



**Company Presentation**  
**September 2017**

# THQ NORDIC IN BRIEF

## At a glance

- ▶ Acquires, develops and publishes PC and console games for the global games market
- ▶ Wide catalogue of 270 games, including 85 owned franchises
- ▶ Global publishing reach within marketing, sales and distribution, both online and offline
- ▶ Employs and contractually collaborates with 470 people and has six in-house development studios based in Sweden, Germany, and USA

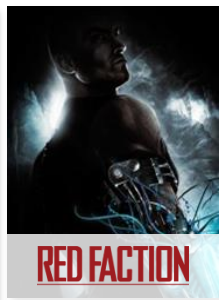
## Selection of key IPs



~220m  
Lifetime net sales  
>8m  
Copies sold



~150m  
Lifetime net sales  
>5m  
Copies sold

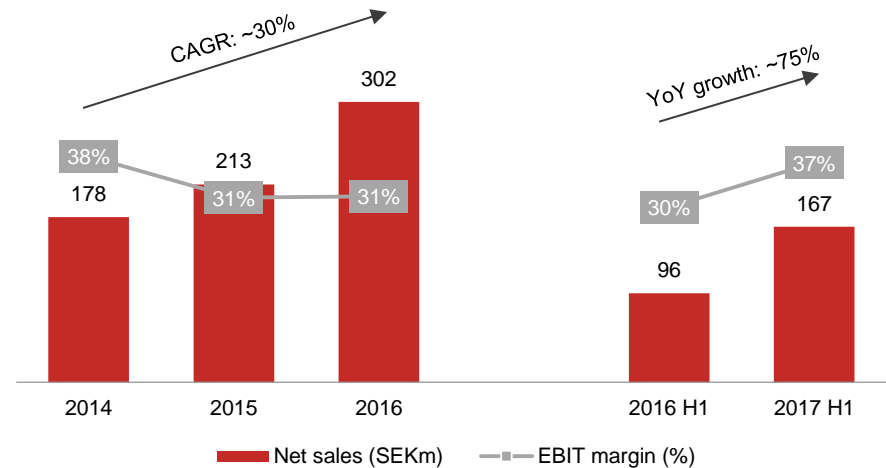


~120m  
Lifetime net sales  
>4m  
Copies sold



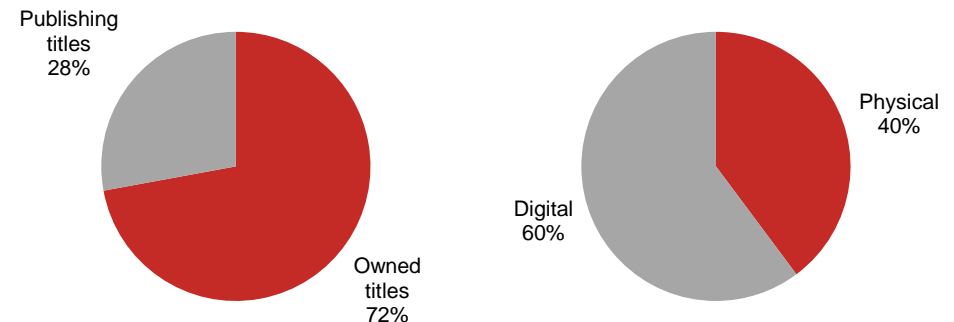
First major brand-  
new game  
development

## Scalable business with strong growth and margin profile



## Diversified sales and distribution platform

Net sales split by title ownership and distribution, 2017 H1





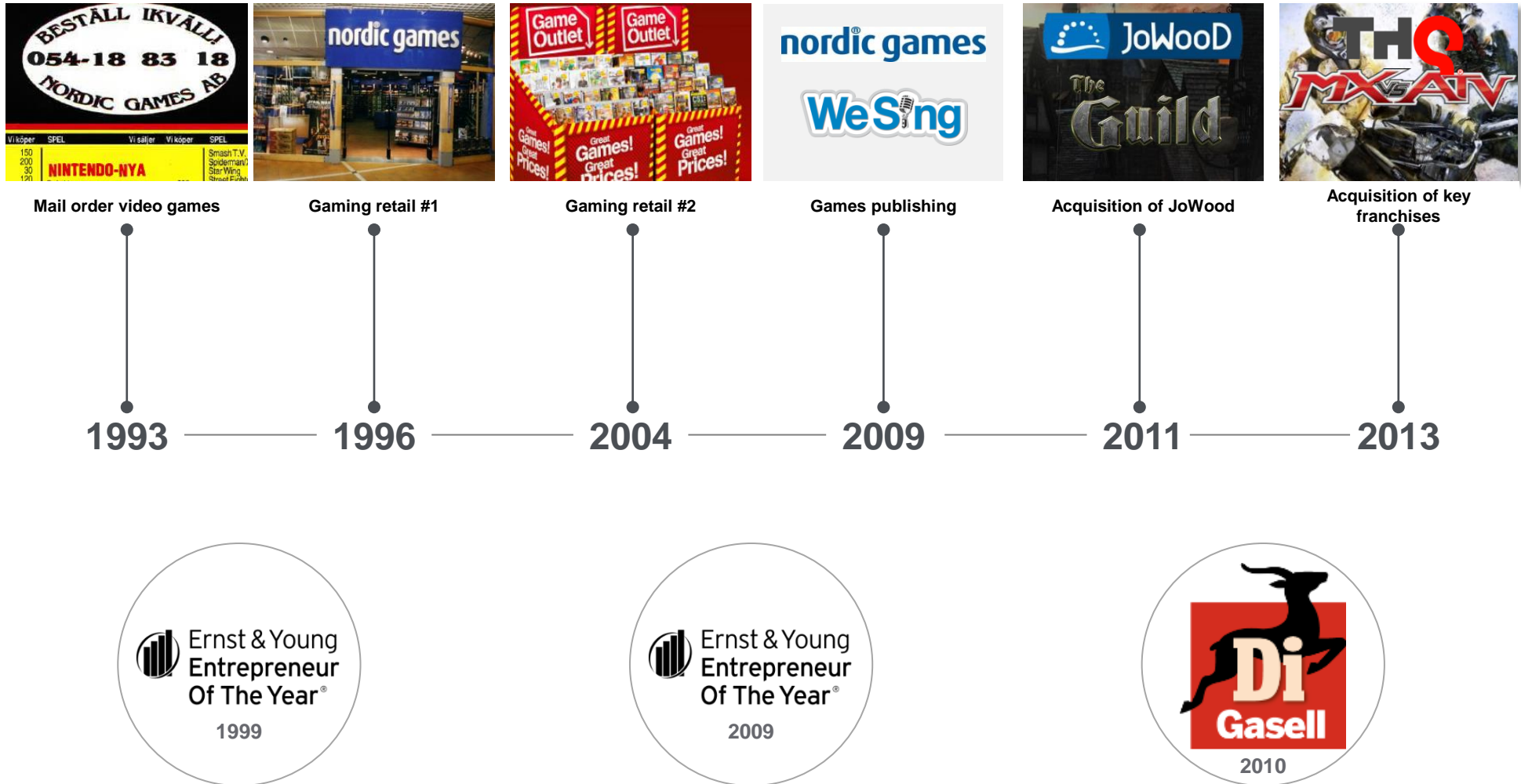
A motocross rider in a teal and black Fox suit is performing a stunt on a red and yellow bike. The rider is in a high, inverted position, with the bike's front wheel pointing upwards. The background shows a large stadium filled with spectators, with various banners and lights visible. The scene is set on a dirt track with a large jump or ramp.

