

A large, white, stylized logo consisting of a circle with a smaller circle inside it, and a curved line extending from the bottom of the circle, set against a red background.

THQ NORDIC

**Company Presentation
September 2017**

TODAY'S PRESENTER



**LARS
WINGEFORS**

Co-Founder & Group CEO

- ▶ 23 years experience in gaming industry
- ▶ Entrepreneur since the age of 13

THQ NORDIC

Games developer and publisher,
focusing on PC and console



THQ NORDIC

1. INTRODUCTION

LEGACY OF GAMING, ENTREPRENEURSHIP AND DEAL-MAKING



Source: Company information

GLOBAL FOOTPRINT SUPPORTED BY 40+ PUBLISHING PERSONNEL AND 430+ GAME DEVELOPERS

- ▶ **Global Video & Computer games publisher**
- ▶ **Publishing & Ops HQ in Vienna**
- ▶ **HQ in Karlstad**
- ▶ **Founded 2011**
- ▶ **Core Business model: Acquiring IPs and catalogues of assets**



Example announced external studios		Unannounced external studios		
🇩🇪 Piranha Bytes	🇬🇧 Wired Productions	●	●	●
🇺🇸 Airship Syndicate	🇷🇺 Weappy Studio	●	●	●
🇨🇦 Golem Labs	🇩🇪 KING Arts	●	●	●
🇷🇺 Digital Arrow	🇩🇪 Kaiko	●	●	●

Source: Company information | 1) Mirage Game Studios and Foxglove Studios are currently under name change (to Mirage Game Studios and Foxglove Studios) at the Swedish Companies Registration Office | Note: "Personnel" may refer to both employees and contractors working either on- or off-site.

EXPERIENCED, INCENTIVISED AND COMPLEMENTARY MANAGEMENT TEAM

Management

Lars Wingefors
Group CEO
Co-Founder



Klemens Kreuzer
Managing Director
Co-Founder



Erik Stenberg
CFO
Co-Founder



Reinhard Pollice
Dir. Business &
Product Dev. /
Co-Founder



Ownership
stake
(capital)

50.01%

1.55%

10.83%

1.07%

Industry
experience

23 years

10 years

16 years

8 years

Key skills
and focus

Leadership,
strategy,
deal-making

Operations,
marketing,
culture-
building

Finance,
deal-making

Business
development,
marketing

Ownership table 30 June 2017

Name	Class A shares	Class B shares	Capital %	Votes %
Lars Wingefors AB	6,501,467	29,523,732	50.01	61.78
Xagonus AB	1,407,724	6,392,600	10.83	13.38
Swedbank Robur	0	3,985,928	5.53	2.60
Handelsbanken Fonder	0	3,416,999	4.74	2.23
CMB Holding AB	483,378	2,195,063	3.72	4.59
Didner & Gerge Småbolag	0	2,200,663	3.06	1.44
Ram One AB	0	1,796,745	2.49	1.17
Lumarisimo AB	289,966	1,316,760	2.23	2.76
Martin Larsson & Co	0	1,316,944	1.83	0.86
Avanza Pension	0	1,308,766	1.82	0.86
Novobis AB	0	1,250,000	1.74	0.82
Gerado AB	201,784	916,321	1.55	1.92
Olson family & foundation	0	990,000	1.37	0.65
Gigalomaniac	115,681	655,524	1.07	1.18
Knutsson family & Co	0	600,000	0.83	0.39
Other shareholders	0	5,166,455	7.18	3.37
Total no. shares	9,000,000	63,032,500	100.00	100.00
Total no. votes	153,032,500			

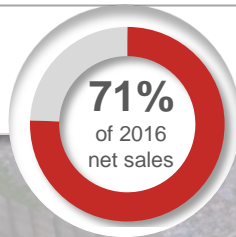
STRONG GAMES AND DISTRIBUTION PLATFORM

OWNED GAMES

We acquire, develop, publish and distribute our own games

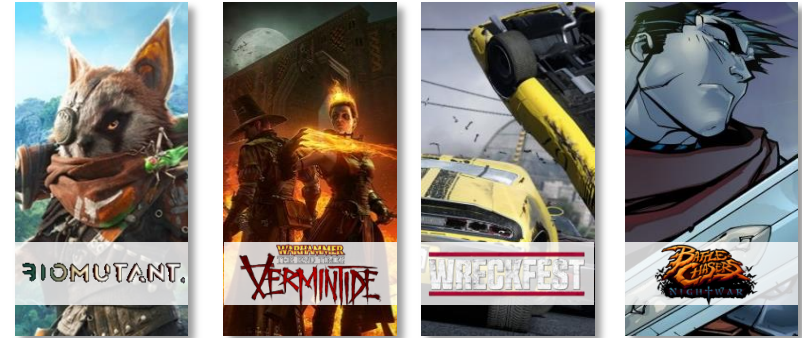


~85 IPs/FRANCHISES AND 270+ GAMES



PUBLISHING DEALS

We publish and distribute others' games



60+ TITLES



DIGITAL DISTRIBUTION WORLDWIDE



51% of sales (2016)

