



*Please note that this is an unofficial translation of the Swedish-language original – in case of any discrepancies between this version and the Swedish original, the latter shall prevail.*

## **Notice of Annual General Meeting in Paradox Interactive AB (publ)**

The shareholders of Paradox Interactive AB (publ), 556667-4759, are hereby convened to the Annual General Meeting (the "AGM") to be held on Tuesday 18 May 2021.

### **Information with respect to Covid-19**

Due to Covid-19, the board of directors have decided that the AGM shall be carried out through advance voting (postal voting) only and without physical attendance of shareholders, proxies or persons who are not shareholders. The company invites the shareholders to exercise their voting rights at the AGM by way of advance voting in accordance with the below instructions. Information on the resolutions passed at the AGM will be made public on Tuesday 18 May 2021 as soon as the votes have been compiled.

### **Right to attend the AGM**

Shareholders wishing to attend the AGM shall be entered in the share register kept by Euroclear no later than on Friday 7 May 2021, *and* give notice of its participation at the AGM by casting its advance vote in accordance with the instructions under the heading "Advance voting" below, so that such notice and advance vote is received by the company through [poströsta.se](https://poströsta.se) no later than on Monday 17 May 2021.

### **Nominee-registered shares**

Shareholders who have their shares registered with a nominee must, in order to be entitled to participate at the AGM and exercise its voting right, temporarily register the shares in their own name in the share register kept by Euroclear (so-called voting right registration). The share register for the AGM, as of the record date of Friday 7 May 2021, will consider voting right registrations completed no later than Tuesday 11 May 2021, meaning that shareholders must request that the nominee makes such voting right registration well in advance of that date.

## **Proxy etc.**

A shareholder who wishes to be represented by proxy shall issue a written and dated power of attorney to the proxy holder. If the proxy is issued by a legal entity, a certified copy of the registration certificate or corresponding document of the legal entity shall be enclosed. The proxy must not be older than one year unless it is specifically stated that it is valid for a longer period, however no more than five years. The proxy in original and the registration certificate, if any, must be submitted with the advance vote and shall be at the company's disposal through [poströsta.se](https://poströsta.se) no later than on Monday 17 May 2021. A proxy form will be available at the company's website [www.paradoxinteractive.com](http://www.paradoxinteractive.com). Please note that advance voting forms are only available at [poströsta.se](https://poströsta.se).

## **Company presentation**

The chairman of the board Fredrik Wester, the managing director Ebba Ljungerud and CFO Alexander Bricca, will host a company presentation at 13.00 on Tuesday 18 May 2021 in a live broadcast on the company's Twitch channel <https://www.twitch.tv/paradoxinteractive>. No notice of participation is required. Shareholders may submit questions in advance by way of email to [ir@paradoxinteractive.com](mailto:ir@paradoxinteractive.com) or post them directly in the chat function which is open to the public but requires a Twitch account. Instructions on how to create a Twitch account can be found at <https://www.twitch.tv/signup>. The company presentation is not a part of the AGM.

## **Advance voting**

Due to Covid-19, the company has taken certain precautionary measures in relation to the AGM. The shareholders may exercise their voting rights at the AGM only by voting in advance, so called postal voting, in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

A specific form, available at [poströsta.se](https://poströsta.se), shall be used for advance voting. A submitted voting form constitutes also notice of participation at the AGM, meaning that a shareholder who exercises its voting right through advance voting does not need to notify the company of its attendance separately.

The completed voting form must be at the company's disposal through [poströsta.se](https://poströsta.se) no later than on Monday 17 May 2021. The completed and signed form shall be submitted through [poströsta.se](https://poströsta.se). If the shareholder votes in advance by proxy, a power of attorney shall be enclosed with the form. If the shareholder is a legal entity, a certificate of incorporation or a

corresponding document shall be enclosed to the form. The shareholder may not note special instructions or conditions in the voting form. If so, the vote is invalid.

