



# Interim Report

2018-01-01 - 2018-03-31

\*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.

# Interim Report Q1, 2018

## FIRST QUARTER 2018

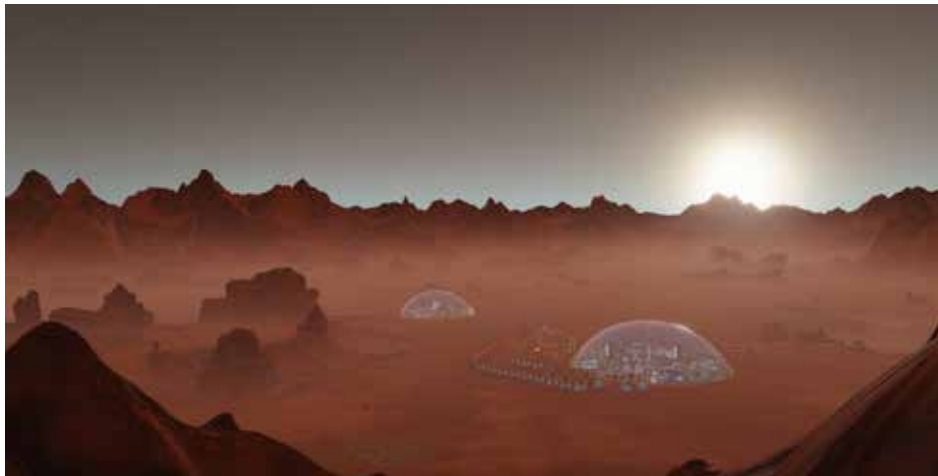
- Revenues amounted to SEK 267.0 (121.3) million, an increase by 120 % compared to the same period last year.
- Operating profit amounted to SEK 140.5 (38.0) million, an increase by 270 %.
- Profit before tax amounted to SEK 140.5 (38.0) million, and profit after tax amounted to SEK 108.8 (29.2) million.
- Cash flow from operating activities amounted to SEK 144.2 (85.7) million, and cash flow from investing activities amounted to SEK -90.3 (-44.6) million.
- By the end of the period cash and short term placements amounted to SEK 373.6 (288.0) million.
- Earnings per share amounted to SEK 1.03 (0.28) per share.
- Revenue from the first quarter of 2018 are mainly attributable to Stellaris, Cities: Skylines, Surviving Mars, Hearts of Iron IV and Europa Universalis IV.

## IMPORTANT EVENTS IN THE FIRST QUARTER 2018

- One new game was released during the period, Surviving Mars, developed by Bulgarian development studio Haemimont Games.
- Several expansions were released during the period; Back to Hell for Steel Division: Normandy 44, Apocalypse for Stellaris, Waking the Tiger for Hearts of Iron IV, Rule Britannia for Europa Universalis IV and Content Creator Pack for Cities: Skylines for console.
- Steam Winter Sale started December 21 and continued until January 4.
- 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.

## AFTER THE END OF THE PERIOD

- On April 24 the new game Battletech, developed by Harebrained Schemes, was released.



## 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.



## CEO says

### A GOOD START TO 2018

When we decided to list Paradox Interactive, we chose to do so right after a somewhat mediocre quarter – something that was intentional from our side. In fact, it gave us the chance to properly inform people that our industry is not driven by quarterly results. It's important for an investor to understand this and view the company and its business long-term. Paradox is not a company for the nervous investor.

When we look at first-quarter earnings for 2018, this point is well worth remembering. We have had a good quarter in every way, with a well-defined release schedule. Compared with the previous year's first quarter, I would even describe the quarter as excellent. It feels extra special because many people in the organization have worked persistently to put together good releases. We have also seen a major boost in the impact of our marketing efforts.

Internally we usually say that we focus on the marathon, not the sprint. It's about having the stamina to reach all the way to the finish line. In the same way that we run the company and our strategies for the long term, we also consider the interaction with our players as long term. Conversions in the form of a game purchase is not the end destination – it's rather the beginning of our shared journey ahead. This means that every new game release can be viewed as a foundation on which we continue to

build together with our community. For example, we can see for several of our games that profitability and the number of players rise steadily over time (in some cases, over the course of several years). This means that the launch period remains important for Paradox, but nowhere near as critical as it was merely a few years ago. Of course, we still aim to attract an active player base that will return to the games on a regular basis.

