

**Q3**

FY 2025/26

# **EMBRACER GROUP INTERIM REPORT**

OCTOBER – DECEMBER 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

A painting of two characters on horseback looking out over a landscape. The character on the left is in armor, and the character on the right is in a yellow robe. The background shows a town and a cloudy sky.

# Kingdom Come Deliverance II

5 million  
copies sold



9/10

Nintendo Life

9/10

GamingBolt

4/5

Eurogamer

8/10

Push Square

8.5/10

Playstation Universe

8/10

GameSpot

84/100

COGconnected

# REANIMAL

# Highlights from Q3

**Net sales | Q3**

**SEK 5,176 m**

-26% YoY (-8% organic)

**Adjusted EBIT | Q3**

**SEK 528 m**

(SEK 948 m)

(or SEK 678 m excl. divested assets)

**Free cash flow<sup>1</sup> | TTM**

**SEK -15 m**

(SEK -399 m)

**Core IPs** continue to drive outperformance

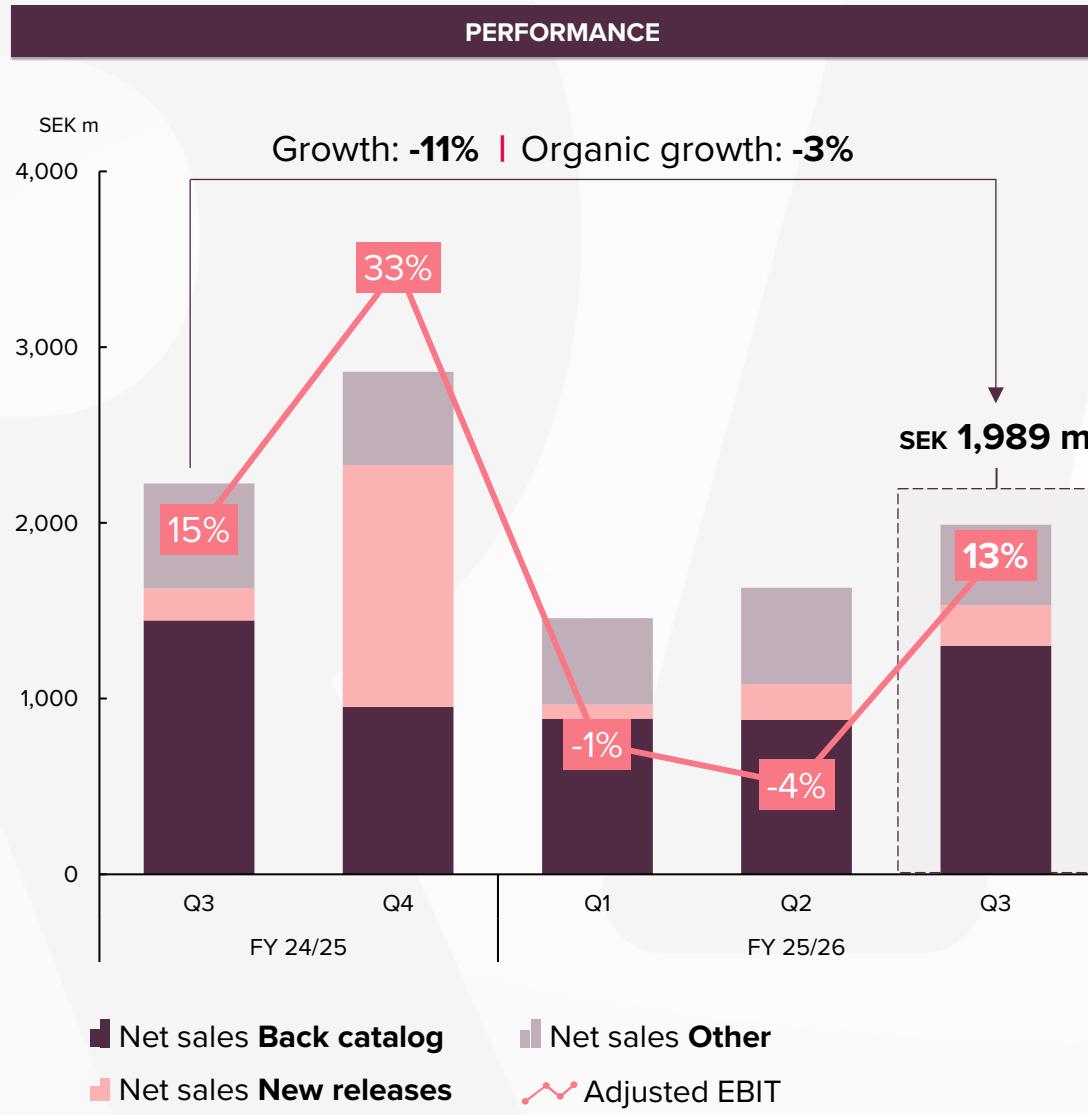
**Higher underlying expectations** for FY 2025/26

**Sharper strategic focus** following the Coffee Stain Group spin-off 11 Dec

1.



