



paradox
INTERACTIVE

INTERIM REPORT

JANUARY - SEPTEMBER 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 - SEPTEMBER 2023

THIRD QUARTER

- Revenues amounted to MSEK 426.4 (MSEK 458.0), a decrease by 7 % compared to the same period last year.
- Operating profit amounted to MSEK 85.4 (MSEK 220.6), a decrease by 61 %.
- Profit after financial items amounted to MSEK 88.5 (MSEK 219.5), and profit after tax amounted to MSEK 69.3 (MSEK 175.9).
- Cash flow from operating activities amounted to MSEK 260.1 (MSEK 242.3), and cash flow from investing activities amounted to MSEK -359.1 (MSEK -151.4). Investing activities include MSEK -198.1 (0.0 MSEK) of short-term investments in bonds.
- By the end of the period cash amounted to MSEK 734.9 (MSEK 665.9).
- Earnings per share before dilution amounted to SEK 0.66 (SEK 1.67) and after dilution SEK 0.65 (SEK 1.67).
- Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Europa Universalis IV, Hearts of Iron IV and Stellaris.

IMPORTANT EVENTS THIRD QUARTER

- New downloadable content was released to games during the period; Wards & Wardens to Crusader Kings III, Dawn of Wonder to Victoria 3, and Sands of Ulminin to Across the Obelisk.

FIRST NINE MONTHS 2023

- Revenues amounted to MSEK 1,646.5 (MSEK 1,392.9), an increase by 18 % compared to the same period last year.
- Operating profit amounted to MSEK 534.0 (MSEK 642.7), a decrease by 17 %.
- Profit after financial items amounted to MSEK 556.5 (MSEK 640.2), and profit after tax amounted to MSEK 432.4 (MSEK 514.5).
- Earnings per share before dilution amounted to SEK 4.09 (SEK 4.87) and after dilution SEK 4.06 (SEK 4.86).

SUBSEQUENT EVENTS

- The new game The Lamplighters League, developed by Harebrained Schemes was released for PC and console. After revised sales forecasts, it was decided to write down the game's capitalised development by MSEK 171 in addition to amortisation according to plan. The game's impact on profit before tax for the fourth quarter is estimated to amount to MSEK -248.
- The new game Cities: Skylines II, developed by Colossal Order, was released for PC.
- The new game Star Trek: Infinite, developed by Nimble Giant Entertainment, was released for PC.



COMMENTS BY THE CEO

WITH A CONSTANT FOCUS ON THE FUTURE

As we often point out, our quarters have significant variations depending on releases. The third quarter of the year is an example of that, as it has been one of our thinnest quarters on the release side in a long time. At the same time, we've focused a lot on the future. Despite this, the revenue is at a reasonable level and was mainly driven by back-catalogue sales and sales activities during the quarter. Costs are at a somewhat higher level than usual, largely driven by marketing of upcoming games. Overall, it results in a profit that is lower than what we are used to.

Regarding DLC for our live games, the low release rate is, to some extent, an effect of a high release rate in the second quarter and having many planned for the fourth. Despite that, we should be able to perform better.

Overall, a lot of focus has been on what lies ahead. Not least of all, we've been spending a lot of time looking towards October's biggest game release, *Cities: Skylines II*. Our core games have a long lifespan, and it is their player engagement over time that is crucial. At the time of writing, *Cities: Skylines II* has been in players' hands for about 36 hours. So far, we can state that initial player numbers are at a high level and sales are off to a good start. Performance does not yet live up to the players' expectations, but together with the developer we are hard at work with optimising the game through continuous updates.

We also released *Star Trek: Infinite* and *The Lamplighters League* after the end of the quarter. *Star Trek: Infinite* is our first licensing game, based on one of the world's strongest sci-fi brands, which we hope will help us attract new players to the grand strategy genre. *The Lamplighters League* is a good game with many strengths but, as we previously reported, it has not sold anywhere near what we had expected.

