Q2

FY 2026/27

# EMBRACER GROUP INTERIM REPORT

JULY – SEPTEMBER 2026

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# What we cover today

## Highlights from the quarter

## Operating segments

- Fellowship Entertainment
- Embracer

## Financial development

## Q&A



*The Lord of the Rings: War in the North™ - Legacy Edition*

# Highlights from Q2 2026/27

## Financial Highlights | SEK

**NET SALES**

**4,127 m**

**14%** YoY (**20%** organic)

**CASH EBIT**

**203 m**

(**-66 m**)

**FREE CASH FLOW**

**55 m**

**(-508 m)**

## Comments

**Strong growth** across multiple business areas

**Cash EBIT forecast** of at least SEK 1 billion for FY 2026/27 reiterated

**Unlocking value across both operating segments**, with Fellowship spin-off on track for CY 2027

Source: as of September 30, 2026

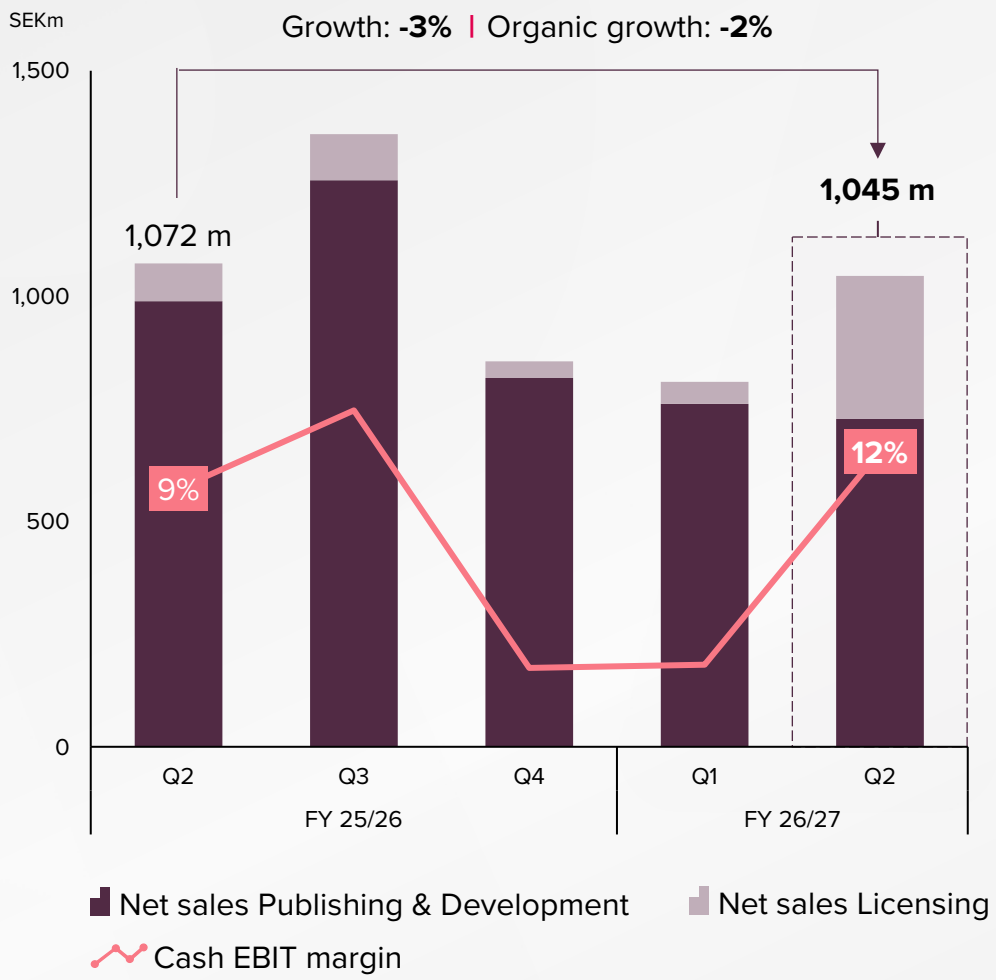
# Operating segments



*METRO 2033 Redux*

# Fellowship Entertainment: Highlights

## PERFORMANCE




## COMMENTS

- Stable YoY net sales development, with strong Licensing growth, driven by the trading card game Magic The Gathering: The Hobbit
- Publishing & Development driven by solid catalog performance, through Kingdom Come, Dead Island, METRO and Remnant
- Cash EBIT margin above internal expectations primarily due to a strong performance and high margin within Licensing.

