Welcome to Embracer Group’s Annual General Meeting
FY 2022/23

September 21, 2023
15.00
AGM (part 1) | 1-7
Welcome by Erik Larsson, equity analyst from SEB
Opening of the meeting by Kicki Wallje-Lund, Chairman of the Board
- Presentation of the business activities in the Embracer Group; Lars Wingefors Co-founder & CEO, Johan Ekström Group CFO & Deputy CEO
- Sustainability / ESG - Emma Ihre, Head of Sustainability Embracer Group
- Market insights by market analyst consultant Chris Stanton-Jones
- Coffee Stain by Anton Westbergh, CEO & Co-founder
- Gunfire Games by David Adams, CEO & Founder
- Q&A

~17.00
AGM (part 2) | 8-18
Closing of the meeting
Embracer Group announces plans to close some studios and cancel some game projects
THE RESTRUCTURING WILL MAKE IT A “MORE FOCUSED, SELF-SUFFICIENT COMPANY”, ITS CEO SAYS

‘Lord of the Rings’ Owner Embracer Facing Restructure, Layoffs, Games Studio Closures; Appoints Interim COO
By K.J. Yossman
Desperate Ukrainians take long and uncertain journey to escape Russian occupation

Ukraine war live updates: Russia says it views all Ukraine-bound ships as military cargo carriers; Odesa under attack again
“So do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us.”

- Gandalf
For the entertainment and media industries, 2022 marked an important inflection point. Total global entertainment and media (E&M) revenue rose 5.4% in 2022, to US$2.32 billion.
Valheim celebrates the launch of 'hard mode' by offering up a custom-made viking tankard for the fastest and hardest speedrunner

By Andy Chark, published 20 days ago

The Trial of Tyr is a serious challenge for serious vikings.
TRANSMEDIA STRATEGY

SOURCE IP

EXPANSION INTO MULTIMEDIA

EXPANSION INTO MERCHANDISING

EXPANSION INTO FILM
AGM
AGENDA
(Part 1)

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

FY 2022/23

Annual General Meeting
21 September, 2023
Embracer Group is a global group of creative and entrepreneurial businesses in PC/console, mobile and board games and other related media.

Source: as of June 30, 2023

*owned or controlled
Operational & Financial Highlights FY 2022/23

ANNUAL OPERATIONS OVERVIEW

Net Sales Group
SEK 37,665m

Adjusted EBIT
SEK 6,366m

Adjusted EPS
SEK 4.06

YoY GROWTH
121%

43%

GROUP ORGANIC GROWTH
GROUP PRO FORMA GROWTH
2% 0%

Adjusted EBIT margin
Net sales

13,444
5,819
13,132
5,270

13,444
5,819
13,132
5,270

22%
24%
15%
5%

Source: as of March 31, 2023

Transition to IFRS
Stockholm main market
Invested / completed games
1.8x
First Group sustainability goals set

TOP 5 | PC/CONSOLE GAMES

TOP 5 | MOBILE GAMES

Sudoku.com
Blockdoku

123
64

Jigsaw Puzzle
12

Art Puzzle
3x

Nonogram
FACTS FROM THE GLOBAL GROUP

**TOMB RAIDER**
- Units Sold: 95m
- Female Gamers*: 50%

**ZOMBIES KILLED**
- +6bn

**DEAD ISLAND 2**
- Total Bisections: 258m
- Player Deaths: 138m
- Hours Played: 64m
- Zombies Killed: +6bn

**PAYDAY 3**
- Minutes Played: 19bn
- Enemies Killed: 76m

**VERSERK**
- Box Office Sales: $6bn
- Mangas Series in the US: #1

**THE HOBBIT: THE LORD OF THE RINGS**
- Items Shipped FY 22/23: +12m
- Logisitics Center: 1

**METRO**
- Units Sold: 33m

**PLAION**
- Box Office Sales: +6bn

**EMBRACER GAMES ARCHIVE**
- Games: 80,000

**EASYBRAIN**
- Years Spent Playing: 1.5m
- Levels Finished Per Day: +100m

Source: as of 21 September, 2023 | * global market data | ^ logistics center
The year in brief

