



paradox
INTERACTIVE®

INTERIM REPORT

2021-01-01 - 2021-06-30

*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 2021-01-01 - 2021-06-30

SECOND QUARTER 2021

- Revenues amounted to MSEK 403.0 (MSEK 464.9), a decrease by 13 % compared to the same period last year.
- Operating profit amounted to MSEK 111.4 (MSEK 199.0), a decrease by 44 % compared to the same period last year.
- Profit after financial items amounted to MSEK 110.3 (MSEK 197.7), and profit after tax amounted to MSEK 88.3 (MSEK 154.5).
- Cash flow from operating activities amounted to MSEK 262.3 (MSEK 278.5), and cash flow from investing activities amounted to MSEK -212.3 (MSEK -148.4).
- By the end of the period cash amounted to MSEK 651.0 (MSEK 637.2).
- Earnings per share amounted to SEK 0.84 (1.46) after dilution.
- Revenues in the quarter are mainly attributable to Cities: Skylines, Crusader Kings III, Europa Universalis IV, Hearts of Iron IV and Stellaris.

IMPORTANT EVENTS IN THE SECOND QUARTER 2021

- Four expansions were released during the period; Nemesis for Stellaris, Leviathan for Europa Universalis IV, Second Chances for Prison Architect and Federations for Stellaris: Console Edition.
- The group's employees continue to work from home to reduce the spread of Covid-19.
- At the Annual General Meeting on May 18, Andras Vajlok was elected as a new board member. Josephine Salenstedt declined re-election.
- PDXCON was held as a digital event 21-23 May. A Paradox Publisher Weekend was held on Steam in connection to the event.

AFTER THE END OF THE PERIOD

- No significant events have occurred after the end of the period.

ABOUT PARADOX

The Paradox group today consists of both publishing and internal development of games and brands. The game portfolio includes more than 100 titles and Paradox owns the most important brands, including Stellaris, Europa Universalis, Hearts of Iron, Crusader Kings, Cities: Skylines, Surviving Mars, Prison Architect, Magicka, Age of Wonders and the World of Darkness catalogue of brands.

From the start in 2004, the company has published its games all over the world, initially through physical distribution but since 2006 primarily in digital channels. Paradox games are developed primarily for PC and console platforms, but the company also releases games on mobile. The largest markets today include the US, UK, China, Germany, France, Russia and Scandinavia. Today, over five million gamers play a Paradox game each month and the number of registered Paradox users exceeds 20 million.



COMMENTS FROM THE CEO

A quarter for celebrating the players

As we close the books on the first half of 2021, I look back at six months where we've continued to strengthen and develop our important player base and our core within strategy and management games. We continue to attract new players and I am proud that we have reached a new milestone: over 20 million players with PDX Accounts! One of our strengths is our loyal and recurrent players, which can be seen in a strong and stable monthly player base of over 5 million.

The cornerstone of our most successful games are active, loyal, and enthusiastic players. They are a source of feedback, ideas, content and energy that make our games even better and long lived. Our developers and community teams put a lot of effort into the dialogue with our players in order to nurture a stronger community around the games, for example at our annual convention PDXCON. Due to the pandemic, the event was held as PDXCON

Remixed, a 72 hour digital celebration of our fantastic fans and the games they love. Our players' engagement could be clearly seen in the record high participation; the convention's events and content has been viewed over 3.5 million times and we had over 250 000 unique viewers during the weekend. Over the convention weekend we also held a successful Publisher Weekend on Steam.



We also took the opportunity to announce a very special game that we've worked on for a number of years; Victoria 3. Victoria 3 is the sequel in one of our most mythical franchises and has been requested for many years. Victoria, our Grand Strategy franchise that takes place in the Victorian era is known for its complex systems for handling politics and populations.

Victoria 3 is also an example of the backbone of our growth; our ability to develop and nurture games that can grow in both content and audience over an extended time period by continuous releases of new content. The announcement was received with great enthusiasm and now our full focus is on developing an entertaining and long-lasting game that meets our players' expectations.

The quarter has also featured two of our most beloved games, Hearts of Iron IV and Stellaris, celebrating their fifth anniversaries. Half a decade after launch, they continue to place themselves on our top five list of our best-selling titles and have to date sold over three and four million base game copies respectively since launch.

