

STARBREEZE

ENTERTAINMENT

Q1

Interim report

January - March



First quarter 2023

- Net sales totaled SEK 26.7 million (23.5). PAYDAY accounted for SEK 26.4 million (23.3).
- EBITDA* totaled SEK 4.1 million (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).
- Basic and diluted earnings per share totaled SEK -0.03 (-0.03).
- From January, Starbreeze will receive a higher share of PAYDAY 2 revenue for base games and add-on packs (DLC) from Steam, 80 percent compared to the previous 75 percent.
- On February 16, Starbreeze announced a partnership with Stockholm Syndrome to expand the PAYDAY universe to new media.
- On February 22, The Hostile Takeover Heist was released for PAYDAY 2, as part of the Hostile Takeover campaign.

Significant events after the end of the period

- On April 28, Starbreeze resolved on rights issue of SEK 450 million to accelerate growth initiatives and strengthen its balance sheet, and announced preliminary financial information for the first quarter 2023.

KEY FIGURES

SEKk	2023 JAN-MAR	2022 JAN-MAR	2022 JAN-DEC
Net sales	26,661	23,532	127,602
EBITDA*	4,051	4,554	66,380
Profit (-loss) before tax	-24,725	-23,773	-54,403
Earnings per share, SEK	-0.03	-0.03	-0.08
Cash flow from operations	20,690	8,694	57,825
Net sales per employee	156	160	829

*For definitions of alternative performance measures, see page 23.

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CEO'S MESSAGE

PAYDAY™ 3 to be launched in 2023, and we secure financing for future projects

The last several years, we have worked according to a clear strategy with the aim of building a strong and diversified Starbreeze with a broad and stable business model based on several revenue-generating products. As part of that strategy, we recently announced a rights issue, which aims to accelerate the adopted strategy. We will continue to do what we do best; cooperative multiplayer games with a Games as a Service-model and strong connection to our community and build on the unique skills and experience we possess. The rights issue is at a maximum of SEK 450 million, guaranteed to SEK 250 million by major owners and guarantors. SEK 300 million is intended for game development and growth initiatives. With the issue proceeds together with the proceeds from PAYDAY 3, we can finance the games we plan to release around 2025 and 2027, continue the

development of PAYDAY as a franchise and continue the development of new proprietary IPs. We will also build up our publishing business to have the opportunity to publish our own games, as well as those of others - a big step up the value chain for us as a game developer.

SEK 150 million will go towards strengthening our balance sheet through debt repayment and in connection to the transaction, our owner Digital Bros has undertaken to convert its convertible loan of approximately SEK 215 million into B shares. All in all, we are thus solving debt obligations of close to SEK 400 million. Following completion of the issue, Starbreeze will have a net cash position, very limited debt and be well positioned to deliver on our strategy.

PAYDAY 3 – CAMPAIGN START THIS SUMMER

2023 is the year of PAYDAY. Preparations for the launch continue with ever-increasing intensity. Summer marks the kick-off for our marketing campaigns, to create the biggest possible impression ahead of the game's release. During April, we initiated our so-called transfer strategy. This means we are dropping clues inside PAYDAY 2 as to how the story of our heisters will continue in PAYDAY 3. It is an important step not only to tie together the story between the games but also to build expectations from the player base for the upcoming release. I, like all of Starbreeze, look forward to showing off what we've spent the last few years doing. In addition to development, which continues until the finish line, we are also working



intensively on the steps required to launch simultaneously on PC and console, as well as the planning for DLC-content that will be launched at regular intervals during the game's lifetime. We are also incredibly proud that there are already more than one million members on Steam who have added the game to their wishlists.

RESULTS

Revenue for the quarter increased by 14 percent compared to the same quarter last year, where underlying sales at Steam in US dollars increased by 8 percent. The result decreased slightly as we invested more in marketing and have recruited more key people to our team.

