PROSPECTUS FOR ADMISSION TO TRADING OF CLASS B SHARES IN EMBRACER GROUP AB (PUBL) ON NASDAQ STOCKHOLM

Validity of the Prospectus
This Prospectus was approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) on 19 December 2022. The Prospectus is valid under a period of twelve months after the approval, provided that Embracer Group AB (publ) fulfills the obligation, in accordance with the (EU) 2017/1129 Prospectus Regulation, to provide supplements to the Prospectus in the event of significant new factors, mistakes or material inaccuracies, which may affect the assessment of the shares in the Company. The obligation to prepare supplements to the Prospectus is valid from the time of the approval until the time when trading of the class B shares on Nasdaq Stockholm commences. The Company has no obligation to thereafter prepare a supplement to the Prospectus.
IMPORTANT INFORMATION TO INVESTORS

This prospectus (the “Prospectus”) has been prepared in connection with the application by Embracer Group AB (publ), a Swedish public limited liability company, registration number 556582-6558, “Embracer Group”, the “Group” or the “Company” for admission to trading of the Company’s class B shares on Nasdaq Stockholm. The admission to trading of the Company’s class B shares will take place through a change of trading venue from Nasdaq First North Growth Market in Stockholm.

Approval of the Prospectus

The Prospectus has been prepared as a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “Prospectus Regulation”). The Swedish Financial Supervisory Authority (Sw. Finsinspektionen) (the “SFSA”), as the Swedish national competent authority, has approved the Prospectus in accordance with Article 20 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval should not be considered as an endorsement of the Company or of the securities described in the Prospectus. The SFSA does not guarantee the accuracy or completeness of the factual information contained in the Prospectus. Each investor is advised to make its own assessment of whether it is appropriate to invest in the Company.

Swedish law applies to the Prospectus. Disputes arising from the Prospectus and related legal matters shall be decided exclusively by the Swedish court, whereby Stockholm District Court shall constitute the first instance.

Admission to trading on Nasdaq Stockholm

The Prospectus has been prepared solely in connection with the application for admission to trading of Embracer Group’s class B shares on Nasdaq Stockholm and does not contain any offer to subscribe for or otherwise acquire shares or other financial instruments in the Company, whether in Sweden or in any other jurisdiction.

No shares or other securities issued by Embracer Group have been or will be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction of the United States. Neither the US Securities and Exchange Commission nor any securities commissions in the United States has approved or disapproved or expressed an opinion as to the accuracy or suitability of the Prospectus. Any claim to the contrary is a criminal offense in the United States.

Investment information

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Embracer Group, including applicable facts and risks. Prior to making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorized to provide any information or make any statement other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by the Company. The Company is not responsible for any such information or statements. Neither the publication or distribution of the Prospectus, nor any transactions entered into in connection with the Prospectus, shall be deemed to constitute an indication that the information contained in the Prospectus is accurate and current as of any date other than the date of its publication or that there has been no change in the business of Embracer Group since such date. In the event that a new material fact, material error or material misstatement occurs that may affect the valuation of the shares of the Company, such changes will be disclosed in accordance with the provisions on supplements under the Prospectus Regulation.

Forward-looking information

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and include such statements and opinions pertaining to the future, that for example, contain words such as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”; “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of” “will”, “would” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on estimates and assumptions made to the best of the Company’s knowledge as of the date of the Prospectus, unless otherwise is stated. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein and are strongly advised to read the entire Prospectus. The Company makes no representation or warranty as to the future accuracy of the opinions presented or whether the anticipated developments will actually occur.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation; changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels of competition, changes in laws and regulations, and the occurrence of accidents or environmental damages.

After the date of the Prospectus, the Company does not undertake, except as required by applicable law or Nasdaq Stockholm’s rulebook for issuers (Nasdaq Nordic Main Market Rulebook for Issuers of Shares), to update any forward-looking statements or to conform any forward-looking statements to actual events or developments.

Industry and market information

The Prospectus contains information about the Company’s geographic markets and product markets, market size, market shares, market position and other market information pertaining to Embracer Group’s business and market. Unless otherwise stated, such information is based on the Company’s analysis of several different sources, including statistics and information from external industry or market reports, market research, public information and commercial publications. Such information provided by third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the third parties from which the information was obtained, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources deemed to be reliable, but the accuracy and completeness of such information cannot be guaranteed. The information has not independently verified and, therefore cannot guarantee the accuracy of, the market information contained in the Prospectus that has been obtained from or is derived from these market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, could be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market research, which itself is based on selection and subjective interpretations and assessments, including judgements as to the type of products and transactions that should be covered by the relevant market, both by the surveyors and the respondents. Accordingly, prospective investors should be aware that the financial information, market information and forecast and estimates of market information contained in the Prospectus do not necessarily constitute reliable indicators of Embracer Group’s future results.

Availability

The prospectus is available on Embracer Group’s website (https://embracer.com/investors/), the website of the Swedish Financial Supervisory Authority (https://fi.se/sv/vara-register/prospektregistrer) and the website of the European Securities and Markets Authority (www.esma.europa.eu).

Financial information

Certain financial and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company’s auditor. All financial amounts are presented in Swedish krona (“SEK”), Euro (“EUR”) or US dollars (“USD”) unless otherwise stated.
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PRELIMINARY TIMETABLE
Last day of trading on Nasdaq First North Growth Market 21 December 2022
First day of trading on Nasdaq Stockholm 22 December 2022

INFORMATION ABOUT THE SHARE
Short name (ticker) on Nasdaq First North Growth Market EMBRAC B
Short name (ticker) on Nasdaq Stockholm EMBRAC B
ISIN code SE0016828511

FINANCIAL CALENDAR
Interim report October-December 2022 (Q3) 16 February 2023
Year-end report 2022/2023 (Q4) 17 May 2023
INTRODUCTIONS AND WARNINGS

Introduction and warnings

This summary should be considered as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.

The investor may lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under Swedish law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

The issuer

Registered company: Embracer Group AB (publ)
Reg. no: 556582-6558
Address: Tullhusgatan 1B, 625 25 Karlstad
Short name (ticker): EMBRAC B
ISIN code share: SE0016828511

National competent authority

The Prospectus has been scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the “SFSA”) on 19 December 2022. The SFSA is the Swedish competent authority for the approval of prospectuses under the Prospectus Regulation. The SFSA may be contacted on the following details:

Finansinspektionen
Box 7821, SE-103 97 Stockholm, Sweden
+46 (0)8 408 980 00
finansinspektionen@fi.se
www.fi.se

KEY INFORMATION ABOUT THE ISSUER

Who is the issuer of the securities?

Embracer Group AB (publ) is a Swedish public limited company incorporated in Sweden on 23 November 1999 and registered with the Swedish Companies Registration Office on 30 December 1999. The Company name was registered on 1 October 2019. The Company’s registration number is 556582-6558. The registered office of the Company is in Karlstad, Sweden. The Company’s activities are conducted in accordance with Swedish law. The Company’s legal entity identification (LEI) code is 549300RFXXKT652HB549.

Embracer Group’s principal activities

Embracer Group is a global group of entrepreneurial businesses in the gaming and entertainment industry. Through Embracer Group’s decentralised operating model, the Company provides entrepreneurs and teams with the resources they need to succeed and unleash their full potential. Embracer Group’s growing ecosystem creates synergies through shared knowledge and collaboration, and the Company is guided by its conviction that well-diversified operations will lead to greater success.

The Group has its head office in Karlstad, Sweden and a global presence through its twelve sub-groups: THQ Nordic, PLAION, Coffee Stain, Amplifier, Saber Interactive, DECA, Gearbox Entertainment, Easybrain, Asmodee Group, Dark Horse Media, Freemode and Crystal Dynamics – Eidos Montréal. The Group has an extensive and diverse games portfolio with more than 850 owned or controlled trademarks including Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency, World War Z, Tomb Raider, Deus Ex, Lord of the Rings, Borderlands and many more.

Major shareholders

The table below shows shareholders holding at least 5 percent of the shares and votes (as well as any known additional holdings owned by such shareholders) in the Company as of 30 November 2022, including subsequent known changes. As of the date of the Prospectus the Company is controlled by Lars Wingefors AB in particular (a company controlled by the CEO Lars Wingefors), which as of 30 November 2022 controlled 20.85 percent of the share capital and 39.40 percent of the votes in the Company. Following the listing on Nasdaq Stockholm, Lars Wingefors AB will control a significant part of the share capital and votes in the Company and will continuously be able to exercise significant influence over the Company in important matters that are referred to the shareholders for resolutions at general meetings of shareholders.

In order to ensure that control of the Company is not abused, the Company follows applicable rules for corporate governance, such as the Swedish Companies Act (2005:551), Nasdaq Stockholm’s Rulebook for Issuers and the Swedish Corporate Governance Code, all of which contain provisions designed to safeguard the interests of minority shareholders.
### Key items in the consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>1 April 2021 - 31 March 2022</th>
<th>1 April 2020 - 31 March 2021</th>
<th>1 April 2022 - 30 September 2022</th>
<th>1 April 2021 - 30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>17,067</td>
<td>9,000</td>
<td>16,687</td>
<td>6,738</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-1,126</td>
<td>2,058</td>
<td>63</td>
<td>99</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>967</td>
<td>-2,515</td>
<td>2,200</td>
<td>2,050</td>
</tr>
<tr>
<td>Basic earnings per share (SEK)</td>
<td>1.08</td>
<td>-3.49</td>
<td>2.10</td>
<td>2.33</td>
</tr>
<tr>
<td>Diluted earnings per share (SEK)</td>
<td>1.06</td>
<td>-3.49</td>
<td>2.08</td>
<td>2.31</td>
</tr>
</tbody>
</table>

### Key items in the consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>31 March 2022</th>
<th>31 March 2021</th>
<th>30 September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>92,420</td>
<td>34,682</td>
<td>115,314</td>
</tr>
<tr>
<td>Total equity</td>
<td>42,175</td>
<td>20,268</td>
<td>61,878</td>
</tr>
</tbody>
</table>

### Key items in the consolidated cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>1 April 2021 - 31 March 2022</th>
<th>1 April 2020 - 31 March 2021</th>
<th>1 April 2022 - 30 September 2022</th>
<th>1 April 2021 - 30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>4,070</td>
<td>3,826</td>
<td>927</td>
<td>1,591</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-37,331</td>
<td>-6,654</td>
<td>-7,469</td>
<td>-6,771</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>24,868</td>
<td>14,644</td>
<td>9,059</td>
<td>757</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>-8,393</td>
<td>11,816</td>
<td>2,516</td>
<td>-4,422</td>
</tr>
</tbody>
</table>
Pro forma financial information

During the financial year from 1 April 2021 to 31 March 2022, 34 acquisitions were completed and during the financial year starting 1 April 2022, a total of 13 acquisitions had been completed as of the date of the Prospectus. For a list of acquisitions during 1 April 2021 to 31 March 2022, refer to note 32 Business combinations in the section “Restated historical financial information,” which has been incorporated in the Prospectus by reference. The acquisitions of Asmodee, CSGBG and Crystal Dynamics – Eidos Montréal, together with the acquisitions of Tripwire Interactive LLC (Tripwire Interactive), Middle-Earth Enterprises LLC (Middle-Earth Enterprises) and VR Group are assessed as jointly constituting a significant gross change in Embracer’s future results (“Completed Acquisitions”). The reader should take note that the other acquisitions included in the 34 completed acquisitions in the financial year from 1 April 2021 to 31 March 2022 as well as the 13 acquisitions completed in the financial year starting 1 April 2022 are not included in the pro forma financial information, except for in the period during which they are included in Embracer Group’s consolidated financial statements.

Pro forma financial information have been prepared covering:

(i) A pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 for Asmodee, CSGBG, Crystal Dynamics – Eidos Montréal, Tripwire Interactive, Middle-Earth Enterprises and VR Group; and

(ii) A pro forma balance sheet as of 30 September 2022 for Middle-Earth Enterprises, Tripwire Interactive and VR Group since the other acquisitions in note (i) above are reflected in Embracer’s consolidated statement of financial position.

Key items in the pro forma income statement of the Group for the financial year from 1 April 2021 to 31 March 2022

<table>
<thead>
<tr>
<th>Pro forma adjustments ($) (SEK million)</th>
<th>1 April – 31 March IFRS</th>
<th>Adjustments to accounting policies</th>
<th>Acquisition-related adjustments</th>
<th>Pro forma income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>17,067</td>
<td>13,927</td>
<td>-</td>
<td>-139</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>-1,126</td>
<td>635</td>
<td>-335</td>
<td>209</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>967</td>
<td>-346</td>
<td>-273</td>
<td>776</td>
</tr>
</tbody>
</table>

Key items in the pro forma balance sheet of the Group as of 30 September 2022

<table>
<thead>
<tr>
<th>Pro forma adjustments ($) (SEK million)</th>
<th>Embracer</th>
<th>Tripwire Interactive</th>
<th>Middle-Earth Enterprises</th>
<th>VR Group</th>
<th>Acquisition-related adjustments</th>
<th>Pro forma balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>115,314</td>
<td>275</td>
<td>57</td>
<td>217</td>
<td>17</td>
<td>2,806</td>
</tr>
<tr>
<td>Total equity</td>
<td>61,678</td>
<td>186</td>
<td>36</td>
<td>120</td>
<td>-30</td>
<td>184</td>
</tr>
</tbody>
</table>

1) The 13 acquisitions completed during the financial year that started 1 April 2022 until the date of the Prospectus relates to: DIGIC, Lost Boys inc, Tuxedo Labs, Coffee Stan Gigg AB (CSGBG), Crystal Dynamics - Eidos Montréal, Singtrix, Limited Run Games, Beamdog, Anmee Ltd., Tripwire Interactive LLC, Middle-Earth Enterprises, Risk of Rain and VR Group.

2) The Acquisition of Asmodee encompassed shares in Financière Amuse Topco SAS (Asmodee), Asmodee III and Les Nouveaux Amis d’Asmodee (LNAA) jointly referred to as Asmodee.

3) The acquisition of Crystal Dynamics – Eidos Montréal, which also included an intellectual property catalogue, was completed through the acquisitions of Crystal Dynamics Inc., Eidos Interactive Corp, CDE Entertainment Ltd. and Eidos Creative Software Development (Shanghai) Co., Ltd.

4) The acquisition of VR Group was completed through the acquisition of Venross Pty. Ltd. and VR Distribution UK Ltd.

**Specific key risks for the Company**

**Key risks related to the Company’s operations**

**Embracer Group may be adversely affected by risks related to the development of new games and improvement of existing games**

Embracer Group’s continued growth depends, among other things, on Embracer Group’s ability to regularly develop new games, improve existing games in a way that enhances the gaming experience and to enter into agreements regarding new game development projects. There is a risk that Embracer Group invests significant financial and personnel resources in modifying its offering to technology that does not become as successful as Embracer Group expects. If the development model of the game in question ceases to be effective, current development costs may increase and operating profit may thus be adversely affected. There is a risk that none or only a minor number of future games are successful or generate significant revenue. If Embracer Group fails to develop new or to improve existing games that generate significant revenue, it could have a material adverse impact on Embracer Group’s operations, cash flow, financial position and earnings.
Embracer Group could be adversely affected by launch delays and the discontinuation of major game titles

Embracer Group develops games both internally and in collaboration with external game developers. If a game is delayed, this would entail a potential loss of revenue during this period and could have a negative effect on the Company’s reputation among players and potential purchasers of the game, particularly if the delay is not considered an isolated event. Furthermore, delays can mean Embracer Group is compelled to launch a game at a time that is not optimal, such as if the launch coincides with a competitor’s launch or if the launch must take place in competition with another major event in the games market. There is a risk that if Embracer Group delays a launch or discontinues the development of a major game title this could mean budgeted revenue is not reached during one or more quarters due to a loss of revenue. Delays or discontinuation of ongoing game projects may, therefore, have a material adverse effect on the Group’s cash flow, revenue and operating profit.

Embracer Group may be adversely affected by changes in the games market and preferences among game reviewers and customers

Developments in the games industry are largely driven by preferences in the games market, which in turn are driven by customers who play the games. When new game titles or updates of existing games are launched, there is a risk that these are not positively received by the market due to, inter alia, an expectation gap in terms of quality, changed consumer preferences or technological modifications. This means Embracer Group must constantly offer new, well-developed products in order to attract and retain a wide range of customers. Dissatisfied players, a low rating or poor reviews from the gamer scene or from game reviewers may affect Embracer Group’s ability to retain and attract new players to existing and future games and result in damage to its reputation among players and other game developers. This could also cause difficulties for Embracer Group to successfully build on the game with new upgrades or sequels if the game has lost credibility among the gamer base. In the event that a specific studio on one or more occasions has unsuccessful launches, there is also a risk that the game studio will suffer from reputational damage that over time can create reluctance among players to purchase new games from the game studio concerned and ultimately from Embracer Group in general. If Embracer Group fails to retain its existing gamer base, or to attract new players and cannot retain current and future collaborations with other game developers, this may result in falling revenue due to decreased sales as well as reduced revenues related to in-game advertising in relation to the Mobile Games and fewer in-game purchases, which could lead to lower revenue, cash flow and operating result. This applies to both self-financed projects and games where the Company acts as publisher and is responsible for a significant portion of the financing.

Embracer Group operates in a global M&A market and may fail to successfully execute acquisitions

In the past, Embracer Group has mainly grown its operations through acquisitions. Since 2016 up until the date of the Prospectus, the Company has completed more than 90 acquisitions and the Company intends to carry out additional acquisitions in the future as part of the Company’s growth strategy. There is a risk that the Company, when carrying out due diligence, does not detect deficiencies in the target companies that would have affected the purchase price, for example hidden liabilities, tax risks, ongoing disputes, inadequate regulatory compliance, unfavourable supplier agreements or other negative circumstances. The Company’s assumptions and forecasts about the acquisition target, including the acquisition target’s own business plan, may prove to be incorrect or incomplete, which could mean the acquisition, in both the short and long term, does not result in the operating and financial benefits assumed by Embracer Group. If any of these risks were to materialise, this could have a material adverse impact on Embracer Group’s cash flow, earnings and financial position.

Embracer Group is exposed to risks related to hacking, viruses and other cybercrime as well as outages in IT systems and disruptions

Embracer Group’s subgroups are exposed to risks pertaining to hacking, computer viruses and other forms of cybercrime or harmful conduct. Embracer Group is dependent on the effective and uninterrupted operation of internal and external IT systems to conduct its day-to-day operations, including game development, sales, stockkeeping and distribution. Furthermore, Embracer Group holds a variety of personal data pertaining to its customers that is protected in accordance with local data protection regulations. If such information is obtained by unauthorised parties or if Embracer Group does not report the intrusion to the respective supervisory authority within the stipulated time limit, the Group may be subject to claims from customers and supervisory authorities.

Embracer Group is dependent on the ability to retain and recruit key people and to have a diversified group of employees in the Group

Embracer Group has a decentralised operating model with entrepreneurial subgroups. The subgroups are often led by individuals who founded each subgroup. In a number of cases, it would probably have been difficult to replace these entrepreneurs in their key positions in each subgroup without having a negative impact on the subgroup’s operations. One circumstance that could affect the motivation of key personnel is whether there is sufficient incentive to continue to pursue operations in line with Embracer Group’s growth strategy. Almost all of the share transfer agreements entered into in conjunction with Embracer Group’s acquisitions include mechanisms for earn-outs that are linked to specific targets that the acquired business unit is to achieve within a certain period of time after the acquisition. For example, these earn-outs could involve that a game project must be completed by a certain date and/or that an acquired company is to generate certain financial results. There is a risk that the motivation of key people declines or that key people leave their positions after the date for the payment of earn-outs, which may impact the Company’s long-term growth opportunities. The Company also has a small, central team of key people who manage Group-specific matters and who have been involved in building up the Company. In this respect, the Company’s CEO and board member Lars Wingefors is considered particularly important for the Group’s continued success.

Embracer Group may be affected by negative publicity surrounding the Company or industries in which the Company operates

Embracer Group operates in industries that are periodically subject to public negative attention and debate. Negative publicity about the industries in which Embracer Group operates, in general, and particularly in relation to the Company’s subgroups, may lead to a loss of consumers or reduced purchasing of games from the game studio concerned and ultimately from Embracer Group in general. If Embracer Group fails to retain or attract new players and cannot retain current and future collaborations with other game developers, this may result in falling revenue due to decreased sales as well as reduced revenues related to in-game advertising in relation to the Mobile Games and fewer in-game purchases, which could lead to lower revenue, cash flow and operating result. This applies to both self-financed projects and games where the Company acts as publisher and is responsible for a significant portion of the financing.
Key risks related to the Company’s operations (cont.)

Embracer Group could have a negative impact on Embracer Group’s reputation and make it more difficult for the Group to retain and attract new gamers and customers and that Embracer Group may have difficulties in retaining and attracting talent in the form of employees. A national or global negative perception of industries in which Embracer Group operates could also lead to political pressure and ultimately increased regulation, which could, for example, lead to fewer channels for potential revenue and increased costs for the Company with respect to regulatory compliance, for instance. If these risks were to materialise, they could have a negative impact on Embracer Group’s revenue, cash flow and earnings.

Legal risks

Embracer Group is dependent on obtaining and maintaining protection for its intellectual property rights

Intellectual property rights represent, as is the case for other companies active in the gaming industry, a significant proportion of Embracer Group’s assets. Embracer Group’s continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and that these are then adequately protected. If the products held, developed or acquired in the future by the Company do not receive the requisite intellectual property rights protection, or if the existing intellectual property rights protection cannot be retained or if the existing intellectual property rights protection proves to be insufficient to safeguard the Company’s rights and market position, the Company’s ability to conduct operations, its financial position and earnings could be adversely affected. In addition, the Company’s operations, financial position and earnings may be adversely affected in the event that the Company’s intellectual property rights are encroached upon or if it is considered in breach of a third party’s intellectual property rights.

Embracer Group’s operations are subject to regulations in several countries, which places demands on the Company’s continuous regulatory compliance

Embracer Group operates globally and has activities, suppliers and collaborations in different jurisdictions and receives revenue from different international markets. The global nature of the Group’s operations therefore means the Group is obligated to comply with a number of different laws and regulations at national and international level. Violations committed by, or claims of such violations that target Embracer Group, suppliers or other external parties with whom Embracer Group has a commercial relationship, risk resulting in negative publicity that could damage Embracer Group’s reputation, even if Embracer Group is not involved in such incidents.

Embracer Group’s global operations expose the Group to risks linked to compliance with a number of tax systems and the application and interpretation of different tax systems may vary between jurisdictions

Due to Embracer Group’s global operations, the Company and subsidiaries must comply with a large number of tax laws and rules. The tax laws and rules the Group must comply with are frequently changed, sometimes at short notice and sometimes applied with retroactive effect, which places demands on the Group’s ability to keep up to date with the changes taking place locally in many different countries. Inaccurate or changed assessments can therefore have a significant impact on Embracer Group’s earnings and financial position, which may vary between periods. The value of loss carry forwards may also be affected by changes to tax legislation in the jurisdictions where Embracer Group conducts operations.

Financial risks

Embracer Group could be adversely affected by currency fluctuations

Embracer Group conducts operations in a number of countries with a cost base in the local currency and is thus exposed to currency risk. Embracer Group’s revenue is primarily denominated in EUR and USD, while the presentation currency is SEK. Even though Embracer Group has expenses in both EUR and USD that partly offset this exposure, the Group is affected by long-term exchange-rate fluctuations. Since the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could have a negative impact on Embracer Group’s financial position, cash flow and earnings.

Embracer Group is subject to risks related to impairment of goodwill

The Group reports values for goodwill that have arisen in connection with Embracer Group’s acquisitions. Estimates that deviate from the management’s assessment may yield different results for the business and a different financial position. To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill is attributed are valued, which is done by discounting the cash-generating unit’s cash flow. In applying this approach, Embracer Group relies on historical statistics and other assumptions, including results achieved, business plans, economic forecasts, and market data. Changes in the conditions underlying these assumptions and estimates could have a material effect on the value of goodwill.

KEY INFORMATION ABOUT THE SECURITIES

The main features of the securities

Information regarding the Company’s shares and dividend policy

Key information regarding the securities

As of the date of the Prospectus, the shares of the Company are divided into two classes of shares, class A shares and class B shares. Class A shares carry ten (10) votes and class B shares carry one (1) vote at general meetings. Only the Company’s class B shares (ISIN code SE0016828511) is publicly traded.

As of 30 September 2022, the Company’s share capital amounted to SEK 1,723,130,863,899 distributed on 1,240,653,931 shares (of which 66,798,274 are class A shares and 1,173,855,657 are class B shares). As of the date of the Prospectus the Company’s share capital amounts to SEK 1,748,275,363,899 divided into 1,258,757,958 shares (of which 66,798,274 are class A shares and 1,191,959,684 are class B shares).

The shares in the Company are denominated in SEK and each share has a quota value of approximately SEK 0.0014. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public tender offer has been made for the offered shares during the current or previous financial year.
Preferential rights to new shares, etc.

If the Company decides to issue new class A shares and class B shares through a cash or set-off issue, owners of class A shares and class B shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held (primary preferential rights). Shares subscribed for with primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential rights).

If the Company decides to issue shares only of class A shares or only of class B shares by means of a cash or set-off issue, all shareholders, regardless of whether their shares are class A shares or class B shares, shall have preferential rights to subscribe for new shares in proportion to the number of shares they previously held.

If the Company decides to issue warrants or convertible bonds by way of a cash or offset issue, the shareholders shall have preferential rights to subscribe for warrants as if the issue concerned the shares that may be newly subscribed for by virtue of the option right and preferential rights to subscribe for convertible bonds as if the issue concerned the shares for which the convertible bonds may be substituted.

The above shall not restrict the ability of the Company to decide on a cash or offset issue in derogation of the shareholders’ preferential rights.

Voting rights

Each class A share in the Company entitles the holder to ten votes at a general meeting and each class B share in the Company entitles the holder to one vote at a general meeting. Each shareholder is entitled to vote for all the shares held by the shareholder in the Company.

Rights to dividends and balances in the event of liquidation

All shares carry equal rights to dividends and to the Company’s assets and any surplus in the event of liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear but may also be distributed in forms other than cash (distribution in kind). Should a shareholder be unable to be reached through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend limited in time pursuant to a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company.

There are no restrictions on the right to receive dividends apply to shareholders residing outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the jurisdictions concerned, distributions to such shareholders are conducted in the same manner as to shareholders in Sweden. Shareholders who are not subjects to taxation in Sweden are usually subject to Swedish withholding tax.

Dividend policy

To support value creation, Embracer Group intends to invest its profit and cash flow in organic growth initiatives and acquisitions. The payment of capital to the shareholders must be adjusted to the development of the result and cash flow while taking into account the Company’s growth opportunities and financial position.

Where will the securities be traded?

As of the date of the Prospectus, the shares of the Company are traded on the multilateral trading platform and growth market for small and medium-sized companies - Nasdaq First North Growth Market. Nasdaq Stockholm’s Listing Committee has on 6 December 2022, assessed that Embracer Group meets the requirements for the Company’s shares to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 22 December 2022.

What are the key risks specific to the securities?

Trading in Embracer Group’s class B shares has, from time to time, been subject to volatility

The class B shares in Embracer Group have been traded on the non-regulated trading platform Nasdaq First North Growth Market since the end of 2016, and the Company has decided to apply for its class B shares to be admitted to trading on Nasdaq Stockholm. From a historical perspective, the price at which the shares in Embracer Group have been traded has at times been volatile. The price for which the shares are traded and the price at which investors can make their investment on Nasdaq Stockholm will be affected by a large number of factors, some of which are specific to Embracer Group and its operations, while others are general for listed companies. Examples of the latter are the general interest rate scenario, which in 2022 in particular impacted the tech sector and companies in related industries, and a turbulent global situation. These events have resulted in significant stock market downturns and, at times, high volatility in the share market.

Major shareholders’ influence and divestment of shares in the Company

Lars Wingefors AB (the “Principal Owner”) is the largest shareholder of Embracer Group as of the date of the Prospectus and controlled, as of 30 November 2022, 20.85 percent of the shares and 39.40 percent of the votes in the Company. The interests of the Principal Owner may differ from the interests of other shareholders, for example, regarding short-term dividends, and the Principal Owner could exercise its influence over the Company in a way that does not best promote the interests of the other shareholders. Furthermore, divestments of shares in the Company made by the Principal Owner or other major shareholders or board members and senior executives of the Company, or the belief that such a sale will take place, may have a material negative impact on the price of the Company’s class B shares.
KEY INFORMATION ON ADMISSION TO TRADING ON NASDAQ STOCKHOLM

Under which conditions and timetable can I invest in the securities?

General
The Prospectus relates to the admission to trading of class B shares in Embracer Group AB (publ) on Nasdaq Stockholm and does not contain an offer to subscribe for or otherwise acquire shares or other securities in the Company.

Expected timetable for admission to trading on Nasdaq Stockholm
Nasdaq Stockholm’s Listing Committee has on 6 December 2022 made the assessment that Embracer Group meets the requirements for the Company’s class B shares to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 22 December 2022.

Costs for admission to trading
The Company’s costs in connection with the admission to trading on Nasdaq Stockholm are expected to amount to approximately SEK 58 million. The costs are mainly related to costs for auditors, legal and tax advice, listing costs to Nasdaq Stockholm and fees to the SFSA.

