

THE Q NORDIC

ANNUAL REPORT 2018/19





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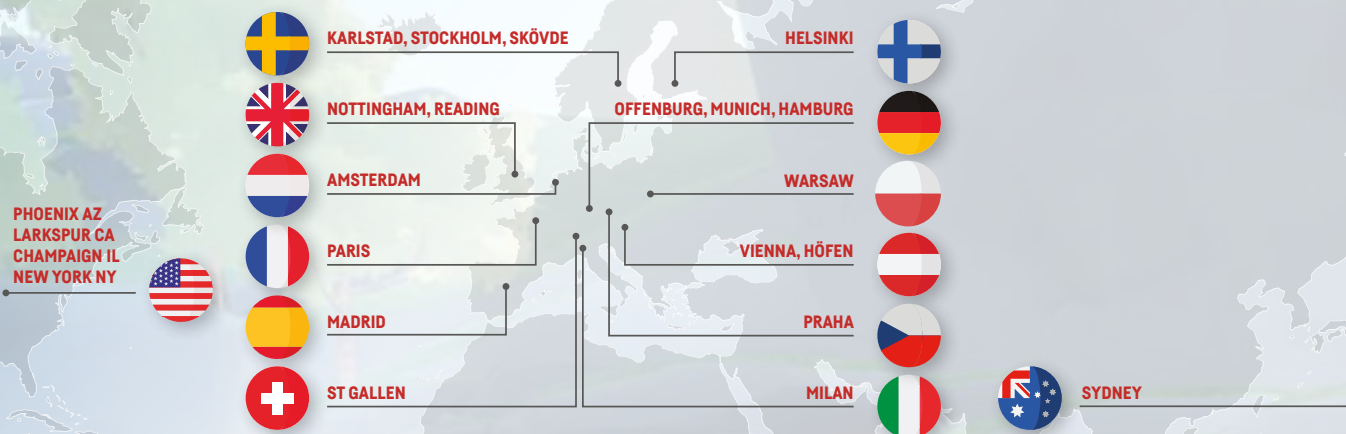
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Financial calendar

Annual General Meeting 2019	17 September 2019
Interim Report, April-September 2019	14 November 2019
Interim Report, April-December 2019	19 February 2020
Full Year Report 2019/2020	20 May 2020

*All figures in this report are as per year-end 2018-2019 unless otherwise stated.
The information on page 1 refers to the situation at the time of publication of the annual report.*

THQ NORDIC IN BRIEF



THQ Nordic acquires, develops and publishes PC and console games for the global games market. The company has an extensive catalog of over 100 owned franchises, such as Saints Row, Goat Simulator, Dead Island, Darksiders, Metro [license], MX vs ATV, Kingdom Come: Deliverance, Time Splitters, Satisfactory, Wreckfest amongst many others.

The Group has its head office in Karlstad, Sweden and a global presence through its three operative groups, Deep Silver/Koch Media, THQ Nordic and Coffee Stain. The Group has 20 internal game development studios and 2,800 employees and contracted developers in more than 40 countries.

THQ Nordic's shares are publicly listed on Nasdaq First North Stockholm under the ticker THQN B with FNCA Sweden AB as its Certified Adviser.

HIGHLIGHTS OF THE YEAR

STRONG GROWTH MOMENTUM

The THQ Nordic Group grew substantially during the extended financial year, January 2018 – March 2019. Starting with the acquisition of Koch Media in Q1, a series of strategic acquisitions of development studios, intellectual properties and publishers followed. Growth was also driven by a high release activity and stable back catalog sales. Sales grew from SEK 0.5 billion to SEK 5.8 billion in the extended financial year with an operational EBIT of SEK 897 million [202]. Earnings per share rose to SEK 4.68 [1.88].

MAJOR RELEASE ACTIVITY

During the year, a significant number of new products were released, most of which were on owned titles. The largest release of the year was Metro Exodus (exclusive license), which was also the largest launch so far in the history of the Group. Other owned IP releases included; Satisfactory (early access), Kingdom Come Deliverance, MX vs. ATV: All Out, Titan Quest and the third game based on the Darksiders IP plus a large number of Asset Care releases, i.e. game versions for new platforms etc.

RAMPING UP THE ACQUISITION STRATEGY

In the beginning of the year, Koch Media GmbH, including the game developer and publisher Deep Silver, was acquired with AAA-rated IP:s such as Saints Row, Dead Island and exclusive license for Metro. Koch Media is a leading, independent producer and marketer of digital entertainment products in Europe and North America with studios in Germany, the UK, and the US, and offices in several Central and Northern European cities.

A series of strategic acquisitions followed:

- Swedish studio and publisher Coffee Stain with IP:s such as Satisfactory, Goat Simulator, Sanctum and publishing rights to Deep Rock Galactic.
- German game developer and publisher Handygames which has released more than 150 games on a multitude of platforms.
- Finnish-based game development studio Bugbear, developing racing games with the critically acclaimed title Wreckfest.
- Warhorse Studios s.r.o. from the Czech Republic, the game developer behind the award-winning title Kingdom Come: Deliverance which has sold over two million copies.
- 18POINT2, one of Australia's leading publishing partners.

NEW SHARE ISSUES LEVERAGE GROWTH STRATEGY

In order to strengthen its M&A capacity, the company carried out two directed new share issues of 18,700,000 Class B shares to a wide range of Swedish and international institutional investors, receiving SEK 3 538 million before transaction costs. The two share issues were important steps in order to intensify investment in the development of

KEY PERFORMANCE INDICATORS, GROUP

SEK million

	Jan 2018- Mar 2019	2017	2016
Net sales	5,754.1	507.5	301.9
EBITDA	1,592.6	272.6	132.4
Operational EBIT, SEK m	897.1	202.3	108.0
EBIT	574.6	188.2	95.0
Profit after tax	396.8	139.2	71.9
Earnings per share, SEK	4.68	1.88	1.18
Cash flow from operating activities	1,356.4	179.1	99.2
Sales growth, %	1,034	68	42
EBITDA margin, %	28	54	44
Operational EBIT margin, %	16	40	36
Net sales split:			
– Owned titles, %	63	77	71
– Publishing titles, %	37	23	29
Share of net sales, digital distribution, %	51	50	49

Definitions: see note 48

SALES GROWTH
1,034%

EBITDA MARGIN
28%

OPERATIONAL
EBIT MARGIN
16%

INCREASING INVESTMENTS IN GAME DEVELOPMENT



COMPLETED

SEK **605** M

GAME DEVELOPMENT
INVESTMENTS



ONGOING

SEK **1,192** M

GAME DEVELOPMENT
INVESTMENTS



PROJECT PIPELINE

32 | **48**
ANNOUNCED | UNANNOUNCED

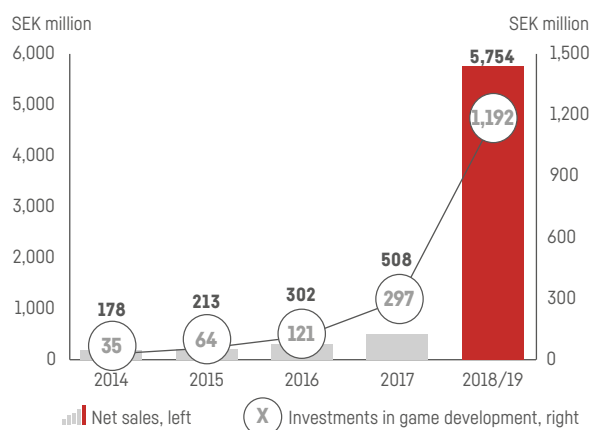
PROJECTS UNDER
DEVELOPMENT

the company and to enable financing acquisitions of game development studios, publishers and intellectual properties.

ACQUISITIONS AFTER THE FINANCIAL YEAR

In August 2019, Milan-based Milestone s.r.l. was acquired, a leading developer and publisher of racing games, the creators of successful game titles such as MotoGP, MXGP, RIDE and Monster Energy Supercross. Additional acquisitions included Piranha Bytes, the creators of the critically acclaimed gaming series Gothic, Risen and ELEX and a long-term developing partner to THQ Nordic. The operations of Goodbye Kansas Game Invest AB and Gunfire Games, LLC based in Austin, Texas were also acquired after the end of the financial year. Gunfire is the developer behind the critically acclaimed Darksiders and Chronos. Business area Partner Publishing/Film has grown with three acquisitions since the financial year: Gaya Entertainment GmbH, Game Outlet Europe AB and KSM GmbH.

NET SALES AND INVESTMENTS IN GAME DEVELOPMENT*



* Excluding items reported as Other intangible assets.

ACQUISITIONS DURING THE FINANCIAL YEAR

Date	Acq. Type	Company	Key IPs
February 2018	Dev, Publ, distr, IP	Koch Media	Saints Row, Dead Island, Metro (exclusive license)
July 2018	Dev, Publ	HandyGames	Townsmen, Clouds and Sheep
August 2018	IP	-	Timesplitters, Second Sight
September 2018	IP	-	Kingdoms of Amalur
September 2018	IP	-	Act of War, Alone in the Dark
November 2018	Dev, Publ, IP	Coffee Stain	Goat Simulator, Sanctum, Satisfactory
November 2018	Dev, IP	Bugbear	Wreckfest
November 2018	IP	-	Expeditions
December 2018	IP	-	Carmageddon
January 2019	IP	-	Outcast
February 2019	Developer, IP	Warhorse Studios	Kingdom Come: Deliverance
February 2019	Partner Publisher	18 Point 2	-

ACQUISITIONS AFTER THE FINANCIAL YEAR-END

May 2019	Developer, IP	Piranha Bytes	Gothic, Risen, ELEX
June 2019	Partner Publisher	Gaya Entertainment GmbH	
August 2019	Partner Publisher	Game Outlet Europe AB	
August 2019	Partner Publisher	KSM GmbH	1,000+ films
August 2019	Dev, Publ, IP	Milestone	MotoGP, MXGP, RIDE, Monster Energy Supercross
August 2019	Dev, IP	Gunfire Games	Chronos, Remnant from the ashes
August 2019	Other	Goodbye Kansas Games Invest	Five minority investments in developers

LEVERAGING OUR GROWTH STRATEGY

I'm proud of what we achieved in the past, extended financial year. The Group had a stable year with continued momentum and strong growth. Net sales increased 1,034% to SEK 5,754 million and operational EBIT grew 343% to SEK 897 million. Cash flow from operating activities rose by 657% to SEK 1,356 million (all referring to the extended financial year 2018/2019 compared to 2017). We had healthy profitability all through the year, improving in the fifth and final quarter. The gaming market is more vibrant than ever, and we embrace new opportunities and technological advancements.

This year marked a number of significant strategic achievements that will underpin sustainable profitable growth of THQ Nordic in the years ahead. This included several notable acquisitions of intellectual properties, development studios and publishers whilst seeing stable growth in our operative business. Starting in the first quarter of the year, we geared up the growth pace of the Group with the acquisition of Koch Media. This brought their market leading partner publishing business to the Group, as well as publisher and developer Deep Silver, with IP:s such as Saint's Row, Dead Island and the exclusive Metro-license in their extensive portfolio. Later in the year, we made a series of acquisitions: Coffee Stain, Bugbear, Warhorse Studios, and Piranha Bytes, Gunfire and Milestone after the financial year-end. With all these transactions, we took a great step to further build a diversified, substantial and relevant player within the growing games industry.

By acquisitions a number of IP:s were added to our growing portfolio: Kingdoms of Amalur, Timesplitters, Wreckfest, Gothic, Risen, ELEX, Goat Simulator, Sanctum, Satisfactory

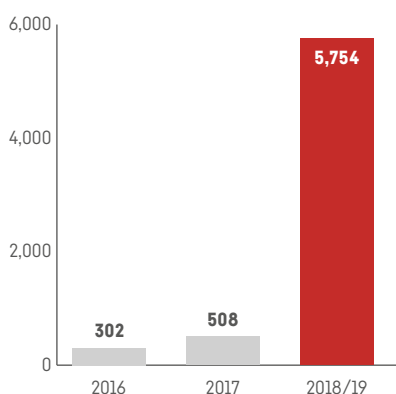
and Second Sight, Act of War, Alone in the Dark, Expeditions, Carmageddon, Outcast and Kingdom Come: Deliverance.

All these acquisitions would not have been possible without the support from our investors. During the year, we strengthened our M&A capacity by making two substantial directed new share issues, raising a total of SEK 3.5 billion. I am pleased with the strong interest and at both occasions especially happy to see our long-term shareholders contributing again, along with a handful of new, highly respected institutional investors.

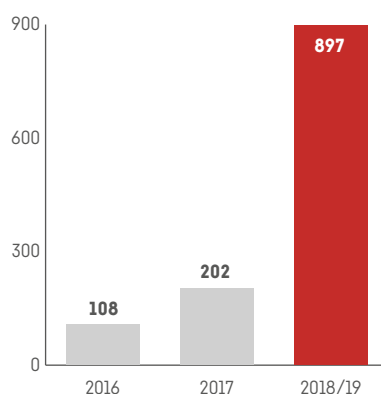
Our financial position remains strong and at the end of the financial year we had close to SEK 3 billion in cash. I'm proud to say that we have been able to accomplish all of these acquisitions and still keep a high pace of growth in the respective business areas.

We had a high release activity throughout the year, releasing our first sequels and a number of products on our own IP:s. The largest release was Metro Exodus (exclusive license), which is also our largest release in the history of the Group. Other notable releases were Satisfactory (early access),

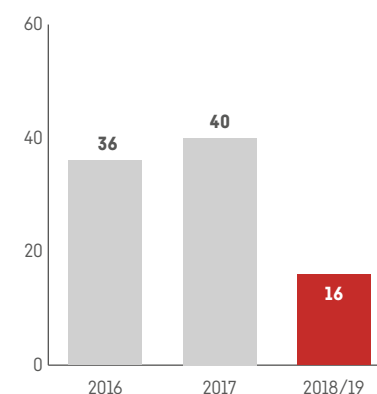
NET SALES, SEKm



OPERATIONAL EBIT, SEKm



OPERATIONAL EBIT MARGIN, %





Kingdom Come Deliverance and the third game of the Dark-siders franchise, plus a large number of Asset Care releases. In addition, we had strong back-catalogue performance throughout the years.

NEW PROPOSED NAME

EMBRACER GROUP

I expect the future of our well invested pipeline of products will be driving the Group's growth and profitability in the coming years. We invested SEK 1,192 million in our growing development pipeline. By the end of the year, we had a record of 80 games in development.

I see the gaming market as more vibrant than ever before. There is an ongoing shift in distribution platforms and technologies, involving both established companies and large new entrants. We are embracing new opportunities and technology advancements that will enable us to distribute our content more efficiently and to a broader base of fans and gamers. The increasing competition between new and established digital distribution platforms opens favorable opportunities for us as a content producer and owner. As a result of this competition, the distributors' sales commissions are affected, and new revenue models are evolving, offering favorable terms and reduced revenue risk.

Going forward, we will continue to execute on our M&A strategy by carrying out extensive scouting, research and proactive engagement to find suitable companies to enhance the Group within all prioritized areas – intellectual properties, publishing, development and partner publishing. Our offering to entrepreneurs and talented developers is to retain a great deal of autonomy within our growing family.

We have identified a need to clarify the Group's identity, strategy and business logic and we have therefore proposed a change of the name of the Parent Company to Embracer Group AB. The strategic rationale behind the proposal is to clarify the group structure and strategy with the parent company as a holding company. The Group currently has three wholly owned operative groups: Koch Media/Deep Silver, Coffee Stain and THQ Nordic GmbH (once the original operating company) – all three will remain unchanged. The proposed name change is subject to approval at the AGM on 17 September.

Furthermore, whilst keeping autonomy in our operating sub-groups, we are also in the process of developing a clear, common ground when it comes to sustainability. Our sustainability framework is introduced in this Annual Report, and will be developed further during the year.

As our new financial year is well underway, we are looking forward to yet another exciting year. Our primary focus is to deliver on the Group's well-positioned pipeline. I would like to end by sending my true thanks to all of our customers, colleagues, and business partners that helped to make this past year our best ever. We are on a great journey to build something substantial and lasting together, and I'm looking forward to our most exciting years ever ahead of us.

AUGUST 2019, KARLSTAD

LARS WINGEFORS
FOUNDER AND CEO

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**A STRONG PLATFORM
DELIVERING
SUSTAINABLE GROWTH
AND PROFITABILITY**



STRATEGIC PRIORITIES

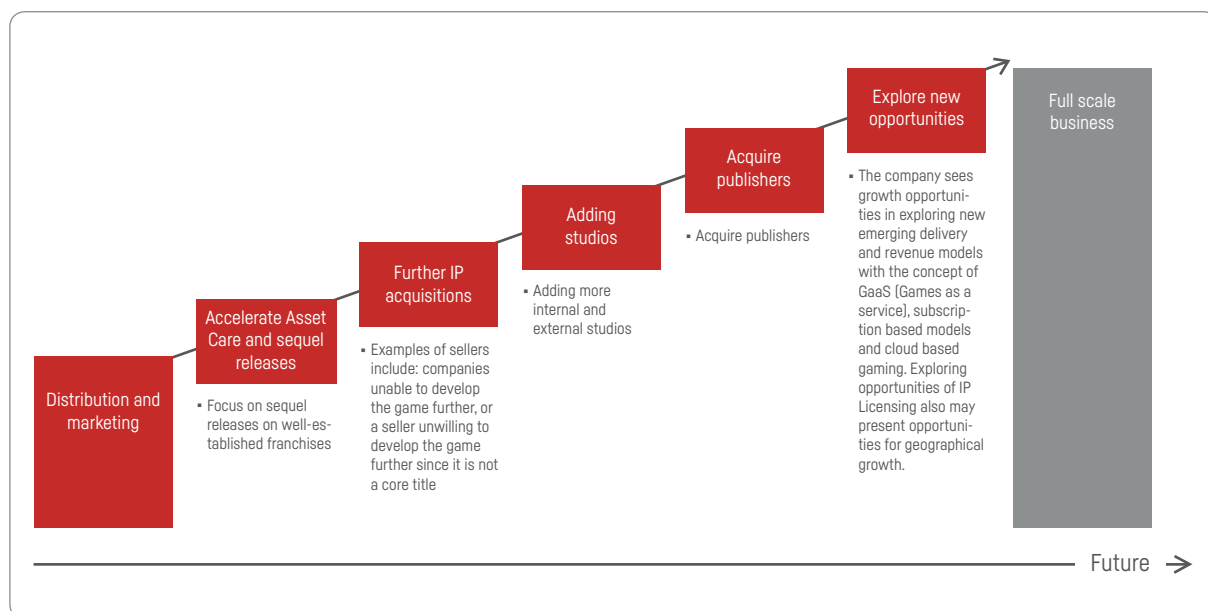
SUSTAINABLE GROWTH AND RETURN TO SHAREHOLDERS

THQ Nordic's goal is to achieve sustainable growth in shareholder value. Since 2011, the Group has established a strong platform delivering growth and profitability. The Group has proved its ability to develop, refine, publish and distribute quality content to the growing gaming market. Future growth

will primarily be driven by launching games that are currently in the Group's pipeline.

The Group's growth strategy is leveraged by the acquisition of developers and publishers. Thus, the established and proven growth strategy is leveraged across the growing group.

GROWTH MODEL OVERVIEW



M&A-STRATEGY

THQ Nordic's M&A-strategy involves extensive scouting, research and proactive engagement. This has resulted in a large and growing pipeline of suitable acquisition candidates, with the potential of expanding each operative group as well as companies with the potential of forming a new operative sub-group under the Parent Company.

ASSET CARE AND SEQUELS

THQ Nordic is committed to continuously invest in further launches of sequels to the company's already established franchises. In addition, continuous investments will be made in Asset Care thus adding value to the products and commercial performance of 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 that are unable to develop the franchise further themselves or a seller that does not intend to develop the franchise because of other priorities.

ADDING NEW 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 by spin-offs and the acquisition of existing external game development studios and by new partnerships with external studios.

ACQUISITION OF PUBLISHERS

THQ Nordic sees growth opportunities in acquiring established publishers to broaden marketing capacity and reach. This can be partner publishing businesses or publishers with their own portfolio of franchises.

