

Q2

FY 2024/25

**EMBRACER GROUP
INTERIM REPORT**

JULY – SEPTEMBER 2024

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Q2 Interim Report FY 2024/25

Q2 FY 2024/25

Net Sales Group	YOY GROWTH
SEK 8,552m	-21%
ORGANIC GROWTH	PRO FORMA GROWTH
-14%	-14%

Adjusted EBIT	YOY GROWTH
SEK 1,207m	-33%

Free cash flow	Q2 FY 2023/24
SEK -473m	(SEK 387m)



Highlights

Asmodee showed solid earnings growth YoY, softer quarter for our other segments

For PC/Console, we now expect lower earnings this year partly due to delays

Ongoing work to improve efficiency and increase ROI

Asmodee spin-off around the corner with CMD on November 19

EMBRACER+ GROUP	Easybrain
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1.

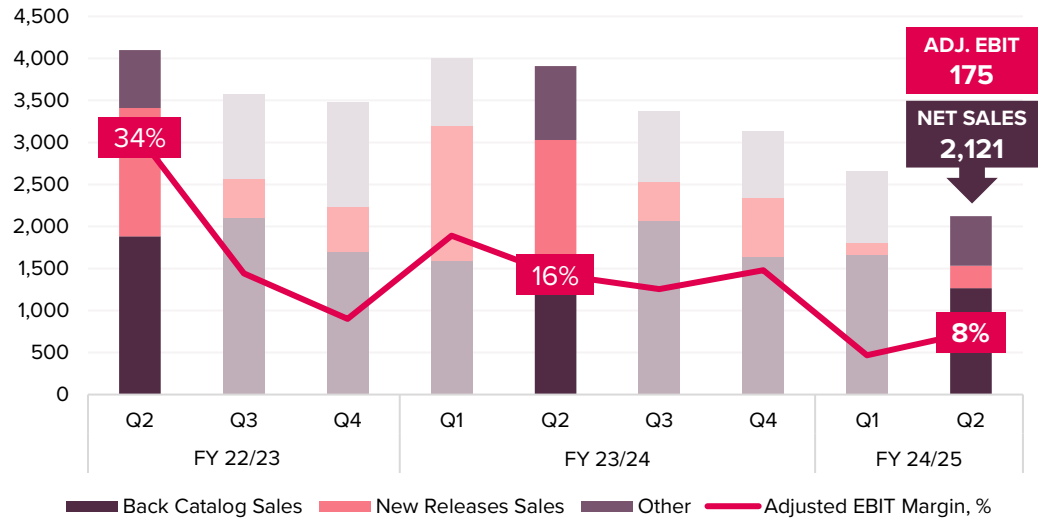


Operating segments

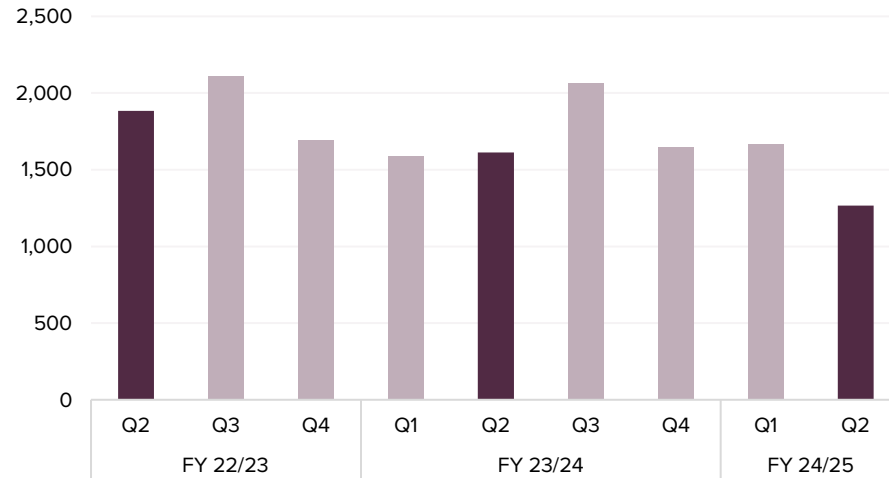


PC/Console Games

NET SALES REVENUE SPLIT SEK million & ADJUSTED EBIT MARGIN



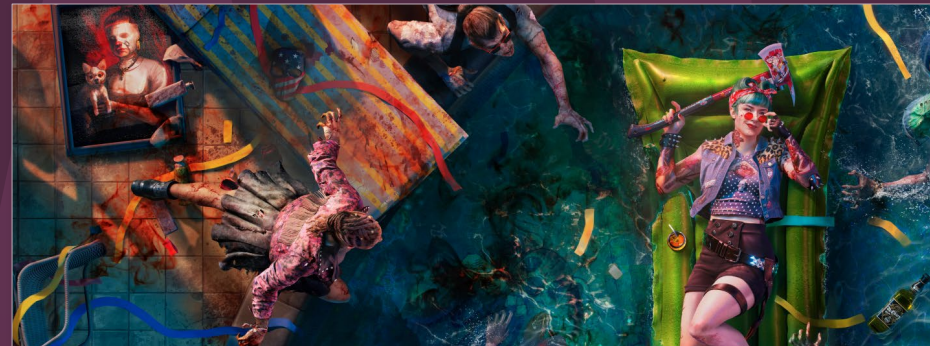
BACK CATALOG SALES | SEK million



TOP 10 BACK CATALOG



NEW RELEASES



Operative Groups: 5 | Internal Headcount: 5,205 | Internal Studios: 66

THQ NORDIC

PLAION

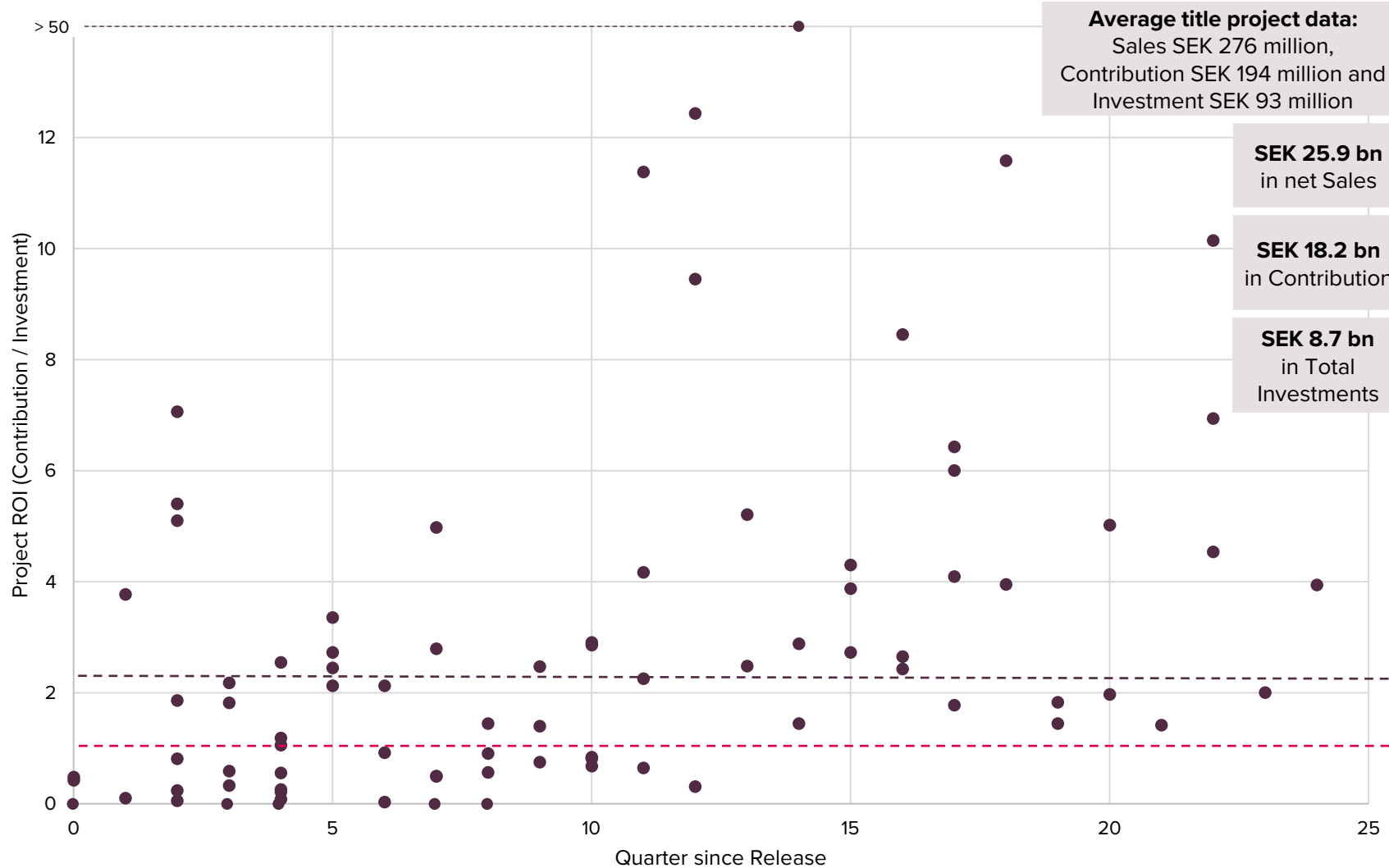
Coffee Stain

amplifier

CRYSTAL DYNAMICS | eidos montreal



PROJECT ROI (CONTRIBUTION/INVESTMENT)



