

# EMBRACER<sup>+</sup> GROUP

**Embracer Group enters into agreement to acquire Perfect World Entertainment**

21 December 2021

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# GEARBOX ENTERTAINMENT ACQUIRES Perfect World Entertainment (PWE)

## TODAY'S SPEAKERS:



**LARS WINGEFORS**  
CEO, Founder



**RANDY PITCHFORD**  
Founder



**YOON IM**  
CEO



**JASON PARK**  
VP, Business Development



**PERFECT**



**WORLD**

**(PWE)**

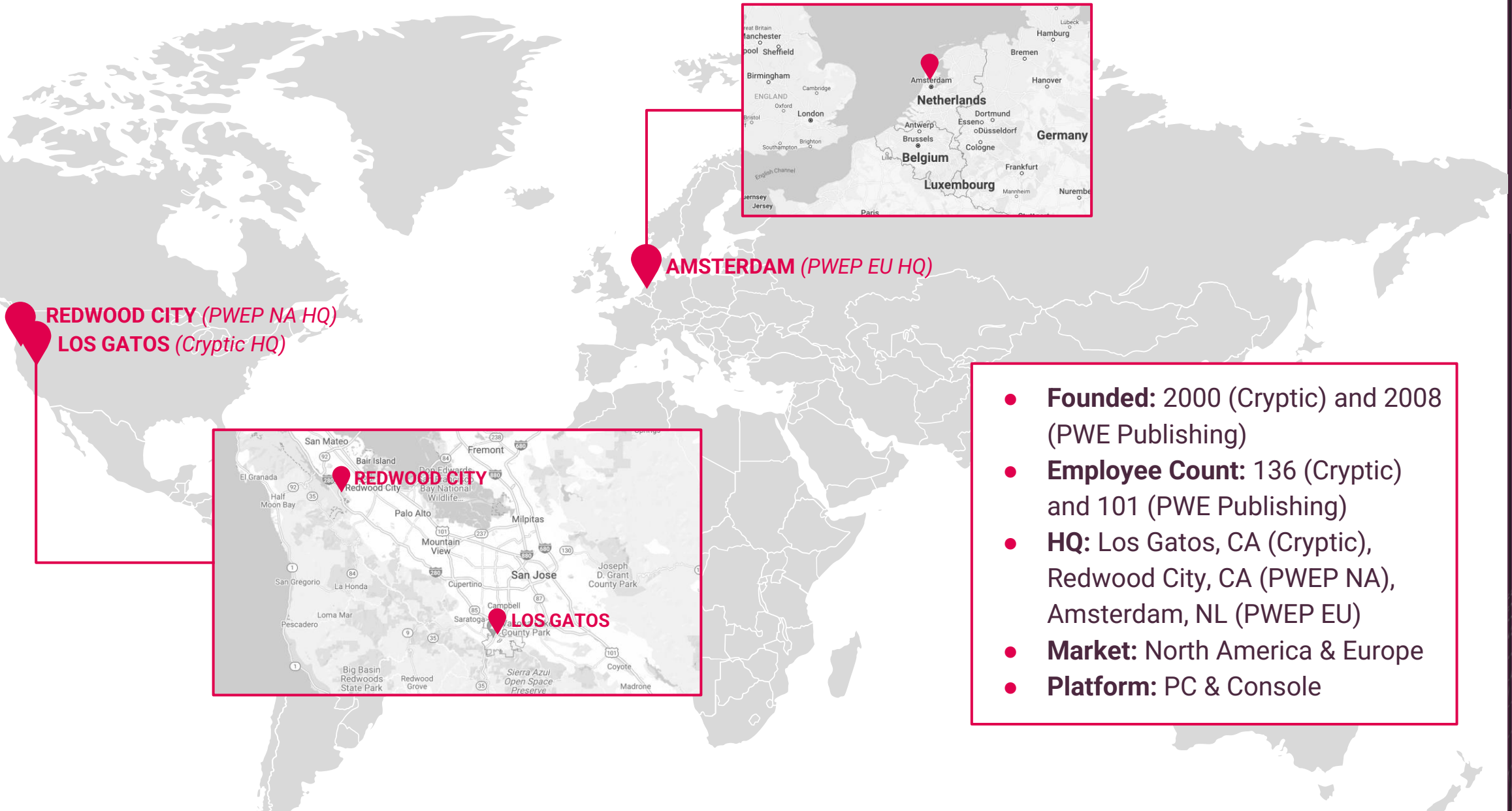
## WHO WE ARE

We are gamers, with a passion for sharing the joy of playing games with the epic video games we help bring to life. From iconic franchises to hidden gems from up-and-coming studios, we publish games that **challenge** and **entertain** players who seek the thrill of the unexpected.