Games are inherently risky projects, and to continue growing we will need to continue to take risks. The difference, however, is that since 2021 we have a clearer strategy for building our portfolio and for risk-

taking: *Stock up* and *Break-out*. That means that we start new project on one out of two premises: either sequels in existing franchises or new titles where we deem that the risk is lower, and then we're prepared to invest more. Or we look for growth potential in new territories, but then with a wider variety of projects and with much smaller sums.

We have also announced two new titles around the end of the period: the 4X strategy game *Millennia* and factory builder *FOUNDRY*, both of which are slated for release next year and which we look forward to adding to the portfolio.

Finally, we really look forward to continuing to build on *Cities: Skylines II* and our other core games and to continue providing our players with fantastic and endless gaming experiences.

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 II, 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

35 %

R12 profit margin

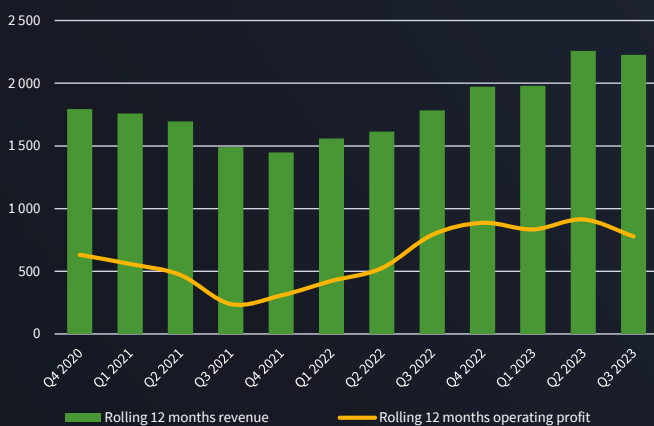
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Active games

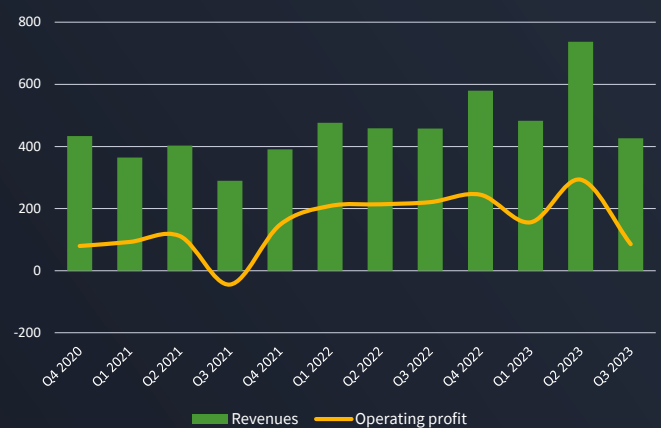
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Games in pipeline

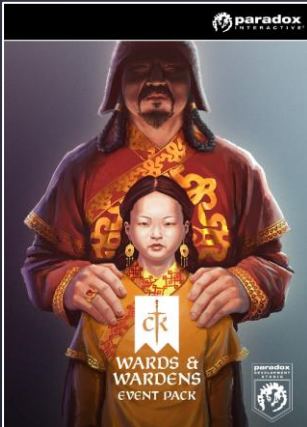
Rolling 12 month revenues and operating profit



Quarterly revenues and operating profit



RELEASES IN THE PERIOD



CRUSADER KINGS III: WARDS & WARDENS

Release date: 22 August 2023

Platforms: PC

Price: USD 4.99

Description: Child regents and guardians take the lead role in Wards & Wardens. The theme is chosen by the Crusader Kings community, and deals with the unique challenge of raising young princes and nobles in a world where eternal glory is one battle away and danger lurks in every shadow.