PHYSICAL DISTRIBUTION WORLDWIDE



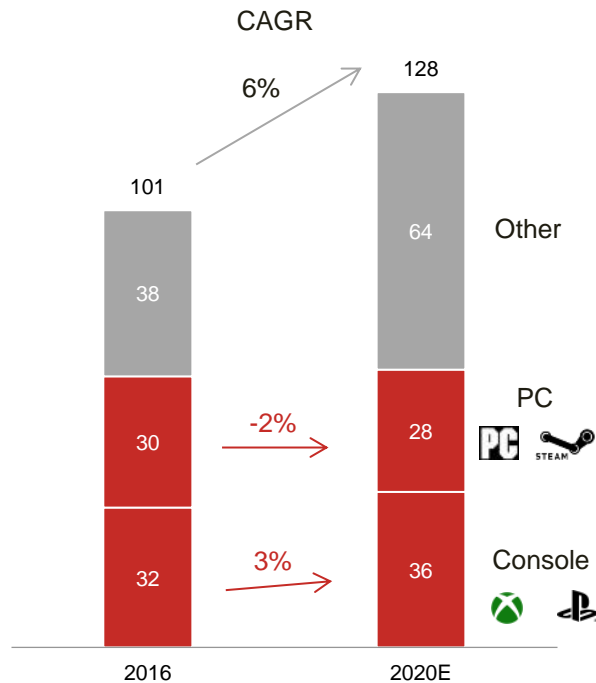
49% of sales (2016)



2. Market overview

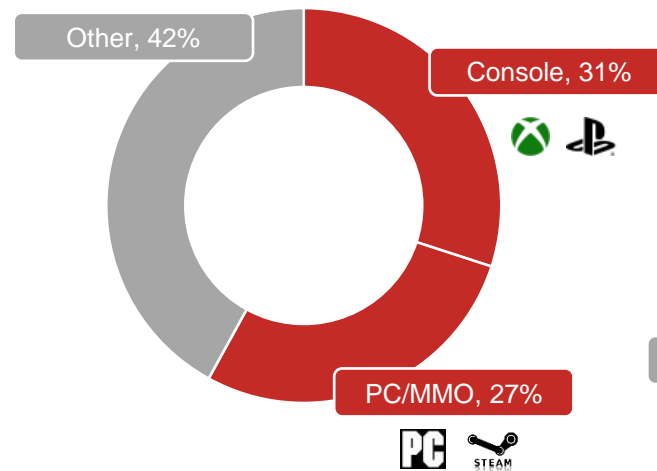
THQ IS PRESENT IN LARGE, ATTRACTIVE SEGMENTS

Gaming market future outlook, USDbn



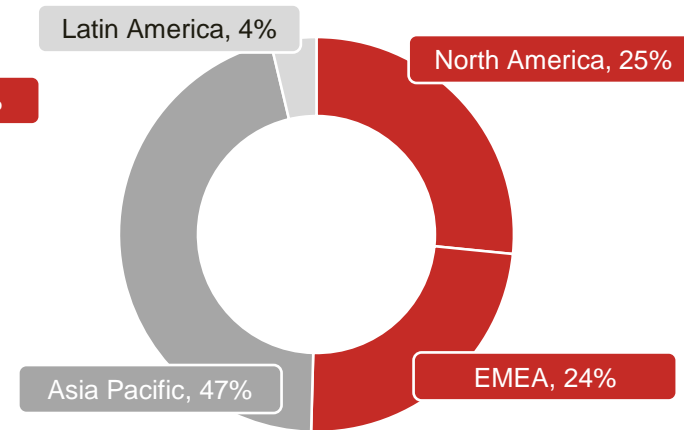
► Games market to reach USD 128 billion in 2020E

Gaming market by platform, 2016



► PC and Console comprised virtually 100% of our net sales in 2016

Gaming market by geography, 2016



► THQ Nordic's core geographies are North America, EMEA, Australia and New Zealand

THQ NORDIC segment presence

FAVOURABLE MARKET TRENDS AND FEATURES



THQNORDIC

A futuristic underwater scene featuring several large, glowing pink jellyfish with ribbed, umbrella-like tops and long, thin tentacles. The jellyfish are illuminated from within, casting a soft pink glow. In the foreground, a sleek, dark-colored car is partially visible, with its headlights on, illuminating the sandy seabed. The background is a deep blue, dark underwater environment with some faint, glowing blue light sources and a large, dark, textured structure on the left side. The overall atmosphere is mysterious and high-tech.

