



paradox
INTERACTIVE

INTERIM REPORT

JANUARY - MARCH 2022

*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 - MARCH 2022

First quarter

- Revenues amounted to MSEK 476.1 (MSEK 364.5), an increase by 31 % compared to the same period last year.
- Operating profit amounted to MSEK 208.5 (MSEK 92.5), an increase by 125 %.
- Profit after financial items amounted to MSEK 207.7 (MSEK 91.6), and profit after tax amounted to MSEK 168.6 (MSEK 76.7).
- Cash flow from operating activities amounted to MSEK 236.6 (MSEK 145.7), and cash flow from investing activities amounted to MSEK -157.4 (MSEK -189.2).
- By the end of the period cash amounted to MSEK 671.2 (MSEK 717.6).
- Earnings per share before dilution amounted to SEK 1.60 (SEK 0.73) and after dilution SEK 1.59 (SEK 0.72).
- 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 first quarter

- Crusader Kings III is released on Xbox Series X|S and PlayStation 5.
- Crusader Kings III hits two million sales mark.
- New downloadable content for the following games was released during the quarter; Royal Court for Crusader Kings III, Airports for Cities: Skylines and Perfect Storm for Prison Architect.

After the end of the period

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



COMMENTS BY THE CEO

Full speed ahead!

We have had good momentum into 2022 with important reinforcements of our gaming portfolio. More specifically, the first months of the year have been characterised by deepening our important strategy and management games with both small and large releases. Simultaneously, we have been able to broaden our strategy portfolio with a console port for Crusader Kings III, which helps our valuable Grand Strategy genre to reach new audiences. The quarter's releases and good cost control results in the highest profit we have ever had in a single quarter. This testifies to the strength of our business and that the changes we are making have an effect. The result shows that we are on the right course, although there is a conviction throughout the organisation that we can do even better in the long term.

Currently, we have, in my opinion, the strongest and most focused pipeline in Paradox's history. There are certainly never any guarantees in game development, but the titles we are working on right now consistently show great potential. At the same time, we continue to build a smaller and significantly more experimental portfolio of small titles that contain several interesting ideas with strong potential.

Increasing cadence

What is most important here and now, however, is to dig where we stand and continue to develop our fantastic live games. It is these games that our fans love, and that new players continue to discover, and it is these games that give us the financial muscles we need to evolve.

In 2022, we will therefore focus on increasing the development cadence of new content for our live games. Mainly, this will enable more big releases but will also increase the release cadence of the smaller content packages that we know many players appreciate and that add an additional dimension to

the games. We continue to work smart at the studio level, ensure that the right experience is available in the development teams and ensure that there is a focused development plan as well as resources to deliver on it. As always in our business, it is a marathon and not a sprint, but we strive to make the results visible as soon as possible.

Finally time to get together!

During the pandemic, we had a large influx of new players, and we see that they generally continue to play our games, even though we had few releases in 2021 and that fewer people are isolated in their homes due to Covid-19. For me, this shows the strength of our games as there is always an opportunity to come back for new experiences and if we succeed in increasing the pace at which we release new content, it provides a foundation for increasing our revenues. It is very gratifying that we not only keep players, but our monthly active players continue to increase in numbers even after the pandemic.

It also means that the very important community around our games continues to grow, which creates a good foundation for future growth. In the future, we will put even more effort into taking care of our players and into improving and strengthening the community they build around our games. This is done in many ways, but an important step is to welcome players to a physical PDXCON, on site in Stockholm in September, and I am really looking forward to finally getting together!

The quarters will continue to vary, but I still end the period in a positive state of mind. I am really excited about working with our strong organisation to realize Paradox's great potential.

Fredrik Wester, VD





RELEASES IN THE PERIOD



Crusader Kings III: Console Edition

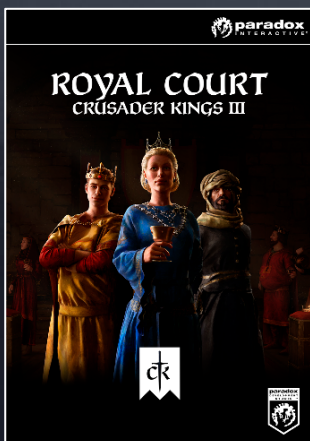
Release date: 29 March, 2022

Platforms: XBOX SERIES X|S, PLAYSTATION 5

Description: Finally on console, you can live the life of a medieval ruler in Paradox Development Studio's award winning strategy role-playing game, Crusader Kings III! Assume the leadership of a medieval noble family, increasing its power and reputation through the generations. As one ruler dies, they are replaced by an heir who may have very different abilities or interests, forcing you to adjust your long-term plans.

