

Q1

FY 2025/26

EMBRACER GROUP INTERIM REPORT

APRIL – JUNE 2025

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What we cover today

Highlights

Operating segments

- PC/Console Games
- Mobile Games
- Entertainment & Services

Financial performance

Looking ahead

Q&A



Highlights from Q1

Net sales | Q1

SEK **3,355** m

-31% YoY (-2% organic)

Adjusted EBIT | Q1

SEK **75** m

(SEK 579 m)
or SEK 250 m excl. divested assets

Free cash flow¹ | TTM

SEK **1,248** m

(SEK -196 m)

Coffee Stain Group on track
for separate listing in 2025

EMBRACER⁺
GROUP

Transition year focused on
operational and strategic
execution

1.



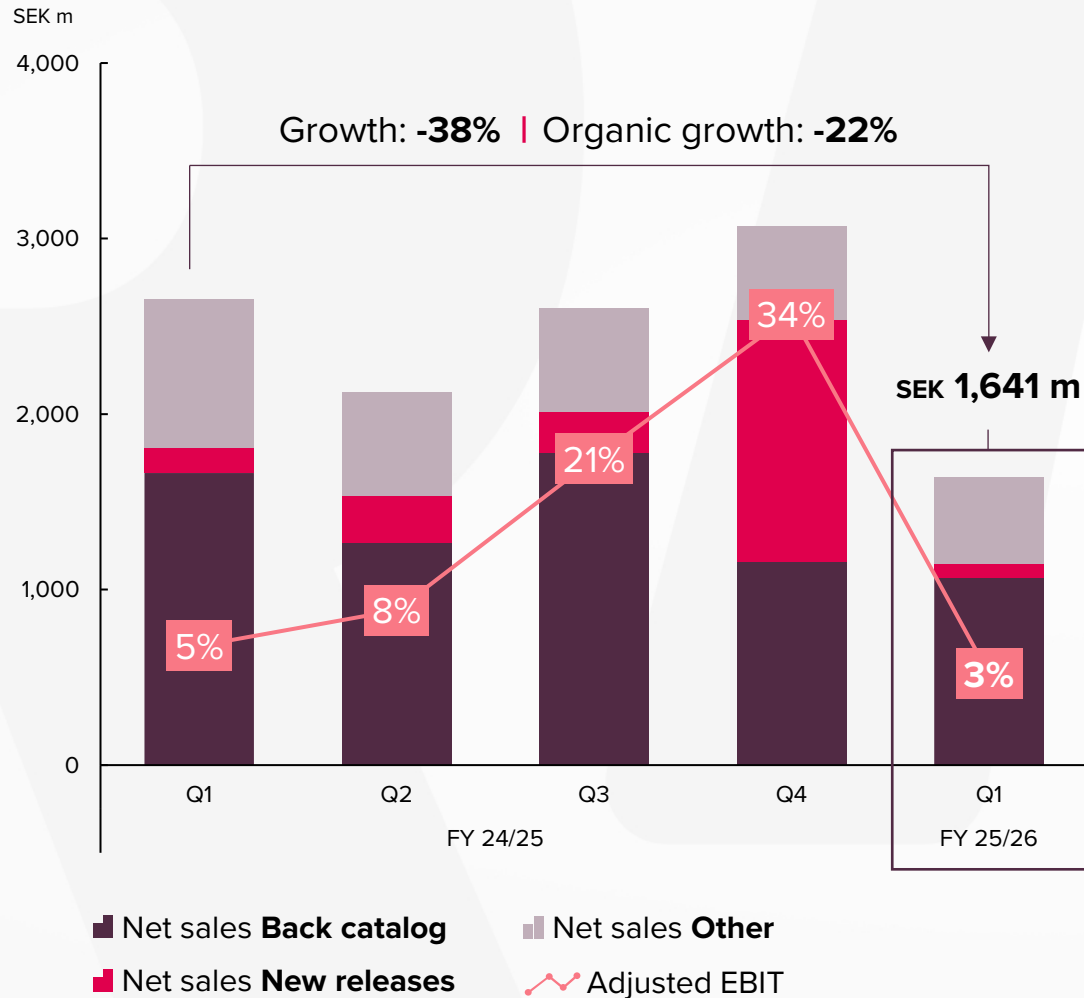
Operating segments





PC/Console Games | Q1

PERFORMANCE



COMMENTS

- Net sales impacted by divestments of Gearbox and Saber
- No major new releases within PC/Console, and some softness in the back catalog performance impacting Adjusted EBIT margin
- The team behind Kingdom Come: Deliverance II are focused on expanding the game's reach with major new content drops
- Mixed reception for Killing Floor 3 in early Q2, with encouraging early engagement and feedback for Titan Quest II.

