



**paradox**  
INTERACTIVE

# INTERIM REPORT

JANUARY - JUNE 2022

\*Please note that this is a translation for information purposes only – in case of any discrepancies between this version and the Swedish, the Swedish version shall prevail.



# INTERIM REPORT

## JANUARY - JUNE 2022

### SECOND QUARTER

- Revenues amounted to MSEK 458.8 (MSEK 403.0), an increase by 14 % compared to the same period last year.
- Operating profit amounted to MSEK 213.6 (MSEK 111.4), an increase by 92 %.
- Profit after financial items amounted to MSEK 213.0 (MSEK 110.3), and profit after tax amounted to MSEK 170.1 (MSEK 88.3).
- Cash flow from operating activities amounted to MSEK 261.8 (MSEK 262.3), and cash flow from investing activities amounted to MSEK -230.2 (MSEK -212.3).
- By the end of the period cash amounted to MSEK 594.9 (MSEK 651.0).
- Earnings per share before dilution amounted to SEK 1.61 (SEK 0.84) and after dilution SEK 1.61 (SEK 0.84).
- Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Europa Universalis IV, Hearts of Iron IV and Stellaris.

### IMPORTANT EVENTS IN THE SECOND QUARTER

- New downloadable content for the following games was released during the quarter; Overlord for Stellaris, Fate of Iberia for Crusader Kings III, New Alliances for Surviving the Aftermath and Gangs for Prison Architect.
- New ports were released during the quarter; Shadowrun Trilogy.
- New ports of downloadable content were released during the quarter; Nemesis for Stellaris.

### FIRST SIX MONTHS

- Revenues amounted to MSEK 934.9 (MSEK 767.5), an increase by 22 % compared to the same period last year.
- Operating profit amounted to MSEK 422.0 (MSEK 203.9), an increase by 107 %.
- Profit after financial items amounted to MSEK 420.7 (MSEK 201.8), and profit after tax amounted to MSEK 338.7 (MSEK 165.1).
- Earnings per share before dilution amounted to SEK 3.21 (SEK 1.56) and after dilution SEK 3.20 (SEK 1.56).

*\*Note 1, p.18, was updated 2 August 11:00 CEST.*



## COMMENTS BY THE CEO

### Back on track

In the first half of 2022, we have continued on our path and have deepened our strategy and management portfolio with good releases and broadened our player base, while maintaining good cost control. Simultaneously, the exchange rates have provided us with further tailwinds. The effects are noticeable in, among other things, a strong profit margin of 46 percent during the second quarter of the year.

Behind the quarter's results are the changes that we initiated at the end of 2021. We have been able to implement measures in our publishing business at a higher rate than we first predicted. A good example is our marketing and sales, where we have increased both efficiency and results. In the period, we strengthened revenues and increased the number of monthly active players, while at the same time reducing marketing expenses. The work is not over and there are gains to be made in other part of our operations, but we are still proud of the progress we have made and continue to make.

### Our recipe for growth

The foundation for our growth and success is to have recurring revenue via really good downloadable content for our active core games while we simultaneously renew and broaden our portfolio with new titles. In the past six months, we have therefore put a lot of energy into increasing the release rate and the quality of our downloadable content. It is a work without a real end, and it slowly but surely helps us to build a solid pipeline of downloadable content for the future.

The key to attaining recurring revenues is having dedicated players which we can provide with game experiences that holds a high quality for a long time. To be able to offer that, we have direct dialogue with the players and strive to bolster the community that is created between all those who spend their time on our games. We therefore continue to put a lot of energy into our community and will work to make it an even bigger part of our gaming experience. The players' creativity and ability to share it with each other has always been a central part of Paradox's vision and it is something we will continue to develop in the future.

Concerning our core pipeline, we have been conspicuously silent about our portfolio of new titles, but during fall we look forward to being able to provide one or a few updates regarding future game releases. In addition, we hope to be able to present some of the small experiments we have worked on alongside our core business.

