



Fade to Silence

THQ NORDIC Q4 EBIT INCREASED BY 102%

I'm proud of the whole THQ Nordic organisation, including our contracting developers and business partners, which has performed its most active quarter ever. We had a significant release activity in the quarter with eleven releases of which nine on own IPs. 74% of net sales came from new releases in the quarter and 26% from our back catalogue. I'm happy to note that 82% of net sales in the fourth quarter came from owned titles and 18% from publishing titles.

During the quarter, we also delivered our first in-house developed sequels to the market. Their overall performance has matched management expectations. Our new IP ELEX was well received by the fans but received mixed reviews from various media outlets due to its unique character and harsh style.

Our business grew rapidly; net sales increased by 99% to SEK 255 million in the quarter, EBITDA was up 157% to SEK 156 million and EBIT increased by 102% to SEK 102 million compared to the same period last year.

In November we acquired and welcomed the Stockholm based development studio Experiment 101 to the THQ Nordic family. They are developing one of our upcoming key titles: Biomutant. THQ Nordic has a solid growth strategy and a great position in the market which we will leverage over the coming years. I'm really looking forward to 2018, we will keep the excitement going.

– LARS WINGEFORS, FOUNDER & CEO

FOURTH QUARTER 2017

- > Net sales increased by 99% to SEK 255.4 m [128.2].
- > Owned titles represented SEK 208.2 m [94.0], or 82% [73], of net sales.
- > EBITDA was SEK 156.4 m [60.8], corresponding to an EBITDA margin of 61% [47].
- > EBIT was SEK 102.0 m [50.6], corresponding to an EBIT margin of 40% [39].
- > Cash flow from operating activities amounted to SEK 98.6 m [51.3].
- > Earnings per share [diluted] were SEK 0.93 [0.59].
- > Nine owned titles and two publishing titles were released in the period.

FULL YEAR, JANUARY-DECEMBER 2017

- > Net sales increased by 68% to SEK 507.5 m [301.9].
- > Owned titles represented SEK 391.2 m [213.1], or 77% [71], of net sales in the period.
- > EBITDA was SEK 272.6 m [132.4], corresponding to an EBITDA margin of 54% [44].
- > EBIT was SEK 188.2 m [95.0], corresponding to an EBIT margin of 37% [31].
- > Cash flow from operating activities amounted to SEK 179.1 m [99.2].
- > Earnings per share [diluted] were SEK 1.88 [1.18].
- > As of 31 December 2017, cash and cash equivalents were SEK 626.5 m [167.4]. The Company also had unutilized credit facilities of SEK 140.2 m [71.2].
- > The Board proposes no dividend for the financial year 2017.

KEY PERFORMANCE INDICATORS, GROUP

SEK million	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net sales	255.4	128.2	507.5	301.9
EBITDA	156.4	60.8	272.6	132.4
EBIT	102.0	50.6	188.2	95.0
Profit after tax	73.4	38.0	139.2	71.9
Earnings per share, SEK	0.93	0.59	1.88	1.18
Cash flow from operating activities	98.6	51.3	179.1	99.2
Sales growth, %	99	30	68	42
EBITDA margin, %	61	47	54	44
EBIT margin, %	40	39	37	31
Net sales split:				
– Owned titles, %	82	73	77	71
– Publishing titles, %	18	27	23	29

In this Report, all figures in brackets are for the corresponding period of the previous year, unless otherwise stated.



Darksiders III

FINANCIAL PERFORMANCE, FOURTH QUARTER 2017

CONSOLIDATED NET SALES

Consolidated net sales for the fourth quarter were up by 99% to SEK 255.4 m [128.2]. The growth is primarily sourced from new releases launched in the period.

Combined net sales of new releases during the fourth quarter amounted to SEK 190.2 m [46.2] or 74% [36] of revenues.

CONSOLIDATED EXPENSES

Expenses were SEK 189.0 m [92.7] in the fourth quarter. Cost of goods sold was SEK 69.2 m [50.7]. Personnel expenses were SEK 33.5 m [17.2]. The increase is mainly relating to increased headcount and three development studios acquired that were not part of the group in the previous year. Depreciation and amortization was SEK 54.4 m [10.2]. The increase is mainly due to depreciation of games launched in the period.

CONSOLIDATED EARNINGS

The group's EBITDA for the fourth quarter 2017 increased by 157% to SEK 156.4 m [60.8]. EBIT in the quarter was SEK 102.0 m [50.6]. Profit after tax was SEK 73.4 m [38.0].

