

Building Community by Making Games

Second Quarter 2023

2023-08-17



Today's presenters



TOBIAS SJÖGREN, CEO



MATS JUHL, CFO

Agenda

1. Starbreeze in Brief
2. Our Games
3. Third Party Publishing & Other Projects
4. Quarter and Period in Brief
5. Group Financials
6. Appendix



Starbreeze in Brief



About Starbreeze

- Independent developer and creator of PC and console games targeting the global market
- Develops games based on proprietary and third-party rights, both in-house and together with external game developers
- Executing on a multi-IP, cross-media, and Third Party Publishing strategy to broaden income streams, lower risk and diversify portfolio
- Famous for the successful PAYDAY™ series
 - Stable and predictable revenue streams from PAYDAY™ 2 since its release in 2013
 - PAYDAY™ 3 set to launch in September 2023





1998
It all begins...
Founded under the name O3 Games AB

2000
Listed on NASDAQ

2002
Enclave
A medieval, multiplayer-only game

2004
Knights of the Temple
Chronicles of Riddick – Escape from Butcher Bay based on movie license

2007
The Darkness
Gritty, first-person, action-adventure game based on comic book IP

2009
Chronicles of Riddick – Assault on Dark Athena
First-person action and stealth game, based on movie license

2011
PAYDAY: The Heist
The original. Co-op first-person shooter



2012
Syndicate
The first in a series of science fiction games

2013
PAYDAY 2
The sequel. Selling millions of copies the first year

“Best multiplayer game of the year”

2016
Dead by Daylight
Publisher of this asymmetric co-op and PvP survival horror game developed by Behaviour Studios

2017
PAYDAY 2: Reservoir Dogs Heist
Collaboration with the biggest heisters in movie history

2021
Co-publishing deal with PLAION for PAYDAY 3
10 Years of PAYDAY

2022
3rd Party Publishing re-started
Starbreeze Nebula
A community platform launched

2023
The year of PAYDAY 3

Starbreeze in Numbers

FOUNDED IN

1998

INITIAL PUBLIC OFFERING

2000

PERSONNEL

179

NET SALES, SEKm (R12)

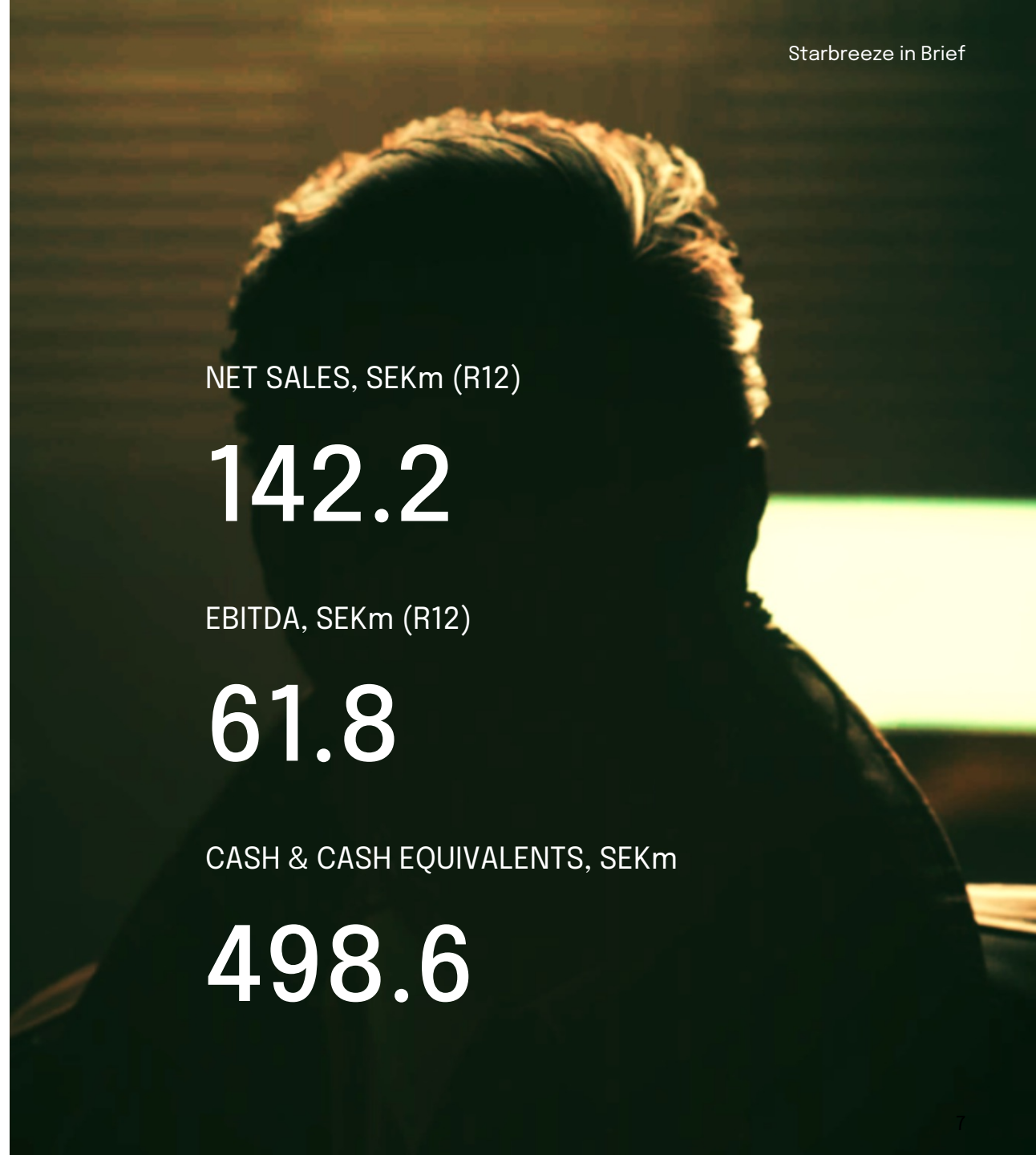
142.2

EBITDA, SEKm (R12)

61.8

CASH & CASH EQUIVALENTS, SEKm

498.6



Starbreeze Highlights

Oversubscribed Rights Issue – SEK 453m before transaction costs

Resolved SEK 380m in debt (book value)

Net cash position and strong financial foundation to execute on strategy

PAYDAY™ 3 is #6 Most Wished games on Steam® with ~1,700,000

PAYDAY™ 2 launch on Epic Games Store added 12 million downloads

Strategy – A Strong Foundation to Deliver and Grow

Core focus created capacity for growth...

