



paradox
INTERACTIVE

YEAR-END REPORT

JANUARY - DECEMBER 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.



YEAR-END REPORT

JANUARY - DECEMBER 2022

FOURTH QUARTER

- Revenues amounted to MSEK 580.0 (MSEK 390.5), an increase by 49 % compared to the same period last year.
- Operating profit amounted to MSEK 244.5 (MSEK 148.1), an increase by 65 %.
- Profit after financial items amounted to MSEK 244.2 (MSEK 147.5), and profit after tax amounted to MSEK 194.2 (MSEK 115.9).
- Cash flow from operating activities amounted to MSEK 344.2 (MSEK 269.2), and cash flow from investing activities amounted to MSEK -251.7 (MSEK -213.7).
- By the end of the period cash amounted to MSEK 747.5 (MSEK 599.7).
- Earnings per share before and after dilution amounted to SEK 1.84 (SEK 1.10).
- Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Hearts of Iron IV, Stellaris, and Victoria 3.

IMPORTANT EVENTS FOURTH QUARTER

- Victoria 3, developed by Paradox Development Studio, was released.
- Airport Simulator, developed by Playrion Game Studio, was released for iOS and Android.
- Stardeus, developed by Kodo Linija, was released in Early Access.
- New downloadable content for the following games was released during the quarter; Undead and Future Tech for Prison Architect, Shattered Hope for Surviving the Aftermath and Financial Districts for Cities: Skylines.
- New ports of downloadable content were released during the quarter; Northern Lords Flavor Pack for Crusader Kings III.
- The Board proposes a dividend of SEK 2.00 (SEK 1.00) per share.

FULL YEAR 2022

- Revenues amounted to MSEK 1,972.9 (MSEK 1,447.5), an increase by 36 % compared to the same period last year.
- Operating profit amounted to MSEK 887.1 (MSEK 307.5), an increase by 189 %.
- Profit after financial items amounted to MSEK 884.4 (MSEK 303.9), and profit after tax amounted to MSEK 708.7 (MSEK 247.8).
- Earnings per share before dilution amounted to SEK 6.71 (SEK 2.35) and after dilution SEK 6.70 (SEK 2.34).



COMMENTS FROM THE CEO

FULL THROTTLE INTO THE NEXT CHAPTER

It's safe to say we entered 2022 with challenges ahead of us. In the same period last year, our main issues were having a consistently high game quality, a high release cadence and cost control, areas that are the core of every well-functioning gaming company.

At the end of the year, we can see that our efforts have given us a very nice return. We have had good quality in our releases, we have continued to work hard to keep a good release cadence and also made important efficiency improvements. Our efforts to improve will continue as it is a work without a real end, but a profit before tax of SEK 884 million for the full year speaks for itself, we are on the right track. At the same time, it is important not to forget that our results were given a strong boost by a weak SEK, but ultimately this year's results would not have been possible without the entire organisation's solid teamwork.

If we look more closely at the fourth quarter, we can sum it up as a good end to a good year with revenues of SEK 580 million and SEK 244 million in profit before tax; it provides plenty of fuel for the coming years when we will continue to develop, grow, and reach new heights.

The quarter certainly featured exciting releases such as Paradox Arc's Early Access game Stardeus, the mobile game Airport Simulator: First Class, and a number of DLCs. However, the main event of the year and quarter is Victoria 3, which has become an important component in our game portfolio and which, despite high expectations from both us and our fans, has managed to reach its goals. In connection to the release, we also start to amortise Victoria 3's development cost according to a degressive model, which increases the cost of goods sold.

However, the launch of Victoria 3 is not the final verse on a major change, rather it is the beginning of a new intense chapter in Paradox's history. During 2022, we have focused on finding our way back to and strengthening our core business with a focus on our live games. Now, we aim to expand our core as we get ready to release more new games from our pipeline, thereby strengthening our long-term ability to grow revenue and strengthen cash flow. It also means that we enter a more normal state for Paradox, where we may have a higher volatility between quarters.

LET'S GO

The feeling that exists throughout the company is that we are amped up and ready to run at full speed into 2023. In the coming year, our focus is to continue to increase the cadence of downloadable content and build on our recurring revenue, while working hard to deliver the games in our pipeline. Let's go.

