

STARBREEZE

ENTERTAINMENT

Q2

Interim Report

April - June 2024



Second quarter 2024

- Net sales amounted to SEK 40.2 million (43.2). PAYDAY 2 accounted for SEK 9.2 million (42.7). PAYDAY 3 accounted for SEK 22.0 million (0). Third-party publishing accounted for SEK 8.8 million (0).
- EBITDA* amounted to SEK 8.1 million (14.1), including items affecting comparability of SEK -3.5 million.
- Cash flow from operating activities amounted to SEK 2.7 million (20.1).
- Depreciation, amortization and impairment amounted to SEK 78.9 million (17.0).
- Profit/loss before taxes amounted to SEK -70.6 million (24.1).
- Basic and diluted earnings per share amounted to SEK -0.05 (0.03).

January-June 2024

- Net sales amounted to SEK 96.8 million (69.9). PAYDAY 2 accounted for SEK 20.1 million (69.1). PAYDAY 3 accounted for SEK 45.3 million (0). Third-party publishing accounted for SEK 26.2 million (0).
- EBITDA* amounted to SEK 56.6 million (18.1), including items affecting comparability of SEK 16.3 million.
- Cash flow from operating activities amounted to SEK 81.1 million (40.8).
- Depreciation, amortization and impairment amounted to SEK 150.7 million (32.7).
- Profit/loss before taxes amounted to SEK -91.5 million (-0.6).
- Basic and diluted earnings per share amounted to SEK -0.06 (-0.00).
- Cash and cash equivalents amounted to SEK 334.6 million (498.8).

Significant events during the quarter

- April 15, a content update was released for Roboquest with new content, new functionality, and improvements.
- May 2, third "Operation Medic Bag" patch was released for PAYDAY 3
- May 15, Starbreeze CFO Mats Juhl was appointed acting CEO
- May 15, Starbreeze's Annual General Meeting 2024 was held.
- May 23, version 1.0 of The Tribe Must Survive was released.
- May 30, fourth "Operation Medic Bag" patch was released for PAYDAY 3.
- June 6, a content update was released for Roboquest - "Super Update" - with new content, new functionality, and improvements.
- June 7, Starbreeze announced changes in Group management.
- June 13, "Explorer Update" was released for The Tribe Must Survive with new content, new functionality, and improvements.
- June 28, release of PAYDAY™ 3: "Chapter II: Boys in Blue", a new DLC with a new heist, content, functionality, and improvements.

KEY FIGURES	2024	2023	2024	2023	2023
SEKk	Q2	Q2	JAN-JUN	JAN-JUN	JAN-DEC
Net sales	40,198	43,238	96,808	69,899	633,510
EBITDA*	8,066	14,094	56,563	18,145	439,340
Profit (-loss) before tax	-70,555	24,124	-91,523	-601	207,656
Earnings per share, SEK	-0.05	0.03	-0.06	-0.00	0.19
Cash flow from operations	2,722	20,092	81,104	40,782	114,575
Net sales per employee	209	242	504	397	3,443

*For definitions of performance measures, see page 24

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CEO's message

Continued focus – quarter in line with expectations

Starbreeze's main focus is PAYDAY 3 and continuing to develop and expand the game to grow the player base and increase our sales as a result. We are seeing major improvements in both player sentiment and engagement based on the updates that have already been made, and the new content we have released has been well received. We will continue on the same path during the fall. In addition to PAYDAY 3, our Dungeons & Dragons® game is now in full production, a fantastic project that is growing as planned. I look forward to telling you more about this game later in the year. Game development has relatively long cycles making it important to be able to look ahead and plan for projects to be carried out both in parallel and after titles that have already been announced. Our strategy is still to become a true multi-title studio with a favorable risk profile. In order to achieve our goal, there are several prongs to our strategy: developing and refining our proprietary brands, licensing strong

brands from which to develop games and, finally, taking on projects that enable us to optimize the use of our own resources and benefit from the broad competence we have within the company.

RESULTS AND FINANCIAL POSITION

Starbreeze continues to be financially strong, with a healthy balance sheet light on debt and cash holdings to execute our strategy. Sales and earnings were in line with the first quarter of the year, and as previously communicated, we expect sales to increase in the third quarter of the year, as we increase the frequency of content updates for PAYDAY 3.

PAYDAY 3

At the end of the quarter, we successfully released our second DLC – “Chapter II: Boys in Blue”. As well as a new heist, the update also included new weapons, cosmetics and updates under the “Operation Medic Bag”

initiative. Each new release has a directly noticeable effect on player activity and at the end of the quarter, PAYDAY 3 had around 300,000 monthly active users (MAU). We are moving in the right direction and will continue to work hard to increase activity, broaden the player base and in the process also increase sales. In addition to two more major DLCs during the fall, we will also be releasing a free heist to all players in August. We have released five major updates under the “Operation Medic Bag” initiative so far this year and we have a long-term plan for more updates in future months and years. Coming soon are a number of major content updates and functional improvements which are planned for release in August, September, and October. Our PAYDAY team has also started on plans and project launch for the content we are planning to release during PAYDAY 3's second year on the market.