During the quarter, we released a new game and several expansions. We are very pleased with the release of *Surviving Mars*, which has met the goals and expectations we set in our forecast. In addition, we are very proud to have released the game for the first time on PC, Mac, Linux, PS4 and XboxOne simultaneously across multiple time zones. Overall the game has been well received, especially by critics, although some challenges have dragged down user ratings below the level we are used to seeing for releases. The development team and publishing team are now working on further development of the game, along with the players, to enhance the gaming experience based on player feedback.

We also released a number of highly anticipated expansions during the quarter. These stimulate renewed interest in the game, while attracting players back. *Hearts of Iron IV: Waking the Tiger* sold very well, for instance, even though many loyal players already have the expansion pass for the game. With the release of *Europa Universalis IV: Rule Britannia*, we broke a new record for number of active monthly players. *Stellaris: Apocalypse* reached plenty of new players, too, which was evident in two ways: sales were positive and the story trailer was viewed more

than 2 million times. Furthermore, *Steel Division: Back to Hell* was well received in the community thanks to a desire for solo content. In addition, a content creator pack provided *Cities: Skylines Console* with new content. The content was created by the game's modders who, through a partnership with Paradox, become co-creators of the game.

After the period, *Battletech* was launched and progressed according to plan with good concurrent user figures, i.e. the number of players playing simultaneously.

In January, the entire company gathered at Kolmården for a few days of conferences and team building. There, we talked about the organization and our strategy for the future and we celebrated the 20-year anniversary of Paradox Development Studio in 2018. In March, the Game Developers Conference also kicked off in San Francisco. This year, our primary focus was on our partnerships since we'll be saving our announcements for PDXCON in May. We also had speakers at the developers conference and contributed speakers to Tencent's internal conference.

This will be the last CEO statement from me alone. As outgoing CEO, I will write the next statement together with Ebba, the CEO-elect. Moving ahead, I look forward to stepping into my new role as executive chairman and letting you get acquainted with our new CEO. I will, however, remain in my position until the end of July, and there is much we want to accomplish both before and after that date!



Fredrik Wester, VD



Image from *Hearts of Iron IV - Waking the Tiger*



# Releases during the Quarter

## PC, CONSOLE






15 March 2018

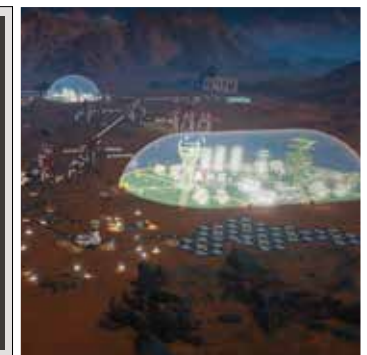
## SURVIVING MARS

Welcome Home! The time has come to stake your claim on the Red Planet and build the first functioning human colonies on Mars! All you need are supplies, oxygen, decades of training, experience with sandstorms, and a can-do attitude to discover the purpose of those weird black cubes that appeared out of nowhere. With a bit of sprucing up, this place is going to be awesome!

Surviving Mars is a sci-fi city builder all about colonizing Mars and surviving the process. Choose a space agency for resources and financial support before determining a location for your colony. Build domes and infrastructure, research new possibilities and utilize drones to unlock more elaborate ways to shape and expand your settlement. Cultivate your own food, mine minerals or just relax by the bar after a hard day's work. Most important of all, though, is keeping your colonists alive. Not an easy task on a strange new planet.



77	6.5	 65%
74	6.1	 4,5
78	7.1	 5
Metacritic Metascore & User Score		User Score



# Releases during the Quarter

## PC



### HEARTS OF IRON: WAKING THE TIGER

Years before Europe went to war, Japan's imperial ambitions targeted the divided Chinese Republic. Crippled by political paralysis and centuries of fitful development, China is still not a pushover. Waking the Tiger is the newest expansion for Hearts of Iron IV. This expansion adds new gameplay options for all players, and has a special focus on the Asian front of the deadliest war in human history.