DIVIDEND FOR 2017

The Board proposes no dividend for the financial year 2017.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities for the quarter was SEK 98.6 m [51.3]. The difference is due to improved operating profit, but negative progress of working capital in year-on-year terms. Cash flow from investing activities was SEK -154.5 m [-67.6], mostly relating to investments in game projects and the acquisition of the development studio Experiment 101. Cash flow from financing activities amounted to SEK 14.7 m [171.5].

Cash and cash equivalents at the end of the period were SEK 626.5 m [167.4]. The Company also had unutilized credit facilities of SEK 140.2 m [71.2], the group's total available cash and unutilized credit facilities were SEK 766.8 m [238.6] as of 31 December 2017.

CAPITAL EXPENDITURE, DEPRECIATION AND AMORTIZATION

In the fourth quarter, the group's investments in intangible assets amounted to SEK 103.8 m [67.0]. Investments relate mainly to capitalized expenditure for ongoing game development. Following the acquisition of Experiment 101 the surplus value has been distributed as IP: SEK 15.0 m, development studio: SEK 61.9 m and goodwill: SEK 13.4 m. These amounts are not included in the intangible asset amount above. Amortization of intangible assets was SEK 52.7 m [9.9]. Goodwill -1.0 [-]. Depreciation of property, plant and equipment amounted to SEK 0.8 m [0.3].



FINANCIAL PERFORMANCE, FULL YEAR 2017

Net sales increased by 68% to SEK 507.5 m [301.9] for the period January-December 2017.

Combined net sales of new releases during 2017 amounted to SEK 306.9 m [124.2] or 61% [41] of net sales.

EBITDA was SEK 272.6 m [132.4], a 106.0% increase. EBIT was SEK 188.2 m [95.0]. Profit after financial items was SEK 182.0 m [92.9] and profit after tax was SEK 139.2 m [71.9] for the full year.

Cash flow from operating activities was SEK 179.1 m [99.2]. Cash flow before changes in working capital was SEK 249.5 m and the working capital has had a negative impact on cash flow of SEK 70.4 m.

The group's investments in intangible assets amounted to SEK 311.6 m [157.2]. Investments in property, plant and equipment were SEK 4.9 m [2.6]. Amortization of capitalized expenditure for development work in the period was SEK 61.9 m [36.4].

Cash flow from investing activities was SEK -375.4 m [-159.7], the majority relating to investments in ongoing game projects. Cash flow from financing activities amounted to SEK 654.7 m [202.0], a rights issue represented SEK 580.4 m, new borrowings were SEK 79.8 m, repayment of debt to credit institutions was SEK -5.5 m.

Total investment for acquisitions of IPs during 2017 was SEK 3.8 m [22.6].

OPERATIONS

THQ Nordic acquires, develops and publishes PC and console games. The company has a wide catalogue of 299 games, including 91 owned franchises, such as Darksiders, Titan Quest, MX vs ATV, Red Faction, Destroy All Humans, Aquanox, ELEX, Biomutant, Jagged Alliance, SpellForce and The Guild. THQ Nordic has a global publishing reach within marketing, sales and distribution, both online and offline. The group's head office is based in Karlstad, Sweden and its publishing office in Vienna, Austria. THQ Nordic employs and contractually collaborates with 462 people, including external developers, and has seven internal development studios based in Germany, USA and Sweden.

NEW RELEASES IN THE FOURTH QUARTER

In the fourth quarter of 2017 the company released the following new products:

- The publishing title **Battle Chasers: Nightwar** for Sony's PlayStation 4, Microsoft's Xbox One and PC/MAC. The title has been developed by the external studio Airship Syndicate in Austin, Texas.
- Our new IP **ELEX** for Sony's PlayStation 4, Microsoft's Xbox One and PC. The game was developed by the external developer Piranha Bytes.
- The Asset Care title **We Sing Pop** for Sony's PlayStation 4 and Microsoft's Xbox One.
- The Asset Care title **This is the Police** for Nintendo Switch.
- The Asset Care title **Sphinx and the Cursed Mummy** for PC/MAC/Linux in digital channels only.
- The Asset Care title **de Blob** for Sony's PlayStation 4 and Microsoft's Xbox One.
- The Asset Care title **Titan Quest – Ragnarök** for PC. The game is an expansion pack for the owned IP title **Titan Quest** and was developed by the newly acquired development studio Pieces Interactive AB.
- The owned IP sequel **Black Mirror** for Sony's PlayStation 4, Microsoft's Xbox One and PC/MAC/LINUX. The game was the fourth iteration in the **Black Mirror** universe.
- The owned IP sequel **SpellForce 3** for PC, which was developed by the company's internal development studio, Grimlore Games.
- The owned IP **Fade to Silence** for PC. It is currently available as an Early Access game on Steam. The game is developed by the company's internal development studio Black Forest Games.
- The mobile game **The Muscle Hustle** was released for both IOS and Android platforms. Early monetization data shows positive signs but the number of daily installs is much lower than the company's other mobile title, **Sniper vs Thieves**. The title is published by the internal development studio Foxglove. The company has not yet currently commenced paid marketing on large scale.

