



# Year End Report

AND QUARTERLY REPORT OCTOBER - DECEMBER

2017-01-01 - 2017-12-31

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

# Year End Report, 2017

## FOURTH QUARTER 2017

- Revenues amounted to SEK 222.4 (198.4) million, an increase by 12 % compared to the same period last year.
- Operating profit amounted to SEK 86.7 (85.9) million, an increase by 1 %.
- Profit before tax amounted to SEK 86.7 (86.0) million, and profit after tax amounted to SEK 68.8 (68.1) million.
- Cash flow from operating activities amounted to SEK 139.7 (90.6) million, and cash flow from investing activities amounted to SEK -63.4 (-58.8) million.
- By the end of the period cash and short term placements amounted to SEK 320.1 (246.9) million.
- Earnings per share amounted to SEK 0.65 (0.65) per share.
- Revenue from the fourth quarter of 2017 are mainly attributable to Cities: Skylines, Stellaris, Europa Universalis IV, Hearts of Iron IV and Crusader Kings II.

## FULL YEAR 2017

- Revenues for the period amounted to SEK 813.8 (653.7) million, an increase by 24 % compared to the same period last year.
- Operating profit amounted to SEK 339.8 (308.0) million, an increase by 10 %.
- Profit before tax amounted to SEK 339.6 (308.6) million, and profit after tax amounted to SEK 264.9 (240.4) million.
- Earnings per share amounted to SEK 2.51 (2.28).
- The Board of Directors propose a dividend of SEK 1.00 (1.00) per share for the financial year 2017.

## IMPORTANT EVENTS IN THE FOURTH QUARTER 2017

- Several expansions were released during the period; Green Cities to Cities: Skylines, Cradle of Civilization to Europa universalis IV, Jade Dragon to Crusader Kings II and Snowfall to Cities: Skylines Console.
- Steam Winter Sale started December 21 and continued until January 4.

## AFTER THE END OF THE PERIOD

- January 2 Paradox acquired 33 % of the shares in development studio Hardsuit Labs, based in Seattle, for USD 2.0 million. Paradox has an option to increase its ownership in the future. Payment has been made in cash with no contingent consideration.

## ABOUT PARADOX INTERACTIVE

The Paradox Interactive group includes publishing and internal development of games and licensing of White Wolf's brands. The publishing operation publishes both internally developed titles and titles developed by independent studios as well as music and books. The game portfolio includes more than 100 titles and Paradox Interactive owns the most important brands, including Stellaris, Europa Universalis, Hearts of Iron, Crusader Kings, Cities: Skylines, Magicka and Age of Wonders. From the start over ten years ago, the company has published its games all over the world, initially through physical distribution using partners, but beginning in 2006 has primarily distributed digitally using its own publishing arm. The development platform is primarily PC, but the company has released games on console and mobile platforms as well. The largest markets today include the US, UK, Germany, France, Russia and Scandinavia. Today, over 2 million gamers play a Paradox game each month and the number of Paradox registered users exceeds seven million.

Paradox Interactive AB (publ)'s shares are listed on Nasdaq Stockholm First North Premier under ticker PDX. FNCA Sweden AB is the company's Certified Adviser. For more information, please visit [www.paradoxinteractive.com](http://www.paradoxinteractive.com).



# CEO says

## GEARING UP FOR 2020

For the past two years, Paradox has been gradually increasing its investments. As we gear up for 2020, we can see that our investments are larger than ever. Currently, we are doing bigger and better productions than before and we have more parallel productions in the works, all while facing higher quality demands. One example of this is the player expectation that our game series should be long term and have high replayability value.

To meet these demands, we have expanded the organization a little in advance so that we can prepare for the ventures that await us in the future. This means lower margins in the short term, but an expected high growth curve in the long term – even if all games do not reach their maximum potential.

When we expand the organization, it's also important to ensure we have the right people in the right places and in different key roles. It's about matching each person's skills, personal strengths and motivation with the stage the company finds itself in. This way, we can also ensure that we've got what it takes to be able to meet the needs of our players and our employees. A sign of how far Paradox has come as an organisation lies in the very talented people we have in senior positions, across all areas of the company. This also gives us the luxury to organize ourselves in

the manner that best fits our targets and what we are trying to achieve.

