

STARBREEZE
STUDIOS



Interim report Q1
January – March 2022

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





First quarter 2022

- Net sales totaled SEK 23.5 million (27.9). PAYDAY accounted for SEK 23.3 million (26.9).
- EBITDA* totaled SEK 4.6 million (22.6).
- Depreciation, amortization and impairment totaled SEK 14.5 million (14.5).
- Profit/loss before tax amounted to SEK -23.8 million (-4.2).
- Basic and diluted earnings per share totaled SEK -0.03 (-0.01).
- Cash and cash equivalents amounted to SEK 112.6 million (148.5).
- On March 9, Mountain Master Heist, the fourth and final chapter in the City of Gold series, was successfully released.

Significant events after the end of the period

- There were no significant events after the end of the period.

KEY FIGURES SEKk	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	23,532	27,923	125,689
EBITDA*	4,554	22,595	6,268
EBITDA adjusted **	4,554	22,595	74,940
Profit (-loss) before tax	-23,773	-4,248	-105,226
Earnings per share, SEK	-0.03	-0.01	-0.14
Cash flow from operations	19,243	28,524	73,868
Net sales per employee	160	215	931

*For definition of key performance indicators see page 18.

CEO'S MESSAGE

WE'RE DEVELOPING NEW IP FOR FUTURE GAME RELEASES

We continue to grow our development team according to plan, and in the first quarter of this year our team has grown by 12 employees to reach a total of 150 employees at the end of the quarter.

The development of PAYDAY 3 is on schedule, and the development of PAYDAY 2 content continues with the same high level of ambition as last year. Mountain Master Heist, the fourth and final chapter in the City of Gold series, was successfully released during the quarter. Interest in PAYDAY 2 remains strong and our MAU for the quarter peaked at just over 800,000 players. This high level of engagement demonstrates how popular the game still is 8 years after its launch.

In terms of sales, there was a year-on-year decline in PC sales during the quarter from SEK 22.6 million last year to SEK 19.0 million this year, while console sales were in line

with last year. The decline in PC sales is related to a number of factors. A strong end to 2021 linked to activities carried out at the end of the year such as the 10th anniversary of the PAYDAY IP and the 8th anniversary of PAYDAY 2 likely had a dampening effect on sales in the first quarter. A return to a more normal way of life after the previous Covid restrictions probably meant that sales fell slightly, while the turmoil we see around us and the atrocities we see in Ukraine in particular create uncertainty. We have also seen an increase in the volume of game releases over the past six months, leading to increased competition for players' attention. In the coming quarters, we will continue to release high-quality content for PAYDAY 2 at a higher frequency than in 2021, and also packaged as larger bundles to ensure that we maintain high sales going forward.



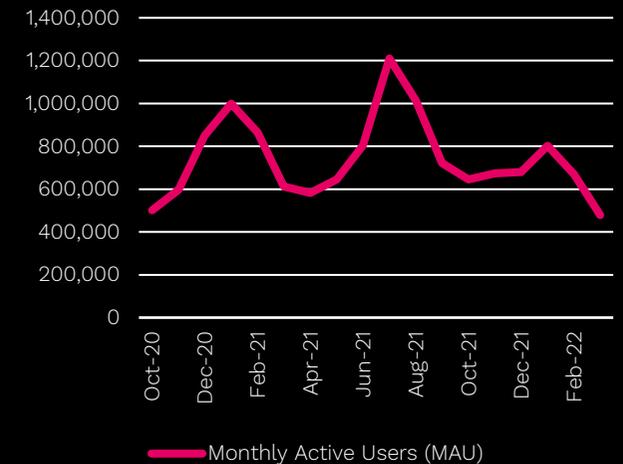
Our publishing department is focused on continuing to develop sales of PAYDAY 2 on current and additional platforms, and I am confident that the actions we are taking will contribute positively to sales going forward.

EBITDA for the quarter amounted to SEK 4.6 million, which, as expected, is lower than in the corresponding period last year. According to our development plan, our team relating to PAYDAY 3 will peak in 2022. According to our strategy we continue to expand our organization to be capable of developing more games and business opportunities resulting in higher personnel costs than in the previous year. EBITDA was also negatively impacted by the lower volume of PC sales.

We are currently evaluating several opportunities to grow our portfolio of games and diversify our business. This may be achieved by acquiring other businesses and brands, publishing third-party games, and developing more entertainment products and games based on the PAYDAY IP.

During the quarter, we launched a project to develop a new game in-house with a view to release in 2025. This game might be based on a licensed brand, but we are also working on developing new IPs internally.

