



# Interim Report

2016-01-01 - 2016-06-30

\*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 Q2, 2016

## SECOND QUARTER

- Revenues for the second quarter amounted to SEK 234.9 (182.0) million, an increase of 29 % compared to the same period last year.
- Operating profit amounted to SEK 142.3 (68.4) million, an increase of 108 %.
- Profit before tax amounted to SEK 142.9 (68.4) million, and profit after tax amounted to SEK 110.6 (53.2) million.
- Cash flow from operating activities amounted to SEK 62.1 (174.5) million, and cash flow from investing activities amounted to SEK -25.1 (-20.7) million.
- By the end of the period, cash and short term placements amounted to SEK 143.2 (176.4) million.
- During the second quarter of 2016, the internally developed games Stellaris and Hearts of Iron IV were released. In addition, an expansion for Europa Universalis IV, "Mare Nostrum," was released. Revenues from the second quarter of 2016 are mainly attributable to Stellaris, Hearts of Iron IV, Cities: Skylines, Europa Universalis IV, Pillars of Eternity and Crusader Kings II.

## FIRST SIX MONTHS

- Revenues for the first six months amounted to SEK 328.2 (386.7) million, a decrease of 15 % compared to the same period last year.
- Operating profit amounted to SEK 167.5 (166.0) million, an increase of 1 %.
- Profit before tax amounted to SEK 168.0 (165.8) million, and profit after tax amounted to SEK 130.0 (129.0) million.

## IMPORTANT EVENTS IN THE SECOND QUARTER

- On May 31, the Company was listed on Nasdaq First North. The aim was to invite employees, fans, and other long-term stakeholders to participate in the Company's continued journey. A total of 15.5 % of the Company was offered, and the Company gained over 22,000 new shareholders.
- In June, Paradox participated at E3, a major global trade fair for interactive entertainment. Among other activities, the upcoming role-playing game Tyranny, developed by Obsidian Entertainment, was shown to invited media.
- From June 23 to July 4, the annual "Steam Summer Sale" included several popular Paradox titles.

## EVENTS AFTER THE END OF THE PERIOD

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

### 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 75 titles and Paradox Interactive owns the most important brands, including Stellaris, Europa Universalis, Hearts of Iron, Crusader Kings, Cities: Skylines and Magicka.

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, more than one million gamers play a Paradox game each month and the number of Paradox registered users exceeds five million.

## Words from CEO

### THE BEST QUARTER IN PARADOX' HISTORY

Over the past 5 years or so, Paradox has followed a clear path with one of the main principles being growth while being profitable. Therefore it is neither a coincidence nor luck that we have just had our strongest quarter in our company history. On the basis of that, however, it's important to remember that we will continue to have stronger quarters and less strong quarters, just like we've previously communicated.

The overriding objective has been to continue to build a company where we are sustainable and profitable over a long period of time and where the foundation is our existing target audience and our Paradox formula (the Paradox game pillars\*). In addition, we will use strategic acquisitions and partnerships, like the acquisition of White Wolf, to give ourselves additional strategic height to continue developing and challenging ourselves to create even better products.

We have a strong product portfolio, which reduces risk by making us less vulnerable during any single game release. However, any successful game launch naturally increases our ability to invest more and continuously develop and improve ourselves with regards to quality, to ultimately create better products.

Initial success also tends to correlate with a longer long-tail of revenue for each brand, in particular since we continuously create and release new content for our games. A larger player base also means there is a larger group of people who create their own content like modifications, YouTube videos, and streams for each game which helps to keep the brand alive over time.

During this second quarter, we released two internally developed games within the niche that is our absolute strongest, and for this reason we knew results in this quarter would be strong. That it would end up being our strongest quarter in our company history did not become apparent, however, until we initiated the sales campaigns for each game.







Stellaris has received a very positive reception on the market and beat the previously held company revenue record for the first 24 hours of sales. Even though the game to some extent builds on the formula that has made Paradox Development Studio a world leader within their niche, the game has several elements where the team has pushed boundaries, tested new things and implemented changes.