PROJECT BAXTER – DUNGEONS & DRAGONS®

Production of Baxter continues at full speed, while we prepare to create the best possible commercial conditions for the game once it is released in 2026. Starbreeze will publish the game, but our ambition is to enter into partnerships where this is beneficial for the game and Starbreeze. These partnerships could be for marketing, physical distribution or other purposes that increase both the quality and potential of the project, whilst balancing the risk for Starbreeze.

THIRD-PARTY PUBLISHING

Roboquest continues to perform strongly, to the delight of both Starbreeze and our partners at RyseUp Studios. Two content updates were released during the quarter and another one after the end of the period. It is in line with our overall strategy that games published by Starbreeze should increase the players' perceived value of our titles over time.

The full 1.0 version of The Tribe Must Survive was released during the quarter and also received its first major content update that included a new game mode as well as more content for players who want an additional level of challenge.

ORGANIZATION

We continue to hire specific skills, particularly for positions on Project Baxter, while keeping the organization efficient and fit for purpose to manage all our ongoing projects. We work constantly on the company's competence structure to ensure that we have the right people and skills in all positions. At the end of the quarter, the number of employees was 192; the majority of these are employed at our head office in Stockholm.

CLOSING WORDS

We continue to deliver at a high pace according to our plan, both long-term as per our strategy and short-term as per the plans for our games. In regards to PAYDAY 3, we are looking forward to revealing the result of everyone's hard work with the release of new DLCs during both August and September. In addition, we have a number of major updates planned under "Operation Medic Bag", which we are convinced will fulfill our players' hopes and expectations. Project Baxter will enter a phase in the fall where we will be more proactive in searching for and holding discussions with suitable partners. All with a view to creating the most favorable commercial conditions for the project.

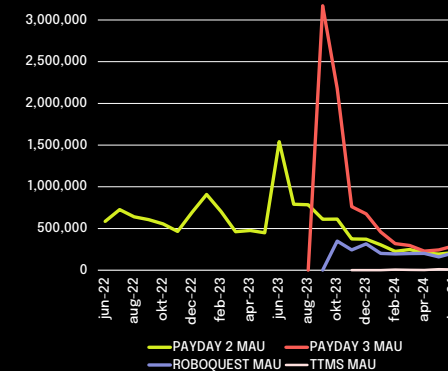
With a solid financial position, strong cash position and strong projects both under development and on the market, we have the best possible conditions to make Starbreeze an even better company in the long term through successful releases.

MATS JUHL, acting CEO

Aggregated peak monthly active users (MAU) for Starbreeze' games

716 839

in June 2024



Source: Game data via Starbreeze telemetry

Significant events during the quarter

New content released for Roboquest

April 15, a content update was released for Roboquest with new content, new functionality, and improvements. [Read more here.](#)

Third “Operation Medic Bag” update released

May 2, third “Operation Medic Bag” patch was released, including quickplay, post-game party-up, skip mission intro, shock grenade and several corrections, such as 90+% of all server crashes and over 70+% of all client (game) crashes. [Read more here.](#)

Starbreeze appoints new acting CEO

May 15, Starbreeze announced that Mats Juhl, the company’s CFO, had been appointed acting CEO while the recruitment process for a permanent CEO is completed. [Read more here.](#)

2024 Annual General Meeting

May 15, 2024 Annual General Meeting of Starbreeze AB. Chairman of the Board Torgny Hellström stepped down and Board member Jürgen Goeldner was elected as the new Chairman. [Read more here.](#)

The Tribe Must Survive released in 1.0

May 23, full 1.0 version of The Tribe Must Survive was released. [Read more here.](#)

Fourth “Operation Medic Bag” update released

May 30, fourth “Operation Medic Bag” patch was released, including a brand new progression system, a new skill line, rotating masks and more. [Read more here.](#)

New content released for Roboquest

June 6, a content update was released for Roboquest with a new playable class, new weapon, environments and more. [Read more here.](#)

Changes in Group management

June 7, Starbreeze announced changes in Group management. [Read more here.](#)

New content released for The Tribe Must Survive

June 13, “Explorer Update” was released for The Tribe Must Survive with new content, new functionality, and improvements. [Read more here.](#)

New DLC released for PAYDAY™ 3

June 28, release of PAYDAY™ 3: “Chapter II: Boys in Blue”, a new DLC with a new heist, content, functionality, and improvements. [Read more here.](#)

Significant events after the period

New content released for Roboquest

August 14, a content update was released for Roboquest with new content, functionality and improvements. [Read more here.](#)

Free heist released for PAYDAY™ 3

August 20, a free heist – “Diamond District” was released for PAYDAY 3. [Read more here.](#)

New DLC released for PAYDAY™ 3

August 20, release of PAYDAY™ 3: “Chapter III: Houston Brekout”, a new DLC with a new heist, content, functionality, and improvements. [Read more here.](#)





Net sales and
earnings

02

Net sales and earnings

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

Second quarter 2024

Sales

Net sales for the quarter amounted to SEK 40.2 million (43.2). Overall, net sales were down 7.0 percent during the quarter. The decrease is attributable to PAYDAY 2. Game sales amounted to SEK 31.4 million (42.9), Third-party publishing to SEK 8.8 million (0) and Licensing to SEK 0.0 million (0.3).

