

Q4

Year-end Report

October – December 2023



Fourth quarter 2023

- Net sales amounted to SEK 69.2 million (33.6).
PAYDAY 2 accounted for SEK 18.3 million (32.4).
PAYDAY 3 accounted for SEK 36.2 million (0).
- EBITDA* amounted to SEK -20.6 million (19.4).
- Cashflow from operating activities amounted to 62.7 MSEK (10.1).
- Depreciation, amortization and impairment amounted to SEK 74.4 million (15.0).
- Profit/loss before taxes amounted to SEK -91.5 million (-12.3).
- Basic and diluted earnings per share amounted to SEK -0.06 (-0.02).

January - December 2023

- Net sales amounted to SEK 633.5 million (127.6),
PAYDAY 2 accounted for SEK 139.1 million (121.9),
PAYDAY 3 accounted for SEK 477.0 million (0).
- EBITDA* amounted to SEK 439.3 million (66.4).
- Cashflow from operating activities amounted to 114.6 MSEK (57.8).
- Depreciation, amortization, and impairment amounted to SEK 249.0 million (59.6).
- Profit/loss before taxes amounted to SEK 207.7 million (-54.4).
- Basic and diluted earnings per share amounted to SEK 0.19 (-0.08).
- Cash and cash equivalents amounted to SEK 347.8 million (108.2).
- In line with the company's dividend policy, the Board of Directors proposes that no dividend is paid for the 2023 financial year.

Significant events during and after the end of the period

- October 26, launch of Turtle vs Turtle, a Fortnite island.
- November 3, Starbreeze announced that it will publish GodsTV.
- November 7, Roboquest 1.0 was launched on Steam®, Xbox Series X|S, Xbox Game Pass and Epic Games Store.
- November 10, Chairman of the Board of Directors Torgny Hellström announced that he will not be available for re-election at the 2024 Annual General Meeting.
- November 30, two free heists were released for PAYDAY 3.
- December 4, Starbreeze announced that it had licensed the world's greatest role-playing game - Dungeons & Dragons® for Project Baxter.
- December 12, launch of first DLC for PAYDAY 3, Syntax Error.
- January 9, Starbreeze announced changes in Group management.
- January 10, the Starbreeze Nomination Committee announced the proposal to appoint Jürgen Goeldner as the new Chairman of the Board of Directors at the 2024 Annual General Meeting.
- January 17, Starbreeze announced the Early Access launch of The Tribe Must Survive on Steam on February 22, 2024.

KEY FIGURES

SEKk	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Net sales	69,219	33,640	633,510	127,602
EBITDA*	-20,639	19,369	439,340	66,380
Profit (-loss) before tax	-91,522	-12,298	207,656	-54,403
Earnings per share, SEK	-0.06	-0.02	0.19	-0.08
Cash flow from operations	62,668	10,100	114,575	57,825
Net sales per employee	353	204	3,443	829

*For definitions of performance measures, see page 26

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CEO's message

Long-term focus on PAYDAY™ 3

PAYDAY 3's sales and player activity are currently at significantly lower levels than we would like. Our biggest focus and absolute priority, both during and after the quarter, are the efforts needed to ensure that the game lives up to expectations. We are working closely with our co-publishing partner Plaion to identify the changes that we will implement, in both the short- and long-term, that add the most value to the gaming experience. The PAYDAY team will in February announce the changes and improvements that are prioritized for implementation.

There are many examples from the game industry, where a problematic initial time on the market is turned into long-term success. There is no simple recipe available, but a common thread from the positive examples is to take players' criticism to heart, dare to support your game and keeping an open and honest dialogue with your stakeholders. That is exactly what we are now doing with PAYDAY 3.

Few companies are blessed with a brand as strong as PAYDAY. At a time when our most recent game is lagging, PAYDAY 2 has fared slightly better than expected financially and with more than 400,000 active players in single months during the quarter. It shows the strength of the brand, and our potential to convert these to PAYDAY 3 as we deliver on our commitments.

Our long-term strategy is set; to build a strong and diversified Starbreeze. We will do this by developing games on our own IPs, on licensed IPs and as publisher for other studios' games. In December, we were able to reveal that our next major internal project, Baxter, will be based on Dungeons & Dragons® – the world's premiere role-playing game. Within our third-party publishing, Roboquest 1.0 was successfully launched with positive impact on both net sales and earnings. We now have more than six million registered users in our portal, Starbreeze Nebula.

RESULTS & FINANCIAL POSITION

Net sales during the quarter amounted to SEK 69.2 million, primarily driven by PAYDAY 3 and revenues linked to the launch of Roboquest 1.0. The results are partly weighed down by depreciation of the PAYDAY 3 asset in accordance with plan, and by significantly higher costs for external services related to game servers during the first part of the quarter. At the end of the quarter, these services were at a significantly better cost level, but we still see opportunities for further efficiencies. During the quarter we invested approximately SEK 41 million in our own game and technology development, mainly PAYDAY 3 and Project Baxter. At the end of the quarter, cash and short-term receivables totaled over SEK 500 million.

PAYDAY 3

In November, we launched a free DLC with two popular heists from PAYDAY 2 along with improvements and new



functionality. Early December, the first premium DLC was launched, “Syntax Error”, with a new heist, new enemies and new content among other things. The entire development team will now pivot to deliver on the initiatives to improve the game.