GLOBAL GAMING MARKET TRENDS

THQ Nordic operates in the global games market as a developer and publisher of PC and console games. Games represent one of the largest digital entertainment markets globally, and PC- and console games represent around half of this market. The two segments have been growing steadily for a long period, thus presenting a non-cyclical pattern. They are projected to continue growing in the coming years. The majority of the company's end customers are located in North America and Europe. These two geographical markets represent a stable share of approximately half of the global games market.¹⁾

ROBUST GROWTH CONTINUES IN A DYNAMIC MARKET

The global games market is going through a fast transformation. The way games are bought, distributed and consumed is changing fast. Consumer spending has been growing steadily, and is expected to continue to do so in the coming years.

The market trends are favorable to publishers, creators and owners of quality content. To an increasing extent, games provide consumers with a broader experience than just playing. Game companies are evolving into entertainment companies in a wider sense, as consumers' engagement time is increasing. Traditional boundaries between games, media, telecom, and sports industries are dissolving. Existing marketing and distribution channels and platforms are being challenged by new and emerging companies, technologies, platforms and business models.

In the near term, the console game segment is affected by the current console generation coming to an end during 2019. This and the continued shift toward the games-as-a-service business model, is expected to drive 2019's console games revenues to an estimated USD 47.9 billion, an esti-

mated growth of +13.4% year on year. The aggregate annual growth of the segment is projected to 9.7% for the period 2019-2022 [CAGR].

Downloaded and boxed PC games have a robust market position. Browser game revenues, mainly outside the scope of the Group, continue to decrease as more gamers switch to downloaded and boxed PC-games as well as mobile games. The aggregate annual growth for downloaded and boxed PC games is projected to 5.4% for the period 2019-2022 [CAGR].

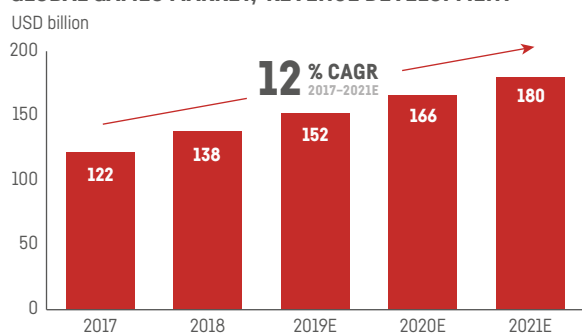
GAMERS WANT BROADER ENTERTAINMENT

Many console games have a core of very dedicated fans. These fans are often loyal to their games, but want new content in order to keep their attention. This loyalty represents an opportunity and a potential in established games. Developing quality content is identified as key to monetize on this potential, as is the broadening of the scope of games into video and services. The shift towards global, online distribution is also a driver towards larger entities and an industry consolidation.

SHIFT TO DIGITAL DISTRIBUTION BOOSTS PUBLISHERS MARGINS

In recent years, a clear trend towards digitalization of the distribution of PC and console games has been evident. The trend towards digital distribution has largely been 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 Microsoft® Xbox Live. In spite of fairly high sales commissions by these platforms, the trend towards digitalization has been beneficial to publishers' margins.

GLOBAL GAMES MARKET, REVENUE DEVELOPMENT



Source: Newzoo

¹⁾ The source of the projections and figures in this chapter is: Newzoo Global Games Market Report 2018 unless otherwise stated. The conclusions and comments made are the company's own.



MARKET TRENDS ARE FAVORABLE TO THE CREATORS AND OWNERS OF CONTENT



Wasteland 3

Steam, owned by Valve Corporation, has a dominating market share for digital distribution to PC. During 2018 however, competition within digital distribution increased, with new challengers emerging.

Meanwhile, the challenger Epic Games Store spent the year on preparing the launch of their new platform.

Despite the trend of increased digital distribution, the physical market still makes up a significant part of the total games market.

BUSINESS MODELS ARE IN TRANSITION

Subscription pricing and Streaming Delivery (Cloud Gaming) are emerging as business models for games. The typical structure of smaller, regular payments associated with on-line subscriptions have become an increasingly appreciated way of paying for a game. When content is available online via cloud services, the market expands to a larger audience.

GAMES AS A SERVICE (GAAS) GROWING OPPORTUNITY

The concept of Games as a Service (GaaS) continues to grow in importance. GaaS represents providing games or game content on a continuing revenue model, implying new ways of monetizing games either after their initial sale, or to support a free-to-play model. This also involves how games are played, developed, delivered and maintained.

This has opened up for on-demand streaming of games, a radical shift from traditional game distribution models. It increases the availability of games to players whilst opening new opportunities for developers and publishers to interact with the game community, analyzing gaming behaviour to drive community engagement and post-launch monetization through DLC and other in-game purchases. The result is longer game life-cycles and more sustainable gamer engagement.

The revenue model of games as a service is similar to subscription-based services.

Established and emerging future services will need content which will be a continued growth opportunity for developers, publishers and IP-owners.

MOBILE GAMES FOR CASUAL GAMERS

In contrast to PC and console games, the mobile segment is largely made up of what is commonly referred to as casual games. This type of game can usually be developed in



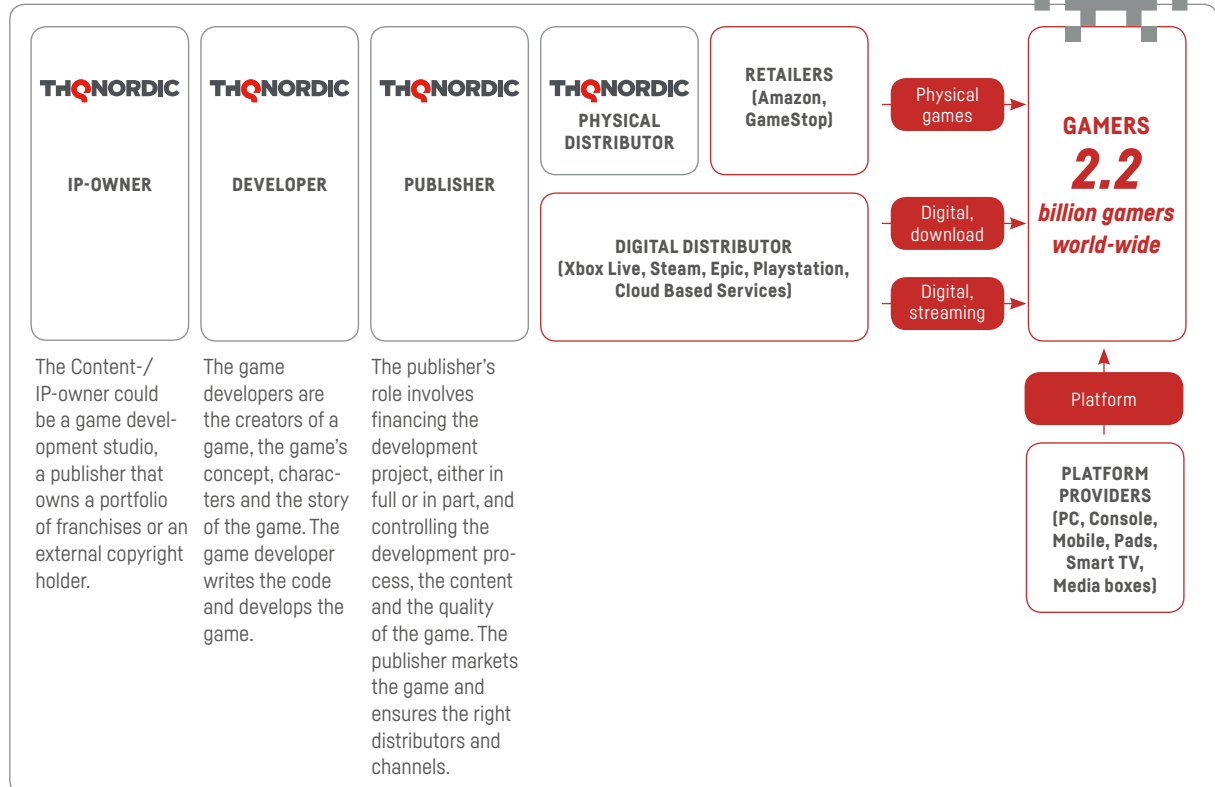
a much shorter time and with considerably fewer resources than games within the PC and console segment. The entry barriers to this segment are thus lower than in the PC and console segment, but customer loyalty is generally much lower.

Mobile games are by nature less advanced and not as engaging as PC and console games. Gamers usually expect to play for free, or for a comparatively small entry cost. Monetization models in general involve micro transactions that typically unlock content or aid the player's progress, requiring large volumes for any notable revenue stream. Life cycles for mobile games are often shorter and in spite of the large aggregate volume of this market segment, the number of mobile game developers that have succeeded in repeating their success is relatively limited.

CLOUD GAMING CHALLENGING CONSOLES

As browser PC-gaming is decreasing, an opposite trend is that an increasing portion of games data is in fact stored, computed and rendered in the cloud. In the longer term, this trend is implying less dependence of a console or gaming PC, contrary to the current trend of increasing revenue going to these platforms. In the projection of this trend, console hardware spending is headed toward content and subscriptions. When gaming becomes more independent of consoles, the market expands to more gamers.

CONTENT IS A KEY RESOURCE ON A DYNAMIC GAMING MARKET





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**DIGITAL DISTRIBUTION
FAVORABLE FOR
PUBLISHERS' MARGINS**

SMARTER BUSINESS

THQ Nordic is not like everyone else. Creativity, business sense and always keeping it real is what makes the group stand out. THQ Nordic's approach to sustainability is a decentralized framework on four pillars, called the Smarter Business Framework.

FOUR PILLARS FOR SMARTER BUSINESS



Just as the gaming industry as a whole, THQ Nordic is growing fast, with more revenue and more people. With scale comes responsibility and accountability – a challenge that the company is facing.

For all team-members of the THQ Nordic Group, smarter business is all about operating in a sustainable way, ensuring a sound business that helps create value to all stakeholders whilst staying true to the way of doing things in each part of the business. It's a journey to do better in the world through creating great entertainment, be a great place to work and do better for the environment. All of this will build sustainable shareholder value.

APPROACH AND STRUCTURE

The parent company THQ Nordic is responsible for the smarter business framework on a group level. As of the financial year 2019-2020, a yearly sustainability report will be published, showing the group's progress. However, the four pillars are implemented as a framework only, ensuring autonomy for each subsidiary to keep working in their own way, adapting the strategies to fit their company culture.

The focus areas are a guide to help shape the work. Subsidiaries will assign their own sustainability ambassadors that lead and coordinate the work on site. Together with other employees, they can identify activities that fit under each pillar and start working on the initiatives they believe create most stakeholder value.

A group-wide collaboration group will be formed for sustainability ambassadors from the whole organization that regularly meet to share ideas and activities they have done to inspire each other and share best practice. Over time, initiatives should become measurable KPIs and rolled out for all to implement, as well as having long-term, group-wide goals set against them.

We want the entrepreneurial spirit within companies and employees to help the company to find great ways to tackle sustainability issues. It is also important that we acknowledge and celebrate individual ideas and achievement and scale them up within the whole organisation.





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**WITH SCALE COMES
RESPONSIBILITY AND
ACCOUNTABILITY**

ORGANIZATION AND EMPLOYEES

TRUSTED TEAMS

EMPLOYEES ARE CRITICAL FOR CONTINUED SUCCESS

The success of THQ Nordic is built on, and dependent on, the people's knowledge and long-standing experience in the industry. After the past year's acquisitions, the Group engages 2,208 people, representing about 39 nationalities. One key to the success of THQ Nordic is the ability to respect and empower the creative independence, culture and characteristics of each individual in the Group. Skills and experiences from different organizations and cultures contribute hugely to the company's development. Every employee makes a difference in the work to create the best offering and the best customer experience. Therefore it is of vital importance to attract and retain great people and that our employees perceive the company as an attractive employer.

RESPECTABLE VALUES SHARED BY THE MANY

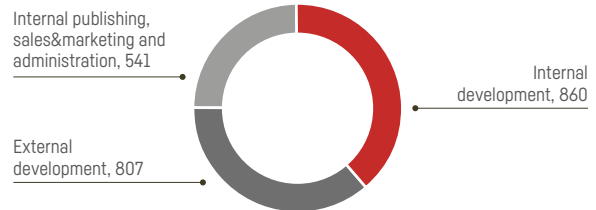
All subsidiaries within THQ Nordic act independently but with common, high ethical standards and high transparency. The Group has zero tolerance against all forms of harassment and discrimination with a strong belief in diversity and inclusiveness. This is the foundation on which customers, employees, shareholders and other stakeholders build their

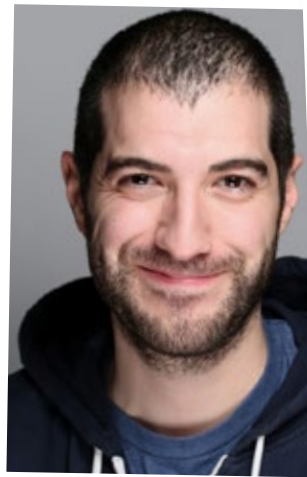
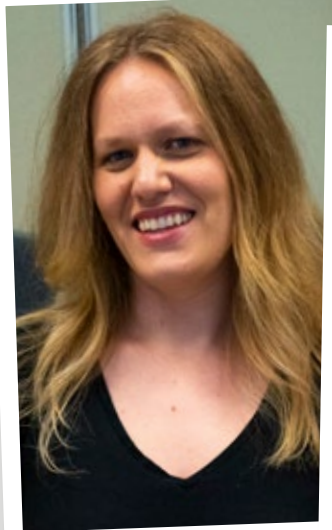
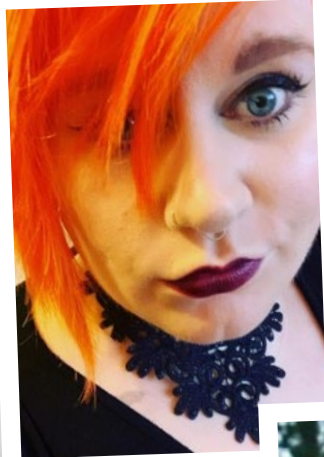
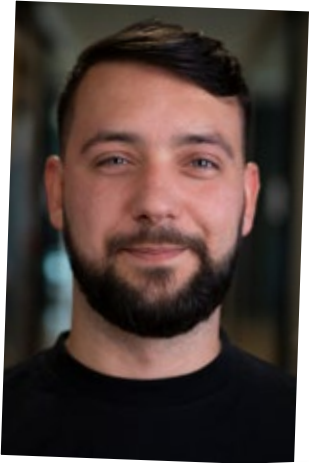
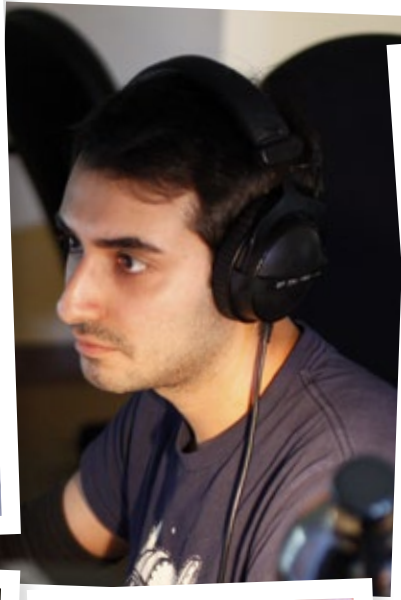
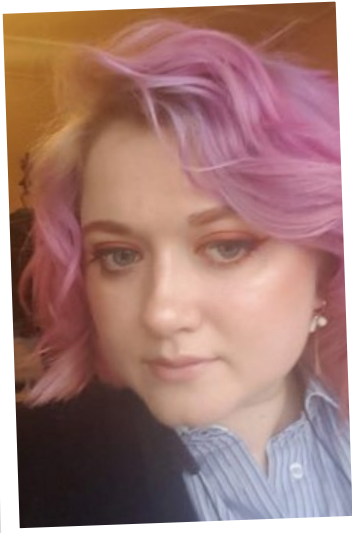
trust in THQ Nordic. In order for the business to achieve continued success, professional standards must be maintained, laws and regulations complied with and ethical obligations respected, while the business continues to deliver innovative, high quality products.

DEVELOPERS AND STUDIOS

- THQ Nordic has 542 developers in 9 internal studios and 21 external studios.
- Deep Silver has 1,031 developers in 4 internal studios and 16 external studios.
- Coffee Stain has 94 developers in 3 internal studios and 5 external studios.

ROLES IN THE THQ NORDIC GROUP





SELECTED LAUNCHES 2018/19

During the year, a significant number of new products were launched, most of which on owned IPs. The largest of the year's releases was Metro Exodus (exclusive license), the largest launch in the Group's history. Other important launches of owned brands were Satisfactory (early access), Kingdom Come Deliverance and the third game of the Darksiders-franchise plus a large number of Asset Care launches for new platforms etc.

Kingdom Come Deliverance



DEEP SILVER

Thrust into a raging civil war, you watch helplessly as invaders storm your village and slaughter your friends and family. Narrowly escaping the brutal attack, you grab your sword to fight back. Redeem your past and emerge a hero!

MX vs ATV: All Out



THQ NORDIC GMBH

MX vs ATV All Out is the complete off-road racing and life-style experience! The all new Freestyle mode allows you to win with style and crazy stunts!

Titan Quest



THQ NORDIC

From Age of Empires co-creator Brian Sullivan and Braveheart writer Randall Wallace comes an innovative action role playing game set in ancient Greece, Egypt and Asia.

Red Faction Guerrilla Re-Mars-tered



THQ NORDIC

Red Faction: Guerrilla still defines the limits of destruction-based game-play with a huge open-world, fast-paced guerrilla-style combat, and true physics-based destruction.

This is the Police 2



THQ NORDIC

Interpret the law as you see fit in This Is the Police 2, sequel to the acclaimed noir drama This Is the Police! This Is the Police 2 is a story-driven mixture of adventure and strategy, set in a cold border town riven with violence.

Dakar 18



DEEP SILVER

Based on the world famous annual rally raid organized by Amaury Sport Organisation (A.S.O.) in South America, DAKAR 18 is a realistic simulation of the biggest cross-country rally in the world and features a variety of vehicles, including motorcycles, cars, trucks, quads and UTVs.

Pathfinder Kingmaker



DEEP SILVER

Pathfinder: Kingmaker is the first single-player computer RPG based on the acclaimed Pathfinder Roleplaying Game. The game invites players to Golarion, a world rich with history, mystery, and conflict, and gives players the chance to claim part of this world as their own.

Darksiders 3



THQ NORDIC

Return to an apocalyptic Earth in Darksiders III, a hack-n-slash Action Adventure where players assume the role of FURY in her quest to hunt down and dispose of the Seven Deadly Sins.

Metro Exodus



DEEP SILVER

Inspired by the novels of Dmitry Glukhovsky, Metro Exodus continues Artyom's story. Flee the shattered ruins of Moscow and embark on a continent-spanning journey in the greatest Metro adventure yet!

Satisfactory



COFFEE STAIN

A 1st person open-world factory building sim. Conquer nature, build multi-story factories, and automate to satisfaction!



Darksiders Warmastered Edition

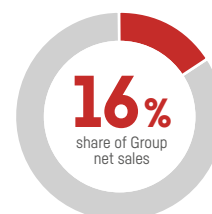


Metro Exodus

BUSINESS AREA

GAMES – THQ NORDIC

THQ Nordic, based in Vienna, Austria, with subsidiaries in Europe and the USA, is a global video game publisher and developer. THQ Nordic is meant to represent a core approach of doing much more than “owning” a highly competitive portfolio of IPs. It revolves around cherishing them with the very best development resources to expand upon them with the level of experience that communities and established fan bases expect and deserve.



INHOUSE STUDIOS



EXPERIMENT 101

STOCKHOLM, SWEDEN - 20 FTE'S ¹⁾

Experiment 101 was co-founded in 2015 by Goodbye Kansas Game Invest and Swedish game development veteran Stefan Ljungqvist, a former studio art director and game director at Avalanche Studios and one of the key members on the team behind Mad Max and the Just Cause series. Experiment 101 is developing Biomutant, one of THQ Nordic's up-coming key titles.

