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Press release

Karlstad (Sweden), Vienna (Austria), February 14, 2018

THQ Nordic has entered into an agreement to acquire Koch Media GmbH, including, inter alia, the games developer and publisher Deep Silver with AAA-intellectual property rights such as Saints Row, Dead Island and exclusive licence for Metro

THQ Nordic AB ("THQ Nordic" or the "Company") has, through its wholly owned subsidiary, SALEM einhundertste Holding GmbH, today entered into an agreement with the owner, Koch Media Holding GmbH (the "Seller"), of Koch Media GmbH ("Koch Media") to acquire 100 percent of the share capital in Koch Media. The total consideration amounts to EUR 121 million on a cash and debt free basis (the "Transaction").

Koch Media is a leading, independent producer and marketer of digital entertainment products in Europe and North America with studios in Germany, the UK, and the US, and offices in several Central and Northern European cities. Koch Media's business consists of three business areas; i) Games, which are mainly published under the Deep Silver label with several AAA-intellectual property rights such as Saints Row, Dead Island and Metro; ii) Partner Publishing, which is the leading company in this business area in Europe and iii) Film, which is a business within movies for primarily the German and Italian speaking territories. Koch Media generated net sales of approximately SEK 2,548 million and Adjusted EBIT¹ of approximately SEK 296 million for the period April - December 2017.

The new group generated pro forma net sales and Adjusted EBIT for the period April - December 2017 of SEK 2,933 million and SEK 505 million, respectively.

The Transaction in brief

- The total consideration for 100 percent of the share capital in Koch Media amounts to EUR 121 million on a cash and debt free basis, equivalent to an equity value of EUR 91.5 million.
- EUR 66 million of the consideration, equivalent to approximately SEK 658 million, will be paid in a first instalment at closing of the transaction through a cash payment to the Seller and is financed through the group's current cash balance.
- EUR 16 million of the consideration, equivalent to approximately SEK 159 million, will be paid in a second instalment, no later than August 14, 2018, through a cash payment financed through the Company group's current cash balance. Lars Wingefors AB has guaranteed the payment of the second instalment, in total amounting to EUR 16 million. Lars Wingefors AB will not receive any consideration for the guarantee.
- EUR 9.5 million of the consideration, equivalent to approximately SEK 94 million, will be paid by issuing promissory notes to be offset against 987,965 newly issued B shares in THQ Nordic no later than on June 15, 2018 (the "Consideration Shares"). The Consideration Shares will represent 1.2 percent and 0.6 percent of the total number of outstanding shares and votes in THQ Nordic, respectively, on a fully diluted basis. 649,977 of the Consideration Shares will be subject to a one-year lock-up and 337,988 of the Consideration Shares will be subject to a two-year lock-up.

¹ EBIT adjusted for non-recurring impairment of intangible assets of SEK 552 million, primarily relating to the title Agents of Mayhem.

- The share issue is conditional upon, inter alia, approval by THQ Nordic's Annual General Meeting. Lars Wingefors AB and Xagonus AB (a company controlled by THQ Nordic's CFO Erik Stenberg) have committed to vote in favour of the proposed share issue at the Annual General Meeting. Together they represent approximately 55.3 percent of the capital and approximately 71.8 percent of the votes in THQ Nordic. Lars Wingefors AB has guaranteed delivery of the Consideration Shares, in total amounting to EUR 9.5 million. Lars Wingefors AB will not receive any consideration for the guarantee.
- Closing of the Transaction is expected to take place later today, *i.e.* on 14 February 2018, and all conditions for completion will therefore be fulfilled. Koch Media will be consolidated into THQ Nordic's financial statements per February 2018.
- Koch Media currently has on-going financing arrangements with a number of financing institutions who have pre-committed to keeping the existing agreements in place post-transaction. Post-transaction, the new combined group will have working capital facilities of approximately SEK 800 million in place.
- Following closing of the Transaction, THQ Nordic will re-assess its capital structure and explore potential debt financing possibilities in order to continue to be active in value enhancing acquisitions.
- Following closing of the transaction, Koch Media will continue to operate as a separate entity within the THQ Nordic group. Focus for the group will be to deliver on the full pipelines of THQ Nordic and Koch Media. No restructuring or cost saving programmes are planned.
- THQ Nordic's board of directors will propose a change of name of the listed entity well ahead of the Annual General Meeting scheduled for May 16, 2018 in order to better reflect the new group structure. The names of both operational companies will remain unchanged, *i.e.* THQ Nordic and Koch Media.