PROJECT "BAXTER"

In early December, we were finally able to reveal that we licensed Dungeons & Dragons® for use in our next game title. It is a brand that was always on the top of our lists of potential licenses to develop an action-adventure-game on. The Baxter team is currently in full pre-production and on track to launch in 2026.

THIRD PARTY PUBLISHING

Our business as a publisher of other studios' games continues to grow in a controlled manner, in line with our strategy. We will continue to leverage the experience, skills and capabilities we have at Starbreeze to help others bring their games to market. The portfolio currently consists of four projects, with Roboquest launched during the quarter to very warm reception from both players and industry media.

ORGANIZATION

During the quarter, the number of employees increased by nine, primarily new recruitment of specific skills for the development of Project Baxter. At

the end of the year, the number of employees amounted to 196 people.

CLOSING WORDS

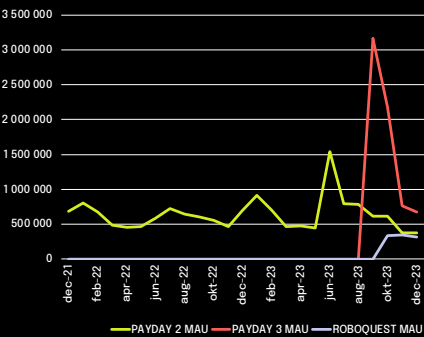
As a company, Starbreeze stands strong, with a strong cash position and a balance sheet largely free of debt. Our biggest focus now, and going forward, is PAYDAY 3. We know what needs to be done for the game to be a success over time, and we have the financial muscles, the community and brand in PAYDAY and the skills required to execute our plan. We continue to work towards our long-term strategy to have two Games as a Service games on the market by 2026 – PAYDAY 3 and Project Baxter – and a portfolio of projects within our third-party publishing.

TOBIAS SJÖGREN, CEO

Aggregated number of monthly unique users (MAU)

2 580 841

for PAYDAY 2 & 3 in October2023



Source: Game data through Starbreeze telemetry

Significant events during the quarter

Turtle vs Turtle launched in Fortnite

October 26, launch of Turtle vs Turtle, a Fortnite island, developed by Torus Games. [Read more here.](#)

Starbreeze publishes GodsTV by Melbot Studios

November 3, Starbreeze announced that it will publish GodsTV by Melbot Studios for release in 2026. [Read more here.](#)

Roboquest 1.0 launched in November

November 7, Roboquest 1.0 was launched on Steam®, Xbox Series X|S, Xbox Game Pass and Epic Games Store. [Read more here.](#)

Starbreeze Chairman declines re-election

November 10, Chairman of the Board of Directors Torgny Hellström announced that he would not be available for re-election at the 2024 Annual General Meeting. [Read more here.](#)

Two free heists for PAYDAY™ 3

November 30, release of a free update for PAYDAY 3 with two heists, new interaction animations, new functionality and over 200 bug fixes. [Read more here.](#)

Starbreeze to develop and publish game based on the Dungeons & Dragons® IP

December 4, Starbreeze announced that it had licensed

the world's greatest role-playing game – Dungeons & Dragons® – for use in the upcoming Project Baxter. [Read more here.](#)

PAYDAY™ 3: Chapter 1 – Syntax error

December 12, launch of first DLC for PAYDAY 3, Syntax Error. The DLC consists of a heist, a weapon pack and a tailor pack. [Read more here.](#)

Significant events after the end of the period

Starbreeze announces changes in Group management

January 9, Starbreeze announced changes in Group management in connection with the recruitment of a new Chief Strategy Officer. [Read more here.](#)

Jürgen Goeldner proposed as new Chairman of Starbreeze

January 10, the Starbreeze Nomination Committee announced the proposal to appoint Jürgen Goeldner as the new Chairman of the Board of Directors at the Annual General Meeting in May 2024. [Read more here.](#)

Early Access launch of The Tribe Must Survive in February

January 17, Starbreeze announced the Early Access launch of The Tribe Must Survive on Steam® on February 22. [Read more here.](#)





Net sales and
earnings

02

Net sales and earnings

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

Fourth quarter 2023

Sales

Net sales for the quarter amounted to SEK 69.2 million (33.6). Overall, sales were up 106 percent during the quarter. The increase is attributable to PAYDAY 3 and revenue relating to third-party publishing. Games sales amounted to SEK 54.4 (32.9) million, Third-party publishing to SEK 14.1 (0) million and Licensing to SEK 0.5 (0.8) million.

Starbreeze's reported revenue attributable to PAYDAY 3 amounted to SEK 36.2 million. Of the sales, SEK 12.5 million is revenue related to game financing received for the development of DLC. All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, PlayStation 5, and Epic Games Store platforms. Sales consist of sales of different editions of the base game, license versions, and sales of DLC.

PAYDAY 2 sales amounted to SEK 18.3 million (32.4) and relate to Steam, Epic Games Store and console platform sales.

Costs

Direct costs amounted to SEK 111.3 million (15.4) and consist of costs linked to game production and game development. Direct costs include depreciation of SEK 68.5 million (11.2), server costs of SEK 19.8 million (0.2), cost related to personnel of SEK 37.0 million (30.2) and revenue sharing related to third-party publishing of SEK 7.1 million (1.2). The higher costs are due to depreciating PAYDAY 3 in

accordance with the depreciation schedule for the asset, as well as costs, partly of a one-off nature, relating to the launch of PAYDAY 3 of about SEK 15 million.