Starbreeze's reported revenue attributable to PAYDAY 3 amounted to SEK 22.0 million (0.0). All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, Playstation 5, and Epic Games Store platforms. Sales consist of sales of different editions of the base game, license versions, and sales of DLC.

PAYDAY 2 sales amounted to SEK 9.2 million (42.7) and relate to Steam, Epic Games Store, and console platform sales.

Costs

Direct costs amounted to SEK 82.8 million (17.5) and consist of costs linked to game production and game development. Direct costs include depreciation of intangible assets of SEK 74.1 million (13.2), server costs of SEK 4.8 million (0.2), personnel-related costs of SEK 35.2

million (32.8), and revenue sharing linked to third-party publishing of SEK 4.0 million (0).

Capitalized development expenditure reduced the direct costs by SEK 50.7 million (36.7) and relates to the games PAYDAY 3 and Baxter, and development of new IP.

Sales and marketing costs amounted to SEK 9.3 million (7.5) and relate to marketing activities and personnel costs. The increase is mainly attributable to restructuring costs of SEK 1.4 million.

Administrative expenses during the quarter amounted to SEK 16.7 million (20.8) and are related to office costs, salaries to employees who do not work in game production or marketing, as well as other external costs.

Administrative expenses include depreciation of SEK 4.7 million (3.8). Capitalized development expenditure reduced the administrative expenses by SEK 10.0 million (9.6) and relates to the games PAYDAY 3, Baxter, and other IP.

Other revenue amounted to SEK -2.1 million (-0.4). This item also consists of exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currencies of SEK -2.1 million (-4.3) and rental income of SEK 0 million (0.9).

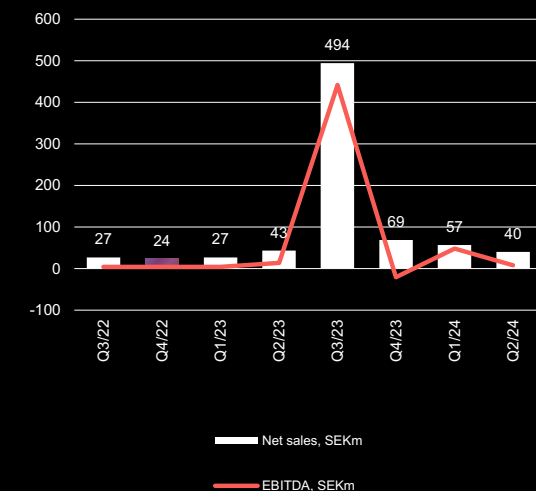
Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 8.1 million (14.1).

Net sales and earnings

SEKk	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN
Net sales	40,198	43,238	96,808	69,899
EBITDA *	8,066	14,094	56,563	18,145
Profit (-loss) before tax	-70,555	24,124	-91,523	-601
Net profit (-loss) for the period	-70,705	24,740	-91,728	-194
Earnings per share, SEK	-0.05	0.03	-0.06	-0.00
Net sales growth, %	-7.0	36.1	38.5	26.4
EBITDA margin, %	20.1	32.6	58.4	26.0

*See page 24 for the definitions of key figures



EBITDA was negatively affected by items affecting comparability of SEK 3.5 million.

Net financial income/expense

Net financial income/expense amounted to SEK 0.3 million (27.1). During the quarter, the company received interest of SEK 0.9 million (0.0) relating to holdings in banks.

During the quarter, interest expenses on lease liabilities of SEK -0.6 million (-0.1) were charged to net financial income/expense.

Profit/loss before taxes and profit/loss for the quarter

Profit/loss before taxes amounted to SEK -70.6 million (24.1).

Earnings for the period were SEK -70.7 million (24.7).

Basic and diluted earnings per share amounted to SEK -0.05 (0.03).

January–June 2024

Sales

Net sales for the first half of 2024 amounted to SEK 96.8 million (69.9). Overall, net sales were up 38.5 percent during the period. Game sales amounted to SEK 65.7 million (69.6), Third-party publishing to SEK 26.2 million (0.0) and Licensing to SEK 0.5 million (0.2). Other revenue amounted to SEK 4.4 million (0.1) and relates to the sale of the Cinemaware catalog.

Starbreeze's reported revenue attributable to PAYDAY 3 amounted to SEK 45.3 million (0.0). All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, Playstation 5, and Epic Games Store platforms. Sales consist of sales of different editions of the base game, license versions, and sales of DLC.

PAYDAY 2 sales amounted to SEK 20.1 million (69.1) and relate to Steam, Epic Games Store, and console platform sales.

Costs

Direct costs amounted to SEK 169.3 million (33.3) and consist of costs linked to game production and game development. Direct costs include depreciation of intangible assets of SEK 142.0 million (25.0), server costs of SEK 11.3 million (0.5), personnel-related costs of SEK 66.1 million (63.1) and revenue sharing linked to third-party publishing of SEK 14.3 million (0.0).