DETAILS

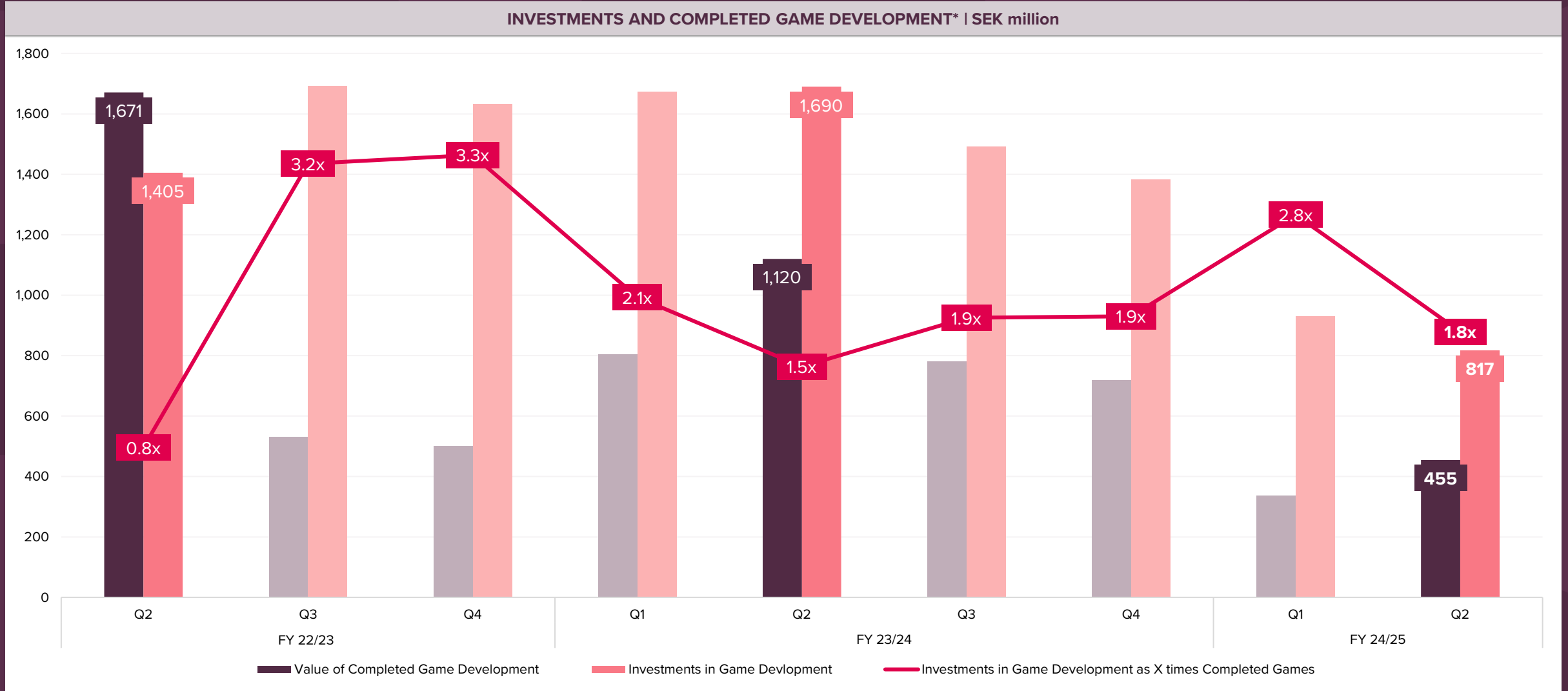
- Based on reported numbers until September 30, 2024
- Sample includes projects with sales and/or investments above SEK 40 millions (94 projects).
- ROI = Contribution / Investment
- Contribution = Gross Profit less marketing expenses from release to September 30, 2024
- Investment = Capitalized Development Expenses including follow-on investment
- Projects released by divested companies are excluded.

2.1x in average

1.0x in break even



Investments and completed game development



Source: as of September 30, 2024 | *Gross investments in PC/Console game development



Over 120 game development projects in the pipeline



Q3

Aspyr
Crystal Dynamics



Q4

Deep Silver | PLAION
Warhorse Studios



Q4

Aspyr
Crystal Dynamics



TBA

Coffee Stain Publishing
Coffee Stain Studios | Fishlabs



TBA

THQ Nordic
Alkimia Interactive



TBA

Tripwire
Tripwire



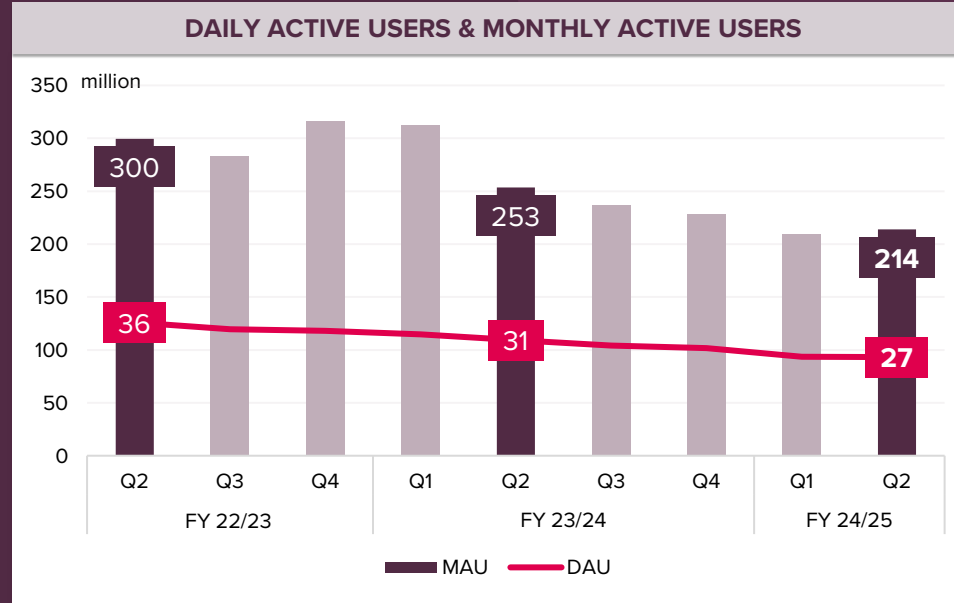
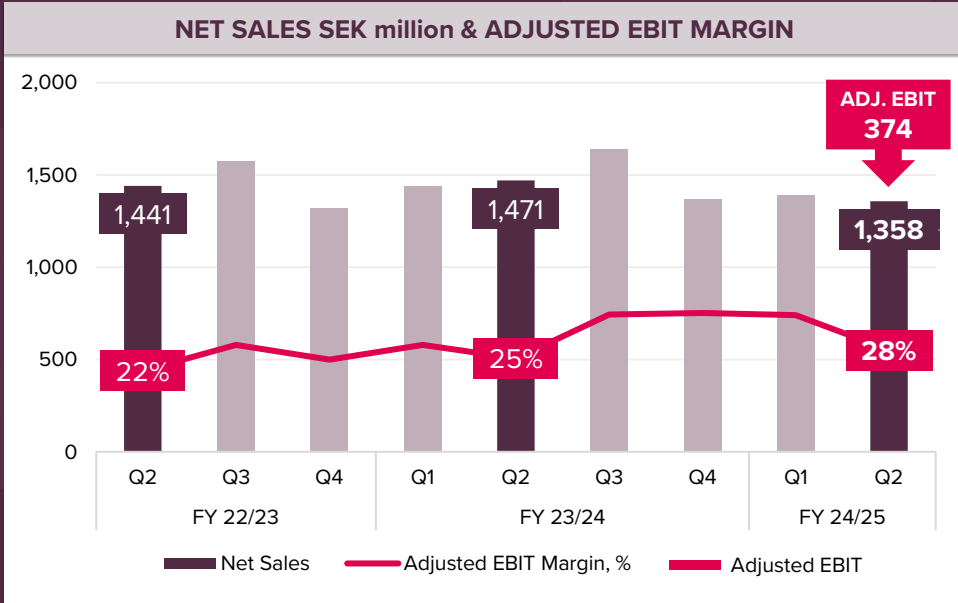
TBA