Capitalized development expenditure reduced the direct costs by SEK 37.8 million (34.3) and relates to the games PAYDAY 3 and Baxter, and development of new IP.

Sales and marketing costs amounted to SEK 15.3 million (4.9) and relate to marketing activities and personnel costs. The increase is mainly attributable to more marketing activities for PAYDAY 3 amounting to SEK 5.9 million and higher personnel costs of SEK 2.8 million.

Administrative expenses amounted to SEK 22.3 million (17.1) and include office expenses and salaries for personnel who do not work in game production or marketing, as well as other external costs. The increase in costs is mainly attributable to costs relating to personnel, of which SEK 5.0 million consists of external costs related to the launch of PAYDAY 3 and personnel-related changes.

Administrative expenses include depreciation of SEK 4.0 million (3.8). Capitalized development expenditure reduced administrative expenses by SEK 9.9 million (8.9) and relates to the games PAYDAY 3, Baxter and other IP.

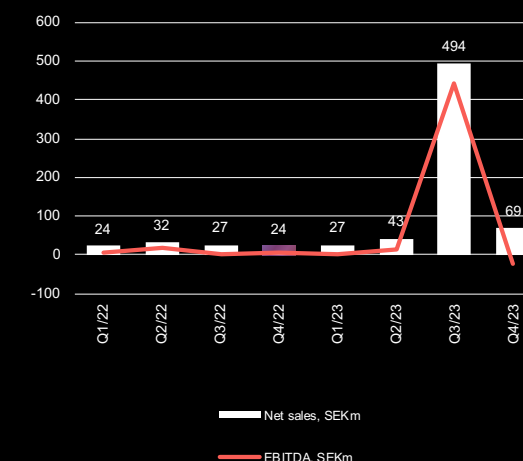
Other revenue amounted to SEK 2.5 million (8.1). The item consists of forwarded costs relating to PAYDAY 3 of SEK 1.6 (12.9) million and rental income of SEK 0.9 (0.8) million.

Other expenses amounted to SEK -17.8 million (0) and relate to exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currency. The corresponding expense in the previous year amounted to SEK -5.1 million and was reported under other income.

Net sales and earnings

	2023	2022	2023	2022
SEKk	Q4	Q4	JAN-DEC	JAN-DEC
Net sales	69,219	33,640	633,510	127,602
EBITDA *	-20,639	19,369	439,340	66,380
Profit (-loss) before tax	-91,522	-12,298	207,656	-54,403
Net profit (-loss) for the period	-91,747	-16,761	207,632	-59,808
Earnings per share, SEK	-0.06	-0.02	0.19	-0.08
Net sales growth, %	105.8	8.3	396.5	1.5
EBITDA margin, %	-29.8	57.6	69.4	52.0

*See page 26 for the definitions of key figures



Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK -20.6 million (19.4). The decrease in earnings is attributable to increased costs in connection with the launch of PAYDAY 3, higher non-capitalizable payroll costs and revenue sharing linked to publishing activities.

Net financial income/expenses

Net financial income/expense amounted to SEK 3.5 million (-16.6). During the quarter, the company received interest relating to the company's holdings in banks.

The game financing received for the development of PAYDAY 3 was hedged during the year through the purchase of currency derivatives. The future derivatives are subject to a monthly market valuation and in the quarter this valuation had a positive impact on profit/loss through an unrealized change in value of SEK 0.9 million (-0.7). The last derivative linked to the PAYDAY 3 game financing has now matured and there are no outstanding derivatives as at December 31, 2023.

During the quarter, interest expenses on lease liabilities of SEK -0.1 million (-0.1) were charged to net financial income/expense.

Profit/loss before taxes and profit/loss for the quarter

Profit/loss before taxes amounted to SEK -91.5 million (-12.3).

Earnings for the period were SEK -91.7 million (-16.8).

Basic and diluted earnings per share amounted to SEK -0.06 (-0.02).

January-December 2023

Sales

Net sales for the full year 2023 amounted to SEK 633.5 million (127.6). The increase is attributable to the launch of PAYDAY 3 in September 2023. Game sales amounted to SEK 616.7 million (122.8), third-party publishing to SEK 14.9 million (0) and licensing to SEK 1.7 million (4.7).

Starbreeze's reported revenue attributable to PAYDAY 3 amounted to SEK 477.0 million (0). Of the sales, SEK 259.6 million is revenue related to previously received game financing and SEK 217.4 million is revenue sharing under the co-publishing agreement. All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, PlayStation 5, and Epic Games Store platforms. Sales consists of sales of different editions of the base game and license versions, including one-off revenue from platform owners and sales of DLC.

PAYDAY 2 sales amounted to SEK 139.1 million (121.9) and relate to sales on Steam and Epic Games Store. Overall, sales were up 14.1 percent during the period.

Costs

Direct costs amounted to SEK -309.3 million (60.5) and consist of costs linked to game production and game development. Direct costs include depreciation of SEK 231.6 million (44.2), costs for servers SEK 41.5 million (1.3), costs related to personnel SEK 130.2 million (102.7) and revenue sharing related to third-party publishing SEK 10.8 million (6.4). The higher costs are due to depreciating PAYDAY 3 in accordance with the depreciation schedule for the asset, as well as initially higher costs relating to the launch of PAYDAY 3, such as matchmaking and server costs of SEK 30 million.

