

STARBREEZE
STUDIOS



**PRESENTATION
1 JANUARY–31 MARCH
2022**





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.).



- **HIGHLIGHTS**
- **STARBREEZE & STRATEGY**
- **THE BUSINESS**
- **FINANCIALS**

**Stepping up ...
... to the next level**



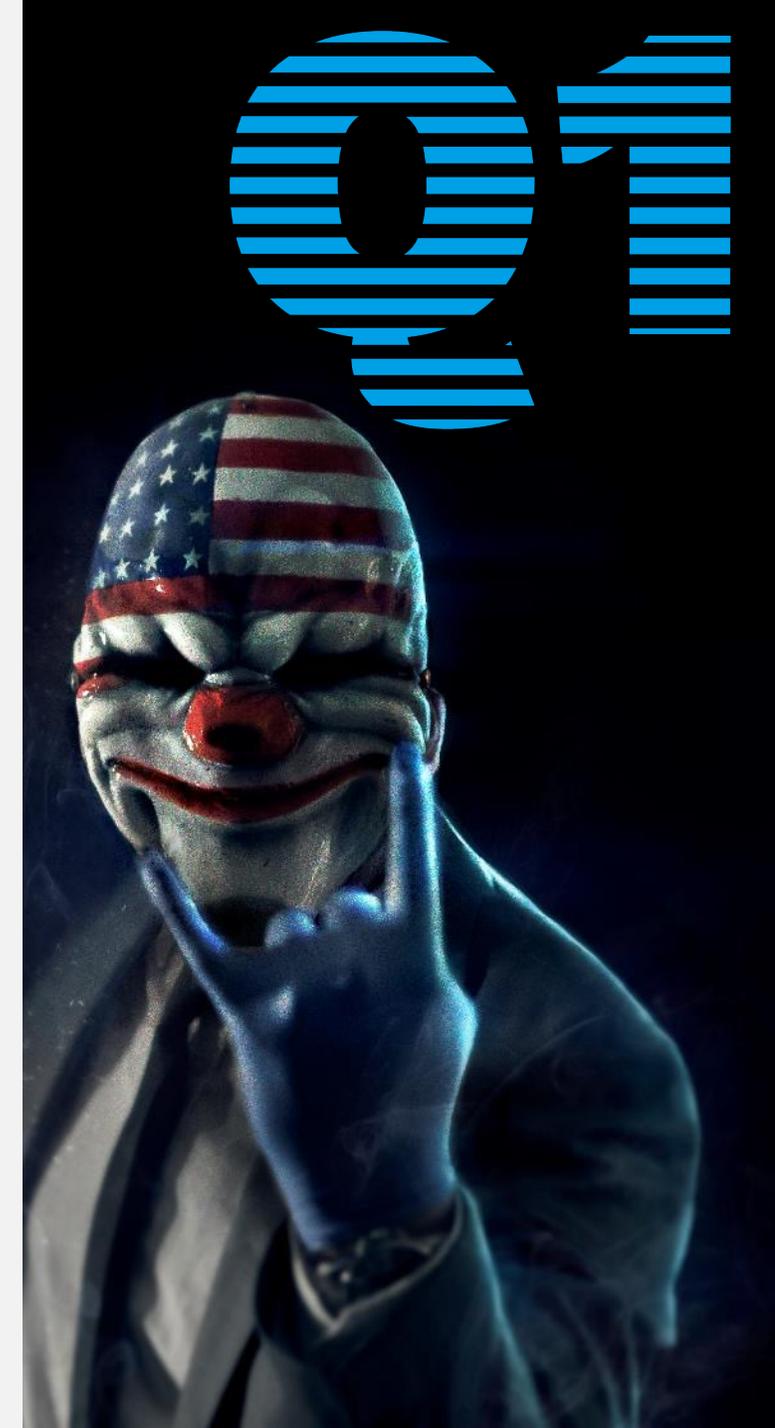
HIGHLIGHTS

HIGHLIGHTS

Summary Q1

- **PAYDAY 3, Development according to plan**
- **PAYDAY 2, MAU + 800k in line with previous year**
- **PAYDAY 2, facing high growth numbers in 2021, hence a decrease in Q1 2022**
- **New IP, we have started the development of a new IP for future game release**

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HIGHLIGHTS

Summary Q1

- **Net sales growth -15.7%**
 - PAYDAY -13.4%
- **Adj. EBITDA* decrease SEK -18.0m**
- **Profit before tax decrease SEK -19.5m**

