

# STARBREEZE

ENTERTAINMENT

# Q3

## Interim report

July – September 2023



### Third quarter 2023

- Net sales amounted to SEK 494.4 million (38.7). PAYDAY 2 accounted for SEK 51.6 million (36.1).
- PAYDAY 3 accounted for SEK 440.8 million, of which:
  - SEK 193.7 million in revenue sharing after parties' running costs and Starbreeze invoiced running cost as well as,
  - SEK 247.1 million of debt for game financing is recognized as revenue, as Starbreeze' commitment regarding development of the base game is considered fulfilled. This part has no cash flow effect in the quarter.
- EBITDA\* amounted to SEK 441.8 million (24.4).
- Depreciation, amortization, and impairment amounted to SEK 142.0 million (15.4).
- Profit/loss before taxes amounted to SEK 299.8 million (-7.5).
- Basic and diluted earnings per share amounted to SEK 0.21 (-0.01).

### January-September 2023

- Net sales amounted to SEK 564.3 million (94.0). PAYDAY 3 accounted for SEK 440.8 million.
- EBITDA\* amounted to SEK 460.0 million (47.0).
- Depreciation, amortization, and impairment amounted to SEK 174.7 million (44.6).
- Profit/loss before taxes amounted to SEK 299.2 million (-42.1).
- Basic and diluted earnings per share amounted to SEK 0.31 (-0.06).
- Cash and cash equivalents amounted to SEK 312.9 million (119.6).

### Significant events during and after the quarter

- July 19, Digital Bros initiated the conversion of its convertible loan of SEK 215 million at a conversion rate of SEK 1.45.
- August 10, Starbreeze announced that it will publish Roboquest by RyseUp Studios, version 1.0 to be released on November 7, 2023
- September 22, worldwide launch of PAYDAY 3, Starbreeze has recouped initial investment as of September 30th.
- September 27, Jon Gillard and Juergen Goeldner elected as new Board members at an extraordinary general meeting.
- October 26, launch of Turtle vs Turtle, a Fortnite island, developed by Torus Games.
- November 3, Starbreeze announced that it will publish GodsTV by Melbot Studios for release in 2026.
- November 10, Starbreeze' Chairman Torgny Hellström announced that he declines re-election at the 2024 AGM.

### KEY FIGURES

SEKk	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
Net sales	494,392	38,666	564,291	93,962	127,602
EBITDA*	441,834	24,352	459,978	47,011	66,380
Profit (-loss) before tax	299,779	-7,494	299,178	-42,105	-54,403
Earnings per share, SEK	0.21	-0.01	0.31	-0.06	-0.08
Cash flow from operations	11,125	23,590	51,907	47,725	57,825
Net sales per employee	2,644	248	3,135	622	829

\*For definitions of performance measures, see page 26



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# Supplementary information after the launch of PAYDAY™ 3

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):

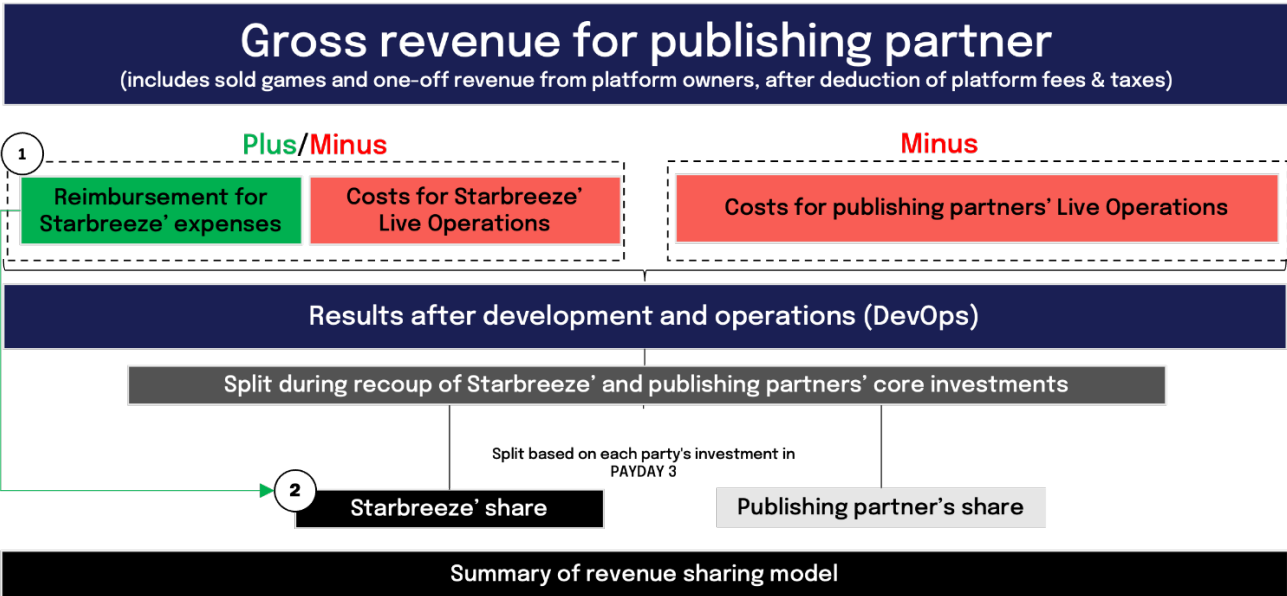
SEK 193.7m

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

**SUPPLEMENTARY INFORMATION**  
Publishing partner's income from PAYDAY 3, after deduction for platform fees and local tax, amounted to approximately SEK 570 million. After partner's deduction for running costs and revenue sharing according to agreement, Starbreeze receives a revenue share of SEK 190.3 million. In addition, Starbreeze has invoiced running costs of SEK 9.4 million, of which SEK 3.4 million is recognized as revenue in the current quarter. The remaining SEK 6.0 million will be recognized as revenue in connection with the first paid DLC for PAYDAY 3, during winter 2023.

Model for revenue share



Dursing Recoup

- 1 Minus: Starbreeze' costs for Live Operations (primarily development and marketing)
- 1 Plus: Starbreeze' expenses (primarily development and marketing)
- 2 Plus: Starbreeze' share of revenue after DevOps



## CEO's message

# PAYDAY™ 3 launched and has reached recoup

On September 21st PAYDAY 3 was finally launched, a milestone for Starbreeze and a reason for the team to be proud and celebrate. Both interest in the game and initial sales exceeded our expectations, it was clear that many people have been waiting a long time to play PAYDAY 3. Unfortunately, it quickly became evident that the infrastructure on which the game rests was not holding up - this despite extensive internal and external tests carried out leading up to launch. The consequence is that sales after the period are somewhat lower, but we are convinced that what we have in store will increase sales over time. I myself have often said that "you are never better than your next game", and the events of September and October have given reason for extensive analysis, investigation and action. The team's focus is, and will continue to be, building PAYDAY 3 according to plan and repairing the short-term drop in confidence that the launch entailed. That PAYDAY 3, at September 30 based on preliminary total revenue, had recouped the investment Starbreeze

made in the game up until launch shows both the strength of the brand and the trust placed in us from our players. One of our most important tasks is to manage and nurture this trust in us. We have a clear vision for what PAYDAY 3 will be with our Games as a Service model, and we continue according to our plan where the goal is to always deliver maximum value for our players over time and results for Starbreeze.

