

EMBRACER⁺ GROUP

20/21

FULL YEAR REPORT

APRIL 2020–MARCH 2021
EMBRACER GROUP AB (PUBL)
REG NO. 556582-6558

OPERATIONAL EBIT INCREASED 216% TO SEK 903 MILLION

FOURTH QUARTER, JANUARY–MARCH 2021 (COMPARED TO JANUARY–MARCH 2020)

- > Net sales increased by 80% to SEK 2,404.2 million (1,339.1).
- > Net sales of the Games business area increased by 119% to SEK 1,975.2 million (903.5). THQ Nordic SEK 354.6 million (306.7), Deep Silver SEK 464.9 million (514.7), Coffee Stain SEK 780.9 million (82.1), Saber Interactive SEK 270.7 million (-) and DECA Games SEK 104.2 million (-).
- > Net sales of Partner Publishing/Film business area amounted to SEK 429.0 million (435.6).
- > EBITDA increased by 137% to SEK 1,172.5 million (495.2), corresponding to an EBITDA margin of 49% (37%).
- > Operational EBIT increased by 216% to SEK 903.2 million (286.0) corresponding to an Operational EBIT margin of 38% (21%).
- > Cash flow from operating activities amounted to SEK 1,521.8 million (765.7). Investments in intangible assets amounted to SEK 598.9 million (464.4). Free Cash Flow amounted to SEK 860.5 million (275.7).
- > Adjusted earnings per share was SEK 2.07 (0.97).
- > Organic growth in constant currency for the Games Business Area amounted to 85% in the quarter.
- > Total game development projects increased 55% to 160 (103). Total headcount increased 103% to 6,325 (3,109) where total game developers increased 116% to 5,115 (2,365).

FULL YEAR, APRIL 2020–MARCH 2021 (COMPARED TO APRIL 2019–MARCH 2020)

- > Net sales increased by 72% to SEK 9,024.2 million (5,249.4).
- > Net sales of the Games business area increased by 102% to SEK 6,448.3 million (3,196.5). THQ Nordic SEK 1,789.1 million (1,154.4), Deep Silver SEK 2,081.2 million (1,796.3), Coffee Stain SEK 1,182.5 million (245.8), Saber Interactive SEK 1,185.9 million (-) and DECA Games SEK 209.7 million (-).
- > Net sales of Partner Publishing/Film business area increased by 25% to SEK 2,575.9 million (2,052.9).
- > EBITDA increased by 119% to SEK 3,985.3 million (1,821.3), corresponding to an EBITDA margin of 44% (35%).
- > Operational EBIT increased by 170% to SEK 2,870.8 million (1,033.0) corresponding to an Operational EBIT margin of 32% (20%).
- > Cash flow from operating activities amounted to SEK 3,899.0 million (1,728.3). Investments in intangible assets amounted to SEK 2,135.2 million (1,653.4). Free Cash Flow amounted to SEK 1,684.8 million (-0.1).
- > Adjusted earnings per share was SEK 6.44 (2.81).
- > Organic growth in constant currency for the Games Business Area amounted to 70%.
- > Total game development projects increased 55% to 160 (103). Total headcount increased 103% to 6,325 (3,109) where total game developers increased 116% to 5,115 (2,365).

Key performance indicators, Group	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Apr 2019– Mar 2020
Net sales, SEK m	2,404.2	1,339.1	9,024.2	5,249.4
EBITDA, SEK m	1,172.5	495.2	3,985.3	1,821.3
Operational EBIT, SEK m	903.2	286.0	2,870.8	1,033.0
Cash flow from operating activities, SEK m	1,521.8	765.7	3,899.0	1,728.3
Free cash flow, SEK m	860.5	275.7	1,684.8	-0.1
Total investments in intangible assets, SEK m	598.9	464.4	2,135.2	1,653.4
Total game development projects	160	103	160	103
Total internal and external game developers	5,115	2,365	5,115	2,365
Total headcount	6,325	3,109	6,325	3,109
Sales growth, %	80	-18	72	3
EBITDA margin, %	49	37	44	35
Operational EBIT margin, %	38	21	32	20

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

CEO COMMENTS**STABLE QUARTER WITH 85%
ORGANIC GROWTH**

The Group had another stable quarter. We are humbled to report record financial performance, both for the quarter and the financial year 2020/21. Our strategy to build a diverse business that stands on many revenue streams driven by a diverse portfolio of development is increasingly paying off.

The quarter was driven by the release of *Valheim*, selling more than 6.8 million copies during the period. This truly amazing game continues to find new players globally and we expect another 1.0-1.2 million copies to be sold before the close of the current quarter ending June. Group net sales increased by 80% to SEK 2,404 million (1,339) with the Games business area contributing SEK 1,975 million (904) driven by 85% organic constant currency (CCY) growth. The proforma CCY growth in the quarter is estimated to 61%. Operational EBIT grew by 216% to SEK 903 million. Free cash flow grew 212% to SEK 861 million. The adjusted earnings per share were up 129% to SEK 6.44 for the financial year 2020/21.

Organic growth

Since the financial year 2016, when we completed the IPO, our adjusted earnings per share have increased 14x. THQ Nordic, our first operating group, has quintupled (5x) its revenues in that time and the lion's share of the growth has been organically generated. Complementary studio acquisitions have supported the profitability by improving the gross margin. THQ Nordic is still well positioned for organic growth with a wide pipeline of new projects. In five days from now, their highly anticipated game *Biomutant* will be released. Preorders for *Biomutant* are strong and ahead of management's expectations.

Organic growth is the first priority for all operating groups. Since the IPO, the Group has reinvested most of its underlying free cash flow into organic growth. We are pleased with the 70% strong organic growth delivered in the past financial year ending in March, primarily driven by numerous successful launches of high-quality games, but also thanks to a solid back-catalog. Notable sales performances of new releases during the year, other than *Valheim*, include close to 2 million copies of *SnowRunner*, more than 2 million of *Spongebob Squarepants: Battle for Bikini Bottom Re-Hydrated* and more than 1 million copies of *Destroy All Humans!*

We are increasingly excited about the potential for organic growth in the coming years. In 2020/21, the Group invested SEK 2 billion on game development, in comparison with the accumulated development value of games completed in the year, SEK 837 million. The number of ongoing game development projects hit a record high of 160 at the end of our financial year. More than two-thirds of these projects are new IP's or games based on on IP's we plan to revitalize. These revitalized IPs have not seen any new content created for at least the past 5 year. Bringing these highly incremental projects to market is expected to drive organic growth, while further strengthening our underlying operating free cash flow.

In the current financial year ending March 2022, we are committed to fulfilling our ambition to complete more than 90 game development projects with a total completion value in the range of SEK 2,800 to 3,300 million. This includes projects from Gearbox and Aspyr. The value of completion is expected to be significantly higher in the fourth quarter, SEK 1,650 to 2,000 million, driven by significant releases scheduled for release in the quarter ending March 2022. In the first quarter the value of completed and released games is estimated to be in the range of SEK 300 to 350 million.

During the past financial year, the actual fees paid to platform-holders (console and Steam) for digital sales alone are estimated to be a least 2x the actual costs spent on game development during the past fiscal year. We will continue to challenge these paradigms and pursue opportunities to reduce costs and increase the relative investment into content creation.



Borgvik, Värmland, Sweden

Reformation of Free Radical Design

We have more market-demand driven opportunity via innovative concepts, dormant IP's, licenses and other business opportunities than we have the development capability to execute. Thus, the ambition is to further expand our creative engine through increased headcount, both organically through scaling up existing studios and also by adding new talented studios to the Group. In this context, we are happy to announce the formation of a new studio, Free Radical Design, based in Nottingham, UK. This Deep Silver studio will bring the much-loved *TimeSplitters* IP back to life. Key original members include founders Steve Ellis and David Doak. This highly respected team has a 22-year heritage of making AAA-products.

We recently announced the addition of five development companies to the group; Appeal Studios, KAIKO, Massive Miniteam, FRAME BREAK and Gate21. Combined these entities are currently employing around 90 development experts, with an ambition to grow further over the coming years. Overall, the group organically grew close to 20% in headcounts over the past financial year.

We raised SEK 7.6 billion for further acquisitions

In March, we completed the Nordics' largest ever direct share issue by an accelerated book building, raising SEK 7.6 billion from institutional investors. Currently, Embracer Group has more than SEK 17 billion (USD 2 billion) in cash and available credit facilities.

Interest among gaming entrepreneurs and creators to join the Embracer family is ever-growing and we have seen the most active quarter in this respect thus far. Our strategy to empower great people to make their own operative decisions has proven very attractive. We offer them access to a growing eco-system of independent resources while supporting them with a long-term mindset. The determination not to become a "corporate machine" is as strong as ever. Our philosophy is and will continue to be one that encourages founder creativity. During the quarter, we have engaged with more than 150 companies about joining the Group, including larger companies that could form additional operating groups and have a significant impact on the Group as a whole. Currently, across the Group, we are in more than 20 late-stage talks. These include several signed exclusive LOI's that would, if concluded, strengthen the operating groups and further improve the outlook of the Group. Acquisitions will be announced in due course when they occur. It is important that we stay prudent in our M&A strategy and not rush into closing a transaction before it is ready. In M&A as in game development, quality comes first.

Acquisition of Aspyr, Easybrain and Gearbox

In early April we had the pleasure to finally onboard Aspyr, Easybrain and Gearbox Entertainment. The integration is progressing according to plan. These transformational transactions increase the number of operating groups from 6 to 8. Easybrain's performance is exceeding management's expectations at the time of the merger, with stronger KPI's despite the fact that implementation of Apple IDFA changes had already started.

Upcoming – our first Statutory Sustainability Report

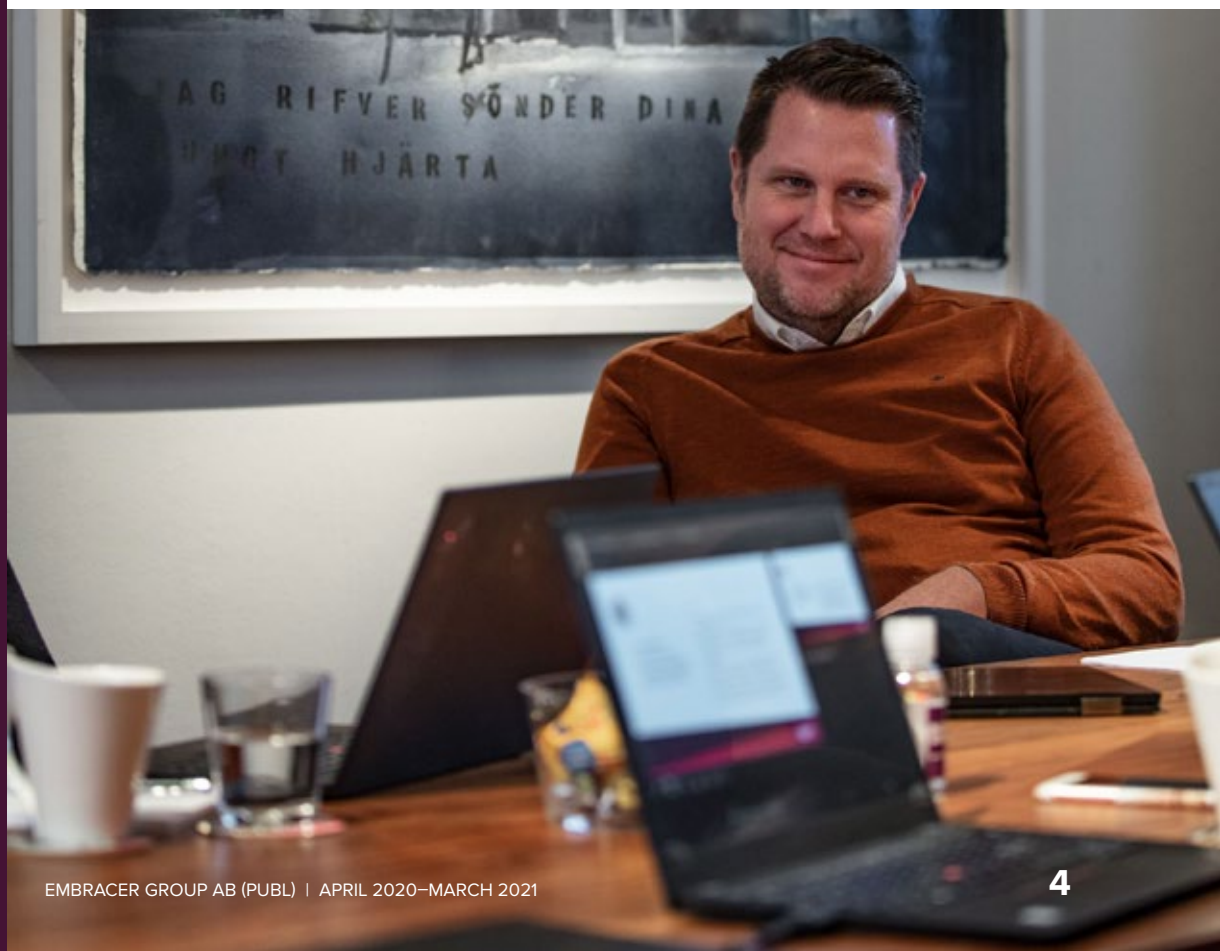
During this year, we have invested resources in gathering valid, qualitative and quantitative ESG-data from across Embracer Group. This is in many ways a challenging but necessary step in the right direction. It enables us to have better knowledge of how we are affected and affect various sustainability aspects within Embracer, in our industry and in society at large. Our group managers' involvement is essential for us to evaluate and progress our ESG agenda. Our sustainability framework is a vital group-wide initiative, embraced with great energy and commitment across the group. We are currently in the process of finalizing our first statutory Sustainability Report, to be published as part of the upcoming Annual Report.

