

Q1

FY 2025/26

EMBRACER GROUP INTERIM REPORT

APRIL-JUNE 2025

Adjusted EBIT amounted to SEK 75 million

FIRST QUARTER, APRIL-JUNE 2025 (COMPARED TO APRIL-JUNE 2024)

- > Net sales decreased by -31% (-2% organic growth) to SEK 3,355 million (4,893).
The sales split per operating segment:
 - > PC/Console Games: decreased by -38% (-22% organic growth) to SEK 1,641 million (2,656).
 - > Mobile Games: decreased by -63% (-5% organic growth) to SEK 520 million (1,389).
 - > Entertainment & Services: increased by 41% (52% organic growth) to SEK 1,193 million (848).
- > EBIT¹⁾ amounted to SEK -257 million (-1,453), an EBIT margin of -8% (-30%). Adjusted EBIT decreased by -87% to SEK 75 million (579), corresponding to an Adjusted EBIT margin of 2% (12%).
- > Cash flow from operating activities amounted to SEK 457 million (-362). Net investments in intangible assets amounted to SEK -750 million (-999). Free cash flow after changes in working capital amounted to SEK -223 million (-120).
- > Basic earnings per share was SEK -2.01 (-9.23) and diluted earnings per share SEK -2.01 (-9.23). Adjusted earnings per share was SEK -0.69 (0.42). Adjusted earnings per share after full dilution was SEK -0.69 (0.41).
- > An adjusted EBIT of at least SEK 1,000 million is forecasted for the financial year 2025/26.

Key performance indicators, Group	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net sales, SEK m	3,355	4,893	22,370
EBIT ¹⁾ , SEK m	-257	-1,453	3,535
EBIT margin	-8%	-30%	16%
Adjusted EBIT, SEK m	75	579	3,344
Adjusted EBIT margin	2%	12%	15%
Cash flow from operating activities, SEK m	457	-362	3,492
Net investments in intangible assets, SEK m	750	999	3,615
Net sales growth	-31%	-53%	-47%
Total game development projects	116	127	108
Total game developers	5,452	10,713	6,720
Total headcount	7,228	13,712	9,029

¹⁾ EBIT equals Operating profit in the Consolidated statement of profit or loss.
In this report, all figures in brackets refer to the corresponding period of the previous year, unless otherwise stated.



FOCUSED ON OUR STRENGTHS, UNITED IN OUR PURPOSE – BUILDING FOR THE FUTURE

Our overall group Q1 results reflect a quiet quarter for PC/Console releases. This year will be a transition year in terms of own major releases, and we will be highly focused on operational and strategic execution. Coinciding with the expected listing of Coffee Stain Group towards the end of 2025, Embracer will evolve into Fellowship Entertainment, an IP-first company powered by great creators and strong franchises in a structure enabling focus and operational discipline. Through initiatives to improve and simplify our business, combined with a stronger release slate, we have the foundation for great long-term value creation.

STRONG FOUNDATIONS IN OUR CREATIVE TALENT AND IP PORTFOLIO

Over the last year we have made significant progress in transforming the group. Asmodee was successfully listed in February and we significantly strengthened our balance sheet. Coffee Stain Group is on track for its separate listing later this calendar year. With a powerful combination of strong IPs, engaged communities, and innovative talent, we are confident in its future as a standalone company.

As Embracer evolves from a collective to a cohesive business in Fellowship Entertainment it will hold one of the most exciting IP portfolios in the industry with globally recognized franchises including *The Lord of the Rings*, *Tomb Raider*, *Kingdom Come Deliverance*, *Metro*, *Dead Island*, *Darksiders* and *Remnant*. We are laying the groundwork for a more agile and more empowered organization centered around such IPs.

In our first quarter, organic growth amounted to -2% with net sales of SEK 3.4 billion and an adjusted EBIT of SEK 75 million, down from SEK 579 million in Q1 last year, or around SEK 250 million excluding the divested assets Easybrain and Gearbox. At the same time, our capex is down to SEK 784 million in Q1 from SEK 967 million a year prior excluding divested assets. On a trailing 12-month basis, free cash flow improved to SEK 1.2 billion, compared to SEK -0.2 billion in the preceding period. These are important steps with regards to underlying cash flow generation.

The quarter saw a contribution in line with our expectations from our Mobile and Entertainment & Services businesses, but the quarter was slower than expected for PC/Console due to softness in our catalog. We continue to be excited that *Kingdom Come Deliverance II* is widely regarded as a Game of the Year contender. In Q1 several competitor games launched,



taking player time and attention with the result that we saw a slowing in our gamer acquisition for *Kingdom Come Deliverance II*. We responded by doubling down on all efforts for Q2 and beyond; our teams are focused on expanding the game's reach with major new content drops. We have seen an impact from these efforts already in early Q2. *Legacy of the Forge*, the second expansion, to be released this fall, will add real gameplay depth to increase engagement, with a third expansion scheduled for the holiday season.

Touching on Q2, *Killing Floor 3*, released in July, has seen a mixed reception and has performed slightly below our initial expectations. With upcoming updates and open communication with players, we believe the game has made a solid enough start and can deliver long-term value. On August 1, *Titan Quest II* started in early access with encouraging engagement and player feedback after an extended period of time in development. We now look forward to expanded content and a full release, including on console, for this action RPG game that stands out in the marketplace.

NEAR-TERM FOCUS, LONG-TERM VALUE

As we move forward, we are taking a conservative approach for this current year, reflecting a measured view on the timing and performance of our PC/Console

release schedule in addition to potential continued softness in our catalog following Q1.

This year is a transition period as we lay the foundations of Fellowship Entertainment and focus on building a business led by key IP and empowered teams, in a structure enabling focus and operational discipline. It is paramount that we concentrate on the quality and long-term value of our releases rather than chasing short-term gains.

We now expect our current financial year to deliver at least SEK 1.0 billion in Adjusted EBIT. On the whole, versus last year, we have incorporated further release shifts of one or several of the more important releases currently scheduled for Q4, as well as a slower growth trajectory for Mobile, negative FX effects and lower catalog sales. This conservative view provides upside potential, which we will work tirelessly to realize. For Q2, we expect to be roughly in line with Q1 on Adjusted EBIT, driven by the performance of already-released titles in July and August.

We see no material changes to the management expectations for FY 2026/27 and FY 2027/28. We have one of the most exciting pipelines in the industry and we still have 9 AAA games currently slated, excluding any AAA games financed by partners. As previously



noted, one or a couple of these games will most likely slip into FY 2028/29, but we do see a clear increase in release cadence as compared to our average of just over 1 AAA game per year in the past five years. We expect the increased released pipeline in combination with lower fixed costs will notably improve free cashflow FY 2026/27 onwards.

Coffee Stain Group is performing in line with expectations, with an intact outlook. We see that there are challenges related to Fellowship Entertainment and we fully recognize these. Nevertheless, we also see potential for great long-term value creation. In recent months, I've spent significant time listening to our teams and companies. As we move into this next phase of our transformation, I want to share three immediate priorities for myself and the management team to improve profitability and free cash flow:

- 1. IP-led focus** – We are doubling down on our greatest strength: empowering talented teams to deliver unforgettable experiences based on globally loved IPs. We accomplish this by an increased capital allocation to our core IPs. Over many years and across hundreds of game releases, our core IP had 3.1x ROI vs non-core at 1.6x. Core IP stood for 20% of capex a year ago, is expected to reach 40% this year, and it could reach 80% longer term, as we continue to reduce investments into non-core IP. Game development cycles are 3-5 years, and we are almost 2 years into this transition.
- 2. Operational discipline** – We are not just renaming our group, but significantly rewiring the business to create one powerhouse unit within PC/Console. This comes through smarter collaboration, increased streamlining, shared services and with AI as an increasingly supportive force. These factors will be key to unlocking value and expanding margins.
- 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. These initiatives could potentially include divestments. Assets that we so far have categorized as non-strategic had a negative Adjusted EBIT contribution of SEK 250 million and margin impact of 2% percentage points on a pro forma basis over the past twelve months.

Our intention is to return excess cash to shareholders – either through dividend or share buybacks. Before this will be communicated and executed, we need to decide and communicate the intended balance sheet for Coffee Stain Group at listing, as well as adjust some banking agreements that we deem are more technical adjustments due to our solid net cash position.

ACKNOWLEDGING CHALLENGES, BUT STAYING THE COURSE

This is a pivotal moment. It's time to channel our energy and sharpen our focus. Our ambition is simple and focused: lead with distinctive IP; deliver with clarity and discipline; and realize our full potential. The choices we make now will determine not just what we achieve, but who we become.

It is both an honor and a deep responsibility to lead Embracer, soon to be Fellowship Entertainment into the next chapter. I am grateful to the Board, and to Lars in particular, for the trust and belief placed in me. Lars' entrepreneurial legacy has built the foundations on which we now stand.

We're ready to shape what's next.

Phil Rogers
Group CEO

FINANCIAL COMMENTS

NET SALES

Net sales, SEK m	Apr-Jun 2025	Apr-Jun 2024	Change	Apr 2024-Mar 2025
PC/Console Games	1,641	2,656	-38%	10,450
Mobile Games	520	1,389	-63%	5,359
Entertainment & Services	1,193	848	41%	6,561
Total	3,355	4,893	-31%	22,370

Total net sales in the quarter amounted to SEK 3,355 million, corresponding to a decrease of -31%. The negative net sales growth in the quarter was primarily related to divestments of , Easybrain, Gearbox Entertainment ("Gearbox") and Shiver Entertainment ("Shiver") which are included in the comparison figures and lower exchange rates .

Organic growth and the pro forma growth amounted to -2% in the quarter. Entertainment & Services had the highest contribution with an organic and pro forma growth of 52 %, driven by a strong quarter in PLAION's partner and film businesses. The growth contribution from Entertainment & Services was offset by decreased catalog (including platform deals) sales within PC/Console games where the segment had an organic and proforma growth of -22%.

In the Mobile Games segment the organic and proforma growth amounted to -5% due to decelerated UAC spend and a slower momentum for recently released games.

Net sales growth	Apr-Jun 2025		
	Net sales growth	Organic growth	Pro forma growth
PC/Console Games	-38%	-22%	-22%
Mobile Games	-63%	-5%	-5%
Entertainment & Services	41%	52%	52%
Total	-31%	-2%	-2%



Titan Quest II
THQ Nordic | Grimlore Games

EBIT AND ADJUSTED EBIT

EBIT amounted to SEK -257 million (-1,453) in the quarter, yielding an EBIT margin of -8% (-30%). The improvement compared to the previous year mainly relates to costs related to the divestment of Gearbox in the comparable quarter.

Items affecting comparability (IAC - see definitions page [39](#)) amounted to SEK -64 million (-602) in the quarter. SEK -34 million relates to write-downs of intangible assets. These write-downs are related to a range of game development projects across Freemode, Amplifier and THQ Nordic. Write-downs are defined as IAC if related to projects where the studio or team has been discontinued. Other IAC amounted to SEK -30 million are mainly related to profitability actions resulting in the discontinuation of studios and teams. IAC are presented in the table provided on page [42](#).

Adjusted EBIT decreased by -87% and amounted to SEK 75 million (579) in the quarter, yielding a 2% margin (12%). The decrease in Adjusted EBIT in the quarter is primarily driven by divested assets in PC/Console Games and Mobile Games which contributed with SEK 331 million in the comparable quarter. The decrease in the Mobile Games and PC/Console Games segments is slightly offset by an increase in Entertainment & Services which is explained by organic growth and a favorable product mix.

