THQ Nordic AB (publ) acquires Milestone s.r.l.

Investor Presentation
August 14th, 2019
THQ Nordic acquires Milestone s.r.l.

THE BUSINESS

GLOBALLY LEADING RACING GAMES COMPANY

IMPRESSIONS PORTFOLIO
50 games developed and 8 million games sold since 2013

A LEADING RACING DEVELOPER
creating epoch-defining two wheel racing titles using state-of-the-art AI technology

ATTRACTIVE BUSINESS MODEL
recurring cash flows from yearly/bi-yearly releases

THE DEAL

UPFRONT PURCHASE PRICE EUR 55.8M EQUIVALENT TO AN EV OF EUR 44.9M

PURCHASE PRICE STRUCTURE

- Whereof cash: EUR 44.3m
- Whereof THQ Nordic B-shares: EUR 11.5m
- Net cash: EUR 10.9m (per closing)

Plus potential earn-out (FY20-22)^1 based on achieved accumulated Adj. EBIT^2 levels

below 70% of target Adj. EBIT = No earn-out
100% of target Adj. EBIT = EUR 28.9m
above 130% = Earn-out capped at EUR 37.6

THE FUTURE

CONTINUOUS DEVELOPMENT OF THE BEST RACING EXPERIENCES

GLOBALLY LEADING RACING GAMES COMPANY

STRONG PIPELINE
Ten games planned (FY20-22), including five currently in development

REALIZING POTENTIAL SYNERGIES
within distribution, marketing, know-how and IP development

INCREASED ITALIAN PRESENCE
with established developer and publisher

STRONG FINANCIAL CONTRIBUTION

In generating cash flows from yearly/bi-yearly releases

Net revenues 27.5-32.25 MEUR
EBITDA 15.5-18.0 MEUR
Oper. EBIT 10.75-12.5 MEUR

Target financials FY20^1

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1. Refers to Milestone’s financial year April-June
2. Based on agreed adjustments and according to Italian GAAP
Impressive history of developing top class racing games

- 50 DEVELOPED GAMES SINCE INCEPTION
- 8 MILLION TOTAL # OF GAMES SOLD SINCE FY13
- 10 UNRELEASED GAMES

1994 - 2019

1. With release dates scheduled during the period Aug 2019 – Mar 2022
Experienced creators of hyper-realistic racing games, optimal to catch on to the eSport trend

THE STUDIO

PC/CONSOLE RACING GAMES
across all major platforms

INDEPENDENTLY DEVELOPS & PUBLISHES
LICENSED AND OWN IP
a transition from work-for-hire since 2013

EXPERT TEAM RENOWNED FOR
CREATIVITY AND EXPERIENCE
and with immense passion for motor sports

TEAM

LUISA BIXIO
CEO
10+ years with Milestone

IRVIN ZONCA
Executive Producer
14+ years with Milestone

IVAN ORIETO
Head of Development Oper.
2+ years with Milestone

ANDREA LOUIDICE
Marketing Manager
3+ years with Milestone

MAURO NOTARBERARDINO
HR Manager
8+ years with Milestone

ALEXANDRE LEBERTRE
Head of Technology
5+ years with Milestone

MILAN
ITALY

25 YEARS IN GAMING

c. 200 FTEs

AWARDS

MOST LICENSED BIKES IN A VIDEOGAME
RISE (2016)

BEST TRACK SELECTION
SLRE (2016)
BEST SURPRISE
RISE (2016)
BEST BIKE GAME
MXGP3 (2018)

BEST TECHNICAL IMPLEMENTATION
RISE (2016)
BEST TECHNICAL IMPLEMENTATION
Valentino Rossi the Game (2017)
BEST VIDEOGAME COMPANY (2019)
Built-up unparalleled expertise in two wheel racing genre

**INCEPTION**
Milestone
- Founded Graffiti (1994)
- Renamed Milestone (1996)

**EARLY SUCCESS STORY**
- Development of titles such as Screamer Rally and Superbike World Championship series (partnership with Electronic Arts)

**A SOFTWARE HOUSE ON TWO WHEELS**
- First Moto GP and SBK: Superbike World Championship 2007 titles released

**FIRST MOTOCROSS TITLE RELEASED**
- First motocross niched title MXGP released and first MotoGP title published by Milestone

**NEW LICENSE SERIES AND IP**
- Monster Energy Supercross released
- Off-road focused Gravel (own IP) released

**FOUR-WHEEL GAME CAPABILITIES**
- Superstar V8 Racing and World Rally Championship 2010 released, proving Milestone’s diverse capabilities

**TWO NEW IPS**
- New own IPs RIDE and Sébastien Loeb Rally EVO released

**SERIES EXTENSION**
- Extending the MXGP series with MXGP PRO release
Fully-stacked pipeline based on major portfolio titles topped up with development of new IP

Three year timeline matched with THQ Nordic’s financial year ending March

- **Released titles**
- **Unreleased titles**

### Released titles

- **MotoGP 2019**
  - Most recent release: 6 Jun, 2019
- **RIDE 4**
  - To be released: Aug, 2020
- **MotoGP 2020**
  - To be released: Apr, 2020
- **MotoGP 2021**
  - To be released: Apr, 2021

### March 2020

- **MotoGP 2019**
  - To be released: 27 Aug, 2019
- **RIDE 4**
  - To be released: Nov, 2020
- **MotoGP 2020**
  - To be released: Feb, 2020

