

Q1

FY 2024/25

EMBRACER GROUP INTERIM REPORT

APRIL – JUNE 2024

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Q1 Interim Report FY 2024/25

Q1 FY 2024/25

Net Sales Group

SEK **7,933m**

YOY GROWTH

-24%

Adjusted EBIT

SEK **828m**

YOY GROWTH

-51%

Free cash flow

SEK **47m**

Q1 FY 2023/24

SEK **(-599m)**



Highlights

FY 2024/25 started in line with management expectations

Significantly improved cash flow and lowered net debt

Growing profitability in Mobile and Tabletop YoY

Transformation of PC/Console continues

Spin-off plans on track and Asmodee first up with CMD during Q3 FY 2024/25

1.

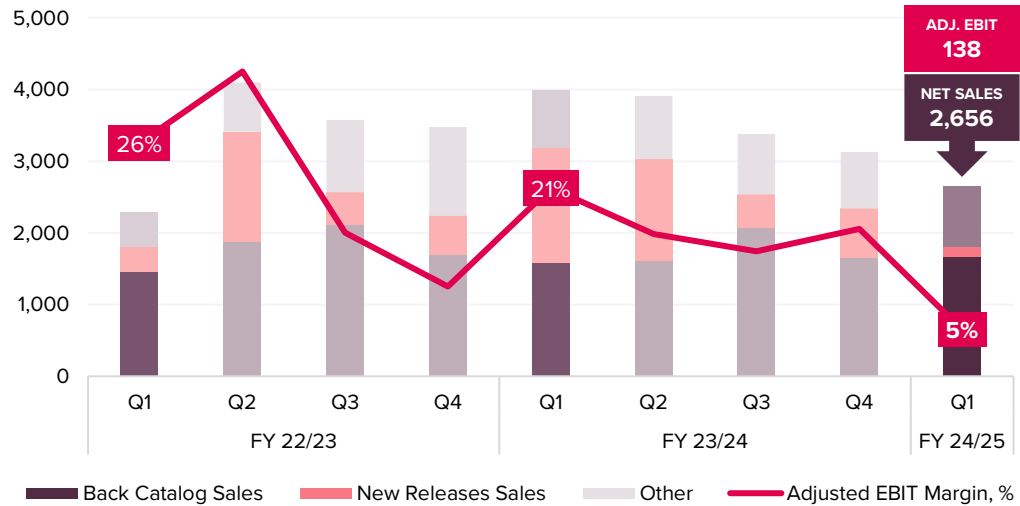


Operating segments



PC/Console Games

NET SALES REVENUE SPLIT SEK million & ADJUSTED EBIT MARGIN



BACK CATALOG SALES | SEK million



TOP 10 BACK CATALOG



NEW RELEASES



