



# INTERIM REPORT

JANUARY - JUNE 2023

\*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 2023

### SECOND QUARTER

- Revenues amounted to MSEK 737.3 (MSEK 458.8), an increase by 61 % compared to the same period last year.
- Operating profit amounted to MSEK 292.9 (MSEK 213.6), an increase by 37 %.
- Profit after financial items amounted to MSEK 310.9 (MSEK 213.0), and profit after tax amounted to MSEK 239.4 (MSEK 170.1).
- Cash flow from operating activities amounted to MSEK 421.6 (MSEK 261.8), and cash flow from investing activities amounted to MSEK -172.5 (MSEK -230.2).
- By the end of the period cash amounted to MSEK 844.2 (MSEK 594.9).
- Earnings per share before dilution amounted to SEK 2.27 (SEK 1.61) and after dilution SEK 2.24 (SEK 1.61).
- Revenues in the quarter are mainly attributable to Age of Wonders 4, Cities: Skylines, Crusader Kings III, Hearts of Iron IV and Stellaris.

### IMPORTANT EVENTS SECOND QUARTER

- Age of Wonders 4, developed by Triumph Studios, was released for PC, Playstation 5 and Xbox Series X|S.
- Mechabellum developed by Game River was released in Early Access and published by Paradox Arc.

- New downloadable content for the following games was released during the quarter; Domination for Europa Universalis IV, Galactic Paragons for Stellaris, Tours & Tournaments for Crusader Kings III, Voice of the People for Victoria 3, Hotels & Retreats for Cities: Skylines and Dragon Dawn for Age of Wonders 4.
- New ports of downloadable content were released during the quarter; Royal Court to Crusader Kings III Console Edition.
- Paradox Interactive sold its shares in Hardsuit Labs to Keywords Studios, which affects profit after financial items by MSEK 15.4.

### FIRST SIX MONTHS 2023

- Revenues amounted to MSEK 1,220.1 (MSEK 934.9), an increase by 31 % compared to the same period last year.
- Operating profit amounted to MSEK 448.6 (MSEK 422.0), an increase by 6 %.
- Profit after financial items amounted to MSEK 468.0 (MSEK 420.7), and profit after tax amounted to MSEK 363.1 (MSEK 338.7).
- Earnings per share before dilution amounted to SEK 3.44 (SEK 3.21) and after dilution SEK 3.41 (SEK 3.20).



## COMMENTS BY THE CEO

### RELEASE HEAVY QUARTER DRIVES RECORD REVENUES

It is with joy and a forward-leaning optimism that we can now present the second quarter of 2023 for Paradox Interactive. I have previously emphasised the work put in to focus more clearly on our core business and we are now really starting to see that this is paying off.

In the quarter, we delivered on all parts of our growth strategy. We have continued to strengthen our core titles with great downloadable content, replenished the portfolio with Age of Wonders 4 and continued to experiment with new smaller titles to find games with the potential to reach a large audience through our player base. That gives a good result for the quarter with a strong top line as well as a good bottom line, which was further boosted by currency tailwinds.

If we look at the half year, the first six months are very typical for Paradox. The first quarter was weaker in terms of the quantity of published content, while a lot of new content was published in the second quarter. Although we are satisfied with the period as a whole, it shows that our results are completely connected to what we release and that the size of the releases continues to vary between periods.

If we dig a little deeper into what shaped the quarter, it is mainly, and as usual, our strong core business and many good releases. We have released many DLCs of varying sizes for the majority of our core titles. Special attention is deserved for Europa Universalis IV's Domination, a game that also celebrates ten years in August, along with Crusader King III's Tours and Tournaments and Stellaris: Galactic Paragons.

In the quarter, we also added the fantastic 4X strategy game Age of Wonders 4 to our portfolio. The very positive reception made clear that the players appreciated the strong mix of strategy, role-playing and the opportunity to create their own fantasy story. The game's first DLC released in June and was also well received, which bodes well for the game's future development.

On the experimental side, Paradox Arc released Mechabellum, a different type of strategy game for Paradox. It met very good interest, albeit at a lower level than the games in our core portfolio, but with the potential to grow over time.

In addition to this quarter's DLCs and games, we are putting a lot of effort into preparing for the fall and we are in full swing with marketing and sales activities for what is to come. It has of course affected the cost side in the short term, but we are really looking forward to launching some very exciting things in the fall.