ANNUAL OPERATIONS OVERVIEW

First global sustainability goals set
MSCI upgraded our ESG rating from BBB to A
Initiation of restructuring program
Employee survey obtained a score of 80 out of 100 (81) satisfaction rate
Transformative partnership deal not concluded

M&A HIGHLIGHTS

First IFRS report

OPERATIONAL HIGHLIGHTS

MSCI upgraded our ESG rating from BBB to A
Employee survey obtained a score of 80 out of 100 (81) satisfaction rate

Q1 FY 2022/23
Q2 FY 2022/23
Q3 FY 2022/23
Q4 FY 2022/23
Q1 FY 2023/24
Embracer Group’s growth journey

ANNUAL OPERATIONS OVERVIEW

- **2016**: Distribution and marketing
- **2016**: Asset care and sequel releases
- **2017**: Adding studios and IPs
- **2018**: Acquire publishers
- **2019**: Mobile gaming
- **2020**: Tabletop gaming
- **2021**: Books & comics
- **2022**: Further IP acquisitions

A GAMING AND ENTERTAINMENT COMPANY
UPDATE ON THE RESTRUCTURING PROGRAM

Main Focus Areas being addressed in phases

**Capex and Opex savings**

1. **1st phase**
   - Opex and initial phase capex savings

2. **2nd phase**
   - Further capex savings and capital allocation initiatives

3. **3rd phase**
   - Further capital allocation initiatives and efficiency improvements including consolidation

**Capital allocation**

**Efficiency improvements**

**GOALS**

- **At least SEK 2.9bn annual capex savings**
- **At least SEK 0.8bn annual overhead savings**
- **Net debt below SEK 8.0bn by end of FY 23/24**

*At least* SEK 0.8bn annual overhead savings

*For illustrative purposes, not to scale*
Financial overview FY 2022/23
Continued growth in a year of many challenges

- Strong topline growth driven by several acquisitions during FY 22/23 and the acquisition of Asmodee late in the prior year.
- Strengthened IP portfolio and transmedia potential through acquisitions including Tomb Raider and The Lord of the Rings.
SEK 11.4bn invested in our game's portfolio per year-end, where SEK 2.1bn relates to completed games and SEK 9.3bn relates to On-going development. SEK 82.4bn of assets are related to acquisitions (Goodwill and IP-rights). Net debt amounts to SEK 15.6bn.
During last year we generated SEK 8.7bn in operating cash flow and invested SEK 5.6bn in our games portfolio, SEK 0.4bn in Other intangibles (mainly Film), SEK 0.5bn in tangible assets and SEK 0.1bn in Financial assets, resulting in an operational FCF of SEK -39m.

Negative cash flow from financing activities at SEK -1.6bn. Net impact from proceeds from borrowing repayment of loans -1.3bn and share issue 10.3bn. Net cash flow effect from acquisitions amount to SEK -10.1bn.

Cash balance SEK 4.7bn at year-end.
**Operational growth**

- **Total headcount**
- **Internal studios**
- **On-going projects**

**Investment growth**

- **Completed Games**
- **Investments in game development**
- **Investment in game dev X times completed games**

*Gross game capex PC/Console*
Share development
Share development and fund ownership

Embracer share development

Share price performance
- 1 month: -10%
- 3 months: 0%
- 1 year: -58%
- 5 years: -19%
- Since IPO: +682%

Active vs. passive fund ownership

1 Bloomberg | 2 Monitor | 3 as of September 20, 2023
Shareholders

No. of known owners, by age*

<table>
<thead>
<tr>
<th>Age Range</th>
<th>No. of Owners</th>
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<tbody>
<tr>
<td>1 - 10</td>
<td>673</td>
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<td>11 - 20</td>
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<td>41 - 50</td>
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<td>51 - 60</td>
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<td>91 - 100</td>
<td>117</td>
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<tr>
<td>101 - 200</td>
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</tr>
</tbody>
</table>

No. of known shareholders*

- **1-Dec-16**: 1,547
- **1-Dec-17**: 11,285
- **1-Dec-18**: 23,515
- **1-Dec-19**: 28,035
- **1-Dec-20**: 32,354
- **1-Dec-21**: 20,577
- **1-Dec-22**: 16,000

*Monitor
Sustainability
Sustainability is about acting in line with our values and creating long-term value for stakeholders.
Why Sustainability?