### STEEL DIVISION: NORMANDY 44 - BACK TO HELL

Four New Divisions. Two Exclusive aces. Seven historical missions based on real operations, including five playable in solos, coop and multiplayer. Play as one of the eleven never before seen divisions, exclusively available in this mode.



### STELLARIS: APOCALYPSE

Stellaris: Apocalypse is a full expansion which redefines stellar warfare for all players with a host of new offensive and defensive options. Destroy entire worlds with terrifying new planet-killer weapons, fight against (or alongside) ruthless space pirates, and maybe discover a few non-violent game features as well.



# Releases during the Quarter

## PC



DLC

### EUROPA UNIVERSALIS IV: RULE BRITANNIA

Weakened by wars on the continent, with a feeble monarch and rapacious nobles, England in the mid-15th century had no inkling of the glories to come. It would be a difficult path, through civil wars, religious upheaval, great fires and awkward unions. But the nation that would become Great Britain would rule a trade empire that spanned the globe, exporting ideals of English freedom - both of thought and trade - while making itself the most powerful nation the world had yet seen.

Master wind and trade, and spark industrial revolution in Rule Britannia, a new Immersion Pack for Europa Universalis IV.

## OTHER PLATFORMS - CONSOLE



DLC

### CITIES: SKYLINES - CONTENT CREATOR PACK

Created by incredible members of the Cities: Skylines community, the Content Creator Pack adds a series of new buildings to your town -- unique structures, service buildings, and new residential & commercial styles will give your city a brand-new feel on X-box One and PlayStation4.





# Revenue and Profit

## REVENUES AND PROFIT FIRST QUARTER

Revenues amounted to SEK 267.0 (121.3) million, an increase by 120 % compared to the same period last year. One new game was released during the period, Surviving Mars, developed by Haemimont Games. Several expansions were released during the period; Back to Hell for Steel Division: Normandy 44, Apocalypse for Stellaris, Waking the Tiger for Hearts of Iron IV, Rule Britannia for Europa Universalis IV and Content Creator Pack for Cities: Skylines for console. Revenue from the first quarter of 2018 are mainly attributable to Stellaris, Cities: Skylines, Surviving Mars, Hearts of Iron IV and Europa Universalis IV.

Direct costs amounted to SEK 73.4 (50.1) 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.

Selling expenses for the period amounted to SEK 20.5 (9.7) million. Selling expenses increased due to increased investments in events, advertising, sales and marketing.

Administrative expenses for the period amounted to SEK 35.2 (22.0) 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 3.4 (0.0) million, and other expenses to SEK 0.0 (1.5) 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 140.5 (38.0) million, an increase by 270 %.

Profit before tax amounted to SEK 140.5 (38.0) million, and profit after tax amounted to SEK 108.8 (29.2) million.

## FINANCIAL POSITION

Capitalised development amounted to SEK 290.7 (157.6) million by the end of the period, with a net increase of SEK 43.4 million in the quarter. Investments in game projects amounted to SEK 72.3 (44.6) million.

Licenses, brands and similar rights amounted to SEK 77.1 (52.9) million. The increase compared to the comparative period is attributable to acquired brands from the acquisition of Triumph.

By the end of the period property and equipment amounted to SEK 11.1 (13.0) million.

Shares in associates amount to 15.9 MSEK (0.0 MSEK) by the end of the period, from the purchase of 33 % of shares in Seattle-based development studio Hardsuit Labs on 2 January 2018.

Accounts receivable amounted to SEK 109.6 (39.0) 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 373.6 (288.0) million.

Shareholders' equity amounts to SEK 710.4 (469.1) 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 82.2 (79.6) million. Royalty reserves to third party developers is in line with to the comparative period. Reserves for personnel related expenses has 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 FIRST QUARTER**

Cash flow from operating activities amounted to SEK 144.2 (85.7) million, primarily attributable to the operating profit. Cash from flow investing activities amounted to SEK -90.3 (-44.6) million, referring to investments in game development. Investments in associates are included in the period, amounting to an investment of -16.8 MSEK (0.0 MSEK), relating to shares in Hardsuit Labs.