## OUR MISSION

To stay true to what we love, and take gamers with us to epic worlds that **challenge** them to game beyond their limits.

# GEOGRAPHIC FOOTPRINT



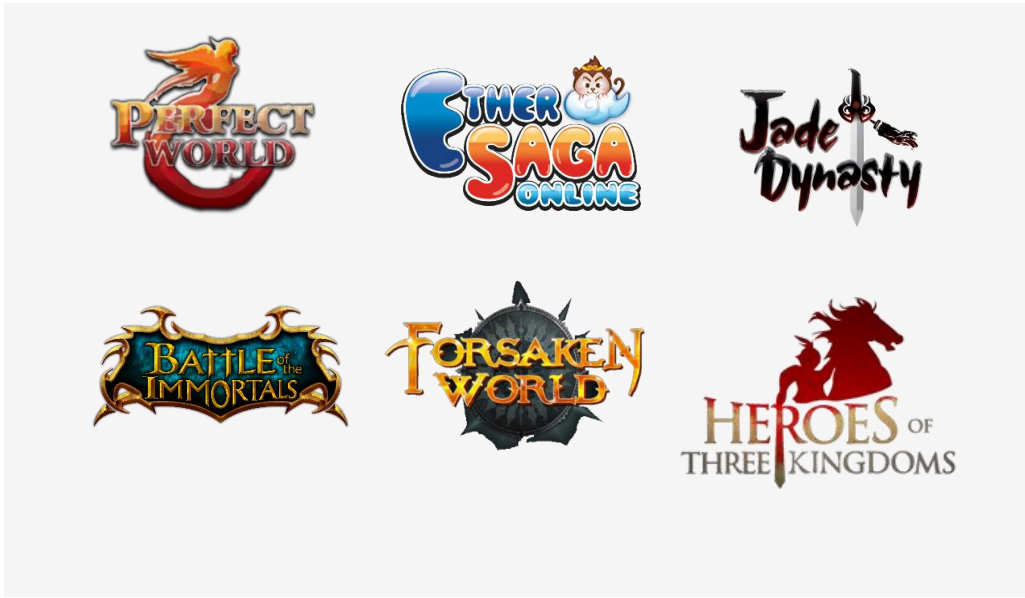
REDWOOD CITY (PWE NA HQ)  
LOS GATOS (Cryptic HQ)

AMSTERDAM (PWE EU HQ)

- **Founded:** 2000 (Cryptic) and 2008 (PWE Publishing)
- **Employee Count:** 136 (Cryptic) and 101 (PWE Publishing)
- **HQ:** Los Gatos, CA (Cryptic), Redwood City, CA (PWE NA), Amsterdam, NL (PWE EU)
- **Market:** North America & Europe
- **Platform:** PC & Console

# HISTORY

## 2008~2011 Coming to America



- Focused on bringing PW MMOs to Western markets.
- Launched 8 MMOs in 3 years.
- Profitable in the 1<sup>st</sup> 3 month.

