

STARBREEZE
STUDIOS

Q4

PRESENTATION
1 OCTOBER–31 DECEMBER 2022



Today's presenters

Q4



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.).

Q4

- HIGHLIGHTS
- STARBREEZE & STRATEGY
- THE BUSINESS
- FINANCIALS

Stepping into...
...the year of PAYDAY

HIGHLIGHTS

Summary Q4

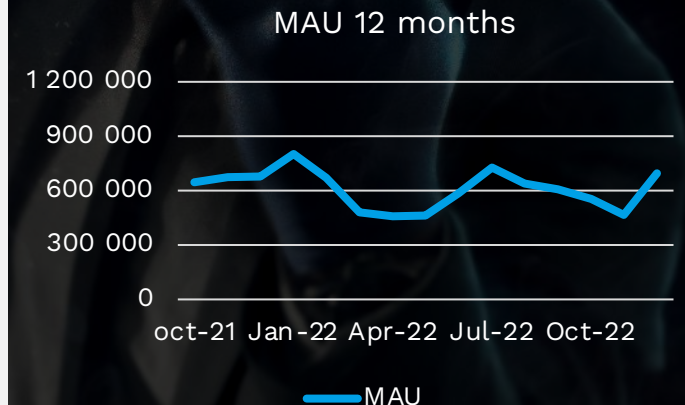
- **Net Revenue, 33.6 MSEK (31.1), an increase of 8 percent**
 - **EBITDA, 19.4 MSEK (15.6), an increase of 24 percent**
-
- **PAYDAY 3, Development according to plan**
 - **PAYDAY 2, MAU 695k peak in Q4**
 - **3rd party publishing relaunched with the game The Tribe Must Survive**
 - **New studio and dedicated team in UK**
 - **As of January, increased revenue share from Steam; 80% up from previously 75%**

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Q4

**Highest MAU during
Q4 2022: 694,641**

**Highest DAU during
Q4 2022: 120,494**



HIGHLIGHTS

Summary FY2022

- **Full-year revenue 127.6 MSEK (125.7), and increase of 2 percent**
 - **EBITDA, 66.4 MSEK (6.3)**
 - **Adjusted EBITDA, 66.4 (74.9) for one-off related to license agreement regarding PAYDAY Crime War**
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- **Work on new own IP is ongoing**
 - **Next game release after PD3 is targeted for 2025, can be own or licensed IP**
 - **2023 – the year of PAYDAY**

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STOCKHOLM SYNDROME



Q4

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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employees in five countries

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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Q4

