1. Operational and financial performance
# Q3 FY20/21 highlights

## Financial and operational key metrics for the quarter

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales – Group</td>
<td>SEK 2,168m</td>
<td>+44%</td>
</tr>
<tr>
<td>Net sales – Games</td>
<td>SEK 1,356m</td>
<td>+62%</td>
</tr>
<tr>
<td>Net sales – Partner Publ./Film</td>
<td>SEK 813m</td>
<td>+21%</td>
</tr>
<tr>
<td>Operational EBIT</td>
<td>SEK 603m</td>
<td>+100%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>SEK 309m</td>
<td>+SEK 516m</td>
</tr>
</tbody>
</table>

## Pipeline and development capacity continue to strengthen

- **150 pipeline projects**
- **113 development studios**
- **~4,300 game developers**
- **SEK 523m invested** in quarter, which was ATH and 3X the dev. value of released games
- **113 acquisitions** in the quarter
- **13 acquisitions** after the quarter
- **3 acquisitions** in the quarter

### Drivers

Mainly driven by strong back catalog performance

### Selected releases

- **Biomutant** → May 25, 2021

Revised expectations for total dev. cost of released games:

- Q4 FY20/21: SEKm 120–140
- FY20/21: SEKm 840–860
- FY21/22: SEKm 2500–3000

### M&A

- **13 acquisitions** in the quarter
- **150 pipeline projects**
- **113 development studios**
- **~4,300 game developers**
- **SEK 523m** invested in quarter, which was ATH and 3X the dev. value of released games
- **3 acquisitions** after the quarter
- **3 acquisitions** in the quarter
- **21/33% organic/proforma growth (constant currency)**

### Favorable M&A outlook

- M&A market is more vivid than ever
- SEK 5.8bn raised on Oct 8 for M&A and organic growth investments
- SEK 10bn in cash and available credit facilities currently**

### Successful release after quarter ~3m units sold

- **Biomutant** released on May 25, 2021
- **~3m units sold**

### Landmark mergers forming two new verticals/legs

- **Board has decided on IFRS conversion**, starting point for process of becoming listed on a regulated market within 18–36 months.

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* Counting both internal and external pipeline projects, development studios, developers and investment. As per Dec 31, 2020, i.e. not including the M&A in Q4 FY20/21. | **“Currently” here means cash and unutilized credit facilities per Dec 31, 2020 with the cash consideration of the announced acquisitions in Q4 FY20/21 deducted, assuming these acquisitions close.
### Key PnL metrics

<table>
<thead>
<tr>
<th></th>
<th>Quarterly</th>
<th>YoY change</th>
<th>Trailing twelve months (TTM)</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 FY20/21</td>
<td>Q3 FY19/20</td>
<td>Dec 2020</td>
<td>Dec 2019</td>
</tr>
<tr>
<td>Net sales</td>
<td>2,168</td>
<td>1,509</td>
<td>44%</td>
<td>7,959</td>
</tr>
<tr>
<td>EBITDA</td>
<td>879</td>
<td>518</td>
<td>70%</td>
<td>3,308</td>
</tr>
<tr>
<td>Operational EBIT</td>
<td>603</td>
<td>302</td>
<td>100%</td>
<td>2,254</td>
</tr>
<tr>
<td>Operational EBIT margin</td>
<td>28%</td>
<td>20%</td>
<td>28%</td>
<td>21%</td>
</tr>
<tr>
<td>Adjusted EPS (SEK)</td>
<td>1.06</td>
<td>0.68</td>
<td>56%</td>
<td></td>
</tr>
</tbody>
</table>
Depreciation and amortization

Q3 FY20/21
SEK million

-200
-65
-11
603

Operational D&A: -276

Acquisition-related D&A: -664

EBITDA
Game development
Other (mainly PPE)
Operational EBIT
Surplus value Partn. P/Film
Goodwill
Reported EBIT
## Cash flow statement