Publisher: Paradox Interactive

Developer: Paradox Development Studio



ACROSS THE OBELISK: SANDS OF ULMININ

Release date: 16 August 2023

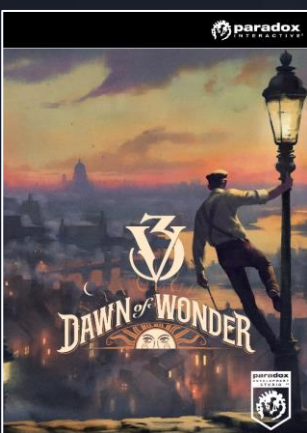
Platforms: PC

Price: USD 19.99

Description: In Sands of Ulminin, players can delve into desert canyons, solve the mysteries of the pyramids, and discover what lurks beneath. The expansion introduces two new heroes, a new zone with new enemies and bosses, dungeons, and new events to explore.

Publisher: Paradox Arc

Developer: Dreamscape Games



VICTORIA 3: DAWN OF WONDER

Release date: 28 August 2023

Platforms: PC

Price: USD 4.99

Description: From the glory of the sunrise to the glow of the gas lamp, this Art Pack takes the theme of light and shadow to add new life to Victoria 3's visual experience.

Publisher: Paradox Interactive

Developer: Paradox Development Studio



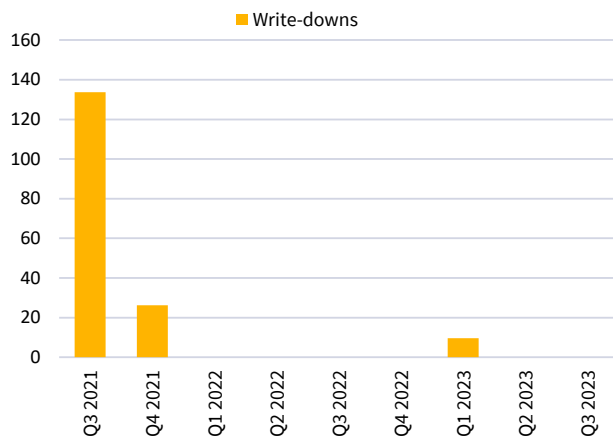
FINANCIAL OVERVIEW

REVENUE AND PROFIT THIRD QUARTER

Revenues amounted to MSEK 426.4 (MSEK 458.8), a decrease by 7 % compared to the same period last year. New downloadable content was released to games during the period; Wards & Wardens to Crusader Kings III, Dawn of Wonder to Victoria 3, and Sands of Ulminin to Across the Obelisk. 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 254.5 (MSEK 197.5), 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 113.6 (MSEK 55.6). The amortisations have increased as a result of releases of new games and downloadable content.



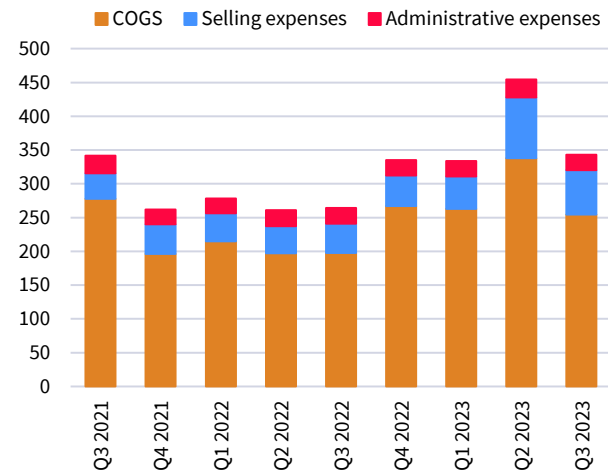
Amortisations of licenses, brands, and similar rights amounted to MSEK 20.2 (MSEK 22.1).

In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 109.8 (MSEK 111.9) 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 decreased compared to the same period last year.

Selling expenses for the period amounted to MSEK 65.5 (MSEK 43.7). Costs have increased as a result of more upcoming big game releases compared to the same period last year.

Administrative expenses for the period amounted to MSEK 22.8 (MSEK 22.9). Costs for administration are generally unchanged over time and are relatively unaffected by other operations.



Other income amounted to MSEK 1.9 (MSEK 27.0), and other expenses to MSEK -0.2 (MSEK -0.3). 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.

