

# STARBREEZE

ENTERTAINMENT

# Q3

## Interim Report

July - September 2024



### Third quarter 2024

- Net sales amounted to SEK 42.7 million (494.4). PAYDAY 2 accounted for SEK 11.5 million (51.6). PAYDAY 3 accounted for SEK 22.9 million (440.8). Third-party publishing accounted for SEK 6.2 million (0.8).
- EBITDA\* amounted to SEK 21.4 million (441.8).
- Cash flow from operating activities amounted to SEK -15.9 million (11.1).
- Depreciation, amortization and impairment amounted to SEK 76.5 million (142.0).
- Profit/loss before taxes amounted to SEK -58.5 million (299.8).
- Basic and diluted earnings per share amounted to SEK -0.04 (0.21).

### January-September 2024

- Net sales amounted to SEK 139.5 million (564.3). PAYDAY 2 accounted for SEK 31.6 million (120.8). PAYDAY 3 accounted for SEK 68.2 million (440.8). Third-party publishing accounted for SEK 32.3 million (0.8).
- EBITDA\* amounted to SEK 78.0 million (460.0), including items affecting comparability of SEK 20.9 million.
- Cash flow from operating activities amounted to SEK 65.2 million (51.9).
- Depreciation, amortization and impairment amounted to SEK 227.2 million (174.7).
- Profit/loss before taxes amounted to SEK -150.1 million (299.2).
- Basic and diluted earnings per share amounted to SEK -0.10 (0.31).
- Cash and cash equivalents amounted to SEK 249.3 million (312.9).

### Significant events during the quarter

- August 14, a content update was released for Roboquest with new content, functionality, and improvements. [Read more here.](#)
- August 19, a free heist - "Diamond District" - was released for PAYDAY 3. [Read more here.](#)
- August 19, third DLC was released for PAYDAY™ 3: "Chapter III: Houston Breakout". [Read more here.](#)
- September 16, fourth DLC was released for PAYDAY™ 3: "Chapter IV: Fear & Greed". [Read more here.](#)

KEY FIGURES	2024	2023	2024	2023	2023
SEKk	Q3	Q3	JAN-SEP	JAN-SEP	JAN-DEC
Net sales	42,693	494,392	139,501	564,291	633,510
EBITDA*	21,411	441,834	77,974	459,978	439,340
Profit (-loss) before tax	-58,545	299,779	-150,068	299,178	207,656
Earnings per share, SEK	-0.04	0.21	-0.10	0.31	0.19
Cash flow from operations	-15,931	11,125	65,173	51,907	114,575
Net sales per employee	224	2,644	730	3,135	3,443

\*For definitions of performance measures, see page 24

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## CEO's message

# Leveraging the Strength of Our Franchises

This time last year we had just launched PAYDAY 3 – a milestone for us as a studio, and a commercial success, but also a launch marred by a series of technical issues. Since then, we have worked tirelessly to improve the game and expand the amount of content and features. By the end of the quarter, we had launched four major DLCs as well as a large amount of updates to both functionality and content for all of our players. At the end of October, one of our biggest updates since launch was launched, with a brand new user interface, server browser, VoIP and much more. We continue to see great improvements in ratings, sentiment and engagement from our players – important milestones on the way to increasing PAYDAY 3's sales. As a brand, PAYDAY continues to be very strong and a key part of our strategy is to further build value in our

franchise, both through our own productions and what we can do together with partners. An example of successful collaboration is the one we carried out with French giant Ubisoft, where two of PAYDAY's central characters – Dallas and Chains – made a guest appearance in the game "Tom Clancy's Rainbow Six Siege".

Meanwhile, our Dungeons & Dragons® project – Baxter – continues at full speed. During the quarter, we were able to show the first images from production to give an indication of the game's direction and feel. Internally, we have weekly playtests of Baxter, and active discussions with a number of industry-leading players regarding potential collaborations around Baxter's development and launch.

During the quarter we had our largest investment in our own game development to date, a combination of both major updates for PAYDAY 3 but also for production of Project Baxter and payment of licensing fees to Wizards of the Coast. In the coming months, the level of investment will be lower as we round off "Operation Medic Bag" for PAYDAY and therefore enter Year 2 with a smaller team focused on continuously updating the game with new content.

## RESULTS AND FINANCIAL POSITION

Starbreeze remains financially strong, with a healthy balance sheet almost free of debt and a cash position to execute our strategy. Sales of PAYDAY 3 still have great potential to improve, which is offset somewhat by continued relatively stable sales of





PAYDAY 2 and third-party publishing of, among other things, Roboquest. During the same period last year, we booked the revenue attributable to PAYDAY 3's launch, which makes the revenue in the comparison period uniquely high.

**PAYDAY 3**

During the quarter, both the third and fourth DLCs for PAYDAY 3 - "Chapter III: Houston Breakout" and "Chapter IV: Fear & Greed" were released. In conjunction with both launches, a lot of free content was also released to all players, including a new free heist. Both DLCs received a very positive reception from the player base and the game's rating on Steam, among others, has taken significant steps upwards. The game's MAU (monthly active players) is holding steady considering that we in September left Xbox GamePass. The level of investment during PAYDAY 3's first year on the market, both through launched DLCs and "Operation Medic Bag", has been at an elevated level. Ahead of year two, we are confident in being able to continue delivering amounts of value to our players with a significantly lower level of investment.

**PROJECT BAXTER - DUNGEONS & DRAGONS®**

As mentioned, production of Baxter continues at full speed. Starbreeze will be the publisher of the game, but

we are also looking to give the game the best possible commercial conditions. We continue to have continuous dialogue with a number of industry leading players to ensure the game is a success.

**THIRD-PARTY PUBLISHING**

During the quarter, additional content updates for Roboquest were launched, and we announced that the game will be coming to PlayStation®4 and 5 in the first half of 2025. The game is unanimously praised on the platforms it is on today - Steam and Xbox. Of course, we see great sales potential in the fact that the game will soon be available on two additional large platforms.

**ORGANIZATION**

We continue to hire specific skills, primarily within Project Baxter, as well as a number of leading roles within the development organization. We also work actively to streamline the organization to ensure long-term sustainability and competitiveness. At the end of the quarter, the number of employees amounted to 191, with the majority employed at our head office in Stockholm.