## 2011~2013 Local Dev. & 3<sup>rd</sup> Party



- Acquired Cryptic in 2011 from Atari.
- Started licensing business with 3<sup>rd</sup> party games.
- Launched Neverwinter in 2013.

# HISTORY

## 2014~2016

Platform & Console



### GIGANTIC

### SWORDSMAN

LIVELOCK



- Launched Arc in 2014.
- First F2P MMO for Xbox One and PS4.

## 2017~2021

Premium Games

### REMNANT FROM THE ASHES



- Expanded our premium games business by launching Remnant and Torchlight 3.
- Expanded our supported platforms to Switch with Torchlight 2/3 and Hob.



# PWE MANAGEMENT



**YOON IM**

CEO

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**15+ Years**

in Gaming



**JASON PARK**

VP, Business Development

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**15+ Years**

in Gaming



**ZHENG ZENG**

VP, Platform

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**10+ Years**

in Gaming



**YANAN WANG**

VP, Finance

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**10+ Years**

in Gaming

# 1<sup>ST</sup> & 3<sup>RD</sup> PARTY PUBLISHING PORTFOLIO

F2P



**\$400+ million** in revenue  
**20+ million** players



**\$240+ million** in revenue  
**6+ million** players



**\$200+ million** in revenue  
**4+ million** players

Premium



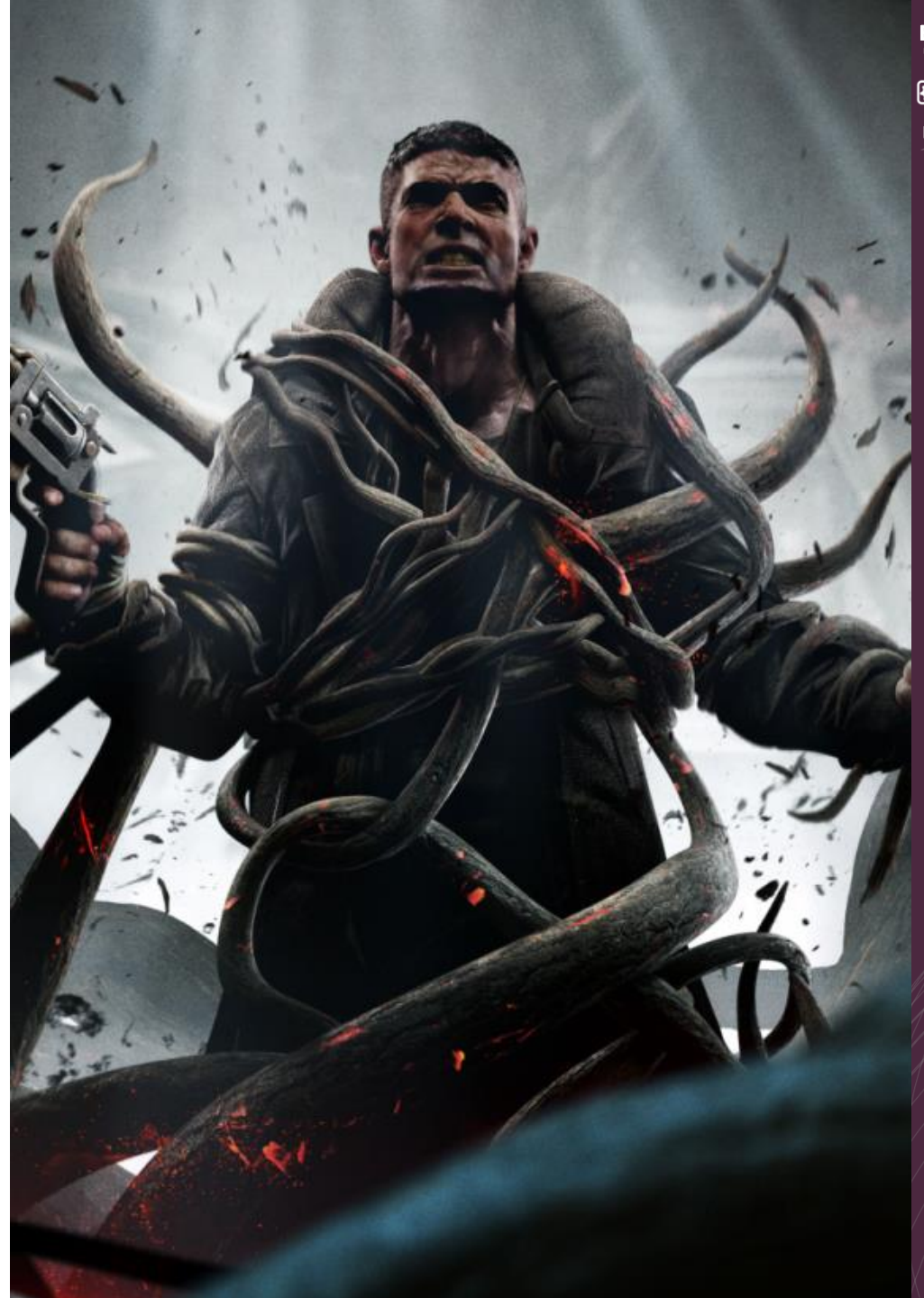
**\$65+ million** in revenue  
**5+ million** units sold