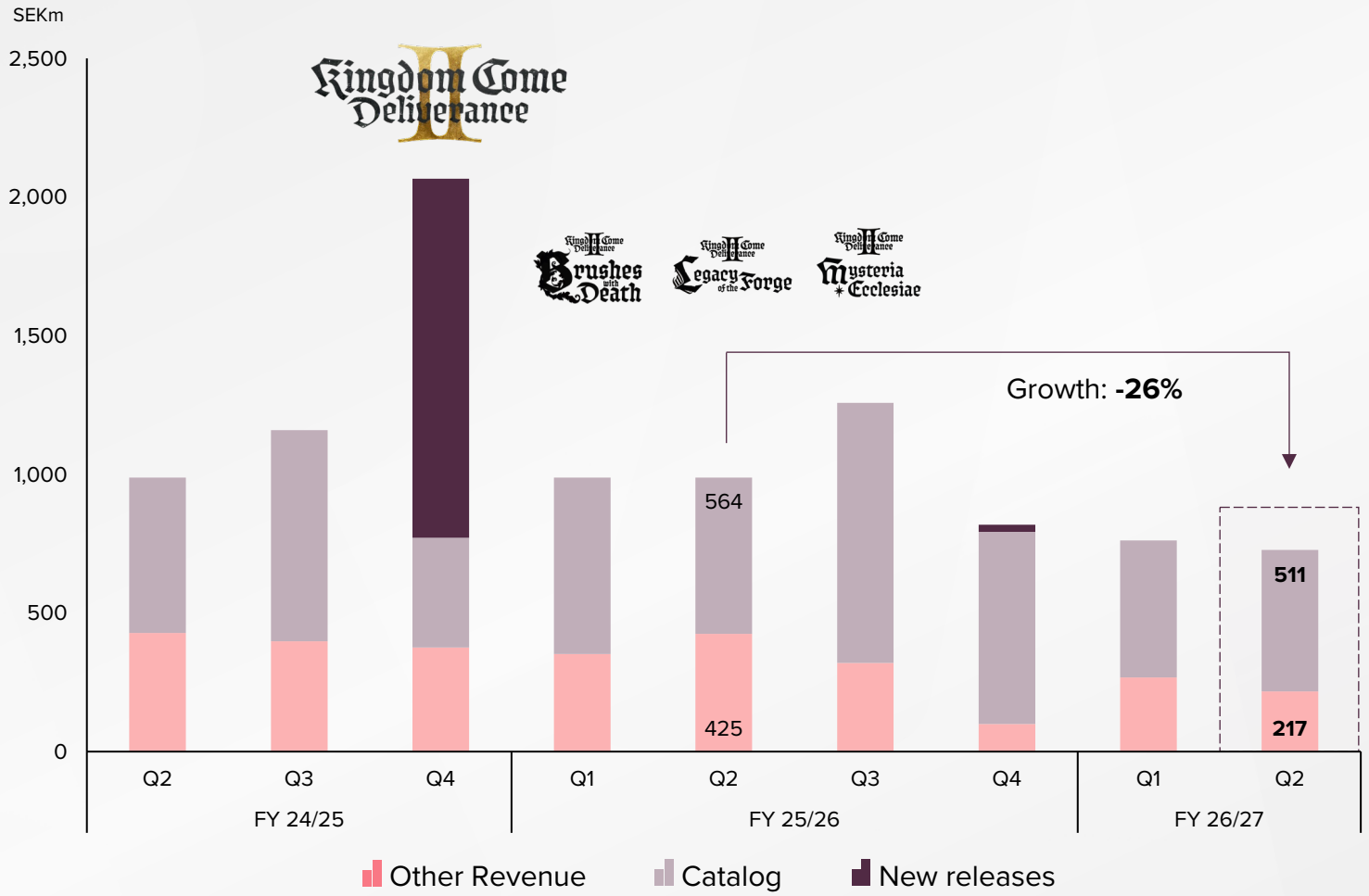
## NET SALES DRIVERS | Q2 FY 2026/27




Source: as of September 30, 2026

# Publishing & Development: Net sales drivers

**PUBLISHING & DEVELOPMENT – TYPE OF INCOME | NET SALES**




**FY 2026/27**

- Q3: Warhammer 40,000: Dawn of War IV
- Q3: Stage Tour
- Q4: Tomb Raider: Legacy of Atlantis
- Q4: METRO 2039

**FY 2027/28**

- Kingdom Come
- Darksiders 4

**Game release rhythm**

- At least two major game releases with full economics per year

Source: as of September 30, 2026

# Fellowship Entertainment: Key financials

| | FY 2024/25 | FY 2025/26 | | | | | FY 2026/27 | |
|---|---|---|---|---|---|---|---|---|
| **SEK million** | **Full year** | **Q1** | **Q2** | **Q3** | **Q4** | **Full year** | **Q1** | **Q2** |
| **Net Sales** | **5,524** | **1,058** | **1,072** | **1,359** | **855** | **4,345** | **810** | **1,045** |
| Gross Profit | 4,581 | 899 | 878 | 1,085 | 694 | 3,556 | 687 | 826 |
| Operating Expenses, Net | -1,926 | -455 | -489 | -474 | -406 | -1,823 | -414 | -335 |
| *Marketing* | -296 | -45 | -46 | -51 | -33 | -175 | -41 | -54 |
| *UAC* | - | - | - | - | - | - | - | - |
| *Other Operating Expenses* | -1,630 | -410 | -443 | -423 | -373 | -1,649 | -373 | -281 |
| **Adjusted EBITDA** | **2,655** | **444** | **389** | **611** | **289** | **1,732** | **273** | **492** |
| Depreciation, amortization and impairment | -811 | -207 | -140 | -132 | -118 | -596 | -114 | -105 |
| **Adjusted EBIT** | **1,843** | **237** | **249** | **479** | **171** | **1,137** | **159** | **387** |
| Capex | -1,350 | -271 | -271 | -390 | -307 | -1,238 | -288 | -350 |
| Leasing | -92 | -21 | -21 | -19 | -17 | -78 | -17 | -17 |
| **Cash EBIT** | **1,213** | **152** | **97** | **202** | **-36** | **416** | **-32** | **124** |
| Gross Margin (%) | 83% | 85% | 82% | 80% | 81% | 82% | 85% | 79% |
| Adjusted EBIT margin (%) | 33% | 23% | 23% | 35% | 20% | 26% | 20% | 37% |
| Cash EBIT margin (%) | 22% | 14% | 9% | 15% | -4% | 10% | -4% | 12% |