### Staying on course

Last but not least, we must be humble and acknowledge that there are never any guarantees for a gaming company like Paradox. We have always had large variations between quarters and likely always will. The challenge is to stay the course and focus on the right things, especially when the outside world is in a flux. We have a very strong foundation to stand on with robust finances, control over our most important titles and a strong creative team. Although the quarters will continue to vary, I feel more confident than ever that we can keep our plotted course and continue our growth journey.

Fredrik Wester, CEO



## RELEASES IN THE PERIOD



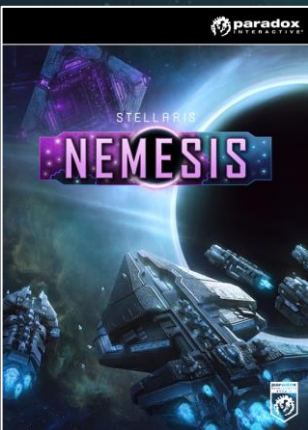
### **Stellaris: Overlord**

**Release date:** 12 May 2022

**Platforms:** PC

**Description:** Overlord grants access to new features designed to unlock the next level of your empire. Guide a galaxy full of potential subjects to glory - or subjugation. New mechanics provide many ways to specialize your vassals' roles within your empire, bring new planets and subjects under your reign, and new magnificent megastructures to project your power further, faster.

**Developer:** Paradox Development Studio



### **Stellaris: Console Edition - Nemesis**

**Release date:** 3 May 2022

**Platforms:** XBOX ONE, PLAYSTATION 4

**Description:** In Nemesis the player will be able to determine the fate of a destabilizing galaxy. Adding espionage tools, a path to power as the Galactic Custodian to combat endgame crises - or the Menace option to become the endgame crisis - Nemesis gives you the most powerful tools ever available in Stellaris.

**Developer:** Paradox Development Studio and Tantalus Media



## RELEASES IN THE PERIOD



### Crusader Kings III: Fate of Iberia

**Release date:** 31 May 2022

**Platforms:** PC

**Description:** The sun-kissed lands of Iberia await your glorious rule with Crusader Kings III: Fate of Iberia flavour pack. Deeply rich in history, culture and people, the peninsula's medieval destiny is ready to be shaped by your majestic hand, be it clad in conciliatory velvet or as an iron fist.

**Developer:** Paradox Development Studio



### Shadowrun Trilogy

**Release date:** 21 June 2022

**Platforms:** XBOX ONE, XBOX SERIES X|S, PLAYSTATION 4, PLAYSTATIONS 5, NINTENDO SWITCH

**Description:** The Shadowrun Trilogy is a collection of three critically acclaimed role-playing games in the iconic fantasy-cyberpunk Shadowrun setting. All three games have been updated for console players with upscaled graphics, improved performance, and controller-optimized gameplay.

**Developer:** Harebrained Schemes and Codeglue

## RELEASES IN THE PERIOD



### **Surviving the Aftermath: New Alliances**

**Release date:** 16 June 2022

**Platforms:** PC, XBOX ONE, PLAYSTATION 4, NINTENDO SWITCH

**Description:** Become the Leader of the surviving societies in Surviving the Aftermath: New Alliances. The future of humanity is in your hands: new settlements - and new enemies - arise, and what was just a memory of civilization can become a reality. Find allies, fight common enemies, and unite the Wasteland!

**Developer:** Icedragon Studios



### **Prison Architect: Gangs**

**Release date:** 14 June 2022

**Platforms:** PC, XBOX ONE, PLAYSTATION 4, NINTENDO SWITCH

**Description:** Prison Architect: Gangs introduces Gang warfare. Bring order to your prison and manage its boiling point by reforming gang members and protecting your inmates and staff.

**Developer:** Double Eleven



## FINANCIAL OVERVIEW

### REVENUE AND PROFIT SECOND QUARTER

Revenues amounted to MSEK 458.8 (MSEK 403.0), an increase by 14 % compared to the same period last year. New downloadable content for the following games was released during the quarter; Overlord for Stellaris, Fate of Iberia for Crusader Kings III, New Alliances for Surviving the Aftermath and Gangs to Prison Architect. New ports were released during the quarter; Shadowrun Trilogy. New ports of downloadable content were released during the quarter; Nemesis for Stellaris. Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Europa Universalis IV, Hearts of Iron IV and Stellaris.

