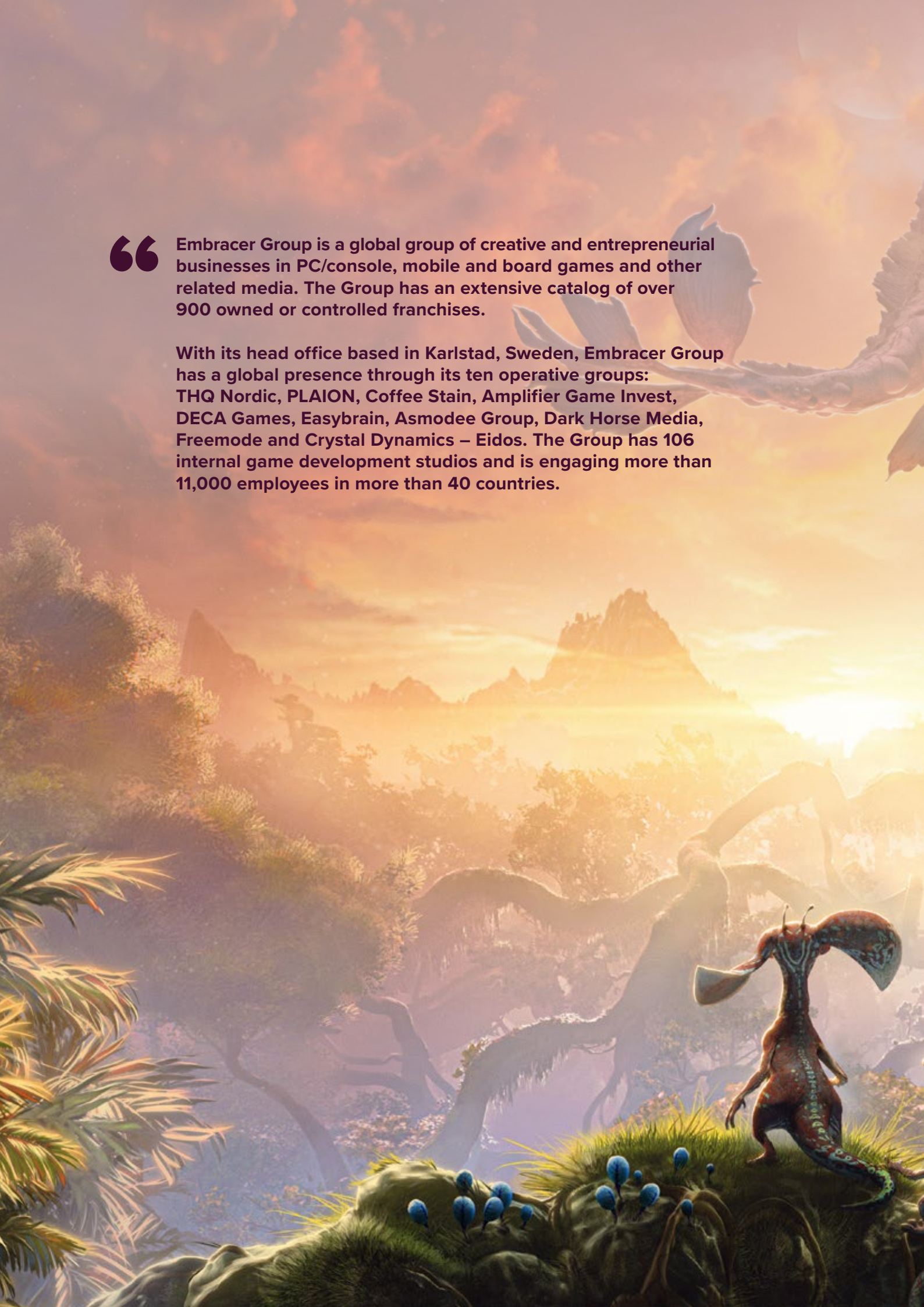# SUSTAINABILITY REPORT

23
24

EMBRACER⁺ GROUP

> Embracer Group is a global group of creative and entrepreneurial businesses in PC/console, mobile and board games and other related media. The Group has an extensive catalog of over 900 owned or controlled franchises.
>
> With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its ten operative groups: THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, DECA Games, Easybrain, Asmodee Group, Dark Horse Media, Freemode and Crystal Dynamics – Eidos. The Group has 106 internal game development studios and is engaging more than 11,000 employees in more than 40 countries.

SUSTAINABILITY REPORT

INTRODUCTION

By integrating a sustainable approach into our business model, we ensure that we take advantage of business opportunities while mitigating risks. Our work is firmly rooted in a strong commitment to acting long-term and creating value for all our main stakeholders. We leverage relations with partners and peers to raise industry awareness and make progress on key issues for our own business and industry.

SUSTAINABILITY THAT SUPPORTS OUR BUSINESS

We have built one of the industry's most diversified games and entertainment businesses, spanning the whole range from smaller niche titles to some of the most iconic names in the games universe. Games and titles produced or distributed through our global group of businesses reach millions of gamers and fans across the globe.

As a company driven by entrepreneurs, our approach to business is inherently centered around empowering great people. As part of our ambition to be an attractive home for talent, we embrace differences and welcome a multitude of perspectives and skill sets. This people-first mindset is also central to how we think about games and entertainment and the well-being of players and fans. We want to make sure that we contribute to an environment that supports accessibility and digital well-being.

Our holistic approach to sustainability also rests on proactive engagement to address and mitigate the environmental impact caused by the Group and the gaming and entertainment industry as a whole.

The Group has in the past year made further headway in risk management, while bolstering intra-Group integration and collaboration regarding sustainability. Thus, our sustainability approach continues to evolve and inform decision-making at all levels in the Group, advancing our capabilities to navigate risks and opportunities.

In FY 2022/23 the Board of Directors set the group´s first sustainability goals. Goals steer our work to create even more value for our shareholders, customers, employees, and other stakeholders. The three goals are:

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

> Reduce our carbon emissions by 45% by 2030 compared with the base year 2021/22.

> Every Operative Group to set sustainability goals during 2023/24.

The major changes in the Group have impacted the three sustainability goals. It was not meaningful for the operative groups to set sustainability goals during 2023/24 due to the ongoing reconstruction program and the decision to transform Embracer Group into three separate, publicly listed companies. We also need to recalculate the baseline for the gender and climate goals to keep them as valuable tools for leading us in the right direction at the right speed. The comprehensive materiality analysis and stakeholder dialogue that led to the board's decision to set these goals have increased awareness within the Group and will provide valuable insights for the three new public companies in their strategic sustainability work.

HIGHLIGHTS OF THE YEAR

> Focus on preparing for upcoming EU requirements regarding external sustainability reporting the Corporate Sustainability Reporting Directive (CSRD). That included conducting a double materiality analysis, which maps the Group's most material sustainability issues and will serve as a base for the coming reporting.

> Accelerated the implementation of various internal control and integration processes.

> The Groups sustainability goals for the climate was validated and approved by Science-based Target initiative.

> Formed an Advisory Sustainability Council, chaired by the Head of Sustainability and comprising representatives from the owners, the Board of Directors, and management.

> Annual mandatory trainings for all employees on Privacy and Anti-Corruption were launched.

> Adoption of an AI policy package and was rolled out throughout the Group.

> Support to people of Ukraine. We have continued to make donations from the parent company and continued to support the people of Ukraine due to the ongoing war.

INTERVIEW WITH EMMA IHRE, HEAD OF SUSTAINABILITY

Hi Emma! What have been Embracer Group's priorities – from a sustainability perspective – this past year?

The global backdrop this past year was one of continued volatility. Embracer, too, faced a new array of challenges leading to the announcement of a comprehensive restructuring program and the transformation of Embracer Group into three standalone publicly listed entities. Some of the initial plans on our sustainability agenda, including for operative groups to set individual targets, had to be postponed, as we refocused our priorities in light of broader transformative changes in the Group.

However, this also presented an opportunity to consolidate our work and further develop our internal collaboration with other functions within the company. We have accelerated the introduction of various internal control and integration processes within HR. Collaboration and knowledge-sharing across the operative groups have also progressed, improving our capacity to deliver on accessibility, diversity and inclusion, leadership, and team building.

This year has seen a gradual progress on our sustainability agenda and implementation.

EU's corporate sustainability legislation continues to evolve. How will this impact and contribute to your sustainability work?

We welcome the EU's approach, which contributes to more widely accepted frameworks for sustainability reporting and ensures that companies take responsibility. However, in this process, which is a fundamental change in corporate life, we must also remain cautious that sustainability does not become more about compliance than creating value for different stakeholders and society at large.

Regarding the EU regulations, our focus this past year, but also going forward, is on the upcoming reporting requirements (CSRD). Our readiness and alignment are tracking well. We have conducted a double materiality assessment of our most material sustainability issues and a gap analysis between the requirements of the CSRD and the current state of our reporting. The implementation of CSRD will be done in close collaboration with all operative groups and companies.

Ultimately, the new requirements will help us become even better at reporting on our entire value chain, mapping and addressing risks, and making important progress on integrating sustainability reporting as part of financial reporting.

