

STARBREEZE
STUDIOS

Q3

PRESENTATION
1 JULY – 30 SEPTEMBER 2022



Today's presenters

Q3



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.).

Q3

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

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



Q3

HIGHLIGHTS

HIGHLIGHTS

Summary Q3

- **PAYDAY 3, Development according to plan**
- **PAYDAY 2, MAU 727k peak in Q3**
- **Net Revenue, double-digit growth, 38.7 MSEK**
- **EBITDA, 24.4 MSEK in Q3**
- **3rd party publishing relaunched with the game The Tribe Must Survive**
- **Work on new own IP is ongoing.**
- **Next game release after PD3 is targeted for 2025, can be own or licensed IP**

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Q3



HIGHLIGHTS

Summary Q3

- **Net sales growth +12%**

 - PAYDAY +16%

- **Adj. EBITDA* increase SEK 4.5m**

- **Profit before tax increase SEK 0.5m**

Significant events after the end of the period

On October 6, Starbreeze signed an agreement with the developer Walking Tree Games to publish the game THE TRIBE MUST SURVIVE.

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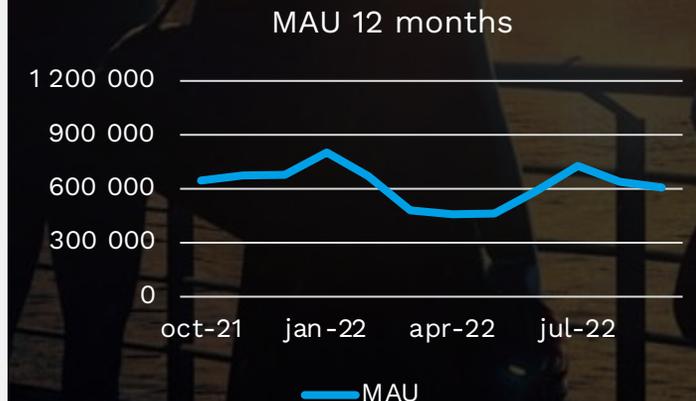
SEKm	Q3 2022	Q3 2021	R12M	2021
Net sales	38,666	34,703	89,288	125,689
EBITDA	24,352	19,890	40,076	6,268
EBITDA adjusted	24,352	19,890	40,076	74,940
Profit before tax	-7,494	-7,980	-44,719	-105,226
Cashflow from op.	23,590	23,571	55,260	73,868

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

Q3

Highest MAU during Q3 2022: 727,095

Highest DAU during Q3 2022: 99,328



Q3

STARBREEZE & STRATEGY



STARBREEZE & STRATEGY

Long-term game developer, with a big community

FOUNDATION

PAYDAY is one of the strongest brands in the games industry

- Starbreeze a leading developer in long-term value for its games
- A big and active community, high CCU and MAU KPI's

Core business focus, developing great games for PC and console

- PAYDAY 3 financed and set for release 2023
- Stable financial foundation and positive cash flow from PAYDAY 2

Experienced management team and a growing, international game development organization

FUTURE GROWTH

Maximize the PAYDAY offer

- Complement with other type of video games and platforms
- Grow outside video games, IP extensions are excellent for community growth

Use Starbreeze expertise for more games and build the portfolio

- In five years Starbreeze should have at least 3 games on the market
- A mix of own and licensed IP
- Build communities by user-generated content and high engagement
- Utilizing our publishing expertise

GaaS means constantly adapting the monetization! Starbreeze will continue to lead and innovate in this field.

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159 employees in five countries

8,500,000

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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Q3

