

# EMBRACER+ GROUP

The Gearbox Entertainment Company merger

February 3<sup>rd</sup>, 2021

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**gearbox**<sup>®</sup>  
entertainment

**Today's Speakers:**



**Randy Pitchford**  
CEO & Founder



**Steve Gibson**  
President Publishing



**Steve Jones**  
CTO



**Jenna Hardy**  
CFO



**Sean Haran**  
CBO

# The Gearbox Entertainment Company



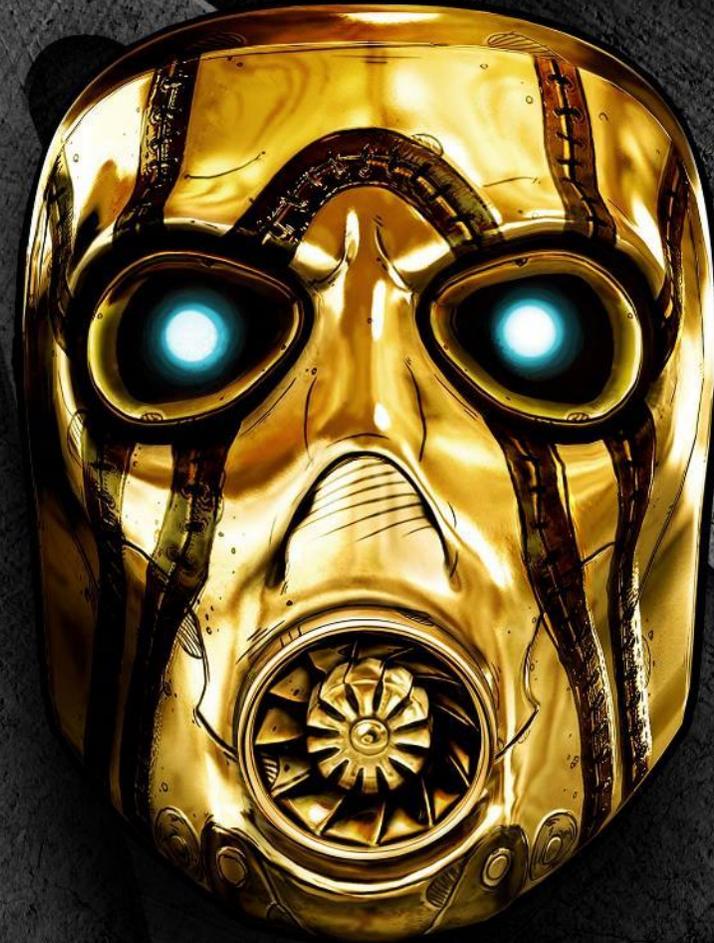
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**ENTERTAIN THE WORLD.**

# Award-winning developer and publisher of leading entertainment...

- Founded in 1999
- 100% founder and employee owned
- 22 years of profitability
- We value happiness, creativity, and profit