Fredrik Wester, CEO





PARADOX INTERACTIVE AT A GLANCE

Paradox Interactive is one of the premier developers and publishers of strategy and management games for PC and consoles. By developing long-lived games with downloadable content, renewing its game portfolio with engaging games and having a close relationship to its players, the company creates the strategy and management segments' best gaming experiences.

The group today consists of publishing business and nine studios in six countries that develop gaming experiences for the company's over five million monthly active players. Amongst its most important active games are Cities: Skylines, Hearts of Iron IV, Crusader Kings III, Europa Universalis IV, Victoria 3, Stellaris, Surviving Mars, Surviving the Aftermath and Prison Architect.

Paradox strives for a healthy profit margin, a stable operating cash flow and strong growth. Thus, enabling stable operations and continuous investments in the company's future.

5+

Million MAU

45 %

R12 profit margin

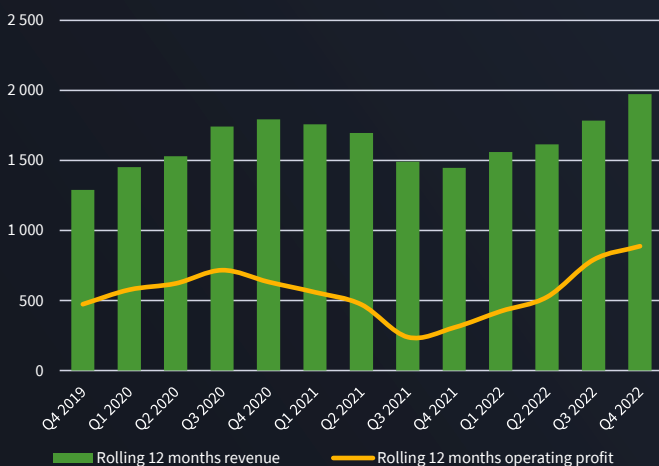
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Active games

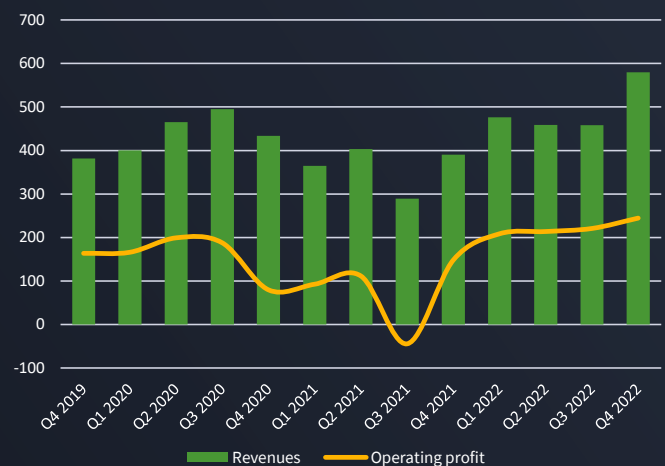
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Games in pipeline

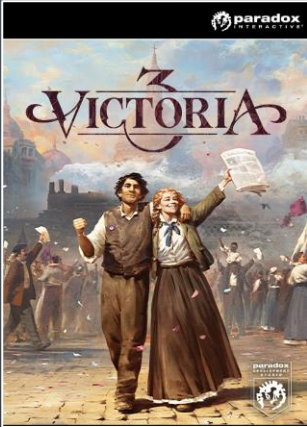
Rolling 12 month revenues and operating profit



Quarterly revenues and operating profit



RELEASES IN THE PERIOD



VICTORIA 3

Release date: 25 October 2022

Platforms: PC

Description: Paradox Development Studio invites you to build your ideal society in the tumult of the exciting and transformative 19th century. Balance the competing interests in your society and earn your place in the sun in Victoria 3, one of the most anticipated games in Paradox's history. Lead dozens of world nations from 1836-1936. Agrarian or Industrial, Traditional or Radical, Peaceful or Expansionist, the choice is yours.

