search & Recover DLC</i>	External	Own	PC, PS4, Xbox One	Digital

Net sales of Saber Interactive were SEK 259.1 million (-) during the quarter.

Saber Interactive had a solid quarter. The strongest revenue driver was *Snowrunner* followed by *World War Z* which continued to outperform expectations on the back of strong sales following the DLC release *Dronemaster Update* that added cross-platform support. In September *WWE 2K Battlegrounds* was released. Since *WWE 2K Battlegrounds* is published by 2K, Saber Interactive didn't recognize any revenue during the quarter for this title.




Notable contributions also came from Work-for-Hire projects. Following the Switch-release in the previous quarter ended June, Crytek released *Crysis 1* in September on more platforms.

Despite the challenging global covid-19 pandemic, Saber Interactive has had ongoing discussions with more M&A-candidates wanting to join the group. The collaboration between Saber Interactive and the other operational groups of Embracer Group has grown stronger during the period and shows Embracer's ecosystem's potential.

During the quarter, Saber Interactive acquired two new companies; Malta-based 4A Games and US/Canada based New World Interactive. 4A Games is the studio behind the successful Metro franchise and a long-term development partner to the Embracer owned publisher Deep Silver. New World Interactive is an award-winning indie-spirited creator and developer of First-Person-Shooter IPs founded in 2010.

After the reported quarter, New World Interactive announced the opening of a new development studio, New World East in Montréal, Canada. The new studio will provide ongoing, post-release support for *Insurgency: Sandstorm* and provide crucial development support for an unannounced future title.

Saber Interactive continues to expand its team targeting experienced executives in the game development space and recently hired Todd Hollenshead, former CEO of ID Software, as the new Head of Publishing as well as Bradley Doan, former CEO of Sperasoft, as the new Head of Production.

Facts			
<p>Studios</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Saber Interactive (Vila Nova de Gaia, Portugal) (Saint Petersburg, Russia) (Alcobendas, Spain) (Sundsvall, Sweden) (Minsk, Belarus)</p> </div> <div style="text-align: center;">  <p>4A Games (Kiev, Ukraine) (Silema, Malta)</p> </div> <div style="text-align: center;">  <p>New World Interactive (Calgary, Canada) (Denver, USA)</p> </div> </div>			
<p>Publisher Saber Interactive</p>	<p>Internal headcount 966 (-)</p>	<p>Studios 9 (-)</p>	












BUSINESS AREA: GAMES – AMPLIFIER GAME INVEST

Amplifier Game Invest screens and invests in internationally talented companies in the games industry. The strategy is to give top talented game developers full creative integrity, while offering financial and commercial support. Amplifier Game Invest either sets up new studios based on a start-up offering or acquires existing studios.

Amplifier Game Invest has continued to expand its team by adding more key people thereby broadening its expertise in order to support to the growing team of studios in their global portfolio.

During the quarter Amplifier Game invest made the following transactions and acquisitions:

- Acquisition of the remaining 50% of the shares in Palindrome Interactive, a 14-person strong game studio located in Skövde, Sweden, making Palindrome Interactive a wholly owned subsidiary.
- Acquisition of the Austria-based development studio Rare Earth Games with a team of highly experienced industry veterans. Rare Earth Games focus on action-packed multiplayer game titles for PC, Consoles and Cloud services.
- Acquisition of the ten-person strong game development studio Vermila Studios. Vermila Studios is currently working on their first production, *Crisol: Theater of Idols*, a first-person horror adventure.
- Increased their holding from 20% to 41% in Kavalri Games, a development studio based in Stockholm.

Facts		
 Studios		
 Vermila Studios (Madrid, Spain)	 Palindrome Interactive (Skövde, Sweden)	 Tarsier Studios (Malmö, Sweden)
 Destiny Bit (Ravenna, Italy)	 Rare Earth Games (Vienna, Austria)	 Misc Games (Sandnes, Norway)
 C77 (Belleveue, USA)	 River End Games (Gothenburg, Sweden)	
Publisher –	Internal headcount 158 (3)	Studios 8 (-)



BUSINESS AREA: GAMES – DECA GAMES

Net sales of DECA Games were SEK 32.7 million (gross revenues for the period August 13 until September 30) (-).

DECA Games was announced the sixth operative group within Embracer Group at its acquisition August 13. It’s a platform for building a new business vertical, applying the established asset care strategy to a new market segment: Mobile and Free-To-Play. This market segment is highly complementary to Embracer Group’s existing, fast growing business within PC/console game development and publishing.

DECA Games had a solid first six weeks within the Group. Existing games at the time of the acquisition, *Realm of the Mad God* and *Dragonvale* have been performing above expectations as a result of covid-19 and increased content increased releasing pace of new content to existing games. During the quarter, DECA Games acquired two new franchises, *Almost a Hero* and *Gods and Glory*. The company has multiple ongoing M&A discussions including new franchises and entrepreneurs wanting to join the group.

Remote operations have been efficient and the integration has gone smoothly, despite the challenging circumstances with the ongoing pandemic.

Facts			
	Studios		
	DECA Games Bulgaria <small>(Veliko Tarnovo, Bulgaria)</small>	DECA Games Berlin <small>(Berlin, Germany)</small>	DECA Games <small>(remote)</small>
Publisher Deca Games (Berlin, Germany)	Internal headcount 67 (-)	Studios 3 (-)	



BUSINESS AREA: PARTNER PUBLISHING/FILM

Net sales in the Partner Publishing/Film business area increased 100% to SEK 887.8 million (443.6) compared to the same period last year, mainly driven by larger game releases as well as increased film revenues.

In the Partner Publishing business segment, *Marvel Avengers* from Square Enix and *F1 2020* from Codemasters were the major revenue drivers during the quarter. Mentioned notable releases and the general performance of the Partner Publishing business segment exceeded management expectations, despite the difficulties presented by the covid-19 restrictions to the traditional retail business.

