

Third Quarter 2024 Presentation

2024-11-14



Quarter & Period in Brief

01

Third Quarter – Key Takeaways

Operation Medic Bag updates increases sentiment for PD3

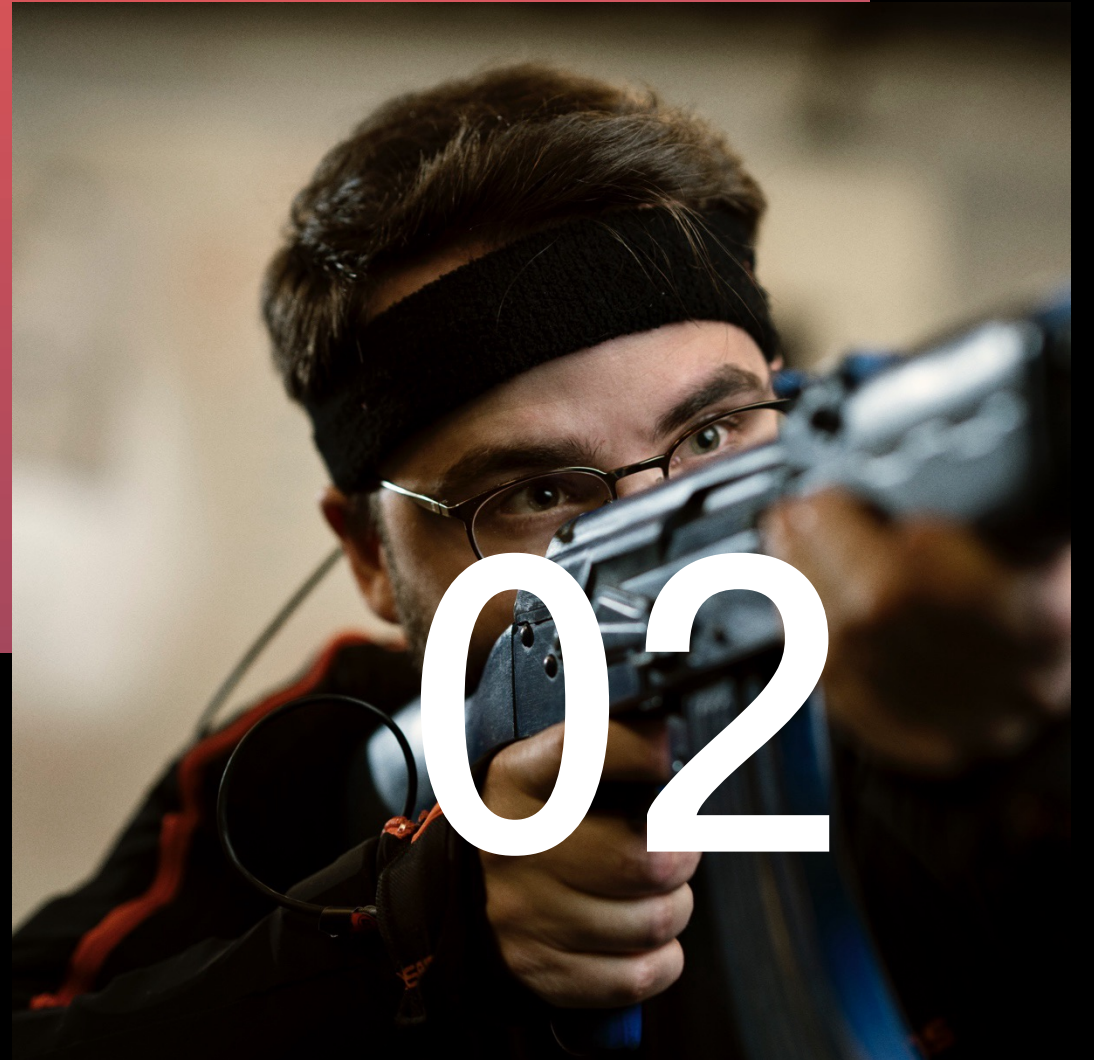
Leveraging our PAYDAY IP – continues to expand the franchise to more platforms

“Baxter” in full production – in discussions with partners to solidify success

Continuously keep several titles on market, reduces risk and diversifying revenue

Cash position and limited debt ensure strategy execution

Our Strategy



A Strong Foundation to Deliver and Grow

Core focus created capacity for growth...