"Koch Media has a long history of profitability despite losses incurred from some less successful game releases. THQ Nordic is convinced that the development studios of Deep Silver as part of THQ Nordic will successfully deliver at least four ongoing AAA game projects including Metro Exodus as well as the next Volition Studio AAA release and the next Dambuster Studio AAA release, together with a number of other game development and publishing titles.", says Lars Wingefors, CEO THQ Nordic

"I strongly believe that THQ Nordic is a great strategic fit with Koch Media. In addition to having long experience within games development and publishing, THQ Nordic has the skills, willingness and capital to deliver growth in the future.", says Dr. Klemens Kundratitz, CEO Koch Media

Background and reasons

THQ Nordic has a clear growth strategy and a long and successful history of acquiring game franchises and development studios. In September 2017, THQ Nordic raised SEK 598 million in a directed share issue in order to finance potential acquisitions of franchises, game development studios, publishers or other objects that complement the operations.

On February 14, 2018, THQ Nordic signed an agreement with the Seller to acquire 100 percent of the share capital in Koch Media. Koch Media is a leading, independent producer and marketer of digital entertainment products and accessories in Europe and North America. Its business areas include games development and publishing under the Deep Silver label ("Games"), partner publishing of third party video games, media products and software products ("Partner Publishing") and distributor and co-producer of films ("Film").

Over the last few years, Koch Media has invested a large part of its profits into establishing the current pipeline of games which are due to be released over the coming years. For the investments that have proven less successful, Koch Media has undertaken significant write-downs during the past few years. The product portfolio and current stage of development of core titles in the pipeline provides a strong foundation for future cash flow and profitability for the group.

Key ratios as of December 31, 2017

	THQ Nordic	Koch Media	Combined
Internal development studios	7	3	10
External development studios	18	8	26
Total development studios	25	11	36
Sales, marketing & publishing offices	1	11	12
Internal developers headcount	178	339	517
Internal non-development headcount	55	427	482
Total internal headcount	233	766	999
Total external developers headcount	229	415	644
Total headcount (internal + external)	462	1,181	1,643
<u>Development pipeline</u>			
Announced by December 31, 2017	12	5	17
Unannounced by December 31, 2017	24	9	33
Total game development projects	36	14	50
Total number of IP's	91	15	106

Koch Media's Games business area comprises the game developer and publishing label Deep Silver which owns the IP to Dead Island, Metro (exclusive licence), Saints Row, Risen, Homefront, and Agents of Mayhem amongst others. Since 2002, Deep Silver has released more than 200 games, including its own brands, such as the open-world third-person-shooter Saints Row IV, the Dead Island series, the role-playing series Risen, and the strategy hit Galaxy on Fire for mobile platforms. Furthermore, the label has published titles such as the post-apocalyptic Metro: Redux and Brian Fargo's classic RPG Wasteland 2. Deep Silver owns three development studios: Deep Silver Volition in the US, Deep Silver Fishlabs in Germany, and Deep Silver Dambuster Studios in the UK.

Koch Media acquired the studio Volition in Champagne, Illinois in 2013. Today it has approximately 150 employees and their main focus is on developing an unannounced new AAA title.

In addition to the Games business, Koch Media has two other business units; Partner Publishing and Film. Partner Publishing is a European market leader within publishing and distribution of physical video games and with an extensive partner network of more than 50 partners. The segment has experienced growth in recent years.