THE BUSINESS

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

>230

Steam community members

>8,500,000

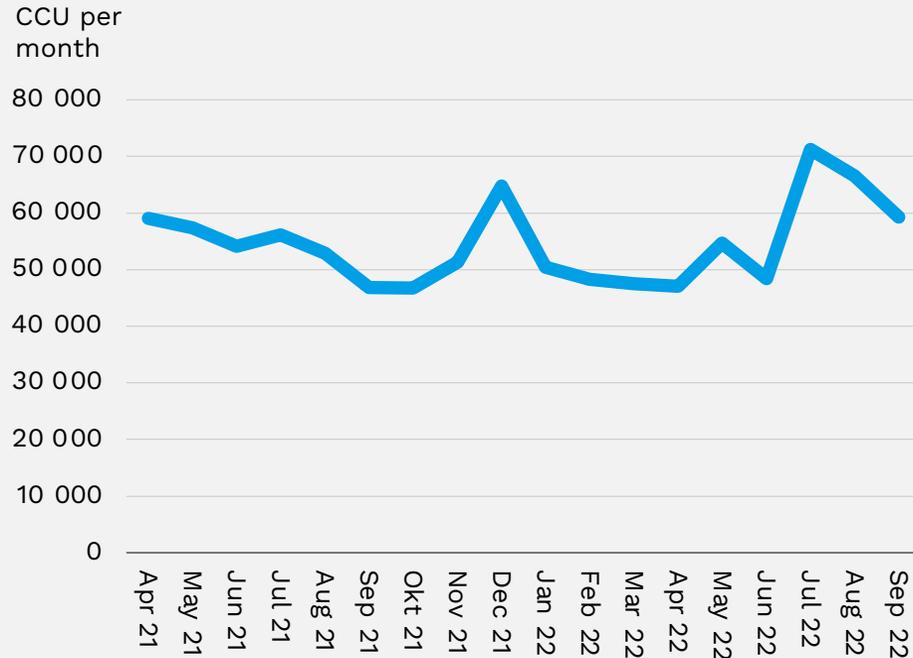
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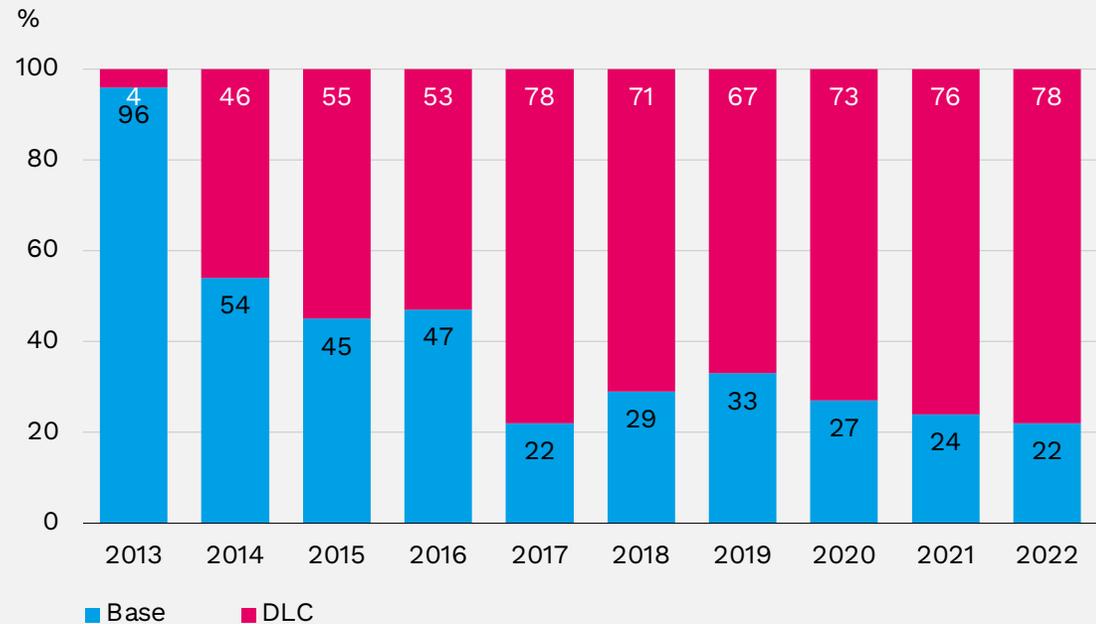
PAYDAY 2 – KPI development



PAYDAY–Peak CCU per month



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



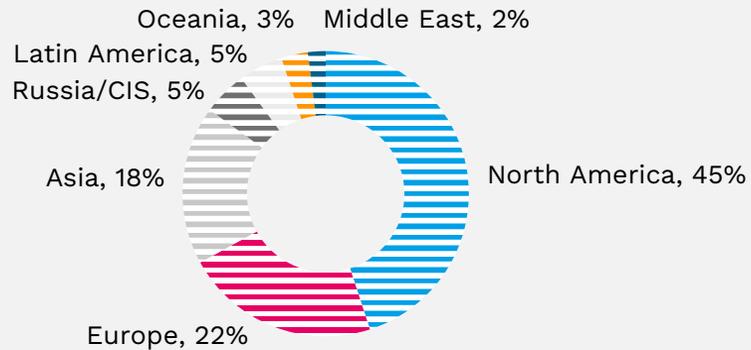
1) Share of net sales from PAYDAY 2 base games (all units and formats) vs. net sales from PAYDAY 2 DLCs (all units and PC).