#### **DEPRECIATION, AMORTISATION AND WRITE-DOWNS FIRST QUARTER**

Amortisation of capitalised development amounted to SEK 29.6 (21.7) million. The increase is related to amortisation of released game projects. Write-downs of capitalised development amounted to SEK 0.0 (3.0) million. Amortisation of the company's brands amounted to SEK 2.5 (1.7) million. Depreciation of property and equipment amounted to SEK 1.0 (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.

## PARENT COMPANY FIRST QUARTER

The parent company consists of the publishing branch, and the parent company provides administrative services to its subsidiaries. Paradox Development Studio 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 first quarter amounted to SEK 267.9 (118.4) million. Operating profit amounted to SEK 145.3 (39.9) million. Profit before tax amounted to SEK 145.3 (39.9) million. Profit after tax amounted to SEK 113.4 (31.1) million. Shares in group companies amounts to SEK 41.1 (0.2) million, following the acquisition of Triumph Holdings BV on July 7, 2017.

## 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 2017, page 22. 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.

## 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.

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 May 18, 2018

Håkan Sjunnesson      Fredrik Wester  
Chairman of the Board   CEO

Peter Lindell                      Ebba Ljungerud                      Cecilia Beck-Friis

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 May 18, 2018.

## KEY FIGURES FOR THE GROUP

	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Revenues, KSEK	266,982	121,263	813,785
Operating profit, KSEK	140,546	37,961	339,817
Profit before tax, KSEK	140,545	37,973	339,583
Profit after tax, KSEK	108,771	29,203	264,941
Operating margin	53%	31%	42%
Profit margin	41%	24%	33%
Equity/assets ratio	77%	76%	77%
Equity per share before and after dilution, SEK*	6.73	4.44	5.68
Earnings per share before and after dilution, SEK*	1.03	0.28	2.51
Number of shares by the end of the period before and after dilution*	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
Average number of employees	281	218	243
Number of employees by the end of the period	287	224	269

### 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	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Revenues	266,982	121,263	813,785
Direct costs	-73,365	-50,122	-280,845
<b>Gross profit</b>	<b>193,616</b>	<b>71,140</b>	<b>532,940</b>
Selling expenses	-20,468	-9,723	-65,092
Administrative expenses	-35,245	-22,006	-106,662
Other income	3,485	58	1,231
Other expenses	-842	-1,508	-22,600
<b>Operating profit</b>	<b>140,546</b>	<b>37,961</b>	<b>339,817</b>
Financial income	-	12	26
Financial expense	0	0	-260
<b>Profit after financial items</b>	<b>140,545</b>	<b>37,973</b>	<b>339,583</b>
Income tax expense	-31,775	-8,770	-74,642
<b>Profit for the period and total income for the period</b>	<b>108,771</b>	<b>29,203</b>	<b>264,941</b>
Attributable to:			
Shareholders of the parent company	108,771	29,203	264,941
Non-controlling interests	-	-	-
Earnings per share attributable to the shareholders of the parent company, SEK	1,03	0,28	2,51
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Translation differences	1,703	-	662
<b>Total comprehensive income for the period</b>	<b>110,474</b>	<b>29,203</b>	<b>265,603</b>

# GROUP BALANCE SHEET

KSEK

	2018-03-31	2017-03-31	2017-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	290,695	157,553	247,328
Licenses, brands and similar rights	77,091	52,942	78,183
Property and equipment	11,069	13,042	10,807
Investments in associates	15,924	-	-
Other long term assets	3,462	3,402	3,462
<b>Total non-current assets</b>	<b>398,240</b>	<b>226,939</b>	<b>339,779</b>
<b>Current assets</b>			
Accounts receivable	109,641	38,984	72,822
Tax assets	0	13,874	347
Other receivables	15,738	20,052	26,548
Prepaid expenses and accrued revenue	25,774	26,198	22,673
Other short term placements	50,000	-	-
Cash and cash equivalents	323,570	288,025	320,100
<b>Total current assets</b>	<b>524,725</b>	<b>387,132</b>	<b>442,491</b>
<b>TOTAL ASSETS</b>	<b>922,965</b>	<b>614,071</b>	<b>782,270</b>

