



ANNUAL REPORT

23  

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

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*\* The official annual report consists of pages 96-172.*

## FINANCIAL CALENDAR

Interim Report Q1, 2023/24	Aug. 15, 2024
Annual General Meeting	Sep. 19, 2024
Interim Report Q2, 2023/24	Nov. 14, 2024
Interim Report Q3, 2023/24	Feb. 13, 2025
Interim Report Q4, 2023/24	May 22, 2025

*All figures in this report are as per year-end 2023/24 unless otherwise stated.*



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**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.**

# EMBRACER GROUP



GROUP COMPANY HQ  
MILWAUKIE, OREGON

**FREEMODE**  
BY EMBRACER

GROUP COMPANY HQ  
LIVERMORE, CALIFORNIA, USA

**CRYSTAL  
DYNAMICS**



GROUP COMPANY HQ  
SAN MATEO, USA /  
MONTRÉAL, CANADA



**gearbox**  
entertainment

GROUP COMPANY HQ  
FRISCO, TEXAS, USA

■ Countries with Embracer Group offices/studios

For information on all Embracer Group's companies,  
please refer to [embracer.com/about/global-locations](https://embracer.com/about/global-locations)

## SALES BY OPERATING SEGMENT

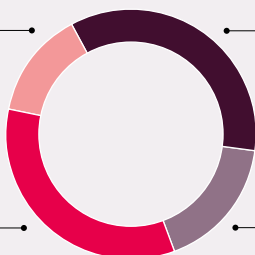
Full year 2023/24

Entertainment  
& Services 17%

PC/Console  
Games 34%

Tabletop  
Games 35%

Mobile  
Games 14%



## ADJUSTED EBIT

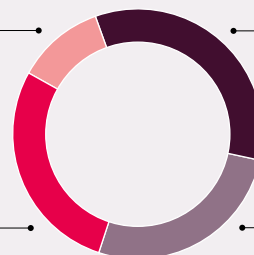
Full year 2023/24

Entertainment  
& Services 12%

PC/Console  
Games 36%

Tabletop  
Games 30%

Mobile  
Games 28%



# EMBRACER+ GROUP

GROUP HQ  
KARLSTAD, SWEDEN



GROUP COMPANY HQ  
STOCKHOLM, SWEDEN



GROUP COMPANY HQ  
SKÖVDE, SWEDEN



GROUP COMPANY HQ  
BERLIN, GERMANY

# THQ NORDIC

GROUP COMPANY HQ  
VIENNA, AUSTRIA

# Easybrain

GROUP COMPANY HQ  
LIMASSOL, CYPRUS



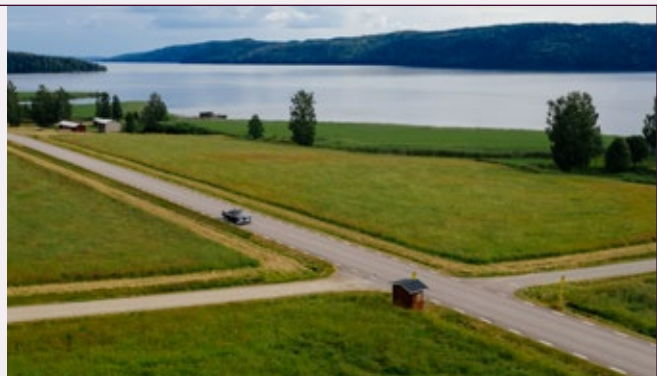
GROUP COMPANY HQ  
MUNICH, GERMANY

# asmodee

GROUP COMPANY HQ  
PARIS, FRANCE

## WELCOME TO VÄRMLAND, SWEDEN

This is where Embracer Group's journey began and the region's biggest city, Karlstad, is still home to the parent company. Värmland is a beautiful province with rolling hills, deep forests and over 10,000 lakes. Värmland also has a unique storytelling tradition which remains vivid in all contemporary arts.



# HIGHLIGHTS OF THE YEAR

*Embracer Group has taken important steps in its transformation towards a leaner and more focused company. The year was the most challenging period in the company's history, resulting in a restructuring program that laid the foundation for the future. Many of our iconic and well-renowned IPs, such as Lord of the Rings and Tomb Raider, made a successful footprint, reaching millions of gamers and fans across the globe.*



## PAGE 6 | CONTINUED GROWTH, DESPITE A CHALLENGING YEAR

With a broad portfolio of games and entertainment, Embracer delivered record high net sales of SEK 42.2 billion, corresponding to an increase of 12%, Adjusted EBIT grew 11% to SEK 7.1 billion, and free cash flow amounted to SEK 1.5 billion during the financial year 2023/2024. Read co-founder and CEO Lars Wingefors' comments on the events and efforts behind these figures as well as his views on a challenging year and the opportunities that lay ahead.

## PAGE 15 | FOUNDATION FOR A STRONGER FUTURE

The financial year began with the announcement of a comprehensive restructuring program on June 13, aiming to improve efficiency and cash generation, transforming Embracer into a leaner, stronger, more focused and cash self-sufficient company.

With the Group-wide efforts and actions taken as part of the restructuring program, Embracer focused on creating a strong foundation for the future, with an improved

financial profile, and a more streamlined structure, while leveraging the potential of our diversified portfolio.

Just after the end of the financial year, Embracer announced its intention to transform the Group into three standalone, publicly-listed companies. This is expected to create new entities with more focused business strategies and capital allocation plans, tailored to their specific markets and growth ambitions.

NET SALES

SEK **42,206** M

NET SALES GROWTH

**12%**

ADJUSTED EBIT

SEK **7,063** M

## PAGE 18 | SHAPING THE FUTURE FOR PC/CONSOLE

Towards the end of the financial year, Embracer made important divestments in PC/Console. On March 14, Embracer announced the divestment of parts of the operative group Saber Interactive. Through this divestment, Embracer ceased all operations in Russia while retaining key assets from Saber Interactive, enabling us to execute future strategic priorities. The transaction has a positive effect on Embracer's cash flow, and reduces capex, net debt and future liabilities. The divestment transaction was closed on March 28. Further, Embracer announced, on March 28 that it divests Gearbox Entertainment for a consideration of USD 460 million to Take-Two Interactive Software Inc. This event marks an important step to transform Embracer into the future with notably lower net debt and improved free cash flow. Through the transaction, Embracer lowers business risk and improves profitability. On June 11, 2024, all conditions were fulfilled for the divestment of Gearbox Entertainment and the transaction was closed.

## PAGE 27 | MOVING FORWARD ON SUSTAINABILITY AND GOVERNANCE

The year provided an opportunity to consolidate our sustainability efforts and enhance internal collaboration with other key company functions. We have accelerated the implementation of various internal control and integration processes, including Group policy packages, risk management, and HR initiatives. An important milestone was also reached when the Group's sustainability targets based on the Science Based Targets initiative (SBTi) were validated and approved in December 2023.



## PAGE 18 | THE LORD OF THE RINGS AND TOMB RAIDER CONTINUED ON ITS SUCCESSFUL PATH

Embracer Group has one of the industry's most exciting IP portfolios with over 900 IPs across all segments. The financial year had a fantastic jump start with two successful releases of the sequels, *Dead Island 2* and *Remnant II*. Further, our iconic IPs *Lord of the Rings* and *Tomb Raider* delivered successful new content releases during the year. Several important steps were taken for *The Lord of the Rings* IP, with the Middle-earth universe expected to become a key driver across our businesses and across media formats in the coming decades. Moreover new *Tomb Raider* stories in streaming and film will allow us to further nurture and grow another unique IP, taking it to new heights. We are excited about the future and have a notable pipeline of sizable new games in the coming two years.



©WBEL. THE LORD OF THE RINGS: THE WAR OF THE ROHIRRIM and all related characters and elements are trademarks of MEE.

ADJUSTED  
EBIT GROWTH

11%

FREE CASH FLOW  
AFTER WORKING CAPITAL

SEK 1,456 M

# NEW CHAPTER SET TO BEGIN

*It has been a transformative year for Embracer Group. We initiated and completed a comprehensive restructuring program, which notably improved our balance between growth and cash flow generation, positioning us for the future. We released several successful PC/Console Games, including Dead Island 2 and Remnant II, and saw solid earnings growth across several segments. After year-end, we announced the intention to transform into three separate, publicly listed entities. This is a transformative and exciting step for the future, and the best is still ahead of us.*

## SOLID SALES AND EARNINGS PROGRESSION

The financial development during the year was solid in absolute terms. Net sales grew by 12% YoY to SEK 42.2 billion, with organic growth of 1%. Adjusted EBIT also grew by 11% YoY to SEK 7.1 billion, corresponding to a stable margin development YoY to 17%. Free cash flow amounted to SEK 1.5 billion. This marks a strong improvement versus FY 2022/23, when free cash flow amounted to SEK –39 million. The solid earnings development was primarily driven by a notable growth for Middle-earth Enterprises within the Entertainment & Services segment, as well as a strong margin development for the Mobile Games segment. The Tabletop Games segment had solid organic growth, but with a rather stable earnings development due to product mix. Meanwhile, the performance within the PC/Console Games segment was more mixed, impacted in part by the performance of the assets that were divested during the year.

We delivered on our Adjusted EBIT forecast for the year, albeit in the low end of the expected range. The PC/Console segment has consistently been the hardest to forecast in the past two to three years, due to the timing of game releases, consumer reception and the market backdrop. As we exit FY 2023/24 and have successfully finalized the restructuring program, we have fewer operative groups, studios and developers, and remain excited about our more focused PC/Console pipeline. Through the coming two years, we expect our updated capital allocation process, with improved standards for new and continued investment, to drive improving ROI from new game releases, as our pipeline increasingly consists of higher quality games.

We expect to release more than 70 projects in FY 2024/25, including *Kingdom Come: Deliverance 2* and *Killing Floor 3*, as well as at least three important unannounced titles. Beyond FY 2024/25, we continue to see strong growth potential from a higher number of large-sized PC/Console projects, based on both established and new IPs.

## RESTRUCTURING PROGRAM SUCCESSFULLY FINALIZED

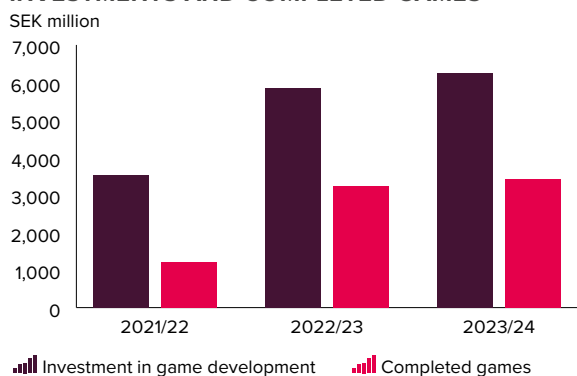
A key focus in the past year has been to realize untapped potential in the Group and to better optimize the use of our resources. The restructuring program has created a

stronger foundation for improved profitability, cash flows and long-term value creation. We achieved the program targets to reduce opex by SEK 800 million or 10%. We also successfully scaled down capex from SEK 7.9 billion one year ago to below SEK 5.0 billion in FY 2024/25. We exited FY 2023/24 at a capex run-rate of around SEK 4.3 billion as of Q4 on a pro forma basis. Through the announced divestments and the new financing agreement for Asmodee, we are on a path towards significant deleveraging after year-end.

The divestments of assets from Saber Interactive and Gearbox Entertainment were important in our transition to becoming a leaner, more focused company. Both transactions will notably improve free cash flow and lower net debt. The divestment of Saber also, importantly, enabled us to cease all operations in Russia, lowering business risk overall. After evaluating several options, we managed to reach a solution that was in the best interest of all stakeholders.

Throughout the past year, our companies and studios have had to part ways with team members. These were necessary but difficult decisions, and it has been important to carry out the changes with compassion, respect and integrity towards those affected. Although the Group underwent a significant transformation during the year, the Annual Employee Survey showed that we managed to keep the average satisfaction rate at a high level, 76, compared to 80 FY 2022/23. Enjoyment of work and workplace conditions are among our top strengths.

## INVESTMENTS AND COMPLETED GAMES







### IMPORTANT STEPS TAKEN FOR KEY IPS AND FRANCHISES

I am pleased to see significant progress and achievements for our largest franchises. Our resources within PC/Console are increasingly focused towards our own and controlled key IPs. The two largest game releases during the year, *Dead Island 2* and *Remnant II*, are good examples of this strategic focus. The franchises are an important part of the future, along with IPs such as *Darksiders*, *Deep Rock Galactic*, *Kingdom Come: Deliverance*, *Killing Floor*, *The Lord of the Rings*, *Metro*, *Remnant*, *Satisfactory*, *Tomb Raider*, *Wreckfest* and many others.

After year-end, Middle-earth Enterprises announced that two new films from Tolkien's Middle-earth are in the works and, separately, Crystal Dynamics announced a new partnership to create films and a TV series for *Tomb Raider*. We see great potential in the *Lord of the Rings* IP and believe the universe can become a key driver in the coming decades, with the aim to delight fans across the globe. New *Tomb Raider* stories in streaming and film will allow us to further nurture and grow another unique IP, taking it to new heights.

In the Tabletop Games segment, Asmodee has delivered strong cash flows during the year and taken further steps on sharpening and broadening its product portfolio. I was especially happy to see the strong reception for the release of *Star Wars™: Unlimited* in March. The optimal launch strategy within trading card games requires a very patient and long-term approach. Asmodee, together with the renowned internal studio Fantasy Flight Games, has a clear multi-year roadmap with product development for several future sets already finished and remains focused on creating a strong ecosystem for players and retailers to install *Star Wars™: Unlimited* as a long-term success.

### A NEW CHAPTER AS ONE BECOMES THREE

As announced on April 22, 2024, we have initiated the process to separate into three publicly listed entities. It is encouraging that our shareholders have expressed their support for this transformative step. History has shown that diversified groups like ours can significantly enhance value creation by adopting a more agile, fast-moving approach and focusing on well-defined core market segments. Moving towards three independent companies reinforces Embracer's vision of backing entrepreneurs

and creators with a long-term mindset, allowing them to continue to deliver unforgettable experiences and entertainment across the globe.

Asmodee, "Coffee Stain & Friends" and "Middle-earth & Friends" will all boast sufficient scale, coherent strategies and a clearer focus, paving the way to unlock value in our high-quality assets. Importantly, each standalone entity will ultimately be able to fully utilize its own balance sheet, set its own financial and sustainability targets and to optimize their financing structure and capital allocation strategy to enable their growth ambitions. This, in turn, will create value for all stakeholders as it notably improves the conditions for our entrepreneurs and employees to create the best games we can.

We are now starting a new and exciting chapter for the businesses and people that make up Embracer Group. I am convinced that the best is still ahead of us. To conclude, I would like to send my sincere thanks to all our team members, shareholders, customers, and business partners for contributing to the continued prosperity and success in our new chapter.

June 20, 2024, Karlstad, Värmland, Sweden

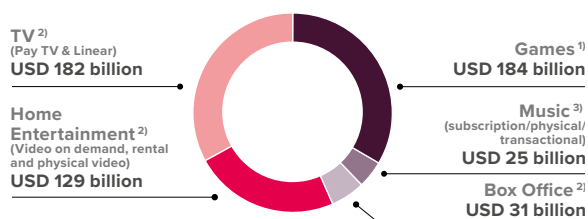
Lars Wingefors  
Co-founder & Group CEO



# ENTERTAINMENT MARKET CONTINUES TO GROW

Embracer Group develops and publishes games for PC, console, VR, mobile and board games. The Group also offers partner publishing services and has niche positions in film and comic book publishing.

## ENTERTAINMENT INDUSTRY SALES, ESTIMATES 2023



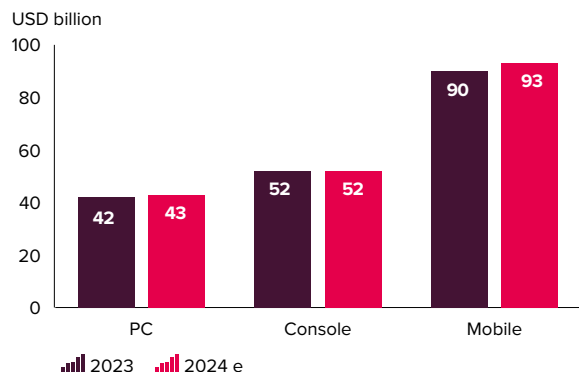
## VIDEO GAMES MARKET

The video games market includes PC, console, mobile and VR games. It has grown rapidly during the past three decades and is now the single largest entertainment sector ahead of TV, box office, home entertainment and music.

In 2023, the games market (content only, not including hardware) saw a return to market growth of 1%. This was, however, an improvement on 2022, which was normalising after the pandemic highs of the two years prior and saw a small decline as a result.

The market’s performance was helped by increased console availability, a strong new release line-up (established IPs and sequels doing particularly well), as well as the continuing momentum in the premium PC sector. 2023, in fact, represented the second highest year on record, second only to the Covid-peak in 2021, and a substantial 28% increase on pre-covid levels (in 2019).

## GLOBAL VIDEO GAMES MARKET ESTIMATES BY SEGMENT<sup>1)</sup>



It was also, however, a year of consolidation and restructuring across the industry as a whole, with many companies laying off a share of their workforce. This trend continues into 2024.

Looking to the year ahead, the video games market is expected to maintain modest growth of 2% YoY in 2024<sup>1)</sup>. Most analysts agree, however, that the total market has now entered a ‘lower growth’ period for the next 3 years with an estimated CAGR of ca. 3% between 2022 and 2026<sup>1)</sup>.

## PERFORMANCE AND TRENDS BY SEGMENT

### Console games market

The Console games market, estimated at USD 52 billion (2023), accounts for 29% of the global video games market and is expected to be flat in 2024 (small decline of 0.5% YoY)<sup>1)</sup> as a result of more modest growth of the PS5 and Xbox Series’ console installed bases. PS5 console sales reached a peak in late 2023 and (pending any retail prices reductions) should see a YoY decline in 2024. Sony has also recently announced that their PS5 console sales are expected to be lower this year than last.

The installed base is still growing, and software sales historically see YoY growth for a further 1-2 years after the console peak.

Nintendo are expected to launch a new console in 2025, and most analysts agree that this should help drive the sector to renewed growth.

### PC games market

The PC games market continues its strong performance. It is estimated at USD 42 billion (2023), accounting for 23% of the global games market. It is expected to see growth of 4% in 2024<sup>1)</sup>. It was the fastest growing segment in 2023, driven largely by a strong performance in the premium game market, increased focus from publishers and console format holders, as well as a general increasing popularity, as a platform, from consumers. Many players adopted PC as their games platform due to constrained console supply during the pandemic. Post-pandemic, and perhaps a result of this, there is a movement towards PC in several traditionally strong console markets, like Japan. Similar to the console market, the PC market is expected to be supported this year and onwards by increasing “in-game revenue”.

<sup>1)</sup> Newzoo

<sup>2)</sup> Ampere Analysis

<sup>3)</sup> IFPI

## MOBILE GAMES MARKET

The mobile games market, estimated at USD 90 billion 2023, is the largest game market, representing 49% of the global games market. It is expected to see a modest growth of 3% YoY in 2024, bouncing back from a small decline in 2023<sup>1)</sup>. Mobile gamers, being generally casual in their gaming style, are more susceptible to spending squeezes and, therefore, improving economic conditions is expected to add tailwinds to this market.

## PLAYER INSIGHTS<sup>1)</sup>

### More players than ever before

Despite the market's slower growth, the number of players globally is higher than ever before at 3.3 billion (2023), an increase of 4% YoY. The number of gamers is expected to continue growing each year by similar levels, reaching 3.7 billion in 2026<sup>1)</sup>.

### Market size and number of players by region

Asia Pacific remains the largest region both for revenues and the number of players, with North America the second largest market in terms of revenue but much lower down the ranking list in terms of player numbers. The regions seeing the highest revenue growth in 2023 were Middle East & Africa and Latin America<sup>1)</sup>.

REGION	2023	
	Million players	Market size (USD billion)
Asia-Pacific	1,730	85
North America	237	50
Europe	446	34
Latin America	335	9
Middle East & Africa	557	7
<b>Total</b>	<b>3,306</b>	<b>184</b>

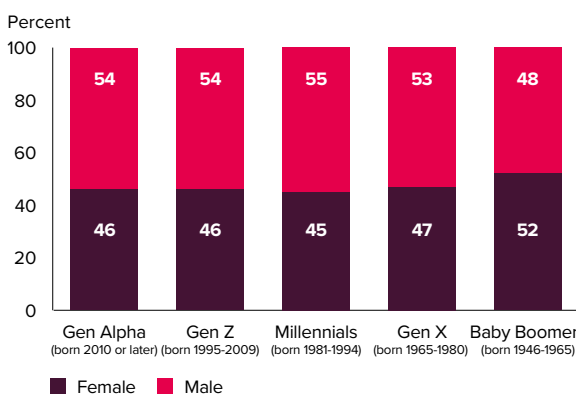
### Mainstream popularity

A recent study by Newzoo suggests that nearly all consumers born from the 1980s onwards engage with gaming in some form - playing, viewing or other ways (88% of millennials rising to 96% for Gen alpha).<sup>1)</sup>

### The gender distribution of gamers slightly skews toward males

This is the case across all generations except Baby Boomers (born 1946-1965), who are more likely to be female<sup>1)</sup>.

## GENDER DISTRIBUTION OF GAMERS



### The relationship between various types of game-related entertainment is highly intertwined

Over half of all gamers (56%) are likely to explore other media related to their favourite games. This could be merchandise, a board game or watching a related film<sup>1)</sup>. This will certainly benefit companies, which have a strategy towards transmedia development.

## TABLETOP GAMES MARKET

The tabletop games mass market (Strategic Trading Cards, Card & Boardgames) has shown good resilience to the challenging macro environment. It grew by 0.4% YoY in 2023, a strong performance coming off a record-high in 2022. Growth continued in Q1 2024 (calendar year) achieving +1.9% (US and Europe combined). By region, Europe increased by +5.7%, offsetting a flat growth in the US (-0.2%).

## ENTERTAINMENT & SERVICES MARKET

### Comics and Books

Sales of books in the US for the full year of 2023 in unit sales ended on -3% and value almost flat at +0.1% YoY<sup>2)</sup>. Graphic novels have been a major growth area of recent years but saw a decline during 2023 with growth landing at -22% in unit sales YoY. Despite the decline, graphic novels remained the third-largest category within adult fiction.

### TV and Film

Global box office revenues for 2023 generated USD 33.9 billion, a growth of 31% YoY<sup>3)</sup>. The forecast for 2024 is USD 32.3 billion, a decline of -5% YoY. The 2024 estimate remains -18% behind an average of the last three pre-pandemic years (2017-2019). The reasoning is lost production time following the Hollywood strikes resulting in several major movies postponing their release until 2025.

Content spend by broadcasters and streaming services is expected to grow 2% to USD 247 billion in 2024 compared to USD 243 billion last year<sup>4)</sup>. The end of the Hollywood strikes is believed to push spending on content and the driver of the growth is the global streaming video on demand services that are forecasted to increase content spending by 7% in 2024.

<sup>1)</sup> Newzoo

<sup>2)</sup> Circana BookScan

<sup>3)</sup> Ampere Analysis

<sup>4)</sup> Gower Street Analytics



## GROUP STRATEGY

# UNLEASHING THE UNTAPPED POTENTIAL

*Embracer Group is a global group of gaming and entertainment businesses. Our more than 12,000 passionate professionals deliver entertainment to gamers and value to fans around the globe. A vast IP portfolio, consisting of over 900 IPs, including some of the most popular and iconic titles in gaming, comics, and other media has built solid foundation for growing earnings and cash flow per share.*

Embracer Group is organized in four operating segments: PC/Console Games, Mobile Games, Tabletop Games and Entertainment & Services. Through these operating segments, Embracer Group has strong market positions in PC, console, VR, mobile, and tabletop games, as well as niche positions in film and comic book publishing, including attractive partner publishing.

### OPERATING MODEL

#### Empowering entrepreneurs

Embracer Group comprises an ecosystem for studios, publishers, and other gaming and entertainment companies. The collaborations, empowerment, and business opportunities presented to companies are unique.

#### Synergies are encouraged

The Group realizes synergies where possible and deemed appropriate. This includes collaboration, spread of best practices, as well as IP, publishing, distribution and talent sharing. Centrally mandated integration initiatives are also considered in order to foster revenue and cost synergies.

#### Capital allocation

Embracer Group management continuously evaluates the performance and outlook of the companies within

the Group. Capital allocation decisions above a certain level, including for example game development projects, must be approved by the parent company. Risks are mitigated through an enhanced greenlight approval process for capital allocation. All studios are required to have a formalized development process for projects including quality assurance, initiation controls, approvals, milestones and project follow-up. An enhanced model with common milestones is in progress.

### GROWTH MODEL

#### Organic growth

The Group has more than 140 ongoing game development projects in PC/Console Games, combining new IPs or revitalized franchises with existing franchises and active trademarks. Licensed IPs from Embracer Group are also an important source of organic growth. For Mobile Games, new content and campaigns, as well as investments in user acquisition activities, are particularly important for driving organic growth. For Tabletop, increased brand recognition and shelf space for existing franchises are key organic growth drivers.

Increased investments in user acquisition activities are justified when ad spend return requirements are met.

Embracer Group's diversification and capabilities within the ecosystem coupled with its vast IP portfolio,

## GROUP VALUES

### TRUST – EMPOWER PEOPLE

> We believe in empowering great people. Our shared and inclusive entrepreneurial mindset is our collective driving force.

### LONG-TERM MINDSET – UNLEASH THE POTENTIAL

> We're in it together. Our shared knowledge enables synergies through collaborations across the growing ecosystem.

### EMBRACING – RESPECT AND ENDORSE DIFFERENCES

> We're true to ourselves and believe that different perspectives make us stronger.



consisting of over 900 IPs, including some of the most popular and iconic titles in gaming, comics, and other media gives a solid foundation for organic growth in the coming years.

**Transmedia grows IP across different entertainment formats**

At Embracer Group, building value through our IP is central. The Group strives to leverage its unique IP portfolio, structure, and development capacity as a basis for building a presence across key entertainment media formats.

The Group sees an opportunity to cross-fertilize IPs and strengthen licensing partnerships across gaming categories, different content formats, and platforms.

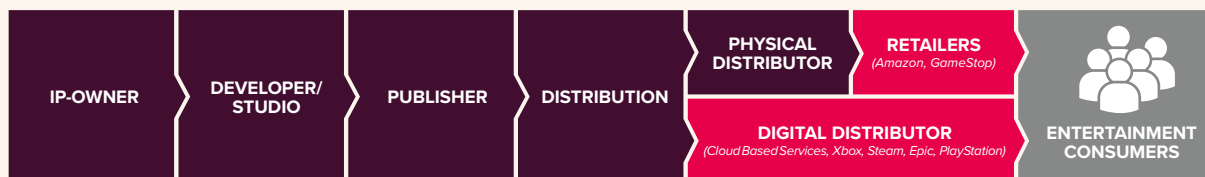
**Partnerships improve predictability**

Partnerships and licensing agreements can improve predictability, lower business risk, and provide a positive impact on cash flow and profits. It also has the potential to enable further investments into making even greater games based on both established and new IPs, driving long-term organic growth.

**Growing earnings and cash flow per share**

Embracer Group aims to achieve predictable, long-term growth in earnings and free cash flow per share. A diversified portfolio across markets, segments, genres, and titles creates a more resilient earnings profile.

**MARKET VALUE CHAIN**



● Embracer Group in the value chain

*Embracer Group has a large number of external partnerships whereby Embracer acts as both licensor and licensee. Embracer Group's main business areas are IP ownership, development and publishing. Some of the operative groups also have distribution and retail businesses. Some of Embracer Group's businesses, including Limited Run Games, Dark Horse, Grimfrost and DPI Merchandising, operate a direct to consumer business. In addition Dark Horse operates the ecommerce and bricks and mortar retail chain Things From Another World.*

## THE EMBRACER ECOSYSTEM

### GROUP LEVEL ■

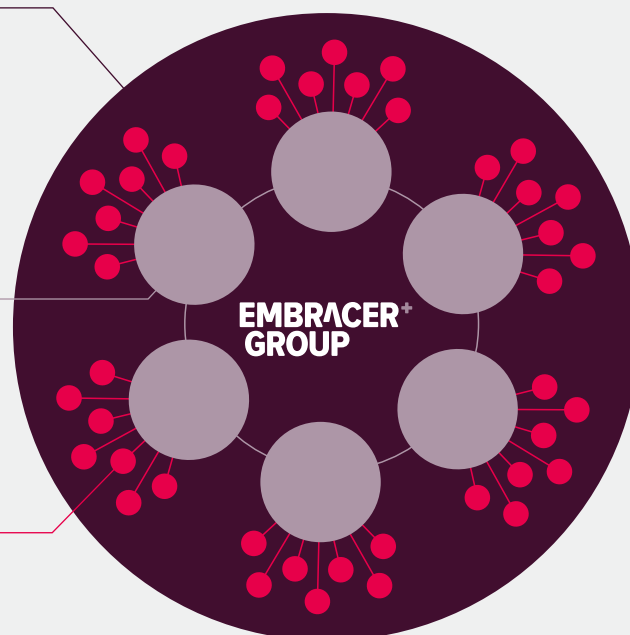
The Embracer Group head office hosts control and support functions, provides access to capital, shared knowledge, intra-Group synergies, and a solid governance framework. The organization is lean as the operative groups have significant responsibility for managing commercial operations and for implementing the governance framework including financial control, governance, compliance, human resources, and communication.

### OPERATIVE GROUPS ■

The operative groups serve as primary ecosystem building blocks. They have financial and operational responsibility and accountability, and run the businesses largely independently from each other, based on Embracer Group's values and governance model and with active support and coordination from Group-level functions.

### COMPANIES AND STUDIOS ■

Embracer Group adapts a multi-brand strategy where game and entertainment consumers meet Embracer through any of the numerous brands, each with its unique way, style, and spirit.



## FINANCIAL MODEL

### Owned and run by entrepreneurs

Embracer Group is run by entrepreneurs and owned by entrepreneurs. In order to align interests with founders, management, and key shareholders in acquired companies, Embracer Group has issued equity and uses long-term earnouts as part of considerations that are linked to specific operational and/or financial targets that the acquired company must achieve.

Embracer management and co-founders jointly own a considerable share of capital and votes in the Group. Most executives and people in leadership positions who do not own shares are incentivized by earnouts. Operative groups are responsible for incentivizing key employees and creating profit sharing at studio level, within the framework determined by Embracer Group to maximize and align long-term interests.

### Diversification and capital allocation gives stronger risk profile

Any approved individual game development project presents a considerable business opportunity, but there is also an inherent risk element. Therefore, diversification and capital allocation really matter. There is limited dependency upon single titles. This enables our studios to be creatively bold in their mindset when developing games. Operative groups encourage individual game development studios to put quality first and create games

that really stand out. The portfolio is diversified across more than 140 game projects across genres, targeting different audiences.

### Prudent approach to leverage

Our leverage target is to have Net Debt to Adjusted EBIT of 1.0x on a 12-month forward-looking basis. The Group may exceed this ratio for the right inorganic growth opportunity, but with the ambition to return to below 1.0x in the medium term. A strong balance sheet is emphasized, which reduces the financial risk and maximizes strategic flexibility.



# RESTRUCTURING PROGRAM

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

## THE PROGRAM WAS EXPECTED TO DELIVER

- > Reduced capex by at least SEK 2.9 billion by FY 2024/25, compared to the annualized run-rate of SEK 7.9 billion in Q4 FY 2022/23.
- > Reduced overhead costs by at least 10 %, or at least SEK 0.8 billion on a yearly basis, compared to the annualized run-rate in Q4 FY 2022/23.
- > Reaching financial net debt below SEK 8 billion by the end of FY 2023/24.

## PROGRESS

The restructuring program is now finalized, with the following actions taken to reach the capex and opex targets, and reduce net debt.

### Capex and opex savings

- > The annualized capex run-rate in Q4 FY 2023/24 was SEK 4.3 billion, (pro forma, excluding divested assets from Saber Interactive and Gearbox Entertainment) a reduction of approximately SEK 3.6 billion or 45% vs annualized capex run-rate in Q4 FY 2022/23, which was the base period of the program.
- > The 10% overhead cost savings objective was achieved.
- > The cumulative headcount reduction during the program amounted to 1,583. In addition, around 3,000

employees left the group with the divestment of certain assets from Saber Interactive. The divestment of Gearbox Entertainment closed on June 11, 2024.

### Net Debt Reduction

- > The targeted SEK 8 billion in net debt by March 31, 2024 was not reached, but a notable reduction is expected after the end of FY 2023/24.
- > On a pro forma basis, including the expected net cash proceeds from the divestment of assets from Saber Interactive and Gearbox Entertainment of approximately SEK 5.2-5.7 billion, the pro forma net debt as of 31 March would amount to approximately SEK 10.7-11.2 billion.

### Costs incurred

- > In FY 2023/24, IAC related to the restructuring program amount to SEK –3,387 million.
- > The cash effect of IAC costs amounted to SEK –672 million.
- > During the financial year, a number of mainly unannounced projects were written down across operative groups, primarily in the PC/Console operating segment.
- > Write-downs are defined as IAC if related to projects affected by the ongoing restructuring program, where the studio or team has been discontinued.



DEEP ROCK GALACTIC  
Ghost Ship Games | Coffee Stain Publishing



# OPERATING SEGMENTS

18	PC/CONSOLE GAMES
20	MOBILE GAMES
22	TABLETOP GAMES
24	ENTERTAINMENT & SERVICES



## OPERATING SEGMENT

# PC/CONSOLE GAMES

PC and console games have been a core business for Embracer Group ever since its inception. The PC/Console Games operating segment develops and publishes games for PC and console including AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other games development.

SHARE OF GROUP SALES

**34%**

INTERNAL HEADCOUNT

**6,404**

INTERNAL STUDIOS

**73**

INTELLECTUAL PROPERTY (IP)

**255**

### YEAR IN BRIEF

Net sales in the PC/Console Games operating segment amounted to SEK 14,410 million (13,444), an increase by 7% compared to last year, or –2% organically and 0% pro forma. The inorganic growth was primarily driven by the acquisitions of Crystal Dynamics – Eidos, Coffee Stain GBG and Tripwire. The organic growth was primarily driven a higher contribution from new releases, most notably through *Dead Island 2* and *Remnant II*.

EBIT amounted to SEK –7,807 million (41), yielding a –55% (0%) EBIT margin. Adjusted EBIT amounted to SEK 2,441 million (2,902), yielding a 17% (22%) Adjusted EBIT margin. Items affecting comparability amounted to SEK –7,312 million (–240), and mainly relate to the restructuring program. It mainly constitutes write-downs for ongoing game development projects, for which the studio or team has been discontinued as well as goodwill impairments primarily related to the

### KEY PERFORMANCE INDICATORS, PC/CONSOLE GAMES

	Apr 2023– Mar 2024	Apr 2022– Mar 2023
Net sales, SEK m	14,410	13,444
of which Digital products, SEK m	9,609	8,927
of which Physical products, SEK m	1,490	1,101
of which Other <sup>1)</sup> , SEK m	3,311	3,417
Net sales growth from previous period	7%	58%
EBIT, SEK m	–7,887	41
EBIT margin	–55%	0%
Adjusted EBIT, SEK m	2,441	2,902
Adjusted EBIT margin	17%	22%
Type of income		
New releases sales, SEK m	4,185	2,894
Back catalog sales <sup>2)</sup> , SEK m	6,914	7,134
Other <sup>1)</sup> , SEK m	3,311	3,417
Number of employees	6,404	10,436
Number of internal studios	73	102
Number of IPs	255	258

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

<sup>2)</sup> See Definitions.

### OPERATIVE GROUPS

**THQ NORDIC**

**amplifier**  
GAME INVEST

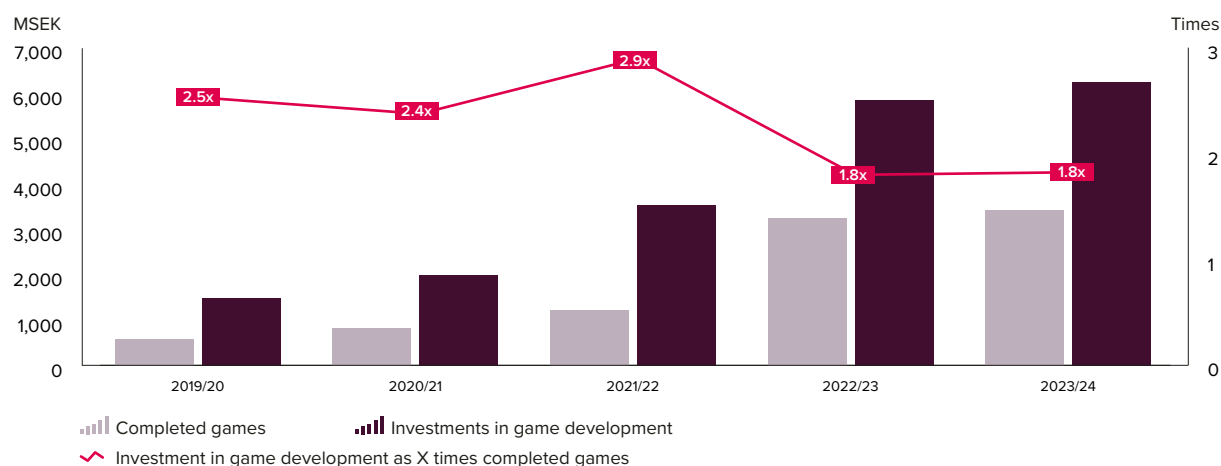
**gearbox**  
entertainment

**PLAION**

**Coffee Stain**

**CRYSTAL DYNAMICS**  
eidos montreal

## GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES



divestment of assets from Saber Interactive and Gearbox Entertainment.

The Adjusted EBIT margin remained impacted by games development amortization combined with the soft performance for a range of primarily mid-sized titles across operative groups in FY 2022/23 and FY 2023/24. The group's strongest franchises in PC/Console saw a stable performance. However, in general consumers were more selective while platform content investments were reduced.

Revenue from new releases amounted to SEK 4,185 million, an increase of 44% YoY. The main revenue drivers among new releases during the year were *Dead Island 2*, *Remnant II* and *Payday 3*.

*Dead Island*, developed and published internally by Dambuster Studios and Deep Silver, respectively, released on April 21, 2023. The game reached a sell-through of over two million units in its first month. *Remnant II*, developed by internal studio Gunfire Games and published internally by Gearbox Publishing, was released on July 25, 2023 and sold over one million units in the first four days. *Payday 3*, released on September 21, 2023, saw a mixed reception from critics and users and performed below management expectations.

Other notable new releases during the year included *AEW: Fight Forever*, *MotoGP 23*, *Ride 5*, *Jagged Alliance 3*, *Hot Wheels Unleashed 2 - Turbocharged*, *Arizona Sunshine 2 (VR)*, *Risk of Rain Returns*, *Teardown (console)*, *Tomb Raider I-III Remastered*, *Deep Rock Galactic Survivor*, *Alone in the Dark*, *SOUTH PARK: SNOW DAY!*, *Outcast: A new beginning*, and *Lightyear Frontier*.

Revenue from back catalog<sup>1)</sup> titles (including platform deals) amounted to SEK 6,914 million during the year, a decrease of 3% YoY. The top-10 back catalog revenue drivers were *Dead Island 2*, *Deep Rock Galactic*, *Star Trek Online*, *Remnant II*, *SnowRunner*, *Neverwinter Online*, *Chivalry II*, *Risk of Rain 2*, *Welcome to Bloxburg*, and *Borderlands 3*.

<sup>1)</sup> Net sales of game titles in any time period apart from the release quarter.

Other revenue amounted to SEK 3,311 million during the year, a decrease of 3% YoY. The negative growth development is mainly explained by a lower contribution from other revenue YoY, due to tough comparison figures driven by several deals signed by Saber Interactive in the previous financial year.

### BUSINESS MODEL

PC and console games have been a core business for Embracer Group ever since its inception. The PC/Console Games operating segment develops and publishes games for PC and console including AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other games development. Sales of digital games take place via third-party digital stores such as Microsoft's Xbox Games Store, Sony's PSN, Epic, Discord and Steam. Sales of physical games takes place through both third-party online retailers and physical stores.

### INVESTMENTS AND PIPELINE

The project pipeline consists of 141 PC/Console projects. There are several already announced projects for FY 2024/25, including *Kingdom Come: Deliverance II*, *Killing Floor 3*, *Disney Epic Mickey: Rebrushed*, *Hyper Light Breaker*, *Gothic Remake* and *Titan Quest II*.

The PC/Console Games segment continued to make considerable investments in game development. In total, SEK 6,236 million (5,845) were invested in game development during the year. The finalized value of the completed and released games during the year amounted to SEK 3,421 million (3,248), driven by the release of *Dead Island 2*, *Remnant II*, *Payday 3*, and a number of small- and mid-sized releases. The ratio of investments to completed games was thus relatively stable year-over-year, to 1.8x, with a continued higher pace of ongoing investment into future game releases than completed investment in released games. When new games are released, capitalized development costs are amortized, based on a degressive depreciation model over two years.



## OPERATING SEGMENT

# MOBILE GAMES

The Mobile Games operating segment includes the two operative groups DECA Games and Easybrain. In the past years, the operating segment has grown in importance for Embracer Group's business..

SHARE OF GROUP SALES

**14%**

INTERNAL HEADCOUNT

**1,081**

INTERNAL STUDIOS

**11**

INTELLECTUAL PROPERTY (IP)

**49**

### YEAR IN BRIEF

Net sales in the Mobile Games operating segment amounted to SEK 5,916 million (5,819), an increase by 2% compared to last year, or –9% organically and –3% pro forma. Easybrain saw positive organic growth in FY 2023/24 while DECA Games (including CrazyLabs) saw negative organic growth, primarily impacted by a business model shift, and an increased focus on profitability and cash flows. Pro forma growth was more stable thanks to a strong performance for *Alien Invasion*, for which the publishing rights were acquired by CrazyLabs in August 2023. The number of MAUs and DAUs both declined YoY, driven by DECA Games.

EBIT amounted to SEK 1,029 million (–260), yielding a 17% (–4%) EBIT margin. Adjusted EBIT amounted to SEK 1,921 million (1,381), yielding a 32% (24%) Adjusted EBIT margin. Items affecting comparability amounted to SEK –165 million (-). User acquisition costs amounted to SEK 2,466 million (2,925), or 42% (50%) of net sales. The improved profitability YoY is mainly explained by lower user acquisition costs and a product mix shift within DECA Games.

Live ops continued to drive growth of the portfolio within the Mobile Games segment, supported by a data-driven approach. Easybrain showed strong profitability during the financial year, and scaled user acquisition investments in a systematic way to balance growth and

### KEY PERFORMANCE INDICATORS, MOBILE GAMES

	Apr 2023– Mar 2024	Apr 2022– Mar 2023
Net sales, SEK m	5,916	5,819
Net sales growth from previous period	2%	19%
EBIT, SEK m	1,029	–260
EBIT margin	17%	–4%
Adjusted EBIT, SEK m	1,921	1,381
Adjusted EBIT margin	32%	24%
User Acquisition Cost (UAC), SEK m	2,466	2,925
User Acquisition Cost (UAC), % of net sales	42%	50%
Total Daily Active Users (DAU) <sup>1)</sup> , million	31	35
Total Monthly Active Users (MAU) <sup>1)</sup> , million	258	301
Number of employees	1,081	1,177
Number of internal studios	11	11
Number of IPs	49	48

<sup>1)</sup> See Definitions.

### OPERATIVE GROUPS





profitability opportunities. During the year, Easybrain released the game *Numbers Sums* globally, and saw a number of games in soft launches. DECA Games saw an improved profitability during the year. It was driven by CrazyLabs, which shifted a great portion of focus to the hybrid casual games, which monetizes through a mix of ads and in-app purchases, with a higher user lifetime value than hyper casual games.

The top-5 back catalog titles during the financial year were *Sudoku.com*, *BlockuDoku*, *Art Puzzle*, *Jigsaw Puzzles* and *Alien Invasion*.

## **BUSINESS MODEL**

The Mobile Games operating segment is mainly a free-to-play and in-app advertising (IAA) centric business model. A smaller part of the business is in-app-purchase centric (IAC) and pay-to-play mobile games. Distribution of mobile games primarily takes place through third-party digital stores such as Apple App Store and Google Play. Ad monetisation takes place through various external ad networks and ad mediation platforms.



## OPERATING SEGMENT

# TABLETOP GAMES

The Tabletop Games operating segment consists of the operative group Asmodee, a leading international games publisher and distributor committed to telling amazing stories through great games, with over 43 million games sold annually in more than 50 countries. Asmodee's portfolio hosts iconic game titles such as Ticket to Ride®, CATAN, Splendor, 7 Wonders, Azul, Exploding Kittens, Dobble/Spot It!, Star Wars™: Unlimited and many more. The main product categories are board games and trading card games.

SHARE OF GROUP SALES

**35%**

INTERNAL HEADCOUNT

**2,377**

INTERNAL STUDIOS

**23**

INTELLECTUAL PROPERTY (IP)

**416**

### YEAR IN BRIEF

Net sales in the Tabletop Games operating segment amounted to SEK 14,797 million (13,132), an increase by 13% compared to last year, or 7% organically and 6% pro forma. Growth was driven by the trading card games product category, with more contained growth for board games. From a geographical perspective, growth in Europe outperformed growth in the US.

EBIT amounted to SEK –6,119 million (828), yielding a –41% (6%) EBIT margin. Adjusted EBIT amounted to SEK 2,079 million (2,010), yielding a 14% (15%) Adjusted EBIT margin. Items affecting comparability amounted to SEK –7,262 million (–) and is primarily related to an impairment of goodwill. Adjusted EBIT grew by 3% YoY, despite a product mix more geared towards distributed games, supported by good cost control and execution.

Asmodee saw a strong slate of novelties and new releases during the course of FY 2023/24, including *Anarchy Pancakes* from Exploding Kittens, *Setup* from Bezzerwizzer, *The Number* from Repos Prod, *MARVEL D.A.G.G.E.R* from Fantasy Flight Games, *Star Wars™: Shatterpoint*, a new *Star Wars* miniatures game from Atomic Mass, *Exploding Kittens* - a new kids game line, *Champions!* from Repos Prod, *Spellbook* from Space Cowboys, Netflix titles: *Bridgerton* and *Cobra Kai* from Mixlore, Disney edition of the *Dixit* game from Libellud, *Forest Shuffle* from Lookout, *Waterfall Park* from Repos Prod, *Perspectives* from Space Cowboys, *Ticket To Ride Legacy: Legends of the West* and *Ticket to Ride – Paris* from Days of Wonder, *MLEM: Space Agency* from Rebel Studio, *Word Traveller* from Office Dog, and *Star Wars™: Unlimited* trading card game.

### KEY PERFORMANCE INDICATORS, TABLETOP GAMES

	Apr 2023– Mar 2024	Apr 2022– Mar 2023
Net sales, SEK m	14,797	13,132
of which Digital products, SEK m	158	170
of which Physical products, SEK m	14,522	12,847
of which Other, SEK m	117	115
Net sales growth from previous period <sup>1)</sup>	13%	2,199%
EBIT, SEK m	–6,119	828
EBIT margin	–41%	6%
Adjusted EBIT, SEK m	2,079	2,010
Adjusted EBIT margin	14%	15%
Number of employees	2,377	2,582
Number of internal studios	23	22
Number of IPs	416	397

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

### OPERATIVE GROUPS

**asmodee**





The release of the exciting launch of Star Wars™: *Unlimited* in March 2024 was highly successful, following strong pre-orders and a positive buzz in the industry press during the course of financial year. Upon release of the first set for Star Wars™: *Unlimited*, *Spark of Rebellion*, demand notably outpaced supply. Set 2, *Shadows of the Galaxy*, will be released on July 12th and Set 3, *Twilight of the Republic*, in the last quarter of calendar 2024. Asmodee, together with the renowned internal studio Fantasy Flight Games, has a clear multi-year roadmap with product development for several future sets already finished and remains focused on creating a strong ecosystem for players and retailers to install Star Wars™: *Unlimited* as a long-term success.

Releasing during FY 2024/25, Asmodee announced its first collaboration with LEGO® on boardgames with the global launch of *Monkey Palace*. The Kickstarter campaign for the *Altered* trading card game was a notable success with a EUR 10 million pledge. Asmodee part-owns Equinox, the publisher of *Altered*, and is the distributor. The game is expected to be released in September 2024.

Asmodee received 3 prestigious Spiel des Jahres awards at recent ceremony in July, 2023.

- > *Mysterium Kids: Captain Echo's Treasure* from Space Cow and Libellud received the Kinderspiel des Jahres 2023 recognising the best children's game.
- > *Challengers!* from Z-Man received the Kennerspiel des Jahres 2023 recognising the advanced games category.

- > *Unlock!* and *Unlock! Kids* from Space Cowboys and Space Cow received the Sonderpreis 2023, Special Jury prizes acknowledging the games' innovation and impact on the board gaming industry.

The effects of the expected inventory unwinding mentioned at the end of FY 2022/23 was seen in Asmodee's free cash flow generation during the year. In H2, inventory normalized through a strong performance during high season. This resulted in a significant improvement in free cash generation in FY 2023/24.

As communicated in a separate press release as part of intended spinoff of Asmodee, after FY 2024/25 Asmodee has an ambition to grow organically in line with the market, which translates into a mid-single digit organic growth in addition to any acquisitive growth. Asmodee's ambition is also to expand its margins from current levels as a result of an improved revenue mix and continued cost management while maintaining a high cash conversion.

#### **BUSINESS MODEL**

Asmodee operates primarily via a B2B model in which physical products are sold through external physical and online retailers. B2C sales of physical products are made via Asmodee's online retailers. Sales of digital products are sold through Asmodee's online platform Board Game Arena as well as via the main PC/console platforms and mobile app stores.



## OPERATING SEGMENT

# ENTERTAINMENT & SERVICES

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

SHARE OF GROUP SALES

**17%**

INTERNAL HEADCOUNT

**771**

INTERNAL STUDIOS

**2**

INTELLECTUAL PROPERTY (IP)

**193**

### YEAR IN BRIEF

Net sales in the Entertainment & Services operating segment amounted to SEK 7,082 million (5,270), an increase by 34% compared to last year, or 7% organically and 18% pro forma. EBIT amounted to SEK -413 million (-170), yielding a -6% (-3%) EBIT margin. Adjusted EBIT amounted to SEK 853 million (281), yielding a 12% (5%) Adjusted EBIT margin.

The strong Adjusted EBIT growth and higher margin YoY is primarily explained by stronger-than-expected licensing revenue for *The Lord of the Rings* IP, which resides in Middle-earth Enterprises within the operative group Freemode.

Middle-earth Enterprises had a strong lineup of releases from partners across PC and console, mobile

and trading card games during FY 2023/24. In Q1, several products were released, including the mobile game *The Lord of the Rings: Heroes of Middle-earth* (EA) and PC/console game *The Lord of the Rings: Gollum* (Daedalic Entertainment). Middle-earth Enterprises, part of the operative group Freemode, also announced a licensing agreement for Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on the IP. In Q2, the *Magic the Gathering* trading card game *The Lord of the Rings: Tales of Middle-earth™*. The game was released by Middle-earth Enterprises' long-term partnership with Wizards of the Coast, garnering positive acclaim from fans and critics. In Q3, *The Lord of the Rings: Return to Moria*, a new PC/console survival-crafting game from external

### KEY PERFORMANCE INDICATORS, ENTERTAINMENT & SERVICES

	Apr 2023– Mar 2024	Apr 2022– Mar 2023
Net sales, SEK m	7,082	5,270
of which Digital products, SEK m	643	547
of which Physical products, SEK m	5,469	4,658
of which Other, SEK m	970	65
Net sales growth from previous period	34%	70%
EBIT, SEK m	-413	-170
EBIT margin	-6%	-3%
Adjusted EBIT, SEK m	853	281
Adjusted EBIT margin	12%	5%
Number of employees	771	900
Number of internal studios	2	3
Number of IPs	193	193

### OPERATIVE GROUPS





licensee North Beach Games and the development studio Free Range Games was released.

