



THQ Nordic AB (publ) acquires Coffee Stain

**Investor Presentation
November 14, 2018**

Highlights



Leading Nordic game developer and publisher



9 owned or published IPs
including *Goat Simulator*, *Satisfactory*, *Deep Rock Galactic* and *Sanctum*



SEK 500m+
Aggregate Net sales since inception in 2010



16+ million
sold game units during lifetime



Profitable business
every year since foundation



Goat Simulator
SEK 400m+ in Net sales



Passionate and competent team
making great games with particular strengths in digital, retention, cross platform and multiplayer

Net sales
SEK 86m

Adj. EBT²
SEK 53m

Pro forma financials during Jan-Sep 2018



Upfront consideration of SEK 392m payable at closing - equivalent to SEK 317¹m on a cash and debt free basis



Potential earn outs in newly emitted shares, conditional on pre-agreed:

Operational goals

- Earn-out capped at SEK 405m
- no later than FY21

Financial goals

- Accum. EBT goals of SEK 520m
- Earn-out capped at SEK 130m
- no later than 31 Dec 2023



Adding a creative complementary pillar to THQ Nordic



Strong pipeline of new game releases will generate profitable growth



Satisfactory



Deep Rock Galactic



Three more unannounced projects in pipeline



Growth fuelled by hands-on publishing concept including minority investments in game developers



Potential synergies within distribution, marketing, know-how and IP development

Net sales
SEK 200-250m

EBT
SEK 100-150m

Target financials FY³19

1) Estimated net cash as of 13 November 2018
2) Coffee Stain unaudited management accounts adjusted to THQ Nordic GAAP
3) THQ Nordic financial year 1 April 2019 - 31 March 2020