3. Company overview and growth strategy

KEY INVESTMENT HIGHLIGHTS

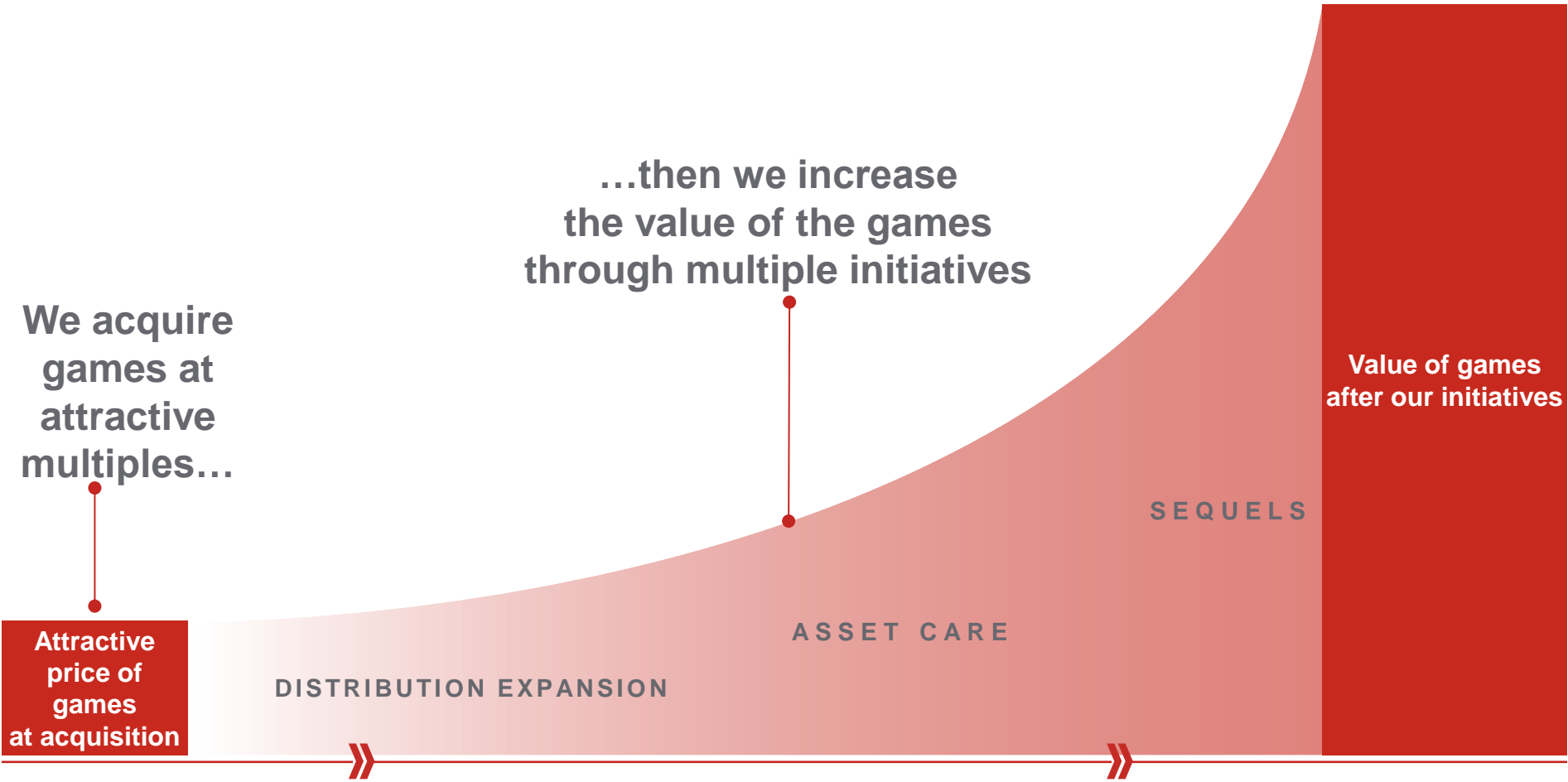
1 Proven business model

2 Diversified games portfolio with quality content available on all major platforms

3 Strong and well-invested pipeline

4 Robust financial performance

1 CORE BUSINESS MODEL



Source: Company information

1 HOW WE INCREASE THE VALUE OF AN ACQUIRED GAME

DISTRIBUTION EXPANSION

- + Add digital channels
 - STEAM®
 - XBOX LIVE
 - PlayStation.Store | DA XO
- + Add and reactivate physical channels
 - GameStop®
 - Walmart*
 - amazon

ASSET CARE

- + Port to new platforms
 - PC → Steam → Xbox → PS
- + Release remasters, new versions and patches
 - Version → Remaster I → Remaster II
- + Release DLCs (downloadable content)
 - Swords, helmets etc.