As communicated after year-end, on May 10, 2024, Warner Bros. Pictures and New Line Cinema, alongside the Oscar-winning team behind the nearly \$6 billion blockbuster *The Lord of the Rings* and *The Hobbit* trilogies, Peter Jackson, Fran Walsh and Philippa Boyens are reuniting to produce two new films from Tolkien's Middle-earth. The first film, *The Lord of the Rings: The Hunt for Gollum* (working title), is set for theatrical release in 2026. As before, Middle-earth Enterprises is also looking forward to the theatrical release of the original anime *The Lord of the Rings: The War of the Rohirrim*, which has been set for December 13, 2024.

A new trailer for the PC/Console game *Tales of the Shire: A The Lord of the Rings Game*, from Weta Workshop and Private Division was released after the quarter. The game is expected to be released in 2024 for PC and console.

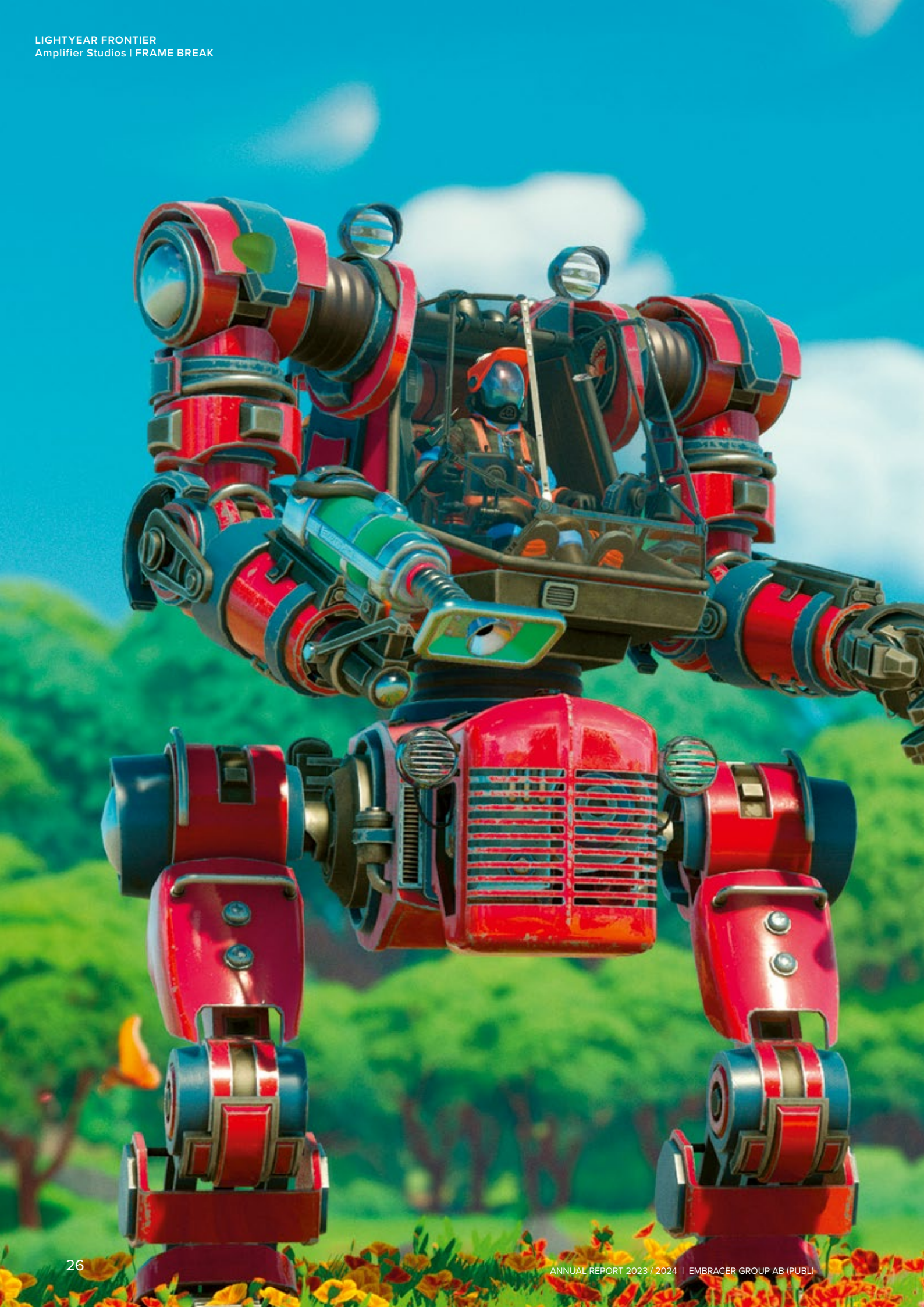
During the fiscal year, Dark Horse Media reached another milestone for the *Berserk* manga book series with 3 million sold books. The strong sales have continued with the release of *Berserk Deluxe volume 14* in late November 2023. TV series *Resident Alien* Season 3, based on the

Dark Horse comic book and produced by Dark Horse Entertainment, premiered on SyFy, USA, and Peacock in February, while seasons 1 and 2 were released on Netflix and spent 5 weeks in the top 10.

Limited Run continues to build the catalogue of classic games that are being brought back to modern platforms via their proprietary Carbon Engine. The Carbon title *Jurassic Park Classic Games Collection* released on 22 November 2023 showed solid performance on digital storefronts, adding additional revenue streams for Limited Run.

## BUSINESS MODEL

The Entertainment & Services operating segment operates in several different market segments. First of all, it is the owner of some of the world's most renowned IPs, including *The Lord of the Rings* and *The Hobbit*, with licensing across a range of different media formats and channels. Second, it develops, publishes, distributes and sells comic books. Third, it conducts development, wholesale, publishing and distribution of physical games, primarily for console but also for PC. Finally, it conducts publishing and distribution of external films and TV-series, as well as the production and distribution of merchandise.



# SUSTAINABILITY REPORT

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# 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.



AN UPDATE FROM OUR SUSTAINABILITY TEAM

## 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.

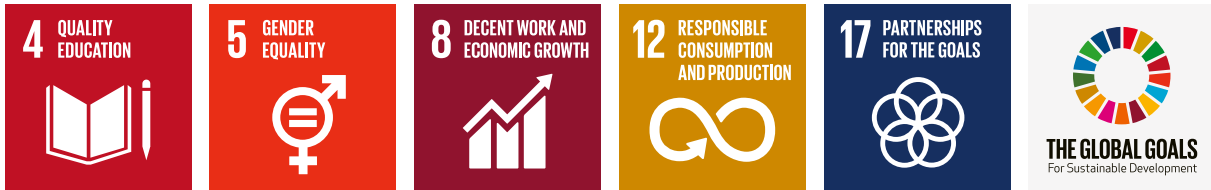
**EU's corporate sustainability legislation continues to evolve. How will this impact and contribute to your sustainability work?**

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.

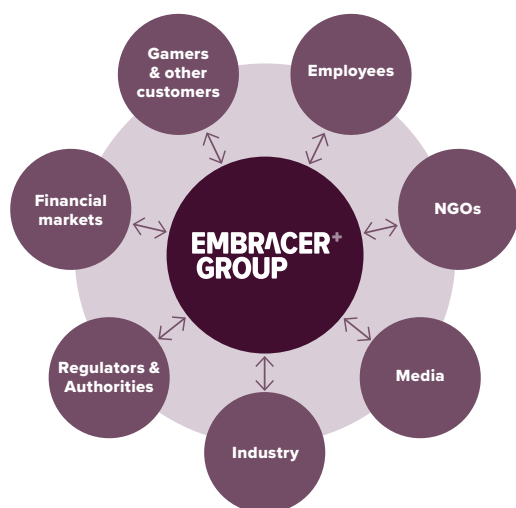


# OUR STAKEHOLDERS

*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



## SUSTAINABILITY REPORT

# 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%
<i>Distribution</i>					
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%
<i>Distribution</i>					
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.

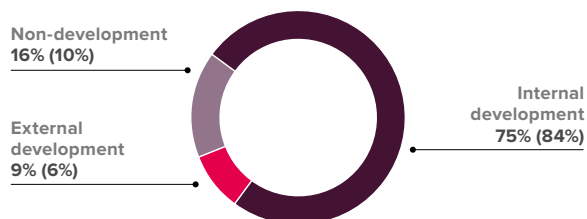
### Career and creative development

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



*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](https://embracer.com)*



SUSTAINABILITY REPORT

# 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

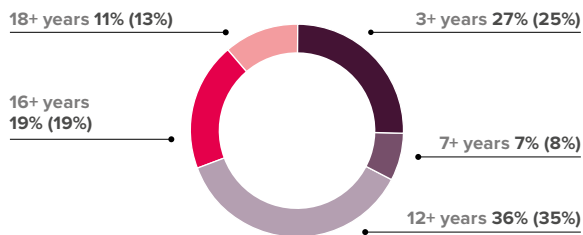
a good behavior in both our games, gaming communities, forums, and other platforms where our games are played and discussed. This can sometimes be challenging as Embracer Group is not always the platform owner, increasing the need to collaborate with other actors and industry organizations. Embracer 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**

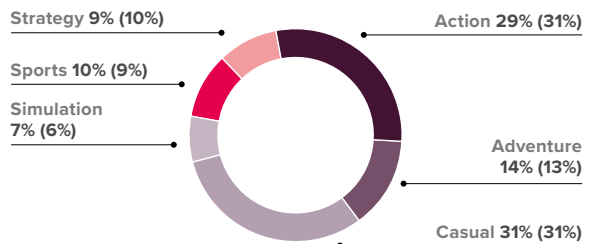
We believe that all people should be able to enjoy our games and entertainment. Accessible games can help combat social isolation, build inclusive communities, and improve the quality of life for people with disabilities. By implementing adaptive gaming technology, the Group is making games accessible 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)



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**



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.”*

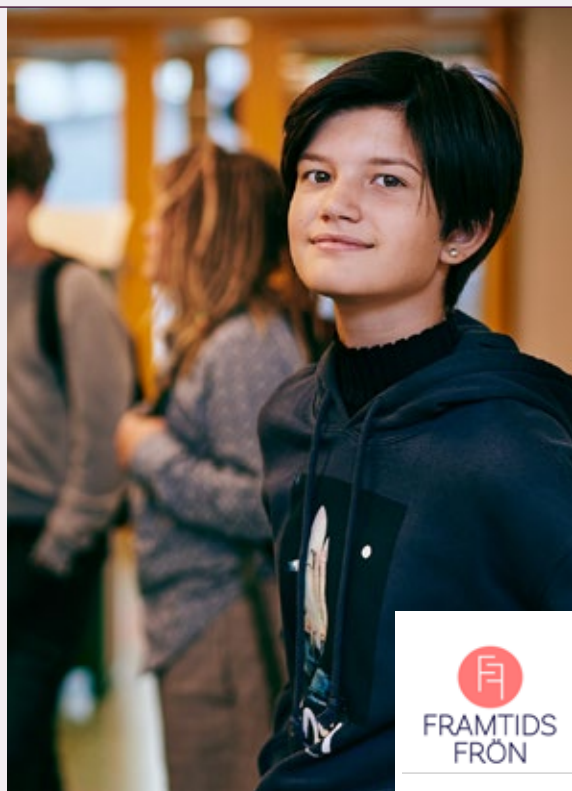


## SOLID WORK OUR COLLABORATIONS

### 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](https://embracer.com)*



## SUSTAINABILITY REPORT

# 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 55.

- > **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 <sub>2</sub> 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
<b>Total</b>	<b>491,587</b>	<b>687,102</b>	<b>682,489</b>

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.



## OUR PLANET OUR COLLABORATIONS

### 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.



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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.

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

#### 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.

### Mitigation

- > 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

##### 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.

#### Mitigation

- > 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.*

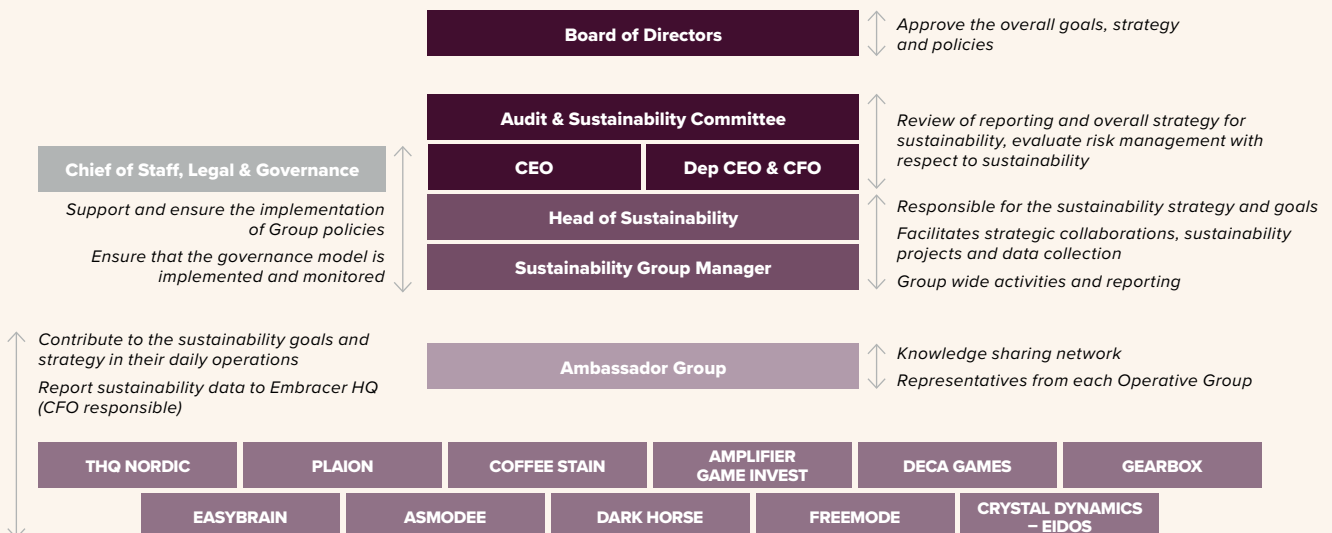
## ORGANIZATION

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





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 <sup>1)</sup>

> 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%		

<sup>1)</sup> % 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

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- > 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
-

## SUSTAINABILITY REPORT

# 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)	FY 2023/24		Substantial Contribution Criteria						
	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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
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%					
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%
<b>A. Turnover of Taxonomy eligible activities (A1+A2)</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
Turnover of Taxonomy-non-eligible activities		42,206	100%						
<b>TOTAL</b>		<b>42,206</b>	<b>100%</b>						

### Turnover *continued*

Economic activities (1)	DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
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%		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								0%		
<b>A. Turnover of Taxonomy eligible activities (A1+A2)</b>								<b>0%</b>		

## CapEx

Economic Activities (1)	FY 2023/24		Substantial Contribution Criteria						
	Code (2)	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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
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%					
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
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%
<b>A. CapEx of Taxonomy eligible activities (A1+A2)</b>		<b>417</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
CapEx of Taxonomy-non-eligible activities		6,608	94%						
<b>TOTAL</b>		<b>7,025</b>	<b>100%</b>						

## 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			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
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%		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
Acquisition and ownership of buildings								9%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								9%		
<b>A. CapEx of Taxonomy eligible activities (A1+A2)</b>								<b>9%</b>		

## OpEx

Economic Activities (1)	FY 2023/24		Substantial Contribution Criteria						
	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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
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%					
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%
<b>A. OpEx of Taxonomy eligible activities (A1+A2)</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
OpEx of Taxonomy-non-eligible activities		9	100%						
<b>TOTAL</b>		<b>9</b>	<b>100%</b>						

## OpEx continued

Economic activities (1)	DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
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%		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								0%		
<b>A. OpEx of Taxonomy eligible activities (A1+A2)</b>								<b>0%</b>		

## 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
<b>Fossil gas related activities</b>		<b>YES/NO</b>
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 therefore 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 27-54, 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



# CORPORATE GOVERNANCE REPORT

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# TURBULENT TIMES CREATE NEW OPPORTUNITIES

*The past financial year presented new challenges and Embracer faced difficult decisions. At the same time, we took important steps to strengthen the company and lay the groundwork for a new exciting chapter in our journey – the proposed transformation of Embracer Group into three standalone publicly listed entities.*

Since going public in 2016, Embracer has been on an extraordinary journey. I remember very clearly, having just joined the company as chair of the Board that same year, a conversation with Embracer co-founder and CEO, Lars Wingefors. He had a clear vision: “*We are going to build something significant and long-term over time.*”

In the years that followed, Embracer Group grew rapidly, and today encompasses over 100 studios and some 11,000 employees across more than 40 countries, even after the recently announced divestments of parts of Saber Interactive and Gearbox Entertainment.

Already in 2016, we outlined in the prospectus for the listing at First North that the company “*may in the future make other types of investments and acquisitions within the games industry where company management believes the company can add value*”. Since then, Embracer has successfully and deliberately established itself as a global leader in games and entertainment, expanding its footprint from PC/Console into other segments, and building a portfolio that includes some of the world’s most iconic franchises.

By living our values, managing key sustainability risks, and developing our business in an innovative way, we create long-term value for our investors, employees, and other stakeholders.

Our studios and companies deliver remarkable experiences to millions of gamers and fans across the globe. Our exceptional teams have built something truly significant.

## EXPLORING OPTIONS TO MAXIMIZE VALUE

Still, it was clear to us that there was untapped potential in the Group. In November 2022, the Board initiated a special review to explore strategic alternatives to optimize the Group structure. As announced at the time, this could potentially lead to spinoffs. But as 2023 unfolded and market conditions soured, it became evident that our

focus had to be elsewhere, on more immediate actions. We subsequently launched a comprehensive restructuring program to achieve opex and capex reductions, address capital allocation, improve cash flows and lower net debt. The progress of the restructuring program was made more complicated by the prevailing market uncertainty as consumers and businesses have been affected by hampering macro economic factors. Today, after completing the program, we can conclude that Embracer is a much leaner company, better positioned to sustain profitable growth.

The successful implementation and completion of the restructuring program has put us in a stronger position to execute on our transformative strategic plans. The actions that were introduced as part of the program will continue to have a positive and lasting impact on the Group as a whole, as well as on each business, all the way down to studio level. Embracer has, despite notable challenges in the past year, continued to perform well and has proven its ability to make operations more efficient while improving its capital structure.

## A NEW CHAPTER IS SET TO BEGIN

Turbulent times can also create new opportunities. The Board has, through the year of restructuring, continued to explore options to maximize value and create the optimal structure to unlock value in the assets that we have within Embracer. In April 2024, based on a rigorous process, we announced the intention to initiate the transformation of Embracer into three standalone publicly listed companies. Our assessment is that this will optimize the Group structure, and ultimately create the best conditions for long-term value creation for shareholders and other stakeholders.

The planned structure and market focus for these respective businesses is a natural evolution for the market-leading platforms we have built in recent years.



The transformation will enable each company to better focus on their respective core strategies and offer more differentiated and distinct equity stories for existing and new shareholders.

Equally important, it will enable our entrepreneurs, creators and teams to dedicate resources in the most efficient way. And for current and future investors, it will allow greater flexibility to allocate capital between the different companies and as such target attractive market segments. All in all, we are confident that this transformative step, conditional upon the approval of our shareholders, will unlock value for all these businesses and their stakeholders.

In recent years, we have created a solid platform to build from, not the least in terms of a strong corporate culture and in our strategic sustainability work. These efforts will have tremendous long-term value, as we now look towards transforming the Group into three standalone businesses, each with its company-specific agenda but a shared sense of commitment and responsibility.

The Board has played an active role throughout these processes, and we will continue to do so through this next phase. This also involves further bolstering our governance and establishing adequate structures, to the benefit of the new businesses.

The ongoing transformation is truly an exciting moment for Embracer Group, and the next step in our efforts to build something significant and lasting for generations to come.

Kicki Wallje-Lund  
*Chair of the Board*

# CORPORATE GOVERNANCE

*Embracer Group is a Swedish public limited liability company with registered office in Karlstad, Värmland, whose Series B share is listed on Nasdaq Stockholm. Embracer Group’s Corporate Governance is based on the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm’s Rule Book for Issuers and the Swedish Corporate Governance Code (the Code), as well as other applicable external laws, rules and regulations, and Embracer Group’s articles of association, internal rules and regulations. This Corporate Governance Report has been prepared as part of Embracer Group’s application of the Code.*

## CORPORATE GOVERNANCE AT EMBRACER GROUP

Embracer Group follows the Code’s principle to “comply or explain” and Embracer Group had one deviation from the Code up until the Annual General Meeting 2023, which was then removed following the resignation by Matthew Karch as director of the board. Up until the resignation Embracer Group deviated from Section 4.3 of the Code by having more than one director also working operationally within the Group.

The Corporate Governance Report is examined by Embracer Group’s auditor.

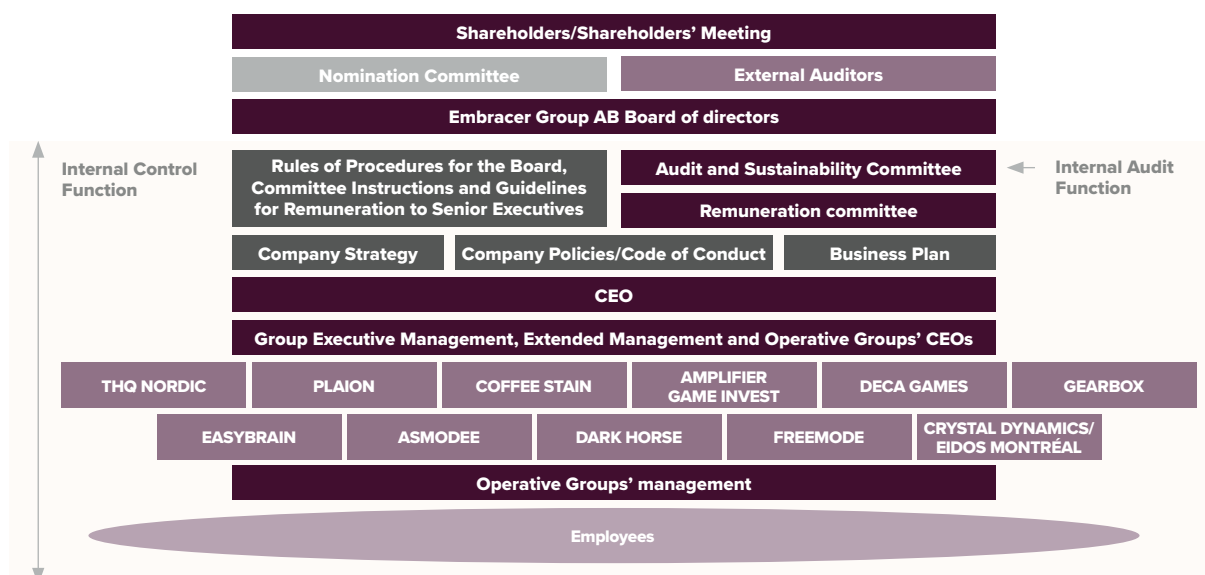
Corporate governance is a system of rules, practices and processes by which Embracer Group is operated and controlled. It provides the framework for sound Corporate Governance, responsible business practice and attaining the Company’s objectives and creating value in the Group. Well-functioning Corporate Governance principles assure shareholders and other stakeholders that the activities of Embracer Group are characterized by reliability, management and control, openness, clarity and good business ethics. An effective scheme of Corporate Governance for

Embracer Group can be summarized in a number of interacting components, which are described below.

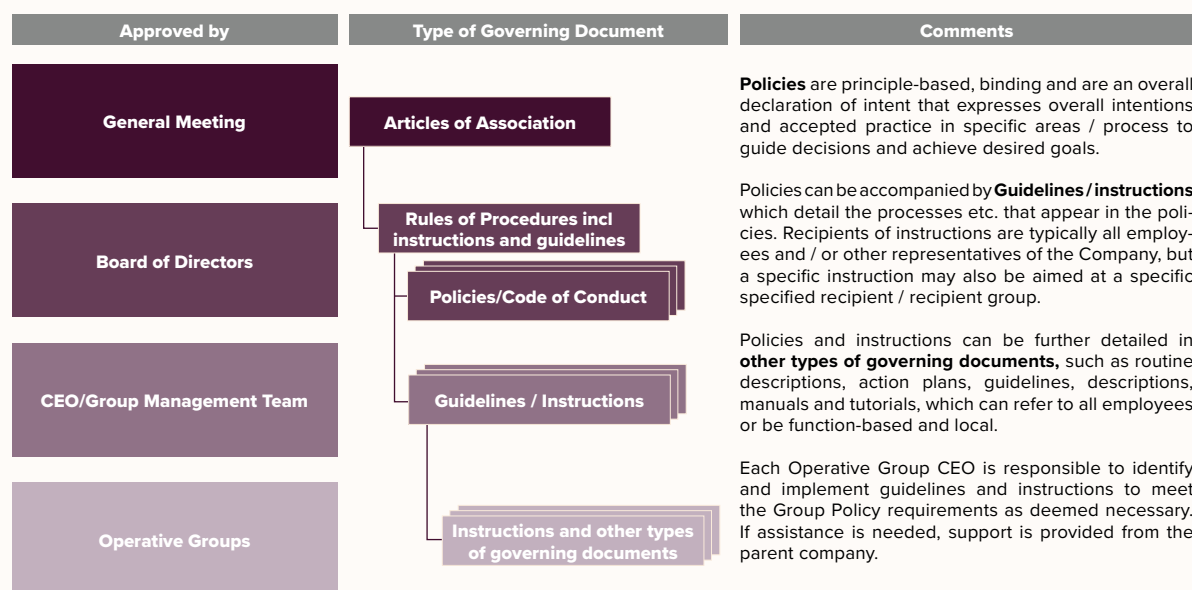
The Board of Directors (the “Board”) of Embracer Group is responsible for the Company’s organization and the management of its business worldwide and is obliged to follow directives provided by the shareholders meeting. The Board may appoint committees with specific areas of responsibility and furthermore authorize such committees to decide on specific matters in accordance with instructions established by the Board. Currently, the Board has established two committees within the Board, the Audit and Sustainability Committee and the Remuneration Committee.

The Chair of the Board directs the work of the Board and monitors the Board’s fulfilment of its obligations. The Board annually adopts procedures and instructions for the work of the Board, which set out the principles for work of the Board and its established committees. The CEO of Embracer Group is appointed by the Board to handle the Group’s day-to-day management and to lead the Group Executive Management Team, which also includes the Group CFO & Deputy CEO, the Chief of Staff,

## GOVERNANCE MODEL



## GOVERNANCE FRAMEWORK



Legal & Governance, the Chief Strategic Partnerships Officer, interim Chief Strategy Officer, the CEO of Coffee Stain and the CEO of Asmodee Group.

The Extended Management Team consists of functions such as the Group Finance Function, Group Legal, Governance and Compliance Function, Group M&A Function, Sustainability Function and other functions implemented to manage Embracer Group.

The Group CFO & Deputy CEO is responsible for leading the Extended Management Team. The Chief of Staff, Legal & Governance is responsible for managing and handling the forums where the operative group CEOs and the Extended Management Team meet. The Chief of Staff, Legal & Governance is also responsible for assisting the CEO in bridging the relationship between the operative group CEOs and the Extended Management Team.

Embracer Group has eleven operative group CEOs. The operative group CEOs Forum consist of eleven CEOs who each head up one of the operative groups plus the Group CEO, Group CFO & Deputy CEO, Chief of Staff, Legal & Governance, Chief Strategic Partnerships Officer and interim Chief Strategy Officer.

Within Embracer Group's decentralized business model the operative group CEOs are responsible for the day-to-day management of the operative groups, with support from the Group Executive Management Team and the Extended Management Team. While the business model is decentralized the governance model is implemented from parent company level to ensure a coherent model that aims to implement Embracer Group's values and governance, including financial reporting and internal control.

An integral part of Embracer Group's governance model is the governance framework adopted for policies, guidelines and instructions which is briefly described in the chart above. Currently Embracer Group has 17 Group policies in use:

- > AI Policy
- > Anti Corruption Policy
- > Code of Conduct
- > Corporate Governance Policy
- > Delegation of Authority
- > Enterprise Risk Management and Internal Control Policy
- > HR Policy
- > Information Policy
- > Information Security Policy
- > Insider Policy
- > IT Policy
- > Privacy Policy
- > Related Party Transaction Policy
- > Supplier Code of Conduct
- > Tax Policy
- > Trade Compliance Policy
- > Treasury Policy

In addition, Embracer Group's internal guidelines and instructions provide support and guidance in the integration of our Group policies. At present date Embracer Group has 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

### General Meeting of shareholders

Pursuant to the Swedish Companies Act (2005:551), the shareholders' meeting is the Embracer Group's highest decision-making body. At a shareholders' meeting, shareholders exercise their voting rights on key issues such as the adoption of income statements and balance sheets, appropriation of Embracer Group's profit, discharge from liability of Board members and the CEO, and election of the Board and external auditors, and amendments to the articles of association. Embracer Group does not apply any special arrangements to the function of the shareholder meeting, either based on the provisions of the articles of association or any shareholders' agreements known to the Company. The annual general meeting ("AGM") is held within six months after the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened when required.

Notice of the AGM, as well as an extraordinary general meeting ("EGM") at which the matter of amendment to the articles of association is to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting. Notices of other EGMs shall be issued not earlier than six weeks and not later than three weeks prior to the EGM. In accordance with Embracer Group's articles of association, notices of AGMs and EGMs are made by an announcement in the Post- och Inrikes Tidningar (the Swedish Official Gazette) and by making the notice available on Embracer Group's website. Simultaneously, an announcement with information that the notice has been issued is to be published in Svenska Dagbladet. Documents related to proposals, proxy voting, postal voting and the minutes recorded at a general meeting are published on the website. The AGM 2024 will take place on September 19, 2024.

### Right to attend shareholders' meetings

All shareholders who are directly registered in the share register maintained by Euroclear Sweden AB six banking days prior to the shareholders' meeting (record date) and who have notified Embracer Group of their intention to participate (with potential assistants) at the shareholders' meeting no later than the date stated in the notice have the right to attend the shareholders' meeting and vote for the number of shares they hold. In addition to notifying Embracer Group, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden AB, in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Voting registrations made by nominees not later than four banking days prior to the general meeting will be taken into account. Shareholders may attend the shareholder meeting in person or by proxy and

may also be accompanied by a maximum of two assistants. Shareholders can normally register for the shareholders' meeting in several different ways stated in the notice.

### Shareholder initiatives

Any shareholder of Embracer Group who wishes to have a matter dealt with at a general meeting must submit a written request to the Board to that effect. The matter will be dealt with at a general meeting if the request has been received by Embracer Group no later than seven weeks prior to the general meeting, or after such date, if it still is in due time for the matter to be included in the notice of the general meeting.

### Authorization to issue shares

The AGM 2023 authorized the Board, on one or more occasions for the period before the next AGM, by applying or disapplying shareholders' preferential rights, to resolve to issue new shares in the Company, although, not more than 10 percent of the total number of shares in Embracer Group on the date of the AGM. As of the date of this annual report the Board has issued 10,496,254 of B shares under the authorization. Thus, 123,448,606 B shares may be issued pursuant to the authorization.

### Authorization to resolve on repurchase of own shares

The AGM 2023 authorized the Board, on one or more occasions for the period up until the next AGM, to resolve on repurchase of own B shares, up to a maximum number of B shares that the Company's holding of own shares corresponds to no more than one tenth of all shares in the Company. As of the date of this annual report the Board has repurchased no B shares under the authorization. Thus 133,944,860 B shares may be repurchased pursuant to the authorization.

### The share and shareholders

Embracer Group's B shares are traded at the regulated market Nasdaq Stockholm. Information about Embracer shares and major shareholders is provided on pages 79-85 of the annual report 2023/24. Lars Wingefors AB, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in Embracer Group.

Embracer Group does not hold any own shares.

### Nomination Committee

The AGM 2023 adopted principles for appointment of a Nomination Committee, including the tasks of the Nomination Committee and the procedure for appointing its members. The principles that apply until the general meeting resolves otherwise, state that, the Nomination Committee, comprises each of the Embracer Group's five largest shareholders in terms of votes on the last business day of November 2023. The Chair of the board shall convene the first meeting of the Nomination Committee and shall also be an adjunct to the Nomination Committee.

The Nomination Committee applies rule 4.1 of the Swedish Code of Corporate Governance as diversity policy, entailing that the Board shall, with regards to the Company's business, phase of development and other relevant circumstances, have an appropriate composition of Board members elected by the general meeting that





From left to right: Bernt Ingman, Cecilia Driving, Jacob Jonmyren, Lars Wingefors, Kicki Wallje Lund, Cecilia Qvist and Yasmina Brihi. David Gardner is not present in the picture.

collectively display diversity and breadth in respect of skills, experience and background, and to strive for an equal gender distribution.

The Nomination Committee's proposal for the Board and Auditor will be presented no later than in connection with the publication of the notice to the AGM.

### **Board of Directors**

The Board is the highest decision-making body after the shareholders' meeting and is ultimately responsible for Embracer Group's organization, administration, long-term development and strategy. In accordance with the Swedish Companies Act (2005:551) this means that the Board is responsible for establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating Embracer Group's financial position and performance, and evaluating the executive management. The Board is also responsible for ensuring that the annual accounts and interim reports are prepared on time. The Board shall further ensure that Embracer Group complies with applicable laws and regulations, the Code, Nasdaq Stockholm's Rulebook for Issuers, Embracer Group's articles of association and internal rules and instructions.

### **Composition**

The Board members, including the Chair of the Board, are elected annually at the AGM for the period until the end of the next AGM and an EGM can also elect new board members. According to Embracer Group's articles of association,

the Board must consist of at least three members and at most ten members with no deputy members. The articles of association of Embracer Group contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the articles of association.

The Board represents a mix of both important qualifications and valuable experiences within areas of strategic importance to Embracer Group. The Board also has a variety of geographical and cultural backgrounds, share the same mindset, has a firm commitment and a strong engagement. After the election at the AGM 2023, the composition of the Board's members is 50 percent women and 50 percent men, which exceeds the Swedish Corporate Governance Board's aspiration for each gender to represent a share of at least 40 percent of the Board of Directors. For a presentation of the Board members, see pages 70-71.

### **Conflicts of interest**

The Board members shall inform the Chair of the Board immediately if they find themselves in a conflict of interest situation. A Board member with a conflict of interest in relation to any matter to be dealt with by the Board may not participate in the discussions or decisions regarding such matter.

### **Board meetings**

In accordance with the Rules of Procedure for the Board, the Board is expected to hold at least five meetings per year at venues to be agreed by the Board, in addition to the



inaugural meeting. The Board meets the statutory auditor at least once a year without the CEO or any other member of the Group Executive Management Team present. The Group CFO and the Chief of Staff, Legal & Governance, who is the secretary of the Board, also attend Board meetings.

#### **Board work and matters for the Board**

The Board is responsible for the organization of Embracer Group and the management of its business worldwide. The Board continuously monitors Embracer Group's performance, evaluates Embracer Group's strategic direction and business plan as well as other aspects such as adherence to Embracer Group's Code of Conduct.

Sustainability is an integral part of Embracer Group's strategy and the Board and Audit and Sustainability Committee monitors Embracer Group's efforts in that area.

The Chair of the Board is elected by the AGM and has special responsibility for the management of the Board's work and to ensure that the Board's work is well organized and effectively implemented. The Board follows written Rules of Procedure, which are reviewed annually and adopted at the inaugural Board meeting each year or at another board meeting, if necessary. The Rules of Procedure outline the distribution of the Board's duties including the specific role and duties of the Chair, instructions for the division of duties between the Board and the CEO, and the reporting procedure for financial information to the Board. The Board has also adopted specific instructions for the Board Committees, which are linked to the Rules of Procedure. Certain matters that have not been expressly allocated to the Board are delegated to the Board Committees or the CEO as set out in the procedures and instructions for the work of the Board and CEO.

The Board meets according to an annual schedule that is established in advance. Besides these meetings, additional meetings can be arranged to handle questions that cannot be submitted to an ordinary meeting.

To ensure that the Board has good visibility of the Group's operations, the CEO submits a report on the business, including reporting from the operative group's at all ordinary Board meetings. At the ordinary Board meetings, the CFO also reports on the financials and governance of Embracer Group, including relevant matters relating to treasury, hedging, risk management, insurance, compliance and sustainability, as appropriate. The Chief of Staff, Legal & Governance also reports on certain matters at the ordinary Board meetings, including governance, compliance, legal matters, IT and HR. In addition, the Board discusses specific strategic topics of relevance and the Board Committees report on their work. At each Board meeting the Board is also presented with a number of decision items for consideration and approval as set out in the Rules of Procedure for the Board. The Board is also provided with a monthly financial report including items on operations and financials and receives any additional information depending on the specific matter at hand.

Besides the Board meetings, the Chair of the Board and the CEO continuously discuss the management of Embracer Group.

#### **Evaluation of the work of the Board and the CEO**

The Board conducts an annual survey of its work performed during the year. The survey covers areas such as the climate at Board meetings and the allocation of time spent on different topics, the work of the Board committees, the efficiency of the work of the Board, Board leadership and relations

with the Group Management Team. Based on the result of the survey the Board will evaluate the performance and identify possible areas of improvement. In addition to the annual survey, the Chair of the Board conducts meetings with each individual Board member during the year.

The purpose of the evaluation is to further develop the Board's efficiency and working procedures and to determine the main focus of the Board's coming work. Areas that were covered also included issues related to strategy, sustainability, potential risks and succession planning. This gives valuable insights into the Board members' opinions about the performance of the Board. In addition, the evaluation serves as a tool for determining the competence required in the Board. The results of the evaluations of the Board as a collective and of the Chair of the Board, were discussed by the Board and shared with the Nomination Committee.

The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

### The Board's work in 2023/24

In 2023/24, the Board held 54 recorded meetings (of which 21 physical/video conference and 33 per capsulam). The large number of meetings mostly relates to the comprehensive restructuring programme that was announced in June 2023. The Board members' attendance at Board meetings and Committee meetings is shown in the table below. The secretary of the Board meetings during the financial year was the Chief of Staff, Legal & Governance, Ian Gulam.

The Board's regular work is performed at formal Board meetings, all included in the initial meeting plan.

The Board work is also performed through meetings in the Board Committees. In addition, the Board has met on a frequent basis during the financial year, outside of the regular Board work, and such meetings have covered topics relating to the restructuring program, refinancing, M&A, directed share issues and transformative partnership- and licensing deals.

The vast majority of the content at per capsulam meetings was devoted to acquisition matters (such as issue of shares, issue of promissory notes, allotment of shares), proposed decisions at general meetings and certain matters

relating to the restructuring program. In addition, the Chair of the Board continuously met with Board members separately between meetings to discuss imminent matters. 2023/24 has been the most challenging period in the history of the company and the most important focus for the Board has been to ensure that Embracer becomes a leaner, stronger, more focused and self-sufficient company. The comprehensive restructuring program was initiated to achieve opex and capex reductions, address capital allocation, improve cash flows and lower net debt. The Board has during the year paid particular attention to follow up and secure the implementation of the program. The larger structured divestment processes, aimed at strengthening the balance sheet and further reduce capex, has also been an important focus during the year.

The Board has devoted notable time to explore options to maximize value and create the optimal structure to unlock value in the assets within Embracer Group, resulting in the proposal to transform Embracer into three standalone publicly listed companies.

At regular Board meetings, reports are presented on the Group's business performance. Embracer Group's auditor also attended three Board meetings, during which Board members had the opportunity to pose questions to the auditor on audit reports and the efficiency of the internal control in the financial reporting process.

Reports from the operative groups have been presented on a quarterly basis. Such reports include information on performance in relation to budget, games releases, top revenue contributors, collaborations between operative groups and market updates. The Board is also continuously updated and involved in the development of the Group's sustainability framework and initiated projects. During 2023/24 the Board worked extensively with issues relating to discontinuing all operations in Russia.

### Board Committees

The Board has established two Committees, the Audit and Sustainability Committee and the Remuneration Committee. The major tasks of these committees are of preparatory and advisory nature, but the Board may also delegate decision-making powers on specific issues

## BOARD OF DIRECTORS, ATTENDANCE & INDEPENDENCE

Name	Position	Member since	Board meetings <sup>1)</sup>	Attendance		Independent in relation to:	
				Audit and Sustainability Committee meetings	Remuneration Committee meetings	The Company and management	Major shareholders
Kicki Wallje Lund <sup>2)</sup>	Board member (Chair)	2016	21/21	8/8	3/5	Yes	Yes
Lars Wingefors	Member of the Board	2011	20/21	N/A	N/A	No	No
Jacob Jonmyren <sup>2)</sup>	Member of the Board	2018	21/21	8/8	3/5	Yes	No
David Gardner	Member of the Board	2020	17/21	N/A	5/5	Yes	Yes
Cecilia Driving <sup>3)</sup>	Member of the Board	2022	20/21	5/8	2/5	Yes	Yes
Yasmina Brihi <sup>4)</sup>	Member of the Board	2023	9/21	N/A	2/5	Yes	Yes
Bernt Ingman <sup>4)</sup>	Member of the Board	2023	8/21	3/8	N/A	Yes	Yes
Cecilia Qvist <sup>4)</sup>	Member of the Board	2023	9/21	N/A	N/A	Yes	Yes

<sup>1)</sup> Per capsulam not included

<sup>2)</sup> Was part of the Remuneration Committee until September 21, 2023

<sup>3)</sup> Was part of the Audit and Sustainability Committee until September 21, 2023.

<sup>4)</sup> Was appointed as Member of the Board on September 21, 2023.

to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and continuously reported to the Board.

The members of each Committee are appointed by the Board annually at the inaugural Board meeting in connection to the AGM. The Chair of the Audit and Sustainability Committee is appointed by the Committee and the Chair of the Remuneration Committee is appointed by the inaugural Board meeting. The Committees' duties and decision-making authorities are regulated in the annually approved Committee instructions.

Members of the Audit and Sustainability Committee are elected from Board members who are not employees of Embracer Group. At least one of the members must have experience and be competent in accounting or auditing matters.

The Remuneration Committee is appointed by the Board and members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives.

#### **Audit and Sustainability Committee**

The Board has assigned an Audit and Sustainability Committee to oversee Corporate Governance in areas such as financial reporting, sustainability and risks and compliance with external and internal regulations. The Audit and Sustainability Committee is responsible for identifying and reporting relevant issues to the Board within the Audit and Sustainability Committee's areas of responsibility.

The Audit and Sustainability Committee's tasks are to monitor the integrity of Embracer Group's financial reporting system, internal controls, Internal Audit, operation procedure and the enterprise risk management framework, recommend to the Board the appointment, removal and remuneration of the statutory auditors (subject to approval at the shareholders' meeting), maintain contact with and evaluate the work, qualifications and independence of the external auditor, and review the effectiveness of the Internal Audit. The Internal Audit function reports directly to the Audit and Sustainability Committee. Each year, the Audit and Sustainability Committee adopts an Internal Audit plan which is based on risks that have been identified by the Board in the review of commercial, governance, reporting, sustainability and compliance risks. The audit plan is prepared by the Internal Audit function and discussed with the external auditors to enhance the efficiency and quality of regular audit work.

Bernt Ingman (Chair of Committee), Kicki Wallje-Lund and Jacob Jonmyren are the current members of the Audit and Sustainability Committee. The Committee complies with the Swedish Companies Act's (2005:551) and the Code's requirements for independence as well as accounting and audit competence.

During 2023/24, Embracer Group's auditor attended four Audit and Sustainability Committee meetings.

#### **Remuneration Committee**

The Remuneration Committee prepared remuneration principles for the CEO and the Group Executive Management Team members that were adopted by the AGM 2022. Furthermore, the Committee supports the Board, with the approval of remuneration and benefits of the CEO and, in

dialogue with the CEO, assist with or resolve on various other remuneration matters in relation to the Group management.

The Remuneration Committee is also responsible for preparing and monitoring of global terms of strategic variable compensation programs and incentive schemes. The Remuneration Committee also sees to the outcome of these remuneration programs and submits reports and proposals to the Board for resolution. The Remuneration Committee is also responsible for preparing the remuneration report to be presented at the AGM. The Remuneration Committee submits proposals to the Board regarding guidelines for remuneration and other employment terms and conditions for the Group Team Management. Cecilia Driving (Chair of Committee), David Gardner and Yasmina Brihi are the current members of the Remuneration Committee. The Committee complies with the Code's requirements for independence.

#### **Compensation to the Board of Directors**

The remuneration to the members of the Board is determined at the AGM. The AGM 2023 resolved that the remuneration to the Board shall be in total SEK 6,300,000, including remuneration for committee work, and for each director elected by the meeting and who is not employed by The Group, the remuneration shall be SEK 600,000 and the Chair of the Board is to receive SEK 2,100,000.

Furthermore, the AGM 2023 resolved that remuneration for members of the audit and sustainability committee shall be SEK 175,000 and the remuneration to the chair of the audit and sustainability committee shall be SEK 275,000 and that remuneration for members of the remuneration committee shall be SEK 100,000 and remuneration to the Chair of the remuneration committee shall be SEK 150,000.

Remuneration to each Board member during 2023/24 is specified in Note 7.

#### **CEO and management**

The CEO is appointed by the Board and has the foremost responsibility for the continuous management of Embracer Group and the day-to-day operations. The division of work between the Board and the CEO is set out in the Rules of Procedure for the Board and in the instructions for the CEO and follows the Swedish Companies Act (2005:551). The CEO is also responsible for the preparation of reports and compiling information to the Board meetings and for presenting such material at the Board meetings.

According to the instruction for financial reporting, the CEO is further responsible for Embracer Group's financial reporting (while the Board remains ultimately responsible) and consequently must ensure that the Board receives adequate information for the Board to be able to evaluate the Group's financial condition. The CEO regularly keeps the Board informed of the developments in Embracer Group's operations, the development of sales, ongoing development projects, the Group's results and financial position, important business events and all other events, circumstances or conditions which can be assumed to be of significance to Embracer Group's shareholders.

The CEO leads the work of the operative group CEOs Forum and the Group Executive Management Team, which

is responsible for the overall business development and operations of the Group. The operative group CEOs Forum consist of eleven CEOs who each head up one of the operative groups plus the Group CEO, Group CFO & Deputy CEO, Chief of Staff, Legal & Governance, Chief Strategic Partnership Officer and interim Chief Strategy Officer. The Group Executive Management Team consists of the Group CEO, Group CFO & Deputy CEO, the Chief of Staff, Legal & Governance, Chief Strategic Partnerships Officer, interim Chief Strategy Officer, CEO of Coffee Stain and CEO of Asmodee Group.

The operative group CEOs have weekly meetings addressing operational performance and strategic matters. In addition, at the meetings, the operative group CEOs discuss pre-announced topics. In addition, operative group CEOs have at least two more extensive meetings during the year which cover issues related to the Group's development.

The Group Executive Management Team has weekly meetings addressing finance, strategic transformation, business performance, risk management, internal control, governance, compliance, sustainability and investor relations. In addition, at the meetings, the Group Executive Management Team discusses pre-announced topics.

The Group CFO & Deputy CEO leads the work of the members of the Extended Management Team. The Extended Management Team has monthly meetings addressing various topics within the Embracer Group, including finance, governance, compliance, sustainability, risk management, internal control, communication etc. In addition, at the meetings, the Extended Management Team discusses pre-announced topics. Depending on the specific topics to be raised at the meetings with the Extended Group Management Team, only certain members of the team might participate and other persons might be invited to participate as well.

The CEO, the operative group CEOs and the Group Executive Management Team are presented in more detail from page 72.

The Embracer Group operative group CEOs forum, Group Executive Management and Extended Management are described in the below chart.

**GROUP MANAGEMENT AND OPERATIVE GROUP CEOs**



**Remuneration to the Group Executive Management Team**

For information on remuneration to Group Executive Management see note P7. The remuneration report for 2023/2024 will be published on the website prior to the annual general meeting.

**Notice period and severance payment**

Embracer Group and its CEO and CFO must observe a notice period of 6 months. The CEO is entitled to termination benefits corresponding to 6 months' salary, provided that Embracer Group terminated the employment contract and the CEO was not dismissed. The Chief Strategic Partnerships Officer is entitled to termination benefits corresponding to 6 months' salary plus 50 percent of any payable bonuses, provided that Embracer Group terminated the employment contract and the Chief Strategic Partnerships Officer was not dismissed. The other senior executives are entitled to a notice period with remuneration of up to 6-12 months. The executives must observe the same notice period.

**External Auditor**

At the AGM 2023 Öhrlings PricewaterhouseCoopers AB ("PwC") was elected to serve as external auditor until the end of the next AGM. PwC appointed Authorised Public Accountant Magnus Svensson Henryson (born in 1969 and member of FAR) as the auditor in charge. The external auditors discuss the external audit plan, audit findings and risk management with the Audit and Sustainability Committee. The results of their financial year audit and the audit of the annual report of the parent company and the consolidated financial statements are presented to the Audit and Sustainability Committee and the Board at meetings after year-end. The auditor also participated in four Audit and Sustainability Committee meetings during which the committee members had the opportunity to pose questions to the auditor without representations of the Management being present. When PwC is asked to provide services other than the external audit, this is done in accordance with laws and regulations as well as internal guidelines adopted by the Audit and Sustainability Committee.

**Internal Auditor**

The purpose of Internal Audit is to improve the business by enhancing risk management, governance and internal control. The established Group Internal Audit function performs risk-based reviews of Corporate Governance and internal control procedures within the Group. Internal Audit is an independent and objective assurance and consulting activity that aims to enhance and protect organizational value by providing risk-based and objective advice and insight. The Internal Audit function formally reports to the Audit and Sustainability Committee and findings are also reported to the Group Executive Management Team and process owners. The output of the reviews include action plans to improve risk management procedures. The Internal Audit Plan fiscal year 2023/24 has been developed based on the risk analysis from fiscal year 2022/23 and considers the risks identified by the organization. The Internal Audit Plan is also based on the internal auditor's experience of identifying other risk areas which may warrant attention. An Internal Audit Tracker process is governed by the Audit and Sustainability Committee who reports back to the Board. The Audit and Sustainability Committee receives updates periodically with regards to open items in the Internal Audit Tracker. The Internal Audit Plan may also address some ad hoc areas which are not deemed high risk.



*Embracer Group AB, Karlstad, Sweden.*

### **Embracer Group ERM process and Internal Control framework**

According to the Swedish Companies Act (2005:551), the Board is ultimately responsible for ensuring that an effective internal control system exists within the Group.

In order to assist the Board and the Group Management Teams (Group Executive Management and Extended Management) in their internal control responsibilities, the Group Internal Control Coordinator (ICC), ensures a common and consistent control environment throughout the Group. The Group ICC reports to the Audit and Sustainability Committee on a periodic basis.

Enterprise Risk Management (ERM) is the process of consistent Group wide risk management enabling continuous risk identification, assessment, mitigation, and monitoring of risk exposure (the spectrum of risks includes, strategic, operational, financial and compliance risks). For more information on the ERM process see page 87.

Internal Control (IC) refers to processes and systems (including risk-based control activities), effected by the Board, management, and all employees, designed to provide reasonable conditions for achievement of objectives relating to:

- > Effective and efficient operations
- > Reliable reporting (including Financial Reporting)
- > Compliance with applicable laws and regulations

The overall expectation is that operations within Embracer Group are conducted with sound internal control and risk management, which means, among other things, that enterprise-wide risk assessments are performed, risk based internal controls have been implemented and are followed up on an ongoing basis, and

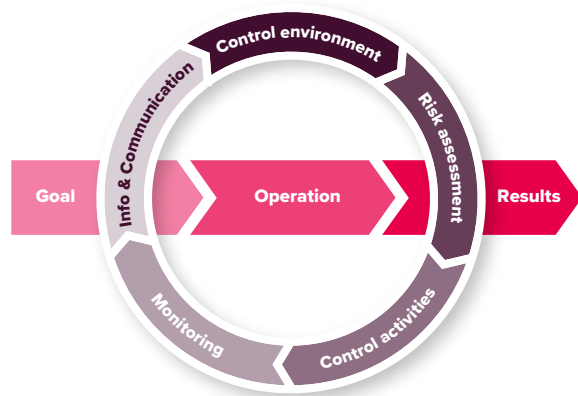
that adequate segregation of duties is established. Monitoring activities are used to assess whether the components of internal control are present and functioning.