## RESULTS & POSITION

Starbreeze' net sales amounted to close to half a billion SEK during the quarter, of which PAYDAY 3 accounted for SEK 441 million. The revenue includes digital and physical sales on Steam, Xbox X|S, PlayStation 5, Epic Games Store, initial one-time revenue from platform owners as well as an accounting reversal of debt for game financing received. PAYDAY 2's sales amounted to SEK 51.6 million, which includes sales via Steam and the Epic Games Store as well non-recurring income from platform owners. In July, the debt Starbreeze had to an owner was amortized according to plan, and

later in the summer the convertible loan that had been issued to the same owner was also converted to a share price of SEK 1.45. All in all, this reduced Starbreeze' debt by SEK 380 million. We now have limited indebtedness, and SEK 313 million in cash at the end of the quarter.

## PAYDAY 3

With the launch completed, PAYDAY 3 now enters its next phase; live service. This means that the team focuses on continued development of both new features as well as improvements requested by our players, and frequent deliveries of new content. We know the potential we have within our existing PAYDAY community and it is our job to deliver a product that attracts new players as well as our PAYDAY 2 players. In November, two new free heists will be launched for PAYDAY 3. These are two community favorites that have been refreshed and adapted to take advantage of the possibilities in PAYDAY 3. Along with them comes new first person animations, weapons, skins and a host of improvements



based on feedback from our players. Production on next year's content is already underway, with our already announced four DLCs being just a subset of what we plan to release.

PROJECT "BAXTER"

As we now scale up the development team for Baxter, primarily with employees who previously worked on the development of the base game PAYDAY 3, we ensure that we make the best use of our resources going forward. The pre-production work is proceeding according to plan, recruitment to strengthen the team with specific skills is constantly ongoing and we are of course looking forward to telling you more about the project together with our license partner. There is no intrinsic value in keeping things secret, as soon as the timing is right for us and our licensing partner, we look forward to telling – and showing more – of Project Baxter. It is, as previously mentioned, one iconic brand whose DNA is characterized by collaborative experiences and storytelling in an expansive world – in a completely new environment compared to PAYDAY but with the DNA that Starbreeze has excelled in over the past decade; cooperative multiplayer games.

THIRD PARTY PUBLISHING

During the quarter, there was a lot of focus, both internally and externally, on PAYDAY 3. Part of the publishing organization was simultaneously

working on several projects that, over the short and long term, will contribute to increasing the size and breadth of our community and creating more revenue streams for Starbreeze. At the end of October, we launched an exciting albeit smaller project together with our partner Torus Games; an island in the Epic Games game Fortnite. A perfect opportunity for Torus to realize its game concept and for Starbreeze to test the waters of the rapidly growing economy that Epic is building with Fortnite Islands. At the beginning of November, it was announced that Melbot Studios will develop "GodsTV", a multiplayer action game with an expected release in 2026. Last but not least, we successfully published RyseUp Studios' 1.0 version of Roboquest which in its launch week increased its daily active users (DAU) by over 1,000 percent to close to 100,000 users on Steam® and Xbox.

ORGANIZATION

Game development is very much an industry of human capital. As a company, it is our task to ensure that we have the right skills and that the organization is appropriate for the projects we are to deliver. During the quarter, the number of employees increased by 9 people, primarily new recruitment of specific skills for development of Project Baxter. Since the end of last year, we also have operations in the UK, which has proven

successful in further increasing our recruitment base and ability to attract top talent.

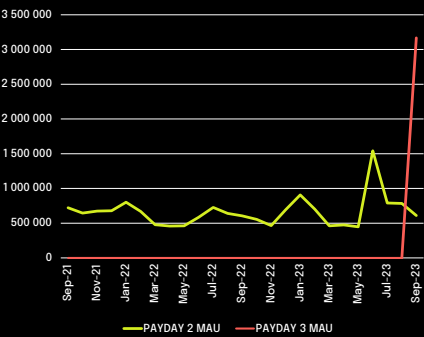
In accordance with our strategy, we look at our game releases over long cycles, where a supporting pillar is to consistently deliver added value to our customers and generate ongoing revenue. While we are of course pleased with the reception and sales PAYDAY 3 had before and during launch, and the fact that we recouped our investment in the game early on, we are also humbled by the fact that we have a lot of hard work ahead of us. To make existing players happy, to attract new players and to deliver on the vision for PAYDAY 3 in parallel with Project Baxter and our ventures into third-party publishing. There are no shortcuts in the gaming industry, only hard and consistent work.

TOBIAS SJÖGREN, CEO

Highest number of monthly active users (MAU)

3,167,938

for PAYDAY 3 during Q3 2023



Source: Game data via Starbreeze telemetry

## Events during the quarter

### Conversion of convertible loan

July 19, Digital Bros initiated the conversion of its convertible loan of SEK 215 million at a rate of SEK 1.45. [Read more here.](#)

### Proposal to strengthen Starbreeze's Board

July 24, Starbreeze's Nomination Committee proposed that the Board be strengthened with two gaming veterans to support Starbreeze's strategy and growth, and it was announced that Martin Walfisz would be stepping down from the Board at his own request to take up a new operational post. [Read more here.](#)

### Starbreeze to publish Roboquest by RyseUp Studios

August 10, Starbreeze Entertainment announced that it will be publisher by name and support Roboquest and RyseUp Studios with its expertise in release management, marketing, community management, live service operations, continued development, and data management and analytics. [Read more here.](#)

### Extraordinary General Meeting of Starbreeze AB

At the Extraordinary General Meeting held on September 27, 2023, it was decided, in accordance with the Nomination Committee's proposal, to elect Jon Gillard and Juergen Goeldner as new Board members. [Read more here.](#)

### Global launch of PAYDAY 3

September 21, worldwide launch of PAYDAY 3 when players could start planning and executing the perfect heists together with their friends. [Read more here.](#)

## Events after the end of the quarter

### Roboquest 1.0 launched in November

October 10, Starbreeze announced the release of Roboquest 1.0 on, November 7, on Steam®, Xbox Series X|S, Xbox Game Pass, and Epic Games Store. [Read more here.](#)

### "Turtle vs Turtle" launched in Fortnite

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

### Starbreeze to publish "GodsTV" by Melbot Studios

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

### Starbreeze chairman declines re-election

November 10, Chairman of the Board, Torgny Hellström, announced that he declines re-election at the 2024 AGM. [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.

