

# Q2

FY 2023/24

# EMBRACER GROUP INTERIM REPORT

JULY – SEPTEMBER 2023

## NET SALES INCREASED BY 13 % TO SEK 10,831 MILLION

### SECOND QUARTER, JULY–SEPTEMBER 2023 (COMPARED TO JULY–SEPTEMBER 2022)

- > Net sales increased by 13 % (–2 % organic growth) to SEK 10,831 million (9,569).  
The sales split per operating segment:
  - > PC/Console Games: decreased by –5 % to SEK 3,909 million (4,097).
  - > Mobile Games: increased by 2 % to SEK 1,471 million (1,441).
  - > Tabletop Games: increased by 25 % to SEK 4,070 million (3,247).
  - > Entertainment & Services: increased by 76 % to SEK 1,381 million (784).
- > EBIT<sup>1)</sup> amounted to SEK –836 million (461), an EBIT margin of –8 % (5 %). Adjusted EBIT decreased by –14 % to SEK 1,814 million (2,121), an Adjusted EBIT margin of 17 % (22 %).
- > Items affecting comparability (IAC) amounted to SEK –1,421 million (-), and are related to the previously announced restructuring program. The cash effect of IAC costs amounted to SEK 146 million (-).
- > Cash flow from operating activities amounted to SEK 2,250 million (580). Net investments in intangible assets amounted to SEK –1,914 million (–1,572).
- > Basic earnings per share was SEK –0.47 (2.21) and diluted earnings per share SEK –0.47 (2.20). Adjusted earnings per share was SEK 0.84 (2.12). Adjusted earnings per share after full dilution was SEK 0.78 (1.95).
- > The company reiterates its forecast for the financial year 2023/24 of an Adjusted EBIT of SEK 7,000 - 9,000 million.

### FIRST SIX MONTHS, APRIL–SEPTEMBER 2023 (COMPARED TO APRIL–SEPTEMBER 2022)

- > Net sales increased by 28 % (8 % organic growth) to SEK 21,281 million (16,687).  
The sales split per operating segment:
  - > PC/Console Games: increased by 24 % to SEK 7,905 million (6,391).
  - > Mobile Games: decreased by –1 % to SEK 2,908 million (2,928).
  - > Tabletop Games: increased by 23 % to SEK 7,254 million (5,911).
  - > Entertainment & Services: increased by 121 % to SEK 3,213 million (1,456).
- > EBIT<sup>1)</sup> amounted to SEK –415 million (63), an EBIT margin of –2 % (0 %). Adjusted EBIT increased by 1 % to SEK 3,487 million (3,442), an Adjusted EBIT margin of 16 % (21 %).
- > Items affecting comparability (IAC) amounted to SEK –1,499 million (-), and are mainly related to the previously announced restructuring program. The cash effect of IAC costs amounted to SEK 146 million (-).
- > Cash flow from operating activities amounted to SEK 3,608 million (927). Net investments in intangible assets amounted to SEK –3,825 million (–2,776).
- > Basic earnings per share was SEK 1.45 (2.10) and diluted earnings per share SEK 1.45 (2.08). Adjusted earnings per share was SEK 2.06 (3.45). Adjusted earnings per share after full dilution was SEK 1.90 (3.16).

Key performance indicators, Group	Jul–Sep 2023	Jul–Sep 2022	Apr–Sep 2023	Apr–Sep 2022	Apr 2022– Mar 2023
Net sales, SEK m	10,831	9,569	21,281	16,687	37,665
EBIT <sup>1)</sup> , SEK m	–836	461	–415	63	194
EBIT margin	–8 %	5 %	–2 %	0 %	1 %
Adjusted EBIT, SEK m	1,814	2,121	3,487	3,442	6,366
Adjusted EBIT margin	17 %	22 %	16 %	21 %	17 %
Cash flow from operating activities, SEK m	2,250	580	3,608	927	5,383
Net investments in intangible assets, SEK m	1,914	1,572	3,825	2,776	5,996
Net sales growth	13 %	190 %	28 %	148 %	121 %
Total game development projects	201	237	201	237	221
Total game developers	10,654	10,899	10,654	10,899	11,426
Total headcount	15,701	15,731	15,701	15,731	16,601

<sup>1)</sup> EBIT equals Operating profit in the Consolidated statement of profit or loss.

In this report, all figures in brackets refer to the corresponding period of the previous year, unless otherwise stated.



# STABLE PROGRESS IN Q2 TO SHAPE THE FUTURE

*In Q2, we delivered a stable quarter, with Adjusted EBIT of SEK 1.8 billion and we expect to reach the forecasted range for this year. The free cash flow of SEK 0.4 billion shows a clear improvement compared to Q1. Our restructuring program is making good progress, with opex savings ahead of plan and capex savings expected to contribute notably in the second half of the year. We continue to take important steps for the future and I am confident that we will emerge as a stronger company.*

Embracer's Net sales in Q2 grew by 13 % to SEK 10.8 billion. The organic growth amounted to –2 %, a result of solid organic growth within Tabletop and Entertainment & Services, but tough YoY comparisons for PC/Console and Mobile. Adjusted EBIT came in at SEK 1.8 billion, in line with management expectations for the quarter. Free cash flow of around SEK 400 million is a clear improvement compared to Q1, with the effects of the restructuring program still mainly ahead of us. We expect free cash flow to materially improve in H2, driven by stronger seasonality for the Tabletop Games segment as well as notable opex and capex savings.

For FY 2023/24, we reiterate our Adjusted EBIT forecast of SEK 7.0-9.0 billion. We remain confident in our forecast range. The H2 outlook for the PC/Console and Mobile segments has however softened somewhat compared to our assessment in Q1. For PC/Console, it is due to the actual or expected performance of new game releases, as well as minor probable shifts in the pipeline. For Mobile, it relates to a slightly more conservative view on monetization and organic growth.

## KEY INTERNAL IPS AND STUDIOS PERFORMING WELL

In the PC/Console Games segment, sales declined by around 5 %, or by 17 % organically. Revenue from new releases amounted to over SEK 1.4 billion in the quarter, one of our strongest quarters for new releases ever. However, this is still a decrease of around 7 % YoY, due to the strong contribution from *Saints Row* in Q2 last year and a sizeable platform deal. *Remnant II*, internally developed by Gunfire Games and published by Gearbox Publishing, was successfully released on July 25 and has now sold more than 2 million units and generated more than SEK 700 million in Net Sales in Q2. That said, we have seen a mixed reception and performance for the externally developed game *Payday 3* and a few smaller releases in the quarter. The Adjusted EBIT margin of 16 % in Q2 is impacted by these releases and by the soft performance of titles released last year. *Payday 3*, developed by Starbreeze Studios and released on September 21, had a positive Adjusted EBIT contribution with the investment recouped in Q2. We expect it to contribute positively in FY 2023/24, but below

management expectations, due to a softer launch where an unforeseen error relating to external matchmaking software impacted the experience for gamers.

We have had a positive start for our key internal studios and IPs this year, including successful releases of *Dead Island 2* and *Remnant II*. I am happy to also see successful releases in the past week of *Risk of Rain Returns*, *Teardown* for console, *Satisfactory's Update 8* and *The Awakened King*, the first DLC for *Remnant II*. Looking ahead, several exciting titles are expected in FY 2023/24, including *Homeworld 3*, *SOUTH PARK: SNOW DAY!*, *Arizona Sunshine 2*, *Expeditions: A MudRunner Game*, *Alone in the Dark*, *Outcast – A New Beginning*, *Lightyear Frontier* and *Deep Rock Galactic Survivors*. Saber Interactive is also hard at work with *Warhammer 40,000: Space Marine 2*. The final release date for the game will be communicated by the external publisher Focus Entertainment.

The Tabletop Games segment delivered 15 % organic growth, with Net sales of SEK 4.1 billion. Despite a product mix more geared towards trading card games, Adjusted EBIT grew by 47 % YoY, driven by strong organic sales growth, cost savings and positive currency exchange rate changes. The performance was slightly above management expectations, but mainly driven by a more normalized seasonal pattern in H1 compared to last year. Asmodee's cash generation improved notably on a YoY basis, driven by a lower inventory build-up, in line with its action plans announced 12 months ago. We are now entering the seasonally strongest quarter for Asmodee and there is also excitement building for the company's anticipated new trading card game *Star Wars™ Unlimited* in Q4. The game is expected to be released in early March 2024 and has seen an overwhelmingly positive reception from media and consumers at recent trade fairs.

In the Mobile Games segment, organic growth was –10 %, an improvement compared to Q1, with gradually easing comparisons after a strong first half in the previous financial year. The negative organic growth is partly driven by Crazy Labs shifting its genre focus towards hybrid casual games with an increased focus on profitability and cash flows. Underlying market trends and monetization were

largely stable in the quarter. User acquisition investment grew compared to Q1, but were contained compared to our expectations, supporting a strong Adjusted EBIT margin of around 25 % in the quarter, with a solid cash flow contribution. For the full-year, we now expect mid-to-high single-digit organic decline, but slightly higher margins for the segment. It is mainly due to a slightly more conservative view on monetization and user acquisition investments in the second half of the year.

In the quarter, our Entertainment & Services segment again performed above management expectations, growing by 13 % organically with an Adjusted EBIT margin of 16 %. The higher margin is primarily driven by strong licensing revenues to Middle-earth Enterprises for the *Magic: The Gathering* trading card game *The Lord of the Rings: Tales of Middle-earth™*. The game was successfully released in late Q1 as part of Middle-earth Enterprises' long-term partnership with Wizards of the Coast, receiving notable acclaim from fans and critics. Our strong IP portfolio is a key part of our long-term strategy, and we have exciting plans for *the Lord of the Rings* IP across our segments in the years ahead.

## RESTRUCTURING PROGRAM MAKING PROGRESS

The key priority of the restructuring program is to improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and cash self-sufficient company. Our operations within Mobile, Tabletop and Entertainment & Services provide a solid foundation with predictable, profitable and cash-generative businesses. Adjusted EBITDA less capex within these three segments is around SEK 4.2 billion on an LTM basis. Including Coffee Stain it is over

SEK 5.0 billion. The soft free cash flow in the past years is more or less only driven by an imbalance between investments into ongoing development and completed development within the PC/Console Games segment, which we are now addressing through the implementation of the restructuring program. Continued execution of the restructuring program will be key to improve efficiency, profitability and cash flows within the PC/Console Games segment. Over the past two years, our internally developed games have had an ROI over twice as high compared to externally developed games. We are striving for a structure which enables us to look at the future and invest in the right games with the right teams. Post the restructuring program, we have increased confidence in our ability to deliver a general improved quality and ROI in the coming years ahead.

We expect to reach our targets of SEK 8 billion in net debt by the end of this financial year, as well as to reduce capex by more than one-third to a run-rate of around SEK 5 billion into FY 2024/25. The capex level implies that we will still be investing more than the value of our released games, laying the foundation for future organic growth in the PC/Console Games segment. Opex savings are ahead of plan, with at least SEK 0.8 billion in savings by FY 2024/25, and we are expecting to see a notable contribution from capex savings in the second half of the year.

As of September 30, 2023, the restructuring program contributed to Embracer's first ever quarter-over-quarter reduction in headcount of around 900 people, or 5 % of the workforce. In this group-wide effort, we are not only discontinuing a number of studios, we have also made staff reductions and reduced the number of projects in several other studios, with a focus on improving the projected return on investment within PC/Console. It's never



Dead Island 2

easy to part ways with talented individuals. I would like to put on record a special thanks to the people who have left Embracer in the quarter. These are difficult decisions and we do not take them lightly. For me, personally, it is crucial that the program is carried out with compassion, respect, and integrity.

In the past months, we have accelerated processes to divest assets relative to processes to increase external funding of game development projects. This shift is driven primarily by a notable inbound interest, but also by market dynamics and reduced levels of platform content investments. As a result, we are now running a few structured divestment processes that give us flexibility and optionality to reach our targets. We are focused on maximizing shareholder value and on delivering the targeted run-rate capex levels in the most effective way. Notable capex savings and net debt reduction are expected to materialize post-completion of these processes.

Right now we are in the early stages of our plans to consolidate our businesses, including a review of our operative group structure, which is part of the late stages of the restructuring program. We have a responsibility

to use our size and talent in smart ways to develop and scale services and capabilities across Embracer to deliver always better experiences for players. I am confident that we will not only deliver on the targets we set out in June but also maintain our status as one of the global leaders within the gaming industry.

I would also like to take this opportunity to give a warm welcome to Yasmina Brihi, Bernt Ingman and Cecilia Qvist, elected at the annual general meeting, to the board of directors of the parent company.

To conclude, we will continue to take important steps in FY 2023/24 to set the foundation for the years to come and I am confident that we will emerge as a stronger company. I would like to send my thanks to all our shareholders, employees, customers, industry colleagues, and business partners for contributing to the continued prosperity and success of Embracer Group.

November 16, 2023, Karlstad, Värmland, Sweden

Lars Wingefors  
*Co-founder & Group CEO*



## FINANCIAL COMMENTS

### NET SALES

Net sales, SEK m	Jul-Sep 2023	Jul-Sep 2022	Change	Apr-Sep 2023	Apr-Sep 2022	Apr 2022–Mar 2023
PC/Console Games	3,909	4,097	-5 %	7,905	6,391	13,444
Mobile Games	1,471	1,441	2 %	2,908	2,928	5,819
Tabletop Games	4,070	3,247	25 %	7,254	5,911	13,132
Entertainment & Services	1,381	784	76 %	3,213	1,456	5,270
<b>Total</b>	<b>10,831</b>	<b>9,569</b>	<b>13 %</b>	<b>21,281</b>	<b>16,687</b>	<b>37,665</b>

Total net sales in the second quarter amounted to SEK 10,831 million, corresponding an increase of 13 % and to SEK 21,281 million for the period April to September, an increase of 28 % YoY. Net sales growth in the quarter was primarily driven by organic growth in the Tabletop Games Segment. Inorganic growth was driven mainly by Crystal Dynamics – Eidos in the PC/Console Games segment and by Middle-earth Enterprises in the Entertainment & Services segment.

Organic growth in the quarter amounted to -2 % and the pro forma growth amounted to -3 %, and for the period April to September organic growth amounted to 8 % and pro forma growth to 6 %. The negative organic growth in the PC/Console Games segment for the second quarter is mainly related to a tough comparison versus the corresponding period last year, which included the release of *Saints Row* and a notable platform deal for a back catalog title. The Mobile Games segment is affected by lower monetization compared to the same period previous year, which explains the negative organic growth. The Tabletop Games segment's strong organic growth is mainly explained by increased net sales of trading card games compared to the same period previous year. In the Entertainment & Services segment, the strong organic growth was driven by a stronger quarter in the PLAION Partner Publishing and Film division.

Net sales growth	Jul-Sep 2023			Apr-Sep 2023		
	Net sales growth	Organic growth	Pro forma growth	Net sales growth	Organic growth	Pro forma growth
PC/Console Games	-5 %	-17 %	-22 %	24 %	4 %	-4 %
Mobile Games	2 %	-10 %	-4 %	-1 %	-11 %	-5 %
Tabletop Games	25 %	15 %	13 %	23 %	12 %	10 %
Entertainment & Services	76 %	13 %	28 %	121 %	41 %	55 %
<b>Total</b>	<b>13 %</b>	<b>-2 %</b>	<b>-3 %</b>	<b>28 %</b>	<b>8 %</b>	<b>6 %</b>



## EBIT AND ADJUSTED EBIT

EBIT amounted to SEK –836 million (461) in the quarter, yielding an EBIT margin of –8 % (5 %). For the period of April to September EBIT amounted to SEK –415 million (63), yielding an EBIT margin of –2 % (0 %). The decrease in the quarter is mainly driven by expenses related to the restructuring program. Personnel costs related to acquisitions amounted to SEK 435 million (941) including FX effects. Depreciation, amortization, and impairment amounted to SEK 3,049 million (1,565), an increase of SEK 1,484 million whereof SEK 1,148 million relates to write-downs of ongoing game development.

Adjusted EBIT decreased by –14 % and amounted to SEK 1,814 million (2,121) in the quarter, yielding a 17 % margin (22 %). The decrease in the quarter is mainly related to lower contribution from PC/Console games, partly mitigated by stronger quarter from Entertainment and Services and Tabletop Games compared to the same period previous year. The gross margin declined and amounted to 63 % (66 %). Depreciation, amortization and impairment (D&A) excluding amortization of surplus values of acquired intangible assets and items affecting comparability amounted to SEK 1,109 million (936).

Items affecting comparability amounted to SEK 1,421 million in the quarter, of which SEK 1,148 million are related to write-downs, and are excluded from Adjusted EBIT (see page 52-55). These write-downs are related to projects affected by the ongoing restructuring program, where the studio or team has been discontinued.

EBIT, SEK m	Jul-Sep 2023	Jul-Sep 2022	Change	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
PC/Console Games	–1,259	582	–316 %	–1,133	175	41
Mobile Games	162	–88	284 %	454	–202	–260
Tabletop Games	407	104	291 %	336	256	828
Entertainment & Services	–86	–96	10 %	99	–100	–170
Governance	–60	–40	–50 %	–170	–67	–245
<b>Total</b>	<b>–836</b>	<b>461</b>	<b>–281 %</b>	<b>–415</b>	<b>63</b>	<b>194</b>

Adjusted EBIT, SEK m	Jul-Sep 2023	Jul-Sep 2022	Change	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
PC/Console Games	621	1,384	–55 %	1,458	1,986	2,902
Mobile Games	372	315	18 %	796	593	1,381
Tabletop Games	661	451	47 %	866	896	2,010
Entertainment & Services	216	7	2,986 %	499	27	281
Governance	–56	–36	–56 %	–133	–60	–208
<b>Total</b>	<b>1,814</b>	<b>2,121</b>	<b>–14 %</b>	<b>3,487</b>	<b>3,442</b>	<b>6,366</b>



## FORECAST

Forecast	Adjusted EBIT
Financial year 2023/24	SEK 7,000 million - SEK 9,000 million

For the overall group, the forecast for FY 2023/24 is an Adjusted EBIT of SEK 7.0 billion - 9.0 billion. We remain confident in our forecast range. The H2 outlook for the PC/Console and Mobile segments has however softened somewhat compared to our assessment in Q1. For PC/Console, it is due to the actual or expected performance of new game releases, as well as minor probable shifts in the pipeline. For Mobile, it relates to a slightly more conservative view on monetization and organic growth. The forecast is based on scheduled game releases, market and macro conditions, and exchange rates being unchanged from current conditions.