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



Strong foundation for a successful launch of PAYDAY 3



A strong franchise built over eight years

Launch of PAYDAY 3

Large installed base

>36,000,000

Installed base

>230

DLCs and updates

Strong reviews

89/100

Current Steam rating

94/100

Steam rating the past 30 days

>380,000

No. of Steam ratings

Well established community

8,500,000

Steam community members

Multiple platforms

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

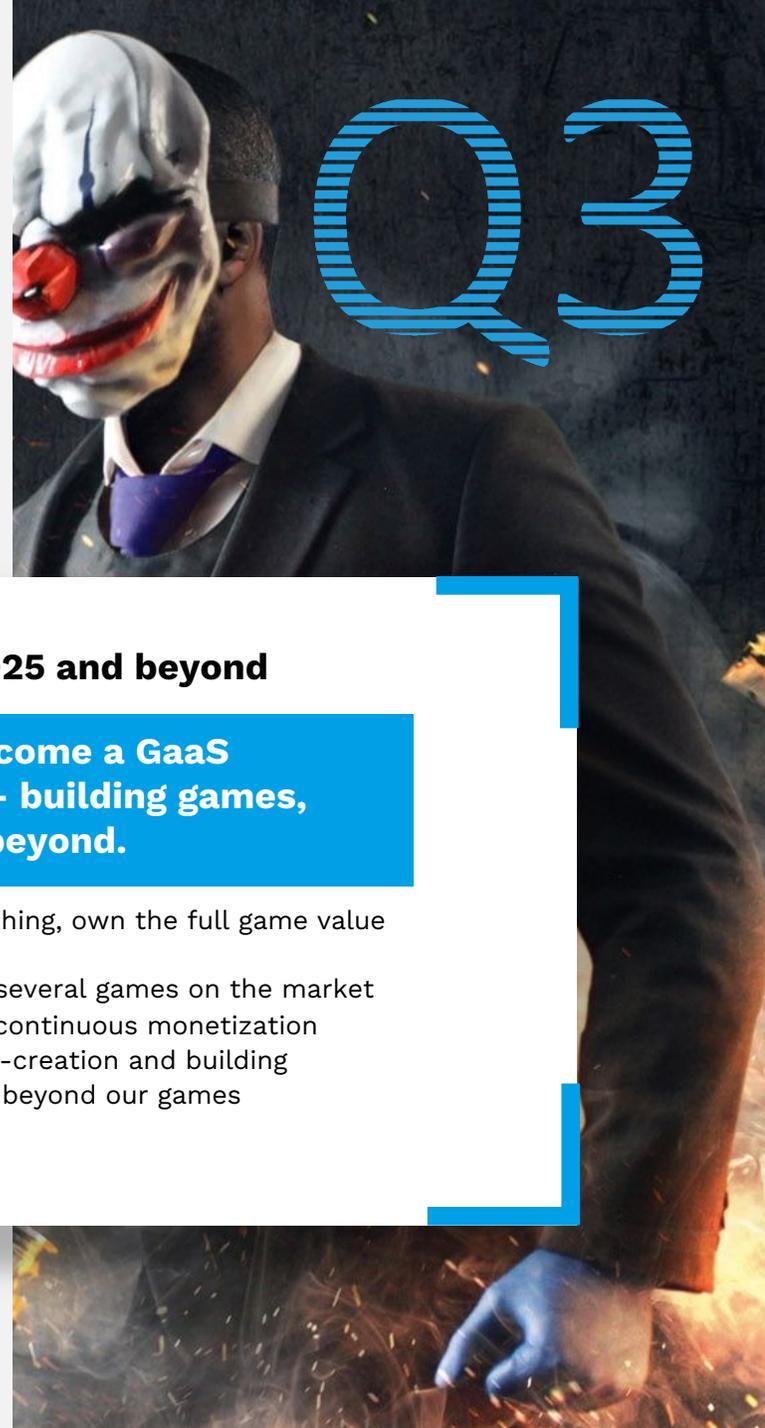


Games as a service

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 the foundation for a high customer lifetime value (LTV)
- 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, 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