Our strategy for new games is to use our experience in games as a service, and our ability to build strong communities that create long-term entertainment value for our players and long-term revenue for Starbreeze. More games and proprietary IPs means that we are ensuring that there is a long-term and differentiated revenue model to help strengthen Starbreeze as a company.



Source: PAYDAY 2 game data via Starbreeze telemetry

Highest number of monthly active users (MAU)

801,974

for PAYDAY 2 during Q1 2022

SIGNIFICANT EVENTS DURING THE QUARTER

Mountain Master Heist

On March 9, Mountain Master Heist, the fourth and final chapter in the City of Gold series, was successfully released

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.



NET SALES AND EARNINGS

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

FIRST QUARTER 2022

Sales

Net sales for the first quarter of 2022 amounted to SEK 23.5 million (27.9), of which PAYDAY accounted for SEK 23.3 million (26.9). PC net sales amounted to SEK 19.0 million (22.6) and Console net sales to SEK 4.4 million (4.4). Net sales of the base game PAYDAY 2 on Steam decreased 24% (SEK 1.2 million) compared to the first quarter in 2021, and net sales of DLC (sales of add-on packs) decreased 11% (SEK 1.6 million). Console sales were unchanged compared to the same period in 2021.

Exchange rate fluctuations against the US dollar had a positive impact on net sales of SEK 1.7 million compared to the average exchange rate for the corresponding period last year. Adjusted for exchange rate fluctuations, the decrease in sales on Steam was approx. 22%.

SEK 0.1 million of net sales during the period were related to sales revenue generated by previously

published games defined as non-core games, mainly the game Ten Crowns. This revenue amounted to SEK 0.7 million in the corresponding period last year.

Costs

Direct costs amounted to SEK 14.0 million (11.6) and comprise costs related to the production and development of games. Direct costs include amortization of SEK 10.5 million (10.2). The increase is mainly due to increased royalties to partners and increased non-capitalized salary costs.

Capitalized development expenditure reduced direct costs by SEK 25.3 million (21.6) and concerns the games PAYDAY 2 and PAYDAY 3.

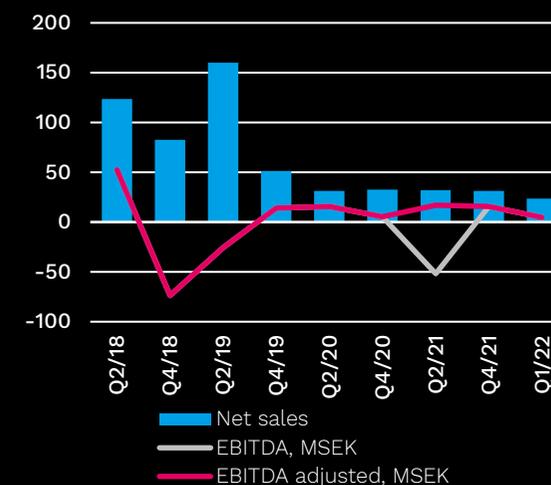
Sales and marketing expenses amounted to SEK 3.3 million (2.4) and are primarily related to marketing activities and personnel costs. The increase is mainly attributable to marketing activities.

Administrative expenses amounted to SEK 17.6 million (10.7) and include office expenses and salaries for personnel who don't work in game production or

Net sales and earnings

SEKk	2022	2021
	JAN-MAR	JAN-MAR
Net sales	23,532	27,923
EBITDA *	4,554	22,595
Profit (-loss) before tax	-23,773	-4,248
Net profit (-loss) for the period	-24,025	-4,381
Earnings per share, SEK	-0.03	-0.01
Net sales growth, %	-15.7	26.7
EBITDA margin, %	19.4	80.9

*See page 18 for the definitions of key figures



marketing, as well as other external costs. The higher costs are mainly due to increased costs for premises and personnel. The higher personnel costs are due to the provision for future costs of the long-term incentive program for staff related to PAYDAY 3, and one-off restructuring costs.

Administrative expenses include amortization of SEK 4.0 million (4.2). Capitalized development expenditure reduced administrative expenses by SEK 6.8 million (6.6) and concerns the games PAYDAY 2 and PAYDAY 3.

Other revenues totaled SEK 1.5 million (4.9). This item is composed of exchange rate effects due to fluctuations in the dollar and euro exchange rates against the Swedish krona.

Earnings

Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled SEK 4.6 million (22.6).

Profit share from the joint venture StarVR Corporation amounted to SEK 0.0 million (0.0).