One of the many unfortunate effects of covid-19 is that the pandemic affects the pace at which we can develop and publish new content. Even though our growing player base lays a solid foundation for future growth the number of releases in the past two quarters did not reach our level of ambition. Revenues for the second quarter decreased by 13% and profit before tax by 44% compared to the same period last year. For the last twelve months, revenues increased by 11% whilst profit before tax decreased by 24% compared to a year earlier. The quarter's revenues





VICTORIA

and results are impacted by the weakening of the USD and other major currencies against the SEK from the second quarter of 2020. The quarter's profit is also affected by the cancellation of an unannounced externally developed project. In connection with the cancellation, we have written down the value of the game which burdens the profit before tax by 42 MSEK.

Our growth is based on our ability to release high-quality games within the strategy and management segments that can be developed with new content over a long time. In the quarter we have continued to work intensively to strengthen the preconditions for this. We have increased the focus on our core as

well growing and adjusting our organization in order to be able to meet our highly set ambitions. Now we can finally plan for a “post-COVID world” and I really look forward to gathering all our teams at our offices around the world and increasing the pace of development in our projects.

Ebba Ljungerud, CEO



DLC

STELLARIS - NEMESIS

PC

Nemesis is an expansion to Stellaris in which the player will be able to determine the fate of a destabilizing galaxy. Adding espionage tools, a path to power as the Galactic Custodian to combat endgame crises - or the Menace option to BECOME the endgame crisis - Nemesis gives you the most powerful tools ever available in Stellaris.



DLC

STELLARIS: CONSOLE EDITION - FEDERATIONS

XBOX, PLAYSTATION

The supreme art of war is to subdue the enemy without fighting. With Federations, players can extend their diplomatic dominion over the galaxy like never before.



EUROPA UNIVERSALIS IV - LEVIATHAN

PC

In Europa Universalis IV: Leviathan expansion, you get new tools to centralize and accumulate power for your country. New diplomatic actions give you the means to go up against mightier counterparts and new economic tools will allow you to establish rich vassal empires that draw wealth and development to your monumental capital city.



PRISON ARCHITECT - SECOND CHANCES

PC, XBOX, PLAYSTATION, SWITCH

Prison Architect: Second Chances gives your inmates a fresh start with reform and rehabilitation features, helping them improve behaviors and reduce sentences.



REVENUE AND PROFIT SECOND QUARTER

REVENUE AND PROFIT SECOND QUARTER

Revenues amounted to MSEK 403.0 (MSEK 464.9), an decrease by 13 % compared to the same period last year. New downloadable content for games was released during the period; Nemesis for Stellaris, Leviathan for Europa Universalis IV, Second Chances for Prison Architect and Federations for Stellaris: Console Edition. 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 204.2 (MSEK 163.0), attributable to game development, development support, operation and maintenance of games, as well as royalties to external rights holders. The costs for game development have increased as a result of investments in and launches of new games. Depreciation and amortisation for the period in the item amounts to MSEK 83.5 (MSEK 70.1), of which MSEK 56.2 (MSEK 39.2) relates to amortisation of released games and MSEK 20.3 (MSEK 12.3) relates to depreciations of acquired licenses, brands and similar rights.

The games Crusader Kings III and Empire of Sin, which were released on September 1, 2020 and December 1, 2020, are amortised using a degressive amortisation method where 1/3 of the games are amortised the first month after release, 1/3 is amortised month 2-6 after release, and 1/3 is amortised month 7-18 after release. Previously released games are amortised on a straight-line basis over an 18-month period.

The write-downs for the period in the item amount to MSEK 42.0 (MSEK 0.0) and pertain to a yet unannounced game where the development has been cancelled. In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 78.7 (MSEK 92.9) was expensed regarding non-capitalised development costs, development support, operation and maintenance of games, and royalties. Non-capitalised development costs have decreased compared with the comparison period due to a reduced share of non-capitalised costs for the group's internally developed games. Costs for development support, operation and maintenance of games have increased compared with the comparison period as a result of an expanded game portfolio and increased player activity. Costs for royalties have decreased compared to the comparison period due to lower sales of royalty-generating games.

Selling expenses for the period amounted to MSEK 55.6 (MSEK 58.6).

Administrative expenses for the period amounted to MSEK 28.9 (MSEK 28.7).