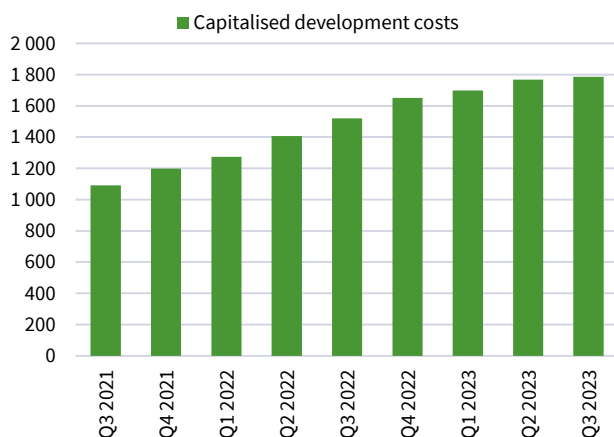
Operating profit amounted to MSEK 85.4 (MSEK 220.6). Financial items amounted to MSEK 3.1 (MSEK -1.1). Other financial items primarily consist of calculated interest on lease liabilities and interest received on cash and cash equivalents.

Profit after financial items amounted to MSEK 88.5 (MSEK 219.5), and profit after tax amounted to MSEK 69.3 (MSEK 175.9).



FINANCIAL POSITION

Capitalised development amounted to MSEK 1,785.7 (MSEK 1,519.1) 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 127.0 (MSEK 180.6).

Goodwill amounted to MSEK 23.1 (MSEK 22.0) attributable to the acquisition of Iceflake Studios.

Right-of-use assets for offices amounted to MSEK 123.5 (MSEK 145.3).

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 219.3 (MSEK 196.6).

Bonds amount to MSEK 198.1 (MSEK 0.0) at the end of the period. All bonds are short-term and constitute investments of excess cash.

Cash and cash equivalents amounted to MSEK 734.9 (MSEK 665.9).

Shareholders' equity amounts to MSEK 2,528.5 (MSEK 2,098.5), of which MSEK 432.4 (MSEK 514.5) consists of accumulated profit for the year.

Long term lease liabilities amount to MSEK 87.0 (MSEK 114.0) consisting of liabilities for office premises.

Deferred tax liabilities amount to MSEK 123.1 (MSEK 155.5), mainly relating to untaxed reserves and intangible assets from acquisitions.

Short term lease liabilities amount to MSEK 32.7 (MSEK 35.6) consisting of short-term liabilities for office premises.

Accrued expenses and prepaid income amounts to MSEK 417.0 (MSEK 300.8) by the end of the period. Prepaid revenue is higher compared to the previous year.

CASH FLOW THIRD QUARTER

Cash flow from operating activities amounted to MSEK 260.1 (MSEK 242.3), primarily attributable to the operating profit. Cash flow from investing activities amounted to MSEK -359.1 (MSEK -167.6). Investing activities include MSEK -198.1 (0.0 MSEK) of short-term investments in bonds. Cash flow from financing activities amounted to MSEK -9.5 (MSEK -9.0) relating mainly to amortisation of lease liabilities for office premises.

THE FIRST NINE MONTHS IN SUMMARY

Revenues amounted to MSEK 1,646.5 (MSEK 1,392.9) an increase by 18 % compared to the same period last year. Cost of goods sold amounted to MSEK 855.3 (MSEK 609.4), primarily attributable to game development, development support, operation and maintenance of games, as well as royalties and revenue based earn-outs to third parties. Costs of royalties are in line with the comparison period. Revenue based earn-outs have increased following the release of Age of Wonders 4. Write-downs within cost of goods sold amounts to MSEK 9.6 (MSEK 0.0). Operating profit amounted to MSEK 534.0 (MSEK 642.7), a decrease by 17 %. Profit after financial items amounted to MSEK 556.5 (MSEK 640.2), and profit after tax amounted to MSEK 432.4 (MSEK 514.5). Cash flow from operating activities amounted to MSEK 926.3 (MSEK 740.5). Cash flow from investing activities amounted to MSEK -701.7 (MSEK -555.3). Cash flow from financing activities amounted to MSEK -238.8 (MSEK -132.2).



