

Building Community by Making Games

Fourth Quarter 2023

2024-02-15



Today's presenters



TOBIAS SJÖGREN, CEO



MATS JUHL, CFO

Agenda

1. Starbreeze in Brief
2. Quarter and Period in Brief
3. Our Games
4. Third Party Publishing
5. Group Financials



Starbreeze in Brief



Starbreeze in Numbers

FOUNDED IN

1998

INITIAL PUBLIC OFFERING

2000

PERSONNEL

196

NET SALES, SEKm (R12)

633.5

EBITDA, SEKm (R12)

439.3

CASH & CASH EQUIVALENTS, SEKm

347.8

About Starbreeze

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



1998

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



2000

Listed
on NASDAQ

2002

Enclave
A medieval, multiplayer-only
game

2004

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

2007

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

2009

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

2011

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

2012

Syndicate
The first in a series of
science fiction games



2013

PAYDAY 2
The sequel. Selling millions
of copies the first year
"Best multiplayer game of
the year"

2016

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

2017

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

2021

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

2022

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

2023

PAYDAY 3
launched worldwide

2023-4

Dungeons & Dragons®
for Project Baxter
Launch of Roboquest

Quarter & Period in Brief

01



Financial update, Q4 2023

NET SALES, SEKm

69.2 (33.6)

EBITDA, SEKm

-20.6 (19.4)

CASHFLOW FROM OPERATING ACTIVITIES

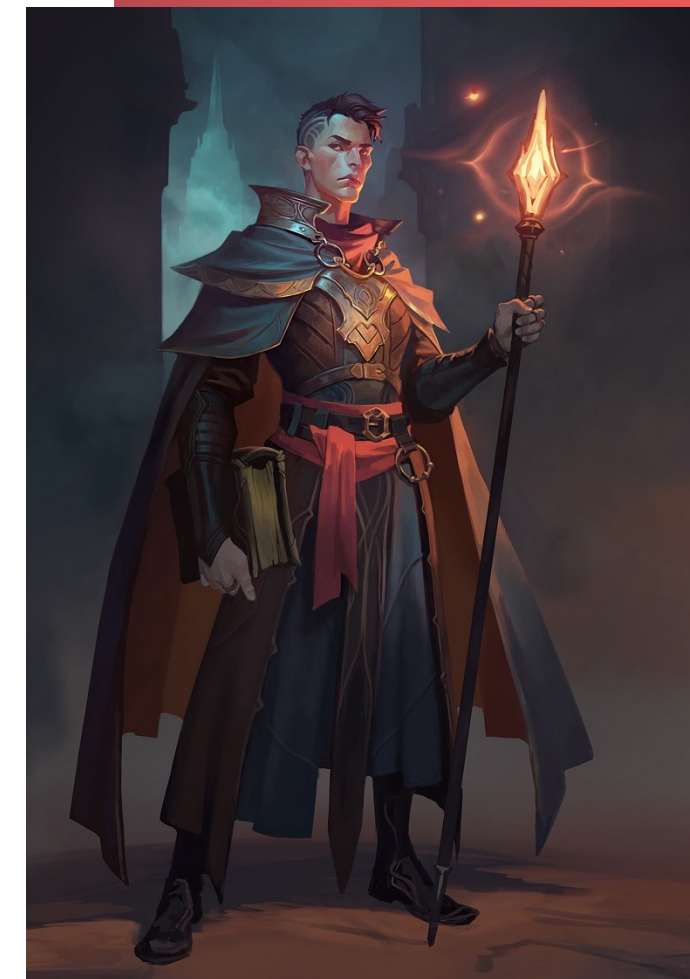
62.7 (10.1)

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

74.4 (15.0)

PROFIT/LOSS AFTER TAX, SEKm

-91.5 (-12.3)



Financial update, Full-year 2023

NET SALES, SEKm

633.5 (127.6)

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

249.0 (59.6)

EBITDA, SEKm

439.3 (66.4)

PROFIT/LOSS AFTER TAX, SEKm

207.7 (-54.4)

CASHFLOW FROM OPERATING ACTIVITIES

114.6 (57.8)