- ✓ Secure PD3 development and quality

- ✓ Continued monetization of PD2 – DLC

- ✓ Develop and implement Starbreeze Nebula – enhanced, multi-platform community

- ✓ Expanding IP portfolio

2022

...into a broadened IP portfolio...

- ✓ PAYDAY 3 launching in September 2023

- Ensuring high LTV for PAYDAY 3 through consistent release of paid and free DLCs

- ✓ New games in production & pre-production for release in 2026 onwards

- ✓ In advanced negotiations to license IP for 2026 game

- ✓ Expanding Third-Party Publishing

2023-2024

...building games, IP and beyond

- Self-publishing of own titles

- Operating several games on the market – increasing revenue streams and reducing title-risk

- Continuous monetization of all titles published by Starbreeze

- Leading co-creation and building franchises beyond our games

- Expanding Third-Party Publishing

2025-2027

We make cooperative multiplayer games with a strong focus on community engagement, committed to having a long lifetime by updates and support

Our Game Cornerstones

Experience Together

- Cooperative Multiplayer – where you really work together!

- PvE or PvP – both work if it is a cooperative experience

- Always strong focus on togetherness – through modding, community, streaming etc.

Lifetime Commitment

- Creating a foundation for engagement to support growing and expanding the community over time

- Replayability is absolute key for our games

- Undeniable value, added over time – fair monetization methods

- A mix of free and paid updates, ensuring everyone gets *more*

Community Engagement

- Co-creating the gameplay experience

- Co-creative development processes

- Modding and in-game User Generated Content (UGC)

- Social media engagement and integration, in a transparent and honest way

“Larger than Life” Experience

- Focus on gameplay and embodying iconic personas

- Being part of a crew, or a journey, together

- Player evolution, there is always a way to progress and develop

- Our games embodies different play styles, always with a feeling of tension

Our Projects

OWN TITLES



STATUS: RELEASE SEPTEMBER 21, 2023

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: DEEP SILVER / STARBREEZE ENTERTAINMENT



STATUS: IN PRODUCTION

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: PROOF-OF-CONCEPT/PITCH

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: STARBREEZE ENTERTAINMENT

THIRD PARTY PUBLISHING



STATUS: EARLY ACCESS 2023

GENRE: SINGLE-PLAYER STRATEGY

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: WALKING TREE GAMES GmbH

PUBLISHER: STARBREEZE ENTERTAINMENT



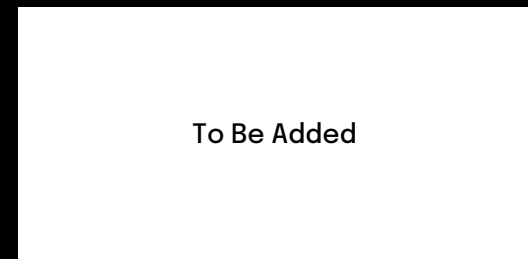
STATUS: FULL VERSION LAUNCH 2023

GENRE: CO-OP FPS ROUGELIKE

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: RYSEUP STUDIOS

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: N/A

GENRE: N/A

BUSINESS MODEL: N/A

DEVELOPER: N/A

PUBLISHER: STARBREEZE ENTERTAINMENT

Our Approach to Future Projects

- Starbreeze will be publisher by name of all own titles – a significant move upwards in the value chain
- We will expand our Publishing department to manage our own titles as well as a portfolio of third-party games
- We will look for partners where suitable to achieve a favorable risk/margin-profile – this can be for physical distribution, deals with platform owners (i.e. Xbox Game Pass, Epic Games, Steam)
- Combination of partnerships and revenue from launched titles to self-sustain future development



