

# Q3 2018 Interim Report

14 Nov 2018

**THQ**NORDIC



## Today's presenter:

- Lars Wingefors
- Co-Founder & Group CEO

# Q3 2018 highlights

Net sales  
SEK 1,273m

YoY growth  
1,403%

EBITDA  
SEK 215m

YoY growth  
521%

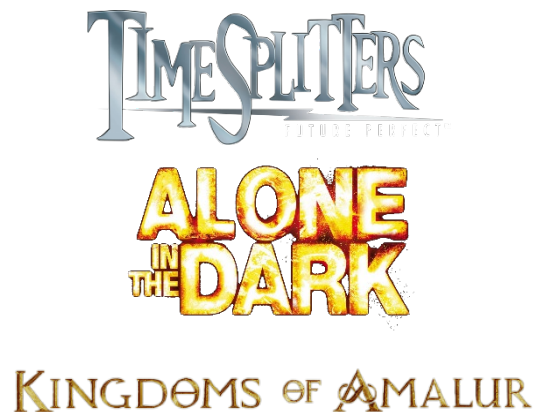
EBIT  
SEK 91m

YoY growth  
278%

14 releases in Games



3 IP acquisitions



1 studio acquisition







**1. Q3 2018 financials update**

DARKSIDERS III

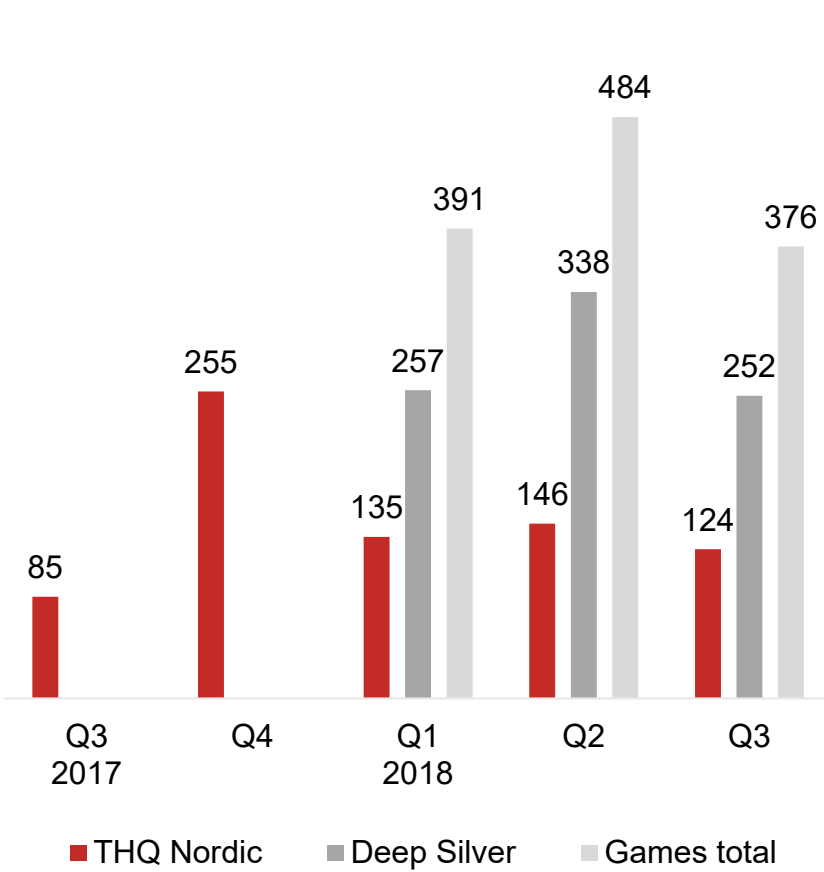
## Key PnL metrics

SEK million	Q3			Jan–Sep		
	2018	2017	Change	2018	2017	Change
Net sales	1,273	85	1403%	2,743	252	988%
EBITDA	215	35	521%	648	116	457%
EBIT	91	24	278%	251	86	191%
EBITDA margin	17%	41%		24%	46%	
EBIT margin	7%	28%		9%	34%	