VALUES
- Trust
- Long-term
- Embracing differences

RISK MANAGEMENT
- Legal
- Financial
- Reputational

BUSINESS DEVELOPMENT
- Products and Services
- Organization
- Collaborations
Our main topics

**Great People**
- Diversity and inclusion in skillsets and perspectives
- Employee well-being
- Career and creative development
- Community engagement

**Solid Work**
- Diversity and inclusion in games and entertainment
- Digital well-being
- Accessibility
- Player community engagement
- Responsible marketing

**Our Planet**
- Carbon emission reduction
- Raising awareness within the industry about environmental impact
- Part of the movement for a climate neutral industry
Highlights 2022/23 - Group Sustainability Goals

- Double the number of female Managing Directors/Studio Heads by 2025 compared with the base year 2021/22.

- Reduce the carbon emissions by 45% by 2030 compared with the base year 2021/22 (in line with the Paris Agreement scope 1 and 2, and set Science Based Targets during 2022/23).

- Every Operative group to set one or a few own sustainability goals for their operation during 2023/24.
2022/23 Highlights

- Our MSCI rating improved to A
- Sustainalytics included Embracer in Top-Rated ESG Companies List
- Continued process to align and validate our carbon-reduction targets with Science Based Target initiative
- Leadership and team development support
- Donations from the parent company and our companies have initiated projects to support the people of Ukraine due to the ongoing war
Ambitions 2023/24

- Integration and collaboration
- Implementation
- Reporting/Transparency
4. Market insights
MARKET INSIGHTS

Today’s speaker

CHRIS STANTON-JONES
Market Analyst & Consultant
Total Gaming Market

Market trendline is good - Return to growth in 2023

Drivers
- Better comparables
- Console availability
- More big games
- Growing Mainstream acceptance
- More players

What are the effects of the spending squeeze?

1 Newzoo
Games Market Trends

TOTAL MARKET

1. Gaming continues to permeate the mainstream

2. The number of players continues to grow 3.4bn (+6% YoY) ¹

3. The vast majority (ca. 70%) of all revenue comes from in-game sales ²

4. Fewer big games generally - Focus on established IPs + Live Services (in-game)

5. Release schedule can be patchy in the short term

6. The rise of older gamers

7. Growth of multi-platform play - The average gamer uses 3+ devices

¹ Newzoo | ² IDG
Games Market Trends

**PC & CONSOLE**
- Largest markets are US & Europe (where Embracer is strongest)

**CONSOLE**
- Console is the fastest growing sector
- PS5 owners are more engaged and spend more
- PS5 is now in ‘take-off’ mode - Console sales over doubled YoY in US / Europe in H1

**PC**
- PC market is ‘steady’ – increased PC hardware post pandemic
- The Premium full game sector is seeing consistent growth

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1 Newzoo | 2 GSD/Circana | 3 Sony | 4 VG Chartz
MOBILE

- The largest games sector globally
- Largest market is Asia/Pacific
- Market still in growth
- But the most unpredictable sector (to forecast)
- Ongoing challenges such as IDFA and rising user acquisition costs
- Ad revenues (not included in market data)
Tabletop games market

Board games and trading card games

TABLETOP MASS MARKET (FY 2022/23)
+2% (Europe and the US)

CAGR 2019-2022
+10%
5. Coffee Stain
Today’s speaker

ANTON WESTBERGH
CEO / CO-FOUNDER, Coffee Stain
COFFEE STAIN

- Founded October 2010
- 9 students from the University of Skövde.
- Plan: make 6 mobile games in 12 months 😊
Atari launches its first original iOS game – I Love Strawberries

December 22, 2010 by Dusan Betic - 1 Comment
The World of Internet Memes Embraces the Year of the Goat