**CLOSING WORDS**

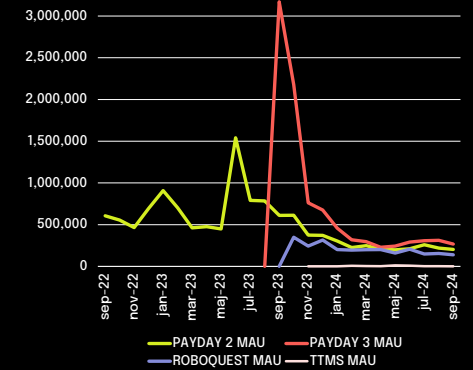
Our strategy is to become a true multi-title studio, with a balanced risk profile. To get there, our strategy is based on several pillars: we develop and refine our own brands, license strong brands for new games, and take on projects that help us optimize our resources and use our broad expertise within the company. With a stable financial foundation, strong cash and prominent projects both in development and on the market, we have the prerequisites to build an even stronger Starbreeze in the long term.

MATS JUHL, acting CEO

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

**664 612**

in August 2024



Source: Game data via Starbreeze telemetry

## Significant events during the quarter

### 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 19, a free heist - "Diamond District" - was released for PAYDAY 3. [Read more here.](#)

### New DLC released for PAYDAY™ 3

August 19, the third DLC - "Chapter III: Houston Breakout" - was released for PAYDAY™ 3 along with a series of improvements to the game. [Read more here.](#)

### New DLC released for PAYDAY™ 3

On September 14, the fourth DLC - Chapter IV: Fear & Greed" was released for PAYDAY™ 3 along with a series of improvements to the game. [Read more here.](#)

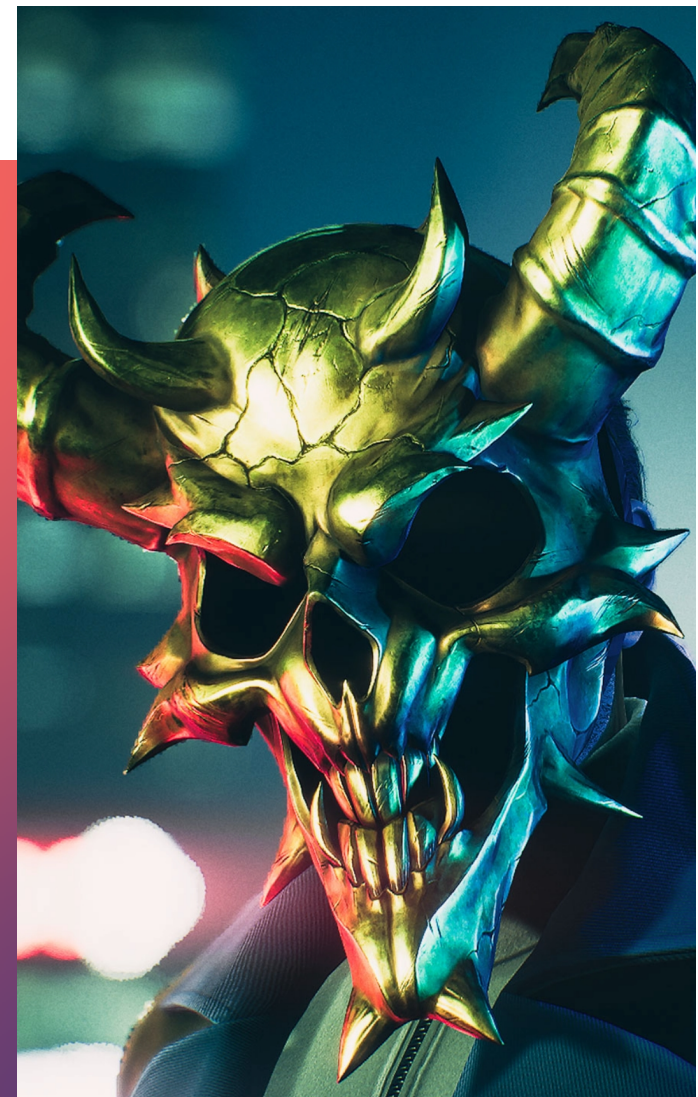
## Significant events after the period

### Roboquest is coming to PlayStation® in H1 2025

October 14, announcement that Roboquest will be launching on PlayStation® 4 and 5 in the first half of 2025. [Read more here.](#)

### New free content released for PAYDAY™ 3

October 30, Part 2 of the Anniversary Update for PAYDAY™ 3 was released with server browser, VoIP, UI update and more. A Year 1 Edition with all the content from the first year was released at the same time. [Read more here.](#)





# Net sales and earnings

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# Net sales and earnings

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

## Third quarter 2024

### Sales

Net sales for the quarter amounted to SEK 42.7 million (494.4). The comparison period includes revenue attributable to the launch of PAYDAY 3. Game sales amounted to SEK 36.2 million (492.6), Third-party publishing to SEK 6.2 million (0.8) and Licensing to SEK 0.3 million (1.0).

Starbreeze's reported revenue attributable to PAYDAY 3 amounted to SEK 22.9 million (440.8). All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, Playstation 5, and Epic Games Store platforms. Sales consist of different editions of the base game, license versions, and sales of DLC.

PAYDAY 2 sales amounted to SEK 11.5 million (51.6) and relate to Steam, Epic Games Store, and console platform sales.

### Costs

Direct costs amounted to SEK 80.6 million (164.7) and consist of costs linked to game production and game development. Direct costs include depreciation of intangible assets of SEK 70.3 million (138.0), server costs of SEK 3.0 million (21.1) and revenue sharing linked to third-party publishing of SEK 3.6 million (1.5).

Capitalized development expenditure reduced the direct costs by SEK 52.4 million (32.4) and relates to the games PAYDAY 3 and Baxter, and development of new IP.

Sales and marketing costs amounted to SEK 6.7 million (18.3) and relate to marketing activities and personnel costs. The decrease is mainly attributable to recording of doubtful trade receivables in Q3 2023.

Administrative expenses during the quarter amounted to SEK 7.1 million (17.9) and are related to office costs, salaries to employees who do not work in game production or marketing, as well as other external costs. The lower expenses are due to reversal of previously expensed personnel costs related to the company's long-term incentive program linked to the launch of PAYDAY 3, of SEK 8.0 million and lower personnel related costs.