During my own time at Paradox for example, I have mainly focused on the company's growth and business opportunities. This is where my main strength lies. But for the past two years, I have not been able to spend as much time on these tasks as I've wanted. Therefore, my focus for 2018 will be to make changes in my role which will enable me to once again put more time and effort into what I do best.

We close the fourth quarter in much the same way as the entire year – by launching a number of expansions to our existing titles.

- We released an additional expansion and a content pack for Cities: Skylines on PC (Green Cities and European Suburbia)
- We launched the expansion Snowfall for Cities: Skylines on console.
- New content was added to Crusader Kings II through the Jade Dragon expansion.
- Europa Universalis IV got the Cradle of Civilization expansion.
- For Stellaris, we released a new content pack: Humanoids Species Pack.





As we have mentioned earlier, we are far from satisfied with only one single full-price release during the year. However, it is important to remember that several of our expansions can be compared with other full-price titles in the market, both in terms of content and price. Also, all expansions help us to continue broadening our audience. Furthermore, we once again have five games on Steam's list of the 100 best-selling games worldwide in 2017. This is a sign of strength for the products that make up our long tail, and it speaks to our ability to release relevant updates.

Looking ahead, we have two confirmed major releases to look forward to in 2018: Surviving Mars and Battletech. Both have been featured extensively on several global games media lists of top game releases to watch out for in 2018.

First up is Surviving Mars, a sci-fi game with a settlement builder simulation in the same vein as Cities: Skylines. The game is all about colonizing Mars and surviving the process. It is being released simultaneously on both PC and console, and is being developed by Haemimont Games. Haemimont specializes in creating games with long lifespans, which creates value for players while broadening the audience over a long period of time. In this respect they resemble our own studios, Triumph Studios and Paradox Development Studio.

After that, we are releasing our next game: the long-awaited Battletech, which combines both skill and luck. The game comes from the original creator

of BattleTech and MechWarrior and the developers of the award-winning series Shadowrun Returns.

We continue to dig deeper where we stand, as we can clearly see that we are broadening our existing audience with each game release. To create additional growth, we will therefore primarily expand our geographical reach, platforms and acquisitions.

We will focus on what we believe gives us the best returns in the short or long term. To do this, we are testing the waters by evaluating and experimenting, which is apparent in our approach to our territories. For example, our expansion in China has been slower than expected, and market alignment has been harder than we first thought. However, sales of Cities: Skylines are still robust in China. Beyond this, we are looking into potential partnerships and opportunities with different players in other markets to create more localized content in our games.

In terms of platforms, we are planning to release the first mobile game from our internal mobile investment in 2018. This initiative is about creating games that are more hardcore for the mobile platform. In the future, our aim is also to release mobile games created by our internal mobile team. These will be published by Paradox and be based on our own IPs.

We have made no secret that we are continuously looking for attractive acquisitions. We bought Triumph Studios in 2017, and in early 2018 we announ-

ced our acquisition of a 33 percent stake in Hardsuit Labs. And progress is being made with White Wolf Entertainment's efforts to develop World of Darkness. In 2018, they will step up their visibility in the market by organizing community activities and launching the fifth edition of the role-play board game Vampire the Masquerade. The game is being launched as a book, and the book is the basis for all the stories and descriptions of the world that will turn up in any subsequent products.

Internally we have a saying: the only two stages for a business to be in are development or dissolution. We hope it is clear to everyone who follows us which category we consider ourselves to be in.

Fredrik Wester, VD



# Releases during the quarter

## PC



### **CITIES: SKYLINES - GREEN CITIES**

Cities: Skylines - Green Cities is a new expansion for the city-builder adding new ways for players to build earth-friendly towns. Players can create more diversified cities, or go completely green as the urban population grows. New in-game services and buildings arrive alongside revisions to noise and environmental pollution, making the skies safer for Chirper at last.