The strong back catalogue performance and digital sales during the quarter were assessed to be driven by consumers' demand patterns affected by the covid-19 pandemic. While the lockdown had already significantly impacted the retail landscape in the quarter ending June, the reporting quarter was dominated by recovery and increasing numbers of customers buying games physically.

Partner Publishing does not expect any major new release during the quarter ending December. Releases for the quarter ending December will include *Kingdom Hearts Melody of Memory*, *Mortal Kombat 11 Ultimate* and *DIRT 5*.

The Film business segment had a strong quarter exceeding management expectations. Revenue more than doubled compared to same period last year driven by the full integration of the KSM business. Digital sales were at high levels, whereas physical sales still suffered from the covid-19 lockdowns. The film business released more than 70 titles during the quarter, including *The Witch Next Door* in cinemas and *IP Man 4* for home video.

During the quarter, Koch Films acquired Sola Media, a Germany based sales agent of international film and TV-rights, distributing children and family films across the globe. Sola Media's titles *Dreambuilders* and *Elfkings* were the major revenue drivers in the period. The upcoming release of *Forgotten Christmas* is affected by the covid-19 lockdowns on certain markets, but is still planned to be released in both Switzerland and Austria.

Koch Film also launched a B2C subscription channel, "Aniverse" on Amazon Prime video channels, the launch was well received and has so far exceeded management expectations.

After the quarter end Koch Films had a successful launch of their own YouTube channel for movie streaming called "Moviedome".

Game Outlet Europe AB, the niche distributor of retro-products and deep back catalogue games, based in Karlstad, Sweden continued to have a positive development. During the period it announced its own publishing label for niche titles, Clear River Games, that released its first title, *Ys Origin* in EMEA territories. The retro segment had a continued great performance of 8BitDo products where Game Outlet Europe has the European distribution.

Facts



koch films



Internal headcount

1,540* (1,371*)

* Koch Media Group and Game Outlet Europe included

ONGOING DEVELOPMENT AND UPCOMING RELEASES

The Company invested SEK 445 million in its growing ongoing development pipeline that will be driving growth and profitability in the coming years.

The finalized value of the completed and released games during the quarter were SEK 311 million driven by the releases of *Destroy all Humans!*, *Iron Harvest* and *Wasteland 3*.

Announced releases in the Games business area as of November 18, 2020

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Biomutant</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital & Physical
<i>Chronos: Before the Ashes</i>	THQ Nordic	Own	PC, PS4, Xbox One, Switch, Stadia	Digital & Physical
<i>Destroy all Humans!</i>	THQ Nordic	Own	Stadia	Digital
<i>Gothic - Remake</i>	THQ Nordic	Own	PC, next gen consoles	Digital & Physical
<i>Kingdoms of Amalur Expansion: Fatesworn</i>	THQ Nordic	Own	PS4, Xbox One, PC	Digital
<i>Knights of Honor II: Sovereign</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Scarf</i>	THQ Nordic	External	PC	Digital
<i>Spongebob: Battle for Bikini Bottom Rehydrated</i>	THQ Nordic	External	Stadia	Digital
<i>The Guild 3 (full version)</i>	THQ Nordic	Own	PC	Digital & Physical
<i>A Rat's Quest</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Digital
<i>Aces of the Luftwaffe Squadron - Extended Edition</i>	HandyGames	Own	Mobile	Digital
<i>Airhead</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Digital
<i>El Hijo</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Endling - Extinction is Forever</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>One Hand Clapping</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Digital
<i>Pile Up!</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Digital
<i>Townsmen VR</i>	HandyGames	Own	PC, PS4	Digital
<i>Chorus</i>	Deep Silver	Own	TBC	Digital & Physical
<i>Chivalry 2</i>	Deep Silver	External	PC, PS4, Xbox One	Physical
<i>Dead Island 2</i>	Deep Silver	Own	TBC	Digital & Physical
<i>Iron Harvest</i>	Deep Silver	External	TBC	Digital & Physical
<i>Phoenix Point</i>	Deep Silver	External	PS4, Xbox One	Digital & Physical
<i>MXGP 2021</i>	Milestone	Own	PC, PS5, PS4, Xbox One	Digital & Physical
<i>Ride 4</i>	Milestone	Own	PS5, Xbox series X	Digital & Physical
<i>Let's Sing 2021</i>	Ravenscourt	External	PS4, Switch	Digital & Physical
<i>Proto Corgi</i>	Ravenscourt	External	PC, Switch	Digital
<i>Midnight Ghost Hunt</i>	Coffee Stain	Shared	PC	Digital
<i>Satisfactory - Update 4</i>	Coffee Stain	Own	PC	Digital
<i>Songs of Conquest</i>	Coffee Stain	Own	PC	Digital
<i>Valheim</i>	Coffee Stain	External	PC	Digital
<i>SnowRunner Season 2: Explore & Expand</i>	External	Own	PC, PS4, Xbox One	Digital

For latest release dates please refer to above mentioned publishers.

EVENTS AFTER THE QUARTER

SIGNIFICANT EVENTS AFTER THE QUARTER

- > On the October 8, Embracer Group successfully completed a directed share issue of SEK 5,782 million. The new share issue further strengthen the Company's financial position and enable the company to continue its long track-record of successful acquisitions by complementing its operations by adding new game publishers, development studios or other gaming related-assets. The demand in the private placement was significant from both Swedish and international institutional investors, including Canada Pension Plan Investment Board acquiring new class B shares for a total amount of approximately SEK 2.1 billion.
- > In connection with the private placement, Embracer Group's founders consolidated their ownership in Embracer Group whereby Lars Wingefors AB acquired shares from the other founders Erik Stenberg, Mikael Brodén, Klemens Kreuzer and Reinhard Pollice. Post transaction, the co-founders became owners in Lars Wingefors AB and will no longer own shares directly through their own holding companies in Embracer Group. The transactions are expected to be completed in the end of the calendar year.
- > At the Extra General Meeting the 16th of November, it was resolved to authorize the Board to issue shares, convertibles and/or warrants in the amount not exceeding ten percent (46,793,296 shares) of the total number of shares in the company with the primarily purpose to raise new capital to increase the flexibility of the Company or in connection with acquisitions.
- > After the end of the quarter the loan, including accrued interest, of USD 101.0 million from the sellers of Saber Interactive was refinanced with an external bank loan of SEK 96 million on favourable terms. The sellers provided a discount of USD 5.0 million in connection with the repayment of the loan. In addition, Embracer realized an unrealized currency gain of approximately SEK 112 million (SEK/USD at 8.84). The net effect of the refinancing will have a positive effect on Embracer's financial net with approximately USD 5.0 million equal to SEK 44.4 million in Q3 (SEK/USD 8.84). The transaction does not have any effect on Embracer's available funds.

