Welcome to Annual General Meeting FY 20/21

16 SEPTEMBER 2021
Welcome by Martin Arnell, equity analyst from DNB Markets

AGM Agenda by Kicki Wallje-Lund

Presentation Embracer Group, including deep dives, a presentation of Gearbox Entertainment, market insights by market research firm Newzoo, and Q&A

AGM continues

AGM ends
AGM agenda
(Part 1)

1. Opening of the meeting
2. Election of Chairman of the meeting
3. Preparation and approval of voting list
4. Election of one or two persons to certify the minutes
5. Question whether the general meeting has been duly convened
6. Approval of the agenda
7. Presentation of the business activities in the Embracer group
Board of directors

Kicki Wallje-Lund
Chairman of the board, elected 2016

Lars Wingefors
Founder and CEO of Embracer Group

Erik Stenberg
Deputy CEO

Jacob Jonmyren
Board member, elected 2018

Ulf Hjalmarsson
Board member, elected 2018

David Gardner
Board member, elected 2020

Matthew Karch
CEO and Co-founder of Saber Interactive
Board member, elected 2020
Annual General meeting 2021
16 September 2021
Operational overview FY 20/21
Operational and financial highlights FY 20/21

Financial and operational metrics FY 20/21

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>SEK 9,024m</td>
<td>+72%</td>
</tr>
<tr>
<td>Net sales – Games</td>
<td>SEK 6,448m</td>
<td>+102%</td>
</tr>
<tr>
<td>Operational EBIT</td>
<td>SEK 2,871m</td>
<td>+178%</td>
</tr>
</tbody>
</table>

Games – business area

| Digital sales                 | SEK 5,162m  | +70%       |
| Net sales, CCY                |             | (Net sales, CCY) |

Selected releases FY 20/21

- **VALHEIN**
- **SNOW-RUNNER**
- **DESTROY ALL HUMANS**
- **SAINTS ROW III REMASTERED**
- **DESPERADOS III**

PROJECT PIPELINE

160* projects under development

ONGOING

SEK3.2 (1.5) billion game development investments

COMPLETED

SEK837 (589) m game development investments

INVESTED

SEK1,987 (1,488.5) m game development investments

TOTAL NUMBER OF HEADCOUNTS

6325* (3109)

INTERNAL STUDIOS

60 (26)

ESG

First Sustainability Report published

NEW LAUNCH

Games Archive

TWO NEW SEGMENT ADDED:

VR + Mobile

As per Mar 31, 2021, i.e. not including the M&A in Q4 FY20/21
Growing our ecosystem/new family members during the year

<table>
<thead>
<tr>
<th>Operative Groups Acquired after Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>gearbox entertainment</td>
</tr>
</tbody>
</table>

The increase in number of studios includes both acquired studios and organically established studios.
Operational overview FY 20/21

2020–2021 Continued momentum & growth

- Continued growth, driven by a solid performance by all operative groups coupled with the addition of Saber, Deca and the successful release of Valheim.

- A higher share of revenue towards business area games and increased profitability in business area games through the inclusion of Saber drives profitability (20% to 32%).

- A solid performance in Q1 and the addition of two new operative groups in Easybrain and Gearbox increase TTM June to more than SEK 10 bn.
SEK 3.7bn invested in our game's portfolio per year-end, where SEK 0.5bn relates to completed games and SEK 3.2bn relates to On-going development. SEK 12.5bn of assets are related to acquisitions (Goodwill and IP-rights). Net cash amounts to SEK 12.8bn. Vast majority is financed thru Equity (net of other assets and liabilities SEK 0.4bn and provisions for conditional purchase price amounts to SEK 1.9bn).
Operational overview FY 20/21

During last year we generated SEK 3.9bn in operating cash flow and invested SEK 2.0bn in our games portfolio, SEK 0.2bn in Other intangibles (mainly Film) and SEK 70m in tangible assets, resulting in an operational FCF of SEK +1.7bn.

Positive cash flow from financing activities at SEK 14.7bn mainly thru share issues and net cash flow effect from acquisitions amount to SEK -4.6bn.