THE BUSINESS

THE BUSINESS

The PAYDAY franchise

Co-op for PC and console

PAYDAY franchise in gross sales

>300m USD

Installed base

>38,000,000

DLCS and updates

>240

Steam community members

>8,600,000

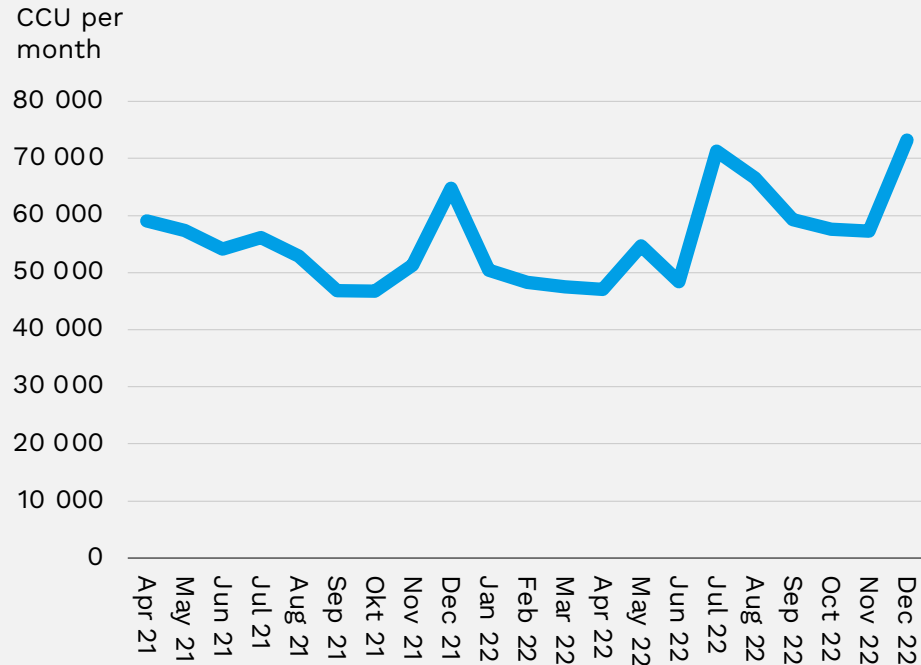
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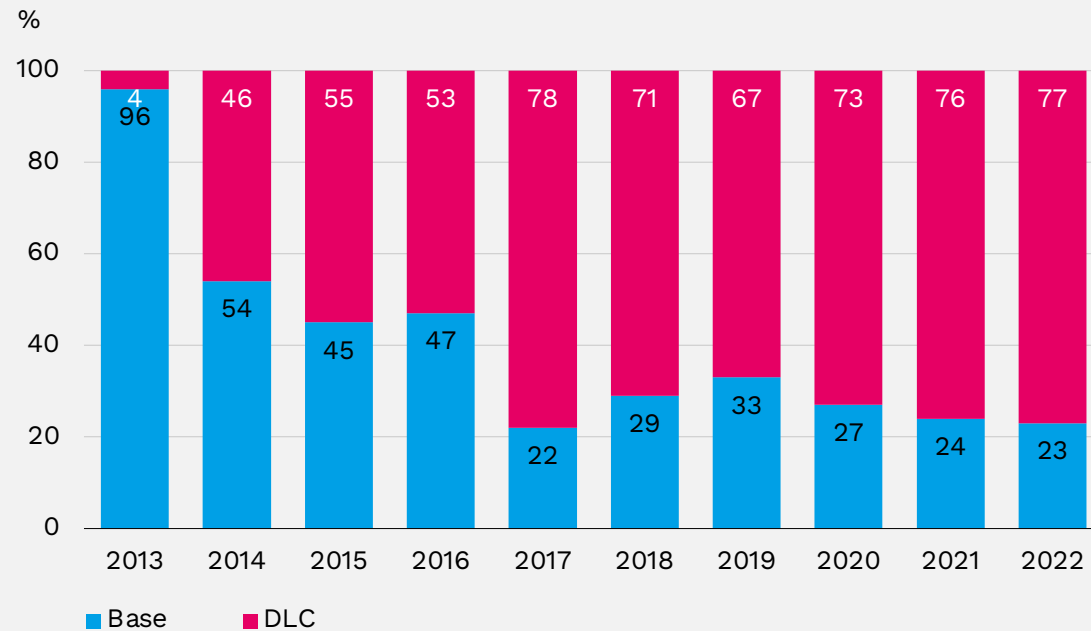