RELEASES AFTER THE END OF THE QUARTER

During the period October 1, 2020 until November 18, 2020, the following titles were released:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Aquanox - Deep Descent</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Desperados 3 DLC2: Five Steps Ahead</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital
<i>Desperados 3 DLC3: Once More With Feeling</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital
<i>Spellforce 3: Fallen God</i>	THQ Nordic	Own	PC	Digital
<i>Chicken Police - Paint It Red!</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Digital
<i>Little Big Workshop - The Evil DLC</i>	HandyGames	Own	PC	Digital
<i>Neighbours Back From Hell</i>	HandyGames	Own	PS4, Xbox One, PC, Switch	Digital
<i>Maneater</i>	Deep Silver	Extern	PS5, Xbox series X	Physical
<i>Ride 4</i>	Milestone	Own	PC, PS4, Xbox One	Digital & Physical
<i>Let's Sing Queen</i>	Ravencourt	Own	PS4, Xbox One, Switch	Digital & Physical
<i>9 Monkey's of Shaolin</i>	Ravencourt	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>Fishing North Atlantic</i>	Misc	Own	PC	Digital



OTHER INFORMATION

SUSTAINABILITY AND GOVERNANCE

During the quarter, the focus has been on the next step in completing the implementation of our Compliance Code, ensuring awareness in the whole group by conducting training. This is accomplished through a gamified version, in the same playful way as “the Code” available on our website. The training started in October, and we are proud of the commitment and participation that the employees in our parent company and in our subsidiaries have shown.

The Compliance Code training is carried out annually, and examples of areas covered are anti-corruption, privacy and data security, diversity and inclusion, and our whistleblowing service. We recognize the importance of training our employees. A total of 41% of our global group completed the training the first month. At Embracer parent company level, all employees have also completed a course in data privacy and the General Data Protection Regulation.

Our first sustainability report was published in the Annual Report 19/20 and laid the foundation for setting future goals and key performance indicators

Our work with green initiatives continues and together with a united climate group consisting of several Nordic gaming companies we have launched the website [PlayCreateGreen.org](https://playcreategreen.org). The site will feature best practices from gaming companies and inspire the games industry to promote climate-smart behavior. The site is functioning as a handbook and is a long-term project and part of the commitment we made together with the climate group in the UN's initiative *Playing for the Planet*.

Our cross-border initiative, the Ambassador program, has begun to work actively in small groups focusing on areas where they believe they make the greatest impact and what matters most from a sustainability perspective.



ANALYSTS FOLLOWING EMBRACER GROUP

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Carnegie	Oscar Erixon	+46 8 58 86 89 73	oscar.erixon@carnegie.se
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Bernstein	Matti Littunen	+44 207 170 50 09	matti.littunen@bernstein.com
Nordea Markets	Erik Lindholm-Röjestål	+46 101 570 310	erik.lindholm-rojestal@nordea.com
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Handelsbanken	Fredrik Olsson	-	frol16@handelsbanken.se
Redeye	Tomas Otterbeck	-	tomas.otterbeck@redeye.se
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Citi	Thomas A Singlehurst	+44 20 7986 4051	thomas.singlehurst@citi.com
Kepler Cheuvreux	Hjalmar Ahlberg	+46 708 62 50 79	ahlberg@keplercheuvreux.com
Goldman Sachs	Alexander Duval	-	alexander.duval@gs.com

Note: Redeye and ABG Sundal Collier are commissioned by Embracer Group.

ANALYSTS AND ESTIMATES

During the quarter we launched a new IR-service at embracer.com providing consensus estimates. The estimates are collected by Infront and based on predictions made by analysts who cover Embracer Group.

THE SHARE

TOP 10 OWNERS, AS OF SEPTEMBER 30, 2020					Change from June 30, 2020
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Lars Wingefors	19,504,401	88,571,196	28.04	41.34	
Matthew Karch and Andrey Iones	6,399,137	35,386,220	10.84	14.49	
Swedbank Robur Funds		25,651,868	6.66	3.74	-447,870
Erik Stenberg	4,223,172	19,177,800	6.07	8.95	
Handelsbanken Funds		18,588,798	4.82	2.71	-1,064,447
Didner & Gerge Funds		11,233,848	2.91	1.64	-376,921
Mikael Broden	1,450,134	6,585,189	2.08	3.07	
Ken Go		6,301,591	1.63	0.92	6,301,591
ODIN Funds		5,300,000	1.38	0.77	650,000
First Swedish National Pension Fund		4,920,256	1.28	0.72	-3,449,504
TOTAL TOP 10	31,576,844	221,716,766	65.71	78.35	
ALL OTHER SHAREHOLDERS	1,822,293	130,333,855	34.29	21.65	
TOTAL	33,399,137	352,050,621	100.00	100.00	

Source: Holdings by Modular Finance.