Arc Games
Heart Machine



TBA

THQ Nordic
Grimlore Games

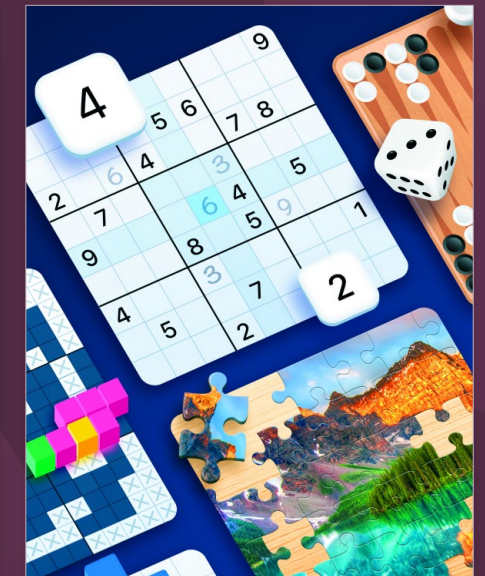
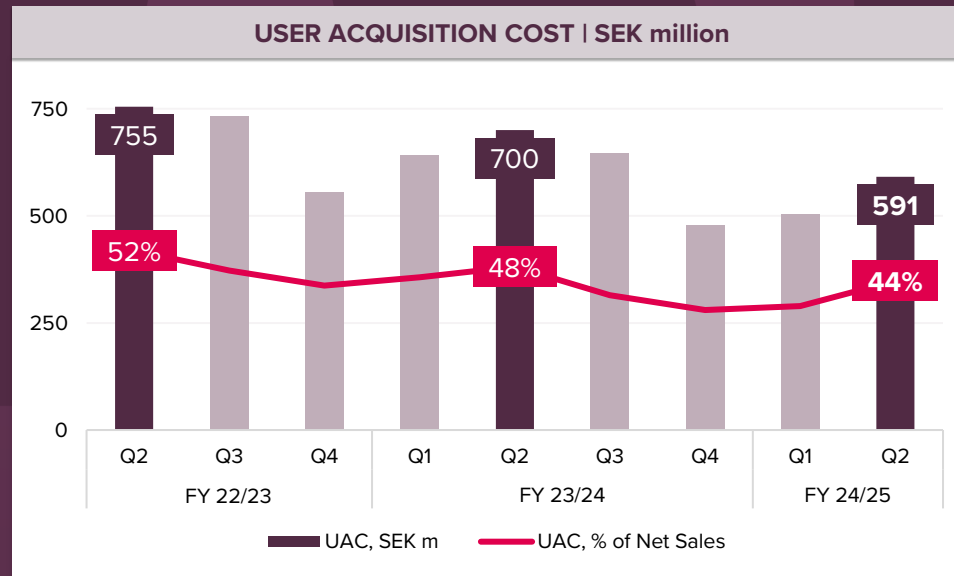


NET SALES DRIVERS

- Sudoku.com
- Blockudoku
- Jigsaw Puzzle
- Alien Invasion
- Art Puzzle
- Number Match
- Nonogram.com
- Pixel Art
- Number Sums