Cash balance SEK 14.3bn at year end.
Since September 2016 we have generated SEK 7.8bn in operating cash flow and invested SEK 5.8bn in our games portfolio, SEK 0.5bn in Other intangibles (mainly Film) and SEK 0.2bn in tangible assets, resulting in an operational FCF of SEK +1.3bn.

Positive cash flow from financing activities at SEK 20.2bn, net cash flow effect from acquisitions amount to SEK -8.9bn with a related investment in real estate of SEK -0.1bn.
ESG/Sustainability update
Our Approach to ESG/Sustainability

This year, our focus has been on governance through Business Sense.

Smart Business
Our sustainability framework

- SOLID WORK
- GREAT PEOPLE
- GREENER PLANET
Our Sustainability Journey Continues

During 20/21 we:

• Established Audit and Remuneration Committee
• Cyber Maturity Assessment
• Launched Annual Global Employee Survey
• Launched Annual Compliance Code Training

Materiality Analysis & Stakeholder Dialogue

2020

- Published our initial approach to sustainability
- Policy implementation plan and groupwide training
- Cyber maturity assessment
- Auditing and securing data protection management in all operative groups
- Implemented groupwide digital system for data collection
- Onboarding and integration process adopted and ESG review carried out as part of DD process in M&A
- Implemented external Whistleblowing Service
- Initiated work: EU Taxonomy project, UN’s “Playing for the planet” and partnering with industry organisations

2021

- Published First Sustainability Report
- First statutory Sustainability Report published
- Cyber Security Assessment done
- Expanded training programs (Compliance Code, Trade Compliance Policy and Mental Health Awareness)
- KPI’s set for the group
- Global Employee Survey conducted, analysis ongoing in 2021
- Implementation of local initiatives by the ambassador group continued
- Communications platform and Smarter Business Film shared across the group

Ongoing

- Our Journey Continues
- Three-year ESG plan underway based upon findings and conclusions from already established initiatives
- Follow-through actions based upon completed gap analysis and risk assessment
- We are on a journey to go better in the world by creating great entertainment, be a great place to work, and do better for the environment while delivering shareholder value

Five Focus Areas

- BUSINESS ETHICS & GOVERNANCE
- CREATIVITY & INDEPENDENCE
- DIVERSITY & INCLUSION
- WORK-LIFE BALANCE
- EXPLORE & INNOVATE
The group took the initiative together

We are global and local at the same time. Our decentralized model enables operative models to set their own ambitions and create sustainable impact.

Commitment to Emission Reduction

84/100
“I enjoy my job”

74% response rate
In first annual Global Employee survey

3472 people, and counting!
First annual Compliance Code training launched

Local initiatives are encouraged – and the group delivered!

Games archive
An all remote and flexible studio
The diverse society of today
Volunteerism & DEI (diversity, equity, inclusion)
Powered by renewable energy

More initiatives at embracer.com/year-in-brief-21
Embracer Group is a True Global Connector of People

Our decentralized model is fueled by the power of diverse perspectives.

Diverse backgrounds fuel the creativity and the can-do spirit that is the Embracer DNA, and we welcome diverse perspectives.

- 2.8 billion gamers
- 40 markets across the world
- 26% of new hires are women
- 69 nationalities work together
- 29 new nationalities joined the family
21/22 is about Great People

Smarter Business
Our sustainability framework

Prioritized areas
- Diversity & Inclusion
- Worklife Balance
- Creativity & Independence
Business Areas
Governance and group structure

The Board

Kicki

Ebracer Group

Lars

Thq Nordic

Klemens

Share of the Group net sales: 20%
Internal headcount: 727
Studies: 16

Anton

Share of the Group net sales: 13%
Internal headcount: 76
Studies: 4

Matthew

Share of the Group net sales: 13%
Internal headcount: 1,543
Studies: 14

Randy

Internal headcount: 550

Deep Silver

Klemens

Share of the Group net sales: 23%
Internal headcount: 1,976
Studies: 10

Per-Arne

Internal headcount: 208
Studies: 11

Mamptifier

Ken

Share of the Group net sales: 2%
Internal headcount: 349
Studies: 5

Soft3

Oleg

Internal headcount: 250

Easybrain

As per Mar 31, 2021.
Todays speakers:

- Randy Pitchford
  CEO & Founder
- Sean Haran
  CBO
Award-winning developer and publisher of leading entertainment...