**THQ NORDIC**

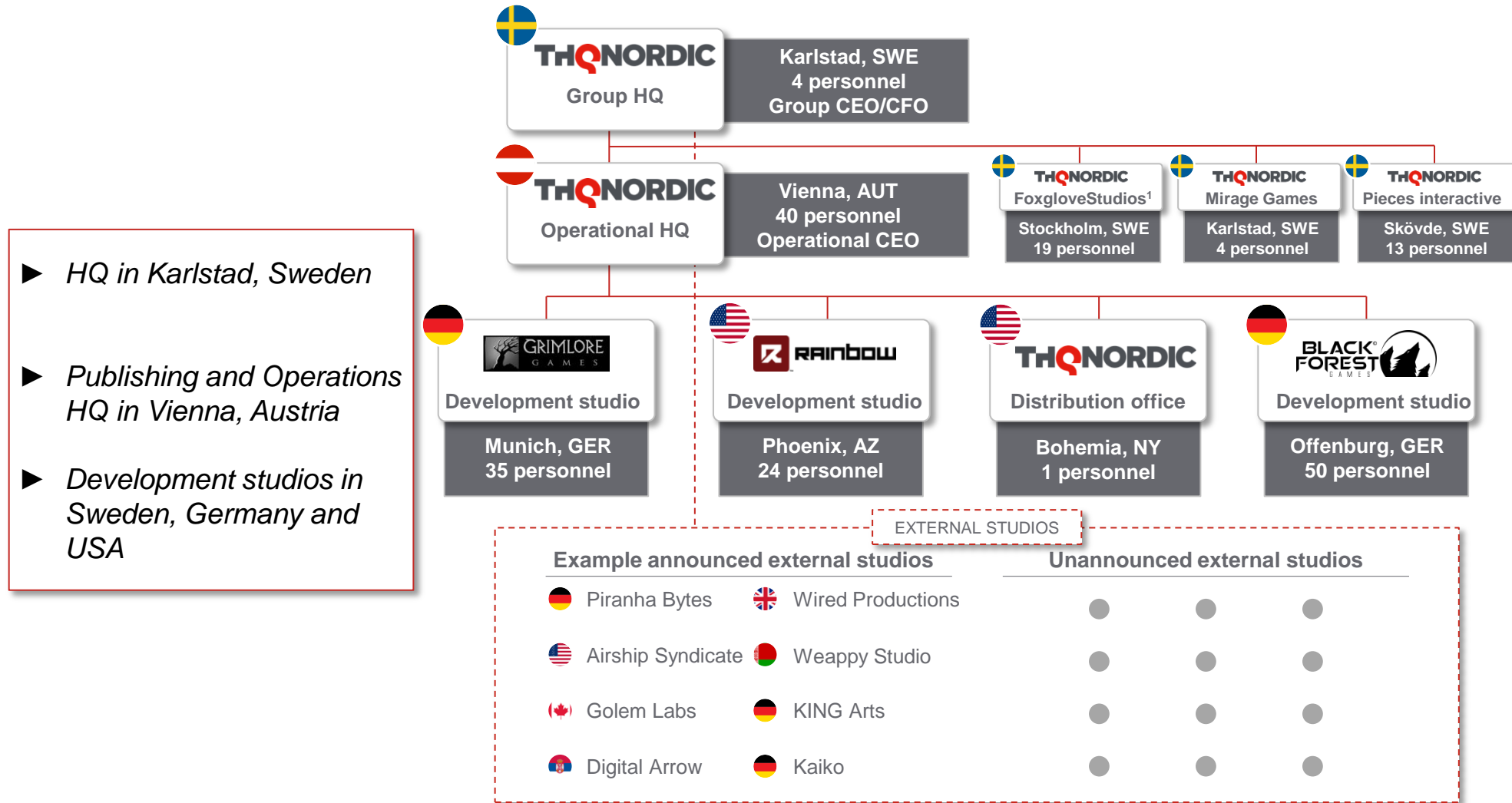
# 1. INTRODUCTION



# LEGACY OF GAMING, ENTREPRENEURSHIP AND DEAL-MAKING



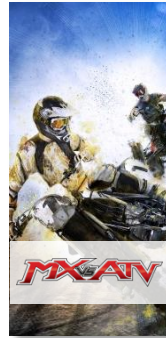
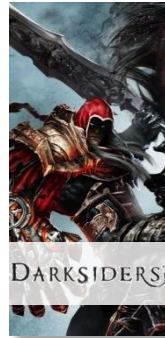
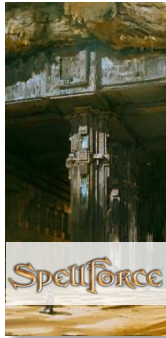
# GLOBAL FOOTPRINT SUPPORTED BY 430+ GAME DEVELOPERS AND 40+ PUBLISHING PERSONNEL



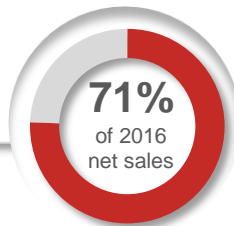
# STRONG GAMES AND DISTRIBUTION PLATFORM

## Owned games

We acquire, develop, publish and distribute our own games

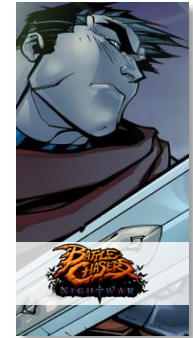
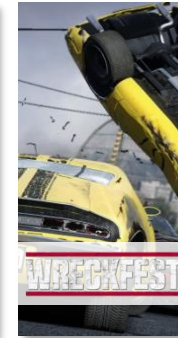
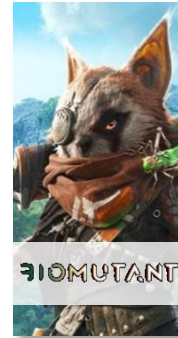


~85 IPs/FRANCHISES AND 270+ GAMES

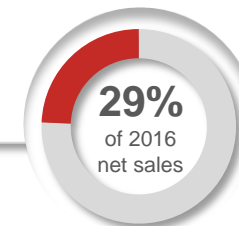


## Publishing deals

We publish and distribute others' games



60+ TITLES



## Digital distribution worldwide



51% of sales (2016)

## Physical distribution worldwide



49% of sales (2016)

# EXPERIENCED, INCENTIVISED AND COMPLEMENTARY MANAGEMENT TEAM



**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*

■ *Industry experience:*  
23 years

■ *Key skills and focus:*  
Leadership, strategy, deal-making

■ *Ownership stake (capital):*  
50.01%

■ *Industry experience:*  
10 years

■ *Key skills and focus:*  
Operations, marketing,  
culture-building

■ *Ownership stake (capital):*  
1.55%

■ *Industry experience:*  
16 years

■ *Key skills and focus:*  
Finance, deal-making

■ *Ownership stake (capital):*  
10.83%

■ *Industry experience:*  
8 years

■ *Key skills and focus:*  
Business development,  
marketing

■ *Ownership stake (capital):*  
1.07%

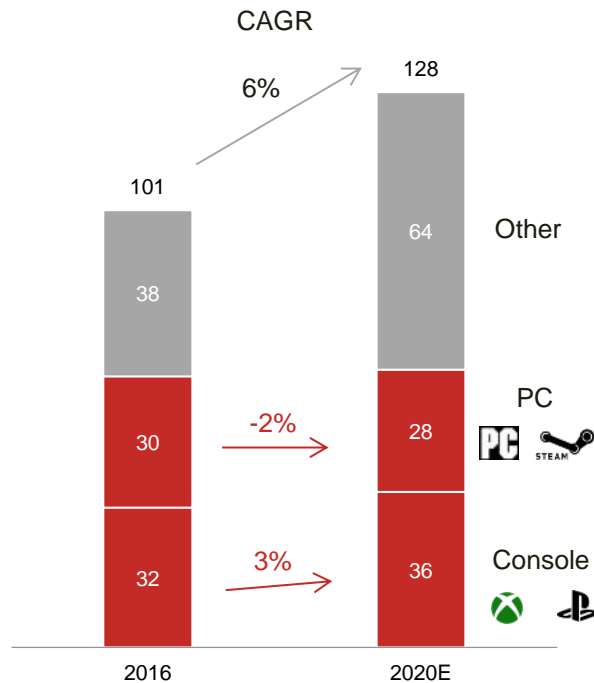


## **2. Market overview**



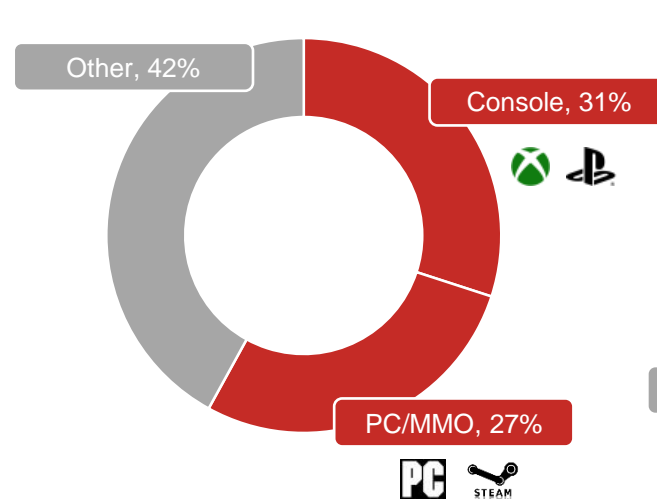
# THQ NORDIC IS PRESENT IN LARGE, ATTRACTIVE SEGMENTS