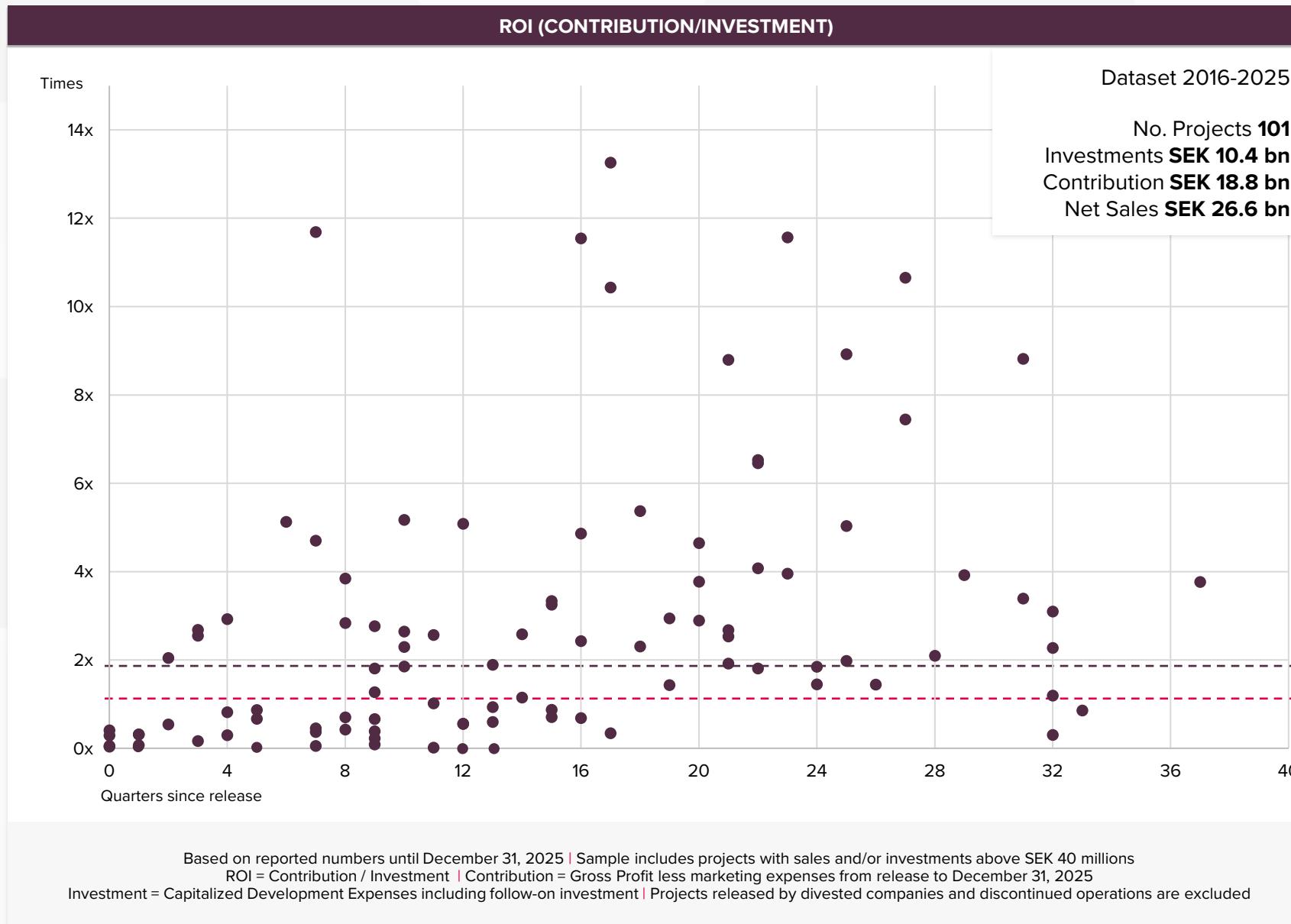
# Operating segments



### COMMENTS

- Stable organic development, driven by solid back catalog performance across core IPs such as *Kingdom Come: Deliverance*, *Tomb Raider* and *Dead Island*
- A slow quarter for new releases, which included *SpongeBob SquarePants: Titans of the Tide*. Other net sales decreased YoY due lower work-for-hire revenue
- The Adjusted EBIT margin was down slightly YoY, but with a marked improvement QoQ driven by back catalog performance.