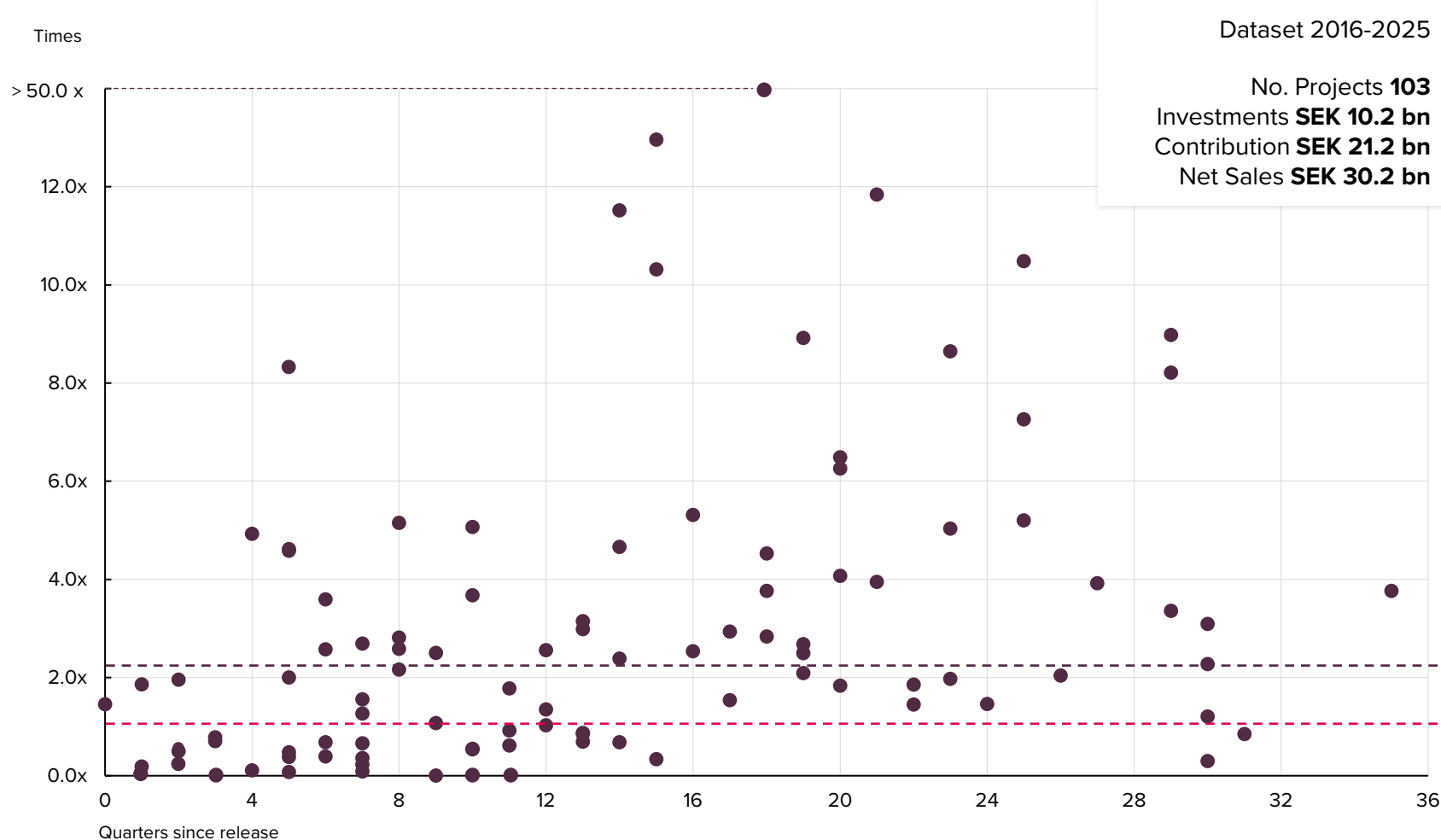


RELEASES AFTER THE QUARTER-END



PC/Console Games | ROI

ROI (CONTRIBUTION/INVESTMENT)