• Founded in 1999
• 22 years of profitability
• Positioned for rapid growth with a strong pipeline
• We value happiness, creativity, and profit

...on a mission to entertain the world
A growing force in the industry...

- 420+ team members in US
- 200+ team members in Quebec City
- Rapidly expanding

Led by a team of entertainment industry veterans
Gearbox Studio Montreal

• 250 positions in new studio
• CAD $200M* investment in Montreal
• 870 team members company-wide

1. *$200M investment, which includes infrastructure costs, and 250 team members will be achieved over several years..
Game development is our lifeblood...

CREATED

WORK FOR HIRE

ACQUIRED
**Mass Appeal + Continual Engagement**

- *Borderlands 3* is 2K’s fastest selling title and has sold-in more than 13M units to date*

---

**Most Played Games on Steam**

1. **Warframe**
2. **GTA V**
3. **Rainbow Six Siege**
4. **For Honor**
5. **Monster Hunter: World**
6. **Hitman 2**
7. **CS: GO**
8. **Dota 2**
9. **PUBG**

---

2. Borderlands 3 data from Epic store as it was not released on Steam in 2019
3. Borderlands 3 is the only game above that is not F2P and has a sale price of greater than $29.99
Gearbox Entertainment

Wonderlands
OFFICIAL GAMEPLAY REVEAL TRAILER
Tiny Tina’s Wonderlands Gameplay Reveal

• Incredibly positive response. In first 48 hours:
  • 361 articles written
  • More than 3 million views of trailer
  • 3.4 million impressions on social media
  • Influencers and streamers raved

  • “Oh my Goodness! That looks sick!” – Moxsy
  • “WONDERLANDS!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!” – KiI1erSix
  • “This game looks like it’s going to be pretty awesome” – Joltzduke139
  • “The Wonderlands Trailer is HERE and I can not begin to put into words just how INSANE this game looks!” - EpicNNG
  • “In this video I break down everything we see, MELEE WEAPONS, NEW SPELLS, NEW WEAPONS & more! I promise you there is something you missed!” – Triple G

“While most games would never be brave enough to mix dragons, unicorns and rocket launchers, developer Gearbox Software certainly is, and the results are both dazzling and absolutely outrageous simultaneously. Sign us up.”

“Never thought we’d see a fantasy setting and futuristic shooting irons in one game, but Tiny Tina’s Wonderlands makes a surprisingly cool combination.”
Gearbox Publishing

We want to...
Continue as the most developer-friendly publisher in the world
Protect and promote creative visions
Gearbox Publishing

• Since Gearbox's merger was announced:
  • Launched Tribes of Midgard worldwide
    • Planted 40,000 trees to celebrate
  • Released Godfall on PlayStation 4
  • Competed for and won a dozen awards for Gearbox Publishing's titles
  • Delivered five Gearbox Publishing title updates and expansions to our customers
  • Began regional beta testing in seven countries for Gearbox Publishing's first mobile title
A Look Ahead – Announced Activity

- **Ongoing Regional Beta Launches**: CY Q4 2021
- **Launch and Post-Launch Content**: March 25, 2022
- **Targeted Release**:
  - **CY Q4**
  - **CY Q1 2022**
  - **CY Q2**
  - **CY Q3**
  - **CY Q4**

**Season/Sage Updates and continued support**
**Expansion #1 (CY Q4 2021) and continued support**
Borderlands Movie

- Completed shooting in Budapest
- Currently in post-production
- Full Lionsgate support
- All-star cast
Gearbox Entertainment

Borderlands Movie
Duke Nukem

WRITER
EVAN DAUGHERTY

• Snow White & the Huntsman
• Divergent
• Tomb Raider ('18)
Brothers in Arms

SHOWRUNNER
SCOTT ROSENBAUM

- The Shield
- Chuck
- Queen of the South

‘Brothers in Arms’ TV Adaptation in the Works (Exclusive)

Video game developer Gearbox Entertainment has teamed with showrunner Scott Rosenbaum (‘Queen of the South,’ ‘V,’ ‘Gang Related’) to adapt its shooter franchise ‘Brothers in Arms’ for the small screen.
From Single to Multi-Platform...
...requires new capabilities and skills...