### FY 2023/24 vs. FY 2022/23

In the PC/Console Games segment, solid earnings growth is expected, driven by a solid back catalog revenue from games released in H1, as well as a strong lineup of new releases across operative groups in H2.

In the Mobile Games segment, a mid-to-high single-digit negative organic growth is expected. Underlying market trends are assumed to be stable throughout the year. The Adjusted EBIT margin is expected to be slightly above FY 2022/23.

In the Tabletop Games segment, mid-to-high single-digit organic growth is expected, driven by both board games and trading card games, with an Adjusted EBIT margin slightly below FY 2022/23.

### Specific items related to historical acquisitions

The forecast is based on the average exchange rates for the period April to September 2023. The forecast includes closed acquisitions as per September 30, 2023. The forecast is based on the purchase price allocations as per October 20, 2023, which contain both preliminary and finalized purchase price allocations.

SEK m	23/24										Total
	Q3	Q4	24/25	25/26	26/27	27/28	28/29	29/30	30/31		
Amortization of surplus values of acquired intangible assets	767	730	2,788	2,614	2,241	1,959	1,843	1,750	1,663		<b>16,355</b>
Personnel costs related to acquisitions	429	415	1,216	947	468	34	5	0	0		<b>3,514</b>
<b>Specific items related to historical acquisitions</b>	<b>1,196</b>	<b>1,145</b>	<b>4,004</b>	<b>3,561</b>	<b>2,709</b>	<b>1,993</b>	<b>1,848</b>	<b>1,750</b>	<b>1,663</b>		<b>19,869</b>



## RESTRUCTURING PROGRAM

### Background

On June 13, 2023 Embracer Group presented a restructuring program. The objective of the program is to improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and cash self-sufficient company. The program has the following focus areas: capex and opex savings, capital allocation, and efficiency improvements.

### The program is expected to deliver:

- > Reduced 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.
- > Reduce overhead costs by at least 10 % or at least SEK 0.8 billion on a yearly basis, compared to the annualized run-rate in Q4 FY 2022/23.
- > Reaching financial net debt below SEK 8 billion by the end of FY 2023/24.

As previously stated, the financial benefits of the program are primarily expected to be visible in actual financial performance from October 1.

### Progress

Embracer is making good progress on the announced targets and has taken the following actions during the quarter:

#### *Capex and opex savings:*

- > First phase of capex reductions completed – currently deep into the implementation of the second phase of capex reductions, based on a global review of the pipeline of ongoing PC/ Console games.
- > Opex savings are well on track and include both headcount reductions as well as savings on overhead costs.
- > As of September 30, 2023, the restructuring program contributed to a quarter-over-quarter reduction in headcount of 904, representing 5 % of the workforce. The program is expected to continue through to the end of the current fiscal year and to reduce capex to a run-rate of around SEK 5 billion into FY 2024/25.

#### *Capital allocation:*

- > In the past months, we have accelerated processes to divest assets relative to processes to increase external funding of game development projects. This shift is driven primarily by a notable inbound interest, but also by market dynamics with reduced levels of platform content investments. As a result, we are now running a few structured divestment processes that give us flexibility and optionality to reach our targets. Notable capex savings and net debt reduction are expected to materialize post-completion of these processes.
- > Additional important steps taken to increase accountability and to create new group-wide processes for game investment and project reviews.

#### *Efficiency improvements:*

- > The process involving possible consolidation of companies and businesses is ongoing with implementation expected to accelerate in Q4. The goal is to design our structure and operating models to drive better execution, ownership, and decision-making.





### Costs incurred

- > As of year to date Q2, items affecting comparability (IAC) amount to SEK 1,499 million and are mainly related to the restructuring program. In Q2, IAC amounted to SEK 1,421 million and relates to the restructuring program, of which SEK 1,148 million relates to write-downs of intangible assets. See page 55 for more details ('Items affecting comparability').
  - > In total, 15 mainly unannounced projects, were written down across Amplifier, Freemode, Gearbox, PLAION, Saber, and THQ Nordic.
- > As of Q2, the cash effect of IAC costs amounts to SEK 146 million. See page 55 for more details ('Free cash flow after working capital').
- > Write-downs are defined as IAC if related to projects affected by the ongoing restructuring program, where the studio or team has been discontinued.

### Updates

Embracer Group will update the market on restructuring program progress on a regular basis, in connection with Interim Reports or otherwise as required by applicable legislation.



Satisfactory



## OPERATING SEGMENT PC/CONSOLE GAMES

The PC/Console Games operating segment includes the following seven operative groups: THQ Nordic, PLAION, Amplifier Game Invest, Gearbox Entertainment, Saber Interactive, Coffee Stain and Crystal Dynamics – Eidos. PC and console games have been a core business for Embracer Group ever since its inception. The segment develops and publishes games for PC and console. It includes AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other games development.

### SHARE OF GROUP SALES

**36 %** (43 %)

### INTELLECTUAL PROPERTY (IP)

**267** (252)

### INTERNAL HEADCOUNT

**10,137** (9,646)

### INTERNAL STUDIOS

**99** (96)

Key performance indicators, PC/Console Games	Jul–Sep 2023	Jul–Sep 2022	Apr–Sep 2023	Apr–Sep 2022	Apr 2022– Mar 2023
Net sales, SEK m	3,909	4,097	7,905	6,391	13,444
of which Digital products, SEK m	2,825	2,951	5,472	4,617	8,927
of which Physical products, SEK m	203	458	753	606	1,101
of which Other <sup>1)</sup> , SEK m	881	688	1,680	1,168	3,417
Net sales growth	–5 %	107 %	24 %	52 %	58 %
EBIT, SEK m	–1,259	582	–1,133	175	41
EBIT margin	–32 %	14 %	–14 %	3 %	0 %
Adjusted EBIT, SEK m	621	1,384	1,458	1,986	2,902
Adjusted EBIT margin	16 %	34 %	18 %	31 %	22 %
Type of income					
New releases sales, SEK m	1,417	1,526	3,024	1,889	2,894
Back catalog sales <sup>2)</sup> , SEK m	1,612	1,883	3,201	3,333	7,134
Other <sup>1)</sup> , SEK m	881	688	1,680	1,168	3,417

<sup>1)</sup> Primarily Work-for-Hire and other game development.

<sup>2)</sup> See Definitions, quarterly information.

### SEGMENT HIGHLIGHTS

Net sales in the quarter for PC/Console Games amounted to SEK 3,909 million, a decrease by –5 % compared to the same period last year, or –17 % organically and –22 % pro forma in constant currency. The negative organic growth development is mainly explained by tough comparisons, stemming from the release of *Saints Row* and a notable platform deal in the corresponding quarter last year, as well soft back catalog sales for game releases in FY 2022/23. The inorganic growth was primarily driven by the acquisitions of Crystal Dynamics – Eidos, Coffee Stain GBG and Tripwire.

EBIT amounted to SEK –1,259 million (582), yielding a –32 % (14 %) EBIT margin. Adjusted EBIT amounted to SEK 621 million (1,384), yielding a 16 % (34 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –1,194 million (0), and mainly constitute write-downs for ongoing game development projects, for which the studio or team has been discontinued. The Adjusted EBIT margin remained impacted by games development amortization combined with the soft performance of the previous financial year's releases and game delays, impacting back catalog revenue this year. The results are also impacted by two third-party publishing titles, *Payday 3* and *Trine 5: A Clockwork Conspiracy*, underperforming management expectations.





Revenue from new releases amounted to SEK 1,417 million in the quarter, a decrease of 7 % YoY. The main revenue drivers among new releases in the quarter were *Remnant II*, developed by internal studio Gunfire Games and published by Gearbox Entertainment, as well as *Payday 3*, developed by external studio Starbreeze Studios and published internally through Deep Silver (PLAION).

*Remnant II*, released on July 25, reached a sell-through of over one million units in four days and saw a peak concurrent user count of over 110,000 on Steam. The game has now sold more than 2 million units and generated net sales of more than SEK 700 million. *Payday 3*, released on September 21, saw a mixed reception from critics and users, and the studio saw an unforeseen error related to its external matchmaking software. Since October, matchmaking has been stable and has had a better performance. *Payday 3* had a positive Adjusted EBIT contribution with the investment recouped in Q2. The game is expected to contribute positively in FY 2023/24, but below management expectations. Starbreeze is now hard at work with its live service plans for the game including frequent new releases of content, as well as quality of life improvements and added functionality to improve the player experience. Two new free “heists”, or missions, are planned for launch in the near-term.

Other new releases in the quarter included *Jagged Alliance 3*, developed by external studio Haemimont Games and published by THQ Nordic. The game has only been released on PC, with the console release expected on November 16. Further new releases included *RIDE 5*, developed and published by Milestone, and *Trine 5: A Clockwork Conspiracy*, developed by external studio Frozenbyte and published by THQ Nordic. All three games have seen solid reviews from critics and users. *Jagged Alliance 3* and *RIDE 5* have performed largely in line with management expectations while *Trine 5: A Clockwork Conspiracy* has underperformed.

Revenue from back catalog titles (including platform deals) amounted to SEK 1,612 million in the quarter, a decrease of 14 % YoY. The top-10 back catalog revenue drivers included *Dead Island 2*, *Saints Row*, *Deep Rock Galactic*, *Star Trek Online*, *Insurgency: Sandstorm*, *SnowRunner*, *AEW: Fight Forever*, *Welcome to Bloxburg*, *Neverwinter Online*, and *Valheim*. The decrease YoY is primarily explained by a notable contribution from *Valheim* in the comparison quarter, driven by a platform deal.

Other revenue amounted to SEK 881 million in the quarter, an increase by 28 % YoY. The growth was primarily driven by acquisitions, including Crystal Dynamics – Eidos, as well as an increased share of externally funded game development projects.



Warhammer 40,000: Space Marine II



In Q3, new game releases include *Teardown* (console), developed by internal studio Tuxedo Labs and published by Saber Interactive, *Wild Card Football*, developed and published by Saber Interactive, *Hot Wheels Unleashed™ 2 - Turbocharged*, developed and published internally by Milestone, and *Risk of Rain Returns*, developed by external studio Hopoo Games and published internally by Gearbox. Other new releases include *Jagged Alliance 3* (console), *Arizona Sunshine 2*, *Satisfactory Update 8*, *Lightyear Frontier*, *Deep Rock Galactic Survivors*, as well as the first downloadable content for both *Dead Island 2 (Haus)* and *Remnant II (The Awakened King)*.

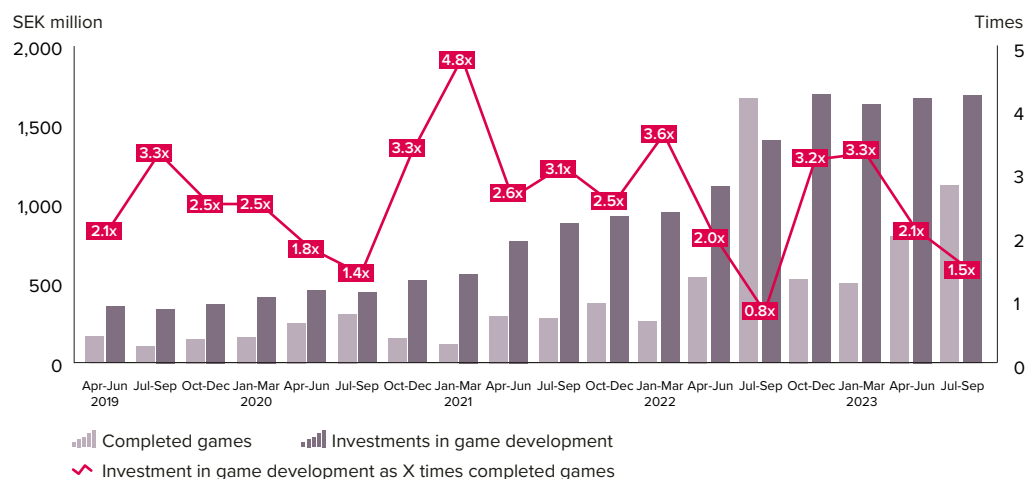
*Magic: The Gathering* is also dropping a new Secret Lair crossover with *Tomb Raider*, including five reprinted cards with new art, a unique treasure token, and a brand new, mechanically unique card for Lara Croft. On November 17, PLAION and Vertigo Games will host a gameplay showcase for *Arizona Sunshine 2*, the next-gen sequel to the top-selling VR action FPS launching on December 7, with all-new game details and guest appearances, among other things.

In Q4, notable new game releases include *Homeworld 3*, developed by external studio Blackbird Interactive and published by Gearbox Publishing, as well as *Alone in the Dark*, *Outcast – A New Beginning*, *SOUTH PARK: SNOW DAY!*, *Expeditions: A Mudrunner Game*, and *Wreckreation*. The final release date for *Warhammer 40,000: Space Marine 2*, internally developed by Saber Interactive, will be communicated by the external publisher Focus Entertainment.

The Game Awards recently announced that *Remnant II* and *Dead Island 2* are two out of five nominees for "Best Action Game". *Hot Wheels Unleashed 2 - Turbocharged* was also nominated in the "Best Sports/Racing" category. The ceremony will be held in the beginning of December in Los Angeles.

## GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES

The PC/Console Games segment continues to make considerable investments in game development. The finalized value of the completed and released games during the quarter amounted to SEK 1,120 million (1,671), driven by the release of *Remnant II* and *Payday 3*. In the comparison period, *Saints Row*, with a notable development and marketing budget, was released. In total, SEK 1,690 million (1,405) were invested. The ratio of investments to completed games increased from 0.8x to 1.5x, with a continued higher pace of ongoing investment into future game releases than completed investment in released games. When new games are released, capitalized development costs are amortized, based on a degressive depreciation model over two years.





## ANNOUNCED PC/CONSOLE RELEASES AS OF NOVEMBER 16, 2023

Title	Publishing Label	IP Owner	Main developer	Platforms
<i>Bloodless</i>	3D Realms	External	External	PC
<i>Combustion</i>	3D Realms	License	Internal	PC
<i>Core Decay</i>	3D Realms	License	Internal	PC, PS5, XB XIS, XB1
<i>Phantom Fury</i>	3D Realms	Own	Internal	PC, PS5, XB XIS, Switch
<i>Twisted Tower</i>	3D Realms	External	External	PC
<i>Kingpin: Reloaded</i>	3D Realms & External	License	Internal	PC, PS5, XB XIS, XB1
<i>Lightyear Frontier</i>	Amplifier	Own	Internal	PC, XB XIS, XB1
<i>Expeditions: A MudRunner Game</i>	External	Own	Internal	PS5, XB XIS, Switch, PS4, XB1
<i>John Carpenter's Toxic Commando</i>	External	Own	Internal	PC, PS5, XB XIS
<i>Star Wars™: Knights of the Old Republic - Remake</i>	External	License	Internal	PC, PS5
<i>Tomb Raider (final title TBC)</i>	External	Own	Internal	TBC
<i>Warhammer 40,000: Space Marine II</i>	External	External	Internal	PC, PS5, XB XIS
<i>Homeworld 3</i>	Gearbox Publishing	Own	External	PC
<i>Hyper Light Breaker</i>	Gearbox Publishing	External	External	PC
<i>Deep Rock Galactic: Rogue Core</i>	Ghost Ship Publishing	Own	Internal	PC
<i>Deep Rock Galactic: Survivor</i>	Ghost Ship Publishing	Own	External	PC
<i>Dinolords</i>	Ghost Ship Publishing	External	External	PC
<i>SpellRogue</i>	Ghost Ship Publishing	External	External	PC
<i>DarkSwarm</i>	Ghost Ship Publishing	External	External	PC
<i>A Rat's Quest</i>	HandyGames	External	External	PC, PS4, XB1, Switch
<i>Airhead</i>	HandyGames	External	External	PC, PS4, XB1, Switch
<i>Lethal Honor - Order of the Apocalypse</i>	HandyGames	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Oddsparks</i>	HandyGames	Own	Internal	PC
<i>Perish Exodus</i>	HandyGames	External	Internal	PS5, XB XIS, Switch, PS4, XB1
<i>Ships at Sea</i>	Misc Game	Own	Internal	PC
<i>The Siege and the Sandfox</i>	PLAION	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Warhammer 40,000: Speed Freeks</i>	PLAION	External	External	PC
<i>Echoes of The End</i>	Prime Matter	External	External	PC, PS5, XB XIS
<i>Final Form (Final title TBC)</i>	Prime Matter	Shared	External	PC, PS5, XB XIS
<i>New Painkiller (final title TBC)</i>	Prime Matter	Own	Internal	TBC
<i>Bears In Space</i>	Ravenscourt	External	External	PC
<i>Night is Coming</i>	Ravenscourt	External	External	PC
<i>A Quiet Place</i>	Saber	External	External	TBC
<i>WarPaws</i>	Saber	External	Internal	PC, PS5, XB XIS, Switch
<i>Tempest Rising</i>	Saber & 3D Realms	Own	Internal	PC
<i>Alone in the Dark</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Biomutant</i>	THQ Nordic	Own	Internal	Switch
<i>Gothic Remake</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Last Train Home</i>	THQ Nordic	Own	Internal	PC
<i>Outcast - A New Beginning</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>SOUTH PARK SNOW DAY!</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch
<i>Space For Sale</i>	THQ Nordic	Own	Internal	PC

\* PC/Console titles from the operating segments Mobile Games, Tabletop Games and Entertainment & Services are also included in the release list.

For latest release dates please refer to above mentioned publishers.

Please note: Limited Run Games distributed games are not included in the release list.

The release list does not include games where we only have physical distribution rights.

The release list does not include DLC's.