Operative Groups: 2 | Internal Headcount: 1,101 | Internal Studios: 11



Easybrain

DECA

CrazyLabs

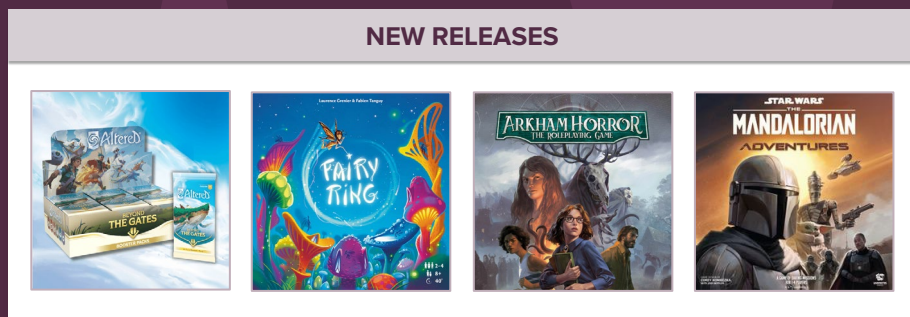
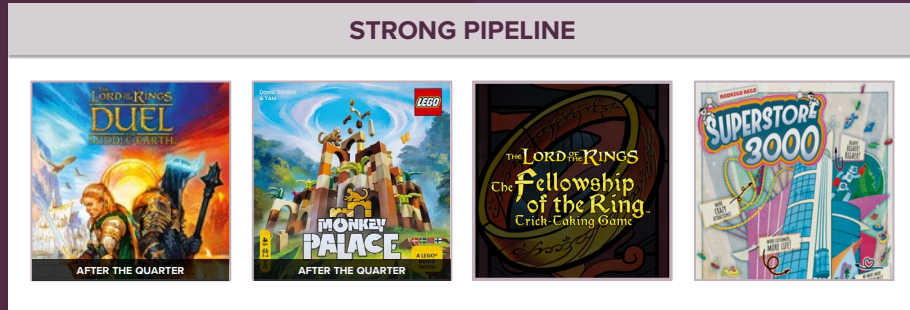
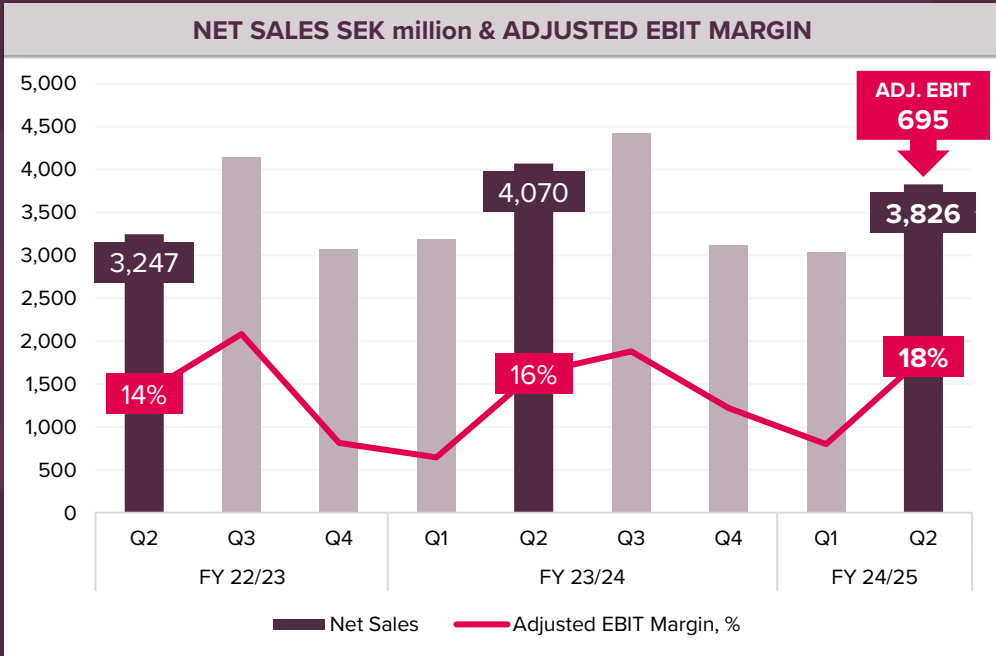
Today's speaker