COMMENTS
<ul style="list-style-type: none"><li>The value of completed games amounted to approximately SEK 598 million in Q3</li><li>The weighted average ROI of all titles decreased to 1.8x</li></ul>



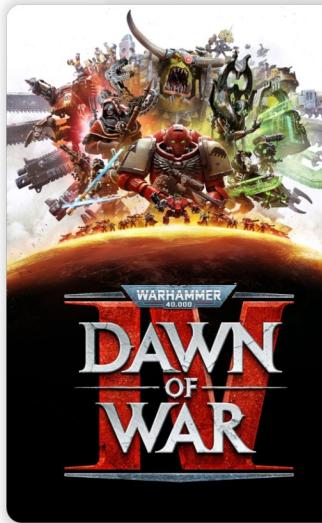
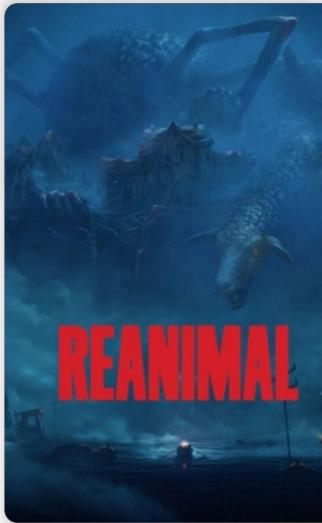
# 30\* Announced titles to-date

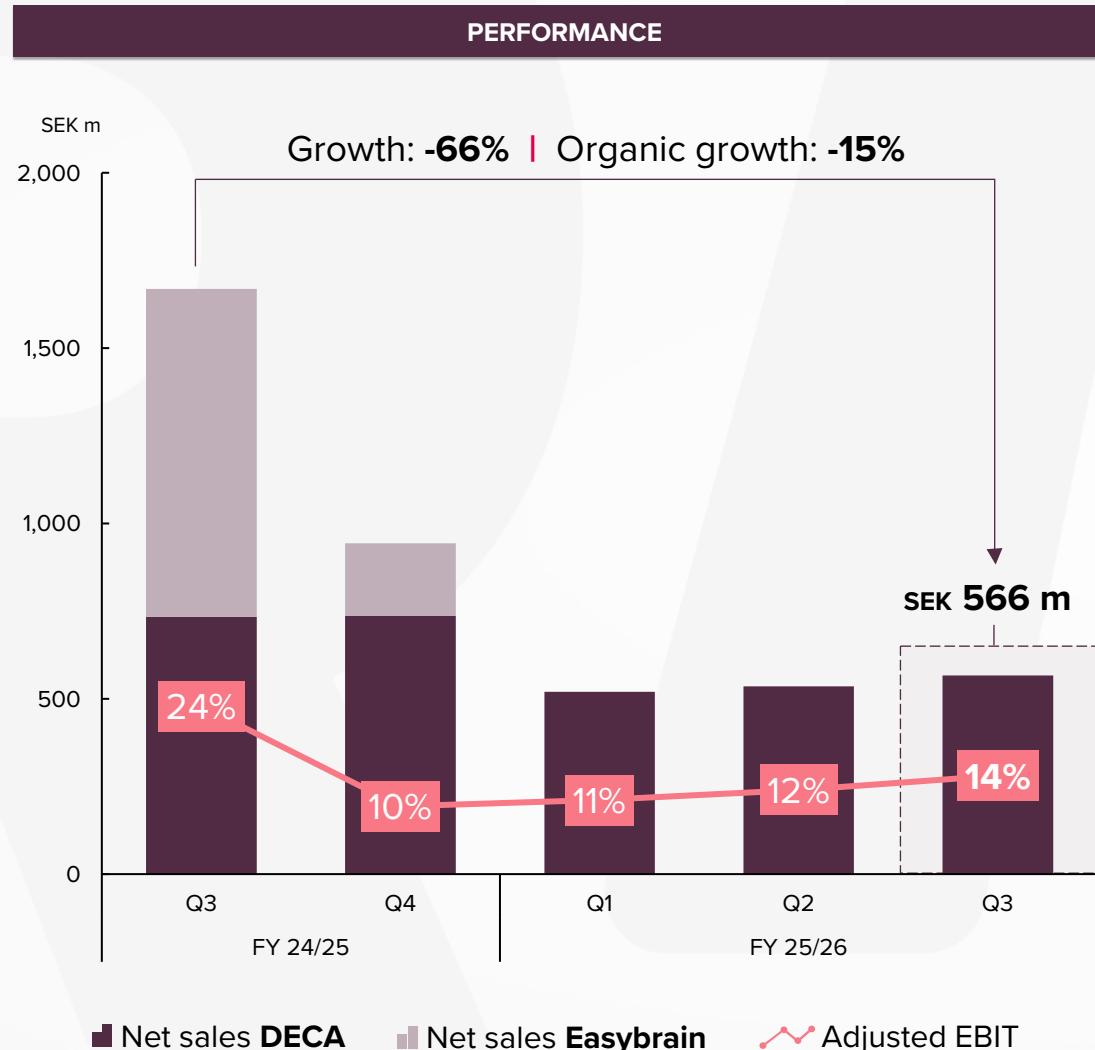
## Selected upcoming releases

- Ride 6 | 12 February 2026
- REANIMAL | 13 February 2026
- NORSE: Oath of Blood | 17 February 2026
- Screamer | 26 March 2026
- Tides of Tomorrow | 22 April 2026
- Gothic 1 Remake | 5 June 2026

## Still to be dated

- Warhammer 40 000: Dawn of War IV | CY 2026
- Tomb Raider: Legacy of Atlantis | CY 2026
- Tomb Raider: Catalyst | CY 2027
- Fatekeeper
- Darksiders 4
- The Eternal Life of Goldman
- MARVEL 1943: Rise of Hydra
- Deus Ex Remastered
- And more...