PAYDAY 2 – KPI development



PAYDAY–Peak CCU per month



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



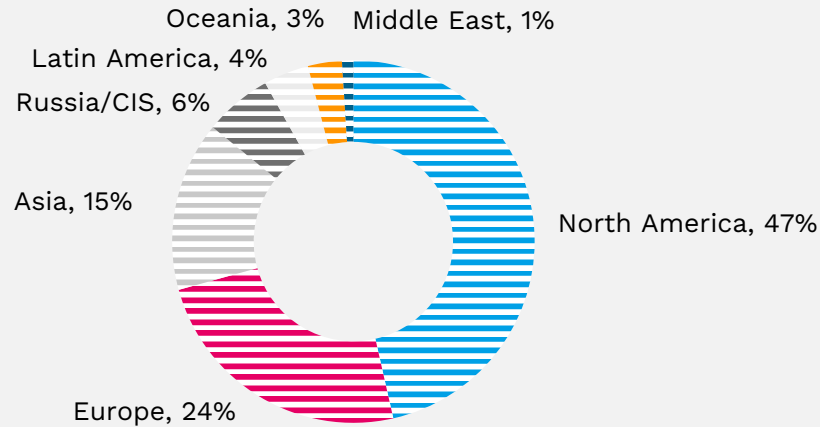
¹) Share of net sales from PAYDAY 2 base games (all units and formats) vs. net sales from PAYDAY 2 DLCs (all units and PC).