Operational Summary

Roboquest 1.0 launched



Dungeons & Dragons® license



DLC 1: "Syntax Error" launched



Two legacy heists + improvements

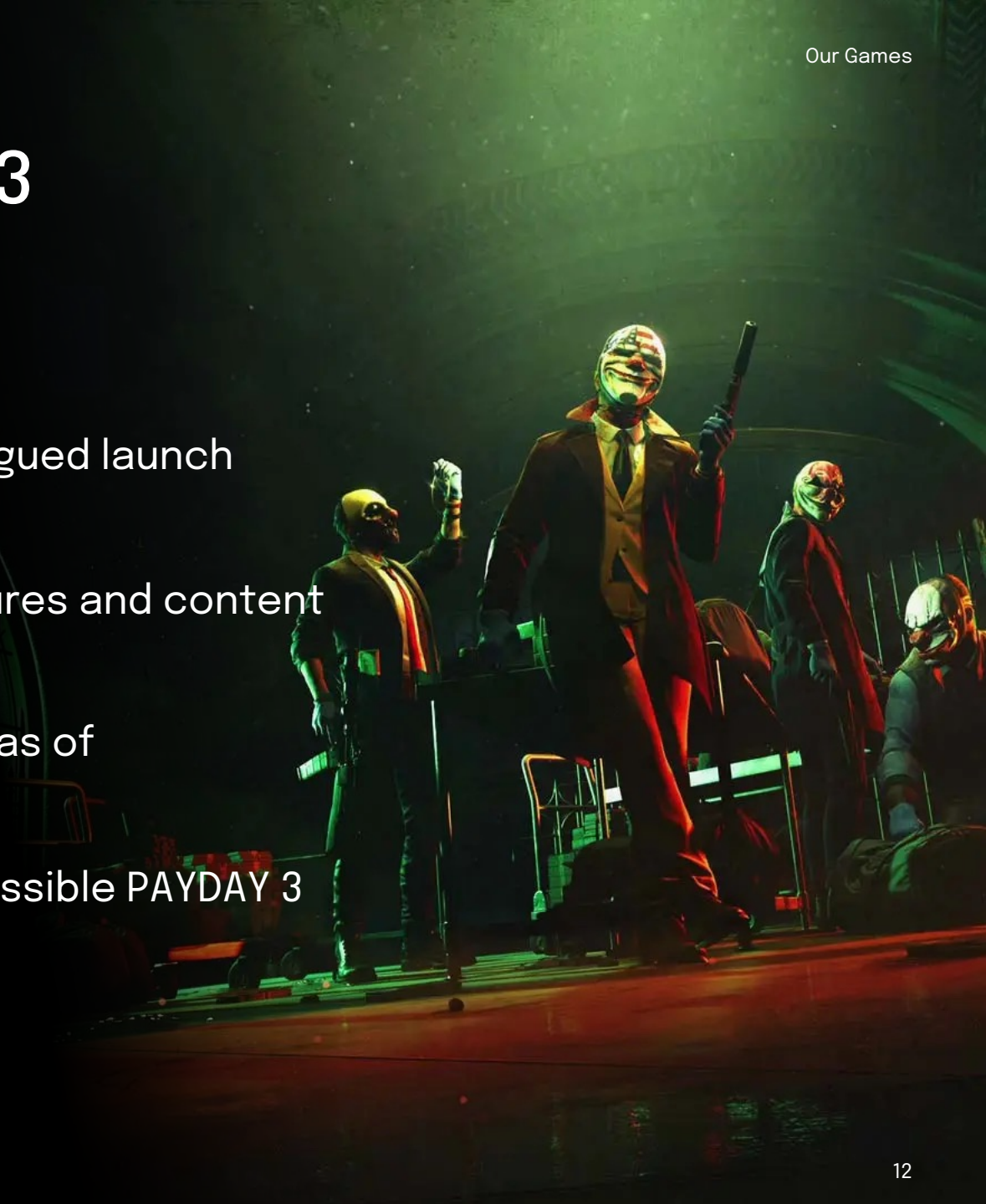


PAYDAY™ 3 Strike team announced



Long-term focus on PAYDAY™ 3

- Successful pre-launch period with initial recoup,
- Technical issues related to third party services plagued launch week
- Launched DLC:s, Quality of Life updates, fixes, features and content – but not at the pace we want
- Strike team established – identifying prioritized areas of improvements together with co-publisher
- We have a long-term focus on creating the best possible PAYDAY 3 for our players, partners and stakeholders



