

STARBREEZE
STUDIOS



Interim report Q3
July – September 2022

Stepping up...
...to the next level





Third quarter 2022

- Net sales totaled SEK 38.7 million (34.7). PAYDAY accounted for SEK 36.1 million (31.2).
- EBITDA* totaled SEK 24.4 million (19.9).
- Depreciation, amortization and impairment totaled SEK 15.4 million (15.0).
- Profit/loss before tax amounted to SEK -7.5 million (-8.0).
- Basic and diluted earnings per share totaled SEK -0.01 (-0.01).
- On June 21, Midland Ranch Heist was successfully released as part of the Texas Heat campaign.

First nine months 2022

- Net sales totaled SEK 94.0 million (94.6). PAYDAY accounted for SEK 89.5 million (89.6).
- EBITDA* totaled SEK 47.0 million (-9.4).
- Depreciation, amortization and impairment totaled SEK 44.6 million (45.0).
- Profit/loss before tax was to SEK -42.1 million (-92.3).
- Basic and diluted earnings per share totaled SEK -0.06 (-0.12).
- Cash and cash equivalents amounted to SEK 119.6 million (108.4).

Significant events after the end of the period

- October 6 – Starbreeze signed an agreement with the developer Walking Tree Games to publish the game THE TRIBE MUST SURVIVE.

KEY FIGURES SEKk	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Net sales	38,666	34,703	93,962	94,636	125,689
EBITDA*	24,352	19,890	47,011	-9,364	6,268
EBITDA adjusted **	24,352	19,890	47,011	59,308	74,940
Profit (-loss) before tax	-7,494	-7,980	-42,105	-92,260	-105,226
Earnings per share, SEK	-0.01	-0.01	-0.06	-0.12	-0.14
Cash flow from operations	23,590	23,571	47,725	61,422	73,868
Net sales per employee	248	251	622	706	931

* For definitions of alternative performance measures, see page 20.

** Adjusted for non-recurring items related to the PAYDAY Crime War licensing agreement.

CEO'S MESSAGE

PUBLISHING AND SOFTLAUNCH, IMPORTANT MILESTONES

Although global uncertainties remain, the gaming market continues to be strong, as well as the commitment to PAYDAY. This quarter we saw strong sales of PAYDAY 2 for PC, driven by the successful release of the Midland Ranch Heist DLC, which is part of the Texas Heat campaign. We continue to develop new, high-quality content for PAYDAY 2, and the demand from our players remain strong.

The development of PAYDAY 3 is proceeding according to plan, and together with our co-publishing partner, Plaion (which has changed its name from Koch Media group), we are working hard to ensure a successful launch in 2023. Many people are waiting for more information about the exact release date and to see content from the game, and we will provide updates closer to the launch.

In October, our partner, PopReach, conducted a soft launch of the mobile game PAYDAY Crime War in the Philippines.

This means that the game is being tested in a very limited market to gather information from players to ensure the best possible player experience ahead of the global launch in 2023. The launch date is not yet set, but the date will be communicated by PopReach as soon as it is. It is great seeing PAYDAY being developed on multiple platforms simultaneously I am looking forward to offer our customers a much broader experience in 2023.

Our studio grew somewhat during the quarter, with the number of employees increasing from 152 to 156. This is according to plan and the team for PAYDAY 3 is reaching full size. We are continuing our efforts to build a lasting and profitable business, delivering high-quality content to our players, growing and nurturing our community, and working towards being the best employer for game developers.



During the quarter, our MAU peaked at 727,000 players, an increase of around 140,000 monthly players compared to the previous quarter. Sustained high engagement levels are driving our sales, while our community is growing and now stands at close to 8.5 million members within the Steam community.

In terms of sales, PC sales for the quarter amounted to SEK 31.7 million (26.7), an increase of around 19 percent, while we saw slightly lower Console sales of around SEK 4.6 million (4.7). Overall, net sales for the quarter amounted to SEK 38.7 million (34.7), an increase of 12 percent compared to the same period last year. Underlying sales for the quarter are good compared to recent years, and we also had a positive impact from the stronger USD currency. Steam sales in US dollars decreased by about 10 percent compared to strong sales in the same period last year, but the gap has reduced compared to earlier quarters this year. The positive response to the marketing initiatives and launches we conducted in the latter part of the quarter contributed to an increase in sales, even when compared to a very strong quarter last year.

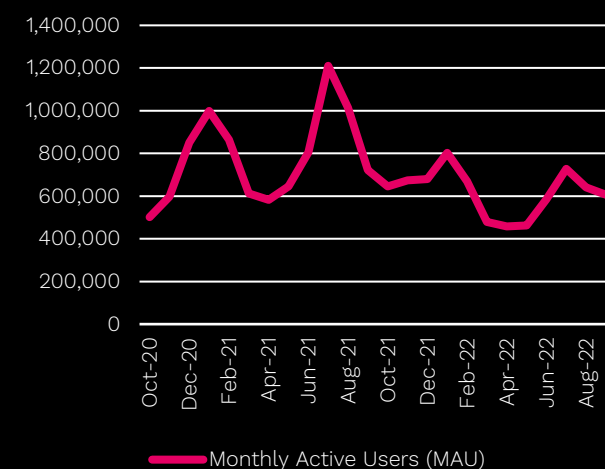
Earnings for the quarter (EBITDA) totaled SEK 24.4 million (19.9), which is an increase of 23 percent compared to the corresponding period last year.

There is some variation in sales between the quarters, particularly in terms of PC sales, due to several factors. The market has clearly returned to a more normal level, but the uncertainty we see in the world around us in relation to inflation rates and higher interest rates creates uncertainty about the strength of the market going forward. However, our well-established PAYDAY brand and the loyal player base we have go some way to counteracting these uncertainties and providing a solid foundation. We plan to release several

PAYDAY 2 DLCs in the future, which will have a positive impact on sales in the coming quarter.

In line with our strategy to expand Starbreeze, we signed a publishing agreement in October to publish the game The Tribe Must Survive with the developer Walking Tree Games. This is an important milestone for us, as we can now take the step of relaunching the 3rd party publishing business. We are now taking the experience we gained from PAYDAY 2 in building long-term revenue-generating games and customer relationships and applying it to more products. Our mission is to build a strong Starbreeze community by offering more long-lasting products and linking them together in our user system "Starbreeze Nebula". The growth of the Publishing team gives us the opportunity to take greater ownership of the games we produce ourselves after PAYDAY 3. By combining more games with our own IP:s, we are ensuring a long-term and differentiated revenue model that will strengthen Starbreeze as a company.