Why is this Prospectus being produced?

Background and rationale
The Company was listed on Nasdaq First North Growth Market in November 2016, under the previous company name THQ Nordic AB (publ). The rationale for the listing, and the related capital raise was, among other things, to finance growth, facilitate the possibility of using the Company’s shares as a means of payment in acquisitions and strengthen the Company’s profile and brand among investors, customers and within the sector in general. Since the listing, the Company has completed over 90 acquisitions financed in whole or in part by payment in class B shares of the Company. Since the financial year 2016 (Jan-Dec), the Group’s net sales have grown from approximately SEK 302 million1 to approximately SEK 17,067 million for the financial year 2021/2022 (Apr 2021-Mar 2022) and the average number of employees in the Group has grown from 68 to 6,532 employees over the same period.

The listing of the Company’s class B shares on Nasdaq Stockholm is an important step in the Company’s continued development and has been a long-standing ambition of the Company’s board of directors and management. In addition to the fact that the listing on Nasdaq Stockholm provides a quality stamp for the Company, the listing is also expected to make the Company’s class B shares even more attractive as a means of payment, which may facilitate future acquisition discussions. Furthermore, the listing on Nasdaq Stockholm is expected to better reflect the maturity of the Company from a capital market perspective and enable more institutional investors to invest in the Company’s class B shares. The Company also welcomes the additional requirements for corporate governance, transparency and disclosure which follows with being listed on Nasdaq Stockholm.

In light of the above, the board of directors of Embracer Group has applied for admission to trading of the Company’s class B share on Nasdaq Stockholm. On 6 December 2022, Nasdaq Stockholm’s Listing Committee has determined that Embracer Group meets the requirements for admission of the Company’s class B shares to trading on Nasdaq Stockholm, subject to customary conditions, including approval and registration of a prospectus by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 22 December 2022.

1) The annual report for 2016 (1 January - 31 December) has been prepared in accordance with the accounting standard K3.

Interests of advisers
The Company deems that there are no material conflicts of interest in connection with the Company’s application for admission to trading on Nasdaq Stockholm.
RISK FACTORS

An investment in securities is associated with various risks. This section describes the risk factors and important circumstances that are considered material to Embracer Group AB’s operations and future development. In accordance with the Prospectus Regulation, risk factors set out in this section are limited to those risks which are deemed to be specific to the Group and/or the Company’s shares, and which are deemed to be material to enable an investor to make a well-informed investment decision.

Embracer Group has assessed the materiality of the risks based on the likelihood of the risks occurring and the expected extent of their negative effects. The risk factors are presented in a limited number of categories that include risks attributable to the Company’s business and industry, legal risks, financial risks and risks related to the Company’s shares. The risk factors presented below are based on the Company’s assessment and information available as of the date of the Prospectus. The risk factors that are considered to be most significant as of the date of the Prospectus are presented first within in each category, while subsequent risk factors are presented without any particular ranking.

RISKS RELATED TO THE COMPANY’S OPERATIONS AND INDUSTRY

Embracer Group may be adversely affected by risks related to the development of new games and improvement of existing games

Embracer Group’s continued growth depends, among other things, on Embracer Group’s ability to regularly develop new games, improve existing games in a way that enhances the gaming experience and to enter into agreements regarding new game development projects. Embracer Group’s industry is characterised by rapid developments of new products and hardware and software technologies, but also by end user expectations of the user experience. Gamer preferences evolve over time and may depend on factors such as general developments in society. A game that has taken a long time to develop may be perceived as outdated compared to current attitudes towards specific issues in society, such as diversity and inclusion or other ethical matters. Accordingly, it is important that Embracer Group continuously updates and develops new and existing games in relation to the trends prevailing at the time, and that these are also developed taking into account advances in the various hardware and software that Embracer Group’s games are based on. The widespread introduction of new technology, new hardware and software, new types of game consoles and higher standards may require that Embracer Group could make significant investments to replace, upgrade, change or modify existing or future games. For example, the virtual reality (VR) market has grown rapidly in recent years. Furthermore, significant market investments have been made in Metaverse, which is a virtual, 3D world focused on social connection. Some of Embracer Group’s game titles take several years to develop and new hardware and software may be launched during the time it takes to develop the game, meaning that Embracer Group needs to modify the game to adapt to the new hard or software, which may result in increased development costs and delays to the launch of the game. For example, during

Embracer Group could be adversely affected by launch delays and the discontinuation of major game titles

Embracer Group develops games both internally and in collaboration with external game developers. The Group’s games portfolio includes more than 220 games under development. This includes launches of AAA-, AA-, A- and indie titles, several mobile titles and new board games in 2023. The games portfolio includes more than 25 AAA games under development that are planned to be launched during the period until the 2025/2026 financial year. The development of AAA games can take up to five years to complete and the cost of manufacturing an AAA game is highly variable but can amount to USD 200 million. Embracer Group has had to allocate additional development resources to modify its games to new game consoles, such as the launch of the PlayStation 5 game console. Rapid technological advances also mean that some technologies will not gain any traction in the market or are outcompeted by other solutions. There is a risk that Embracer Group invests significant financial and personnel resources in modifying its offering to technology that does not become as successful as Embracer Group expects. If the development model of the game in question ceases to be effective, current development costs may increase and operating profit may thus be adversely affected. There is a risk that none or only a minor number of future games are successful or generate significant revenue. If Embracer Group fails to develop new or to improve existing games that generate significant revenue, it could have a material adverse impact on Embracer Group’s operations, cash flow, financial position and earnings.

1) A triple A game (AAA) is generally a title that has been developed by at least 100 developers in the most intense phases of the development project/full production and with the potential to sell several million units.

2) A double A game (AA) is generally a title that has been developed with smaller budgets to produce its games compared with AAA games. These are developed by several developers, but the games lack the sales scope and reach compared with an AAA game.

3) A single A game (A) is generally a title that has been developed according to significantly smaller budgets compared with AAA games and developed by a smaller number of developers and with a smaller sales scope and reach compared with both AA games and AAA games.

4) Indie titles are generally games developed by a small number of individuals without a large budget that target a niche customer group.
Delays to the launch of game titles can arise both for internally and externally developed projects. Delays may be caused, for example, by quality defects when developing the game. For example, one of the Group’s AAA projects has been transferred to another studio within the Group to ensure that quality is aligned with both Embracer Group’s and players’ expectations. Embracer Group requires that the launch of game titles be postponed in cases when the Company believes the game does not meet the Company’s own quality requirements, and/or if the game does not meet the assessed expectations of the players. Game development projects may also be delayed due to external partners or other circumstances beyond the control of Embracer Group. There is also a risk that Embracer Group will discontinue the development of a game due to major quality defects or changing preferences in the games market. If a game is delayed, this would entail a potential loss of revenue during this period and could have a negative effect on the Company’s reputation among players and potential purchasers of the game, particularly if the delay is not considered an isolated event. Furthermore, delays can mean Embracer Group is compelled to launch a game at a time that is not optimal, such as if the launch coincides with a competitor’s launch or if the launch must take place in competition with another major event in the games market. Embracer Group has budgeted that a certain number of editions of its games will be sold and delays – or if Embracer Group discontinues the development of a game title – can therefore result in a reduction in anticipated revenue from sales of the specific game. There is a risk that if Embracer Group delays a launch or discontinues the development of a major game title this could mean budgeted revenue is not reached during one or more quarters due to a loss of revenue. Delays or discontinuation of ongoing game projects may, therefore, have a material adverse effect on the Group’s cash flow, revenue and operating profit.

**Embracer Group may be adversely affected by changes in the games market and preferences among game reviewers and customers**

Developments in the games industry are largely driven by preferences in the games market, which in turn are driven by customers who play the games. When new game titles or updates of existing games are launched, there is a risk that these are not positively received by the market due to, inter alia, an expectation gap in terms of quality, changed consumer preferences or technological modifications. This means Embracer Group must constantly offer new, well-developed products in order to attract and retain a wide range of customers. The evaluation and rating of the Company’s existing and future games or updates take place through discussions between players on various online forums, through game reviewers and on game ranking pages on, for example, Metacritic, IGN and TechRadar or through gaming influencers on YouTube and Twitch. There is a risk that players or game reviewers may feel that Embracer Group’s existing and future games or updates do not meet the requirements or expectations they have for the game and that circumstances that are beyond the control of the Company, such as the perception of a game from players or game reviewers, can lead to negative reviews of the games. There may also be individuals who spread inaccurate and discrediting rumours about Embracer Group or Embracer Group’s games to convince other players not to buy or to stop buying the games. Dissatisfied players, a low rating or poor reviews from the gamer scene or from game reviewers may affect Embracer Group’s ability to retain and attract new players to existing and future games and result in damage to its reputation among players and other game developers. This could also cause difficulties for Embracer Group to successfully build on the game with new upgrades or sequels if the game has lost credibilidade among the gamer base. In the event that a specific studio on one or more occasions has unsuccessful launches, there is also a risk that the game studio will suffer from reputational damage that over time can create reluctance among players to purchase new games from the game studio concerned and ultimately from Embracer Group in general. If Embracer Group fails to retain its existing gamer base, or to attract new players, and cannot retain current and future collaborations with other game developers, this may result in falling revenue due to decreased sales as well as reduced revenues related to in-game advertising in relation to the Mobile Games and fewer in-game purchases, which could lead to lower revenue, cash flow and operating result. This applies to both self-financed projects and games where the Company acts as publisher and is responsible for a significant portion of the financing. There is also a risk that capitalized development costs might need to be impaired.

Embracer Group operates in a global M&A market and may fail to successfully execute acquisitions

Embracer Group is the parent company of the Group, which consist of businesses led by entrepreneurs in PC, consoles, mobile and board games and other related media. The Group has an extensive portfolio of over 850 owned or controlled brands. Embracer Group has a global presence through its 12 subgroups: THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemode and Crystal Dynamics – Eidos Montréal. As of 30 September 2022, the Group had 132 internal studios and approximately 15,700 employees and contracted employees in more than 40 countries.

In the past, Embracer Group has mainly grown its operations through acquisitions. Since 2016 up until the date of the Prospectus, the Company has completed more than 90 acquisitions and the Company intends to carry out additional acquisitions in the future as part of the Company’s growth strategy. Acquisition processes are typically associated with major costs, in particular transaction costs, which mainly include advisors’ fees (such as legal advice, tax advice and auditing), and there is always a risk that a commenced acquisition process will not be concluded.

The global acquisition market in the segments in which Embracer Group is active has several major global competitors with a strong financial position, such as Tencent and Microsoft, which are searching for similar companies to those Embracer Group is planning to acquire. There is a risk that competitors have other yield requirements than Embracer Group and thus can, for
example, offer a higher purchase consideration or other more advantageous terms to the sellers compared with what Embracer Group can offer in conjunction with an acquisition process and that Embracer Group cannot then complete an intended acquisition. Furthermore, there is a risk that Embracer Group in a competitive situation must raise its purchase consideration in conjunction with the acquisition or offer other conditions in order to complete the acquisition. Accordingly, there is a risk that the market and investors may perceive such acquisitions as excessively priced, which could have a negative effect on the Company’s valuation and financial position.

Successful growth through acquisitions is dependent on the Company’s ability to identify suitable acquisition targets, conduct adequate due diligence of the target companies or assets, such as intellectual property rights, negotiate and conclude transactions on favourable terms, and secure funding and relevant permits, such as from competition authorities. There is a risk that the Company, when carrying out due diligence, does not detect deficiencies in the target companies that would have affected the purchase price, for example hidden liabilities, tax risks, ongoing disputes, inadequate regulatory compliance, unfavourable supplier agreements or other negative circumstances. Under such conditions, there is a risk that the Company may undertake the acquisition on terms that are unfavourable to the Company.

In conjunction with an acquisition, the Company also makes certain assumptions and forecasts based on the acquired company’s business plan pertaining to, for example, future sales levels related to game titles and costs, and these assumptions and forecasts are associated with a number of uncertainties. The Company’s assumptions and forecasts about the acquisition target, including the acquisition target’s own business plan, may prove to be incorrect or incomplete, which could mean the acquisition, in both the short and long term, does not result in the operating and financial benefits assumed by Embracer Group. If any of these risks were to materialise, this could have a material adverse impact on Embracer Group’s cash flow, earnings and financial position.

**Embracer Group is exposed to risks related to hacking, viruses and other cybercrime as well as outages in IT systems and disruptions**

Embracer Group has a decentralised IT system whereby each subgroup provides and is responsible for its own IT systems based on Embracer Group’s guidelines that are established through policies and other governing documents, and the various IT systems at sub-groups are not integrated with each other. Embracer Group’s subgroups are exposed to risks pertaining to hacking, computer viruses and other forms of cybercrime or harmful conduct. Such activities could disrupt websites, cause system errors and business interruptions and may damage computers or other electronic equipment. If Embracer Group or any subgroup fails to effectively protect its IT systems from such attacks, the impact of such actions could lead to a loss of confidence in Embracer Group. Hacking can lead to a significant loss of revenue due to a decline in the number of users, a reduction in the number purchases of the Group’s games and falling revenue from in-game or in-app purchases during the period the affected games are unavailable while Embracer Group rectifies the disruption or damage. In addition, hacking could mean unreleased game titles are illegally released online. This occurred in September 2022 when hackers attacked the IT system of the game developer Take-Two, which is a competitor to Embracer Group, and then illegally published video material linked to the Grand Theft Auto VI game. Hacker attacks such as this could lead to questions concerning IT privacy and security (particularly relevant for online games) and reduce interest in the games when they are launched resulting in lower sales revenue.

Embracer Group is dependent on the effective and uninterrupted operation of internal and external IT systems to conduct its day-to-day operations, including game development, sales, stock-keeping and distribution. An extensive crash or other disruption in an IT system at a subgroup could impact the subgroup’s ability to conduct effective sales, develop products, or invoice and deliver products and services to customers. In the event that one of Embracer Group’s subgroups fails to provide its customers with products and services, Embracer Group may incur liability.

Furthermore, Embracer Group holds a variety of personal data pertaining to its customers that is protected in accordance with local data protection regulations. If such information is obtained by unauthorised parties or if Embracer Group does not report the intrusion to the respective supervisory authority within the stipulated time limit, the Group may be subject to claims from customers and supervisory authorities, which can in turn result in substantial costs in the form of fines, penalties or measures to restore Embracer Group’s IT systems or to improve IT security. For further information about the risks and consequences linked to deficiencies in processing personal data, refer also to the risk “Embracer Group may incorrectly process personal data”. If the above risks were realised, they could have a material adverse impact on Embracer Group’s operations, reputation and the success of individual game titles.

**Embracer Group is dependent on the ability to retain and recruit key people and to have a diversified group of employees in the Group**

Embracer Group has a decentralised operating model with entrepreneurial subgroups. The subgroups are often led by individuals who founded each subgroup. In a number of cases, it would probably have been difficult to replace these entrepreneurs in their key positions in each subgroup without having a negative impact on the subgroup’s operations. These key individuals possess considerable knowledge and experience of the business conducted within subgroup and their respective markets. The Company is dependent on retaining the expertise and experience these key people possess to successfully grow and develop the Group in line with the business strategy, or alternatively to replace such people with new employees with at least the equivalent expertise and experience.
One circumstance that could affect the motivation of key personnel is whether there is sufficient incentive to continue to pursue operations in line with Embracer Group’s growth strategy. Almost all of the share transfer agreements entered into in conjunction with Embracer Group’s acquisitions include mechanisms for earn-outs that are linked to specific targets that the acquired business unit is to achieve within a certain period of time after the acquisition. For example, these earn-outs could involve that a game project must be completed by a certain date and/or that an acquired company is to generate certain financial results. There is a risk that the motivation of key people declines or that key people leave their positions after the date for the payment of earn-outs, which may impact the Company’s long-term growth opportunities.

Embracer Group strives to have a diversified group of employees in the Group in terms of age, qualifications, cultural background and gender. Embracer Group believes there is a risk that a homogeneous workplace could mean all aspects and perspectives are not taken into account within the organisation, which may increase the risk that the games launched by Embracer Group only attract a certain group of people in society.

The Company also has a small, central team of key people who manage Group-specific matters and who have been involved in building up the Company. One important element in Embracer Group’s development therefore concerns the Company’s ability to retain its senior executives and other key people with their extensive expertise and experience of the business as a whole and in central areas such as financial control and reporting, corporate governance and legal issues. In this respect, the Company’s CEO and board member Lars Wingefors is considered particularly important for the Group’s continued success. The Company has a clear growth strategy, which is mainly through acquisitions, and Lars Wingefors is instrumental in identifying and pursuing acquisitions.

In addition, it is essential for the Company’s growth to continuously attract competent and qualified employees. There is a risk that recruitment will not take place in a satisfactory manner as a result of competing employers or difficulties in finding the right skills while the Company is experiencing constant growth. There is a risk that a shortage of qualified labour and expertise may lead to illness among employees due to an excessive workload, high employee turnover and unsuitable working conditions. There is a risk that Embracer Group’s development may be delayed or that market shares could be lost should key people leave the Company for any reason or if the Company is unable to recruit qualified personnel, which could have a negative impact on the Company’s operations.

**Embracer Group may be affected by negative publicity surrounding the Company or industries in which the Company operates**

Embracer Group operates in industries that are periodically subject to public negative attention and debate. For example, there are accusations that the gaming industry exposes people, particularly those of a young age, to violent content and that is contributes to unhealthy gaming behaviour. Furthermore, there is criticism from time to time against the exposure, in particular to younger players, to in-game purchases. In addition, companies in the gaming industry have been targeted by negative criticism and debate in the media concerning unfair working conditions, poor work environment, unreasonably low pay and sexual harassment in the workplace. The negative publicity in relation to these companies began with reports from employees at each company. Given that the Company has approximately 15,700 employees, it cannot be ruled out that similar events may occur, which could entail a reputation risk for Embracer Group. Embracer Group makes use of partners when developing its games and there is a risk that these partners may have unfair working conditions, a poor work environment, unreasonably low pay, or express views or enact measures that contravene Embracer Group’s values and Code of Conduct. Negative publicity about the industries in which Embracer Group operates, in general, and particularly in relation to Embracer Group, could have a negative impact on Embracer Group’s reputation and make it more difficult for the Group to retain and attract new gamers and customers and that Embracer Group may have difficulties in retaining and attracting talent in the form of employees. For the same reason, customers could become less likely to make online payments while playing and in-game purchases. A national or global negative perception of industries in which Embracer Group operates could also lead to political pressure and ultimately increased regulation, which could, for example, lead to fewer channels for potential revenue and increased costs for the Company with respect to regulatory compliance, for instance. If these risks were to materialise, they could have a negative impact on Embracer Group’s revenue, cash flow and earnings.

As Embracer Group has grown, the Company has received increased national and international publicity in various media. Some negative publicity has gone beyond the products launched by Embracer Group and the game industry general. For example, this became apparent in connection with the directed issue conducted by Embracer Group in June 2022 to the Saudi-controlled Savvy Gaming Group. The Company’s continued growth, and the need for capital required by this growth, may, depending on which investors invest in the Company, entail similar publicity, which could have a negative impact on the Company’s reputation.

**Embracer Group is dependent on digital distributors of games**

Embracer Group’s sales of digital game titles for PC and consoles mainly take place through a small number of key distributors, such as Steam (Valve), Microsoft Store and PlayStation Store (Sony). Embracer Group is also dependent on Apple Store and Google Store for the distribution of its mobile games. The ability of the distributors to keep on providing the digital distribution channels is a prerequisite for Embracer Group to continue generating revenue from the sale of games. There is a risk that the digital distributors choose to distribute and market the Company’s games in a manner that is unfavourable for Embracer Group, or that the digital distributors choose another direction for distribution and marketing. There is a risk that one
of the distributors chooses to end the cooperation and thus that the Group’s games are removed from the gaming platform or during renegotiations demands a larger share of sales revenue, which can impact Embracer Group’s margins from the sale of games. In addition, there is a risk that a digital distributor could close its platform on grounds that are beyond the Company’s control. For example, in September 2022 Google announced that its streaming gaming service Stadia is to close down, which means it is no longer possible to purchase games via the streaming service. Embracer Group is not materially impacted by the closure of Stadia since Embracer Group’s sales via Stadia are insignificant. However, if a significant distributor (as named above) were to close its service this would have a material impact on Embracer Group’s ability to sell and thereby generate revenue from developed games. If any of these risks were to materialise, this would have a negative impact on the Company’s earnings and financial position.

**Embracer Group may be adversely affected by geopolitical conditions and macroeconomic effects**

Embracer Group operates globally and is therefore affected by geopolitical changes in the markets where either the subgroups operate or where sales take place. Geopolitical unrest or regional or national events resulting from, for example, diplomatic crises, war, regional and/or cross-border crises, natural disasters, epidemics, pandemics, or strikes that particularly affect one or more of these regions may therefore have an impact on Embracer Group’s operations.

Embracer Group conducts operations in Ukraine, Russia and Belarus and is therefore affected by the war that is being waged following Russia’s invasion of Ukraine, which began in February 2022. These employees mainly engage in game development or conduct related support services. Sales in the region concerned are conducted through third-party suppliers and historically amounted to approximately 1 percent of the Group’s net sales, equivalent to about SEK 170 million for the financial year 2021/2022. As of the date of the Prospectus, the Company perceived that the main impact of the war has been related to taking care of and relocating Ukrainian, Russian and Belarusian employees, but that the war has otherwise not significantly affected the Company’s operations.

There is considerable uncertainty about how the war in Ukraine will develop in the future and whether this will have a negative effect on the Group. The magnitude of any negative impact for Embracer Group is difficult to assess as the war could develop in different directions within a short space of time. The main impact on Embracer Group is related to delays in ongoing game development projects, given that game development is the primary activity conducted in the region.

The demand for Embracer Group’s products is dependent on general economic conditions, which in turn is affected by macro-economic factors in the countries or regions in which the Group operates. Examples of such factors are the rate of growth of the global and local economy, employment rates, household disposable incomes and exchange-rate fluctuations. Unrest around the world and in individual regions has increased volatility in the global finance markets and the global economy. In addition, the global economy has been negatively affected in 2022 by rising inflation in large parts of the world, which has forced central banks to raise interest rates in many countries. Energy prices and the price of fuel have also risen dramatically, particularly in Europe, as gas deliveries from Russia to European countries have fallen due to the strained political situation between Russia and the EU. If household disposable incomes and employment rates are negatively affected in the future due to rising inflation, higher interest expenses and higher costs for energy and fuel, this could lead to a recession in some markets or globally, which could have a negative effect on demand for game products and lead to a significant, industry-wide decline in sales, and thereby have a material adverse impact on Embracer Group’s revenue, financial position and earnings.

**Embracer Group may be unsuccessful with the integration processes in relation to acquired companies**

Part of Embracer Group’s acquisition strategy is to allow the target companies to continue to be led by entrepreneurs and allow the entrepreneurs to retain their creative and business freedoms while offering the target companies better opportunities for growth through the Group’s resources and governance. There is a risk that entrepreneurs working within the acquired subsidiaries of the Group are unsuccessful in their leadership and fail to contribute long-term profitability to the Group. It is important for Embracer Group to maintain good relationships with the acquired companies’ entrepreneurs and other key personnel. The Company and entrepreneurs within the Group may have different views of how operations are to be conducted, which may result in the cooperation not being successful or that the entrepreneur chooses to leave the Group.

Acquisitions also entail risks linked to the integration of the target company and its employees. To fully achieve the anticipated financial and strategic objectives in relation to acquired companies, Embracer Group must rationalise, coordinate and to a varying degree integrate operations conducted by the acquired companies. Embracer Group must also ensure the Group’s policies and guidelines that apply at Group level, for example in relation to financial reporting and corporate governance, are communicated and implemented adequately and then adhered to within the framework of the acquired companies’ operations. Embracer Group has applied for a listing of the Company’s class B shares on Nasdaq Stockholm, which places high demands on, inter alia, continuous financial reporting. Therefore, Embracer Group must ensure that financing reporting from subgroups to the parent company meets the accounting standards and accounting policies as well as other requirements and guidelines stipulated by Embracer Group in order to ensure that the financial statements can be published in accordance with the Company’s financial calendar and otherwise in accordance with applicable regulatory frameworks. Implementation processes include complex technical, operational and personnel-related challenges that are time-consuming and costly. There is a risk that the integration processes in relation to the acquired companies are delayed or that Embracer Group is unsuccessful.
in the integration of the acquired companies. If Embracer Group fails to successfully integrate the acquired companies or if the integration is delayed, this could lead to violations of applicable regulatory frameworks and internal guidelines and policies as well as delays to the continuous financial reporting. This may require Embracer Group to allocate additional resources and capital to ensure that the integration and compliance is performed in a satisfactory manner, which could lead to increased costs and have a negative effect on Embracer Group’s cash flow, earnings and financial position.

Embracer Group may be adversely affected by disruptions in the manufacturing and supply chain as well as rising inflation in the Tabletop Games operating segment

On 8 March 2022, Embracer Group completed the acquisition of Asmodee Group, which is a subgroup in the Tabletop Games operating segment that manufactures physical board games and trading cards. Asmodee Group’s net sales accounted for 35 percent of Embracer Group’s total sales as of 30 September 2022. Asmodee Group manufactures its games and other products in, for example, China and Europe. Asmodee Group operates globally and has subsidiaries with operations in Europe, North America, South America and Asia. Given Asmodee Group’s global presence, the fact that the subgroup has suppliers worldwide and that the sub-group manufactures physical board games and trading cards, Asmodee Group is more affected than other sub-groups by disruptions in global manufacturing and supply chains. The outbreak of the COVID-19 coronavirus during the first quarter of 2020 entailed, for example, negative effects in terms of manufacturing and delivery of Asmodee Group’s products. In addition, the war in Ukraine, which started with Russia’s invasion in February 2022, created uncertainty in the global economy and brought about increased energy and petrol prices. Due to the war in Ukraine, Embracer Group has noted a price increase for transportation and raw materials driven by higher costs from suppliers and rising inflation. There is a risk that Asmodee Group, partially or entirely, will be unable to pass on the price increases for raw materials to its customers due to agreements that regulate the pricing of Asmodee Group’s products or that Asmodee Group, for some other reason, cannot raise its prices such that it can absorb rising prices for raw materials in time. It is difficult to forecast the future impact of further outbreaks of COVID-19 and a protracted conflict between Russia and Ukraine on inflation and the price of raw materials and this could mean Embracer Group’s current and future assumptions and assessments about global supply chains and the price of raw materials may prove to be incorrect or incomplete. If risks linked to manufacturing and supply chains are realised, and Asmodee Group is unable to offset price increases for raw materials by passing these on to its customers, this could have a negative effect on Embracer Group’s operating margins, profitability and earnings.

LEGAL RISKS

Embracer Group is dependent on obtaining and maintaining protection for its intellectual property rights

Intellectual property rights represent, as is the case for other companies active in the gaming industry, a significant proportion of Embracer Group’s assets. Embracer Group has an extensive catalogue of over 850 owned or controlled franchises as of 30 September 2022. Each sub-group owns and is responsible for maintaining protection for each of the sub-group’s intellectual property rights. Embracer Group’s continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and that these are then adequately protected. The Company’s intellectual property rights are primarily protected through copyright protection, trademarks, legislation to protect trade secrets and/or agreements. In conjunction with acquisitions, checks are usually carried out to ensure that acquired intellectual property rights are transferred to the Group in accordance with the terms of the acquisition agreement. The due diligence carried out in conjunction with an acquisition, normally assisted by a legal adviser, may however be subject to limitations linked to, for example, time span for the due diligence or certain materiality thresholds. Accordingly, circumstances may exist, or are later discovered to be, linked to a specific intellectual property right that means this right was not transferred to the Group as stipulated in the acquisition agreement. If the products held, developed or acquired in the future by the Company do not receive the requisite intellectual property rights protection, or if the existing intellectual property rights protection cannot be retained or if the existing intellectual property rights protection proves to be insufficient to safeguard the Company’s rights and market position, the Company’s ability to conduct operations, its financial position and earnings could be adversely affected. In addition, the Company’s operations, financial position and earnings may be adversely affected in the event that the Company’s intellectual property rights are encroached upon or if it is considered in breach of a third party’s intellectual property rights.

There is also a risk that third parties will register or develop intellectual property rights that could limit the Company’s ability to continue with its current or future operations or that could replace or circumvent the Group’s intellectual property rights. Moreover, authorities may refuse an application to protect intellectual property rights submitted by the Company. In addition, there is a risk that employees could develop intellectual property rights and that such intellectual property rights could be deemed to belong to the employee under applicable local legislation.

Embracer Group’s operations are subject to regulations in several countries, which places demands on the Company’s continuous regulatory compliance

Embracer Group operates globally and has activities, suppliers and collaborations in different jurisdictions and receives revenue from different international markets. The global nature of the Group’s operations therefore means the Group is obligated to comply with a number of different laws and regulations at national and international level. Areas that the Group considers of material importance to the operations include laws and regulations linked to sanctions, corruption, data protection and tax. In many countries where the Group operates, there is generally a higher risk of violating laws and regulations linked to sanctions, corruption and tax rules. Violations committed by, or claims of such violations that target Embracer Group, suppliers or other external parties with whom Embracer Group has a commercial relationship, risk resulting in negative publicity that could damage
Embracer Group’s reputation, even if Embracer Group is not involved in such incidents. Even if the Company has procedures and processes in place to monitor legal developments and other developments that impact Embracer Group’s regulatory compliance, there is a risk that the Company’s interpretation of rule application may not be consistent with interpretations of the rules by the relevant authorities or that the Company’s procedures and processes could fail to identify regulatory changes that impact its operations. Should any of the aforementioned risks occur, this could lead to fines or other sanctions, which in turn could have a material adverse impact on the Group’s operations, financial position and earnings.