Hearts of Iron is one of our biggest and most successful brands, and with so many existing fans, expectations for a new title were gigantic. Not only did Hearts of Iron IV meet these expectations, but it also became the fastest-selling historical strategy from Paradox to date. User reviews and media reviews show that the team managed to both meet the high customer expectations and, much like with Stellaris, attract many new players. That both new and existing players appreciate both games is a good example of how we as a company can capitalize on our existing strengths while at the same time develop and challenge ourselves.

In addition to these games, the games released during the period 2012-2015, mainly Crusader Kings II, Europa Universalis IV and Cities: Skylines have also showed good sales during the second quarter. One of the common denominators for all of these games is that the player base is very active, both in the number of played hours but also (perhaps more importantly) because they create a lot of new content that they share with other players.

In addition to the already announced projects as well as those already out on the market, we currently have several active projects in the

different stages of the production cycle including the pre-production phase. Out of these projects, some will never reach the production stage or be announced.

In June, Paradox passed 1.5 million monthly active users for the first time. The number of active players is a good indication of how a company in the games industry is doing, particularly when the numbers and trends are looked at over a longer period of time. In our case, we've had a very clear trend upwards for the last couple of years.

We have had a very close relationship with our community from the very beginning and all of our employees, particularly our developers, are encouraged to have direct contact with our players. This has absolutely been a contributing factor to us growing our player base while retaining that important personal touch, as well as understanding what our players want. A good game is a game that players play often, play for a long time, and are willing to pay for.

We remain well financed with a strong cash position and we will continue to focus on financing games that match our portfolio and are based on the brands owned by Paradox to a large extent.

White Wolf publishing now has a team working on the licensing business and we hope to soon be able to reap the rewards of this work.

On May 31, Paradox was listed on First North Premier and we received more than 22,000 new shareholders. Since our goal was to invite more people on our journey in the long term, we were particularly excited to see so many fans and employees among the new shareholders. The

development for the stock price has been positive and is currently at 85 % above the introductory price.

With the listing we have started a new chapter for Paradox. This new chapter presents many new possibilities but the same basic principles upon which we have built this company remain. In many ways our journey has only begun. Expect ups and downs but growth with profit over time. Or as we like to call it "business as usual".

Fredrik Wester, CEO

**\* Paradox Game Pillars**  
WHAT ARE WE LOOKING FOR IN A GREAT GAME?

- Replayable**  
You're basically never "done" with the game. System driven games with challenging sandbox environments make for unique game sessions each time you play.
- Intellectual, yet hard core**  
The games challenge your mind, not your reflexes. Incredible depth is also matched with a balanced learning curve.
- Function over form**  
What makes a Paradox game beautiful isn't necessarily the graphics - it's the gameplay. Given the choice, we will always focus on gameplay and systems first. We strive for the right production values, not high production values.
- Accessible**  
The games take time to master - but the journey is always rewarding. You don't stop playing our games because you don't understand how things work or what to do next.
- Creativity**  
We want our players to create and share their own stories from our games - not just the stories we imagined. The game should encourage creativity, experimentation and the creation of memorable stories.
- Highly engaging subject matter**  
Regardless of what the game is about, there's always more to discover behind the scenes. The player can always dig deeper into the subject matter of the game even when they're not playing.

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paradox  
DEVELOPMENT





## IPO - THE PARADOX WAY

In May, Paradox was listed on Nasdaq First North Premier. The listing was aimed primarily at providing Paradox's employees, fans and the general public the opportunity to participate in the Company's future journey. In addition, a listing provides better access to the capital market with the ability to use shares as acquisition currency. At the same time, a listing provides an increased awareness of Paradox,

its activities, and the brand among both existing and potential players and fans, partners, game developers and other stakeholders, which is expected to benefit Paradox's future development.

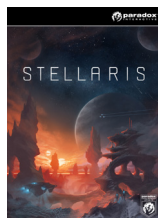
The offering was oversubscribed several times and shares are traded at 85 % above the offering price at the time of writing.







# Releases during the quarter



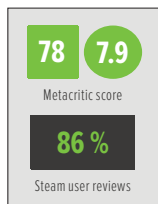
May 9th 2016

## STELLARIS

Explore a vast galaxy full of wonder! Paradox Development Studio, makers of the Crusader Kings and Europa Universalis series, presents Stellaris, an evolution of the grand strategy genre with space exploration at its core.