Further instructions and conditions are included on the form for advance voting.

### **Proposed agenda**

1. Opening of the meeting
2. Election of the chairman of the meeting
3. Preparation and approval of the voting register
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation of the annual report and the auditor's report as well as the consolidated annual report and the auditor's report in respect of such report
8. Resolution on the adoption of the income statement and the balance sheet as well as the group income statement and the group balance sheet
9. Resolution on the allocation of the company's profits in accordance with the adopted balance sheet
10. Resolution on discharge from liability for the directors of the board and the managing director
11. Determination of the number of directors and deputies
12. Resolution on remuneration to directors or the board and auditors
13. Election of board of directors
14. Election of auditor
15. Resolution on principles for nomination committee to the 2022 AGM
16. Resolution on guidelines for remuneration to senior executives
17. Resolution on authorisation for the board of directors to resolve on the issuance of shares, convertibles and/or warrants
18. Proposal of the board of directors for a resolution (A) implementation of Option Program 2021/2025 and (B) directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under the option program and to secure social security charges
19. Closing of the meeting

### **Proposals for resolutions**

#### *Election of chairman of the meeting (agenda item 2)*

The nominating committee proposes that the AGM elects Fredrik Wester as chairman of the meeting or, in his absence, the person appointed by him.

*Preparation and approval of voting register (agenda item 3)*

The board of directors proposes that the voting register shall be the voting register prepared by the chairman of the board based on the share register for the AGM and the received advance votes, as verified by the person appointed to verify the minutes.

*Election of one or two persons to verify the minutes (agenda item 5)*

The board of directors proposes that Per H Börjesson (Investment AB Spiltan) or, in his absence, the person instead appointed by the board of directors, to be elected to verify the minutes of the AGM. The task of verifying the minutes of the AGM also includes verifying the voting list and that the advance votes received are correctly reflected in the minutes of the AGM.

*Resolution on the allocation of the company's profits in accordance with the adopted balance sheet (agenda item 9)*

In accordance with the proposal on allocation of profits in the annual report, the board of directors proposes that SEK 36,331,412 is carried forward and that a dividend of SEK 1.00 per share, in total SEK 105,600,000, is distributed to the shareholders, with Thursday 20 May 2021 as record date, in which case the dividend is expected to be distributed by Euroclear on Tuesday 25 May 2021.

*Determination of the number of directors and deputies (agenda item 11)*

The nomination committee proposes that the board of directors shall consist of six directors and no deputy directors.

*Resolution on remuneration to directors of the board and auditors (agenda item 12)*

The nomination committee proposes that the remuneration to the directors of the board, for the period through the end of the next AGM, shall be SEK 1 to the chairman of the board (SEK 1 the previous period), SEK 520,000 to the deputy chairman of the board (SEK 520,000 the previous period) and SEK 260,000 for each of the other directors of the board (SEK 260,000 preceding year).

In addition to the remuneration set out above, the nomination committee proposes that the remuneration, for the period through the end of the next AGM, shall be SEK 80,000 to the chairman of the auditing committee, SEK 50,000 to the chairman of the remuneration committee, and that the remuneration to each of the other members of such committees shall be 75 percent of that of the chairman for the relevant committee.

The nomination committee proposes that the remuneration for the auditor shall be paid according to approved account.

*Election of board of directors (agenda item 13)*

The nominating committee proposes re-election of Fredrik Wester, Håkan Sjunnesson, Josephine Salenstedt, Mathias Hermansson and Linda Höglund and as directors of the board for the period through the end of the next AGM, re-election of Fredrik Wester as chairman of the board and Håkan Sjunnesson as deputy chairman of the board, and that the board of directors shall elect a new chairman or deputy chairman amongst itself if such person's assignment should end in advance.

The nomination committee also proposes election of Andras Vajlok as director of the board for the period through the end of the next AGM. A brief presentation of Andras Vajlok is set out below.