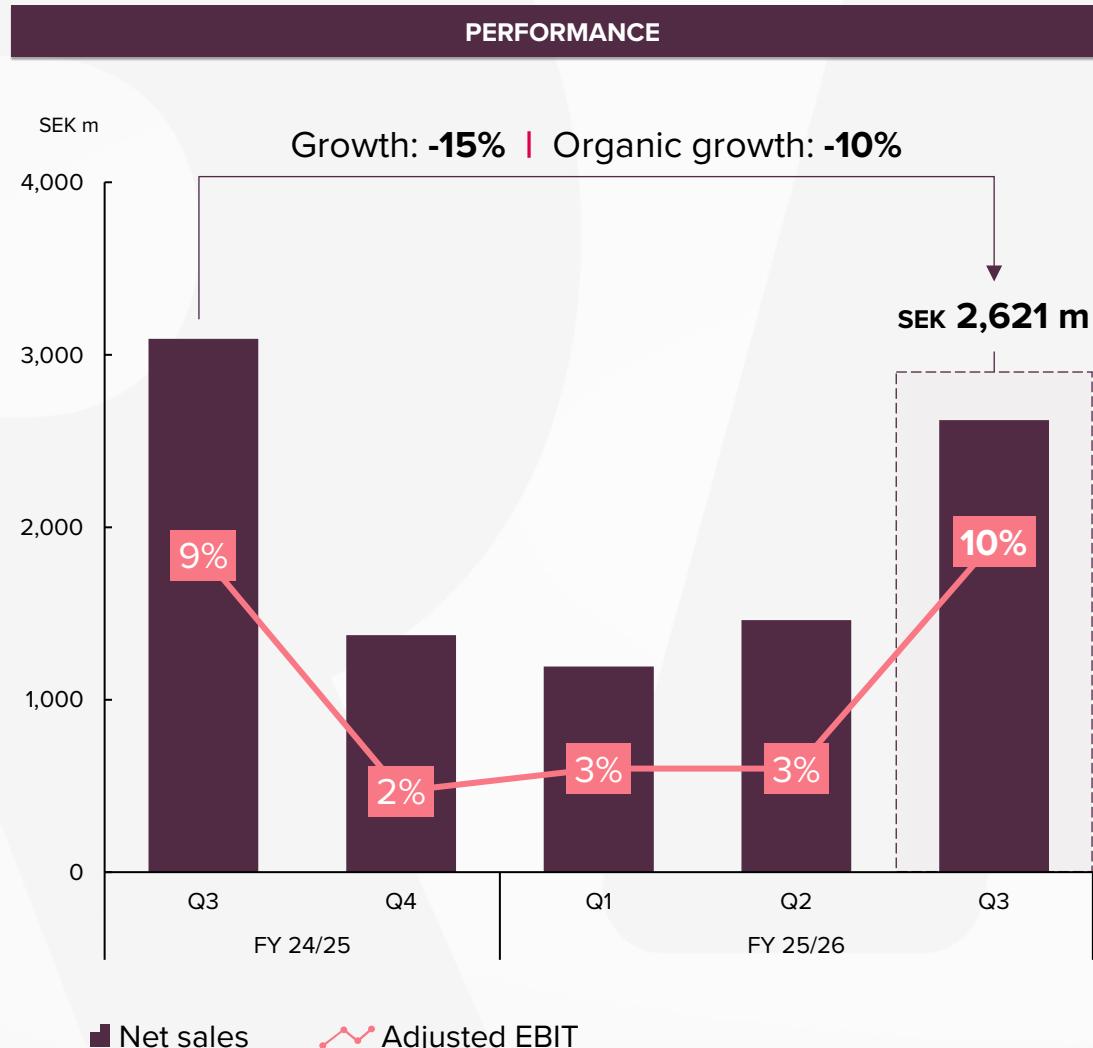




### COMMENTS

- Organic growth YoY impacted by lower UAC with a gradual scaling of Glow Fashion Idol
- Solid sales and earnings trend in recent quarters. The lower profitability YoY is explained by the Easybrain divestment
- New game release Sled Surfers showing positive top line momentum in Q4 and into 2026
- Top-5 titles<sup>1</sup>: Glow Fashion Idol, Party in my Dorm, Flop House, Coffee Mania and Sled Surfers.





### COMMENTS

- Seasonal uptick in sales and earnings driven by PLAION Partners, Limited Run Games and Dark Horse Media
- Organic growth impacted by PLAION Partners, partly offset by a slight margin improvement YoY
- Middle-earth Enterprises entered into a strategic agreement with Asmodee Group in the quarter.