SOME OF OUR COMMITMENTS

AGENDA 2030

Embracer supports Agenda 2030 and the holistic approach to sustainable development established through the UN Sustainable Development Goals (SDGs). Regarding our business operations, we have identified five SDGs that are particularly relevant for our group of companies and studios.

> **4 – QUALITY EDUCATION**
We support developers, creatives, and the broader games ecosystem by dedicating resources to various educational forums in the industry. These initiatives will also support our mission to reach diverse target groups and make progress on diversity and inclusion.

> **5 – GENDER EQUALITY**
One of our key priorities is improving the gender balance within Embracer Group and in the industry.

> **8 – DECENT WORK AND ECONOMIC GROWTH**
As a people-centered business, we strive to provide good work-life balance and healthy working conditions. We also invest in entrepreneurs to drive innovation and a creative economy.

> **12 – RESPONSIBLE CONSUMPTION AND PRODUCTION**
We are transparent about our environmental impact and take action to contribute to an industry with less carbon footprint.

> **17 – PARTNERSHIP FOR THE GOALS**
We work with industry partners and peers, as well as NGOs and trade organizations, to deliver progress on our prioritized sustainability areas.

UN GLOBAL COMPACT

Embracer has been a member of the UN Global Compact since 2021. Supporting it aligns with our core values and facilitates cooperation with other companies and stakeholders. Collaboration and knowledge-sharing are central elements to accomplish sustainable change, and our membership allows us to build on that. During the year, Embracer Group AB (the parent company) and Eidos Interactive participated in the Target Gender Equality Accelerator program. As participating companies, we receive access to cutting-edge data and research supporting gender equality in business. We collaborate with UN partners and experts to fast-track progress, developing action plans based on insights gleaned from the program. This nine-month initiative, available to United Nations Global Compact members, empowers us to establish and achieve ambitious goals for women's representation, equal pay, and leadership. Through a combination of performance analysis, workshops, peer learning, and dialogue across different levels, we deepen our implementation of the Women's Empowerment Principles and enhance our alignment with Sustainable Development Goals (SDGs). Through the Global Compact Academy, the Embracer sustainability Ambassador Group has access to extensive sustainability training, reports, research, and the networks provided through our membership.

SBTi COMMITMENT

The Science Based Targets initiative (SBTi) guides our greenhouse gas emissions reduction planning and actions. We have set targets in line with the SBTi, which were validated and approved in December 2023.

This validation encompasses our absolute reduction targets for greenhouse gas emissions, addressing both direct and indirect emissions (Scope 1 and 2) and emissions from our value chain (Scope 3). SBTi has officially confirmed that these targets align with the 1.5°C pathway, the primary objective outlined in the Paris Agreement.

Establishing emission targets provides a clear roadmap for managing carbon dioxide emissions. Using 2021 as the baseline year, we have set ambitious goals to reduce absolute Scope 1 and 2 emissions by 45% and to achieve a minimum 51.6% reduction in Scope 3 emissions by 2030. The targets were approved during this fiscal year, and we will provide updates on our progress toward achieving our 2030 goals in the coming years. This commitment reflects our dedication to contribute to a sustainable future. Our next step is to develop a transition plan with sub-targets for the group.

OUR STAKEHOLDERS

Our stakeholders are individuals or groups that have an interest in or are affected by Embracer Group's actions, decisions, and performance. They have a stake in our success and can influence or be influenced by our activities and outcomes.

Embracer Group is in continuous and close contact with our stakeholders, which for instance includes employees, non-governmental organizations (NGOs), media, industry, regulators and authorities, financial markets, gamers and other customers. The dialogue with our stakeholders is an everyday ongoing activity. We conduct our own stakeholder dialogues, as it is a way for us to ensure that we live up to expectations and gain valuable insights. Corporate transparency is a central value in our sustainability work. We aspire to have two-way communication to both learn and share knowledge to continuously develop and improve the quality of our work.

Our stakeholder dialogue is crucial for our materiality analysis because it provides diverse perspectives, insights, and concerns from stakeholders directly affected by Embracer Group's activities. This dialogue helps us identify and prioritize issues that are most significant to our stakeholders and Embracer Group's long-term value creation and risk management.
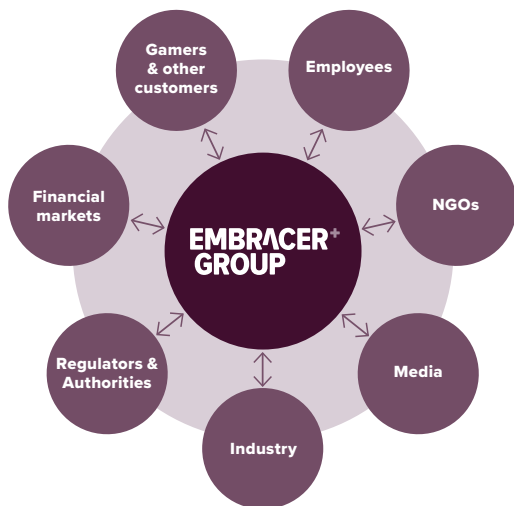
The following groups are three of our most important stakeholders:

GAMERS AND OTHER CUSTOMERS

The reason for Embracer's existence is to create great games and entertainment for our end customers. Games and entertainment create value for users by offering immersive experiences, fostering creativity, and providing opportunities for social interaction and relaxation. Games and entertainment allows users to temporarily disconnect from reality and engage in enjoyable activities.

Additionally, games and entertainment often stimulate cognitive abilities, enhance problem-solving skills, and offer a sense of achievement through challenges and rewards. Overall, they contribute to enhancing quality of life and promoting emotional well-being for users. Gamers and other entertainment users have the power to shape the direction, success, and reputation of gaming and entertainment companies through their engagement, spending habits, and advocacy efforts.

EMPLOYEES

Embracer Group wouldn't exist and create value for our customers without our great employees and how we act as an employer and company affects our employees.

Representatives from all operative groups are included in what we decided to name the Ambassador Group, which is led by the Group Sustainability Manager. During the year, the Ambassador Group has developed more strategically, with the Group taking more responsibility for being a local promotor for sustainability. Over the past year, and with the challenges we have faced, we have emphasized listening to the group situation, and valuable dialogues have given us a clearer picture of the current challenges and opportunities in each part. Important responsibilities for the Ambassador Group are promoting the Smarter Business Framework and the Group sustainability goals, sharing insights, and anchoring initiatives. In FY 2023/24, the group comprised over 40 members, representing all eleven operative groups and having a good gender balance. Members of the Ambassador Group have taken part in the UN Global Compact Target Gender Equality Accelerator, a one-year commitment to strengthening our work on gender equality.

FINANCIAL MARKETS

Our stakeholders in the capital markets expect that we act responsibly and sustainably to align with their values and contribute to higher risk-adjusted returns.

Embracer has become a part of Sustainalytics's 2023 list of Top-Ranked ESG-Companies. ESG ratings are used by investors and creditors to understand companies' ESG risks and make it easier for investors to consider sustainability in investment decisions and their ongoing portfolio management. Embracer also reports to S&P Global and UN Global Compact COP.

SMARTER BUSINESS FRAMEWORK

At Embracer Group, we focus on the areas where we can make the most positive impact. To that end, we have developed the Smarter Business Framework, built around three pillars: Great People, Solid Work, and Our Planet. The framework structures our work and ensures that we as a Group prioritize our key issues. The framework reflects most of our material topics, which were identified as part of our materiality analysis of how our business impacts people and the planet. Our prioritized key issues are continuously evaluated through ongoing dialogues with employees, investors, NGOs, and other stakeholders.

OUR SUSTAINABILITY PILLARS

Our operative groups continue to work on their individual sustainability targets to address the most important topics to their business. The Smarter Business Framework plays an important role in setting shared priorities for our sustainability efforts. We can track progress in the Group's prioritized areas through alignment, collaboration, and various internal control processes.

GREAT PEOPLE

The employees are vital to our ongoing success. By creating more diverse and inclusive workplaces, presenting opportunities for development, and supporting employee well-being, we can attract and retain industry-leading talent.

Main topics:
> Diversity and inclusion in skillsets and perspectives
> Employee well-being
> Career development
> Community engagement

SOLID WORK

We want to create great games and entertainment. Our ambition is to provide quality content and support digital well-being and accessibility for all users of our games and entertainment.

Main topics:
> Diversity and inclusion in games and entertainment
> Digital well-being
> Accessibility
> Player community engagement
> Responsible marketing

OUR PLANET

By limiting our own emissions and investing in projects supporting the green transition, we can reduce the entire group's environmental impact.

Main topics:
> Carbon emission reduction
> Raising awareness within the industry about environmental impact
> Part of the movement for a climate-neutral industry

GREAT PEOPLE

We know that embracing creative independence and inclusion, enabling employee well-being, and supporting our communities will pay off in engagement. This will help us attract and retain talented people who want to be part of the Group and contribute to our work.

Main topics:
> Diversity and inclusion in skillsets and perspectives
> Employee well-being
> Career and creative development
> Community engagement

PROGRESS OF COMMITMENTS

Embracer recognizes the valuable contributions that diverse perspectives and skills bring to our work environment. We believe in fostering a culture where everyone feels included and valued, resulting in positive outcomes for our people and business. We aim to cultivate an atmosphere encouraging creativity and supporting our dedicated employees in generating innovative ideas. Together, we strive to maintain a harmonious and engaging workplace where everyone can thrive.