Capitalized development expenditure reduced the direct costs by SEK 143.7 million (112.5) and relates to the games

Specification of net financial income/expenses

SEKk	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Interest on convertible bonds	-	-8,791	5,803	-32,873
Net profit (-loss) from StarVR Corp.	-89	-50	-64	168
Implicit interest	-	-6,909	7,130	-25,653
Interest bank	3,098	-	3,098	-
Interest on lease liability	-56	-146	-359	-723
Unrealized change in value of derivatives	877	-737	2,102	-2,102
Other items	-341	12	-356	34
Total	3,490	-16,621	17,353	-61,149

PAYDAY 2, PAYDAY 3 and Baxter, and development of other IP.

Sales and marketing costs amounted to SEK 46.8 million (15.8) and relate to marketing activities and personnel costs. The increase is mainly attributable to the impairment of doubtful accounts receivable related to re-invoiced marketing costs of SEK 8.1 million, higher costs relating to personnel of SEK 7.4 million and more completed marketing activities related to PAYDAY 3 of SEK 6.6 million.

Administrative expenses amounted to SEK 79.4 million (64.1) 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 attributable to costs relating to personnel, the majority of which are payroll costs, cost for changes in personnel, reserved payroll costs related to the company's long-term incentive program for PAYDAY 3, and external costs, such as IT-related costs and legal expenses.

Administrative expenses include depreciation of SEK 15.6 million (15.4). Capitalized development expenditure reduced administrative expenses by SEK 36.8 million (30.6) and relates to the games PAYDAY 2 and PAYDAY 3, and other IP.

Other revenue amounted to SEK 13.7 million (19.5). The item consists of re-invoiced costs relating to PAYDAY 3 of SEK 9.9 (12.9) million, and rental income of SEK 3.5 million (3.0).

Other expenses amounted to SEK -21.4 million (0) and relate to exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currency. The corresponding amount last year was SEK 4.1 million and was recognized under other income.

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 439.3 million (66.4). The increase is due to the launch of PAYDAY 3.

Net financial income/expenses

Net financial income/expense amounted to SEK 17.4 million (-61.1). The income is mainly attributable to the renegotiation of the company's convertible loan and related debt of SEK 28.3 million. Taking into account the cost of the loan for the period, the net effect amounted to SEK 13.0 million (-58.5). The convertible loan was converted into shares in July and the debt was amortized.

During the period, the company purchased currency derivatives to hedge the game financing that it expects to receive for the development of PAYDAY 3. The future derivatives are subject to a monthly market valuation and in the period this valuation had a positive impact on profit/loss through an unrealized change in value of SEK 2.1 million (-2.1). There are no outstanding derivatives as of December 31, 2023.

During the period, interest expenses on lease liabilities of SEK -0.4 (-0.7) million were charged to net financial income/expense.

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

Profit/loss before taxes for the period amounted to SEK 207.7 million (-54.4).

Profit/loss for the period amounted to SEK 207.6 million (-59.8). Basic and diluted earnings per share amounted to SEK 0.19 (-0.08).





Other financial
information

03

Other financial information

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

Fourth quarter 2023

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK -23.4 million (24.6), with negative operating profit amounting to SEK -95.0 million (4.3) and adjustments for items not included in cash flow amounting to SEK 68.4 million (20.0). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 74.4 million (15.0) and exchange rate effects of SEK 5.8 million (5.9). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -12.5 million. The debt was settled in conjunction with the launch of DLC and previously received financing for game development was recognized as income without any impact on cash flow. The cash flow effect has already occurred as the game financing was received on an ongoing basis during the PAYDAY 3 development phase.

Cash flow from operating activities after changes in working capital amounted to SEK 62.7 million (10.1). The

paid receivable linked to PAYDAY 3 sales had a positive effect on working capital.

Cash flow from investing activities amounted to SEK -53.5 million (-44.4), of which investments in proprietary game development accounted for SEK -41.1 million (-43.2). Investments in licenses amounted to SEK -11.1 million (0.0).

Cash flow from financing activities amounted to SEK 25.8 (22.9) million and is a result of the game financing received for the development of DLC for PAYDAY 3 of SEK 30.0 million, and leasing expenses amounted to SEK -3.8 million (-3.9).

Total cash flow for the period was SEK -35.0 million (-11.3). Cash and cash equivalents at the end of the quarter amounted to SEK 347.8 million (108.2).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -1.1 million (-0.2). Investments in proprietary game and technology development amounted to SEK -41.1 million (-43.2).

Cash and cash equivalents at December 31st 2023

SEK 347.8m

Period January–December 2023

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 190.0 million (65.4), with positive operating profit amounting to SEK 190.3 million (6.7) and adjustments for items not included in cash flow amounting to SEK -2.5 million (59.9).

Adjustments for items not included in the cash flow consist of the depreciation of assets of SEK 249.0 million (59.6) and exchange rate effects of SEK 5.9 million (1.1). The amount includes the payment made in relation to financing for game development previously received from Plaion. This amounted to SEK -259.6 million. The debt was settled in conjunction with the launch of PAYDAY 3 and previously received financing for game development was recognized as income without any impact on cash flow. The cash flow effect has already occurred as the game financing was received on an ongoing basis during the PAYDAY 3 development phase.