Born: 1971

Education: Bachelor of Science in Economics and Business Administration at the School of Business, Economics and Law at the University of Gothenburg.

Other current assignments: Board member of Aldeon Invest, MAG Interactive, Unibap, Pepins, Besedo, The Gifted Company, Neon Giant and Silfverlok Invest.

Previous assignments: CFO of Paradox Interactive (2011-2018) and Head of Post Trade Solutions Equities of Nasdaq (2007-2011).

Shareholding in the company: 100,000 (indirectly).

Independence: Andras Vajlok is independent in relation to the company and its management but is not independent in relation to the company's major shareholders.

*Election of auditor (agenda items 14)*

The nomination committee proposes election of the auditing firm Öhrlings PricewaterhouseCoopers AB as the company's auditor. Öhrlings PricewaterhouseCoopers AB has declared that Aleksander Lyckow will be auditor-in-charge if the AGM resolves in accordance with the proposal.

*Resolution on principles for nomination committee to the 2022 AGM (agenda item 15)*

The nomination committee proposes that the AGM resolves on the following order for the preparation of election of directors and auditors.

The nomination committee's task shall be to prepare proposals to the AGM 2022 regarding chairman of the AGM, the number of directors of the board, the remuneration to the directors of the board and the auditor, the composition of the board of directors, the chairman and deputy chairman of the board, rules for the nomination committee for the following year's AGM, and the election of the auditor.

The chairman of the board of directors shall be a member of the nominating committee and be responsible for the summoning of the nominating committee. The chairman of the board shall contact the three largest shareholders in terms of votes per 30 September 2021. Each such shareholder shall elect a representative each to form the nomination committee along with the chairman of the board for the period through the end of the next AGM, or, if applicable, until a new nominating committee has been appointed. If any of these shareholders waives its right to appoint a representative, its right is transferred to the shareholder who, after these shareholders, has the largest share ownership until the nomination committee is complete. The nomination committee is also allowed to appoint an additional member to represent minority shareholders. If a member leaves the nomination committee before its assignment is completed a new member shall, if considered necessary, be appointed by the same shareholder who appointed the resigning representative, or, if this shareholder is no longer one of the three largest shareholders, by the new shareholder that belongs to this group.

The composition of the nomination committee shall be announced as soon as it is appointed, and no later than six months prior to the AGM. In case there is a change in the ownership structure after the nomination committee has been composed, such as one or several shareholders that have appointed members to the nomination committee is no longer being one of the three largest shareholders, the nomination committee may be changed in accordance therewith if the nomination committee deems that it is required. Unless special circumstances so require, no changes should be made to the composition of the nominating committee if only marginal changes to the number of votes have occurred or if changes occur less than three months prior to the AGM.

The nominating committee shall at its first meeting appoint its chairman, who shall not be the chairman of the board. The nominating committee shall have the right to obtain resources from the company such as for example secretarial assistance, or use of executive search consultants at the expense of the company if it is deemed necessary.

*Resolution on guidelines for remuneration to senior executives (agenda item 16)*

The board of directors proposes that the AGM adopts the following guidelines for remuneration for senior executives.

These guidelines apply to directors of the board, the managing director and other senior executives. Employments which are subject to non-Swedish laws and regulations may duly be adapted in order to comply with mandatory such laws and regulations as well as established practice in such jurisdictions, in which case the overall objectives of these guidelines shall be taken into account. These guidelines shall apply to remunerations which are agreed upon, as well as amendments to remunerations which have already been agreed upon, after the guidelines have been adopted by the AGM. The guidelines do not apply to remunerations resolved on by the AGM (see agenda item 13 for the resolution on remuneration to the directors and the auditors, and agenda item 18 for the proposal to adopt a stock option program).