Tobias Sjögren, CEO



Source: PAYDAY 2 game data via Starbreeze telemetry

Highest number of monthly active users (MAU)

727,095

for PAYDAY 2 during Q3 2022

SIGNIFICANT EVENTS DURING THE QUARTER

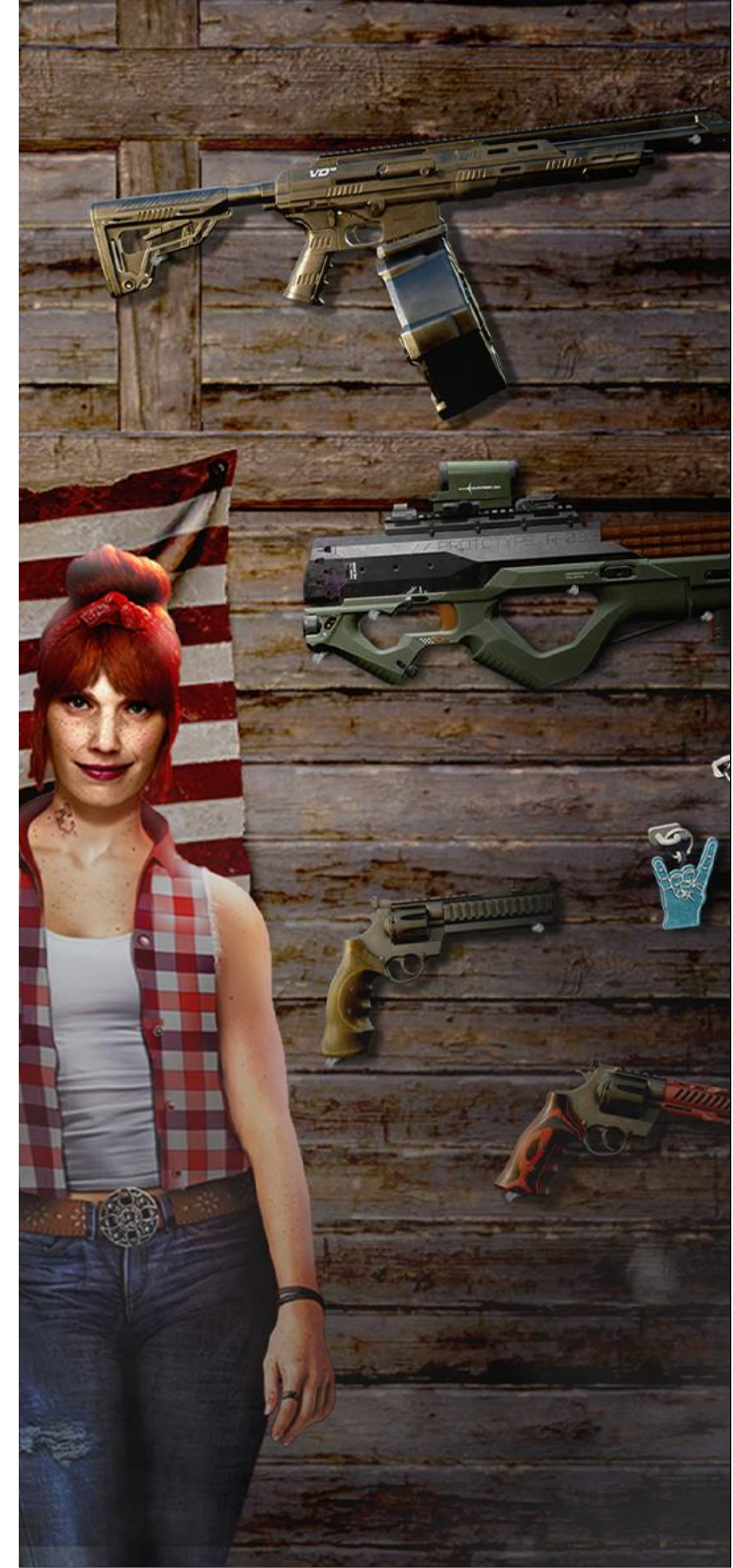
Midland Ranch Heist

On June 21, Midland Ranch Heist was successfully released as part of the Texas Heat campaign.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Starbreeze signs a publishing agreement

On October 6, Starbreeze signed an agreement with the developer Walking Tree Games to publish the game THE TRIBE MUST SURVIVE.



NET SALES AND EARNINGS

For net sales and earnings, the comparison period refers to the corresponding period of the previous year.

THIRD QUARTER 2022

Sales

Net sales for the third quarter of 2022 totaled SEK 38.7 million (34.7) – an increase of approximately 12 percent. PAYDAY accounted for SEK 36.1 million (31.2), which is an increase of 16 percent compared to the corresponding period last year. PC net sales amounted to SEK 31.7 million (26.7), and Console net sales totaled SEK 4.6 million (4.7). Net sales of the base game PAYDAY 2 on Steam decreased by approximately 4 percent (SEK -0.3 million) during the quarter and DLC sales (sales of add-on packs) increased by approximately 28 percent (SEK 5.3 million), which in total corresponds to an increase of approximately 19 percent in Steam sales compared to the same period in the previous year. Console sales decreased by approximately 2 percent (SEK -0.1 million) compared to the same period last year.

Exchange rate fluctuations against the US dollar had a positive impact on net sales of SEK 5.0 million compared

to the average exchange rate for the corresponding period last year. When adjusted for exchange rate fluctuations, sales from Steam decreased by about 10 percent.

SEK 2.3 million of net sales during the period were related to sales revenue generated by previously published games defined as non-core games, mainly the game Ten Crowns. This revenue amounted to SEK 3.3 million in the corresponding period last year.

Costs

Direct costs amounted to SEK 16.0 million (15.4) and comprise costs related to the production and development of games. Direct costs include amortization of SEK 11.5 million (10.9).

Capitalized development expenditure reduced direct costs by SEK 25.2 million (17.8) and concerns the games PAYDAY 2, PAYDAY 3 and the development of new IP.