SEQUELS

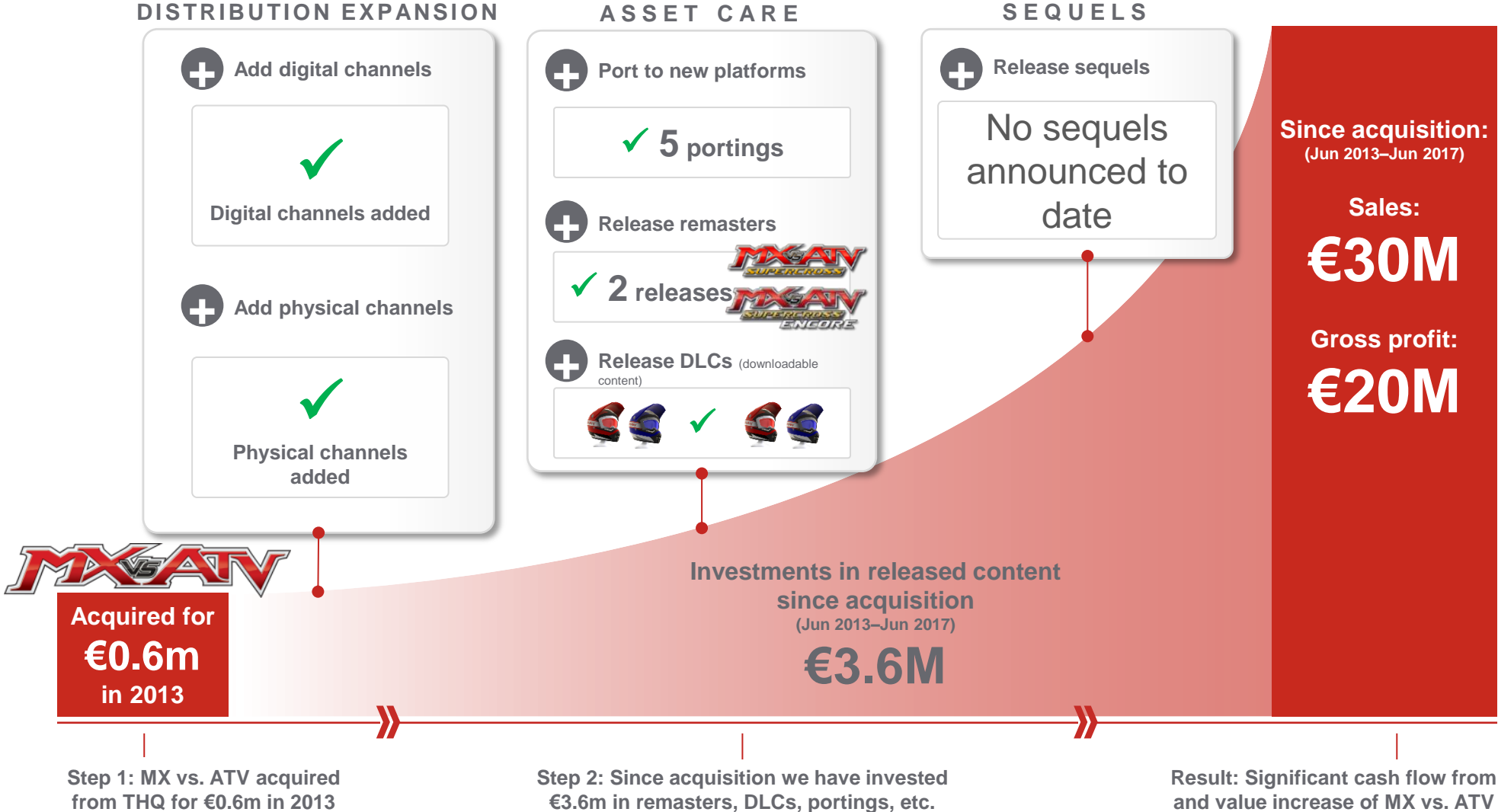
- + Release sequels
 - First Game → Sequel I → Sequel II → Sequel III