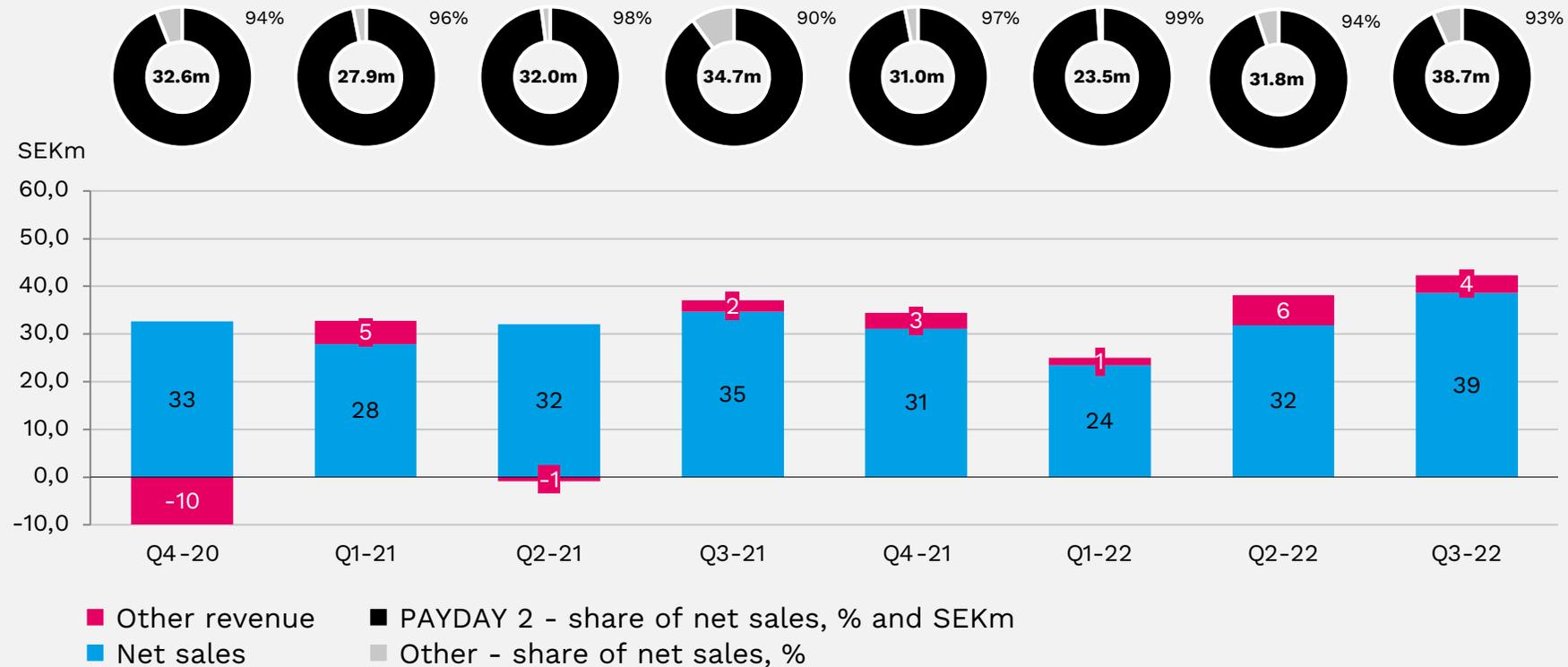
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FINANCIALS

Q3



Revenue development – growth in PAYDAY



- Net sales for Q3 2022 totaled to SEK 38.7m (34.7m)
- PAYDAY growth of +16% Q3 2022, compared to Q3 2021.
- Other revenue mainly relates to currency effects.