Last but not least, with so many great releases and announcements it has been incredibly exciting and fun to be a part of Paradox the past six months. The creativity and energy of the teams is almost palpable, and we are all looking forward to our next steps!

Happy summer holidays,

**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 seven 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 and Age of Wonders 4.

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

**40 %**

R12 profit margin

**10**

Active games

**12**

Games in pipeline

Rolling 12 month revenues and operating profit



Quarterly revenues and operating profit



## RELEASES IN THE PERIOD



### AGE OF WONDERS 4

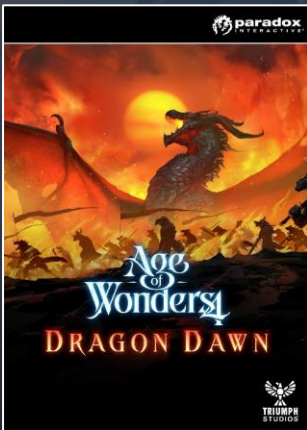
**Release date:** 2 May 2023

**Platforms:** PC, PLAYSTATION 5, XBOX SERIES X|S

**Description:** Rule a fantasy realm of your own design! Explore new magical realms in Age of Wonders' signature blend of 4X strategy and turn-based tactical combat. Control a faction that grows and changes as you expand your empire with each turn!

**Publisher:** Paradox Interactive

**Developer:** Triumph Studios



### AGE OF WONDERS 4: DRAGON DAWN

**Release date:** 20 June 2023

**Platforms:** PC, PLAYSTATION 5, XBOX SERIES X|S

**Description:** Embrace the power of the Ancient Dragon Lords, in the Age of Wonders 4: Dragon Dawn Content Pack. New features about dragons, for dragons, possibly by dragons will bring your magical ambitions to an entirely new scale! From your Dragon Throne, forge empires inhabited by reptilian minions, use draconic magic that focuses on evolving your people, and for the first time, play as a Dragon Ruler and set the realms ablaze!

**Publisher:** Paradox Interactive

**Developer:** Triumph Studios

## RELEASES IN THE PERIOD



### CRUSADER KINGS III: TOURS & TOURNAMENTS

**Release date:** 11 May 2023

**Platforms:** PC

**Description:** Life is a journey of chivalric adventure, so why don't you embrace yours, ruler? Create your very own epic story with the major expansion, Crusader Kings III: Tours & Tournaments. Be awed by the sights and events that await you, from bold, mock combat in the jousting area to adventuring perilous wilds with your royal entourage.

**Publisher:** Paradox Interactive

**Developer:** Paradox Development Studio



### CRUSADER KINGS III CONSOLE- ROYAL COURT

**Release date:** 17 May 2023

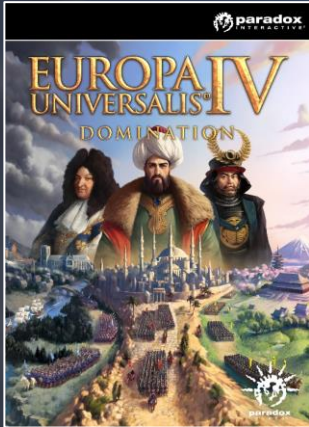
**Platforms:** PLAYSTATION 5, XBOX SERIES X|S

**Description:** There is but one true center for power and prestige: a ruler's court. Step into your own fully immersive throne room with Crusader Kings: Royal Court, and get ready to impress vassals and courtiers with your splendor and treasure on display. Watch visitors pay respect or family members squabble as you pass judgment in royal audiences, establishing the vital link between your people and your realm.

**Publisher:** Paradox Interactive

**Developer:** Paradox Development Studio and Lab42 (port)

## RELEASES IN THE PERIOD



### EUROPA UNIVERSALIS IV: DOMINATION

**Release date:** 18 April 2023

**Platforms:** PC

**Description:** Revisit some of the most powerful and popular nations in Domination, an immersion pack for Europa Universalis IV. Centered on the great empires of the Early Modern world, Domination offers new mission trees, new government reforms, new estate management and new events for several of the major powers in the game. These popular starting nations are now given new life and new balance, with greater historical depth, more promising rewards and branching mission trees so player choices can have a dramatic impact on the course of history.