Coffee Stain Group

A successful Nordic game Developer & Publisher

Management



Anton Westbergh

CEO
Coffee Stain Group,
Co-founder



Tim Badylak

CEO
Coffee Stain Publishing
Co-founder



Johannes Aspeby

CEO
Coffee Stain Studios,
Co-founder



Sebastian Erikson

CEO
Coffee Stain North
Co-founder



Magnus Alm

CEO
Lavapotion,
Co-founder

Quick facts



2010
Founded



45
Employees



11
Games released



9
of IPs
in portfolio



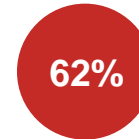
16m+ Total # of
downloads



500m+ Aggregate
Net sales
SEK, since 2010



86m Net sales
SEK, Jan-Sep
2018



62% EBT¹ %
Jan-Sep 2018

A Creative Machine



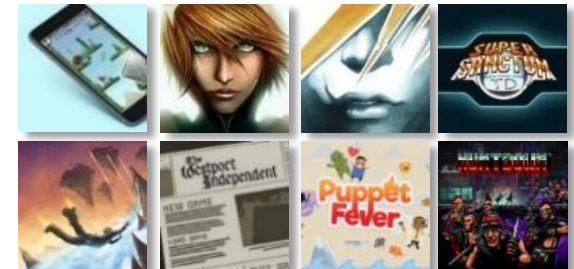
Global Hit
Goat Simulator



New IP
Pioneering First Person
Factory Building



New IP
Intergalactic Space Mining

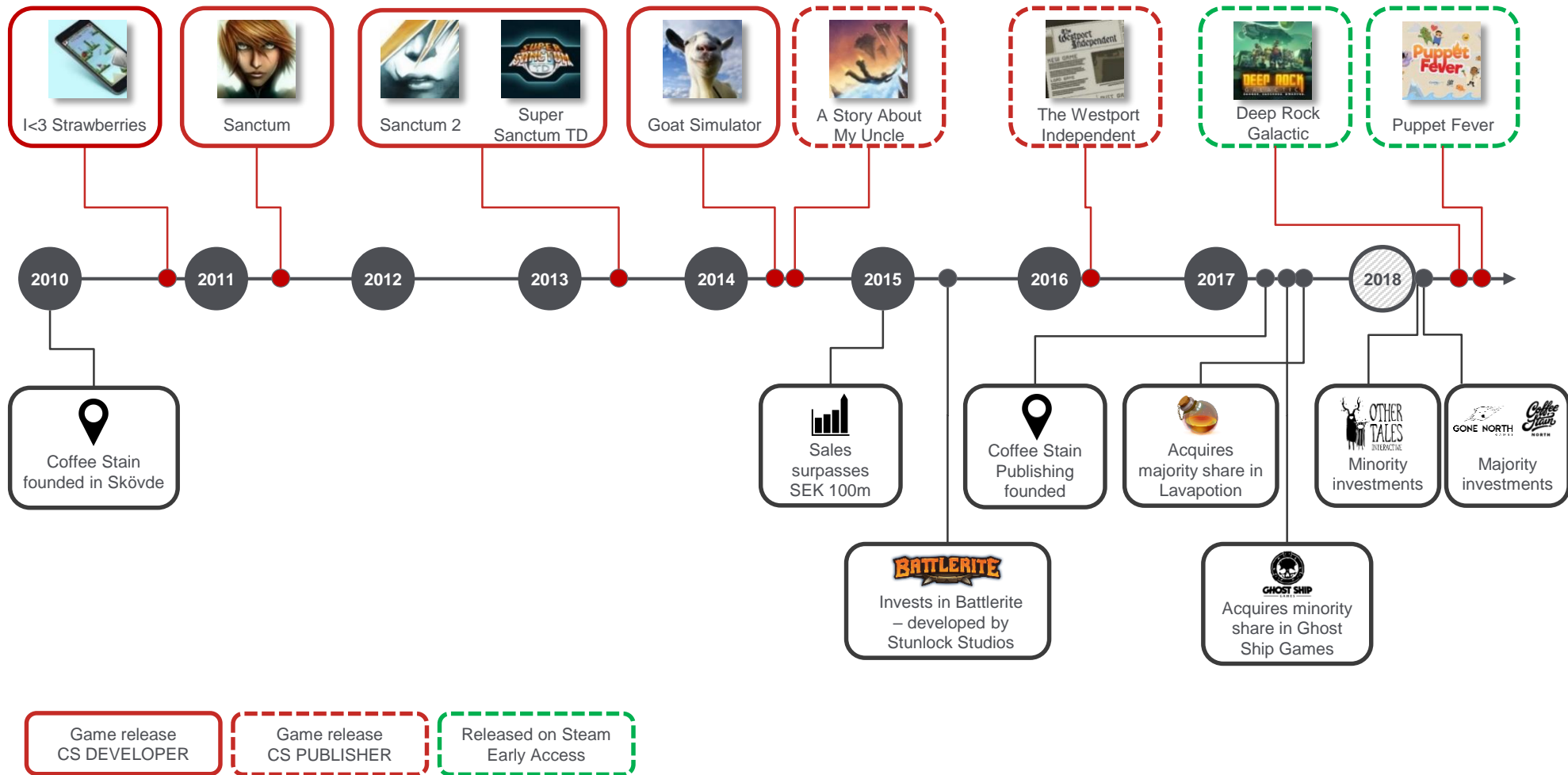


Publishing Portfolio
with great reviews

1) Coffee Stain unaudited management accounts adjusted to THQ Nordic GAAP

Coffee Stain Group

A strong record of developing and publishing games



Coffee Stain Studios

Where it all started

Key People



Johannes Aspeby
CEO/Studio Manager
Co-founder

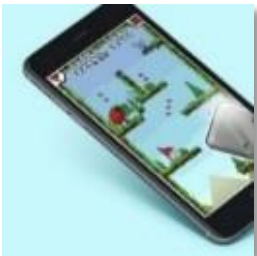
Founders

- Founded in 2010 by Anton Westbergh, Johannes Aspeby, Mikael Mård, Oscar Jilsén, Gustaf Tivander, Daniel Lundwall, Markus Rännare, Joakim Sjöo and Stefan Hanna.