Play a master of the battlefield, conquering your enemies, or play a subtle seeker of secrets, using plots and poison to advance your agenda - all in the same game. Arrange marriages, champion the faith and establish new empires in this modern classic - unlike any other strategy game you've ever played on console.

Developer: Lab 42 and Paradox Development Studio



Crusader Kings III: Royal Court

Release date: 8 February, 2022

Platforms: PC

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

In Crusader Kings: Royal Court, you can commission great works of art from inspired craftspeople. Impress your rivals with the grandeur of your court or awe them with your noble house's heirlooms and relics. An enhanced Culture system lets you guide your people to novel cultural understandings as they merge or splinter off, embrace their heritage, learn languages, or acquire new traditions.

Developer: Paradox Development Studio



RELEASES IN THE PERIOD CONT.



Cities: Skylines – Airports

Release date: 25 January, 2022

Platforms: PC, XBOX ONE, PLAYSTATION 4, NINTENDO SWITCH

Description: From a budding airfield to a global transportation hub, this expansion lets you reimagine your airport with a wide variety of new assets. This expansion comes with a wide variety of new assets, from terminals to custom airlines, and the systems connect with existing features like tourism, industry and public transport. Your city starts at the airport.

Developer: Colossal Order



Prison Architect: Perfect Storm

Release date: 27 January, 2022

Platforms: PC, XBOX ONE, PLAYSTATION 4, NINTENDO SWITCH

Description: Prison Architect: Perfect Storm makes it rain with grants, emergency services, staff training, and Calamities.

Developer: Double Eleven



FINANCIAL OVERVIEW

REVENUE AND PROFIT FIRST QUARTER

Revenues amounted to MSEK 476.1 (MSEK 364.5), an increase by 31 % compared to the same period last year. Crusader Kings III was released on Xbox Series X|S and PlayStation 5. New downloadable content for the following games was released during the quarter; Royal Court for Crusader Kings III, Airports for Cities: Skylines and Perfect Storm to Prison Architect. 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 214.7 (MSEK 202.8), 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 in comparison to the previous period. Depreciation and amortisation for the period in the item amounts to MSEK 110.7 (MSEK 96.0), of which MSEK 81.8 (MSEK 68.5) relates to amortisation of released games and MSEK 21.0 (MSEK 20.3) relates to depreciations of acquired licenses, brands and similar rights.

Crusader Kings III Console Edition and the downloadable content Royal Court for Crusader Kings III which were released during the period, 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. Downloadable content Airports to Cities: Skylines and Perfect Storm for Prison Architect are amortised on a straight-line basis over an 18-month period.

The write-downs for the period in cost of goods sold amount to MSEK 0.0 (MSEK 34.4). In addition to depreciation, amortisation and write-downs within the item, a total of MSEK 103.9 (MSEK 72.3) was expensed regarding non-capitalised development costs, development support, operation and maintenance of games, and royalties.

Non-capitalised development costs have increased compared with the comparison period as the capitalisation of the group's externally developed

games starts in a later development phase than the previous period. Costs for development support, operation and maintenance of games are lower than the comparison period. Costs for royalties have increased compared to the comparison period due to an increase in sales of royalty generating games.

Selling expenses for the period amounted to MSEK 41.8 (MSEK 55.9). Administrative expenses for the period amounted to MSEK 21.8 (MSEK 25.9). Other income amounted to MSEK 10.7 (MSEK 12.6), and other expenses to MSEK 0.0 (MSEK 0.0). Other income and other expenses consist primarily of exchange rate effects on the group's cash and cash equivalents, operating receivables, and operating liabilities. Operating profit amounted to MSEK 208.5 (MSEK 92.5), an increase by 125 %. Financial items amounted to MSEK -0.8 (MSEK -0.9). Financial items primarily consist of interest on lease liabilities. Profit after financial items amounted to MSEK 207.7 (MSEK 91.6), and profit after tax amounted to MSEK 168.5 (MSEK 76.7).

FINANCIAL POSITION

Capitalised development amounted to MSEK 1,273.7 (MSEK 1,006.4) by the end of the period.

Licenses, brands, and similar rights amounted to MSEK 213.8 (MSEK 290.1).

Goodwill amounted to MSEK 20.8 (MSEK 20.6) attributable to the acquisition of Iceflake Studios.

Right-of-use assets for offices amounted to MSEK 156.7 (MSEK 191.6).