**Publisher:** Paradox Interactive

**Developer:** Paradox Tinto



### EUROPA UNIVERSALIS IV: HISTORY LESSONS

**Release date:** 20 June 2023

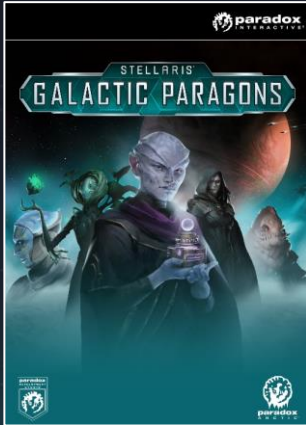
**Platforms:** PC

**Description:** Learn while you play in this package of history lectures specially designed for Europa Universalis IV. Knowledgeable authorities on the history and culture of the early modern era present short lectures on specific topics, organized by region. Available through the in-game music player, each pack contains hours of content divided into 5 to 10 minute lectures, focusing on nations, monuments, events and societies.

**Publisher:** Paradox Interactive

**Developer:** Paradox Tinto

## RELEASES IN THE PERIOD



### STELLARIS: GALACTIC PARAGONS

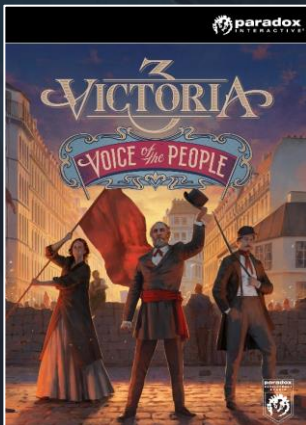
**Release date:** 9 May 2023

**Platforms:** PC

**Description:** The galactic council is vast and full of personality! Add Galactic Paragons to your empires and experience a new level of character and story as great leaders rise to positions of power and follow your lead to the stars. With exclusive additions to the all-new Council mechanic, leaders who you can shape to amplify the vision for your empire, new civics, and much more, Galactic Paragons will shape the future in ways the galaxy has never seen before.

**Publisher:** Paradox Interactive

**Developer:** Paradox Development Studio



### VICTORIA 3: VOICE OF THE PEOPLE

**Release date:** 22 May 2023

**Platforms:** PC

**Description:** Relive the dramatic political events of the 19th century in this first immersion pack for Victoria 3. Drawing from the historical struggles between reformists, reactionaries and revolutionaries, Voice of the People puts you in the middle of political crises as charismatic characters from history vigorously push their agendas.

**Publisher:** Paradox Interactive

**Developer:** Paradox Development Studio



## RELEASES IN THE PERIOD



### **CITIES: SKYLINES - HOTELS & RETREATS**

**Release date:** 23 May 2023

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

**Description:** With everything from conference hotels for your business travellers, to mountain hotels for nature lovers. Start with a small hotel chain and unlock more luxurious options as you make your way to a successful hotel business- with a significant tourism boost for your city.

**Publisher:** Paradox Interactive

**Developer:** Colossal Order



### **MECHABELLUM**

**Release date:** 11 May 2023

**Platforms:** PC

**Description:** Mechabellum is an epic auto-battler taking place on the newly colonized planet of Far-Away. You're the Commander of an army of mechs fighting it out in massive PvP battles. Customize and level up your units, strategically place them on the battlefield and watch them destroy your enemies.

**Publisher:** Paradox Arc

**Developer:** Game River



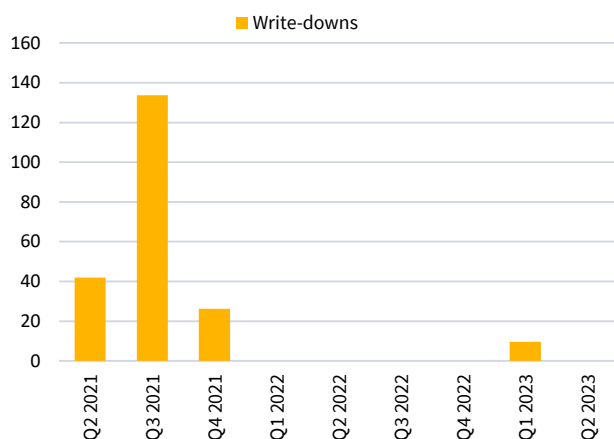
# FINANCIAL OVERVIEW

## REVENUE AND PROFIT SECOND QUARTER

Revenues amounted to MSEK 737.3 (MSEK 458.8), an increase by 61 % compared to the same period last year. New downloadable content for the following games was released during the quarter; Domination for Europa Universalis IV, Galactic Paragons for Stellaris, Tours & Tournaments for Crusader Kings III, Voice of the People for Victoria 3, Hotels & Retreats for Cities: Skylines and Dragon Dawn for Age of Wonders 4. New ports of downloadable content were released during the quarter; Royal Court to Crusader Kings III Console Edition. Paradox Interactive sold its shares in Hardsuit Labs to Keywords Studios. Revenues in the quarter are mainly attributable to Age of Wonders 4, Cities: Skylines, Crusader Kings III, Hearts of Iron IV and Stellaris.