- ✓ Secure PD3 development and quality – deal with PLAION
- ✓ Continued monetization of PD2 – DLC – 30+ DLCs published for PD2 during this period
- ✓ Develop and implement Starbreeze Nebula – enhanced, multi-platform community
- ✓ Expanding IP portfolio and restart of publishing

...into a broadened IP portfolio...

- ✓ PAYDAY 3 launched in September 2023 – operating three games on the market
- Ensuring high LTV for PAYDAY 3 through consistent release of paid and free DLCs is our current highest priority
- ✓ Dungeons & Dragons® licensed for Project Baxter, self-financed and planned release in 2026
- ✓ Expanding Third-Party Publishing – smash-hit Roboquest added

...building games, IP and beyond

- Self-publishing of own titles
- Operating several games on the market – increasing revenue streams and reducing title-risk
- Continuous monetization of all titles published by Starbreeze
- Continue to build the PAYDAY franchise – media beyond games but also opportunities to partner and out-license our IP

2020-2022

2023-2024

2025-2027

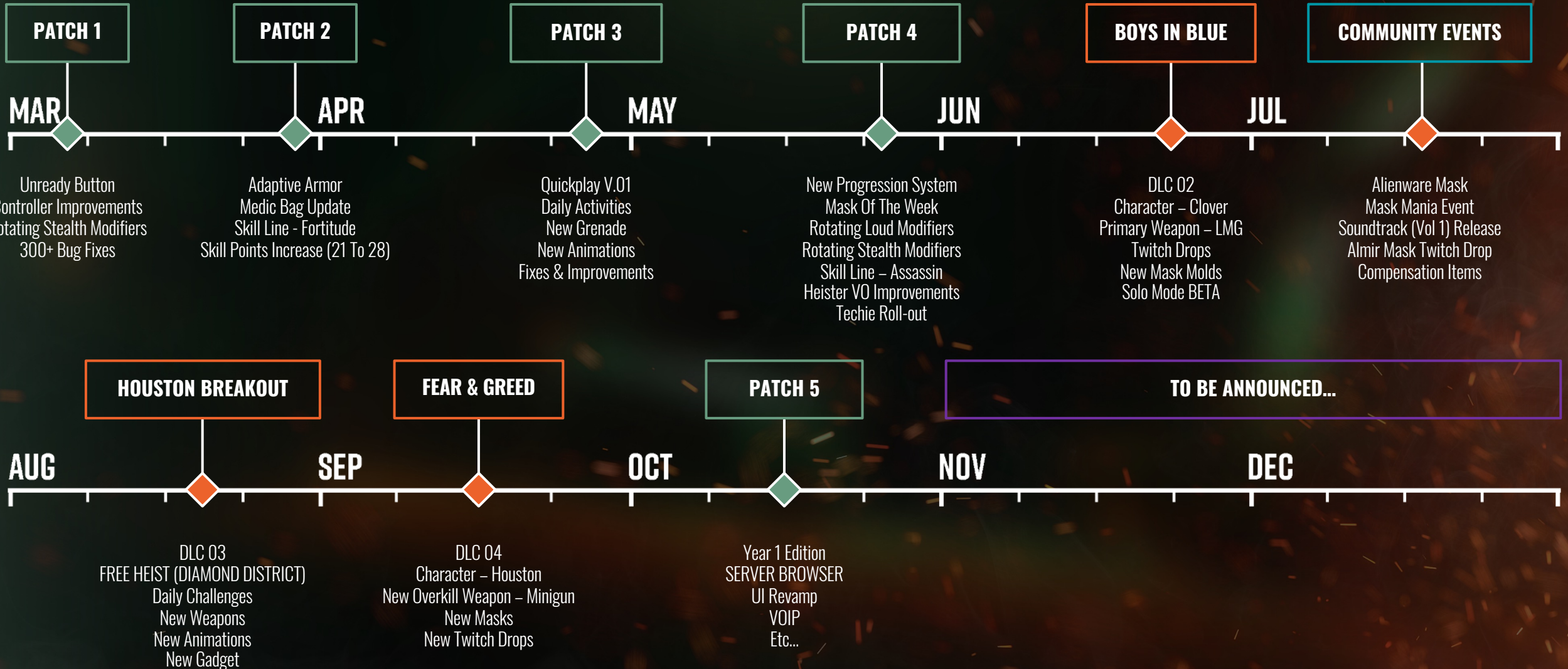


We make cooperative multiplayer games with a strong focus on community engagement, committed to having a long lifetime by updates and support

Four major DLCs released



High activity in improvements and content