Operating expenses

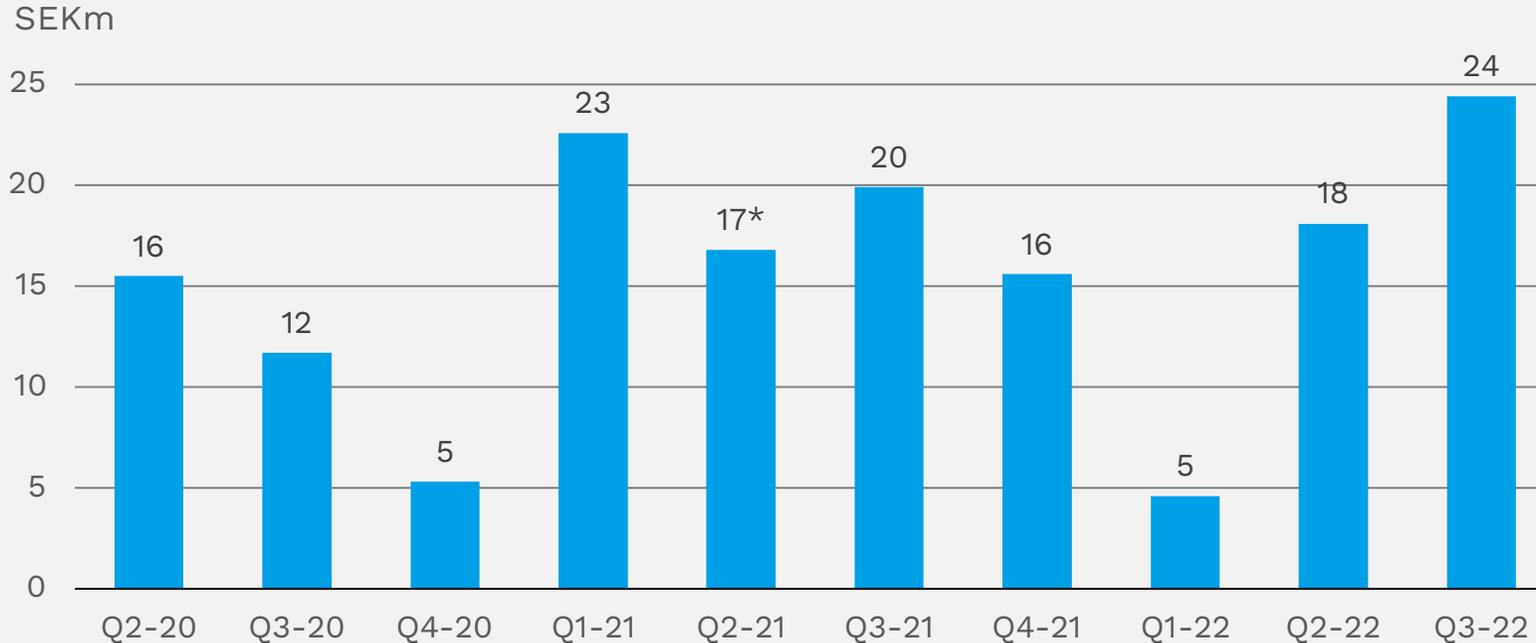
Cost base development

SEKm	NOTE	Q3-22	Q3-21	2021
Direct costs	A	16,007	15,419	56,302
% of net sales		41%	44%	45%
Selling and marketing costs	B	3,670	2,078	12,946
% of net sales		9%	6%	10%
Administrative expenses	C	13,686	14,698	51,159
% of net sales		35%	42%	41%
Other expenses	D	-	-	68,672
% of net sales		-	-	55%
Number of employees at the end of the period	E	159	138	138
Average number of employees		156	138	135

Source: Company information.

- A** Direct costs for Q3 22 amounted to SEK 16.0m (15.4m) and consist of costs related to game production and game development. 11.5 million of direct cost relates to amortization and depreciation in the period. The minor increase is partly due to higher royalty payments and partly personnel expenses not activated.
- B** Selling and marketing costs amounted to SEK 3.7m (2.1m). The increase mainly relates to marketing activities around PAYDAY 2 that was elevated from October 2021.
- C** Administrative expenses amounted to SEK 13.7m (14.7m) and refer to items including office costs and payroll for employees who do not work in game production or marketing.
- 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 increased by 6 vs PY. The development team for PAYDAY 3 will peak in size during fall 2022.

EBITDA development



- EBITDA in Q3 2022 higher than previous quarters, driven by strong Steam sales and stronger US dollar exchange rate.
- Higher personnel cost, non-activated personnel costs and increase in royalty payments compared to 2021 is absorbed by lower external expenses.
- *Adjusted EBITDA, adjusted for one time effect related to PopReach licensing agreement in Q2 2021.