Cost of goods sold amounted to MSEK 337.8 (MSEK 197.2), attributable to game development, development support, operation and maintenance of games, costs of licenses, brands, and similar rights, as well as royalties and revenue based earn-outs to development studios and external rights holders.

Amortisation of released games amounted to MSEK 154.6 (MSEK 85.9). The amortisations have increased as a result of new games released.

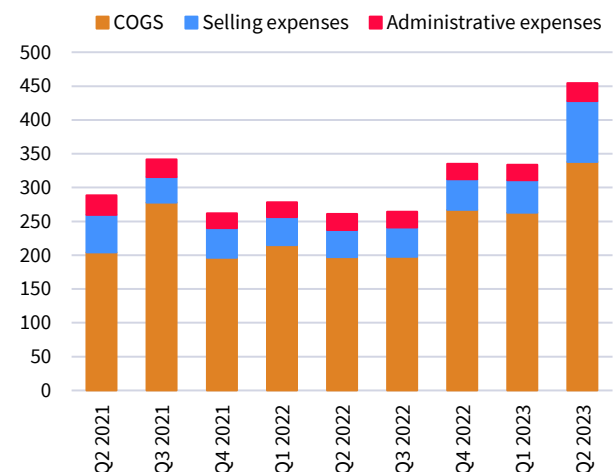


Amortisations of licenses, brands, and similar rights amounted to MSEK 21.0 (MSEK 21.4).

In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 153.1 (MSEK 82.6) was expensed regarding non-capitalised development costs, development support, operation and maintenance of games, royalties and revenue based earn-outs. Non-capitalised development costs have increased compared with the comparison period as a result of a greater number of games where capitalisation begins in a later development phase compared to the previous year. Costs for development support, operation and maintenance of games are at level with the comparison period. Cost of royalties has increased compared to the same period last year. Revenue-based earn-outs have also increased as a result of the release of Age of Wonders 4.

Selling expenses for the period amounted to MSEK 90.2 (MSEK 39.8). Costs have increased as a result of more game releases and upcoming game releases compared to the same period last year.

Administrative expenses for the period amounted to MSEK 26.3 (MSEK 24.1). Costs for administration are generally unchanged over time and are relatively unaffected by other operations, this quarter as well.



Other income amounted to MSEK 10.0 (MSEK 17.6), and other expenses to MSEK -0.2 (MSEK -1.6). 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 292.9 (MSEK 213.6). Financial items amounted to MSEK 18.0 (MSEK -0.6). Profit from shares in associated companies MSEK 15.4 million (MSEK 0.0 million) has increased as Paradox Interactive sold the shares in Hardsuit Labs to Keywords Studios. Other financial items primarily consist of calculated interest on lease liabilities and interest received on cash and cash equivalents.

Profit after financial items amounted to MSEK 310.9 (MSEK 213.0), and profit after tax amounted to MSEK 239.4 (MSEK 170.1).

### FINANCIAL POSITION

Capitalised development amounted to MSEK 1,767.5 (MSEK 1,407.1) 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 122.2 (MSEK 198.7).

Goodwill amounted to MSEK 23.8 (MSEK 21.5) attributable to the acquisition of Iceflake Studios.

Right-of-use assets for offices amounted to MSEK 122.0 (MSEK 149.1).

Shares in associates amount to MSEK 0.0 (MSEK 31.7) by the end of the period, the change is attributable to the sale of Seattle-based Hardsuit Labs.

Accounts receivable amounted to MSEK 235.9 (MSEK 137.4).

Cash and cash equivalents amounted to MSEK 844.2 (MSEK 594.9).

Shareholders' equity amounts to MSEK 2,459.9 (MSEK 1,910.3), of which MSEK 363.1 (MSEK 338.7) consists of accumulated profit for the year.

Long term lease liabilities amount to MSEK 89.2 (MSEK 118.8) consisting of liabilities for office premises.

Deferred tax liabilities amount to MSEK 126.8 (MSEK 158.4), mainly relating to untaxed reserves and intangible assets from acquisitions.