Diversity and inclusion in skillsets and perspectives

Embracing diversity and inclusion in skillsets and perspectives is integral to our vision of fostering a vibrant and inclusive workplace. Recognizing the importance of diversity not only in recruitment but also in retaining talented employees is of the utmost importance.

We are proud to report that 30% of our workforce comprises female employees, marking an increase from last year's 26%. While this represents a modest yet upward trend since we began tracking gender diversity, we remain committed to furthering our efforts. It's equally crucial for us to ensure that diversity is reflected in our management teams, with the female ratio among managers improving from 23% to 26% since last year, approaching parity with the overall ratio. Notably, the representation of females among employees under 30 stands higher at 34%, demonstrating a promising upward trajectory. Our Board of Directors is comprised of an equal number of men and women.

As part of our commitment to upholding the UN's Declaration of Human Rights, we maintain a zero-tolerance policy against all forms of discrimination and harassment within the Group. During the year we re-conducted our annual Code of Conduct training where 7,942 people out of a total of 11,000 employees (excluding Saber Interactive and Gearbox Entertainment) so far have participated in completing the training. Employees are encouraged to report breaches of our Code of Conduct to their immediate managers. They can also anonymously report breaches using the whistleblower communication channels. In its legal sense, zero incidents falling under the legal definition of whistleblower matters, were reported and handled within the Group in the past year.

AGE DISTRIBUTION	2023/24	2022/23	2021/22	2020/21
<30 years	25%	30%	36%	29%
of which women	*34%*	*32%*	*27%*	*25%*
30-50 years	67%	64%	60%	66%
of which women	*28%*	*25%*	*21%*	*18%*
>50 years	8%	6%	4%	5%
of which women	*30%*	*30%*	*31%*	*30%*

EMPLOYEE SURVEY	2023/24	2022/23	2021/22	2020/21
Average satisfaction rate	76/100	80/100	81/100	79/100
Work environment	78/100	81/100	82/100	79/100
Collaboration	81/100	83/100	82/100	80/100
Engagement	79/100	82/100	83/100	82/100
Management culture	67/100	73/100	-	-

The diverse skills and perspectives that this global presence brings are invaluable to our ongoing success and serve as a source of pride within the Group.

Increasing the representation of female employees and managers remains a top priority for us. Encouragingly, the positive trend observed, particularly among junior employees, continued throughout FY 2023/24, reaffirming our commitment to fostering diversity and inclusion at all levels of the organization.

Employee well-being

During the year, we have continued our efforts to develop leadership and teams within the group. Our employee survey is a tool that indicates the well-being of employees in the group and how they perceive various aspects of their workplace. The employee survey forms the basis for our leadership, teambuilding and well-being work. This year, we have expanded the process with interviews to even more precisely address the challenges and opportunities for improvement at each specific workplace. This is the third year we have had systematic support for this important work, and we see that it is becoming an increasingly prioritized issue driven by the groups themselves. We are moving towards a more proactive approach than reactive work and are seeing progress in this area.

In March 2024, the Group's fourth annual employee survey was performed. Over 7,400 people in over 170 of our entities across the globe participated in the survey. The Global Employee Survey is based on a six-scale self-assessment format from "completely disagree" to "completely agree" that is recalculated in index points from 0 to 100, where 100 reflects the best result. With an 83% (85%) response rate in the Group the results form a solid base for analysis and conclusions made about satisfaction and engagement.

EMPLOYEE TURNOVER	2023/24	2022/23	2021/22	2020/21	2019/20
Total turnover	19%	18%	13%	10%	10%
Women turnover	19%	19%	13%	12%	11%
Men turnover	19%	13%	13%	9%	10%
Distribution					
Women's share of turnover	30%	28%	23%	24%	23%
Men's share of turnover	70%	72%	77%	76%	77%

NEW HIRES	2023/24	2022/23	2021/22	2020/21	2019/20
Total new hires	16%	28%	27%	20%	32%
Share of total women	18%	31%	31%	25%	33%
Share of total men	15%	20%	26%	28%	31%
Distribution					
Women's share of total new hires	34%	30%	27%	26%	23%
Men's share of total new hires	66%	70%	73%	74%	77%

PowerUp to address accessibility, diversity and inclusion

Embracer plays an active part in the PowerUp initiative, which aims to enhance innovation and sustainability in the games industry. As part of RISE (Research Institutes of Sweden), PowerUp focuses on creating a stronger infrastructure through knowledge sharing, addressing industry challenges with collaborative solutions.

This past year, PowerUp prioritized several key themes to advance the industry's diversity and inclusion agenda, leveraging the potential of games as tools for social inclusion, education, and empowerment. One important aspect is to encourage accessibility and more inclusive games.

"This includes addressing physical, cognitive, and sensory barriers that gamers face and ensuring games are designed with diverse audiences in mind from the outset," says Gabriella Kalteneckar, project lead PowerUp.

Despite a challenging year, with significant headcount reductions, our latest survey indicates that we've managed to maintain a high level of employee satisfaction given the circumstances, with an average rate of 76 compared to 80 last year.

Furthermore, the survey highlights our unwavering commitment to combating all forms of discrimination and harassment, including sexual harassment, as evidenced by a score of 86 (87). From a cultural standpoint, our employees are willing to go the extra mile when needed, with 85 (87) indicating their readiness to make additional efforts for tasks or projects. Moreover, mutual respect and appreciation are evident in our workplace culture, with a rating of 84 (86) indicating how we value each other.

Another notable aspect is the positive experience our employees have in collaborating with colleagues from diverse cultural backgrounds, with a score of 85 (86) indicating their satisfaction in this regard.

The survey results show that employees have expressed that their expectations regarding internal communication and management culture have not fully been met, which motivate us to invest even more resources and time in leadership and team development. This is reflected in a score between 61 and 70 (72 and 78) on aspects related to leadership and team development.

The results are reported to the Board of Directors and discussed in senior management teams at both global and local levels. These findings serve as a very important guide for prioritizing future activities within the organization.

Using a traffic light system, companies that have concerning results in any key area receive support from the parent company. Encouragingly, companies that have received assistance in the past years have shown significant positive changes, indicating the effectiveness of this support system in driving improvement.

Employee turnover as a share of total employees was 19% during FY 2023/24, compared to 18% in FY 2022/23. New hires as a share of total employees were 16% during FY 2023/24, compared to 28% in FY 2022/23.

Career and creative development
We strive to establish a creative environment and support engaged employees continuing to develop their own skills. The Group companies reported spending almost SEK 25 million (16.5) on talent development. Areas supporting our employees in their career development as well as our ongoing business excellence at Embracer. To promote knowledge-sharing between the employees, we are conducting several activities such as a studio presentation, "Market Monday", "Techy Tuesday" and Sustainability webinars.

Community engagement
Almost half of our companies have reported that they have a strong engagement in their communities. Activities range from volunteer work, charity initiatives and collaborations with different organizations. Across the Group, over 9,000 hours (5,300) have been dedicated to community involvement and almost SEK 26 million (38) have been donated or sponsored for charities.

ROLES IN OUR STUDIOS

Non-development
16% (10%)

External
development
9% (6%)

Internal
development
75% (84%)
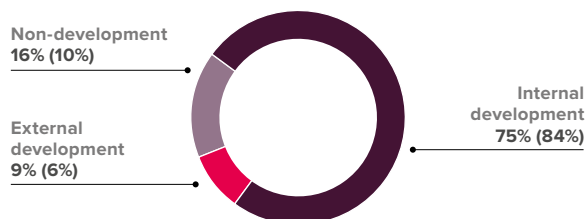
We have still strong resources in our own studios, although the share of internal studios decreased during the year.

GREAT PEOPLE
OUR COLLABORATIONS

DONNA DAY

During 2023/24, Embracer Group and the operative groups Coffee Stain and Amplifier Games Invest participated as a partner at the DONNA DAY at Sweden Game Arena. DONNA DAY is a day for women, trans and non-binary, who love games, to get together, make new connections, and have fun. At the event, Embracer Group had representatives as mentors from the HQ's and from several studios intending to inspire women to take leading positions or start their own companies within gaming. This years theme was "How to take control of your own career - self management and self leadership.

SAFE IN OUR WORLD

We support Safe in Our World, an initiative raising awareness about mental health in the gaming industry. Our employees are our greatest resource, and we want to offer our companies and their employees training and other support to manage and prevent mental health issues and, at the same time, raise awareness of mental health in our Group and in the industry.

WOMEN IN GAMES

Embracer aims to create even more diverse and inclusive workplaces. Part of that is enabling more women to be leaders in our Group, which is reflected in one of our sustainability goals. Different perspectives and skillsets lead to an even better environment for all of us and to better results for our business. In 2022, Embracer Group joined Women in Games as a Corporate Ambassador. The program consists of a worldwide network of individuals engaged with the agenda to support, empower, and celebrate talented women in the games industry. More than twenty employees from different Operative Groups are registered as Women in Games ambassadors. This program empowers individuals to take action through collaborative, connected, diverse networks.