Sales and marketing expenses amounted to SEK 3.7 million (2.1) and are primarily related to marketing

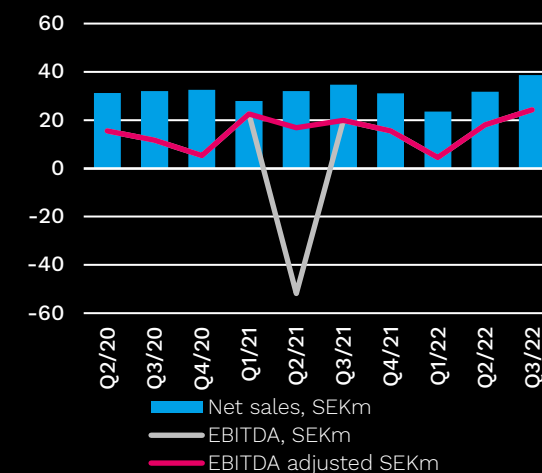


Net sales and earnings

SEKk	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP
Net sales	38,666	34,703	93,962	94,636
EBITDA *	24,352	19,890	47,011	-9,364
EBITDA adjusted **	24,352	19,890	47,011	59,308
Profit (-loss) before tax	-7,494	-7,980	-42,105	-92,260
Net profit (-loss) for the period	-7,785	-8,049	-43,047	-88,920
Earnings per share, SEK	-0.01	-0.01	-0.06	-0.12
Net sales growth, %	11.4	8.1	-0.7	10.8
EBITDA margin, %	63.0	57.3	50.0	-9.9
EBITDA margin, % adjusted**	63.0	57.3	50.0	62.7

*See page 20 for the definitions of key figures

** Adjustment for on-off effects related to PAYDAY Crime War licence



activities and personnel costs. The increase is mainly attributable to marketing activities during the period.

Administrative expenses amounted to SEK 13.7 million (14.7) and include office expenses and salaries for personnel who do not work in game production or marketing, as well as other external costs. The lower costs are mainly due to a decrease in costs for personnel and premises.

Administrative expenses include amortization of SEK 3.8 million (4.1). Capitalized development expenditure reduced administrative expenses by SEK 7.3 million (7.3) and concerns the games PAYDAY 2, PAYDAY 3 and the development of new IP.

Other revenues totaled SEK 3.7 million (2.4). This item consists of exchange rate effects and rental income. Exchange rate effects are related to the revaluation of assets and liabilities denominated in foreign currencies.

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled SEK 24.4 million (19.9).

Profit share from the joint venture StarVR Corporation amounted to SEK 0.01 million (0.1).

During the quarter, net financial income/expense was burdened with interest expense on lease liabilities of SEK 0.2 million (0.3), which is due to the IFRS 16 accounting standard.

Net financial income/expense

Net financial income/expense totaled SEK -16.5 million (-12.9). These expenses are mainly related to the company's convertible loan and related debt of SEK -15.0 million (-12.7). During the period, the company purchased

currency derivatives to hedge the game financing that it expects to receive for PAYDAY 3. The unused derivatives are subject to a monthly market valuation, and in the period this has burdened the result with an unrealized change in value of SEK -1.4 million.

Profit/loss before tax and profit/loss for the period

Profit/loss before tax for the quarter amounted to SEK -7.5 million (-8.0). Profit/loss for the quarter amounted to SEK -7.8 million (-8.0). Basic and diluted earnings per share totaled SEK -0.01 (-0.01).

FIRST NINE MONTHS 2022

Sales

Net sales for the first nine months of 2022 amounted to SEK 94.0 million (94.6), of which PAYDAY accounted for SEK 89.5 million (89.6), which is in line with the previous year. PC net sales amounted to SEK 75.5 million (76.5), and Console net sales totaled SEK 14.5 million (13.7). Net sales of the base game PAYDAY 2 on Steam decreased by approximately 18 percent (SEK 3.6 million) during the period and DLC sales (sales of add-on packs) increased by approximately 4 percent (SEK 2.5 million), which in total corresponds to approximately 1 percent lower sales on Steam compared to the same period in the previous year. Console sales increased by approximately 6 percent (SEK 0.8 million) compared to the same period last year.

Exchange rate fluctuations against the US dollar had a positive impact on net sales of SEK 10.2 million compared to the average exchange rate for the corresponding period last year. When adjusted for exchange rate fluctuations, sales from Steam decreased by about 19 percent.

SEK 3.9 million of net sales during the period were related to sales revenue generated by previously



Specification of net financial income/expense

SEKk	2022	2021	2022	2021
	Q3	Q3	JAN-SEP	JAN-SEP
Interest on convertible bonds	-8,442	-7,185	-24,081	-20,497
Net profit (-loss) from StarVR Corp.	95	99	218	169
Implicit interest	-6,598	-5,518	-18,744	-15,679
Interest Nordea	-	-	-	-1,035
Interest on lease liability	-165	-267	-577	-874
Unrealized change in value of derivatives	-1,364	-	-1,364	-
Other items	4	-32	20	12
Total	-16,470	-12,903	-44,529	-37,904

published games defined as non-core games, mainly the game Ten Crowns. This revenue amounted to SEK 4.2 million in the corresponding period last year.

Costs

Direct costs amounted to SEK 45.1 million (41.2) and comprised costs related to the production and development of games. Direct costs include amortization of SEK 33.0 million (31.6). The increase is also due to higher non-capitalized salary costs.

Capitalized development expenditure reduced direct costs by SEK 78.2 million (61.4) and concerns the games PAYDAY 2, PAYDAY 3 and new IP.

Sales and marketing expenses amounted to SEK 10.9 million (7.4) and are primarily related to marketing activities and personnel costs. The increase is mainly attributable to more marketing activities performed.

Administrative expenses amounted to SEK 47.0 million (38.1) and include office expenses and salaries for personnel who do not work in game production or marketing, as well as other external costs. The higher costs are mainly due to increased costs for personnel and premises. The higher personnel costs are due to the provision for future costs of the long-term incentive program for staff related to PAYDAY 3, and one-off restructuring costs.

Administrative expenses include amortization of SEK 11.6 million (13.4). Capitalized development expenditure reduced administrative expenses by SEK 21.7 million (21.9) and concerns the games PAYDAY 2, PAYDAY 3 and new IP.

Other revenues totaled SEK 11.4 million (6.4). This item consists of exchange rate effects and rental income.

Exchange rate effects are related to the revaluation of assets and liabilities denominated in foreign currencies.

Other costs totaled SEK 0.0 million (-68.7). Last year, previously capitalized development expenses related to PAYDAY Crime War were reversed in connection with the signing of the license agreement with PopReach.

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled SEK 47.0 million (-9.4).

Profit share from the joint venture StarVR Corporation amounted to SEK 0.2 million (0.2).

During the period, net financial income/expense was burdened with interest expense on lease liabilities of SEK 0.6 million (0.9), which is due to the IFRS 16 accounting standard.

Net financial income/expense

Net financial income/expense totaled SEK -44.5 million (-37.9). These expenses are mainly related to the company's convertible loan and related debt of SEK -42.8 million (-36.2). During the period, the company purchased currency derivatives to hedge the game financing that it expects to receive for PAYDAY 3. The unused derivatives are subject to a monthly market valuation, and in the period this has burdened the result with an unrealized change in value of SEK -1.4 million.