Our Games

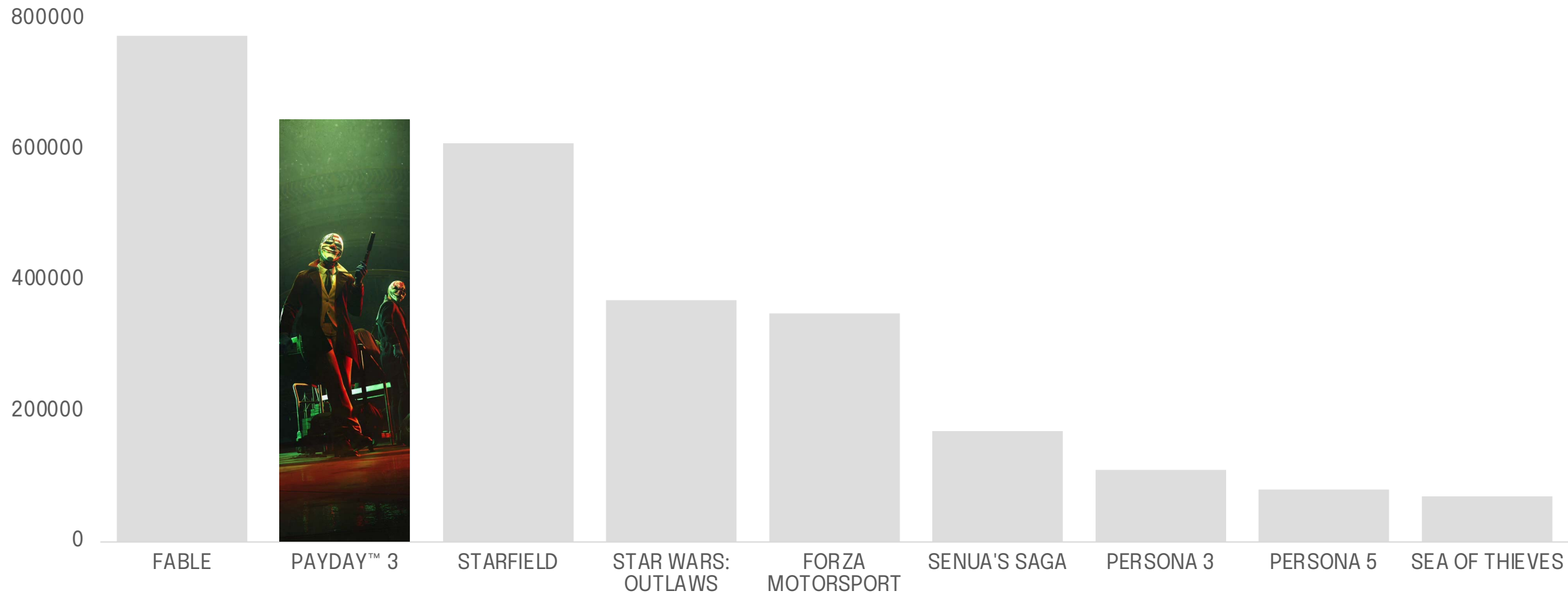


STARBREEZE

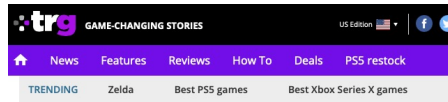
ENTERTAINMENT



Organic Trailer Views – Xbox Showcase (24h)



PAYDAY™ 3 Preview Reactions



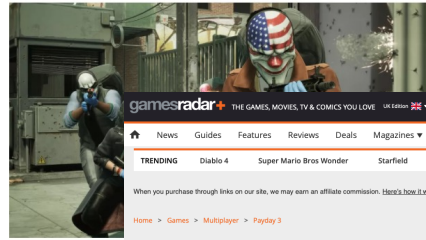
When you purchase through links on our site, we may earn an affiliate commission. [Here's how it works.](#)

Gaming > Consoles & PC

Payday 3 preview - Starbreeze's cops and robbers heist 'em up is riotous fun

By Jake Tucker published 27 minutes ago

Little hand says it's time to rock and roll



(Image credit: Starbreeze)

Payday 3 offers more stealthy and nuanced heists so naturally I left piles of bodies in my wake

By Leon Hurley published 24 minutes ago

Hands on with Payday 3 shows it's exactly the right kind of 'more of the same' for the series



Payday 3 secures the bag in our action-packed preview

Payday 3 is shaping up to be a relentlessly fun co-op shooter, and we've spent a few hours trying to pull off the perfect heist at Starbreeze Studios.



Sam Coombe Published 21 minutes ago



Payday 3's Release Date Looks To Have Leaked
Payday 3 Just Got A New Trailer And A Confirmed Release Window



PAYDAY 3 HANDS-ON PREVIEW – LOOKING FOR A BIG SCORE

The Gang's Back!

By Henry Kingma 22 min ago



There aren't many game franchises that robbers' fantasy like PAYDAY does, generated content and custom mod experience that Overkill Software



PREVIEW: PAYDAY 3 WANTS TO BE OCEAN'S ELEVEN: THE GAME

A BRAND-NEW STEALTH SYSTEM FUELS STARBREEZE'S THIRD HEIST-EM-UP



Payday 3 angespielt: Der perfekte Heist

26. Jun 2023



Banküberfall oder Kunstraub: Die Maskenmänner sind zurück und machen New York unsicher.



PAYDAY 3: Heist shooter shows willingness to learn from past mistakes



DAVID PC GAMES XBOX PLAYSTATION

By Jaska Brylla 20th Jun 2023 14:55

When it comes to PC titles, there are few games that are quite as consistent as the PAYDAY series. Almost a decade after PAYDAY 2 launched back in 2013, it's still one of the most played games on Steam, averaging just as many players today as it did ten years ago.



Payday 3 Preview - Cracking Open The Big Apple

Four hours of playtime with Payday 3 show that its mechanics are the best they've ever been.



I have a complicated relationship with Payday. I loved the first game after playing through the PS3 demo dozens of times as a kid, and look back that love brought into Payday 2. I enjoyed the many hours I spent busting open bank vaults and waiting for loot. But console players were stuck with an inferior version of the game that was constantly outshined by the PC release. Considering how much I enjoyed the base game, it left a sour taste in my mouth and made me apprehensive about the third game.

My virtual bank-robbing career might have ended years ago, but just like Dallas, Houston and the gang, it didn't take much to pull me out of retirement for Payday 3. I recently hit up the Starbreeze office for four hours, taking on two heists across several difficulty modes, getting an extended look at the game's customisation systems, and finding out that six years away from a series will make you incredibly rusty.



Payday 3 Blew Me Away

TheKnowley 159K subscribers



I PLAYED PAYDAY 3 solo stealth! Let's talk about it.