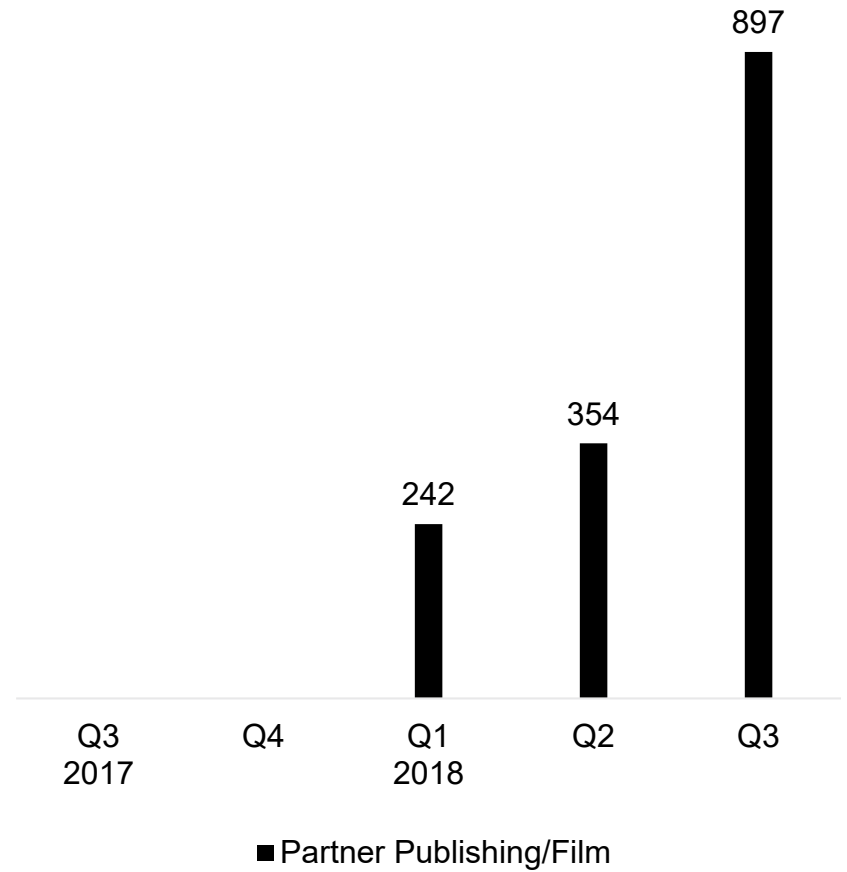


# Net sales by business area

## Games

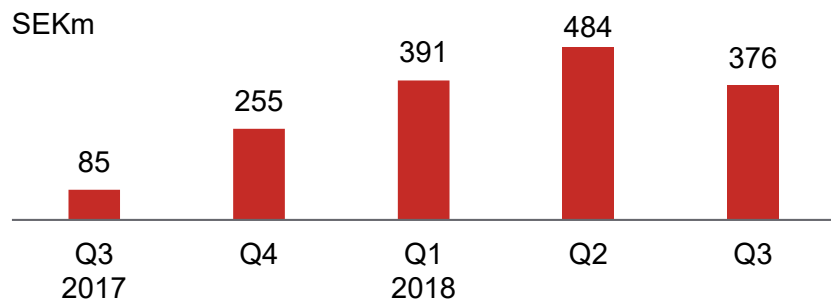


## Partner Publishing/Film

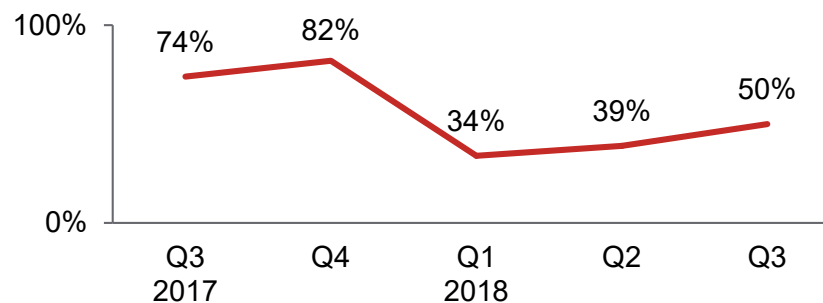


# Net sales breakdown – Games business area

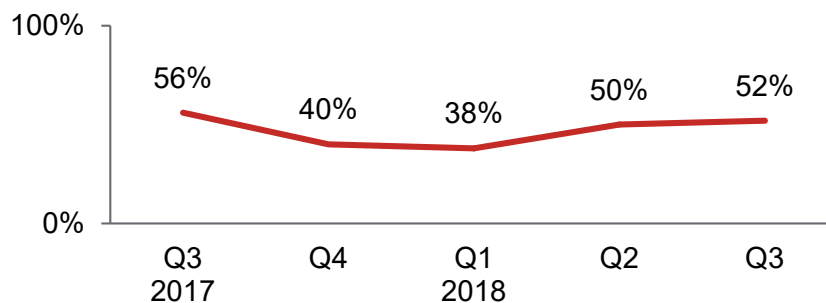
## Net sales



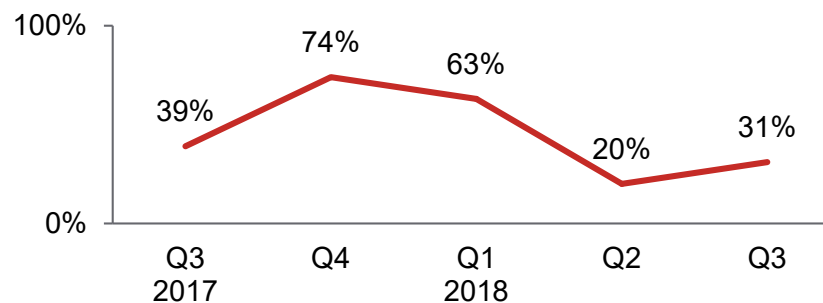
## Owned titles (rest is publishing titles)



## Digital (rest is physical)



## New releases (rest is back catalogue)



# Cash flow

SEK million	Q3		Jan–Sep	
	2018	2017	2018	2017
Cash flow from operating activities before changes in working capital	224	33	553	104
Change in working capital	-964	-4	-429	-23
Cash flow from operating activities after changes in working capital	-740	29	124	81
Cash flow from investing activities	-284	-94	-1,180	-221
Cash flow from financing activities	857	607	1,772	640
Cash flow for the period	-167	542	716	500

## Depreciation and investments

SEK million	2017		2018		
	Q3	Q4	Q1	Q2	Q3
Depreciation and amortization					
IP acquisitions	-3.5	-3.8	-4.1	-3.0	-2.8
Game development	-6.5	-43.4	-65.5	-112.1	-85.8
Partner Publishing/Film	-	-	-44.4	-30.9	-27.9