Attractive price of games at acquisition

Value of games after our initiatives

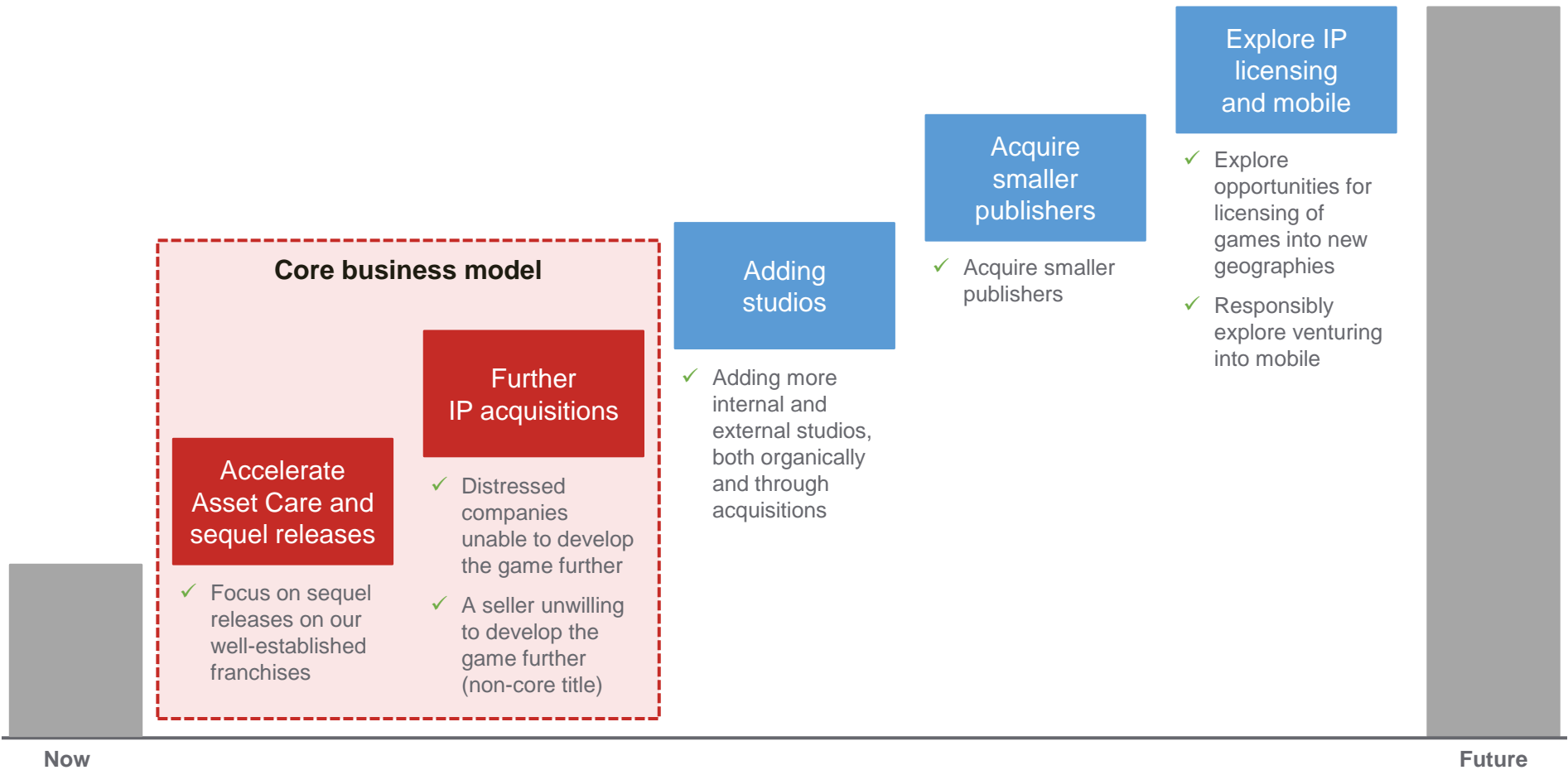
Source: Company information

1 MX VS. ATV CASE STUDY



Source: Company information | Summary of the figures: During the period June 2013–June 2017: Sales = €30m, gross profit = €20m, investments made in released content = €3.6m, amortization of capitalized development = €3m, amortization of IP right = €0.4m. Acquisition price = €0.6m

1 GROWTH STRATEGY

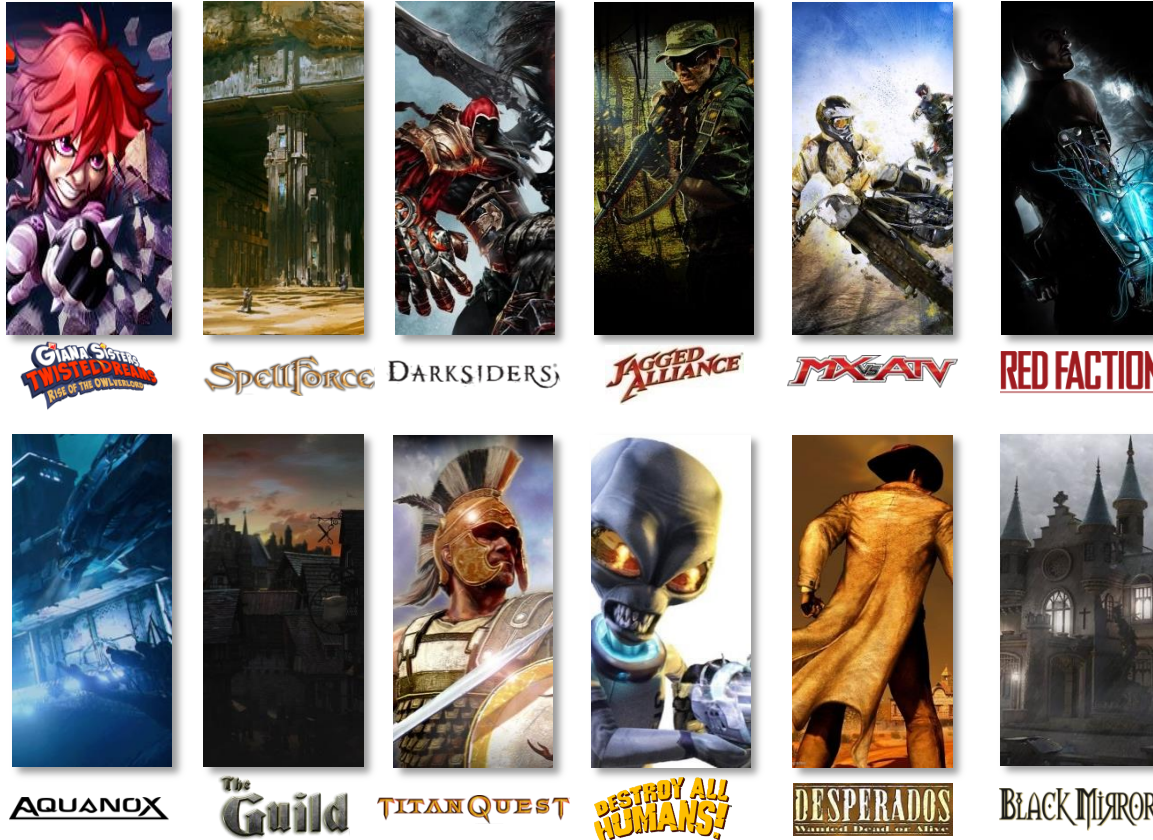


► We will leverage our growth strategy on 1) our recent complete rebranding and 2) our IPO