Featuring deep strategic gameplay, a rich and enormously diverse selection of alien races and emergent storytelling, Stellaris has engaging, challenging gameplay that rewards interstellar exploration as you traverse, discover, interact and learn more about the multitude of species you will encounter during your travels.

Etch your name across the cosmos by forging a galactic empire, colonizing remote planets and integrating alien civilizations. Will you expand through war alone or walk the path of diplomacy to achieve your goals?







# Releases during the quarter



June 6th 2016

## HEARTS OF IRON IV

Victory is at your fingertips! Your ability to lead your nation is your supreme weapon. The strategy game Hearts of Iron IV lets you take command of any nation in World War II; the most engaging conflict in world history.

From the heart of the battlefield to the command center, you will guide your nation to glory and wage war, negotiate or invade. You hold the power to tip the very balance of WWII.

It is time to show your ability as the greatest military leader in the world. Will you relive or change history? Will you change the fate of the world by achieving victory at all costs?



84 **6.8**  
Metacritic score

**81.5%**  
Steam user reviews





## Releases during the quarter



**April 5th 2016**

### EUROPA UNIVERSALIS IV – MARE NOSTRUM

Mare Nostrum is the newest expansion to Paradox Development Studio's best-selling historical grand strategy game, Europa Universalis IV. You now have even more tools at your disposal as you guide your nation through the early modern world.

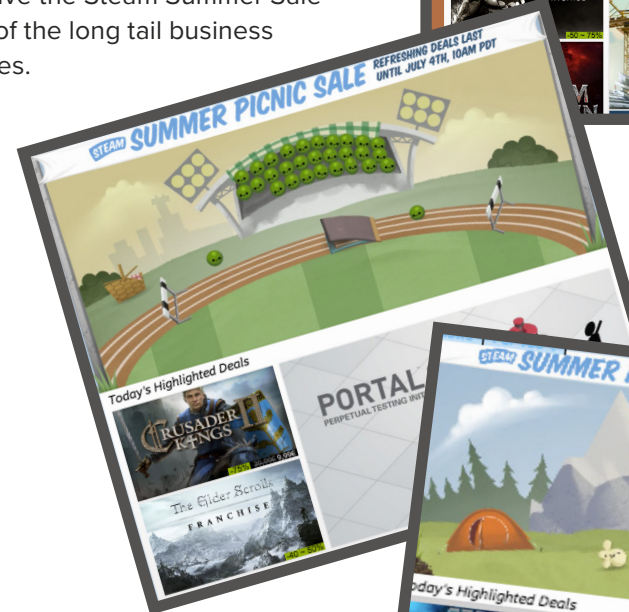
As its name suggests, Mare Nostrum introduces new systems connected to naval warfare and control of trade. The power of your fleets will depend on the number of sailors your nation can gather, and your ships can now be given missions and areas to patrol.

There are also new options for creating trade leagues, and a host of other improvements.

## STEAM SUMMER SALE

Steam Summer Sale is one of three major promotional campaigns that Steam conducts each year. The other two are Steam Winter Sale and Black Friday/Cyber Monday. Steam Summer Sale is considered the biggest both in revenue and exposure. This year's Steam Summer Sale ran through June 23 to July 4.

For Paradox Interactive the Steam Summer Sale is an important part of the long tail business strategy for our games.





# Revenues and Profit

## REVENUES AND PROFIT

Revenues amounted to SEK 234.9 (182.0) million, an increase of 29 % compared to the same period last year. During the second quarter of 2016, the internally developed games Stellaris and Hearts of Iron IV were released. In addition, an expansion for Europa Universalis IV, Mare Nostrum, was released. Revenues from the second quarter 2016 are mainly contributable to Stellaris, Hearts of Iron IV, Cities: Skylines, Europa Universalis IV, Pillars of Eternity and Crusader Kings II.

Direct costs amounted to SEK 59.6 (74.1) million, primarily attributable to game development and royalties to independent developers as compensation for game development. Royalty costs have decreased compared to last year due to an increased share of internally developed games sold. Meanwhile, costs for game development following game investments and releases of new game projects has increased.

Selling expenses for the period amounted to SEK 10.9 (13.9) million. The decrease is attributable to the comparative period including fear of bad debt and bad debt related costs.

