

Building Community by Making Games

Third Quarter 2023

2023-11-16



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 & Other Projects
5. Group Financials



Starbreeze in Brief



About Starbreeze

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

Starbreeze in Numbers

FOUNDED IN

1998

INITIAL PUBLIC OFFERING

2000

PERSONNEL

187

NET SALES, SEKm (R12)

597.9

EBITDA, SEKm (R12)

479.3

CASH & CASH EQUIVALENTS, SEKm

312.9

Strategy – A Strong Foundation to Deliver and Grow

Core focus created capacity for growth...

- ✓ Secure PD3 development and quality

- ✓ Continued monetization of PD2 – DLC

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

- ✓ Expanding IP portfolio

2022

...into a broadened IP portfolio...

- ✓ PAYDAY 3 launching in September 2023

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

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

- ✓ Licensed iconic IP for 2026 game

- ✓ Expanding Third-Party Publishing

2023-2024

...building games, IP and beyond

- Self-publishing of own titles

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

- Continuous monetization of all titles published by Starbreeze

- Leading co-creation and building franchises beyond our games

- Expanding Third-Party Publishing

2025-2027

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

Our Game Cornerstones

Experience Together

- Cooperative Multiplayer – where you really work together!

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

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

Lifetime Commitment

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

- Replayability is absolute key for our games

- Undeniable value, added over time – fair monetization methods

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

Community Engagement

- Co-creating the gameplay experience

- Co-creative development processes

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

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

“Larger than Life” Experience

- Focus on gameplay and embodying iconic personas

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

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

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

Our 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



Quarter & Period in Brief

02



Key takeaways

PAYDAY™ 3 launched, Starbreeze recoup reached as of September 30th

Resolved SEK 380m in debt (book value), limited indebtedness

Cash and cash equivalents of SEK 313m end of quarter

High activity in Third Party Publishing, building breadth and depth

First free DLC for PAYDAY™ 3 announced, coming in November

Financial update Q3 2023

NET SALES, SEKm

494.4 (38.7)

EBITDA, SEKm

441.8 (24.4)

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

142.0 (15.4)

PROFIT/LOSS AFTER TAX, SEKm

299.8 (-7.5)



Explaining Starbreeze' revshare

PRELIMINARY TOTAL REVENUE FROM PAYDAY 3 UP UNTIL SEPTEMBER 30, AFTER DEDUCTION OF PLATFORM FEES AND LOCAL TAX:

SEK 570m



STARBREEZE REVENUE SHARE AFTER DEDUCTION FOR RUNNING COSTS AND INVOICED RUNNING COST (POSITIVE CASH FLOW EFFECT WHEN CASH IS RECEIVED):

SEK 193.7m



PREVIOUSLY RECEIVED GAME FINANCING THAT, IN ACCORDANCE WITH IFRS, HAS BEEN RECOGNIZED AS DEBT, AND IS REVERSED DURING THE QUARTER (HISTORIC POSITIVE CASH FLOW EFFECT WHEN CASH WAS RECEIVED):

SEK 247.1m



PAYDAY 3 REVENUE ATTRIBUTABLE TO STARBREEZE (REVSHARE PLUS REVERSED DEBT FOR HISTORIC FINANCING)

SEK 440.8m

PAYDAY™ 3 launch in numbers

Monthly Active Users (MAU)

3,167,938

Peak Daily Active Users (DAU)

1,347,510

Peak Concurrent Players (CCU)