Administrative expenses include depreciation of SEK 6.1 million (4.0). Capitalized development expenditure reduced the administrative expenses by SEK 7.8 million (8.7) and relates to the games PAYDAY 3, Baxter, and other IP.

Other revenue amounted to SEK -3.3 million (6.3). This item also consists of exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currencies of SEK -3.3 million (2.8).

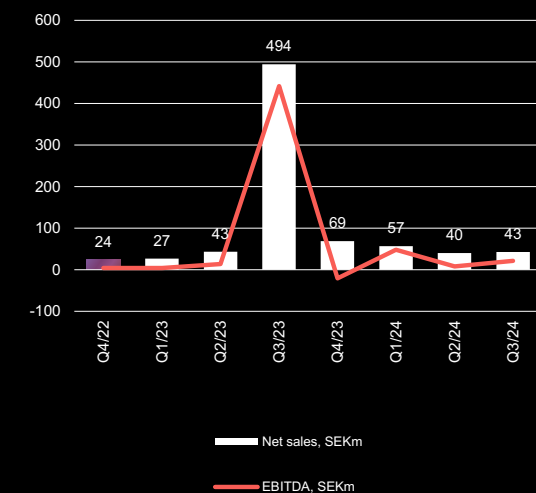
### Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 21.4 million (441.8).

## Net sales and earnings

SEKk	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP
Net sales	42,693	494,392	139,501	564,291
EBITDA *	21,411	441,834	77,974	459,978
Profit (-loss) before tax	-58,545	299,779	-150,068	299,178
Net profit (-loss) for the period	-58,387	299,573	-150,115	299,379
Earnings per share, SEK	-0.04	0.21	-0.10	0.31
Net sales growth, %	-91.4	1,178.6	-75.3	500.6
EBITDA margin, %	50.2	89.4	55.9	81.5

\*See page 24 for the definitions of key figures



### Net financial income/expense

Net financial income/expense amounted to SEK -3.5 million (-0.1). During the quarter, the company liquidated its share in the StarVR joint venture, which had a negative effect of SEK -0.4 million, and impaired financial assets of SEK -2.3 million.

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 -1.7 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 -58.5 million (299.8).

Earnings for the period were SEK -58.4 million (299.6).

Basic and diluted earnings per share amounted to SEK -0.04 (0.21).

## January–September 2024

### Sales

Net sales for the period January–September amounted to SEK 139.5 million (564.3). The comparison period includes revenue attributable to the launch of PAYDAY 3. Game sales amounted to SEK 101.9 million (562.2), Third-party publishing to SEK 32.3 million (0.8) and Licensing to SEK 0.9 million (1.1). 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 68.2 million (440.8). All revenue is related to sales on Steam, Xbox Game Pass, Xbox X|S, Playstation 5, and Epic Games Store platforms. Sales consist of

different editions of the base game, license versions, and sales of DLC.

PAYDAY 2 sales amounted to SEK 31.6 million (120.8) and relate to Steam, Epic Games Store, and console platform sales.

### Costs

Direct costs amounted to SEK 249.9 million (198.0) and consist of costs linked to game production and game development. Direct costs include depreciation of intangible assets of SEK 212.3 million (163.0), server costs of SEK 14.4 million (21.7) and revenue sharing linked to third-party publishing of SEK 17.9 million (10.8).

Capitalized development expenditure reduced the direct costs by SEK 138.4 million (105.9) and relates to the games PAYDAY 3 and Baxter, and development of new IP.

Sales and marketing costs amounted to SEK 23.5 million (31.5) and relate to marketing activities and personnel costs. The decrease is mainly attributable to recording of doubtful trade receivables in Q3 2023.

Administrative expenses for the period amounted to SEK 19.1 million (57.1). Adjusted for items affecting comparability of SEK 22.3 million, the expenses amounted to SEK 41.4 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 22.3 million are attributable to the reversal of previously expensed personnel costs related 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 14.9 million (11.6). Capitalized development expenditure reduced the administrative expenses by SEK 27.2 million

### Specification of net financial income/expenses

SEKk	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP
Interest on convertible bonds	-	-	-	5,803
Write-down StarVR Corp.	-410	-	-410	-
Net profit (-loss) from StarVR Corp.	-	-8	1,358	25
Write-down financial asset	-2,261	-	-2,261	-
Implicit interest	-	-20	-	7,130
Interest bank	903	-	2,827	-
Interest on lease liability	-1,727	-78	-2,362	-303
Unrealized change in value of derivatives	-	51	-	1,224
Other items	-8	-28	-28	-15
<b>Total</b>	<b>-3,503</b>	<b>-84</b>	<b>-876</b>	<b>13,863</b>

(26.8) and relates to the games PAYDAY 3, Baxter, and other IP.

Other revenue amounted to SEK 3.8 million (7.5). This item also consists of exchange rate effects relating to the revaluation of assets and liabilities denominated in foreign currencies of SEK 5.5 million (-3.6).

### Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to SEK 78.0 million (460.0). In the comparison period, earnings were strongly impacted by the launch of PAYDAY 3.

### Net financial income/expense

Net financial income amounted to SEK -0.9 million (13.9). During the period, the company received interest of SEK 2.8 million (0.0) relating to holdings in banks. During the period, the company liquidated its share in the StarVR joint venture, which had a negative effect of SEK -0.4 million, and impaired financial assets of SEK -2.3 million.