Embracer Group has established Group level processes for enterprise risk management and internal control, based on the components defined by COSO (Control environment, Risk assessment, Control activities, Information and communication, and Monitoring), aimed to ensure that efficient controls are in place to manage key risks, through a combination of risk responses and controls, such as eliminating, reducing, monitoring and/or insuring against risks. The aim of effective internal control is to achieve an efficient business that reaches its goals, ensuring reliable internal and external financial reporting, and compliance with applicable laws, rules, policies, and steering documents.

Embracer Group's implemented internal control framework meets Nasdaq's requirements in terms of Governance and Internal Control for listed companies, including Internal control over financial reporting (ICFR). The internal control framework serves to ensure the existence of a common and consistent control environment throughout the Group, stating what internal control measures need to be implemented, including ICFR which aims to ensure reliable and timely financial information, in compliance with regulatory requirements. The Group internal control framework enables the operative Groups to carry out internal control related tasks consistently in line with the intentions of Embracer. The Group internal control framework, including Group level documentation of expected ICFR controls, is compiled by the Group ICC.

### Control Environment

The overall internal governance and control within Embracer Group is based on having a structure of governing documents, processes and defined roles and responsibilities. In addition, the Group must have a sound control environment with an overall tone that supports the benefits and overall aim of internal control. The foundation of Embracer Group's control environment is the Code of Conduct, which is the guiding principle of Embracer Group and sets the tone of the Group's policies, guidelines, and values.



### Risk Assessment

The ERM risk identification is based on a definition of risk which entails to identify events that threaten the organization's ability to achieve its business goals and objectives. Risk management is part of the Board's and management's governance of the business. During 2022/23, a Group wide ERM risk management process has been reviewed and updated to ensure that key risks are identified, assessed, and mitigating actions are in place to manage these risks and have designated internal owners. The purpose is to identify, analyze and evaluate any new relevant Group level risks and update Embracer Group's view on any previously identified risks and is the starting point for determining the internal control measures required. Risk owners and the Group executive management team are involved in the risk assessment process. The ERM risk management process is at least performed semi-annually and the top risk report is approved by representatives of the Group executive management and is reported to the Audit and Sustainability Committee and finally decided by the Board. A separate, targeted risk assessment related to Financial Reporting (ICFR) has been performed at Group level, to identify key risks for errors and fraud, based on the Group's income statement and balance sheet. The result has been used as basis for identifying key financial reporting processes in scope for risk based internal controls over financial reporting (ICFR). The ICFR risk assessment was initiated by the Group ICC and performed in collaboration with Group key process owners of ICFR.

### Control Activities

Based on the Embracer Group Risk Assessments performed, internal controls are designed, implemented, and documented to manage key risks in business and financial reporting processes.

Control activities are the actions established through policies and procedures that help ensure mitigation of non-acceptable risks. The aim is to have a cost-effective composition of controls which are adapted to the business conditions and risk tolerance. The controls in the internal control framework consist of a combination of process level and transaction related key controls, enterprise-wide controls as well as controls that ensure the continuity of the IT infrastructure. Internal controls and monitoring procedures must also be implemented to cover controls over key processes, if any, performed by a third party, i.e., outsourced processes.

### Monitoring

The Group ICC is facilitating the monitoring of enterprise risk management and internal control as well as initiating monitoring of internal control status. The effectiveness of the internal control activities is monitored by a risk based self-assessment process which is verified through testing done by an independent internal control coordinator in each operative group and is reported to the Group's ICC. If necessary, additional independent testing can be done. The Group ICC has an annual cycle of the internal control, and it is a part of a multi-year risk-based plan with different focus areas and coverage. The plan is based on the risk assessment, previous control, and monitoring activities, and to mitigate residual risks as well as to meet the risk appetite. Any gaps and action items are documented in a remediation tracker and any significant overdue items are communicated timely to process owners and representatives from the Executive Management team. The Group ICC keeps regular contact with the Group CFO & Deputy CEO. Each operational group has an appointed Internal Control Coordinator who serves as the first point of contact to the Group ICC and as an independent party independently leads internal control efforts within the operational groups.

### Information and Communication

Regular and transparent communication between stakeholders in the ERM and internal control process is the basis for conducting and ensuring sound internal governance and control. A Group internal control framework information campaign is communicated annually to stakeholders. The campaign launches the annual process, any changes to the framework, training if needed, principles for focus areas and scope, as well as an annual and multi-year plan for internal control which includes an annual evaluation of controls and an independent testing of controls. The Group ICC keeps regular contact with the operational group internal control coordinators.

### Reporting

According to the annual plan for the Group's ICC, internal control coordinators in each operative group reports to the Group's ICC, which in turn reports status and potential gaps in the annual plan for internal control to representatives in Group Executive management. The Group ICC reports to the Audit and Sustainability Committee on a periodic basis, based on the activities in the annual cycle of risk and internal control. Action items are documented in a remediation tracker and any significant gaps are reported and followed up upon.

# BOARD OF DIRECTORS



**KICKI WALLJE-LUND Born: 1953**

*Chair of the Board, elected 2016*

*Member of the board's Audit and Sustainability Committee.*

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

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

*Holdings in Embracer Group:* As of March 31, 2024, Kicki Wallje-Lund held 96,200 class B shares in Embracer Group AB (publ).



**LARS WINGEFORS Born: 1977**

*Co-founder and CEO of Embracer Group*

*Board member, elected 2011*

*Education/background:* Lars Wingefors is founder and CEO of Embracer Group. Lars Wingefors started his first video games company at the age of sixteen. He has a broad and long experience in entrepreneurship and business management.

*Current relevant assignments:* Lars Wingefors is a board member and CEO of Lars Wingefors AB.

*Holdings in Embracer Group:* As of March 31, 2024, Lars Wingefors held 80.26% of the shares and 96.42% of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



**JACOB JONMYREN Born: 1980**

*Board member, elected 2018*

*Member of the board's Audit and Sustainability Committee.*

*Education/background:* Jacob Jonmyren holds a M.Sc in Accounting and Financial Management from Stockholm School of Economics and has studied Finance at University of Wisconsin and Media & Communication Studies (Master level) at Stockholm University. Jacob Jonmyren has long experience from the financial markets.

*Current relevant assignments:* Jacob Jonmyren is CEO and board member at Jacob Jonmyren Kapital AB, chairman of the Board of Lars Wingefors AB and Consilio International AB, and a board member of Tiwaz Advisory Holding AB and Keep Pushing Group.

*Holdings in Embracer Group:* As of March 31, 2024, Jacob Jonmyren held 92,000 class B shares in Embracer Group privately and additional shares indirectly through Lars Wingefors AB.



**CECILIA DRIVING Born: 1971**

*Board member, elected 2022*

*Member (Chair) of the board's Remuneration Committee.*

*Education/background:* Cecilia Driving holds a LL.M. and a Bachelor of Science in Business Administration from Stockholm University. She has held several CFO positions in life-science, private equity, research and telecom companies.

*Current relevant assignments:* Cecilia Driving is director and chair of the audit committee of Ovzon AB and CFO of Mabtech AB.

*Holdings in Embracer Group:* As of March 31, 2024, Cecilia Driving held 4,500 class B shares in Embracer Group AB (publ).





**DAVID GARDNER Born: 1965**

*Board member, elected 2020*

*Member of the board's Remuneration Committee.*

*Education/background:* David Gardner has a solid industry background and experience. He met Electronic Arts founder Trip Hawkins in 1982, and in 1983 David became part of the founding team behind EA. He went on to establish EA's European Business Unit in 1986 and lead it as it grew to USD 1 billion in gross revenue and 1,200 employees. David later became part of EA's global management team based in California from 2004 to 2007. David later became CEO of Atari S.A.

*Current relevant assignments:* David Gardner is co-founder and general partner of London Venture Partners LLP, a VC-company founded in 2010. Vice President of Games for BAFTA, the charity focusing on screen arts.

*Holdings in Embracer Group:* David Gardner has no holding of shares in Embracer Group AB (publ).



**YASMINA BRIHI Born: 1975**

*Board member, elected 2023*

*Education/background:* Yasmina Brihi holds an MBA from Harvard Business School. Yasmina has held several senior management positions within Google, including Senior Director Marketing and Senior Product Manager. She is well experienced in building and scaling businesses in multiple industries such as devices, music, gaming and e-Commerce. This includes vast experience in leading and growing large organizations, shaping and transforming team culture across geographies.

*Current relevant assignments:* Yasmina Brihi has no other current assignments.

*Holdings in Embracer Group:* Yasmina Brihi has no holding of shares in Embracer Group AB (publ).



**BERNT INGMAN Born: 1954**

*Board member, elected 2023*

*Member (Chair) of the board's Audit and Sustainability Committee.*

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

*Current relevant assignments:* Bernt Ingman is chairman of the board of TagMaster, chairman of the board of Pricer and board member in Soltech Energy Sweden AB.

*Holdings in Embracer Group:* Bernt Ingman has no holding of shares in Embracer Group AB (publ).



**CECILIA QVIST Born: 1972**

*Board member, elected 2023*

*Education/Background:* Cecilia Qvist holds an MBA from the University of Edinburgh. Cecilia has extensive leadership experience in fast-paced, technology-driven companies undergoing transformational growth, including Leia Inc., Spotify, LEGO Ventures, and NASDAQ. For more than 20 years, she has worked with companies around the world on building dynamic, scalable business.

*Current relevant assignments:* Cecilia Qvist is board member of Kinnevik and Polarium.

*Holdings in Embracer Group:* Cecilia Qvist has no holding of shares in Embracer Group AB (publ).



**AUDITOR**

The auditor of Embracer Group is Öhrlings PricewaterhouseCoopers AB, with Magnus Svensson Henryson (born in 1969) as auditor-in-charge since the AGM 2023. Magnus Svensson Henryson is an Authorized Public Accountant and member of FAR.

# SENIOR EXECUTIVES



**LARS WINGEFORS Born: 1977**

*Co-founder and CEO of Embracer Group*

*Board member, elected 2011*

*Education/background:* Lars Wingefors is founder and CEO of Embracer Group. Lars Wingefors started his first video games company at the age of sixteen. He has a broad and long experience in entrepreneurship and business management.

*Current relevant assignments:* Lars Wingefors is a board member and CEO of Lars Wingefors AB.

*Holdings in Embracer Group:* As of March 31, 2024, Lars Wingefors held 80.26% of the shares and 96.42% of the votes of Lars Wingefors AB which in turn holds 52,260,204 class A shares and 210,238,330 class B shares in Embracer Group AB (publ).



**JOHAN EKSTRÖM Born: 1977**

*Group CFO & Deputy CEO, appointed August 2019*

*Education/background:* Johan Ekström holds a M.Sc in business administration from Stockholm School of Economics. He has an extensive background in accounting, reporting and financial control from previous positions at Crem International, Permobil and PwC.

*Current relevant assignments:* Johan Ekström has no other current assignments.

*Holdings in Embracer Group:* As of March 31, 2024, Johan Ekström held 73,370 class B shares in Embracer Group AB (publ).



**IAN GULAM Born: 1982**

*Chief of Staff, Legal & Governance, appointed May 2022*

*Education/background:* Ian Gulam holds a Master of Laws from Uppsala University. Ian was previously General Counsel of Embracer Group. Ian Gulam has extensive knowledge of corporate and capital markets law as well as governance topics and before joining Embracer Group he worked as a corporate and capital markets lawyer at Baker McKenzie.

*Current relevant assignments:* Ian Gulam is chairman of the Board of TinyHouse AB.

*Holdings in Embracer Group:* As of March 31, 2024, Ian Gulam held 19,036 class B shares in Embracer Group AB (publ).



**CAREEN YAPP Born: 1969**

*Chief Strategic Partnerships Officer, employed since 2023*

*Education/background:* Careen Yapp has more than twenty years of technology and entertainment experience, including executive business development and licensing positions at Sony Computer Entertainment, Konami Digital Entertainment and others. Before joining Embracer Group, Careen worked at Google Stadia, where she led the strategic direction and pursuit of global content partnerships for Stadia and entry point partnerships for Immersive Stream for Games. Prior to Google, Careen led business development and account management at Gaikai, a division of Sony Computer Entertainment. She has a strong record in building global business development strategies, pursuing new business opportunities and leading teams in the execution of such initiatives. Careen holds a BA, English Literature (with Honors), from the University of California, Santa Barbara.

*Current relevant assignments:* Careen Yapp serves as chairman of the Board for Women in Games International and as a board member of the Entertainment Software Association Foundation.

*Holdings in Embracer Group:* As of March 31, 2024, Careen Yapp held 92,650 class B shares in Embracer Group AB (publ).



**PHIL ROGERS** Born: 1969

*Deputy CEO*

*Interim Chief Strategy Officer, appointed in June 2023*

*Education/Background:* Phil holds a BSc degree in Mathematics (University of Leeds, UK) and has over 25 years' experience in the games industry working across start-ups to multinational organisations. He became CEO of Eidos in 2008 and was CEO across Square Enix's western business from 2009 to 2022.

*Current relevant assignments:* Phil Rogers has no other current assignments

*Holdings in Embracer Group:* Phil Rogers has no holding of shares in Embracer Group AB (publ).



**ANTON WESTBERGH** Born: 1985

*Co-founder and CEO, Coffee Stain, employed 2013*

*Education/background:* Anton Westbergh studied computer science at the University of Skövde, and has extensive experience in game and business development.

*Current relevant assignments:* Anton Westbergh has no other current assignments.

*Holdings in Embracer Group:* As of March 31, 2024, Anton Westbergh held 2,412,666 class B shares in Embracer Group AB (publ)



**STÉPHANE CARVILLE** Born: 1968

*CEO Asmodee Group*

*Education/Background:* Stéphane holds a Post Graduate degree in Finance & Marketing from Paris Dauphine University. He joined Asmodee in 2009 and has been Chief Executive Officer of Asmodee Group since 2012. He has over 15 years of experience in the Games Industry. Prior to his current position, he held senior leadership roles in finance & business development within corporate groups and start-ups.

*Current relevant assignments:* Stéphane Carville has no other current assignments.

*Holdings in Embracer Group:* Stéphane Carville has no holding of shares in Embracer Group AB (publ).

## OPERATIVE GROUPS

# CHIEF EXECUTIVE OFFICERS

*This section includes operative group CEOs as of the date of this Annual Report.*



**KLEMENS KREUZER Born: 1976**

*Co-founder Embracer Group (founder of THQ Nordic GmbH)  
CEO, THQ Nordic GmbH, employed 2011*

*Education/background:* Klemens Kreuzer has a Masters degree in Business Administration from the Vienna University of Economics and Business. He also has experience from business management.

*Current relevant assignments:* Klemens Kreuzer has no other current assignments.



**ANTON WESTBERGH Born: 1985**

*Co-founder and CEO, Coffee Stain, employed 2013*

*Education/background:* Anton Westbergh studied computer science at the University of Skövde, and has extensive experience in game and business development.

*Current relevant assignments:* Anton Westbergh has no other current assignments.



**KLEMENS KUNDRATITZ Born: 1962**

*Co-founder and CEO, Koch Media, employed 1994*

*Education/background:* Klemens Kundratitz holds a Doctor of Law degree from Leopold-Franzen-University in Innsbruck and has a strong track record within the gaming and entertainment industry. He is the co-founder of PLAION (formerly Koch Media) and has been the company's Managing Director and CEO. Klemens Kundratitz is also the founder of Deep Silver, the games publishing label of PLAION.

*Current relevant assignments:* Klemens Kundratitz has no other current assignments.



**PER-ARNE LUNDBERG Born: 1970**

*CEO Amplifier Game Invest AB, employed since 2018*

*Education/Background:* Per-Arne has 16 years of experience in the games industry. As Head of The Game Incubator, he participated in and developed over 80 game companies, amongst others Coffee Stain Studios, Pieces Interactive, ACE and Flamebait Games. He has a broad experience in business development, financing, and goto-market strategies for startups and scaleups, in both Sweden and Silicon Valley, where he held a one-year Fellowship from VINNOVA at Nordic Innovation House during 2017.

*Current relevant assignments:* Board member, Forsway Scandinavia.



**KEN GO Born: 1980**

*Founder and CEO, DECA Games*

*Education/Background:* Ken has a bachelors degree from The George Washington University. Ken is the CEO and founder of DECA games. He has spent over 14 years in the gaming industry focused on games as a service and free to play games. Ken has previously been the Executive Producer of the game Kingdoms of Camelot and the European General Manager of Kabam.

*Current assignments:* Ken Go has no other current assignments.



**OLEG GRUSHEVICH Born: 1984**

*Co-founder and CEO Easybrain, employed 2016*

*Education/background:* Oleg Grushevich studied accounting in foreign activities at Belarusian State Economic University and holds FCCA as a member of the Association of Chartered Certified Accountants. Before joining the gaming industry Oleg worked in different roles and locations at EY.

*Current relevant assignments:* Oleg Grushevich has no other current assignments.



**STÉPHANE CARVILLE Born: 1968**

*CEO Asmodee Group*

*Education/Background:* Stéphane holds a Post Graduate degree in Finance & Marketing from Paris Dauphine University. He joined Asmodee in 2009 and has been Chief Executive Officer of Asmodee Group since 2012. He has over 12 years of experience in the Games Industry. Prior to his current position, he held senior leadership roles in finance & business development within corporate groups and start-ups.

*Current relevant assignments:* Stéphane Carville has no other current assignments.



**MIKE RICHARDSON Born: 1950**

*CEO Dark Horse Media*

*Education/Background:* Mike Richardson holds a Bachelor of Arts degree from Portland State University. In 1980, he founded Pegasus Fantasy Books, which later became the Things From Another World retail chain. In 1986 he founded Dark Horse Comics, an award-winning international publishing house for which he has created numerous comics and graphic novels. Richardson is also the founder and President of Dark Horse Entertainment where he has produced many projects for film and television.

*Current relevant assignments:* Mike Richardson has no other current assignments.



**LEE GUINCHARD Born: 1970**

*CEO, Freemod by Embracer*

*Education/Background:* CEO Lee Guinchard was co-founder & CEO of Aionic Labs Inc an ideation technology incubator located in Silicon Valley, California. He was also Studio Head of Red Octane Design and VP of Hardware at video game publisher Activision Blizzard for 11 years. While at Activision Blizzard, he oversaw production, hardware development, manufacturing, and compliance for multibillion-dollar franchises such as *Guitar Hero* and *Skylanders*. Lee was also Founder and CEO of Joytech as well as Founder and Managing Director of LDA Distribution, a leading European game distributor. Both companies were acquired from Take 2 Interactive in 1999.

*Current relevant assignments:* Lee Guinchard has no other current assignments.



**PHIL ROGERS Born: 1969**

*CEO, Crystal Dynamics and Eidos*

*Education/Background:* Phil holds a BSc degree in Mathematics (University of Leeds, UK) and has over 20 years' experience in the games industry working across start-ups to multinational organisations. He became CEO of Eidos in 2008 and was CEO across Square Enix's western business from 2009 to 2022.

*Current relevant assignments:* Phil Rogers has no other current assignments

## THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement for financial year 2023-04-01 - 2024-03-31 on pages 60-76 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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 opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, June 20, 2024  
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson  
*Authorized Public Accountant*



### AUDITOR

The auditor of Embracer Group is Öhrlings PricewaterhouseCoopers AB, with Magnus Svensson Henryson (born in 1969) as auditor-in-charge since the AGM 2023. Magnus Svensson Henryson is an Authorized Public Accountant and member of FAR.





# THE SHARE

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LISTED ON NASDAQ STOCKHOLM

# THE SHARE AND OWNERS

*Embracer Group has a diversified shareholder base with a large holding among the co-founders of the Group's companies as well as a large base of retail shareholders. At the end of the period, top-20 in management held a combined 27% of capital and 43% of votes in Embracer Group. Embracer Group's Class B shares are traded on Nasdaq Stockholm's main market under the short name EMBRAC B.*

## Share price and turnover

At the beginning of the financial year April 1, 2023, the share price was SEK 48.46 and the closing price of the share at the end of the financial year on March 31, 2024 was SEK 23.35, a decrease of 51.8 percent. The share price varied during the year between a low of SEK 15.07 on March 15, 2024 and a high of SEK 55.80 on May 11, 2023. Embracer Group's market capitalization at the end of the financial year amounted to SEK 29.7 billion. The free float amounted to 69.2% of outstanding shares (source: Holdings).

## Number of shares and share capital

On March 31, 2024, the number of shares in Embracer Group AB (publ) amounted to 66,798,274 A shares and 1,272,742,483 B shares, a total of 1,339,540,757 shares. B shares have one vote each and A shares have ten votes each. All shares represent an equal share of the company's assets and earnings.

## Share issues

On July 5, 2023, Embracer Group resolved to carry out a directed share issue of 80 million B shares at a subscription

price of SEK 25.00 per share. The proceeds from the share issue amount to SEK 2 billion. The shares were issued to Swedish and international institutional investors, including current shareholders. Through the share issue Embracer Group further strengthens its institutional shareholder base and its financial position, improving both financing cost and its operational flexibility, and enabling the company to focus on the key aspects of the comprehensive restructuring program announced in June 2023.

The share issue consisted of a total of 80,000,000 B shares.

## AGM 2024

The AGM 2024 will take place on September 19, 2024.

## Information about Nasdaq Stockholm main market

Nasdaq Stockholm Main Market ("Nasdaq Stockholm") is a regulated marketplace operated by NASDAQ. Companies quoted on Nasdaq Stockholm are subject to Nasdaq Stockholm Rulebook for Issuers.



DEAD ISLAND 2  
Deep Silver | Dambuster Studios

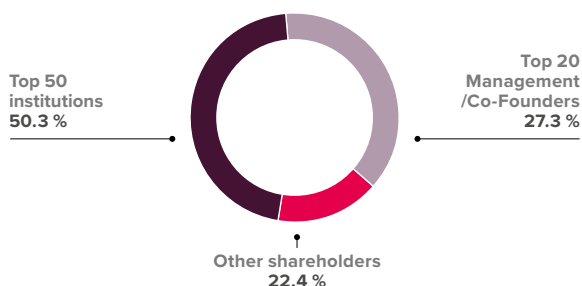
## SHARE PRICE DEVELOPMENT AND SHARE TURNOVER



## INTERNATIONAL OWNERSHIP TOP 50 INSTITUTIONAL BY CAPITAL, AS OF MARCH 31, 2024



## INSTITUTIONAL OWNERSHIP VS MANAGEMENT BY CAPITAL, AS OF MARCH 31, 2024



## ANALYSTS FOLLOWING EMBRACER GROUP AS OF DATE OF PUBLICATION

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

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

## HISTORICAL SHARE CAPITAL DEVELOPMENT

Registration date	Event	Class A shares	Class B shares	Total number shares	Share capital, change	Share capital, total
30/12/1999	Establishment		1,000	1,000	100,000.00	100,000.00
30/09/2016	Bonus issue		499,000	500,000	400,000.00	500,000.00
14/10/2016	Share split 120:1	9,000,000	51,000,000	60,000,000		500,000.00
07/11/2016	New share issue		32,500	60,032,500	270.83	500,270.83
28/11/2016	New share issue		10,000,000	70,032,500	83,333.33	583,604.17
02/12/2016	New share issue		2,000,000	72,032,500	16,666.67	600,270.83
26/09/2017	New share issue		7,203,250	79,235,750	60,027.10	660,297.92
04/06/2018	New share issue		135,135	79,370,885	1,126.13	661,424.04
07/06/2018	New share issue		1,082,601	80,453,486	9,021.68	670,445.72
12/07/2018	New share issue		7,700,000	88,153,486	64,166.68	734,612.38
16/11/2018	New share issue		3,136,903	91,290,389	26,140.86	760,753.24
16/11/2018	New share issue		60,358	91,350,747	502.98	761,256.22
15/02/2019	New share issue		142,870	91,493,617	1,190.58	762,446.81
27/02/2019	New share issue		4,732,661	96,226,278	39,438.85	801,885.66
06/03/2019	New share issue		74,357	96,300,635	619.64	802,505.30
14/03/2019	New share issue		6,267,339	102,567,974	52,227.84	854,733.12
14/03/2019	New share issue		11,000,000	102,567,974	91,666.69	854,733.13
14/08/2019	New share issue		133,048	102,701,022	1,108.74	855,841.86
14/08/2019	New share issue		1,267,323	103,968,345	10,561.02	866,402.88
02/10/2019	Split 3:1	18,000,000	189,936,690	311,905,035		
27/12/2019	New share issue		162,163	312,067,198	450.46	866,853.34
01/04/2020	New share issue	6,399,137	35,386,220	353,852,555	116,070.44	982,923.78
08/04/2020	New share issue		18,500,000	372,352,555	51,388.89	1,034,312.67
08/13/2020	New share issue		2,466,070	374,818,625	6,850.20	1,041,162.87
08/13/2020	New share issue		6,338,901	381,157,526	17,608.06	1,058,770.93
08/13/2020	New share issue		186,225	381,343,751	517.3	1,059,288.23
08/13/2020	New share issue		6,504	381,350,255	18.07	1,059,306.30
08/13/2020	New share issue		26,090	381,376,345	72.48	1,059,378.78
08/13/2020	New share issue		32,596	381,408,941	90.55	1,059,469.33
09/10/2020	New share issue		924,771	382,333,712	2,568.81	1,062,038.14
09/16/2020	New share issue		623,209	382,956,921	1,731.14	1,063,769.28
09/18/2020	New share issue		2,492,837	385,449,758	6,924.55	1,070,693.83
10/08/2020	New share issue		35,689,907	421,139,665	99,138.64	1,169,832.47
18/11/2020	New share issue		8,800	421,148,465	24.45	1,169,856.92
18/11/2020	New share issue		61,280	421,209,745	170.23	1,170,027.15
18/11/2020	New share issue		247,419	421,457,164	687.28	1,170,714.43
18/11/2020	New share issue		84,665	421,541,829	235.19	1,170,949.62
18/11/2020	New share issue		109,707	421,651,536	304.75	1,171,254.37
18/11/2020	New share issue		117,036	421,768,572	325.11	1,171,579.48
19/11/2020	New share issue		352,640	422,121,212	979.56	1,172,559.04
25/11/2020	New share issue		233,416	422,354,628	648.38	1,173,207.42
09/12/2020	New share issue		840,899	423,195,527	2,335.84	1,175,543.26
11/12/2020	New share issue		37,111	423,232,638	103.09	1,175,646.35
01/02/2021	New share issue		567,039	423,799,677	1,575.11	1,177,221.46
25/02/2021	New share issue		1,025,771	424,825,448	2,849.37	1,180,070.83
18/03/2021	New share issue		36,000,000	460,825,448	100,000.02	1,280,070.85
01/04/2021	New share issue		5,365,709	466,191,157	14,904.75	1,294,975.60
01/04/2021	New share issue		1,774,871	467,966,028	4,930.20	1,299,905.80

CONTINUED >>

## CONT'D HISTORICAL SHARE CAPITAL DEVELOPMENT

Registration date	Event	Class A shares	Class B shares	Total number shares	Share capital, change	Share capital, total
01/04/2021	New share issue		32,518,984	500,485,012	90,330.53	1,390,236.33
02/06/2021	New share issue		2,533	500,487,545	7.04	1,390,243.37
02/07/2021	New share issue		1,232	500,488,777	3.422223	1,390,246.79
15/07/2021	New share issue		415,130	500,903,907	1,153.14	1,391,399.93
22/07/2021	New share issue		247,936	501,151,843	688.72	1,392,088.65
22/07/2021	New share issue		32,694	501,184,537	90.82	1,392,179.47
22/07/2021	New share issue		2,135,652	503,320,189	5,932.37	1,398,111.84
04/08/2021	New share issue		68,112	503,388,301	189.21	1,398,301.05
09/08/2021	New share issue		201,612	503,589,913	560.04	1,398,861.09
02/09/2021	New share issue		521	503,590,434	1.45	1,398,862.54
07/09/2021	New share issue		3,878,316	507,468,750	10,773.11	1,409,635.65
21/09/2021	New share issue		6,165	507,474,915	17.13	1,409,652.78
30/09/2021	Share split 2:1	33,399,137	474,075,778	1,014,949,830	0	1,409,652.78
05/10/2021	New share issue		42,954	1,014,992,784	59.66	1,409,712.44
27/10/2021	New share issue		282,795	1,015,275,579	392.78	1,410,105.22
30/11/2021	New share issue		1,012	1,015,276,591	1.41	1,410,106.63
03/12/2021	New share issue		14,336	1,015,290,927	19.92	1,410,126.55
17/12/2021	New share issue		69,000,000	1,084,290,927	95,833.36	1,505,959.91
21/12/2021	New share issue		58,190	1,084,349,117	80.82	1,506,040.73
07/02/2022	New share issue		72,796	1,084,421,913	101.11	1,506,141.84
07/02/2022	New share issue		6,570,386	1,090,992,299	9,125.54	1,515,267.38
17/02/2022	New share issue		59,740	1,091,052,039	82.98	1,515,350.36
09/03/2022	New share issue		40,060,091	1,131,112,130	55,639.03	1,570,989.39
10/03/2022	New share issue		316,659	1,131,428,789	439.81	1,571,429.20
18/03/2022	New share issue		33,249	1,131,462,038	46.18	1,571,475.38
05/04/2022	New share issue		2,296,100	1,133,758,138	3,189.03	1,574,664.41
02/06/2022	New share issue		1,207,690	1,134,965,828	1,677.35	1,576,341.76
13/06/2022	New share issue		47,115,105	1,182,080,933	65,437.66	1,641,779.42
04/07/2022	New share issue		1,408,031	1,183,488,964	1,955.60	1,643,735.02
13/07/2022	New share issue		50,763,186	1,234,252,150	70,504.44	1,714,239.46
14/07/2022	New share issue		2,005,733	1,236,257,883	2,785.75	1,717,025.21
19/08/2022	New share issue		2,568,053	1,238,825,936	3,566.75	1,720,591.96
03/09/2022	New share issue		129,445	1,238,955,381	179.79	1,720,771.75
09/09/2022	New share issue		1,467,370	1,240,422,751	2,038.02	1,722,809.77
14/09/2022	New share issue		218,850	1,240,641,601	303.96	1,723,113.73
16/09/2022	New share issue		12,330	1,240,653,931	17.13	1,723,130.86
05/10/2022	New share issue		7,608,447	1,183,488,964	10,567.29	1,733,698.15
12/10/2022	New share issue		259,120	1,183,488,964	359.89	1,734,058.04
18/10/2022	New share issue		10,216,263	1,183,488,964	14,189.26	1,748,247.30
10/11/2022	New share issue		20,197	1,258,757,958	28.06	1,748,275.36
04/01/2023	New share issue		211,160	1,258,969,118	293.28	1,748,568.64
07/02/2023	New share issue		77,568	1,259,046,686	107.74	1,748,676.38
07/02/2023	New share issue		195,481	1,259,242,167	271.51	1,748,947.89
07/07/2023	New share issue		80,000,000	1,339,242,167	111,111.14	1,860,059.03
18/08/2023	New share issue		194,112	1,339,436,279	269.61	1,860,328.64
18/09/2023	New share issue		12,330	1,339,448,609	17.13	1,860,345.77
07/11/2023	New share issue		14,580	1,339,463,189	20.26	1,860,366.03
12/02/2024	New share issue		77,568	1,339,540,757	107.74	1,860,473.77

## THE SHARE

### TOP 10 OWNERS, AS OF MARCH 31, 2024

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	52,260,204	210,238,330	19.60%	37.76%
Savvy Gaming Group		99,884,024	7.46%	5.15%
S3D Media Inc <sup>1)</sup>	12,798,274	70,772,440	6.24%	10.24%
DNB Asset Management AS		68,961,689	5.15%	3.55%
Canada Pension Plan Investment Board (CPP)		43,663,200	3.26%	2.25%
Alecta Tjänstepension		41,064,000	3.07%	2.12%
PAI Partners		39,044,571	2.91%	2.01%
Handelsbanken Fonder		33,026,993	2.47%	1.70%
Vanguard		32,705,442	2.44%	1.69%
SEB Fonder		29,532,943	2.20%	1.52%
<b>TOP 10</b>	<b>65,058,478</b>	<b>668,893,632</b>	<b>54.79%</b>	<b>67.99%</b>
<b>OTHERS</b>	<b>1,739,796</b>	<b>603,848,851</b>	<b>45.21%</b>	<b>32.01%</b>
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,272,742,483</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1)</sup> After financial year end, A-shares held by S3D Media Inc, were converted to B-shares, following the divestment of Saber Interactive. 12 798 274 A-shares were converted into 12,798,274 B-Shares, total number of B-shares held by S3D Media Inc is after the conversion 83,570,714.

### TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF MARCH 31, 2024

Owner <sup>1) 2)</sup>	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB	Embracer Group	52,260,204	210,238,330	19.60%	37.76%
Founders/Management	Easybrain		48,171,325	3.60%	2.48%
Ken Go	Deca Games		10,374,962	0.77%	0.53%
Randy Pitchford <sup>3)</sup>	Gearbox		9,563,028	0.71%	0.49%
Founders/Management	4A		4,892,140	0.37%	0.25%
Management	Crazy Labs		4,402,714	0.33%	0.23%
Founders	Ghostship Games		4,058,206	0.30%	0.21%
Founders/Management	Aspyr		3,549,742	0.26%	0.18%
Richard Stitselaar & Kimara Rouwit	Vertigo Games		3,516,420	0.26%	0.18%
Luisa Bixio	Milestone		2,424,341	0.18%	0.12%
Klemens Kundratitz	Plaion		2,420,856	0.18%	0.12%
Anton Westbergh	Coffee Stain		2,412,666	0.18%	0.12%
William Munk II	Tripwire		1,501,907	0.11%	0.08%
David Hensley	Tripwire		1,501,907	0.11%	0.08%
Alan Wilson	Tripwire		1,482,887	0.11%	0.08%
Dennis Gustafsson	Tuxedo Labs		1,408,031	0.11%	0.07%
Klemens Kreuzer	THQ Nordic		1,000,000	0.07%	0.05%
John Coleman	Vertigo Games		586,016	0.04%	0.03%
Stefan Ljungqvist	Experiment 101		360,360	0.03%	0.02%
Lee Guinchard	Embracer Freemode		205,580	0.02%	0.01%
<b>TOP 20</b>		<b>52,260,204</b>	<b>314,071,418</b>	<b>27.35%</b>	<b>43.11%</b>
<b>ALL OTHER SHAREHOLDERS</b>		<b>14,538,070</b>	<b>958,671,065</b>	<b>72.65%</b>	<b>56.89%</b>
<b>TOTAL</b>		<b>66,798,274</b>	<b>1,272,742,483</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1)</sup> Holdings by management above are in general owned through various wholly owned companies. Holdings include clawback shares that are issued but subject to restrictions and in some cases these shares are not part of the transferred consideration in the PPA but is classified as remuneration for future services according to IFRS2.

<sup>2)</sup> Following the divestment of Saber Interactive, the founders of Saber Interactive, Matthew Karch and Andrey Iones, have been removed from top 20 Management list.

<sup>3)</sup> The divestment of Gearbox closed on June 11, 2024 whereby Randy Pitchford (CEO, Gearbox Entertainment) will be removed from the top 20 Management list.

**TOP 50 INSTITUTIONAL OWNERS, AS OF MARCH 31, 2024**

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Savvy Gaming Group		99,884,024	7.46%	5.15%
DNB Asset Management AS		68,961,689	5.15%	3.55%
Canada Pension Plan Investment Board (CPP)		43,663,200	3.26%	2.25%
Alecta Tjänstepension		41,064,000	3.07%	2.12%
PAI Partners		39,044,571	2.93%	2.02%
Handelsbanken Fonder		33,026,993	2.47%	1.70%
Vanguard		32,705,442	2.44%	1.69%
SEB Fonder		29,532,943	2.20%	1.52%
Didner & Gerge Fonder		28,868,842	2.16%	1.49%
Norways Bank		21,742,484	1.62%	1.12%
DNB Asset Management SA		19,612,813	1.46%	1.01%
Skandia Fonder		19,192,930	1.43%	0.99%
Folksam		16,281,263	1.22%	0.84%
Tredje AP-fonden		16,235,423	1.21%	0.84%
Swedbank Robur Fonder		12,156,018	0.91%	0.63%
TIN Fonder		12,034,706	0.90%	0.62%
BlackRock		11,464,792	0.86%	0.59%
Länsförsäkringar Fonder		9,520,675	0.71%	0.49%
Andra AP-fonden		9,226,695	0.69%	0.48%
Avanza Pension		7,579,978	0.57%	0.39%
Livförsäkringsbolaget Skandia		7,401,704	0.55%	0.38%
Swedbank Försäkring		6,722,090	0.50%	0.35%
Nordea Funds		6,636,502	0.50%	0.34%
LOYS AG		6,620,000	0.49%	0.34%
Storebrand Fonder		6,366,059	0.48%	0.33%
VanEck		5,696,640	0.43%	0.29%
Jofam AB		5,500,000	0.41%	0.28%
Första AP-fonden		5,250,000	0.39%	0.27%
State Street Global Advisors		4,449,710	0.34%	0.23%
Government of Japan Pension Investment Fund		4,343,291	0.32%	0.22%
Lancelot Asset Management AB		3,375,000	0.25%	0.17%
Nordea Liv & Pension		3,296,205	0.25%	0.17%
Bankinter		2,963,995	0.22%	0.15%
Handelsbanken Liv Försäkring AB		2,777,468	0.21%	0.14%
Ruth Asset Management		2,572,911	0.19%	0.13%
ALB S.r.l		2,424,341	0.18%	0.12%
Nordnet Pensionsförsäkring		2,294,653	0.17%	0.12%
eQ Asset Management Oy		2,200,000	0.16%	0.11%
Dimensional Fund Advisors		2,111,117	0.16%	0.11%
Enter Fonder		2,108,940	0.16%	0.11%
Provobis Holding AB		2,000,000	0.15%	0.10%
Aktia Asset Management		1,950,000	0.15%	0.10%
Charles Schwab Investment Management Inc		1,941,080	0.14%	0.10%
Svenska Handelsbanken AB for PB		1,889,994	0.14%	0.10%
Northern Trust		1,670,835	0.12%	0.09%
Kammarkollegiet		1,633,748	0.12%	0.08%
Nordea Funds (Lux)		1,461,188	0.11%	0.08%
KBC Asset Management		1,338,392	0.11%	0.07%
Singular Asset Management SGIC SA		1,395,000	0.10%	0.07%
Global X Management Company LLC		1,393,522	0.10%	0.07%
<b>TOP 50</b>	<b>0</b>	<b>673,583,866</b>	<b>50.28%</b>	<b>34.71%</b>
<b>OTHERS</b>	<b>66,798,274</b>	<b>599,158,617</b>	<b>49.72%</b>	<b>65.29%</b>
<b>TOTAL</b>	<b>66,798,274</b>	<b>1,272,742,483</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Monitor by Modular Finance.





# ENTERPRISE RISK MANAGEMENT

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RISK MANAGEMENT IMPROVES GROUP PERFORMANCE

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RISK AND MITIGATION OVERVIEW



# RISK MANAGEMENT IMPROVES GROUP PERFORMANCE

*Embracer Group aims to achieve a predictable long-term organic and inorganic growth in revenues, earnings, and cash-flow. The strategy involves taking risks as part of enabling growth through acquisitions, while maintaining a decentralized organization with multinational presence all within a common framework of governance and accountability.*

The Group-wide Enterprise Risk Management (ERM) process is based on understanding the dynamic Embracer ecosystem of businesses in a variety of gaming and entertainment businesses, integrated in our Group Strategy, endorsing growth and empowered by our Group Values.

Embracer Group is organized in four operating segments, divided in 11 decentralized operative groups around the globe, with a diversified portfolio of intellectual property. This operating model itself builds resilience and is endorsed by a structured ERM process, ensuring that risks are managed with the intentions of Embracer Group.

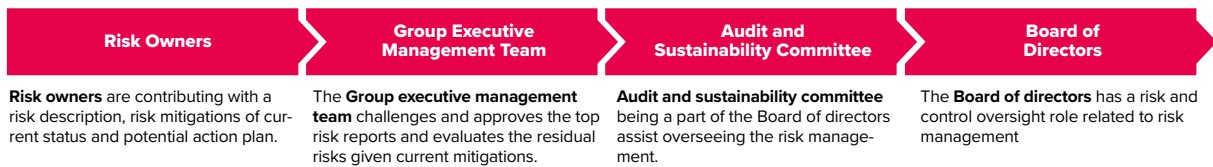
The ERM process is an ongoing process involving and challenging different stakeholders. The process is updated at least bi-annually.

## RISK ASSESSMENT AND RISK HEAT MAP

Identified risks are assessed based on events that might impact the achievement of strategic objectives with the aim of ensuring that Embracer Group is aware of the most significant risks.

The most important risks are analyzed based on likelihood of occurrence and magnitude of impact if the risk would occur. Embracer Group has also assessed velocity of risks, i.e. the time it takes for the risk to have an impact and thereby also the time the company has to respond.

The risk heat map is used in order to implement appropriate governance and risk mitigating measures to efficiently manage risks. Risks are assessed, and action plans are developed and implemented.



RISK HEAT MAP - MARCH 31, 2024



- 1 Game development (PC/Console) – product quality of releases
- 2 Game development (PC/Console) – delays in game projects
- 3 Technology
- 4 Customer expectations
- 5 M&A
- 6 IP-rights
- 7 IT and information security
- 8 Key personnel
- 9 Talent – diversity, retention and work environment
- 10 External communication
- 11 Games and entertainment – diversity, inclusion and digital wellbeing
- 12 Decentralized operating model
- 13 Distribution channels
- 14 Value chain – environmental, social and governance
- 15 Regulatory
- 16 Geopolitical conditions
- 17 Financial and Sustainability reporting
- 18 Currency
- 19 Credit
- 20 Funding
- 21 Supply Chain disruptions (previously: Manufacturing)
- 22 Tax
- 23 Goodwill
- 24 Privacy
- 25 AI Governance
- 26 Non implementation of AI

The size of the bubble indicates the estimated speed of impact, where a large bubble means higher velocity (i.e., less time to respond).

## RISK AND MITIGATION OVERVIEW

The following overview includes some of the Groups' identified risks. Read about *Significant risks and uncertainties* in the *Board of Directors' Report* on pages 102-103 and *Sustainability related risks* on page 45-48.

Risk area	Description of risk	Probability	Impact	Mitigation
1 <b>Game development (PC/Console) – product quality of releases</b>	Embracer Group may be adversely affected by risks related to the development of new games, improvement of existing games, and online multiplayer games etc. Embracer Group's continued growth depends on, among other things, its ability to regularly develop new games, improve existing games in a way that enhances the gaming experience and to enter into agreements regarding new game development projects. There is a risk that none or only a minor number of future games are successful.	5	5	<ul style="list-style-type: none"> <li>&gt; A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns.</li> <li>&gt; A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences.</li> <li>&gt; An enhanced greenlight approval process for capital allocation with evaluation of individual business cases.</li> <li>&gt; All studios are required to have a formalized Development Process for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up. An enhanced model with common milestones is in progress.</li> </ul>
2 <b>Game development (PC/Console) – delays to game projects</b>	Embracer Group could be adversely affected by launch delays and the discontinuation of major game titles. If a game is delayed, this would entail a potential loss of revenue during this period and could have a negative effect on the Company's reputation among players, particularly if the delay is not considered an isolated event. Furthermore, delays can mean Embracer Group is compelled to launch a game at a time that is not optimal.	5	4	<ul style="list-style-type: none"> <li>&gt; A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns.</li> <li>&gt; A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences.</li> <li>&gt; An enhanced greenlight approval process for capital allocation with evaluation of individual business cases.</li> <li>&gt; All studios are required to have a formalized Development Process for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up. An enhanced model with common milestones is in progress.</li> </ul>
3 <b>Technology</b>	Technical development shifts and project dependency on available technology in the gaming market could make Embracer Group games obsolete or outdated. The widespread introduction of new technology, new hardware and software, new types of game consoles and higher standards may require that Embracer Group must make significant investments to replace, upgrade, change or modify existing or future games. Some of Embracer Group's game titles take several years to develop and new hardware and software may be launched during the time it takes to develop the game, meaning that Embracer Group needs to modify the game to adapt to the new hard or soft-ware, which may result in increased development costs and delays to the launch of the game.	2	4	<ul style="list-style-type: none"> <li>&gt; Through the many business developers, publishers and game development studios the Group maintains a tight dialogue with key players in the market, which is of great importance in understanding current and future trends.</li> <li>&gt; The enhanced decentralized operational model allows for rapid response to changes.</li> </ul>
4 <b>Customer expectations</b>	Embracer Group may be adversely affected by changes in the games market and preferences among game reviewers and gaming customers. When new game titles or updates of existing games are launched, there is a risk that these are not positively received by the market due to, inter alia, an expectation gap in terms of quality, changed consumer preferences or technological modifications. This could also cause difficulties for Embracer Group to successfully build on the game with new upgrades or sequels if the game has lost credibility among the gamer base.	4	5	<ul style="list-style-type: none"> <li>&gt; A general "quality comes first" philosophy is applied whereby product quality is prioritized. This signals a general readiness to provide extensions and add more resources if required, when the assumption that delays and increased development cost in increasing quality is rewarded by higher returns.</li> <li>&gt; A well diversified games portfolio reduces the impact of individual title risk and allows for a broader market presence spanning across different genres and audiences.</li> <li>&gt; An enhanced greenlight approval process for capital allocation with evaluation of individual business cases.</li> <li>&gt; All studios are required to have a formalized Development Process for projects including Quality Assurance, initiation controls, approvals, milestones and project follow-up. An enhanced model with common milestones is in progress.</li> </ul>

Risk area	Description of risk	Probability Impact	Mitigation	
5 M&A	<p>Embracer Group has an M&amp;A agenda and may execute acquisitions as part of its growth strategy. Embracer may also elect to divest part of its operations. There is a risk that the company fails to maximize the value from and/or successfully execute on M&amp;A. Successful buy-side M&amp;A is dependent on Embracer's ability to identify suitable acquisition targets, conduct adequate DD, negotiate and conclude transactions on favorable terms, and secure funding and relevant permits.</p> <p>There is a risk that Embracer fails to detect or adequately evaluate risks and issues in target companies. In conjunction with an acquisition, Embracer makes certain assumptions and forecasts based on the acquired company's business plan and ability to integrate the company and these assumptions and forecasts are associated with uncertainty. Buy-side M&amp;A also involves risks linked to integration; to fully achieve anticipated financial and strategic objectives, Embracer must integrate operations of the acquired company. On the sell-side, divestments are complex and time-consuming processes which requires the company to manage internal and external stakeholders, while maintaining its own business focus. There is a risk that the day-to-day business suffers as a consequence.</p> <p>Successful sell-side M&amp;A is dependent on Embracer's ability to maximize the value it can get for an asset and to negotiate and conclude transactions on favorable terms which minimizes Embracer's liability, while also controlling cost. In connection with divestment, there is a risk that Embracer fails to identify or adequately evaluate potential financial risks and issues related to settling or renegotiating existing earnouts. There is also a risk that relationships with people leaving the Embracer Group are negatively impacted, which may have a negative impact on Embracer Group.</p>	3	5	<p>There are established processes for M&amp;A and onboarding, including:</p> <ul style="list-style-type: none"> <li>&gt; Approval process prior to acquisition or divestment in line with established Delegation of Authority and Request for Investment processes and including key financial and other deal terms</li> <li>&gt; Commercial analysis/due diligence prior to acquisition</li> <li>&gt; Legal, financial, tax and sustainability due diligence prior to acquisition</li> <li>&gt; Regulatory analysis (merger control and foreign investment regulations) in any M&amp;A</li> <li>&gt; Implementation of the Group's policies and processes in connection with acquisition</li> <li>&gt; Onboarding milestones post-acquisition</li> <li>&gt; Offboarding checklist in connection with divestment</li> </ul> <p>These processes are continuously reviewed and adapted to ensure the necessary support in acquisitions.</p> <ul style="list-style-type: none"> <li>&gt; Careful drafting of any M&amp;A agreements including specialist legal advice; considering deal insurance where appropriate</li> <li>&gt; Consideration in acquisitions often contain an earnout component over several years to sellers who usually stay in active management roles, thus creating incentives and reducing the financial and operational risk at the same time. Earn-out provisions are carefully drafted in order to incentivize management, as well as protect Embracer Group against related disputes.</li> </ul>
6 IP-rights	<p>Embracer Group is dependent on obtaining and maintaining protection of its intellectual property rights. Intellectual property rights represent, as is the case for other major gaming companies, a significant proportion of Embracer Group's assets and value. Embracer Group's ability to effectively develop and protect successful products (including revenue derived therefrom) are dependent on maintaining and obtaining adequate intellectual property rights protection.</p> <p>If the products held, developed or acquired in the future by the Company do not receive adequate intellectual property rights protection, or if the existing intellectual property rights protection cannot be retained or proves to be insufficient to safeguard the Company's rights and market position, the Company's ability to protect its financial position and earnings could be adversely affected. In addition, the Company's financial position and earnings may be adversely affected in the event that the Company's intellectual property rights are infringed upon or if such rights are considered to be in breach of a third party's intellectual property rights.</p>	3	3	<ul style="list-style-type: none"> <li>&gt; Under Embracer's decentralized operating model each operative group is responsible for implementing and ensuring sufficient protection and maintain appropriate processes to protect the Group's intellectual property rights.</li> <li>&gt; The operative groups protect the Group intellectual property under trademark, patent, copyright and trade secret laws as well as through contractual restrictions on disclosure, copying and distribution.</li> <li>&gt; At parent company level there is continuous work in order to develop the Group strategy in relation to intellectual property rights. Embracer Group's Chief of Staff, Legal &amp; Governance together with Head of Commercial, Consumer and IP Legal have initiated several projects to develop and implement said strategy, mainly; launched and implemented group-wide intellectual property guidelines, initiated a project to centralize the prosecution and administration of the operative group's trademark portfolios in order to harmonize and better facilitate trademark protection across the group (note: ongoing), and templated confidentiality undertakings and internal intellectual property licenses.</li> </ul>

