



# INVITATION TO ACQUIRE CLASS B SHARES IN THQ NORDIC AB (PUBL)

GLOBAL COORDINATOR AND SOLE BOOKRUNNER

## IMPORTANT INFORMATION

This prospectus (the "Prospectus") has been prepared in connection with THQ Nordic AB's (publ) offering of class B shares to the public in Sweden and to institutional investors (the "Offering") and the admission to trading of class B shares on Nasdaq First North in Stockholm ("Nasdaq First North"), which is a MTF (Multilateral Trading Facility) and not a regulated market. Depending on the context, "THQ Nordic" or the "Company" refers to THQ Nordic AB (publ) (a Swedish limited liability company) or the consolidated group in which THQ Nordic AB (publ) is the parent company (the "Group"). The "Selling Shareholders" refers to Lars Wingefors, Erik Stenberg, Mikael Brodén, Per-Ola Lundborg and Klemens Kreuzer, who are selling shares through their respective companies Lars Wingefors AB, Xagonus AB, CMB Holding AB, Lumarisimo AB and Gerado AB. "Global Coordinator and Sole Bookrunner" or "Pareto Securities" refers to Pareto Securities AB. See the section "Definitions" for definitions of these and other terms used in the Prospectus. The Offering is not directed to the public in any other country than Sweden. Nor is the Offering directed to any other individuals whose participation would require additional prospectuses, registration or actions other than those prescribed by Swedish law. No measures have or will be taken in any other jurisdiction than Sweden that would allow the class B shares to be offered to the public or allow possession and distribution of the Prospectus or any other documents pertaining to the Company or the class B shares in such jurisdiction. Applications to acquire class B shares that violates such rules may be deemed invalid. Individuals taking part of the Prospectus is requested by the Company and Pareto Securities to obtain information on and to observe such restrictions. Neither the Company nor Pareto Securities accepts any legal responsibility for any violation of such restrictions, regardless of if such violation is made by a prospective investor or not. The class B shares in the Offering has not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any assertion to the contrary constitutes a criminal offence in the US. The shares in the Offering have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the US. The shares in the Offering have not been and will not be registered under the US Securities Act of 1933, as amended ("the Securities Act"), or under any US state securities act. Prospective buyers who are qualified as institutional investors is hereby informed that the sellers of the class B shares in the Offering could be subject to the exclusion rule in Section 5 of the Securities Act pursuant to Rule 144A. The class B shares may only be offered, sold, pledged or otherwise transferred within the US as a result of an exclusion from, or via a transaction that are not subject to, the registration requirements of the Securities Act and in accordance with applicable US state securities act. The information in the Prospectus has been provided by the Company and other sources identified herein. Distribution of the Prospectus to individuals not specified by Pareto Securities or its representatives is prohibited as well as distribution to individuals that have been engaged to advise the recipient on the matter, and any disclosure of its contents without the Company's prior written consent. Any reproduction or distribution of the Prospectus in the US, in whole or in part, and any disclosure of its content to any other individual is prohibited. The Prospectus is personal for each offeree and does not constitute an offer to any other individual or to the public to acquire shares in the Offering.

The Prospectus has been approved and registered by Swedish Financial Supervisory Authority (Swe. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980) (Swe. *lagen om handel med finansiella instrument*). The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus. The Prospectus is available on THQ Nordic's website [www.thqnordic-investors.com](http://www.thqnordic-investors.com), the Swedish Financial Supervisory Authority's website [www.fi.se](http://www.fi.se) and European Securities and Markets Authority's website [www.esma.europa.eu](http://www.esma.europa.eu).

## STABILISATION

In connection to the Offering, Pareto Securities may carry out transactions aimed at supporting the market price of the class B shares at levels above those which might otherwise prevail in the open market. Such stabilisation transactions may be effected on Nasdaq First North, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq First North and ending not later than 30 calendar days thereafter. However, Pareto Securities is not required to undertake any stabilisation and there is no assurance that stabilisation will be undertaken. Stabilisation, if undertaken, may be discontinued at any time without prior notice. Under no circumstances will transactions be effected at levels above the price in the Offering (the "Offering Price"). Within one week of the end of the stabilisation period, Pareto Securities will make a public announcement whether or not stabilisation was undertaken, the date on which stabilisation started, the date on which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

## FORWARD-LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, for example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and general economic and regulatory environment and other matters affecting the Company. Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are advised to read the Prospectus as a whole. Neither the Company, the Selling Shareholders nor Pareto Securities can guarantee the accuracy of such statements or opinions or whether predicted developments will occur. In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of the Prospectus, neither the Company nor the Selling Shareholders nor Pareto Securities assume any obligation, except as required by law or Nasdaq Stockholm's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

## INDUSTRY AND MARKET INFORMATION

The Prospectus includes industry and market information pertaining to THQ Nordic's business and the market in which THQ Nordic operates. If not stated otherwise, such information is based on the Company's analysis of different sources. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable but, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Industry and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

Such information is based on market research, which itself is based on a sampling of and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain by comparison with other information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## PRESENTATION OF THE FINANCIAL INFORMATION

Figures accounted for in the Prospectus have, in some cases, been rounded off and, thus, the tables contained in the Prospectus do not necessarily sum up. If not otherwise stated, all financial amounts are stated in Swedish krona ("SEK"). If not otherwise explicitly stated, no financial information in the Prospectus has been audited or reviewed by the Company's auditor.

Financial information in the Prospectus pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting system.

First North is an alternative marketplace operated by an exchange within the Nasdaq Group Inc. Companies on First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

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## THE OFFERING IN BRIEF

### The Offering:

This prospectus (the "Prospectus") has been prepared in connection with THQ Nordic AB's (publ) ("THQ Nordic" or the "Company") offering of class B shares to the public in Sweden and to institutional investors (the "Offering") and the admission to trading of class B shares on Nasdaq First North in Stockholm ("Nasdaq First North").

### Number of shares being offered:

The Offering comprises 20,000,000 class B shares in THQ Nordic of which 10,000,000 newly issued class B shares and 10,000,000 existing class B shares being offered by the Selling Shareholders. To cover a possible over-allotment in connection with the Offering the Company has, upon request from Pareto Securities AB ("Pareto Securities"), committed to issue a maximum of 2,000,000 additional newly issued class B shares (the "Over-allotment Option").

### Offering price:

The price at which class B shares are being offered in the Offering is SEK 20 per class B share (the "Offering Price").

### Other:

- Short name (ticker) on Nasdaq First North: THQN B
- ISIN-code for class B share: SE0009241706

### Preliminary time table:

- Subscription period for the public in Sweden: 8–17 November 2016
- Subscription period for institutional investors: 8–18 November 2016
- First day of trading on Nasdaq First North Stockholm: 22 November 2016
- Settlement date: 23 November 2016

### Financial calendar

- Year-end report 2016: 15 February 2017
- Interim report 1 January – 31 March 2017: 16 May 2017
- Annual general meeting 2017: 16 May 2017
- Interim report 1 April – 30 June 2017: 15 August 2017
- Interim report 1 July – 30 September 2017: 14 November 2017

# SUMMARY

The summary are made up of disclosure requirements known as 'Elements'. The Elements are numbered in Sections A–E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

## Section A – Introduction and warnings

A.1	<i>Introduction and warnings</i>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in securities.
A.2	<i>Consent for use of the Prospectus by financial intermediaries</i>	Not applicable; The Company does not use financial intermediaries resale or final placing of the class B shares after the publication of the Prospectus.

## Section B – Issuer and any guarantor

B.1	<i>Company and trading name</i>	The registered name, and also the trade name, of the Company is THQ Nordic AB (publ).
B.2	<i>Issuer's registered office and corporate form</i>	THQ Nordic AB (publ) is a public limited liability company incorporated in Sweden and was registered with the Swedish Companies Registration Office on 30 December 1999. The Company's corporate registration number is 556582-6558. THQ Nordic's registered office is in Karlstad, Sweden. The Company's form of association is governed by the Swedish Companies Act (2005:551).
B.3	<i>Description of the Issuer's operations</i>	<p>THQ Nordic acquires, develops and publishes PC and console games for the global games market with the majority of end consumers located in North America and Europe. The core business model consists of acquiring established but currently underperforming franchises and successively refining them.</p> <p>The Company has a global presence, with its Group head office in Karlstad, Sweden and its operational head office in Vienna, Austria. As of 31 October 2016 the Company had four internal game development studios – two in Sweden, one in Germany and one in the US – and contracts with 19 external game studios in a number of different countries. As of the same date the Company employed more than 370 people, of which around 30 personnel within the publishing business, around 70 personnel within internal game development and more than 270 contracted external game developers ("Personnel" may refer to both employees and external contractors).</p>

B.3	<i>Description of the Issuer's operations (cont)</i>	<p>THQ Nordic's game portfolio consists of both owned franchises (IP) and published titles. The Company focuses on owning its own franchises and developing and publishing these, and as of 31 October 2016 had around 75 owned franchises in the portfolio. The Company also publishes game titles for various strategic partners and as at the same date had around 60 published titles in its portfolio. In 2015 owned franchises generated 76% of sales and 82% of gross profit, while published titles generated 22% of sales and 18% of gross profit.</p> <p>The Company's marketing strategy focuses on building relationships with leading digital distribution channels such as Steam, with more than 125 million users in 2015 and a market share of 75% within digital PC games<sup>1)2)</sup>, marketing via social media such as Facebook and YouTube, and close interaction with and understanding of the fans, for example by participating in gaming conventions and actively fostering forums.</p> <p>The Company has global physical distribution capacity via retailers such as Walmart, Gamestop and Amazon, and extensive digital distribution capacity through established relationships and agreements with around 40 digital distribution channels such as Steam, PlayStation Store and Xbox Live.</p> <p>THQ Nordic's financial performance in recent years has been strong. Net sales growth in the first nine months of 2016 was 52% compared with the same period in 2015, and average annual growth in 2014 and 2015 was 44%. The underlying EBIT margin was 31% in the first nine months of 2016 and 37% for full-year 2015.</p> <p>1) VGChartz., www.vgchartz.com., Retrieved 17 mars 2016. 2) Megaw, Nicholas (29 April 2016). "Console games makers defy predictions of doom". Financial Times. Retrieved 23 oktober 2016.</p>
B.4a	<i>Trends</i>	<p><b>Market trends and driving forces</b></p> <p>The following section describes the trends and driving forces that THQ Nordic has identified and believes are particularly relevant, particularly in the segments where the Company operates.</p> <p><b><i>New generation platforms</i></b></p> <p>Particularly within the console market, the games sector is driven by the development of the latest generation platforms. Sony (PlayStation), Microsoft (Xbox) and Nintendo are the three biggest platform producers and between them had a 100% share of the market in 2015.<sup>1)</sup> A new generation platform is generally launched at around seven-year intervals. The latest generation consoles are the PlayStation 4 from Sony and the Xbox One from Microsoft, which were launched in 2013. The technology of the latest generation platforms sets the tone for game development during that generation's life cycle. Among PC games, the life cycles are not as clearly defined and the games are developed on a more ongoing basis. Nintendo announced its new generation Switch in October 2016.</p> <p><b><i>(Quality) content is becoming increasingly important</i></b></p> <p>The development of major "blockbuster" titles is increasing among the largest publishers, such as Activision-Blizzard, Electronic Arts and Ubisoft, and development projects with big budgets are now the rule rather than the exception.<sup>2)</sup> The largest publishers are choosing to focus on the development of a smaller number of big game titles and sequels under the same franchise. This development is at the same time providing opportunity for smaller publishers such as THQ Nordic and small independent game development studios with a business model that involves digitally self-publishing games that they have developed themselves.</p> <p>Within the mobile segment, competition is increasingly tough because of the low entry barriers resulting from lower development costs within the segment. The marketing costs for retaining the user base within the segment are high, however. High quality game content is thus becoming increasingly important. Within the hardcore segment, fans are becoming increasingly demanding as regards the game's design and development. In order to be successful within the hardcore segment and to be able to compete with other titles within the same genre, it is therefore particularly important to deliver high quality game content that lives up to the fans' expectations.<sup>2)</sup></p> <p>1) VGChartz., www.vgchartz.com., Retrieved 17 March 2016. 2) Megaw, Nicholas (29 April 2016). "Console games makers defy predictions of doom". Financial Times. Retrieved 23 October 2016.</p>

B.4a	Trends (cont)	<p><b>Passionate fans</b></p> <p>Within the hardcore segment in particular, the fans of the games are particularly devoted, passionate and loyal. The design of the characters and the development of the game between different sequels are of great importance if a game's fans are to feel that the game is being managed well. This differs greatly from the mobile and casual segments, where players are not as involved in the game and thus are also less inclined to be loyal to a particular title.</p> <p><b>Digital distribution increasingly common, but physical remains</b></p> <p>The introduction and growth of digital distribution channels is a clear trend within the games industry. This development has resulted in downloadable game content and add-on sales becoming the most important income source for game developers and publishers. Platforms such as Steam are today a given, and traditional platform operators such as Sony, Microsoft and Nintendo are offering greater opportunities to download games digitally and via streaming services.</p> <p>Despite this shift towards a more digital games industry, the physical market remains. Particularly within the console segment in the West, physical revenues remain a significant part of the total market.</p> <p><b>Consolidation</b></p> <p>The global games market is becoming increasingly consolidated. In the US the market research company NPD Group estimates that ten companies account for nearly 90% of physical game sales, with the big four western publishers (Activision-Blizzard, Electronic Arts, Take-Two and Ubisoft) accounting for over half of total sales.<sup>1)</sup></p> <p>1) Megaw, Nicholas (29 April 2016). "Console games makers defy predictions of doom". Financial Times. Retrieved 23 October 2016.</p> <p><b>Trends in the Company's operations</b></p> <p><b>Increasing investment in game development projects, both in absolute figures and as a share of EBITDA</b></p> <p>THQ Nordic's current pipeline of future products is the Company's most well-invested to date. In the first nine months of 2016 a total of SEK 87.3m was invested in game development ("completed games" and "ongoing projects") and as of 30 September 2016 the Company had capitalised investment costs of SEK 153.8m related to game development. The rate of investment in the first nine months of 2016 corresponded to 122% of EBITDA, which is an increase compared with full-year 2015 when the equivalent figure was 60%. Investments in development projects have increased noticeably since 2013, both in absolute figures and as a share of EBITDA. One factor that has contributed to the higher levels of investment is the many attractive investment opportunities that resulted from the IP acquired from THQ in 2013.</p> <p>The Company's total investments consist of both investments in what are known as Asset Care projects and investments in new development projects. The Asset Care projects comprise further development of the Company's existing portfolio. Investments in new development projects involve the development of sequels and represent a large part of THQ Nordic's current development pipeline.</p> <p><b>THQ Nordic is exploring Asset Care for mobile games</b></p> <p>As part of its growth strategy and to broaden its knowledge within the industry, in autumn 2016 the Company started the internal game development studio THQ Nordic Mobile AB under the name change to Foxglove Studios AB ("Foxglove Studios") with a focus on mobile games. The studio is led by Senta Jacobsen, who has previously held leading roles at Electronic Arts (DICE) and Crytek, among others. In addition to expertise within mobile game development, the development team at Foxglove Studios also has long experience and wide-ranging expertise in gaming on other platforms. Foxglove Studios will therefore also contribute to developing the Company's Asset Care. Foxglove Studios currently has two mobile titles in development. The Company does not own the rights to these two titles and does not publish the games either; instead, the Company is collaborating with two external publishers. One of the games was test launched in the Philippines, Malaysia and Indonesia at the end of September 2016.</p>
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B.4a	Trends (cont)	<p><b><i>The Company's own development is becoming more extensive</i></b>  In recent years the Company's internal game development has increased, with the start-up of two internal game development studios: Grimlore Games in 2014 and Rainbow Studios in December 2015. In 2016 this development continued with the start-up of two additional internal game development studios: Wingefors Depå Åtta under the name change to Mirage Game Studios AB ("Mirage Game Studios") in Karlstad and Foxglove Studios in Stockholm. As of 31 October 2016 Mirage Game Studios employed 4 people and Foxglove Studios 15 people.</p> <p><b><i>The Company believes that the pipeline will drive net sales growth in the years ahead</i></b>  THQ Nordic believes that a significant part of THQ Nordic's sales growth in the forthcoming years will be driven by the Company's current pipeline of game development projects. THQ Nordic currently has a total of 10 announced and 19 unannounced development projects in its pipeline. Three projects have a development budget in the order of SEK 65–125m each and a further three announced projects have a game development budget of SEK 15–30m each. The games in the Company's current pipeline are scheduled for launch between the last quarter of 2016 and 2018. In particular, the development of sequels and of the completely new Elex franchise represent a clear change and are something that the Company has not done previously.</p> <p><b><i>The pricing of the Company's games is moving upwards</i></b>  As the Company's historical sales have primarily consisted of game titles that are a number of years old and remastered versions of old titles, these were priced at a relatively low level. With the Company's current pipeline of newly developed projects with a relatively high development budget, the price level will also change. The six largest development projects in the Company's pipeline at this time will be launched at a retail price matching the highest price category for games (EUR/USD 59.99 for console games and EUR/USD 49.99 for PC/Steam games). In view of their development budgets, other games are also expected to be priced on the market. The price level for games – particularly on digital platforms such as Steam – is variable, however. Usually the Company seeks to maximise sales by lowering the price of the game and/or giving discounts for limited periods via certain campaigns.</p> <p><b><i>Due to the Company's many console titles, there is not such a clear trend towards digitisation as for the games market as a whole</i></b>  The clear trend in the games industry towards digitisation is not as evident for THQ Nordic as an individual company. This is mainly due to the Company's extensive product range of console games. Within the console segment, total sales still comprise a significant proportion of physical sales and the trend towards digitisation is not as clear as within the PC and mobile segments. This is reflected when THQ Nordic's sales are broken down by channel.</p>
B.5	Description of the Group and the issuer's position within the Group	<p>THQ Nordic AB (publ) is the parent company of nine subsidiaries located in Sweden, Austria, USA, UK and Germany. The subsidiaries are the following: THQ Nordic GmbH (AT), THQ Nordic Inc (US), Grimlore Games GmbH (DE), Rainbow Studios Inc (US), We Sing Company Holding AB, We Sing Company AB, We Sing Production Ltd (UK), THQ Nordic Mobile AB under the name change to Foxglove Studios AB ("Foxglove Studios") and Mirage Game Studios AB. All subsidiaries are wholly owned. The Company operates globally and has its Group headquarters in Karlstad, Sweden, and operational headquarter in Vienna, Austria.</p>

<b>B.6</b>	<i>Major shareholders, control over the Group and notifiable individuals, larger shareholders and control</i>	<p>The table below describes THQ Nordic's ownership structure on the date of the Prospectus and immediately after the Offering, and the number of class B shares that the Selling Shareholders is expected to sell in connection with the Offering, assuming that the Over-allotment Option are exercised in full. At the date of this Prospectus, the Company had nine shareholders.</p>			
<b>Shareholder structure before the Offering</b>					
		<b>Before the Offering</b>			
<b>Owner</b>	<b>Number of class A shares</b>	<b>Number of class B shares</b>	<b>Percentage of capital</b>	<b>Percentage of votes</b>	
Lars Wingefors AB <sup>1), 5)</sup>	6,501,467	36,841,644	72.20%	72.22%	
Xagonus AB <sup>2), 5)</sup>	1,407,724	7,977,105	15.63%	15.64%	
CMB Holding AB <sup>5)</sup>	483,378	2,739,143	5.37%	5.37%	
Lumarisimo AB <sup>5)</sup>	289,966	1,643,139	3.22%	3.22%	
Gerado AB <sup>3), 5)</sup>	201,784	1,143,445	2.24%	2.24%	
Gigalomaniac Holding AB <sup>4)</sup>	115,681	655,524	1.28%	1.29%	
Maria Segolsson	0	15,000	0.02%	0.01%	
Kicki Wallje Lund	0	12,500	0.02%	0.01%	
Pia Rosin	0	5,000	0.01%	0.004%	
Other shareholders	0	0	0.00%	0.00%	
<b>Total</b>	<b>9,000,000</b>	<b>51,032,500</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>Shareholder structure after the Offering</b>					
		<b>Change in the Offering</b>	<b>After the Offering</b>		
<b>Owner</b>	<b>Number of class B shares</b>	<b>Number of class A shares</b>	<b>Number of class B shares</b>	<b>Percentage of capital</b>	<b>Percentage of votes</b>
Lars Wingefors AB <sup>1), 5)</sup>	-7,317,912	6,501,467	29,523,732	50.01%	61.78%
Xagonus AB <sup>2), 5)</sup>	-1,584,505	1,407,724	6,392,600	10.83%	13.38%
CMB Holding AB <sup>5)</sup>	-544,080	483,378	2,195,063	3.72%	4.59%
Lumarisimo AB <sup>5)</sup>	-326,379	289,966	1,316,760	2.23%	2.76%
Gerado AB <sup>3), 5)</sup>	-227,124	201,784	916,321	1.55%	1.92%
Gigalomaniac Holding AB <sup>4)</sup>	0	115,681	655,524	1.07%	1.18%
Maria Segolsson	0	0	15,000	0.02%	0.01%
Kicki Wallje Lund	0	0	12,500	0.02%	0.01%
Pia Rosin	0	0	5,000	0.01%	0.003%
Other shareholders	22,000,000	0	22,000,000	30.54%	14.38%
<b>Total</b>	<b>12,000,000</b>	<b>9,000,000</b>	<b>63,032,500</b>	<b>100.00%</b>	<b>100.00%</b>
<p>1) Lars Wingefors owns all the shares in Lars Wingefors AB.  2) Erik Stenberg owns all the shares in Xagonus AB.  3) Klemens Kreuzer owns all the shares in Gerado AB.  4) Reinhard Pollice owns all the shares in Gigalomaniac Holding AB.  5) The Selling Shareholders.</p>					
<p>As of the date of the Prospectus, there is a shareholders' agreement in place between shareholders representing 100 percent of the shares and votes in the Company. However, this shareholders' agreement will cease to apply in conjunction with the listing of the THQ Nordic's class B shares on Nasdaq First North.</p>					
<p>To the knowledge of the directors of the Company, there are no other shareholders' agreements or equivalent undertakings, that could result in any changes in the control over the Company. The directors of the Company are neither aware of any agreements or equivalents that can entails a change of control over the Company.</p>					
<p>The six investors Didner &amp; Gerge Fonder, Swedbank Robur AB, Handelsbanken Fonder AB, RAM ONE AB, Novobis AB and Lancelot Asset Management ("Cornerstone Investors") have committed to under certain conditions before the first trading day of the Company's class B shares, and to the same price as other investors, acquire 10,500,000 class B shares for a total amount of SEK 210 million, corresponding to 14.6 percent of the shares and 6.9 percent of the votes in THQ Nordic after the Offering if the Over-allotment Option is exercised in full.</p>					

B.7	Financial information in summary	<p>The following tables provide selected financial information gathered from THQ Nordic's audited consolidated accounts for the fiscal years ending 31 December 2014 and 2015, prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR").</p> <p>The following tables also provide selected financial information gathered from THQ Nordic's consolidated accounts for the nine month period 1 January – 30 September 2016 (reviewed) and corresponding period 2015 (not reviewed), prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR") as well as the Swedish Accounting Standards Board's General Principles BFNAR 2007:1 Voluntary interim reporting.</p> <p>Figures accounted for in the Prospectus have, in certain cases, been rounded off and, thus, the tables contained in the Prospectus do not necessarily sum up. If not otherwise stated, all financial amounts are stated in Swedish kronor ("SEK"). If not otherwise explicitly stated, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information in the Prospectus pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting system.</p> <p>This Prospectus contains certain alternative performance measures which have not been defined or specified in accordance with BFNAR ("APM"), including but not limited to APMs such as "EBITDA", "EBITDA-margin", "Underlying EBIT", "Underlying EBIT-margin", "EBIT-margin" and "Net revenue growth". See section "Selected financial information – Definition of alternative performance measures" for a description of them. THQ Nordic believes these APMs not defined or specified by BFNAR are used by certain investors, analysts and other stakeholder as supplementary measures of financial performance and financial position. The APMs have, if nothing else is stated, not been audited and should not be observed separately or seen as substitutes for key performance indicators prepared in accordance with BFNAR. Furthermore, the APMs should, in the way THQ Nordic has defined them, not be compared to similarly defined measures used by other companies. This is due to the fact that these key performance indicators are not always defined in the same way, and other companies may have calculated them in a different way than THQ Nordic.</p>																																																																																																									
		<p><b>Consolidated income statement in brief</b></p> <table border="1"> <thead> <tr> <th></th> <th>Jan-Sep 2016 Reviewed</th> <th>Jan-Sep 2015 Unaudited</th> <th>Jan-Dec 2015 Audited</th> <th>Jan-Dec 2014 Audited</th> </tr> </thead> <tbody> <tr> <td><b>SEKm</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net revenue</td> <td>173.7</td> <td>114.5</td> <td>212.9</td> <td>178.0</td> </tr> <tr> <td>Capitalised work on own account</td> <td>23.8</td> <td>5.1</td> <td>–</td> <td>–</td> </tr> <tr> <td>Other operating income</td> <td>6.0</td> <td>3.5</td> <td>5.0</td> <td>4.1</td> </tr> <tr> <td><i>Total income</i></td> <td><i>203.5</i></td> <td><i>123.1</i></td> <td><i>217.9</i></td> <td><i>182.1</i></td> </tr> <tr> <td>Goods for resale</td> <td>–68.1</td> <td>–37.5</td> <td>–70.1</td> <td>–57.5</td> </tr> <tr> <td>Other external costs</td> <td>–27.5</td> <td>–13.7</td> <td>–28.3</td> <td>–15.2</td> </tr> <tr> <td>Personnel expenses</td> <td>–35.1</td> <td>–16.5</td> <td>–14.4</td> <td>–14.2</td> </tr> <tr> <td>Depreciation and amortisation</td> <td>–27.2</td> <td>–21.4</td> <td>–38.5</td> <td>–27.1</td> </tr> <tr> <td>Other operating expenses</td> <td>–1.2</td> <td>–2.6</td> <td>–</td> <td>–</td> </tr> <tr> <td><i>Total operating expenses</i></td> <td><i>–159.1</i></td> <td><i>–91.7</i></td> <td><i>–151.3</i></td> <td><i>–114.0</i></td> </tr> <tr> <td><b>Operating profit</b></td> <td><b>44.4</b></td> <td><b>31.4</b></td> <td><b>66.6</b></td> <td><b>68.1</b></td> </tr> <tr> <td>Other interest income, etc.</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.3</td> </tr> <tr> <td>Other interest expenses, etc.</td> <td>–1.1</td> <td>–0.6</td> <td>–0.6</td> <td>–1.3</td> </tr> <tr> <td><i>Total financial items</i></td> <td><i>–1.1</i></td> <td><i>–0.6</i></td> <td><i>–0.6</i></td> <td><i>–1.0</i></td> </tr> <tr> <td><b>Profit after financial items</b></td> <td><b>43.3</b></td> <td><b>30.8</b></td> <td><b>66.0</b></td> <td><b>67.1</b></td> </tr> <tr> <td>Appropriations</td> <td>–</td> <td>–</td> <td>–0.5</td> <td>0.0</td> </tr> <tr> <td><b>Profit before tax</b></td> <td><b>43.3</b></td> <td><b>30.8</b></td> <td><b>65.5</b></td> <td><b>67.1</b></td> </tr> <tr> <td>Tax</td> <td>–9.4</td> <td>–7.1</td> <td>–14.2</td> <td>–15.0</td> </tr> <tr> <td><b>Net profit for the period</b></td> <td><b>34.0</b></td> <td><b>23.6</b></td> <td><b>51.2</b></td> <td><b>52.2</b></td> </tr> </tbody> </table>		Jan-Sep 2016 Reviewed	Jan-Sep 2015 Unaudited	Jan-Dec 2015 Audited	Jan-Dec 2014 Audited	<b>SEKm</b>					Net revenue	173.7	114.5	212.9	178.0	Capitalised work on own account	23.8	5.1	–	–	Other operating income	6.0	3.5	5.0	4.1	<i>Total income</i>	<i>203.5</i>	<i>123.1</i>	<i>217.9</i>	<i>182.1</i>	Goods for resale	–68.1	–37.5	–70.1	–57.5	Other external costs	–27.5	–13.7	–28.3	–15.2	Personnel expenses	–35.1	–16.5	–14.4	–14.2	Depreciation and amortisation	–27.2	–21.4	–38.5	–27.1	Other operating expenses	–1.2	–2.6	–	–	<i>Total operating expenses</i>	<i>–159.1</i>	<i>–91.7</i>	<i>–151.3</i>	<i>–114.0</i>	<b>Operating profit</b>	<b>44.4</b>	<b>31.4</b>	<b>66.6</b>	<b>68.1</b>	Other interest income, etc.	0.0	0.0	0.0	0.3	Other interest expenses, etc.	–1.1	–0.6	–0.6	–1.3	<i>Total financial items</i>	<i>–1.1</i>	<i>–0.6</i>	<i>–0.6</i>	<i>–1.0</i>	<b>Profit after financial items</b>	<b>43.3</b>	<b>30.8</b>	<b>66.0</b>	<b>67.1</b>	Appropriations	–	–	–0.5	0.0	<b>Profit before tax</b>	<b>43.3</b>	<b>30.8</b>	<b>65.5</b>	<b>67.1</b>	Tax	–9.4	–7.1	–14.2	–15.0	<b>Net profit for the period</b>	<b>34.0</b>	<b>23.6</b>	<b>51.2</b>	<b>52.2</b>
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B.7	Financial information in summary (cont)	Consolidated balance sheet in brief				
		30 Sep 2016 Reviewed	30 Sep 2015 Unaudited	31 Dec 2015 Audited	31 Dec 2014 Audited	
		<b>SEKm</b>				
		<b>ASSETS</b>				
		Completed games (internally developed)	11.7	8.0	26.6	20.0
		Domain rights/web shop etc.	0.0	0.0	0.0	0.1
		IP-rights	19.3	29.8	26.6	34.3
		Ongoing projects	142.1	67.3	51.3	20.4
		<i>Total intangible fixed assets</i>	<i>173.1</i>	<i>105.1</i>	<i>104.5</i>	<i>74.8</i>
		Inventory	3.2	1.5	1.8	0.8
		<i>Total tangible fixed assets</i>	<i>3.2</i>	<i>1.5</i>	<i>1.8</i>	<i>0.8</i>
		Non-current receivables	1.4	1.4	0.0	3.0
		<i>Total non-current receivables</i>	<i>1.4</i>	<i>1.4</i>	<i>0.0</i>	<i>3.0</i>
		<b>Total fixed assets</b>	<b>177.7</b>	<b>108.0</b>	<b>106.3</b>	<b>78.5</b>
		Inventory	13.8	10.9	12.8	8.4
		Current revievables	39.8	19.4	30.7	26.5
		Cash	12.2	4.1	25.6	17.6
		<b>Total current assets</b>	<b>65.8</b>	<b>34.4</b>	<b>69.1</b>	<b>52.5</b>
		<b>TOTAL ASSETS</b>	<b>243.5</b>	<b>142.3</b>	<b>175.4</b>	<b>131.1</b>
		<b>EQUITY AND LIABILITIES</b>				
		Share capital	0.5	0.1	0.1	0.1
		Other contributions	–	–	0.0	0.0
		Other equity incl. net profit for the period	78.3	57.2	84.1	58.6
		<b>Total equity</b>	<b>78.8</b>	<b>57.3</b>	<b>84.2</b>	<b>58.7</b>
		Deferred tax liability	7.5	4.5	7.5	4.5
		<b>Total provisions</b>	<b>7.5</b>	<b>4.5</b>	<b>7.5</b>	<b>4.5</b>
		Debt to group companies	–	2.5	1.4	0.0
		Debt to credit institutions	–	–	0.0	10.0
		<b>Total non-current liabilities</b>	<b>–</b>	<b>2.5</b>	<b>1.4</b>	<b>10.0</b>
		Debt to credit institutions	–	10.0	10.0	12.6
		Overdraft facility	83.4	–	–	–
		Debt to group companies	–	25.0	27.5	17.6
		Advances from customers	5.2	2.5	0.8	0.0
		Accounts payable	19.4	4.2	1.9	4.3
		Current tax payable	9.5	16.2	16.6	11.4
		Other liabilities	5.0	1.0	0.3	0.1
		Accrued expenses and prepaid income	34.6	19.1	25.2	12.0
		<b>Total current liabilities</b>	<b>157.1</b>	<b>78.0</b>	<b>82.3</b>	<b>57.9</b>
		<b>Total liabilities</b>	<b>157.1</b>	<b>80.5</b>	<b>83.7</b>	<b>67.9</b>
		<b>TOTAL EQUITY AND LIABILITIES</b>	<b>243.5</b>	<b>142.3</b>	<b>175.4</b>	<b>131.1</b>
		Pledged assets	130.0	30.0	60.0	30.0
		Contingent liabilities	None	None	None	None

B.7	Financial information in summary (cont)	Consolidated cash flow in brief			
		Jan-Sep 2016 Reviewed	Jan-Sep 2015 Unaudited	Jan-Dec 2015 Audited	Jan-Dec 2014 Audited
		<b>SEKm</b>			
		43.3	30.8	66.0	67.1
		<i>Adjustments for non-cash items:</i>			
		27.2	21.4	38.5	27.1
		–	–	0.1	0.0
		–18.6	0.0	–11.2	–11.7
		–	–	0.3	0.0
		<i>Cash flow from operating activities before changes in net working capital</i>			
		51.9	52.1	93.6	82.5
		–0.3	–2.2	–4.4	–2.8
		–12.6	6.1	–1.7	–1.0
		8.9	–9.4	22.5	–18.2
		<b>47.9</b>	<b>46.6</b>	<b>109.9</b>	<b>60.4</b>
		0.0	–	–0.9	0.0
		–92.2	–52.4	–70.5	–35.9
		–	2.2	3.0	–3.0
		<b>–92.2</b>	<b>–50.2</b>	<b>–68.5</b>	<b>–38.9</b>
		73.5	–10.1	–8.6	–10.0
		–43.0	–	–25.0	0.0
		<b>30.4</b>	<b>–10.1</b>	<b>–33.6</b>	<b>–10.0</b>
		<b>–13.8</b>	<b>–13.7</b>	<b>7.8</b>	<b>11.5</b>
		25.6	17.6	17.6	6.2
		0.4	0.2	0.2	0.0
		12.2	4.1	25.6	17.6

<b>B.7</b>	<i>Financial information in summary (cont)</i>	<b>Key performance indicators</b>				
		Performance measures defined or specified by BFNAR				
			<b>Jan–Sep 2016 Reviewed</b>	<b>Jan–Sep 2015 Unaudited</b>	<b>Jan–Dec 2015 Audited</b>	<b>Jan–Dec 2014 Audited</b>
		Net revenue, SEKm	173.7	114.5	212.9	178.0
		Operating profit (EBIT), SEKm	44.4	31.4	66.6	68.1
		Dividend paid, SEKm <sup>1)</sup>	0	0	40.0	25.0
		Number of shares outstanding at end of period <sup>2)</sup>	500,000	500,000	500,000	500,000
		Average number of employees during the period	66	34	38	20
		<p>1) Dividend paid refers to the proposed dividend for the year, not the paid out dividend stated in the cash flow.</p> <p>2) A bonus issue of 499,000 shares was executed in 2016, all periods have been restated as if the bonus issue had been executed as of 1 January 2014.</p>				
		<b>Alternative performance measures not defined or specified by BFNAR – Unaudited</b>				
			<b>Jan–Sep 2016</b>	<b>Jan–Sep 2015</b>	<b>Jan–Dec 2015</b>	<b>Jan–Dec 2014</b>
		Net revenue growth %	52%	5%	20%	74%
		EBITDA, SEKm	71.6	52.8	105.1	95.2
		Underlying EBIT, SEKm	54.4	40.5	78.9	79.9
		Amortisation of IP rights, SEKm	–10.0	–9.1	–12.3	–11.8
		EBITDA margin %	41%	46%	49%	53%
		Underlying EBIT margin %	31%	35%	37%	45%
		EBIT margin %	26%	27%	31%	38%
		Solvency %	32%	40%	48%	45%
		Dividend per share, SEK <sup>1),2)</sup>	0	0	80.0	50.0
		Adjusted dividend per share, SEK <sup>3)</sup>	0	0	0.56	0.35
		<p>1) Dividend paid refers to the proposed dividend for the year, not the paid out dividend stated in the cash flow.</p> <p>2) A bonus issue of 499,000 shares was executed in 2016, all periods have been restated as if the bonus issue had been executed as of 1 January 2014.</p> <p>3) Adjusted dividend per share refers to dividend per share under the assumption that the number of shares is the same as it would have been after the Offering and the Over-allotment Option is exercised in full, i.e. 72,032,500 shares</p>				

B.7	Financial information in summary (cont)	<p><b>Definitions of alternative performance measures</b></p> <p><b>Net revenue growth</b> Percentage change in net revenue between the reporting periods. Net revenue growth is presented because the Company believes that this performance measure contributes to investors' understanding of the Company's historical development.</p> <p><b>EBITDA</b> Operating profit before depreciation and amortisation. EBITDA is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems EBITDA to contribute to investors understanding of the Company's financial development during the period</p> <p><b>Underlying EBIT</b> Operating profit before amortisation of IP rights. Underlying EBIT is presented because the Company's management believes that it better reflects the Company's operational performance than Operating profit (EBIT). The reason is that amortisation of IP rights do not accurately reflect the value development of the IP rights.</p> <p><b>Amortisation of IP rights</b> Amortisation for the year of the intangible assets classified as IP rights on the Company's balance sheet. IP rights relate to some of the Company's intellectual property rights, such as franchises etc. Amortisation of IP rights is presented in order to increase the readers understanding of how Underlying EBIT and Underlying EBIT margin has been calculated.</p> <p><b>EBITDA margin</b> EBITDA divided by net revenue. EBITDA margin is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems the EBITDA margin to contribute to investors understanding of the Company's financial development during the period.</p> <p><b>Underlying EBIT margin</b> Underlying EBIT divided by net revenue. Underlying EBIT margin is presented because the Company's management believes that it better reflects the Company's operational performance than EBIT margin. The reason is that amortisation of IP rights do not accurately reflect the value development of the IP rights.</p> <p><b>EBIT margin</b> Operating profit (EBIT) divided by net revenue. EBIT margin is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems the EBIT margin to contribute to investors understanding of the Company's financial development during the period.</p> <p><b>Solvency</b> Equity divided by total assets. Solvency is presented because the Company believes it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial position. The Company deems the solvency to contribute to investors understanding of the Company's financial position at the end of the period.</p> <p><b>Dividend per share</b> Dividend paid divided by the number of shares outstanding at the end of the previous reported period. Dividend per share is presented in the Prospects in order to illustrate the yield previous shareholders in the Company have received.</p>
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B.7	<i>Financial information in summary (cont)</i>	<p><b>Significant events during the period 1 Januari 2014 – 30 September 2016</b></p> <p>During August 2015 the Company's wholly owned subsidiary THQ Nordic GmbH (then Nordic Games GmbH) established a games development studio in Germany through the wholly owned subsidiary Grimlore Games GmbH.</p> <p>In December 2015 the Company established the internal game development studio Rainbow Studios in Phoenix, AZ, USA through the wholly owned subsidiary Rainbow Studios Inc. Rainbow Studios mainly manages and develops the Company's IP MX vs. ATV and employed 21 people as of 31 October 2015.</p> <p>In December 2015 the Company acquired all the shares in We Sing Company Holding AB, a Swedish limited liability company which owns all rights to the Company's, now wholly owned, franchise We Sing.</p> <p>In addition, the Company has during the period 1 January 2014 – 30 September 2016 established two smaller internal studios (Foxglove Studios in Stockholm and Mirage Game Studios in Karlstad).</p> <p>The Company has also during the period started developing three of the Company's largest development projects to date with development budgets of SEK 65–125m each.</p> <p><b>Significant events since 30 September 2016</b></p> <p>In October 2016 the Company acquired all of the domains and franchises and equipment and intangible assets related to existing games and not yet launched game projects from the American publisher NovaLogic, which was established in 1986 and is best known for franchises such as Delta Force, Comanche, Tachyon: The Fringe, Armored Fist, Wolfpack and Joint Operations. The acquisition is in line with THQ Nordic's Asset Care strategy, which is based on refinement of existing games. The Company has started to evaluate the acquired program codes and will begin to further develop the games within the next few months. The acquisition included a total of approximately 30 games based on around 5 franchises.</p> <p>In October 2016, an additional three members have been appointed to THQ Nordic's Board of Directors: Kicki Wallje-Lund, who has also been appointed chairman of the board, Pia Rosin and Maria Segolsson.</p> <p>In October 2016 a sharesplit was executed as part of the preparations for the coming ownership distribution. After the sharesplit the number of shares in THQ Nordic was 60,000,000 out of which 9,000,000 class A shares entitles to 10 votes per share and 51,000,000 class B shares entitled to 1 vote per share.</p> <p>In November 2016 a total of 32,500 shares were issued to the newly appointed board member Kicki Wallje-Lund, Pia Rosin and Maria Segolsson. The shares were issued at the Offering price of SEK 20 per share.</p>
B.8	<i>Pro forma accounting</i>	Not applicable. The Prospectus does not contain pro forma accounting.
B.9	<i>Profit/loss forecast</i>	Not applicable. The Prospectus does not contain any profit/loss forecasts.
B.10	<i>Audit remarks</i>	Not applicable. There are no remarks in the audit reports.
B.11	<i>Net working capital</i>	<p>The assessment by the Board is that the existing working capital (i.e. the working capital prior to the completion of the offering) is not sufficient for the Company's current needs for the next twelve months.</p> <p>The company's existing working capital is expected to last until the end of the second quarter 2017. The Company estimates that the deficit in working capital for the next twelve-month period amounts to approximately SEK 25m given the current business plan.</p>