CONT. >>



Title	Publishing Label	IP Owner	Main developer	Platforms
<i>Söldner: Secret Wars Remastered</i>	THQ Nordic	Own	External	PC
<i>Teenage Mutant Ninja Turtles - The Last Ronin</i>	THQ Nordic	External	Internal	PC, PS5, XB XIS
<i>Titan Quest 2</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Wreckreation</i>	THQ Nordic	External	External	PC, PS5, XB XIS
<i>Killing Floor 3</i>	Tripwire	Own	Internal	PC, PS5, XB XIS
<i>Bloomtown: A Different Story*</i>	Twin Sails Interactive	External	External	PC
<i>Innchanted*</i>	Twin Sails Interactive	External	External	PS5,PS4, XB XIS, XB1, Switch
<i>News Tower*</i>	Twin Sails Interactive	External	External	PC
<i>Arizona Sunshine 2</i>	Vertigo games	Own	Internal	PS VR2, PC VR, Standalone VR

\* PC/Console titles from the operating segments Mobile Games, Tabletop Games and Entertainment & Services are also included in the release list.

For latest release dates please refer to above mentioned publishers.

Please note: Limited Run Games distributed games are not included in the release list.

The release list does not include games where we only have physical distribution rights.

The release list does not include DLC's.



Payday 3



## OPERATING SEGMENT MOBILE GAMES

The Mobile Games operating segment encompasses the two operative groups: DECA Games and Easybrain. In the past years, the segment has grown to account for a sizable share of Embracer Group's business. The Mobile Games segment includes free-to-play, ad centric, in-app-purchase centric and pay-to-play mobile games.

### SHARE OF GROUP SALES

**14 %** (15 %)

### INTELLECTUAL PROPERTY (IP)

**51** (41)

### INTERNAL HEADCOUNT

**1,075** (1,135)

### INTERNAL STUDIOS

**11** (11)

Key performance indicators, Mobile Games	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Net sales, SEK m	1,471	1,441	2,908	2,928	5,819
Net sales growth	2 %	67 %	-1 %	84 %	19 %
EBIT, SEK m	162	-88	454	-202	-260
EBIT margin	11 %	-6 %	16 %	-7 %	-4 %
Adjusted EBIT, SEK m	372	315	796	593	1,381
Adjusted EBIT margin	25 %	22 %	27 %	20 %	24 %
User Acquisition Cost (UAC), SEK m	700	755	1,341	1,638	2,925
User Acquisition Cost (UAC), % of net sales	48 %	52 %	46 %	56 %	50 %
Total installs, million	262	363	520	750	1,353
Total Daily Active Users (DAU), million	31	36	32	36	35
Total Monthly Active Users (MAU), million	253	300	283	303	301

### SEGMENT HIGHLIGHTS

Net sales in the quarter for Mobile Games amounted to SEK 1,471 million, an increase of 2 % compared to the same period last year, or by -10 % organically and -4 % pro forma in constant currency. Live ops continue to drive growth of the portfolio, supported by a data-driven approach. Underlying market trends and monetization had a stable development in the quarter. EasyBrain had a flat organic growth in Q2 while DECA Games (including CrazyLabs) saw clearly negative organic growth, impacted by a macroeconomic factors, a tougher market to release new games, and an increased focus on profitability and cash flows. The number of MAUs and DAUs both declined notably YoY, driven by DECA Games, partly driven by a shift to a genre with smaller player bases but better retention and monetization.

EBIT amounted to SEK 162 million (-88), yielding a 11 % (-6 %) EBIT margin. Adjusted EBIT amounted to SEK 372 million (315), yielding a 25 % (22 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK -5 million (0) in the quarter. User acquisition costs amounted to SEK 700 million (755), or 48 % (52 %) of net sales. User acquisition investment continued to grow sequentially, partly moderated in the latter part of the quarter to optimize long-term profit projections.

Easybrain released the game *Numbers Sums* globally, and had a number of soft launches. CrazyLabs, has shifted a great portion of focus to the hybrid casual segment, which has a mix of ads and in-app purchases monetization and a longer lifetime value than hyper casual games. CrazyLabs saw positive early results for *Alien Invasion*, a hybrid casual game for which the company took over the publishing rights in the quarter. The game is expected to have a very short payback time on the investment, and to be accretive to margins. DECA's *Dragonvale* and *Realm of the Mad God* have both recently celebrated a 12 year anniversary and continue their long-running live services. The strongest back catalog titles in the quarter were *Sudoku.com*, *BlockuDoku*, *Number Match*, *Art Puzzle*, and *Jigsaw Puzzles*.





## OPERATING SEGMENT TABLETOP GAMES

The Tabletop Games operating segment includes the operative group Asmodee. The segment represents the publishing and distribution of board games, card games and strategic trading card games. Asmodee is one of the global leaders in this segment through its 23 creative studios and its 22 local, owned distribution offices across the globe. With 40+ million games sold annually in more than 50 countries, Asmodee's portfolio hosts fan & family favorite board games such as Ticket to Ride, Catan, Splendor, 7 Wonders, Azul, Exploding Kittens, Dobble/Spot It!, Star Wars™: Legion and many more.

### SHARE OF GROUP SALES

**38 %** (34 %)

### INTELLECTUAL PROPERTY (IP)

**411** (370)

### INTERNAL HEADCOUNT

**2,500** (2,445)

### INTERNAL STUDIOS

**23** (22)

Key performance indicators, Tabletop Games	Jul–Sep 2023	Jul–Sep 2022	Apr–Sep 2023	Apr–Sep 2022	Apr 2022– Mar 2023
Net sales, SEK m	4,070	3,247	7,254	5,911	13,132
of which Digital products, SEK m	53	32	85	91	170
of which Physical products, SEK m	3,995	3,182	7,116	5,765	12,847
of which Other, SEK m	22	32	54	55	115
Net sales growth <sup>1)</sup>	25 %	-	23 %	-	2,199 %
EBIT, SEK m	407	104	336	256	828
EBIT margin	10 %	3 %	5 %	4 %	6 %
Adjusted EBIT, SEK m	661	451	866	896	2,010
Adjusted EBIT margin	16 %	14 %	12 %	15 %	15 %

<sup>1)</sup> Asmodee became part of Embracer Group in March 2022.

### SEGMENT HIGHLIGHTS

Net Sales for the Tabletop Games segment amounted to SEK 4,070 million, an increase of 25 % compared to the same period last year or by 15 % organic growth and 13 % pro forma in constant currency. Growth was driven by the trading card games product category, with low single-digit growth for board games. From a geographical perspective, growth in Europe outperformed growth in the US.

EBIT amounted to SEK 407 million (104), yielding a 10 % (3 %) EBIT margin. Adjusted EBIT amounted to SEK 661 million (451), yielding a 16 % (14 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –12 million (0) in the quarter. Adjusted EBIT grew by 47 % YoY, despite a product mix more geared towards trading card games, driven by strong organic sales growth, positive currency exchange rate changes and cost savings.

Asmodee's inventory unwinding continued according to the full-year plan in Q2. While the first half of the fiscal year is a period where historical seasonal trends reflect a significant inventory build-up in preparation for the peak season, the inventory increase in Q2 this year was notably moderated by the unwinding effect and the action plans initiated last fiscal year. This drove a significant improvement in cash generation with Asmodee delivering a positive free cash flow for the quarter, compared to a notable outflow in Q2 last year. A significant free cash flow generation is expected in the second half of the fiscal year, as Asmodee enters the seasonally strongest quarter.

**asmodee**





Asmodee has a strong pipeline of novelties and new releases with a number of new titles reaching the market during Q2 FY 2023/24, including a new kids game line from Exploding Kittens, other new original titles such as *Champions!* from Repos Prod and *Spellbook* from Space Cowboys. Other titles released included new licensed games such as the Netflix titles *Bridgerton* and *Cobra Kai* from Mixlore and a Disney edition of our evergreen *Dixit* game from Libellud.

In the coming quarters new releases will include a new legacy game in the successful *Ticket to Ride* franchise from Days of Wonder, and *Marvel Crisis Protocol New Edition* from Atomic Mass. *Star Wars™: Unlimited*, Asmodee's eagerly anticipated new trading card game, was demoed publicly for the first time at the GenCon and Essen trade shows to an overwhelmingly positive reaction from the public and press alike. The global launch date was also announced as March 8, 2024.



Asmodee



## OPERATING SEGMENT ENTERTAINMENT & SERVICES

The Entertainment & Services segment consists of three operative groups: Dark Horse Media, Freemode and parts of PLAION. Dark Horse is a leading developer, publisher and distributor of comic books in the US. Freemode is a diverse mix of companies, including Middle-earth Enterprises and Limited Run Games as well as companies active in different parts of the gaming and entertainment value chain. The segment also includes PLAION's partner publishing and Film businesses.

### SHARE OF GROUP SALES

**13 %** (8 %)

### INTELLECTUAL PROPERTY (IP)

**194** (164)

### INTERNAL HEADCOUNT

**790** (941)

### INTERNAL STUDIOS

**2** (3)

Key performance indicators, Entertainment & Services	Jul–Sep 2023	Jul–Sep 2022	Apr–Sep 2023	Apr–Sep 2022	Apr 2022– Mar 2023
Net sales, SEK m	1,381	784	3,213	1,456	5,270
of which Digital products, SEK m	310	144	652	241	547
of which Physical products, SEK m	766	619	1,849	1,179	4,658
of which Other, SEK m	305	22	712	37	65
Net sales growth	76 %	69 %	121 %	56 %	70 %
EBIT, SEK m	–86	–96	99	–100	–170
EBIT margin	–6 %	–12 %	3 %	–7 %	–3 %
Adjusted EBIT, SEK m	216	7	499	27	281
Adjusted EBIT margin	16 %	1 %	16 %	2 %	5 %

### SEGMENT HIGHLIGHTS

Net sales in the quarter for Entertainment & Services amounted to SEK 1,381 million, an increase of 76 % compared to the same period last year, or 13 % organically and 28 % pro forma in constant currency. The organic growth was primarily driven by PLAION Partner Publishing & Film. Dark Horse had a negative contribution to organic growth due to a slower backlist publishing sales for graphic novels. The strong, inorganic increase in net sales was primarily driven by the acquisitions within Embracer Freemode of Limited Run Games and Middle-earth Enterprises, with the latter growing strongly on a pro forma basis.

EBIT amounted to SEK –86 million (–96), yielding a –6 % (–12 %) EBIT margin. Adjusted EBIT amounted to SEK 216 million (7), yielding a 16 % (1 %) Adjusted EBIT margin. Items affecting comparability amounted to SEK –205 million (0), and mainly constitute write-downs for ongoing game development projects, for which the studio or team has been discontinued. It is mainly related to an announced title from the studio C77. The higher Adjusted EBIT margin is primarily explained by stronger-than-expected licensing revenue for the Lord of the Rings IP, primarily driven by the Magic the Gathering trading card game *The Lord of the Rings: Tales of Middle-earth™*. The game was released by Middle-earth Enterprises' long-term partnership with Wizards of the Coast, garnering positive acclaim from fans and critics. Middle-earth Enterprises is the licensor and thereby receives royalty revenues based on the sales of the TCG series.

After the quarter, *The Lord of the Rings: Return to Moria*, a new PC/console survival-crafting game from external licensee North Beach Games and the development studio Free Range Games was released, garnering a mixed reception from critics. The title has been positively received among players for its co-op mode and its story. The game has performed in line





with management expectations on Epic Game Store (PC) and is expected to be released for console later this financial year.

After the quarter, Dark horse was awarded the best International book for their *Blacksad: They All Fall Down - Part One* at The Harvey Awards. For their work in *Cyberpunk 2077: Big City Dreams* they won the Hugo award for the Best Graphic Story or Comic at the 81st World Science Fiction Convention.

The *Berserk* manga book series soon reaches another milestone when closing nearly 3million of sold books.

Further, Dark Horse and Lucasfilm Publishing, will be publishing *Star Wars™: Hyperspace Stories*; a number of books with stand alone stories. First out is *Star Wars™: Hyperspace Stories - Qui-Gon* in April 2024.

Clear River Games, announced at Tokyo Game Show in September that they will be publishing *Omega 6 The Video Game* based on a manga by ex Nintendo veteran Takaya Imamura, and the beat 'em up *Rushing Beat X* based on a classic Jaleco IP. On the same show, the studio Tatsujin announced *Snow Bros Wonderland* and *Truxton Extreme*, both based on classic Toaplan games.



## OTHER FINANCIAL INFORMATION

### NET PROFIT FOR THE PERIOD

Net profit for the second quarter amounted to SEK –562 million (2,381), a decrease of SEK 2,943 million compared to the same period previous year. For the period April to September net profit amounted to SEK 1,689 million (2,200) a decrease of SEK 511 million.

Net financial items amounted to SEK 161 million (2,162) in the quarter. The decrease in the quarter is mainly related to change in net financial items and restructuring costs. Net interest income/expenses and other financial income/expenses amounted to SEK –299 million (–111). Changes in fair value of contingent consideration and put/call options on non-controlling interests and related interest expenses including deferred considerations amounted to SEK 570 million (1,268). The positive effect is mainly explained by a reduction in the Embracer share price which lowers the fair value. Exchange rate gain/losses amounted to SEK –110 million (1,006), mainly related to the revaluation of intercompany financial receivables.

Income tax amounted to SEK 113 million (–241) in the quarter. Current income tax amounted to SEK –48 million (–534) and deferred income tax amounted to SEK 161 million (293).

### CONDENSED CASH FLOW

SEK m	Jul–Sep 2023	Jul–Sep 2022	Apr–Sep 2023	Apr–Sep 2022	Apr 2022– Mar 2023
<b>Operating activities</b>					
Cash flow from operating activities before changes in working capital	2,100	2,516	3,969	4,123	7,545
Cash flow from changes in working capital	150	–1,936	–361	–3,196	–2,162
<b>Cash flow from operating activities</b>	<b>2,250</b>	<b>580</b>	<b>3,608</b>	<b>927</b>	<b>5,383</b>
Cash flow from investing activities	–2,128	–3,782	–4,478	–7,469	–15,489
Cash flow from financing activities	1,502	1,666	1,622	9,059	8,501
<b>Cash flow for the period</b>	<b>1,623</b>	<b>–1,536</b>	<b>752</b>	<b>2,516</b>	<b>–1,605</b>
Cash and cash equivalents at the beginning of period	3,952	10,227	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	–55	188	106	553	457
<b>Cash and cash equivalents at the end of period</b>	<b>5,520</b>	<b>8,879</b>	<b>5,520</b>	<b>8,879</b>	<b>4,662</b>

Cash flow from operating activities amounted to SEK 2,250 million (580) whereof cash flow from working capital amounted to SEK 150 million (–1,936) in the quarter. Compared to last year there is a significantly reduced inventory build-up in the Tabletop Games segment which has a positive effect on changes in working capital. Sequentially operating receivables and operating liabilities have increased, mainly driven by the Tabletop Games Segment and increased accrued expenses for game releases in PC/Console in the quarter.

Cash flow from investing activities amounted to SEK –2,128 million (–3,782) in the quarter. The effects in the cash flow from investing activities is driven by increased investments in intangible assets SEK –1,914 million (–1,572) where SEK –1,749 million (–1,505) is invested in the portfolio of on-going game development and the majority – 1,690 million relates to the PC/Console Segment.

Current investments amounted to SEK 0 million (1,528) and the cash flow from Acquisitions of subsidiaries amounted to SEK –62 million (–3,624).

Free cash flow after changes in working capital amounted to SEK 387 million (–936) (see page 55).

Cash flow from financing activities amounted to SEK 1,502 million (1,666) in the quarter. It is mainly driven by a new share issue that amounted to SEK 2,000 million (5,451), proceeds from borrowings amounted to SEK 98 million (3,009) and reduced utilization of credit facilities amounted to SEK –402 million (–6,703).



## NET DEBT AND AVAILABLE FUNDS

SEK m	Sep 30 2023	Sep 30 2022	Mar 31 2023
Cash	5,520	8,879	4,662
Current investments	2	-	18
Current liabilities to credit institutions	-1,396	-1,745	-683
Current account credit facilities	-7	-129	-17
Non-current liabilities to credit institutions	-18,743	-18,169	-19,560
<b>Net Debt (-) / Net Cash (+)</b>	<b>-14,624</b>	<b>-11,164</b>	<b>-15,581</b>

As per September 30, 2023 the group had non-interest-bearing deferred considerations and obligations related to historical business combinations with an expected cash settlement of SEK 8.8 billion with an estimated maturity structure (see page 22).

In July, agreements were signed for the parent company's main credit- and loan facilities extending the maturity until October 2024. The second stage extension of our main credit- and loan facilities agreement is being negotiated and expected to be concluded during the restructuring program.

The Board of Directors of Embracer Group has set goals for the capital structure in the financial leverage policy for Embracer Group. The leverage target is to have net debt to Adjusted EBIT of 1.0x on a 12-month forward looking basis. The Group may exceed this ratio for the right inorganic growth opportunity, but with the ambition to return to below 1.0x in the medium term.

Embracer Group AB has a leverage covenant in its credit agreements. The terms for these are 2.5x net debt through Adjusted EBITDA trailing twelve months calculated according to agreement with lenders. As per September 30, 2023 Embracer has substantial headroom to the covenants.

SEK m	Sep 30 2023	Sep 30 2022	Mar 31 2023
Cash	5,520	8,879	4,662
Current investments	2	-	18
Unutilized credit facilities	1,362	1,271	1,404
<b>Available funds</b>	<b>6,885</b>	<b>10,150</b>	<b>6,083</b>



Expeditions: A MudRunner Game

## OBLIGATIONS RELATED TO HISTORICAL ACQUISITIONS

In connection to certain business combinations, agreements have been entered regarding contingent considerations that are not classified as part of the transferred purchase consideration since there is a requirement for continued employment for the seller or other reasons for the contingent consideration to be accounted for as a separate transaction. Therefore the item is classified as payment for future services. The contingent consideration could be paid in cash or through shares, whereby transactions are accounted for according to *IFRS 2 Share-based payment for remuneration that is equity and share-based*, or according to *IAS 19 Benefits for employees through cash settled benefits*. As the benefits are earned, the item is accounted for as a personnel expense in the group's income statement.

Contingent considerations that are classified as part of transferred purchase considerations and put/call options on non-controlling interests are described in note 5. Contingent considerations classified as part of the purchase consideration is accounted for as either equity or debt in the group's balance sheet. On September 30, the debt portion amounted to SEK 3,615 million and the equity portion amounted to SEK 1,928 million. The value of these obligations is based on the estimated degree of fulfillment and timing for such fulfillment, which is continuously monitored and evaluated.