## KEY DRIVERS Q2 FY 2026/27

- **Net sales** driven by strong growth within Licensing
- Gross margin impacted by sales mix
- Adjusted EBIT margin increased to 37%
- Continued capex investment in key franchises to drive future cash earnings growth
- **Cash EBIT** increase driven by higher margin within Licensing

Source: as of September 30, 2026

# Publishing & Development: Titles announced-to-date

## FY 26/27 H2 building through Dawn of War IV, Stage Tour, METRO and Tomb Raider













### Upcoming core releases

| | |
|---|---|
| **Warhammer 40,000: Dawn of War IV** \| PC | 3 December 2026 |
| **Stage Tour** \| PC, XB X\|S, PS5, NS2 | 10 December 2026 |
| **METRO 2039** \| PC, XB X\|S, PS5 | 4 February 2027 |
| **Tomb Raider: Legacy of Atlantis** \| PC, XB X\|S, PS5, NS2 | 12 February 2027 |
| **Darksiders 4** \| PC, XB X\|S, PS5 | FY 2027/28 |
| **Kingdom Come** \| TBC | FY 2027/28 |
| **Tomb Raider: Catalyst** \| PC, XB X\|S, PS5 | CY 2028 |

### New iterations of previous releases

| | |
|---|---|
| **Thief: The Dark Project Remastered** \| PC, XB, PS, NS, NS2 | 3 December 2026 |
| **Deus Ex Remastered** \| PC, XB X\|S, PS5, NS | TBD |

Source: as of November 11, 2026 | For latest release dates please refer to respective publishers

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# Dawn of War IV

- Launch **December 3**
- Commander Edition early access beginning 30 November
- **Positive previews** from press and creators
- Closed beta delivered **encouraging retention**
- **Strong fan engagement**
- Pre-orders **continue to perform**