### **CRUSADER KINGS II - JADE DRAGON**

Jade Dragon allows you to interact with China for protection and technological marvels - and possibly face their wrath in the form of rebels or full-scale invasions. New gameplay features including a new Tributary system, Chinese Mercenaries, and much more will make the Transoxiana and India regions come alive with new surprises and challenges for even the most seasoned despot.



### **EUROPA UNIVERSALIS IV - CRADLE OF CIVILIZATION**

The fertile valleys and trade routes of the Middle East have attracted ambitious conquerors since the beginning of recorded history. Now, Europa Universalis IV adds greater depth and more varied possibilities to this crossroads of empires in the new expansion Cradle of Civilization.



# Releases during the quarter

## PC



### **CITIES: SKYLINES - EUROPEAN SUBURBIA**

European Suburbia, the newest content creator style pack for Cities: Skylines is bringing the suburban fantasy of Europe to city builders around the world. Players can expand their city with 80 new special residential buildings and props, straight from modder Samantha “Avanya” Woods.



### **STELLARIS: HUMANOIDS SPECIES PACK**

Humanoids Species Pack will feature a selection of new portraits and ship models for players who wish to forge their path among the stars as the irrepressible human race – or at least as a species that resembles humans to some degree. Humanoids, the most-played phenotype, now gain more variety and will finally get their own unique ship class, inspired by the classics of Western science fiction.

## OTHER PLATFORMS - CONSOLE



### **CITIES: SKYLINES - SNOWFALL**

In Snowfall, players' cities will be covered in snow or glisten in the rain thanks to a new in-game weather system, while their civic expertise is tested by the new challenges of running a city when the temperature falls. Snowplows will clear the streets, heating systems will run from home to home, and new trams will shuttle citizens about town in an improved public transit interface.





# Revenues and Profit

## REVENUES AND PROFIT FOURTH QUARTER

Revenues amounted to SEK 222.4 (198.4) million, an increase by 12 % compared to the same period last year. Several expansions were released during the period; Green Cities to Cities: Skylines, Cradle of Civilization to Europa universalis IV, Jade Dragon to Crusader Kings II and Snowfall to Cities: Skylines Console. Revenues for the fourth quarter of 2017 are mainly attributable to Cities: Skylines, Stellaris, Europa Universalis IV, Hearts of Iron IV and Crusader Kings II.

Direct costs amounted to SEK 85.3 (76.5) million, primarily attributable to game development and royalties. Royalties have increased compared with the comparative period due to an increased share of games sold from third party development, and royalties to third party rights holders of IP. Costs for game development following game investments and releases of new game projects has increased. During the period direct costs are affected by write-downs on capitalised development of SEK 5.4 (20.1) million relating to a write-down of a not yet announced project developed internally where the project has been cancelled.

Selling expenses for the period amounted to SEK 20.5 (12.7) million. Selling expenses increased due to increased investments in events, advertising, sales and marketing.

Administrative expenses for the period amounted to SEK 30.8 (23.9) million, attributable to increased costs related to salary within the function, overall IT-support, gamer usage analysis, the own platform for sales and support of games and costs for supplies equipment.

Other income amounted to SEK 0.9 (0.7) million, and other expenses to SEK 0.0 (0.0) million, of which the majority relates to exchange rate differences. The positive development is primarily driven by stronger price performance of the dollar against SEK in the Group's liquid assets, operating receivables and liabilities compared with the same quarter last year.

Operating profit amounted to SEK 86.7 (85.9) million, an increase by 1 %.

Profit before tax amounted to SEK 86.7 (86.0) million, and profit after tax amounted to SEK 68.8 (68.1) million.

## FINANCIAL POSITION

Capitalised development amounted to SEK 247.3 (137.5) million by the end of the period, with a net increase of SEK 28.6 million in the quarter. Investments in game projects amounted to SEK 63.4 (58.8) million.

Licenses, brands and similar rights amounted to SEK 78.2 (54.6) million. The increase compared to the



# Revenues and Profit, cont.

comparative period is attributable to acquired brands from the acquisition of Triumph.