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 THIRD 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 425.4 (MSEK 475.9). Operating profit amounted to MSEK 32.7 (MSEK 138.2). Profit after financial items amounted to MSEK 35.4 (MSEK 137.4). Profit after tax amounted to MSEK 28.1 (MSEK 109.1).

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

Year-end report 2023	2024-02-06
Annual report 2023	2024-04-17
Interim report January-March 2024	2024-04-25
Annual General Meeting 2024	2024-05-15
Interim report January-June 2024	2024-07-25
Interim report January-September 2024	2024-10-31
Year-end report 2024	2025-02-06

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 October 26, 2023

The Board of Directors

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 26 October 2023.



THE AUDITOR'S REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial information (interim report) of Paradox Interactive AB (publ.) as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 26, 2023

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant



KEY FIGURES FOR THE GROUP

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Revenues, KSEK	426,442	457,994	1,646,553	1,392,896	1,972,906
Operating profit, KSEK	85,363	220,644	533,961	642,690	887,146
Profit after financial items, KSEK	88,465	219,520	556,486	640,219	884,440
Profit after tax, KSEK	69,294	175,859	432,356	514,531	708,709
Operating margin	20%	48%	32%	46%	45%
Profit margin	21%	48%	34%	46%	45%
Equity/assets ratio	74%	72%	74%	72%	73%
Equity per share before dilution, SEK	23.94	19.87	23.94	19.87	21.70
Equity per share after dilution, SEK	23.87	19.87	23.87	19.87	21.70
Earnings per share before dilution, SEK	0.66	1.67	4.09	4.87	6.71
Earnings per share after dilution, SEK	0.65	1.67	4.06	4.86	6.70
Number of shares by the end of the period before dilution	105,623,025	105,619,209	105,623,025	105,619,209	105,619,209
Number of shares by the end of the period after dilution	105,910,175	105,619,209	105,910,175	105,619,209	105,619,209
Average number of shares before dilution	105,623,025	105,619,209	105,620,481	105,606,403	105,609,605
Average number of shares after dilution	106,423,406	105,619,209	106,272,083	105,758,677	105,723,810
Average number of employees	634	654	658	677	672
Number of employees by the end of the period	627	654	627	654	656

For definitions of key figures, see the annual report.



GROUP INCOME STATEMENT (KSEK)

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Revenues	426,442	457,994	1,646,553	1,392,896	1,972,906
Cost of goods sold	-254,508	-197,464	-855,340	-609,398	-862,629
Gross profit	171,934	260,530	791,214	783,498	1,110,277
Selling expenses	-65,544	-43,678	-203,595	-125,294	-170,490
Administrative expenses	-22,750	-22,913	-71,935	-68,804	-91,618
Other income	1,899	26,985	18,780	55,250	56,635
Other expenses	-176	-281	-503	-1,961	-17,658
Operating profit	85,363	220,644	533,961	642,690	887,146
Profit from shares in subsidiaries	-	-	15,440	-	-
Financial income	5,847	798	15,798	1,527	3,952
Financial expense	-2,745	-1,922	-8,713	-3,999	-6,658
Profit after financial items	88,465	219,520	556,486	640,219	884,440
Tax	-19,171	-43,660	-124,129	-125,689	-175,731
Profit for the period	69,294	175,859	432,356	514,531	708,709
Profit for the period is attributable to the shareholders of the parent company.					
Earnings per share before dilution, SEK	0.66	1.67	4.09	4.87	6.71
Earnings per share after dilution, SEK	0.65	1.67	4.06	4.86	6.70

OTHER COMPREHENSIVE INCOME (KSEK)

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Profit for the period	69,294	175,859	432,356	514,531	708,709
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-4,201	8,983	7,684	23,095	20,780
Other comprehensive income	-4,201	8,983	7,684	23,095	20,780
Total comprehensive income for the period	65,093	184,842	440,041	537,625	729,489