Short term lease liabilities amount to MSEK 37.2 (MSEK 32.9) consisting of short-term liabilities for office premises.

Accrued expenses and prepaid income amounts to MSEK 385.4 (MSEK 300.8) 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 higher than the comparison period.

### CASH FLOW SECOND QUARTER

Cash flow from operating activities amounted to MSEK 421.6 (MSEK 261.8), primarily attributable to the operating profit. Cash flow from investing activities amounted to MSEK -172.5 (MSEK -230.2), mainly referring to investments in game development. Cash flow from financing activities amounted to MSEK -220.4 (MSEK -114.4) and mainly refers to dividends executed in May.

### THE FIRST SIX MONTHS IN SUMMARY

Revenues amounted to MSEK 1,220.1 (MSEK 934.9) an increase by 31 % compared to the same period last year. Cost of goods sold amounted to MSEK 600.8 (MSEK 411.9), primarily attributable to game development, development support, operation and maintenance of games, as well as royalties and revenue based earn-outs to third parties. Write-downs within cost of goods sold amounts to MSEK 9.7 (MSEK



0.0). Cost of royalties is higher compared to the same period last year due to higher sales of royalty generating games. Revenue based earn-outs have also increased following the release of Age of Wonders 4. Operating profit amounted to MSEK 448.6 (MSEK 442.0), an increase by 6 %. Profit after financial items amounted to MSEK 468.0 (MSEK 420.7), and profit after tax amounted to MSEK 363.1 (MSEK 338.7). Cash flow from operating activities amounted to MSEK 666.2 (MSEK 498.2). Cash flow from investing activities amounted to MSEK -342.5 (MSEK -387.7). Cash flow from financing activities amounted to MSEK -229.3 (MSEK -123.2).

### **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**

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 737.4 (MSEK 451.7). Operating profit amounted to MSEK 176.9 (MSEK 103.9). Profit after financial items amounted to MSEK 214.6 (MSEK 103.8). Profit after tax amounted to MSEK 166.9 (MSEK 82.4).

### **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 2022, page 31. Risks to be specifically mentioned include 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 2023	2023-10-26
Year-end report 2023	2024-02-06

## **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 July 27 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 CEST on 27 July 2023.



## KEY FIGURES FOR THE GROUP

	<b>2023-04-01</b>	<b>2022-04-01</b>	<b>2023-01-01</b>	<b>2022-01-01</b>	<b>2022-01-01</b>
	<b>2023-06-30</b>	<b>2022-06-30</b>	<b>2023-06-30</b>	<b>2022-06-30</b>	<b>2022-12-31</b>
Revenues, KSEK	737,334	458,806	1,220,111	934,902	1,972,906
Operating profit, KSEK	292,899	213,596	448,598	422,047	887,146
Profit after financial items, KSEK	310,883	213,025	468,021	420,699	884,440
Profit after tax, KSEK	239,351	170,128	363,062	338,671	708,709
Operating margin	40%	47%	37%	45%	45%
Profit margin	42%	46%	38%	45%	45%
Equity/assets ratio	74%	71%	74%	71%	73%
Equity per share before dilution, SEK	23.29	18.09	23.29	18.09	21.70
Equity per share after dilution, SEK	23.06	18.05	23.06	18.05	21.70
Earnings per share before dilution, SEK	2.27	1.61	3.44	3.21	6.71
Earnings per share after dilution, SEK	2.24	1.61	3.41	3.20	6.70
Number of shares by the end of the period before dilution	105,619,209	105,600,000	105,619,209	105,600,000	105,619,209
Number of shares by the end of the period after dilution	106,690,559	105,853,350	106,690,559	105,853,350	105,619,209
Average number of shares before dilution	105,619,209	105,600,000	105,619,209	105,600,000	105,609,605
Average number of shares after dilution	106,521,942	105,815,348	106,196,422	105,828,411	105,723,810
Average number of employees	674	666	670	688	672
Number of employees by the end of the period	676	657	676	657	656

For definitions of key figures, see the annual report.