Quick facts

- Founded in 2010 by 9 friends at University of Skövde
- Currently 24 employees
- Increased development capabilities through acquisitions of Gone North Games (Coffee Stain North) and Lavapotion
- Five released games based on owned IP including global mega-hit Goat Simulator
- Group revenues 2018 mainly driven by publishing of Deep Rock Galactic and strong portfolio of released IPs. No major game release based on owned IP during 2018
- Profitable development studio since inception without external financing

Games portfolio



I<3 Strawberries

Launch date: Dec 2010
First game launched



Sanctum

Launch date: Apr 2011
of sold games: 0.8m



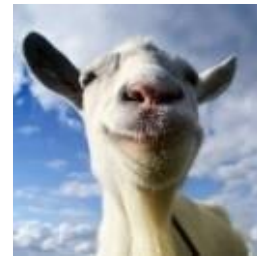
Sanctum 2

Launch date: May 2013
of sold games: 1.2m



Super Sanctum TD

Launch date: May 2013
of sold games: 0.1m



Goat Simulator

Launch date: Apr 2014
of sold games: 14m



Satisfactory

Launch date: 2019

Sanctum

A Successful Franchise Built on Owned IP

Developer: Coffee Stain Studios

Publisher: Coffee Stain Publishing

Genre: Tower Defense FPS

Modes: Single Player / Co-op (4 player)

Platforms: Windows, Mac, Linux, PS3, Xbox 360



SANCTUM



STEAM®

Positive reviews

90%



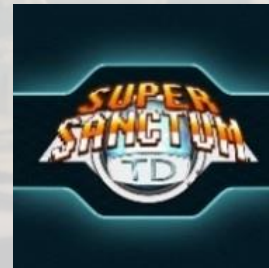
SANCTUM 2



STEAM®

Positive reviews

93%



SUPER
SANCTUM TD



STEAM®

Positive reviews

87%

2.1m

Total # of downloads

50m

SEK, total Net sales since first release

90%

Average review score on Steam (all versions)

Goat Simulator

A Global Hit

Developer: Coffee Stain Studios

Publisher: Coffee Stain Publishing

Genre: High-Tech Goat Simulation

Modes: Single Player / Co-op (4 Player)

Platforms: Windows, Mac, Linux,
iOS, Android, Xbox, Playstation



Release date
Nov 2014



Release date
May 2015



Release date
Jan 2016



Release date
May 2016



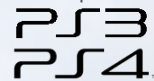
Release date
Apr 2014



Release date
Sep 2014



Release date
Jun 2015



Release date
Sep 2015



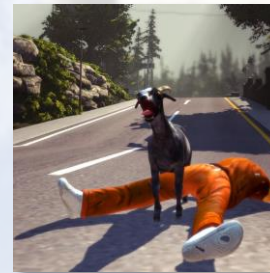
Expected release
Q1 2019



STEAM®

Positive reviews

87%



400m

SEK
Total Net Sales

3-5m

SEK, monthly Net sales
Jan-Sep 2018

14m

Total # of sold games
across all platforms



Satisfactory

New IP – Scheduled for Early Access in 2019

Developer: Coffee Stain Studios

Publisher: Coffee Stain Publishing

Genre: First Person Factory Builder

Modes: Single Player & Online Co-op

Technology: Unreal Engine 4

Development Initiated: 2016

Revealed: E3 Summer 2018

Early Access Scheduled: 2019

25,000+

Users on
Discord Channel

- Most wish listed reveal ever from CSS
- Strong active community already
- Built to be expanded over years to come

“I’m particularly excited about the first gameplay footage we’ll be showing for Satisfactory, a new game for Coffee Stain Studios”

PC Gamer
June 6th ,2018



Additional Development Studios

Complementing the Group



Coffee Stain North

Coffee Stain holds: 60%



Sebastian Erikson
CEO



Lavapotion

Coffee Stain holds: 60%



Carl Toffelt
Co-founder

Niklas Borglund
Co-founder

Patrik Liljecrantz
Co-founder

Magnus Alm
Co-founder & CEO

Quick facts

- Founded in 2013, today with 15 employees, based in Stockholm
- Acquired 60% in February 2018 – rebranded to Coffee Stain North
- Brings IP “A Story About My Uncle”
- Made GoatZ and Waste of Space for Goat Simulator
- Working on confidential project based on well-known IP estimated 2019/2020