Other income amounted to MSEK 1.0 (MSEK 0.6), and other expenses to MSEK 3.9 (MSEK 16.3). The positive development for other expenses is primarily driven by a lower negative exchange rate impact on the group's cash and cash equivalents, operating receivables and operating liabilities during the quarter compared with the same quarter last year.

Operating profit amounted to SEK 111.4 million (SEK 199.0 million), a decrease of 44%. Without the write-down for the period, operating profit would have amounted to SEK 153.4 million, which would have meant a decrease of 23%.

Financial items amounted to MSEK -1.1 (MSEK -1.3). Financial items primarily consists of interest on lease liabilities.

Profit after financial items amounted to MSEK 110.3 (MSEK 197.7), and profit after tax amounted to MSEK 88.3 (MSEK 154.5).

FINANCIAL POSITION

Capitalised development amounted to MSEK 1,119.8 (MSEK 798.5) by the end of the period.

Licenses, brands and similar rights amounted to MSEK 267.0 (MSEK 177.5).

Goodwill amounted to MSEK 20.4 (MSEK 0.0) attributable to the acquisition of Iceflake Studios.

By the end of the period property and equipment amounted to MSEK 24.3 (MSEK 27.5).

Right-of-use assets for offices amounted to MSEK 182.3 (MSEK 211.9).

Shares in associates amount to MSEK 25.0 (MSEK 23.3) 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 118.3 (MSEK 130.3) by the end of the period, mainly attributable to sales during the last month of the period.

Cash and cash equivalents amounted to MSEK 651.0 (MSEK 637.2).

Shareholders' equity amounts to MSEK 1,566.7 (MSEK 1,303.3), of which MSEK 165.1 (MSEK 282.5) consists of accumulated profit for the year.

Long term lease liabilities amounts to MSEK 150.9 (MSEK 178.0) consisting of long term liabilities for office premises.

Deferred tax liabilities amounts to MSEK 186.8 (MSEK 122.4), mainly relating to untaxed reserves and intangible assets from acquisitions.

Other long term liabilities amounted to MSEK 0.4 (MSEK 23.8) by the end of the period.

Short term lease liabilities amounts to MSEK 34.6 (MSEK 35.5) consisting of short term liabilities for office premises.

Other current liabilities amount to MSEK 67.1 (MSEK 15.1), and mainly consist of short-term commitments for acquisitions.

Accrued expenses and prepaid income amounts to MSEK 381.0 (MSEK 292.8). The change is mainly related to an increase in prepaid revenue from games sold where revenue is accounted for at a later date.

CASH FLOW SECOND QUARTER

Cash flow from operating activities amounted to MSEK 262.3 (MSEK 278.5), primarily attributable to the operating profit and adjustments for items not included in the cash flow. Cash flow from investing activities amounted to MSEK -212.3 (MSEK -148.4), mainly referring to investments in game development. Cash flow from financing activities amounted to MSEK -114.0 (MSEK -118.8) mainly relating to paid dividends and amortisation of lease liabilities for office premises.

PARENT COMPANY SECOND QUARTER

Within the parent company is the publishing operations, which acts as the main publisher for all of the group's games. The parent company also to some extent provides administration services to the subsidiaries. To a large extent, the subsidiaries only have intra-group sales for game development invoiced to the parent company. All in all, this leads to both revenues and costs for the parent company to a large extent following the group's development in general. Parent company revenues for the quarter amounted to MSEK 402.4 (MSEK 464.7). Operating profit amounted to MSEK 115.2 (MSEK 203.0). Profit after financial items amounted to MSEK 115.0 (MSEK 202.9). Profit after tax amounted to MSEK 91.3 (MSEK 157.7).

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.

RISKS AND UNCERTAINTIES

Paradox is, like most companies, exposed to certain risks in its operations. The risks and uncertainties are described as a whole in the Annual Report for 2020, page 22. 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.



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.

CALENDAR

Paradox intends to distribute financial reports on the below dates.

Interim report January - September 2021	2021-11-16
Year-end report January - December 2021	2022-02-22

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 also describe the significant risks and uncertainties faced by the companies making up the group.

Stockholm August 10, 2021

Fredrik Wester	Ebba Ljungerud
Chairman of the Board	Chief Executive Officer

Håkan Sjunnesson	Andras Vajlok
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Mathias Hermansson	Linda Höglund
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This report has not been subject to special review by the company's auditors.

This information is information that Paradox Interactive AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on August 10, 2021.