Compliance with these regulations and requirements also entails costs for the Company, mainly costs for external advisors such as lawyers and auditors. If Embracer Group’s employees, suppliers, distributors or other partners act in a manner that constitutes a serious contravention of prevailing laws and internal and external policies or in a manner that does not correspond to the level of business ethics and integrity undertaken by Embracer Group, this could have a negative effect on Embracer Group’s reputation, operations and financial position.

**Embracer Group’s global operations expose the Group to risks linked to compliance with a number of tax systems and the application and interpretation of different tax systems may vary between jurisdictions**

Embracer Group conducts operations in more than 40 countries and has through subgroups a presence on all continents. This means Embracer Group is subject to several different tax laws and related practice and statements by the authorities. For the financial year 2021/2022, Embracer Group’s income tax amounted to SEK 692 million (471) and the effective tax rate was 39 percent (23 percent in the previous year).

Due to Embracer Group’s global operations, the Company and subsidiaries must comply with a large number of tax laws and rules. The tax laws and rules the Group must comply with are frequently changed, sometimes at short notice and sometimes applied with retroactive effect, which places demands on the Group’s ability to keep up to date with the changes taking place locally in many different countries. The application of the different tax laws and rules in the jurisdictions where Embracer Group is active can vary considerably, which also involves a situation when tax authorities and tax bodies in different jurisdictions may have different interpretations and applications of similar tax laws and rules, which may not be consistent with Embracer Group’s interpretation and application of the same. The application of relevant tax laws and rules usually also requires that significant judgements and estimates are also made by the Company’s and sub-group’s management teams. The risks described above mean Embracer Group’s tax situation for previous years, as for the current year, could change if the tax authorities were to make a decision that is negative for the Group in ongoing tax audits, initiate an audit pertaining to new matters, or if tax laws and rules are changed in a manner that is negative for the Group (with or without retroactive effects).

A number of internal transactions take place within Embracer Group as certain companies in the Group act as publishers or distributors for another Group company in its capacity as, for example, a game developer. Other internal transactions also take place. There is a large range of tax laws and rules as well as tax treaties that regulate or are relevant for transfer pricing within a group. For this purpose, Embracer Group has prepared internal documentation (transfer pricing documentation) that presents Embracer Group’s interpretation of how these various rules should be applied. Transfer pricing issues in a global context are inherently complex and often the object of review by the tax authorities during audits.

In companies acquired by Embracer Group, employees may have acquired shares in a company within the group where they work. The acquisition and subsequent disposal of such shares by employees has not been considered by Embracer Group to give rise to any tax consequences for the companies concerned. Employee purchases or compensation on subsequent disposal may, in certain jurisdictions and under specific circumstances, be taxed as employment income to the employees. The tax laws that regulate these matters can be difficult to interpret, and the tax practices provided by authorities may be limited. Therefore, if the acquisition and disposal of shares by employees comes under scrutiny in tax audits or similar proceedings, it cannot be excluded that the tax authority in the relevant country will consider that employees have received employment income and that the company concerned is therefore liable to pay social security contributions or other payroll taxes on the income, including interest charges and fees. If a court were to make a final determination of such assessment, the social security contributions or taxes may be in amounts that are considered material to Embracer Group.

As of 30 September 2022, Embracer Group recognised deferred tax assets of SEK 1,821 million. The deferred tax assets relate to tax loss carry forwards and other temporary differences. Tax assets that derive from tax loss carry forwards have been generated in loss-making subsidiaries and are recognised to the extent the tax losses have been assessed to be able to be utilised against future taxable income. Embracer Group conducts assessments on a regular basis to estimate the future ability to utilise the deferred tax assets. These assessments can change over time, and thus impact the tax expense for the period. Inaccurate or changed assessments can therefore have a significant impact on Embracer Group’s earnings and financial position, which may vary between periods. The value of loss carry forwards may also be affected by changes to tax legislation in the jurisdictions where Embracer Group conducts operations.

If any of the risks described above were to materialise, this could have a significant negative impact on Embracer Group’s earnings, financial position and cash flow.

**Embracer Group may incorrectly process personal data**

Embracer Group, through its subgroups, processes and stores a variety of personal data in its IT systems, mostly concerning customers and employees. Personal data from customers is mainly stored within the framework of mobile and online games,
which normally takes place by registering customer details when creating a user profile linked to the game. Embracer Group’s authority to collect, store, share and process customer data is governed by the EU’s General Data Protection Regulation (EU) 2016/679 ("GDPR"), and other national data protection laws within and outside the EU where Embracer Group operates, confidentiality requirements and other regulatory provisions. The GDPR entered force in 2018 and places high demands on Embracer Group to ensure that the collected personal data must be correct, relevant and limited to the purposes for which it has been collected and that it may not be saved for longer than necessary taking into account the purpose of its collection. Equivalent legislation is generally present in the other jurisdictions in which Embracer Group operates and, in a number of countries with less developed legislation, legislative work is in progress in the area of data protection, not infrequently inspired by the GDPR.

The interpretations by authorities concerning several aspects of the GDPR and other national legislation outside the EU are associated with uncertainty and may be subject to change, for example, as a result of decisions by the European Court, other national courts or authorities. There is no guarantee that the Company’s interpretations and application of the GDPR and other applicable laws are correct or in line with the interpretations of relevant authorities.

There is a risk that the Company’s processes and methods for processing personal data is or has been insufficient and in contravention of applicable data protection laws. If the Company within the context of an audit or government agency, legal or administrative proceedings is deemed to breach or have breached the GDPR or other applicable laws or regulations linked to personal data processing, this may lead to a restriction in the Company’s data processing and competent authorities may resolve on administrative fines for inadequate compliance in an amount of, for example under the GDPR, up to EUR 20 million. The GDPR also provides data subjects with the right to compensation should any breach of the GDPR lead to material damage. In Embracer Group’s other key markets, such as the US, there is a broadly equivalent sanction system available for government authorities, which can also vary between states. Non-compliance with the GDPR or other applicable data protection legislation may also lead to legal action. The Company’s continued compliance with data protection laws requires continuous and significant investment in systems, processes, policies and personnel.

If any of the aforementioned risks were to materialize, this could have a negative impact on the Company’s operations, reputation and extra costs for regulatory compliance, which in turn would have a negative impact on the Company’s financial position and earnings.

**FINANCIAL RISKS**

**Embracer Group could be adversely affected by currency fluctuations**

Embracer Group conducts operations in a number of countries with a cost base in the local currency and is thus exposed to currency risk. Embracer Group’s currency risk can be divided into translation risk and transaction risk. Translation risk refers to assets and liabilities in foreign operations which are translated from the foreign operations’ functional currency to the Group’s presentation currency, SEK, at the exchange rate prevailing on the balance sheet date. Revenue and expenses in a foreign operation are translated to SEK at an average rate, which constitutes an estimate of the exchange rates prevailing on each transaction date. Translation differences arising from currency translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When the controlling influence in foreign operations ceases, the associated translation differences are reclassified from the translation reserve in equity to profit or loss. These exposures are not hedged. Transaction risk means that foreign currencies are translated into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate on the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are not translated.

Embracer Group’s revenue is primarily denominated in EUR and USD, while the presentation currency is SEK. Even though Embracer Group has expenses in both EUR and USD that partly offset this exposure, the Group is affected by long-term exchange-rate fluctuations.

A change in EUR and USD of +/- ten (10) percent against the SEK in the financial year 2021/2022 would have entailed an impact on sales of SEK +/-1,572 million and SEK 1,572 million, respectively. The sensitivity analysis is based on the assumption that all other factors, such as exchange rates, remain unchanged.

Since the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could have a negative impact on Embracer Group’s financial position, cash flow and earnings.

**Embracer Group is subject to risks related to impairment of goodwill**

The Group reports values for goodwill that have arisen in connection with Embracer Group’s acquisitions. The Group’s reported goodwill on 30 September 2022 amounted to SEK 49,887 million, corresponding to approximately 43 percent of the Company’s total assets.

Annually, Embracer Group tests goodwill for impairment. Evaluations are carried out in connection with impairment tests and are based on estimates and assumptions. The critical assumptions underlying these evaluations are the growth rate, free cash flow and discount rates. Estimates that deviate from
the management’s assessment may yield different results for the business and a different financial position. To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill is attributed are valued, which is done by discounting the cash-generating unit’s cash flow. In applying this approach, Embracer Group relies on historical statistics and other assumptions, including results achieved, business plans, economic forecasts, and market data. Changes in the conditions underlying these assumptions and estimates could have a material effect on the value of goodwill. Significant deviations and major impairment of goodwill could have a material negative impact on Embracer Group’s financial position and earnings.

**Embracer Group may need to impair capitalized development expenditure**

Embracer Group continuously invests in game development and capitalizes its development expenditure in accordance with IFRS. As of 30 September 2022, projects in progress and advances for intangible assets amounted to SEK 7,589 million. Embracer Group capitalizes certain development expenditure as intangible assets in its statement of financial position, primarily relating to game development. Capitalization of development expenditure is based, among other things, on the assessment that future economic benefits will be generated by the asset and that it is technically feasible to complete the asset. The Group must make significant assessments regarding the timing of the start of the capitalization. The Group’s expenditure related to game development is capitalized when games are sufficiently developed from a technological perspective to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience from previous games. Ongoing development for which the Group has not started to amortize capitalized development costs (since the game is not ready for use) is tested annually for impairment. There is a risk that the Company’s assumptions for these estimates may change and that the Company impairs the capitalized development expenditure. If the Company impairs projects in progress and advances for intangible assets, it will negatively impact the Company’s balance sheet, earnings and financial position.

**Embracer Group is subject to financial risks related to earn-outs**

The fair value of earn-outs has been calculated based on expected outcomes of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfilment of the conditions for the earn-outs, the development of certain exchange rates against the SEK and the interest rate environment. Earn-outs to be settled with shares are also dependent on the development of Embracer Group’s share price. Earn-outs classified as financial liabilities are measured at fair value by discounting expected cash flow at a risk-adjusted discount rate of 18–10.2 percent.

During the period 1 April - 30 September 2022, the change in fair value of earn-outs at the end of the reporting period amounted to SEK -1,322 million. This amount is included as part of net financial items in Embracer Group’s statement of profit or loss. Given the earn-outs recognized at the end of the reporting period on 30 September 2022, a change in discount rate of 1.5 percentage points (increase or decrease) would have an impact on the fair value of the earn-out of SEK 600 million and SEK 550 million, respectively. There is a risk that the terms of the earn-outs that were pre-determined in connection with the acquisitions do not correspond to the performance or remuneration levels that Embracer Group or the stock market expects on the date of payment of the earn-outs, which could have a negative impact on Embracer Group’s reputation in the capital market and share price. There is also the risk that the earn-outs may not be achieved by the seller(s), who mostly serve in operational roles in companies within the Group, and that Embracer Group would be required to renegotiate earn-outs in order to retain incentives for pursuing operations in accordance with Embracer Group’s acquisition strategy. However, the Company’s starting point is not to renegotiate terms in favor of the seller(s). If the seller(s) has(have) a strong negotiating position, it could mean that Embracer Group needs to agree to terms that are unfavorable for Embracer Group and set lower requirements for financial, operational and/or other targets, and higher remuneration in relation to performance than what was agreed in connection with the acquisition, which may have a negative impact on Embracer Group’s financial position, cash flow and earnings.

**Embracer Group is subject to risks related to its ability to obtain additional capital to carry out its acquisition strategy**

Embracer Group finances the development of existing and new games through cash flow generated by sales revenue from the games. However, Embracer Group is dependent on external financing in order to carry out larger acquisitions. Since 2016 until the date of the Prospectus, Embracer Group has completed more than 90 acquisitions and the Company intends to conduct additional acquisitions in the future as part of the Company’s growth strategy. In order to carry out these acquisitions, Embracer Group conducted nine capital raisings during the period stated above (including capital raised in connection with the listing on Nasdaq First North Growth Market through new share issues that generated a total of SEK 35.7 billion in issue proceeds for Embracer Group. To finance its acquisitions, Embracer Group has, for some acquisitions, issued shares and paid for part or all of the purchase consideration by issuing new shares in the Company, and some acquisitions were wholly or partly financed by loans. The global economy has been negatively affected in 2022 by rising inflation in large parts of the world, forcing central banks to raise interest rates in many countries. This has had a negative impact on the capital markets, with lower valuations of companies and lower risk appetite among investors. There is a risk that Embracer Group will be unable to raise capital at a value or on terms that are considered to be favorable for Embracer Group, and a lower valuation of Embracer Group could mean that payment via a new share issue in connection with acquisitions is not possible or favorable for Embracer. Consequently, Embracer Group may need to reduce its acquisition rate, which could have a negative impact on Embracer Group’s ability to achieve its acquisition strategy and result in reduced confidence in Embracer Group in the share market and a negative effect on the Company’s share price.
The Company’s ability to successfully obtain additional financing, and renegotiate and refinance existing loans, depends on several factors including the general situation in the financial markets, Embracer Group’s creditworthiness and its ability to increase its indebtedness. Furthermore, Embracer Group could, due to higher interest rates, be compelled to accept financing on less favorable terms. In addition, market disruptions or uncertainty may limit accessibility to the capital required to carry out acquisitions in accordance with Embracer Group’s acquisition strategy both in the long and the short term.

Embracer Group is subject to risks related to changes in the market interest rates

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market interest rates. Embracer Group’s objective is to not be exposed to future fluctuations in interest rates that affect the Group’s cash flow and profit to a greater extent than Embracer Group can manage. A significant factor affecting interest rates is the fixed interest rate period. The Group is mainly exposed to interest rate risk in respect of the Group’s loans to credit institutions and derivative instruments. The Group uses interest rate derivatives in the form of interest rate swaps to manage interest rate risk. In all interest rate swap agreements, Embracer has chosen to change floating interest rates to fixed interest rates. The interest rate derivatives have been agreed upon with institutions that have an investment grade rating whereby the credit exposure to the institution is considered limited. As of 30 September 2022, Embracer Group’s short-term liabilities (including the short-term part of long-term liabilities) amounted to SEK 2,261 million, and as of 30 September 2022, Embracer Group’s long-term liabilities (excl short-term part of long-term liabilities) amounted to SEK 19,239 million.

Embracer Group’s debts to credit institutions carry interest at a floating rate. In 2022, the global economy has been negatively affected by rising inflation in many parts of the world, which has forced central banks to raise interest rates in many countries. There is a risk that interest rates on Embracer Group’s loans will increase further, which could have a negative impact on the Group’s cash flow, financial position and operating profit.

The schedule below shows, given the interest-bearing assets and liabilities as of 30 September 2022 the impact of an increase in interest rates on equity and operating profit.

<table>
<thead>
<tr>
<th>SEK million</th>
<th>30 Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market interest rate +1%</td>
<td>200</td>
</tr>
<tr>
<td>Market interest rate -1%</td>
<td>-200</td>
</tr>
</tbody>
</table>

RISKS RELATED TO THE COMPANY’S SHARES

Trading in Embracer Group’s class B shares has, from time to time, been subject to volatility

The class B shares in Embracer Group have been traded on the non-regulated trading platform Nasdaq First North Growth Market since the end of 2016, and the Company has decided to apply for its class B shares to be admitted to trading on Nasdaq Stockholm. From a historical perspective, the price at which the shares in Embracer Group have been traded has at times been volatile. For example, the trading price of the share between 1 January 2022 and 16 December 2022 varied between a low of SEK 41.19 on 21 November 2022 and a high of SEK 99.4 on 3 January 2022. The price for which the shares are traded and the price at which investors can make their investment on Nasdaq Stockholm will be affected by a large number of factors, some of which are specific to Embracer Group and its operations, while others are general for listed companies. Examples of the latter are the general interest rate scenario, which in 2022 in particular impacted the tech sector and companies in related industries, and a turbulent global situation. These events have resulted in significant stock market downturns and, at times, high volatility in the share market.

Major shareholders’ influence and divestment of shares in the Company

Lars Wingefors AB (the “Principal Owner”) is the largest shareholder of Embracer Group as of the date of the Prospectus and controlled, as of 30 November 2022, 20.85 percent of the shares and 39.40 percent of the votes in the Company. Lars Wingefors, who is a board member and the CEO of the Company, owns 81 percent of the shares and 97 percent of the votes in Lars Wingefors AB. The Principal Owner, and thereby Lars Wingefors, is thus able to exercise significant influence in all matters on which shareholders can vote, for example, the appointment of board members, decisions on dividends, decisions on new share issues and authorisation for the board to carry out share issues, amendments to the articles of association and other important matters. The interests of the Principal Owner may differ from the interests of other shareholders, for example, regarding short-term dividends, and the Principal Owner could exercise its influence over the Company in a way that does not best promote the interests of the other shareholders.

Furthermore, divestments of shares in the Company made by the Principal Owner or other major shareholders or board members and senior executives of the Company, or the belief that such a sale will take place, may have a material negative impact on the price of the Company’s class B shares.

Share dividends may not materialise

To support value creation, Embracer Group intends to invest its profit and cash flow in organic growth initiatives and acquisitions. The payment of capital to the shareholders must be adjusted to the development of the result and cash flow while taking into account the Company’s growth opportunities and financial position. Under Swedish law, decisions regarding dividends are
to be made by the general meeting of shareholders. The timing and size of potential future dividends is proposed by the board of directors. When considering future dividends, the board will weigh in factors such as the requirements with respect to the size of the equity given the nature, scope and risks associated with the operations and the Company’s need to strengthen its balance sheet, liquidity and financial position in general. There is a risk that the Company may not have sufficient distributable funds in the future. Also, the Company’s shareholders could prioritise that distributable funds be reinvested in the operations. There is therefore a risk that the general meeting might not resolve to pay dividends to shareholders in a given year or at all. An investor in the Company’s share must therefore be aware that dividends may not be paid.

**Embracer Group may need to secure additional capital, which could dilute the investors’ holdings and impact the price of the shares**

In the past, Embracer Group has carried out a number of new share issues, and most recently the Company received approximately SEK 10.3 billion from a directed share issue in June 2022. In the future, Embracer Group may need to raise additional capital to finance acquisitions or to make additional investments. Such financing may be secured through new share issues, warrants, other share-based securities or convertible debentures, which could entail differing levels of dilution of existing shareholders’ participations in the Company, depending on the amount of the capital raised.

**Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future new share issues**

If Embracer Group issues new shares with preferential rights for existing shareholders in the future, shareholders in some countries may be subject to restrictions that mean they are unable to participate in such issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US may not be permitted to exercise their rights to subscribe for new shares if such shares are not registered in accordance with the Securities Act, or if no exemption from the registration requirement in accordance with the Securities Act is made. Shareholders in other jurisdictions outside Sweden may similarly be affected as well. Embracer Group has no obligation to submit registration documents in accordance with the Securities Act or to seek similar approval or relevant exemptions in accordance with legislation in any jurisdiction outside Sweden, and these actions may be associated with practical difficulties and costs. Insofar as Embracer Group’s shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future new issues, their proportional interests in the Company will be reduced. Such issues may therefore entail that existing shareholders will see their share of the Company’s share capital diluted and this may have a negative impact on the share price, earnings per share and net asset value per share.
BACKGROUND AND RATIONALE

Embracer Group is a global group of entrepreneurial businesses in the gaming and entertainment industry. Through Embracer Group’s decentralised operating model, the Company provides entrepreneurs and teams with the resources they need to succeed and unleash their full potential. Embracer Group’s growing ecosystem creates synergies through shared knowledge and collaboration, and the Company is guided by its conviction that well-diversified operations will lead to greater success.

As of 30 September 2022, Embracer Group had 132 internal studios and approximately 15,700 employees and contracted developers in more than 40 countries. The Company has had a strong financial performance over the recent years. During the financial year 2021/22, Embracer Group had net sales of SEK 17,067 million, an increase of 90 percent compared to the financial year 2020/2021.

The Company was listed on Nasdaq First North Growth Market in November 2016, under the previous company name THQ Nordic AB (publ). The rationale for the listing, and the related capital raise was, among other things, to finance growth, facilitate the possibility of using the Company’s shares as a means of payment in acquisitions and strengthen the Company’s profile and brand among investors, customers and within the sector in general. Since the listing, the Company has completed over 90 acquisitions financed in whole or in part by payment in class B shares of the Company. Since the financial year 2016 (Jan-Dec), the Group’s net sales have grown from approximately SEK 302 million² to approximately SEK 17,067 million for the financial year 2021/2022 (Apr 2021-Mar 2022) and the average number of employees in the Group has grown from 68 to 6,532 employees over the same period.

The listing of the Company’s class B shares on Nasdaq Stockholm is an important step in the Company’s continued development and has been a long-standing ambition of the Company’s board of directors and management. In addition to the fact that the listing on Nasdaq Stockholm provides a quality stamp for the Company, the listing is also expected to make the Company’s class B shares even more attractive as a means of payment, which may facilitate future acquisition discussions. Furthermore, the listing on Nasdaq Stockholm is expected to better reflect the maturity of the Company from a capital market perspective and enable more institutional investors to invest in the Company’s class B shares. The Company also welcomes the additional requirements for corporate governance, transparency and disclosure which follows with being listed on Nasdaq Stockholm.

In light of the above, the board of directors of Embracer Group has applied for admission to trading of the Company’s class B share on Nasdaq Stockholm. On 6 December 2022, Nasdaq Stockholm’s Listing Committee has made the assessment that Embracer Group meets the requirements for admission of the Company’s class B shares to trading on Nasdaq Stockholm, subject to customary conditions, including approval and registration of a prospectus by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 22 December 2022.

19 December 2022
Embracer Group AB (publ)
Board of directors

The board of directors of Embracer Group is responsible for the contents of this Prospectus. To the best of the board of directors’ knowledge, the information given in the Prospectus is in accordance with the facts and no statement likely to affect its import has been omitted.

¹ Embracer Group applies a split financial year which runs from 1 April to 31 March.
² The annual report for 2016 (1 January - 31 December) has been prepared in accordance with the accounting standard K3.
BUSINESS AND MARKET OVERVIEW

The Prospectus contains information about the Company’s geographic markets and product markets, market size, market shares, market position and other market information concerning Embracer Group’s operations and market. Unless otherwise stated, such information is based on the Company’s analysis of several different sources, including statistics and information from external industry and market reports, market research surveys, public information and commercial publications. Information from third parties has been reproduced correctly, and as far as Embracer is aware and can ascertain from the information published by the third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Although the information has been presented correctly and Embracer considers the sources to be reliable, Embracer has not independently verified the information and as such cannot guarantee its accuracy or completeness.

INTRODUCTION

Embracer Group is a global group of entrepreneurial businesses in the gaming and entertainment industry. Through Embracer Group’s decentralised operating model, the Company provides entrepreneurs and teams with the resources they need to succeed and unleash their full potential. Embracer Group’s growing ecosystem creates synergies through shared knowledge and collaboration, and the Company is guided by its conviction that well-diversified operations will lead to greater success.

The Group has its head office in Karlstad, Sweden and a global presence through its twelve sub-groups: THQ Nordic, PLAION, Coffee Stain, Amplifier, Saber Interactive, DECA, Gearbox Entertainment, Easybrain, Asmodee Group, Dark Horse Media, Freemode and Crystal Dynamics – Eidos Montréal. The Group has an extensive and diverse games portfolio with more than 850 owned or controlled trademarks including Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency, World War Z, Tomb Raider, Deus Ex, Lord of the Rings, Borderlands and many more.

As of 30 September 2022, Embracer Group had 132 internal studios and approximately 15,700 employees as well as contracted developers in more than 40 countries. The Company has had a strong financial development in recent years. For the financial year 2021/2022, Embracer Group had net sales of SEK 17,067 million, which corresponded to an increase of 90 percent compared with the financial year 2020/2021.

GROUP PHILOSOPHY

Embracer Group’s philosophy is divided across three separate areas as follows:

Trust – Empower people

Embracer Group believes in trusting great people to make their own decisions. Embracer Group’s shared and inclusive entrepreneurial mindset is the collective driving force.

Long-term mindset – Unleash the potential

Embracer Group is in it together. Embracer Group’s shared knowledge enables synergies through collaborations across the Group’s growing ecosystem.

Embracing – Respect and endorse differences

Embracer Group is true to itself and believe that different perspectives make Embracer Group stronger.

MISSION

Embracer Group is a global group of entrepreneurial businesses in the gaming and entertainment industry. Through Embracer Group’s decentralised operating model, entrepreneurs and teams are provided with the resources they need to succeed and unleash their full potential. Embracer Group’s growing ecosystem creates synergies through shared knowledge and collaboration, and Embracer Group believes that the more diverse the Group is, the stronger Embracer Group will become.

With head office in Karlstad, Sweden, Embracer Group engages more than 15,700 employees in over 40 countries, with a track record of combining organic and acquired growth. Over the coming decades, Embracer Group is building something unprecedented and sustainable together, based on a shared philosophy of trust, a long-term mindset and embracing different perspectives.

FINANCIAL TARGETS/DEBT POLICY

Embracer Group has the following financial targets, which have been prepared within the framework of a debt policy:

Embracer Group’s board of directors has set targets for the capital structure. The leverage target is a net debt / adjusted EBIT ratio of 1.0x, where adjusted EBIT is measured as management’s expectations for the next twelve months. The debt ratio may be allowed to exceed 1.0x in connection with the completion of acquisitions. In such circumstances, the ambition is to return to below 1.0x in the medium term.

Moreover, on 17 November 2022, Embracer Group adopted and made public an updated forecast for adjusted EBIT, refer to the section “Capital structure, indebtedness and other financial information – Adjusted EBIT forecast.”

1 Embracer Group applies a split financial year that runs from 1 April to 31 March.
HISTORY

2011 - The year marked the starting point for the Company when, among other things, all IPs were acquired from the then listed Austrian game publisher JoWooD, which had become insolvent. SpellForce, The Guild and Painkiller are examples of some of the gaming IPs that were acquired. Klemens Kreuzer, current CEO of THQ Nordic, was one of the key people that the Company recruited in connection with these acquisitions.

2013 - The majority of the IPs were acquired from THQ Inc., which had become insolvent. THQ Inc. was a US game publisher listed on Nasdaq. In total, more than 20 gaming IPs were acquired, including Red Faction, Darksiders, MX vs. ATV, Destroy All Humans! and Titan Quest.

2014 - Nordic Games (the name under which Embracer Group was founded) acquired the US games brand THQ and the story behind THQ Nordic AB took off.

2016 - Nordic Games, both the parent company in Sweden and the subsidiary in Vienna, were renamed as THQ Nordic. The name change was made to capitalise on the stronger THQ brand. The Company was listed in November the same year on what today is Nasdaq First North Growth Market, a multilateral trading platform and growth market for small and medium-sized enterprises.

2017 - The Company acquired Pieces Interactive, Black Forest Games and Experiment 101.


2019 - The brand mix-up between the parent company and the subsidiary THQ Nordic GmbH resulted in the parent company changing name to Embracer Group AB. Moreover, the Company acquired, inter alia, Milestone, Warhouse Studios, Gunfire Games, Goodbye Kansas Game Invest and Tarsier Studios.

2020 - Embracer Group acquired, inter alia, Saber Interactive, Flying Wild Hogs, 4A Games, New World Interactive, DECA Games, A Thinking Ape and Vertigo games.

2021/2022 - Embracer Group continue its ambitious acquisition strategy and carries out complementing acquisitions to strengthen existing sub-groups and transformative acquisitions that resulted in four new sub-groups, including Gearbox Entertainment and Easybrain. Following the acquisitions of Asmodee Group and Dark Horse Media, a new strategic chapter of Embracer Group’s journey started in the form of game development and publishing for board games and comic books as well as potential for transmedia. Embracer Group also continues to invest in organic growth initiatives and had more than 220 games, including more than 25 AAA titles, in development at the end of the financial year 2021/2022. Also refer to the section “Significant changes affecting the Company’s business operations since the end of 31 March 2022” below.

BUSINESS MODEL

Operating model
Embracer Group applies a decentralised operating model. This is considered key to the Company to empowering talented developers and entrepreneurs across the Group. The model gives commercial autonomy to the sub-groups’ management teams, founders and studio heads to run business operations, while following Embracer Group’s framework for reporting, financial control, Code of Conduct and corporate governance. The Company believes that this approach fosters creativity, speediness and business value as decisions are taken closer to the relevant markets and communities.

While applying a decentralised operating model, the Company seeks to realise synergies where possible and deemed appropriate, for instance sharing IPs or experience and know-how between sub-groups. Collaboration and the spreading of best practice is encouraged.