### March 2021

- **MotoGP 2019**
  - To be released: Feb, 2020
- **RIDE 4**
  - To be released: Mar, 2021
- **MotoGP 2020**
  - To be released: Mar, 2021

### March 2022

- **MotoGP 2019**
  - To be released: Mar, 2021
- **RIDE 4**
  - To be released: Apr, 2021
- **MotoGP 2020**
  - To be released: Apr, 2021
- **MotoGP 2021**
  - To be released: Jun, 2021

### Undisclosed titles

- **Undisclosed title based on new IP**
  - To be released: Aug, 2021
- **Supercross 5**
  - To be released: Feb, 2022

Three year timeline matched with THQ Nordic’s financial year ending March.
MotorGP series

Developer: Milestone s.r.l.
Publisher: Milestone s.r.l.
Genre: Racing, Simulation, Sports
Modes: Single/Multi-player online
First series release: 2007
Most recent series release: June, 2019
Licensed title

"should be at the top of your list when picking up a new racing game"

80/100
GAMESPEW
10 June, 2019

Note: Data from Metacritic related to The 2019 XBOX ONE release

Metacritic
Metascore User score
79 8.5

Positive reviews
82%

Sold main games since 2013
2.5 million

Physical vs Digital sales FY19
Physical 36%
Digital 64%
**MXGP series**

Developer: Milestone s.r.l.
Publisher: Milestone s.r.l.
Genre: Racing, Simulation, Sports
Modes: Single/Multi-player online

First series release: 2014
Most recent series release: June, 2018

Licensed title

"certainly one of the best bike racers out there"

90/100
THE XBOX HUB
10 July, 2018

Note: Data from Metacritic related to The 2018 XBOX ONE release

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**Metacritic**

- Metascore: 72
- User score: 6.9
- Positive reviews: 64%

**STEAM**

- Physical sales: 30%
- Digital sales: 70%

2.3 million

Sold main games since 2013

Physical vs Digital sales FY19
**Monster Energy Supercross series**

*Developer:* Milestone s.r.l.  
*Publisher:* Milestone s.r.l.  
*Genre:* Racing, Simulation, Sports  
*Modes:* Single/Multi-player online  
*First series release:* 2018  
*Most recent series release:* February, 2019

Licensed title

"It might even be the best supercross game ever made"

80/100  
**GAMESPEW**  
5 February, 2019

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**Metacritic**  
Metascore: 69  
User score: 8.3  
Positive reviews: 67%

**STEAM**  
Physical vs Digital sales FY19  
Physical: 28%  
Digital: 72%

0.9 million  
Sold main games since 2018

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Note: Data from Metacritic related to Monster Energy Supercross XBOX One, and Steam review to the PC release.
RIDE series

Developer: Milestone s.r.l.
Publisher: Milestone s.r.l.
Genre: Racing, Simulation, Sports
Modes: Single/Multi-player online
First series release: 2015
Most recent series release: November, 2018

Own IP

definitely a game to get for every motorcycle lover

86/100
MONDXBOX
9 December, 2018

Note: Data from Metacritic related to RIDE 2018 release, and Steam review to the 2015 initial PC release
Thank You
Extra slides
Financial performance

Acquiring entity: Koch Media GmbH

Income statement

<table>
<thead>
<tr>
<th>EURm</th>
<th>Milestone s.r.l. (as adjusted) Jul 2018 - Jun 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>28.20</td>
</tr>
<tr>
<td>Other revenues</td>
<td>11.89</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>40.09</strong></td>
</tr>
<tr>
<td>General operating expenses</td>
<td>-25.09</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>14.99</strong></td>
</tr>
<tr>
<td>Depreciation, amortization and write-downs</td>
<td>-5.69</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>9.31</strong></td>
</tr>
<tr>
<td>Financial items</td>
<td>-0.13</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td><strong>9.17</strong></td>
</tr>
<tr>
<td>Taxes for the period</td>
<td>-2.71</td>
</tr>
<tr>
<td><strong>Net result for the period</strong></td>
<td><strong>6.47</strong></td>
</tr>
</tbody>
</table>

- **Net revenue** driven by successful releases of RIDE III, Supercross 2 and MotoGP 19
- **EBIT-margin** of c. 33%¹ driven by continued growth in online sales

Balance sheet

<table>
<thead>
<tr>
<th>EURm</th>
<th>Milestone s.r.l. (as reported) 30 Jun, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>0.26</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>0.39</td>
</tr>
<tr>
<td>Financial assets</td>
<td>0.14</td>
</tr>
<tr>
<td>Inventories</td>
<td>2.96</td>
</tr>
<tr>
<td>Current receivables</td>
<td>10.03</td>
</tr>
<tr>
<td>Cash and bank balance</td>
<td>10.70</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>24.48</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>15.93</td>
</tr>
<tr>
<td>Provisions</td>
<td>3.77</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>4.79</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>24.48</strong></td>
</tr>
</tbody>
</table>

- **Excess of purchase price over book value** of EUR 39.9m based on the above Balance Sheet

Note: Financials to be consolidated from the date of closing (14 August 2019)

Note: After applying estimated adjustments to align with THQ Nordic’s accounting principles.

¹) EBIT-margin calculated on Net Revenues