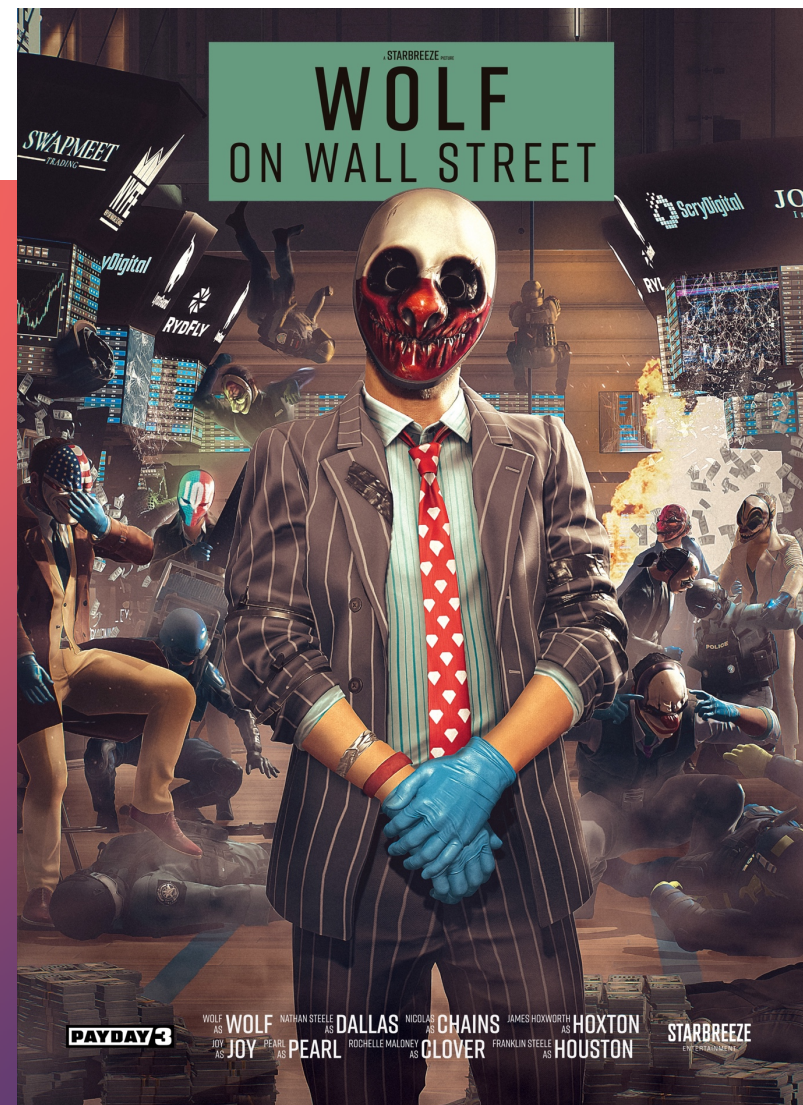
During the period, interest expenses on lease liabilities of SEK -2.4 million (-0.3) were charged to net financial income/expense.

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

Profit/loss before taxes amounted to SEK -150.1 million (299.2).

Earnings for the period were SEK -150.1 million (299.4).

Basic and diluted earnings per share amounted to SEK -0.10 (0.31).







Other financial  
information

03

# Other financial information

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

## Third quarter 2024

### Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK -0.7 million (189.0), with operating profit amounting to SEK -55.0 million (299.9), and adjustment for items not included in cash flow amounting to SEK 54.1 million (-110.1). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 76.5 million (142.0) and exchange rate effects of SEK 0.6 million (-7.4). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -22.9 million (-247.1). 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 -15.9 million (11.1).

Cash flow from investing activities amounted to SEK -62.8 million (-53.9), of which investments in proprietary game development accounted for SEK -53.7 million (-41.1). Investments in publishing projects amounted to SEK 0.0 million (-11.5) and in other intangible assets, which is licensing fee regarding Project Baxter of SEK 10.7 million (0.0). The licensing fee will be deducted from future licensing fees after the launch of the game.

Cash flow from financing activities amounted to SEK -6.6 million (-143.1). No game financing was received during the quarter. Outstanding trade receivables linked to PAYDAY 3 amounted to SEK 20.0 million. Payment of SEK 18.0 million was made in October and will have a positive effect on cash flow in Q4 2024. Leasing expenses amounted to SEK -6.6 million (-3.8).

Total cash flow for the quarter was SEK -85.3 million (-185.9). Cash and cash equivalents at the end of the quarter amounted to SEK 249.3 million (312.9).

### *Investments*

During the period, the Group's investments in property, plant and equipment amounted to SEK -0.6 million (-1.3). Investments in proprietary game and technology development amounted to SEK -53.7 million (-41.1).

Cash and cash equivalents as of  
September 30 2024

**SEK 249,3m**

## January–September 2024

### Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 26.1 million (213.4), with operating profit amounting to SEK -149.2 million (285.3), and adjustment for items not included in cash flow amounting to SEK 173.8 million (-70.9). Adjustments for items not included in cash flow consist of the depreciation of assets of SEK 227.2 million (174.7) and exchange rate effects of SEK -4.1 million (0.0). The item also includes the payment made in relation to financing for game development previously received from Plaion of SEK -44.9 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 65.2 million (51.9). The paid receivable linked to PAYDAY 3 had a positive effect on working capital.

Cash flow from investing activities amounted to SEK -180.0 million (-148.9), of which investments in proprietary game development accounted for SEK -168.7 million (-132.7). Investments of SEK -4.5 million (-13.8) were made in publishing projects and of SEK -10.7 million (0.0) in other intangible assets.

Cash flow from financing activities amounted to SEK 16.1 (301.6) million and is a result of the game financing received for the development of DLC for PAYDAY 3 of SEK 31.2 million (47.9). Outstanding trade receivables linked to PAYDAY 3 amounted to SEK 20.0 million; SEK 18.0 million was received in October. Leasing expenses amounted to SEK -15.1 million (-11.5).

Total cash flow for the period was SEK -98.6 (204.7) million. Cash and cash equivalents at the end of the quarter amounted to SEK 249.3 million (312.9).

### Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK -3.6 million (-2.4). Investments in proprietary game and technology development amounted to SEK -168.7 million (-132.7).





## Financial position

### *Non-current assets*

Goodwill at the end of the period amounted to SEK 46.9 million (50.0). The decrease in goodwill is attributable to the revaluation of assets in foreign currencies.

Licenses amount to SEK 21.8 million (0.0) and consist of rights to use IP rights.

Intangible assets, consisting mainly of IP rights, amounted to SEK 84.7 million (160.7).

Capitalized expenditure for proprietary game and technology development amounted to SEK 328.1 (316.7) million.

Investments in publishing projects amounted to SEK 7.7 million (12.4).

Amortization and impairment of intangible assets amounted to SEK 212.5 million (163.2) during the period. The increase is due to the depreciation of PAYDAY 3.