I am impressed and proud to see the dedicated work being performed on a daily basis across our global group, despite the on-going covid-19 pandemic. As countries and communities are slowly starting to look ahead towards normalization, many of our co-workers continued working from home during the past quarter. I want to sincerely thank each and every one for all the efforts that keep our business going. Let's hope that we can all meet again soon. To conclude, I would like to send my thanks to all of our shareholders, customers, colleagues and business partners for contributing to the prosperity and success of our growing family. We are all looking forward to our strongest and most busy year ever!

I wish you all a safe and relaxing upcoming holiday period.

May 20, 2021, Karlstad, Värmland, Sweden

Lars Wingefors
Co-founder & CEO



FINANCIAL PERFORMANCE

All comments refer to the quarter unless otherwise stated.

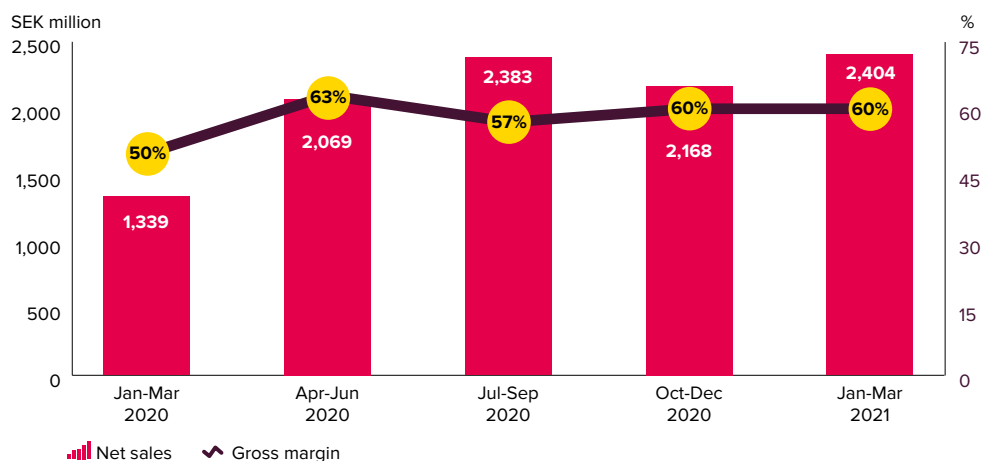
CONSOLIDATED NET SALES

Consolidated net sales by business area. SEK m	Jan–Mar 2021	Jan–Mar 2020	Change	Apr 2020–Mar 2021	Apr 2019–Mar 2020	Change
Games - THQ Nordic	354.6	306.7	16%	1,789.1	1,154.4	55%
Games - Deep Silver	464.9	514.7	-10%	2,081.2	1,796.3	16%
Games - Coffee Stain	780.9	82.1	851%	1,182.5	245.8	381%
Games - Saber Interactive	270.7			1,185.9		
Games - DECA Games	104.2			209.7		
Games Subtotal	1,975.2	903.5	119%	6,448.3	3,196.5	102%
Partner Publishing/Film	429.0	435.6	-2%	2,575.9	2,052.9	25%
Consolidated Net Sales	2,404.2	1,339.1	80%	9,024.2	5,249.4	72%

Consolidated net sales in the quarter increased by 80% or SEK 1,065.1 million compared to last year. The performance was driven by new releases and a continued strong interest in titles released in previous quarters and long-lasting top sellers from previous financial years.

Business area Coffee Stain and THQ Nordic contributed to the growth together with Saber Interactive, SEK 270.7 million, and DECA Games with SEK 104.2 million. Deep Silver declined over last year in the quarter mainly due to lack of new notable releases in the quarter, which was partially mitigated by solid back-catalogue sales. Organic growth in constant currency for the Games Business Area amounted to 85% in the quarter.

GROSS MARGIN DEVELOPMENT



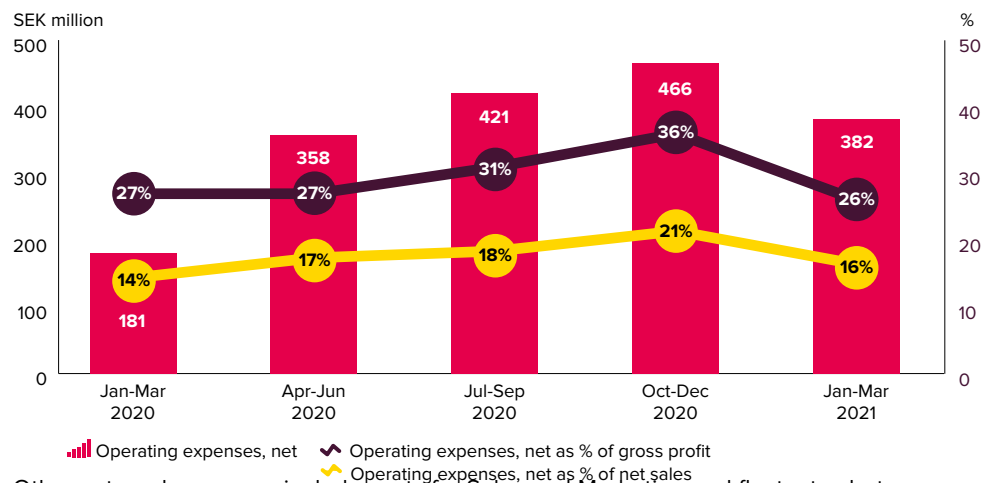
The improved gross margin is mainly due to a favorable product mix shift towards business area Games coupled with a higher gross margin within business area Games. Gross margin improvement in business area Games is mainly driven by the addition of Saber Interactive which has a high proportion of royalty income.

Profit from associated companies in the quarter is mainly related to the minority ownership in Iron Gate and amounts to SEK 113 million, which should be viewed together with the gross margin generated.

DEVELOPMENT OF OPERATING EXPENSES

Quarterly development of other external expenses and personnel expenses net of own

work capitalized and other operating income in SEK million and as percentage of gross profit are shown in the graph below.



Other external expenses include costs for Sales and Marketing and fluctuates between the quarters depending on release schedules for larger titles.

The increased cost is driven by inorganic and organic growth. Overhead cost as well as administration expenses increased organically in order to manage the growing games portfolio and to further strengthen the Group's corporate capabilities. The lower share of expenses in the quarter is mainly related to lower costs for sales & marketing in the period.

CONSOLIDATED DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization. SEK m	Jan-Mar 2021	Jan-Mar 2020	Apr 2020–Mar 2021	Apr 2019–Mar 2020
Intangible assets				
Game development	201.6	148.1	814.9	587.1
Other intangible assets (Film etc.)	54.0	52.7	217.0	171.8
Sub-total	255.6	200.8	1,031.9	758.9
<i>Acquisition-related depreciation</i>				
IP-rights	132.0	66.9	456.4	359.4
Surplus value Partner Publishing/Film	13.8	12.0	54.1	43.1
Goodwill	612.3	110.4	1,924.9	285.1
Sub-total	758.1	189.3	2,435.3	687.6
Total intangible assets	1,013.7	390.1	3,467.3	1,446.5
Tangible assets	13.7	8.4	41.2	29.4
Total depreciation and amortization	1,027.4	398.5	3,508.5	1,475.9

The increased amortization of games is mainly explained by the higher value of finalized game development. The increase in acquisition related depreciations over last year in the quarter is primarily explained by that more acquisitions were completed during the year where Saber Interactive accounts for the largest portion.

Operational amortization of games amounted to SEK 201.6 million in the quarter, which exceeds the value of finalized game development in the quarter which amounted to SEK 171.0 million. At the end of the quarter the book value of finalized games amounted to SEK 512.6 million.

CONSOLIDATED EARNINGS

The increase of the Group's EBITDA, from SEK 495.2 million to SEK 1,172.5 million, and Operational EBIT, from SEK 286.0 million to SEK 903.2 million, for the quarter is mainly explained by the increase in net sales and improved gross margin compared to the same period last year.

The increase in Operational EBIT fell through to EBIT but was offset by increased acquisition-related amortizations of SEK 568.8 million. EBIT increased, from SEK 96.7 million to SEK 145.1 million, in the quarter.

CONSOLIDATED CASH FLOW AND FINANCIAL POSITION

SEK m	Jan-mar 2021	Jan-mar 2020
EBITDA	1,172.5	495.2
Cash Taxes paid	-116.1	-30.2
Other non cash flow items	136.2	-80.4
Change in working capital	324.5	381.1
Cash Flow from operating activities	1,521.8	765.7
Net investment in intangible assets	-598.9	-464.4
Net investment in tangible assets	-17.0	-14.4
Net investment in financial assets	-45.4	-11.2
Free Cash Flow	860.5	275.7
Cash flow from financing activities	6,866.9	-558.6
Net investment in acquired companies	-404.9	-14.6
Cash flow for the period	7,322.7	-297.5

Investments in intangible fixed assets is related to capitalized expenditure for ongoing game development of SEK -563.2 million. film rights SEK -23.5 million and other SEK -12.2 million. Cash flow from financing activities is mainly related to the completed directed share issue in the quarter.

SEK m	Mar 31 2021	Mar 31 2020	Dec 31 2020
Cash and cash equivalents	14,299.9	2,510.3	6,919.1
Unutilized Credit Facility	6,212.7	1,769.0	5,557.9
Available cash and unutilized credit facilities	20,512.6	4,279.3	12,477.0
Net Cash	12,805.6	1,019.4	4,901.0

CONDITIONAL PURCHASE PRICE OVERVIEW

As of 31 March 2021 the Group had provisions of 1,887.5 MSEK for earnouts with expected settlement according to the table below.

Provisions for conditional purchase price, SEK m	Financial year when settlement is expected				Total
	21/22	22/23	23/24	>24/25	
Provisions to be settled in cash	48.7	187.6	117.6	812.9	1,166.9
Provisions to be settled by shares ¹⁾	72.0	0.0	337.5	311.2	720.6
Total	120.7	187.6	455.1	1,124.1	1,887.5

¹⁾ The present value of the additional purchase prices has been calculated based on expected outcome. The provisions will vary over time depending on, among other things, the degree of fulfillment of the conditions for the additional purchase prices, the development of certain exchange rates versus the Swedish krona, the level of interest rate and the development of Embracer's share price. This means that the number of shares to be paid as additional purchase price can vary but never exceed 3,883,736 according to the earnout agreements. If all shares are issued, the dilution in capital will amount to 0.84% and 0.51% of the voting rights as of March 31, 2021.