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



GROUP BALANCE SHEET (KSEK)

	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Non-current assets			
Capitalised development	1,785,667	1,519,111	1,650,275
Licenses, brands and similar rights	126,991	180,591	159,501
Goodwill	23,148	21,991	22,415
Property and equipment	14,966	18,169	17,561
Right-of-use assets	123,494	145,345	136,118
Investments in associates	-	31,678	32,555
Other long term assets	18,737	18,670	18,695
Total non-current assets	2,093,003	1,935,556	2,037,120
Current assets			
Accounts receivable	219,261	196,614	259,948
Tax assets	66,277	10,308	709
Other receivables	44,989	42,907	34,769
Prepaid expenses and accrued revenue	77,186	47,258	61,376
Bonds	198,068	-	-
Cash and cash equivalents	734,902	665,922	747,506
Total current assets	1,340,682	963,010	1,104,307
TOTAL ASSETS	3,433,686	2,898,566	3,141,427
EQUITY AND LIABILITIES			
Equity			
Share capital	528	528	528
Other capital contributed	29,748	29,542	29,542
Reserves	32,861	27,491	25,176
Retained earnings	2,033,034	1,526,382	1,528,422
Profit for the period	432,356	514,531	708,709
Total equity	2,528,527	2,098,474	2,292,377
Long term liabilities			
Lease liabilities	86,965	114,044	104,845
Deferred tax liabilities	123,083	155,464	137,220
Total long term liabilities	210,048	269,508	242,065
Current liabilities			
Accounts payable	73,811	68,327	52,487
Current tax liabilities	117,466	67,523	66,529
Lease liabilities	32,697	35,569	35,616
Other liabilities	54,105	34,184	33,725
Accrued expenses and prepaid revenues	417,031	324,981	418,628
Total current liabilities	695,111	530,584	606,985
TOTAL EQUITY AND LIABILITIES	3,433,686	2,898,566	3,141,427



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				432,356	432,356
Other comprehensive income					
Translation difference			7,684		7,684
Total other comprehensive income	-	-	7,684	-	7,684
Total comprehensive income	-	-	7,684	432,356	440,041
Transactions with owners					
Premiums when redeeming warrants	0	1,008	-	-	1,008
Re-purchase warrants	-	-802	-	-	-802
Share-based payments staff	-	-	-	7,141	7,141
Dividends	-	-	-	-211,238	-211,238
Total transactions with owners	0	206	-	-204,097	-203,891
AT THE END OF THE PERIOD 2023-09-30	528	29,748	32,861	2,465,390	2,528,527

	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				514,531	514,531
Other comprehensive income					
Translation difference			23,095		23,095
Total other comprehensive income	-	-	23,095	-	23,095
Total comprehensive income	-	-	23,095	514,531	537,625
Transactions with owners					
Premiums when redeeming warrants	0	3,362	-	-	3,362
Re-purchase warrants	-	-1,814	-	-	-1,814
Share-based payments staff	-	-	-	3,338	3,338
Dividends	-	-	-	-105,600	-105,600
Total transactions with owners	0	1,548	-	-102,262	-100,714
AT THE END OF THE PERIOD 2022-09-30	528	29,542	27,491	2,040,912	2,098,474



GROUP CASH FLOW STATEMENT (KSEK)