Significant events after the end of the period

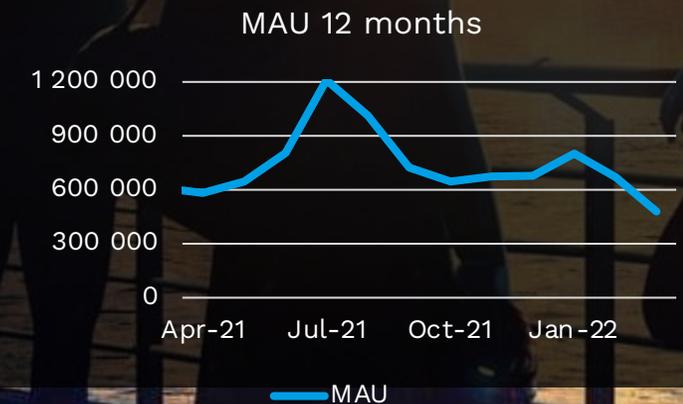
No significant events after the period

SEKm	Q1 2022	Q1 2021	R12M	2021
Net sales	23,532	27,923	121,299	125,689
EBITDA	4,554	22,595	-11,742	6,268
EBITDA adjusted	4,554	22,595	56,914	74,940
Profit before tax	-23,773	-4,248	-126,108	-105,226
Cashflow from op.	19,243	28,524	64,586	73,868

* Adjusted EBITDA, adjusted for PopReach licensing agreement in Q2 2021.

**Highest MAU during
Q1 2022: 801,974**

**Highest DAU during
Q1 2022: 110,401**





STARBREEZE & STRATEGY

STARBREEZE & STRATEGY

Long-term game developer, with a big community

- Owns one of the strongest brands in the games industry – PAYDAY
- Focuses on its core business of developing great games for PC and console
- Proven track record in developing long-term value for its games
- Experienced management team and a growing, international game development organization
- Stable financial foundation and positive cash flow from PAYDAY 2
- Started the next phase – to develop Starbreeze into a self-publishing game developer with multiple games in production and on the market

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150
employees in five countries

7 900 000

members on PAYDAY 2 Steam Community

STARBREEZE & STRATEGY

Create value beyond the gaming experience

The four pillars for success

**Developing
games, IP and
beyond**

**Games as a
Service**

**A co-creating
community**

**The place
to be**

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THE BUSINESS

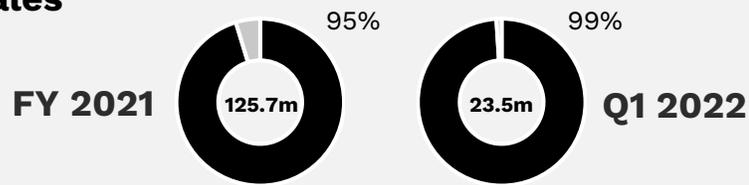


THE BUSINESS

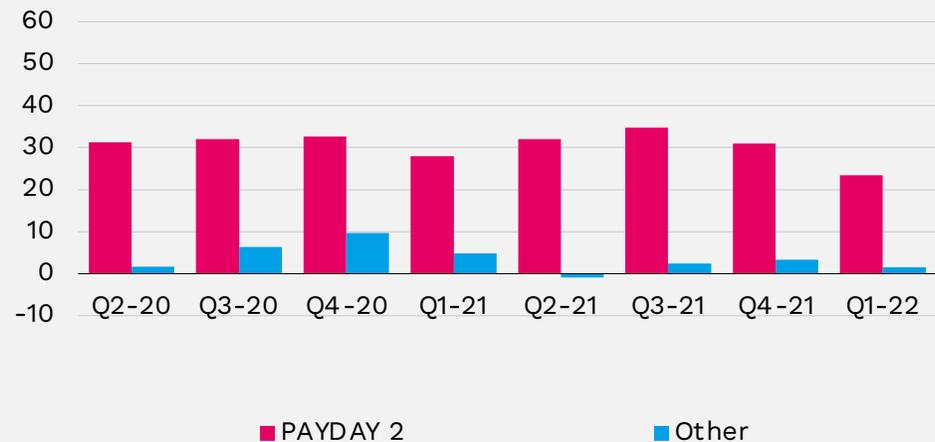
Net Sales and EBITDA

Net Sales

SEKm



SEKm

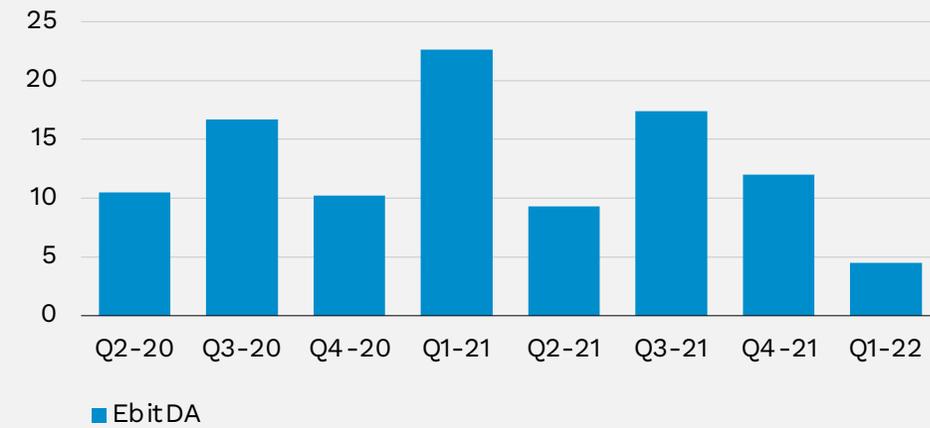


EBITDA*

SEKm

2021 FY: SEK 74.9m 2022 Q1: SEK 4.6m

SEKm



* Adjusted EBITDA, adjusted for PopReach licensing agreement in Q2 2021.

