



Paradox to be listed on First North Premier

Information brochure

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Transaction in summary

Price per share:	33 SEK
Number of shares in offer:	16,327,400
Total value of offer:	539 million SEK
Subscription period:	3–24 May 2016
Listing on Nasdaq First North Premier:	Approximately 31 May 2016
Settlement:	Approximately 30 May 2016
ISIN code:	SE0008294953
Short name on Nasdaq First North Premier:	PDX

This information brochure is not a prospectus. The prospectus approved and registered by the Swedish Financial Supervisory May 2, 2016 contains detailed information about Paradox Interactive AB (publ) ("Paradox") and the risks associated with an investment in Paradox. For complete terms and further information please refer to the prospectus, which is available on Paradox website (www.paradoxinteractive.com) as well as on Avanza's website (www.avanza.se) and on Pepins website (www.pepins.com). The brochure is not intended to replace the prospectus as a basis for decisions and is not a recommendation to purchase shares in Paradox. Investors who want or are considering investing in Paradox are urged to read the prospectus in its entirety. The shares covered by the offer described in this information brochure have not been and will not be registered under the U.S. Securities Act of 1933. This information may not be distributed in or into the United States, Canada, Australia, Japan, HongKong, New Zealand or South Africa. The information in this information brochure is not an offer to sell or the solicitation of an offer to purchase the securities referred to herein in any jurisdiction in which such offer or solicitation would be contrary to applicable securities laws.

Paradox in brief

Paradox was founded in 1998 and since then has been a leading global publisher of PC-based strategy games, and in 2014 was ranked # 2 on Metacritic's list of small- and medium sized game developers. The company is based in Stockholm and develops its own games in mainly strategy and roleplaying games for PC and consoles, but also publishes games for other developers. The company is well known for its game catalogue and has a strong international presence, particularly in the US and Europe. Paradox Interactive is an important piece of the successful Swedish gaming cluster that have achieved major international success in recent years.

Paradox consists of Paradox Development Studio, Paradox Arctic and White Wolf Publishing. Paradox owns the majority of the portfolio brands which in total consists of more than 83 game titles. The company's steadily growing portfolio of games includes well established games such as the critically acclaimed Europa Universalis, Cities: Skylines, Crusader Kings, Magicka and Hearts of Iron series. The company's game catalog is constantly growing and game titles continue to generate revenue over time. Paradox had sales of 604 million SEK in 2015 and has shown an annual growth of approximately 50 percent since 2008. Profit before tax amounted to SEK 242 million SEK for 2015. The company's goal is to continue to grow profitably in the future.



* Europa Universalis IV Average length of play session (March 31, 2016).
 ** 83 games including main games and major expansions as of March 31, 2016.
 *** Weighted average. 40% operating margin in 2015.

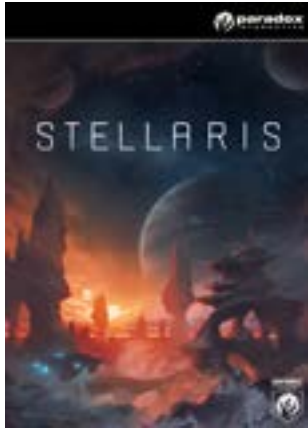
Paradox is a multifaceted company where success is mainly due to the following three pillars:

- **The people** who work with game development. The gaming industry is built on close collaboration in creative and innovative environments. At Paradox all employees contribute to the final product, whether it is a game, a project or a report.
- **Trademarks**, which is the base for the games that Paradox develops. The company's game portfolio consists of more than 83 titles and Paradox owns the IP for the most important brands like Europa Universalis, Hearts of Iron, Crusader Kings, Cities: Skylines, Magicka and others.
- **The fans** who purchase Paradox games and constantly integrates with the company, which ensures that Paradox continues to deliver the demanded products.