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Cash flow from operations					
Operating profit	85,363	220,644	533,961	642,691	887,146
Adjustment of depreciation, amortisation and write-downs	146,798	88,593	488,313	320,420	473,498
Other adjustments	2,678	3,329	1,655	4,322	4,362
Interest received	5,847	798	15,798	1,527	3,952
Interest paid	-2,745	-1,922	-8,713	-3,998	-6,658
Tax paid	-42,375	-30,970	-153,909	-66,414	-126,703
Cash flow before changes in working capital	195,566	280,471	877,105	898,549	1,235,598
Changes in working capital					
Change in current receivables	32,079	-38,075	9,060	-71,902	-141,060
Change in current liabilities	32,495	-64	40,161	-86,122	-9,799
Cash flow from current operations	260,140	242,332	926,326	740,525	1,084,740
Investing activities					
Cash flow from sales of associated companies	-	-	53,174	-	-
Investments in capitalised development	-160,696	-167,353	-553,945	-543,093	-793,771
Investments in equipment	-365	-273	-2,821	-1,111	-2,119
Investments in subsidiaries	-	-	-	-11,055	-11,055
Investments in bonds	-198,068	-	-198,068	-	-
Investments in other financial assets	-	-	-	-25	-25
Cash flow from investing activities	-359,129	-167,626	-701,660	-555,284	-806,969
Amortisation of lease liability	-9,525	-9,015	-27,581	-26,569	-35,371
Paid dividend	-	-	-211,238	-105,600	-105,600
Cash flow from financing activities	-9,525	-9,015	-238,820	-132,169	-140,971
Cash flow for the period	-108,513	65,692	-14,153	53,071	136,800
Cash and cash equivalents at the beginning of the period	844,209	594,867	747,506	767,561	767,561
Exchange rate effect	-793	5,363	1,550	13,125	10,981
Cash and cash equivalents at the end of the period	734,902	665,922	734,902	665,922	747,506



PARENT COMPANY INCOME STATEMENT (KSEK)

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Revenues	425,416	475,938	1,645,505	1,405,636	1,992,191
Cost of goods sold	-311,026	-300,149	-1,129,492	-916,261	-1,276,664
Gross profit	114,390	175,788	516,013	489,375	715,528
Selling expenses	-61,025	-41,424	-190,096	-119,682	-163,264
Administrative expenses	-22,251	-22,982	-70,733	-69,031	-91,873
Other income	1,632	26,820	14,061	53,864	54,248
Other expenses	-	-	-	-1,404	-17,060
Operating profit	32,746	138,202	269,244	353,122	497,578
Profit from shares in subsidiaries	-	-	35,381	-	-
Financial income	4,680	250	12,698	250	1,952
Financial expense	-2,000	-1,010	-6,002	-1,079	-2,391
Profit after financial items	35,425	137,442	311,321	352,293	497,140
Year-end appropriations	-	-	-	-	200,000
Income tax expense	-7,298	-28,313	-67,626	-72,152	-145,215
Profit for the year and total income for the year	28,128	109,129	243,695	280,140	551,925



PARENT COMPANY BALANCE SHEET (KSEK)

	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Non-current assets			
Capitalised development	1,445,530	1,338,234	1,408,095
Licenses, brands and similar rights	42,742	44,027	37,495
Property and equipment	7,516	10,531	10,116
Shares in subsidiaries	305,812	305,812	305,812
Investments in associates	-	16,766	16,766
Other long term assets	17,393	17,393	17,393
Total non-current assets	1,818,993	1,732,763	1,795,677
Current assets			
Accounts receivable	211,318	193,064	255,031
Receivables from group companies	4,753	15,280	79,656
Tax assets	64,573	9,630	-
Other receivables	38,986	35,560	28,163
Prepaid expenses and accrued revenues	82,002	45,070	59,969
Bonds	198,068	-	-
Cash and cash equivalents	469,550	439,411	448,013
Total current assets	1,069,249	738,014	870,832
TOTAL ASSETS	2,888,242	2,470,777	2,666,508
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	1,445,530	1,338,234	1,408,095
<i>Non-restricted equity</i>			
Share premium reserve	29,748	29,542	29,542
Retained earnings	72,724	-169,847	-237,669
Profit for the period	243,695	280,141	551,925
Total equity	1,792,226	1,478,598	1,752,422
Untaxed reserves	485,000	555,000	485,000
Current liabilities			
Accounts payable	65,069	59,802	45,619
Liabilities to group companies	177,228	104,466	28,016
Current tax liabilities	-	-	4,352
Other liabilities	3,926	5,499	4,339
Accrued expenses and prepaid revenues	364,793	267,412	346,760
Total current liabilities	611,016	437,179	429,086
TOTAL EQUITY AND LIABILITIES	2,888,242	2,470,777	2,666,508