THE BUSINESS

The PAYDAY franchise

Co-op for PC and console

PAYDAY franchise in gross sales

>300m USD

Installed base

>36,000,000

DLCS and updates

>220

Steam community members

>7,900,000

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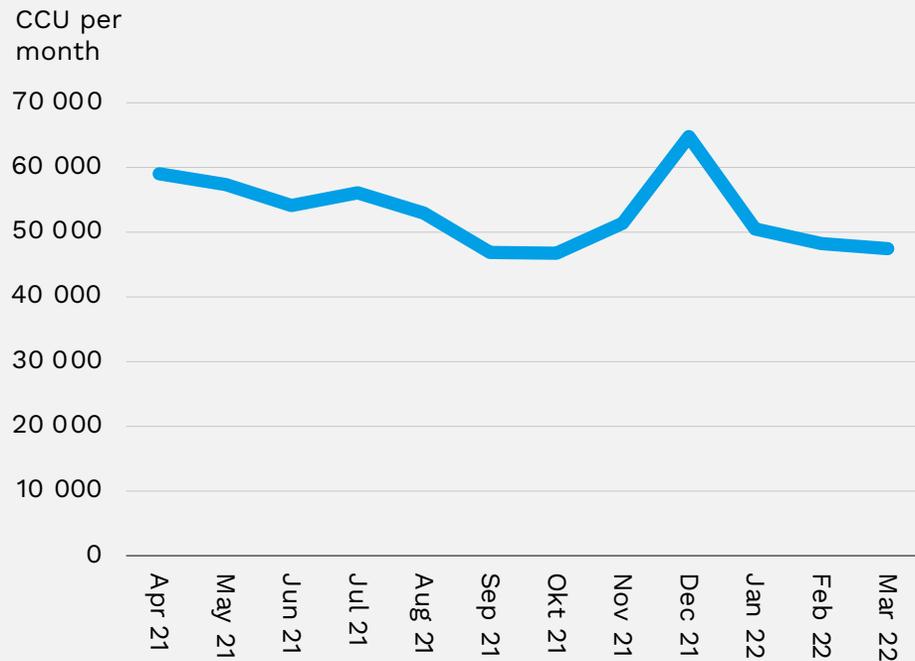