All new games released during the fourth quarter, except **Battle Chasers: Nightwar** and **The Muscle Hustle** are based on owned IPs.

De Blob 2



TitanQuest

OTHER EVENTS DURING THE FOURTH QUARTER

In November THQ Nordic AB acquired the shares of Experiment 101 AB, a Swedish independent game developer, currently developing Biomutant. The acquisition includes the development studio and the intellectual property rights to Biomutant. The game is an open world, post-apocalyptic kung-fu fable action role-playing game. Biomutant was first announced at Gamescom in August 2017, receiving strong reception with fans and the gaming media. The initial consideration paid for all shares were SEK 75.3 million of which SEK 10.0 million will be paid by issuance of new THQ Nordic B-shares, with a 3-year lock-up, to the co-founder Stefan Ljungqvist. An additional consideration may be paid depending on the financial performance.

THQ Nordic participated, among others, in the following events:

- Paris Gamesweek, Paris, France
- Poznan Games Arena, Poznan, Poland
- The Game Awards Show, Los Angeles, USA

EVENTS AFTER THE PERIOD

No significant events have occurred after the end of the period up until the announcement of this report.

ONGOING DEVELOPMENT

At the end of the fourth quarter, the company had 36 projects in development of which 12 had been announced by the end of the quarter.

During the quarter, 9 new game developing projects were started. The projects are both Asset Care/porting, remakes, new expansion packs as well as sequel development across both internal and external development studios.

ANNOUNCED UPCOMING RELEASES AS OF FEBRUARY 14, 2018

Title	IP Owner	Platforms	Channels
Aquanox Deep Descent	THQ Nordic	PC, Mac, PS4, XboxOne	On- and Offline
Battle Chasers: Nightwar	Airship Syndicate	Nintendo Switch	On- and Offline
Biomutant	THQ Nordic	PC, PS4, XboxOne	On- and Offline
Darksiders 3	THQ Nordic	PC, PS4, XboxOne	On- and Offline
de Blob	THQ Nordic	Nintendo Switch	On- and Offline
de Blob 2	THQ Nordic	PS4, XboxOne	On- and Offline
Fade to Silence	THQ Nordic	PC, PS4, XboxOne	On- and Offline
Legend of Kay	THQ Nordic	Nintendo Switch	On- and Offline
MX vs ATV - All Out	THQ Nordic	PC, PS4, XboxOne	On- and Offline
Pillars of Eternity II - Deadfire	Obsidian	PC, Mac, LINUX, PS4, Xbox One, Nintendo Switch	Offline
Rad Rodgers	THQ Nordic	PC, PS4, XboxOne	On- and Offline
The Guild 3	THQ Nordic	PC	On- and Offline
The Raven HD	THQ Nordic	PC, Mac, PS4, XboxOne	On- and Offline
This is the Police 2	THQ Nordic	PC, Mac, PS4, XboxOne, Nintendo Switch	On- and Offline
Titan Quest	THQ Nordic	PS4, XboxOne, Nintendo Switch	On- and Offline
Wreckfest	Bugbear	PC, PS4, XboxOne	On- and Offline

Latest release dates for the products can be found on www.thqnordic.com.



HUMAN RESOURCES

As of 31 December 2017, the Company had 193 employees (85). The average number of full-time employees for the quarter was 180 (83). The increase in employee headcount relates mainly to acquired companies.

PARENT COMPANY

The Parent Company's net sales for the fourth quarter were SEK 135,9 m [48.1] and profit before tax was SEK 45.8 m [21.1]. Profit after tax was SEK 35.4 m [16.2].

Cash and cash equivalents as of 31 December 2017 were SEK 571.8 m [148.0].