COMMENTS

- The value of completed games amounted to approximately SEK 210 million in Q1
- The weighted average ROI of all titles remained stable at 2.1x
- Our core IP had 3.1x ROI vs non-core at 1.6x, which continues to inform our strategy ahead.

2.1x in average

1.0x in break even

Based on reported numbers until June 30, 2025 | Sample includes projects with sales and/or investments above SEK 40 millions
ROI = Contribution / Investment | Contribution = Gross Profit less marketing expenses from release to June 30, 2025
Investment = Capitalized Development Expenses including follow-on investment | Projects released by divested companies are excluded



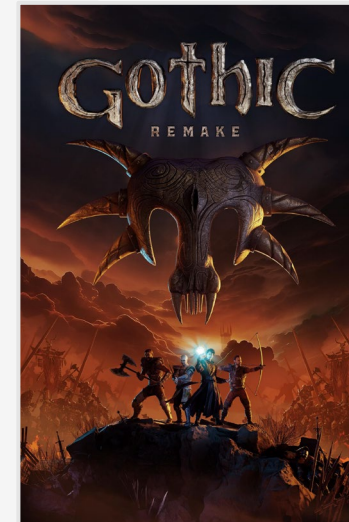
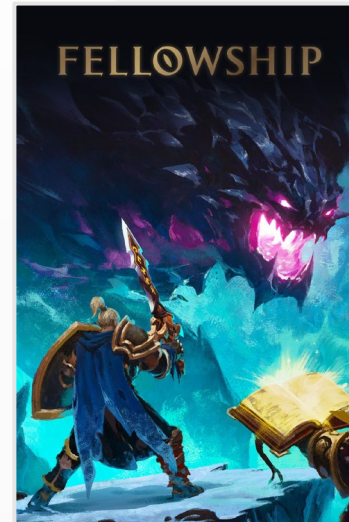
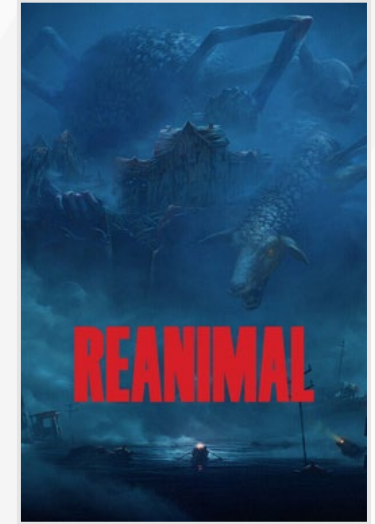
39^{*} Announced titles to-date

Selected upcoming releases

- Metal Eden | 2 Sep. 2025
- Fellowship | 2025
- Tides of Tomorrow | 24 Feb. 2026
- MARVEL 1943: Rise of Hydra | Early 2026
- Screamer | 2026
- Gothic 1 Remake | Early 2026
- REANIMAL | Q1, 2026