Financial model
The Company is committed to maintaining a strong balance sheet since this reduces financial risk and maximises strategic flexibility. The operating cash flow is reinvested in organic growth activities to as large an extent as possible, and external capital, new issues and borrowings are normally used to finance additional acquisitions. To align interests with founders, management and shareholders in acquired companies, Embracer Group often issues shares to fully or partly finance acquisitions and established long-term earn-outs as part of the consideration. Also refer to the section “Share capital and ownership structure – Potential earn-outs” for more information about earn-outs outstanding that pertain to shares.

OPERATING SEGMENTS
For accounting and monitoring purposes, the Embracer Group has divided its operations and sub-groups into four operating segments: The four operating segments are:

- PC/Console Games
- Mobile Games
- Tabletop Games
- Entertainment & Services

Each sub-group within Embracer Group is associated to one or more of the four operating segments and is described in more detail below.

1) Transmedia is a term that is used to for information, games and entertainment provided across multiple media and/or platforms.
2) A triple A game (AAA) is generally a title that has been developed by at least 100 developers in the most intense phases of the development project/full production and with the potential to sell several million units.
PC/Console Games

PC and console games have been a core business for Embracer Group since the Company was founded. This operating segment develops and publishes games for PCs and consoles and includes AAA, AA, A Indie, MMOs, Free-to-Play, Asset Care, VR and Work-for-Hire. The PC/Console Games operating segment accommodates the following seven sub-groups: THQ Nordic, PLAION (formerly Koch Media), Amplifier Game Invest, Gearbox Entertainment, Saber Interactive, Coffee Stain and Crystal Dynamics - Eidos Montréal. PC/Console Games accounted for 38 percent of Embracer Group’s total sales in the first two quarters of the financial year 2022/2023.

THQ Nordic

THQ Nordic is a global game developer and publisher based in Vienna, Austria, with subsidiaries in Europe, Southeast Asia, Japan and the US. THQ Nordic’s central strategy revolves around, in addition to owning a competitive portfolio of IPs, nourishing these IPs by providing the very best development resources to create the level of experience that communities and fan bases expect. THQ Nordic’s product portfolio includes Biomutant, Darksiders, Destroy All Humans!, Gothic, MX vs ATV and Wreckfest among other titles.

PLAION

Founded as Koch Media, PLAION is an independent developer and publisher of games and entertainment products. Within PLAION, there are ten development studios based around the world and five games publishing labels: Deep Silver, Prime Matter, Ravenscourt, Milestone and Vertigo Games. Moreover, PLAION’s product portfolio also comprises one of the leading independent film and home entertainment distributors in Europe – PLAION PICTURES. PLAION’s product portfolio includes Arizona Sunshine, Dead Island, Hot Wheels Unleashed, Metro, Kingdom Come Deliverance, Saints Row, and Timesplitters among other titles. Since PLAION operates in several different areas, part of its revenue pertains to the PC/Console Games operating segment (own development and publishing operations) and another part to the Entertainment & Services operating segment (PLAION Partner Publishing & Film).

<table>
<thead>
<tr>
<th>Head office</th>
<th>Vienna, Austria</th>
<th>Head office</th>
<th>Munich, Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>PC/Console Games</td>
<td>Segment</td>
<td>PC/Console Games</td>
</tr>
<tr>
<td>Internal studios</td>
<td>22</td>
<td>Internal studios</td>
<td>13</td>
</tr>
<tr>
<td>Employees</td>
<td>1,076</td>
<td>Employees</td>
<td>2,379</td>
</tr>
<tr>
<td>CEO</td>
<td>Klemens Kreuzer</td>
<td>CEO</td>
<td>Klemens Kundratitz</td>
</tr>
<tr>
<td>Founded</td>
<td>2011</td>
<td>Founded</td>
<td>1994</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>4 percent</td>
<td>Share of the Group’s net sales</td>
<td>18 percent</td>
</tr>
</tbody>
</table>

Financial and operational data as of 30 September 2022.

1) Massively multiplayer online games (MMOs) differ from single-player games or games where only a group of people play together, mainly because they offer a game world.
2) Free-to-Play (FTP) games give gamers access to a significant portion of or the full game without paying for the game.
3) Asset Care means purchasing and managing assets such as older games and consoles.
4) VR stands for virtual reality and enables gamers to enter a digital environment such as a game world by wearing a goggle-like device.
5) Work-for-Hire means the development of games pertaining to third-party game titles.
**Amplifier Game Invest**

Amplifier was acquired in August 2019 and is a platform for Embracer Group’s investments in new IP development and teams. The operations are based on a partnership model designed to attract top talents through incentives and commercial support, while leaving them creative freedom. Since 2016, Amplifier has worked with finding and investing in some of the most talented start-up teams in the game development industry. Amplifier wants to create the most attractive home for passionate game developers and their studios, and empower their ambitions and creativity for sustainable, long-term success. Amplifier’s product portfolio includes *Little Nightmares*, *Fishing North Atlantic* and *Dice Legacy* among other titles.

**Gearbox Entertainment**

Gearbox Entertainment is an award-winning, Texas–based developer and publisher of interactive entertainment that was founded by game industry veterans. Its first release was *Half-Life: Opposing Force* in 1999. Gearbox Entertainment is composed of four units: Gearbox Software, Gearbox Publishing; Gearbox Studios and Gearbox Properties. In 2021, Gearbox Entertainment became Embracer Group’s seventh sub-group and its product portfolio includes *Borderlands 3*, *Tiny Tina’s Wonderlands*, *Risk of Rain 2* and *Godfall* among other titles.

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**Head office**

**Stockholm, Sweden**

<table>
<thead>
<tr>
<th>Segment</th>
<th>PC/Console Games</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal studios</td>
<td>16</td>
</tr>
<tr>
<td>Employees</td>
<td>321</td>
</tr>
<tr>
<td>CEO</td>
<td>Per-Arne Lundberg</td>
</tr>
<tr>
<td>Founded</td>
<td>2016</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>0 percent</td>
</tr>
</tbody>
</table>

---

**Head office**

**Frisco, Texas, US**

<table>
<thead>
<tr>
<th>Segment</th>
<th>PC/Console Games</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal studios</td>
<td>6</td>
</tr>
<tr>
<td>Employees</td>
<td>1,376</td>
</tr>
<tr>
<td>CEO</td>
<td>Randy Pitchford</td>
</tr>
<tr>
<td>Founded</td>
<td>1999</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>7 percent</td>
</tr>
</tbody>
</table>

Financial and operational data as of 30 September 2022.

Financial och operationell data per 30 september 2022.
Saber Interactive
Saber Interactive is a US-based developer and publisher of high-quality games. Saber Interactive consists of a number of studios located across the world and focuses on creating and/or publishing games for all major platforms based on original and licensed IPs. Saber Interactive’s product portfolio includes SnowRunner, World War Z, Killing Floor, Insurgency Sandstorm and Pinball FX among other titles.

Coffee Stain
Coffee Stain is an indie game developer and publisher of PC, console and mobile games. Coffee Stain’s particular strength when creating new products is its focus on digital sales, retention, cross platform games and multiplayer games. Coffee Stain’s product portfolio includes Valheim, Deep Rock Galactic, Satisfactory and Goat Simulator among other titles.

<table>
<thead>
<tr>
<th>Head office</th>
<th>Fort Lauderdale, Florida, US</th>
<th>Head office</th>
<th>Skövde, Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>PC/Console Games</td>
<td>Segment</td>
<td>PC/Console Games</td>
</tr>
<tr>
<td>Internal studios</td>
<td>27</td>
<td>Internal studios</td>
<td>8</td>
</tr>
<tr>
<td>Employees</td>
<td>3,449</td>
<td>Employees</td>
<td>148</td>
</tr>
<tr>
<td>CEO</td>
<td>Matthew Karch</td>
<td>CEO</td>
<td>Anton Westbergh</td>
</tr>
<tr>
<td>Founded</td>
<td>2001</td>
<td>Founded</td>
<td>2010</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>8 percent</td>
<td>Share of the Group’s net sales</td>
<td>4 percent</td>
</tr>
</tbody>
</table>

Financial and operational data as of 30 September 2022.

1) Games that can be played together with other gamers.
Crystal Dynamics – Eidos Montréal

For a description of the sub-group Crystal Dynamics – Eidos Montréal, refer to the section “Significant changes affecting the Company’s operations since the end of 31 March 2022 – A newly formed twelfth sub-group – Crystal Dynamics – Eidos Montréal” below.

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<table>
<thead>
<tr>
<th>Head office</th>
<th>London, UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>PC/Console Games</td>
</tr>
<tr>
<td>Internal studios</td>
<td>4</td>
</tr>
<tr>
<td>Employees</td>
<td>1,033</td>
</tr>
<tr>
<td>CEO</td>
<td>Phil Rogers</td>
</tr>
</tbody>
</table>

Share of the Group’s net sales | 1 percent |

Financial and operational data as of 30 September 2022.
Mobile Games
This part of the business develops and publishes mobile games. Over the past two years, the Mobile Games segment has grown and accounts for a considerable portion of Embracer Group’s operations and total sales. The Mobile Games segment includes Free To Play, ad centric, in-app-purchase centric and Pay-To-Play mobile games. The operating segment includes two sub-groups: DECA Games and Easybrain.

Mobile Games accounted for 18 percent of Embracer Group’s total sales in the first two quarters of the financial year 2022/2023.

DECA Games
DECA Games is an ecosystem of mobile publishers and developers with expertise in LiveOps in the category of Free-to-Play games. DECA Games started as an asset care business, acquiring other developers’ games and IPs and has since joining Embracer Group also added development studios and publishing operations. The operations complement Embracer Group’s existing and fast-growing business within PC/console game development and publishing. DECA Games’ product portfolio includes DragonVale, Party in My Dorm, Realm of the Mad God, Dragons of Atlantis and Super Stylist among other titles.

Easybrain
Easybrain is a developer of best-selling mobile logic puzzle games. Easybrain’s games have been downloaded more than 1 billion times and are played by more than 16 million users daily. Easybrain’s product portfolio includes a multitude of games such as Sudoku.com, Nanogram.com, Blockudoku, Jigsaw Puzzles, Art Puzzle and Number Match.

Financial and operational data as of 30 September 2022.

<table>
<thead>
<tr>
<th>DECA Games</th>
<th>Easybrain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office</td>
<td>Berlin, Germany</td>
</tr>
<tr>
<td>Segment</td>
<td>Mobile Games</td>
</tr>
<tr>
<td>Internal studios</td>
<td>10</td>
</tr>
<tr>
<td>Employees</td>
<td>834</td>
</tr>
<tr>
<td>CEO</td>
<td>Ken Go</td>
</tr>
<tr>
<td>Founded</td>
<td>2016</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>8 percent</td>
</tr>
</tbody>
</table>

1) Ad centric means focusing on creating ads within the context of a mobile game.
2) In-app-purchase centric focuses on getting users to pay in the mobile game to, for example, develop their attributes or unlock certain game features.
Tabletop Games
Within the Tabletop Games operating segment, the Group develops, publishes and distributes board games. The operating segment comprises the sub-group Asmodee Group, a leading international game publisher and distributor committed to telling stories through its games and with annual sales of 43 million games in 50 countries. The portfolio includes iconic game titles such as Ticket to Ride, Catan, Splendor, 7 Wonders, Azul, Exploding Kittens, Dobble/Spot It!, Star Wars: Legion and many more. The most important product categories are board games and trading cards.

Tabletop Games accounted for 35 percent of Embracer Group’s total sales in the first two quarters of the financial year 2022/2023.

Asmodee Group
Asmodee Group operates within entertainment and specialises in board games and trading cards. Asmodee Group is based in Guyancourt, France, and operates across Europe, North America, South America and Asia. In 2022, Asmodee Group became Embracer Group’s ninth sub-group and its product portfolio includes Catan, Ticket to Ride, Dobble, Spot It! and Exploding Kittens among other titles. Asmodee Group also establishes licence and distribution partnerships with leading entertainment and technology companies encompassing successful IP rights including Pokémon, Magic: The Gathering, Disney, Harry Potter, Lord of the Rings, Star Wars, Marvel, Dungeons & Dragons and Carcassonne. Asmodee has suppliers across the world and is more highly dependent on suppliers for its production compared to the other sub-groups given its products are in physical form.

<table>
<thead>
<tr>
<th>Head office</th>
<th>Guyancourt, France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>Tabletop Games</td>
</tr>
<tr>
<td>Internal studios</td>
<td>22</td>
</tr>
<tr>
<td>Employees</td>
<td>2,445</td>
</tr>
<tr>
<td>CEO</td>
<td>Stéphane Carville</td>
</tr>
<tr>
<td>Founded</td>
<td>1995</td>
</tr>
<tr>
<td>Share of the Group’s net sales</td>
<td>35 percent</td>
</tr>
</tbody>
</table>

Financial and operational data as of 30 September 2022.
Entertainment & Services

Within the Entertainment & Services operating segment, Embracer Group is active in the development, publishing and distribution of comic books. Wholesale operations are also conducted within Entertainment & Services in the form of publishing of game titles, primarily for consoles but also for PC. The operating segment also includes publishing operations and external distribution of films and TV series as well as the production and distribution of merchandise. As stated in the above section “PC/Console Games”, the sub-group PLAION also generates revenue through PLAION Partner Publishing & Film which pertains to the Entertainment & Services operating segment.

Entertainment & Services accounted for 9 percent of Embracer Group’s total sales in the first two quarters of the financial year 2022/2023.

Dark Horse Media

Dark Horse Media became part of Embracer Group in March 2022 and formed the tenth sub-group. Dark Horse Media has a long track record of publishing the work of creative legends such as Yoshitaka Amano, Margaret Atwood, Paul Chadwick, Geof Darrow, Will Eisner, Neil Gaiman, Dave Gibbons, Faith Erin Hicks, Kazuo Koike, Matt Kindt, Jeff Lemire, Mike Mignola, Frank Miller, Kentaro Miura, Moebius, Chuck Palahniuk, Wendy Pini, Richard Pini and Gerard Way. Dark Horse Media has a strong and growing core business as a comic book publisher in North America, which creates new opportunities for executing a transmedia strategy.

Freemode

For a description of the sub-group Freemode, refer to the section “Significant changes affecting the Company’s operations since the end of 31 March 2022 – Acquisitions of companies included in Embracer Group’s newly formed eleventh sub-group – Freemode” below.

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3) Merchandise comprises ancillary products sold in connection with a particular brand or game. This can, for example, be a t-shirt printed with a logo.
REVENUES AND SALES
Embracer Group has an extensive games portfolio that on 30 September 2022 consisted of more than 850 owned or controlled IPs and 132 internal development studios. The Company's revenues are mainly derived from one part of interactive content via platform players (computer games, film and digital board games), one part of physical products such as computer games, films, merchandise, hardware, board games, collector’s cards and comics, partly services regarding development of computer games and one part through licensing of media content and Embracer Groups IPs. Embracer Group’s primary revenues are derived from the sale of video games, board games, mobile games with relatively short sales cycles, where a large share of the revenues for each game arise at launch and shortly thereafter. The Company’s revenues may therefore be relatively varied between different years depending on how many game launches are carried out and how these develop.

A large part of the digital sales of products and content takes place via third-party digital stores, such as Microsoft’s Xbox Games Store, Sony’s PSN, the Apple App Store, Epic and Steam.

Revenues from sales of physical products such as computer games, films, merchandise, hardware, board games, collectible cards and comics are conducted through sales to customers, who can either be wholesale or an end customer.

Development services primarily include sales from Work-For-Hire projects (game development for third party in exchange for payment).

Furthermore, Embracer Group has revenues from third parties who have the right to use, for example brands, Gaas and game pass. These arrangements can include several commitments such as providing the license, rights to additional game releases and downloadable content, updates and sales-based royalty payments from sales to end customer.

Embracer Group has one of the industry’s broadest project portfolios for upcoming games, which engages more than 10,800 game developers across the world as of 30 September 2022. As of 30 September 2022, the Company had more than 230 games under development, including more than 25 AAA titles which are planned to be released up until March 2026. In the financial year 2021/2022, Embracer Group broadened the portfolio to include IPs in board games and comics.

Embracer Group’s decentralised and global operating model enables the Company to generate profits and cash flow from a multitude of different and diversified revenue streams within the gaming and entertainment industry. Embracer Group’s acquisition strategy enables expansion of the Company’s presence in new markets and new segments in pace with acquisitions being completed. A breakdown of Embracer Group’s net sales and the operating segments to which they pertained in the financial year 2021/2022 as well as sales for the first two quarters of the financial year 2022/2023 is presented below.

<table>
<thead>
<tr>
<th>SEK million</th>
<th>1 April 2021 – 31 March 2022</th>
<th>1 April 2022 – 30 September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC/Console Games</td>
<td>8,498</td>
<td>6,391</td>
</tr>
<tr>
<td>Mobile Games</td>
<td>4,896</td>
<td>2,928</td>
</tr>
<tr>
<td>Tabletop Games</td>
<td>571</td>
<td>5,911</td>
</tr>
<tr>
<td>Entertainment &amp; Services</td>
<td>3,102</td>
<td>1,456</td>
</tr>
<tr>
<td>Net sales total</td>
<td>17,067</td>
<td>16,687</td>
</tr>
</tbody>
</table>

COMPETITORS
All of Embracer Group’s four operating segments: PC/Console Games, Mobile Games, Tabletop Games and Entertainment & Services operate in a competitive environment. There are various players of varying size that produce games and entertainment. The Company competes with these in terms of, inter alia, the sale and launch of game titles as well as the recruitment of talents. Given that on 30 September 2022, Embracer Group comprised more than 850 owned or controlled IPs and 132 internal development studios and thus offers a diversified product portfolio, the Company’s assessment is that there are no specific competitor(s) in the competitive landscape in relation to games and entertainment titles from an overall Group perspective. However, competition could arise in the form of a competing company that has launched a similar game or entertainment title in conjunction with Embracer Group’s launch.

Historically, Embracer Group has mainly grown its operations through company acquisitions and intends to conduct additional acquisitions in the future as part of the Company’s growth strategy. The global acquisition market in the sectors in which Embracer Group is active has major global competitors, including Tencent and Microsoft, which are searching for similar companies to those Embracer Group is planning to acquire. Tencent is a multinational Chinese group whose subsidiaries specialise in a number of internet-related services and products, games and entertainment, and artificial intelligence and technology both in China and globally. Microsoft is a US-based multinational computer company active in games and entertainment through its Xbox Game Studios brand. Both Tencent and Microsoft have historically enjoyed substantial growth, including through acquisitions.

1) Gaas stands for “Games as a Service” and consists of revenues for games outside of the traditional sale of a game. Gaas for example, involves subscription fees or in-game purchases that players pay for over time in exchange for continuous updates or exclusive content.

2) Game pass means licensing revenue related to brands and media content.
STRENGTHS AND COMPETITIVE ADVANTAGES

Long-term mindset
The Company’s history dates relatively far back, more precisely to the early 1990’s when the CEO and co-founder Lars Wingefors started a second-hand comic books business at age 13. More than thirty years later, the emphasis on entrepreneurship and initiative is still reflected in the Embracer-culture. Founders and entrepreneurs joining Embracer Group want to stay within the Group, and prosper through the freedom to develop even greater businesses. The model is working as evidenced by the fact that 106 out of the total of 108 entrepreneurs who have joined since the listing on Nasdaq First North Growth Market on 22 November 2016 until 17 February 2022 worked actively within the Group.

Culture of freedom and diversity
Embracer Group advocates a belief that diversity, different perspectives, and skillsets lead to a better environment for all, and to better results for Embracer Group. As of 30 September 2022, the Group had 132 internal studios and engaged approximately 15,700 employees in more than 40 countries. Altogether, approximately 70 nationalities are represented, which makes Embracer Group a truly international company. The diversity in experiences, skillsets, and perspectives comprise an advantage that Embracer Group believes creates business value and a long-term opportunities for the Group to conduct its operations. Individual company cultures are endorsed and supported by the Group’s decentralised operating model. Entrepreneurs, creators and company management (at Group and sub-group levels) are encouraged to make their own decisions.

Quality comes first
Embracer Group has one of the largest and most diversified portfolios of IPs and game rights in the industry. This is a strength and enables the sub-groups to make the right long-term decisions. The Company believes that the right decision is always to put product quality first, even in cases where short-term gains seem tempting. Therefore, decisions to postpone, or even cancel releases are not seen as failures within Embracer Group, but rather as evidence of active quality control.

Scale enables taking on risk and the development of transmedia
Any approved individual game development project has a considerable business opportunity, but also entails a key risk element. This is why diversification really matters. Embracer Group can encourage individual game development studios to put quality first and create games that stand out – as the number of ongoing game development projects and the width of the games under development lowers the aggregated project risk at group level. There are currently more than 230 games under development of different genres and sizes.

The Company has grown from one to twelve sub-groups since 2016. No single game title generated more than five percent of the Group’s revenues in the financial year 2021/2022. With limited dependency upon single game titles, enhanced creativity in product development is enabled. Creativity is encouraged when creators are developing games.

The convergence of media, platforms and technologies, offers increasing opportunities for creating transmedia IPs. In addition to traditional licencing, in-house creators are provided with collaboration arenas, thereby enabling the original creators to contribute to the development. This type of collaboration is actively encouraged as it increases the likelihood of success in terms of Embracer Group’s transmedia ambitions.
ORGANISATION

As of 30 September 2022, Embracer Group had approximately 15,700 employees allocated across 132 internal studios in more than 40 countries around the world. Of these, 45 were employed in the Group’s parent company within central functions such as finance, legal, communication, corporate governance and sustainability. On 30 September 2022, an average of 23 percent of Embracer Group’s employees were women and 77 percent were men.

Embracer Group’s business is based on a decentralised operating model with a high degree of autonomy for the sub-groups. The parent company of the Group is responsible of supporting and ensuring implementation of Embracer Group’s policies as well as with enabling collaboration and synergies within the Group. Together with the respective sub-group’s management, the Company’s Chief of Staff, Legal & Governance, bears responsibility for implementing, maintaining and continuously evaluating the Company’s governance model. This includes responsibility for ensuring that regional and local procedures are in place in each sub-group to support compliance. The following diagram illustrates Embracer Group’s corporate governance model.

The members of Embracer Group’s management team are experienced in the sectors and operating segments in which the Embracer Group is active. Lars Wingefors is the CEO of the Company. The other members of the Company’s management are the CFO Johan Ekström and Chief of Staff, Legal & Governance Ian Gulam. The CEOs of the sub-groups are Klemens Kreuzer (THQ Nordic), Klemens Kundratitz (PLAION), Anton Westbergh (Coffee Stain), Per-Arne Lundberg (Amplifier), Matthew Karch (Saber Interactive), Ken Go (DECA), Randy Pitchford (Gearbox Entertainment), Oleg Grushevich (Easybrain), Stéphane Carville (Asmodee Group), Mike Richardson (Dark Horse Media), Lee Guinchard (Freemode) and Phil Rogers (Crystal Dynamics – Eidos Montréal). For more information regarding senior executives, refer to the section “Board of directors, senior executives and auditors – Senior executives”.

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**Shareholders/Shareholders’ Meeting**
- Nomination Committee
- External Auditors

**Embracer Group AB Board of directors**
- Rules of Procedures for the Board, Committee Instructions and Guidelines for Remuneration to Senior Executives
- Audit and Sustainability Committee
- Remuneration committee
- Company Strategy
- Company Policies/Code of Conduct
- Business Plan

**CEO**
- Group Executive Management, Extended Management and operative groups’ CEOs

**Operative groups’ management**
- Employees

**Internal Control Function**

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**Diagram Description**
- The diagram illustrates Embracer Group’s corporate governance model. It outlines the structure and responsibilities of the company’s board of directors, executives, and sub-groups. The diagram highlights the decentralised operating model and the roles of the CEO, CFO, and Chief of Staff. The leadership team is depicted as experienced in various sectors and operating segments, ensuring a high degree of autonomy for each sub-group.
SUSTAINABILITY

Sustainability strategy

For Embracer Group, sustainability is about creating long-term value for Embracer Group’s stakeholders and acting in line with Embracer Group’s values.

Moreover, various sustainability matters are incorporated in Embracer Group’s risk management to avoid harming different stakeholders and/or having an adverse financial impact on Embracer Group. Continuous work with sustainability also contributes to business development that can strengthen Embracer Group’s long-term profitability.

Embracer Group’s sustainability strategy, Smarter Business Framework, comprises three areas: Great People, Solid Work and Greener Planet. For each area, the most significant risks and opportunities have been identified and the sustainability area is governed as shown in the following diagram.

SUSTAINABILITY ORGANIZATION AND GOVERNANCE

In 2022, Embracer Group adopted the following Group sustainability goals with comments under the respective sustainability goals:

- Double the number of female managing directors/studio heads by 2025 compared with the base year 2021/2022.\(^1\)
- The goals focuses on gender imbalance as it is the area of diversity that is particularly challenging for the gaming industry as a whole and for Embracer Group.
- Reduce carbon emissions 45 percent by 2030 compared with the base year 2021/2022, when Embracer Group’s total greenhouse gas emissions amounted to 682,489 tCO2e,\(^2\) to align with the Paris Agreement, and to set Science-Based Targets\(^3\) during the financial year 2022/2023.
- The impacts of climate change are global in scope and unprecedented in scale. Embracer Group recognises the importance and takes feasible measures on behalf of the Group to mitigate the effects of climate change.
- Each sub-group will set its own sustainability goals in the financial year 2022/2023.

To be able to leverage the strength of the decentralised business model, Embracer Group has assigned each sub-group to freely formulate and set one or more sustainability goals.

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1\(^{\text{\textsuperscript{1}}}\) In the base year 2021/2022, the number of female managing directors/studio heads amounted to five within the Group.

2\(^{\text{\textsuperscript{2}}}\) Greenhouse gas emissions have been calculated in line with the GHG protocol. Sources used for emission factors include DEFRA, IEA and AIB.

3\(^{\text{\textsuperscript{3}}}\) For more information about Science-Based Targets, see https://sciencebasedtargets.org/.
Collaborations and Partnerships
Embracer Group has been a signatory member of the UN Global Compact sustainable business network since December 2021. Supporting the Global Compact goes hand-in-hand with the Company’s core values and is a good way to create strong networks with other companies and gain insight on how they work with sustainability. Membership is a strategic tool for the Company’s sustainability efforts and a way of managing risks and identifying business opportunities related to sustainability.

The Company is also involved with the climate group PlayCreateGreen, which was founded in 2019 and is the result of a joint commitment signed by Embracer Group and the UN’s Playing for the Planet. PlayCreateGreen invites all games companies to become architects of a movement driven by the games industry to decreases the carbon footprint.

In addition to the above organisations, the Company has entered into partnerships with Safe in Our World, Women in Games, Able Gamers, Solvatten and Kodcentrum.

SIGNIFICANT CHANGES AFFECTING THE COMPANY’S OPERATIONS SINCE THE END OF 31 MARCH 2022
Historically, the Company has acquired many new companies and financed such acquisitions fully or in part through the capital market. The Company retains an ambitious acquisition strategy and has recently carried out additional acquisitions to strengthen existing sub-groups and transformative acquisitions (that is acquisitions aimed at establishing new business areas), that resulted in several new sub-groups, of which two were added after 31 March 2022. A summary of significant changes in the Company’s operations since the end of 31 March 2022 until the date of the Prospectus is presented below.

Funding round of SEK 10.3 billion
On 8 June 2022, Embracer Group conducted a directed share issue of 99,884,024 class B shares at a subscription price of SEK 103.47 per share (corresponding to a premium of 15.0 percent compared to the closing price of the class B share on 7 June 2022). The proceeds from the new share issue amounted to approximately SEK 10.3 billion. The shares were issued to Savvy Gaming Group, which after the new share issue and as of 30 November 2022 holds 8.08 percent of the shares and 5.44 percent of the votes in the Company. Embracer Group intends to use the net proceeds received from the directed share issue to further strengthen the Company’s financial position, which will enable the Company to continue executing its acquisition strategy by complementing existing operations with new game publishers, game development studios or other assets.

Acquisition of Tripwire Interactive
In August 2022, Embracer Group entered into an agreement to acquire 100 percent of the shares in the award-winning US developer and publisher Tripwire Interactive. Tripwire Interactive is well-known for the Killing Floor and Rising Storm series and their recent best-seller Maneater, as well as their publishing division Tripwire Presents. The acquisition was completed on 4 October 2022.

Acquisitions of companies included in Embracer Group’s newly formed eleventh sub-group – Freemode
On 18 August 2022, Embracer Group announced the formation of its eleventh sub-group Freemode, which consists of gaming and entertainment companies. As of 30 September 2022, Freemode operates twelve companies in six countries and with a total of 580 employees. Freemode is led by the CEO Lee Guinchard, a gaming veteran and entrepreneur within the industry for the past 30 years. The newly formed sub-group focuses on six broad and diverse genres including: Retro/Classic/Heritage Gaming & Entertainment, Game Development & Production, Devices, Gear & Collectables, Community & Ecommerce, New Idea & Technology Incubation and Production Services.

The following companies and studios have been acquired after 31 March 2022 and are included in the Freemode group:

- Sing Trix LLC., a company based in Los Angeles and an award-winning creator of industry leading vocal processing effects technology for karaoke, gaming, and entertainment. The team behind Sing Trix LLC has a 25-year history of developing iconic music games, including the patented technology behind the Guitar Hero franchise.
- Limited Run Games, Inc., is a company and a prominent global collector-focused publisher of physical games with a strong brand, established direct-to-consumer channels, and owns the development technology Carbon Engine that enables transformation of retro games to modern platforms.
- Middle-Earth Enterprises, which owns a vast intellectual property catalogue and worldwide rights to films, computer games, board games, merchandising, theme parks and stage productions relating to the iconic fantasy literary works The Lord of the Rings trilogy and The Hobbit by J.R.R. Tolkien.