BLACK FOREST GAMES

OFFENBURG, GERMANY - 66 FTE'S ¹⁾

The development studio was founded 2012 and based on the legacy of Spellbound Entertainment, the company been one of Germany's longest existing independent developers. The team consists of highly experienced international professionals with a proven track record of developing quality games within a wide range of genres. Black Forest Games created some remarkable IPs such as Giana Sisters and Helledorado. At present Black Forest Games is working on the remake of Destroy all Humans!.

GRIMLORE GAMES

MUNICH, GERMANY - 31 FTE'S ¹⁾

Grimlore Games was founded in 2013 by THQ Nordic with former Munich game developers from the Studio Coreplay. In 2017, Grimlore Games released SpellForce 3 which was well received by the SpellForce-Community. Two years later the new standalone addon SpellForce 3 - Soul Harvest was released in the first half of 2019.

¹⁾As of 30 June 2019.

RAINBOW STUDIOS

PHOENIX, AZ, USA - 41 FTE'S ¹⁾

Initially Rainbow Studios was founded in 1995 in Phoenix, Arizona. The team was best known for their MX vs ATV-titles. In 2010 the company was renamed to "THQ Digital Studios Phoenix". In August 2011 the studio was closed by THQ Inc. In 2016 the studio was re-established under the THQ Nordic ownership. Since then Rainbow Studios has developed new additions to the "MX vs ATV"-Franchise including dozens of DLCs as well as "Monsterjam: Steel Titans", licensed from Feld Entertainment Inc.

MIRAGE GAMES

KARLSTAD, SWEDEN - 7 FTE'S ¹⁾

Mirage Game Studios was founded 2016 in collaboration with THQ Nordic based in Karlstad, Sweden. Since founding, the studio is working on a game about factory management.

PIECES INTERACTIVE

SKÖVDE, SWEDEN - 24 FTE'S ¹⁾

Since its founding 2007, Pieces Interactive has released over ten titles on PC, console and mobile on owned concepts such as Puzzlegeddon, Fret Nice, Leviathan Warships and Robo Surf. Pieces Interactive worked with the expansion for Titan Quest: Titan Quest: Ragnarök, which was released in 2017 and Titan Quest: Atlantis, released in May 2019.

Foxglove Studios were part of the business area during the year, but the operations and assets were sold to a company owned by the studio's former employees after the year-end.

STUDIOS ACQUIRED IN 2018



HANDYGAMES

GIEBELSTADT, GERMANY - 53 FTE'S ¹⁾

Founded in 2000, HandyGames has released hundreds of games on a multitude of platforms, utilizing a wide range of technologies. Current game development is focused on iOS, Android as well as digital-only releases on current generation consoles. HandyGames is operating as a developer and publisher, where HandyGames is concentrating on small- to midsize development projects and Indy-style titles.

BUGBEAR ENTERTAINMENT

HELSINKI, FINLAND - 21 FTE'S ¹⁾

Bugbear is a world leading creator of niched racing games and developer behind the critically acclaimed Wreckfest-Franchise. The studio is also well known for the demolition derby series FlatOut, as well as Ridge Racer Unbounded. THQ Nordic owns 90% of the shares in Bugbear Entertainment with an option to acquire the remaining 10% in the future.

¹⁾As of 30 June 2019.

STUDIOS ACQUIRED IN 2019



PIRANHA

ESSEN, GERMANY - 32 FTE'S ¹⁾

Piranha, which was founded in 1997, is best known for its successful development of role-playing PC/Console games with atmospheric open worlds. Piranha Bytes is the creator of the game series Gothic, Risen and most recently ELEX. The current version of Piranha was formed in 2002 when the previous owners acquired the studio. The studio was acquired after the financial year, in June 2019.

GUNFIRE GAMES

AUSTIN, TEXAS USA - 70 FTE'S ²⁾

Gunfire Games, which was founded in 2014 by alumni developers of Vigil Games, is best known for its successful development of action role-playing PC/Console game series Darksiders for THQ Nordic along with Chronos that was awarded Game Informer's VR Game of The Year. The core team has worked together for over a decade creating successful games. The studio was acquired after the financial year, in August 2019.

²⁾Per acquisition 14 August 2019.

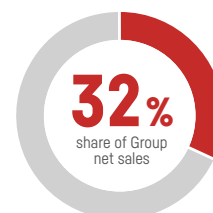
THQ NORDIC – ANNOUNCED RELEASES AS OF 14 AUGUST 2019

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Aquanox Deep Descent</i>	THQ Nordic	Own	PC, PS4, Xbox One	On- and Offline
<i>Biomutant</i>	THQ Nordic	Own	PC, PS4, Xbox One	On- and Offline
<i>Darksiders – Genesis</i>	THQ Nordic	Own	PS4, Xbox One, PC, Switch, Stadia	On- and Offline
<i>Darksiders 2 – Deathinitive Edition</i>	THQ Nordic	Own	Switch	On- and Offline
<i>Desperados 3</i>	THQ Nordic	Own	PC, PS4, Xbox One	On- and Offline
<i>Destroy all Humans! – Remake</i>	THQ Nordic	Own	PC, PS4, Xbox One	On- and Offline
<i>Pillars of Eternity II - Deadfire</i>	THQ Nordic	External	PS4, Xbox One, Switch	Offline
<i>Scarf</i>	THQ Nordic	Own	PC	Online
<i>SpellForce 3: Soul Harvest Addon</i>	THQ Nordic	Own	PC	Online
<i>SpongeBob – Battle for Bikini Bottom Rehydrated</i>	THQ Nordic	External	PS4, Xbox One, PC, Switch	On- and Offline
<i>The Guild 3</i>	THQ Nordic	Own	PC	On- and Offline
<i>Wreckfest</i>	THQ Nordic	Own	PS4, Xbox One	On- and Offline
<i>A Rat's Quest</i>	HandyGames	External	PS4, Xbox One, PC, Switch	Online
<i>El Hijo</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Online
<i>One Hand Clapping</i>	Handy Games	Extern	PS4, Xbox One, PC, Switch	Online
<i>Spitlings</i>	HandyGames	External	PC, PS4, Xbox One, Switch	Online
<i>Through the Darkest of Times</i>	HandyGames	Own	PC	On- and Offline
<i>Townsmen VR</i>	HandyGames	Own	PC, PS4	Online

For latest release dates please refer to above mentioned publishers.

GAMES – DEEP SILVER

THQ Nordic’s subsidiary Koch Media has since 2002 been releasing video games under its publishing brands Deep Silver as well as Ravenscourt. Koch Media develops and markets under its brands internally and externally developed interactive games for PC and all popular console platforms. The company has studios and publishing subsidiaries in Europe, Australia and North America as well as sales partners all around the globe. The core strategy is to own IPs within AAA development, co-develop, co-publish and publish externally developed products globally. Deep Silver possesses five development studios of its own.



INHOUSE STUDIOS



FISHLABS

HAMBURG, GERMANY - 67 FTE'S

Today, Deep Silver Fishlabs is specialized in high-end 3D-games for consoles and PC. Since its inception 2004 the studio has developed a range of mobile games, including the multi-million downloaded mobile sci-fi adventure franchise Galaxy On Fire. Since it became a Deep Silver studio in 2014 the studio has gained a plethora of praise from consumers and recognition from platform holders resulting in more than 120 million downloads of their products on mobile platforms. Today, the studio is engaged in some of Deep Silver’s AAA IPs as well as new IPs and develops for various console platforms and PC.

VOLITION

CHAMPAIGN, ILLINOIS, USA - 174 FTE'S

Through their 22 year history Deep Silver Volition have created some of the best loved Open World Action gaming franchises. The portfolio comprises the critically acclaimed Saints Row games franchise, Red Faction, Descent/Freespace, the Summoner series as well as the recently released Agents of Mayhem. Their most popular franchise, Saints Row, follows the adventures of the Third Street Saints to world domination, selling more than 32 million copies since its first release in 2006. As of August 2019, Volition is deep in development of a brand-new Saints Row game, the first full entry in this much loved series since Saints Row IV was released in 2013.

DAMBUSTER STUDIOS

NOTTINGHAM, UK - 140 FTE'S

Deep Silver Dambuster Studios formed in 2014 following the friendly take-over of Crytek UK, formerly known as Free Radical Design which was founded back in 1999. Their inaugural title, First Person Shooter Homefront: The Revolution, was released in 2016. Based in Nottingham, the studio is at the forefront of the UK games development industry as one of the largest and most successful studios in the country, known for its Time-splitters series. Dambuster Studios have been entrusted with the Dead Island franchise, bringing the development of this key franchise to one of the Group’s internal studios. They are now leading the development of Dead Island 2.

STUDIOS ACQUIRED 2018



WARHORSE STUDIOS

PRAGUE, CZECH REPUBLIC - 131 FTE'S

Warhorse Studios is the Czech developer behind the successful award-winning title Kingdom Come: Deliverance, which has sold over 2 million units in its first year. The studio was founded in 2011 by industry veterans Daniel Vávra and Martin Klíma who together with their team have an impressive track record of dozens of developed award-winning games. In total, their past titles have sold over 11 million copies, with many are considered to belong to the “classics” within their respective genres.

ACQUIRED 2019



MILESTONE

MILAN, ITALY - 200 FTE'S¹⁾

Milestone is a leading racing games developer and publisher behind successful game series such as MotoGP, MXGP, RIDE and Monster Energy Supercross.

The studio was originally founded in 1994 as Graffiti, renamed Milestone in 1996 and in 2013 transitioned from being a pure work-for-hire studio into publishing all its products in-house and initiated development of own IP. Since 2013, Milestone has sold 8 million copies and received notable awards. Milestone's passionate team creates hyper-realistic racing games, which perfectly positions them to catch on to the growing global e-sport trend.

Milestone's portfolio consists of several successful and globally renowned racing game series and has created an attractive business model involving yearly/bi-yearly game releases, supported by a large loyal player base, generating revenues of recurring nature. With five current games under development, Milestone has a fully-stacked pipeline based on major portfolio titles and development of new IP.

The studio was acquired in August 2019, after the financial year-end.



Iron Harvest

¹⁾ Per acquisition 14 August 2019.

DEEP SILVER – ANNOUNCED RELEASES AS OF 14 AUGUST 2019

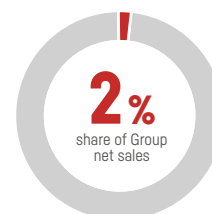
Title	Publishing Label	IP Owner	Platforms	Channels
<i>The Bards Tale IV</i>	Deep Silver	External	PS4, Xbox One, Switch	Offline
<i>Dead Island 2</i>	Deep Silver	Own	PC, PS4, Xbox One	On- and Offline
<i>Hunt: Showdown</i>	Deep Silver	External	PC, PS4, Xbox One	Offline
<i>Iron Harvest</i>	Deep Silver	External	PC, PS4, Xbox One	On- and Offline
<i>Metro Exodus – The Two Colonels</i> (DLC)	Deep Silver	Exclusive license	PC, PS4, Xbox One	On- and Offline
<i>Metro Exodus – Sam's Story</i> (DLC)	Deep Silver	Exclusive license	PC, PS4, Xbox One	On- and Offline
<i>Pathfinder: Kingmaker</i>	Deep Silver	External	PS4, Xbox One, Switch	On- and Offline
<i>Shenmue III</i>	Deep Silver	External	PC, PS4	On- and Offline
<i>Wasteland 3</i>	Deep Silver	External	PC, PS4, Xbox One	On- and Offline
<i>9 Monkeys of Shaolin</i>	Ravencourt	External	PC, PS4, Xbox One, Switch	On- and Offline
<i>Ash of Gods: Redemption</i>	Ravencourt	External	PC, PS4, Xbox One, Switch	On- and Offline

For latest release dates please refer to above mentioned publishers.

BUSINESS AREA

GAMES – COFFEE STAIN

Coffee Stain is a creative leading game developer and publisher with a growing footprint in the Nordics and a highly competent team creating and publishing great games. Particular strengths are in creating new products focused to digital sales, retention, cross platform and multiplayer focus. In November 2018 the Coffee Stain Group was acquired by THQ Nordic AB. The acquisition included intellectual property rights to Satisfactory, Goat Simulator, Sanctum and publishing rights to Deep Rock Galactic.



STUDIOS ACQUIRED 2018



COFFEE STAIN STUDIOS AB

SKÖVDE, SWEDEN - 25 FTE'S

Coffee Stain Studios AB is a Swedish video game developer founded in 2010. The company is best known for their third-person perspective action video game Goat Simulator, which was released in April 2014, and Satisfactory, released as an early access game in 2019.

LAVAPOTION

GOTHENBURG, SWEDEN - 5 FTE'S

Based in Gothenburg, Sweden, Lavapotion is focused on creating strategy games. Founded in 2017 by veterans from the games and movie industry, Lavapotion is currently working on their upcoming RPG title Songs of Conquest which is planned to be released in the second half of 2020.

COFFEE STAIN NORTH

STOCKHOLM, SWEDEN - 13 FTE'S

Coffee Stain North, previously known as Gone North Games AB was founded in 2013 around their first person platforming adventure game A story About My Uncle. The game was published by Coffee House Studios before Gone North Games was acquired and renamed Coffee Stain North.

COFFEE STAIN – ANNOUNCED RELEASES AS OF 14 AUGUST 2019

Title	Publishing Label	IP Owner	Platforms	Channels
<i>Deep Rock Galactic</i>	Coffee Stain	External	PC, Xbox One	Online
<i>HuntDown</i>	Coffee Stain	External	PC, PS4, Xbox One, Switch, Mobile	Online
<i>Midnight Ghost Hunt</i>	Coffee Stain	External	PC	Online
<i>Satisfactory</i>	Coffee Stain	Own	PC	Online
<i>Songs of Conquest</i>	Coffee Stain	Own	PC	Online

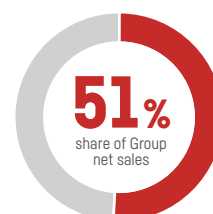
For latest release dates please refer to above mentioned publishers.



BUSINESS AREA

PARTNER PUBLISHING/ FILM

THQ Nordic's fully owned subsidiary Koch Media is the number one third-party publisher and distributor of video games in Europe. The Partner Publishing business generates revenues through the publishing and distributing of games and films. Koch Media publishes games in Europe and North America for a number of major partners including SEGA, Square Enix and Codemasters.



PARTNER PUBLISHING



KOCH MEDIA

The company is headquartered in Munich, Germany and has offices in 13 countries around the world. It has three distribution centers serving the European market, in the UK, Austria and Spain, and an external manufacturing and logistics center in Tennessee. Physical distribution in the US is mainly via partners such as Amazon, Walmart and GameStop.

The strong market position of Koch Media as Partner Publisher is largely due to its expertise and experience to support the marketing of third-party publishing clients, managing the manufacturing and distribution of physical hardware, inventory levels and offering reach into retail outlets. Although digital distribution has an ever-increasing portion of the global console and PC market's sales, physical distribution still represents around half of the revenue. Managing the process of physical distribution is a competitive value offering of Koch Media.

18POINT2

In February 2019, Koch Media GmbH acquired 18POINT2 Pty Ltd, one of Australia's leading publishing partners for gaming products. Through the acquisition, the Group establishes a strong platform in the Australian market.

FILM

KOCH FILMS

KOCH FILMS

Besides partner publishing, Koch Media is also a niche player within film distribution. This business primarily focuses on movies for the German and Italian speaking territories.

KSM

KSM GmbH is one of the leading suppliers of Anime films in Germany. KSM has a catalog of over 1,000 films for physical and digital distribution. KSM GmbH will be merged with Koch Films GmbH and integrated in the Koch Media business. Anime products have close links to games and therefore fit well into the Partner Publishing offering. The company was acquired in August 2019, after the financial year-end.





THE SHARE AND OWNERS

SHARE PRICE AND TURNOVER

The THQ Nordic Class B shares are listed on Nasdaq First North Stockholm since November 22, 2016 with the short name THQN B. At the beginning of 2018, the share price was SEK 80.30 and at the end of the financial year on March 28 2019 it was SEK 210.00, an increase by 260 percent. The share price varied during the year between a low of SEK 80.30 on January 2, 2018 and high of SEK 217.50 on August 20, 2018. THQ Nordic's market capitalization at the end of the financial year was SEK 21,539 million. The free float was SEK 14,198 million, that is the value of the Class B shares available for trading (defined as all holdings not exceeding 5 percent).

NUMBER OF SHARES AND SHARE CAPITAL

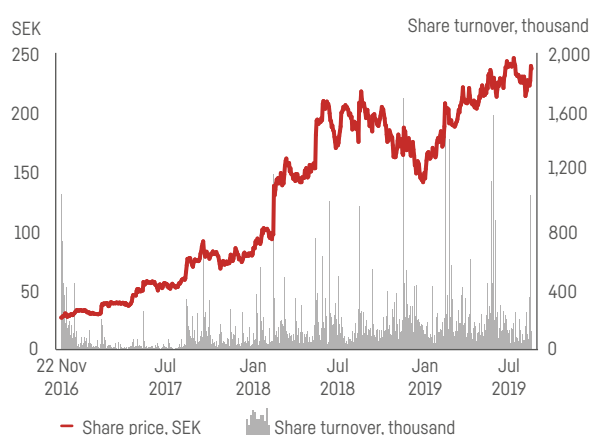
The number of shares in THQ Nordic AB (publ) as of 31 March 2019 was 9,000,000 Class A shares and 93,567,974 Class B shares, a total of 102,567,974 shares. Class B shares have one vote each and Class A shares have ten votes. All shares represent an equal share of the company's assets and earnings.

SHARE ISSUES AND AUTHORIZATION

During the financial year, the company carried out several directed share issues within the Board of Directors' mandate by the Annual General Meeting 2018. SEK 3,538 million was raised before transaction costs. The Extra General Meeting on March 8, 2019 resolved in line with the Board's

proposal, to authorize the Board to, until the next AGM on one or more occasions, issue B shares, convertibles and/or warrants with the right to convert to B shares, with or without deviation from the shareholders' preferential right. The number of new shares shall correspond to a maximum of three (3) percent of the total number of shares in the Company, post completion of the directed issue of 6,267,338 B shares as well as registration of the issue made in connection with the acquisition of 18point2, to be paid in cash, non-cash settlement and/or by set-off.