PAYDAY 2

The anticipation surrounding our upcoming game release is rooted in what we achieved with PAYDAY 2, both historically and in recent years. During the first quarter of the year, the team delivered three additional DLCs for PAYDAY 2 and we follow our strategy of frequent content, expansion and add-on packs to our games. This cadence is, and will continue to be, the key to increasing the lifetime value of our games, for players as well as for Starbreeze.

During the quarter, our peak MAU was 907,808 players. Our community on Steam continues to grow, and not least the number of members on our own portal, Starbreeze Nebula, is growing. Having our own portal is a key for us moving forward to enable added functionality in our games and owning the close dialogue that we maintain with our community.

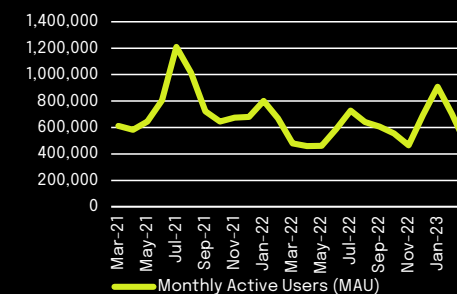
We are building a Starbreeze for the future. By broadening our portfolio of games based on more IPs, our audience and our revenue streams. We are in a niche where we are an industry leader with unique competence, experience and passion as our leverage going forward. Starbreeze will continue to grow, and continue to deliver world-class experiences. More Starbreeze, to more people.

TOBIAS SJÖGREN, CEO

Highest number of monthly active users (MAU)

907 808

for PAYDAY 2 during Q1 2023



Source: PAYDAY 2 game data via Starbreeze telemetry

Significant events during the quarter

Higher share of revenue from Steam

From January, Starbreeze will receive a higher share of PAYDAY 2 revenue for base games and add-on packs (DLC) from Steam, 80 percent compared to the previous 75 percent, as a result of PAYDAY 2 reaching the next level of sales according to Steam's revenue sharing model.

Partnership with Stockholm Syndrome

On February 16, Starbreeze announced a partnership with Stockholm Syndrome to expand the PAYDAY universe to new media.

Hostile Takover Heist

On February 22, The Hostile Takeover Heist was released for PAYDAY 2, as part of the Hostile Takeover campaign.

Significant events after the end of the period

Rights Issue and Transaction

On April 28, Starbreeze resolved on rights issue of SEK 450 million to accelerate growth initiatives and strengthen its balance sheet, and announced preliminary financial information for the first quarter 2023. [Read more here.](#)



Net sales and earnings 02

Net sales and earnings

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

First quarter 2023

Sales

Net sales for the first quarter of 2023 totaled SEK 26.7 million (23.5), an increase of approximately 13 percent compared to the corresponding period in the previous year. PAYDAY accounted for SEK 26.4 million (23.3), an increase of approximately 13 percent compared to the corresponding period in the previous year. PC net sales amounted to SEK 24.0 million (19.1), and Console net sales totaled SEK 2.6 million (4.4). Net sales from Steam amounted to SEK 23.2 million, compared to SEK 18.7 million in the same period in the previous year. Sales of the base game PAYDAY 2 on Steam were up around 22 percent (SEK 0.8 million) during the quarter, while DLC sales (sales of add-on packs) were up approximately 25 percent (SEK 3.6 million). Overall, this corresponds to an increase of approximately 24 percent in Steam sales for PAYDAY compared to the same period in the previous year. PC sales via other distribution channels amounted to SEK 0.8 million in the quarter, compared to SEK 0.4 million in the corresponding period in the previous year.

Exchange rate fluctuations against the US dollar had a positive impact on net sales of SEK 2.2 million compared to the average exchange rate for the corresponding period in the previous year. When adjusted for exchange rate

fluctuations, Steam sales were up approximately 14 percent.

Costs

Direct costs amounted to SEK 15.8 million (14.0) and comprise costs related to the production and development of games. Direct costs include amortization of SEK 11.8 million (10.5).