Upcoming releases 2016



Stellaris



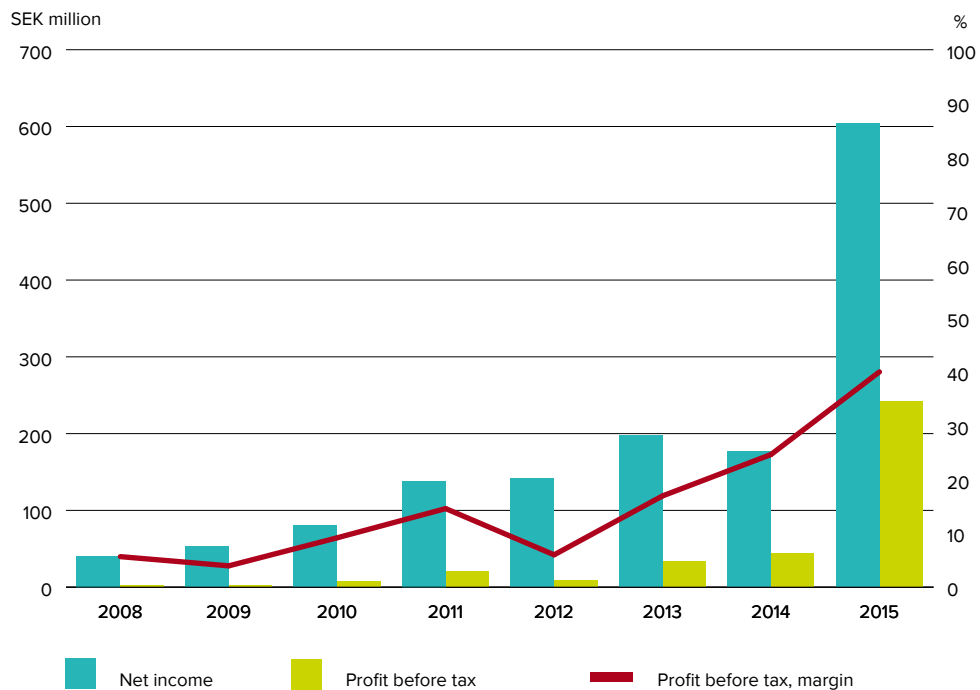
Tyranny



Hearts of Iron

Financial history

NET INCOME AND PROFIT BEFORE TAX PER YEAR



Source: Paradox audited annual report 2015

Financial information in summary*

Income statement in summary (ksek)	Group			
	2016 January–March	2015 January–March	2015 Full year	2014 Full year
Net income	93,274	204,669	604,053	177,052
Direct cost	–41,848	–86,821	–263,375	–93,479
Gross profit	51,426	117,847	340,678	83,573
Selling-, administrative- and other expenses	–26,252	–20,233	–98,940	–39,001
Operating profit	25,174	97,615	241,738	44,572
Profit after financial items	25,165	97,431	241,966	43,712
PROFIT AFTER TAX	19,392	75,904	188,834	33,610

Balance sheet in summary (ksek)	2016–03–31	2015–03–31	2015–12–31	2014–12–31
Intangible assets	164,196	100,107	162,055	80,741
Tangible assets	16,307	1,315	17,226	999
Financial assets	3,402	0	3,402	0
Fixed assets	183,905	101,422	182,683	81,740
Current receivables	35,986	177,053	66,432	29,986
Short term investments	49,660	29,253	109,686	29,253
Liquid assets/cash and bank	56,572	24,902	50,158	21,282
Current assets	142,218	231,208	226,276	80,521
TOTAL ASSETS	326,123	332,631	408,959	162,260
Equity	218,866	188,976	270,226	113,072
Long term debt	30,787	6,022	30,786	6,022
Short term debt	76,471	137,632	107,947	43,166
TOTAL LIABILITIES	107,257	143,655	138,733	49,188
TOTAL EQUITY AND LIABILITIES	326,123	332,631	408,959	162,260