By the end of the period property and equipment amounted to SEK 10.8 (14.0) million.

Accounts receivable amounted to SEK 72.8 (71.4) million by the end of the period, mainly attributable to sales on Steam during the last month of the period.

Cash and short term placements amounted to SEK 320.1 (246.9) million.

Shareholders' equity amounts to SEK 599.9 (439.9) million, driven by a strong profit development.

Other long term liabilities amounted to SEK 11.4 (11.4) million by the end of the period. Other long term debt consists entirely of an estimated contingent consideration in connection to the purchase of White Wolf, which will be paid after a period of three years from the transaction date to the seller CCP Games.

Accrued expenses and prepaid income amounts to SEK 79.0 (79.8) million. Royalty reserves to third party developers has increased compared to the comparative period. Reserves for personnel related expenses has also increased compared to the comparative period due to an increase in the number of employees throughout the organization, while reserves for variable employee compensation have decreased.

## CASH FLOW FOURTH QUARTER

Cash flow from operating activities amounted to SEK 139.7 (90.6) million, primarily attributable to the operating profit. Cash from flow investing activities amounted to SEK -63.4 (-58.7) million, referring to investments in game development.

## DEPRECIATION, AMORTISATION AND WRITE-DOWNS FOURTH QUARTER

Amortisation of capitalised development amounted to SEK 31.1 (24.0) million. The increase is related to amortisation of released game projects.

Write-downs of capitalised development amounted to SEK 5.4 (20.1) million, relating to a write-down of one internally developed project which have not yet been announced where the project has been cancelled.

Amortisation of the company's brands amounted to SEK 2.5 (1.7) million.

Depreciation of property and equipment amounted to SEK 0.9 (0.9) million.

Amortisation and write-downs in relation to capitalised development is included in direct costs in the profit and loss statement while amortisation of brands and depreciation of property and equipment is included in administrative expenses.

## FULL YEAR SUMMARY

Revenues amounted to SEK 813.8 (653.7) million, an increase by 24 % compared to the same period last year.

Operating profit amounted to SEK 339.8 (308.0) million, an increase by 10 %. Revenue for the period is mainly contributable to Stellaris, Cities: Skylines, Europa Universalis IV, Hearts of Iron IV, and Crusader Kings II.

Direct costs has increased by SEK 56.1 million primarily from increased costs of game development, royalty to third party developers and royalties to external rights holders of IP.

Profit before tax amounted to SEK 339.6 (308.6) million, and profit after tax amounted to SEK 264.9 (240.4) million.

Investments in capitalised development amounted to SEK 220.7 (129.4) million.

Amortisation of capitalised development amounted to SEK 109.0 (68.8) million, and write-downs amounted to SEK 18.0 (23.9) million.

Amortisation of brands amounted to SEK 8.6 (6.6) million.

The acquisition of game developer Triumph Studios was finalized with a transaction date July 7. The purchase price was set to EUR 4 million plus a performance based earnout of up to EUR 21 million, until December 2025. Acquisition analysis presented in interim report Q3 2017.

## PARENT COMPANY FOURTH QUARTER

The parent company consists of the publishing branch, and the parent company provides administrative services to its subsidiaries. Paradox Development Studio and Paradox North only has intercompany revenue from the parent company, why the financial development of the parent company to a great extent follows the Group's development. Parent company revenues for the third quarter amounted to SEK 222.5 (198.2) million. Operating profit amounted to SEK 88.0 (88.7) million. Profit before tax amounted to SEK -6.3 (3.9) million. Profit after tax amounted to SEK -7.1 (2.7) million. Shares in group companies amounts to SEK 41.1 (0.2) million, following the acquisition of Triumph Holdings BV on July 7.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting principles has been applied as in the latest annual report. The parent company applies the Swedish Financial Reporting Board's recommendation RFR 2, accounting for legal entities. No new or revised standards have affected the financial statements of the group. It is judged that the fair values of all financial assets and liabilities are approximately equal to their book values. A number of new or amended IFRS will come into force in the coming financial year and have not been applied in advance for the preparation of these financial statements. The work of analyzing the effects of the implementation of IFRS 15 Revenues from agreements with customers and IFRS 9 Financial Instruments have been completed. The new standards will not have any material impact on the Group's financial statements besides from additional disclosure requirements.

