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STARBREEZE
ENTERTAINMENT

Building Community by Making Games

Starbreeze Q1 2023



Today's presenters



TOBIAS SJÖGREN, CEO

Background: Former CEO of White Wolf Entertainment, previous positions at Paradox Interactive, Stardoll and international video game agency DDM Agency. Head of DICE Stockholm's studio while the first Battlefield game was released.



MATS JUHL, CFO

Background: CFO of Mips AB (publ.), CFO of Tengbomgruppen AB, CFO of Sweden Arena Management KB (Friends Arena), Finance Director at Ticnet AB, Finance Manager at Enea AB (publ.).

Agenda

1. Rights Issue & Transaction 2023
2. Quarter in brief
3. The PAYDAY™ franchise
4. Group financials
5. Appendix

Rights Issue & Transaction 2023

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Summary of the Rights Issue and Transaction

Rights Issue

- SEK 300m to secure long-term growth and value creation

- Game production – two projects, one of which started in Q4 2022

- Strengthening Publishing to self-publish own games

- Broadening Starbreeze' portfolio and adding revenue streams

- Support from larger shareholders and guarantors to SEK 250m (56 percent)

Transaction

- SEK 150m to settle refinancing charge owed to Digital Bros (nominal amount SEK 165m)

- Digital Bros undertaken to convert convertible loan of SEK 215m into B shares

- Reducing debt by SEK 380m

Strong net cash position and very limited debt on the balance sheet

A solid foundation to deliver and grow

Core focus creates 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

...into a broadened IP portfolio...

- Launch of PD3 in 2023 and focus on the foundation for a high customer lifetime value (LTV)

- New IPs in production (developed, acquired and/or licensed)

- Multi-IP community

- Leveraging cross-media partnership(s)

...building games, IP and beyond

- Self-publishing, own the full game value chain

- Operating several games on the market

- PAYDAY 3 continuous monetization

- Leading co-creation and building franchises beyond our games

2022

2023-2024


2025 and beyond

Focus on growth and generating value

AAA Games (own IP, licensed IP, acquired IP)

 <p>DELIVER ON OUR IP TV, Game, Mobile, other genres & more Fully funded, to be released 2023</p>	<p>2025</p> <p>DELIVER ON OUR SKILLS Cooperative, multiplayer, strong IP, GaaS</p>	<p>2027</p> <p>DELIVER ON OUR SKILLS Cooperative, multiplayer, strong IP, GaaS</p>
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Publishing indie to AA-games (3rd party, own IP, licensed IP, acquired IP)

	3 rd Party	3 rd Party	UK IP	Own IP
3 rd Party	3 rd Party	UK IP	Own IP	Own IP

Powered by

STARBREEZE

NEBULA

The hub that connects our community with our games and our gamers with each other. Providing support, tools and exciting experiences. Even when you're not actively playing.

PAYDAY™ 3

- Over 1,000,000 additions on Steam Wishlist.
- Gameplay reveal this summer.
- ESRB/PEGI-rating process initiated.
- Verification process to enable simultaneous launch on PC + console initiated.
- Transfer strategy from PAYDAY 2 to PAYDAY 3 initiated in April.
- Close cooperation with our co-publishing partner PLAION (part of Embracer Group) throughout production.
- PLAION Games Lab / “Friday play tests”.

PAYDAY™ 3

Coming Soon



The quarter in brief

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Summary – Q1 2023

Financial

- Q1 2023 revenue, 26.7 MSEK (23.5), an increase of 13.6 percent
- EBITDA, 4.1 MSEK (4.6)
- Depreciation, amortization and impairment totaled SEK 15.6 million (14.5)
- Profit/loss before tax amounted to SEK -24.7 million (-23.8).

Operational

- PAYDAY™ 2, MAU 910k peak in Q1
- As of January, increased revenue share from Steam to 80% up from previously 75%
- PAYDAY™ 3, development according to plan and the game will be released during 2023