### **Forms of remuneration etc.**

The objective of the remuneration shall be to ensure the possibility to attract, motivate and retain senior executives. The remuneration shall be on market terms and competitive on the markets on which the group conducts operations and shall at the same time benefit the shareholders' interests. The remuneration may consist of the following components: fixed salary, variable salary (including profit share), pension benefits and other benefits. In addition, the general meeting may – irrespective of these guidelines – resolve on e.g. share and share based remuneration.

A monthly salary on market terms, a variable bonus of no more than three months' salary which shall be based on the outcome of yearly adopted and determined objectives, as well as customary benefits, shall be payable to the managing director and other senior executives. Further, all senior executives are included in the group-wide profit-sharing program for all permanent employees of the group, which entitles to up to three months' salary.

Pension benefits, including health care insurance, shall be premium based in accordance with the company's collective bargaining agreement ITP1 for the managing director and other senior executives. The general principle is that the fixed salary shall be reviewed annually and shall take the person's qualitative performance into account. The remuneration shall be based on the person's individual engagement and performance as measured against previously adopted objectives, where such objectives may be both individual and group-wide. The remuneration shall to the managing director and other senior executives shall be on market terms. In order to determine what constitutes a total remuneration on market terms and in order to review prevailing remuneration levels, annual comparisons with relevant industries and markets are carried out. The results of these comparisons is a key

factor when deciding on total remuneration for the senior executives as well as other employees.

### **Criteria for payment of variable salary etc.**

The variable salary shall be connected to predetermined and measurable criteria, which may be financial or non-financial. The objectives shall be set so that they promote the company's business strategy and long-term interests, including its sustainability agenda, for example by way of being clearly connected to the business strategy. When the period for measuring the fulfilment of the criteria for payment of the variable salary has lapsed, the board of directors shall determine the extent of the criteria fulfilment.

### **Salary and employment terms for employees**

The salary and employment terms of the company's employees have been considered in the preparation of the board of directors' proposal for these guidelines, including the employees' total remuneration as well as its components, increase and rate of increase over time. Such data has formed part of the remuneration committee's and the board of directors' decision material in the evaluation of the fairness of the guidelines and the limitations which follow from the guidelines.

### **Termination of employment**

Both the company and the managing director shall observe a six months' notice period. If a termination of employment has been initiated by the company, the managing director is entitled to a severance pay corresponding to six months' fixed salary. Regarding other senior executives, the company shall observe a notice period in accordance with the employment protection act and the employee shall observe a notice period of six months. Such other senior executives are not entitled to any remuneration in connection with the termination of their employment, and they are subject to customary terms of employment.

### **Decision process for determining, reviewing and realise the guidelines**

The board of directors have established a remuneration committee. The members of the remuneration committee are independent from the company and the senior management. The company's managing director is not present at the board of directors' preparations of and decisions on questions relating to remuneration which affect the managing director. The committee's tasks include preparation of the board of directors' decisions on proposals for guidelines for remuneration to senior executives. The guidelines shall apply until new guidelines have been adopted by the general meeting. The nomination committee shall also monitor and review programs for variable remuneration for the senior executives, the



application of the guidelines for remuneration to the senior executives and the current remuneration structures and levels at the company.

### **Deviation from the guidelines**

The board of directors is entitled to temporarily deviate from the guidelines, fully or partially, if there are specific reasons for doing so in a particular instance and such deviation is required for accommodating the company's long-term interests, including in relation to sustainability, or in order to secure the company's financial capacity. As stated above, the committee's tasks include preparation of the board of directors' decisions on questions relating to remuneration, which includes decisions to deviate from the guidelines.