Quick facts

- Founded in 2017, today with 5 employees, based in Gothenburg
- Coffee Stain acquired 60% of Lavapotion in April 2017
- Working on a, to be announced, turn based strategy game

Coffee Stain Publishing

Accelerating The Group

Team



Tim Badylak

CEO

Previous experience:
Ubisoft, Sony



Anton Westbergh

Biz Dev & Producer



Daniel Kaplan

Biz Dev & Producer

Previous experience:
Production Director at
Mojang



Albert Säfström

PR & Marketing

Previous experience:
Promo Specialist at King

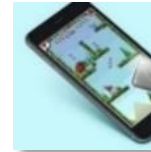


Sebastian Badylak

Biz Dev & Scout

Previous experience:
Senior Producer at The
Game Incubator

Publishing rights



i<3
Strawberries



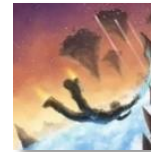
Sanctum



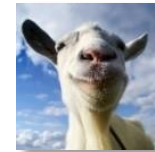
Sanctum 2



Super
Sanctum TD



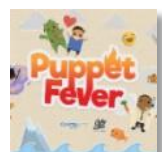
A Story
About My Uncle



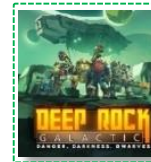
Goat
Simulator



The Westport
Independent



Puppet
Fever



Deep Rock Galactic



Satisfactory



HuntDown

Signed
TBA

Signed
TBA

Quick facts

- Project tailored publishing with hands-on operative involvement from experienced team
- Equity ownership creates joint incentives and opportunities to publish more external IPs

Ghost Ship Games

A Strategic Investment

Ghost Ship Games

Coffee Stain holds: 35%



Henrik Edwards
Founder



Jonas Möller
Founder



Mikkel Martin Pedersen
Founder



Philip Mygind
Founder



Robert Friis
Founder



SÖREN Lundgaard
CEO/Founder

Quick facts

- Founded in 2016, today with 20 employees based in Copenhagen
- Coffee Stain acquired 35% in 2017
- Brings IP “Deep Rock Galactic”
- 400,000+ sold copies on Early Access



Deep Rock Galactic

Developer: Ghost Ship Games (DK)

Publisher: Coffee Stain Publishing

Genre: Sci-Fi, Co-op, horde shooter

Modes: Single Player / Co-op (4 Player)