SHARE PRICE DEVELOPMENT AND SHARE TURNOVER



SHARE CAPITAL DEVELOPMENT

REGISTRATION DATE	EVENT	NUMBER A SHARES	NUMBER B SHARES	TOTAL NUMBER SHARES	SHARE CAPITAL, CHANGE	SHARE CAPITAL, TOTAL
30/12/1999	Establishment		1,000	1,000	100,000.00	100,000.00
30/09/2016	Bonus issue		499,000	500,000	400,000.00	500,000.00
14/10/2016	Share split 1:120	9,000,000	51,000,000	60,000,000		500,000.00
07/11/2016	New share issue		32,500	60,032,500	270.83	500,270.83
28/11/2016	New share issue		10,000,000	70,032,500	83,333.33	583,604.17
02/12/2016	New share issue		2,000,000	72,032,500	16,666.67	600,270.83
26/09/2017	New share issue		7,203,250	79,235,750	60,027.10	660,297.92
04/06/2018	New share issue		135,135	79,370,885	1,126.13	661,424.04
07/06/2018	New share issue		1,082,601	80,453,486	9,021.68	670,445.72
12/07/2018	New share issue		7,700,000	88,153,486	64,166.68	734,612.38
16/11/2018	New share issue		3,136,903	91,290,389	26,140.86	760,753.24
16/11/2018	New share issue		60,358	91,350,747	502.98	761,256.22
15/02/2019	New share issue		142,870	91,493,617	1,190.58	762,446.81
27/02/2019	New share issue		4,732,661	96,226,278	39,438.85	801,885.66
06/03/2019	New share issue		74,357	96,300,635	619.64	802,505.30
14/03/2019	New share issue		6,267,339	102,567,974	52,227.84	854,733.12
14/03/2019	New share issue		11,000,000	102,567,974	91,666.69	854,733.13

OWNERS AS OF MARCH 31, 2019						Change from Jan 1, 2018
Name	Class A shares	Class B shares	Share of capital, %	Share of votes %		B shares
Lars Wingefors through companies ¹⁾	6,501,467	29,523,732	35.12	51.50		
Swedbank Robur Funds		9,244,279	9.01	5.04		993,300
Erik Stenberg through company ²⁾	1,407,724	6,392,600	7.61	11.15		
Handelsbanken Funds		7,366,930	7.18	4.01		-242,756
Mikael Brodén through company ³⁾	483,378	2,195,063	2.61	3.83		
Didner & Gerge Funds		2,314,876	2.26	1.26		-12,840
Olsson Family and Foundation		2,200,000	2.15	1.20		155,129
AP1 Första AP-fonden		2,105,263	2.05	1.15		2,105,263
Life Insurance Skandia		1,870,855	1.82	1.02		757,972
SEB Funds		1,491,934	1.45	0.81		862,576
Avanza Pension		1,418,468	1.38	0.77		199,877
Klemens Kreuzer through company ⁴⁾	201,784	916,321	1.09	1.60		
ODIN Funds		1,000,000	0.97	0.54		1,000,000
Koch Media Holding GmbH ⁵⁾		987,965	0.96	0.54		
Martin Larsson		913,585	0.89	0.50		-16,909
Pelle Lundborg with family through company ⁶⁾	289,966	516,760	0.79	1.86		
AP2 Andra AP-fonden		789,000	0.77	0.43		789,000
Reinhard Pollice through company ⁷⁾	115,681	655,524	0.75	0.99		
Skandia Funds		752,998	0.73	0.41		99,834
Rolf Lundström		650,000	0.63	0.35		35,000
RAM Rational Asset Management		536,241	0.52	0.29		36,231
Inwestbergh AB		533,437	0.52	0.29		
Nordea Funds		443,735	0.43	0.24		28,800
Nordnet Pensionsförsäkring		402,332	0.39	0.22		46,201
Sensor Fonder		360,451	0.35	0.20		23,623
Oddo BHF Asset Management		325,246	0.32	0.18		-24,530
Knutsson Holdings AB		300,000	0.29	0.16		
Michael Knutsson		300,000	0.29	0.16		
Metzler		294,000	0.29	0.16		-16,000
Svenska Handelsbanken AB for PB		293,276	0.29	0.16		105,200
Meme Addict AB		293,185	0.29	0.16		
Spelfisken AB		293,185	0.29	0.16		
Amyril AB		293,185	0.29	0.16		
Grillus Janus Invest AB		293,185	0.29	0.16		
Vedtraven Finans AB		293,185	0.29	0.16		
Hippies With Attitude AB		293,185	0.29	0.16		
Long Name Holding AB		293,185	0.29	0.16		
Stefan Spel & Bry AB		293,185	0.29	0.16		
Fondita Fonder		290,000	0.28	0.16		-40,000
Consensus Asset Management AB		287,995	0.28	0.16		-394
TOTAL TOP 40	9,000,000	80,018,346	86.8	92.6		
OTHER	0	13,549,628	13.2	7.4		
TOTAL	9,000,000	93,567,974	100.0	100.0		

1) Lars Wingefors AB and Lars Wingefors 2 AB, controlled to 100% by CEO Lars Wingefors.

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

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

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

5) Koch Media Holding GmbH (previously the parent company of the Koch Media Group), owned partly by Klemens Kundratitz, CEO and Co-Founder of the Koch Media Group.

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

7) Gigalomaniac Holding AB, controlled to 100% by Reinhard Pollice, Director of Business Development and Production, THQ Nordic GmbH.

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish FSA.

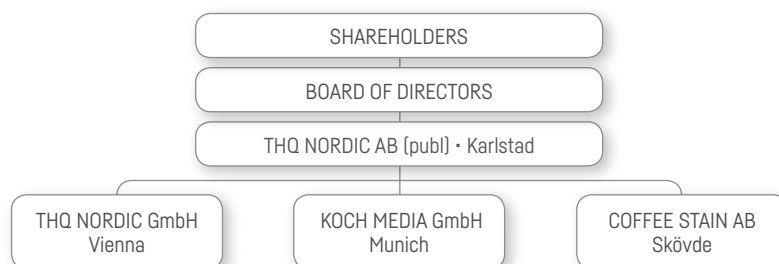
INFORMATION ABOUT NASDAQ FIRST NORTH

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.

FNCA Sweden AB
E-mail: info@fnca.se
Tel: +46 8 528 00 399

CORPORATE GOVERNANCE



THQ NORDIC

THQ Nordic is a Swedish public limited liability company. THQ Nordic's corporate governance is based on Swedish law, internal rules and instructions, Nasdaq First North Rulebook for Issuers and other applicable regulations. Since THQ Nordic is listed on Nasdaq First North, THQ Nordic does not currently apply the Swedish Code of Corporate Governance.

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices, and processes by which THQ Nordic is directed and controlled. It provides the framework for attaining the company's objectives and to create value in the Group. Well-functioning corporate governance principles to assure shareholders and other stakeholder that the activities of the THQ Nordic Group are characterized by reliability, effective management and control, openness, clarity and good business ethics.

Shareholders' meeting

Pursuant to the Swedish Companies Act, the shareholder meeting is the company's highest decision-making body. At the shareholders' 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 the Board and auditors.

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

Right to attend shareholders' meetings

All shareholders who are directly registered in the share register maintained by Euroclear Sweden AB five weekdays before the shareholder meeting and have notified the Company of their intention to participate [with potential assistants] in the shareholders' meeting not later than the date stated in the

notice convening the shareholders' meeting have the right to attend the shareholders' meeting and vote for the number of shares they hold. Shareholders may attend the shareholder meeting in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for the shareholders meeting in several different ways stated in the convening notice for the meeting.

Board of Directors

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

In accordance with the Swedish Companies Act, the Board is responsible for the management and organization 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 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, must consist of at least three members 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 organized and effectively implemented.

The Board follows written rules of procedure, which are revised annually and adopted by the inaugural Board meeting every year, or another board meeting if necessary.

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 cannot 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 AGM-elected members who are presented in more detail in the section "Board of directors".

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 instructions for the CEO. The CEO is also responsible for the preparation of the 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" and "Senior executives".

Internal Control

The Board is responsible for the internal control. Internal control includes control over THQ Nordic's organization, 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 utilized cost-effectively and appropriately. Moreover, internal control takes place through follow-up in implemented information and business systems and through the analysis of risks.

Risk assessment

Risk management is part of the Board's and management's governance and follow-up of the business. This means identification of the most significant business risks

associated with the performance of the company's strategy and overall goals, as well as risks in association with the annual accounts.

The primary scope and focus for the Company's risk assessment process is to manage operational and compliance risks in the respective business operations. Financial risks are managed by the CFO function. Strategic risks are managed directly by senior management on relevant levels as an integrated part of running the business operations.

The Board follows up frequently on risk exposure to ensure the ability to reach business strategies and goals. The CEO is responsible for continuous management of all risks within the business and to ensure action plans are implemented when needed to minimize the probability and impact of identified risks.

Board meetings 2018/2019

In 2018/2019, the Board held 22 recorded meetings, of which one was the statutory meeting. The Board had 0 percent absence rate during the period's Board meetings.

At regular Board meetings the CEO presented analyses and reports of the ongoing operations and development potential in the business areas. These analyses were discussed and assessed by the Board with a focus on each business area in the Group as well as in the context of overall strategic discussions.

The Board has also devoted time to ensure that the company has appropriate systems for following up and controlling the company's business and the risk for the company as well as strengthening the corporate governance model and key governing policies. An important part of the Board's work is the financial reports presented, the interim reports and the year-end report.

The Board has paid particular attention to potential strategic acquisitions and a series of major investments during the year as well as carried out two directed new share issues to institutional investors in order to intensify the investment in the development of the company.

The Board discussed and decided on the overall strategy for THQ Nordic at the yearly strategy review. The Board has also devoted time to both internal and external presentations of the global gaming market

The attendance of Board Members at Board meetings is shown below.

OVERVIEW BOARD OF DIRECTORS AND INDEPENDENCE

NAME	POSITION	MEMBER SINCE	ATTENDANCE	INDEPENDENT IN RELATION TO:	
				THE COMPANY AND THE COMPANY MANAGEMENT	MAJOR SHAREHOLDERS
Kicki Wallje Lund	Board member (Chairman)	2016	22/22	Yes	Yes
Lars Wingefors	Member of the Board	2002	22/22	No	No
Erik Stenberg	Member of the Board	2002	22/22	No	No
Jacob Jonmyren	Member of the Board	2018	22/22	Yes	Yes
Ulf Hjalmarsson	Member of the Board	2018	22/22	Yes	Yes

BOARD OF DIRECTORS



Erik Stenberg

Ulf Hjalmarsson

Kicki Wallje-Lund

Lars Wingefors

Jacob Jonmyren

KICKI WALLJE-LUND Born: 1953

Chairman of the Board, elected 2016

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 global positions in companies like NCR, Digital Equipment, AT & T, Philips, ICL and Unisys.

Current assignments: Board member and of C-Rad AB (publ) and Betsson AB (publ).

Holdings in the Company: As of 30 June 2019, Kicki Wallje-Lund held 15,200 class B shares in THQ Nordic AB (publ).

Position of dependency: Independent in relation to major shareholders, independent in relation to the company and management.

LARS WINGEFORS Born: 1977

Founder of THQ Nordic

Board member (elected 2002) 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 relevant assignments: Lars Wingefors is a board member and CEO of Lars Wingefors AB. He is also a Board member of Wingefors Depå Två AB, Wingefors Invest AB och Lars Wingefors 2 AB.

Holdings in the Company: As of 30 June 2019, Lars Wingefors held, through companies, 6,501,467 class A shares and 29,523,732 class B shares in THQ Nordic AB (publ).

Position of dependency: Dependent in relation to major shareholders, dependent in relation to the company and management.

ERIK STENBERG Born: 1963

Board Member elected 2002 and CFO

Since 14 August 2019 deputy CEO

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 relevant assignments: Erik Stenberg is a Board member of Xagonus Zagonus AB and Stonemountain Invest AB. He is also chairman of the Board of Tingvalla Invest AB.

Holdings in the Company: As of 30 June 2019, Erik Stenberg held 1,407,724 class A shares and 6,392,600 class B shares in THQ Nordic AB [publ].

Position of dependency: Dependent in relation to major shareholders, dependent in relation to the company and management.

JACOB JONMYREN Born: 1980

Board member, elected 2018

Education/background: Jacob Jonmyren holds a M.Sc in Accounting and Financial Management from Stockholm School of Economics and has studied Finance at University of Wisconsin – Madison and Media & Communication Studies [Master level] at Stockholm University, where he was president of the Student Association at the Department of Journalism, Media & Communication. Jacob Jonmyren has long experience from the financial markets. He has been invested in the stock market since the age of nine and has for the last thirteen years been employed at RAM Rational Asset Management, a Swedish, independent asset management company with focus on absolute return.

Current assignments: Jacob Jonmyren is Partner, Portfolio Manager and Head of Research at RAM ONE AB and member of the Board at Jacob Jonmyren Kapital AB and World Market Coverage i Stockholm AB.

Holdings in the company: As of 30 June 2019, Jacob Jonmyren held 3,500 shares in THQ Nordic AB [publ].

Position of dependency: Independent in relation to major shareholders, independent in relation to the company and management.

ULF HJALMARSSON Born: 1956

Board member, elected 2018

Education/background: Ulf Hjalmarsson holds a M.Sc in Accounting and Financial Management from Lund's University and has served as an officer in the Swedish armed forces. Ulf Hjalmarsson has long experience from the financial markets. He has amongst other things been the head of corporate finance Sweden at Aros Securities AB. He has also been a financial analyst and portfolio manager and head of corporate finance at AB Investor/Förvaltnings AB Providentia. Ulf is also the founder of Hjalmarsson & Partners Corporate Finance AB.

Current assignments: Chairman of the Board in Hjalmarsson & Partners Corporate Finance AB, director of the Board in Lannebo Fonder AB, Connecting Capital Holding AB and Stiftelsen Kungafonden.

Holdings in the Company: As of 30 June 2019, Ulf Hjalmarsson had no holding of shares in THQ Nordic AB [publ].

Position of dependency: Independent in relation to major shareholders, independent in relation to the company and management.

AUDITOR

The auditor of THQ Nordic is Ernst & Young AB, with Ulrich Adolfsen (born in 1965) as auditor-in-charge since the 2006 annual general meeting. Ulrich Adolfsen is an authorized public accountant and member of FAR.

SENIOR EXECUTIVES

PARENT COMPANY



LARS WINGEFORS Born: 1977

*Founder of THQ Nordic
Board member (elected 2002) 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 relevant assignments: Lars Wingefors is a board member and CEO of Lars Wingefors AB. He is also a Board member of Wingefors Depå Två AB, Wingefors Invest AB och Lars Wingefors 2 AB.

Holdings in the Company: As of 30 June 2019, Lars Wingefors held, through companies, 6,501,467 class A shares and 29,523,732 class B shares in THQ Nordic AB (publ).

Position of dependency: Dependent in relation to major shareholders, dependent in relation to the company and management.



ERIK STENBERG Born: 1963

*Board Member elected 2002 and CFO
Since 14 August 2019 deputy CEO*

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 relevant assignments: Erik Stenberg is a Board member of Xagonus Aktiebolag, Zagonus AB and Stonemountain Invest AB. He is also chairman of the Board of Tingvalla Invest AB.

Holdings in the Company: As of 30 June 2019, Erik Stenberg held 1,407,724 class A shares and 6,392,600 class B shares in THQ Nordic AB (publ).

Position of dependency: Dependent in relation to major shareholders, dependent in relation to the company and management.



JOHAN EKSTRÖM Born: 1977

CFO, appointed 14 August 2019

Education/background: Johan Ekström holds a M.Sc in business administration from Stockholm School of Economics. He has an extensive background in accounting, reporting and financial control from previous positions at Crem International, Permobil and PwC.

Current assignments: Johan Ekström has no other current assignments.

Holdings in the Company: As of 30 June 2019, Johan Ekström holds 1,546 class B shares in THQ Nordic AB (publ).

CHIEF EXECUTIVE OFFICERS

OPERATIVE GROUPS

KLEMENS KREUZER Born: 1976

CEO of THQ Nordic GmbH, employed 2011

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

Current assignments: Klemens Kreuzer has no other current assignments.

Holdings in the Company: As of 30 June 2019, Klemens Kreuzer holds, through companies, 201,784 class A shares and 916,321 class B shares in THQ Nordic AB (publ).



KLEMENS KUNDRATITZ Born: 1962

Co-Founder and CEO of Koch Media

Education/background: Klemens Kundratitz holds a Doctor of Law degree from Leopold-Franzen-University in Innsbruck and has a strong track record within the gaming and entertainment industry. He is among other things co-founder of Koch Media and has developed the company and as its Managing Director and CEO. Klemens Kundratitz is also the founder of Deep Silver, the games publishing label of Koch Media.

Current assignments: Klemens Kundratitz has no other current assignments.

Holdings in the Company: As of 30 June 2019, Koch Media Holding GmbH owned 375,976 class B shares. Koch Media Holding GmbH (previously Parent Company in the Koch Media Group) is partly owned by Klemens Kundratitz, co-founder and CEO of the Koch Media Group.



ANTON WESTBERGH Born: 1985

CEO of Coffee Stain

Education/background: Anton Westbergh studied computer science at the University of Skövde, and have extensive experience in game and business development.

Current assignments: Anton Westbergh has no other current assignments.

Holdings in the Company: As of 30 June 2019, Anton Westbergh holds, through companies 533,437 class B shares in THQ Nordic AB (publ).





THE BOARD OF DIRECTORS AND CEO OF THQ NORDIC AB (PUBL)
REG. NO. 556582-6558 HEREBY PRESENT THE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE EXTENDED FINANCIAL YEAR 1 JANUARY 2018- 31 MARCH 2019

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The English version of the Annual Report is a translation of the original Swedish version. In case of any discrepancy between the versions, the Swedish version shall take precedence.

BOARD OF DIRECTORS' REPORT

The Board and CEO of THQ Nordic AB (publ), reg. no. 556582-6558, hereby submit the report for 2018/19. THQ Nordic conducts operations as a limited liability company (publ) and is based in Karlstad, Sweden.

OPERATIONS – GENERAL INFORMATION

The Group conducts management and development of intellectual property rights, publishing, development of computer and video games, third-party publishing and distribution of games, and publishes and distributes films.

The Parent Company acquires and owns rights and conducts other operations through its subsidiaries and underlying companies.

Since 2011, THQ Nordic has established a strong platform for sustainable growth and profitability. Growth will be primarily driven by launches of the games currently in the Group's pipeline. The Group has proven its ability to develop, refine, publish and distribute quality content to the growing games market.

The company sees growth opportunities in adding further internal and external game development studios to its existing business. These additions may take place both by spin-offs and the acquisition of existing external game development studios and by new partnerships with external studios.

At the end of the financial year, the Company owned a broad portfolio of games with over 100 owned franchises, including Saints Row, Goat Simulator, Dead Island, Darksiders, Metro (licensed), MX vs ATV, Kingdom Come: Deliverance, Time Splitters, Satisfactory, Wreckfest and more.

In total, the Group has rights to sell several hundred different products that are mainly distributed among the Company's own franchises.

When a new franchise is acquired, the first step is to generate revenue by distributing the product on the Group's network of digital and physical channels. With these acquisitions, components such as program code, graphic material etc. are sometimes missing, necessitating considerable work on restoring and editing for re-launch.

Physical revenue is created by versions that THQ Nordic sells or distributes through vendors such as GameStop, Walmart, Amazon, GAME, MediaMarkt and others around the world.

The second step in refining the value of an acquired franchise is to technically upgrade old editions to new formats or graphically remastered versions, referred to as HD versions, or through patches (program code that adjusts previous compatibility or similar problems).

The third step involves the development of brand-new

versions. Assembling the right team of developers is a lengthy process. The Company aims to engage the original creators, who are often tied up in other development projects.

Examples of digital distribution channels include Steam (PC), GOG (PC), PSN (Sony PlayStation®), Microsoft® Xbox Live (Microsoft® Xbox), Epic Games Store and about 50 other smaller digital channels.

The Group's head office is in Karlstad, Sweden, and after a number of acquisitions during the year, its global presence is spread among the three divisions: Deep Silver/Koch Media, THQ Nordic and Coffee Stain. At the end of the financial year, the Group had 16 internal development studios in Germany, the Czech Republic, the UK, Finland, the US and Sweden, with more than 850 employees and contracted developers. THQ Nordic also engages about 40 external development studios, which in total employ more than 807 full-time equivalents.

THQ Nordic's subsidiary Koch Media is European number one in third-party publishing and distribution of games in Europe. The Partner Publishing business generates revenue through the publishing and distribution of games and films. Koch Media acts as game publisher in Europe and North America for a number of major partners including SEGA, Square Enix and Codemasters.

The business has offices in a total of 13 countries around the world and three distribution centres serving the European market. The partner publishing business also has an external production and logistics centre in Tennessee, and physical distribution in the US is conducted mainly through partners such as Amazon, Walmart and Gamestop.

In addition to partner publishing operations, Koch Media is also niched in film distribution, focusing mainly on films in the German and Italian-speaking markets.

NET SALES & EARNINGS

The Group's net sales for 2018/19 (15 months) amounted to SEK 5,754.1 (507.5) million. The strong growth is primarily due to the acquisition of Koch Media in February 2018 and Coffee Stain Holding in November 2018, and successful title campaigns, mainly through digital channels such as Steam, PlayStation® Network and Microsoft® Xbox Live.

Work performed by the Company for its own use and capitalised increased to SEK 475.2 (79,6) million, during the

DEVELOPMENT OF THE COMPANY'S OPERATIONS, EARNINGS AND POSITION – GROUP

SEK millions	2018/19*	2017	2016	2015	2014
Net sales	5,754.1	507.5	301.9	212.9	178.0
Operating margin, %	10	37	31	31	38
Total assets	8,608.2	1,328.8	464.9	175.4	131.1
Equity/assets ratio, %	66	81	74	48	45
Average number of employees	1,026	143	68	38	20

* The financial year 2018/19 has 15 months and the comparative year 12 months. Definitions: see note 48.

financial year, driven by more development projects in the Group.

The increase in direct costs for 2018/19 has been largely driven by an increased volume of operations and the fact that the acquired business segments in Partner Publishing/Film have a higher proportion of direct costs in relation to sales. Total direct costs represented 57 percent of net sales, compared with 29 percent the previous year.