B.11	<i>Net working capital (cont)</i>	<p>The working capital requirements for the next twelve months are expected to be met by the new share issue which is carried out in connection with the Offering and which would provide the Company with approximately SEK 200m before transaction costs if the Over-allotment Option is not exercised and approximately SEK 240m if the Over-allotment Option is exercised in full. The Board is highly confident that the Offering (and the associated new share issue) will be completed – particularly considering that the Cornerstone Investors have committed to acquire class B shares corresponding to a total of SEK 210m in the Offering – and that the Company’s working capital needs for the next twelve-month period therefore will be met.</p> <p>In the event that the Offering (and its associated new share issue) were not to be completed, the Company could be forced to seek alternative sources of funding in the form of, for example, a rights issue, a private placement of new shares or long-term loan financing from existing shareholders or new investors. The Board is highly confident that, in the event the Offering were not to be completed, any of these solutions are feasible. In the event the Company were not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company’s current and planned development projects, would fit within available financing.</p>
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## Section C – Securities

C.1	<i>Securities offered</i>	THQ Nordic class B shares (ISIN number SE0009241706).
C.2	<i>Denomination</i>	The shares are denominated in SEK.
C.3	<i>Total number of shares in the company</i>	As of the date of the Prospectus, there are 60,032,500 shares outstanding in the Company, of which there are 9,000,000 class A shares and 51,032,500 class B shares. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid. The quotient value per share is approximately SEK 0.008333.
C.4	<i>Rights associated with the securities</i>	<p>The class B shares in the Offering are of the same class. The rights associated with shares issued by the Company, including rights under the articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551). The shares in the Company have been issued in accordance with Swedish law.</p> <p><b>Voting rights</b></p> <p>Each class B share that is included in the Offering entitles the shareholder to one (1) vote and each class A share entitles the shareholder to ten (10) votes at general shareholder meetings. Each shareholder is entitled to that number of votes corresponding to the shareholder’s total number of class A and class B shares in the Company. Provided that the Offering is executed in its entirety, including the Over-allotment Option, the class A shares in the Company will represent 58.81 percent of the votes and the class B shares in the Company will represent 41.19 percent of the votes.</p> <p><b>Preferential rights to new shares</b></p> <p>If the Company decides to increase the share capital through a cash issue or an offset issue, holders of class A and class B shares shall have preferential rights to the subscription of new shares of the same class of shares in proportion to the number of shares they already hold (primary preferential right). Shares which have not been subscribed for by primary preferential right shall be offered to all shareholders for subscription (secondary preferential right). Unless the shares thus offered are sufficient for the subscription under the secondary preferential right, the shares shall be allocated between the subscribers in proportion to the number of shares they already hold and, to the extent this is not possible, by drawing of lots.</p>

C.4	<i>Rights associated with the securities (cont)</i>	<p>If the Company decides to issue only class A shares or only class B shares against cash or set-off of claim, all shareholders shall have a preferential right to subscribe for new shares in proportion to the number of shares they already hold, irrespective of whether they hold class A shares or class B shares.</p> <p><b>Right to dividend and liquidation proceeds</b> All shares carry equal rights to dividends and to the Company's assets and potential surplus in the event of liquidation. Entitlement to dividends accrues to those who, on the record date resolved by a general shareholder meeting, are registered in the share register maintained by Euroclear Sweden AB ("Euroclear Sweden") as shareholders. Dividends are normally paid to the shareholders as a cash amount per share through Euroclear Sweden, although they may also be paid in a form other than cash (cash-in-kind dividend).</p>
C.5	<i>Restrictions in free transferability</i>	Not applicable; all issued class B shares will be freely transferable.
C.6	<i>Admission to trading on a regulated market</i>	Not applicable; THQ Nordic has applied for a listing of the Company's class B shares on Nasdaq First North, which is an MTF (Multilateral Trading Facility). Companies listed on Nasdaq First North are regulated by Nasdaq First North's rules and not the legal requirements for trading on a regulated market. Under the condition that the listing application is approved by Nasdaq First North the expected first day of trading of THQ Nordic's class B shares is November 22, 2016. A condition of approval is that the distribution requirement for the Company's class B shares is met by the first day of trade. The Company's class B shares will be traded on Nasdaq First North under the ticker symbol (ticker) THQN B.
C.7	<i>Dividend policy</i>	Not applicable; THQ Nordic's board has not adopted a dividend policy. The previous dividends have been and will continue to be based on the Company's profitability, future development, acquisition opportunities and financial position.

## Section D – Risks

D.1	<i>Main risks related to the issuer or the industry</i>	<p>Main industry- and business-related risks include:</p> <p><b>The company's internal and external game projects can be delayed</b> The company develops games both internally and through collaborations with external game developers. If one or more of the Company's internally or externally developed game project is delayed, it could have significant adverse impact on THQ Nordic's profitability, financial position or earnings.</p> <p><b>THQ Nordic is dependent on external game developers</b> THQ Nordic conducts game development and testing of the Company's internal and external game projects. In the event of decreasing interest from game developers or if THQ Nordic fails to enter into new agreements and obtaining new game development projects on the same scale as before, it could have significant adverse impact on the Company's future growth and financial position.</p> <p><b>Launch of new game titles may generate less revenue than estimated</b> When new game titles are launched, there is a risk that these games are not received in a positive manner by the market. This can lead to losses in revenue, lower margins and reduced cash flow. This applies to both self-financed projects, but also for games where the Company acts as a publisher and accounts for a significant share of the funding. Also capitalized development expenditures may need to be impaired. If a game's launch results in lower revenues than estimated, this may have a significant adverse impact on the Company's profitability, earnings and financial position.</p>
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D.1	Main risks related to the issuer or the industry (cont)	<p><b>THQ Nordic is dependent of a few substantial distributors of its game titles</b>  The Company's sales of digital and physical games are mainly done through a few substantial distributors. If a substantial distributor for some reason has to remove its digital platform or if a physical distributor has to cancel its sales, it could lead to a loss of income in the short term, and if an interruption is prolonged, it could have a significant adverse impact on the Company's financial position and earnings.</p> <p><b>THQ Nordic must develop new games and improve existing games</b>  THQ Nordic's continued growth, amongst other things, depending on the ability to continuously develop new games, improve existing games in a way that improves the gaming experience and successfully enter into agreements regarding new game development projects. If the current game development model ceases to be effective, there is a risk that the current development costs increase and the operating profits decrease. There is a risk that no or only a few upcoming games will be successful and generate significant income. If THQ Nordic fails to develop and improve new and existing games that generate significant revenues, it could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.</p> <p><b>The Company is dependent on its intellectual property rights</b>  Like other companies within the same industry, THQ Nordic is a company that depends on its intellectual property rights and that these rights are adequately protected. If the products that the Company currently owns or products that the Company will produce, acquire or develop in the future do not receive necessary intellectual property protection, or if existing intellectual property protection cannot be maintained or existing intellectual property protection appears to be inadequate to protect the Company's rights and market position, this could have a significant adverse impact on THQ Nordic's ability to conduct operations, its financial position or earnings.</p> <p><b>Potential future acquisitions may fail to realize the expected financial and strategic synergies</b>  In order to fully realize the expected financial and strategic synergies of future acquisitions, THQ Nordic must rationalize, coordinate and integrate all activities conducted by the acquired business. THQ Nordic may not achieve the expected synergies from such investments or acquisitions, and these transactions may become unprofitable and burden the other operations. In a corresponding way, if THQ Nordic acquires companies, the Company may find it difficult to integrate the personnel and operations, or personnel in the acquired business may choose to resign. THQ Nordic could also suffer technology problems or problems when integrating products from the acquired company into the Company's operations. If any of these risks were to materialize, it could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.</p> <p><b>Tax risks, amongst other things, due to the fact that THQ Nordic carries on operations and owns subsidiaries in several countries</b>  THQ Nordic mainly conducts its operational activities in Austria and Sweden. Operations are conducted in accordance with the Company's interpretation of applicable tax laws, tax treaties and regulations in the relevant countries and the relevant tax authorities. Should THQ Nordic's interpretation of applicable laws, tax treaties and regulations not turn out to be correct, or if the relevant authorities make a different interpretation, introduce an administrative practices or assesses that revenues must be reallocated within the Group, possibly with retroactive effect, it could change THQ Nordic's current and previous tax situation which could adversely affect the Company's earnings and financial position.</p>
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D.3	Main risks related to the securities	<p>Any securities investments are subject to risks. Such risks can lead to that the price of the Company's class B shares falls significantly and investors could lose all or part of their investment.</p> <p>The key risks related to the Offering and the Company's class B shares comprise:</p> <p><b>An active, liquid and functioning market for the Company's shares may not develop</b>  There has been no trading on a marketplace with THQ Nordic shares before the Offering. An investment in a company whose shares are traded on Nasdaq First North can be associated with higher risk than an investment in a company whose shares are traded on a regulated market. It is not possible to predict to what extent the investors' interest in THQ Nordic leads to an active trading of the share or how trading with the share will develop in the future. There is a risk that an active and liquid trading not will occur and that a liquid trading will not develop or, even if such trading develop, it may not remain after the completion of the Offering.</p> <p><b>Existence of unlisted class A shares</b>  The Company's share capital comprises, and will after the Offering compromise, class A and class B shares, which carry different voting rights. Class A shares, which carry ten votes, will not be encompassed by the Offering and there are currently no plans to list Class A shares on a regulated or non-regulated marketplace in Sweden or abroad. The interest of holders of class A shares could differ from or conflict with the interest of THQ Nordic or of the holders of class B shares and there is a risk that the holders of class A shares will exercise their control over the THQ Nordic in a manner that is not in the interest of holder of class B shares. Thus, there is a risk that investors ability to influence through holding of class B shares is limited.</p> <p><b>The commitment of Cornerstone Investors are not guaranteed and may not be fulfilled</b>  Six investors ("Cornerstone Investors") have committed to, before the first day of trading of the Company's class B shares, under certain conditions and to the same price as other investors, acquire 10,500,000 class B shares for SEK 210 million, equivalent to 14.6 percent of the shares and 6.9 percent of the votes in THQ Nordic if the Over-allotment Option is exercised in full.</p> <p>However, the commitments of the Cornerstone Investors are not guaranteed through bank guarantee, deposit funds, pledging or any similar arrangements and there is a risk that the Cornerstone Investors will not be able to fulfil their commitments. Furthermore, the commitments of the Cornerstone Investors are subject to certain terms and conditions regarding, <i>inter alia</i>, that a certain distribution level of the Company's shares is fulfilled in connection with the Offering. In the event of non-fulfilment of these terms and conditions, there is a risk that Cornerstone Investors will not fulfil their commitments, which could have an adverse impact on the completion of the Offering.</p>
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## Section E – Offering

E.1	<i>Issue proceeds and issue costs</i>	<p>After deduction of transaction costs, including fees to Pareto Securities and other advisors, which is expected to amount to around SEK 18m, THQ Nordic expects the issue of new class B shares in connection with the Offering to raise net proceeds of around SEK 222m under the assumption that the Over-allotment Option is exercised in full. THQ Nordic will not receive any of the proceeds from the sale of class B shares offered by the Selling Shareholders.</p>
E.2a	<i>Motive and use of proceeds</i>	<p>In the Board of Directors' assessment, since 2011 THQ Nordic has established a strong platform with strong growth and profitability from which the Company can accelerate its growth, and this will be further supported by the listing of the B shares on Nasdaq First North and the associated Offering. The Board of Directors believes that the listing and the Offering, among other things, will:</p> <ul style="list-style-type: none"> <li>• finance further growth (see below for a specification of THQ Nordic's intended primary uses of the net proceeds)</li> <li>• enhance the ability for THQ Nordic to use its shares to finance future acquisitions</li> <li>• broaden and strengthen THQ Nordic's shareholder base and offer a liquid market for its class B shares</li> <li>• strengthen THQ Nordic's recognition and brand with customers, investors and the sector in general</li> </ul> <p>The new issue of class B shares in connection with the Offering is expected to raise gross proceeds of approximately SEK 240m, and a net proceeds of approximately SEK 222m, assuming that the Over-allotment Option is fully exercised. THQ Nordic will not receive any proceeds from the sale of class B shares of the Selling Shareholders. THQ Nordic intends to use the net proceeds from the Offering mainly to finance:</p> <ul style="list-style-type: none"> <li>• development and marketing of the current pipeline projects</li> <li>• development of additional sequels to existing franchises</li> <li>• and new acquisitions of franchises, game development studios or other objects which complements the operations</li> </ul> <p>The assessment by the Board is that the existing working capital (i.e. the working capital prior to the completion of the offering) is not sufficient for the Company's current needs for the next twelve months. The Company's current working capital is expected to be sufficient until and including the second quarter of 2017. The Company expects the working capital deficit for the coming twelve months period to amount to SEK 25m given the current business plan. The working capital need for the coming twelve months is expected to be met by the issuance of new class B shares in connection with the Offering, which is expected to bring the Company proceeds of around SEK 200m before transaction costs if the Over-allotment Option is not exercised and around SEK 240m if the Over-allotment Option is exercised in full.</p> <p>In the event that the Offering (and its associated new share issue) were not to be completed, the Company could be forced to seek alternative sources of funding or would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.</p>
E.3	<i>Offering terms and conditions</i>	<p><b>General</b> – The Offering comprises 10,000,000 newly issued class B shares offered by the Company and 10,000,000 existing class B shares offered by the Selling Shareholders. If the Over-allotment Option is exercised the offering may be extended by an additional 10% of the total number of class B shares in the Offering. The Offering is addressed to the general public in Sweden, as well as to institutional investors in Sweden and internationally.</p> <p><b>The Offer Price</b> – SEK 20 per class B share.</p>

E.3	<i>Offering terms and conditions (cont)</i>	<p><b>Application period</b> – Applications from the general public in Sweden within the terms of the Offering shall be made during the period 8–17 November 2016. Applications from institutional investors in Sweden and internationally within the terms of the Offering shall be made during the period 8–18 November 2016.</p> <p><b>Application</b> – Applications from the general public in Sweden shall be of no less than 500 and no more than 50 000 class B shares, in even blocks of 100 class B shares. Institutional investors in Sweden and internationally submit their applications to acquire class B shares in the Offering following specific instructions.</p> <p><b>Allotment</b> – Decision on allotment of class B shares is made by the Board of Directors and the Selling Shareholders after consultation with Pareto Securities, whereby the goal will be to achieve a good institutional shareholder base and a broad distribution of the class B shares among the general public, in order to facilitate a regular and liquid trading the Company's class B shares on Nasdaq First North.</p> <p><b>Settlement day</b> – The settlement day is planned to 23 November 2016.</p> <p><b>Terms and conditions for completion of the Offering:</b> Investor should note that the trading in the class B shares may, from the first day of trading until settlement has occurred on the settlement date, under certain circumstances be cancelled. If the Offering is cancelled it will be announced through a press release no later than 23 November 2016 and received applications will be disregarded.</p>
E.4	<i>Interests and conflict of interests</i>	<p>A number of the Company's existing shareholders, the Selling Shareholders, have decided to offer to sell parts of their holdings in THQ Nordic. Pareto Securities is THQ Nordic's financial advisor in connection with the Offering and the listing, Pareto Securities acts as Global Coordinator and Sole Bookrunner in the Offering. Pareto Securities (and to them related companies) have provided, and may in the future provide, services within the context of regular operations, and in connection with other transactions for THQ Nordic for which they have received, and may in the future receive, compensation.</p>
E.5	<i>Principal Owner/Lock-up agreements</i>	<p>The Selling Shareholders, the board of directors and senior executives have undertaken not to sell their remaining shares in the Company during the lock-up period, which corresponds to 100% of the existing class A and class B shares in the Company, excluding the class B shares which are sold in the Offering. The lock-up period is 360 days for everyone. After the end of the Lock-up period, the shares may be offered for sale, which could impact the market price of the shares. Pareto Securities may also approve exemptions from the lock-up agreement. Exemptions from the lock-up agreements will be determined from case to case, and may be of personal as well as business character. Furthermore, the Company has undertaken towards Pareto Securities, with certain conditions, for a period of 360 days from the first day of trading of the Company's class B shares on Nasdaq First North, to not without the written approval from Pareto Securities, decide or propose the general meeting to decide to increase the share capital through a issue of shares.</p>
E.6	<i>Dilution effect</i>	<p>The new share issue in connection with the Offering, provided that the Over-allotment Option is not exercised in full, may result in that the number of shares in THQ Nordic increase by 10,000,000 shares to a total of 70,032,500 shares, equivalent to a dilution of approximately 14 percent.</p> <p>The new share issue in connection with the Offering, provided that the Over-allotment Option is exercised in full, may result in that the number of shares in THQ Nordic increase by 12,000,000 shares to a total of 72,032,500 shares, equivalent to a dilution of approximately 17 percent.</p>
E.7	<i>Costs imposed on investors by the issuer or offerer</i>	<p>Not applicable. No costs will be imposed on investors by the issuer of offerer.</p>

# RISK FACTORS

*Any decision to invest in the securities is associated with risk. It is important to carefully analyse the risk factors considered to be of significance to the Company and the share's future development. Described below, without any particular order and without claim to be exhaustive, are some of the risk factors deemed to be material to THQ Nordic. This includes risks regarding circumstances that are attributable to the industry, THQ Nordic as a company and those of a more general nature and risks associated with the shares and the Offering. Some risks are completely or partly outside of the Company's control. The risks described below are not exhaustive, and all risk factors cannot be predicted or described in detail, meaning that a complete evaluation must also include other information in the Prospectus and a general business intelligence assessment. The risks and uncertainties described below, may have an effect on THQ Nordic's operations, financial position and/or operating profit. If any of these risks were to materialize, it could mean that THQ Nordic shares decrease in value, which could result in that THQ Nordic's shareholders lose all or part of their invested capital. Additional factors which are currently unknown or that currently do not appear to be risks for THQ Nordic, could also have a similar impact.*

## **RISKS RELATED TO THE COMPANY AND ITS OPERATIONS**

### **The company's internal and external game projects can be delayed**

The company develops games both internally and through collaborations with external game developers. Delays in ongoing and future game projects could have a negative effect on cash flow, proceeds and operating margins. Delays can occur in both internally and externally developed projects. The completion of a game project could also require more resources than originally estimated and in such cases THQ Nordic must usually bear the responsibility for these additional costs, especially if it applies to an internal project. If one or more of the Company's internally or externally developed game project is delayed, it could have significant adverse impact on THQ Nordic's profitability, financial position or earnings.

### **THQ Nordic is dependent on external game developers**

THQ Nordic conducts game development and testing of the company's internal and external game projects. Development projects where a third party is a primary developer but where THQ Nordic is publisher occur in, *inter alia*, the US and Europe. In order for the operations to continue to be conducted with both internally and externally developed games, a prerequisite is that THQ Nordic manages to obtain new external game development projects. In the event of decreasing interest from game developers or if THQ Nordic fails to enter into new agreements and obtaining new game development projects on the same scale as before, it could have significant adverse impact on the Company's future growth and financial position.

### **The launch of new game titles can generate lower revenues than estimated**

When new game titles are launched, there is a risk that these games are not received in a positive manner by the market. This can lead to losses in revenue, lower margins and reduced cash flow. This applies to both self-financed projects, but also for games where the Company acts as a publisher and accounts for a significant share of the funding. Also capitalized development expenditures may need to be impaired. If a game's launch results in lower revenues than estimated, this may have a significant adverse impact on the Company's profitability, earnings and financial position.

### **THQ Nordic is dependent on a few essential game title distributors**

The Company's sales of digital and physical games are mainly done through a few substantial distributors. It is necessary for THQ Nordic that the distributors can continue to provide digital and physical distribution channels in order for THQ Nordic to continue to generate revenue from them. THQ Nordic also depends on that the financial information provided by the digital distributors is complete and the Company, to a large extent, relies on that the revenues reflect the players' actual purchases. If a substantial distributor for some reason has to remove its digital platform or if a physical distributor has to cancel its sales, it could lead to a loss of income in the short term, and if an interruption is prolonged, it could have a significant adverse impact on the Company's financial position and earnings.

**THQ Nordic may fail to evolve and adapt to new technology and consumers preferences and demands and amended regulation**

The development in the gaming industry is mainly driven by the desires and demands of end-users, game developers and publishers, which means that actors must constantly offer new products and services in order to attract and retain a broad range of end-users. In an industry characterized by the rapid development of new products, technologies and end-user behaviour, it is crucial that the Company continually updates and develops new and existing products and technologies. The vast introduction of new internet technology, new hardware, new types of gaming platforms and higher standards may require that the Company must provide major funding in order to replace, upgrade, modify or adjust its offering. The rapid development of technology also means that some technology, does not succeed on the market or is outcompeted by other solutions. There is a risk that THQ Nordic invests resources and capital to adjust its offering to a technology that will not be as successful as the Company originally estimated. If any of these risks were to materialize, it can have a significant adverse impact on the Company's operations, earnings and financial position.

**THQ Nordic's future growth is dependent on its ability to develop new games and improve already existing games**

THQ Nordic's continued growth is depending on the ability to continuously develop new games, improve existing games in a way that improves the gaming experience and successfully enter into agreements regarding new game development projects. If the current game development model ceases to be effective, there is a risk that the current development costs increase and the operating profits decrease. There is a risk that no or only a few upcoming games will be successful and generate significant income.

If THQ Nordic fails to develop and improve new and existing games that generate significant revenues, it could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.

**The Company is dependent on its intellectual property rights**

Like other companies within the same industry, THQ Nordic is a company that depends on its intellectual property rights and that these rights are adequately protected. The Company's intellectual property rights are mainly protected by copyrights, trademarks, laws for the protection of trade secrets and/or agreements. If the products that the Company currently owns or products that the Company will produce, acquire or develop in the future do not receive necessary intellectual property

protection, or if existing intellectual property protection can not be maintained or existing intellectual property protection appears to be inadequate to protect the Company's rights and market position, this could have a significant adverse impact on THQ Nordic's ability to conduct operations, its financial position or earnings. In addition, THQ Nordic's operations, financial position or earnings may be adversely impacted in the event that the Company becomes subject of breach of its intellectual property rights, or if the Company infringes on another company's intellectual property rights.

THQ Nordic, its subsidiaries or third parties under contract own trademarks and web domains with important significance and ensures that intellectual property rights are maintained within THQ Nordic's control. There is a risk that intellectual property protection is not sufficient and that any claims, breach of contract or loss of copyrights or other intellectual property rights could have a material adverse impact on the Company's operation, earnings and financial position.

**THQ Nordic is dependent on maintaining and recruiting key personnel**

The Company's success is built on, and dependent on, existing individual employees' knowledge and long-standing experience in the industry and THQ Nordic's future ability to recruit and retain key personnel. Therefore, it is essential that the Company manages to attract and retain important personnel and that the personnel experience the Company as a stimulating employer. The loss of key personnel could lead to a slower and more expensive business development, which could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.

**THQ Nordic is dependent on a well-functioning IT-system and is in addition exposed to risks related to hacking, virus, sabotage and other cyber crimes**

THQ Nordic depends on an effective and uninterrupted running of various IT systems in order to conduct the various operations, including game development, sales, warehousing and distribution. A comprehensive breakdown or other disruption in the IT systems could affect the ability to carry out activities relating to the development of products, conduct effective sales and invoicing and delivering products and services to customers. THQ Nordic could become liable if the Company is not able to provide its customers with products and services.

The Company's operations also include the use and storage of information about employees and customers. There is a risk that the Company's safety considerations regarding their systems and other security measures do not prevent unauthorized access, or that personal or protected information for other reasons is disclosed.

The IT environment in which THQ Nordic operates is also governed by constantly amended comprehensive laws, rules and regulations, including, but not limited to, the protection and handling of personal data. In some cases these laws, rules and regulations can be inconsistent between the jurisdictions where THQ Nordic operates. THQ Nordic also risks being negatively affected by activities such as hacking, the spread of viruses and other forms of cybercrime. Such activities can disturb sites and game development, causing system failure and operation interruption and damage computers or other devices related to THQ Nordic, its customers or end-users.

If any of the above risks were to materialize, it may harm THQ Nordic's reputation and the Company could become liable for related damages. This could result in increased costs and/or loss in revenue. This could also have a significant adverse impact on THQ Nordic's operations, financial position or earnings.

**THQ Nordic is active in a competitive market and the Company might fail to compete successfully**

THQ Nordic has competitors in all of its markets. There is a risk that THQ Nordic's competitors are better or faster than the Company in adapting and developing new and/or better games, other products and/or technologies. Increased competition from large and small actors on the market can lead to lower prices and reduced demand for the Company's products which could decrease THQ Nordic's margins.

THQ Nordic's position on current markets may quickly be weakened if the Company's competitors develop new, better and/or cheaper gaming products and technologies. Current and potential future competitors may also more well-known companies, have a broader clientele and can achieve success in expanding their market shares e.g. by extensive marketing efforts. If THQ Nordic market position is weakened and/or increased competition could have significant adverse impact on THQ Nordic's operations, financial position or earnings.

**The Company runs the risk of being involved in legal and administrative procedures including claims related to THQ Nordic's intellectual property rights and claims regarding THQ Nordic's possible infringement in a third party's intellectual property rights**

In the gaming industry, disputes sometimes occur, in particular concerning the rights to intellectual property. Consequently, there is a risk that THQ Nordic in future will be involved in legal or administrative proceedings, which could lead to comprehensive claims for damages or other claims for payment, including claims for damages by customers or competitors. Preparations, contesting and the outcome of initiated procedures can be long and costly. The outcome of such procedures is difficult to predict. If the outcome of large judicial or

administrative proceedings is negative, whether it is based on a judgment or arbitration, THQ Nordic could be imposed a significant liability. Additionally, costs associated with disputes and arbitration could be significant.

THQ Nordic competitors or other persons may already have been granted, or could in the future be granted intellectual property rights that the Company depends upon. If THQ Nordic is sued for breach of intellectual property rights, the Company may be subject to extensive costs for contesting the claims, and could receive a suspension injunction to suspend all sales of products using the disputed rights during the time period when the process regarding the right is ongoing. If the Company is sued for breach of intellectual property rights that belong to external parties, a court may impose the Company to pay significant compensation for damages or license fees to the owner of the property right and/or impose the Company to cease with using any intellectual property or technologies and products that breach intellectual property rights. This can cause a significant disturbance in THQ Nordic's operations and result in significant costs for the development and implementation of alternative technologies or products that do not breach intellectual property rights, or alternatively to acquire a license from the holder of the property right. It could also result in that THQ Nordic's licensees and customers address warranty claims against the Company. There is a risk that a successful claim concerning breach of intellectual property rights by a third party results in THQ Nordic is not able to develop competitive and affordable alternatives, or that the Company fails to acquire a license from a property right holder to commercially acceptable terms, or at all.

In addition to disputes about intellectual property rights, the Company may also be involved in other types of disputes and legal proceedings. If the Company becomes involved in disputes or in other types of legal proceedings it can result in significant costs and/or compensation for damages, which could have a material adverse impact on the Company's operations, financial position or results.

**Potential future acquisitions may fail to fully achieve THQ Nordic's anticipated financial and strategic synergies**

In order to fully realize the expected financial and strategic synergies of future acquisitions, THQ Nordic must rationalize, coordinate and integrate all activities conducted by the acquired business. This process involves complex technical, operational and personnel related challenges which are time consuming and expensive and may also have an adverse impact on THQ Nordic's regular activities. The difficulties, costs and delays which may occur can, among other things, include: i) difficulties, costs or complications of

combining the companies' operations which may lead to THQ Nordic not achieving the expected synergies, ii) inability to use resources effectively to develop business in the merged company, iii) different standards, controls, procedures and policies, business cultures and compensation structures, iv) management's focus is diverted from operations and other strategic opportunities, v) lack of coordination between geographically separated organizations, vi) potential tax costs or ineffectiveness in tax matters in connection with the integration of the two companies and vii) restructuring costs and investments. Based on the above mentioned reasons, THQ Nordic may find it difficult to achieve the financial and strategic synergies that future acquisitions are expected to result in.

Any actual savings in expenses and synergies may actually be lower than expected and take longer time to achieve than expected by THQ Nordic. This may result in that THQ Nordic does not achieve the expected benefits from such investments or acquisitions, and that these transactions may not be profitable and be a burden for other operations within the Company. In a corresponding way, if THQ Nordic acquires companies, the Company may find it difficult to integrate the personnel and operations, or personnel in the acquired business may choose to resign. THQ Nordic could also suffer technology problems or problems when integrating products from the acquired company into the Company's operations.

If any of these risks were to materialize, it could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.

#### **Risk that the Company's growth may be limited or depleted**

In order to achieve earnings and growth, the Company must successfully manage business opportunities, revenues and necessary product- and service quality expected by the customers. This also requires that THQ Nordic is successful in finding qualified personnel. The Company may explore new, diversified revenue generating strategies and the increasing complexity of operation activities could result in additional demands on the Company's systems, controls, procedures and management. This could in turn affect the Company's ability to successfully handle future growth. Future growth will also entail more responsibility for the management, e.g. the need to identify, recruit, train and integrate additional employees. The Company could fail to successfully manage such development and future growth. If the Company is unable to effectively manage its growth, or fails to adapt to changes and the increased requirements assignable to the expansion, it could have a negative impact on the Company's growth, which could have a significant adverse impact on THQ Nordic's operations, financial position or earnings.

#### **The Company's operations are associated with credit risk**

Credit risk or counterparty risk is the risk that a counterparty in a financial transaction will not be able to fulfill their obligations on the due date. THQ Nordic's credit risk includes bank balances, financial investments and outstanding accounts receivable. By far the largest financial risk for the Company is the credit risk associated with outstanding accounts receivable. Shortcomings in the Company's control of customers before granting credit could have an adverse impact on the Company's operations, financial position or earnings.

#### **The Company receives revenues in multiple currencies which exposes the Company to currency risks**

THQ Nordic's currency risk comprises the components transaction risk and translation risk. Transaction risk is the risk of an impact on the Company's earnings and cash flow due to the value of flows in foreign currencies changing in the event of changes in exchange rates. THQ Nordic normally has an inflow of EUR and USD and a net outflow of amongst other currencies EUR and USD. This means that the Company is continuously exposed to transaction risk.

Translation risk takes the form of a risk arising when the net assets of foreign subsidiary are translated to the reporting currency, Swedish kronor (SEK). There are foreign subsidiaries in Austria (EUR), United Kingdom (GBP), Germany (EUR) and the United States (USD). The Company is impacted by the translation of the income statements and balance sheets of foreign subsidiaries to SEK. This exposure is not hedged.

Since the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could have an adverse impact on the Company's operations, financial position or earnings.

#### **Risks related to the Company's long term funding and capital needs**

The Company's Board assesses that current operating capital (i.e. operating capital before conducting the Offering) does not cover the Company's current needs during the coming twelve month period.

The Company's current operating capital is deemed to last up and until the second quarter in 2017. The Company's estimates that deficits in operating capital for the next twelve months will amount to approximately SEK 25 million given the current business plan.

The Company's Board and Management continuously evaluates the Company's long term capital needs and financing alternatives. Company may need to seek additional funding in the future, which could be given on unfavourable terms, if at all. If THQ Nordic in the future fails to raise the required capital on reasonable terms, or not at all, this could adversely affect the Company's results and financial position.

**Tax risks, amongst other things, due to the fact that THQ Nordic carries on operations and owns subsidiaries in several countries**

THQ Nordic mainly conducts its operational activities in Austria and Sweden. Operations are conducted in accordance with the Company's interpretation of applicable tax laws, tax treaties and regulations in the relevant countries and the relevant tax authorities. Should THQ Nordic's interpretation of applicable laws, tax treaties and regulations not turn out to be correct, or if the relevant authorities make a different interpretation, introduce an administrative practices or assesses that revenues must be reallocated within the Group, possibly with retroactive effect, it could change THQ Nordic's current and previous tax situation which could adversely affect the Company's earnings and financial position.

**RISKS RELATED TO THE OFFERING AND THE COMPANY'S CLASS B SHARES**

**An active, liquid and functioning market for the Company's share may not develop and choice of trading platform**

There has been no trading on a marketplace with THQ Nordic shares before the Offering. The Company's class B shares will be traded on Nasdaq First North, which is a MTF and not a regulated market. Companies on Nasdaq First North is governed by a specific regulatory framework and not of the legal requirements for trading on a regulated market. An investment in a company whose shares are traded on Nasdaq First North can be associated with higher risk than an investment in a company whose shares are traded on a regulated market. It is not possible to predict to what extent the investors' interest in THQ Nordic leads to an active trading of the share or how trading with the share will develop in the future. There is a risk that an active and liquid trading not will occur and that a liquid trading will not develop or, even if such trading develop, it may not remain after the completion of the Offering.

The Offering price will not necessarily reflect the market share price to which investors will be willing to buy and sell the shares for after the completion of Offering. Thus, investors may not be able to sell the shares at a price equal to or above the Offering price.

**The stock price may be very volatile**

Extreme up and down swings in prices and volumes have previously occurred on the stock market, which often have no connection to or have been disproportionate to listed companies' results. General economic and industrial factors can have an impact on the price of a company's shares, including the Company's shares, regardless of a company's actual result. These fluctuations may be even more pronounced shortly in trading with the

share after the Offering. Investors who buy shares in the Offering or on the market could lose some or all of their investments.

**Owners with significant influence**

After the Offering, approximately 50.01 percent of the capital and 61.78 percent of the voting rights in THQ Nordic will be owned by Lars Wingefors AB. Lars Wingefors, who's a board member and CEO of the Company, owns 100 percent of the shares in Lars Wingefors AB. Thus, Lars Wingefors AB, and Lars Wingefors himself, will be able to exercise significant influence in all matters where all shareholders have voting right, including for example the election of board members and the merger or sale of all or essential parts of THQ Nordic's assets. These questions also include the issuance of additional shares or other securities in THQ Nordic, which can dilute other shareholders' ownership in the Company, as well as future dividends. Lars Wingefors AB's interests may not be the same as, and may significantly differ from or be in conflict with, the Company's interests or the interests of other shareholders and it is possible that Lars Wingefors AB will exercise its influence in the Company in a way that is not beneficial for other shareholders.

**The presence of a strong, unlisted class A share**

The Company's share capital comprises, and will after the Offering compromise, class A and class B shares, which carry different voting rights. Class A shares, which carry ten votes, will not encompassed by the Offering and there are currently no plans to list Class A shares on a regulated or non-regulated marketplace in Sweden or abroad. When the Offering has been completed, holders of class A shares will control approximately 58.81 percent of the voting rights in the Company. Accordingly, holder of class A shares will therefore continue to have a controlling influence in the Company and will considerable power to influence the outcome of most of the business that is resolved through votes at general shareholder meetings. Such business includes the election of directors, issuance of new shares and payment of dividends. The interest of holders of class A shares could differ from or conflict with the interest of THQ Nordic or of the holders of class B share and there is a risk that the holders of class A shares will exercise their control over the THQ Nordic in a manner that is not in the interest of holder of class B shares. For example, there could be a conflict between the interests of holders of class A shares, on one hand, and the interests of holders of class B shares, on the other hand, in respect of the decision to pay dividends. Thus, there is a risk that investors ability to influence through holding of class B shares is limited.

**Sales of major holdings of the Company's shares may have a negative effect on the share price**

The price on the Company's shares could decrease considerably if a divestment of a significant number of shares in the Company occur, in particular if the sale of shares is made by the Company's board members, senior executives and major shareholders or when a significant amount of shares is sold. Sale of large quantities of shares by Lars Wingefors AB or of the Cornerstone Investor, or the belief that such sales will occur, could sink the price of the Company's shares.

**Dividends from the Company depend on several factors and may not occur or vary**

The amount of future dividends to shareholders of the Company, if such dividends are paid at all, will depend on several factors, which may include future earnings, financial position, cash flows, working capital requirements, investment costs and other factors. There is a risk that the Company does not have enough distributable funds and the Company's shareholders may not decide about dividends in the future.

**Dilution through future issues**

In the future, THQ Nordic may need to raise additional capital through new share issues and share related instruments. All such issues may reduce the proportionate ownership, voting rights and earnings per share for shareholders of the Company. Additionally, any new share issues could have a negative impact on the shares' market price.

**Exchange differences may affect the value of shareholdings or paid dividends**

The shares will only be listed in SEK and any dividends will be paid in SEK. This means that shareholders outside Sweden may be subject to negative effects on the value of the shareholding and dividends, when these are converted into other currencies, if the Swedish krona is depreciated against the currency in question.

**Commitments from Cornerstone Investors are not guaranteed and may therefore not be realized**

The Cornerstone Investors have, through agreements concluded in October 2016, undertaken to acquire class B shares in the Offering under the same conditions and other investors. The Cornerstone Investors have undertaken to acquire class B shares in the Offering for, in total, SEK 210 million, equivalent to 52.5 percent of the shares and votes in the Company, or, in total, 47.7 percent of the shares and the votes in the Company should the Over-allotment Option be exercised in full.

However, the subscription undertakings of the Cornerstone Investors have not be secured by means of bank guarantees, deposited funds, pledging or any similar arrangement. Accordingly, there is a risk that the Cornerstone Investors will not fulfil their undertakings. In addition, the undertakings of the Cornerstone Investors are subject to certain conditions, such as fulfilling the distribution requirement of the Company's shares in connection with the Offering. Should any of these conditions not be met, there is a risk that the Cornerstone Investors will not be bound by their undertakings and may choose not to acquire shares, which could have a significant adverse impact on the completion of the Offering.

# INVITATION TO ACQUIRE CLASS B SHARES IN THQ NORDIC

The Board of Directors of THQ Nordic and the Selling Shareholders have, with the purpose to promote THQ Nordic's continued growth and development, resolved to diversify the Company's shareholder base and raise new capital. The Company's Board of Directors has therefore applied for a listing of the Company's class B shares on Nasdaq First North and in conjunction carry out the Offering.