ORGANIC GROWTH

-30%

PRO FORMA GROWTH

-30%



Operative Groups: 5 | Internal Headcount: 5,438 | Internal Studios: 66

THQ NORDIC

PLAION

Coffee
Stain

amplifier

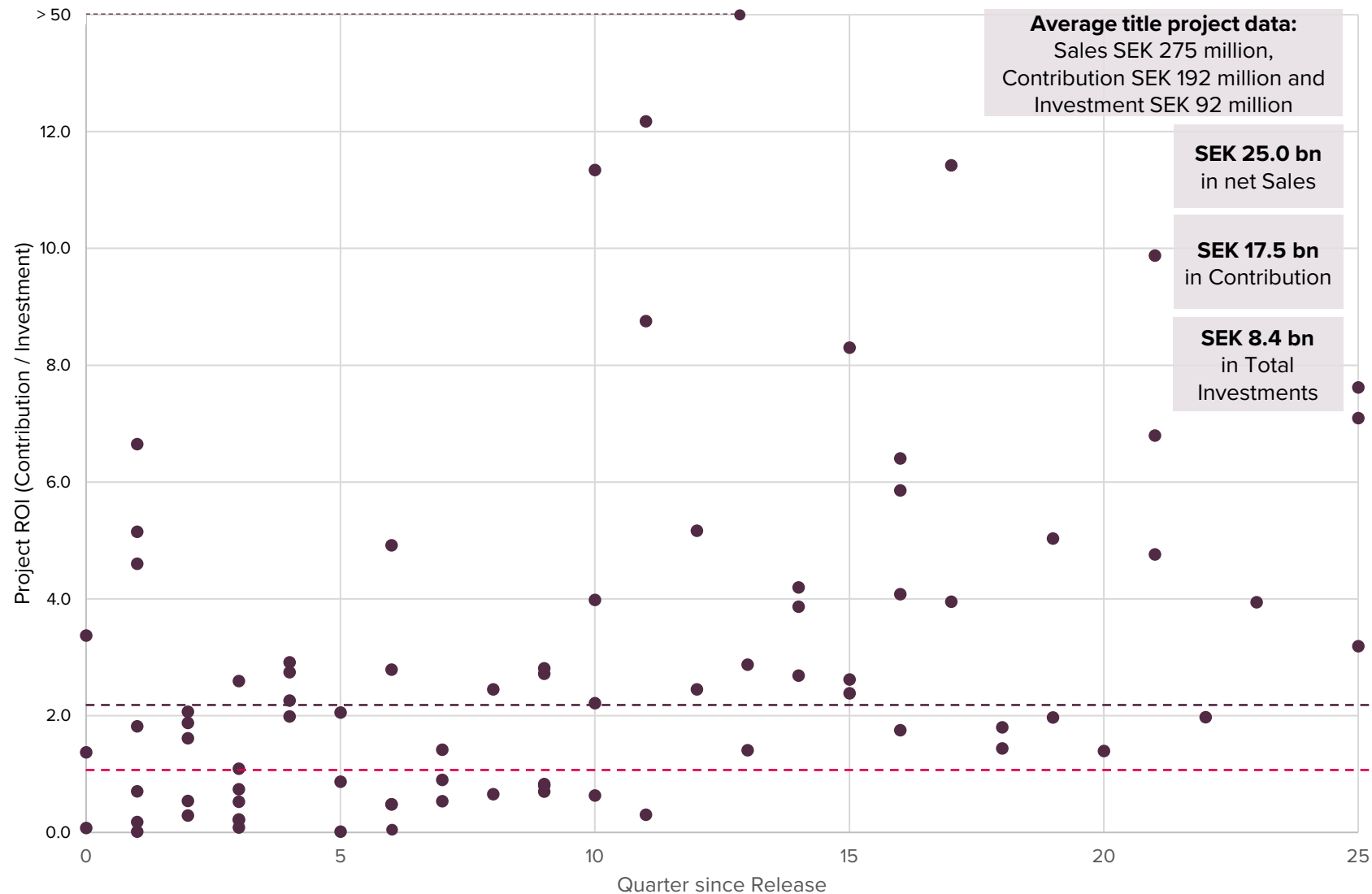
CRYSTAL
DYNAMICS

eidos
montreal

AW
FIGHT FOREVER



PROJECT ROI (CONTRIBUTION/INVESTMENT)



DETAILS

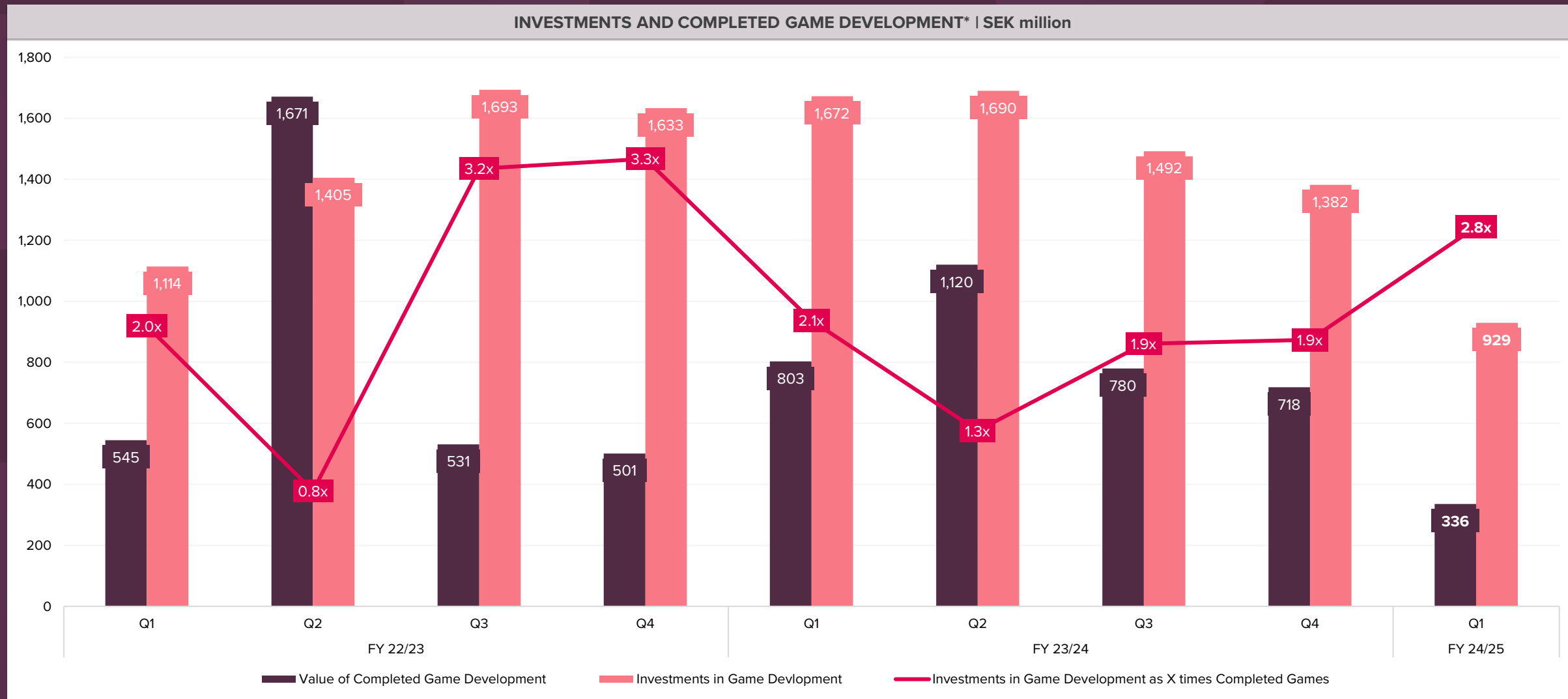
- Based on reported numbers until June 30, 2024
- Sample includes projects with sales and/or investments above SEK 40 millions (91 projects).
- $ROI = \text{Contribution} / \text{Investment}$
- Contribution = Gross Profit less marketing expenses from release to June 30, 2024
- Investment = Capitalized Development Expenses including follow-on investment
- Projects released by divested companies are excluded. The average ROI for games released by divested companies during last 2 years is 1.0x