## Third quarter 2023

### Sales

Net sales for the quarter totaled SEK 494.4 million (38.7). The increase is attributable to the launch of PAYDAY 3 in September 2023.

According to Starbreeze' segment reporting, Game sales amounted to SEK 492.6 million (36.4), Third-party publishing to SEK 0.8 million (0.0), and Licensing to SEK 1.0 million (2.3).

Starbreeze' reported revenue attributable to PAYDAY 3 amounted to SEK 440.8 million. Of the sales, SEK 247.1 million is debt recognized as revenue related to previously received game financing and SEK 193.7 million of revenue share according to 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 consist entirely of sales of different editions of the base game, including non-recurring revenue from platform owners.

PAYDAY 2 sales amounted to SEK 51.6 million (36.1) and relate to Steam and Epic Games Store sales. Sales consist of base games in the amount of SEK 13.3 million and add-on packs in the amount of SEK 38.3 million. Overall, sales were up 42.9 percent during the quarter.

### Costs

Direct costs amounted to SEK 164.7 million (16.0) and consist of costs linked to game production and game development. Direct costs include depreciation of SEK 138.0 million (11.5). The higher costs are due to depreciating PAYDAY 3 in accordance with the depreciation schedule the asset, as the game was launched during the quarter, as well as costs linked to the launch of PAYDAY 3. According to the company's depreciation plan, a depreciation of 1/3 of the asset was made in connection with launch. For further details regarding the company's depreciation plan, see note 1.

Capitalized development expenditure reduced the direct costs by SEK 32.4 million (25.2) and relates to the games PAYDAY 2 and PAYDAY 3, and development of new IP.

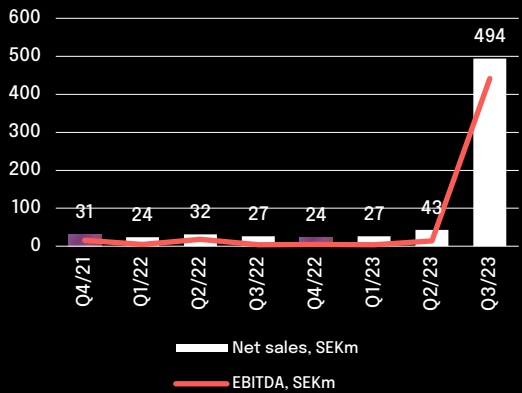
Sales and marketing costs amounted to SEK 18.3 million (3.7) and relate to marketing activities and personnel costs. The increase is mainly attributable to more marketing activities for PAYDAY 3 and higher personnel costs.

Administrative expenses amounted to SEK 17.9 million (13.7) and include office expenses and salaries for personnel who do not work in game production or marketing, as well as other external costs. The increase in costs is mainly attributable to costs relating to personnel, the majority of which are payroll costs, reserved payroll costs related to the company's long-term incentive program for PAYDAY 3, restructuring costs, and external costs.

### Net sales and earnings

	2023	2022	2023	2022
SEKk	Q3	Q3	JAN-SEP	JAN-SEP
Net sales	494,392	38,666	564,291	93,962
EBITDA *	441,834	24,352	459,978	47,011
Profit (-loss) before tax	299,779	-7,494	299,178	-42,105
Net profit (-loss) for the period	299,573	-7,785	299,379	-43,047
Earnings per share, SEK	0.21	-0.01	0.31	-0.06
Net sales growth, %	1,178.6	11.4	500.6	-0.7
EBITDA margin, %	89.4	63.0	81.5	50.0

\*See page 26 for the definitions of key figures



Administrative expenses include depreciation of SEK 4.0 million (3.8). Capitalized development expenditure reduced administrative expenses by SEK 8.7 million (7.3) and relates to the games PAYDAY 2 and PAYDAY 3, and new IP.

Other revenue amounted to SEK 6.3 million (3.7). The item consists of re-invoiced expenses relating to PAYDAY 3 of SEK 2.5 million, exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currency of SEK 2.8 million, and rental income of SEK 0.9 million.

### Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 441.8 million (24.4). The increase in earnings is attributable to the launch of PAYDAY 3.

Profit share from the joint venture StarVR Corporation amounted to SEK -0.0 million (0.1).

### Net financial income/expenses

Net financial income/expense amounted to SEK -0.1 million (-16.5). During the quarter, the company's convertible loan was converted into shares and related debt was amortized. This means that financial costs linked to these items are now 0.

During the quarter, 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 quarter this valuation had a positive impact on profit/loss through an unrealized change in value of SEK 0.1 million (-1.4).

During the quarter, an interest expense on lease liabilities of SEK -0.1 million (-0.2) was charged to net financial income/expense.

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

Profit/loss before taxes amounted to SEK 299.8 million (-7.5).

Earnings for the period were SEK 299.6 million (-7.8).

Basic and diluted earnings per share totaled SEK 0.21 (-0.01).

## January–September 2023

### Sales

Net sales for the period January–September 2023 totaled SEK 564.3 million (94.0). The increase is attributable to the launch of PAYDAY 3 in September 2023. Game sales amounted to SEK 562.2 million (90.0), Third-party publishing to SEK 0.8 million (0.0), and Licensing to SEK 1.1 million (4.0).

Starbreeze' reported revenue attributable to PAYDAY 3 amounted to SEK 440.8 million. Of the sales, SEK 247.1 million is debt recognized as revenue related to previously received game financing and SEK 193.7 million of revenue share according to 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 consist entirely of sales of different editions of the base game, including non-recurring revenue from platform owners.

PAYDAY 2 sales amounted to SEK 120.8 million (89.5) and relate to Steam and Epic Games Store sales. Sales consist of base games in the amount of SEK 27.7 million and add-on packs in the amount of SEK 93.1 million. Overall, sales were up 35.0 percent during the period.

### Costs

Direct costs amounted to SEK 198.0 million (45.1) and consist of costs linked to game production and game

### Specification of net financial income/expenses

SEKk	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP
Interest on convertible bonds	-	-8,442	5,803	-24,081
Net profit (-loss) from StarVR Corp.	-8	95	25	218
Implicit interest	-20	-6,598	7,130	-18,744
Interest on lease liability	-78	-165	-303	-577
Unrealized change in value of derivatives	51	-1,364	1,224	-1,364
Other items	-28	4	-15	20
<b>Total</b>	<b>-84</b>	<b>-16,470</b>	<b>13,863</b>	<b>-44,528</b>



development. Direct costs include depreciation of SEK 163.0 million (33.0). The increase is mainly related to higher depreciation and costs linked to the launch of PAYDAY 3.