TOP 15 MANAGEMENT & CO-FOUNDER OWNERS, AS OF SEPTEMBER 30, 2020

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors	Embracer Group	19,504,401	88,571,196	28.04	41.34
Matthew Karch and Andrey Iones	Saber Interactive	6,399,137	35,386,220	10.84	14.49
Erik Stenberg	Embracer Group	4,223,172	19,177,800	6.07	8.95
Mikael Broden	Embracer Group	1,450,134	6,585,189	2.08	3.07
Ken Go	DECA Games		6,301,591	1.63	0.92
Luisa Bixio	Milestone		3,802,126	0.99	0.55
Klemens Kreuzer	THQ Nordic	605,352	2,748,963	0.87	1.28
Reinhard Pollice	THQ Nordic	347,043	1,966,572	0.60	0.79
Richard Stitselaar and Kimara Rouwit	Vertigo Games		1,928,210	0.50	0.28
Pelle Lundborg	Embracer Group	869,898	769,649	0.43	1.38
Anton Westbergh	Coffee Stain		1,206,333	0.31	0.18
Klemens Kundratitz	Koch Media		1,127,928	0.29	0.16
Vincent Van Brummen	Vertigo Games		747,851	0.19	0.11
John Coleman	Vertigo Games		406,956	0.11	0.06
Stefan Ljungqvist	Experiment 101		270,270	0.07	0.04
TOP 15		33,399,137	170,996,854	53.03	73.61
ALL OTHER SHAREHOLDERS			181,053,767	46.97	26.39
TOTAL		33,399,137	352,050,621	100.00	100.00

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



**TOP 50 INSTITUTIONAL OWNERS,
AS OF SEPTEMBER 30, 2020**

**Change from
June 30, 2020**

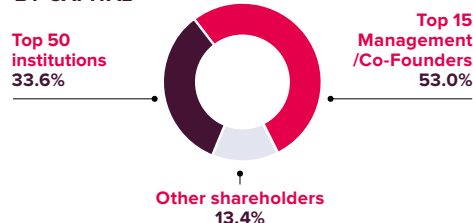
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Swedbank Robur Funds		25,651,868	6.66	3.74	-447,870
Handelsbanken Funds		18,588,798	4.87	2.73	-1,064,447
Didner & Gerge Funds		11,233,848	2.91	1.64	-376,921
ODIN Funds		5,300,000	1.39	0.78	650,000
AP1 Första AP-fonden		4,920,256	1.28	0.72	-3,449,504
Avanza Pension		4,272,869	1.11	0.62	485,795
Dan Sten Olsson Family and Foundation		4,045,004	1.06	0.59	225,000
TIN Funds		4,056,869	1.05	0.59	403,382
AP2 Andra AP-fonden		3,416,211	0.89	0.50	-1,362,527
Livförsäkringsbolaget Skandia		3,214,081	0.83	0.47	-90,969
Janus Henderson Investors		3,015,714	0.79	0.44	-176,202
Futur Pension		2,756,884	0.72	0.40	-9,078
Martin Larsson (Chalex AB)		2,532,899	0.66	0.37	-28,198
Danske Invest (Lux)		2,282,000	0.60	0.33	9,000
BlackRock		2,134,488	0.56	0.31	141,888
AFA Försäkring		2,011,989	0.52	0.29	915,245
Skandia Funds		1,969,850	0.51	0.29	48,000
Länsförsäkringar Funds		1,874,514	0.49	0.27	-196,550
DNB Funds		1,855,614	0.48	0.27	1,070,482
Nordnet Pensionsförsäkring		1,458,546	0.38	0.21	115,152
JP Morgan Asset Management		1,295,874	0.34	0.19	176,865
Allianz Global Investors		1,153,593	0.30	0.17	-192,407
Naventi Funds		1,124,367	0.29	0.16	-127,027
Sensor Funds		1,101,092	0.29	0.16	
Highclere International Investors LLP		1,057,257	0.28	0.16	-1,144,832
Aktia Asset Management		1,009,542	0.26	0.15	-38,590
Svenska Handelsbanken AB for PB		981,563	0.25	0.14	-33,840
Vanguard		926,367	0.24	0.14	2,635
Fondita Funds		920,000	0.24	0.13	
Schroders		861,208	0.23	0.13	102,333
Amundi		843,014	0.22	0.12	
RAM Rational Asset Management		789,317	0.21	0.12	
Evli Funds		765,000	0.20	0.11	102,500
Global X Management Company LLC		754,349	0.20	0.11	491,200
Kuwait Investment Authority		750,000	0.19	0.11	76,132
Consensus Asset Management		710,000	0.19	0.10	240,665
Michael Knutsson		700,000	0.18	0.10	
Varma Mutual Pension Insurance Company		675,000	0.18	0.10	
Knutsson Holdings AB		650,000	0.17	0.09	100,000
CamGestion		620,770	0.16	0.09	
DJE Kapital AG		607,900	0.16	0.09	
Lancelot Asset Management AB		600,000	0.15	0.09	-50,000
American Century Investment Management		575,469	0.15	0.08	128,322
Nordea Funds (Lux)		527,974	0.14	0.08	
Carnegie Funds		515,000	0.13	0.08	
Handelsbanken Liv Försäkring AB		489,799	0.13	0.07	72,004
Delaware Investments		468,841	0.12	0.07	-73,392
Deka Investments		450,267	0.12	0.07	
Van Eck		444,592	0.12	0.07	123,753
BNP Paribas Asset Management		406,044	0.11	0.06	-97,280
TOTAL TOP 50 INSTITUTIONAL OWNERS	0	129,366,501	33.68	18.90	
ALL OTHER SHAREHOLDERS	33,399,137	222,684,120	66.32	81.10	
TOTAL	33,399,137	352,050,621	100.00	100.00	

Source: Holdings by Modular Finance.

**INTERNATIONAL OWNERSHIP
TOP 50 INSTITUTIONAL
BY CAPITAL**



**INSTITUTIONAL OWNERSHIP
VS MANAGEMENT
BY CAPITAL**





INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than one in a company listed on a regulated market. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and also ensures that the company continuously satisfies First North's standards.

FNCA Sweden AB is Embracer Group's certified adviser who may be contacted at: info@fnca.se or +46-8-528 00 399.

RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons, dependence of 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.

ACCOUNTING AND VALUATION POLICIES

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting and valuation policies applied are consistent with the Swedish Accounting Standards Board's Category 3 (BFN K3) regulation and are unchanged since the latest published Annual Accounts, and the Swedish Accounting Standards Board's BFNAR 2012:1.