Cost of goods sold amounted to MSEK 197.2 (MSEK 204.2), attributable to game development, development support, operation and maintenance of games, as well as royalties to external rights holders. The costs for game development have increased in comparison to the previous period. Amortisation of released games during the period amounts to MSEK 85.9 (MSEK 56.2). The amortisations have increased, in part as an effect of games released on new platforms where the group has received cost coverage and the development cost has been amortised directly in connection with release, and in part as a result of new games released. The write-downs for the period in cost of goods sold amount to MSEK 0.0 (MSEK 42.0).

Amortisations of licenses, trademarks and similar rights amounts to SEK 21.4 million (SEK 20.3 million).

In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 79.3 (MSEK 78.7) was expensed regarding non-capitalised development costs, development support, operation and maintenance of games, and royalties.

Non-capitalised development costs have increased compared with the comparison period as the capitalisation of the group's externally developed games starts in a later development phase than the previous period. Costs for development support, operation and maintenance of games are lower than

the comparison period. Costs for royalties are in line with the comparison period.

Selling expenses for the period amounted to MSEK 39.8 (MSEK 55.6). The decrease is mainly explained by measures to increase efficiency that has taken place within the marketing organisation, but also by reduced event costs, as the Group's trade fair PDXCON will take place in September, instead of in May as last year.

Administrative expenses for the period amounted to MSEK 24.1 (MSEK 28.9). Costs for administration are generally unchanged over time and are relatively unaffected by other operations, this quarter as well.

Other income amounted to MSEK 17.6 (MSEK 1.0), and other expenses to MSEK -1.6 (MSEK -3.9). Other income and other expenses consist primarily of exchange rate effects on the group's cash and cash equivalents, operating receivables, and operating liabilities during the quarter.

Operating profit amounted to MSEK 213.6 (MSEK 111.4), an increase by 92 %. Financial items amounted to MSEK -0.6 (MSEK -1.1). Financial items primarily consist of interest on lease liabilities. Profit after financial items amounted to MSEK 213.0 (MSEK 110.3), and profit after tax amounted to MSEK 170.1 (MSEK 88.3).

### FINANCIAL POSITION

Capitalised development amounted to MSEK 1,407.1 (MSEK 1,119.8) by the end of the period.

Licenses, brands, and similar rights amounted to MSEK 198.7 (MSEK 267.0).

Goodwill amounted to MSEK 21.5 (MSEK 20.4) attributable to the acquisition of Iceflake Studios.

Right-of-use assets for offices amounted to MSEK 149.1 (MSEK 182.3).

Shares in associates amount to MSEK 31.7 (MSEK 25.0) by the end of the period, relating mainly to 33 % of shares in Seattle-based development studio Hardsuit Labs. The shares are valued at the equity method.



Accounts receivable amounted to MSEK 137.4 (MSEK 118.3).

Cash and cash equivalents amounted to MSEK 594.9 (MSEK 651.0).

Shareholders' equity amounts to MSEK 1,910.3 (MSEK 1,566.7), of which MSEK 338.7 (MSEK 165.1) consists of accumulated profit for the year.

Long term lease liabilities amount to MSEK 118.8 (MSEK 165.1) consisting of liabilities for office premises.

Deferred tax liabilities amount to MSEK 158.4 (MSEK 186.8), mainly relating to untaxed reserves and intangible assets from acquisitions.

Short term lease liabilities amount to MSEK 32.9 (MSEK 34.6) consisting of short-term liabilities for office premises.

Other current liabilities amount to MSEK 34.4 (MSEK 67.1), the decrease mainly consists of payments made on acquisitions.

Accrued expenses and prepaid income amounts to MSEK 300.8 (MSEK 381.0) by the end of the period. Accrued costs for variable remuneration to employees have increased in relation to the comparison period because of a higher overall profit. Prepaid revenue is lower than the comparison period due to fewer ongoing pre-orders and season passes.