The PAYDAY™ franchise

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The PAYDAY™ franchise

Franchise gross sales

> 300m USD

Installed base

> 38,000,000

DLCs and updates

> 240

Years of live operations

11

Consistent CCU-rank on Steam®

Top-20

Steam community size

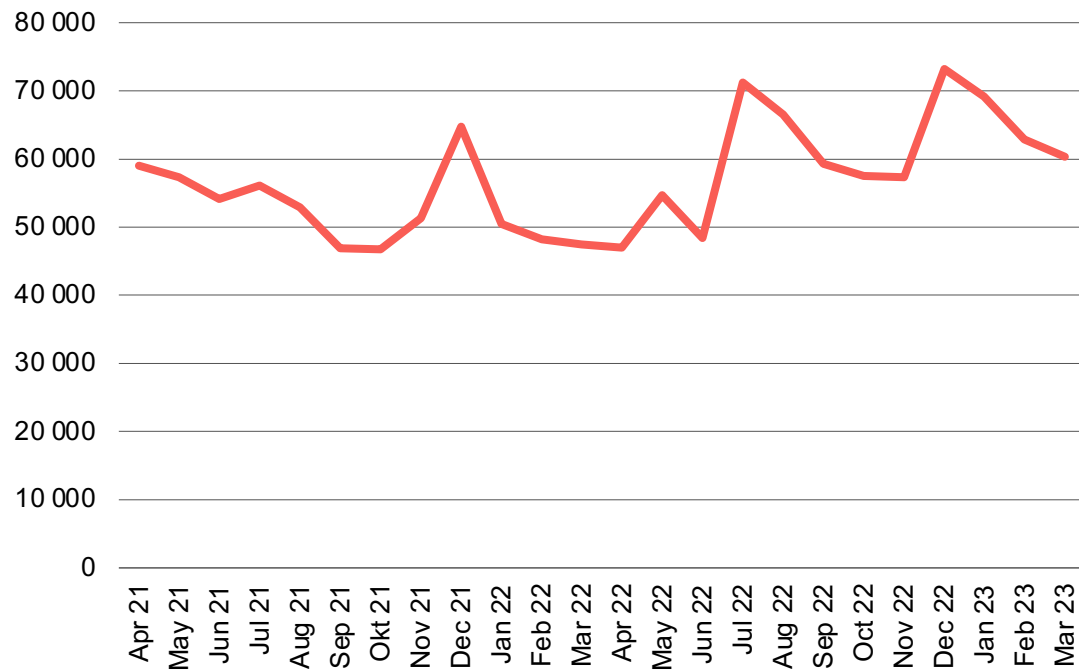
> 8,600,000