Capitalized development expenditure reduced the direct costs by SEK 105.9 million (78.2) and relates to the games PAYDAY 2 and PAYDAY 3, and development of new IP.

Sales and marketing costs amounted to SEK 31.5 million (10.9) and relate to marketing activities and personnel costs. The increase is mainly attributable to more marketing activities during the period primarily relating to PAYDAY 3 and higher personnel costs.

Administrative expenses amounted to SEK 57.1 million (47.0) 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, reserved payroll costs related to the company's long-term incentive program for PAYDAY 3, restructuring costs, and external costs.

Administrative expenses include depreciation of SEK 11.6 million (11.6). Capitalized development expenditure reduced administrative expenses by SEK 26.8 million (21.7) and relates to the games PAYDAY 2 and PAYDAY 3, and new IP.

Other revenue amounted to SEK 7.5 million (11.4). The item consists of re-invoiced expenses relating to Payday 3 of SEK 8.3 million, exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currency of SEK -3.6 million, and rental income of SEK 2.7 million.

## Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 460.0 million (47.0). The increase is due to the launch of PAYDAY 3.

Profit share from the joint venture StarVR Corporation

amounted to SEK 0.0 million (0.2).

## Net financial income/expense

Net financial income/expense amounted to SEK 13.9 million (-44.5). 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 (-42.8). 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 1.2 million (-1.4).

During the period, an interest expense on lease liabilities of SEK -0.3 million (-0.6) was charged to net financial income/expense.

## Profit/loss before taxes and profit/loss for the period

Profit/loss before taxes for the period amounted to SEK 299.2 million (-42.1).

Profit/loss for the period amounted to SEK 299.4 million (-43.0).

Basic and diluted earnings per share totaled SEK 0.31 (-0.06).





Other financial  
information

03

# Other financial information

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

## Third quarter 2023

### Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 189.0 million (21.9), with operating profit amounting to SEK 299.9 million (9.0) and adjustments for items not included in cash flow amounting to SEK -110.1 million (13.4). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 142.0 million (15.4) and exchange rate effects of SEK -7.4 million (-1.9). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -247.1 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 11.1 million (23.6). The working capital is negatively affected by the receivable linked to PAYDAY 3 sales. Starbreeze receives cash flow only after Plaion has received cash and Starbreeze has issued an invoice for the share of which Starbreeze is

entitled to according to the terms of revenue sharing.

Cash flow from investing activities amounted to SEK -53.9 million (-33.6), of which investments in proprietary game development accounted for SEK -41.1 million (-32.5). Investments in publishing projects amounted to SEK -11.5 million (0.0).

Cash flow from financing activities amounted to SEK -143.1 (43.2) and is a result of the amortization of financial debt of SEK -147.5 million. The company received game financing of SEK 11.5 million (47.2) from Plaion during the period. During the quarter, the company issued invoices totaling SEK 15.6 million relating to the financing of game development. These invoices had not been paid by the close of the period and consequently cash flow was adjusted by the equivalent amount of SEK 15.6 million. Payment was received after the close of the period and will therefore have a positive effect on cash flow in the fourth quarter. Leasing expenses amounted to SEK -3.8 million (-3.9).

Total cash flow for the period was SEK -185.9 million (33.2). Cash and cash equivalents at the end of the quarter amounted to SEK 312.9 million (119.6).

### Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -1.3 million (-0.2). Investments in proprietary game and technology development amounted to SEK -41.1 million (-32.5).

Cash and cash equivalents at September 30<sup>th</sup>, 2023

**SEK 312,9m**



## January–September 2023

### Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 213.4 million (40.8), with positive operating profit amounting to SEK 285.3 million (2.4) and adjustments for items not included in cash flow amounting to SEK -70.9 million (40.0). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 174.7 million (44.6) and exchange rate effects of SEK 0.0 million (-4.9). The item also includes the payment made in relation to financing for game development previously received from Plaion. This amounted to SEK -247.1 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 51.9 million (47.7). 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 the share of which Starbreeze is entitled to according to the terms of the revenue share agreement.

Cash flow from investing activities amounted to SEK -148.9 million (-99.6), of which investments in proprietary game development accounted for SEK -132.7 million (-99.9). Investment in publishing projects amounted to SEK -13.8 million (0.0).

Cash flow from financing activities amounted to SEK 301.6 million (42.6) 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 47.9 million (59.0). Leasing expenses amounted to SEK -11.5 million (-15.2).

Total cash flow for the period was SEK 204.7 million (-9.3). Cash and cash equivalents at the end of the quarter amounted to SEK 312.9 million (119.6).

### Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -2.4 million (-1.1). Investments in proprietary game and technology development amounted to SEK -132.7 million (-99.9).



## Financial position

### *Non-current assets*

Goodwill at the end of the period amounted to SEK 50.0 million (51.2). The decrease in goodwill is attributable to the revaluation of assets in foreign currency.

Intangible assets, consisting mainly of IP rights, amounted to SEK 160.7 million (179.8).

Capitalized expenditure for proprietary game and technology development amounted to SEK 316.7 million (289.9).

Investments in publishing projects amounted to SEK 12.4 million (4.0).

Depreciation and write-downs of intangible assets amounted to SEK 163.2 million (32.8) during the period. The increase is explained by depreciation of PAYDYA 3.

### *Current assets*

Trade and other receivables amounted to SEK 32.3 million (20.0), of which trade receivables relating to game financing amounted to SEK 15.6 million (13.6).

Prepaid expenses and accrued income at the end of the period amounted to SEK 250.4 million (36.0), of which SEK 211.7 million (15.5) relates to receivables for PAYDAY 2 and PAYDAY 3 sales.

### *Equity*

Group equity at the balance sheet date amounted to SEK 983.0 million (73.0). 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 2.4 million (544.2). The convertible loan was converted to shares, SEK 215.1 million, and the related debt of SEK -147.5

million amortized in July 2023. The corresponding debt in the third quarter of 2022 was 362.3. Non-current lease liabilities amounted to SEK 0.2 million (8.8) and deferred tax liabilities amounted to SEK 1.4 million (0.0).

### *Current liabilities*

Current liabilities totaled SEK 172.2 million (121.8). The convertible loan was converted to shares and final amortization of related debt was carried out during the period. Trade payables and other liabilities at the end of the period amounted to SEK 78.2 million (67.7). SEK 247.5 million was credited to liabilities in connection with the release of PAYDAY 3. Crediting does not affect cash flow.