Gaming market future outlook, USDbn



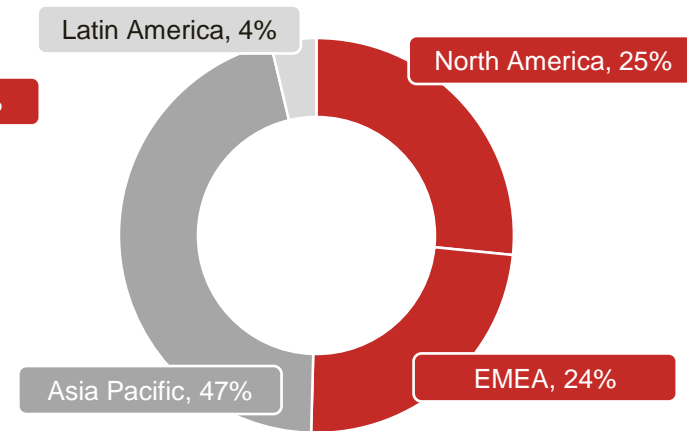
- Games market to reach USD 128 billion in 2020E

Gaming market by platform, 2016



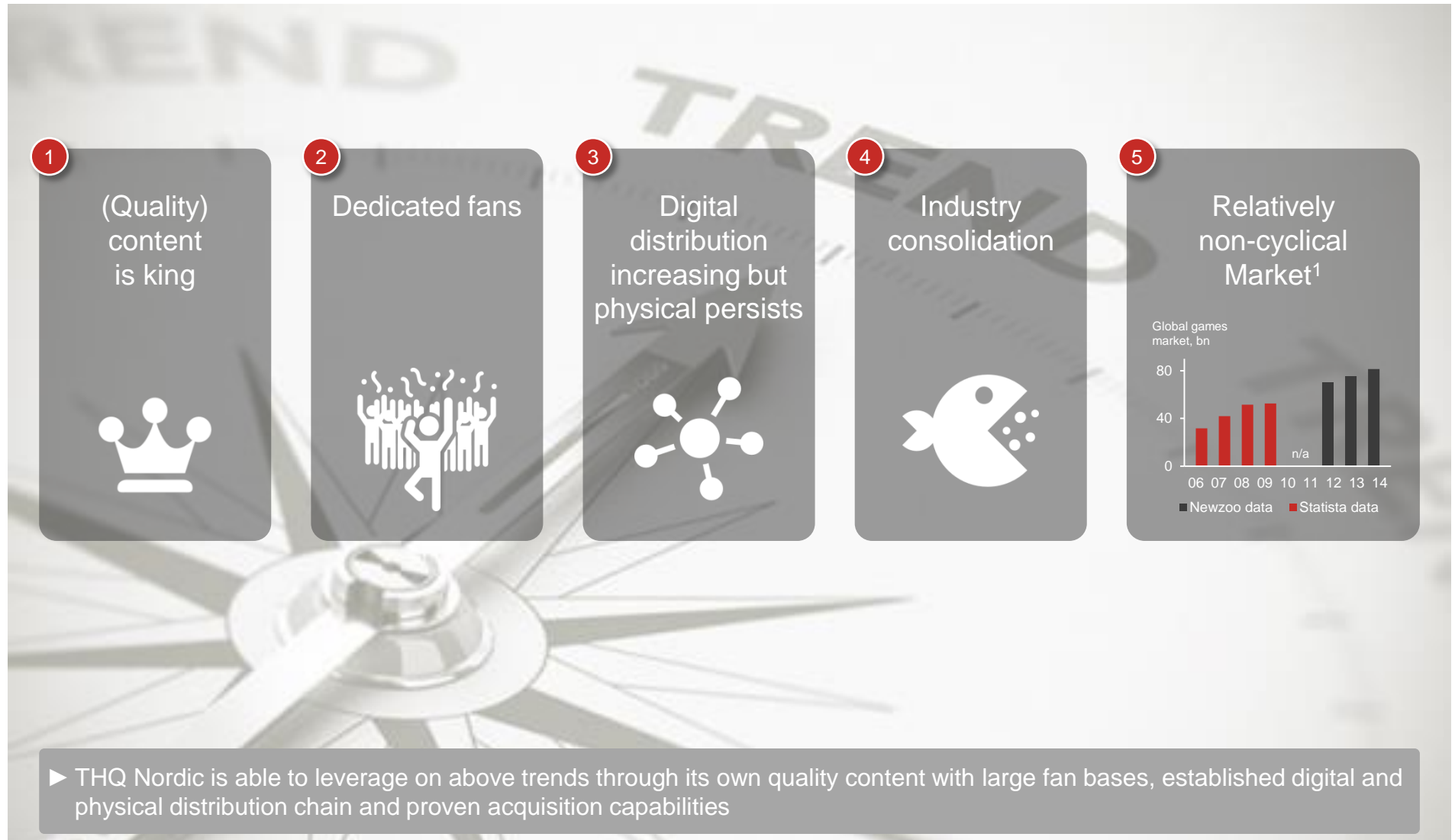
- PC and Console comprised virtually 100% of our net sales in 2016

Gaming market by geography, 2016



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

# FAVOURABLE MARKET TRENDS AND FEATURES



### 3. Company overview and growth strategy



# THE FOUR CORNERSTONES OF THQ NORDIC

1

Proven business model

2

Diversified games portfolio with quality content available on all major platforms