2.1x in average

1.0x in break even



Investments and completed game development





Solid pipeline for FY 2024/25



Deep Silver | PLAION
Warhorse Studios



THQ Nordic
Purple Lamp



Arc Games
Heart Machine



Milestone
Milestone



THQ Nordic
Alkimia Interactive



Tripwire
Tripwire



Coffee Stain Publishing
Coffee Stain Studios

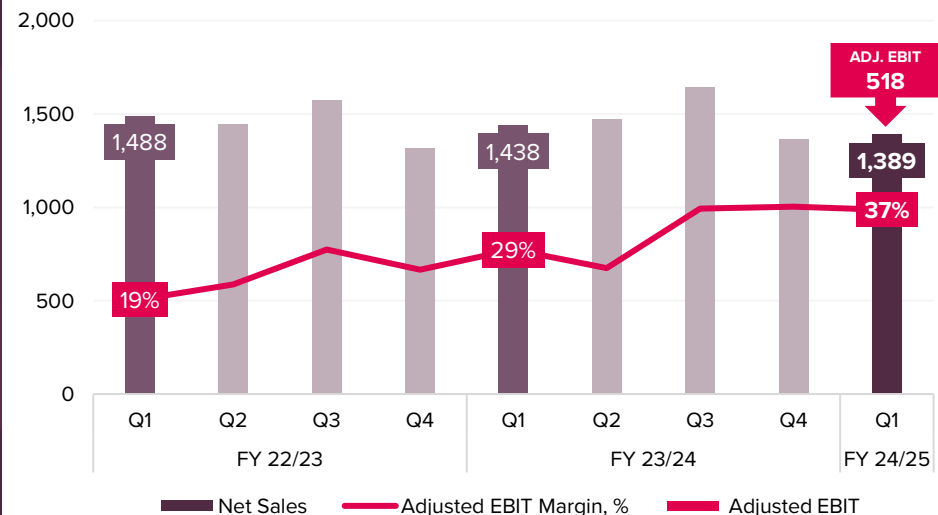


THQ Nordic
Grimlore Games

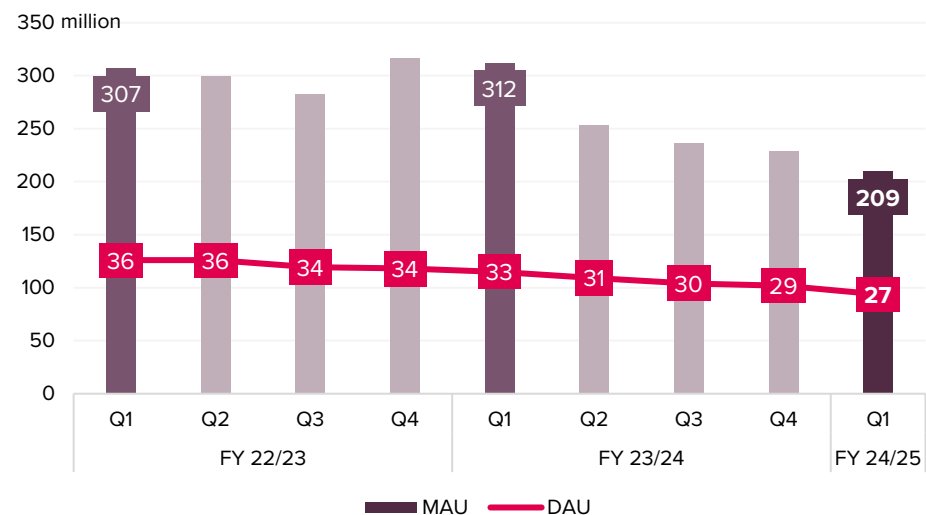


Mobile Games

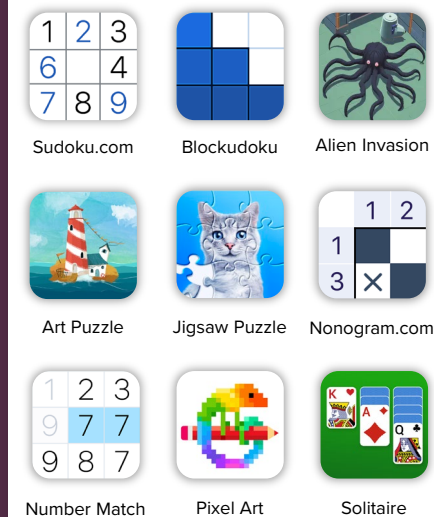
NET SALES SEK million & ADJUSTED EBIT MARGIN