Mrtifer 122K subscribers



I PLAYED PAYDAY 3 EARLY

Red Archer Live 21K subscribers

Technical Beta Highlights

Signups for beta

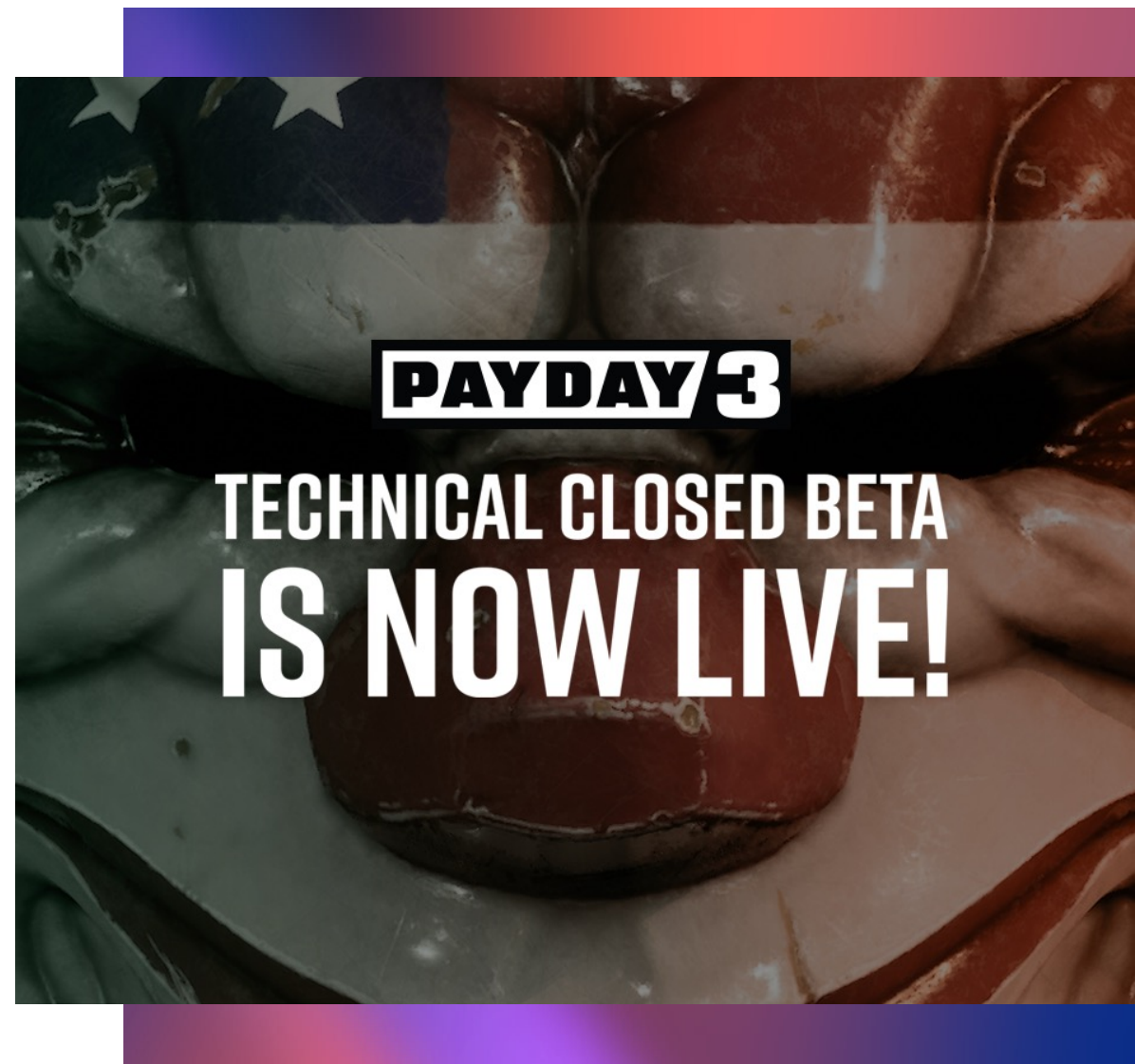
882,000

Access tokens sent (Xbox & Steam)

290,000

No. of heists played

450,000





PAYDAY 3

X ALIENWARE



**DO TIME
TO GET TIME**

TEASER TRAILER

STARBREEZE

ENTERTAINMENT

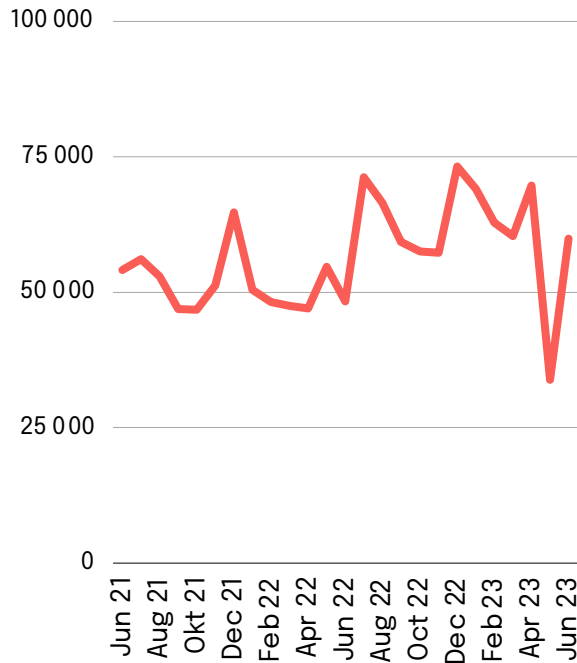


PAYDAY 2
LEGACY COLLECTION

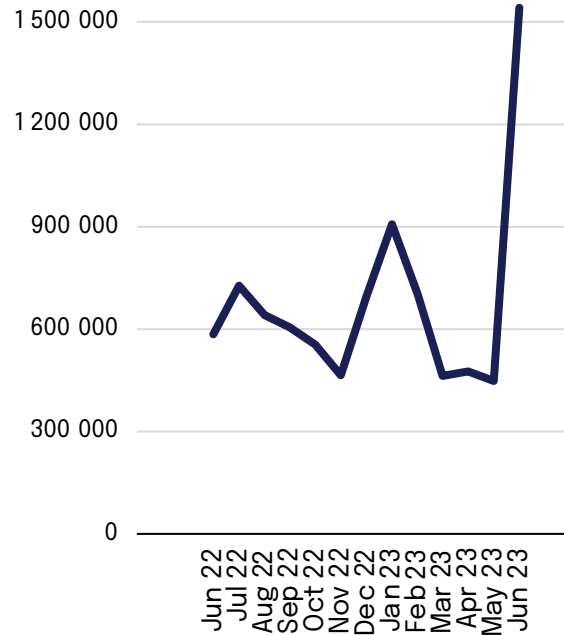


PAYDAY™ 2 KPI development

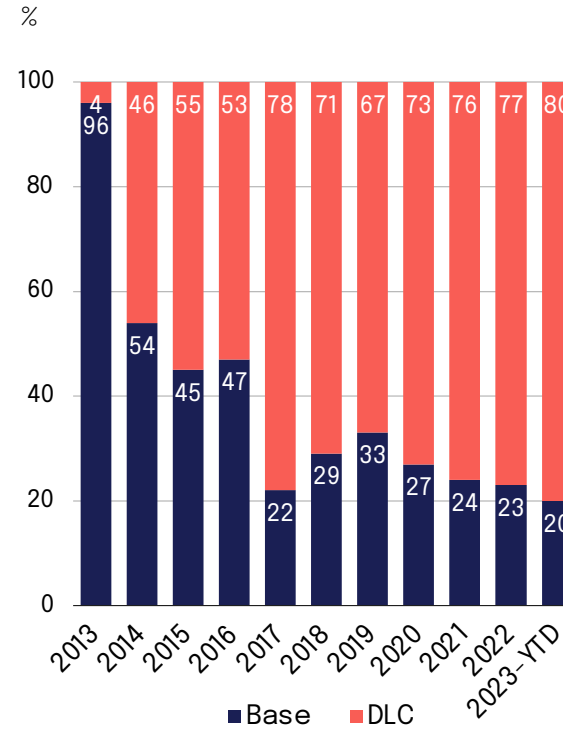
Peak CCU per month (Steam®)