No Kidding, Fans Find Games, TV Ads Bleating Hilarious; A Ruminant Moment
<table>
<thead>
<tr>
<th>Type</th>
<th>Name (Order by: Uploaded, Size, ULed by, SE, LE)</th>
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<th>LE</th>
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<td>Games (PC)</td>
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<td>Dark Souls II-RELOADED</td>
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</table>
Top products

**Satisfactory**
- First-person open-world factory building game with a dash of exploration and combat.
- Sold copies: 5M
- Net sales: 700 MSEK

**Deep Rock Galactic**
- 1-4 player co-op FPS featuring badass space Dwarves, 100% destructible environments, procedurally-generated caves, and more.
- Sold copies: 7M
- Net sales: 800 MSEK

**Valheim**
- Brutal exploration and survival game for 1-10 players, set in a procedurally-generated purgatory inspired by Viking culture.
- Sold copies: 12M
- Net sales: 1,700 MSEK

Hello!
Coffee Stain & Ghost Ship Games (2023)

<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
<th>Platforms</th>
<th>Team size</th>
<th>IP</th>
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<tr>
<td></td>
<td>Skövde</td>
<td>PC / Console</td>
<td>25-50</td>
<td>Satisfactory</td>
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<td>Mobile</td>
<td>5-10</td>
<td>Goat Simulator</td>
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<td></td>
<td>Stockholm</td>
<td>PC / Console / Mobile</td>
<td>25-50</td>
<td>Welcome to Bloxburg, Huntshow, Deep Rock, Valheim</td>
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<td></td>
<td>Göteborg</td>
<td>PC / Console</td>
<td>10-25</td>
<td></td>
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<td></td>
<td>Trollhättan</td>
<td>PC / Console</td>
<td>5-10</td>
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<td>Göteborg</td>
<td>PC</td>
<td>10-15</td>
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<td>PC</td>
<td>5-10</td>
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<tr>
<td></td>
<td>Copenhagen</td>
<td>PC / Console</td>
<td>25-50</td>
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<tr>
<td></td>
<td>Skövde</td>
<td>PC</td>
<td>5-10</td>
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**About Coffee Stain**

- In total Coffee Stain has invested SEK 2.69 bn in acquisitions since 2018 to create the operative group. This includes likely earn-outs until 2029
- Pro forma net sales TTM Q1 FY 23/24: **1,877 mSEK**
- Pro forma adjusted EBIT TTM Q1 FY 23/24: **1,177.5 mSEK (62.7%)**
- Significant free cash flow generation since 2018 due to low Capex
How we do it

1. Small independent teams
2. Agile Business Approach
3. Less Overhead & Bureaucracy
Small independent teams

- Our teams generally own and control what they work on
- They are involved in all stages of the project (marketing etc.)
- *Everyone should have an impact*
Agile business approach

- Testing the grounds early (Early Access)
  - Reduces risk
  - Allows feedback from Community
  - Better products 😊
- Usually adding platforms later.
Less Overhead & Bureaucracy

- Decentralized
- As flat as possible
- Avoiding overhead when possible
Challenges

- Meeting requirements being part of a listed company
- Growing while Maintaining Quality & Focus (and our sanity)
- Finding and creating the right Products
## Content pipeline

<table>
<thead>
<tr>
<th>GAME</th>
<th>LABEL</th>
<th>YEAR</th>
<th>STATUS</th>
<th>CURRENT PLATFORMS</th>
<th>UNITS SOLD</th>
<th>PEAK CCU*</th>
<th>REVIEW SCORE</th>
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<tbody>
<tr>
<td>Coffee Stain</td>
<td>Backlog</td>
<td>2011</td>
<td></td>
<td>PC (Steam)</td>
<td>&gt; 500 k</td>
<td>4,467</td>
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<td>Coffee Stain</td>
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<td>13,560</td>
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<td>Post Launch Support</td>
<td>2014</td>
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<td>PC (Steam), Xbox 360, Xbox One, PS3, PS4, iOS, Android</td>
<td>&gt; 1 M</td>
<td>10,022</td>
<td>90%</td>
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<td>Coffee Stain</td>
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<td>2014</td>
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<td>&gt; 300 k</td>
<td>1,000</td>
<td>92%</td>
</tr>
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<td>Coffee Stain</td>
<td>Post Launch Support</td>
<td>2018</td>
<td></td>
<td>PC (Steam), Xbox One, PS4</td>
<td>&gt; 7 M</td>
<td>46,392</td>
<td>92%</td>
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<td>&gt; 5 M</td>
<td>34,145</td>
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Source: as of 21 September, 2023 | *Steam
Gunfire Games
Today’s speaker