## 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 2016, page 26. Of the risks can be mentioned a dependency on key employees, dependency on a few sales partners, delays of game projects, low revenues from game releases, and foreign currency. These risks and uncertainties may have a direct or indirect impact on the group's financial position and results.

## DIVIDEND PROPOSAL

The Board of Directors has decided to propose a dividend of SEK 1.00 (SEK 1.00) per share to the 2018 Annual General Meeting.

## 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@paradoxplaza.com](mailto:ir@paradoxplaza.com), or by post Paradox Interactive AB, Västgötagatan 5, 118 27, Stockholm, Sweden.

## CALENDAR

Paradox intends to distribute financial reports on the below dates.

Annual Report 2017 released on the corporate website	Week 16
Annual General Meeting 2018	2018-05-18
Interim report January - March 2018	2018-05-18
Interim report January - June 2018	2018-08-14
Interim report January - September 2018	2018-11-13
Year-end report January - December 2018	2019-02-19

## 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 February 13, 2018

Håkan Sjunnesson	Fredrik Wester
Chairman of the Board	Chief Executive Officer

Peter Lindell	Ebba Ljungerud	Cecilia Beck-Friis
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This interim 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 and the Securities Markets Act. The information was submitted for publication on February 13, 2018.



## KEY FIGURES FOR THE GROUP

	2017-10-01 2017-12-31	2016-10-01 2016-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Revenues, KSEK	222,398	198,391	813,785	653,743
Operating profit, KSEK	86,676	85,924	339,817	308,008
Profit before tax, KSEK	86,687	85,979	339,583	308,622
Profit after tax, KSEK	68,840	68,115	264,941	240,439
Operating margin	39%	43%	42%	47%
Profit margin	31%	34%	33%	37%
Equity/assets ratio	77%	76%	77%	76%
Equity per share before and after dilution, SEK*	5.68	4.17	5.68	4.17
Earnings per share before and after dilution, SEK*	0.65	0.65	2.51	2.28
Number of shares by the end of the period before and after dilution*	105,600,000	105,600,000	105,600,000	105,600,000
Average number of shares before and after dilution*	105,600,000	105,600,000	105,600,000	105,600,000
Average number of employees	264	207	243	194
Number of employees by the end of the period	269	211	269	211

\*Key figures calculated after split of shares that occurred in March 2016.

### OPERATING MARGIN

Operating profit after depreciation and amortisation in relation to revenues

### PROFIT MARGIN

Profit after tax in relation to revenues

### EQUITY/ASSETS RATIO

Equity at the end of the period in relation to total assets at the end of the period

### EQUITY PER SHARE

Shareholders' equity divided by the number of shares outstanding at the end of the period

### EARNINGS PER SHARE

Profit for the period divided by the average number of shares outstanding during the period

### EQUITY

Shareholders' equity

## GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

KSEK	2017-10-01	2016-10-01	2017-01-01	2016-01-01
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Revenues	222,398	198,391	813,785	653,743
Direct costs	-85,326	-76,537	-280,845	-224,729
<b>Gross profit</b>	<b>137,071</b>	<b>121,854</b>	<b>532,940</b>	<b>429,015</b>
Selling expenses	-20,506	-12,738	-65,092	-40,770
Administrative expenses	-30,829	-23,924	-106,662	-85,837
Other income	941	732	1,231	6,566
Other expenses	-1	0	-22,600	-966
<b>Operating profit</b>	<b>86,676</b>	<b>85,924</b>	<b>339,817</b>	<b>308,008</b>
Financial income	12	55	26	681
Financial expense	0	0	-260	-67
<b>Profit after financial items</b>	<b>86,687</b>	<b>85,979</b>	<b>339,583</b>	<b>308,622</b>
Income tax expense	-17,848	-17,865	-74,642	-68,182
<b>Profit for the period and total income for the period</b>	<b>68,840</b>	<b>68,115</b>	<b>264,941</b>	<b>240,439</b>
Attributable to:				
Shareholders of the parent company	68,840	68,115	264,941	240,439
Non-controlling interests	-	-	-	-
Earnings per share attributable to the shareholders of the parent company, SEK	0.65	0.65	2.51	2.28
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences	1,070	-	662	-
<b>Total comprehensive income for the period</b>	<b>69,910</b>	<b>68,115</b>	<b>265,603</b>	<b>240,439</b>