Out of the 460.8 million shares outstanding there are approximately 55.1 million shares with clawback rights as per 31 March 2021. These shares have already been issued to cover for future earnout obligations



INTANGIBLE ASSETS

The Group had intangible assets of SEK 16,390.0 million at the end of the quarter, compared to SEK 14,686.2 million at the end of the previous quarter, distributed as follows:

Intangible assets – Specification	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Completed games	512.6	551.8	438.6
Ongoing game development projects	3,182.2	2,794.6	2,117.7
Other intangible assets (film etc.)	180.2	182.9	250.1
Intangible assets	3,875.0	3,529.3	2,806.4
IP-rights	1,575.2	1,368.6	1,479.8
Surplus value Partner Publishing/Film	135.5	147.2	173.0
Goodwill	10,804.2	9,641.1	1,411.7
Acquisition related intangible assets	12,515.0	11,156.9	3,064.5
Total	16,390.0	14,686.2	5,870.9

PRELIMINARY PURCHASE PRICE ALLOCATION (PPA)

During the quarter Embracer closed the following acquisitions; Zen Studios, IUGO, A Thinking Ape and Framebreak. The acquired companies have been included into Embracer's consolidated financial reporting from each respective closing date. A summary of the preliminary purchase price allocations is provided below:

SEK m	Jan-Mar 2021	Adjustments Prel. PPA	Total Jan-Mar 2021	Apr 2020-Mar 2021
On-going game development	21	-114	-93	141
Finished game development	5	7	11	20
IP-rights/Trademarks	86	10	96	233
Other intangible assets	0	0	0	8
Total intangible assets	112	-97	15	403
Total financial assets	16	26	42	91
Total tangible assets	5	-4	1	46
Net working capital	14	-11	4	88
Cash and cash equivalents	112	6	118	391
Provisions	-4	-8	-11	-21
Other long term liabilities	-1	-13	-13	-121
Total net assets acquired excluding surplus value	254	-100	154	875
Goodwill	1,236	11	1,246	11,988
Surplus – value IP	0	187	187	284
Surplus – film	0	0	0	27
Minority	0	0	0	-1
Deferred tax liabilities	0	-47	-47	-84
Total surplus value net of taxes	1,236	151	1,387	12,215
Total net assets acquired	1,490	51	1,541	13,090
Acquired cash	-112	-6	-118	-394
Shares issued	-349	0	-349	-6,725
Earnout	-691	-80	-771	-1,439
Transactions with minority	0	29	29	120
Other	0	0	0	-90
Net cash outflow on acquisition of business	338	-5	333	4,563
Cash outflow relating to earlier acquisitions	72	0	72	28
Total Net cash outflow on acquisition of business	410	-5	405	4,591



During the quarter certain development agreements have been re-classified to align with Embracer Group's accounting principles.

The reclassification is from internal development projects to "Work for Hire" development projects where the former entails capitalization of development expenses and the later, depending on the assessment of the individual commercial agreement, entails that development expenses and income are recognized as occurred according to the percentage of completion method.

Consequently, the preliminary PPAs have been updated resulting in that the PPA for Flying Wild Hog have reduced on-going game development with SEK 125 million, other assets increased SEK 29 million and Goodwill increased SEK 96 million.

FORECAST - ACQUISITION RELATED AMORTIZATIONS

The forecast includes closed transactions as per 31 March 2021 and Gearbox, Easybrain and Aspyr who were closed after quarter end. The forecast is based on the exchange rates as per 31 March 2021. Forecast is based on the purchase price allocations as per 20 May 2021, which contain both preliminary and finalized purchase price allocations. Consideration shares related to transactions that were not closed per 31 March 2021 are valued at the VWAP as set forth in the relevant share purchase agreement.

SEK m	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	Total
Amortization related to acquisitions closed 2021-03-31	3,121	3,069	2,789	2,482	770	0	12,231
Amortization related to acquisitions closed after 2021-03-31	3,559	3,559	3,559	3,559	3,559	0	17,797
Non-operational Depreciations and Amortizations	6,681	6,628	6,349	6,041	4,329	0	30,028

The forecast for April to June 21/22 amounts to SEK 1,670 million.

DEPENDENCY ON FOREIGN EXCHANGE RATES

Embracer operates on a global market and reports financial performance in SEK and thus has a dependency towards foreign currencies, mainly USD and EUR. The SEK has strengthened during the year versus USD and EUR. Everything else being equal, this would have a negative impact on net sales in SEK. However, organic growth in net sales in local currency would not be affected.

The consolidated equity of the group has been reduced with SEK 861.2 million in translation differences from 1 April 2020 to 31 March 2021. The translation differences are mainly related to the revaluation of net assets in subsidiaries to the exchange rate per 31 March 2021.

PARENT COMPANY

The Parent Company's net sales for the quarter were SEK 167.9 million (102.0) and profit before tax was SEK 750.0 million (5.2). The positive outcome is explained by unrealized currency exchange gain on loan to a subsidiary and group contribution. Profit after tax was SEK 597.2 million (4.7).

Investments in intangible assets in the quarter were SEK 62.5 million (113.5).

Cash and cash equivalents as of March 31, 2021 were SEK 12,393.5 million (1,954.5).

The Parent Company's equity at the end of the period was SEK 26,053.0 million (5,575.1).



SIGNIFICANT EVENTS DURING THE QUARTER

On February 3, Embracer Group announced the following:



- > A merger agreement with US based The Gearbox Entertainment Company. Gearbox, based in Frisco, Texas and founded in 1999, has been self-funded by the employees from inception. Founder and CEO Randy Pitchford will continue to lead Gearbox, and will together with the employees of Gearbox become a significant shareholder in Embracer. Gearbox brings highly creative AAA development studios, North American publishing capabilities and a robust IP portfolio, including critically acclaimed and iconic franchises like *Borderlands*, *Brothers in Arms* and *Homeworld*. The day one purchase price amounts to USD 363 million in total, on a cash and debt free basis, of which USD 175 million is paid in newly issued Embracer B shares and the residual in cash. Subject to fulfilment of agreed financial and operational targets in the next six years, an additional consideration of maximum USD 1,015 million may be paid, of which a maximum of USD 360 million in issued Embracer B shares and the residual in cash. To earn the maximum consideration, USD 1,378 million the accumulated Adjusted EBITDA, including expensed development costs, must exceed USD 1,300 million over six years. On April 6th, after the closing of the transaction, Gearbox became the seventh operating group as a wholly own subsidiary of Embracer.

Easybrain

- > The merger with Cyprus-based Easybrain Limited in an all-equity transaction for a day one purchase price of USD 640 million on a cash and debt free basis plus a maximum of USD 125 million in additional consideration. Easybrain is a leading mobile game developer with a core focus on advertising-based puzzle and logic games. Easybrain's titles have more than 750 million installs to date and 12 million daily active users across 15 live games. On April 6th, after the closing of the transaction, Easybrain's senior management, Peter Skoromnyi, Matvey Timoshenko and Oleg Grushevich became the third largest shareholder in Embracer. Easybrain became Embracer's eighth operative group as a wholly owned subsidiary and continue to be led by its existing management.



- > The acquisition of American Aspyr Media Inc, through its wholly owned subsidiary Saber Interactive. The sellers are the founders Michael Rogers and Ted Staloch. The day one purchase price amounts to USD 100 million on a cash and debt free basis, where USD 60 million is paid in cash and USD 40 million is paid in newly issued Embracer B shares. An additional consideration of a maximum of USD 350 million may be paid under the agreement subject to certain conditions. Aspyr is an independent developer and publisher with more than 24 years experience in finding beloved IPs and connecting them with new audiences on all platforms. Aspyr with its 140-person strong team will be a stand-alone entity under Saber Interactive.
- > On March 18, 2021 Embracer Group successfully completed a directed issue to institutional investors of 36,000,000 new class B shares raising proceeds of roughly SEK 7.6 billion (approximately USD 890 million). The subscription price in the share issue was SEK 210 per share and was determined through an accelerated book-building procedure.

THE GAMES MARKET

The **games software market** has strong momentum and generated global revenues of close to USD178 bn in 2020 (all sectors including console, mobile, PC and free-to-play), according to analyst firm Newzoo. That represented a 23% increase in comparison to 2019 and the largest single annual growth for the market since Newzoo began tracking revenues in 2012.

This growth was mainly driven by the pandemic and its various lockdown restrictions, with consumers having more time for home entertainment and more desire than usual to connect (via online play) with friends. The end of 2020 also saw successful launches of the next-generation of consoles, PlayStation 5 and Xbox Series X/S, whose demand continues to outstrip supply.

Looking forward at the software games market, Newzoo predict that 2021 will see revenues similar to those 2020 (approximately USD 176 bn), a strong performance considering the pandemic-fueled market spike experienced in 2020. The market is also still on track to exceed USD 217 bn by 2023, representing a +9.4% CAGR between 2018 and 2023 (Newzoo). The projected 'levelling-off' in 2021 reflects some negative impacts of COVID-19 on the industry, as game development studios have been impacted by remote working and global supply chains being disrupted. These effects could, potentially, be felt more strongly in the console and PC sector than in mobile.

Looking at the global console market alone, where Embracer Group companies are currently most involved, total sales of games and services were USD 39.5 bn in 2020, according to Ampere Analysis. It is expected to grow to USD 40.7 bn in 2021 and USD 41.1 bn in 2022 before plateauing in 2023. Manufacturing and supply constraints of new consoles, to meet the high demand, has been holding back predictions of even faster market growth. The current global semiconductor shortage (affecting all electronic products) is largely to blame. It is not having a major impact currently but could have a more lasting effect if it continues.

Console format holders are setting new records. Nintendo had a strong year and reported Switch console shipments of 28.8 m for the fiscal year ended March 31st (bringing the total lifetime number to 85 m). This represents the highest ever shipments of a console in a single fiscal year by Nintendo.

Both Sony and Microsoft also reported strong demand for their new consoles. Sony, despite supply constraints, shipped 7.8 m PS5 consoles (compared to 7.5 m PS4 consoles in the same respective launch period) making it the highest selling launch of all PlayStation consoles to date. Furthermore, according to the NPD Group, PS5 is the fastest-selling console in U.S. history in both unit and dollar sales.

The majority of game revenue now derives from digital distribution and the trend is for this to increase further, both for full-game sales as well as for in-game content spend. Furthermore, revenues from subscription services (like Nintendo Online, PlayStation Plus, PlayStation Now, Xbox Game Pass) will continue to grow also (according to Ampere Analysis) and will represent more than 20% of console gaming spend in 2023.

The first quarter of 2021 showed, for the US games market, a highest Q1 total in history (including console hardware and content, mobile, PC and free-to-play), with a growth of 30% (in value) in comparison to Q1, 2020, according to the NPD Group. There is not a comparable study for Q1 in Europe although early initial reports suggest a market performance that is more static to slightly down (compared to Q1 2020).

For mobile games, the roll out of the Apple's iOS 14.5 (IDFA-identifier for advertisers) update, a few weeks ago, brings some uncertainty for user acquisition and ad monetization. It will disrupt how many mobile game companies measure the success of their marketing campaigns. However, it is not, as yet, causing any major market effects and Newzoo still predicts market growth for the mobile games sector of +4.4% in 2021.

HQ
Vienna, Austria 
 INTERNAL HEADCOUNT
727 (522)
 STUDIOS
16 (12)

THQ NORDIC

BUSINESS AREA: GAMES – THQ NORDIC

Business Area: Games – THQ Nordic released the following new products in the quarter January-March 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Kingdoms of Amalur: Re-Reckoning</i>	THQ Nordic	Own	Switch	Digital & Physical
<i>Monster Jam: Steel Titans 2</i>	THQ Nordic	External	PC, PS4, Xbox One, Switch, Stadia	Digital & Physical
<i>El Hijo - A Wild West Tale</i>	HandyGames	External	PS4, Xbox One, Switch	Digital
<i>Pile Up!</i>	HandyGames	External	PC	Digital
<i>Spongebob: Battle for Bikini Bottom Rehydrated</i>	HandyGames	External	Mobile	Digital
<i>Titan Quest - Legendary Edition</i>	HandyGames	Own	Mobile	Digital

Net sales of Business Area: Games - THQ Nordic increased 16% to SEK 354.6 million (306.7) compared to the same period last year.

THQ Nordic had another solid quarter with two new releases in the quarter – *Monster Jam: Steel Titans 2* and *Kingdoms of Amalur: Re-Reckoning* for Switch. Both titles have performed in line with management’s expectations.