In addition to the above companies and studios, the following companies that were already part of the Embracer Group are included in the Freemode group: Game Outlet Europe (Sweden), Clear River Games (Sweden), Bitwave (Sweden), Tatsujin (Japan), GoodBetterBest (UK), Quantum Lab (Romania), C77 Entertainment (US), Grimfrost (Sweden) and Embracer Freemode, Inc. (US).

A newly formed twelfth sub-group – Crystal Dynamics – Eidos Montréal
On 2 May 2022, Embracer Group entered into an agreement to acquire the game development studios Crystal Dynamics, Eidos Montréal, Square Enix Montréal, and a catalogue of IPs including Tomb Raider, Deus Ex, Thief, Legacy of Kain and more than 50 back-catalogue games from SQUARE ENIX HOLDINGS CO., LTD. The acquisition was completed in August 2022. The acquired companies will form the twelfth sub-group in the Embracer Group under the leadership of Phil Rogers and his management team.
MARKET OVERVIEW

The global video games market

The underlying market conditions remain solid in most segments, and the global games market is predicted to generate USD 184 billion in 2022, a decrease of four percent compared to the previous year. These numbers represent a downward revision from previous forecasts (two percent year-over-year), largely due to a lowering of estimates in the mobile games market (explained below).

Comparisons with sales in 2021 and 2020 must take into account the unique pandemic-induced sales boost during these years. Compared with the last full pre-pandemic year of 2019, global games revenue grew by 28 percent from USD 144 billion to 184 billion over the three-year period.

There are several market drivers including subscription business, VR, Emerging Markets, Games as a Service and back catalog sales. Furthermore, the market is now less reliant on new releases and is generally assessed to have a higher resilience against economic pressures. This comes from its perceived value for money and the many different ways and levels of playing and paying. Gaming has increased its share against other entertainment sectors and, in 2022, it is estimated that global games market revenues will be about ten times more than the music market and about seven times more than the box office/cinema market.

The longer-term growth prospects remain strong. The number of gamers keeps growing and is expected to reach 3.2 billion globally this year, up five percent year-over-year. The total games market revenues are predicted to reach USD 211 billion in 2025, a seven percent year-over-year CAGR between 2019 and 2025.

PC/Console Games market outlook

The PC segment, with annual revenue of USD 41 billion, accounts for 22 percent of the global games market and is expected to grow by 0.5 percent year-over-year in 2022. The PC segment has benefited from the large increase in home PCs and laptops during the pandemic (used for home-working/schooling etc.).

Meanwhile, the console segment, valued at USD 52 billion, accounts for 28 percent of the global games market and is expected to decline by four percent year-over-year in 2022. Apart from the broader headwinds from macroeconomic factors, hardware supply issues remain a short-term constraint for console gaming revenue.

Mobile Games market outlook

The mobile gaming market, with annual revenue of USD 92 billion, is the largest sector, representing 50 percent of the global gaming market. It is now expected to decline by six percent year-over-year in 2022. This sector has seen the highest downward revision of its forecast. This is due to many factors including a difficult comparable period in 2021, fewer breakout hits than 2021, ongoing pressures of privacy regulation (which is taking time for developers to adjust to) and the fact that the casual mobile gamers are seemingly more affected by economic pressures than other gaming sectors.

Tabletop Games market outlook

The 2022 market is strong, up by seven percent year-over-year in the April–September period (EU/US combined, Strategic Trading Cards & Board Games) with the US outpacing the performance in Europe.

This positive market performance is being driven by the Strategic Trading Card Games segment, which was up (in the same period), by a substantial 25 percent year-over-year. The Board Games (only) segment decreased by six percent year-over-year (compared to a high comparable period in 2021) but was still significantly above pre-pandemic volumes (2019); increased 16 percent in Europe and 34 percent in the US.

Current consumer purchase intentions indicate a potential solid fourth calendar quarter/holiday period, a vital period representing half of the annual volume. Should the trading levels be similar to the previous two record years, it would put the full calendar year growth at four percent.

1) Newzoo.
2) IDG.
3) Newzoo.
4) Newzoo.
5) Newzoo.
6) Newzoo.
7) Asmodee Group based on NPD Group data.
8) Asmodee Group based on NPD Group data.
9) MIS Institute, September 2022.
Entertainment & Services market outlook

Comics and books
The financial year 2021 data for the comic book market (US only), showed very strong growth of 62 percent year-over-year (to USD 2.1 billion) driven by graphical novels that made up USD 1.5 billion of the sales. Based on channel checks by Dark Horse Media, the financial year 2022/2023 will see a leveling out to a "new normal," after the previous two years of record sales. Overall book sales in 2022 (Jan–Sep in US) have decreased with five percent in units year-over-year, while the comics/graphic novels/manga category has increased with eight percent. Manga growth has slowed in 2022, but overall graphic novel sales have increased by 28 percent over the 2019 pre-pandemic benchmark.

TV and film
Content expenditure by commercial and public service broadcasters is driven by subscription video-on-demand platforms such as Netflix, HBO Max, and Amazon Prime. The global spending on content reached USD 220 billion in 2021 and is expected to exceed USD 230 billion in 2022.

Market trends

Transmedia
While there is nothing new about a brand broadening its presence across different media, there is a clear trend toward leveraging gaming IPs as a basis for building a presence in other media. Most recently, new releases have taken place of a number of high-quality and commercially successful TV and film productions such as the Netflix series The Witcher and Arcane (based on League of Legends), Paramount’s TV series Halo with Steven Spielberg as a creative partner and the cinema successes Uncharted and Sonic 2. More adaptations are also coming such as the Super Mario movie. As regards Embracer Group’s IPs, viewers can look forward to the upcoming movie Borderlands, an action comedy directed by Eli Roth. Embracer Group has expanded its business through acquisitions to encompass various media channels, such as the acquisition of DECA, Easybrain and CrazyLabs which have made the introduction of the Mobile Games segment possible. Further expansion of the portfolio was enabled through Asmodee Group and Dark Horse Media, which provided a presence in the respective markets for board games and comics. These acquisitions, and all the others completed, entail transformative steps and enable the potential to broaden a gaming IP across other media.

Metaverse
Metaverse is a virtual 3D world focused on social connection. Many observers believe that these worlds will be at the core of entertainment in the future. Games and the Metaverse are already tightly interconnected and the gaming market has a key role in this possible future for the following reasons:

Modern internet-based computer games have already developed the components of the Metaverse.

Gamers already have the hardware needed to access the future of the Metaverse in the form of PCs, consoles, smartphones and VR headsets.

The Company believes that a future Metaverse will primarily comprise social interaction outside of games. However, video game publishers are already driving new experiences in the form of virtual concerts and fashion shows as well as media/product collaborations, etc.

Virtual Reality is maturing
Exclusive games and more user-friendly headsets, which are retailed at lower prices and are easier to start using (no PC, console or cable needed), are driving a rapid growth in the virtual reality (VR) market. The Company’s assessment is that VR has a bright outlook since the growing range of VR products increases interest and manufacturers with substantial resources such as Sony continue to invest in VR on an ongoing basis (Sony’s VR2 for PS5 is expected to be launched soon for example). Sales of VR games amounted to USD 1.5 billion in 2021 and are expected to reach USD 3.3 billion in 2024.

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1) ICv2-Comichron Comic Sales Report.
2) NPD BookScan.
3) NPD BookScan.
4) Ampere Analysis.
5) Newzoo.
OVERVIEW OF HISTORICAL FINANCIAL INFORMATION

The historical financial information covered by the Prospectus consists of Embracer Group’s restated historical financial information for the financial years 1 April 2021 - 31 March 2022 and 1 April 2020 - 31 March 2021, which has been prepared in accordance with International Financial Reporting Standards, ("IFRS") published by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The Group also applies the Annual Accounts Act (1995:1554) (Sw. Årsredovisningslagen) and RFR 1 “Supplementary Accounting Rules for Groups” published by the Swedish Financial Reporting Council. The restated historical financial information for the financial years 1 April 2021 - 31 March 2022 and 1 April 2020 - 31 March 2021 has been audited by the Company’s auditor in connection with the Prospectus in accordance with "RevR 5 - Examination of financial information in prospectuses".

The Prospectus also includes Embracer Group’s historical interim financial information for the period 1 April 2022 - 30 September 2022, with comparative financial figures for the corresponding period for the previous financial year. Embracer Group’s interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable parts of the Annual Accounts Act and has been reviewed, not audited, by the Company’s auditor in accordance with "ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The historical financial information referred to above has been incorporated in the Prospectus by reference, see the section “Documents incorporated by reference” in the Prospectus. The documents that Embracer Group has chosen to incorporate by reference are available on the Company’s website, www.embracer.com.

The pro forma financial information and related notes included in the section “Pro forma financial statements” in the Prospectus has been reviewed by the Company’s auditor who has issued an independent auditor’s assurance report on the preparation of the pro forma financial information included in the section “Auditor’s report on the pro forma financial statements”.

No information in the Prospectus, other than as set out above, has been audited or reviewed by the Company’s auditor unless expressly stated otherwise.
PRO FORMA FINANCIAL INFORMATION

The pro forma financial information have been included in the Prospectus to describe a hypothetical situation and has been prepared for illustrative purposes only. The pro forma financial information do not necessarily reflect Embracer Group’s actual results as if the transactions and financing of the transactions described in Table 1 - Acquisitions below had been completed as of 1 April 2021, nor do they necessarily reflect Embracer Group’s actual financial position had the acquisitions as well as the financing of the acquisitions of Tripwire Interactive, Middle-Earth Enterprises and VR Group been completed as of 30 September 2022. The pro forma financial information should not be regarded as an indication of Embracer Group’s results or financial position for any future period. The pro forma financial information should be read together with the other information in the Prospectus, including the information in the sections “Business and market overview” and “Capital structure, indebtedness and other financial information” as well as “Restated historical financial information” which has been incorporated in the Prospectus by reference. Accordingly, prospective investors should not place undue reliance on the pro forma financial information.

The pro forma adjustments and the basis for preparation are generally described below. Further information can be found in the pro forma income statement and the pro forma balance sheet and related notes, where the adjustments are described in more detail. The pro forma financial information in this prospectus have been prepared on the basis of the requirements of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as applicable.

BACKGROUND

As part of its growth strategy, Embracer Group has completed a number of acquisitions and entered into financial undertakings pertaining to acquisitions during the financial year from 1 April 2021 to 31 March 2022 and during the financial year starting 1 April 2022.

During the financial year from 1 April 2021 to 31 March 2022, 34 acquisitions were completed and during the financial year starting 1 April 2022, a total of 13 acquisitions1 had been completed as of the date of the Prospectus. For a list of acquisitions during 1 April 2021 to 31 March 2022, refer to note 32 Business combinations in the section “Restated historical financial information,” which has been incorporated in the Prospectus by reference. The acquisitions of Asmodee2, CSGBG and Crystal Dynamics – Eidos Montréal,3 together with the acquisitions of Tripwire Interactive LLC (Tripwire Interactive), Middle-Earth Enterprises LLC (Middle-Earth Enterprises) and VR Group4 are assessed as jointly constituting a significant gross change in Embracer Group’s future results (“Completed Acquisitions”) (the last five mentioned “Acquisitions completed in the financial year 2022/2023”). The reader should take note that the other acquisitions included in the 34 completed acquisitions in the financial year from 1 April 2021 to 31 March 2022 as well as the 13 acquisitions completed in the financial year starting 1 April 2022 are not included in the pro forma financial information, except for in the period during which they are included in Embracer Group’s consolidated financial statements.

Pro forma financial information have been prepared covering:

(i) A pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 for Asmodee, CSGBG, Crystal Dynamics – Eidos Montréal, Tripwire Interactive, Middle-Earth Enterprises and VR Group; and

(ii) A pro forma balance sheet as of 30 September 2022 for Middle-Earth Enterprises, Tripwire Interactive and VR Group since the other acquisitions in note (i) above are reflected in Embracer Group’s consolidated statement of financial position.

The information pertaining to these Completed Acquisitions is presented below.

The acquisitions made by the companies, for which pro forma financial information has been prepared, are included in the pro forma financial information from the date on which the acquisitions were consolidated into the acquirers financial information. No pro forma adjustments were made for other completed acquisitions in the financial year from 1 April 2021 to 31 March 2022 or in the financial year starting 1 April 2022 since they are reflected in Embracer Group’s audited consolidated financial statements for the full or parts of the financial year from 1 April 2021 to 31 March 2022 and/or are reflected in Embracer Group’s unaudited condensed consolidated financial statements for the period from 1 April to 30 September 2022 and/or are assessed as being disproportionately burdensome to prepare pro forma financial information for.

1 The 13 acquisitions completed during the financial year that started 1 April 2022 until the date of the Prospectus relates to: DIGIC, Lost Boys inc, Twisted Labs, Coffee Stain Gbg AB (CSGBG), Crystal Dynamics - Eidos Montréal, Singtrix, Limited Run Games, Beamdog, Armee, Tripwire Interactive LLC, Middle-Earth Enterprises, Risk of Rain and VR Group.
2 The Acquisition of Asmodee encompassed shares in Financière Amuse Topco SAS (Asmodee), Asmodee III and Les Nouveaux Amis d’Asmodee (LNAA) (jointly referred to as Asmodee).
3 The acquisition of Crystal Dynamics – Eidos Montréal, which also included an intellectual property catalogue, was completed through the acquisitions of Crystal Dynamics Inc., Eidos Interactive Corp, CDE Entertainment Ltd and Eidos Creative Software Development (Shanghai) Co., Ltd.
4 The acquisition of VR Group was completed through the acquisition of Venross Pty. Ltd. and VR Distribution UK Ltd.
ACQUISITIONS COMPLETED IN THE FINANCIAL YEAR 2021/2022 FOR WHICH PRO FORMA FINANCIAL INFORMATION HAS BEEN PREPARED

Asmodee

- On 8 March 2022, Embracer Group acquired the shares in Financière Amuse Topco SAS (Asmodee), Asmodee III and Les Nouveaux Amis d’Asmodee (LNAA) (the Acquisition of Asmodee). Immediately following the acquisition of the shares, the preference shares in Asmodee were converted to ordinary shares, whereupon Embracer Group owned 75.5 percent of the shares in Asmodee. Embracer Group also acquired 70.1 percent of the shares in Asmodee III and 79.5 percent of the shares in LNAA. Following the aforementioned conversion, Asmodee III and LNAA owned the remaining 24.5 percent of Asmodee. Asmodee is an international publisher and distributor of board games, trading cards and digital board games.

ACQUISITIONS COMPLETED IN THE FINANCIAL YEAR 2022/2023 FOR WHICH PRO FORMA FINANCIAL INFORMATION HAS BEEN PREPARED

Crystal Dynamics – Eidos Montréal

- On 26 August 2022, Embracer Group acquired the game development studios Crystal Dynamics, Eidos Montréal and Square Enix Montréal as well as an intellectual property catalogue through the acquisitions of Crystal Dynamics Inc., Eidos Interactive Corp, CDE Entertainment Ltd. and Eidos Creative Software Development (Shanghai) Co., Ltd. The acquisition included approximately 1,100 employees allocated across three studios and eight separate locations.

CSGBG

- On 19 August 2022, Embracer Group acquired 100 percent of the interests in CSGBG.

Tripwire Interactive

- On 4 October 2022, Embracer Group acquired 100 percent of the interest in the US game developer and publisher Tripwire Interactive LLC.

Middle-Earth Enterprises

- On 3 October 2022, Embracer Group acquired 100 percent of the interests in Middle-Earth Enterprises, LLC. Prior to 17 August 2022, the business, which was previously a division within The Saul Zaentz Company, was transferred to Middle-Earth Enterprises, LLC. The transferred assets acquired, and the liabilities assumed consisted of a substantial intellectual property catalogue and global rights to films, video games, board games, merchandise, theme parks and stage productions. For accounting purposes, the acquisition is treated as an asset acquisition and not a business combination.

VR Group

- On 17 October 2022, Embracer Group acquired 100 percent of the shares in the Australian firm Venross Pty. Ltd. as well as 100 percent of the shares in the UK firm VR Distribution UK Ltd. Both companies are distributors of, inter alia, board games and trading cards.

For more information on the Completed Acquisitions, refer to the sections “Basis for the pro forma financial information”, “Adjustments for differences in accounting policies” and “Acquisition-related adjustments” below as well as the section “Business and market overview”.

A report from the independent auditor’s review of the pro forma financial information is presented in the “Independent auditor’s assurance report on the compilation of pro forma financial information included in a prospectus.”

THE PURPOSE OF THE PRO FORMA FINANCIAL INFORMATION

The purpose of the pro forma financial information is to present the hypothetical impact that the Completed Acquisitions and financing of the acquisitions might have had on the Group’s:

(i) Consolidated statement for profit or loss for the financial year from 1 April 2021 to 31 March 2022 as if the acquisitions of Asmodee, CSGBG, Crystal Dynamics – Eidos Montréal, Tripwire Interactive, Middle-Earth Enterprises and VR Group had been completed and included in the Group as of 1 April 2021, and

(ii) Consolidated statement of financial position as of 30 September 2022 as if the acquisitions of Tripwire Interactive, Middle-Earth Enterprises and VR Group had been completed and included in the Group as of 30 September 2022.

Asmodee, CSGBG and Crystal Dynamics – Eidos Montréal are included separately in the pro forma financial information until their respective acquisition dates and, thereafter, are respectively included in the Group’s statement for profit or loss and statement of financial position for the period. Tripwire Interactive, Middle-Earth Enterprises and VR Group, are included in the pro forma income statement for the financial year 2021/2022 and in the pro forma balance sheet as of 30 September 2022.

BASIS FOR THE PRO FORMA FINANCIAL INFORMATION

The pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 is based on the Group’s audited statement for profit or loss for the corresponding financial year, which is presented in “Restated historical financial information”, which has been incorporated in the Prospectus by reference. The consolidated financial statements have been audited by Embracer Group’s independent auditor Ernst & Young AB, as described in the report presented in connection with the consolidated financial statements. The pro forma balance sheet as of 30 September 2022 is based on Embracer Group’s
unaudited condensed consolidated interim financial information for the corresponding period, which has been incorporated in the Prospectus by reference. As regards the unaudited condensed consolidated interim financial information for the period from 1 April to 30 September 2022, Embracer Group’s independent auditor Ernst & Young AB has reported that it has performed review procedures in accordance with relevant professional standards for the review of such information. In their separate report, presented in connection with the unaudited condensed consolidated interim financial information, they state that they have not performed an audit of the interim financial information and that they do not provide an opinion that the interim financial information has been audited.

The financial information for the corresponding period for the companies for which pro forma financial information is prepared is based on unaudited internal financial information. An overview of which financial information has been used to prepare pro forma financial information is available in Table 1 - Acquisitions below.
Embracer Group’s applied accounting policies are IFRS. The financial information, for the companies for which pro forma financial information is prepared, that form the basis of the pro forma financial information have been prepared pursuant to the respective companies’ accounting policies (“GAAP”) in accordance with the compilation in Table 1 - Acquisitions below. The pro forma financial information have been prepared in accordance with Embracer Group’s accounting policies, as described in Embracer Group’s historical financial statements presented in “Restated historical financial information”, which has been incorporated in the Prospectus by reference.

**Table 1 – Acquisitions**

<table>
<thead>
<tr>
<th>Acquired company</th>
<th>Acquisition</th>
<th>Percentage acquired of outstanding shares/interests</th>
<th>Accounting policies applied</th>
<th>Acquisition date</th>
<th>Period that has been adjusted for in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022</th>
<th>Basis for financial information for the financial year from 1 April 2021 to 31 March 2022</th>
<th>Basis for financial information that has been adjusted for in the pro forma balance sheet as of 30 September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financière Amuse Topco SAS</td>
<td>Asmodee</td>
<td>75.5%(^1)</td>
<td>IFRS</td>
<td>8 Mar 2022</td>
<td>1 Apr 2021 –7 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>N/A</td>
</tr>
<tr>
<td>Asmodee III</td>
<td>Asmodee</td>
<td>70.1%(^2)</td>
<td>French GAAP</td>
<td>8 Mar 2022</td>
<td>1 Apr 2021 –7 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>N/A</td>
</tr>
<tr>
<td>Les Nouveaux Amis d’Asmodee (LNAA)</td>
<td>Asmodee</td>
<td>79.5%(^3)</td>
<td>French GAAP</td>
<td>8 Mar 2022</td>
<td>1 Apr 2021 –7 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>N/A</td>
</tr>
<tr>
<td>Crystal Dynamics Inc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eidos Interactive Corp.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDE Entertainment Ltd.(^4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eidos Creative Software Development (Shanghai) Co., Ltd.</td>
<td>Crystal Dynamics – Eidos Montréal</td>
<td>100%</td>
<td>IFRS(^5)</td>
<td>26 Aug 2022</td>
<td>1 Apr 2021 –31 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>N/A</td>
</tr>
<tr>
<td>CSGBG</td>
<td>CSGBG</td>
<td>100%</td>
<td>Swedish GAAP</td>
<td>19 Aug 2022</td>
<td>1 Apr 2021 –31 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>N/A</td>
</tr>
<tr>
<td>Tripwire Interactive LLC</td>
<td>Tripwire Interactive</td>
<td>100%</td>
<td>US GAAP</td>
<td>4 Oct 2022</td>
<td>1 Apr 2021 –31 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>Unaudited internal financial statements</td>
</tr>
<tr>
<td>Middle-Earth Enterprises</td>
<td>Middle-Earth Enterprises</td>
<td>100%</td>
<td>US GAAP</td>
<td>3 Oct 2022</td>
<td>1 Apr 2021 –31 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>Unaudited internal financial statements</td>
</tr>
<tr>
<td>Venross Pty. Ltd.</td>
<td>VR Group</td>
<td>100%</td>
<td>IFRS(^6)</td>
<td>17 Oct 2022</td>
<td>1 Apr 2021 –31 Mar 2022</td>
<td>Unaudited internal financial statements</td>
<td>Unaudited internal financial statements</td>
</tr>
</tbody>
</table>

\(^1\) After conversion of the preference shares to ordinary shares, which was effected immediately after the acquisition.

\(^2\) Holds 15.6 percent of the shares in Financière Amuse Topco SAS, following the conversion.

\(^3\) Holds 8.9 percent of the shares in Financière Amuse Topco SAS, following the conversion.

\(^4\) Pertains to the UK operations transferred from Square Enix Limited to CDE Entertainment Ltd. in conjunction with the acquisition by Embracer Group. Information for the financial year from 1 April 2021 to 31 March 2022 is based on internal financial information from the transferor Square Enix Limited.

\(^5\) Derived from the internal financial statements, which are based on an aggregate of internal financial information for the financial year from 1 April 2021 to 31 March 2022 pertaining to CDE Entertainment Ltd., Crystal Dynamics Inc., Eidos Interactive Corp. and Eidos Creative Software Development (Shanghai) Co., Ltd., after adjustment to eliminate internal sales. No material differences between local accounting policies and IFRS have been identified.

\(^6\) Derived from the internal financial statements, which are based on an aggregate of internal financial information for the financial year from 1 April 2021 to 31 March 2022 pertaining to Venross Pty. Ltd. and VR Distribution UK Ltd., after adjustment for differences between local accounting policies and IFRS as well as to eliminate internal sales.
When preparing the pro forma financial information, an analysis has been made of the differences in the accounting policies applied by the Group and by the respective Completed Acquisitions. The results of the analysis are presented in the section “Adjustments for differences in accounting policies” below.

To a certain extent, Embracer Group and the companies for which pro forma financial information has been prepared apply different presentation formats and policies for classifying income statement and balance sheet items. In the preparation of pro forma income statements and pro forma balance sheets, the income statements and balance sheets of the companies for which pro forma financial information have been prepared have been adapted to be consistent with Embracer Group’s presentation format and classification. Moreover, Embracer Group applies a split financial year from 1 April to 31 March, whereas some of the companies for which pro forma financial information has been prepared apply the calendar year as their financial year. Adjustments due to different accounting periods for Embracer Group and certain companies for which pro forma financial information has been prepared have been performed through adaptation of their income statements to Embracer Group’s split financial year from 1 April to 31 March based on unaudited internal financial statements.

No pro forma adjustments have been taken into consideration with respect to synergy effects or integration costs. Embracer Group’s consolidated profit include post-acquisition-date integration costs.

ASSUMPTIONS FOR THE PRO FORMA FINANCIAL INFORMATION

The following assumptions have been made in the preparation of the pro forma financial information. The overall nature of the pro forma adjustments is described in “Adjustments for differences in accounting policies” and “Acquisition-related adjustments” below and should be read together with the explanatory notes for the pro forma financial information.

Purchase price allocations

Acquisitions completed in the financial year 2021/2022 for which pro forma financial information has been prepared

The effects of the Acquisition of Asmodee are calculated based on a preliminary purchase price allocation.

Acquisitions completed in the financial year 2022/2023 for which pro forma financial information has been prepared

The effects of the acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive and VR Group are calculated based on preliminary purchase price allocations since the Group have not received complete information from the acquired companies. The acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive and VR Group have been recognized through application of the acquisition method pursuant to IFRS 3 – Business Combinations. The purchase price allocations for the acquisitions have not been finalized. The final purchase price allocations for the two first-mentioned acquisitions are expected to be finalized in the first quarter of the financial year 2023/2024 year and for the two latter acquisitions in the following quarter. The differences between the preliminary and final purchase price allocations are not expected to be material.

The acquisition of Middle-Earth Enterprises has been recognized as an asset acquisition and the most material acquired assets have been measured pursuant to IAS 38 – Intangible Assets.

For further information, please refer to “Acquisition-related adjustments” below.

Tax effects

The tax effect has been taken into account for all adjustments in the pro forma financial information that have been assumed to be deductible or taxable. An estimated tax rate of 20.6 percent has been used for adjustments pertaining to Swedish companies. For acquisitions of foreign companies, the current corporate tax rate for the country in which each entity has its registered office has been used for pro forma adjustments.

Transaction costs in Embracer Group of SEK 142 million that have been adjusted within other operating expenses have been assessed as non-deductible and accordingly, no adjustment for tax has been carried out for these expenses.

The actual tax rate for the transaction may differ from the estimated tax rate used in the pro forma financial information.

The tax rates that have been applied in the pro forma financial information are presented in the table below.

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asmodee</td>
<td>25.4%</td>
</tr>
<tr>
<td>Crystal Dynamics – Eidos Montréal</td>
<td>19.0%</td>
</tr>
<tr>
<td>CSGBG</td>
<td>20.6%</td>
</tr>
<tr>
<td>Tripwire Interactive</td>
<td>27.0%</td>
</tr>
<tr>
<td>Middle-Earth Enterprises</td>
<td>27.0%</td>
</tr>
<tr>
<td>VR Group</td>
<td>30.0% / 19.0%</td>
</tr>
</tbody>
</table>

Exchange rate effects

Information in currencies other than Swedish kronor (SEK) has been translated based on the Central Bank of Sweden’s (“Riksbanken”) exchange rates. The exchange rates applied are presented in the table below.

Table 2 – Tax rates
ADJUSTMENTS FOR DIFFERENCES IN ACCOUNTING POLICIES

When preparing the pro forma financial information, an analysis has been made of the differences in the accounting policies applied by Embracer Group and the accounting policies applied by the acquired companies. No material differences were identified with regard to Asmodee, CSGBG, Middle-Earth Enterprises or VR Group. A brief summary of the differences identified is presented below; refer also to the notes to the pro forma financial information.

Ongoing projects for intangible assets

Embracer Group applies IAS 38 – Intangible Assets for internally generated development expenditure. In Embracer Group, the estimated useful life for capitalized development expenditure is generally assessed as 24 months. In cases when amortization of internally generated development expenditure in acquired companies are based or another useful life compared to Embracer Group, a pro forma adjustment has been made related to amortization as the pro forma amortization shall be based on the applicable useful life in Embracer Group. This adjustment has been presented in the pro forma income statement as an adjustment to the accounting policies.

In cases where acquired companies previously expensed license fees relating to games, an assessment has been made in relation to which of these license fees, in accordance with Embracer Group’s accounting policies, should instead be capitalized. License fees, which through a pro forma adjustment have been capitalized as internally generated development expenditure, have been depreciated through a pro forma adjustment in accordance with useful life estimated by Embracer Group.

When preparing purchase price allocation, the acquired assets are measured at fair value. In connection with the analysis, an assessment is made regarding ongoing game development and self-generated development expenses. To the extent that the fair value of specific games or groups of games have been assessed to amount to a fair value that is lower than the book value reported in the acquired companies, an addback is made of capitalized work for own account, as this development is not considered to have been capitalized based on Embracer Group’s accounting policies. In the pro forma income statement it is presented as an adjustment of accounting policies. Such adjustment has decreased the profit for the year.