The Company's accounting policies are stated in its most recent Annual Report.

Amounts are reported in Swedish kronor, rounded to the nearest million unless otherwise stated. Rounding to the nearest million may mean that amounts are not consistent when added. Amounts and figures stated in brackets are comparatives for the corresponding period of the previous year.

AUDITOR'S REVIEW

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

FORTHCOMING REPORTS

Interim Report Q3, October-December 2020	18 February, 2021
Interim Report Q4, January-March 2021	20 May, 2021
Interim Report Q1, April-June 2021	18 August, 2021

FOR MORE INFORMATION

Find more information about the Company at its website: embracer.com

For any questions on this report, please contact:

Lars Wingefors, Co-founder & CEO, lars.wingefors@embracer.com



SIGNATURES AND ASSURANCE

The Board of Directors and the Chief Executive Officer offer their assurance that this Interim Report 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 Parent Company.

Karlstad, Sweden, November 18, 2020

Kicki Wallje-Lund
Chairman of the Board

David Gardner

Ulf Hjalmarsson

Jacob Jonmyren

Matthew Karch

Erik Stenberg

Lars Wingefors
Chief Executive Officer

This Interim 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 06:00 CET on November 18, 2020

CONSOLIDATED INCOME STATEMENT

SEK m	Jul-Sep 2020	Jul-Sep 2019	Apr-Sep 2020	Apr-Sep 2019	Apr 2019– Mar 2020
Net sales	2,383.2	1,259.7	4,451.9	2,401.8	5,249.4
Work performed by the Company for its own use and capitalized	273.4	176.6	521.3	307.8	752.8
Other operating income	64.1	66.9	128.6	111.9	305.9
Profit from revaluation of associated companies	41.4		41.4		
Total operating income	2,762.1	1,503.3	5,143.2	2,821.4	6,308.1
Operating expenses					
Goods for resale	-1,034.1	-635.1	-1,794.0	-1,163.1	-2,576.0
Other external expenses	-359.7	-191.8	-651.9	-369.3	-784.0
Personnel expenses	-398.8	-258.2	-777.5	-481.4	-1,130.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-795.6	-341.7	-1,541.6	-649.9	-1,475.9
Total operating expenses	-2,588.2	-1,426.8	-4,765.0	-2,663.7	-5,965.9
Profit from participation in associated companies	-0.5		14.3		3.2
Operating profit	173.4	76.4	392.5	157.7	345.4
<i>Profit from financial items</i>					
Other interest income, etc.	112.0	9.4	114.4	18.0	94.3
Other interest expenses, etc.	-21.8	-6.1	-59.9	-12.7	-30.9
Total financial items	90.2	3.3	54.6	5.3	63.4
Profit after financial items	263.6	79.7	447.1	163.0	408.8
Profit before tax	263.6	79.7	447.1	163.0	408.8
Tax on profit for the period	-35.8	-15.1	-128.8	-45.6	-125.5
Net profit for the period	227.8	64.6	318.3	117.4	283.3
<i>Attributable to:</i>					
Equity holders of the parent	228.1	65.0	319.1	118.2	284.9
Non-controlling interests	-0.3	-0.4	-0.8	-0.8	-1.6
Earnings per share, SEK	0.60	0.21	0.85	0.38	0.91
Average number of outstanding shares, million	378	310	373	309	311

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Sep 30, 2020	Sep 30 2019	Mar 31, 2020
Intangible assets	13,768.2	5,521.6	5,870.9
Property, plant & equipment	203.0	169.9	184.5
Financial assets	395.0	218.1	251.1
Inventories	380.5	385.4	352.8
Current receivables	1,983.2	1,579.4	1,467.6
Cash and bank balance	3,579.1	2,867.9	2,510.3
Total assets	20,309.0	10,742.3	10,637.2
Share capital	1.1	0.9	0.9
Other capital reserves	12,921.8	5,289.1	5,300.5
Recognized profit including profit for the period	815.9	895.3	1,093.9
Provisions	1,547.2	1,214.0	1,241.0
Non-current liabilities	1,174.9	214.6	221.8
Current liabilities	3,848.1	3,128.3	2,779.1
Total liabilities and equity	20,309.0	10,742.3	10,637.2
Interest-bearing receivables amount to	3,579.1	2,867.9	2,510.3
Interest-bearing liabilities amount to	3,229.4	1,768.4	1,490.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Share capital	Other paid-up capital	Other equity including net profit	Minority interest	Consolidated equity
Amount as of April 1, 2020	0.9	5,300.5	1,068.8	25.1	6,395.4
Translation difference			-688.2		-688.2
New share issue	0.2	7,656.0			7,656.2
Issue costs ¹⁾		-43.7			-43.7
Tax effect		9.0	93.3		102.3
Other				-0.6	-0.6
Net profit			318.3	-0.8	317.5
Amount as of September 30, 2020	1.1	12,921.8	792.2	23.7	13,738.8

¹⁾ Issue costs constitutes of cost of rights issue SEK 43.7 million and tax effects of the cost SEK 9.0 million.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	Jul–Sep 2020	Jul–Sep 2019	Apr–Sep 2020	Apr–Sep 2019	Apr 2019–Mar 2020
Cash flow from operating activities before changes in working capital	852.1	364.7	1,722.0	667.6	1,604.2
Change in working capital	-47.5	-79.9	-185.0	55.5	124.1
Cash flow from operating activities	804.7	284.8	1,537.0	723.1	1,728.3
Cash flow from investing activities					
Net investment in acquired companies	-773.9	-802.7	-1,877.7	-802.9	-905.7
Net investment in intangible assets	-484.1	-391.9	-978.5	-770.0	-1,653.4
Net investment in tangible assets	-12.8	-8.6	-29.0	-19.2	-42.4
Net investment in financial assets	3.6	-0.1	-14.0	-2.4	-32.6
Cash flow from financing activities	513.7	619.6	2,454.0	802.8	473.5
Cash flow for the period	51.3	-298.9	1,091.8	-68.6	-432.3
Cash and cash equivalents at beginning of period	3,525.1	3,159.0	2,510.3	2,929.1	2,929.1
Translation difference in cash and cash equivalents	2.7	7.8	-23.0	7.4	13.5
Cash and cash equivalents at end of period	3,579.1	2,867.9	3,579.1	2,867.9	2,510.3