Administrative expenses for the period amounted to SEK 26.0 (16.6) million, attributable to increased costs related to salary within the function, overall IT-support, gamer usage analysis, the internal platform for sales and support of games, supplies equipment and rental costs in connection to the

move to new offices. In addition, IPO costs of SEK 2.5 million for the period are included as administrative expenses following the company's public listing in May 2016.

Other income amounted to SEK 4.0 (0.0) million, and other expenses to SEK 0.0 (9.0) million, mainly attributable to exchange effects.

Operating profit amounted to SEK 142.3 (68.4) million, an increase of 108 %.

Profit before tax amounted to SEK 142.9 (68.4) million, and profit after tax amounted to SEK 110.6 (53.2) million.

## FINANCIAL POSITION

Capitalised development amounted to SEK 113.4 (97.4) million by the end of the period, with a net increase of SEK 8.7 million in the second quarter. Investments in not-yet-released game projects amounted to SEK 24.6 (20.5) million and amortisation of released games amounted to SEK 15.9 (7.6) million.

Licenses, brands and similar rights amounted to SEK 57.9 (1.4) million. The increase is explained entirely from the investment in the White Wolf portfolio of brands in the fourth quarter of 2015.

By the end of the period, property and equipment amounted to SEK 15.9 (1.2) million. The change is explained by investments in connection to the





# Revenues and Profit, cont.

company's move to new offices at Södermalm in Stockholm in the fourth quarter of 2015.

Accounts receivable amounted to SEK 107.6 (68.9) million by the end of the period. The high amount in 2016 is attributable to sales in connection to the releases of Hearts of Iron IV and Stellaris.

Cash and short term placements amounted to SEK 143.2 (176.4) million.

Shareholders' equity amounts to SEK 329.5 (210.5) million, driven by a strong profit development, but is affected by 2015 year's dividend which was paid in the first quarter 2016.

Other long term liabilities amounted to SEK 11.4 (0.0) 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 64.9 (91.2) million by the end of the period, driven by lower accruals for royalty to external game developers.

## CASH FLOW

Cash flow from operating activities amounted to SEK 62.1 (174.5) million, primarily attributable to the operating profit. The decrease compared to last year

is primarily attributable to changes in current receivables as an effect of game releases.

Cash flow from investing activities amounted to SEK -25.1 (-20.7) million, of which the majority refers to investments in game development.

Cash flow from financing activities amounted to SEK 0.0 (-31.7) million, where last year's amount refers to 2014 year's dividend which was paid in the second quarter of 2015.

## DEPRECIATION, AMORTISATION AND WRITE-DOWNS

Amortisation of capitalised development amounted to SEK 15.9 (7.6) million. The increase is related to amortisation of released game projects. Write-downs of capitalised development amounted to SEK 0.0 (14.0) million since none of the game projects have indicated a need for write-down during the period.

Amortisation of the company's brands amounted to SEK 1.7 (0.2) million, of which the increase is related to the investment in White Wolf since the fourth quarter 2015. Depreciation of property and equipment amounted to SEK 1.8 (0.5) 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.

## FIRST SIX MONTHS SUMMARY

Revenues amounted to SEK 328.2 (386.7) million, a decrease of 15 % compared to the same period last year. Operating profit amounted to SEK 167.5 (166.0) million, an increase of 1 %.

Revenue is mainly contributable to the releases of internally developed titles Stellaris and Hearts of Iron IV during the period. The decrease in revenue is explained by the releases during the first six months being made in the second quarter, while the releases last year of externally developed games Cities: Skylines and Pillars of Eternity were two of the company's highest revenue generators historically.

Direct costs have decreased by SEK 59.6 million primarily from decreased costs of royalty to external game developers.

Profit before tax amounted to SEK 168.0 (165.8) million, and profit after tax amounted to SEK 130.0 (129.1) million. Investments in capitalised development amounted to SEK 39.9 (44.5) million.

Amortisation of capitalised development amounted to SEK 27.3 (12.1) million, and write-downs amounted to SEK 0.0 (14.0) million.

Amortisation of brands amounted to SEK 3.3 (0.4) million.