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 FY20/21</th>
<th>Q3 FY19/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>847</td>
<td>552</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-7</td>
<td>-313</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>840</td>
<td>240</td>
</tr>
<tr>
<td>Net investment in acquired companies</td>
<td>-2,308</td>
<td>-88</td>
</tr>
<tr>
<td>Net investment in intangible assets</td>
<td>-558</td>
<td>-419</td>
</tr>
<tr>
<td>Net investment in tangible assets</td>
<td>-24</td>
<td>-9</td>
</tr>
<tr>
<td>Net investment in financial assets</td>
<td>50</td>
<td>-19</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-2,840</td>
<td>-535</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>5,404</td>
<td>229</td>
</tr>
<tr>
<td><strong>CASH FLOW FOR THE PERIOD</strong></td>
<td>3,405</td>
<td>-66</td>
</tr>
<tr>
<td>Translation difference in cash and cash equivalents</td>
<td>-65</td>
<td>-17</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>309</td>
<td>-207</td>
</tr>
<tr>
<td>Free cash flow – trailing twelve months</td>
<td>1,100</td>
<td>n/a</td>
</tr>
</tbody>
</table>

- 53% YoY growth in the quarter mainly due to increase in earnings.
- Inorganic growth investments (M&A).
- Organic investment in game development with a significant portion being growth investments.
- Mainly relating to the new share issue of SEK 5.8bn in Oct 2020.
- FCF improves i.a. as our pipeline matures. FCF in the quarter was SEK 309m simultaneously as we invested more than ever into game development (SEK 523m). FCF in 2020 was SEK 1,100m.
Investments in intangible assets in Q3 FY20/21

<table>
<thead>
<tr>
<th>SEK million</th>
<th>IP-rights</th>
<th>Other intangible assets (Film etc.)</th>
<th>Internal capitalized development</th>
<th>External game development and advances</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>35</td>
<td>370</td>
<td>153</td>
<td>558</td>
</tr>
</tbody>
</table>

Investments in game development by quarter

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal capitalized development</td>
<td>7</td>
<td>37</td>
<td>370</td>
<td>153</td>
<td>558</td>
<td>2017</td>
<td>373</td>
<td>445</td>
<td>445</td>
<td>523</td>
<td>370</td>
<td>153</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External game development and advances</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2018</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Completed games: SEK 156m (Total development cost of all games released in the quarter)
Pipeline and development capacity continue to grow

**# of development studios**

- Internal: Q1 39, Q2 36, Q3 36, Q4 51, 2018 39, 2019 59, 2020 66
- External: Q1 51, Q2 73, Q3 77, Q4 80, 2018 77, 2019 88, 2020 93

**# of developers**

- Internal: Q1 1250, Q2 1257, Q3 1348, Q4 1484, 2018 1250, 2019 1667, 2020 1828
- External: Q1 1828, Q2 2272, Q3 2258, Q4 2365, 2018 102, 2019 362, 2020 888

**# of pipeline projects**

- Announced: Q1 54, Q2 77, Q3 80, Q4 86, 2018 150, 2019 103, 2020 135
- Unannounced: Q1 55, Q2 81, Q3 96, Q4 89, 2018 61, 2019 135, 2020 89
Biomutant release date set to May 25, 2021 – completed games value expectations for Q4 FY20/21 to SEK 120–140 million and FY20/21 to SEK 840–860 million.

Quality-first approach is fundamental to releasing games that perform well and over a long period, and is a key contributor to our strong back catalog. During the current fiscal year we have postponed over ten games due to our quality-first principle.

We expect release activity in FY21/22 to be the strongest in our history with more than 70 premium games released and a total development cost of released games of SEK 2,500–3,000 million, skewed towards the end of that fiscal year.
# Balance Sheet