Publisher: Paradox Interactive

Developer: Paradox Development Studio



AIRPORT SIMULATOR: FIRST CLASS

Release date: 12 October 2022

Platforms: iOS, Android

Description: Airport Simulator: First Class allows players to build, develop, and manage the operations of an entire airport, placing everything from security checkpoints to coffee shops, maintaining contracts and schedules with airlines, and optimizing passenger satisfaction from arrival to departure. From initial planning and construction through upgrades and additions, players' airports can grow into massive international hubs, where passengers' needs and flight schedules grow ever more detailed and complex.

Publisher: Playrion Game Studio

Developer: Playrion Game Studio

RELEASES IN THE PERIOD



CITIES: SKYLINES – FINANCIAL DISTRICTS

Release date: 15 November 2022

Platforms: PC, PLAYSTATION 4, XBOX ONE

Description: Boost the economy of your City with a financial district, and use your funds to invest in the best industries for your population. Financial Districts is a mini-expansion from Colossal Order that adds the feature “Investments” and more than a hundred assets to the game.

Publisher: Paradox Interactive

Developer: Colossal Order



CRUSADER KINGS III: CONSOLE EDITION – NORTHERN LORDS

Release date: 17 November 2022

Platforms: XBOX SERIES X|S, PLAYSTATION 5

Description: The drama of the Viking Age comes to vivid life in Northern Lords. In the Flavour Pack, players will experience the Viking life of roaming adventurers, new character traits and exciting events that will challenge all who wish to dine at Odin’s table.

Publisher: Paradox Interactive

Developer: Paradox Development Studio and Lab42

RELEASES IN THE PERIOD



SURVIVING THE AFTERMATH: SHATTERED HOPE

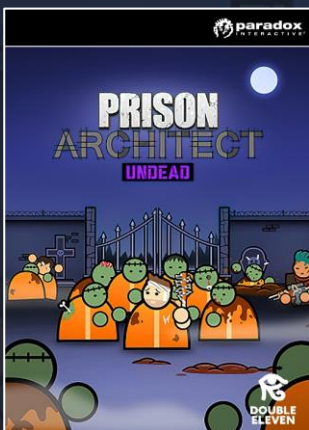
Release date: 3 November 2022

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

Description: The Moon is shattered. Broken. Lost in the vast space above planet Earth. What was once a beacon of hope in the sky has now left survivors to deal with a new, catastrophic void in “Shattered Hope”, the new Expansion for Surviving the Aftermath. Use the Moon’s fragments to your advantage and make sure to keep your hopes up (literally!) to survive.

Publisher: Paradox Interactive

Developer: Iceflake Studios



PRISON ARCHITECT: UNDEAD

Release date: 11 October 2022

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

Description: Undead brings a whole new scenario to Prison Architect: one where the only objective is to survive. Save your inmates and fight off the undead attacks in this new, spooky expansion.

Publisher: Paradox Interactive

Developer: Double Eleven

RELEASES IN THE PERIOD



PRISON ARCHITECT: FUTURE TECH PACK

Release date: 22 November 2022

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

Description: Finally, the day has come! Thanks to our cutting-edge tools, and advanced robotics we have built the perfect correctional facility. No more outbreaks, no more fights: everything will be in order. I just have to push this button and let technology run its course.

Publisher: Paradox Interactive

Developer: Double Eleven



STARDEUS

Release date: 12 October 2022

Platforms: PC

Description: Stardeus is a deep colony sim set on a broken starship manned by drones and hibernating human survivors. As the AI, have your drones repair your ship, save your crew, and travel the stars in this beautiful simulation.