### Obligations related to historical acquisitions to be settled in cash

The table below gives an overview of obligations related to historical acquisitions in SEK million to be settled in cash on September 30, 2023. The present value of contingent considerations has been calculated based on expected outcome for financial and operational targets for each individual agreement. The financial liability will vary over time depending on, among other things, the degree of fulfillment of conditions for payment, the development of certain exchange rates in relation to the Swedish krona and interest rates.

Since the last quarter the obligations has increased with SEK 44 million, the increase is besides the effect from exchange rates and discount rates driven by a smaller asset acquisition within the mobile segment and downward changes in estimated target fulfillment. The changes in the settlement structure since last quarter is explained by changes in the estimation of timing on target fulfillment.

Financial year when settlement might occur	Contingent consideration classified as part of purchase price <sup>1)</sup> , SEK m	Obligations in relation to future personnel costs related to acquisitions, SEK m	Total obligations related to historical acquisitions, SEK m
2023/2024	2,002	321	2,323
2024/2025	707	314	1,021
2025/2026	294	383	677
2026/2027	1,635	860	2,495
2027/2028	590	1,035	1,625
2028/2029	269	113	383
2029/2030	216	25	241
2030/2031	67	3	69
	<b>5,781</b>	<b>3,053</b>	<b>8,835</b>

<sup>1)</sup> Includes cash portion of put/call options on non-controlling interests and deferred consideration

Contingent considerations classified as part of the purchase consideration and which will be settled in cash are accounted for as debt in the group's balance sheet, divided into current and non-current debt. Additional information is available in note 5. Obligations related to future personnel costs related to acquisitions which will be settled in cash are accounted for in the group's balance sheet, to the extent that it has been earned by the employee and is classified as debt. On September 30, the debt amounted to SEK 1,211 million, divided into current and non-current debt.

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent upon future financial or operational targets. Additional information is available in note 5. Put/call options on non-controlling interest refers to put/call option on non-controlling interests in business combinations where the selling shareholders keep some ownership and there is a contractual obligation where Embracer will purchase the



remaining interest if the holder of the option determines to exercise. Additional information is available in note 5.

### Obligations related to historical acquisitions to be settled in shares

The table below provides an overview of obligations related to historical acquisitions on September 30, which will be settled in shares, with information on the number of shares. Contingent considerations classified as part of the purchase consideration is accounted for as either equity or debt in the group's balance sheet. Additional information is available in note 5. Obligations related to future personnel costs related to acquisitions which will be settled in shares is accounted for in the group's balance sheet, to the extent that it has been earned by the employee and is classified as equity in the group's balance sheet.

Number of shares, million	Contingent consideration classified as part of purchase price	Obligations in relation to future personnel costs related to acquisitions	Total obligations related to historical acquisitions
Already issued	65	24	89
To be issued	77	30	107
<b>Total number of shares</b>	<b>142</b>	<b>54</b>	<b>196</b>

The number of shares to be paid as additional purchase price can vary but never exceed 107 million according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 7.39 % and 5.22 % of the voting rights as of September 30, 2023, and the total number of shares after full dilution will be 1,467 million.

Current expectations of shares to be issued based on target achievement is within the interval 63 to 76 million. If shares within this interval is issued, the dilution in capital will amount to 4.46-5.38 % and 3.12-3.77 % of the voting rights as of as of September 30, 2023

The 89 million shares that have so far been issued are subject to clawback restrictions (clawback shares). Clawback shares are defined as shares of the company issued to sellers at completion of acquisitions of companies or assets. Clawback shares are part of the earnout consideration to sellers of companies or assets. Clawback shares are held by sellers, either in escrow accounts or on regular accounts, with an agreed right for the company to receive the shares back, at no consideration, if specific earnout targets are not met. Clawback shares are kept by the sellers if earnout targets are met.

During the quarter the number of already issued shares under clawback restrictions decreased with 1 million shares due to several target achievements.

### PARENT COMPANY

The parent company acquires and conducts operations through its subsidiaries and underlying companies.

The parent company's net sales for the quarter were SEK 17 million (11), and loss/profit before tax was SEK -495 million (836). Loss/profit after tax was SEK -431 million (698). The change in profit before tax is mainly related to changes in the financial net due to unrealized exchange rate losses.

The parent company's net sales for April-September 2023 were SEK 48 million (29), and profit before tax was SEK 37 million (1,326). Profit after tax was SEK 14 million (1,084). The change in profit before tax is mainly related to changes in the financial net due to unrealized exchange rate losses.

Cash and current investments as of September 30, 2023 were SEK 1,506 million (4,168). Available funds amounted to SEK 1,756 million as of September 30, 2023. The parent company's equity at the end of the period was SEK 61,641 million (59,027).



## SIGNIFICANT EVENTS DURING THE QUARTER

- > On July 5, Embracer Group announced and successfully carried out an issue of 80,000,000 new B shares directed to Swedish and international institutional investors, thereby raising gross proceeds of SEK 2 billion. The subscription price in the share issue amounted to SEK 25.00 per B share and was determined through an accelerated book-building procedure led by Goldman Sachs, Nordea Bank, SEB and Swedbank. Embracer Group intends to use the net proceeds to further strengthen its financial position, improve financing costs and operational flexibility in addition to the previously announced restructuring program. The rights issue increased the number of shares in Embracer Group to 1,339,242,167, of which 66,798,274 are A shares carrying ten votes each and 1,272,443,893 are B shares carrying one vote each.
- > On September 20, Embracer Group announced its Capital Markets Day would be postponed until the first half of 2024, after originally being planned for the second half of 2023. The reason is to better align the Capital Markets Day date with the restructuring program which was launched on June 13 and will run until March 31, 2024.
- > At the Annual General Meeting on September 21:
  - > Cecilia Driving, David Gardner, Jacob Jonmyren, Kicki Wallje-Lund (Chair) and Lars Wingefors were re-elected as directors of the board. Yasmina Brihi, Bernt Ingman and Cecilia Qvist were elected as new directors. Matthew Karch and Erik Stenberg did not run for re-election.
  - > PwC was elected as Embracer's new auditor. PwC has announced that the authorized public accountant Magnus Svensson Henryson will be the main responsible auditor.
- > In september, Müge Bouillon, (currently Group CFO of Asmodee), was appointed to the new role as Deputy Group CFO for Embracer Group, starting from January 1, 2024.



Hot Wheels Unleashed 2: Turbocharged



## SUSTAINABILITY AND GOVERNANCE

### SUSTAINABILITY

During the quarter, Embracer initiated a project to further develop the company's risk mapping of ESG issues. The ESG risk mapping has a particular focus on high-risk markets and will support the company in allocating the right resources and support to different parts of the Group. ESG risks are part of the company's overall risk management.

With regards to the ongoing restructuring program, the HQ sustainability team has an ongoing dialogue with the sustainability ambassador group about the well-being of employees in the Group. The ambassador group comprises representatives from all twelve operative groups.

Further, Embracer increased the S&P ESG<sup>1)</sup> rating from 28 to 33, mainly due to a more robust governance.

<sup>1)</sup> S&P Global Ratings, a division of S&P Global, assigns these ratings to companies on a scale of 0 to 100, with higher scores indicating better ESG performance.

### GOVERNANCE

During the quarter we adopted an AI Policy which is rolled out and being implemented throughout the Group. This policy outlines our governance and minimum standards for Embracer Group as a user or creator of AI systems. Paired with this an AI Guideline has been rolled out in the Group focusing on identifying and mitigating the Group's risks when using AI image tools, including intellectual property right aspects.

We have also rolled out a Privacy Guideline building on the Embracer Group Privacy Policy and expanding and further detailing Privacy Compliance within Embracer Group.

At the annual general meeting held on 21 September 2023, the shareholders appointed three new directors Yasmina Brihi, Bernt Ingman and Cecilia Qvist. Cecilia Driving, David Gardner, Jacob Jonmyren, Kicki Wallje-Lund and Lars Wingefors were re-elected. Whereby the Board now consists of eight directors, of which four are men and four are women.

At the annual general meeting PwC was also elected as Embracer Group's new auditor.



Outcast – A New Beginning

## MARKET REVIEW

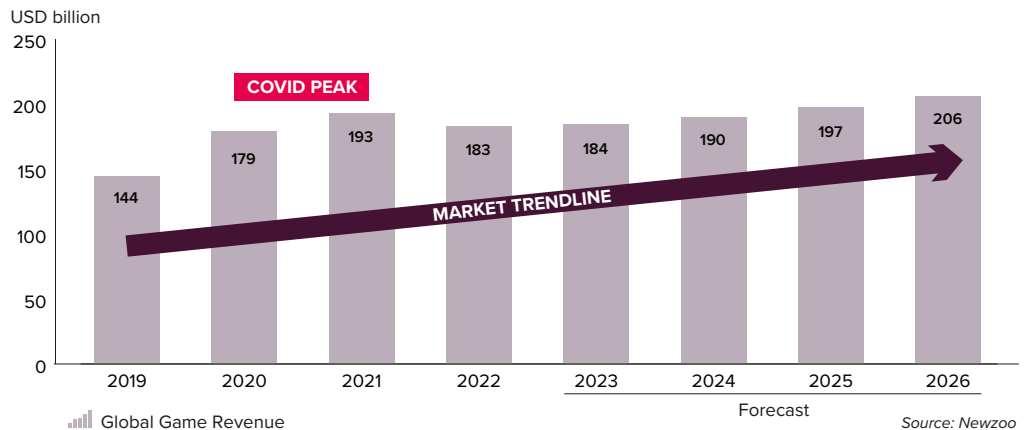
Embracer Group currently operates in four segments; PC/Console and Mobile Games (jointly 'Video games'), Tabletop Games and Entertainment & Services.

### VIDEO GAMES MARKET

The games market in 2023 is seeing small year-on-year growth, despite a challenging macro environment (for consumers and businesses alike), and widespread layoffs in the games industry as a whole. The gaming market is widely viewed as being more resilient than other categories with economic pressures. In 2023 the global video games market is expected to generate USD 184 billion, an increase of 1 % YoY<sup>1</sup>.

More people are playing games than ever before and the number is expected to rise to 3.4 billion in 2023, up 6 % YoY<sup>1</sup>. The market is being helped by better console supply, a stronger new release line-up, digital sales generally, VR and Games as a Service (in-game revenue). In the first three quarters of 2023, PS5 console sales have almost doubled YoY in Europe and the US combined (+81 %)<sup>2</sup>. The corresponding PS5 full game software market has seen similar levels of unit growth as well in both the US and Europe<sup>3</sup>.

The longer-term growth prospects also remain strong, and total games market values are predicted to reach USD 206 billion in 2026, a +5 % CAGR between 2019 and 2026<sup>1</sup>.



*A note on the above market estimations from Newzoo: Values and growth levels are slightly lower than their previous predictions (July) mainly due to changing exchange rates and a lowering of 2023 estimations for console and mobile gaming revenues (total 2023 revenue is 2 % lower than the previous forecast in July).*

### PC / Console Games Market

The Console sector, estimated at USD 52 billion (2022), accounts for 29 % of the global video games market and is expected to increase in 2023 by +2 % YoY<sup>1</sup> thanks largely to an acceleration of the new-gen console installed base, with a higher supply and a stronger new release line-up. Expectations are high for calendar Q4 this year which will be the first ever peak-buying period with full supply of both PS5 and XB Series consoles (since their respective launches).

The PC sector continues its robust performance. It is estimated at USD 39 billion (2022), accounting for 21 % of the global games market. It is expected to see growth of 4 % in 2023<sup>1</sup>. It is the only sector for which Newzoo has increased its 2023 market forecasts predicting that it will also be the fastest growing sector of the video games market (in 2023), driven largely by a strong performance in the premium game sector.

Growth in both the PC and Console markets is expected to be helped (this year and onwards) by increasing in-game revenue stemming from purchases within games (either in premium games or free-to-play games).



## Mobile Gaming Market

The mobile gaming market, estimated at USD 92 billion (2022), is the largest game sector, representing 50 % of the global gaming market. It is expected to see a small decline of 2 % YoY in 2023<sup>1)</sup>. The sector is still struggling from privacy regulation (which is taking time for developers to adjust to), China's slow license approval process and the fact that the more casual mobile users are seemingly more affected by economic pressures than other gaming sectors.

## TABLETOP GAMES MARKET

### April – September (H1 FY) EU and US Market<sup>4)</sup>

The tabletop mass market (Strategic Trading Cards, Card & Boardgames) grew slightly in April-September by 1 % YoY. By region, in this same period, there were differing performances with the US market decreasing by 6 % YoY whilst the European market grew by 15 %. The US market is experiencing a decline in the Board Games category of 4 %, the slump being highest for the Family Strategy and Kids games sectors. The growing European market was driven, in particular, by the Boardgame and STCG sectors (achieving 12 % and 22 % YoY growth respectively).

## ENTERTAINMENT & SERVICES MARKET

### Comics and Books

Sales of books in the US, for the first six months of 2023, were down 3 % YoY to 354 million units<sup>5)</sup> although this represents a more respectable 12 % growth compared to the (pre-pandemic) first half of 2019.

Graphic novels are cooling off, after many years of growth, down 23 % YoY (January – June). The category is still large, however, with 14 million units in sales (H1 2023), the third-largest genre in adult fiction.

### TV and Film

The five-month strike of the Writers Guild of America ended on September 27 after a deal with the major Hollywood studios was reached. The four-month strike of the SAG AFTRA, the performer's union, ended on November 8th, following a tentative deal with the Alliance of Motion Picture and Television Producers. Some productions suspended during the strike will not be extended. Predictions are that the TV markets will contract from approximately 600 shows per year to 400-500 per year over the next two years<sup>6)</sup>.

Looking at global box office revenues, the forecast for the full year of 2023 is now expected to land at USD 35 billion, an increase over the previous forecast of USD 32 billion<sup>7)</sup>. The adjustments follow strong performance in July and August, which saw above pre-pandemic averages. The new projection would mean a growth of 33 % YoY compared to 2022 and 12 % behind the average of the average of the pre-pandemic years 2017-2019.

<sup>1)</sup> Source: Newzoo

<sup>2)</sup> Source: VG Chartz

<sup>3)</sup> Source: GSD and NPD / Circana

<sup>4)</sup> Source: NPD and Asmodee

<sup>5)</sup> Source: Circana BookScan

<sup>6)</sup> Source: Puck

<sup>7)</sup> Source: Gower Street Analytics



## GAMES ARCHIVE

The Embracer Games Archive preserves and tributes the games culture through its archive of physical games and consoles. By building an extensive archive of physically released games for the consumer market, the aim is to be a resource for the gaming industry and its community. Games should be shared with future and current generations for cultural and educational purposes and the archive aims to contribute to these preservation efforts.

During the reporting quarter, the work of registering all of the objects in the database has gained momentum. Today 16,000 out of the estimated 80,000 objects in the archive are now searchable through the database. The archive has significantly expanded its network by having participated in several events during the quarter, furthering its outreach. Additionally, it recently had its first private and public exhibition.

After the quarter, representatives from the archive held a presentation and speech at the event "History Marketing Summit" in Stockholm, with the focus on how heritage can create value for businesses.



## ANALYSTS FOLLOWING EMBRACER GROUP

AS OF NOVEMBER 16, 2023

Company	Name	Mail
ABG Sundal Collier	Simon Jönsson	simon.jonsson@abgsc.se
BNP Paribas Exane	Nicolas Langlet	nicolas.langlet@exanebnpparibas.com
Barclays	Nick Dempsey	nick.dempsey@barclays.com
BofA Securities	Adrien de Saint Hilaire	adrien.de_saint_hilaire@bofa.com
Carnegie Investment Bank	Amar Galijasevic	amar.galijasevic@carnegie.se
Citi	Thomas A Singlehurst	thomas.singlehurst@citi.com
DNB Markets	Martin Arnell	martin.arnell@dnb.se
Danske Bank Markets	Jacob Edler	jedl@danskebank.se
Deutsche Bank	George Brown	george-samuel.brown@db.com
Goldman Sachs	Alexander Duval	alexander.duval@gs.com
HSBC	Ali Naqvi	ali.naqvi@hsbc.com
Handelsbanken Capital Markets	Rasmus Engberg	raen01@handelsbanken.se
JP Morgan	David Peat	david.peat@jpmorgan.com
Jefferies	Sebastian Patulea	spatulea@jefferies.com
Kepler Cheuvreux	Mathias Lundberg	mlundberg@keplercheuvreux.com
Pareto	Vincent Edholm	vincent.edholm@paretosec.com
Redeye	Viktor Lindström	viktor.lindstrom@redeye.se
SEB	Erik Larsson	erik.larsson@seb.se
Wedbush	Nick McKay	nick.mckay@wedbush.com

At [www.embracer.com](http://www.embracer.com) consensus estimates are provided as an IR-service. The estimates presented are delivered from Modular Finance and based on predictions made by analysts who cover Embracer Group.

## THE SHARE

TOP 10 OWNERS AS OF SEPTEMBER 30, 2023

Change from  
Jun 30, 2023

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class A and B shares
Lars Wingefors AB	52,260,204	210,238,330	19.60 %	37.76 %	
Savvy Gaming Group		99,884,024	7.46 %	5.15 %	
S3D Media Inc	12,798,274	70,772,440	6.24 %	10.24 %	
DNB Asset Management AS		45,942,022	3.43 %	2.37 %	9,750,738
Canada Pension Plan Investment Board (CPP)		43,663,200	3.26 %	2.25 %	304,200
Alecta Tjänstepension		41,064,000	3.07 %	2.12 %	2,480,000
PAI Partners		39,044,571	2.91 %	2.01 %	
Handelsbanken Fonder		29,893,360	2.23 %	1.54 %	204,769
Didner & Gerge Fonder		28,318,842	2.11 %	1.46 %	3,800,000
SEB Fonder		27,461,007	2.05 %	1.42 %	5,634,520
<b>TOP 10</b>	<b>65,058,478</b>	<b>636,281,796</b>	<b>52.36 %</b>	<b>66.31 %</b>	
<b>OTHERS</b>	<b>1,739,796</b>	<b>636,368,539</b>	<b>47.64 %</b>	<b>33.69 %</b>	
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,272,650,335</b>	<b>100 %</b>	<b>100 %</b>	

Source: Monitor by Modular Finance.

