

**Q4**

FY 2023/24

**EMBRACER GROUP  
FULL YEAR REPORT**

APRIL 2023 – MARCH 2024

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# Q4 & Full Year report FY 2023/24

## Q4 FY 2023/24

Net Sales Group

SEK **8,875m**

YOY GROWTH

**-5 %**

Adjusted EBIT

SEK **1,426m**

YOY GROWTH

**+56 %**

Free cash flow

SEK **488m**

YOY GROWTH

SEK **+520m**

## Full Year FY 2023/24

Net Sales Group

SEK **42,206m**

YOY GROWTH

**12 %**

Adjusted EBIT

SEK **7,063m**

YOY GROWTH

**11 %**



## Highlights

Solid growth in earnings and cash flow in Q4

Restructuring program successfully finalized – notable deleveraging expected

Announced intention to transform into three publicly listed entities



1.

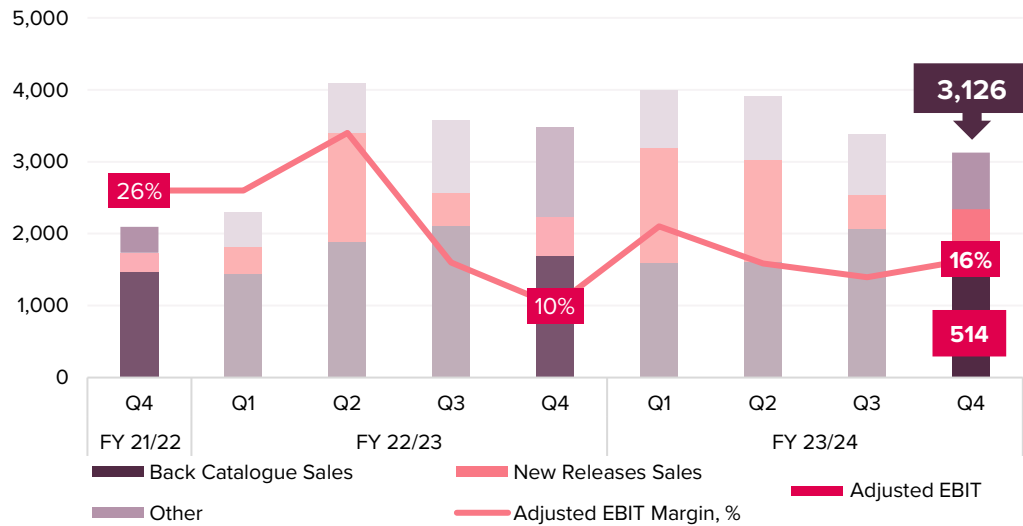


# Operating segments

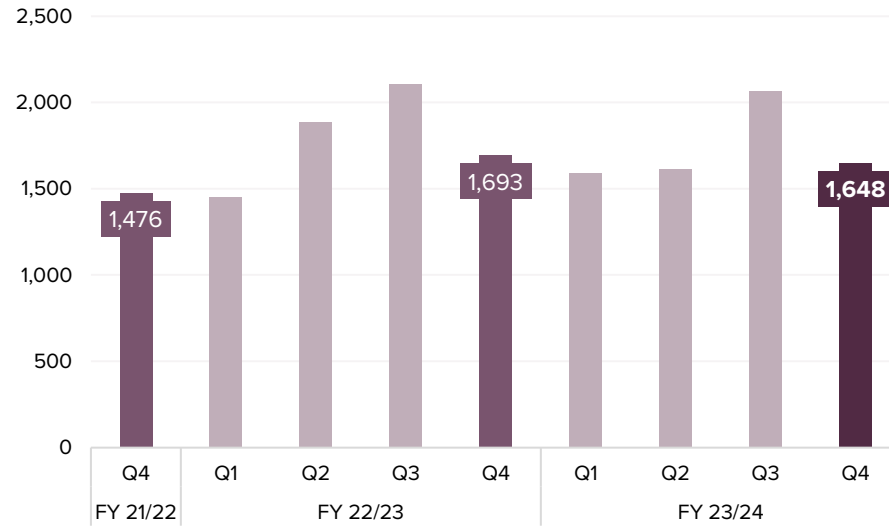