Quarter – Key Takeaways

PAYDAY™ 3 sales and activity significantly lower than we want to see

Strike team working closely with co-publisher to identify prioritized initiatives

Dungeons & Dragons® license for Baxter announced

High activity in Third Party Publishing, launch of Roboquest 1.0

Cash and short-term receivables at SEK 507m at December 31st

Full-year – Key Takeaways

Rights issue to resolve historic debt and finance our next big project

Closing the year with a strong financial position and clean balance sheet

License of Dungeons & Dragons® for Project Baxter, release 2026

Expanding on third-party publishing, successful launch of Roboquest and more

Building a multititle GaaS studio, supported by third party publishing

Our Strategy



Strategy – A Strong Foundation to Deliver and Grow

Core focus created capacity for growth...

- ✓ Secure PD3 development and quality

- ✓ Continued monetization of PD2 – DLC

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

- ✓ Expanding IP portfolio

2022

...into a broadened IP portfolio...

- ✓ PAYDAY 3 launching in September 2023

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

- ✓ Dungeons & Dragons® licensed for Project Baxter, to be released in 2026

- ✓ Expanding Third-Party Publishing

2023-2024

...building games, IP and beyond

- Self-publishing of own titles

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

- Continuous monetization of all titles published by Starbreeze

- Leading co-creation and building franchises beyond our games

- Expanding Third-Party Publishing

2025-2027



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

Our Game Cornerstones

Experience Together

- Cooperative Multiplayer – where you really work together!

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

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

Lifetime Commitment

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

- Replayability is absolute key for our games

- Undeniable value, added over time – fair monetization methods

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

Community Engagement

- Co-creating the gameplay experience

- Co-creative development processes

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

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

“Larger than Life” Experience

- Focus on gameplay and embodying iconic personas

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

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

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

Our Approach to Future Projects

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



Our Games



Our Projects

OWN TITLES



STATUS: RELEASED SEPTEMBER 21, 2023

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: DEEP SILVER / STARBREEZE ENTERTAINMENT



STATUS: RELEASED SEPTEMBER 21, 2023

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: DEEP SILVER / STARBREEZE ENTERTAINMENT



STATUS: IN PRODUCTION

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: PROOF-OF-CONCEPT/PITCH

GENRE: CO-OPERATIVE MULTIPLAYER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: STARBREEZE ENTERTAINMENT

PUBLISHER: STARBREEZE ENTERTAINMENT

THIRD PARTY PUBLISHING



STATUS: RELEASED OCTOBER 26, 2023

GENRE: FORTNITE ISLAND

BUSINESS MODEL: N/A

DEVELOPER: TORUS GAMES

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: RELEASED NOVEMBER 7, 2023

GENRE: CO-OP FPS ROUGELIKE

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: RYSEUP STUDIOS

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: EARLY ACCESS FEBRUARY 22, 2024

GENRE: SINGLE-PLAYER STRATEGY

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: WALKING TREE GAMES GmbH

PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: TO BE RELEASED IN 2026

GENRE: CO-OP SHOOTER

BUSINESS MODEL: GAMES AS A SERVICE

DEVELOPER: MELBOT STUDIOS

PUBLISHER: STARBREEZE ENTERTAINMENT

Third Party Publishing



Third Party Publishing

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

Games reviewed and declined

> 200

Games currently in review

~ 20

Roboquest 1.0

Steam® reviews, positive

94 percent

Peak Daily Active Users (DAU)

~100,000

Average increase in DAU

+1,000 percent

Units, Early Access W1 vs 1.0 launch W1

+850 percent

GaaS roadmap

To Be Announced

Available on:



ROBOQUEST

The Tribe Must Survive

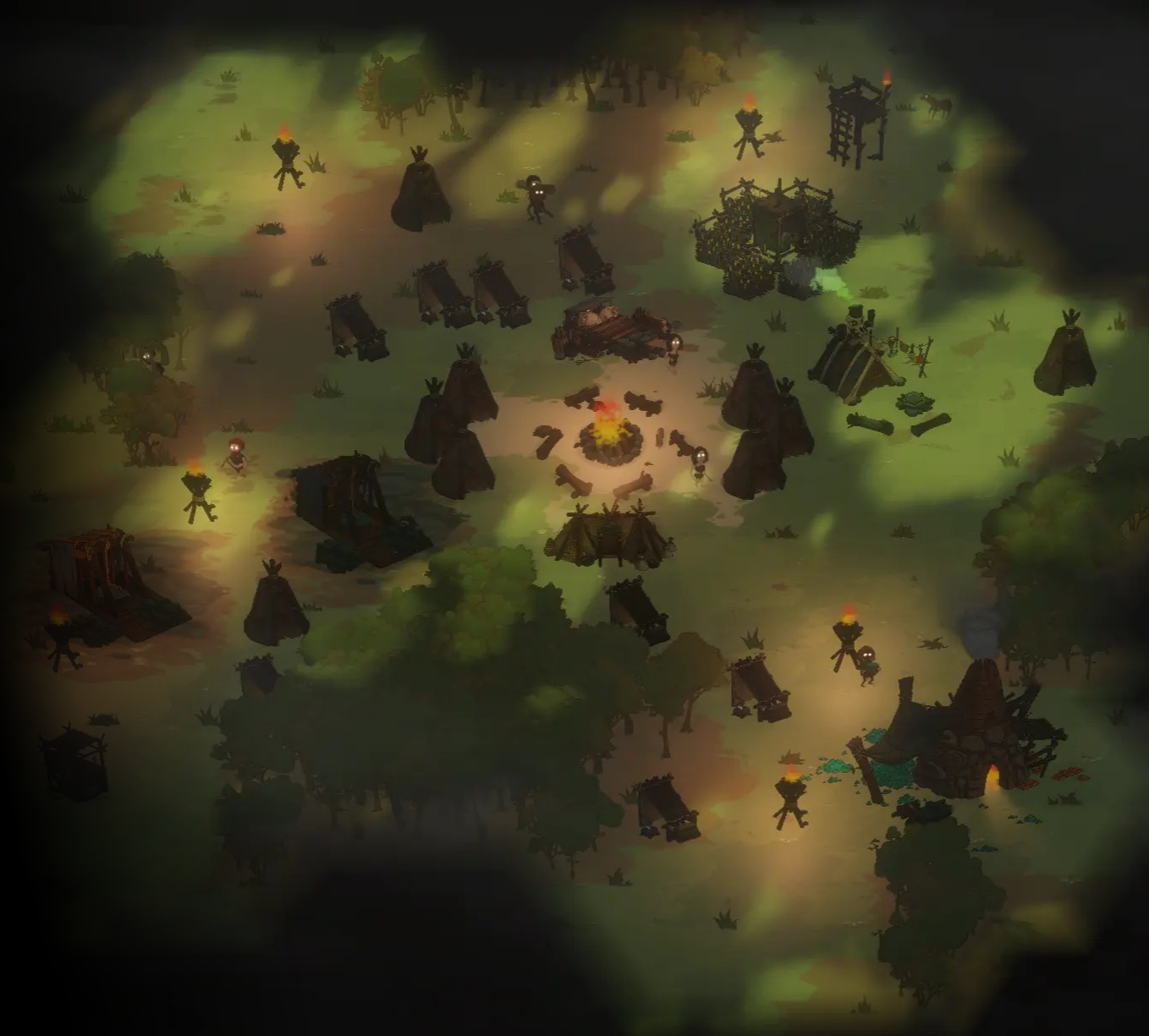
About:

Set in a gloomy lovecraftian stone age The Tribe Must Survive is about finding ways to grow and to protect your tribe from what lurks in the shadows around it.

All your tribe members have their own personality and AI-will and generally only do what they want. Fortunately you can manipulate them with rituals, buildings, upgrades and other difficult decisions to get things done.

Developed by Walking Tree Games and published by Starbreeze Entertainment.

Launching 2024 on:



Turtle vs Turtle

About:

Turtle vs Turtle is a Fortnite Island where two giant moving battle platforms set the stage for an epic conflict! The game is played in two teams (1 vs 1 to 8 vs 8) and players need to gather resources around the map to fund the building of turrets and defenses, and in order to take out their opponents' platform while protecting their own.