### *Current assets*

Trade and other receivables amounted to SEK 39.3 million (32.3), of which trade receivables linked to PAYDAY 3 amounted to SEK 20.0 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 73.4 million (250.4), of which SEK 35.9 million (211.7) relates to receivables for PAYDAY 2 and PAYDAY 3 sales.

### *Equity*

Group equity at the balance sheet date amounted to SEK 740.9 million (983.0).

### *Non-current liabilities*

Non-current liabilities amounted to SEK 86.2 million (2.4). The non-current part of lease liabilities amounted to SEK 84.6 million (0.2), 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 1.1 million (1.4).

### *Current liabilities*

Current liabilities totaled SEK 140.9 (172.2) million. Trade payables and other liabilities at the end of the period amounted to SEK 73.4 million (78.2). Current lease liabilities amounted to SEK 21.8 million (10.2). Accrued expenses and deferred income at the end of the period was SEK 45.7 million (82.9).

### *Share capital*

The share capital at the end of the period amounted to SEK 29,535,241 (29,535,241) divided into 1,476,762,040 shares (1,476,762,040), of which 142,303,908 class A shares (149,418,051) and 1,334,458,132 class B shares (1,327,343,989).

## 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 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.

## Distribution, employees

	2024	2023
	Q3	Q3
Employees	191	187
Men	151	154
Women	40	33

## No. of employees

# 191

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 4.2 million (7.1) and for the period to SEK 12.0 million (24.1). Sales mainly relate to the allocation of management fees.

Earnings before and after taxes were SEK -15.3 million (-34.9) for the quarter and SEK -10.5 million (-17.6) for the period.

At the end of the period, cash and cash equivalents amounted to SEK 115.8 million (263.6) and the Parent Company's equity was SEK 726.3 million (1,316.8).

### 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 been reviewed by the company's auditor.



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, November 14, 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*





# Auditor's report

Starbreeze AB (publ) corp. reg. no. 556551-8932

## Introduction

We have reviewed the condensed interim financial information (interim report) of Starbreeze AB (publ) as of 30 September 2024 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 14 November 2024

Öhrlings PricewaterhouseCoopers AB

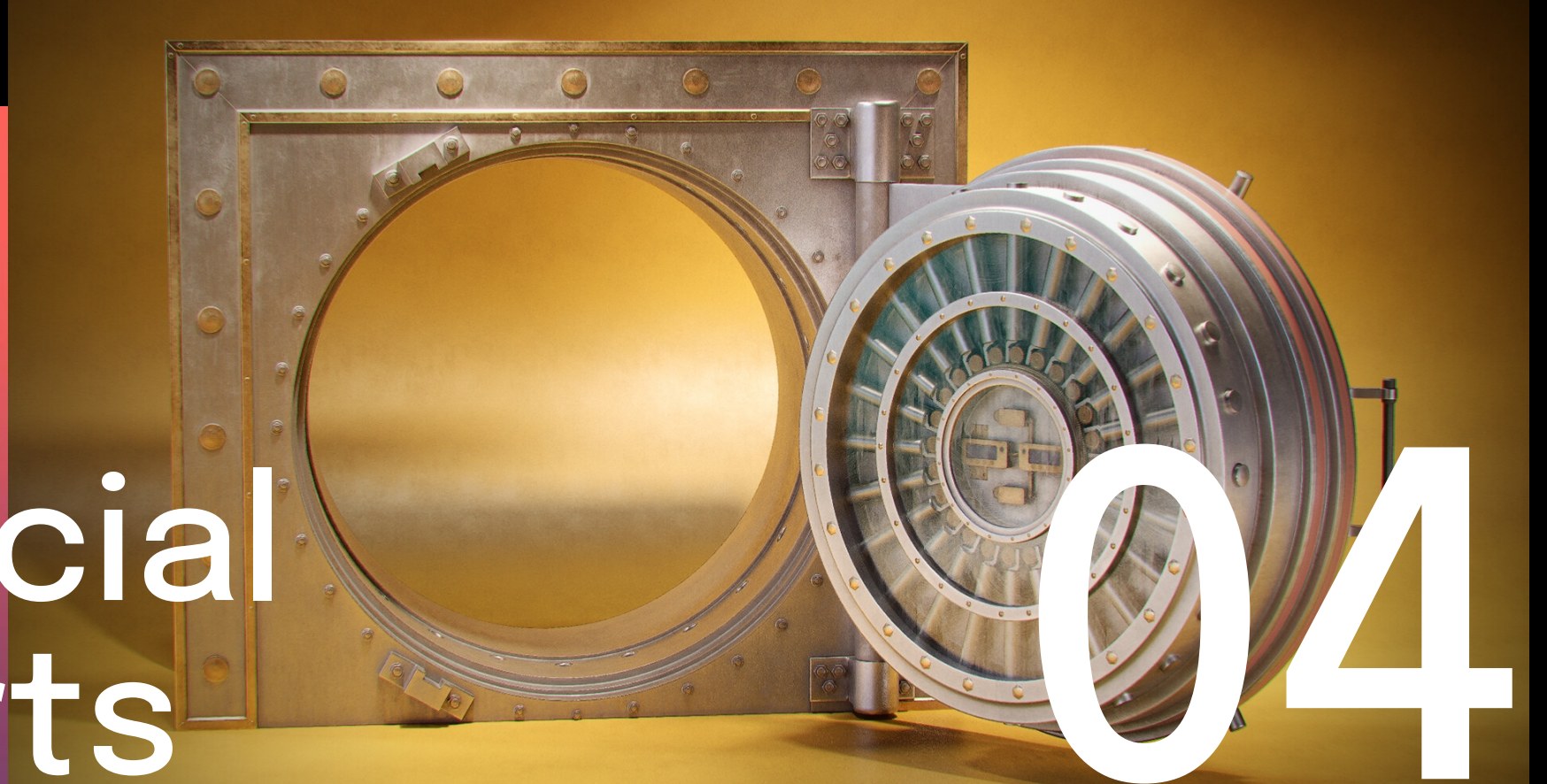
Aleksander Lyckow  
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.



