

Press Release
Karlstad, Sweden, 26 November 2025

Embracer Group divests Arc Games and Cryptic Studios, while several key rights are retained within the group

Embracer Group AB ("Embracer") has today entered into a definitive agreement to divest Arc Games and Cryptic Studios to Project Golden Arc, Inc., with financing from XD Inc. The expected net cash proceeds amount to USD 30 million (SEK 287 million). Embracer will retain the publishing rights for the Remnant franchise. The rights for the multiplayer online game Fellowship are also retained and will be part of the pending Coffee Stain Group ("Coffee Stain") spin-off.

"This transaction supports our key priorities by strengthening our focus on strategic assets and core IPs in Embracer while improving profitability and free cash flow. The deal also allows online multiplayer game Fellowship, developed by a talented external team in Stockholm, to find a great home within Coffee Stain Group. I would like to thank the teams at Arc and Cryptic for their hard work over the past four years and wish them all the best as we are confident they will thrive and develop in the years ahead," says Phil Rogers, CEO of Embracer.

Divestment of Arc Games and Cryptic Studios key components:

- The expected net cash proceeds, after transaction related costs, amount to approximately USD 30 million (SEK 287 million).
- The buyer, Project Golden Arc, Inc., is owned and led by members of the Arc Games management team. The deal is financed by XD Inc., a global video games developer and publisher listed on the Main Board of The Stock Exchange of Hong Kong Limited.
- Arc Games is the publisher behind live service PC/Console games such as Star Trek Online and Neverwinter, as well as Remnant: From The Ashes and Remnant II, Torchlight, Hyper Light Breaker, Chips n' Clawz vs. the Brainoids and the recently released game Fellowship. Cryptic Studios includes the development teams for Neverwinter and Star Trek Online.

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- During the past 12 months (1 October 2024 – 30 September 2025), Arc Games and Cryptic Studios, excluding the financial contribution from the Remnant franchise but including the capex related to the multiplayer online game Fellowship, generated net sales of SEK 390 million, Adjusted EBIT of SEK -174 million and EBITDAC[1] of SEK -103 million.

Retained rights in Embracer and Coffee Stain key components:

- The publishing rights for the Remnant franchise will be transferred from Arc Games to Embracer's operative group THQ Nordic, which already owns the Remnant IP rights and the development studio Gunfire Games. Arc Games will remain listed as co-publisher of Remnant: From the Ashes and Remnant II.
- Following a transfer from current publisher Arc Games, the rights for the multiplayer online game Fellowship will be part of Coffee Stain, which is expected to be spun off from Embracer and listed on Nasdaq First North Premier Growth Market in Stockholm, with the first day of trading planned for 11 December 2025. Arc Games will continue to be listed as co-publisher of the game.
- Fellowship is developed by the Stockholm-based studio Chief Rebel and was released as Early Access on PC on 16 October 2025. Chief Rebel will continue as the developer, with a team of around 35 people working toward the full version of the game. During the past 12 months (1 October 2024 – 30 September 2025), capex related to the game amounted to SEK 49 million. Coffee Stain expects a neutral Cash EBIT[2] impact until the full game is released. The value of the intangible asset transfer amounts to USD 18 million and will be transferred to Coffee Stain in an entirely non-cash transaction.

Closing of the transaction

Closing of the transaction is expected to take place as soon as customary conditions are fulfilled.

Advisors

Double Black Capital is acting as financial M&A adviser and Fenwick & West is acting as legal counsel to Embracer in the transaction.

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

[2] Cash EBIT = Adjusted EBIT excluding operational depreciation and amortization expenses, less gross investments and payments of lease liabilities

For more information, please contact:

Oscar Erixon

Head of Investor Relations

Phone: + 46 730 24 91 42

Email: oscar.erixon@embracer.com

Arman Teimouri

Head of Media & Public Affairs

Phone: +46 793 33 05 60

Email: arman.teimouri@embracer.com

About Embracer Group

Embracer Group is a global group of creative and entrepreneurial businesses in PC, console and mobile games, as well as other related media. The Group has an extensive catalog of over 450 owned or controlled franchises. With its head office based in Karlstad, Sweden, Embracer Group has a global presence through its operative groups: THQ Nordic, PLAION, Coffee Stain, DECA Games, Dark Horse, Freemod and Crystal Dynamics – Eidos. The Group includes 69 internal game development studios and engages nearly 7,000 talents across nearly 30 countries.

Embracer Group's shares are publicly listed on Nasdaq Stockholm under the ticker EMBRAC B.

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Attachments

Embracer Group divests Arc Games and Cryptic Studios, while several key rights are retained within the group