- Gearbox Studios
- Gearbox Productions
- Creative Business Development
...and the appropriate mindset

UNDERSTANDING

Know what is foundational to your IP and what’s not

COLLABORATION

Be partnership-centric, each medium requires its own space to maneuver

CREATIVITY

Empower your talent to facilitate creativity
**IP Maximization – Consumer Products**

Coverage of All Major Categories

- Apparel
- Vinyl Toys
- Statuettes
- Merchandise
- Props
- Personal
- Accessories
- Electronics
- Collectibles
- Plush
- Homewares
- Travel

Dedicated Branded Ecommerce Site

Activations at Major Touchstone Events

In-Store Placement

38 Licensees

200 Products at retail

1,700 Products online

$27M+ Borderlands 3 Retail Sales
• World-Leading Talent Creating the Best in Entertainment
• Experience and Expertise in Delivering Value
• Positioned and Resourced for Multiplatform Growth
Market update
Newzoo Global Games Market Report and Forecast

This presentation (the "Presentation") has been solely prepared by Newzoo International B.V. and its affiliates ("Newzoo") and is provided for information purposes only. By attending a meeting where this Presentation is presented or by accessing information contained in or obtained from the Presentation, including by reading this Presentation, you agree to be bound by the following limitations and notifications. Embracer Group AB ("Embracer") has not in any way verified, reviewed, advised on, participated in, or contributed to the preparation of the Presentation.

Newzoo and Embracer and their respective affiliates, directors, advisors, employees and representatives disclaim all and any responsibility or liability for direct and indirect consequences resulting from decisions which are wholly or partly based on information in the Presentation. The Presentation does not constitute and should not be considered as any form of financial opinion, advise or recommendation by Newzoo, Embracer or anyone else. No representation or warranty, express or implied, is made by Newzoo or Embracer their respective affiliates, directors, advisors, employees and representatives as to the fairness, accuracy or completeness of the Presentation and the information contained herein and no reliance should be placed on it.

This Presentation may not be used for, or in connection with, any offer to, or solicitation by, any person in any jurisdiction or under any circumstances. This Presentation does not constitute or form part of, and should not be constructed as, any offer, invitation, solicitation or recommendation to purchase, sell or subscribe for any securities in Embracer in any jurisdiction and does not constitute any form of commitment or recommendation on the part of Newzoo, Embracer or anyone else. The Presentation is intended to present background information and is not intended to provide complete disclosure. Readers of the Presentation should not treat the contents of this Presentation as an advice relating to legal, taxation, investment or any other matters. Nor the Presentation, nor any part of it, shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This Presentation is not a research report.

Statements in this Presentation, including those regarding Embracer’s industry’s possible or assumed future, future events, objectives, trend projections and expectations, or Embracer’s industry, constitute forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, contingencies, uncertainties, assumptions and other factors as they relate to events and depend on circumstances that will or may occur in the future, whether or not outside the control of Newzoo. No assurance is given that such forward-looking statements will prove to be correct. Prospective investors should not place undue reliance on forward-looking statements and they speak only as at the date of this Presentation. Past performance does not guarantee or predict future performance. Moreover, Newzoo does not undertake any obligation to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this Presentation. Newzoo, Embracer and their respective affiliates, directors, advisors, employees and representatives expressly disclaim any liability whatsoever for such forward-looking statements.

The information in this presentation has not been independently verified. Information in this Presentation (including market data and statistical information) has been obtained from various sources (including third party sources) and Newzoo, who is solely responsible for this Presentation, or Embracer does not guarantee the accuracy or completeness of such information. All projections, valuations and statistical analyses are provided for information purposes only. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and to the extent they are based on historical information, any they should not be relied upon as an accurate prediction of future performance.