**\$70+ million** in revenue  
**3+ million** units sold

# PORTFOLIO STRATEGY

- PC/Console
- Games-as-a-Service & Premium
- Core Gaming experiences
- Indie & AA
- Gameplay First
- Global Appeal



# INTELLECTUAL PROPERTY

## Beloved ARPG Franchise

5M+ Units Sold

20M+ Players



## Other IPs





# CRYPTIC STUDIOS

Founded in 2000, Cryptic has a rich legacy of MMOs with 136 employees and HQ in Los Gatos, California

## City of Heroes Series

*Launched 2004*

City of Heroes and City of Villains bounded onto the MMO landscape early and pioneered many mechanics that later became staples of the industry.

With its expansive world, and immensely customizable characters, City of Heroes was an instant hit and still is remembered fondly by the millions who took up the mantle of a Hero (or Villain).



## Champions Online

*Launched 2009*

This expansive game has held a loyal fan base with its tongue-in-cheek humor, fun combat, nearly infinite costume options and comic-inspired art style.

Champions has stood the test of time. In April 2018, it surpassed City of Heroes to become the longest running superhero MMO and then kept on going.



## Star Trek Online

*Launched 2010*

With unique space combat gameplay, deeply engaging stories, hundreds of meticulously rendered starships, and recognized actors, this award-winning game has captivated and entertained Star Trek fans around the world.

The development team's passion and respect for the IP are key to delivering some of the best of Star Trek available anywhere.



## Neverwinter

*Launched 2013*

Born from the vision of creating a true D&D experience in an MMO, the magic of Neverwinter lies in its exciting action combat and expansive recreation of the Forgotten Realms.

Players around the world band together to explore fantastic lands on mythical mounts, fight iconic monsters, and claim epic loot as their reward.