Capitalized development expenditure reduced direct costs by SEK 36.8 million (25.3) and relates to the games PAYDAY 2 and PAYDAY 3, and the development of new IP.

Selling and marketing expenses amounted to SEK 5.6 million (3.3) and relate to marketing activities and personnel costs. The increase is mainly attributable to more marketing activities during the period and higher personnel costs.

Administrative expenses amounted to SEK 18.5 million (17.6) and include office expenses and salaries for personnel who do not work in game production or marketing, as well as other external costs. The higher costs are mainly attributable to higher personnel costs.

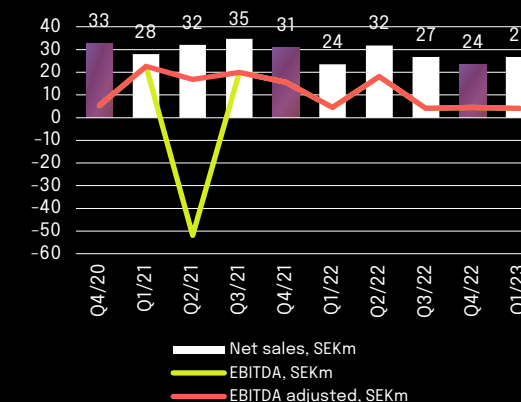
Administrative expenses include amortization of SEK 3.8 million (4.0). Capitalized development expenditure reduced administrative expenses by SEK 8.5 million (6.8) and relates to the games PAYDAY 2 and PAYDAY 3, and new IP.

Other revenue totaled SEK 1.6 million (1.5). The item consists of re-invoiced expenses relating to Payday 3 of

Net sales and earnings

	2023	2022
SEKk	Q1	Q1
Net sales	26,661	23,532
EBITDA *	4,051	4,554
Profit (-loss) before tax	-24,725	-23,773
Net profit (-loss) for the period	-24,934	-24,025
Earnings per share, SEK	-0.03	-0.03
Net sales growth, %	13.3	-15.7
EBITDA margin, %	15.2	19.4

*See page 23 for the definitions of key figures



SEK 2.9 million, exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currencies of SEK -2.2 million, and rental income of SEK 0.9 million.

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled SEK 4.1 million (4.6).

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

Net financial income/expenses

Net financial income/expense totaled SEK -13.1 million (-13.9). Expenses relate mainly to the company's convertible loan and related debt of SEK -13.1 million (-13.7). 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 0.2 million.

During the quarter, net financial income/expense was burdened with interest expense on lease liabilities of SEK -0.1 million (-0.2), which is due to the IFRS 16 accounting standard.

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

Profit/loss before tax for the quarter amounted to SEK -24.7 million (-23.8).

Profit/loss for the quarter amounted to SEK -24.9 million (-24.0).

Basic and diluted earnings per share totaled SEK -0.03 (-0.03).

Specification of net financial income/expenses

	2023	2022
SEkk	JAN-MAR	JAN-MAR
Interest on convertible bonds	-7,145	-7,793
Net profit (-loss) from StarVR Corp.	-25	30
Implicit interest	-6,003	-5,900
Interest on lease liability	-123	-219
Unrealized change in value of derivatives	161	-
Other items	8	15
Total	-13,128	-13,867

Other financial
information

03

Other financial information

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

First quarter 2023

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 6.8 million (3.9), with operating profit totaling SEK -11.6 million (-9.9), and adjustment for items not included in cash flow totaling SEK 18.7 million (14.1). Adjustments for items not included in cash flow consist of the depreciation/amortization of assets of SEK 15.6 million, and exchange rate effects of SEK 2.6 million.

Cash flow from operating activities after changes in working capital amounted to SEK 20.7 million (8.7).

Cash flow from investing activities totaled SEK -46.8 million (-31.2), of which investments in proprietary game development accounted for SEK -45.4 million (-32.1).