EBIT, SEK m	Apr-Jun 2025	Apr-Jun 2024	Change	Apr 2024- Mar 2025
PC/Console Games	-114	-1,649	93%	-3,855
Mobile Games	-18	365	-105%	9,101
Entertainment & Services	-67	-113	41%	-1,096
Corporate	-59	-55	-7%	-614
Total	-257	-1,453	82%	3,535

Adjusted EBIT, SEK m	Apr-Jun 2025	Apr-Jun 2024	Change	Apr 2024- Mar 2025
PC/Console Games	46	138	-67%	1,892
Mobile Games	55	518	-89%	1,383
Entertainment & Services	33	-21	257%	324
Corporate	-59	-55	-7%	-256
Total	75	579	-87%	3,344

FORECAST

For our current full financial year 2025/26 an adjusted EBIT of at least SEK 1,000 million is forecasted. Compared to proforma adjusted EBIT with divested entities excluded of SEK 2,360 million in financial year 2024/25, the forecast incorporates further release shifts of one or several of the more important releases currently scheduled for Q4, as well as a slower growth trajectory for Mobile, negative FX effects and lower catalog sales.





OPERATING SEGMENT PC/CONSOLE GAMES

The PC/Console Games operating segment includes the following five operative groups: THQ Nordic, PLAION, Amplifier Game Invest, Coffee Stain and Crystal Dynamics – Eidos. PC and console games have been a core business for Embracer Group ever since its inception. The segment develops and publishes games for PC and console. It includes AAA, AA+, Indie, MMO, Free-to-play, Asset Care, VR, Work-for-Hire and other game development.

SHARE OF GROUP SALES

49% (54%)

INTELLECTUAL PROPERTY (IP)

241 (243)

INTERNAL HEADCOUNT

4,851 (5,438)

INTERNAL STUDIOS

60 (66)

Key performance indicators, PC/Console Games

	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net Sales, SEK m	1,641	2,656	10,450
of which Digital products, SEK m	1,064	1,631	6,990
of which Physical products, SEK m	85	179	903
of which Other products ¹⁾ , SEK m	492	846	2,558
Net Sales growth	-38%	-34%	-27%
EBIT, SEK m	-114	-1,649	-3,855
EBIT margin	-7%	-62%	-37%
Adjusted EBIT, SEK m	46	138	1,892
Adjusted EBIT, margin	3%	5%	18%
Type of income			
New releases sales, SEK m	83	146	2,024
Back catalog sales ²⁾ , SEK m	1,066	1,665	5,869
Other ¹⁾ , SEK m	492	846	2,558

¹⁾ Primarily Work-for-Hire and other game development projects.

²⁾ See Definitions, quarterly information.

SEGMENT HIGHLIGHTS

Net sales in the quarter for PC/Console Games amounted to SEK 1,641 million, a decrease of -38% compared to the same period last year, and -22% organically and pro forma. The negative organic growth was primarily impacted by lower back catalog revenue, including a lower contribution from recently released games and from platform deals than in the corresponding quarter last year. Net sales growth was also impacted by the divestment of Gearbox and Shiver last year.

EBIT amounted to SEK -114 million (-1,649) yielding a -7% (-62%) EBIT margin. Items affecting comparability amounted to SEK -32 million (-602) and relates to profitability actions including headcount reductions and impairment of certain game development projects. Adjusted EBIT decreased by -67% YoY in Q1, to SEK 46 million (138), yielding a 3% (5%) Adjusted EBIT margin. The lower Adjusted EBIT is primarily explained by the negative organic growth.

Net sales from new releases amounted to SEK 83 million in the quarter, a decrease of -43% YoY. Among the new releases in the quarter, *MotoGP 25* and *Monster Energy Supercross 25* were the main contributors. The value of completed games amounted to SEK 210 million, as the release dates for a few minor titles were shifted to later in the financial year.

Revenue from back catalog titles (including platform deals) amounted to SEK 1,066 million (1,665) in the quarter, a decrease of -36% YoY. In the corresponding quarter last year, divested assets contributed SEK 327 million. The top-10 back catalog net sales drivers in the quarter included *Kingdom Come: Deliverance II*, *Dead Island 2*, *Star Trek Online*, *MX vs. ATV Legends*, *Neverwinter Nights*, *Kingdom Come: Deliverance*, *Remnant II*, *Metro: Exodus*, *Wreckfest* and *Chivalry II*.

THQ NORDIC

PLAION

Coffee
Stain

amplifier

CRYSTAL DYNAMICS | eidos montreal



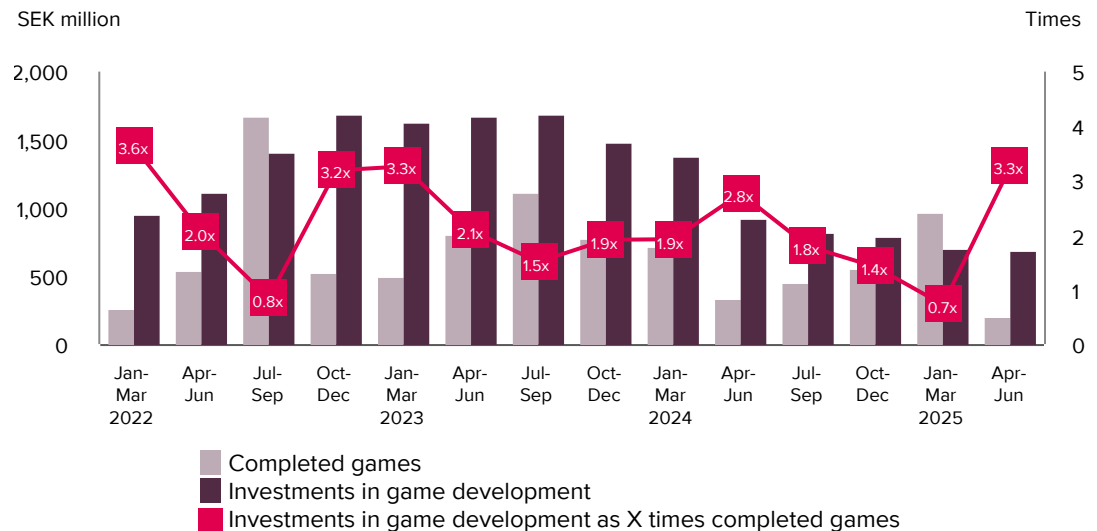
Other net sales amounted to SEK 492 million (846) in the quarter, a decrease of -42% YoY, partly due to the divestment of Gearbox and Shiver. In the corresponding quarter last year, divested assets contributed SEK 18 million.

In early Q2 FY 2025/26, on 24 July, 2025, *Killing Floor 3* was released. The game is a co-op action and horror FPS (first person shooter) and is developed and published internally by Tripwire Interactive. The game received a solid initial reception from critics and a more negative reception from users. Tripwire Interactive is hard at work to further improve the player experience and has a clear content roadmap ahead. *Killing Floor 3* is deemed to have a solid foundation to drive long-term value throughout the game's life cycle.

Other new releases in Q2 include *Titan Quest II* (PC early access) *Metal Eden*, *Echoes of the End* and *Dungeons & Dragons Neverwinter Nights 2: Enhanced Edition*. On August 1, *Titan Quest II* started early access with encouraging engagement and player feedback. The studio is now working on additional content and a full release, including on console.

GAME DEVELOPMENT INVESTMENTS AND COMPLETED GAMES

The finalized value of the completed and released games during the quarter amounted to SEK 210 million (336), driven by the release of *Monster Energy Supercross 25* and *MotoGP 25* from Milestone and the PC early access release of *As We Descend*. In total, SEK 684 million (929) were invested in the quarter. The ratio of investments to completed games increased from 2.8x to 3.3x YoY, with a continued higher pace of ongoing investment into future game releases than completed investment in released games. When new games are released, capitalized development costs are amortized, based on a degressive depreciation model over two years.





ANNOUNCED PC/CONSOLE RELEASES AS OF AUGUST 14, 2025

Title	Publishing Label	IP Owner	Main Developer	Platforms
Chip 'n Clawz vs. The Brainioids	Arc Games	Own	Internal	PC, PS5, XB XIS
<i>Fellowship</i>	Arc Games	Own	External	PC
<i>Mamorukun ReCurse!</i>	Clear River Games	External	External	PS4, PS5, XB XIS, Switch
<i>Rushing Beat X: Return of Brawl Brothers</i>	Clear River Games	External	External	TBC
<i>Truxton Extreme</i>	Clear River Games	Own	Internal	PC, PS5
<i>R-Type Delta: HD Boosted</i>	Clear River Games	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Into the Unwell</i>	Coffee Stain Publishing	Own	External	PC
<i>Satisfactory (Console)</i>	Coffee Stain Publishing	Own	Internal	TBC
<i>Metal Eden</i>	Deep Silver / PLAION	Shared	External	PC, PS5, XB XIS
<i>TENSE</i>	Demiurge Studios	Own	Internal	PC
<i>Bubsy in: The Purrfect Collection</i>	External	External	Internal	PC, PS5, XB XIS
<i>Call to Arms: Panzer Elite</i>	External	Own	External	PC
<i>Tomb Raider (final title TBC)</i>	External	Own	Internal	TBC
<i>DarkSwarm</i>	Ghost Ship Publishing	External	External	PC
<i>Deep Rock Galactic: Rogue Core</i>	Ghost Ship Publishing	Own	Internal	PC
<i>Dinolords</i>	Ghost Ship Publishing	External	External	PC
<i>A Rat's Quest</i>	HandyGames	External	External	PC, PS4, XB1, Switch
<i>Lethal Honor - Order of the Apocalypse</i>	HandyGames	External	External	PC, PS5, XB XIS, Switch, PS4, XB1
<i>Double Shake</i>	Limited Run Games	External	External	PS5, Switch
<i>Fear Effect 1</i>	Limited Run Games	External	Internal	PC, PS5, Switch, PS4
<i>Fear Effect 2</i>	Limited Run Games	External	Internal	PC, PS5, Switch, PS4
<i>Fighting Force Collection</i>	Limited Run Games	External	Internal	PC, PS5, Switch, PS4
<i>Tomba 2</i>	Limited Run Games	External	Internal	PC, PS5, Switch, PS4
<i>Screamer</i>	Milestone	External	Internal	PC, PS5, XB XIS
<i>Let's Sing 2026</i>	PLAION	Own	Internal	PC, PS5, XB XIS, Switch, Switch 2
<i>MARVEL 1943: Rise of Hydra</i>	PLAION	External	External	TBC
<i>Thief VR: Legacy of Shadow</i>	PLAION	Own	External	PSVR2
<i>Darksiders 4</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Fatekeeper</i>	THQ Nordic	Own	External	PC, PS5, XB XIS
<i>Gothic 1 Remake</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>REANIMAL</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS, Switch 2
<i>Sacred 2 Remaster</i>	THQ Nordic	Own	External	PC, PS5, XB XIS
<i>Spongebob Squarepants Titans of the Tide</i>	THQ Nordic	External	Internal	PC
<i>Söldner: Secret Wars Remastered</i>	THQ Nordic	Own	External	PC
<i>The Eternal Life of Goldman</i>	THQ Nordic	External	External	PC, PS5, XB XIS, Switch
<i>The Guild Europa 1410</i>	THQ Nordic	Own	Internal	PC
<i>Tides of Tomorrow</i>	THQ Nordic	Own	Internal	PC, PS5, XB XIS
<i>Wreckreation</i>	THQ Nordic	External	External	PC, PS5, XB XIS
<i>NORSE: Oath of Blood</i>	Tripwire	External	External	PC, PS5, XB XIS

* PC/Console titles from the operating segments Mobile Games and Entertainment & Services are also included in the release list.