Current lease liabilities amounted to SEK 10.2 million (15.9). Accrued expenses and deferred income at the end of the period was SEK 82.9 million (38.2).

### *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 149,418,051 class A shares (166,321,768) and 1,327,343,989 class B shares (558,287,498).

## 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 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.

## No. of employees

	2023 Q3	2022 Q3
Employees	187	156
Men	154	128
Women	33	28

## No. of employees

187

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 7.1 million (6.4) and for the period to SEK 24.1 million (21.5). Sales mainly relate to the allocation of management fees.

Profit before and after taxes was SEK -34.9 million (-9.5) for the quarter and SEK -17.6 million (-32.8) for the period. Write-down of intra-group receivables was made during the quarter to an amount of SEK 28.8 million.

At the end of the period, cash and cash equivalents amounted to SEK 263.6 million (5.8) and the Parent Company's equity was SEK 1,316.8 million (725.2).

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 interim report has been reviewed by the company's auditor.





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, November 16th, 2023

Torgny Hellström  
*Chairman of the Board*

Anna Lagerborg  
*Board member*

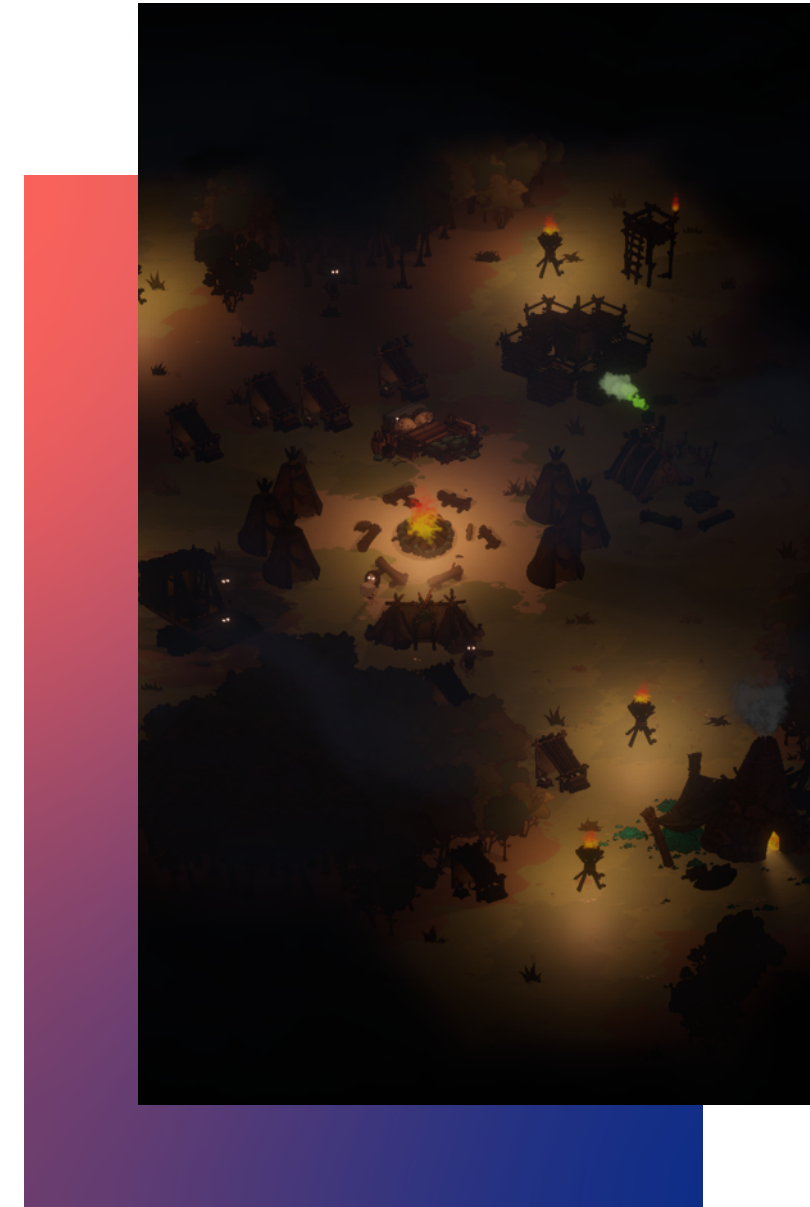
Thomas Lindgren  
*Board member*

Christine Rankin  
*Board member*

Jon Gillard  
*Board member*

Juergen Goeldner  
*Board member*

Tobias Sjögren  
*CEO*



## Auditor's report

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

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### Introduction

We have reviewed the condensed interim financial information (interim report) of Starbreeze AB (publ) as of 30 September 2023 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.

*Stockholm, 16 November 2023*

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow  
Authorized Public Accountant

# Financial reports



# 04



## Consolidated statement of comprehensive income

SEKk	NOTE	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
Net sales	3	494,392	38,666	564,291	93,962	127,602
Direct costs	4	-164,677	-16,007	-197,950	-45,114	-60,527
<b>Gross profit (-loss)</b>		<b>329,715</b>	<b>22,659</b>	<b>366,341</b>	<b>48,848</b>	<b>67,075</b>
Selling and marketing costs	4	-18,316	-3,670	-31,478	-10,883	-15,795
Administrative expenses	4	-17,850	-13,686	-57,097	-46,987	-64,074
Other revenue		6,314	3,673	7,549	11,445	19,540
<b>Operating profit (-loss)</b>		<b>299,863</b>	<b>8,976</b>	<b>285,315</b>	<b>2,423</b>	<b>6,746</b>
Financial income		14	5	36	26	39
Financial expenses		-90	-16,570	13,802	-44,772	-61,356
Share in profit or loss of holdings accounted for using the equity method		-8	95	25	218	168
<b>Profit (-loss) before tax</b>		<b>299,779</b>	<b>-7,494</b>	<b>299,178</b>	<b>-42,105</b>	<b>-54,403</b>
Income tax		-206	-291	201	-942	-5,405
<b>Net profit (-loss) for the period</b>		<b>299,573</b>	<b>-7,785</b>	<b>299,379</b>	<b>-43,047</b>	<b>-59,808</b>
<b>Other comprehensive income that may subsequently be reclassified to profit and loss</b>						
Exchange differences		1,205	-2,735	-2,449	-6,752	-6,223
<b>Total comprehensive income for the period</b>		<b>300,778</b>	<b>-10,520</b>	<b>296,930</b>	<b>-49,799</b>	<b>-66,031</b>
Total comprehensive income for the period attributable to: Owners of the parent		300,778	-10,520	296,930	-49,799	-66,031
Earnings per share attributable to owners of the parent during the period (SEK):						
- Basic		0.21	-0.01	0.31	-0.06	-0.08
- Diluted		0.21	-0.01	0.31	-0.06	-0.08