Profit/loss before tax and profit/loss for the period

Profit/loss before tax for the period amounted to SEK -42.1 million (-92.3). Earnings for the period were SEK -43.0 million (-88.9). Basic and diluted earnings per share totaled SEK -0.06 (-0.12).



OTHER FINANCIAL INFORMATION

For financial information, the comparison period refers to the corresponding period of the previous year.

THIRD QUARTER 2022

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 21.9 million (17.4) with earnings of SEK 9.0 million (4.9), and adjustments for items not included in cash flow totaling SEK 13.4 million (12.9). Adjustments for items not included in cash flow consist of the depreciation/amortization of assets of SEK 15.4 million and currency effects of SEK -1.9 million.

Cash flow from operating activities after changes in working capital amounted to SEK 23.6 million (23.6).

Cash flow from investing activities totaled SEK -33.6 million (-24.9), of which investments in proprietary game development accounted for SEK -32.5 million (-25.1).

Cash flow from financing activities was SEK 43.2 (-4.0), of which IFRS 16 Leases accounted for SEK -3.9 million (-4.8). During the third quarter, the company received a payment of SEK 47.2 million from Plaion (formerly Koch

Media group) to finance game development, which had a positive impact on financing activities and the cashflow.

Total cash flow for the period was SEK 33.2 million (-5.3). Cash and cash equivalents at the end of the quarter amounted to SEK 119.6 million (108.4).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -0.2 million (-0.1). Investments in proprietary game and technology development totaled SEK -32.5 million (-25.1).



Cash and cash equivalents as at
September 30, 2022

SEK 119.6 M

FIRST NINE MONTHS 2022

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 40.8 million (49.3) with earnings of SEK 2.4 million (-54.4), and adjustments for items not included in cash flow totaling SEK 40.0 million (109.4). In the comparative period, an accounting loss on the sale of fixed assets of SEK 68.7 million was recognized. This relates to previously capitalized development expenditure on PAYDAY Crime War. Adjustments for items not included in cash flow consist of the depreciation/amortization of assets of SEK 44.6 million and currency effects of SEK -4.9 million.

Cash flow from operating activities after changes in working capital amounted to SEK 47.7 million (61.4).

Cash flow from investing activities totaled SEK -99.6 million (-80.4), of which investments in proprietary game development accounted for SEK -99.9 million (-83.3).

Cash flow from financing activities was SEK 42.6 (-30.2), of which IFRS 16 Leases accounted for SEK -15.2 million (-14.3). The company received gaming financing from Plaion (formerly Koch Media group) of SEK 59.0 million in the period.

Total cash flow for the period was SEK -9.3 million (-49.2). Cash and cash equivalents at the end of the period amounted to SEK 119.6 million (108.4).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -1.1 million (-0.3). Investments in proprietary game and technology development totaled SEK -99.9 million (-83.3).

Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 51.2 million (41.4). The increase in goodwill is attributable to the revaluation of assets in foreign currencies.

Intangible assets, consisting mainly of IP rights, totaled SEK 179.8 million (207.1).

Capitalized expenditure on proprietary game and technology development amounted to SEK 289.9 million (176.6).

Investments in publishing projects amounted to SEK 4.0 million (4.0).

Amortization and impairment of intangible assets totaled SEK 32.8 million (29.0) during the period.

Current assets

Trade and other receivables amounted to SEK 20.0 million (25.3), of which the receivable for game financing totaled SEK 13.6 million (20.4).

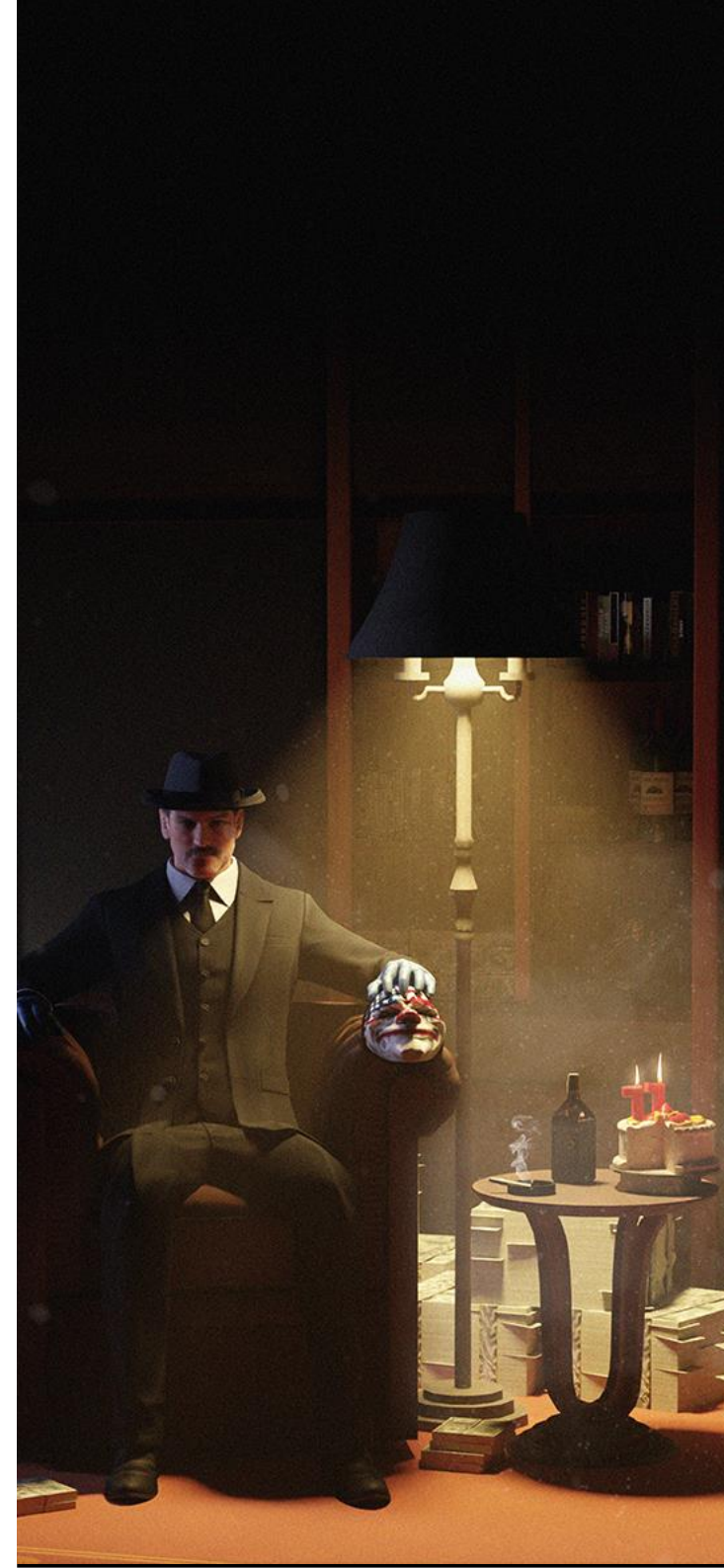
Prepaid expenses and accrued income at the end of the period was SEK 36.0 million (32.9), of which SEK 15.5 million (14.5) pertains to receivables for digital sales, primarily through Steam, PlayStation Store, Xbox Live and Switch.