PARENT COMPANY INCOME STATEMENT

SEK m	Jul-Sep 2020	Jul-Sep 2019	Apr-Sep 2020	Apr-Sep 2019	Apr 2019– Mar 2020
Net sales	252.9	183.0	442.7	284.3	495.9
Other operating income	0.0	2.7	0.0	2.7	11.1
Total operating income	252.9	185.8	442.7	287.0	507.0
Operating expenses					
Other external expenses	-2.6	-6.2	-26.1	-10.6	-64.3
Personnel expenses	-5.3	-2.2	-10.0	-4.0	-12.8
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-133.9	-95.4	-217.5	-171.2	-333.3
Total operating expenses	-141.8	-103.8	-253.6	-185.8	-410.4
Operating profit	111.1	81.9	189.1	101.2	96.6
Result from financial assets	1.3	2.5	2.6	4.6	39.7
Interest income, etc.	10.7	16.1	11.0	27.5	83.0
Interest expenses, etc.	-364.4	-5.4	-397.0	-10.4	-21.5
Total financial income/expenses	-352.4	13.2	-383.4	21.6	101.2
Profit after financial items	-241.2	95.1	-194.4	122.8	197.8
Appropriations	0.0	0.0	0.0	0.0	-60.0
Profit before tax	-241.2	95.1	-194.4	122.8	137.8
Tax on profit for the period	51.9	-20.9	41.9	-27.0	-29.7
Net profit for the period	-189.3	74.2	-152.5	95.8	108.1

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Sep 30, 2020	Sep 30, 2019	Mar 31, 2020
Intangible assets	434.8	382.7	393.8
Tangible assets	5.5		1.6
Financial assets	9,156.9	2,678.6	2,813.6
Current receivables	1,733.1	771.6	927.7
Cash and bank balance	2,083.3	2,069.5	1,954.5
Total assets	13,413.5	5,902.4	6,091.2
Equity	11,965.9	5,552.0	5,575.1
Untaxed reserves	140.6	95.6	140.6
Provisions	3.6	3.6	3.6
Long-term liabilities	1,117.3	214.6	221.7
Current liabilities	186.1	36.5	150.2
Total liabilities and equity	13,413.5	5,902.4	6,091.2

SELECTED KEY PERFORMANCE INDICATORS – GROUP

Financial metrics defined or specified pursuant to Swedish Accounting Standards Board standards (BFNAR)	Jul–Sep 2020	Jul–Sep 2019	Apr–Sep 2020	Apr–Sep 2019	Apr 2019–Mar 2020
Net sales, SEK m	2,383.2	1,259.7	4,451.9	2,401.8	5,249.4
Operating profit, SEK m	173.4	76.4	392.5	157.7	345.4
Profit before tax, SEK m	263.6	79.7	447.1	163.0	408.8
Profit after tax, SEK m	227.8	64.6	318.3	117.4	283.3
Number of shares at end of period, thousands ¹⁾	385,450	311,905	385,450	311,905	312,067
Average number of outstanding shares, thousands ¹⁾	377,834	309,759	373,135	308,737	311,411
Average number of full-time employees in the period	2,807	1,487	2,494	1,426	1,663
Number of employees at the end of the period	3,024	1,632	3,024	1,632	1,873
Alternative key performance indicators not defined or specified pursuant to BFNAR	Jul–Sep 2020	Jul–Sep 2019	Apr–Sep 2020	Apr–Sep 2019	Apr 2019–Mar 2020
Net sales growth, %	89	-1.0	85	14	3
EBITDA, SEK m	969.0	418.1	1,934.0	807.6	1,821.3
EBITDA margin, %	41	33	43	34	35
Operational EBIT, SEK m	652.5	240.7	1,364.3	444.8	1,033.0
EBIT, SEK m	173.4	76.4	392.5	157.7	345.4
EBIT margin, %	7	6	9	7	7
Equity/assets ratio, %	68	58	68	58	60
Adjusted earnings per share, SEK ¹⁾	1.80	0.65	3.32	1.16	2.81
Earnings per share, SEK ¹⁾	0.60	0.21	0.85	0.38	0.91
Dividend per share, SEK	0.0	0.0	0.0	0.0	0.0
<i>Derivation of the alternative KPIs, operational EBIT and EBITDA</i>					
EBIT, SEK m	173.4	76.4	392.5	157.7	345.4
Amortization expenses added back to Operational EBIT					
- Goodwill, SEK m	401.1	51.7	776.4	97.2	285.1
- Intellectual property (IP) rights, SEK m	104.2	100.5	206.4	169.7	359.4
- Surplus value of Partner Publishing/Film, SEK m	15.3	12.0	30.3	20.2	43.1
Revaluation of shares in associated companies	-41.4		-41.4		
Operational EBIT, SEK m	652.5	240.7	1,364.3	444.8	1,033.0
- Other depreciation and amortization expenses, SEK m	275.0	177.4	528.3	362.9	788.3
Revaluation of shares in associated companies	41.4		41.4		
EBITDA, SEK m	969.0	418.1	1,934.0	807.6	1,821.3

¹⁾ Recalculated with respect to the 3:1 split carried out on October 8, 2019 as resolved at the annual general meeting on September 17, 2019. Number of shares for previous periods have been adjusted.

DEFINITIONS OF ALTERNATIVE KPI's

Embracer Group's definitions of a number of alternative KPI's used in this Interim Report are stated below. Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress. 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. The company has chosen to disclose operational EBIT in order to provide a fair picture of the underlying operational performance. This alternative key performance metric excludes amortization of acquisition-related goodwill, surplus values of specific business areas (currently Partner Publishing/Film) and IP values (trademarks, patents, copyrights etc.). The equity/assets ratio is stated because the Company regards this as a metric commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial position.