WOMEN IN TOYS

During FY 2023/24 the Operative Group Asmodee became a member of Women in Toys. Women in Toys is a diverse global community working together to champion and advocate for the advancement of women through leadership and education, regardless of race, ethnicity, gender identity, age, physical or mental abilities. Partnering with Women in Toys means providing global memberships and mentorship opportunities to uplift and empower women in this field. It supports the commitment to fostering an inclusive, representative, and diverse environment in line with the Group's ambition and targets.

Read more about our collaborations and partnerships at embracer.com

SOLID WORK

The overall ambition of the Solid Work pillar is to enable the creation of great games and entertainment while supporting digital well-being and accessibility for all users of our games and entertainment. To better reflect the audiences, the ambition is to develop and increase diversity and inclusion in our games and other entertainment.

Main topics:
> Diversity and inclusion in games and entertainment
> Digital well-being
> Accessibility
> Player community engagement
> Responsible marketing

PROGRESS OF COMMITMENTS

The parent company is raising awareness about the importance of digital well-being, diversity, and inclusion in content, yet it is each studio's responsibility to implement those perspectives into creative development.

Diversity and inclusion in content

Embracer Group believes that a more diverse and inclusive workplace will create more diverse and inclusive games and entertainment. Embracer Group wants to develop games and entertainment for everyone, regardless of background, gender, age, or ability. Lately, the parent company has focused on making our products mirror their audience even better and increasing the accessibility to enjoy our products.

Digital well-being

Digital well-being is a term that describes the impact of technologies and digital services on people's mental, physical, social, and emotional health. For Embracer Group digital well-being means taking responsibility for

a good behavior in both our games, gaming communities, forums, and other platforms where our games are played and discussed. This can sometimes be challenging as Embracer Group is not always the platform owner, increasing the need to collaborate with other actors and industry organizations. Embracer Group has a zero tolerance for racism, sexism, and other unwanted behaviors. We want our games and entertainment to be accessible and inclusive for all. 46% of the studios have implemented routines for responsible gaming content to lessen negative behavior in our chats and forums, and it is ongoing work in many of the other studios.

91% (86%) of our studios do not use communications or in-game chat forums for most of their games, decreasing the risk of toxic behavior and violations. 61% (53%) of our internal studios are active on third-party communities, and 41% (57%) have a community manager responsible for ensuring that chats and dialogues follow community guidelines.

Accessibility

We believe that all people should be able to enjoy our games and entertainment. Accessible games can help combat social isolation, build inclusive communities, and improve the quality of life for people with disabilities. By implementing adaptive gaming technology, the Group is making games accessible to a greater audience, thus bringing joy and inclusiveness, and enabling players with different backgrounds and abilities to play together. The different needs addressed includes challenges from both a physical, social and a cognitive perspective.

GAMES PORTFOLIO BY AGE CATEGORY
(PEGI AGE RATING)

18+ years **11% (13%)**

3+ years **27% (25%)**

16+ years **19% (19%)**

7+ years **7% (8%)**

12+ years **36% (35%)**
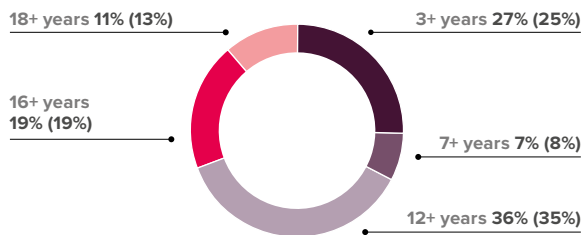
PEGI (The Pan European Game Information) is a European video game content rating system that provides age recommendations and content descriptors.

GAMES PORTFOLIO BY GENRE

Strategy **9% (10%)**

Action **29% (31%)**

Sports **10% (9%)**

Simulation **7% (6%)**

Adventure **14% (13%)**

Casual **31% (31%)**
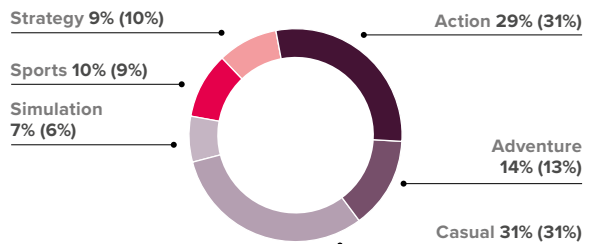
The chart visualizes a simplified overview of our total games portfolio.

Community engagement

One aspect of addressing inclusive and healthy gaming is how we communicate with and treat our players to create safe gaming communities. We have zero tolerance for racism, sexism, and other unwanted behaviors, making games accessible to and inclusive for all. This year, almost half of our studios reported that they have implemented routines for responsible gaming content. Each studio is responsible for ensuring responsible gaming content in the development phase. 44% of the studios stated that they have routines for addressing diversity and inclusion. However, all our studios are aware that diversity and inclusion are important to Embracer and our stakeholders and are active in that area. Actions highlighted include formal inclusivity councils or panels having been set up by studios, offering a safe space to secure an inclusive product.

Responsible marketing

Since Embracer Group is a provider of games and entertainment to all groups in society, responsible marketing practices and player community engagement are top priorities, especially regarding kids and youth communities.

Our marketing practices are based on our values and applicable laws and regulations. All marketing activities are monitored, and violations of our policies are dealt with promptly. All PC, console and mobile games are rated according to the PEGI rating system or other well established rating systems, ensuring age recommendations and content descriptions.

In-game purchases and loot boxes enable players to buy virtual items or content. Loot boxes are a common definition for a purchase with a randomized selection of in-game items ranging from cosmetic customization to in-game equipment such as weapons, magic potions, vehicle parts, or other in-game resources, either being persistent items or consumables. The system is also known as gacha based on Japanese vending machines with various capsule toys that the purchaser gets randomly. Loot boxes are currently discussed within the EU and the trade organization Video Games Europe, and Embracer Group are monitoring the question closely. Over 80% of companies within Embracer Group do not have loot boxes or similar features in their games, and 20% (21%) have policies or guidelines governing the topic.

Girls Make Games Campers build games from scratch

Girls and women make up a large portion of gamers; some surveys indicate up to half of the total. But the number of female industry professionals is still lagging behind. To improve on the industry's gender balance, and welcome more perspectives and talent, Crystal Dynamics has continued to build on their collaboration with the Girls Make Games (GMG) initiative. GMG hosts summer camps for girls and young women, exploring a range of opportunities in games, from producing and programming

to management and human resources. The organization has, since its founding in 2014, reached over 23,000 girls through its summer camps. Over the course of those weeks, girls build their very own video games.

"Working with Girls Make Games is a chance for us to push boundaries and break old industry norms by creating opportunities," said Meagan Marie, Director of Community & Social Media at Crystal Dynamics.

Tomas Hedman, Head of Privacy & AI Governance

A human-centric approach to AI in games

Artificial Intelligence (AI) is nothing new to the games industry. Some of the first "AI opponents" were introduced as early as the 1950s, albeit at a more limited scale than today, and AI-generated content in games has played an important role ever since. However, the shift, or rather acceleration, we have witnessed in recent years is something else. A rapid development driven by the introduction of large language models (LLMs), capable of so much more, like spotting complex patterns, contributing with advanced coding, and perhaps most notably, delivering increasingly human-like interaction.

Embracer Group recognizes the potential added value from integrating AI but also the need to act consciously.

"Certainly, one of the major risks for a company is not to use AI, as this would mean a competitive disadvantage vis-à-vis other industry players. Most companies will move forward on AI integration in different ways. For us, it is the way that we do this that is the most critical element," says Tomas Hedman, Head of Privacy & AI Governance at Embracer Group.

To that end, Embracer has incorporated an AI policy package which rests on the notion of 'empowerment.'

"We do not want to replace people with AI, we want to empower them. This is the core of our human-centric approach to leveraging the potential with AI," continues Hedman.

A central pillar of Embracer's sustainability strategy is the focus on diversity and inclusion. AI has a role to play here too, says Hedman.

"It's not just that AI enables our developers to do even more, and to become more efficient on certain tasks, it will also open up coding to a broader group of developers. Entry into the industry might be easier for

individuals with disabilities who, for instance, cannot use a keyboard as easily as others."

AI in games also raises other considerations relating to diversity. Since AI must be "trained" to be useful, the material that feeds into AI models may risk bias.

"AI is trained on historical data, which tilts in a certain direction. As a result, you can end up with imbalanced automated decision-making," says Hedman. *"Let's say you're building a village. If you use AI for this, depending on how it's trained and the decisions it takes, you may end up with a village with a demography that displays some sort of imbalance."*

While stressing a risk-aware approach, which also involves aspects relating to privacy and Intellectual Property (you cannot give copyright to AI), Hedman does see potential for exciting progress in the near term.

"As AI models become more powerful, we can leverage their capacity also in the creative process, for example, by identifying inconsistencies in scripts and storytelling. There will be tremendous benefits for our creative teams regarding scriptwriting, image creation, idea generation, quality control, and more. And, as models become more human-like, the interaction between players and AI-supported functions will be much more dynamic. If in a game scenario you bargain, AI can remember this the next time. That makes the whole gaming experience much more interesting and lifelike."