Cash flow from operating activities after changes in working capital amounted to SEK 114.6 million (57.8). The receivable linked to PAYDAY 3 sales had a negative effect on working capital. Starbreeze receives cash only after Plaion receives cash, and Starbreeze has issued an invoice for share to which Starbreeze is entitled according to the terms of the revenue sharing agreement.

Cash flow from investing activities amounted to SEK -202.4 million (-143.9), of which investments in proprietary game development accounted for SEK -173.9 million (-143.1). Investments in publishing projects amounted to SEK -13.9 million (0.0) and licenses to SEK -11.1 million (0).

Cash flow from financing activities amounted to SEK 327.4 million (65.5) and is a result of the preferential rights issue carried out in the second quarter of 2023, which had a positive effect on cash flow of SEK 414.2 million. The company's financial debt of SEK -147.5 million was amortized in July. During the period, the company received game financing from Plaion of SEK 77.9 million (86.1). Leasing expenses amounted to SEK -15.3 million (-19.1).

Total cash flow for the period was SEK 239.6 million (-20.6). Cash and cash equivalents at the end of the quarter amounted to SEK 347.8 million (108.2).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -3.5 million (-1.3). Investments in proprietary game and technology development amounted to SEK -173.9 million (-143.1).



Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 46.7 million (48.3). The decrease in goodwill is attributable to the revaluation of assets in foreign currency.

Licenses amount to SEK 11.1 million (0) and consist of rights to use IP rights.

Intangible assets, consisting mainly of IP rights, amounted to SEK 141.9 million (174.3).

Capitalized expenditure for proprietary game and technology development amounted to SEK 312.0 million (328.2).

Investments in publishing projects amounted to SEK 6.8 million (4.0).

Depreciation and write-downs of intangible assets amounted to SEK 233.6 million (44.1) during the period. The increase is due to the depreciation of PAYDAY 3.

Current assets

Trade and other receivables amounted to SEK 164.2 million (11.6), of which trade receivables linked to Payday 3 amounted to SEK 157.1 million. Starbreeze receives cash only after Plaion receives cash, and Starbreeze has issued an invoice for the share to which Starbreeze is entitled according to the terms of the revenue sharing agreement.

Prepaid expenses and accrued income at the end of the period amounted to SEK 62.0 million (40.6), of which SEK 17.1 million (16.8) relates to receivables for PAYDAY 2 and PAYDAY 3 sales.

Equity

Group equity at the balance sheet date amounted to SEK 894.7 million (56.8). The increase in equity is a result of the preferential rights issue carried out in the

second quarter of 2023 and the conversion of the company's convertible loan in the third quarter of 2023.

Non-current liabilities

Non-current liabilities amounted to SEK 2.0 million (386.5). The convertible loan was converted to shares, SEK 215.1 million, and the related debt of SEK -147.5 amortized in July 2023. The corresponding debt in the fourth quarter of 2022 was 378.0. Non-current lease liabilities amounted to SEK 0.2 million (5.4) and deferred tax liabilities amounted to SEK 1.3 million (1.4).

Current liabilities

Current liabilities amounted to SEK 214.8 million (303.2). Trade payables and other liabilities at the end of the period amounted to SEK 100.2 million (245.7). Current lease liabilities amounted to SEK 6.5 million (16.2). Accrued expenses and deferred income at the end of the period was SEK 108.1 million (39.2).

The convertible loan was converted to shares and final amortization of related debt was carried out during the period. SEK 247.1 million was credited to liabilities in connection with the release of PAYDAY 3. Crediting does not affect cash flow.

Share capital

The share capital at the end of the period amounted to SEK 29,535 241 (14,492,185) divided into 1,476,762,040 shares (724,609,266), with 149,372,353 class A shares (166,261,344) and 1,327,389,687 class B shares (558,347,922).

Risks and uncertainties

To prepare interim reports and annual financial statements in accordance with generally accepted accounting principles, management must make assumptions and estimates that affect the assets, liabilities and income reported in the financial

Distribution of employees

	2023	2022
	Q4	Q4
Employees	196	165
Men	161	139
Women	35	26

No. of employees

196

statements. Actual results may differ from these estimates.

The biggest risks and uncertainties are low revenues when launching games and project delays. These and other risks, such as copyright infringement, loss of key personnel, and exchange rate fluctuations, are described in the Starbreeze Annual Report 2022 in the management report on pages 59–60 and in Note 3 and in the prospectus regarding rights issue 2023 on pages 11–21. 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 earnings.

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 accounts and other assets and liabilities in foreign currency. In the long term, however, a falling US dollar exchange rate will have a negative impact on profit margins. As the Group has foreign subsidiaries, there is also translation exposure.

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, Enterspace AB, Starbreeze IP AB, and Starbreeze Studios UK Ltd. Enterspace International AB and Starbreeze Ventures AB were liquidated during the period.

The Parent Company's net sales during the quarter amounted to SEK 8.3 million (7.3) and for the period to SEK 32.4 million (28.8). Sales mainly relate to the allocation of management fees.