Developed by the Australian game developer Torus Games in UEFN (Unreal Editor for Fortnite), *Turtle vs Turtle* is available in Epic Games' *Fortnite* under the Fortnite Creator 2.0 program.

Available on:



GodsTV

About:

A multi-player “cartoon punk”, top down action title, stylized, irreverent and frantic, set for release in early 2026. Starbreeze will support Melbot Studios with funding for the game’s development, marketing, community management and release management.

In GodsTV players are contestants in a deranged TV-show, a mashup of action, humor, and bizarre characters. Alien corporations, who present themselves as “Gods”, offer players unique abilities and products to fight for ultimate stardom. Choose your God, unlock their powers and weapons, and venture solo or in teams into an edgy and irreverent new universe.

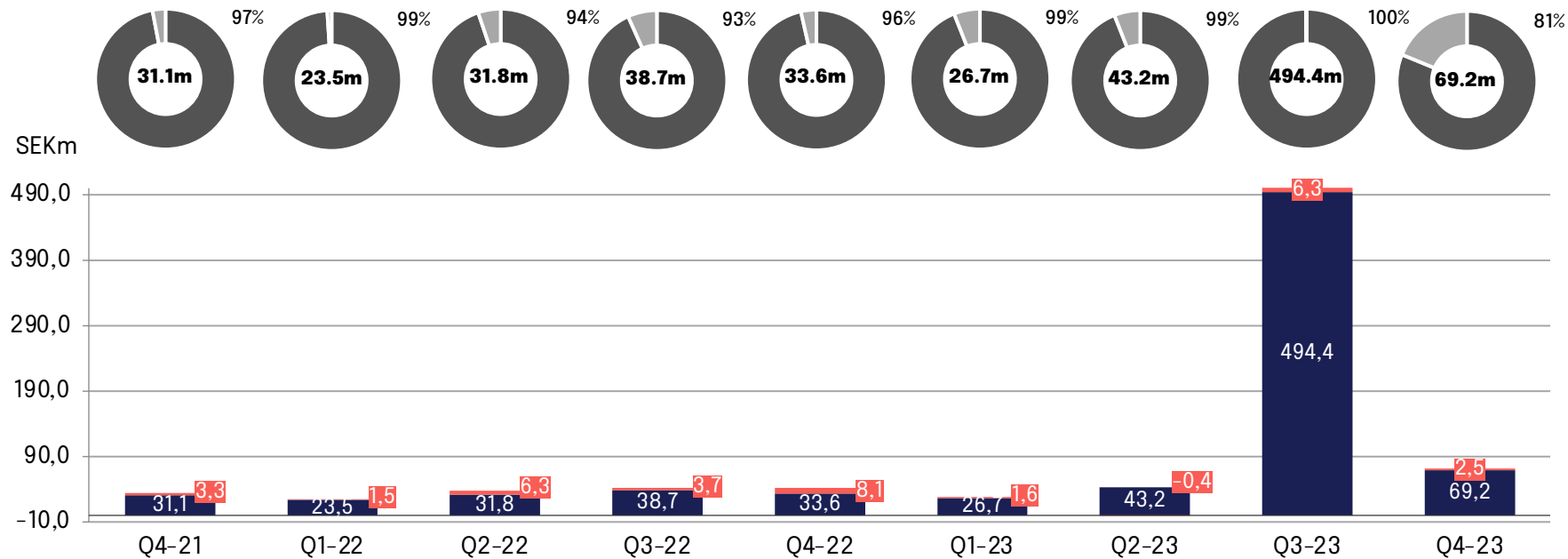
Launching in 2026



Group financials



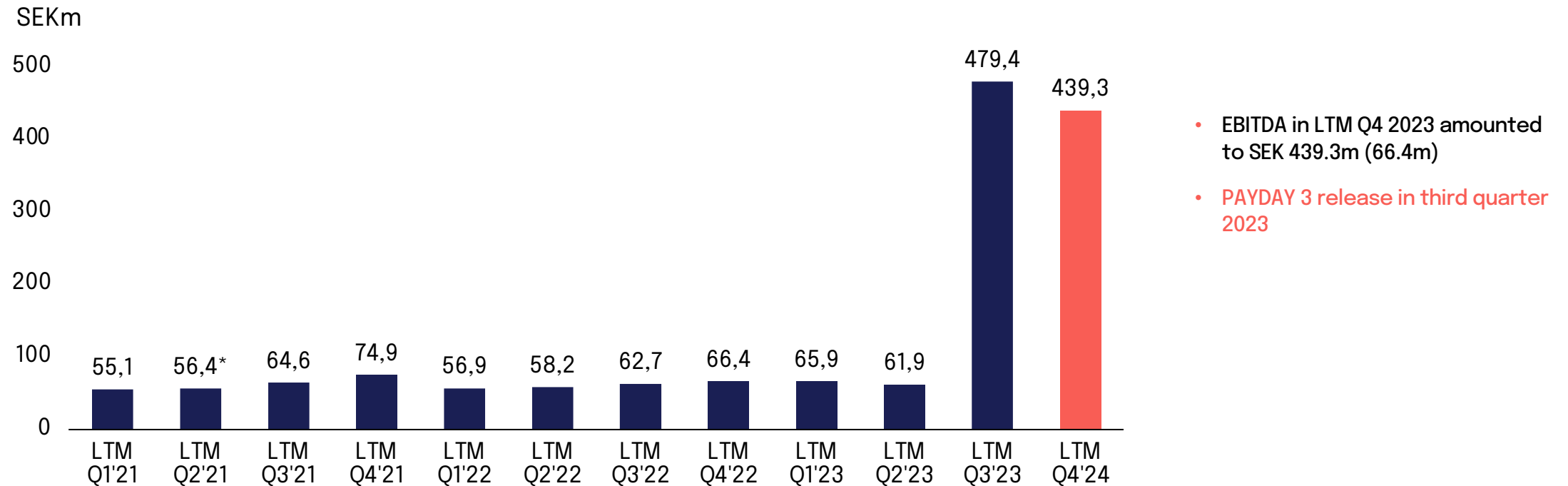
Revenue development – growth in PAYDAY



- Net sales for Q4 2023 totaled to SEK 69.2m (33.6m).
- PAYDAY Generated 54.5m out of Net sales (32.4m).
- Other revenue mainly relates to forwarded costs related to PD3, and rental income for sublease.

■ Other revenue ■ PAYDAY - share of net sales, % and SEKm
■ Net sales ■ Other - share of net sales, %