# PC/Console Games

## NET SALES REVENUE SPLIT SEKm & ADJUSTED EBIT MARGIN



## BACK CATALOG SALES | SEKm



## TOP 10 BACK CATALOG



## NOTABLE NEW RELEASES



## ORGANIC GROWTH

**-13%**

## PRO FORMA GROWTH

**3%**

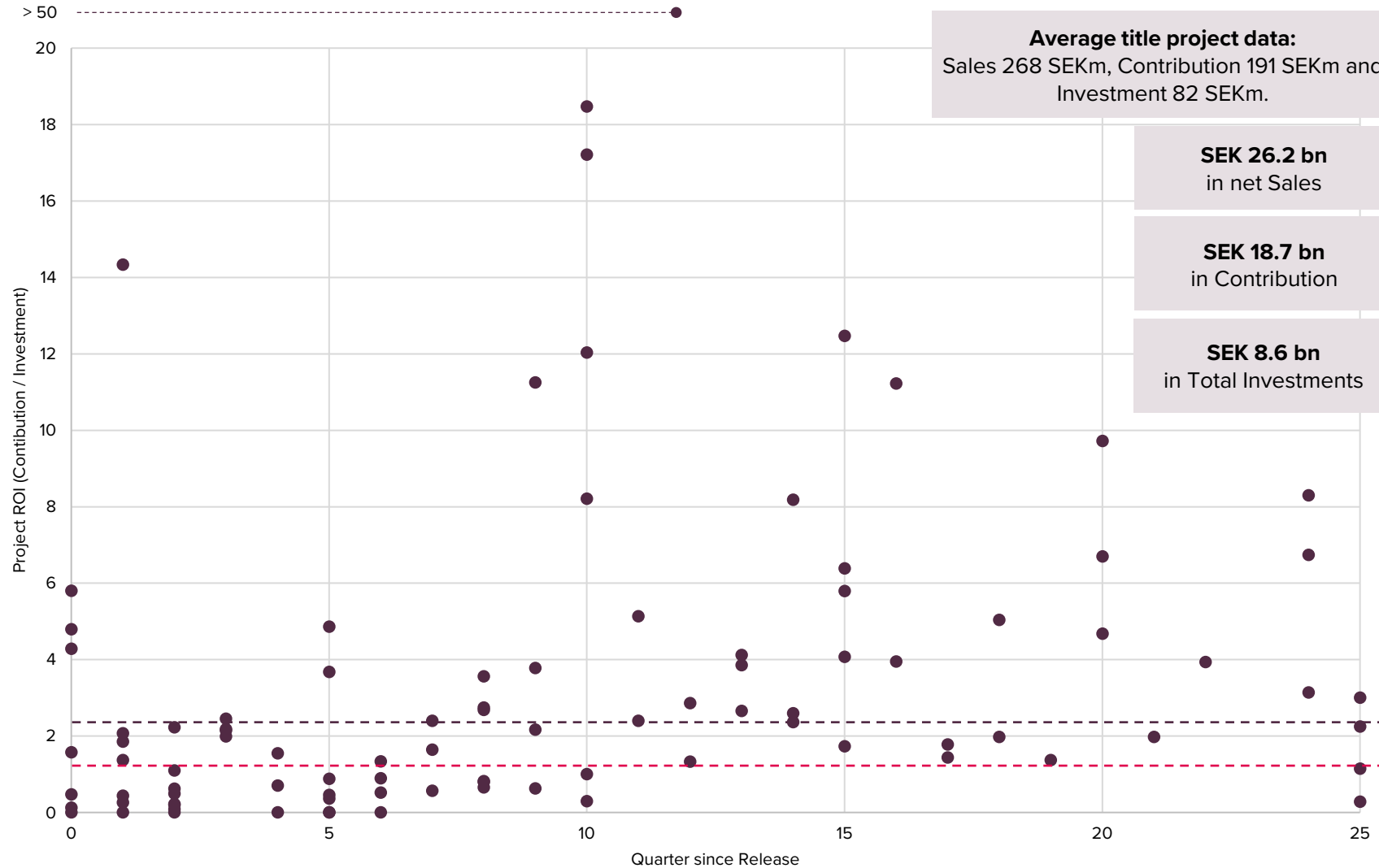


Operative Groups: 6 | Internal Headcount: 6,404 | Internal Studios: 73





PROJECT ROI (CONTRIBUTION/INVESTMENT)



DETAILS

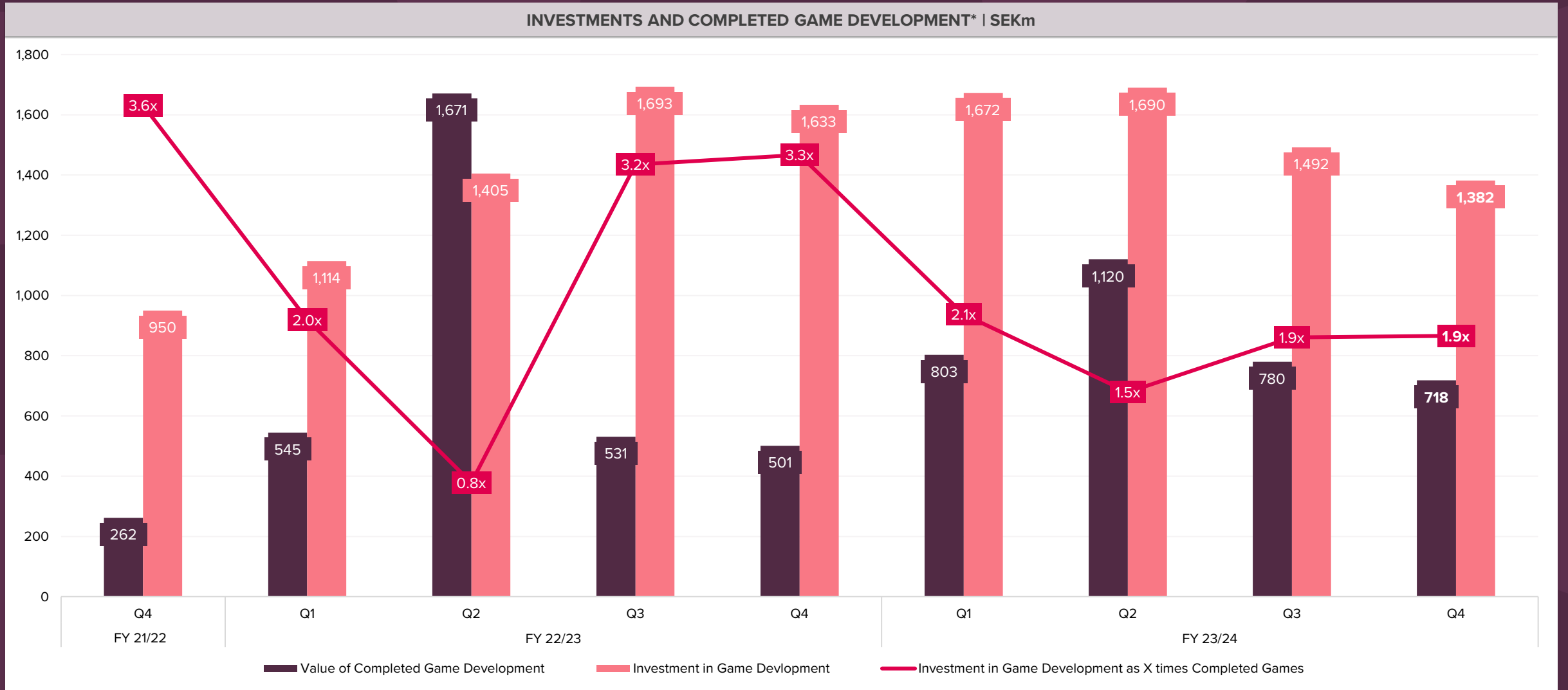
- Based on reported numbers until March 31, 2024
- Sample includes projects with sales above 40 SEKm or investment above 40 SEKm (98 projects)
- ROI = Contribution / Investment
- Contribution = Gross Profit less marketing expenses from release to March 31, 2024
- Investment = Capitalized Development Expenses including follow-on investment
- Projects from divested assets are included in the data