Risk area	Description of risk	Probability	Impact	Mitigation
7 IT & Information security	<p>Embracer Group is exposed to IT- and information security risks such as Phishing attempts, financial fraud attempts or ransomware attacks. These types of cyber based crimes are aimed at stealing our IP, conducting fraudulent payments, eavesdropping on stakeholders, disrupting our operations &amp; services or blackmailing our organization.</p> <p>The decentralized operational model makes the group a more difficult target for threat actors to impact. Any potential impact will likely be contained within one subsidiary or operating group as we do not share common infrastructure to a large extent.</p>	4	4	<ul style="list-style-type: none"> <li>&gt; The group has negotiated with a global leader in incident response capabilities, there has been a successful pilot for HQ and we have structured a group wide opt-in model. A group wide implementation strategy is underway.</li> <li>&gt; Through the groups framework for internal control, IT- and information security controls are continuously updated and rolled out to all relevant stakeholders. The scope of the ICFR has been expanded and the controls continue to be modified and optimized to better protect the organization towards actual cyber security related attacks.</li> <li>&gt; Operating groups are now reporting improved posture through the internal control framework and corresponding IT-controls.</li> <li>&gt; Centralized solutions cyber security capabilities that enhance our cyber posture and provide additional support to our employees have been implemented for HQ and are continuously being offered as opt-in services to the operating groups.</li> <li>&gt; IT-security manager hired for HQ to support the group CISO.</li> <li>&gt; Annual penetration tests have been conducted for HQ, the results of these tests have been used to mitigate identified gaps within our operations, endpoints or third party service providers.</li> </ul>
8 Key personnel	<p>Embracer Group is dependent on the ability to retain key people in the Group. In a number of cases, it would probably be difficult to replace entrepreneurs in their key positions in subsidiaries without having a negative impact on the subgroup's operations. There is a risk that the motivation of key people declines or that key people leave their positions once the date for the payment of earn-outs has passed.</p> <p>The Company also has a small, central team of key people who manage Group-specific matters and who have been involved in building up the Company.</p> <p>Following the restructuring program launched in June 2023, there are indications of a decline in motivation and confidence in the group's future.</p>	3	5	<ul style="list-style-type: none"> <li>&gt; Management constantly identifies key competencies that are needed and essential to execute the companies' long-term ambitions and needs.</li> <li>&gt; The ability to retain, attract and develop individuals within Embracer is supported by several measures such as a well-defined recruitment process, succession and incentive planning, market and long-term remuneration and focus on development opportunities.</li> <li>&gt; Key personnel dependency is reduced through knowledge sharing supported by established processes and organizational structures.</li> <li>&gt; Addressing the decline in motivation and belief in the group's future is a priority in the transformation process to mitigate related risks.</li> </ul>
10 External communication	<p>Embracer Group operates in industries that are periodically subject to negative public attention and debate. That could lead to a negative perception of the brand, and it could also negatively impact how to retain and attract new gamers and employees, as well as investors and shareholders. Embracer Group could also be affected by negative perception with regard to its communication or lack of communication on a Group, operative group or company/studio level.</p> <p>Since Embracer Group provides a forecast to the financial markets there are risks associated with how the forecast is packaged and communicated to the market. Uncertainty in how the forecast is communicated and its basis may impact the share price and confidence in the market.</p>	4	5	<p>There are established risk reducing procedures and support, including:</p> <ul style="list-style-type: none"> <li>&gt; Updated processes connected to financial reporting text paragraphs and its highly sensitive parts: CEO comment, Forecast and restructuring program</li> <li>&gt; Communication policy with short term goals and long-term goals drafted (to align all communication actions no matter channel) – but not approved by BoD</li> <li>&gt; Group Information policy</li> <li>&gt; Code of Conduct including training for all employees</li> <li>&gt; Insider Q&amp;A</li> <li>&gt; Due Diligence procedures</li> <li>&gt; Explainer videos covering: Social media, Crisis communication and Insider Information</li> </ul>
12 Decentralized operating model	<p>Embracer Group's decentralized organization is based on subsidiaries having local responsibility for their operations. This requires high standards of governance, internal communication, reporting and monitoring. Shortcomings in this regard will lead to inadequate control of the operations.</p>	4	4	<ul style="list-style-type: none"> <li>&gt; Embracer has implemented a governance structure that clarifies the division of work within the Group including internal control, financial reporting, sustainability function, business control and compliance. Delegation of Authority / Approval rights are reviewed and approved at least annually.</li> <li>&gt; The Embracer Group Internal Control Framework is implemented across the Group. A self-assessment of internal control is performed annually. The review is documented and approved, and actions are followed up.</li> <li>&gt; Group governing documents are determined at Group level (e.g., Group policies, including Code of Conduct as well as other Group Policies with mandatory training/confirmation).</li> <li>&gt; Channels for reporting unethical behavior are available and communicated to all personnel. Anonymous reporting is possible on a Group/ Operative Group and where required on local entity level through the whistleblowing system, where all reported incidents are investigated as necessary, and action is taken in line with set process.</li> </ul>

Risk area	Description of risk	Probability	Impact	Mitigation
15 Regulatory	Embracer Group's operations are subject to regulations in several countries, which requires continuous regulatory compliance. Violations committed by, or claims of such violations that target Embracer Group, suppliers or other external parties with whom Embracer Group has a commercial relationship, risk resulting in significant fines for the Group, in-depth authority audits, negative publicity that could damage Embracer Group's reputation and lead to lack of trust among players, investors and other stakeholders.	4	4	<ul style="list-style-type: none"> <li>&gt; Embracer works to ensure all its subsidiaries comply with applicable laws and regulations through the implemented governance structure by having an extensive policy package accompanied with guidelines and instructions. Several of the policies adopted are supported by yearly trainings (currently there are trainings in place for the Code of Conduct, Data Privacy and Anti-Corruption and Anti-Bribery). In addition to group wide governing documents, operative groups and subsidiaries have implemented specific local governing documents as required which in several cases also are supported by trainings.</li> <li>&gt; All companies in the Group must comply with the Code of Conduct and other applicable Group policies, guidelines and instructions. If deviations from these are identified, Embracer will take all reasonable measures to remedy the deviation.</li> <li>&gt; Channels for reporting unethical behavior are available and communicated to all personnel. Anonymous reporting is possible on a Group/ Operative Group and where required on local entity level through the Whistleblowing system, where all reported incidents are investigated as necessary, and action is taken in line with set process.</li> <li>&gt; Embracer Group also deploys Group resources and experts to support on governance, regulatory and litigious matters across its subsidiaries.</li> <li>&gt; Quarterly questionnaires regarding known or possible litigation, claims and assessments to be completed by Embracer operative groups.</li> </ul>
16 Geopolitical conditions	<p>Embracer Group operates globally and is therefore affected by geopolitical changes in the markets where either the subgroups operate or where sales take place. Geopolitical unrest or regional or national events resulting from, for example, diplomatic crises, wars, regional and/or cross-border crises, natural disasters, epidemics, pandemics, or strikes that particularly affect one or more of these regions may therefore have an impact on Embracer Group's operations.</p> <p>Embracer Group conducts operations in Ukraine and Belarus and is therefore affected by the ongoing war. However, following certain disruptions in Ukraine in the beginning of the war operations in Ukraine is well functioning and the impact of the war after ceasing operations in Russia has decreased the risk exposure significantly.</p>	4	2	<ul style="list-style-type: none"> <li>&gt; Embracer's companies are active in a wide variety of market segments and geographic locations. As such, the Group's exposure to any one particular area is relatively low.</li> <li>&gt; 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 Supplier Code of Conduct, which sets a minimum set of standards and procedures which all companies within the Group must adhere to, including Dow Jones Screening.</li> <li>&gt; Ceased operations in Russia 28 March 2024, significantly decreased the risk exposure.</li> </ul>
20 Funding	Embracer Group finances the development of existing and new games through cash flow generated by sales revenue from the Operative Groups. Embracer Group is dependent on external financing in order to carry out acquisitions and to some extent fund game development. To finance its acquisitions, Embracer Group has, for some acquisitions, issued shares and paid for part or all of the purchase consideration by issuing new shares in the Company, and some acquisitions were wholly or partly financed by loans. The Company's ability to successfully obtain additional financing, and renegotiating and refinancing existing loans, depends on several factors including the general situation in the financial markets, Embracer Group's creditworthiness and its ability to increase its indebtedness. Furthermore, Embracer Group could, due to higher interest rates and/or its creditworthiness, be forced to accept financing on less advantageous terms.	3	5	<ul style="list-style-type: none"> <li>&gt; To mitigate funding risk, the Group strives to maintain a balanced maturity structure, a good liquidity reserve and diversified funding mix. This creates a preparedness to take necessary alternative actions to raise capital, if necessary. The Group has a good relationship with selected core banks with strong external rating and is approached by numerous banks that wants to join the bank group and are interested in providing funding.</li> <li>&gt; There is a Group Treasury Policy in place.</li> </ul>

Risk area	Description of risk	Probability	Impact	Mitigation
<b>24 Privacy</b>	All companies within Embracer Group process Personal Data of players, employees, suppliers or contractors to various degrees. Nearly all countries have Personal Data laws, and the global nature of the Group's operations therefore means the Group is obligated to comply with most global data protection laws. All laws require Embracer Group to understand and document any processing of Personal Data as well as be transparent towards Data Subjects.	4	5	<ul style="list-style-type: none"> <li>&gt; Embracer Group works to ensure all its subsidiaries comply with Data Protection laws and regulations through the ongoing implementation of a Group Internal Privacy Policy that requires a Personal Data processing baseline for all companies.</li> <li>&gt; A third-party privacy audit initiative of the operative groups has been started and three operative groups have already been assessed.</li> <li>&gt; A Group-wide privacy forum has been launched to increase awareness of privacy issues and requirements.</li> <li>&gt; Group-wide privacy tool that enables companies to document and manage privacy practices.</li> </ul>
<b>25 AI Governance</b>	Companies within Embracer Group that utilize AI within their operations are subject to general as well as specific laws and requirements that impact the development and use of AI. These requirements are, due to the nature of AI applications, comprehensive and require, among others, documentation, risk assessments as well as continuous updates. AI may also produce unethical, biased, discriminatory or completely wrong results if it has not been properly trained, instructed or used for purposes it was not designed. Additionally, AI generated material is not patentable or copyrightable meaning we must understand how material is produced, especially by third parties, since such material may produce serious copyright or intellectual property issues with the final product.	3	3	<ul style="list-style-type: none"> <li>&gt; A Group-wide AI forum has been launched to increase awareness of AI potential and requirements.</li> <li>&gt; A Group AI Policy has been adopted where the requirements to use AI is listed.</li> </ul>
<b>26 Non implementation of AI</b>	AI has the capability to massively enhance game development by optimizing resources, adding intelligent behaviors, personalization, and optimization to gameplay experiences. By leveraging AI, we can create more engaging and immersive experiences that provide a unique, dynamic and personalized experience for each player. AI can also be used within areas such as logistics or HR to improve planning, decision-making, support talent acquisition and enhance employee experiences or retention. Not using AI for relevant tasks within Embracer Group will lead to us losing competitiveness and being outrun by our competitors.	2	4	<ul style="list-style-type: none"> <li>&gt; A Group-wide AI forum has been launched to increase awareness of AI potential and requirements.</li> </ul>





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*The English version of the Annual Report is a translation of the original Swedish version. In case of any discrepancy between the versions, the Swedish version shall take precedence.*

# BOARD OF DIRECTORS' REPORT

*The Board and CEO of Embracer Group AB (publ), reg no. 556582-6558, hereby submit the Annual Report for financial year 2023/24. Embracer Group conducts operations as a limited liability company (publ) and is based in Karlstad, Sweden. The financial statements are presented in SEK, Swedish kronor, which is the functional currency of the Parent Company.*

## OPERATIONS – GENERAL INFORMATION

Embracer Group is a global group of creative and entrepreneurial businesses in gaming and entertainment. Its more than 12,000 developers and other employees deliver value and entertainment to gamers and customers around the globe based on one of the industry's largest and most exciting portfolios of intellectual property. Embracer Group has a decentralized operating model with 11 operative groups – each with their own distinctive heritage, branding, business strategy, and other characteristics, but sharing the same long-term and high ambitions and a common entrepreneurial culture. Together they form a unique and rapidly growing ecosystem, and they have strong market positions in PC/Console games, mobile games, board games and VR games as well as partner publishing and niche positions in film and comic book publishing.

Embracer Group comprises of an ecosystem of studios, publishers, and other gaming and entertainment companies. Embracer Group retains a strong position in all important parts of the gaming and entertainment market value chain; IP-ownership, development, publishing and distribution.

Embracer Group employs a decentralized operating model. We consider it key to empowering talented developers and entrepreneurs across the Group. The model empowers operative group CEOs, founders, and studio heads to run business operations, while acting in line with Embracer Group's strategic values and frameworks for risk management, reporting, financial control, Code of Conduct, governance and compliance. The Group seeks to realize synergies where possible and deemed appropriate, for instance through IP or talent sharing between operative groups.

Over the past several years, the Group has invested significantly in creating one of the industry's largest and most exciting game development pipelines. Embracer has around 7,000 developers creating games, many based on the Group's deep and growing catalog of IPs. These efforts have created significant value that can also be capitalized through partnership and licensing deals in order to improve predictability and lower business risk. The Group also strives to leverage its unique and diversified IP portfolio through a transmedia strategy that enables adaptation of IPs for new entertainment media formats. The depth of the diversified IP portfolio means that there was no single gaming title which generated more than five percent of Group revenues in the financial year 2023/24.

In addition to investments in game development, the Group's growth has been driven by M&A. Embracer Group's collaborations, financial empowerment and

business opportunities presented to companies are unique and provide a strong incentive to join.

It has been a transformative year for Embracer Group. A comprehensive restructuring program was initiated and completed, which notably improved the balance between growth and cash flow generation, positioning the group for the future. Several successful PC/Console Games were released, including *Dead Island 2* and *Remnant II*, and saw a solid earnings growth across several segments. After year-end the intention to transform the group into three separate, publicly listed entities was announced.

## RESTRUCTURING PROGRAM

### Background

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

### Progress

The restructuring program is now finalized, with the following actions taken to reach the capex and opex targets, and reduce net debt.

#### Capex and opex savings:

- > The annualized capex run-rate in Q4 FY 2023/24 was SEK 4.3 billion, (pro forma, excluding divested assets from Saber Interactive and Gearbox Entertainment) a reduction of approximately SEK 3.6 billion or 45% vs annualized capex run-rate in Q4 FY 2022/23, which was the base period of the program.
- > The 10% overhead cost savings objective was achieved.
- > The cumulative headcount reduction during the program amounted to 1,583. In addition, around 3,000 employees left the group with the divestment of certain assets from Saber Interactive. The divestment of Gearbox Entertainment closed on June 11, 2024.

#### Net Debt Reduction:

- > The targeted SEK 8 billion in net debt by March 31, 2024 was not reached, but a notable reduction is expected after Q4 2023/24.
- > On a pro forma basis, including the expected net cash proceeds from the divestment of assets from Saber Interactive and Gearbox Entertainment of approximately SEK 5.2-5.7 billion, the pro forma net debt as of 31 March, 2024 would amount to approximately SEK 10.7-11.2 billion.

#### Costs incurred:

- > In FY 2023/24, IAC related to the restructuring program amount to SEK –3,387 million.
- > The cash effect of IAC costs amounted to SEK –672 million.
- > During the financial year, a number of mainly unannounced projects were written down across operative groups, primarily in the PC/Console operating segment.
- > Write-downs are defined as IAC if related to projects affected by the ongoing restructuring program, where the studio or team has been discontinued.

### NET SALES & EARNINGS

The Group's net sales for 2023/24 amounted to SEK 42,206 million (37,665). The increase was mainly driven by the Entertainment & Services segment with Middle-earth Enterprises as a key driver within that segment and Tabletop Games segment. Work performed by the Company for its own use and capitalized amounted to SEK 5,351 million (4,788) during the financial year.

Expenses related to Goods for resale amounted to SEK –16,773 million (–14,768). Other external expenses amounted to SEK –8,998 million (–8,704) and include costs for Sales and Marketing. Personnel expenses amounted to SEK –14,237 million (–12,449). Other operating expenses amounted to SEK –6,902 million (–436), the increase is mainly related to loss divestment of subsidiaries.

EBITDA amounted to SEK 1,218 million (6,717). The decrease in EBITDA, SEK –5,499 million (–228) mainly relates to items affecting comparability including a loss sale of subsidiaries.

Depreciation, amortization and impairments amounted to a total of SEK –21,738 million (–6,523), of which amortization of intangible assets amounted to SEK –6,484 million (–5,516), impairment of goodwill amounted to SEK –11,095 million (–) and write-down of intangible assets amounting to SEK –2,931 million (–50).

The Group's EBIT decreased to SEK –20,519 million (194) mainly due to items affecting comparability, which include, among other things, losses on the sale of subsidiaries and impairment of goodwill. The Group's financial net amounted to 1,784 million (4,822). The decrease in the financial net is mainly due to changes in the value of contingent consolidations and higher expense for interest and other financial expenses.

The Group's profit before tax amounted to SEK –18,735 million (5,015) and tax for the year amounted to SEK 558 million (–553). The Group's profit before tax mainly contains non-taxable income in the form of fair value assessments, for example, contingent considerations and impairment of goodwill, which results in a low cost of the current tax in relation to profit before tax.

The period's profit/loss amounted to SEK –18,177 million (4,462). Earnings per share before dilution amounted to SEK –15.28 (4.17) and after dilution –15.28 SEK (4.12).

### FINANCIAL POSITION

#### Non-current assets

Non-current assets amounted to SEK 73,008 million (99,073).

Goodwill amounted to SEK 31,210 million (48,524). The decrease is due to impairment of goodwill and divestment of subsidiaries.

The value of intangible assets amounted to SEK 37,036 million (45,579) and the decrease mainly relates to write-down of projects and divestment of subsidiaries. Development projects in progress which is equivalent to the value of capitalized expenditure on ongoing development of new games and other entertainment products amounted to SEK 6,245 million (9,309) at the end of the financial year. The total number of game development projects at the end of the financial year amounted to 141 (221) projects. The value of acquired and completed development projects amounted to SEK 3,492 million (2,088) and amortization related to game development for the year amounted to SEK –3,070 million (–2,375). The value of IP rights amounted to SEK 27,073 million (32,854) and the amortization of IP rights amounted to SEK –2,836 million (–2,693).

#### Current assets

Current assets amounted to SEK 15,777 million (16,998).

The value of inventories, which mainly consist of physical videogames, tabletop games, merchandise products and films, amounted to SEK 3,218 million (4,081). Trade receivable amounted to SEK 4,960 million (5 253). Other receivables amounted to SEK 3,788 million (1 484). The value of the Group's total cash and cash equivalents, short term investments and unutilised credit facilities amounted to SEK 5,256 million (6 083).

### DEVELOPMENT OF THE OPERATIONS, EARNINGS AND POSITION – GROUP

SEK m	2023/24	2022/23	2021/22	2020/21	2019/20 <sup>1)</sup>
Net sales	42,206	37,665	17,067	9,000	5,249
EBIT	–20,519	194	–1,126	2,058	345
EBIT margin, %	–49	1	–7	23	7
Adjusted EBIT	7,063	6,366	4,465	2,858	1,033
Adjusted EBIT margin, %	17	17	26	32	20
Total assets	95,696	116,071	92,420	34,682	10,637
Equity/assets ratio, %	55	56	46	58	60
Average number of employees	11,469	11,956	6,532	3,174	1,856

<sup>1)</sup> Period presented according to previous accounting standard K3 and are not recalculated according to IFRS. Definitions, see page 171.

## OPERATING SEGMENT

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

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

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

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

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

SEK m	Net sales		Net sales Growth	Adjusted EBIT		EBIT	
	2023/24	2022/23		2023/24	2022/23	2023/24	2022/23
PC/Console Games	14,410	13,444	7%	2,441	2,902	-7,887	41
Mobile Games	5,916	5,819	2%	1,921	1,381	1,029	-260
Tabletop Games	14,797	13,132	13%	2,079	2,010	-6,119	828
Entertainment & Services	7,082	5,270	34%	853	281	-413	-170

### Assets held for sale

Assets held for sale amounted to SEK 6,911 million (-) and is related to assets in subgroups Gearbox Entertainment and the remaining assets from the divestment of Saber Interactive.

### Equity

The Group's equity amounted to SEK 52,482 million (64,721) as per March 31, 2024 and the equity/assets ratio decreased to 55 percent (56) mainly affected by decreased retained earnings and new share issues.

### Non-current liabilities

The Group's non-current liabilities amounted to SEK 22,336 million (37,201). Non-current debt to credit institutions amounted to SEK 10,795 million (19,560). Contingent considerations amounted to SEK 1,980 million (4,497). Non-current put/call options on non-controlling interests amounted to SEK 1,496 million (2,905). Non-current deferred tax liabilities amounted to SEK 5,885 million (7,965).

### Current liabilities

The Group's current liabilities amounted to SEK 18,708 million (14,150). Current debt to credit institutions amounted to SEK 8,946 million (683). Accounts payable amounted to SEK 2,197 million (2,809).

### Liabilities attributable to assets held for sale

Liabilities attributable to assets held for sale amounted to SEK 2,170 million (-) and is related to liabilities in subgroups Gearbox Entertainment and the remaining liabilities from the divestment of Saber Interactive.

### CASH FLOW

Cash flow from operating activities for the year amounted to SEK 7,888 million (5,383), of which cash flow from changes in working capital amounted to SEK 385 million (-2,162) where the change mainly relates to working capital improvement in Tabletop segment. Cash flow from operating activities

before changes in working capital amounted to SEK 7,503 million (7,545). Opening balances for inventories for the financial year 2023/24 were higher than closing balances, which means that inventories have decreased and that the cash flow effect of the change in inventories has been positive. From a cash flow perspective, the change in operating liabilities has not had the large negative effect as in previous financial years but has been at a stable level during the year.

Cash flow from investing activities amounted to SEK -9,954 million (-15,489). The cash flow effect of completed investments is mainly due to investments in intangible assets of SEK -7,042 million (-6,495) where SEK -6,482 million (-6,079) was invested in the game development portfolio and a majority, SEK -6,236 million, relates to the PC/Console Games segment.

Cash flow from acquisitions of subsidiaries amounted to SEK -2,261 million (-8,935), which mainly relates to historical acquisitions during the financial year 2023/24.

Free cash flow after changes in working capital amounted to SEK 1,456 million (-39).

Cash flow from financing activities amounted to SEK 832 million (8,501). The change is primarily driven by loans raised, which amounted to SEK 2,113 million (6,120) and reduced utilization of credit facilities, which amounted to SEK -2,596 million (-7,443).

## CORPORATE GOVERNANCE REPORT

In accordance with the Swedish Annual Accounts Act Ch. 6, §6 and §8 Embracer Group has prepared a statutory Corporate Governance Report separately from the Board of Directors' Report. A separate Corporate Governance Report can be found on pages 57-77 of this Annual Report.

## SUSTAINABILITY REPORT

In accordance with the Swedish Annual Accounts Act Ch. 6, §10 and §11, Embracer Group has prepared a statutory sustainability report separately from the Board of Directors' Report. The sustainability report is available on pages 27-55.

## PARENT COMPANY

The parent company prepares its financial statements in accordance with RFR 2 Accounting for legal entities. The Parent Company acquires and conducts operations through its subsidiaries and underlying companies.

The parent company's net sales for the financial year amounted to SEK 85 million (64) and profit after financial items was SEK –7,000 million (1,526). Profit after tax was SEK –6,829 million (583). The divestment of Saber Interactive has had an impact amounting to SEK –7,188 million.

Cash and current investments as of March 31, 2024 were SEK 486 million (23). Available funds amounted to SEK 736 million as of March 31, 2024.

## SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

- > On May 15, 2023, Middle-earth-Enterprises announced an agreement with Amazon Games to develop and publish a new massively multiplayer online (MMO) game based on The Lord of the Rings.
- > In connection to the publication of the Q4 FY 2022/23 report on May 24, 2023, Embracer Group communicated that a major strategic partnership would not materialize. The deal would have enabled a catch-up payment at closing for already capitalized costs for a range of large-budget games, but also notably improved medium-to-long-term profit and cash flow predictability for the duration of the game development projects.
- > On June 13, 2023, Embracer Group AB announced a comprehensive restructuring program for FY 2023/24, running until the end of March 2024. The program's main focus areas were capex and opex savings, capital allocation, and efficiency improvements.
- > On June 13, 2023, and in connection with the announcement of the restructuring program Matthew Karch was appointed interim Chief Operating Officer, and Phil Rogers was appointed interim Chief Strategy Officer, who co-lead the program planning and implementation.
- > On June 29, 2023, the nomination committee of Embracer Group resolved, in accordance with the audit and sustainability committee's recommendation, to propose PwC as new auditor at the annual general meeting 2023. Magnus Svensson Henryson is the main responsible auditor.
- > On July 5, 2023, Embracer Group announced and successfully carried out an issue of 80,000,000 new B shares directed to Swedish and international institutional investors, thereby raising gross proceeds of SEK 2 billion.
- > At the Annual General Meeting on September 21, 2023:
  - > Cecilia Driving, David Gardner, Jacob Jonmyren, Kicki Wallje-Lund (Chair) and Lars Wingefors were re-elected as directors of the board. Yasmina Brihi, Bernt Ingman and Cecilia Qvist were elected as new directors. Matthew Karch and Erik Stenberg did not run for re-election.
  - > PwC was elected as Embracer's new auditor. PwC has announced that the authorized public accountant Magnus Svensson Henryson will be the main responsible auditor.

- > In September, 2023, Müge Bouillon, (Group CFO of Asmodee at the time), was appointed to the new role as Deputy Group CFO for Embracer Group, starting from January 1, 2024.
- > On December 18, 2023, Embracer Group announced an Extension of Credit and Loan facilities for its two main credit- and loan facilities, with a nominal value of around SEK 17 billion, extending the maturity until February and May 2025, respectively.
- > On March 14, 2024, Embracer announced and entered into an agreement to divest selected assets, from the operative group Saber Interactive for a purchase price of USD 247 million (SEK 2,527 million), including assumed earnout liabilities of USD 44 million (SEK 450 million) but before any additional consideration. Through this divestment, Embracer ceased all operations in Russia, while immediately improving cash flow, reduced capex, net debt and future liabilities. The buyer was Beacon Interactive, a company controlled by Saber Interactive co-founder Matthew Karch.
- > On March 18, 2024, Embracer announced that the members of the Nomination Committee for Embracer Group AB's Annual General Meeting 2024:
  - > Per Fredriksson, appointed by Lars Wingefors AB, is the Chair of the committee
  - > Ola Åhman, appointed by Savvy Gaming Group
  - > Henrik Olsson, appointed by Canada Pension Plan Investment Board
  - > Magnus Tell, appointed by Alecta
  - > Anna Henricsson, appointed by Handelsbanken Fonder
- > On the March 28, 2024, Embracer announced and entered into an agreement to divest Gearbox Entertainment, for a consideration of USD 460 million (SEK 4.9 billion) to Take-Two Interactive Software, Inc. Embracer retains selected companies, including Gearbox Publishing San Francisco (now renamed to Arc Games), with the publishing rights to the Remnant franchise, the upcoming Hyper Light Breaker and other notable unannounced game releases.

## IMPORTANT CONSIDERATIONS

Embracer Group's revenue streams from the sale of PC/Console and mobile games have relatively short sales cycles, with a large proportion of the revenue for each game being generated on and soon after the launch. The Company's revenue from these revenue streams may therefore vary from year to year, depending on the number of game launches and how they develop. Revenue streams from the Tabletop Games segment are more stable since the products have significantly longer life cycles and not so dependent on the number of game launches.

## GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The AGM 2022 resolved to adopt Guidelines for Remuneration to Senior Executives of Embracer Group for the period up until the AGM held in 2026. The complete Guidelines are available below and on Embracer Group's

website, [www.embracer.com/](http://www.embracer.com/). Any changes to the guidelines will be presented in the notice for the AGM 2024.

### **General**

The guidelines shall apply to remuneration that may be agreed upon or to changes in already agreed remunerations after the guidelines have been adopted by the annual general meeting. The guidelines do not apply to any remunerations that has specifically been resolved by the general meeting or any remuneration in the form of shares, warrants, convertibles or other share-related instruments such as synthetic options or employ stock options, which require specific approval by the general meeting.

These guidelines apply to the CEO, deputy CEO and the CFO, the Chief of Staff, Legal & Governance and other members of the group management as well as to any remuneration to members of the board other than approved director fees. Reference to senior executives shall therefore be considered to include such remuneration to directors. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

### **The guidelines contribution to the Company's business strategy, long term interest and sustainability**

The guidelines shall contribute to establish conditions for the Company to recruit and maintain qualified senior executives in order to successfully implement the Company's business strategy and achieve the Company's longterm interests, including sustainability. The guidelines shall also stimulate an increased interest in the business and the result as a whole as well as increase the motivation of the senior executives and increase belonging within the Company. The guidelines' purpose is further to create alignment between the Company's shareholders and the senior executives. The guidelines shall also contribute to a good ethics and culture within the Company.

In order to achieve the Company's business strategy, total annual remuneration must be market-based and competitive in the employment market where the senior executive is located, as well as take into account the individual's qualifications and experience; furthermore, exceptional performance should be reflected in the total remuneration. For more information regarding the Company's business strategy, see page 12.

Variable cash remuneration covered by these guidelines is intended to promote the Company's business strategy and long-term interests, including sustainability.

### **The forms of remuneration etc.**

The remuneration to the senior executives in the Company shall comprise of fixed cash salary, possible variable cash salary, other customary benefits and pension payments. The total cash remuneration, including pension benefits, shall, on a yearly basis, be in line with market practice and competitive on the labor market where the senior executive is based and take into account the individual responsibilities, competences, qualifications and experiences of the senior executive as well as reflecting any notable

achievements. Fixed and variable cash salary shall be related to the senior executives' responsibility and authority. The fixed cash salary shall be revised on a yearly basis.

The senior executives may receive variable cash remuneration in addition to fixed cash salaries. The variable remuneration shall be based on the outcome of actual predetermined targets based on the Company's business strategy and the long-term business plan approved by the board of directors. The targets may include share based or financial targets, on group level, operational goals and goals for sustainability and social responsibility, employee engagement. These targets are to be established and documented annually. The Company has established financial targets and KPIs in relation to strategic and business critical initiatives and projects which ensures alignment with the business plan and business strategy for a continued sustainable business. The variable cash remuneration shall also be designed to encourage the right behavior and contribute to the achievement of increased community of interests between the executive and the Company's shareholders in order to contribute to the Company's long-term interests.

Cash based variable remuneration shall be earned and paid out pro rata based on the number of working months and days since first employment date assuming the employee starts with the Company no later than September 30. If the employee starts with the Company after September 30, any entitlement to cash based variable remuneration will commence from the following fiscal year. Any variable cash remuneration shall not exceed a maximum of 50 percent of the fixed annual cash salary. However, the variable cash remuneration may correspond to up to 100 percent of the fixed annual cash salary of a senior executive if justified by extraordinary arrangements in the individual case.

The conditions of any variable cash remuneration should be designed so that the board of directors may reduce or withhold payment of variable remuneration in the event of exceptional economic circumstances, or if the board of directors finds the payments unreasonable and incompatible with the Company's responsibility to its shareholders or stakeholders. With respect to yearly cash bonuses, it should be possible to reduce or withhold payments, if the board of directors deems it reasonable because of any other reasons. The Company shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such arrangements are limited in time and made only on an individual basis. The purpose of such arrangements must be to recruit or retain executives, or as compensation for extraordinary work in addition to the person's ordinary duties. Such compensation shall not exceed an amount corresponding to 25 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. A decision on such remuneration shall be made by the board of, directors upon proposal from the remuneration committee.

Pension benefits for the CEO and other senior executives must reflect normal market conditions, compared

to what generally applies to corresponding senior executives in other companies and shall normally be based on defined contribution pension plans. Right to pension occurs normally at 65 years of age.

Employees have the right to salary exchange (i.e., instead of salary choose to receive salary as pension payments. Salary exchange shall be cost neutral for the employer). Variable cash remuneration does not qualify for any pension entitlements/contributions, unless local law provides otherwise. The pension premiums for defined contribution pensions shall amount to a maximum of 30 percent of the fixed annual cash salary.

The Company may provide other benefits to senior executives in accordance with local practice. Such other benefits may include company healthcare and education. Such benefits must be considered reasonable in relation to the practice in the market where the respective senior executives operate and may in total amount to a maximum of 5 percent of the fixed annual cash salary.

For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible. Such benefits may not exceed 15 percent of the fixed annual cash salary.

If a director performs services on behalf of the Company, which do not constitute board work additional consultancy fees or other additional remuneration may be paid to directors upon decision by the board of directors following recommendation by the remuneration committee. Any such remuneration shall be designed in accordance with these guidelines.

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The board of directors, after following recommendation by the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other senior executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information.

#### **Notice of termination and severance pay**

Fixed salary during the notice period and any severance pay shall in total not exceed an amount corresponding to a maximum of two years' fixed salary. A sanctioned notice period for a senior executive may not exceed twelve months, during which time salary payment will continue. In the event of termination by the executive, the notice period may not exceed six months, without the right to severance pay.

Remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies.

No senior executives are entitled to any additional benefits during the notice period and the Company has no allocated or capitalized amounts for pensions or similar benefits in the event that a senior executive leaves his or her position.

#### **Deviations from the guidelines**

The board of directors shall be entitled to deviate from the guidelines with regards to such as the recruitment of senior executives on the global labor market to be able to offer competitive terms and conditions, in an individual case if there are special reasons for it and a deviation is necessary to ensure the Company's long-term interests and sustainability or to ensure the Company's economic viability. Such deviation shall also be approved by the remuneration committee. An arrangement deviating from the guidelines can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 24 months or an amount that is twice the remuneration that the individual would have received had no additional arrangement been made.

#### **Preparation, decision processes etc.**

Decisions regarding salary and other remuneration to the CEO and other senior executives are prepared by the remuneration committee and resolved by the board of directors or, where applicable, the CEO.

The remuneration committee shall also prepare the board of directors' decisions on issues concerning principles for remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior executives and monitor and evaluate the application of these guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the Company.

The board of directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the annual general meeting. The guidelines shall remain in force until new guidelines have been adopted by the general meeting.

The Company believes remuneration is one of several key components in attracting and retaining the right employees. The Company shall offer a total rewards package that is:

- > Fair and equitable. No employee should be discriminated in relation to gender, ethnicity, age, disability or any other factor unrelated to performance or experience. Rewards should be understood in relation to the level of responsibility and impact on the business that a certain role has.
- > In line with market. The Company strives to remunerate in accordance with market. Base and variable pay, as well as benefits and pensions should be in line with what each local market offers for similar positions.
- > Performance based. The Company recognizes people who are committed to sustainable long-term performance that drives the business and develops the company in line with our values and principles. High performance is the main differentiator for employee's rewards packages.

In preparing the board of directors' proposal for these guidelines, salary and terms of employment for the Company's employees have been taken into account, with respect to information on the employees' total remuneration, the components of the remuneration and the rate of increase and increase over time, when the remuneration committees and the boards of directors have decided on the evaluation of the reasonableness of these guidelines and the limitations that follows from the guidelines.

The board of directors considers that the guidelines on remuneration to senior executives are proportionate in relation to salary levels, remuneration levels and conditions for other employees in the group.

Compliance with the guidelines must be checked annually through, among other things, the collection of documented annual targets for short-term variable remuneration.

## **SIGNIFICANT RISKS AND UNCERTAINTIES**

### **Game development (PC/Console)**

#### **– product quality of releases**

Embracer Group may be adversely affected by risks related to the development of new games, improvement of existing games, and online multiplayer games etc. Embracer Group's continued growth depends on, among other things, its ability to regularly develop new games, improve existing games in a way that enhances the gaming experience and to enter into agreements regarding new game development projects. There is a risk that none or only a minor number of future games are successful.

### **Game development (PC/Console)**

#### **– delays to game projects**

Embracer Group could be adversely affected by launch delays and the discontinuation of major game titles. If a game is delayed, this would entail a potential loss of revenue during this period and could have a negative effect on the Company's reputation among players, particularly if the delay is not considered an isolated event. Furthermore, delays can mean Embracer Group is compelled to launch a game at a time that is not optimal.

### **Customer expectations**

Embracer Group may be adversely affected by changes in the games market and preferences among game reviewers and gaming customers. When new game titles or updates of existing games are launched, there is a risk that these are not positively received by the market due to, inter alia, an expectation gap in terms of quality, changed consumer preferences or technological modifications. This could also cause difficulties for Embracer Group to successfully build on the game with new upgrades or sequels if the game has lost credibility among the gamer base.

### **M&A**

Embracer Group has made, and may make, acquisitions that did not achieve the expected financial benefits at the time of acquisition. An unsuccessful acquisition may strain the Group's resources. For further information about this risk see page 90.

### **IT & Information Security**

IT-systems risks relate to both usage of critical/sensitive data as well as functionality of IT-systems. Cyber security breaches including leakage of confidential company data to competitors, integrity issues (related to applicable data protection/privacy rules) and hacking and exploitation of products, could cause severe disruptions for our businesses. For further information about this risk see page 91.

### **IP-rights**

Embracer Group is dependent on obtaining and maintaining protection for its intellectual property rights. Intellectual property rights represent, as is the case for other companies active in the gaming industry, a significant proportion of Embracer Group's assets. Embracer Group's continued growth and its ability to effectively compete are dependent on obtaining intellectual property rights and that these are then adequately protected. For further information about this risk see page 90.

### **Key personnel**

Embracer Group is dependent on the ability to retain key people in the Group. In a number of cases, it would probably be difficult to replace entrepreneurs in their key positions in subsidiaries without having a negative impact on the subgroup's operations. There is a risk that the motivation of key people declines or that key people leave their positions once the date for the payment of earn-outs has passed. The Company also has a small, central team of key people who manage Group-specific matters and who have been involved in building up the Company. For further information about this risk see page 91.

### **External communication**

Embracer Group operates in industries that are periodically subject to negative public attention and debate. That could lead to a negative perception of the brand, and it could also negatively impact how to retain and attract new gamers and employees, as well as investors and shareholders. Embracer Group could also be affected by negative perception with regard to its communication or lack of communication on a Group, operative group or company/studio level. For further information about this risk see page 91.

### **Decentralized operating model**

Embracer Group's decentralized organization is based on subsidiaries having local responsibility for their operations. This requires high standards of governance, internal communication, reporting and monitoring. Shortcomings in this regard will lead to inadequate control of the operations.

### **Regulatory**

Embracer Group's operations are subject to regulations in several countries, which requires continuous regulatory compliance. Violations committed by, or claims of such violations that target Embracer Group, suppliers or other external parties with whom Embracer Group has a commercial relationship, risk resulting in significant fines for the Group, in-depth authority audits, negative publicity that could damage Embracer Group's reputation and lead to lack of trust among players, investors and other stakeholders



### Financial & Sustainability reporting

Embracer Group is dependent on accurate financial and sustainability reporting to fairly represent its operations to external stakeholders. When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information such as the external forecast. There is a risk that these estimations are inaccurate since the complexity level is high, especially related to other Key risks. Also because of the decentralized model there is a risk that a financial statement from an operative group could be inaccurate, depending on the organizational structure and knowledge. If financial (or material non-financial reporting) is inaccurate or does not correspond to legal requirements and/or external stakeholder expectations, it could impact investor and public perception of the group, and by extension the share price and the cost of capital.

Upcoming ESG reporting (Example CSRD and internal control requirements) imply efforts are needed in readiness across the group. Lack of ESG-reporting readiness in acquired entities may present challenges in onboarding and reporting. Due to Embracer's size the company directly falls under a number of ESG regulations. Non-compliance and lack of clear disclosures and transparency on sustainability issues can lead to lack of trust among investors and other stakeholders.

### Currency

Risks related to currency exposure - The Group's revenues are mainly in EUR and USD, while the reporting currency is SEK. Although the Group has costs in both EUR and USD which partly offsets the exposure, the Group is affected by long-term exchange rate changes.

### Credit

Risks related to counterparty obligations (credit losses) –the risk that a customer or partner cannot fulfill payment obligation towards Embracer Group resulting in credit losses.

### Funding

Risk related to available funds - The risk that funding of the Group's capital requirement will be impeded or become more costly. Embracer Group's capital requirement relates to funding for acquisitions and development of games. Generally, funding for game development are to be funded by cash flow generated by operations while funding for acquisitions depend on external funding. For further information about this risk see page 92.

### Tax

Embracer Group's global operations expose the Group for risks linked to compliance with a number of tax systems and the interpretation and application of different tax systems may vary between jurisdictions. This places demands on the group's ability to be aware of the changes which takes place locally in many different countries.

### Goodwill

Embracer Group is subject to risks related to impairment of goodwill. The group reports values for goodwill

arising in connection with Embracer Group's acquisition. Estimates that differ from management's assessment can produce different results for the business and a different financial position. To determine whether the value on goodwill has decreased, the cash-generating units to which goodwill is attributed are valued, which is done by discounting the cash flow of the cash-generating unit. At the application of this approach relies on Embracer Group on historical statistics and other assumptions. Changes in the conditions that underlie these assumptions and estimates can have a material effect on the value of goodwill.

### Privacy

All companies within Embracer Group process Personal Data of players, employees, suppliers or contractors to various degrees. Most countries have Personal Data laws, and the global nature of the Group's operations therefore means the Group is obligated to comply with most global data protection laws. All laws require Embracer Group to understand and document any processing of Personal Data as well as be transparent towards Data Subjects.

### Internal Control and Enterprise Risk Management

In accordance with the Swedish Annual Accounts Act Ch. 7§31, information about the main items of the internal control and enterprise risk management are included in the Corporate Governance Report on on pages 57-77.

### SHAREHOLDER AGREEMENTS AND AUTHORIZATION

On March 31, 2024, the number of shares in Embracer Group AB (publ) amounted to 66,798,274 A shares and 1,272,742,483 B shares, a total of 1,339,540,757 shares. B shares have one vote each and A shares each have ten votes. All shares represent an equal share of the company's assets and earnings. Shares in Embracer Group AB (publ) have been listed on Nasdaq Stockholm since December 22, 2022. On March 31, 2024, the closing price was SEK 23,345 per share. The 2023 AGM authorized the board to, during the period until the next AGM, on one or more occasions, with or without deviating from the shareholders' preemptive rights, decide on the issue of new B shares in the company, to a number corresponding to a maximum of 10 percent of the total number of shares in the company at the time of the annual general meeting. Upon publication of this annual report, the board has issued 10,496,254 B shares through this authorization. Thus, an additional 123,448,606 B shares can be issued during the authorization.

Furthermore, the 2023 annual general meeting authorized the board to, during the period until the next annual general meeting, decide on one or more occasions to acquire a maximum of so many of its own B shares that at any time after acquisition the company holds a total of no more than 10 percent of all shares in the company. At the time of publication of this annual report, the company does not hold any own shares.

Finally, the annual general meeting in 2023 authorized the board to, during the period until the next annual general meeting, on one or more occasions decide on the transfer of own shares up to the number of shares held by the company at any given time.

## SHARES AND SHARE CAPITAL

### CLASSES OF SHARES

SEK m	Class A shares	Class B shares	Total
Number of shares	66,798 274	1,272,742,483	<b>1,339,540,757</b>
Number of votes	667,982 740	1,272,742,483	<b>1,940,725,223</b>

The shares are issued in two series, Series A and Series B. The number of shares of each type may correspond to a maximum of the entire number and shares in the

company. Class A shares carry ten (10) votes and Class B shares carry one (1) vote.

### OWNERS WITH MORE THAN 10 PERCENT OF THE VOTES

March 31, 2024	Class A shares	Class B shares	Capital, %	Votes, %
Lars Wingefors through company <sup>1)</sup>	52,260,204	210,238,330	19.60	37.76
S3D Media Inc <sup>2)</sup>	12,798,274	70,772,440	6.24	10.24

<sup>1)</sup> Lars Wingefors AB, controlled to 100 percent by CEO Lars Wingefors, Erik Stenberg, Klemens Kreuzer, Mikael Brodén, Reinhard Pollice and Jacob Jonmyren.

<sup>2)</sup> After quarter end, A-shares held by S3D Media Inc, were converted to B-shares, following the divestment of Saber Interactive. 12 798 274 A-shares were converted into 12,798,274 B-Shares, total number of B-shares held by S3D Media Inc is after the conversion 83,570,714 and a Share of votes of 4,58 %.

Movements during the year in the number of shares are described in note 12.

The number of known shareholders at year-end was 132,383. The largest shareholders on March 31, 2024, were Lars Wingefors AB with 19,60 percent of the outstanding shares and 37,76 percent of the votes, Savvy Gaming Group with 7,46 percent of the outstanding shares and 5,15 percent of the votes, S3D Media Inc with 6,24 percent of the outstanding shares and 10,24 percent of the votes, DNB Asset Management AS with 5,15 percent of the outstanding shares and 3,55 percent of the votes and Canada Pension Plan Investment Board (CPP) with 3,26 percent of the outstanding shares and 2,25 percent of the votes.

The articles of association contain no restrictions on the transferability of the company's B-shares, such as post-transfer acquisition rights clauses, and no other circumstances of that type have been identified that the company is liable to disclose under the provisions in chapter 6, section §2a and §§3–11 of the Swedish Annual Accounts Act.

To the best of Embracer Group's knowledge, there are no shareholder agreements or other agreements between the Company's shareholders aimed at jointly influencing the Company. Neither does the Board know of any agreements or similar that could lead to a change in control of the Company.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For information on significant events after the reporting period see note 34 for the Group and note P24 for the Parent Company.

### OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS UNDER THE SWEDISH ENVIRONMENTAL CODE

The Group and Parent Company do not conduct any operations subject to permit or notification requirements under the Swedish environmental code.

### PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

The Board proposes that the unrestricted equity of SEK 54,798,650 thousand be allocated as follows:

At the disposal of the Annual General Meeting are the following earnings (SEK thousand):	31/03/2024
Share premium reserve	14,136,235
Retained earnings	47,491,444
Net profit for the year	-6,829,029
	<b>54,798,650</b>
The Board proposes that profits be allocated as follows (SEK thousand):	
To be carried forward	54,798,650
	<b>54,798,650</b>

More detailed disclosures about the Group's and the Parent Company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Net sales	3, 4	42,206	37,665
Other operating income	5	575	409
<b>Total operating income</b>		<b>42,780</b>	<b>38,074</b>
Work performed by the Company for its own use and capitalized		5,351	4,788
Goods for resale		–16,773	–14,768
Other external expenses	6	–8,998	–8,704
Personnel expenses	7	–14,237	–12,449
Depreciation, amortization and impairment	14, 15, 16, 32	–21,738	–6,523
Other operating expenses	8, 32	–6,902	–436
Share of profit of an associate after tax	17	–2	213
<b>Operating profit (EBIT)</b>		<b>–20,519</b>	<b>194</b>
<b>Profit or loss from financial items</b>			
Financial income	9	3,537	6,155
Financial expenses	10	–1,753	–1,333
<b>Profit before tax</b>		<b>–18,735</b>	<b>5,015</b>
Income tax	11	558	–553
<b>Profit for the year</b>		<b>–18,177</b>	<b>4,462</b>
<i>Profit for the year is attributable to:</i>			
Equity holders of the parent		–18,177	4,454
Non-controlling interests		–1	8
<b>Earnings per share</b>			
Earnings per share before dilution (SEK)	12	–15.28	4.17
Earnings per share after dilution (SEK)	12	–15.28	4.12

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Profit for the year</b>		<b>–18,177</b>	<b>4,462</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss (net of tax):</i>			
Exchange differences on translation of foreign operations		886	4,802
Cash flow hedges		1	8
<i>Items that will not be reclassified to profit or loss (net of tax):</i>			
Remeasurement of defined benefit plans for employees	27	–5	10
<b>Total other comprehensive income for the year, net of tax</b>		<b>882</b>	<b>4,820</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>–17,296</b>	<b>9,282</b>
<i>Total comprehensive income is attributable to:</i>			
Equity holders of the parent		–17,295	9,275
Non-controlling interests		–1	7

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	31/03/2024	31/03/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	13	31,210	48,524
Intangible assets	14	37,036	45,579
Property, plant and equipment	15	881	1,148
Right-of-use assets	16	1,349	1,423
Investments in associates	17	254	253
Non-current financial assets	18,19,20	501	369
Deferred tax assets	11	1,776	1,777
<b>Total non-current assets</b>		<b>73,008</b>	<b>99,073</b>
<b>Current assets</b>			
Inventories	21	3,218	4,081
Trade receivables	18,20	4,960	5,253
Contract assets	4,18	13	790
Other receivables	18,22	3,788	1,484
Prepaid expenses	23	457	710
Current investments	18	0	18
Cash and cash equivalents	18,29,32	3,341	4,662
<b>Total current assets</b>		<b>15,777</b>	<b>16,998</b>
Assets held for sale	32	6,911	-
<b>TOTAL ASSETS</b>		<b>95,696</b>	<b>116,071</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

Amounts in SEK m	Note	31/03/2024	31/03/2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	25		
Share capital		2	2
Other contributed capital		60,932	55,886
Reserves		5,826	4,945
Retained earnings, including net profit		-14,341	3,835
<b>Total equity attributable to equity holders of the parent</b>		<b>52,419</b>	<b>64,668</b>
Non-controlling interests		64	53
<b>Total equity</b>		<b>52,482</b>	<b>64,721</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	18, 20	10,795	19,560
Other non-current liabilities	18, 20	171	52
Lease liabilities	16, 20	1,024	1,044
Other provisions	26	52	118
Contingent considerations	18, 20	1,980	4,497
Non-current put/call options on non-controlling interests	18, 20	1,496	2,905
Deferred considerations	18, 20	10	329
Non-current employee benefits	7, 27	13	10
Non-current liabilities to employees related to historical acquisitions	7, 18, 20	910	720
Deferred tax liabilities	11	5,885	7,965
<b>Total non-current liabilities</b>		<b>22,336</b>	<b>37,201</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	18, 20	8,946	683
Current account credit facilities	18, 20	35	17
Advances from customers	18, 20	143	79
Trade payables	18, 20	2,197	2,809
Lease liabilities	16, 20	381	444
Contract liabilities	4, 18, 20	1,511	2,012
Contingent considerations	18, 20	219	1,837
Deferred considerations	18, 20	285	-
Current put/call options on non-controlling interests	18, 20	474	1,690
Tax liabilities		499	638
Current liabilities to employees related to historical acquisitions	7, 18, 20	144	370
Other current liabilities	18, 20	906	451
Accrued expenses	18, 20, 28	2,967	3,119
<b>Total current liabilities</b>		<b>18,707</b>	<b>14,150</b>
Liabilities attributable to assets held for sale	32	2,170	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,696</b>	<b>116,071</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Equity attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves <sup>1)</sup>	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent			
<b>Opening balance 01/04/2022</b>	<b>2</b>	<b>42,433</b>	<b>124</b>	<b>-612</b>	<b>41,947</b>	<b>228</b>	<b>42,175</b>	
Net profit	-	-	-	4,454	4,454	8	4,462	
Other comprehensive income	-	-	4,821	-	4,821	-1	4,820	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>4,821</b>	<b>4,454</b>	<b>9,275</b>	<b>7</b>	<b>9,282</b>	
<i>Transactions with the owners</i>								
New share issue	-	12,155	-	-	12,155	-	12,155	
Issuance costs	-	10 <sup>2)</sup>	-	-	10	-	10	
Tax effect issuance costs	-	-2	-	-	-2	-	-2	
Share-based remuneration according to IFRS 2	-	1,290	-	-	1,290	-	1,290	
Transactions with non-controlling interests	-	-	-	-6	-6	-183	-189	
<b>Total</b>	<b>-</b>	<b>13,453</b>	<b>-</b>	<b>-6</b>	<b>13,446</b>	<b>-183</b>	<b>13,263</b>	
<b>Closing balance 31/03/2023</b>	<b>2</b>	<b>55,886</b>	<b>4,945</b>	<b>3,835</b>	<b>64,668</b>	<b>53</b>	<b>64,721</b>	
<b>Opening balance 01/04/2023</b>	<b>2</b>	<b>55,886</b>	<b>4,945</b>	<b>3,835</b>	<b>64,668</b>	<b>53</b>	<b>64,721</b>	
Net profit	-	-	-	-18,177	-18,177	-1	-18,177	
Other comprehensive income	-	-	882	-	882	0	882	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>882</b>	<b>-18,177</b>	<b>-17,295</b>	<b>-1</b>	<b>-17,296</b>	
<i>Transactions with the owners</i>								
New share issue	0	2,026	-	-	2,026	-	2,026	
Excess value	-	-18	-	-	-18	-	-18	
Issuance costs	-	-43	-	-	-43	-	-43	
Tax effect issuance costs	-	9	-	-	9	-	9	
Share-based remuneration according to IFRS 2	-	3,072	-	-	3,072	-	3,072	
Transactions with non-controlling interests	-	-	-	-	-	11	11	
<b>Total</b>	<b>0</b>	<b>5,046</b>	<b>-</b>	<b>-</b>	<b>5,046</b>	<b>11</b>	<b>5,057</b>	
<b>Closing balance 31/03/2024</b>	<b>2</b>	<b>60,932</b>	<b>5,826</b>	<b>-14,341</b>	<b>52,419</b>	<b>64</b>	<b>52,482</b>	

<sup>1)</sup> Includes currency translation difference and cash flow hedge reserve.