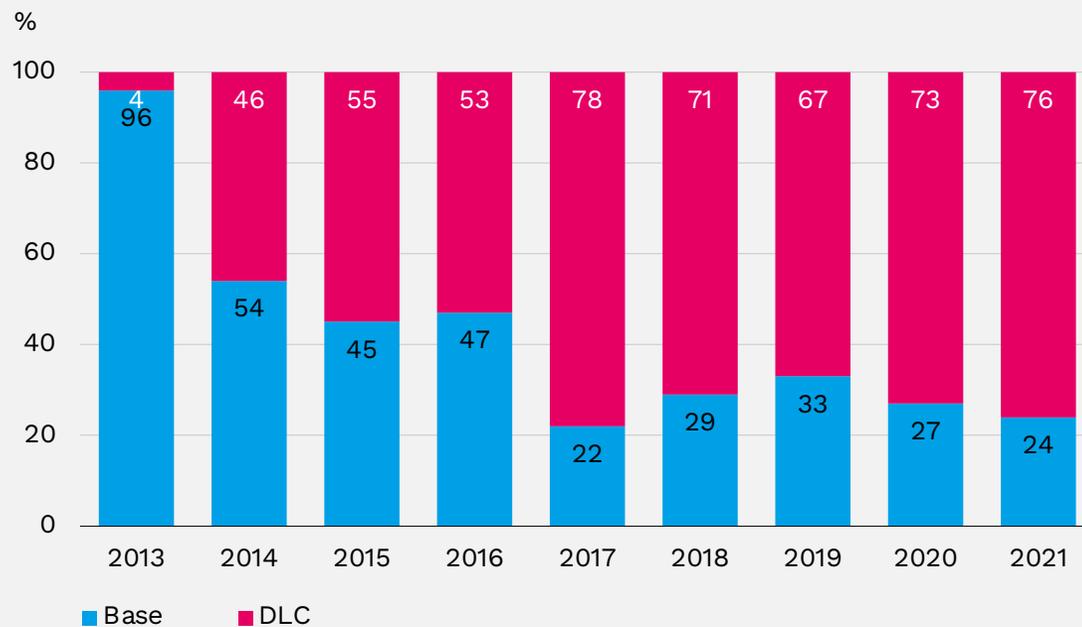
THE BUSINESS

PAYDAY 2 – KPI development

PAYDAY–Peak CCU per month



PAYDAY 2– Base game vs DLC split PD2 Steam launch to date¹



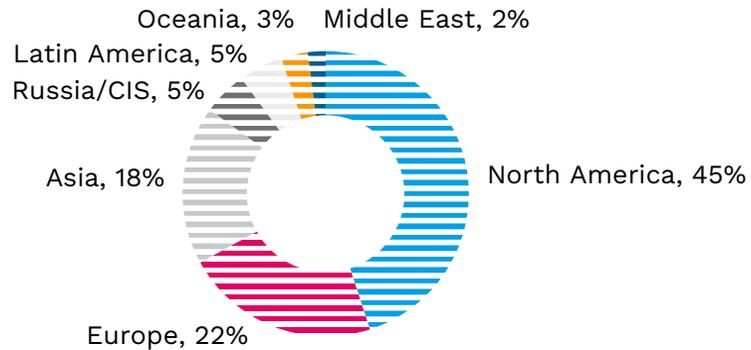
¹) Share of net sales from PAYDAY 2 base games (all units and formats) vs. net sales from PAYDAY 2 DLCs (all units and PC).

THE BUSINESS

A big community creates opportunities

A key factor in PAYDAY's success is the involvement of players in the product, which includes maintaining a close dialogue between developers and fans

Breakdown of Starbreeze's revenues from Steam by region in 2021



“ Since 2018, the company has established the world's largest game community on Steam

7 900 000

members on PAYDAY 2 Steam Community



Strong foundation for a successful launch of PAYDAY 3



A strong franchise built over eight years

Large installed base

>36,000,000

installed base

>220

DLCs and updates

Strong Reviews

89/100

Current steam rating

95/100

Steam rating the past 30 days

>360,000

No. of Steam ratings

Well established Community

7,900,000

Steam community members

Launch of PAYDAY 3

Multiple platforms

Simultaneous launch on PC and console (PAYDAY 2 launched on PC first)