PAYDAY™ 2 – KPI development

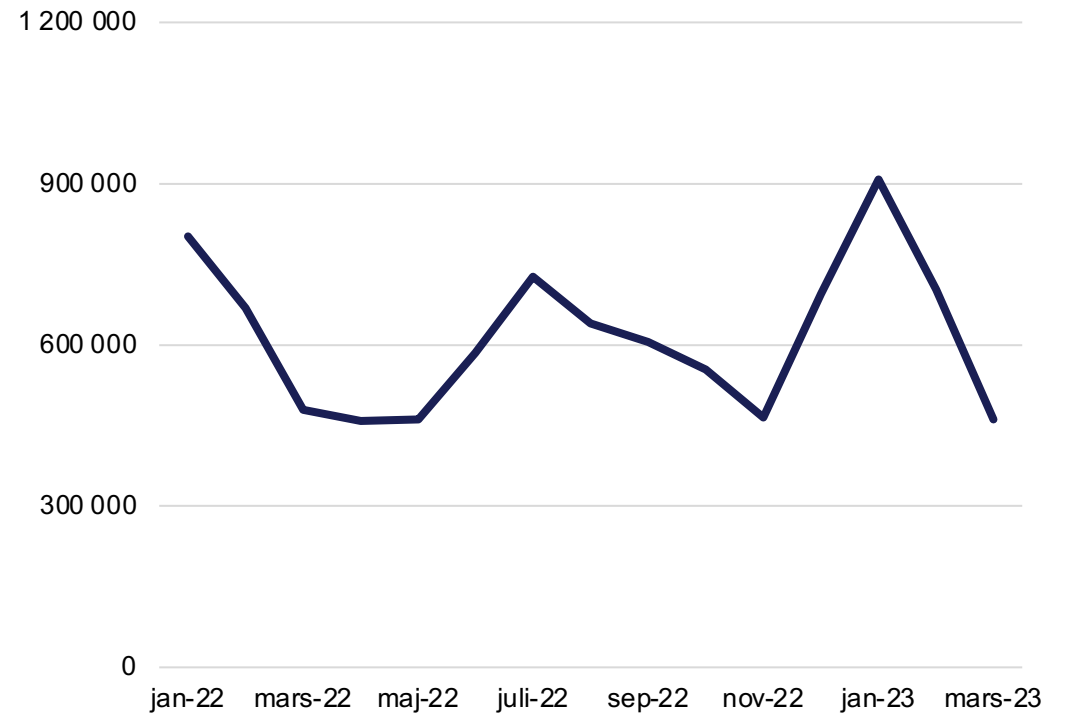
PAYDAY™ – Peak CCU per month

CCU per month



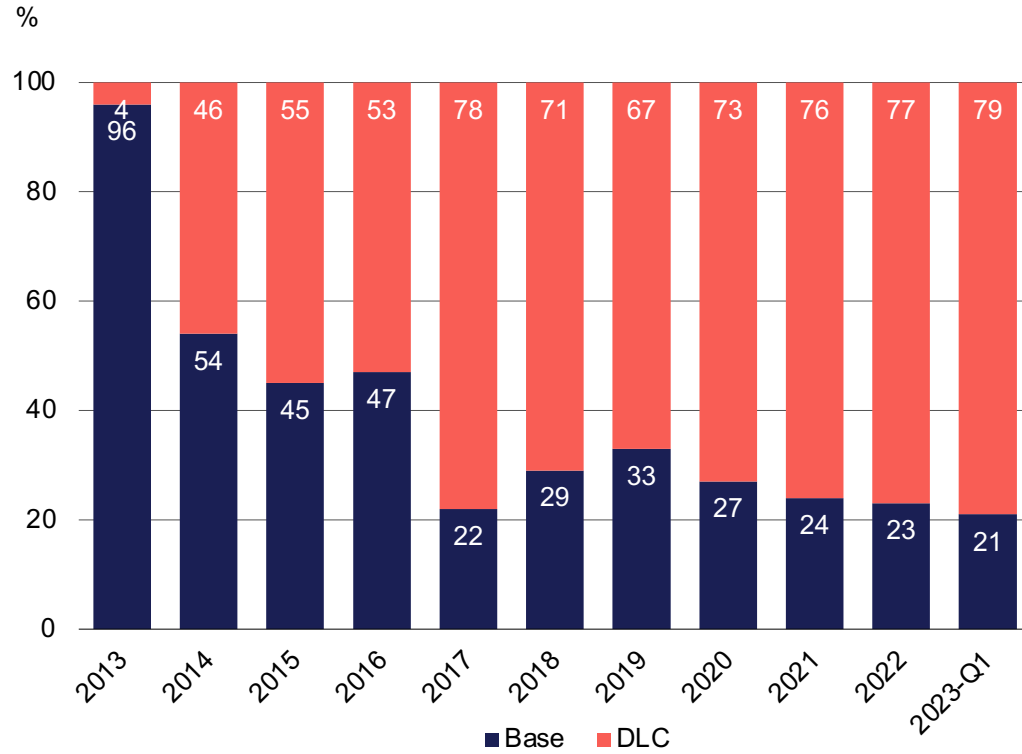
MAU development last 12 months

MAU

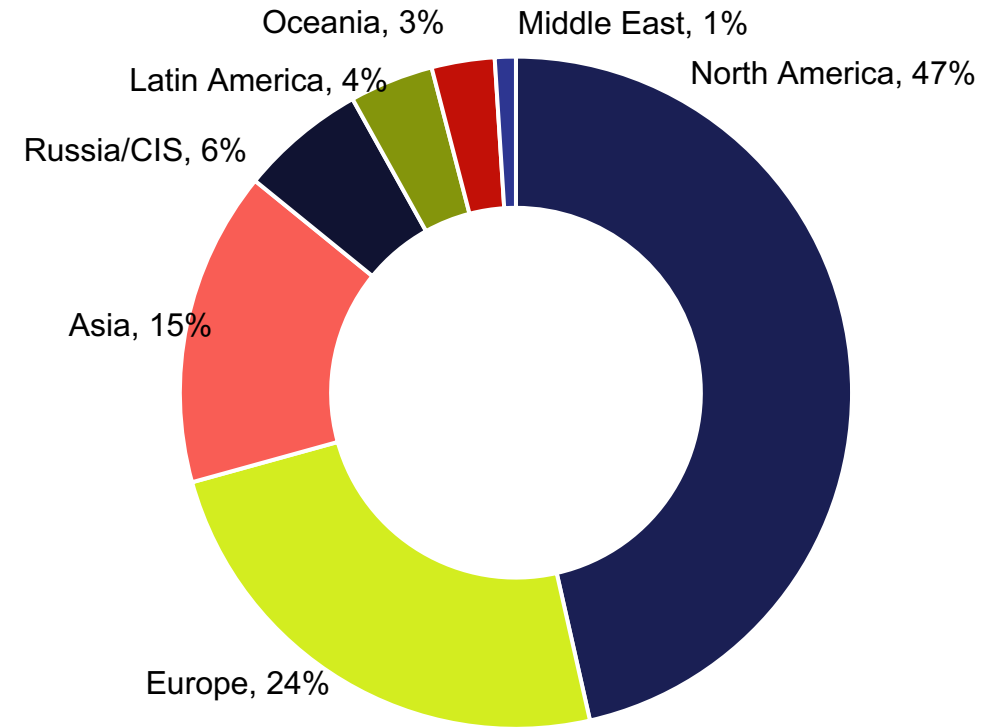


PAYDAY™ 2 – KPI development

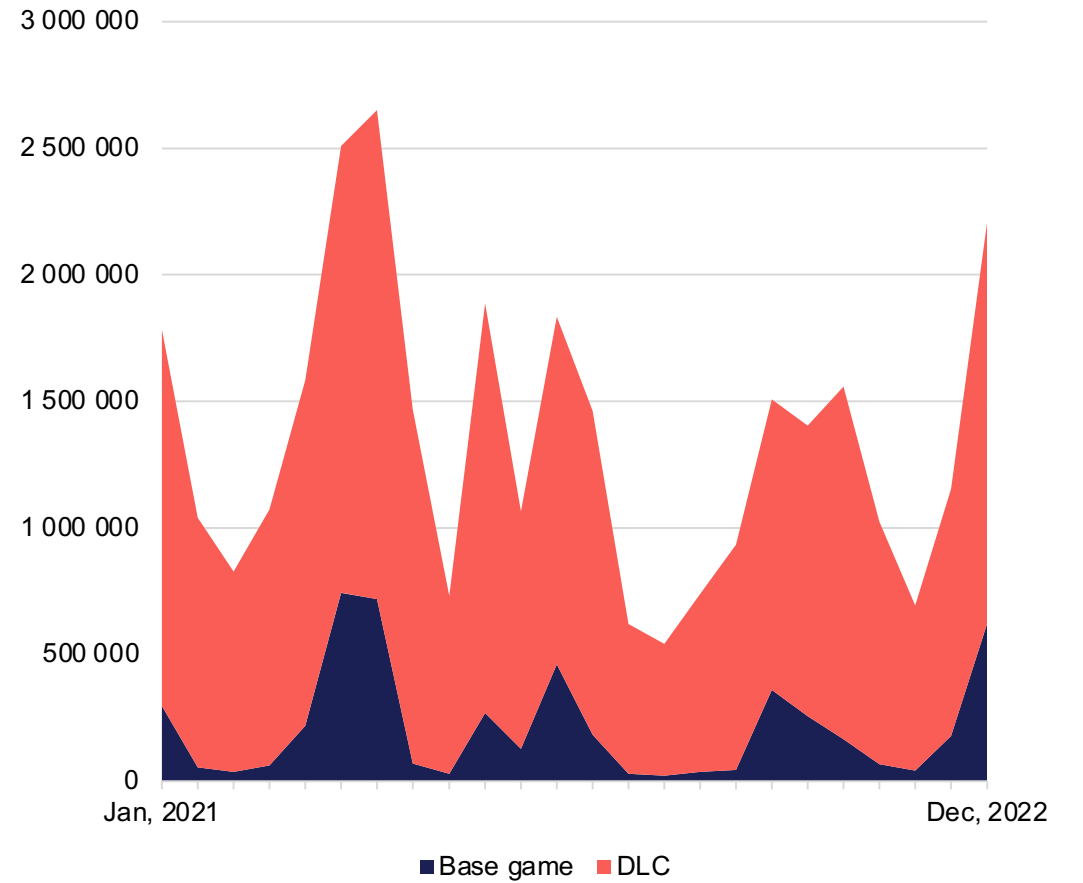
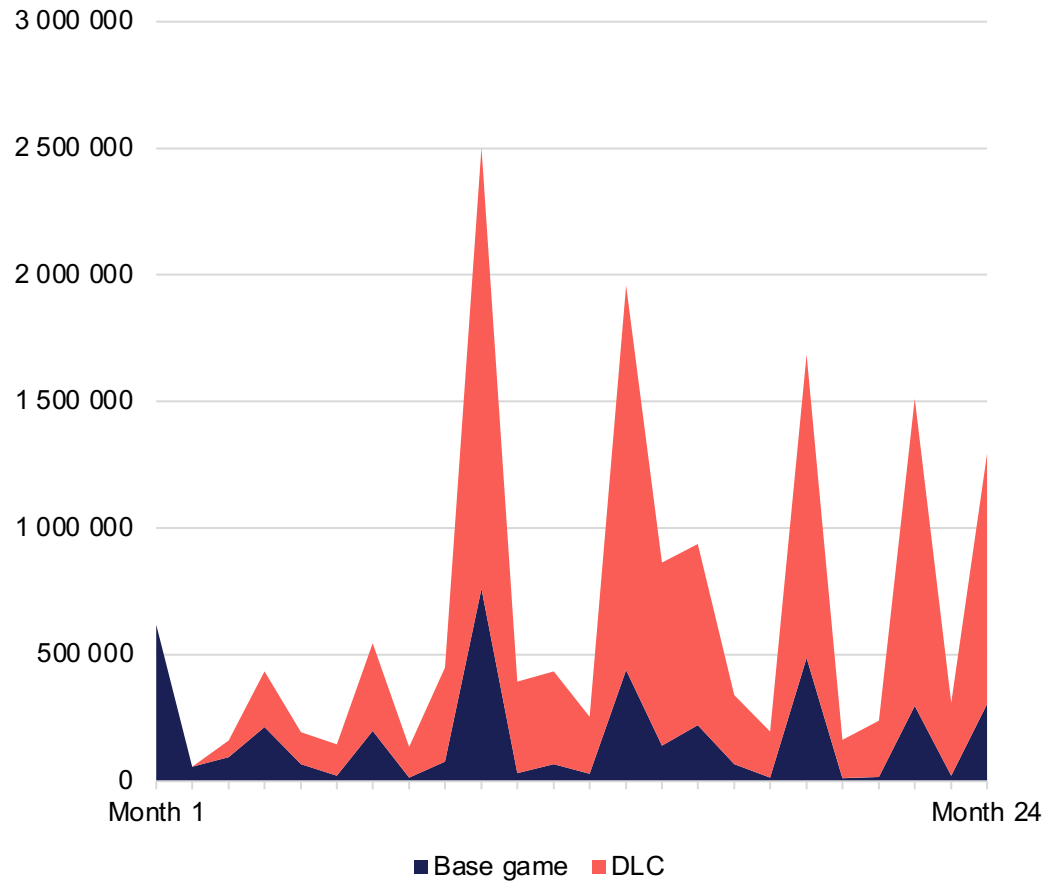
PAYDAY™ 2 – Base game vs DLC split PD2
Steam launch to date



Breakdown of Starbreeze's revenues from Steam by region



PAYDAY™ 2 – Unit sales, Steam®



PAYDAY™ 2 licenses and collaborations

Goat simulator

Coffee Stain



Hotline Miami

Alienware



The Alesso Heist

Alesso



Scarface

Universal pictures



John Wick

Lions Gate Ent.