For latest release dates please refer to above mentioned publishers.

The release list does not include games where we only have physical distribution rights.

The release list does not include DLCs or Work-For-Hire projects.



OPERATING SEGMENT MOBILE GAMES

SHARE OF GROUP SALES

15% (28%)

INTELLECTUAL PROPERTY (IP)

30 (50)

INTERNAL HEADCOUNT

756 (1,093)

INTERNAL STUDIOS

8 (11)

The Mobile Games operating segment consists of DECA Games, which includes CrazyLabs. The Mobile Games segment includes free-to-play, ad centric, in-app-purchase centric and pay-to-play mobile games.

Key performance indicators, Mobile Games	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net Sales, SEK m	520	1,389	5,359
Net Sales growth	-63%	-3%	-9%
EBIT, SEK m	-18	365	9,101
EBIT margin	-3%	26%	170%
Adjusted EBIT, SEK m	55	518	1,383
Adjusted EBIT, margin	11%	37%	26%
User Acquisition Cost (UAC), SEK m	222	502	2,508
User Acquisition Cost (UAC), % of Net Sales	43%	36%	47%
Total installs, million	152	230	940
Total Daily Active Users (DAU), million	11	27	27
Total Monthly Active Users (MAU), million	123	209	214

SEGMENT HIGHLIGHTS

Net sales in the quarter for Mobile Games amounted to SEK 520 million, a decrease of -63% compared to the same period last year, primarily due to the divestment of Easybrain. The organic growth decreased by -5% and pro forma -5%. The organic growth decelerated in the quarter, driven by increased competition for CrazyLab's hybrid casual games and a slower back catalog performance, leading to decreased UAC. The decrease of total installs, DAU and MAU are mainly driven by the divestment of Easybrain.

EBIT amounted to SEK -18 million (365), yielding a -3% (26%) EBIT margin. Adjusted EBIT amounted to SEK 55 million (518), yielding a 11% (37%) Adjusted EBIT margin. User acquisition costs amounted to SEK 222 million (502), or 43% (36%) of net sales. The lower Adjusted EBIT and Adjusted EBIT margin are mainly explained by the divestment of Easybrain and a different product mix.

Glow: Fashion Idol continues to grow, despite certain temporary technical issues in May, and is expected to continue to scale in upcoming quarters. CrazyLabs other recently released titles, including *Coffee Mania* and *Bus Frenzy: Traffic Jam* saw lower UAC due to not reaching a high volume within CrazyLab's return requirements.

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*.

DECA



OPERATING SEGMENT ENTERTAINMENT & SERVICES

SHARE OF GROUP SALES

36% (17%)

INTELLECTUAL PROPERTY (IP)

193 (193)

INTERNAL HEADCOUNT

861 (827)

INTERNAL STUDIOS

2 (3)

The Entertainment & Services segment consists of three operative groups: Dark Horse Media, Freemode and PLAION's partner and film businesses. Dark Horse is a leading IP-focused creator, publisher, and distributor of comic books, art books & merchandise. Freemode is an ecosystem of fan-centric game and entertainment related businesses, including Middle-earth Enterprises and Limited Run Games.

Key performance indicators, Entertainment & Services

	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net Sales, SEK m	1,193	848	6,561
of which Digital products, SEK m	203	128	1,083
of which Physical products, SEK m	903	675	5,144
of which Other products, SEK m	88	45	334
Net Sales growth	41%	-54%	-7%
EBIT, SEK m	-67	-113	-1,096
EBIT margin	-6%	-13%	-17%
Adjusted EBIT, SEK m	33	-21	324
Adjusted EBIT, margin	3%	-2%	5%

SEGMENT HIGHLIGHTS

Net sales in the quarter for Entertainment & Services amounted to SEK 1,193 million, an increase of 41% compared to the same period last year, or 52% organically and pro forma. The positive organic growth was driven by PLAION's partner and film business, due to successful new releases and strong back catalog sales. The performance was also positively impacted by the strengthening of PLAION's global partner business footprint, through several new agreements, announced earlier this year.

EBIT amounted to SEK -67 million (-113), yielding a -6% (-13%) EBIT margin. Adjusted EBIT amounted to SEK 33 million (-21), yielding a 3% (-2%) Adjusted EBIT margin. Items affecting comparability amounted to SEK -32 million (-) and relates to profitability actions including discontinuation of teams and impairment of intangible assets. The Adjusted EBIT improvement was driven by the strong organic growth, despite a sales mix geared towards physical products. Middle-earth Enterprises had no major new product releases within, but still generated a solid contribution to Adjusted EBIT in the quarter, driven by a broad mix of licensing revenue streams.

Middle-earth Enterprises has a growing business development pipeline within merchandise, location-based experiences, tabletop games, live stage productions, and video games, including potential collaborations with other major, globally recognized IPs. For several other companies within Freemode, with a higher share of sales of physical products, market conditions are partly challenging, impacted by US tariffs. Macro and tariff developments are closely monitored, with active work related to mitigating actions where relevant.



OTHER FINANCIAL INFORMATION

NET PROFIT/LOSS FOR THE PERIOD

Net profit/loss for the quarter amounted to SEK -410 million (-1,865), improved by SEK 1,455 million compared to the same period previous year. The improvement is mainly related to costs related to the divestment of Gearbox in the comparable quarter impacting EBIT and higher tax costs in the same period.

Net financial items amounted to SEK -279 million (-278) in the quarter. Net interest income/expenses and other financial income/expenses amounted to SEK 10 million (-224). Changes in fair value of contingent considerations and related interest expenses including deferred considerations amounted to SEK 7 million (-8). Exchange rate gain/losses amounted to SEK -296 million (-46), mainly related to the revaluation of intercompany financial receivables.

Income tax amounted to SEK 126 million (-134) in the quarter. Current income tax amounted to SEK 14 million (-164) and deferred tax amounted to SEK 113 million (65). Provision for Pillar 2 top-up tax amounted to SEK -2 million (-35).

CONDENSED CASH FLOW

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Operating activities			
Cash flow from operating activities before changes in working capital	653	134	3,926
Cash flow from changes in working capital	-195	-496	-435
Cash flow from operating activities	457	-362	3,492
Cash flow from investing activities	-835	2,813	14,016
Cash flow from financing activities	164	-2,751	-12,648
Total cash flow, Continuing operations	-214	-300	4,860
Total cash flow, Discontinued operations	—	45	5,280
Total cash flow, total Group	-214	-255	10,140
Cash and cash equivalents at the beginning of period	7,097	3,507	3,507
Exchange-rate differences in cash and cash equivalents	-5	-31	-95
Cash and cash equivalents in Discontinued operations	—	-1,209	-6,454
Cash and cash equivalents at the end of period	6,879	2,012	7,097

Cash flow from operating activities before working capital amounted to SEK 653 million (134) in the quarter.

Cash flow from changes in working capital amounted to SEK -195 million (-496).

Cash flow from investing activities amounted to SEK -835 million (2,813) for the quarter where cash flow from acquisition/divestment of subsidiaries amounted to SEK -13 million (3,934). The comparable quarter includes cash flow related to the net proceeds of the divestment of Gearbox which explains the change towards current quarter. Investments in intangible assets amounted to SEK -750 million (-1,000), where SEK -693 million (-939) is invested in the portfolio of ongoing game development.

Free cash flow after changes in working capital amounted to SEK -223 million (-120) (see page 42). The decrease from the comparable quarter is mainly related to the divestment of Easybrain which had a positive contribution in the comparable quarter.

Cash flow from financing activities amounted to SEK 164 million (-2,751) in the quarter where proceeds from borrowings amounted to SEK 542 million (626) and reduced utilization of credit facilities amounted to SEK -307 million (-13,165).



NET CASH/DEBT AND AVAILABLE FUNDS

Net cash/Net debt, SEK m ¹⁾	Jun 30, 2025	Jun 30, 2024	Mar 31, 2025
Cash	6,879	3,221	7,097
Current investments	—	—	0
Current liabilities to credit institutions	-1,479	-15,420	-545
Current account credit facilities	—	-89	—
Non-current liabilities to credit institutions	-474	-1,986	-1,119
Net Cash (+) / Net Debt (-)	4,926	-14,275	5,434

¹⁾ Reclassification of the assets and liabilities under IFRS 5, as per [Note 6](#), has been returned to the balances when the net debt and available funds was calculated. The change in net debt and available funds for the previous year is, therefore, not affected by this reclassification as it does not have a cash effect before completion of the transactions.

As per June 30, 2025, the reported net cash amounted to SEK 4.9 billion, consisting of around SEK 6.9 billion in cash, SEK -1.5 billion related to current liabilities to credit institutions, as well as SEK -0.5 billion in non-current liabilities. The leverage target is to have net debt to Adjusted EBIT of 1.0x on a 12-month forward looking basis.

As per June 30, 2025, the group had non-interest-bearing deferred considerations and obligations related to historical business combinations with an expected cash settlement of SEK 2.0 billion with an estimated maturity structure (see page [14](#)).

Available funds, SEK m	Jun 30, 2025	Jun 30, 2024	Mar 31, 2025
Cash	6,879	3,221	7,097
Current investments	—	—	0
Unutilized credit facilities	5,825	1,955	5,956
Available funds	12,704	5,176	13,053



OBLIGATIONS RELATED TO HISTORICAL ACQUISITIONS

In connection to certain business combinations, agreements have been entered regarding contingent considerations that are not classified as part of the transferred purchase consideration since there is a requirement for continued employment for the seller or other reasons for the contingent consideration to be accounted for as a separate transaction. More information is presented in [Note 5](#).

Obligations related to historical acquisitions to be settled in cash

The table below gives an overview of obligations related to historical acquisitions in SEK million to be settled in cash as of June 30, 2025. The present value of contingent considerations has been calculated based on expected outcome for financial and operational targets for each individual agreement. The financial obligation will vary over time depending on, among other things, the degree of fulfillment of conditions for payment, the development of certain exchange rates in relation to the Swedish krona and interest rates.

Since the last quarter the obligation has decreased with SEK 99 million driven by ordinary payments and changes in exchange rates.

Financial year when settlement might occur	Contingent consideration classified as part of purchase price, SEK m	Obligations in relation to future personnel costs related to acquisitions, SEK m	Total obligations related to historical acquisitions, SEK m
2025/2026	491	126	617
2026/2027	100	652	752
2027/2028	117	0	117
2028/2029	120	82	202
2029/2030	93	21	114
2030/2031	85	13	98
2031/2032	46	12	58
	1,053	904	1,957

Contingent considerations classified as part of the purchase consideration and that are to be settled in cash are accounted for as debt in the group's balance sheet, divided into current and non-current debt. Obligations related to future personnel costs related to acquisitions which will be settled in cash are accounted for in the group's balance sheet, to the extent that it has been earned by the employee and is classified as debt. On June 30, 2025, the debt amounted to SEK 815 million, divided into current and non-current debt.