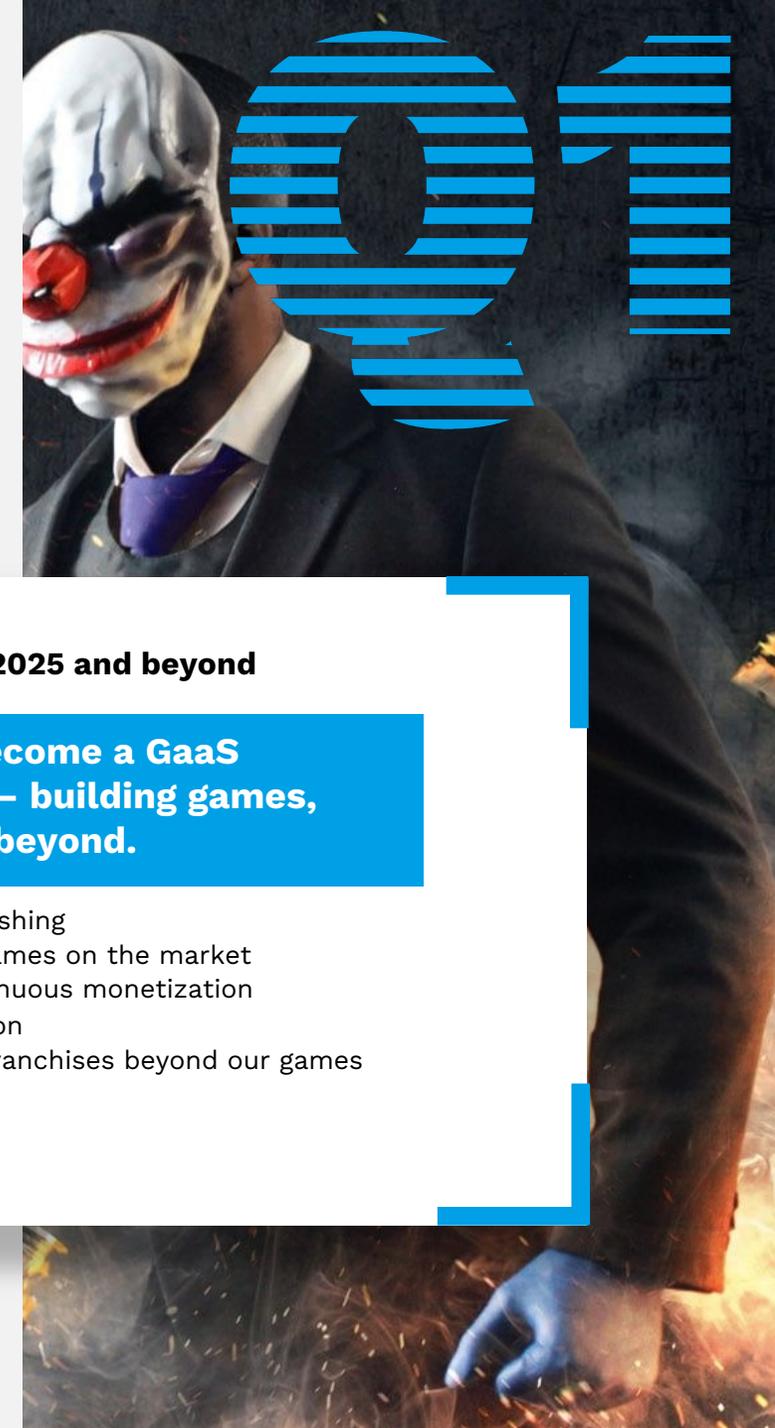


Games as a service

A game designed around content updates, new functionality added on a frequent basis and community services

THE BUSINESS

A solid foundation to deliver and grow



Roadmap

2022

Core focus creates capacity for growth ...

- Secure PD3 development and quality
- Continued monetization of PD2 – DLC
- Develop and implement Starbreeze Accounts – enhanced, multi-platform community
- Expand game production capabilities
- Expanding IP portfolio

2023–2024

... into a broadened IP portfolio ...

- Launch of PD3 and focus on LTV creation
- New IPs in production (developed, acquired and/or licensed)
- Multi-IP community
- Leveraging transmedia partnership(s)

2025 and beyond

... to become a GaaS leader – building games, IP and beyond.

- Self-publishing
- Several games on the market
- PD3 continuous monetization
- Co-creation
- Building franchises beyond our games

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FINANCIALS

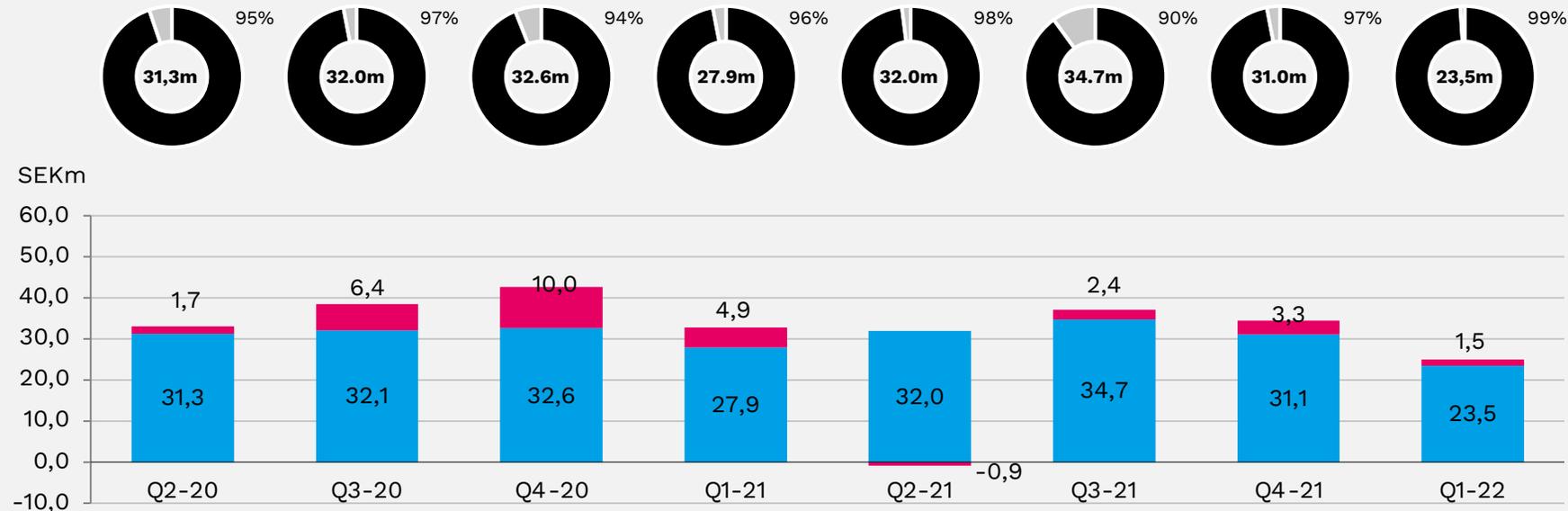


BANK ROBBERY
ATTEMPTED
THEFT

FLY TO AVOID PRESSURE
SHIPMENT
OFFERING A REWARD OF UP TO \$100,000
FOR INFORMATION LEADING TO THE ARREST OF
THE SUSPECTS

FBI

Revenue development – growth in PAYDAY



- Net sales for Q1 2022 totaled to SEK 23.5m compared to SEK 27.9m in Q1 2021.
- PAYDAY negative growth of -13.4% Q1 2022, compared to Q1 2021.
- Other revenue mainly relates to currency effects.