Point Break

Warner Brothers



PAYDAY™ Crime War

- License agreement signed with PopReach in 2021
- We will receive tiered royalties on net sales
- We retain all IP rights
- Moving towards global release
 - Soft-launch Philippines in Q4'22
 - Soft-launch Australia in Q1'22
- Planned launch during 2023



Strong foundation for a successful launch

1. Franchise built over a decade



Strong reviews to this day

90/100

Current Steam rating

94/100

Steam rating the past 30 days

>401,000

No. of Steam ratings

Well established community

2. Driving transition

STARBREEZE
NEBULA

A core component

Feature set designed to transition, engage and communicate directly with players

3. Launch of PAYDAY™ 3



Multiple platforms

First franchise game with sim-launch on PC and console

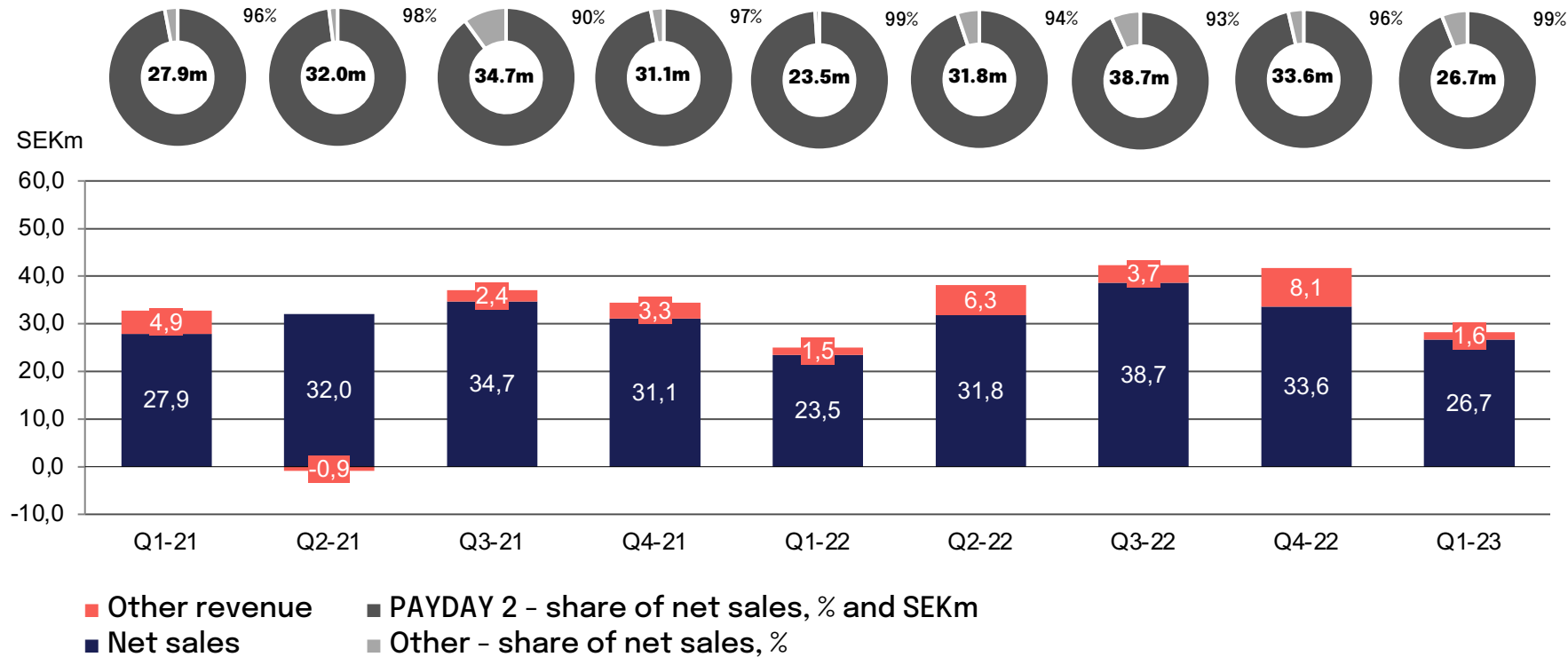
Games as a service

Designed around content updates, new functionality and community services

Group financials

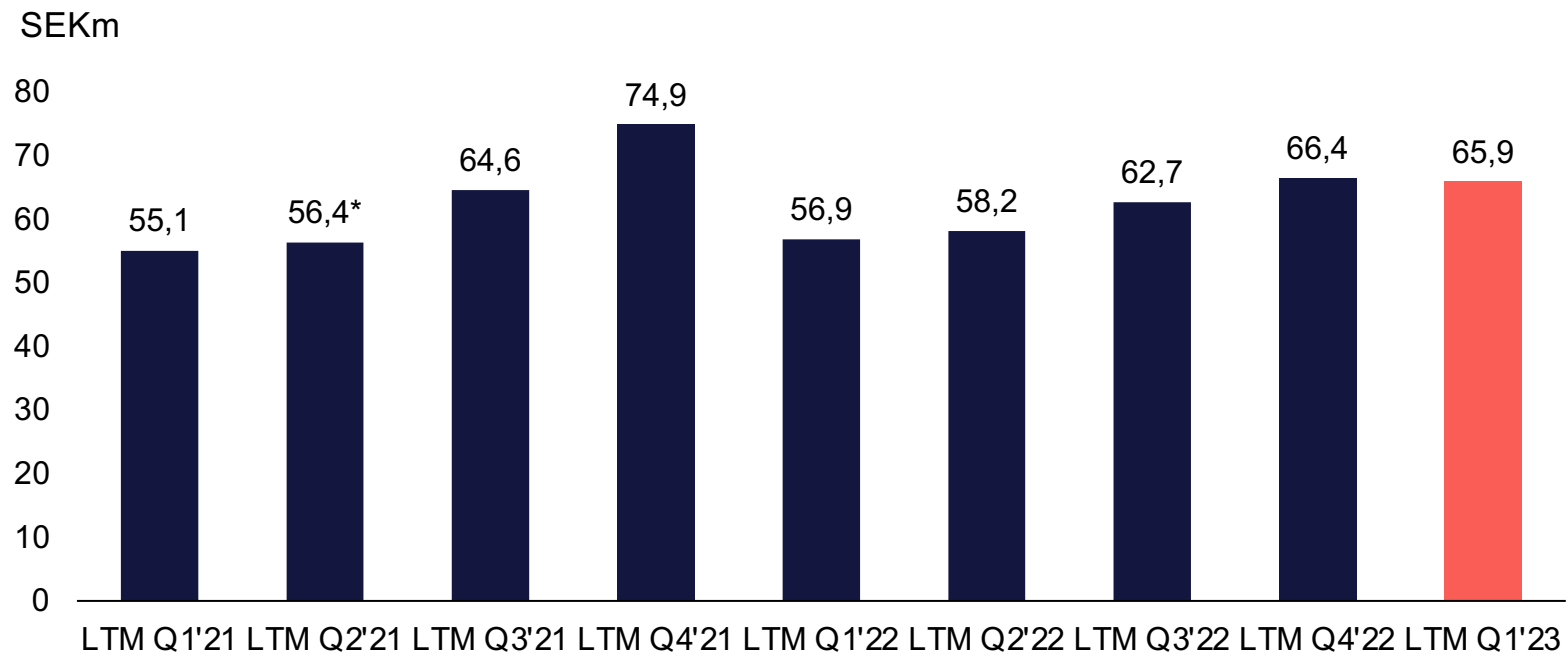
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Revenue development – growth in PAYDAY



- Net sales for Q1 2023 totaled to SEK 26.7m (23.5m).
- PAYDAY growth of +13% Q1 2023, compared to Q1 2022.
- Other revenue mainly relates to forwarded costs related to PD3, revaluations and currency effects.

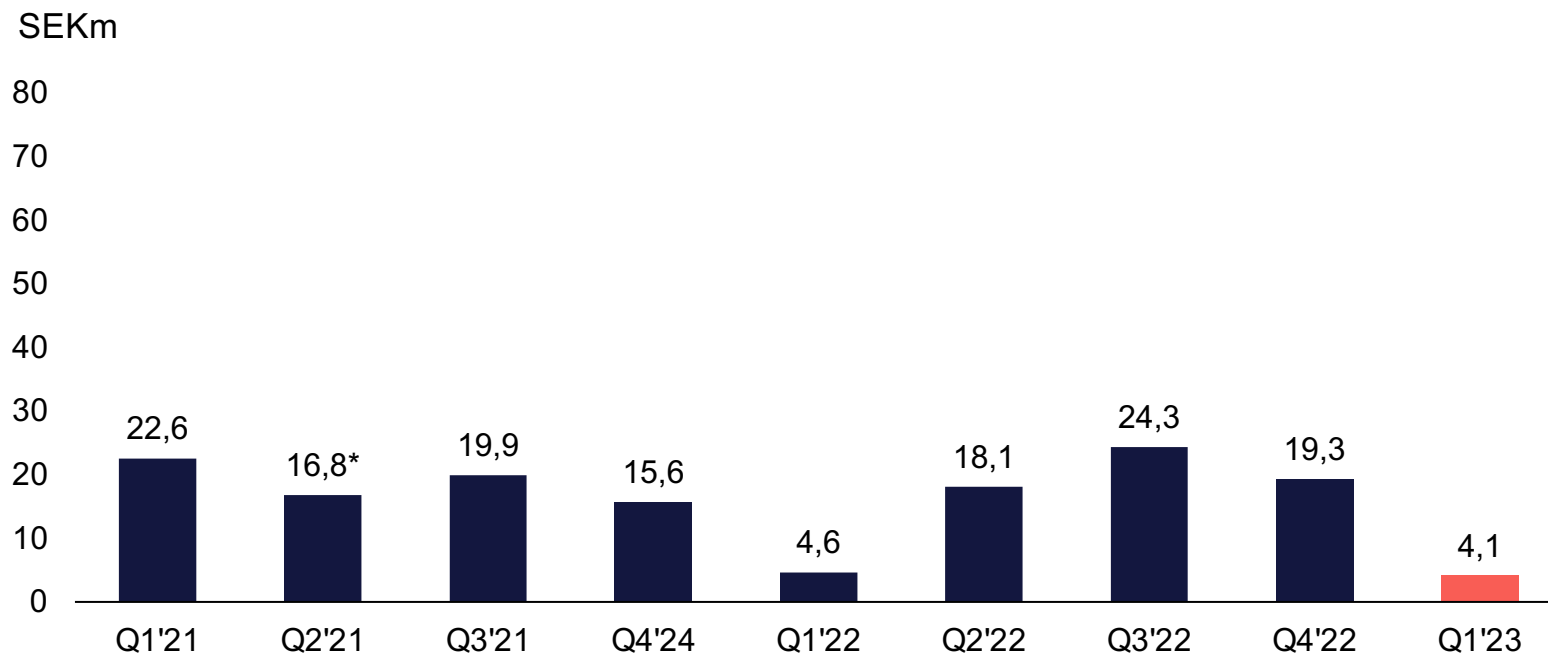
EBITDA development



- EBITDA in LTM Q1 2023 amounted to SEK 65.9m (56.9m)
- More activatable costs and stable net sales leads to a higher level of EBITDA the last quarters of 2022 and beginning of 2023 compared to 2021.