DAILY ACTIVE USERS & MONTHLY ACTIVE USERS



NET SALES DRIVERS



ORGANIC GROWTH

-12%

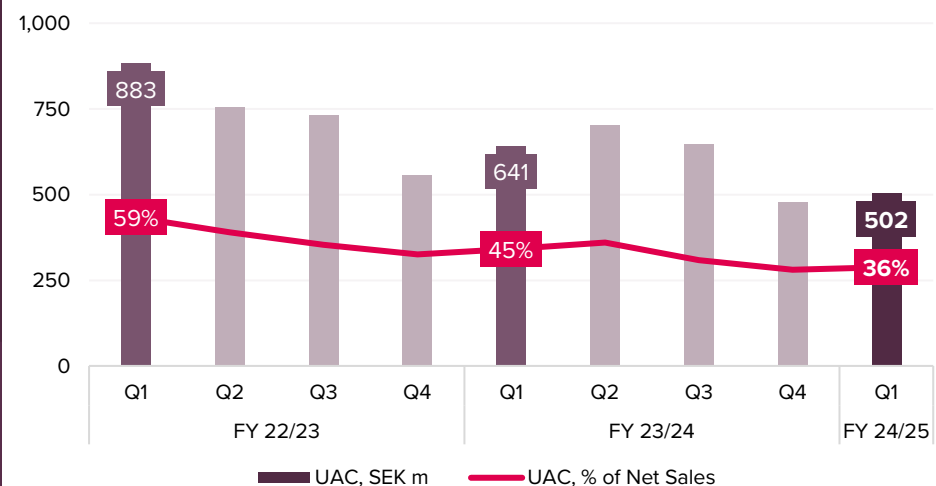
PRO FORMA GROWTH

-8%



Crossword Master

USER ACQUISITION COST | SEK million



Operative Groups: 2 | Internal Headcount: 1,093 | Internal Studios: 11

Easybrain

DECA



Today's speaker



THOMAS KÖGLER

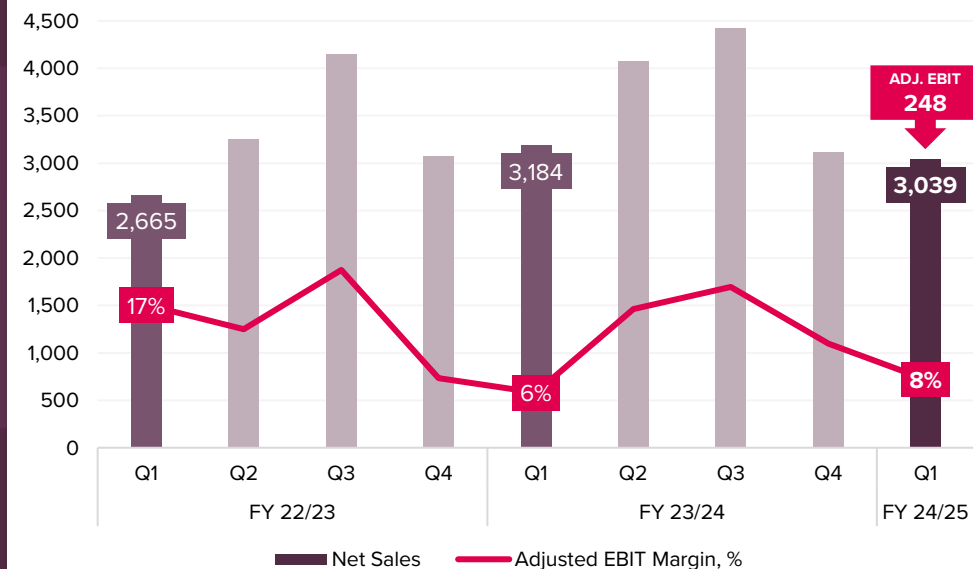
DEPUTY COO





Tabletop Games

NET SALES SEK million & ADJUSTED EBIT MARGIN



STRONG PIPELINE



NEW RELEASES



ORGANIC GROWTH

-3%

PRO FORMA GROWTH

-3%

Announced multi-year
partnership with the
LEGO Group

Operative Groups: 1 | Internal Headcount: 2,404 | Internal Studios: 23

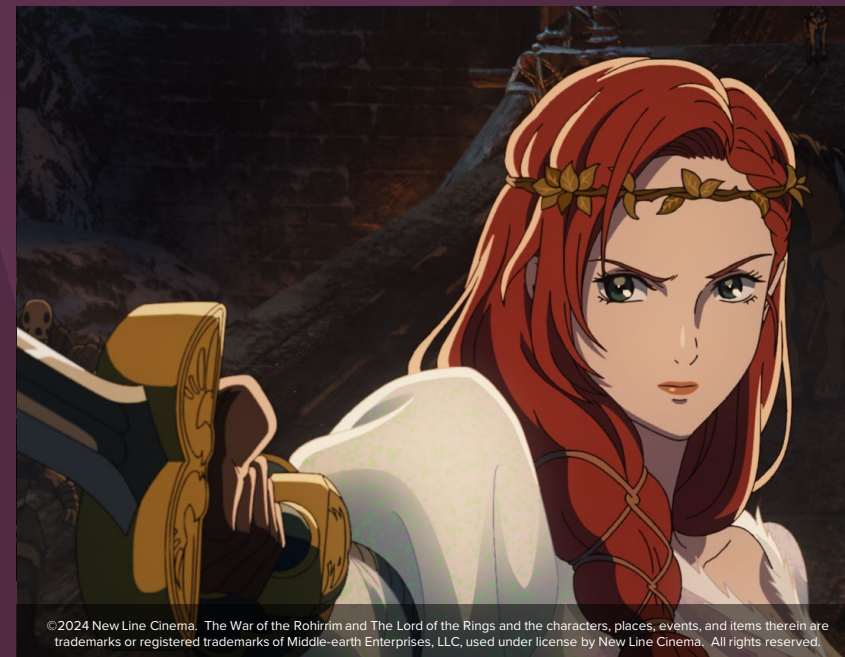
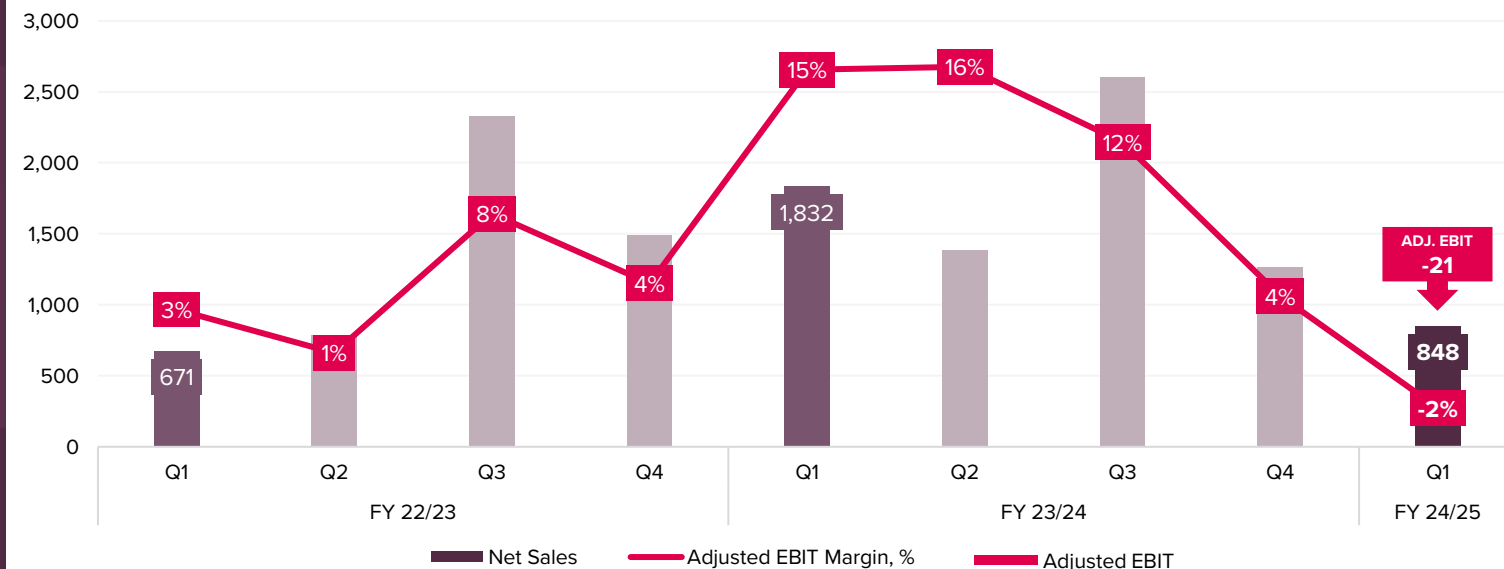
asmodee