Capitalized development expenditure reduced the direct costs by SEK 86.0 million (73.5) and relates to the games PAYDAY 3 and Baxter, and development of new IP.

Sales and marketing costs amounted to SEK 16.8 million (13.2) and relate to marketing activities and personnel costs. The increase is mainly attributable to higher personnel costs of SEK 5.2 million.

Administrative expenses for the period amounted to SEK 12.0 million (39.2). Adjusted for items affecting comparability of SEK 17.7 million, the expenses amounted to SEK 29.7 million. In addition to the items affecting comparability, the expenses are related to office costs, salaries to personnel who do not work in game production or marketing, as well as other external costs.

The items affecting comparability of SEK 17.7 million are attributable to the reversal of previously expensed personnel costs relating to the company's long-term incentive program linked to the launch of PAYDAY 3 and restructuring costs relating to personnel changes.

Administrative expenses include depreciation of SEK 8.7 million (7.7). Capitalized development expenditure reduced the administrative expenses by SEK 19.4 million (18.2) and relates to the games PAYDAY 3, Baxter, and other IP.

Specification of net financial income/expenses

SEKk	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN
Interest on convertible bonds	-	12,948	-	5,803
Net profit (-loss) from StarVR Corp.	12	58	1,358	33
Implicit interest	-	13,153	-	7,150
Interest bank	884	-	1,923	-
Interest on lease liability	-602	-101	-634	-225
Unrealized change in value of derivatives	-	1,012	-	1,173
Other items	-19	5	-19	13
Total	275	27,075	2,627	13,947

Other revenue amounted to SEK 7.1 million (1.2). This item also consists of exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currencies of SEK 8.8 million (-6.5) and rental income of SEK 0.5 million (1.8).

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 56.6 million (18.1). The improvement in earnings is attributable to increased revenue linked to PAYDAY 3 and third-party publishing, as well as adjustment of reserved costs for incentive programs relating to PAYDAY 3.

Net financial income/expense

Net financial income amounted to SEK 2.6 million (13.4). During the quarter, the company received interest of SEK 1.9 million (0.0) relating to holdings in banks.

During the period, interest expenses on lease liabilities of SEK -0.6 million (-0.2) were charged to net financial income/expense.

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

Profit/loss before taxes amounted to SEK -91.5 million (-0.6).

Earnings for the period were SEK -91.7 million (-0.2).

Basic and diluted earnings per share amounted to SEK -0.06 (-0.00).





Other financial
information

03

Other financial information

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

Second quarter 2024

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK -13.6 million (17.6), with operating profit amounting to SEK -70.8 million (-3.0), and adjustment for items not included in cash flow amounting to SEK 57.3 million (20.5). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 78.9 million (17.0) and exchange rate effects of SEK 0.4 million (4.8). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -22.0 million. The debt was settled in conjunction with the release of DLC as previously received financing for game development is recognized as income without any impact on cash flow. The cash flow effect has already occurred as the game financing is received on an ongoing basis during the development of PAYDAY 3.

Cash flow from operating activities after changes in working capital amounted to SEK 2.7 million (20.1). The paid receivable linked to PAYDAY 3 had a positive effect on working capital.

Cash flow from investing activities amounted to SEK -68.1 million (-48.2), of which investments in proprietary game development accounted for SEK -65.1 million (-46.3).

Cash flow from financing activities amounted to SEK 12.8 million (448.9) and is a result of the game financing received for the development of DLC for PAYDAY 3 of SEK 17.5 million (36.3). Outstanding trade receivables linked to PAYDAY 3 amounted to SEK 12.4 million. Leasing expenses amounted to SEK -4.7 million (-3.8).

Total cash flow for the quarter was SEK -52.6 million (420.8). Cash and cash equivalents at the end of the quarter amounted to SEK 334.6 million (498.8).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -0.5 million (-0.7). Investments in proprietary game and technology development amounted to SEK -65.1 million (-46.3).

Cash and cash equivalents as of June 30 2024

SEK 334,6m

January–June 2024

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 26.8 million (24.4), with operating profit amounting to SEK -94.2 million (-14.5), and adjustment for items not included in cash flow amounting to SEK 119.7 million (39.2). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 150.7 million (32.7) and exchange rate effects of SEK -4.7 million (7.4). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -22.0 million. The debt was settled in conjunction with the release of DLC as previously received financing for game development is recognized as income without any impact on cash flow. The cash flow effect has already occurred as the game financing is received on an ongoing basis during the development of PAYDAY 3.

Cash flow from operating activities after changes in working capital amounted to SEK 81.1 million (40.8). The

paid receivable linked to PAYDAY 3 had a positive effect on working capital.

Cash flow from investing activities amounted to SEK -117.1 million (-95.0), of which investments in proprietary game development accounted for SEK -115.0 million (-91.7).