Obligations related to historical acquisitions to be settled in shares

The table below provides an overview of obligations related to historical acquisitions on June 30, 2025, which will be settled in shares. Contingent considerations classified as part of the purchase consideration is accounted for as either equity or debt in the group's balance sheet. Obligations related to future personnel costs related to acquisitions which will be settled in shares are accounted for in the group's balance sheet, to the extent that they have been earned by the employee and are classified as equity in the group's balance sheet. Additional information is available in [Note 5](#)

Number of shares, thousands	Contingent consideration classified as part of purchase price	Obligations in relation to future personnel costs related to acquisitions	Total obligations related to historical acquisitions
Already issued - clawback shares ¹⁾	3,291	505	3,796
To be issued	4,256	359	4,615
Total number of shares	7,547	864	8,411

¹⁾ See definitions on page [43](#)

The number of shares to be issued as additional purchase price can vary but never exceed 5 million according to the agreements. If all shares are issued, the dilution in capital will amount to 1.49% and 2.01% of the voting rights as of June 30, 2025, and the total number of shares after full dilution will be 230 million. Expectations of shares to be issued as per June 30, 2025 based on target achievement is within the interval 0.4 to 0.9 million. If shares within this



interval are issued, the dilution in capital will amount to 0.19-0.37% and 0.14-0.27% of the voting rights as of June 30, 2025.

Specific items related to historical acquisitions

The forecast is based on the average exchange rates for the period April 2025 to June 2025. The forecast includes closed acquisitions as per June 30, 2025, which contain finalized purchase price allocations.

SEK m	25/26			26/27	27/28	28/29	29/30	30/31	31/32	Total
	Q2	Q3	Q4							
Amortization of surplus values of acquired intangible assets	223	196	185	616	464	453	355	292	291	3,075
Personnel costs related to acquisitions	61	57	50	52	52	39	21	2	—	334
Specific items related to historical acquisitions	284	253	235	668	516	492	376	294	291	3,409



REANIMAL
THQ Nordic | Tarsier Studios

PARENT COMPANY

The parent company acquires and conducts operations through its subsidiaries and underlying companies.

The parent company's net sales for April-June 2025 were SEK 23 million (20), and loss before tax was SEK -187 million (9,518).

Income tax includes "top-up" tax according to Pillar 2 - Income Inclusion Rule (IIR), amounting to SEK -2 million (-). Loss after tax was SEK -157 million (9,610).

Cash and current investments as of June 30, 2025 were SEK 5,351 million (336). Available funds amounted to SEK 10,160 million as of June 30, 2025. The parent company's equity at the end of the period was SEK 27,595 million (64,654).



SIGNIFICANT EVENTS DURING THE QUARTER

- > On May 22 Embracer announced its intention to spin-off Coffee Stain Group (previous working name “Coffee Stain & Friends”) into a standalone group of community-driven game developers and publishers by the end of calendar year 2025. The shares in Coffee Stain Group will be distributed to the shareholders of Embracer, and are intended to be listed on the Nasdaq First North Premier Growth Market in Stockholm. At the same time, Embracer Group AB is planned to be renamed Fellowship Entertainment (previous working name “Middle Earth & Friends”).
- > On June 10, the Board of Directors of Embracer took the next step in the transformation process, appointing Phil Rogers as CEO of Embracer, effective as of 1 August 2025. Lars Wingefors is proposed to be appointed as Executive Chair of the Board of Embracer at the Annual General Meeting on 18 September 2025. Kicki Wallje-Lund, current Chair of the Board, is proposed to be appointed Deputy Chair of the Board. As of 1 August 2025 Lars Wingefors is not part of the Executive Management Team and he is only a member of the Board.
- > On June 19 Embracer published the annual report for financial year 2024/25.

SIGNIFICANT EVENTS AFTER THE QUARTER

- > No significant events after the quarter.



Thief VR: Legacy of the Shadow
Vertigo Games | Maze Theory

SUSTAINABILITY AND GOVERNANCE

SUSTAINABILITY

The Group published its Sustainability Report during the quarter, which was inspired by the European Sustainability Reporting Standards (ESRS) and the upcoming Corporate Sustainability Reporting Directive (CSRD). The CSRD mandates reporting on the impacts of corporate activities on both the environment and society, as well as external assurance of reported information.

To guide these efforts, a Group-wide Sustainability Policy has been adopted and is publicly available on the corporate website outlining commitments related to governance, people, and the environment. The policy applies to all business activities, employees, and contractors across the Group's global operations. It also defines expectations for engagement across the value chain, addressing impacts, risks, and opportunities. With respect to governance, the policy emphasizes business ethics, sustainable operations, and a commitment to transparency, integrity, and continuous improvement.

Throughout the quarter, the Group actively engaged in panels and roundtable discussions at Almedalen, the renowned annual political forum held in Visby, Sweden. This event unites politicians, businesses, NGOs, and a wide array of stakeholders to deliberate on critical social issues. Members of the Group, including the former CEO, Head of Media & Public Affairs, and Head of Sustainability, contributed valuable insights on how video games can foster positive societal change. Discussion topics ranged from gaming as a cultural expression and its role in enhancing global competitiveness, to promoting online safety for children and addressing the factors vital for continued industry growth and creativity.

As part of our commitment to diversity and inclusion, the Group emphasizes cultivating a dynamic workplace with varied skills and perspectives. In support of this, the Group hosted the second global Women at PLAION Summit in June—an online event recognizing the achievements of women in gaming, technology, and entertainment. The summit, focused on the theme of change, is one of several initiatives advancing our broader diversity and inclusion agenda.

GOVERNANCE

During Q1 we strengthened our privacy team with the addition of a group DPO. The DPO role is an advisory and auditory role that will focus on further helping our subsidiaries to understand and apply the complex privacy and data legislation around the globe.



ANALYSTS FOLLOWING EMBRACER GROUP

For an updated list of analysts covering Embracer Group, please refer to our website embracer.com.

THE SHARE

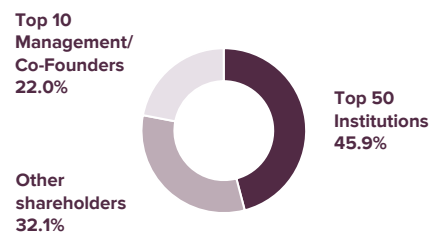
TOP 20 OWNERS AS OF JUNE 30, 2025					Change from Mar 31, 2025
Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %	Class A and B shares
1 Lars Winge AB	8,710,034	35,039,721	19.43%	39.90%	—
2 Savvy Gaming Group		16,647,337	7.39%	5.44%	—
3 DNB Asset Management AS		12,874,802	5.72%	4.21%	4,028,972
4 Matthew Karch		7,429,703	3.30%	2.43%	—
5 Alecia Tjänstepension		7,300,000	3.24%	2.38%	-550,000
6 Vanguard		7,029,590	3.12%	2.30%	1,272,101
7 Andrey Iones		6,586,275	2.93%	2.15%	—
8 PAI Partners		6,507,428	2.89%	2.13%	—
9 SEB Funds		5,899,809	2.62%	1.93%	76,637
10 Carnegie Fonder		5,468,258	2.43%	1.79%	43,296
11 Canada Pension Plan Investment Board (CPP)		5,276,000	2.34%	1.72%	-1,070,046
12 Första AP-fonden		4,290,000	1.91%	1.40%	956,668
13 Folksam		4,011,463	1.78%	1.31%	1,127,669
14 DNB Asset Management SA		3,586,685	1.59%	1.17%	1,057,693
15 BlackRock		3,558,345	1.58%	1.16%	322,134
16 Norges Bank Investment Management		3,484,727	1.55%	1.14%	—
17 Skandia Fonder		3,232,916	1.44%	1.06%	775,739
18 Avanza Pension		3,101,340	1.38%	1.01%	-331,344
19 Swedbank Robur Fonder		2,852,746	1.27%	0.93%	-2,435,259
20 Randy Pitchford		2,622,662	1.17%	0.86%	—
TOP 20	8,710,034	146,799,807	69.08%	76.41%	
OTHERS	289,966	69,319,900	30.92%	23.59%	
TOTAL	9,000,000	216,119,707	100.00%	100.00%	

Source: Monitor by Modular Finance.
Shareholder lists are available on embracer.com and are updated in real time.

INTERNATIONAL OWNERSHIP TOP 50 INSTITUTIONAL AS OF JUNE 30, 2025 BY CAPITAL



INSTITUTIONAL OWNERSHIP VS MANAGEMENT AS OF JUNE 30, 2025 BY CAPITAL



TOP 10 MANAGEMENT & CO-FOUNDER OWNERS AS OF JUNE 30, 2025

Owner ¹⁾	Co-Founder	Class A shares	Class B shares	Share of capital, %	Share of votes, %
1 Lars Wingefors AB	Embracer Group	8,710,034	35,039,721	19.43%	39.90%
2 Ken Go	DECA Games		1,475,989	0.66%	0.48%
3 Founders/Management	4A		815,357	0.36%	0.27%
4 Management	CrazyLabs		733,786	0.33%	0.24%
5 Founders	Ghostship Games		640,194	0.28%	0.21%
6 Founders/Management	Aspyr		591,624	0.26%	0.19%
7 Anton Westbergh	Coffee Stain		430,444	0.19%	0.14%
8 Richard Stitselaar and Kimara Rouwit	Vertigo Games		386,475	0.17%	0.13%
9 Klemens Kundratitz	PLAION		375,976	0.17%	0.12%
10 Dennis Gustafsson	Tuxedo Labs		234,671	0.10%	0.08%
TOP 10		8,710,034	40,724,237	21.96%	41.76%
ALL OTHER SHAREHOLDERS		289,966	175,395,470	78.04%	58.24%
TOTAL		9,000,000	216,119,707	100.00%	100.00%

¹⁾ Holdings by management above are in general owned through various wholly owned companies. Holdings include clawback shares that are issued but subject to restrictions and in some cases these shares are not part of the transferred consideration in the PPA but is classified as remuneration for future services.



RISKS AND UNCERTAINTY FACTORS

Embracer Group is exposed to risks, particularly the dependence on key persons for the success of game development, the sales performance of launched games, dependence on a few distributors and the success and performance of acquisitions. The complete risk analysis is found in the company's most recent Annual Report. Additional significant risks and assumptions are described in [Note 2](#) in this report.

AUDITOR'S REVIEW

This Interim Report has not been subject to review by the Company's auditor.

FINANCIAL CALENDAR

Annual General Meeting 2025	September 18, 2025
Interim Report Q2, July-September 2025	November 13, 2025
Interim Report Q3, October-December 2025	February 12, 2026
Full Year Report Q4, January-March 2026	May 21, 2026

FOR MORE INFORMATION

Find more information about the Company at its website: embracer.com

For any questions on this report, please contact:

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Tides of Tomorrow
THQ Nordic - DigixArt

SIGNATURES AND ASSURANCE

The Board of Directors and Chief Executive Officer offer their assurance that this interim report for the first quarter gives a true and fair view of the Group's and parent company's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and the parent company.

Karlstad, Sweden, August 14, 2025

Kicki Wallje-Lund
Chair of the Board

Yasmina Brihi
Board member

Bernt Ingman
Board member

Jacob Jonmyren
Board member

Cecilia Qvist
Board member

Brian Ward
Board member

Lars Wingefors
Board member

Phil Rogers
CEO

This information is information that Embracer Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact persons set out above, at 2025-08-14 07:00 CEST. The persons above may also be contacted for further information.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Forward-looking statements are subject to risks and uncertainties. Results could differ materially from forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report is based solely on the circumstances at the date of publication and except to the extent required under applicable law or applicable marketplace regulations, Embracer Group AB is under no obligation to update the information, opinions or forward-looking statements in this report.