**3 BOARD
GAME
ARENA**
LET'S CELEBRATE
**10 MILLION
MEMBERS!**



NET SALES SEK million & ADJUSTED EBIT MARGIN



ORGANIC GROWTH

-54%

PRO FORMA GROWTH

-54%



We are actively testing and prototyping multiple new game concepts, exploring a wide range of immersive and authentic gameplay within the Middle-earth world

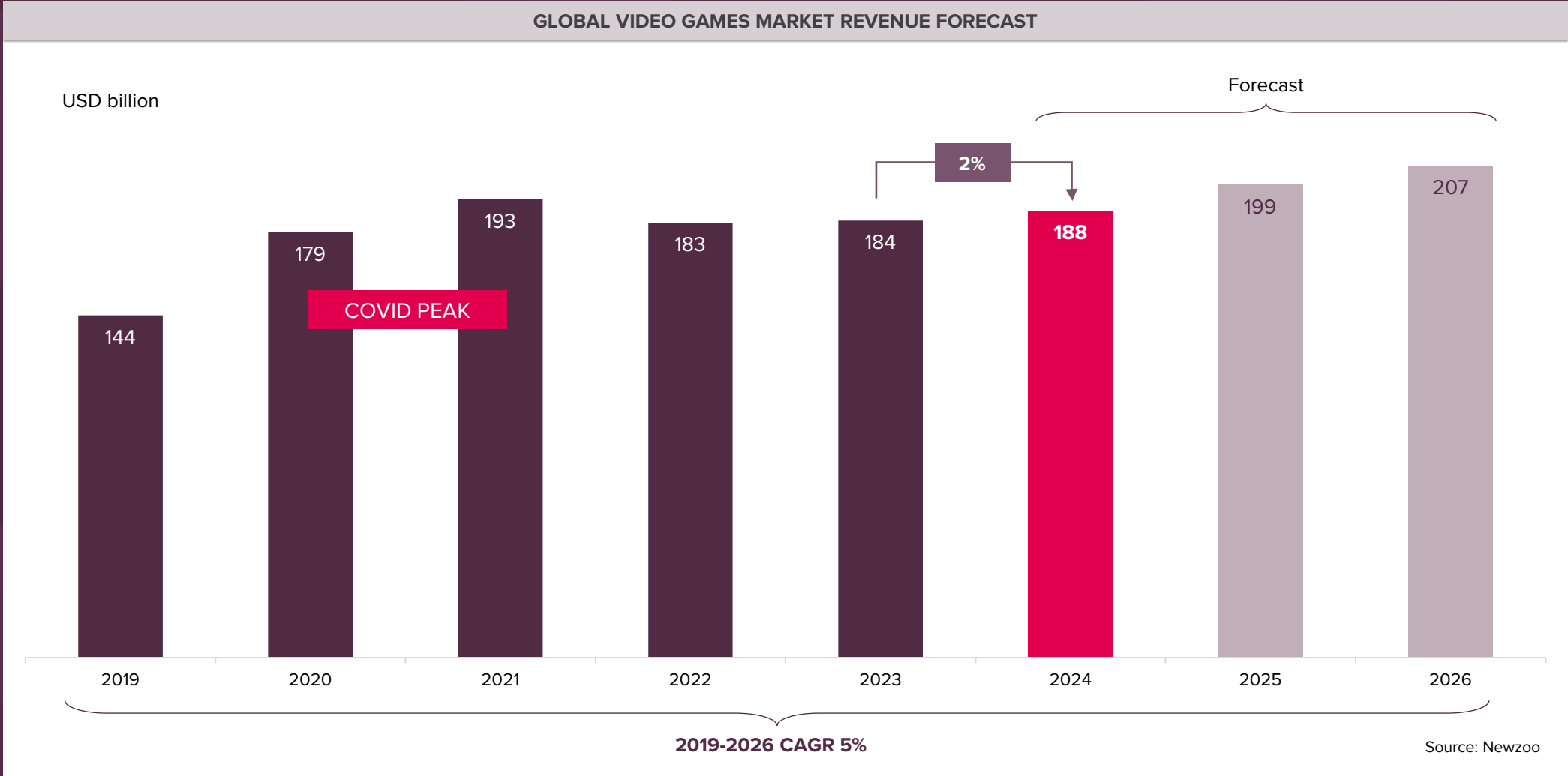
Operative Groups: 3 | Internal Headcount: 827 | Internal Studios: 3

FREEMODE
BY EMBRACER



After the quarter Netflix premiered the fourth season of Dark Horse's hit series *The Umbrella Academy*