ACQUISITION-RELATED ADJUSTMENTS

Purchase consideration

Acquisitions completed in the financial year 2021/2022 for which pro forma financial information has been prepared

The purchase consideration for the Acquisition of Asmodee amounted to SEK 32,265 million and comprised a cash payment of SEK 26,933 million, put/call options on non-controlling interests of SEK 2,490 million and equity instruments of SEK 2,842 million. The cash payment was disbursed in conjunction with the completion.

Put/call options on non-controlling interests in the form of issued put options to Embracer Group encompassed 29.9 percent of the shares in Asmodee III and 20.5 percent of the shares in LNAA. The options are settled with a fixed number of Embracer Group shares and the price of Embracer Group’s class B shares at the exercise date. In the purchase price allocation, the above issued options are included at fair value at the acquisition date, which is based on the price of Embracer Group’s class B share at the acquisition date and includes estimates of the achievement of operational and financial targets as well as discounting of the expected pay-outs. This liability is remeasured at the end of each reporting period and any change is recognized in the Group’s statement for profit or loss. The pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 includes a pro forma adjustment that increases finance costs to reflect the time period the respective acquisition is adjusted for in the pro forma financial information. The profit impact is translated from EUR to SEK using the average exchange rate for the period to which the adjustment pertains. No pro forma adjustment has been performed for the change in the price of Embracer Group’s class B share. To see the purchase price allocation, refer to the section “Purchase price allocations” below.

Table 3 – Exchange rates

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>Source</th>
<th>Financial year from 1 April 2021 to 31 March 2022</th>
<th>Exchange rate 30 September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/SEK</td>
<td>Riksbanken</td>
<td>1 Apr 2021–31 Mar 2022</td>
<td>10.24</td>
</tr>
<tr>
<td>USD/SEK</td>
<td>Riksbanken</td>
<td>1 Apr 2021–31 Mar 2022</td>
<td>8.81</td>
</tr>
<tr>
<td>GBP/SEK</td>
<td>Riksbanken</td>
<td>1 Apr 2021–31 Mar 2022</td>
<td>12.03</td>
</tr>
<tr>
<td>AUD/SEK</td>
<td>Riksbanken</td>
<td>1 Apr 2021–31 Mar 2022</td>
<td>6.51</td>
</tr>
</tbody>
</table>
Acquisitions completed in the financial year 2022/2023 for which pro forma financial information has been prepared

The purchase consideration, excluding the purchase consideration adjustment based on the completion accounts as of the transfer date, for the acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive, Middle-Earth Enterprises and VR Group totaled an amount corresponding to SEK 11,160 million and comprised a cash payment of SEK 7,889 million, a contingent consideration of SEK 522 million, a deferred purchase consideration of SEK 2,489 million and class B shares in Embracer Group of SEK 260 million. The contingent considerations and deferred purchase considerations for Tripwire Interactive, Middle-Earth Enterprises and VR Group are included as a pro forma adjustment in the pro forma balance sheet as of 30 September 2022. The contingent considerations are remeasured at the end of each reporting period and any changes in the liabilities are recognized in the Group’s statement for profit or loss. The pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 includes a pro forma adjustment that increases finance costs to reflect the time period the respective contingent consideration and the deferred purchase consideration are adjusted for. No pro forma adjustment has been performed for the change in the price of Embracer Group’s class B share.

Purchase considerations according to above refers only to amounts paid to obtain control over the acquired companies. This means that amounts that stipulate existing relationships between the parties and refer to separate agreements, such as transactions involving employees or former owners in the acquired company compensation for future services, is reported separately from the business combinations. In the pro forma income statement for the financial year 1 April 2021 – 31 March 2022 it is included a pro forma adjustment that increases personnel expenses to reflect earnings for the period.

A compilation pertaining to the purchase price allocations for acquisitions completed in the financial year 2022/2023 is presented below.

### Purchase price allocations

<table>
<thead>
<tr>
<th>Amounts in SEK million, fair value</th>
<th>Pro forma statements for acquisitions completed in the financial year 2021/2022</th>
<th>Pro forma statements for acquisitions completed in the financial year 2022/2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets acquired on the acquisition date</td>
<td>14,724</td>
<td>8,344</td>
</tr>
<tr>
<td></td>
<td>17,540</td>
<td>2,816</td>
</tr>
<tr>
<td><strong>Total purchase consideration</strong></td>
<td><strong>32,265</strong></td>
<td><strong>11,160</strong></td>
</tr>
<tr>
<td>The purchase consideration comprised:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (at completion)</td>
<td>26,933</td>
<td>7,889</td>
</tr>
<tr>
<td>Contingent considerations³</td>
<td></td>
<td>522</td>
</tr>
<tr>
<td>Put/call options on non-controlling interests⁴</td>
<td>2,490</td>
<td>2,489</td>
</tr>
<tr>
<td>Deferred purchase considerations⁵</td>
<td>2,842</td>
<td>260</td>
</tr>
<tr>
<td><strong>Total purchase consideration</strong></td>
<td><strong>32,265</strong></td>
<td><strong>11,160</strong></td>
</tr>
</tbody>
</table>

1) Pertains to the Acquisition of Asmodee, which is classified as a business combination. The purchase price allocations is preliminary.
2) Pertains to the acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive, Middle-Earth Enterprises and VR Group. The acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive and VR Group have been classified as business combinations and the purchase price allocations are preliminary. The acquisition of Middle-Earth Enterprises has been classified as an asset acquisition.
3) Contingent considerations pertain to amounts in the future that shall be paid in both cash and with class B shares in Embracer Group.
4) Put/call options on non-controlling interests pertain to amounts that will be settled in the future with class B shares in Embracer Group.
5) Deferred purchase considerations pertain to amounts in the future that shall be paid in both cash and with class B shares in Embracer Group.

Surplus values attributable to intangible assets identified in the purchase price allocations

Acquisitions completed in the financial year 2021/2022 for which pro forma financial information has been prepared

A difference between the fair value and the carrying amount of assets in the acquired businesses, known as the surplus value, of EUR 1,645 million (SEK 17,816 million) has been identified with regard to publishing and distribution relationships. The pro forma adjustment pertaining to this surplus value has resulted in an increase in depreciation, amortization and impairment in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022. The adjustment is based on an estimated useful life of 25 years and has been adjusted as if the acquisition of Asmodee was completed on 1 April 2021. The amortization has been translated from EUR to SEK using the average exchange rate.
rate for the period to which the adjustment pertains. The change in the associated deferred tax liability has been recognized as a decrease or an increase in tax liabilities in the pro forma income statement.

**Acquisitions completed in the financial year 2022/2023 for which pro forma financial information has been prepared**

A difference between the fair value and the carrying amount of assets in the acquired businesses and the asset acquisition, known as the surplus value, has been identified with regard to goodwill and intangible assets in the form of IP rights. Surplus value relating to goodwill is not amortized but is instead tested for impairment when necessary. The surplus value of IP rights of SEK 6,705 million\(^1\) has been identified with regard to Crystal Dynamics – Eidos Montréal, CSGBG, Tripwire Interactive, Middle-Earth Enterprises and VR Group. The pro forma adjustment pertaining to amortization of such surplus value has resulted in an increase in depreciation, amortization and impairment in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022. The adjustment is based on an assessed useful life of 5-25 years and has been adjusted as if the acquisitions were completed on 1 April 2021. The surplus values for Tripwire Interactive, Middle-Earth Enterprises and VR Group have increased goodwill and intangible assets in the form of a pro forma adjustment in the pro forma balance sheet as of 30 September 2022.

The acquired companies report amortization on fully developed games in the statement for profit or loss. In cases where a fair value of fully developed games is lower than the reported value that have been identified in the acquired companies’ accounts in connection with the acquisitions, amortization attributable to this difference has been added back as a pro forma adjustment. This adjustment has increased the profit for the year.

The surplus values in Crystal Dynamics – Eidos Montréal, Tripwire Interactive, Middle-Earth Enterprises and VR Group are in foreign currency. The surplus value in Crystal Dynamics – Eidos Montréal have been translated to SEK as of the transaction date. The surplus values for Tripwire Interactive, Middle-Earth Enterprises and VR Group have been translated to SEK in the pro forma balance sheet as of 30 September 2022. To the extent that amortization of surplus values are in foreign currency, the values are translated to SEK using the average exchange rate for the period to which the adjustment pertains. The change in the associated deferred tax liability has been recognized as a decrease or an increase in the tax expense in the pro forma income statement.

**Financing**

**Acquisitions completed in the financial year 2021/2022 for which pro forma financial information has been prepared**

The cash portion of the purchase consideration for the acquisition of Asmodee corresponding to SEK 26,933 million was financed through a long-term credit and loan facility of SEK 6,000 million (Facility A), a short-term credit and loan facility of EUR 583 million (SEK 6,314 million) (Facility B), a long-term revolving credit facility of EUR 470 million (SEK 5,091 million) and SEK 927 million (RCF) as well as the remainder of the cash purchase consideration of SEK 8,601 million being financed through existing cash funds (of which approximately SEK 6,000 million was attributable to a directed share issue).

Facilities with loans denominated in SEK are subject to a base rate of three-month STIBOR and facilities with loans denominated in EUR are subject to a base rate of three-month EURIBOR. Facilities A and B are subject to interest-rate margins that vary over time. The interest-rate margins for the RCF depend on the ratio of net debt to EBITDA.

The pro forma adjustment pertaining to interest expenses in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 was attributable to facilities A and B as well as RCF, and has increased the finance costs. Under the agreement, Facility B is to be repaid 12 months (nine months + three-month extension option) after the date of the loan agreement. The pro forma adjustments for facilities A and B as well as the RCF are based on the terms and conditions of the original credit agreements with the assumption that Facility B could be extended subject to unchanged terms and conditions for the entire pro forma period. The pro forma adjustments are calculated based on three-month STIBOR and EURIBOR as of the acquisition date of 8 March 2022. The pro forma adjustments have been translated to SEK using the average exchange rate for the period to which the adjustments pertain.

No pro forma adjustment has been carried out for financing with existing cash and cash equivalents. Credit maturities have been renegotiated after the acquisition and Facility B was repaid in full in September 2022. No consideration has been taken of renegotiated terms and conditions nor of loans repaid after the acquisition date since this is not considered to be directly attributable to the Acquisition of Asmodee.

On the acquisition date, Embracer Group repaid Asmodee’s existing credits with Credit Suisse (EUR, GBP and USD) and Lucid in an amount corresponding to SEK 8,362 million. In the pro forma income statement for financial year from 1 April 2021 to 31 March 2022, finance costs have been reduced in an amount corresponding to Asmodee’s reported finance costs for existing credits with Credit Suisse and Lucid as if they had been repaid effective 1 April 2021.

Moreover, Embracer Group settled Asmodee’s (Financière Amuse MidCo) convertible loan outstanding corresponding to SEK 5,705 million (the Convertible loan) through Embracer Group’s acquisition of corresponding receivable. In the pro forma income statement for financial year from 1 April 2021 to 31 March 2022, finance costs have been reduced in an amount corresponding to Asmodee’s reported finance costs for the convertible loan as if it had been settled effective 1 April 2021.

\(^1\) Surplus values in foreign currency is translated to the exchange rate on the day of acquisition in relation to Crystal Dynamics - Eidos Montreal. Other surplus values in foreign currency refer to acquisitions completed after 30 September 2022, which are translated to the exchange rate on 30 September 2022.
The pro forma adjustment pertaining to borrowing costs has been calculated based on the terms and conditions in loan agreements as if the credits had been utilized as of 1 April 2021 and, where applicable, allocated over the term of the credits. The ticking fees recognized by Embracer Group for the financial year from 1 April 2021 to 31 March 2022, which were attributable to facilities A and B until the credits were utilized and to Facility C until the date the credit was terminated have been assumed to have arisen in the period prior to the acquisition date and have reduced finance costs in the pro forma income statement for the same period. A corresponding pro forma adjustment has been performed for Embracer Group’s recognized costs pertaining to the upfront fee attributable to Facility C. Facility C is a credit subject to the same terms and conditions as Facility B, which was never utilized and which was terminated by Embracer Group prior to the acquisition. The pro forma adjustments to profit or loss items pertaining to EUR denominated credits have been translated to SEK using the average exchange rate for the period to which the adjustments pertain.

To enable the payment of the purchase consideration in EUR, Embracer Group has provided intra-Group loans of EUR 1,299 million (SEK 14,067 million). Interest paid and received on intra-Group loans has no impact on the pro forma income statement since interest income and interest expenses are eliminated in conjunction with the consolidation of the Group’s profit. The intra-Group loan is denominated in EUR, while Embracer Group has SEK as its functional currency, which means that the loan exposes the Embracer Group to changes in exchange rates in the form of foreign exchange gains or losses. At the same time, a currency exposure exists pertaining to Embracer Group’s external EUR denominated credits for financing the purchase consideration. These credits amount to EUR 1,053 million (SEK 11,405 million), of which Facility B amounts to EUR 583 million and the RCF to EUR 470 million. The net exposure in EUR pertaining to the intra-Group loan and the external credits amounts to EUR 246 million. The pro forma adjustment of exchange rate effects on remeasurement of the net exposure as if it had arisen on 1 April 2021 has resulted in a foreign exchange rate gain that increased finance income with a corresponding amount in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022.

**Acquisitions completed in the financial year 2022/2023 for which pro forma financial information has been prepared**

The cash portion of the purchase consideration paid on completion of the acquisitions of Crystal Dynamics – Eidos Montréal, CSGBG and VR Group have been assumed to be financed with existing cash and cash equivalents since none of the credit facilities relate directly to these acquisitions. The cash portion of the purchase consideration paid on completion of the acquisitions of Tripwire Interactive and Middle-Earth Enterprises were financed with existing cash and cash equivalents and through utilization of the aforementioned RCF. Of financing for Acquisitions completed in the financial year 2022/2023, SEK 694 million comprised existing cash and cash equivalents and SEK 3,011 million comprised utilization of the RCF. The RCF was utilized on 28 September 2022.

The pro forma adjustment in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022 pertaining to interest expenses and borrowing costs attributable to the RCF has raised finance costs. The pro forma adjustment pertaining to borrowing costs has been calculated based on the terms and conditions in loan agreements as if the credits had been utilized as of 1 April 2021 and, where applicable, allocated over the term of the credits.

To enable the payment of parts of the purchase consideration in USD, Embracer Group has provided intra-Group loans of GBP 132 million and USD 119 million, respectively, corresponding to SEK 1,651 million and SEK 1,297 million, respectively. The intra-Group loans are denominated in GBP and USD, while Embracer Group has SEK as its reporting currency, which means that the loan of GBP 132 million and USD 119 million, respectively, exposes the Embracer Group to changes in exchange rates in the form of foreign exchange rate gains or losses. The pro forma adjustment of exchange rate effects on the reassessment of exchange rate exposure as if they had arisen on 1 April 2021 has resulted in a foreign exchange rate gain that increased finance income with a corresponding amount in the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022.

**Transaction costs**

In connection with the respective Completed Acquisition, Embracer Group has incurred costs directly attributable to the transactions pertaining to fees to financial, legal and other advisors. In the pro forma income statement, the transaction costs are assumed to have arisen in the period prior to the acquisition date, that is prior to the financial year from 1 April 2021 to 31 March 2022 for all Completed Acquisitions. If the transaction costs had been charged to Embracer Group’s consolidated profit for the financial year 2022/2023, the transaction costs have been adjusted and reduced other external expenses to enable presentation as if they had arisen in the period prior to the acquisition date. In the pro forma balance sheet as of 30 September 2022, equity has been reduced by a pro forma adjustment corresponding to the transaction costs pertaining to the acquisition of Tripwire Interactive while the transaction costs of Middle-Earth Enterprises, accounted for as an asset acquisition, have increased intangible assets in the form of intellectual property rights by a pro forma adjustment.

**Elimination of internal transactions**

Sales and purchases as well as receivables and liabilities between pro forma entities and the Embracer Group have, as a pro forma adjustment, been eliminated in the pro forma income statement and the pro forma balance sheet, respectively.
PRO FORMA INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

<table>
<thead>
<tr>
<th>Amounts in SEKm</th>
<th>Embracer Group 1 April 2021 - 31 March 2022 IFRS</th>
<th>Adjustments to accounting policies</th>
<th>Acquisition-related adjustments</th>
<th>Note</th>
<th>Pro forma income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>17,067</td>
<td>13,927</td>
<td>-</td>
<td>-139</td>
<td>7) 30,855</td>
</tr>
<tr>
<td>Other operating income</td>
<td>333</td>
<td>-44</td>
<td>-</td>
<td>-</td>
<td>289</td>
</tr>
<tr>
<td>Total operating income</td>
<td>17,400</td>
<td>13,883</td>
<td>-</td>
<td>-139</td>
<td>31,144</td>
</tr>
<tr>
<td>Work performed by the Company for its own use and capitalized</td>
<td>2,293</td>
<td>855</td>
<td>-342</td>
<td>1)</td>
<td>2,806</td>
</tr>
<tr>
<td>Goods for resale</td>
<td>-4,697</td>
<td>-7723</td>
<td>47</td>
<td>1)</td>
<td>-139 12,234</td>
</tr>
<tr>
<td>Other external expenses</td>
<td>-4,745</td>
<td>-1,789</td>
<td>-</td>
<td>77</td>
<td>5) -6,457</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>-8,602</td>
<td>-2,657</td>
<td>-</td>
<td>-149</td>
<td>6) -11,408</td>
</tr>
<tr>
<td>Depreciation, amortization and impairment</td>
<td>-2,793</td>
<td>-1,563</td>
<td>-44</td>
<td>1)</td>
<td>139 2) -4,261</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-447</td>
<td>-371</td>
<td>4</td>
<td>1)</td>
<td>142 5) -672</td>
</tr>
<tr>
<td>Share of profit of an associate</td>
<td>465</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>465</td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td><strong>-1,126</strong></td>
<td><strong>635</strong></td>
<td><strong>-335</strong></td>
<td><strong>209</strong></td>
<td><strong>-616</strong></td>
</tr>
</tbody>
</table>

Profit or loss from financial items

| Finance income | 3,532                                        | 86                                | -                             | 224 3), 4) | 3,842                     |
| Finance costs  | -747                                         | -940                              | -1                            | 1)          | 418 3), 4) 1) -1,270      |
| **Profit before tax** | **1,659**                                    | **-219**                          | **-335**                      | **850**     | **1,955**                 |
| Income tax     | -692                                         | -127                              | 63                            | 1)          | -75 8) -831               |
| **Profit for the year** | **967**                                      | **-346**                          | **-273**                      | **776**     | **1,124**                 |

Profits for the year attributable to:

| Equity holders of the parent | 976                                           | -359                              | -273                          | -776       | 1,121                     |
| Non-controlling interests   | -9                                            | 13                                | -                             | -          | 4                         |

* This column presents the total of the Acquisitions’ impact on profit for the financial year from 1 April 2021 to 31 March 2022. Refer to the “Specification of the impact of individual acquisitions on the pro forma income statement prior to pro forma adjustments for the financial year from 1 April 2021 to 31 March 2022” below for details of the respective acquisitions.

Notes to the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022

1. Notes related to the adjustments to accounting policies

As a result of differences in accounting policies in acquired companies and Embracer Group, additional pro forma income statement adjustment are made for amortization of ongoing projects for intangible assets. Embracer Group estimates the useful life of balanced development expenditure to be typically 24 months. Amortization of projects for intangible assets in Acquisitions completed during financial year 2022/2023 has increased by SEK 5 million as a result of the useful life in acquired companies has not been 24 months.

As a result of previously reported licensing fees related to games have been adapted to Embracer Group’s accounting policies and instead been capitalized, goods for resale has been reduced by SEK 47 million and amortization has increased by SEK 30 million. The adjustments relate to acquisitions completed during the financial year 2022/2023.

In the pro forma income statement, SEK 342 million regarding capitalized work for own account has been added back via an adjustment when the fair value of specific games or groups of games have been assessed at a fair value lower than the book value reported in the acquired companies by the corresponding amount. The adjustment is related to Crystal Dynamics – Eidos Montréal.
In the pro forma income statement there is an adjustment for depreciation of right-of-use assets and interest costs on the lease liabilities as a result of the application of IFRS 16. For acquisitions carried out during financial year 2022/2023, adjustments have increased depreciation by SEK 9 million, reduced other operating expenses by SEK 4 million and increased interest costs by SEK 1 million.

Adjustment of tax effect has been included for all above adjustments of accounting policies in the pro forma income statement. The tax rate applied depends on which country the adjustment is assumed to be attributable to. The adjustments refer to acquisitions completed during the financial year 2022/2023 and amounts to SEK 63 million.

Above items are in foreign currency and are translated to SEK with an average exchange rate for the period to which the adjustment pertains. The pro forma adjustments in this note are expected to be recurring.

2. Amortization of identified surplus values

The pro forma income statement includes adjustments for amortization identified in the purchase price allocations as if the Completed Acquisitions had taken place as of 1 April 2021. Depreciation, amortization and impairment has decreased by SEK 139 million.

Of these amortization of surplus value, SEK 617 million pertained to amortization of intangible assets in Asmodee in the form of Publishing and distribution relationships based on a surplus value of EUR 1,645 million and an assessed useful life of 25 years and SEK 307 million attributable to a reversal of amortization on acquisition-related surplus values reported in Asmodee.

Amortization of surplus values in the form of IP rights in Acquisitions completed in the financial year 2022/2023, is based on surplus values corresponding to SEK 6,705 million¹ and an assessed useful life of 5-25 years. The amortization amounts to SEK 407 million, of which SEK 117 million pertains to Crystal Dynamics – Eidos Montréal and SEK 132 million pertains to Middle-Earth Enterprises, as well as SEK 158 million relating to other acquisitions.

In the pro forma income statement it is included a pro forma adjustment where amortization has been reduced by SEK 857 million related to the fair value of fully developed games that, in connection with acquisitions, have been assessed to be lower than the reported value in the accounts of Crystal Dynamics – Eidos Montréal.

To the extent the amortization is denominated in foreign currency, the values are translated to SEK using the average exchange rate for the period to which the adjustment pertains. The pro forma adjustments in this note are expected to be recurring.

3. Contingent considerations and deferred purchase considerations

The total pro forma adjustment pertaining to contingent considerations, put/call options on non-controlling interests and deferred purchase considerations has decreased finance income by SEK 216 million and increased finance costs by SEK 134 million.

The SEK 54 million increase in finance costs are attributable to put/call options on non-controlling interests attributable to the acquisition of Asmodee. The SEK 123 million decrease in finance income pertains to exchange rate effects attributable to issued put/call options.

The SEK 80 million increase in finance costs are attributable to contingent considerations and deferred purchase considerations, presented as liabilities, of SEK 522 million and of SEK 2,202 million respectively attributable to Acquisitions completed in the financial year 2022/2023. Deferred purchase considerations presented as liabilities, relate to Tripwire Interactive (SEK 668 million), Middle-Earth Enterprises (SEK 1,351 million) and VR Group (SEK 182 million). The SEK 93 million decrease in finance income pertained to exchange rate effects attributable to these contingent considerations and deferred purchase considerations. The pro forma adjustments in this note are expected to be recurring.

4. Financing

Of the SEK 439 million increase in finance income SEK 178 million pertains to the acquisition of Asmodee and SEK 262 million to Acquisitions completed in the financial year 2022/2023. Of the SEK 552 million decrease in finance costs, SEK 647 million (decrease) pertains to the acquisition of Asmodee and SEK 95 million (increase) to Acquisitions completed in the financial year 2022/2023.

Acquisitions completed in the financial year 2021/2022 for which pro forma financial information has been prepared

The pro forma adjustment pertaining to interest expenses attributable to the financing of the purchase consideration for the acquisition of Asmodee (Facility A, Facility B and the RCF) resulted in an increase in finance costs of SEK 161 million.

Finance costs have been reduced by SEK 404 million, corresponding to Asmodee’s reported finance costs for existing credits with Credit Suisse and Lucid as if they had been repaid effective 1 April 2021. Finance income has increased SEK 38 million due to exchange rate effects on these credits. Moreover, finance costs have been reduced by SEK 418 million, corresponding to Asmodee’s reported finance costs for the convertible loan as if it had been settled effective 1 April 2021. The pro forma adjustments pertaining to finance costs attributable to the repayment of Asmodee’s existing credits and the settlement of the Convertible loan are of a one-off nature and are non-recurring.

¹ Surplus values in foreign currency is translated to the exchange rate on the day of acquisition in relation to Crystal Dynamics – Eidos Montréal. Other surplus values in foreign currency refer to acquisitions completed after 30 September 2022, which are translated to the exchange rate on 30 September 2022.
The pro forma adjustment attributable to borrowing costs for Facility A, Facility B and Facility C as well as the RCF have resulted in an increase in finance costs of SEK 14 million. The adjustment has been calculated based on the terms and conditions in loan agreements as if the credits had been utilized as of 1 April 2021 and, where applicable, allocated over the term of the credits. Of these borrowing costs, SEK 23 million is assessed as being of a one-off nature and is non-recurring.

Finance costs in the financial year from 1 April 2021 to 31 March 2022 have been reduced by SEK 15 million pertaining to the ticking fee and by SEK 6 million for the upfront fee attributable to Facility C, as if the financing and acquisition of Asmodee had taken place on 1 April 2021. These pro forma adjustments are of a one-off nature and are non-recurring.

To enable the payment of the purchase consideration in EUR, Embracer Group has provided an intra-Group loan of EUR 1,299 million (SEK 14,070 million). Interest paid and received on intra-Group loans has no impact on the pro forma income statement since interest income and interest expenses are eliminated in conjunction with the consolidation of the Group’s profit. The intra-Group loan is denominated in EUR, while Embracer Group has SEK as its functional currency, which means that the loan exposes the Embracer Group to changes in exchange rates in the form of foreign exchange gains or losses.

The pro forma adjustment for exchange rate effects on the remeasurement of net exposure of EUR 246 million (the intra-Group loan of EUR 1,299 million and the external credits of EUR 1,053 million) as if it had arisen on 1 April 2021, has resulted in a foreign exchange rate gain of SEK 140 million that increased finance income with a corresponding amount.

Where applicable, the pro forma adjustments have been translated to SEK using the average exchange rate for the period to which the adjustment pertain. The pro forma adjustments in this section, that has not been stated above to be of a one-off nature and are non-recurring, are expected to be recurring.

5. Transaction costs
The transaction costs pertaining to Completed Acquisitions that have been included in Embracer Group’s consolidated profit for the financial year from 1 April 2021 to 31 March 2022 have been reduced through an adjustment to enable presentation as if they had arisen in the period prior to the pro forma acquisition date of 1 April 2021. An adjustment of SEK 142 million, corresponding to Embracer Group’s total transaction costs, has decreased other operating expenses. In addition, as a pro forma adjustment, SEK 77 million attributable to the acquired companies’ transaction costs of acquisitions, have also decreased other external expenses.

The transaction costs directly related to the Completed Acquisitions are of a one-off nature and are non-recurring.

6. Transactions that provide employees or former owners of the acquired company compensation for future services
Embracer Group has entered into separate agreements that provide employees or former owners in acquired companies compensation for future services. Relating to Acquisitions carried out during the financial year 2022/2023, a pro forma adjustment of SEK 149 million has increased personnel costs to reflect earnings for the period. The pro forma adjustment pertains to Tripwire Interactive (SEK 43 million) and VR Group (SEK 106 million). The pro forma adjustments in this note are expected to be recurring.

7. Elimination of internal transactions
Sales and purchases between pro forma entities and the Embracer Group have been eliminated in the pro forma income statement. Net sales and goods for resale have decreased by SEK 139 million. The pro forma adjustments in this note is expected to be recurring.

8. Tax
In the pro forma income statement for the financial year from 1 April 2021 to 31 March 2022, a tax effect has been included for all pro forma adjustments that are assumed to be deductible. The tax rate applied depends on the country to which the adjustment is assumed to be attributable.