Platforms: Steam & Xbox One

Release date early access: 28 Feb 2018

Release date full version: 2019

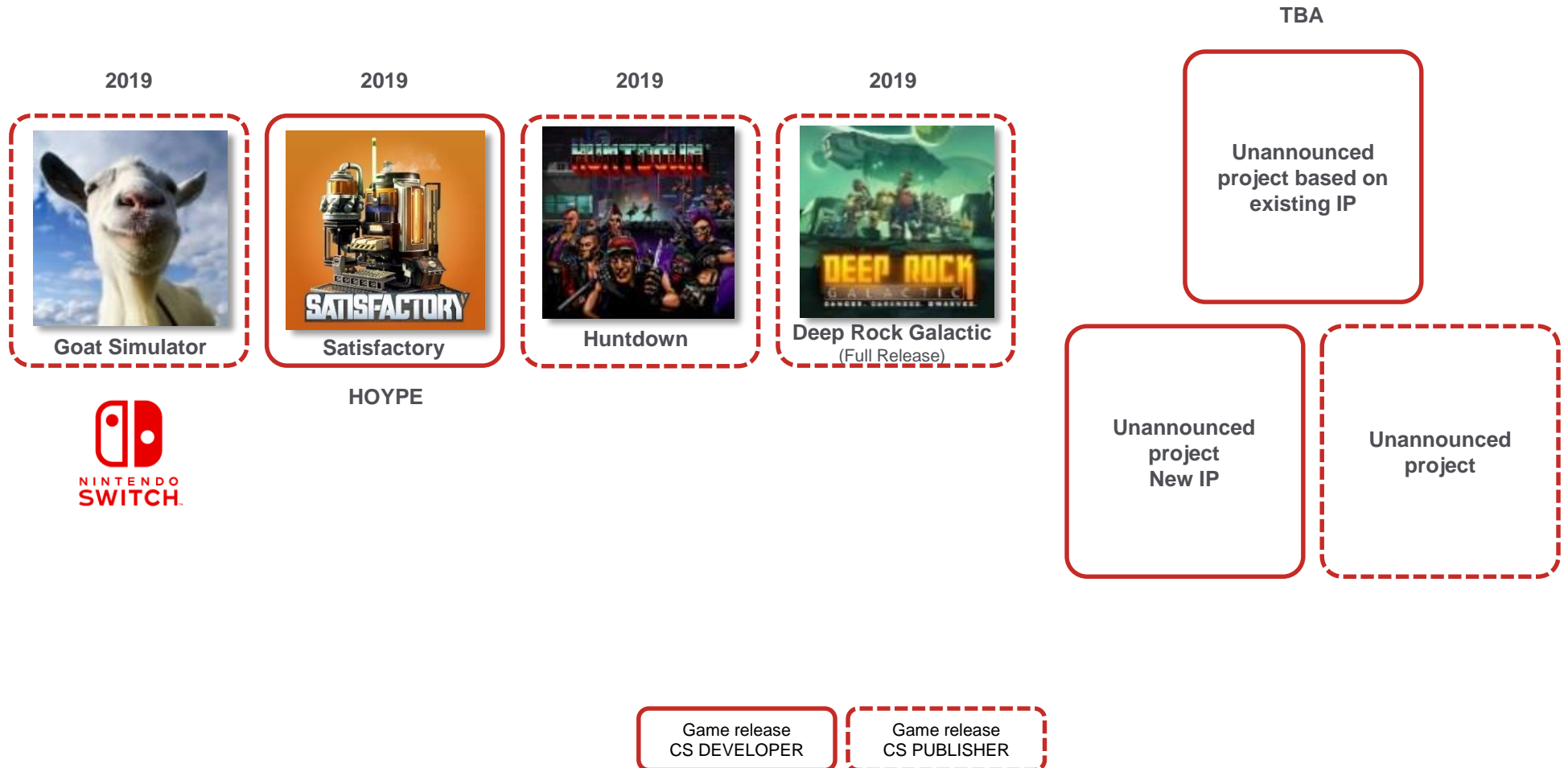
“Deep Rock Galactic is the best new co-op shooter on Steam and Xbox One”
“Polygon”

“The team at Ghost Ship already put together an amazing and satisfying experience that stands shoulder to shoulder with the best co-op titles out there”

“GameWatcher”



Coffee Stain has a strong development and publishing pipeline



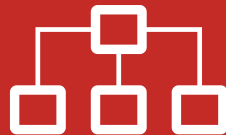
Coffee Stain's role in THQ Nordic - post deal