<table>
<thead>
<tr>
<th>SEK million</th>
<th>31 Dec 2020</th>
<th>30 Sep 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>14,686</td>
<td>13,768</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>230</td>
<td>203</td>
</tr>
<tr>
<td>Financial assets</td>
<td>367</td>
<td>395</td>
</tr>
<tr>
<td>Inventories</td>
<td>279</td>
<td>381</td>
</tr>
<tr>
<td>Current receivables</td>
<td>1,878</td>
<td>1,983</td>
</tr>
<tr>
<td>Cash and bank balance</td>
<td>6,919</td>
<td>3,579</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>24,359</strong></td>
<td><strong>20,309</strong></td>
</tr>
<tr>
<td>Share capital</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other capital reserves</td>
<td>19,068</td>
<td>12,922</td>
</tr>
<tr>
<td>Recognized profit incl. the period</td>
<td>–344.0</td>
<td>816</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,931</td>
<td>1,547</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>267</td>
<td>1,175</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,436</td>
<td>3,848</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>24,359</strong></td>
<td><strong>20,309</strong></td>
</tr>
<tr>
<td>Interest-bearing receivables</td>
<td>6,919</td>
<td>3,579</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>2,041</td>
<td>3,229</td>
</tr>
<tr>
<td>Net cash</td>
<td>4,878</td>
<td>350</td>
</tr>
</tbody>
</table>

**Breakdown of intangible assets 31 Dec 2020**

- **Completed games (released)**: 552 (4%)
- **Ongoing game development projects**: 2,795 (19%)
- **Other intangible assets (film etc.)**: 183 (1%)
- **Operational intangible assets**: 3,529 (24%)
- **IP-rights**: 1,369 (9%)
- **Surplus value Partner Publishing/Film**: 147 (1%)
- **Goodwill**: 9,641 (66%)
- **Acquisition related intangible assets**: 11,157 (76%)

**TOTAL**: 14,686 (100%)

- SEK 12.5bn in cash and unutilized credit facilities at 31 Dec 2020
- SEK 10bn in cash and unutilized credit facilities per 31 Dec 2020 with cash consideration of announced fiscal Q4 M&A deducted
2. Games business area
## Net sales breakdowns (Games business area)

- **Net sales**
  - **SEKm**
    - Q3 FY19/20: 3,328
    - Q4 FY19/20: 3,197
    - Q1 FY20/21: 1,622
    - Q2 FY20/21: 1,495
    - Q3 FY20/21: 1,355
    - **Quarterly Increase** +62% YoY
    - **Trailing twelve months** +62% YoY

- **New releases** (rest is back catalog)
  - **Q3** FY19/20: 4,177
  - **Q4** FY19/20: 4,857
  - **Q1** FY20/21: 5,377
    - **Quarterly Increase** +62% YoY

- **Digital** (rest is physical)
  - **Q3** FY19/20: 35%
  - **Q4** FY19/20: 38%
  - **Q1** FY20/21: 45%
    - **Quarterly Increase** +62% YoY

- **Owned titles** (rest is publishing titles)
  - **Q3** FY19/20: 80%
  - **Q4** FY19/20: 76%
  - **Q1** FY20/21: 79%
    - **Quarterly Increase** +62% YoY
Release activity and organic growth
Consistent organic growth investments has lead to consistent increasing release values and strong organic growth.

Value of completed games (Trailing twelve months, SEK million)

- Q1 2017: 885
- Q2 2018: 750
- Q3 2018: 500
- Q4 2018: 250
- Q1 2019: 200
- Q2 2019: 150
- Q3 2019: 100
- Q4 2019: 50
- Q1 2020: 25
- Q2 2020: 10
- Q3 2020: 5

Organic growth (constant currency)

- FY16/17: 51%
- FY17/18: 68%
- FY18/19: 9%
- FY19/20: 23%
- YTD Q3 FY20/21: 54%
Net sales (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY19/20</th>
<th>Q1 FY20/21</th>
<th>Q2 FY20/21</th>
<th>Q3 FY20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>333</td>
<td>488</td>
<td>567</td>
<td>380</td>
</tr>
<tr>
<td>Net sales YoY</td>
<td>+14%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales mainly driven by back catalog

Main back catalog drivers

Solid quarter, mainly driven by the back catalog with evergreen titles like 
Wreckfest, and more recent releases 
including Spongebob and Destroy All Humans!

Other


During the quarter, several significant commercial deals were signed. On the back of the success of previous license releases, new licensing deals will be pursued.