Cash flow from financing activities amounted to SEK 22.7 (444.8) million and is a result of the game financing received for the development of DLC for PAYDAY 3 of SEK 31.2 million (36.3). Outstanding trade receivables linked to PAYDAY 3 amounted to SEK 12.4 million. Leasing expenses amounted to SEK -8.6 million (-7.6).

Total cash flow for the period was SEK -13.3 million (390.5). Cash and cash equivalents at the end of the quarter amounted to SEK 334.6 million (498.8).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -3.0 million (-1.0). Investments in proprietary game and technology development amounted to SEK -115.0 million (-91.7).



Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 49.1 million (50.1). The decrease in goodwill is attributable to the revaluation of assets in foreign currencies.

Licenses amount to SEK 11.1 million (0.0) and consist of rights to use IP rights.

Intangible assets, consisting mainly of IP rights, amounted to SEK 103.5 million (161.7).

Capitalized expenditure for proprietary game and technology development amounted to SEK 325.2 million (407.4).

Investments in publishing projects amounted to SEK 8.4 million (6.3).

Amortization and impairment of intangible assets amounted to SEK 142.1 million (25.1) during the period. The increase is due to the depreciation of PAYDAY 3.

Current assets

Trade and other receivables amounted to SEK 33.7 million (33.2), of which trade receivables linked to PAYDAY 3 amounted to SEK 12.4 million. Starbreeze receives cash only after Plaion receives cash, and Starbreeze has issued an invoice for the share to which Starbreeze is entitled according to the terms of the revenue sharing agreement.

Prepaid expenses and accrued income at the end of the period amounted to SEK 72.3 million (45.0), of which SEK 34.0 million (19.2) relates to receivables for PAYDAY 2 and PAYDAY 3 sales.

Equity

Group equity at the balance sheet date amounted to SEK 800.6 million (469.7). The increase in equity is a result of the preferential rights issue carried out in the

second quarter of 2023 and the conversion of the company's convertible loan in the third quarter of 2023.

Non-current liabilities

Non-current liabilities amounted to SEK 91.6 million (2.6). The non-current part of lease liabilities amounted to SEK 89.8 million (0.3), and the increase is due to a new lease agreement for office premises in Stockholm for the next five years. Deferred tax liabilities amounted to SEK 1.3 million (1.3).

Current liabilities

Current liabilities totaled SEK 173.1 million (755.0). Trade payables and other liabilities at the end of the period amounted to SEK 85.5 million (315.1). Current lease liabilities amounted to SEK 21.5 million (13.9). Accrued expenses and deferred income at the end of the period was SEK 66.2 million (62.5).

Share capital

The share capital at the end of the period amounted to SEK 29,535,241 (26,569,006) divided into 1,476,762,040 shares (1,328,450,316), of which 142,303,908 class A shares (301,210,042) and 1,334,458,132 class B shares (1,027,240,274).

Risks and uncertainties

To prepare interim reports and annual financial statements in accordance with generally accepted accounting principles, management must make assumptions and estimates that affect the assets, liabilities and income reported in the financial statements. Actual results may differ from these estimates.

The biggest risks and uncertainties are low revenues when launching games and project delays. These and other risks, such as copyright infringement, loss of key personnel, and exchange rate fluctuations, are

Distribution, employees

	2024	2023
	Q2	Q2
Employees	192	179
Men	154	150
Women	38	29

No. of employees

192

described in the Starbreeze Annual Report 2023 in the management report on pages 41-42, in Note 3, and on pages 11-21 of the rights issue 2023 prospectus. Furthermore, the value of certain assets and liabilities is based on an expected outcome, which means that these items must be revalued on an ongoing basis and may therefore affect future earnings.

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 accounts and other assets and liabilities in foreign currency. In the long term, however, a falling US dollar exchange rate will have a negative impact on profit margins. As 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 10.9 million (9.6) and for the period to SEK 7.8 million (17.0). Sales mainly relate to the allocation of management fees.

Earnings before and after taxes for the quarter were SEK -2.9 million (32.4) for the quarter and SEK 4.8 million (17.3) for the period.

At the end of the period, cash and cash equivalents amounted to SEK 128.1 million (428.5) and the Parent Company's equity was SEK 741.6 million (1,139.2).

Related-party transactions

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

Auditor's review

This interim report has not been reviewed 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, August 20, 2024