# Financial reports

04



## Consolidated statement of comprehensive income

SEKk	NOTE	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
Net sales	3	42,693	494,392	139,501	564,291	633,510
Direct costs	4	-80,591	-164,677	-249,862	-197,950	-309,271
<b>Gross profit (-loss)</b>		<b>-37,898</b>	<b>329,715</b>	<b>-110,361</b>	<b>366,341</b>	<b>324,239</b>
Selling and marketing costs	4	-6,742	-18,316	-23,505	-31,478	-46,824
Administrative expenses	4	-7,121	-17,850	-19,135	-57,097	-79,406
Other revenue		-3,281	6,314	3,809	7,549	13,707
Other expenses		-	-	-	-	-21,413
<b>Operating profit (-loss)</b>		<b>-55,042</b>	<b>299,863</b>	<b>-149,192</b>	<b>285,315</b>	<b>190,303</b>
Financial income		904	14	2,827	36	3,098
Financial expenses		-4,407	-90	-5,061	13,802	14,319
Share in profit or loss of holdings accounted for using the equity method		-	-8	1,358	25	-64
<b>Profit (-loss) before tax</b>		<b>-58,545</b>	<b>299,779</b>	<b>-150,068</b>	<b>299,178</b>	<b>207,656</b>
Income tax		158	-206	-47	201	-24
<b>Net profit (-loss) for the period</b>		<b>-58,387</b>	<b>299,573</b>	<b>-150,115</b>	<b>299,379</b>	<b>207,632</b>
<b>Other comprehensive income that may subsequently be reclassified to profit and loss</b>						
Exchange differences		-1,284	1,205	-3,641	-2,449	940
<b>Total comprehensive income for the period</b>		<b>-59,671</b>	<b>300,778</b>	<b>-153,756</b>	<b>296,930</b>	<b>208,572</b>
Total comprehensive income for the period attributable to:						
Owners of the parent		-59,671	300,778	-153,756	296,930	208,572
Earnings per share attributable to owners of the parent during the period (SEK):						
- Basic		-0.04	0.21	-0.10	0.31	0.19
- Diluted		-0.04	0.21	-0.10	0.31	0.19



## Consolidated statement of financial position, Group

SEKk	NOTE	2024-09-30	2023-09-30	2023-12-31
<b>ASSETS</b>				
<i>Intangible assets</i>				
Goodwill		46,883	50,049	46,666
Licenses		21,845	-	11,121
Other intangible assets		84,699	160,718	141,852
Capitalized development cost for own games and technology development		328,065	316,669	311,976
Investments in publishing projects		7,719	12,419	6,758
<i>Financial assets</i>				
Financial assets		5,054	7,404	7,253
Investments in joint ventures		-	1,326	1,238
<i>Property, plant and equipment</i>				
IT equipment and other equipment		6,548	3,730	4,428
Right-of-Use asset-Buildings		105,262	9,714	6,164
<b>Total non-current assets</b>		<b>606,075</b>	<b>562,029</b>	<b>537,456</b>
<i>Current assets</i>				
Trades and other receivables		39,318	32,313	164,244
Prepaid expenses and accrued income		73,393	250,429	62,041
Cash and cash equivalents		249,252	312,907	347,752
<b>Total current assets</b>		<b>361,963</b>	<b>595,649</b>	<b>574,037</b>
<b>TOTAL ASSETS</b>		<b>968,038</b>	<b>1,157,678</b>	<b>1,111,493</b>

## Consolidated statement of financial position, Group (cont.)

SEKK	NOTE	2024-09-30	2023-09-30	2023-12-31
<b>EQUITY AND LIABILITIES</b>				
<i>Equity attributable to owners of the parent</i>				
Share capital		29,535	29,535	29,535
Other contributed capital		2,593,362	2,593,362	2,593,362
Reserves		10,509	10,761	14,150
Retained earnings including net profit or loss for the period		-1,892,510	-1,650,648	-1,742,395
<b>Total equity</b>		<b>740,896</b>	<b>983,010</b>	<b>894,652</b>
<i>Non-current liabilities</i>				
Deferred tax liability		1,088	1,368	1,345
Non-current lease liability		84,639	236	158
Other non-current liabilities		511	828	489
<b>Total non-current liabilities</b>		<b>86,238</b>	<b>2,432</b>	<b>1,992</b>
<i>Current liabilities</i>				
Trade and other payables		73,433	78,249	100,202
Derivatives		-	877	-
Current lease liability		21,752	10,221	6,534
Accrued expenses and deferred income		45,719	82,889	108,113
<b>Total current liabilities</b>		<b>140,904</b>	<b>172,236</b>	<b>214,849</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>968,038</b>	<b>1,157,678</b>	<b>1,111,493</b>

## Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
<b>Balance at 1 January 2024</b>	<b>29,535</b>	<b>2,593,362</b>	<b>14,150</b>	<b>-1,742,395</b>	<b>894,652</b>
Net profit (-loss) for the period	-	-	-	-150,115	-150,115
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	-3,641	-	-3,641
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-3,641</b>	<b>-150,115</b>	<b>-153,756</b>
<b>Balance at 30 September 2024</b>	<b>29,535</b>	<b>2,593,362</b>	<b>10,509</b>	<b>-1,892,510</b>	<b>740,896</b>
<b>Balance at 1 January 2023</b>	<b>14,492</b>	<b>1,979,111</b>	<b>13,210</b>	<b>-1,950,027</b>	<b>56,786</b>
Net profit (-loss) for the period	-	-	-	207,632	207,632
<i>Other comprehensive income for the period</i>					
Translation differences	-	-	940	-	940
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>940</b>	<b>207,632</b>	<b>208,572</b>
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
<b>Total contribution from and value transfers to shareholders, recognized directly in equity</b>	<b>15,043</b>	<b>614,251</b>	<b>-</b>	<b>-</b>	<b>629,294</b>
<b>Balance at 31 December 2023</b>	<b>29,535</b>	<b>2,593,362</b>	<b>14,150</b>	<b>-1,742,395</b>	<b>894,652</b>
				<b>2024</b>	<b>2023</b>
<b>CHANGE IN NUMBER OF OUTSTANDING SHARES</b>				<b>JAN-SEP</b>	<b>JAN-DEC</b>
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
<b>Total shares outstanding at the end of the period</b>				<b>1,476,762,040</b>	<b>1,476,762,040</b>