Profit before and after taxes was SEK 580.0 million (-20.1) for the quarter and SEK -597.6 million (-52.9) for the period. The Parent Company wrote down internal receivables of SEK -513.6 million in connection with the completion of the final parts of the restructuring during the year, i.e. conversion of convertible loan and amortization of related debt. The write-down was done in order to harmonize the recognized amounts in the parent company compared to the group and based on current evaluations. The write-down, related to internal receivables, does not impact the group.

At the end of the period, cash and cash equivalents amounted to SEK 161.8 million (2.8) and the Parent Company's equity was SEK 736.8 million (705.1).

The company's convertible loan was converted and related debt was amortized during the period and liabilities are therefore 0.

Related-party transactions

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

Auditor's review

This year-end report has not been examined 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 material risks and uncertainties facing the Group and the Parent Company.

Stockholm, February 15th, 2023

Torgny Hellström
Chairman of the Board

Anna Lagerborg
Board member

Thomas Lindgren
Board member

Christine Rankin
Board member

Jon Gillard
Board member

Jürgen Goeldner
Board member

Tobias Sjögren
CEO





Financial reports

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Consolidated statement of comprehensive income

SEKk	NOTE	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Net sales	3	69,219	33,640	633,510	127,602
Direct costs	4	-111,321	-15,413	-309,271	-60,527
Gross profit (-loss)		-42,102	18,227	324,239	67,075
Selling and marketing costs	4	-15,346	-4,912	-46,824	-15,795
Administrative expenses	4	-22,309	-17,087	-79,406	-64,074
Other revenue		2,526	8,095	13,707	19,540
Other expenses		-17,781	-	-21,413	-
Operating profit (-loss)		-95,012	4,323	190,303	6,746
Financial income		3,062	13	3,098	39
Financial expenses		517	-16,584	14,319	-61,356
Share in profit or loss of holdings accounted for using the equity method		-89	-50	-64	168
Profit (-loss) before tax		-91,522	-12,298	207,656	-54,403
Income tax		-225	-4,463	-24	-5,405
Net profit (-loss) for the period		-91,747	-16,761	207,632	-59,808
Other comprehensive income that may subsequently be reclassified to profit and loss					
Exchange differences		3,389	529	940	-6,223
Total comprehensive income for the period		-88,358	-16,232	208,572	-66,031
Total comprehensive income for the period attributable to:					
Owners of the parent		-88,358	-16,232	208,572	-66,031
Earnings per share attributable to owners of the parent during the period (SEK):					
- Basic		-0.06	-0.02	0.19	-0.08
- Diluted		-0.06	-0.02	0.19	-0.08

Consolidated statement of financial position, Group

SEKk	NOTE	2023-12-31	2022-12-31
ASSETS			
<i>Intangible assets</i>			
Goodwill		46,666	48,339
Licenses		11,121	-
Other intangible assets		141,852	174,310
Capitalized development cost for own games and technology development		311,976	328,190
Investments in publishing projects		6,758	3,974
<i>Financial assets</i>			
Financial assets		7,253	7,291
Investments in joint ventures		1,238	1,302
<i>Property, plant and equipment</i>			
IT equipment and other equipment		4,428	2,157
Right-of-Use asset-Buildings		6,164	20,363
Total non-current assets		537,456	585,926
<i>Current assets</i>			
Trades and other receivables		164,244	11,622
Prepaid expenses and accrued income		62,041	40,640
Cash and cash equivalents		347,752	108,217
Total current assets		574,037	160,479
TOTAL ASSETS		1,111,493	746,405

Consolidated statement of financial position, Group (cont.)

SEKK	NOTE	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
<i>Equity attributable to owners of the parent</i>			
Share capital		29,535	14,492
Other contributed capital		2,593,362	1,979,111
Reserves		14,150	13,210
Retained earnings including net profit or loss for the period		-1,742,395	-1,950,027
Total equity		894,652	56,786
<i>Non-current liabilities</i>			
Deferred tax liability		1,345	1,383
Non-current lease liability		158	5,432
Other non-current liabilities		489	379,647
Total non-current liabilities		1,992	386,462
<i>Current liabilities</i>			
Trade and other payables		100,202	245,708
Derivatives		-	2,102
Current lease liability		6,534	16,187
Accrued expenses and deferred income		108,113	39,160
Total current liabilities		214,849	303,157
TOTAL EQUITY AND LIABILITIES		1,111,493	746,405

Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2023	14,492	1,979,111	13,210	-1,950,027	56,786
Net profit (-loss) for the period	-	-	-	207,632	207,632
Other comprehensive income for the period					
Translation differences	-	-	940	-	940
Total comprehensive income	-	-	940	207,632	208,572
Conversion of convertible loan	2,966	212,086	-	-	215,052
New issue	12,077	440,804	-	-	452,881
Issue cost recognized in equity	-	-38,639	-	-	-38,639
Total contribution from and value transfers to shareholders, recognized directly in equity	15,043	614,251	-	-	629,294
Balance at 31 December 2023	29,535	2,593,362	14,150	-1,742,395	894,652
Balance at 1 January 2022	14,492	1,979,111	19,433	-1,890,219	122,817
Net profit (-loss) for the period	-	-	-	-59,808	-59,808
Other comprehensive income for the period					
Translation differences	-	-	-6,223	-	-6,223
Total comprehensive income	-	-	-6,223	-59,808	-66,031
Balance at 31 December 2022	14,492	1,979,111	13,210	-1,950,027	56,786
2023					2022
CHANGE IN NUMBER OF OUTSTANDING SHARES				JAN-DEC	JAN-DEC
Number of shares at the beginning of the period				724,609,266	724,609,266
New issue				603,841,050	-
Conversion of convertible loan				148,311,724	-
Total shares outstanding at the end of the period				1,476,762,040	724,609,266