*Resolution on authorisation for the board of directors to resolve on the issuance of shares, convertibles and/or warrants (agenda item 17)*

The board of directors proposes that the AGM authorises the board of directors to, on one or several occasions, during the period up to the next AGM, with or without deviating from the shareholders' preferential rights, resolve to issue new shares, convertibles and/or warrants. The increase of the share capital, which entails issuance, conversion or subscription for new shares, may correspond to a dilution of a maximum of 10 percent of the share capital at the time of the first use of the authorisation to issue shares, convertible instruments and/or warrants. The purpose of the authorisation is to, in a fast and efficient way, acquire companies, businesses or parts thereof or broadening the ownership structure of the company. Payment may be made in cash and/or with a condition to pay in kind or by way of set-off, or other conditions. A resolution in accordance with the board of directors proposal shall only be valid where supported by not less than two-thirds of both the votes cast and the shares represented at the AGM. The board of directors shall have the right to make such minor adjustments in this resolution that may be necessary in connection with the registration of the authorisation with the Swedish Companies Registration Office.

*Proposal of the board of directors for a resolution (A) implementation of Option Program 2021/2025 and (B) directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under the option program and to secure social security charges (agenda item 18)*

The board of directors proposes that the annual general meeting resolves to implement an Option Program for the employees of the company – Option Program 2021/2025 – as set out below.

### **Background and reasons**

Since 2018, the annual general meeting of the company has resolved on annually recurring incentive programs for the employees based on warrants issued to the participants. Following an evaluation, the board of directors has now decided to propose to the annual general meeting the establishment of a new type of incentive program based on stock options. The purpose of Option Program 2021/2025 is to reward long term commitments of the company's employees, to ensure that the company's long term value increase is reflected in the remuneration for the participants of the program, to contribute to the capability to recruit and retain competent co-workers and to otherwise increase shared incentives between the group's employees and the company's shareholders. Since the board of directors' assessment is that an incentive program shall be offered on a broad scale in order to best promote long term value creation, no predestined and/or measurable criteria are required in order to be eligible to participate in Option Program 2021/2025.

It is the intention of the board of directors to annually propose incentive programs.

To secure the company's commitments under Option Program 2021/2025 and the social security contributions connected therewith, the board of directors also proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants in accordance with item B below.

Given the reasons set out above and the main terms and conditions set out below it is the opinion of the board of directors that the proposed Option Program 2021/2025 is reasonable and beneficial for the company and its shareholders.

#### **(A) Proposal by the board of directors on resolution regarding implementation of Option Program 2021/2025**

The board of directors proposes that the annual general meeting resolves to implement Option Program 2021/2025, according to the following main principles:

- (a) Option Program 2021/2025 shall include no more than 528,000 stock options.
- (b) Each stock option shall initially entitle the holder to subscribe for one new share in the company at a subscription price corresponding to 120 per cent of the volume weighted average transaction price (rounded off to the closest öre (SEK 0.01)) for the company's share on Nasdaq First North Growth Market during the 5 trading days following the date of publication of the company's interim financial report for the first quarter of 2021. The subscription price and the number of shares for which each stock option entitles the holder to subscribe may be subject to recalculation pursuant to a bonus issue, share split, new issue with preferential rights and similar measures, whereby conventional terms and conditions for recalculation shall be applied.

- (c) Option Program 2021/2025 participants shall comprise certain employees of the company and its subsidiaries.
- (d) Stock options will be distributed in accordance with the following allotment categories (none of which have a minimum guaranteed allotment):
  - (i) the managing director: not more than 50,000 stock options;
  - (ii) other senior managers and key employees: not more than 25,000 stock options; and
  - (iii) other employees who have been employed for at least a year without interruption at the time of allotment (although the board of directors shall have the right to make exceptions to this condition) in a company which at the date of this proposal is part of the group: not more than 5,000 stock options per person.
- (e) Allotted stock options shall be offered free of charge. Such offer shall be made within 10 banking days from the date the resolution on allotment is made. Over-allocation may not occur.
- (f) Stock options allotted and subscribed for may be exercised by the holder during the 30 days following publication of the company's interim financial reports for the second quarter 2024, the third quarter 2024 and the first quarter 2025, respectively.
- (g) The holder shall be entitled to exercise the stock options during the periods set out above, provided that the holder concerned at the date of the publication of the company's interim financial report for the second quarter 2024 (a) is still employed by the company or by any company within the group and (b) has not received notice of dismissal (Sw. *avsked*) or termination (Sw. *uppsägning*) from his or her employment in the company or in any company within the group for reasons other than scarcity of work (Sw. *arbetsbrist*).
- (h) Upon exercise, each stock option will entitle the holder to receive one warrant immediately exercisable for one share in the company against payment of the subscription price.
- (i) For participation in Option Program 2021/2025 it is required that such participation is legally possible, and that such participation in the board of directors' opinion is possible at reasonable administrative costs and with reasonable financial resources.
- (j) Issued employee stock options do not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder.