3

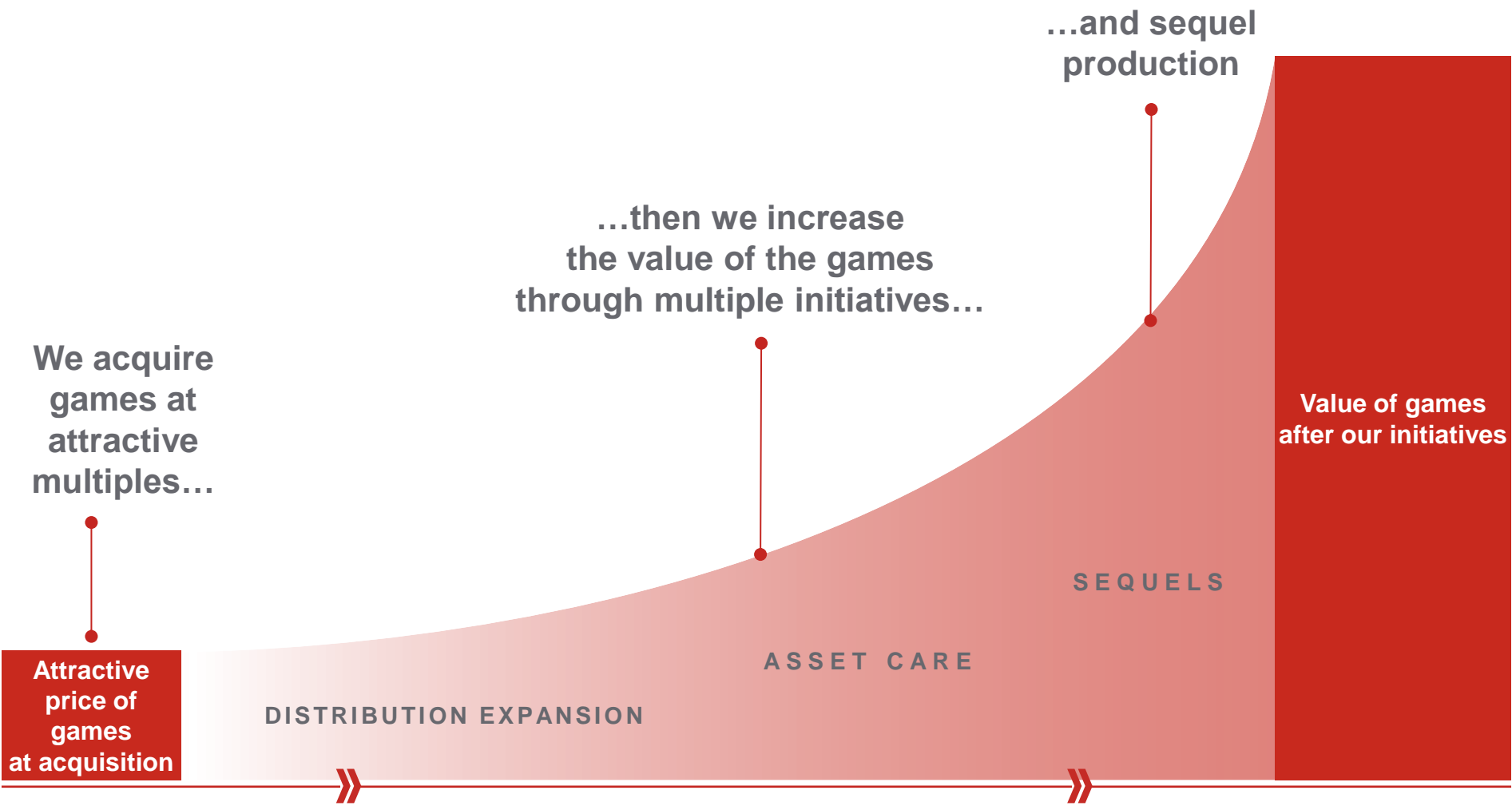
Strong and well-invested pipeline

4

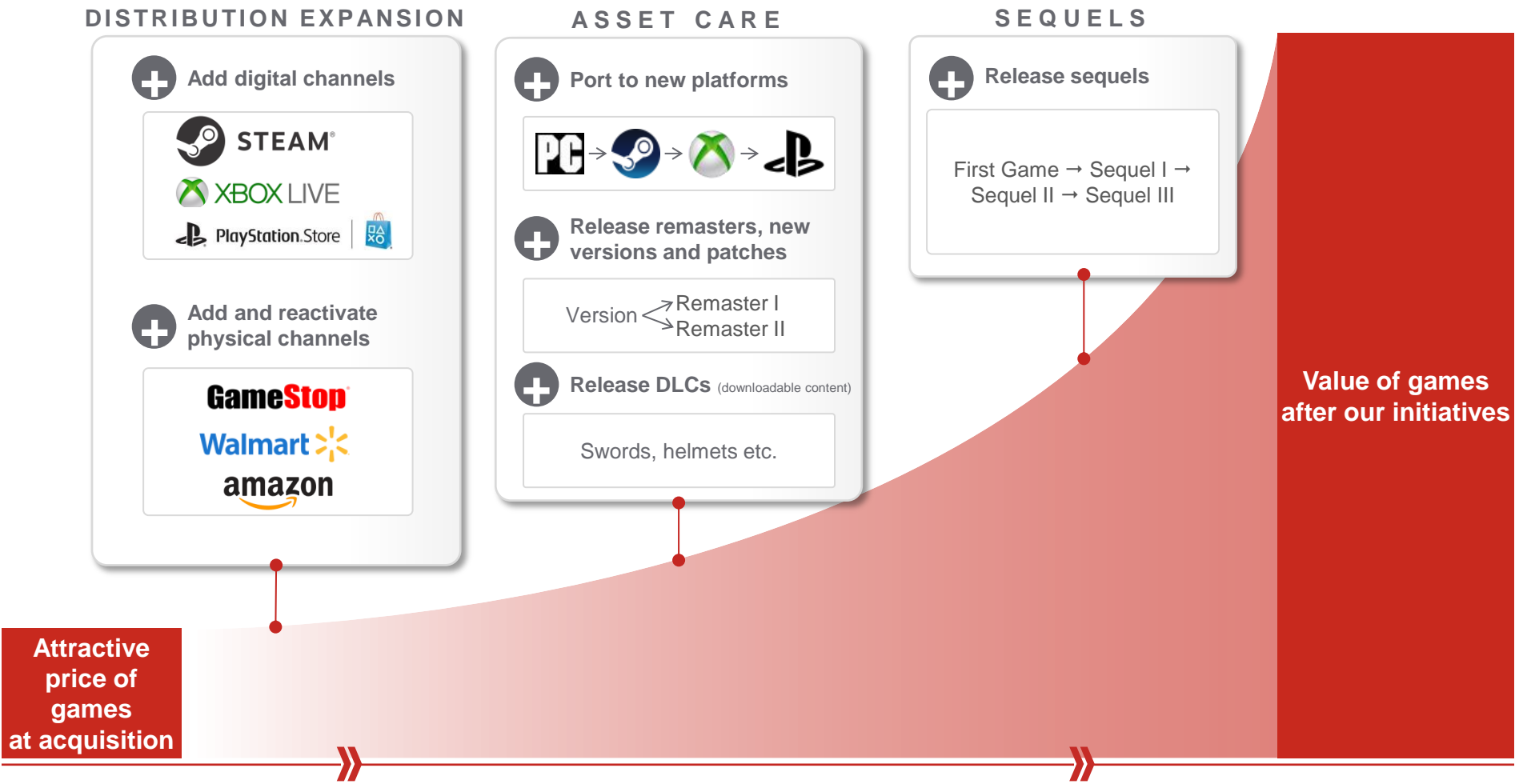
Robust financial performance

DARKSIDERS III  
THQ NORDIC 12

# 1 CORE BUSINESS MODEL



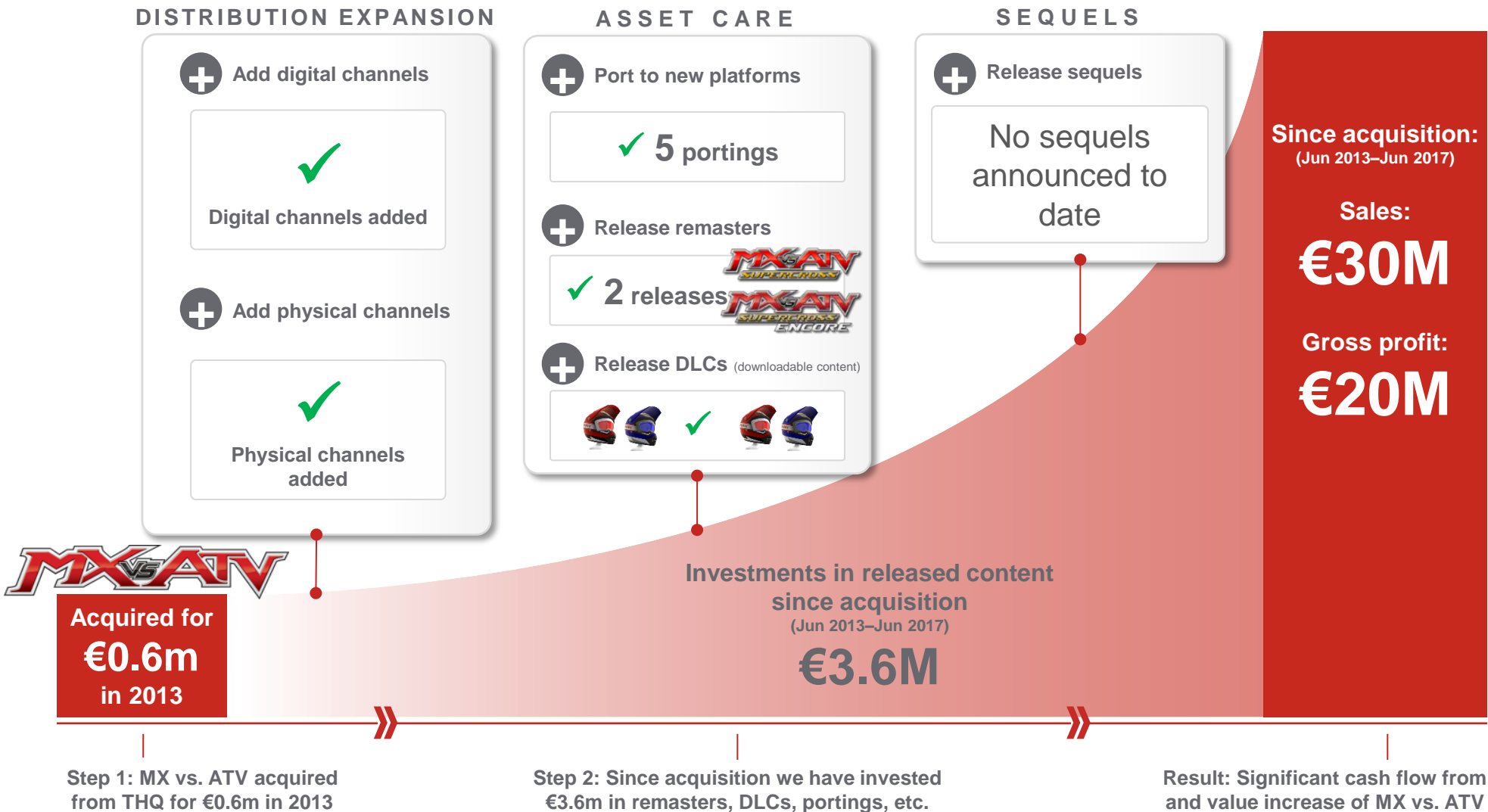
# 1 HOW WE INCREASE THE VALUE OF AN ACQUIRED GAME