BAXTER

DUNGEONS
& DRAGONS

STARBREEZE
ENTERTAINMENT

Project Baxter - Dungeons & Dragons®



Status:

In production

Planned release:

2026

Elevator pitch:

A co-op urban crawl through a reactive D&D world utilizing procedural tools to enhance emergent gameplay in an endlessly replayable setting.

Project Baxter - Dungeons & Dragons®

- Before moving into production, we did our homework
 - Extensive research (qualitative and quantitative) to understand our target audience and continuously close dialogue with Wizards of the Coast
 - Learned from PAYDAY 3
 - Development
 - Technology
 - Infrastructure
- The team is a combination of existing and newly hired talent from some of the largest developers in Sweden and internationally
- We have ongoing discussions with partners that can support and strengthen specific aspects of the game
- We are excited to continue the work with Wizards of the Coast and are thrilled that they share our vision for project Baxter





Concept art from pre-production



The same scene in-engine

Group financials

03

Financial update, Q3 2024

NET SALES, SEKm

42.7 (494.4)

EBITDA, SEKm

21.4 (441.8)

CASHFLOW FROM OPERATING ACTIVITIES, SEKm

-15.9 (11.1)

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

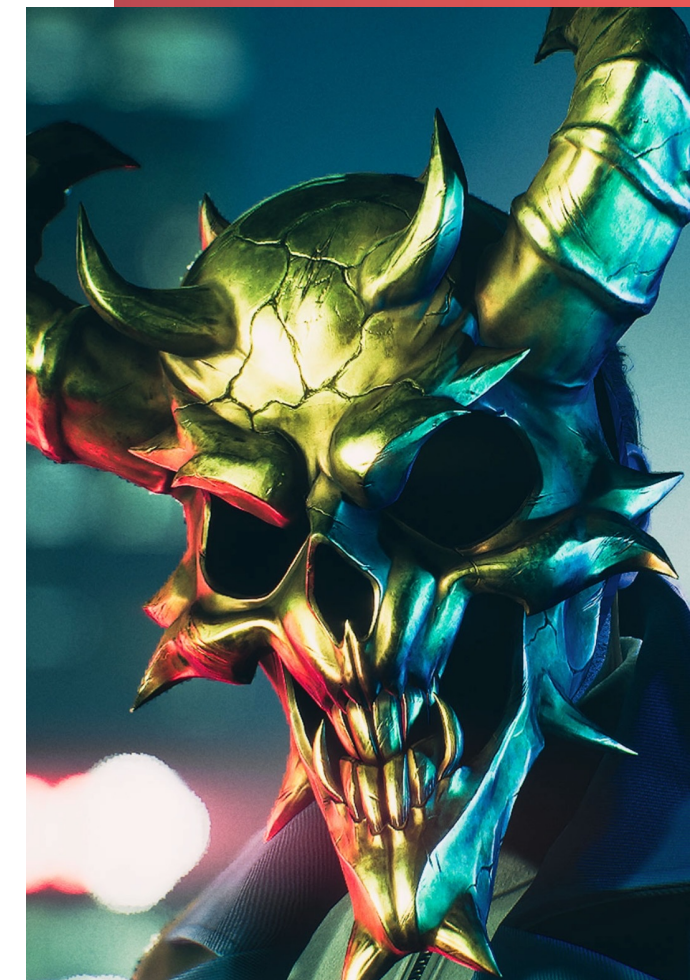
76.5 (142.0)