Business and strategy focus

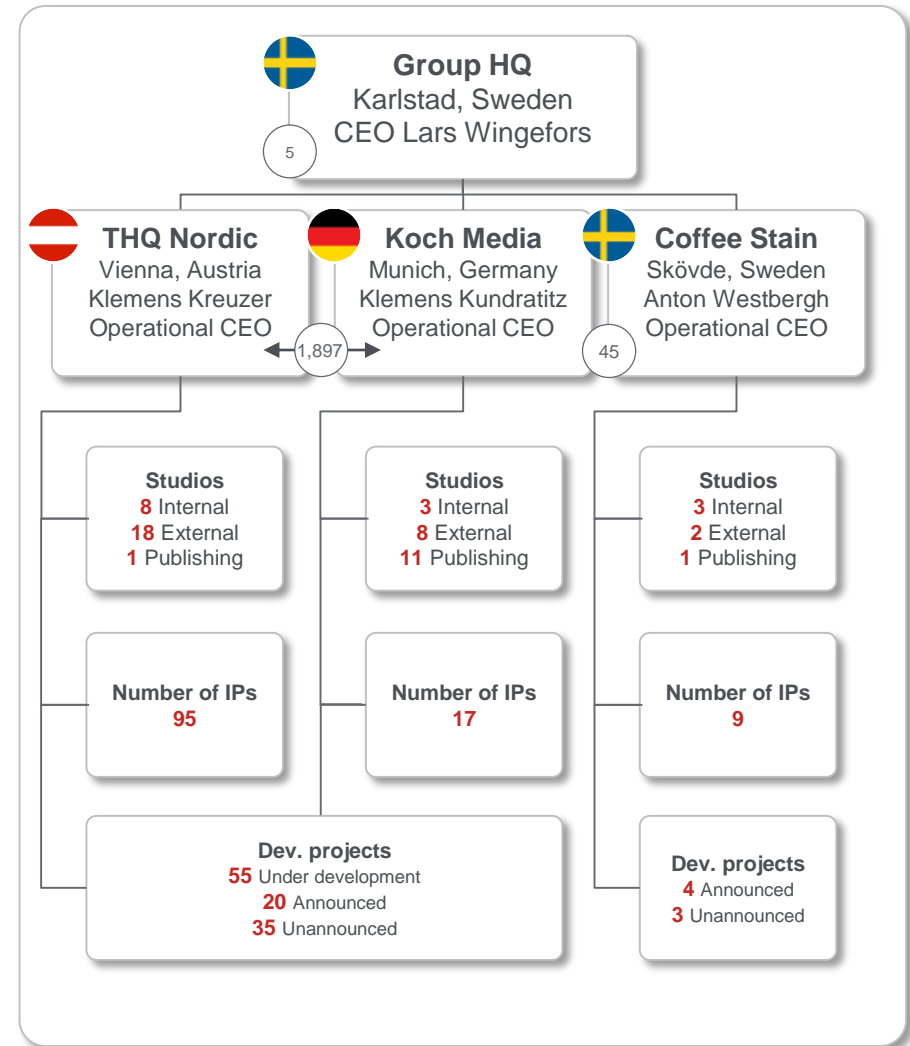


- Focus on executing business plan, i.e. current business and new games pipeline
- Adding selected key recruits within both games development and publishing
- Strengthening publisher position in the Nordic market with A/AA developers
- Revenue synergy implementation, e.g. distribution, marketing, know how and use of owned IP
- Continue to evaluate minority investments in conjunction with publishing opportunities
- No cost saving program planned

Corporate and organizational



- Coffee Stain Holding AB to operate as an independent unit under the Coffee Stain brand
- CEO Anton Westbergh to report to group CEO Lars Wingefors
- First consolidated financial reporting on February 13th.
- Revenue recognition from closing (prel. Nov 14th 2018)





Appendix



Coffee Stain financials

Income statement (adjusted)