The quarter was supported by a strong back-catalogue, mainly driven by the back-catalogue and evergreen titles like *Wreckfest*, *Spongebob: Battle for Bikini Bottom Rehydrated* and *Destroy All Humans!*

After the quarter end, *Desperados III* was awarded as the best game and the developer Mimimi Games was selected best studio at German Video Game Awards 2021.

El Hijo – A Wild West Tale published by HandyGames won the award for best family game.

Looking ahead, notable releases in the quarter ending June will include the long-awaited *Biomutant* as well as *Wreckfest* (PS5), and *Destroy All Humans!* (Switch). Management expects a solid performance for the first quarter FY 21/22 driven by *Biomutant*, developed by the internal studio Experiment 101.

STUDIOS

 Ashborne Games (Brno, Czech Republic)	 Alkimia Interactive (Barcelona, Spain)	 Black Forest Games (Offenburg, Germany)	 Bugbear Entertainment (Helsinki, Finland)	 Experiment 101 (Stockholm, Sweden)
 Grimlore Games (Munich, Germany)	 Gunfire Games (Austin, USA)	 HandyGames (Giebelstadt, Germany)	 Mirage Game Studios (Karlstad, Sweden)	 Nine Rocks Games (Bratislava, Slovakia)
 Pieces Interactive (Skövde, Sweden)	 Piranha Bytes (Essen, Germany)	 Pow Wow Entertainment (Vienna, Austria)	 Rainbow Studios (Phoenix, USA) (Montréal, Canada)	 Purple Lamp Studios (Vienna, Austria)

PUBLISHERS

 HandyGames (Giebelstadt, Germany)	 THQ Nordic (Vienna, Austria)
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HQ
Skövde, Sweden 

INTERNAL HEADCOUNT

76 (62)

STUDIOS

4 (4)



BUSINESS AREA: GAMES – COFFEE STAIN

Business Area: Games – Coffee Stain released the following new products in the quarter January-March 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Valheim - (early access)</i>	Coffee Stain Publishing	External	PC	Digital

Net sales of Business Area: Games – Coffee Stain increased 851% to SEK 780.9 million (82.1) compared to the same period last year.

Coffee Stain had a record quarter heavily impacted by the massive success of the multi-player survival game inspired by Viking culture - *Valheim*. The title, developed by a small team at the minority owned studio Iron Gate and published by Coffee Stain, released as early access in February 2021, sold 6.8 million copies in the quarter. For the next quarter, ending June, management expect *Valheim* to sell another 1.0-1.2 million copies. Iron Gate has created a truly amazing game and thanks to the massive support by gamers globally *Valheim* has become one of the most successful releases on Steam ever, and we are intrigued by the prospects of what the franchise could become over the coming decade.

In addition to *Valheim*, the back-catalogue continued to perform well with solid contribution from both *Satisfactory* and *Deep Rock Galactic*.

During the quarter, Coffee Stains' publishing division has been strengthened with additional recruitments. Moreover, Coffee Stain found additional resources within the wider eco system of Embracer Group, making potential future opportunities.

STUDIOS



Coffee Stain Studios
(Skövde, Sweden)



Coffee Stain North
(Stockholm, Sweden)



Box Dragon
(Gothenburg, Sweden)



Lavapotion
(Gothenburg, Sweden)

PUBLISHERS



Coffee Stain Publishing
(Stockholm, Sweden)

ASSOCIATED STUDIOS



Iron Gate
(Skövde, Sweden)



Ghost Ship Games ApS
(Copenhagen, Denmark)

HQ

Munich, Germany



INTERNAL HEADCOUNT

1,976* (1,401*)

STUDIOS

10 (6)

*Incl total Koch Media Group (Deep Silver, Koch Film etc)



BUSINESS AREA: GAMES – DEEP SILVER

Business Area: Games – Deep Silver released the following new products in the quarter January-March 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Gods Will Fall</i>	Deep Silver	External	PC, PS4, Xbox One, Switch	Digital
<i>Saints Row: The Third Remastered</i>	Deep Silver	Own	Stadia	Digital
<i>Cooking Mama Cookstar</i>	Ravenscourt	External	PS4	Digital & Physical
<i>Monster Energy Supercross 4</i>	Milestone	External	PC, PS4, PS5, Xbox One, XSX	Digital & Physical
<i>MXGP20</i>	Milestone	Own	PS5, XSX	Digital & Physical
<i>Ride 4</i>	Milestone	Own	PS5, XSX	Digital & Physical

Net sales of Business Area: Games – Deep Silver were SEK 464.9 million (514.7) compared to the same period last year. The decrease was grounded in the lack of notable new releases and the underperformance in relation to management’s expectations for *Gods Will Fall*.

Sales were primarily driven by the back-catalogue, headed by the evergreen franchises *Metro*, *Kingdom Come: Deliverance*, *Outward*, *Saints Row* and *Let’s Sing*.

During the quarter, Milestone saw contribution from the newly releases of *Ride 4* and *MotoGP*, as well as a solid performance from the new release, *Supercross 4*. Milestone also announced their new upcoming title *Hot Wheels Unleashed*. This is the most ambitious game project in Milestone’s long and successful history and is scheduled for release on September 30, 2021.

Vertigo Games announced that their co-op FPS title *After the Fall* will be coming to VR, equipped with full cross-platform multiplayer support, for release later this year.

The onboarding of newly acquired Polish developer studio Flying Wild Hog has continued during the quarter. Flying Wild Hogs are working on an exciting project pipeline, including developing four titles that will be released starting from FY 21/22. The commercial agreements relating to the projects are classified as Work for Hire projects where revenue and expenses are recognized as occurred according to the percentage of completion method. It is worth noting that the contracts include a notable potential to earn royalties if the titles achieve commercial success.

During the reported quarter, Koch Media announced a global long-term co-publishing agreement with Starbreeze for their upcoming game *PAYDAY 3* for PC and console.





STUDIOS



**Deep Silver
Dambuster Studios**
(Nottingham, U.K)



Milestone
(Milan, Italy)

voxler

Voxler
(Paris, France)

WARHORSE

Warhorse Studio
(Prague, Czech Republic)



Deep Silver FishLabs
(Hamburg, Germany)



volition
Deep Silver Volition
(Champaign, USA)

VERTIGOGAMES

Vertigo Games
(Rotterdam, Netherlands)

**FLYING
WILD
HOG**

Flying Wild Hog
(Warsaw, Poland)
(Krakow, Poland)
(Rzeszów, Poland)

PUBLISHERS



Deep Silver
(Munich & London)



Milestone
(Milan, Italy)



**RAVENS
COURT**
Ravenscourt
(Munich, Germany)

VERTIGOGAMES

Vertigo Games
(Rotterdam, Netherlands)

HQ
 Fort Lauderdale,
 USA 
 INTERNAL HEADCOUNT
1,543 (-)
 STUDIOS
14 (-)



BUSINESS AREA: GAMES – SABER INTERACTIVE

Business Area: Games – Saber Interactive released the following new products in the quarter January-March 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Redout: Space Assault</i>	34BigThings	Own	PC, Xbox One, PS4, Switch	Digital

Net sales of Business Area: Games – Saber Interactive were SEK 270.7 million (-) during the quarter.

Saber Interactive had another solid quarter, despite the lack of any notable new release. The period was driven by continued strong performance of *SnowRunner* and *World War Z*. On the development front, Saber and its affiliates have many game development projects.

Looking ahead, Saber has a few games releasing during the quarter ending June: *SnowRunner* on Switch and *SnowRunner* on Steam. Both will be Game of the Year editions. In addition, Zen studios released *Star Wars Pinball VR* on April 29th which has gained favorable reviews.


Saber continues strengthening the company’s capacity bringing on more senior roles.

During the quarter, the acquisition of Zen Studios was completed.

STUDIOS



Saber Interactive
 (Vila Nova de Gaia, Portugal)
 (Saint Petersburg, Russia)
 (Alcobendas, Spain), (Sundsvall, Sweden)
 (Minsk, Belarus)



4A Games
 (Kiev, Ukraine)
 (Silema, Malta)



New World Interactive
 (Calgary, Canada)
 (Denver, USA)



Nimble Giant Entertainment
 (Buenos Aires, Argentina)



Snapshot Games
 (Sofia, Bulgaria)



34 Big Things
 (Turin, Italy)



Madhead Games
 (Novi Sad, Serbia)



Zen Studios
 (Budapest, Hungary)

PUBLISHERS



Saber Interactive
 (Vila Nova de Gaia, Portugal)
 (Saint Petersburg, Russia)
 (Alcobendas, Spain), (Sundsvall, Sweden)
 (Minsk, Belarus)

HQ
Stockholm, Sweden 

INTERNAL HEADCOUNT

208 (106)

STUDIOS

11 (4)



BUSINESS AREA: GAMES – AMPLIFIER GAME INVEST

Business Area: Games – Amplifier Games Invest released the following new products in the quarter January-March 2021:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Little Nightmares II</i>	External	External	PC, PS4, Xbox One, Switch, Stadia	Digital

Net sales for Amplifier amounted to SEK 18.4 million in the quarter and is mainly relating to royalty income for *Little Nightmares II*.

Amplifier net sales are reported within Business Area: Games THQ Nordic.

During the quarter, *Little Nightmares II* developed by Tarsier Studios, performed well. The studios are showing good progression in the development of upcoming releases.

Amplifier Game Invest has continued to strengthen the company's capacity through additional recruitments of key people during and after the quarter. The organization is now better equipped with a new offering, improved services to existing studios and have established more robust processes for reporting and compliance as well as onboarding. The publishing service team has also been strengthened to head up the service capabilities and potentially also open up for new ways of acquiring studios.

During and after the quarter Amplifier has created new ways of communicating throughout the Amplifier group, setting up specific groups and communication teams addressing different topics such as Marketing, CEO meetings and game days online.

Amplifier Game Invest AB has entered into an acquisition agreement to acquire 100% of FRAME BREAK AB. The studio becomes Amplifier Game Invest's second wholly owned studio in Skövde, home of Sweden's largest indie successes during the last decade.

STUDIOS



VERMILA

Vermila Studios
(Madrid, Spain)



PALINDROME
INTERACTIVE

Palindrome Interactive
(Skövde, Sweden)



TARSIER
STUDIOS

Tarsier Studios
(Malmö, Sweden)



DESTINY.bit

Destiny Bit
(Ravenna, Italy)



RARE EARTH

Rare Earth Games
(Vienna, Austria)



MISC GAMES

Misc Games
(Sandnes, Norway)



C77
ENTERTAINMENT

C77
(Bellevue, USA)



RIVER END
GAMES

River End Games
(Gothenburg, Sweden)



SILENT
GAMES

Silent Games
(Newcastle, UK)



PLUCKY BYTES

Plucky Bytes
(Karlstad, Sweden)



FRAME
BREAK

Frame Break
(Skövde, Sweden)

ASSOCIATED STUDIOS



KAVALRI
GAMES

Kavalri Games
(Stockholm, Sweden)




FRAMEBUNKER

Framebunker
(Copenhagen, Denmark)



NEON
GIANT

Neon Giant
(Uppsala, Sweden)

HQ
Berlin, Germany 
INTERNAL HEADCOUNT
349 (-)
STUDIOS
5 (-)



BUSINESS AREA: GAMES – DECA GAMES

Net sales for DECA Games were SEK 104.2 million (-) during the quarter.

The more than seven-year-old title *Zombie Catchers* had a solid quarter, of which one month had its best revenue month ever driven by technical improvements increasing store rankings and additions of regional ad networks. The rest of the back-catalogue continued to perform well.

All mobile platform developers are closely monitoring the effects of Apple IDFA-changes, requiring user-consent for tracking that started to roll-out in the end of the quarter. There are uncertainties but management's initial assessment is that there is minimal impact to the current business.

During the quarter, the acquisitions of A Thinking Ape and IUGO were both completed and the main focus has been on collaboration between companies within the DECA Games Group.

STUDIOS & PUBLISHERS



Deca Games Bulgaria
(Veliko Tarnovo, Bulgaria)

Deca Games
(remote)

Deca Games Berlin
(Berlin, Germany)



IUGO
(Vancouver, Canada)



A THINKING APE
A Thinking Ape
(Vancouver, Canada)





koch films

HQ

Munich, Germany



INTERNAL HEADCOUNT

1,976 (1,401) Film+Koch Media incl.