Market update



GLOBAL MARKET

PC¹
expected to grow by
+4%
in 2024

Mobile¹
expected to grow by
+3%
in 2024

Console¹
expected to decline by
-1%
in 2024

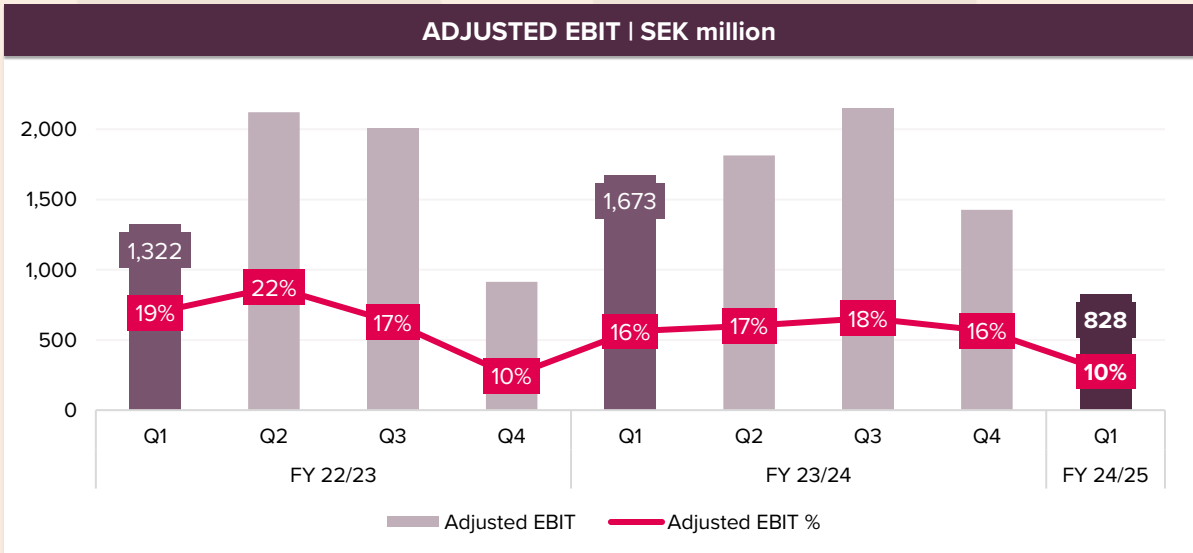
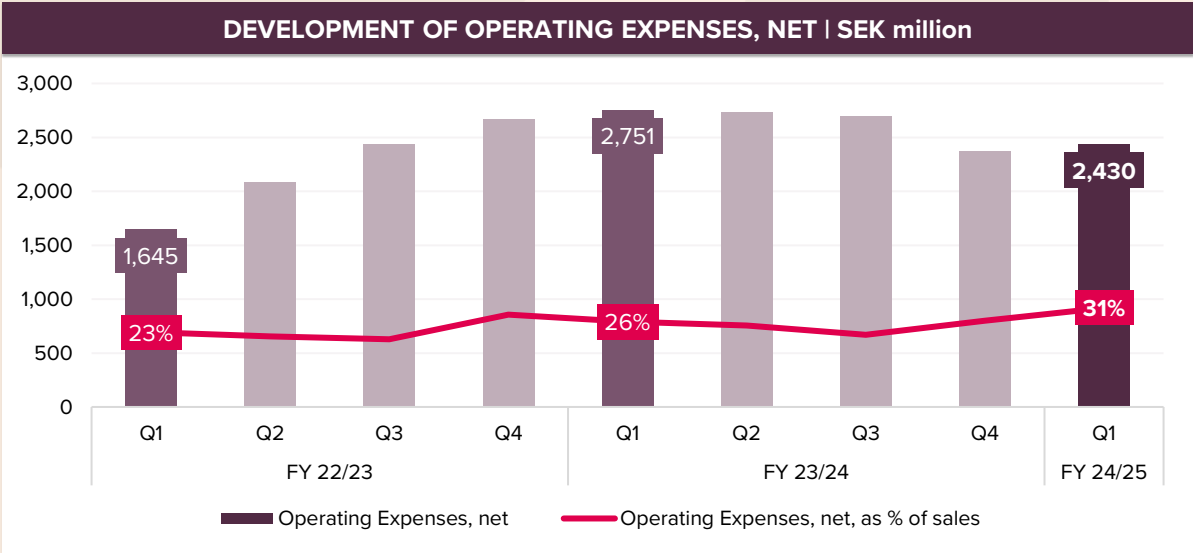
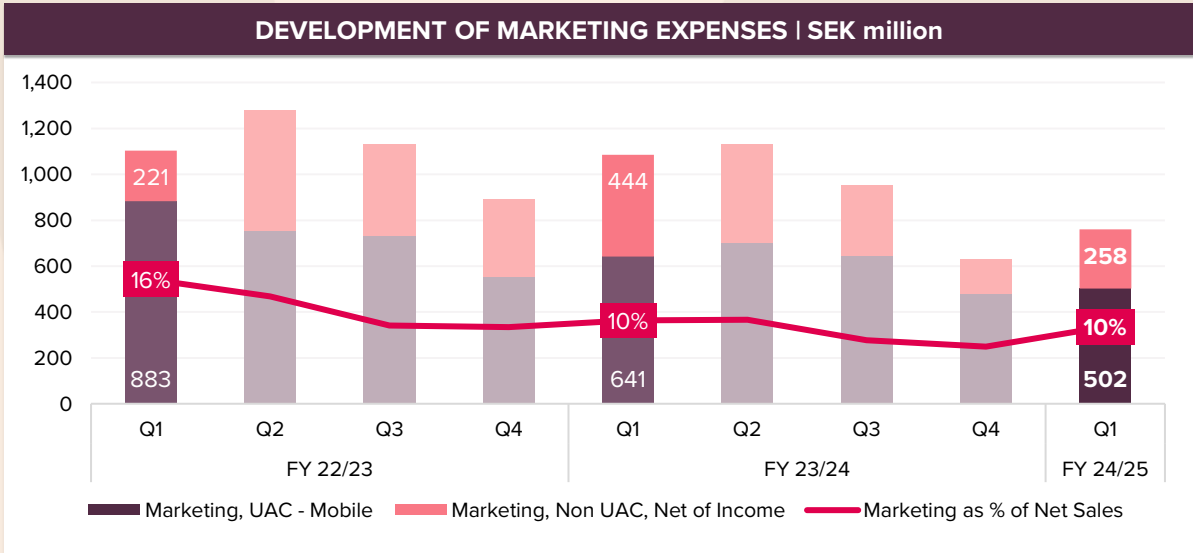
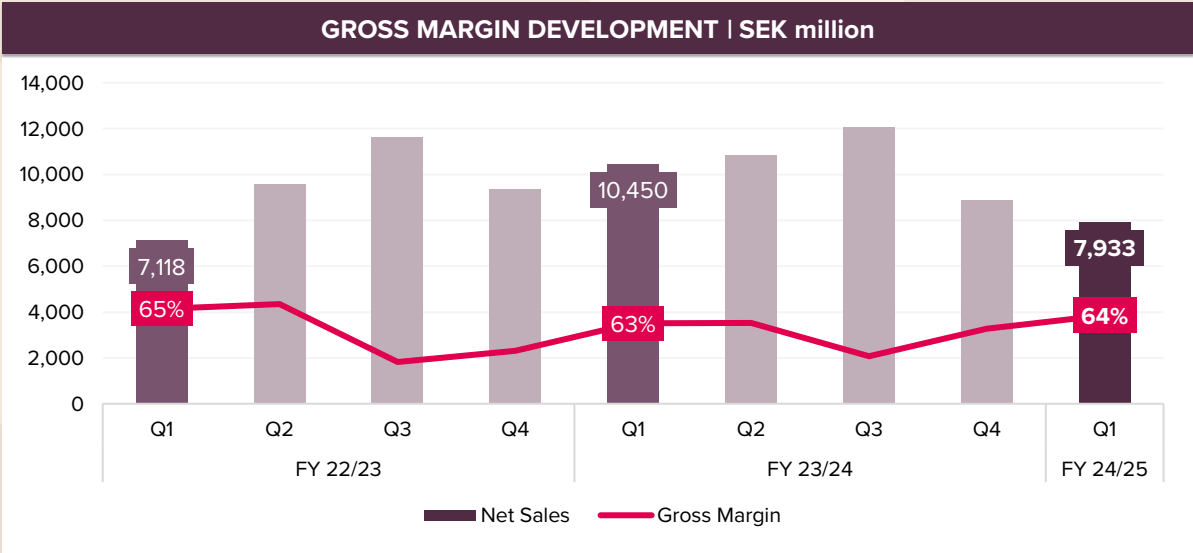
Tabletop²
grew by
+1.1%
in 2024 (Jan-June)