SOLID WORK
OUR COLLABORATIONS

FRAMTIDSFRÖN

Framtidsfrön, Future Seeds in English, is a non-profit Swedish organization with the aim of promoting and developing entrepreneurship in preschools and schools. By submitting a case with real assignments to solve students can practice their entrepreneurial skills through problem solving and creativity.

Embracer's assignments at Framtidsfrön is an ongoing commitment. In FY 2023/24, the aim was to reach different age groups of students and included, for example, the development of different characters, ideas for games that would encourage movement, and games to inspire to reduce the climate footprint. By working entrepreneurially and innovatively, students get the opportunity to take initiative, solve problems, and use their creativity to develop their own ideas and solutions to real problems. During the year, we reached over 3,000 students via Framtidsfrön.
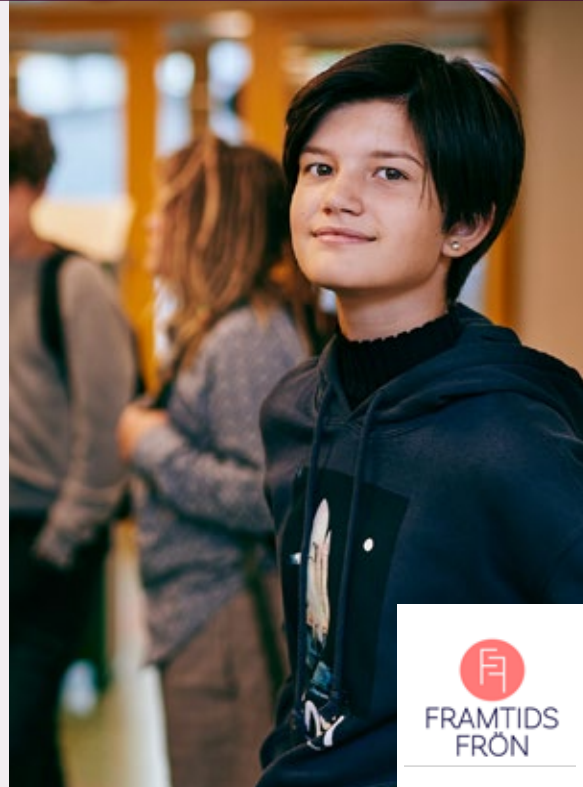
KODCENTRUM

Kodcentrum is non-profit Swedish organization which introduces children to the world of programming and digital creation. Their vision is that all children should have the same opportunities to learn programming and digital creation. And their mission is to strengthen children and teachers' digital skills and knowledge, while at the same time promote the industry as a future job destination. Kodcentrum is a non-profit association that, since 2014, with the help of forces in schools, authorities, municipalities, and businesses, introduces children to programming and digital creation for free.

Embracer Group is a supporting partner of Kodcentrum. This enables increased awareness and curiosity for programming and digitization for children and teachers; together with them, we participate and contribute to tomorrow's future.

Read more about our collaborations and partnerships at embracer.com

OUR PLANET

The effects of climate change are increasingly present, and there is a growing urgency to act. The gaming and entertainment industry generates emissions all along the value chain, from developing games, manufacturing, and data storage, to events, travelling and packaging.
By limiting our own emissions in our operations, throughout the value chain, and investing in projects supporting the green transition, we can minimize the environmental impact from the entire Group and contribute to increased awareness in our industry.

Main topics:
> Carbon emission reduction
> Raising awareness about environmental impact
> Part of the movement for a climate-neutral industry

PROGRESS OF COMMITMENTS

We reached an important milestone this year, when our greenhouse gas emissions reduction targets were validated and approved by the Science Based Targets initiative (SBTi). This underscores our clear ambition to reduce emissions in line with a path to 1.5°C.

With our decentralized structure, it is vital to show how each company in the Group can work with their own emissions to accomplish the reductions needed. The maturity across the Group varies, and the steps needed will differ between our group companies. To illustrate the actions needed, climate scenarios have been developed, allowing us to visualize future progress based on certain assumptions. We are continuously developing our data collection methods and are now working closely with our finance team to integrate external data.

This year, we presented the publication *Our Planet - Climate Focus*, which outlines a list of examples and hands-on climate actions relevant for companies and employees in Embracer Group. We aim to streamline and simplify the work towards reaching a climate-neutral gaming industry by being transparent about our environmental impact.

The Climate Fund
In FY 2023/24, Embracer Group established the Climate Fund. Rather than purchasing off-sets for our emissions, we will direct those resources towards financing internal initiatives within the Embracer Group that aim to reduce the Group's carbon emissions actively, aligning with our commitment to achieving a 45% reduction in carbon emissions by 2030.

Through the Climate Fund, we will demonstrate our dedication to addressing climate change and leveraging our financial resources to drive positive environmental change from within the organization. This approach is deeply embedded in our company culture and business model, emphasizing the internal use of our resources to improve our environmental sustainability. Instead of outsourcing the responsibility of mitigating our emissions, we believe in taking proactive steps to make our operations more environmentally friendly.

A committee comprised of the CFO, Head of External Relations, Head of Sustainability, and Group Sustainability Manager will decide which initiatives and projects that will receive funding. Additionally, the committee will conduct annual assessments to track and evaluate the results of these initiatives, ensuring accountability and progress toward our sustainability objectives and stakeholders. The Group Sustainability Manager is leading and coordinating the work, and the CFO is the committee chairperson.

SCOPE 1 AND 2 CLIMATE TARGET

45.0%

Embracer Group commits to reduce absolute scope 1 and scope 2 GHG emissions: 45.0% by FY2030 from a FY2021 base year*.
*The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

SCOPE 3 CLIMATE TARGET

51.6%

Embracer Group also commits to reduce scope 3 GHG emissions covering purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, business travel and employee commuting 51.6% per MSEK value added within the same timeframe.

Carbon emission reduction

The primary source of Embracer's carbon emissions, approximately 98% (99%), is indirect in scope 3, both upstream and downstream, and comes primarily from purchased goods and services and the use of sold products. The baseline for our SBTi targets is the emissions inventory performed during FY 2021/22. Our baseline was updated in 2023, a necessity for the targets to be continually relevant and accurate.

Carbon emission calculations have been performed in accordance with the Greenhouse Gas Protocol, and represent the scope outlined in the section About this report on page 29.

> **Scope 1** includes direct emissions from fuels for heating, delivery vehicles and passenger vehicles as well as from refrigerant.
> **Scope 2** includes indirect emissions from purchased energy such as electricity, district heating and cooling.
> **Scope 3** includes emissions from indirect activities in a company's upstream and downstream value chain, e.g., purchased goods and services, business travel, use of sold products and employee commuting.

In Scope 3, emissions from purchased goods and services include data centers, IT infrastructure, merchandise, physical games and tabletop board games, and packaging. Our estimates on emissions from the use of sold products continue to be guided by data from FY 2022/23. These estimates cover the number of sold products, digital and physical games on different platforms and consoles, estimated time spent on each game, energy efficiency for each console, and the electricity emissions factors for countries where the games were sold. Since the calculations are based on several assumptions, Embracer Group has decided to adopt a conservative assumption on average time spent, ensuring all emissions are calculated. To reduce the emissions for sold products, cooperation within the industry is vital and ongoing. The industry is developing different features such as eco-modes and raising awareness on how to remove certain background features – improvements that reduce energy consumption while playing.

Energy use at Embracer Group includes fuels, district heating, district cooling, and electricity. 38 % (29 %) of total energy use is renewable energy, an increase compared to last year. Monitoring and data collection capabilities, across the Group, is an important tool to improve on energy use.

Raising awareness about environmental impact

We continue to raise awareness about environmental impact internally in the Group. Within the environment, the climate is our main priority, but we are e.g. including topography and biodiversity in our ongoing work mapping our supply chain; this year, we are focusing on our validated and approved SBTi targets and spreading knowledge about the targets through for instance a dedicated webinar. Sustainability webinars are a great way of raising cross-border sustainability topics concerning all employees at Embracer Group. Both internal and external speakers are invited to the webinars to both inspire and educate about important sustainability topics.

Part of the movement for a climate-neutral industry

We are part of the movement to mitigate climate change in the gaming and entertainment industry. To achieve more impact, we collaborate with other actors in the industry, raising awareness, supporting initiatives, and sharing best practices. Embracer Group has participated in several events during the year, including being an active member of Video Games Europe´s Climate working group. We want to influence how the industry can progress towards a climate-neutral future.

EMBRACER GROUP EMISSIONS (tCO$_2$e)	2023/24	2022/23	2021/22
Scope 1	1,623	1,443	1,068
Scope 2	5,909	6,952	4,458
Scope 3	484,055	678,707	676,963
Total	**491,587**	**687,102**	**682,489**

Emissions of greenhouse gases have been calculated in line with the GHG Protocol. Sources for emission factors are e.g. DEFRA and IEA. Extrapolations were made for group companies that did not report ESG data.