<sup>2)</sup> Positive amount due to reversal of accrued issuance costs that are not paid.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m <sup>1)</sup>	Note	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Operating activities</b>			
Profit/loss before tax		–18,735	5,015
Adjustment for non-cash items	29	27,215	3,432
Income tax paid		–977	–902
<b>Cash flow from operating activities before changes in working capital</b>		<b>7,503</b>	<b>7,545</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		618	–801
Change in operating receivables		–307	–361
Change in operating liabilities		74	–1,000
<b>Cash flow from operating activities</b>		<b>7,888</b>	<b>5,383</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	15	–317	–500
Proceeds from sales of property, plant and equipment		6	3
Acquisition of intangible assets	14	–7,042	–6,495
Proceeds from sales of intangible assets		33	499
Acquisition of subsidiaries, net of cash acquired	18, 33	–2,261	–8,935
Change in current investments		-	–18
Acquisition of financial assets		–408	–92
Proceeds from sales of financial assets		35	48
<b>Cash flow from investing activities</b>		<b>–9,954</b>	<b>–15,489</b>
<b>Financing activities</b>			
New share issue		2,000	10,335
Issuance costs		–42	–9
Proceeds from borrowings		2,113	6,120
Repayment of loans		–2,596	–7,443
Payment of lease liabilities		–643	–502
<b>Cash flow from financing activities</b>		<b>832</b>	<b>8,501</b>
<b>Cash flow for the period</b>		<b>–1,234</b>	<b>–1,605</b>
Cash and cash equivalents at the beginning of period		4,662	5,810
Exchange-rate differences in cash and cash equivalents		80	457
<b>Cash and cash equivalents at the end of period</b>	29	<b>3,507</b>	<b>4,662</b>

<sup>1)</sup> Reclassification of the assets and liabilities under IFRS 5, as per note 32, has been returned to the balances when the cash flow was calculated. The change in net working capital for the year is, therefore, not affected by this reclassification as it does not have a cash effect before completion of the transactions.

# GROUP NOTES

## NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

This annual report and the consolidated financial statements comprise the Swedish parent company Embracer Group AB ("Embracer"), with corporate identity number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, publishing, development of computer games, video games, mobile games and boardgames, and publishes and distributes films.

The group is divided into 11 subgroups which are THQ Nordic, PLAION, Coffee Stain, Amplifier Game Invest, DECA Games, Gearbox Entertainment, Easybrain, Asmodee, Dark Horse, Freemove and Crystal Dynamics – Eidos Montréal.

The parent Company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad.

The Board of Directors has approved the historical financial information on June 19, 2024.

### BASIS FOR PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations issued by IFRS Interpretations Committee (IFRS IC), as they have been adopted by the European Union (EU). Furthermore, the Group applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Corporate Reporting Board.

The parent company applies the same accounting principles as the group except in the cases specified under the section "Parent company's accounting principles". The parent company applies the Annual Accounts Act (1995:1554) and RFR 2 Accounting for legal entities.

### SIGNIFICANT ACCOUNTING PRINCIPLES

The group provides information on significant accounting principles. Significant accounting principles mean that the underlying transaction is significant and that the information in the accounting principle is essential for the understanding of the transaction, for example if the group has made a principal choice or if the accounting principle is company-specifically adapted. In cases where the group applies an accounting principle as described in IFRS, information about the principle has not been provided. In addition to significant accounting principles presented in this note, significant accounting principles are also presented in direct connection with the note to which the accounting principle refers.

### PRIMARY FINANCIAL STATEMENTS

The group has chosen to present its report of consolidated statement of profit or loss by type of cost and the group's report on condensed consolidated cash flow statement according to an indirect method.

### NEW OR AMENDED STATEMENTS

#### New and amended standards that entered into force during the financial year

None of the new or amended standards that entered into force during the year have had any significant impact on the Group.

#### New and amended standards that haven't entered into force

A number of new and amended standards and interpretations have been published by the IASB but have not yet entered

into force. None of the new or amended standards or interpretations have been early adopted by the Group. The new and amended standards that could affect the Groups or parent company's financial reports are described below. Other new or amended standards or interpretations that the IASB has published are not expected to have any significant impact on the group's or parent company's financial statements.

#### Amendments to IAS 12 Income taxes

The group is covered by the OECD's model rules for Pillar 2. Legislation on Pillar 2 has been adopted in Sweden, where Embracer Group AB is based, and entered into force on 1 January 2024 and are applied to financial years starting from that date. As the legislation on Pillar 2 had not entered into force for the financial year 2023/24, the Group has no related current tax exposure.

By law, the Group is required to pay an additional tax on the difference between the effective tax rate calculated under the GloBE rules for each jurisdiction and the minimum tax rate of 15%. All companies except one subsidiary within the group have an effective tax rate that exceeds 15%.

The group is currently evaluating its exposure to the legislation within Pillar 2 when it enters into force, which is described in more detail in note 11 Tax. The company is currently working with tax specialists to help implement the legislation.

#### Amendments to IAS 1 Presentation of financial statements (classification of liability)

In January 2020, the IASB published amendments to IAS 1 regarding the classification of liabilities as current or non-current.

The Group assesses that the changes will not have any significant impact on the Group's or the parent company's financial reports. However, the Group will continuously take into account and evaluate the changes when signing new credit agreements. The changes must be applied for fiscal years beginning on or after January 1, 2024.

### CURRENCY

#### Functional currency and reporting currency

Items included in the financial statements for each company in the Group are measured in the currency used in the primary economic environment in which the company primarily operates (functional currency). The functional currency of the parent company is Swedish kronor (SEK), which comprises the reporting currency for the parent company and the Group. All amounts are presented in millions Swedish kronor ("SEK m"), unless otherwise indicated. Rounding differences may occur.

#### Transactions in foreign currency

Exchange gains and losses relating to operating receivables and liabilities are recognized in operating profit while exchange gains and losses relating to financial assets and liabilities are recognized as financial items.

Foreign exchange gains and losses are recognized net.

### CLASSIFICATION

Non-current assets and non-current liabilities primarily comprise of amounts that are expected to be recovered or paid more than twelve months from the balance-sheet date. Current assets primarily comprise of amounts that are expected to



## NOTE 1 CONTINUED

be realized during the Group's normal operating cycle, which is twelve months after the reporting period. Current liabilities primarily comprise of amounts that are expected to be settled during the Group's normal operating cycle, which is twelve months after the reporting period.

## MERCHANDISE

Merchandise refers to costs for the purchase and production of physical products, development costs for mobile games, operation and maintenance of games as well as royalties to external game developers and other rights holders.

## NOTE 2 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

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When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information. These assessments are based on experience and the assumptions that management and the Board of Directors consider to be reasonable under the prevailing circumstances. Actual outcome may differ from the estimates if the estimates or circumstances change. The estimates and assumptions are continuously evaluated and are deemed not to involve any significant risk for material adjustments in the carrying amounts of assets and liabilities during the coming financial year. Changes in estimates are recognized in the period when the change is made if the change affects that period only, or in the period when the change is made and in future periods if the change affects the period in question as well as future periods.

Assessments and estimates are presented in direct connection with the note to which the assessment and estimate refer. Significant assessments and estimates relate to:

- > Income statement – note 4,
- > Contract liabilities for price reductions and discounts – note 4,
- > Deferred taxes – note 11,
- > Goodwill – note 13,
- > Capitalization of development expenditure – note 14,
- > Contingent considerations – note 18,
- > Inventories – note 21,
- > Discontinued operations and Assets held for sale - note 32, and
- > Purchase price allocations – note 33.

## NOTE 3 OPERATING SEGMENTS

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### SIGNIFICANT ACCOUNTING PRINCIPLES

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is the function that is responsible for the allocation of resources and the assessment of the operating segments results. Embracer's CEO has been identified as the CODM. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, and for which discrete financial information is available. The division of the Group into segments is based on differences in goods and services that Embracer offers, which means that the Group's operations have been divided into four operating segments:

- > **PC/Console Games** - This part of the business conducts development and publishing of premium games for PC and Console. THO Nordic, PLAION excluding Partner Publishing, Coffee Stain, Amplifier Game Invest, Crystal Dynamics/Eidos and Gearbox Entertainment are included in this operating segment. The companies remaining after the sale of Saber Interactive are also included in this segment.
- > **Mobile Games** - This part of the business conducts development and publishing of mobile games. DECA Games and Easybrain are included in this operating segment.

- > **Tabletop Games** - This part of the business conducts development, publishing and distribution of tabletop games. Asmodee is included in this operating segment.
- > **Entertainment & Services** - This part of the business is engaged in development, publishing and distribution of comic books, conducts wholesale of publishing titles of games for console and PC as well as films, conducts publishing and external distribution of films and TV-series and produce and distribute merchandise. Dark Horse, Free-mode and PLAION Partner Publishing are included in this operating segment.

No operating segments have been merged. HVB mainly uses the profit measure Adjusted EBIT in the assessment of the operating segments' results. HVB does not follow up the assets or liabilities of the operating segments for the distribution of resources or assessment of results. The same accounting principles are used for the operating segments as for the group.

The same accounting principles are used for the segments as for the Group.

NOTE 3 CONTINUED

01/04/2023 – 31/03/2024	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	14,410	5,916	14,797	7,082	42,206	-	-	42,206
Revenue from transactions with other operating segments	29	-	-	27	56	-56	-	0
<b>Total revenue</b>	<b>14,439</b>	<b>5,916</b>	<b>14,797</b>	<b>7,109</b>	<b>42,262</b>	<b>-56</b>	<b>-</b>	<b>42,206</b>
<b>Adjusted EBIT</b>	<b>2,441</b>	<b>1,921</b>	<b>2,079</b>	<b>853</b>	<b>7,294</b>	<b>-</b>	<b>-231</b>	<b>7,063</b>
Amortization of surplus values of acquired intangible assets	-1,399	-441	-815	-363	-3,018	-	-	-3,018
Personnel costs related to acquisitions	-1,604	-286	-120	-14	-2,025	-	-	-2,025
Remeasurement of contingent consideration	-15	-	-	-	-15	-	-3	-18
Remeasurement of participation in associated companies	3	-	-	-	3	-	-	3
Items affecting comparability	-7,312	-165	-7,262	-883	-15,622	-	-6,895	-22,517
Transaction costs	-2	-	0	-6	-8	-	0	-8
<b>EBIT</b>	<b>-7,887</b>	<b>1,029</b>	<b>-6,119</b>	<b>-413</b>	<b>-13,390</b>	<b>-</b>	<b>-7,129</b>	<b>-20,519</b>
Net financial items								1,784
<b>Profit before tax</b>								<b>-18,735</b>

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Total segments	Eliminations	Group functions	Group total
Revenue from external customers	13,444	5,819	13,132	5,270	37,665	-	-	37,665
Revenue from transactions with other operating segments	46	-	-	26	72	-72	-	-
<b>Total revenue</b>	<b>13,490</b>	<b>5,819</b>	<b>13,132</b>	<b>5,296</b>	<b>37,737</b>	<b>-72</b>	<b>-</b>	<b>37,665</b>
<b>Adjusted EBIT</b>	<b>2,902</b>	<b>1,381</b>	<b>2,010</b>	<b>281</b>	<b>6,574</b>	<b>-</b>	<b>-208</b>	<b>6,366</b>
Amortization of surplus values of acquired intangible assets	-1,308	-580	-781	-303	-2,972	-	-	-2,972
Personnel costs related to acquisitions	-1,096	-1,065	-360	-111	-2,631	-	-	-2,631
Remeasurement of contingent consideration	0	-	-	-	0	-	-	0
Items affecting comparability	-240	-	-	-	-240	-	-38	-278
Transaction costs	-217	4	-41	-37	-291	-	0	-291
<b>EBIT</b>	<b>41</b>	<b>-260</b>	<b>828</b>	<b>-170</b>	<b>439</b>	<b>-</b>	<b>-245</b>	<b>194</b>
Net financial items								4,822
<b>Profit before tax</b>								<b>5,015</b>

Adjusted EBIT is EBIT excluding specific items related to historical acquisitions. See definitions page 171.

Non-current assets per segment in which the Group has operations	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
PC/Console Games	24,251	42,820
Mobile Games	10,071	9,145
Tabletop Games	30,397	36,968
Entertainment & Services	5,707	7,681
Group functions	51	60
<b>Total</b>	<b>70,477</b>	<b>96,674</b>

The carrying amount of the non-current assets are based on the segments to which the assets belong. Division by country has not been possible, as the assets are allocated over several geographical areas. Non-current assets in the table includes intangible assets, tangible assets and right-of-use assets.

## NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

### SIGNIFICANT ACCOUNTING PRINCIPLES

The Group generates revenue mainly through the sale of interactive entertainment content and services, primarily for console, PC and mobile platforms, as well as through licensing of Embracer's intellectual property and media content. The Group also generates revenue from the sale of tabletop games, comic books, and merchandise. The Group recognizes revenue when the Group satisfies a performance obligation, which is when a promised good or service is transferred to the customer and the customer obtains control of the good or service. Control over a performance obligation can transfer over time or at a point in time. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The most material revenue streams per operating segment are the following:

- > Segment PC/Console Games: sales of interactive entertainment content and services for console and PC platforms.
- > Segment Mobile Games: sales of interactive entertainment content and services for mobile platforms.
- > Segment Tabletop Games: sales of tabletop games.
- > Segment Entertainment and Services: sales of comic books and related goods and services, sales of film and merchandise and wholesales of publishing titles of interactive entertainment content and film.

The Group has chosen to apply the practical solution of not providing information on the transaction price allocated to unfulfilled (or partially unfulfilled) performance commitments at the end of the reporting period, including an explanation of the expected timing of revenue recognition, for contracts with customers that have an original expected term of maximum one year. For additional expenses to obtain an agreement, the group uses the practical solution of reporting additional expenses as an expense if the depreciation period for the asset that would otherwise have been reported is one year or less.

In the following sections, the most material revenue streams per segment is described in more detail, as well as the assessments regarding revenue recognition that Embracer has made per material revenue stream.

#### Revenue from sales of interactive entertainment content and services for console and PC platforms

The Group sells digital games for console and PC platforms that typically provides access to the main game content. The Group also sells downloadable content that provide the players with additional in-game content in purchased games. Digital sales of interactive entertainment content are sold through third-party digital storefronts, such as Microsoft's Xbox Games Store, Sony's PSN, Epic and Steam. Embracer considers the digital storefront to be Embracer's customer and Embracer's performance obligation is therefore to provide a license to the digital storefront to sell the game or the downloadable content to end-users. The transaction price typically comprises of variable consideration in the form of sales-based royalty, that is recognized when the subsequent sale to end-user occurs in accordance with the guidelines for sales-based royalties in IFRS 15. The transaction price sometimes also consists of fixed consideration in the form of minimum sales guarantees. The license is deemed to constitute a right for the customer to use the intangible asset is current condition at the time of assignment, since the digital store then can resell the game to end consumers. There are no additional commitments in the agreement with the customer that significantly affect the intangible asset to which the customer is entitled. The revenue is therefore recognized in connection with the assignment to the customer.

The Group also has some free-to-play games for PC and console where players have the opportunity to purchase virtual goods in the game. When selling virtual goods, each virtual good usually constitutes a separate performance obligation. The transaction price for virtual goods comprises of a fixed consideration. Control transfers to the customer over time or at a point in time (when the good is made available to the customer) depending on the nature of the good, which is either consumed at the time of purchase or is permanent. Revenue attributable to goods not consumed at the time of purchase is recognized over the contract period, which is estimated to be the average playing period for the game's paying users.

When Embracer uses an external publisher for its developed games, the publisher is the Group's customer, and the performance obligation is to grant a license to the publisher. The transaction price typically comprises of both sales-based royalty (which is recognized as described above) and fixed consideration in the form of minimum sales guarantees or development funding from the publisher. Both minimum sales guarantees, and development funding are recognized as revenue at the point in them when the license is granted to the publisher, which corresponds to when control is transferred. There are also agreements where Embracer, in addition to providing the license to the publisher, also provide the license to a specific game to the publisher and where the publisher take control of the game over time. These agreements are deemed to constitute two performance commitments and the income from game development is reported in the same way as "work-for-hire" with fixed compensation as described below, meaning control is transferred over time because the publisher controls the game during the time the development assignment is carried out. In cases when Embracer has developed game development at the time of signing the agreement and the customer takes over this developed game development at one point, when the agreement is signed, a one-time income is reported at the time that part of the game is transferred. Remaining revenue from game development is reported over time in line with development. The performance commitment that involves the provision of a license is reported in the same way as described above.

The Group also derive revenue from sale of physical copies of owned and licensed games for console and PC platforms to physical retail stores such as GameStop and Media Markt, which is considered to be Embracer's customers. A physical copy of a game is a combination of a license and a physical good, where Embracer considers the license to be the primary/dominant component. The transaction price comprises of a fixed price per game, but also includes variable consideration in the form of right of return and price protection. The variable consideration is estimated by use of the expected value method. To make such an assessment, Embracer utilizes historical statistics and forecasts. Revenue is recognized when control is transferred to the customer, which is at the point in time when the license is transferred to the customer. Fixed consideration is therefore recognized when the license has been transferred to the retail store and variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not subsequently occur. The remaining part of the variable consideration is recognized as the uncertainty associated with the consideration is subsequently resolved.

Revenue from when Embracer performs game development services ("work-for-hire") is also included in the segment PC/Console Games. Embracer assesses that the promise to develop a game for a customer constitute a single performance obligation. The transaction price typically comprises

#### NOTE 4 CONTINUED

of a fixed consideration as well as variable consideration in the form of a revenue share for the game. The Group recognize fixed consideration from work-for-hire project as revenue over time as the performance obligation is satisfied. Control is transferred over time as the customer controls the game as the development service is being performed. The Group measure the progress towards complete satisfaction of the performance obligation using an input method based on cost incurred in relation to total estimated cost to fulfil the game development. Due to the uncertainty regarding the variable consideration, revenue from variable consideration is only recognized once the subsequent sale has occurred.

#### Revenue from sales of interactive entertainment content and services for mobile platforms

The Group develop games for mobile platforms. The Group's mobile games are essentially so called "Free-to-play games", in which the players are provided access to the main game content without paying a fee. Revenue is generated from sales of additional game content in the form of virtual goods and subscriptions. Regarding the sale of virtual goods, each separate virtual good is usually considered a distinct performance obligation which is satisfied when control is transferred to the customer. Some virtual goods are consumed at the time of purchase while other goods are durable and can be used by the player without time limit. The transaction price for virtual goods comprises of a fixed consideration. Control is transferred to the customer over time or at a point in time (when the good has been made available to the customer) depending on the nature of the good. Revenue from virtual goods not consumed at the time of purchase is recognized over the contract period, which is considered to be the average playing period for the game's paying users. Regarding the sale of subscriptions, Embracer's obligation is considered to be to stand ready to provide the benefits of the subscription service to the customer. The obligation is therefore considered to comprise of a series of distinct services that are substantially the same, wherefore each subscription is considered to constitute a single performance obligation. Control is transferred to the customer over time and revenue is recognized linearly over the subscription period.

The segment Mobile Games also generates revenue by displaying ads within Embracer's mobile apps. Embracer's customers are represented by the ad networks to which Embracer provide advertisement space. The ad networks in turn place ads from third parties in Embracer's mobile apps. Embracer assesses that the obligation to provide advertisement space to the ad network comprise of a series of distinct services that are substantially the same, wherefore each contract is considered to constitute a single performance obligation. The transaction price solely comprises of variable consideration and is dependent on the number of valid clicks or impressions that a specific ad generates whilst it is being displayed within the app. The variable consideration is allocated to each respective distinct service within the time period. The ad network simultaneously receives and consumes the benefits provided by Embracer's performance, wherefore, advertising revenue is recognized over time.

#### Revenue from sales of tabletop games

The Group generates revenue from sales of tabletop games directly to end consumers or to physical retail stores which then resell the games to end consumers. Revenue is also generated from sales of digital versions of tabletop games that are sold via third-party digital storefronts, such as Microsoft Xbox Game Store, Sony's PSN and Apple App Store. Each game is usually considered a distinct performance obligation. The transaction price comprises of a fixed consideration per game and sometimes also variable consideration in the form of discounts and right of return. Revenue is recognized when

control is transferred to the customer which is when the game has been transferred to the customer.

#### Revenue from sales of comic books and related goods and services, sales of film and merchandise and wholesale of publishing titles of interactive entertainment content and film

Regarding sales of comic books and related goods, each good is usually considered a distinct performance obligation. Comic books are sold in both physical printed editions and digital editions. The transaction price typically comprises of a fixed consideration but sometimes also includes variable consideration in the form of discounts and right of return.

The variable consideration is estimated by use of the expected value method. To make such an assessment, Embracer utilizes historical statistics and forecasts. Revenue is recognized when control is transferred to the customer. When selling digital editions of comic books, control is transferred to the customer when the comic book is made available for the customer. For physical sales, control is transferred when the product has been delivered to the customer.

Regarding sales of film and merchandise, each good is usually considered a distinct performance obligation which is satisfied when control is transferred to the customer. Sales of film and merchandise take place both physically and digitally. The transaction price for physical sales generally comprises of a fixed consideration per good, but with variable components such as right of return and price protection. The transaction price for digital sales comprises of either fixed or sales-based royalties. When selling physical copies of film and merchandise, control is transferred when the good has been delivered to the customer. When selling digital copies of film, control is transferred to the customer when the license is granted to the customer.

The Group also generates revenue from wholesale of physical copies of games and films. Sales are made to physical retail stores which are Embracer's customers. The transaction price comprises of a fixed consideration per copy of the game or film but also includes variable consideration in the form of right of return and price protection. The variable consideration is estimated by use of the expected value method. Revenue is recognized when control is transferred to the customer, which is at the point in time when the product is transferred to the customer. Fixed consideration is therefore recognized when the product has been transferred to the retail store and variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not subsequently occur.

#### Principal-agent considerations

In some sales of the Group's goods and services, a third party is involved in providing the good or service. For example, when digital games are sold via third-party digital storefronts. When another party is involved in providing goods or services to a customer, Embracer evaluates which party that represents the Group's customer. This depends on whether the third party is the principal or agent in providing the product or service to the end consumer, which determines whether revenue from the sale is recognized gross or net (adjusted for commission received by third parties). Important indicators that the Group evaluates when deciding which party that represents the Group's customer include but are not limited to:

1. Which party that is primarily responsible for fulfilling the promise to provide the specified good or service.
2. Which party that establish the price for the specified good or service.
3. If the third party combines or integrates the good or service with other goods or services that Embracer does not deliver before delivery to the end consumer.

## SIGNIFICANT ESTIMATES AND ASSUMPTIONS

### Income statement

In certain agreements with customers, Embracer assigns a game with an associated license to a publisher. In order to determine how the income from these agreements should be reported, an analysis of the number of performance obligations in the agreement is required as well as an assessment of when the customer gains control of the game, as this determines when the income should be reported.

### Contract liabilities for price reductions and discounts

Embracer reports liabilities for expected discounts and product returns. The liabilities are recognised based on expected sales and number of returns of each title. The calculation of

the liabilities is made on basis of assumptions and empirical values about price development and return rates. Estimates that deviate from management's assessments can impact the Group's financial result and financial position.

On March 31, 2024 it is management's view that the book value of provisions for price reductions and discounts are sufficiently large.

The turnover in the Group is for the most part related to performance commitments that are fulfilled at a certain time. Less than 2% of turnover refers to performance commitments that must be fulfilled over time.

The turnover is divided into different operating segments. Below is a table showing the type of product that revenue from contracts with customers comes from:

01/04/2023 – 31/03/2024	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
<b>Type of products</b>					
Digital products	9,609	5,865	158	643	<b>16,275</b>
Physical products	1,490	-	14,522	5,469	<b>21,481</b>
Other <sup>1)</sup>	3,311	51	117	970	<b>4,449</b>
<b>Revenue from contracts with customers</b>	<b>14,410</b>	<b>5,916</b>	<b>14,797</b>	<b>7,082</b>	<b>42,206</b>

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
<b>Type of products</b>					
Digital products	8,927	5,752	170	547	<b>15,395</b>
Physical products	1,101	-	12,847	4,658	<b>18,606</b>
Other <sup>1)</sup>	3,417	67	115	65	<b>3,664</b>
<b>Revenue from contracts with customers</b>	<b>13,444</b>	<b>5,819</b>	<b>13,132</b>	<b>5,270</b>	<b>37,665</b>

<sup>1)</sup> Refers to Work-for-hire and other game development.

In addition to the breakdown by type of product above, revenue from contracts with customers within the operating segment PC/Console Games is also followed up on subcategories.

These subcategories are specific to this particular operating segment. Below is a table showing this:

PC/Console Games	IP-rights		Total
	Owned titles	Publishing titles	
01/04/2023 – 31/03/2024	9,514	4,896	<b>14,410</b>
01/04/2022 – 31/03/2023	8,210	5,234	<b>13,444</b>

PC/Console Games	New releases	Back-catalog	Other	Total
01/04/2023 – 31/03/2024	4,185	6,914	3,311	<b>14,410</b>
01/04/2022 – 31/03/2023	2,894	7,134	3,417	<b>13,444</b>

### Net sales per geographic market

01/04/2023 – 31/03/2024	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Europe excl Sweden	3,816	1,036	8,598	2,860	<b>16,310</b>
USA	8,282	3,202	3,039	3,353	<b>17,876</b>
Sweden	200	34	25	111	<b>370</b>
Other	2,112	1,644	3,135	758	<b>7,650</b>
<b>Total</b>	<b>14,410</b>	<b>5,916</b>	<b>14,797</b>	<b>7,082</b>	<b>42,206</b>

01/04/2022 – 31/03/2023	PC/Console Games	Mobile Games	Tabletop Games	Entertainment & Services	Group total
Europe excl Sweden	3,399	1,283	9,127	2,198	<b>16,007</b>
USA	8,344	3,058	2,476	2,379	<b>16,257</b>
Sweden	155	33	28	82	<b>298</b>
Other	1,546	1,445	1,501	611	<b>5,103</b>
<b>Total</b>	<b>13,444</b>	<b>5,819</b>	<b>13,132</b>	<b>5,270</b>	<b>37,665</b>

The distribution by geographic market is mainly based on where the companies have their operations.

**NOTE 4 CONTINUED**

Contract assets	31/03/2024	31/03/2023
Opening balance	177	177
Significant changes in contract assets:		
As a result of sales of subsidiaries	-383	-
Reclassifications according to IFRS 5	-478	-
Changes attributable to ordinary business	84	613
<b>Closing balance</b>	<b>13</b>	<b>790</b>

Contract assets consist of accrued but not invoiced revenue in the case of percentage of completion.

Contract liabilities	31/03/2024	31/03/2023
Opening balance	2,012	1,821
Significant changes in contract liabilities:		
As a result of sales of subsidiaries	-75	-
Reclassifications according to IFRS 5	-206	-
Changes attributable to ordinary business	-220	191
<b>Closing balance</b>	<b>1,511</b>	<b>2,012</b>

Contractual liabilities refer to revenues invoiced but not processed in the case of percentage of completion and other pre-

paid revenues. In addition, reservations are included for price reductions and discounts as well as the return of goods sold.

**NOTE 5 OTHER OPERATING INCOME**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Marketing contributions	110	94
FX gains on operating receivables/ liabilities	76	70
Reversal of reserves	13	0
Indemnities	-	2
Insurance compensation	2	0
Benefits for development projects	138	37
Gain on non-current assets	45	18
Tax deduction R&D	103	-
Other	88	188
<b>Total</b>	<b>575</b>	<b>409</b>

Marketing contributions have been received from third party as a part of the total cost for marketing costs.

During the year, grants were received for project development. Project development expenses are capitalized in accordance with the company's accounting principles. Contributions received are reported as a reduction of own capitalized work.

The operating result is not affected during the development period.

Other operating income includes exchange rate gains on receivables and liabilities operative in the Group. Other exchange rate effects in the Group can be found in other comprehensive income, note 8 Other operating expenses, note 9 Financial income and note 10 Financial expenses.

**NOTE 6 AUDITORS' FEES**

PwC	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Audit services	-17	-3
Other auditing activities	-	-
Tax advisory services	-5	0
Other services	-2	0
<b>Total</b>	<b>-24</b>	<b>-3</b>

Moss Adams	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Audit services	-1	-3
Other auditing activities	-	-
Tax advisory services	-1	-
Other services	-	-
<b>Total</b>	<b>-2</b>	<b>-3</b>

EY	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Audit services	-25	-30
Other auditing activities	-	-1
Tax advisory services	-3	-3
Other services	-9	-30
<b>Total</b>	<b>-37</b>	<b>-64</b>

Other auditors	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Audit services	-20	-8
Other auditing activities	-0	-3
Tax advisory services	-10	-3
Other services	-4	-1
<b>Sum</b>	<b>-34</b>	<b>-14</b>

Mazars	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Audit services	-7	-4
Other auditing activities	-	-
Tax advisory services	0	0
Other services	-	0
<b>Total</b>	<b>-7</b>	<b>-4</b>

**Total** **-104** **-89**

The item "Audit services" comprises examination of the annual financial statements, accounting records and administration of the business by the CEO and Board. Other services relate to other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of such other procedures. The item other services in the previous year included costs for financial and tax due diligence in connection with company acquisitions of SEK 33 million to EY..

## NOTE 7 EMPLOYEES AND PERSONNEL EXPENSES

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Other long-term employee benefits

Embracer has contractual obligations for employees regarding long-term bonuses and anniversary benefits. Long-term bonuses primarily relate to contingent consideration agreed in relation to certain business combinations that are classified as remuneration for future services as there are requirements for the seller to remain in employment to receive the contingent consideration. The long-term benefit is calculated with the Projected Unit Credit Method. The net of expenses relating to employee service, net interest on the net defined benefit liability, and remeasurements of the net defined benefit liability are recognized in the consolidated statement of profit or loss.

#### Termination benefits

An expense for benefits in connection with the termination of employment is recognized only if the entity is objectively obligated, without any realistic possibility of withdrawal, by virtue of a formal detailed plan to terminate an employment contract.

#### Share-based payments

In some of Embracer's business combinations, a contingent consideration has been agreed which requires future employment for certain key personnel in the acquired company. When the contingent consideration is settled with newly issued shares, the agreement is classified as a share-based payment. If the employees in question continue their employment during the specified period and the other conditions for the contingent consideration are met, the purchase price will be settled with newly issued shares. The expense for these transactions, which are settled with equity, consists of the fair value at the time the agreement is entered into.

The expense for share-based payments is recognized in the statement of profit or loss as personnel expenses with a corresponding increase in equity. The assessment regarding how many shares that are expected to be earned is updated at the end of each reporting period and any deviations is recognized in the statement of profit or loss with a corresponding adjustment in equity. In cases where the shares are forfeited due to the employee not fulfilling the vesting conditions, the amount previously recognized for these instruments will not be reversed.

	01/04/2023 – 31/03/2024		01/04/2022 – 31/03/2023	
	Average number of employees	Women, %	Average number of employees	Women, %
USA	2,217	25%	2,901	25%
Canada	1,213	21%	1,107	23%
Germany	843	28%	967	33%
France	743	38%	593	33%
United Kingdom	523	32%	551	22%
Sweden	503	26%	477	26%
Italy	462	20%	392	16%
Spain	421	26%	356	27%
Hungary	399	23%	412	18%
Russia	319	24%	891	26%
Austria	312	45%	364	42%
Armenia <sup>1)</sup>	258	17%		
Romania	258	34%	393	28%
The Netherlands	254	22%	208	27%
Belarus	253	34%	252	35%
China	246	43%	204	34%
Estonia	204	15%	134	18%
Poland	196	45%	149	36%
Denmark	194	16%	154	22%
Czech Republic	169	30%	153	28%
Ukraine <sup>1)</sup>	156	16%		
Serbia	151	24%	159	25%
Portugal	144	15%	108	19%
Bulgaria	141	32%	134	31%
Argentina	78	23%	106	36%
Israel	61	44%	151	18%
Other	751	29%	640	22%
<b>Group, total</b>	<b>11,469</b>	<b>28%</b>	<b>11,956</b>	<b>26%</b>

<sup>1)</sup> Last year, these countries are included in the row Other.  
At the end of the financial year, there were no employees in Russia or Armenia

#### Gender distribution, Board of Directors and senior executives within the Group, including all subsidiaries in the Group

	31/03/2024	31/03/2023
	Women, %	Women, %
Board of Directors	8%	8%
Chief Executive Officer and other senior executives <sup>1)</sup>	17%	20%

<sup>1)</sup> Other senior executives are Johan Ekström (CFO and Deputy CEO), Ian Gulam (Chief of Staff, Legal & Governance), Carreen Yapp (Chief Strategic Partnership Officer) and Phil Rogers (CEO, Crystal Dynamics-Eidos).

## NOTE 7 CONTINUED

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Salaries, other benefits and social security contributions, including pension costs</b>		
<b>Group</b>		
<i>Board of Directors, CEO and other senior executives</i>		
Salaries and other remuneration	–526	–531
Social security contributions	–69	–47
Pension costs	–15	–16
<b>Total</b>	<b>–610</b>	<b>–594</b>
<i>Other employees</i>		
Salaries and other remuneration	–8,930	–6,822
Social security contributions	–1,197	–939
Pension costs	–145	–172
<b>Total</b>	<b>–10,272</b>	<b>–7,933</b>
<b>Group, total</b>	<b>–10,882</b>	<b>–8,527</b>

Remuneration to permanent contract self-employed persons is reported as personnel costs in the statement of profit or loss. In total, the compensation amounts to SEK 918 million (789). The amount is not included in the sum of SEK 8,930 million (6,822) in the above table.

Pension costs and personnel expenses in the subsidiaries are to some extent attributable to defined benefit plans, see Note 27 Non-current employee benefits for further information.

In connection with acquisitions, agreements on conditional

purchase price that are not classified as part of transferred purchase price have been entered into, where there is a requirement that the seller is still employed. This remuneration refers to future services and is classified as personnel costs according to IAS 19 or IFRS 2 depending on whether the remuneration is received in cash or in shares. During the year 2023/24, this amount has amounted to SEK 2,040 million (2,595), which are also not included in the amount of SEK 8,930 million (6,822) in the table above.

	01/04/2023 – 31/03/2024				
Remuneration to Board of Directors, CEO and other executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
<b>Chair of the Board</b>					
Kicki Wallje-Lund	–2	–1	-	-	–3
<b>Board member</b>					
David Gardner	–1	0	-	-	–1
Cecilia Driving	–1	0	-	-	–1
Jacob Jonmyren	–1	-	-	-	–1
Matthew Karch <sup>3)</sup>	-	-	-	-	-
Erik Stenberg <sup>1)</sup>	–0	-	-	-	0
Bernt Ingman <sup>2)</sup>	–1	-	-	-	–1
Cecilia Qvist <sup>2)</sup>	–0	-	-	-	0
Yasmina Brihi <sup>2)</sup>	–1	-	-	-	–1
<b>Chief Executive Officer</b>					
Lars Wingefors	–1	-	–0	-	–1
Other senior executives (5 persons) <sup>3), 4)</sup>	–32	-	–1	-	–33
<b>Total</b>	<b>–39</b>	<b>–1</b>	<b>–1</b>	<b>0</b>	<b>–42</b>

<sup>1)</sup> Resigned during the financial year 2023/2024

<sup>2)</sup> Joined during the financial year 2023/2024

<sup>3)</sup> Member of Group Executive Management Team during the period June–November 2023. Resigned from the Board during the financial year 2023/24.

<sup>4)</sup> During the financial year, Phil Rogers has been added as senior executive as from June, 2023.

	01/04/2022 – 31/03/2023				
Remuneration to Board of Directors, CEO and other executives	Base salary, Board fees	Variable remuneration	Pension costs	Other remuneration	Total
<b>Chair of the Board</b>					
Kicki Wallje-Lund	–2	–1	-	-	–3
<b>Board member</b>					
David Garner	–1	-	-	-	–1
Ulf Hjalmarsson <sup>1)</sup>	–0	-	-	-	0
Cecilia Driving	–1	-	-	-	–1
Jacob Jonmyren	–1	-	-	-	–1
Matthew Karch	–5	-	-	-	–5
Erik Stenberg	–1	-	–0	-	–1
<b>Chief Executive Officer</b>					
Lars Wingefors	–1	-	–0	-	–1
Other senior executives (3 persons)	–10	-	–1	-	–10
<b>Total</b>	<b>–21</b>	<b>–1</b>	<b>–1</b>	<b>-</b>	<b>–23</b>

<sup>1)</sup> Resigned during the financial year 2022/2023



## NOTE 7 CONTINUED

Variable remuneration refers to time spent on a specific assignment.

### REMUNERATION AND EMPLOYMENT TERMS FOR SENIOR EXECUTIVES

Remuneration to the CEO and other senior executives consists of salaries. Other senior executives refer to those persons who are part of the Group Executive Management Team.

### TERMINATION BENEFITS

Embracer Group's CEO and CFO must observe a notice period of six months. In addition to the notice period, the CEO is entitled to termination benefit corresponding to six months' salary, provided that it is Embracer Group that terminated the employment contract and the CEO has not been dismissed. Other senior executives in Embracer Group is entitled to a period of notice with compensation up to 12 months. The executives must observe the same notice period.

### PROVISIONS FOR PERSONNEL COSTS

Embracer has contractual obligations for personnel regarding bonuses and anniversary benefits. These obligations relate to personnel in Austria, Italy, France and Spain. A liability is recognized for expected payments over a period of 40 years in the future regarding the non-current benefits. The liability corresponds only to the estimated remuneration for services already rendered by the employees and the probability that a person does not remain in service has been considered when measuring the liability. See also, note 26.

### PERSONNEL COSTS IN CONNECTION WITH HISTORICAL ACQUISITIONS

In connection with acquisitions, agreements on conditional purchase price which not classified as part of transferred purchase price have been entered into, where there is a requirement that the seller is still employed. This remuneration refers to future services and is classified as personnel cost according to IAS 19 or IFRS 2 depending on whether the compensation is received in cash or in shares. During the year 2023/24, this amount has amounted to SEK 2,040 million (2,595).

	Liabilities to employees related to historical acquisitions	
	31/03/2024	31/03/2023
<b>Opening balance as of 1 April</b>	<b>720</b>	<b>593</b>
Paid	-598	-709
Expense of the year	270	13
Additions as a result of acquired business combinations	-	924
Reclassification	510	-129
FX rate differences	8	28
<b>Closing balance as of 31 March</b>	<b>910</b>	<b>720</b>

Current liability amounts to SEK 144 million (370).

### AGREEMENT ON SHARE-RELATED REMUNERATION (IFRS 2)

The fair value of the share-based payment is based on the market price of Embracer's share at the acquisition date of each respective acquisition. The table below presents granted and outstanding share rights at the beginning and the end of the financial year:

Number of share rights	31/03/2024	31/03/2023
<b>Outstanding as of 1 April</b>	<b>16,133,332</b>	<b>43,386,401</b>
Granted	-	875,078
Vested	-10,583,020	-11,231,858
Forfeited	-	-16,896,289
<b>Outstanding as of 31 March</b>	<b>5,550,312</b>	<b>16,133,332</b>
Exercisable at the end of the period	-	-
Weighted average share price at the grant date for share rights granted during the period	-	70.30 SEK
Weighted average remaining term for outstanding share rights at the end of the period	2.08 year	1.94 year

The total expense recognized in the consolidated statement of profit or loss during the year as a result of share-based payments amounted to SEK 1,117 million (1,449).

## NOTE 8 OTHER OPERATING EXPENSES

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Other operating expenses	-38	-109
Transactions costs related to acquisitions	-8	-291
Sale of subsidiaries	-6,856	-
FX loss related to Personnel costs related to acquisitions <sup>1)</sup>	-	-36
<b>Total</b>	<b>-6,902</b>	<b>-436</b>

<sup>1)</sup> FX gain related to Personnel costs related to acquisitions is included in Other operating income.

## NOTE 9 FINANCIAL INCOME

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<i>Assets and liabilities measured at fair value through profit or loss:</i>		
Changes in fair value of contingent consideration	2,080	3,785
Changes in fair value of put/call option on non-controlling interests	1,015	1,364
Change in fair value of contingent consideration receivable	3	-
<b>Total recognized in profit or loss</b>	<b>3,098</b>	<b>5,148</b>
<i>Assets measured at amortized cost:</i>		
Interest income from other financial assets	57	39
Other financial income	21	12
<b>Total interest income in accordance with the effective interest method</b>	<b>78</b>	<b>51</b>
<i>Other financial income:</i>		
FX gain on income, financial items	361	956
<b>Total</b>	<b>361</b>	<b>956</b>
<b>Total financial income</b>	<b>3,537</b>	<b>6,155</b>

See also note 18 "Financial instruments"

## NOTE 10 FINANCIAL EXPENSES

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<i>Assets and liabilities measured at fair value through profit or loss;</i>		
Changes in fair value of contingent consideration	-20	-23
<b>Total recognized in profit or loss</b>	<b>-20</b>	<b>-23</b>
<i>Liabilities measured at amortized cost:</i>		
Interest expense liabilities to credit institutions	-1,162	-449
Interest expense liabilities contingent consideration	-127	-125
Interest expense liabilities put/call options on non-controlling interests	-147	-179
Interest expense liabilities deferred considerations	-62	-36
Interest expense other financial liabilities	-141	-133
<b>Total interest income in accordance with the effective interest method</b>	<b>-1,639</b>	<b>-920</b>
<i>Other financial expense:</i>		
Exchange loss on contingent consideration	-18	-137
Exchange loss on put/call options on non-controlling interests	-18	-203
Exchange loss on deferred considerations	-1	-0
Interest expense lease liabilities	-57	-49
<b>Total</b>	<b>-94</b>	<b>-390</b>
<b>Total financial expense</b>	<b>-1,753</b>	<b>-1,333</b>

See also note 18 "Financial instruments"

## NOTE 11 INCOME TAX

### SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Deferred tax assets and liabilities are recognized for temporary differences and for the opportunity to in the future utilize tax loss carry forwards. Embracer's deferred tax assets are attributable to tax loss carry forwards and other temporary differences. The deferred tax liabilities relate to capitalized development expenses, excess values identified in connection with acquisitions and other temporary differences. The valuation of temporary differences and tax loss carry forwards is based on management's estimates of future taxable profits in different jurisdictions and the management's business plans.

Tax assets that derive from tax loss carry forwards have been generated in loss making subsidiaries. The tax losses have been assessed to be able to be utilized against future taxable income. New assessments are done on a regular basis to assess the future ability to utilize the deferred tax assets. Assessments regarding future utilization of tax loss carry forwards can change over time which may impact the tax expense recognized in profit or loss. Management regularly participates in the judgements of transactions and estimates of probable outcomes.

### NOTE 11 CONTINUED

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Current tax</b>		
Current tax on profit for the year	-884	-882
Adjustments relating to prior years	55	-19
<b>Total current tax</b>	<b>-829</b>	<b>-901</b>
<b>Deferred tax</b>		
Deferred tax attributable to temporary differences	1,394	359
Deferred tax attributable to loss carryforwards	-7	-11
<b>Total deferred tax</b>	<b>1,387</b>	<b>348</b>
<b>Recognized tax in profit or loss</b>	<b>558</b>	<b>-553</b>
	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	<b>-18,735</b>	5,015
Tax at the applicable tax rate for the parent company, 20,6%	3,859	-1,033
Tax effect of:		
Effect of different tax rates in foreign subsidiaries	453	472
Other non-deductible expenses	-4,430	-515
Non-taxable income	188	807
Increase in tax losses for which no corresponding deferred tax was recognized	-13	-46
Utilization of previously unrecognized loss carry-forwards	152	133
Tax attributable to prior years	21	-19
Standard interest on tax allocation reserve	-2	-1
Other	330	-351
<b>Recognized effective tax</b>	<b>558</b>	<b>-553</b>
Effective tax rate	3%	-11%

Non-deductible costs/non-taxable income mostly refers to personnel costs related to acquisitions, depreciation of acquired surplus values on intangible assets and fair value changes regarding contingent considerations and impairment of goodwill.

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Amounts recognized directly against equity</b>		
Tax effect issuance costs	43	-2
<b>Total</b>	<b>43</b>	<b>-2</b>

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Amounts recognized in other comprehensive income</b>		
Tax attributable to remeasurement of defined benefit plans for employees	0	-4
<b>Total</b>	<b>0</b>	<b>-4</b>

**DISCLOSURE ON DEFERRED TAX ASSETS AND TAX LIABILITIES**

The tables below specify the tax effect of temporary differences:

Deferred tax	Deferred tax assets		Deferred tax liabilities	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
<b>Opening balance as of 1 April</b>	<b>1,777</b>	<b>1,280</b>	<b>7,965</b>	<b>6,170</b>
Business combinations (for further info see note 33)	2	278	-1	1,448
Recognized in the consolidated statement of profit or loss	-7	125	-1,038	-225
Recognized in other comprehensive income	-	15	-	-
Change in tax rates	-	-2	-10	-5
FX effect differences for the year	44	104	179	581
Sale of subsidiaries	-19	-	-109	-
Other	-21	-24	-1,101	-4
<b>Closing balance as of 31 March</b>	<b>1,776</b>	<b>1,777</b>	<b>5,885</b>	<b>7,965</b>

Deferred tax specified by item	31/03/2024				31/03/2023			
	Deferred tax assets	Deferred tax liabilities	Net	Recognized in profit or loss for the year (+ income, - expense)	Deferred tax assets	Deferred tax liabilities	Net	Recognized in profit or loss for the year (+ income, - expense)
Untaxed reserves	-	127	-127	0	-	103	-103	-53
Intangible assets	179	5,772	-5,593	260	-66	7,313	-7,379	131
Property, plant and equipment	7	23	-16	-9	0	-	0	0
Right-of-use assets	3	168	-165	5	0	11	-10	5
Lease liabilities	182	-	182	-6	164	164	-0	-
Accrued income	3	1	2	1	-	-	-	-
Other temporary differences	930	1,198	-268	2	311	163	148	189
Inventories	218	12	206	-6	288	21	267	-24
Post employment benefits	3	-	3	0	5	-1	6	-
Tax loss carry-forwards	1,313	-	1,313	527	822	-	822	112
Other unused tax credits	348	-6	354	196	416	355	62	-
<b>Deferred tax assets/liabilities</b>	<b>3,186</b>	<b>7,295</b>	<b>-4,109</b>	<b>970</b>	<b>1,941</b>	<b>8,129</b>	<b>-6,188</b>	<b>359</b>
Offsetting	-1,410	-1,410	0	0	-164	-164	0	0
<b>Deferred tax assets/liabilities (net)</b>	<b>1,776</b>	<b>5,885</b>	<b>-4,109</b>	<b>970</b>	<b>1,777</b>	<b>7,965</b>	<b>-6,188</b>	<b>359</b>

Offsetting refers to deferred tax attributable to lease liabilities and right-of-use assets.

There are loss carry-forwards for which deferred tax assets have not been recognized in the statement of financial position amounting to SEK 645 million (2,433) taxable value, resulting in a positive tax effect of SEK 165 million (523), of which SEK 0.8 million is time-limited until year 28/29. Deferred tax assets were not recognized for these items, since it was not deemed probable that the Group would be able to utilize them to offset future taxable profits.

**PILLAR 2 - GLOBAL MINIMUM TAX FOR MULTINATIONAL CORPORATIONS**

The group is covered by the OECD's model rules for global minimum tax for multinational corporations (Pillar 2). The legislation on Pillar 2 has been adopted in Sweden, where the Group is headquartered, and has entered into force on 1 January 2024. As the legislation had not entered into force when the Group began its financial year, the Group has no related current tax exposure.

Under the legislation, the Group is liable to pay an additional tax for the difference between the effective tax rate calculated according to the legislation for each jurisdiction and the minimum tax rate of 15%. The Group is currently evaluating its exposure to the legislation. This assessment indicates that most of the jurisdictions in which the Group operates have an effective tax rate above 15%. The assessment further indicates that the Group will be exposed to pay income tax under the legislation.

If the regulations had been applied during the financial year 2023/2024, the Group would have recognized an estimated additional tax of approximately SEK 145 million.

## NOTE 12 EARNINGS PER SHARE

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Basic earnings per share</b>		
Profit for the year attributable to equity holders of the parent	–18,177	4,454
Weighted average number of ordinary shares outstanding (millions)	1,190	1,069
<b>Basic earnings per share</b>	<b>–15.28</b>	<b>4.17</b>
	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Diluted earnings per share</b>		
Profit for the year attributable to equity holders of the parent	–18,177	4,454
Weighted average number of shares after dilution (millions)	1,191	1,081
<b>Diluted earnings per share</b>	<b>–15.28</b>	<b>4.12</b>
	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Reconciliation weighted average number of ordinary shares (millions)</b>		
<b>Weighted average number of ordinary shares before dilution</b>	<b>1,190</b>	<b>1,069</b>
Dilutive effect due to:		
Contingent considerations	1	12
<b>Weighted average number of ordinary shares after dilution</b>	<b>1,191</b>	<b>1,081</b>

Embracer has certain instruments that may have a potential dilutive effect on earnings per share in the future, but which were not included in the calculation of diluted earnings per share because they did not give rise to any dilutive effect during the reported periods. Embracer has issued 0 ordinary shares (6,563,120 per 31 March 2023) with clawback rights if certain conditions are not met, that have not been included in the calculation of the average number of shares before dilution as the conditions were not met and 148,754,936 ordinary shares (178,225,000 per 31 March 2023) that have not been included in the calculation of the average number of shares after dilution as the conditions were not met at the end of the reporting period. In addition, there are 106,734,911 ordinary shares (107,662,629 per 31 March 2023) that may be issued if certain conditions are met that have not been included in the calculation of diluted earnings per share, as the conditions for the issue of the shares were not met at the end of the reporting period. In addition to these, there are no outstanding convertible loans, warrants or similar in the Embracer Group that could result in a potential dilution for shareholders.

Outstanding ordinary shares subject to redemption as a condition (ie, subject to revocation) - such as shares subject to claw-back conditions issued by Embracer upon acquisition are not treated as outstanding and are excluded from the calculation of pre-diluted earnings per share up to and including the date the shares are no longer subject to revocation. Such shares affect earnings per share after dilution if they are dilutive and to the extent that the conditions are met, without having yet been earned, at the end of the reporting period. The existence of such claw-back shares means that the number of shares used to calculate earnings per share is lower than the number of formally issued shares. These shares have been issued as part of the purchase price for the acquisition of companies and fall under the IFRS 2 regulations.

## NOTE 13 GOODWILL

Goodwill is recognized at cost less any accumulated impairment. Reclassifications include reclassification according to IRFS 5 Assets held for sale, see note 32.

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Impairment of non-financial assets

The Group conducts an impairment test in the event there are indications that a decrease in value have occurred, i.e. when-ever events or changes in circumstances indicate that the carrying amount is not recoverable. Moreover, goodwill is tested for impairment annually by calculating the recoverable amount of the cash-generating unit to which the goodwill is attributed, regardless of whether there are indications of a decrease in value or not.

Impairment is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount. A recoverable amount comprises of the higher of fair value less costs of disposal and a value in use, which constitutes an internally generated value based on future cash flows. When determining impairment requirements, assets are grouped at the lowest level where cash inflows that are largely independent exist (cash-generating units). When impairment is identified for a cash-generating unit or group of units, the impairment amount is primarily allocated to goodwill. Other assets in the unit, or group of units, are subsequently proportionally impaired. When calculating value in use, future cash flows are discounted at a discount rate that considers risk-free interest and risk related to the specific asset. An impairment is recognized in the statement of profit or loss.

Impairment of goodwill is never reversed.

### SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Every year, and when indicated, Embracer evaluates goodwill for impairment needs. Evaluations are conducted simultaneously with impairment tests and are based on estimates and assumptions. The critical assumptions underlying these judgements are the growth rate, free cash flow and discount rates. Other estimates than those made by management may result in different result and a different financial position.

To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill is attributed are measured which is done by discounting the cash-generating unit's cash flows. In applying this approach, Embracer relies on historical statistics and other assumptions, including results achieved, business plans, economic forecasts, and market data. Changes in the conditions for these assumptions and estimates could have a material effect on the value of goodwill. Impairment testing of the Group's goodwill is described below.

