

Press Release  
Karlstad, Sweden, 13 June 2023

## **Embracer Group announces comprehensive restructuring program with immediate implementation**

**INSIDE INFORMATION: Embracer Group AB (“Embracer Group”) today announces a comprehensive restructuring program for FY 2023/24, running until the end of March 2024 that includes:**

- **Operational and financial measures to increase cash conversion, improve efficiency and reduce capex, reaching a financial net debt below SEK 10 billion by the end of FY 2023/24.**
- **Reducing capex by at least SEK 2.9 billion by FY 2024/25 compared to the run-rate of SEK 7.9 billion in Q4 FY 2022/23.**
- **Reducing overhead costs by at least 10%, or at least SEK 0.8 billion on a yearly basis, compared to the Q4 FY 2022/23 run-rate.**
- **Reiterating the previously communicated forecast of SEK 7-9 billion Adjusted EBIT in FY 2023/24.**
- **Measures will be implemented immediately and reach full run-rate from FY 2024 /25.**
- **Matthew Karch appointed interim Chief Operating Officer, and Phil Rogers appointed interim Chief Strategy Officer, will co-lead the program planning and implementation.**

*“Today we announce a comprehensive restructuring program that will enable us to realize untapped potential in Embracer Group and better optimize the use of our resources. Across the group, we are now initiating multiple actions to strengthen our cash flow generation and leverage our portfolio of IPs to become a stronger company and setting out on a stable future to build even greater games to the benefit of gamers and fans across the globe ”,* says Lars Wingefors, CEO and co-founder of Embracer.

### **Restructuring program components**

The program’s main focus areas are capex and opex savings, capital allocation, and efficiency improvements.

Actions will cover, but are not limited to:

- **Matthew Karch appointed interim Chief Operating Officer, and Phil Rogers appointed interim Chief Strategy Officer, to co-lead the program planning and implementation**
- **Reduction of general overhead, corporate, publishing and SG&A costs**

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- The closing of studios and termination of projects, that have not yet been announced and with low projected returns
- Creation of a more comprehensive, centralized process for game investment and progress review, while maintaining creative freedom
- Consolidation of companies and businesses, including review of operative group structures
- Reduction of investments into external development with greater focus on internal development based on owned or controlled IP
- Increased external funding of internally developed, large-budget games
- Renewed focus on the Group's main business areas
- Implementing a centralized and standardized, more data-driven and precise approach to game forecasting

## **Estimated financial effect of the restructuring program**

The program is expected to reduce capex by at least SEK 2.9 billion by FY 2024/25 compared to the annualized run-rate of SEK 7.9 billion in Q4 FY 2022/23. The figures include capex related to internal and external game development projects and other intangible assets, as well as tangible assets.

The program is also estimated to reduce overhead costs at least 10%, or at least SEK 0.8 billion on a yearly basis, compared to the annualized run-rate in Q4 2022/23. The program is expected to be fully implemented by 1 October 2023, and to reduce overhead costs by SEK 0.4 billion in FY 2023/24.

The program is expected to have a neutral impact on Adjusted EBIT in FY 2023/24, with lower overhead costs, but also lower net capitalized development costs and slightly lower net sales. The previously communicated forecast of SEK 7-9 billion Adjusted EBIT is reiterated. Adjusted EBIT will be adjusted for any items affecting comparability, including potential severance payments and write-downs related to ongoing game development projects that are part of the restructuring program. These separate items affecting comparability will be clearly specified for transparency of reported and underlying profitability.

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### Management estimates of net debt effects of the restructuring program

Net debt, 31 March 2023	SEK 15.6 bn
Operating cash flow	SEK -10.0 bn
Capex	SEK +6.1 bn
External capex funding	SEK -1.6 bn
Restructuring costs (IAC)	SEK +0.5 bn
Changes in NWC	SEK -0.5 bn
Net debt after free cash flow, 31 March 2024	SEK 10.1 bn
Cash earnouts	SEK +2.6 bn
Other initiatives*	SEK -2.7 bn
Target net debt, 31 March 2024	SEK 10.0bn

\* Other initiatives could include further cash savings FY 23/24 not yet specified under the restructuring program, increased level of external capex funding or inclusion of content into various consumer-services, as well as the potential divestment of non-core assets

Furthermore, Embracer Group is well within the covenants set out in Embracer Group's loan agreements and intends to extend some of its loan agreements before the end of August 2023.

Additional details on the progress will be communicated no later than in the Q1 report for FY 2023/24.

### Investor presentation

Embracer Group will hold a webcast presentation for investors, analysts, media and other stakeholders on 13 June 2023 at 10.00 CEST. Please find more information in a separate distributed invitation that will follow this release.

As announced in the Q4 report on 24 May 2023, Embracer Group will hold a Capital Markets Day during the second half of the calendar year to give a detailed overview of both strategy and mid-term financial targets.

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**About Embracer Group**

Embracer Group is a global Group of creative and entrepreneurial businesses in PC, console, mobile and board games and other related media. The Group has an extensive catalog of over 850 owned or controlled franchises.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its twelve operative groups: THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemode and Crystal Dynamics – Eidos. The Group has 138 internal game development studios and is engaging more than 16,600 employees in more than 40 countries.

Embracer Group's shares are publicly listed on Nasdaq Stockholm under the ticker EMBRAC B.

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**Forward-looking statements**

This press release contains forward-looking statements that reflect Embracer Group's intentions, beliefs, or current expectations about and targets for Embracer Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which Embracer Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Embracer Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these

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statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. Embracer Group does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of their date and are subject to change without notice. Neither Embracer Group nor anyone else undertakes to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's rule book for issuers.

*This information is information that Embracer Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-06-13 08:00 CEST. The persons above may also be contacted for further information.*

## **Attachments**

[Embracer Group announces comprehensive restructuring program with immediate implementation](#)