Investments in intangible assets in the period were SEK 142.6 m [29.1]. The Parent Company's equity at the end of the quarter was SEK 971.3 m [286.2].

RELATED PARTY TRANSACTIONS

THQ Nordic GmbH has sold games to Game Outlet Europe AB during 2017 for a SEK 11.4 m. THQ Nordic GmbH has bought services from Quantic Lab for a SEK 3.5 m. THQ Nordic has paid SEK 0.2 m in rent to companies in the Lars Wingefors AB group. Nordic Games Group, Quantic Lab and Lars Wingefors AB are companies owned by management and co-founders.

OWNERSHIP BY 31 DECEMBER 2017

Name	Class A shares	Class B shares	Share of capital, %	Share of votes, %
Lars Wingefors through company ¹⁾	6,501,467	29,523,732	45.5	59.0
Erik Stenberg through company ²⁾	1,407,724	6,392,600	9.8	12.8
Swedbank Robur Funds ³⁾		6,826,979	8.6	4.3
Handelsbanken Funds ⁴⁾		4,899,700	6.2	3.2
Mikael Brodén through company ⁵⁾	483,378	2,195,063	3.4	4.4
Didner & Gerge Funds		1,857,673	2.3	1.2
Pelle Lundborg with family through company ⁶⁾	289,966	1,105,121	1.8	2.5
Familjen Olsson, trust		1,290,000	1.6	0.8
RAM One Funds		1,275,396	1.6	0.8
Chalex/Martin Larsson		1,270,944	1.6	0.8
Lundström Family		1,265,000	1.6	0.8
Avanza Pension		1,157,130	1.5	0.7
Klemens Kreuzer through company ⁷⁾	201,784	916,321	1.4	1.8
Life Insurance Skandia		854,312	1.1	0.5
Reinhard Pollice through company ⁸⁾	115,681	655,524	1.0	1.1
Fondita Funds		692,000	0.9	0.4
Michael Knutsson		600,000	0.8	0.4
Skandia Funds		435,509	0.5	0.3
Nordnet Pension Insurance		216,244	0.3	0.1
CM-CIC Asset Management		161,175	0.2	0.1
TOTAL TOP 20	9,000,000	63,590,423	91.6	96.0
OTHER		6,645,327	8.4	4.0
TOTAL	9,000,000	70,235,750	100.0	100.0

1) Lars Wingefors AB, controlled to 100% by CEO Lars Wingefors

2) Xagonus AB, controlled to 100% by CFO Erik Stenberg

3) Swedbank Robur consists of three funds; Småbolagsfond Sverige, Småbolagsfond Norden and Ny Teknik

4) Handelsbanken Funds consists of five funds; Sverige, Svenska Småbolag, Bosparfond Bostadsrätterna, Nordiska Småbolag and MicroCap

5) CMB Holding AB, controlled to 100% by Mikael Brodén, co-founder of THQ Nordic

6) Lumarisimo AB, controlled by Pelle Lundborg with family, co-founder of THQ Nordic

7) Gerado AB, controlled to 100% by Klemens Kreuzer, MD THQ Nordic GmbH

8) Gigalomaniac Holding AB, controlled to 100% by Reinhard Pollice, Director of business and production development



Biomutant

INFORMATION ABOUT FIRST NORTH

Nasdaq First North ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than one in a listed company. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and also ensures that the company continuously satisfies First North's standards.

FNCA Sweden AB is THQ Nordic's certified adviser.

RISKS AND UNCERTAINTY FACTORS

The risks related to THQ Nordic's operations are reviewed below.

DEVELOPING GAME PROJECTS

THQ Nordic develops games in-house via its own development studios and in collaboration with external game developers. Delays to planned and ongoing game projects can have a negative impact on cash flows, revenues and operating margins. Delays can occur to in-house and external development projects. The completion of a game project may also consume more resources than originally estimated, and then usually, and especially for in-house projects, the expense must be met by THQ Nordic.

LAUNCHES OF NEW GAME TITLES CAN GENERATE LOWER-THAN-EXPECTED REVENUES

When new game titles are launched, there is a risk that they are not well received by the market. This can lead to revenue losses, lower margins and reduced cash flows. This applies to both self-financed projects and games where the Company is the publisher and bears a significant share of finance. Capitalized development expenses are also subject to the risk of impairment.