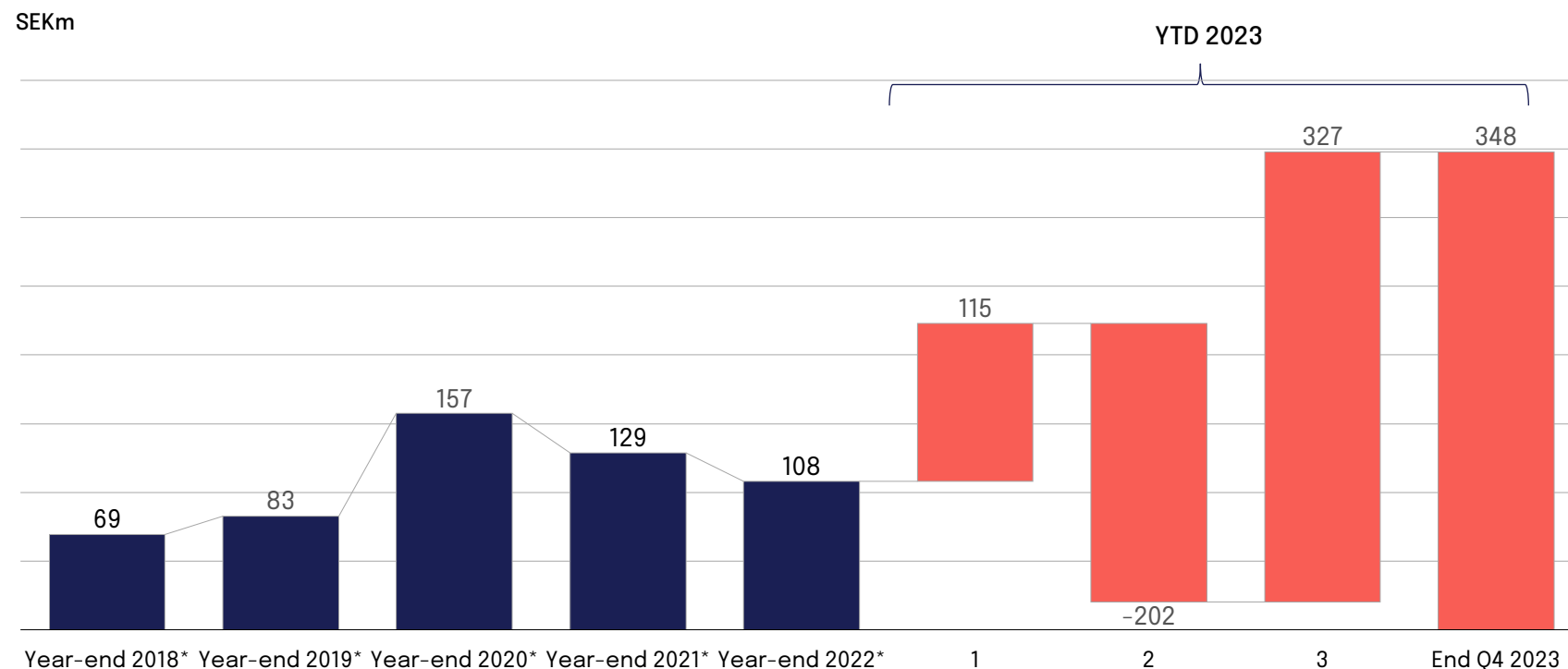
EBITDA development



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

Cashflow development

- 1 Operating activities after changes in working capital, SEK 114.6m
- 2 Investing activities, SEK -202.4m (game development)
- 3 Financing activities, SEK 327.4m (rights issue 414.2m, convertible loan -149.0m, financing for game development 77.9m and financial lease -15.3m)



*Cash and cash equivalents

Operating expenses

Cost base development

SEKm	NOTE	Q4'23	Q4'22	2023	2022
Direct costs	A	111,321	15,413	309,271	60,527
Selling and marketing costs	B	15,346	4,912	46,824	15,795
Administrative expenses	C	22,309	17,087	79,406	64,074
Other expenses	D	17,781	-	21,413	-
Number of employees at the end of the period	E	194	165	194	165
Average number of employees		196	165	184	154

Source: Company information.

- A** Direct costs for Q4'23 amounted to SEK 111.3m (15.4m) and consists of costs related to game development, depreciations of IP:n, royalty payments and non-activatable personnel expenses. The increase from Q4'22 mainly comes from depreciations of IP of 68.5 million compared to 11.2m in Q4'22, server costs of SEK 19.8 m (0.2) and revenue sharing 3PP of SEK 7.1m (1.2) and higher personnel costs.
- B** Selling and marketing costs amounted to SEK 15.3m (4.9m). The increase is mainly attributable to more marketing activities for PAYDAY 3 of SEK 5.9 million and higher personnel costs of SEK 2.8 million.
- C** Administrative expenses amounted to SEK 22.3m (17.1m) and refer to items including office costs and payroll for employees who do not work in game development or marketing. The higher costs are mainly attributable to costs relating to personnel, of which SEK 5.0m consists of external costs related to the launch of PAYDAY 3 and personnel-related changes.
- D** Other expenses relate to exchange rate effects due to revaluation of assets and liabilities denominated in foreign currency.
- E** We continue to build an expedient organization, with an increase in number of employees of 29 during 2023.