Equity

Group equity at the balance sheet date amounted to SEK 73.0 million (137.9).

Non-current liabilities

Non-current liabilities totaled SEK 544.2 million (402.2), of which convertible loans and related liabilities amounted



to SEK 362.3 million, and liabilities to Plaion (formerly Koch Media group) for game financing amounted to SEK 159.9 million. Non-current liabilities related to game financing will increase as financing is obtained and the liability will be credited in connection with the future distribution of PAYDAY 3 sales revenues. The non-current portion of lease liabilities amounted to SEK 8.8 million (25.1).

Current liabilities

Current liabilities totaled SEK 121.8 million (112.4). Trade payables and other liabilities at the end of the period amounted to SEK 67.7 million (62.0). Current liabilities for leases amounted to SEK 15.9 million (18.1). Accrued expenses and deferred income at the end of the period was SEK 38.2 million (32.2).

Leases

IFRS 16 Leases has been applied from 1 January 2019. The deposit paid for the premises in Stockholm is recorded as a financial fixed asset in the balance sheet.

When discounting future lease payments, Starbreeze uses the marginal lending facility rate per country as the discount rate. The marginal borrowing rate is based on the lessee's financial strength, the country, and the length of the current lease.

The Parent Company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities.

The Parent Company's interim report has been prepared in accordance with the same accounting principles and calculation methods as the 2021 Annual Report (Note 2, p. 68–73).

Share capital

The share capital at the end of the period totaled SEK 14,492,185 (14,492,185) divided into 724,609,266 shares (724,609,266), with 166,321,768 Class A shares (166,373,988) and 558,287,498 Class B shares (558,235,278).

Risks and uncertainties

In order to prepare interim and annual reports in accordance with generally accepted accounting principles, the management team must make assumptions and estimates that affect the assets, liabilities and income recognized in the financial statements. Actual outcomes may differ from these estimates.

The short-term impact on earnings from exchange rate fluctuations may be positive or negative, depending on the current currency exposure from trade receivables, bank balances and other assets and liabilities denominated in foreign currencies. In the long term, a falling US dollar exchange rate will always have a negative impact on profit margins. Since the Group has foreign subsidiaries, there is also translation exposure.

The main risks and uncertainties are low game launch revenues and delays to projects. These and other risks such as copyright infringement, loss of key-persons and exchange rate fluctuations are described in the Director's Report of the Starbreeze Annual Report 2021 on page 52 and in Note 3. Furthermore, the value of certain assets and liabilities is based on an expected outcome, which means that these items must be revalued on an ongoing basis and may therefore affect future results.

The company continuously monitors the Group's liquidity and capital requirements for the year ahead. The Board of Directors has assessed whether the going concern



Number of employees

	2022	2021
	Q3	Q3
Employees	156	138
Men	128	114
Women	28	24

Number of employees

156

assumption is met. The factors underlying the Board's assessment are as follows: The company has signed a publishing agreement for PAYDAY 3 with Plaion (formerly Koch Media group), which means that the game development for PAYDAY 3 is financed up to and after its launch in 2023. The company will receive ongoing revenue from sales linked to PAYDAY 2. Based on the above, the assumption of going concern is deemed to be met.

Parent Company

During the quarter, the Group's operations were conducted in the parent company Starbreeze AB (publ), and the subsidiaries Starbreeze Production AB, Starbreeze Studio AB, Starbreeze Publishing AB, New Starbreeze Publishing PD IP AB, Starbreeze VR AB, Starbreeze USA Inc, Starbreeze LA Inc, Starbreeze IP LUX, Starbreeze IP LUX II Sarl, Starbreeze Barcelona SL, Starbreeze Paris SAS, New Starbreeze Studios AB, New Starbreeze Publishing AB and Enterspace AB.

The Parent Company's net sales for the quarter amounted to SEK 6.4 million (6.6). Net sales mainly relate to the allocation of management fees.

Earnings before and after tax were SEK -9.5 million (-12.0).

At the end of the period, cash and cash equivalents amounted to SEK 5.8 million (8.6) and the Parent Company's equity was SEK 725.2 million (745.5).

Non-current liabilities increased during the period to SEK 362.3 million (306.3).

Related-party transactions

Other than salaries and benefits and intra-group transactions, there were no related-party transactions during the period.

Auditor's examination

This interim report has been reviewed by the company's auditors.



The Board of Directors and CEO declare that this interim report gives a true and fair view of the Group's and Parent Company's activities, financial position and earnings from operations and describes the significant risks and uncertainties facing the Group and the Parent Company.

Stockholm, November 17, 2022

Torgny Hellström
Chairman of the Board

Kerstin Sundberg
Director

Mike Gamble
Director

Anna Lagerborg
Director

Thomas Lindgren
Director

Tobias Sjögren
Chief Executive Officer



Consolidated statement of comprehensive income

SEKk	NOTE	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Net sales	3	38,666	34,703	93,962	94,636	125,689
Direct costs	4	-16,007	-15,419	-45,114	-41,210	-56,302
Gross profit (-loss)		22,659	19,284	48,848	53,426	69,387
Selling and marketing costs	4	-3,670	-2,078	-10,883	-7,421	-12,946
Administrative expenses	4	-13,686	-14,698	-46,987	-38,072	-51,159
Other revenue		3,673	2,415	11,445	6,383	9,670
Other expenses		-	-	-	-68,672	-68,672
Operating profit (-loss)		8,976	4,923	2,423	-54,356	-53,720
Financial income	5	5	14	26	46	82
Financial expenses		-16,570	-13,016	-44,772	-38,119	-51,638
Share in profit or loss of holdings accounted for using the equity method		95	99	218	169	50
Profit (-loss) before tax		-7,494	-7,980	-42,105	-92,260	-105,226
Income tax		-291	-69	-942	3,340	1,758
Net profit (-loss) for the period		-7,785	-8,049	-43,047	-88,920	-103,468
Other comprehensive income that may subsequently be reclassified to profit and loss						
Exchange differences		-2,735	-788	-6,752	-1,641	-2,213
Total comprehensive income for the period		-10,520	-8,837	-49,799	-90,561	-105,681
Total comprehensive income for the period attributable to:						
Owners of the parent		-10,520	-8,837	-49,799	-90,561	-105,681
Earnings per share attributable to owners of the parent during the period (SEK):						
- Basic		-0.01	-0.01	-0.06	-0.12	-0.14
- Diluted		-0.01	-0.01	-0.06	-0.12	-0.14