	31/03/2024	31/03/2023
<i>Accumulated cost</i>		
<b>Opening balance</b>	<b>48,524</b>	<b>42,624</b>
Business combinations	14	2,104
Reclassifications	–1,016	–91
Sales	–6,307	-
FX effect	1,133	3,887
<b>Closing balance</b>	<b>42,348</b>	<b>48,524</b>
	31/03/2024	31/03/2023
<i>Accumulated impairment</i>		
<b>Opening balance</b>	-	-
Impairments for the year	–11,095	-
FX effect	–43	-
<b>Closing balance</b>	<b>–11,138</b>	-
<b>Carrying amount at the end of the year</b>	<b>31,210</b>	<b>48,524</b>

NOTE 13 CONTINUED

**IMPAIRMENT TESTING OF GOODWILL**

The Group performs impairment test at least annually, or when events or circumstances indicate that the carrying amount may not be recoverable. Impairment test of goodwill are performed at the lowest levels where there are independent cash flows (cash generating units), which for the Group consists of the Group's verticals. The carrying amount of goodwill is allocated to cash-generating units as presented below. The carrying amount of goodwill is allocated to cash-generating units as follows: For Gearbox Entertainment SEK 901 million and for Saber Interactive SEK 316 million have been reclassified to Assets held for sale according to note 32.

Goodwill	Segment	31/03/2024	31/03/2023
Amplifier Game Invest	PC/Console	318	377
Coffee Stain	PC/Console	2,030	1,997
Crystal Dynamics-Eidos	PC/Console	717	692
Gearbox Entertainment	PC/Console	1,100	2,700
PLAION	PC/Console	3,220	3,108
Saber Interactive <sup>1)</sup>	PC/Console	3,697	12,751
THQ Nordic	PC/Console	663	648
		<b>11,745</b>	<b>22,273</b>
Deca Games	Mobile	4,221	4,107
Easybrain	Mobile	3,767	3,658
		<b>7,987</b>	<b>7,765</b>
Asmodee	Table Top	10,405	16,806
		<b>10,405</b>	<b>16,806</b>
Dark Horse	Entertainment & Services	448	1,070
Freemode	Entertainment & Services	624	610
		<b>1,072</b>	<b>1,680</b>
<b>Total</b>		<b>32,210</b>	<b>48,524</b>

<sup>1)</sup> Refers to the assets which were not included in the divestment of certain assets of Saber Interactive which was completed on March 28, 2024.

During the fourth quarter, indications of impairment were identified for cash-generating units. The annual goodwill impairment test has subsequently resulted in the impairment of goodwill in the Group's operating groups (which also constitute the cash-generating units) presented below.

The impairment losses are allocated to the cash-generating units as shown in the table.

The impairment of goodwill in Saber Interactive and Gearbox Entertainment is a direct consequence of the agreements entered into to sell parts of the operating groups. The impairment of goodwill in Asmodee and Dark Horse is due to macro-economic factors, as well as rising interest rates and changing demand trends in combination with cautious future expectations, while the impairment in Amplifier Game Invest is attributable to expectations of closure or divestment of a smaller business. Impairment losses for the period amounting to SEK

–11,095 million (-) have been recognized on the line Depreciation, amortization and impairment losses in the consolidated income statement and SEK –43 million has been reported as a currency effect of the impairment. No impairment has been recognized in previous periods.

Cash generating unit	Operating segments	Impairment for the period
Amplifier Game Invest	PC/Console	–29
Gearbox Entertainment	PC/Console	–778
Saber Interactive <sup>1)</sup>	PC/Console	–2,907
<b>PC/Console</b>		<b>–3,714</b>
Asmodee	Table Top	–6,770
<b>Table Top</b>		<b>–6,770</b>
Dark Horse	Entertainment & Services	–654
<b>Entertainment &amp; Services</b>		<b>–654</b>
<b>Total</b>		<b>–11,138</b>

<sup>1)</sup> Refers to the assets which were not included in the divestment of certain assets of Saber Interactive which was completed on March 28, 2024.

To determine whether goodwill is impaired, the cash-generating units (CGUs) to which the goodwill relates are valued. The valuation is performed by calculating the value in use, which is based on a discounted cash flow model with a forecast period of five years followed by an extrapolation of the cash flow for the years beyond the forecast as goodwill has an infinite life-time.

Material assumptions used to calculate values in use:

- > Forecast operating margin.
- > Growth rate for extrapolating cash flows beyond the forecast period.
- > Discount rate after tax used for estimated future cash flows

Expected operating margins is based on management's overall assessment of historic profitability levels, current strategic decisions, general market conditions and trends as well as other available information for each individual CGU. A growth rate of 2.5 percent (2.5) has been used for all CGUs to extrapolate cash flows beyond the forecast period. This growth rate is considered to be a conservative estimate. Forecasted cash flows are discounted to current value applying a weighted average cost of capital (WACC). For each CGU an individual discount rate after tax has been used in calculating useful values. The difference in value compared with using a discount rate before tax is not deemed to be material. The applied discount rate and the applied discount rate previous year is in accordance with the tables below.

**NOTE 13 CONTINUED**

31/03/2024	Discount rate before tax (%)	Discount rate after tax (%)	Forecast of cash flow over:	Growth rate used to extrapolate cash flows beyond the forecast period (%)
Amplifier Game Invest	14.7	11.5	5 year	2.5
Asmodee	12.4	9.7	5 year	2.5
Coffee Stain	13.7	11.3	5 year	2.5
Crystal Dynamics-Eidos	15.3	11.4	5 year	2.5
Dark Horse	13.4	9.9	5 year	2.5
Deca Games	10.8	9.5	5 year	2.5
Easybrain	11.0	9.7	5 year	2.5
Freemode	14.1	11.0	5 year	2.5
Gearbox Entertainment	14.5	11.4	5 year	2.5
Plaion	13.6	11.3	5 year	2.5
Saber Interactive	14.4	11.4	5 year	2.5
THQ Nordic	14.2	11.3	5 year	2.5

31/03/2023	Discount rate before tax (%)	Discount rate after tax (%)	Forecast of cash flow over:	Growth rate used to extrapolate cash flows beyond the forecast period (%)
Amplifier Game Invest	12.5	10.6	5 year	2.5
Asmodee	11.6	9.4	5 year	2.5
Coffee Stain	12.7	10.6	5 year	2.5
Crystal Dynamics-Eidos	12.3	10.6	5 year	2.5
Dark Horse	10.9	9.1	5 year	2.5
Deca Games	10.3	8.7	5 year	2.5
Easybrain	10.3	8.7	5 year	2.5
Freemode	11.5	9.6	5 year	2.5
Gearbox Entertainment	12.5	10.6	5 year	2.5
Plaion	12.6	10.6	5 year	2.5
Saber Interactive	12.7	10.6	5 year	2.5
THQ Nordic	12.7	10.6	5 year	2.5

**SENSITIVITY ANALYSIS**

The sensitivity of the calculations indicates that the total carrying amount of goodwill would be maintained even if the after-tax discount rate were to increase by 0.5 percentage points while the long-term growth rate were to decrease by 0.5 percentage points, if the operating margin were to decrease by 2 percentage points during the forecast period and the period thereafter, and if the after-tax discount rate were to increase by 1 percentage point.

At the individual CGU level, the sensitivity analyses indicate further impairments on the CGUs Asmodee, Saber Interactive and Dark Horse, where impairments have already been recognized.

For the other CGUs, the carrying amount of goodwill is maintained in all sensitivity analyses mentioned above.

These calculations are hypothetical and should not be taken as an indication that these factors are more or less likely to change.

These calculations do not take into account incentives and measures that would be implemented if actual cash flows differ negatively from projected cash flows.

The sensitivity analysis should therefore be interpreted with caution.

## NOTE 14 INTANGIBLE ASSETS

Publishing and distribution relationships and acquired film rights are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Completed development projects and internally generated film rights as well as Other intangible assets are recognized at cost less accumulated amortization and any accumulated impairments. Reclassifications include reclassification according to IRFS 5 Assets held for sale, see note 32.

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Amortization methods

Completed development projects and film rights are amortized using the declining balance method, i.e. a decreasing expense over the useful life. IP-rights, publishing and distribution relationships and other intangible assets are amortized on a straight-line basis over its estimated useful life. The useful life is reassessed at the end of each reporting period and adjusted as needed. When determining the amortizable amount of the asset, the residual value of the asset is considered where applicable. Intangible assets with a finite useful life are amortized from the date they are available for use.

The estimated useful lives of material intangible assets are as follows:

- > Completed game development projects 2 years

Depreciation of finished game development projects – degressive depreciation over two years. 1/3 depreciation

during month 1 to 3 following release, 1/3 depreciation in month 4 to 12 following release and the remaining 1/3 in month 13 to 24 following release.

- > IP-rights 5-25 years
- > Publishing and distribution relationships 5-10 years
- > Film rights 1-5 years
- > Other intangible assets 5 years

### SIGNIFICANT ESTIMATES AND ASSUMPTIONS

#### Capitalization of development expenditure

The Group capitalizes certain development expenditures as intangible assets in the statement of financial position, primarily relating to game development. Capitalization of development expenditure is based, among other things, on the assessment that future economic benefits will be generated by the asset and that it is technically possible to complete the asset. The Group must make significant assessments regarding the timing of capitalization. The Group's expenditures related to game development is capitalized when games are technologically sufficient to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience from previous games. Development not yet completed and where amortization therefore has not started (since the game is not ready for use), are subject to annual impairment tests. The most important underlying assumption of these estimates may alter, and accordingly, have an impact on the Group's results and financial position.

As of 31 March 2024, the assessment is that the carrying amount of these assets does not exceed their fair value.

Accumulated cost	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
<b>As of 1 April 2022</b>	<b>6,260</b>	<b>4,182</b>	<b>26,122</b>	<b>213</b>	<b>863</b>	<b>232</b>	<b>37,872</b>
Investment of the year	5,886	193	5,777	-	259	156	12,271
Business combinations	839	17	4,073	611	113	29	5,682
Sales/disposals	-625	-58	-0	-	-	-19	-702
Reclassifications	-174	0	58	-	21	98	3
FX effects	582	185	2,407	47	95	43	3,359
Transferred from projects in progress to completed development projects	-3,137	3,137	-	-	-	-	-
<b>As of 31 March 2023</b>	<b>9,630</b>	<b>7,656</b>	<b>38,436</b>	<b>871</b>	<b>1,351</b>	<b>540</b>	<b>58,485</b>
Investment of the year	6,329	143	0	-	347	225	7,042
Business combinations	0	5	-97 <sup>1)</sup>	221	-	-	129
Sales/disposals	-3,202	-557	-151	-	-	-195	-4,105
Reclassifications	-1,410	-525	-4,661	-	-	9	-6,587
FX effects	201	159	913	22	34	14	1,343
Transferred from projects in progress to completed development projects	-3,492	3,492	-	-	-	-	0
<b>As of 31 March 2024</b>	<b>8,056</b>	<b>10,373</b>	<b>34,439</b>	<b>1,114</b>	<b>1,732</b>	<b>592</b>	<b>56,306</b>

<sup>1)</sup> The item business combinations IP rights includes a reduction of the previously reported deferred consideration for the asset acquisition Middle-earth Enterprises LLC.

NOTE 14 CONTINUED

<i>Accumulated amortization</i>	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
<b>As of 1 April 2022</b>	-	<b>-2,979</b>	<b>-2,432</b>	<b>-166</b>	<b>-678</b>	<b>-53</b>	<b>-6,308</b>
Amortization for the year	-	-2,375	-2,693	-153	-230	-65	-5,516
Sales/disposals	-	13	3	-	-	5	21
Reclassifications	-	53	-153	-	-	13	-88
FX effects	-	-225	-198	-16	-72	-18	-529
<b>As of 31 March 2023</b>	-	<b>-5,512</b>	<b>-5,473</b>	<b>-335</b>	<b>-980</b>	<b>-119</b>	<b>-12,420</b>
Amortization for the year	-	-3,070	-2,836	-142	-335	-101	-6,484
Sales/disposals	-	421	73	-	-	29	529
Reclassifications	-	342	1,397	-	-	-52	1,680
FX effects	-	-112	-131	-9	-23	-5	-280
<b>As of 31 March 2024</b>	-	<b>-7,931</b>	<b>-6,970</b>	<b>-486</b>	<b>-1,338</b>	<b>-249</b>	<b>-16,974</b>

<i>Accumulated impairment</i>	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
<b>As of 1 April 2022</b>	<b>-187</b>	-	<b>-7</b>	-	-	-	<b>-194</b>
Impairment	-111	-57	-96	-	-	-0	-264
Sales/disposals	5	-	0	-	-	-	5
Reclassifications	-11	-	-	-	-	-	-11
FX effects	-19	2	-6	-	-	-	-23
<b>As of 31 March 2023</b>	<b>-322</b>	<b>-56</b>	<b>-109</b>	-	-	<b>-0</b>	<b>-486</b>
Impairment	-2,863	-60	-340	-	-	-8	-3,271
Sales/disposals	641	0	58	-	-	2	700
Reclassifications	745	28	-	-	-	6	779
FX effects	-12	-2	-5	-	-	-	-19
<b>As of 31 March 2024</b>	<b>-1,811</b>	<b>-89</b>	<b>-396</b>	-	-	<b>-0</b>	<b>-2,295</b>

	Projects in progress	Acquired and completed development projects	IP rights	Publishing and distribution relationships	Film rights	Other intangible assets	Total intangible assets
Opening balance at 1 April 2022	6,073	1,203	23,683	47	185	179	<b>31,371</b>
Closing balance at 31 March 2023	9,309	2,088	32,854	536	371	420	<b>45,579</b>
Closing balance at 31 March 2024	6,245	2,353	27,073	628	394	343	<b>37,036</b>

**Internally generated intangible assets**

In Embracer, internally generated intangible assets pertain primarily to game development and film rights. The costs that are capitalized in game development projects include costs for direct salaries, consultant fees and other to the project directly attributable costs. The costs that are capitalized for film rights include costs for direct salaries, consultant fees and other to the project directly attributable costs. All other costs that do not meet the criteria for capitalization are expensed in profit or loss as incurred.

**IP-rights**

IP-rights emanates from an acquisition and refers to rights attributable to the Group's game products, such as a game's software or title.

**Publishing and distribution relationships**

Publishing and distribution relationships emanates from an acquisition.

**Pledged assets**

For information on intangible assets pledged as security for obligations, see note 30 Pledged assets and contingent liabilities.

**IMPAIRMENT TESTING**

Impairment testing is done annually for ongoing projects for intangible assets. The value of the asset as of the balance sheet date are compared with discounted cash flows during the asset's expected depreciation period. This years write-downs refers to non completed project within the operating segments PC/Console Games and Mobile Games.



## NOTE 15 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment losses. Reclassifications include reclassification according to IRFS 5 Assets held for sale, see note 32.

The estimated useful lives of material items of property, plant and equipment are as follows:

- > Buildings 33-40 years
- > Equipment, tools, fixtures and fittings 3-14 years

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Depreciation methods

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset or component.

Leasehold improvements are depreciated over the shorter of useful life time and the length of the lease agreement, if the Group does not expect to use the assets after the end of the lease agreement.

<i>Accumulated cost</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
<b>As of 1 April 2022</b>	<b>153</b>	<b>581</b>	<b>130</b>	<b>95</b>	<b>959</b>
Investments for the year	13	281	116	89	499
Business combinations	8	97	1	80	186
Sales/disposals	-3	-92	-1	-7	-103
Reclassifications	96	-4	-157	61	-4
FX effects	19	87	9	17	132
<b>As of 31 March 2023</b>	<b>286</b>	<b>950</b>	<b>98</b>	<b>335</b>	<b>1,669</b>
Investments for the year	9	175	61	71	316
Business combinations	-	-	-	-	-
Sales/disposals	-6	-234	-6	-59	-305
Reclassifications	-21	-267	-18	-132	-438
FX effects	7	27	5	13	52
<b>As of 31 March 2024</b>	<b>276</b>	<b>651</b>	<b>140</b>	<b>227</b>	<b>1,293</b>

<i>Accumulated depreciation</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
<b>As of 1 April 2022</b>	<b>-16</b>	<b>-209</b>	-	<b>-14</b>	<b>-239</b>
Depreciation	-10	-224	-	-41	-275
Sales/disposals	2	66	-	3	71
Reclassifications	-	30	-	-44	-14
FX effects	-3	-52	-	-9	-64
<b>As of 31 March 2023</b>	<b>-27</b>	<b>-389</b>	-	<b>-105</b>	<b>-521</b>
Depreciation	-10	-239	-	-57	-306
Sales/disposals	3	175	-	21	199
Reclassifications	5	202	-	56	262
FX effects	-1	-20	-	-7	-28
<b>As of 31 March 2024</b>	<b>-31</b>	<b>-271</b>	-	<b>-92</b>	<b>-393</b>

<i>Accumulated impairment</i>	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
<b>As of 1 april 2022</b>	-	-	-	-	-
<b>As of 31 mars 2023</b>	-	-	-	-	-
Impairment	-2	-14	-	-17	-32
Sales/disposals	-	-0	-	12	12
Reclassifications	-	0	-	-	0
FX effects	-	1	-	-	1
<b>As of 31 mars 2024</b>	<b>-2</b>	<b>-13</b>	<b>0</b>	<b>-5</b>	<b>-19</b>

	Land and buildings	Equipment, tools, fixtures and fittings	Ongoing investments	Leasehold improvements	Total property, plant and equipment
Opening balance at 1 April 2022	137	372	130	81	<b>720</b>
Closing balance at 31 March 2023	259	561	98	230	<b>1,148</b>
Closing balance at 31 March 2024	243	367	140	131	<b>881</b>

## NOTE 16 LEASES

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Right-of-use assets

The Group's right-of-use assets mainly consist of rental premises. Right-of-use assets are measured at cost less accumulated depreciation and any impairment losses and adjusted for remeasurements of the lease liability. Provided that Embracer is not reasonably certain that the ownership of the underlying asset will be assumed upon expiration of the lease, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life.

For leases that have a lease term of 12 months or less or

with an asset with a low underlying value, no right-of-use asset or lease liability is recognized. Lease payments for these leases are recognized as a cost straight line over the lease term.

With respect to materiality, Embracer presents its leases as two classes of underlying assets: Premises and Other. Other includes the Group's servers, cars and storage unit agreements. All office equipment are considered to be leases where the underlying asset is of low value. The following table presents the Group's opening and closing balances regarding right-of-use assets and lease liabilities, as well as the changes during the year.

	Right-of-use assets			Lease liabilities
	Premises	Other	Total	
<b>Opening balance 1 April 2022</b>	<b>1,062</b>	-	<b>1,062</b>	<b>1,097</b>
Additional agreements net	768	-	768	768
Depreciation	-467	-	-467	-
Remeasurement of leases	60	-	60	116
Interest expense	-	-	-	9
Lease payments	-	-	-	-502
<b>Closing balance 31 March 2023</b>	<b>1,423</b>	-	<b>1,423</b>	<b>1,488</b>
Additional agreements net	408	-	408	382
Depreciation	-541	-	-541	-
Remeasurement of leases	116	-	116	148
Interest expense	-57	-	-57	30
Lease payments	-	-	0	-644
<b>Closing balance 31 March 2024</b>	<b>1,349</b>	-	<b>1,349</b>	<b>1,404</b>

The amounts recognized in the consolidated statement of profit or loss for the year attributable to leasing activities are presented below:

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Expenses relating to current leases (part of other external expenses)	-29	-15
Expenses relating to leases of low-value assets (part of other external expenses)	-7	-2
Depreciation expense of right-of-use assets	-541	-467
Interest expenses on lease liabilities	-57	-49
<b>Total</b>	<b>-634</b>	<b>-533</b>

Embracer reports a cash outflow attributable to lease agreements amounting to SEK -643 million (-502). For a

maturity analysis of the Group's lease liabilities, see Note 20 Financial risks.

## NOTE 17 INVESTMENTS IN ASSOCIATES

Below are the associates that are material to the Group as of 31 March 2024. Companies listed below have share capital consisting of shares which are owned directly by the Group.

The share of equity is the same as the share of votes unless otherwise stated below.

Company	Reg. no.	Country of incorporation and business	Share of equity (%)		Nature of the entity's relationship	Valuation method
			31/03/2024	31/03/2023		
Iron Gate AB	559203-4820	Sweden	30%	30%	Associated company	Equity method
Kavalri Games AB	559164-5089	Sweden	-	45%	Associated company	Equity method
Framebunker ApS	35 23 72 75	Denmark	34%	34%	Associated company	Equity method
Ugly Duckling ApS	42 56 62 76	Denmark	30%	30%	Associated company	Equity method
Super Deluxe Games Inc	0100-01-143799	Japan	40%	40%	Associated company	Equity method
Double Damage Games Inc	5 493 089	USA	33%	33%	Associated company	Equity method
Equinox	894382746	France	40%	40%	Associated company	Equity method

All associates are game development studios.

Additional shares were acquired in Kavalri Games AB during the year. The company is therefore consolidated as a subsidiary.

Company	Carrying amount	
	31/03/2024	31/03/2023
Iron Gate AB	227	215
Kavalri Games AB	-	15
Framebunker ApS	14	6
Ugly Duckling ApS	2	3
Super Deluxe Games	1	2
Double Damage Games Inc	10	9
Equinox	-	3
<b>Total investments accounted for according to the equity method</b>	<b>254</b>	<b>253</b>

Result from associated companies amounts to SEK -2 million (SEK 213 million).

## NOTE 18 FINANCIAL INSTRUMENTS

Reclassification of the assets & liabilities under IFRS 5, as per note 32 has been returned to the balances in note 18. The balances are, therefore, not affected by this reclassification as it does not have an effect before completion of the transactions.

### SIGNIFICANT ACCOUNTING PRINCIPLES

#### Recognition and derecognition

Financial assets and liabilities are recognized when the Group becomes a party under the contractual terms of the instrument. A financial asset is derecognized from the statement of financial position (fully or partially) when the rights in the contract have been realized or matured, or when the Group no longer has control over it. A financial liability is derecognized from the statement of financial position (fully or partially) when the obligation of the agreement is discharged or otherwise expires. Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### Classification and measurement

##### Financial assets

Financial assets are classified at amortized cost if they are held under a business model whose objective is to collect

contractual cash flows that are solely payments of principal and interest on the principal amount. At initial recognition, financial assets at amortized cost are measured at fair value including transaction costs. After initial recognition, the assets are measured at amortized cost using the effective interest rate method. The assets are subject to impairment for expected credit losses. The Group's financial assets that are debt instruments classified at amortized cost are stated below.

##### Financial liabilities

Financial liabilities measured at fair value through consolidated statement of profit or loss include the Group's contingent considerations and derivative instruments with negative value.

Contingent consideration is classified either as equity or as financial liability. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured each reporting period and the changes in fair value are recognized in the consolidated statement of profit or loss.

In connection with certain business combinations, Embracer has prepaid contingent consideration classified as a financial liability, with a claw-back clause if the conditions for obtaining the contingent consideration are not met. Embracer evaluates the facts and circumstances in connection with such prepayments to determine whether the commitment is considered settled, whereby the liability is derecognized, or whether

**NOTE 18 CONTINUED**

the commitment remains, whereby the liability continues to be recognized at fair value in the statement of financial position. Any right to recover a prepaid contingent consideration is reported as an asset at fair value in the statement of financial position.

Derivatives are recognized on a regularly basis at fair value. Changes in value for derivatives that are not hedged are reported in the consolidated statement of profit or loss.

**SIGNIFICANT ESTIMATES AND ASSUMPTIONS**

For certain business combinations, Embracer has agreed to pay contingent consideration as a part of the total consideration. Contingent consideration is recognized at fair value at the acquisition date. If a contingent consideration is classified as a financial liability, it is remeasured each reporting period

and changes in fair value are recognized in the consolidated statement of profit or loss under financial net. If a contingent consideration is classified as equity, it shall not be remeasured, and its subsequent settlement shall be accounted for within equity.

The assumptions underlying the fair value measurement of contingent considerations classified as financial liabilities are described in further detail below. Estimates other than those made by management may result in different results and financial position. According to management, the current evaluation provides a relevant assessment of the Group's financial situation for the actual periods.

**Measurement of financial assets and liabilities as of 31 March 2024**

Financial assets	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Other non-current receivables	42	6	-	555	603
Trade receivables	-	-	-	5,254	5,254
Contract assets	-	-	-	491	491
Other current receivables	-	-	-	3,929	3,929
Current investments	-	-	-	0	0
Cash and cash equivalents	-	-	-	3,507	3,507
<b>Total</b>	<b>42</b>	<b>6</b>	<b>-</b>	<b>13,736</b>	<b>13,784</b>

Financial liabilities	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Liabilities to credit institutions	-	-	-	19,878	19,878
Other non-current liabilities	-	-	-	171	171
Advances from customers	-	-	-	155	155
Trade payables	-	-	-	2,265	2,265
Contract liabilities	-	-	-	1,717	1,717
Contingent considerations	-	-	2,246	-	2,246
Put/call options on non-controlling interests	-	-	1,781	-	1,781
Deferred considerations	-	-	-	487	487
Liabilities to employees related to historical acquisitions	-	-	1,434	-	1,434
Other current liabilities	-	-	-	1,168	1,168
Accrued expenses	-	-	-	3,093	3,093
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,461</b>	<b>28,934</b>	<b>34,395</b>

**Measurement of financial assets and liabilities as of 31 March 2023**

Financial assets	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Other non-current receivables	-	43	-	326	369
Trade receivables	-	-	-	5,253	5,253
Contract assets	-	-	-	790	790
Other current receivables	-	-	-	1,484	1,484
Current investments	-	18	-	-	18
Cash and cash equivalents	-	-	-	4,662	4,662
<b>Total</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>12,515</b>	<b>12,576</b>

NOTE 18 CONTINUED

Financial liabilities	Financial instruments measured at fair value through other comprehensive income	Derivative instruments identified as hedging instruments	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total carrying amount
Liabilities to credit institutions	-	-	-	20,260	20,260
Other non-current liabilities	-	-	-	52	52
Advances from customers	-	-	-	79	79
Trade payables	-	-	-	2,809	2,809
Contract liabilities	-	-	-	2,012	2,012
Contingent considerations	-	-	6,334	-	6,334
Put/call options on non-controlling interests	-	-	2,905	-	2,905
Deferred considerations	-	-	-	2,019	2,019
Liabilities to employees related to historical acquisitions	-	-	1,090	-	1,090
Other current liabilities	-	-	-	449	449
Derivatives (Other current liabilities)	-	2	-	-	2
Accrued expenses	-	-	-	3,119	3,119
<b>Total</b>	<b>-</b>	<b>2</b>	<b>10,329</b>	<b>30,799</b>	<b>41,130</b>

**CURRENT RECEIVABLES AND LIABILITIES**

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

The Group has no financial assets or liabilities that are off-set in the accounts or that are subject to legally binding netting agreements. The maximum credit risk of the assets comprise the net amount of the carrying amounts in the tables above. The Group did not receive any pledged assets for the financial assets.

**FAIR VALUE MEASUREMENT**

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

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

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

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

Financial assets measured at fair value as of Mar 31, 2024	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	-	6	-	6
Current investments	42	-	-	42

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

Financial liabilities measured at fair value as of Mar 31, 2024	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	2,246	2,246
Put/call options on non-controlling interests	-	-	1,781	1,781
Liabilities to employees related to historical acquisitions	-	-	1,434	1,434

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

**DERIVATIVES**

Derivative instruments are measured at fair value in accordance with Level 2 in the fair value hierarchy. Interest rate derivatives are measured in accordance with the market valuation determined by the issuing party, see note 20.

**CONTINGENT CONSIDERATION**

The fair value of contingent considerations have been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions for the contingent considerations, the development of certain exchange rates against the Swedish krona and the interest rate environment. Contingent considerations to be settled with shares are also dependent on the development of Embracer's share price.

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

	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023
<b>Contingent considerations<sup>1)</sup></b>		
<b>Opening balance</b>	<b>8,471</b>	<b>11,572</b>
Acquisitions	0	1,352
Payment - shares to be issued	-30	-1
Payment - clawback shares	-2,278	-450
Payment - cash	-258	-498
FX effects, unrealized	167	47
Reclassifications	-32	-338
Sales	-251	-
Change in fair value recognized in consolidated statement of profit or loss	-1,853	-3,213
<b>Closing balance</b>	<b>3,935</b>	<b>8,471</b>

<sup>1)</sup> See table below for distribution between financial debt and equity.

**NOTE 18 CONTINUED**

Positive change in fair value of contingent considerations amounted to SEK 1,853 million. This amount is included in net financial items in the consolidated statement of financial position.

Given the contingent considerations recognized at the end of the period, an increase in the discount rate of 1.5 percentage points would affect the fair value of the contingent

considerations by SEK –216 million and a lower discount rate of 1.5 percentage points has an impact on the fair value of SEK 199 million.

The Group's contingent considerations are settled in cash or through newly issued shares. As of March 31, 2024, the contingent consideration is expected to be settled as follows.

Expected settlement	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity		Total contingent consideration
	Cash settlement	Newly issued/clawback shares		Newly issued/clawback shares		
31/03/2024	1,638	612	<b>2,249</b>	1,686		<b>3,935</b>
31/03/2023	2,441	3,893	<b>6,334</b>	2,137		<b>8,471</b>

Out of Embracer's issued shares, some relate to prepaid contingent consideration with clawback rights as specified in the following table:

As of 31/03/2024	Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent considerations	44,179,599	12,912,797	22,728,864	17,924,824

**PUT/CALL OPTIONS ON NON-CONTROLLING INTEREST**

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

been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions for the put/ call option on non-controlling interests, the development of certain exchange rates against the Swedish krona and the interest rate environment. Put/call option on non-controlling interests to be settled with shares are also dependent on the development of Embracer's share price.

Put/call options on non-controlling interest	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Opening balance</b>	<b>2,905</b>	<b>4,259</b>
FX effects, unrealized	-274	-169
Change in fair value recognized in consolidated statement of profit or loss	-850	-1,185
<b>Closing balance</b>	<b>1,781</b>	<b>2,905</b>

During 2023/24, unrealized gains or losses on call/put options held at the balance sheet date amounted to SEK 850 million (1,185). This amount is included as part of financial items in the consolidated income statements. Given the call/put options recognized at the end of the period, an increase in the discount rate of 1.5 percentage points would affect

the fair value of call/put options by SEK -65 million and a decrease in the discount rate of 1.5 percentage points would affect the fair value by SEK 68 million. As at March 31, 2024, the Group's call/put options on non-controlling interests will be settled in cash or shares as shown in the table below:

Expected settlement	Put/call options on non controlling interest		Total classified as financial liability
	Cash settlement	Newly issued shares	
31/03/2024	875	906	<b>1,781</b>
31/03/2023	1,071	1,835	<b>2,905</b>

As of March 31, 2024	Classified as Put/call options on non-controlling interest	Of which already issued
Maximum number of shares related to put/call options on non-controlling interest	40,840,296	-

## NOTE 18 CONTINUED

**LIABILITIES TO EMPLOYEES RELATED TO HISTORICAL ACQUISITIONS NOT CLASSIFIED AS FINANCIAL INSTRUMENTS**

Non-current liabilities to employees related to historical acquisitions refers to part of the purchase price in historical acquisitions which according to IFRS is classified as personnel debt.

Liabilities to employees related to acquisitions	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Opening balance</b>	<b>1,090</b>	<b>593</b>
Accrual of personnel costs in the consolidated statement of profit or loss	923	640
Settlement in cash after the acquisition date	–582	–658
Change in value recognized in consolidated statement of profit or loss	32	238
Reclassifications	-	240
FX effects	–29	37
<b>Closing balance</b>	<b>1,434</b>	<b>1,090</b>

Current liability amounts to SEK 144 million (370).

Given the non-current liabilities to employees related to acquisitions recognized at the end of the reporting period, an increase in the discount rate of 1.5 percentage points would affect the fair value of the non-current liabilities to employees related to acquisitions by SEK –45 million and a decrease in

the discount rate of 1.5 percentage points would affect the fair value by SEK 48 million.

As at 31 March, 2024 the Group's non-current liabilities to employees related to acquisitions will be settled in cash or with shares according to the distribution below:

Expected settlement	Liabilities to employees related to historical acquisitions		Total classified as financial liability
	Cash settlement	Newly issued shares	
31/03/2024	1,434	-	<b>1,434</b>
31/03/2023	1,090	-	<b>1,090</b>

As of March 31, 2024	Classified as Non-current liabilities to employees related to acquisitions	Of which already issued
Maximum number of shares related to liabilities to employees related to historical acquisitions	-	-

**DEFERRED CONSIDERATION, NOT CLASSIFIED AS A FINANCIAL INSTRUMENT AT FAIR VALUE****Deferred consideration**

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

Deferred consideration	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Opening balance</b>	<b>2,019</b>	<b>0</b>
Acquisitions	193	2,093
Payment - cash	–1,956	–464
FX-effects	147	17
Reclassifications	32	338
Disposals	–10	-
Discount effect recognized in consolidated statement of profit or loss	62	36
<b>Closing balance</b>	<b>487</b>	<b>2,019</b>

As at 31 March, 2024 the Group's deferred consideration will be settled in cash or with shares according to the distribution below:

Expected settlement	Deferred consideration		Total classified as financial liability
	Cash settlement	Newly issued shares	
31 mars 2024	<b>487</b>	-	<b>487</b>
31 mars 2023	<b>2,019</b>	-	<b>2,019</b>

As of March 31, 2024	Classified as deferred consideration	Of which already issued
Maximum number of shares related to deferred considerations	-	-

## NOTE 19 NON-CURRENT FINANCIAL ASSETS

	31/03/2024	31/03/2023
Receivables from associates	10	15
Non-current external receivables	439	309
Non-current receivables on employees	-	2
Securities holding	52	43
<b>Carrying amount</b>	<b>501</b>	<b>369</b>

Accumulated acquisition values	31/03/2024	31/03/2023
At the beginning of year	369	302
Business combinations	-	5
Investments for the year	10	248
Sales for the year	-46	-
Reclassification	-353	-156
Loan	543	-
Repayment	-34	-48
Translation difference	12	18
<b>Carrying amount at end of year</b>	<b>501</b>	<b>369</b>

## NOTE 20 FINANCIAL RISKS

The Group's earnings, financial position and cash flow are impacted by both changes in the business environment and by the Group's own actions. The objective of risk-management activities is to define and analyze the risks faced by the entity and, as far as possible, prevent and limit any negative effects.

Through its operations, the Group is exposed to different types of financial risks: credit risk, market risk (interest-rate risk, currency risk and other price risk) as well as liquidity risk and refinancing risk. The Board is ultimately responsible for the Group's risk activities, including financial risks. Risk activities include identifying, assessing and evaluating the risks faced by the Group. Priority is assigned to the risks that are estimated to have the greatest negative impact on the Group, based on an overall assessment of potential effect, probability and consequences. The Group's overall aim for financial risks is to manage financial exposures to reduce volatility in the statement of profit or loss and the statement of financial position, protect future value of cash flows and financial assets, optimize and secure funding as well as taking advantage of economies of scale.

The Group has a number of policies that should work to mitigate the risks that need to be managed.

### CREDIT RISK

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligations and thus causes a financial loss for the Group. The Group's credit risk primarily arises through receivables from customers and investing cash and cash equivalents. At each reporting date, the Group evaluates the credit risk of existing exposures, considering forward-looking factors.

The financial assets for which the Group has made loss allowances for expected credit losses are presented below. In addition to the assets below, the Group also monitors its loss allowance requirements for other financial instruments. In situations where the amounts are not deemed to be immaterial, loss allowances are also made for these financial instruments.

### Credit risk in trade receivables and contract assets (simplified approach for credit risk provision)

Credit risk for the Group is primarily attributable to trade receivables and contract assets and Embracer's aim is to continuously monitor this credit risk. The Group's customers primarily comprise of digital retailers and physical stores as well as retailers. The Group has established guidelines to ensure that products are sold to customers with a suitable credit background. Payment terms are normally between 30 - 90 days. Historical credit losses amounts to insignificant amounts in relation to the Group's turnover.

The Group applies the simplified approach to recognizing expected credit losses on trade receivables and contract assets. This means that reserves for expected credit losses are recognized for the full lifetime, which is expected to be less than one year for all receivables. The Group applies a rating-based method for calculating expected credit losses based on probability of default, loss given default and exposure at default. When an external credit rating is not available for the counterparty, an internal assessment of the counterparty's credit rating is performed based on the Group's previous experience of the customer and other available information. Individual assessments are made for individually material receivables, which take into account past, current and forward-looking information. Collective assessments are made for individually immaterial receivables. The Group may have credit enhancements in the form of credit insurance for trade receivables, which is then considered when assessing expected credit losses. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

Age analysis of trade receivables	31/03/2024
Trade receivables not yet due, excluding impairment	3,116
Past due trade receivables, excluding impairment	
1-60 days	901
61-120 days	192
>120 days	147
<b>Total</b>	<b>4,356</b>
Accrued income	756
Loss allowance for expected credit losses	-152
<b>Carrying amount</b>	<b>4,960</b>

The credit quality of receivables that are not more than 90 days past due is considered to be good, based on historically low bad debts and taking into account forward-looking factors. The value of written-off receivables still under recovery actions amounts to SEK 152 million (SEK 137 million).

Expected credit losses for trade receivables and contract assets (simplified approach)	01/04/2023 - 31/03/2024
<b>Opening balance</b>	<b>-137</b>
Impairment	-12
FX effects	-3
<b>Closing balance</b>	<b>-152</b>



**NOTE 20 CONTINUED**

Age analysis of Expected credit losses for trade receivables and contract assets	01/04/2023 – 31/03/2024
Past due trade receivables, impairment	
1-60 days	–56
61-120 days	–10
>120 days	–86
<b>Total</b>	<b>–152</b>

**Current investments and cash and cash equivalents**

The Group's credit risk also pertains to cash and cash equivalents and investment of surplus liquidity. Embracer's aim is to continuously monitor credit risk attributable to deposits and investments. The Group shall reduce the Credit & Counterparty risk by conducting business with financial counterparties that holds a credit rating of minimum single A- long term credit rating as defined by S&P Global or equivalent from at least two rating agencies. Currently Embracer Group has a small number of accounts in acquired companies where they work to achieve the objective.

**Loss allowances for expected credit losses (general method)**

For other items subject to expected credit losses, an impairment method with three stages is applied. Initially, and as of each reporting date, a loss allowance is recognized for the next 12 months, alternatively for a shorter period of time depending on the remaining life (stage 1). If there has been a significant increase in credit risk since initial recognition, resulting in a rating below investment grade, a loss allowance is recognized for the asset's remaining life (stage 2). For assets deemed to be credit impaired, loss allowances are still reserved for lifetime expected credit losses (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss allowance, as opposed to the gross amount in previous stages. The Group's assets covered of provision for expected credit losses according to the general method essentially refers to bank deposits.

The Group applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default. Assessment is made per counterparty. The Group has defined default as when payment of a receivable is 120 days or more past due, or if other factors indicate default. The Group has assessed that there has been no significant increase of credit risk at the end of the reporting period for any receivable. Such an assessment is based on whether payment is 60 days or

more past due, or if there is a significant deterioration in the rating, resulting in a rating below investment grade. Individual assessments are made for credit-impaired assets and receivables, which take into account past, current and forward-looking information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are recognized at amortized cost in the statement of financial position, i.e. net of gross amount and loss allowance. Changes in the loss allowance are recognized in profit or loss under "Other external expenses".

**Credit risk exposure and credit risk concentration**

The Group's credit risk exposure consists of trade receivables, contract assets and cash and cash equivalents. Cash and cash equivalents of SEK 3,507 million are invested with financial institutions with a credit rating of at least A-. The Group's trade receivables are distributed over a large number of different customers.

There has been no significant increase in credit risk for any of the group's financial assets. The funds placed in banks in Ukraine, Russia and Belarus are the funds needed for approximately three months of operational activities and to liquidate the companies in Russia where the operations has been discontinued.

**MARKET RISK**

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market prices. According to IFRS, market risks comprises three types of risks: currency risk, interest rate risk and other price risk. The market risks that primarily impact the Group are interest rate risk and currency risk.

**INTEREST RATE RISK**

Interest rate risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market interest rates. The aim is to not be exposed to future fluctuations in interest rate changes that impact the Group's cash flows and earnings to a greater extent than Embracer can manage. A significant factor affecting interest rate risk is the fixed interest rate period. The Group is primarily exposed to interest rate risk attributable to the Group's liabilities to credit institutions.

The following table specifies the terms and repayment dates for each interest-bearing liability:

	Currency	Due date	Interest	Carrying amount		
				31/03/2024	31/03/2023	
Liabilities to credit institutions	Nordea Facility A (8,000,000,000 SEK)	SEK	15/02/2025	Variable	8,000	8,000
Liabilities to credit institutions	Nordea RCF Mult (6,338,695,500 SEK)	SEK	24/05/2025	Variable	6,339	3,756
Liabilities to credit institutions	Nordea RCF Mult (235,000,000 EUR)	EUR	24/05/2025	Variable	2,708	5,300
Liabilities to credit institutions	Different lenders <sup>1)</sup>	EUR	< 1 year-2031	Variable	2,729	3,205
<b>Total</b>					<b>19,776</b>	<b>20,260</b>

<sup>1)</sup> Loans within our operational groups. The loans are bilateral, with different maturities, amortization schedules and covenants. The loans are 27 in total, spread over 14 credit institutions, with maturities from < 1 year to 2028-03-31 and with different sizes. The largest loan represents < 5% of total debt

Of the total liabilities to credit institutions, SEK 16,999 (17,031) million relates to borrowing in the Parent Company. These loans are placed with Swedish credit institutions in SEK and EUR.

In April 2024, Embracer Group secured a financing agreement at Asmodee level. The financing amounted to EUR 900 million (approximately SEK 10.5 billion) with a maturity up to 18 months. The loan is secured only by Asmodee assets and ringfenced with no recourse to Embracer Group. The loan was used to refinance Embracer Group's existing SEK 8 billion loan with maturity in February 2025, and to reduce the

revolving credit facilities by SEK 1 billion to SEK 8 billion. The existing revolving credit facility mature in May 2025.

In some cases and to a lesser extent, the Group uses interest rate derivatives in the form of interest rate swaps to manage interest rate risk. In all interest rate swap agreements, Embracer has chosen to exchange floating interest rates for fixed interest rates. As of March 31, 2024, there were no interest rate swaps (SEK - million as of March 31, 2023). The interest rate derivatives in the previous year have been agreed with institutions that have an investment

**NOTE 20 CONTINUED**

grade rating, whereby the credit exposure to the institution is considered limited.

The table below shows the impact of an increase in interest rates on equity and profit or loss, given the interest-bearing assets and liabilities at the balance sheet date.

	31/03/2024	31/03/2023
Market interest rate -1%	198	203
Market interest rate +1%	-198	-203

**CURRENCY RISK**

Currency risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in foreign exchange rates. Currency risk relates to the translation of foreign operations' assets and liabilities into the parent company's functional currency, known as translation exposure. A substantial part of the Group's sales and purchases are also in foreign currencies, so-called transaction exposure. Currency risk related to sales and purchases in foreign currencies is managed by the Group's ambition to balance inflows and outflows in different currencies, thereby creating a natural hedge of the currency risk.

Currency exposure (%)	01/04/2023 – 31/03/2024		01/04/2022 – 31/03/2023	
	Operating income	Operating expenses	Operating income	Operating expenses
USD	50%	30%	52%	27%
EUR	33%	51%	30%	53%
Other currencies	16%	19%	17%	20%

Sensitivity analysis - Exchange rate fluctuations against the Swedish krona	01/04/2023 – 31/03/2024		01/04/2022 – 31/03/2023	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
EUR – 10%	-1,690	-27	-923	-616
USD – 10%	-244	569	-1,030	-405

**LIQUIDITY RISK AND REFINANCING RISK**

Liquidity risk is the risk that an entity will have difficulty in fulfilling obligations related to financial liabilities settled with cash or other financial assets. The Group's operations are essentially financed through equity and external funding. The Group manages the liquidity risk by continuously monitoring the operations and by maintaining cash pools for the currencies where financial synergies can be achieved. The risk is mitigated by the Group's liquidity reserves, which are immediately available. The Group regularly forecasts future cash flows based on different scenarios to ensure that financing takes place in due time.

The Group has a credit amount granted for its overdraft facilities amounting to SEK 21,678 million (21,581) Available funds consists of cash and unutilized overdraft facilities. At the end of the reporting period, SEK 1,749 million (1,404) of the overdraft facilities was not utilized.

Embracer Group AB has an agreement on covenants in its agreements for long- and short-term credits. The terms for these are 2.5 x the net debt through adjusted EBITDA calcu-

lated according to agreement with the lenders. Embracer has not breached these commitments in 2023/2024 or earlier.

Refinancing risk refers to the risk that financing of acquisitions or development cannot be retained, extended, refinanced or that such financing can only be made on terms that are unfavorable to the company. The need for refinancing is regularly reviewed by the company and the Board of Directors to ensure financing for the company's expansion and investments. The Group's aim is to have access to both current and non-current credit facilities at an given time to secure financing. This is achieved through forward planning and good relations with banks, financial institutions and credit facility providers. Terms and conditions in existing loan agreements are continuously monitored and managed.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are presented in the table below.

Maturity analysis	31/03/2024				Total
	<1 year	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	8,981	10,698	50	47	19,776
Contingent considerations	219	818	412	750	2,199
Put/call options on non-controlling interests	285	1,496	-	-	1,781
Liabilities to employees related to historical acquisitions	144	797	113	-	1,054
Deferred considerations	474	10	-	-	484
Lease liabilities	381	471	352	201	1,405
Contract liabilities	1,511	-	-	-	1,511
Advance to customers	143	-	-	-	143
Trade payables	2,197	-	-	-	2,197
Accrued expenses	2,967	-	-	-	2,967
Other current liabilities	906	-	-	-	906
<b>Total</b>	<b>18,208</b>	<b>14,290</b>	<b>927</b>	<b>998</b>	<b>34,423</b>

NOTE 20 CONTINUED

Maturity analysis	31/03/2023				Total
	<1 year	1-3 years	3-5 years	>5 years	
Liabilities to credit institutions	701	19,381	178	2	20,260
Contingent considerations	1,837	98	1,614	2,785	6,334
Put/call options on non-controlling interests	-	578	1,256	1,071	2,905
Deferred considerations	1,690	329	-	-	2,019
Other non-current liabilities	-	52	-	-	52
Lease liabilities	444	745	210	89	1,488
Contract liabilities	2,012	-	-	-	2,012
Advance to customers	79	-	-	-	79
Trade payables	2,809	-	-	-	2,809
Accrued expenses	3,119	-	-	-	3,119
Other current liabilities	451	-	-	-	451
<b>Total</b>	<b>13,142</b>	<b>21,183</b>	<b>3,258</b>	<b>3,947</b>	<b>41,529</b>

**CAPITAL MANAGEMENT**

The Board of Directors of Embracer Group have stipulated goals for the Capital Structure. The leverage target is to have Net Debt to adjusted EBIT of 1.0x on a 12-month forward looking basis.

The Group's financial targets are set quarterly by management and amount to a range between which adjusted EBIT is expected to be.

**NOTE 21 INVENTORIES**

**SIGNIFICANT ACCOUNTING PRINCIPLES**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and includes all costs of purchase for the inventories and transport of the inventories to their present location and condition. The net realizable value is defined as the sales price less selling expenses.

**SIGNIFICANT ESTIMATES AND ASSUMPTIONS**

Inventories are measured at the lower of cost and net realisable value. Calculation of net realisable value is based on factors such as assessments of future sales prices, which also consider expected price reductions. The actual outcome of future sales prices may differ from the assessments made. On March 31, 2024 it is management's view that the book value of the inventories do not exceed its fair value.

	31/03/2024	31/03/2023
Raw materials and supplies	16	19
Finished goods and goods for resale	3,045	3,982
Work in progress	157	80
<b>Carrying amount</b>	<b>3,218</b>	<b>4,081</b>

The Group's obsolescence reserve amounts to SEK 813 million as at 31 March 2024. Costs arising from inventory write-downs and disposals amount to SEK 458 million.

For information regarding the calculation of the value of inventories, please refer to the Group's accounting policies.

**NOTE 22 OTHER RECEIVABLES**

	31/03/2024	31/03/2023
Goods in transit	233	220
Prepayments to supplier	426	485
Other taxes recoverable	309	317
Other interest-bearing receivables	2,148	13
Other receivables	672	449
<b>Carrying amount</b>	<b>3,788</b>	<b>1,484</b>

**NOTE 23 PREPAID EXPENSES**

	31/03/2024	31/03/2023
Prepaid rental expenses	15	35
Prepaid financial expenses	5	5
Other prepaid expenses	437	670
<b>Carrying amount</b>	<b>457</b>	<b>710</b>

Prepaid expenses refer to costs that have been accrued and are attributable to a later period.