2.2x in average

1.0x in break even

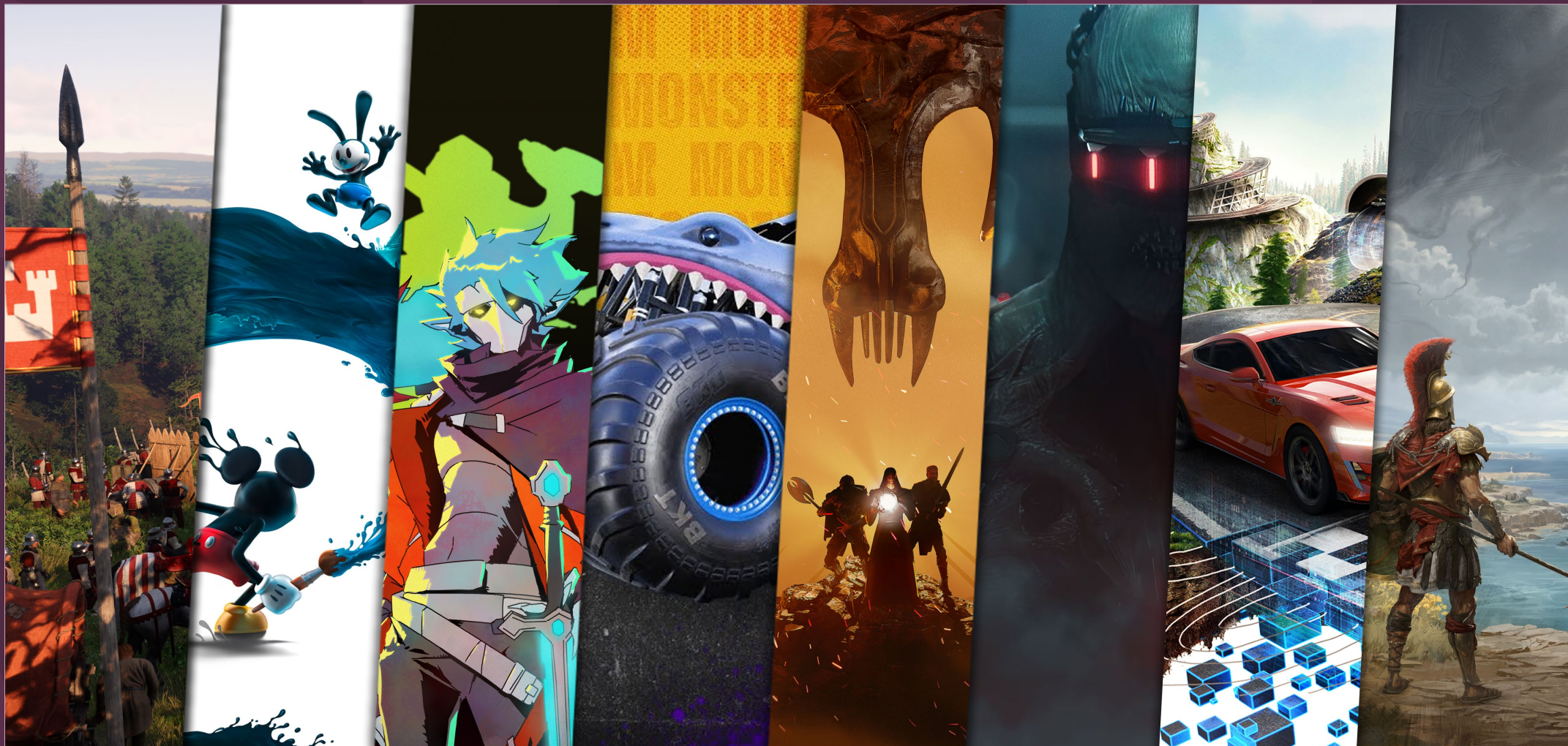


# Investments and completed game development



Source: as of March 31, 2024 | \*Gross investments in PC/Console game development

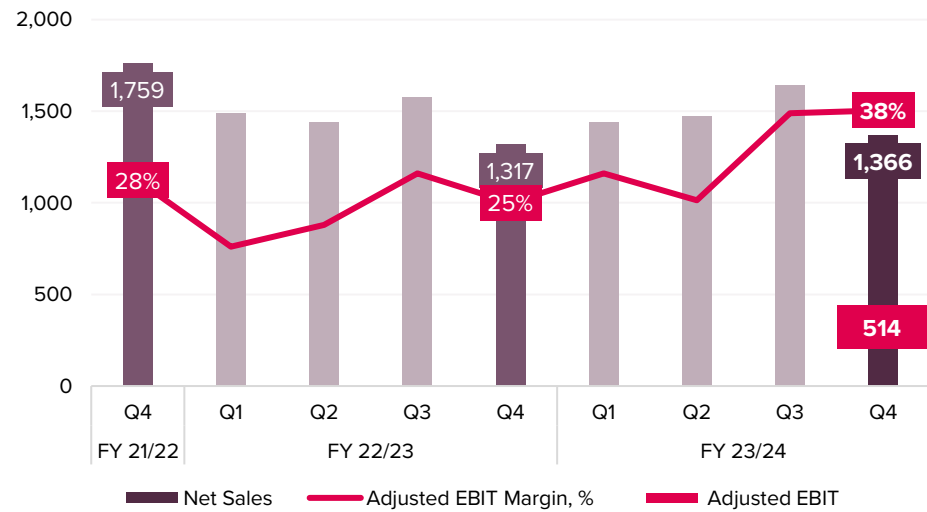
# Solid pipeline of new games for FY 2024/25