KEY FIGURES FOR THE GROUP

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
Revenues, KSEK	403,003	464,936	767,532	865,340	1,793,794
Operating profit, KSEK	111,381	199,033	203,889	364,918	632,108
Profit after financial items, KSEK	110,267	197,743	201,841	362,440	628,030
Profit after tax, KSEK	88,346	154,515	165,078	282,522	490,575
Operating margin	28%	43%	27%	42%	35%
Profit margin	22%	33%	22%	33%	27%
Equity/assets ratio	63%	62%	63%	62%	60%
Equity per share before dilution, SEK	14.84	12.34	14.84	12.34	14.28
Equity per share after dilution, SEK	14.80	12.31	14.80	12.31	14.24
Earnings per share before dilution, SEK	0.84	1.46	1.56	2.68	4.65
Earnings per share after dilution, SEK	0.84	1.46	1.56	2.67	4.64
Number of shares by the end of the period before dilution	105,600,000	105,600,000	105,600,000	105,600,000	105,600,000
Number of shares by the end of the period after dilution	105,853,350	105,857,950	105,853,350	105,857,950	105,889,000
Average number of shares before dilution	105,600,000	105,600,000	105,600,000	105,600,000	105,600,000
Average number of shares after dilution	105,786,898	105,837,887	105,853,371	105,718,944	105,839,159
Average number of employees	712	527	701	511	567
Number of employees by the end of the period	715	534	715	534	662

For definitions of key figures, see the annual report.



GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (KSEK)

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
Revenues	403,003	464,936	767,532	865,340	1,793,794
Cost of goods sold	-204,232	-163,004	-406,985	-334,405	-805,644
Gross profit	198,770	301,932	360,547	530,935	988,149
Selling expenses	-55,580	-58,552	-111,488	-105,500	-215,138
Administrative expenses	-28,892	-28,698	-54,769	-64,920	-120,422
Other income	1,017	620	13,567	21,192	25,612
Other expenses	-3,935	-16,269	-3,968	-16,789	-46,094
Operating profit	111,381	199,033	203,889	364,918	632,108
Financial income	71	0	172	0	698
Financial expense	-1,185	-1,290	-2,220	-2,478	-4,775
Profit after financial items	110,267	197,743	201,841	362,440	628,030
Tax	-21,922	-43,228	-36,763	-79,917	-137,455
Profit for the period	88,346	154,515	165,078	282,522	490,575
Profit for the period is attributable to the shareholders of the parent company					
Earnings per share before dilution, SEK	0.84	1.46	1.56	2.68	4.65
Earnings per share after dilution, SEK	0.84	1.46	1.56	2.67	4.64
OTHER COMPREHENSIVE INCOME					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-7,863	-6,380	-919	1,223	-13,896
Total comprehensive income for the period	80,483	148,135	164,159	283,745	476,679



GROUP BALANCE SHEET (KSEK)

	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Non-current assets			
Capitalised development	1,119,761	798,516	920,467
Licenses, brands and similar rights	267,002	177,518	304,587
Goodwill	20,394	-	20,218
Property and equipment	24,250	27,485	26,529
Right-of-use assets	182,286	211,864	199,440
Investments in associates	25,039	23,269	24,669
Other long term assets	1,245	3,462	1,234
Total non-current assets	1,639,977	1,242,115	1,497,146
Current assets			
Accounts receivable	118,346	130,336	176,979
Other receivables	27,948	15,204	23,777
Prepaid expenses and accrued revenue	46,967	71,522	52,606
Cash and cash equivalents	651,029	637,237	767,561
Total current assets	844,290	854,298	1,020,923
TOTAL ASSETS	2,484,267	2,096,413	2,518,068



GROUP BALANCE SHEET (KSEK)

	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	528	528	528
Other capital contributed	27,994	27,994	27,994
Reserves	-5,707	10,330	-4,788
Retained earnings	1,378,823	981,947	993,849
Profit for the period	165,078	282,522	490,575
Total equity	1,566,717	1,303,322	1,508,158
Long term liabilities			
Lease liabilities	150,875	178,021	167,775
Deferred tax liabilities	186,777	122,362	193,396
Other liabilities	422	23,794	422
Total long term liabilities	338,074	324,177	361,594
Current liabilities			
Accounts payable	93,664	63,248	66,667
Current tax liabilities	3,060	62,272	50,819
Lease liabilities	34,575	35,527	34,129
Other liabilities	67,148	15,102	65,446
Accrued expenses and prepaid revenues	381,028	292,765	431,257
Total current liabilities	579,477	468,914	648,317
TOTAL EQUITY AND LIABILITIES	2,484,267	2,096,413	2,518,068