THOMAS KÖGLER

CEO

asmodee

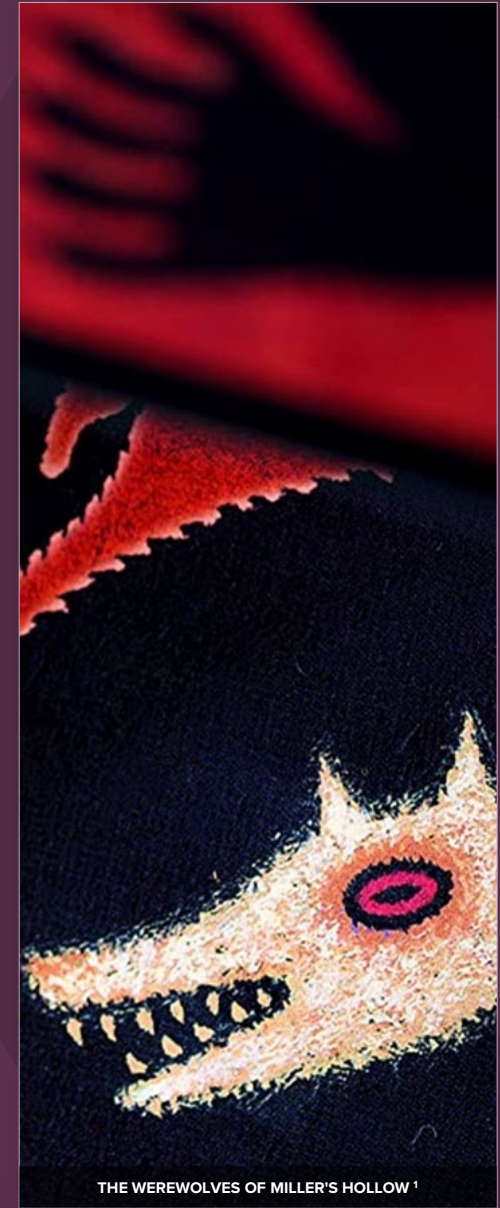


Spin-off on track for a FY 2024/25 listing

Capital Markets Day 2024 on November 19th

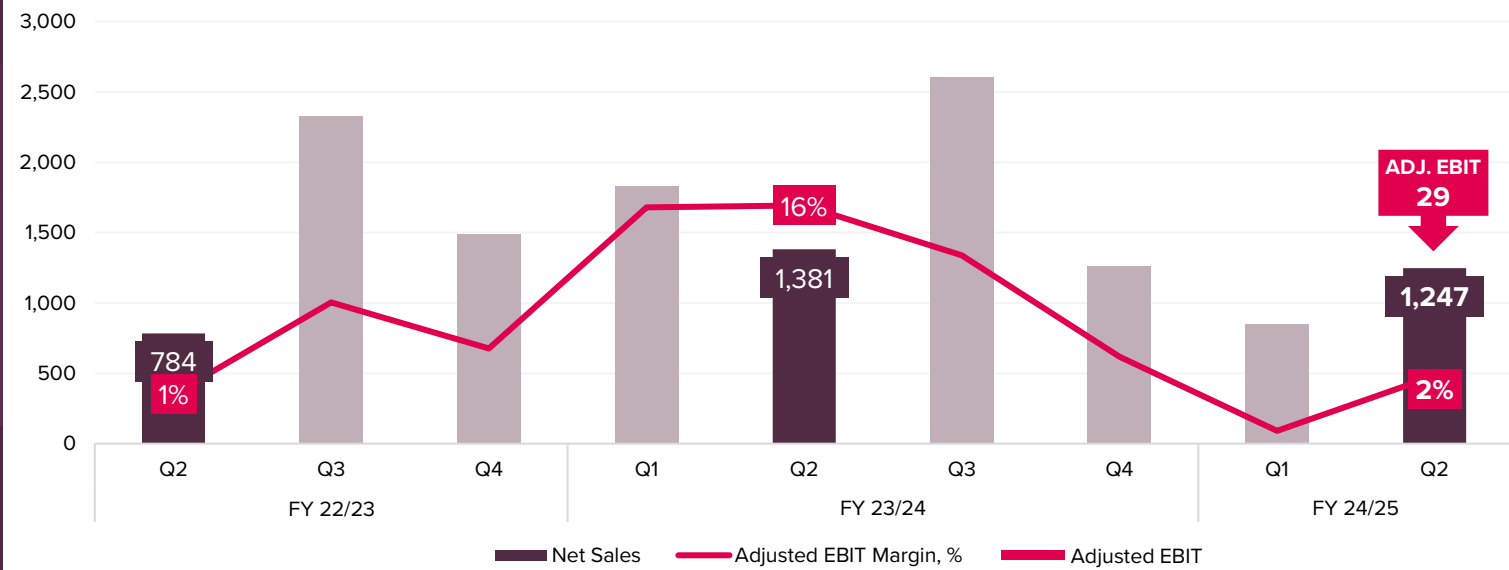
Strengthening corporate capabilities with new hires and EMT