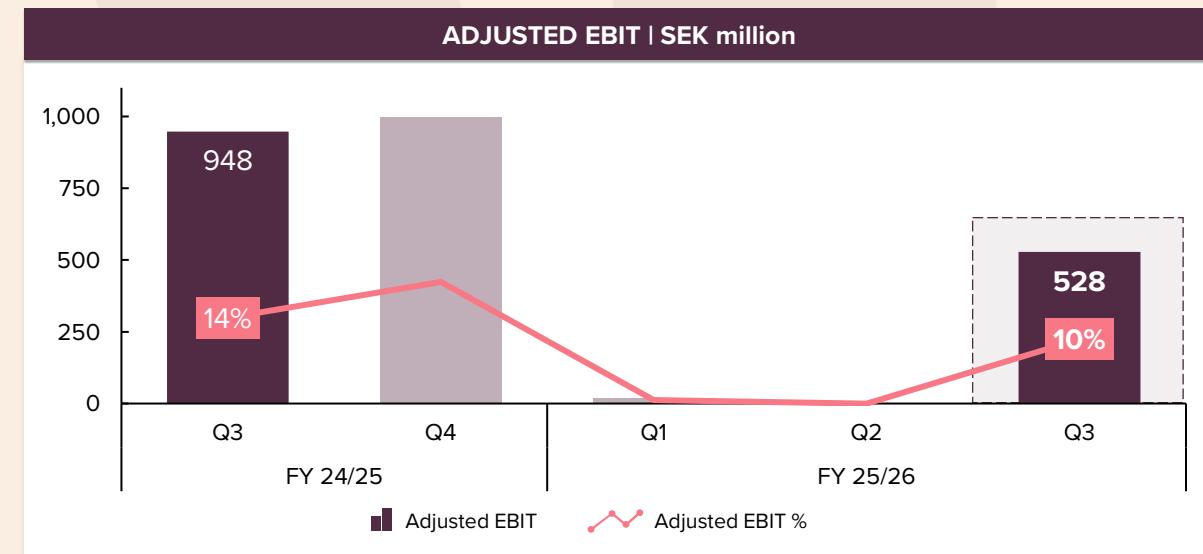
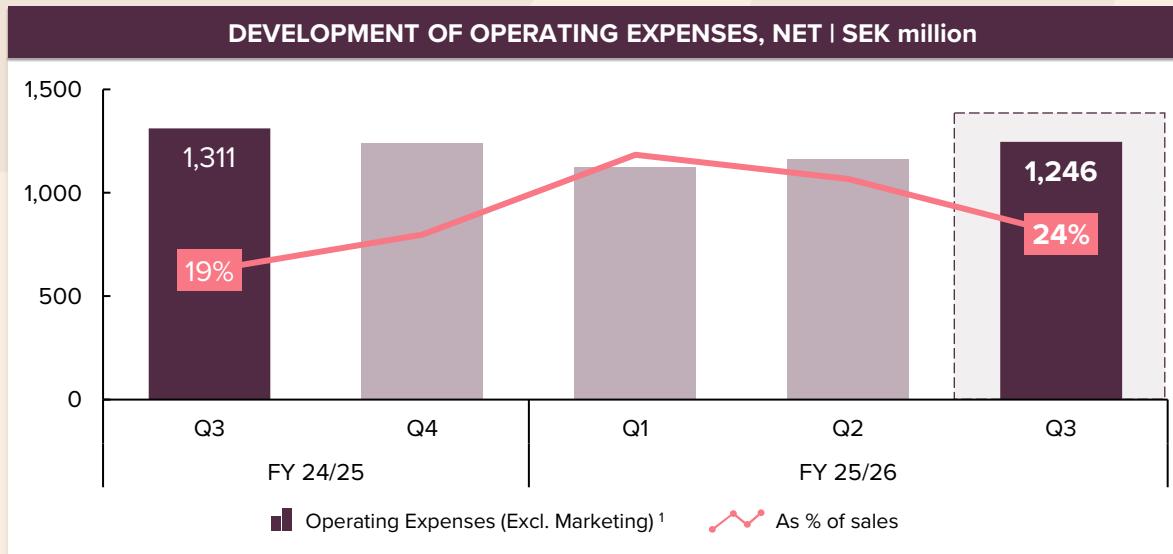