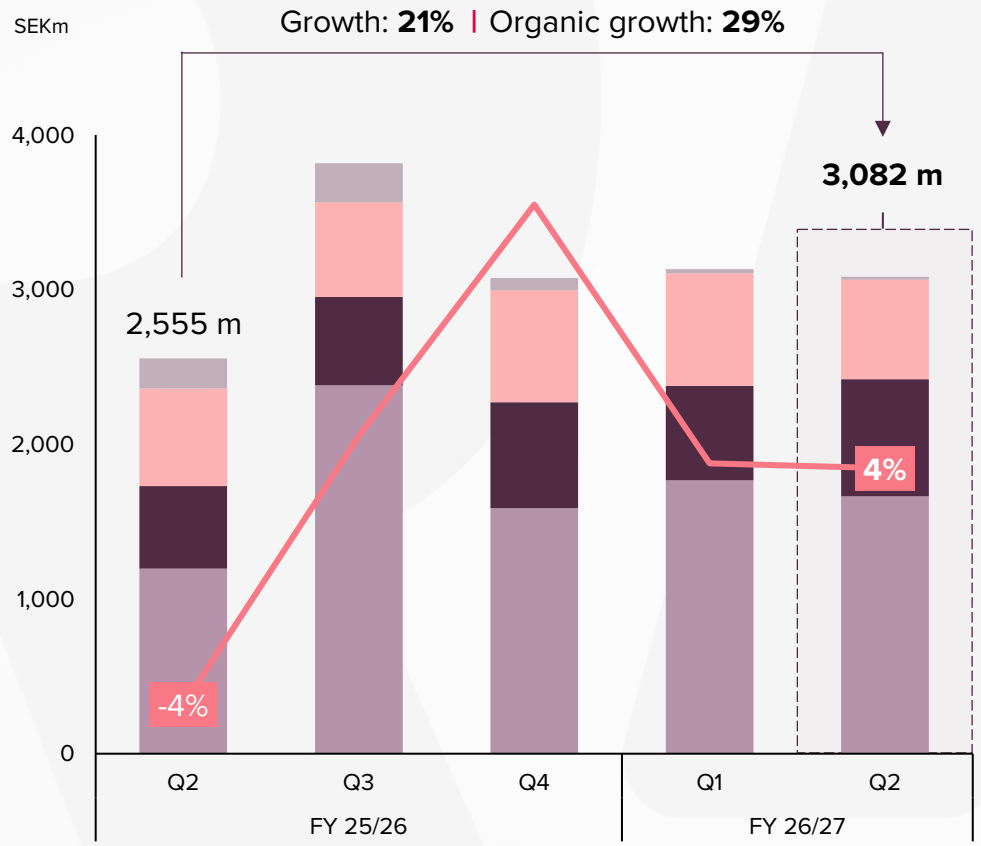

# Stage Tour

- Launch **December 10**
- Pre-orders **ahead of expectations**
- **20M+ release date trailer views** via Stage Tour's own channels
- **Re-establish rhythm gaming** with the community at the heart.



# Embracer: Highlights

## PERFORMANCE




## COMMENTS

- Entertainment & Services performed well across software, hardware and retro
- Mobile was driven by the continued success of Sled Surfers and Glow Fashion Idol, as DECA's accretive M&A strategy is resumed
- Cash EBIT improved significantly YoY, driven by focus, strong growth momentum and cost actions.