Goodwill	-	-	-1.2	-1.2	-2.2
Other intangible assets	-	-	-0.4	-2.7	-0.7
Investments					
External game development & advances	58.9	54.2	115.3	114.0	131.8
Internal capitalized development	19.2	33.0	57.6	93.5	102.0
IP Acquisitions	3.8	-	-	0.2	21.6
Investments in films	-	-	6.4	32.4	17.3
Other investments in intangible assets	-	10.6	5.2	-1.6	0.6
Finalized and completed development	39.8	133.9	122.9	47.4	50.1



## Balance sheet

SEK million	2018 30 Sep	2018 30 Jun	2017 31 Dec
Intangible assets	2,172	2,028	571
Property, plant and equipment	142	145	8
Financial assets	200	206	3
Inventories	212	179	30
Current receivables	1,402	610	90
Cash and bank balance	1,346	1,514	627
<b>Total assets</b>	<b>5,474</b>	<b>4,683</b>	<b>1,329</b>
Share capital	1	1	1
Other capital reserves	2,357	2,357	811
Recognized profit including profit for the period	473	422	261
Provisions	331	319	41
Non-current liabilities	207	–	–
Current liabilities	2,105	1,584	215
<b>Total equities and liabilities</b>	<b>5,474</b>	<b>4,683</b>	<b>1,329</b>
Interest-bearing receivables	1,346	1,514	627
Interest-bearing liabilities amount to	1,321	450	110