>220,000

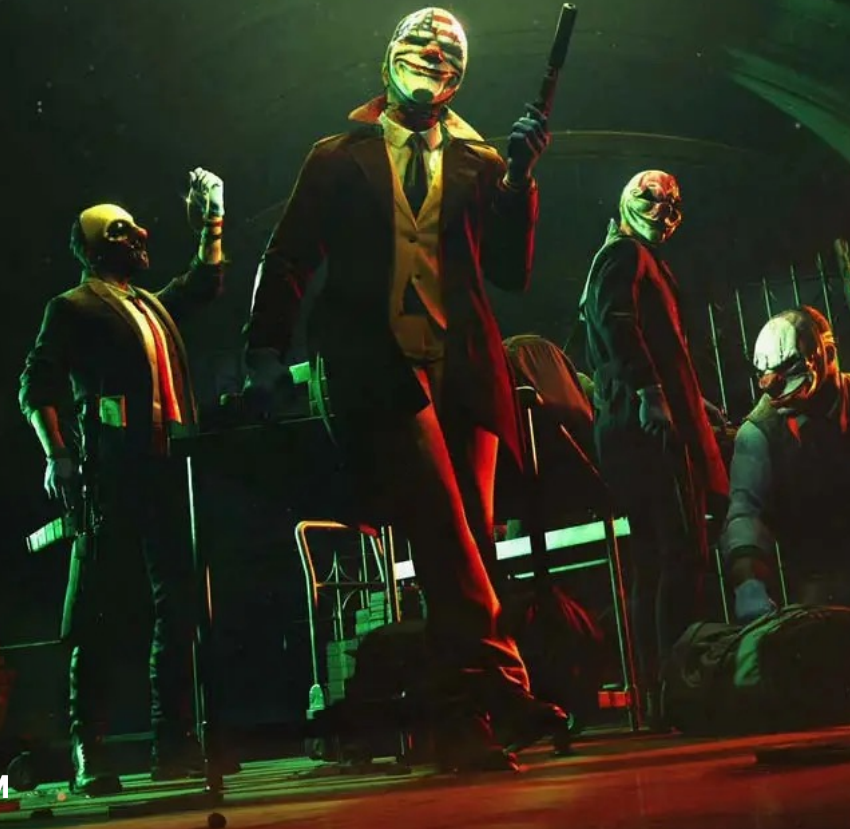
“Year-1” Paid DLCs

4 packages

Announced Free DLCs

1 (so far...)

Available on:

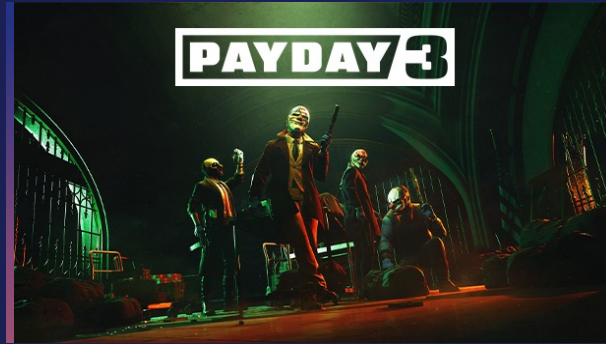


Operational Summary

PAYDAY at New York Fashion Week



PAYDAY™ 3 launched Sept 21st



Roboquest 1.0 launched



Turtle vs Turtle launched



GodsTV announced – release in 2026



PAYDAY™ 3 free update, two new heists



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



2026
 STATUS: IN PRODUCTION
 GENRE: CO-OPERATIVE MULTIPLAYER
 BUSINESS MODEL: GAMES AS A SERVICE
 DEVELOPER: STARBREEZE ENTERTAINMENT
 PUBLISHER: STARBREEZE ENTERTAINMENT



2027
 STATUS: PROOF-OF-CONCEPT/PITCH
 GENRE: CO-OPERATIVE MULTIPLAYER
 BUSINESS MODEL: GAMES AS A SERVICE
 DEVELOPER: STARBREEZE ENTERTAINMENT
 PUBLISHER: STARBREEZE ENTERTAINMENT

THIRD PARTY PUBLISHING



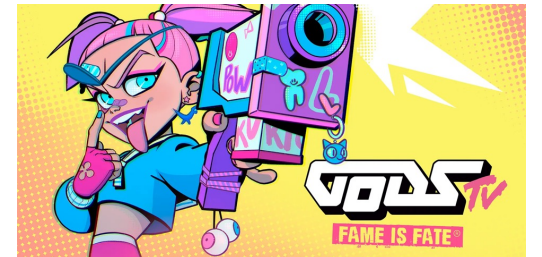
STATUS: TO BE RELEASED 2024
 GENRE: SINGLE-PLAYER STRATEGY
 BUSINESS MODEL: GAMES AS A SERVICE
 DEVELOPER: WALKING TREE GAMES GmbH
 PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: RELEASED NOVEMBER 7, 2023
 GENRE: CO-OP FPS ROUGELIKE
 BUSINESS MODEL: GAMES AS A SERVICE
 DEVELOPER: RYSEUP STUDIOS
 PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: RELEASED OCTOBER 26, 2023
 GENRE: FORTNITE ISLAND
 BUSINESS MODEL: N/A
 DEVELOPER: TORUS GAMES
 PUBLISHER: STARBREEZE ENTERTAINMENT