The Offering comprises 20,000,000 class B shares in THQ Nordic whereof 10,000,000 newly issued class B shares and 10,000,000 existing class B shares offered by the Selling Shareholder. The Selling Shareholders are Lars Wingefors, Erik Stenberg, Mikael Brodén, Pelle Lundborg and Klemens Kreuzer. All of the Selling Shareholders can be reached at the Company's address. In order to cover any over-allotment in connection with the Offering the Company has, at the request of Pareto Securities, undertaken to issue a maximum of 2,000,000 additional new class B shares, corresponding to a maximum of 10% of the total number of class B shares comprised in the Offering. The Over-allotment Option can be fully or partly used within 30 calendar days from the first day of trading of the Company's class B shares at Nasdaq First North. The price of the class B shares in the Over-allotment Option will be the same as the price in the Offering.

The Offering Price has been determined by the Board of Directors and the Selling Shareholders in consultation with Pareto Securities to SEK 20 per B share and is the same for both institutional investors and the general public. No brokerage commission will be charged. The Offering price of SEK 20 per B share has mainly been determined by the book-building process that took place during September and October 2016. During the book building process certain institutional investors were invited to submit expressions of interest to subscribe for shares in the Company and submit tenders for the price level at which they would be interested to subscribe for shares in the Company. The outcome of the tendering procedure was that Cornerstone Investors, through agreements entered with Pareto Securities in October 2016, undertook to, under certain conditions and for the same price as other investors, acquire class B shares in the Offering corresponding to a total of SEK 210m and against this background the Offering Price is deemed to be along market terms. See section "*Legal considerations and supplementary information – Subscription undertakings by the cornerstone investors*" for more information. In addition to the book-building process the Offering price is to a certain degree based on discussions between THQ Nordic and

Pareto Securities about THQ Nordic's future, long-term business prospects and where a certain comparison to the market price of other game developers and game publishers listed on regulated markets and alternative trading venues also has been made.

If the Over-allotment Option is not exercised the Offering will compromise 20,000,000 class B shares, corresponding to 28.6% of the total number of shares and 13.2% of the votes in THQ Nordic after the Offering. If the Over-allotment Option is exercised in full the Offering will compromise 22,000,000 class B shares, corresponding to 30.5% of the total number of shares and 14.4% of the votes in THQ Nordic after the Offering. The total value of the Offering is SEK 400m assuming that the Over-allotment Option is not exercised and SEK 440m assuming that the Over-allotment Option is exercised in full.

The new class B shares in the Offering are issued by the Company with derogation from the shareholders' preferential rights, with support from the shareholder's meeting held on 6 October 2016. The right to subscribe for new shares shall reside with the general public in Sweden and with institutional investors in Sweden and internationally. The Board of Directors of THQ Nordic intends to increase the share capital with a maximum amount of 100,000 SEK through a new issue of a maximum of 12,000,000 class B shares which will bring in proceeds of approximately SEK 240m before transaction costs to THQ Nordic.

If the maximum number of class B shares (12,000,000 new class B shares) are issued the total number of shares in THQ Nordic will increase by 12,000,000 amounting to a total number of shares of 72,032,500 and the number of votes in THQ Nordic will increase with 12,000,000 amounting to a total number of votes of 153,035,500, corresponding to a dilution of around 17% of the share capital and around 8% of the votes in THQ Nordic.

Cornerstone Investors, Didner & Gerge Fonder, Swedbank Robur Fonder AB, Handelsbanken Fonder AB, RAM ONE AB, Novobis AB and Lancelot Asset Management, have committed to, under certain conditions and at the same price as other investors, before the first day of trading for the Company's class B shares, acquire 10,500,000 class B shares for a total amount of SEK 210m, corresponding to 15% of the shares and 7% of the votes in THQ Nordic after the Offering if, among other things, the Over-allotment Option is fully exercised

Karlstad 7 November 2016

THQ Nordic AB (publ)  
The Board of Directors  
The Selling Shareholders

# BACKGROUND AND RATIONALE

THQ Nordic acquires, develops and publishes PC and console games for the global games market. The core business model consists of acquiring established but currently underperforming franchises and successively refining them. The Company focuses on owning its own franchises and developing and publishing these, and as of 31 October 2016 had around 75 owned franchises in the portfolio. The Company also publishes game titles for various strategic partners and as at the same date had around 60 published titles in its portfolio.

The Company has a global presence, with its Group head office in Karlstad, Sweden and its operational head office in Vienna, Austria. As of 31 October 2016 the Company had four internal game development studios – two in Sweden, one in Germany and one in the US – and contracts with 19 external game studios in a number of different countries. As of the same date the Company employed more than 370 people, of which around 30 personnel within the publishing business, around 70 personnel within internal game development and more than 270 contracted external game developers.<sup>1)</sup>

The Groups' Founder, CEO and largest owner Lars Wingefors is stationed at the Groups' head office in Karlstad and has over 20 years of experience in the games industry and as entrepreneur – see section *"Message from the founder – The THQ Nordic story"*.

The story of THQ Nordic began in 2011 when the Company acquired all the franchises of the Austrian game publisher JoWoD, which was at that time a listed company that had become insolvent. A new and important chapter in the story of THQ Nordic was written in 2013 when a number of strong franchises were acquired from the American game publisher THQ Inc., which at that time had become insolvent.

Financially, THQ Nordic has developed strongly in recent years. Net revenue growth in the first nine months of 2016 was 52% compared with the same period in 2015 and average annual net revenue growth in 2014 and 2015 was 44%. The underlying EBIT margin was 31% in the first nine months of 2016 and 37% in 2015.

In the Board of Directors' assessment, since 2011 THQ Nordic has established a strong platform with strong growth and profitability from which the Company can accelerate its growth, and this will be further supported by the listing of the B shares on Nasdaq First North and the associated Offering. The Board of Directors believes that the listing and the Offering, among other things, will:

- finance further growth (see below specification of what THQ Nordic mainly intends to use the net proceeds for)
- enhance the ability for THQ Nordic to use its shares to finance future acquisitions
- broaden and strengthen THQ Nordic's shareholder base and offer a liquid market for its class B shares
- strengthen THQ Nordic's recognition and brand with customers, investors and the sector in general

The new issue of shares in connection with the Offering is expected to raise gross proceeds of approximately SEK 240m, and net proceeds of approximately SEK 222m, assuming that the Over-allotment Option is fully exercised. THQ Nordic will not receive any share of the proceeds from the sale of the class B shares that the Selling Shareholders are selling under the Offering. The Group intends to use such proceeds as follows.

THQ Nordic intends to use the net proceeds from the Offering mainly to finance:

- development and marketing of the current pipeline projects
- development of additional sequels to existing franchises
- and new acquisitions of franchises, game development studios or other objects which complements the operations

1) Personnel may refer to both employees and external contractors.

The assessment by the Board is that the existing working capital (i.e. the working capital prior to the completion of the offering) is not sufficient for the Company's current needs for the next twelve months. The company's existing working capital is expected to last until the end of the second quarter 2017. The Company estimates that the deficit in working capital for the next twelve-month period amounts to approximately SEK 25m given the current business plan. The working capital requirements for the next twelve months are expected to be met by the new share issue which is carried out in connection with the Offering and which would provide the Company with approximately SEK 200m before transaction costs if the Over-allotment Option is not exercised and approximately SEK 240m if the Over-allotment Option is exercised in full.

In the event the Company were not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.

*In other respects, reference is made to the full particulars in the Prospectus, which has been prepared by the Board of Directors on account of the application for listing of THQ Nordic's class B shares on Nasdaq First North and the Offering made in connection therewith. The Board of Directors is responsible for the content of this Prospectus. To the best of the knowledge of the members of the Board of Directors, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.*

Karlstad, 7 November 2016

THQ Nordic AB (publ)  
Board of Directors

# MESSAGE FROM THE FOUNDER – THE STORY OF THQ NORDIC

## **JOWOOD: THE STORY OF THQ NORDIC BEGINS**

It is just five years since the story of THQ Nordic began with the acquisition of game franchises from Austrian game publisher JoWooD. This provided us with a kick-start in the development and publishing business with great franchises such as SpellForce, The Guild and Painkiller. More importantly, however, the Swedish team behind Nordic Games (Erik, Pelle, Mikael, Tommy and undersigned) found the Austrians Klemens Kreuzer, Reinhard Pollice and a number of other key people at JoWooD. We teamed up and together began the story of THQ Nordic. Ever since we have formed a strong team in which we complement each other very well.

## **THQ: OUR DEFINING MOMENT**

Our defining moment came in 2013 with the THQ acquisitions that made headlines for us around the world, such as *"Who the F\* is Nordic Games?"*, *"Darksiders Gets Bought By...Nordic Games?"*, and *"Nordic Games explains who the f they are, plans for THQ assets"*. THQ was a US game publisher – at its height, one of the ten largest game publishers in the world – but in 2013 had become insolvent, and "little Nordic Games" succeeded in acquiring key franchises from the bankrupt company such as Darksiders, MX vs. ATV, Red Faction and Titan Quest – games that have sold millions of copies around the world.

## **SCALING UP AND BUILDING PIPELINE**

After the THQ deal we had a number of large quality franchises, and we realised that we had to scale up if we were to be able to make the most of them. And that was exactly what we did. We started methodically building up both our internal publishing operations and our internal and external game development capacity. Today we have more than 30 personnel working within the publishing operations and more than 330 people working in game development in our four internal and 19 external game studios.

We enhanced the value of our existing game portfolio with remasters, platform portings, DLC packages and distribution expansion. We also launched a number of major development projects in the form of sequels on existing franchises, and in addition we have a completely new franchise, Elex, under development jointly with Piranha Bytes. We have not yet launched any of these sequels and they are under development in our pipeline.



## **THQ NORDIC REBRANDING**

In conjunction with the gamescom trade fair in August this year we carried out a total rebranding from Nordic Games to THQ Nordic. The "revival of THQ" attracted a lot of attention in the media, and the response from gamers and game developers who we met at gamescom was very positive. Also, within our own organisation the rebranding has generated positive energy and is seen as an indication that something new and exciting is just around the corner.

## **NOW WE ARE WRITING OUR NEXT CHAPTER**

Since 2011 we have successfully established a strong platform with more than 370 fantastic personnel and external game developers, an attractive game portfolio and the strongest pipeline we have ever had. At the same time, we have demonstrated strong growth and good profitability which we see as proof of the success in our business model.

We are now ready for the next chapter in the story of THQ Nordic. We aim to leverage our existing platform in order to accelerate our business model and growth, and we believe that the recently carried out rebranding and the coming IPO will support us in our growth strategy.

Lars Wingefors

Founder and CEO, THQ Nordic

# TERMS AND CONDITIONS

To facilitate the description of the Offering, this section does not distinguish between the newly issued class B shares and the existing class B shares offered for sale by the Selling Shareholders.

## THE OFFERING

The Offering comprises 10,000,000 newly issued class B shares offered by the Company and 10,000,000 existing class B shares offered by the Selling Shareholders. The new class B shares included in the Offering will be issued by the Company, with deviation of the shareholders preferential rights.

The Offering is divided into two parts:

- 1) the Offering directed to the general public in Sweden<sup>1)</sup>; and
- 2) the Offering to institutional investors in Sweden and internationally<sup>2)</sup>.

The outcome of the Offering will be published through a press release on or about 21 November 2016.

## OVER-ALLOTMENT OPTION

To cover a possible over-allotment in connection with the Offering, upon request from Pareto Securities, the Board of Directors has with the support of authorization granted at the extraordinary general shareholder meeting on 6 October 2016 granted an option to Pareto Securities to purchase up to 2,000,000 additional new class B shares, corresponding to approximately 10% of the total number of class B shares that may be offered in the Offering. The Over-allotment Option may be exercised wholly or partly during 30 days from the first day of trading of the Company's class B shares on Nasdaq First North. The price for class B shares in the Over-allotment Option will be the same as in the Offering.

## ALLOTMENT OF CLASS B SHARES

The allotment of class B shares between each part of the Offering will be based on demand. The allotment will be determined by the Company's Board of Directors and the Selling Shareholders, in consultation with Pareto Securities.

## OFFERING PRICE

The Offering Price has been determined by the Board of Directors and the Selling Shareholders in consultation with Pareto Securities to SEK 20 per B share and is the same for both institutional investors and the general public. No brokerage commission will be charged. The Offering price of SEK 20 per B share has mainly been determined by the book-building process that took place during September and October 2016. During the book building process certain institutional investors were invited to submit expressions of interest to subscribe for shares in the Company and submit tenders for the price level at which they would be interested to subscribe for shares in the Company. The outcome of the tendering procedure was that Cornerstone Investors, through agreements entered with Pareto Securities in October 2016, undertook to, under certain conditions and for the same price as other investors, acquire class B shares in the Offering corresponding to a total of SEK 210m and against this background the Offering Price is deemed to be along market terms. See section "*Legal considerations and supplementary information – Subscription undertakings by the cornerstone investors*" for more information. In addition to the book-building process the Offering price is to a certain degree based on discussions between THQ Nordic and Pareto Securities about THQ Nordic's future, long-term business prospects and where a certain comparison to the market price of other game developers and game publishers listed on regulated markets and alternative trading venues also has been made.

## THE OFFERING TO THE GENERAL PUBLIC IN SWEDEN

### Application

Applications for the acquisition of class B shares should relate to a minimum of 500 class B shares and a maximum of 50,000 class B shares<sup>3)</sup>, in even lots of 100 class B shares each. The application is binding.

Applications for acquisition of class B shares are to be made during the period 8–17 November 2016.

Applications to acquire class B shares shall be made either 1) via a special application form to be submitted to Pareto Securities, or 2) via Avanza's internet service for those who hold securities depository account with Avanza.

- 1) The Offering to the general public refers to the Offering of class B shares to private individuals and legal entities subscribing for a maximum of 50,000 class B shares.
- 2) The institutional offer refers to the offer of class B shares to private individuals and legal entities subscribing for more than 50,000 class B shares.
- 3) Those who wish to subscribe for more than 50,000 class B shares should contact Pareto Securities in accordance with what is stated below in the section "*Terms and instructions – The Institutional offering*".

Late, incomplete or incorrectly completed application forms may be disregarded.

No amendments or additions may be made to pre-printed text. Only one application per investor may be made. In case more than one application is made, Pareto Securities has the right to only consider the first received application.

If you have an account with specific rules for securities transactions, such as an IPS-deposit, ISK-deposit (Sw. *Investeringsparkonto*) or deposit within an endowment insurance, you should confer with your nominee if and how you can apply for acquisition of class B shares in the Offering. In these cases applications for acquisition of class B shares should be made through the respective nominee.

#### **Application via Pareto Securities**

Applicants applying to acquire class B shares with Pareto Securities must have a securities account, service account or a securities depository account with a securities institution of their choice or an investment savings account with Pareto Securities. Application shall be made using a special application form which is available on THQ Nordic's website ([www.thqnordic-investors.com](http://www.thqnordic-investors.com)) and Pareto Securities' website ([www.paretosec.com/corp/thqnordic](http://www.paretosec.com/corp/thqnordic)). The application form is also available at Pareto Securities' and THQ Nordics' respective offices. Applications must have been received by Pareto Securities no later than on 17 November 2016 by 5:00 p.m. Applications shall be sent to, or handed in at:

Pareto Securities AB  
 Issuer Service/THQ Nordic  
 Box 7415  
 103 91 Stockholm  
 Visiting address: Berzelii Park 9, Stockholm  
 Tel: +46 8 402 51 40  
 Fax: +46 8 402 51 41  
 E-mail: [issueservice.se@paretosec.com](mailto:issueservice.se@paretosec.com) (scanned-in application form)

#### **Application via Avanza**

For holders of securities depository account with Avanza, application may be made via Avanza's online service. Application with Avanza shall be made as from 8 November, to and including, 17 November by 5:00 p.m., 2016. In order not to lose the right to allotment, funds for payment of allotted class B shares must be available on the Avanza account as from 17 November, 2016, to and including 23 November 2016. Additional information is available at [www.avanza.se](http://www.avanza.se).

#### **Allotment**

Decision on allotment of class B shares is made by the Board of Directors and the Selling Shareholders after consultation with Pareto Securities, whereby the goal

will be to achieve a good institutional ownership base and a broad distribution of the class B shares among the general public, in order to facilitate a regular and liquid trading in the Company's class B shares on Nasdaq First North. The allotment does not depend on when the application is submitted during the application period. In the event of oversubscription, allotment may take place with a lower number of class B shares than the application concerns, at which allotment wholly or partly may take place by random selection. Employees and certain related parties to THQ Nordic as well as certain customers of Pareto Securities may be considered separately during allotment. Allotment may also be made to employees of Pareto Securities and Avanza, however, without priority. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations.

#### **Information regarding allotment and settlement**

##### *Via Pareto Securities*

Allotment for those who have applied via the application form with Pareto Securities is expected to take place on or about 21 November 2016. Shortly thereafter, a contract note will be sent to those who received allotment in the Offering. Those persons who have not been allotted class B shares will not be notified.

##### *Via Avanza*

Holders of securities depository account with Avanza who have applied through Avanza's online service will receive information about allotment through a notice of allotment at specified account, which is expected to occur on or about 21 November 2016.

#### **Payment**

##### *Via Pareto Securities*

Payment for allotted class B shares shall be made in cash in accordance with the instructions on the contract note received, although by 23 November 2016 at the latest.

##### *Via Avanza*

Customers with custody accounts at Avanza will be charged directly from the specified account at the latest on the settlement day on or about 23 November 2016. Note that cash for the registered number of class B shares shall be available at the account from last day of applying on 17 November 2016 to and including, 23 November 2016.

##### *Insufficient or incorrect payment*

If sufficient funds are not available on the bank account, securities depository account or Investment Savings Account on the settlement day or if full payment is not made in due time, allotted class B shares may be transferred and sold to another party. The party who initially received allotment of class B shares in the Offering may

bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

## THE INSTITUTIONAL OFFERING

### Application

Institutional investors in Sweden and internationally are invited to participate in a book-building process between the period 8–18 November 2016. Applications shall be submitted to Pareto Securities in accordance with certain instructions. THQ Nordic reserves the right to shorten or extend the application period in the institutional offering. Any such shortening or extension of the application period will be made public by the Company in a press release prior to the end of the application period.

### Allotment

Decision on allotment of class B shares is made by the Board of Directors and the Selling Shareholders after consultation with Pareto Securities, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the class B shares among the general public, in order to facilitate a regular and liquid trading in the Company's class B shares on Nasdaq First North. Allotment among institutions that have submitted expressions of interest will be made on a wholly discretionary basis. The Cornerstone Investors are guaranteed allotment in accordance with their respective subscription undertaking.

### Information regarding allotment and settlement

Institutional investors are expected to receive notification of allotment in particular order on or around 21 November 2016, after which a contract note is sent out.

### Payment

Full payment for allotted class B shares shall be paid in cash in accordance with the contract note against the delivery of class B shares no later than 23 November 2016.

### *Insufficient or incorrect payment*

Note that if sufficient payment is not made in due time, allotted class B shares may be transferred and sold to another party. The party who initially received allotment of class B shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

## REGISTRATION OF ALLOTTED AND PAIDUP CLASS B SHARES

Registration with Euroclear Sweden of allotted and paid-up class B shares is expected to take place on or about 23 November 2016 for both institutional investors as well as the general public, after which Euroclear

Sweden will distribute a notice stating the number of class B shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Note that the acquirers belonging to the Swedish public who pay allotted class B shares according to the instructions on a contract note to a specified bank account, i.e. have not specified a securities depository account with Pareto Securities, will not have the acquired class B shares delivered to the designated securities account or securities depository account until Pareto Securities has received full payment. Depending on where, how and at what time of day the payment is made, this could take up to two to three bank days from the time of payment, which could affect the ability to trade.

## LISTING OF THE CLASS B SHARES ON NASDAQ FIRST NORTH

The Board of Directors of THQ Nordic has applied for a listing of the Company's class B shares on Nasdaq First North, a multilateral trading facility which does not have the same legal status as a regulated market. Expected first day of trading of THQ Nordic's class B shares is 22 November, 2016, under the condition that the listing application is approved. A condition of approval is that the distribution requirements for the Company's class B shares is met by the first day of trading. The Company's class B shares will be traded on Nasdaq First North under the ticker THQN B.

## STABILIZATION

In connection with the Offering, Pareto Securities may execute transactions aimed at supporting the market price of the class B shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be executed on Nasdaq Stockholm, in the OTC market or otherwise, at any time during the period starting on the date of commencement of trading in the class B shares on Nasdaq First North and ending not later than 30 calendar days thereafter. See section "*Legal considerations and supplementary information – Stabilization*" for more information.

## ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be announced through a press release which also will be available on the Company's website, [www.thqnordic-investors.com](http://www.thqnordic-investors.com), on or around 21 November 2016.

## ENTITLEMENT TO DIVIDENDS

The offered class B shares carry the right to dividend from the first dividend record date following the admission to trading of the Company's class B shares.

Dividends, if any, are paid following a resolution by the shareholders' general meeting. The payment is handled by Euroclear Sweden, or in the case of nominee-registered holdings in accordance with the procedures of the respective nominee. For additional information, see section "*Share Capital and Ownership Structure – Dividend policy*".

### **IMPORTANT INFORMATION ABOUT THE POSSIBILITY TO SELL ALLOTTED CLASS B SHARES**

Notifications about allotment to the public in Sweden will be made through distribution of contract notes, which is expected to occur on or around 21 November 2016. Following payments for the allocated class B shares have been processed by Pareto Securities, duly paid class B shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid class B shares to the acquirers of shares in THQ Nordic may entail that these acquirers will not have class B shares available in the specified securities depository account or the securities account until, at the earliest, 23 November 2016. Trading in THQ Nordic's class B shares on Nasdaq First North is expected to commence on or around 22 November 2016. Please note that the circumstance that class B shares may not be available in an acquirer's securities account or securities depository account until, at the earliest, 23 November 2016 can mean that the acquirer may not be able to sell these class B shares on the stock exchange as from the time trading in the class B shares commences, but first when the class B shares are available in the securities account or the securities depository account.

### **TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING**

The Company and the Selling Shareholders, in consultation with Pareto Securities, intends to resolve on allotment of class B shares in the Offering on or about 21 November 2016 and contract notes will be sent to investors who received allotment around the same day. Trading in THQ Nordic's B-shares on Nasdaq First North is expected to commence on or around 22 November 2016.

The Offering is conditioned on that Pareto Securities deems the interest in the Offering to be sufficient for a satisfactory trading in the class B share, that Nasdaq approves the Board of Directors' application for listing of the Company's class B share on Nasdaq First North and that no events occur which have such a materially negative effect on the Company that it would be inappropriate to complete the Offering ("Material

negative events"). Such Material negative events may, for example, be of economic, financial or political nature and may relate to Material negative events in Sweden as well as abroad. When determining if the interest in the Offering is sufficient for a satisfactory trading in the class B share, factors such as the number of received applications and the aggregate amount applied for will be taken into consideration. This assessment is made discretionary by Pareto Securities. If the above stated conditions are not met the Offering may be cancelled. In that case neither delivery of nor payment for shares will be completed in conjunction with the Offering. If the Offering is cancelled it will be announced through a press release no later than 23 November 2016 and received applications will be disregarded.

### **INFORMATION ABOUT HANDLING OF PERSONAL INFORMATION**

Anyone acquiring class B shares in the Offering will submit certain information to Pareto Securities. Personal information submitted to Pareto Securities will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal information obtained from sources other than the acquirer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which Pareto Securities cooperates.

### **OTHER INFORMATION**

The fact that Pareto Securities acts as issuing agent does not imply that Pareto Securities regards any party that applies for class B shares in the Offering as a client of Pareto Securities in connection with the Offering.

The fact that Pareto Securities is receiving and handling application forms does not imply that Pareto Securities regards any party that applies for class B shares in the Offering as a client of Pareto Securities in connection with the Offering. For the Offering, the acquirer is only regarded as a client of Pareto Securities if Pareto Securities has advised the acquirer about the Offering or has otherwise contacted the acquirer individually about the Offering. The consequence of Pareto Securities not regarding the acquirer as a client for the placement is that the rules for protecting investors under the securities market laws will not apply. Among other things, this means that neither "client classification" nor "suitability assessment" will be applied to the placement. As a result, acquirers are themselves responsible for having adequate experience and knowledge to understand the risks associated with participation in the Offering.

# MARKET OVERVIEW

*The information in this Prospectus concerning the market's size, growth, other characteristics and THQ Nordics' market position in relation to its competitors is the Company's general assessment based on both internal and external sources. These sources include information from independent news sources and market reports from, for example, Newzoo<sup>1)</sup>. Unless otherwise specified, the information and assessments provided in this section are the Company's own assessments and judgements. THQ Nordic has endeavoured to use the latest available information from relevant sources. This information includes certain information obtained from third parties. The information concerned has been reproduced exactly and – as far as the Company is aware and can verify by comparison with other information published by the third party concerned – no information has been omitted in such a way as to render the information reproduced incorrect or misleading. Although the Company believes these sources to be reliable, no independent verification of the information has been carried out and therefore its accuracy and completeness cannot be guaranteed. Readers of this Prospectus should also take into account that the forecasts and forward-looking statements given in this section are no guarantee of future results, and that actual events and circumstances may differ materially from current expectations. Certain information in this section was compiled by THQ Nordic, in all cases based on various assumptions. For this reason, the reader should be aware that market statistics presented in this Prospectus may not be reliable and that no guarantee can be given regarding the accuracy or completeness of these.*

## INTRODUCTION

THQ Nordic operates in the global games market as a developer and publisher of PC and console games and the majority of its end consumers have historically been located in North America and Europe.

Some of the most important characteristics of the global games market that the Company considers relevant to THQ Nordic are summarised below and then explained in more detail in the rest of this section.

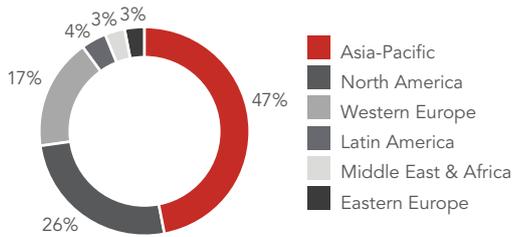
- In 2015 the total size of the games market was around USD 92 billion, with expected growth of around 7% per year on average up to 2019.<sup>1)</sup>
- The Asia-Pacific region makes up around 47% of the global games market, and North America and Europe (where THQ Nordic has the greatest market presence) together make up around 46%.<sup>1)</sup>
- Traditional PC and console games are most popular in the West (North America and Europe), while games using other business models have a stronger position in Asia.
- Game revenues per capita are considerably higher in the West than in Asia. In 2016 game revenues per capita are expected to amount to USD 70 in North America, USD 43 in Europe and USD 12 in the Asia-Pacific region.<sup>1)</sup>

<sup>1)</sup> References to Newzoo refer to "Newzoo – 2016 Global Games Market Report: An overview of trends & insights".

**SIZE OF THE GAMES MARKET AND GROWTH GLOBALLY**

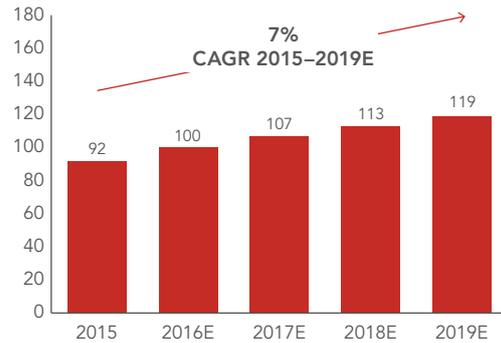
Video games represent one of the largest digital entertainment markets globally. In 2015 the total size of the games market was around USD 92 billion, which is expected to have grown to around USD 100 billion in 2016. Growth in the market is expected to be strong during the coming years with annual growth (CAGR) of around 7% on average between 2015 and 2019, when the size of the market is estimated at around USD 119 billion.<sup>1)</sup>

SIZE OF THE GLOBAL GAMES MARKET PER REGION 2016



Source: Newzoo

SIZE OF THE GLOBAL GAMES MARKET 2015–2019E (USD BILLION)



Source: Newzoo



1) Newzoo

## THE GLOBAL GAMES MARKET BY GEOGRAPHICAL AREA

Within the global games market there are differences between geographical regions. THQ Nordic's games have historically been and continue today to be primarily aimed at and popular among players in the West (Europe and North America). The table below shows the size and growth of the games market in different geographical areas and per capita game revenues in each region<sup>1)</sup>.

### Market data per geographical area, 2016

	Games revenues (USD Billions)	Growth (%, 2015–2016)	Revenues/Capita (USD)	Number of gamers (millions)
North America	25	4%	70	198
Western Europe	17	4%	43	185
Asia-Pacific	47	11%	12	1,053
Eastern Europe	3	7%	8	153
Latin America	4	20%	6	209
Middle East & Africa	3	26%	2	301

Source: Newzoo

### The size and growth of the games market in different geographical areas

The Asia-Pacific region is the largest geographical market, with around 47% of the global games market and more than 1 billion gamers in total. Between 2015 and 2016 growth in this area is expected to amount to around 11%.<sup>2)</sup>

North America and Europe, where THQ Nordic has its greatest market presence, together make up around 43% of the global market and growth between 2015 and 2016 is expected to amount to around 4% in both geographical areas. In 2016 the total number of gamers in North America and Europe is estimated to amount to around 535 million, of which around 198 million are in North America and around 337 million in Europe.<sup>2)</sup>

### Game revenues per capita in various geographical areas

Game revenues per capita in North America and Europe are the highest globally and in 2016 are estimated to amount to around USD 70 in North America and USD 43 in Europe. Game revenues per capita in the Asia-Pacific region are estimated in 2016 to amount to USD 12.<sup>2)</sup>

Compared with Asia, PC and console games have a strong position in the West, where gamers are more interested in what are known as hardcore games<sup>3)</sup>. In the US, PC and console games generated revenues of around USD 17 billion in 2016, corresponding to just over 71% of total game revenues in the US in that year, with console games accounting for just over USD 11 billion or 48% of the total revenues.<sup>2)</sup>

Compared with PC and console games, mobile games have a considerably stronger position in Asia than in the West. In 2015 mobile games made up around 34% of the total games market in Southeast Asia. This share is expected to grow to around 47% in 2018. Console games, which in the West represent a significant part of the games market, made up only 6% of the total games market in Southeast Asia in 2015.<sup>4)</sup>

THQ Nordics' assessment is that among hardcore games, what are known as MMO (Massive Multiplayer Online)<sup>5)</sup> games have a stronger position in Asia than in the West. The revenue models from this type of gaming are more often based on monthly payments and in-game purchases rather than the higher one-off prices that are usually paid for hardcore games in the PC and console segment.

1) Game revenues per capita are calculated as total estimated game revenues in the games industry within each geographical area in 2016 divided by the total population of the respective geographical area in 2016. This should not be confused with game revenues per gamer, which are higher.

2) Newzoo

3) Hardcore games are often played on PCs or console platforms and are often characterised by extensive action, long gaming times and a high level of commitment by the player.

4) Newzoo 2015 Report: Introduction to the South East Asian Games Market.

5) Massive Multiplayer Online games are a type of game played by multiple players simultaneously, with or against each other, often via the internet.

## SEGMENTS IN THE GLOBAL GAMES MARKET

The Company is of the view that the games market can be split into two segments which each have similar dynamics: PC/console games and mobile games. These two segments together made up 91%<sup>1)</sup> of the total games market in 2015<sup>2)</sup>. At present THQ Nordic operates almost exclusively in the PC and console segment.

There are clear differences between the two segments when it comes to which games are suited to each segment, which fans the segments attract and the type of revenue models in the different segments.

To understand the different segments it is important to understand the principal consumers within each segment. Within the games industry it is usual to describe end consumers as belonging to one of two categories: "hardcore gamers" and "casual players". Games that attract hardcore gamers are usually referred to as "hardcore games" and games that attract casual players are often called "casual games". The two groups of consumers differ in terms of the types of games they play, how much and how often they play, and in what way and how much they are prepared to pay for a game. Casual and hardcore players can be said to represent two extremes of player type. In contrast to casual players, hardcore players can be defined according to the following character traits.

- Are technically interested and knowledgeable;
- Own the latest and the most exclusive computers/consoles
- Are more willing to pay a higher price for a gaming experience
- Prefer games that have a greater depth and complexity
- Play a game over many sessions and play for longer periods
- Are interested in game-related information and news
- Discuss games with their friends and in various forums
- Play for the experience of winning the game
- Engage in competition against themselves, the game and other players

The section below describes differences between and the characteristics of the two segments.

### PC and console games

In 2015 the PC and console segment was the largest segment and generated around USD 53 billion in revenue, corresponding to around 58% of the total games market. Growth in the PC segment is expected to amount to 4% per year on average between 2015 and 2019, while the console segment is expected to grow by an average of 3% per year over the same period. The value of the PC and console segments is expected to have grown to around USD 61 billion in 2019, representing 51% of the total market.<sup>2)</sup>

In recent years a clear trend towards digitisation of the distribution of PC and console games has been evident. In 2016 digital PC and console games are expected to make up around 47% of the total games market, while physical PC and console games are expected to make up around 16%. The trend towards digital distribution is largely driven by the emergence of purely digital platforms such as Steam and the production of digital services on traditional physical distribution channels such as PlayStation and Xbox. Despite this trend, the physical market still makes up a significant part of the total games market, and is expected to amount to around USD 16 billion in 2016.<sup>2)</sup>

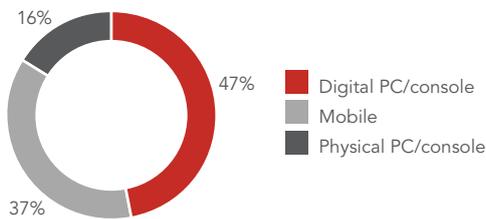
The Company believes that the dynamics and characteristics of the PC and console segments make it particularly appropriate for publishers to be active in this part of the games market. Games for PCs and consoles are generally what are known as hardcore games and usually have a significantly higher development budget and longer development period than so-called casual games<sup>3)</sup>, which are more common within the mobile segment. In THQ Nordic's view, the high development costs and long development periods of the games make it difficult for small games development studios to launch new games on their own without the assistance of a publisher. The Company therefore feels that the entry barriers in this segment are high, since small publishers may have difficulties in taking significant market share because operators with a larger portfolio of revenue-generating games have an advantage when it comes to being able to finance and implement a large number of development projects in a diversified way.

1) Web-based casual games and handheld console games account for the remaining 9%. In 2015 these two categories accounted for around 6% and 3% respectively of the total global games market.

2) Newzoo

3) Casual games are common on mobile platforms, but are also available on PC and console. Casual games are often of puzzle character and are characterised by shorter playing times and a less extensive storyline which results in a lower engagement among gamers than for example hardcore games.

GLOBAL GAMES REVENUES PER CHANNEL, 2016<sup>1)</sup>

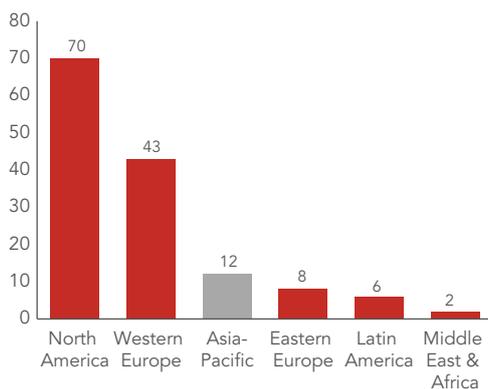


Source: Newzoo

**Mobile games**

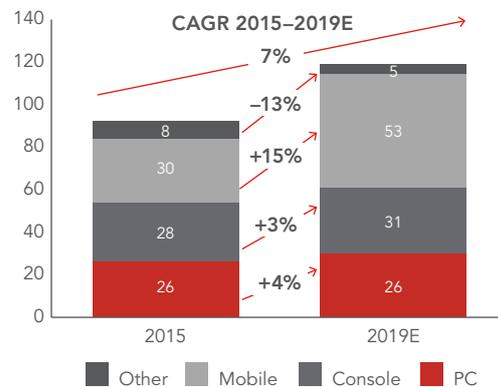
In 2015 the mobile segment made up around 33% of the total games market, corresponding to around USD 30 billion. Compared with PC and console games, the mobile segment is relatively young and is growing vigorously. A large part of the growth that is predicted for the games market as a whole is expected to come from the growth in mobile games. Between 2015 and 2019 the mobile segment is expected to grow by an average of 15% per year so that it amounts to around USD 53 billion in 2019, corresponding to 45% of the total games market.<sup>2)</sup>

GAMES REVENUES PER CAPITA, 2016 (USD)



Source: Newzoo

SIZE OF THE GLOBAL GAMES MARKET PER SEGMENT 2015–2019E (USD BILLIONS)

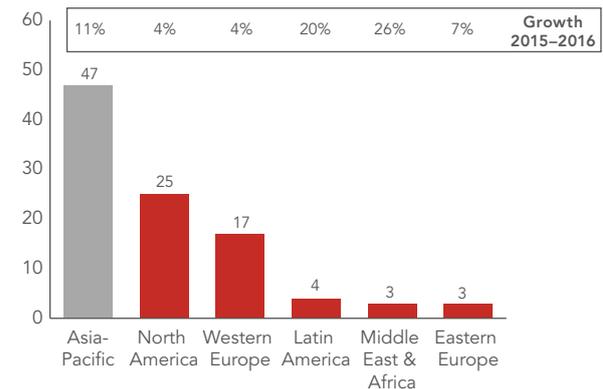


Source: Newzoo

In contrast to PC and console games, the mobile segment is largely made up of casual games. This type of game can usually be developed in a much shorter time and with considerably fewer resources than hardcore games within the PC and console segment. The entry barriers to this segment are thus lower than in the PC and console segment.

Mobile games are by nature less advanced and not as engaging as PC and console games. Partly as a result of this, life cycles for mobile games are often shorter and the number of mobile game developers that have succeeded in repeating their success is relatively limited<sup>3)</sup>.

SIZE AND GROWTH OF THE GLOBAL GAMES MARKET PER REGION 2016 (USD BILLIONS)



Source: Newzoo

1) Digital PC/console and Physical PC/console in this graph includes also web-based casual games and hand held consoles. These two categories together comprise the label "Other" in the graph "Size of the global games market per segment 2015–2019E (USD Billions)".  
 2) Newzoo  
 3) "Console games makers defy predictions of doom", Financial Times, 29 April 2016. Retrieved 23 September 2016. <https://www.ft.com/content/0d-5f2e4a-0e0c-11e6-b41f-0beb7e589515>

## REVENUE MODELS

The revenue model for PC/console games often differs from that for mobile games. This means that the dynamics among developers and publishers of the various games also differ. The section below describes some of the more common revenue models in the two segments.

### Full-price games

Hardcore PC and console games are usually of the full-price game type, which means that they are sold at a relatively high one-off price, generally between SEK 150 and SEK 600. The majority of the revenues from a new PC or console game are usually realised during the first year after launch. Full-price sales are often supplemented with add-on sales (see section "Add-ons").

### Add-ons

In addition to revenues from sales of the original game, there are good opportunities for peripheral and add-on sales for full-price games. Increasing digital distribution is allowing sales of downloadable content ("DLC") as well as remastered versions of previously launched games ("remasters"). Increasing opportunities for peripheral and add-on sales are helping to lengthen the life cycles of the games and the period during which the games generate revenue is being extended further.

### Subscription and streaming games

Subscription-based game sales and streaming of games is a model that has been relatively unexploited to date. Certain operators have launched services within subscription and streaming, such as Sony with PlayStation Now. Like add-ons, streaming and subscription sales of games are driven by increasing digital distribution.

### Free-to-play, pay-to-win and freemium

Mobile games are generally of the "free-to-play", "pay-to-win" or "freemium" types, which means that the game is free to download or can be downloaded for a very low payment compared with full-price games. The revenues for mobile games are instead generated via adverts in the game or in-game purchases of, for example, additional functions or digital currency to use in the game. This revenue model demands a higher level of recurring customers that are paying users and these types of games are often measured in terms of MAU (Monthly Active Users), DAU (Daily Active Users) and ARPU (Average Revenue Per User). Ongoing investment in marketing and campaigns is therefore important for retaining the number of paying users.