Film is an independent all rights distributor and co-producer with over 1,500 titles in selected Arthouse, Crossover, and strong commercial feature films, as well as Straight-to-Video products, TV series, and Special Interest titles which are released by its own Home Entertainment label on DVD, Blu-ray and as VoD/EST.

Koch Media generated net sales of approximately SEK 2,548 million and Adjusted EBIT of approximately SEK 296 million during the first 9 months of its financial year ending 31 March 2018. Approximately 26 percent of net sales during the period were generated from Games, 67 percent from Partner Publishing, and the remaining 8 percent from Film. THQ Nordic expects Games to see increased net sales and profit, deriving from the coming releases of core titles such as Metro, Dead Island and at least two additional yet-to-be announced AAA titles. Partner Publishing and Film have delivered stable turnover and profitability and is expected to continue to do so in the coming years.

Koch Media GmbH and its subsidiaries will continue to operate as independent entities. However, THQ Nordic sees potential for revenue synergies and margin improvements, e.g. from partnerships from both groups' IPs,

assets, and development capacity. In addition, THQ Nordic will continue executing on its growth strategy of acquiring IPs, studios, and other assets that are value-enhancing to the group following the acquisition of Koch Media.

Koch Media was founded in 1994 by Dr. Klemens Kunderatitz and key management and has remained an entrepreneurial company since. Dr. Kunderatitz will remain as CEO of the company and becomes a THQ Nordic shareholder after the Seller's distribution of the Share Consideration.

By having a larger development capacity and pipeline, more IPs, a larger publishing capacity through THQ Nordic and Deep Silver, the combined group has a greater capacity and more viable flexibility, thus creating a more stable operation.

THQ Nordic will closely monitor and delegate resources to support Koch Media's Games business in order to ensure quality and a healthy return on investment on its large in-house development projects. Following less successful launches in recent years with substantial write-offs in the business area (primarily Agents of Mayhem and Homefront), Koch Media has made significant organisational changes in its management, internal steering and control, technology, as well as its selection process for development of IPs. With the competence THQ Nordic possesses on management level, Koch Media will be better positioned to deliver the full potential of its development projects in the future.

Preliminary pro forma financials as of and for the nine month period ended December 31, 2017

An unaudited preliminary pro forma condensed consolidated statement of financial position as of December 31, 2017 is presented below with the purpose of describing the new group's financial position after the Transaction. The preliminary unaudited pro forma condensed consolidated statement of financial position is solely intended to describe the hypothetical situation of the new group as if the Transaction had been completed as of December 31, 2017, based on THQ Nordic's and Koch Media's respective financial position as of December 31, 2017. Koch Media has thus far had EUR as its reporting currency. The EUR figures have been translated to SEK using the FX rate as of December 31, 2017, with EUR/SEK at 9.8497.

SEKm	THQ Nordic pro forma Dec 31, 2017
Goodwill	401
Other intangible assets	1,207
Property, plant and equipment	33
Financial assets	1
Inventory	144
Current receivables	1,173
Cash and bank balance	294
Total assets	3,253
Shareholders' equity	1,176
Provisions	287
Current liabilities	1,790
Total shareholders' equity and liabilities	3,253

An unaudited preliminary pro forma condensed consolidated income statement of the new group for the nine month period ended December 31, 2017 is shown below, with the purpose of describing a hypothetical income statement as if the Transaction had been completed as of April 1, 2017. No synergies have been considered in the pro forma income statement. It is important to note that the preliminary unaudited pro forma condensed consolidated income statement should not be considered an estimate or forecast for the

coming twelve months. Koch Media has thus far had EUR as its reporting currency. The EUR figures have been translated to SEK using the average FX rate for the period April 1 – December 31, 2017, with EUR/SEK at 9.6757.