## Consolidated statement of financial position

SEKk	NOTE	2023-09-30	2022-09-30	2022-12-31
<b>ASSETS</b>				
<i>Intangible assets</i>				
Goodwill		50,049	51,240	48,339
Other intangible assets		160,718	179,770	174,310
Capitalized development cost for own games and technology development		316,669	289,940	328,190
Investments in publishing projects		12,419	3,974	3,974
<i>Financial assets</i>				
Financial assets		7,404	7,298	7,291
Investments in joint ventures	5	1,326	1,352	1,302
Deferred tax assets		-	4,235	-
<i>Property, plant and equipment</i>				
IT equipment and other equipment		3,730	2,175	2,157
Right-of-Use asset-Buildings		9,714	23,356	20,363
<b>Total non-current assets</b>		<b>562,029</b>	<b>563,340</b>	<b>585,926</b>
<i>Current assets</i>				
Trades and other receivables		32,313	19,991	11,622
Prepaid expenses and accrued income		250,429	36,019	40,640
Cash and cash equivalents		312,907	119,600	108,217
<b>Total current assets</b>		<b>595,649</b>	<b>175,610</b>	<b>160,479</b>
<b>TOTAL ASSETS</b>		<b>1,157,678</b>	<b>738,950</b>	<b>746,405</b>

## Consolidated statement of financial position (cont.)

SEKK	NOTE	2023-09-30	2022-09-30	2022-12-31
<b>EQUITY AND LIABILITIES</b>				
<i>Equity attributable to owners of the parent</i>				
Share capital		29,535	14,492	14,492
Other contributed capital		2,593,362	1,979,111	1,979,111
Reserves		10,761	12,681	13,210
Retained earnings including net profit or loss for the period		-1,650,648	-1,933,266	-1,950,027
<b>Total equity</b>		<b>983,010</b>	<b>73,018</b>	<b>56,786</b>
<i>Non-current liabilities</i>				
Deferred tax liability		1,368	-	1,383
Non-current lease liability		236	8,845	5,432
Other non-current liabilities		828	535,317	379,647
<b>Total non-current liabilities</b>		<b>2,432</b>	<b>544,162</b>	<b>386,462</b>
<i>Current liabilities</i>				
Trade and other payables		78,249	67,653	245,708
Derivatives		877	-	2,102
Current lease liability		10,221	15,892	16,187
Accrued expenses and deferred income		82,889	38,225	39,160
<b>Total current liabilities</b>		<b>172,236</b>	<b>121,770</b>	<b>303,157</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,157,678</b>	<b>738,950</b>	<b>746,405</b>



## 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	-	-	-	299,379	299,379
Other comprehensive income for the period					
Translation differences	-	-	-2,449	-	-2,449
Total comprehensive income	-	-	-2,449	299,379	296,930
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 30 September 2023	29,535	2,593,362	10,761	-1,650,648	983,010
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-SEP	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

SEKk	NOTE	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
<i>Operating activities</i>						
Cash flow from operations		299,863	8,976	285,315	2,423	6,746
Adjustment for non-cash items		-110,129	13,433	-70,931	39,950	59,945
Interest received		14	-	36	-	-
Income taxes paid		-762	-539	-994	-1,571	-1,268
<b>Cash flow from (-used in) operating activities before changes in working capital</b>		<b>188,986</b>	<b>21,870</b>	<b>213,426</b>	<b>40,802</b>	<b>65,423</b>
<i>Cash flow from changes in working capital</i>						
Increase (+)/decrease (-) in operating receivables		-195,177	3,399	-208,873	-6,028	-15,925
Increase (+)/decrease (-) in operating liabilities		17,316	-1,679	47,354	12,951	8,327
<b>Cash flow from (-used in) operating activities after changes in working capital</b>		<b>11,125</b>	<b>23,590</b>	<b>51,907</b>	<b>47,725</b>	<b>57,825</b>
<i>Investing activities</i>						
Purchase of property, plant and equipment		-1,347	-235	-2,377	-1,082	-1,271
Purchase of intangible assets		-	-816	-	-816	-1,771
Change in other financial assets		-	13	-	2,230	2,224
Investments in own games and technology		-41,060	-32,520	-132,729	-99,909	-143,118
Investments in publishing projects		-11,457	-	-13,765	-	-
<b>Cash flow from (-used in) investing activities</b>		<b>-53,864</b>	<b>-33,558</b>	<b>-148,871</b>	<b>-99,577</b>	<b>-143,936</b>
<i>Financing activities</i>						
New issue		-	-	452,881	-	-
Costs related to new issues		-2,517	-	-38,639	-	-
Repayment of loans		-148,333	-117	-149,021	-346	-673
Financing game development		11,531	47,210	47,865	58,971	86,119
Overdraft facility		-	-	-	-860	-860
Effect of financial lease		-3,820	-3,934	-11,464	-15,166	-19,064
<b>Cash flow from financing activities</b>		<b>-143,139</b>	<b>43,159</b>	<b>301,622</b>	<b>42,599</b>	<b>65,522</b>
<b>Cash flow for (-used in) the period</b>		<b>-185,878</b>	<b>33,191</b>	<b>204,658</b>	<b>-9,253</b>	<b>-20,589</b>
Cash and cash equivalents at the beginning of the period		498,821	86,288	108,217	128,572	128,572
Exchange difference in cash and cash equivalents		-36	121	32	281	234
<b>Cash and cash equivalents at the end of the period</b>		<b>312,907</b>	<b>119,600</b>	<b>312,907</b>	<b>119,600</b>	<b>108,217</b>

## Performance measures, Group

	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
Net sales, SEKk	494,392	38,666	564,291	93,962	127,602
EBITDA, SEKk	441,834	24,352	459,978	47,011	66,380
EBIT, SEKk	299,863	8,976	285,315	2,423	6,746
Profit (-loss) before tax, SEKk	299,779	-7,494	299,178	-42,105	-54,403
Profit (-loss) after tax, SEKk	299,573	-7,785	299,379	-43,047	-59,808
EBITDA margin, %	89.4	63.0	81.5	50.0	52.0
EBIT margin, %	60.7	23.2	50.6	2.6	5.3
Profit margin, %	60.6	-19.4	53.0	-44.8	-42.6
Equity to assets ratio, %	84.9	9.9	84.9	9.9	7.6
Closing price of A share for the period, SEK *	0.62	0.93	0.62	0.93	1.56
Closing price of B share for the period, SEK *	0.60	0.71	0.60	0.71	1.28
Basic earnings per share, SEK	0.21	-0.01	0.31	-0.06	-0.08
Diluted earnings per share, SEK	0.21	-0.01	0.31	-0.06	-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	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	724,609,266
Average number of shares before dilution	1,447,744,529	724,609,266	970,515,073	724,609,266	724,609,266
Average number of shares after dilution	1,447,744,529	724,609,266	970,515,073	724,609,266	724,609,266
Average number of employees	187	156	180	151	154
Number of employees at the end of the period	191	159	191	159	165



## 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 licensing 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.