Source: Company information

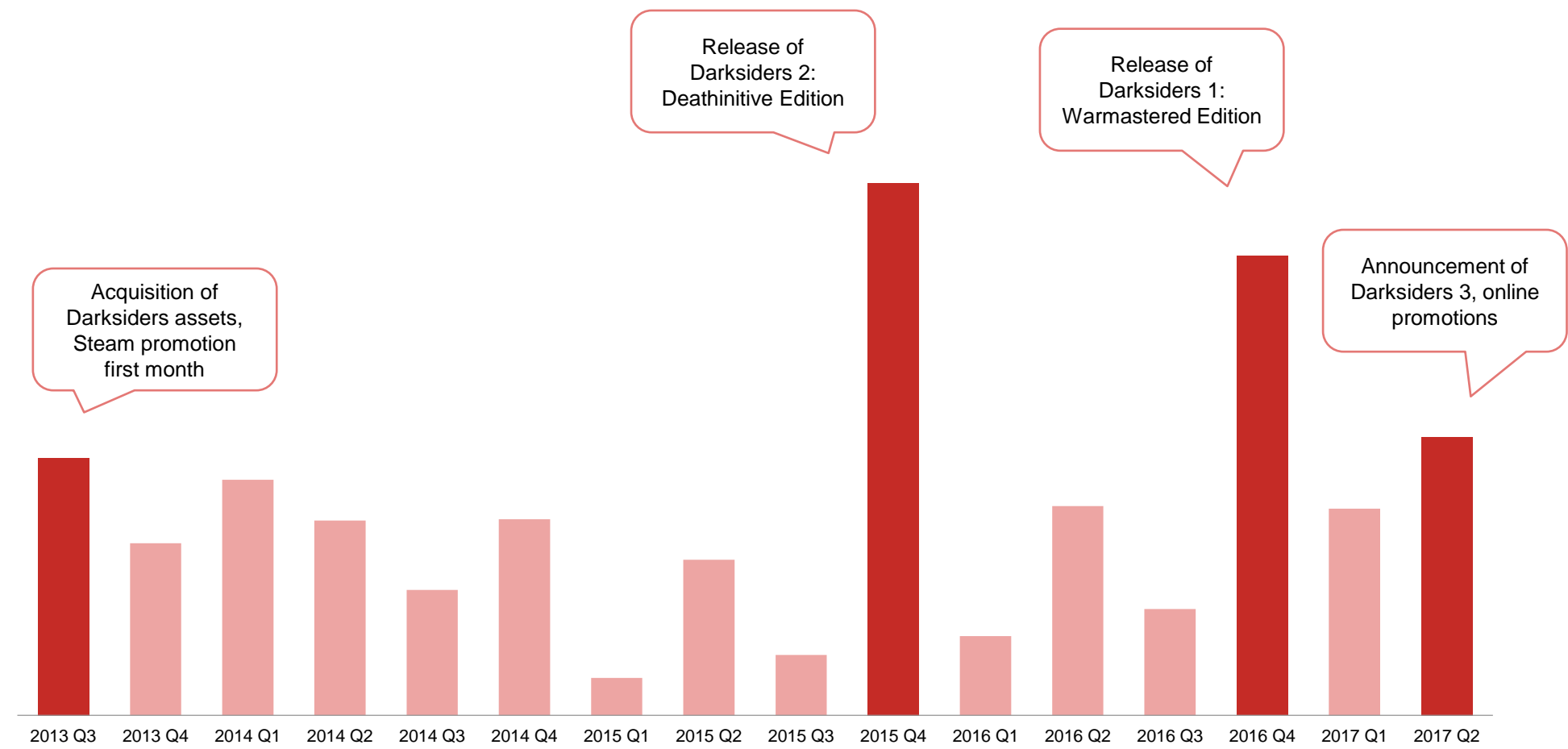


# 1 MX VS. ATV CASE STUDY



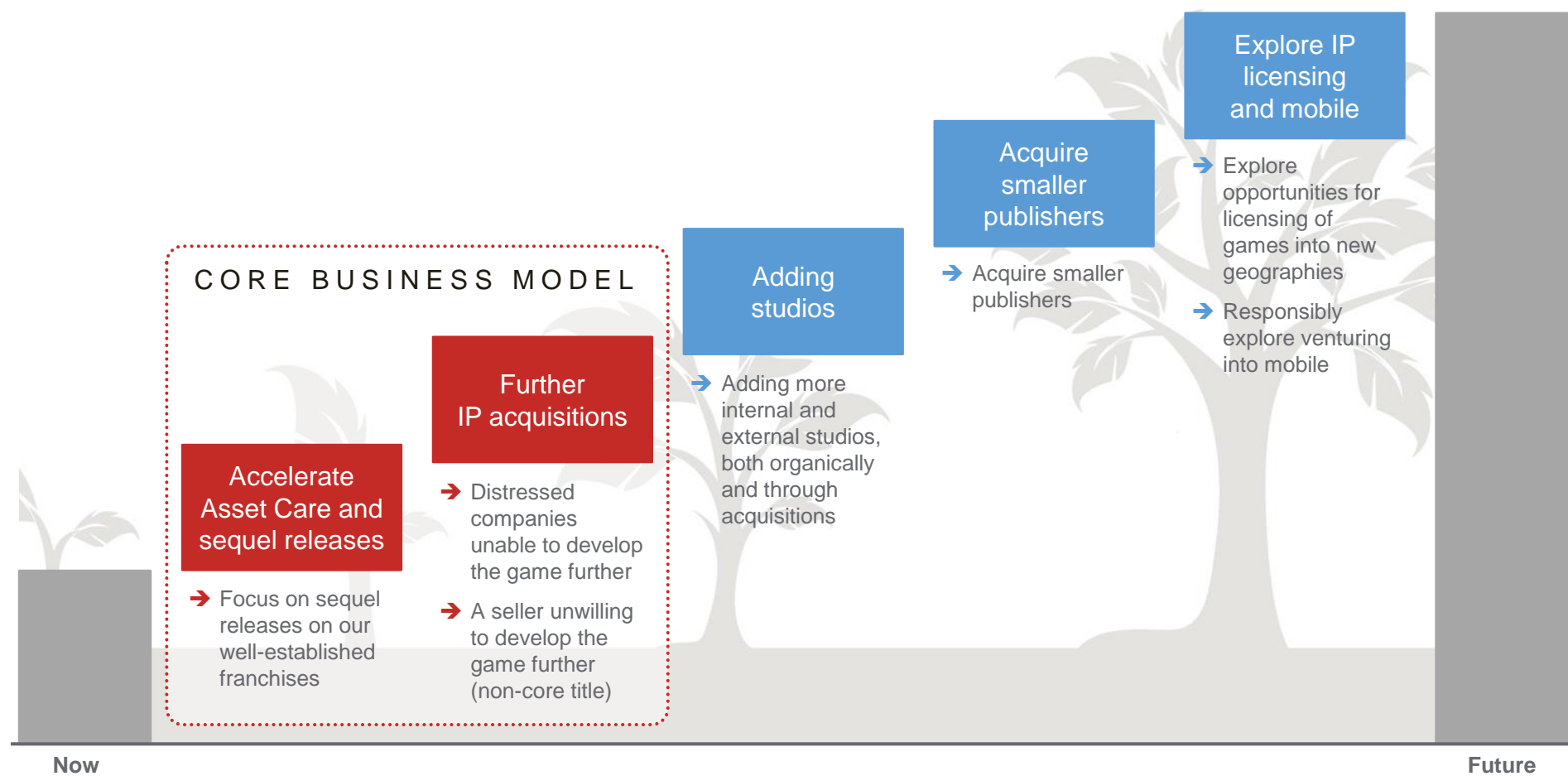
# 1 DARKSIDERS CASE STUDY

Sales over time from Darksiders since acquisition



Source: Company information

# 1 GROWTH STRATEGY



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



# 1 IP ACQUISITION STRATEGY

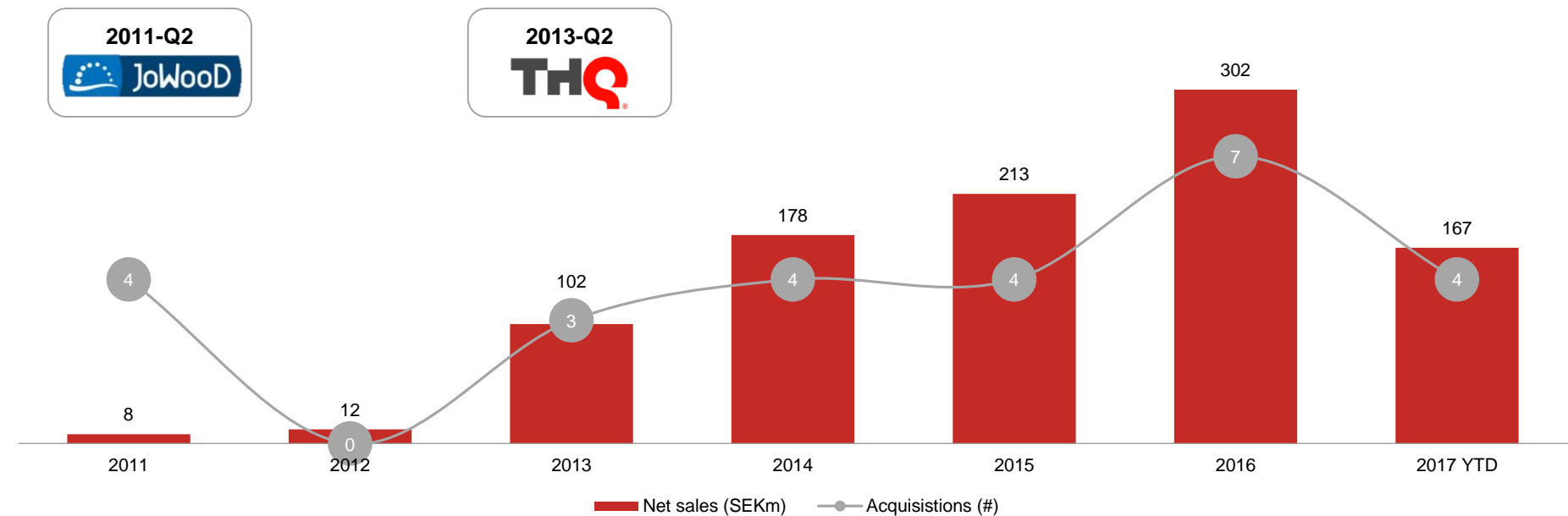
## Strategy and acquisition criteria

- ▶ Acquire established, but temporarily underperforming, gaming brands
- ▶ Criteria include brands with a strong fan base and good reviews

## Why IPs are for sale

- i. IP owners in financial distress unable to develop IP
- ii. IP owners focus on other games in its portfolio
- iii. IP owners don't want to take the IP to the next level
- ▶ THQ Nordic has a good reputation for taking care of IPs – an important factor in addition to price for a seller