Jürgen Goeldner
Chairman of the Board

Anna Lagerborg
Board member

Thomas Lindgren
Board member

Christine Rankin
Board member

Jon Gillard
Board member

Mats Juhl
Acting CEO





Financial reports

04

Consolidated statement of comprehensive income

SEKk	NOTE	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
Net sales	3	40,198	43,238	96,808	69,899	633,510
Direct costs	4	-82,819	-17,482	-169,271	-33,273	-309,271
Gross profit (-loss)		-42,621	25,756	-72,463	36,626	324,239
Selling and marketing costs	4	-9,322	-7,537	-16,763	-13,162	-46,824
Administrative expenses	4	-16,749	-20,775	-12,014	-39,247	-79,406
Other revenue		-2,138	-395	7,090	1,235	13,707
Other expenses		-	-	-	-	-21,413
Operating profit (-loss)		-70,830	-2,951	-94,150	-14,548	190,303
Financial income		884	14	1,923	22	3,098
Financial expenses		-621	27,003	-654	13,892	14,319
Share in profit or loss of holdings accounted for using the equity method		12	58	1,358	33	-64
Profit (-loss) before tax		-70,555	24,124	-91,523	-601	207,656
Income tax		-150	616	-205	407	-24
Net profit (-loss) for the period		-70,705	24,740	-91,728	-194	207,632
Other comprehensive income that may subsequently be reclassified to profit and loss						
Exchange differences		799	-3,231	-2,357	-3,654	940
Total comprehensive income for the period		-69,906	21,509	-94,085	-3,848	208,572
Total comprehensive income for the period attributable to:						
Owners of the parent		-69,906	21,509	-94,085	-3,848	208,572
Earnings per share attributable to owners of the parent during the period (SEK):						
- Basic		-0.05	0.03	-0.06	-0.00	0.19
- Diluted		-0.05	0.03	-0.06	-0.00	0.19

Consolidated statement of financial position, Group

SEKk	NOTE	2024-06-30	2023-06-30	2023-12-31
ASSETS				
<i>Intangible assets</i>				
Goodwill		49,077	50,090	46,666
Licenses		11,121	-	11,121
Other intangible assets		103,523	161,721	141,852
Capitalized development cost for own games and technology development		325,233	407,363	311,976
Investments in publishing projects		8,417	6,282	6,758
<i>Financial assets</i>				
Financial assets		7,356	7,471	7,253
Investments in joint ventures		2,595	1,335	1,238
<i>Property, plant and equipment</i>				
IT equipment and other equipment		6,482	2,734	4,428
Right-of-Use asset-Buildings		110,839	13,264	6,164
Total non-current assets		624,643	650,260	537,456
<i>Current assets</i>				
Trades and other receivables		33,748	33,218	164,244
Prepaid expenses and accrued income		72,313	45,020	62,041
Cash and cash equivalents		334,572	498,821	347,752
Total current assets		440,633	577,059	574,037
TOTAL ASSETS		1,065,276	1,227,319	1,111,493

Consolidated statement of financial position, Group (cont.)

SEKK	NOTE	2024-06-30	2023-06-30	2023-12-31
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		29,535	26,569	29,535
Other contributed capital		2,593,362	2,383,793	2,593,362
Reserves		11,793	9,556	14,150
Retained earnings including net profit or loss for the period		-1,834,123	-1,950,221	-1,742,395
Total equity		800,567	469,697	894,652
<i>Non-current liabilities</i>				
Deferred tax liability		1,316	1,338	1,345
Non-current lease liability		89,761	314	158
Other non-current liabilities		510	987	489
Total non-current liabilities		91,587	2,639	1,992
<i>Current liabilities</i>				
Current liabilities, convertible loan and related debt		-	362,570	-
Trade and other payables		85,511	315,065	100,202
Derivatives		-	929	-
Current lease liability		21,461	13,886	6,534
Accrued expenses and deferred income		66,150	62,533	108,113
Total current liabilities		173,122	754,983	214,849
TOTAL EQUITY AND LIABILITIES		1,065,276	1,227,319	1,111,493

Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2024	29,535	2,593,362	14,150	-1,742,395	894,652
Net profit (-loss) for the period	-	-	-	-91,728	-91,728
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	-2,357	-	-2,357
Total comprehensive income	-	-	-2,357	-91,728	-94,085
Balance at 30 June 2024	29,535	2,593,362	11,793	-1,834,123	800,567
Balance at 1 January 2023	14,492	1,979,111	13,210	-1,950,027	56,786
Net profit (-loss) for the period	-	-	-	207,632	207,632
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	940	-	940
Total comprehensive income	-	-	940	207,632	208,572
Conversion of convertible loan	2,966	212,086	-	-	215,052
New issue	12,077	440,804	-	-	452,881
Issue cost recognized in equity	-	-38,639	-	-	-38,639
Total contribution from and value transfers to shareholders, recognized directly in equity	15,043	614,251	-	-	629,294
Balance at 31 December 2023	29,535	2,593,362	14,150	-1,742,395	894,652
				2024	2023
CHANGE IN NUMBER OF OUTSTANDING SHARES				JAN-JUN	JAN-DEC
Number of shares at the beginning of the period				1,476,762,040	724,609,266
New issue				-	603,841,050
Conversion of convertible loan				-	148,311,724
Total shares outstanding at the end of the period				1,476,762,040	1,476,762,040