## GROUP INCOME STATEMENT (KSEK)

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
Revenues	737,334	458,806	1,220,111	934,902	1,972,906
Cost of goods sold	-337,759	-197,230	-600,831	-411,934	-862,629
<b>Gross profit</b>	<b>399,575</b>	<b>261,577</b>	<b>619,280</b>	<b>522,968</b>	<b>1,110,277</b>
Selling expenses	-90,196	-39,812	-138,052	-81,616	-170,490
Administrative expenses	-26,347	-24,084	-49,185	-45,890	-91,618
Other income	10,038	17,561	16,881	28,265	56,635
Other expenses	-171	-1,646	-326	-1,680	-17,658
<b>Operating profit</b>	<b>292,899</b>	<b>213,596</b>	<b>448,598</b>	<b>422,047</b>	<b>887,146</b>
Profit from shares in subsidiaries	15,440	-	15,440	-	-
Financial income	5,485	644	9,951	729	3,952
Financial expense	-2,941	-1,215	-5,968	-2,077	-6,658
<b>Profit after financial items</b>	<b>310,883</b>	<b>213,025</b>	<b>468,021</b>	<b>420,699</b>	<b>884,440</b>
Tax	-71,532	-42,896	-104,958	-82,028	-175,731
<b>Profit for the period</b>	<b>239,351</b>	<b>170,128</b>	<b>363,062</b>	<b>338,671</b>	<b>708,709</b>
Profit for the period is attributable to the shareholders of the parent company.					
Earnings per share before dilution, SEK	2.27	1.61	3.44	3.21	6.71
Earnings per share after dilution, SEK	2.24	1.61	3.41	3.20	6.70

## OTHER COMPREHENSIVE INCOME (KSEK)

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
Profit for the period	239,351	170,128	363,062	338,671	708,709
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	7,148	10,820	11,885	14,112	20,780
<b>Other comprehensive income</b>	<b>7,148</b>	<b>10,820</b>	<b>11,885</b>	<b>14,112</b>	<b>20,780</b>
<b>Total comprehensive income for the period</b>	<b>246,499</b>	<b>180,948</b>	<b>374,947</b>	<b>352,783</b>	<b>729,489</b>

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



## GROUP BALANCE SHEET (KSEK)

	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	1,767,488	1,407,103	1,650,275
Licenses, brands and similar rights	122,209	198,712	159,501
Goodwill	23,751	21,512	22,415
Property and equipment	16,896	19,441	17,561
Right-of-use assets	122,025	149,131	136,118
Investments in associates	-	31,703	32,555
Other long term assets	18,772	18,642	18,695
<b>Total non-current assets</b>	<b>2,071,141</b>	<b>1,846,246</b>	<b>2,037,120</b>
<b>Current assets</b>			
Accounts receivable	235,863	137,361	259,948
Tax assets	31,225	7,307	709
Other receivables	56,348	59,191	34,769
Prepaid expenses and accrued revenue	88,977	52,208	61,376
Cash and cash equivalents	844,209	594,867	747,506
<b>Total current assets</b>	<b>1,256,622</b>	<b>850,933</b>	<b>1,104,307</b>
<b>TOTAL ASSETS</b>	<b>3,327,763</b>	<b>2,697,179</b>	<b>3,141,427</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	528	528	528
Other capital contributed	29,542	27,994	29,542
Reserves	37,062	18,508	25,176
Retained earnings	2,029,671	1,524,634	1,528,422
Profit for the period	363,062	338,671	708,709
<b>Total equity</b>	<b>2,459,865</b>	<b>1,910,336</b>	<b>2,292,377</b>
<b>Long term liabilities</b>			
Lease liabilities	89,244	118,806	104,845
Deferred tax liabilities	126,832	158,416	137,220
<b>Total long term liabilities</b>	<b>216,075</b>	<b>277,222</b>	<b>242,065</b>
<b>Current liabilities</b>			
Accounts payable	67,420	93,259	52,487
Current tax liabilities	102,429	48,226	66,529
Lease liabilities	37,210	32,903	35,616
Other liabilities	59,374	34,434	33,725
Accrued expenses and prepaid revenues	385,390	300,800	418,628
<b>Total current liabilities</b>	<b>651,823</b>	<b>509,622</b>	<b>606,985</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,327,763</b>	<b>2,697,179</b>	<b>3,141,427</b>





## CHANGE IN GROUP EQUITY (KSEK)

	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
At the beginning of the period 2023-01-01	528	29,542	25,176	2,237,131	2,292,377
Profit for the period				363,062	363,062
<b>Other comprehensive income</b>					
Translation difference			11,885		11,885
<b>Total other comprehensive income</b>	-	-	<b>11,885</b>	-	<b>11,885</b>
<b>Total comprehensive income</b>	-	-	<b>11,885</b>	<b>363,062</b>	<b>374,948</b>
<b>Transactions with owners</b>					
Share-based payments staff	-	-	-	3,778	3,778
Dividends	-	-	-	-211,238	-211,238
<b>Total transactions with owners</b>	-	-	-	<b>-207,460</b>	<b>-207,460</b>
<b>AT THE END OF THE PERIOD 2023-06-30</b>	<b>528</b>	<b>29,542</b>	<b>37,062</b>	<b>2,392,733</b>	<b>2,459,865</b>