Shareholder lists are available on [embracer.com](http://embracer.com) and are updated in real time.

## INTERNATIONAL OWNERSHIP

### TOP 50 INSTITUTIONAL

AS OF SEPTEMBER 30, 2023

BY CAPITAL

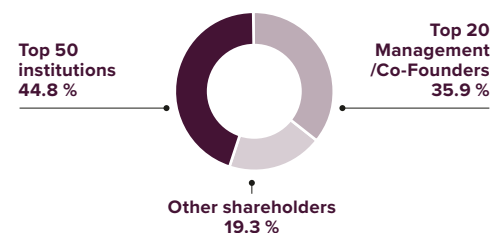


## INSTITUTIONAL OWNERSHIP

### VS MANAGEMENT

AS OF SEPTEMBER 30, 2023

BY CAPITAL



**TOP 20 MANAGEMENT & CO-FOUNDER OWNERS AS OF SEPTEMBER 30, 2023**

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	Embracer Group	52,260,204	210,238,330	19.60 %	37.76 %
Matthew Karch and Andrey Iones	Saber Interactive	12,798,274	70,772,440	6.24 %	10.24 %
Founders/Management <sup>1)</sup>	Easybrain	0	61,638,689	4.60 %	3.18 %
Ken Go	Deca Games	0	11,803,182	0.88 %	0.61 %
Randy Pitchford	Gearbox	0	9,563,028	0.71 %	0.49 %
Matthew Karch <sup>2)</sup>	Saber Interactive	0	8,570,000	0.64 %	0.44 %
Founders/Management	4A	0	4,892,140	0.37 %	0.25 %
Erik Stenberg	Embracer Group	0	4,500,000	0.34 %	0.23 %
Management	CrazyLabs	0	4,402,714	0.33 %	0.23 %
Founders	Ghostship Games	0	4,128,206	0.31 %	0.21 %
Luisa Bixio	Milestone	0	4,124,342	0.31 %	0.21 %
Founders/Management	Aspyr	0	3,549,742	0.27 %	0.18 %
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	3,516,420	0.26 %	0.18 %
Pelle Lundborg	Embracer Group	1,739,796	1,009,120	0.21 %	0.95 %
Anton Westbergh	Coffee Stain	0	2,412,666	0.18 %	0.12 %
Klemens Kundratitz <sup>3)</sup>	PLAION	0	2,420,856	0.18 %	0.12 %
William Munk II	Tripwire	0	1,501,907	0.11 %	0.08 %
David Hensley	Tripwire	0	1,501,907	0.11 %	0.08 %
Alan Wilson	Tripwire	0	1,482,887	0.11 %	0.08 %
Dennis Gustafsson	Tuxedo Labs	0	1,408,031	0.11 %	0.07 %
<b>TOP 20</b>		<b>66,798,274</b>	<b>413,436,607</b>	<b>35.85 %</b>	<b>55.73 %</b>
<b>ALL OTHER SHAREHOLDERS</b>		<b>0</b>	<b>859,213,728</b>	<b>64.15 %</b>	<b>44.27 %</b>
<b>TOTAL</b>		<b>66,798,274</b>	<b>1,272,650,335</b>	<b>100 %</b>	<b>100 %</b>

Holdings by management above are in general owned through various wholly owned companies. Holdings include clawback shares that are issued but subject to restrictions and in some cases are these shares not part of the transferred consideration in the PPA but is classified as remuneration for future services according to IFRS2.

<sup>1)</sup> Easybrain founders sold 500 000 B-shares during quarter and 2 458 280 shares after quarter end.

<sup>2)</sup> Matthew Karch has bought 1 000 000 B-shares during quarter.

<sup>3)</sup> Klemens Kundratitz bought 165 000 B-shares in June 2023.



Homeworld 3

**TOP 50 INSTITUTIONAL OWNERS AS OF SEPTEMBER 30, 2023**
**Change from  
Jun 30, 2023**

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Savvy Gaming Group		99,884,024	7.46 %	5.15 %	
DNB Asset Management AS		45,942,022	3.43 %	2.37 %	9,750,738
Canada Pension Plan Investment Board (CPP)		43,663,200	3.26 %	2.25 %	304,200
Alecta Tjänstepension		41,064,000	3.07 %	2.12 %	2,480,000
PAI Partners		39,044,571	2.91 %	2.01 %	
Handelsbanken Fonder		29,893,360	2.23 %	1.54 %	204,769
Didner & Gerge Fonder		28,318,842	2.11 %	1.46 %	3,800,000
SEB Fonder		27,461,007	2.05 %	1.42 %	5,634,520
Swedbank Robur Fonder		23,064,681	1.72 %	1.19 %	-3,362,530
Avanza Pension		17,151,816	1.28 %	0.88 %	9,379,394
Skandia Fonder		13,284,478	0.99 %	0.68 %	2,808,674
Vanguard		12,987,796	0.97 %	0.67 %	12,103,443
BlackRock		12,792,097	0.96 %	0.66 %	-8,096,611
Andra AP-fonden		12,184,258	0.91 %	0.63 %	-242,437
DNB Asset Management SA		12,055,159	0.90 %	0.62 %	1,944,287
TIN Fonder		12,034,706	0.90 %	0.62 %	
Länsförsäkringar Fonder		11,181,987	0.83 %	0.58 %	-1,385,882
ODIN Fonder		8,500,000	0.63 %	0.44 %	500,000
Norges Bank		7,251,974	0.54 %	0.37 %	6,224,024
Futur Pension		6,460,101	0.48 %	0.33 %	32,677
LOYS AG		5,820,000	0.43 %	0.30 %	1,470,000
Tredje AP-fonden		5,584,788	0.42 %	0.29 %	3,034,788
Nordea Funds		4,859,758	0.36 %	0.25 %	44,724
Swedbank Försäkring		4,675,492	0.35 %	0.24 %	1,179,362
Storebrand Fonder		4,660,263	0.35 %	0.24 %	664,474
Första AP-fonden		4,627,001	0.35 %	0.24 %	
Martin Larsson (Chalex AB)		4,523,369	0.34 %	0.23 %	
Government of Japan Pension Investment Fund		4,343,291	0.32 %	0.22 %	
Livförsäkringsbolaget Skandia		4,192,679	0.31 %	0.22 %	-123,575
Fidelity Investments (FMR)		3,879,628	0.29 %	0.20 %	597,115
State Street Global Advisors		3,559,140	0.27 %	0.18 %	-601,535
Aktia Asset Management		3,437,500	0.26 %	0.18 %	400,000
Nordnet Pensionsförsäkring		3,428,710	0.26 %	0.18 %	265,162
Handelsbanken Liv Försäkring AB		3,380,703	0.25 %	0.17 %	-234,210
Kåpan Pensioner Försäkringsförening		3,076,091	0.23 %	0.16 %	186,091
Enter Fonder		3,023,940	0.23 %	0.16 %	-310,000
VanEck		2,977,496	0.22 %	0.15 %	
Northern Trust		2,619,008	0.20 %	0.13 %	-555,561
Nordea Liv & Pension		2,764,732	0.21 %	0.14 %	146,279
Folksam		2,674,674	0.20 %	0.14 %	-13,918
Ruth Asset Management		2,572,911	0.19 %	0.13 %	
Deka Investments		2,013,337	0.15 %	0.10 %	945,789
Svenska Handelsbanken AB for PB		1,907,994	0.14 %	0.10 %	-15,315
Jofam AB		1,905,000	0.14 %	0.10 %	
Aviva		1,902,472	0.14 %	0.10 %	-22,636
KBC Asset Management		1,702,333	0.13 %	0.09 %	
Provobis Holding AB		1,700,000	0.13 %	0.09 %	500,000
Lancelot Asset Management AB		1,600,000	0.12 %	0.08 %	
Charles Schwab Investment Management Inc		1,478,370	0.11 %	0.08 %	1,127,485
Geode Capital Management, LLC		1,359,348	0.10 %	0.07 %	749,510
<b>TOP 50 INSTITUTIONAL</b>	<b>0</b>	<b>600,470,107</b>	<b>44.83 %</b>	<b>30.94 %</b>	
<b>OTHERS</b>	<b>66,798,274</b>	<b>672,180,228</b>	<b>55.17 %</b>	<b>69.06 %</b>	
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,272,650,335</b>	<b>100 %</b>	<b>100 %</b>	

Source: Monitor by Modular Finance.



## RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons for the success of game development, the sales performance of launched games, dependence on a few distributors and the success and performance of acquisitions. The complete risk analysis is found in the company's most recent Annual Report. No significant risks are considered to have arisen besides those being described in the Annual Report.

## AUDITOR'S REVIEW

This Interim Report has been subject to limited review by the Company's auditor, see page 33 for the auditors review report.

## FORTHCOMING REPORTS

Interim Report Q3, October-December 2023	February 15, 2024
Full Year Report 2023/24	May 23, 2024
Annual Report 2023/24	Week 26, 2024
Interim Report Q1, April-June 2024	August 15, 2024

## FOR MORE INFORMATION

Find more information about the Company at its website: [embracer.com](https://embracer.com)  
For any questions on this report, please contact:

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# AUDITOR'S REVIEW REPORT

(THIS IS A TRANSLATION FROM THE SWEDISH REPORT)

To Embracer Group AB (publ), corporate identity number 556582-6558

## INTRODUCTION

We have reviewed the condensed interim report for Embracer Group AB (publ) as of September 30, 2023 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 16, 2023  
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson  
*Authorized Public Accountant*



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## SIGNATURES AND ASSURANCE

The Board of Directors and Chief Executive Officer offer their assurance that this interim report for the second quarter gives a true and fair view of the Group's and parent company's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and the parent company.

Karlstad, Sweden, November 16, 2023

Kicki Wallje-Lund  
*Chair of the Board*

Yasmina Brihi  
*Board member*

Cecilia Driving  
*Board member*

David Gardner  
*Board member*

Bernt Ingman  
*Board member*

Jacob Jonmyren  
*Board member*

Cecilia Qvist  
*Board member*

Lars Wingefors  
*CEO and Board member*

*This report is information that is mandatory for Embracer Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on November 16, 2023.*

*This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Forward-looking statements are subject to risks and uncertainties. Results could differ materially from forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.*

*This report is based solely on the circumstances at the date of publication and except to the extent required under applicable law or applicable market place regulations, Embracer Group AB is under no obligation to update the information, opinions or forward-looking statements in this report.*



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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Net sales	3, 4	10,831	9,569	21,281	16,687	37,665
Other operating income		131	129	221	229	409
<b>Total operating income</b>		<b>10,962</b>	<b>9,698</b>	<b>21,502</b>	<b>16,915</b>	<b>38,074</b>
Work performed by the Company for its own use and capitalized		1,437	1,097	2,895	1,963	4,788
Goods for resale		-4,049	-3,300	-7,964	-5,806	-14,768
Other external expenses	7	-2,420	-2,364	-4,811	-4,170	-8,704
Personnel expenses	8	-3,644	-3,228	-7,084	-6,168	-12,449
Depreciation, amortization and impairment		-3,049	-1,565	-4,830	-2,665	-6,523
Other operating expenses	9	-65	-28	-121	-162	-436
Share of profit of an associate after tax		-6	150	0	155	213
<b>Operating profit (EBIT)</b>		<b>-836</b>	<b>461</b>	<b>-415</b>	<b>63</b>	<b>194</b>
Net financial items	10	161	2,162	2,332	2,700	4,822
<b>Profit before tax</b>		<b>-675</b>	<b>2,622</b>	<b>1,917</b>	<b>2,763</b>	<b>5,015</b>
Income tax		113	-241	-229	-563	-553
<b>Net profit for the period</b>		<b>-562</b>	<b>2,381</b>	<b>1,689</b>	<b>2,200</b>	<b>4,462</b>
<i>Net profit for the period attributable to:</i>						
Equity holders of the parent		-562	2,369	1,688	2,202	4,454
Non-controlling interests		0	12	1	-2	8
<b>Earnings per share</b>						
Basic earnings per share (SEK)		-0.47	2.21	1.45	2.10	4.17
Diluted earnings per share (SEK)		-0.47	2.20	1.45	2.08	4.12

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
<b>Net profit for the period</b>		<b>-562</b>	<b>2,381</b>	<b>1,689</b>	<b>2,200</b>	<b>4,462</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit or loss (net of tax):</i>						
Exchange differences on translation of foreign operations		-1,104	2,623	1,967	5,392	4,802
Cash flow hedges		-1	-	-3	-	8
<i>Items that will not be reclassified to profit or loss (net of tax):</i>						
Remeasurement of defined benefit plans for employees		0	-	0	-	10
<b>Total other comprehensive income for the period, net of tax</b>		<b>-1,105</b>	<b>2,623</b>	<b>1,965</b>	<b>5,392</b>	<b>4,820</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-1,667</b>	<b>5,004</b>	<b>3,653</b>	<b>7,592</b>	<b>9,282</b>
<i>Total comprehensive income attributable to:</i>						
Equity holders of the parent		-1,667	4,964	3,653	7,564	9,275
Non-controlling interests		0	40	1	28	7

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Sep 30, 2023	Sep 30, 2022	Mar 31, 2023
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		50,028	49,887	48,524
Intangible assets		46,447	37,785	45,579
Property, plant and equipment		1,194	1,084	1,148
Right-of-use assets		1,540	1,359	1,423
Investments in associates		247	198	253
Non-current financial assets		613	416	369
Deferred tax assets		1,831	1,821	1,777
<b>Total non-current assets</b>		<b>101,901</b>	<b>92,551</b>	<b>99,073</b>
<b>Current assets</b>				
Inventories		4,781	5,185	4,081
Trade receivables		6,112	5,567	5,253
Contract assets		784	468	790
Other receivables		1,981	1,568	1,484
Prepaid expenses		610	1,090	710
Current investments	5	2	6	18
Cash and cash equivalents		5,520	8,879	4,662
<b>Total current assets</b>		<b>19,790</b>	<b>22,763</b>	<b>16,998</b>
<b>TOTAL ASSETS</b>		<b>121,691</b>	<b>115,314</b>	<b>116,071</b>

## CONT. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Sep 30, 2023	Sep 30, 2022	Mar 31, 2023
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		2	2	2
Other contributed capital		59,651	54,545	55,886
Reserves		6,911	5,486	4,945
Retained earnings, including net profit		5,523	1,590	3,835
<b>Total equity attributable to equity holders of the parent</b>		<b>72,088</b>	<b>61,623</b>	<b>64,668</b>
Non-controlling interests		65	255	53
<b>Total equity</b>		<b>72,154</b>	<b>61,878</b>	<b>64,721</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions <sup>1)</sup>		18,743	18,169	19,560
Other non-current liabilities		179	66	52
Lease liabilities		1,125	1,005	1,044
Other provisions		58	180	118
Contingent considerations	5, 6	3,212	6,322	4,497
Non-current put/call options on non-controlling interests	5, 6	1,733	3,962	2,905
Deferred considerations	5	372	-	329
Non-current employee benefits		12	20	10
Non-current liabilities to employees related to historical acquisitions	5	814	1,028	720
Deferred tax liabilities		7,865	7,274	7,965
<b>Total non-current liabilities</b>		<b>34,112</b>	<b>38,026</b>	<b>37,201</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		1,396	1,745	683
Current account credit facilities		7	129	17
Advances from customers		58	135	79
Trade payables		3,531	4,140	2,809
Lease liabilities		476	387	444
Contract liabilities		1,905	2,007	2,012
Contingent considerations	5, 6	403	2,919	1,837
Current put/call options on non-controlling interests	5, 6	264	220	-
Deferred considerations	5	1,909	-	1,690
Tax liabilities		725	1,022	638
Current liabilities to employees related to historical acquisitions	5	397	137	370
Other current liabilities		639	348	451
Accrued expenses		3,715	2,222	3,119
<b>Total current liabilities</b>		<b>15,426</b>	<b>15,410</b>	<b>14,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121,691</b>	<b>115,314</b>	<b>116,071</b>

<sup>1)</sup> SEK 16,889 million of the reported amount relates to the parent company's main credit- and loan facilities, which were extended on July 11, 2023.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Equity attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves <sup>1)</sup>	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent			
<b>Opening balance 2022-04-01</b>	<b>2</b>	<b>42,433</b>	<b>124</b>	<b>-612</b>	<b>41,947</b>	<b>228</b>	<b>42,175</b>	
Net profit	-	-	-	2,202	2,202	-2	2,200	
Other comprehensive income	-	-	5,362	-	5,362	30	5,392	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>5,362</b>	<b>2,202</b>	<b>7,564</b>	<b>28</b>	<b>7,592</b>	
<i>Transactions with the owners</i>								
New share issue	-	10,988	-	-	10,988	-	10,988	
Issuance costs	-	-9	-	-	-9	-	-9	
Share-based remuneration according to IFRS 2	-	1,132	-	-	1,132	-	1,132	
<b>Total</b>	<b>-</b>	<b>12,111</b>	<b>-</b>	<b>-</b>	<b>12,111</b>	<b>-</b>	<b>12,111</b>	
<b>Closing balance 2022-09-30</b>	<b>2</b>	<b>54,545</b>	<b>5,486</b>	<b>1,590</b>	<b>61,623</b>	<b>255</b>	<b>61,878</b>	
<b>Opening balance 2023-04-01</b>	<b>2</b>	<b>55,886</b>	<b>4,945</b>	<b>3,835</b>	<b>64,668</b>	<b>53</b>	<b>64,721</b>	
Net profit	-	-	-	1,688	1,688	1	1,689	
Other comprehensive income	-	-	1,967	-	1,967	0	1,967	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>1,688</b>	<b>3,655</b>	<b>1</b>	<b>3,656</b>	
<i>Transactions with the owners</i>								
New share issue	0	2,018	-	-	2,019	-	2,019	
Excess value	-	-13	-	-	-13	-	-13	
Issuance costs	-	-43	-	-	-43	-	-43	
Tax effect issuance costs	-	9	-	-	9	-	9	
Share-based remuneration according to IFRS 2	-	1,794	-	-	1,794	-	1,794	
Transactions with non-controlling interests	-	-	-	-	-	11	11	
<b>Total</b>	<b>0</b>	<b>3,766</b>	<b>-</b>	<b>-</b>	<b>3,766</b>	<b>11</b>	<b>3,777</b>	
<b>Closing balance 2023-09-30</b>	<b>2</b>	<b>59,651</b>	<b>6,911</b>	<b>5,523</b>	<b>72,088</b>	<b>65</b>	<b>72,154</b>	

<sup>1)</sup> Includes currency translation difference and cash flow hedge reserve as well as revaluation of defined benefit plans to employees.

# CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
<b>Operating activities</b>					
Profit before tax	-675	2,622	1,917	2,763	5,015
Adjustments for non-cash items, etc.	3,017	97	2,524	1,743	3,432
Income tax paid	-243	-203	-472	-383	-902
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,100</b>	<b>2,516</b>	<b>3,969</b>	<b>4,123</b>	<b>7,545</b>
<b>Cash flow from changes in working capital</b>					
Change in inventories	-344	-619	-613	-1,449	-801
Change in operating receivables	-567	-1,175	-871	-1,325	-361
Change in operating liabilities	1,061	-142	1,123	-422	-1,000
<b>Cash flow operating activities</b>	<b>2,250</b>	<b>580</b>	<b>3,608</b>	<b>927</b>	<b>5,383</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment	-91	-125	-194	-204	-500
Proceeds from sales of property, plant and equipment	4	1	4	4	3
Acquisition of intangible assets	-1,914	-1,572	-3,825	-2,776	-6,495
Proceeds from sales of intangible assets	-	-	-	-	499
Acquisition of subsidiaries, net of cash acquired <sup>1)</sup>	-62	-3,624	-175	-4,466	-8,935
Change in current investments	-	1,528	-	-5	-18
Acquisition of financial assets	-69	4	-295	-31	-92
Proceeds from sales of financial assets	4	6	7	9	48
<b>Cash flow from investing activities</b>	<b>-2,128</b>	<b>-3,782</b>	<b>-4,478</b>	<b>-7,469</b>	<b>-15,489</b>
<b>Financing activities</b>					
New share issue	2,000	5,451	2,000	10,326	10,335
Issuance costs	-42	-9	-42	-9	-9
Proceeds from borrowings	98	3,009	733	5,748	6,120
Repayment of loans	-402	-6,703	-742	-6,838	-7,443
Payment of lease liabilities	-153	-82	-328	-168	-502
<b>Cash flow from financing activities</b>	<b>1,502</b>	<b>1,666</b>	<b>1,622</b>	<b>9,059</b>	<b>8,501</b>
<b>Cash flow for the period</b>	<b>1,623</b>	<b>-1,536</b>	<b>752</b>	<b>2,516</b>	<b>-1,605</b>
Cash and cash equivalents at the beginning of period	3,952	10,227	4,662	5,810	5,810
Exchange-rate differences in cash and cash equivalents	-55	188	106	553	457
<b>Cash and cash equivalents at the end of period</b>	<b>5,520</b>	<b>8,879</b>	<b>5,520</b>	<b>8,879</b>	<b>4,662</b>

<sup>1)</sup> Of which SEK 34 million is related to historical acquisitions during current quarter.

# NOTES

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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This interim report comprises of the Swedish parent company Embracer Group AB (“Embracer”), with corporate registration number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, publishing, development of computer, video and mobile games, and publishes and distributes films. The parent company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad.

The Group’s interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act (1995:1554). For the parent company, the interim report has been prepared in compliance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities.

For the Group, the same accounting policies and methods of computation have been applied as in the Annual Report for FY 2022/2023. A complete description of the Group’s applied accounting policies can be found in Note 1 in the Annual Report for FY 2022/2023. For the parent company’s applied accounting policies, see note P1.

The IASB has published amendments to standards that take effect on, or after January 1, 2023. The standards have not had any significant impact on the financial reports.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and its related notes in the interim information on page 40-48 that from an integral part of this financial report.

All amounts are presented in million Swedish kronor (“SEKm”), unless otherwise indicated. Rounding differences may occur.

## NOTE 2 KEY ESTIMATES AND ASSUMPTIONS

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When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information. Actual outcome may differ from the estimates

if the estimates or circumstances change. The key estimates and assumptions made when preparing the interim report correspond to the ones described in Note 2 in the Annual Report for FY 2022/2023.



### NOTE 3 OPERATING SEGMENTS

For accounting and monitoring, the Group has divided its operations into four operating segments based on how the chief operating decision maker reviews the operations for allocation of resources and assessment of performance. Embracer's CEO is identified as the Group's chief operating decision maker (CODM). The division of operating segments is based on differences in the goods and services that Embracer offers.

**PC/Console Games** - This part of the business conducts development and publishing of premium games for PC and console.

**Mobile Games** - This part of the business conducts development and publishing of mobile games.

**Tabletop Games** - This part of the business conducts development, publishing and distribution of tabletop games, card games and strategic trading card games.

**Entertainment & Services** - This part of the business is engaged in development, publishing and distribution of comic books, conducts wholesale of publishing titles of games for console and PC as well as films, conducts publishing and external distribution of films and TV-series and produce and distribute merchandise.

The CODM primarily uses the performance measure Adjusted EBIT to assess the operating segments' performance. The CODM does not follow up on the assets and liabilities of the segments for allocation of resources or assessment of performance.

Jul-Sep 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	3,909	1,471	4,070	1,381	10,831	-	-	10,831
Revenue from transactions with other operating segment	6	-	-	5	11	-11	-	0
<b>Total revenue</b>	<b>3,915</b>	<b>1,471</b>	<b>4,070</b>	<b>1,386</b>	<b>10,842</b>	<b>-11</b>	<b>0</b>	<b>10,831</b>
<b>Adjusted EBIT</b>	<b>621</b>	<b>372</b>	<b>661</b>	<b>216</b>	<b>1,870</b>	<b>-</b>	<b>-56</b>	<b>1,814</b>
Amortization of surplus values of acquired intangible assets	-364	-114	-209	-93	-779	-	-	-779
Transaction costs	0	-	-	0	0	-	-	0
Personnel costs related to acquisitions	-308	-91	-33	-4	-435	-	-	-435
Remeasurement of contingent consideration	-14	-	-	-	-14	-	-	-14
Items affecting comparability	-1,194	-5	-12	-205	-1,417	-	-4	-1,421
<b>EBIT</b>	<b>-1,259</b>	<b>162</b>	<b>407</b>	<b>-86</b>	<b>-776</b>	<b>-</b>	<b>-60</b>	<b>-836</b>
Net financial items	-	-	-	-	-	-	-	161
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-675</b>

Jul-Sep 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	4,097	1,441	3,247	784	9,569	-	-	9,569
Revenue from transactions with other operating segment	11	-	-	2	13	-13	-	-
<b>Total revenue</b>	<b>4,108</b>	<b>1,441</b>	<b>3,247</b>	<b>786</b>	<b>9,582</b>	<b>-13</b>	<b>-</b>	<b>9,569</b>
<b>Adjusted EBIT</b>	<b>1,384</b>	<b>315</b>	<b>451</b>	<b>7</b>	<b>2,157</b>	<b>-</b>	<b>-36</b>	<b>2,121</b>
Amortization of surplus values of acquired intangible assets	-326	-130	-169	-	-626	-	-4	-629
Transaction costs	-78	-	-1	-3	-81	-	-	-81
Personnel costs related to acquisitions	-399	-274	-169	-100	-941	-	-	-941
Remeasurement of contingent consideration	1	-	-9	-	-8	-	-	-8
<b>EBIT</b>	<b>582</b>	<b>-88</b>	<b>104</b>	<b>-96</b>	<b>501</b>	<b>-</b>	<b>-40</b>	<b>461</b>
Net financial items	-	-	-	-	-	-	-	2,162
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,622</b>

CONT. >>

>> NOTE 3 CONTINUED

Apr–Sep 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	7,905	2,908	7,254	3,213	21,281	-	-	21,281
Revenue from transactions with other operating segment	12	-	-	11	23	-23	-	0
<b>Total revenue</b>	<b>7,917</b>	<b>2,908</b>	<b>7,254</b>	<b>3,224</b>	<b>21,304</b>	<b>-23</b>	<b>-</b>	<b>21,281</b>
<b>Adjusted EBIT</b>	<b>1,458</b>	<b>796</b>	<b>866</b>	<b>499</b>	<b>3,620</b>	<b>-</b>	<b>-133</b>	<b>3,487</b>
Amortization of surplus values of acquired intangible assets	-722	-221	-412	-182	-1,537	-	-	-1,537
Transaction costs	-1	-	-	-6	-7	-	-	-7
Personnel costs related to acquisitions	-618	-116	-106	-8	-848	-	-	-848
Remeasurement of participation in associated companies	3	-	-	-	3	-	-	3
Remeasurement of contingent consideration	-14	-	-	-	-14	-	-	-14
Items affecting comparability	-1,239	-5	-12	-205	-1,462	-	-37	-1,499
<b>EBIT</b>	<b>-1,133</b>	<b>454</b>	<b>336</b>	<b>99</b>	<b>-244</b>	<b>-</b>	<b>-170</b>	<b>-415</b>
Net financial items								2,332
<b>Profit before tax</b>								<b>1,917</b>

Apr–Sep 2022	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	6,391	2,928	5,911	1,456	16,687	-	-	16,687
Revenue from transactions with other operating segment	22	-	-	13	35	-35	-	-
<b>Total revenue</b>	<b>6,413</b>	<b>2,928</b>	<b>5,911</b>	<b>1,469</b>	<b>16,722</b>	<b>-35</b>	<b>-</b>	<b>16,687</b>
<b>Adjusted EBIT</b>	<b>1,986</b>	<b>593</b>	<b>896</b>	<b>27</b>	<b>3,502</b>	<b>-</b>	<b>-60</b>	<b>3,442</b>
Amortization of surplus values of acquired intangible assets	-578	-251	-347	-1	-1,177	-	-7	-1,184
Transaction costs	-94	-1	-30	-26	-152	-	-	-152
Personnel costs related to acquisitions	-1,152	-542	-254	-100	-2,048	-	-	-2,048
Remeasurement of contingent consideration	13	-	-9	-	4	-	-	4
<b>EBIT</b>	<b>175</b>	<b>-202</b>	<b>256</b>	<b>-100</b>	<b>130</b>	<b>-</b>	<b>-67</b>	<b>63</b>
Net financial items								2,700
<b>Profit before tax</b>								<b>2,763</b>

Apr 2022–Mar 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	13,444	5,819	13,132	5,270	37,665	-	-	37,665
Revenue from transactions with other operating segment	46	-	-	26	72	-72	-	-
<b>Total revenue</b>	<b>13,490</b>	<b>5,819</b>	<b>13,132</b>	<b>5,296</b>	<b>37,737</b>	<b>-72</b>	<b>-</b>	<b>37,665</b>
<b>Adjusted EBIT</b>	<b>2,902</b>	<b>1,381</b>	<b>2,010</b>	<b>281</b>	<b>6,574</b>	<b>-</b>	<b>-208</b>	<b>6,366</b>
Amortization of surplus values of acquired intangible assets	-1,308	-580	-781	-303	-2,973	-	-	-2,973
Transaction costs	-217	4	-41	-37	-291	-	-0	-290
Personnel costs related to acquisitions	-1,096	-1,065	-360	-111	-2,631	-	-	-2,631
Items affecting comparability	-240	-	-	-	-240	-	-38	-278
<b>EBIT</b>	<b>41</b>	<b>-260</b>	<b>828</b>	<b>-170</b>	<b>439</b>	<b>-</b>	<b>-245</b>	<b>194</b>
Net financial items								4,822
<b>Profit before tax</b>								<b>5,015</b>

## NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Jul–Sep 2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
<b>Type of products</b>					
Digital products	2,825	1,444	53	310	4,633
Physical products	203	-	3,995	766	4,964
Other <sup>1)</sup>	881	26	22	305	1,234
<b>Revenue from contracts with customers</b>	<b>3,909</b>	<b>1,471</b>	<b>4,070</b>	<b>1,381</b>	<b>10,831</b>
<b>Jul–Sep 2022</b>	<b>PC/Console Games</b>	<b>Mobile Games</b>	<b>Tabletop Games</b>	<b>Entertainment &amp; Services</b>	<b>Group total</b>
<b>Type of products</b>					
Digital products	2,951	1,420	32	144	4,548
Physical products	458	0	3,182	619	4,258
Other <sup>1)</sup>	688	20	32	22	763
<b>Revenue from contracts with customers</b>	<b>4,097</b>	<b>1,441</b>	<b>3,247</b>	<b>784</b>	<b>9,569</b>
<b>Apr–Sep 2023</b>	<b>PC/Console Games</b>	<b>Mobile Games</b>	<b>Tabletop Games</b>	<b>Entertainment &amp; Services</b>	<b>Group total</b>
<b>Type of products</b>					
Digital products	5,472	2,867	85	652	9,075
Physical products	753	-	7,116	1,849	9,718
Other <sup>1)</sup>	1,680	41	54	712	2,488
<b>Revenue from contracts with customers</b>	<b>7,905</b>	<b>2,908</b>	<b>7,254</b>	<b>3,213</b>	<b>21,281</b>
<b>Apr–Sep 2022</b>	<b>PC/Console Games</b>	<b>Mobile Games</b>	<b>Tabletop Games</b>	<b>Entertainment &amp; Services</b>	<b>Group total</b>
<b>Type of products</b>					
Digital products	4,617	2,874	91	241	7,822
Physical products	606	0	5,765	1,179	7,550
Other <sup>1)</sup>	1,168	55	55	37	1,315
<b>Revenue from contracts with customers</b>	<b>6,391</b>	<b>2,928</b>	<b>5,911</b>	<b>1,456</b>	<b>16,687</b>
<b>Apr 2022–Mar 2023</b>	<b>PC/Console Games</b>	<b>Mobile Games</b>	<b>Tabletop Games</b>	<b>Entertainment &amp; Services</b>	<b>Group total</b>
<b>Type of products</b>					
Digital products	8,927	5,752	170	547	15,395
Physical products	1,101	-	12,847	4,658	18,606
Other <sup>1)</sup>	3,417	67	115	65	3,664
<b>Revenue from contracts with customers</b>	<b>13,444</b>	<b>5,819</b>	<b>13,132</b>	<b>5,270</b>	<b>37,665</b>

<sup>1)</sup> See Operating segment, page 10-19

CONT. >>

>> NOTE 4 CONTINUED

In addition to the breakdown by revenue from contracts with customers for PC/Console Games, Mobile Games and Tabletop Games and Entertainment and Services, Embracer also monitor PC/Console in categories below:

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Jul–Sep 2023	2,365	1,544		3,909
Jul–Sep 2022	2,696	1,401		4,097

PC/Console Games	New releases	Back catalog	Other	Total
Jul–Sep 2023	1,417	1,612	881	3,909
Jul–Sep 2022	1,526	1,883	688	4,097

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Apr–Sep 2023	5,288	2,617		7,905
Apr–Sep 2022	4,108	2,283		6,391

PC/Console Games	New releases	Back catalog	Other	Total
Apr–Sep 2023	3,024	3,201	1,680	7,905
Apr–Sep 2022	1,889	3,333	1,168	6,391

PC/Console Games	IP-rights			Total
	Owned titles	Publishing titles		
Apr 2022–Mar 2023	8,210	5,234		13,444

PC/Console Games	New releases	Back catalog	Other	Total
Apr 2022–Mar 2023	2,894	7,134	3,417	13,444

## NOTE 5 FINANCIAL INSTRUMENTS

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below presents financial instruments measured at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

**Level 1** - Quoted (unadjusted) market prices for identical assets or liabilities in active markets.

**Level 2** - Inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (i.e. price quotations) or indirectly (i.e. derived from price quotations).

**Level 3** - Input data for the asset or liability which is not based on observable market data (i.e. unobservable input data).

### Financial assets measured at fair value

Financial assets measured at fair value as of Sep 30, 2023	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	38	-	-	38

Financial assets measured at fair value as of Sep 30, 2022	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	0	-	-	0
Derivatives	-	6	-	6

Financial assets measured at fair value as of Mar 31, 2023	Level 1	Level 2	Level 3	Total
Other non-current receivables	-	43	-	43
Derivatives	-	18	-	18

### Financial liabilities measured at fair value

Financial liabilities measured at fair value as of Sep 30, 2023	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	3,615	3,615
Put/call options on non-controlling interests	-	-	1,997	1,997
Liabilities to employees related to acquisitions	-	-	1,211	1,211

Financial liabilities measured at fair value as of Sep 30, 2022	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	9,241	9,241
Put/call options on non-controlling interests	-	-	4,182	4,182
Liabilities to employees related to acquisitions	-	-	1,165	1,165

Financial liabilities measured at fair value as of Mar 31, 2023	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	6,334	6,334
Put/call options on non-controlling interests	-	-	2,905	2,905
Liabilities to employees related to acquisitions	-	-	1,090	1,090
Derivatives	-	2	-	2

### Current receivables and current liabilities

For current receivables and liabilities, such as trade receivables and trade payables and for liabilities to credit institutions with variable interest rate, the carrying amount is considered to be a good approximation of the fair value.

### Derivatives

Derivative instruments are measured at fair value in accordance with Level 2 in the fair value hierarchy. Interest rate derivatives are measured in accordance with the market valuation determined by the issuing party.

### Contingent consideration

The fair value of contingent considerations has been calculated based on expected outcome 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 fulfillment of the conditions for the contingent considerations, the development of certain exchange rates against the Swedish krona and the interest rate environment. Contingent considerations to be settled with shares are also dependent on the development of Embracer's share price.

Contingent considerations classified as financial liabilities are measured at fair value by discounting expected cash flows at a risk-adjusted discount rate of 1.8 %-10.2 %. Measurement is therefore in accordance with Level 3 in the fair value hierarchy. Significant unobservable input data consists of forecasted turnover and a risk-adjusted discount rate as well operational targets.