SEKm	THQ Nordic pro forma Apr-Dec 2017
Net sales	2,933
Other revenues	507
Total operating income	3,440
General operating expenses	-2,729
Depreciation and amortization	-206
Adjusted EBIT	505
Impairment of intangible assets	-552
Transaction costs	-1
EBIT	-48
Financial items	-11
Profit before tax	-59
Taxes for the period	26
Net profit for the period	-33

THQ Nordic has not completed the detailed valuation analyses necessary to arrive at the final estimates of the fair market value of the assets to be acquired and the liabilities to be assumed in connection with the acquisition of Koch Media. The preliminary allocation of the purchase price of the acquisition (the "Preliminary PPA") used in these unaudited preliminary pro forma condensed consolidated financial statements is based upon THQ Nordic's preliminary estimates at the date of preparation of these preliminary pro forma financial statements. As a result of the finalisation of this allocation after the acquisition's final completion (the "Final PPA"), THQ Nordic expects to make adjustments to the Preliminary PPA, some of which could be material. Differences between the Preliminary PPA and the Final PPA could have a material impact on THQ Nordic's pro forma financial performance.

Purchase price

The total consideration for 100 percent of the share capital comprising of one share in Koch Media is EUR 121 million on a cash and debt free basis equivalent of an equity value of EUR 91.5 million. EUR 82 million will be paid in cash and financed by current cash and bank balance. The remaining part of the consideration, amounting to EUR 9.5 million will be paid by the Consideration Shares at a price per share which is based on the volume weighted average price of the Company's shares on Nasdaq First North during the twenty (20) trade days preceding the signing date (i.e. the date of this announcement), i.e. SEK 95.44. Thus, the Consideration Shares will comprise 987,965 B shares.

Issue of the Consideration Shares, voting commitments and lock-up

The Consideration Shares will represent 1.2 percent and 0.6 percent of the total number of outstanding shares and votes in THQ Nordic, respectively, on a fully diluted basis. The issue of the Consideration Shares is conditional upon, inter alia, approval by THQ Nordic's Annual General Meeting which is planned to be held on May 16, 2018. Lars Wingefors AB and Xagonus AB (a company controlled by THQ Nordic's CFO Erik Stenberg) have committed to vote in favour of the proposed issue of Consideration Shares at the Annual General Meeting. Together they represent approximately 55.3 percent of the capital and approximately 71.8 percent of the votes in THQ Nordic. 649,977 of the Consideration Shares will be subject to a one-year lock-up and 337,988 of the Consideration Shares will be subject to a two-year lock-up.

Lars Wingefors AB guarantees to deliver the Consideration Shares and payment of the second instalment

Lars Wingefors, through his wholly owned company Lars Wingefors AB, has guaranteed payment of the second instalment, in total amounting to EUR 16 million cash and delivery of the Consideration Shares amounting to EUR 9.5 million. The guarantees thereby amount to in total EUR 25.5 million. Lars Wingefors AB will not receive any consideration for the guarantees.

Transaction costs

THQ Nordic's total costs for the Transaction are estimated to amount to approximately SEK 33 million which will be accounted for in February 2018.

Advisers

Carnegie Investment Bank AB (publ) is acting as financial adviser and Baker McKenzie is acting as Swedish and Austrian legal counsel to THQ Nordic in the Transaction.

For additional information, please contact:

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About THQ Nordic

The company acquires, develops and publishes PC and console games. The company has a wide catalogue of 295 games, including 86 owned franchises, such as Darksiders, Titan Quest, MX vs ATV, Red Faction, Destroy All Humans, Aquanox, ELEX, Jagged Alliance, SpellForce, and The Guild. THQ Nordic has a global publishing reach within marketing, sales and distribution, both online and offline. The group's head office is based in Karlstad, Sweden and its operational office in Vienna, Austria. THQ Nordic employs and contractually collaborates with more than 462 people, including external developers, and has 7 in-house development studios based in Germany, USA and Sweden. THQ Nordic share is public listed on Nasdaq First North Stockholm under the ticker THQNB:SS with FNCA Sweden AB as its Certified Adviser.

For more information, please visit: <http://www.thqnordic-investors.com> or <http://www.thqnordic.com>.

This information is information that THQ Nordic AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.00 CET on February 14, 2018.