### **CASH FLOW SECOND QUARTER**

Cash flow from operating activities amounted to MSEK 261.8 (MSEK 262.3), primarily attributable to the operating profit and adjustments for items not included in the cash flow. Cash flow from investing activities amounted to MSEK -230.2 (MSEK -212.3), mainly referring to investments in game development. Cash flow from financing activities amounted to MSEK -114.4 (MSEK -114.0) relating mainly to dividends to shareholders.

### **THE FIRST SIX MONTHS IN SUMMARY**

Revenues amounted to MSEK 934.9 (MSEK 767.5) an increase by 22 % compared to the same period last year. Cost of goods sold amounted to MSEK 411.9 (MSEK 407.0), primarily attributable to game development, development support, operation and

maintenance of games, as well as royalties to third parties. Write-downs within cost of goods sold amounts to MSEK 0.0 (MSEK 76.5). Cost of royalties is higher compared to the same period last year due to higher sales of royalty generating games. Operating profit amounted to MSEK 422.0 (MSEK 203.9), an increase by 107 %. Profit after financial items amounted to MSEK 420.7 (MSEK 201.8), and profit after tax amounted to MSEK 338.7 (MSEK 165.1). Cash flow from operating activities amounted to MSEK 498.2 (MSEK 407.9). Cash flow from investing activities amounted to MSEK -387.7 (MSEK -401.5). Cash flow from financing activities amounted to MSEK -123.2 (MSEK -122.5).

### **RELATED-PARTY TRANSACTIONS**

No transactions have taken place between the group and related parties that have affected the group's position and results.

### **PARENT COMPANY SECOND QUARTER**

Within the parent company is the publishing operations, which acts as the main publisher for all the group's games. The parent company also to some extent provides administration services to the subsidiaries. To a large extent, the subsidiaries only have intra-group sales for game development invoiced to the parent company. In 2022, the parent company paid royalties to internal development studios, with the effect that the item cost of goods sold is higher in the parent company than in the group. Parent company revenues for the quarter amounted to MSEK 451.7 (MSEK 402.4). Operating profit amounted to MSEK 103.9 (MSEK 115.2). Profit after financial items amounted to MSEK 103.8 (MSEK 115.0). Profit after tax amounted to MSEK 82.4 (MSEK 91.3).

### **ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting as well as RFR 1 and the annual accounts act. The parent company applies the Swedish Financial Reporting Board's recommendation RFR 2, accounting for legal entities. Accounting principles and calculation bases are in accordance with the principles applied in the company's most recent annual report. The carrying amount of the Group's long term financial instruments valued at accrued acquisition value essentially





corresponds to its fair value as the interest rate is in parity with current market interest rates. The carrying amount of the Group's short-term financial instruments valued at accrued acquisition value essentially corresponds to its fair value as the discounting effect is not significant. Accounting principles and calculation bases are in accordance with the principles applied in the company's most recent annual report.

### **RISKS AND UNCERTAINTIES**

Paradox is, like most companies, exposed to certain risks in its operations. The risks and uncertainties are described in the Annual Report for 2021, page 36. Risks to be specifically mentioned includes a dependency on key employees, dependency on a few sales partners, delays of game projects, low revenues from game releases, and foreign currency. These risks and uncertainties may have a direct or indirect impact on the group's financial position and results.



## **FINANCIAL CALENDAR**

Interim report January-September 2022 2022-11-01  
Year-end report 2022 2023-02-07

## **CONTACT**

Additional information about the company can be found on the corporate website [www.paradoxinteractive.com](http://www.paradoxinteractive.com). The company can be contacted by e-mail, [ir@paradoxinteractive.com](mailto:ir@paradoxinteractive.com), or by post Paradox Interactive AB, Magnus Ladulåsgatan 4, 118 66, Stockholm, Sweden.

## **ASSURANCE BY THE BOARD OF DIRECTORS**

The board of directors hereby provide an assurance that the interim report provides a true and fair view of the parent company's and the group's business, positions, and earnings, and describe the significant risks and uncertainties faced by the companies making up the group.

Stockholm 2 August, 2022  
The Board of Directors

This report has not been subject to special review by the company's auditors.

This information is information that Paradox Interactive AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication 08:00 CEST on August 2, 2022.