Consolidated statement of cash flows, Group

SEKk	NOTE	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
<i>Operating activities</i>						
Cash flow from operations		-70,830	-2,951	-94,150	-14,548	190,303
Adjustment for non-cash items		57,269	20,491	119,653	39,198	-2,522
Interest received		883	14	1,923	22	3,098
Income taxes paid		-878	56	-588	-232	-902
Cash flow from (-used in) operating activities before changes in working capital		-13,556	17,610	26,838	24,440	189,977
<i>Cash flow from changes in working capital</i>						
Increase (+)/decrease (-) in operating receivables		17,477	-16,141	121,701	-13,696	-164,423
Increase (+)/decrease (-) in operating liabilities		-1,199	18,623	-67,435	30,038	89,021
Cash flow from (-used in) operating activities after changes in working capital		2,722	20,092	81,104	40,782	114,575
<i>Investing activities</i>						
Purchase of property, plant and equipment		-521	-723	-2,978	-1,030	-3,506
Sold non-current assets		36	-	108	-	-
Sold intangible assets		-	-	5,213	-	-
Purchase of intangible assets		-	-	-	-	-11,121
Investments in own games and technology		-65,091	-46,311	-115,011	-91,669	-173,852
Investments in publishing projects		-2,553	-1,186	-4,453	-2,308	-13,900
Cash flow from (-used in) investing activities		-68,129	-48,220	-117,121	-95,007	-202,379
<i>Financing activities</i>						
New issue		-	452,881	-	452,881	452,881
Costs related to new issues		-	-36,122	-	-36,122	-38,638
Repayment of loans		-	-348	-	-688	-149,370
Financing game development		17,501	36,334	31,241	36,334	77,857
Effect of financial lease		-4,734	-3,823	-8,555	-7,644	-15,285
Cash flow from financing activities		12,767	448,922	22,686	444,761	327,445
Cash flow for (-used in) the period		-52,640	420,794	-13,331	390,536	239,641
Cash and cash equivalents at the beginning of the period		387,246	77,966	347,752	108,217	108,217
Exchange difference in cash and cash equivalents		-34	61	151	68	-106
Cash and cash equivalents at the end of the period		334,572	498,821	334,572	498,821	347,752

Performance measures, Group

	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
Net sales, SEKk	40,198	43,238	96,808	69,899	633,510
EBITDA, SEKk	8,066	14,094	56,563	18,145	439,340
EBIT, SEKk	-70,830	-2,951	-94,150	-14,548	190,303
Profit (-loss) before tax, SEKk	-70,555	24,124	-91,523	-601	207,656
Profit (-loss) after tax, SEKk	-70,705	24,740	-91,728	-194	207,632
EBITDA margin, %	20.1	32.6	58.4	26.0	69.4
EBIT margin, %	-176.2	-6.8	-97.3	-20.8	30.0
Profit margin, %	-175.5	55.8	-94.5	-0.9	32.8
Equity to assets ratio, %	75.2	38.3	75.2	38.3	80.5
Closing price of A share for the period, SEK *	0.37	0.82	0.37	0.82	0.50
Closing price of B share for the period, SEK *	0.34	0.88	0.34	0.88	0.47
Basic earnings per share, SEK	-0.05	0.03	-0.06	-0.00	0.19
Diluted earnings per share, SEK	-0.05	0.03	-0.06	-0.00	0.19
Number of shares at end of period before dilution	1,476,762,040	1,328,450,316	1,476,762,040	1,328,450,316	1,476,762,040
Number of shares at end of period after dilution	1,476,762,040	1,328,450,316	1,476,762,040	1,328,450,316	1,476,762,040
Average number of shares before dilution	1,476,762,040	731,244,882	1,476,762,040	727,945,404	1,097,076,815
Average number of shares after dilution	1,476,762,040	731,244,882	1,476,762,040	727,945,404	1,097,076,815
Average number of employees	192	179	192	176	184
Number of employees at the end of the period	192	182	192	182	194

Performance measures, Group

EBITDA

Earnings before interest, tax, depreciation, and amortization.

EBIT

Earnings before interest and taxes.

EBITDA margin

Earnings before interest, tax, depreciation, and amortization as a percentage of net sales.

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 taxes divided by the average number of shares during the period.

Equity

Reported equity including 79.4 percent of untaxed reserves.

Reconciliation of alternative performance measures

	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
<i>EBITDA</i>					
Operating profit (-loss), SEKk	-70,830	-2,951	-94,150	-14,548	190,303
Amortization of intangible assets, SEKk	74,226	13,247	142,117	25,134	233,609
Depreciation of property, plant and equipment, SEKk	4,670	3,798	8,596	7,559	15,428
EBITDA	8,066	14,094	56,563	18,145	439,340
<i>EBITDA margin, %</i>					
EBITDA, SEKk	8,066	14,094	56,563	18,145	439,340
Net sales, SEKk	40,198	43,238	96,808	69,899	633,510
EBITDA margin, %	20.1	32.6	58.4	26.0	69.4
<i>EBIT margin, %</i>					
Operating profit (-loss), SEKk	-70,830	-2,951	-94,150	-14,548	190,303
Net sales, SEKk	40,198	43,238	96,808	69,899	633,510
EBIT margin, %	-176.2	-6.8	-97.3	-20.8	30.0
<i>Profit margin, %</i>					
Profit (-loss) before tax, SEKk	-70,555	24,124	-91,523	-601	207,656
Net sales, SEKk	40,198	43,238	96,808	69,899	633,510
Profit margin, %	-175.5	55.8	-94.5	-0.9	32.8
<i>Equity to assets ratio, %</i>					
Total equity	800,567	469,697	800,567	469,697	894,652
Total equity and liabilities, SEKk	1,065,276	1,227,319	1,065,276	1,227,319	1,111,493
Equity to assets ratio, %	75.2	38.3	75.2	38.3	80.5