**...on a mission to entertain the world**



# The Gearbox story



Creation

Maximization



Talent

Process

IP

Technology

# Talented and experienced team



350+ Team members – 150+ Team members



Frisco  
Texas, US



Quebec City  
Canada

Led by a team of entertainment  
industry veterans

# Led by seasoned management



**Randy Pitchford**  
CEO, Founder

**30+ years**

in gaming



**Steve Gibson**  
President Publishing

**25+ years**

in gaming



**Steve Jones**  
Chief Technical Officer

**20+ years**

in gaming



**Jenna Hardy**  
Chief Financial Officer

**15+ years**

in gaming



**Sean Haran**  
Chief Business Officer

**10+ years**

in gaming

# Game development is at the heart of who we are



# Borderlands – a growing IP franchise

**BORDERLANDS**

**BORDERLANDS 2**

**BORDERLANDS  
THE PRE-SEQUEL**

**BORDERLANDS 3**



**2009**

Established

**60M+**

Franchise  
units sold

**\$1B+**

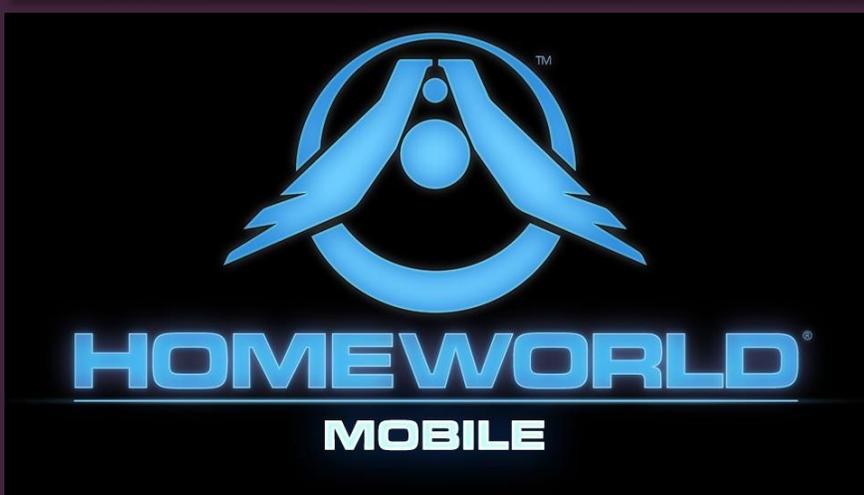
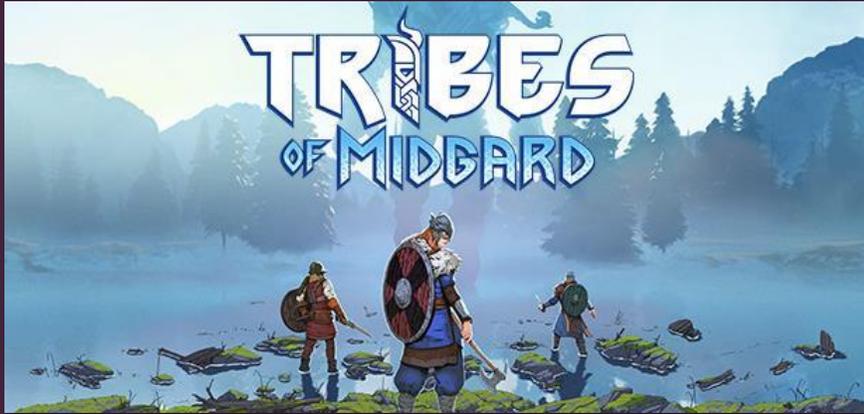
Net bookings

**55+**

Game of the  
Year Awards



# Gearbox Publishing



**2015**

Founded

**60**

Team members

**18**

Games shipped

**13M+**

Community members

## We want to...

Continue as the most developer-friendly publisher in the world

Protect and promote creative visions

# Ancillary and transmedia

Borderlands movie currently being shot in Budapest

**BORDERLANDS**

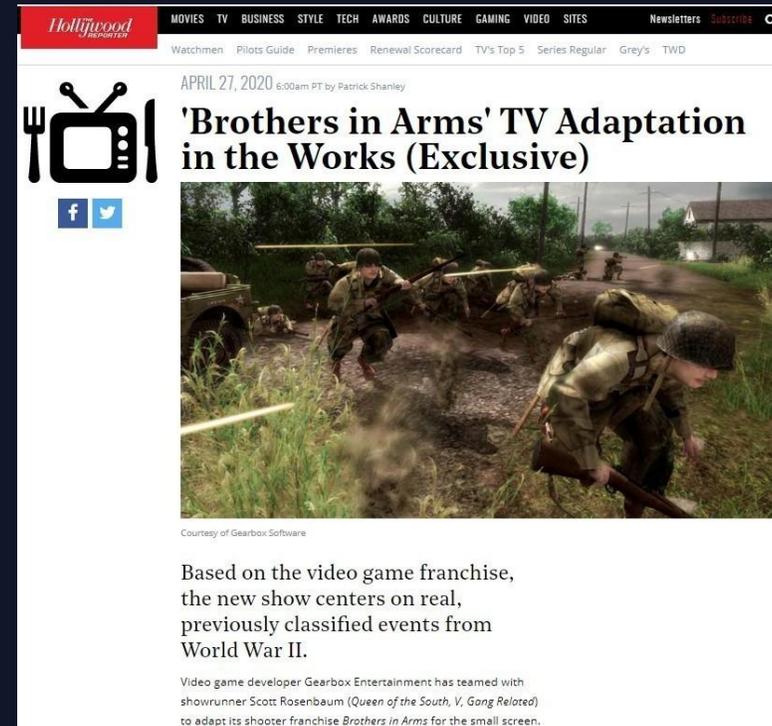
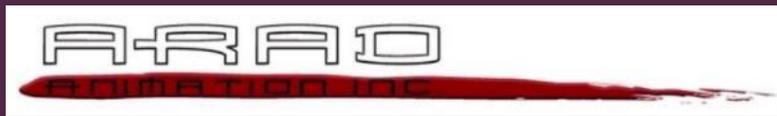
Strong commitment from the studio