Strong M&A history – 26 acquisitions since 2011!



▶ Acquisitions of games and IPs is a core part of THQ Nordics business model and an important growth driver

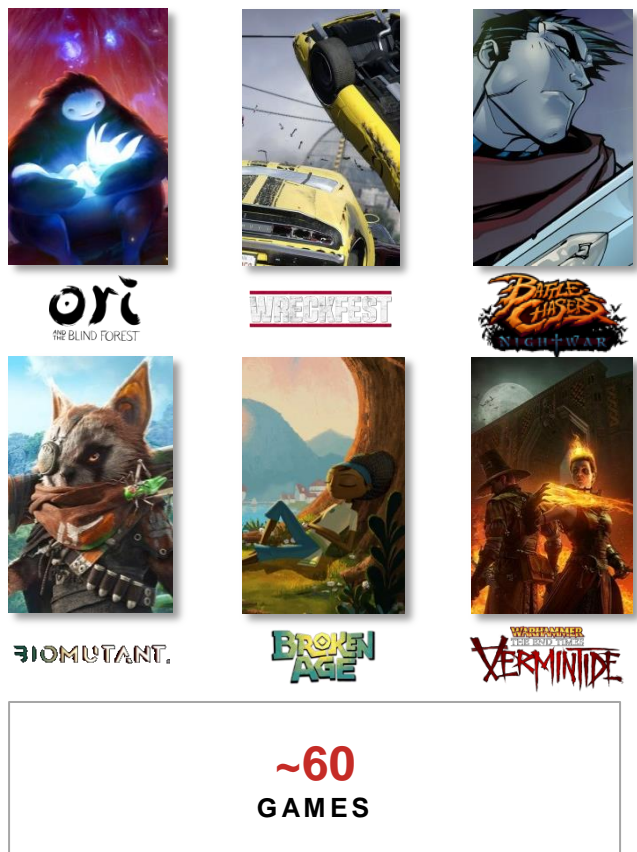
## 2 GAMES PORTFOLIO OVERVIEW

### Owned content



- ▶ Games portfolio available on all important game platforms while being well-distributed and large on Steam
- ▶ Highly diversified own games portfolio: by brand, platform, distribution channel and geography
- ▶ Strong potential in brands through quality games with a high amount of fans

### Publishing deals



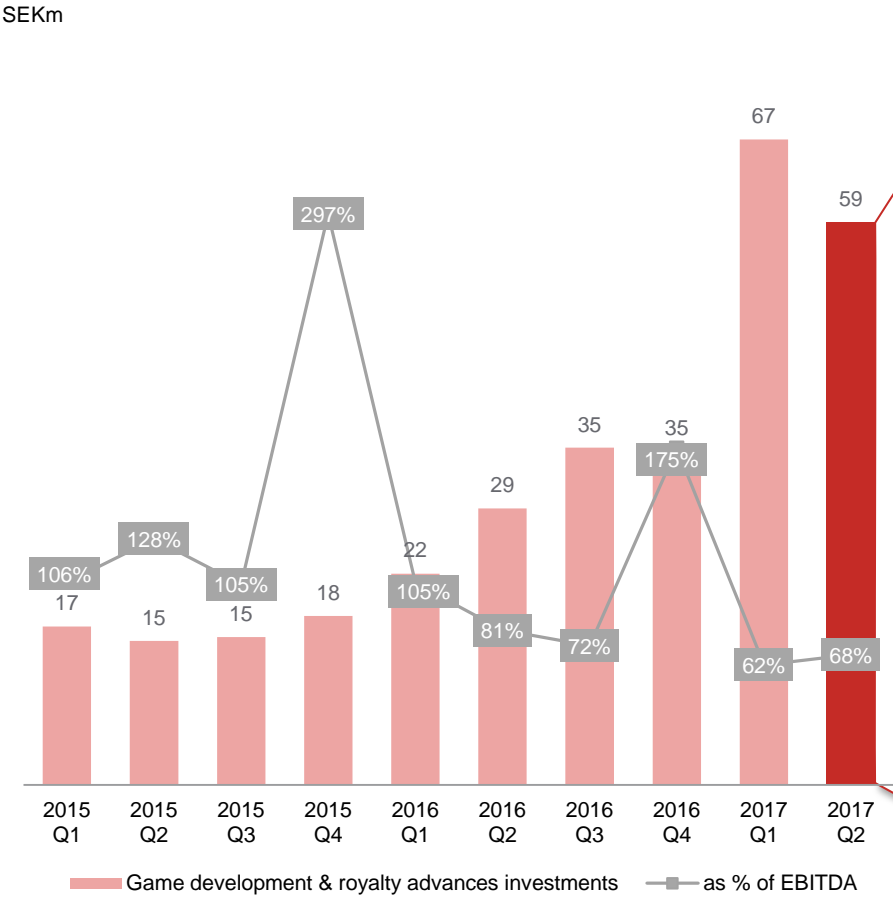
- ▶ Large, global publishing titles strengthens THQ Nordics games portfolio
- ▶ Positive effect on collaboration with end-distributors
- ▶ Low risk to increase profit by distributing through THQ Nordic's established publishing organization and distribution network