Other external expenses amounted to SEK 868.0 [75.2] million, and here too the increase is mainly attributable to the acquired companies and to some extent to growth in the original THQ companies.

Personnel expenses amounted to SEK 841.2 [94.1] million. The increase is partly due to the acquired companies and partly due to more employees in the existing companies.

Share issue expenses amounted to SEK 88.1 [17.5] million and have been recognised directly in equity in accordance with current accounting practice.

EBITDA amounted to SEK 1,592.6 [272.6] million.

Amortisation of intangible assets for the financial year amounted to SEK -919.6 [-81.4] million.

Goodwill amortisation was SEK -75.1 [-1.0] million. Depreciation of property, plant and equipment amounted to SEK -23.4 [-2.1] million.

The Group's operating profit amounted to SEK 574.6 [188.2] million. The improvement is attributable to the increase in sales compared with the previous year and the fact that a large proportion of the costs are relatively fixed.

The Group's profit before tax was SEK 545.4 [182.0] million and profit after tax was SEK 396.8 [139.2] million.

Earnings per share amounted to SEK 4.68 [1.88].

FINANCIAL POSITION

The value of owned and licensed games was SEK 394.9 [133.2] million and amortisation for the year was SEK -445.2 [-62.0] million. IP rights amounted to SEK 1,055.9 [41.0] million, with amortisation for the year SEK -198.9 [-13.9] million. Projects in progress relating to capitalised expenditure on development of new game projects amounted to SEK 1,114.7 [300.8] million at the end of the financial year, with amortisation for the year SEK -88.1 [-5.3] million. Other

intangible assets amounted to SEK 11.4 [72.4] million, with amortisation for the year SEK -5.5 [-0.2] million. Goodwill amounted to SEK 830.2 [23.7] million, with amortisation for the year SEK -75.1 [-1.0] million. Intangible assets attributable to Partner Publishing/Film amounted to SEK 299.9 [-] million, with amortisation for the year SEK -182.3 [-] million. Assets are recognised at the exchange rate on the reporting date and are mainly acquired in EUR. The financial year's capitalisations for games consist of about 80 [26] projects. When the projects are completed, they are transferred to the Parent Company THQ Nordic AB, Koch Media or Coffee Stain where the rights are owned and developed.

Property, plant and equipment consists mainly of a property, and IT and office equipment in each company. Property, plant and equipment amounted to SEK 155.6 [8.1] million and depreciation for the year totalled SEK -22.9 [-2.1] million.

Deferred tax assets amounted to SEK 181.8 [2.8] million and refer mainly to unutilised loss carryforwards in the Koch Media group.

Inventories, which consist mainly of physical games, merchandise products and films amount to SEK 322.9 [30.1] million.

Trade receivables amount to SEK 942.5 [65.8] million.

Prepayments and accrued income amounted to SEK 116.6 [16.8] million, with accrued income accounting for the majority of the receivable.

At the end of the financial year, cash & cash equivalents, including short-term investments, amounted to SEK 2,929.1 [626.5] million.

The Group's total cash & cash equivalents, short-term investments and unutilised credit facilities were SEK 4,416.9 million on 31 March 2019, compared with SEK 766.8 million on 31 December 2017.

The Group's equity amounted to SEK 5,712.8 [1,073.2] million on 31 March 2019 and the equity/assets ratio was 66 [81] percent.

Equity per share was SEK 55.54 [13.54].

Provisions for pensions amounted to SEK 19.3 [-] million.

Deferred tax liabilities attributable to untaxed reserves and surplus values arising from acquisitions amounted to SEK 217.8 [37.2] million.

Other provisions amounted to SEK 429.4 [3.6] million and cover expected additional purchase consideration and returns, warranties and discounts.

The Group had non-current liabilities of SEK 211.3 [-] million and current liabilities of SEK 664.5 [-] million to credit institutions.

Current account credit facilities are SEK 250 [250] million, of which SEK 23.1 [109.8] million had been utilised at the reporting date.

In addition to the unutilised current account credit facilities, the Group had unutilised credit of SEK 1,260.9 [-] million at the reporting date.

Advances from customers and trade payables amounted to SEK 581.6 [23.8] million.

Current tax liabilities amounted to SEK 170.8 [17.8] million.

Other liabilities, accruals and deferred income amounted to SEK 577.6 [63.4] million.

CASH FLOW

Cash flow from operating activities amounted to SEK 1,356.4 [179.1] million.

Net investments in non-current assets totalled SEK -1,476.0 [-310.4] million.

Acquisitions of subsidiaries had a net cash effect of SEK -1,070.6 [-65.0] million.

Cash flow from financing activities was SEK 3,488.3 [654.7] million, with new share issues contributing SEK 3,449.8 [562.3] million to the figure and net change in credit SEK 38.5 [74.4] million.

Cash flow for the year was SEK 2,298.1 [458.4] million.

INVESTMENTS, DEPRECIATION AND AMORTISATION

The Group's investments in intangible assets during the financial year amounted to SEK 1,335.7 [-305.5] million, most of which concerned investments in game development. Investments in property, plant and equipment amounted to SEK 140.3 [4.9] million, the majority of which was related to investments in a property and in IT and other equipment. Amortisation of intangible assets amounted to SEK -995.2 [-82.1], and was primarily related to IP rights, completed development projects and goodwill. Depreciation of property, plant and equipment amounted to SEK -22.9 [-2.1] million.

TAX

Tax for the year amounted to SEK -148.6 [-42.8] million, with the tax expense being mainly attributable to the Swedish operations and Koch Media's tax costs. The Group also has loss carryforwards, notably in Austria, which can be utilised in the future.

PARENT COMPANY

The Parent Company's net sales for the year amounted to SEK 416.4 [244.9] million and profit before tax was SEK 29.2 [129.8] million. Profit after tax was SEK 6.8 [100.8] million.

The Parent Company provided Group contributions of SEK -62.6 [-5.3] million, which had a negative impact on earnings for the financial year.

Cash and cash equivalents on 31 March 2019 were SEK 2,166.8 [571.9] million.

Investments in intangible assets for the year were SEK 303.6 [188.9] million and amortisation of intangible assets amounted to SEK -240.3 [-69.0] million.

The Parent Company's equity at the end of the financial year was SEK 5,143.3 [971.3] million.

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

On 14 February 2018, through its wholly-owned subsidiary, SALEM einhundertste Holding GmbH, THQ Nordic AB entered into an agreement with the owner, Koch Media Holding GmbH, to acquire 100 percent of Koch Media GmbH ("Koch Media") for EUR 91.5 million.

Koch Media is a leading independent producer and marketer of digital entertainment products in Europe and North America with studios in Germany, the UK and the US, and offices in several central and northern European cities.

The acquisition included AAA-classified intellectual property rights such as Saints Row and Dead Island and an exclusive licence for Metro.

A number of strategic acquisitions followed:

- The Swedish studio and publisher Coffee Stain with franchises that include Satisfactory, Goat Simulator, Sanctum and publishing rights to Deep Rock Galactic.
- The German game developer and publisher Handy Games, which has launched over 150 games on a variety of platforms.
- The Finnish-based game development studio Bugbear, developer of racing games such as the critically acclaimed Wreckfest.

PARENT COMPANY

SEK millions	2018/19*	2017	2016	2015	2014
Net sales	416.4	244.9	121.0	96.4	85.0
Operating margin, %	39	68	74	57	68
Total assets	5,482.8	1,209.2	377.9	132.0	102.3
Equity/assets ratio, %	95	86	86	55	49

* The financial year 2018/19 has 15 months and the comparative year 12 months.

Definitions: see note 48.

- Warhorse Studios s.r.o. from the Czech Republic, the game developer behind the award-winning title Kingdom Come: Deliverance, which has sold over 2 million copies.
- 18POINT2, one of Australia's leading publishing partners.

A large number of new products were launched during the year, most of which were based on owned franchises. Among other things, the first owned sequels were launched: Black Mirror and SpellForce 3. Black Mirror is the fourth in the series. The sequel to the owned franchise SpellForce was launched during the year for PC and was developed by THQ's own studio, Grimlore Games.

Other releases included Metro Exodus (exclusive licence), the Company's largest launch to date, and Satisfactory (early access), Kingdom Come Deliverance and the third game based on the Darksiders concept, plus a large number of Asset Care launches, mainly game versions for new platforms.

IMPORTANT CONSIDERATIONS

THQ Nordic's revenue is derived from the sale of games with relatively short sales cycles, with a large proportion of the revenue for each game being generated on and just after the launch. The Company's revenue may therefore vary considerably from year to year, depending on the number of game launches and how they develop.

EXPECTED FUTURE DEVELOPMENT

The THQ Group will be launching a number of new products on the market in 2019/20. For more detailed product news, for both owned titles and publishing titles, please check our subsidiaries' communication channels, which are constantly updated. At 31 March 2019, the Group had 80 projects under development, 32 of which were announced.

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks related to THQ Nordic's operations are described below.

THQ NORDIC IS DEPENDENT ON THE ABILITY TO RETAIN AND RECRUIT KEY EMPLOYEES

THQ Nordic is highly dependent on the experience and skills of its employees. A prerequisite for THQ Nordic's ability to continue to perform and act competitively in the market is finding, engaging and retaining competent personnel.

Loss of such persons and difficulties in attracting new employees may affect the Group's operations in the form of project delays, lost contacts, thereby affecting the Group's financial position and earnings.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights represent a significant proportion of THQ Nordic's assets. It is therefore vital that the Group's intellectual property rights are adequately protected. There is also a risk of outsiders infringing the Company's intellectual property rights.

DELAYS TO GAME PROJECTS

THQ Nordic develops games both internally and in collaboration with external game developers. Delays to planned and ongoing game projects may have a negative effect on cash flows, revenues and operating margins. Delays can arise for both internally and externally developed projects.

Completion of a game project may also require more resources than originally estimated, in which case THQ Nordic normally has to bear the costs, particularly if this is an internal project.

NEW GAME TITLE LAUNCHES MAY GENERATE LOWER REVENUE THAN EXPECTED

When new game titles are launched, there is a risk that they will not be received positively by the market for reasons such as an expectation gap regarding quality, changed consumer preferences or technological shifts. This can lead to loss of revenue, lower margins and reduced cash flows. This applies to both self-financed projects and games where the Company acts as publisher and is responsible for a significant proportion of the financing. There is also a risk that capitalised development expenses may need to be written down

DEVELOPMENT OF NEW GAMES AND IMPROVEMENT OF EXISTING GAMES

THQ Nordic's continuing growth depends, among other things, on the ability to regularly develop new games and improve existing games in a way that improves the gaming experience and to initiate new game development projects.

THQ NORDIC IS DEPENDENT ON A FEW SIGNIFICANT DISTRIBUTORS FOR ITS GAME TITLES

The Company's sales of digital and physical game titles are largely conducted through a few significant distributors, whose ability to keep on providing the digital and physical distribution channels is a prerequisite for THQ Nordic to continue generating revenue from them.

M&A RISK

THQ Nordic has made, and may make, acquisitions that did not achieve the expected financial benefits at the time of acquisition. An unsuccessful acquisition may strain the Group's resources.

EXCHANGE RATE CHANGES

The Group's revenues are mainly in Euro and USD, while the reporting currency is SEK. Although the Group has costs in both Euro and USD which offsets the exposure, the Group is affected by long-term exchange rate changes.

CLASSES OF SHARES	Class A shares	Class B shares	Total
Number of shares	9,000,000	93,567,974	102,567,974
Number of votes	90,000,000	93,567,974	183,567,974

The shares are issued in two classes, Class A and Class B. The number of shares of each class may not exceed the total number of shares in the Company. Class A shares carry ten (10) votes and Class B shares carry one (1) vote.

OWNERS WITH MORE THAN 10 PERCENT OF THE VOTES, 31 MARCH 2019	Ownership share			
	Class A shares	Class B shares	Capital, %	Votes, %
Lars Wingefors through company ¹⁾	6,501,467	29,523,732	35.1	51.5
Erik Stenberg through company ²⁾	1,407,724	6,392,600	7.61	11.15

¹⁾ Lars Wingefors AB and Lars Wingefors 2 AB, 100%-owned by CEO Lars Wingefors

²⁾ Xagonus AB, 100%-owned by CFO Erik Stenberg

To the best of THQ Nordic's knowledge, there are no shareholder agreements or other agreements between the Company's shareholders aimed at jointly influencing the Company. Neither does the Board know of any agreements or similar that could lead to a change in control of the Company. At the Annual General Meeting on 16 May 2018, shareholders passed a resolution authorising the Board of Directors, on one or more occasions before the next AGM and within the framework of the Articles of Association, to decide on the issue of shares, with or without shareholders' preferential rights, to be settled in cash, by set-off and/or by payment in kind.

USE OF FINANCIAL INSTRUMENTS

The Company's main revenues are in USD and EUR. As its reporting currency is SEK, there is a certain sensitivity to exchange rate changes. During the year, the Company has chosen to hedge certain flows in EUR.

NON-FINANCIAL DISCLOSURES

Remuneration of the CEO and other senior executives consists of a market-based basic salary, with customary employee benefits and a pension.

Pay during the period of notice and termination benefits shall not exceed six months' salary for each senior executive. The Board shall have the right to depart from this policy if there are special reasons to do so in individual cases

OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS UNDER THE SWEDISH ENVIRONMENTAL CODE

THE GROUP AND PARENT COMPANY

The Group and Parent Company do not conduct any operations subject to permit or notification requirements under the Swedish environmental code.

PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

The Board proposes that the unrestricted equity of SEK 4,948,954 thousand be allocated as follows:

Carried forward (SEK thousand)	4,948,954
Total	4,948,954

More detailed disclosures about the Group's and the Parent Company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

CONSOLIDATED INCOME STATEMENT

SEK millions	Note	Jan 2018- Mar 2019 15 months	Jan-Dec 2017
Net sales	3	5,754.1	507.5
Work performed by the Company for its own use and capitalised		475.2	79.6
Other operating income	4	333.3	2.7
Total operating income		6,562.6	589.8
Operating expenses			
Goods for resale		-3,260.7	-147.7
Other external expenses	5, 8	-868.0	-75.2
Personnel expenses	6	-841.2	-94.1
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	15-23	-1,018.0	-84.4
Other operating expenses	7	-	-0.2
Total operating expenses		-5,987.9	-401.6
Operating profit		574.6	188.2
<i>Profit/loss from financial items:</i>			
Other interest and similar income	11	3.4	-
Other interest and similar expenses	12	-32.6	-6.2
Total financial items		-29.2	-6.2
Profit after financial items		545.4	182.0
Profit before tax		545.4	182.0
Tax on profit for the period	14	-148.6	-42.8
Net profit for the period		396.8	139.2
<i>Attributable to:</i>			
Equity holders of the parent		397.4	139.2
Non-controlling interests		-0.6	-

CONSOLIDATED BALANCE SHEET

SEK millions	Note	31 Mar 2019	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets			
Completed development projects	15	394.9	133.2
IP rights	16	1,055.9	41.0
Publishing and distribution relationships	17	161.2	-
Film rights	18	138.7	-
Goodwill	19	830.2	23.7
Projects in progress and advances for intangible assets	20	1,114.7	300.8
Other intangible assets	21	11.4	72.4
		3,707.0	571.1
Property, plant and equipment			
Land and buildings	22	114.0	-
Equipment, tools, fixtures and fittings	23	41.6	8.1
		155.6	8.1
Financial assets			
Investments in associates and jointly controlled entities	26	14.3	-
Deferred tax assets	27	181.7	2.8
Other non-current receivables	28	0.2	-
		196.2	2.8
Total non-current assets		4,058.8	582.0
Current assets			
Inventories etc.			
Raw materials and supplies		1.1	-
Finished goods and goods for resale		310.3	30.1
Advances to suppliers		11.5	-
		322.9	30.1
Current receivables			
Advances to suppliers		9.0	-
Trade receivables		942.5	65.8
Current tax assets		50.9	2.1
Other receivables		178.4	5.5
Prepayments and accrued income	29	116.6	16.8
		1,297.4	90.2
Short-term investments		499.4	-
Cash and bank balances			
Cash and bank balances	43	2,429.7	626.5
		2,429.7	626.5
Total current assets		4,549.4	746.8
TOTAL ASSETS		8,608.2	1,328.8

CONSOLIDATED BALANCE SHEET, cont'd

SEK millions	Note	31 Mar 2019	31 Dec 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	30	0.9	0.7
Other paid-in capital		4,976.2	811.1
Actuarial reserve		2.1	-
Translation differences		64.9	6.5
Retained earnings, incl. net profit		652.3	254.9
Equity attributable to equity holders of the parent		5,696.4	1,073.2
Non-controlling interests		16.4	-
Total equity		5,712.8	1,073.2
Provisions			
Provisions for pensions	35	19.3	
Deferred tax liability	27	217.8	37.2
Other provisions	36	429.4	3.6
Total provisions		666.5	40.8
Non-current liabilities			
Loans from credit institutions	37, 40	211.3	-
Total non-current liabilities		211.3	-
Current liabilities			
Liabilities to credit institutions	37, 40	664.5	-
Current account credit facilities	38, 40	23.1	109.8
Advances from customers		4.9	0.8
Trade payables		576.7	23.0
Current tax liabilities		170.8	17.8
Other liabilities		158.8	24.1
Accruals and deferred income	39	418.8	39.3
Total current liabilities		2,017.6	214.8
TOTAL EQUITY AND LIABILITIES		8,608.2	1,328.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK millions	Share capital	Other paid-in capital	Reserves	Retained earnings, incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2017	0.6	226.9	1.8	115.8	-	345.1
Net profit	-	-	-	139.2	-	139.2
<i>Changes recognised directly in equity</i>						
Translation differences	-	-	4.7	-	-	4.7
<i>Total</i>	-	-	4.7	-	-	4.7
<i>Owner transactions</i>						
New share issue	0.1	597.8	-	-	-	597.9
Issue expenses	-	-17.5	-	-	-	-17.5
Tax effect, issue expenses	-	3.8	-	-	-	3.8
<i>Total</i>	0.1	584.2	-	-	-	584.3
Closing balance, 31 Dec 2017	0.7	811.1	6.5	254.9	-	1,073.2
Opening balance, 1 Jan 2018	0.7	811.1	6.5	254.9	-	1,073.2
Net profit				397.4	-0.6	396.8
<i>Changes recognised directly in equity</i>						
Translation differences			58.4			58.4
Change in actuarial reserve			2.1			2.1
Acquisition of NCI					17.0	17.0
<i>Total</i>			60.5		17.0	77.5
<i>Owner transactions</i>						
New share issue ¹⁾	0.2	4,233.7				4,233.9
Issue expenses		-88.0				-88.0
Tax effect, issue expenses		19.4				19.4
<i>Total</i>	0.2	4,165.1				4,165.3
Closing balance, 31 Mar 2019	0.9	4,976.2	67.0	652.3	16.4	5,712.8

¹⁾ New share issue consists of issue proceeds, SEK 4,233.9 million, issue expenses, SEK -88.0 million, and tax effect of expenses, SEK 19.4 million.