Cash flow from financing activities was SEK -4.2 million (6.5), of which IFRS 16 Leases accounted for SEK -3.8 million (-4.3). The company issued invoices totaling SEK 25.0 million relating to game development financing

during the quarter. These invoices had not been paid by the end of the period and consequently cash flow was adjusted by the equivalent amount of SEK 25.0 million. Payment was received after the end of the period and therefore will have a positive effect on cash flow in the second quarter.

Total cash flow for the period was SEK -30.3 million (-16.0). Cash and cash equivalents at the end of the quarter amounted to SEK 78.0 million (112.6).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -0.3 million (-0.6). Investments in proprietary game and technology development totaled SEK -45.4 million (-32.1).

Cash and cash equivalents as at 31 March 2023

SEK 78.0 M

Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 48.0 million (43.4). The increase in goodwill is attributable to the revaluation of assets in foreign currencies.

Intangible assets, consisting mainly of IP rights, totaled SEK 168.0 million (192.9).

Capitalized development costs for proprietary game and technology development amounted to SEK 368.0 million (230.4).

Investments in publishing projects amounted to SEK 5.1 million (4.0).

Amortization and impairment of intangible assets totaled SEK 11.9 million (10.3) during the period.

Current assets

Trade and other receivables amounted to SEK 31.4 million (4.8), of which trade receivables relating to game financing amounted to SEK 25.0 million.

Prepaid expenses and accrued income at the end of the period amounted to SEK 43.5 million (30.6), of which SEK 11.1 million (10.3) relates to receivables for digital sales, primarily through Steam, PlayStation Store, Xbox Live and Switch.

Equity

Group equity at the balance sheet date amounted to SEK 31.4 million (98.0).

Non-current liabilities

Non-current liabilities totaled SEK 395.5 million (453.4), of which convertible loans and related liabilities amounted to SEK 391.2 million (333.2). The non-current portion of lease liabilities amounted to SEK 1.6 million (16.9).

Current liabilities

Current liabilities totaled SEK 342.6 (114.9) million. Trade payables and other liabilities at the end of the period amounted to SEK 274.2 million (63.6). Liabilities relating to game financing received amounted to SEK 204.7 million. In Q1 2022, liabilities relating to game financing received were classified as non-current liabilities and amounted to SEK 92.0 million. Current liabilities relating to game financing will increase as financing is obtained and the liability will be credited in connection with the future distribution of PAYDAY 3 sales revenues. As crediting takes place through revenue distribution, this means that crediting does not affect cash flow. Current liabilities for leases amounted to SEK 16.3 million (17.9). Accrued expenses and deferred income at the end of the period was SEK 50.2 million (33.4).

Share capital

The share capital at the end of the period totaled SEK 14,492,185 (14,492,185) divided into 724,609,266 shares (724,609,266), with 164,308,598 Class A shares (166,371,768) and 560,300,668 Class B shares (558,237,498).

Risks and uncertainties

In order to prepare interim and annual reports in accordance with generally accepted accounting principles, the management team must make assumptions and estimates that affect the assets, liabilities and income recognized in the financial statements. Actual outcomes may differ from these estimates.

The main risks and uncertainties are low game launch revenues and delays to projects. These and other risks, such as copyright infringement, loss of key persons, and exchange rate fluctuations are described in the Directors' report of the Starbreeze 2022 Annual Report on pages 59–60 and in Note 3. Furthermore, the value of certain assets and liabilities is based on an expected outcome, which means that these items must be

Number of employees

	2023	2022
	Q1	Q1
Employees	171	150
Men	144	124
Women	27	26

Number of employees

171

revalued on an ongoing basis and may therefore affect future earnings.

The company continuously monitors the Group's liquidity and capital requirements for the year ahead. The Board of Directors has assessed whether the going concern assumption is met. The factors underlying the Board's assessment are as follows: The company has signed a publishing agreement for PAYDAY 3 with Plaion (previously Koch Media Group), which means that the game development for PAYDAY 3 is financed up to its launch in 2023. The company will receive ongoing revenue from sales linked to PAYDAY 2. Based on the above, the assumption of going concern is deemed to be met. In addition, the company has initiated a rights issue to secure financing for future projects and strengthen the balance sheet, see page 6 for more information.