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

EBITDA development

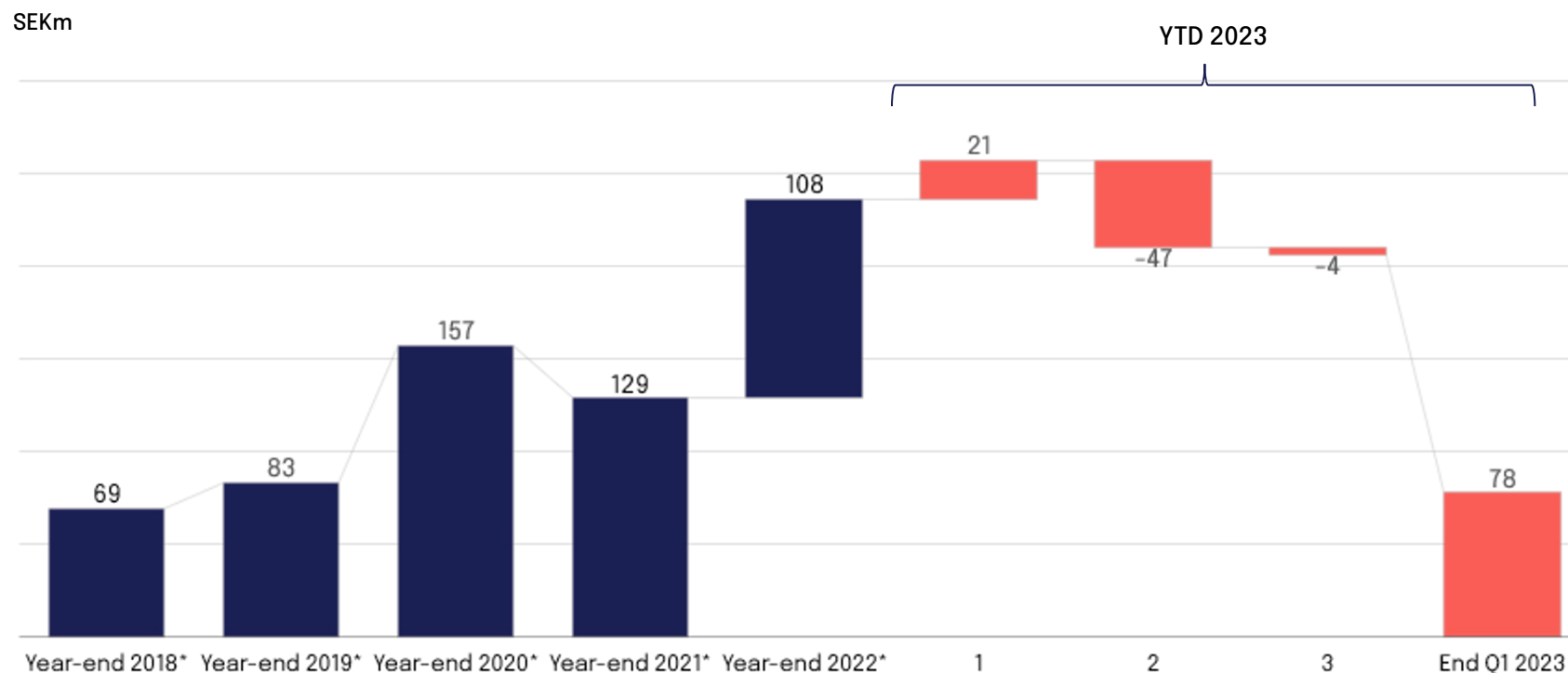


- EBITDA in Q1 2023 amounted to SEK 4.1m (4.6m)
- Higher non-activatable personnel cost and increased marketing activities leads to higher costs YoY.
- Net Sale increase on SEK 3.2m in the quarter off-sets the higher costs some and makes EBITDA come in on equal levels as last year.

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

Cashflow development

- Late payment of SEK 25m received early April, would make cash position SEK 103m
- ① Operating activities after changes in working capital, SEK 20.7m
- ② Investing activities, SEK -46.8m (game development)
- ③ Financing activities, SEK -4.2m (financing for game development 0.0m and financial lease - 4.2m)



*Cash and cash equivalents

Appendix

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Operating expenses

Cost base development

SEKm	NOTE	Q1'23	Q1'22	2022
Direct costs	A	15,791	13,965	60,527
% of net sales		59%	59%	47%
Selling and marketing costs	B	5,625	3,319	15,795
% of net sales		21%	14%	12%
Administrative expenses	C	18,472	17,634	64,074
% of net sales		69%	75%	50%
Number of employees at the end of the period		171	150	165
Average number of employees	D	173	147	154

Source: Company information.

- A** Direct costs for Q1'23 amounted to SEK 15.8m (14.0m) and consists of costs related to game development, depreciations of IP:n, royalty payments and non-activatable personnel expenses. The increase from Q1'22 mainly comes from depreciations of IP of 11.8 million compared to 10.5m in Q1'22.
- B** Selling and marketing costs amounted to SEK 5.6m (3.3m). The increase from Q1'22 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. Increase mainly due to more employees and more activities in the company causing higher costs in the supporting functions as well.
- D** We continue to grow the organization and number of employees increased with 27 during 2022 and additional 6 during the first quarter of 2023.