Operative Groups: 1 | Internal Headcount: 2,441 | Internal Studios: 23





NET SALES SEK million & ADJUSTED EBIT MARGIN



Operative Groups: 3 | Internal Headcount: 833 | Internal Studios: 3



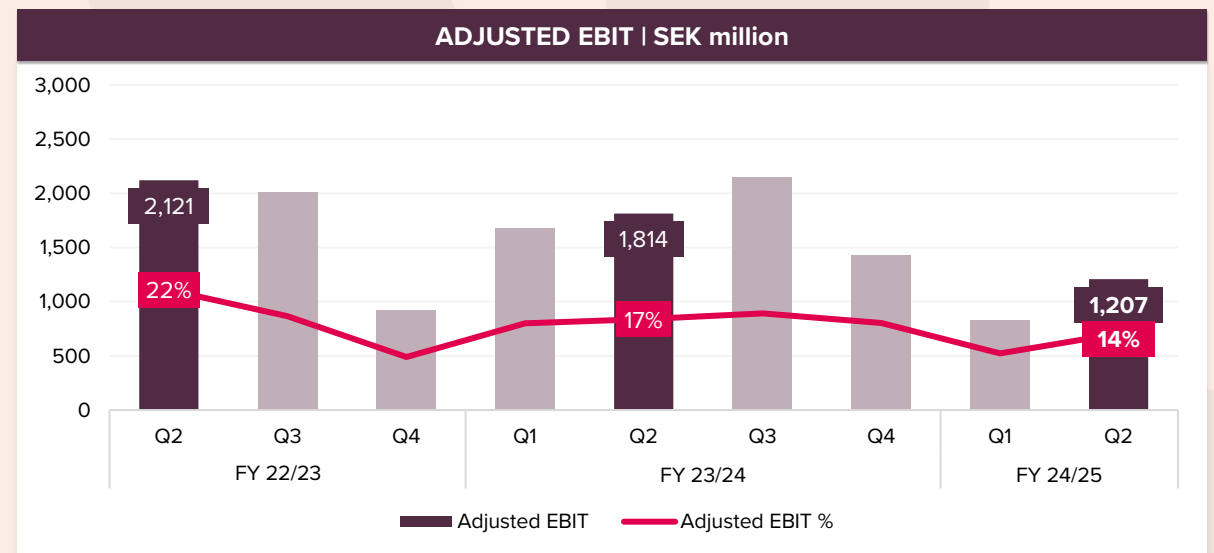
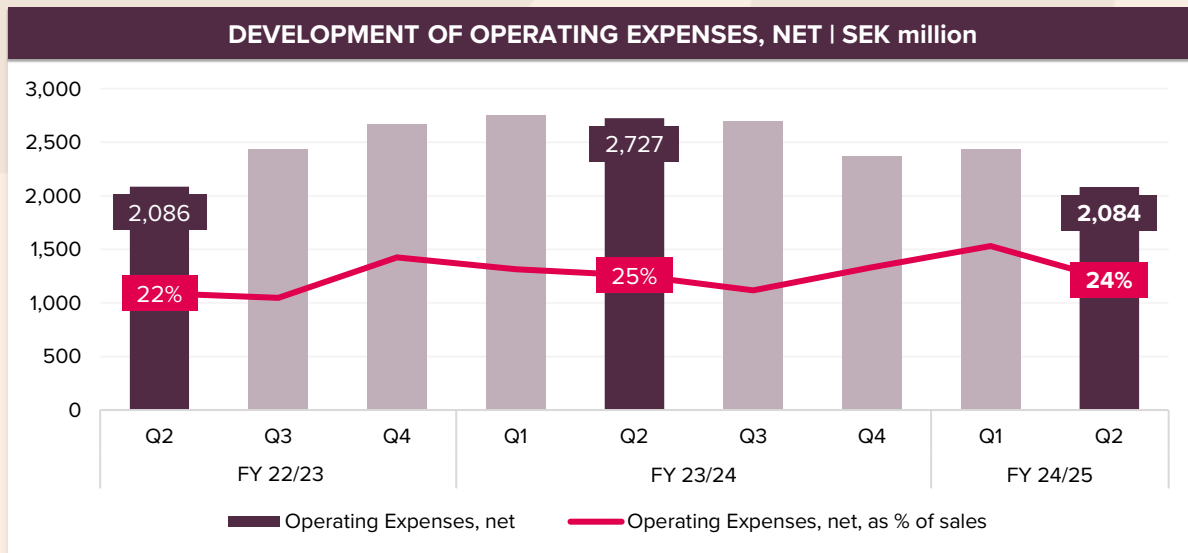
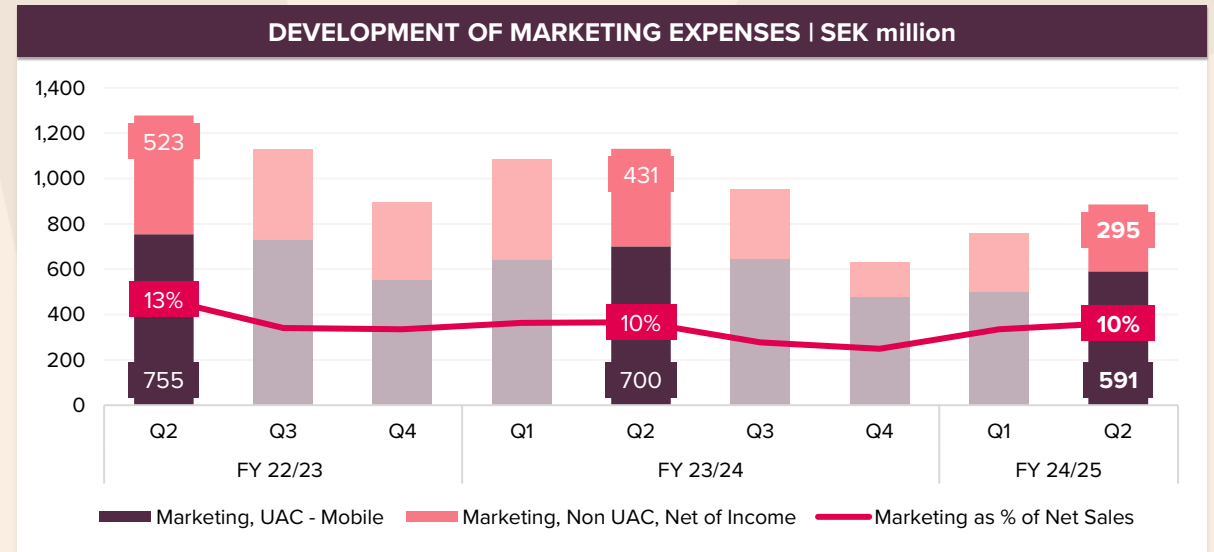
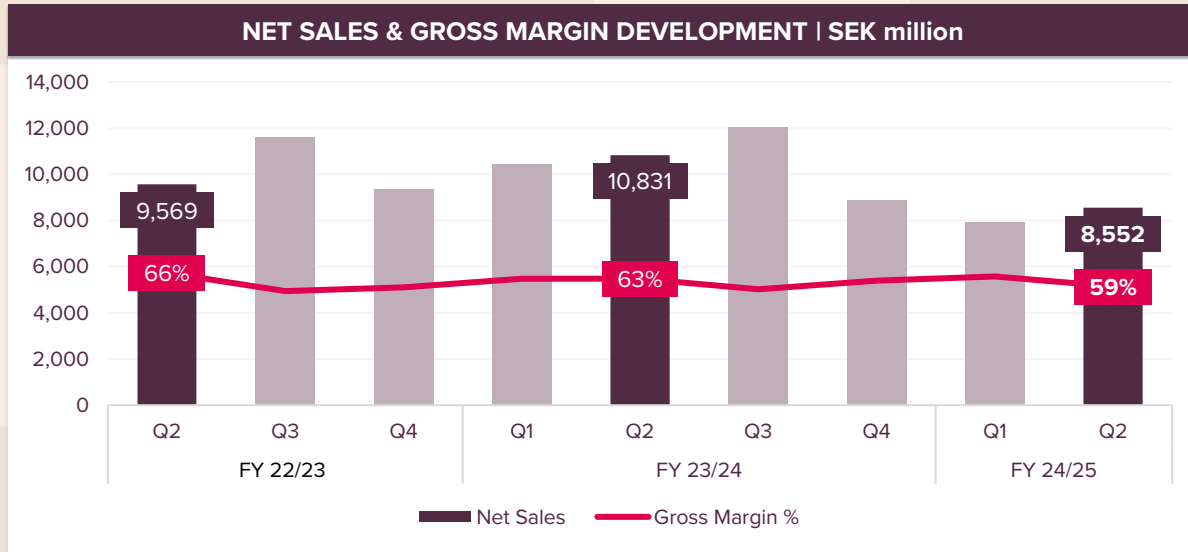
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2.