**LIONSGATE**

Director and leading stars already are signed



Partnership with Arad Productions



- Brothers in Arms television series
- Scott Rosenbaum signed as showrunner
- Always looking to leverage fully our IP



# Gearbox Entertainment Finance

- A proven studio with a strong track-record and an exciting future
- Modern and scalable world-class finance function
- Committed to investing in talent, content, and infrastructure

**100M+**

Units sold

**22 years**

Unbroken  
profitability



# Gearbox Entertainment Finance

All of this enables Gearbox to recruit and retain top talent that leads to incredible games and revenue

## BORDERLANDS 3

**5M+**

Units sold the first five days

**1M+**

Concurrent players

**10M+**

Sold-in units worldwide



# Embracer and Gearbox



- Embracer's vision and model fit Gearbox perfectly
- Gearbox is positioned for growth and opportunity
- Incredible future together

# The Transaction – maximum consideration of \$1378m

## UPFRONT CONSIDERATION

**\$363m** with a corresponding Enterprise Value of **\$363m** on a cash and debt free basis

Paid with \$175m in shares<sup>1</sup> and \$188m in cash

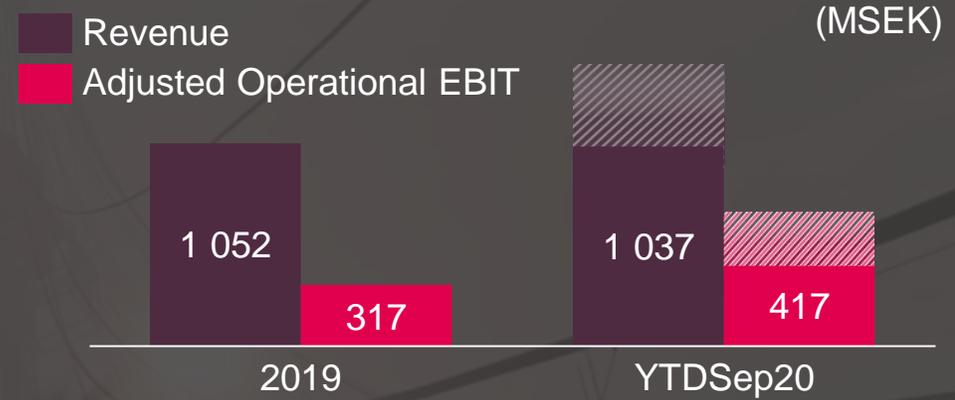
## UP TO SIX YEARS EARNOUT

Up to **\$300m** million over 6 years conditioned on operational targets and up to **\$715m** over six years conditioned on financial<sup>2</sup> targets.