**PARENT COMPANY**

The parent company consists of the publishing branch, some game development within the internal studio Arctic (up until year-end 2015 when the employees of Arctic were transferred to be part of Paradox Development Studio AB), and in addition the parent company provides administrative services to its subsidiaries. Paradox Development Studio and Paradox North only have intercompany revenue from the parent company, and as such the financial development of the parent company to a great extent follows the group's development.

**ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting principles have 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. From January 1, 2016, capitalised development is reserved in an equity reserve. The reserve constitutes restricted equity and is dissolved as the company amortises or writes-down capitalised development.

**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 2015, pages 27-28. 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@paradox-plaza.com](mailto:ir@paradox-plaza.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 - September 2016	2016-11-07
Year-end report January - December 2016	2017-02-10

**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 25 August 2016

Håkan Sjunnesson  
Chairman of the Board

Fredrik Wester  
Chief Executive Officer

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 August 25, 2016.

## KEY FIGURES FOR THE GROUP

	2016-04-01 2016-06-30	2015-04-01 2015-06-30	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31
Revenues, KSEK	234,896	182,029	328,170	386,697	604,053
Operating profit, KSEK	142,330	68,428	167,504	166,043	241,738
Profit before tax, KSEK	142,882	68,381	168,048	165,811	241,966
Profit after tax, KSEK	110,603	53,203	129,995	129,106	188,834
Operating margin	61%	38%	51%	43%	40%
Profit margin	47%	29%	40%	33%	31%
Equity/assets ratio	73%	58%	73%	58%	66%
Equity per share before and after dilution, SEK*	3.12	1.99	3.12	1.99	2.56
Earnings per share before and after dilution, SEK*	1.05	0.50	1.23	1.22	1.79
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	105,600,000
Average number of shares before and after dilution*	105,600,000	105,600,000	105,600,000	105,600,000	105,600,000
Average number of employees	190	182	187	174	190
Number of employees by the end of the period	192	193	192	193	190

\*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

KSEK	2016-04-01	2015-04-01	2016-01-01	2015-01-01	2015-01-01
	2016-06-30	2015-06-30	2016-06-30	2015-06-30	2015-12-31
Revenues	234,896	182,029	328,170	386,697	604,053
Direct costs	-59,603	-74,093	-101,451	-160,914	-263,375
<b>Gross profit</b>	<b>175,292</b>	<b>107,936</b>	<b>226,719</b>	<b>225,783</b>	<b>340,678</b>
Selling expenses	-10,939	-13,928	-19,782	-25,083	-38,087
Administrative expenses	-26,015	-16,565	-42,822	-28,823	-60,051
Other income	4,005	2	4,355	3,181	2,179
Other expenses	-14	-9,015	-966	-9,015	-2,981
<b>Operating profit</b>	<b>142,330</b>	<b>68,428</b>	<b>167,504</b>	<b>166,043</b>	<b>241,738</b>
Financial income	594	6	611	13	477
Financial expense	-41	-54	-67	-245	-249
<b>Profit after financial items</b>	<b>142,882</b>	<b>68,381</b>	<b>168,048</b>	<b>165,811</b>	<b>241,966</b>
Income tax expense	-32,279	-15,178	-38,053	-36,705	-53,132
<b>Profit for the period and total income for the period</b>	<b>110,603</b>	<b>53,203</b>	<b>129,995</b>	<b>129,106</b>	<b>188,834</b>
Attributable to:					
Shareholders of the parent company	110,603	53,203	129,995	129,106	188,834
Non-controlling interests	-	-	-	-	-
Earnings per share attributable to the shareholders of the parent company, SEK	1.05	0.50	1.23	1.22	1.79



# GROUP BALANCE SHEET

KSEK

	2016-06-30	2015-06-30	2015-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	113,375	97,408	100,840
Licenses, brands and similar rights	57,906	1,385	61,215
Property and equipment	15,894	1,207	17,226
Other long term assets	3,402	-	3,402
<b>Total non-current assets</b>	<b>190,577</b>	<b>100,000</b>	<b>182,683</b>
<b>Current assets</b>			
Accounts receivable	107,588	68,850	48,588
Other receivables	7,178	12,668	13,517
Prepaid expenses and accrued revenue	5,041	2,533	4,327
Other short term placements	-	29,253	109,686
Cash and cash equivalents	143,202	147,101	50,158
<b>Total current assets</b>	<b>263,009</b>	<b>260,404</b>	<b>226,276</b>
<b>TOTAL ASSETS</b>	<b>453,586</b>	<b>360,405</b>	<b>408,959</b>