Cash flow statement summary (ksek)	2016 January–March	2015 January–March	2015 Full year	2014 Full year
Cash flow from operations	32,388	28,200	294,798	64,711
Cash flow from investments	–15,248	–24,580	–153,809	–56,981
Cash flow from financing activities	–70,752	0	–31,680	26,528
TOTAL CASH FLOW	–53,612	3,620	109,309	34,258
Cash and cash equivalents at beginning of period	159,844	50,535	50,535	16,278
Cash and cash equivalents at end of the period	106,232	54,155	159,844	50,535

* The financial information presented above for the period January 1st to March 31st 2016, including comparative figures for the corresponding period in 2015, is taken from the company's interim report which has been prepared in accordance with IFRS and have been reviewed by the company's auditor. The financial information presented above for 2015, including comparative figures for 2014 has been taken from the company's audited consolidated financial statements for the year 2015 and has been prepared in accordance with IFRS.



Background and rationale

Paradox has a long history of launching successful games internationally and the game directory consists of 83 titles including Cities: Skylines, Pillars of Eternity and Europa Universalis. In 2016, Paradox will launch a series of games including the space strategy game Stellaris, Hearts of Iron IV and Tyranny. Paradox now looks forward to the next step in the company's development and are actively looking to broaden its activities to other platforms than PC and to expand geographically outside the main markets of North America and Europe.

Some of the most important assets for Paradox is its employees and fans. To give them an opportunity to invest in the Company, the Board of Paradox applied for a listing at NASDAQ First North Premier. In connection with the listing, the Board has

decided to broaden the ownership of the shares to the general public in order to create favorable conditions for regular and liquid trading in the Company shares. Another important purpose of the listing is to obtain a fair valuation of the Company and to enable the use of Paradox shares as payment for acquisitions.

The listing will be carried out "The Paradox way" which means:

- A fixed price of SEK 33 per share
- Focus on employees, fans and other investors with a long term interest of the company and its products
- Some of the offer is done via Pepins, with guaranteed allotment through instant subscription, payment and confirmation.

Transaction in summary

This information is designed to help you understand the offer to acquire shares in Paradox and to give a brief overview of the Paradox business. It is also guidance on how to register your interest to acquire shares. For complete terms and further information please refer to the prospectus.

TRANSACTION SUMMARY

The offer amounts to a total of 16,327,400 existing shares representing 538 804 200 SEK. The Offer represents approximately 15.5 percent of the total shares of Paradox. The offer directed towards employees, fans, the general public in Sweden and to institutional investors in Sweden.

PRICE PER SHARE:

Price per share is 33 SEK corresponding to an enterprise value of approximately 3.485 billion SEK.

REGISTRATION VIA THE INTERNET:

People in Sweden can apply via Avanzas Internet service. Full details of the notification procedure via Avanza is available on Avanza's website (www.avanza.se). Registration via Avanza Internet service can be made until 17:00 May 24, 2016.

Via Pepins it will be possible to acquire shares through simultaneous payment and instant confirmation with guaranteed allotment. Customers of Pepins is to acquire shares via www.pepins.com during the period 3 to 20 May, 2016.

REGISTRATION VIA THE APPLICATION FORM:

Subscription can also be made on a special application form that can be obtained from Paradox or Avanza. The application form is available on www.paradoxinteractive.com and on www.avanza.se. The subscription form shall be at Avanza not later than 17:00 May 24, 2016.

ACCOUNTS / DEPOTS WITH SPECIFIC RULES

Anyone who wants to use accounts / deposits with specific rules for securities transactions must check with their bank or financial institution for the account.

ASSIGNMENT AND PAYMENT

Outcome is expected on May 26 2016. As soon as possible thereafter contract notes will be sent out to those who have been allotted shares. Those not allocated any shares will not receive notification. In order not to lose the right to allocation, customers to Avanza will have to have sufficient cash available at their depot during the period May 24, 2016 at 17:00 to May 30, 2016. For those who are not Avanza customer, full payment for allocated shares should be paid in cash no later than two (2) days after the contract note, ie around 30 May 2016. Those who acquire shares through Pepins, with direct cash payment, will receive an allocation equivalent to the number of shares acquired and paid. Avanza will arrange to have paid shares delivered to the designated securities account.