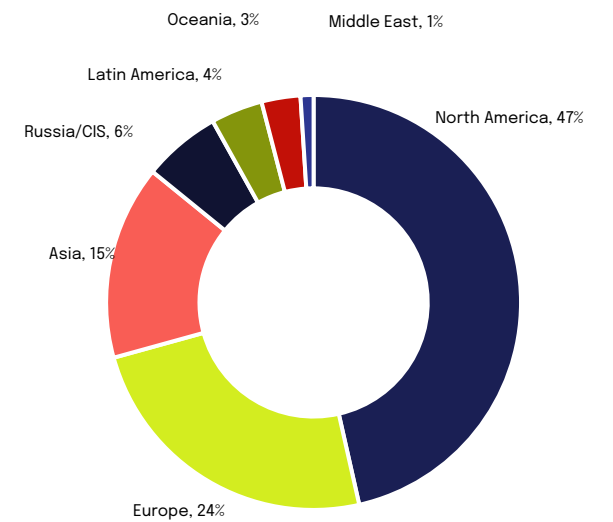
MAU development last 12 months



Base game vs DLC split PD2 Steam launch to date



Breakdown of Starbreeze's revenues from Steam by region



Third Party Publishing & Other Projects

Third Party Publishing

- Established during 2022
 - Leveraging Starbreeze experience as developer and publisher to help developers bring their games to market
- Looking for games with Starbreeze pillars;
 - Experience Together
 - Lifetime Commitment
 - Community Engagement
 - Larger Than Life Experience

Games reviewed and declined

> 100

Games currently in review

~ 20



ROBO QUEST



PAYDAY™ Crime War

- Licenses content from PAYDAY™ 2 – Starbreeze retains all IP rights
- Utilizes Starbreeze Nebula as player account platform
- Starbreeze receives tiered royalties on sales
- Launched globally in early June 2023

PAYDAY™ Crime War

Popreach Corporation



Stockholm Syndrome

- Partnership with LA-based production company Stockholm Syndrome
- Goal of the project is to develop a PAYDAY story for tv or film, and find a partner to distribute it worldwide
- Progressing according to plan. The current strike among writers and actors currently underway in the US does not affect the project in its current phase.



Quarter & Period in Brief



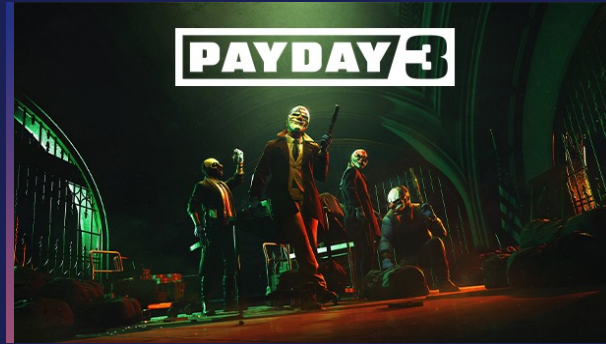
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Operational Summary Q2 2023

PAYDAY™ 2 Epic Games Store



PAYDAY™ 3 Arrives September 21st



Roboquest – Third Party Publishing



PAYDAY™ 2 Crude Awakening Heist



PAYDAY™ 3 Campaign



Dev Diaries



Financial update Q2 2023

NET SALES, SEKm

43.2m (31.8)

PROFIT/LOSS AFTER TAX, SEKm

24.1 (-10.8)

EBITDA, SEKm

14.1m (18.1)

RIGHTS ISSUE, SEKm

453

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

17.0 (14.8)