During the quarter, net financial income/expense was charged with interest expense on lease liabilities of SEK 0.2 million (0.3), which is due to the IFRS 16 accounting standard.

Net financial income/expense

Net financial income/expense totaled SEK -13.9 million (-12.4). These expenses are mainly related to the company's convertible loan and related debt of SEK -13.7 million (-11.6).

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

Profit/loss before tax for the quarter amounted to SEK -23.8 million (-4.2).

Profit/loss for the quarter amounted to SEK -24.0 million (-4.4).

Basic and diluted earnings per share totaled SEK -0.03 (-0.01).

Specification of net financial income/expense

SEKk	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
Interest on convertible bonds	-7,793	-6,633	-27,980
Net profit (-loss) from StarVR Corp.	30	31	50
Implicit interest	-5,900	-4,938	-21,450
Interest Nordea	-	-527	-1,035
Interest on lease liability	-219	-316	-1,116
Other items	15	16	25
Total	-13,867	-12,367	-51,506

OTHER FINANCIAL INFORMATION

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

FIRST QUARTER 2022

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 2.7 million (18.2) with negative earnings of SEK -9.9 million (8.1), and adjustments for items not included in cash flow totaling SEK 12.9 million (11.1) of which the depreciation and amortization of assets amounted to SEK 14.5 million, and exchange rate fluctuations to SEK -1.8 million.

Cash flow from operating activities after changes in working capital amounted to SEK 19.2 million (28.5) in the period. During the first quarter, the company received a payment from Koch Media group for game development financing, which had a positive impact on working capital.

Cash flow from investing activities was SEK -31.2 million (-27.9), of which investments in proprietary game development accounted for SEK -32.1 million (-28.2).

Cash flow from financing activities was SEK -4.1 (-9.6), of which IFRS 16 Leases accounted for SEK -4.3 million (-4.8).

Total cash flow for the period was SEK -16.0 million (-9.0). Cash and cash equivalents at the end of the quarter amounted to SEK 112.6 million (148.5).

Investments

During the period, the Group's investments in property, plant and equipment amounted to SEK 0.6 million (0.1). Investments in proprietary game and technology development totaled SEK 32.1 million (28.2).

Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 43.4 million (41.1).

Intangible assets, consisting mainly of IP rights, totaled SEK 192.9 million (221.4).

Capitalized expenditure on proprietary game and technology development amounted to SEK 230.4 million (197.5).



Cash and cash equivalents at March 31, 2022

SEK 112.6 M

Investments in publishing projects came to SEK 4.0 million (4.0).

Amortization and impairment of intangible assets totaled SEK 10.3 million (9.4) during the period.

Current assets

Trade and other receivables totaled SEK 4.8 million (4.8).

Prepaid expenses and accrued income at the end of the period was SEK 30.6 million (30.6), of which SEK 10.3 million (12.3) pertains to receivables for digital sales, primarily through Steam, PlayStation Store, Xbox Live and Switch.

Equity

Group equity at the balance sheet date amounted to SEK 98.0 million (222.5).

Non-current liabilities

Non-current liabilities totaled SEK 453.4 million (338.2), of which convertible loans and related liabilities amounted to SEK 333.2 million, and liabilities to Koch Media for received game financing amounted to SEK 92.0 million. Non-current liabilities related to game financing will increase as financing is obtained and the liability will be credited in connection with the future distribution of PAYDAY 3 sales revenues. The non-current portion of lease liabilities amounted to SEK 16.9 million (33.3).

Current liabilities

Current liabilities totaled SEK 114.9 million (151.9). Trade payables and other liabilities at the end of the period amounted to SEK 63.6 million (101.5). In the corresponding period last year, the item included a debt to Nordea of SEK 40 million which was repaid in the second half of 2021. Current liabilities for leases amounted to SEK 17.9

million (18.9). Accrued expenses and deferred income at the end of the period was SEK 33.4 million (31.4).

Leases

IFRS 16 Leases has been applied from 1 January 2019. The deposit paid for the premises in Stockholm is recorded as a financial fixed asset in the balance sheet.

When discounting future lease payments, Starbreeze uses the marginal lending facility rate per country as the discount rate. The marginal borrowing rate is based on the lessee's financial strength, the country and the length of the current lease.

The Parent Company has prepared the year-end report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities.

The Parent Company's year-end report has been prepared in accordance with the same accounting principles and calculation methods as the 2021 Annual Report (Note 2, p. 68–73).

Share capital

The share capital at the end of the period totaled SEK 14,492,185 (14,492,185) divided into 724,609,266 shares (724,609,266), with 166,371,768 Class A shares (169,210,216) and 558,237,498 Class B shares (555,399,050).