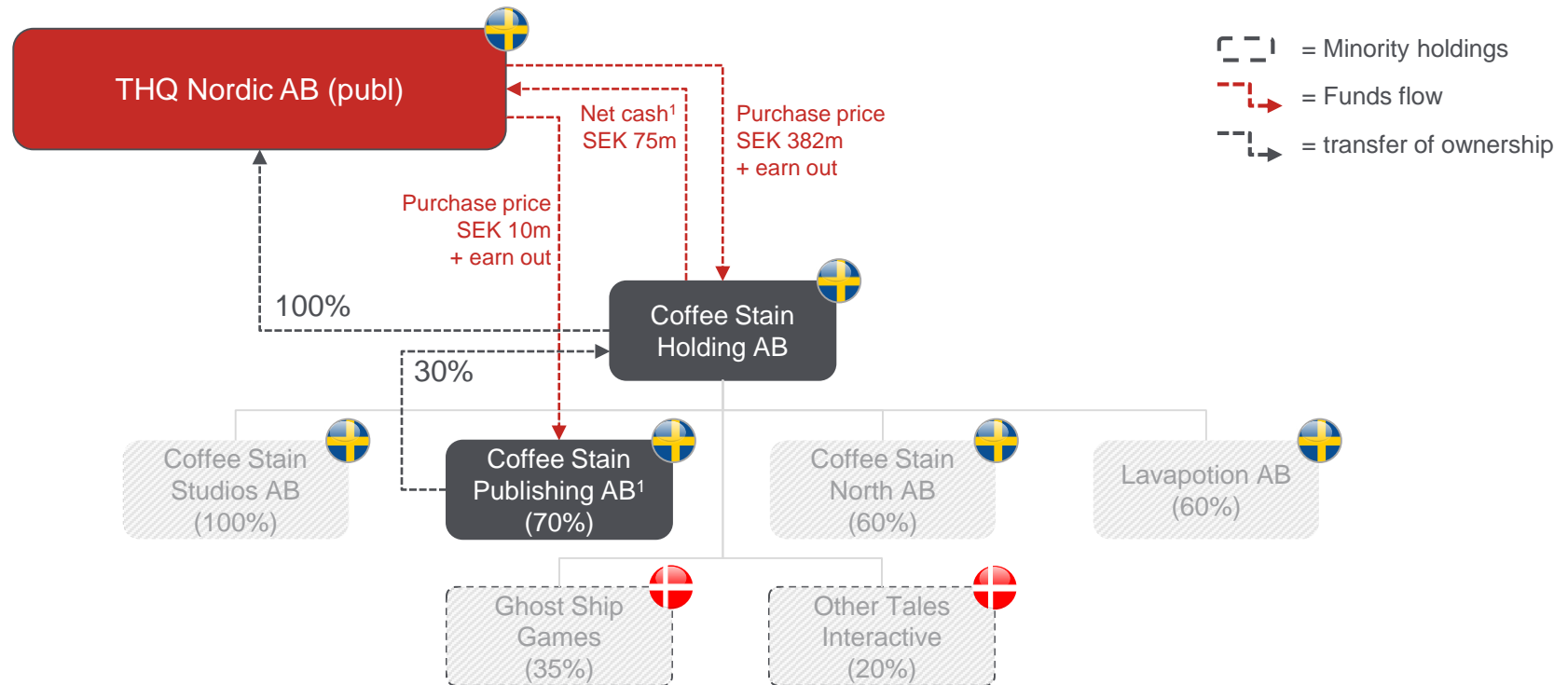
	Coffee Stain (as adjusted)
SEKm	Jan-Sep 2018
Net Sales	86
Other operating income	38
Total operating income	124
Other operating expenses, excl. depreciation and amortization	-69
Adjusted EBITDA	55
Depreciation and amortization	-3
Adjusted EBIT	52
Financial items	1
Earnings before tax EBT	53

Balance sheet (reported)

	Coffee Stain (as reported)
SEKm	30 Sep 2018
Intangible assets	24
Property, plant and equipment	1
Shares held in associate companies	15
Long term investments held	29
Current receivables	22
Cash and bank balance	53
Total assets	144
Equity	118
Minority interest	26
Deferred tax liabilities	9
Tax liabilities	-27
Current liabilities	19
Total liabilities and equity	144

Note: The adjusted income statement above has 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.

High level transaction structure



Transaction information

- Upfront consideration payable of SEK 392m plus earn outs totaling at the most 535m
 - Upfront consideration payable of SEK 382m paid to CSH and 10m to CSP minority owners
 - Earn out I based on Operational Goals: SEK 375m worth of newly emitted THQN shares to CSH and 30m to CSP minority owners
 - Earn out II based on Financial Goals: SEK 100m worth of newly emitted THQN shares to CSH and 30m to CSP minority owners
- The first installment and maximum earn-out amounts to SEK 927m in total, equivalent to SEK 852m on a cash and debt free basis

Note: Inactive company Coffee Stain Group AB is not part of the illustrative structure above

1) Estimated net cash as of 13 November 2018