Contingent considerations	Apr-Sep 2023	Apr-Sep 2022	Apr 2022-Mar 2023
<b>Opening balance</b>	<b>8,471</b>	<b>11,572</b>	<b>11,572</b>
Acquisitions	-	821	1,352
Payment - shares to be issued	-18	-	-1
Payment - clawback shares	-1,413	-307	-450
Payment - cash	-45	-233	-498
FX effects	-99	468	47
Reclassifications	-32	-	-338
Change in fair value recognized in consolidated statement of profit or loss	-1,321	-959	-3,213
<b>Closing balance</b>	<b>5,543</b>	<b>11,362</b>	<b>8,471</b>

During the period, unrealized gains or losses for contingent considerations recognized at the end of the reporting period amounted to SEK 1,321 million. This amount is included as part of net financial items in the consolidated statement of profit or loss.

Given the contingent considerations recognized at the end of the reporting period, a higher discount factor of 1.5 percentage points will have an impact on the fair value of SEK -282 million and a lower discount factor of 1.5 percentage points will have an impact with SEK 268 million.

CONT. >>

>> NOTE 5 CONTINUED

The Group's contingent considerations will be settled in cash or with issued shares. As at September 30, 2023, the contingent considerations are expected to be settled according to the table below.

Expected settlement	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity		Total contingent consideration
	Cash settlement	Newly issued shares		Newly issued shares		
<b>Total</b>	<b>2,342</b>	<b>1,273</b>	<b>3,615</b>	<b>1,928</b>	<b>5,543</b>	
<b>As of September 30, 2023</b>			<b>Classified as financial liability</b>	<b>Of which already issued</b>	<b>Classified as equity</b>	<b>Of which already issued</b>
Maximum number of shares related to contingent considerations			72,012,083	40,730,701	29,345,050	24,541,010

**Put/call option on non-controlling interests**

Put/call options on non-controlling interest refers to put/call option on non-controlling interests in business combination where the selling shareholders keep some ownership and there is a contractual obligation where Embracer will purchase the remaining interest if the holder of the option determines to exercise. The valuation and settlement is similar as for contingent consideration (level 3 fair value measurement).

The fair value of put/call options on non-controlling interests have been calculated based on expected outcome 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 fulfillment of the conditions for the put/call option on non-controlling interests, the development of certain exchange rates against the Swedish krona and the interest rate environment. Put/call option on non-controlling interests to be settled with shares are also dependent on the development of Embracer's share price.

During the period, unrealized gains or losses for put/call options on non-controlling interest recognized at the end of the reporting period amounted to a gain of SEK 958 million.

This amount is included as part of net financial items in the consolidated statement of profit or loss.

Put/call option on non-controlling interests	Apr-Sep 2023	Apr-Sep 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>2,905</b>	<b>4 259</b>	<b>4,259</b>
FX-effects	51	167	-169
Change in fair value recognized in consolidated statement of profit or loss	-958	-244	-1,185
<b>Closing balance</b>	<b>1,997</b>	<b>4 182</b>	<b>2,905</b>

As at September 30, 2023, the Group's put/call option on non-controlling interests will be settled in cash or with shares according to the distribution below:

Expected settlement	Put/call options on non-controlling interest		Total, classified as financial liability
	Cash settlement	Newly issued shares	
<b>Total</b>	<b>1,158</b>	<b>840</b>	<b>1,997</b>
<b>As of September 30, 2023</b>		<b>Classified as put/call options on non-controlling interest</b>	<b>Of which already issued</b>
Maximum number of shares related to put/call options on non-controlling interest		40,840,363	-

**Liabilities to employees related to acquisitions**

Liabilities to employees related to acquisitions refers to part of the purchase price in historical acquisitions which according to IFRS is classified as personnel debt. Fair value for liabilities to employees related to acquisitions has been calculated based on

expected outcome 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 fulfillment of the conditions.

Liabilities to employees related to acquisitions	Apr-Sep 2023	Apr-Sep 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>1,090</b>	<b>593</b>	<b>593</b>
Accrual of personnel cost in consolidated statement of profit or loss	386	478	640
Payment - cash after the acquisition day	-330	-195	-658
Change in fair value recognized in consolidated statement of profit or loss	58	224	238
Reclassifications	-	53	240
FX-effects	7	12	37
<b>Closing balance</b>	<b>1,211</b>	<b>1,165</b>	<b>1,090</b>

As at September 30, the Group's liabilities to employees related to acquisitions will be settled in cash.

CONT. >>

>> NOTE 5 CONTINUED

Other consideration that is not classified as financial instruments

**Deferred Consideration**

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent upon future financial or operational targets.

Deferred considerations	Apr–Sep 2023	Apr–Sep 2022	Apr 2022–Mar 2023
<b>Opening balance</b>	<b>2,019</b>	-	-
Acquisitions	183	-	2,093
Payment - cash	-91	-	-464
FX-effects	97	-	17
Reclassifications	32	-	338
Discount effect recognized in consolidated statement of profit or loss	41	-	36
<b>Closing balance</b>	<b>2,281</b>	-	<b>2,019</b>

As at September 30, 2023, the Group's deferred consideration will be settled in cash or with shares according to the distribution below:

Expected settlement	Deferred Consideration		Total, classified as financial liability
	Cash settlement	Newly issued shares	
<b>Total</b>	<b>2,281</b>	-	<b>2,281</b>

As of September 30, 2023	Classified as financial liability	Of which already issued
Maximum number of shares related to deferred considerations	-	-

**NOTE 6 BUSINESS COMBINATIONS AND ASSET DEALS**

**Purchase price allocations for acquisitions during July-September 2023**

During the quarter, no acquisitions were closed. Information related to acquisitions closed under previous quarters has been disclosed in the Interim Report Q1 FY 2023/24 available at Embracer Group's website. The purchase price allocation for acquisitions closed during the financial year 2023/24 are preliminary.

**Purchase price allocations for historical acquisitions**

The purchase price allocations for acquisitions made in the latest 12 months are considered to be preliminary while the purchase price allocations for acquisitions made outside the 12 months-period are final. Purchase price allocations for acquisitions made in the previous financial year April 2022-March 2023 has been presented in the Annual report 2022/23 available at Embracer Group's website.

**The acquisitions impact on the consolidated statement of profit or loss and statement of comprehensive income**

Revenues and net profit for the acquired company since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately. The revenue and EBIT that the company would have contributed if the acquisition had taken place in the beginning of the period have not been calculated due to the fact that this would be disproportionately burdensome and are not deemed to be material on an overall Group level.

**Asset deals**

Acquisitions can be classified as either a business combination or an asset acquisition. This is an assessment that must be made in the case for each individual acquisition. For acquisitions where the fair value of the acquired assets in essence consists of one asset or a group of similar assets, is recognized as an asset acquisition. When acquisitions of subsidiaries involve the acquisition of net assets without any significant processes, the acquisition cost of each identifiable asset and liability is divided up based on its fair value at the time of acquisition. In the case of assets acquisitions, no deferred tax is recognized at the time of the acquisition and transaction costs are added to the purchase price of the acquired net assets.

During the quarter, Embracer Group completed a minor acquisition of a publishing right within the mobile segment. Information related to asset deals closed under previous quarters has been disclosed in the Interim Report Q1 FY 2023/24 available at Embracer Group's website.

## NOTE 7 RELATED PARTY TRANSACTIONS

Related party transaction	Related party	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Consulting service	Logvreten AB <sup>1)</sup> (supplier)	0	0	0	0	-1
Transportation services/Rent	Mad Dog Games LLC, Mek Production <sup>2)</sup> (supplier)	-1	-4	-1	-6	-
Transportation services/Rent	Sola Service i Karlstad AB <sup>3)</sup> (supplier)	-3	0	-9	-1	-9
Transportation services	Empterwik Special Services Ltd <sup>3)</sup> (supplier)	-6	-	-14	-	-21
Sale of goods/services	Bröderna Wingefors AB <sup>3)</sup> (supplier)	-	-	-	-1	0
Acquisition of game collection	Lars Wingefors AB <sup>4)</sup> (supplier)	-	-	-	-	0
Consulting service	LW Comics <sup>3)</sup> (supplier)	0	-	0	-	-
Consulting service	LVP Advisory Ltd <sup>5)</sup> (supplier)	0	-	0	-	-
<b>Total</b>		<b>-10</b>	<b>-5</b>	<b>-24</b>	<b>-8</b>	<b>-31</b>

<sup>1)</sup> Kicki Walje-Lund has controlling influence over the company

<sup>2)</sup> Matthew Karch has controlling influence over the company

<sup>3)</sup> The company is part of Lars Wingefors AB

<sup>4)</sup> Lars Wingefors AB is owned by Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer, Reinhard Pollice and Jacob Jonmyren.

<sup>5)</sup> David Gardner has controlling influence over the company

## NOTE 8 PERSONNEL EXPENSES

SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Personnel expenses	-3,213	-2,264	-6,247	-4,132	-9,854
Personnel costs related to acquisitions - Excluding FX gain/loss	-431	-964	-837	-2,035	-2,595
<b>Total</b>	<b>-3,644</b>	<b>-3,228</b>	<b>-7,084</b>	<b>-6,168</b>	<b>-12,449</b>

## NOTE 9 OTHER OPERATING EXPENSES

SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Other operating expenses	-16	30	-19	2	-109
Transaction costs related to acquisitions	0	-81	-7	-152	-291
Loss sale of subsidiaries	-45	-	-85	-	-
FX gain/loss related to Personnel costs related to acquisitions	-4	23	-10	-12	-36
<b>Total</b>	<b>-65</b>	<b>-28</b>	<b>-121</b>	<b>-162</b>	<b>-436</b>

## NOTE 10 NET FINANCIAL ITEMS

SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Interest income and other financial income	24	8	38	13	51
Interest expense and other financial expense	-323	-119	-573	-191	-618
<b>Sum</b>	<b>-299</b>	<b>-111</b>	<b>-535</b>	<b>-178</b>	<b>-567</b>
Change in fair value contingent consideration and put/call options on non-controlling interests	591	1,268	2,279	1,203	4,469
Interest deferred consideration	-21	-	-41	-	-36
Exchange rate gains/losses	-110	1,006	630	1,676	956
<b>Total financial net</b>	<b>161</b>	<b>2,162</b>	<b>2,332</b>	<b>2,700</b>	<b>4,822</b>

Exchange gains/losses net include both realized and unrealized gains or losses. Change in fair value of contingent consideration and put/call options on non-controlling interests consists of interest expense and fair value change related to fluctuations in

Embracer's share price. Change in fair value contingent consideration and put/call options on non-controlling interests is mainly related to the decrease in Embracer's share price during the quarter.



# PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
Net sales	17	11	48	29	64
Other operating income	0	13	0	19	31
<b>Total operating income</b>	<b>17</b>	<b>24</b>	<b>48</b>	<b>48</b>	<b>95</b>
<b>Operating expenses</b>					
Other external expenses	–32	–27	–86	–56	–200
Personnel expenses	–30	–19	–57	–36	–103
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–1	-	–2	–1	–3
Other operating expenses	–1	–5	–30	–5	–9
<b>Operating profit</b>	<b>–47</b>	<b>–27</b>	<b>–126</b>	<b>–50</b>	<b>–219</b>
Net financial items	–353	859	295	1,471	1,745
<b>Profit after financial items</b>	<b>–400</b>	<b>832</b>	<b>169</b>	<b>1,421</b>	<b>1,526</b>
Appropriations	–95	4	–132	–95	–894
<b>Profit before tax</b>	<b>–495</b>	<b>836</b>	<b>37</b>	<b>1,326</b>	<b>631</b>
Income tax	64	–138	–24	–242	–48
<b>Net profit for the period</b>	<b>–431</b>	<b>698</b>	<b>14</b>	<b>1,084</b>	<b>583</b>

# PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Sep 30, 2023	Sep 30, 2022	Mar 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3	4	4
Tangible assets	8	6	8
Shares in Group companies	42,967	38,799	42,504
Receivables from Group companies	32,413	28,591	33,210
Other long term receivables	81	74	71
Deferred tax assets	9	-	-
<b>Total financial assets</b>	<b>75,470</b>	<b>67,464</b>	<b>75,785</b>
<b>Total non-current assets</b>	<b>75,482</b>	<b>67,474</b>	<b>75,797</b>
<b>Current assets</b>			
Receivables from Group companies	2,833	5,342	1,559
Current tax assets	-	-	9
Other receivables	6	0	0
Prepaid expenses and accrued income	60	81	74
	<b>2,899</b>	<b>5,423</b>	<b>1,642</b>
Cash and cash equivalents	1,506	4,168	23
<b>Total current assets</b>	<b>4,405</b>	<b>9,591</b>	<b>1,665</b>
<b>TOTAL ASSETS</b>	<b>79,887</b>	<b>77,065</b>	<b>77,462</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	2	2	2
Unrestricted equity	61,639	59,025	59,653
<b>Total equity</b>	<b>61,641</b>	<b>59,027</b>	<b>59,655</b>
<b>Untaxed reserves</b>	<b>162</b>	<b>104</b>	<b>162</b>
<b>Provisions</b>	<b>163</b>	<b>259</b>	<b>159</b>
<b>Non-current liabilities<sup>1)</sup></b>	<b>16,889</b>	<b>17,028</b>	<b>17,031</b>
Liabilities to credit institutions	-	-	0
Trade payables	19	13	22
Liabilities to Group companies	691	302	355
Other current liabilities	37	244	8
Accrued expenses and prepaid income	285	88	70
<b>Total current liabilities</b>	<b>1,032</b>	<b>647</b>	<b>455</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>79,887</b>	<b>77,065</b>	<b>77,462</b>

<sup>1)</sup> SEK 16,889 million of the reported amount relates to the main credit- and loan facilities, which were extended on July 11, 2023.

## **NOTE P1 THE PARENT COMPANY'S ACCOUNTING POLICIES**

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The interim report for the parent company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim reports, and RFR 2 Accounting for legal entities. The same accounting principles, basis for calculations and assessments have been

applied as applied in the Annual Report for FY 2022/2023. For description of the Group's applied accounting principles, see Note P1 in the Annual Report for FY 2022/2023.

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

In accordance with the guidelines from ESMA (European Securities and Markets Authority), regarding the disclosure of alternative performance measures, the definition and reconciliation of Embracer's alternative performance measures are presented below. The guidelines entail increased disclosures regarding the financial measures that are not defined by IFRS. The performance measures presented below are reported in this report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. One important part of Embracer's strategy is to pursue inorganic growth opportunities through acquisitions. Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitive strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM's are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding specific items related to historical acquisitions and items affecting comparability. The individual APMs, definitions, purpose are described more in detail below.

Name	Definition	Reason for Use
<b>Adjusted Earnings per share</b>	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration and put/call options on non-controlling interests net of tax and Interest expense contingent consideration net of tax divided by the average number of shares in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions, and items affecting comparability.
<b>Adjusted Earnings per share after full dilution</b>	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration net of tax and interest expense contingent consideration and put/call options on non-controlling interests net of tax divided by the average number of shares after full dilution in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions and items affecting comparability with regard for full dilution.
<b>Adjusted EBIT</b>	EBIT excluding specific items related to historical acquisitions and items affecting comparability.	Adjusted EBIT in order to provide a true and fair picture of the underlying operational performance, by excluding specific items related to historical acquisitions and items affecting comparability.
<b>Adjusted EBIT margin</b>	Adjusted EBIT as a percentage of net sales.	
<b>Adjusted EBITDA</b>	EBITDA excluding specific items related to historical acquisitions and items affecting comparability.	Provides the best picture of the underlying entity's performance by measuring performance excluding specific items related to historical acquisitions and items affecting comparability.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	
<b>Average number of shares</b>	Weighted average number of shares that are outstanding during the period. Number of shares have been recalculated with respect to split of shares.	
<b>Average number of shares after full dilution</b>	Weighted average number of ordinary shares and potential ordinary shares. Number of shares have been recalculated with respect to split of shares.	
<b>EBIT margin</b>	EBIT as a percentage of net sales.	

**CONTINUED >>**

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Name	Definition	Reason for Use
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization.	EBITDA and EBITDA margin are reported because these are metrics commonly used by investors, financial analysts and other stakeholders to measure the Company's financial results.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.	EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results.
<b>Free cash flow after working capital</b>	Cash flow for the period, excluding cash flow from financing activities, acquisitions of subsidiaries including transaction costs, cash impact from personnel costs related to acquisitions and cash effect from items affecting comparability.	Provide a true and fair picture of the underlying operational performance, by excluding cash flow from specific items related to historical acquisitions and from items affecting comparability.
<b>Gross margin</b>	Net sales less goods for resale divided by net sales.	Measuring the profitability from the net sales of products and services.
<b>Items affecting comparability</b>	Transactions that are not related to recurring business operations, but affecting the financial outcome in a material way, and where the probability of reoccurrence over the coming year is limited.	Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods.
<b>Net Debt (-) / Net Cash (+)</b>	The company's cash and short-term investments decreased with the company's short- and long-term interest-bearing liabilities excluding leasing liabilities according to IFRS16, pension provisions, contingent consideration and put/call on non-controlling interest.	The metric is commonly used by investors, financial analysts and other stakeholders to measure the debt compared to its liquid assets. This metric is also used in calculating the Company's financial leverage.
<b>Net investment in acquired companies</b>	Acquisition of subsidiaries, net of cash acquired plus cash impact from specific items related to historical acquisitions, plus acquisition of IPs through asset deal structures.	A measure of cash flow allocated to inorganic growth opportunities in the reporting period.
<b>Net sales growth</b>	Net sales growth for the current period compared to the same period previous year.	Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress.
<b>Organic growth</b>	Growth between periods where net sales from companies acquired/divested in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.	Growth measure for companies that has been part of Embracer Group for more than one year excluding effects of differences in exchange rates.
<b>Pro forma growth</b>	Growth between periods where net sales from companies acquired/divested in the last five quarters have been added/adjusted historically. The comparison period is adjusted for differences in exchange rates.	Growth measure for all companies that are a part of Embracer Group as per reporting date regardless of when the company became a part of Embracer Group excluding effects of differences in exchange rates.
<b>Specific items related to historical acquisitions</b>	Specific income/expenses related to historical acquisitions consist of personnel cost related to acquisitions (In connection with certain business combinations an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount), amortization of surplus values of acquired intangible assets (e.g. IP-rights, publishing rights, brand name), transaction costs (Costs for legal- financial- tax- and commercial due diligence for completed transactions.), remeasurement of participation in associated companies and remeasurement of contingent consideration.	Input used to calculate Adjusted EBITDA and Adjusted EBIT.