This Presentation as well as any other information provided by or on behalf of Newzoo or Embracer in connection herewith shall be governed by Swedish law. The courts of Sweden, with the District Court of Stockholm as the first instance, shall have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with this Presentation or related matters.
Newzoo: The Destination for Games Market Insights

- 500+ Clients and 5,000+ Users
- 12+ Years in the Industry
- 104 Employees across our offices in U.S., Europe, and China

Across practically every market, we serve the biggest brands and most innovative companies.

We have the expertise and were the first market intelligence firm in the world to report on esports in 2013.

We serve all time zones out of our offices in San Francisco, Shanghai and Amsterdam.
2021 Global Games Market
Per Device & Segment With Year-on-Year Growth Rates

$90.7Bn
Mobile game revenues in 2021 will account for 52% of the global market

Source: ©Newzoo | Global Games Market Report | June 2021
newzoo.com/globalgamesreport

Our revenues encompass consumer spending on games: physical and digital full-game copies, in-game spending, and subscription services like Xbox Game Pass. Mobile revenues exclude advertising. Our estimates exclude taxes, secondhand trade or secondary markets, advertising revenues earned in and around games, console and peripheral hardware, B2B services, and the online gambling and betting industry.
Global Games Market Forecast
Forecast Toward 2024

Total Market CAGR 2019-2024

Our revenues encompass consumer spending on games: physical and digital full-game copies, in-game spending, and subscription services like Xbox Game Pass. Mobile revenues exclude advertising. Our estimates exclude taxes, secondhand trade or secondary markets, advertising revenues earned in and around games, console and peripheral hardware, B2B services, and the online gambling and betting industry.
The Year 2021

What's happening in 2021?

PC & Console
(-6.4% growth)

- Disruption of global supply chains limiting supply for new consoles and PC components
- Delays in game releases – particularly in AAA development
- Short-term return to the levels of engagement and spending of pre-2020, but engagement and revenues permanently above pre-2020 levels as gaming became a habit
- Positive signs for emerging technology such as cloud gaming, VR, but will be many years before these significantly affect spending on games
- Enthusiasm for the “metaverse” displayed by several leading game companies has the potential to drive a lot of future revenues but is unlikely to affect game revenues in the next years

Mobile
(+4.4% growth)

- Lower impact from disruption to way of working
- Lower permanent effect of lockdowns as barrier to entry for mobile gaming is lower
- Less affected by supply chain crisis, as (new) hardware plays a smaller role in people’s enjoyment of mobile games. However, the ongoing trend toward core mobile gaming experiences means that the role of hardware is increasing
- Apple’s removal of the IDFA (Identifier for Advertisers) is looming over the market. The brunt of the impact of this change will fall on the part of the mobile games market monetized through advertisement, but the expectation is that it will also trickle into in-game purchases
- Enthusiasm for the “metaverse” displayed by several leading game companies has the potential to drive a lot of future revenues but is unlikely to affect game revenues in the next years

Source: ©Newzoo | 2021 Global Games Market Report | June 2021
newzoo.com/globalgamesreport
2018-2024 Global Game Revenue
Forecast to 2024

Our revenues encompass consumer spending on games: physical and digital full-game copies, in-game spending, and subscription services like Xbox Game Pass. Mobile revenues exclude advertising. Our estimates exclude taxes, secondhand trade or secondary markets, advertising revenues earned in and around games, console and peripheral hardware, B2B services, and the online gambling and betting industry.

Source: ©Newzoo | Global Games Market Report | June 2021
newzoo.com/globalgamesreport
2021 Global Players
Per Region With Year-on-Year Growth Rates

Source: ©Newzoo | Global Games Market Report | June 2021
newzoo.com/globalgamesreport

Players are all people who played (digital) games on a PC, console, a mobile device, or cloud gaming service in the past six months.