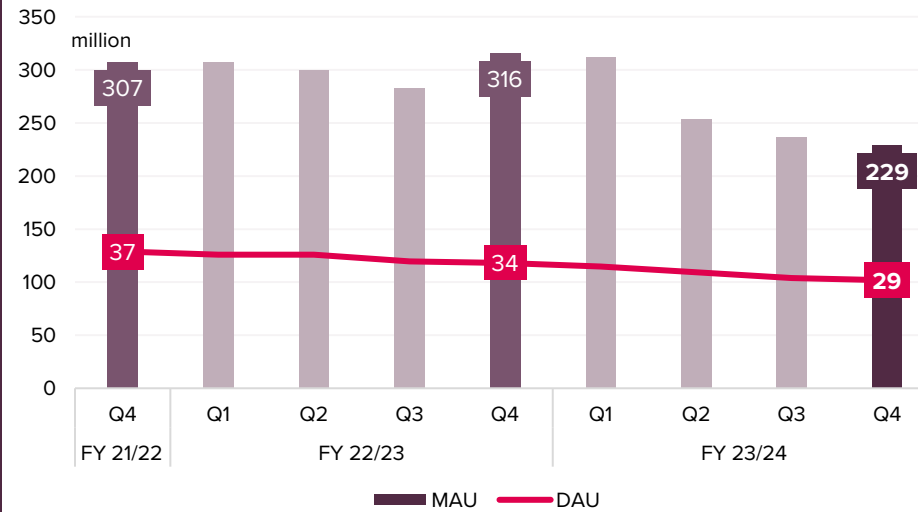




NET SALES SEKm & ADJUSTED EBIT MARGIN



DAILY ACTIVE USERS & MONTHLY ACTIVE USERS



NET SALES DRIVERS



ORGANIC GROWTH

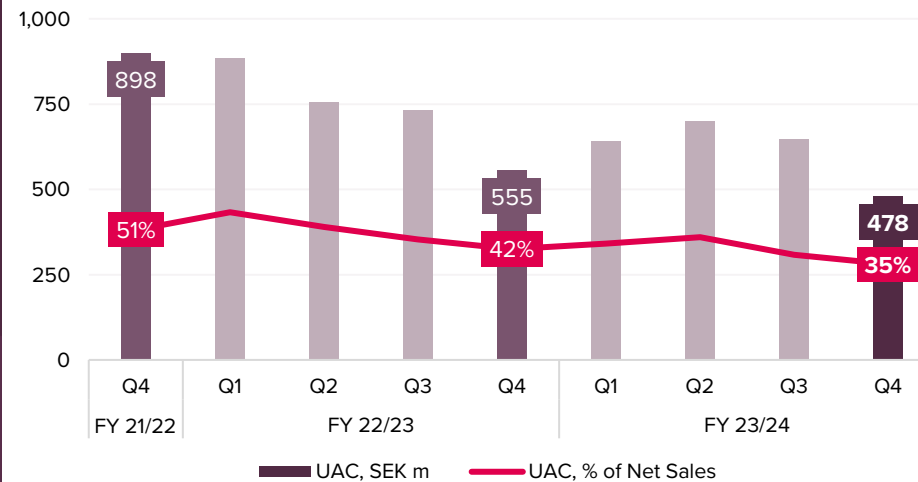
-9%

PRO FORMA GROWTH

-5%

Another strong quarter, with over 50% Adjusted EBIT growth YoY

USER ACQUISITION COST | SEKm



Operative Groups: 2 | Internal Headcount: 1,081 | Internal Studios: 11

Easybrain

DECA

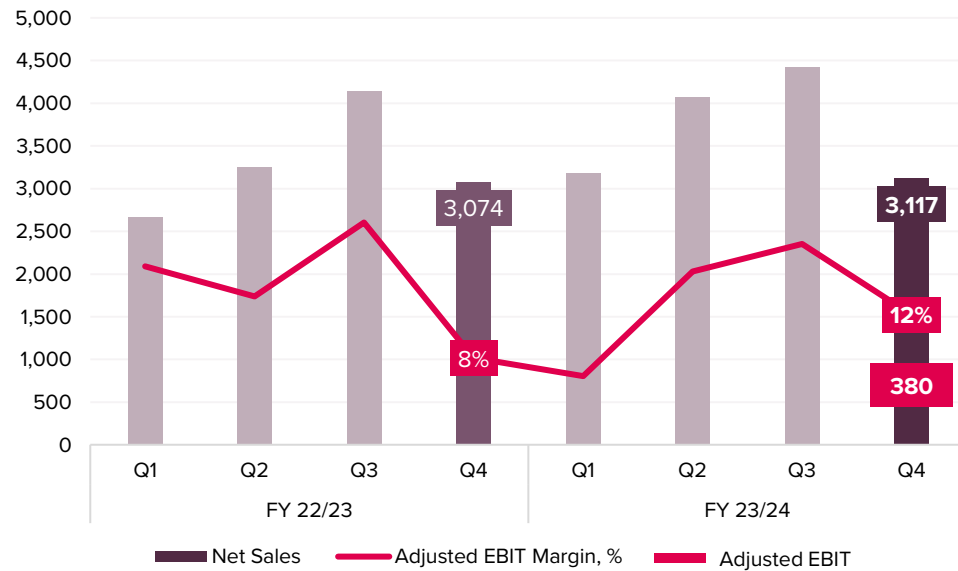
CrazyLabs





# Tabletop Games

## NET SALES SEKm & ADJUSTED EBIT MARGIN



## STRONG PIPELINE



## NEW RELEASES



### ORGANIC GROWTH

**-3%**

### PRO FORMA GROWTH

**-3%**

Success of *Star Wars™: Unlimited* which performed above management expectations

Operative Groups: 1 | Internal Headcount: 2,377 | Internal Studios: 23

**asmodee**

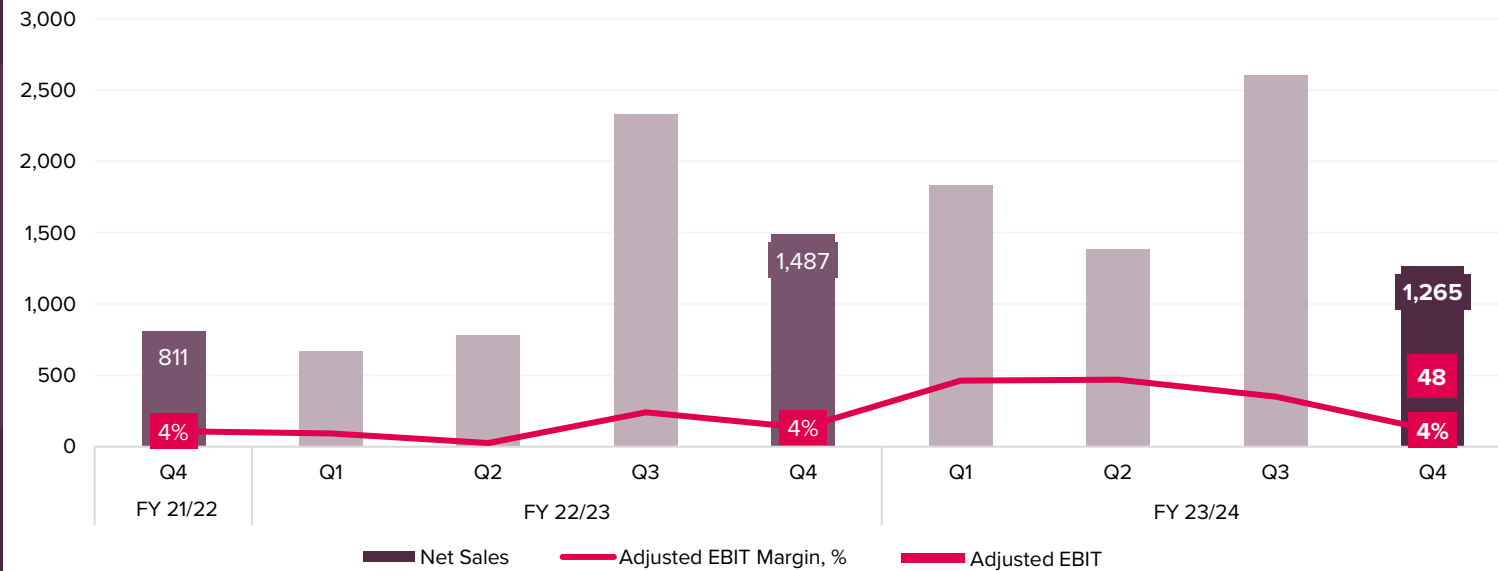


STAR WARS™: UNLIMITED – SPARK OF REBELLION

DOBBLE CONNECT – ZYGOMATIC



NET SALES SEKm & ADJUSTED EBIT MARGIN

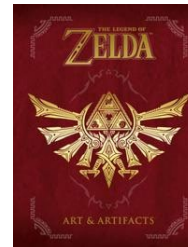
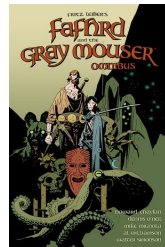
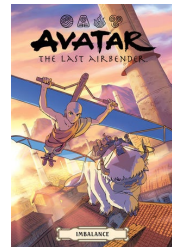