2.

Financial performance

The background image is a dynamic and intense battle scene from the Warhammer 40,000 universe. It depicts a fierce clash between Ork forces, identifiable by their green and yellow camouflage, and Imperial Guard units. In the foreground, an Ork tank with a skull emblem is engaged in combat with a heavily armored Imperial Guard tank. The scene is filled with large, bright orange and yellow explosions, billowing black smoke, and streaks of fire. Various other vehicles, including a red and blue Ork tank and a blue Imperial Guard tank, are visible in the mid-ground, some appearing to be in motion or being destroyed. The sky is dark and filled with falling debris and bright, fiery trails from explosions or incoming fire. The overall atmosphere is one of total war and destruction.

Financial development



Cash flow and net debt

SEKm	FY24/25 Q1	FY23/24 Q1	FY 24/25 Q1 TTM	FY 23/24 Q1 TTM
Adjusted EBITDA	1,869	2,697	10,549	10,696
Cash Tax	-83	-229	-831	-951
Other items	-354	-319	-1,399	-698
Operating Cash flow	1,432	2,149	8,319	9,047
Net investment in intangible assets	-1,051	-1,911	-6,149	-6,703
Net investment in tangible assets	-72	-103	-279	-524
Net investment in financial assets	-67	-223	-218	-252
Net Investment	-1,190	-2,237	-6,646	-7,479
Free Cash Flow before WC	242	-88	1,673	1,568
Change in working capital	-195	-511	429	-1,413
Free Cash Flow after WC	47	-599	2,102	155
Cash Flow from financing activities	-2,810	120	-2,097	2,760
Net cash flow from acquired/divested companies	2,705	-392	241	-9,444
Cash effect IAC costs	-197	-	-865	-
Cash Flow for the period	-255	-871	-619	-6,529

SEKm	June 30, 2024	June 30, 2023
Cash	3,221	3,952
Current investments	-	17
Current liabilities to credit institutions	-15,420	-17,962
Current account credit facilities	-89	-88
Non-current liabilities to credit institutions	-1,987	-2,671
Net Debt (-) / Net Cash (+)	-14,275	-16,752

- Significant improved free cash flow generation on a trailing twelve months basis. Net investment in Q1 2024/25 is SEK 1.0 billion lower versus previous year due to effects from divestments and the completed restructuring program.
- Cash flow from divested companies in the quarter is mainly related to net proceed from divestment of Gearbox Entertainment.
- Net debt not considering short term interest-bearing receivable SEK 2.1 billion related to divestment of assets in Saber Interactive.

Pro forma financials

SEK, billion (TTM)	Asmodee			“Coffee Stain & Friends ³ ”			“Middle-earth & Friends ³ ”			Embracer Group ¹		
	FY 22/23	FY 23/24	Q1 FY 24/25	FY 22/23	FY 23/24	Q1 FY 24/25	FY 22/23	FY 23/24	Q1 FY 24/25	FY 22/23	FY 23/24	Q1 FY 24/25
Net sales	13.4	14.8	14.6	10.5	10.7	10.6	12.3	14.2	12.1	36.2	39.7	37.4
Adjusted EBITDA	2.3	2.4	2.5	3.8	4.5	4.7	3.2	4.6	3.5	9.2	11.3	10.5
Adjusted EBIT	2.0	2.1	2.1	2.6	3.1	3.1	1.6	2.4	1.5	6.0	7.3	6.5
Capex	-0.3	-0.3	-0.3	-2.2	-2.0	-1.7	-3.3	-2.7	-2.5	-5.8	-4.9	-4.6
EBITDAC ²	2.0	2.2	2.2	1.6	2.5	2.9	-0.1	1.9	1.0	3.3	6.3	5.9

Net debt and earnout

Pro forma Net debt

Pro forma Net debt	SEK, billion
Pro forma Net debt 30/6-2024	14.3
Estimated cash inflow from divestments	(2.1)
Estimated pro forma Net debt range¹	12.2

¹ whereof approx. SEK 9.4m related to the ringfenced Asmodee structure

Earnout obligation (cash)

	SEK, billion
"Coffee Stain & Friends ² "	1.0
"Middle-earth & Friends ² "	1.9
Asmodee Group	1.1
Cash obligation	4.0

Earnout obligation (shares)

No. of shares	Expected range
No. of outstanding shares	1,349 million
Earnout shares to be issued expected range	10 million
No. of shares – dilution	1,360 million

3.