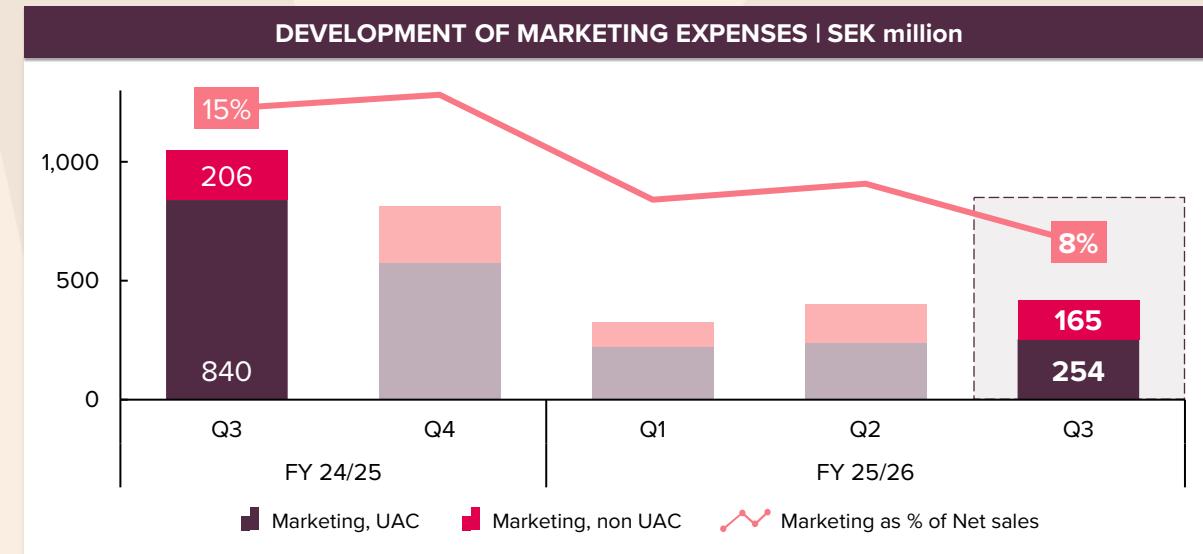
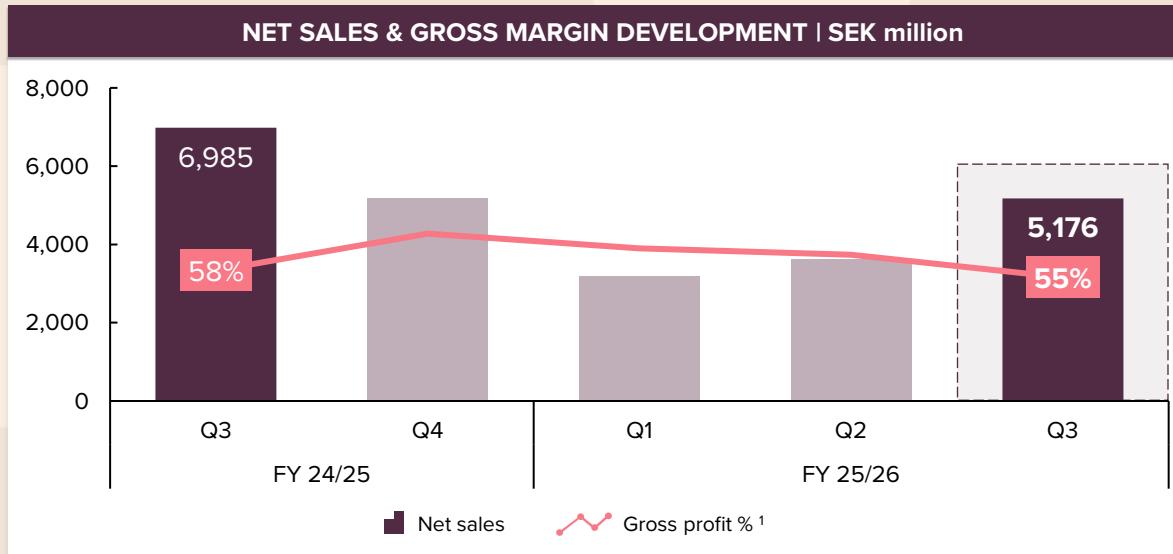