<table>
<thead>
<tr>
<th>Region</th>
<th>Players</th>
<th>YoY</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East &amp; Africa</td>
<td>434M</td>
<td>+10.1%</td>
<td>+10.1% YoY</td>
</tr>
<tr>
<td>Europe</td>
<td>408M</td>
<td>+4.0%</td>
<td>+10.1% YoY</td>
</tr>
<tr>
<td>Latin America</td>
<td>289M</td>
<td>+6.2%</td>
<td>+10.1% YoY</td>
</tr>
<tr>
<td>North America</td>
<td>212M</td>
<td>+0.7%</td>
<td>+10.1% YoY</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>1,615M</td>
<td>+4.8%</td>
<td>+10.1% YoY</td>
</tr>
<tr>
<td>2021 TOTAL</td>
<td>3.0Bn</td>
<td>+5.3%</td>
<td>+10.1% YoY</td>
</tr>
</tbody>
</table>

55% of global players are in Asia-Pacific, and the region still houses some of the fastest-growing markets worldwide.
2015-2024 Global Players
Forecast Toward 2024

Players are all people who played (digital) games on a PC, console, a mobile device, or cloud gaming service in the past six months.

Source: ©Newzoo | Global Games Market Report | June 2021
newzoo.com/globalgamesreport
VR Game Software Revenues Growth

Global | 2019-2024

Source: ©Newzoo | 2021 Global Games Market Report | June 2021
newzoo.com/globalgamesreport

Software revenue based on consumer spending for VR headsets capable of 6DoF positional tracking. Excludes enterprise headsets that can also be used to play VR games and headsets that use only 3DoF tracking; for example, all smartphone-based VR headsets such as Samsung Gear VR and entry-level standalone headsets such as Oculus Go.
Operating model
Story of Embracer

Net sales, SEKm

Track record of strong growth and value creation through major acquisitions, well-positioned for further growth.

Founding: All assets incl. IPs in JoWooD acquired and key people recruited

Strong IPs acquired from THQ e.g. Darksiders and MX vs. ATV

2013-2016 Scaling up organization: Asset Care, launching major development projects. Rebranding from Nordic Games to THQ Nordic.

IPO on Nasdaq First North Stockholm

Raised equity capital (cash) before transaction costs:


8 102 302 508 5,754 5,249 9,024

2011-2016 Scaling up organization: Asset Care, launching major development projects. Rebranding from Nordic Games to THQ Nordic.

Raised equity capital (cash) before transaction costs:

240 598 3,538 0 14,988

*15 months (2018/2019)
Operating model

Ecosystem for entrepreneurs within gaming and entertainment

Each Operative Group has its own unique culture, DNA and strategy.

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.

Offers a diverse ecosystem that stands on many revenue streams.
Growth track record since IPO

<table>
<thead>
<tr>
<th># of game developers</th>
<th># of internal studios</th>
<th>Organic growth (constant currency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>339</td>
<td>6387</td>
<td>+19x</td>
</tr>
<tr>
<td>Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>Sep 2016 (IPO)</td>
</tr>
<tr>
<td>339</td>
<td>6387</td>
<td>+19x</td>
</tr>
<tr>
<td>Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>Sep 2016 (IPO)</td>
</tr>
<tr>
<td>339</td>
<td>6387</td>
<td>+19x</td>
</tr>
<tr>
<td>Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>Sep 2016 (IPO)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net sales, SEKm</th>
<th>Op. EBIT, SEKm</th>
<th>Adjusted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>272</td>
<td>90</td>
<td>0.45</td>
</tr>
<tr>
<td>TTM Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>TTM Sep 2016 (IPO)</td>
</tr>
<tr>
<td>272</td>
<td>90</td>
<td>10 382</td>
</tr>
<tr>
<td>TTM Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>TTM Sep 2016 (IPO)</td>
</tr>
<tr>
<td>272</td>
<td>90</td>
<td>3430</td>
</tr>
<tr>
<td>TTM Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>TTM Sep 2016 (IPO)</td>
</tr>
<tr>
<td>272</td>
<td>90</td>
<td>6.44</td>
</tr>
<tr>
<td>TTM Sep 2016 (IPO)</td>
<td>TTM Jun 2021</td>
<td>TTM Sep 2016 (IPO)</td>
</tr>
</tbody>
</table>
We continue to build scalable corporate capabilities at the parent company.