BUSINESS AREA: PARTNER PUBLISHING/FILM

Net sales in the Partner Publishing/Film business area were down –2% to SEK 429.0 million (435.6) compared to the same period last year, still in line with management’s expectations. The Partner Publishing business had no major releases during the quarter.

The current quarter was dominated by recovery and increasing numbers of offline customers in the Partner Publishing business segment. After more than a year of lock down in several markets, the world is slowly starting to get back to normal.

Looking ahead, the current quarter ending June will not include any notable releases with significant commercial impact.

In spite of a high amount of obstacles around covid travel restrictions and hiring challenges, both Asian offices (Hong Kong and Tokyo) are now fully operational.

Koch Media has entered into a new agreement with a major publisher for physical distribution within most EMEA countries. At around the same time Koch Media has lost an agreement with a publisher who will insource all new releases starting during the quarter ending June.

FILM

The film business had a strong quarter performing above management’s expectations, mainly driven by strong digital and physical sales in Germany and solid TV-license deals in Germany and Italy. The YouTube channel for movie streaming called “*Moviedome*” reached more than 100 k subscribers within four months.

Sola Media performed in line with management’s expectations. Uncertainties concerning theatrical distributors and online market formats restrict business from operating on the usual level. A number of new European projects are in a preparation phase including a new Nordic Cinderella feature movie went into production.



EUROPEAN LOGISTIC CENTER

Koch Media is expanding the capacity of its Shared Service- and European Logistic Center in Austria by 60% from a delivery volume of 12.5 million physical units per year to 20 million units. The capacity will be increased significantly by adding space and a highly developed robot system. Thus, the level of automation will be further increased, and processing of customer orders will be fast and efficient.

Increasing market demand and the geographical location makes the center well suited for serving all customers in Europe quickly from one location for every publisher who wants to deliver physical entertainment products quickly and efficiently. The strategic goal is to offer a one stop solution for further Publishing Partners in Games, Films and Merchandise to service all retail customers and end consumer in Europe, CEE, MEA und Russian Federation. The expanded facility is expected to be operational in approximately six months.



HQ

Karlstad, Sweden



INTERNAL HEADCOUNT

17 (12)

Game Outlet Europe, the niche distributor of retro-products and deep back-catalogue games, had another stable quarter despite the period traditionally being low season. Revenue drivers for the quarter were mainly the strong back-catalogue sales and new releases from various publishers. The strong demand for gaming software and peripherals has continued even as the world slowly was beginning to return to normal. The physical video game publishers are showing an increasing demand for back-catalogue business.



QUANTIC LAB™
Quality Assurance.

HQ

Cluj-Napoca, Romania



INTERNAL HEADCOUNT

328 (-)

Quantic Lab, the software outsourcing company specialized in quality assurance ("QA"), localization and user experience for gaming and applications, continues its onboarding within Embracer Group. During the quarter, the focus has been on expanding the business, strengthening its organisation and business operations making it ready for the next generation of consoles.

The services provided by Quantic Lab are in heavy demand. Businesses within the global group has been conducted, building up potential synergies and knowledge sharing.



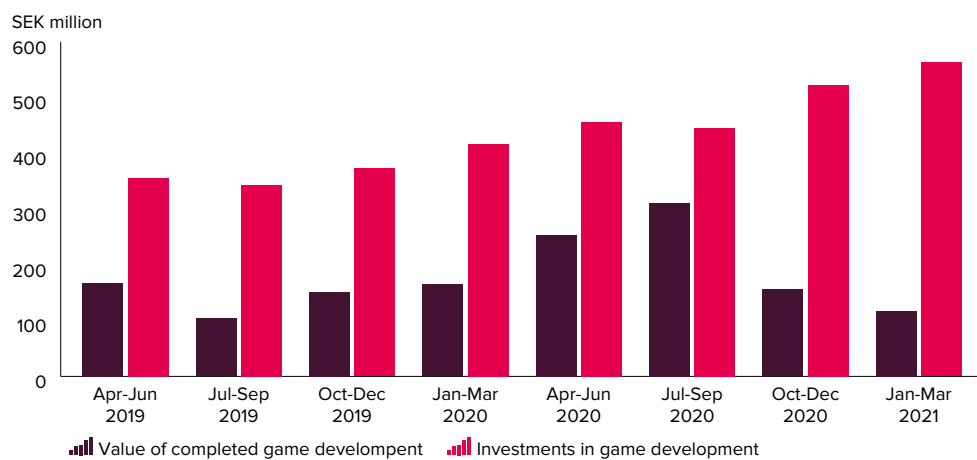
ONGOING DEVELOPMENT AND UPCOMING RELEASES

The Company invested SEK 563 million during the quarter in its growing ongoing game development pipeline that will be driving growth and profitability in the coming years.

The finalized value of the completed and released games during the quarter were SEK 117 million driven by the releases of *Monster Jam Steel Titans, 2*, *Gods Will Fall* and *Supercross 4*.

VALUE AND INVESTMENTS, GAME DEVELOPMENT

The value of completed (released) games consists of the investments that generated the quarter's revenue from games released during the quarter. The amount decreased in Q4 due to few major launches of owned games in the quarter. At the same time, SEK 563 million was invested in game development, the highest amount ever in a single quarter. These investments lay the foundation for growing revenues from future launches.



FORECAST – VALUE OF FINALIZED GAME DEVELOPMENT

In the current financial year ending March 2022, the ambition is to complete more than 90 game development projects with a total completion value in the range of SEK 2,800 to 3,300 million. The level of completion is expected to be back-end loaded, with significantly higher completion value in the fourth quarter than the other quarters.

SEK m	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	FY 21/22
Value of finalized game development	300-350	350-400	500-550	1,650-2,000	2,800-3,300



RELEASES AFTER THE END OF THE QUARTER

During the period April 1, 2021 until May 20, 2021, the following titles were released:

Title	Publishing Label	IP Owner	Platforms	Channels
<i>HuntDown</i>	Coffee Stain Publishing	External	PC (Steam), Switch (Japan)	Digital
<i>Satisfactory Update 4</i>	Coffee Stain Publishing	Own	PC	Digital
<i>Outward: The Three Brothers</i>	Deep Silver	External	PS4, Xbox One	Digital
<i>Siege Survival: Gloria Victis</i>	Ravenscourt	External	PC	Digital
<i>MotoGP21</i>	Milestone	License	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
<i>Star Wars Pinball VR</i>	Zen Studios	External	PC, PS4	Digital
<i>SnowRunner</i>	External	Own	Switch	Digital & Physical
<i>SnowRunner</i>	External	Own	PC (Steam)	Digital
<i>Star Wars Republic Commando</i>	Aspyr	License	PS4, Switch	Digital & Physical

ANNOUNCED RELEASES AS OF MAY 20, 2021

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Biomutant</i>	THQ Nordic	Own	PC, PS4, Xbox One	Digital & Physical
<i>Destroy All Humans!</i>	THQ Nordic	Own	Switch	Digital & Physical
<i>Gothic - Remake</i>	THQ Nordic	Own	PC, PS5, XSX	Digital & Physical
<i>Kingdoms of Amalur: Re-Reckoning - Fatesworn (expansion)</i>	THQ Nordic	Own	PS4, Xbox One, PC	Digital
<i>Knights of Honor II: Sovereign</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Scarf</i>	THQ Nordic	External	PC	Digital
<i>The Guild 3</i>	THQ Nordic	Own	PC	Digital & Physical
<i>We Are Football</i>	THQ Nordic	Own	PC	Digital & Physical
<i>Wreckfest</i>	THQ Nordic	Own	PS5	Digital & Physical
<i>Airhead</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>A Rat's Quest</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Ending - Extinction is Forever</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>One Hand Clapping</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Digital
<i>Pile Up!</i>	HandyGames	External	PS4, Xbox One, Switch	Digital
<i>Townsmen VR</i>	HandyGames	Own	PC, PS4	Digital
<i>Midnight Ghost Hunt</i>	Coffee Stain Publishing	Shared	PC	Digital
<i>Songs of Conquest</i>	Coffee Stain Publishing	Own	PC	Digital
<i>Chivalry II</i>	Deep Silver	External	PC, PS4, PS5, XSX	Physical
<i>Chorus</i>	Deep Silver	Own	PC, PS4, PS5, Xbox One, XBX	Digital
<i>Dead Island 2</i>	Deep Silver	Own	PC, PS4, PS5, XSX	Digital & Physical
<i>Iron Harvest: Operation Eagle (expansion)</i>	Deep Silver	External	PC	Digital
<i>Maneater</i>	Deep Silver	External	Switch	Physical
<i>Metro Exodus Complete Edition</i>	Deep Silver	Own	PS5, XSX	Digital & Physical
<i>Saints Row: The Third Remastered</i>	Deep Silver	Own	PS5, XSX	Digital
<i>King's Bounty II</i>	Koch Media	External	PC, PS4, Xbox One, Switch	Digital & Physical
<i>Phoenix Point</i>	Koch Media	External	PS4, Xbox One	Physical
<i>Rust</i>	Koch Media	External	PS4, Xbox One	Physical
<i>Dice Legacy</i>	Ravenscourt	Own	PC, Switch	Digital
<i>ProtoCorgi</i>	Ravenscourt	External	PC, Switch	Digital
<i>Hot Wheels Unleashed</i>	Milestone	External	PC, PS4, PS5, Xbox One, XSX, Switch	Digital & Physical
<i>After the Fall</i>	Vertigo Games	Own	PSVR, PC VR & Oculus Quest	Digital

For latest release dates please refer to above mentioned publishers.

SIGNIFICANT EVENTS AFTER THE QUARTER

- > On February 3, 2021 Embracer Group AB and its subsidiaries entered into agreements regarding the acquisition of Aspyr, Easybrain and Gearbox Entertainment. All conditions for the transactions have been fulfilled and the transactions were completed as of April 6, 2021. The acquired companies will be consolidated into Embracer Group's consolidated financial statements as of April 1, 2021. The aggregated day one purchase price for the transactions amounts to approximately SEK 9.3 billion in total, on a cash and debt free basis. Approximately SEK 2.5 billion is paid in cash and approximately SEK 6.8 billion is paid in newly issued B shares of the company. A maximum additional consideration amounting to SEK 12.5 billion on an aggregated basis can be paid, subject to fulfilment of agreed financial and operational milestones, during a period of up to 7 years. The additional consideration comprises a maximum of approximately SEK 7.0 billion to be paid in cash and approximately SEK 5.5 billion to be paid in B shares of the company.
- > Embracer Group AB through its subsidiaries THQ Nordic GmbH has entered into three acquisition agreements to acquire 100% each of Appeal Studios S.A., KAIKO GmbH and Massive Minitteam GmbH. The aggregated day one purchase price for all three acquisitions amounts to approximately SEK 70 million on a cash and debt free basis.
- > THQ Nordic GmbH has founded and incorporated Gate21 d.o.o in Sarajevo, Bosnia and Herzegovina. The team will enable THQ Nordic GmbH to have world-class 3D characters using the most advanced character and facial rigs in development projects.

IFRS CONVERSION AND REGULATED MARKET

The Board of directors decided on the Board Meeting 17th of February to convert to the reporting standard IFRS and thereby start the process to become listed on a regulated market. The overall timeline for the project is estimated to between 18 and 36 months from February 2021.

Key activities completed during the quarter includes strengthening the internal resources and capabilities at the headquarter in Karlstad. Agreement has been signed with a senior resource that will be instrumental for the overall process of going to a regulated market. Furthermore, the group finance team has been strengthened with a senior resource as Head of Financial Control, who has extensive experience in consolidation and accounting and has successfully completed projects within Finance Reporting Efficiency and IFRS conversion. An engagement agreement has been signed with an external partner to provide support and expertise throughout the IFRS conversion project.

SUSTAINABILITY

During the reporting quarter, Embracer Group initiated engagement surveys to measure and monitor employee satisfaction. The survey was sent out during April. The purpose is to get an overall picture of the Group and all Embracer entities participated. The response rate was 74%.

The average data stated positive feedback in all four areas covered by the survey; Work Environment, Collaboration, Management Culture and Engagement. The aggregated data on Group level will be divided into Operative Group level as well as Company level, this giving us and all our companies valuable insights of employee satisfaction.