Consolidated statement of financial position

SEKk	NOTE	2022-09-30	2021-09-30	2021-12-31
ASSETS				
<i>Intangible assets</i>				
Goodwill		51,240	41,376	42,445
Other intangible assets		179,770	207,050	199,903
Capitalized development cost for own games and technology development		289,940	176,646	201,569
Investments in publishing projects		3,974	3,974	3,974
<i>Financial assets</i>				
Financial assets		7,298	7,767	8,011
Investments in joint ventures	5	1,352	1,252	1,133
Non-current lease receivable		-	1,567	1,181
Deferred tax assets		4,235	4,474	4,278
<i>Property, plant and equipment</i>				
IT equipment and other equipment		2,175	2,153	2,045
Right-of-Use asset-Buildings		23,356	37,740	33,968
Total non-current assets		563,340	483,999	498,507
<i>Current assets</i>				
Trades and other receivables		19,991	25,337	16,190
Current lease receivable		-	1,972	1,845
Prepaid expenses and accrued income		36,019	32,861	29,033
Cash and cash equivalents		119,600	108,350	128,572
Total current assets		175,610	168,520	175,640
TOTAL ASSETS		738,950	652,519	674,147



Consolidated statement of financial position (cont.)

SEkk	NOTE	2022-09-30	2021-09-30	2021-12-31
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		14,492	14,492	14,492
Other contributed capital		1,979,111	1,979,111	1,979,111
Reserves		12,681	20,005	19,433
Retained earnings including net profit or loss for the period		-1,933,266	-1,875,671	-1,890,219
Total equity		73,018	137,937	122,817
<i>Non-current liabilities</i>				
Non-current lease liability		8,845	25,079	21,001
Other non-current liabilities		535,317	377,092	421,742
Total non-current liabilities		544,162	402,171	442,743
<i>Current liabilities</i>				
Trade and other payables		67,653	62,029	59,936
Current lease liability		15,892	18,137	17,806
Accrued expenses and deferred income		38,225	32,245	30,845
Total current liabilities		121,770	112,411	108,587
TOTAL EQUITY AND LIABILITIES		738,950	652,519	674,147





Consolidated statement of changes in equity

SEKK	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2022	14,492	1,979,111	19,433	-1,890,219	122,817
Net profit (-loss) for the period	-	-	-	-43,047	-43,047
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	-6,752	-	-6,752
Total comprehensive income	-	-	-6,752	-43,047	-49,799
Balance at 30 September 2022	14,492	1,979,111	12,681	-1,933,266	73,018
Balance at 1 January 2021	14,492	1,979,111	21,646	-1,786,751	228,498
Net profit (-loss) for the period	-	-	-	-103,468	-103,468
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	-2,213	-	-2,213
Total comprehensive income	-	-	-2,213	-103,468	-105,681
Balance at 31 December 2021	14,492	1,979,111	19,433	-1,890,219	122,817
				2022	2021
CHANGE IN NUMBER OF OUTSTANDING SHARES				JAN-SEP	JAN-DEC
Number of shares at the beginning of the period				724,609,266	724,609,266
Total shares outstanding at the end of the period				724,609,266	724,609,266

Consolidated statement of cash flows

SEKk	NOTE	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
<i>Operating activities</i>						
Cash flow from operations		8,976	4,923	2,423	-54,356	-53,720
Adjustment for non-cash items		13,433	12,949	39,950	109,405	121,610
Interest paid		-	-	-	-3,394	-3,394
Income taxes paid		-539	-461	-1,571	-2,307	-3,169
Cash flow from (-used in) operating activities before changes in working capital		21,870	17,411	40,802	49,348	61,327
<i>Cash flow from changes in working capital</i>						
Increase (+)/decrease (-) in operating receivables		3,399	2,107	-6,028	3,177	7,298
Increase (+)/decrease (-) in operating liabilities		-1,679	4,053	12,951	8,897	5,243
Cash flow from (-used in) operating activities after changes in working capital		23,590	23,571	47,725	61,422	73,868
<i>Investing activities</i>						
Purchase of property, plant and equipment		-235	-57	-1,082	-324	-993
Sold non-current assets		-	-28	-	70	70
Sold intangible assets		-	-	-	2,103	2,103
Purchase of intangible assets		-816	-53	-816	-91	-91
Change in other financial assets		13	388	2,230	1,177	1,393
Investments in own games and technology		-32,520	-25,109	-99,909	-83,314	-111,488
Cash flow from (-used in) investing activities		-33,558	-24,859	-99,577	-80,379	-109,006
<i>Financing activities</i>						
Repayment of loans		-117	-	-346	-55,887	-55,887
Financing game development		47,210	780	58,971	38,853	79,999
Overdraft facility		-	-	-860	1,114	1,115
Effect of financial lease		-3,934	-4,789	-15,166	-14,302	-19,055
Cash flow from financing activities		43,159	-4,009	42,599	-30,222	6,172
Cash flow for (-used in) the period		33,191	-5,297	-9,253	-49,179	-28,966
Cash and cash equivalents at the beginning of the period		86,288	113,581	128,572	157,423	157,423
Exchange difference in cash and cash equivalents		121	66	281	106	115
Cash and cash equivalents at the end of the period		119,600	108,350	119,600	108,350	128,572