Consolidated statement of cash flows, Group

SEKk	NOTE	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
<i>Operating activities</i>					
Cash flow from operations		-95,012	4,323	190,303	6,746
Adjustment for non-cash items		68,409	19,995	-2,522	59,945
Interest received		3,062	-	3,098	-
Income taxes paid		92	303	-902	-1,268
Cash flow from (-used in) operating activities before changes in working capital		-23,449	24,621	189,977	65,423
<i>Cash flow from changes in working capital</i>					
Increase (+)/decrease (-) in operating receivables		44,450	-9,897	-164,423	-15,925
Increase (+)/decrease (-) in operating liabilities		41,667	-4,624	89,021	8,327
Cash flow from (-used in) operating activities after changes in working capital		62,668	10,100	114,575	57,825
<i>Investing activities</i>					
Purchase of property, plant and equipment		-1,129	-189	-3,506	-1,271
Purchase of intangible assets		-11,121	-955	-11,121	-1,771
Change in other financial assets		-	-6	-	2,224
Investments in own games and technology		-41,123	-43,209	-173,852	-143,118
Investments in publishing projects		-135	-	-13,900	-
Cash flow from (-used in) investing activities		-53,508	-44,359	-202,379	-143,936
<i>Financing activities</i>					
New issue		-	-	452,881	-
Costs related to new issues		-	-	-38,638	-
Repayment of loans		-349	-327	-149,370	-673
Financing game development		29,992	27,148	77,857	86,119
Overdraft facility		-	-	-	-860
Effect of financial lease		-3,821	-3,898	-15,285	-19,064
Cash flow from financing activities		25,822	22,923	327,445	65,522
Cash flow for (-used in) the period		34,982	-11,336	239,641	-20,589
Cash and cash equivalents at the beginning of the period		312,907	119,600	108,217	128,572
Exchange difference in cash and cash equivalents		-137	-47	-106	234
Cash and cash equivalents at the end of the period		347,752	108,217	347,752	108,217

Performance measures, Group

	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Net sales, SEKk	69,219	33,640	633,510	127,602
EBITDA, SEKk	-20,639	19,369	439,340	66,380
EBIT, SEKk	-95,012	4,323	190,303	6,746
Profit (-loss) before tax, SEKk	-91,522	-12,298	207,656	-54,403
Profit (-loss) after tax, SEKk	-91,747	-16,761	207,632	-59,808
EBITDA margin, %	-29.8	57.6	69.4	52.0
EBIT margin, %	-137.3	12.9	30.0	5.3
Profit margin, %	-132.2	-36.6	32.8	-42.6
Equity to assets ratio, %	80.5	7.6	80.5	7.6
Closing price of A share for the period, SEK *	0.50	1.56	0.50	1.56
Closing price of B share for the period, SEK *	0.47	1.28	0.47	1.28
Basic earnings per share, SEK	-0.06	-0.02	0.19	-0.08
Diluted earnings per share, SEK	-0.06	-0.02	0.19	-0.08
Number of shares at end of period before dilution	1,476,762,040	724,609,266	1,476,762,040	724,609,266
Number of shares at end of period after dilution	1,476,762,040	724,609,266	1,476,762,040	724,609,266
Average number of shares before dilution	1,476,762,040	724,609,266	1,097,076,815	724,609,266
Average number of shares after dilution	1,476,762,040	724,609,266	1,097,076,815	724,609,266
Average number of employees	196	165	184	154
Number of employees at the end of the period	194	165	194	165

Performance measures, Group

EBITDA

Earnings before interest, tax, depreciation, and amortization.

EBIT

Earnings before interest and taxes.

EBITDA-margin

Operating income before depreciation and amortization as a percentage of net sales.

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 79.4 percent of untaxed reserves.

Reconciliation of alternative performance measures

	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
<i>EBITDA</i>				
Operating profit (-loss), SEKk	-95,012	4,323	190,303	6,746
Amortization of intangible assets, SEKk	70,399	11,280	233,609	44,080
Depreciation of property, plant and equipment, SEKk	3,974	3,766	15,428	15,554
EBITDA	-20,639	19,369	439,340	66,380
<i>EBITDA margin, %</i>				
EBITDA, SEKk	-20,639	19,369	439,340	66,380
Net sales, SEKk	69,219	33,640	633,510	127,602
EBITDA margin, %	-29.8	57.6	69.4	52.0
<i>EBIT margin, %</i>				
Operating profit (-loss), SEKk	-95,012	4,323	190,303	6,746
Net sales, SEKk	69,219	33,640	633,510	127,602
EBIT margin, %	-137.3	12.9	30.0	5.3
<i>Profit margin, %</i>				
Profit (-loss) before tax, SEKk	-91,522	-12,298	207,656	-54,403
Net sales, SEKk	69,219	33,640	633,510	127,602
Profit margin, %	-132.2	-36.6	32.8	-42.6
<i>Equity to assets ratio, %</i>				
Total equity	894,652	56,786	894,652	56,786
Total equity and liabilities, SEKk	1,111,493	746,405	1,111,493	746,405
Equity to assets ratio, %	80.5	7.6	80.5	7.6