CASH & CASH EQUIVALENTS

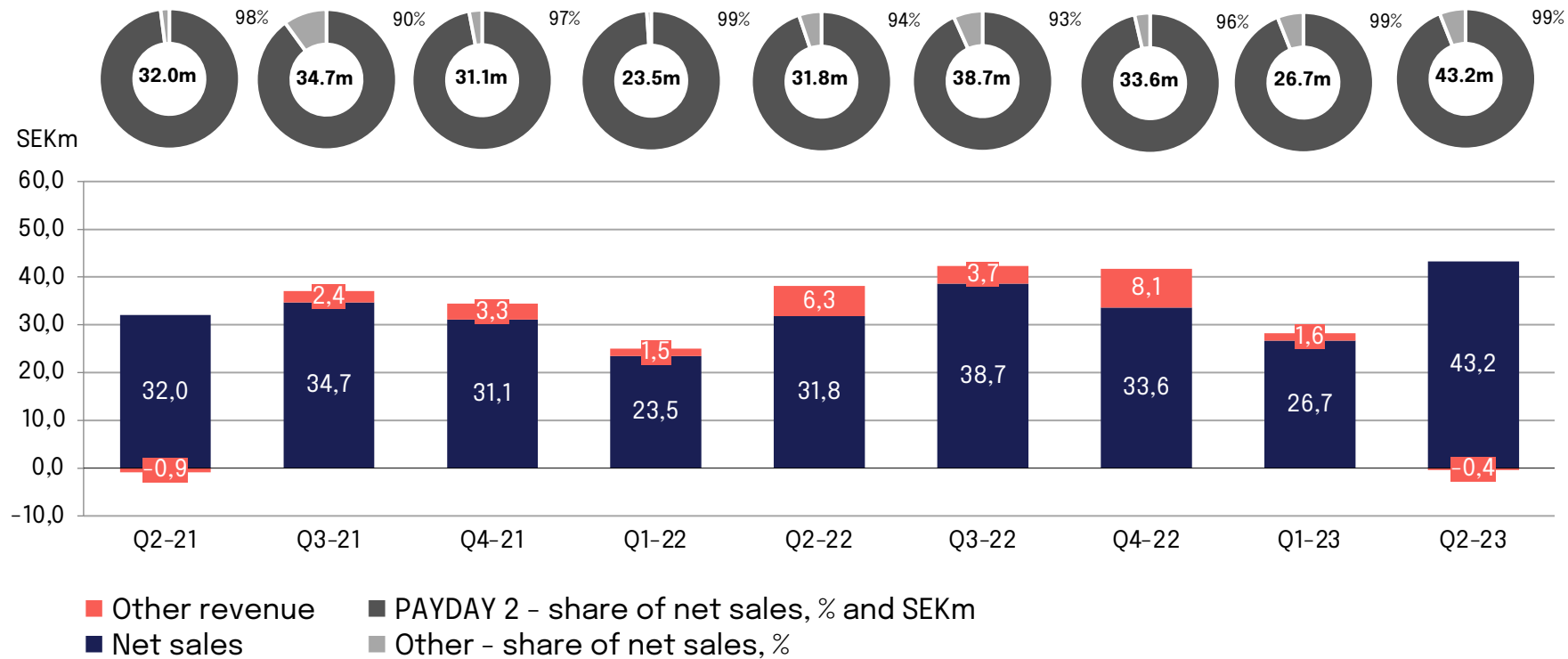
498.8



Group financials

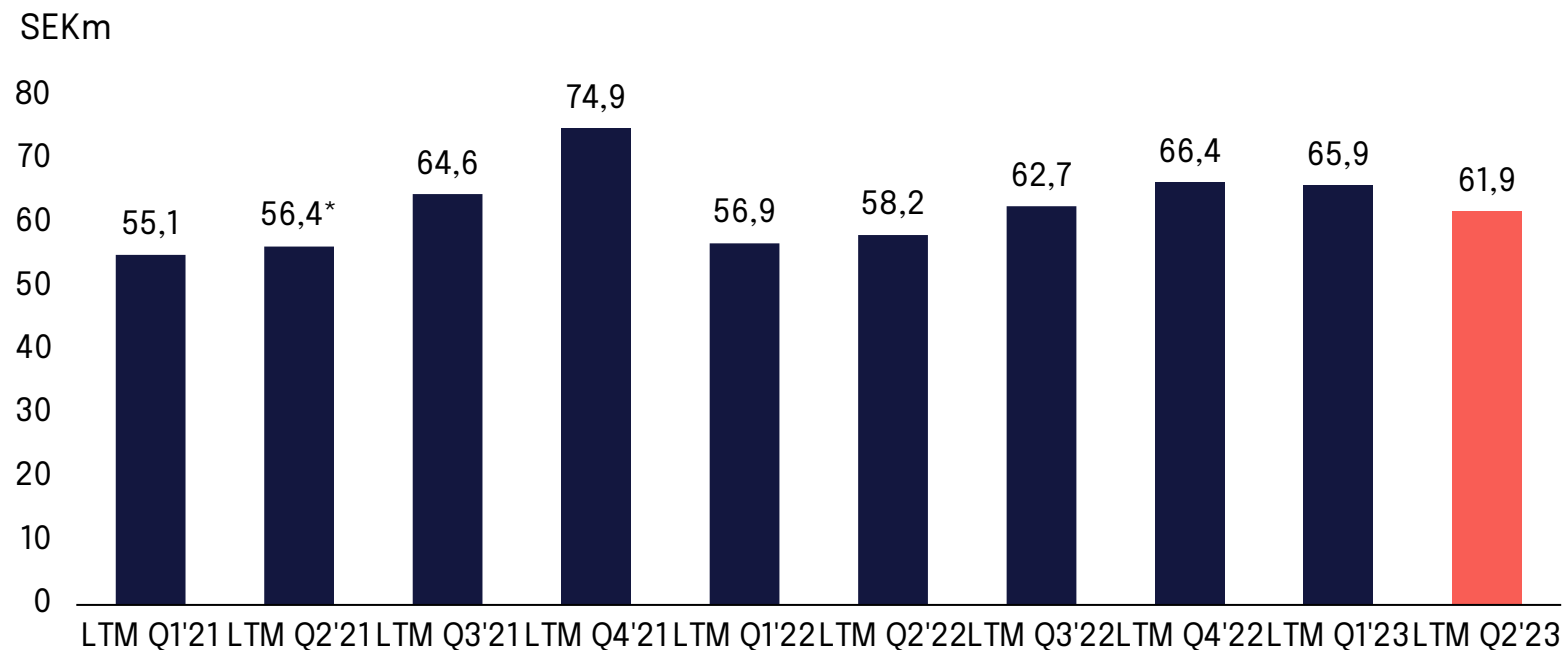
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Revenue development – growth in PAYDAY



- Net sales for Q2 2023 totaled to SEK 43.2m (31.8m).
- PAYDAY growth of +42% Q2 2023, compared to Q2 2022.
- Other revenue mainly relates to forwarded costs related to PD3, revaluations and currency effects. Negative in Q2 due to currency effects.