Alternative performance measures, Group

	2022	2021	2022	2021	2021
	Q3	Q3	JAN-SEP	JAN-SEP	JAN-DEC
Net sales, SEkk	38,666	34,703	93,962	94,636	125,689
EBITDA, SEkk	24,352	19,890	47,011	-9,364	6,268
EBITDA adjusted, SEkk	24,352	19,890	47,011	59,308	74,940
EBIT, SEkk	8,976	4,923	2,423	-54,356	-53,720
Profit (-loss) before tax, SEkk	-7,494	-7,980	-42,105	-92,260	-105,226
Profit (-loss) after tax, SEkk	-7,785	-8,049	-43,047	-88,920	-103,468
EBITDA margin, %	63.0	57.3	50.0	-9.9	5.0
EBITDA margin, % adjusted	63.0	57.3	50.0	62.7	59.6
EBIT margin, %	23.2	14.2	2.6	-57.4	-42.7
Profit margin, %	-19.4	-23.0	-44.8	-97.5	-83.7
Equity to assets ratio, %	9.9	21.1	9.9	21.1	18.2
Closing price of A share for the period, SEK	0.93	1.26	0.93	1.26	1.01
Closing price of B share for the period, SEK	0.87	1.21	0.87	1.21	1.00
Basic earnings per share, SEK	-0.01	-0.01	-0.06	-0.12	-0.14
Diluted earnings per share, SEK	-0.01	-0.01	-0.06	-0.12	-0.14
Number of shares at end of period before dilution	724,609,266	724,609,266	724,609,266	724,609,266	724,609,266
Number of shares at end of period after dilution	724,609,266	724,609,266	724,609,266	724,609,266	724,609,266
Average number of shares before dilution	724,609,266	724,609,266	724,609,266	724,609,266	724,609,266
Average number of shares after dilution	724,609,266	724,609,266	724,609,266	724,609,266	724,609,266
Average number of employees	156	138	151	134	135
Number of employees at the end of the period	159	138	159	138	138



ALTERNATIVE PERFORMANCE MEASURES, GROUP

EBITDA

Earnings before interest, tax, depreciation, and amortization.

Adjusted EBITDA

Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items related to the license agreement for PAYDAY Crime War.

EBIT

Earnings before interest and taxes.

EBITDA margin

Earnings before interest, tax, depreciation, and amortization as a percentage of net sales

Adjusted EBITDA margin

Earnings before interest, tax, depreciation, and amortization as a percentage of net sales adjusted for

non-recurring items related to the license agreement for PAYDAY Crime War.

Operating margin

Earnings after depreciation and amortization as a percentage of net sales.

Profit margin

Profit after financial items as a percentage of total net sales.

Equity/assets ratio

Equity as a percentage of capital employed

Earnings per share

Profit or loss after tax divided by the average number of shares during the period.

Equity

Reported equity including 78 percent of untaxed reserves.



Reconciliation of alternative performance measures

	2022	2021	2022	2021	2021
	Q3	Q3	JAN-SEP	JAN-SEP	JAN-DEC
<i>EBITDA</i>					
Operating profit (-loss), SEKk	8,976	4,923	2,423	-54,356	-53,720
Amortization of intangible assets, SEKk	11,492	10,031	32,800	29,016	39,456
plant and equipment, SEKk	3,884	4,936	11,788	15,976	20,532
EBITDA	24,352	19,890	47,011	-9,364	6,268
EBITDA adjusted, SEKk	24,352	19,890	47,011	59,308	74,940
<i>EBITDA margin, %</i>					
EBITDA, SEKk	24,352	19,890	47,011	-9,364	6,268
EBITDA adjusted, SEKk	24,352	19,890	47,011	59,308	74,940
Net sales, SEKk	38,666	34,703	93,962	94,636	125,689
EBITDA margin, %	63.0	57.3	50.0	-9.9	5.0
EBITDA margin, % adjusted	63.0	57.3	50.0	62.7	59.6
<i>EBIT margin, %</i>					
Operating profit (-loss), SEKk	8,976	4,923	2,423	-54,356	-53,720
Net sales, SEKk	38,666	34,703	93,962	94,636	125,689
EBIT margin, %	23.2	14.2	2.6	-57.4	-42.7
<i>Profit margin, %</i>					
Profit (-loss) before tax, SEKk	-7,494	-7,980	-42,105	-92,260	-105,226
Net sales, SEKk	38,666	34,703	93,962	94,636	125,689
Profit margin, %	-19.4	-23.0	-44.8	-97.5	-83.7
<i>Equity to assets ratio, %</i>					
Total equity	73,018	137,937	73,018	137,937	122,817
Total equity and liabilities, SEKk	738,950	652,519	738,950	652,519	674,147
Equity to assets ratio, %	9.9	21.1	9.9	21.1	18.2

Alternative Performance Measures (APMs) are financial indicators of performance, financial position and cash flow not defined in the applicable reporting framework (IFRS). These are considered to be important additional key figures for the Group's performance. Since not all entities calculate financial measurements in the same way, they are not always comparable to those used by other entities.



Parent Company income statement

SEKk	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Net sales	6,364	6,569	21,474	16,903	24,100
Other operating revenue	7,102	2,394	18,524	5,088	35,116
Total sales	13,466	8,963	39,998	21,991	59,216
Other external expenses	-2,497	-1,900	-8,819	-7,972	-12,500
Employee benefit expense	-7,540	-7,808	-26,612	-20,274	-28,597
Depreciation of property, plant and equipment	-22	-44	-102	-184	-244
Operating profit (-loss)	3,407	-789	4,465	-6,439	17,875
Profit from holdings in group companies	-	-	-	19	19
Other financial income	2,106	1,462	5,502	4,177	5,599
Financial expenses	-15,035	-12,703	-42,814	-36,753	-50,008
Profit (-loss) after net financial income/expense	-9,522	-12,030	-32,847	-38,996	-26,515
Appropriations	-	-	-	-	-
Profit (-loss) before tax	-9,522	-12,030	-32,847	-38,996	-26,515
Income tax	-	-	-	-	-
Net profit (-loss) for the period	-9,522	-12,030	-32,847	-38,996	-26,515

For the parent company, net profit or loss for the period corresponds to comprehensive income.



Parent Company balance sheet

SEKK	2022-09-30	2021-09-30	2021-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	43	169	145
<i>Financial assets</i>			
Investments in group companies	325,923	322,685	325,924
Investments in associates	4,656	4,656	4,656
Other financial assets	2,173	2,612	2,621
Total non-current assets	332,795	330,122	333,346
<i>Current assets</i>			
Trade and other receivables	1,424	1,434	1,223
Receivables from group companies	1,370,227	1,343,801	1,346,719
Prepaid expenses and accrued income	474	350	629
Cash and cash equivalents	5,758	8,604	7,594
Total current assets	1,377,883	1,354,189	1,356,165
TOTAL ASSETS	1,710,678	1,684,311	1,689,511



Parent Company balance sheet (cont.)