Paid with c.\$360m in shares<sup>3</sup> and c.\$655m in cash

Randy Pitchford (CEO) and management is retained and incentivized

## FINANCIALS



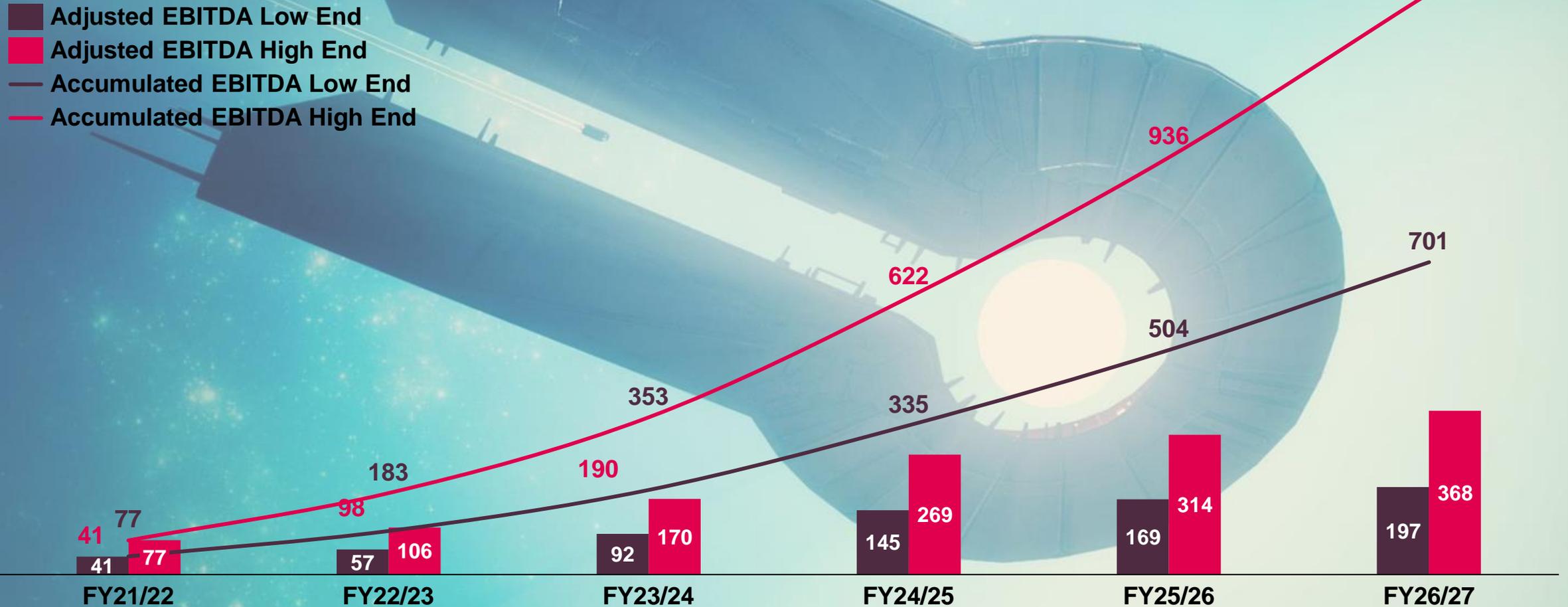
## POST DEAL CORPORATE STRUCTURE



1) The closing consideration shares represent newly issued EMBRAC B shares priced at SEK 197.57 (20 day volume weighted average price up to and including 2 February 2021) and lock-up rights.  
 2) The financial earnout is payable in two installments after four and six years with a catch-up opportunity in year 6.  
 3) The earnout consideration shares will be issued when earned priced at 197.57 (20 day volume weighted average price up to and including 2 February 2021) and will be freely tradeable when issued.

# Earnout achievement

## Financial earnout Illustrative example



1) Adjusted EBITDA is illustrative and based on Gearbox accounting principles (US GAAP), no capitalization of development costs.

# Rationale

**Significant organic growth expected coming six years**

**M&A Platform for further inorganic growth**

**Gearbox independent seventh operating group.**

**Current relationships with the industry and business partners will remain strong and unchanged**

**Long term synergies with other Embracer companies within distribution, publishing, development and IP utilization.**

A character with short, spiky white hair and a determined expression is shown in profile, wearing intricate, dark-colored armor with gold accents. The character is holding a glowing, spherical orb in their right hand. The orb is bright yellow and orange with a purple, crystalline core. The background is dark and industrial, with some sparks or light trails visible. The overall lighting is dramatic, with a strong blue and purple color palette.

# Q&A