# GROUP BALANCE SHEET

KSEK

2017-12-31

2016-12-31

## ASSETS

### Non-current assets

Capitalised development	247,328	137,531
Licenses, brands and similar rights	78,183	54,596
Property and equipment	10,807	13,987
Other long term assets	3,462	3,402
<b>Total non-current assets</b>	<b>339,779</b>	<b>209,516</b>

### Current assets

Accounts receivable	72,822	71,390
Tax assets	347	3,244
Other receivables	26,548	28,932
Prepaid expenses and accrued revenue	22,673	22,598
Cash and cash equivalents	320,100	246,906
<b>Total current assets</b>	<b>442,491</b>	<b>373,071</b>

## TOTAL ASSETS

782,270

582,587

# GROUP BALANCE SHEET

KSEK	2017-12-31	2016-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	528	528
Other capital contributed	27,994	27,994
Reserves	662	-
Retained earnings	305,791	170,952
Profit for the period	264,941	240,439
<b>Total equity</b>	<b>599,917</b>	<b>439,914</b>
<b>Long term liabilities</b>		
Deferred tax liabilities	65,080	36,001
Other liabilities	11,432	11,432
<b>Total long term liabilities</b>	<b>76,512</b>	<b>47,434</b>
<b>Current liabilities</b>		
Accounts payable	22,147	12,311
Other liabilities	4,692	3,135
Accrued expenses and prepaid revenues	79,001	79,794
<b>Total current liabilities</b>	<b>105,840</b>	<b>95,240</b>
<b>Total liabilities</b>	<b>182,352</b>	<b>142,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>782,270</b>	<b>582,587</b>

## CHANGE IN GROUP EQUITY

KSEK	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
<b>At the beginning of the period 2016-01-01</b>	106	27,994	-	242,126	270,226
Bonus issue	422			-422	-
Dividend				-70,752	-70,752
<b>Shareholders' transactions</b>				<b>-71,174</b>	<b>-71,174</b>
Profit for the period and total income for the period	-	-	-	240,439	240,439
<b>At the end of the period 2016-12-31</b>	<b>528</b>	<b>27,994</b>	<b>-</b>	<b>411,391</b>	<b>439,914</b>
<b>At the beginning of the period 2017-01-01</b>	528	27,994	-	411,391	439,914
Dividend				-105,600	-105,600
<b>Shareholders' transactions</b>				<b>-105,600</b>	<b>-105,600</b>
Profit for the period and total income for the period	-	-	662	264,941	265,603
<b>At the end of the period 2017-12-31</b>	<b>528</b>	<b>27,994</b>	<b>662</b>	<b>570,732</b>	<b>599,917</b>