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 balances and other assets and liabilities denominated in foreign currencies. In the long term, however, a falling US dollar exchange rate will have a negative impact on profit margins. Since 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.

The Parent Company's net sales for the quarter amounted to SEK 7.3 million (7.5). Net sales mainly relate to the allocation of management fees.

Earnings before and after tax were SEK -15.1 million (-14.9).

At the end of the period, cash and cash equivalents amounted to SEK 1.2 million (8.7) and the Parent Company's equity was SEK 690.0 million (743.1).

Non-current liabilities increased during the period to SEK 391.2 million (333.2).

Related-party transactions

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

Auditor's examination

This year-end report has been examined by the company's auditors.

The Board of Directors and CEO declare that this interim report gives a true and fair view of the Group's and Parent Company's activities, financial position and

earnings from operations, and describes the material risks and uncertainties facing the Group and the Parent Company.

Stockholm, May 8, 2023

Torgny Hellström
Chairman of the Board

Anna Lagerborg
Director

Kerstin Sundberg
Director

Thomas Lindgren
Director

Mike Gamble
Director

Tobias Sjögren
Chief Executive Officer



Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Starbreeze AB (publ) as of 31 March 2023 and the three-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, 8 May 2023

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

Financial reports

04

Consolidated statement of comprehensive income

SEKk	NOTE	2023 JAN-MAR	2022 JAN-MAR	2022 JAN-DEC
Net sales	3	26,661	23,532	127,602
Direct costs	4	-15,791	-13,965	-60,527
Gross profit (-loss)		10,870	9,567	67,075
Selling and marketing costs	4	-5,625	-3,319	-15,795
Administrative expenses	4	-18,472	-17,634	-64,074
Other revenue		1,630	1,480	19,540
Operating profit (-loss)		-11,597	-9,906	6,746
Financial income		8	15	39
Financial expenses		-13,111	-13,912	-61,356
Share in profit or loss of holdings accounted for using the equity method		-25	30	168
Profit (-loss) before tax		-24,725	-23,773	-54,403
Income tax		-209	-252	-5,405
Net profit (-loss) for the period		-24,934	-24,025	-59,808
Other comprehensive income that may subsequently be reclassified to profit and loss				
Exchange differences		-423	-838	-6,223
Total comprehensive income for the period		-25,357	-24,863	-66,031
Total comprehensive income for the period attributable to: Owners of the parent		-25,357	-24,863	-66,031
Earnings per share attributable to owners of the parent during the period (SEK):				
- Basic		-0.03	-0.03	-0.08
- Diluted		-0.03	-0.03	-0.08

Consolidated statement of financial position

SEKk	NOTE	2023-03-31	2022-03-31	2022-12-31
ASSETS				
<i>Intangible assets</i>				
Goodwill		47,987	43,377	48,339
Other intangible assets		167,981	192,858	174,310
Capitalized development cost for own games and technology development		367,979	230,422	328,190
Investments in publishing projects		5,096	3,974	3,974
<i>Financial assets</i>				
Financial assets		7,318	7,024	7,291
Investments in joint ventures	5	1,277	1,163	1,302
Non-current lease receivable		-	757	-
Deferred tax assets		-	4,339	-
<i>Property, plant and equipment</i>				
IT equipment and other equipment		2,252	2,031	2,157
Right-of-Use asset-Buildings		16,814	30,431	20,363
Total non-current assets		616,704	516,376	585,926
<i>Current assets</i>				
Trades and other receivables		31,396	4,829	11,622
Current lease receivable		-	1,909	-
Prepaid expenses and accrued income		43,516	30,575	40,640
Cash and cash equivalents		77,966	112,610	108,217
Total current assets		152,878	149,923	160,479
TOTAL ASSETS		769,582	666,299	746,405

Consolidated statement of financial position (cont.)