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



FINANCIALS

Operating expenses

Cost base development

SEKm	NOTE	Q1-22	Q1-21	2021
Direct costs	A	13,965	11,590	56,302
% of net sales		59%	42%	45%
Selling and marketing costs	B	3,319	2,386	12,946
% of net sales		14%	9%	10%
Administrative expenses	C	17,634	10,744	51,159
% of net sales		75%	38%	41%
Other expenses	D	-	-	68,672
% of net sales		-	-	55%
Number of employees at the end of the period	E	150	133	138
Average number of employees		147	130	135

Source: Company Information.

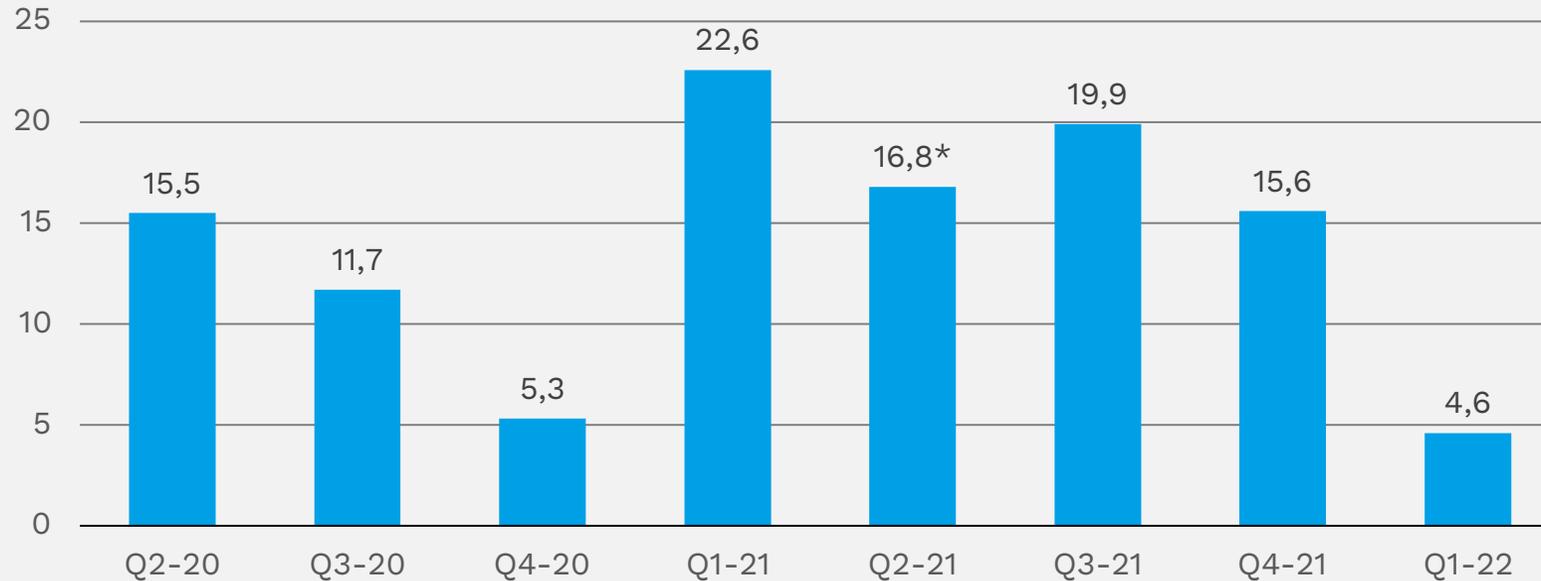
- A** Direct costs for Q1'22 amounted to SEK 14,0m, compared to SEK 11.6m in Q1'21, and consist of costs related to game production and game development. 10.5 million of direct cost relates to amortization and depreciation in the period. The increase is mainly due to higher royalty payments and personnel expenses that are not activated.
- B** Selling and marketing costs amounted to SEK 3.3m, compared to SEK 2.3m in Q1'21. The increase mainly relates to marketing activities.
- C** Administrative expenses amounted to SEK 17.6m, compared to SEK 10.7m in Q1'21, and refer to items including office costs and payroll for employees who do not work in game production or marketing. The increase is mainly due to higher office expenses and payroll expenses regarding our PAYDAY 3 LTI (long term incentive) program for all staff.
- D** Other expenses in 2021 refers to earlier development expenses for PAYDAY Crime War being expensed due to license agreement with PopReach.
- E** We continue to grow the development organization and the number of employees have increased by 12 during the period. The development team for PAYDAY 3 will peak in size during 2022.