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

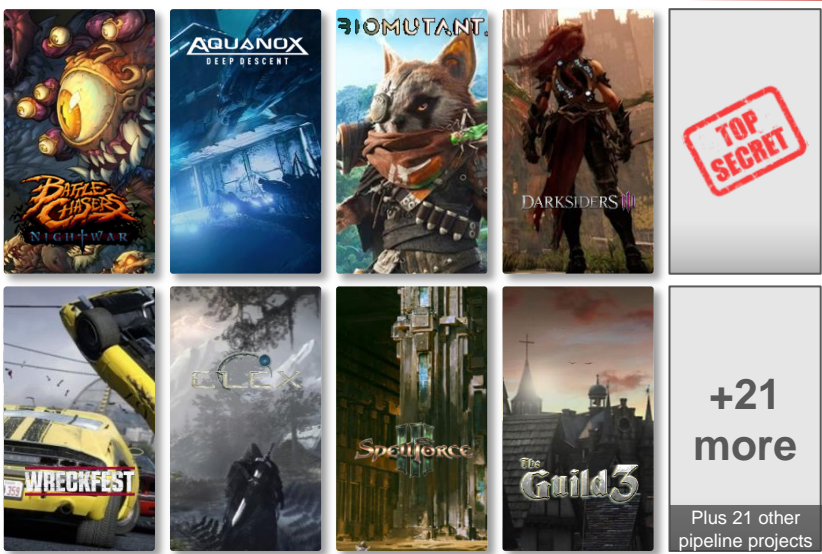
# 3 STRONG AND WELL-INVESTED PIPELINE

Significant increase in pipeline investment

SEKm



Games pipeline overview



**SEK 339m**

Balanced investment  
as of Jun 2017  
(Intangible assets)

**SEK126M**

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

In total, we have  
**13** announced and

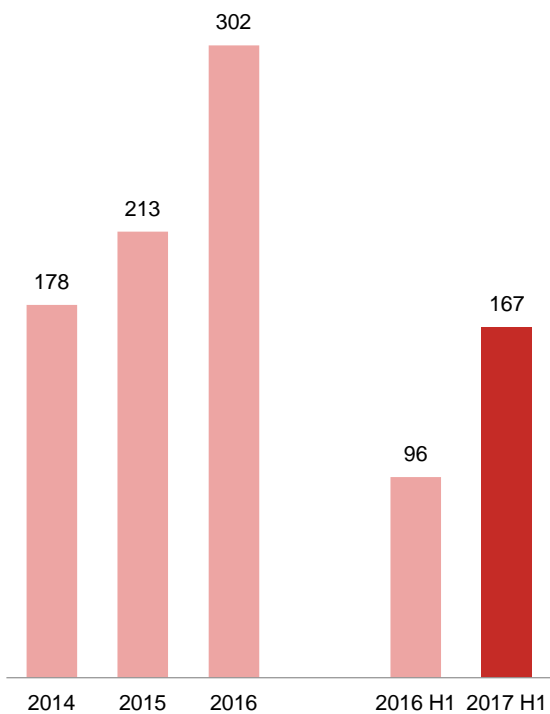
**17** unannounced  
projects in our pipeline,  
as of Jun 2017

► High potential to further develop THQ Nordic’s broad IP portfolio by, for example, launching sequels



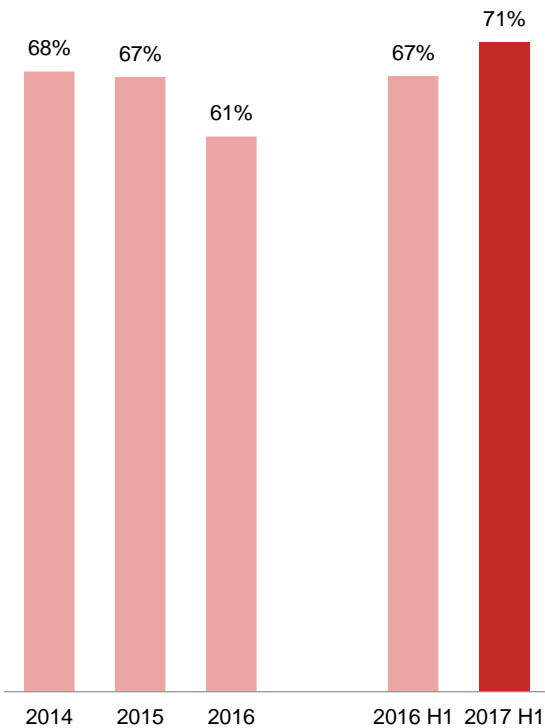
# 4 HIGH TOPLINE GROWTH WITH STABLE MARGINS

Net sales, SEKm



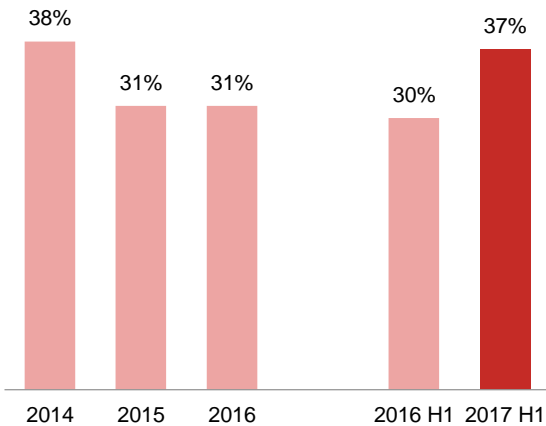
► Sales growth has more than doubled in H1 2017 compared to H1 2016

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



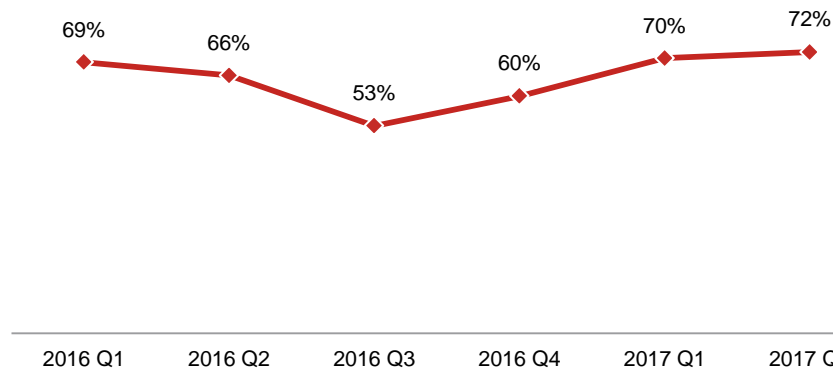
# PROMOTIONS AND SCALABILITY DRIVES PROFIT