Selected pipeline

- PC+Console
- Switch
- Kingdoms of Amalur: Re-Reckoning
- Biomutant

★ = Own IP, otherwise 3rd party IP
### Net sales (SEK million)

#### Quarterly

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (SEK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY19/20</td>
<td>467</td>
</tr>
<tr>
<td>Q4 FY19/20</td>
<td>515</td>
</tr>
<tr>
<td>Q1 FY20/21</td>
<td>613</td>
</tr>
<tr>
<td>Q2 FY20/21</td>
<td>507</td>
</tr>
<tr>
<td>Q3 FY20/21</td>
<td>497</td>
</tr>
</tbody>
</table>

*+6% YoY*

#### Trailing twelve months

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (SEK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY19/20</td>
<td>2,076</td>
</tr>
<tr>
<td>Q4 FY19/20</td>
<td>1,796</td>
</tr>
<tr>
<td>Q1 FY20/21</td>
<td>2,036</td>
</tr>
<tr>
<td>Q2 FY20/21</td>
<td>2,101</td>
</tr>
<tr>
<td>Q3 FY20/21</td>
<td>2,131</td>
</tr>
</tbody>
</table>

*ATH*

### Net sales drivers in stable quarter

#### Key releases

- **Milestone, Vertigo, Flying Wild Hog**

  *Milestone* performed in line with mgmt expectations. Main revenue drivers were *Ride 4, MotoGP20*, and a stable back catalog.

  Gross revenue +40% YoY in the quarter without a major release

  Successful release of Facebook’s Oculus Quest 2 VR headset, selling 1m units in Q4 2020 (SuperData), benefits the general prospects of the VR market

- **Acquired Flying Wild Hog in Nov 2020.** Polish developer of AA+ PC and console games e.g. critically acclaimed Shadow Warrior series. Team of 260+ across three studios in Poland. Link to presentation (slides 28–30).

### Milestone, Vertigo, Flying Wild Hog

#### Selected back catalog drivers

- **MXGP 2020**
  - PC+Console

- **RIDE 4**
  - PC+Console

- **Mafia: Triple Threat**
  - Next-gen consoles

- **Metro**

- **Saints Row**

- **Man Eater**

- **Flying Wild Hog**
Sales driven by back catalog

- No new releases in the quarter
- The back catalog continued to perform well, led by Satisfactory and Deep Rock Galactic.

Other

- The remaining 40% of Coffee Stain North acquired in November. The studio is working on an unannounced title since 2017.
- Successful Early Access release of Valheim after the quarter
- Developed by minority-owned studio Iron Gate and published by Coffee Stain

Selected pipeline

No new titles announced.
Net sales (SEK million)

<table>
<thead>
<tr>
<th>Quarterly</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19/20</td>
<td>349</td>
<td>259</td>
<td>307</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20/21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Jan–Dec 2019

**Net sales**: $105m

**EBIT**: $62m

Net sales drivers

Solid quarter driven by back catalog, mainly WWZ and Snowrunner

Six acquisitions in the quarter and one after

- **Zen Studios**: Leading pinball games developer. 65 FTEs. Hungary.
- **Snapshot Games**: Developer of premium strategy games e.g. Phoenix Point. 65 FTEs. USA and Bulgaria.
- **Nimble Giant**: Leading Latam PC/console game developer. 75 FTEs. Argentina.
- **Wargame**: Extensive and efficient game developer. 130 FTEs. Serbia.
- **Madhead Games**: Developer of premium games for PC, console and mobile. 28 FTEs. Italy.
- **34 Big Things**: PR and influencer relations agency specialized for in gaming. 13 FTEs. USA.
- **Aspyr**: Indie developer and publisher with 24+ years of finding beloved IPs and connecting them with new audiences on all platforms. 140 FTEs. USA. After the quarter.