PROFIT/LOSS AFTER TAX, SEKm

-58.5 (299.8)

CASH AND CASH EQUIVALENTS, SEKm

249.3 (312.9)



Financial update, Jan–Sept 2024

NET SALES, SEKm

139.5 (564.3)

DEPRECIATION, AMORTIZATION & IMPAIRMENT, SEKm

227.2 (174.7)

EBITDA, SEKm

78.0 (460.0)

PROFIT/LOSS AFTER TAX, SEKm

-150.1 (299.2)

CASHFLOW FROM OPERATING ACTIVITIES, SEKm

65.2 (51.9)

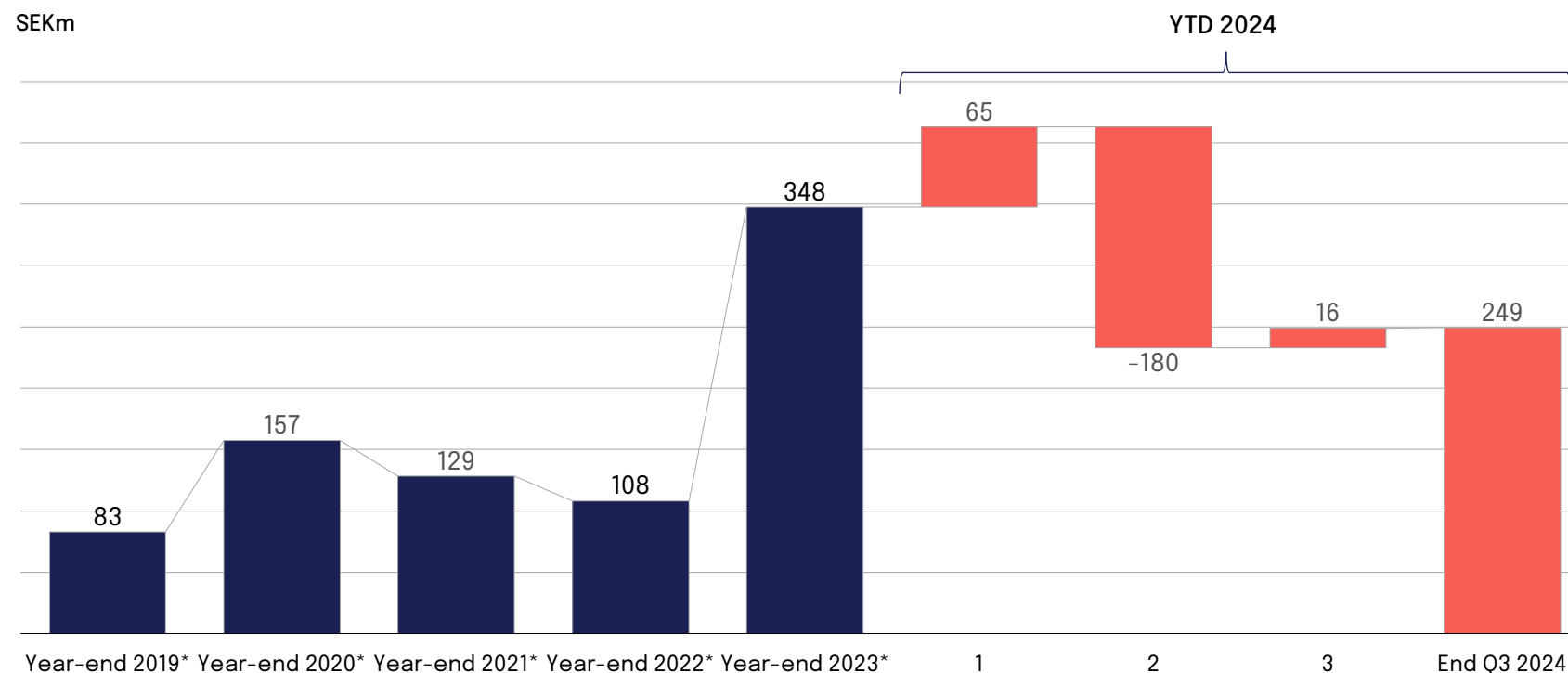
CASH AND CASH EQUIVALENTS, SEKm

249.3 (312.9)



Cashflow development

- 1 Operating activities after changes in working capital, SEK 65.2m
- 2 Investing activities, SEK -180.0m (-168.7m game development)
- 3 Financing activities, SEK 16.1m (financing for game development 31.2m, and financial lease -15.1m. *Outstanding trade receivables linked to PAYDAY 3 financing amounted to 20.0m*)



*Cash and cash equivalents

Operating expenses

Cost base development

| SEKm | NOTE | Q3'24 | Q3'23 | 2023 |
|--|------|-------|--------|--------|
| Direct costs | A | -80.6 | -164.7 | -309.3 |
| Selling and marketing costs | B | -6.7 | -18.3 | -46.8 |
| Administrative expenses | C | -7.1 | -17.9 | -79.4 |
| Other expenses | D | - | - | -21.4 |
| Number of employees at the end of the period | E | 189 | 191 | 194 |
| Average number of employees | | 191 | 187 | 184 |

Source: Company information.

- A** Direct costs for Q3'24 amounted to SEK 80.6m (164.7m) and consists of costs related to game development, depreciations of IP:n, royalty payments and non-activatable personnel expenses. The decrease from Q3'23 mainly comes from depreciations of IP of 70.3 million compared to 138.0m in Q3'23, server costs of SEK 3.0 m (21.1) and revenue sharing 3PP of SEK 3.6m (1.5).
- B** Selling and marketing costs amounted to SEK 6.7m (18.3m) and relate to marketing activities and personnel costs. The decrease is mainly attributable to the posting of doubtful trade receivables in Q3 2023.
- C** Administrative expenses amounted to SEK 7.1m (17.9m) and refers to items including office costs and payroll for employees who do not work in game development or marketing. The quarter included a reversal of previously expensed personnel costs for the companies LTI program of 8.0m and lower personnel costs in general.
- D** Other expenses relate to exchange rate effects due to revaluation of assets and liabilities denominated in foreign currency and amounted to 0 in the quarter.
- E** Steady level where we continue to hire specific competency for positions on Project Baxter but are not expecting any increase in general going forward.