THQ NORDIC IS DEPENDENT ON A SMALL NUMBER OF SIGNIFICANT DISTRIBUTORS OF ITS GAME TITLES

The Company's sales of digital and physical game titles are largely through a small number of major distributors. Distributors continuing to provide digital and physical distribution channels is a precondition for THQ Nordic being able to keep generating revenue from them.

THQ NORDIC MAY BE UNSUCCESSFUL IN DEVELOPING AND ADAPTING TO NEW TECHNOLOGY AND CONSUMER PREFERENCES AND STANDARDS, AS WELL AS ALTERED REGULATION

The evolution of the gaming industry is largely driven by the wants and needs of gamers, game companies and publishers, which means that operators must continuously offer new products and services with the aim of attracting and retaining a broad spectrum of gamers. In a sector featuring the rapid creation and development of new products, technologies and gamer behavior, it is important for the Company to continuously update and develop new and existing products and technologies.

INTELLECTUAL PROPERTY

Like other operators active in the same sector as the Company, THQ Nordic is dependent on intellectual property and its satisfactory protection. Disputes, mainly relating to intellectual property rights, do occur in the game sector from time to time. Accordingly, there is a risk that THQ Nordic may become involved in legal or administrative procedures in the future, which may relate to extensive damages claims or other claims for payment including damages claims from customers or competitors.

THQ NORDIC IS DEPENDENT ON RETAINING AND BEING ABLE TO HIRE KEY INDIVIDUALS

THQ Nordic is dependent on specific key individuals and employees. The loss of these individuals or difficulties in attracting new staff, may negatively impact on the Company's operating activities and ability to execute current and future strategies.

ACQUISITIONS

THQ NORDIC has executed, and may execute, acquisitions that may prove unsuccessful and/or put the group's resources under strain.

More detail on the risks related to THQ Nordic's operations are stated in the most recent Annual Report 2016.



ACCOUNTING AND VALUATION POLICIES

This Year-End Report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting and valuation policies applied are consistent with the Swedish Accounting Standards Board's Category 3 (BFN K3) regulation and are unchanged since the latest published Annual Accounts.

The Company's accounting policies are stated in its most recent Annual Accounts 2016.

Amounts are reported in Swedish kronor, rounded to the nearest thousand unless otherwise stated. Rounding to the nearest thousand may mean that amounts are not consistent when added. Amounts and figures stated in brackets are comparatives for the corresponding period of the previous year.

AUDITOR'S REVIEW

This Report has not been subject to summary review by the Company's auditor.

ANNUAL GENERAL MEETING 2018

The Annual General Meeting will be held on 16 May 2018.

ANNUAL REPORT

The Annual Report will be published in week 16 (week ending 22 April) and will be available at THQ Nordic's investor relations web: www.thqnordic-investors.com.

FORTHCOMING REPORTS

THQ Nordic intends to publish financial reports on the following dates:

Annual General Meeting	16 May 2018
Interim Report, January-March 2018	16 May 2018
Interim Report, January-June 2018 and the Second Quarter	15 August 2018
Interim Report, January-September 2018 and the Third Quarter	14 November 2018
Year-end Report 2018	13 February 2019

FOR MORE INFORMATION

There is more information about the Company at its website: www.thqnordic.com and www.thqnordic-investors.com.

If you have any questions on this report, please contact:
Lars Wingefors, Founder & CEO, lwingefors@thqnordic.com.

Lars Wingefors
Chief Executive Officer

Karlstad, Sweden, 14 February 2018

This year-end report is information that is mandatory for THQ Nordic to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 06:30 CET on February 14, 2018.

CONSOLIDATED INCOME STATEMENT

SEK 000's	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net sales	255,399	128,162	507,526	301,878
Work performed by the Company for its own use and capitalized	32,927	12,431	79,556	36,199
Other operating income	2,697	2,699	2,697	8,747
Total operating income	291,023	143,292	589,779	346,824
Operating expenses				
Goods for resale	-69,156	-50,710	-147,678	-118,828
Other external expenses	-33,069	-15,326	-75,159	-42,825
Personnel expenses	-33,462	-17,196	-94,101	-52,315
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-54,436	-10,156	-84,416	-37,354
Other operating expenses	1,087	709	-224	-487
Total operating expenses	-189,036	-92,679	-401,578	-251,809
Operating profit	101,987	50,613	188,201	95,015
<i>Profit from financial items</i>				
Other interest income, etc	8	-5	11	1
Other interest expenses, etc	-4,886	-1,049	-6,200	-2,120
Total financial items	-4,878	-1,054	-6,189	-2,119
Profit after financial items	97,109	49,559	182,012	92,896
Profit before tax	97,109	49,559	182,012	92,896
Tax	-23,708	-11,572	-42,843	-20,939
Net profit for the period	73,401	37,987	139,169	71,957
<i>Attributable to:</i>				
Equity holders of the parent	73,401	37,987	139,169	71,957
Non-controlling interests	-	-	-	-
Earnings per share, SEK	0.93	0.59	1.88	1.18
Average number of outstanding shares	79,236	64,447	73,927	61,121