ORGANIC GROWTH

**-18%**

PRO FORMA GROWTH

**-18%**



Warner Bros. Pictures and New Line Cinema, alongside Peter Jackson, Fran Walsh and Philippa Boyens are reuniting to produce two new films from Tolkien's Middle-earth\*, based on Middle-earth Enterprises' owned IP, The Lord of the Rings

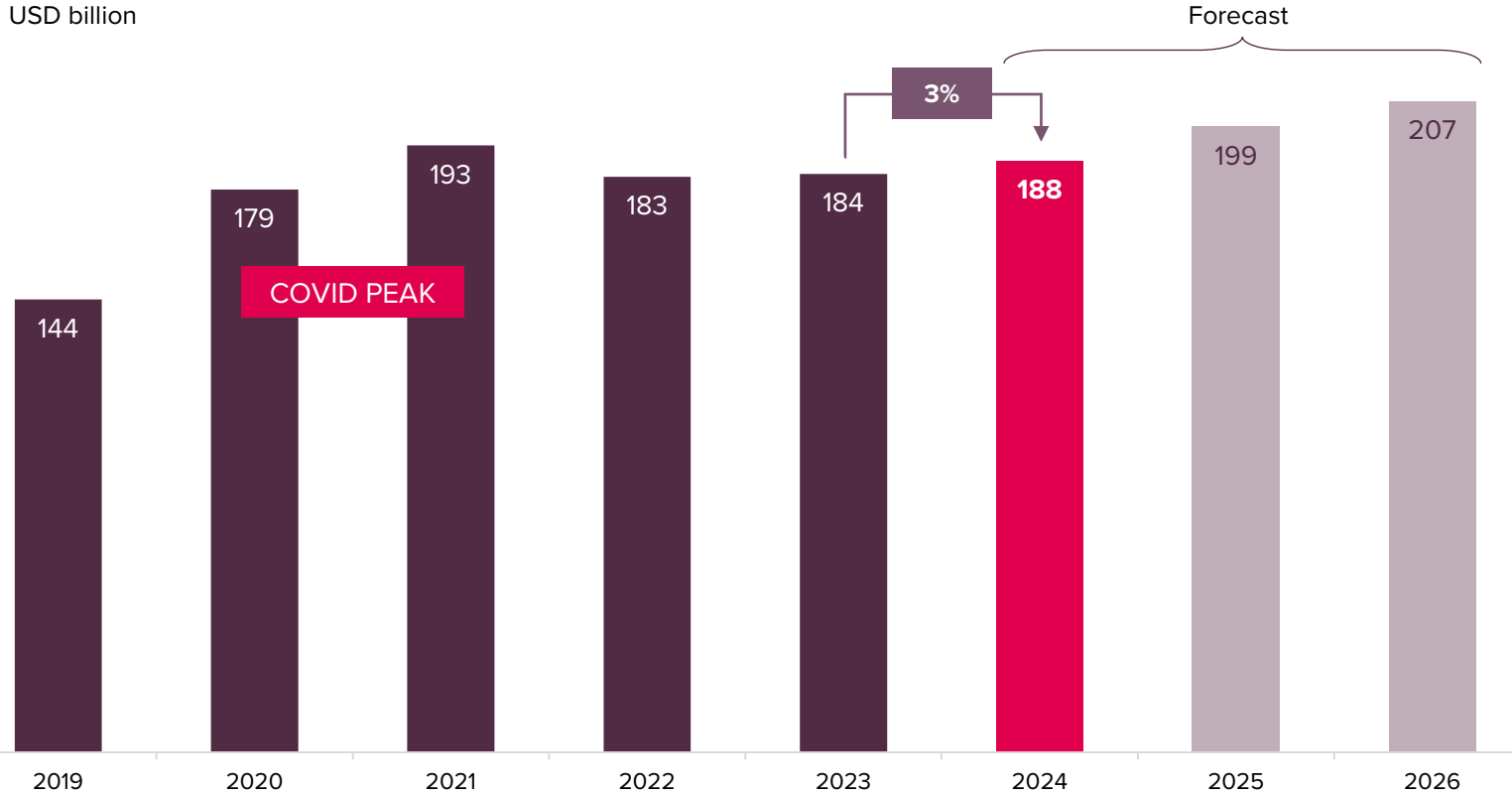
Operative Groups: 3 | Internal Headcount: 771 | Internal Studios: 2



# Market update

GLOBAL VIDEO GAMES MARKET REVENUE FORECAST

USD billion



2019-2026 CAGR 5%

Source: Newzoo

GLOBAL MARKET

**PC<sup>1</sup>**  
expected to grow by  
**+4%**  
in 2024

**Console<sup>1</sup>**  
expected to decline by  
**-1%**  
in 2024

**Mobile<sup>1</sup>**  
expected to grow by  
**+3%**  
in 2024

**Tabletop<sup>2</sup>**  
grew by  
**+0.4%**  
in 2023

The games market in calendar year 2023 is estimated to have generated USD 184 billion and grown by 0.5% YoY<sup>1</sup>, despite a challenging macro environment for consumers and businesses alike.