WRECKFEST 2
THQ Nordic | Bugbear Entertainment

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in SEK m	Note	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Net sales	3,4	3,355	4,893	22,370
Other operating income	6	90	115	8,395
Total operating income		3,445	5,008	30,765
Work performed by the Company for its own use and capitalized		590	727	2,733
Goods for resale		-1,028	-998	-6,719
Other external expenses	7	-776	-1,280	-5,541
Personnel expenses	8	-1,462	-3,002	-8,362
Depreciation, amortization and impairment		-983	-1,312	-9,234
Other operating expenses	9	-44	-598	-108
Share of profit of an associate after tax		1	2	1
Operating profit/loss (EBIT)		-257	-1,453	3,535
Net financial items	10	-279	-278	-888
Profit/loss before tax		-536	-1,731	2,648
Income tax		126	-134	-105
Profit for the year continuing operations		-410	-1,865	2,543
Profit from Discontinued operation, net after tax ¹⁾	6	—	-316	3,420
Net profit/loss for the period		-410	-2,181	5,963
<i>Net profit/loss for the period attributable to:</i>				
Equity holders of the parent		-418	-2,183	5,963
Non-controlling interests		8	2	0
Earnings per share ²⁾				
Basic earnings per share (SEK)		-2.01	—	—
Diluted earnings per share (SEK)		-2.01	—	—
Basic earnings per share including Discontinued operation (SEK)		—	-10.80	28.88
Diluted earnings per share including Discontinued operation (SEK)		—	-10.80	28.87
Basic earnings per share excluding Discontinued operation (SEK)		—	-9.23	12.31
Diluted earnings per share excluding Discontinued operation (SEK)		—	-9.23	12.31

¹⁾ Excluding non-controlling interests of discontinued operations

²⁾ Recalculated with respect to the reversed split 1:6 carried out on January 15, 2025 as resolved at the extra general meeting on January 7, 2025. Number of shares for previous periods have been adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Net profit/loss for the period		-410	-2,181	5,963
Other comprehensive income				
<i>Items that may be reclassified to profit or loss (net of tax):</i>				
Exchange differences on translation of foreign operations		-177	-1,503	-4,831
Cash flow hedges		5	-2	-3
<i>Items that will not be reclassified to profit or loss (net of tax):</i>				
Remeasurement of defined benefit plans for employees		—	—	-2
Total other comprehensive income for the period, net of tax		-172	-1,505	-4,836
Total comprehensive income for the period, net of tax		-583	-3,686	1,127
<i>Total comprehensive income attributable to:</i>				
Equity holders of the parent		-590	-3,688	1,126
Non-controlling interests		8	2	1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2025	Jun 30, 2024	Mar 31, 2025
ASSETS				
Non-current assets				
Goodwill		12,243	30,678	12,373
Intangible assets		13,907	36,059	14,312
Property, plant and equipment		522	884	527
Right-of-use assets		607	1,481	645
Investments in associates		247	256	246
Non-current financial assets		500	493	447
Deferred tax assets		1,721	1,638	1,665
Total non-current assets		29,745	71,489	30,215
Current assets				
Inventories		800	3,385	707
Trade receivables		1,744	4,634	2,200
Contract assets		71	48	82
Other receivables		1,330	3,585	1,351
Prepaid expenses		449	701	481
Current investments		—	—	0
Cash and cash equivalents		6,879	3,203	7,097
Total current assets		11,273	15,556	11,919
Assets held for sale or distribution	6	—	602	—
TOTAL ASSETS		41,019	87,648	42,134

CONT.>>

>>CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK m	Note	Jun 30, 2025	Jun 30, 2024	Mar 31, 2025
EQUITY AND LIABILITIES				
Equity				
Share capital		2	2	2
Other contributed capital		62,083	61,801	62,061
Reserves		817	4,321	990
Retained earnings, including net profit/loss		-32,339	-16,861	-31,921
Total equity attributable to equity holders of the parent		30,564	49,264	31,133
Non-controlling interests		72	866	64
Total equity		30,636	50,130	31,196
Non-current liabilities				
Liabilities to credit institutions		474	1,876	1,119
Other non-current liabilities		187	189	103
Lease liabilities		421	1,141	438
Other provisions		167	50	186
Contingent considerations	5	644	1,761	822
Non-current put/call options on non-controlling interests	5	—	893	—
Deferred considerations	5	—	9	—
Non-current employee benefits		5	19	5
Non-current liabilities to employees related to historical acquisitions	5	85	994	679
Deferred tax liabilities		1,130	5,831	1,226
Total non-current liabilities		3,113	12,762	4,578
Current liabilities				
Liabilities to credit institutions		1,479	15,350	545
Current account credit facilities		—	89	—
Advances from customers		149	138	158
Trade payables		1,080	2,170	1,207
Lease liabilities		227	390	249
Contract liabilities		850	1,206	1,023
Contingent considerations	5	639	167	495
Current put/call options on non-controlling interests	5	—	—	—
Deferred considerations	5	—	405	0
Tax liabilities		295	636	365
Current liabilities to employees related to historical acquisitions	5	730	88	164
Other current liabilities		476	745	498
Accrued expenses		1,347	3,117	1,656
Total current liabilities		7,270	24,500	6,360
Liabilities directly associated with assets classified as held for sale or distribution	6	—	256	—
TOTAL EQUITY AND LIABILITIES		41,019	87,648	42,134

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Equity attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves ^{†)}	Retained earnings including profit for the period	Total equity attributable to equity holders of the parent		
Opening balance 2024-04-01	2	60,932	5,826	-14,341	52,419	64	52,482
Net profit/loss	—	—	—	-2,183	-2,183	2	-2,181
Other comprehensive income	—	—	-1,505	—	-1,505	0	-1,505
Total comprehensive income for the period	—	—	-1,505	-2,183	-3,688	2	-3,686
<i>Transactions with the owners</i>							
New share issue	0	244	—	—	244	—	244
Share-based remuneration according to IFRS 2	—	626	—	—	626	—	626
Transactions with non-controlling interests	—	—	—	-337	-337	1,295	959
Dividend to non-controlling interests	—	—	—	—	—	-495	-495
Total	0	870	—	-337	533	800	1,333
Closing balance 2024-06-30	2	61,801	4,321	-16,861	49,264	866	50,130
Opening balance 2025-04-01	2	62,061	990	-31,921	31,133	64	31,196
Net profit/loss	—	—	—	-418	-418	8	-410
Other comprehensive income	—	—	-172	—	-172	—	-172
Total comprehensive income for the period	—	—	-172	-418	-591	8	-583
<i>Transactions with the owners</i>							
Share-based remuneration according to IFRS 2	—	22	—	—	22	—	22
Total	—	22	—	—	22	—	22
Closing balance 2025-06-30	2	62,083	817	-32,339	30,564	72	30,636

^{†)} Includes currency translation difference and cash flow hedge reserve as well as revaluation of defined benefit plans to employees.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m ²⁾	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Operating activities			
Profit/loss before tax	-536	-1,731	2,648
Adjustments for non-cash items, etc.	1,163	1,896	1,985
Income tax paid	27	-30	-707
Cash flow from operating activities before changes in working capital	653	134	3,926
Cash flow from changes in working capital			
Change in inventories	-105	-54	5
Change in operating receivables	643	548	325
Change in operating liabilities	-733	-990	-764
Cash flow from operating activities	457	-362	3,492
Investing activities			
Acquisition of property, plant and equipment	-29	-54	-129
Proceeds from sales of property, plant and equipment	—	—	4
Acquisition of intangible assets	-750	-1,000	-3,615
Proceeds from sales of intangible assets	—	1	—
Acquisition of subsidiaries, net of cash acquired ¹⁾	-13	-236	-702
Divestment of subsidiaries, net of cash divested	—	4,170	18,497
Acquisition of financial assets	-43	-77	-45
Proceeds from sales of financial assets	0	9	6
Cash flow from investing activities	-835	2,813	14,016
Financing activities			
Proceeds from borrowings	542	626	7,272
Received dividend	—	9,885	9,885
Payments received from and given to discontinued operations	—	-3	-4,708
Repayment of loans	-307	-13,165	-24,763
Payment of lease liabilities	-71	-94	-333
Cash flow from financing activities	164	-2,751	-12,648
Total cash flow, Continuing operations	-214	-300	4,860
Total cash flow, Discontinued operations	—	45	5,280
Total cash flow, total Group	-214	-255	10,140
Cash and cash equivalents at the beginning of period	7,097	3,507	3,507
Exchange-rate differences in cash and cash equivalents	-5	-31	-95
Cash and cash equivalents in Discontinued operations	—	-1,209	-6,454
Cash and cash equivalents at the end of period	6,879	2,012	7,097

¹⁾ The change in the quarter refers to historical acquisitions.

²⁾ The total cash flow for discontinued operations is presented as a separate row in the cash flow statement. Details are disclosed in note 6.

NOTES

NOTE 1 **SIGNIFICANT ACCOUNTING PRINCIPLES**

This interim report comprises of the Swedish parent company Embracer Group AB (publ) ("Embracer"), with corporate registration number 556582-6558, and its subsidiaries. The Group conducts management and development of intellectual property rights, development and publishing of PC games, console games, mobile games and VR games and has partner publishing and niche positions in film and comic book publishing. The parent company is a limited liability company with its registered office in Karlstad, Sweden. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad, Sweden.

The Group's interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act (1995:1554). For the parent company, the interim report has been prepared in compliance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities.

For the Group, the same accounting policies and methods of computation have been applied as in the Annual Report for FY 2024/25. A complete description of the Group's applied accounting policies can be found in Note 1 as well as separate sections in the respective notes in the Annual Report for FY 2024/25. For the parent company's applied accounting policies, see Note P1.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and its related notes in the interim information on page [28-35](#) that from an integral part of this financial report.

All amounts are presented in million Swedish kronor ("SEK m"), unless otherwise indicated. Rounding differences may occur.

NOTE 2 **SIGNIFICANT ESTIMATES AND ASSUMPTIONS**

When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that impact the carrying amount of asset and liability items and revenue and expense items, as well as other provided information.

Actual outcome may differ from the estimates if the estimates or circumstances change. The key estimates and assumptions

made when preparing the interim report correspond to the ones described in Note 2 as well as separate sections in the respective notes in the Annual Report for FY 2024/25.

NOTE 3 OPERATING SEGMENTS

For accounting and monitoring, the Group has divided its operations into three operating segments based on how the chief operating decision maker reviews the operations for allocation of resources and assessment of performance. Embracer's CEO is identified as the Group's chief operating decision maker (CODM). The division of operating segments is based on differences in the goods and services that Embracer offers.

PC/Console Games - This part of the business conducts development and publishing of premium games for PC and console.

Mobile Games - This part of the business conducts development and publishing of mobile games.

Entertainment & Services - This part of the business is engaged in development, publishing and distribution of comic books, conducts wholesale of publishing titles of games for console and PC as well as films, conducts publishing and external distribution of films and TV-series and produce and distribute merchandise.

The CODM primarily uses the performance measure Adjusted EBIT to assess the operating segments' performance. The CODM does not follow up on the assets and liabilities of the segments for allocation of resources or assessment of performance.

The same accounting principles are used for the segments as for the Group.