Recent new hires:
- Ulrika Frykemo: Head of Financial Control
- Anna Orlander: Head of M&A legal
- Ian Gulam: General Counsel
- Caroline Andersson: Vice president of M&A
- Martin Hogen: Onboarding & Finance development

Parent company total headcount: 9 → 28
2018–2021
M&A and strategy update
# High level M&A process

## Scouting phase

**Scouting:**
- Ongoing, patient scouting and research activity at HQ in Sweden and all operating units under Embracer Group.
- Main criteria: Strong entrepreneurs and management with long-term commitment.

**Relationship building:**
- Manage network and pipeline across the Embracer Group.

## Negotiation phase

**Business evaluation**
- Commercial and financial evaluation on key games, founder(s), management and business plan

**Handshake on Heads of Terms**
- Negotiating heads of terms, business plan and post-acquisition structure (subject to due diligence)

**Letter of Intent**
- Offer Letter and Letter of Intent agreed with target company. Embracer is granted exclusivity.

## Due Diligence phase

**Due diligence (DD)**
- Financial, tax, legal (incl. compliance, GDPR and ESG) DD with leading advisors
- Full commercial and tech DD with appropriate in-house team

**Legal documentation**
- Draft, negotiate and finalize transaction documentation (share purchase agreement, etc.)
- Inform/anchor Embracer code of conduct and group policies (Better Business)

**Investor communication**
- Press release and announcement presentation.

**Prepare onboarding**
- Prepare handover to onboarding team (next slide).
## High level onboarding process

### Support Activities

**PRE CLOSING**
- **Finance**
  - 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**
- 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**
- Track progress and resolve or escalate issues
- Organise milestone reviews for platforms with bolt-on acquisitions

**PHASE 3**
- Track progress and resolve or escalate issues
- Organise milestone reviews for platforms with bolt-on acquisitions
- Ensure all onboarding activities are completed

**PHASE 4**
- Track progress and resolve or escalate issues
- Organise milestone reviews for platforms with bolt-on acquisitions
- Ensure all onboarding activities are completed

### Finance

- Understand as-is operating model and identify possible gaps
- Understanding of control environment
- Phase 0 PPA
- Phase 1 PPA
- Implement Embracer accounting principles and financial calendar
- Implement Embracer consolidation tool, Tagetik
- Follow up on DD findings
- Secure financial reporting adherence
- Stabilize ways of working
- Financial reporting improvement activities
- Monthly, quarterly and annual reporting has been completed successfully
- Phase 4 PPA

### Regulatory & Compliance

- Understand as-is operating model and identify possible gaps
- Follow up on DD findings
- Address As-is compliance questions (separate questionnaire)
- Implement group compliance policies
- Implement group requirements for local internal controls
- Address any identified gaps between current ways of working and Embracer requirements
- Embracer sustainability reporting
- Secure process & compliance adherence

### Communication

- Day 1 communication
- Press release
- Communication to employees and other relevant stakeholders
- Update relevant websites
- Identify spokespersons and crisis communication team

---

**Closing**

- ~3 months
- ~3 months
- ~3 months
- ~3 months
M&A Recap

- M&A activity drives diversification over operative groups and business areas
- Ramp-up in capital allocation towards mobile.

- Increased intensity
- More capital allocated to bolt-ons as eco-system grows.
Improved diversification with significantly reduced dependency on individual studios and publishers

<table>
<thead>
<tr>
<th>Net Sales, Business Area Games FY 2017</th>
<th>Net Sales, Business Area Games Q1 21/22</th>
</tr>
</thead>
</table>