ENERGY CONSUMPTION	Reported (MWh)		
	2023/24	2022/23	2021/22
District heating	2,937	3,101	1,074
District cooling	56	31	642
Electricity	18,099	18,677	10,362

Joint industry efforts to make progress on climate

Bornholm is a small island in the southern Baltic Sea, and a popular spot with holidaymakers. In 2019, a group of Nordic executives in the games industry descended on the island for a high-level gathering. The summit became an important milestone for the industry's efforts to take action on climate change.

"The meeting at Bornholm gave impetus to the whole industry. There is a very strong push across all levels, from senior leaders, employees, and also from owners," says Per Strömbäck, Spokesperson at Swedish Games Industry, a business association.

According to Strömbäck, the challenge is how to go from commitment to action, and how to achieve impact when many of the emissions stem from how players consume and play.

"We can certainly optimize the distribution of data and to some extent energy use, but because we cannot control every aspect of consumer choices, we need to be creative. There are initiatives now where games technology and visual design are used in completely different settings, like in a mining context to explore electrification digitally," explains Strömbäck.

"Embracer also offers a very interesting take with their climate fund, from which companies in the Group can apply for money to support green initiatives. These are examples of innovative action."

Embracer has partnered with the Swedish Games Industry to raise industry awareness. Play Create Green is one such initiative where industry peers can meet and share best practices. The initiative has developed a Climate Handbook for game companies and is currently in the early stages of exploring new ways to connect game experiences with climate action or awareness.

Karin Edner Karlsson, Group Sustainability Manager at Embracer Group, explains that an important focus for the company is to share learnings and data in relevant external forums.

"As a diversified group of businesses, Embracer has access to a large amount of valuable sustainability data. We recently shared data as part of the initiative 'Sustainability in new digital industries' (Susindi). This will help us move forward on developing a more standardized industry model for calculating emissions, particularly on Scope 3," says Karin Edner Karlsson.

Edner Karlsson and Strömbäck agree that there is room for more industry collaboration and dialogue, and that the benefits should not be underestimated.

"Games companies have access to know-how and technologies that do not just put them in a good position to accelerate their own sustainability work, but also has the potential to make a difference beyond the industry," concludes Per Strömbäck.

PLAYCREATEGREEN

PlayCreateGreen is a community of gaming industry professionals who joined forces to create a greener game industry. The initiative invites all gaming companies to become architects of a movement claiming ownership of our carbon footprint. PlayCreateGreen has developed a green handbook – by gaming companies for gaming companies – with practical guides, examples, and inspiration for reducing carbon footprints and celebrating climate action. Since 2020, Embracer is part of the steering group and contributes actively, together with industry peers, to the future of a climate neutral industry.

Play
Create
Green

HOT WHEELS UNLEASHED™ 2 - TURBOCHARGED
Milestone
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SUSTAINABILITY RISKS, AND OPPORTUNITIES

All business activities involve risks. Therefore, a structured and proactive approach is needed to manage the company's risks, including sustainability risks. There is no clear line between sustainability and other risks— sustainability risks can also be operational, strategic, compliance, or financial risks, and vice versa. Ineffective risk management harms a business and may cause incidents and losses, while strong risk management ensures resilience, cost savings, reputation enhancement, compliance, informed decisions, and long-term sustainability.

GROUP-WIDE ENTERPRISE RISK MANAGEMENT (ERM)

Risk and internal control processes are group-wide processes that ensure key risks are identified and mitigating actions are in place. The Group performs a Group-wide ERM assessment, which is updated at least bi-annually. Identified risks, such as sustainability risks, are assessed based on events that might impact achieving the Group's strategic objectives. These risks are weighed based on impact and likelihood and result in a risk heat map determining the focus areas for risk management ahead, including governance and internal control enhancement, with a clear focus on reducing the risks to a residual level. For top risks, the mitigating efforts, along with potential remaining gaps and further efforts needed, are documented by risk owners and representatives of executive management.

The quality of the ERM process is supported by the involvement of risk owners, and the Board of Directors. Current risks monitored within the sustainability field are talent, diversity and inclusion in games and entertainment, and value chains. ERM is described in more detail on page 87 in the annual report 2023/24.

The double materiality assessment undertaken during the year creates a basis for the Group's future developed risk mapping and reporting according to the requirements of CSRD.

RISK AND MITIGATION OVERVIEW

The following overview includes some of the Group's identified significant sustainability-related risks and their risk mitigation and management work.

Risk area	Mitigation
Ability to recruit and retain talent Embracer Group depends on recruiting and retaining key people and having a diversified group of employees. Inclusion is part of diversity work, and diversity without inclusion will increase this risk. Workplace environment risks such as ill-health and unfair wages may have a negative impact on the recruitment and retention of talent. Remote work is where risks can be observed in the workplace environment. The gaming industry has issues regarding the lack of diversity relating to gender and gender identity, age, ethnicity, sexual orientation, physical ability, national origin, etc. A too homogeneous group of employees will lack diverse perspectives, which may increase the risk of creating products that only attract certain groups of players.	> Code of Conduct and other policies are communicated and implemented through training and leadership programs. > Annual employee surveys are used to measure the well-being and satisfaction of the employees and monitor progress through data collection. > Leadership and team-building support from HQ > Measure diversity and inclusion through data collection and transparent reporting. > Employees and external stakeholders can anonymously report violations of our Code of Conduct or other policies through a third-party groupwide whistleblowing system.

Risk area	Mitigation
Diversity and inclusion in games and entertainment The lack of diversity and inclusion within games and entertainment presents risks for companies in the sector, including Embracer. Still, it is also a risk to curtail creative freedom or tailor games based on the most vocal stakeholder groups. These risks include alienating audience segments, which can lead to decreased sales and engagement and damage the company's reputation. Neglecting diversity and inclusion may result in missed opportunities for innovation, market insights, and potential partnerships, all of which could drive growth and competitiveness.	> Contribute with inspiration and facilitate collaboration within the Embracer Group to develop studio awareness and work. > Collaborates and supports initiatives, e.g., industry organizations, Safe in our World, Women in Games, and AbleGamers, to increase awareness and improve the industry in a positive direction.
Digital well-being Excessive screen time and compulsive-forming features in games and entertainment may lead to increased scrutiny from regulators concerned about the negative impact on mental health and well-being. Companies that prioritize digital well-being by implementing features like time management tools or promoting healthy gaming habits can differentiate themselves in the market and attract socially conscious consumers. By fostering digital well-being, companies can build trust with users, leading to increased long-term engagement and loyalty to their platforms and products. Addressing digital well-being concerns opens opportunities to tap into new markets, such as parents seeking family-friendly content or individuals looking for mindful entertainment experiences. Digital well-being poses regulatory and ethical risks as it might result in more laws and regulations. It also presents opportunities for gaming and entertainment companies to innovate, differentiate, and expand their user base.	> Collaborates and supports initiatives, e.g., industry organizations, Safe in our World and Women in Games, to increase awareness and process the outcome in a positive direction. > Support and apply Pan European Game Information (PEGI) or other established rating systems. PEGI is a standardized content rating system used to inform consumers, particularly parents, about the suitability of video games for different age groups. It provides age ratings and content descriptors to help consumers make informed decisions about the games they and their children play.
Value chain Value chain risks are essential since Embracer Group is a large company with a decentralized business model. The risk is potential negative impacts of environmental, social, and governance factors throughout our production, distribution, and consumption processes, including all the activities and processes involved in creating, delivering, and supporting our products and services. Environmental risks include greenhouse gas emissions, mainly from data centers, which may pose a reputational climate risk. Social risks consist of violations of human rights, child labor, forced labor, poor or harmful working conditions, and violation of the rights of freedom of association and collective bargaining. Governance risks include corruption and a lack of business ethics.	> Embracer Group has a Code of Conduct, a Supplier Code of Conduct, an Anti-Corruption Policy, and other policies and guidelines that apply to the whole Group. > The companies with operations at more high-risk geographic locations work proactively with many activities to minimize the impact of regulation changes. Part of this work is reflected in the Embracer Trade Compliance Policy and the Supplier Code of Conduct, which sets a minimum set of standards and procedures to which all companies within the Group must adhere, including Dow Jones Screening. > Dialogues with stakeholders. > Process for managing incidents.

Risk area	Mitigation
Data privacy and information security The integrity of our players is vital when safeguarding their human rights. 34% of the Group companies handle end-user data, and out of those that do handle end-user data, 3% confirmed that they do so in a minority of the operations. To ensure that the Group lives up to our customers and legal expectations, the annual third-party privacy audit initiative was continued, where Group companies are audited within the privacy area by an independent third party. During the FY 2023/24, Embracer Group reported receiving four substantiated complaints concerning data privacy breaches and three concerning cybersecurity breaches. The incidents have been addressed.	> To ensure that new companies joining Embracer Group are aligned with the data privacy and information security standards demanded, new companies are evaluated in terms of IT and privacy maturity in the due diligence process and thereafter in the onboarding process. > All companies are obliged to adopt a local data privacy policy, which must comply with the principles set out in Embracer Group's Internal Privacy Policy. > During FY 2023/24, Embracer Group continued improving its comprehensive privacy program. This included implementing the privacy policy across the group, setting up privacy processes and procedures, and launching a common data privacy management software for all group companies. > During FY 2023/24, Several Group coordination initiatives were launched, and the parent company produced material, procedures, and processes that benefit all companies within the Group. Such initiatives include templates, agreements, frameworks, audits, and guidelines.
Artificial intelligence (AI) AI has the capability to massively enhance game development by increasing resource efficiency, adding intelligent behaviors, personalization, and optimization to gameplay experiences. By leveraging AI, we create more engaging and immersive experiences that provide each player with a unique, dynamic, and personalized experience. We also see great opportunities for AI in game development speed, logistics and planning. Embracer Group also understands the potential risks associated with the use of AI. Our aim is to empower our employees with AI applications.	> During the FY 2023/24, a Group AI Policy was adopted together with onboarding and implementation material. The policy, which includes guiding principles, risk assessment, and a risk framework, is being implemented within the companies. > One major part of Embracer Group's AI guiding principles is the idea of human empowerment. We seek to empower our employees to enable them to create better, more immersive, and more powerful experiences in the same amount of time.