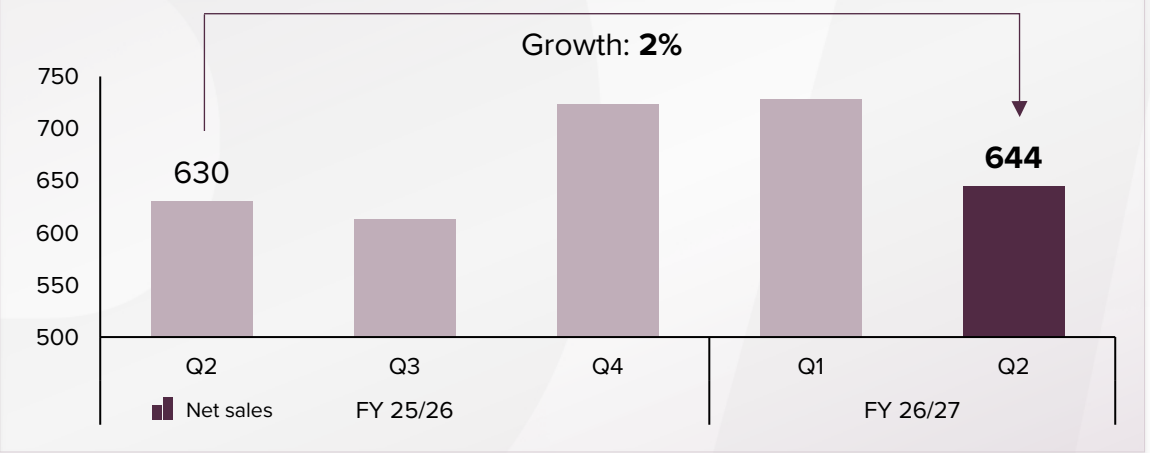
## CORE REVENUE DRIVERS IN THE QUARTER



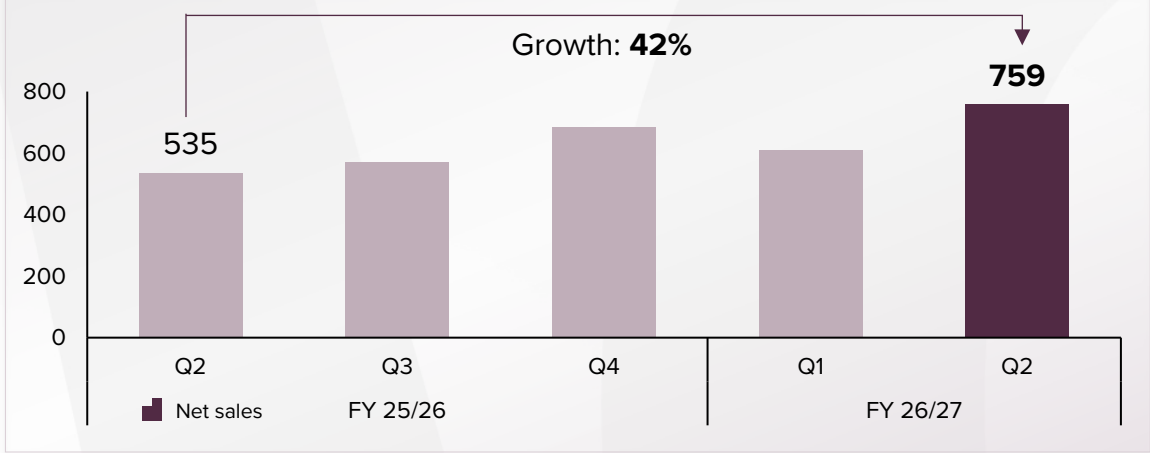

Source: as of September 30, 2026

# Embracer: Business area performance

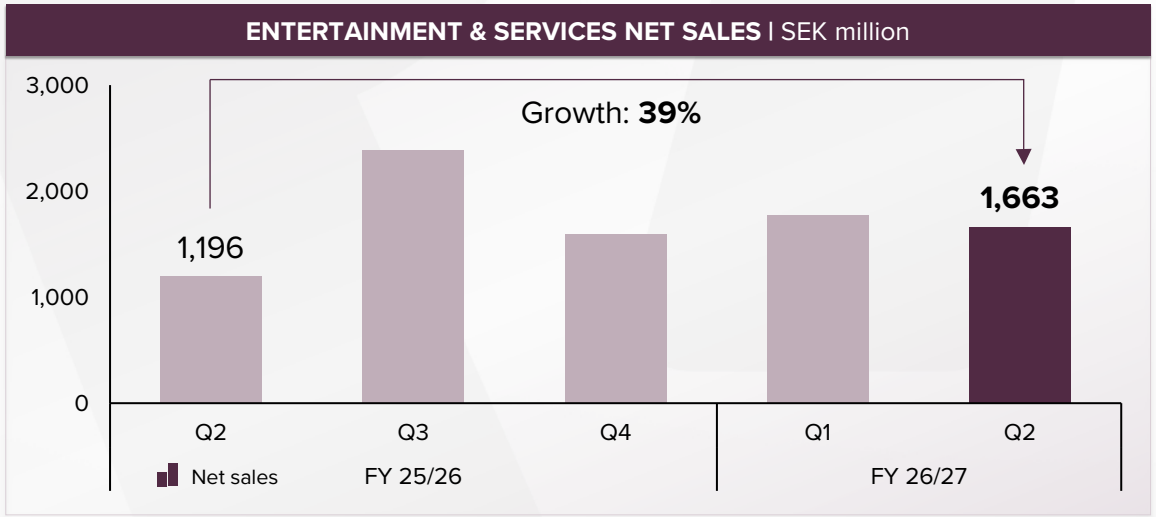
**PC/CONSOLE NET SALES** | SEK million



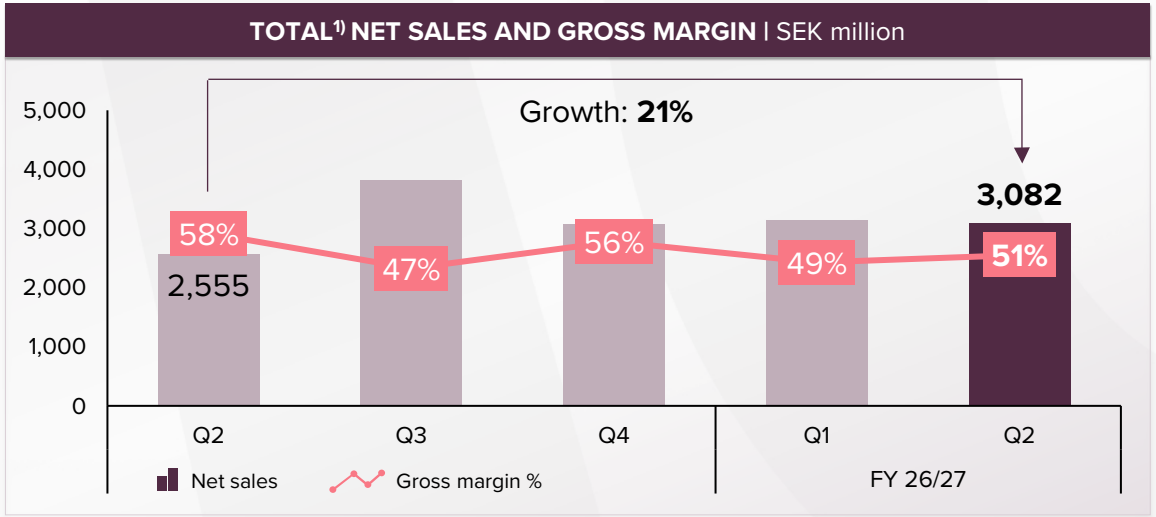

**MOBILE NET SALES AND** | SEK million




**ENTERTAINMENT & SERVICES NET SALES** | SEK million




**TOTAL[1)] NET SALES AND GROSS MARGIN** | SEK million




Source: as of September 30, 2026 | [1] Total also includes business area Other

# Embracer: Key financials

| | FY 2024/25 | FY 2025/26 | | | | | FY 2026/27 | |
|---|---|---|---|---|---|---|---|---|
| **SEK million** | **Full year** | **Q1** | **Q2** | **Q3** | **Q4** | **Full year** | **Q1** | **Q2** |
| **Net Sales** | **15,790** | **2,113** | **2,555** | **3,817** | **3,075** | **11,561** | **3,134** | **3,082** |
| Gross Profit | 10,281 | 1,257 | 1,492 | 1,776 | 1,709 | 6,234 | 1,522 | 1,573 |
| Operating Expenses, Net | -6,678 | -940 | -1,022 | -1,137 | -893 | -3,993 | -965 | -1,084 |
| *Marketing* | -477 | -59 | -115 | -114 | -91 | -378 | -122 | -92 |
| *UAC* | -2,510 | -222 | -241 | -254 | -353 | -1 071 | -300 | -410 |
| *Other Operating Expenses* | -3,690 | -659 | -665 | -769 | -450 | -2,544 | -543 | -582 |
| **Adjusted EBITDA** | **3,604** | **316** | **470** | **639** | **816** | **2,241** | **557** | **489** |
| Depreciation, amortization and impairment | -2,399 | -477 | -666 | -535 | -572 | -2,249 | -508 | -519 |
| **Adjusted EBIT** | **1,205** | **-160** | **-195** | **103** | **244** | **-8** | **49** | **-30** |
| Capex | -2,158 | -465 | -534 | -397 | -367 | -1,763 | -389 | -331 |