Apr-Jun 2025	PC/Console Games	Mobile Games	Entertainment & Services	Total segments	Eliminations	Corporate	Group total
Revenue from external customers	1,641	520	1,193	3,355	–	–	3,355
Revenue from transactions with other operating segment	3	13	5	20	-20	–	–
Total revenue	1,644	533	1,198	3,375	-20	–	3,355
Adjusted EBIT	46	55	33	133	–	-59	75
Amortization of surplus values of acquired intangible assets	-100	-58	-67	-225	–	–	-225
Personnel costs related to acquisitions	-28	-15	0	-44	–	–	-44
Items affecting comparability	-32	–	-32	-64	–	0	-64
EBIT	-114	-18	-67	-198	–	-59	-257
Net financial items							-279
Profit/loss before tax							-536

Apr-Jun 2024	PC/Console Games	Mobile Games	Entertainment & Services	Total segments	Eliminations	Corporate	Group total
Revenue from external customers	2,656	1,389	848	4,893	–	–	4,893
Revenue from transactions with other operating segment	6	–	8	14	-14	–	–
Total revenue	2,662	1,389	856	4,907	-14	–	4,893
Adjusted EBIT	138	518	-21	634	–	-55	579
Amortization of surplus values of acquired intangible assets	-166	-108	-88	-362	–	–	-362
Personnel costs related to acquisitions	-1,023	-46	-3	-1,072	–	–	-1,072
Remeasurement of contingent consideration	4	–	–	4	–	–	4
Items affecting comparability	-602	–	–	-602	–	–	-602
EBIT	-1,649	365	-113	-1,398	–	-55	-1,453
Net financial items							-278
Profit/loss before tax							-1,731

CONT. >>

>> NOTE 3 CONTINUED

Apr 2024- Mar 2025	PC/Console Games	Mobile Games	Entertainment & Services	Total segments	Eliminations	Corporate	Group total
Revenue from external customers	10,450	5,359	6,561	22,370	—	—	22,370
Revenue from transactions with other operating segment	21	40	35	95	-95	—	—
Total revenue	10,471	5,398	6,596	22,465	-95	—	22,370
Adjusted EBIT	1,892	1,383	324	3,600	—	-256	3,344
Amortization of surplus values of acquired intangible assets	-567	-371	-356	-1,294	—	—	-1,294
Personnel costs related to acquisitions	-1,171	-335	-18	-1,524	—	—	-1,524
Remeasurement of contingent consideration	4	—	—	4	—	—	4
Items affecting comparability	-4,014	8,424	-1,047	3,363	—	-358	3,005
EBIT	-3,855	9,101	-1,096	4,149	—	-614	3,535
Net financial items							-888
Profit/loss before tax							2,648

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Apr-Jun 2025	PC/Console Games	Mobile Games	Entertainment & Services	Group total
Type of products				
Digital products	1,064	520	203	1,787
Physical products	85	–	903	987
Other ¹⁾	492	-	88	581
Revenue from contracts with customers	1,641	520	1,193	3,355

Apr-Jun 2024	PC/Console Games	Mobile Games	Entertainment & Services	Group total
Type of products				
Digital products	1,631	1,384	128	3,143
Physical products	179	–	675	854
Other ¹⁾	846	5	45	896
Revenue from contracts with customers	2,656	1,389	848	4,893

Apr 2024- Mar 2025	PC/Console Games	Mobile Games	Entertainment & Services	Group total
Type of products				
Digital products	6,990	5,347	1,083	13,420
Physical products	903	–	5,144	6,046
Other ¹⁾	2,558	12	334	2,904
Revenue from contracts with customers	10,450	5,359	6,561	22,370

¹⁾ See Operating segment, page [7-11](#)

In addition to the breakdown by revenue from contracts with customers for PC/Console Games, Mobile Games and Entertainment & Services, Embracer also monitor PC/Console in categories below:

PC/Console Games	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
IP-rights			
Owned titles	1,119	1,835	6,819
Publishing titles	522	821	3,631
Total	1,641	2,656	10,450
New releases	83	146	2,024
Back catalog	1,066	1,665	5,869
Other	492	846	2,558
Total	1,641	2,656	10,450

NOTE 5 FINANCIAL INSTRUMENT

Reclassification of the assets & liabilities under IFRS 5, as per [Note 6](#) has been returned to the balances in Note 5. The balances are, therefore, not affected by this reclassification as it does not have an effect before completion of the transactions.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below presents financial instruments measured at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

Level 1 - Quoted (unadjusted) market prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (i.e. price quotations) or indirectly (i.e. derived from price quotations).

Level 3 - Input data for the asset or liability which is not based on observable market data (i.e. unobservable input data).

Financial assets measured at fair value

Financial assets measured at fair value as of June 30, 2025	Level 1	Level 2	Level 3	Total
Current investments	69	—	—	69

Financial assets measured at fair value as of June 30, 2024	Level 1	Level 2	Level 3	Total
Ownership interests in other entities	—	6	—	6
Current investments	42	—	—	42

Financial assets measured at fair value as of March 31, 2025	Level 1	Level 2	Level 3	Total
Current investments	50	—	—	50

Financial liabilities measured at fair value

Financial liabilities measured at fair value as of June 30, 2025	Level 1	Level 2	Level 3	Total
Contingent consideration	—	—	1,283	1,283
Liabilities to employees related to historical acquisitions	—	—	815	815

Financial liabilities measured at fair value as of June 30, 2024	Level 1	Level 2	Level 3	Total
Contingent consideration	—	—	1,928	1,928
Put/call options on non-controlling interests	—	—	893	893
Liabilities to employees related to historical acquisitions	—	—	1,082	1,082

Financial liabilities measured at fair value as of March 31, 2025	Level 1	Level 2	Level 3	Total
Contingent consideration	—	—	1,317	1,317
Liabilities to employees related to historical acquisitions	—	—	843	843

Current receivables and current liabilities

For current receivables and liabilities, such as trade receivables and trade payables and for liabilities to credit institutions (long- and short-term) and with variable interest rate, the carrying amount is considered to be a good approximation of the fair value.

Contingent consideration

The fair value of contingent considerations has been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions for the contingent considerations, the development of certain exchange rates against the Swedish krona and the interest rate environment. Contingent considerations to be settled with shares are also dependent on the development of Embracer's share price.

Contingent considerations classified as financial liabilities are measured at fair value by discounting expected cash flows at a risk-adjusted discount rate of 1.8%-10.2%. Measurement is therefore in accordance with Level 3 in the fair value hierarchy. Significant unobservable input data consists of forecasted turnover and a risk-adjusted discount rate as well operational targets.

	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Contingent considerations			
Opening balance	2,264	3,935	3,935
Payment - shares to be issued	—	-55	-79
Payment - clawback shares	-5	-230	-565
Payment - cash	-13	-167	-243
FX effects	-21	56	-85
Disposals/divestments	—	-184	-252
Change in fair value recognized in consolidated statement of profit or loss	10	-1	-447
Closing balance	2,235	3,354	2,264

Given the contingent considerations recognized at the end of the reporting period, a higher discount factor of 1.5 percentage points will have an impact on the fair value of SEK -99 million and a lower discount factor of 1.5 percentage points will have an impact with SEK 79 million.

CONT. >>

>> NOTE 5 CONTINUED

The Group's contingent considerations will be settled in cash or with issued shares. As at June 30, 2025, the contingent considerations are expected to be settled according to the table below.

	Contingent consideration classified as financial liability		Total contingent consideration classified as financial liability	Contingent consideration classified as equity		Total contingent consideration
Expected settlement	Cash settlement	Newly issued shares		Newly issued shares		
Total	1,053	231	1,284	951	2,235	

As of June 30, 2025	Classified as financial liability	Of which already issued	Classified as equity	Of which already issued
Maximum number of shares related to contingent consideration	5,514,849	1,352,078	2,032,231	1,938,650

Put/call option on non-controlling interests

Put/call options on non-controlling interest refers to put/call option on non-controlling interests in business combination where the selling shareholders keep some ownership and there is a contractual obligation where Embracer will purchase the remaining interest if the holder of the option determines to exercise. The valuation and settlement is similar as for contingent consideration (level 3 fair value measurement).

The fair value of put/call options on non-controlling interests have been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions for the put/call option on non-controlling interests, the development of certain exchange rates against the Swedish krona and the interest rate environment.

Put/call option on non-controlling interests	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Opening balance	—	1,782	1,782
FX-effects	—	-4	33
Reclassifications	—	-906	-906
Disposals/divestments	—	—	-982
Change in fair value recognized in consolidated statement of profit or loss	—	21	73
Closing balance	—	893	—

Liabilities to employees related to historical acquisitions

Liabilities to employees related to historical acquisitions refers to part of the purchase price in historical acquisitions which according to IFRS is classified as personnel debt. Fair value for liabilities to employees related to historical acquisitions has been calculated based on expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfillment of the conditions.

Liabilities to employees related to historical acquisitions	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Opening balance	843	1,434	1,434
Accrual of personnel cost in consolidated statement of profit or loss	40	239	395
Payment - cash after the acquisition day	-53	-1,217	-1,294
Change in fair value recognized in consolidated statement of profit or loss	-3	10	32
Disposals/divestments	—	713	317
FX-effects	-12	-97	-41
Closing balance	815	1,082	843

As of June 30, 2025, the Group's liabilities to employees related to historical acquisitions will be settled in cash.

Other consideration that is not classified as financial instruments at fair value

Deferred Consideration

Deferred consideration refers to future payments from business combinations and asset deals where the payment is not contingent upon future financial or operational targets.

Deferred considerations	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Opening balance	—	487	487
Payment - cash	—	-81	-479
FX-effects	—	4	-9
Disposals/divestments	—	—	-8
Discount effect recognized in consolidated statement of profit or loss	—	5	9
Closing balance	—	415	—

NOTE 6 ASSETS (DISPOSAL GROUPS) HELD FOR SALE OR DISTRIBUTION
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

During the last financial year Embracer assessed that the former operating segment Tabletop (Asmodee) qualified as discontinued operation and during the last financial year Asmodee was distributed to the shareholders in Embracer.