### 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 taxes divided by the average number of shares during the period.

### Equity

Reported equity including 78 percent of untaxed reserves.

## Reconciliation of alternative performance measures

	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
<i>EBITDA</i>					
Operating profit (-loss), SEKk	299,863	8,976	285,315	2,423	6,746
Amortization of intangible assets, SEKk	138,075	11,492	163,209	32,800	44,080
Depreciation of property, plant and equipment, SEKk	3,896	3,884	11,454	11,788	15,554
EBITDA	441,834	24,352	459,978	47,011	66,380
<i>EBITDA margin, %</i>					
EBITDA, SEKk	441,834	24,352	459,978	47,011	66,380
Net sales, SEKk	494,392	38,666	564,291	93,962	127,602
EBITDA margin, %	89.4	63.0	81.5	50.0	52.0
<i>EBIT margin, %</i>					
Operating profit (-loss), SEKk	299,863	8,976	285,315	2,423	6,746
Net sales, SEKk	494,392	38,666	564,291	93,962	127,602
EBIT margin, %	60.7	23.2	50.6	2.6	5.3
<i>Profit margin, %</i>					
Profit (-loss) before tax, SEKk	299,779	-7,494	299,178	-42,105	-54,403
Net sales, SEKk	494,392	38,666	564,291	93,962	127,602
Profit margin, %	60.6	-19.4	53.0	-44.8	-42.6
<i>Equity to assets ratio, %</i>					
Total equity	983,010	73,018	983,010	73,018	56,786
Total equity and liabilities, SEKk	1,157,678	738,950	1,157,678	738,950	746,405
Equity to assets ratio, %	84.9	9.9	84.9	9.9	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 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
Net sales	7,079	6,364	24,057	21,474	28,773
Other operating revenue	-3,188	7,102	7,669	18,524	17,181
<b>Total sales</b>	<b>3,891</b>	<b>13,466</b>	<b>31,726</b>	<b>39,998</b>	<b>45,954</b>
Other external expenses	-2,801	-2,497	-13,120	-8,819	-12,910
Employee benefit expense	-10,205	-7,540	-28,822	-26,612	-35,265
Depreciation of property, plant and equipment	6	-22	-11	-102	-112
<b>Operating profit (-loss)</b>	<b>-9,109</b>	<b>3,407</b>	<b>-10,227</b>	<b>4,465</b>	<b>-2,333</b>
Profit from holdings in group companies	-28,800	-	-28,800	-	-
Other financial income	2,996	2,106	8,444	5,502	7,917
Financial expenses	-	-15,035	12,965	-42,814	-58,502
<b>Profit (-loss) after net financial income/expense</b>	<b>-34,913</b>	<b>-9,522</b>	<b>-17,618</b>	<b>-32,847</b>	<b>-52,918</b>
Appropriations	-	-	-	-	-
<b>Profit (-loss) before tax</b>	<b>-34,913</b>	<b>-9,522</b>	<b>-17,618</b>	<b>-32,847</b>	<b>-52,918</b>
Income tax	-	-	-	-	-
<b>Net profit (-loss) for the period</b>	<b>-34,913</b>	<b>-9,522</b>	<b>-17,618</b>	<b>-32,847</b>	<b>-52,918</b>

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



## Parent Company balance sheet

SEKk	2023-09-30	2022-09-30	2022-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	11	43	33
<i>Financial assets</i>			
Investments in group companies	331,873	325,923	331,373
Investments in associates	4,656	4,656	4,656
Other financial assets	2,287	2,173	2,215
<b>Total non-current assets</b>	<b>338,827</b>	<b>332,795</b>	<b>338,277</b>
<i>Current assets</i>			
Trade and other receivables	1,454	1,424	1,094
Receivables from group companies	1,345,822	1,370,227	1,366,562
Prepaid expenses and accrued income	1,622	474	516
Cash and cash equivalents	263,576	5,758	2,782
<b>Total current assets</b>	<b>1,612,474</b>	<b>1,377,883</b>	<b>1,370,954</b>
<b>TOTAL ASSETS</b>	<b>1,951,301</b>	<b>1,710,678</b>	<b>1,709,231</b>

## Parent Company balance sheet (cont.)

SEKk	2023-09-30	2022-09-30	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	29,535	14,492	14,492
Share premium reserve	2,526,379	1,889,898	1,912,128
Retained earnings	-1,221,521	-1,146,373	-1,168,603
Net profit (-loss) for the period	-17,618	-32,847	-52,918
<b>Total equity</b>	<b>1,316,775</b>	<b>725,170</b>	<b>705,099</b>
<i>Non-current liabilities</i>			
Other non-current liabilities	-	362,329	378,016
<b>Total non-current liabilities</b>	<b>-</b>	<b>362,329</b>	<b>378,016</b>
<i>Current liabilities</i>			
Trade payables	3,753	631	756
Liabilities to group companies	603,998	605,032	605,239
Other liabilities	2,183	2,941	2,508
Accrued expenses and deferred income	24,592	14,575	17,613
<b>Total current liabilities</b>	<b>634,526</b>	<b>623,179</b>	<b>626,116</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,951,301</b>	<b>1,710,678</b>	<b>1,709,231</b>

# 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.

An updated principle relating to the depreciation of intangible assets was applied during the period. Finished proprietary game development is depreciated in accordance with the principle of degressive depreciation, i.e. the amount of depreciation decreases over the useful life. Intangible assets with a determinable useful life are depreciated from the date on which they are available for use. The estimated useful life for proprietary game development is five years. Depreciation is performed at 2/3 in year 1, 33% in month 1 and 33% in months 2–12, 15% in year 2 and 6% in each of years 3–5.

