

LETTER FROM CHAIRMAN OF THE BOARD

OUR JOURNEY CONTINUES

Things keep moving quickly here at Embracer Group. This year we continued to grow, from 26 to 60 studios, and we were almost 6,500 people in the family at year-end. And our journey continues. This year we have taken even more steps on our sustainability journey by strengthening the foundation that keeps our company on track.

LAST YEAR WE PROMISED TO GET MOVING – AND WE DID

I believe that starting small, prioritizing what matters most and taking it step by step is the way to build a solid foundation for progress. This year, we really got moving with our sustainability work. Despite the on-going COVID-19 pandemic and the toll that living with the virus has taken on everyone, we have successfully integrated our sustainability framework Smarter Business company-wide. I am proud of what we have achieved and want to take this opportunity to thank all our employees for their great work and continued creativity in these tough times.

Working with all aspects of the Smarter Business Framework we have focused on delivering the promise we made last year: to make sure that our sustainability work contributes to building an even stronger foundation for a rapid growth and enables long term shareholder value.

The Board has focused on strengthening governance and business ethics structures to continue to developing a high level of trust and credibility. Two central accomplishments came out of this effort, an audit committee and a remuneration committee. We have updated our risk management, continued improvements on financial reporting and corporate governance, implemented a corporate performance management software solution company-wide, launched a digital sustainability system and performed a thorough cyber maturity assessment. A well-grounded onboarding program for newly acquired companies was also implemented. We tested our framework for sustainability by conducting a stakeholder dialogue and a materiality analysis. Based on those learnings, we feel confident that our framework is still relevant with its pillars and focus areas. By now, 3,472 employees have participated in our interactive compliance code training. Considering that 2,500 new colleagues joined us this financial year, we are on track to reach our goal of everyone taking the training. Like I said, things move quickly around here.

WORKING TOGETHER IN A TRULY DECENTRALIZED COMPANY

Being on forty markets across the world, means that we are a global connector of people, both through our games and as a company group. Having diverse backgrounds is what fuels the creativity and can-do spirit that is in our DNA. I firmly believe that this diverse range of perspectives, within the Embracer Group is the key component to our strength as an innovative company. Our approach to sustainable growth has enabled operative groups to set their own ambitions, supported by the foundation that the parent company provides. One size does not fit all and that is a good thing!

Indeed, after this year of exceptional growth, and a challenging pandemic, one thing is clear: Our decentralized business model works. We strive for the balance between an internal group control environment that is supportive and fostering the entrepreneurial spirit that is at the core of Embracer Group. Similarly, we encourage every company to launch their own sustainability initiatives. There are many examples that are role models within the group – CO₂ net neutrality projects, collaborations with educational institutions to get more women programmers and a wide variety of community involvement projects.

Looking back at the start of the pandemic, I remember when all our studios closed, and everyone expected to return to the office within a few weeks. Things did not turn out that way, and I am impressed how our employees tackled the challenges that came with a work life at home. As societies are slowly re-opening, I want to express my deepest sympathy to each and every one affected by the virus. You are in our thoughts. Even though all of us are looking forward to working together again, we know now that game development can happen outside the studios, too. Together, we have made it work, which can be seen in our first Global Employee survey in April, answered by 74% of our employees. The average score for "I enjoy my job" was 84/100!

CONTINUING THE JOURNEY

This past year has showed us how important gaming is for people everywhere. Games are places where people meet and are entertained even in tough times. The value the gaming industry creates has been central for many people, communities, and societies across the world. Looking ahead, I am curious to see what role our industry will play in the new "normal", which surely will be more digital than ever before. I believe that online meeting formats of the future will increasingly resemble real face-to-face meetings. Game developers handle these things all the time. Just as the gaming industry has created life-like, interactive multiplayer experiences, this expertise may in the future be used to develop equally fantastic, social online meeting formats. I for one am convinced that we, in the gaming industry, can contribute even more so to society with our technical skills and creative minds. In the coming year, we will continue our sustainability journey where the Embracer Group family will strive to make the world just a little bit better.

Kicki Wallje-Lund
Chairman of the Board

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Chairman of the Board*