# GROUP CASH FLOW STATEMENT

KSEK	2017-10-01 2017-12-31	2016-10-01 2016-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Operating profit	86,676	85,924	339,817	308,008
Adjustment for items not included in cash flow	38,891	45,602	139,075	103,645
Interest received	0	55	15	139
Interest paid	0	0	-260	-83
Tax paid	-3,168	-21,953	-55,150	-69,110
Cash flow from current operations before changes in working capital	122,399	109,628	423,497	342,599
<i>Changes in working capital</i>				
Change in current receivables	-14,020	-21,779	2,310	-38,218
Change in current liabilities	31,290	2,758	9,604	-16,646
<b>Cash flow from current operations</b>	<b>139,668</b>	<b>90,607</b>	<b>435,411</b>	<b>287,735</b>
<b>Investing activities</b>				
Acquisition of intangible assets	-63,428	-58,754	-220,736	-129,404
Investments in subsidiaries	-	-	-35,004	-
Acquisition of tangible assets	-	-	-325	-516
Acquisition of financial assets	-	-	-60	-
<b>Cash flow from investing activities</b>	<b>-63,428</b>	<b>-58,754</b>	<b>-256,124</b>	<b>-129,920</b>
<b>Financing activities</b>				
Paid dividend	-	-	-105,600	-70,752
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-105,600</b>	<b>-70,752</b>
<b>Cash flow for the period</b>	<b>76,240</b>	<b>31,854</b>	<b>73,687</b>	<b>87,063</b>
Cash and cash equivalents at the beginning of the period	244,285	215,053	246,906	159,844
Exchange rate effect	-425	-	-493	-
<b>Cash and cash equivalents at the end of the period</b>	<b>320,100</b>	<b>246,906</b>	<b>320,100</b>	<b>246,906</b>

# PARENT COMPANY INCOME STATEMENT

KSEK	2017-10-01	2016-10-01	2017-01-01	2016-01-01
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Revenues	222,506	198,212	812,209	652,093
Direct costs	-88,562	-76,424	-282,277	-224,121
<b>Gross profit</b>	<b>133,944</b>	<b>121,788</b>	<b>529,932</b>	<b>427,972</b>
Sales expenses	-20,138	-12,699	-64,016	-40,402
Administrative expenses	-26,614	-21,075	-92,802	-76,002
Other income	881	641	1,116	6,451
Other expenses	-2	0	-22,119	-924
<b>Operating profit</b>	<b>88,071</b>	<b>88,655</b>	<b>352,111</b>	<b>317,094</b>
Financial income	12	54	26	659
Financial expense	0	0	0	-50
<b>Profit after financial items</b>	<b>88,083</b>	<b>88,708</b>	<b>352,137</b>	<b>317,703</b>
Year-end appropriations	-94,406	-84,819	-94,406	-84,819
Income tax expense	-776	-1,172	-56,931	-51,490
<b>Profit for the period and total income for the period</b>	<b>-7,099</b>	<b>2,717</b>	<b>200,800</b>	<b>181,395</b>

# PARENT COMPANY BALANCE SHEET

KSEK	2017-12-31	2016-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Capitalised development	231,401	137,531
Licenses, brands and similar rights	181	579
Property and equipment	10,468	13,987
Shares in subsidiaries	41,091	190
Receivables from group companies	50,301	50,301
Other long term assets	3,462	3,402
<b>Total non-current assets</b>	<b>336,903</b>	<b>205,990</b>
<b>Current assets</b>		
Accounts receivable	72,524	71,046
Tax assets	1,267	3,586
Other receivables	24,464	28,231
Prepaid expenses and accrued revenues	22,588	22,573
Cash and cash equivalents	304,516	242,306
<b>Total current assets</b>	<b>425,359</b>	<b>367,741</b>
<b>TOTAL ASSETS</b>	<b>762,262</b>	<b>573,732</b>

# PARENT COMPANY BALANCE SHEET

KSEK

2017-12-31

2016-12-31

## EQUITY AND LIABILITIES

### Equity

#### *Restricted equity*

Share capital

528

528

Capitalised development reserve

226,340

93,268

#### *Non-restricted equity*

Share premium reserve

27,994

27,994

Retained earnings

-48,260

9,017

Profit for the period

200,800

181,395

**Total equity**
**407,403**
**312,203**
**Untaxed reserves**
**243,448**
**163,642**

### Current liabilities

Accounts payable

21,854

12,214

Liabilities to group companies

17,292

11,583

Other liabilities

1,177

934

Accrued expenses and prepaid revenues

71,089

73,155

**Total current liabilities**
**111,411**
**97,887**
**Total liabilities**
**111,411**
**97,887**
**TOTAL EQUITY AND LIABILITIES**
**762,262**
**573,732**