Pipeline

Selected upcoming releases

- **The Evil Dead**: Madrid
- **St. Petersburg**: USA

Link to presentations (1) and (2)
Net sales (SEK million)

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY19/20</th>
<th>Q4 FY19/20</th>
<th>Q1 FY20/21</th>
<th>Q2 FY20/21</th>
<th>Q3 FY20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated from Aug 13</td>
<td>33</td>
<td>73</td>
<td>FTEs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- DECA Games was acquired as Embracer’s sixth operative group on Aug 13, 2020

Net sales drivers in the quarter

- Stable performance overall in the quarter,
- mainly driven by new products *DragonVale*, *Almost a Hero*, and *Gods and Glory*.
- *Realm of the Mad God* continued to performed well
- *DragonVale* underperformed management expectations as content updates were delayed

Two acquisitions in the quarter

- **A Thinking Ape**
  - Mobile studio • Founded 2008 • ~82 FTEs
  - Vancouver, Canada • $190m lifetime sales

- **IUGO**
  - Mobile studio • Founded 2003 • ~86 FTEs
  - Vancouver, Canada

Both A Thinking Ape and IUGO is developing one original IP for release in cal. year 2021

Link to presentation
Key events in and after the quarter

Tarsier Studios released *Little Nightmares II* on PC, consol and Stadia after the quarter

- Strong reviews from critics and players alike
- Minor contribution to the result due to external publisher
- Going forward, *Tarsier Studios* focuses on creating new IP

Majority-owned studio *Misc Games* released *Fishing North Atlantic* on PC in the quarter which underperformed vs. mgmt expectations

Acquired founder-led studio *Silent Games* in the quarter

- Founded 2018 in Newcastle, UK
- Team of four with ambition to grow to 30 heads

Invested into start-up studio *Plucky Bytes* in the quarter

- Based in Karlstad
- Run by three industry veterans
3. **Partner Publishing/Film business area**
Net sales (SEK million)

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19/20</td>
<td>673</td>
<td>436</td>
<td>447</td>
<td>888</td>
<td>813</td>
</tr>
<tr>
<td>FY20/21</td>
<td></td>
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</tr>
</tbody>
</table>

Net sales drivers in the quarter

- Exceeded management expectations
- Highlights: Successful theatrical release of Pataní, exclusive distribution contract with Paramount for Italy territory, notable TV-agreements with Italian broadcasters Sky and RAI
- Digital sales at high level, physical hampered by covid-19
- Video subscription channel “Aniverse” on Amazon Prime continued to perform well
- Sales were above management expectations, mainly driven by releases Dirt5, Yakuza 7, Mortal Kombat 11 Ultimate, and Covid-19 recovery
- Other releases included Puyo Puyo Tetris 2, Kingdom Hearts Melody of Memory and Chronos: Before the Ashes.

Film and other

Film business segment

- Exceeded management expectations
- Highlights: Successful theatrical release of Pataní, exclusive distribution contract with Paramount for Italy territory, notable TV-agreements with Italian broadcasters Sky and RAI
- Digital sales at high level, physical hampered by covid-19
- Video subscription channel “Aniverse” on Amazon Prime continued to perform well

Other

- Game Outlet had another stable quarter
- Acquired 95% of Romanian Quantic Lab – gaming Quality Assurance

Pipeline

No notable release with significant commercial impact expected for Q4 FY20/21

Selected upcoming releases fiscal Q4

- "Balan Wonderworld"
- "The Aftermath"
4. M&A update & outlook
Recap on mergers and acquisitions

Total Maximum Consideration

Number of deals

SEK mn

- CY 2017
- CY 2018
- CY 2019
- CY 2020
- Feb-21

- 92
- 2,154
- 2,185
- 13,402
- 21,800

- Number of bolt-ons
- Number of verticals
Two landmark acquisitions forming two new verticals (after quarter)

Gearbox brings highly creative AAA development studios, North American publishing capabilities and a robust IP portfolio, including critically acclaimed and iconic franchises like Borderlands, Brothers in Arms and Homeworld.

Easybrain is a leading mobile game developer with a core focus on advertising-based puzzle and logic games. Easybrain’s titles have more than 750 million installs to date and 12 million daily active users across 15 live games.

Link to presentation  
Link to presentation
M&A outlook

• Our M&A capabilities are stronger than ever with HQ in Sweden and eight operating units across the globe scouting and researching for suitable entrepreneurs that want to join the family.