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	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Net sales	8,324	7,299	32,381	28,773
Other operating revenue	-10,495	-1,343	-2,826	17,181
Total sales	-2,171	5,956	29,555	45,954
Other external expenses	-3,792	-4,091	-16,912	-12,910
Employee benefit expense	-13,398	-8,653	-42,220	-35,265
Depreciation of property, plant and equipment	-4	-10	-15	-112
Operating profit (-loss)	-19,365	-6,798	-29,592	-2,333
Profit from holdings in group companies	-566,046	-	-594,846	-
Other financial income	5,397	2,415	13,841	7,917
Financial expenses	-	-15,688	12,965	-58,502
Profit (-loss) after net financial income/expense	-580,014	-20,071	-597,632	-52,918
Appropriations	-	-	-	-
Profit (-loss) before tax	-580,014	-20,071	-597,632	-52,918
Income tax	-	-	-	-
Net profit (-loss) for the period	-580,014	-20,071	-597,632	-52,918

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

Parent company balance sheet

SEKk	2023-12-31	2022-12-31
ASSETS		
<i>Non-current assets</i>		
<i>Property, plant and equipment</i>		
Computers and other equipment	7	33
<i>Financial assets</i>		
Investments in group companies	336,059	331,373
Investments in associates	4,656	4,656
Other financial assets	2,208	2,215
Total non-current assets	342,930	338,277
<i>Current assets</i>		
Trade and other receivables	956	1,094
Receivables from group companies	740,139	1,210,094
Prepaid expenses and accrued income	622	516
Cash and cash equivalents	161,826	2,782
Total current assets	903,543	1,214,486
TOTAL ASSETS	1,246,473	1,552,763

Parent company balance sheet (cont.)

SEKk	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	29,535	14,492
Share premium reserve	2,526,379	1,912,128
Retained earnings	-1,221,521	-1,168,603
Net profit (-loss) for the period	-597,632	-52,918
Total equity	736,761	705,099
<i>Non-current liabilities</i>		
Other non-current liabilities	-	378,016
Total non-current liabilities	-	378,016
<i>Current liabilities</i>		
Trade payables	1,400	756
Liabilities to group companies	480,753	448,771
Other liabilities	2,788	2,508
Accrued expenses and deferred income	24,771	17,613
Total current liabilities	509,712	469,648
TOTAL EQUITY AND LIABILITIES	1,246,473	1,552,763

Notes

Note 1 Accounting and valuation principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles and calculation methods are consistent with those applied in 2022.

The Parent Company's report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and in accordance with the same accounting principles and calculation methods as the Annual Report 2022 (Note 2, pages 70–74).

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.

Note 2 Pledged assets

In March 2021, Starbreeze entered into a co-publishing agreement with Plaion regarding PAYDAY 3. The agreement covers both product development and marketing of PAYDAY 3 as well as the continued development and marketing of the game according to the Starbreeze Games as a Service model. All development of the game is done by Starbreeze, which owns the brand and all other rights associated with the brand, and Plaion will distribute and actively assist in promoting the game and managing local communities. In order to hedge investments made by Plaion under the agreement, all shares in Starbreeze's wholly-owned subsidiary, New Starbreeze Publishing PD IP AB, have been pledged in favor of Plaion.

SEKk	2023-12-31	2022-12-31
Pledged assets	239,978	239,978

Note 3 Net sales per category

SEKk	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Game sales	54,433	32,866	616,681	122,842
3rd party publishing	14,104	-	14,885	-
Licensing	549	771	1,682	4,721
Other	133	3	262	39
Total net sales	69,219	33,640	633,510	127,602

Note 4 Group depreciation and amortization by function

SEKk	2023 Q4	2022 Q4	2023 JAN-DEC	2022 JAN-DEC
Depreciation and impairment of property, plant and equipment				
Direct costs	-20	-28	-91	-397
Selling and marketing costs	-6	-6	-24	-24
Administrative expenses	-3,948	-3,732	-15,313	-15,133
Total depreciation and impairment of property, plant and equipment	-3,974	-3,766	-15,428	-15,554
Amortization and impairment of intangible assets				
Direct costs	-68,498	-11,204	-231,471	-43,788
Selling and marketing costs	-1,822	0	-1,822	0
Administrative expenses	-79	-76	-316	-292
Total amortization and impairment of intangible assets	-70,399	-11,280	-233,609	-44,080
Total depreciation and amortization and impairment	-74,373	-15,046	-249,037	-59,634

Other
information



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About Starbreeze

Starbreeze is an independent developer, publisher, and distributor of PC and consoles targeting the global market, with studios in Stockholm, Barcelona, Paris and London. Housing the smash hit IP PAYDAY™, 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

Read more on www.starbreeze.com and corporate.starbreeze.com

This information is information that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, via the contact persons set out above, at 6:45 am CEST on February 15, 2024.

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Financial calendar

Annual report 2023	April 11, 2024
Interim report Q1	May 14, 2024
AGM 2024	May 15, 2024
Interim report Q2	August 15, 2024
Interim report Q3	November 14, 2024

Presentation

The company will hold a webcast at 10am, February 15. To join the presentation – [click here](#).

STARBREEZE

ENTERTAINMENT