Risk factors

The description below is a shortened version of the description of the risk factors contained in the prospectus for the listing. For a more detailed description of the risk factors, please refer to the prospectus.

Risks relating to the company, its business and industry

- If any key distributor would be forced to take down its platform it would in the short term lead to loss of income, and long term an interruption will affect the Company's financial position and results.
- Paradox is dependent on that the financial information provided by the distributors is complete and the company relies largely on that revenues reflects the players' actual purchases.
- Delays in planned and ongoing game projects can have a negative effect on cash flows, revenues and operating margins.
- At the launch of new games, chances are that these are not received positively, which can lead to loss of revenue, lower margins and reduced cash flow.
- Paradox is engaged in game development and testing of internal and external game projects. Would Paradox fails to obtain new collaborations and game development projects, it would have a negative impact on the company's future growth and financial position.
- The company's success is based on, and dependent on, existing employees' knowledge and experience as well as the Company's ability to recruit and retain key personnel in the future.
- Paradox operates in a competitive market and the Company competes with a large number of players in the market.
- The company's intellectual property rights are mainly protected by copyright and trademarks. If necessary intellectual property protection proves inadequate, the company financial position and earnings adversely affected.
- The company's revenues are primarily in US dollars, while the reporting currency is SEK.
- Although Paradox current situation is not financially instable, there may be a risk that such a situation could arise in the future.
- Operations are conducted in accordance with the company's interpretation of applicable tax laws, tax treaties and regulations in the relevant countries and the relevant tax authorities. If it should prove to Paradox's interpretation of them is not entirely accurate, or that such rules interpretations and practices change, it could change the Paradox current and past tax situation.
- Deficiencies in the operational safety of Paradox may affect the results and financial position.
- As part of the business, Paradox or any of its subsidiaries, can become involved in disputes. Such disputes and claims can be time consuming, disrupt normal business, could involve significant sums of money and incur costs, even if the final outcome is positive for Paradox.
- Paradox's continued growth will depend *inter alia* on the ability to continuously develop new games, improve existing games in a way that enhances the gaming experience and find new game development projects. Would Paradox fail in doing this, the business and financial results are adversely affected.
- Paradox must adapt to advances in technology and consumer preferences and demands and changes in regulation. Paradox's success depends on its ability to successfully innovate, develop and launch new games.
- The company intends to continue growing its business organically but also through acquisitions to support future growth and profitability. Efforts to integrate an acquired company can be disruptive to Paradox operations.
- Paradox can be adversely affected by activities such as system intrusions, computer viruses and other forms of cybercrime.

Risks related to the transaction

- Risk and risk-taking is an inevitable part of share ownership as an investment in shares can both rise and fall in value.
- An investment in a company whose shares are traded on First North can also be more risky than an investment in a company traded on a regulated market.
- The price of the shares sold at an IPO is often volatile for a period after the transaction.
- The price of the Paradox shares could decline due to existing shareholders selling shares after the end of the lock-up period.
- There is a risk that the Company will not be able to pay any dividend to its shareholders in the future.
- Paradox may in the future implement new share issues and equity instruments to raise capital.
- The main owners, Fredrik Wester, Spiltan and Peter Lindell, will have significant influence over Paradox after the transaction and their interests may conflict with the interests of other shareholders.
- Swedbank Robur has agreed to acquire shares in Paradox equivalent of 60 million SEK. In the event Robur for any reason do not fulfill their commitments, this could have a negative effect on the implementation of the transaction..

**"Our strength is that we
have a clear idea about what
games we want to develop
and publish, and have a long
history of launching successful
games internationally."**



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