Balance sheet



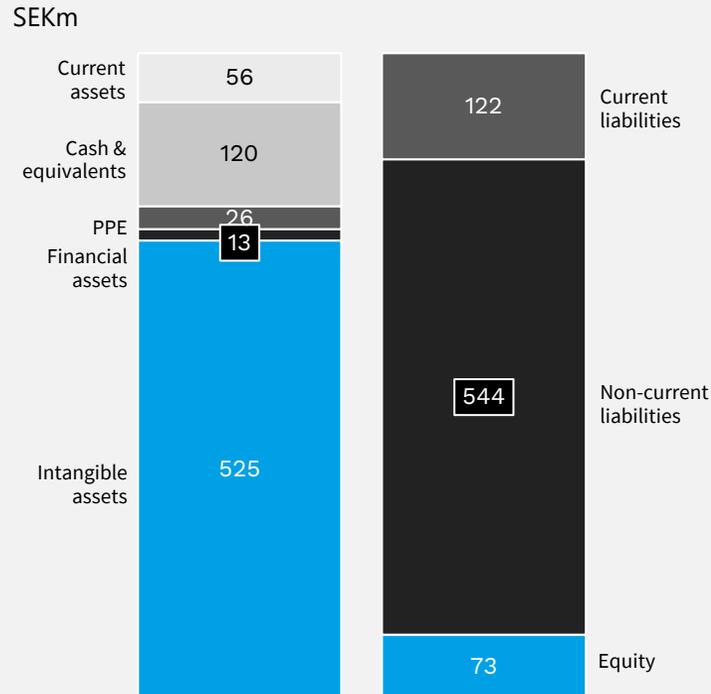
Assets

- Intangible assets amounted to SEK 525m and consist primarily of IP rights SEK 180m, capitalized costs for own game and technology development SEK 290m and Goodwill SEK 51.2m.
- PPE (property, plant and equipment) relates to right of use assets of SEK 23.4m and IT and other equipment of SEK 2.2m.
- Financial assets of 12.9m, mainly consists of long term deposit 5.0m and deferred tax of SEK 4.2m.
- Current assets consists of
 - Cash and equivalents of SEK 120m
 - Prepaid expenses and accrued income of SEK 36.0m
 - Trades and other receivables of SEK 20.0m

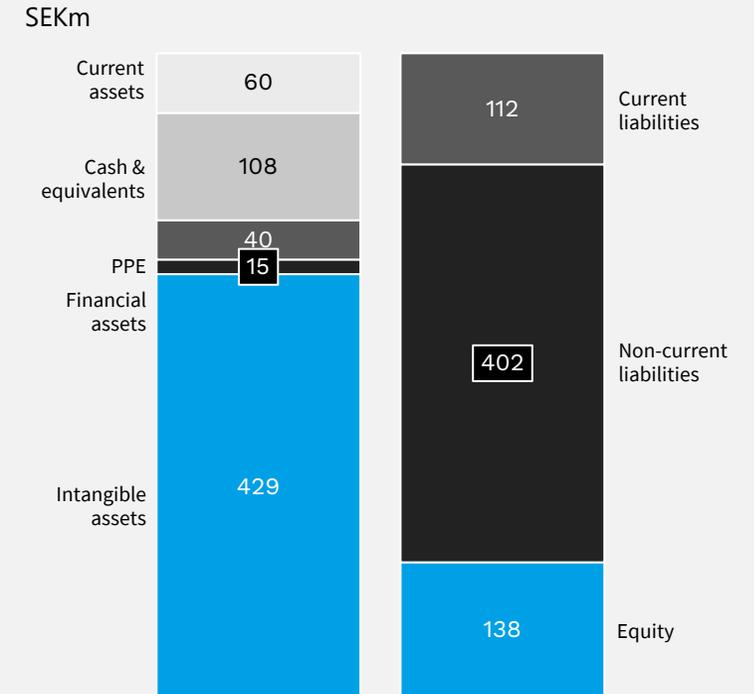
Liabilities

- Non-current liabilities amounted to SEK 544, including
 - Convertible debt of SEK 362m
 - Financing liability to Koch of SEK 160m
 - Lease liabilities of SEK 8.8m
- Current liabilities amounted to SEK 122m, including
 - Trade and other payables of SEK 67.7m
 - Accrued expenses and deferred income SEK 38.2m
 - Lease contracts SEK 15.9m