• Consequently, we are in more such dialogues than ever and our ambition is to continue grow our M&A activity going forward.

• Embracer’s buy to build mindset and operating model with autonomy to the founder(s) within a diversified group remain attractive to many gaming entrepreneurs.

• Vivid M&A market – however we will continue the same principles and strategy to execute transaction. We are truly independent with approx. 1% global market share. Our competitors and industry peers are generally significantly larger companies.
5. Financial deep dive
IFRS CONVERSION AND REGULATED MARKET

• The Board of directors decided on the Board Meeting 17th of February to convert to the reporting standard IFRS and thereby start the process to become listed on a regulated market.

• The work will be done through execution of a project, which is centered around three workstreams; Financial Reporting & Principles, Internal Control Process and Corporate Governance structure, with a clear ambition to achieve industry leading efficiency and transparency for each workstream throughout the Embracer Group while maintaining a well-balanced approach to Embracer’s decentralized strategy. The workstreams are split in phases with clear milestones.

• The overall timeline for the process is estimated to between 18 and 36 months where timing is dependent on the pace of training, recruiting, and onboarding of key employees and the need for business support and financial integration of future mergers and acquisitions.

• The first set of milestones within the Corporate Governance structure workstream was implemented 17th February with the decision to establish an Audit Committee and a Renumeration Committee, to become effective immediately.
Onboarding timeline
– the first year with Embracer Group.

The onboarding process is divided into four sections during the first year with Embracer. Each of them will be in depth described by a dedicated onboarding representant from Embracer Group that will guide through each section.

<table>
<thead>
<tr>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
<th>PHASE 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Compliance</td>
<td>Introduction to Smarter Business – our approach to sustainability/ESG</td>
<td>Reconciliation for all areas</td>
</tr>
</tbody>
</table>
High level onboarding timeline and key actions.

<table>
<thead>
<tr>
<th>Pre closing</th>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
<th>PHASE 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Activities</td>
<td>• Preparation activities</td>
<td>• Introduce onboarding project and tools</td>
<td>• Track progress and resolve or escalate issues</td>
<td>• Track progress and resolve or escalate issues</td>
</tr>
<tr>
<td>Finance</td>
<td>• Ensure new company has access to relevant tools and templates</td>
<td>• Ensure new company has access to relevant tools and templates</td>
<td>• Organise toll gate reviews for verticals with bolt-on acquisitions</td>
<td>• Organise toll gate reviews for verticals with bolt-on acquisitions</td>
</tr>
<tr>
<td>Compliance</td>
<td>• Set up onboarding governance structure and tracking</td>
<td>• Ensure momentum in the onboarding</td>
<td>• Ensure momentum in the onboarding</td>
<td>• Ensure all onboarding activities are completed</td>
</tr>
<tr>
<td>Intro to Smarter Business</td>
<td>• Ensure new company has access to relevant tools and templates</td>
<td>• Set up onboarding governance structure and tracking</td>
<td>• Ensure momentum in the onboarding</td>
<td>• Ensure all onboarding activities are completed</td>
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<tr>
<td>Reconciliation for all areas</td>
<td>• Ensure new company has access to relevant tools and templates</td>
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</tbody>
</table>

- **Support Activities**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **Finance**
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **Regulatory & Compliance**
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **Communication**
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **Pre closing**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **PHASE 1**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **PHASE 2**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **PHASE 3**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **PHASE 4**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding

- **Closing**
  - • Preparation activities
  - • Introduce onboarding project and tools
  - • Ensure new company has access to relevant tools and templates
  - • Set up onboarding governance structure and tracking
  - • Ensure momentum in the onboarding
The onboarding aims to preserve each company and align with Embracer’s core values.

Decentralization, standalone entities and maintaining responsibilities and authority.
Remain independent with business as usual. Enabling growth through maintaining its creative freedom and entrepreneurial spirit.