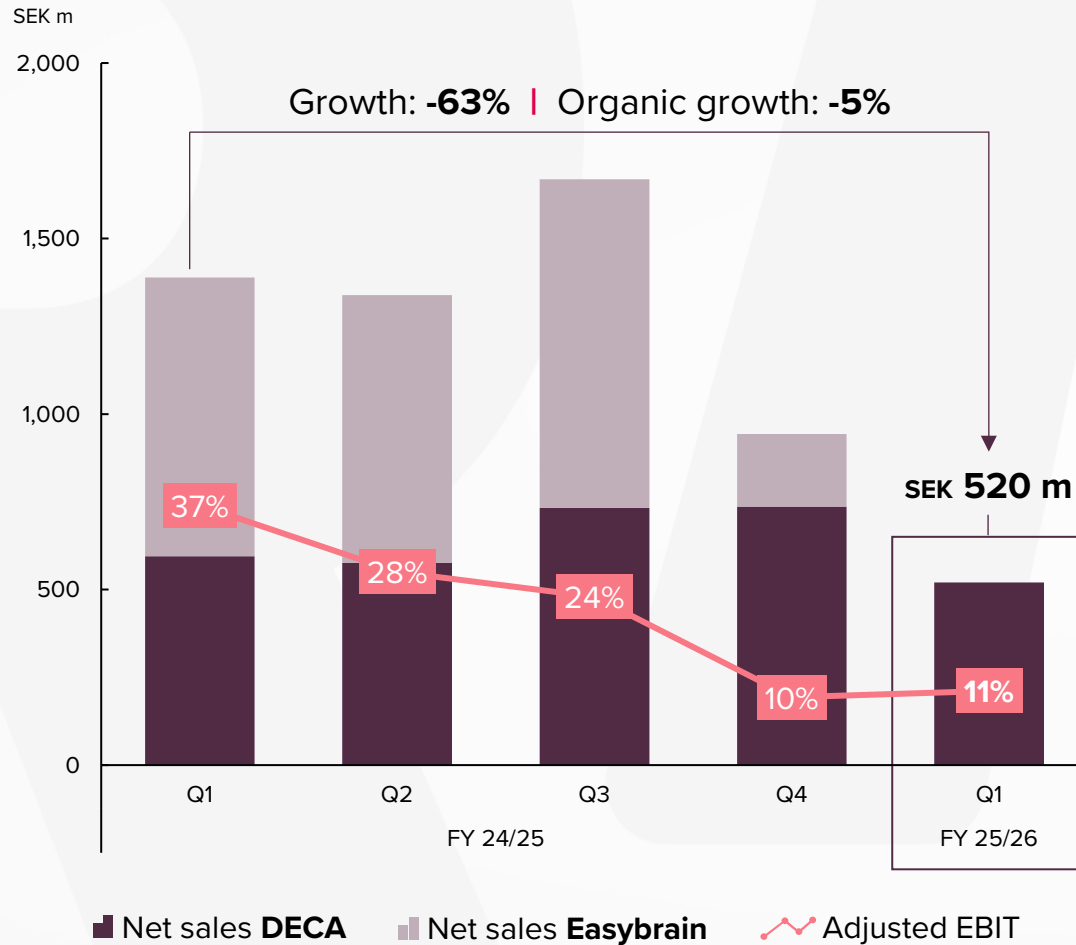
Still to be dated

- SpongeBob SquarePants: Titans of the Tide
- Satisfactory (console)
- Deep Rock Galactic: Rogue Core
- Thief VR: Legacy of Shadow
- Wreckreation
- Darksiders 4
- Tomb Raider (major next release)
- And more...