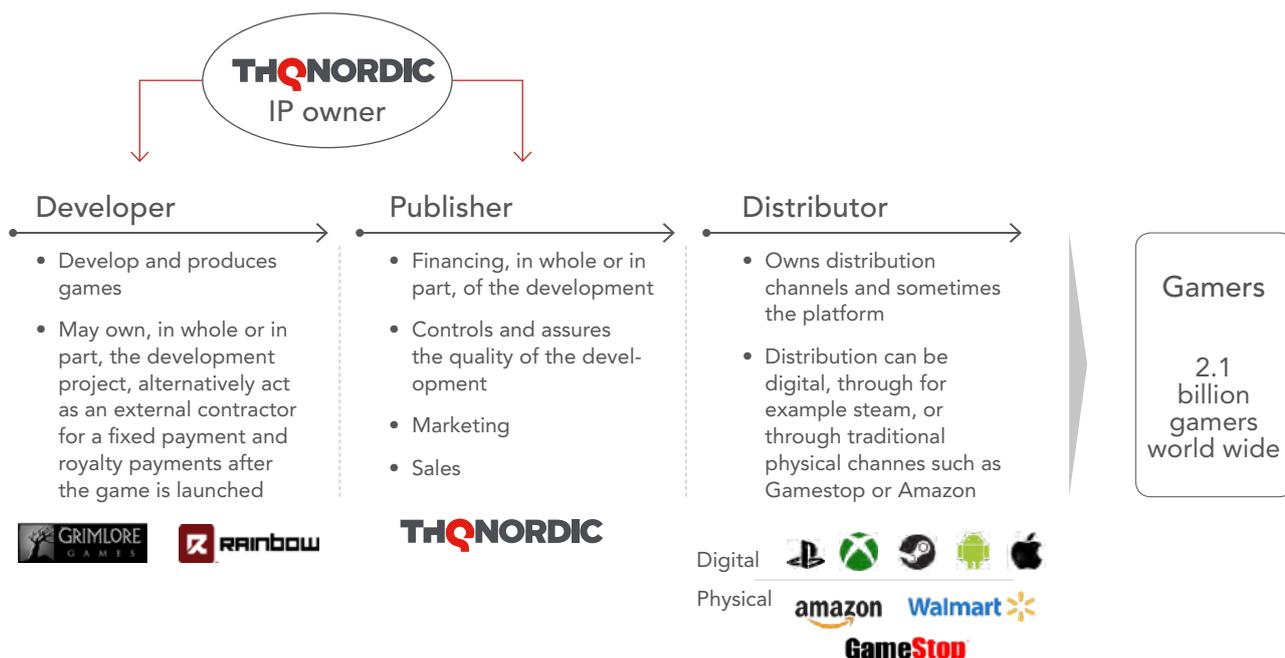


### THE GAMES MARKET’S VALUE CHAIN

The global games market’s value chain can be split into four different stages before a finished game reaches the end consumer. THQ Nordic is primarily active as an owner of intellectual property (“IP owner”) and publisher, but also has four internal game development studios that develop games for the publishing operations (see section “Business overview” for further information on THQ Nordic’s operations).

The section below sets out the Company’s analysis of the different parts of the value chain and their role in the global games market.

#### THQ NORDIC’S POSITION IN THE GAME MARKET’S VALUE CHAIN



#### Developers

The game developers are the creators of a game. It is often the game developers that come up with the game’s concept, develop the game’s characters and the story of the game, and finally it is the game developer who in purely technical terms writes the code and develops the game.

There are both large and small game development studios. A development studio may vary in size from a relatively small studio with just a few developers to a large game development studio with hundreds of developers.

Game development studios can be either external and independent, or internal. External game development studios act independently and develop games either for a large publisher or publish the game themselves on a smaller scale. Internal game development studios are owned by a publisher and work more or less exclusively on the owning publisher’s game development projects.

#### Publishers

Publishers are the next step in the games market’s value chain and it is within this part of the chain that THQ Nordic primarily operates, as well as owning the intellectual property.

The publisher’s role involves financing the development project, either in full or in part, and controlling the development process, the content and the quality of the game being developed. Once the game is ready for launch, it is the publisher that markets the game and ensures that the game is distributed via the right distributors and channels.

Publishers may own all or parts of a development project, or alternatively may act solely as a publisher for a third party that owns all the IP rights.

### Distributors

The last stage in the value chain before the game reaches the end consumer is game distribution. The distributors own the channels via which the games are distributed and/or the platforms on which the games are played. Distributors may be physical and/or digital. Examples of physical distributors are classic retailers such as Walmart, Amazon and Gamestop. Digital distributors include Sony and Microsoft, which also own the two biggest platforms for console games (PlayStation and Xbox), and together account for 73% of the games consoles sold worldwide in 2015.<sup>1)</sup> The largest individual digital distribution channel for PC games is Steam which has a 75% share of the digital PC games market<sup>2)</sup>. Steam, which is owned by Valve Corporation, had more than 125 million registered users in 2015.<sup>3)</sup>

### IP owners<sup>4)</sup>

A further important part of the games market's value chain is the owner of the intellectual rights on which the game is based (the IP owner). The IP owner controls which game projects they want to be implemented based on the franchise. The IP owner could be a game development studio that has developed a game title itself, a publisher that owns a portfolio of franchises or, for example, the copyright holder of a film or book title on which a game is to be based. THQ Nordic is an example of a publisher that owns a portfolio of intellectual property (franchises) and is therefore also an IP owner.

## MARKET TRENDS AND DRIVING FORCES

The following section describes the trends and driving forces that THQ Nordic has identified and believes are particularly relevant, particularly in the segments where the Company operates.

### New generation platforms

Particularly within the console market, the games sector is driven by the development of the latest generation platforms. Sony (PlayStation), Microsoft (Xbox) and Nintendo are the three biggest platform producers and between them had a 100% share of the market in 2015.<sup>1)</sup> A new generation platform is generally launched at around seven-year intervals. The latest generation consoles are the PlayStation 4 from Sony and the Xbox One from Microsoft, which were launched in 2013. The technology of the latest generation platforms sets the tone for game development during that generation's life cycle. Among PC games, the life cycles are not as clearly defined and the games are developed on a more

ongoing basis. Nintendo announced its new generation Switch in October 2016.

### (Quality) content is becoming increasingly important

The development of major "blockbuster" titles is increasing among the largest publishers, such as Activision-Blizzard, Electronic Arts and Ubisoft, and development projects with big budgets are now the rule rather than the exception.<sup>5)</sup> The largest publishers are choosing to focus on the development of a smaller number of big game titles and sequels under the same franchise. This development is at the same time providing opportunity for smaller publishers such as THQ Nordic and small independent game development studios with a business model that involves digitally self-publishing games that they have developed themselves.

Within the mobile segment, competition is increasingly tough because of the low entry barriers resulting from lower development costs within the segment. The marketing costs for retaining the user base within the segment are high, however. High quality game content is thus becoming increasingly important. Within the hardcore segment, fans are becoming increasingly demanding as regards the game's design and development. In order to be successful within the hardcore segment and to be able to compete with other titles within the same genre, it is therefore particularly important to deliver high quality game content that lives up to the fans' expectations.<sup>5)</sup>

### Passionate fans

Within the hardcore segment in particular, the fans of the games are particularly devoted, passionate and loyal. The design of the characters and the development of the game between different sequels are of great importance if a game's fans are to feel that the game is being managed well. This differs greatly from the mobile and casual segments, where players are not as involved in the game and thus are also less inclined to be loyal to a particular title.

### Digital distribution increasingly common, but physical remains

The introduction and growth of digital distribution channels is a clear trend within the games industry. This development has resulted in downloadable game content and add-on sales becoming the most important income source for game developers and publishers. Platforms such as Steam are today a given, and traditional platform operators such as Sony, Microsoft and

1) VGChartz., [www.vgchartz.com](http://www.vgchartz.com)., Retrieved 17 March 2016.

2) Edwards, Cliff (4 November 2013). "Valve Lines Up Console Partners in Challenge to Microsoft, Sony". Bloomberg. Retrieved 23 October 2016.

3) Saed, Sherif (24 February 2015). "Steam has over 125 million active users, 8.9M concurrent peak". VG247. Retrieved 23 October 2016.

4) IP stands for Intellectual Property. Within the games industry, IP is often used as a collective term for a particular franchise, game title or other copyrighted material.

5) Megaw, Nicholas (29 April 2016). "Console games makers defy predictions of doom", Financial Times. Retrieved 23 October 2016.

Nintendo are offering greater opportunities to download games digitally and via streaming services.

Despite this shift towards a more digital games industry, the physical market remains. Particularly within the console segment in the West, physical revenues remain a significant part of the total market.

**Consolidation**

The global games market is becoming increasingly consolidated. In the US the market research company NPD Group estimates that ten companies account for nearly 90% of physical game sales, with the big four western publishers (Activision-Blizzard, Electronic Arts, Take-Two and Ubisoft) accounting for over half of total sales.<sup>1)</sup>

**COMPETITIVE LANDSCAPE**

THQ Nordic competes essentially only in the market for PC and console games while the mobile segment has, until now, been largely unexplored by the Company. High development budgets and high expectations from fans of PC and console games help make the entry barriers within the PC and console segment higher than those for operators within mobile games. Consolidation

among publishers of PC and console games has resulted in THQ Nordic competing with a relatively small group of publishers within the segment.

The two companies that THQ Nordic regards as its closest competitors in the industry are the German company Koch Media with its "Deep Silver" label and the Japanese company Bandai Namco. However, the games market is very much a global market and the Company competes with publishers from Asia, such as Nintendo, Square Enix, Konami, Capcom and Koei Tecmo, and the four big publishers in the West: Activision-Blizzard, Electronic Arts, Take-Two and Ubisoft. In addition to these, there are a small number of successful smaller publishers such as the Polish company CD Projekt Red.

Within the mobile segment there are a few large players such as the Swedish company King, Supercell in Finland and China-based Tencent. Due to the low entry barriers and low development costs, there is also a large number of smaller developers within this segment that have one or a few games.

The figure below illustrates the Company's view of the global games market and the relative positioning of a selection of the operators.

COMPETITIVE LANDSCAPE AND THQ NORDIC'S POSITION



1) Megaw, Nicholas (29 April 2016). "Console games makers defy predictions of doom". Financial Times. Retrieved 23 October 2016.



# ELEX

# BUSINESS OVERVIEW

## INTRODUCTION

THQ Nordic acquires, develops and publishes PC and console games for the global games market. The core business model consists of acquiring established but currently underperforming franchises and successively refining them.

The Company has a global presence, with its Group head office in Karlstad, Sweden and its operational head office in Vienna, Austria. As of 31 October 2016 the Company had four internal game development studios – two in Sweden, one in Germany and one in the US – and contracts with 19 external game studios in a number of different countries. As of the same date the Company employed more than 370 people, of which around 30 personnel within the publishing business, around 70 personnel within internal game development and more than 270 contracted external game developers.<sup>1)</sup>

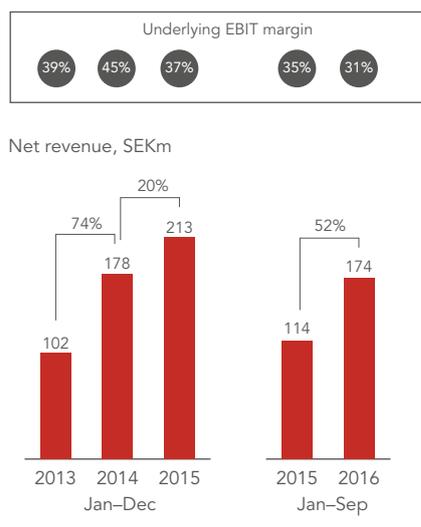
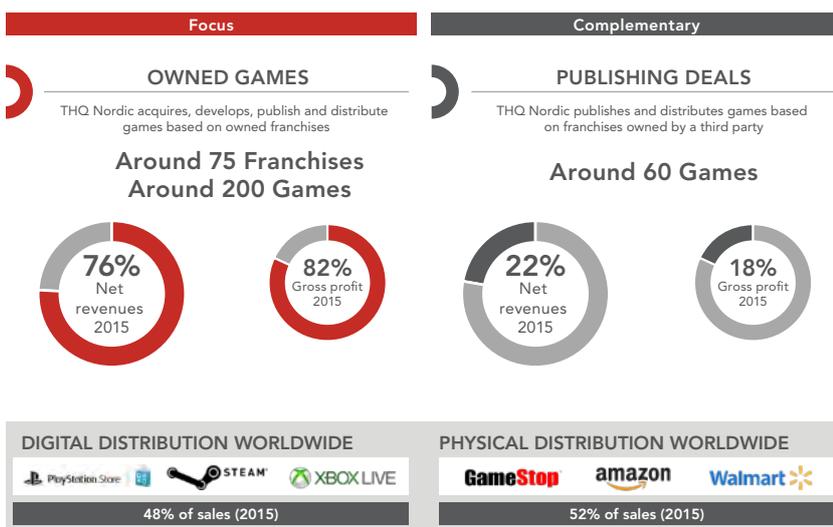
THQ Nordic’s game portfolio consists of both owned franchises (IP) and published titles. The Company focuses on owning its own franchises and developing and publishing these, and as of 31 October 2016 had around 75 owned franchises in the portfolio. The Company also publishes game titles for various strategic partners and as at the same date had around 60

published titles in its portfolio. In 2015 owned franchises generated 76% of sales and 82% of gross profit, while published titles generated 22% of sales and 18% of gross profit (2% of sales was other).

The Company’s marketing strategy focuses on relationship building with leading digital distribution channels such as Steam in order to obtain advantageous positioning and placement, marketing via social media such as Facebook and YouTube, and close interaction with and understanding of the fans, for example by participating in gaming conventions and actively maintaining forums.

The Company has global physical distribution capacity via retailers such as Walmart, Gamestop and Amazon, as well as extensive digital distribution capacity through established relationships and agreements with around 40 digital distribution channels such as Steam, PlayStation Store and Xbox Live.

Financially, THQ Nordic has developed strongly in recent years. Growth in the first nine months of 2016 was 52% compared with the same period in 2015 and average annual growth in 2014 and 2015 was 44%. The underlying EBIT margin was 31% in the first nine months of 2016 and 37% in 2015.

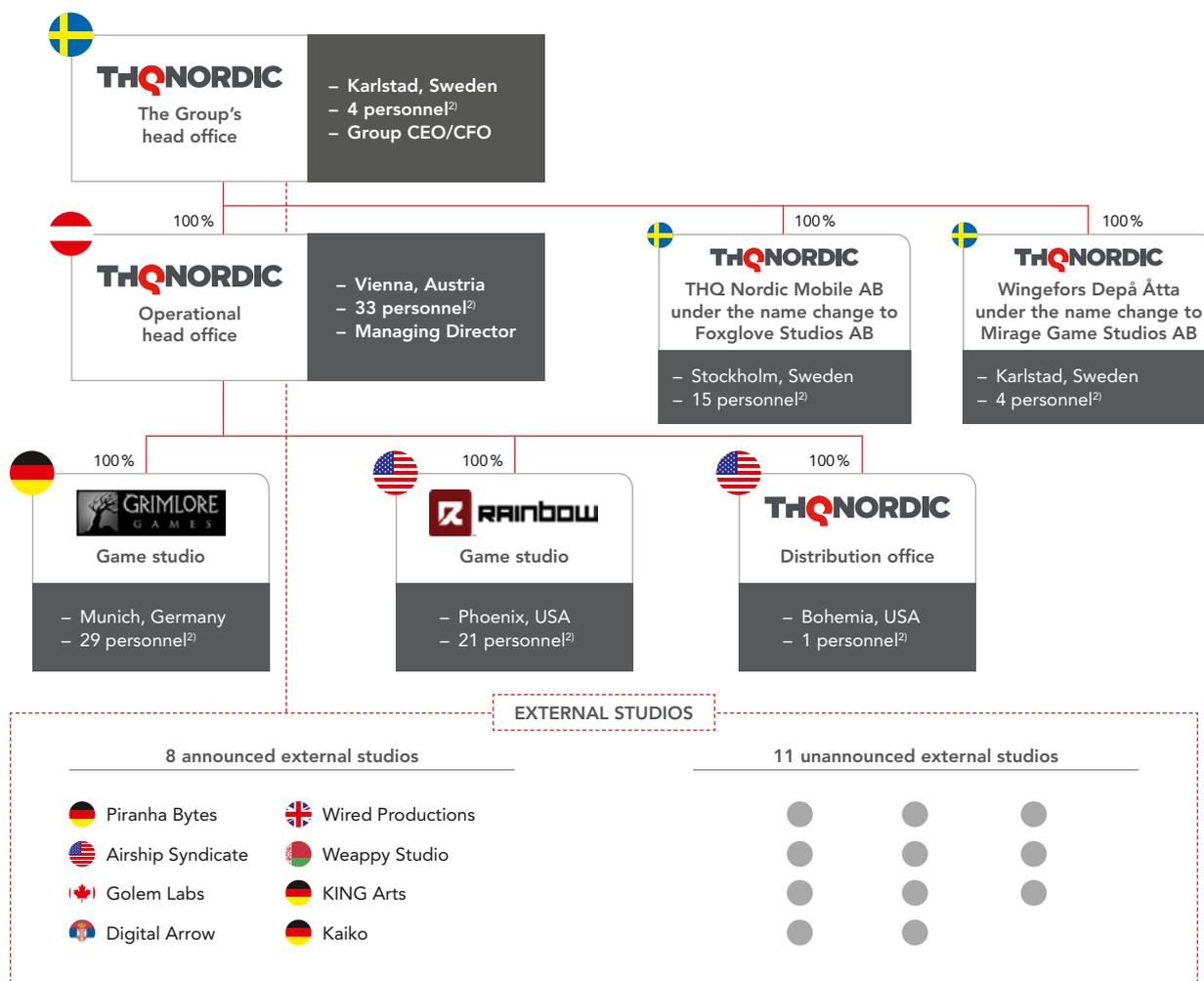


The financial data in the above chart is taken from the Company’s internal accounting and reporting system. 2% of sales was other.

The financial data in the above chart refers to the 2013 financial year and is taken from comparative figures in the Company’s audited annual financial statements for the 2014 financial year. See “Key performance indicators – Definition of alternative performance measures” for definitions of the underlying EBIT and underlying EBIT margin.

1) Personnel may refer to both employees and external contractors.

ORGANISATION AND GEOGRAPHICAL PRESENCE<sup>1)</sup>



The Group’s head office is in Karlstad, Sweden, where the Group’s CEO Lars Wingefors and the Group’s CFO Erik Stenberg are based.

THQ Nordic’s operational head office is in Vienna, Austria, where, as of 31 October 2016, 33 personnel were employed within the publishing operations under the leadership of Managing Director Klemens Kreuzer. Reinhard Pollice, Business and Product Development Director, is also officially based in Vienna, although he prefers to spend his time out at the Company’s internal and external game development studios.

As of 31 October 2016 THQ Nordic had four internal game development studios: Grimlore Games in Munich, Germany; Rainbow Studios in Phoenix, USA; Foxglove

Studios in Stockholm, Sweden; and Mirage Game Studios in Karlstad, Sweden. As of 31 October 2016 Grimlore Games employed 29 people, Rainbow Studios 21 people, Foxglove Studios 15 people and Mirage Game Studios 4 people. See section “Business overview – Internal game development studios” for more information.

In its game development projects THQ Nordic works primarily with external studios under contracts. As of 31 October 2016 the Company had contracts with 19 external game development studios and more than 270 game developers at these external game studios. Of the Company’s 19 external game studios, 8 were announced as of 31 October.

1) The Group structure in this section has been somewhat simplified for illustrative purposes. See section “Legal considerations and supplementary information – Legal group structure” for a complete account of the Group’s legal structure.

2) Personnel may refer to both employees and external contractors.

## HISTORY

Since 2011, with good growth and profitability, THQ Nordic has succeeded in establishing a strong platform for further growth with – as of 31 October 2016 – around 100 personnel and more than 270 contracted developers, around 75 owned franchises and a well-invested pipeline. The foundation for this platform was laid mainly by the significant IP acquisitions from JoWooD and THQ made in 2011 and 2013 respectively. In addition, since 2011 the Company has made a total of 17 franchise acquisitions and is continuing to make these types of acquisitions on an ongoing basis.

### 2011: Acquisition of all the franchises of the bankrupt JoWooD

The story of THQ Nordic began in 2011 when, among other things, the Company acquired all the franchises of the Austrian game publisher JoWooD, which was at that time a listed company that had become insolvent. The most significant franchises acquired were SpellForce, The Guild and Painkiller.

In conjunction with the acquisition of these assets the Company also succeeded in recruiting a number of key individuals from JoWooD, including Klemens Kreuzer, who is Managing Director of THQ Nordic's operational head office in Vienna, Austria, and Reinhard Pollice, who is Business and Product Development Director.

### 2013: Acquisition of significant franchises from the bankrupt THQ

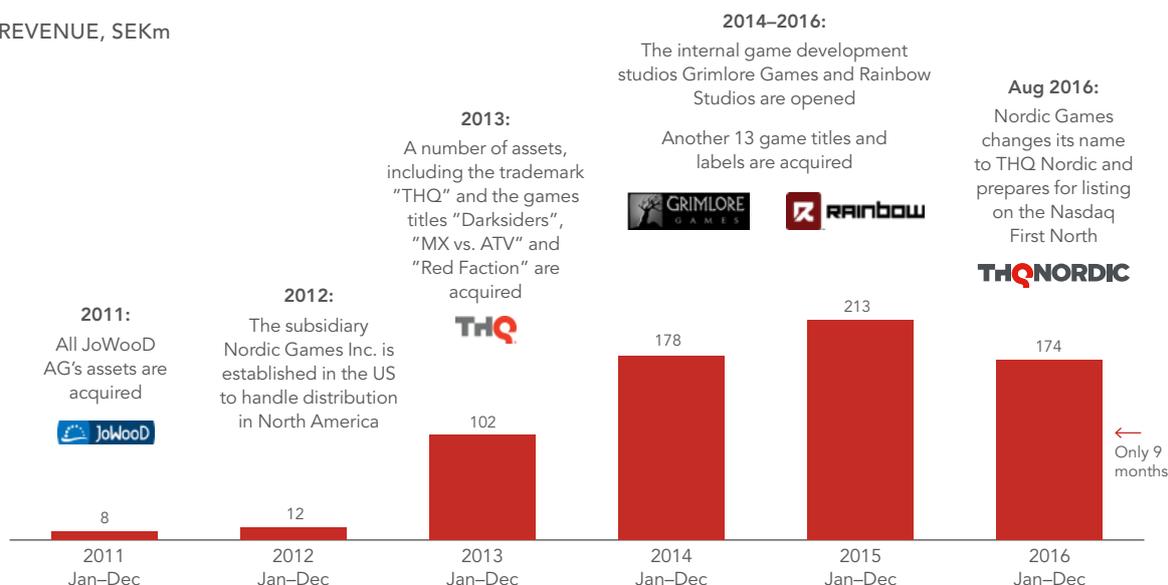
A new and important chapter in the story of THQ Nordic was written in 2013 when a number of strong franchises were acquired from THQ Inc., which at that time had become insolvent – partly due to over-indebtedness. THQ was an American game publisher, listed on the Nasdaq stock exchange in New York, which at its height was one of the world's ten biggest game publishers with market capitalisation of over USD 2 billion.<sup>1)</sup>

In total, more than 20 franchises were acquired along with the THQ brand, for a purchase price of SEK 40 million. The most significant franchises acquired were Darksiders, MX vs. ATV, Red Faction and Titan Quest. In 2015 the franchises originating from THQ together generated around 65% of the Company's sales.

### 2016: Rebranding to THQ Nordic

The Company announced its rebranding from Nordic Games to THQ Nordic on 12 August 2016 ahead of the gamescom convention in Cologne, Germany. The rebranding and "resurrection" of THQ received a great deal of media coverage all over the world. Company management believes that the rebranding to THQ Nordic will strengthen the Company's culture and increase its recognition and credibility in the games industry, which may in turn improve the Company's opportunities to attract and retain employees, fans and partners.

## NET REVENUE, SEKm



Financial data in the graph above relating to periods prior to the historical financial information presented in the Prospectus has been retrieved from the Company's audited annual reports for the fiscal years 2012 and 2013.

1) Nasdaq, BATS Exchange, SEC and Xignite Inc. EDGAR online.

**BUSINESS MODEL**

The main components in THQ Nordic’s business model are summarised below and then explained in more detail.

*Build and continually refine an attractive game portfolio:*

- 1) The core business model consists of acquiring established but currently underperforming game franchises and successively refining them. See section “Business overview – Business model – Core business model”.
- 2) Complementary to the core business model – selective new development: As a complement to the core business model the Company may, very selectively, develop its own entirely new franchises. See section “Business overview – Business model – Complementary to the core business model: Selective new game development”.
- 3) Complementary to the core business model – published titles: As a complement to the core business model the Company also publishes game titles for various strategic partners. See section “Games portfolio and pipeline – Large, global published titles enhance THQ Nordic’s game portfolio”.

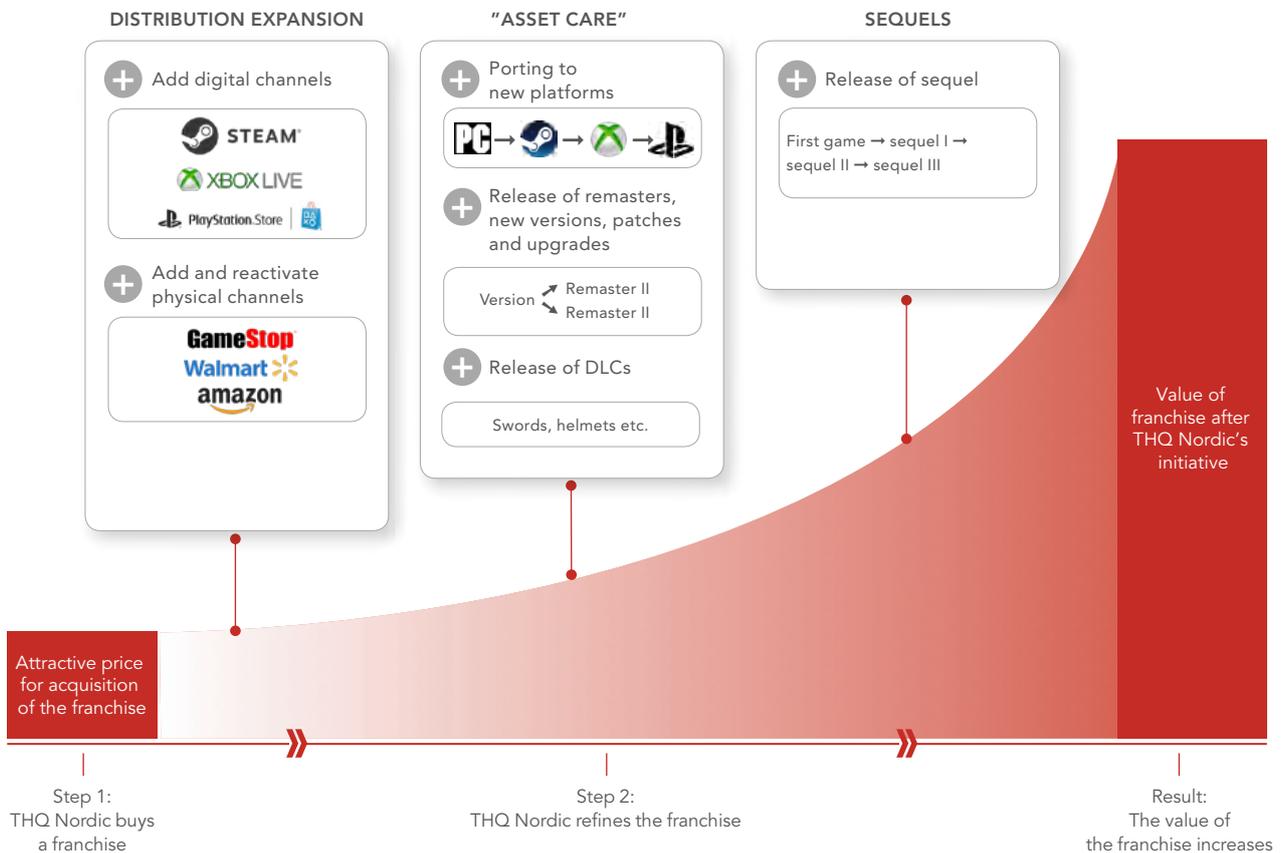
*Publish and distribute the games in the portfolio:*

- 4) **Marketing** – The Company’s marketing strategy focuses on relationship building with leading digital distribution channels, marketing via social media, and close interaction with and understanding of the fans. See section “Business overview – Marketing and sales”.
- 5) **Distribution** – The Company has global physical distribution capacity and extensive digital distribution capacity. See section “Business overview – Distribution”.

In addition to the above, THQ Nordic may in the future make other types of investments and acquisitions within the games industry where company management believes that the Company can add value by utilising its existing expertise and organisation. For example, this could involve adding new game development studios, acquiring small publishers, and exploring IP licensing and mobile games. See section “Business overview – Growth strategy” for more information.

**Core business model**

THQ Nordic’s core business model consists of acquiring established but underperforming franchises and then gradually refining the value of these franchises in the following three steps: 1) Distribution expansion, 2) Asset Care and 3) Sequels, as illustrated and explained below. The chart below clearly illustrates these three activities that the Company generally carries out with the aim of refining the value of the franchises acquired. The chart is not to scale.



### Distribution expansion

The first step in refining the value of an acquired franchise is to expand its distribution. This step usually takes between a few months and up to one year to complete. It consists of expanding the distribution of an acquired game so that it is available to the end consumer via multiple suitable physical and digital distribution channels. For example, at the time of acquisition an acquired game may no longer be available on the market and, if it is considered appropriate at the time, the game may be made available via all or some of the Company's approximately 40 digital channels, as well as via all suitable physical distribution partners. This makes the game once again available to more consumers and can contribute to sales increasing relatively quickly.

### Asset Care

The second stage in refining the value of an acquired franchise is what the Company calls Asset Care. This consists of improving the game itself in various ways and comprises: porting to new platforms, launch of remastered versions (remasters) and the launch of downloadable content (DLC).

Porting to new platforms consists of making a game available on a new platform. For example, a game may only be compatible with the PlayStation 3 platform, in which case the game is developed so that it can also be played on, for example, the later generation platforms PlayStation 4 and Xbox One.

The launch of remasters involves graphically and/or technically polishing and upgrading an existing game. A graphical remaster might mean an HD version that looks better graphically, while the rest of the game's content remains unchanged. A technical remaster might consist of fixing bugs in the game or adding a new function to the game. In other respects the underlying code and the game remain unchanged.

The launch of DLC consists of various types of add-ons for the existing game. Such add-ons require the person to already own the basic game. DLC is downloaded digitally and usually consists of, for example, a new motorbike, a new weapon or a new track to use in the game. How suitable such peripheral sales are will depend on the type of game concerned.

### Development and launch of sequels

Developing and launching brand new game titles in an already established game series is the third and final stage in the process of increasing the value of an acquired franchise. Developing a sequel means using an established game concept but developing a brand new game, with new code, new action and new content. The launch of completely new games is usually associated with a certain degree of risk because it is difficult to assess beforehand how the new game will be received by the end consumer. THQ Nordic assesses that it has succeeded in reducing this risk because it prefers to develop new games based on already proven game concepts and franchises with existing fans.

At the end of 2014 THQ Nordic started developing a number of sequels to some of its acquired franchises. However, the Company has not yet launched any of these sequels as they are still in development in the Company's pipeline. In the Company's assessment, it is this stage that has the greatest potential and that can generate the most value in the form of increased sales.

### The core business model in practice: case study of MX vs. ATV

One of THQ Nordic's most successful examples of its core business model is the acquisition and refinement of the off-road racing game MX vs. ATV. The example is just one of many franchises that the Company has acquired and refined and is not representative of all the Company's acquisition and refinement activities.

**Acquisition:** The game was acquired for EUR 0.6m in June 2013 from the bankrupt THQ.

**Refinement:** On top of the purchase price of EUR 0.6m, THQ Nordic has invested EUR 3.6m in products launched since the acquisition (June 2013 – August 2016). These investments primarily financed the refinement activities below:

- **Distribution expansion:** Soon after the acquisition of MX vs. ATV the game began to be distributed via new digital and physical channels around the world.
- **Asset Care:** Five ports to new platforms were carried out and two remasters were launched (two examples are MX vs. ATV Supercross, which was ported from the PlayStation 3 to the Xbox 360, and MX vs. ATV Supercross Encore, which was ported from the PlayStation 4 to the Xbox One).
- **Sequels:** As of the Prospectus date no full-scale sequel to the MX vs. ATV franchise had been launched.

**Results:** Since the acquisition (June 2013 – August 2016), accumulated sales and gross profit after marketing expenses have amounted to EUR 22m and EUR 15m respectively. Trailing 12-month sales between June 2014 and August 2016 increased at an average annual rate of 100%, peaking in August 2016.

A large share of the sales related to MX vs. ATV consists of add-ons in the form of DLC. The Company believes that MX vs. ATV has a strong position among motocross fans in the US, and these fans are faithful to the franchise. The users play the game for a long period, so multiplayer teams and competitions are common. As a result, add-ons such as new motorbikes, new helmets and new tracks are ideal for expanding the game experience and thus the life of the game. The chart below illustrates the development of trailing sales for MX vs. ATV between May 2015 and August 2016. The average annual growth rate (CAGR) was 100% between May 2015 and August 2016.

MX VS. ATV: TRAILING 12 MONTH SALES (MEUR)



*The sales data comes from the Company's internal accounting and reporting system. The compound annual growth rate ("CAGR") is in this example presented because the Company believes this measure to provide investors with additional information about how revenues from the game MX vs. ATV have developed over time and how the Company's core business model may work.*

#### Complementary to the core business model: selective new game development

As a complement to the core business model, THQ Nordic may – very selectively – develop its own entirely new franchises. The Company believes that its existing game portfolio with around 75 owned, established franchises provides multiple opportunities to develop sequels to these and means that the Company does not have the same need to continually develop completely new franchises as publishers with smaller IP portfolios. This in turn means that THQ Nordic can be highly selective when it comes to choosing any development projects for completely new franchises. As well as being excited by the actual game concept, the main

selection criteria for THQ Nordic taking a new development project further relate to the actual game studio, which must have a strong history and represent a similar corporate culture to THQ Nordic. Company management also believes that large and exciting new development projects such as Elex inspire the whole of the THQ Nordic organisation and strengthen the corporate culture.

THQ Nordic's first self-developed franchise is the action role playing game (RPG) "Elex", which was developed in cooperation with the game development studio Piranha Bytes. Elex is one of the Company's largest three development projects to date, with a development budget of SEK 65–125m. For more information see section "Game portfolio and pipeline – Pipeline – Elex".

#### Marketing and sales

Sales and marketing is an important factor for success for THQ Nordic. Through its operational head office in Vienna the Company considers itself to have an effective organisation for internally implementing these activities. As of 31 October 2016 the Company had around 10 personnel in sales and marketing. In addition, the Company works with a number of external partners within various marketing related activities.

THQ Nordic's marketing strategy is summarised by the synergistic components below.

- Relationship-building with leading digital distribution channels in order to obtain advantageous positioning and placement
- Marketing on social media (including trailers and streamers)
- Interaction with and understanding of fans, for example through gaming conventions, forums and social media
- Close partnerships with the game developers, which are vital for game-specific marketing strategies
- Good ratings and reviews through appropriate quality games

#### *Relationship-building with important digital distribution channels in order to obtain advantageous positioning and placement*

Obtaining advantageous positioning and placement in the most important digital channels is vital for THQ Nordic. With the growing emergence of digital channels, the Company believes that this is likely to become even more important in the future. Effective management of and sales to digital channels are thus essential for THQ Nordic. As of 31 October 2016 the Company had three personnel dedicated to working on this.

One of the most important digital channels is Steam, which is the biggest global retailer of PC games. For this reason the Company has an employee almost entirely dedicated to this retailer. A recent example of a successful Steam launch is the Titan Quest Anniversary Edition that the Company released on Steam on 31 August 2016. Titan Quest Anniversary Edition remained on Steam's bestsellers list for a whole week.

#### **Marketing on social media (including trailers and streamers)**

Other than management of and sales to digital channels, THQ Nordic's most important marketing channels are social media such as Facebook, Google and YouTube. The Company believes there are many advantages to marketing on social media for THQ Nordic, such as:

- It is easy to link to trailers (e.g. on YouTube or Twitch), often the most powerful medium for marketing games.
- Extensive opportunities to target advertising only at selected customers for different games and then measure the results of a specific marketing campaign (particularly on Facebook).
- Opportunities to interact with fans. When the Company launches sequels in the future, it expects streamers on YouTube and Twitch to be an important marketing channel.

#### **Interaction with and understanding fans, for example through gaming conventions, forums and social media**

If THQ Nordic is to be able to develop suitable quality games for its fans, the Company needs to interact with them continually and understand them. The Company tries to achieve this by being present at conventions such as gamescom, E3, Pax, Twitchcon and Igromir, and by managing a number of forums that are specific to THQ Nordic's games.

#### **Close partnerships with the game developers, which are vital for game-specific marketing strategies**

To ensure that the marketing strategy is in line with the game concept the Company believes the main developers of a particular game should help shape the marketing strategy before and during the launch of the game. It is also important that the main game developers engage their fans in the marketing of a major launch, because the fans are interested in the developers rather than the publisher.

#### **Good ratings and reviews through appropriate quality games**

Getting good ratings and reviews, for example on Metacritic and Steam, is very important for achieving a successful launch. The Company intends to achieve this primarily by developing exciting games of high quality and by having a deep understanding of what fans want.

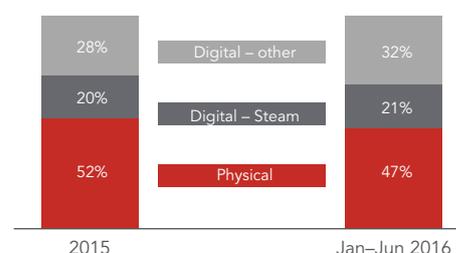
#### **Distribution**

THQ Nordic has global physical distribution capacity via retailers such as Walmart, Gamestop and Amazon. In 2015 a total of 52% of the Group's sales were generated via physical distribution. Although the market is moving more and more towards digital distribution, physical distribution still represents a significant part of the total market, particularly in the case of console games. See "Market overview" for more information on the global games market.

The Company also has extensive digital distribution capacity via established relationships and agreements with around 40 digital distribution channels such as Steam, PlayStation Network and Xbox Live. In 2015 a total of 48% of the Group's sales were generated via digital distribution, with digital distribution via Steam accounting for 20 percentage points and digital distribution via other digital channels together accounting for 28 percentage points.

Gross margins are usually higher for digital distribution than for physical distribution.

#### **SALES PER CHANNEL**



The distribution of sales per channel above is taken from the Company internal accounting and reporting system.

## STRENGTHS AND COMPETITIVE ADVANTAGES

### Proven core business model

THQ Nordic's core business model consists of first acquiring established but currently underperforming franchises and successively developing them through the three steps of distribution expansion, Asset Care and the development and launch of sequels. In recent years the core business model has been proven to function well, as indicated by, among other things, the Company's strong growth with profitability since 2013. This can be exemplified by a case study involving the off-road MX vs. ATV. THQ Nordic acquired MX vs. ATV for EUR 0.6m from the bankrupt THQ in June 2013, and in the period between then and August 2016 invested EUR 3.6m in developing launched content, during which time accumulated sales and gross profit after marketing costs amounted to EUR 22m and EUR 15m respectively. Trailing 12-month sales between June 2014 and August 2016 increased at an average rate of 100% per year, peaking in August 2016. MX vs. ATV is just an illustrative example and is one of many franchises that the Company has acquired and refined. The example is therefore not representative of all of the Company acquisition and refinement activities.