# TRANSACTION OVERVIEW

## Purchase Price

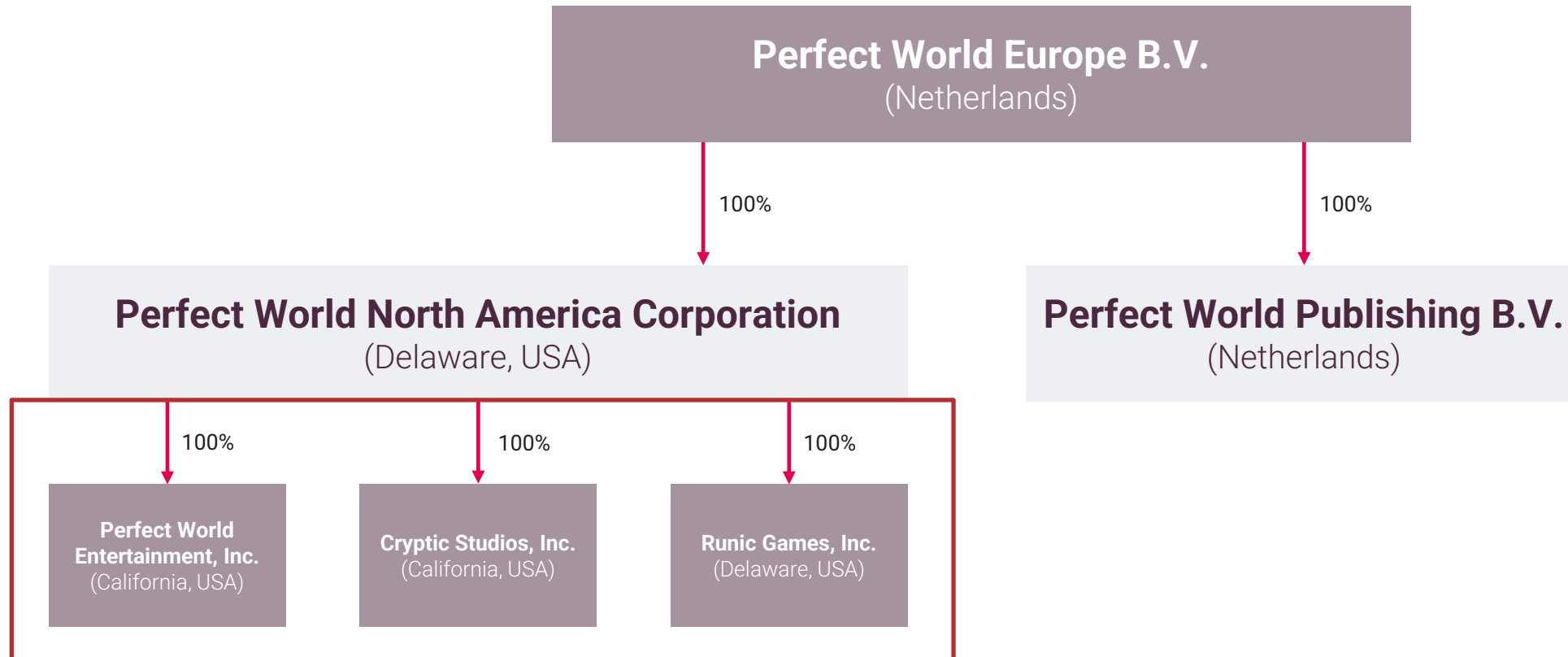
- USD \$125m at closing
- Paid with USD \$60m in cash and USD \$65m in shares
- Purchase price net of cash: USD \$103m
- Acquired from Perfect World Europe B.V.
- Forecast CY 2021 Net Sales: SEK 700m
- Forecast Operational EBIT FY 22/23: breakeven; FY 23/24 SEK 200-300m

## Post Deal Structure



Note: Consideration shares represent newly issued EMBRAC B shares priced at SEK 90.81 (20-day volume weighted average price up to and including December 17, 2021 and lock-up rights. Numbers subject to closing adjustments..

# COMPANY STRUCTURE / TRANSACTION PERIMETER



# DEAL RATIONALE

- Cryptic Studios' passion for and experience with MMOs is rare and valuable
- PWE Publishing's portfolio and talent is world-class
- PWE brings strong financial contribution and strategic value with IP and unique capability to Embracer
- The acquisition accelerates Gearbox Entertainment's mission to Entertain the World



# OPERATIONAL PLAN

- Perfect World Entertainment to operate as a business unit within Gearbox Entertainment
- Perfect World Entertainment's publishing business will combine its work with Gearbox Publishing to deliver world-class entertainment globally
- Cryptic Studios will remain a standalone brand under our Gearbox Publishing business unit

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**GROUP**