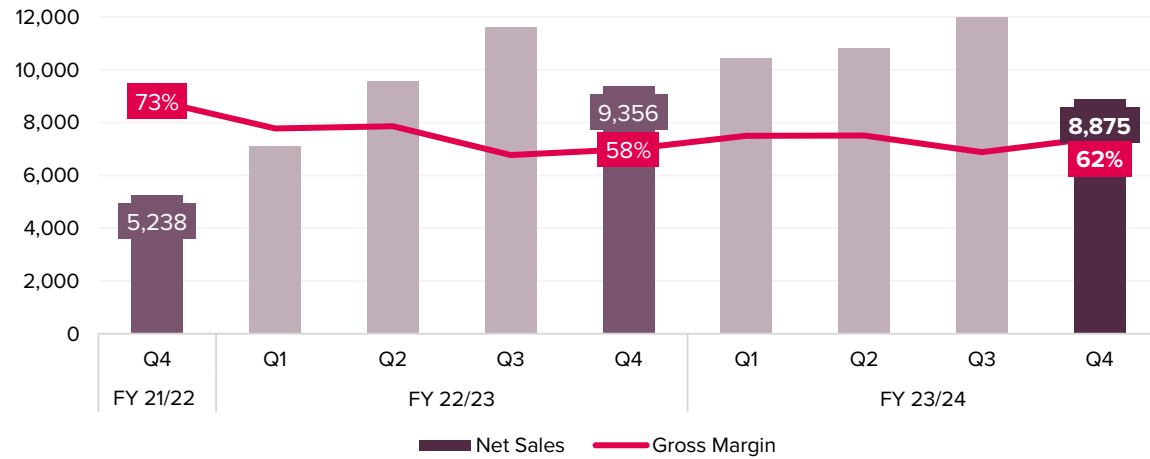
**2.**

# **Financial performance**

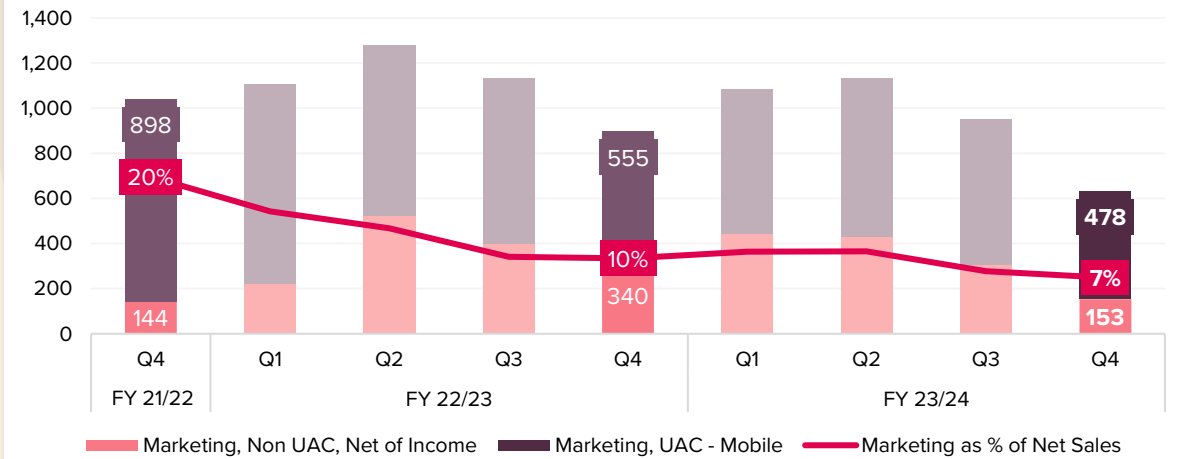


# Financial development

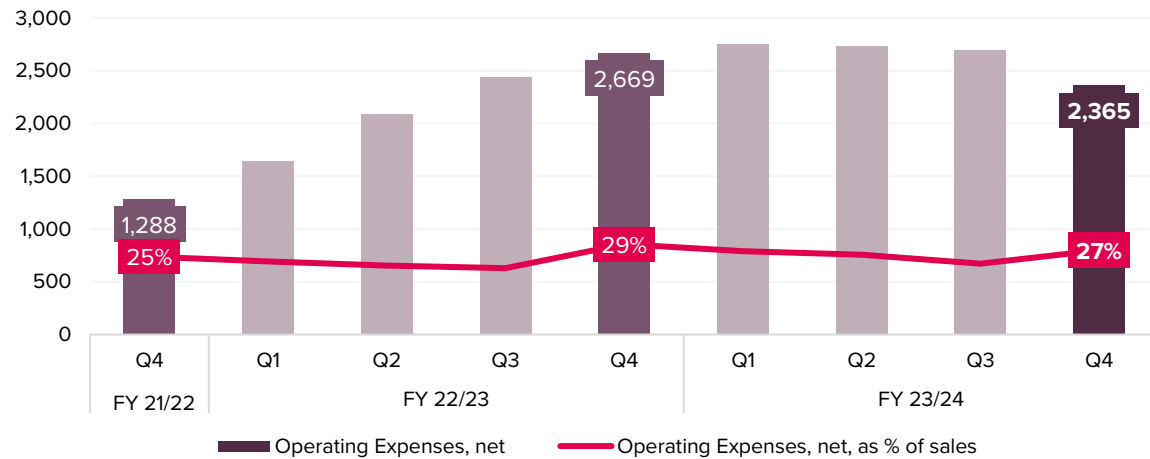
GROSS MARGIN DEVELOPMENT | SEKm



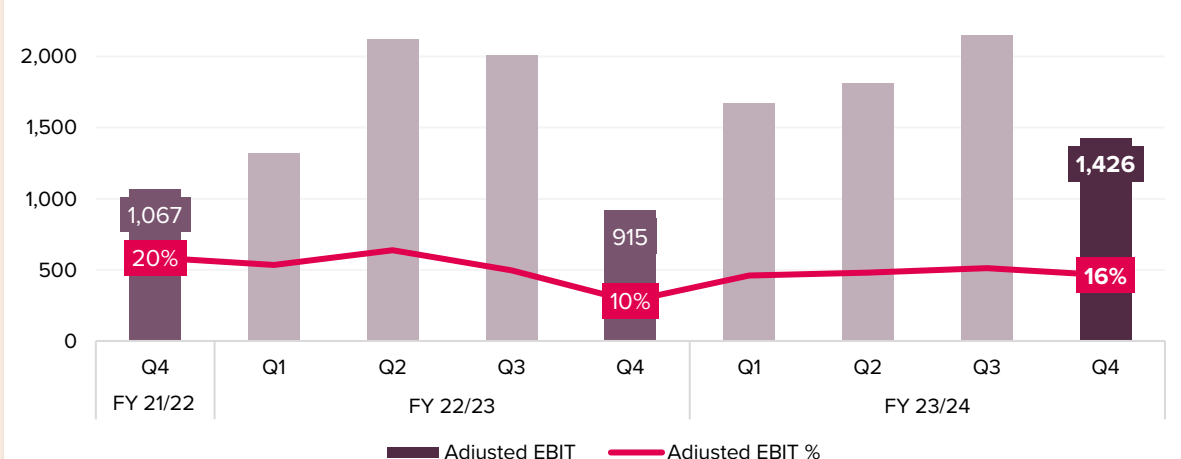
DEVELOPMENT OF MARKETING EXPENSES | SEKm