STATUS: TO BE RELEASED 2026
 GENRE: CO-OP SHOOTER
 BUSINESS MODEL: GAMES AS A SERVICE
 DEVELOPER: MELBOT STUDIOS
 PUBLISHER: STARBREEZE ENTERTAINMENT

STARBREEZE

ENTERTAINMENT

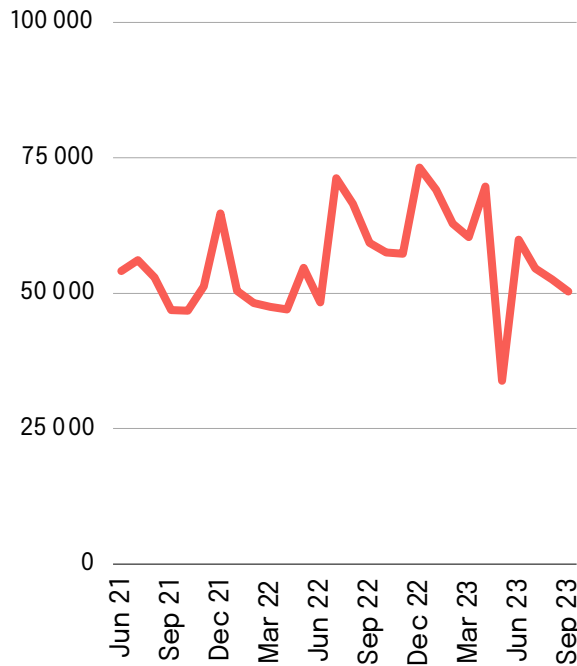


PAYDAY 2
LEGACY COLLECTION

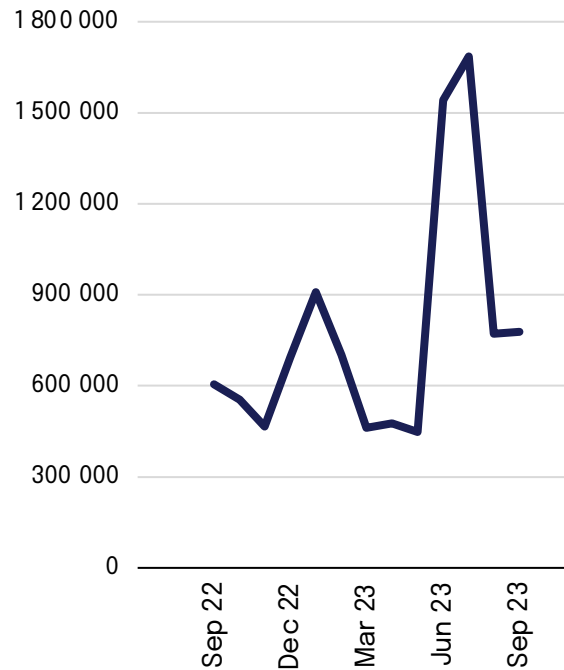


PAYDAY™ 2 KPI development

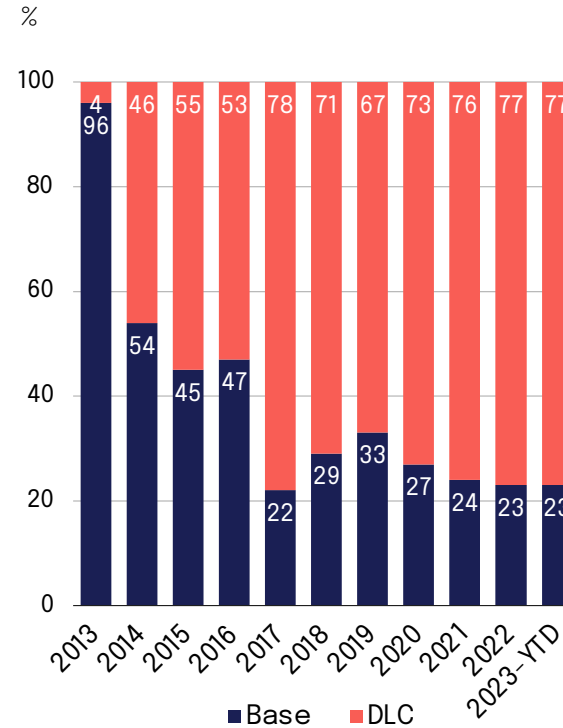
Peak CCU per month



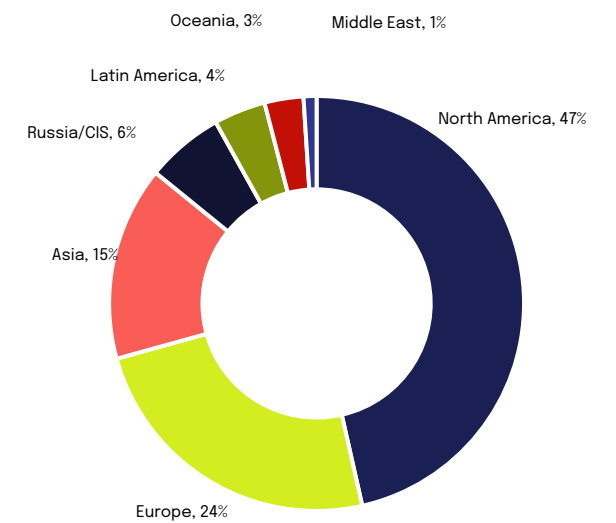
MAU development last 12 months



Base game vs DLC split PD2 Steam launch to date