### Attractive game portfolio

The Company has an attractive game portfolio that has the following strengths, among others. The game portfolio is available on all the important gaming platforms, is well distributed and is big on Steam. The game portfolio includes various quality games with a large number of fans and a number of franchises have significant potential. THQ Nordic's game portfolio is complemented and enhanced by big, global published titles. In addition, the Company's game portfolio is considered to be diversified in at least four areas. See "*Games portfolio and pipeline – the games portfolio is diversified*" for further information.

### Strong and well-invested pipeline

THQ Nordic's pipeline is strong and well-invested, with 10 announced projects and 19 unannounced projects – including the Company's three largest development projects to date with an estimated development budget of SEK 65–125m each. In the first nine months of 2016 the Company invested SEK 87.3m in games development ("completed games" and "ongoing projects"), and as of 30 September 2016 the Company had capitalised development costs related to games development of SEK 153.8m.

### Marketing, sales and distribution capacity

The Company's marketing strategy focuses on building relationships with leading digital distribution channels such as Steam, with over 125 million users in 2015 and a market share of 75% for digital PC games<sup>1)2)</sup> in order to obtain advantageous positioning and placement, marketing via social media such as Facebook and YouTube, and close interaction with and understanding of the fans, for example by participating in gaming conventions and actively fostering forums. The Company has global physical distribution capacity via retailers such as Walmart, Gamestop and Amazon, and extensive digital distribution capacity through established relationships and agreements with around 40 digital distribution channels such as Steam, PlayStation Store and Xbox Live.

### Strong financial performance

THQ Nordic's financial performance in recent years has been strong. Growth in the first nine months of 2016 was 52% compared with the same period in 2015, and average annual growth in 2014 and 2015 was 44%. The underlying EBIT margin was 31% in the first nine months of 2016 and 37% for full-year 2015.

### Strong company management

THQ Nordic's company management has solid industry experience with over 50 years in the games industry between them, complemented by skills and expertise within areas such as leadership, acquisition strategy, marketing and business development. The company management also has a strong incentive to add shareholder value as it has a joint shareholding of 91% of the Company prior to the Offering.

### Attractive segment of an attractive market

The global games market is expected to have sales of roughly USD 100 billion in 2016 and is exhibiting strong growth with expected annual growth of 7% between 2015 and 2019. THQ Nordic primarily operates within the PC and console segments. PC/MMO and consoles are expected to account for around 58% of the total market in 2016. THQ Nordic's end consumers are primarily located in North America and Europe. Western countries are expected to account for around 50% of the total market in 2016. See "*Market overview*" for additional information about the global games market

1) Edwards, Cliff (4 November 2013). "Valve Lines Up Console Partners in Challenge to Microsoft, Sony". Bloomberg. Retrieved 23 October 2016.

2) Saed, Sherif (24 February 2015). "Steam has over 125 million active users, 8.9 concurrent peak". VG247. Retrieved 23 October 2016.

## FINANCIAL GOALS

### Financial goals

#### Growth

THQ Nordic's goal is to achieve significant growth in net sales in the medium term. This growth will primarily be driven by:

- **Pipeline:** Launch of the games that are currently in the Company's pipeline
- **Accelerating the core business model:** acceleration of the Company's Asset Care for the existing game portfolio and launch of sequels, and continued acquisition of further intellectual property rights to integrate into the existing core business model

THQ Nordic has decided not to communicate a growth target expressed as a percentage or in absolute figures for a number of reasons including the following: It is difficult to estimate future sales from the launch of new games. It is difficult to estimate with any accuracy the development costs and launch date of a major development project, which can often extend over several years. The pace of development and change in the games industry is high.

#### Profitability

THQ Nordic has decided not to communicate a profitability target expressed as a percentage margin or in absolute figures for a number of reasons, including the following: It is difficult to estimate future sales from the launch of new games. It is difficult to estimate with any accuracy the development costs and launch date of a major development project, which can often extend over several years. The pace of development and change in the games industry is high. The gross margins for owned franchises and published titles usually differ hugely from one another and it is hard to estimate accurately the future composition of the Company's games portfolio, even though the Company's focus is on owning its own franchises.

#### Dividend policy

THQ Nordic's Board of Directors has not adopted a dividend policy. The dividend paid has been and will continue to be based on the trend in the Company's profitability, future development, acquisition opportunities and financial position.

## GROWTH STRATEGY

In the Board of Directors' assessment, since 2011 THQ Nordic has established a strong platform with strong growth and profitability from which the Company can accelerate its growth with profitability, and this will be further supported by the listing of the class B shares on Nasdaq First North and the associated Offering, as well as the recent rebranding to THQ Nordic.

The Board has identified the following strategic priorities.

### *Main focus – accelerate the present core business model:*

- Accelerate Asset Care and the development and launch of sequels
- Further acquisitions of franchises

### *Complementary focus:*

- Add game development studios
- Acquire small publishers
- Explore licensing of the franchises
- Begin Asset Care of the franchises for mobile games

### **Accelerate Asset Care and the development and launch of sequels**

THQ Nordic will have a clear focus going forward on continuing to invest in further launches of sequels to the Company's already well-established franchises. In addition, there will be a clear focus on continuing with and accelerating the Company's existing core business model of developing further and adding value in the existing game portfolio.

### **Further acquisitions of franchises**

THQ Nordic will continue its current core business model based on acquiring franchises. Examples of potential sellers include companies in financial difficulties that are unable to develop the franchise further themselves or a seller that does not intend to develop the franchise further because the seller has decided to focus on one or more other franchises.

### **Add game development studios**

The Company sees growth opportunities in adding further internal and external game development studios to its existing business. These additions may take place both organically through the Company starting its own game development studios, or alternatively through the acquisition of existing external game development studios.

### **Acquire small publishers**

THQ Nordic sees growth opportunities in acquiring parts or all of the franchise portfolios of small publishers and integrating these products into the Company's existing business.

### Explore IP licensing and mobile games

As part of its growth strategy and to broaden its knowledge within the industry, in autumn 2016 the Company started an internal game studio focusing on mobile games. The studio is led by Senta Jacobsen, who has previously held leading roles at Electronic Arts (DICE) and Crytek, among others. In addition to expertise within mobile game development, the development team at Foxglove Studios also has long experience and wide-ranging expertise in gaming on other platforms. Foxglove Studios will therefore also contribute to developing the Company's Asset Care. Foxglove Studios currently has two mobile titles in development. The Company does not own the rights to these two titles and does not publish the games either; instead, the Company is collaborating with two external publishers. One of the games was test-launched in the Philippines, Malaysia and Indonesia at the end of September 2016.

In addition, the Company sees growth opportunities in exploring licensing of the Company's franchises for the development of new games and to new geographical markets. As part of this, THQ Nordic sees opportunities for licensing mobile versions of the Company's existing games, for example, and for licensing suitable titles in the Company's current portfolio for distribution on the Asian market.

See section "*Background and rationale*" for information on how the proceeds of the Offering are intended to be used.

### INTERNAL GAME DEVELOPMENT STUDIOS

THQ Nordic currently has four internal game development studios. Two are located in Sweden (Stockholm and Karlstad), one in Germany (Munich) and one in the US (Phoenix, AZ). A brief description of each studio is given below.

#### Rainbow Studios

Rainbow Studios is one of the Company's four internal development studios and is located in Phoenix, Arizona. As of 31 October 2016 the game studio employed 21 people and is dedicated entirely to developing one of the Company's biggest franchises: MX vs. ATV.

Rainbow Studios was originally a computer graphics and animation studio with a history extending back to the early 1990s. In 1996 the studio changed its focus and began developing video games. In 1998 Rainbow Studios launched the game Motocross Madness, which was developed in collaboration with Microsoft. Since then the studio has continued to develop off-road racing games, pushing the visual and graphical envelope within the games they develop.

In 2001 Rainbow Studios was acquired by the game publisher THQ Inc. and began developing the game series MX vs. ATV. Under THQ Inc.'s ownership Rain-

bow Studios continued to develop quality games such as Disney-Pixar's "Cars", "Splashdown" and "Deadly Creatures". Over the years the studio grew to have more than 200 employees and was the largest game developer in the American Southwest.

In 2013 THQ Inc. went bankrupt, and part of its IP – including MX vs. ATV, Splashdown, Deadly Creatures and Rainbow Studios – was acquired by Nordic Games, which is today THQ Nordic. In December 2015 THQ Nordic started the studio up again with as many of the original developers as was possible.

#### Grimlore Games

Grimlore Games was started in 2014 and is one of the Company's internal game development studios. The game studio is located in Munich, Germany and as of 31 October 2016 employed 29 people. Grimlore Games develops the game SpellForce, one of the Company's biggest wholly owned franchises. At present the studio is working on the development of the game SpellForce III, which is the Company's first sequel in the series and is planned for launch in 2017.

#### Foxglove Studios

Foxglove Studios is the Company's internal development studio that has a knowledge of mobile game development. The studio started up in autumn 2016 and is based in Stockholm. As of 31 October 2016, Foxglove Studios employed around 15 developers in Stockholm and Holland, as well as external contractors. Foxglove Studios currently has two mobile titles in development. The Company does not own the rights to these two titles and does not publish the games either; instead, the Company is collaborating with two external publishers. One of the games was test-launched in the Philippines, Malaysia and Indonesia at the end of September 2016.

The studio is led by Senta Jacobsen, who has previously held leading roles at Electronic Arts (DICE) and Crytek, among others. In addition to expertise within mobile game development, the development team at Foxglove Studios also has long experience and wide-ranging expertise in gaming on other platforms. The Company therefore considers that Foxglove Studios will contribute to developing the Company's existing Asset Care.

#### Mirage Game Studios

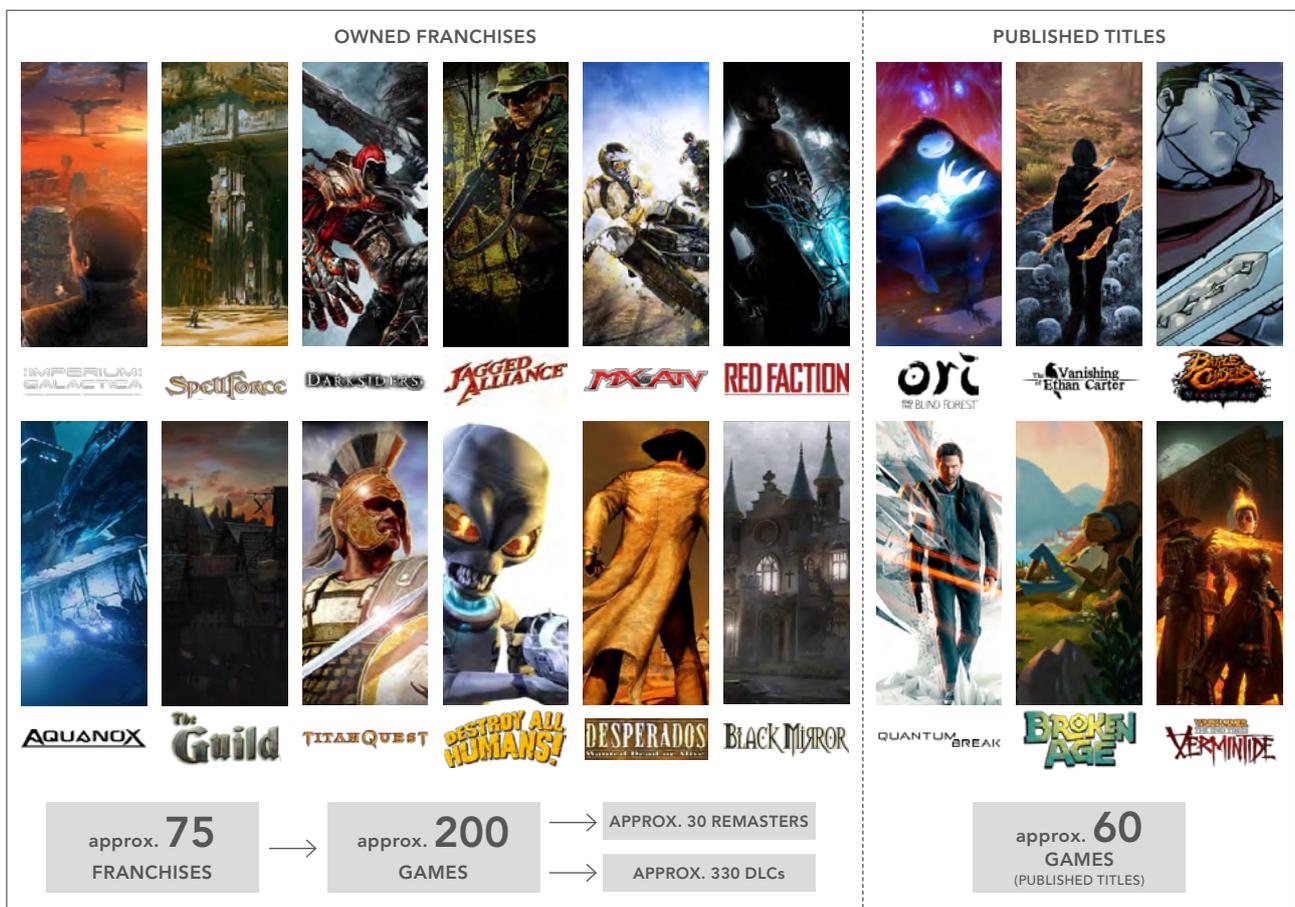
Mirage Game Studios was started in 2016 and is located in Karlstad, Sweden. As of 31 October 2016 the studio employed four developers who are currently developing a PC game; the Company owns all the rights related to the game.

# GAMES PORTFOLIO AND PIPELINE

## GAMES PORTFOLIO

THQ Nordic’s game portfolio can be split into “owned franchises” and “published titles”. Owned franchises consist of game franchises that THQ Nordic itself owns all the rights to and thus itself controls how the franchise is to be developed in the future. Published titles are game titles that THQ Nordic does not own the intellectual property rights to, but fully or partly owns the publishing rights to and thus publishes the titles for various partners. As of 31 October 2016 THQ Nordic owned and published around 75 game franchises, 200 games, 30 remasters and 330 DLCs. In addition, the Company publishes around 60 published titles for various partners.

### OVERVIEW OF THQ NORDIC’S GAME PORTFOLIO



Six strengths of THQ Nordic’s game portfolio are listed below and then explained in more detail:

- The game portfolio is available on all the main gaming platforms
- The game portfolio is well distributed and is big on Steam
- The game portfolio contains various quality games with a large number of fans
- A number of the franchises have been assessed as having significant potential
- Large, global published titles enhance THQ Nordic’s game portfolio
- The game portfolio is diversified

#### Explanation of franchise, game, remaster and DLC:

A franchise is a label that is used for a series of games. Several different games can be released as one franchise. Each franchise has an overarching game concept but each game has its own storyline that fits into the overarching game concept of the franchise. A remaster is a graphic or technical upgrade of a previously released game where the storyline of the game remains unchanged. For every game and remaster, DLC (downloadable content) such as swords, helmets and new levels can then be developed and marketed.

**The game portfolio is available on all the main gaming platforms**

THQ Nordic’s game portfolio is largely available on the three main platforms for PC and console gaming: Xbox, PlayStation and PC. A number of THQ Nordic’s most important franchises are available on all these platforms, which is partly due to the large amount of porting carried out under the Company’s Asset Care programme. Of the Company’s 18 most important franchises, 63% are available on Xbox, 63% on PlayStation and 88% on PC.

**The game portfolio is well distributed and is big on Steam**

THQ Nordic’s game portfolio is well distributed both physically and digitally thanks to the Company’s global physical distribution capacity and established relationships and agreements with around 40 digital distribution channels as of 31 October 2016. Of the 18 most important franchises, 72% are physically distributed and 89% are digitally distributed with a median of 33 different digital platforms per franchise.

Of THQ Nordic’s total game portfolio (games based on owned franchises and published titles), 89 are available on Steam where more than 22 million copies of the Company’s games are owned.<sup>1)</sup>

**The game portfolio contains various quality games with a large number of fans**

A number of the franchises in THQ Nordic’s game portfolio have historically received high ratings from critics and fans, sold in many millions of copies and have received a good amount of attention on various social media, which indicates that the game portfolio includes a number of quality franchises with a large number of fans. The average highest rating for the 18 most important franchises is 77 out of 100 for Metacritic Metascore, 8.5 out of 10 for Metacritic Userscore and 85% out of 100% for Steam Userscore. All these ratings correspond to the respective rating system’s highest category, i.e. Metacritic’s “green” category and Steam’s “Very positive” category.

			Selected 6 important franchises	Selected 18 important franchises
The game portfolio is available on all important platforms	<b>PLATFORMS<sup>1)</sup></b>			
	XBOX		50%	44%
	PlayStation		50%	39%
	PC		100%	89%
The game portfolio is well distributed and is big on Steam	<b>DISTRIBUTION</b>			
	Physical distribution		100%	72%
	Digital distribution		100%	89%
	Steam		100%	78%
	Number of digital platforms (median)		35	33
The game portfolio contains various quality games with a large number of fans	<b>RATINGS</b>			
	Metacritic Metascore		82	77
	Metacritic Userscore		8.4	8.5
	Steam Userscore		88%	85%

1) The share of THQ Nordic’s owned franchises that are available on Xbox, PlayStation and PC. To be considered available, at least one game title must be available on at least one version of the platform in question.

1) Steamspy ([www.steamspy.com/dev/THQ+Nordic](http://www.steamspy.com/dev/THQ+Nordic)); this figure also includes what are known as expansion packs.  
 2) Metacritic metascore and Metacritic userscore are ratings left by reviewers and players respectively on the website [www.metacritic.com](http://www.metacritic.com). The Company regards these scores as important indicators of how consumers and reviewers rate the games released by the Company. Steam userscore is a user rating left on Steam that performs a similar function to the Metacritic metascore and Metacritic userscore.

### A selection of franchises with significant potential

A selection of the Company's franchises are described briefly below. These franchises have together sold several million copies historically and have often received good or very good reviews from critics and/or fans, which is why the Company believes there is significant potential in launching sequels to these franchises. As mentioned above, THQ Nordic has not launched any sequels yet, but has a number of major sequels in development in its pipeline – see section "Games portfolio and pipeline – Pipeline".



Year launched: 2010  
 Genre: Action RPG  
 Original developer: Vigil Games  
 Versions: Darksiders I, Darksiders II  
 Remasters: Darksiders II: Deathinitive Edition  
 Announced pipeline: Darksiders: Warmastered Edition, developed by Kaiko  
 Sales: >5m copies and =USD 150m since launch

Darksiders is a third-person open-world action role-playing game with a complex warfare system and a large arsenal of modern and mythical weapons. Designed by comic book artist Joe Madureira (X-Men, Battle Chasers, The Ultimates), Darksiders is set in a post-apocalyptic world ravaged by demons where the forces of evil have already set in motion the final battle of Armageddon. The player takes on the role of one of the Four Horsemen of the Apocalypse in order to avenge the evil forces that betrayed him.

In the pipeline is Darksiders Warmastered Edition, a remaster of Darksiders I. Darksiders has sold over 5 million copies and generated earnings of around USD 150m (net sales) over the life of the series.

Darksiders has more than 1 million likes on Facebook and around 20 YouTube videos dedicated to discussing Darksiders have more than 1 million views.



Year launched: 2005  
 Genre: Sport/Racing  
 Original developer: Rainbow Studios  
 Versions: MX vs. ATV Unleashed, MX vs. ATV: On the Edge, MX vs. ATV: Untamed, MX vs. ATV Reflex, MX vs. ATV Alive  
 Remasters: MX vs. ATV: Supercross and MX vs. ATV: Supercross Encore  
 Announced pipeline: No announced game releases  
 Sales: >8m copies and =USD 220m since launch

MX vs. ATV is an off-road racing game for motocross and all-terrain vehicle fans. The game includes a large number of indoor and outdoor tracks and many official riders. The player can choose between motocross bikes and all-terrain vehicles in multiple game modes including Career, Single Race, and various split screen and online multiplayer events. Players can customise their rider with items from more than 80 licensed motocross companies.

As of the Prospectus date there are no announced projects in the Company's pipeline for the game series MX vs. ATV.

MX vs. ATV has sold over 8 million copies and generated earnings of around USD 220m (net sales) over the life of the series.

MX vs. ATV has around 150,000 likes on Facebook and has a particularly strong position among dedicated motocross fans in the US market.



Year launched: 2001  
 Genre: Science Fiction, First-Person Shooter  
 Original developer: Volition  
 Versions: Red Faction, Red Faction II, Red Faction: Guerilla, Red Faction: Armageddon  
 Remasters: Red Faction: Guerilla – Steam Edition  
 Announced pipeline: No announced game releases  
 Sales: >4m copies and =USD 120m since launch

Red Faction is a science-fiction first person shooter game with Geo Mod technology which allows gamers to change and destroy elements of the game's background in real time. The action takes place on Mars, where thousands of people have moved to work for mining company Ultor Corporation following promises of wealth and a better life. After a deadly plague starts to sweep through the colony and following violent acts by Ultor's guards, a revolution is imminent.

As of the Prospectus date the Company has not announced any new titles based on the Red Faction franchise.

Red Faction has sold over 4 million copies and generated earnings of around USD 120m (net sales) over the life of the series.



PC 

80  8.0 86%

Year launched: 2003  
 Genre: Real Time Strategy and RPG  
 Original developer: Phenomic  
 Versions: SpellForce I, SpellForce II  
 Remasters: None  
 Announced pipeline: SpellForce III  
 Sales: 700,000 copies owned on Steam

SpellForce is deeply rooted in the amalgamation of the real-time strategy (RTS) and role-playing game (RPG) genres. Players command troops, level/gear/skill up their party of heroes, strengthen their armed forces, conquer pivotal zones to expand their sovereign territory, and experience the world-changing events that will lead up to the convocation ritual at close quarters.

In the pipeline is SpellForce III, which alongside The Guild 3 and Aquanox: Deep Descent is among the Company's first sequels to existing portfolio titles. SpellForce III is scheduled for launch on PC and Steam in 2017.

In addition to previous physical sales, more than 700,000 copies of SpellForce are owned on Steam.



PC 

80  9.0 91%

Year launched: 2006  
 Genre: Action RPG  
 Original developer: Ironlore Entertainment  
 Versions: Titan Quest, Titan Quest: Immortal Throne  
 Remasters: Titan Quest – Anniversary Edition  
 Announced pipeline: No announced game releases  
 Sales: 1.6m copies owned on Steam

Action role-playing game Titan Quest is set in ancient Greece and Egypt where players set forth on an epic quest of the ultimate good versus evil. The Titans, gods before the gods, have escaped from their eternal prison to wreak havoc on the world. In this titanic struggle between old and new gods it is the heroes of humankind who will ultimately determine the fate of all existence. The player quests throughout the ancient world in a race to uncover the secrets needed to once again imprison these ancient gods.

In September 2016 the Company launched an anniversary edition of Titan Quest which remained on Steam's bestsellers list for a whole week.

As of the Prospectus date there are no announced titles based on the Titan Quest series in the Company's pipeline.

In addition to previous physical sales, more than 1.6 million copies of Titan Quest are owned on Steam alone.



PC 

82  8.6 81%

Year launched: 2002  
 Genre: Multiplayer Real Time Strategy  
 Original developer: 4HEAD Studios  
 Versions: The Guild, The Guild 2  
 Remasters: None  
 Announced pipeline: The Guild 3  
 Sales: 1m copies owned on Steam

The Guild is a fascinating life and economic simulation set in the late Middle Ages. Players can literally experience medieval Europe, playing as an individual character or a whole dynasty. In The Guild players can acquire businesses and properties, produce goods and trade with them, engage in politics and join the life of society, court women or men, and much more.

In the pipeline is The Guild 3, which alongside SpellForce III and Aquanox: Deep Descent is among the Company's first sequels to an existing franchise. The Guild 3 is expected to be launched on PC and Steam in 2017.

In addition to previous physical sales, around 1 million copies of games in The Guild series are owned on Steam.

The logos in the above pictures indicate which platforms the game is available on. The green rectangles show the highest rating any of the games in the franchise has been given on Metacritic metascore, the green ovals show the highest rating any of the games in the franchise has been given on Metacritic userscore and the percentages show the highest ratings any of the games in the franchise have been given on Steam userscore

### Large, global published titles enhance THQ Nordic's game portfolio

In addition to THQ Nordic's owned franchises, the Company also publishes around 60 titles for various types of partners such as game development studios or other larger or smaller game publishers. The Company believes that these published titles enhance THQ Nordic's existing game portfolio, which is positive for its partnership with end distributors such as Walmart, GameStop and Steam. In addition, they make a good contribution to the Group's earnings with relatively low risk, since they are published in THQ Nordic's existing

publishing organisation and established distribution network. In certain cases there may also be more long-term strategic reasons for the Company choosing to work with a specific partner and publish one or more of their titles.

THQ Nordic's different publishing contracts vary greatly. Some include financing of development and financing and management of marketing. Others are limited to distribution in all or parts of THQ Nordic's established distribution network.

Three examples of publishing contracts are given below:

QUANTUM BREAK REMEDY Microsoft game studios

WARHAMMER  
END TIMES  
VERMINTIDE

fatshark

BATTLE CHASERS  
NIGHTWAR

AIRSHIP  
SYNDICATE



Quantum Break is an action first-person shooter developed by the Finnish studio Remedy and is one of Microsoft's latest big titles.

As one of Microsoft's few external partners, THQ Nordic has exclusive physical distribution rights for Quantum Break as well as non-exclusive digital distribution rights on selected channels.

The Company was not involved in the development or financing of Quantum Break, but paid an advance for the distribution rights that is recoupable against royalties. The Company sees this collaboration as important from a strategic perspective. THQ Nordic believes that this type of partnership with a big player in the industry such as Microsoft is indicative of the Company's strong position in the games market.



The popular first-person shooter game Warhammer: End Times – Vermintide is developed by the Swedish studio Fatshark.

THQ Nordic has global exclusive physical distribution rights to the game on PlayStation 4, Xbox One and PC, as well as non-exclusive digital distribution rights on selected PC platforms.

THQ Nordic was not involved in the development or financing of Warhammer: End Times – Vermintide, but paid an advance for the distribution rights that is recoupable against royalties.

The Company sees this type of collaboration with well-reputed game development studios as a very positive thing and considers it important to have good relationships with developers of high quality games.



Battle Chasers: Nightwar is a turn-based role-playing game of the JRPG type, which stands for Japanese Role Playing Game. The game is developed by the US game development studio Airship Syndicate. Behind Battle Chasers: Nightwar is US comic book artist Joe Madureira, who also created the Darksiders series and the bestselling comic book series Battle Chasers on which the game is based.

THQ Nordic part-finances the development of Battle Chasers: Nightwar and has exclusive publishing rights for the game, both physical and digital.

THQ Nordic considers this partnership to be of particular importance, partly because of its link with one of the Company's most important franchises: Darksiders.

**The game portfolio is diversified**

THQ Nordic's game portfolio may be regarded as being relatively diversified in at least four different areas: by franchise, by gaming platform, by distribution channel (both digital and physical) and by the geographical region to which the end consumers belong. This is illustrated below.

**Diversification by franchise**

MX vs. ATV was the owned franchise that generated the most revenue in 2015, representing around 31% of the Group's total revenues. MX vs. ATV is the franchise to which THQ Nordic dedicated the most Asset Care in 2014 and 2015. The owned franchises that generated the second and third highest total Group revenues in 2015 generated 23% and 8% of Group revenues respectively. The fourth to tenth largest owned franchises each generated on average 2% of the Company's total revenues in 2015. Around 60 other owned franchises together generated around 22% of the Company's total revenues in 2015.

**Diversification by platform**

PC games accounted for 28% of Group revenues in 2015, PlayStation games for 43%, Xbox games for 24% and Nintendo games for 5%.

**Diversification by channel**

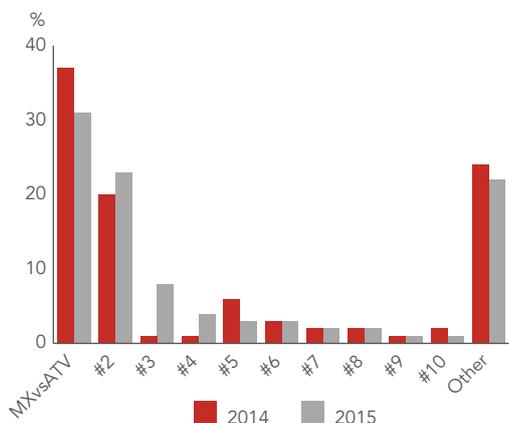
In 2015 a total of 52% of Group sales were generated via physical distribution and 48% via digital distribution. However, gross margins are usually higher for digital distribution than for physical distribution.

Although the market is moving more and more towards digital distribution, physical distribution still represents a significant part of the total market, above all in the case of console games.

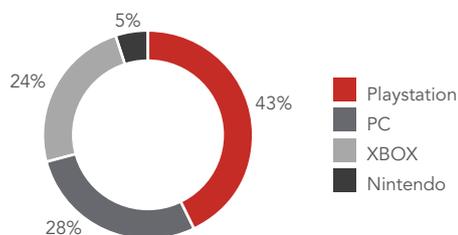
**Diversification by geographical area – figures based on end consumers on Steam**

THQ Nordic's games have historically been and continue today to be popular in North America and Europe. For full-year 2015 end consumers of the Company's games were distributed as follows: 44% in Western Europe, 34% in North America, 6% in Russia, 5% in Australia and New Zealand, 4% in Eastern Europe and 7% in the rest of the world. Overall, products were sold to 192 different countries, of which the smallest in terms of revenue was the Central African Republic at USD 1. Sales to Swedish customers for full-year 2015 amounted to just under 2% of the Company's total sales.

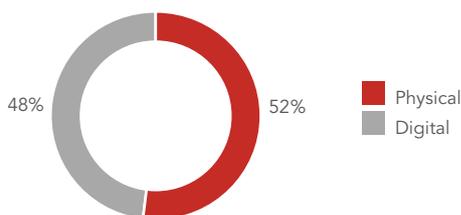
DISTRIBUTION OF THE GROUP'S REVENUES BY OWNED FRANCHISE



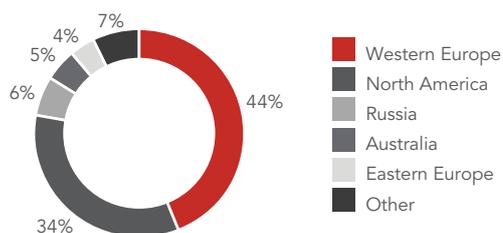
DISTRIBUTION OF THE GROUP'S REVENUES IN 2015 BY GAME PLATFORM



DISTRIBUTION OF THE GROUP'S REVENUES BY DIGITAL OR PHYSICAL DISTRIBUTION CHANNEL



DISTRIBUTION OF THE GROUP'S STEAM REVENUES BY PLAYER'S LOCATION,



The distribution of revenues shown in the charts above is taken from the Company's internal accounting and reporting system.

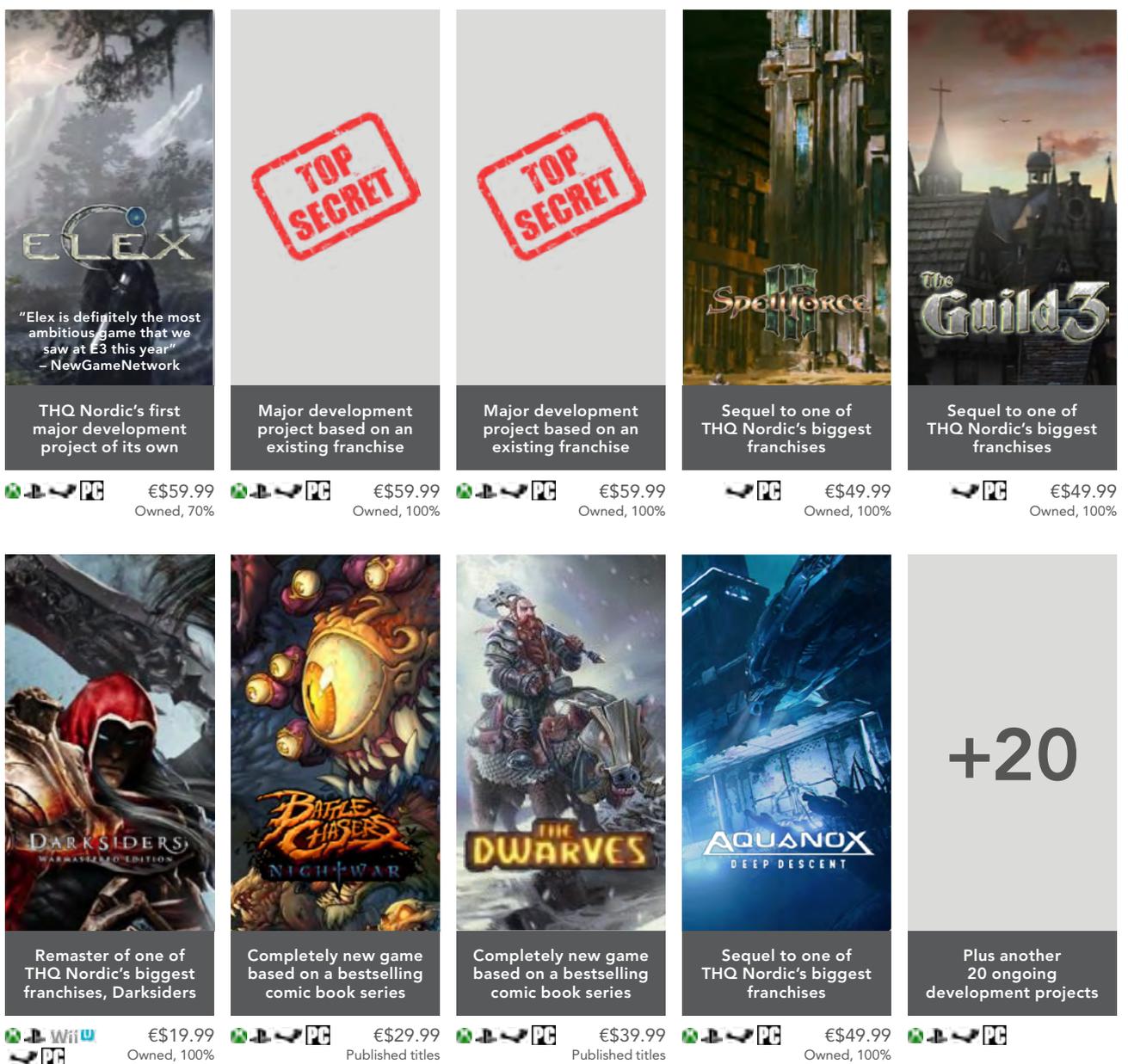
**PIPELINE**

THQ Nordic considers itself to have a strong and well-invested pipeline involving various kinds of development projects, such as sequels and remasters of owned franchises and new titles for publishing. In total, the Company has 29 projects in the pipeline, 10 of which have been announced while 19 are unannounced. The pipeline includes THQ Nordic’s three largest development projects to date, each with a development budget of SEK 65–125m.

The majority of sequels in the pipeline are budgeted to sell at “full price”, i.e. EUR/USD 59.99 for console versions and EUR/USD 49.99 for PC/Steam versions.

THQ Nordic sees it as one of the most important factors for success that the projects are developed by well-reputed and appropriate good quality studios. As a starting point, the Company always tries to work with all or part of the original development team and creators as developers of sequels.

The Company’s nine most important pipeline projects at present are shown in the figure below and then described in brief in the text. See section “Games portfolio and pipeline – Overview tables: Game portfolio and pipeline” for further information.



**Elex – open-world RPG set in a post-apocalyptic world**

Elex is the first franchise that THQ Nordic has developed itself and is one of the Company's three largest development projects to date. With a development budget of SEK 65–125m, Elex is a significant investment for the Company. The game is the first major launch from the Company's current pipeline and was presented at the E3 gaming convention in Los Angeles, where it was positively received by both fans and journalists. It is being developed in partnership with Piranha Bytes, a game development studio based in Germany. Piranha Bytes is behind the RPG series Gothic, among others, and the development of Elex was very much inspired by this series.

Elex is what is known as an RPG set in an open-world environment, which means that gamers have almost unrestricted freedom in the game. The game is set in a post-apocalyptic world where an advanced civilisation has been devastated by a meteor strike on their planet. The few who survived are now trapped in a battle to survive. Elex is a mix of science fiction and fantasy – known as "science fantasy" – and has more than 100 hours of playable content.

The launch of Elex is scheduled for 2017 on the platforms Xbox, PlayStation and PC/Steam, at a retail price of EUR/USD 59.99 for console versions and EUR/USD 49.99 for PC/Steam versions.

**Top secret x 2**

The two development projects designated "Top Secret" in the diagram are two of THQ Nordic's three largest development projects to date, each with a development budget of SEK 65–125m. Both are large development projects for existing franchises that are 100% owned by THQ Nordic. The games are scheduled for launch in 2018 on Xbox, PlayStation and PC/Steam, with a budgeted retail price of EUR/USD 59.99 for console versions and EUR/USD 49.99 for PC/Steam.

**SpellForce III – combining real time strategy (RTS) and role-playing in a fantasy environment**

SpellForce III, alongside The Guild 3 and Aquanox: Deep Descent, is among THQ Nordic's first sequels to one of the Company's biggest franchises, with a development budget of SEK 15–30m. The game is being developed internally by the Company's German game development studio Grimlore Games. THQ Nordic owns 100% of the intellectual property for the game. SpellForce III is scheduled for launch in 2017 on PC and Steam, with a budgeted retail price of EUR/USD 49.99.

**The Guild 3 – political and economic simulation set in medieval Europe**

The Guild 3, alongside SpellForce III and Aquanox: Deep Descent, is among THQ Nordic's first sequels to one of the Company's biggest franchises, with a development budget of SEK 15–30m. The Guild 3 is being developed by the Canadian studio GolemLabs. The game includes an AI (artificial intelligence) engine. THQ Nordic owns 100% of the intellectual property for the game. The Guild 3 is scheduled for launch in 2017 on PC and Steam, with a budgeted retail price of EUR/USD 49.99.

**Darksiders Warmastered Edition – "hack and slash" action RPG**

Darksiders: Warmastered Edition is a remaster of the first game in the Darksiders series. The remaster has been graphically and technically upgraded from the earlier version and will now be available for the Xbox One, PlayStation 4 and Nintendo Wii U as well as on PC and Steam. The game is being developed by the KAIKO studio in Germany and THQ Nordic owns 100% of the intellectual property for the game. Darksiders: Warmastered Edition is scheduled for launch during November 2016 at a retail price of EUR/USD 19.99 for both console and PC/Steam versions.

**Battle Chasers: Nightwar – turn-based strategy RPG of the JRPG (Japanese Role-Playing Game) type, based on a bestselling comic book series**

Battle Chasers: Nightwar is one of THQ Nordic's announced publishing title projects. THQ Nordic is the sole publisher of Battle Chasers for US game development studio Airship Syndicate. Behind the game is US comic book artist Joe "Joe Mad" Madureira, who also created the Darksiders series and the bestselling comic book series Battle Chasers on which the game is based. Battlechasers: Nightwar is scheduled for launch in 2017 on Xbox One, PlayStation 4, PC and Steam with a budgeted retail price of EUR/USD 29.99 for both console and PC/Steam versions.

**The Dwarves – real-time strategy game in a fantasy environment based on the bestselling book series Die Zwerge**

In 2016 THQ Nordic acquired 51% of the game rights to The Dwarves, which is being published jointly with the German company EuroVideo. The game is based on the bestselling German book series Die Zwerge and is being developed by German studio KING Art Games. The Dwarves is scheduled for launch in December 2016 on Xbox One, PlayStation 4, PC and Steam, with a budgeted retail price of EUR/USD 39.99 for both console and PC/Steam versions.

**Aquanox: Deep Descent – first-person shooter in an underwater environment**

Aquanox: Deep Descent, alongside SpellForce III and The Guild 3, is among THQ Nordic’s first sequels to one of the Company’s existing franchises, with a development budget of SEK 15–30m. Aquanox is being developed by the Serbian game development studio Digital Arrow and THQ Nordic owns 100% of the intellectual property for the game. Aquanox: Deep Descent is scheduled for launch in 2017 on Xbox One, PlayStation 4, PC and Steam, with a budgeted retail price of EUR/USD 39.99 for PC/Steam and EUR/USD 49.99 for Xbox One and PlayStation 4.