Publisher: Paradox Arc

Developer: Kodo Linija



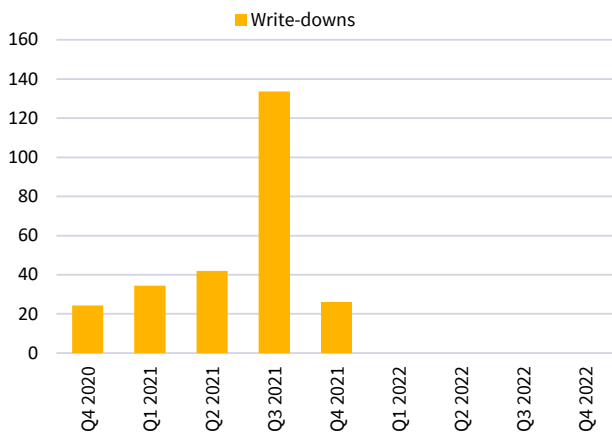
FINANCIAL OVERVIEW

REVENUE AND PROFIT FOURTH QUARTER

Revenues amounted to MSEK 580.0 (MSEK 390.5), an increase by 49 % compared to the same period last year. Victoria 3, developed by Paradox Development Studio, was released. Airport Simulator, developed by Playrion Game Studio, was released for iOS and Android. Stardeus, developed by Kodo Linija, was released in Early Access. New downloadable content for the following games was released during the quarter; Undead and Future Tech for Prison Architect, Shattered Hope for Surviving the Aftermath and Financial Districts for Cities: Skylines. New ports of downloadable content were released during the quarter; Northern Lords Flavor Pack for Crusader Kings III. Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Hearts of Iron IV, Stellaris, and Victoria 3.

Cost of goods sold amounted to MSEK 253.2 (MSEK 196.4), attributable to game development, development support, operation and maintenance of games, costs of licenses, brands, and similar rights, as well as royalties to development studios and external rights holders.

Amortisation of released games amounted to MSEK 118.9 (MSEK 60.2). The amortisations have increased as a result of new games released. The write-downs for the period in cost of goods sold amount to MSEK 0.0 (MSEK 26.2). Write-downs in the comparison period refers to games not yet announced where development has been cancelled.

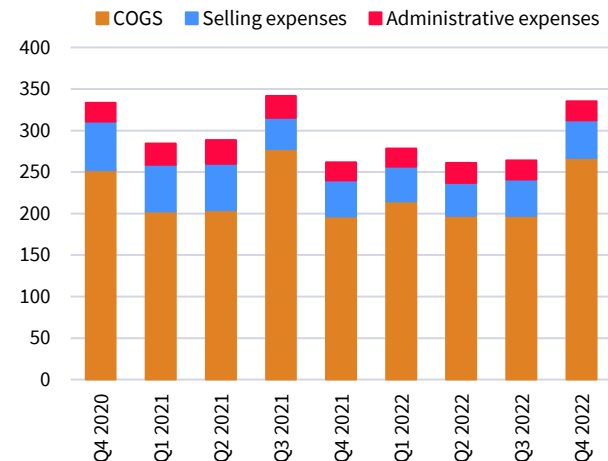


Amortisations of licenses, brands, and similar rights amounts to MSEK 22.6 (MSEK 20.6).

In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 103.9 (MSEK 82.1) 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. This is the result of a changed assessment regarding activability that was introduced in 2021 for new games. The changed assessment has had no impact on the comparative figures. Costs for development support, operation and maintenance of games are lower than the comparison period. Cost of royalties is higher compared to the same period last year.

Selling expenses for the period amounted to MSEK 45.2 (MSEK 43.6). Work with increasing efficiency within the marketing organisation has led to a general underlying cost reduction within the item. At the same time, costs have increased as a result of more game releases compared to the same period last year.

Administrative expenses for the period amounted to MSEK 22.8 (MSEK 21.8). Costs for administration are generally unchanged over time and are relatively unaffected by other operations, this quarter as well.





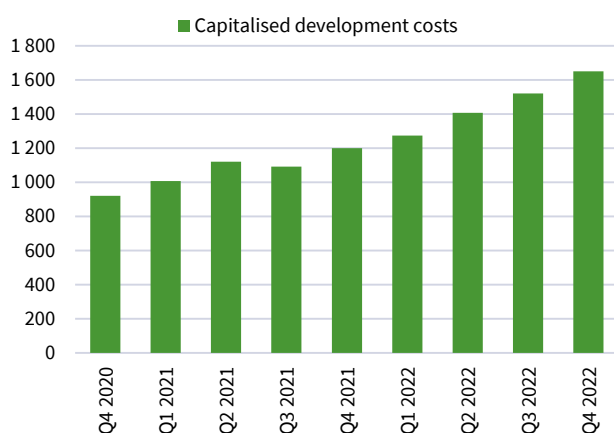
Other income amounted to MSEK 1.4 (MSEK 19.5), and other expenses to MSEK -15.7 (MSEK -0.1). Other income and other expenses consist primarily of exchange rate effects on the group's cash and cash equivalents, operating receivables, and operating liabilities during the quarter.