Risk area	Mitigation
Cyber security Cybersecurity directly impacts our ability to maintain operational resilience, protect sensitive data, and safeguard the trust of stakeholders. Breaches in cybersecurity can lead to financial losses, damage to reputation, and disruptions to business operations, ultimately undermining the company's long-term viability and sustainability. Proactively addressing cybersecurity risks helps ensure the continuity of operations, protects the privacy of customers and employees, and preserves the company's reputation and trustworthiness in the marketplace.	> In FY 023/24, the appointed Chief Information Security Officer (CISO) started implementing the key activities of our cyber security strategy. > The year included many significant milestones, including, but not limited to, hiring an IT security manager and changing IT vendors to a much more mature vendor that significantly boosted resilience and cyber security posture. > The Embracer group HQ's IT environment was also subject to several cybersecurity-related updates regarding the hardening of IT components, and a global leader in Managed Detection and Response services initiated the collaboration. > The group continues to conduct regular internal and external cyber security audits, penetration tests, and vulnerability assessments to ensure that products and services are resilient to cyber breaches. Any confirmed breaches are reported to the Group CISO and shared with counterparts within each business unit. Cyber security is a topic for the board of directors, and our current state posture and progress according to our strategy are reported at least twice a year. > Examples of controls included are business continuity management, disaster recovery capabilities, internal and external change management capabilities, access management capabilities, and incident management capabilities.
Tax Tax as a sustainability issue for a company revolves around its responsibility to contribute to society through fair and transparent tax practices. Embracing tax sustainability entails ensuring compliance with tax regulations, avoiding tax evasion or aggressive tax avoidance schemes, and striving for transparency in reporting financial activities. By adhering to ethical tax practices, companies can demonstrate their commitment to social responsibility, strengthen stakeholder trust, and contribute to sustainable economic development in their communities. We are committed to transparency regarding the taxes generated by our operations. By complying with local and international tax regulations and guidelines, we contribute to society's welfare and strengthen the social sustainability of the communities in which we operate.	> To increase tax awareness within the Operative Groups, a new role Global Head of Tax, was created during FY 2021/22 and during FY 2023/24, the Group Tax department was further strengthened by employing two Senior Tax Managers. > The Group has a tax policy that applies to all Operative Groups, ensuring tax awareness and compliance with applicable tax regulations and guidelines. > The Group has Transfer Pricing documentation prepared for inter alia publishers and large studios, ensuring compliance and consistency across the Operative Groups. > Training is regularly conducted for the Operative Groups in relevant tax matters to ensure compliance. > A financial manual - including relevant tax aspects - is implemented to ensure consistency in the Group. > The Group files a Country-by-Country report in Sweden on a yearly basis, including information on revenue, tax paid, number of employees, and material assets by country. The Swedish Tax Agency exchanges the Country-by-Country report with relevant tax authorities in other countries through automatic information exchange. According to a proposal made by the Swedish legislator, Embracer's report could be made public from FY 2025/26 and going forward. > Embracer Group is subject to the new global minimum tax rules coming into effect in 2024. Under these rules, each Group entity will be subject to a 15% minimum level of tax regardless of where it operates. The Group is committed to complying with these new rules in each country where it operates, making the necessary filings, and paying any additional top-up tax arising from the new legislation.

SUSTAINABILITY GOVERNANCE

Strong business ethics and a solid governance foundation ensure that Embracer Group is complying with applicable laws and regulations and that Embracer Group's culture, values, and preferred ways of conducting business are communicated and followed throughout the Group. The Parent company has established governing documents and processes for all Group companies and aims to govern the Group.
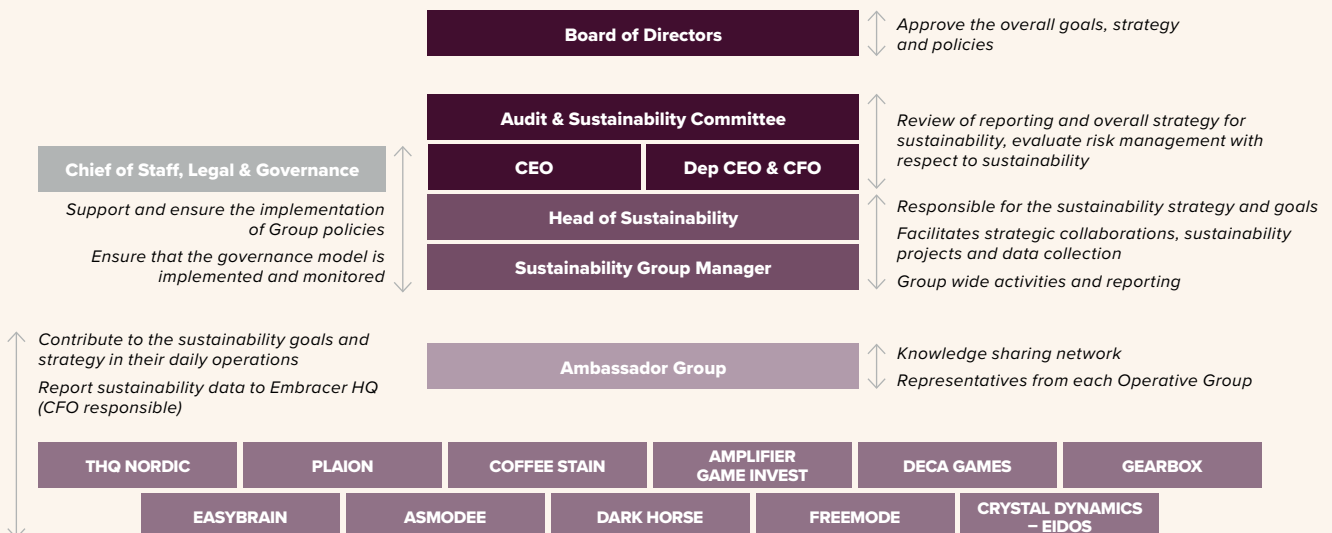
ORGANIZATION

At Embracer Group, the sustainability organization is aligned with our decentralized operating model. The Board of Directors approves the sustainability strategy, Group-wide goals, and overall ambitions. Implementation occurs at the Parent Company and Operative Group levels. Each Group company has the freedom to formulate its own company-specific work and initiatives while aligning with our values as well as our governance and business ethics procedures.

The Head of Sustainability leads the sustainability team and is responsible for implementing the sustainability strategy, and reports to the Group CFO & Deputy CEO. The sustainability team works closely with other departments, such as legal, finance, HR, and public affairs. The Group Sustainability Manager is responsible for facilitating strategic collaborations, group-wide sustainability projects and data collection and reports to the Head of Sustainability. During the year, the sustainability team has given regular reports to the Audit and Sustainability Committee and the Board of Directors. In the Group, the sustainability strategy is executed on a Parent Company level and on an Operative Group level. The Parent Company is responsible for ensuring the implementation of Group policies and facilitating collaboration within the Group. The Chief of Staff, Legal & Governance, is responsible for implementing and monitoring of the governance model. Each Operative Group's management is responsible for implementation and safeguarding of the governance model. That responsibility lies

SUSTAINABILITY ORGANIZATION AND GOVERNANCE

Board of Directors	Approve the overall goals, strategy and policies
Audit & Sustainability Committee	Review of reporting and overall strategy for sustainability, evaluate risk management with respect to sustainability
CEO / **Dep CEO & CFO**	
Head of Sustainability	Responsible for the sustainability strategy and goals
Sustainability Group Manager	Facilitates strategic collaborations, sustainability projects and data collection / Group wide activities and reporting

Chief of Staff, Legal & Governance
Support and ensure the implementation of Group policies
Ensure that the governance model is implemented and monitored

Contribute to the sustainability goals and strategy in their daily operations
Report sustainability data to Embracer HQ (CFO responsible)

| **Ambassador Group** | Knowledge sharing network / Representatives from each Operative Group |

THQ NORDIC	PLAION	COFFEE STAIN	AMPLIFIER GAME INVEST	DECA GAMES	GEARBOX
EASYBRAIN	ASMODEE	DARK HORSE	FREEMODE	CRYSTAL DYNAMICS – EIDOS	

From left to right: Karin Edner Karlsson, Group Sustainability Manager, Ulrica Frykemo, Head of Financial Control.
Throughout the past year, the collaboration between Finance and Sustainability departments has deepened significantly, marked by a shared commitment to compliance requirements and external reporting.

in ensuring regional or local procedures are in place for compliance. The sustainability team works closely with all Operative Groups, both via contacts with senior management, through the Ambassador Group, and through other forums. The execution of the sustainability strategy is adapted to the specific business and market conditions for each Operative Group.