## 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	2023-09-30	2022-09-30	2022-12-31
Pledged assets	239,978	240,563	239,978

## Note 3 Net sales per category

SEKk	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
PC	492,619	36,352	562,248	89,973	122,794
Consoles, Digital	780	-	780	-	-
Licensing	954	2,313	1,133	3,950	4,721
Other	39	1	130	39	87
<b>Total net sales</b>	<b>494,392</b>	<b>38,666</b>	<b>564,291</b>	<b>93,962</b>	<b>127,602</b>

## Note 4 Group depreciation and amortization by function

SEKk	2023 Q3	2022 Q3	2023 JAN-SEP	2022 JAN-SEP	2022 JAN-DEC
Depreciation and impairment of property, plant and equipment					
Direct costs	-22	-128	-71	-369	-397
Selling and marketing costs	-6	-6	-18	-18	-24
Administrative expenses	-3,868	-3,750	-11,365	-11,401	-15,133
<b>Total depreciation and impairment of property, plant and equipment</b>	<b>-3,896</b>	<b>-3,884</b>	<b>-11,454</b>	<b>-11,788</b>	<b>-15,554</b>
Amortization and impairment of intangible assets					
Direct costs	-137,993	-11,419	-162,973	-32,584	-43,788
Administrative expenses	-82	-73	-236	-216	-292
<b>Total amortization and impairment of intangible assets</b>	<b>-138,075</b>	<b>-11,492</b>	<b>-163,209</b>	<b>-32,800</b>	<b>-44,080</b>
<b>Total depreciation and amortization and impairment</b>	<b>-141,971</b>	<b>-15,376</b>	<b>-174,663</b>	<b>-44,588</b>	<b>-59,634</b>



## Note 5 Joint venture StarVR Corporation

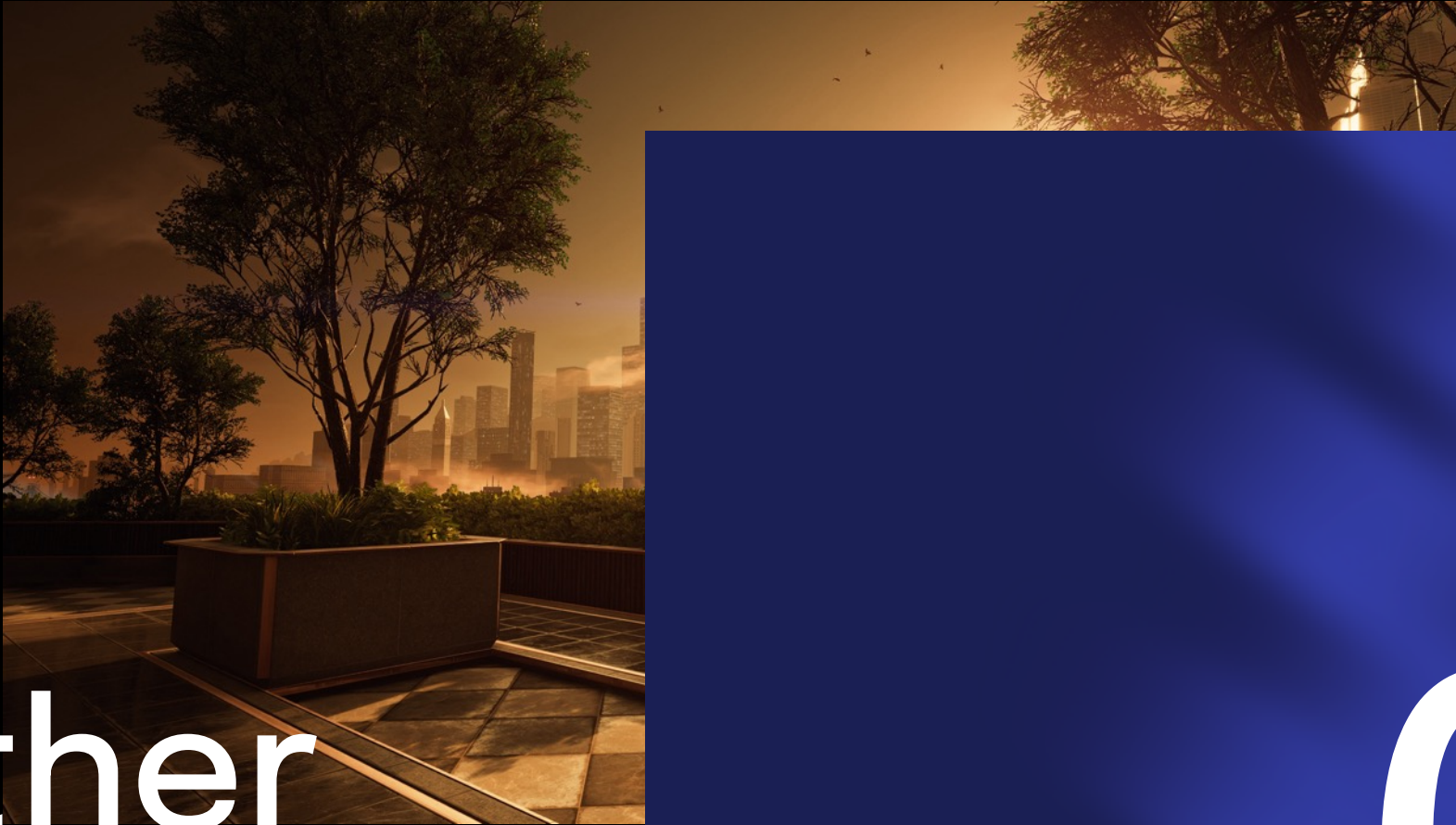
The company's joint venture with Acer, StarVR Corporation, is a sales and marketing company for StarVR's StarVR One headset. The company provides marketing and sales to the corporate market, as well as support and after-sales services. Starbreeze owns the intellectual property rights, such as patents, source codes and trademarks related to StarVR, while Acer is responsible for manufacturing 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	2023-09-30
Reconciliation of net carrying amount:	
Balance of net assets at 1 January	3,945
Net profit (-loss) for the period	142
Exchange differences	-68
<b>Closing balance net assets</b>	<b>4,019</b>
Group's share	33%
Group's share in SEKk	1,326
<b>Net carrying amount</b>	<b>1,326</b>

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	2023-09-30
<i>Balance sheet in summary:</i>	
Current assets	12,032
Current liabilities	-8,013
<b>Net assets</b>	<b>4,019</b>
<i>Statement of comprehensive income in summary:</i>	
Sales	29
Net profit (-loss) for the period	142
<b>Total comprehensive income for the period</b>	<b>142</b>



Other  
information

05

## 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](http://www.starbreeze.com) and [corporate.starbreeze.com](http://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 CET on November 16, 2023.

*NOTE: This report is a translation of the Swedish original. In case of discrepancies, the Swedish language version shall prevail.*

## For more information

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## Financial calendar

Year-end report 2023	February 15, 2024
Annual report 2023	Week 15, 2024
Interim report Q1 2024	May 14, 2024
Annual General Meeting 2024	May 15 2024

## Presentation

The company will hold a webcast at 10am, November 16. To join the presentation – – [click here](#).

# STARBREEZE

ENTERTAINMENT