## Consolidated statement of cash flows, Group

SEKk	NOTE	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
<i>Operating activities</i>						
Cash flow from operations		-55,042	299,863	-149,192	285,315	190,303
Adjustment for non-cash items		54,103	-110,129	173,756	-70,931	-2,522
Interest received		904	14	2,827	36	3,098
Income taxes paid		-704	-762	-1,292	-994	-902
<b>Cash flow from (-used in) operating activities before changes in working capital</b>		<b>-739</b>	<b>188,986</b>	<b>26,099</b>	<b>213,426</b>	<b>189,977</b>
<i>Cash flow from changes in working capital</i>						
Increase (+)/decrease (-) in operating receivables		5,044	-195,177	126,745	-208,873	-164,423
Increase (+)/decrease (-) in operating liabilities		-20,236	17,316	-87,671	47,354	89,021
<b>Cash flow from (-used in) operating activities after changes in working capital</b>		<b>-15,931</b>	<b>11,125</b>	<b>65,173</b>	<b>51,907</b>	<b>114,575</b>
<i>Investing activities</i>						
Purchase of property, plant and equipment		-572	-1,347	-3,550	-2,377	-3,506
Sold non-current assets		-	-	108	-	-
Sold intangible assets		-	-	5,213	-	-
Divested joint venture		2,186	-	2,186	-	-
Purchase of intangible assets		-10,725	-	-10,725	-	-11,121
Investments in own games and technology		-53,699	-41,060	-168,710	-132,729	-173,852
Investments in publishing projects		-	-11,457	-4,453	-13,765	-13,900
<b>Cash flow from (-used in) investing activities</b>		<b>-62,810</b>	<b>-53,864</b>	<b>-179,931</b>	<b>-148,871</b>	<b>-202,379</b>
<i>Financing activities</i>						
New issue		-	-	-	452,881	452,881
Costs related to new issues		-	-2,517	-	-38,639	-38,638
Repayment of loans		-	-148,333	-	-149,021	-149,370
Financing game development		-	11,531	31,241	47,865	77,857
Effect of financial lease		-6,559	-3,820	-15,114	-11,464	-15,285
<b>Cash flow from financing activities</b>		<b>-6,559</b>	<b>-143,139</b>	<b>16,127</b>	<b>301,622</b>	<b>327,445</b>
<b>Cash flow for (-used in) the period</b>		<b>-85,300</b>	<b>-185,878</b>	<b>-98,631</b>	<b>204,658</b>	<b>239,641</b>
Cash and cash equivalents at the beginning of the period		334,572	498,821	347,752	108,217	108,217
Exchange difference in cash and cash equivalents		-20	-36	131	32	-106
<b>Cash and cash equivalents at the end of the period</b>		<b>249,252</b>	<b>312,907</b>	<b>249,252</b>	<b>312,907</b>	<b>347,752</b>

## Performance measures, Group

	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
Net sales, SEKk	42,693	494,392	139,501	564,291	633,510
EBITDA, SEKk	21,411	441,834	77,974	459,978	439,340
EBIT, SEKk	-55,042	299,863	-149,192	285,315	190,303
Profit (-loss) before tax, SEKk	-58,545	299,779	-150,068	299,178	207,656
Profit (-loss) after tax, SEKk	-58,387	299,573	-150,115	299,379	207,632
EBITDA margin, %	50.2	89.4	55.9	81.5	69.4
EBIT margin, %	-128.9	60.7	-106.9	50.6	30.0
Profit margin, %	-137.1	60.6	-107.6	53.0	32.8
Equity to assets ratio, %	76.5	84.9	76.5	84.9	80.5
Closing price of A share for the period, SEK *	0.29	0.62	0.29	0.62	0.50
Closing price of B share for the period, SEK *	0.27	0.60	0.27	0.60	0.47
Basic earnings per share, SEK	-0.04	0.21	-0.10	0.31	0.19
Diluted earnings per share, SEK	-0.04	0.21	-0.10	0.31	0.19
Number of shares at end of period before dilution	1,476,762,040	1,476,762,040	1,476,762,040	1,476,762,040	1,476,762,040
Number of shares at end of period after dilution	1,476,762,040	1,476,762,040	1,476,762,040	1,476,762,040	1,476,762,040
Average number of shares before dilution	1,476,762,040	1,447,744,529	1,476,762,040	970,515,073	1,097,076,815
Average number of shares after dilution	1,476,762,040	1,447,744,529	1,476,762,040	970,515,073	1,097,076,815
Average number of employees	191	187	191	180	184
Number of employees at the end of the period	189	191	189	191	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 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
<i>EBITDA</i>					
Operating profit (-loss), SEKk	-55,042	299,863	-149,192	285,315	190,303
Amortization of intangible assets, SEKk	70,373	138,075	212,490	163,209	233,609
Depreciation of property, plant and equipment, SEKk	6,080	3,896	14,676	11,454	15,428
EBITDA	21,411	441,834	77,974	459,978	439,340
<i>EBITDA margin, %</i>					
EBITDA, SEKk	21,411	441,834	77,974	459,978	439,340
Net sales, SEKk	42,693	494,392	139,501	564,291	633,510
EBITDA margin, %	50.2	89.4	55.9	81.5	69.4
<i>EBIT margin, %</i>					
Operating profit (-loss), SEKk	-55,042	299,863	-149,192	285,315	190,303
Net sales, SEKk	42,693	494,392	139,501	564,291	633,510
EBIT margin, %	-128.9	60.7	-106.9	50.6	30.0
<i>Profit margin, %</i>					
Profit (-loss) before tax, SEKk	-58,545	299,779	-150,068	299,178	207,656
Net sales, SEKk	42,693	494,392	139,501	564,291	633,510
Profit margin, %	-137.1	60.6	-107.6	53.0	32.8
<i>Equity to assets ratio, %</i>					
Total equity	740,896	983,010	740,896	983,010	894,652
Total equity and liabilities, SEKk	968,038	1,157,678	968,038	1,157,678	1,111,493
Equity to assets ratio, %	76.5	84.9	76.5	84.9	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 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
Net sales	4,165	7,079	11,963	24,057	32,381
Other operating revenue	-6,189	-3,188	1,003	7,669	-2,826
<b>Total sales</b>	<b>-2,024</b>	<b>3,891</b>	<b>12,966</b>	<b>31,726</b>	<b>29,555</b>
Other external expenses	-3,462	-2,801	-13,987	-13,120	-16,912
Employee benefit expense	-7,678	-10,205	-15,762	-28,822	-42,220
Depreciation of property, plant and equipment	-4	6	-9	-11	-15
<b>Operating profit (-loss)</b>	<b>-13,168</b>	<b>-9,109</b>	<b>-16,792</b>	<b>-10,227</b>	<b>-29,592</b>
Profit from holdings in group companies	-	-28,800	-	-28,800	-594,846
Other financial income	2,635	2,996	11,056	8,444	13,841
Financial expenses	-4,733	-	-4,733	12,965	12,965
<b>Profit (-loss) after net financial income/expense</b>	<b>-15,266</b>	<b>-34,913</b>	<b>-10,469</b>	<b>-17,618</b>	<b>-597,632</b>
Appropriations	-	-	-	-	-
<b>Profit (-loss) before tax</b>	<b>-15,266</b>	<b>-34,913</b>	<b>-10,469</b>	<b>-17,618</b>	<b>-597,632</b>
Income tax	-	-	-	-	-
<b>Net profit (-loss) for the period</b>	<b>-15,266</b>	<b>-34,913</b>	<b>-10,469</b>	<b>-17,618</b>	<b>-597,632</b>