FINANCIALS

EBITDA development

SEKm



- *Adjusted EBITDA, adjusted for one time effect related to PopReach licensing agreement in Q2 2021.
- EBITDA in Q1 2022 mainly impacted by lower sales, higher personell cost for LTI, non activated personell costs and increase in royalty payments compared to 2021.



FINANCIALS

Balance sheet

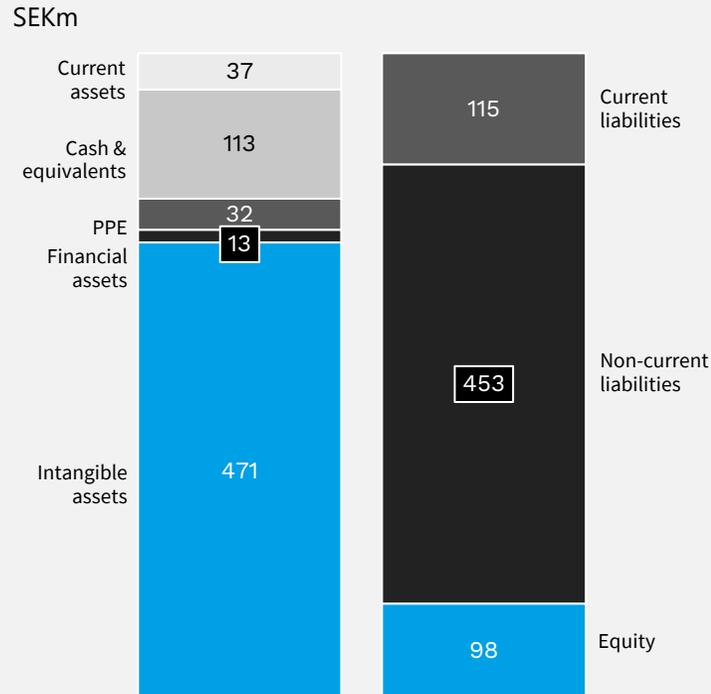
Assets

- Intangible assets amounted to SEK 471m and primarily consists of IP rights SEK 192.9m, capitalized costs for own game and technology development SEK 230.4 and Goodwill SEK 43.4m.
- PPE (property, plant and equipment relates to Right of use assets of SEK 30.0 m and IT and other equipment of SEK 2.0m
- Financial assets mainly consists of deferred tax of SEK 7.1m.
- Current assets consists of
 - Cash and equivalents of SEK 112.6m
 - Prepaid expenses and accrued income of SEK 30.6m
 - Trades and other receivables of SEK 4.8m
 - Current lease receivable of SEK 1.9m

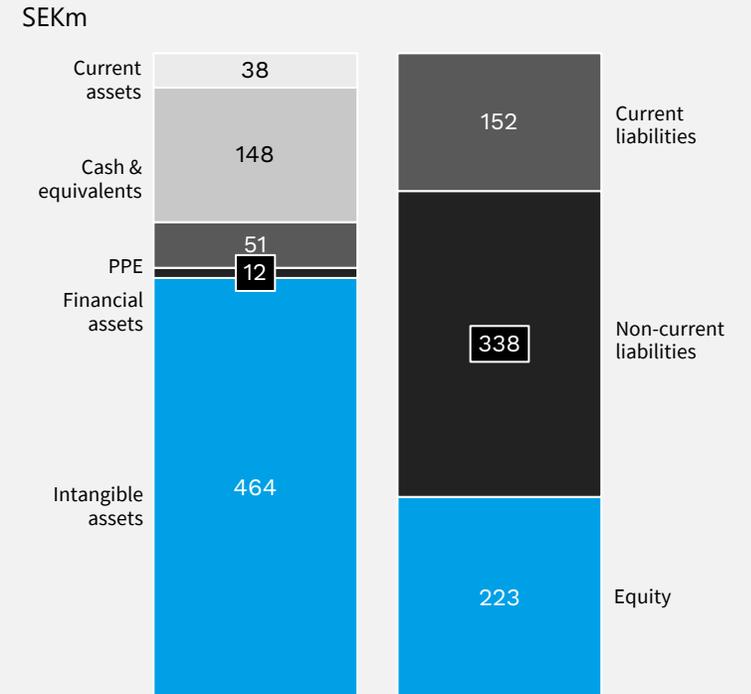
Liabilities

- Non-current liabilities amounted to SEK 453m, compared to 338m in 2021, including
 - Convertible debt of SEK 333.2m
 - Financing liability to Koch of SEK 92.0m
 - Lease liabilities of SEK 16.9m
 - Other prepaid royalty SEK 10.9m
- Current liabilities amounted to SEK 114.9m, compared to 151.9m in 2021
 - Trade and other payables of SEK 63.6m, compared to SEK 101.5m in 2021.
 - Accrued expenses and deferred income SEK 33.4m.
 - Lease contracts SEK 17.9m.