## KEY FIGURES FOR THE GROUP

	<b>2022-04-01</b>	<b>2021-04-01</b>	<b>2022-01-01</b>	<b>2021-01-01</b>	<b>2021-01-01</b>
	<b>2022-06-30</b>	<b>2021-06-30</b>	<b>2022-06-30</b>	<b>2021-06-30</b>	<b>2021-12-31</b>
Revenues, KSEK	458 806	403 003	934 902	767 532	1 447 456
Operating profit, KSEK	213 596	111 381	422 047	203 889	307 453
Profit after financial items, KSEK	213 025	110 267	420 699	201 841	303 926
Profit after tax, KSEK	170 128	88 346	338 671	165 078	247 770
Operating margin	47%	28%	45%	27%	21%
Profit margin	46%	27%	45%	26%	21%
Equity/assets ratio	71%	63%	70%	63%	66%
Equity per share before dilution, SEK	18,09	14,84	18,09	14,84	15,73
Equity per share after dilution, SEK	18,05	14,80	18,05	14,80	15,70
Earnings per share before and after dilution, SEK	1,61	0,84	3,21	1,56	2,35
Earnings per share before and after dilution, SEK	1,61	0,84	3,20	1,56	2,34
Number of shares by the end of the period before dilution	105 600 000	105 600 000	105 600 000	105 600 000	105 600 000
Number of shares by the end of the period after dilution	105 853 350	105 853 350	105 853 350	105 853 350	105 853 350
Average number of shares before dilution	105 600 000	105 600 000	105 600 000	105 600 000	105 600 000
Average number of shares after dilution	105 815 348	105 786 898	105 828 411	105 853 371	105 755 565
Average number of employees	666	712	688	701	716
Number of employees by the end of the period	657	715	657	715	721

For definitions of key figures, see the annual report.



## GROUP INCOME STATEMENT (KSEK)

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Revenues	458 806	403 003	934 902	767 532	1 447 456
Cost of goods sold	-197 230	-204 232	-411 934	-406 985	-880 971
<b>Gross profit</b>	<b>261 577</b>	<b>198 770</b>	<b>522 968</b>	<b>360 547</b>	<b>566 485</b>
Selling expenses	-39 812	-55 580	-81 616	-111 488	-192 867
Administrative expenses	-24 084	-28 892	-45 890	-54 769	-102 899
Other income	17 561	1 017	28 265	13 567	40 841
Other expenses	-1 646	-3 935	-1 680	-3 968	-4 107
<b>Operating profit</b>	<b>213 596</b>	<b>111 381</b>	<b>422 047</b>	<b>203 889</b>	<b>307 453</b>
Financial income	644	71	729	172	545
Financial expense	-1 215	-1 185	-2 077	-2 220	-4 072
<b>Profit after financial items</b>	<b>213 025</b>	<b>110 267</b>	<b>420 699</b>	<b>201 841</b>	<b>303 926</b>
Tax	-42 896	-21 922	-82 028	-36 763	-56 157
<b>Profit for the period</b>	<b>170 128</b>	<b>88 346</b>	<b>338 671</b>	<b>165 078</b>	<b>247 770</b>

Profit for the period is attributable to the shareholders of the parent company.

Earnings per share before dilution, SEK	1,61	0,84	1,60	0,78	2,35
Earnings per share after dilution, SEK	1,61	0,84	1,60	0,78	2,34

## OTHER COMPREHENSIVE INCOME (KSEK)

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2021-01-01 2022-06-30	2020-01-01 2021-06-30	2021-01-01 2021-12-31
Profit for the period	170 128	88 346	338 671	165 078	247 770
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	10 820	-7 863	14 112	-919	9 185
<b>Other comprehensive income</b>	<b>10 820</b>	<b>-7 863</b>	<b>14 112</b>	<b>-919</b>	<b>9 185</b>
<b>Total comprehensive income for the period</b>	<b>180 948</b>	<b>80 483</b>	<b>352 783</b>	<b>164 159</b>	<b>256 955</b>

Profit for the period is attributable to the shareholders of the parent company.