Balance sheet

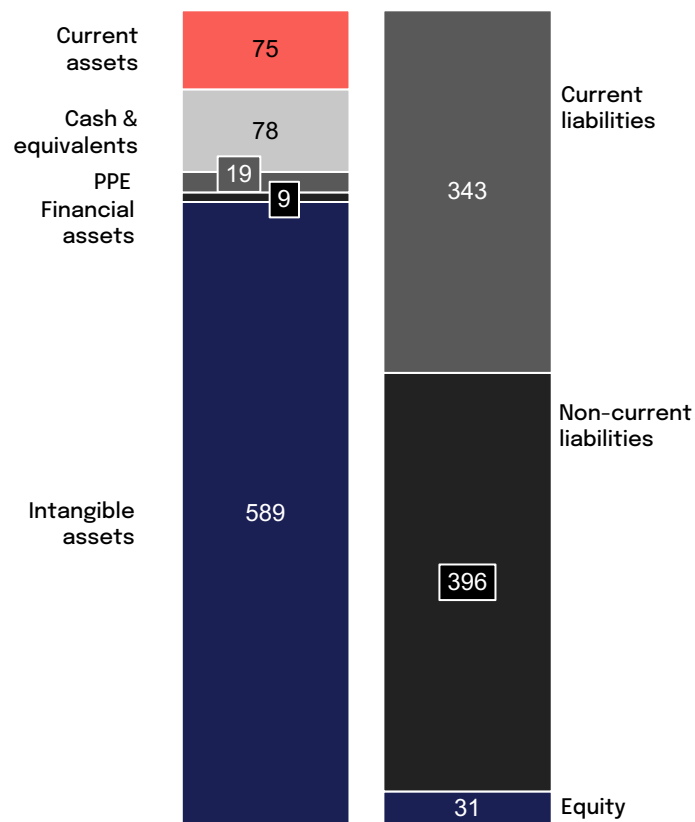
Assets

- Intangible assets amounted to SEK 589m and consist primarily of IP rights SEK 173m, capitalized costs for own game and technology development SEK 368m and Goodwill SEK 48m
- PPE (property, plant and equipment) relates to right of use assets of SEK 16.8m and IT and other equipment of SEK 2.3m
- Financial assets of 8.6m, consists of long-term deposit 7.3m and investments in joint ventures 1.3m
- Current assets consists of
 - Cash and equivalents of SEK 78m
 - Prepaid expenses and accrued income of SEK 43.5m
 - Trades and other receivables of SEK 31.4m

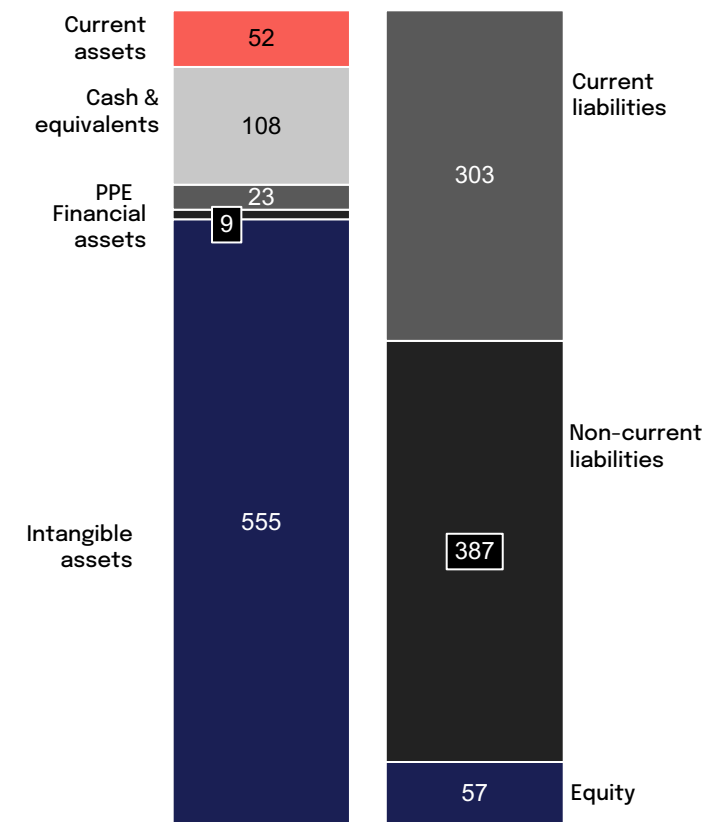
Liabilities

- Non-current liabilities amounted to SEK 395.5m, including
 - Convertible debt of SEK 393m
 - Lease liabilities of SEK 1.6m
 - Tax SEK 1.4m
- Current liabilities amounted to SEK 342.6m, including
 - Financing liability to PLAION of SEK 204.7m
 - Trade and other payables of SEK 69.5m
 - Accrued expenses and deferred income SEK 50.2m
 - Derivative 1.9
 - Lease contracts SEK 16.3m

As per March 31, 2023
SEKm



As per December 31, 2022
SEKm



Thank you!