# GROUP BALANCE SHEET

TSEK

	2016-06-30	2015-06-30	2015-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	528	106	106
Other capital contributed	27,994	27,994	27,994
Retained earnings	170,952	53,292	53,292
Profit for the period	129,995	129,106	188,834
<b>Total equity</b>	<b>329,469</b>	<b>210,499</b>	<b>270,226</b>
<b>Long term liabilities</b>			
Deferred tax liabilities	19,354	6,022	19,354
Other liabilities	11,432	-	11,432
<b>Total long term liabilities</b>	<b>30,787</b>	<b>6,022</b>	<b>30,786</b>
<b>Current liabilities</b>			
Accounts payable	9,486	7,334	16,498
Current tax liabilities	16,125	39,064	14,331
Other liabilities	2,784	6,311	4,599
Accrued expenses and prepaid revenues	64,935	91,174	72,519
<b>Total current liabilities</b>	<b>93,330</b>	<b>143,884</b>	<b>107,947</b>
<b>Total liabilities</b>	<b>124,117</b>	<b>149,906</b>	<b>138,733</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>453,586</b>	<b>360,405</b>	<b>408,959</b>

## CHANGE IN GROUP EQUITY

KSEK

	Share capital	Other capital contributed	Retained earnings	Total equity
<b>At the beginning of the period 2015-01-01</b>	106	27,994	84,972	113,072
Dividend			-31,680	-31,680
<b>Shareholders' transactions</b>			<b>-31,680</b>	<b>-31,680</b>
Profit for the period and total income for the period	-	-	129,106	129,106
<b>At the end of the period 2015-06-30</b>	<b>106</b>	<b>27,994</b>	<b>182,399</b>	<b>210,499</b>
<b>At the beginning of the period 2016-01-01</b>	106	27,994	242,126	270,226
Bonus issue	422	-	-422	0
Dividend	-	-	-70,752	-70,752
<b>Shareholder's transactions</b>	<b>422</b>	<b>-</b>	<b>-71,174</b>	<b>-70,752</b>
Profit for the period and total income for the period	-	-	129,995	129,995
<b>At the end of the period 2016-06-30</b>	<b>528</b>	<b>27,994</b>	<b>300,947</b>	<b>329,469</b>



# GROUP CASH FLOW STATEMENT

KSEK	2016-04-01	2015-04-01	2016-01-01	2015-01-01	2015-01-01
	2016-06-30	2015-06-30	2016-06-30	2015-06-30	2015-12-31
Operating profit	142,330	68,428	167,504	166,043	241,738
Adjustment for items not included in cash flow	19,025	22,071	33,025	26,969	64,730
Interest received	32	6	75	13	44
Interest paid	-57	-54	-83	-245	-247
Tax paid	-10,966	-1,733	-36,259	-7,085	-34,912
Cash flow from current operations before changes in working capital	150,364	88,719	164,263	185,695	271,353
Changes in working capital					
Change in current receivables	-88,166	93,494	-52,661	-54,056	-34,644
Change in current liabilities	-108	-7,684	-17,124	71,090	58,089
<b>Cash flow from current operations</b>	<b>62,089</b>	<b>174,528</b>	<b>94,478</b>	<b>202,729</b>	<b>294,798</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-24,603	-20,519	-39,851	-44,546	-132,721
Acquisition of tangible assets	-516	-131	-516	-684	-17,686
Acquisition of financial assets	-	-	-	-	-3,402
<b>Cash flow from investing activities</b>	<b>-25,119</b>	<b>-20,650</b>	<b>-40,367</b>	<b>-45,230</b>	<b>-153,809</b>
<b>Financing activities</b>					
Paid dividend	-	-31,680	-70,752	-31,680	-31,680
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-31,680</b>	<b>-70,752</b>	<b>-31,680</b>	<b>-31,680</b>
<b>Cash flow for the period</b>	<b>36,970</b>	<b>122,199</b>	<b>-16,642</b>	<b>125,819</b>	<b>109,309</b>
Cash and cash equivalents at the beginning of the period	106,232	54,155	159,844	50,535	50,535
<b>Cash and cash equivalents at the end of the period</b>	<b>143,202</b>	<b>176,354</b>	<b>143,202</b>	<b>176,354</b>	<b>159,844</b>