# GROUP BALANCE SHEET (KSEK)

	2022-06-30	2021-06-30	2021-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	1 407 103	1 119 761	1 198 502
Licenses, brands and similar rights	198 712	267 002	232 480
Goodwill	21 512	20 394	20 600
Property and equipment	19 441	24 250	22 021
Right-of-use assets	149 131	182 286	165 272
Investments in associates	31 703	25 039	31 082
Other long term assets	18 642	1 245	18 589
<b>Total non-current assets</b>	<b>1 846 246</b>	<b>1 639 977</b>	<b>1 688 546</b>
<b>Current assets</b>			
Accounts receivable	137 361	118 346	133 780
Tax assets	7 307	-	19 821
Other receivables	59 191	27 948	24 534
Prepaid expenses and accrued revenue	52 208	46 967	56 287
Cash and cash equivalents	594 867	651 029	599 724
<b>Total current assets</b>	<b>850 933</b>	<b>844 290</b>	<b>834 147</b>
<b>TOTAL ASSETS</b>	<b>2 697 179</b>	<b>2 484 267</b>	<b>2 522 693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	528	528	528
Other capital contributed	27 994	27 994	27 994
Reserves	18 508	-5 707	4 397
Retained earnings	1 524 634	1 378 823	1 380 874
Profit for the period	338 671	165 078	247 770
<b>Total equity</b>	<b>1 910 336</b>	<b>1 566 717</b>	<b>1 661 563</b>
<b>Long term liabilities</b>			
Lease liabilities	118 806	150 875	134 438
Deferred tax liabilities	158 416	186 777	163 606
Other liabilities	-	422	422
<b>Total long term liabilities</b>	<b>277 222</b>	<b>338 074</b>	<b>298 466</b>
<b>Current liabilities</b>			
Accounts payable	93 259	93 664	97 016
Current tax liabilities	48 226	3 060	6 278
Lease liabilities	32 903	34 575	34 536
Other liabilities	34 434	67 148	28 283
Accrued expenses and prepaid revenues	300 800	381 028	396 550
<b>Total current liabilities</b>	<b>509 622</b>	<b>579 477</b>	<b>562 663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 697 179</b>	<b>2 484 267</b>	<b>2 522 693</b>



## CHANGE IN GROUP EQUITY (KSEK)

	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
<b>At the beginning of the period 2022-01-01</b>	528	27 994	4 397	1 628 644	1 661 563
Profit for the period				338 671	338 671
<b>Other comprehensive income</b>					
Translation difference			14 112		14 112
<b>Total other comprehensive income</b>	-	-	<b>14 112</b>	-	<b>14 112</b>
<b>Total comprehensive income</b>	-	-	<b>14 112</b>	<b>338 671</b>	<b>352 783</b>
<b>Transactions with owners</b>					
Share-based payments staff	-	-	-	1 590	1 590
Dividends	-	-	-	-105 600	-105 600
<b>Total transactions with owners</b>	-	-	-	<b>-104 010</b>	<b>-104 010</b>
<b>AT THE END OF THE PERIOD 2022-06-30</b>	<b>528</b>	<b>27 994</b>	<b>18 508</b>	<b>1 863 305</b>	<b>1 910 336</b>
	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
<b>At the beginning of the period 2021-01-01</b>	528	27 994	-4 788	1 484 423	1 508 158
Profit for the period	-	-		165 078	165 078
<b>Other comprehensive income</b>					
Translation difference	-	-	-919	-	-919
<b>Total other comprehensive income</b>	-	-	<b>-919</b>	-	<b>-919</b>
<b>Total comprehensive income</b>	-	-	<b>-919</b>	<b>165 078</b>	<b>164 159</b>
<b>Transactions with owners</b>					
Share-based payments staff	-	-	-	-	-
Dividends	-	-	-	-105 600	-105 600
<b>Total transactions with owners</b>	-	-	-	<b>-105 600</b>	<b>-105 600</b>
<b>AT THE END OF THE PERIOD 2021-06-30</b>	<b>528</b>	<b>27 994</b>	<b>-5 707</b>	<b>1 543 902</b>	<b>1 566 717</b>