DAVID ADAMS
CEO & FOUNDER, Gunfire Games
About Gunfire Games

- Founded 2014
- Located in Austin Texas
- 100 employees
- Specialize in 3rd person action adventure, 3rd person shooter, and RPG genres
- Founding members created and developed the Darksiders IP
COMBINED UNIT SALES
~7M

PEAK CONCURRENT USERS (Steam)
110k+

COMBINED REVENUE
$ 200M+
Now we will have a 15 minute Q&A hosted by Erik Larsson, SEB
8. Presentation of the annual report and the auditors’ report and the group annual report and the group auditor’s report

9. Resolutions regarding:
   a. adoption of income statement and balance sheet and the group income statement and the group balance sheet,
   b. decision regarding the profit or loss of the company in accordance with the adopted balance sheet, and
   c. discharge from liability of the board of directors and the CEO.

10. Determination of the number of directors and auditors

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

12. Election of the board and auditors
The Board’s Work in 2022/23
86 recorded meetings
- 15 physical/video conference
- 71 per capsulam

11 Audit & Sustainability committee meetings

4 Remuneration committee meetings

Extraordinary: IFRS conversion & listing change

64 related to the number of acquisitions (content such as issue of shares, allotment of shares etc)
The process to become listed on the regulated market

The up-listing to Nasdaq Stockholm’s regulated market triggered a thorough readiness assessment and further refinement of our unique, decentralized governance model, risk management and commitment to sustainability.

Nordic’s biggest listing change...
And the largest IFRS conversion!
IPO Readiness Project

During the process:

- 3 New Operating Groups
- 6,667 increase in total headcount
- 27 acquisitions since start of project
- 1 IFRS conversion successfully completed
- 120 milestones completed in the different workstreams.
- 2,499 controls has been implemented and assessed
  - 1,130 ICRF controls
  - 1,369 General IT Controls
- 7 reviews performed on Embracer

EXTRAORDINARY ITEM

1) KPMG Pre-listing review
2) EY Audit (F-pages, Annual Report, Q2 Report, Proforma)
3) Tax DD
4) Legal DD
5) Listing audit review
6) SFSA prospectus review
7) Nasdaq review
Financial strategy & macro economic conditions

How to adopt to the new reality, focus has been on:

- Higher cost of capital & higher return requirements
- M&A strategy, follow ups on prior acquisitions
- Onboarding and Integration of new businesses
- Further attention on large investments in game development including financial evaluations of ongoing major development projects
### Reporting - Business Performance

<table>
<thead>
<tr>
<th>Reports to Board</th>
<th>Key content</th>
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<tbody>
<tr>
<td>Monthly reports</td>
<td>KPIs, PL, BS, CF versus forecast, budget, prior, consensus, segment and operative group level</td>
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<td>Quarterly reports</td>
<td>As in monthly report complemented with more information e.g. unreleased games, released games, PPA, earnouts</td>
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<tr>
<td>Treasury reports</td>
<td>Quarterly report from Treasury (key activities, short term and long term liquidity and financing overview)</td>
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<tr>
<td>Yearly Budget approval</td>
<td>End of March for upcoming fiscal year</td>
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<td>Financial Plan</td>
<td>1+2 year financial plan adopted by board in August in conjunction with Strategy Meeting. Financial plan is updated and presented quarterly.</td>
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<td>CEO reports</td>
<td>CEO reports from 12 operative groups</td>
</tr>
<tr>
<td>Finance &amp; Governance report</td>
<td>Status onboarding, Internal Control, IT controls, Sustainability</td>
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</tbody>
</table>