Breakdown of Starbreeze's revenues from Steam by region



Third Party Publishing & Other Projects



Third Party Publishing

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

Games reviewed and declined

> 150

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:



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.

Coming in 2026



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:



The Tribe Must Survive

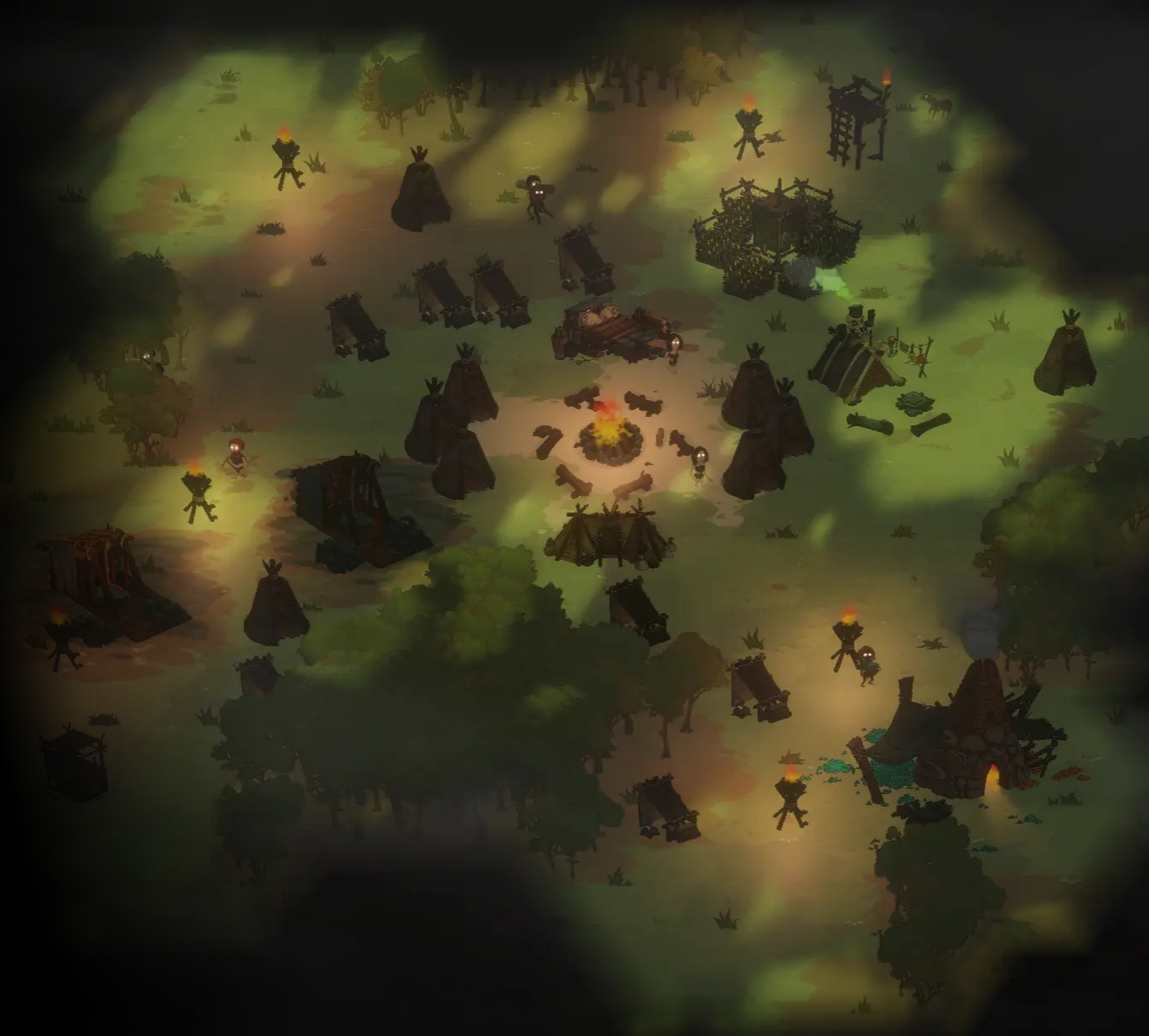
About:

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.

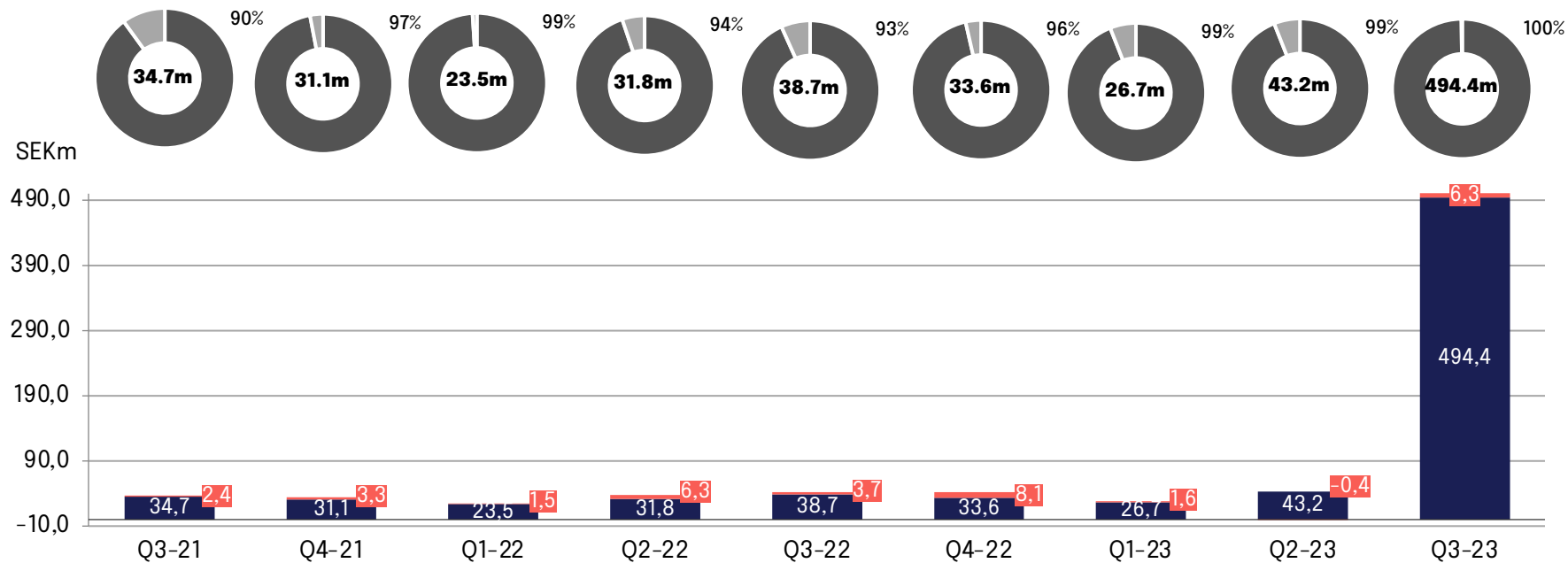
Launching 2024 on:



Group financials



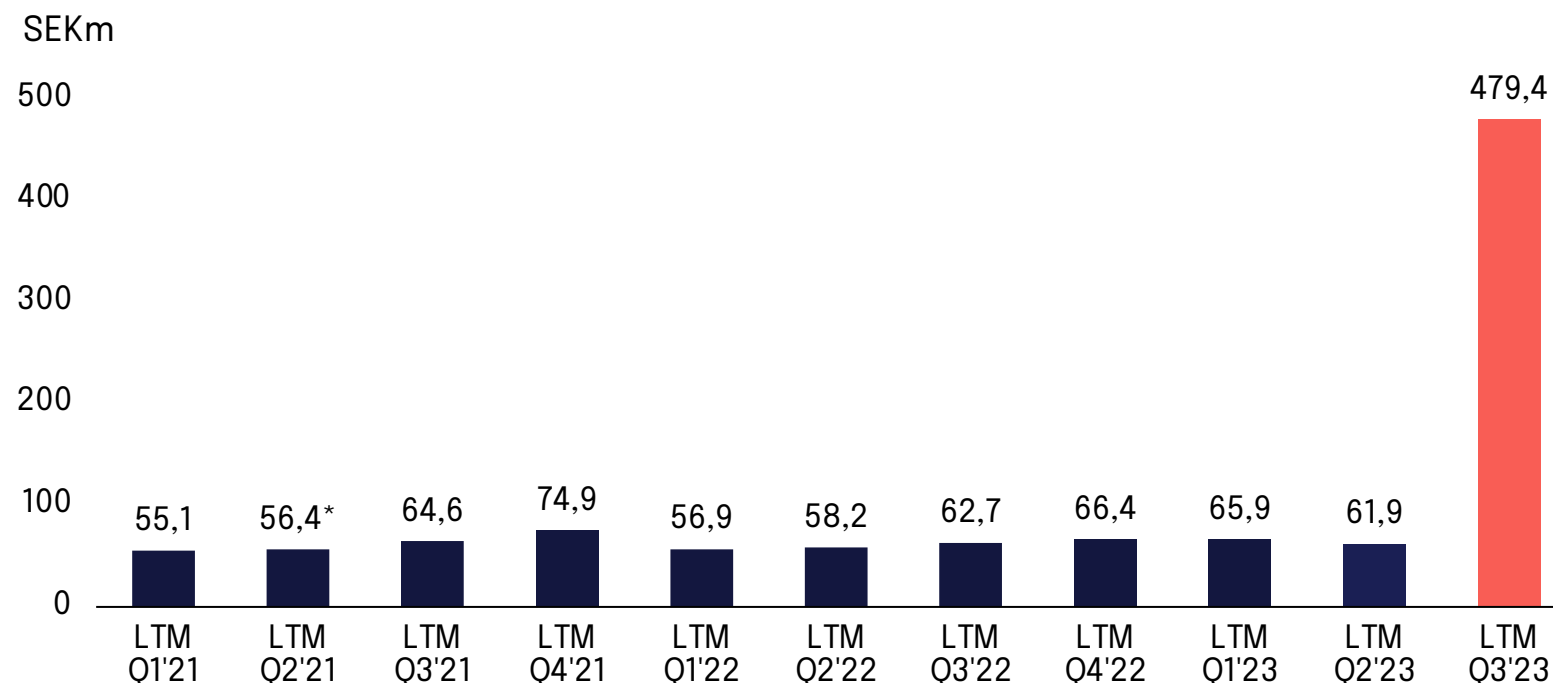
Revenue development – growth in PAYDAY



- Net sales for Q3 2023 totaled to SEK 494.4m (31.8m).
- Massive growth in revenues in total as for PAYDAY as franchise due to the release of PAYAY 3.
- Other revenue mainly relates to forwarded costs related to PD3, revaluations and currency effects.

■ Other revenue ■ PAYDAY 2 - share of net sales, % and SEKm
■ Net sales ■ Other - share of net sales, %