Decisive for Embracer Group's sustainability strategy has been this year's systematic collecting of relevant data about our Group and all companies. During the quarter, 100% of the Group's companies reported data through a digital sustainability system. This enables us to in an efficient way have visible data and information about all Embracer Group Companies. Last year's data was calculated on the total group 19/20 which then consisted of 1,937 people compared to today and the fiscal year 20/21, 5,246 people. More in depth information and follow up strategies and goals will be presented in the upcoming sustainability report (part of the Annual report).

Diversity and inclusion

- > 20% of Embracer Group's employees are women.
- > We have 69 different nationalities represented in our global Group. The six biggest nationalities representing 50% of our employees are; Russian, American, German, Italian, Romanian and Swedish.

Evaluation of risks and materiality

During the quarter, a sustainability risk analysis was carried out as well as a materiality assessment. The ESG data collection accompanied with the results from the global employee survey will set the goals going forward. Each operative group and each entity will form their individual strategy on how to contribute to our global goals, based on their conditions in their respective operating markets.

SMARTER BUSINESS

We focus on creating long term value through our four pillars:

<p>BUSINESS SENSE</p> <p>With honesty and trust we make acquisitions and build brand value for the long term.</p>	<p>SOLID WORK</p> <p>Our products entertain and create feelings, based on creative expression and common sense.</p>	<p>GREAT PEOPLE</p> <p>Our people are creative, dedicated and our most important asset.</p>	<p>GREENER PLANET</p> <p>We want to make our planet greener through innovation and technological advancements.</p>
<p>GOVERNANCE</p>	<p>SOCIAL / GOVERNANCE</p>	<p>SOCIAL</p>	<p>ENVIRONMENTAL</p>

We have identified Prioritized Areas for our ESG work from these analyses

- > creativity & independence // diversity & inclusion // work-life balance (GREAT PEOPLE)
- > explore & innovate (SOLID WORK)
- > high level of business ethics & governance (BUSINESS SENSE)

During the reporting quarter one of our priorities has been to form a joint common IT cyber-security standard. We aim to start implementing this during the summer.

Knowledge sharing and networking is also done regularly by ongoing digital studio presentations from around the world, as well as with a newly launched concept for tech lead development as an example. From a parent company perspective, we try to find ways to facilitate this that are voluntary, easy to access and relevant for the respective audience.



Joining the ISFE

We joined the European video games industry association ISFE (Interactive Software Federation of Europe) from 1st of April 2021, underlining our European and global scope. ISFE builds awareness and understanding of games, engage with policymakers, provide strategic data and demographics and collaborates with 18 national trade associations across Europe. One of ISFE's landmark achievements on European harmonization is the self-regulatory age-rating system PEGI.



ANALYSTS FOLLOWING EMBRACER GROUP

AS OF MARCH 31, 2021

Company	Name	Phone	Mail
Carnegie	Oscar Erixon	-	oscar.erixon@carnegie.se
Berenberg	Benjamin May	+44 20 346 52 667	benjamin.may@berenberg.com
Bernstein	Matti Littunen	+44 207 170 50 09	matti.littunen@bernstein.com
Nordea Markets	Erik Lindholm-Röjestål	+46 10 15 703 10	erik.lindholm-rojestal@nordea.com
Pareto Securities	Marlon Värnik	-	Marlon.Varnik@paretosec.com
Handelsbanken	Fredrik Olsson	-	frol16@handelsbanken.se
Redeye	Tomas Otterbeck	-	tomas.otterbeck@redeye.se
ABG Sundal Collier	Jesper Birch-Jensen	+46 8 566 286 13	Jesper.Birch-Jensen@abgsc.se
Citi	Thomas A Singlehurst	+44 20 7986 4051	thomas.singlehurst@citi.com
Kepler Cheuvreux	Hjalmar Ahlberg	+46 708 62 50 79	hahlberg@keplercheuvreux.com
Goldman Sachs International	Alexander Duval	+44 20 7552 2995	alexander.duval@gs.com
HSBC Bank plc	Ali Naqvi	-	ali.naqvi@hsbc.com

Note: Redeye and ABG Sundal Collier are commissioned by Embracer Group.

At Embracer.com we provide an IR service providing consensus estimates. The estimates are collected by Infront and based on predictions made by analysts who cover Embracer Group.

THE SHARE

TOP 10 OWNERS, AS OF MARCH 31, 2021

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Change from
					Dec. 31, 2020
					Class A and B shares
Lars Wingefors AB	26,130,102	104,705,965	28.39%	48.07%	-
S3D Media Inc	6,399,137	35,386,220	9.07%	13.05%	-
Swedbank Robur Fonder		27,392,741	5.94%	3.60%	56,622
Canada Pension Plan Investment Board (CPP)		27,376,973	5.94%	3.60%	14,443,820
Handelsbanken Fonder		14,552,200	3.16%	1.91%	-2,909,472
Didner & Gerge Fonder		11,363,477	2.47%	1.49%	352,233
ODIN Fonder		8,290,000	1.80%	1.09%	-10,000
AMF Pension & Fonder		7,650,000	1.66%	1.00%	650,000
Ken Go		6,301,591	1.37%	0.83%	-
Avanza Pension		6,077,974	1.32%	0.80%	94,968
TOTAL TOP 10	32,529,239	249,097,141	61.11%	75.44%	
ALL OTHER SHAREHOLDERS	869,898	178,329,170	38.89%	24.56%	
TOTAL	33,399,137	427,426,311	100%	100%	

Source: Holdings by Modular Finance.

TOP 20 MANAGEMENT & CO-FOUNDER OWNERS, AS OF MARCH 31, 2021

Owner	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors AB ¹⁾	Embracer Group	26,130,102	104,705,965	28.39%	48.07%
Matthew Karch and Andrey Iones	Saber Interactive	6,399,137	35,386,220	9.07%	13.05%
Ken Go	Deca Games	0	6,301,591	1.37%	0.83%
Erik Stenberg	Embracer Group	0	4,500,000	0.98%	0.59%
Luisa Bixio	Milestone	0	3,002,969	0.65%	0.39%
Founders of 4A Games	4A Games	0	2,446,070	0.53%	0.32%
Richard Stitselaar and Kimara Rouwit	Vertigo Games	0	1,928,210	0.42%	0.25%
Pelle Lundborg	Embracer Group	869,898	794,560	0.36%	1.25%
Anton Westbergh	Coffee Stain	0	1,206,333	0.26%	0.16%
Klemens Kundratitz	Koch Media	0	1,127,928	0.24%	0.15%
Vincent Van Brummen	Vertigo Games	0	747,851	0.16%	0.10%
Founders of Zen Studios	Zen Studios	0	567,039	0.12%	0.07%
Klemens Kreuzer	THQ Nordic	0	559,052	0.12%	0.07%
Jeremy Blum	NWI	0	535,645	0.12%	0.07%
Founders of A Thinking Ape	A Thinking Ape	0	524,088	0.11%	0.07%
Markus Rännare	Coffee Stain	0	416,631	0.09%	0.05%
John Coleman	Vertigo Games	0	406,955	0.09%	0.05%
Julian Gollop	Snapshot Games	0	322,317	0.07%	0.04%
Stefan Ljungqvist	Experiment 101	0	270,270	0.06%	0.04%
David L Adams	Gunfire Games	0	217,719	0.05%	0.03%
TOP 20		33,399,137	165,967,413	43.26%	65.66%
ALL OTHER SHAREHOLDERS		0	261,458,898	56.74%	34.34%
TOTAL		33,399,137	427,426,311	100%	100%

¹⁾ Lars Wingefors et al. For more information, please see: embracer.com/release/embracer-groups-co-founders-complete-consolidation-of-shareholdings/

Holdings by management above are in general owned through various wholly owned companies.



**TOP 50 INSTITUTIONAL OWNERS,
AS OF MARCH 31, 2021**

**Change from
Dec. 31, 2020**

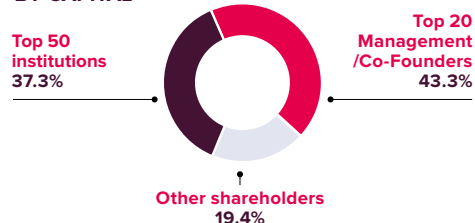
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class B shares
Swedbank Robur Funds		27,392,741	5.94%	3.60%	56,622
Canada Pension Plan Investment Board (CPP)		27,376,973	5.94%	3.60%	14,443,820
Handelsbanken Funds		14,552,200	3.16%	1.91%	-2,909,472
Didner & Gerge Funds		11,363,477	2.47%	1.49%	352,233
ODIN Funds		8,290,000	1.80%	1.09%	-10,000
AMF Pension & Funds		7,650,000	1.66%	1.00%	650,000
Avanza Pension		6,077,974	1.32%	0.80%	94,968
TIN Funds		5,956,869	1.29%	0.78%	350,000
Första AP-fonden		5,381,888	1.17%	0.71%	461,632
Livförsäkringsbolaget Skandia		3,344,601	0.73%	0.44%	-37,738
AFA Försäkring		3,341,909	0.73%	0.44%	451,200
Andra AP-fonden		3,323,714	0.72%	0.44%	-356,268
Janus Henderson Investors		3,247,857	0.70%	0.43%	236,219
Skandia Funds		3,140,914	0.68%	0.41%	213,218
BlackRock		2,953,202	0.64%	0.39%	159,802
Futur Pension		2,925,836	0.63%	0.38%	-198,421
Martin Larsson (Chalex AB)		2,583,947	0.56%	0.34%	46,048
Alecta Pensionsförsäkring		2,380,000	0.52%	0.31%	2,380,000
Nordnet Pensionsförsäkring		2,287,991	0.50%	0.30%	391,029
Danske Invest (Lux)		2,015,000	0.44%	0.26%	-173,000
Länsförsäkringar Funds		1,708,110	0.37%	0.22%	-145,450
DNB Funds		1,676,396	0.36%	0.22%	27,055
Naventi Funds		1,620,026	0.35%	0.21%	391,435
Oberweis Asset Management Inc		1,331,900	0.29%	0.17%	-
Global X Management Company LLC		1,201,856	0.26%	0.16%	123,657
Aktia Asset Management		1,150,000	0.25%	0.15%	-10,000
Consensus Asset Management		1,148,895	0.25%	0.15%	288,895
Sensor Funds		1,096,092	0.24%	0.14%	-250,000
Svenska Handelsbanken AB for PB		996,101	0.22%	0.13%	20,622
Cliens Funds		980,000	0.21%	0.13%	500,000
Evli Funds		916,000	0.20%	0.12%	60,000
Allianz Global Investors		888,266	0.19%	0.12%	-171,398
Schroders		806,793	0.18%	0.11%	17,797
Varma Mutual Pension Insurance Company		800,000	0.17%	0.11%	200,000
Vanguard		760,029	0.16%	0.10%	-
First Trust		749,170	0.16%	0.10%	286,757
RAM Rational Asset Management		734,697	0.16%	0.10%	-
Van Eck		732,197	0.16%	0.10%	182,729
Handelsbanken Liv Försäkring AB		666,232	0.14%	0.09%	36,405
Enter Funds		665,000	0.14%	0.09%	295,000
Lancelot Asset Management AB		657,002	0.14%	0.09%	-
Knutsson Holdings AB		650,000	0.14%	0.09%	-
State Street Global Advisors		644,101	0.14%	0.08%	79,700
Fondita Funds		635,000	0.14%	0.08%	-175,000
Amundi		583,596	0.13%	0.08%	-78,405
Norron Funds		539,419	0.12%	0.07%	539,419
PGGM Pensioenfonds		514,377	0.11%	0.07%	514,377
UBS Global Asset Management		498,135	0.11%	0.07%	-77,415
Northern Trust		497,542	0.11%	0.07%	-10,572
Swedbank Försäkring		477,483	0.10%	0.06%	159,373
TOTAL TOP 50 INSTITUTIONAL OWNERS	0	171,911,508	37.31%	22.58%	
ALL OTHER SHAREHOLDERS	33 399 137	255,514,803	62.69%	77.42%	
TOTAL	33 399 137	427,426,311	100.00%	100.00%	

Source: Holdings by Modular Finance.

