



**Press Release
11 April 2001
Digital Illusions CE AB (PLC)**

Digital Illusions acquires Sandbox Studios – establishes North American operation

The leading Nordic games development company, Digital Illusions, acquires the operations of the North American games developer Sandbox Studios. Through this acquisition, Digital Illusions will establish its own development, production and sales in North America. The size of the new group will make it one of the largest in Europe and North America. It is estimated that the amalgamated company will have approximately 150 employees with a revenue exceeding SEK 100 million (\$10 m). It is estimated that the new group will continue to achieve good profitability already during 2001.

The games development company Sandbox Studios was formed in 1998. The company has its main office outside Toronto, Canada, with 50 employees. During 2000, the company had a turnover corresponding to SEK 32 million (\$3,2 m) with an operational outcome of SEK 14 million (\$1,4 m). The company develops games software for leading games platforms such as Sony Playstation 2, Microsoft Xbox, Sony PlayStation, Nintendo Gameboy, Nintendo Gameboy Advance and PC CD-ROM. Sandbox Studios' customers include companies such as Disney Interactive, Sierra On-line, Universal, Mattel, Ubi Soft, Konami, TDK and Namco. Sandbox Studios is currently working with, among other things, the official game version of the upcoming major film from Dreamworks, *Shrek* for Microsoft's game console Xbox that launches this holiday season.

- By this acquisition of Sandbox Studios, Digital Illusions adopts a strong position within all leading games platforms and we will also assume a presence in the important North American market. We will get closer to our customers, improve both our negotiating position and competitiveness and also create a stable platform for future expansion. Together, we will have very broad knowledge in the field of interactive entertainment and a high production capacity, explains Patrick Söderlund, CEO Digital Illusions.

- A substantial part of the turnover for 2001 is already contracted for both Digital Illusions and Sandbox Studios, and further assignments are in the course of negotiation. The new group will attain the critical mass that is necessary to manage several next-generation console projects in parallel. Simultaneously, the group will be less vulnerable in a situation where a publisher decides to move forward or limit a launch. The new group has in total 8 game launches during 2001 and at least 3 further titles during 2002, continues Patrick Söderlund.

Purchase price

The contract with Sandbox Studios means that Digital Illusions, via its newly formed company Digital Illusions North America, has acquired the assets and liabilities of the Sandbox Studios group of companies. All employees have been offered employment within the new group and have executed term employment agreements. Special co-worker contracts have been prepared with key persons for a two-year period. The total purchase price amounts to SEK 35 million (\$3,5 m) cash together with a non-cash issue of shares of the value SEK 5 million (\$0,5 m), subject to a reservation regarding currency fluctuations. The company is acquired at a price-earnings ratio of 5 and price-sales ratio of 1.2, computed on the outcome and turnover for 2000. The purchase is financed by a targeted new issue to Swedish and international investors of 2,000,000 shares at a price of SEK 25 (\$2,5). The issue will add SEK 50 million to the company, excluding issue costs. Following the new issue, but before the non-cash issue, the total number of shares in Digital Illusions CE AB will amount to 7,950,000.

Ownership profile following new issue

The company's largest owner, Bonnier Entertainment, has participated in the new issue and will remain as the principal owner of the company, holding 20.2% of the capital. New owners in Digital Illusions includes Skandia, Danish 2M Invest, Finish Menire together with LF Wasa and Aragon Kapitalförvaltning. Sandbox Studios' founder, and Benjamin Cohen (who represents the company's second largest group of owners, 2M Invest/Menire), will be nominated as new members of the board of Digital Illusions' parent company. In conjunction with the acquisition, the structure of the company and management functions will be reviewed. The ambition is to implement further improvements within product development, sales and the executive management. Digital Illusions' current CEO, Patrick Söderlund, will continue as the Group CEO for Digital Illusions. After the acquisition, Digital Illusions will have approximately 150 employees with offices in Gothenburg, Stockholm and

Toronto, Canada. The company intends to seek the listing of its share with an accredited marketplace within 12 months.

- These are two companies that complement each other in an excellent way, and the advantages and synergy effects of the purchase of Sandbox Studios are many. We will broaden our customer base significantly through this acquisition at the same time as we enhance our competence with all leading games platforms. The sector is on the verge of an exciting and expansive phase; new platforms such as Microsoft's Xbox and Sony's Playstation 2 will put companies such as DICE in a very attractive position. I also consider it satisfactory that such eminent institutions have demonstrated great interest in the company, concludes Söderlund.

Aragon Fondkommission has worked as advisor to Digital Illusions in conjunction with the new issue.

About Digital Illusions – www.dice.se

Digital Illusions is the largest Nordic games development company, developing interactive entertainment for the market-leading games platforms. The company works in the global games market, where the principal markets comprise the USA and Europe, but also Japan. The company was formed in 1992, has 90 employees and offices in Gothenburg and Stockholm. Established titles include *Motorhead™* for PC and PlayStation®, *Rally Masters™* for PC and PlayStation®, *STCC2™* and *Codename Eagle™* for PC and *NASCAR® Heat™* for PlayStation.

Digital Illusions is listed with New Markets, in the Stockholm Stock Exchange SAX System. The sponsor is Aragon Fondkommission.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Patrick Söderlund, CEO
+46 8- 545 18 481
patrick.soderlund@dice.se

Please visit
<http://www.sandboxstudios.com>