**+20 additional pipeline projects**

In addition to the development projects mentioned above, THQ Nordic had another 20 ongoing development projects as at 31 October 2016. The projects consist of completely new titles, further sequels to existing portfolio titles and a number of remasters and ports.

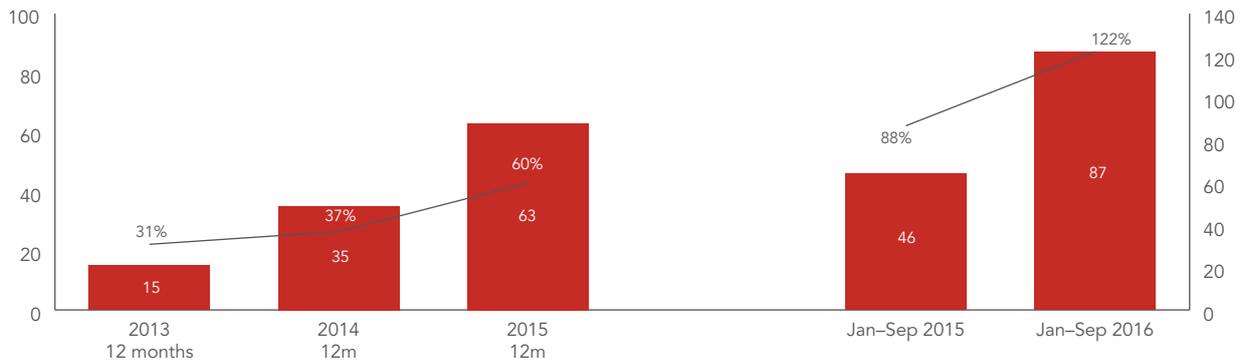
**INVESTMENTS IN THE DEVELOPMENT OF GAMES**

THQ Nordic’s pipeline is well-invested. In the first nine months of 2016 a total of SEK 87.3m was invested in game development (“completed games” and “ongoing projects”) and as of 30 September 2016 the Company had capitalised investment costs of SEK 153.8m related to game development. The rate of investment in the first nine months of 2016 corresponded to 122% of EBITDA, which is an increase compared with full-year 2015 when the equivalent figure was 60%. Investments in development projects have increased noticeably since 2013, both in absolute figures and as a proportion of EBITDA. The Company believes that one factor that has contributed to the higher levels of investment is the large number of attractive investment opportunities that resulted from the IP acquired from THQ in 2013.

The Company’s total investments consist of both investments in what are known as Asset Care projects and investments in new development projects. The Asset Care projects comprise further development of the Company’s existing portfolio titles. Investments in new development projects involve the development of sequels and represent a large part of THQ Nordic’s current development pipeline.

Investment in game development, SEK million

Investment in game development as a proportion of EBITDA



The financial data in the above chart relating to the 2013 fiscal year is taken from the comparative figures in the Company’s audited accounts for the 2014 financial year. The financial information for the period January–September 2016 and Q3 2016 is taken from the Company’s internal accounting and reporting system. See “Key performance indicators – definitions of alternative performance measures” for the definition of EBITDA.

## OVERVIEW TABLES: GAME PORTFOLIO AND PIPELINE

The tables below provide an overview of some of the Company's most important owned franchises, published titles and development projects. The tables do not include the franchises that were acquired by NovaLogic in October 2016. The information in the tables was collected in September and October 2016. The information in the tables was supplied by the Company unless otherwise specified. The franchises' highest Metacritic metascore, Metacritic userscore and rating on Steam are the highest scores given for any of the games in the franchise on Metacritic metascore, Metacritic userscore, and Steam userscore respectively. The source for Metacritic metascore and Metacritic userscore is [www.metacritic.com](http://www.metacritic.com). The source for rating on Steam is [store.steampowered.com](http://store.steampowered.com).

### OWNED FRANCHISES

Name	Franchise in brief			Genres	Platforms				Distribution			Franchise's high			Sales		
	Established	Origin	IP ownership		PC/Steam	Playstation	Xbox	Wii	Digital channels	Steam	Physical	Metacritic Metascore	Metacritic Userscore	Rating on Steam	Sales since launch	Copies sold	Copies owned (Steam)
Darksiders*	2010	THQ	100%	Action role-playing game	✓	✓	✓	✓	36	✓	✓	85	8.2	89%	~\$150m	>5m	3,000k
MX vs. ATV*	2005	THQ	100%	Sport/Racing	✓	✓	✓	✓	35	✓	✓	79	8.4	81%	~\$220m	>8m	300k
Red Faction*	2001	THQ	100%	Science Fiction, first-person shooter game	✓	✓	✓		37	✓	✓	88	8.4	92%	~\$120m	>4m	2,500k
Titan Quest*	2006	THQ	100%	Action role-playing game	✓				31	✓	✓	80	9.0	91%	na	na	1,600k
SpellForce*	2003	JoWooD	100%	Real-time strategy and role-playing game	✓				35	✓	✓	80	8.0	86%	na	na	700k
The Guild*	2002	JoWooD	100%	Multiplayer real-time strategy game	✓				34	✓	✓	82	8.6	81%	na	na	900k
We Sing	2009	Nordic Games	100%	Karoke		✓	✓	✓	0		✓	na	na	na	na	na	na
Painkiller	2004	Dreamcatcher	100%	Action first-person shooter game	✓	✓	✓		38	✓	✓	81	8.1	93%	na	na	1,600k
Aquanox	2001	JoWooD	100%	Action, underwater simulator	✓	✓	✓		33	✓		67	7.9	75%	na	na	242k
Impossible Creatures	2003	THQ	100%	Real-time strategy game	✓				33	✓	✓	73	8.0	97%	na	na	47k
Destroy all Humans	2005	THQ	100%	Action-adventure western, real-time strategy game		✓	✓	✓	1		✓	76	9.2	na	na	na	na
Desperados	2001	Atari	100%	Western, Real-time strategy	✓				29	✓	✓	78	8.8	69%	na	na	153k
Silver	1999	Atari	100%	Action role-playing game	✓				1	✓		na	na	na	na	na	na
Black Mirror	2003	DTP	100%	Adventure	✓				33	✓	✓	75	8.5	88%	na	na	208k
Men of Valor	2004	Sierra	100%	Action, first-person shooter game	✓		✓		32	✓		73	8.1	74%	na	na	7k
Jagged Alliance	1994	Various	100%	Turn-based role playing game	✓				27	✓		64	9.0	87%	na	na	71k
Codename: Panzers	2004	CDV	100%	Real-time strategy game	✓				32	✓	✓	81	8.9	90%	na	na	39k
Imperium Galactica	1997	Atari	100%	Real-time strategy game	✓				0			na	8.8	na	na	na	na
Average top 6 (*)					100%	50%	50%	33%	35	100%	100%	82	8.4	87%			1,480k
Median top 6 (*)																	9,000k
Average top 18					89%	39%	44%	22%	26	78%	72%	77	8.5	85%			751k
Total top 18																	9,767k

### PUBLISHED TITLES

The Company holds and owns various types of rights to others' franchises. These can range from very restricted rights for purely physical distribution on a single format (e.g. Quantum Break on PC) to full publishing rights for both digital and physical sales (e.g. The Book of Unwritten Tales).

Alan Wake (series)	Dungeon Lords	Rio	The Vanishing of Ethan Carter
Battle Chasers: Nightwar	Giana Sisters	Shadowrun Chronicles	This is the Police
Battle Worlds: Kronos	Gothic (series)	Silent Storm	Warhammer: End Times – Vermintide
Broken Age	Jeopardy	State of Decay Year One Edition	Wheel of Fortune
Conan	Ori and the blind forest	Super Dungeon Brothers	Zombie Driver
Dark Fall (series)	Planetary Annihilation	Syberia	
Deadfall Adventures	Quantum Break	The Book of Unwritten Tales (series)	



# SELECTED FINANCIAL INFORMATION

The following tables provide selected financial information gathered from THQ Nordic's audited consolidated accounts for the fiscal years ending 31 December 2014 and 2015, prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR")

The following tables also provide selected financial information gathered from THQ Nordic's consolidated accounts for the nine month period 1 January – 30 September 2016 (reviewed) and corresponding period 2015 (not reviewed), prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR") as well as the Swedish Accounting Standards Board's General Principles BFNAR 2007:1 Voluntary interim reporting.

Figures accounted for in the Prospectus have, in certain cases, been rounded off and, thus, the tables contained in the Prospectus do not necessarily sum up. If not otherwise stated, all financial amounts are stated in Swedish kronor ("SEK"). If not otherwise explicitly stated, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information in the Prospectus pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting system.

The financial information in this section should be read in conjunction with the sections "Comments to the selected financial information", "Capital structure, indebtedness and other financial information" as well as the Company's consolidated financial statements, including notes, which have been incorporated in the Prospectus by reference.

This Prospectus contains certain alternative performance measures which have not been defined or specified in accordance with BFNAR ("APM"), including but not limited to APMs such as "EBITDA", "EBITDA-margin", "Underlying EBIT", "Underlying EBIT-margin", "EBIT-margin" and "Net revenue growth". See section "Selected financial information – Definition of alternative performance measures" for a description of them. THQ Nordic believes these APMs not defined or specified by BFNAR are used by certain investors, analysts and other stakeholder as supplementary measures of financial performance and financial position. The APMs have, if nothing else is stated, not been audited and should not be observed separately or seen as substitutes for key performance indicators prepared in accordance with BFNAR. Furthermore, the APMs should, in the way THQ Nordic has defined them, not be compared to similarly defined measures used by other companies. This is due to the fact that these key performance indicators are not always defined in the same way, and other companies may have calculated them in a different way than THQ Nordic.

## CONSOLIDATED INCOME STATEMENT IN BRIEF

SEKm	Jan–Sep 2016 Reviewed	Jan–Sep 2015 Unaudited	Jan–Dec 2015 Audited	Jan–Dec 2014 Audited
Net revenue	173.7	114.5	212.9	178.0
Capitalised work on own account	23.8	5.1	–	–
Other operating income	6.0	3.5	5.0	4.1
<b>Total income</b>	<b>203.5</b>	<b>123.1</b>	<b>217.9</b>	<b>182.1</b>
Goods for resale	–68.1	–37.5	–70.1	–57.5
Other external costs	–27.5	–13.7	–28.3	–15.2
Personnel expenses	–35.1	–16.5	–14.4	–14.2
Depreciation and amortisation	–27.2	–21.4	–38.5	–27.1
Other operating expenses	–1.2	–2.6	–	–
<b>Total operating expenses</b>	<b>–159.1</b>	<b>–91.7</b>	<b>–151.3</b>	<b>–114.0</b>
<b>Operating profit</b>	<b>44.4</b>	<b>31.4</b>	<b>66.6</b>	<b>68.1</b>
Other interest income, etc.	0.0	0.0	0.0	0.3
Other interest expenses, etc.	–1.1	–0.6	–0.6	–1.3
<b>Total financial items</b>	<b>–1.1</b>	<b>–0.6</b>	<b>–0.6</b>	<b>–1.0</b>
<b>Profit after financial items</b>	<b>43.3</b>	<b>30.8</b>	<b>66.0</b>	<b>67.1</b>
Appropriations	–	–	–0.5	0.0
<b>Profit before tax</b>	<b>43.3</b>	<b>30.8</b>	<b>65.5</b>	<b>67.1</b>
Tax	–9.4	–7.1	–14.2	–15.0
<b>Net profit for the period</b>	<b>34.0</b>	<b>23.6</b>	<b>51.2</b>	<b>52.2</b>

**CONSOLIDATED BALANCE SHEET IN BRIEF**

SEKm	30 Sep 2016 Reviewed	30 Sep 2015 Unaudited	31 Dec 2015 Audited	31 Dec 2014 Audited
<b>ASSETS</b>				
Completed games (internally developed)	11.7	8.0	26.6	20.0
Domain rights/web shop etc.	0.0	0.0	0.0	0.1
IP-rights	19.3	29.8	26.6	34.3
Ongoing projects	142.1	67.3	51.3	20.4
<i>Total intangible fixed assets</i>	<i>173.1</i>	<i>105.1</i>	<i>104.5</i>	<i>74.8</i>
Inventory	3.2	1.5	1.8	0.8
<i>Total tangible fixed assets</i>	<i>3.2</i>	<i>1.5</i>	<i>1.8</i>	<i>0.8</i>
Non-current receivables	1.4	1.4	0.0	3.0
<i>Total non-current receivables</i>	<i>1.4</i>	<i>1.4</i>	<i>0.0</i>	<i>3.0</i>
<b>Total fixed assets</b>	<b>177.7</b>	<b>108.0</b>	<b>106.3</b>	<b>78.5</b>
Inventory	13.8	10.9	12.8	8.4
Current receivables	39.8	19.4	30.7	26.5
Cash	12.2	4.1	25.6	17.6
<b>Total current assets</b>	<b>65.8</b>	<b>34.4</b>	<b>69.1</b>	<b>52.5</b>
<b>TOTAL ASSETS</b>	<b>243.5</b>	<b>142.3</b>	<b>175.4</b>	<b>131.1</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	0.5	0.1	0.1	0.1
Other contributions	–	–	0.0	0.0
Other equity incl. net profit for the period	78.3	57.2	84.1	58.6
<b>Total equity</b>	<b>78.8</b>	<b>57.3</b>	<b>84.2</b>	<b>58.7</b>
Deferred tax liability	7.6	4.5	7.5	4.5
<b>Total provisions</b>	<b>7.6</b>	<b>4.5</b>	<b>7.5</b>	<b>4.5</b>
Debt to group companies	–	2.5	1.4	0.0
Debt to credit institutions	–	–	0.0	10.0
<b>Total non-current liabilities</b>	<b>–</b>	<b>2.5</b>	<b>1.4</b>	<b>10.0</b>
Debt to credit institutions	–	10.0	10.0	12.6
Overdraft facility	83.4	–	–	–
Debt to group companies	–	25.0	27.5	17.6
Advances from customers	5.2	2.5	0.8	0.0
Accounts payable	19.4	4.2	1.9	4.3
Current tax payable	9.5	16.2	16.6	11.4
Other liabilities	5.0	1.0	0.3	0.1
Accrued expenses and prepaid income	34.6	19.1	25.2	12.0
<b>Total current liabilities</b>	<b>157.1</b>	<b>78.0</b>	<b>82.3</b>	<b>57.9</b>
<b>Total liabilities</b>	<b>157.1</b>	<b>80.5</b>	<b>83.7</b>	<b>67.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>243.5</b>	<b>142.3</b>	<b>175.4</b>	<b>131.1</b>
Pledged assets	130.0	30.0	60.0	30.0
Contingent liabilities	None	None	None	None

**CONSOLIDATED CASH FLOW IN BRIEF**

SEKm	Jan-Sep 2016 Reviewed	Jan-Sep 2015 Unaudited	Jan-Dec 2015 Audited	Jan-Dec 2014 Audited
Profit after financial items	43.3	30.8	66.0	67.1
<i>Adjustments for non-cash items:</i>			0.0	0.0
Depreciation and amortisation	27.2	21.4	38.5	27.1
Capital gains on sold assets	–	–	0.1	0.0
Current tax	–18.6	0.0	–11.2	–11.7
Other adjustments	–	–	0.3	0.0
<i>Cash flow from operating activities before changes in net working capital</i>	51.9	52.1	93.6	82.5
Increase (-)/Decrease(+) in inventory	–0.3	–2.2	–4.4	–2.8
Increase (-)/Decrease(+) in current receivables	–12.6	6.1	–1.7	–1.0
Increase (+)/Decrease(-) in current liabilities	8.9	–9.4	22.5	–18.2
<b>Cash flow from operating activities</b>	<b>47.9</b>	<b>46.6</b>	<b>109.9</b>	<b>60.4</b>
Investments subsidiaries	0.0	–	–0.9	0.0
Investments in tangible and intangible fixed assets	–92.2	–52.4	–70.5	–35.9
Investments in fixed financial assets	–	2.2	3.0	–3.0
<b>Cash flow from investing activities</b>	<b>–92.2</b>	<b>–50.2</b>	<b>–68.5</b>	<b>–38.9</b>
Increase (+)/Decrease (-) in interest bearing liabilities	73.5	–10.1	–8.6	–10.0
Dividend paid	–43.0	–	–25.0	0.0
<b>Cash flow from financing activities</b>	<b>30.4</b>	<b>–10.1</b>	<b>–33.6</b>	<b>–10.0</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>–13.8</b>	<b>–13.7</b>	<b>7.8</b>	<b>11.5</b>
Cash and cash equivalents at beginning of period	25.6	17.6	17.6	6.2
Translation differences in cash and cash equivalents	0.4	0.2	0.2	0.0
Cash and cash equivalents at end of period	12.2	4.1	25.6	17.6

## KEY PERFORMANCE INDICATORS

### Performance measures defined or specified by BFNAR

	Jan-Sep 2016 Reviewed	Jan-Sep 2015 Unaudited	Jan-Dec 2015 Audited	Jan-Dec 2014 Audited
Net revenue, SEKm	173.7	114.5	212.9	178.0
Operating profit (EBIT), SEKm	44.4	31.4	66.6	68.1
Dividend paid, SEKm <sup>1)</sup>	0	0	40.0	25.0
Number of shares outstanding at end of period <sup>2)</sup>	500,000	500,000	500,000	500,000
Average number of full time employees during the period	66	34	38	20

1) Dividend paid refers to the proposed dividend for the year, not the paid out dividend stated in the cash flow.

2) A bonus issue of 499,000 shares was executed in 2016, all periods have been restated as if the bonus issue had been executed as of 1 January 2014.

### Alternative performance measures not defined or specified by BFNAR – Unaudited

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Net revenue growth %	52%	5%	20%	74%
EBITDA, SEKm	71.6	52.8	105.1	95.2
Underlying EBIT, SEKm	54.4	40.5	78.9	79.9
Amortisation of IP rights, SEKm	-10.0	-9.1	-12.3	-11.8
EBITDA margin %	41%	46%	49%	53%
Underlying EBIT margin %	31%	35%	37%	45%
EBIT margin %	26%	27%	31%	38%
Solvency %	32%	40%	48%	45%
Dividend per share, SEK <sup>1), 2)</sup>	0	0	80.0	50.0
Adjusted dividend per share, SEK <sup>3)</sup>	0	0	0.56	0.35

1) Dividend paid refers to the proposed dividend for the year, not the paid out dividend stated in the cash flow.

2) A bonus issue of 499,000 shares was executed in 2016, all periods have been restated as if the bonus issue had been executed as of 1 January 2014.

3) Adjusted dividend per share refers to dividend per share under the assumption that the number of shares is the same as it would have been after the Offering and the Over-allotment is exercised in full, i.e. 72,032,500 shares.

### Derivation of some alternative performance measures

Alternative performance measures not included in "Derivation of some alternative performance measures" are presented in the Company's annual reports for the fiscal years 2014 and 2015 as well as the interim report for the period 1 January – 30 September 2016, all of which have been incorporated by reference.

SEKm	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Net revenue	173.7	114.5	212.9	178.0
Capitalised work on own account	23.8	5.1	–	–
Other operating income	6.0	3.5	5.0	4.1
<i>Total income</i>	<i>203.5</i>	<i>123.1</i>	<i>217.9</i>	<i>182.1</i>
Goods for resale	-68.1	-37.5	-70.1	-57.5
Other external costs	-27.5	-13.7	-28.3	-15.2
Personnel expenses	-35.1	-16.5	-14.4	-14.2
Other operating expenses	-1.2	-2.6	–	–
EBITDA	71.6	52.8	105.1	95.2
Depreciation and amortisation excluding amortisation of IP rights	-17.2	-12.3	-26.2	-15.2
Underlying EBIT	54.4	40.5	78.9	79.9
Amortisation of IP rights	-10.0	-9.1	-12.3	-11.8
Operating profit (EBIT)	44.4	31.4	66.6	68.1

**EBITDA margin**

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Operating profit, SEKm	44.4	31.4	66.6	68.1
Depreciation and amortisation, SEKm	-27.2	-21.4	-38.5	-27.1
EBITDA, SEKm	71.6	52.8	105.1	95.2
Net revenue, SEKm	173.7	114.5	212.9	178.0
EBITDA margin %	41%	46%	49%	53%

**Underlying EBIT margin**

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Operating profit (EBIT), SEKm	44.4	31.4	66.6	68.1
Amortisation of IP rights, SEKm	10.0	9.1	12.3	11.8
Underlying EBIT, SEKm	54.4	40.5	78.9	79.9
Net revenue, SEKm	173.7	114.5	212.9	178.0
Underlying EBIT margin %	31%	35%	37%	45%

**EBIT margin**

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Operating profit (EBIT), SEKm	44.4	31.4	66.6	68.1
Net revenue, SEKm	173.7	114.5	212.9	178.0
EBIT margin %	26%	27%	31%	38%

**Dividend per share**

	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Divident paid, SEKm <sup>1)</sup>	–	–	40.0	25.0
Number of shares outstanding at end of period <sup>2)</sup>	500,000	500,000	500,000	500,000
Dividend per share, SEK	0.0	0.0	80.0	50.0

1) Divident paid refers to the proposed dividend for the year, not the paid out dividend stated in the cash flow.

2) A bonus issue of 499,000 shares was executed in 2016, all periods have been restated as if the bonus issue had been executed as of 1 January 2014.

**Definitions of alternative performance measures**

THQ Nordic's definitions of a number of alternative performance measures used in the Prospectus are presented below.

Net revenue growth	Percentage change in net revenue between the reporting periods. Net revenue growth is presented because the Company believes that this performance measure contributes to investors' understanding of the Company's historical development.
EBITDA	Operating profit before depreciation and amortisation. EBITDA is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems EBITDA to contribute to investors understanding of the Company's financial development during the period
Underlying EBIT	Operating profit before amortisation of IP rights. Underlying EBIT is presented because the Company's management believes that it better reflects the Company's operational performance than Operating profit (EBIT). The reason is that amortisation of IP rights do not accurately reflect the value development of the IP rights.
Amortisation of IP rights	Amortisation for the year of the intangible assets classified as IP rights on the Company's balance sheet. IP rights relate to some of the Company's intellectual property rights, such as franchises etc. Amortisation of IP rights is presented in order to increase the readers understanding of how Underlying EBIT and Underlying EBIT margin has been calculated.
EBITDA margin	EBITDA divided by net revenue. EBITDA margin is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems the EBITDA margin to contribute to investors understanding of the Company's financial development during the period.
Underlying EBIT margin	Underlying EBIT divided by net revenue. Underlying EBIT margin is presented because the Company's management believes that it better reflects the Company's operational performance than EBIT margin. The reason is that amortisation of IP rights do not accurately reflect the value development of the IP rights.
EBIT margin	Operating profit (EBIT) divided by net revenue. EBIT margin is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial performance. The Company deems the EBIT margin to contribute to investors understanding of the Company's financial development during the period.
Solvency	Equity divided by total assets. Solvency is presented because the Company believes it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial position. The Company deems the solvency to contribute to investors understanding of the Company's financial position at the end of the period.
Dividend per share	Dividend paid divided by the number of shares outstanding at the end of the previous reported period. Dividend per share is presented in the Propsects in order to illustrate the yield previous shareholders in the Company have received.

# COMMENTS TO THE SELECTED FINANCIAL INFORMATION

*The financial information in this section should be read in conjunction with the sections "Selected financial information", "Equity, indebtedness and other financial information" and the Company's financial information, with associated notes, incorporated in the Prospectus by reference.*

## EXPLANATION OF THE PRINCIPAL ENTRIES IN THE INCOME STATEMENT

### Net sales

The Company's net sales comprise revenues from the sale of video games and the sale of various peripheral products. In full-year 2015 around 48% of total revenues came from digital sales and around 52% from physical sales. Sales of peripheral products consist mainly of sales of remasters of existing game titles and sales of downloadable content for existing game titles.

### Capitalised work for own account

In 2016 the Company changed how it reports capitalised work. For full-year 2014 and 2015 all game development costs were capitalised and reported as intangible assets on the asset lines "completed games (internally developed)" and "Ongoing projects". In 2016 the Company will report development costs attributable to the Company's internal game development studios (Grimlore Games, Rainbow Studios, Foxglove Studios and Mirage Game Studios) on the income line "Capitalised work for own account" and corresponding amounts will be distributed to the relevant expense line in the income statement. The results of this change will be that total income increases and the affected expense line increases. The net effect will be zero.

### Goods for resale

Good for resale refers to expenses directly related to the products that the Company sells. These expenses include mainly packaging, storage and transport costs for physical games, licence fees to third parties for the use of intellectual property in the Company's products, royalty payments to external game developers and product development expenses.

### Other external expenses

Other external expenses consist mainly of expenses for marketing, conventions, travel, rental of offices, office supplies, insurance, consulting, legal advice, auditing, administration costs and management fees.

### Personnel expenses

Personnel expenses consist of expenses for salaries and other remuneration to the Board of Directors, CEO and other employees, as well as pension expenses and other social security contributions required under law or contracts.

### Depreciation and amortisation

The Company applies depreciation on a straight-line basis over the expected useful life of the asset. The assets depreciated are: Equipment, IP rights and completed games (internally developed). Equipment and IP rights are depreciated on a straight-line basis at 20% per year. Completed games (internally developed) are depreciated on a straight-line basis at 1/3 over the first three months, 1/3 over the following nine months and 1/3 over the subsequent 12 months. Ongoing projects are not depreciated, but instead are tested for impairment annually.

### Financial income

Financial income consists mainly of interest income on cash and cash equivalents.

### Financial expenses

Financial expenses consist mainly of interest paid on loans from credit institutions, interest on credit for corporate tax and other financial expenses.

### Taxes

Taxes consist of current and deferred tax. Current tax is income tax for the current financial year which relates to the Company's taxable profit for the year and the portion of income tax for earlier financial years that has not previously been reported. Current tax is measured at the expected amount based on the tax rates and rules applicable on the closing day.

Deferred tax is income tax relating to future financial years as a result of events that have occurred. It is recognised according to the balance sheet method.

## INCOME STATEMENT

### Comparison between the periods 1 January – 30 September 2016 and 1 January – 30 September 2015

#### Operating income

The Company's net sales for the period 1 January 2016 – 30 September 2016 amounted to SEK 173.7m, which is an increase of SEK 59.2m or 52% compared with the period 1 January 2015 – 30 September 2015, when net sales amounted to SEK 114.5m.

The increase is primarily attributable to the continued successful execution of the Company's core business model, online sales and the successful launches of games such as MX vs ATV Supercross Encore for Xbox One and Titan Quest HD Anniversary. Growth was also driven by several successful launches of publishing titles such as "Quantum Break", "State of Decay: Year one survival edition", "This is the Police" and "Warhammer: End Times – Vermintide".

#### Goods for resale

During the period 1 January 2016 – 30 September 2016 the Company's costs of goods for resale amounted to SEK 68.1m, which represents an increase of SEK 30.6m or 81% compared with the period 1 January – 30 September 2015, when cost of goods for resale amounted to SEK 37.5m. As a share of the Company's net sales, goods for resale increased from 33% during the period 1 January – 30 September 2015 to 39% during the period 1 January – 30 September 2016.

The increase in the cost of goods for resale is mainly due to the increase in sales during the period, compared with the corresponding period the previous year. The reason that goods for resale accounted for a higher proportion of net sales during the period 1 January – 30 September 2016 than in the period 1 January – 30 September 2015 is because a larger proportion of sales during the period is attributable to publishing titles, which typically have a lower gross margin than sales of games based on owned games.

#### Other external expenses

The Company's other external expenses increased by SEK 13.8m or 101% during the period 1 January – 30 September 2016 to SEK 27.5m, compared with the period 1 January – 30 September 2015 when other external expenses amounted to SEK 13.7m.

As a share of the Company's net sales, other external expenses increased from 12% during the period 1 January – 30 September 2015 to 16% during the period 1 January – 30 September 2016.

The increase is mainly due to increases in marketing costs, consulting expenses, management fees and other expenses.

#### Personnel expenses

Personnel expenses in the Company increased with SEK 18.6m during the period 1 January – 30 September 2016 and amounted to SEK 35.1m, an increase of 113%, compared with the period 1 January – 30 September 2015, when they amounted to SEK 16.5m. As a share of the Company's net sales, personnel expenses increased from 14% during the period 1 January – 30 September 2015 to 20% during the period 1 January – 30 September 2016.

The average number of employees increased to 66 people, or by 70% during the period 1 January – 30 September 2016, compared with the period 1 January – 30 September 2015 when the average number of employees was 34 people. During the period 1 January – 30 September 2015, capitalised work for own account reduced personnel expenses by SEK 5m. Rainbow Studios hired temporary staff who account for around SEK 5m of personnel expenses, though the temporary staff are not included in the average number of employees.

#### Depreciation and amortisation

The Company's depreciation of tangible fixed assets and amortisation of intangible assets during the period 1 January – 30 September 2016 amounted to SEK 27.2m, which is an increase of SEK 5.8m or 27% compared with the period 1 January – 30 September 2015 when they amounted to SEK 21.4m. As a share of the Company's net sales, depreciation and amortisation increased from 19% during the period 1 January – 30 September 2015 to 16% during the period 1 January – 30 September 2016. The absolute increase in depreciation and amortisation is mainly due to the Company's increased investments in game development and franchise acquisitions.

#### Operating profit (EBIT)

During the period 1 January – 30 September 2016 the Company's operating profit was SEK 44.4m, which represents an increase of SEK 13.0m or 42% compared with the period 1 January – 30 September 2015, when operating profit was SEK 31.4m.

#### Financial items

The Company's financial expenses increased by SEK 0.5m during the period 1 January – 30 September 2016 to SEK 1.1m, from SEK 0.6m during the period 1 January – 30 September 2015. The increase is mainly attributable to increased interest paid on interest-bearing liabilities.

#### Pre-tax profit

For the period 1 January – 30 September 2016 the Company reported pre-tax profit of SEK 43.3m, which is an increase of SEK 12.6m or 41% compared with the period 1 January – 30 September 2015, when the Company reported pre-tax profit of SEK 30.8m.

**Taxes**

For the period 1 January – 30 September the Company reported tax on profit for the period of SEK 9.3m, which is an increase of SEK 2.2m or 32% compared with the period 1 January – 30 September 2016, when the Company reported tax on profit for the period of SEK 7.1m.

**Net profit for the period**

Profit for the period 1 January – 30 September 2016 was SEK 34.0m, which represents an increase of SEK 10.3m or 44% compared with the period 1 January – 30 September 2015, when profit for the period was SEK 23.6m.

**Comparison between the 2015 and 2014 financial years****Operating income**

The Company's net sales in full-year 2015 amounted to SEK 212.9m, which is an increase of SEK 34.9m or 20% compared with full-year 2014, when net sales amounted to SEK 178.0m. The increase in net sales is mainly due to successful execution of the Company's core business model. In full-year 2015 the Company also had two successful launches of Asset Care projects for the games "MX vs. ATV Supercross Encore" and "Darksiders II – Deathinitive Edition", both of which made a positive contribution to net sales for full-year 2015. In addition, in full-year 2015 the Company completed the acquisition of six different IP rights and the associated game titles, which made a positive contribution to the development of net sales.

**Goods for resale**

In full-year 2015 the Company's costs of goods for resale amounted to SEK 70.1m, which represents an increase of SEK 12.6m or 22% compared with full-year 2014. As a share of the Company's net sales, goods for resale increased marginally from 32% in full-year 2014 to 33% in full-year 2015.

The increase in the cost of goods for resale is mainly due to fact that sales increased in full-year 2015 compared with full-year 2014.

**Other external expenses**

The Company's other external expenses increased by SEK 13.1m or 86% during full-year 2015 to SEK 28.3m, compared with full-year 2014 when other external expenses amounted to SEK 15.2m. As a share of the Company's net sales, other external expenses increased from 9% in full-year 2014 to 13% in full-year 2015.

The increase is mainly due to increases in marketing costs, consulting expenses, management fees, exchange losses and other expenses.

**Personnel expenses**

Personnel expenses in the Company in full-year 2015 amounted to SEK 14.4m, which is an increase of SEK 0.2m or 1% compared with full-year 2014, when they amounted to SEK 14.2m. As a share of the Company's net sales, personnel expenses decreased somewhat from 8% in full-year 2014 to 7% in full-year 2015.

The average number of employees increased by 18 people in full-year 2015, or 90%, to 38 people compared with 20 people in full-year 2014. The reason that personnel expenses have remained relatively unchanged is because an amount of SEK 4.7m of reported salaries and other remuneration was capitalised as development costs, along with social security costs of SEK 1.0m.

**Depreciation and amortisation**

The Company's depreciation of tangible fixed assets and amortisation of intangible assets in full-year 2015 amounted to SEK 38.5m, which is an increase of SEK 11.4m or 42% from full-year 2014 when they amounted to SEK 27.1m. As a share of the Company's net sales, depreciation and amortisation increased from 15% to 18% between full-year 2014 and full-year 2015.

The increase is mainly due to the Company's increased rate of investment in self-developed games.

**Operating profit (EBIT)**

In full-year 2015 the Company's operating profit amounted to SEK 66.6m, which was a decrease of SEK 1.5m or 2% compared with full-year 2014, when operating profit amounted to SEK 68.1m.

**Financial items**

The Company's financial income decreased by SEK 0.3m to SEK 0.0m in full-year 2015 from SEK 0.3m in full-year 2014. The decrease is mainly due to the fact that a receivable from a commercial partner in full-year 2014 was repaid in full.

The Company's financial expenses in full-year 2015 amounted to SEK 0.6m, which is a decrease of SEK 0.7m or 52% compared with full-year 2014, when they amounted to SEK 1.3m. The decrease is mainly because in full-year 2015 the Company repaid a loan of SEK 12.6m.

**Pre-tax profit**

For full-year 2015 the Company reported pre-tax profit of SEK 65.5m, which is a decrease of SEK 1.7m or 2% compared with full-year 2014, when the Company reported pre-tax profit of SEK 67.1m. Part of the decrease is attributable to an appropriation of SEK 0.5m that was reported in full-year 2015. No appropriations were reported in full-year 2014.

**Taxes**

In full-year 2015 the Company reported tax on profit for the year of SEK 14.2m, which is a decrease of SEK 0.7m or 5% compared with full-year 2014, when the Company reported tax on profit for the year of SEK 15.0m.

**Net profit for the year**

In full-year 2015 the Company reported net profit for the period of SEK 51.2m, which was a decrease of SEK 0.9m or 2% compared with full-year 2014, when net profit for the period amounted to SEK 52.2m.

**ASSETS****Comparison between the periods****1 January – 30 September 2016 and  
1 January – 30 September 2015**

Balance sheet items in parentheses relate to a closing day of 30 September 2015.

**Total assets**

The Company's total assets as of 30 September 2016 amounted to SEK 243.5m (SEK 142.3m), of which SEK 177.7m (SEK 108.0m) were non-current assets and SEK 65.8m (SEK 34.3m) were current assets.

**Non-current assets**

As of 30 September 2016 the Company's non-current assets comprised intangible assets of SEK 173.1m (SEK 105.1m) and tangible fixed assets amounting to SEK 3.2m (SEK 1.5m). As of 30 September 2016 the Company's financial assets amounted to SEK 1.4m (SEK 1.4m).

Of the intangible assets as of 30 September 2016, completed games (internally developed) amounted to SEK 11.7m (SEK 8.0m), IP rights to SEK 19.3m (SEK 29.9m) and ongoing projects to SEK 142.1m (SEK 67.3m).

**Current assets**

The Company's current assets as of 30 September 2016 consisted largely of accounts receivable of SEK 39.8m (SEK 19.4m), inventories of SEK 13.8m (SEK 10.9m) and cash and bank balances of SEK 12.2m (SEK 4.1m).

**Comparison between the 2015 and  
2014 financial years**

Balance sheet items in parentheses relate to a closing day of 31 December 2014.

**Total assets**

The Company's total assets as of 31 December 2015 amounted to SEK 175.4m (SEK 131.1m), of which SEK 106.3m (SEK 78.5m) were non-current assets and SEK 69.1m (SEK 52.5m) were current assets.

**Non-current assets**

As of 31 December 2015 the Company's non-current assets comprised intangible assets of SEK 104.5m (SEK 74.8m) and tangible fixed assets amounting to SEK 1.8m (SEK 0.8m).

Of the intangible assets as of 31 December 2015, completed games (internally developed) amounted to SEK 26.6m (SEK 20.0m), domain rights/webshop etc. to SEK 0m (SEK 0.1m), IP rights to SEK 26.6m (SEK 34.3m) and ongoing projects to SEK 51.3m (SEK 20.4m).

**Current assets**

The Company's current assets as of 31 December 2015 consisted largely of accounts receivable of SEK 29.9m (SEK 23.7m) and cash and bank balances of SEK 25.6m (SEK 17.6m).

**EQUITY AND LIABILITIES****Comparison between the periods****1 January – 30 September 2016 and  
1 January – 30 September 2015**

Balance sheet items in parentheses relate to a closing day of 30 September 2016.

**Equity**

Equity as of 30 September 2016 amounted to SEK 78.8m (SEK 57.3m), representing an increase of SEK 21.5m, which is attributable to profit for the year less the dividend for the year.

**Total liabilities**

The Company's total liabilities as of 30 September 2016 amounted to SEK 157.1m (SEK 80.5m), of which SEK 0.0m (SEK 2.5m) were non-current liabilities and SEK 157.1m (SEK 78.0m) were current liabilities.

**Current liabilities**

As of 30 September 2016 current liabilities consisted mainly of liabilities to credit institutions of SEK 83.4m (SEK 0.0m), accrued expenses and deferred income of SEK 34.6m (SEK 19.1m), accounts payable of SEK 19.4m (SEK 4.2m), other current liabilities of SEK 5.0m (SEK 1.0m), current tax liabilities of SEK 9.5m (SEK 16.2m) and advances from customers of SEK 5.2m (SEK 2.5m).

**Comparison between the 2015 and  
2014 financial years**

Balance sheet items in parentheses relate to a closing day of 31 December 2014.

**Equity**

Equity as of 31 December 2015 amounted to SEK 84.2m (SEK 58.7m), representing an increase of SEK 25.5m, which is attributable to profit for the year less the dividend for the year.

**Total liabilities**

The Company's total liabilities as of 31 December 2015 amounted to SEK 83.7m (SEK 68.0m), of which SEK 1.4m (SEK 10.0m) were non-current liabilities and SEK 82.3m (SEK 57.9m) were current liabilities.

**Current liabilities**

As of 31 December 2015 current liabilities consisted mainly of liabilities to credit institutions of SEK 10.0m (SEK 12.6m), liabilities to Group companies of SEK 27.5m (SEK 17.6m), current tax liabilities of SEK 16.6m (SEK 11.4m) and accrued expenses and deferred income of SEK 25.2m (SEK 12.0m).

**CASH FLOW****Comparison between the periods****1 January – 30 September 2016 and****1 January – 30 September 2015****Cash flow from operating activities**

Cash flow from operating activities during the period 1 January – 30 September 2016 amounted to SEK 47.9m, which is an increase of SEK 1.3m or 3% compared with the same period the previous year, when cash flow from operating activities amounted to SEK 46.6m. The change is mainly attributable to improved earnings before depreciation and amortisation of SEK 12.6m and an increase in the reversal of depreciation of SEK 5.8m, though taxes paid of SEK 18.6m reduced cash flow, as well as improved working capital of SEK 1.5m.

**Cash flow from investing activities**

During the period 1 January – 30 September 2016 the Company's cash flow from investing activities amounted to SEK –92.2m, which is an increase of SEK 42.0m or 84% compared with the same period in 2015 when cash flow from investing activities amounted to SEK –50.2m. The increase is due mainly to the Company's increased rate of investment in the development of games and to a number of small acquisitions of intangible assets.