DEFINITIONS OF KPI'S, GROUP

Adjusted Earnings per share	Profit after tax excluding non-operational depreciations and amortizations net of tax and profit of revaluation of shares in associated companies divided by the average number of shares in the period. Tax related to non-operational depreciation and amortizations calculated using the effective tax rate (no tax effect on goodwill amortizations).
Earnings per share	Profit after tax less non-controlling interest divided by the average number of shares in the period.
EBIT margin	EBIT as a percentage of net sales.
EBITDA	Earnings before interest taxes, depreciation and amortization.
EBITDA margin	EBITDA as a percentage of net sales.
Equity/assets ratio	Equity as a percentage of total assets.
Free Cash Flow	Cash Flow for the period excluding net investment in acquired companies and cash flow from Financing activities.
Net sales growth	Net sales for the current period divided by net sales for the corresponding period of the previous year.
Non-operational Depreciation and Amortizations	Amortization of acquisition-related goodwill, surplus values of specific business areas and IP Values (trademarks, patents, copyrights etc.).
Operational EBIT	EBIT excluding non-operational depreciations and profit/loss of revaluation of participation in associated companies.
Operational EBIT margin	Operational EBIT as a percentage of net sales.

DEFINITIONS, QUARTERLY INFORMATION

Completed games	Total book value of finished game development projects (released games) during the quarter. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and depreciation starts.
Depreciation	
Game development	Depreciation of finished game development projects - degressive depreciation over two years. 1/3 depreciation during month 1 to 3 following release, 1/3 depreciation in month 4 to 12 following release and the remaining 1/3 in month 13 to 24 following release.
Other intangible assets (Film etc)	The majority of other intangible assets (Film etc) relates to the Group's film business and is depreciated based on actual sales in relation to expected sales of the relevant title.
IP-rights	Depreciation of IP rights related to Games - straight-line depreciation over five years.
Surplus value Partner Publishing/Film	Depreciation of surplus values related to Partner Publishing/Film - straight-line depreciation over five years.
Goodwill	Depreciation of Goodwill - straight-line depreciation over five years.
Digital sales	All net sales not shipped physically.
External game developers	Number of game developers engaged in game development projects by studios that are not owned by the group (external studios).
External Studios	Number of external development studios engaged in game development projects.
Game development projects	Number of on-going game development projects financed by the group.
Internal employees, non-development	Number of employees not directly engaged in game development (both employees and contractors).
Internal game developers	Number of game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
Internal Studios	Number of internal development studios.
Net sales split – Games business area	
Owned titles	Net sales of game titles that are owned IP:s or titles that are controlled by the group.
Publishing titles	Net sales of game titles of IP:s the group does not own or control.
New releases sales by each quarter	Net sales of game titles that are released in the current quarter.
Back catalog	Net sales of game titles that are not released in the current quarter.
Number of IP:s	Number of IP:s owned by the group.
Organic growth	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded.
Organic growth, CCY	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.
Physical sales	All net sales shipped physically.