SEKK	NOTE	2023-03-31	2022-03-31	2022-12-31
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		14,492	14,492	14,492
Other contributed capital		1,979,111	1,979,111	1,979,111
Reserves		12,787	18,595	13,210
Retained earnings including net profit or loss for the period		-1,974,961	-1,914,244	-1,950,027
Total equity		31,429	97,954	56,786
<i>Non-current liabilities</i>				
Deferred tax liability		1,350	-	1,383
Non-current lease liability		1,636	16,869	5,432
Other non-current liabilities		392,524	436,531	379,647
Total non-current liabilities		395,510	453,400	386,462
<i>Current liabilities</i>				
Trade and other payables		274,173	63,564	245,708
Derivatives		1,941	-	2,102
Current lease liability		16,285	17,938	16,187
Accrued expenses and deferred income		50,244	33,443	39,160
Total current liabilities		342,643	114,945	303,157
TOTAL EQUITY AND LIABILITIES		769,582	666,299	746,405

Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2023	14,492	1,979,111	13,210	-1,950,027	56,786
Net profit (-loss) for the period	-	-	-	-24,934	-24,934
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	-423	-	-423
Total comprehensive income	-	-	-423	-24,934	-25,357
Balance at 31 March 2023	14,492	1,979,111	12,787	-1,974,961	31,429
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
<i>Other comprehensive income for the period</i>					
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-MAR	JAN-DEC
Number of shares at the beginning of the period				724,609,266	724,609,266
Total shares outstanding at the end of the period				724,609,266	724,609,266

Consolidated statement of cash flows

SEKk	NOTE	2023 JAN-MAR	2022 JAN-MAR	2022 JAN-DEC
<i>Operating activities</i>				
Cash flow from operations		-11,597	-9,906	6,746
Adjustment for non-cash items		18,707	14,091	59,945
Interest received		8	-	-
Income taxes paid		-288	-247	-1,268
Cash flow from (-used in) operating activities before changes in working capital		6,830	3,938	65,423
<i>Cash flow from changes in working capital</i>				
Increase (+)/decrease (-) in operating receivables		2,445	-1,959	-15,925
Increase (+)/decrease (-) in operating liabilities		11,415	6,715	8,327
Cash flow from (-used in) operating activities after changes in working capital		20,690	8,694	57,825
<i>Investing activities</i>				
Purchase of property, plant and equipment		-307	-565	-1,271
Purchase of intangible assets		-	-	-1,771
Change in other financial assets		-	1,477	2,224
Investments in own games and technology		-45,358	-32,104	-143,118
Investments in publishing projects		-1,122	-	-
Cash flow from (-used in) investing activities		-46,787	-31,192	-143,936
<i>Financing activities</i>				
Repayment of loans		-340	-115	-673
Financing game development		-	11,761	86,119
Overdraft facility		-	-860	-860
Effect of financial lease		-3,821	-4,305	-19,064
Cash flow from financing activities		-4,161	6,481	65,522
Cash flow for (-used in) the period		-30,258	-16,017	-20,589
Cash and cash equivalents at the beginning of the period		108,217	128,572	128,572
Exchange difference in cash and cash equivalents		7	55	234
Cash and cash equivalents at the end of the period		77,966	112,610	108,217