**Cash flow from financing activities**

During the period 1 January – 30 September 2016 cash flow from financing activities increased by SEK 40.5m to SEK 30.4m compared with the same period in 2015 when cash flow from financing activities amounted to SEK –10.1m. The increase is mostly due to a utilised line of credit of SEK 83.4m, dividends paid of SEK 43m and amortisation of SEK 10m.

**Comparison between the 2015 and 2014 financial years****Cash flow from operating activities**

Cash flow from operating activities in full-year 2015 amounted to SEK 110.0m, which is an increase of SEK 49.6m or 82% compared with full-year 2014, when cash flow from operating activities amounted to SEK 60.4m. The increase is mainly due to improved earnings before depreciation and amortisation, and to an increase in the Company's current liabilities.

**Cash flow from investing activities**

In full-year 2015 the Company's cash flow from investing activities amounted to SEK –68.5m, which is an increase of SEK 29.6m or 76% compared with full-year 2014 when cash flow from investing activities amounted to SEK –38.9m. The increase is due mainly to the Company's increased rate of investment in the development of games and to a number of small acquisitions of intangible assets.

**Cash flow from financing activities**

Cash flow from financing activities increased by SEK 23.6m in full-year 2015 to SEK –33.6m, compared with full-year 2014 when cash flow from financing activities amounted to SEK –10.0m. The increase is mainly due to a dividend of SEK 25m being paid in full-year 2015.

**INVESTMENTS**

The Company's investments in ongoing projects and completed games (internally developed) essentially consist of capitalised costs (largely personnel expenses) related to the development of new games and to further development of the Company's games in its existing portfolio. These investments are distributed over a large number of development projects of varying size. The smaller projects include porting of games to new platforms, development of downloadable content (DLC), and less extensive remaster projects. The Company's larger investments relate to larger remaster projects and development of completely new games. In addition to investments in ongoing projects and completed games (internally developed), the Company's investments also include acquisitions of IP rights, such as acquisitions of franchises.

Historically, THQ Nordic's investments have been financed with cash flows from operations, and to a lesser extent by utilising the Company's overdraft facility. The following table sets out an overview of the Company's historical investments.

SEK m	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Jan-Dec 2014
Ongoing projects	86	44	31	21
Completed games (internally developed)	1	2	32	14
IP rights	3	5	5	1
Domain rights/ webshop, etc.	0	0	0	0
Equipment	2	1	1	1
<b>Total investments</b>	<b>92</b>	<b>52</b>	<b>69</b>	<b>36</b>

### Comparison between the periods 1 January – 30 September 2016 and 1 January – 30 September 2015

During the period 1 January – 30 September 2016 the Company's total investments in tangible fixed assets and intangible assets amounted to SEK 92.2m, which was an increase of SEK 39.8m or 76% compared with the same period in 2015, when total investments amounted to SEK 52.2m. During the period 1 January – 30 September 2015 a financial investment of SEK 2.2m was also sold.

The Company's investments mainly comprise investments in intangible assets, consisting of completed games (internally developed), ongoing projects and acquisitions of IP rights.

During the period 1 January – 30 September 2016 the Company's investments in intangible assets amounted to SEK 90.1m, which is an increase of 75% compared with the same period in 2015, when the Company's total investments in intangible assets amounted to SEK 51.5m.

Investments in tangible fixed assets consist exclusively of investments in equipment and during the period 1 January – 30 September 2016 amounted to SEK 2.1m, representing an increase of SEK 1.2m or 134% compared with the same period in 2015, when investments in tangible fixed assets amounted to SEK 0.9m.

### Comparison between the 2015 and 2014 financial years

In full-year 2015 the Company's total investments in tangible fixed assets and intangible assets amounted to SEK 69.1m, which was an increase of SEK 32.8m or 90% compared with full-year 2014, when total investments amounted to SEK 36.3m.

The Company's investments mainly comprise investments in intangible assets, consisting of completed games (internally developed), ongoing projects and acquisitions of IP rights.

In full-year 2015 the Company's investments in intangible assets amounted to SEK 67.6m, which is an increase of 90% compared with full-year 2014, when the Company's total investments in intangible assets amounted to SEK 35.7m.

Investments in tangible fixed assets consist exclusively of investments in equipment and in full-year 2015 amounted to SEK 1.5m, representing an increase of SEK 0.8m or 120% compared with full-year 2014, when investments in tangible fixed assets amounted to SEK 0.7m.

### Current and planned investments

The Company's current and planned investments are mainly attributable to development of games in the Company's current and future pipeline. At present the Company has a total of 29 ongoing development projects in its pipeline which are expected to be completed between the fourth quarter of 2016 and 2018.

The Company's game development ongoing projects consist mainly of three projects with a development budget of around SEK 65–125m each and a further three development ongoing projects with a development budget of SEK 15–30m. In addition, planned investments comprise smaller development projects in line with the Company's core business model of refining acquired franchises. The Company continually makes such smaller investments in its existing franchise portfolio as well as acquisitions of new franchises to include in the portfolio.

The Company believes that the investments currently being made and planned will drive the development of the Company's sales growth moving forward. This assessment presumes that development projects will progress according to plan and the launch of those games that are under development will be successful.

In the first nine months of 2016 a total of SEK 87.3m was invested in game development ("completed games" and "ongoing projects") and as of 30 September 2016 the Company had capitalised investment costs of SEK 153.8m related to game development. The rate of investment in the first nine months of 2016 corresponded to 122% of EBITDA, which is an increase compared with full-year 2015 when the equivalent figure was 60%. Investments in development projects have increased noticeably since 2013, both in absolute figures and as a proportion of EBITDA. One factor that has contributed to the higher levels of investment is the many attractive investment opportunities that resulted from the IP acquired from THQ in 2013.

### TANGIBLE FIXED ASSETS

The Company's tangible fixed assets consists exclusively of equipment. The Company does not have any material tangible fixed assets. There are no environmental factors that could affect the Company's use of its tangible fixed assets.

### INTANGIBLE FIXED ASSETS

The Company's intangible fixed assets consist of IP rights and capitalised game development costs. Capitalised game development costs are reported as ongoing projects during the period in which the game is still in development. On completion and launch of the game, costs capitalised as ongoing projects are transferred to completed games (internally developed).

As of 31 December 2015 intangible fixed assets amounted to SEK 104.5m (SEK 74.8m) and made up 60% (57%) of the Company's total assets.

Of the intangible fixed assets as of 31 December 2015, completed games (internally developed) amounted to SEK 26.6m (SEK 20.0m), domain rights/webshop etc. to SEK 0m (SEK 0.1m), IP rights to SEK 26.6m (SEK 34.3m) and ongoing projects to SEK 51.3m (SEK 20.4m).

## QUARTERLY FINANCIAL DATA

The Company considers the information below to be of material value to investors since it enables a better assessment of the Company's sales development and seasonal variations. Note, however, that the table has been prepared based on information taken from the Company's internal financial reports that are not covered by the audit reports issued by the auditors. For definitions of key performance indicators in the table below, please see section "Selected financial information – Key performance indicators".

SEKm	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	37.6	36.9	40.0	98.4	43.1	52.7	77.9
EBITDA	17.4	19.2	16.1	52.3	23.1	23.2	25.4
Underlying EBIT	12.2	15.5	12.7	38.4	17.6	17.6	19.3
Operating profit (EBIT)	9.3	12.5	9.6	35.2	14.2	14.2	16.0

Note that sales in the fourth quarter of 2015 was exceptionally strong because many games were launched.

## TRENDS IN THE COMPANY'S OPERATIONS

### Increasing investment in game development projects, both in absolute figures and as a share of EBITDA

THQ Nordic's current pipeline of future products is the Company's most well-invested to date. In the first nine months of 2016 a total of SEK 87.3m was invested in game development ("completed games" and "ongoing projects") and as of 30 September 2016 the Company had capitalised investment costs of SEK 153.8m related to game development. The rate of investment in the first nine months of 2016 corresponded to 122% of EBITDA, which is increase compared with full-year 2015 when the equivalent figure was 60%. Investments in development projects have increased noticeably since 2013, both in absolute figures and as a share of EBITDA. One factor that has contributed to the higher levels of investment is the many attractive investment opportunities that resulted from the IP acquired from THQ in 2013.

The Company's total investments consist of both investments in what are known as Asset Care projects and investments in new development projects. The Asset Care projects comprise further development of the Company's existing portfolio. Investments in new development projects involve the development of sequels and represent a large part of THQ Nordic's current development pipeline.

### THQ Nordic is exploring Asset Care for mobile games

As part of its growth strategy and to broaden its knowledge within the industry, in autumn 2016 the Company started the internal game development studio Foxglove Studios with a focus on mobile games. The studio is led by Senta Jacobsen, who has previously held leading roles at Electronic Arts (DICE) and Crytek, among others. In addition to expertise within mobile game development, the development team at Foxglove Studios also has long experience and wide-ranging expertise in gaming on other platforms. Foxglove Studios will

therefore also contribute to developing the Company's Asset Care. Foxglove Studios currently has two mobile titles in development. The Company does not own the rights to these two titles and does not publish the games either; instead, the Company is collaborating with two external publishers. One of the games was test launched in the Philippines, Malaysia and Indonesia at the end of September 2016.

### The Company's own development is becoming more extensive

In recent years the Company's internal game development has increased, with the start-up of two internal game development studios: Grimlore Games in 2014 and Rainbow Studios in December 2015. In 2016 this development continued with the start-up of two additional internal game development studios: Mirage Game Studios in Karlstad and Foxglove Studios in Stockholm. As of 31 October 2016 Mirage Game Studios employed 4 people and Foxglove Studios 15 people.

### The Company believes that the pipeline will drive net sales growth in the years ahead

THQ Nordic believes that a significant part of THQ Nordic's sales growth in the forthcoming years will be driven by the Company's current pipeline of game development projects. THQ Nordic currently has a total of 10 announced and 19 unannounced development projects in its pipeline. Three projects have a development budget in the order of SEK 65–125m each and a further three announced projects have a game development budget of SEK 15–30m each. The games in the Company's current pipeline are scheduled for launch between the last quarter of 2016 and 2018. In particular, the development of sequels and of the completely new Elex franchise represent a clear change and are something that the Company has not done previously.

### **The pricing of the Company's games is moving upwards**

As the Company's historical sales have primarily consisted of game titles that are a number of years old and remastered versions of old titles, these were priced at a relatively low level. With the Company's current pipeline of newly developed projects with a relatively high development budget, the price level will also change. The six largest development projects in the Company's pipeline at this time will be launched at a retail price matching the highest price category for games (EUR/USD 59.99 for console games and EUR/USD 49.99 for PC/Steam games). In view of their development budgets, other games are also expected to be priced on the market. The price level for games – particularly on digital platforms such as Steam – is variable, however. Usually the Company seeks to maximise sales by lowering the price of the game and/or giving discounts for limited periods via certain campaigns.

Due to the Company's many console titles, there is not such a clear trend towards digitalisation as for the games market as a whole

The clear trend in the games industry towards digitalisation is not as evident for THQ Nordic as an individual company. This is mainly due to the Company's extensive product range of console games. Within the console segment, total sales still comprise a significant proportion of physical sales and the trend towards digitisation is not as clear as within the PC and mobile segments. This is reflected when THQ Nordic's sales are broken down by channel.

### **SIGNIFICANT EVENTS DURING THE PERIOD 1 JANUARI 2014 – 30 SEPTEMBER 2016**

During August 2014 the Company's wholly owned subsidiary THQ Nordic GmbH (before Nordic Games GmbH) established a games development studio in Germany through the wholly owned subsidiary Grimlore Games GmbH.

In December 2015 the Company established the internal game development studio Rainbow Studios in Phoenix, AZ, USA through the wholly owned subsidiary Rainbow Studios Inc. Rainbow Studios mainly manages and develops the Company's IP MX vs. ATV and employed 21 people as of 31 October 2016.

In December 2015 the Company acquired all the shares in We Sing Company Holding AB, a Swedish limited liability company which owns all rights to the Company's, now wholly owned, franchise We Sing.

In addition, the Company has during the period 1 January 2014 – 30 September 2016 established two smaller internal studios (Foxglove Studios in Stockholm and Mirage Game Studios in Karlstad). The Company has also during the period started developing three of the Company's largest development projects to date with development budgets of SEK 65–125m each.

### **SIGNIFICANT EVENTS SINCE 30 SEPTEMBER 2016**

In October 2016 the Company acquired all of the domains and franchises, as well as all intangible assets related to existing games and not yet launched game projects from the American publisher NovaLogic, which was established in 1985 and is best known for franchises such as Delta Force, Comanche, Tachyon: The Fringe, Armored Fist, Wolfpack and Joint Operations. The acquisition is in line with THQ Nordic's Asset Care strategy, which is based on refinement of existing games. The Company has started to evaluate the acquired program codes and will begin to further develop the games within the next few months. The acquisition included a total of approximately 30 games based on around 5 franchises, as well as 12 other franchises and rights.

In October 2016, an additional three members have been appointed to THQ Nordic's Board of Directors: Kicki Wallje-Lund, who has also been appointed chairman of the board, Pia Rosin and Maria Segolsson.

In October 2016 a sharesplit was executed as part of the preparations for the coming ownership distribution. After the sharesplit the number of shares in THQ Nordic was 60,000,000 out of which 9,000,000 class A shares entitles to 10 votes per share and 51,000,000 class B shares entitled to 1 vote per share.

In November 2016 a total of 32,500 class B shares were issued to the newly appointed board member Kicki Wallje-Lund, Pia Rosin and Maria Segolsson. The class B shares were issued at the Offering price of SEK 20 per share.

# CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section illustrate the Company's consolidated capitalisation and indebtedness as of 30 September 2016. The tables in this section should be read in conjunction with the section "Selected financial information", "Comments to the selected financial information" and the Company's financial statements including the related notes which have been incorporated into the Prospectus by reference. See section "Share capital and ownership structure" for more information about the Company's share capital and shares.

## CAPITAL STRUCTURE

The table below presents a summary of THQ Nordic's capital structure as of 30 September 2016 (before the Offering). The table only includes interest bearing liabilities.

SEKm	30 September 2016
<b>Current debt</b>	
Guaranteed	–
Secured <sup>1)</sup>	83.4
Unguaranteed/unsecured	–
<b>Total current debt</b>	<b>83.4</b>
<b>Non-current debt</b>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
<b>Total non-current debt</b>	<b>–</b>
<b>Equity</b>	
Share capital	0.5
Other contributions	–
Other equity incl. retained earnings	78.3
<b>Total equity</b>	<b>78.8</b>

1) The Company has an overdraft facility of SEK 100m, of which SEK 83.4m has been utilised. This overdraft facility has been secured by SEK 100m in chattel mortgages. The Company has additional issued but unutilised chattel mortgages of SEK 30m.

## NET INDEBTEDNESS

The table below presents a summary of THQ Nordic's net indebtedness as of 30 September 2016 (before the Offering). The table only includes interest bearing liabilities.

SEKm	30 September 2016
(A) Cash	12.2
(B) Cash equivalents	–
(C) Trading securities	–
<b>(D) Liquidity (A) + (B) + (C)</b>	<b>12.2</b>
(E) Current financial receivables	–
(F) Current bank debt	83.4
(G) Current portion of non-current debt	–
(H) Other current financial debt	–
<b>(I) Current debt (F) + (G) + (H)</b>	<b>83.4</b>
<b>(J) Net current financial indebtedness (I) – (E) – (D)</b>	<b>71.2</b>
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other non-current debt	–
<b>(N) Non-current financial indebtedness (K) + (L) + (M)</b>	<b>–</b>
<b>(O) Net indebtedness (J) + (N)</b>	<b>71.2</b>

### WORKING CAPITAL STATEMENT

The assessment by the Board is that the existing working capital (i.e. the working capital prior to the completion of the offering) is not sufficient for the Company's current needs for the next twelve months.

The company's existing working capital is expected to last until the end of the second quarter 2017. The Company estimates that the deficit in working capital for the next twelve-month period amounts to approximately SEK 25m given the current business plan.

The working capital requirements for the next twelve months are expected to be met by the new share issue which is carried out in connection with the Offering and which would provide the Company with approximately SEK 200m before transaction costs if the Over-allotment Option is not exercised and approximately SEK 240m if the Over-allotment Option is exercised in full. The Board is highly confident that the Offering (and the associated new share issue) will be completed – particularly considering that the Cornerstone Investors have committed to

acquire class B shares corresponding to a total of SEK 210m in the Offering – and that the Company's working capital needs for the next twelve-month period therefore will be met.

In the event that the Offering (and its associated new share issue) were not to be completed, the Company could be forced to seek alternative sources of funding in the form of, for example, a rights issue, a private placement of new shares or long-term loan financing from existing shareholders or new investors. The Board is highly confident that, in the event the Offering were not to be completed, any of these solutions are feasible. In the event the Company were not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.

# BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

## BOARD OF DIRECTORS

THQ Nordic's board consists of five ordinary elected board members, including the Chairman, which all have been elected until the end of the annual meeting in 2017. Board members, their position, when they were elected for the first time and if they are regarded as independent in relation to the company, senior executives and in relation to the major shareholders are presented in the table below.

Name	Position	Member since	Independent in relation to:	
			The Company and the Company management	Major shareholders
Kicki Wallje Lund	Board member (chairman)	2016	Yes	Yes
Lars Wingefors	Member of the board	2002	No	No
Erik Stenberg	Member of the board	2002	No	No
Maria Segolsson	Member of the board	2016	Yes	Yes
Pia Rosin	Member of the board	2016	Yes	Yes

### Kicki Wallje Lund

Born: 1953

Chairman of the board

**Education/background:** Kicki Wallje Lund has experience in business development from a variety of international companies, especially in the IT sector. She has held leading positions in companies like NCR, Digital Equipment, AT & T, Philips, ICL and Unisys. Kicki Wallje Lund is currently CEO of Wellnet AB.

**Current assignments:** Board member and CEO of Wellnet AB. Board member of C-Rad AB (publ), Betsson AB (publ) and Linkura AB.

**Completed assignments (past five years):** Board member of Followit Holding Aktiebolag (publ) and Värlanda Gård Handelsbolag.

**Holdings in the Company:** On the publication date of the Prospectus, Kicki Wallje Lund holds 12,500 class B shares in THQ Nordic AB (publ).

### Lars Wingefors

Born: 1977

Founder of THQ Nordic. Board member and CEO

**Education/background:** Lars Wingefors is founder and CEO of THQ Nordic-group. Lars Wingefors started his first company at the age of thirteen. He has a broad and long experience in entrepreneurship and business management.

**Current assignments:** Lars Wingefors is a board member of Game Stores Group Sweden AB, Nordic Games Group AB and The Crate Inventors AB. He is a board

member and CEO of LW Comics AB and Lars Wingefors AB. Lars Wingefors is also a board member of Inission AB, Handelskammaren Värmland Service AB, Calmark Sweden AB, Wingefors Venture AB, Hemänglarna AB, Bra mat Hemma BMH AB, Lars Wingefors Kapitalförvaltning AB, Zprinkler AB, Wingefors Industri AB, Wingefors Handel AB, Facit AB, Wingefors Depå Ett AB, Wingefors Depå Två AB, Wingefors Depå Tre AB, Wingefors Depå Fyra AB, Wingefors Depå Fem AB, Wingefors Depå Sex AB, Wingefors Depå Sju AB, Wingefors Depå Åtta AB and Wingefors Depå Nio AB. He is also deputy board member of Karlstad Släggan 15 AB, Hammarö Nolgård 1:255 AB, Karlstad Klingan 2 AB, Bröderna Wingefors AB, Bröderna Wingefors Holding AB, Karlstad Släggan 14 AB, Air 4 You Sweden AB, Klockargård S145 AB, Karlstad Dagvinden 1 AB, Gigalomaniac Holding AB, Gerado AB, AB Värmlands Entreprenörer för Entreprenörer (svb) and BW Kvällen 3 AB.

**Completed assignments (past five years):** Lars Wingefors has been chairman of the board of TV-spelsbörsen i Stockholm AB and Scandinavian New retail Concepts AB and a board member of Storytel AB (publ), Booforsen Holding AB and Karlstad Innovation Park economic association and limited partner in Wingefors Invest Kommanditbolag.

**Holdings in the Company:** As of the date of the Prospectus, Lars Wingefors holds, via companies, 6,501,467 class A shares and 36,841,644 class B shares in THQ Nordic AB (publ).

**Erik Stenberg**

Born: 1963

Co-founder, board member and CFO

**Education/background:** Erik Stenberg has a Degree of Master of Science in Business and Economics from Högskolan Karlstad (today Karlstad University) and a long and solid experience in business management.

**Current assignments:** Erik Stenberg is a board member of Xagonus Aktiebolag, Games Stores Group Sweden AB, Zagonus AB and Stonemountain Invest AB. He is also deputy board member of Limax Sweden AB, Vital Health North AB and Billsviken Horse & Country Club AB.

**Completed assignments (past five years):** Erik Stenberg has previously been chairman of Bo Arnessons Betongborning Aktiebolag, Karlskoga Betongdemolering AB and Inission AB. He has also been board member of Mercurius Finans AB, Mercurius Inkasso AB, TV-spelsbörsen i Stockholm AB, Scandinavian New retail Concepts AB, Concrete Demolition AB, Concrete Demolition Förvaltning AB, Bo Arnessons Betongborning Håltagningservice AB and deputy board member of Inission Munkfors Aktiebolag and The Crate Inventors AB.

**Holdings in the Company:** As of the date of the Prospec-tus, Erik Stenberg holds, via companies, 1,407,724 class A shares and 7,977,105 class B shares in THQ Nordic AB (publ).

**Maria "Mia" Segolsson**

Born: 1968

Board member

**Education/background:** Maria Segolsson has a three-year financial education and an education in advertising and marketing from Bergh's School of Communication. Maria Segolsson has more than 15 years of experience from the international music industry both as a marketing manager and as General Manager.

**Current assignments:** Maria Segolsson is General Manager at Polar Music International AB and a board member of Ma & Ma Consulting AB and Stiftelsen ABBA The Museum.

**Completed assignments (past five years):** Maria Segolsson has no assignments that were completed in the past five years.

**Holdings in the Company:** As of the date of the Prospec-tus, Maria Segolsson 15,000 holds class B shares in THQ Nordic AB (publ).

**Pia Rosin**

Born: 1976

Board member

**Education/background:** Pia Rosin has a master's degree in economics from the University of Lund. She has many years of experience in financial communication of listed companies, including the Kinnevik Group, the defence

company Saab and an IT company listed on Nasdaq First North. Pia Rosin is currently vice President of Corporate Communications at Betsson AB.

**Current assignments:** Pia Rosin is board member of Rosinius Konsult AB.

**Completed assignments (past five years):** Pia Rosin has previously been a board member of IGT Interactive (Sweden) AB.

**Holdings in the Company:** As of the date of the Prospec-tus, Pia Rosin 5,000 holds class B shares in THQ Nordic AB (publ).

**SENIOR EXECUTIVES****Lars Wingefors**

Born: 1977

Founder of THQ Nordic. Board member and CEO of THQ Nordic.

See "Board of Directors" above.

**Erik Stenberg**

Born: 1963

Board member and Financial Director (CFO)

See "Board of Directors" above.

**Reinhard Pollice**

Born: 1988

Co-founder and Director of business and production development

**Education/background:** Reinhard Pollice has a Bachelor degree in Project Management and IT from the University of Applied Sciences BFI in Vienna. He has experience in project management and product development.

**Current assignments:** Reinhard Pollice has no other current assignments.

**Completed assignments (past five years):** Reinhard Pollice has not held any other significant assignments during the period.

**Holdings in the Company:** As of the date of the Prospec-tus, Reinhard Pollice holds, via companies, 115,681 class A shares and 655,524 class B shares in THQ Nordic AB (publ).

**Klemens Kreuzer**

Born: 1976

Co-founder and Managing director of THQ Nordic GmbH

**Education/background:** Klemens Kreuzer has a Masters degree in Business Administration from the Vienna University of Economics and Business. He has experience in business management.

**Current assignments:** Klemens Kreuzer has no other current assignments.

**Completed assignments (past five years):** Klemens Kreuzer has not held any other significant assignments during the period.

*Holdings in the Company:* As of the date of the Prospectus, Klemens Kreuzer holds, via companies, 201,784 class A shares and 1,143,445 class B shares in THQ Nordic AB (publ).

## **OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

No board members or members of the executive management have any family ties to other board members or members of the executive management. There are no conflicts of interest or potential conflicts of interest between the undertakings of the board members and senior executives in relation to THQ Nordic and their private interests and/or other undertakings. However, a number of board members and senior executives have certain financial interests in THQ Nordic due to their direct or indirect shareholdings in the Company.

Lars Wingefors is the chairman of the board of Game Stores Group Sweden AB, which was declared bankrupt on 8 June 2015. Lars Wingefors was also a board member of Loviseberg Produktion AB, when the company's bankruptcy was finalized on 5 February 2014. Erik Stenberg is a member of the board of Game Stores Group Sweden AB, which was declared bankrupt 8 June 2015.

Apart from what is stated above, none of the board members or senior executives has, over the past five years, been (i) representative of any company, apart from the positions specified for board members and senior executives, (ii) convicted in fraud-related court cases, (iii) represented a company that has been declared bankrupt or that has been involuntarily liquidated, (iv) accused by a public authority or organisation that represents a certain professional grouping and is governed via public sector law, or (v) disqualified from the practice of commercial activities.

The Board members and the senior management of THQ Nordic can be reached via the address of THQ Nordic stated at the end of the Prospectus.

## **AUDITOR**

The auditor of THQ Nordic is Ernst & Young AB, with Ulrich Adolfsson (born in 1965) as auditor-in-charge since the 2006 annual general meeting. Ulrich Adolfsson is an authorized auditor and member of FAR. Ernst & Young AB's office address is presented in the section "Addresses" at the end of the Prospectus.

# CORPORATE GOVERNANCE

THQ Nordic is a Swedish public limited liability company. Prior to the listing on Nasdaq First North, corporate governance in the Company was based on Swedish law and internal rules and instructions. In conjunction with the listing on Nasdaq First North, the Company will also comply with Nasdaq First North's Rule Book for Issuers. THQ Nordic will, in any event initially, not to apply the Swedish Corporate Governance Code.

## GENERAL SHAREHOLDER MEETING

Pursuant to the Swedish Companies Act, the general shareholder meeting is the Company's highest decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's profit, discharge from liability of board members and the CEO, election of board members and auditors and remuneration of the board and auditors.

In addition to the annual general meeting (AGM), extraordinary general shareholder meetings may be convened. In accordance with THQ Nordic's articles of association, convening notices for the annual general meeting and extraordinary general shareholder meetings are made by announcement in the Post- och Inrikes Tidningar (the Swedish Official Gazette) and by making the convening notice available on the THQ Nordic website. An announcement that notice has been given is published in Svenska Dagbladet.

### Right to attend general shareholder meetings

All shareholders who are directly registered in the share register maintained by Euroclear Sweden AB five weekdays before the general shareholder meeting and have notified the Company of their intention to participate (with potential assistants) in the general meeting not later than the date stated in the notice convening the general meeting have the right to attend the general meeting and vote for the number of shares they hold. Shareholders may attend the general shareholder meeting in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for the general shareholder meeting in several different ways stated in the convening notice for the meeting.

### Shareholder initiatives

Shareholders who wish to have a matter addressed at the general shareholder meeting must submit a written request to the Board of Directors. The request must

normally have been received by the board not later than seven weeks before the general shareholder meeting.

## BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general shareholder meeting.

In accordance with the Swedish Companies Act, the board is responsible for the management and organisation of the Company, which means that the board is responsible for establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating THQ Nordic's financial position and performance, and evaluating the executive management. The board is also responsible for ensuring that the annual accounts, consolidated accounts and interim reports are prepared on time. The board also appoints the CEO.

The board members are elected every year at the AGM for the period until the end of the next AGM. According to the Company's articles of association, the board, insofar as it is elected by the AGM, must consist of at least three members and at most ten members with no deputy members.

The chairman of the board is elected by the AGM and has special responsibility for the management of the board's work and ensuring that the board's work is well organised and effectively implemented.

The board follows written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other matters, the rules of procedure govern board practice, functions and the division of work between the board members and the CEO and possible established committees. THQ Nordic has as of the day of the Prospectus no established committees. In connection with the first board meeting, the board also establishes instructions for financial reporting and terms of reference for the CEO.

The board meets according to an annual schedule that is established in advance. Besides these meetings, additional meetings can be arranged to handle questions that can not be submitted to an ordinary meeting. Besides the board meetings, the chairman of the board and the CEO continuously discuss the management of the Company.

Currently, the Company's board consists of five ordinary AGM-elected members who are presented in more detail in the section "*Board of directors, senior executives and auditor*".

## CEO

The CEO is appointed by the board and has the foremost responsibility for the continuous management of the Company and day-to-day operations. The division of work between the board and the CEO is set forth in the rules of procedure for the board and the terms of reference for the CEO. The CEO is also responsible for the preparation of reports and compiling information from executive management for the board meetings and for presenting such materials at the board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and, accordingly, must ensure that the board receives adequate information in order for the board to continuously be able to evaluate THQ Nordic's financial position.

The CEO must continuously keep the board informed of the development of THQ Nordic's operations, the amount of sales, the Company's financial position and performance, the liquidity and credit situation, important business events and other circumstances that cannot be presumed to be of insignificant importance to the Company's shareholders for the board to be aware of (such as material disputes, cancellation of agreements that are important to THQ Nordic and significant circumstances concerning THQ Nordic's facilities).

The CEO and other senior executives are presented in more detail in the section "*Board of directors, senior executives and auditor*".

## REMUNERATION OF THE BOARD, CEO AND OTHER SENIOR EXECUTIVES

Remuneration of board members and fees and other remuneration of AGM-elected board members, including the chairman, are established by the AGM or in some situations by the extraordinary general shareholder meeting ("EGM").

At the EGM on 6 October 2016, it was resolved that the remuneration to the chairman of the board would be paid SEK 500,000, that is, lowest net replacement about

SEK 245,457 after deduction of social security contributions and tax in the event that the Company pays directly to the chairman. It was also decided that, if tax conditions are met regarding invoicing and provided that it is cost neutral the Company, the chairman of the board is allowed to send an invoice for the remuneration. If the remuneration is paid to the chairman through invoice the remuneration should be increased with an amount equivalent to VAT, that is, SEK 500,000 plus VAT.

At the EGM on 11 October 2016, it was resolved that the remuneration to Maria Segolsson and Pia Rosin would be paid with SEK 250,000, that is a minimum net remuneration of SEK 122,729 each after deduction of social security contributions and tax in the event that the Company pays directly to the board members. It was also decided that, if tax conditions are met regarding invoicing and provided that it is cost neutral the Company, the board members are allowed to send an invoice for the remuneration. If the remuneration is paid to Maria Segolsson and Pia Rosin through invoice the remuneration should be increased with an amount equivalent to VAT, that is, SEK 250,000 plus VAT. The Company's board members are not entitled to any benefits after their board assignments have ended.

### Guidelines for remuneration to the CEO and other senior executives

Remuneration to the CEO and other senior executives consists of basic salary, other benefits and pensions. Other senior executives are the four people who together with the CEO, comprise the Group management. For management composition, see "*Board of directors, senior executives and auditors – Senior executives*".

The CEO and other senior executives receive market rated monthly salaries and customary benefits. No variable remuneration is paid.

Individual remuneration to the CEO is approved by the Board, and individual remuneration of other senior executives are determined by the CEO.

## Remuneration during 2015

The table below presents the remuneration paid in 2015 to current board members, CEO and other senior executives.

Amounts in SEK 000s	Board fees/ basic salary	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Board of directors						
Kicki Wallje Lund	–	–	–	–	–	0
Lars Wingefors	–	–	–	–	–	0
Erik Stenberg	–	–	–	–	–	0
Maria Segolsson	–	–	–	–	–	0
Pia Rosin	–	–	–	–	–	0
<b>Total board</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
CEO <sup>1)</sup>	–	–	–	–	–	–
Other senior executives <sup>2)</sup>	1,891 <sup>3)</sup>	–	–	–	–	1,891
<b>Total senior executives</b>	<b>1,891</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,891</b>
<b>Total board and senior executives</b>	<b>1,891</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,891</b>

1) Remuneration to Lars Wingefors was not reported as salary for the fiscal year 2015.

2) Remuneration to Lars Wingefors and Erik Stenberg was not reported as salary for the fiscal year 2015. Nordic Games Group AB has invoiced THQ Nordic AB and its subsidiaries a management fee for work performed by Lars Wingefors and Erik Stenberg. For more information about the invoices of management fees, see section "Transactions with related parties".

3) Remuneration to Klemens Kreutzer and Reinhard Pollice was paid in EUR, amounting approximately EUR 202,000. The amount stated in the table is stated in SEK rounded off and calculated from an average rate EUR/SEK during 2015.

### Terms of employment for the CEO and remuneration of other senior executives

Decisions on current remuneration and other terms of employment for the CEO of THQ Nordic are made by the Board.

According to his employment agreement, the CEO is entitled to a monthly compensation of SEK 80,000. The CEO is not entitled to any variable remuneration. In addition, THQ Nordic makes monthly pension provisions of about 16,000 SEK to the CEO's pension. Both THQ Nordic and CEO shall use a three months notice period. In addition to the notice period, the CEO is entitled to a severance payment equal to three months' salary, based on the CEO's fixed monthly salary, provided that THQ Nordic terminated the employment contract and the CEO has not been dismissed.

The other senior executives in THQ Nordic have monthly salaries of between SEK 60,000 to 156,000 and are not eligible for variable compensation. THQ Nordic shall use the notice period in accordance with local labour laws, "lagen om anställningsskydd" in Sweden and Angestelltengesetz for senior executives employed in THQ Nordic GmbH. The senior managers shall use the same notice period, however a minimum of three months. In addition to the notice period, Erik Stenberg is entitled to a severance pay equal to three months salary, calculated on Erik Stenberg's fixed monthly salary, provided that THQ Nordic terminated the employment contract and that Erik Stenberg has not been dismissed. Other senior executives are also entitled to compensation in connection with their employment terminated terminated employments. There are no provisions or accrued expenses regarding former board members, CEO, senior executives or auditors who resigned from their post.

### INTERNAL CONTROL

The internal control is performed by the board. Internal control includes control over THQ Nordic's organisation, procedures and actions. The aim is to ensure that reliable and accurate financial reporting occurs, that the Company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards and that other requirements are met. The system for internal control also aims to monitor compliance with THQ Nordic's policies, principles and instructions. In addition to this, monitoring takes place of the protection of the Company's assets and that the Company's resources are utilised cost-effectively and appropriately. Moreover, internal control takes place through follow-up in implemented information and business systems and through the analysis of risks.

### AUDITING

The auditor is to review the Company's annual reports and financial statements, as well as the management of the board and CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the annual general meeting.

According to the Company's articles of association, the Company is to appoint not more than two auditors. THQ Nordic's auditor is the authorized auditor Ulrich Adolfsson. The Company's auditor is presented in greater detail in the section "Board of directors, senior executives and auditor".

In 2015, total remuneration to the Company's auditor Ulrich Adolfsson, Ernst & Young AB, amounted to SEK 307,000, of which SEK 300,000 pertained to the audit assignment and auditing activities in addition to the audit assignment and SEK 7,000 pertained to tax advice and other services.

# SHARE CAPITAL AND OWNERSHIP STRUCTURE

## GENERAL INFORMATION

According to the Company's articles of association, the share capital may not be less than SEK 500,000 and not exceed SEK 2,000,000, and the number of shares may not be less than 60,000,000 and not exceed 240,000,000. On the publication date of the Prospectus, the Company's share capital amounted to SEK 500,270.83 represented by 60,032,500 shares of which 9,000,000 are class A shares and 51,032,500 are class B shares. The shares are denominated in SEK and each share has a quota value of SEK 0,008333.

The shares in the Company have been issued in accordance with Swedish law. All issued class B shares are fully paid and, on the date of the listing, will be freely transferable. The transferability of class A shares is limited by means of a pre-emption clause in the articles of association, which will remain after the date of the listing.

The class B shares on offer are not subject to any offering made due to a mandatory bid, redemption rights or sell-out obligation. No public takeover bid has been submitted regarding the shares on offer during the current or preceding financial year.

### Certain rights associated with the shares

The shares on offer are of the same class. Rights associated with shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures stated in the Swedish Companies Act (2005:551).

### Conversion clause of class A shares

Following 360 days after an initial public offering of the company's shares at a regulated market or any other trading platform, including Nasdaq First North, class A shares may be converted to class B shares. Owners of class A shares may, during January, April and October each year ("Conversion periods"), demand that all or a part of the class A shares be converted into class B shares. One (1) class A share can be converted into one (1) class B share. The board of directors shall at the end of each Conversion period address the issue on conversion. Thereafter, the board of directors shall immediately submit a notification to the Companies Registration Office for the registration of the conversion. The conversion is executed at the time for registration and when it has been noted in the Central Securities Depository Register.

### Voting rights

Each class B share encompassed by the Offering entitles the holder to one (1) vote and each class A share entitles the holder to ten (10) votes at general shareholder meetings. Each shareholder is entitled to that number of votes corresponding to the holder's total number of class A and B shares in the Company.

Provided that the Offering is exercised in full, including full exercise of the Over-Allotment Option, the class A shares of the Company will as a total represent 58.82 percent of the votes and class B shares in the Company will represent 41.18 percent of the votes.

### Preferential rights to new shares

If the Company decides to issue new class A shares and class B shares against cash or set-off of claim, owners of class A shares and class B shares shall have preferential right to subscribe for new shares of the same class of shares in proportion to the number of shares they already hold (primary preferential right). Shares which have not been subscribed for by primary preferential right shall be offered to all shareholders for subscription (secondary preferential right). Unless the shares thus offered are sufficient for the subscription under the secondary preferential right, the shares shall be allocated between the subscribers in proportion to the number of shares they already hold and, to the extent this is not possible, by drawing of lots.

If the Company decides to issue only class A shares or only class B shares against cash or set-off of claim, all shareholders shall have a preferential right to subscribe for new shares in proportion to the number of shares they already hold, irrespective of whether they hold class A shares or class B shares.

The above shall not imply any restriction in the possibility to decide on a new share issue against cash or set-off of claim, with derogation from the shareholders' preferential right.

If the Company decides to issue warrants or convertibles against cash or set-off of claim, the shareholders have a preferential right to subscribe for warrants as though the issue concerned those shares which might be subscribed for on account of the option and a preferential right to subscribe for convertibles as though the issue concerned those shares which the convertibles may be exchanged to, respectively.

If the share capital is increased through a bonus issue, new shares shall be issued of each class of shares in proportion to the existing number of shares of the same class. Old shares of a certain class of shares shall entail a right to new shares of the same class of shares in relation to its proportion of the share capital. The above shall not imply any restriction in the possibility to carry out a bonus issue and, after necessary change in the articles of association, issue new shares of a new class.

#### Right to dividend and liquidation proceeds

All shares carry equal rights to dividends and to the Company's assets and potential surplus in the event of liquidation. Resolutions regarding profit distribution in limited liability companies (Swe. *aktiebolag*) are made by a general shareholder meeting. Entitlement to dividends accrues to those who, on the record date resolved by a general shareholder meeting, are registered in the share register maintained by Euroclear Sweden as shareholders. Dividends are normally paid to the shareholders as a cash amount per share through Euroclear Sweden, although they may also be paid in a form other than cash (distribution in kind). Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concern-

ing the dividend amount and the claim is limited in time by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company.

There are no restrictions on dividend rights in respect of shareholders resident outside Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax; refer also to the section "*Tax considerations in Sweden*".

#### Dividend policy

THQ Nordic's Board of Directors has not adopted a dividend policy. The previous dividends have been and will continue to be based on the company's profitability, future development, acquisition opportunities and financial position.

#### CENTRAL SECURITIES DEPOSITORY

THQ Nordics's shares are registered in a central securities depository in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). The account operator is Euroclear Sweden AB, Box 7822, SE-103 97 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for class B shares in THQ Nordic is SE0009241706.