CONDENSED CONSOLIDATED BALANCE SHEET

SEK 000's	31 Dec 2017	31 Dec 2016
Intangible assets	571,064	228,699
Property, plant and equipment	8,102	3,592
Financial assets	2,781	194
Inventories	30,103	18,430
Current receivables	90,206	46,576
Cash and bank balance	626,523	167,445
Total assets	1,328,779	464,936
Share capital	660	600
Other capital reserves	811,120	226,945
Recognized profit including profit for the period	261,452	117,543
Provisions	40,737	11,460
Current liabilities	214,810	108,388
Total liabilities and equity	1,328,779	464,936
Interest-bearing assets amount to	626,523	167,445
Interest-bearing liabilities amount to	109,762	28,752

CONSOLIDATED STATEMENT OF EQUITY

TSEK SEK 000's	Share capital	Other paid-up capital	Other equity including net profit	Consolidated equity
Amount as of 1 January 2017	600	226,945	117,543	345,088
Translation difference			4,740	4,740
Rights issue ¹⁾	60	584,175		584,235
Net profit			139,169	139,169
Amount as of 31 December 2017	660	811,120	261,452	1,073,232

1) Rights issue consist of rights issue SEK 597.810 m, cost for raising new equity SEK -17.480 m and tax effect of the cost SEK 3.846 m.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK 000's	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Cash flow from operating activities before changes in working capital	145,586	55,951	249,494	107,896
Change in working capital	-46,993	-4,611	-70,395	-8,660
Cash flow from operating activities	98,593	51,340	179,099	99,236
Cash flow from investing activities	-154,463	-67,560	-375,401	-159,732
Cash flow from financing activities	14,745	171,513	654,743	201,960
Cash flow for the period	-41,125	155,293	458,441	141,464
Cash and cash equivalents at beginning of period	666,877	12,174	167,445	25,606
Translation difference in cash and cash equivalents	771	-22	637	375
Cash and cash equivalents at end of period	626,523	167,445	626,523	167,445

PARENT COMPANY INCOME STATEMENT

SEK 000's	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net sales	135,854	48,128	244,915	121,036
Other operating income	3,332	3,246	3,332	8,031
Total operating income	139,186	51,374	248,247	129,067
Operating expenses				
Goods for resale	-	-191	-	-523
Other external expenses	-3,516	-1,236	-8,280	-3,792
Personnel expenses	-936	-1,109	-4,165	-1,348
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-45,714	-7,317	-69,074	-33,812
Other operating expenses	96	-2	-	-45
Total operating expenses	-50,070	-9,855	-81,519	-39,520
Operating profit	89,116	41,519	166,728	89,547
Result from participations in Group companies	-1,400	-905	-1,400	-905
Interest income, etc.	8,046	337	15,643	413
Interest expenses, etc.	-4,799	-1,091	-6,073	-2,092
Total financial income/expenses	1,847	-1,659	8,170	-2,584
Profit after financial items	90,963	39,860	174,898	86,963
Appropriations	-45,127	-18,792	-45,127	-18,792
Profit before tax	45,836	21,068	129,771	68,171
Tax	-10,452	-4,870	-28,930	-15,272
Net profit for the period	35,384	16,198	100,841	52,899

CONDENSED PARENT COMPANY BALANCE SHEET

SEK 000's	31 Dec 2017	31 Dec 2016
Intangible assets	171,336	51,447
Property, plant and equipment	18	71
Financial assets	240,104	712
Current receivables	225,898	177,734
Cash and bank balance	571,850	147,984
Total assets	1,209,206	377,948
Equity	971,314	286,238
Untaxed reserves	91,748	51,960
Provisions	3,600	-
Current liabilities	142,544	39,750
Total liabilities and equity	1,209,206	377,948