Being a part of Embracer Group.
Being a part of a global listed company includes understanding and adopting to financial structures, governance, risk, compliance and communication directions. Respect for Embracer’s core values, compliance code and the ESG framework “Smarter business”.
Based on reported numbers until 31 December 2020

Sample includes projects with sales above SEK 40 mn or investment above SEK 40 mn (30 projects)

ROI = Contribution / Investment

Contribution = Gross Profit less marketing expenses from release to 31 December 2020.

Investment = Capitalized Development Expenses including follow-on investment.
Non-operational Amortizations - Forecast

- Forecast includes signed deals as per 2021-02-17.
- Forecast is based on the purchase price allocations as per 2021-02-17, which contain both preliminary and finalized purchase price allocations.
- Acquisition values are converted to SEK as per 2020-12-31 and consideration shares are valued at the VWAP as set forth in each SPA.
- Forecast Q4 20/21 is based on the average exchange rate during the quarter. Other periods are based on exchange rate as per 31st December 2020.
- Forecast assumes closing date of Gearbox, Easybrain and Aspyr as per 2021-04-01. IUGO, ATA, Zen assumed closing mid Q4.

<table>
<thead>
<tr>
<th></th>
<th>Q4 20/21</th>
<th>FY 21/22</th>
<th>FY 22/23</th>
<th>FY 23/24</th>
<th>FY 24/25</th>
<th>FY 25/26</th>
<th>FY 26/27</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization related to acquisitions closed 2020-12-31</td>
<td>-708</td>
<td>-2 738</td>
<td>-2 677</td>
<td>-2 416</td>
<td>-2 130</td>
<td>-508</td>
<td>0</td>
<td>-11 178</td>
</tr>
<tr>
<td>Amortization related to acquisitions expected to be closed after 2020-12-31</td>
<td>-42</td>
<td>-3 706</td>
<td>-3 706</td>
<td>-3 706</td>
<td>-3 663</td>
<td>0</td>
<td>-18 527</td>
<td></td>
</tr>
<tr>
<td>Non-operational amortizations</td>
<td>-750</td>
<td>-6 444</td>
<td>-6 383</td>
<td>-6 121</td>
<td>-5 836</td>
<td>-4 171</td>
<td>0</td>
<td>-29 705</td>
</tr>
</tbody>
</table>
6. Sustainability quarterly update
### Sustainability Report 20/21

Upcoming annual report FY 20/21 will uphold the first statutory sustainability report and according to ÅRL-regulation including concerns regarding the environment, social conditions, employees, respect for human rights and counteracting of corruption.

### New Policy

A Global Trade Compliance Policy was adopted

### Training

More than 50% of total headcount completed our Compliance Code training by year end 2020, initiated autumn 2020. Enables us to ensure awareness of our common principles of integrity, quality and social responsibility.

Mental health training – operative group level

### Ambassador program

Extended with new ambassadors joining and contributing to the ongoing sustainability/ESG agenda to improve our identified focus areas. Monthly meetings focusing on environment, social issues and governance.

Initiatives, based on our four focus pillars, shared and started; targeting recruitment, data protection and inclusion.
GAMES ARE CULTURE

Preserving games and their history is important as it's a part of our heritage.
Embracing the history of games

- Embracer Group will build the games archive with the long-term ambition to preserve and document the video games heritage for both internal and external stakeholders.

- The foundation of the archive has during the year been donated by CEO Lars Wingefors. The company has recently extended the archive with the purchase of a few significant life-achievement collections from private collectors in Europe. Currently the archive holds approx. 50,000 pieces of games, consoles, peripherals and arcades including many of them extremely rare and almost unique items.

- The archive will be located around our HQ in Värmland and could in the future have satellite exhibits at our companies or external parties around the world. The goal is to build an archive for the sake of preserving games and a complete reference library for the benefit of the group.

- Contact Thomas Sunhede, head of the project, for more information.
Decentralization philosophy empowering individuality, creativity and speed.

Offering benefits of a large structure e.g. access to growth capital, knowledge sharing and soft synergies.

Attractive model for long-term creatives and entrepreneurs, will help bring more publishers and studios onboard.

Eco System with soft synergies

Each platform has its own unique culture, DNA and strategy.