Balance sheet

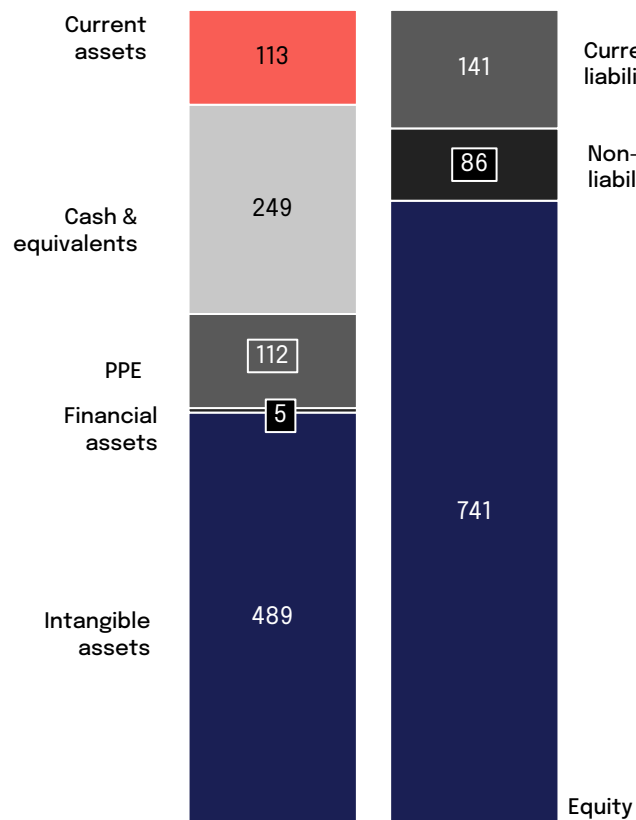
Assets

- Intangible assets amounted to SEK 489m and consist of IP rights SEK 85m, capitalized costs for own game and technology development SEK 328m, publishing and licenses SEK 30m and Goodwill SEK 47m
- PPE (property, plant and equipment) relates to right of use assets of SEK 105m and IT and other equipment of SEK 7m
- Financial assets of SEK 5m, consists of long-term deposit
- Current assets consists of
 - Cash and equivalents of SEK 249m
 - Prepaid expenses and accrued income of SEK 73m
 - Trades and other receivables of SEK 39m (trade receivables related to PAYDAY 3 of 20m)

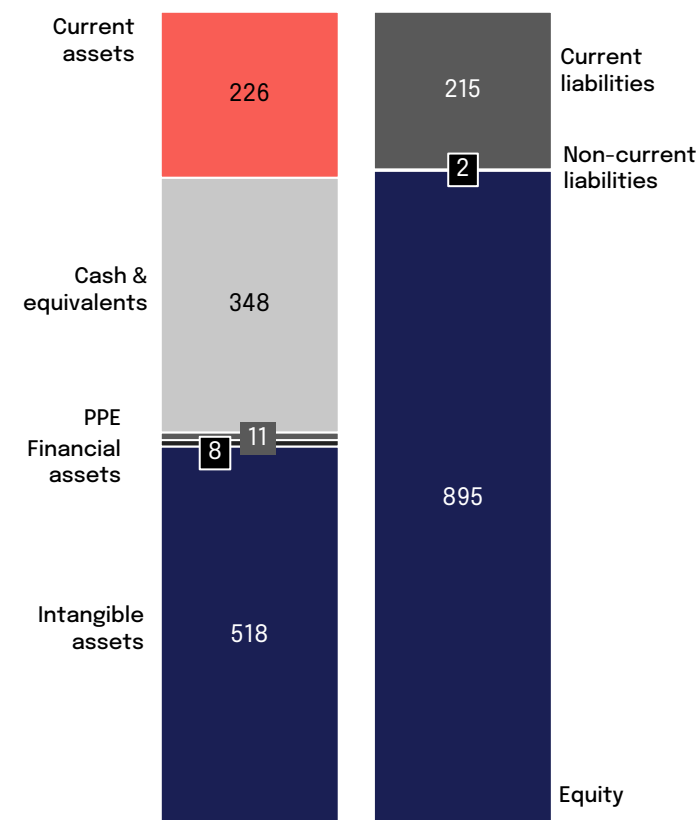
Liabilities

- Non-current liabilities amounted to SEK 86m, including
 - Lease and other non-current liabilities of SEK 85m
 - Tax SEK 1m
- Current liabilities amounted to SEK 141m, including
 - Trade and other payables of SEK 73m
 - Accrued expenses and deferred income SEK 46m
 - Lease contracts SEK 22m

As per September 30, 2024
SEKm



As per December 31, 2023
SEKm



Third Quarter – Key Takeaways

Operation Medic Bag increases sentiment for PD3

Leveraging our PAYDAY IP – continues to expand the franchise to more platforms

“Baxter” in full production – in discussions with partners to solidify success

Continuously keep several titles on market, reduces risk and diversifying revenue

Cash position and limited debt ensure strategy execution

Building Community by Making Games