As per March 31, 2022



As per March 31, 2021

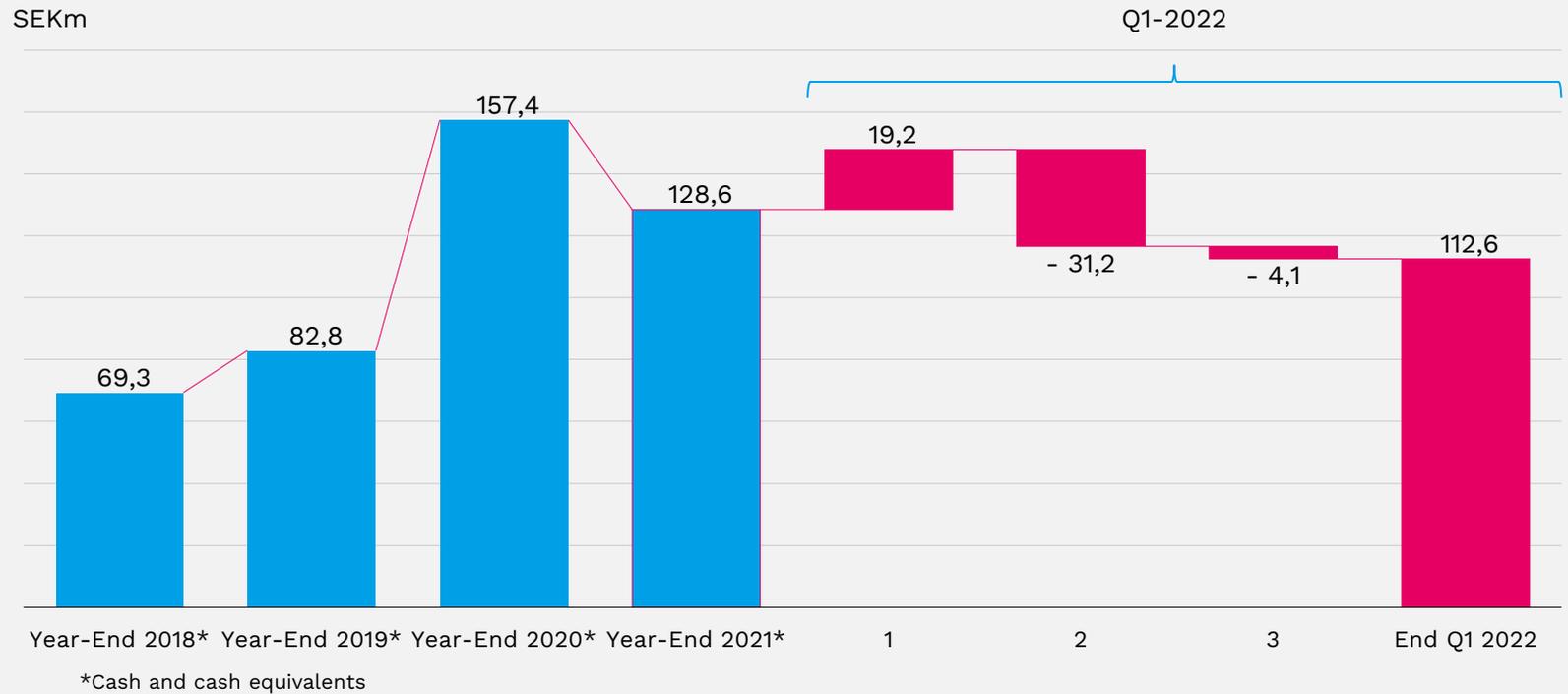


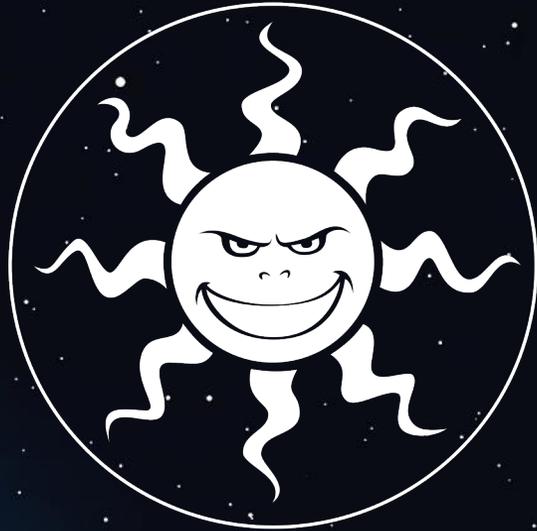


FINANCIALS

Cashflow development

- 1 Operating activities after changes in working capital, SEK 19.2m
- 2 Investing activities, SEK -31,2m
- 3 Financing activities, SEK -4,1m





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THANK YOU!