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	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
Net sales	10,891	9,597	7,798	16,978	32,381
Other operating revenue	-678	9,812	7,192	10,857	-2,826
Total sales	10,213	19,409	14,990	27,835	29,555
Other external expenses	-5,788	-5,981	-10,525	-10,319	-16,912
Employee benefit expense	-11,370	-9,983	-8,084	-18,617	-42,220
Depreciation of property, plant and equipment	-3	-9	-5	-17	-15
Operating profit (-loss)	-6,948	3,436	-3,624	-1,118	-29,592
Profit from holdings in group companies	-	-	-	-	-594,846
Other financial income	4,076	2,880	8,421	5,448	13,841
Financial expenses	-	26,113	-	12,965	12,965
Profit (-loss) after net financial income/expense	-2,872	32,429	4,797	17,295	-597,632
Appropriations	-	-	-	-	-
Profit (-loss) before tax	-2,872	32,429	4,797	17,295	-597,632
Income tax	-	-	-	-	-
Net profit (-loss) for the period	-2,872	32,429	4,797	17,295	-597,632

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

Parent company balance sheet

SEKk	2024-06-30	2023-06-30	2023-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	16	16	7
<i>Financial assets</i>			
Investments in group companies	336,059	331,873	336,059
Investments in associates	4,656	4,656	4,656
Other financial assets	2,261	2,347	2,208
Total non-current assets	342,992	338,892	342,930
<i>Current assets</i>			
Trade and other receivables	1,212	1,211	956
Receivables from group companies	737,982	1,345,392	740,139
Prepaid expenses and accrued income	931	718	622
Cash and cash equivalents	128,142	428,514	161,826
Total current assets	868,267	1,775,835	903,543
TOTAL ASSETS	1,211,259	2,114,727	1,246,473

Parent company balance sheet (cont.)

SEKk	2024-06-30	2023-06-30	2023-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	29,535	26,569	29,535
Share premium reserve	2,526,379	2,316,810	2,526,379
Retained earnings	-1,819,153	-1,221,521	-1,221,521
Net profit (-loss) for the period	4,797	17,295	-597,632
Total equity	741,558	1,139,152	736,761
<i>Current liabilities</i>			
Trade payables	537	11,569	1,400
Liabilities to group companies	451,595	574,766	480,753
Other liabilities	3,210	363,522	2,788
Accrued expenses and deferred income	14,359	25,718	24,771
Total current liabilities	469,701	975,575	509,712
TOTAL EQUITY AND LIABILITIES	1,211,259	2,114,727	1,246,473

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 2023.

The Parent Company's report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and in accordance with the same accounting principles and calculation methods as the Annual Report 2023 (Note 2, pages 55–60).

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 regarding PAYDAY 3. The agreement concerns both product development and marketing of PAYDAY 3, as well as the continued development and marketing of the game according to the Starbreeze Games as a Service 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 hedge 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	2024-06-30	2023-06-30	2023-12-31
Pledged assets	239,978	239,978	239,978

Note 3 Net sales per category

SEKk	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
Game sales	31,434	42,931	65,711	69,631	616,681
3rd party publishing	8,764	-	26,179	-	14,885
Licensing	-	289	515	179	1,682
Other	-	18	4,403	89	262
Total net sales	40,198	43,238	96,808	69,899	633,510

Note 4 Group depreciation by function

SEKk	2024 Q2	2023 Q2	2024 JAN-JUN	2023 JAN-JUN	2023 JAN-DEC
Depreciation and impairment of property, plant and equipment					
Direct costs	-12	-24	-25	-49	-91
Selling and marketing costs	-5	-6	-10	-12	-24
Administrative expenses	-4,653	-3,768	-8,561	-7,498	-15,313
Total depreciation and impairment of property, plant and equipment	-4,670	-3,798	-8,596	-7,559	-15,428
Amortization and impairment of intangible assets					
Direct costs	-74,147	-13,169	-141,961	-24,980	-231,471
Selling and marketing costs	-	-	-	-	-1,822
Administrative expenses	-79	-78	-156	-154	-316
Total amortization and impairment of intangible assets	-74,226	-13,247	-142,117	-25,134	-233,609
Total depreciation and amortization and impairment	-78,896	-17,045	-150,713	-32,693	-249,037



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 on www.starbreeze.com and corporate.starbreeze.com

This information is information that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, via the contact persons set out above, at 6:45 am CEST on August 20, 2024.

For more information

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Financial calendar

Delårsrapport Q3

14 november 2024

Presentation

The company will hold a webcast at 10 AM, August 20, 2024. To join the presentation- [click here](#).

Annual General Meeting 2024

The Starbreeze Annual General Meeting 2024 was held in Stockholm on May 15, 2024. For more information about the Annual General Meeting, visit corporate.starbreeze.com.

STARBREEZE

ENTERTAINMENT