SEKK	2022-09-30	2021-09-30	2021-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	14,492	14,492	14,492
Share premium reserve	1,889,898	1,912,127	1,912,128
Retained earnings	-1,146,373	-1,142,087	-1,142,088
Net profit (-loss) for the period	-32,847	-38,996	-26,515
Total equity	725,170	745,536	758,017
<i>Non-current liabilities</i>			
Other non-current liabilities	362,329	306,260	319,514
Total non-current liabilities	362,329	306,260	319,514
<i>Current liabilities</i>			
Trade payables	631	508	1,531
Liabilities to group companies	605,032	621,870	598,807
Other liabilities	2,941	3,442	2,452
Accrued expenses and deferred income	14,575	6,695	9,190
Total current liabilities	623,179	632,515	611,980
TOTAL EQUITY AND LIABILITIES	1,710,678	1,684,311	1,689,511



NOTES

NOT 1 ACCOUNTING AND VALUATION PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles and methods are consistent with those applied in 2021.

The Parent Company's report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

No new or revised IFRS rules have come into force that are expected to have a significant impact on the Group. For all financial assets and liabilities, the carrying amount is a good approximation of fair value.

NOT 2 PLEDGED ASSETS

Pledged assets in the Group relate to rental guarantees.

SEKk	2022-09-30	2021-09-30	2021-12-31
Pledged assets	585	585	585



NOT 3 NET SALES PER CATEGORY

SEKk Q2 2022	Starbreeze Games	Other	Total
PC	31,566	180	31,746
Consoles, Digital	4,517	30	4,547
Consoles, Retail	59	-	59
VR parks	-	-	-
Licensing	-	2,313	2,313
Other	1	-	1
Total net sales	36,143	2,523	38,666

SEKk Q2 2021	Starbreeze Games	Other	Total
PC	26,519	177	26,696
Consoles, Digital	4,632	-	4,632
Consoles, Retail	67	-	67
VR parks	-	-	-
Licensing	2	3,281	3,283
Other	25	-	25
Total net sales	31,245	3,458	34,703

SEKk JAN-JUN 2022	Starbreeze Games	Other	Total
PC	75,031	443	75,474
Consoles, Digital	14,306	60	14,366
Consoles, Retail	133	-	133
VR parks	-	-	-
Licensing	-	3,950	3,950
Other	39	-	39
Total net sales	89,509	4,453	93,962

SEKk JAN-JUN 2021	Starbreeze Games	Other	Total
PC	75,794	751	76,545
Consoles, Digital	13,705	-166	13,539
Consoles, Retail	166	-	166
VR parks	16	90	106
Licensing	224	3,963	4,187
Other	93	-	93
Total net sales	89,998	4,638	94,636



NOT 4 GROUP DEPRECIATION AND AMORTIZATION BY FUNCTION

SEKk	2022 Q3	2021 Q3	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
equipment					
Direct costs	-128	-891	-369	-2,792	-3,233
Selling and marketing costs	-6	-1	-18	-6	-8
Administrative expenses	-3,750	-4,044	-11,401	-13,178	-17,291
Total depreciation and impairment of property, plant and equipment	-3,884	-4,936	-11,788	-15,976	-20,532
Amortization and impairment of intangible assets					
Direct costs	-11,419	-9,961	-32,584	-28,809	-39,179
Administrative expenses	-73	-70	-216	-207	-277
Total amortization and impairment of intangible assets	-11,492	-10,031	-32,800	-29,016	-39,456
Total depreciation and amortization and impairment	-15,376	-14,967	-44,588	-44,992	-59,988



NOT 5 JOINT VENTURES STARVR CORPORATION

The company's joint venture with Acer, StarVR Corporation, is a sales and marketing company for StarVR's headset StarVR One. The company provides marketing and sales to the corporate market, as well as support and after-sales services. Starbreeze owns the intellectual property rights, such as patents, source codes and trademarks related to StarVR, while Acer is responsible for the manufacturing of the product. Development and the reference design work for the StarVR headset is performed by Starbreeze and Acer jointly. StarVR Corporation is responsible for all costs associated with the marketing and sale of the StarVR headset. Up until September 2018, Starbreeze incurred R&D-related costs, but these have since been transferred to StarVR Corporation. Manufacturing costs are borne by Acer, the exclusive supplier to StarVR Corporation.

The following reconciliation reflects adjustments made by the Group in applying the equity method, including fair value adjustments at the time of acquisition and adjustments for differences in accounting policies.

SEKk	2022-09-30
Reconciliation of net carrying amount:	
Balance of net assets at 1 January	3,434
Net profit (-loss) for the period	405
Exchange differences	258
Closing balance net assets	4,097

Group's share	33%
Group's share in SEKk	1,352
Net carrying amount	1,352

The table below provides condensed financial information for the holding in the joint venture company (StarVR Corporation) that the Group has deemed to be material. The information shows the amounts recognized in the joint venture's financial statements, and not Starbreeze's share of those amounts. The reconciliation of Starbreeze's share is shown above.

SEKk	2022-09-30
<i>Balance sheet in summary:</i>	
Current assets	12,454
Non-current assets	-
Current liabilities	-8,357
Net assets	4,097

<i>summary:</i>	
Sales	15
Net profit (-loss) for the period	405
period	405



Auditor's report

Starbreeze AB (publ) corp. reg. no. 556551-8932

Introduction

We have reviewed the condensed interim financial information (interim report) of Starbreeze AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all

significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Disclosure of particular importance

Without affecting our statements above, we would like to draw attention to the section "Risks and uncertainties". If the future launch of Payday 3 does not become profitable, there is a risk of impairment of intangible assets, shares in subsidiaries and receivables from Group companies.

Stockholm, 14 November 2022

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant





Investor relations

Current information about Starbreeze is available on the company's website starbreeze.com. It is possible to contact the company by email: ir@starbreeze.com, by calling: +46 (0)8-209 229, or by mail: Box 7731, 103 95 Stockholm, Sweden.

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Reports are published on the company's website starbreeze.com.

The quarter will be presented on November 17, 2022 at 10.30 a.m. on <https://www.finwire.tv/webcast/starbreeze/starbreeze-q3-presentation-2022/>

Financial calendar

Year-end report 2022	February 16, 2023
Annual report 2022	April 14, 2023
Interim report, Q1 2023	May 10, 2023
Interim report, Q2 2023	August 17, 2023
Interim report, Q3 2023	November 16, 2023

This information is information that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, via the contact persons set out above, at 7:30 am CET on November 17, 2022.

About Starbreeze

Starbreeze is an independent developer, creator and distributor of PC and console games targeting the global market, with studios in Stockholm, Barcelona and Paris. With the successful PAYDAY brand at its core, Starbreeze develops games based on proprietary and third-party rights, both in-house and in partnership with external game developers. Starbreeze shares are listed on Nasdaq Stockholm under the tickers STAR A and STAR B, with ISIN codes SE0007158928 (A share) and SE0005992831 (B share).



STARBREEZE
S T U D I O S

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