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 2022



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

8,600,000

members on PAYDAY 2 Steam Community



Strong foundation for a successful launch of PAYDAY 3

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NEBULA



A strong franchise built over a decade

Large installed base

>38,000,000

Installed base

>240

DLCs and updates

Strong reviews

90/100

Current Steam rating

95/100

Steam rating the past 30 days

>396,000

No. of Steam ratings

Well established community

8,600,000

Steam community members

Launch of PAYDAY 3

Multiple platforms

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

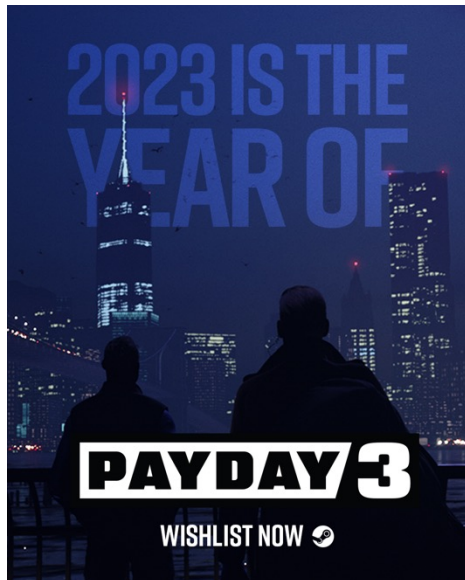