Operating profit amounted to MSEK 244.5 (MSEK 148.1). Financial items amounted to MSEK -0.2 (MSEK -0.6). Financial items primarily consist of interest on lease liabilities and interest received on cash and cash equivalents.

Profit after financial items amounted to MSEK 244.2 (MSEK 147.5), and profit after tax amounted to MSEK 194.2 (MSEK 115.9).

FINANCIAL POSITION

Capitalised development amounted to MSEK 1,650.3 (MSEK 1,198.5) by the end of the period. The item refers to both games that have not yet been released and games that have been released and subsequently amortised. The increase in the item is primarily attributable to games that have not yet been released.



Licenses, brands, and similar rights amounted to MSEK 159.5 (MSEK 232.5).

Goodwill amounted to MSEK 22.4 (MSEK 20.6) attributable to the acquisition of Iceflake Studios.

Right-of-use assets for offices amounted to MSEK 136.1 (MSEK 165.3).

Shares in associates amount to MSEK 32.6 (MSEK 31.1) by the end of the period, relating to 33 % of shares in Seattle-based development studio Hardsuit Labs. The shares are valued at the equity method.

Accounts receivable amounted to MSEK 259.9 (MSEK 133.8).

Cash and cash equivalents amounted to MSEK 747.5 (MSEK 599.7).

Shareholders' equity amounts to MSEK 2,292.4 (MSEK 1,661.6), of which MSEK 708.7 (MSEK 247.8) consists of accumulated profit for the year.

Long term lease liabilities amount to MSEK 104.9 (MSEK 134.4) consisting of liabilities for office premises.

Deferred tax liabilities amount to MSEK 192.8 (MSEK 163.6), mainly relating to untaxed reserves and intangible assets from acquisitions.

Short term lease liabilities amount to MSEK 35.6 (MSEK 34.5) consisting of short-term liabilities for office premises.

Accrued expenses and prepaid income amounts to MSEK 418.6 (MSEK 396.6) 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.

CASH FLOW FOURTH QUARTER

Cash flow from operating activities amounted to MSEK 344.2 (MSEK 269.2), primarily attributable to the operating profit. Cash flow from investing activities amounted to MSEK -251.7 (MSEK -213.7), mainly referring to investments in game development. Cash flow from financing activities amounted to MSEK -8.8 (MSEK -8.6) relating mainly to amortisation of lease liabilities for office premises.

FULL YEAR SUMMARY

Revenues amounted to MSEK 1,972.9 (MSEK 1,447.5) an increase by 36 % compared to the same period last year. Cost of goods sold amounted to MSEK 862.6 (MSEK 881.0), 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 236.3). Cost of royalties is higher compared to the same period last year.



Operating profit amounted to MSEK 887.1 (MSEK 307.5), an increase by 189 %. Profit after financial items amounted to MSEK 884,4 (MSEK 303.9), and profit after tax amounted to MSEK 708.7 (MSEK 247.8). Cash flow from operating activities amounted to MSEK 1,084.7 (MSEK 736.6). Cash flow from investing activities amounted to MSEK -807.0 (MSEK -766.6). Cash flow from financing activities amounted to MSEK -141.0 (MSEK -139.6).

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 FOURTH QUARTER

The parent company houses the publishing business. Within the publishing business, the parent company buys development services from both external and wholly owned development studios and pays royalties to these where applicable. The parent company also provides administrative services to the subsidiaries. All in all, this leads to the parent company's turnover to a large extent making up the group's total turnover.

Parent company revenues for the quarter amounted to MSEK 586.6 (MSEK 393.1). Operating profit amounted to MSEK 144.5 (MSEK 142.9). Profit after financial items amounted to MSEK 144.8 (MSEK 186.4). Profit after tax amounted to MSEK 271.8 (MSEK 159.5).

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.

DIVIDEND PROPOSAL

The Board proposes a dividend to shareholders of SEK 2.00 per share. The Board proposes Monday, May 22, 2023 as record date. If the meeting approves the proposal, the dividend will be distributed by Euroclear Sweden AB on Thursday May 25, 2023.