# GROUP BALANCE SHEET

KSEK

	2018-03-31	2017-03-31	2017-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	528	528	528
Other capital contributed	27,994	27,994	27,994
Reserves	2,365	-	662
Retained earnings	570,732	411,391	305,791
Profit for the period	108,771	29,203	264,941
<b>Total equity</b>	<b>710,391</b>	<b>469,117</b>	<b>599,917</b>
<b>Long term liabilities</b>			
Deferred tax liabilities	65,391	36,001	65,080
Other liabilities	11,432	11,432	11,432
<b>Total long term liabilities</b>	<b>76,824</b>	<b>47,434</b>	<b>76,512</b>
<b>Current liabilities</b>			
Accounts payable	32,551	14,814	22,147
Current tax liabilities	15,307	-	-
Other liabilities	5,742	3,157	4,692
Accrued expenses and prepaid revenues	82,151	79,550	79,001
<b>Total current liabilities</b>	<b>135,750</b>	<b>97,521</b>	<b>105,840</b>
<b>Total liabilities</b>	<b>212,574</b>	<b>144,954</b>	<b>182,352</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>922,965</b>	<b>614,071</b>	<b>782,270</b>



## CHANGE IN GROUP EQUITY

KSEK					
	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
<b>At the beginning of the period 2017-01-01</b>	528	27,994	-	411,391	439,914
<b>Shareholders' transactions</b>				0	0
Profit for the period and total income for the period	-	-	-	29,203	29,203
<b>At the end of the period 2017-03-31</b>	<b>528</b>	<b>27,994</b>	<b>-</b>	<b>440,594</b>	<b>469,117</b>
<b>At the beginning of the period 2018-01-01</b>	528	27,994	662	570,732	599,917
<b>Shareholders' transactions</b>				0	0
Profit for the period and total income for the period	-	-	1,703	108,771	110,474
<b>At the end of the period 2018-03-31</b>	<b>528</b>	<b>27,994</b>	<b>2,365</b>	<b>679,503</b>	<b>710,391</b>

# GROUP CASH FLOW STATEMENT

KSEK

	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Operating profit	140,546	37,961	339,817
Adjustment for items not included in cash flow	33,939	27,203	139,075
Interest received	0	12	15
Interest paid	0	0	-260
Tax paid	-15,809	-19,400	-55,150
Cash flow from current operations before changes in working capital	158,675	45,776	423,497
<b>Changes in working capital</b>			
Change in current receivables	-26,009	41,287	2,310
Change in current liabilities	11,502	-1,319	9,604
<b>Cash flow from current operations</b>	<b>144,167</b>	<b>85,743</b>	<b>435,411</b>
<b>Investing activities</b>			
Acquisition of intangible assets	-72,273	-44,625	-220,736
Investments in subsidiaries	-	-	-35,004
Investments in associates	-16,766	-	-
Acquisition of tangible assets	-1,268	-	-325
Acquisition of financial assets	-	-	-60
<b>Cash flow from investing activities</b>	<b>-90,308</b>	<b>-44,625</b>	<b>-256,124</b>
<b>Financing activities</b>			
Paid dividend	-	-	-105,600
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-105,600</b>
<b>Cash flow for the period</b>	<b>53,860</b>	<b>41,118</b>	<b>73,687</b>
Cash and cash equivalents at the beginning of the period	320,100	246,906	246,906
Exchange rate effect	-389	-	-493
<b>Cash and cash equivalents at the end of the period</b>	<b>373,570</b>	<b>288,025</b>	<b>320,100</b>

# PARENT COMPANY INCOME STATEMENT

KSEK	2018-01-01	2017-01-01	2017-01-01
	2018-03-31	2017-03-31	2017-12-31
Revenues	267,935	118,413	812,209
Direct costs	-74,424	-48,684	-282,277
<b>Gross profit</b>	<b>193,510</b>	<b>69,729</b>	<b>529,932</b>
Sales expenses	-20,468	-9,476	-64,016
Administrative expenses	-31,132	-18,933	-92,802
Other income	3,432	39	1,116
Other expenses	0	-1,508	-22,119
<b>Operating profit</b>	<b>145,342</b>	<b>39,851</b>	<b>352,111</b>
Financial income	0	11	26
Financial expense	0	0	0
<b>Profit after financial items</b>	<b>145,342</b>	<b>39,863</b>	<b>352,137</b>
Year-end appropriations	-	-	-94,406
Income tax expense	-31,975	-8,770	-56,931
<b>Profit for the period and total income for the period</b>	<b>113,367</b>	<b>31,093</b>	<b>200,800</b>