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

## Parent company balance sheet

SEKk	2024-09-30	2023-09-30	2023-12-31
<b>ASSETS</b>			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	13	11	7
<i>Financial assets</i>			
Investments in group companies	336,059	331,873	336,059
Investments in associates	-	4,656	4,656
Other financial assets	-	2,287	2,208
<b>Total non-current assets</b>	<b>336,072</b>	<b>338,827</b>	<b>342,930</b>
<i>Current assets</i>			
Trade and other receivables	1,431	1,454	956
Receivables from group companies	522,905	1,345,822	740,139
Prepaid expenses and accrued income	1,757	1,622	622
Cash and cash equivalents	115,829	263,576	161,826
<b>Total current assets</b>	<b>641,922</b>	<b>1,612,474</b>	<b>903,543</b>
<b>TOTAL ASSETS</b>	<b>977,994</b>	<b>1,951,301</b>	<b>1,246,473</b>



## Parent company balance sheet (cont.)

SEKk	2024-09-30	2023-09-30	2023-12-31
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	29,535	29,535	29,535
Share premium reserve	2,526,379	2,526,379	2,526,379
Retained earnings	-1,819,153	-1,221,521	-1,221,521
Net profit (-loss) for the period	-10,469	-17,618	-597,632
<b>Total equity</b>	<b>726,292</b>	<b>1,316,775</b>	<b>736,761</b>
<i>Current liabilities</i>			
Trade payables	174	3,753	1,400
Liabilities to group companies	239,396	603,998	480,753
Other liabilities	3,280	2,183	2,788
Accrued expenses and deferred income	8,852	24,592	24,771
<b>Total current liabilities</b>	<b>251,702</b>	<b>634,526</b>	<b>509,712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>977,994</b>	<b>1,951,301</b>	<b>1,246,473</b>

# 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.

### *Depreciation of intangible assets*

Finished proprietary game development is depreciated in accordance with the principle of degressive depreciation, i.e. the amount of depreciation decreases over the useful life. Intangible assets with a determinable useful life are depreciated from the date on which they are available for use. The estimated useful life for proprietary game development is five years. Depreciation is performed at 2/3 in year 1, 33% in month 1 and 33% in months 2–12, 15% in year 2 and 6% in each of years 3–5.

## 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 initial investments made by Plaion until game release, under the agreement, all shares in Starbreeze's wholly-owned subsidiary, New Starbreeze Publishing PD IP AB, have been pledged in favor of Plaion. This pledge will remain in place until Plaion has recovered its initial investment in full. As of September 30, 2024, Plaion had recovered the majority of its investment.

SEKk	2024-09-30	2023-09-30	2023-12-31
Pledged assets	239,978	239,978	239,978

### Note 3 Net sales per category

SEKk	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
Game sales	36,206	492,619	101,918	562,248	616,681
3rd party publishing	6,151	780	32,330	780	14,885
Licensing	336	954	851	1,133	1,682
Other	-	39	4,402	130	262
<b>Total net sales</b>	<b>42,693</b>	<b>494,392</b>	<b>139,501</b>	<b>564,291</b>	<b>633,510</b>

### Note 4 Group depreciation by function

SEKk	2024 Q3	2023 Q3	2024 JAN-SEP	2023 JAN-SEP	2023 JAN-DEC
Depreciation and impairment of property, plant and equipment					
Direct costs	-12	-22	-37	-71	-91
Selling and marketing costs	-5	-6	-15	-18	-24
Administrative expenses	-6,063	-3,868	-14,624	-11,365	-15,313
<b>Total depreciation and impairment of property, plant and equipment</b>	<b>-6,080</b>	<b>-3,896</b>	<b>-14,676</b>	<b>-11,454</b>	<b>-15,428</b>
Amortization and impairment of intangible assets					
Direct costs	-70,294	-137,993	-212,255	-162,973	-231,471
Selling and marketing costs	-	-	-	-	-1,822
Administrative expenses	-79	-82	-235	-236	-316
<b>Total amortization and impairment of intangible assets</b>	<b>-70,373</b>	<b>-138,075</b>	<b>-212,490</b>	<b>-163,209</b>	<b>-233,609</b>
<b>Total depreciation and amortization and impairment</b>	<b>-76,453</b>	<b>-141,971</b>	<b>-227,166</b>	<b>-174,663</b>	<b>-249,037</b>



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](http://www.starbreeze.com) and [corporate.starbreeze.com](http://corporate.starbreeze.com)

This information is information that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, via the contact persons set out above, at 6:45 am CET on November 14, 2024.

## For more information

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## Financial calendar

Year-end report 2024	February 18, 2025
Annual Report 2024	April 10, 2025
Interim Report Q1 2025	May 13, 2025
Annual General Meeting	May 15, 2025

## Presentation

The company will hold a webcast at 10 AM, November 14, 2024. To join the presentation – [click here](#).

# STARBREEZE

ENTERTAINMENT