FINANCIAL CALENDAR

Annual report 2022	2023-04-19
Interim report January-March 2023	2023-04-28
Annual General Meeting 2023	2023-05-17
Interim report January-June 2023	2023-07-28
Interim report January-September 2023	2023-10-27
Year-end report 2023	2024-02-06

CONTACT

Additional information about the company can be found on the corporate website www.paradoxinteractive.com. The company can be contacted by e-mail, 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 February 7, 2023

The Board of Directors

This report has not been subject to 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 CET on 7 February 2023.



KEY FIGURES FOR THE GROUP

	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Revenues, KSEK	580,010	390,515	1,972,906	1,447,456
Operating profit, KSEK	244,456	148,116	887,146	307,453
Profit after financial items, KSEK	244,220	147,483	884,440	303,926
Profit after tax, KSEK	194,179	115,915	708,709	247,770
Operating margin	42%	38%	45%	21%
Profit margin	42%	38%	45%	21%
Equity/assets ratio	73%	66%	73%	66%
Equity per share before dilution, SEK	21.70	15.73	21.70	15.73
Equity per share after dilution, SEK	21.70	15.70	21.70	15.70
Earnings per share before dilution, SEK	1.84	1.10	6.71	2.35
Earnings per share after dilution, SEK	1.84	1.10	6.70	2.34
Number of shares by the end of the period before dilution	105,619,209	105,600,000	105,619,209	105,600,000
Number of shares by the end of the period after dilution	105,619,209	105,853,350	105,619,209	105,853,350
Average number of shares before dilution	105,619,209	105,600,000	105,609,605	105,600,000
Average number of shares after dilution	105,619,209	105,611,876	105,723,810	105,755,565
Average number of employees	656	723	672	716
Number of employees by the end of the period	656	721	656	721

For definitions of key figures, see the annual report.



GROUP INCOME STATEMENT (KSEK)

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Revenues	580,010	390,515	1,972,906	1,447,456
Cost of goods sold	-253,231	-196,403	-862,629	-880,971
Gross profit	326,779	194,112	1,110,277	566,485
Selling expenses	-45,196	-43,626	-170,490	-192,867
Administrative expenses	-22,814	-21,779	-91,618	-102,899
Other income	1,385	19,524	56,635	40,841
Other expenses	-15,697	-115	-17,658	-4,107
Operating profit	244,456	148,116	887,146	307,453
Financial income	2,425	289	3,952	545
Financial expense	-2,660	-922	-6,658	-4,072
Profit after financial items	244,220	147,483	884,440	303,926
Tax	-50,042	-31,568	-175,731	-56,157
Profit for the period	194,179	115,915	708,709	247,770

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

Earnings per share before dilution, SEK	1.84	1.10	6.71	2.35
Earnings per share after dilution, SEK	1.84	1.10	6.70	2.34

OTHER COMPREHENSIVE INCOME (KSEK)

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Profit for the period	194,179	115,915	708,709	247,770
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences	-2,315	2,483	20,780	9,185
Other comprehensive income	-2,315	2,483	20,780	9,185
Total comprehensive income for the period	191,864	118,398	729,489	256,955

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



GROUP BALANCE SHEET (KSEK)

	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Capitalised development	1,650,275	1,198,502
Licenses, brands and similar rights	159,501	232,480
Goodwill	22,415	20,600
Property and equipment	17,561	22,021
Right-of-use assets	136,118	165,272
Investments in associates	32,555	31,082
Other long term assets	18,695	18,589
Total non-current assets	2,037,120	1,688,546
Current assets		
Accounts receivable	259,948	133,780
Tax assets	709	19,821
Other receivables	34,769	24,534
Prepaid expenses and accrued revenue	61,376	56,287
Cash and cash equivalents	747,506	599,724
Total current assets	1,104,307	834,147
TOTAL ASSETS	3,141,427	2,522,693
EQUITY AND LIABILITIES		
Equity		
Share capital	528	528
Other capital contributed	29,542	27,994
Reserves	25,176	4,397
Retained earnings	1,528,422	1,380,874
Profit for the period	708,709	247,770
Total equity	2,292,377	1,661,563
Long term liabilities		
Lease liabilities	104,845	134,438
Deferred tax liabilities	192,840	163,606
Other liabilities	-	422
Total long term liabilities	297,685	298,466
Current liabilities		
Accounts payable	52,487	97,016
Current tax liabilities	10,909	6,278
Lease liabilities	35,616	34,536
Other liabilities	33,725	28,283
Accrued expenses and prepaid revenues	418,628	396,550
Total current liabilities	551,365	562,663
TOTAL EQUITY AND LIABILITIES	3,141,427	2,522,693