Balance sheet

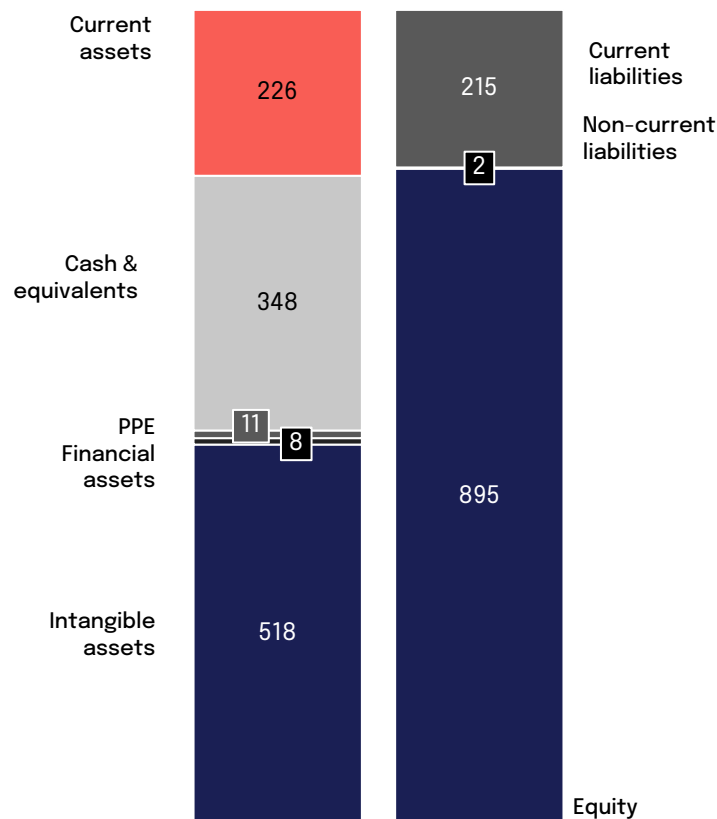
Assets

- Intangible assets amounted to SEK 518m and consist of IP rights SEK 142m, capitalized costs for own game and technology development SEK 312m and Goodwill SEK 47m
- PPE (property, plant and equipment) relates to right of use assets of SEK 6.2m and IT and other equipment of SEK 4.4m
- Financial assets of SEK 8.5m, consists of long-term deposit SEK 7.3m and investments in joint ventures SEK 1.2m
- Current assets consists of
 - Cash and equivalents of SEK 348m
 - Prepaid expenses and accrued income of SEK 62m
 - Trades and other receivables of SEK 164m (mainly trade receivables related to PAYDAY 3)

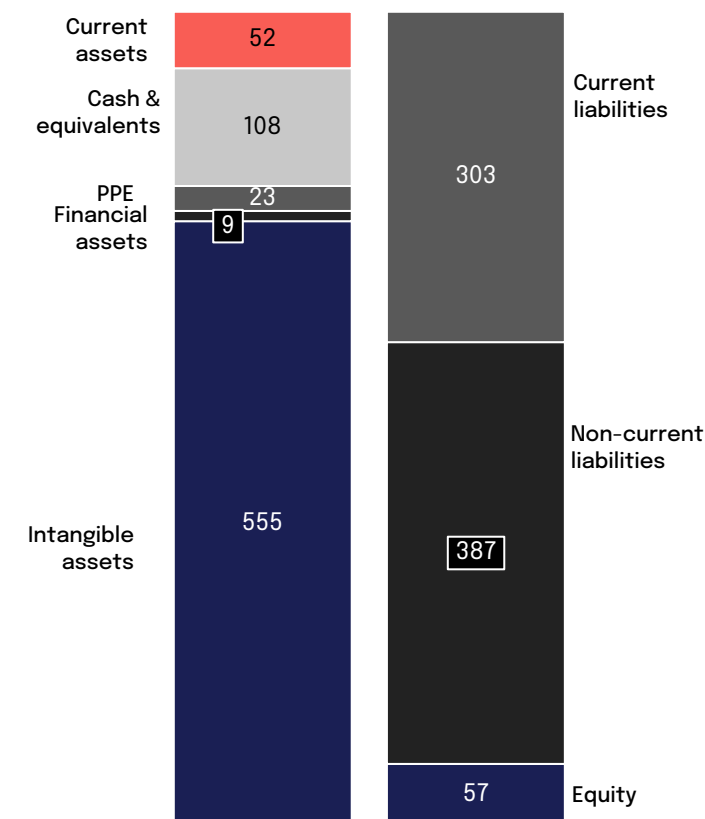
Liabilities

- Non-current liabilities amounted to SEK 2.0m, including
 - Lease and other non-current liabilities of SEK 0.7m
 - Tax SEK 1.3m
- Current liabilities amounted to SEK 214.8m, including
 - Trade and other payables of SEK 100.2m
 - Accrued expenses and deferred income SEK 108.1m
 - Lease contracts SEK 6.5m

As per December 31, 2023
SEKm



As per December 31, 2022
SEKm



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