THQ Nordic AB (publ) acquires Warhorse Studios

Investor Presentation
February 13th, 2019
Kingdom Come: Deliverance
Developed by Warhorse Studios
THQ Nordic acquires award-winning Warhorse Studios

**Business**
- Team with high ambitions building a world class studio

**Deal**
- Developed award winning IP KC:D
  - 2+ million main games sold during one year on Steam and other platforms
- Strong profitable growth
  - Will contribute positively to EBIT from day one
- Passionate and award winning team
  - Making great games with particular strengths in story-telling, world creation and immersion
- Financial performance 2018
  - **Net Revenue**
    - Q1: 552 EURm
    - Q2: 95 EURm
    - Q3: 193 EURm
    - Q4: 393 EURm
  - **EBIT**
    - Q1: 42.0 EURm
    - Q2: 27.8 EURm

**Future**
- Continued sales from KC:D will generate profitable growth
- Independent studio backed by global publisher
  - Encourages creative freedom to increase ambitions further
- Team will commence working on next large unannounced project in H2 2019
- 120 FTEs strong team and growing
  - Key people committed to Warhorse and executing on pipeline project FTEs
  - **Approx. 160**

**Note:**
1. Proforma financials have been prepared in accordance with THQ Nordic’s accounting policies under Swedish GAAP (K3)
2. Includes main games and DLCs
3. KC:D stands for Kingdom Come: Deliverance (throughout this document)
World class studio with 50+ years gaming experience

- Independent developer and publisher of RPG PC / Console games
- Founded 2011 by experienced leadership team
- Owned IP: Kingdom Come: Deliverance
- Co-publisher together with Deep Silver (Koch Media)

The studio

- c. 120 FTE
- Prague
  - Czech Rep.

THE EXPERIENCED AND LEADING TEAM

- Daniel Vavra: Creative director, Co-founder
  - 10+ years games experience
- Martin Klíma: Executive producer, Co-founder
  - 20+ years games experience
- Martin Fryvaldský: CEO
  - 6+ years games experience
  - 25+ years finance background
- Viktor Bocan: Lead Technical Designer
  - 15+ years games experience

- # of games sold on past titles: 11+ million
- Creators behind classic game titles
- Multiple ‘Game Of The Year’ awards
Built by industry veterans and supported by the RPG-community

- **Demon** (released 2011)
- **Beta** (released 2013)
- **Demo** (released 2014)
- **Kickstarter**
- **Backers** (released 2016)
- **Total external funding**
  - **EUR 1.2m**
  - **EUR 3.1m**
- **KC:D Full game** (released 2019)
- **Best PC Game**
- **Game of the Year**

Key Milestones:
- **EUR 1.2m** in external funding from backers
- **EUR 3.1m** in total external funding
- **2011-2019** period

Total FTE growth chart from 2011 to 2019.
One of the most critically acclaimed RPG-games

**Hard Facts**

**Genre:** Single player, First-person, Realistic, RPG  
**Platforms:** PC, PlayStation 4, Xbox One  
**Release date:** 13th Feb 2018

**Strong Reviews**

“One of the most satisfying, rewarding role-playing experiences”  
83/100 – PC Gamer

“The game I’ve been waiting for all my life”  
90/100 – GameSpew

“Ranks among the most unique, memorable RPGs I’ve played in years”  
80/100 – IGN

2+ million sold games to-date on PC/PS4/XONE

<table>
<thead>
<tr>
<th>DLC1</th>
<th>DLC2</th>
<th>DLC3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From the Ashes</strong></td>
<td><strong>The Amorous Adventures of Bold Sir Hans Capon</strong></td>
<td><strong>Band of Bastards</strong></td>
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</tbody>
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**Platforms**

- **PC**  
  - PHYSICAL: 12%  
  - DIGITAL: 88%
- **XONE**  
  - PHYSICAL: 49%  
  - DIGITAL: 51%
- **ALL PLATFORMS**  
  - PHYSICAL: 28%  
  - DIGITAL: 72%

1) Sales split includes main game and DLCs
Strong financial performance driven by the release of Kingdom Come: Deliverance

### Income statement

<table>
<thead>
<tr>
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<th>Warhorse (as adjusted)</th>
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<tbody>
<tr>
<td></td>
<td>MEUR</td>
</tr>
<tr>
<td>Net revenue</td>
<td>42.0</td>
</tr>
<tr>
<td>Other operating income</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>45.8</strong></td>
</tr>
<tr>
<td>Other operating expenses, excl. depreciation and amortization</td>
<td>-9.2</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>36.5</strong></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-8.7</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td><strong>27.8</strong></td>
</tr>
<tr>
<td>Financial items</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Earnings before tax (EBT)</strong></td>
<td><strong>28.4</strong></td>
</tr>
</tbody>
</table>

- **Net revenue** driven purely by KC:D during c. 11 months from release 13th Feb 2018
- **EBIT-margin** of c. 61%

### Balance sheet

<table>
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<th>Warhorse (as adjusted)</th>
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<tbody>
<tr>
<td></td>
<td>MEUR</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>7.8</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>0.1</td>
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<tr>
<td>Current receivables</td>
<td>4.4</td>
</tr>
<tr>
<td>Cash and bank balance</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>26.6</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>20.1</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>0.4</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>26.6</strong></td>
</tr>
</tbody>
</table>

- **Excess of purchase price over book value** of 22.7 MEUR based on the above adjusted Balance Sheet
- As reflected in the Balance Sheet, c. 60% of the **main game has been amortized**

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**Note: Revenues to be consolidated from the date of closing (13 February 2019)**

Note: The adjusted financials above have been prepared in accordance with THQ Nordic’s accounting policies under Swedish GAAP (K3), as described in THQ Nordic’s Annual report 2017. The main adjustment relates to the capitalization of game development costs.

Kingdom Come: Deliverance is one of the most immersive RPGs of all times - you can’t afford to miss it!