- (k) In the United States and such other jurisdictions as the board of directors may determine, the stock options will be subject to such other restrictions as in the board of directors' opinion is necessary to comply with under applicable law.
- (l) In other respects, the board of directors shall establish the general terms for participation in the program.

**(B) Directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under Option Program 2021/2025 and to secure social security charges**

To enable the company's delivery of shares pursuant to Option Program 2021/2025 and to secure costs connected therewith, primarily social security charges, the board of directors proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants on the following terms:

- (a) A maximum of 681,255 warrants shall be issued, entailing an increase in the share capital of a maximum of SEK 3,406.275 upon full exercise.
- (b) Right to subscribe shall, with deviation from the preferential right for existing shareholders, reside in the company's wholly owned subsidiary Paradox Development Studio AB.
- (c) Subscription of the warrants shall be made on a separate subscription list no later than 15 June 2021.
- (d) The warrants shall be issued free of charge.
- (e) Each warrant shall entitle the holder to subscribe for one new share.
- (f) Each warrant shall initially entitle the holder to subscribe for one new share in the company at a subscription price corresponding to 120 per cent of the volume weighted average transaction price (rounded off to the closest öre (SEK 0.01)) for the company's share on Nasdaq First North Growth Market during the 5 trading days following the date of publication of the company's interim financial report for the first quarter of 2021. The subscription price and the number of shares for which each warrant entitles the holder to subscribe may be subject to recalculation pursuant to a bonus issue, share split, new issue with preferential rights and similar measures, whereby conventional terms and conditions for recalculation shall be applied.

- (g) Subscription of shares in the company by virtue of the warrants shall be made during the 30 days following publication of the company's interim financial reports for the second quarter 2024, the third quarter 2024 and the first quarter 2025, respectively. The share premium shall be transferred to the unrestricted premium reserve.
- (h) Shares issued following exercise of warrants during a certain financial year shall entitle to dividend for the first time on the record day for dividend which occurs following registration of the shares with the Swedish Companies Registration Office.
- (i) Other terms and conditions for the warrants are set out in the board of directors' complete proposal for resolution.

The reason for the deviation from the shareholders' preferential right is that the issue forms part of the implementation of Option Program 2021/2025. In view of what is set forth under Background and reasons above, the board of directors is of the opinion that it is of benefit to the company and its shareholders that the employees of the group are offered to participate in Option Program 2021/2025.

The board of directors further proposes that the annual general meeting resolves to approve that Paradox Development Studio AB transfers warrants to participants in Option Program 2021/2025 and otherwise disposes of the warrants in order to secure the company's commitments and costs in connection with Option Program 2021/2025.

Finally, the board of directors proposes that the board of directors, or anyone appointed by the board of directors, should be authorised to make such minor adjustments to the above proposal that may be necessary in connection with the registration procedures with the Swedish Companies Registration Office, and possible registration of the warrants with Euroclear.

## **Costs**

The Option Program 2021/2025 will incur costs for the company in reference partly to personnel costs from an accounting perspective in accordance with IFRS 2 and partly to social security contributions.