## ALTERNATIVE PERFORMANCE MEASURES

<b>ADJUSTED EBIT AND ADJUSTED EBITDA - DERIVATION</b> Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
<b>EBIT</b>	<b>-836</b>	<b>461</b>	<b>-415</b>	<b>63</b>	<b>194</b>
Depreciation, amortization and impairment	3,049	1,565	4,830	2,665	6,523
<b>EBITDA</b>	<b>2,214</b>	<b>2,026</b>	<b>4,416</b>	<b>2,728</b>	<b>6,717</b>
Personnel costs related to acquisitions	435	941	848	2,048	2,631
Remeasurement of participation in associated companies	-	-	-3	-	-
Remeasurement of contingent consideration	14	8	14	-4	0
Transaction costs	0	81	7	151	290
Items affecting comparability <sup>1)</sup>	260	-	338	-	228
<b>Adjusted EBITDA</b>	<b>2,923</b>	<b>3,056</b>	<b>5,620</b>	<b>4,923</b>	<b>9,867</b>
Depreciation, amortization and impairment	-3,049	-1,565	-4,830	-2,665	-6,523
Items affecting comparability <sup>1)</sup>	1,161	-	1,161	-	50
Amortization of surplus values of acquired intangible assets	779	629	1,537	1,184	2,973
<b>Adjusted EBIT</b>	<b>1,814</b>	<b>2,121</b>	<b>3,487</b>	<b>3,442</b>	<b>6,366</b>

<b>ADJUSTED EARNINGS PER SHARE - DERIVATION</b> Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022– Mar 2023
<b>Net profit for the period attributable to equity holders of the parent</b>	<b>-562</b>	<b>2,369</b>	<b>1,688</b>	<b>2,202</b>	<b>4,454</b>
<b>Adjustments</b>					
Personnel costs related to acquisitions	435	941	848	2,048	2,631
Remeasurement of participation in associated companies	-	-	-3	-	-
Remeasurement of contingent consideration	14	8	14	-4	-
Transaction costs	-	81	7	151	290
Amortization of surplus values of acquired intangible assets	779	629	1,537	1,184	2,973
Change in fair value contingent consideration and put/call options on non-controlling interests	-591	-1,327	-2,296	-1,322	-4,558
Interest expense contingent consideration	21	59	58	120	125
Items affecting comparability <sup>1)</sup>	1,421	-	1,499	-	278
<b>Adjustments before tax</b>	<b>2,079</b>	<b>391</b>	<b>1,664</b>	<b>2,177</b>	<b>1,739</b>
Tax effects on adjustments	-438	-155	-597	-290	-678
<b>Adjustments after tax</b>	<b>1,642</b>	<b>236</b>	<b>1,066</b>	<b>1,887</b>	<b>1,062</b>
<b>Total</b>	<b>1,079</b>	<b>2,605</b>	<b>2,754</b>	<b>4,089</b>	<b>5,515</b>
Average number of shares, million	1,283	1,231	1,339	1,187	1,252
<b>Adjusted Earnings per share, SEK</b>	<b>0.84</b>	<b>2.12</b>	<b>2.06</b>	<b>3.45</b>	<b>4.41</b>
Average number of shares after full dilution, million	1,391	1,338	1,447	1,294	1,360
<b>Adjusted Earnings per share after full dilution, SEK</b>	<b>0.78</b>	<b>1.95</b>	<b>1.90</b>	<b>3.16</b>	<b>4.06</b>

<sup>1)</sup> See next page for further explanation on items affecting comparability

**ORGANIC GROWTH - DERIVATION**

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Change
<b>Net sales</b>	<b>10,831</b>	<b>9,569</b>	<b>13 %</b>
Net sales from acquired companies <sup>1)</sup>	-1,215	-278	
Difference in exchange rate	-	537	
<b>Organic growth output</b>	<b>9,616</b>	<b>9,829</b>	<b>-2 %</b>

**PRO FORMA GROWTH - DERIVATION**

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Change
<b>Net sales</b>	<b>10,831</b>	<b>9,569</b>	<b>13 %</b>
Net sales from acquired companies <sup>2)</sup>	31	1,036	
Difference in exchange rate	-	609	
<b>Pro forma growth output</b>	<b>10,862</b>	<b>11,215</b>	<b>-3 %</b>

<sup>1)</sup> Net sales from companies acquired in the last five quarters have been excluded.

<sup>2)</sup> Net sales from acquired companies in the last five quarters have been added.

**FREE CASH FLOW AFTER WORKING CAPITAL**

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022
<b>Cash flow for the period</b>	<b>1,623</b>	<b>-1,536</b>	<b>752</b>	<b>2,516</b>
<b>Cash flow from financing activities</b>	<b>-1,502</b>	<b>-1,666</b>	<b>-1,622</b>	<b>-9,059</b>
Acquisition of subsidiaries, net of cash acquired	62	3,624	175	4,466
Transaction costs	-	81	7	152
Current investments	-	-1,533	-	-
Payment personnel cost related to acquisitions	58	93	330	195
Cash flow effect IAC costs	146	-	146	-
<b>Free cash flow after working capital</b>	<b>387</b>	<b>-936</b>	<b>-212</b>	<b>-1,730</b>

**ITEMS AFFECTING COMPARABILITY, IAC**

Amounts in SEK m	Jul-Sep 2023	Jul-Sep 2022	Apr-Sep 2023	Apr-Sep 2022	Apr 2022- Mar 2023
Other external expenses	-39	-	-71	-	-74
Personnel expenses	-176	-	-183	-	-70
Loss sale of subsidiaries	-46	-	-85	-	-
Other operating expenses	-	-	-	-	-84
<b>Total IAC cost affecting EBITDA</b>	<b>-260</b>	<b>-</b>	<b>-338</b>	<b>-</b>	<b>-228</b>
Write-down intangible assets related to restructuring	-1,148	-	-1,148	-	-50
Write-down tangible assets related to restructuring	-12	-	-12	-	-
<b>Total IAC cost affecting EBIT</b>	<b>-1,421</b>	<b>-</b>	<b>-1,499</b>	<b>-</b>	<b>-278</b>

## DEFINITIONS, QUARTERLY INFORMATION

<b>Accumulated number of additional operative groups</b>	Number of closed acquisitions of new operative groups.
<b>Accumulated number of additional acquisitions added</b>	Number of closed acquisitions which are not new operative groups including asset deals.
<b>Clawback shares</b>	Shares of the company issued to sellers at completion of acquisitions of companies or assets. Clawback shares are part of the earnout consideration to sellers of companies or assets. Clawback shares are held by sellers, either in escrow accounts or on regular accounts, with an agreed right for the company to receive the shares back, at no consideration, if specific earnout targets are not met. Clawback shares are kept by the sellers if earnout targets are met.
<b>Completed games</b>	Total book value of finished game development projects (released games) upon submission of completion. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and amortization starts.
<b>DAU</b>	Average daily active users in the period.
<b>Digital product</b>	Product sold/transferred through digital/electronic channels.
<b>Digital sales</b>	Sales and transfer of products, physical and digital, through digital/electronic channels.
<b>External game developers</b>	Game developers engaged in game development projects by studios that are not owned by the group (external studios).
<b>External Studios</b>	Studios not owned by the group engaged in game development project financed by the Group.
<b>Game development projects</b>	On-going game development projects financed by the group and number of on-going game development projects financed by third party with notable expected royalty income.
<b>Internal employees, non-development</b>	Employees not directly engaged in game development (both employees and contractors).
<b>Internal game developers</b>	Game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
<b>Internal headcount</b>	Internal game developers + internal employees, non-development
<b>Internal Studios</b>	Studios owned by the group.
<b>MAU</b>	Average monthly active users in the period.
<b>Net sales split – PC/Console segment</b>	
<b>Owned titles</b>	Net sales of game titles that are owned IPs or titles that are controlled by the group.
<b>Publishing titles</b>	Net sales of game titles of IPs the group does not own or control.
<b>New releases</b>	Net sales of game titles that are released in the current quarter.
<b>Back catalog</b>	Net sales of game titles that are not released in the current quarter.
<b>Max cash consideration</b>	The maximum potential consideration to be paid in cash including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms and FX-rates stated in each individual agreement.
<b>Max share consideration</b>	The maximum potential consideration to be paid in Embracer B-shares including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms, FX-rates and Embracer VWAP20 Share Price stated in each individual agreement.
<b>Max total consideration</b>	The sum of the max cash and share consideration. Note that the total max consideration might deviate from the total consideration used in the Purchase Price Analysis following movements in FX-rates and Embracer Share price between the signing and closing date as well as if the expected achievement of the individual earnout targets deviate from the maximum scenario. The Max total consideration includes contingent consideration in cash and shares that is classified as remuneration for future services and not part of the transferred consideration in the PPA according to IFRS 2 and IAS 19. Also note that for a limited amount of acquisitions, for which there is a material difference between the expected consideration and the maximum potential consideration, the expected cash and shares consideration have been used as measure.
<b>Number of IP:s</b>	Number of IPs owned by the group.
<b>Physical product</b>	Product sold/transferred through physical channels.
<b>Physical sales</b>	Sales and transfer of products, physical and digital, through physical channels.
<b>Total installs</b>	Total accumulated installs in the period.
<b>UAC (User Acquisition Cost)</b>	Marketing costs in the operating segment Mobile Games.



# INFORMATION BY FINANCIAL YEAR AND QUARTER

	2016	2017	2018	2019	2020 <sup>1</sup>	2020/21	2021/22	2022/23				2023/24		
	Full year	Full year	Full year	Full year	Jan-Mar	Full year	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year	Apr-Jun	Jul-Sep
Net sales, SEK m	302	508	4,124	5,541	1,339	9,000	17,067	7,118	9,569	11,622	9,356	37,665	10,450	10,831
Sales growth, Group, YoY %	42 %	68 %	713 %	34 %	-18 %	71 %	90 %	107 %	190 %	128 %	79 %	121 %	47 %	13 %
EBIT, SEK m	95	188	403	421	97	2,058	-1,126	-398	461	226	-95	194	421	-836
EBIT, margin, %	31 %	37 %	10 %	8 %	7 %	23 %	-7 %	-6 %	5 %	2 %	-1 %	1 %	4 %	-8 %
Adjusted EBIT, SEK m	108	202	501	1,143	286	2,858	4,465	1,322	2,121	2,009	915	6,366	1,673	1,814
Adjusted EBIT, margin, %	38 %	40 %	12 %	21 %	21 %	32 %	26 %	19 %	22 %	17 %	10 %	17 %	16 %	17 %
Adjusted EBITDA, SEK m	-	-	-	-	-	4,016	5,942	1,867	3,056	3,005	1,938	9,866	2,697	2,923
Adjusted EBITDA, margin, %	-	-	-	-	-	45 %	35 %	26 %	32 %	26 %	21 %	26 %	26 %	27 %
Basic shares weighted average, million <sup>2)</sup>	-	-	-	-	-	719	905	1,026	1,071	1,088	1,091	1,069	1,130	1,202
Diluted shares weighted average <sup>2)</sup>	-	-	-	-	-	719	921	1,032	1,078	1,096	1,103	1,081	1,130	1,202
Average number of shares, million <sup>2)</sup>	367	444	504	606	624	796	1,031	1,157	1,231	1,256	1,259	1,252	1,259	1,283
Average number of shares after full dilution, million <sup>2)</sup>	367	444	504	606	624	798	1,086	1,256	1,338	1,364	1,367	1,360	1,367	1,391
Basic earnings per share, SEK	0.20	0.31	0.58	0.43	0.21	-3.49	1.08	-0.16	2.21	1.39	0.68	4.17	1.99	-0.47
Diluted earnings per share, SEK	-	-	-	-	0.21	-3.49	1.06	-0.16	2.20	1.38	0.67	4.12	1.99	-0.47
Adjusted Earnings per share, SEK <sup>2)</sup>	0.23	0.34	0.75	1.41	0.49	3.15	3.69	1.28	2.12	0.76	0.38	4.41	1.33	0.84
Adjusted Earnings per share after full dilution, SEK	0.23	0.34	0.75	1.41	0.49	3.14	3.50	1.18	1.95	0.70	0.35	4.06	1.23	0.78
Cash flow from operating activities, SEK m	99	179	579	174	766	3,825	4,070	347	580	2,813	1,643	5,383	1,359	2,250
Organic growth, YoY, %	-	-	-	-	-	-	-	-12 %	35 %	-3 %	-4 %	-	20 %	-2 %
Gross Margin, %	61 %	71 %	39 %	52 %	50 %	60 %	72 %	65 %	66 %	56 %	58 %	63 %	63 %	63 %
<b>Specific items related to historical acquisitions</b>														
Amortization of surplus values of acquired intangible assets	-13	-14	-99	-722	-189	-510	-1,316	-555	-629	-740	-1,048	-2,973	-757	-779
Transaction costs, SEK m	-	-	-	-	-	-150	-367	-70	-81	-117	-22	-290	-7	0
Personnel costs related to acquisitions	-	-	-	-	-	-181	-4,277	-1,107	-941	-847	264	-2,631	-412	-435
Remeasurement of participation in associated companies, SEK m	-	-	-	-	-	41	416	-	-	-	-	-	3	-
Remeasurement of contingent consideration, SEK m	-	-	-	-	-	-	-46	12	-8	-4	-	0	-	-14
<b>Total</b>	<b>-13</b>	<b>-14</b>	<b>-99</b>	<b>-722</b>	<b>-189</b>	<b>-801</b>	<b>-5,591</b>	<b>-1,720</b>	<b>-1,660</b>	<b>-1,708</b>	<b>-807</b>	<b>-5,894</b>	<b>-1,174</b>	<b>-1,229</b>
<b>Investments</b>														
External game development and advances, SEK m	98	212	528	732	193	697	1,233	248	408	399	236	1,291	299	312
Internal capitalized development, SEK m	36	80	359	645	224	1,291	2,293	866	1,097	1,351	1,474	4,788	1,458	1,437
<b>Sub-total - Investment in Game development, all segments</b>	<b>134</b>	<b>292</b>	<b>887</b>	<b>1,377</b>	<b>417</b>	<b>1,988</b>	<b>3,526</b>	<b>1,114</b>	<b>1,505</b>	<b>1,750</b>	<b>1,710</b>	<b>6,079</b>	<b>1,757</b>	<b>1,749</b>
Other intangible assets/IP-rights, SEK m	23	15	123	138	48	151	190	90	67	114	145	416	155	168
<b>Total</b>	<b>157</b>	<b>306</b>	<b>1,010</b>	<b>1,515</b>	<b>465</b>	<b>2,139</b>	<b>3,717</b>	<b>1,204</b>	<b>1,572</b>	<b>1,864</b>	<b>1,855</b>	<b>6,497</b>	<b>1,911</b>	<b>1,917</b>
<b>Completed games</b>														
Completed games, PC/Console, SEK m	-	176	383	644	165	837	1,218	545	1,671	531	501	3,248	803	1,120
<b>Other KPIs</b>														
<b>Game development projects, PC/Console</b>														
Announced Game Dev projects	-	-	-	-	43	53	64	55	61	62	56	56	62	63
Unannounced Game Dev projects	-	-	-	-	60	107	159	167	173	162	165	165	153	138
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>160</b>	<b>223</b>	<b>222</b>	<b>234</b>	<b>224</b>	<b>221</b>	<b>221</b>	<b>215</b>	<b>201</b>
<b>Headcount</b>														
Total internal game developers	-	-	-	-	1,359	4,036	7,240	8,025	9,380	9,639	9,971	9,971	10,014	9,503
Total external game developers	-	-	-	-	1,006	1,079	1,346	1,411	1,519	1,513	1,455	1,455	1,342	1,151
Total internal employees, non-development	-	-	-	-	744	1,210	4,174	4,441	4,832	5,091	5,175	5,175	5,249	5,047
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,109</b>	<b>6,325</b>	<b>12,760</b>	<b>13,877</b>	<b>15,731</b>	<b>16,243</b>	<b>16,601</b>	<b>16,601</b>	<b>16,605</b>	<b>15,701</b>
<b>Number of studios</b>														
Total number External Studios	-	-	-	-	58	66	63	63	60	59	56	56	59	53
Total number Internal Studios	-	-	-	-	26	60	118	120	132	134	138	138	139	135
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>126</b>	<b>181</b>	<b>183</b>	<b>192</b>	<b>193</b>	<b>194</b>	<b>194</b>	<b>198</b>	<b>188</b>
<b>IP-rights</b>														
IP-rights	-	-	-	-	160	225	815	816	827	876	896	896	905	923
<b>M&amp;A KPIs</b>														
Acc. Additional operative groups	-	-	2	3	3	5	9	9	10	10	10	10	10	10
Acc. Additional acquisitions added	1	4	6	16	17	40	72	74	79	86	87	87	88	89
<b>Acc. Total</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>19</b>	<b>20</b>	<b>45</b>	<b>81</b>	<b>83</b>	<b>89</b>	<b>96</b>	<b>97</b>	<b>97</b>	<b>98</b>	<b>99</b>
Acc. Max cash consideration, SEK m	-	82	1,598	3,433	3,454	9,477	51,038	51,901	57,039	64,544	64,570	64,570	64,582	64,807
Acc. Max share consideration, SEK m	-	10	649	1,010	1,010	7,484	30,103	30,754	31,936	33,195	33,217	33,217	33,217	33,166
Acc. Max total consideration, SEK m	-	92	2,247	4,443	4,464	16,961	81,141	82,655	88,975	97,739	97,787	97,787	97,799	97,973

<sup>1)</sup> Periods prior to April-June 2020/2021 are presented according to previous accounting standard K3 and are not recalculated according to IFRS

<sup>2)</sup> Number of shares for previous periods have been adjusted and recalculated with respect to the 3:1 split carried out on October 8, 2019, and the 2:1 split carried out on September 30, 2021.

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 900 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, Freemove and Crystal Dynamics – Eidos. The Group has 135 internal game development studios and is engaging more than 15,500 employees in more than 40 countries.