## GROUP CASH FLOW STATEMENT (KSEK)

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Cash flow from operations</b>					
Operating profit	213 596	111 381	422 047	203 889	307 453
Adjustment of depreciation, amortisation and write-downs	117 928	128 965	231 827	262 847	589 855
Other adjustments	35	-365	993	-365	-4 235
Interest received	644	71	730	172	545
Interest paid	-1 215	-1 185	-2 076	-2 220	-4 072
Tax paid	-34 304	-27 745	-35 444	-94 951	-150 200
Cash flow before changes in working capital	296 684	211 122	618 077	369 372	739 346
Changes in working capital					
Change in current receivables	-21 046	14 116	-33 827	54 461	42 441
Change in current liabilities	-13 878	37 047	-86 058	-15 890	-45 202
<b>Cash flow from current operations</b>	<b>261 760</b>	<b>262 285</b>	<b>498 192</b>	<b>407 943</b>	<b>736 586</b>
<b>Investing activities</b>					
Investments in capitalised development	-218 814	-211 699	-375 740	-400 521	-744 313
Investments in licenses, brands and similar rights	-	-	-	-	-3 235
Investments in equipment	-350	-568	-838	-972	-1 694
Investments in subsidiaries	-11 055	-	-11 055	-	-
Investments in other financial assets	-25	-	-25	-	-17 333
<b>Cash flow from investing activities</b>	<b>-230 244</b>	<b>-212 267</b>	<b>-387 658</b>	<b>-401 493</b>	<b>-766 574</b>
<b>Financing activities</b>					
Amortisation of lease liability	-8 814	-8 445	-17 555	-16 888	-33 994
Paid dividend	-105 600	-105 600	-105 600	-105 600	-105 600
<b>Cash flow from financing activities</b>	<b>-114 414</b>	<b>-114 045</b>	<b>-123 155</b>	<b>-122 488</b>	<b>-139 594</b>
Cash flow for the period	-82 897	-64 027	-12 620	-116 038	-169 582
Cash and cash equivalents at the beginning of the period	671 219	717 637	599 724	767 561	767 561
Exchange rate effect	6 545	-2 581	7 762	-495	1 746
<b>Cash and cash equivalents at the end of the period</b>	<b>594 867</b>	<b>651 029</b>	<b>594 867</b>	<b>651 029</b>	<b>599 724</b>



## PARENT COMPANY INCOME STATEMENT (KSEK)

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Revenues	451 701	402 407	929 698	764 421	1 446 878
Cost of goods sold	-300 404	-202 095	-616 111	-398 196	-873 604
<b>Gross profit</b>	<b>151 297</b>	<b>200 312</b>	<b>313 587</b>	<b>366 225</b>	<b>573 274</b>
Selling expenses	-38 712	-52 389	-78 258	-105 167	-180 473
Administrative expenses	-24 135	-29 320	-46 049	-55 615	-104 349
Other income	16 832	809	27 044	13 295	34 487
Other expenses	-1 404	-4 262	-1 404	-4 262	-4 262
<b>Operating profit</b>	<b>103 879</b>	<b>115 150</b>	<b>214 920</b>	<b>214 477</b>	<b>318 678</b>
Profit from shares in subsidiaries	-	-	-	-	43 143
Financial income	-	-	-	-	341
Financial expense	-66	-117	-69	-144	-157
<b>Profit after financial items</b>	<b>103 813</b>	<b>115 033</b>	<b>214 851</b>	<b>214 333</b>	<b>362 004</b>
Year-end appropriations	-	-	-	-	68 100
Income tax expense	-21 385	-23 697	-43 839	-44 153	-83 065
<b>Profit for the year and total income for the year</b>	<b>82 427</b>	<b>91 336</b>	<b>171 011</b>	<b>170 180</b>	<b>347 039</b>