PERFORMANCE



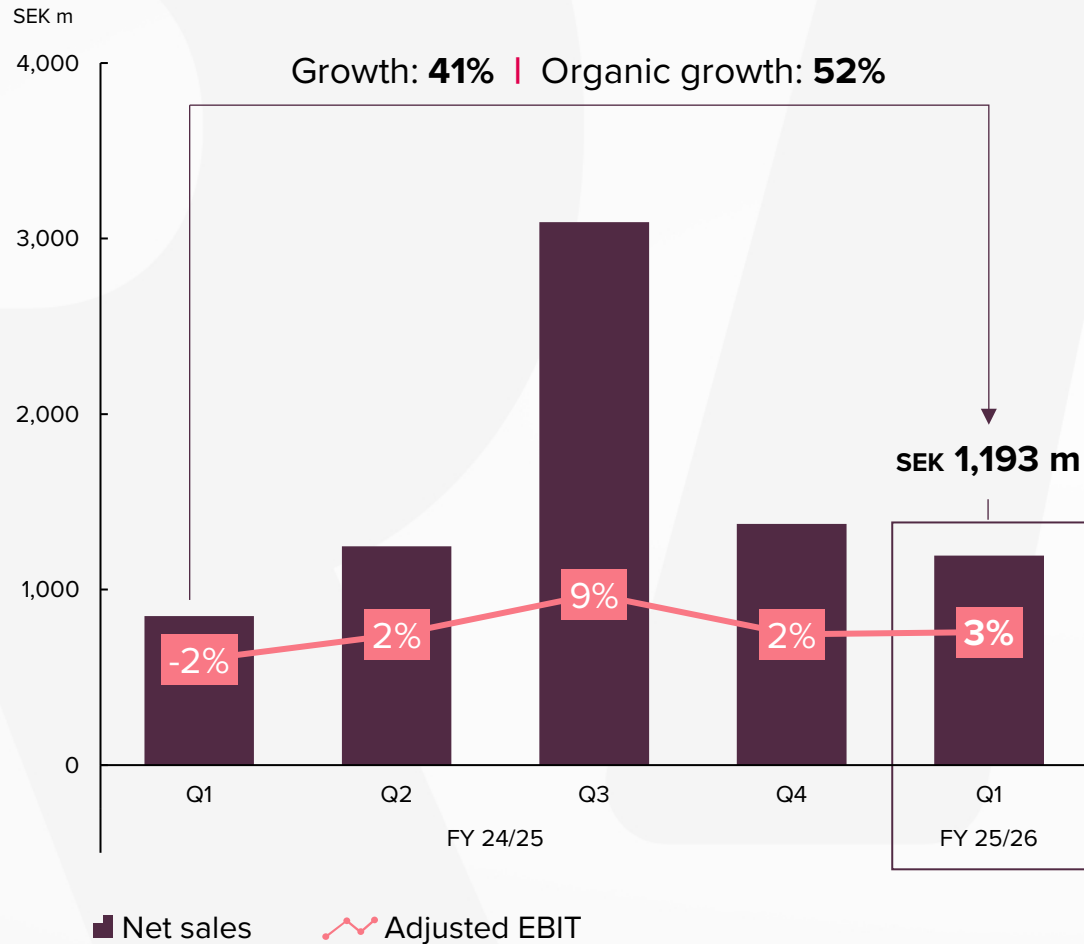
COMMENTS

- Organic growth amounted to -5% in the first quarter without a contribution from Easybrain (divested in Jan-25)
- Reduced organic growth was driven by increased competition for CrazyLabs' hybrid casual games and a slower back catalog performance and decreased UAC
- Glow Fashion Idol continues to grow and is expected to continue to scale in upcoming quarters
- The top-5 revenue generating titles in the quarter were: Glow Fashion Idol, Coffee Mania, Bus Frenzy - Traffic Jam, Alien Invasion, and Party In My Dorm.





PERFORMANCE



COMMENTS

- Strong organic growth driven by PLAION's partner business, through back catalog sales and the strengthening of its global partner business footprint
- The Adjusted EBIT improvement was mainly driven by a higher Y-o-Y contribution from Middle-earth Enterprises licensing revenue
- Middle-earth Enterprises has a growing business development pipeline across different product verticals.