**INTERNATIONAL OWNERSHIP
TOP 50 INSTITUTIONAL
BY CAPITAL**



**INSTITUTIONAL OWNERSHIP
VS MANAGEMENT
BY CAPITAL**





INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than one in a company listed on a regulated market. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and also ensures that the company continuously satisfies First North's standards.

FNCA Sweden AB is Embracer Group's certified adviser who may be contacted at: info@fnca.se or +46-8-528 00 399.

RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons, dependence of the success of game development, the sales performance of launched games, dependence on a few distributors and the success and performance of acquisitions. The complete risk analysis is found in the company's most recent Annual Report.

ACCOUNTING AND VALUATION POLICIES

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting and valuation policies applied are consistent with the Swedish Accounting Standards Board's Category 3 (BFN K3) regulation and are unchanged since the latest published Annual Accounts, and the Swedish Accounting Standards Board's BFNAR 2012:1

The Company's accounting policies are stated in its most recent Annual Report.

Amounts are reported in Swedish kronor, rounded to the nearest million unless otherwise stated. Rounding to the nearest million may mean that amounts are not consistent when added. Amounts and figures stated in brackets are comparatives for the corresponding period of the previous year.

DIVIDEND

The Board of Directors propose that no dividend is paid to the shareholders for the financial year April 2020 - March 2021

AUDITOR'S REVIEW

This Interim Report has not been subject to review by the Company's auditor.

FORTHCOMING REPORTS

Interim Report Q1, April-June 2021	18 August, 2021
Annual General Meeting 2020/2021	16 September 2021
Interim Report Q2, July-September 2021	17 November 2021
Interim Report Q3, April-December 2022	17 February 2022

The Annual General Meeting 2020 will be held on September 16, 2021. The Annual Report will be published at the latest on August 25, 2021, on the company's webpage and at the same time made available in the Company's headquarter in Karlstad.

REPORT PRESENTATION

Presentation of the Q4 and full year report will be held online via Embracer Group's official YouTube channel or by webcast (<https://tv.streamfabriken.com/embracer-group-q4-2020-2021>) the 20th of May at 09.00 CET.

FOR MORE INFORMATION

Find more information about the Company at its website: embracer.com

For any questions on this report, please contact:

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lars.wingefors@embracer.com, +46 708 47 19 78

Johan Ekström, Group CFO

johan.ekstrom@embracer.com, +46 761 33 82 76



SIGNATURES AND ASSURANCE

The Board of Directors and the Chief Executive Officer offer their assurance that this Full Year Report gives a true and fair view of the Group's and Parent Company's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and Parent Company.

Karlstad, Sweden, May 20, 2021

Kicki Wallje-Lund
Chairman of the Board

David Gardner

Ulf Hjalmarsson

Jacob Jonmyren

Matthew Karch

Erik Stenberg

Lars Wingefors
Chief Executive Officer

This Full Year Report is information that is mandatory for Embracer Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 06:00 CET on May 20, 2021

CONSOLIDATED INCOME STATEMENT

SEK m	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Apr 2019– Mar 2020
Net sales	2,404.2	1,339.1	9,024.2	5,249.4
Work performed by the Company for its own use and capitalized	397.8	224.1	1,291.6	752.8
Other operating income	99.9	122.0	287.8	305.9
Results from participation of associated companies	0.0	0.0	41.4	0.0
Total operating income	2,901.9	1,685.2	10,645.0	6,308.1
Operating expenses				
Goods for resale	–963.1	–666.2	–3,618.4	–2,576.0
Other external expenses	–303.7	–183.3	–1,364.8	–784.0
Personnel expenses	–575.6	–343.6	–1,841.5	–1,130.0
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–1,027.4	–398.6	–3,508.5	–1,475.9
Total operating expenses	–2,869.7	–1,591.7	–10,333.2	–5,965.9
Profit from participation in associated companies	112.9	3.2	165.1	3.2
Operating profit	145.1	96.7	476.9	345.4
<i>Profit from financial items</i>				
Other interest income, etc.	195.6	91.5	356.0	94.3
Other interest expenses, etc.	–55.9	–18.8	–152.8	–30.9
Total financial items	139.7	72.8	203.2	63.4
Profit after financial items	284.8	169.5	680.1	408.8
Profit before tax	284.8	169.5	680.1	408.8
Current income tax	–142.4	–31.7	–364.3	–140.7
Deferred tax	16.2	–5.5	–28.4	15.2
Net profit for the period	158.6	132.3	287.4	283.3
<i>Attributable to:</i>				
Equity holders of the parent	158.7	132.6	287.1	284.9
Non-controlling interests	–0.1	–0.3	0.3	–1.6
Earnings per share, SEK	0.37	0.42	0.72	0.91
Average number of outstanding shares, million	427	312	398	311

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Mar 31, 2021	Mar 31, 2020
Intangible assets	16,390.1	5,870.9
Property, plant & equipment	237.8	184.5
Financial assets	571.6	251.1
Inventories	242.9	352.8
Current receivables	2,010.0	1,467.6
Cash and bank balance	14,299.9	2,510.3
Total assets	33,752.3	10,637.2
Share capital	1.3	0.9
Other paid up capital	26,762.3	5,300.5
Recognized profit including profit for the period	401.9	1,093.9
Provisions	2,816.5	1,241.0
Non-current liabilities	246.0	221.8
Current liabilities	3,524.3	2,779.1
Total liabilities and equity	33,752.3	10,637.2
Interest-bearing receivables amount to	14,299.9	2,510.3
Interest-bearing liabilities amount to	1,494.3	1,490.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Share capital	Other paid-up capital	Other equity including net profit	Minority interest	Consolidated equity
Amount as of April 1, 2020	0.9	5,300.5	1,068.8	25.1	6,395.3
Translation difference			-861.2		-861.2
New share issue	0.4	21,694.4			21,694.8
Issue costs ¹⁾		-292.9			-292.9
Tax effect		60.3			60.3
Other			2.4		2.4
Transaction between owners			-108.1	-12.5	-120.6
Net profit			287.1	0.3	287.4
Amount as of March 31, 2021	1.3	26,762.3	389.0	12.9	27,165.5

¹⁾ Issue costs constitutes of cost of rights issue SEK -292,9 million and tax effects of the cost SEK 60.3 million.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Apr 2019–Mar 2020
Cash flow from operating activities before changes in working capital	1,197.3	384.6	3,766.0	1,604.2
Change in working capital	324.5	381.1	132.9	124.1
Cash flow from operating activities	1,521.8	765.7	3,899.0	1,728.3
Cash flow from investing activities				
Net investment in acquired companies	-404.9	-14.6	-4,590.8	-905.7
Net investment in intangible assets	-598.9	-464.4	-2,135.2	-1,653.4
Net investment in tangible assets	-17.0	-14.4	-69.6	-42.4
Net investment in financial assets	-45.4	-11.2	-9.4	-32.6
Cash flow from financing activities	6,867.1	-558.6	14,725.3	473.5
Cash flow for the period	7,322.7	-297.5	11,819.3	-432.3
Cash and cash equivalents at beginning of period	6,918.8	2,784.7	2,510.3	2,929.1
Translation difference in cash and cash equivalents	58.4	23.1	-29.7	13.5
Cash and cash equivalents at end of period	14,299.9	2,510.3	14,299.9	2,510.3

PARENT COMPANY INCOME STATEMENT

SEK m	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Apr 2019– Mar 2020
Net sales	167.9	102.0	796.0	495.9
Other operating income	0.0	10.2	0.0	11.1
Total operating income	167.9	112.2	796.0	507.0
Operating expenses				
Other external expenses	–7.6	–46.3	–57.2	–64.3
Personnel expenses	–6.8	–4.7	–22.0	–12.8
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–93.8	–85.2	–416.8	–333.3
Total operating expenses	–108.2	–136.2	–496.0	–410.4
Operating profit	59.7	–24.0	300.0	96.6
Result from financial assets	–540.3	55.8	–537.6	39.7
Interest income, etc.	183.0	48.4	243.1	83.0
Interest expenses, etc.	817.9	–15.0	–48.4	–21.5
Total financial income/expenses	460.6	89.2	–342.9	101.2
Profit after financial items	520.3	65.2	–42.9	197.8
Appropriations	229.6	–60.0	229.6	–60.0
Profit before tax	750.0	5.2	186.7	137.8
Current income tax	–39.8	–0.5	–39.7	–29.7
Deferred tax	–113.0	0.0	0.0	0.0
Net profit for the period	597.2	4.7	147.0	108.1

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Mar 31, 2021	Mar 31, 2020
Intangible assets	409.0	393.8
Tangible assets	3.7	1.6
Financial assets	10,956.2	2,813.6
Current receivables	2,881.9	927.7
Cash and bank balance	12,393.5	1,954.5
Total assets	26,644.3	6,091.2
Equity	26,053.0	5,575.1
Untaxed reserves	117.4	140.6
Provisions	220.9	3.6
Long-term liabilities	204.8	221.7
Current liabilities	48.2	150.2
Total liabilities and equity	26,644.3	6,091.2

SELECTED KEY PERFORMANCE INDICATORS – GROUP

Financial metrics defined or specified pursuant to Swedish Accounting Standards Board standards (BFNAR)	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Apr 2019–Mar 2020
Net sales, SEK m	2,404.2	1,339.1	9,024.2	5,249.4
Operating profit, SEK m	145.1	96.7	476.8	345.4
Profit before tax, SEK m	284.8	169.5	680.1	408.8
Profit after tax, SEK m	158.6	132.3	287.4	283.3
Number of shares at end of period, thousands ¹⁾	460,825	312,067	460,825	312,067
Average number of outstanding shares, thousands ¹⁾	427,435	312,067	398,146	311,411
Average number of full-time employees in the period	4,193	1,721	3,174	1,663
Number of employees at the end of the period	4,236	1,873	4,236	1,873
Alternative key performance indicators not defined or specified pursuant to BFNAR	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Apr 2019–Mar 2020
Net sales growth, %	80	–18	72	3
EBITDA, SEK m	1,172.5	495.2	3,985.3	1,821.3
EBITDA margin, %	49	37	44	35
Operational EBIT, SEK m	903.2	286.0	2,870.8	1,033.0
EBIT, SEK m	145.1	96.7	476.8	345.4
EBIT margin, %	6	7	5	7
Equity/assets ratio, %	80	60	80	60
Adjusted earnings per share, SEK ¹⁾	2.07	0.97	6.44	2.81
Earnings per share, SEK ¹⁾	0.37	0.42	0.72	0.91
Dividend per share, SEK	-	-	-	-
<i>Derivation of the alternative KPIs, operational EBIT and EBITDA</i>				
EBIT, SEK m	145.1	96.7	476.8	345.4
Amortization expenses added back to Operational EBIT				
- Goodwill, SEK m	612.3	110.4	1,924.9	285.1
- Intellectual property (IP) rights, SEK m	132.0	66.9	456.4	359.4
- Surplus value of Partner Publishing/Film, SEK m	13.8	12.0	54.1	43.1
Results from participation of associated companies	0.0	0.0	–41.4	0.0
Operational EBIT, SEK m	903.2	286.0	2,870.8	1,033.0
- Other depreciation and amortization expenses, SEK m	269.3	209.2	1,073.2	788.3
Results from participation of associated companies	0.0	0.0	41.4	0.0
EBITDA, SEK m	1,172.5	495.2	3,985.3	1,821.3

¹⁾ Recalculated with respect to the 3:1 split carried out on October 8, 2019 as resolved at the annual general meeting on September 17, 2019.

DEFINITIONS OF ALTERNATIVE KPI's

Embracer Group's definitions of a number of alternative KPI's used in this Interim Report are stated below. Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress. 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. The company has chosen to disclose operational EBIT in order to provide a fair picture of the underlying operational performance. This alternative key performance metric excludes amortization of acquisition-related goodwill, surplus values of specific business areas (currently Partner Publishing/Film) and IP values (trademarks, patents, copyrights etc.). The equity/assets ratio is stated because the Company regards this as a metric commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial position.