	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	-	-		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>



## GROUP CASH FLOW STATEMENT (KSEK)

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
<b>Cash flow from operations</b>					
Operating profit	292,899	213,596	448,598	422,047	887,146
Adjustment of depreciation, amortisation and write-downs	187,898	117,928	341,515	231,827	473,498
Other adjustments	1,192	35	-1,023	993	4,362
Interest received	5,485	644	9,951	730	3,952
Interest paid	-2,941	-1,215	-5,968	-2,076	-6,658
Tax paid	-54,652	-34,304	-111,534	-35,444	-126,703
Cash flow before changes in working capital	429,881	296,684	681,540	618,077	1,235,598
Changes in working capital					
Change in current receivables	-77,667	-21,046	-23,020	-33,827	-141,060
Change in current liabilities	69,348	-13,878	7,666	-86,058	-9,799
<b>Cash flow from current operations</b>	<b>421,562</b>	<b>261,760</b>	<b>666,186</b>	<b>498,192</b>	<b>1,084,740</b>
<b>Investing activities</b>					
Cash flow from sales of associated companies	53,174	-	53,174	-	-
Investments in capitalised development	-224,114	-218,814	-393,249	-375,740	-793,771
Investments in equipment	-1,532	-350	-2,456	-838	-2,119
Investments in subsidiaries	-	-11,055	-	-11,055	-11,055
Investments in other financial assets	-	-25	-	-25	-25
<b>Cash flow from investing activities</b>	<b>-172,472</b>	<b>-230,244</b>	<b>-342,531</b>	<b>-387,658</b>	<b>-806,969</b>
Amortisation of lease liability	-9,139	-8,814	-18,057	-17,555	-35,371
Paid dividend	-211,238	-105,600	-211,238	-105,600	-105,600
<b>Cash flow from financing activities</b>	<b>-220,378</b>	<b>-114,414</b>	<b>-229,295</b>	<b>-123,155</b>	<b>-140,971</b>
Cash flow for the period	28,712	-82,897	94,360	-12,620	136,800
Cash and cash equivalents at the beginning of the period	812,708	671,219	747,506	767,561	767,561
Exchange rate effect	2,788	6,545	2,343	7,762	10,981
<b>Cash and cash equivalents at the end of the period</b>	<b>844,209</b>	<b>594,867</b>	<b>844,209</b>	<b>594,867</b>	<b>747,506</b>



## PARENT COMPANY INCOME STATEMENT (KSEK)

	2023-04-01	2022-04-01	2023-01-01	2022-01-01	2022-01-01
	2023-06-30	2022-06-30	2023-06-30	2022-06-30	2022-12-31
Revenues	737,434	451,701	1,220,089	929,698	1,992,191
Cost of goods sold	-459,474	-300,404	-818,466	-616,111	-1,276,664
<b>Gross profit</b>	<b>277,960</b>	<b>151,297</b>	<b>401,623</b>	<b>313,587</b>	<b>715,528</b>
Selling expenses	-84,805	-38,712	-129,072	-78,258	-163,264
Administrative expenses	-26,166	-24,135	-48,482	-46,049	-91,873
Other income	9,907	16,832	12,428	27,044	54,248
Other expenses	-	-1,404	-	-1,404	-17,060
<b>Operating profit</b>	<b>176,895</b>	<b>103,879</b>	<b>236,498</b>	<b>214,920</b>	<b>497,578</b>
Profit from shares in subsidiaries	35,381	-	35,381	-	-
Financial income	4,351	-	8,018	-	1,952
Financial expense	-2,000	-66	-4,001	-69	-2,391
<b>Profit after financial items</b>	<b>214,627</b>	<b>103,813</b>	<b>275,896</b>	<b>214,851</b>	<b>497,140</b>
Year-end appropriations	-	-	-	-	200,000
Income tax expense	-47,708	-21,385	-60,329	-43,839	-145,215
<b>Profit for the year and total income for the year</b>	<b>166,920</b>	<b>82,427</b>	<b>215,567</b>	<b>171,011</b>	<b>551,925</b>