Performance measures, Group

	2023	2022	2022
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales, SEKk	26,661	23,532	127,602
EBITDA, SEKk	4,051	4,554	66,380
EBIT, SEKk	-11,597	-9,906	6,746
Profit (-loss) before tax, SEKk	-24,725	-23,773	-54,403
Profit (-loss) after tax, SEKk	-24,934	-24,025	-59,808
EBITDA margin, %	15.2	19.4	52.0
EBIT margin, %	-43.5	-42.1	5.3
Profit margin, %	-92.7	-101.0	-42.6
Equity to assets ratio, %	4.1	14.7	7.6
Closing price of A share for the period, SEK	1.83	0.92	1.56
Closing price of B share for the period, SEK	1.87	1.01	1.58
Basic earnings per share, SEK	-0.03	-0.03	-0.08
Diluted earnings per share, SEK	-0.03	-0.03	-0.08
Number of shares at end of period before dilution	724,609,266	724,609,266	724,609,266
Number of shares at end of period after dilution	724,609,266	724,609,266	724,609,266
Average number of shares before dilution	724,609,266	724,609,266	724,609,266
Average number of shares after dilution	724,609,266	724,609,266	724,609,266
Average number of employees	171	147	154
Number of employees at the end of the period	173	150	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.

Adjusted EBITDA margin

Earnings before interest, tax, depreciation, and amortization as a percentage of net sales adjusted for non-recurring items related to the licensing agreement for PAYDAY Crime War.

Operating margin

Earnings after depreciation and amortization as a percentage of net sales.

Profit margin

Profit after financial items as a percentage of total net sales.

Equity/assets ratio

Equity as a percentage of capital employed.

Earnings per share

Profit or loss after tax divided by the average number of shares during the period.

Equity

Reported equity including 78 percent of untaxed reserves

Reconciliation of alternative performance measures

	2023 JAN-MAR	2022 JAN-MAR	2022 JAN-DEC
<i>EBITDA</i>			
Operating profit (-loss), SEKk	-11,597	-9,906	6,746
Amortization of intangible assets, SEKk	11,887	10,334	44,080
Depreciation of property, plant and equipment, SEKk	3,761	4,126	15,554
EBITDA	4,051	4,554	66,380
<i>EBITDA margin, %</i>			
EBITDA, SEKk	4,051	4,554	66,380
Net sales, SEKk	26,661	23,532	127,602
EBITDA margin, %	15.2	19.4	52.0
<i>EBIT margin, %</i>			
Operating profit (-loss), SEKk	-11,597	-9,906	6,746
Net sales, SEKk	26,661	23,532	127,602
EBIT margin, %	-43.5	-42.1	5.3
<i>Profit margin, %</i>			
Profit (-loss) before tax, SEKk	-24,725	-23,773	-54,403
Net sales, SEKk	26,661	23,532	127,602
Profit margin, %	-92.7	-101.0	-42.6
<i>Equity to assets ratio, %</i>			
Total equity	31,429	97,954	56,786
Total equity and liabilities, SEKk	769,582	666,299	746,405
Equity to assets ratio, %	4.1	14.7	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	2022	2022
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	7,381	7,536	28,773
Other operating revenue	1,045	2,410	17,181
Total sales	8,426	9,946	45,954
Other external expenses	-4,338	-2,666	-12,910
Employee benefit expense	-8,634	-9,957	-35,265
Depreciation of property, plant and equipment	-8	-40	-112
Operating profit (-loss)	-4,554	-2,717	-2,333
Other financial income	2,568	1,465	7,917
Financial expenses	-13,148	-13,694	-58,502
Profit (-loss) after net financial income/expense	-15,134	-14,946	-52,918
Appropriations	-	-	-
Profit (-loss) before tax	-15,134	-14,946	-52,918
Income tax	-	-	-
Net profit (-loss) for the period	-15,134	-14,946	-52,918

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

Parent Company balance sheet

SEKk	2023-03-31	2022-03-31	2022-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	25	105	33
<i>Financial assets</i>			
Investments in group companies	331,373	325,924	331,373
Investments in associates	4,656	4,656	4,656
Other financial assets	2,244	2,057	2,215
Total non-current assets	338,298	332,742	338,277
<i>Current assets</i>			
Trade and other receivables	997	997	1,094
Receivables from group companies	1,370,949	1,350,292	1,366,562
Prepaid expenses and accrued income	952	637	516
Cash and cash equivalents	1,173	8,662	2,782
Total current assets	1,374,071	1,360,588	1,370,954
TOTAL ASSETS	1,712,369	1,693,330	1,709,231

Parent Company balance sheet (cont.)