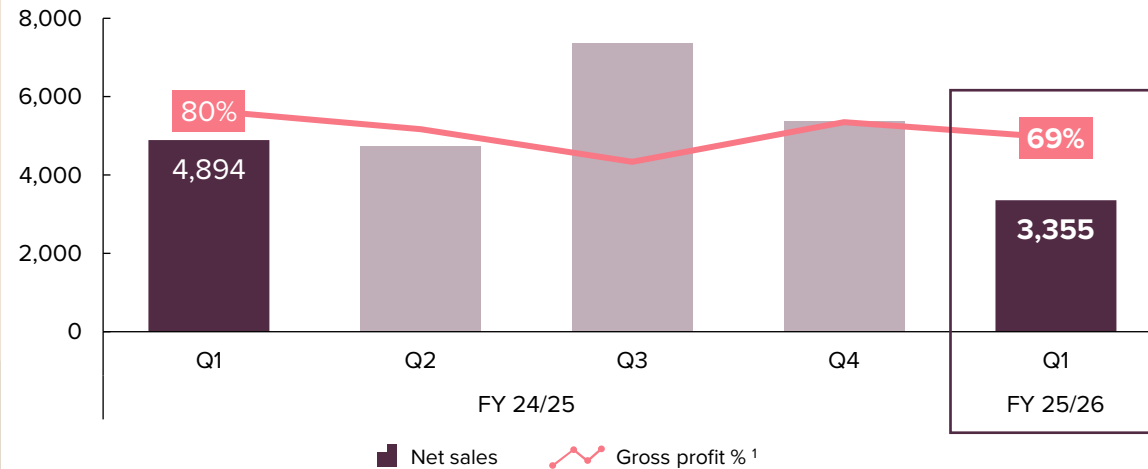
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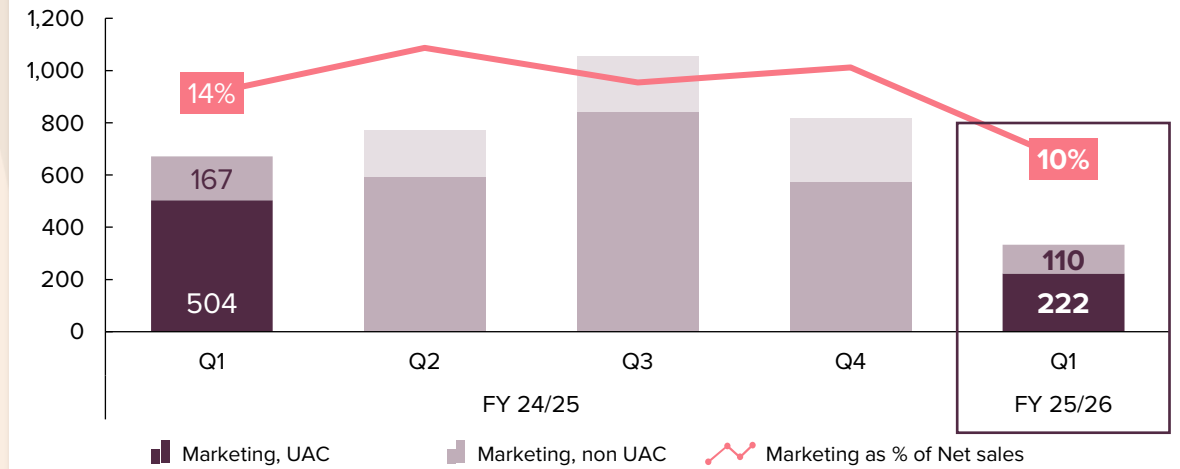
Financial performance

Financial development

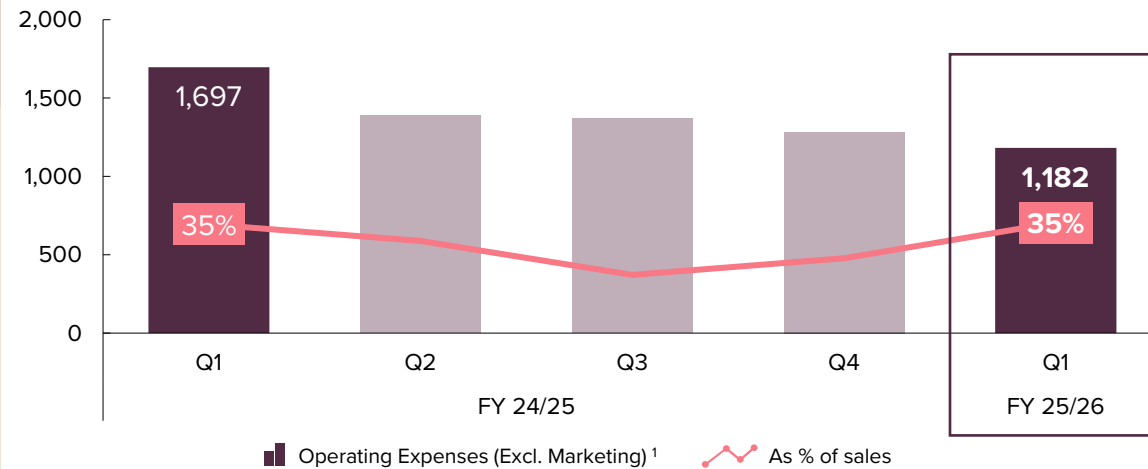
NET SALES & GROSS MARGIN DEVELOPMENT | SEK million