DEVELOPMENT OF OPERATING EXPENSES, NET | SEKm



ADJUSTED EBIT | SEKm



# Adjusted EBIT Bridge

SEK, million	IFRS expense reported	Items not affecting Cash Flow	Items affecting Cash Flow
<b>Specification of items affecting comparability</b>			
Divestment of Saber Interactive	7,074	7,074 <sup>1</sup>	0
Divestment of Gearbox Entertainment	1,525	1,513 <sup>2</sup>	0
Restructuring program	1,248	983	265 <sup>3</sup>
Annual impairment test	10,445	10,445 <sup>4</sup>	0
<b>Items affecting comparability</b>	<b>20,279</b>	<b>20,014</b>	<b>265</b>
<b>Specification specific items related to historical acquisitions</b>			
Personnel costs related to acquisitions	800	778	22
Amortization of surplus values of acquired intangible assets	722	722	0
Other items	2	2	0
<b>Specific items related to historical acquisitions</b>	<b>1,525</b>	<b>1,503</b>	<b>22</b>

*Acquisition related expenses for expensed earnouts and planned amortizations of acquisition related surplus values. In-line with expectations except for accelerations in conjunction with the divestments of Saber and Gearbox.*

<sup>1</sup> Non-cash expense related to previously announced divestment of certain assets within Saber Interactive

<sup>2</sup> Non-cash expense related to the previously announced divestment of Gearbox Entertainment

<sup>3</sup> Expenses related to the restructuring program

<sup>4</sup> Non-cash impairment according to Annual impairment process mainly related to the CGUs of Asmodee (6.7 bn), Saber (2.9 bn) and Dark Horse (0.7 bn)

Reconciliation of adjusted EBIT Q4 2023/24	SEK, million
<b>EBIT</b>	<b>-20,378</b>
Specific items related to historical acquisitions	1,525
Items affecting comparability	20,279
<b>Adjusted EBIT</b>	<b>1,426</b>

# Cash flow and net debt

SEKm	FY23/24 Q4	FY22/23 Q4	FY 23/24 TTM	FY 22/23 TTM
<b>Adjusted EBITDA</b>	<b>2,488</b>	<b>1,938</b>	<b>11,377</b>	<b>9,867</b>
Cash Tax	-239	-158	-977	-902
Other items	-386	-251	-1,364	-288
<b>Operating Cash flow</b>	<b>1,863</b>	<b>1,529</b>	<b>9,036</b>	<b>8,677</b>
Net investment in intangible assets	-1,516	-1,807	-7,007	-5,996
Net investment in tangible assets	-56	-178	-312	-497
Net investment in financial assets	-28	62	-374	-61
<b>Net Investment</b>	<b>-1,600</b>	<b>-1,923</b>	<b>-7,693</b>	<b>-6,554</b>
<b>Free Cash Flow before WC</b>	<b>263</b>	<b>-395</b>	<b>1,343</b>	<b>2,123</b>
Change in working capital	225	363	113	-2,162
<b>Free Cash Flow after WC</b>	<b>488</b>	<b>-32</b>	<b>1,456</b>	<b>-39</b>
Cash Flow from financing activities	-377	-877	832	8,501
Net investment in acquired companies	-165	-652	-2,851	-10,067
Cash effect IAC costs	-265	-	-672	-
<b>Cash Flow for the period</b>	<b>-319</b>	<b>-1,561</b>	<b>-1,234</b>	<b>-1,605</b>

SEKm	March 31, 2024	March 31, 2023
Cash	3,507	4,662
Current investments	0	18
Current liabilities to credit institutions	-8,994	-683
Current account credit facilities	-35	-17
Non-current liabilities to credit institutions	-10,885	-19,560
<b>Net Debt (-) / Net Cash (+)</b>	<b>-16,407</b>	<b>-15,581</b>

- Free cash flow in the quarter affected by negative EBITDAC contribution of SEK 0.5 billion from the divested assets
- In April 2024 Embracer Group secured financing agreement at Asmodee level amounted to EUR 900 million
- Net debt not considering short term interest-bearing receivable amounting to SEK 2.1 billion related to divestment of assets in Saber Interactive



# Pro forma financials

SEK, billion	Asmodee		“Coffee Stain & Friends”		“Middle-earth Enterprises & Friends”		Embracer Group <sup>1</sup>	
	Apr-Mar 22/23	Apr-Mar 23/24	Apr-Mar 22/23	Apr-Mar 23/24	Apr-Mar 22/23	Apr-Mar 23/24	Apr-Mar 22/23	Apr-Mar 23/24
<b>Net sales</b>	13.4	14.8	10.5	10.7	12.3	14.2	<b>36.2</b>	<b>39.7</b>
<b>Adjusted EBITDA</b>	2.3	2.4	3.8	4.5	3.2	4.6	<b>9.2</b>	<b>11.3</b>
<b>Adjusted EBIT</b>	2.0	2.1	2.6	3.1	1.6	2.4	<b>6.0</b>	<b>7.3</b>
<b>Capex</b>	-0.3	-0.3	-2.2	-2.0	-3.3	-2.7	<b>-5.8</b>	<b>-4.9</b>
<b>EBITDAC<sup>2</sup></b>	2.0	2.2	1.6	2.5	-0.1	1.9	<b>3.3</b>	<b>6.3</b>

<sup>1</sup> includes corporate (headquarters) pro forma financials | <sup>2</sup> EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

# Pro forma net debt and earnouts

## Net debt bridge

Net debt bridge	SEK, billion
<b>Net debt 31 March, 2024</b>	<b>16.4</b>
Estimated cash inflow from Divestments	(5.7) – (5.2)
<b>Pro forma Net debt<sup>1</sup></b>	<b>10.7 – 11.2</b>

<sup>1</sup> Whereof approx. SEK 9.1 bn relates to the ringfenced Asmodee structure

## Earnout obligations (cash)

	SEK, billion
“Coffee Stain & Friends”	1.1
“Middle-earth Enterprises & Friends”	1.8
Asmodee Group	1.2
<b>Cash obligations</b>	<b>4.1</b>

## Earnout obligations (shares)

No. of shares	Expected
<b>No. of outstanding shares</b>	<b>1,339 million</b>
Earnout shares to be issued expected	26 million
<b>No. of shares – after dilution</b>	<b>1,365 million</b>