CHANGE IN GROUP EQUITY (KSEK)

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
At the beginning of the period 2020-01-01	528	27,994	9,107	1,087,547	1,125,176
Dividend	-	-		-105,600	-105,600
Profit for the period and total income for the period	-	-	-13,896	490,575	476,679
Items reported directly against equity	-	-	-	12,144	12,144
Repurchase warrants	-	-	-	-242	-242
At the end of the period 2020-12-31	528	27,994	-4,788	1,484,423	1,508,158
At the beginning of the period 2021-01-01	528	27,994	-4,788	1,484,423	1,508,158
Dividend				-105,600	-105,600
Profit for the period and total income for the period	-	-	-919	165,078	164,159
At the end of the period 2021-03-31	528	27,994	-5,707	1,543,902	1,566,717



GROUP CASH FLOW STATEMENT (KSEK)

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
Operating profit	111,381	199,033	203,889	364,918	632,108
Adjustment of depreciations, amortisations and write-downs	128,965	70,124	262,847	149,421	412,674
Other adjustments	-365	-633	-365	-3,061	7,136
Interest received	71	0	172	0	698
Interest paid	-1,185	-1,290	-2,220	-2,478	-4,775
Tax paid	-27,745	-22,027	-94,951	-62,017	-113,560
Cash flow from current operations before changes in working capital	211,122	245,207	369,372	446,783	934,281
<i>Changes in working capital</i>					
Change in current receivables	14,116	33,903	54,461	122,822	73,781
Change in current liabilities	37,047	-585	-15,890	-43,399	118,243
Cash flow from current operations	262,285	278,525	407,943	526,205	1,126,305
Investing activities					
Investments in capitalised development	-211,699	-145,937	-400,521	-299,358	-613,948
Investments in licenses, brands and similar rights	-	-	-	-10,578	-22,970
Investments in equipment	-568	-1,323	-972	-3,717	-4,639
Investments in subsidiaries	-	-1,108	-	-1,108	-119,999
Investments in other financial assets	-	-	-	-	3,186
Cash flow from investing activities	-212,267	-148,367	-401,493	-314,761	-758,370
Financing activities					
Received deposits	-	-	-	422	422
Amortisation of lease liability	-8,445	-13,189	-16,888	-22,733	-43,062
Paid dividend	-105,600	-105,600	-105,600	-105,600	-105,600
Repurchase warrants	-	-	-	-	-242
Cash flow from financing activities	-114,045	-118,789	-122,488	-127,911	-148,482
Cash flow for the period	-64,027	11,369	-116,038	83,533	219,452
Cash and cash equivalents at the beginning of the period	717,637	625,051	767,561	554,227	554,227
Exchange rate effect	-2,581	817	-495	-524	-6,119
Cash and cash equivalents at the end of the period	651,029	637,237	651,029	637,237	767,561



PARENT COMPANY INCOME STATEMENT (KSEK)

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
Revenues	402,407	464,689	764,421	864,902	1,781,416
Cost of goods sold	-202,095	-159,691	-398,196	-326,011	-774,299
Gross profit	200,312	304,998	366,225	538,891	1,007,116
Selling expenses	-52,389	-58,648	-105,167	-105,690	-211,417
Administrative expenses	-29,320	-28,846	-55,615	-65,215	-116,757
Other income	809	620	13,295	16,865	17,824
Other expenses	-4,262	-15,082	-4,262	-15,597	-43,004
Operating profit	115,150	203,043	214,477	369,253	653,762
Financial income	-	-	-	-	730
Financial expense	-117	-173	-144	-189	-225
Profit after financial items	115,033	202,870	214,333	369,064	654,267
Year-end appropriations	-	-	-	-	-150,225
Income tax expense	-23,697	-45,180	-44,153	-82,746	-112,532
Profit for the year and total income for the year	91,336	157,690	170,180	286,317	391,510



PARENT COMPANY BALANCE SHEET (KSEK)