| Leasing | -219 | -44 | -45 | -40 | -33 | -161 | -32 | -30 |
| **Cash EBIT** | **1,227** | **-193** | **-109** | **202** | **416** | **317** | **136** | **128** |
| Gross Margin (%) | 65% | 59% | 58% | 47% | 56% | 54% | 49% | 51% |
| Adjusted EBIT margin (%) | 8% | -8% | -8% | 3% | 8% | 0% | 2% | -1% |
| Cash EBIT margin (%) | 8% | -9% | -4% | 5% | 14% | 3% | 4% | 4% |

## KEY DRIVERS Q2 FY 2026/27

- **Net sales** growth driven by Entertainment & Services (E&S) and Mobile
- Gross margin impacted by sales mix
- UAC scaled up to cater for strong growth within Mobile
- Adjusted EBIT increased, but remains impacted by D&A for historical releases
- Opex and capex reductions through efficiency improvements
- **Cash EBIT** increased significantly YoY

Source: as of September 30, 2026

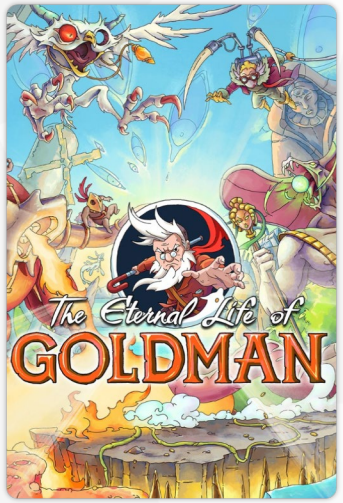
# PC/Console: Titles announced to-date










## Upcoming core releases

- **Titan Quest II** | PC[1], XB XIS, PS5 *(full release)* — 19 January 2027
- **He-Man[2]** | PC, XB, PS, NS — 4 February 2027
- **The Guild 1 Remake: Europa 1410** | PC *(full release)* — TBD
- **The Eternal Life of Goldman** | PC, XB XIS, PS5, Switch — TBD
- **Wreckfest 2** | PC[1], XB XIS, PS5 *(full release)* — TBD

## New iterations of previous releases

- **DreamWorks Shrek 2 Remastered** | PC, XB, PS, NS1, NS2 — Released
- **Gothic 3 Classic** | PS5, XB XIS — 24 November 2026
- **Terranigma** | PC, PS, XB, NS1 — 14 January 2027
- **Arizona Sunshine** | PC, XB XIS, PS5, NS2 — 21 January 2027

Source: as of November 11, 2026 | For latest release dates please refer to respective publishers | [1] Released in early access | [2] He-Man and the Masters of the Universe™: Dragon Pearl of Destruction