SELECTED KEY PERFORMANCE INDICATORS, GROUP

Financial metrics defined or specified pursuant to Swedish Accounting Standards Board standards (BFNAR)	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net sales, SEK 000's	255,399	128,162	507,526	301,878
Operating profit, SEK 000's	101,987	50,613	188,201	95,015
Profit before tax, SEK 000's	97,109	49,559	182,012	92,896
Profit after tax, SEK 000's	73,401	37,987	139,169	71,957
Number of shares at end of period, thousands	79,236	72,032	79,236	72,032
Average number of outstanding shares, thousands	79,236	64,447	73,927	61,121
Average number of full-time employees in the period	180	83	143	68
Number of employees at the end of the period	193	85	193	85

Alternative key performance indicators not defined or specified pursuant to BFNAR	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net sales growth, %	99	30	68	42
EBITDA, SEK 000's	156,423	60,769	272,617	132,369
EBITDA margin, %	61	47	54	44
EBIT, SEK 000's	101,987	50,613	188,201	95,015
EBIT margin, %	40	39	37	31
Amortization of IP rights, SEK 000's	-3,773	-3,008	-14,114	-13,039
Equity/assets ratio, %	81	74	81	74
Earnings per share, SEK	0.93	0.59	1.88	1.18
Dividend per share, SEK	-	-	-	-
<i>Derivation of the alternative KPIs and EBITDA</i>				
EBIT, SEK 000's	101,987	50,613	188,201	95,015
Depreciation and amortization, SEK 000's	54,436	10,156	84,416	37,354
EBITDA, SEK 000's	156,423	60,769	272,617	132,369

DEFINITIONS OF ALTERNATIVE KPIs

THQ Nordic's definitions of a number of alternative KPIs used in this Year-End Report are stated below. Net sales growth is reported by the Company because it regards this KPI as contributing to investor understanding of the Company's historical progress. EBITDA and EBITDA margin are reported because these are metrics commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial results. The equity/assets ratio is stated because the Company regards this as a metric commonly used by certain investors, financial analysts and other stakeholders to measure the Company's financial position. Dividend per share is stated in the Year-End Report to illustrate the dividend yield the Company's shareholders receive.

DEFINITIONS OF KPIs, GROUP

Earnings per share	Profit after tax divided by the average number of shares in the period
EBIT margin	EBIT as a percentage of net sales
EBITDA	Earnings before interest taxes, depreciation and amortization
EBITDA margin	EBITDA as a percentage of net sales
Equity/assets ratio	Equity as a percentage of total assets
Net sales growth	Net sales for the current period divided by net sales for the corresponding period of the previous year