# PARENT COMPANY BALANCE SHEET

KSEK	2018-03-31	2017-03-31	2017-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	274,051	157,553	231,401
Licenses, brands and similar rights	104	469	181
Property and equipment	10,343	13,042	10,468
Shares in subsidiaries	41,091	190	41,091
Receivables from group companies	50,301	50,301	50,301
Investments in associates	16,766	-	-
Other long term assets	3,462	3,402	3,462
<b>Total non-current assets</b>	<b>396,118</b>	<b>224,956</b>	<b>336,903</b>
<b>Current assets</b>			
Accounts receivable	111,118	36,863	72,524
Tax assets	1,267	14,015	1,267
Other receivables	13,780	19,829	24,464
Prepaid expenses and accrued revenues	25,743	26,198	22,588
Cash and cash equivalents	303,495	283,133	304,516
<b>Total current assets</b>	<b>505,404</b>	<b>380,037</b>	<b>425,359</b>
<b>TOTAL ASSETS</b>	<b>901,523</b>	<b>604,993</b>	<b>762,262</b>

# PARENT COMPANY BALANCE SHEET

KSEK

	2018-03-31	2017-03-31	2017-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	274,051	127,702	226,340
<i>Non-restricted equity</i>			
Share premium reserve	27,994	27,994	27,994
Retained earnings	104,829	155,978	-48,260
Profit for the period	113,367	31,093	200,800
<b>Total equity</b>	<b>520,769</b>	<b>343,295</b>	<b>407,403</b>
<b>Untaxed reserves</b>	<b>243,448</b>	<b>163,642</b>	<b>243,448</b>
<b>Current liabilities</b>			
Accounts payable	31,860	14,760	21,854
Liabilities to group companies	13,078	9,591	17,292
Current tax liabilities	16,066	-	-
Other liabilities	1,330	942	1,177
Accrued expenses and prepaid revenues	74,971	72,763	71,089
<b>Total current liabilities</b>	<b>137,305</b>	<b>98,056</b>	<b>111,411</b>
<b>Total liabilities</b>	<b>137,305</b>	<b>98,056</b>	<b>111,411</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>901,523</b>	<b>604,993</b>	<b>762,262</b>

# NOTES

## NOTE 1 INVESTMENTS IN ASSOCIATES

On January 2, 2018, 33% of the shares and votes were bought in the Seattle-based development studio Hardsuit Labs. Payment was made in cash and Paradox has an option to increase its ownership in the future. The shares are accounted for in the group using the equity method.

KSEK	2018-03-31	2018-01-02
<i>Current assets</i>		
Cash and cash equivalents	4,579	6,694
Other current assets	1,366	1,501
<b>Total current assets</b>	<b>5,945</b>	<b>8,195</b>
<b>Non-current assets</b>	<b>4,371</b>	<b>3,603</b>
<i>Current liabilities</i>		
Financial current liabilities (excluding accounts payable)	-	-
Other current liabilities	2,475	2,090
<b>Total current liabilities</b>	<b>2,475</b>	<b>2,090</b>
<i>Non-current liabilities</i>		
Financial current liabilities (excluding accounts payable)	-	-
Other non-current liabilities	3,535	2,922
<b>Total non-current liabilities</b>	<b>3,535</b>	<b>2,922</b>
<b>Net assets</b>	<b>4,306</b>	<b>6,786</b>
<i>Reconciliation to carrying amounts:</i>		
Opening net assets	6,786	6,786
Profit or loss for the period	-2,552	-
Other comprehensive income	-	-
<b>Closing net assets</b>	<b>4,234</b>	<b>6,786</b>

KSEK	2018-03-31	2018-01-02
Group's share in %	33%	33%
Group's share	1,397	2,239
Goodwill	14,527	14,527
<b>Carrying amount</b>	<b>15,924</b>	<b>16,766</b>
Revenue	12,092	-
Depreciation and amortisation	-	-
Interest income	-	-
Interest expense	-	-
Income tax expense	-	-
<b>Total comprehensive income</b>	<b>-2,552</b>	<b>-</b>