Based on the assumption of a share price at the time of allocation of the stock options of SEK 200, that 100 percent of the stock options will be exercised meaning that 528,000 stock options will vest, the personnel cost from an accounting perspective according to IFRS 2 for the Option Program 2021/2025 is estimated to amount to a total of approximately SEK 18.1 million recognized during the period 2021-2024. Tax effects should be determined locally. As an example, from a Swedish perspective a final assessment should be made at the time of

exercise, implying that the company should make adjustments between the amount already recognised and the final market value that forms the basis for social security contributions. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. The stock options do not have a market value since they are not transferable. However, the board of directors has calculated a theoretical value of the stock options using the Black & Scholes valuation model. The calculations have been based on the term of the stock options, the subscription price, an assumed share price of SEK 200 per share at the time of allocation of the stock options, a risk-free interest rate of -0.214 percent, an assumed volatility of 34.9 percent, and an expected dividend of SEK 1 per year. In accordance with this valuation, the value of the options in the Stock Option Program 2021/2025 is approximately SEK 34.24 per option. A 15.8 percent discount due to restrictions on transferability has been taken into consideration in the valuation.

Upon a positive development of the share price, the Option Program 2021/2025 will entail costs in form of social security contributions. The total costs for social security contributions will depend on the number of stock options that will be vested and on the value of the benefit that the participant finally will receive, i.e., on the value of the stock options when exercised, but also in which countries the participants are resident and what percentages that apply to social security contributions in these countries. The costs for social security contributions are estimated to approximately SEK 8.1 million, assuming allotment of 528,000 stock options, exercise of all the allotted stock options, that the average social security contribution amount to 29.03 percent, an exercise price of SEK 240, and an assumed share price of SEK 292.82 when the stock options are exercised. With the same assumptions except for instead a share price of SEK 350 when the stock options are exercised, the corresponding costs are estimated to approximately SEK 16.9 million. The costs for social security contributions will be recognised during the period from the grant date to the end of the vesting period. The company's entire cost for social security contributions is expected to be secured through the directed issue of warrants in accordance with item (B) above.

All of the calculations above are preliminary and aim only to present an example of the potential costs that the Option Program 2021/2025 may incur. Actual costs may therefore deviate from what has been stated above.

### **Dilution and effect on material key ratios**

Option Program 2021/2025 comprises the issuance of maximum 681,255 warrants, of which 528,000 warrants are issued in order to fulfil the company's commitments towards the participants in the program and 153,255 warrants are issued in order to secure costs for social security charges. At full exercise of all issued warrants under Option Program 2021/2025 for subscription of new shares, 681,255 shares will be issued, corresponding to approximately 0.65 percent of the shares in the company.

The company has an outstanding warrant program which was adopted at the annual general meeting on 18 May 2018 ("**Warrant Scheme 2018/2021**"), an outstanding warrant program which was adopted at the annual general meeting on 17 May 2019 ("**Warrant Scheme 2019/2022**") and an outstanding warrant program which was adopted at the annual general meeting on 15 May 2020 ("**Warrant Scheme 2020/2023**"). Within the framework of the Warrant Scheme 2018/2021, a total of 229,000 warrants are outstanding. Each such warrant entitles the holder to subscribe for one new share in the company during the period from 15 July 2021 to 30 July 2021. Within the framework of the Warrant Scheme 2019/2022, a total of 259,850 warrants are outstanding. Each such warrant entitles the holder to subscribe for one new share in the company during the period from 15 June 2022 to 30 June 2022. Within the framework of the Warrant Scheme 2020/2023, a total of 292,600 warrants are outstanding. Each such warrant entitles the holder to subscribe for one new share in the company during the period from 15 June 2023 to 30 June 2023. In the event all outstanding warrants issued within the scope of the Warrant Scheme 2018/2021, the Warrant Scheme 2019/2022 and the Warrant Scheme 2020/2023 are exercised for subscription of shares in the company, 781,450 shares will be issued, corresponding to approximately 0.74 percent of the shares in the company.