QUARTERLY INFORMATION

	2015					2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net sales	37.6	36.9	40.0	98.4	212.9	43.1	52.7	77.9	128.2	301.9	81.9	85.6	84.7	255.4	507.5
EBITDA	17.4	19.2	16.1	52.3	105.0	23.1	23.2	25.4	60.8	132.5	41.9	39.7	34.6	156.4	272.6
EBIT	9.3	12.5	9.6	35.2	66.6	14.2	14.2	16.0	50.6	95.0	31.9	30.3	24.0	102.0	188.2
Profit after tax	7.0	9.5	7.2	27.6	51.3	10.7	10.6	12.7	38.0	72.0	23.5	23.2	19.0	73.4	139.2
Earnings per share, SEK	0.12	0.16	0.12	0.46	0.86	0.18	0.18	0.21	0.59	1.16	0.33	0.32	0.26	0.93	1.88
Cash flow from operating activities	N/A	N/A	8.4	63.3	109.9	25.3	2.1	20.5	51.3	99.2	29.7	21.6	29.2	98.6	179.1
Number of shares (A&B), adjusted	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	64.4	61.1	72.0	72.0	72.3	79.2	73.9
Sales growth, %	9%	0%	12%	39%	20%	15%	42%	95%	30%	42%	90%	62%	9%	99%	68%
EBITDA, margin, %	46%	52%	40%	53%	49%	54%	44%	33%	47%	44%	51%	46%	41%	61%	54%
EBIT, margin, %	25%	34%	24%	36%	31%	33%	27%	21%	39%	31%	39%	35%	28%	40%	37%
Gross Margin (Net sales-COGS)	24.5	27.1	25.3	65.9	142.8	29.8	34.6	41.2	77.5	183.1	57.4	61.3	54.9	186.2	359.8
Gross Margin, %	65%	74%	63%	67%	67%	69%	66%	53%	60%	61%	70%	72%	65%	73%	71%
Net sales split															
Owned titles, %	72%	77%	64%	85%	77%	86%	73%	56%	73%	71%	67%	76%	74%	82%	77%
Publishing titles, %	28%	23%	36%	15%	23%	14%	27%	44%	27%	29%	33%	24%	26%	18%	23%
Owned titles, SEK m	27.1	28.4	25.6	83.6	164.7	37.1	38.5	43.6	94.0	213.1	54.9	65.5	62.6	208.2	391.2
Publishing titles, SEK m	10.5	8.5	14.4	14.8	48.2	6.0	14.2	34.3	34.2	88.8	27.0	20.1	22.1	47.2	116.3
New releases current FY, %	7%	20%	44%	61%	41%	0%	24%	51%	56%	41%	36%	20%	48%	86%	61%
Backcatalogue, %	93%	80%	56%	39%	59%	100%	76%	49%	44%	59%	64%	80%	52%	14%	39%
New releases current FY, SEK m	2.6	7.4	17.6	60.0	87.6	0.0	12.6	39.7	71.8	124.2	29.5	17.1	41.5	218.8	306.9
Backcatalogue, SEK m	35.0	29.5	22.4	38.4	125.3	43.1	40.1	38.2	56.4	177.7	52.4	68.4	43.2	36.6	200.6
New releases sales by each quarter, %	7%	16%	37%	52%	-	0%	24%	37%	36%	-	36%	16%	39%	74%	-
Backcatalogue, %	93%	84%	63%	48%	-	100%	76%	63%	64%	-	64%	84%	61%	26%	-
New releases sales by each quarter, SEK m	2.6	5.9	14.8	51.2	-	0.0	12.6	28.8	46.2	-	29.5	13.7	33.7	190.2	-
Backcatalogue, SEK m	35.0	31.0	25.2	47.2	-	43.1	40.1	49.1	82.0	-	52.4	71.9	51.0	65.1	-
Physical sales, %	42%	33%	52%	57%	49%	48%	39%	49%	58%	51%	49%	31%	44%	60%	50%
Digital sales, %	58%	67%	48%	43%	51%	52%	61%	51%	42%	49%	51%	69%	56%	40%	50%
Physical sales, SEK m	15.8	12.2	20.8	56.1	104.9	20.7	20.6	38.2	74.4	153.8	40.1	26.6	36.1	149.9	253.2
Digital sales, SEK m	21.8	24.7	19.2	42.3	108.0	22.4	32.1	39.7	53.8	148.1	41.8	59.0	48.6	101.6	249.4
Depreciation															
IP Acquisitions	-3.0	-2.9	-3.2	-3.2	-12.3	-3.3	-3.3	-3.3	-3.0	-13.0	-3.4	-3.4	-3.5	-3.8	-14.1
Game development	-5.2	-3.8	-3.3	-13.9	-26.2	-5.5	-5.6	-6.0	-7.1	-24.3	-6.3	-5.6	-6.5	-43.4	-61.8
Investments															
IP Acquisitions	-	0.3	4.4	-0.1	4.6	2.8	-	-	19.8	22.6	-	-	3.8	-	3.8
Game development & royalty advances	16.5	15.0	15.4	17.6	64.5	22.0	28.8	35.1	34.7	120.6	67.2	58.6	78.1	93.2	297.1
Capitalized internal development	1.7	1.7	1.7	3.3	8.4	5.7	7.9	10.2	12.4	36.2	13.0	14.4	19.2	33.0	79.6
Completed development	-	1.1	-	31.3	32.4	-	1.4	-	12.6	14.0	0.8	1.9	39.8	133.9	176.4
Other KPIs															
Total Game Dev projects	N/A	N/A	N/A	N/A		N/A	N/A	29	27		32	30	29	36	
Announced Game Dev projects	N/A	N/A	N/A	N/A		N/A	N/A	8	7		14	13	13	12	
Unannounced Game Dev projects	N/A	N/A	N/A	N/A		N/A	N/A	21	20		18	17	16	24	
Total internal game developers	N/A	N/A	N/A	N/A		N/A	N/A	69	68		78	82	163	178	
Total external game developers	N/A	N/A	N/A	N/A		N/A	N/A	270	264		282	306	261	229	
Total internal overhead/publishing	N/A	N/A	N/A	N/A		N/A	N/A	38	40		44	44	45	55	
Total number headcounts	N/A	N/A	N/A	N/A		N/A	N/A	377	372		404	432	469	462	



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