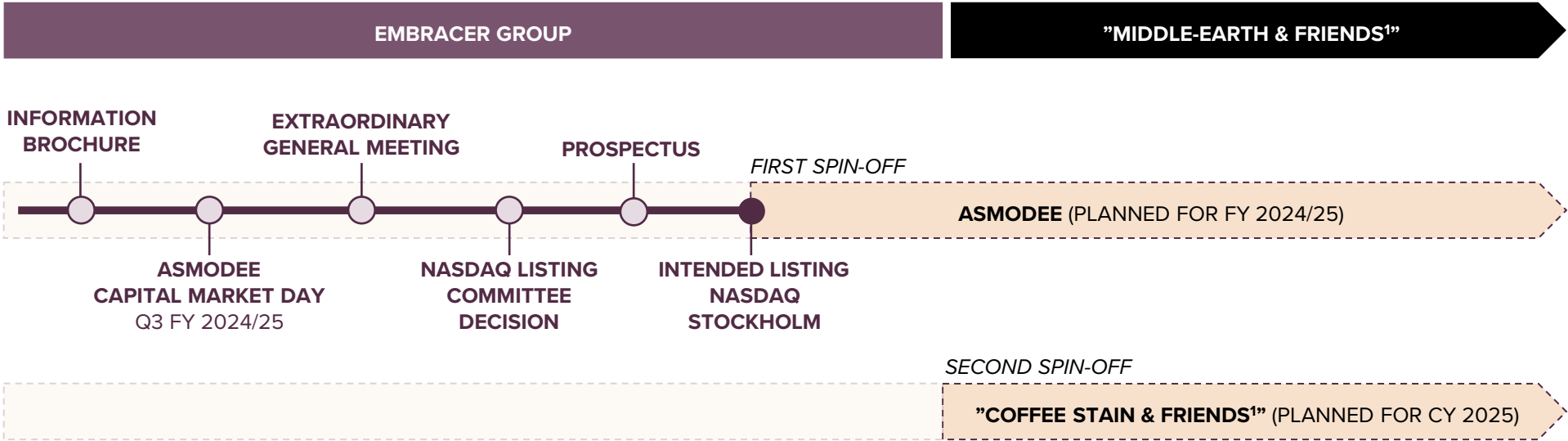
Update for the **spin-off** processes

Spin-off processes proceed according to plan

Reminder of rationale

- Unlocking value in the high-quality assets of Embracer Group, enabling each entity to better focus on their core strategies and to drive long-term value creation

Illustrative timeline²



Asmodee progress

Andrea Gasparini appointed Asmodee Group CFO	Formal kick-off with Nasdaq planned for September	Work on governance structures & company policies progressing well
Introductory meetings held with Nasdaq and Listing Auditor	Detailed time plan in place and all advisors appointed	Asmodee CMD planned for Q3 FY 2024/25

¹ Working name TBD

² For illustrative purposes, not to scale



Q&A

Until ~10:00 CEST

5.

Appendix

Asmodee Group

SEK, billion	Asmodee Group					
	FY 2023/24				FY 2024/25	
	Q1	Q2	Q3	Q4	Q1	TTM
Net sales	3.2	4.1	4.4	3.1	3.0	14.6
Adjusted EBITDA	0.3	0.8	0.9	0.5	0.3	2.4
Adjusted EBIT	0.2	0.7	0.8	0.4	0.2	2.1
Capex	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
EBITDAC ¹	0.2	0.7	0.8	0.4	0.3	2.2

¹ EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

“Coffee Stain & Friends”

SEK, billion	“Coffee Stain & Friends”					
	FY 2023/24				FY 2024/25	
	Q1	Q2	Q3	Q4	Q1	TTM
Net sales	2.4	3.0	2.8	2.5	2.4	10.7
Adjusted EBITDA	0.9	1.3	1.2	1.1	1.1	4.7
Adjusted EBIT	0.6	0.9	0.9	0.7	0.6	3.1
Capex	-0.6	-0.5	-0.4	-0.4	-0.4	-1.8
EBITDAC ¹	0.3	0.8	0.8	0.7	0.7	2.9

¹ EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

“Middle-earth & Friends”

SEK, billion	“Middle-earth Enterprises & Friends”					
	FY 2023/24				FY 2024/25	
	Q1	Q2	Q3	Q4	Q1	TTM
Net sales	4.2	3.1	4.2	2.7	2.1	12.1
Adjusted EBITDA	1.6	0.9	1.2	0.9	0.5	3.5
Adjusted EBIT	1.0	0.4	0.7	0.4	0.1	1.5
Capex	-0.8	-0.7	-0.6	-0.6	-0.6	-2.5
EBITDAC ¹	0.8	0.2	0.6	0.3	-0.1	1.0

¹ EBITDAC = Adjusted EBITDA less Gross investment in intangible and tangible assets

Embracer Group¹

SEK, billion	Embracer Group ¹					
	FY 2023/24				FY 2024/25	
	Q1	Q2	Q3	Q4	Q1	TTM
Net sales	9.8	10.2	11.4	8.3	7.6	37.4
Adjusted EBITDA	2.7	2.9	3.3	2.5	1.9	10.5
Adjusted EBIT	1.7	1.9	2.3	1.5	0.8	6.5
Capex	-1.4	-1.3	-1.1	-1.1	-1.0	-4.6
EBITDAC ¹	1.2	1.6	2.2	1.4	0.8	5.9

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

EMBRACER⁺
GROUP