CONSOLIDATED CASH FLOW STATEMENT

SEK millions	Note	Jan 2018- Mar 2019 15 months	Jan-Dec 2017
Operating activities			
Profit after financial items		545.4	182.0
Adjustment for non-cash items	42, 44	960.8	86.8
		1,506.2	268.8
Income tax paid		-66.2	-19.3
Cash flow from operating activities before changes in working capital		1,440.0	249.5
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories		-112.2	-12.0
Increase(-)/Decrease(+) in operating receivables		-259.2	-39.6
Increase(+)/Decrease(-) in operating liabilities		287.8	-18.8
Cash flow from operating activities		1,356.4	179.1
Investing activities			
Acquisition of property, plant and equipment		-140.3	-4.9
Acquisition of intangible assets		-1,335.7	-305.5
Acquisition of subsidiaries/operations, net cash effect		-1,070.6	-65.0
Cash flow from investing activities		-2,546.6	-375.4
Financing activities			
New share issue		3,537.7	597.9
Other paid-in capital		0.2	-
Issue expenses		-88.1	-17.5
Proceeds from borrowings		934.7	79.8
Repayment of loans and overdrafts		-896.2	-5.5
Cash flow from financing activities		3,488.3	654.7
Cash flow for period			
Cash & cash equivalents at beginning of period		626.5	167.5
Exchange differences		4.5	0.6
Cash & cash equivalents and short-term investments at end of period		2,929.1	626.5

PARENT COMPANY INCOME STATEMENT

SEK millions	Note	Jan 2018- Mar 2019 15 months	Jan-Dec 2017
Net sales	3	416.4	244.9
Other operating income	4	13.2	3.3
Total operating income		429.6	248.2
Operating expenses			
Other external expenses	5, 8	-19.9	-8.3
Personnel expenses	6	-6.4	-4.1
Depreciation and amortisation of property, plant and equipment and intangible assets	15-16, 20-21, 23	-240.3	-69.1
Total operating expenses		-266.6	-81.5
Operating profit		163.0	166.7
<i>Profit/loss from financial items:</i>			
Profit/loss from investments in Group companies	9	-71.0	-1.4
Profit/loss from financial assets	10	8.5	4.2
Other interest and similar income	11	23.7	11.5
Other interest and similar expenses	12	-28.5	-6.1
Total financial items		-67.3	8.2
Profit after financial items		95.7	174.9
Appropriations			
Group contributions paid		-62.6	-5.3
Appropriations, other	13	-3.9	-39.8
Profit before tax		29.2	129.8
Tax on profit for the period	14	-22.4	-29.0
Net profit for the period		6.8	100.8

PARENT COMPANY BALANCE SHEET

SEK millions	Note	31 Mar 2019	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets			
Completed development projects	15	154.9	124.3
IP rights	16	52.0	26.0
Projects in progress	20	27.7	10.6
Other intangible assets	21	-	10.5
		234.6	171.4
Property, plant and equipment			
Equipment, tools, fixtures and fittings	23	0.0	0.0
		0.0	0.0
Financial assets			
Investments in Group companies	24, 45	1,946.3	93.4
Receivables from Group companies	25	154.7	146.3
Investments in associates	26	70.0	-
Deferred tax assets		-	0.4
		2,171.0	240.1
Total non-current assets		2,405.6	411.5
Current assets			
Current receivables			
Receivables from Group companies		392.3	224.8
Current tax assets		7.3	-
Other receivables		6.3	0.8
Prepayments and accrued income	29	5.1	0.2
		411.0	225.8
Short-term investments			
Short-term investments		499.4	-
		499.4	-
Cash and bank balances			
Cash and bank balances	43	2,166.8	571.9
		2,166.8	571.9
Total current assets		3,077.2	797.7
TOTAL ASSETS		5,482.8	1,209.2

PARENT COMPANY BALANCE SHEET, cont'd

SEK millions	Note	31 Mar 2019	31 Dec 2017
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	30	0.9	0.7
Development expenditure fund		193.5	134.9
		194.4	135.6
<i>Unrestricted equity</i>			
Share premium reserve		4,976.1	811.1
Fair value reserve		-193.5	-134.9
Retained earnings		159.5	58.7
Net profit for the period		6.8	100.8
	31	4,948.9	835.7
Total equity		5,143.3	971.3
Untaxed reserves			
Accumulated accelerated amortisation	33	9.3	9.3
Tax allocation reserves	34	86.3	82.4
		95.6	91.7
Provisions			
Other provisions	36	3.6	3.6
		3.6	3.6
Non-current liabilities			
Long-term loans from credit institutions	37, 40	208.5	-
Total non-current liabilities		208.5	-
Current liabilities			
Current account credit facilities	38, 40	23.1	109.8
Trade payables		3.5	0.6
Liabilities to Group companies		1.5	1.4
Current tax liabilities		-	17.5
Other liabilities		0.3	12.4
Accruals and deferred income	39	3.4	0.9
Total current liabilities		31.8	142.6
TOTAL EQUITY AND LIABILITIES		5,482.8	1,209.2

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK millions	Restricted equity		Unrestricted equity		Total equity
	Share capital	Development expenditure fund	Share premium reserve	Retained earnings, incl. net profit	
Opening balance, 1 Jan 2017	0.6	4.8	226.9	53.9	286.2
Net profit	-	-	-	100.8	100.8
<i>Owner transactions</i>					
New share issue	0.1	-	597.8	-	597.9
Issue expenses	-	-	-17.5	-	-17.5
Tax effect	-	-	3.9	-	3.9
<i>Total</i>	0.1	-	584.2	-	584.3
<i>Transfers between items in equity</i>					
Development expenditure fund	-	130.1	-	-130.1	-
<i>Total</i>	-	130.1	-	-130.1	-
Closing balance, 31 Dec 2017	0.7	134.9	811.1	24.6	971.3
Opening balance, 1 Jan 2018	0.7	134.9	811.1	24.6	971.3
Net profit	-	-	-	6.8	6.8
<i>Owner transactions</i>					
New share issue	0.2	-	4,233.7	-	4,233.9
Issue expenses	-	-	-88.1	-	-88.1
Tax effect	-	-	19.4	-	19.4
<i>Total</i>	0.2	-	4,165.0	-	4,165.2
<i>Transfers between items in equity</i>					
Development expenditure fund	-	58.6	-	-58.6	-
<i>Total</i>	-	58.6	-	-58.6	-
Closing balance, 31 Mar 2019	0.9	193.5	4,976.1	-27.2	5,143.3

PARENT COMPANY CASH FLOW STATEMENT

SEK millions	Note	Jan 2018- Mar 2019 15 months	Jan-Dec 2017
Operating activities			
Profit after financial items		95.7	174.9
Adjustment for non-cash items	42, 44	302.8	69.1
		398.5	244.0
Income tax paid		-27.5	-14.0
Cash flow from operating activities before changes in working capital		371.0	230.0
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in operating receivables		-231.6	-53.5
Increase(+)/Decrease(-) in operating liabilities		-100.0	0.2
Cash flow from operating activities		39.4	176.7
Investing activities			
Acquisition of shares in subsidiaries		-1,307.6	-
Shareholder contributions paid			-12.0
Acquisition of intangible assets		-303.6	-188.9
Acquisition of assets/operations, net cash effect			-67.1
Acquisition of financial assets		-	-146.2
Cash flow from investing activities		-1,611.2	-414.2
Financing activities			
New share issue		3,537.7	597.9
Issue expenses		-88.1	-17.5
Proceeds from borrowings		303.2	81.0
Repayment of loans		-86.7	-
Cash flow from financing activities		3,666.1	661.4
Cash flow for period		2,094.3	423.9
Cash & cash equivalents at beginning of period		571.9	148.0
Cash & cash equivalents and short-term investments at end of period		2,666.2	571.9

NOTED (Amounts in SEK millions unless otherwise indicated)

NOTE 1 ACCOUNTING POLICIES

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Recommendation BFAR 2012:1 Annual Report and Consolidated Statements (K3).

The Parent Company applies the same accounting policies as the Group, apart from the cases described below in the section entitled "Accounting Policies – Parent Company".

The accounting policies are unchanged from the previous year.

Assets, provisions and liabilities have been measured at cost unless otherwise stated below.

Intangible assets

Completed development projects

Recognised at cost less accumulated amortisation and impairment. Cost consists of all directly attributable expenses. Indirect production costs that represent a considerable part of the total cost of production and are significant in size are included in the cost. Amortisation is applied using the declining balance method over the useful life of the asset. Amortisation is recognised as a cost in the income statement.

IP rights

IP rights acquired are recognised at cost less accumulated amortisation. Amortisation is applied on a straight-line basis over the expected useful life of the asset and is recognised as an expense in the income statement.

Publishing and distribution relationships

Publishing and distribution relationships acquired are recognised at cost less accumulated amortisation. Amortisation is applied on a straight-line basis over the expected useful life of the asset and is recognised as an expense in the income statement.

Film rights

Film rights acquired are recognised at cost less accumulated amortisation. Amortisation is based on actual sales in relation to expected sales for the relevant title.

Goodwill

Goodwill is recognised at cost less accumulated amortisation and impairment. Amortisation is applied on a straight-line basis over the expected useful life of the asset and is recognised as an expense in the income statement.

Ongoing development of game projects (capitalisation of intangible assets generated)

Capitalisation model: All expenditure arising during the development phase is capitalised when the following criteria are fulfilled: it is the Company's intention to complete the intangible asset and to use or sell it; the conditions are in place for using or selling the intangible asset; it is technically feasible for the Company to complete the intangible asset so that it can be used or sold; adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; it is probable that the intangible asset will generate future economic benefits; and the Company is able to measure reliably the expenditure attributable to the asset during its development.

Other intangible assets

Other intangible assets are recognised at cost less accumulated amortisation and impairment. Amortisation is applied on a straight-line

basis over the expected useful life of the asset and is recognised as an expense in the income statement.

<i>Intangible assets generated</i>	<i>Useful life</i>
Completed development projects games	2 years
Ongoing development of game projects	-
Film rights	0-4 years

<i>Intangible assets acquired</i>	
Other intangible assets	5 years
IP rights	5 years
Publishing and distribution relationships	5 years
Goodwill	5 years

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment. In addition to the purchase price, cost comprises expenditure directly attributable to the acquisition.

Subsequent costs

Subsequent costs are included in the carrying amount of the asset if they meet the criteria for recognition in the asset's carrying amount. Expenses for ongoing maintenance and repairs are recognised as they arise.

Depreciation is applied on a straight-line basis over the expected useful life of the asset, as this reflects the expected consumption of the asset's future economic benefits. Depreciation is recognised as an expense in the income statement.

	<i>Useful life</i>
Buildings	33-40 years
Equipment, tools, fixtures and fittings	3-14 years

Impairment – property, plant and equipment, intangible assets and investments in Group companies

At each reporting date, an assessment is made to identify whether there is any indication that an asset's value is lower than its carrying amount. If there is such an indication, the asset's recoverable amount is measured.

The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is calculated by reference to the present value of the future cash flows the asset is expected to generate during its use and on disposal or retirement. A pre-tax discount rate used that reflects market assessments of the time value of money and the risks specific to the asset. A previous impairment loss is reversed only if the basis of the calculation of the recoverable amount at the time of the previous impairment has changed.

Leases

Lessee

All leases have been classified as finance leases or operating leases. A finance lease is a lease that transfers from lessor to lessee substantially all the financial risks and rewards incidental to ownership of an asset. Leases that are not finance leases are classified as operating leases.

– Finance leases

Rights and obligations under finance leases are reported as an asset and liability in the balance sheet. On initial recognition, the asset and liability are measured at the lower of the asset's fair value and the present value of the minimum lease payments. Expenditure directly attributable to setting up and arranging the lease is added to the amount reported as an asset.

After initial recognition, the minimum lease payments are apportioned between the interest charge and the reduction of the liability using the effective interest method. Variable lease payments are recognised as an expense in the financial year in which they are incurred.

The leased asset is depreciated over its useful life [the lease term].

– Operating leases

Operating lease payments, including any upfront lease payment but excluding expenses for services such as insurance and maintenance, are recognised as an expense on a straight-line basis over the lease term.

Foreign currency items

Foreign currency monetary items are translated at the closing rate. Non-monetary items are not translated but are reported at the acquisition-date rate.

Foreign currency non-monetary items measured at fair value are translated at the rate on the date when the fair value was determined. Other non-monetary items are not translated but are reported at the acquisition-date rate.

Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement in the financial year in which they arise.

Net investments in foreign operations

An exchange difference relating to a monetary item that is part of a net investment in a foreign operation and which is measured based on cost is recognised in the consolidated financial statements directly as a separate component of equity.

Translation of foreign operations

Assets and liabilities, including goodwill and other surplus and deficit values on consolidation, are translated at the closing rate for the reporting currency. Income and expenses are translated at a rate that represents an approximation of the actual rate – an average rate. Exchange differences arising on translation are recognised directly in equity.

Inventories

Inventories are recognised at the lower of cost and net realisable value at the reporting date. Net realisable value is the estimated selling price of the goods less costs of disposal. The risk of obsolescence has been taken into account.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 [Financial instruments measured based on cost of acquisition] in BFNAR 2012:1.

Recognition and derecognition in the balance sheet

A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the instrument's contractual terms. A financial asset is derecognised in the balance sheet when the contractual rights to receive the cash flows from the asset have ceased or been settled. The same applies when the risks and rewards incident to ownership have essentially been transferred to another party and the Company no longer has control over the financial asset. A financial liability is derecognised in the balance sheet when the contractual obligation has been discharged or extinguished.

Measurement of financial assets

On initial recognition, financial assets are measured at cost, including any transaction expenses directly attributable to the acquisition of the asset.

Financial current assets are subsequently measured at the lower of cost and net realisable value on the reporting date.

Trade and other receivables that are current assets are measured individually at the amount expected to be received.

Financial assets are subsequently measured at cost less any impairment and plus any appreciation in value.

Interest-bearing financial assets are measured at amortised cost using the effective interest method.

After initial recognition, derivative instruments that are financial assets and for which hedge accounting has not been applied (see below) are measured at the lower of cost and net realisable value on the reporting date.

Measurement of financial liabilities

Financial liabilities are measured at amortised cost. Expenditure directly attributable to borrowing corrects the cost of the loan and is amortised using the effective interest method.

Derivative instruments with a negative value and for which hedge accounting has not been applied (see below) are reported as financial liabilities and are measured at the amount most favourable to the Company if the obligation is settled or transferred on the reporting date.

Hedge accounting

Hedge accounting is only applied when there is an economic relationship between the hedging instrument and the hedged item that corresponds to the Company's risk management objective. In addition, to qualify for hedge accounting, the hedging relationship must be expected to be highly effective during the period for which hedging has been identified, and the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge must be documented at the inception of the hedge.

(i) Hedging of foreign currency receivables and liabilities

For hedging of foreign currency receivables and liabilities with forward exchange contracts, the underlying receivable or liability is measured at the forward rate. However, if the forward premium (the difference between the spot rate on the contract date and the forward rate) is significant, the underlying receivable or liability is measured at the spot rate on the contract date. The forward premium is then accrued over the term of the contract as interest expense or interest income.

(ii) Hedging of firm commitments and forecast transactions in foreign currency

The result of hedging of firm commitments and highly probable forecast transactions in foreign currency is reported at the same time as the hedged transaction affects profit or loss.

Employee benefits

Post-employment benefits

– Classification

Post-employment benefits plans are classified as either defined-contribution or defined-benefit plans.

Under defined-contribution plans, fixed contributions are paid to another entity, normally an insurance company, and the Company no longer has any obligation to the employee when the contribution is paid. The size of the employee's post-employment benefits depends on the contributions paid and the investment returns arising from the contributions.

Under defined-benefit plans, the Company has an obligation to pay the agreed benefits to present and former employees. The Company essentially bears the risk of the benefits being higher than expected [actuarial risk] and the risk of the return on assets deviating from expectations [investment risk]. Investment risk arises even if the assets are transferred to another entity.

The Group has both defined-benefit and defined-contribution pension plans.

– Defined-contribution plans

Contributions for defined-contribution plans are recognised as an expense. Unpaid contributions are recognised as a liability.

– Defined-benefit plans

The Company has chosen to apply the simplification rules contained in BFAR 2012:1. Pension obligations in the Group's foreign subsidiaries follow the foreign subsidiary's reporting.

Termination benefits

Termination benefits, to the extent that the compensation does not give rise to any future economic benefits, are only recognised as a liability and an expense when the Company has a legal or constructive obligation to either

- a) terminate the employment of an employee or group of employees before the normal retirement date, or
- b) provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits are only recognised when the Company has a detailed plan for the termination, without realistic possibility of withdrawal.

Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current financial year relating to taxable profit for the year and the portion of the previous financial year's income tax not yet reported. Deferred tax is income tax for taxable profit for future financial years as a result of past transactions or events.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences and for tax loss carryforwards available for future use. The measurement is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and regulations that have been enacted by the reporting date and have not been discounted to the present value.

Deferred tax liabilities or assets relating to temporary differences attributable to investments in subsidiaries, branches, associates or jointly controlled entities are not recognised if the Company is able to control the date of the reversal of the temporary differences and it is not probable that any such reversal will occur in the foreseeable future.

Deferred tax assets have been measured at a maximum of the amount likely to be recovered based on current and future taxable profit. The measurement is reviewed at each reporting date.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax and equity.

Contingent liabilities

A contingent liability is:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events outside the Company's control, or
- an existing obligation arising from past events which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

'Contingent liabilities' is a collective term for any guarantees, financial obligations and liabilities that are not recognised in the balance sheet.

Revenue

Revenue has been recognised at the fair value of the consideration received or receivable to the extent that it is probable that the

economic benefits will flow to the Company and the amount can be measured reliably.

Sale of goods

Revenue from the sale of goods is normally recognised when the significant risks and rewards of ownership of the goods have been transferred from the Company to the buyer.

Interest, royalties and dividends

Revenue is recognised when the economic benefits associated with the transaction are likely to flow to the Company and when the amount of the revenue can be measured reliably. Interest is recognised as revenue using the effective interest method. Royalties are recognised on an accrual basis in accordance with the economic substance of the agreement. Dividend revenue is recognised when the right to receive payment is established.

Basis of consolidation

Subsidiaries

Subsidiaries are companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise exercises control. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits. Accounting for business acquisitions is based on the accounting entity method. This means that the purchase price allocation is prepared when the acquirer obtains control. From this point onwards, the acquirer and the acquired entity are regarded as one accounting entity. Application of the accounting entity method also means that all assets (including goodwill), liabilities, income and expenses are included in their entirety even for partly-owned subsidiaries.

For subsidiaries, cost is measured as the sum of the acquisition-date fair values of assets given, plus liabilities incurred or assumed, equity instruments issued, expenses directly attributable to the acquisition and any additional consideration. The purchase price allocation determines, with a few exceptions, the acquisition-date fair values of the identifiable assets acquired and liabilities assumed and non-controlling interest. Non-controlling interests are measured at the acquisition-date fair value. The acquired company's income and expenses, identifiable assets and liabilities and any goodwill or negative goodwill that has arisen are included in the consolidated financial statements from the date of acquisition.

Associates

Shareholdings in associates, in which the Group holds a minimum of 20% and a maximum of 50% of the votes or otherwise has significant influence over financial and operating policies, are reported according to the equity method. The equity method means that the carrying amount of shares in associates corresponds to the Group's share of the associates' equity, any residual values of surplus or deficit values, including goodwill and negative goodwill, minus any internal gains. The Group's share of associates' profit after tax adjusted for any amortisation or recognition of acquired surplus or deficit values, including amortisation of goodwill/recognition of negative goodwill, is reported under Profit/loss from investments in associates in the consolidated income statement. Dividends received from associates reduce the carrying amount. Any shares of profit earned after the acquisition of an associate that have not yet been realised through a dividend are allocated to the equity method reserve.

Elimination of transactions between Group companies, associates and jointly controlled entities

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full.

Accounting policies – Parent Company

The Parent Company's accounting policies are consistent with those set out above in the consolidated financial statements, apart from the following cases.

Financial assets and liabilities

– Shares in subsidiaries, associates and jointly controlled entities
Shares in subsidiaries, associates and jointly controlled entities are recognised at cost less accumulated impairment losses. In addition to the purchase price, cost comprises expenditure directly attributable to the acquisition.

– Tax

Deferred tax attributable to untaxed reserves is not reported separately in the Parent Company.

– Provisions

A provision is recognised in the balance sheet when the Company has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

On initial recognition, provisions are measured at the best estimate of the amount that will be required to settle the obligation at the reporting date. The provisions are reviewed at each reporting date.

– Anticipated dividend

As the Parent Company holds more than half of the votes for all shares in the subsidiary, dividends are recognised when the right to receive a dividend is considered established and the amount can be measured reliably.

– Group contributions and shareholder contributions

Group contributions received/provided are recognised as an appropriation in the income statement. The Group contribution received/provided has affected the Company's current tax.

Shareholder contributions provided without any issued shares or other equity instruments being received in exchange are recognised in the balance sheet as an increase in the carrying amount of the share.

NOTE 2 ACCOUNTING ESTIMATES AND ASSESSMENTS

Preparation of final accounts and application of accounting policies are often based on management's assessments, accounting estimates and assumptions that are considered reasonable in the current circumstances. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable under the prevailing conditions. Results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates. The accounting estimates and assumptions are reviewed regularly.