Shares in associates amount to MSEK 31.1 (MSEK 24.7) 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 112.9 (MSEK 128.8).

Cash and cash equivalents amounted to MSEK 671.2 (MSEK 717.6).



Shareholders' equity amounts to MSEK 1,834.4 (MSEK 1,591.8), of which MSEK 168.5 (MSEK 76.7) consists of accumulated profit for the year.

Long term lease liabilities amount to MSEK 126.3 (MSEK 160.0) consisting of liabilities for office premises.

Deferred tax liabilities amount to MSEK 160.6 (MSEK 191.1), mainly relating to untaxed reserves and intangible assets from acquisitions.

Short term lease liabilities amount to MSEK 34.4 (MSEK 34.5) consisting of short term liabilities for office premises.

Other current liabilities amount to MSEK 54.8 (MSEK 86.4), the decrease mainly consists of payments made on acquisitions.

Accrued expenses and prepaid income amounts to MSEK 326.5 (MSEK 364.9) by the end of the period. Accrued costs for variable remuneration to employees have increased in relation to the comparison period because of a higher overall profit. Prepaid revenue is lower than the comparison period due to fewer ongoing pre-orders and season passes.

CASH FLOW FIRST QUARTER

Cash flow from operating activities amounted to MSEK 236.6 (MSEK 145.7), primarily attributable to the operating profit and adjustments for items not included in the cash flow. Cash flow from investing activities amounted to MSEK -157.4 (MSEK -189.2), mainly referring to investments in game development. Cash flow from financing activities amounted to MSEK -8.7 (MSEK -8.4) mainly relating to amortisation of lease liabilities for office premises.

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 FIRST QUARTER

Within the parent company is the publishing operations, which acts as the main publisher for all 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 478.0 (MSEK 362.0). Operating profit amounted to MSEK 111.0 (MSEK 99.3). Profit after financial items amounted to MSEK 111.0 (MSEK 99.3). Profit after tax amounted to MSEK 88.6 (MSEK 78.8).

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 2021, page 36. 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.



FINANCIAL CALENDAR

Annual General Meeting 2022	2022-05-10
Interim report January-June 2022	2022-08-02
Interim report January-September 2022	2022-11-01
Year-end report 2022	2023-02-07

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 3 May, 2022

The Board of Directors

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 08:00 CEST on May 3, 2022.



KEY FIGURES FOR THE GROUP

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Revenues, KSEK	476,096	364,529	1,447,456
Operating profit, KSEK	208,451	92,508	307,453
Profit after financial items, KSEK	207,675	91,574	303,926
Profit after tax, KSEK	168,543	76,733	247,770
Operating margin	44%	25%	21%
Profit margin	44%	25%	21%
Equity/assets ratio	70%	64%	66%
Equity per share before dilution, SEK	17.37	15.07	15.73
Equity per share after dilution, SEK	17.33	15.04	15.70
Earnings per share before and after dilution, SEK	1.60	0.73	2.35
Earnings per share before and after dilution, SEK	1.59	0.72	2.34
Number of shares by the end of the period before dilution	105,600,000	105,600,000	105,600,000
Number of shares by the end of the period after dilution	105,853,350	105,853,350	105,853,350
Average number of shares before dilution	105,600,000	105,600,000	105,600,000
Average number of shares after dilution	105,841,474	105,919,844	105,755,565
Average number of employees	710	690	716
Number of employees by the end of the period	692	696	721

For definitions of key figures, see the annual report.



GROUP INCOME STATEMENT (KSEK)

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Revenues	476,096	364,529	1,447,456
Cost of goods sold	-214,704	-202,752	-880,971
Gross profit	261,392	161,777	566,485
Selling expenses	-41,804	-55,908	-192,867
Administrative expenses	-21,807	-25,877	-102,899
Other income	10,704	12,550	40,841
Other expenses	-34	-33	-4,107
Operating profit	208,451	92,508	307,453
Financial income	86	101	545
Financial expense	-862	-1,035	-4,072
Profit after financial items	207,675	91,574	303,926
Tax	-39,132	-14,841	-56,157
Profit for the period	168,543	76,733	247,770

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

Earnings per share before dilution, SEK	1.60	0.73	2.35
Earnings per share after dilution, SEK	1.59	0.72	2.34

OTHER COMPREHENSIVE INCOME (KSEK)

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Profit for the period	168,543	76,733	247,770
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Translation differences	3,292	6,944	9,185
Other comprehensive income	3,292	6,944	9,185
Total comprehensive income for the period	171,835	83,677	256,955