## PARENT COMPANY INCOME STATEMENT

KSEK	2016-04-01	2015-04-01	2016-01-01	2015-01-01	2015-01-01
	2016-06-30	2015-06-30	2016-06-30	2015-06-30	2015-12-31
Revenues	235,656	182,029	328,108	386,697	603,691
Direct costs	-59,305	-74,551	-101,147	-160,965	-263,207
<b>Gross profit</b>	<b>176,351</b>	<b>107,477</b>	<b>226,961</b>	<b>225,733</b>	<b>340,484</b>
Selling expenses	-10,647	-13,928	-19,449	-25,083	-38,037
Administrative expenses	-23,528	-16,565	-38,504	-28,823	-58,361
Other income	3,995	2	4,342	3,181	2,179
Other expenses	0	-9,015	-924	-9,015	-2,973
<b>Operating profit</b>	<b>146,171</b>	<b>67,970</b>	<b>172,426</b>	<b>165,993</b>	<b>243,292</b>
Financial income	576	6	592	12	473
Financial expense	-24	-52	-49	-243	-244
<b>Profit after financial items</b>	<b>146,723</b>	<b>67,923</b>	<b>172,968</b>	<b>165,762</b>	<b>243,521</b>
Year-end appropriations	-	-	-	-	-62,151
Income tax expense	-32,279	-15,178	-38,053	-36,705	-39,787
<b>Profit for the period and total income for the period</b>	<b>114,444</b>	<b>52,745</b>	<b>134,915</b>	<b>129,057</b>	<b>141,583</b>

# PARENT COMPANY BALANCE SHEET

KSEK	2016-06-30	2015-06-30	2015-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised development	113,375	97,408	100,840
Licenses, brands and similar rights	802	1,385	1,025
Property and equipment	15,894	1,207	17,226
Shares in subsidiaries	190	190	240
Receivables from group companies	50,301	-	50,301
Other long term assets	3,402	-	3,402
<b>Total non-current assets</b>	<b>183,965</b>	<b>100,190</b>	<b>173,034</b>
<b>Current assets</b>			
Accounts receivable	107,297	68,850	48,234
Receivables from group companies	1,036	-	-
Other receivables	6,596	12,616	13,292
Prepaid expenses and accrued revenues	5,014	2,492	4,274
Other short term placements	-	29,253	109,686
Cash and cash equivalents	138,411	142,307	45,700
<b>Total current assets</b>	<b>258,354</b>	<b>255,518</b>	<b>221,186</b>
<b>TOTAL ASSETS</b>	<b>442,318</b>	<b>355,709</b>	<b>394,220</b>

# PARENT COMPANY BALANCE SHEET

KSEK

	2016-06-30	2015-06-30	2015-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	528	106	106
Capitalised development reserve	36,088	-	-
<i>Non-restricted equity</i>			
Share premium reserve	27,994	27,994	27,994
Retained earnings	66,198	31,867	31,867
Profit for the period	134,915	129,057	141,583
<b>Total equity</b>	<b>265,723</b>	<b>189,024</b>	<b>201,550</b>
<b>Untaxed reserves</b>	<b>87,973</b>	<b>27,373</b>	<b>87,973</b>
<b>Current liabilities</b>			
Accounts payable	9,215	7,301	16,391
Liabilities to group companies	5,330	7,304	6,640
Current tax liabilities	15,824	38,802	13,948
Other liabilities	871	1,297	810
Accrued expenses and prepaid revenues	57,382	84,608	66,908
<b>Total current liabilities</b>	<b>88,622</b>	<b>139,312</b>	<b>104,697</b>
<b>Total liabilities</b>	<b>88,622</b>	<b>139,312</b>	<b>104,697</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>442,318</b>	<b>355,709</b>	<b>394,220</b>