According to Company management, significant assessments in the accounting policies applied and sources of estimation uncertainty within the Group and Parent Company are primarily related to intangible assets, inventory valuation and receivables.

Intangible assets

Significant risks in the financial reporting are primarily related to the carrying amount of intangible assets. The carrying amount is dependent on the future market for the Company's services developing as expected. At 31 March 2019, the assessment is that the carrying amount of these items does not exceed their fair value.

Receivables

Receivables are recognised net of the provision for doubtful trade receivables. The provision for doubtful trade receivables is based on individual assessment. The net value corresponds to the value expected to be obtained.

It is management's assessment that the current provision is sufficient.

Inventories

Inventories are measured at the lower of cost and net realisable value. Calculation of net realisable value is based on factors such as assessments of future sales prices, which also take into account expected price reductions. The actual outcome of future sales prices may differ from the assessments made.

NOTE 3 NET SALES PER GEOGRAPHICAL MARKET

	GROUP	
<i>Net sales per geographical market</i>	2018/19	2017
Europe	3,832.7	61.7
US	1,136.0	373.3
Sweden	109.2	11.6
Other	676.1	60.9
	5,754.0	507.5

	PARENT COMPANY	
<i>Net sales per geographical market</i>	2018/19	2017
Europe	415.2	244.9
Sweden	0.4	-
Other	0.8	-
	416.4	244.9

NOTE 4 OTHER OPERATING INCOME

	GROUP	
	2018/19	2017
Marketing contributions	226.7	-
Exchange gains on operating receivables/liabilities	10.2	3.1
Reversal of reserves	18.3	-
Indemnities	37.8	-
Insurance compensation	5.0	-
Other	35.3	-0.4
	333.3	2.7

	PARENT COMPANY	
	2018/19	2017
Exchange gains on operating receivables/liabilities	12.9	3.3
Other	0.3	0.0
	13.2	3.3

NOTE 5 AUDITORS' FEES AND REMUNERATION

	GROUP	
	2018/19	2017
<i>EY</i>		
Audit services	1.7	0.7
Tax advisory services	-	0.1
Other services	5.7	0.4
<i>Other auditors</i>		
Audit services	3.2	0.0
Tax advisory services	1.1	0.3
Other services	0.1	-

	PARENT COMPANY	
	2018/19	2017
<i>EY</i>		
Audit services	0.5	0.3
Tax advisory services	-	0.1
Other services	1.8	0.2

The item 'audit services' comprises examination of the annual financial statements, accounting records and administration of the business by the CEO and Board, other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of such other procedures.

NOTE 6 EMPLOYEES, PERSONNEL EXPENSES AND BOARD FEES

Average number of employees	2018/19	men, %	2017	men, %
Parent Company				
Sweden	3	100%	3	100%
Total, Parent Company	3	100%	3	100%
Subsidiaries				
Sweden	81	84%	22	95%
Austria	111	77%	18	72%
Germany	230	79%	39	90%
Czech Republic	97	74%	1	100%
US	170	77%	27	95%
UK	132	75%	3	100%
Other	202	78%	30	73%
Total, subsidiaries	1,023	78%	140	86%
Group, total	1,026	78%	143	87%

Gender distribution – senior executives	31/03/2019 female, %	31/12/2017 female, %
Parent Company		
Board	20%	60%
Other senior executives	0%	0%
Group, total		
Board	2%	24%
Other senior executives	0%	25%

Salaries, other benefits and social security contributions, including pension costs

	2018/19		2017	
	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent Company (of which pension costs)	3.6	2.2 (0.8)	2.6 ¹⁾	1.3 (0.4)
Subsidiaries (of which pension costs)	674.8	151.5 (49.2)	63.7	15.3 (2.7)
Group, total ³⁾ (of which pension costs)	678.4 ²⁾	153.7 (50.0)	66.3 ²⁾	16.6 (3.1)

¹⁾ SEK 0.5 (previous year 0.2) million of the Parent Company's pension costs relates to the Company's CEO and Board. The Company's outstanding pension obligations to these individuals are - (previous year -).

²⁾ SEK 4.6 (0.8) million of the Group's pension costs relate to CEOs and Boards in the Group. The Group's outstanding pension obligations to these individuals are - (previous year -).

³⁾ Some companies have classified remuneration of self-employed individuals as a payroll expense in the income statement. In total, the remuneration amounts to SEK 14.2 (previous year 9.6) million. The amount does not include the total SEK 678.4 (66.3) million in the table above.

<i>Salaries and employee benefits (Board and CEO, Other employees)</i>	2018/19		2017	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company (of which bonus etc.)	2.1 [-]	1.5	2.4 [-]	0.2
Subsidiaries (of which bonus etc.)	60.5 (8.9)	614.3	5.0 (0.4)	58.7
Group, total (of which bonus etc.)	62.6 (8.9)	615.8	7.4 (0.4)	58.9

<i>Remuneration of Senior executives</i>	2018/19							Pension obligation
	Basic salary, Board fees	Variable remuneration	Other benefits	Pension costs	Financial instruments etc.	Other remuneration	Total	
Kicki Wallje Lund	0.5	0.7	-	-	-	-	1.2	-
Lars Wingefors (Board member and CEO)	1.1	-	-	0.3	-	-	1.4	-
Pia Rosin	0.1	-	-	-	-	-	0.1	-
Maria Segolsson	0.1	-	-	-	-	-	0.1	-
Erik Stenberg	0.9	-	-	0.2	-	-	1.1	-
Jacob Jonmyren	0.2	0.2	-	-	-	-	0.4	-
Ulf Hjalmarsson	0.2	-	-	-	-	-	0.2	-
Other senior executives (five) ¹⁾	17.9	5.1	-	1.4	-	-	24.4	-
Total	21.0	6.0	-	1.9	-	-	28.9	-

¹⁾ Remuneration of other senior executives has been paid from the company in which they are employed. For other employees, remuneration is paid from the Parent Company.

<i>Remuneration of Senior executives</i>	2017							Pension obligation
	Basic salary, Board fees	Variable remuneration	Other benefits	Pension costs	Financial instruments etc.	Other remuneration	Total	
Kicki Wallje Lund	0.5	-	-	-	-	-	0.5	-
Lars Wingefors (Board member and CEO)	1.0	-	-	0.3	-	-	1.2	-
Pia Rosin	0.2	-	-	-	-	-	0.2	-
Maria Segolsson	0.2	-	-	-	-	-	0.2	-
Erik Stenberg	0.7	-	-	0.2	-	-	0.9	-
Other senior executives (two) ¹⁾	3.1	-	-	0.4	-	-	3.5	-
Total	5.8	-	-	0.8	-	-	6.6	-

¹⁾ Remuneration of other senior executives has been paid from the company in which they are employed. For other employees, remuneration is paid from the Parent Company.

Termination benefits

THQ Nordic and its CEO and CFO must observe a notice period of three months. In addition to the notice period, both the CEO and CFO are entitled to termination benefits corresponding to three months' salary, provided THQ Nordic terminated the employment contract and the CEO or CFO has not been dismissed.

Other CEOs have a notice period in the Group varying from 3 to a maximum of 6 months, with remuneration paid until employment is terminated. The other senior executives are entitled to a notice period with remuneration up to 6 months. The executives must observe the same notice period.

NOTE 7 OTHER OPERATING EXPENSES

	GROUP	
	2018/19	2017
Exchange losses on operating receivables/liabilities	-	-0.2
	-	-0.2

NOTE 8 OPERATING LEASES

	GROUP	
	31/03/2019	31/12/2017
<i>Leases where the Company is lessee</i>		
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	46.4	4.4
Between one and five years	151.7	5.7
After five years	19.4	-
	217.5	10.1
	2018/19	2017
Lease payments recognised in financial year	40.5	3.0

Lease costs mainly refer to external premises rent.

	PARENT COMPANY	
	31/03/2019	31/12/2017
<i>Leases where the Company is lessee</i>		
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	0.2	0.2
Between one and five years	0.4	-
	0.6	0.2
	2018/19	2017
Lease payments recognised in financial year	0.2	0.1

The Parent Company has rented premises from a related company in 2018/2019. The agreement continues indefinitely.

NOTE 9 PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES

	PARENT COMPANY	
	2018/19	2017
Impairment of shares in subsidiaries	-71.0	-1.4
	-71.0	-1.4

NOTE 10 PROFIT/LOSS FROM FINANCIAL ASSETS

	PARENT COMPANY	
	2018/19	2017
Exchange gains on long-term loans to subsidiaries	8.5	4.2
	8.5	4.2

NOTE 11 INTEREST AND SIMILAR INCOME

	GROUP	
	2018/19	2017
Interest income, other	2.5	0.0
Exchange gains	0.9	-
	3.4	0.0
	PARENT COMPANY	
	2018/19	2017
Interest income, Group companies	22.8	11.4
Exchange gains	0.9	-
	23.7	11.4

NOTE 12 INTEREST AND SIMILAR EXPENSES

	GROUP	
	2018/19	2017
Exchange losses	-13.6	-
Interest expenses, other	-17.7	-6.2
Other finance costs	-1.3	-
	-32.6	-6.2
	PARENT COMPANY	
	2018/19	2017
Losses on disposal of short-term investments	-0.6	-
Exchange losses	-19.0	-
Interest expenses, other	-8.9	-6.1
	-28.5	-6.1

NOTE 13 APPROPRIATIONS, OTHER

	PARENT COMPANY	
	2018/19	2017
Difference between tax and recognised amortisation – IP rights	-	-2.4
Tax allocation reserve, transfers	-3.9	-37.9
Tax allocation reserve, reversals	-	0.5
	-3.9	-39.8

NOTE 17 PUBLISHING AND DISTRIBUTION RELATIONSHIPS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	-	-
Business acquisitions	205.5	-
Translation differences for the period	2.9	-
At end of period	208.4	-
<i>Accumulated amortisation</i>		
At beginning of period	-	-
Amortisation for the period	-46.6	-
Translation differences for the period	-0.7	-
At end of period	-47.3	-
Carrying amount at end of period	161.2	-

NOTE 18 FILM RIGHTS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	-	-
Business acquisitions	164.7	-
Investments for the period	107.8	-
Translation differences for the period	3.8	-
At end of period	276.3	-
<i>Accumulated amortisation</i>		
At beginning of period	-	-
Amortisation for the period	-135.7	-
Translation differences for the period	-1.9	-
At end of period	-137.6	-
Carrying amount at end of period	138.7	-

NOTE 19 GOODWILL

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	24.7	-
Business acquisitions	877.7	24.5
Translation differences for the period	3.6	0.2
At end of period	906.0	24.7
<i>Accumulated amortisation</i>		
At beginning of period	-1.0	-
Amortisation for the period	-75.1	-1.0
Translation differences for the period	0.3	0.0
At end of period	-75.8	-1.0
Carrying amount at end of period	830.2	23.7

NOTE 20 PROJECTS IN PROGRESS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	300.8	175.3
Business acquisitions	228.2	6.8
Transferred to Completed development projects	-519.0	-174.1
Investments for the period	1,105.8	322.4
Disposals		-6.3
Reclassifications	61.9	
Advances deducted during period		-29.9
Translation differences for the period	25.7	6.6
At end of period	1,203.4	300.8
<i>Accumulated amortisation</i>		
At beginning of period		-0.9
Disposals		6.3
Amortisation for the period	-88.1	-5.3
Translation differences for the period	-0.6	-0.1
At end of period	-88.7	0.0
Carrying amount at end of period	1,114.7	300.8

	PARENT COMPANY	
	31/03/2019	31/12/2017
At beginning of period	10.6	2.9
Reclassifications	-	-2.9
Investments for the period	17.1	10.6
Carrying amount at end of period	27.7	10.6

NOTE 21 OTHER INTANGIBLE ASSETS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	72.6	-
Business acquisitions	13.8	61.9
Investments for the period	3.0	10.7
Reclassifications	-72.5	-
Translation differences for the period	0.2	-
At end of period	17.0	72.6
<i>Accumulated impairment</i>		
At beginning of period	-0.2	-
Amortisation for the period	-5.5	-0.2
Reclassifications	0.2	-
Translation differences for the period	-0.1	-
At end of period	-5.6	-0.2
Carrying amount at end of period	11.4	72.4

	PARENT COMPANY	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	10.6	2.9
Reclassifications	-10.6	-2.9
Investments for the period	-	10.6
Carrying amount at end of period	-	10.6
<i>Accumulated impairment</i>		
At beginning of period	-0.2	-
Amortisation for the period	-	-0.2
Reclassifications	0.2	-
At end of period	-	-0.2
Carrying amount at end of period	-	10.4

NOTE 22 BUILDINGS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	-	-
Investments for the period	108.7	-
Business acquisitions	7.3	-
Translation differences for the period	1.6	-
At end of period	117.6	-
<i>Accumulated impairment</i>		
At beginning of period	-	-
Depreciation for the period	-3.6	-
Translation differences for the period	0.0	-
At end of period	-3.6	-
Carrying amount at end of period	114.0	-

NOTE 23 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	GROUP	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	12.5	5.9
Business acquisitions	19.6	1.5
Investments for the period	32.0	4.9
Translation differences for the period	1.6	0.2
At end of period	65.7	12.5
<i>Accumulated impairment</i>		
At beginning of period	-4.4	-2.3
Depreciation for the period	-19.3	-2.1
Translation differences for the period	-0.4	-0.1
At end of period	-24.1	-4.4
Carrying amount at end of period	41.6	8.1

	PARENT COMPANY	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	0.3	0.3
At end of period	0.3	0.3
<i>Accumulated impairment</i>		
At beginning of period	-0.3	-0.2
Depreciation for the period	0.0	-0.1
At end of period	-0.3	-0.3
Carrying amount at end of period	0.0	0.0

NOTE 24 INVESTMENTS IN GROUP COMPANIES

	PARENT COMPANY	
	31/03/2019	31/12/2017
<i>Accumulated cost</i>		
At beginning of period	95.7	1.6
Investments for the period	1,923.8	94.1
At end of period	2,019.6	95.7
<i>Accumulated impairment</i>		
At beginning of period	-2.3	-0.9
Impairment for the period	-71.0	-1.4
At end of period	-73.3	-2.3
Carrying amount at end of period	1,946.3	93.4

	Number of shares	Holding, %	31/03/2019	31/12/2017
			Carrying amount	Carrying amount
THQ Nordic GmbH, FN366280y, Vienna, Austria		100	0.3	0.3
We Sing Company Holding AB, 556997-4255, Karlstad, Sweden	500	100	0.1	0.1
Foxglove Studios AB, 556997-4271, Färentuna, Sweden	500	100	7.8	8.0
Mirage Game Studios AB, 559043-8437, Karlstad, Sweden	500	100	0.0	0.0
Pieces Interactive AB, 556744-4384, Skövde, Sweden	585,904	100	5.9	5.9
Experiment 101 AB, 559019-9609, Stockholm, Sweden	500	100	8.0	79.0
Coffee Stain Holding AB, 556995-0180, Skövde, Sweden	9,015	100	864.0	
Koch Media Holding GmbH, 482610x, Höfen, Austria	3,500	100	926.8	
Bugbear Entertainment Oy, 1586716-8, Helsinki, Finland	900	90	133.2	
Other subsidiaries, dormant or of minor importance			0.2	0.2
			1,946.3	93.4

Business acquisitions during the financial year

Koch Media Holding GmbH, Coffee Stain Holding AB and Bugbear Entertainment Oy were acquired during the year.

NOTE 25 NON-CURRENT RECEIVABLES FROM GROUP COMPANIES

Accumulated cost	PARENT COMPANY	
	31/03/2019	31/12/2017
At beginning of period	146.3	142.1
Translation differences for the year	8.4	4.2
At end of period	154.7	146.3

NOTE 26 INVESTMENTS IN ASSOCIATES

Accumulated cost	GROUP	
	31/03/2019	31/12/2017
At beginning of period	-	-
Business acquisitions	13.9	-
Profit/loss from investments in associates and jointly controlled entities	0.4	-
Carrying amount at end of period	14.3	-

GROUP	Share of equity	Share of votes	Number of shares	Carrying amount
Other Tales Interactive ApS	20%	20%	12,500.0	0.5
Ghost Ship Games ApS	35%	35%	28,000.0	13.8
				14.3

GROUP	Reg. no.	Reg'd office	Equity	Earnings
Other Tales Interactive ApS	38 20 09 09	Copenhagen	0.0	-0.3
Ghost Ship Games ApS	37 98 98 19	Copenhagen	0.0	8.4

Accumulated cost	PARENT COMPANY	
	31/03/2019	31/12/2017
At beginning of period	-	-
Acquisitions during the year	70.0	-
Carrying amount at end of period	70.0	-

PARENT COMPANY	Share of equity	Share of votes	Number of shares	Carrying amount
Coffee Stain Publishing AB	30%	30%	450	70.0
				70.0

PARENT COMPANY	Reg. no.	Reg'd office	Equity	Earnings
Coffee Stain Publishing AB	559073-7069	Skövde	42.7	32.8

NOTE 27 DEFERRED TAX

	GROUP			Net
	31/03/2019			
	Deferred tax assets	Deferred tax liabilities, current	Deferred tax liabilities, non-current	
<i>Significant temporary differences</i>				
Untaxed reserves	-	-	29.9	-29.9
Intangible assets	13.7	54.3	185.4	-226.0
Property, plant and equipment	6.9		1.5	5.4
Other temporary differences	26.0		1.0	25.0
Tax loss carryforwards	134.5			134.5
Other unused tax credits	0.6			0.6
Deferred tax assets/liabilities	181.7	54.3	217.8	-90.4
Offsetting	-	-	-	-
Deferred tax assets/liabilities (net)	181.7	54.3	217.8	-90.4

	PARENT COMPANY
	31/03/2019
<i>Significant temporary differences</i>	Deferred tax liabilities
Deferred tax liabilities attributable to untaxed reserves	21.0

	GROUP		
	31/12/2017		
	Deferred tax assets	Deferred tax liabilities	Net
<i>Significant temporary differences</i>			
Untaxed reserves	-	20.2	-20.2
IP rights	-	3.3	-3.3
Other intangible assets	-	13.7	-13.7
Other temporary differences	0.6	-	0.6
Tax loss carryforwards	2.2	-	2.2
Other unused tax credits	-	-	-
Deferred tax assets/liabilities	2.8	37.2	-34.4
Offsetting	-	-	-
Deferred tax assets/liabilities (net)	2.8	37.2	-34.4

	PARENT COMPANY
	31/12/2017
<i>Significant temporary differences</i>	Deferred tax liabilities
Deferred tax liabilities attributable to untaxed reserves	20.2

NOTE 28 OTHER NON-CURRENT RECEIVABLES

	GROUP	
	31/03/2019	31/12/2017
At beginning of period	-	
Business acquisitions	0.2	
Carrying amount at end of period	0.2	

NOTE 29 PREPAYMENTS AND ACCRUED INCOME

	GROUP	
	31/03/2019	31/12/2017
Accrued income	88.5	16.5
Prepaid rents	5.0	-
Other items	23.1	0.3
	116.6	16.8

	PARENT COMPANY	
	31/03/2019	31/12/2017
Prepaid insurance premiums	0.1	0.1
Prepaid financing expenses	3.4	-
Prepaid interest expenses	1.2	-
Other items	0.4	0.1
	5.1	0.2

NOTE 30 SHARE CAPITAL

The Company's share capital consists of 9,000,000 Class A shares and 93,567,974 Class B shares. The shares are denominated in SEK and the par value of each share is SEK 0,008333. Each Class A share entitles the holder to 10 votes and each Class B share entitles the holder to one vote at general meetings.

NOTE 31 PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

The Board proposes that the unrestricted equity of SEK 4,948,954 thousand be allocated as follows:

Carried forward	4,948,954
Total	4,948,954

NOTE 32 EARNINGS PER SHARE

	GROUP	
	31/03/2019	31/12/2017
Earnings per share, SEK	4.68	1.88
Profit for the period, SEK thousand	396,817	139,169
Weighted average number of shares outstanding, thousands	84,831	73,927

There are no outstanding conversion loans, subscription options or similar in THQ Nordic, which could cause potential dilution for shareholders. In accordance with the Board's proposal, the Annual General Meeting in May 2018 passed a resolution authorising the Board on one or more occasions before the next AGM to decide on the issue of Class B shares, convertibles and/or warrants with the right to convert to or subscribe for a number for Class B shares, with or without derogation from shareholders' preferential rights, corresponding to a maximum of ten (10) percent of the total number of shares in the Company, to be settled in cash, by payment in kind and/or by way of set-off.