## PARENT COMPANY BALANCE SHEET (KSEK)

	2022-06-30	2021-06-30	2021-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	1 280 426	1 113 418	1 185 934
Licenses, brands and similar rights	50 560	73 239	63 625
Property and equipment	11 830	16 823	14 242
Shares in subsidiaries	305 812	305 812	305 812
Investments in associates	16 791	16 766	16 766
Other long term assets	17 393	60	17 393
<b>Total non-current assets</b>	<b>1 682 811</b>	<b>1 526 118</b>	<b>1 603 772</b>
<b>Current assets</b>			
Accounts receivable	134 386	114 458	130 840
Receivables from group companies	38 997	3 927	35 176
Tax assets	7 307	3 767	19 821
Other receivables	51 428	18 138	18 668
Prepaid expenses and accrued revenues	50 470	45 756	55 335
Cash and cash equivalents	357 111	562 343	469 881
<b>Total current assets</b>	<b>639 699</b>	<b>748 388</b>	<b>729 720</b>
<b>TOTAL ASSETS</b>	<b>2 322 510</b>	<b>2 274 506</b>	<b>2 333 492</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	1 280 426	1 113 418	1 185 934
<i>Non-restricted equity</i>			
Share premium reserve	27 994	27 994	27 994
Retained earnings	-113 859	-191 859	-262 325
Profit for the period	171 011	170 180	347 039
<b>Total equity</b>	<b>1 366 100</b>	<b>1 120 261</b>	<b>1 299 171</b>
<b>Untaxed reserves</b>	<b>555 000</b>	<b>623 100</b>	<b>555 000</b>
<b>Long term liabilities</b>			
Other liabilities	-	422	422
<b>Total long term liabilities</b>	<b>-</b>	<b>422</b>	<b>422</b>
<b>Current liabilities</b>			
Accounts payable	61 523	89 784	87 113
Liabilities to group companies	86 980	48 647	21 409
Current tax liabilities	-	-	-
Other liabilities	11 259	51 172	13 740
Accrued expenses and prepaid revenues	241 648	341 120	356 637
<b>Total current liabilities</b>	<b>401 409</b>	<b>530 723</b>	<b>478 899</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 322 510</b>	<b>2 274 506</b>	<b>2 333 492</b>



## NOTES (KSEK)

### NOTE 1. SEGMENT REPORTING

Group Management has determined the operating segments based on the information processed by the CEO and which is the basis for making strategic decisions. The operations consist of one segment.

Group revenue from clients based on where the distributor is located is divided into the following geographical areas;

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
USA	402 399	344 099	819 993	634 405	1 219 196
Sweden	1 452	6 183	3 813	13 807	16 846
Rest of Europe	47 098	43 893	92 810	96 353	176 402
Rest of the World	7 858	8 828	18 286	22 966	35 012
<b>Total</b>	<b>458 806</b>	<b>403 003</b>	<b>934 902</b>	<b>767 531</b>	<b>1 447 456</b>

Group revenue divided into major product categories;

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
PC	384 784	343 548	798 142	634 597	1 187 471
Console	51 399	42 128	101 744	96 672	189 593
Mobile	8 055	14 248	18 147	29 309	53 681
Other	14 567	3 079	16 869	6 953	16 712
<b>Total</b>	<b>458 806</b>	<b>403 003</b>	<b>934 902</b>	<b>767 532</b>	<b>1 447 456</b>

### NOTE 2. DEPRECIATIONS, AMORTISATIONS AND WRITE-DOWNS DIVIDED PER FUNCTION

	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Cost of goods sold	114 850	125 521	225 528	255 962	577 219
Selling expenses	1 299	1 409	1 744	2 819	4 779
Administrative expenses	1 779	2 035	4 555	4 067	7 857
<b>Total</b>	<b>117 928</b>	<b>128 965</b>	<b>231 827</b>	<b>262 847</b>	<b>589 855</b>

## ABOUT PARADOX INTERACTIVE

Paradox Interactive is one of the premier developers and publishers of strategy and management games on PC and consoles. The group today consists of publishing and nine studios in six countries that develop gaming experiences for the company's over five million monthly active users.

The players are located all over the world but some of the biggest markets are North America, Western Europe, Scandinavia and Asia. The game portfolio consists of popular franchises such as Stellaris, Europa Universalis, Hearts of Iron, Crusader Kings, Prison Architect, the Surviving games, Age of Wonders and Victoria. Paradox Interactive also owns the World of Darkness brand catalogue.

Paradox Interactive's headquarters is on Södermalm in Stockholm and is listed on Nasdaq First North Premier Growth Market.