EBITDA development

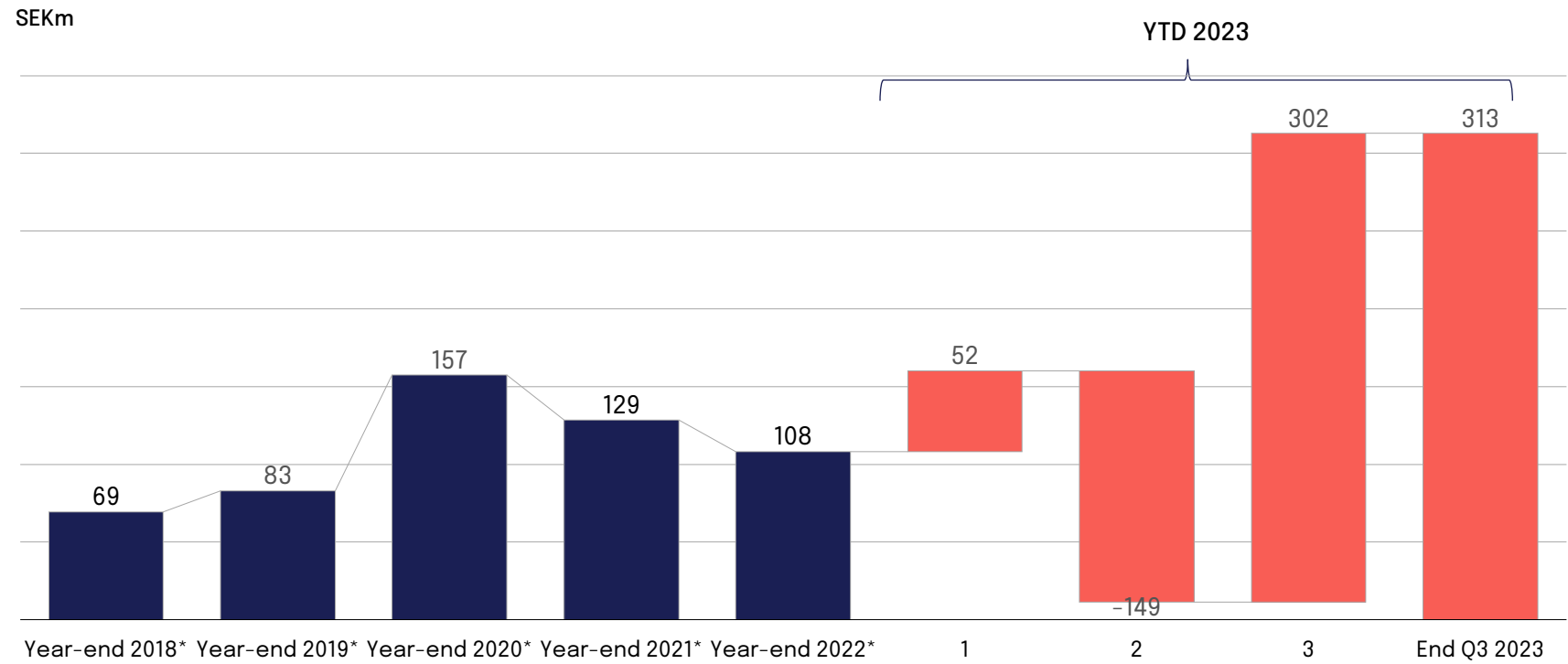


- EBITDA in LTM Q3 2023 amounted to SEK 479.4m (62.7m)
- A special quarter with the PAYDAY 3 release leads to extraordinary figures incomparable to anything reported in the past.

* 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 51.9m
- 2 Investing activities, SEK -148.9m (game development)
- 3 Financing activities, SEK 301.6m (share issue 414.2m, convertible loan -149.0m, financing for game development 47.9m and financial lease -11.5m)



*Cash and cash equivalents

Operating expenses

Cost base development

SEKm	NOTE	Q3'23	Q3'22	2022
Direct costs	A	164,677	16,007	60,527
% of net sales		33%	41%	47%
Selling and marketing costs	B	18,316	3,670	15,795
% of net sales		4%	9%	12%
Administrative expenses	C	17,850	13,686	64,074
% of net sales		4%	35%	50%
Number of employees at the end of the period		191	159	165
Average number of employees	D	187	156	154

Source: Company information.

A Direct costs for Q3'23 amounted to SEK 164.7m (16.0m) and consists of costs related to game development, depreciations of IP:n, royalty payments and non-activatable personnel expenses. The increase from Q3'22 mainly comes from depreciations of IP of 138.0 million compared to 11.5m in Q3'22.

B Selling and marketing costs amounted to SEK 18.3m (3.7m). The increase from Q3'22 mainly relates to increased activity for PAYDAY 3 and the community platform **Nebula**.

C Administrative expenses refer to items including office costs and payroll for employees who do not work in game production or marketing. The higher costs are mainly attributable to higher personnel-related costs and reserved salary costs related to the company's long-term incentive program regarding PAYDAY 3.

D We continue to grow the organization and number of employees increased with 27 during 2022 and additional 22 during the first quarters of 2023.