As per September 30, 2022

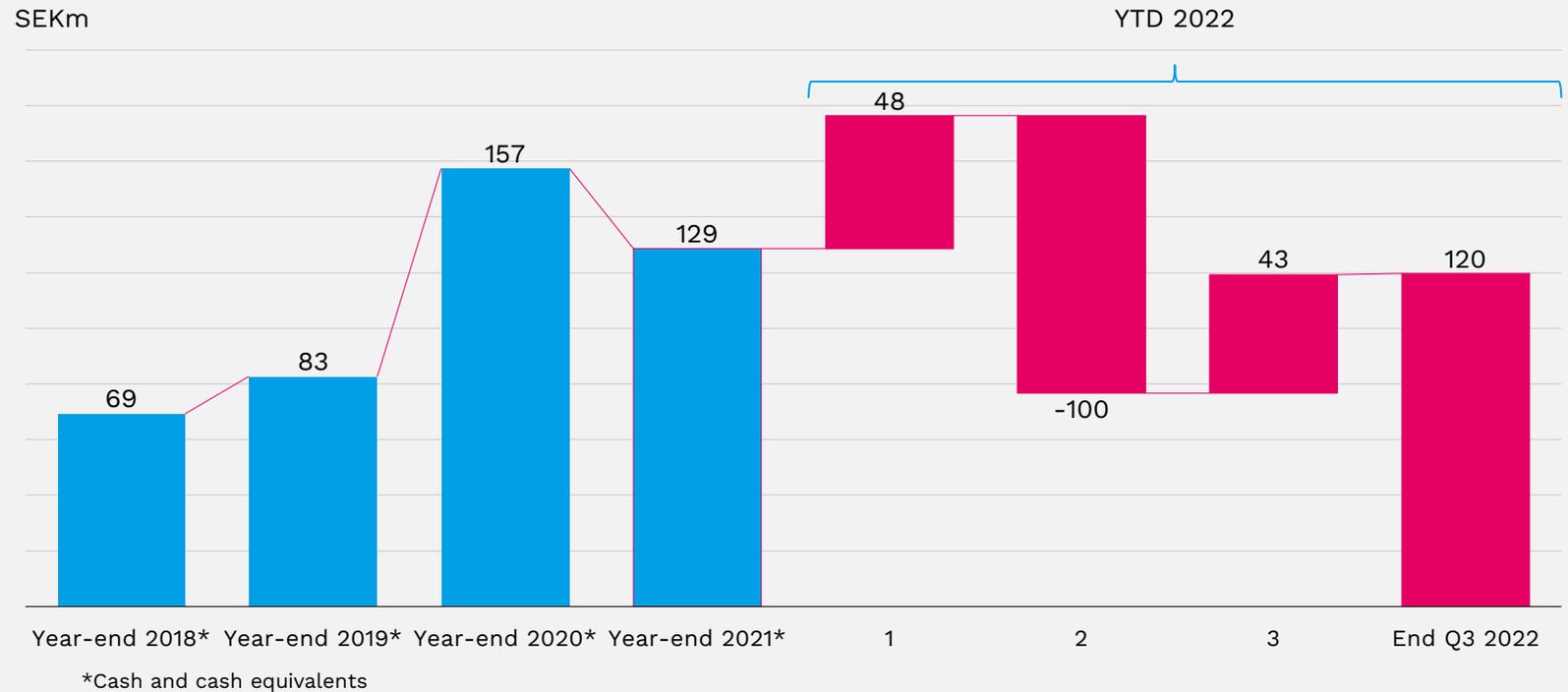


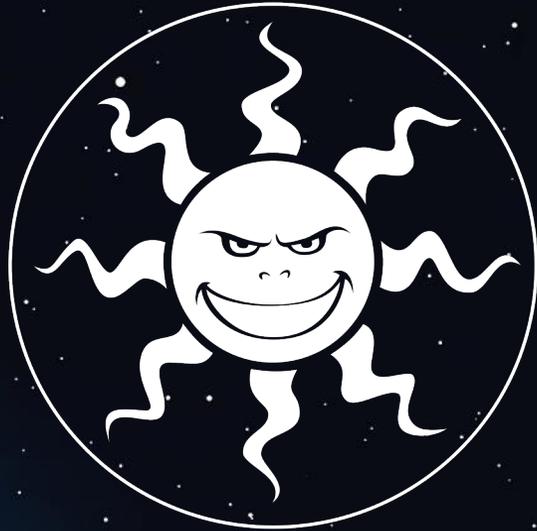
As per September 30, 2021



Cashflow development

- 1 Operating activities after changes in working capital, SEK 47.7m
- 2 Investing activities, SEK -99.6m (game development)
- 3 Financing activities, SEK 42.6m (financing for game development 59m and financial lease -16m)





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THANK YOU!