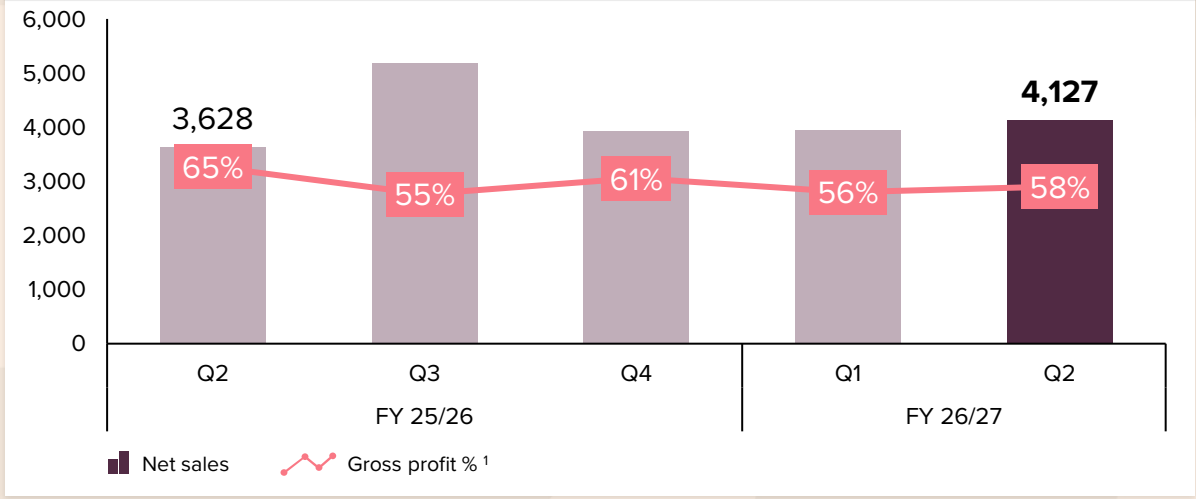
# Financial performance



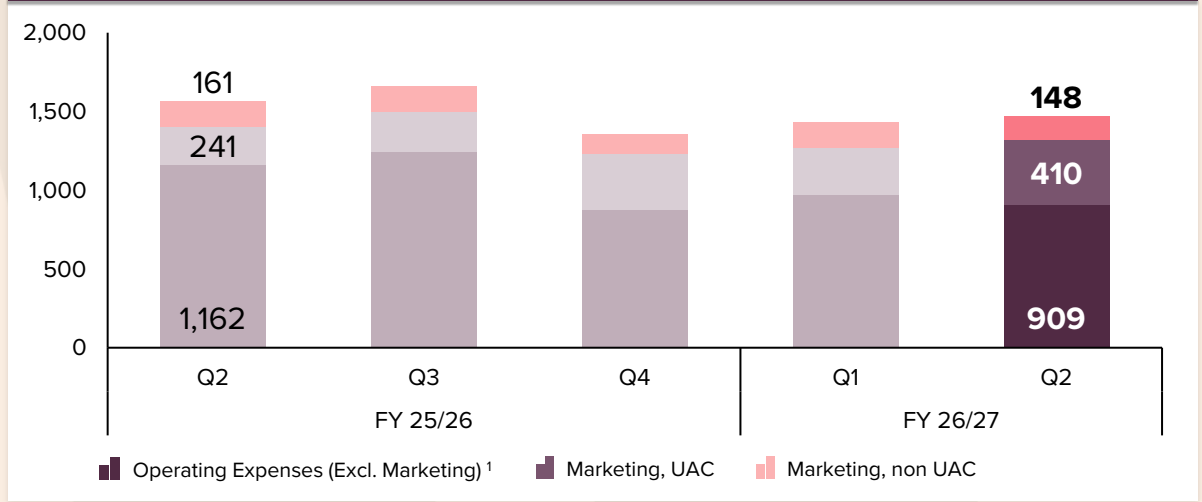
*Titan Quest II*

# Group financial development

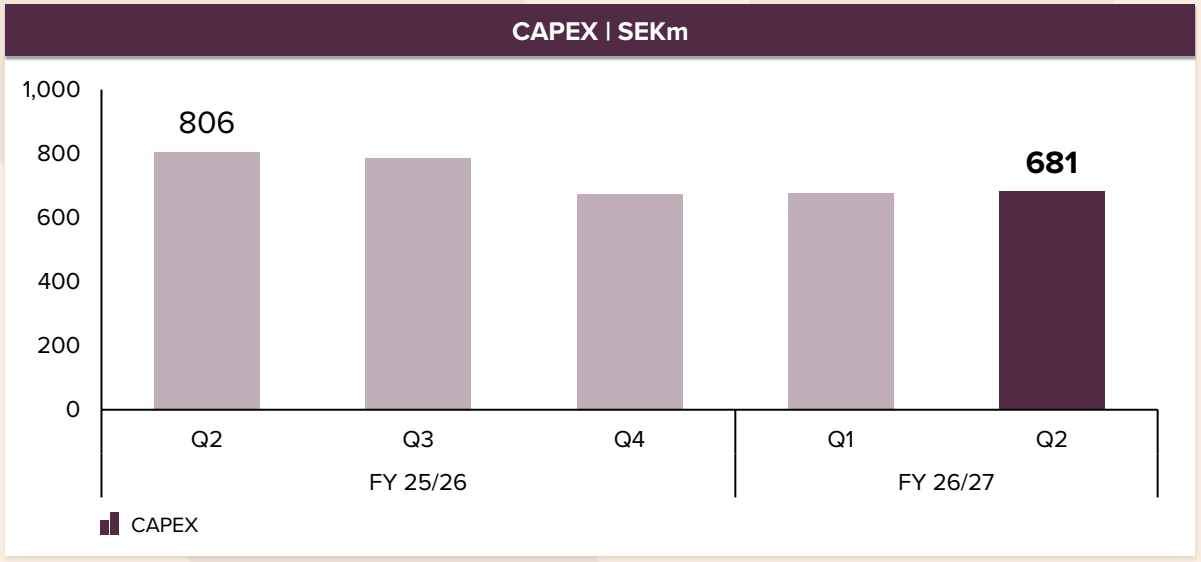
## NET SALES & GROSS MARGIN DEVELOPMENT | SEKm