CHANGE IN GROUP EQUITY (KSEK)

	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
At the beginning of the period 2022-01-01	528	27,994	4,397	1,628,644	1,661,563
Profit for the period				708,709	708,709
Other comprehensive income					
Translation difference			20,780		20,780
Total other comprehensive income	-	-	20,780	-	20,780
Total comprehensive income	-	-	20,780	708,709	729,489
Transactions with owners					
Premiums when redeeming warrants	0	3,362	-	-	3,362
Re-purchase warrants	-	-1,814	-	-	-1,814
Share-based payments staff	-	-	-	5,378	5,378
Dividends	-	-	-	-105,600	-105,600
Total transactions with owners	0	1,548	-	-100,222	-98,674
AT THE END OF THE PERIOD 2022-12-31	528	29,542	25,176	2,237,131	2,292,377

	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
At the beginning of the period 2021-01-01	528	27,994	-4,788	1,484,423	1,508,158
Profit for the period	-	-		247,770	247,770
Other comprehensive income					
Translation difference	-	-	9,185	-	9,185
Total other comprehensive income	-	-	9,185	-	9,185
Total comprehensive income	-	-	9,185	247,770	256,955
Transactions with owners					
Share-based payments staff	-	-	-	2,051	2,051
Dividends	-	-	-	-105,600	-105,600
Total transactions with owners	-	-	-	-103,549	-103,549
AT THE END OF THE PERIOD 2021-12-31	528	27,994	4,397	1,628,644	1,661,563



GROUP CASH FLOW STATEMENT (KSEK)

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Cash flow from operations				
Operating profit	244,456	148,116	887,146	307,453
Adjustment of depreciation, amortisation and write-downs	153,078	117,348	473,498	589,855
Other adjustments	40	-4,010	4,362	-4,235
Interest received	2,425	289	3,952	545
Interest paid	-2,660	-922	-6,658	-4,072
Tax paid	-60,289	-27,242	-126,703	-150,200
Cash flow before changes in working capital	337,049	233,579	1,235,598	739,346
Changes in working capital				
Change in current receivables	-69,157	-5,282	-141,060	42,441
Change in current liabilities	76,324	40,905	-9,799	-45,202
Cash flow from current operations	344,215	269,203	1,084,740	736,586
Investing activities				
Investments in capitalised development	-250,678	-193,262	-793,771	-744,313
Investments in licenses, brands and similar rights	-	-3,235	-	-3,235
Investments in equipment	-1,008	172	-2,119	-1,694
Investments in subsidiaries	-	-	-11,055	-
Investments in other financial assets	-	-17,333	-25	-17,333
Cash flow from investing activities	-251,685	-213,657	-806,969	-766,574
Financing activities				
Amortisation of lease liability	-8,801	-8,643	-35,371	-33,994
Paid dividend	-	-	-105,600	-105,600
Cash flow from financing activities	-8,801	-8,643	-140,971	-139,594
Cash flow for the period	83,729	46,902	136,800	-169,582
Cash and cash equivalents at the beginning of the period	665,922	552,307	599,724	767,561
Exchange rate effect	-2,145	515	10,981	1,746
Cash and cash equivalents at the end of the period	747,506	599,724	747,506	599,724



PARENT COMPANY INCOME STATEMENT (KSEK)