QUARTERLY INFORMATION BY CALENDAR YEAR

	2017					2018					2019					2020		
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep
Consolidated Group																		
Net sales, SEK m	82	86	85	255	508	633	838	1,273	1,381	4,124	1,631	1,142	1,260	1,509	5,541	1,339	2,069	2,383
EBITDA, SEK m	42	40	35	156	273	226	207	215	326	974	619	390	418	518	1,945	495	965	969
Operational EBIT, SEK m	35	34	28	106	202	131	70	103	197	501	396	204	241	302	1,143	286	712	653
EBIT, SEK m	32	30	24	102	188	107	53	91	152	403	172	81	76	91	421	97	219	173
Profit after tax, SEK m	24	23	19	73	139	81	33	65	114	294	103	53	65	34	254	132	91	228
Number of shares (A&B), adjusted, million ¹⁾	216	216	217	238	222	238	241	265	283	252	283	308	310	312	303	312	368	385
Earnings per share, SEK ¹⁾	0.11	0.11	0.09	0.31	0.63	0.34	0.14	0.25	0.44	1.17	0.37	0.17	0.21	0.11	0.84	0.42	0.26	0.60
Adjusted Earnings per share, SEK ¹⁾	0.12	0.12	0.10	0.33	0.68	0.42	0.19	0.28	0.55	1.50	1.00	0.51	0.65	0.68	2.82	0.97	1.51	1.80
Cash flow from operating activities, SEK m	30	22	29	99	179	700	165	-740	455	579	777	441	283	239	1,740	766	732	805
Free cash flow, SEK m	-	-	-	-	-	-	-	-	-	-	-	47	-116	-207	-	276	204	311
Sales growth, %	90%	62%	9%	99%	68%	673%	878%	1,403%	441%	713%	158%	36%	-1%	9%	34%	-18%	81%	89%
Organic growth, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74%	51%
Organic growth, CCY, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71%	61%
EBITDA, margin, %	51%	46%	41%	61%	54%	36%	25%	17%	24%	24%	38%	34%	33%	34%	35%	37%	47%	41%
Operational EBIT, margin, %	43%	39%	32%	41%	40%	20%	8%	8%	14%	12%	25%	18%	19%	20%	21%	21%	34%	27%
EBIT, margin, %	39%	35%	28%	40%	37%	17%	6%	7%	11%	10%	11%	7%	6%	6%	8%	7%	11%	7%
Gross Margin (Net sales-COGS), SEK m	57	61	55	186	360	313	372	378	542	1,604	889	614	625	762	2,889	673	1,309	1,349
Gross Margin, %	70%	72%	65%	73%	71%	50%	44%	30%	39%	39%	55%	54%	50%	51%	52%	50%	63%	57%
Net sales per business area																		
Games - THQ Nordic, SEK m	82	86	85	255	508	135	146	124	352	756	143	185	330	333	991	307	488	567
Games - Deep Silver, SEK m	-	-	-	-	-	257	338	252	187	1,033	794	373	442	467	2,076	515	613	507
Games - Coffee Stain, SEK m	-	-	-	-	-	-	-	-	14	14	98	83	45	36	261	82	172	130
Games - Saber, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	349	259
Games - DECA Games, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33
Games, total	82	86	85	255	508	391	484	376	553	1,803	1,035	641	816	836	3,328	904	1,622	1,495
Partner Publishing/Film, SEK m	-	-	-	-	-	242	354	897	828	2,320	596	501	444	673	2,213	436	447	888
Net sales split – Games business area																		
Owned titles, %	67%	76%	74%	82%	77%	34%	39%	50%	72%	50%	84%	80%	78%	79%	80%	70%	74%	66%
Publishing titles, %	33%	24%	26%	18%	23%	66%	61%	50%	28%	50%	16%	20%	22%	21%	20%	30%	26%	34%
Owned titles, SEK m	55	66	63	208	391	134	189	188	396	907	871	510	637	657	2,675	633	1,194	994
Publishing titles, SEK m	27	20	22	47	116	257	295	188	157	897	164	131	179	178	653	270	428	501
New releases sales by each quarter, %	36%	16%	39%	74%	-	63%	20%	31%	58%	-	75%	18%	32%	35%	-	38%	45%	33%
Back catalog, %	64%	84%	61%	26%	-	37%	80%	69%	42%	-	25%	82%	68%	65%	-	62%	55%	67%
New releases sales by each quarter, SEK m	30	14	34	190	-	246	98	117	321	-	781	118	261	291	-	345	733	488
Back catalog, SEK m	52	72	51	65	-	145	386	259	232	-	254	524	555	545	-	559	889	1,007
Physical sales, %	49%	31%	44%	60%	50%	62%	50%	48%	59%	55%	39%	29%	26%	31%	32%	22%	26%	24%
Digital sales, %	51%	69%	56%	40%	50%	38%	50%	52%	41%	45%	61%	71%	74%	69%	68%	78%	74%	76%
Physical sales, SEK m	40	27	36	150	253	243	242	179	324	988	407	189	215	259	1,070	195	419	352
Digital sales, SEK m	42	59	49	102	251	148	242	197	229	815	628	452	601	577	2,258	709	1,203	1,143
Depreciation and amortization																		
Game development	-6	-6	-7	-43	-62	-59	-109	-80	-93	-341	-192	-162	-144	-133	-631	-148	-191	-222
Other intangible assets (Film etc.)	-	-	-	-	-	-33	-24	-27	-31	-115	-25	-16	-26	-76	-144	-53	-55	-43
Sub-total	-6	-6	-7	-43	-62	-92	-133	-107	-124	-455	-217	-179	-170	-209	-775	-201	-246	-265
<i>Acquisition-related depreciation</i>																		
IP-rights	-3	-3	-4	-4	-14	-11	-7	-9	-8	-33	-166	-69	-101	-123	-458	-67	-102	-104
Surplus value Partner Publishing/Film	-	-	-	-	-	-12	-10	-2	-9	-33	-15	-8	-12	-11	-46	-12	-15	-15
Goodwill	-	-	-	-	-	-1	-1	-2	-28	-32	-43	-45	-52	-77	-218	-110	-375	-401
Sub-total	-3	-3	-4	-4	-14	-24	-17	-13	-45	-99	-224	-123	-164	-211	-722	-189	-492	-521
Total intangible assets	-10	-9	-10	-47	-76	-116	-150	-120	-169	-554	-441	-302	-334	-420	-1,497	-390	-738	-786
Investments in intangible assets																		
External game development and advances, SEK m	54	44	59	54	212	115	114	132	167	528	189	225	166	152	732	193	209	172
Internal capitalized development, SEK m	13	14	19	33	80	58	94	102	106	359	116	131	177	221	645	224	248	273
Other intangible assets	-	-	-	11	11	12	31	18	31	91	20	22	43	46	131	40	41	39
IP-rights	-	-	4	-	4	-	0	22	11	32	0	0	6	0	7	8	0	0
Total	67	59	82	98	306	185	239	273	314	1,010	326	378	392	419	1,515	465	498	484
Completed games																		
Completed games, SEK m	1	2	40	134	176	123	47	50	162	383	220	168	104	152	644	165	253	311
Other KPIs																		
Total Game Dev projects	32	30	29	36	-	54	51	55	77	-	80	81	86	96	-	103	125	135
Announced Game Dev projects	14	13	13	12	-	19	17	20	29	-	32	34	37	44	-	43	52	53
Unannounced Game Dev projects	18	17	16	24	-	35	34	35	48	-	48	47	49	52	-	60	73	82
Total internal game developers	78	82	163	178	-	536	565	608	613	-	860	882	1,162	1,237	-	1,359	2,076	2,551
Total external game developers	282	306	261	229	-	714	692	740	871	-	807	946	1,110	1,021	-	1,006	1,109	1,042
Total internal employees, non-development	44	44	45	55	-	470	486	554	529	-	541	590	709	713	-	744	790	851
Total number headcount	404	432	469	462	-	1,720	1,743	1,902	2,013	-	2,208	2,418	2,981	2,970	-	3,109	3,975	4,445
Number of studios																		
Total number External Studios	-	-	-	-	-	18	29	26	26	-	42	48	55	58	-	58	55	56
Total number Internal Studios	-	-	-	-	-	10	10	10	10	-	17	18	18	20	-	26	33	46
Total number Studios	-	-	-	-	-	28	39	36	36	-	59	66	73	78	-	84	88	102
Total number of IP	-	-	-	-	-	91	106	107	119	-	136	138	148	154	-	160	174	195

¹⁾ Recalculated with respect to the 3:1 split carried out on October 8, 2019 as resolved at the annual general meeting on September 17, 2019. Number of shares for previous periods have been adjusted.

EMBRACER⁺ GROUP

Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. Embracer Group has an extensive catalogue of over 190 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency and World War Z, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its six operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest, Saber Interactive and DECA Games. Embracer Group has 46 internal game development studios and is engaging more than 4,000 employees and contracted employees in more than 40 countries.