### SHARE CAPITAL TREND

The following table shows the historical development of the Company's share capital since 1999 through and after implementation of the Offering.

Registration date	Event	Number of shares class A and class B		Share capital (SEK)	
		Change	Total	Change	Total
2016-11-28 <sup>1)</sup>	Rights issue	2,000,000	72,032,500	16,666.67	600,270.83
2016-11-28 <sup>2)</sup>	Rights issue	10,000,000	70,032,500	83,333.33	583,604.17
2016-11-07 <sup>3)</sup>	Rights issue	32,500	60,032,500	270.83	500,270.83
2016-10-14 <sup>4)</sup>	Split 1:120	59,500,000	60,000,000	0	500,000
2016-09-30	Bonus issue	499,000	500,000	400,000	500,000
1999-12-30	Founded	1,000,	1,000	100,000	100,000

1) The board of directors, with the support of authorisation granted at the extraordinary general meeting of the Company on 6 October 2016, will decide to issue a maximum of 2,000,000 new class B shares according to the Over-allotment option issued to Pareto Securities. The date when this new issue registered is only an estimate and will depend on whether the Over-allotment option is exercised or not.

2) The board of directors, with the support of authorisation granted at the extraordinary general meeting of the Company on 6 October 2016, will decide to issue a maximum of 10,000,000 new class B shares in connection with the Offering in accordance with the Prospectus. The change in the share capital has been stated assuming that all of these class B shares are issued. The date for when this new issue registered is only an estimate.

3) At the extraordinary general meeting on 1 November 2016 it was decided on the new issue of 32,500 class B shares.

4) At the extraordinary general meeting on October 6, 2016, it was decided that the number of shares in the Company shall be increased by implementing a split (1:120), whereby one (1) existing share in the Company is divided into one hundred twenty (120) new shares, of which eighteen (18) shall be class A shares and one hundred and two (102) will form the class B shares.

### CONVERTIBLES, WARRANTS, AUTHORIZATION TO ISSUE SECURITIES, ETC.

#### Convertibles, warrants etc.

The Company has no outstanding warrants, convertible debentures or other share-based financial instruments as the date of the Prospectus.

#### Authorization

At the Extraordinary General Meeting October 6, 2016 it was resolved by shareholders to authorize the board to until the next Annual General Meeting, on one or more occasions within the boundaries of the company's articles of association, to issue shares with or without preferential rights for the shareholders to be paid in cash, by offsetting and/or in kind.

## OWNERSHIP STRUCTURE

In the table below, the holdings of the Company's ownership structure before and after completion of the Offering, and the number of class B shares that the Selling Shareholders are expected to sell in the Offering, are described based on the assumption that the Over-allotment Option is exercised in full. On the date of the Prospectus, the Company had nine shareholders.

Owner	Before the Offering				Change in the Offering	After the Offering			
	Number of class A shares	Number of class B shares	Percen- tage of capital	Percen- tage of votes	Number of class B shares	Number of class A shares	Number of class B shares	Percen- tage of capital	Percen- tage of votes
Lars Wingefors AB <sup>1), 5)</sup>	6,501,467	36,841,644	72.20%	72.22%	-7,317,912	6,501,467	29,523,732	50.01%	61.78%
Xagonus AB <sup>2), 5)</sup>	1,407,724	7,977,105	15.63%	15.64%	-1,584,505	1,407,724	6,392,600	10.83%	13.38%
CMB Holding AB <sup>5)</sup>	483,378	2,739,143	5.37%	5.37%	-544,080	483,378	2,195,063	3.72%	4.59%
Lumarisimo AB <sup>5)</sup>	289,966	1,643,139	3.22%	3.22%	-326,379	289,966	1,316,760	2.23%	2.76%
Gerado AB <sup>3), 5)</sup>	201,784	1,143,445	2.24%	2.24%	-227,124	201,784	916,321	1.55%	1.92%
Gigalomaniac Holding AB <sup>4)</sup>	115,681	655,524	1.28%	1.29%	0	115,681	655,524	1.07%	1.18%
Maria Segolsson	0	15,000	0.02%	0.01%	0	0	15,000	0.02%	0.01%
Kicki Wallje Lund	0	12,500	0.02%	0.01%	0	0	12,500	0.02%	0.01%
Pia Rosin	0	5,000	0.01%	0.004%	0	0	5,000	0.01%	0.003%
Other shareholders	0	0	0.00%	0.00%	22,000,000	0	22,000,000	30.54%	14.38%
<b>Total</b>	<b>9,000,000</b>	<b>51,032,500</b>	<b>100.00%</b>	<b>100.00%</b>	<b>12,000,000</b>	<b>9,000,000</b>	<b>63,032,500</b>	<b>100.00%</b>	<b>100.00%</b>

1) Lars Wingefors owns all the shares in Lars Wingefors AB.

2) Erik Stenberg owns all the shares in Xagonus AB.

3) Klemens Kreuzer owns all the shares in Gerado AB.

4) Reinhard Pollice owns all the shares in Gigalomaniac Holding AB.

5) Selling Shareholders.

### Undertaking to refrain from selling class B shares

The Selling Shareholders, boardmembers and senior executives and the Board of Directors and Senior management have undertaken not to sell their remaining shares in the Company during the Lock-up period, which overall corresponds to 100% of existing both class A and class B shares of shares of the Company excluded of the shares sold in the Offering. The Lock-up Period is 360 days for everyone. Following the expiration of the Lock-up Period, the shares may be offered for sale, which could impact the market price of the share. Pareto Securities may grant exceptions from present undertakings. Exemptions from the lock-up agreements will be determined from case to case, and may be of personal as well as business character. Further, the Company has further towards Pareto Securities amongst other undertaken, subject to certain conditions, for a period of 360 days from the first day of trading in the Company class B shares on Nasdaq First North, not without the written consent of the Pareto Securities, decide or propose General Meeting to decide on increasing the share capital by issuing shares.

### Shareholders' agreements

Shareholders representing 100 percent of the shares and the votes in THQ Nordic are currently parties to a shareholders' agreement. The shareholders' agreement will cease to apply in connection with the listing of the class B shares on Nasdaq First North. To the best of the knowledge of the Company's Board of Directors, there are no other shareholders' agreements or other agreements between the Company's shareholders that are intended to influence the Company.

Nor is the Board of Directors of the Company aware of any agreements or equivalent undertakings, with the exception of the below agreement concerning arranged sales, that could result in any changes in control over the Company.

# ARTICLES OF ASSOCIATION

## ARTICLES OF ASSOCIATION THQ NORDIC AB

Reg. no. 556582-6558

Adopted at the extra general meeting on 6 October 2016

### § 1 Company name

The name of the company is THQ Nordic AB. The company is a public company (publ).

### § 2 Registered office

The board of directors shall have its registered office in the municipality of Karlstad, county of Värmland.

### § 3 Object of the company

The company's object is to carry out trade with computer and video games, as distributor, license holder and manufacturer, to retailers and conduct an online internet portal for computer games and interest groups and as parent company lead and administrate such operations and manage real property and chattels and to conduct activities related to the aforementioned.

### § 4 Share capital

The share capital shall not be less than SEK 500,000 and not more than SEK 2,000,000.

### § 5 Number of shares

The number of shares shall not be less than 60,000,000 and not more than 24,000,000.

### § 6 Share classes

The shares may be issued in two classes, A shares and B shares. The number of shares of the respective class may correspond to the full number of shares in the company. A shares shall entitle to ten (10) votes each, and B shares shall entitle to one (1) vote each.

If the company decides to issue new A shares and B shares against cash or set-off of claim, owners of A shares and B shares shall have preferential right to subscribe for new shares of the same class of shares in proportion to the number of shares they already hold (primary preferential right). Shares which have not been subscribed for by primary preferential right shall be offered to all shareholders for subscription (secondary preferential right). Unless the shares thus offered are sufficient for the subscription under the secondary preferential right, the shares shall be allocated between the subscribers in proportion to the number of shares they already hold and, to the extent this is not possible, by drawing of lots.

If the company decides to issue only A shares or only B shares against cash or set-off of claim, all shareholders shall have a preferential right to subscribe for new shares in proportion to the number of shares they already hold, irrespective of whether they hold A shares or B shares.

The above shall not imply any restriction in the possibility to decide on a new share issue against cash or set-off of claim, with derogation from the shareholders' preferential right.

If the company decides to issue warrants or convertibles against cash or set-off of claim, the shareholders have a preferential right to subscribe for warrants as though the issue concerned those shares which might be subscribed for on account of the option and a preferential right to subscribe for convertibles as though the issue concerned those shares which the convertibles may be exchanged to, respectively.

If the share capital is raised through a bonus issue, new shares shall be issued of each class of shares in proportion to the existing number of shares of the same class. Old shares of a certain class of shares shall entail a right to new shares of the same class of shares in relation to its proportion of the share capital. The above shall not imply any restriction in the possibility to carry out a bonus issue and, after necessary change in the articles of association, issue new shares of a new class.

### § 7 Conversion of A shares

Following 360 days after an initial public offering of the company's shares at a regulated market or any other trading platform A shares may be converted to B shares. Owners of A shares may, during January, April and October each year ("Conversion periods"), demand that all or a part of the A shares be converted into B shares. Such request of conversion shall be made in writing and have reached the company's board of directors no later than the last day of each of the Conversion periods. Whereby the number of A shares that should be converted shall be stated.

The board of directors shall at the end of each Conversion period address the issue on conversion. Thereafter, the board of directors shall immediately submit a notification to the Companies Registration Office for the registration of the conversion. The conversion is executed at the time for registration and when it has been noted in the Central Securities Depository Register.

**§ 8 Board of directors**

The board of directors shall consist of a minimum of three and a maximum of ten directors and they are elected yearly at the annual general meeting for the time up until the end of the next annual general meeting.

**§ 9 Auditors**

For the review of the company's annual report and the accounts as well as the management pursued by the board of directors and the managing director, at least on one auditor and no more than a maximum of two auditors are appointed.

**§ 10 Convening of a general meeting**

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Notice of the annual general meeting and extraordinary general meeting where an amendment of the articles of association will be considered shall be given no earlier than six weeks and no later than four weeks prior to the general meeting. Notice of other extraordinary general meetings shall be issued no earlier than six and no later than two weeks before the general meeting.

**§ 11 Attendance at general meetings**

A shareholder that wishes to participate in a general meeting must be recorded in a printout or other transcript of the share ledger as of five (5) weekdays before the meeting, and notify the company of his/her, and any advisors (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

**§ 12 Place for holding general meetings**

A general meeting is to be held where the board of directors has its registered office or in the municipality of Stockholm.

**§ 13 Matters of the annual general meeting**

At the annual general meeting, the following matters shall be considered:

1. Opening of the meeting.
2. Election of chairman of the meeting
3. Preparation and approval of the voting list.
4. Election of one or more persons to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolutions regarding:
  - a) adoption of income statement and balance sheet and the group income statement and the group balance sheet,
  - b) decision regarding the profit or loss of the company in accordance with the adopted balance sheet,
  - c) discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and auditors.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and auditors.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act (SFS 2005:551) or the articles of association.

**§ 14 Financial year**

The fiscal year of the company shall be 1 January – 31 December.

**§ 15 Central securities depository registration**

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6–8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

**§ 16 Post-sale purchase right A shares**

If title to an A share has been transferred to a new owner, the A share shall immediately be offered to the other holders of A shares for pre-emption through a written notification to the board of directors of the company. In this connection, the acquisition of the A share must be verified and if the A share has been transferred by way of purchase, information must be given of the purchase price.

The pre-emption offer may comprise fewer than all A shares covered by offer.

Where an A share has been offered for pre-emption, the board of directors shall notify all A share holders immediately and in writing, requesting those wishing to exercise their right of pre-emption to give notice in writing to the company within two months from the board of directors' receipt of the notice of the transfer of the A share.

Should several persons register for pre-emption, the priority right between them shall be decided by the drawing of lots, executed by the notary public, provided however that if several A shares have been offered for pre-emption at the same time, the A shares shall in the first place, and to the extent possible, be distributed among those who wish to exercise their right of pre-emption *pro rata* to their previous A shareholdings.

The amount to be paid for the pre-empted shares shall be,

- a) when the share has been transferred by way of purchase, the purchase price, and
- b) when the share has been transferred otherwise than by way of purchase, and in the absence of an agreement has been made, the price of the share determined by arbitrators in the manner described in the Swedish Act on Arbitration in force at such time.

No other terms shall apply for the right of pre-emption.

Also other disputes than regarding the pre-emption price will be decided in accordance with the applicable act on arbitration.

If the purchaser and the person who has requested the right of pre-emption cannot agree on the pre-emption, the person who has requested the right of pre-emption shall, in writing, initiate arbitration within two months from the day the request to exercise the right of pre-emption was made to the company.

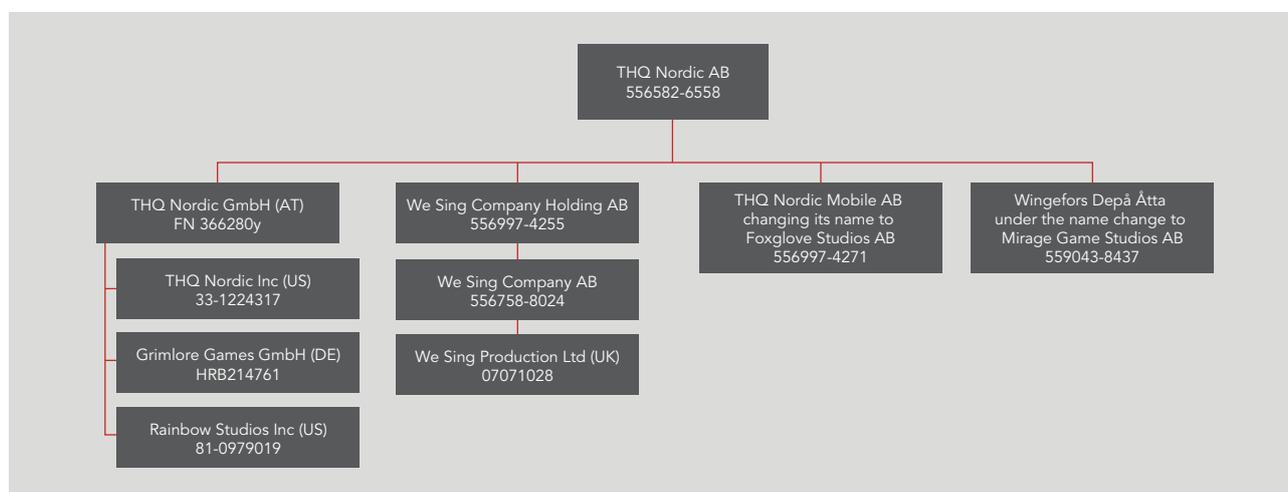
When an A share has been transferred by way of purchase and despite being asked to do so, the new owner cannot produce the purchase agreement or other documents reflecting the terms of the purchase, or there is reason to believe that the purchase agreement is a fictitious document, the price for the pre-empted share shall be determined as indicated in item (b) above.

If no shareholder declares its intent to exercise his right of pre-emption within the prescribed time period, or if the price for the pre-empted share has not been paid within one month after the later of (a) when the time to exercise pre-emption has expired or (b) when the price was duly determined, the person who offered the shares for pre-emption is entitled to be registered as shareholder.

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## LEGAL GROUP STRUCTURE

THQ Nordic (reg. no. 556582-6558) is a public limited liability company incorporated in Sweden on 23 November 1999, and registered with the Swedish Corporate Registration Office on 30 December 1999. The Company's corporate form is governed by the Swedish Companies Act (2005:551). The Company has its registered seat in Karlstad. The Company's current registered name and trade name, THQ Nordic AB (publ), was adopted by an extraordinary general shareholder meeting held on 8 August 2016. THQ Nordic AB (publ) is currently the parent company of nine subsidiaries, which are located in Sweden, Austria, the United States of America, the United Kingdom and Germany. All subsidiaries are wholly owned. The figure below illustrates THQ Nordic legal structure.



## MATERIAL AGREEMENTS

### Agreements for the acquisition of game rights

In 2011 the Company acquired assets of the bankruptcy estate of the Austrian company JoWood, whereby, e.g. all the rights to the games SpellForce, Painkiller and The Guild were acquired.

In 2013 the Company acquired assets of the bankruptcy estate of the American company THQ Inc. whereby, e.g. all the rights to the games Darksiders, MX vs. ATV, Titan Quest and Red Faction were acquired. In 2013 the Company made some additional acquisitions of trademark rights from THQ's bankruptcy estate.

Between 2013–2016, the Company also acquired a number of rights, e.g. from Atari, Bitcomposer and Digital Reality amongst other regarding game titles like Codename Panzers, Men of Valor, Jagged Alliance, Imperium Galactica among others.

In October 2016 the Company acquired a portfolio of games from NovaLogic. The portfolio included, in addition to code and servers, rights regarding game titles such as Delta Force and Comanche.

### Distribution agreements

THQ Nordic and the US company Valve Corporation have entered into a distribution agreement where Valve, for a compensation amounting to a share of the gross revenues from sold games, e.g. receives a non-exclusive, worldwide license to reproduce, transfer, sell, license and in other ways distribute a large number of the Company's computer games through the online platform Steam, including the corresponding right to use the games' trade marks in marketing of the games.

The Company also has distribution agreements with several major platforms for digital distribution such as PlayStation and X-Box Live. To the best of the Company's knowledge, all of these agreements follow industry standard.

The Company also has contracts for distribution of physical products with e.g. Amazon and GameStop. All of these agreements follow industry standard.

### Production and development agreements

The Company uses both internal and several external studios for new- and further development of game titles. An example of an external studio is KAIKO which develops Darksiders: Warmastered Edition.

Through the internal studio Foxglove Studios, the Company develops two mobile titles: The Muscle Hustle and Snipers vs Thieves. The Muscle Hustle was test launched in late September 2016 in the Philippines, Malaysia and Indonesia. The second mobile game developed by Foxglove Studios is planned to be test launched during the winter of 2016. The Company does not own the rights to these two titles and does not publish the games. Instead, the Company cooperates with two external publishers and the Company will pay a royalty payments for these two mobile titles.

In addition, the Company develops the game title Elex in cooperation with the external studio Piranha Bytes, of which the Company will own the major part of that project.

#### Publishing agreements

The Company has a publishing agreement with, *inter alia*, Microsoft regarding the game Quantum Break for the PC market for physical distribution. The agreement is valid until 30 August 2018. After that, it can be extended with one year at a time. The Company also has a global publishing agreement with Fatshark Studios regarding the game Warhammer: End Times-Vermintide for physical distribution (exclusive), and digital distribution (non-exclusive). The agreement with Fatshark Studios is

a royalty agreement limited to PC/PS4/Xbox One. The agreement is valid until 2020.

#### Financing

The Company received an overdraft facility of a maximum of SEK 100 million from Danske Bank. On 30 September 2016, approximately SEK 18 million were still unutilized. As a general security for Danske Bank's engagement, the Company has provided a first-rank mortgage of SEK 100 million in total. Additionally, the Company has made a financial engagement, which means that the Company's debt to equity ratio must not fall below a certain percentage.

On 30 September 2016 THQ Nordic entered into a credit agreement, to which the Company is the borrower and Lars Wingefors AB is the lender. See below under "Transactions with related parties" for additional information.

#### DISPUTES

The Company is not, nor has it been during the past 12 months, a party to any significant legal proceedings or settlement proceedings (including not yet determined matters or such matters that the Company is aware may arise) that recently had or could have a material impact on the Company's financial position or profitability.

## INTELLECTUAL PROPERTY RIGHTS

### Patents and designs registrations

The Company's patents and designs registrations are presented in the table below. None of the Company's patents or designs registrations are individually seen as significant in relation to the Company's operations, but collectively the patents and designs registrations are seen as essential to ensure a continued strong position concerning the intellectual property rights.

Country	Title	Status	Holder	Application number	Date of application	Regarding	Number	Date of issue
US	GAME TABLET	Granted	THQ Nordic AB	29/365007	2010-07-01	Design registration	D637653	2011-05-10
Australia	GAME TABLET	Granted	THQ Nordic AB	15399/2010	2010-12-08	Design registration	334537	2011-01-11
EU	GAME TABLET	Granted	THQ Nordic AB	1790783	2010-12-08	Design registration	1790783-0001	2010-12-08
Canada	GAME TABLET	Granted	THQ Nordic AB	138323	2010-12-10	Design registration	138323	2011-06-06
US	System and Method for Managing Virtual Property	Granted	THQ Nordic AB	09/253,167	1999-02-15	Patent	6,591,250	2003-07-08

### Trademarks

In total, THQ Nordic owns the rights to sell over 900 different products which are distributed in more than 50 brands.

The largest owned brands include: MX vs. ATV, Dark-siders, We Sing, Red Faction, Titan Quest, The Guild, SpellForce, Codename Panzers, ArcaniA, Legend of Kay, Painkiller, Desperados, Impossible Creatures, Nexus, Imperium Galactica, Jagged Alliance, Men of Valor, Black Mirror and Destroy all Humans amongst others.

The largest brands, distributed on behalf of third parties, are: The Book of Unwritten Tales, Gothic, Rio (Fox), Wheel of Fortune (Sony) and Jeopardy (Sony).

### Domain name

The Company holds over 300 domain names, including THQ, We Sing, Dark-siders, Elexgame, MX vs. ATV and Red Faction which are registered with high ranked domains such as ".com".

## INSURANCE

The Company has signed ordinary business insurance. The Group has also signed liability insurance for the board and the CEO that covers all companies in the Group. The Company is of the opinion that its insurance is in line with other company insurances in the same industry, and that the insurance is adequate in relation to the risks that normally are associated with the Company. It is however not possible for THQ Nordic to guarantee that the Company does not incur losses beyond what is covered by these insurances.

## TRANSACTIONS WITH RELATED PARTIES

### Credit agreement

On 30 September 2016 THQ Nordic entered into a credit agreement, to which the Company is the borrower and Lars Wingefors AB is the lender, under which THQ Nordic, at one or several occasions, can borrow up to a total of SEK 50 million. The interest rate for each loan under the agreement shall be the higher of 3% per year or 3M STIBOR added with 2.5%. To the extent that THQ Nordic raise a loan before a listing on Nasdaq First North has been completed, all loans, if any, shall be repaid to the lender no later than ten business days after the listing.

### Management fees

Nordic Games Group AB has previously invoiced the Group companies a management fee for work performed by Lars Wingefors, Erik Stenberg and Per-OlaLundborg. Lars Wingefors and Erik Stenberg are currently employees of THQ Nordic AB and no management fee will therefore be invoiced in the future. Through companies, Lars Wingefors owns 72.20%, Erik Stenberg own 15.63%, Klemens Kreuzer owns 2.24% and Reinhard Pollice owns 1.28% of the shares in Nordic Games Group AB, respectively.

Below is a description of the transactions relating to the management fee, which occurred between Nordic Games Group AB and companies within the Group.

For the years 2014, 2015 and the first three quarters of 2016, Nordic Games Group AB invoiced THQ Nordic AB management fees amounting to a total of SEK 3,150,000. For the years 2014 and 2015, Nordic Games Group AB invoiced Nordic Games GmbH (now THQ Nordic GmbH) (now THQ Nordic GmbH) management fees amounting to a total of EUR 142,500 (approximately SEK 1,317,983 calculated on an average exchange rate for 2015) no management fee was invoiced during 2016. For the year 2015 and the first half of 2016, Nordic Games Group AB invoiced Nordic Games NA, Inc. (now Nordic THQ Inc) management fees amounting to a total of USD 135,000 (approximately SEK 1,187,676 calculated on an average exchange rate for 2016).

### Transaction with related companies

During 2016, and as of 30 September 2016, Game Outlet Europe AB has purchased goods from THQ Nordic GmbH for approximately EUR 361,000 (approximately SEK 3,501,411 calculated on an average exchange rate for 2016). The transaction was made on market terms.

Furthermore THQ Nordic GmbH bought "QA services" from Quantic Lab in Romania. According to Quantic Labs' management accounts, as of 30 September 2016, THQ Nordic GmbH had purchased services for approximately EUR 63,000 (approximately SEK 611,050 calculated on an average exchange rate for 2016) in 2016. The purchase of services was made on market terms.

Apart from these transactions and including the remunerations to the Board of Directors and senior executives described in the section "*Board of Directors, senior executives and auditors*", no other transactions between board members or other related parties and the subsidiaries occurred during the period 2014–2015 and up to the publication date of the Prospectus.

## STABILISATION

In connection with the Offering, Pareto Securities may implement transactions designed to stabilise or keep the price of the class B shares at levels that might otherwise not prevail in the market. Stabilisation measures will not be implemented at a price that is higher than the established price per class B share in the Offering. The purpose of such stabilisation will be to support the market price of the class B shares and the measures may be undertaken during a period starting on the first day of trading in the Company's class B shares on Nasdaq First North and ending 30 calendar days thereafter. As a result of such stabilisation, the stock-exchange or market price of the Company's class B shares may be higher than they would otherwise be in the market.

There is no guarantee that stabilisation measures will be implemented and they may be terminated at any time. Within a week after the stabilisation period ends, Pareto Securities will announce whether stabilisation measures have been taken, the date when the stabilisation measures were taken, the date when the last stabilisation measure was taken and each date on which stabilisation occurred, as well as the price range within which the stabilisation measures were taken.

## SUBSCRIPTION UNDERTAKINGS BY THE CORNERSTONE INVESTORS

The Cornerstone Investors, all mentioned in the table below, have through agreements concluded in October 2016 with Pareto Securities committed themselves, under certain conditions and to the same price as other investors, to acquire class B shares in the Offering. The Cornerstone Investors have committed themselves to acquire class B shares in the Offering to a total of SEK 210 million, corresponding to a total of 52.5% of the shares and the votes in the Offering, or to a total of 47.7% of the shares and the votes in the Offering, assuming a full utilization of the Over-allotment Option. The Cornerstone Investors will not receive any remuneration for their respective commitments and the Cornerstone Investors' investments are made on the same conditions

as other investors in the Offering. The Cornerstone Investors' commitments are not covered by a bank guarantee, blocked funds, pledging or similar arrangement. Any commitments from the Cornerstone Investors are conditional, *inter alia*, that (i) class B shares are listed so that the first day of trading in the Company's B shares do not occur later than 31 December 2016; (ii) such Cornerstone Investor will have full allotment of B shares under its commitment; and (iii) the final Offering price does not exceed SEK 20 per share. In the event that any of these conditions are not met, the Cornerstone Investors are not bound by their obligations and do not need to acquire any class B shares. All the Cornerstone Investors can be reached via the address to Pareto Securities, please see "Addresses".

	Subscription undertaking SEKm	Number of class B shares	Portion of the Offer given full utilization of Over-allotment Option
Didner & Gerge Fonder	45	2,250,000	10.2%
Swedbank Robur Fonder AB	45	2,250,000	10.2%
Handelsbanken Fonder AB	35	1,750,000	8.0%
RAM ONE AB	35	1,750,000	8.0%
Novobis AB (wholly owned by Provobis Holding AB)	35	1,750,000	8.0%
Lancelot Asset Management	15	750,000	3.4%
<b>Sum</b>	<b>210</b>	<b>10,500,000</b>	<b>47.7%</b>

## DESCRIPTION OF THE CORNERSTONE INVESTORS

### Didner & Gerge Fonder

Didner & Gerge Fonder is an independent fund management company engaged in active management with the aim of generating long-term returns. The company's philosophy is to evaluate companies in terms of their future potential for profitable development and then be a persistent owner and not consider short-term fluctuations in the stock market.

### Swedbank Robur Fonder

Swedbank Robur Fonder is one of Scandinavia's largest fund manager and a wholly owned subsidiary of Swedbank. Swedbank Robur Fonder offers savings products for individuals and institutional clients through investment funds and discretionary investment management. For more information, please visit [www.swedbankrobur.se](http://www.swedbankrobur.se).

### Handelsbanken Fonder

Handelsbanken Fonder is a wholly owned subsidiary of Svenska Handelsbanken and is a significant fund manager in Scandinavia. Handelsbanken Fonder offers funds that are targeted towards private individuals as well as institutional clients.

### RAM ONE

RAM ONE is an independent asset management company engaged in fund management with a focus on absolute return. The investment strategy is based on fundamental analysis of pre-defined sectors with a core of Nordic companies. The objective is to generate the highest possible returns over the long term with a balanced risk level.

### Novobis/Provobis

Novobis AB, a wholly owned subsidiary of Provobis Holding AB, is an investment company mainly focused on the international leisure sector. Novobis AB primarily invests in hotels, retail and entertainment. The Provobis Group has significant holdings in among others the listed companies Betsson, Collector, NetEnt, Scandic Hotels, Feelgood and the investment company Svolder. Provobis Holding AB is a family owned investment company founded by Rolf Lundström and based in Gothenburg, Sweden.

### Lancelot Asset Management

Lancelot Asset Management offers active independent asset management in the form of discretionary accounts, fund management and independent advice.

### **INTEREST OF THE ADVISORS**

Pareto Securities AB is acting as financial advisor and Baker & McKenzie Advokatbyrå KB ("Baker & McKenzie") is acting as the legal advisor to the Company in connection with the Offering. Pareto Securities AB and Baker & McKenzie will receive a predetermined amount for the services rendered in connection with the listing. In addition to what is stated above, Pareto Securities AB and Baker & McKenzie have no financial or other interests in the Offering. No conflicts of interest is deemed to be present between the advisors.

### **CERTIFIED ADVISER**

FNCA Sweden AB is appointed Certified Adviser and monitors that the compliance of the regulations on Nasdaq First North.

### **COSTS ASSOCIATED WITH THE OFFERING**

THQ Nordic's costs in connection with the listing on Nasdaq First North and the Offering are expected to amount to approximately SEK 18 million. In addition to the fee to Pareto Securities, such costs pertain primarily to costs for auditors, legal experts, printing of prospectuses, presentations of the Company, etc. THQ Nordic will not receive any share of the proceeds from the sale of the class B shares that the Selling Shareholders are selling under the Offering.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available at the Company's head office, on weekdays during business hours, and on the Company's web page [www.thqnordic-investors.com](http://www.thqnordic-investors.com).

1. The Company's Articles of Association;
2. The Company's and its subsidiaries<sup>1)</sup> historical financial information for the period covered by the Prospectus and
3. The Prospectus.

Also, audited financial statements relating to prior fiscal years and interim reports are available on the Company's web page, as well as documents and information related to corporate governance, etc.

1) The annual reports of the subsidiaries will only be available at the Company's head office.

# TAX CONSIDERATIONS IN SWEDEN

The following is a summary of the tax issues arising from the Offering and the admission to trading on Nasdaq First North of class B shares in the Company for Swedish tax resident individuals and legal entities, unless otherwise stated. The summary is based on currently applicable tax legislation and is only intended as general information concerning the shares in the Company as of the date upon which the shares have been admitted to trading on Nasdaq First North.

The summary does not address:

- situations where shares are held as current assets in a business,
- situations where shares are held by a limited partnership or a partnership,
- situations where shares are held through an investment savings account and are subject to flat-rate taxation rules,
- the particular regulations governing tax-exempt capital gains (including non-deductible capital losses) and dividends to the corporate sector that may be applicable for investors holding shares in the Company that are deemed to be held for business purposes,
- the particular regulations that in certain cases may be applicable to shares in companies that are or have been closely held companies or to shares that have been acquired with the support of such shares,
- the particular regulations that may be applicable to individuals who make or reverse investor deductions,
- foreign companies operating from a permanent establishment in Sweden, or
- foreign companies that used to be Swedish companies.

Particular tax regulations apply to certain corporate categories. The tax treatment of each separate shareholder depends on the shareholder's particular circumstances. Each shareholder should seek advice from an independent tax consultant concerning the applicable tax consequences arising from the Offering and the admission to trading of the class B shares on Nasdaq First North, including the applicability and impact of foreign legislation (including tax regulations) and double taxation treaties.

## INDIVIDUALS

Individuals subject to unrestricted taxation in Sweden are subject to tax on capital income, such as interest, dividends and capital gains, in the capital income class. The tax rate for income from capital is 30 percent. Capital gains and capital losses equal the difference between the sales proceeds and the acquisition cost, less the selling expenses. The total acquisition cost for all shares of the same class and type is divided by the number of shares. Alternatively, upon the sale of listed shares, the acquisition cost may be set to 20 percent of the sales proceeds less the selling expenses. Capital losses on listed shares are fully deductible against taxable capital gains on shares arising in the same year as well as against other listed securities taxed as shares (although not mutual funds or hedge funds or funds that consist solely of Swedish receivables, meaning fixed-income funds). 70 percent of capital losses that cannot be offset in this way are deductible against other income in the capital income class. If a net loss arises in the capital income class, a tax reduction is granted for tax on income from employment and business income, as well on real estate tax and municipal real estate charges. The tax reduction equals 30 percent on net losses of up to SEK 100,000 and of 21 percent on the remaining net losses. Such net losses cannot be carried forward to future fiscal years. For individuals subject to unrestricted taxation in Sweden, dividends are subject to a preliminary withholding tax of 30 percent. The preliminary tax is usually withheld by Euroclear Sweden or, in the case of nominee-registered shares, by the Swedish nominee. Individuals owning shares through an investment savings account (ISK) are not taxed on capital gains on sales of shares or for dividends on such shares. Accordingly, losses are not tax deductible. Tax is levied on a standard income, which is calculated on a capital base multiplied by the government borrowing interest rate, regardless of whether the investment savings account generates a profit or a loss. The tax is levied annually. As of 1 January 2016, the standard income is based on a capital base multiplied by the government borrowing interest rate increased by 0.75 percentage points, however, to a minimum of 1.25 percent of the capital base.

### ALLOTMENT TO EMPLOYEES

The allotment of shares does usually not have any tax consequences. However, the allotment of shares to employees may in some cases entail taxation of benefits. Taxation of benefits should however not arise if the employees (including directors and deputies, and the current shareholders), on the same conditions as others, acquire more than 20% of total amount of class B shares offered and if an employee does not acquire class B shares for more than SEK 30,000.

### LIMITED LIABILITY COMPANIES

For a limited liability company, all income, including taxable capital gains and dividends, is taxed in the business income class at a rate of 22 percent. Capital gains and capital losses are calculated in the same way as for individuals as mentioned above. Deductible capital losses on shares are only deducted against taxable capital gains on shares and other securities taxed as shares. Capital losses on shares that are not utilized during a given year may be carried forward (by the loss-making company) and be offset against taxable capital gains on shares and other securities taxed as shares during later fiscal years without any limitations in time. If such capital losses cannot be offset in the loss-making company, they may also be offset against taxable capital gains on shares and other securities taxed as shares in a company within the same company group, provided that group contributions are permitted between the companies and that both companies request this for a fiscal year that has the same due date for tax returns (or that would have the same due date for returns if either of the companies' accounting liability had not expired).

Special rules may apply for particular company categories or certain legal entities, such as investment companies.

### SHAREHOLDERS SUBJECT TO RESTRICTED TAXATION IN SWEDEN

Shareholders subject to restricted taxation in Sweden that receive dividends on shares held in a Swedish limited liability company, are generally subject to Swedish withholding tax. The same applies to certain types of payments made by a Swedish limited liability company in conjunction with the redemption of shares or buyback of treasury shares through a purchase offer directed to all shareholders of a specific class of shares. The tax rate is 30 percent. However, the tax rate is generally reduced by tax treaties. According to the Swedish tax treaty with the US, the tax rate on e.g. dividends to US holders subject to the provisions in the treaty must not exceed 15 percent.

In Sweden, the deduction of withholding tax is normally carried out by Euroclear Sweden, or in the case of nominee registered shares, by the nominee. The Swedish tax treaties usually allow a reduction of the withholding tax in direct connection with the payment, provided that Euroclear Sweden or the nominee, as applicable, has obtained the required information about the dividend recipient's tax liability (this also applies in the Swedish/US tax treaty). Further, investors entitled to a reduced tax rate in accordance with tax treaties may request a refund from the Swedish Tax Agency, provided that tax was withheld with a rate of 30 percent. Shareholders subject to restricted taxation in Sweden, are normally not subject to capital gains tax in Sweden upon the sale of shares. Shareholders may, however, be subject to taxation in their country of domicile.

According to a special tax rule, individuals subject to restricted taxation in Sweden are subject to capital gains tax in Sweden upon the sale of shares in the Company if they have been residents or stayed permanently in Sweden during the calendar year when the sale occurred or during the previous ten calendar years. The applicability of this rule is, however, limited in a number of cases by tax treaties.

# DOCUMENTS INCORPORATED BY REFERENCE

The information listed below, which have previously been published, are incorporated into the Prospectus by references and thereby constitute a part of the Prospectus

The parts of the financial information which have not been incorporated by reference are either not relevant to an investor or can be found in other places of the Prospectus. Except when expressly stated no information in the Prospectus has been subject to review or audited by the Company's auditor.

The Company's articles of association, the Company's audited annual report for the fiscal year 2014, the Company's audited annual report for the fiscal year 2015, the Company's reviewed interim report for the period 1 January – 30 September 2016 and any other information published by the Company which is referred to in the Prospectus is during the entire period of validity for the Prospectus available electronically on the Company's web site [www.thqnordic-investors.com](http://www.thqnordic-investors.com).

Source	Information incorporated (page reference in source)
Annual report 2014	Management report (1–2), the Groups audited income statement (3), the Groups audited balance sheet (4–5), the Groups audited cash flow statement (6), additional information (10–13), and end notes (14–21)
Annual report 2015	Management report (1–3), the Groups audited income statement (4), the Groups audited balance sheet (5–6), the Groups audited cash flow statement (7), additional information (11–14), and end notes (15–22)
Interim report for the period 1 Jan – 30 Sep 2016	The Groups reviewed income statement (10), the Groups reviewed balance sheet in brief (11), the Groups reviewed cash flow statement in brief (12), end notes (12), and auditors review report for the period (15).
Audit report 2014	Audit report (1)
Audit report 2015	Audit report (1)

# DEFINITIONS

<b>CAGR</b>	Compound annual growth rate.
<b>Cornerstone Investors</b>	Refers to Didner & Gerge Fonder, Swedbank Robur Fonder AB, Handelsbanken Fonder AB, RAM ONE AB, Novobis AB and Lancelot Asset Management.
<b>DLC</b>	Abbreviation of "Downloadable Content". DLC often consists of weapons or other equipment to be used in the game, which can be downloaded digitally against a small payment, or e.g. new tracks/maps which can be downloaded digitally against a small payment in order to enhance the content and experience of the game.
<b>Offering price</b>	The Offering price of SEK 20 per class B share.
<b>The Offering</b>	The offering of class B shares referred to in this Prospectus.
<b>EUR or €</b>	Euro.
<b>Euroclear Sweden</b>	Euroclear Sweden AB.
<b>publishing title</b>	Games in THQ Nordic's portfolio which the Company does not own but publishes for different strategic partners.
<b>IP</b>	Abbreviation of "Intellectual Property". Within the games industry "IP" is often used as an umbrella term for game brands, game titles or other copyright protected material.
<b>the Group</b>	The Group within which THQ Nordic AB (publ) is the mother company.
<b>Lock-up period</b>	The Lock-up period which is described in the section " <i>Share capital and ownership structure – Convertibles, warrants, authorization to issue securities, etc.</i> "
<b>Personnel</b>	Personnel may refer to both employees and external contractors.
<b>EURm</b>	Million euro.
<b>SEKm</b>	Million Swedish kronor.
<b>USDm</b>	Million United States dollars.
<b>Pareto Securities</b>	Pareto Securities AB.
<b>The Prospectus</b>	This Prospectus.
<b>remaster</b>	Designates technical and / or graphically upgraded versions of existing titles.
<b>SEK</b>	Swedish krona.
<b>Steam</b>	The largest individual digital distribution channel for PC games. Steam is owned by Valve Corporation and had more than 125 million registered users in 2015.
<b>THQ Nordic or the Company</b>	Refers to, depending on the context, THQ Nordic AB (publ) or the group in which THQ Nordic AB (publ) is the mother company.
<b>USD</b>	United States dollar.

# ADDRESSES

## **THE COMPANY**

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