Risks and uncertainties

In order to prepare interim and annual reports in accordance with generally accepted accounting principles, the management team must make assumptions and estimates that affect the assets, liabilities and income recognized in the financial



Number of employees

	2022	2021
	JAN-MAR	JAN-MAR
Employees	150	133
Men	124	107
Women	26	26

Number of employees

150

statements. Actual outcomes may differ from these estimates.

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 balances and other assets and liabilities denominated in foreign currencies. In the long term, a falling dollar will always have a negative impact on profit margins. Since the Group has foreign subsidiaries, there is also translation exposure.

The main risks and uncertainties are low game launch revenues and delays to projects. These and other risks such as copyright infringement, loss of key-persons and exchange rate fluctuations are described in the Director's Report of the Starbreeze Annual Report 2021 on page 52 and in Note 3. 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 results.

The company continuously monitors the Group's liquidity and capital requirements for the year ahead. The Board of Directors has assessed whether the going concern assumption is met. The factors underlying the Board's assessment are as follows: The company has signed a publishing agreement for PAYDAY 3 with Koch Media, which means that the game development for PAYDAY 3 is financed up to and after its launch in 2023. The company will receive ongoing revenue from sales linked to PAYDAY 2. Based on the above, the assumption of going concern is deemed to be met.

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 and Enterspace AB.

The Parent Company's net sales for the quarter amounted to SEK 7.5 million (5.0). Net sales mainly relate to the allocation of management fees.

Earnings before and after tax were SEK -14.9 million (-9.3).

At the end of the quarter, cash and cash equivalents amounted to SEK 8.7 million (5.7) and the Parent Company's equity was SEK 743.1 million (775.3).

Non-current liabilities increased during the period to SEK 333.2 million (281.7).

Related-party transactions

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

Auditor's examination

This interim report has not been examined by the company's auditors.



The Board of Directors and CEO declare that this year-end 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 significant risks and uncertainties facing the Group and the Parent Company.

Stockholm, May 11, 2022

Torgny Hellström
Board Chair

Kerstin Sundberg
Director

Mike Gamble
Director

Anna Lagerborg
Director

Thomas Lindgren
Director

Tobias Sjögren
Chief Executive Officer



Consolidated statement of comprehensive income

SEKk	NOTE	2022 JAN-MAR	2021 JAN-MAR	2021 JAN-DEC
Net sales	3	23,532	27,923	125,689
Direct costs	4	-13,965	-11,590	-56,302
Gross profit (-loss)		9,567	16,333	69,387
Selling and marketing costs	4	-3,319	-2,386	-12,946
Administrative expenses	4	-17,634	-10,744	-51,159
Other revenue		1,480	4,916	9,670
Other expenses		-	-	-68,672
Operating profit (-loss)		-9,906	8,119	-53,720
Financial income		15	18	82
Financial expenses		-13,912	-12,416	-51,638
Share in profit or loss of holdings accounted for using the equity method		30	31	50
Profit (-loss) before tax		-23,773	-4,248	-105,226
Income tax		-252	-133	1,758
Net profit (-loss) for the period		-24,025	-4,381	-103,468
loss				
Exchange differences		-838	-1,580	-2,213
Total comprehensive income for the period		-24,863	-5,961	-105,681
Total comprehensive income for the period attributable to:				
Owners of the parent		-24,863	-5,961	-105,681
(SEK):				
- Basic		-0.03	-0.01	-0.14
- Diluted		-0.03	-0.01	-0.14

Consolidated statement of financial position

SEKK	NOTE	2022-03-31	2021-03-31	2021-12-31
ASSETS				
<i>Intangible assets</i>				
Goodwill		43,377	41,092	42,445
Other intangible assets		192,858	221,446	199,903
Capitalized development cost for own games and technology development		230,422	197,530	201,569
Investments in publishing projects		3,974	3,974	3,974
<i>Financial assets</i>				
Financial assets		7,024	7,770	8,011
Investments in joint ventures	6	1,163	1,114	1,133
Non-current lease receivable		757	2,375	1,181
Deferred tax assets		4,339	387	4,278
<i>Property, plant and equipment</i>				
IT equipment and other equipment		2,031	5,396	2,045
Right-of-Use asset-Buildings		30,431	45,168	33,968
Total non-current assets		516,376	526,252	498,507
<i>Current assets</i>				
Trades and other receivables		4,829	4,757	16,190
Current lease receivable		1,909	2,519	1,845
Prepaid expenses and accrued income		30,575	30,620	29,033
Cash and cash equivalents		112,610	148,463	128,572
Total current assets		149,923	186,359	175,640
TOTAL ASSETS		666,299	712,611	674,147

Consolidated statement of financial position (cont.)