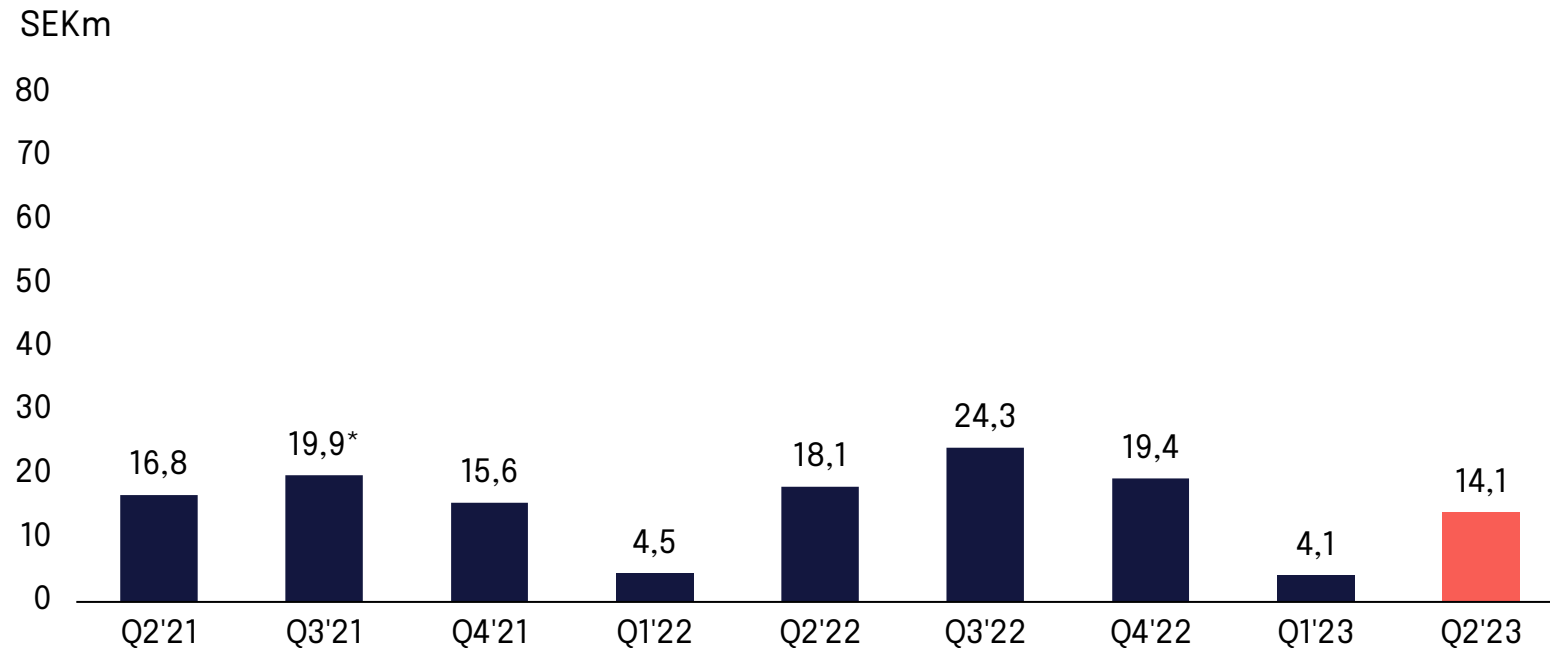
EBITDA development



- EBITDA in LTM Q2 2023 amounted to SEK 61.9m (58.2m)
- More activatable costs and stable net sales leads to a higher level of EBITDA the last quarters of 2022 and beginning of 2023 compared to 2021.

* EBITDA adjusted for one time effect related to PopReach licensing agreement in Q2 2021

EBITDA development

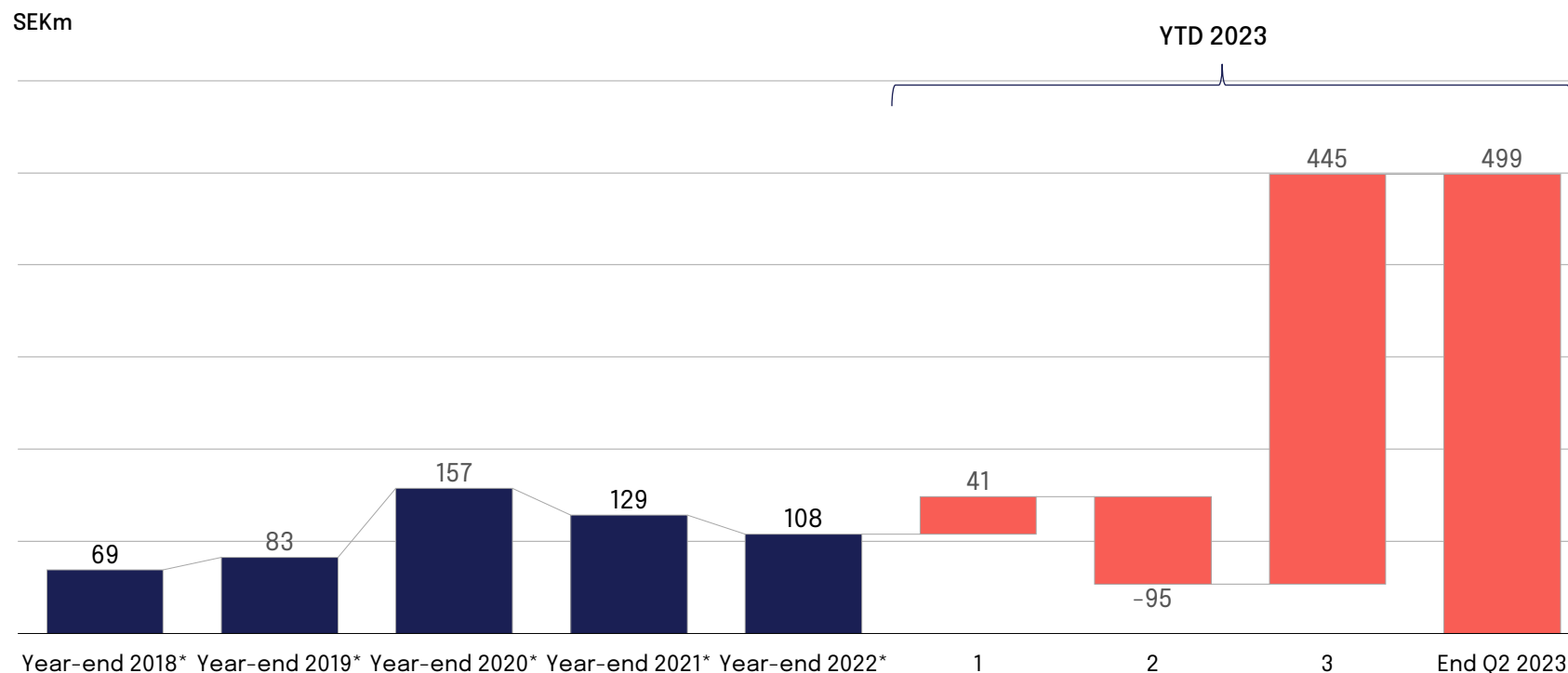


- EBITDA in Q2 2023 amounted to SEK 14.1m (18.1m)
- Higher non-activatable personnel cost and increased marketing activities leads to higher costs YoY.
- Net Sale increase of SEK 11.5m in the quarter off-sets the higher costs that a larger organization brings. Negative currency exchange effects in other revenues of SEK -0.3m compared to positive SEK 6.3m still gives a lower EBITDA than last year.

* EBITDA adjusted for one time effect related to PopReach licensing agreement in Q2 2021

Cashflow development

- 1 Operating activities after changes in working capital, SEK 40.8m
- 2 Investing activities, SEK -95.0m (game development)
- 3 Financing activities, SEK 444.8m (share issue 416.8m, financing for game development 36.3m and financial lease -7.6m)



*Cash and cash equivalents

Operating expenses

Cost base development

SEKm	NOTE	Q2'23	Q2'22	2022
Direct costs	A	17,482	15,142	17,482
% of net sales		66%	64%	66%
Selling and marketing costs	B	7,537	3,894	7,537
% of net sales		28%	17%	28%
Administrative expenses	C	20,775	15,667	20,775
% of net sales		78%	67%	78%
Number of employees at the end of the period		182	152	165
Average number of employees	D	179	150	154

Source: Company information.