- Intangible assets of SEK 2,172m at 30 Sep 2018 comprising:
  - Finished, completed games of SEK 175m
  - Ongoing game development projects of SEK 1,575m
  - IP:s, films, partner publishing, goodwill and other intangible assets of SEK 422m



## 2. Release activity



# Releases in Q3 | Games

14 releases in business area Games in Q3 2018



PC PS4 XB1  
IP: Own



Switch  
IP: Own



Switch  
IP: Own



Switch  
IP: Own



PC PS4 XB1  
Switch IP: Own



PC  
IP: 3rd party



PC  
IP: 3rd party



Switch  
IP: 3rd party



PC PS4 XB1  
IP: 3rd party



PC  
IP: 3rd party

# Releases after Q3 | Games

6 releases in business area Games after Q3 2018



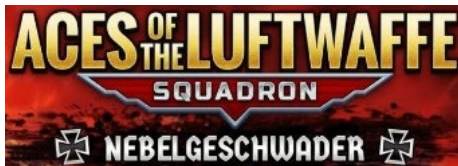
PC PS4 XB1  
IP: 3rd party



PS4 XB1  
IP: 3rd party



Switch  
IP: Own



DLC for: PC PS4 XB1 Switch  
IP: Own



PS4  
IP: 3rd party



Switch Wii PS4  
IP: 3rd party

Mobile games update – Q4 update

SNIPERS VS THIEVES



# Notable releases in Q3 | Partner Publishing/Film



by Codemasters



by Square Enix



by Square Enix



by Sega

## Selected upcoming releases

Football Manager 2019 by Sega

Ride 3 by Milestone

Just Cause 4 by Square Enix

Persona 3: Dancing In Moonlight  
by Atlus/Sega

Persona 5: Dancing In Starlight  
by Atlus/Sega



## **3.** Acquisitions



# Acquisitions in Q3

## 3 IP acquisitions

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KINGDOMS OF AMALUR  
**RECKONING™**

**TIME SPLITTERS**  
FUTURE PERFECT™

**ALONE  
IN THE  
DARK**

## 1 studio acquisition

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**HandyGames™**

**ACES OF THE LUFTWAFFE  
SQUADRON**

**TOWNSMEN**

**TOWNSMEN  
VR**

**clouds  
& SHEEP 2**

- Continued acquisitions prospects look favorable
- Ongoing, patient activity at HQ in Sweden, THQ Nordic Vienna and Koch Media
  - Substantial shortlist of IPs, development studios and publishers



The image is a promotional graphic for the video game Metro Exodus. It features a character in a dark, heavy winter survival suit and a gas mask, standing on a set of snow-covered train tracks. The character is looking away from the viewer, towards a bright, hazy horizon. The environment is a desolate, frozen city street with buildings covered in snow and icicles. The sky is dark and filled with falling snow. The overall atmosphere is one of a harsh, post-apocalyptic winter. The title 'METRO EXODUS' is centered in the upper half of the image in a white, distressed, blocky font. The word 'METRO' is significantly larger than 'EXODUS'.

# METRO EXODUS

## 4. Pipeline



# Strongest pipeline to date



PC PS4 XB1  
IP: Exclusive license



PC PS4 XB1  
IP: Own  
Plus 2 DLCs



PS4 XB1  
IP: 3rd party



PC PS4 XB1  
IP: Own



PC PS4 XB1  
IP: Own



PC PS4 XB1  
IP: 3rd party



PC PS4  
IP: 3rd party



PC PS4 XB1  
IP: 3rd party



PS4 XB1 Switch  
IP: 3rd party

**In total**  
**55 projects**  
(20 announced and  
35 unannounced)



# DARKSIDERS III

27 NOVEMBER 2018

Q&A