Financial performance



Financial development



Cash flow and net debt

SEKm	FY24/25 Q2	FY23/24 Q2	FY 24/25 Q2 TTM	FY 23/24 Q2 TTM
Adjusted EBITDA	2,055	2,923	9,681	10,563
Cash Tax	-416	-243	-1,004	-991
Other items	-317	-310	-1,406	-846
Operating Cash flow	1,322	2,370	7,271	8,726
Net investment in intangible assets	-945	-1,914	-5,180	-7,045
Net investment in tangible assets	-46	-86	-239	-486
Net investment in financial assets	-55	-65	-208	-322
Net Investment	-1,046	-2,065	-5,627	-7,853
Free Cash Flow before WC	276	305	1,644	873
Change in working capital	-749	82	-402	605
Free Cash Flow after WC	-473	387	1,242	1,478
Cash Flow from financing activities	-164	1,502	-3,763	1,063
Net cash flow from acquired/divested companies	1,633	-121	1,999	-5,766
Cash effect IAC costs	-114	-146	-837	-146
Cash Flow for the period	882	1,623	-1,360	-3,370

SEKm	Sept. 30, 2024	Sept. 30, 2023
Cash	4,052	5,520
Current investments	-	2
Current liabilities to credit institutions	-10,964	-1,396
Current account credit facilities	-116	-7
Non-current liabilities to credit institutions	-6,189	-18,743
Net Debt (-) / Net Cash (+)	-13,217	-14,624

- Free cash flow after WC decreased in the quarter versus previous year. This was mainly driven by lower Adjusted EBITDA and normalized seasonal effects in Asmodee WC
- Net investment in the quarter SEK 1 billion lower versus previous year, due to effects from divestments and activities made in the restructuring program
- Cash flow from divested companies in the quarter is mainly related to net proceed from divestment of Saber Interactive

3.

Easybrain Divestment



Transaction highlights – Easybrain Divestment

Key components

- The buyer is Miniclip
- Purchase price on a cash and debt free basis amounts to **USD 1.2 billion** (SEK 12.9 billion) to be paid in cash at closing
- Expected net proceeds after transaction and other costs amounts to **SEK 12.7 billion**
- Strong value creation during past three years
- 5,313,559 million B shares issued under clawback will be released to satisfy earnout obligations
- Closing of the transaction expected to take place in early 2025

Easybrain



Transaction highlights – Easybrain Divestment

Strategic rationale

- Transforms Embracer's financial position with stronger position to drive value
- Enables the new entities to be separated with strong balance sheets
- Miniclip will allow Easybrain to stay at the forefront of the ad-driven mobile game industry

Financial impact

- Embracer net debt transforms:
SEK -13.2 bn ► SEK -0.5 bn
- Pro forma net cash excluding Asmodee debt¹:
SEK -3.8 bn ► SEK +8.9 bn
- Financial performance FY 2023/24
Net sales | SEK 3,395 million
Adjusted EBIT | SEK 1,392 million
Adjusted EBITDAC² | SEK 1,382 million
- Financial performance YTD Sep FY 2024/25
Net sales | SEK 1,576 million
Adjusted EBIT | SEK 628 million
Adjusted EBITDAC² | SEK 636 million

¹ Embracer estimated pro forma net debt excluding the debt related to the ringfenced Asmodee structure





Q&A

Until ~10:00 CET

4.

Appendix

empire
pro tape

empire
pro tape

Net debt and earnout post divestment of Easybrain

Net debt bridge

Net debt bridge	SEK, billion
Reported Net debt 30/9-2024	13.2
Estimated cash inflow from divestment of Easybrain	(12.7)
Estimated pro forma Net debt ¹	0.5

¹ whereof approx. SEK 9.4bn in debt is related to the ringfenced Asmodee structure

Earnout obligation (cash – pro forma)

	SEK, billion
“Coffee Stain & Friends ² ”	0.8
“Middle-earth & Friends ² ”	1.7
Asmodee Group	1.2
Cash obligation	3.7

Earnout obligation (shares – pro forma)

No. of shares	Expected range
No. of outstanding shares	1,349 million
Earnout shares to be issued expected range	10 million
No. of shares – full dilution	1,359 million

Pro forma financials excluding Easybrain

SEK, billion (TTM)	Asmodee			"Coffee Stain & Friends" ³			"Middle-earth & Friends" ³			Embracer Group ¹		
	FY 22/23	FY 23/24	Q2 FY 24/25	FY 22/23	FY 23/24	Q2 FY 24/25	FY 22/23	FY 23/24	Q2 FY 24/25	FY 22/23	FY 23/24	Q2 FY 24/25
Net sales	13.1	14.8	14.4	7.3	7.3	6.6	12.3	14.2	11.4	33.0	36.3	32.4
Adjusted EBITDA	2.3	2.4	2.5	2.8	3.1	2.8	3.2	4.6	3.1	8.2	9.8	8.2
Adjusted EBIT	2.0	2.1	2.2	1.6	1.8	1.3	1.6	2.4	1.2	5.0	6.0	4.4
Capex	-0.3	-0.3	-0.3	-2.2	-1.9	-1.5	-3.3	-2.7	-2.4	-5.8	-4.9	-4.2
EBITDAC²	2.0	2.2	2.2	0.6	1.1	1.2	-0.1	1.9	0.7	2.4	4.9	3.9

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GROUP