- A** Direct costs for Q2'23 amounted to SEK 17.5m (15.1m) and consists of costs related to game development, depreciations of IP:n, royalty payments and non-activatable personnel expenses. The increase from Q2'22 mainly comes from depreciations of IP of 13.2 million compared to 10.9m in Q2'22.
- B** Selling and marketing costs amounted to SEK 7.5m (3.9m). The increase from Q2'22 mainly relates to increased activity for PAYDAY 3 and the community platform **Nebula**.
- C** Administrative expenses refer to items including office costs and payroll for employees who do not work in game production or marketing. The higher costs are mainly attributable to higher personnel-related costs where the main part consists of reserved salary costs related to the company's long-term incentive program regarding PAYDAY 3 as well as external costs.
- D** We continue to grow the organization and number of employees increased with 29 since end of second quarter 2022 and 8 employees during this quarter.

Balance sheet

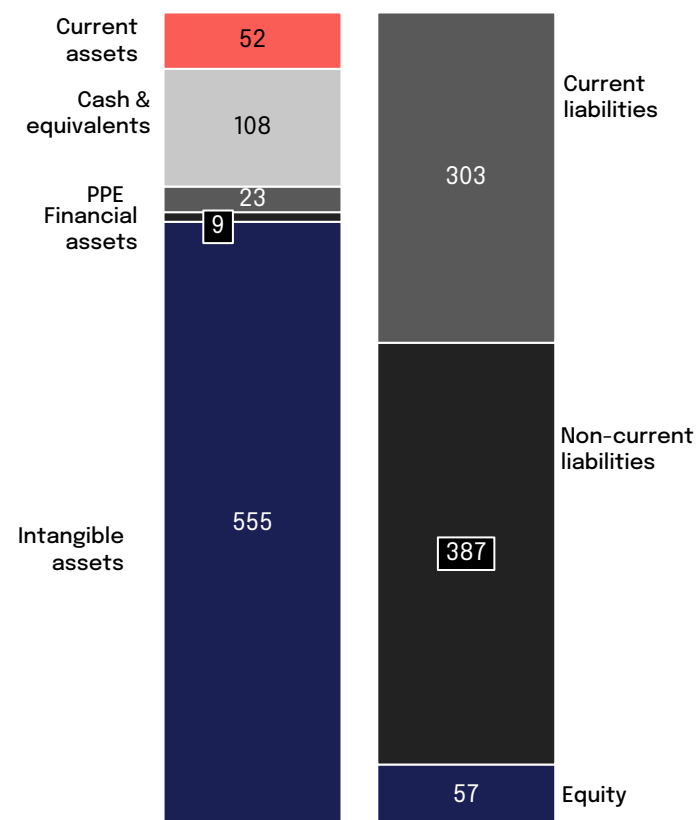
Assets

- Intangible assets amounted to SEK 625m and consist primarily of IP rights SEK 162m, capitalized costs for own game and technology development SEK 407m and Goodwill SEK 50m
- PPE (property, plant and equipment) relates to right of use assets of SEK 13.3m and IT and other equipment of SEK 2.7m
- Financial assets of 8.8m, consists of long-term deposit 7.5m and investments in joint ventures 1.3m
- Current assets consists of
 - Cash and equivalents of SEK 499m
 - Prepaid expenses and accrued income of SEK 43.5m
 - Trades and other receivables of SEK 33.2m

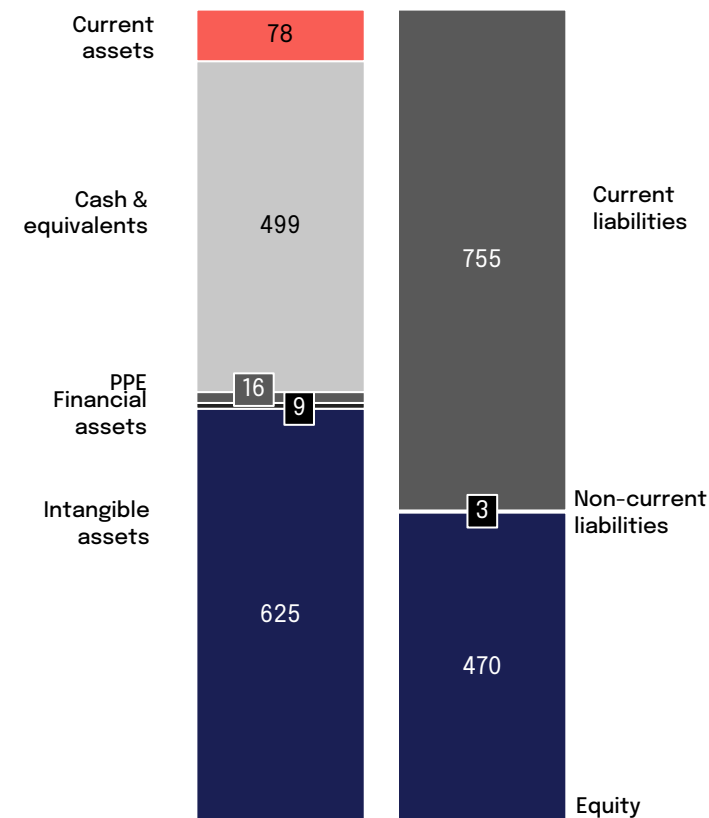
Liabilities

- Non-current liabilities amounted to SEK 2.6m, including
 - Lease liabilities of SEK 0.3m
 - Tax SEK 1.3m
- Current liabilities amounted to SEK 755.0m, including
 - Convertible loan and related debt* SEK 362.6m Financing liability to PLAION of SEK 237.6m
 - Trade and other payables of SEK 77.5m
 - Accrued expenses and deferred income SEK 62.5m
 - Derivative 0.9
 - Lease contracts SEK 13.9m

As per December 31, 2022
SEKm



As per June 30, 2023
SEKm



*Reclassified from non-current since loan was converted and related debt was amortized in July.

Building Community by Making Games