DEFINITIONS OF KPI'S, GROUP

Adjusted Earnings per share	Profit after tax excluding non-operational depreciations and amortizations net of tax and profit of revaluation of shares in associated companies divided by the average number of shares in the period. Tax related to non-operational depreciation and amortizations calculated using the effective tax rate (no tax effect on goodwill amortizations).
Earnings per share	Profit after tax less non-controlling interest divided by the average number of shares in the period.
EBIT margin	EBIT as a percentage of net sales.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EBITDA margin	EBITDA as a percentage of net sales.
Equity/assets ratio	Equity as a percentage of total assets.
Free Cash Flow	Cash Flow from operating activities for the period excluding net investment in acquired companies and cash flow from Financing activities.
Net sales growth	Net sales for the current period divided by net sales for the corresponding period of the previous year.
Non-operational Depreciation and Amortizations	Amortization of acquisition-related goodwill, surplus values of specific business areas and IP Values (trademarks, patents, copyrights etc).
Operational EBIT	EBIT excluding non-operational depreciations and profit/loss of revaluation of participation in associated companies.
Operational EBIT margin	Operational EBIT as a percentage of net sales.

DEFINITIONS, QUARTERLY INFORMATION

Completed games	Total book value of finished game development projects (released games) during the quarter. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and depreciation starts.
Depreciation and amortization	
Game development	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.
Other intangible assets (Film etc)	The majority of other intangible assets (Film etc) relates to the Group's film business and is depreciated based on actual sales in relation to expected sales of the relevant title.
IP-rights	Depreciation of Intellectual Property rights related to Games - straight-line depreciation over five years.
Surplus value Partner Publishing/Film	Depreciation of surplus values related to Partner Publishing/Film - straight-line depreciation over five years.
Goodwill	Depreciation of Goodwill - straight-line depreciation over five years.
Digital sales	All net sales not shipped physically.
External game developers	Number of game developers engaged in game development projects by studios that are not owned by the group (external studios).
External Studios	Number of external development studios engaged in game development projects.
Game development projects	Number of 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.
Internal employees, non-development	Number of employees not directly engaged in game development (both employees and contractors).
Internal game developers	Number of game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
Internal Studios	Number of internal development studios.
Net sales split – Games business area	
Owned titles	Net sales of game titles that are owned IP:s or titles that are controlled by the group.
Publishing titles	Net sales of game titles of IP:s the group does not own or control.
New releases sales by each quarter	Net sales of game titles that are released in the current quarter.
Back-catalog	Net sales of game titles that are not released in the current quarter.
Number of IP:s	Number of IP:s owned by the group.
Organic growth	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded.
Organic growth, CCY	Growth in Business Area – Games between periods where net sales from companies acquired in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.
Physical sales	All net sales shipped physically.

QUARTERLY INFORMATION BY CALENDAR YEAR

	2016	2017	2018				2019					2020				2021		
	Full year	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Jan-Mar
Consolidated Group																		
Net sales, SEK m	302	508	633	838	1,273	1,381	4,124	1,631	1,142	1,260	1,509	5,541	1,339	2,069	2,383	2,168	7,959	2,404
EBITDA, SEK m	132	273	226	207	215	326	974	619	390	418	518	1,945	495	965	969	879	3,308	1,172
Operational EBIT, SEK m	108	202	131	70	103	197	501	396	204	241	302	1,143	286	712	653	603	2,254	903
EBIT, SEK m	95	188	107	53	91	152	403	172	81	76	91	421	97	219	173	-61	428	145
Profit after tax, SEK m	72	139	81	33	65	114	294	103	53	65	34	254	132	91	228	-190	261	159
Number of shares (A&B), adjusted, million ¹⁾	183	222	238	241	265	283	252	283	308	310	312	303	312	368	385	423	372	427
Earnings per share, SEK ¹⁾	0.39	0.63	0.34	0.14	0.25	0.44	1.17	0.37	0.17	0.21	0.11	0.84	0.42	0.26	0.60	-0.45	0.83	0.37
Adjusted Earnings per share, SEK ¹⁾	0.45	0.68	0.42	0.19	0.28	0.55	1.50	1.00	0.51	0.65	0.68	2.82	0.97	1.51	1.80	1.06	5.34	2.07
Cash flow from operating activities, SEK m	99	179	700	165	-740	455	579	777	441	283	239	1,740	766	732	805	840	3,143	1,522
Free cash flow, SEK m	-	-	-	-	-	-	-	-	47	-116	-207	-	276	204	311	309	1,100	861
Sales growth, Group, YoY, %	42%	68%	673%	878%	1403%	441%	713%	158%	36%	-1%	9%	34%	-18%	81%	89%	44%	44%	80%
Organic growth, Games, YoY, %	-	-	-	-	-	-	-	-	-	-	-	-	-	74%	51%	11%	-	70%
Organic growth, CCY, Games, YoY, %	-	-	-	-	-	-	-	-	-	-	-	-	-	71%	61%	21%	-	85%
EBITDA, margin, %	44%	54%	36%	25%	17%	24%	24%	38%	34%	33%	34%	35%	37%	47%	41%	41%	42%	49%
Operational EBIT, margin, %	38%	40%	20%	8%	8%	14%	12%	25%	18%	19%	20%	21%	21%	34%	27%	28%	28%	38%
EBIT, margin, %	31%	37%	17%	6%	7%	11%	10%	11%	7%	6%	6%	8%	7%	11%	7%	-3%	5%	6%
Gross Margin (Net sales-COGS), SEK m	183	360	313	372	378	542	1,604	889	614	625	762	2,889	673	1,309	1,349	1,307	4,638	1,441
Gross Margin, %	61%	71%	50%	44%	30%	39%	39%	55%	54%	50%	51%	52%	50%	63%	57%	60%	58%	60%
Net sales per business area																		
Games - THQ Nordic, SEK m	302	508	135	146	124	352	756	143	185	330	333	991	307	488	567	380	1,742	355
Games - Deep Silver, SEK m	-	-	257	338	252	187	1,033	794	373	442	467	2,076	515	613	507	497	2,132	465
Games - Coffee Stain, SEK m	-	-	-	-	-	14	14	98	83	45	36	261	82	172	130	99	483	781
Games - Saber, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	349	259	307	915	271
Games - DECA Games, SEK m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	72	105	104
Games, total	302	508	391	484	376	553	1,803	1,035	641	816	836	3,328	904	1,622	1,495	1,355	5,376	1,975
Partner Publishing/Film, SEK m	-	-	242	354	897	828	2,320	596	501	444	673	2,213	436	447	888	813	2,584	429
Net sales split – Games business area																		
Owned titles, %	71%	77%	34%	39%	50%	72%	50%	84%	80%	78%	79%	80%	70%	74%	66%	65%	69%	47%
Publishing titles, %	29%	23%	66%	61%	50%	28%	50%	16%	20%	22%	21%	20%	30%	26%	34%	35%	31%	53%
Owned titles, SEK m	213	391	134	189	188	396	907	871	510	637	657	2,675	633	1,194	994	875	3,696	927
Publishing titles, SEK m	89	116	257	295	188	157	897	164	131	179	178	653	270	428	501	480	1,680	1,048
New releases sales by each quarter, %	-	-	63%	20%	31%	58%	-	75%	18%	32%	35%	-	38%	45%	33%	20%	-	42%
Back-catalog, %	-	-	37%	80%	69%	42%	-	25%	82%	68%	65%	-	62%	55%	67%	80%	-	58%
New releases sales by each quarter, SEK m	-	-	246	98	117	321	-	781	118	261	291	-	345	733	488	272	-	838
Back-catalog, SEK m	-	-	145	386	259	232	-	254	524	555	545	-	559	889	1,007	1,083	-	1,137
Physical sales, %	51%	50%	62%	50%	48%	59%	55%	39%	29%	26%	31%	32%	22%	26%	24%	21%	23%	11%
Digital sales, %	49%	50%	38%	50%	52%	41%	45%	61%	71%	74%	69%	68%	78%	74%	76%	79%	77%	89%
Physical sales, SEK m	154	253	243	242	179	324	988	407	189	215	259	1,070	195	419	352	289	1,255	225
Digital sales, SEK m	148	251	148	242	197	229	815	628	452	601	577	2,258	709	1,203	1,143	1,066	4,121	1,750
Depreciation and amortization																		
Game development	-24	-62	-59	-109	-80	-93	-341	-192	-162	-144	-133	-631	-148	-191	-222	-200	-761	-202
Other intangible assets (Film etc.)	-	-	-33	-24	-27	-31	-115	-25	-16	-26	-76	-144	-53	-55	-43	-65	-216	-54
Sub-total	-24	-62	-92	-133	-107	-124	-455	-217	-179	-170	-209	-775	-201	-246	-265	-265	-977	-256
Acquisition-related depreciation																		
IP-rights	-13	-14	-11	-7	-9	-8	-33	-166	-69	-101	-123	-458	-67	-102	-104	-118	-391	-132
Surplus value Partner Publishing/Film	-	-	-12	-10	-2	-9	-33	-15	-8	-12	-11	-46	-12	-15	-15	-10	-52	-14
Goodwill	-	-	-1	-1	-2	-28	-32	-43	-45	-52	-77	-218	-110	-375	-401	-536	-1,423	-612
Sub-total	-13	-14	-24	-17	-13	-45	-99	-224	-123	-164	-211	-722	-189	-492	-521	-664	-1,867	-758
Total intangible assets	-37	-76	-116	-150	-120	-169	-554	-441	-302	-334	-420	-1,497	-390	-738	-786	-929	-2,844	-1,014
Investments in intangible assets																		
External game developm. and advances, SEK m	98	212	115	114	132	167	528	189	225	166	152	732	193	209	172	150	724	166
Internal capitalized development, SEK m	36	80	58	94	102	106	359	116	131	177	221	645	224	248	273	372	1,117	398
Other intangible assets	-	11	12	31	18	31	91	20	22	43	46	131	40	41	39	35	155	36
IP-rights	23	4	-	0	22	11	32	0	0	6	0	7	8	0	0	0	8	0
Total	157	306	185	239	273	314	1,010	326	378	392	419	1,515	465	498	484	558	2,005	599
Completed games																		
Completed games, SEK m	-	176	123	47	50	162	383	220	168	104	152	644	165	253	311	156	885	117
Other KPIs																		
Total Game Dev projects	-	-	54	51	55	77	-	80	81	86	96	-	103	125	135	150	-	160
Announced Game Dev projects	-	-	19	17	20	29	-	32	34	37	44	-	43	52	53	61	-	53
Unannounced Game Dev projects	-	-	35	34	35	48	-	48	47	49	52	-	60	73	82	89	-	107
Total internal game developers	-	-	536	565	608	613	-	860	882	1,162	1,237	-	1,359	2,076	2,551	3,673	-	4,036
Total external game developers	-	-	714	692	740	871	-	807	946	1,110	1,021	-	1,006	1,109	1,042	963	-	1,079
Total internal employees, non-development	-	-	470	486	554	529	-	541	590	709	713	-	744	790	851	1,094	-	1,210
Total number headcount	-	-	1,720	1,743	1,902	2,013	-	2,208	2,418	2,981	2,970	-	3,109	3,975	4,445	5,730	-	6,325
Number of studios																		
Total number External Studios	-	-	18	29	26	26	-	42	48	55	58	-	58	55	56	57	-	66
Total number Internal Studios	-	-	10	10	10	10	-	17	18	18	20	-	26	33	46	56	-	60
Total number Studios	-	-	28	39	36	36	-	59	66	73	78	-	84	88	102	113	-	126
Total number of IP	-	-	91	106	107	119	-	136	138	148	154	-	160	174	195	208	-	225

¹⁾ Recalculated with respect to the 3:1 split carried out on October 8, 2019 as resolved at the annual general meeting on September 17, 2019. Number of shares for previous periods have been adjusted.

Embracer Group is the parent company of businesses developing and publishing PC, console and mobile games for the global games market. The Group has an extensive catalogue of over 240 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro, MX vs ATV, Kingdoms of Amalur, TimeSplitters, Satisfactory, Wreckfest, Insurgency, World War Z and Borderlands, amongst many others.

With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its eight operative groups: THQ Nordic GmbH, Koch Media GmbH/Deep Silver, Coffee Stain AB, Amplifier Game Invest, Saber Interactive, DECA Games, Gearbox Entertainment and Easybrain. Embracer Group has 68 internal game development studios and is engaging more than 7,000 employees and contracted employees in more than 40 countries.