## NOTE 24 GROUP COMPANIES

The parent company's, Embracer Group AB, holdings in direct and indirect subsidiaries included in the consolidated financial statements are shown in the following table:

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>Embracer Group AB</b>	556582-6558	Karlstad, Sweden	Parent company	Parent company
<b>PLAION Holding GmbH</b>	FN 482610x	Höfen, Austria	100%	100%
PLAION GmbH	FN 194505 m	Höfen, Austria	100%	100%
PLAION GmbH	HRB105290	Planegg, Germany	100%	100%
Deep Silver Fishlabs	HRB105290	Hamburg, Germany	100%	100%
PLAION AG	CH-320.3.044.267-5	St. Gallen, Switzerland	100%	100%
PLAION sp.z.o.o	383878148	Warszawa, Poland	100%	100%
Warhorse Studios s.r.o	24155849	Prag, Czech Republic	100%	100%
PLAION, Inc.	26-2243948	Larkspur, CA, USA	100%	100%
DPI Merchandising Inc.	6456046	Delaware, USA	100%	100%
PLAION Ltd.	02925650	Reading, UK	100%	100%
Splatter Connect Ltd	07965335	Manchester, UK	100%	100%
Plaion AB	559425-3469	Stockholm, Sweden	100%	100%
Plaion BV	89776968	Amsterdam, Netherlands	100%	100%
PLAION Service s.r.o.	08219966	Olomouc, Czech Republic	100%	100%
PLAION S.r.L.	MI-1963591	Milan, Italy	100%	100%
Deep Silver Dambuster Studios Ltd.	09140280	Nottingham, UK	100%	100%
Atlantis Games Ltd.	09771586	Reading, UK	100%	100%
PLAION SAS	440642247	Paris, France	100%	100%
Koch Media S.L.U	M-119499	Madrid, Spain	100%	100%
Milestone S.r.L	10851750967	Milan, Italy	100%	100%
PLAION PTY Ltd	37608232177	Sydney, Australia	100%	100%
DigiXart Entertainment SAS	5912Z	Montpellier, France	100%	100%
DPI Merchandising GmbH	HRB262973	Planegg, Germany	100%	100%
Prism Ray Online Services GmbH (AT)	FN 579041 g	Höfen, Austria	100%	100%
PLAION Pictures GmbH	HRB160607	Planegg, Germany	100%	100%
Sola Media AS	920804233	Bodø, Norway	100%	100%
Sola Media GmbH	HRB 24372	Stuttgart, Germany	100%	100%
Spotfilm Networkx GmbH (merged into Plaion Pictures GmbH)	HRB 136977	Berlin, Germany		100%
Anime Ltd.	SC406063	Glasgow, England	100%	100%
Voxler SAS	484440243	Paris, France	100%	100%
Voxler Ltd	09887544	London, UK	100%	100%
PLAION Ltd. – Hongkong	2974237	Hongkong, Hongkong	100%	100%
PLAION Inc. – Tokyo	0118-01-038257	Tokyo, Japan	100%	100%
Flying Wild Hog Holding Ltd.	11293390	Nottingham, UK	100%	100%
Flying Wild Hog Studios Sp.z.o.o.	0000836710	Warszawa, Poland	100%	100%
Flying Wild Hog Services Sp.z.o.o.	0000836773	Warszawa, Poland	100%	100%
Flying Wild Hog Development Ltd	11420362	Reading, UK	100%	100%
Vertigo Games Holding B.V.	73570400	Rotterdam, Netherlands	100%	100%
Force Field Holding BV (merged into Vertigo Games Holding BV)	65763033	Rotterdam, Netherlands		100%
Vertigo Studios Amsterdam B.V.	32129579	Rotterdam, Netherlands	100%	100%
Force Field HBE Studio B.V.	34227248	Rotterdam, Netherlands	100%	100%
Force Field Productions B.V.	34247648	Rotterdam, Netherlands	100%	100%
Force Field LBE Studio B.V.	34336313	Rotterdam, Netherlands	100%	100%
Force Field B.V. (company liquidated)	62567268	Rotterdam, Netherlands		100%
Vertigo Studios B.V.	24446448	Rotterdam, Netherlands	100%	100%
Vertigo Publishing B.V.	73574600	Rotterdam, Netherlands	100%	100%
SpringboardVR B.V.	70279160	Rotterdam, Netherlands	100%	100%
Free Radical Design ltd.	13418580	Nottingham, UK	100%	100%
<b>Easybrain Holding AB</b>	559237-4044	Karlstad, Sweden	100%	100%
Easybrain Group Limited	HE 417027	Limassol, Cyprus	100%	100%
Easybrain Ltd (Cyprus)	HE 345807	Limassol, Cyprus	100%	100%
Easybrain LLC (Belarus)	192677819	Minsk, Belarus	100%	100%
Easybrain sp. Z o.o	0000963602	Warszawa, Poland	100%	100%

## NOTE 24 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>THQ Nordic AB</b>	559338-6104	Karlstad, Sweden	100%	100%
THQ Nordic GmbH	FN366280y	Vienna, Austria	100%	100%
Black Forest Games GmbH	HRB 708729	Offenburg, Germany	100%	100%
Grimlore Games GmbH	HRB 214761	Munich, Germany	100%	100%
Nine Rocks Games s.r.o.	131468/B	Bratislava, Slovakia	100%	100%
www.handy-games.com GmbH	HRB 8667	Giebelstadt, Germany	100%	100%
HandyGames Studios GmbH	257/128/11229	Giebelstadt, Germany	100%	100%
Massive Miniteam GmbH	HRB 94296	Pulheim, Germany	100%	100%
Piranha Bytes GmbH	HRB 30287	Essen, Germany	100%	100%
Piranha Bytes Real Estate GmbH	B 16663	Gladbeck, Germany	100%	100%
Purple Lamp Studios GmbH	FN 483727 p	Vienna, Austria	100%	100%
THQ Nordic Japan KK	0100-01-204521	Tokyo, Japan	100%	100%
Alkimia Interactive SL	B-67542720	Barcelona, Spain	100%	100%
Pow Wow Entertainment	FN 530975 x	Vienna, Austria	100%	100%
Ashborne Games s.r.o	095 78 439	Brno, Czech Republic	100%	100%
THQ Nordic Holdings USA inc	7549948	Wilmington, USA	100%	100%
Gunfire Games LLC	32054776284	Austin, USA	100%	100%
THQ Nordic Inc.	33-1224317	Bohemia, USA	100%	100%
Rainbow Studios Inc.	81-0979019	Phoenix, USA	100%	100%
THQ Nordic France	898013073	Paris, France	100%	100%
Palm Beach Studios srl	0899.697.764	Charleroi, Belgium	100%	100%
Appeal Studios SA	0704.609.582	Charleroi, Belgium	94%	94%
KAIKO GmbH	HRB 98636	Frankfurt am Main, Germany	100%	100%
Gate21 d.o.o.	65-01-0368-21	Sarajevo, Bosnia and Herzegovina	80%	80%
Bugbear Entertainment Oy	1586716-8	Helsinki, Finland	100%	100%
Mirage Game Studios AB	559043-8437	Karlstad, Sweden	100%	100%
Metricminds GmbH	HRB50908	Berlin, Germany	100%	100%
Pieces Interactive AB	556744-4384	Skövde, Sweden	100%	100%
Experiment 101 AB	559019-9609	Stockholm, Sweden	100%	100%
Campfire Cabal Aps (DK)	43369830	Valby, Denmark	100%	100%
We Sing Company AB (merged with We Sing Company Holding AB)	556758-8024	Karlstad, Sweden	100%	100%
House in the Woods AB	556997-4271	Karlstad, Sweden	100%	100%
THQ Nordic Singapore Pte Ltd (SGP)	202203960M	Singapore	100%	100%
<b>Indie Games Holding AB</b>	559280-0014	Karlstad, Sweden	100%	100%
Coffee Stain Holding AB	556995-0180	Skövde, Sweden	100%	100%
Coffee Stain Publishing AB	559073-7069	Skövde, Sweden	100%	100%
Coffee Stain Studios AB	556821-8225	Skövde, Sweden	100%	100%
Coffee Stain North AB	556950-9960	Stockholm, Sweden	100%	100%
Box Dragon AB	559219-7668	Göteborg, Sweden	70%	70%
Lavapotion AB	559087-8954	Göteborg, Sweden	60%	60%
GhostShip Holdings Aps	37864005	Copenhagen, Denmark	100%	100%
Ghost Ship Games Aps	37989819	Copenhagen, Denmark	100%	100%
Ghost Ship Publishing Aps	44471248	Copenhagen, Denmark	100%	-
Easytrigger AB	559076-4543	Trollhättan, Sweden	100%	100%
Coffee Stain Gbg AB	559105-9208	Skövde, Sweden	100%	100%
Mediocre AB	556852-0604	Malmö, Sweden	100%	-
<b>Embracer Freemode AB (SE)</b>	559273-7984	Karlstad, Sweden	100%	100%
Embracer Freemode Retro Holding AB	559237-4051	Karlstad, Sweden	100%	100%
Embracer Freemode Retro Holding Inc. Limited Run Games, Inc.	EIN 88-3703797	Wilmington, Delaware, USA	100%	100%
Limited Run Games, Inc.	C201701300593	North Carolina, USA	100%	100%
Limited Run Retail, LLC	C202026300043	North Carolina, USA	100%	100%
Bitwave AB	556939-8117	Göteborg, Sweden	100%	100%
TATSUJIN Co., Ltd.	0105-01-041069	Tokyo, Japan	90%	90%
Embracer Freemode Services Holding AB (SE)	556884-8369	Karlstad, Sweden	100%	100%
Quantic Lab S.R.L (RO)	RO18404320	Cluj-Napoca, Romania	95%	95%
Quantic Lab UK Ltd (Uk)	13092174	Hailsham, UK	100%	100%
Embracer Freemode Holding AB (SE)	559349-7059	Karlstad, Sweden	100%	100%
Embracer Freemode Iconic Holding Inc.	6962090	Delaware, USA	100%	100%
Middle-earth Enterprises, LLC	6939689	Delaware, USA	100%	100%
Game Outlet Europe AB	556633-6052	Karlstad, Sweden	100%	100%
Clear River Games AB	559092-8734	Karlstad, Sweden	100%	100%
Embracer Freemode Inc	87-3323684	Livmore, California, USA	100%	100%
Freemode Go LLC	5152511	Delaware, USA	100%	100%
Embracer Freemode Ltd	6234577	Clevedon, UK	100%	100%
Freemode Go Ltd	4511276	Clevedon, UK	100%	100%
Embracer Freemode Investment Holding AB (SE)	556884-8369	Karlstad, Sweden	100%	100%
EF Investments, Inc	20197538467	Washington, USA	100%	100%
Gioteck Hong Kong Ltd	1154120	Hong Kong	100%	100%
Varyag Group AB	559185-6553	Karlstad, Sweden	70%	70%
Grimfrost Production AB	556983-1026	Karlstad, Sweden	100%	100%
Grimfrost Records AB	559149-7317	Karlstad, Sweden	100%	100%
JIS Trading AB	559073-7036	Karlstad, Sweden	100%	100%
Middle Earth AB	559429-7490	Karlstad, Sweden	100%	-
Varyag LLC	7185200	Delaware, USA	100%	100%

## NOTE 24 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>Amplifier Game Invest Holding AB</b>	559092-8742	Karlstad, Sweden	100%	100%
Amplifier Studios AB	559042-8818	Stockholm, Sweden	100%	100%
Tarsier Studios AB	556700-9278	Malmö, Sweden	100%	100%
Tarsier Studios Productions AB	556812-9802	Malmö, Sweden	100%	100%
DestinyBit	IT0255520390	Ravenna, Italy	100%	100%
Palindrome Interactive AB	559005-7906	Skövde, Sweden	100%	100%
Rare Earth Games GmbH	FN 535537	Vienna, Austria	100%	100%
Infinite Mana Games AB	559379-6146	Stockholm, Sweden	100%	100%
Plucky Bytes AB	559237-4028	Karlstad, Sweden	100%	100%
Misc Holding AS	928183556	Sandnes, Norway	54%	54%
Misc Game AS	915366775	Sandnes, Norway	100%	100%
Frame Break AB	559241-9278	Skövde, Sweden	100%	100%
Zapper Games Inc	87-1962716	Durham, USA	100%	100%
Green Tile Digital AB	559244-3393	Skövde, Sweden	100%	100%
A Creative Endeavor AB	556895-1221	Göteborg, Sweden	100%	100%
Amplifier Studios US Holding Inc	87-4258475	Durham, USA	100%	100%
Invisible Walls Aps	38999524	Copenhagen, Denmark	100%	100%
Kavalri Games AB	559164-5089	Lidingö, Sweden	100%	100%
Studios Hermitage Inc	88-4288529	Delaware, USA	100%	100%
Amplifier Boot Camp AB	559400-7626	Boden, Sweden	100%	100%
<b>Deca Games Holding AB</b>	559205-5387	Karlstad, Sweden	100%	100%
Embracer Canada ATA Holdings Inc.	70063 3878 RC0001	Saint John, Canada	100%	100%
Embracer ExchangeCo ATA Inc.	70123 9535 RC0001	Saint John, Canada	100%	100%
A Thinking Ape Entertainment Ltd.	802493247 RC0002	Vancouver, Canada	100%	100%
Item Box Apps Ltd.	74263 0122 RC0001	Vancouver, Canada	100%	100%
Embracer Exchangeco IUGO Inc.	70123 4734 RC0001	Saint John, Canada	100%	100%
Embracer Canada IUGO Holdings Inc.	70063 2870 RC0001	Saint John, Canada	100%	100%
IUGO Mobile Entertainment Inc.	87540 8601 RC0002	Vancouver, Canada	100%	100%
Crazy Labs Ltd	514531110	Tel Aviv, Israel	100%	100%
Kid Baby Toddler Ltd	514761774	Tel Aviv, Israel	100%	100%
Crazy Style Ltd	514761725	Tel Aviv, Israel	100%	100%
CocoPlay by TabTale Ltd	514761733	Tel Aviv, Israel	100%	100%
Kids Games Club Ltd	514761782	Tel Aviv, Israel	100%	100%
Kids Games Club by TabTale G.P	540249380	Tel Aviv, Israel	100%	100%
TabTale (Luoyang) Software Ltd Company	91410300396830851D	Luoyang, China	100%	100%
TabTale Inc	30-0806435	Delaware, USA	100%	100%
Kids Funny Preschool Education Games Ltd	514761758	Tel Aviv, Israel	100%	100%
TabTale International Ltd	514791151	Tel Aviv, Israel	100%	100%
Kids Fun Club by TabTale G.P.	540249398	Tel Aviv, Israel	100%	100%
Sunstorm by TabTale G.P	540253895	Tel Aviv, Israel	100%	100%
CrazyLabs by TabTale G.P	540249109	Tel Aviv, Israel	100%	100%
FireScore Interactive Private Limited	U74999MH2018PTC318252	Mumbai, India	95%	95%
Beijing Deca Interactive Entertainment Technology Co., Ltd.	91110105MA04GAD673	Peking, China	100%	100%
Deca Live Operations GmbH	HRB 191999 B	Berlin, Germany	100%	100%
Deca Games EOOD	205681825	Veliko Tarnovo, Bulgaria	100%	100%

## NOTE 24 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>Embracer Group Lager 2 AB</b>	559237-4010	Karlstad, Sweden	100%	100%
4A Games Ltd	C65059	Tas-Silema, Malta	100%	100%
4A Games Bratislava sro	52473210	Bratislava, Slovakia	100%	100%
Limited Liability Group "AAAA Group"	43289227	Kiev, Ukraine	100%	100%
34BigThings S.r.l.	10863730015	Torino, Italy	100%	100%
ZEN Stúdió Kft.	Cg.01-09-691-205	Budapest, Hungary	100%	100%
Mad Head Games doo Novi Sad	20980818	Novi Sad, Serbia	100%	100%
Tuxedo Labs AB	559219-0259	Malmö, Sweden	100%	100%
SPL Limited (Pending liquidation)	1089847117458	St. Petersburg, Russia	100%	100%
Aspyr Canada ISL Holdings Inc.	1000163721	Toronto, Ontario, Canada	100%	100%
Aspyr Exchangeco ISL Inc.	1000163722	Toronto, Ontario, Canada	100%	100%
IdeaSpark Labs Inc.	2023590983	Edmonton, Alberta, Canada	100%	100%
Bytex (Байтэкс) Limited Liability Company (Pending liquidation)	1091326000446	Saransk, Russia	100%	100%
ООО Stuntworks GS (Pending liquidation)	1161326055770	St. Petersburg, Russia	100%	100%
DIGIC HOLDINGS Vagyonkezelő Korlátolt Felelősségű Társaság	01-09-293721	Budapest, Hungary	100%	100%
DIGIC PICTURES Filmgyártó, Szoftverfejlesztő és Kereskedelmi Korlátolt Felelősségű Társaság	01-09-693165	Budapest, Hungary	100%	100%
DIGIC SERVICES Korlátolt Felelősségű Társaság	01-09-303274	Budapest, Hungary	100%	100%
<b>Saber Interactive SGS LLC</b> (Pending liquidation)	1207800040315	St. Petersburg, Russia	100%	100%
<b>Gearbox Entertainment Company Holding AB</b>	559237-4036	Karlstad, Sweden	100%	100%
The Gearbox Entertainment Company Inc.	80-3307675	Frisco, USA	100%	100%
Gearbox Software LLC	75-2806132	Frisco, USA	100%	100%
Gearbox Development Services, LLC	27-4592730	Frisco, USA	100%	100%
Gearbox Enterprises, LLC	84-3286294	Frisco, USA	100%	100%
Gearbox Studios Quebec, Inc.	1171354757	Montreal, Canada	100%	100%
Gearbox Publishing, LLC	81-3874601	Frisco, USA	100%	100%
Gearbox Studios, LLC	87-2843233	Frisco, USA	100%	100%
Lost Boys Interactive, LLC	L059605	Maidison, Wisconsin	100%	100%
Gearbox Productions, LLC	87-2623337	Frisco, USA	100%	100%
Gearbox Volition, LLC	92-3041822	Frisco, USA	100%	-
Deep Silver Volition LLC	90-0931309	Champaign, IL, USA	100%	100%
Captured Dimensions Holding LLC		Delaware, USA	100%	-
Captured Dimensions LLC	0801306275	Frisco, USA	100%	-
Gearbox Production Services, LLC	87-2647274	Frisco, USA	100%	100%
Meezey, LLC	84-2689894	Frisco, USA	100%	100%
<b>Embracer Group Lager 11 AB</b> (Arc Games Holding)	559273-8008	Karlstad, Sweden	100%	100%
Arc Games B.V.	24484242	Amsterdam, Netherlands	100%	100%
Arc Games Holding Corporation	C3059892	Redwood City, Delaware. USA	100%	100%
Arc Games Inc.	4481387	San Francisco, USA	100%	100%
Runic Games Inc.	4581901	Seattle, USA	100%	100%
Cryptic Studios Inc.	C2238039	Los Gatos, USA	100%	100%
<b>Embracer Group Archive AB</b>	559273-7976	Karlstad, Sweden	100%	100%
<b>Embracer Group Lager 10 AB (Dark Horse)</b>	559273-7992	Karlstad, Sweden	100%	100%
Gladiator Bidco Inc	EIN 88-0848177	Delaware, USA	100%	100%
Dark Horse Holding, Inc.	EIN 61-1897686	Delaware, USA	100%	100%
Dark Horse Media, LLC	EIN 83-1567733	Delaware, USA	100%	100%
Dark Horse Entertainment, LLC	EIN 93-1066511	Delaware, USA	100%	100%
Things From Another World, LLC	EIN 93-1092217	Delaware, USA	100%	100%
Dark Horse Comics, LLC	EIN 82-3923340	Delaware, USA	100%	100%
Dark Horse Technology & Trading, Ltd.		Shanghai, China	100%	100%
Dark Horse Media China, LLC	EIN 61-1897686	Delaware, USA	100%	100%

## NOTE 24 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>Asmodee Group AB</b>	559273-8016	Karlstad, Sweden	100%	100%
Asmodee III	842403651	Guyancourt, France	70%	70%
Les Nouveaux Amis d'Asmodee	842398109	Guyancourt, France	80%	80%
Financiere Amuse TopCo	842440778	Guyancourt, France	100%	100%
Financiere Amuse BidCo	815143904	Guyancourt, France	100%	100%
Asmodee Group SAS	399899806	Guyancourt, France	100%	100%
Asmodee France SAS	821169794	Guyancourt, France	100%	100%
Asmodee Digital	818058216	Guyancourt, France	100%	100%
Days of Wonder	443656277	Guyancourt, France	100%	100%
Philibert	313642613	Strasbourg, France	100%	100%
Asmodee Vente A Domicile (merged into Asmodee France SAS)	885273474	Guyancourt, France		100%
Flat Prod (merged into Asmodee France SAS)	512950254	Guyancourt, France		100%
Fondation D'Enterprise Libellud	878959097	Poitiers, France	100%	100%
AD2G Studio	803287150	Guyancourt, France	100%	100%
Asmodee Treasury Services	889410833	Guyancourt, France	100%	100%
Asmodee UK Holding Limited	11737872	London, UK	100%	100%
VR Distribution (UK) Limited	11286297	Wellingborough, UK	100%	100%
Asmodee Entertainment Limited	12188396	London, UK	100%	100%
Esdevium Games Limited	3055732	London, UK	100%	100%
Coiledspring Games Ltd	4986141	UK	100%	100%
The Green Board Game Company Limited	2583329	London, UK	100%	100%
Asmodee Gift Company Limited (company dissolved)	2475241	London, UK		100%
Asmodee Belgium SA	0429.666.250	Belgium	100%	100%
Repos Production	0535.709.224	Bryssel, Belgium	100%	100%
Pearl Games SPRL (company sold)	0564.749.638	Belgium		100%
Asmodee Holding GmbH	HRB29630	Essen, Germany	100%	100%
ADC Blackfire Entertainment GmbH	HRB 25016	Ratingen, Germany	100%	100%
Asmodee GmbH	HRB24912	Essen, Germany	100%	100%
Gamegenic GmbH	HRB 30099	Essen, Germany	100%	100%
Lookout GmbH	HRB 47617	Schwabenheim, Germany	100%	100%
Plan B Games Europé GmbH (merged into Lookout GmbH)	HRB 147912	Stuttgart, Germany		100%
Asmodee Editions Iberica SLU	C.I.F B85385300	Madrid, Spain	100%	100%
Asmodee Italia SRL	No. 02200000350	Italy	100%	100%
European Player Network B.V	862969591	Netherlands	100%	100%
Enigma Distribution Benelux	53234715	Netherlands	100%	100%
Asmodee Nordics A/S	27519601	Denmark	100%	100%
Asmodee Norway A/S	988238805	Oslo, Norway	100%	100%
Enigma Distribution Sweden AB	556718-9344	Göteborg, Sweden	100%	100%
Enigma Distribution Finland OY	2204165-5	Finland	100%	100%
REBEL Spółka z ograniczoną odpowiedzialnością (REBEL sp. z o.o)	451062	Gdansk, Poland	100%	100%
Bezzerwizzer Nordic ApS	31854229	Denmark	100%	100%
ADC Blackfire Entertainment S.R.L	J40/9027/2014	Bukarest, Romania	100%	100%
ADC Blackfire Entertainment s.r.o.	C 70317	Prag, Czech Republic	100%	100%
Asmodee Editions LLC.	EIN 20-2123892	Pennsylvania, USA	100%	100%
Asmodee North America INC.	8T-468	USA	100%	100%
KittenWorks LLC (company dissolved)	3385777	Los Angeles, USA		100%
Exploding Kittens Inc	5665128	Los Angeles, USA	100%	100%
Asmodee Canada	1163659668	Québec, Canada	100%	100%
Lion Rampant Imports LT	1454467	Ontario, Canada	100%	100%
Plan B Games Inc.	773395496RC0001	Québec, Canada	100%	100%
Ilhas Galápagos Comérico De Brinquedos E Servicos Ltda.-EPP	15.605.065/0001-38	São Paulo, Brazil	100%	100%
Importadora Y Comercializadora Skyship SpA	76.353.094-9	Santiago, Chile	100%	100%
Asmodee trading Co. Ltd	913100000512704000	Shanghai, China	100%	100%
Asmodee Asia Ltd	67839282 – 000 – 06 17 -9	Hong Kong	100%	100%
Asmodee Taiwan	53100400	Taipei, Taiwan	100%	100%
Forever Bright Limited Company	91440300781353326B	Shenzhen, China	100%	100%
Asmodee Korea Limited	424-87-01981	Korea	100%	100%
Asmodee Holding Australia PTY Ltd	661 533 866	Crows Nest, Australia	100%	100%
Venross Pty Ltd	ACN 166 076 642	Dulwich, Australia	100%	100%



## NOTE 24 CONTINUED

Company	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
<b>Embracer Group Lager 13 AB</b>	559352-6121	Karlstad, Sweden	100%	100%
Ace Radish Acquisition Canada Inc.	713540805	Toronto, Canada	100%	100%
Eidos Interactive Corp.	85948 5583 RC0001	Montreal, Canada	100%	100%
Ace Radish Acquisition Inc.	EIN 88-2611962	Delaware, USA	100%	100%
Crystal Dynamics, Inc.	94-3161281	California, USA	100%	100%
Crystal Dynamics Canada, Inc.	1178225851	Montreal, Canada	100%	100%
Crystal Dynamics Spain, S.L.	B13752274	Valencia, Spain	100%	-
CDE Entertainment Ltd.	14053837	London, UK	100%	100%
Eidos Creative Software (Shanghai) Co., Ltd	91310000676212708F	Shanghai, China	100%	100%
<b>Embracer Group Lager 16 AB</b>	559352-6139	Karlstad, Sweden	100%	100%
<b>Embracer Group Lager 17 AB</b>	556381-0194	Karlstad, Sweden	100%	100%
Shiver Entertainment Inc	80-0875186	Miami, USA	100%	100%
Aspyr Media, Inc.	86-3477904	Austin, USA	100%	100%
Aspyr Media Europe Ltd.	5073853	UK	100%	100%
Aspyr Media Canada Inc.	734468804BC0001	Vancouver, Canada	100%	100%
Demurge Studios LLC	1027134	Cambridge, USA	100%	100%
Snapshot Games Inc	C4662393	Los Angeles, USA	100%	100%
Snapshot Games Sofia EOOD	203132183	Sofia, Bulgaria	100%	100%
Tripwire Holding LLC		Delaware, USA	100%	-
Tripwire Interactive LLC	0509050	Georgia, USA	100%	100%
Tripwire International Exports Inc.	5030372	Delaware, USA	100%	100%
Tripwire Publishing, LLC	18083784	Georgia, USA	100%	100%
<b>Embracer Group Lager 18 AB</b>	559381-0202	Karlstad, Sweden	100%	100%
<b>Embracer Group Lager 19 AB</b>	559381-0210	Karlstad, Sweden	100%	100%
<b>Embracer Group Lager 20 AB</b>	559381-0228	Karlstad, Sweden	100%	100%
<b>Embracer Group Lager 21 AB</b>	559381-0236	Karlstad, Sweden	100%	100%
<b>Hudson SPV LLC</b>		Delaware, USA	100%	-

Divested subsidiaries during FY 2023/24	Corp. Reg. No.	Registered office	Share of equity/votes	
			31/03/2024	31/03/2023
Rainbow Studios Montréal Inc.	1175772384	Montreal, Canada	-	100%
River End Games AB	559092-8767	Göteborg, Sweden	-	100%
Vermila Studios S.L.	B-88568043	Madrid, Spain	-	100%
Silent Games Ltd	11600265	Newcastle Upon Tyne, UK	-	100%
Goose Byte Studios Inc	1176916246	Montreal, Canada	-	100%
Saber Interactive Inc	32-0624055	Fort Lauderdale, USA	-	100%
New World North Ltd	11096125	Calgary, Canada	-	100%
MHG d.o.o.	65-01-0334-22	Sarajevo, Bosnia	-	100%
NGD Studios AB	556818-4393	Karlskrona, Sweden	-	100%
Nimble Giant Entertainment SL	B72521313	Barcelona, Spain	-	100%
NGD Studios S.A.	1.742.109	Caba, Argentina	-	100%
TONEX S.A.	2,18971E+11	Montevideo, Uruguay	-	100%
Nimble Giant S.A.C.	20609180260	Lima, Peru	-	100%
Nimble Giant Chile SpA	77.528.756-K	Santiago, Chile	-	100%
Saber London Ltd (UK)	13890034	London, UK	-	100%
Binary Motion AB	559085-2579	Sundsvall, Sweden	-	100%
Slipgate Ironworks ApS	38541161	Aalborg, Denmark	-	100%
3d Realms Entertainment ApS	36912197	Stovring, Denmark	-	100%
Action Entertainment Inc	75-2542441	Texas, USA	-	100%
Apogee Software Ltd	7404910	Plano, USA	-	100%
Oü Fractured Byte	14361173	Tallinn, Estonia	-	100%
New World Interactive LLC	20111622299	Denver, USA	-	100%
Sandbox Strategies LLC	3225484	New York, USA	-	100%
Minature Market LLC	LC0815642	USA	-	100%
Saber Interactive Armenia LLC	264.110.1241739	Yerevan, Armenia	-	100%
Saber Porto (PT)	515652296	Porto Area, Portugal	-	100%
Saber Interactive Spain SLU (ES)	B-87576872	Madrid, Spain	-	100%
Saber BGS LLC	193299984	Minsk, Belarus	-	100%

## NOTE 25 EQUITY

### SHARE CAPITAL

The registered share capital of SEK 1,860,473.77 consists of 66,798,274 Class A shares and 1,272,742,483 Class B shares. The shares are denominated in SEK and each share has a quota value of approximately SEK 0.0014. Each Series A share entitles the holder to ten votes and each Series B share entitles the holder to one vote at general meetings. Holders of

ordinary shares are entitled to dividends which are determined in due course. All shares have equal rights to Embracer Group's remaining net assets. All shares are fully paid. Of Embracer's total 1,339.5 million outstanding shares, there were as of March 31, 2024, approximately 42 million shares subject to redemption. These shares have previously been issued to cover future contingent consideration obligations.

	Class A shares	Class B shares	Total
<b>Number of shares outstanding as of 1 April 2022</b>	<b>66,798,274</b>	<b>1,064,663,764</b>	<b>1,131,462,038</b>
New share issue	0	127,780,129	127,780,129
<b>Number of shares outstanding as of 31 March 2023</b>	<b>66,798,274</b>	<b>1,192,443,893</b>	<b>1,259,242,167</b>
New share issue	0	80,298,590	80,298,590
<b>Number of shares outstanding as of 31 March 2024</b>	<b>66,798,274</b>	<b>1,272,742,483</b>	<b>1,339,540,757</b>

The number of shares in the table above has been adjusted considering share splits made on October 8, 2019 and September 30, 2021.

In accordance with the Board's proposal, the Annual General Meeting in September 2023 passed a resolution authorising the Board on one or more occasions to decide on the issue of Class B shares, convertibles and/or warrants with the right to convert to or subscribe for a number of Class B shares, with or without departure from shareholders' preferential rights, corresponding to a maximum of ten (10) percent of the total number of shares in the Company, to be settled in cash, by payment in kind and/or by way of offsetting.

### Other contributed capital

Other contributed capital consists of capital contributed by Embracer Group's owners in the form of new share issues.

### RESERVES

#### Translation reserve, actuarial reserve and cash flow hedging reserve

The Group's translation reserve includes all exchange differences arising from the translation of the financial statements of foreign operations that have prepared their financial statements in a functional currency other than the currency in which the Group's financial statements are presented. The Group presents its financial statements in Swedish kronor. Accumulated translation differences recognized in profit or loss on disposal of the foreign operation amount to SEK 5,806 million (4,914).

Actuarial reserve refers to the assessment made to cover future payments for pensions SEK 19 million (23).

Cash flow hedging reserve refers to hedge accounting. As of the balance sheet date, there were no amounts reported.

Reserves	31/03/2024	31/03/2023
Opening balance	4,945	124
Change during the year	881	4,821
<b>Closing balance</b>	<b>5,826</b>	<b>4,945</b>

## NOTE 26 OTHER PROVISIONS

	Provision for personnel costs	Provision for disputes and legal fees	Other provisions	Total
<b>As of 1 April 2022</b>	<b>108</b>	<b>34</b>	<b>13</b>	<b>155</b>
Amounts utilized	-12	-30	-	-41
Reversal of reserve	-71	-1	-	-72
Provision during year	65	2	-	67
FX effects	6	3	-	9
<b>As of 31 March 2023</b>	<b>97</b>	<b>9</b>	<b>13</b>	<b>118</b>
Business combinations	-1	-7	-	-8
Amounts utilized	-2	-	-	-2
Reversal of reserve	-58	-	-13	-71
Provision during year	11	1	-	12
FX effects	2	-	-	2
<b>As of 31 March 2024</b>	<b>49</b>	<b>3</b>	<b>0</b>	<b>52</b>

### PROVISION FOR PERSONNEL COSTS

Refers to expected payments over a period of 40 years in the future regarding contractual obligations for staff (anniversary benefits, bonuses and other staff provisions regarding post-employment benefits other than pensions/severance pay). These provisions refer to obligations in Austria, Italy, France and Spain.

### PROVISION FOR DISPUTES AND LEGAL FEES

Provision for litigation costs and fees is based on the expected outcome of active legal proceedings. The provision has been made based on the Group's assessment of the outcome after obtaining legal opinions from independent legal experts. The change in the provision for disputes and fees is based on current risk assessments of the ongoing processes. At the time of submitting this report, the Group has no ongoing legal disputes.

## NOTE 27 NON-CURRENT EMPLOYEE BENEFITS

Non-current employee benefits	31/03/2024	31/03/2023
Defined benefit pension plans	13	10
<b>Total</b>	<b>13</b>	<b>10</b>

The Group has defined benefit pension plans in Austria, Germany and Switzerland. The plans in Austria and Germany refer to individual commitments of old-age, disability and survivors' pensions towards two active CEOs in a subgroup of Embracer. The pension plans in Switzerland are issued in accordance with the Swiss federal law of old-age and survivor's insurance benefit plans and are classified as defined benefit plans due to the statutory minimum guarantees. All plans are funded. Investments are allocated among securities, properties and cash.

Embracer has certain obligations regarding other post-employment benefits that are not pensions or termination benefits. See note 7.

The net defined benefit liability for employees are recognized in the statement of financial position under the line item non-current employee benefits.

The amounts recognized in the consolidated statement of profit or loss and the statement of financial position during the year are as follows:

Changes in the value of the pension liability	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Opening balance, defined benefit liability (gross)</b>	<b>37</b>	<b>47</b>
Current service cost	2	1
Remeasurement of the defined benefit liability	2	–12
Business combinations	-	0
FX effects	0	1
<b>Closing balance, defined benefit liability (gross)</b>	<b>41</b>	<b>37</b>
Fair value of plan assets	–28	–27
<b>Closing balance, defined benefit liability (net)</b>	<b>13</b>	<b>10</b>

## NOTE 28 ACCRUED EXPENSES

	31/03/2024	31/03/2023
Accrued personnel expenses	797	802
Accrued royalties/ commission	819	871
Audit and consulting expenses	60	89
Accrued expense for merchandise	304	513
Accrued interest expenses	162	56
Acquisition cost	19	4
Other items	806	784
<b>Carrying amount</b>	<b>2,967</b>	<b>3,119</b>

## NOTE 29 CASH FLOW STATEMENT

Components of cash and cash equivalents	31/03/2024	31/03/2023
Bank deposits	3,507	4,662
<b>Carrying amount</b>	<b>3,507</b>	<b>4,662</b>

Interest	31/03/2024	31/03/2023
Received	52	39
Paid	–1,054	–396
	<b>–1,002</b>	<b>–357</b>

Adjustment for items not affecting cash flow	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Depreciation, amortization and impairment	21,796	6,480
Gains/losses on sale of non-current assets	–31	22
Profit shares in associated companies Financial income	2	–213
Financial income	–465	285
Sale of group companies	6,856	-
Personnel cost related to acquisitions	1,440	1,790
Change in fair value of contingent consideration	–2,673	–4,434
Other non-cash items	290	–498
<b>Total</b>	<b>27,215</b>	<b>3,432</b>

Changes in liabilities attributable to financing activities	01/04/2023	Financing cash flows	Business combinations	Exchange differences	New and amended lease agreements	Other	31/03/2024
Liabilities to credit institutions	20,243	–483	-	–19	-	-	19,741
Lease liabilities	1,488	–643	-	–82	642	-	1,405
<b>Total liabilities attributable to financing activities</b>	<b>21,731</b>	<b>–1,126</b>	<b>-</b>	<b>–101</b>	<b>642</b>	<b>-</b>	<b>21,146</b>

## NOTE 29 CONTINUED

Changes in liabilities attributable to financing activities	01/04/2022	Financing cash flows	Business combinations	Exchange differences	New and amended lease agreements	Other	31/03/2023
Liabilities to credit institutions	20,181	-1,323	72	1,313	-	-	20,243
Lease liabilities	1,087	-502	-	10	893	-	1,488
<b>Total liabilities attributable to financing activities</b>	<b>21,268</b>	<b>-1,825</b>	<b>72</b>	<b>1,323</b>	<b>893</b>	<b>-</b>	<b>21,731</b>

## NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities to credit institutions	31/03/2024	31/03/2023	Contingent liabilities	31/03/2024	31/03/2023
Floating charges	-	7	Contractual commitments	29	73
IP-rights	-	36	Firm and irrevocable commitments	228	257
Property mortgages	-	68	Other contingent liabilities	13	121
Shares in subsidiaries	28,327	-	<b>Total</b>	<b>270</b>	<b>451</b>
Other	24	24			
<b>Total</b>	<b>28,351</b>	<b>135</b>			

For the contingent liabilities, the highest amount that may be relevant is stated.

## NOTE 31 RELATED PARTY TRANSACTIONS

A list of the Group's subsidiaries, which also are related parties to the parent company, is found in note 24 Group companies. All transactions between Embracer Group AB and its subsidiaries have been eliminated in the consolidated financial statements.

For information regarding remuneration of senior executives, see note 7 Employees and personnel expenses.

Embracer's other transactions with related parties consist of transactions with companies that is owed by the major shareholders and the key personnel in the company.

Related party transaction	Related party	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Consulting services	Logvreten AB <sup>1)</sup> (supplier)	0	-1
Transportation services	Sola Service i Karlstad AB <sup>2)</sup> (supplier)	-19	-9
Transportation services	Empterwik Special Services Ltd <sup>2)</sup> (supplier)	-25	-21
Sale of goods/services	Bröderna Wingefors AB <sup>2)</sup> (supplier)	-	0
Acquisition of game collection	Lars Wingefors AB <sup>3)</sup> (supplier)	-	0
Consulting services	LW Comic <sup>3)</sup> (supplier)	0	-
Consulting services	LVP Advisory Ltd 4) (supplier)	0	-
		<b>-44</b>	<b>-31</b>

<sup>1)</sup> Kicki Wallje-Lund (Chairperson of the board) has controlling influence over the company.

<sup>2)</sup> The company is part of Lars Wingefors AB

<sup>3)</sup> Lars Wingefors AB is owned by Lars Wingefors (founder and CEO), Erik Stenberg (Board member), Mikael Brödén, Klemens Kreuzer, Reinhard Pollice and Jacob Jonmyren (Chairman of the board).

<sup>4)</sup> David Gardner has controlling influence.

As of the closing date, there were SEK 5 (2) million in unsettled debt to related parties.

## NOTE 32 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

### SIGNIFICANT ACCOUNTING POLICIES

#### IFRS 5, Non-current assets held for sale and discontinued operations

During Q4 2023/2024, an agreement was signed to sell parts of the former operating group Saber Interactive. The sale was completed on March 28, 2024, with the exception of two of the companies included in the sale, Digic and Madhead, for which the sale is expected to be completed in Q1 2024/2025. Digic and Madhead have been assessed to meet the requirements

for recognition as a disposal group held for sale, according to IFRS 5.

On March 28, 2024, an agreement was entered into to divest parts of the Gearbox Entertainment operating group. The sale was completed in Q1 2024/2025, and the companies included in the sale are therefore deemed to meet the requirements for recognition as a disposal group held for sale under IFRS 5. In order to be classified as non-current assets (or disposal groups) held for sale, the disposal group must

**NOTE 32 CONTINUED**

be available for immediate sale in its present condition and subject only to such terms and conditions as are usual and customary for the sale of such disposal groups. Furthermore, it must be highly probable that the sale will occur. The criteria are deemed to be met at the time of entering into agreements regarding the sales

Immediately prior to classification as disposal groups held for sale, the carrying amount of all assets and liabilities included in the disposal groups was determined in accordance with available standards. This has resulted in goodwill allocated to each operating group has been impaired by SEK 93 million related to Digic and SEK 839 million related to Gearbox Entertainment.

In connection with the classification of the disposal groups as held for sale, depreciation of the fixed assets included in the disposal group ceases. The disposal groups have been valued at the time of classification at the lower of the carrying amount and the fair value less costs to sell. This has not resulted in any additional impairment losses for the disposal groups as the fair value less costs to sell exceeds the carrying amount of each disposal group.

From the date of classification, the assets and liabilities included in the disposal group are presented separately on separate lines in the consolidated statement of financial position.

**SIGNIFICANT ESTIMATES AND JUDGMENTS****Non-current assets held for sale and discontinued operations**

In connection with the sale of Saber Interactive and classification of Gearbox Entertainment as a disposal group held for sale, the Group has evaluated whether the criteria for discontinued operations in IFRS 5 have been met. Neither Saber Interactive nor Gearbox Entertainment constitute separate segments for Embracer but constitute/have constituted separate operating groups within the segment PC/Console Games segment and separate cash generating units. According to IFRS 5, a discontinued operation shall, inter alia constitute part of an entity that has either been disposed of or is classified as held for sale, and represents a separate major line of business or activity that conducted within a geographical area. When only parts of the operating operating groups are included in each sale, the criterion is not deemed to be met for either Saber Interactive or Gearbox Entertainment.

To be classified as non-current assets (or disposal groups) held for sale, the disposal group must be available for immediate sale in its present condition and subject only to such conditions as are normal and and customary for the sale of such disposal groups. It must also be highly probable that the sale will take place. The criteria are deemed to be met in connection with the conclusion of the agreements for the sales, as the criterion for a sale to be highly probable was then deemed to be fulfilled. Digic and Madhead are part of a sale which is separate from the sale of Gearbox Entertainment. The two sales have therefore been presented as separate disposal groups.

**SALE OF GROUP COMPANIES**

In Q4 2023/2024, an agreement was signed to sell parts of the former Saber Interactive operating group. The sale was completed on March 28, 2024, with the exception of two of the companies included in the sale, Digic and Madhead, for which the sale is intended to be completed in Q1 2024/2025. The results of the sale, excluding Digic and Madhead, are presented below:

	01/04/2023 – 31/03/2024
<b>Sale of companies included in Saber Interactive</b>	
Purchase price received or purchase price to be received:	
Cash	-
Assumed commitments for payment of previous earn-outs	275
Promissory note	1,466
Transaction costs	-116
<b>Total sale price</b>	<b>1,625</b>
Carrying amount of net assets sold	9,089
<b>Profit before tax and reclassification of foreign currency translation reserve</b>	<b>-7,464</b>
Reclassification of foreign currency translation reserve	817
Income tax expense	-
<b>Profit after tax on sale of subsidiaries</b>	<b>-6,648</b>

SEK 2,111 million (USD 198 million) will be paid in promissory notes to be settled in cash by 31 December 2024. During the period June 2024 to September 2024, promissory notes totalling SEK 672 million (USD 63 million) will be repaid in installments and the remainder will be paid in full at maturity. Amounts outstanding under the notes will bear interest at an annual rate of 10 percent from October 1, 2024 through December 31, 2024 on all amounts outstanding under the notes. SEK 469 million (USD 44 million) consists of assumed obligations for payment of previous earn-outs (including Digic and Mad Head). Embracer is entitled to an earn-out of up to SEK 962 million (USD 94 million) if the buyer resells the assets for a higher consideration under certain conditions and time periods. At the time of the sale, the probability of outcome was deemed to be very low, which is why the contingent consideration has been valued at SEK 0 million (USD 0 million).

The buyer will also have an option to acquire 4A games and Zen Studios at a fixed price within a certain time period. The exercise price is deemed to correspond to the market value of the companies at the time of sale.

The result has been recognized as Other operating expenses in the consolidated statement of income.

The carrying amounts of assets and liabilities at the time of the sale as at March 28 were:

<b>Assets and liabilities included in the sale (SEK million)</b>	<b>28/03/2024</b>
Goodwill	6,101
Intangible assets	2,795
Tangible fixed assets	57
Right-of-use assets	67
Other financial assets	125
Trade receivables	277
Contract assets	383
Other current assets	431
Cash and cash equivalents	89
<b>Total assets</b>	<b>10,325</b>
Leasing liabilities	-65
Trade payables	-445
Other liabilities	-726
<b>Total liabilities</b>	<b>-1,236</b>
<b>NET ASSETS</b>	<b>9,089</b>

## NOTE 32 CONTINUED

## ASSETS (DISPOSAL GROUPS) HELD FOR SALE

Assets and liabilities included in disposal groups held for sale at March 31, 2024:	Digic och Madhead	Gearbox Entertainment	Total
Goodwill	316	901	1,217
Intangible assets	143	3,963	4,106
Tangible fixed assets	15	134	149
Right-of-use assets	40	143	183
Financial fixed assets	2	100	102
Deferred tax assets	-	21	21
Inventories	-	23	23
Trade receivables	110	184	294
Contract assets	4	474	478
Other receivables	36	105	141
Prepaid expenses	5	28	33
Cash and cash equivalents	17	148	165
<b>Total assets in disposal group held for sale</b>	<b>687</b>	<b>6,224</b>	<b>6,911</b>
Liabilities to credit institutions	102	-	102
Advances from customers	12	-	12
Trade payables	17	51	68
Leasing liabilities	43	148	191
Contract liabilities	17	189	206
Contingent considerations	-	47	47
Deferred considerations	-	3	3
Deferred tax liabilities	6	749	755
Tax liabilities	3	14	17
Liabilities to employees related to historical acquisitions	87	293	380
Other liabilities	53	209	262
Accrued expenses	18	108	126
<b>Total liabilities in disposal group held for sale</b>	<b>359</b>	<b>1,811</b>	<b>2,170</b>
<b>NET ASSETS</b>	<b>328</b>	<b>4,413</b>	<b>4,742</b>

## NOTE 33 BUSINESS COMBINATIONS AND ASSET DEALS

## SIGNIFICANT ACCOUNTING PRINCIPLES

## Consolidation

*Business combinations*

The consideration transferred in a business combination is measured at fair value, which is measured as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The consideration transferred only includes consideration paid to obtain control of the acquired company. This implies that consideration that settles pre-existing relationships between the parties or relate to separate transactions, such as transactions that remunerates employees or former owners of the acquiree for future services, are accounted for separately from the business combination.

Contingent consideration is classified either as equity or as financial liability. Contingent consideration is recognized at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured each reporting period and the changes in fair value are recognized in the statement of profit or loss.

In connection with some of the Group's business combinations, the Group does not acquire all shares at the acquisition date. However, for certain business combinations, the Group enters into put and call options at the acquisition date for the remaining shares that can be exercised at a future date. There is no explicit guidance in IFRS regarding accounting for put and call options for the remaining shares in connection with a business combination, whereby the Group has, in accor-

dance with IAS 8, developed and applied a uniform accounting principle for similar transactions. The obligation to acquire additional shares in the future from non-controlling interest constitutes a financial liability at fair value through profit or loss, no non-controlling interest is recognized. Thus, the transaction is recognized as if the shares subject to the options have already been acquired by the Group.

*Asset deals*

For acquisitions where, in all material respects, the fair value of the acquired assets consists of an asset or a group of similar assets, this acquisition is reported as an asset acquisition. When acquiring assets, the acquisition value is allocated to the individual identifiable assets and liabilities based on their fair values at the time of acquisition. The fair value initially includes the conditional purchase price. Changes in the assessed value of contingent consideration after the acquisition are added to the cost of acquired assets. Transaction expenses are added to the acquisition value of acquired net assets in case of asset acquisition.

## SIGNIFICANT ESTIMATES AND ASSUMPTIONS

## Purchase price allocations

When subsidiaries are acquired, a purchase price allocation (PPA) is performed, in which the fair value at the acquisition date of acquired identifiable assets, liabilities and contingent liabilities are recognized. The valuation of identifiable assets and liabilities in acquired businesses includes items in the acquired entity's statement of financial position, and various types of items that have not been recognized in the acquired entity's statement of financial position, such as intangible

**NOTE 33 CONTINUED**

assets. Initially, intangible assets that may have value need to be identified, such as ongoing game development, game back catalogue, technical knowhow, trademarks, etc. Usually, there are no quoted prices for such assets and liabilities, and accordingly, different valuation methods must be applied. These methods are based on different assumptions such as future cash flows, growth rates of revenues, EBIT margins as well as tax rates and discount factors in different countries. Valuations

of this kind involve a high degree of estimation, which all need thorough examination, measurement and analysis. Preliminary values linked to acquisitions can have adjusted fair values up to one year after the completion of the acquisition if new information about the facts and circumstances that existed at the time of acquisition is obtained.

**The Groups' acquisitions during 2023/24**

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
Kavalri Games <sup>1)</sup>	Studio	Integrated a talented studio into the Amplifier vertical	01/04/2023	61%	PC/Console Games
Mediocre <sup>2)</sup>	IP-Rights	Acquisition of a smaller IP portfolio to further strengthen the Embracer IP portfolio.	01/04/2023	100%	PC/Console Games

<sup>1)</sup> Business combinations

<sup>2)</sup> Asset deals

**PURCHASE PRICE ALLOCATIONS FOR ACQUISITIONS MADE DURING 2023/24**

The business combinations are presented at an aggregated level, as the relative amounts of the individual business combinations are not considered material. All purchase price allocations for acquisitions completed during the period are final.

**Purchase price allocations summary, PPA**

Acquired net assets at the acquisition date	Total
Intangible assets	5
Cash and cash equivalents	12
Other assets	5
Liabilities	-4
<b>Identified net assets</b>	<b>18</b>
Goodwill	12
Non-controlling interests	-11
<b>Total purchase consideration</b>	<b>19</b>
<b>Purchase consideration comprises:</b>	
Cash	-
Contingent consideration	-
Deferred consideration	-
Equity instruments	-
Call/put options on non-controlling interests	-
Other	19
<b>Total purchase consideration</b>	<b>19</b>

Net cash outflow related to previous acquisitions amounted to SEK 2,134 million, resulting in a total cash flow impact from acquisitions (including asset acquisitions) of SEK 2,261 million.

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

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

Acquisition analyses prepared during the financial year are considered to be final at the date of the report.

**ASSET DEALS**

During the financial year, a number of small acquisitions classified as asset acquisitions were made. The total consideration transferred for these acquisitions amounted to SEK 232 million, of which SEK 139 million affected cash flow.

Goodwill	Goodwill mainly relates to	Recognized amount	Of which is expected to be deductible from tax
Completed acquisitions in 2023/24	Intangible assets which do not fulfil the demands for separate accounting and acquired competencies among employees	12	0

**Transaction costs**

Transaction costs related to acquisitions made during the year	-
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**The acquisitions impact on the Group's cash flow**

	Total
Cash part of consideration	0
Less:	
Acquired cash	-12
<b>Net cash outflow</b>	<b>-12</b>

NOTE 33 CONTINUED

The Groups' acquisitions during 2022/23

Acquired entity	Operation	Purpose of acquisition	Acquisition date	Capital and voting rights	Operating segment
DIGIC <sup>1)</sup>	Studio	Onboarding a talented team to Saber Interactive, with a strong track record within commercial trailers and cinematics within best selling game- titles.	01/04/2022	100%	PC/Console Games
Lost Boys inc <sup>1)</sup>	Studio	Trusted game development studio with a track record working on AAA games that can satisfy a significant need for headcount to fulfil and potentially expand Gearbox's games pipeline.	01/06/2022	100%	PC/Console Games
Tuxedo Labs <sup>1)</sup>	Studio	Addition of talented team focused on physics-based game technology and design.	01/07/2022	100%	PC/Console Games
CSGBG <sup>1)</sup>	Studio	Addition of talented studio to the Coffee Stain Vertical.	19/08/2022	100%	PC/Console Games
Crystal Dynamics - Eidos-Montréal <sup>1)</sup>	Studio	The collection of studios represents a world-class creative team of ~1,100 employees across three studios and eight global locations, including two of the most reputable AAA studios across the industry in Crystal Dynamics and Eidos Montréal. The acquisition builds on Embracer's mission of creating a leading independent global gaming and entertainment ecosystem.	26/08/2022	100%	PC/Console Games
Singtrix <sup>1)</sup>	Studio	Strengthen Freemode's position within music and audio gaming products.	01/09/2022	100%	Entertainment & Service
Limited Run Games <sup>1)</sup>	Publisher	Global leading brand within premium publishing of physical games.	06/09/2022	100%	Entertainment & Service
Beamdog <sup>1)</sup>	Studio	A founder-led game development studio with long experience and ~ 80 highly skilled developers in business-friendly Canada.	13/09/2022	100%	PC/Console Games
Middle-earth Enterprises <sup>2)</sup>	IP-rights	The acquisition of Middle-earth Enterprises are in line with Embracer groups IP-driven transmedia strategy	18/08/2022	100%	Entertainment/ Service
Tripwire Interactive LLC <sup>1)</sup>	Publisher/ Studio	Addition of talented development team and strong brands.	05/10/2022	100%	PC/Console Games
Animee Ltd. <sup>1)</sup>	Studio	Acquirement to strengthening marketing and distribution in the Japanese pop art market.	10/10/2022	100%	Entertainment & Service
VR Group <sup>1)</sup>	Distribution	Acquire a strong distributor of tabletop games in Australia, New Zealand and the UK.	14/10/2022	100%	Tabletop
Captured Dimensions <sup>1)</sup>	Studio	Acquirement of a US-based technology company specializing in 3D capture, scanning, and reconstruction services.	04/01/2023	100%	PC/Console Games

<sup>1)</sup> Business combinations

<sup>2)</sup> Asset deals

**PURCHASE PRICE ALLOCATIONS FOR ACQUISITIONS MADE DURING 2022/23**

The business combinations are presented on an aggregated level, as the relative amounts for the individual business combinations are not deemed to be material. The purchase price allocations for acquisitions made in the latest 12 months are considered to be preliminary while the purchase price allocations for acquisitions made outside the 12 months-period are final.

**Purchase price allocations summary, PPA**

Acquired net assets at the acquisition date	Total
Intangible assets	4,073
Property, plant and equipment	250
Right-of-use assets	215
Financial assets	2
Deferred tax assets	271
Inventories	417
Trade receivables and other receivables	838
Cash and cash equivalents	1,087
Interest-bearing liabilities	-72
Lease liabilities	-215
Deferred tax liabilities	-749
Trade payables and other operating liabilities	-1,447
<b>Identified net assets</b>	<b>4,670</b>
Goodwill	4,376
Non-controlling interests	-
<b>Total purchase consideration</b>	<b>9,046</b>
<b>Purchase consideration comprises:</b>	
Cash	6,177
Contingent consideration	1,105
Deferred consideration	1,062
Equity instruments	702
Other	-
<b>Total purchase consideration</b>	<b>9,046</b>



#### NOTE 33 CONTINUED

The fair value of issued equity instruments included in the transferred purchase consideration is based on the price of Embracer's Class B share at each acquisition date. The number of shares issued with no restrictions/clawback is stated in the table below:

Number of Class A shares	-
Number of Class B shares	10,198,625
<b>Total</b>	<b>10,198,625</b>

Contingent consideration, goodwill and transaction related costs have been recognized in connection with the Group's business combinations during Apr 2022-Mar 2023. Below is information about the acquisition-related items:

#### Contingent considerations

Recognized amount	1,105
<i>Payments are likely to fall within the range</i>	
Low	806
High	1,411
Maximum amount for payment is unlimited	No

The basis for receiving the contingent consideration is based on both operational targets, such as releasing a certain number

of games from a game portfolio during a certain period, and financial targets based on achieving a certain performance measure over a given period.

