

## **Statement by the board of directors according to Ch. 19 § 22 of the Swedish Companies Act**

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With reference to the board of directors' in Embracer Group AB, reg. no. 556582-6558 (the "Company") proposal for resolution in respect of an authorization to resolve on repurchase of own shares, the board of directors hereby gives the following statement pursuant to Ch. 19 § 22 of the Swedish Companies Act.

The board of directors' reasoning, that the proposal authorizing the board of directors to resolve upon repurchase of own B shares, is justified in view of the requirements specified in Chapter 17, Section 3, second and third paragraph of the Swedish Companies Act, is as follows.

### **Nature, scope and risks of the business**

The nature and scope of the business are specified in the articles of association and in the published annual reports. The business conducted by the Company and the group does not entail any risks other than those that arise, or can be anticipated to arise, within the industry concerned, or those risks that are generally associated with operating a business. Apart from this, no events have occurred which have negatively affected the Company's ability to distribute funds to the shareholders.

### **The financial position of the Company and the group**

The financial position of the Company and the group as of 31 March 2023, is described in the latest adopted annual report. The annual report also specifies which accounting principles that are applied in the valuation of assets, provisions and liabilities. Of the parent Company's equity as of 31 March 2022, SEK 0 depends on assets and liabilities being valued at fair value pursuant to Chapter 4, Section 14 a, of the Swedish Annual Accounts Act.

As of 31 March 2023, the disposable amount pursuant to Chapter 17, Section 3, first paragraph of the Swedish Companies Act amounted to SEK 59,653,159,000. No value transfers have occurred after the balance date. Assuming that the proposed authorization regarding repurchase of own shares is fully utilized, SEK 55,804,288,878.16 will remain of the disposable amount pursuant to Chapter 17, Section 3, first paragraph of the Swedish Companies Act (assuming an average price per B share of SEK 28.735, corresponding to the latest price paid for B shares in the Company as of 18 August 2023).

The board of directors has considered the Company's and the group's consolidation needs through a comprehensive assessment of the Company's and the group's financial position as well as the Company's and the group's ability to fulfil their obligations in the long term. The equity ratio of the group is satisfactory given that the Company's and the group's business is expected to be maintained at an equal level. The Company's equity does not include any unrealized profit or loss due to financial instruments having been reported at their fair value.

The proposed authorization for repurchase of own shares does not jeopardize the fulfilment of the investments deemed necessary and does not affect the Company's and the group's own liquidity or ability to meet its present and anticipated payment obligations in a timely manner. The Company's and the group's liquidity forecasts include preparations to manage variations in the continuous payment obligations. Including committed lines of credit, the Company has access to considerable liquid funds. As of 31 March 2023, the Company's equity ratio amounts to 77 percent and the group's to 56 percent. As of 30 June 2023, the Company's equity ratio amounts to 77 percent and the group's to 59 percent.

The Company's and the group's financial position does not give rise to an assessment other than that the Company and the group will be able to continue their business and that the Company and the group can be expected to satisfy their obligations in the short term and the long term. The board of directors has in connection herewith considered all known circumstances that may have an impact on the Company's financial position and which have not otherwise been taken into account in the assessment of the Company's consolidation needs and liquidity.

The board of directors is of the opinion that the size of the equity as reported in the latest annual report, and taking into account subsequent changes, is in reasonable proportion to the scope of the Company's

business and the risks that are associated with carrying on the business, taking the proposal on authorization to repurchase shares into account.

The board of directors will only utilize the authorization provided that, and to the extent that, this is also deemed justified pursuant to the following section at the time when the authorization is utilized.

**The justification of the proposal on authorization to repurchase shares**

With reference to the above and to other information that has been brought to the board of directors' attention, the board of directors considers that the Company's and the group's financial position entails that the proposed authorization for the board of directors to resolve upon repurchase of own B shares is justified in view of the requirements specified in Chapter 17, Section 3, first paragraph of the Swedish Companies Act (the precautionary rule), i.e. with reference to the requirements that the nature, scope and risks of the business place on the size of the Company's and the group's equity as well as the Company's and the group's funding requirements, liquidity and position in general.

The board of directors on 22 August 2023

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Kicki Wallje-Lund

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Lars Wingefors

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Cecilia Driving

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David Gardner

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Jacob Jonmyren

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Matthew Karch

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Erik Stenberg

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