In accordance with the Board's proposal, the EGM on 8 March passed a resolution authorising the Board on one or more occasions before the next AGM to decide on the issue of Class B shares, convertibles and/or warrants with the right to convert to or subscribe for a number for Class B shares, with or without derogation from shareholders' preferential rights, corresponding to a maximum of three (3) percent of the total number of shares in the Company after completion of the rights issue of 6,267,338 Class B shares and registration of the issue in connection with the acquisition of 18point2, to be settled in cash, by payment in kind and/or by way of set-off.

NOTE 33 ACCUMULATED ACCELERATED AMORTISATION

	PARENT COMPANY	
	31/03/2019	31/12/2017
IP rights	9.3	9.3
	9.3	9.3

NOTE 34 TAX ALLOCATION RESERVES

	PARENT COMPANY	
	31/03/2019	31/12/2017
Allocated for financial year 2014	13.9	13.9
Allocated for financial year 2015	13.4	13.4
Allocated for financial year 2016	17.2	17.2
Allocated for financial year 2017	37.9	37.9
Allocated for financial year 2018/19	3.9	
	86.3	82.4

NOTE 35 PROVISIONS FOR PENSIONS

	GROUP	
	31/03/2019	31/12/2017
<i>Pension obligations</i>		
At beginning of period	-	-
Business acquisitions	35.4	-
Pension provisions for the period	2.3	-
Translation differences for the period	1.2	-
Net changes in previous provisions	-1.2	-
At end of period	37.7	-
<i>Pension obligation secured through payments</i>		
At beginning of period	-	-
Business acquisitions	-15.9	-
Translation differences for the period	-0.6	-
Paid-in funds	-1.6	-
Net changes in previously paid-in funds	-0.3	-
At end of period	-18.4	-
Carrying amount at end of period	19.3	-

NOTE 36 OTHER PROVISIONS

	GROUP	
	31/03/2019	31/12/2017
Provision for returns, price adjustments, customer bonuses and complaints	312.8	
Calculated additional consideration	47.2	3.6
Provision for disputes	33.8	
Provision for personnel expenses	26.4	
Other	9.2	
	429.4	3.6
Of which expected to be settled within 12 months	360.9	-
Of which expected to be settled after 12 months	68.5	3.6

	PARENT COMPANY	
	31/03/2019	31/12/2017
Additional consideration	3.6	3.6
	3.6	3.6

31/03/2019	Opening balance	Business combinations	Amounts utilised	Reversal of reserve	Provision during period	Translation differences	Closing balance
Provision for additional consideration	3.6				43.6		47.2
Provision for personnel expenses		21.3	-7.3		11.9	0.5	26.4
Provision for price reductions, returns, customer bonuses and complaints		267.1	-233.6	-3.6	276.7	6.2	312.8
Provision for disputes and legal fees		10.6	-5.5	-1.3	29.5	0.6	33.8
Other		5.0	-2.5	-0.2	6.8	0.2	9.2
	3.6	303.9	-249.0	-5.1	368.5	7.5	429.4

Provision for returns, price adjustments, customer bonuses and complaints

The amounts for the period's provisions and amounts utilised during the period refer primarily to the cost of sold games and volume bonuses to customers.

Additional consideration

Contingent consideration of SEK 47.2 million has been calculated in connection with three acquisitions. The final contingent consideration which corresponds to the provisions at 31 March 2019 is largely dependent on the revenue development for each game over a certain period from the launch date

Disputes and fees

The provision for costs associated with disputes and fees is based on the expected outcome of active legal proceedings. The provision is based on the Group's assessment of the outcome after obtaining a legal opinion from independent legal experts. The increase in the provision for disputes and fees is based on current risk assessments in the ongoing proceedings.

Provision for personnel expenses

Refers to expected payments over a future period of 40 years regarding contractual obligations for personnel (anniversary benefits, bonuses and other personnel provisions regarding post-employment benefits that are not pensions/termination benefits. These provisions relate to obligations in Austria, Italy, France and Spain).

NOTE 39 ACCRUALS AND DEFERRED INCOME

	GROUP	
	31/03/2019	31/12/2017
Deferred income	95.9	-
Accrued personnel-related expenses	39.5	10.5
Accrued royalties/commission	112.6	23.2
Audit and consulting expenses	1.0	0.8
Accrued expenses for merchandise	103.0	1.4
Provision for returns etc	36.7	-
Other items	31.1	3.4
	418.8	39.3

	PARENT COMPANY	
	31/03/2019	31/12/2017
Accrued personnel-related expenses	0.6	0.3
Audit and consulting expenses	1.4	0.3
Accrued Board fees	0.2	-
Accrued interest expenses	1.1	-
Other items	0.1	0.2
	3.4	0.9

NOTE 37 NON-CURRENT LIABILITIES

The Group does not have any liabilities due for payment after five years.

NOTE 38 CURRENT ACCOUNT CREDIT FACILITIES

	GROUP	
	31/03/2019	31/12/2017
Credit limit granted	250.0	250.0
Unutilised portion	-226.9	-140.2
Utilised credit amount	23.1	109.8
	PARENT COMPANY	
	31/03/2019	31/12/2017
Credit limit granted	250.0	250.0
Unutilised portion	-226.9	-140.2
Utilised credit amount	23.1	109.8

In addition to the unutilised current account credit facilities, the Group had unutilised credit of SEK 1,260.9 [-] million at the reporting date.

The Group's total cash & cash equivalents, short-term investments and unutilised credit facilities were SEK 4,416.9 million on 31 March 2019, compared with SEK 766.8 million on 31 December 2017.

NOTE 40 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP	
	31/03/2019	31/12/2017
Pledged assets		
<i>For own liabilities and provisions</i>		
<i>Current account credit facilities/Other liabilities to credit institutions</i>		
<i>Floating charges</i>	252.4	256.3
<i>Property mortgages</i>	62.5	-
<i>Shares in subsidiaries</i>	405.2	-
	720.1	256.3
Total pledged assets	720.1	256.3
Contingent liabilities	51.4	None

Contingent liabilities

The amount refers to guarantor liability for invoices sold to independent parties, referred to as forfaiting. Against the background of previous sales, guarantee risk is considered negligible.

	PARENT COMPANY	
	31/03/2019	31/12/2017
Pledged assets		
<i>For own liabilities and provisions</i>		
<i>Current account credit facilities/Other liabilities to credit institutions</i>		
<i>Floating charges</i>	250.0	250.0
<i>Shares in subsidiaries</i>	1,180.0	-
<i>Receivables from Group companies</i>	154.8	-
	1,584.8	250.0
Total pledged assets	1,584.8	250.0
Contingent liabilities	None	None

NOTE 41 RELATED PARTY TRANSACTIONS

- THQ Nordic GmbH sold games to Game Outlet Europe AB for 12.4 (11.4) million during 2018/19.
- Quantic Labs S.R.L.¹⁾ invoiced THQ Nordic GmbH for QA services totalling SEK 10.8 (3.5) million.
- Gaya Entertainment GmbH¹⁾ invoiced Koch Media GmbH for merchandise sales of SEK 1.8 (-) million.
- Gaya Entertainment GmbH¹⁾ invoiced THQ Nordic GmbH for merchandise sales of SEK 2.9 (1.5) million.
- THQ Nordic GmbH invoiced Gaya Entertainment GmbH¹⁾ for products and services amounting to SEK 5.7 (-) million.
- Quantic Labs S.R.L.¹⁾ invoiced Koch Media GmbH for services amounting to SEK 0.5 (-) million.
- Koch Media GmbH invoiced Game Outlet Europe AB for services amounting to SEK 8.1 (-) million.
- Game Outlet Europe AB invoiced Koch Media GmbH for services amounting to SEK 0.7 (-) million.
- THQ Nordic GmbH invoiced Quantic Labs S.R.L.¹⁾ for services amounting to SEK 0.9 (-) million.
- THQ Nordic GmbH invoiced Game Outlet Europe AB for services amounting to SEK 0.7 (-) million.
- THQ Nordic AB has a rental agreement with Lars Wingefors AB. THQ Nordic AB paid SEK 0.3 (0.2) million in rent and a further SEK 0.1 (0.0) million for other services to companies in the Lars Wingefors AB Group.

¹⁾ Companies owned by Nordic Games Group AB, a group owned [100%] by Lars Wingefors, Erik Stenberg, Mikael Broden, Pelle Lundborg, Klemens Kreuzer and Reinhard Pollice.

NOTE 42 INTEREST PAID AND DIVIDEND RECEIVED

	GROUP	
	31/03/2019	31/12/2017
Interest received	2.5	0.0
Interest paid	-17.7	-4.2
	PARENT COMPANY	
	31/03/2019	31/12/2017
Interest received	-	-
Interest paid	-8.9	-4.1

NOTE 43 CASH & CASH EQUIVALENTS

	GROUP	
	31/03/2019	31/12/2017
<i>Components of cash & cash equivalents</i>		
Bank deposits	2,429.7	626.5
	2,429.7	626.5
	PARENT COMPANY	
	31/03/2019	31/12/2017
Bank deposits	2,166.8	571.9
	2,166.8	571.9

NOTE 44 OTHER CASH FLOW DISCLOSURES

	GROUP	
	2018/19	2017
<i>Adjustments for non-cash items</i>		
Depreciation/amortisation	1,018.0	84.4
Unrealised exchange differences	5.6	-
Gains/losses on sale of non-current assets	-	2.6
Other non-cash movements	-62.8	-0.2
	960.8	86.8
	PARENT COMPANY	
	2018/19	2017
Depreciation/amortisation	240.3	69.1
Exchange gain on non-current receivable	-8.5	-
Impairment of shares in subsidiaries	71.0	-
	302.8	69.1

NOTE 45 ACQUISITIONS OF SUBSIDIARIES*Acquisitions in 2018/19*

Company	Operations	Acquisition date	Capital and votes	Sales in Group, 2018/19
Koch Media Holding GmbH	Media group specialising in game development and publishing, and distribution of films and games	14/02/2018	100%	4,743.5
Handy Games GmbH	Game developer and publisher, smaller games	09/07/2018	100%	24.0
Coffee Stain Holding AB	Game developer and publisher	14/11/2018	100%	111.6
Bugbear Entertainment Oy	Game developer, racing games	14/11/2018	100%	6.3
				4,885.4

NOTE 46 GROUP INFORMATION

Of the Parent Company's total purchases and sales measured in SEK, 10.8 (18.7) percent of purchases and 98.0 (100.0) percent of sales are related to other companies within the group of companies to which the company belongs.

NOTE 47 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There are plans to change the name of the Parent Company and the Group and this will be announced after the end of the financial year in the form of a proposal to the Annual General Meeting.

Johan Ekström was appointed Group CFO. He has a solid background in accounting, reporting and financial control through previous positions at Crem International, Permobil and PwC. Erik Stenberg, co-founder of THQ Nordic and outgoing CFO, has been promoted to a strategic role as Deputy Group CEO. The Parent Company has been further strengthened through new recruitments bringing expertise in compliance, control and the Group's work on best practice.

KPMG has been appointed internal auditor. Koch Media announced plans for further expansion in Europe by establishing an office in Warsaw, Poland.

An acquisition after the end of the financial year is Milan-based Milestone s.r.l., a leading developer and publisher of racing games, and responsible for successful game titles such as MotoGP, MXGP, RIDE and Monster Energy Supercross. In addition, the operations of Piranha Bytes were acquired. Piranha Bytes is the creator of the critically acclaimed game series Gothic®, Risen® och ELEX®, Goodbye Kansas Game Invest AB, and Gunfire Games, LLC based in Austin, Texas. Gunfire is the developer behind the critically acclaimed game series Darksiders®, Chronos® and Remnant from the ashes®. The Partner Publishing/Film business area has grown, with three acquisitions

after the end of the financial year: Gaya Entertainment GmbH, Game Outlet Europe AB and KSM GmbH.

The operations and assets of Foxglove Studios AB have been sold to a company owned by the previous employees. The reason for the sale is that the business has not been able to achieve sustained profitability.

After the end of the financial year, several major agreements were signed with regard to upcoming game titles for digital subscription, streaming and download services on various platforms. Revenue will be recognised after the games have been launched.

On 5 April, Koch Media received a statement of objections from the European Commission concerning historical occurrences of geo-blocking. Provisions have been recognised in the presented financial statements and additional provisions have been arranged after the reporting date. Management considers that together they are sufficient to cover all costs and fees that may arise.

NOTE 48 KPI DEFINITIONS

Average number of employees: Number of employees in average during the period.

Earnings per share: Profit for the year divided by the average number of shares outstanding during the year

EBIT: Earnings before interest and taxes

EBITDA: Earnings before interest, taxes, depreciation and amortisation

EBIT margin: EBIT as a percentage of net sales

EBITDA-margin: EBITDA as a percentage of net sales

Equity/assets ratio: Total equity + 78 percent of untaxed reserves divided by total assets

Net sales growth: Comparison between current period net sales and net sales for the corresponding period in the previous year

Operating margin: Operating profit divided by net sales.

Karlstad, 26 August 2019

Ulf Hjalmarsson

Kicki Wallje Lund
Chairman

Jacob Jonmyren

Erik Stenberg

Lars Wingefors
CEO

Our audit report was submitted on 26 August 2019

Ernst & Young AB

Ulrich Adolfsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of THQ Nordic AB (publ), corporate identity number 556582-6558

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of THQ Nordic AB (publ) for the financial year 2018-01-01 – 31/03/2019. The annual accounts and consolidated accounts of the company are included on pages 35 – 67 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 March 2019 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1 – 34 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance

with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of THQ Nordic AB (publ) for the financial year 2018-01-01 – 31/03/2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Karlstad, 26 August 2019
Ernst & Young AB

Ulrich Adolfssohn
Authorised Public Accountant

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING 17 SEPTEMBER

The Annual General Meeting of THQ Nordic AB, reg. no. 556582-6558, will be held at 3.00 p.m. on Tuesday 17 September 2019 at Elite Stadshotellet, Kungsgatan 22 in Karlstad. The doors open at 2.30 p.m.

PARTICIPATION

Shareholders wishing to attend the AGM must

- be registered in Euroclear Sweden AB's share register on the record date, which is Wednesday 11 September 2019; and
- send notification of their attendance, with details of any advisors (maximum two), no later than Wednesday 11 September 2019.

NOTIFICATION

Written notification may be sent by post to Baker & McKenzie Advokatbyrå KB, Att: Ian Gulam, Box 180, 101 23 Stockholm (please mark the envelope "THQ AGM 2019") or by email to ian.gulam@bakermckenzie.com.

The notification should include:

- the full name, personal or corporate identity number, shareholding, class of shares, address, phone number and, where applicable, information about representatives, proxies or advisors.
- The notification should, where applicable, be accompanied by proxy forms, registration certificates and other authorisation documents.

IR CONTACT

Lars Wingefors, CEO

Mobile: +46 708 47 19 78

Email: lwingefors@thqnordic.com

You are also welcome to ask a question or make an enquiry by email: ir@thqnordic.com

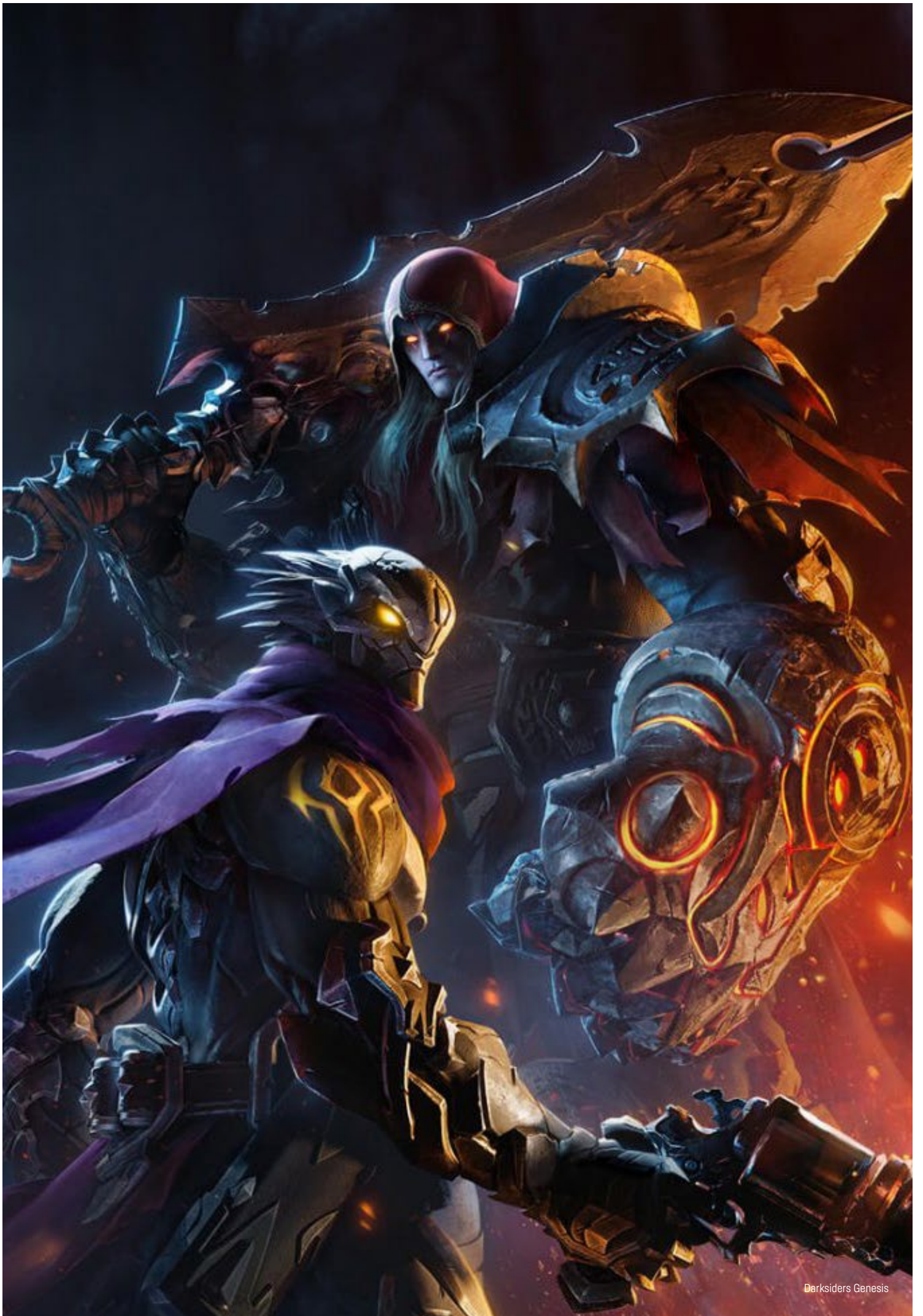
NOMINEE-REGISTERED SHARES

Shareholders who have registered their shares in the name of a nominee through a bank or other trustee must, through the trustee, temporarily register the shares in their own name in order to be entitled to attend the meeting. This registration process, which normally takes a few days, must be completed by Wednesday 11 September 2019 and the request should therefore be submitted to the trustee well in advance of this date.

PROXIES ETC.

Shareholders represented by proxy shall issue a written and dated proxy form. If the proxy form is issued by a legal entity, it must be accompanied by a certified copy of the registration certificate or similar authorisation document showing that the persons who have signed the proxy form are qualified signatories for the legal entity. The proxy form may not be more than one year old. However, this does not apply if it can be shown to be valid for a longer period, although not exceeding five years. To facilitate admission to the meeting, a copy of the proxy form and any registration certificate should have been received by the Company at the address above by 11 September 2019. The original proxy form and the registration certificate must also be presented at the meeting. Proxy forms are available on the Company's website, www.thqnordic-investors.com, and will be sent free of charge to shareholders who so request and provide their postal address.

For full information and agenda, see the notice on www.thqnordic-investors.com





THQ NORDIC AB (PUBL)

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