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



GROUP BALANCE SHEET (KSEK)

	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Capitalised development	1,273,733	1,006,448	1,198,502
Licenses, brands and similar rights	213,819	290,127	232,480
Goodwill	20,824	20,621	20,600
Property and equipment	20,507	25,367	22,021
Right-of-use assets	156,738	191,591	165,272
Investments in associates	31,082	24,669	31,082
Other long term assets	18,602	1,258	18,589
Total non-current assets	1,735,305	1,560,082	1,688,546
Current assets			
Accounts receivable	112,876	128,758	133,780
Tax assets	-	-	19,821
Other receivables	58,219	31,652	24,534
Prepaid expenses and accrued revenue	56,013	54,539	56,287
Cash and cash equivalents	671,219	717,637	599,724
Total current assets	898,327	932,587	834,147
TOTAL ASSETS	2,633,632	2,492,669	2,522,693
EQUITY AND LIABILITIES			
Equity			
Share capital	528	528	528
Other capital contributed	27,994	27,994	27,994
Reserves	7,688	2,156	4,397
Retained earnings	1,629,602	1,484,423	1,380,874
Profit for the period	168,543	76,733	247,770
Total equity	1,834,356	1,591,834	1,661,563
Long term liabilities			
Lease liabilities	126,273	159,955	134,438
Deferred tax liabilities	160,607	191,073	163,606
Other liabilities	422	422	422
Total long term liabilities	287,301	351,450	298,466
Current liabilities			
Accounts payable	68,152	61,133	97,016
Current tax liabilities	28,207	2,534	6,278
Lease liabilities	34,372	34,484	34,536
Other liabilities	54,768	86,365	28,283
Accrued expenses and prepaid revenues	326,475	364,869	396,550
Total current liabilities	511,974	549,385	562,663
TOTAL EQUITY AND LIABILITIES	2,633,632	2,492,669	2,522,693



CHANGE IN GROUP EQUITY (KSEK)

	Share capital	Other contribute d 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				168,543	168,543
Other comprehensive income					
Conversion difference			3,292		3,292
Total other comprehensive income	-	-	3,292	-	3,292
Total comprehensive income	-	-	3,292	168,543	171,835
Transactions with owners					
Share-based payments staff	-	-	-	958	958
Total transactions with owners	-	-	-	958	958
AT THE END OF THE PERIOD 2022-03-31	528	27,994	7,688	1,798,145	1,834,356
	Share capital	Other contribute d capital	Reserves	Retained earnings	Total equity
At the beginning of the period 2021-01-01	528	27,994	-4,788	1,484,423	1,508,158
Profit for the period	-	-		76,733	76,733
Other comprehensive income					
Conversion difference	-	-	6,944	-	6,944
Total other comprehensive income	-	-	6,944	-	6,944
Total comprehensive income	-	-	6,944	76,733	83,677
Transactions with owners					
Share-based payments staff	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
AT THE END OF THE PERIOD 2021-03-31	528	27,994	2,156	1,561,156	1,591,834



GROUP CASH FLOW STATEMENT (KSEK)

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Cash flow from operations			
Operating profit	208,451	92,508	307,453
Adjustment of depreciation, amortisation and write-downs	113,899	133,882	589,855
Other adjustments	958	-	-4,235
Interest received	86	101	545
Interest paid	-861	-1,035	-4,072
Tax paid	-1,140	-67,206	-150,200
Cash flow before changes in working capital	321,393	158,250	739,346
Changes in working capital			
Change in current receivables	-12,781	40,345	42,441
Change in current liabilities	-72,180	-52,937	-45,202
Cash flow from current operations	236,432	145,659	736,586
Investing activities			
Investments in capitalised development	-156,926	-188,822	-744,313
Investments in licenses, brands and similar rights	-	-	-3,235
Investments in equipment	-488	-404	-1,694
Investments in other financial assets	-	-	-17,333
Cash flow from investing activities	-157,414	-189,226	-766,574
Financing activities			
Amortisation of lease liability	-8,741	-8,443	-33,994
Paid dividend	-	-	-105,600
Cash flow from financing activities	-8,741	-8,443	-139,594
Cash flow for the period	70,277	-52,010	-169,582
Cash and cash equivalents at the beginning of the period	599,724	767,561	552,307
Exchange rate effect	1,218	2,086	1,746
Cash and cash equivalents at the end of the period	671,219	717,637	599,724



PARENT COMPANY INCOME STATEMENT (KSEK)