Magic The Gathering: Tales of Middle-earth, © & TM Mee under lic. to Wizards of the Coast

2.

# Financial performance

# Financial development



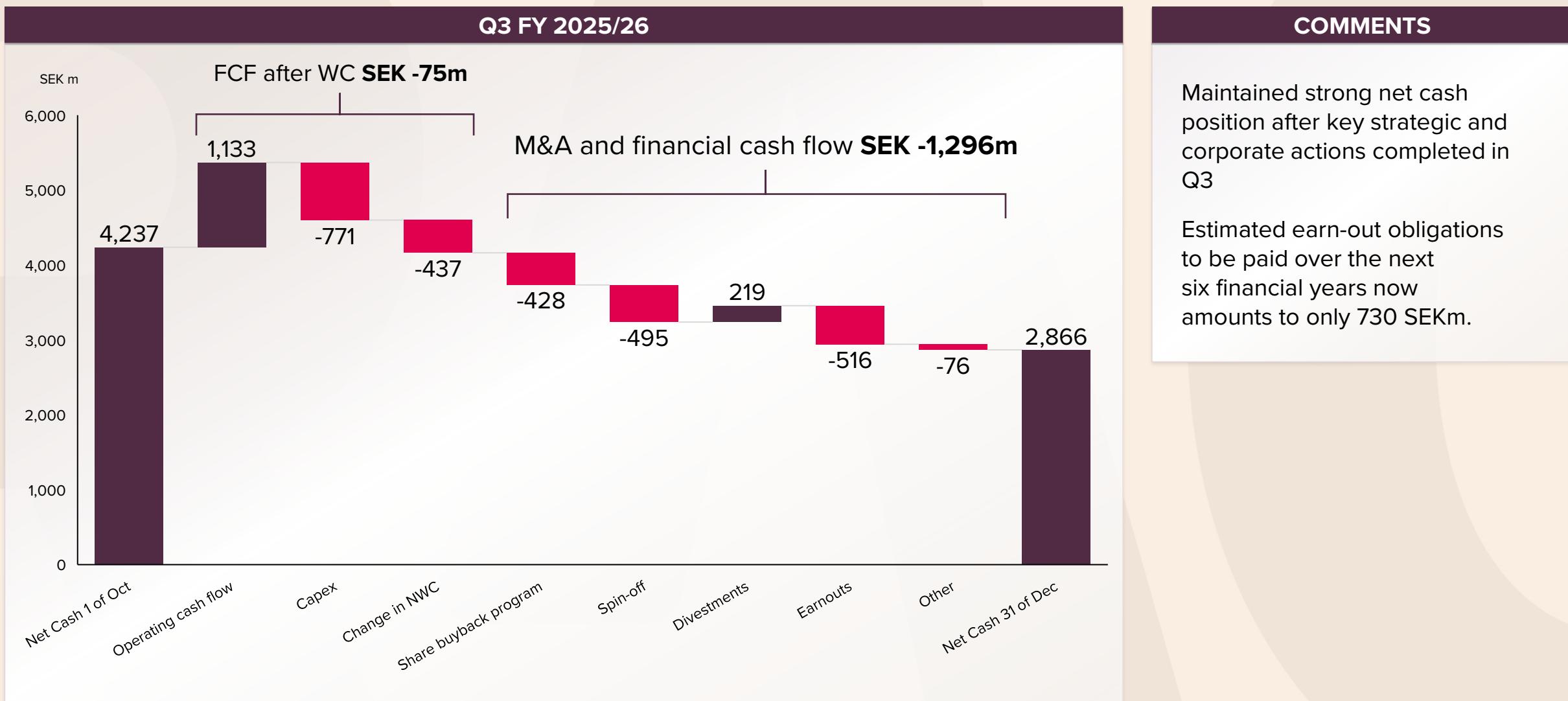
# Cash flow and net cash

SEKm	FY25/26 Q3	FY24/25 Q3	FY 25/26 Q3 TTM	FY 24/25 Q3 TTM
<b>Adjusted EBITDA</b>	<b>1,196</b>	<b>1,722</b>	<b>4,528</b>	<b>5,993</b>
Cash Tax	-71	-187	-434	-693
Other items	9	-369	-402	-906
<b>Operating Cash flow</b>	<b>1,133</b>	<b>1,166</b>	<b>3,693</b>	<b>4,349</b>
Net investment in intangible assets	-763	-836	-3,046	-4,023
Net investment in tangible assets	-8	-25	-71	-130
Net investment in financial assets	-	97	-27	-64
<b>Net Investment</b>	<b>-771</b>	<b>-764</b>	<b>-3,144</b>	<b>-4,217</b>
<b>Free Cash Flow before working capital</b>	<b>362</b>	<b>402</b>	<b>549</b>	<b>177</b>
Change in working capital	-437	317	-564	-576
<b>Free Cash Flow after working capital</b>	<b>-75</b>	<b>719</b>	<b>-15</b>	<b>-399</b>
Cash Flow from financing activities	-766	-56	-9,910	-2,340
Net cash flow from acquired/divested companies/Investments in other companies	-297	-430	12,011	3,922
Cash effect IAC costs	-53	19	-285	-443
Discontinued operations	495	654	5,162	473
<b>Cash Flow for the period</b>	<b>-696</b>	<b>905</b>	<b>6,963</b>	<b>1,213</b>

SEKm	Dec. 31, 2025	Dec. 31, 2024
Cash	4,876	3,258
Current liabilities to credit institutions	-901	-589
Non-current liabilities to credit institutions	-1,108	-5,883
<b>Net Cash(+) / Net Debt (-)</b>	<b>2,866</b>	<b>-3,216</b>

- Q3 Free Cash Flow after WC lower YoY due to timing in working capital expected to unwind in Q4
- TTM Free Cash Flow after WC improved YoY despite a significant contribution from divestments of around 700 SEKm in the comparison period
- Cash Flow for the period of -696 SEKm impacted by share buy-backs, earn-out payments, divestments and spin-off
- Available funds at 31st of December 2025 amounted to 5.8 SEKbn.