- **Games - THQ Nordic**
- **Games - Deep Silver**
- **Games - Saber Interactive**
- **Games - Deca**
- **Games - Coffee Stain**
- **Games - Gearbox**
- **Games - Easybrain**
## Operating Groups and Standalone companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Closing date</th>
<th>EV Day 1</th>
<th>Likely earnout</th>
<th>Total</th>
<th>Op EBIT at deal announcement (*)</th>
<th>OP EBIT TTM June 21 (excl bolt-ons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koch Media</td>
<td>feb.-18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handygames</td>
<td>juli-18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee Stain</td>
<td>nov.-18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Game Outlet Europe</td>
<td>aug.-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milestone</td>
<td>aug.-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saber Interactive</td>
<td>apr.-20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Studios / IP’s

<table>
<thead>
<tr>
<th>Studios / IP’s</th>
<th>Closing date</th>
<th>IP</th>
<th>Royalty savings on IP</th>
<th>Capex savings</th>
<th>Evaluation</th>
<th>EV Day 1</th>
<th>Likely earnout</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foxglove</td>
<td>2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Below expectations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black Forest Games</td>
<td>aug.-17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pieces Interactive</td>
<td>aug.-17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experiment101</td>
<td>nov.-17</td>
<td>Biomutant</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bugbear</td>
<td>nov.-18</td>
<td>Wreckfest</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warhorse</td>
<td>feb.-19</td>
<td>Kingdom Come Deliverance</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piranha Bytes</td>
<td>juli-19</td>
<td>Elex, Gothic</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gunfire Games</td>
<td>aug.-19</td>
<td>Remnant</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amplifier Game Invest (ex Goodbye Kansas Game Invest)</td>
<td>aug.-19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tarsier Studios</td>
<td>dec.-19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc Games</td>
<td>dec.-19</td>
<td>Fishing North Atlantic</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voxler</td>
<td>feb.-20</td>
<td>Let’s Sing</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destinybit</td>
<td>maj-20</td>
<td>Dice Legacy</td>
<td>Yes</td>
<td>Yes</td>
<td>In-line or exceeding expectations at acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Summary

- A total of 64 deals were completed from IPO 2016 until mid September 2021. Deals that have been part of Embracer for more than a year as per 30 June 2021 have been evaluated (22 of 64). Three of out the 22 have been fully integrated into PP/Film (KSM, Gaya and 18.2). The relevant KPIs for the three companies have been added to and evaluated together with the entity they were integrated in.

- Overall performance for the evaluated deals have either met or exceeded management expectations at time of acquisition with one exception being an asset deal from 2016 that was discontinued in FY 19/20 with an accumulated loss of approximately SEK 72mn (Foxglove).
Strategy, M&A and investments update.

• The strategy of empowering great entrepreneurs and creators continues to be successful. We believe this is a superior operating model for building a sustainable and long-term group within a creative industry. We firmly believe in empowering great people to make their own decisions is the best model to drive profitable organic growth that will outpace the overall market.

• We are humbled by the interest among entrepreneurs and creators wanting to join our ecosystem. Our position as an independent ecosystem within gaming and entertainment is critical to be successful in an increasingly competitive industry. The greater our ecosystem has become, the greater output we have seen.

• Our strategy is to be a partner to the industry and work together with leading companies, brands and platforms.

• Current M&A prospects continue to look favorable. Our teams are busier than ever before.

• We believe it is important to continue expanding and investing in the ecosystem that attracts and retain talents, creates synergies and enables great people to realise their high ambitions.

• The group has successful businesses within transmedia and services. In order to create an even stronger ecosystem the board have updated the strategy to also include IP-driven transmedia, technologies and services that complements our core gaming business. This could be partnerships, joint ventures, investments or full acquisitions.
8. Presentation of the annual report and the auditors’ report and the group annual report and the group auditor’s report

9. Resolutions regarding:
   1.1. adoption of income statement and balance sheet and the group income statement and the group balance sheet.
   1.2. decision regarding the profit or loss of the company in accordance with the adopted balance sheet, and
   1.3. discharge from liability of the board of directors and the managing director.

10. Determination of the number of directors and auditors

11. Determination of fees to the board of directors and to the auditors

12. Election of the board of directors and auditors

13. Resolution regarding amendments of the articles of association

14. Resolution regarding share split

15. Resolution regarding authorization for the board to issue shares, convertibles and/or warrants

16. Closing of the meeting
Thank you!