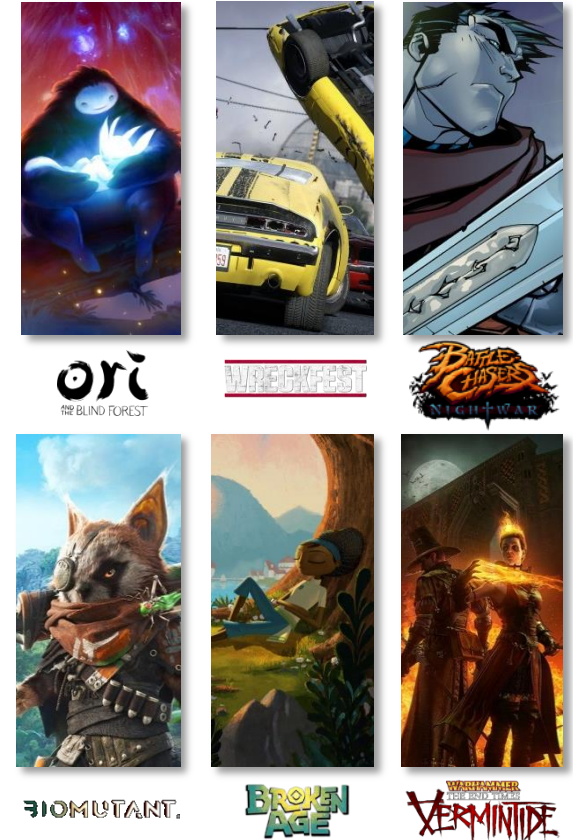
Source: Company information

2 GAMES PORTFOLIO OVERVIEW

Owned content



Publishing deals



Source: Company information | (1) Most of our titles are owned 100% but not all e.g. ELEX is owned 70%

3 STRONG AND WELL-INVESTED PIPELINE

Our 3 largest development projects to date, with an estimated development budget of SEK 65–125m each

Our first major brand-new game development



"Elex is definitely the most ambitious game that we saw at E3 this year"
– NewGameNetwork

Owned, 70%

Major sequel based on key franchise



DARKSIDERS III

Owned, 100%

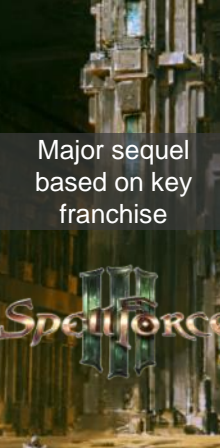
Large-scale project based on existing franchise



SECRET

Owned, 100%

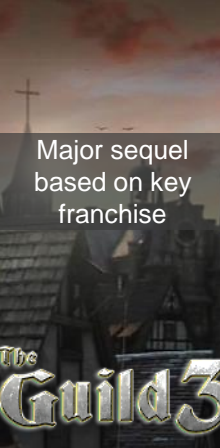
Major sequel based on key franchise



Spellforce

Owned, 100%

Major sequel based on key franchise



The Guild 3

Owned, 100%

SEK **339M**

Balanced investment as of Jun 2017
(Intangible assets)

SEK **126M**

Investments made Jan-Jun 2017
(Investments in intangible assets)

In total,

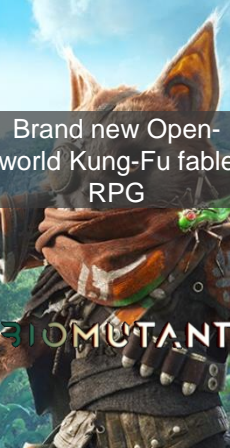
we have **13** announced

and **17** unannounced projects in our pipeline, as of Jun 2017

Strong platform presences

Original studios and/or well-suited quality studios


Brand new Open-world Kung-Fu fable RPG



BIOMUTANT

Publishing

Brand-new games based on best-selling comic book



BATTLE CHASERS NIGHTWAR

Publishing

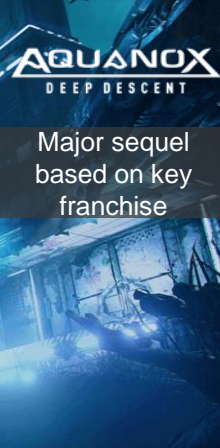
Brand new game with unique racing experience