Tax attributable to the non-recurring items in notes 1 to 7, which are taxable or deductible, are deemed to be of a one-off nature and non-recurring. Correspondingly, tax attributable to recurring items in notes 1 to 7, which are taxable or deductible, is expected to be recurring.
## SPECIFICATION OF THE IMPACT OF INDIVIDUAL ACQUISITIONS ON THE PRO FORMA INCOME STATEMENT PRIOR TO PRO FORMA ADJUSTMENTS FOR THE FINANCIAL YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>10,428</td>
<td>-</td>
<td>1,898</td>
<td>248</td>
<td>641</td>
<td>218</td>
<td>-492</td>
<td>13,927</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>-48</td>
<td>-</td>
<td>0</td>
<td>5</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>-44</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td>10,380</td>
<td>-</td>
<td>1,898</td>
<td>248</td>
<td>646</td>
<td>218</td>
<td>492</td>
<td>13,883</td>
</tr>
<tr>
<td><strong>Work performed by the Company for its own use and capitalized</strong></td>
<td>90</td>
<td>-</td>
<td>765</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>855</td>
</tr>
<tr>
<td><strong>Goods for resale</strong></td>
<td>-6,490</td>
<td>-</td>
<td>-475</td>
<td>-</td>
<td>-325</td>
<td>-56</td>
<td>-377</td>
<td>-7,723</td>
</tr>
<tr>
<td><strong>Other external expenses</strong></td>
<td>-1,156</td>
<td>0</td>
<td>-546</td>
<td>1</td>
<td>-52</td>
<td>-6</td>
<td>-29</td>
<td>-1,789</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>-1,548</td>
<td>-</td>
<td>-951</td>
<td>-2</td>
<td>-120</td>
<td>-12</td>
<td>-24</td>
<td>-2,657</td>
</tr>
<tr>
<td><strong>Depreciation, amortization and impairment</strong></td>
<td>-573</td>
<td>-</td>
<td>-946</td>
<td>0</td>
<td>-40</td>
<td>-3</td>
<td>-1,563</td>
<td></td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>-321</td>
<td>-</td>
<td>-30</td>
<td>-</td>
<td>-13</td>
<td>0</td>
<td>-7</td>
<td>-371</td>
</tr>
<tr>
<td><strong>Share of profit of an associate</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td>383</td>
<td>-0</td>
<td>-285</td>
<td>245</td>
<td>96</td>
<td>145</td>
<td>52</td>
<td>635</td>
</tr>
<tr>
<td><strong>Profit or loss from financial items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>77</td>
<td>-</td>
<td>10</td>
<td>0</td>
<td>-1</td>
<td>-</td>
<td>0</td>
<td>86</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>-918</td>
<td>-</td>
<td>-21</td>
<td>0</td>
<td>-0</td>
<td>-</td>
<td>-1</td>
<td>-940</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>-459</td>
<td>-0</td>
<td>-295</td>
<td>245</td>
<td>94</td>
<td>145</td>
<td>51</td>
<td>-219</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-42</td>
<td>-</td>
<td>-18</td>
<td>-51</td>
<td>-2</td>
<td>-</td>
<td>-14</td>
<td>-127</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>-501</td>
<td>-0</td>
<td>-313</td>
<td>195</td>
<td>93</td>
<td>145</td>
<td>37</td>
<td>-346</td>
</tr>
<tr>
<td><strong>Profit for the year attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity holders of the parent</strong></td>
<td>-514</td>
<td>-</td>
<td>-313</td>
<td>195</td>
<td>93</td>
<td>145</td>
<td>37</td>
<td>-359</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
</tbody>
</table>

1) Derived from the internal financial statements, which are based on an aggregate of internal financial information for the financial year from 1 April 2021 to 31 March 2022 pertaining to CDE Entertainment Ltd., Crystal Dynamics Inc., Eidos Interactive Corp. and Eidos Creative Software Development (Shanghai) Co., Ltd., after adjustment to eliminate internal sales. No material differences between local accounting policies and IFRS have been identified.

2) Derived from the internal financial statements, which are based on an aggregate of internal financial information for the financial year from 1 April 2021 to 31 March 2022 pertaining to Venross Pty. Ltd. and VR Distribution UK Ltd., after adjustment for differences between local accounting policies and IFRS as well as to eliminate internal sales.

The source of the historical financial information for the respective acquisitions in the above table are stated in Table 1 - Acquisitions above. It also states whether the financial information is audited or unaudited.
## PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2022

<table>
<thead>
<tr>
<th>Amounts in SEKm</th>
<th>Embracer Group 30 September 2022</th>
<th>Tripwire Interactive</th>
<th>Middle-earth Enterprises</th>
<th>VR Group</th>
<th>Adjustments to accounting policies</th>
<th>Acquisition-related adjustments</th>
<th>Pro forma balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS</td>
<td></td>
<td></td>
<td></td>
<td>Note</td>
<td>Note</td>
<td>Note</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>49,887</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,949</td>
<td>51,836</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>37,785</td>
<td>146</td>
<td>-</td>
<td>2</td>
<td>-1</td>
<td>1,459</td>
<td>42,471</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,084</td>
<td>6</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-1</td>
<td>1,091</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>1,359</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>44</td>
<td>1</td>
<td>1,405</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>198</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>198</td>
</tr>
<tr>
<td>Non-current financial assets</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>419</td>
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<tr>
<td>Deferred tax assets</td>
<td>1,821</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>14</td>
<td>1</td>
<td>1,839</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>92,551</td>
<td>152</td>
<td>-</td>
<td>11</td>
<td>17</td>
<td>6,528</td>
<td>99,259</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>5,185</td>
<td>-</td>
<td>-</td>
<td>139</td>
<td>-</td>
<td>-15</td>
<td>5,324</td>
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<tr>
<td>Trade receivables</td>
<td>5,567</td>
<td>4</td>
<td>51</td>
<td>65</td>
<td>-</td>
<td>-15</td>
<td>5,672</td>
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<tr>
<td>Contract assets</td>
<td>468</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>468</td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,568</td>
<td>42</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-3</td>
<td>1,608</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,090</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-1</td>
<td>1,090</td>
</tr>
<tr>
<td>Current investments</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>6</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8,879</td>
<td>77</td>
<td>6</td>
<td>2</td>
<td>-</td>
<td>-3,705</td>
<td>5,258</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>22,763</td>
<td>123</td>
<td>57</td>
<td>206</td>
<td>-</td>
<td>-3,722</td>
<td>19,427</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>115,314</td>
<td>275</td>
<td>57</td>
<td>217</td>
<td>17</td>
<td>2,806</td>
<td>118,686</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the parent</td>
<td>61,623</td>
<td>186</td>
<td>36</td>
<td>120</td>
<td>-30</td>
<td>184</td>
<td>62,120</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>255</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>255</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>61,878</td>
<td>186</td>
<td>36</td>
<td>120</td>
<td>-30</td>
<td>184</td>
<td>62,375</td>
</tr>
</tbody>
</table>
### PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2022 (CONT.)

<table>
<thead>
<tr>
<th>Amounts in SEKm</th>
<th>Embracer Group 30 September IFRS</th>
<th>Tripwire Interactive</th>
<th>Middle-earth Enterprises</th>
<th>VR Group</th>
<th>Adjustments to accounting policies</th>
<th>Acquisition-related adjustments</th>
<th>Pro forma balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities to credit institutions</td>
<td>18,169</td>
<td>-</td>
<td>-</td>
<td>22</td>
<td>-</td>
<td>-</td>
<td>18,191</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>65</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>-</td>
<td>1,689</td>
<td>3</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>1,005</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Other provisions</td>
<td>180</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contingent considerations</td>
<td>6,322</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>263</td>
<td>3</td>
</tr>
<tr>
<td>Non-current put/call options on non-controlling interests</td>
<td>3,962</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-current employee benefits</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-current liabilities to employees related to historical acquisitions</td>
<td>1,028</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>7,274</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>106</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>38,026</td>
<td>-</td>
<td>-</td>
<td>38</td>
<td>47</td>
<td>2,058</td>
<td>40,168</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities to credit institutions</td>
<td>1,745</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>1,755</td>
</tr>
<tr>
<td>Current account credit facilities</td>
<td>129</td>
<td>0</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>135</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td>Trade payables</td>
<td>4,140</td>
<td>0</td>
<td>10</td>
<td>37</td>
<td>-</td>
<td>-13</td>
<td>7</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>387</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>2,007</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2</td>
<td>7</td>
</tr>
<tr>
<td>Contingent considerations</td>
<td>2,919</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current put/call options on non-controlling interests</td>
<td>220</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>1,022</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current liabilities to employees related to historical acquisitions</td>
<td>137</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>348</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>512</td>
<td>3</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,222</td>
<td>88</td>
<td>10</td>
<td>0</td>
<td>-</td>
<td>66</td>
<td>6,7</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>15,410</td>
<td>89</td>
<td>20</td>
<td>60</td>
<td>-</td>
<td>563</td>
<td>16,143</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>115,314</td>
<td>275</td>
<td>57</td>
<td>217</td>
<td>17</td>
<td>2,806</td>
<td>118,686</td>
</tr>
</tbody>
</table>

The source of the historical financial information for the respective acquisitions in the above table are stated in Table 1 - Acquisitions above. It also states whether the financial information is audited or unaudited.
Notes to the pro forma balance sheet as of 30 September 2022

1. Notes related to the adjustments to accounting policies
Pro forma adjustment has reduced intangible assets by a total of SEK 41 million as a result of adjusting the estimated useful life based on Embracer Group’s accounting policies.

Pro forma adjustment attributable to lease agreements has increased right-of-use assets and lease liabilities respectively by an amount corresponding to SEK 44 million.

The pro forma adjustments above have increased the deferred tax asset by SEK 14 million and increased the deferred tax liability by SEK 3 million. The pro forma adjustments have also resulted in a decrease in equity of SEK 30 million.

2. Cash purchase consideration on the completion date
The cash portion of the purchase consideration paid for Tripwire Interactive, Middle-Earth Enterprises and VR Group corresponded to SEK 3,705 million and was financed through utilization of the aforementioned RCF of SEK 3,011 million as well as to the remaining SEK 694 million financed with existing funds. The RCF was utilized on 28 September 2022 and was included as of 30 September 2022 in Embracer Group’s cash and cash equivalents, whereupon the cash portion of the purchase consideration reduced cash and cash equivalents in the pro forma balance sheet. The cash purchase consideration is denominated in foreign currency.

3. Contingent considerations, deferred purchase considerations and purchase considerations regulated by class B shares in Embracer Group
Contingent considerations for Tripwire Interactive, Middle-Earth Enterprises and VR Group corresponding to SEK 263 million have increased long-term contingent considerations through pro forma adjustments. The deferred purchase consideration for Tripwire Interactive, Middle-Earth Enterprises and VR Group, corresponding to SEK 2,202 million, of which SEK 1,689 million has increased other non-current liabilities and an increase of SEK 512 million in other current liabilities through pro forma adjustment. Non-current deferred purchase considerations refer to Tripwire Interactive (SEK 327 million), Middle-Earth Enterprises (SEK 1,351 million) and VR Group (SEK 11 million). The portion of the deferred purchase consideration that is to be settled with shares that have already been issued, of which SEK 287 million is pertaining to Tripwire Interactive, has not been presented as a liability and instead through a pro forma adjustment as an increase in equity. Equity has also increased corresponding to the part of the purchase price to be paid through class B shares in Embracer Group.

4. Goodwill and intangible assets
The surplus values identified in conjunction with the purchase price allocations of Tripwire Interactive, Middle-Earth Enterprises and VR Group corresponded to SEK 6,509 million, of which goodwill have increased with SEK 1,949 million and intangible assets have increased with SEK 4,560 million in the pro forma balance sheet. Deferred tax liabilities related to the surplus values amounts to SEK 106 million.

5. Elimination of acquired equity
Acquired equity in Tripwire Interactive, Middle-Earth Enterprises and VR Group has been eliminated. The pro forma adjustment has reduced equity by SEK 313 million.

6. Transaction costs
The transaction costs pertaining to Tripwire Interactive and Middle-Earth Enterprises have as a pro forma adjustment increased accrued expenses by an amount corresponding to SEK 68 million. Transaction costs pertaining to Tripwire Interactive, which are not included in the Group’s equity as of 30 September 2022, have reduced equity by SEK 49 million as a pro forma adjustment as if the acquisitions had been completed on 30 September 2022. Transaction costs pertaining to Middle-Earth Enterprises, which are accounted for as an asset acquisition, have increased intangible assets in the form of intellectual property rights by SEK 19 million as a pro forma adjustment.

7. Elimination of internal transactions
Receivables and liabilities between pro forma entities and the Embracer Group have been eliminated in the pro forma balance sheet. Trade receivables and other receivables have through pro forma adjustment decreased with SEK 15 million and SEK 3 million, respectively. Trade payables, contract liabilities and accrued expenses have correspondingly decreased through pro forma adjustment with SEK 13 million, SEK 2 million and SEK 2 million, respectively.
AUDITOR’S REPORT ON THE PRO FORMA FINANCIAL INFORMATION

Independent auditor’s assurance report on the compilation of pro forma financial information included in a prospectus

To the Board of Directors of Embracer Group AB (publ), corporate identity number 556582-6558

Report on the compilation of pro forma financial information included in a prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Embracer Group AB (publ) ("the company") by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as of 30 September 2022, the pro forma income statement for the financial year ended 31 March 2022 and related notes as set out on pages 40-55 of the prospectus issued by the company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on pages 40-48.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisitions described on pages 41-43 of the prospectus on the company’s financial position as of 30 September 2022 and the company’s financial performance for the financial year ended 31 March 2022 as if the acquisitions had taken place at 1 April 2021 and 30 September 2022 respectively. As part of this process, information about the company’s financial position and financial performance has been extracted by the Board of Directors from the company’s financial statements for the financial year ended 31 March 2022 on which an auditor’s report has been published and for the six-month period ended 30 September 2022, on which a review report has been published. Further, information about the acquired company’s financial position and financial performance has been extracted by the Board of Directors from unaudited financial statements, on which no auditor’s report or review report has been published.

Responsibilities of the Board of Directors for the pro forma financial information

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

Our independence and quality control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibility

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.
For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company’s unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the acquisitions at 1 April 2021 and 30 September 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.
- The stated basis comply with the company’s accounting policies.

The procedures selected depend on the auditor’s judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on pages 40-48 and these bases are consistent with the accounting policies applied by the company.

Karlstad, 19 December 2022

Ernst & Young AB

Johan Eklund
CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section presents the Company’s capital structure and indebtedness at Group level as of 30 September 2022. Refer to the section “Share capital and ownership structure” for further information on the Company’s share capital and shares. The information presented in this section is based on and should be read in conjunction with the Group’s reviewed, unaudited, interim report for the period 1 April - 30 September 2022, which is incorporated in the Prospectus by reference, see section “Documents incorporated by reference”.

CAPITAL STRUCTURE AND INDEBTEDNESS

The following tables presents the Group’s equity and indebtedness as follows:

- In accordance with the Group’s financial reporting as of September 30, 2022, which was been derived from the Group’s reviewed, unaudited, financial report for the period 1 April - 30 September 2022 or the Company’s internal accounting and reporting system;
- On an adjusted basis in the “Adjustments” column, and summarized in the “Adjusted” column, to present the effects on the Group’s capital structure and indebtedness with respect of the acquisitions of Tripwire Interactive, Middle-Earth Enterprises and VR Group which were carried out on 4 October 2022, 3 October 2022, and October 17, 2022, respectively, and as described in the section “Proforma financial information”.

The information in the tables includes both short-term and long-term interest-bearing liabilities.

Statement of capitalization

<table>
<thead>
<tr>
<th>SEK million</th>
<th>30 September 2022</th>
<th>Adjustments</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current debt</strong> (incl. current portion of non-current debt)</td>
<td>2,261</td>
<td>535</td>
<td>2,796</td>
</tr>
<tr>
<td>Guaranteed</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Secured</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unguaranteed/unsecured</td>
<td>2,261</td>
<td>535</td>
<td>2,796</td>
</tr>
<tr>
<td><strong>Total non-current debt</strong> (excl. current portion of non-current debt)</td>
<td>19,239</td>
<td>1,770</td>
<td>21,009</td>
</tr>
<tr>
<td>Guaranteed</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Secured</td>
<td>284</td>
<td>3</td>
<td>284</td>
</tr>
<tr>
<td>Unguaranteed/unsecured</td>
<td>18,955</td>
<td>1,770</td>
<td>20,725</td>
</tr>
<tr>
<td><strong>Shareholder’s equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Other contributed capital</td>
<td>54,545</td>
<td>546</td>
<td>55,091</td>
</tr>
<tr>
<td>Other reserves etc.</td>
<td>-261</td>
<td>-</td>
<td>-261</td>
</tr>
<tr>
<td><strong>Capitalization (excl. comprehensive income for the period, net of tax)</strong></td>
<td>75,786</td>
<td>2,851</td>
<td>78,637</td>
</tr>
</tbody>
</table>

1) Includes current lease liabilities of SEK 387 million.
2) Includes current lease liabilities of SEK 2 million.
3) The security relates to commercial mortgages, trademark rights and real estate mortgages.
4) Includes non-current lease liabilities of SEK 1,005 million.
5) Includes non-current lease liabilities of SEK 44 million.
6) Reserves, retained earnings excluding comprehensive income, net of tax for the period 1 April - 30 September 2022 and non-controlling interests.
INDEBTEDNESS

<table>
<thead>
<tr>
<th>SEK million</th>
<th>30 September 2022</th>
<th>Adjustments</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – Cash</td>
<td>8,879</td>
<td>-3,621</td>
<td>5,258</td>
</tr>
<tr>
<td>B – Cash equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C – Other current financial assets</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>D – Liquidity (A+B+C)</td>
<td>8,885</td>
<td>-3,621</td>
<td>5,264</td>
</tr>
<tr>
<td>E – Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)</td>
<td>516¹</td>
<td>535²</td>
<td>1,051</td>
</tr>
<tr>
<td>F – Current portion of non-current financial debt</td>
<td>1,745</td>
<td>-</td>
<td>1,745</td>
</tr>
<tr>
<td>G – Current financial indebtedness (E+F)</td>
<td>2,261</td>
<td>535</td>
<td>2,796</td>
</tr>
<tr>
<td>H – Net current financial indebtedness (G–D)</td>
<td>-6,624</td>
<td>4,155</td>
<td>-2,469</td>
</tr>
<tr>
<td>I – Non-current financial debt (excluding current portion and debt instruments)</td>
<td>19,174³</td>
<td>65⁴</td>
<td>19,239</td>
</tr>
<tr>
<td>J – Debt instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>K – Non-current trade and other payables</td>
<td>65</td>
<td>1,705</td>
<td>1,770</td>
</tr>
<tr>
<td>L – Non-current financial indebtedness (I+J+K)</td>
<td>19,239</td>
<td>1,770</td>
<td>21,009</td>
</tr>
<tr>
<td>M – Total financial indebtedness (H+L)</td>
<td>12,615</td>
<td>5,925</td>
<td>18,540</td>
</tr>
</tbody>
</table>

¹ Includes current lease liabilities of SEK 387 million.
² Includes current lease liabilities of SEK 2 million.
³ Includes non-current lease liabilities of SEK 1,005 million.
⁴ Includes non-current lease liabilities of SEK 44 million.

The information about the Company’s capital structure and indebtedness on an adjusted basis constitute forward-looking statements intended to describe a hypothetical situation and are provided for illustrative purposes only. Forward-looking statements are not guarantees of future results or trends, and actual results may differ materially from those expressed directly or indirectly in the forward-looking statements as a result of a number of factors, including those described in the section “Risk factors”.

The Company has no reason to believe that any material changes to the Company’s actual capitalization, in addition to those stated above, has occurred since 30 September 2022.

INDIRECT AND CONTINGENT INDEBTEDNESS

The indirect and contingent indebtedness presented below are presented in accordance with the rules of the Commission Delegated Regulation (EU) 2019/980 and ESMA guidelines on disclosure requirements under the Prospectus Regulation, which differs from the Group’s accounting principles regarding contingent indebtedness where IAS 37 Reserves, contingent indebtedness and contingent assets applies. The purpose is to provide information on material indebtedness that are not reflected in the tables above.

As of 30 September 2022, obligations relating to historical acquisitions existed in the form of contingent consideration agreements that were not classified as part of the consideration transferred, but as obligations for future personnel costs related to acquisitions, and in the form of contingent consideration agreements classified as part of the purchase price. These will be settled in cash or shares.

For further information, refer to the section “Obligations related to historical business combinations” and note 5 and 6 to the Consolidated statements of financial position of Embracer Group’s in the interim report for the period April-September 2022, which are incorporated by reference in the Prospectus. The maximum aggregate amount that could be paid in respect of contingent consideration and obligations for future personnel costs related to acquisitions may be higher than the amounts disclosed in the section “Obligations related to historical business combinations” and note 5 and 6 above.

STATEMENT REGARDING WORKING CAPITAL

The Company deems that the Company’s existing working capital as of the date of the Prospectus is sufficient to meet the Company’s needs for the next twelve-month period. Working capital in this context refers to the Company’s ability to access cash to meet its liabilities as they fall due.

TRENDS

Other than as described in the section “Business and market description - Market trends”, the Company’s assessment is that, as of the date of the Prospectus, there are no other known trends related to production, sales, inventory, costs and selling prices during the period from the end of the financial year 2021/2022 to the date of the Prospectus. Furthermore, as of the date of the Prospectus, the Company is not aware of any other trends, uncertainties, requirements, commitments or other events that are reasonably likely to have a significant impact on the Company’s prospects for the current financial year.
ADJUSTED EBIT FORECAST

In Embracer Group’s interim report for the third quarter 2021/2022 a forecast for adjusted EBIT for the full year 2022/2023 and the full year 2023/2024, was announced which partially was repeated in connection with the publication of the interim report for the second quarter 2022/2023 where the following statement was published:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Current forecast</th>
<th>Previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022/23</td>
<td>SEK 8,000–10,000 million</td>
<td>SEK 9,200–11,300 million</td>
</tr>
<tr>
<td>2023/24</td>
<td>13,600 million</td>
<td>SEK 10,300–13,600 million</td>
</tr>
</tbody>
</table>

The reduced guidance for the financial year 2022/23 reflects a mixed reception of some of the key PC/console launches in the second quarter of 2022, which are expected to impact catalogue sales in the coming quarters, changes in the PC/console pipeline (including Dead Island 2) and a more cautious view on the current macroeconomic situation, particularly related to the Mobile Games and Tabletop Games segments. The forecast for the financial year 2022/23 and 2023/24 includes all acquisitions announced as of 17 November 2022. It also includes several outcomes from the partnership and licensing agreements with several industry partners that are expected to close in the financial year 2022/23. The forecast is based on scheduled game releases, market and macro conditions, and currency exchange rates being unchanged from conditions prevailing in mid-November 2022. Additional information regarding the assumptions underlying the forecast is provided below.

Underlying assumptions of the forecast

The main assumptions underlying the forecast are explained below.

Factors of which Embracer Group has influence or control

- That no unforeseen delays in planned game launches occur and that significant titles perform according to management’s expectations.
- The forecast assumes that the majority of partnership and licensing agreements with several industry partners will be finalized in the financial year 2022/23.
- That no unforeseen changes in planned gross margin occurs.
- That no unforeseen changes in investments and ongoing game development within PC/Console occur.
- All completed acquisitions as of 17 November 2022 are included in the forecast.

Factors that are fully outside of Embracer Group’s control

- That no unforeseen changes in underlying market and macroeconomic conditions.
- That no significant negative exchange rate changes occur.
- That no regulatory or political factors change significantly and thereby making it difficult for Embracer Group to conduct their business.
- That no unforeseen changes to the contract terms are carried out with the distributors of games.

SIGNIFICANT ONGOING INVESTMENTS AND COMMITMENTS OF FUTURE SIGNIFICANT INVESTMENTS

As of 30 September 2022, the Group had invested SEK 7,589 million in ongoing game development projects that are capitalized on the balance sheet.

Other than as set out above, the Group has no other significant ongoing investments or commitments for significant future investments.

SIGNIFICANT CHANGES IN THE COMPANY’S FINANCIAL PERFORMANCE

There have been no significant changes in the Company’s financial performance since 30 September 2022 up to and including the date of the Prospectus.

SIGNIFICANT CHANGES IN THE COMPANY’S FINANCIAL POSITION

There have been no significant changes in the Company’s financial position since 30 September 2022 up to and including the date of the Prospectus.

<<1>> The interim report for the first quarter 2022/2023 was Embracer Group’s first financial report prepared in accordance with IFRS where also adjusted EBIT was presented while the Company previously presented operating EBIT. Although differences exist between the accounting principles, adjusted EBIT is deemed to be equal to operational EBIT as previously defined.
BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

As of the date of the Prospectus, the Embracer Group’s Board of Directors consists of seven board members, including the Chairman of the board, elected by the shareholders for the period until the Annual General Meeting 2023. According to the Company’s articles of association, the Board of Directors shall consist of no less than three and not more than ten members. All directors and officers can be contacted through the Company’s address in the section “Addresses”.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Board member since</th>
<th>The Company and its management</th>
<th>Major Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kicki Wallje-Lund</td>
<td>Chairman of the board</td>
<td>2016</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Lars Wingefors</td>
<td>Board member</td>
<td>2002</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Erik Stenberg</td>
<td>Board member</td>
<td>2011</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Jacob Jonmyren</td>
<td>Board member</td>
<td>2018</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>David Gardner</td>
<td>Board member</td>
<td>2020</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Matthew Karch</td>
<td>Board member</td>
<td>2020</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Cecilia Driving</td>
<td>Board member</td>
<td>2022</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

1) Erik Stenberg is considered dependent in relation to the Company and its management as he previously held the position of deputy CEO in the Company. Erik Stenberg has resigned from the position as deputy CEO of the Company as of 2 June 2022.

Kicki Wallje-Lund (born 1953)

Chairman of the board since 2016

Education/background: Kicki Wallje-Lund has experience in business development from a variety of international companies, especially in the IT sector and the banking and finance industry as well as board assignments for listed companies on Nasdaq Stockholm, both Large Cap and Small Cap. She has held leading global positions in companies like NCR, Digital Equipment, AT&T, Philips, ICL and Unisys.

Other significant positions: Board member of C-Rad AB.

Prior positions (past five years): Board member and CEO of WellNet AB. Board member of Betsson AB and Linkura AB. Member of Värmlands Gård Handelsbolag.

Holdings in the Company (including related parties): As of the date of the Prospectus, Kicki Wallje-Lund holds no class A shares and 96,200 class B shares in the Company.

Lars Wingefors (born 1977)

Board member since 2002 and CEO

See below under “Senior executives”

Erik Stenberg (born 1963)

Board member since 2011

Education/background: Master of Science in Business and Economics from Högskolan Karlstad (today Karlstad University).

Other significant positions: Board member of Xagonus AB, Zagonus AB Fractal Gaming Group, Sting Bioeconomy and Ritcher Life Science Development.

Prior positions (past five years): Chairman of the board of Kontorseliten i Karlstad AB and Tingvalla Invest AB. Board member of Game Outlet Europe AB and Games Store AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Erik Stenberg holds 10.98% of the shares and 1.95% of the votes in Lars Wingefors AB, which in turn owns 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ). Erik Stenberg also owns 4,500,000 class B shares through a wholly owned company.
Jacob Jonmyren (born 1980)
Board member since 2018

Education/background: M.Sc. in Accounting and Financial Management from Stockholm School of Economics and has studied Finance at University of Wisconsin – Madison. Jacob Jonmyren has extensive experience from the financial markets. He has been invested in the stock market since the age of nine and were during the period 2006-2020 partner, portfolio manager and head of analytics at RAM One AB.

Other significant positions: Jacob Jonmyren is CEO and board member of Jacob Jonmyren Kapital Aktiebolag and board member of SSE-MBA Stiftelsen.

Prior positions (past five years): Partner, of RAM ONE AB and World Market Coverage i Stockholm AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Jacob Jonmyren holds no class A shares and 42,000 class B shares in the Company.

Matthew Karch (born 1971)
Board member since 2020

Education/background: Matthew Karch has a Bachelor of Arts from Washington University and a law degree from University of Pennsylvania. Matthew Karch has extensive experience in game design and development, business and legal affairs.

Other significant positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Matthew Karch holds, 5.75 percent of the shares in S3D Media, which in turn owns 12,798,274 class A shares and 70,772,440 class B shares in the Company. Matthew Karch also holds 1,070,000 class B shares directly in the Company.

David Gardner (born 1965)
Board member since 2020

Education/background: David Gardner has a solid industry background and experience. David Gardner is an important part of the founding team behind EA. He established EA’s European business unit and lead it as it grew to USD 1 billion in gross revenue and 1,200 employees. David Gardner became part of EA’s global management team based in California from 2004 to 2007. David Gardner later became CEO of Atari S.A.

Other significant positions: David Gardner is the co-founder and partner of London Venture Partners LLP, a VC-company founded in 2010.

Prior positions (past five years): Board member of Reach Robotics Limited and investor at Sensible Object.

Holdings in the Company (including related parties): As of the date of the Prospectus, David Gardner holds no shares in the Company.

Cecilia Driving (born 1971)
Board member since 2022

Education/background: Law degree bachelor’s and a bachelor’s degree in economics from Stockholm University. Cecilia has experience as CEO, CFO and in-house lawyer at multiple companies in the science, IT, telecom and research industry.

Other significant positions: Chairman of the board of Adom AB Board member and Chairman of the board of Audit Committee for Ovzon AB. Board member of Biovica Services AB. Executive Vice President and CFO for Biovica International AB. Secretary Treasurer for Biovica Inc.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Cecilia Driving holds no class A shares and 1,000 class B shares in the Company.
# SENIOR EXECUTIVES

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Employed since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lars Wingefors</td>
<td>CEO</td>
<td>2016</td>
</tr>
<tr>
<td>Johan Ekström</td>
<td>Chief Financial Officer and deputy CEO</td>
<td>2019</td>
</tr>
<tr>
<td>Ian Gulam</td>
<td>Chief of Staff, Legal &amp; Governance</td>
<td>2021</td>
</tr>
</tbody>
</table>

**Lars Wingefors (born 1977)**

**CEO**

**Education/background:** Lars Wingefors is co-founder and CEO of Embracer Group. Lars Wingefors started his first video games company at the age of sixteen. He has a broad and long experience in entrepreneurship, business management as well as the industry internationally.

**Other significant positions:** Board member and CEO at Lars Wingefors AB.

**Prior positions (past five years):** -

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Lars Wingefors holds, 81.17% of the shares and 96.62% of the votes in Lars Wingefors AB, which in turn owns 52,260,404 class A shares and 210,238,330 class B shares in the Company.