#### OTHER TRANSACTIONS ENTERED INTO IN CONNECTION WITH THE BUSINESS COMBINATIONS

In connection with certain business combinations during the period, an agreement has been entered into relating to contingent consideration that is not classified as part of the transferred purchase consideration as there is a requirement for continued employment to receive the amount. Thus, the amount is classified as remuneration for future services. The amount may be settled with shares or cash, whereby the transactions are recognized either in accordance with IFRS 2 Share-based payment or in accordance with IAS 19 Employee benefits for cash-settled remuneration. As the remuneration is earned, it is recognized as personnel expense in the consolidated statement of profit or loss.

#### GOODWILL

Goodwill mainly refers to the value of the organizations existing skills and capabilities to develop and produce future successful assets as well as synergies of collaboration within the Embracer ecosystem.

Goodwill	Goodwill mainly relates to	Recognized amount	Of which is expected to be deductible from tax
Completed acquisitions in 2022/23	Intangible assets which do not fulfil the demands for separate accounting and acquired competencies among employees	4,376	0
		4,376	0

#### Transaction costs

Transaction costs regarding acquisitions	-206
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#### The acquisitions impact on the Group's cash flow

Cash part of consideration	6,177
Less:	
Acquired cash	-1,087
<b>Net cash outflow</b>	<b>5,090</b>

Net cash outflow for previous acquisitions amounts to SEK 839 million which amounts to a total cash flow impact from acquisitions amounting to SEK 5,929 million.

#### THE ACQUISITIONS IMPACT ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

Revenues and net profit for the acquired companies since the acquisition date have been included in the Group's statement of comprehensive income for the period and is not presented separately.

The revenues and EBIT that the companies would have contributed if the acquisition had taken place in the beginning of the period have not been calculated due to the fact that this would be disproportionately burdensome and they are not deemed to be material on an overall Group level.

#### ASSET DEALS

In the financial year Embracer Group completed several acquisitions that has been classified as asset acquisitions. The total consideration of these asset acquisitions sums up to SEK 5,130 million, where SEK 3,006 million has impacted the cash flow. The most significant acquisition of these acquisitions is the acquisition of the Middle-Earth Enterprises which owns a vast intellectual property catalog and world-

wide rights to motion pictures, video games, board games, merchandising, theme parks and stage productions relating to the iconic fantasy literary works The Lord of the Rings trilogy and The Hobbit by J.R.R. Tolkien, as well as matching rights in other Middle-Earth-related literary works authorized by the Tolkien Estate and HarperCollins, which have yet to be explored. The consideration for the Middle-Earth Enterprises acquisition sums up to SEK 4,265 million, where SEK 2,901 million has impacted the cash flow.

#### PRELIMINARY PURCHASE PRICE ALLOCATIONS OTHER ACQUISITIONS

Purchase price allocations performed under the fiscal year are preliminary at the end of the financial year as new information regarding the assets and liabilities may affect the finalization of the purchase price allocation.

## NOTE 34 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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- > On April 22, Embracer announced a transformative step for value creation through the intention to split the group into three market-leading gaming and entertainment companies: Asmodee Group, "Coffee Stain & Friends" and "Middle-earth Enterprises & Friends" (illustrative names only). The three entities will be separate, listed companies to better enable each entity to focus on their respective core strategies and offer more differentiated and clear equity stories for existing and new shareholders. This will enable the companies to unlock value in Embracer Group's high quality assets following the successful completion of the restructuring program. Furthermore, on the same date, Embracer announced that as part of its decision to transform the group into three standalone listed companies, it has entered into a financing agreement through Asmodee with JP Morgan, BNP Paribas, SEB, Societe Generale and Swedbank. The financing amounts to EUR 900 million (approximately SEK 10.5 billion) with a maturity of up to 18 months and with similar terms as the previous loan. The financing agreement creates strong conditions for building an optimal capital structure for the three companies
- > As announced on May 10, 2024, Warner Bros. Pictures and New Line Cinema will reunite with Peter Jackson, Fran Walsh and Philippa Boyens - the Oscar-winning team behind the Lord of the Rings and Hobbit trilogies. These films reached almost USD 6 billion in revenue. Together, they will now produce two new films from Tolkien's Middle-earth. The first film is scheduled for theatrical release in 2026.
- > On May 14, Embracer, through its wholly owned subsidiary Crystal Dynamics, announced a partnership with Amazon MGM Studios to develop more stories for the acclaimed Tomb Raider brand in both streaming and film.
- > On May 23, 2024, Embracer announced that Johan Ekström had decided to step down from his role as CFO and deputy CEO. Müge Bouillon, currently deputy CFO, was appointed CFO effective as of September 1, 2024. Effective June 1, 2024, Phil Rogers, CEO of Crystal Dynamics – Eidos and leader of newly formed "Middle-earth Enterprises & Friends", assumed the role as Deputy CEO of Embracer in addition to his current role. Both Müge Bouillon and Phil Rogers will be members of the Executive Management Team.
- > On June 11, 2024, all conditions were fulfilled for the divestment of Gearbox Entertainment and the transaction was closed. Embracer announced on March 28, 2024, that it had entered into an agreement to divest Gearbox Entertainment to Take-Two Interactive Software, Inc.

## PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK m	Note	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Net sales	P2	85	64
Other operating income		30	31
<b>Total operating income</b>		<b>115</b>	<b>95</b>
<b>Operating expenses</b>			
Other external expenses	P3, P4	–185	–200
Personnel expenses	P5	–132	–103
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	P10, P11	–4	–3
Other operating expenses	P6, P13	–7,246	–9
<b>Total operating expenses</b>		<b>–7,567</b>	<b>–315</b>
<b>Operating profit</b>		<b>–7,451</b>	<b>–219</b>
<b>Profit/loss from financial items</b>			
Result from participations in group companies	P7, P12	–77	-
Other interest income and similar income		1,733	2,920
Interest expense and similar expense		–1,205	–1,175
<b>Profit after financial items</b>		<b>–7,000</b>	<b>1,525</b>
<b>Appropriations</b>			
Appropriations	P8	186	–894
<b>Profit before tax</b>		<b>–6,815</b>	<b>631</b>
Income tax	P9	–14	–48
<b>Net profit for the period</b>		<b>–6,829</b>	<b>583</b>

Net profit for the period in the parent company corresponds to the periods comprehensive income.

## PARENT COMPANY'S BALANCE SHEET

Amounts in SEK m	Note	31/03/2024	31/03/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Other intangible assets	P10	3	4
<b>Total intangible assets</b>		<b>3</b>	<b>4</b>
<i>Tangible assets</i>			
Inventories, tools and installations	P11	7	8
<b>Total tangible assets</b>		<b>7</b>	<b>8</b>
<b>Financial assets</b>			
Shares in Group companies	P12, P13	48,400	42,504
Receivables from Group companies	P14, P15	20,747	33,210
Other long term receivables	P15	51	71
<b>Total financial assets</b>		<b>69,198</b>	<b>75,785</b>
<b>Total non-current assets</b>		<b>69,208</b>	<b>75,796</b>
<b>Current assets</b>			
Receivables from Group companies	P14, P15	3,869	1,559
Current tax assets		0	9
Other receivables	P15	326	0
Prepaid expenses and accrued income	P15, P16	60	74
		<b>4,255</b>	<b>1,642</b>
<b>Current investments</b>			
Current investments		0	0
		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	P15, P21	486	23
		<b>486</b>	<b>23</b>
<b>Total current assets</b>		<b>4,742</b>	<b>1,665</b>
<b>TOTAL ASSETS</b>		<b>73,950</b>	<b>77,462</b>

## PARENT COMPANY'S BALANCE SHEET CONTINUED

Amounts in SEK m	Note	31/03/2024	31/03/2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	P17		
Share capital		2	2
Development fund		-	-
<b>Restricted equity</b>		<b>2</b>	<b>2</b>
Share premium reserve		14,136	12,162
Retained earnings		47,492	46,908
Net profit for the period		-6,829	583
<b>Unrestricted equity</b>		<b>54,799</b>	<b>59,653</b>
<b>Total equity</b>		<b>54,801</b>	<b>59,655</b>
<b>Untaxed reserves</b>			
Accrual funds	P8	274	162
<b>Total untaxed reserves</b>		<b>274</b>	<b>162</b>
<b>Provisions</b>			
Other provisions	P18	118	159
<b>Total provisions</b>		<b>118</b>	<b>159</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	P15, P19	8,999	17,031
<b>Total non-current liabilities</b>		<b>8,999</b>	<b>17,031</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	P15, P19	8,000	0
Trade payables	P15, P19	51	22
Liabilities to Group companies	P15, P19	1,432	355
Other current liabilities	P15	32	8
Accrued expenses and prepaid income	P20	243	70
<b>Total current liabilities</b>		<b>9,758</b>	<b>455</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73,950</b>	<b>77,462</b>

## PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Restricted equity		Unrestricted equity			Total equity
	Share capital	Development fund	Share premium reserve	Retained earnings	Net profit for the year	
<b>Opening balance 2022-04-01</b>	<b>2</b>	<b>72</b>	<b>20,533</b>	<b>25,973</b>	<b>329</b>	<b>46,909</b>
Allocation of previous year's net profit	-	-	-	329	-329	-
Net profit	-	-	-	-	583	583
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>583</b>	<b>583</b>
<i>Transactions with the owners</i>						
New share issue	-	-	12,155	-	-	12,155
Issuance costs	-	-	10 <sup>1)</sup>	-	-	10
Tax effect	-	-	-2	-	-	-2
<b>Total</b>	-	-	<b>12,162</b>	-	-	<b>12,162</b>
<i>Transfers between items in equity</i>						
Development fund	-	-72	-	72	-	-
Share premium reserve	-	-	-20,533	20,533	-	-
<b>Total</b>	-	<b>-72</b>	<b>-20,533</b>	<b>20,605</b>	-	-
<b>Closing balance 2023-03-31</b>	<b>2</b>	-	<b>12,162</b>	<b>46,908</b>	<b>583</b>	<b>59,655</b>

Amounts in SEK m	Restricted equity		Unrestricted equity			Total equity
	Share capital	Development fund	Share premium reserve	Retained earnings	Net profit for the year	
<b>Opening balance 2023-04-01</b>	<b>2</b>	-	<b>12,162</b>	<b>46,908</b>	<b>583</b>	<b>59,655</b>
Allocation of previous year's net profit	-	-	-	583	-583	-
Net profit	-	-	-	-	-6,829	-6,829
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>-6,829</b>	<b>-6,829</b>
<i>Transactions with the owners</i>						
New share issue	-	-	2,008	-	-	2,008
Issuance costs	-	-	-43	-	-	-43
Tax effect	-	-	9	-	-	9
<b>Total</b>	-	-	<b>1,974</b>	-	-	<b>1,974</b>
<i>Transfers between items in equity</i>						
Development fund	-	-	-	-	-	-
Share premium reserve	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Closing balance 2024-03-31</b>	<b>2</b>	-	<b>14,136</b>	<b>47,492</b>	<b>-6,829</b>	<b>54,801</b>

<sup>1)</sup> Positive amount due to a reversal of unpaid issuance costs.

## PARENT COMPANY'S CASH FLOW STATEMENT

Amounts in SEK m	Note	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Operating activities</b>			
Profit before tax		–6,815	631
Adjustment for differences between profit before tax and net cash flow	P21	6,991	–675
Income tax paid		17	–3
<b>Cash flow from operating activities before changes in working capital</b>		<b>193</b>	<b>–47</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		–311	–38
Change in operating liabilities		200	–21
<b>Cash flow from operating activities</b>		<b>82</b>	<b>–106</b>
<b>Investing activities</b>			
Acquisition of shares in subsidiaries		–46	–1,058
Acquisition of property, plant and equipment	P11	–2	–4
Acquisition of non-current financial assets		–13	–
Provided loans and given shareholders contribution to Group companies		–2,884	–9,734
<b>Cash flow from investing activities</b>		<b>–2,945</b>	<b>–10,796</b>
<b>Financing activities</b>			
New share issue		2,000	10,335
Issuance costs		–43	–9
Proceeds from borrowings		0	5465
Repayment of loans		–62	–6627
Loans granted from Group companies		1,432	278
<b>Cash flow from financing activities</b>		<b>3,327</b>	<b>9,442</b>
<b>Cash flow for the year</b>		<b>463</b>	<b>–1,460</b>
Cash and cash equivalents at the beginning of the year		23	1,483
<b>Cash and cash equivalents at the end of the year</b>	P21	<b>486</b>	<b>23</b>

# PARENT COMPANY NOTES

## NOTE P1 THE PARENT COMPANY'S ACCOUNTING POLICIES

The parent company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the recommendation issued by the Financial Reporting Board RFR 2 "Accounting for legal entities".

The Parent company applies the same accounting principles as the Group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the exceptions listed below. Unless otherwise indicated, the accounting policies stated below for the parent company have been applied consistently to all periods presented in the parent company's financial statements.

### CLASSIFICATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Parent entity's income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act, while the statement of other comprehensive income, the statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

### LEASE AGREEMENTS

The guidance on accounting for lease agreements in accordance with IFRS 16 are not applied in the parent company. This means that lease payments are expensed linearly over the lease term and right-of-use assets and lease liabilities are not included in the parent company's balance sheet. However, identification of a lease agreement is made in accordance with IFRS 16, i.e. than an agreement is, or contains a lease if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### REVENUE FROM INVESTMENTS IN SUBSIDIARIES

Dividends are recognized when the right to receive payment is considered certain. Revenue from divestment of subsidiaries is recognized when control of the subsidiary has been transferred to the acquirer.

### TAXES

In the Parent company, deferred tax liabilities attributable to untaxed reserves, are recognized gross in the balance sheet. The appropriations are recognized gross in the income statement.

### SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognized in the parent company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the investment. In cases where the carrying amount exceeds the subsidiaries' consolidated value, an impairment is made that is recognized in the income statement. An impairment assessment is performed annually or more often if there is an indication of a need for impairment. If a previous impairment loss is no longer justified, it is reversed.

Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared to the carrying amount for these assets and forms the basis for any impairments or reversals. The assumptions that affect the recoverable amount the most are future earnings development, discount rate and useful life. If future external factors and conditions

change, assumptions may be affected so that the carrying amounts of the parent company's assets change.

### GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

The parent company recognize both received and paid group contributions as appropriations in accordance with the alternative method in RFR 2. Shareholder contributions paid by the parent company are recognized as an increase of shares and participations in the parent company. Shareholder contributions received are recognized as an increase of non-restricted equity.

### FINANCIAL INSTRUMENTS

The parent company applies the exemption to not apply IFRS 9 Financial Instruments in the legal entity. Instead, the parent company applies, in accordance with the Swedish Annual Accounts Act, the cost method. In the parent company, non-current financial assets are thus measured at cost and current financial assets are measured at the lower of cost or net realizable value. The parent company does, however, apply the expected credit loss method (ECL) in accordance with IFRS 9 for financial assets that are debt instruments. Contingent considerations are measured at the amount that the parent company deems would need to be paid if it was settled at the end of the reporting period.

The parent company applies the exemption to not measure financial guarantee contracts for the benefit of subsidiaries, associates and joint ventures in accordance with IFRS 9. Instead, the parent company applies the policies for measurement in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, including intra-group receivables, are subject to impairment for expected credit losses.

For receivables from Group companies and other items subject of expected credit losses, an impairment method with three stages is applied in accordance with IFRS 9. The parent company applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default.

The parent company assesses that the subsidiaries currently have similar risk profiles and assessment is made on a collective basis. The assessment has been based on the Embracer Group's credit risk, which has been adjusted to reflect the subsidiaries' assessed credit risk. At the end of the reporting period, the expected credit losses have resulted in a decrease of receivables from Group companies and as an increase in financial costs.

Expected credit losses for cash and cash equivalents have not been recognized, as the amount has been deemed insignificant.

### DEVELOPMENT FUND

Expenditures for internally developed intangible assets is capitalized as intangible assets in the parent company in line with the Group's accounting policies. In the parent company, an amount corresponding to the development expenditures capitalized is transferred from non-restricted equity to a reserve for development expenditures within restricted equity.



CONT. NOTE P1

**NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Parent company presents the income statement and balance sheet in accordance with the format prescribed in the Swedish Annual Accounts Act, and does not follow the format prescribed in IFRS 5 where non-current assets held for sale are presented as a separate line-item in the balance sheet and the profit from discontinued operations is presented separately from profit from continuing operations. In the parent company, the assets concerned comprise shares in subsidiaries.

**NOTE P2 NET SALES BREAKDOWN**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Sweden</b>		
Management fee	67	49
Other	2	2
	<b>69</b>	<b>52</b>
<b>Austria</b>		
Management fee	16	13
	<b>16</b>	<b>13</b>
<b>Total</b>	<b>85</b>	<b>64</b>

98% (97%) of net sales refers to management fees to Group companies. No purchases from Group companies occur during any of the fiscal years.

**NOTE P3 AUDITOR'S FEES**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>PwC</b>		
Audit assignment	-2	-
Tax advisory services	-	-
Other services	-2	-
<b>Total</b>	<b>-4</b>	<b>-</b>
<b>EY</b>		
Audit assignment	-16	-15
Tax advisory services	-	-1
Other services	-5	-19
<b>Total</b>	<b>-21</b>	<b>-35</b>

Audit assignment refers to the auditor's work on the statutory audit and auditing activities refers to various types of assurance services. Other services are such services as are not included in the audit assignment or tax advisory services.

**NOTE P4 OPERATING LEASES**

	31/03/2024	31/03/2023
<b>Future minimum lease payments</b>		
Within one year	-3	-3
Between one and five years	-14	-10
After five years	-17	-6
<b>Total</b>	<b>-34</b>	<b>-19</b>

The parent company's lease agreements mainly refer to office space.

The period's lease expense amounted to SEK 4 million (SEK 3 million).

**NOTE P5 EMPLOYEES, PERSONNEL EXPENSES AND BOARD FEES**

	01/04/2023 – 31/03/2024		01/04/2022 – 31/03/2023	
	Average number of employees	of which women, %	Average number of employees	of which women, %
<i>Parent company</i>				
Sweden	46	52%	39	46%
<b>Total in parent company</b>	<b>46</b>	<b>52%</b>	<b>39</b>	<b>46%</b>
	31/03/2024		31/03/2023	
Gender distribution, Board of Directors and senior executives	Number at the end of the reporting period	of which women, %	Number at the end of the reporting period	of which women, %
Board of Directors Embracer Group AB	8	50%	7	29%
Chief Executive Officer and other senior executives <sup>1)</sup>	5	20%	4	25%

<sup>1)</sup> Other senior executives are Johan Ekström (Group CFO and Deputy CEO), Ian Gulam (Chief of Staff, Legal & Governance), Careen Yapp (Chief Strategic Partnership Officer) and Phil Rogers (CEO, Crystal Dynamics-Eidos).

CONT. NOTE P5

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Wages, salaries and other remuneration and social security costs, including pension costs</b>		
<b>Parent company</b>		
<i>Board of Directors, CEO and senior executives</i>		
Salaries and other remuneration	-13	-18
Social security contributions	-3	-4
Pension costs	-2	-2
<b>Total</b>	<b>-18</b>	<b>-24</b>
<i>Other employees</i>		
Salaries and other remuneration	-56	-55
Social security contributions	-18	-15
Pension costs	-8	-7
<b>Total</b>	<b>-82</b>	<b>-77</b>
<b>Total parent company</b>	<b>-100</b>	<b>-101</b>

For information on the remuneration of the members of the Board of Directors, CEO and senior executives, see note note 7 for the Group

**NOTE P6 OTHER OPERATING EXPENSES**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Other operating expenses	-58	-9
Loss on sale of subsidiaries	-7 188	-
<b>Total</b>	<b>-7 246</b>	<b>-9</b>

**NOTE P8 APPROPRIATIONS**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Appropriations</b>		
Group contribution received	548	74
Group contribution paid	-249	-911
This year's change in tax allocation reserve	-113	-58
<b>Total</b>	<b>186</b>	<b>-894</b>

**NOTE P7 PROFIT/LOSS FROM FINANCIAL ITEMS**

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Result from participations in group companies</b>		
Impairment of shares	-265	-
Dividend from subsidiaries	188	-
<b>Total</b>	<b>-77</b>	<b>-</b>

	31/03/2024	31/03/2023
<b>Tax allocation reserves</b>		
Allocated for financial year 2017	-	38
Allocated for financial year 2018/19	4	4
Allocated for financial year 2019/20	45	45
Allocated for financial year 2022/23	60	75
Allocated for financial year 2023/24	165	-
<b>Total</b>	<b>274</b>	<b>162</b>

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Other interest income and similar profit/loss items</b>		
Interest income, Group companies	1,405	1,215
Interest income, Other	25	13
Other financial income	-	1,692
Exchange rate differences, Group companies	303	-
<b>Total</b>	<b>1,733</b>	<b>2,920</b>

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Interest expense and similar profit/loss items</b>		
Interest expenses, Group companies	-42	-7
Interest expenses, Other	-963	-388
Exchange rate differences, Group companies	-	-660
Exchange rate differences, others	-66	-
Other financial expenses	-134	-120
<b>Total</b>	<b>-1,205</b>	<b>-1,175</b>

## NOTE P9 INCOME TAX

	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Current tax</b>	-5	-47
Change in deferred tax attributable to temporary differences	-9	-1
<b>Recognized tax</b>	<b>-14</b>	<b>-48</b>
<b>Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	-6,815	631
Tax at the applicable tax rate for the parent company (20.6%)	1,404	-130
Tax effect of:		
Non-deductible expenses	-1,538	-2
Non-taxable income	39	2
Standard interest on tax allocation reserve	-1	-1
Tax deduction of negative net interest	-	89
Other	82	-6
<b>Recognized tax</b>	<b>-14</b>	<b>-48</b>
Effective tax rate	0%	-8%

## DISCLOSURE ON DEFERRED TAX ASSETS

The tables below specify the tax effect of temporary differences:

Deferred tax assets	Tax loss carryforwards	Total
<b>Opening balance as per 01/04/ 2022</b>	1	1
<i>Recognized</i>		
In profit or loss	-1	-1
In other comprehensive income	-	-
<b>Closing balance as per 31/03/2023</b>	-	-
<b>Opening balance as per 01/04/2023</b>	-	-
<i>Recognized</i>		
In profit or loss	-	-
In other comprehensive income	-	-
<b>Closing balance as per 31/03/2024</b>	-	-

## NOTE P10 INTANGIBLE ASSETS

<i>Accumulated cost</i>	Ongoing projects for intangible assets	Completed development projects	IP rights	Other intangible assets	Total intangible assets
<b>As of 31 March 2022</b>	<b>10</b>	<b>1,313</b>	<b>265</b>	<b>6</b>	<b>1,593</b>
Internally generated	-	-	-	1	1
Sales/disposals	-10	-1,313	-265	-	-1,588
<b>As of 31 March 2023</b>	-	-	-	<b>7</b>	<b>7</b>
Internally generated	-	-	-	-	-
Sales/disposals	-	-	-	-	-
<b>As of 31 March 2024</b>	-	-	-	<b>7</b>	<b>7</b>
<b>Accumulated amortization</b>					
<i>Accumulated amortization</i>	Ongoing projects for intangible assets	Completed development projects	IP rights	Other intangible assets	Total intangible assets
<b>As of 31 March 2022</b>	-	<b>-1,250</b>	<b>-190</b>	<b>-2</b>	<b>-1,441</b>
Amortization	-	-	-	-1	-1
Reclassifications	-	1,250	190	-	1,440
<b>As of 31 March 2023</b>	-	-	-	<b>-3</b>	<b>-3</b>
Amortization	-	-	-	-1	-1
<b>As of 31 March 2024</b>	-	-	-	<b>-4</b>	<b>-4</b>
<b>Closing balance 31 mars 2023</b>					
Closing balance 31 mars 2023	-	-	-	4	4
Closing balance 31 mars 2024	-	-	-	3	3

## NOTE P11 TANGIBLE ASSETS

<i>Accumulated cost</i>	31/03/2024	31/03/2023	<i>Accumulated depreciation</i>	31/03/2024	31/03/2023
<b>Opening balance</b>	11	6	<b>Opening balance</b>	-3	-2
Investments	2	4	Depreciation	-3	-2
<b>Closing balance</b>	<b>13</b>	<b>11</b>	<b>Closing balance</b>	<b>-6</b>	<b>-3</b>
			<b>Carrying amount at the end of the year</b>	<b>7</b>	<b>8</b>

Refers to Inventories, tools and installations.

## NOTE P12 INVESTMENTS IN GROUP COMPANIES

	31/03/2024	31/03/2023
<b>Opening balance accumulated cost</b>	42,505	29,499
Acquisitions/ shareholder contributions	14,187	13,625
Divestments	-8,026	-619
<b>Closing balance accumulated cost</b>	<b>48,666</b>	<b>42,505</b>

The list below includes shares and participations directly owned by the parent company. For information on the parent company's indirectly owned shares and participations, see the Group's Note 24 Group companies.

### Impairment of investments in Group companies

<b>Opening balance accumulated impairments</b>	-1	-73
Impairment of the year	-265	-
Divestments	-	72
<b>Closing balance accumulated impairments</b>	<b>-266</b>	<b>-1</b>
<b>Carrying amount at the end of the year</b>	<b>48,400</b>	<b>42,504</b>

Company	Corp. Reg. No.	Registered office	Share of equity and share of votes	Number of shares	Book value SEK m	
					2024-03-31	2023-03-31
THQ Nordic AB	559338-6104	Karlstad, Sweden	100%	250	853	645
House in the Woods AB	556997-4271	Karlstad, Sweden	100%	500	8	8
Amplifier Game Invest Holding AB	559092-8742	Karlstad, Sweden	100%	500	83	4
Indie Games Holding AB	559280-0014	Karlstad, Sweden	100%	250	0	0
PLAION Holding GmbH	FN482610	Höfen, Austria	100%	3,500	3,140	3,141
Saber Interactive SGS LCC (Pending liquidation)	1207800040315	St, Petersburg, Russia	100%		0	29
Deca Games Holding AB	559205-5387	Karlstad, Sweden	100%	50,000	521	521
Deca Live Operations GmbH	HRB 191999B	Berlin, Germany	100%	25	630	626
Embracer Group Lager 2 AB	559237-4010	Karlstad, Sweden	100%	250	91	25
Saber Interactive Inc USA	32-0624055	Fort Lauderdale, US	100%		-	5,088
Saber Interactive Spain SLU	B-87576872	Madrid, Spain	100%		-	8
Snapshot Games Inc	C4662393	Los Angeles, USA	100%	100	0	-
Gearbox Entertainment Company Holding AB	559237-4036	Karlstad, Sweden	100%	250	6,288	5,631
Easybrain Holding AB	559237-4044	Karlstad, Sweden	100%	250	0	0
Embracer Group Lager 10 AB	559273-7992	Karlstad, Sweden	100%	250	716	716
Asmodee Group AB	559273-8016	Karlstad, Sweden	100%	250	30,224	22,534
Embracer Group Lager 13 AB	559352-6121	Karlstad, Sweden	100%	250	436	436
Embracer Group Lager 16 AB	559352-6139	Karlstad, Sweden	100%	250	0	0
Embracer Group Lager 17 AB	559381-0194	Karlstad, Sweden	100%	250	2,311	0
Embracer Group Lager 18 AB	559381-0202	Karlstad, Sweden	100%	250	0	0
Embracer Group Lager 19 AB	559381-0210	Karlstad, Sweden	100%	250	0	0
Embracer Group Lager 20 AB	559381-0228	Karlstad, Sweden	100%	250	0	0
Embracer Group Lager 21 AB	559381-0236	Karlstad, Sweden	100%	250	0	0
Embracer Freemode AB	559273-7984	Karlstad, Sweden	100%	250	3,098	3,093
Embracer Group Archive AB	559273-7976	Karlstad, Sweden	100%	250	1	0
					<b>48,400</b>	<b>42,504</b>

## NOTE P13 SALE OF GROUP COMPANIES AND NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

### SALE OF GROUP COMPANIES

During Q4 2023/2024, an agreement was entered into to sell parts of the former Saber Interactive operating group. The sale was completed on 28 March 2024. As part of the sale the parent company has sold shares in the subsidiaries directly owned by the parent company included in the Saber sale to

a separate company within the Embracer group, which then finalized the sale against external counterparty. The result of the sale of shares in subsidiaries includes for the parent company only the result of the internal sale and is presented below:

Sale of companies that were part of Saber Interactive	01/04/2023 – 31/03/2024
<i>Purchase price received, or purchase price to be received:</i>	
Cash	-
Repossessions taken over for payment of previous earn-outs	-
Promissory note	947
Carrying amount of contingent consideration	-116
<b>Total sale price</b>	<b>831</b>
Carrying amount of shares in subsidiaries included in the sale	8,018
<b>Profit before tax <sup>1)</sup></b>	<b>-7,188</b>
Income tax expense	-
<b>Profit after tax</b>	<b>-7,188</b>

<sup>1)</sup> The loss for the sale of shares in group companies is non-taxable and the parent company has not incurred any income tax expense as a result of the transaction.

At the time of the sale, the parent company has received a receivable from the group company that then sells the companies to an external counterparty. The receivable is subject to the same terms and conditions as described in note 32 in the consolidated financial statements.

The result has been recognized as Other operating expenses in the income statement.

### IFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On March 28, 2024, an agreement was entered into to divest parts of the Gearbox Entertainment operating group. The sale was completed in Q1 2024/2025, and the companies included in the sale are deemed to meet the requirements for recognition as a non-current asset held for sale, according to IFRS 5, see also note 32 to the consolidated financial statements.

## NOTE P14 RECEIVABLES FROM GROUP COMPANIES

	31/03/2024	31/03/2023
<b>Opening balance accumulated cost long term receivables from Group companies</b>	<b>33,210</b>	<b>32,098</b>
Loans provided to Group companies	3,527	10,886
Repayment of loans from Group companies	-15,727	-10,516
Reclassification	531	-565
Translation differences during the year	-794	1,306
<b>Closing balance accumulated cost long term receivables from Group companies</b>	<b>20,747</b>	<b>33,210</b>
Short term receivables from Group companies	3,869	1,559
<b>Total receivables from Group Companies</b>	<b>24,616</b>	<b>34,769</b>

## NOTE P15 FINANCIAL INSTRUMENTS

### Valuation of financial assets and liabilities

Financial assets	Financial assets/liabilities valued according to amortized cost	
	31/03/2024	31/03/2023
Participation in Group companies	48,400	42,504
Long term receivables from Group companies	20,747	33,210
Other long term receivables	51	71
Short term receivables from Group companies	3,869	1,559
Other short term receivables	326	0
Cash	486	23
<b>Total</b>	<b>73,879</b>	<b>77,367</b>

Financial liabilities	Financial assets/liabilities valued according to amortized cost	
	31/03/2024	31/03/2023
Liabilities to credit institutions	16,999	17,031
Trade payables	51	22
Liabilities to Group companies	1,432	355
Other current liabilities	32	8
Accrued expenses and prepaid income	243	70
<b>Total</b>	<b>18,757</b>	<b>17,486</b>

For financial instruments in the parent company, the carrying amount is considered to be a good approximation of the fair value.

	31/03/2024			31/03/2023		
	Gross	Impairment	Share of loss	Gross	Impairment	Share of loss
Non-current receivables from Group companies	20,747	-	0.0 %	33,210	-	0.0%
Current receivables from Group companies	3,869	-	0.0 %	2,127	-	0.0%

### LOSS ALLOWANCES FOR EXPECTED CREDIT LOSSES (GENERAL METHOD)

For receivables from Group companies and other items subject of expected credit losses, an impairment method with three stages is applied. Initially, and as of each balance sheet date, a loss allowance is reported for the next 12 months, alternatively for a shorter period of time depending on the remaining life (stage 1). If there has been a significant increase in credit risk since initial recognition, resulting in a rating below investment grade, a loss allowance is recognized for the assets remaining life (stage 2). For assets deemed to be credit impaired, loss allowances are still reserved for lifetime expected credit losses (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss allowance, as opposed to the gross amount in previous stages. The parent company's assets have been assessed to be in stage 1, i.e. there has been no significant increase in credit risk.

The parent company applies a rating-based method for assessment of expected credit losses based on the probability of default, expected loss given default and exposure at default. The parent company assesses that the subsidiaries currently have similar risk profiles and assessment is made on a collective basis. The assessment has been based on the Embracer Group's credit risk, which has been adjusted to reflect the subsidiaries' assessed credit risk. The company

has assessed that there is no significant increase of credit risk as of the end of the reporting period for any receivable.

The financial assets are recognized at amortized cost in the balance sheet, i.e. net of gross amount and loss allowance. Changes in the loss allowance are recognized in profit or loss.

### CURRENT INVESTMENTS AND CASH AND BANK BALANCES

The parent company's credit risk also relates to cash and cash equivalents and investment of surplus liquidity. Embracer's aim is to continuously monitor credit risk attributable to deposits and investments. For deposits in bank accounts, the aim is for the counterparty to have a high credit rating of at least an "investment grade rating" (which refers to high to the highest credit rating). The credit risk is deemed as insignificant.

### CREDIT FACILITIES

Embracer Group AB has been granted access to credit facilities amounting to SEK 250 million (SEK 250 million). Available funds include cash and unutilized credit. On 31 March, SEK 250 million of the credit facilities remained unutilized (SEK 250 million).

Embracer Group's agreements on long term and short term credits include terms for covenants. These terms are 2.5x net debt divided by Adjusted EBITDA based on an agreement with lenders. Embracer has lived up to these terms during 2023/24 and previously.

## NOTE P16 PREPAID EXPENSES AND ACCRUED INCOME

	31/03/2024	31/03/2023
Prepaid insurance premiums	-	1
Prepaid interest expenses	4	-
Prepaid expenses	56	70
Other	-	3
<b>Carrying amount</b>	<b>60</b>	<b>74</b>

## NOTE P17 EQUITY

For information on equity, see the Group's Note 25 Equity.

## NOTE P18 PROVISIONS

	Contingent considerations	Other	Total
<b>As of 31 March 2022</b>	<b>231</b>	-	<b>231</b>
Reversal of reserve	-88	-	-88
Translation differences	13	-	13
Interest expenses	3	-	3
<b>As of 31 March 2023</b>	<b>159</b>	-	<b>159</b>
Reversal of reserve	-46	-	-46
Translation differences	3	-	3
Interest expenses	2	-	2
<b>As of 31 March 2024</b>	<b>118</b>	-	<b>118</b>

## NOTE P19 MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

2024-03-31	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	8,000	8,999	-	-	<b>16,999</b>
Trade payables	51	-	-	-	<b>51</b>
Liabilities to Group companies	1,432	-	-	-	<b>1,432</b>
Other liabilities	32	-	-	-	<b>32</b>
Accrued expenses	243	-	-	-	<b>243</b>

2023-03-31	<1 year	1-3 year	3-5 year	>5 year	Total
Liabilities to credit institutions	-	17,031	-	-	<b>17,031</b>
Trade payables	22	-	-	-	<b>22</b>
Liabilities to Group companies	355	-	-	-	<b>355</b>
Other liabilities	8	-	-	-	<b>8</b>
Accrued expenses	70	-	-	-	<b>70</b>

## NOTE P20 ACCRUED EXPENSES AND PREPAID INCOME

	31/03/2024	31/03/2023
Accrued personnel-related expenses	13	10
Audit and consulting expenses	9	7
Other interest expenses and similar items	160	53
Accrued expenses	61	-
<b>Carrying amount</b>	<b>243</b>	<b>70</b>

## NOTE P21 CASH FLOW INFORMATION

Components of cash and bank balances	31/03/2024	31/03/2023
Bank deposits	486	23
<b>Carrying amount</b>	<b>486</b>	<b>23</b>
<i>Interest</i>	<i>31/03/2024</i>	<i>31/03/2023</i>
Received	21	13
Paid	-856	-332
	<b>-835</b>	<b>-319</b>
<i>Adjustment for differences between profit before tax and net cash flow</i>	<i>01/04/2023</i> <i>- 31/03/2024</i>	<i>01/04/2022</i> <i>- 31/03/2023</i>
Depreciation/amortization	4	3
Impairment of shares in subsidiaries	265	-
Sale of subsidiaries	6,999	-
FX effects	-288	-718
Other non-cash items	11	40
<b>Total</b>	<b>6,991</b>	<b>-675</b>

## NOTE P22 PLEDGED ASSETS AND CONTINGENT LIABILITIES

<i>Pledged assets for own liabilities to credit institutions</i>	31/03/2024	31/03/2023
Shares in subsidiaries	30,224	-
<b>Total</b>	<b>30,224</b>	<b>-</b>

<i>Contingent liabilities</i>	31/03/2024	31/03/2023
Guarantees for subsidiaries	-	1
<b>Total</b>	<b>-</b>	<b>1</b>

## NOTE P23 RELATED PARTY TRANSACTIONS

Related party transactions	Related party	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Consultancy services	Logvreten AB <sup>1)</sup> (supplier)	0	-1
Transportation services	Sola Service i Karlstad AB <sup>2)</sup> (supplier)	-19	-9
Transportation services	Empterwik Special Services Ltd <sup>2)</sup> (supplier)	-25	-21
Acquisitions of goods/services	Bröderna Wingefors AB <sup>2)</sup> (supplier)	-	0
Acquisitions of games	Lars Wingefors AB <sup>3)</sup> (supplier)	0	0
Consultancy services	LW Comics AB <sup>2)</sup> (supplier)	0	1
Consultancy services	LVP Advisory Ltd <sup>4)</sup> (supplier)	0	1
		<b>-44</b>	<b>-31</b>

<sup>1)</sup> Kicki Wallje-Lund (Chairperson of the board) has controlling influence over the company.

<sup>2)</sup> The company is part of the Group Lars Wingefors AB.

<sup>3)</sup> Lars Wingefors AB is owned by Lars Wingefors, Erik Stenberg, Mikael Brodén, Klemens Kreuzer, Reinhard Pollice and Jacob Jonmyren.

<sup>4)</sup> David Gardner has controlling influence over the company.

On the closing date there were SEK 5 (2) million in unsettled debt with related parties.

In Note 24 Group companies there is information on direct and indirect ownership. In Note P12 Investments in Group companies there is information on directly owned subsidiaries.

## NOTE P24 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

For information on significant events after the end of the financial year, see note 34 for the Group.

## NOTE P25 PROPOSED ALLOCATION OF THE COMPANY'S UNRESTRICTED EQUITY

At the disposal of the Annual General Meeting are the unrestricted equity:	31/03/2024
Share premium reserve	14,136
Retained earnings	47,492
Net profit for the year	-6,829
	<b>54,799</b>

The Board proposes that the unrestricted equity be allocated as follows:

To be carried forward	54,799
	<b>54,799</b>



## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

In accordance with the guidelines from ESMA (European Securities and Markets Authority), regarding the disclosure of alternative performance measures, the definition and reconciliation of Embracer's alternative performance measures are presented below. The guidelines entail increased disclosures regarding the financial measures that are not defined by IFRS. The performance measures presented below are reported in this report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

One important part of Embracer's strategy is to pursue inorganic growth opportunities through acquisitions. Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitive strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM's are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding specific items related to historical acquisitions and items affecting comparability. The individual APMs, definitions, purpose are described more in detail below.

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

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

## ALTERNATIVE PERFORMANCE MEASURES

<b>ADJUSTED EBIT AND ADJUSTED EBITDA - DERIVATION</b> Amounts in SEK m	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>EBIT</b>	<b>-20,519</b>	<b>194</b>
Depreciation, amortization and impairment	21,738	6,523
<b>EBITDA</b>	<b>1,218</b>	<b>6,717</b>
Personnel costs related to acquisitions	2,025	2,631
Remeasurement of participation in associated companies	-3	-
Remeasurement of contingent consideration	18	0
Transaction costs	8	290
Items affecting comparability	8,112	228
<b>Adjusted EBITDA</b>	<b>11,377</b>	<b>9,866</b>
Depreciation, amortization and impairment	-21,738	-6,523
Items affecting comparability	14,406	50
Amortization of surplus values of acquired intangible assets	3,018	2,973
<b>Adjusted EBIT</b>	<b>7,063</b>	<b>6,366</b>
<b>ADJUSTED EARNINGS PER SHARE - DERIVATION</b> Amounts in SEK m	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Net profit for the period attributable to equity holders of the parent</b>	<b>-18,177</b>	<b>4,454</b>
<b>Adjustments</b>		
Personnel costs related to acquisitions	2,025	2,631
Remeasurement of participation in associated companies	-3	-
Remeasurement of contingent consideration	18	0
Transaction costs	8	290
Amortization of surplus values of acquired intangible assets	3,018	2,973
Change in fair value contingent consideration and put/call options on non-controlling interests	-2,800	-4,558
Interest expense contingent consideration	127	125
Items affecting comparability	22,517	278
<b>Adjustments before tax</b>	<b>24,909</b>	<b>1,739</b>
Tax effects on adjustments	-1,539	-678
<b>Adjustments after tax</b>	<b>23,371</b>	<b>1,062</b>
<b>Total</b>	<b>5,194</b>	<b>5,515</b>
Average number of shares, million	1,318	1,252
<b>Adjusted Earnings per share, SEK</b>	<b>3.94</b>	<b>4.41</b>
Average number of shares after full dilution, million	1,424	1,360
<b>Adjusted Earnings per share after full dilution, SEK</b>	<b>3.65</b>	<b>4.06</b>

<b>FREE CASH FLOW AFTER WORKING CAPITAL</b> Amounts in SEK m	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
<b>Cash flow for the period</b>	<b>-1,234</b>	<b>-1,605</b>
<b>Cash flow from financing activities</b>	<b>-832</b>	<b>-8,501</b>
Acquisition of subsidiaries, net of cash acquired	2,261	8,935
Transaction costs	8	291
Payment personnel cost related to acquisitions	582	840
Cash flow effect IAC costs	672	-
<b>Free cash flow after working capital</b>	<b>1,456</b>	<b>-39</b>

<b>ITEMS AFFECTING COMPARABILITY, IAC</b> Amounts in SEK m	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Other external expenses	-269	-74
Personnel expenses	-720	-70
Loss sale of subsidiaries	-6,856	-
Other operating expenses <sup>1)</sup>	-267	-84
<b>Total IAC cost affecting EBITDA</b>	<b>-8,112</b>	<b>-228</b>
Write-down intangible assets	-2,931	-50
Write-down tangible assets	-39	-
Impairment of goodwill	-11,095	-
Impairment of other intangible assets	-340	-
<b>Total IAC cost affecting EBIT</b>	<b>-22,517</b>	<b>-278</b>

<sup>1)</sup> Whereof goods for resale SEK -265 million.

<b>ITEMS AFFECTING COMPARABILITY, IAC – BY PROJECT</b> Amounts in SEK m	01/04/2023 – 31/03/2024	01/04/2022 – 31/03/2023
Divestment of Saber Interactive	-7,074	-
Divestment of Gearbox Entertainment	-1,513	-
Restructuring program	-3,387	-
Annual impairment test	-10,445	-
Other Items Affecting Comparability	-99	-278
<b>Total IAC cost affecting EBIT</b>	<b>-22,517</b>	<b>-278</b>
<i>of which cash</i>	-672	-
<i>of which non-cash</i>	-21,845	-278

## DEFINITIONS

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

The Board of Directors and Chief Executive Officer offer their assurance that this Annual Report has been prepared according to accounting standards and that the consolidated accounts have been prepared in line with the No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated accounts

give a fair overview of the parent company's and Group's financial position and result. The Board of Directors' Report for the parent company and Group gives a fair overview of the parent company's and Group's business, financial position and result and describes significant risks and factors of uncertainty that both the parent company and other Group company face.

Karlstad, June 20, 2024

Kicki Wallje-Lund  
*Chair of the Board*

Yasmina Brihi  
*Board member*

Cecilia Driving  
*Board member*

David Gardner  
*Board member*

Bernt Ingman  
*Board member*

Jacob Jonmyren  
*Board member*

Cecilia Qvist  
*Board member*

Lars Wingefors  
*CEO and Board member*

Our audit report was submitted on June 20, 2024

*Öhrlings PricewaterhouseCoopers AB*

Magnus Svensson Henryson  
*Authorized Public Accountant*

# AUDITOR'S REPORT

*This is a translation of the Swedish original. For any interpretation the Swedish version prevails.*

To the general meeting of the shareholders of Embracer Group AB (publ), corporate identity number 556582-6558

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### OPINIONS

We have audited the annual accounts and consolidated accounts of Embracer Group AB (publ) for the financial period April 1st 2023 to March 31st 2024. The annual accounts and consolidated accounts of the company are included on pages 96-172 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31st March 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st March 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### OUR AUDIT APPROACH

#### *Audit scope*

We designed our audit by establishing the level of materiality and assessing the risk of material misstatements in the financial statements. We particularly considered the areas in which the CEO and the Board of Directors have made subjective judgements, such as key accounting estimates made on the basis of assumptions and forecasts concerning future events, which are by nature uncertain. As in all audits, we have also considered the risk that the board of directors and the CEO have disregarded internal control procedures and have, inter alia, considered whether there is evidence of systematic departures that have given rise to a risk of material misstatement due to irregularities.

We adapted our audit to perform an appropriate examination to enable us to express an opinion on the financial statements as a whole, with consideration given to the group's structure, accounting processes and internal reviews and the industry within which the group operates.

#### *Materiality*

The scope and direction of the audit is influenced by our materiality assessment. An audit is designed to achieve reasonable assurance as to whether the financial statements contain any material misstatements. Misstatements may arise due to irregularities or error. Misstatements are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based upon professional judgement, we established certain quantitative materiality levels, including for overall financial reporting. Using these and qualitative deliberations, we established the direction and scope of the audit and the nature, timing and scope of our audit checks, and assessed the impact of misstatements, individually and in the aggregate, on the financial statements as a whole.

### KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

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**Description of the key audit matter****How our audit addressed the key audit matter**

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**Revenue recognition**

Total revenues amounted to SEK 42 206 million for the financial year 2023/2024 and constitute a significant item of the consolidated accounts.

The diverse nature of Embracer's business requires different revenue streams with various inherent characteristics depending on the type of products and how they are distributed. Embracer is party to agreements with publishers, platforms and other counterparties that may influence the recognition of revenues.

Revenues are recorded when the agreed performance obligations have been met. The identification of the point in time when the performance obligations are met is normally straightforward for most revenues streams while there is more complexity in some areas including for example percentage-of-completion accounting of work for hire projects, rebate agreements and estimates of rights to royalty.

Based on the inherent characteristics of the various revenue streams and the significance of the amounts, we assess that revenue recognition is a key audit matter.

Our audit procedures have included, but were not limited to, the procedures listed below. We have:

- Evaluated if the Group's accounting principles for revenue recognition comply with IFRS.
- Evaluated the Group's business processes for the recognition of significant revenue streams.
- Performed tests of a sample of IT systems and business processes controls.
- Tested a sample of transactions against supporting agreements and payments.
- Tested a sample of transactions before and after year end to assess whether revenue has been recognised in the appropriate period.
- Performed tests to verify if intra group sales have been eliminated in the consolidated accounts.
- Evaluated the information on revenue recognition presented in the annual accounts and consolidated accounts and assessed whether it provides sufficient information according to the financial reporting frameworks.

**Goodwill and business acquisitions**

Total goodwill amounted to SEK 31 210 million as of 31st March 2024 and constitute a significant item of the consolidated accounts.

Embracer has acquired many businesses that has led to the recognition of goodwill and other assets and liabilities identified in the purchase price allocations.

Goodwill assets have indefinite useful lives and are held at cost without amortisation. Instead, the carrying amounts of individual assets are tested for impairment annually. Performing impairment tests require estimates of future cash flows, net realisable values and other inputs that are inherently subjective.

There are several other factors impacting the goodwill balance during the financial year including divestments, closing of studios and external factors including changes in foreign exchange rates, market interest rates and asset prices.

Based on the inherent complexity and subjectivity of the impairment tests and the significance of the amounts involved, we assess that the measurement of goodwill is a key audit matter.

Our audit procedures have included, but were not limited to, the procedures listed below. We have:

- Tested a sample of historic purchase price allocations against supporting documentation and calculations.
- Evaluated if the Group's accounting principles for recognising and measuring goodwill in accordance with IFRS.
- Evaluated the Group's process for impairment tests.
- Examined a sample of impairment tests and evaluated significant assumptions made.
- Tested the derecognition of goodwill assets sold and assets held for sale.
- Evaluated the information presented in the annual accounts and consolidated accounts in regards of goodwill and assessed whether it provides sufficient information according to the financial reporting frameworks.

**Divestments of subsidiaries**

Embracer has divested or are in the process of divesting significant parts of the operating groups Saber Interactive and Gearbox. The agreed prices for the sold assets are significant. The divestments involve many subsidiaries including staff as well as individual assets and liabilities. The share purchase agreements include terms and conditions that that are to be met prior to, at closing and at a time beyond the closing date.

Based on the size and the complexity of the transactions, we assess that the divestment of subsidiaries is a key audit matter.

Our audit procedures have included, but were not limited to, the procedures listed below. We have:

- Evaluated the presentation of the divestments in the financial statements and compared that to the requirements under IFRS 5
- Read the share purchase agreements and other related documents and discussed the transactions with management.
- Traced the agreed purchase prices to payment transactions and the carrying amounts of sold assets and liabilities to the accounting records.

**Restructuring program**

Embracer initiated a short-term restructuring program to increase operational efficiency and reduce business risk across the group in May 2023. The program involves many different workstreams including reducing the number of studios and staff, review of game development projects, sale of assets and other activities aiming to reduce running operating expenses and capital expenditure going forward.

The execution of the restructuring program in many entities across the group has affected several financial reporting line items and the combined effect is significant on the financial statements. We therefore assess the reporting of the restructuring program as a key audit matter.

Our audit procedures have included, but were not limited to, the procedures listed below. We have:

- Evaluated that the Group's accounting principles for provisions and internally developed intangible assets are consistent with IFRS.
- Obtained the internal monitoring of the restructuring program and discussed planned and executed activities with management.
- Examined impairment tests of capitalised game development costs and other assets.
- Traced divestments to accounting records, agreements and payments.
- Evaluated provisions for termination of contracts and other staff costs.



## OTHER INFORMATION

The audit of the annual report and consolidated accounts for the financial year from 1 April 2022 to 31 March 2023 has been carried out by another auditor who submitted an audit report dated June 21, 2023 with unmodified statements in Report on the annual accounts and consolidated accounts

## OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information ("Other information") than the annual accounts and consolidated accounts and is found on pages 1-95. The remuneration report that we collected before the date of this report is also Other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the

consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS REPORT ON THE AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

### OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Embracer Group AB (publ) for the financial period 1st April 2023 to 31st March 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and

instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **AUDITOR'S RESPONSIBILITY**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

### **THE AUDITOR'S EXAMINATION OF THE ESEF REPORT**

#### **OPINION**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors (and the Managing Director) have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Embracer Group AB (publ) for the financial period 1st April 2023 to 31st of March 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### **BASIS FOR OPINION**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Embracer Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S (AND THE MANAGING DIRECTOR)**

The Board of Directors (and the Managing Director) are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, with Magnus Svensson Henryson in charge, was appointed auditor of Embracer Group AB (publ) by the general meeting of the shareholders on the 21 September 2023 and has been the company's auditor since the 21 September 2023.

Stockholm, June 20, 2024  
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson  
*Authorized Public Accountant*

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