WRECKFEST

Publishing

Major sequel based on key franchise



AQUANOX DEEP DESCENT

Owned, 100%

+21
more

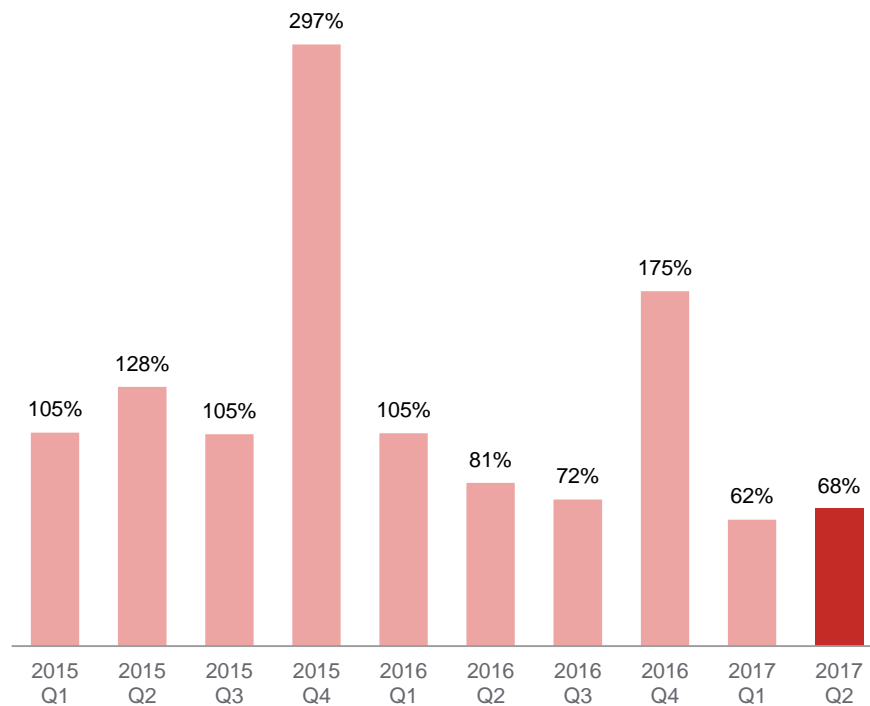
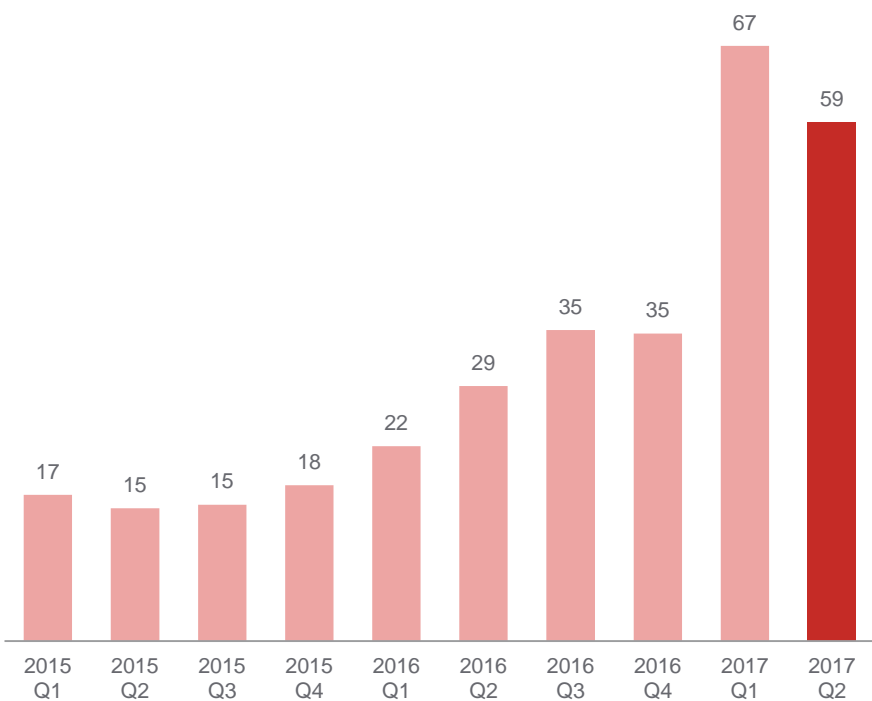
Plus 21 other pipeline projects

Source: Company information

3 SIGNIFICANT INVESTMENTS IN GAMES DEVELOPMENT

Game development & royalty advances, SEKm

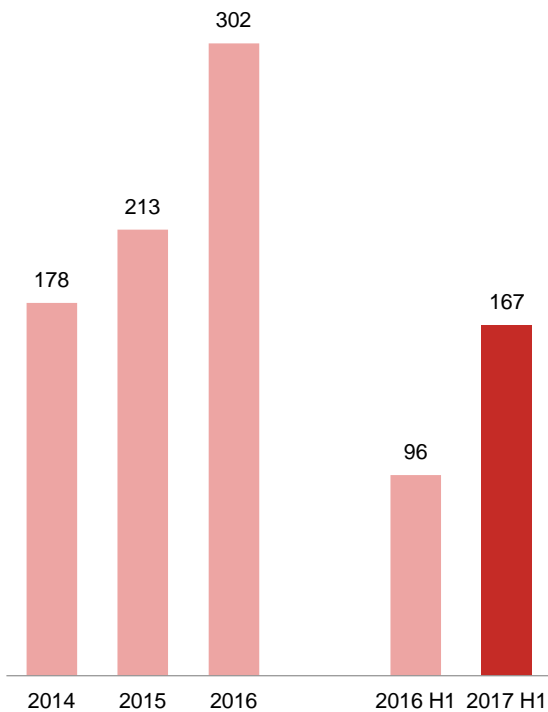
Game development & royalty advances, % of EBITDA