Assets and liabilities included in disposal groups held for sale or distribution as of June 30, 2025	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Goodwill	—	282	—
Intangible assets	—	140	—
Property, plant and equipment	—	11	—
Right-of-use assets	—	14	—
Other non-current assets	—	—	—
Inventories	—	—	—
Other current assets	—	138	—
Cash and cash equivalents	—	18	—
Total assets included in disposal group held for sale or distribution	—	602	—
Non-current interest-bearing liabilities	—	-74	—
Non-current non-interest-bearing liabilities	—	-6	—
Current interest-bearing liabilities	—	-84	—
Current non-interest-bearing liabilities	—	-91	—
Total liabilities included in disposal group held for sale or distribution	—	-256	—
Net assets	—	347	—

Income statement for Discontinued operations	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Net sales	—	3,039	13,073
Other operating income	—	2	0
Total operating income	—	3,041	13,073
Work performed by the Company for its own use and capitalized	—	47	126
Goods for resale	—	-1,876	-7,825
Other external expenses	—	-365	-1,785
Personnel expenses	—	-535	-1,785
Depreciation, amortization and impairment	—	-294	-862
Other operating expenses	—	0	-8
Share of profit of an associate	—	-4	23
Operating profit (EBIT)	—	13	958
Net financial items	—	-69	-900
Profit before tax	—	-56	58
Income tax	—	-276	-374
Profit from operations	—	-332	-316
Profit (Loss) on remeasurements to fair value			
Profit (loss) from dividend of operations	—	—	2,611
Reclassification of foreign currency translation reserve	—	—	1,112
Net profit for the period, discontinued operations	—	-332	3,408
<i>Net profit/loss for the period attributable to:</i>			
Equity holders of the parent	—	-316	3,420
Non-controlling interests	—	-16	-12

Cash flow statement for Discontinued operations	Apr-Jun 2025	Apr-Jun 2024	Apr 2024-Mar 2025
Cash flow from operating activities	—	185	887
Cash flow from investing activities	—	-81	-224
Cash flow from financing activities	—	-59	4,617
Cash flow for the period	—	45	5,280

NOTE 7 RELATED PARTY TRANSACTIONS

Related party transaction	Related party	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Consulting service	Logvreten AB ¹⁾ (supplier)	–	0	-1
Transportation services	Sola Service i Karlstad AB ²⁾ (supplier)	-3	-3	-17
Transportation services	Empterwik Special Services Ltd ²⁾ (supplier)	-2	-6	-22
Sale of goods/services	Bröderna Wingefors AB ²⁾ (supplier)	–	0	0
Consulting service	LW Comics ²⁾ (supplier)	0	0	0
Consulting service	LVP Advisory Ltd ³⁾ (supplier)	–	0	0
Total		-5	-9	-40

¹⁾ Kicki Walje-Lund has controlling influence over the company

²⁾ The company is part of Lars Wingefors AB

³⁾ Closely related party to David Gardner has controlling influence

NOTE 8 PERSONNEL EXPENSES

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Personnel expenses	-1,400	-1,929	-6,823
Personnel costs related to acquisitions - Excluding FX gain/loss	-62	-1,073	-1,539
Total	-1,462	-3,002	-8,362

NOTE 9 OTHER OPERATING EXPENSES

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Other operating expenses	-44	4	-108
Divestment of subsidiaries	–	-602	0
Total	-44	-598	-108

NOTE 10 NET FINANCIAL ITEMS

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Interest income and other financial income	42	33	124
Interest expense and other financial expense	-32	-256	-648
Sum	10	-224	-524
Change in fair value contingent consideration	7	-3	493
Interest deferred consideration	–	-5	-9
Realized and unrealized exchange rate gains/losses	-296	-46	-848
Total financial net	-279	-278	-888

PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK m	Note	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net sales		23	20	87
Other operating income		0	0	2
Total operating income		23	20	89
Operating expenses				
Other external expenses		-30	-29	-139
Personnel expenses		-32	-35	-135
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-1	-1	-4
Other operating expenses	P2	-19	-271	-389
Operating profit/loss		-59	-315	-578
Net financial items	P3	3	9,889	-2,570
Profit/loss after financial items		-56	9,574	-3,148
Appropriations		-131	-55	52
Profit/loss before tax		-187	9,518	-3,096
Income tax		30	92	95
Net profit/loss for the period		-157	9,610	-3,001

Net profit/loss for the period in the parent company corresponds to the periods comprehensive income.

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Jun 30, 2025	Jun 30, 2024	Mar 31, 2025
ASSETS			
Non-current assets			
Intangible assets	3	2	3
Tangible assets	4	7	5
Shares in group companies	15,359	49,146	15,258
Receivables from group companies	11,817	18,256	12,100
Other financial assets	112	55	95
Deferred tax assets	213	92	181
Total financial assets	27,501	67,550	27,634
Total non-current assets	27,508	67,559	27,642
Current assets			
Receivables from group companies	3,291	4,291	3,096
Other receivables	206	331	269
Prepaid expenses and accrued income	79	78	62
	3,575	4,700	3,427
Cash and cash equivalents	5,351	336	5,648
Total current assets	8,927	5,036	9,075
TOTAL ASSETS	36,434	72,595	36,716
EQUITY AND LIABILITIES			
Restricted equity	2	2	2
Unrestricted equity	27,593	64,652	27,751
Total equity	27,595	64,654	27,752
Untaxed reserves	270	274	270
Provisions	92	85	101
Long-term liabilities			
Liabilities to Group companies	1,068	1,220	1,220
Total long-term liabilities	1,068	1,220	1,220
Current liabilities			
Liabilities to credit institutions	—	4,290	—
Trade payables	35	166	30
Liabilities to group companies	7,268	1,847	7,231
Tax liabilities	62	—	70
Other current liabilities	5	18	4
Accrued expenses and prepaid income	39	42	38
Total current liabilities	7,409	6,362	7,372
TOTAL EQUITY AND LIABILITIES	36,434	72,595	36,716

Tax liabilities includes SEK 89 million in booked top-up tax according to Pillar 2 and has also been offset against tax receivables even though it is likely to be paid later than within 12 months.

NOTE P1 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The year-end report for the parent company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim reports, and RFR 2 Accounting for legal entities. The same accounting principles, basis for calculations and assessments have been applied as applied in the Annual Report

for FY 2024/25, For description of the parent company's applied accounting principles, see Note P1 in the Annual Report for FY 2024/25.

NOTE P2 OTHER OPERATING EXPENSES

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Other operating expenses	-19	-271	-363
Loss sale of subsidiaries	—	—	-26
Total	-19	-271	-389

NOTE P3 NET FINANCIAL ITEMS

SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Dividend	—	9,888	12,923
Interest income	201	265	960
Interest expense	-82	-189	-527
Other financial expenses	-19	-53	-126
FX effects	-77	-25	-432
Write-down subsidiaries	-21	—	-15,452
Expected credit loss	1	2	85
Total	3	9,889	-2,570

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

In accordance with the guidelines from ESMA (European Securities and Markets Authority), regarding the disclosure of alternative performance measures, the definition and reconciliation of Embracer's alternative performance measures are presented below. The guidelines entail increased disclosures regarding the financial measures that are not defined by IFRS. The performance measures presented below are reported in this report. They are used for internal control and follow-up. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

One important part of Embracer's strategy is to pursue inorganic growth opportunities through acquisitions. Thereby expanding the ecosystem to include more entrepreneurs within the gaming and entertainment markets. An acquisitive strategy is associated with certain complexity in terms of accounting for business combinations. The board and management of Embracer believes that it is important to separate the operational performance of the business from the acquisition part. Certain APM's are used to accomplish and give internal and external stakeholders the best picture of the underlying operational performance of the business, by the measurement of performance excluding specific items related to historical acquisitions and items affecting comparability. The individual APMs, definitions, purpose are described more in detail below.

Name	Definition	Reason for Use
Adjusted Earnings per share	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration and put/call options on non-controlling interests net of tax and Interest expense contingent consideration net of tax divided by the average number of shares in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions, and items affecting comparability.
Adjusted Earnings per share after full dilution	Net profit for the period excluding specific items related to historical acquisitions and items affecting comparability net of tax, change in fair value contingent consideration net of tax and interest expense contingent consideration and put/call options on non-controlling interests net of tax divided by the average number of shares after full dilution in the period. Net taxes are calculated using the effective tax rate.	Shows earnings per share after adjustments to specific items attributable to historical acquisitions and items affecting comparability with regard for full dilution.
Adjusted EBIT	EBIT excluding specific items related to historical acquisitions and items affecting comparability.	Adjusted EBIT in order to provide a true and fair picture of the underlying operational performance, by excluding specific items related to historical acquisitions and items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	
Adjusted EBITDA	EBITDA excluding specific items related to historical acquisitions and items affecting comparability.	Adjusted EBITDA in order to provide a true and fair picture of the underlying operational performance, by excluding specific items related to historical acquisitions and items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	
Average number of shares	Weighted average number of shares that are outstanding during the period. Number of shares have been recalculated with respect to split of shares.	
Average number of shares after full dilution	Weighted average number of ordinary shares and potential ordinary shares. Number of shares have been recalculated with respect to split of shares.	
EBIT margin	EBIT as a percentage of net sales.	

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Name	Definition	Reason for Use
EBITDA	Earnings before interest, taxes, depreciation and amortization.	EBITDA and EBITDA margin are reported because these are metrics commonly used by investors, financial analysts and other stakeholders to measure the Company's financial results.
EBITDA margin	EBITDA as a percentage of net sales.	EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results.
EBITDAC	Adjusted EBITDA less Gross investments in intangible and tangible assets.	High level view on operational cash flow generation.
Free cash flow after working capital	Cash flow for the period, excluding cash flow from financing activities, acquisitions of subsidiaries including transaction costs, cash impact from personnel costs related to acquisitions and cash effect from items affecting comparability.	Provide a true and fair picture of the underlying operational performance, by excluding cash flow from specific items related to historical acquisitions and from items affecting comparability.
Gross margin	Net sales less goods for resale divided by net sales.	Measuring the profitability from the net sales of products and services.
Items affecting comparability	Transactions that are not related to recurring business operations, but affecting the financial outcome in a material way, and where the probability of reoccurrence over the coming year is limited.	Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods.
Net Debt (-) / Net Cash (+)	The company's cash and short-term investments decreased with the company's short- and long-term interest-bearing liabilities excluding leasing liabilities according to IFRS16, pension provisions, contingent consideration and put/call on non-controlling interest.	The metric is commonly used by investors, financial analysts and other stakeholders to measure the debt compared to its liquid assets. This metric is also used in calculating the Company's financial leverage.
Net investment in acquired companies	Acquisition of subsidiaries, net of cash acquired plus cash impact from specific items related to historical acquisitions, plus acquisition of IPs through asset deal structures.	A measure of cash flow allocated to inorganic growth opportunities in the reporting period.
Net sales growth	Net sales growth for the current period compared to the same period previous year.	Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress.
Organic growth	Growth between periods where net sales from companies acquired/divested in the last five quarters have been excluded. The comparison period is adjusted for differences in exchange rates.	Growth measure for companies that has been part of Embracer Group for more than one year excluding effects of differences in exchange rates.
Pro forma growth	Growth between periods where net sales from companies acquired/divested in the last five quarters have been added/adjusted historically. The comparison period is adjusted for differences in exchange rates.	Growth measure for all companies that are a part of Embracer Group as per reporting date regardless of when the company became a part of Embracer Group excluding effects of differences in exchange rates.
Specific items related to historical acquisitions	Specific income/expenses related to historical acquisitions consist of personnel cost related to acquisitions (In connection with certain business combinations, contingent consideration agreements that are not classified as part of the consideration transferred, as there is a requirement for continued employment to receive the amount. Accordingly, the amount is classified as consideration for future services), amortization of surplus values of acquired intangible assets (e.g. IP-rights, publishing rights, brand name), transaction costs (Costs for legal- financial- tax- and commercial due diligence for completed transactions.), remeasurement of participation in associated companies and remeasurement of contingent consideration.	Input used to calculate Adjusted EBITDA and Adjusted EBIT.