## PARENT COMPANY BALANCE SHEET (KSEK)

	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	1,448,026	1,280,426	1,408,095
Licenses, brands and similar rights	24,430	50,560	37,495
Property and equipment	8,871	11,830	10,116
Shares in subsidiaries	305,812	305,812	305,812
Investments in associates	-	16,791	16,766
Other long term assets	17,393	17,393	17,393
<b>Total non-current assets</b>	<b>1,804,532</b>	<b>1,682,811</b>	<b>1,795,677</b>
<b>Current assets</b>			
Accounts receivable	228,243	134,386	255,031
Receivables from group companies	1,700	38,997	79,656
Tax assets	31,225	7,307	-
Other receivables	50,897	51,428	28,163
Prepaid expenses and accrued revenues	85,669	50,470	59,969
Cash and cash equivalents	660,298	357,111	448,013
<b>Total current assets</b>	<b>1,058,032</b>	<b>639,699</b>	<b>870,832</b>
<b>TOTAL ASSETS</b>	<b>2,862,564</b>	<b>2,322,510</b>	<b>2,666,508</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	1,448,026	1,280,426	1,408,095
<i>Non-restricted equity</i>			
Share premium reserve	29,542	27,994	29,542
Retained earnings	66,865	-113,859	-237,669
Profit for the period	215,568	171,011	551,925
<b>Total equity</b>	<b>1,760,529</b>	<b>1,366,100</b>	<b>1,752,422</b>
<b>Untaxed reserves</b>	<b>485,000</b>	<b>555,000</b>	<b>485,000</b>
<b>Current liabilities</b>			
Accounts payable	60,481	61,523	45,619
Liabilities to group companies	239,440	86,980	28,016
Current tax liabilities	-	-	4,352
Other liabilities	11,430	11,259	4,339
Accrued expenses and prepaid revenues	305,684	241,648	346,760
<b>Total current liabilities</b>	<b>617,035</b>	<b>401,409</b>	<b>429,086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,862,564</b>	<b>2,322,510</b>	<b>2,666,508</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;

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
USA	635,368	402,399	1,059,824	819,993	1,679,021
Sweden	16,884	1,452	18,953	3,813	21,318
Rest of Europe	74,347	47,098	119,224	92,810	234,297
Rest of the World	10,734	7,858	22,110	18,286	38,269
<b>Total</b>	<b>737,334</b>	<b>458,806</b>	<b>1,220,111</b>	<b>934,902</b>	<b>1,972,906</b>

During the quarter and the 6-month period respectively MSEK 540.1 (MSEK 279.6) and MSEK 820.1 (MSEK 545.3) of the group's revenue came from one and the same customer.

Group revenue divided into major product categories;

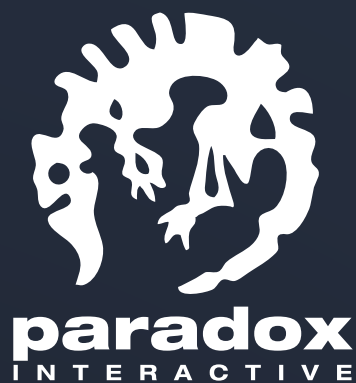
	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
PC	589,627	384,784	979,581	798,142	1,678,253
Console	109,538	51,399	166,491	101,744	218,810
Mobile	16,656	8,055	34,831	18,147	41,766
Other	21,513	14,567	39,208	16,869	34,076
<b>Total</b>	<b>737,334</b>	<b>458,806</b>	<b>1,220,111</b>	<b>934,902</b>	<b>1,972,906</b>

Prepaid revenue amounted to MSEK 204.0 (MSEK 181.0) at the end of the period. Of these, MSEK 187.7 is expected to be reported as revenue during the next 12-month period, and MSEK 16.3 within 24 months.

The revenues for the quarter and the 6-month period respectively include MSEK 76.2 (MSEK 49.8) which were included in prepaid revenue at the beginning of the period.

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

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
Cost of goods sold	184,648	114,850	335,205	225,528	460,407
Selling expenses	1,388	1,299	2,462	1,744	4,506
Administrative expenses	1,862	1,779	3,848	4,555	8,585
<b>Total</b>	<b>187,898</b>	<b>117,928</b>	<b>341,515</b>	<b>231,827</b>	<b>473,498</b>



## **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 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.