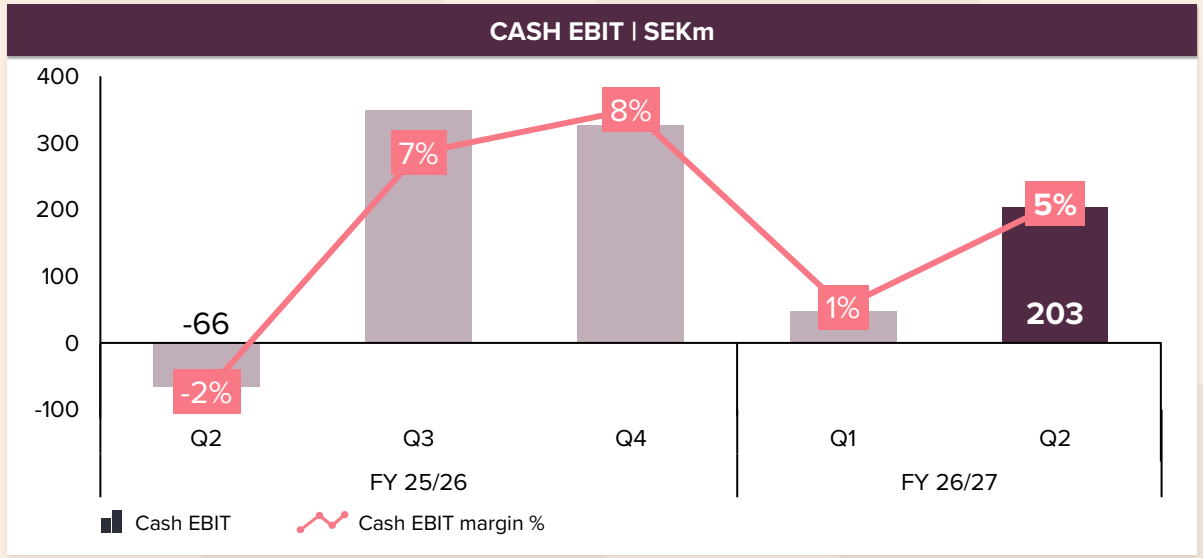

## DEVELOPMENT OF OPERATING EXPENSES, NET | SEKm




## CAPEX | SEKm




## CASH EBIT | SEKm




Source: as of September 30, 2026 | [1] Excluding Items Affecting Comparability

# Cash flow and net cash

| SEKm | FY 26/27 Q2 | FY 25/26 Q2 | FY 26/27 Q2 TTM | FY 25/26 Full Year |
|---|---|---|---|---|
| **Adjusted EBITDA** | **933** | **806** | **3,955** | **3,757** |
| Capex | -681 | -805 | -2,819 | -3,002 |
| Payment of lease liabilities | -49 | -67 | -212 | -246 |
| **Cash EBIT** | **203** | **-66** | **925** | **511** |
| Paid tax and other items | -116 | -318 | -380 | -713 |
| Free Cash Flow before working capital | 87 | -385 | 547 | -201 |
| Change in working capital | -31 | -124 | 208 | 7 |
| **Free Cash Flow after working capital[1]** | **55** | **-508** | **755** | **-193** |
| Cash Flow from financing activities[2] | 10 | 69 | -795 | -759 |
| Share buyback program | -224 | -72 | -745 | -500 |
| Net cash flow from acquired/divested companies/Investments in other companies | -43 | -165 | -263 | -348 |
| Cash effect IAC costs | -52 | -59 | -292 | -276 |
| **Cash Flow for the period, Continuing operations** | **-253** | **-735** | **-1,340** | **-2,080** |
| Discontinued operations | - | - | 495 | 495 |
| **Cash Flow for the period** | **-253** | **-735** | **-845** | **-1,585** |

| SEKm | Sept. 30, 2026 | Sept. 30, 2025 |
|---|---|---|
| Cash | 4,830 | 6,127 |
| Current liabilities to credit institutions | -1,032 | -989 |
| Non-current liabilities to credit institutions | -531 | -901 |
| **Net Cash** | **3,267** | **4,237** |

- Positive FCF of 55 SEKm supported by strong top line performance, improved profitability, lower capex and working capital management
- Cash flow for the quarter amounted to -253 SEKm mainly due to the share buyback program
- Net cash at end of Q2 amounted to 3.3 SEKbn
- Available funds amounted to 8.3 SEKbn after finalization of a new 2 SEKbn RCF in September 2026.

Source: as of September 30, 2026 | [1] Free cash flow definition has changed to include lease payments | [2] Excl. Share buyback program

# Forecast FY 2026/27

## **Cash EBIT** of at least **1.0 SEK billion**

- For FY 2026/27, we reiterate the Cash EBIT forecast of at least SEK 1.0 billion
- Q3 Cash EBIT expected to be broadly in line with Q3 last year
- FY 2026/27 Free Cash Flow is expected to strengthen in line with Cash EBIT, weighted towards Q4.

Source: as of September 30, 2026

# Closing

TWO FOCUSED COMPANIES, TWO DISTINCT BUSINESS CASES

IMPROVING GROWTH AND EARNINGS TRAJECTORY

(TTM Cash EBIT 925 MSEK vs. 511 MSEK in FY 26)

EXCITING NEAR-TERM GAMES PIPELINE

Source: as of September 30, 2026

# Q&A



*Tomb Raider: Legacy of Atlantis*




*The Lord of the Rings: War in the North™ - Legacy Edition*

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