Games as a service

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

Said and done – 2022

- ✓ Secure PD3 development and quality



- ✓ Continued monetization of PD2 – DLC



- ✓ Develop and implement Starbreeze Nebula

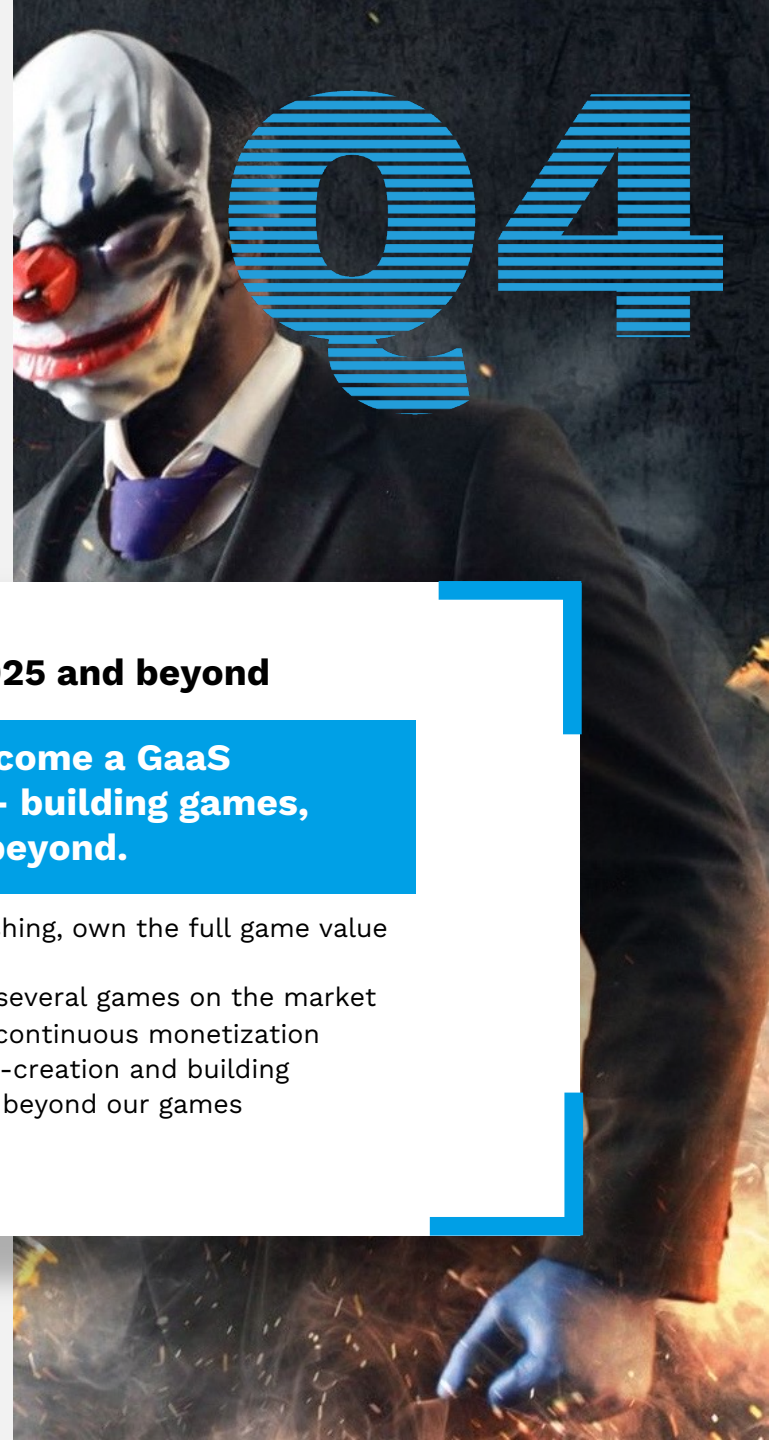


- ✓ Expand game production capabilities
- ✓ Expanding IP portfolio



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 Nebula – 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.

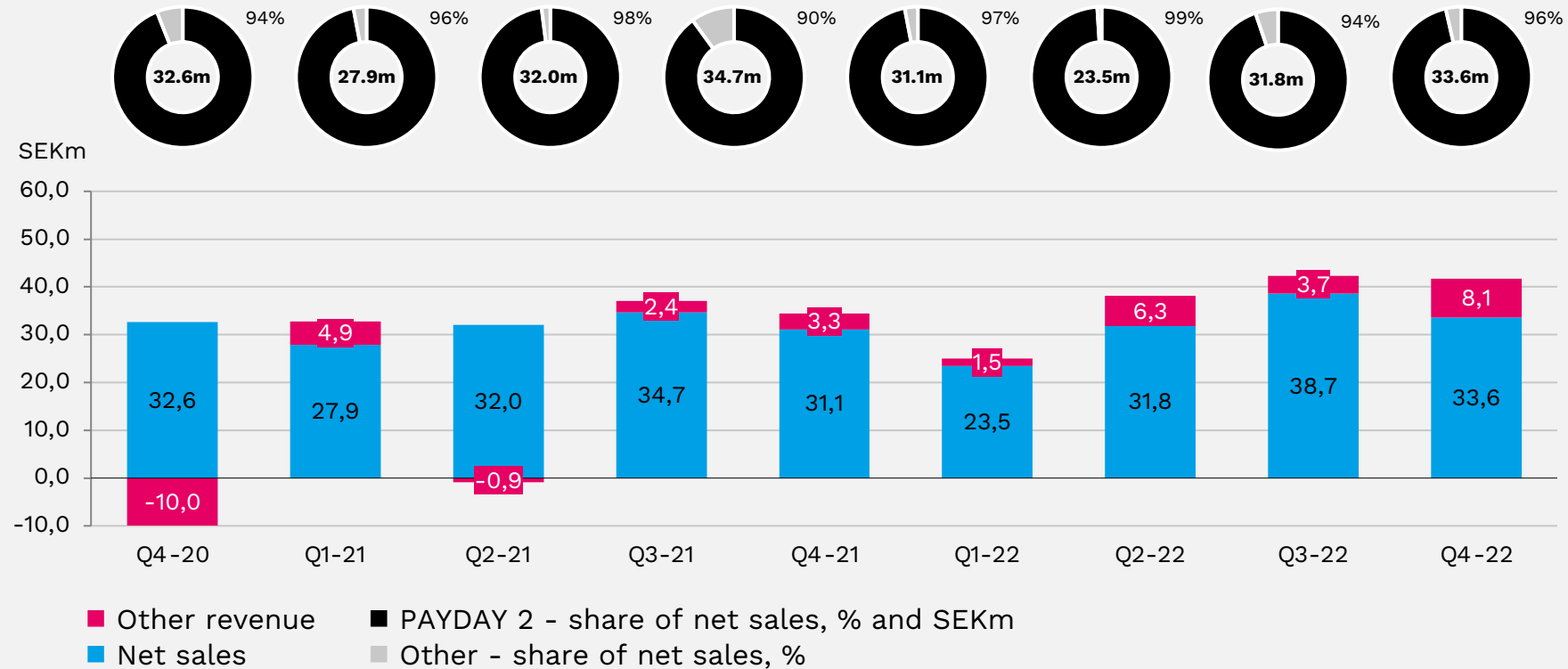
- Self-publishing, own the full game value chain
- Operating several games on the market
- PAYDAY 3 continuous monetization
- Leading co-creation and building franchises beyond our games