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;

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
USA	366,268	386,826	1,426,093	1,206,819	1,679,021
Sweden	8,466	8,167	27,419	11,979	21,318
Rest of Europe	43,139	52,861	162,363	145,671	234,297
Rest of the World	8,569	10,140	30,679	28,426	38,269
Total	426,442	457,994	1,646,553	1,392,896	1,972,906

During the quarter and the 9-month period respectively MSEK 323.2 (MSEK 282.5) and MSEK 1,143.3 (MSEK 827.8) of the group's revenue came from one and the same customer.

Group revenue divided into major product categories;

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
PC	330,970	374,949	1,310,551	1,173,091	1,678,253
Console	65,066	61,129	231,557	162,873	218,810
Mobile	16,704	9,984	51,534	28,130	41,766
Other	13,702	11,932	52,910	28,800	34,076
Total	426,442	457,994	1,646,553	1,392,896	1,972,906

Prepaid revenue amounted to MSEK 269.7 (MSEK 199.4) at the end of the period. Of these, MSEK 269.7 is expected to be reported as revenue during the next 12-month period, and MSEK 0.0 within 24 months.

The revenues for the quarter and the 9-month period respectively include MSEK 26.7 (MSEK 31.0) and 173.2 (MSEK 157.7) respectively which were included in prepaid revenue at the beginning of the period.

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

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
Cost of goods sold	144,677	85,500	479,882	311,028	460,407
Selling expenses	497	1,067	2,959	2,811	4,506
Administrative expenses	1,624	2,026	5,472	6,581	8,585
Total	146,798	88,593	488,313	320,420	473,498

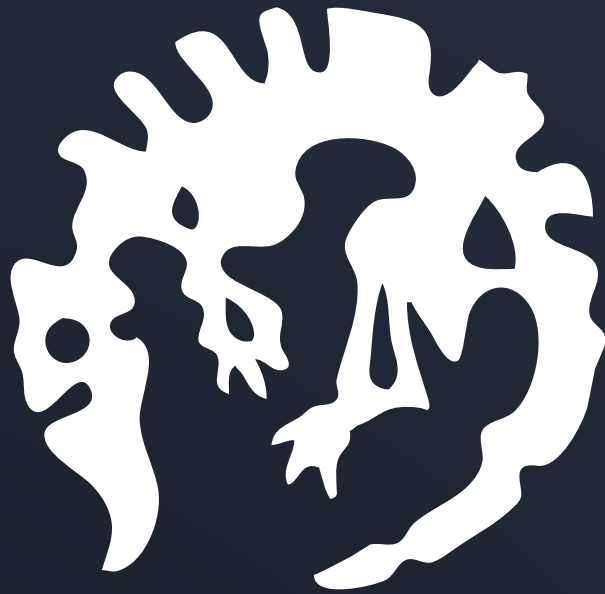


NOTE 3. EMPLOYEE STOCK OPTION PROGRAM 2023/2027

The Annual General Meeting on May 17, 2023, decided to introduce an employee stock options program aimed at employees of the group. The number of outstanding employee stock options amounts to 510,000 with the right to subscribe for the same number of shares in Paradox Interactive AB (publ).

Allotted employee stock options were issued free of charge at a market value of SEK 55.82 according to a valuation based on the Black & Scholes model. The exercise price for the options was set at SEK 300.53 and subscription of shares is expected to take place 30 days after the publication of the company's interim reports for the second quarter of 2026, the third quarter of 2026 and the first quarter of 2027 respectively.

The strike price corresponded to 120 % of the average share price during the period 28 April to 5 May 2023. Vesting of options is conditional on continued employment with the company. Personnel-related costs excluding social security contributions for the program amount to MSEK 2.4 (MSEK 0.0) during the period. In the event that these options are fully subscribed, the parent company's equity will be added to MSEK 153.3.



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