# Net cash bridge | Q3 FY 2025/26

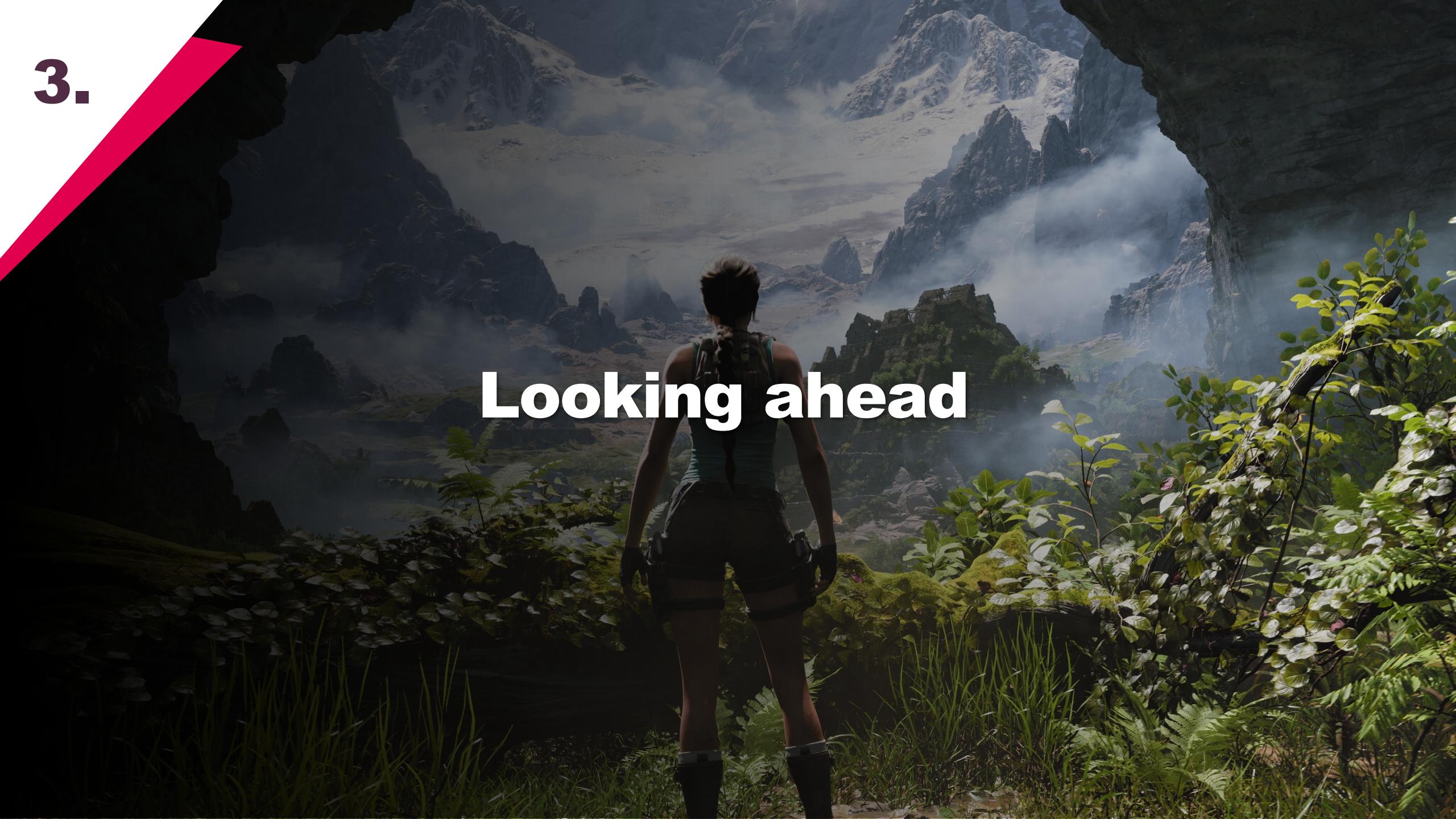


# Higher underlying forecast

## Adjusted EBIT at least **SEK 750 million**

- The forecast compares to our previous expectation of at least SEK 1.0 billion, which included Coffee Stain Group for the full FY 2025/26
- We see upside potential to our forecast from the underlying business performance.

3.

A woman with short brown hair, wearing a green tank top, black shorts, and a black harness, stands in a dense jungle. She is looking out over a vast, rugged mountain range with many peaks covered in snow and clouds. The foreground is filled with lush green foliage and trees. The lighting suggests it's either dawn or dusk, with a warm glow on the mountains.

Looking ahead

# Concluding remarks

- Core IPs continued to outperform in Q3, driving higher underlying forecast
- Executing against well-defined pipeline with at least one major in-house title from FY 2026/27, together with a range of important mid-sized titles
- Focusing on three strategic priorities to further improve profitability and cash flow generation:
  - **IP-led focus:** Capex shifting toward higher-return core IP (20% → 40% → to 80% of capex)
  - **Operational discipline:** Targeting continued opex / capex reduction next financial year
  - **Targeted cost initiatives:** Divestment of several non-strategic and unprofitable businesses in the quarter (Adj. EBIT of -178 SEKm TTM)
- Embracing and significantly experimenting with AI, as the technology advances at pace
- **Our broader long-term strategic direction is taking shape:** IP-first group, centered around our best talents, studios, and franchises.

# QUESTIONS & ANSWERS

UNTIL ~ 10:00 CET

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