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FINANCIALS



Revenue development – growth in PAYDAY



- Revenue for Q4 totaled SEK 41.7m (34.4)
- Net sales for Q4 2022 totaled to SEK 33.6m (31.1m). For FY of 2022 Net sales totaled to SEK 127.6m (125.7m).
- PAYDAY growth of +7% Q4 2022, compared to Q4 2021. FY growth of +2% 2022.
- Other revenue mainly relates to forwarded costs related to PD3, revaluation of long-term debt and currency effects

Operating expenses



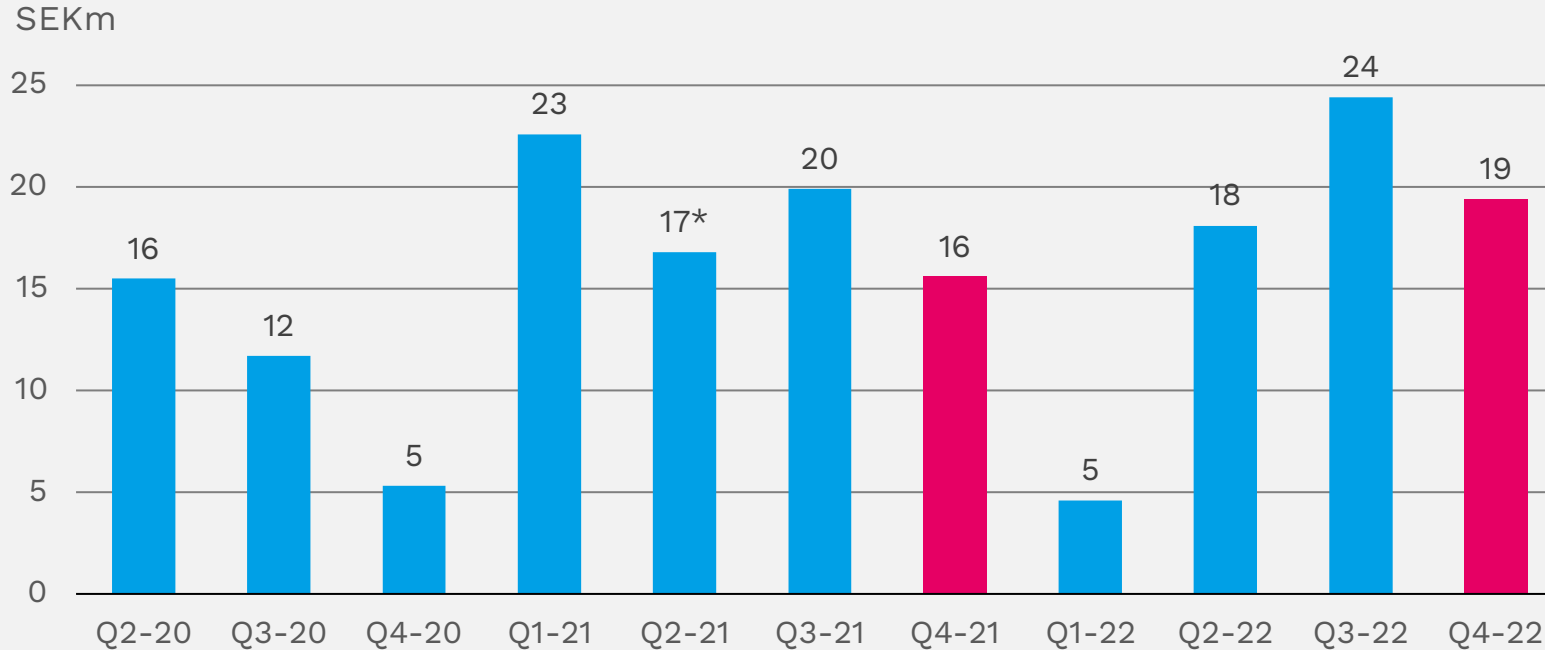
Cost base development

SEKm	NOTE	Q4-22	Q4-21	2022	2021
Direct costs	A	15,413	15,092	60,527	56,302
% of net sales		46%	49%	47%	45%
Selling and marketing costs	B	4,912	5,525	15,795	12,946
% of net sales		15%	18%	12%	10%
Administrative expenses	C	17,087	13,087	64,074	51,159
% of net sales		51%	42%	50%	41%
Other expenses	D	-	-	-	68,672
% of net sales		-	-	-	55%
Number of employees at the end of the period	E	165	138	165	138
Average number of employees		165	138	154	135

Source: Company information.

- A** Direct costs for Q4 22 amounted to SEK 15.4m (15.1m) and consist of costs related to game production and game development. The full year amount of SEK 60.5 m consists of depreciations of 44.4m (42.4m), consisting amount relates to royalty payments and partly personnel expenses not activated.
- B** Selling and marketing costs amounted to SEK 4.9m (5.5m) for Q4 and 15.8m for the full year of 2022 (12.9m). The increase mainly relates to marketing activities around PAYDAY 2 and the community platform *Nebula*.
- C** Administrative expenses amounted to SEK 17.1m (13.1m) for Q4 and 64.1m (51.2m) for the full year of 2022 and refer to items including office costs and payroll for employees who do not work in game production or marketing. Increase mainly do to IFRS-adjustment made in Q4-21 lowering the costs with SEK 4.6m in 2021 and higher personnel costs reservations related to long-term incentive program for employees.
- 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 with 27 during 2022.

EBITDA development



- EBITDA in Q4 2022 amounted to SEK 19.4m (15.6m). FY EBITDA amounted to SEK 66.4m compared to SEK 6.3m in 2021 (74.9m adjusted).
- 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.