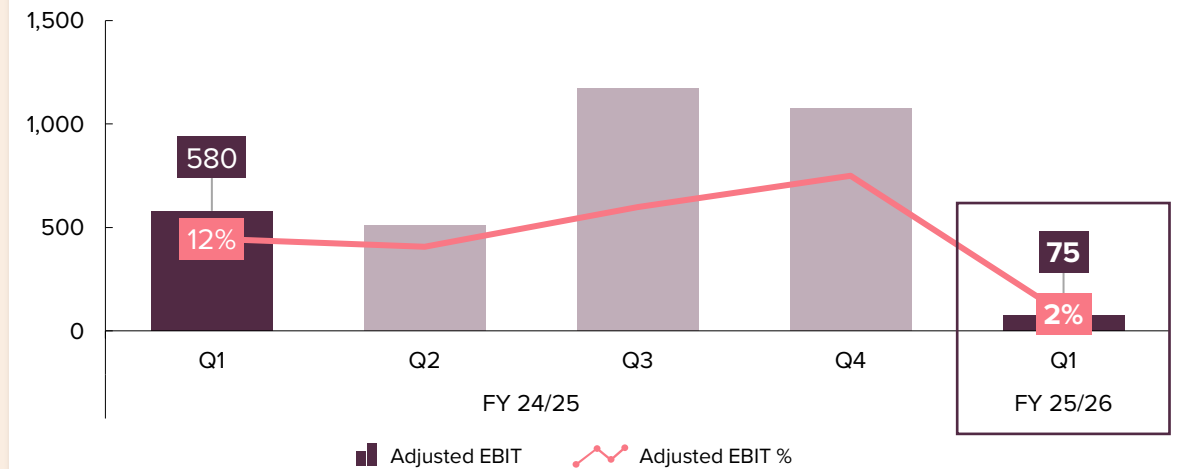
DEVELOPMENT OF MARKETING EXPENSES | SEK million