- Performance vs Budget & Forecasts
- Releases/platform/online vs physical
- Top Revenue Contributors
- Personnel overview (nationalities/female/male.....)
- Events
- Red flags / Green flags
- Ongoing discussions M&A & potential M&As
- Collaborations between Operative Groups
- Market updates
Ordinary course of business

- Yearly strategy review
- Transformative acquisitions
- The M&A Process, a well-established part of the Governance Model
- Corporate Governance (apart from the uplisting)
- Sustainability – an integral part of strategy
- Enterprise Risk Management & Internal Control Framework & General IT Controls
- Issues relating to the war in Ukraine
- Partnership deals
Proposed to be newly elected

CECILIA QVIST
Born: 1972
Education/background: Cecilia Qvist holds an MBA from the University of Edinburgh. Cecilia has extensive leadership experience in fast-paced, technology-driven companies undergoing transformational growth, including Leia Inc., Spotify, LEGO Ventures, and NASDAQ. For more than 20 years, she has worked with companies around the world on building dynamic, scalable business.
Current assignments: Board member of Kinnevik and board member of Polarium.

BERNT INGMAN
Born: 1954
Education/background: Bernt Ingman holds a Bachelor of Economics from Uppsala University. Bernt has broad competence in strategic and operational business development, divestments and restructuring from different industries and service businesses. He has held senior management positions within international companies, both within business-to-business and business-to-consumer companies, such as Alimak, Gunnebo, Husqvarna and Munters. Bernt has more than 25 years broad experience from board work in listed as well as private companies.
Current assignments: Chairman of the board of TagMaster and chairman of the board of Pricer.

YASMINA BRIHI
Born: 1975
Education/background: Yasmina Brihi holds an MBA from Harvard Business School. Yasmina has held several senior management positions within Google, including Senior Director Marketing and Senior Product Manager. She is well experienced in building and scaling businesses in multiple industries such as devices, music, gaming and e-Commerce. This includes vast experience in leading and growing large organizations, shaping and transforming team culture across geographies.
Current assignments: No other current assignments.
Proposed to be re-elected

CECILIA DRIVING
Born: 1971
Education/background: Cecilia Driving holds a LL.M. and a Bachelor of Science in Business Administration from Stockholm University. She has held several CFO positions in life-science, private equity, research and telecom companies.
Current assignments: Director and chair of the audit committee of Ovzon AB and Mabtech AB.

DAVID GARDNER
Born: 1965
Education/background: David Gardner has a solid industry background and experience. He met Electronic Arts founder Trip Hawkins in 1982, and in 1983 David became part of the founding team behind EA. He went on to establish EA’s European Business Unit in 1986 and lead it as it grew to USD 1 billion in gross revenue and 1,200 employees. David later became part of EA’s global management team based in California from 2004 to 2007. David became CEO of Atari S.A.
Current assignments: David is co-founder and general partner of London Venture Partners LLP, a VC-company founded in 2010.

JACOB JONMYREN
Born: 1980
Education/background: Jacob Jonmyren holds a M.Sc in Accounting and Financial Management from Stockholm School of Economics and has studied Finance at University of Wisconsin and Media & Communication Studies (Master level) at Stockholm University. Jacob Jonmyren has long experience from the financial markets.
Current assignments: Jacob Jonmyren is CEO and board member at Jacob Jonmyren Kapital AB, Chairman of the Board at Lars Wingefors AB and board member at Forskningsstiftelsen SSE-MBA, Consilio International AB and RAM Rational Asset Management AB.
Proposed to be re-elected

KICKI WALLJE-LUND
Born: 1953

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

Current assignments: Kicki Wallje-Lund has no other current assignments.

LARS WINGEFORS
Born: 1977

Education/background: Lars Wingefors is 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 and business management.

Current assignments: Lars Wingefors is a board member and CEO of Lars Wingefors AB.
13. Resolution regarding principles for appointment of nomination committee
14. Presentation and approval of the board of directors' remuneration report
15. Resolution regarding authorization for the board to issue shares, convertibles and/or warrants
16. Resolution regarding authorization for the board to resolve on repurchase of own shares
17. Resolution regarding authorization for the board to resolve on transfer of own shares
18. Closing of the meeting
Closing of the meeting

Thank you