ALTERNATIVE PERFORMANCE MEASURES

ADJUSTED EBIT AND ADJUSTED EBITDA - DERIVATION

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
EBIT	-257	-1,453	3,535
Depreciation, amortization and impairment	983	1,312	9,234
EBITDA	726	-140	12,769
Personnel costs related to acquisitions	44	1,072	1,524
Remeasurement of participation in associated companies	0	—	—
Remeasurement of contingent consideration	—	-4	-4
Items affecting comparability ¹⁾	30	602	-7,534
Adjusted EBITDA	800	1,529	6,754
Depreciation, amortization and impairment	-983	-1,312	-9,234
Items affecting comparability ¹⁾	34	—	4,529
Amortization of surplus values of acquired intangible assets	225	362	1,294
Adjusted EBIT	75	579	3,344

ADJUSTED EARNINGS PER SHARE - DERIVATION

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Net profit for the period attributable to equity holders of the parent	-418	-1,867	2,543
Adjustments			
Personnel costs related to acquisitions	44	1,072	1,524
Remeasurement of participation in associated companies	0	—	—
Remeasurement of contingent consideration	—	-4	-4
Amortization of surplus values of acquired intangible assets	225	362	1,294
Change in fair value contingent consideration and put/call options on non-controlling interests	-19	-21	-559
Interest expense contingent consideration	11	30	72
Items affecting comparability ¹⁾	64	602	-3,005
Adjustments before tax	325	2,041	-678
Tax effects on adjustments	-62	-80	-532
Adjustments after tax	263	1,961	-1,210
Total continuing operations	-155	94	1,333
Average number of shares, million ²⁾	225	224	225
Adjusted Earnings per share, SEK	-0.69	0.42	5.93
Average number of shares after full dilution, million ²⁾	230	229	230
Adjusted Earnings per share after full dilution, SEK	-0.69	0.41	5.80

¹⁾ See next page for further explanation on items affecting comparability

²⁾ Recalculated with respect to the reversed split 1:6 carried out on January 15, 2025 as resolved at the extra general meeting on January 7, 2025. Number of shares for previous periods have been adjusted.

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ORGANIC GROWTH - DERIVATION

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Change
Net sales	3,355	4,893	-31%
Net sales from acquired/divested companies ¹⁾	—	-1,155	
Difference in exchange rate	—	-314	
Organic growth	3,355	3,425	-2%

PRO FORMA GROWTH - DERIVATION

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Change
Net sales	3,355	4,893	-31%
Net sales from acquired/divested companies ²⁾	—	-1,155	
Difference in exchange rate	—	-314	
Pro forma growth	3,355	3,425	-2%

¹⁾ Net sales from companies acquired in the last five quarters have been excluded.

²⁾ Net sales from acquired/divested companies in the last five quarters have been added/removed.

FREE CASH FLOW AFTER WORKING CAPITAL

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Cash flow for the period	-214	-300	4,860
Cash flow from financing activities	-164	2,751	12,648
Net cash flow from acquired/divested companies	13	-3,934	-17,795
Investments in other companies	33	—	—
Payment personnel cost related to acquisitions	53	1,168	1,243
Cash flow effect IAC	56	195	398
Free cash flow after working capital	-223	-120	1,351

ITEMS AFFECTING COMPARABILITY, IAC

Amounts in SEK m	Apr-Jun 2025	Apr-Jun 2024	Apr 2024- Mar 2025
Revenue related to games reported as IAC	14	—	—
Other external expenses	-7	—	-35
Personnel expenses	-22	—	-131
Profit or loss sale of subsidiaries	0	-602	7,951
Other operating income/expenses	-16	—	-250
Total IAC affecting EBITDA	-30	-602	7,534
Write-down intangible assets	-34	—	-423
Write-down tangible assets	0	—	-1
Impairment of goodwill	—	—	-3,727
Impairment of other intangible assets	—	—	-378
Total IAC affecting EBIT	-64	-602	3,005

DEFINITIONS, QUARTERLY INFORMATION

Clawback shares	Shares of the company issued to sellers at completion of acquisitions of companies or assets. Clawback shares are part of the earnout consideration to sellers of companies or assets. Clawback shares are held by sellers, either in escrow accounts or on regular accounts, with an agreed right for the company to receive the shares back, at no consideration, if specific earnout targets are not met. Clawback shares are kept by the sellers if earnout targets are met.
Completed games	Total book value of finished game development projects (released games) upon submission of completion. Upon completion the released games are reclassified from On-going Game Development Projects to Finished Games and amortization starts.
DAU	Average daily active users in the period.
Digital product	Product sold/transferred through digital/electronic channels.
Digital sales	Sales and transfer of products, physical and digital, through digital/electronic channels.
External game developers	Game developers engaged in game development projects by studios that are not owned by the group (external studios).
External Studios	Studios not owned by the group engaged in game development project financed by the Group.
Game development projects	On-going game development projects financed by the group and number of on-going game development projects financed by third party with notable expected royalty income.
Internal employees, non-development	Employees not directly engaged in game development (both employees and contractors).
Internal game developers	Game developers (both employees and contractors) engaged in game development projects by studios that are owned by the group (internal studios).
Internal headcount	Internal game developers + internal employees, non-development
Internal Studios	Studios owned by the group.
MAU	Average monthly active users in the period.
Net sales split – PC/Console segment	
Owned titles	Net sales of game titles that are owned IPs or titles that are controlled by the group.
Publishing titles	Net sales of game titles of IPs the group does not own or control.
New releases	Net sales of game titles that are released in the current quarter.
Back catalog	Net sales of game titles that are not released in the current quarter.
Max cash consideration	The maximum potential consideration to be paid in cash including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms and FX-rates stated in each individual agreement.
Max share consideration	The maximum potential consideration to be paid in Embracer B shares including upfront consideration and earnout consideration. The earnout consideration is based on the maximum potential consideration and is calculated based on the terms, FX-rates and Embracer VWAP20 Share Price stated in each individual agreement.
Max total consideration	The sum of the max cash and share consideration. Note that the total max consideration might deviate from the total consideration used in the Purchase Price Analysis following movements in FX-rates and Embracer Share price between the signing and closing date as well as if the expected achievement of the individual earnout targets deviate from the maximum scenario. The Max total consideration includes contingent consideration in cash and shares that is classified as remuneration for future services and not part of the transferred consideration in the PPA according to IFRS 2 and IAS 19. Also note that for a limited amount of acquisitions, for which there is a material difference between the expected consideration and the maximum potential consideration, the expected cash and shares consideration have been used as measure.
Number of IP:s	Number of IPs owned by the group.
Physical product	Product sold/transferred through physical channels.
Physical sales	Sales and transfer of products, physical and digital, through physical channels.
Total installs	Total accumulated installs in the period.
UAC (User Acquisition Cost)	Marketing costs in the operating segment Mobile Games.

INFORMATION BY FINANCIAL YEAR AND QUARTER

	2020/21	2021/22 ²⁾	2022/23 ²⁾	2023/24 ²⁾	2024/25 ³⁾					2025/26
	Full year	Full year	Full year	Full year	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full year Cont. op	Apr-Jun
Net sales, SEK m	9,000	17,067	37,665	42,206	4,893	4,726	7,364	5,386	22,370	3,355
Sales growth, Group, YoY %	71%	90%	121%	12%	(53%)	(56%)	(39%)	-39%	-47%	-31%
EBIT, SEK m	2,058	-1,126	194	-20,519	-1,453	28	638	4,322	3,535	-257
EBIT, margin, %	23%	-7%	1%	-49%	(30%)	1%	9%	80%	16%	-8%
Adjusted EBIT, SEK m	2,858	4,465	6,366	7,063	579	513	1,175	1,077	3,344	75
Adjusted EBIT, margin, %	32%	26%	17%	17%	12%	11%	16%	20%	15%	2%
Adjusted EBITDA, SEK m	4,016	5,942	9,866	11,377	1,529	1,272	2,001	1,952	6,754	800
Adjusted EBITDA, margin, %	45%	35%	26%	27%	31%	27%	27%	36%	30%	24%
Basic shares weighted average, million ¹⁾	120	151	178	198	202	206	207	208	206	208
Diluted shares weighted average ¹⁾	120	154	180	198	202	207	207	208	207	208
Average number of shares, million ¹⁾	133	172	209	220	224	225	225	225	225	225
Average number of shares after full dilution, million ¹⁾	133	181	227	237	229	231	231	230	230	230
Basic earnings per share, SEK	-20.97	6.47	25.00	-91.68	-9.23	-2.18	4.62	18.77	12.31	-2.01
Diluted earnings per share, SEK	-20.97	6.36	24.72	-91.68	-9.23	-2.18	4.62	18.76	12.31	-2.01
Adjusted Earnings per share, SEK ¹⁾	18.87	22.07	26.43	23.65	0.42	-0.26	5.95	-0.19	5.93	-0.69
Adjusted Earnings per share after full dilution, SEK	18.82	20.95	24.33	21.88	0.41	-0.26	5.81	-0.19	5.80	-0.69
Cash flow from operating activities, SEK m	3,825	4,070	5,383	7,888	-362	470	1,712	1,671	3,492	457
Organic growth, YoY, %	— %	— %	— %	1 %	-33%	-21%	7%	19%	-9%	-2%
Gross Margin, %	60%	72%	63%	63%	80%	73%	60%	72%	70%	69%
Specific items related to historical acquisitions										
Amortization of surplus values of acquired intangible assets	-510	-1,316	-2,973	-3,018	-362	-341	-314	-277	-1,294	-225
Transaction costs, SEK m	-150	-367	-290	-8	—	—	—	—	—	—
Personnel costs related to acquisitions	-181	-4,277	-2,631	-2,025	-1,072	-69	-126	-257	-1,524	-44
Remeasurement of participation in associated companies, SEK m	41	416	—	3	—	—	—	—	—	—
Remeasurement of contingent consideration, SEK m	—	-46	—	-18	—	—	—	—	—	—
Total	-801	-5,591	-5,894	-5,065	-1,434	-409	-441	-533	-2,818	-268
Investments										
External game development and advances, SEK m	697	1,233	1,291	1,131	211	140	126	57	535	102
Internal capitalized development, SEK m	1,291	2,293	4,788	5,351	727	686	669	650	2,733	590
Sub-total - Investment in Game development, all segments	1,988	3,526	6,079	6,482	939	826	795	707	3,268	693
Other intangible assets/IP-rights, SEK m	151	190	416	574	61	73	96	124	354	63
Tangible assets, SEK m	71	344	500	316	55	27	29	19	130	29
Total	2,210	4,060	6,995	7,372	1,055	926	920	850	3,751	784
Completed games										
Completed games, PC/Console, SEK m	837	1,218	3,248	3,421	336	455	556	974	2,321	210
Other KPIs										
Game development projects, PC/Console										
Announced Game Dev projects	53	64	56	43	34	46	46	37	37	38
Unannounced Game Dev projects	107	159	165	98	93	82	72	71	71	78
Total	160	223	221	141	127	128	118	108	108	116
Headcount										
Total internal game developers	4,036	7,240	9,971	6,312	9,685	9,154	8,818	5,996	5,996	4,749
Total external game developers	1,079	1,346	1,455	1,387	1,028	813	707	724	724	703
Total internal employees, non-development	1,210	4,174	5,175	4,370	2,999	2,896	2,799	2,309	2,309	1,776
Total	6,325	12,760	16,601	12,069	13,712	12,863	12,324	9,029	9,029	7,228
Number of studios										
Total number External Studios	66	63	56	41	34	26	24	23	23	20
Total number Internal Studios	60	118	138	109	117	112	109	86	86	70
Total	126	181	194	150	151	138	133	109	109	90
IP-rights	225	815	896	913	508	512	507	497	497	464

¹⁾ Number of shares for FY 2020/21 have been adjusted and recalculated with respect to the 2:1 split carried out on September 30, 2021. Further, the number of shares for the fiscal years 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25 have been recalculated due to the 1:6 reversed split carried out January 15, 2025.

²⁾ Including discontinued operations

³⁾ Excluding discontinued operations

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, Amplifier Game Invest, Coffee Stain, DECA Games, Dark Horse, Freemode and Crystal Dynamics – Eidos. The Group includes 70 internal game development studios and engages over 7 000 talents across nearly 30 countries.