DEVELOPMENT OF OPERATING EXPENSES, NET | SEK million



ADJUSTED EBIT | SEK million



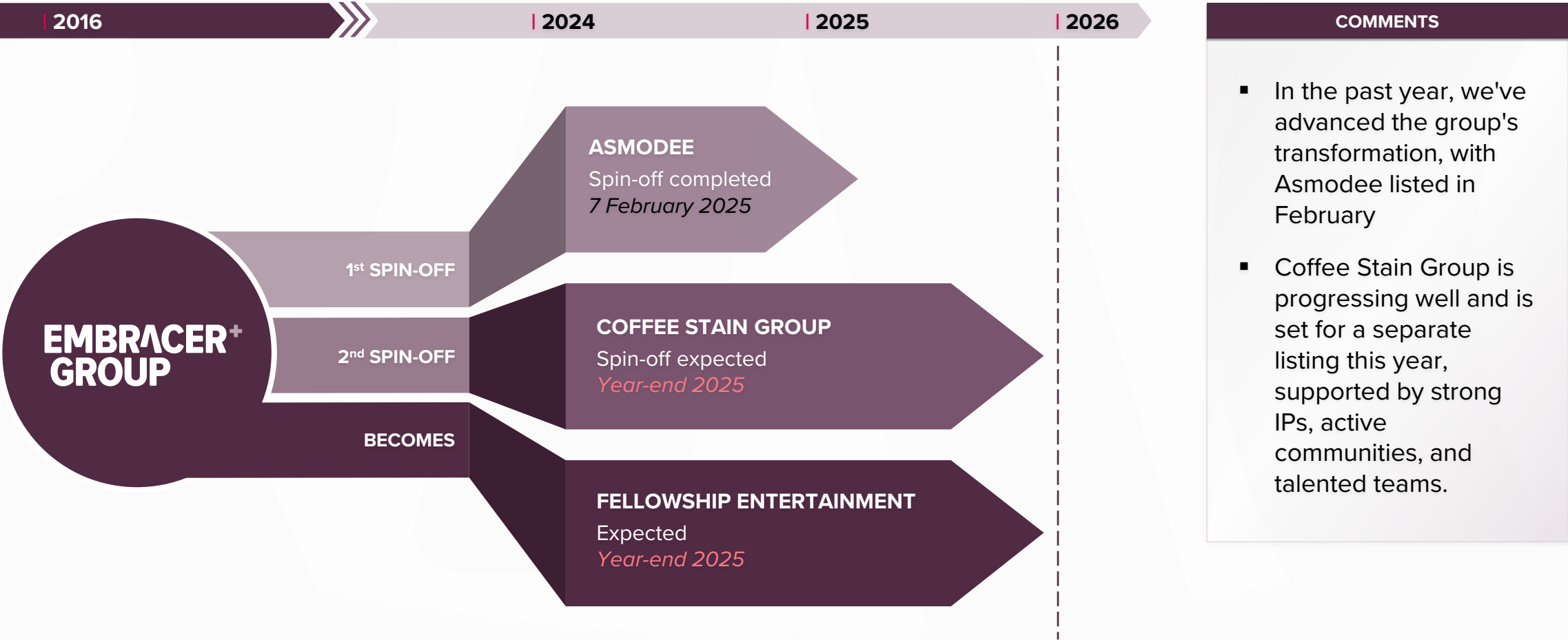
Cash flow and net cash

SEKm	FY25/26 Q1	FY24/25 Q1	FY 25/26 Q1 TTM	FY 24/25 Q1 TTM
Adjusted EBITDA	800	1,530	6,023	8,055
Cash Tax	27	-30	-648	-497
Other items	-106	-195	-757	-1,207
Operating Cash flow	721	1,305	4,618	6,351
Net investment in intangible assets	-750	-998	-3,365	-5,949
Net investment in tangible assets	-29	-54	-101	-187
Net investment in financial assets	-10	-68	20	-234
Net Investment	-789	-1,120	-3,446	-6,370
Free Cash Flow before working capital	-68	185	1,172	-19
Change in working capital	-155	-305	76	-177
Free Cash Flow after working capital	-223	-120	1,248	-196
Cash Flow from financing activities	164	-2,751	-9,730	-342
Net cash flow from acquired/divested companies/Investments in other companies	-99	2,766	13,719	542
Cash effect IAC costs	-56	-195	-259	-743
Cash Flow for the period	-214	-300	4,945	-739

SEKm	June 30, 2025	June 30, 2024
Cash	6,879	3,221
Current investments	0	0
Current liabilities to credit institutions	-1,479	-15,420
Current account credit facilities	-	-89
Non-current liabilities to credit institutions	-474	-1,987
Net Debt (-) / Net Cash (+)	4,926	-14,275

- TTM Free Cash Flow after Working Capital significantly improved versus comparable period
- Q1 Free cash flow after Working Capital decreased versus previous year driven mainly by lower adjusted EBITDA partly mitigated by lower Net Investments and lower increase in Net Working Capital
- Available funds at 30th of June 2025 amounted to 12.7bn SEK.

Transformation update



3.

Looking ahead



Forecast

OUR FORECAST FOR FY 2025/26

We now expect our current financial year to deliver at least **SEK 1.0 billion** in Adjusted EBIT.

Our forecast reflects:

- Further release shifts of one or several of the more important releases currently scheduled for Q4
- Slower growth trajectory for Mobile
- Negative FX effects
- Lower catalog sales

This conservative view provides upside potential which we will work tirelessly to realize.

Coffee Stain Group performing in line with expectations, with an intact outlook.

We see no material changes to the management expectations for FY 2026/27 and FY 2027/28.

Key priorities

1

IP-led focus | We are doubling down on our greatest strength: empowering talented teams to deliver unforgettable experiences based on globally loved IPs

2

Operational discipline | We are significantly rewiring the business to create one powerhouse unit within PC/Console. Smarter collaboration, increased streamlining, shared services and with AI as an increasingly supportive force

3

Targeted cost initiatives | We focus on continuous improvement as well as targeted cost initiatives relating to underperforming businesses, to free up capital to deploy with better returns

A scene from a video game showing three heavily damaged cars in a desert environment. On the left is a red car with a large white number '2' on its side. In the center is a green car with 'RE' and '57' visible. On the right is a blue and red car with a white rear section. The cars are surrounded by dust and debris. In the background, there are shipping containers, a power line tower, and a clear blue sky. A large, white-outlined 'Q&A' is centered over the image.

Q&A

until ~ 10:00 CEST

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