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%	

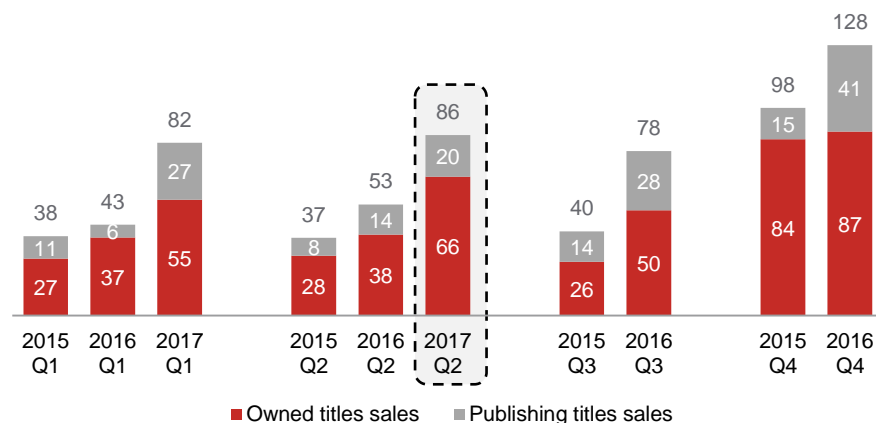
- ▶ 5 owned and 2 publishing titles releases in the second quarter
- ▶ The Darksiders-series is the notable contributor in Q2
- ▶ Increased EBIT margin due to lower amortization

# DIGITAL SHARE A RECORD 69% OF NET SALES

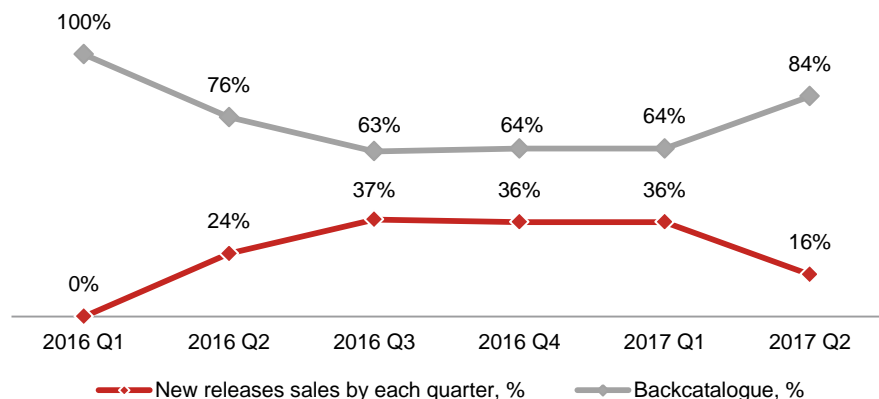
Gross margin by quarter, %



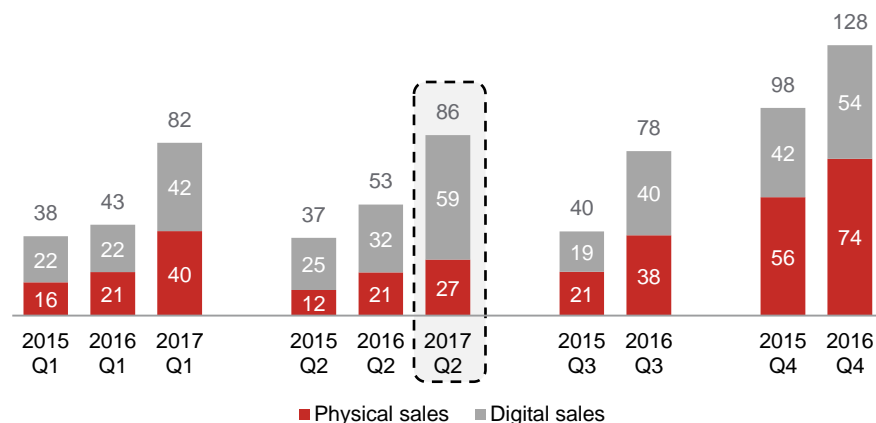
Owned and publishing titles sales by quarter, SEKm



Backcatalogue and new releases share of sales by quarter, %



Digital and physical sales by quarter, SEKm







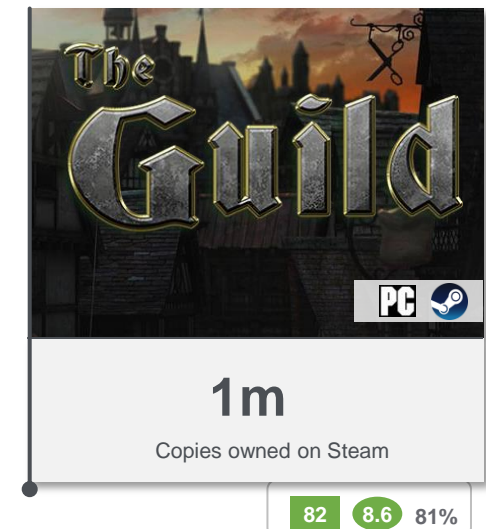
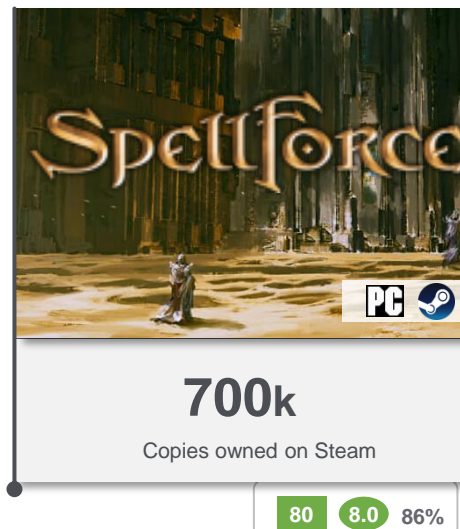
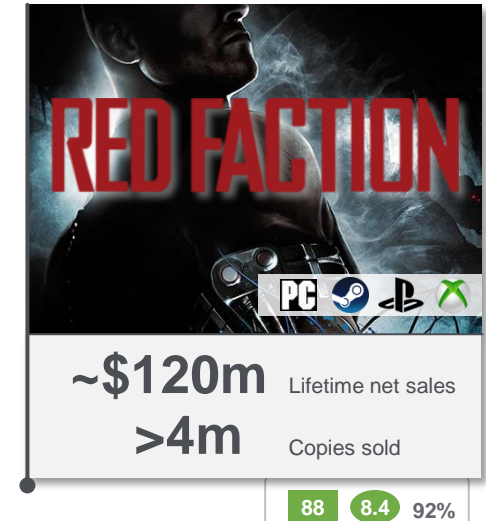
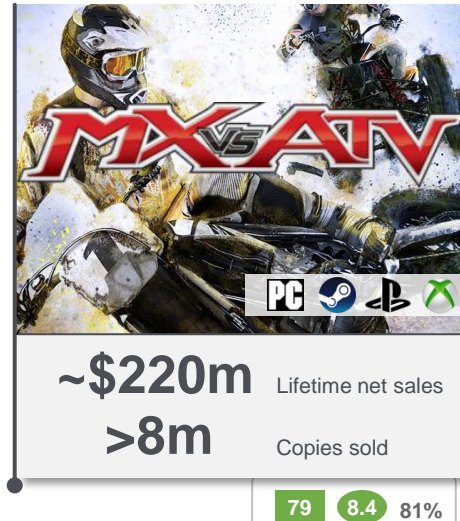
THQ NORDIC

## 5. Appendix

ELEX



# KEY FRANCHISES WITH SIGNIFICANT POTENTIAL...



► Strong key metrics indicate significant potential for sequels releases

# ...AND LARGE FAN BASES

Large fan base for key franchises



**22M**   
STEAM

Total copies owned on Steam



**150K** 

likes on Facebook



**1.5M** 

trailer views (Red Faction: Guerilla)



**1M** 

likes on Facebook

High ratings from gamers and critics



Average franchise high scores<sup>(1)</sup>

Metascore

Userscore

Top 6 games

82

8.4

Top 18 games

77

8.5



STEAM

Average franchise high scores<sup>(1)</sup>

Userscore

87%

85%

# OWNERSHIP – 30 JUNE 2017

Name	Class A shares	Class B shares	Capital %	Votes %
Lars Winge for 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
<b>Total no. shares</b>	<b>9,000,000</b>	<b>63,032,500</b>	<b>100.00</b>	<b>100.00</b>
<b>Total no. votes</b>	<b>153,032,500</b>			