FINANCIALS

Balance sheet



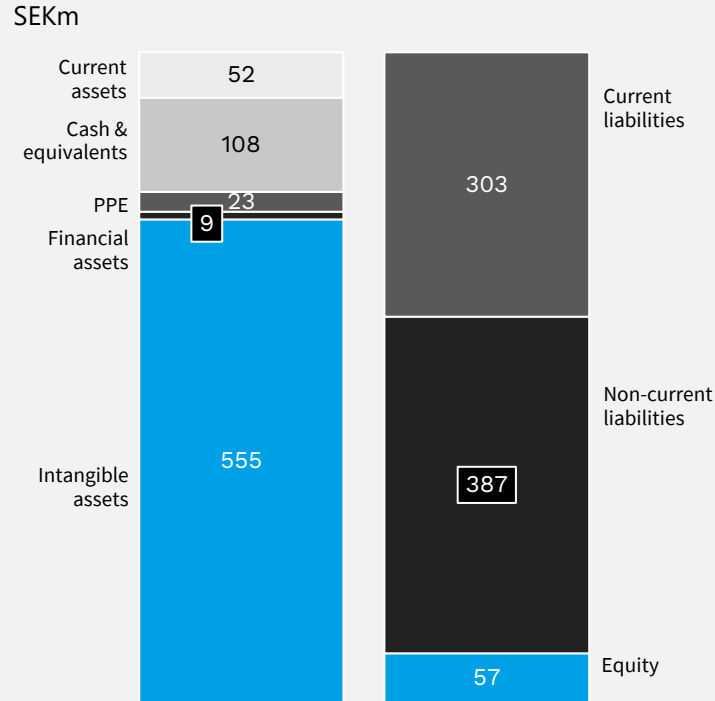
Assets

- Intangible assets amounted to SEK 555m and consist primarily of IP rights SEK 179m, capitalized costs for own game and technology development SEK 328m and Goodwill SEK 48m.
- PPE (property, plant and equipment) relates to right of use assets of SEK 20.4m and IT and other equipment of SEK 2.2m.
- 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 108m
 - Prepaid expenses and accrued income of SEK 40.6m
 - Trades and other receivables of SEK 11.6m

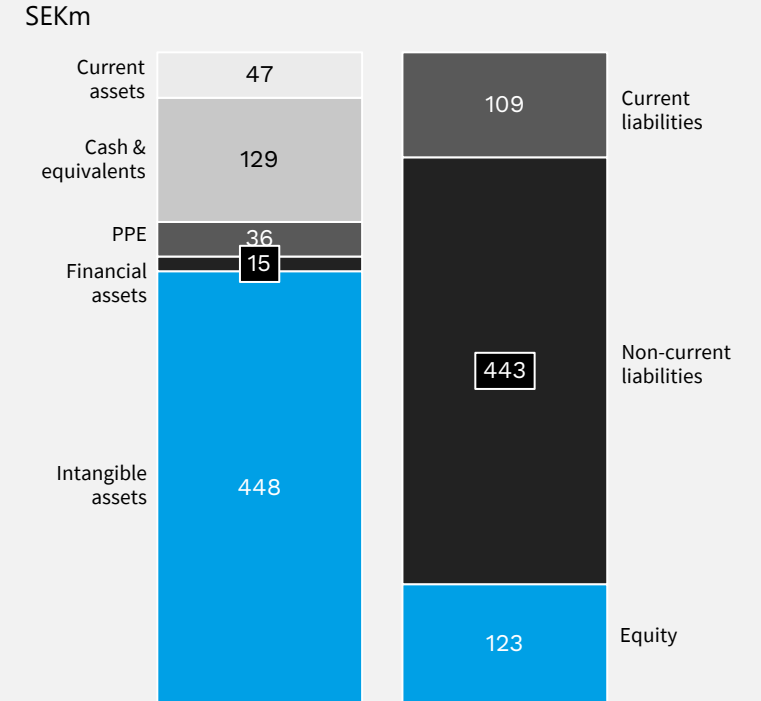
Liabilities

- Non-current liabilities amounted to SEK 386.5m, including
 - Convertible debt of SEK 378m
 - Lease liabilities of SEK 5.4m
 - Tax SEK 1.4m.
- Current liabilities amounted to SEK 303.2m, including
 - Financing liability to PLAION of SEK 176.9m
 - Trade and other payables of SEK 68.8m
 - Accrued expenses and deferred income SEK 39.2m
 - Derivative 2.1
 - Lease contracts SEK 16.2m