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Revenues	586,555	393,102	1,992,191	1,446,878
Cost of goods sold	-360,403	-201,724	-1,276,664	-873,604
Gross profit	226,153	191,378	715,528	573,274
Selling expenses	-43,582	-40,962	-163,264	-180,473
Administrative expenses	-22,842	-21,973	-91,873	-104,349
Other income	384	14,481	54,248	34,487
Other expenses	-15,657	-	-17,060	-4,262
Operating profit	144,456	142,924	497,578	318,678
Profit from shares in subsidiaries	-	43,143	-	43,143
Financial income	1,702	341	1,952	341
Financial expense	-1,312	-5	-2,391	-157
Profit after financial items	144,847	186,402	497,140	362,004
Year-end appropriations	200,000	7,500	200,000	68,100
Income tax expense	-73,062	-34,408	-145,215	-83,065
Profit for the year and total income for the year	271,785	159,495	551,925	347,039



PARENT COMPANY BALANCE SHEET (KSEK)

	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Capitalised development	1,408,095	1,185,934
Licenses, brands and similar rights	37,495	63,625
Property and equipment	10,116	14,242
Shares in subsidiaries	305,812	305,812
Investments in associates	16,766	16,766
Other long term assets	17,393	17,393
Total non-current assets	1,795,677	1,603,772
Current assets		
Accounts receivable	255,031	130,840
Receivables from group companies	349,656	35,176
Tax assets	-	19,821
Other receivables	28,163	18,668
Prepaid expenses and accrued revenues	59,969	55,335
Cash and cash equivalents	448,013	469,881
Total current assets	1,140,832	729,720
TOTAL ASSETS	2,936,508	2,333,492
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	528	528
Capitalised development reserve	1,408,095	1,185,934
<i>Non-restricted equity</i>		
Share premium reserve	29,542	27,994
Retained earnings	-237,669	-262,325
Profit for the period	551,925	347,039
Total equity	1,752,422	1,299,171
Untaxed reserves	755,000	555,000
Long term liabilities		
Other liabilities	-	422
Total long term liabilities	-	422
Current liabilities		
Accounts payable	45,619	87,113
Liabilities to group companies	28,016	21,409
Current tax liabilities	4,352	-
Other liabilities	4,339	13,740
Accrued expenses and prepaid revenues	346,760	356,637
Total current liabilities	429,086	478,899
TOTAL EQUITY AND LIABILITIES	2,936,508	2,333,492



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;

	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
USA	472,202	345,281	1,679,021	1,219,196
Sweden	9,339	2,167	21,318	16,846
Rest of Europe	88,626	34,567	234,297	176,402
Rest of the World	9,843	8,501	38,269	35,012
Total	580,010	390,515	1,972,906	1,447,456

During the quarter and the 12-month period respectively, MSEK 412.8 (MSEK 281.7) and MSEK 1,240.6 (MSEK 952.6) respectively of the group's revenue came from one and the same customer.

Group revenue divided into major product categories;

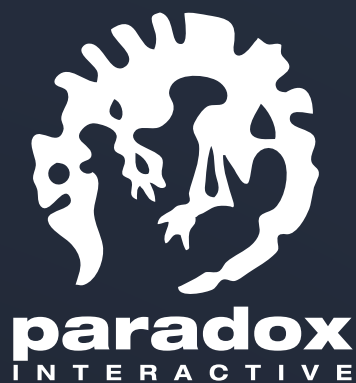
	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
PC	505,162	334,717	1,678,253	1,187,471
Console	55,937	42,037	218,810	189,593
Mobile	13,636	11,120	41,766	53,681
Other	5,276	2,641	34,076	16,712
Total	580,010	390,515	1,972,906	1,447,456

Prepaid revenue amounted to MSEK 264.2 (MSEK 291.8) at the end of the period. Of these, MSEK 235.3 is expected to be reported as revenue during the next 12-month period, and MSEK 28.9 within 24 months.

The revenues for the quarter and the 12-month period respectively include MSEK 42.6 (MSEK 9.3) and MSEK 185.1 (MSEK 101.6), respectively, which were included in prepaid revenue at the beginning of the period.

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

	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Cost of goods sold	149,379	114,298	460,407	577,219
Selling expenses	1,695	1,144	4,506	4,779
Administrative expenses	2,004	1,906	8,585	7,857
Total	153,078	117,348	473,498	589,855



ABOUT PARADOX INTERACTIVE

Paradox Interactive is one of the premier developers and publishers of strategy and management games for PC and consoles. 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, Cities: Skylines, 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.