**3.**

# **Restructuring program summary**

# Today's speaker



**MÜGE BOUILLON**

DEPUTY GROUP CFO

**EMBRACER<sup>+</sup>  
GROUP**

# Restructuring program successfully finalized

<b>Objective</b>	Improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and cash self-sufficient company	<b>Targets</b>	<u>Capex</u> <b>SEK 2.9bn+</b> annual savings <sup>1</sup> in FY24/25	<u>Opex</u> <b>SEK 0.8bn+</b> annual savings* in FY24/25	<u>Net debt</u> <b>Below SEK 8.0bn</b> by March 31, 2024
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**Capex**

Annualized pro forma capex run-rate in Q4 2024 of SEK 4.3 billion  
SEK –3.6 billion (–45%) vs. Q4 FY 23/24

**Opex**

The 10% overhead cost savings objective was achieved

**Net debt**

Pro forma net debt of ~SEK 11 billion as of Q4 vs. SEK 8 billion net debt target  
Of which SEK 9 billion ringfenced at Asmodee level

Headcount reduction

1% reduction in Q4 before divestments  
27% of employees left in FY 2023/24, including divestment of certain assets of Saber Interactive

Divestments contributed to targets, and lower business risk while operations in Russia are ceased

Updated capital allocation process and improved standards for new and continued investment will raise quality and ROI

**Now focus shifts to continuous improvements**

<sup>1</sup> Compared to Q4 FY 22/23 run-rate

4.

Preparations for the **new chapter**

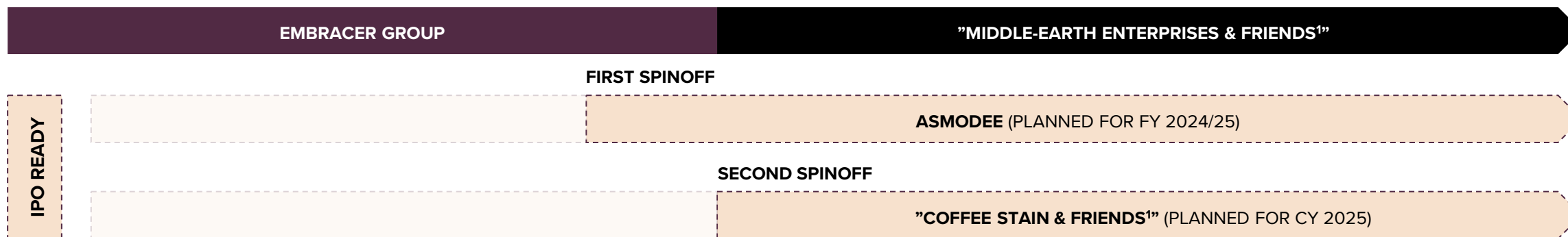
# Illustrative timeline for planned spinoffs

## Rationale

- Unlocking value in the high-quality assets of Embracer Group following the successful completion of the restructuring program
- Offer more differentiated and distinct equity stories for existing and new shareholders
- Enabling each entity to better focus on their core strategies
- Expected to drive long-term value creation

## Key Milestones

- Proforma preparations for prospectus
- Legal and tax DD
- Stock exchange audit
- Documentation and monitoring of control activities (incl IT)
- Prospectus
- Steering documents, policies, instructions, guidelines
- Board and Executive Management composition



*Illustrative timeline, not to scale*

<sup>1</sup> working name TBD

A vibrant, stylized landscape with green and orange trees, a blue house, and a large glowing sphere in the sky. The scene is set in a lush, rolling green valley with scattered rocks and small flowers. In the foreground, there's a blue house with a chimney and a wooden structure with a large blue barrel on top. The background features a large, glowing blue sphere with a grid pattern, resembling a planet or a moon, set against a sky with soft, white clouds. The overall aesthetic is bright and colorful, typical of a modern, stylized video game environment.

**Q&A**

**Until ~10:00 CEST**



5.

# Appendix



# Asmodee Group

	Asmodee Group				
	FY 2023/24 (April 2023 – March 2024)				
SEK, billion	Q1	Q2	Q3	Q4	FY
<b>Net sales</b>	3.2	4.1	4.4	3.1	<b>14.8</b>
<b>Adjusted EBITDA</b>	0.3	0.8	0.9	0.5	<b>2.4</b>
<b>Adjusted EBIT</b>	0.2	0.7	0.8	0.4	<b>2.1</b>
<b>Capex</b>	-0.1	-0.1	-0.1	-0.1	<b>-0.3</b>
<b>EBITDAC<sup>1</sup></b>	0.2	0.7	0.8	0.4	<b>2.2</b>

<sup>1</sup> EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

# “Coffee Stain & Friends”

	“Coffee Stain & Friends”				
	FY 2023/24 (April 2023 – March 2024)				
SEK, billion	Q1	Q2	Q3	Q4	FY
<b>Net sales</b>	2.4	3.0	2.8	2.5	<b>10.7</b>
<b>Adjusted EBITDA</b>	0.9	1.3	1.2	1.1	<b>4.5</b>
<b>Adjusted EBIT</b>	0.6	0.9	0.9	0.7	<b>3.1</b>
<b>Capex</b>	-0.6	-0.5	-0.4	-0.4	<b>-2.0</b>
<b>EBITDAC<sup>1</sup></b>	0.3	0.8	0.8	0.7	<b>2.5</b>

<sup>1</sup> EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

# “Middle-earth & Friends”

	“Middle-earth Enterprises & Friends”				
	FY 2023/24 (April 2023 – March 2024)				
SEK, billion	Q1	Q2	Q3	Q4	FY
<b>Net sales</b>	4.2	3.1	4.2	2.7	<b>14.2</b>
<b>Adjusted EBITDA</b>	1.6	0.9	1.2	0.9	<b>4.6</b>
<b>Adjusted EBIT</b>	1.0	0.4	0.7	0.4	<b>2.4</b>
<b>Capex</b>	-0.8	-0.7	-0.6	-0.6	<b>-2.7</b>
<b>EBITDAC<sup>1</sup></b>	0.8	0.2	0.6	0.3	<b>1.9</b>

<sup>1</sup> EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

# Embracer Group<sup>1</sup>

	Embracer Group <sup>1</sup>				
	FY 2023/24 (April 2023 – March 2024)				
SEK, billion	Q1	Q2	Q3	Q4	FY
Net sales	9.8	10.2	11.4	8.3	39.7
Adjusted EBITDA	2.7	2.9	3.3	2.5	11.3
Adjusted EBIT	1.7	1.9	2.3	1.5	7.3
Capex	-1.4	-1.3	-1.1	-1.1	-4.9
EBITDAC <sup>2</sup>	1.2	1.6	2.2	1.4	6.3

<sup>1</sup> includes corporate (headquarters) pro forma financials | <sup>2</sup> EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

**EMBRACER<sup>+</sup>**  
**GROUP**