The Audit and Sustainability Committee is a committee under the Board of Directors that contributes to the continued development of our sustainability work. The Committee has an advisory role to the Board and is responsible for ensuring the quality of financial and ESG reporting and the efficiency of internal controls, audits, and risk management, as well as the Group's sustainability work. Examples of topics presented to the Board during FY 2023/24 were the new sustainability goals developed, the process for reporting and integrating sustainability risk in the overall risk analysis, and the

17 GROUP POLICIES [1]

> AI Policy	52%	> HR Policy	86%	> Supplier Code of Conduct	97%
> Anti Corruption Policy	96%	> Information Policy	93%	> Tax Policy	86%
> Code of Conduct	99%	> Information Security Policy	91%	> Trade Compliance Policy	97%
> Corporate Governance Policy	90%	> Insider Policy	91%	> Treasury Policy	83%
> Delegation of Authority	91%	> IT Policy	87%		
> Enterprise Risk Management and Internal Control Policy	81%	> Privacy Policy	91%		
		> Related Party Transaction Policy	85%		

[1] *% represents Implementation rate.*

ongoing work of strengthening sustainability as a part of the overall strategy and targets for Embracer Group.

GROUP POLICIES

Governing documents and processes developed by the Parent Company ensure that laws, regulations and shared values concerning business ethics are communicated and followed throughout the Group. All Group policies have been developed by management at the Parent Company and subsequently adopted by the Board of Directors of Embracer Group. The work initiated during FY 2021/22 with the launch of an expanded Group policy package has continued during FY 2023/24, with several new policies being developed, adopted, and added to the package, now totaling 17 Group policies. The implementation phase for new policies in the operative groups consists of dialogues, workshops, guidelines, and instructions to ensure the new policies are implemented in line with the intention. The parent company monitors and evaluates implementation. To secure local implementation and alignment, our policies are available in up to 19 languages. The Parent Company also follows up implementation through the internal control framework and has routines in place to receive confirmation when policies have been implemented. Embracer Group's internal guidelines and instructions provide support and guidance in the integration of the Group policies and processes.

Embracer Group expects everyone in the Group to conduct themselves in a professional manner and act in line with our Code of Conduct. The Code of Conduct is the foundation for our shared company culture and values and is implemented in 99% of all companies within the Group. The Code of Conduct is divided into three sections: conduct in business, conduct towards employees and colleagues, and conduct in society. Embracer Group strives for a culture based on trust, long-term and embracing differences.

Our Information Policy is available to all employees, and we also have an Insider Q&A, which supplements the Insider Policy. Our Anti Corruption Policy has been implemented by 96% of our companies. During 2023/24, we have not had any confirmed incidents of corruption. Our Trade Compliance Policy aims to ensure that the Group

complies with sanctions against regimes and persons. The policy requires all third parties operating in high-risk countries to be screened, and a trade compliance clause must be included in both agreements and End-User License Agreements (EULA). All operative groups have procedures in place to ensure compliance with the Trade Compliance Policy. 97% of companies reported implementation is completed, including such as licenses for the Dow Jones screening system to ensure access to updated sanctions lists.

Operative groups are required to have an appointed Compliance Officer, who is the main responsible at the operative group level for compliance and monitoring of Group policies.

WHISTLEBLOWING SYSTEM

Employees and external stakeholders, such as suppliers, can anonymously report violations of our Code of Conduct or other policies through a third-party group-wide whistleblowing system. In addition to the existing Global Group Reporting channel, we have implemented 16 local reporting channels to ensure that we fulfill our obligations according to the Directive EU 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union Law and applicable rules on data protection ("the Whistleblowing Directive") as well as any specific local requirements in the EU Member States where we operate. Following relevant national legislation, the system ensures security, anonymity, and legal protection for users. This year, the system did not register any messages that were categorized as whistleblower messages. 95% (88%) of companies within Embracer Group have confirmed that all employees have knowledge of the whistleblowing system and how to use it. 75% (75%) of the companies also have a local mechanism in place that provides means to report any unethical behavior safely and anonymously.

17 GROUP GUIDELINES AND INSTRUCTIONS

> Accounting Principles and Guidelines
> AI Image Guideline
> Authorization Instruction
> Business Continuity Plan
> Employee Handbook
> Enterprise Risk Management and Internal Control Guideline

> Financial Manual
> Guidelines for Non-Audit Services performed by the External Auditor of Embracer Group
> Insider Q&A
> Instruction for Cash Management and Liquidity
> IP Guideline

> M&A Guidelines
> Onboarding and Offboarding Guidelines
> Password Guidelines
> Privacy Guideline
> Smarter Business Framework
> Whistleblowing Guidelines

EU TAXONOMY

The main economic activities at Embracer Group, develop and publish PC, console, mobile, VR and board games within the gaming and entertainment industry, are not yet included in the EU taxonomy and therefore alignment to it is not covered in this report for those activities. Since the number of affected sectors are expected to increase Embracer Group is closely monitoring the development of the EU taxonomy. Acquisition and ownership of buildings are eligible under the EU taxonomy and therefore Embracer Group's owned and leased premises recognized as right-of-use and investments in adapting and repairing leased and owned premises are taxonomy eligible. CapEx covered by the taxonomy refers to leased and owned properties. For the eligible CAPEX activities, obtaining evidence that supports a substantial contribution has largely not been

possible. The same applies to the Do no significant harm (DNSH) criteria for Taxonomy-aligned activities where we have not obtained evidence that supports the assumption of DNSH. Therefore, the proportion of our Capex that is eligible, is reported as not Taxonomy-aligned. Opex corresponds to non-capitalized short-term leases (see note 16), maintenance, and repair costs and other direct costs for the day-to-day servicing of leased and owned premises. The proportion of turnover (see Consolidated statement of profit or loss, row Netsales), CapEx (note 15, Row Investments for the year, column Land and buildings, and note 16, row Additional agreements net) and OpEx that are taxonomy eligible and the proportion of eligible activities that are aligned are shown in tables below:

TAXONOMY TABLES

Turnover

Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023/24 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy eligible activities (A1+A2)		0	0%	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		42,206	100%						
TOTAL		42,206	100%						

Turnover *continued*

Economic activities (1)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N	N	N	N	N	N	N	0%		
Of which Enabling	N	N	N	N	N	N	N	0%		
Of which Transitional	N	N	N	N	N	N	N	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								0%		
A. Turnover of Taxonomy eligible activities (A1+A2)								0%		

CapEx

Economic Activities (1)	Code (2)	FY 2023/24		Substantial Contribution Criteria					
		CapEx (3)	Proportion of CapEx, year 2023/24 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings	CCM 7.7	417	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**417**	**6%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
A. CapEx of Taxonomy eligible activities (A1+A2)		**417**	**6%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		6,608	94%						
TOTAL		**7,025**	**100%**						

CapEx *continued*

Economic activities (1)	DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling	**N**	N	N	N	N	N	N	0%		
Of which Transitional	**N**	N	N	N	N	N	N	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Acquisition and ownership of buildings								9%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								9%		
A. CapEx of Taxonomy eligible activities (A1+A2)								9%		

OpEx

Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023/24 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
A. OpEx of Taxonomy eligible activities (A1+A2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		9	100%						
TOTAL		**9**	**100%**						

OpEx *continued*

Economic activities (1)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling	N	N	N	N	N	N	N	0%		
Of which Transitional	N	N	N	N	N	N	N	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								0%		
A. OpEx of Taxonomy eligible activities (A1+A2)								**0%**		

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Row	Fossil gas related activities	YES/NO
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

ABOUT THIS REPORT

This sustainability report is the statutory sustainability report required by ÅRL 6 chapter §10. The report highlights activities and progress within Embracer Group's material sustainability topics and discloses the work conducted during the year towards achieving our goals.

This year's restructuring program and the divestments that have been carried out, have impacted the group's data collection. Companies no longer part of Embracer Group are excluded from the process and, therefore, do not affect the results. This means that businesses accounting for 91% of revenue is included in the report. 2% did not submit ESG data by the deadline and is not part of the report, 5% are divestments and 1% are companies with no personnel costs and therefor they are not part of the ESG reporting scope. Out of 171 companies in the scope, 159 submitted data and are represented in this report.

This represents 93% (96%) of all companies within scope for FY 2023/24.

Within the sustainability work, progress is monitored by a corporate performance management software solution. Data collection is inspired by the international reporting standards European Sustainability Reporting Standard (ESRS), Sustainability Accounting Standard Board (SASB) and the Global Reporting Initiative (GRI). The sustainability report covers progress during the year within Embracer Groups three sustainability pillars Great People, Solid Work and Our Planet. For segment-specific questions (game studios specific), not relevant for all companies, the response rate is 93% and includes 71 companies.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 1-28, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Stockholm, June 20, 2024
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

LAST TRAIN HOME
THQ Nordic | Ashborne Games