Balance sheet

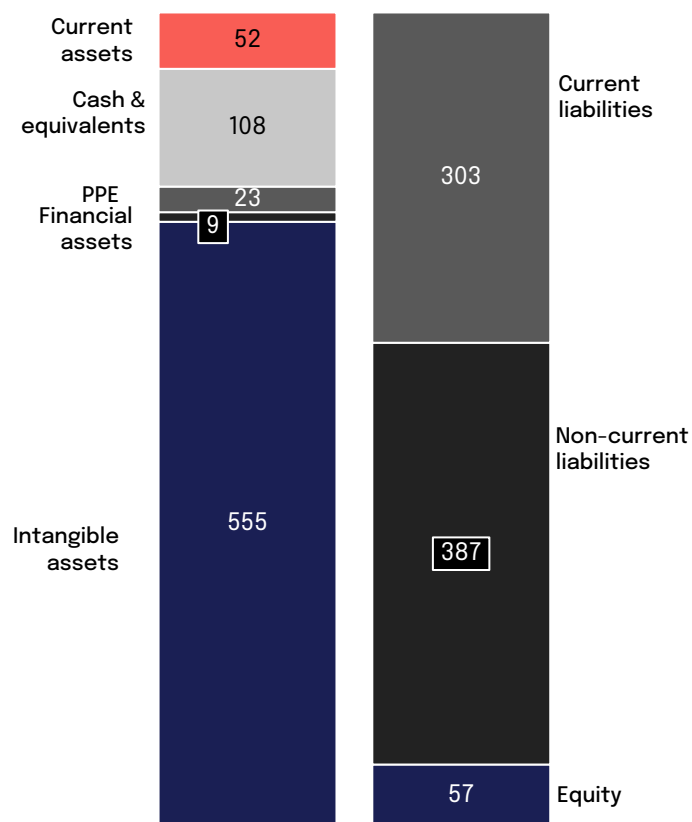
Assets

- Intangible assets amounted to SEK 540m and consist primarily of IP rights SEK 161m, capitalized costs for own game and technology development SEK 317m and Goodwill SEK 50m
- PPE (property, plant and equipment) relates to right of use assets of SEK 9.7m and IT and other equipment of SEK 3.7m
- Financial assets of 8.7m, consists of long-term deposit 7.4m and investments in joint ventures 1.3m
- Current assets consists of
 - Cash and equivalents of SEK 313m
 - Prepaid expenses and accrued income of SEK 250.4m
 - Trades and other receivables of SEK 32.3m

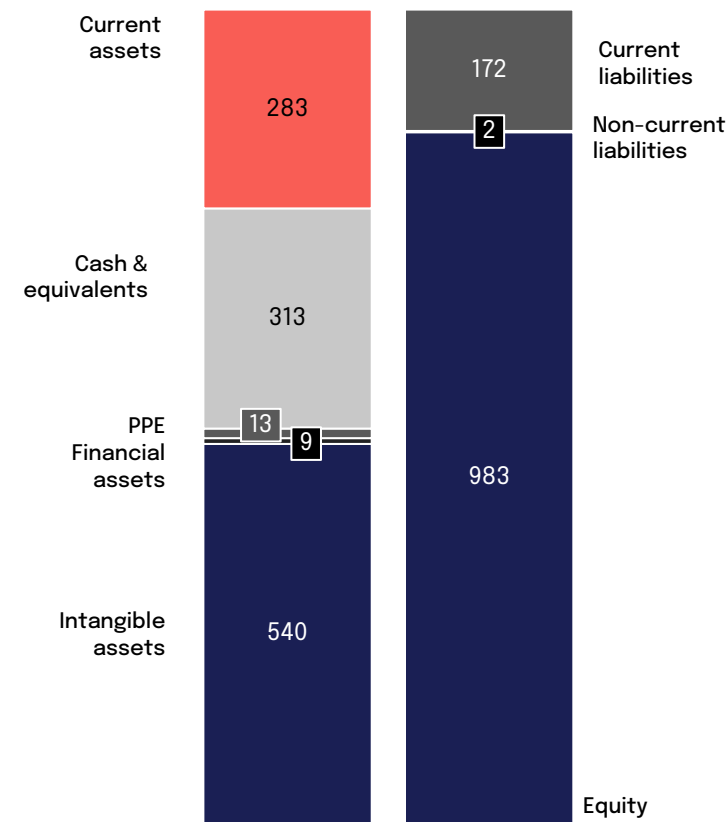
Liabilities

- Non-current liabilities amounted to SEK 2.4m, including
 - Lease liabilities of SEK 0.2m
 - Tax SEK 1.4m
 - Other SEK 0.8m
- Current liabilities amounted to SEK 172.0m, including
 - Trade and other payables of SEK 78.2m
 - Accrued expenses and deferred income SEK 82.9m
 - Derivative 0.9
 - Lease contracts SEK 10.2m

As per December 31, 2022
SEKm



As per Sept 30, 2023
SEKm



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

Building Community by Making Games