As per December 31, 2022



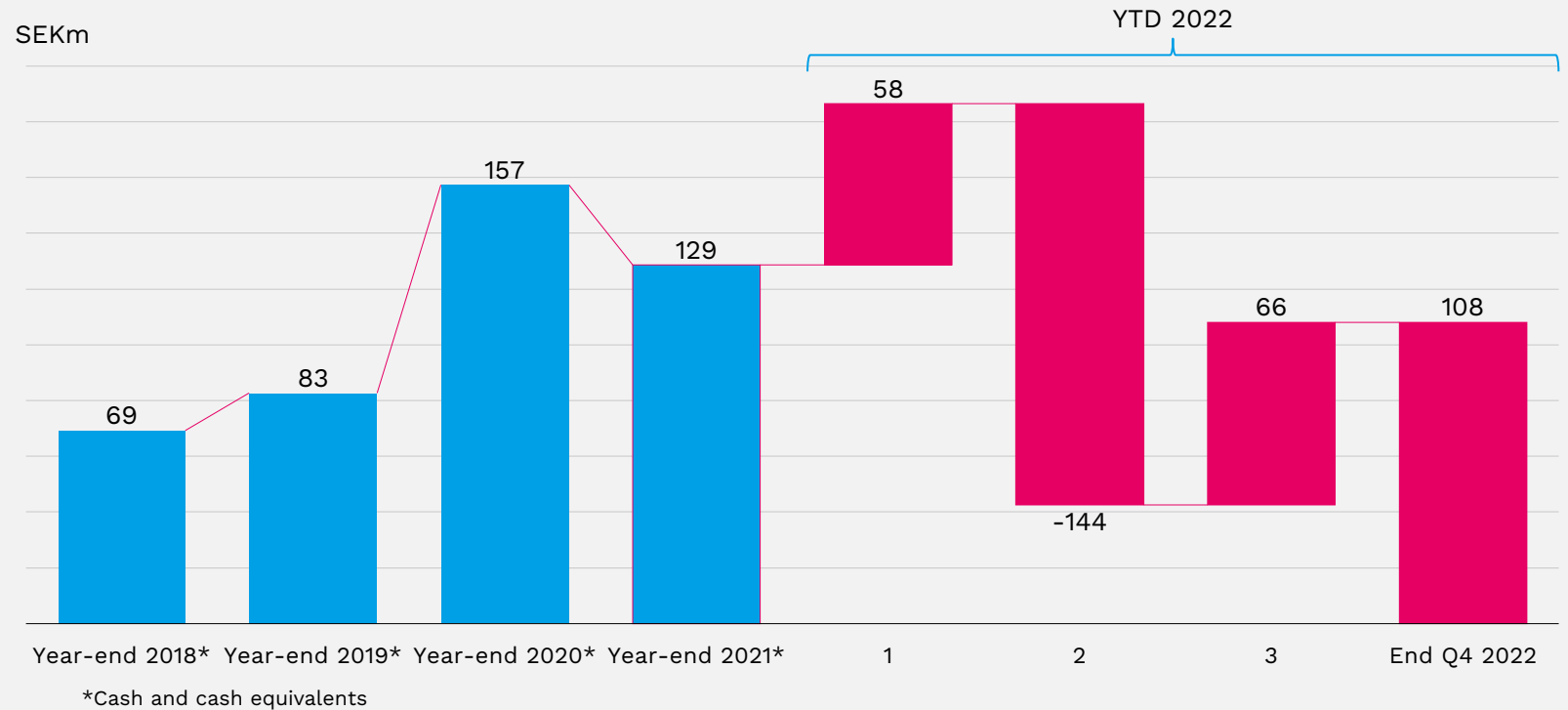
As per December 31, 2021

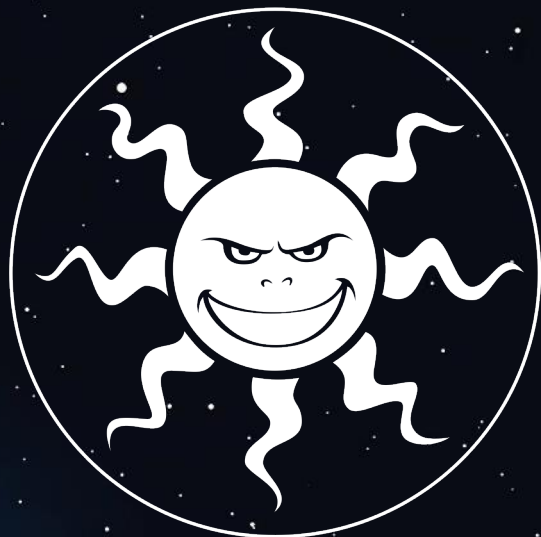


Cashflow development



- 1 Operating activities after changes in working capital, SEK 57.8m
- 2 Investing activities, SEK -143.9m (game development)
- 3 Financing activities, SEK 65.5m (financing for game development 86m and financial lease -19m)





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THANK YOU!