**Johan Ekström (born 1977)**

**Chief Financial Officer and deputy CEO**

**Education/background:** Johan Ekström holds a M.Sc. in business administration from Stockholm School of Economics. Johan Ekström has an extensive background in accounting, reporting and financial control from previous positions at Crem International, Permobil and PwC.

**Other significant positions:** -

**Prior positions (past five years):** Board member and CEO at Crem International AB.

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Johan Ekström holds no class A shares and 73,370 class B shares in the Company. Related parties to Johan Ekström holds 516 class B shares in the Company through an endowment insurance.

**Ian Gulam (born 1982)**

**Chief of Staff, Legal & Governance**

**Education/background:** Ian Gulam holds a Master of Laws from Uppsala University and was previously General Counsel of Embracer Group. Ian Gulam has extensive knowledge of corporate and capital markets law as well as governance topics. Before joining Embracer Group he worked as a corporate and capital markets lawyer at the law firm Baker McKenzie.

**Other significant positions:** -

**Prior positions (past five years):** -

**Holdings in the Company (including related parties):** As of the date of the Prospectus, Ian Gulam holds no class A shares and 19,036 class B shares in the Company.
OTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

There are no family ties between any of the board members or senior executives. None of the Company’s board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings. None of the board members or senior executives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have during the past five years, (i) been convicted in fraud-related offences, (ii) been a representative of a company which has been declared bankrupt, put into liquidation or undergone corporate structuring, (iii) been subject to accusations or sanctions by statutory or regulatory authorities (including recognized bodies) or (iv) been disqualified by a court from acting as a member of a company’s administrative, managing or supervisory body or from acting in the management or conduct affairs of any issuer.

THE SWEDISH CODE OF CORPORATE GOVERNANCE

Embracer is a Swedish public limited company whose shares are admitted to trading on Nasdaq First North Growth Market. As of the listing on Nasdaq First North Growth Market the corporate governance of the Company has been based on Swedish law, the Company’s articles of association, Nasdaq First North Growth Market Rulebook for Issuers of Shares as well as internal rules and regulations. After the listing of the Company’s B shares on Nasdaq Stockholm, Embracer will apply the Swedish Code of Corporate Governance (the “Code”). Furthermore, the Company will apply Nasdaq Nordic Main Market Rulebook for Issuers of Shares instead of Nasdaq First North Growth Market Rulebook for Issuers of Shares. The Code applies to all companies with shares admitted to trading on a regulated market in Sweden and will be applied as of the date of admission to trading on Nasdaq Stockholm. The Code aims to constitute guiding rules for good corporate governance and complements Swedish legislation in a number of areas and in some respects sets higher requirements than Swedish law. Companies that apply the Code do not have to comply with all of the rules in the Code, but rather have the possibility of choosing alternate solutions that the Company deems to be better suited to the Company and its operations, provided that any such deviations are presented, that the alternate solution is described and that the reasons are explained in the corporate governance report (the “comply or explain principle”). As of the date of the Prospectus Embracer has identified a deviation from the Code that Embracer intends to state in the upcoming Corporate Governance Report for the financial year 2022/2023. The Code, paragraph 4.3, provides that no more than one director elected by the shareholders’ meeting may serve on the board of directors of the Company or on the board of directors of the Company’s subsidiaries. Two of Embracer’s directors, Lars Wingefors and Matthew Karch, work operationally within the Group. The explanation of the deviation is as follows:

The Group operates under a very decentralized operating model, where business and operation decisions are managed at either group or entity level. Lars Wingefors is the founder, the largest shareholder and the CEO of the Company. As such, Embracer is dependent on Lars Wingefors on both a strategic and overall group level and he is instrumental for the continued success of the Group’s business operations. Lars Wingefors is a very strong individual and clearly associated with the Company and his competence is needed in order to get a full picture of the Company’s position, strategic options, etc. The Company has been growing rapidly since its inception and the markets in which the Company is present are moving rapidly. Key to the Company’s success story is the fact that it is founder-led, entrepreneurial and able to rapidly develop new products and features. The Company has a very explicit growth agenda by acquisitions and Lars Wingefors is absolutely instrumental in pursuing these acquisitions. Accordingly, it is not only critical to have Lars Wingefors as CEO but with him as Board member, the Board can better adapt the Company’s long- and short-term strategy and continue the successful growth journey.

Matthew Karch is the founder and CEO of Saber Interactive, one of the largest of the Company’s twelve operative group’s, with gaming studios in multiple locations across the globe. Matthew founded Saber Interactive in 2001 after a brief career as an attorney. He has experience in game development, ranging from design and licensing to business development and has for the past 21 years served as CEO of Saber Interactive. With his solid industry experience Matthew Karch is a very important part of Saber Interactive and him serving as CEO of Saber Interactive is necessary for that business in Saber Interactive to continue to develop in a favorable way. Given the Company’s current market position, the size of and importance of Saber Interactive within the Group, the fact that Matthew Karch through companies owns more than 10 percent of the votes in the Company and the fact that the Company has a decentralized organization, the Company’s view is Matthew Karch is also needed to be present on both the Company’s board of directors and as CEO of Saber Interactive.

To manage potential conflicts of interest that may arise as a consequence of the board of director’s composition, the board of directors has taken appropriate measures in the rules of procedure for the board of directors as a complement to the provisions on conflicts of interest as prescribed in the Swedish Companies Act (2005:551).

AUDITOR

Embracer Groups auditor is Ernst & Young AB, with Johan Eklund as the responsible auditor. Johan Eklund is an authorized public accountant and a member of FAR (the professional institute for authorized public accountants). Ernst & Young AB’s address is Hamngatan 26, 111 47 Stockholm.
SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION REGARDING THE SHARES OF THE COMPANY

As of the date of the Prospectus, the shares of the Company are divided into two classes of shares, class A shares and class B shares. Class A shares carry ten (10) votes and class B shares carry one (1) vote at general meetings. Only the Company’s class B share (ISIN code SE0016828511) is publicly traded.

As of the date of the Prospectus, the share capital may not be less than SEK 1,398,000 and may not exceed SEK 5,592,000 and the number of shares may not be less than 1,000,000,000 and may not exceed 4,000,000,000; in accordance with the Company’s articles of association. As of 30 September 2022, the Company’s share capital amounted to SEK 1,723,130,863,889 distributed on 1,240,653,931 shares (of which 66,798,274 are class A shares and 1,173,855,657 are class B shares). As of the date of the Prospectus the Company’s share capital amounts to SEK 1,748,275,363,889 divided into 1,258,757,958 shares (of which 66,798,274 are class A shares and 1,191,959,684 are class B shares).

The shares in the Company are denominated in SEK and each share has a quota value of approximately SEK 0.0014. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public tender offer has been made for the offered shares during the current or previous financial year.

CERTAIN RIGHTS ATTACHED TO THE SHARES

Rights attached to shares issued by the Company, including those pursuant to the Company’s articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Preferential rights to new shares, etc.

If the Company decides to issue new class A shares and class B shares through a cash or set-off issue, owners of class A shares and class B shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held (primary preferential rights). Shares subscribed for with primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential rights).

If the Company decides to issue shares only of class A shares or only of class B shares by means of a cash or set-off issue, all shareholders, regardless of whether their shares are class A shares or class B shares, shall have preferential rights to subscribe for new shares in proportion to the number of shares held at the time.

If the Company decides to issue warrants or convertible bonds by way of a cash or offset issue, the shareholders shall have preferential rights to subscribe for warrants as if the issue concerned the shares that may be newly subscribed for by virtue of the option right and preferential rights to subscribe for convertible bonds as if the issue concerned the shares for which the convertible bonds may be substituted.

The above shall not restrict the ability of the Company to decide on a cash or offset issue in derogation of the shareholders’ preferential rights.

Voting rights

Each class A share in the Company entitles the holder to ten votes at a general meeting and each class B share in the Company entitles the holder to one vote at a general meeting. Each shareholder is entitled to vote for all the shares held by the shareholder in the Company.

Rights to dividends and balances in the event of liquidation

All shares carry equal rights to dividends and to the Company’s assets and any surplus in the event of liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear but may also be distributed in forms other than cash (distribution in kind). Should a shareholder be unable to be reached through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend limited in time pursuant to a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company.

There are no restrictions on the right to receive dividends apply to shareholders residing outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the jurisdictions concerned, distributions to such shareholders are conducted in the same manner as to shareholders in Sweden. Shareholders who are not subjects to taxation in Sweden are usually subject to Swedish withholding tax.

Conversion of class A shares

According to the Company’s articles of association, holders of class A shares in the Company have the right to convert class A shares into class B shares. Holders of class A shares must submit a written request to the board of directors of the Company for such conversion during the conversion periods. The conversion periods commences specified in January, April and October of each year, whereby the holder may request that all or part of the class A shares be converted.

INFORMATION ABOUT PUBLIC TAKEOVER BIDS AND REDEMPTION OF MINORITY SHARES

In the event that a public takeover offer is made for the shares in the Company, the following rules apply, as of the date of the Prospectus, when the Company’s shares are admitted to trading on Nasdaq Stockholm: the Financial Instruments Trading Act (1991:980), the Swedish Takeover Act (2006:451) and the Nasdaq Stockholm Takeover Rules dated 1 January 2021.
If the board of directors or the CEO of the Company, based on information arising from a party intending to submit a public takeover bid for the shares in the Company, has justifiable grounds to assume that such an offer is imminent, or if such an offer has been submitted, the Company may, pursuant to Chapter 5, Section 1 of the Swedish Takeover Act, only take measures that are likely to impair the conditions for making or implementing the takeover bid, following a resolution by the General Meeting. Notwithstanding the above, the Company may seek alternative offers.

Furthermore, anyone who holds no shares or shares representing less than three-tenths of the voting rights of all shares in the Company and who, through the acquisition of shares in the Company, alone or together with a related party, acquires a shareholding representing at least three-tenths of the voting rights of all shares in the Company shall immediately, pursuant to Chapter 3, Section 1 of the Swedish Takeover Act, disclose the size of his or her shareholding in the Company and, within four weeks thereafter, make a public takeover offer for the remaining shares in the Company (so-called mandatory bid).

During a public takeover bid or a mandatory bid, shareholders are free to determine whether they wish to dispose of their shares in the public takeover bid or mandatory bid. If the public takeover bid or mandatory bid results in the offeror acquiring a holding of at least nine-tenths of the shares in the Company, the offeror is entitled to redeem the remaining shareholders’ shares in accordance with the general rules on compulsory redemption in Chapter 22 of the Swedish Companies Act (2005:551).

The shares in the Company are not subject to any offer made due to a mandatory bid, redemption rights or buy-out obligation. Nor has any public takeover bid been submitted regarding the shares during the current or preceding financial year.

DIVIDEND POLICY

To support value creation, Embracer Group intends to invest its profit and cash flow in organic growth initiatives and acquisitions. The payment of capital to the shareholders must be adjusted to the development of the result and cash flow while taking into account the Company’s growth opportunities and financial position.

OWNERSHIP STRUCTURE

The table below shows shareholders holding at least 5 percent of the shares or the votes (as well as any known additional holdings owned by such shareholders) in the Company as of 30 November 2022, including subsequent known changes. The Company has two outstanding classes of shares, Class A and Class B shares. Class A shares carry ten votes at general meetings and the Class B shares carry one vote at general meetings.

As of the date of the Prospectus the Company is controlled by Lars Wingefors AB in particular (a company controlled by the CEO Lars Wingefors), which as of 30 November 2022 controlled 20.85 percent of the share capital and 39.40 percent of the votes in the Company. Following the listing on Nasdaq Stockholm, Lars Wingefors AB will control a significant part of the share capital and votes in the Company and will continuously be able to exercise significant influence over the Company in important matters that are referred to the shareholders for resolutions at general meetings of shareholders.

In order to ensure that control of the Company is not abused, the Company follows applicable rules for corporate governance, such as the Swedish Companies Act (2005:551), Nasdaq Stockholm’s Rulebook for Issuers and the Swedish Corporate Governance Code, all of which contain provisions designed to safeguard the interests of minority shareholders.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Class A shares (10 votes)</th>
<th>Class B shares (1 vote)</th>
<th>Shares, total</th>
<th>Share of share capital (%)</th>
<th>Votes (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major shareholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lars Wingefors AB1</td>
<td>52,260,204</td>
<td>210,238,330</td>
<td>262,498,534</td>
<td>20.85</td>
<td>39.40</td>
</tr>
<tr>
<td>Savvy Gaming Group</td>
<td>99,884,024</td>
<td>99,884,024</td>
<td>199,768,048</td>
<td>8.08</td>
<td>5.44</td>
</tr>
<tr>
<td>S3D Media Inc2</td>
<td>12,798,274</td>
<td>70,772,440</td>
<td>83,570,714</td>
<td>6.64</td>
<td>10.69</td>
</tr>
<tr>
<td><strong>Total major shareholders</strong></td>
<td>65,058,478</td>
<td>380,894,794</td>
<td>445,953,272</td>
<td>35.57</td>
<td>55.53</td>
</tr>
<tr>
<td><strong>Other shareholders</strong></td>
<td>1,739,796</td>
<td>811,064,890</td>
<td>812,804,686</td>
<td>64.43</td>
<td>44.47</td>
</tr>
<tr>
<td><strong>Total number of shares</strong></td>
<td>66,798,274</td>
<td>1,191,959,684</td>
<td>1,258,757,958</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

1) The Company’s CEO and board member Lars Wingefors owns 81.17 percent of the shares and 96.62 percent of the votes in Lars Wingefors AB. The Company’s board member Erik Stenberg owns 10.86 percent of the shares and 1.95 percent of the votes in Lars Wingefors AB.

2) The Company’s board member Matthew Karch owns 57.5 percent of the shares in S3D Media Inc and the remaining part of the shares in S3D Media Inc is owned by Andrey Iones who was a co-founder of one of Embracer Group’s subgroups, Saber Interactive.

SHAREHOLDER AGREEMENTS

The board of directors of the Company are not aware of any agreements or similar undertakings that could lead to a change in control over the Company.

CONVERTIBLES, WARRANTS, ETC.

As of the date of the Prospectus, there are no outstanding warrants, convertibles or other financial instruments that may entitle the holder to subscribe for new shares or otherwise affect the share capital of the Company.
POTENTIAL ADDITIONAL PURCHASE PRICES

In connection with acquisitions, Embracer Group sometimes has a share transfer agreement that contains conditions entitling the seller(s) of the shares to an additional purchase price (so-called earn-out) that is normally conditional on the achievement of certain pre-agreed financial, operational and/or other targets. The table below provides an overview of obligations regarding historical acquisitions that shall be settled in cash in MSEK as of 30 September 2022. The present value of additional purchase prices has been calculated grounded on expected outcomes based on financial and operational targets for each individual agreement. The amounts will vary over time, among other things depending on the extent to which the conditions for payment are met and depending on the development of certain exchange rates against the Swedish krona (SEK) and the interest rate.

<table>
<thead>
<tr>
<th>Financial year when settlement might occur</th>
<th>Contingent consideration classified as part of purchase price, SEK m</th>
<th>Obligations in relation to future personnel costs related to acquisitions, SEK m</th>
<th>Obligations related to historical acquisitions, SEK m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022/2023</td>
<td>519</td>
<td>273</td>
<td>793</td>
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<tr>
<td>2023/2024</td>
<td>443</td>
<td>430</td>
<td>873</td>
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<tr>
<td>2024/2025</td>
<td>590</td>
<td>324</td>
<td>914</td>
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<tr>
<td>2025/2026</td>
<td>553</td>
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<td>2026/2027</td>
<td>2,205</td>
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<td>2027/2028</td>
<td>578</td>
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<td>2,708</td>
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<td>2028/2029</td>
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<td>91</td>
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<td>2029/2030</td>
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<td>3</td>
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<td>2030/2031</td>
<td>72</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,301</strong></td>
<td><strong>4,312</strong></td>
<td><strong>9,613</strong></td>
</tr>
</tbody>
</table>

1) Includes cash portion of put/call options on non-controlling interests.

AUTHORIZATION TO ISSUE SECURITIES

At the Annual General Meeting on 18 August, it was resolved to authorize the board of directors to resolve on one or more occasions until the next Annual General Meeting to issue class B shares, convertible bonds and/or warrants with the right to convert into or subscribe for class B shares, with or without derogation from the shareholders’ preferential rights, up to a maximum of ten (10) percent of the total number of shares in the Company at the time when the authorization is first exercised. The board of directors shall be able to decide on an issue under the authorization primarily for the purpose of raising new capital to increase the Company’s flexibility or in connection with acquisitions.

TRADING IN THE CLASS B SHARES

As of the date of the Prospectus, the class B shares of the Company are traded on the multilateral trading platform and growth market for small and medium-sized companies - Nasdaq First North Growth Market. Nasdaq Stockholm’s Listing Committee has, on 6 December 2022, made the assessment that Embracer Group meets the requirements for the Company’s class B shares to be admitted to trading on Nasdaq Stockholm, provided that customary conditions are met, including that a prospectus is approved and registered by the SFSA. The first day of trading on Nasdaq Stockholm is expected to be 22 December 2022.

CENTRAL SECURITIES DEPOSITORY

The Shares are registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear, Box 191, 101 23 Stockholm. The ISIN code for the Company’s class B share is SE0016828511.
LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

APPROVAL OF THE PROSPECTUS

The Prospectus has been approved by the SFSA, as the national competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency set out in the Prospectus Regulation. Such approval from the SFSA should not be considered as an endorsement of the quality of the Company or of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

GENERAL COMPANY INFORMATION

Embracer Group AB (publ), registration number 556582-6558, is a Swedish public limited company incorporated in Sweden on 23 November 1999 and registered with the Swedish Companies Registration Office on 30 December 1999. The Company name was registered on 1 October 2019 and registered on the Company on 4 July 2019 and is the commercial designation of the Company. The Company’s operations are conducted in accordance with Swedish law and its Legal Entity Identification (LEI) code is 549300RFXXKT652HB549. Embracer Group’s registered office is in Karlstad, with the address located on Tullhusgatan 18, 652 25 Karlstad and can be reached at telephone number +46 54 53 56 07. The Company’s website is www.embracer.com. The information on the website is not included in the Prospectus unless this information is incorporated into the Prospectus by reference.

LEGAL GROUP STRUCTURE

The Embracer Group is divided into twelve subgroups, including subsidiaries within each subgroup. Embracer Group has subsidiaries incorporated in more than 40 jurisdictions. Below is an overall illustration of Embracer Group’s subgroups and parent companies within each subgroup. The companies are wholly owned unless otherwise stated.

MATERIAL AGREEMENTS

Below is a summary of the material agreements (other than agreements entered into in the ordinary course of business) entered into by either Embracer Group or its subsidiaries during the two years preceding the publication of the Prospectus, as well as a summary of other agreements (other than agreements entered into in the ordinary course of business) entered into by either Embracer Group or its subsidiaries that contain obligations or rights that are, at the time of publication of the Prospectus, of material importance to the Group.

Acquisition agreements

Asmodee

On 17 January 2021, Embracer Group entered into an agreement to acquire Financière Amuse Topco SAS (“Asmodee Group”) from funds advised or managed by PAI Partners SAS (“PAI”) and other shareholders of Asmodee Group. The day one consideration paid amounted to EUR 2.75 billion through a cash payment of EUR 2.4 billion and through an issue of 40,060,091 class B shares in Embracer Group to PAI and certain other minority shareholders, representing a value of approximately EUR 350 million.
Furthermore, minority shareholders' holdings of approximately 4 percent of the shares in Asmodee Group, which is subject to put and call options, exercisable in year 2, 5 and 6, entitles certain minority shareholders to potentially receive a maximum of 40,840,363 newly issued class B shares in Embracer Group, corresponding to a value of approximately EUR 360 million.

**Easybrain**

On 3 February 2021, Embracer Group entered into an agreement to acquire all of the shares of Cyprus-based Easybrain Limited ("Easybrain"). The day one purchase price amounted to USD 640 million on a cash and debt free basis and was paid with newly issued class B shares in Embracer Group. Shares equivalent to USD 130 million were issued to the sellers at closing with no restrictions, USD 220 million was subject to a six-month lock-up, USD 145 million is subject to a one-year lock-up and USD 145 million is subject to a two-year lock-up.

A maximum additional consideration amounting to USD 125 million may be paid with newly issued class B shares of Embracer Group, subject to fulfilment of certain agreed financial milestones, during a period of up to six years.

The maximum purchase price is therefore USD 765 million on a cash and debt free basis. To obtain the maximum purchase price, cumulative EBIT over a six-year period will need to exceed USD 600 million.

**Gearbox Entertainment Company**

On 3 February 2021, Embracer Group entered into a merger agreement with US based The Gearbox Entertainment Company ("Gearbox Entertainment"). Gearbox Entertainment brings creative AAA development studios, North American publishing capabilities and a robust IP portfolio, including critically acclaimed and iconic franchises such as Borderlands, Brothers in Arms and Homeworld. The day one purchase price amounted to USD 363 million, on a cash and debt free basis, of which USD 175 million was paid with newly issued class B shares in Embracer Group and the remainder in cash. A maximum additional consideration amounting to USD 1,015 million may be paid, of which up to USD 360 million may be paid in issued class B shares in Embracer Group and the remainder in cash, subject to fulfilment of agreed financial and operational milestones, during a period of up to six years. To receive the maximum additional consideration of USD 1,378 million, cumulative adjusted EBITDA, including development costs, must exceed USD 1,300 million over six years.

**Saber Interactive**

On 19 February 2020, Embracer Group entered into an agreement to acquire the assets of US based Saber Interactive. The purchase price amounted to USD 150 million on a cash and debt free basis in a combination of cash and newly issued class A and B shares in Embracer Group, corresponding to a value of approximately USD 525 million.

**SUMMARY OF INFORMATION DISCLOSED UNDER MAR**

The following is a summary of information disclosed by Embracer Group under the Market Abuse Regulation (EU) No 596/2014 ("MAR") during the last 12 months and that is relevant as of the date of the Prospectus.

**Financial reports**

17 November 2022 - Embracer Group publishes Interim Report Q2, July-September 2022: Net Sales increased by 190% to SEK 9,569 million, 35% organic growth.

18 August 2022 - Embracer Group publishes Interim Report Q1, April-June 2022: Net sales increased by 107% to SEK 7,118 million.

19 May 2022 - Embracer Group publishes full year report and Q4, January-March 2022: Operational EBIT increased by 17 percent to SEK 1,052 million.

17 February 2022 - Embracer Group publishes Interim Report Q3 2021: Operational EBIT increased 86% to SEK 1,119 million.

**Information on acquisitions and capital raises**

18 August 2022 - Financial impact from acquisitions is estimated to contribute SEK 550-750 million in pro forma adjusted EBIT FY 22/23, SEK 750-950 million FY 23/24 and SEK 1.0-1.5 billion FY 24/25.

8 June 2022 - Embracer Group to carry out a directed share issue of B shares raising proceeds of approximately SEK 10.3 billion.

15 December 2021 - Embracer Group intends to make a strategic acquisition of leading board gaming group Asmodee Group that would form the ninth operating group.

15 December 2021 - Embracer Group announces intention to carry out a directed share issue of approximately SEK 5.5 billion through new B shares.

16 December 2021 - Embracer Group successfully completed a directed issue of 69,000,000 new B shares raising proceeds of roughly SEK 6 billion.
INFORMATION ABOUT GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS

Embracer Group is not, nor has it been within the last 12 months, a party in any governmental, legal or arbitration proceedings (including matters which are pending or which, to the Company’s knowledge, are likely to be introduced) which could have or have had in the recent past a significant impact on the Company or the Company’s financial position or profitability.

RELATED-PARTY TRANSACTIONS

Related-party transactions from 30 September 2022 until the date of the Prospectus

The following related-party transactions have occurred in the Company from 30 September 2022 until the date of the Prospectus:

<table>
<thead>
<tr>
<th>Related party</th>
<th>Related party transaction</th>
<th>Amount, SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logvreten AB (supplier)</td>
<td>Consulting services</td>
<td>-0.4</td>
</tr>
<tr>
<td>Mad Dog Games LLC, Mek Production</td>
<td>Transportation services/Rent</td>
<td>-11.1</td>
</tr>
<tr>
<td>Sola Service i Karlstad AB (supplier)</td>
<td>Transportation services</td>
<td>-0.1</td>
</tr>
<tr>
<td>LW Comics AB</td>
<td>Sale of goods/services</td>
<td>0.0</td>
</tr>
<tr>
<td>Lars Wingefors AB (supplier)</td>
<td>Acquisition of game collection</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td><strong>-11.7</strong></td>
</tr>
</tbody>
</table>

1) Kicki Valje-Lund, Chairman, has controlling influence over the company.
2) Matthew Karch, CEO of Saber Interactive, has controlling influence over the companies.
3) The company is part of Lars Wingefors AB.
4) Lars Wingefors AB is owned by Lars Wingefors, Erik Sterberg, Mikael Brodén, Klemens Kreuzer and Reinhard Pollice.

It is the Company’s opinion that all transactions with related parties have been conducted on an arm’s length basis.

COSTS RELATED TO THE ADMISSION TO TRADING OF THE COMPANY’S CLASS B SHARES ON NASDAQ STOCKHOLM

The Company’s costs in connection with the transaction are expected to amount to approximately SEK 58 million. The costs are mainly related to costs for auditors, the listing auditor, advisors and listing costs to Nasdaq Stockholm and fee to the SFSA for review of the Prospectus.

ADVISER INTERESTS

The Company assesses that there are no material conflicts of interest in connection with the Company’s application for admission to trading on Nasdaq Stockholm.

TAX CONSEQUENCES FOR INVESTORS

Investors should note that the tax legislation in Sweden or in another state to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds from the securities is taxed. Each shareholder should, individually, obtain tax advice to ascertain the tax consequences which may arise based on the shareholder’s specific situation, including the applicability of foreign legislation, agreements and treaties.

WEBSITES AND HYPERLINKS MENTIONED IN THE PROSPECTUS

The Prospectus contains certain references to websites and hyperlinks. The information on these websites and hyperlinks has not been reviewed and/or approved by the SFSA and the information contained on the website is not included in the Prospectus unless this information has been incorporated in the Prospectus by reference.

THIRD PARTY INFORMATION

Information obtained from third parties has been accurately reproduced in the Prospectus and, as far as the Company is aware and can ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the Company’s website, https://embracer.com/investors/, during the period of validity of the Prospectus:

- Embracer Group AB’s articles of association;
- Embracer Group AB’s certificate of registration;
DOCUMENTS INCORPORATED BY REFERENCE

The following information is incorporated into the Prospectus by reference and forms part of the Prospectus and should be read in conjunction therewith. The parts of the documents below that are not referred to are either deemed by the Company not to be relevant for an investor or the information is reproduced elsewhere in the Prospectus. The information incorporated by reference is available during the validity of the Prospectus on Embracer Group’s website (https://embracer.com/investors/). The information on the website does not form a part of the Prospectus unless such information has been incorporated by reference in the Prospectus as set out below.

Embracer Group’s second quarter interim report for the period April-September 2022:

<table>
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<th>Section</th>
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<tbody>
<tr>
<td>Consolidated statement of profit or loss</td>
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</tr>
<tr>
<td>Consolidated statement of comprehensive income</td>
<td>35</td>
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<tr>
<td>Consolidated statement of financial position</td>
<td>36–37</td>
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<tr>
<td>Consolidated statement of changes in equity</td>
<td>38</td>
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<tr>
<td>Consolidated cash flow statement</td>
<td>39</td>
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<tr>
<td>Notes</td>
<td>42–77</td>
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<tr>
<td>Auditor’s review report</td>
<td>33</td>
</tr>
</tbody>
</table>

Embracer Group’s interim report for second quarter for the period April-September 2022 is available on the following link: https://embracer.com/wp-content/uploads/2022/11/Embracer-Q2-22-23-EN-B.pdf

Restated historical financial information for Embracer Group for the financial years 2021/2022 and 2020/2021

<table>
<thead>
<tr>
<th>Section</th>
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<tbody>
<tr>
<td>Consolidated statement of profit or loss</td>
<td>F-3</td>
</tr>
<tr>
<td>Consolidated statement of comprehensive income</td>
<td>F-4</td>
</tr>
<tr>
<td>Consolidated statement of financial position</td>
<td>F-5–F-6</td>
</tr>
<tr>
<td>Consolidated statement of changes in equity</td>
<td>F-7</td>
</tr>
<tr>
<td>Consolidated cash flow statement</td>
<td>F-8</td>
</tr>
<tr>
<td>Notes</td>
<td>F-9–F-93</td>
</tr>
<tr>
<td>Auditor’s report on historical financial information</td>
<td>F-94–F-95</td>
</tr>
</tbody>
</table>

Restated historical financial information for Embracer Group for the financial years 2021/2022 and 2020/2021 is available on the following link: https://embracer.com/investors/listing-nasdaq-stockholm-2022/embracer-group-restated-financial-information/
ADDRESS

THE COMPANY
Embracer Group AB (publ)
Tullhusgatan 1B
652 25 Karlstad
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LEGAL ADVISER
Baker & McKenzie Advokatbyrå KB
Vasagatan 7
101 23 Stockholm
Sweden

THE COMPANY’S AUDITOR
Ernst & Young Aktiebolag
Hamngatan 26
111 47 Stockholm
Sweden