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Revenues	477,997	362,014	1,446,878
Cost of goods sold	-315,707	-196,101	-873,604
Gross profit	162,289	165,913	573,274
Selling expenses	-39,547	-52,778	-180,473
Administrative expenses	-21,914	-26,295	-104,349
Other income	10,213	12,487	34,487
Other expenses	-	-	-4,262
Operating profit	111,041	99,327	318,678
Profit from shares in subsidiaries	-	-	43,143
Financial income	-	-	341
Financial expense	-3	-27	-157
Profit after financial items	111,038	99,300	362,004
Year-end appropriations	-	-	68,100
Income tax expense	-22,454	-20,456	-83,065
Profit for the year and total income for the year	88,584	78,844	347,039



PARENT COMPANY BALANCE SHEET (KSEK)

	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Capitalised development	1,210,985	1,000,006	1,185,934
Licenses, brands and similar rights	57,092	79,610	63,625
Property and equipment	13,026	18,116	14,242
Shares in subsidiaries	305,812	305,812	305,812
Investments in associates	16,766	16,766	16,766
Other long term assets	17,393	60	17,393
Total non-current assets	1,621,073	1,420,370	1,603,772
Current assets			
Accounts receivable	110,390	124,278	130,840
Receivables from group companies	12,725	3,305	35,176
Tax assets	-	113	19,821
Other receivables	50,322	22,702	18,668
Prepaid expenses and accrued revenues	54,845	53,597	55,335
Cash and cash equivalents	592,108	641,977	469,881
Total current assets	820,390	845,971	729,720
TOTAL ASSETS	2,441,464	2,266,341	2,333,492
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	528	528	528
Capitalised development reserve	1,210,985	1,000,006	1,185,934
<i>Non-restricted equity</i>			
Share premium reserve	27,994	27,994	27,994
Retained earnings	60,622	27,153	-262,325
Profit for the period	88,584	78,844	347,039
Total equity	1,388,713	1,134,525	1,299,171
Untaxed reserves	555,000	623,100	555,000
Long term liabilities			
Other liabilities	422	422	422
Total long term liabilities	422	422	422
Current liabilities			
Accounts payable	63,383	56,451	87,113
Liabilities to group companies	141,875	67,425	21,409
Current tax liabilities	2,302	-	-
Other liabilities	14,656	58,421	13,740
Accrued expenses and prepaid revenues	275,112	325,997	356,637
Total current liabilities	497,329	508,294	478,899
TOTAL EQUITY AND LIABILITIES	2,441,464	2,266,341	2,333,492



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;

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
USA	417,594	290,307	1,219,196
Sweden	2,361	7,624	16,846
Rest of Europe	45,712	52,460	176,402
Rest of the World	10,429	14,138	35,012
Total	476,096	364,529	1,447,456

Group revenue divided into major product categories;

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
PC	413,358	291,049	1,187,471
Console	50,345	54,544	189,593
Mobile	10,091	15,061	53,681
Other	2,302	3,875	16,712
Total	476,096	364,529	1,447,456

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

	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-01-01 2021-12-31
Cost of goods sold	110,679	130,441	577,219
Selling expenses	445	1,409	4,779
Administrative expenses	2,775	2,032	7,857
Total	113,899	133,882	589,855

NOTE 3. STOCK OPTIONS PROGRAM

Options program 2021/2025

The Annual General Meeting on May 18, 2021, decided to introduce an employee stock options program aimed at employees of the Group. The number of outstanding employee stock options amounts to 422,700 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 30.08 according to a valuation based on the Black & Scholes model. The exercise price for the options was set at SEK 214.82 and subscription for shares can take place August 2, 2024, to June 3, 2025. The exercise price equals 120 % of the average market value between May 11 to May 17, 2021. In the event of full subscription of these options, the parent company's equity will be increased by MSEK 90.8.

ABOUT PARADOX INTERACTIVE

Paradox Interactive is one of the premier developers and publishers of strategy and management games on PC and consoles. The group today consists of publishing and nine studios in six countries that develop gaming experiences for the company's over five million monthly active users.

The players are located all over the world but some of the biggest markets are North America, Western Europe, Scandinavia and Asia. The game portfolio consists of popular franchises such as Stellaris, Europa Universalis, Hearts of Iron, Crusader Kings, Prison Architect, the Surviving games, Age of Wonders and Victoria. Paradox Interactive also owns the World of Darkness brand catalogue.

Paradox Interactive's headquarters is on Södermalm in Stockholm and is listed on Nasdaq First North Premier Growth Market.