SEKk	2023-03-31	2022-03-31	2022-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	14,492	14,492	14,492
Share premium reserve	1,912,128	1,912,127	1,912,128
Retained earnings	-1,221,521	-1,168,602	-1,168,603
Net profit (-loss) for the period	-15,134	-14,946	-52,918
Total equity	689,965	743,071	705,099
<i>Non-current liabilities</i>			
Other non-current liabilities	391,165	333,208	378,016
Total non-current liabilities	391,165	333,208	378,016
<i>Current liabilities</i>			
Trade payables	1,658	1,881	756
Liabilities to group companies	607,311	600,883	605,239
Other liabilities	2,662	2,568	2,508
Accrued expenses and deferred income	19,608	11,719	17,613
Total current liabilities	631,239	617,051	626,116
TOTAL EQUITY AND LIABILITIES	1,712,369	1,693,330	1,709,231

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 has been prepared in accordance with the same accounting principles and calculation methods as the 2022 Annual Report (Note 2, pages 70-74).

No new or revised IFRS rules have come into force that are expected to have a significant impact on the Group. For all financial assets and liabilities, the carrying amount is a good approximation of fair value.

Note 2 Pledged assets

In March 2021, Starbreeze entered into a co-publishing agreement with Plaion (formerly Koch Media) regarding PAYDAY 3. The agreement covers both product development and marketing of PAYDAY 3 as well as continued development and marketing of the game according to the Starbreeze GaaS 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 secure 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	2023-03-31	2022-03-31	2022-12-31
Pledged assets	239,978	240,563	239,978

Note 3 Net sales per category

SEKk JAN-JUN 2022	Starbreeze Games	Other	Total
PC	23,742	319	24,061
Consoles, Digital	2,590	19	2,609
Consoles, Retail	29	-	29
Licensing	-	-110	-110
Other	72	-	72
Total net sales	26,433	228	26,661

SEKk JAN-JUN 2021	Starbreeze Games	Other	Total
PC	18,908	137	19,045
Consoles, Digital	4,345	13	4,358
Consoles, Retail	40	-	40
Licensing	-	51	51
Other	38	-	38
Total net sales	23,331	201	23,532

Note 4 Group depreciation and amortization by function

SEKk	2023	2022	2022
	JAN-MAR	JAN-MAR	JAN-DEC
Depreciation and impairment of property, plant and equipment			
Direct costs	-25	-194	-397
Selling and marketing costs	-6	-6	-24
Administrative expenses	-3,730	-3,926	-15,133
Total depreciation and impairment of property, plant and equipment	-3,761	-4,126	-15,554
Amortization and impairment of intangible assets			
Direct costs	-11,811	-10,263	-43,788
Administrative expenses	-76	-71	-292
Total amortization and impairment of intangible assets	-11,887	-10,334	-44,080
Total depreciation and amortization and impairment	-15,648	-14,460	-59,634

Note 5 Joint Ventures 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	2023-03-31
<i>Reconciliation of net carrying amount:</i>	
Balance of net assets at 1 January	3,945
Net profit (-loss) for the period	-15
Exchange differences	-60
Closing balance net assets	3,870
<i>Group's share</i>	
Group's share	33%
Group's share in SEKk	1,277
Net carrying amount	1,277

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	2023-03-31
<i>Balance sheet in summary:</i>	
Current assets	11,921
Current liabilities	-8,051
Net assets	3,870
<i>Statement of comprehensive income in summary:</i>	
Sales	29
Net profit (-loss) for the period	-15
Total comprehensive income for the period	-15

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 at www.starbreeze.com

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Financial Calendar

AGM 2023	11 May 2023
EGM 2023	23 May 2023
Interim report Q2 2023	17 August 2023
Interim report Q3 2023	16 November 2023

STARBREEZE

ENTERTAINMENT