► The increase in investment levels is linked to the many attractive investment opportunities which arose from the THQ IP acquisitions

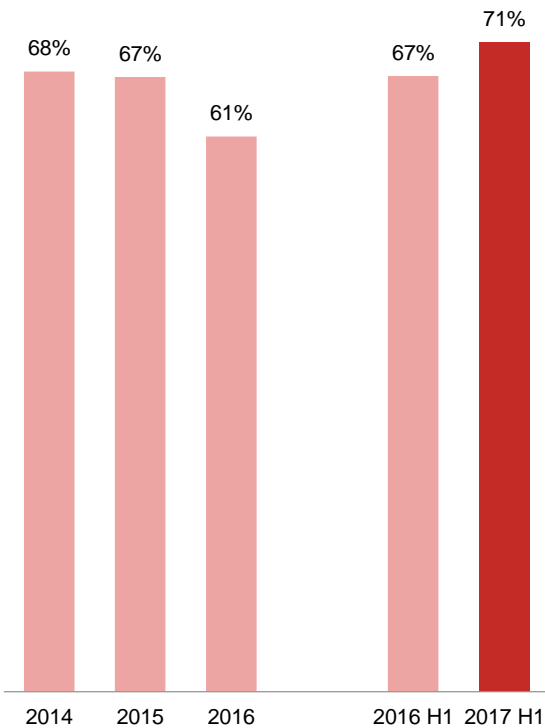
4 HIGH TOPLINE GROWTH WITH STABLE MARGINS

Net sales, SEKm



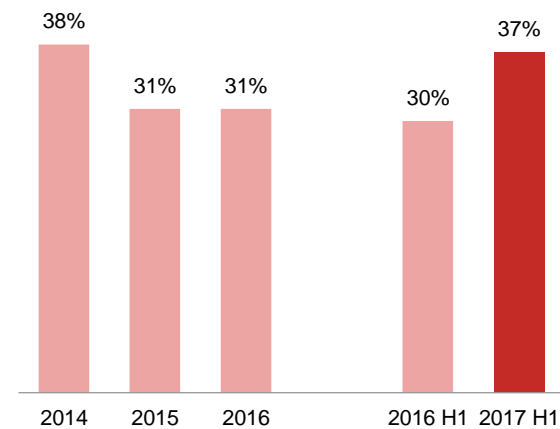
► Sales growth has more than doubled in H1 2017 compared to H1 2016

Gross profit margin, %



► Strong growth in both gross profit and gross profit margin, H1 2017 compared to H1 2016

EBIT margin, %



► EBIT has more than doubled in H1 2017 compared to H1 2016



4. 2017 Q2 highlights



PROMOTIONS AND SCALABILITY DRIVES PROFIT

In MSEK	Apr-Jun 2016	Apr-Jun 2017	var +/-
Net Sales	52.7	85.6	62%
EBITDA	23.2	39.7	71%
EBIT	14.2	30.3	113%
Profit after tax	10.6	23.2	119%
Cash flow from operations	2.0	21.6	980%
<i>EBITDA Margin</i>	44%	46%	
<i>EBIT Margin</i>	27%	35%	

- ▶ 5 owned and 2 publishing titles releases in the second quarter
- ▶ The Darksiders-series is the notable contributor in Q2
- ▶ Increased EBIT margin due to lower amortization

DIGITAL SHARE A RECORD 69% OF NET SALES

In MSEK	Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017
Gross Margin (Net sales-COGS)	29.8	34.6	41.2	77.5	57.4	61.3
Gross Margin, %	69%	66%	53%	60%	70%	72%
Net sales split						
Owned titles, %	86%	73%	64%	68%	67%	77%
Publishing titles, %	14%	27%	36%	32%	33%	23%
Owned titles	37.1	38.5	49.9	87.2	54.9	65.9
Publishing titles	6.0	14.2	28.0	41.0	27.0	19.7
New releases sales by each quarter, %						
New releases sales by each quarter, %	0%	24%	37%	36%	36%	16%
Backcatalogue, %	100%	76%	63%	64%	64%	84%
New releases sales by each quarter	0.0	12.6	28.8	46.2	29.5	13.7
Backcatalogue	43.1	40.1	49.1	82.0	52.4	71.9
Physical sales, %						
Physical sales, %	48%	39%	49%	58%	49%	31%
Digital sales, %	52%	61%	51%	42%	51%	69%
Physical sales	20.7	20.6	38.2	74.4	40.1	26.5
Digital sales	22.4	32.1	39.7	53.8	41.8	59.0