	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Non-current assets			
Capitalised development	1,113,418	791,403	913,222
Licenses, brands and similar rights	73,239	99,158	86,090
Property and equipment	16,823	22,346	19,406
Shares in subsidiaries	305,812	107,562	305,812
Investments in associates	16,766	16,766	16,766
Other long term assets	60	3,462	60
Total non-current assets	1,526,118	1,040,698	1,341,356
Current assets			
Accounts receivable	114,458	129,803	174,229
Receivables from group companies	3,927	11,759	3,845
Tax assets	3,767	-	-
Other receivables	18,138	14,126	16,536
Prepaid expenses and accrued revenues	45,756	72,242	52,245
Cash and cash equivalents	562,343	593,022	688,427
Total current assets	748,388	820,952	935,281
TOTAL ASSETS	2,274,506	1,861,649	2,276,637



PARENT COMPANY BALANCE SHEET (KSEK)

	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	1,113,418	791,403	913,222
<i>Non-restricted equity</i>			
Share premium reserve	27,994	27,994	27,994
Retained earnings	-191,859	-167,657	-277,573
Profit for the period	170,180	286,317	391,510
Total equity	1,120,261	938,586	1,055,681
Untaxed reserves	623,100	472,875	623,100
Long term liabilities			
Other liabilities	422	23,794	422
Total long term liabilities	422	23,794	422
Current liabilities			
Accounts payable	89,784	60,988	63,904
Liabilities to group companies	48,647	28,385	57,373
Current tax liabilities	-	60,852	46,228
Other liabilities	51,172	3,564	50,115
Accrued expenses and prepaid revenues	341,120	272,604	379,815
Total current liabilities	530,723	426,394	597,434
TOTAL EQUITY AND LIABILITIES	2,274,506	1,861,649	2,276,637



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;

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
USA	346,366	390,546	638,940	728,887	1,526,282
Sweden	6,406	5,719	14,254	15,849	50,055
Rest of EU	18,770	59,419	46,107	105,385	189,231
Rest of the World	31,460	9,252	68,230	15,219	28,227
Total	403,003	464,936	767,531	865,340	1,793,794

Group revenue divided into major product categories;

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
PC	343,548	391,058	634,597	727,838	1,544,096
Console	42,128	64,812	96,672	120,628	212,413
Mobile	14,248	3,441	29,309	6,404	26,244
Other	3,079	5,625	6,953	10,470	11,040
Total	403,003	464,936	767,532	865,340	1,793,794

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

	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-06-30	2020-01-01 2020-12-31
Cost of goods sold	125,521	62,026	255,962	133,286	385,750
Selling expenses	1,409	1,313	2,819	2,625	5,295
Administrative expenses	2,035	6,786	4,067	13,509	21,629
Total	128,965	70,124	262,847	149,421	412,674

NOTE 3 WARRANT SCHEMES**Warrant scheme 2020/2023**

The Annual General Meeting on May 15, 2020, decided to introduce a warrant scheme aimed at employees of the Group. The number of outstanding warrants amounts to 289,000 with the right to subscribe for the same number of shares in Paradox Interactive AB (publ). Allotted warrants were issued free of charge at a market price of SEK 15.66 according to a valuation based on Black & Scholes. The exercise price for the warrants was set at SEK 264.26 and subscription for shares can take place June 15, 2023 to June 30, 2023. Personnel-related costs including social security contributions for the program amount to MSEK 4.8, reported during the third quarter of 2020. In the event of full subscription of these warrants, the parent company's equity will be increased by MSEK 76.4.

Warrant scheme 2019/2022

The Annual General Meeting on May 17, 2019 decided to introduce a warrant scheme aimed at employees of the Group. The number of issued warrants amounted to 259,850 with the right to subscribe for the same number of shares in Paradox Interactive AB (publ). In total, 6,500 of these warrants have been repurchased from employees in connection to employee resignations. Allotted warrants were issued free of charge in two rounds at a market price of SEK 16.97 and SEK 21.07, respectively, according to a valuation based on Black & Scholes. The exercise price for the warrants was set at SEK 175.01 and subscription of shares can take place from June 15, 2022 to June 30, 2022. Personnel-related costs including social security contributions for the program amount to MSEK 5.9, of which MSEK 4.5 was reported during the third quarter of 2020. In the event of full subscription of these warrants, the parent company's equity will be increased by MSEK 44.3.