In the event that all warrants issued within the scope of the Warrant Scheme 2018/2021, the Warrant Scheme 2019/2022 and Warrant Scheme 2020/2023 are exercised for subscription of shares and in the event all warrants proposed to be issued within the scope of the Option Program 2021/2025 are issued and exercised for subscription of shares, a total of 1,462,705 shares will be issued, corresponding to approximately 1.39 percent of the shares in the company.

The material key ratios for the group's business are the group's equity ratio (Sw. *soliditet*) and net margin (Sw. *nettomarginal*). By applying the above assumptions when estimating personnel costs from an accounting perspective in accordance with IFRS 2 and costs for social security contributions, it is the board of director's opinion that the effect of Option Program 2021/2025 on said key ratios is marginal.

## **Preparation**

The proposal for Option Program 2021/2025 has been prepared by the board of directors in consultation with external advisers. The proposal has been unanimously adopted by the board of directors. The managing director of the company has not taken part in the preparation of the proposal.

## **Majority requirements**

The board of directors' proposal with respect to Option Program 2021/2025 and the board of directors' proposal for a directed issue and transfer of not more than 681,255 warrants is a cohesive proposal, why a resolution in accordance with one of the partial proposals shall be conditional upon a resolution in accordance with the other partial proposal and that Chapter 16 of the Companies Act shall be applied on the cohesive proposal. A valid resolution in accordance with the board of director's proposal requires that it is supported by shareholders representing at least nine tenths of both the number of votes cast and the shares represented at the meeting.

#### *Number of shares and votes*

At the time of issuing the notice there are 105,600,000 shares in the company, representing a total of 105,600,000 votes.

#### *Right to information*

The board of directors and the managing director shall, if any shareholder so requests and the board of directors considers that it can be done without material harm to the company, provide information at the AGM on matters that may affect the assessment of an item on the agenda or the company's financial information. Such duty to provide information applies also to the company's relation to other group companies, the consolidated accounts and such circumstances regarding subsidiaries as specified in the foregoing sentence. A request for such information shall have been received by the company in writing no later than ten calendar days prior to the meeting, i.e. on Saturday 8 May 2021, by email to [agm@paradoxinteractive.com](mailto:agm@paradoxinteractive.com). The information will be made available at the company's website [www.paradoxinteractive.com](http://www.paradoxinteractive.com) and head office no later than on Thursday 13 May 2021. The information will also be sent, within the same period of time, to any shareholder who so has requested and who has stated its email or postal address.

#### *Processing of personal data*

In order to carry out the AGM, the company will before, in connection with and in the subsequent work of the AGM, process your personal data. The personal data collected may be information from the share register, notice of participation at the AGM and information on proxies and advisors who will be used for registration, preparation of the voting register for the AGM and, if applicable, minutes of the AGM. The personal data will only be used for the 2021 AGM. We process your personal data because it is necessary in order to meet legal obligations, and/or it is in our legitimate interest and that interest is not subordinate to your interest against the processing of your personal data. You can at any time get access to the information we have saved on you by contacting: [privacy@paradoxinteractive.com](mailto:privacy@paradoxinteractive.com).



### *Other information*

Copies of the annual accounts, audit report, proxy form, complete proposals, including the complete articles of association, and other documents that shall be available in accordance with the Swedish Companies Act are available at the company at Magnus Ladulåsgatan 4 in Stockholm and at the company's website, [www.paradoxinteractive.com](http://www.paradoxinteractive.com), at least three weeks in advance of the AGM and will be sent to shareholders who request it and provide their email or postal address. The nomination committee's complete proposal and motivated opinion is as of today available on the company's web site and will be sent to each shareholder who so requests and provides its email or postal address.

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Stockholm in April 2021

**Paradox Interactive AB (publ)**

*The Board of Directors*