SEKK	NOTE	2022-03-31	2021-03-31	2021-12-31
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		14,492	14,492	14,492
Other contributed capital		1,979,111	1,979,111	1,979,111
Reserves		18,595	20,066	19,433
Retained earnings including net profit or loss for the period		-1,914,244	-1,791,132	-1,890,219
Total equity		97,954	222,537	122,817
<i>Non-current liabilities</i>				
Non-current lease liability		16,869	33,276	21,001
Other non-current liabilities		436,531	304,916	421,742
Total non-current liabilities		453,400	338,192	442,743
<i>Current liabilities</i>				
Current liabilities, earnouts		-	18	-
Trade and other payables		63,564	101,531	59,936
Current lease liability		17,938	18,939	17,806
Accrued expenses and deferred income		33,443	31,394	30,845
Total current liabilities		114,945	151,882	108,587
TOTAL EQUITY AND LIABILITIES		666,299	712,611	674,147

Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2022	14,492	1,979,111	19,433	-1,890,219	122,817
Net profit (-loss) for the period	-	-	-	-24,025	-24,025
Other comprehensive income for the period					
Translation differences	-	-	-838	-	-838
Total comprehensive income	-	-	-838	-24,025	-24,863
Balance at 31 March 2022	14,492	1,979,111	18,595	-1,914,244	97,954
Balance at 1 January 2021	14,492	1,979,111	21,646	-1,786,751	228,498
Net profit (-loss) for the period	-	-	-	-103,468	-103,468
Other comprehensive income for the period					
Translation differences	-	-	-2,213	-	-2,213
Total comprehensive income	-	-	-2,213	-103,468	-105,681
Balance at 31 December 2021	14,492	1,979,111	19,433	-1,890,219	122,817
				2022	2021
CHANGE IN NUMBER OF OUTSTANDING SHARES				JAN-MAR	JAN-DEC
Number of shares at the beginning of the period				724,609,266	724,609,266
New issue				-	-
period				724,609,266	724,609,266

Consolidated statement of cash flows

SEKk	NOTE	2022 JAN-MAR	2021 JAN-MAR	2021 JAN-DEC
<i>Operating activities</i>				
Cash flow from operations		-9,906	8,119	-53,720
Adjustment for non-cash items		12,879	11,107	121,610
Interest paid		-	-	-3,394
Income taxes paid		-247	-994	-3,169
capital		2,726	18,232	61,327
<i>Cash flow from changes in working capital</i>				
Increase (+)/decrease (-) in operating receivables		9,802	4,492	7,298
Increase (+)/decrease (-) in operating liabilities		6,715	5,800	5,243
Cash flow from (-used in) operating activities after changes in working capital		19,243	28,524	73,868
<i>Investing activities</i>				
Purchase of property, plant and equipment		-565	-121	-993
Sold non-current assets		-	67	70
Sold intangible assets		-	-	2,103
Purchase of intangible assets		-	-	-91
Investments in other financial assets		-	-39	-
Change in other financial assets		1,477	365	1,393
Investments in own games and technology		-32,104	-28,215	-111,488
Cash flow from (-used in) investing activities		-31,192	-27,943	-109,006
<i>Financing activities</i>				
Repayment of loans		-115	-4,872	-55,887
Financing game development		1,213	-	79,999
Overdraft facility		-860	-	1,115
Effect of financial lease		-4,305	-4,751	-19,055
Cash flow from financing activities		-4,067	-9,623	6,172
Cash flow for (-used in) the period		-16,016	-9,042	-28,966
Cash and cash equivalents at the beginning of the period		128,572	157,423	157,423
Exchange difference in cash and cash equivalents		54	82	115
Cash and cash equivalents at the end of the period		112,610	148,463	128,572

Alternative performance measures, Group

	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales, SEkk	23,532	27,923	125,689
EBITDA, SEkk	4,554	22,595	6,268
EBITDA adjusted, SEkk	4,554	22,595	74,940
EBIT, SEkk	-9,906	8,119	-53,720
Profit (-loss) before tax, SEkk	-23,773	-4,248	-105,226
Profit (-loss) after tax, SEkk	-24,025	-4,381	-103,468
EBITDA margin, %	19.4	80.9	5.0
EBITDA margin, % adjusted	19.4	80.9	59.6
EBIT margin, %	-42.1	29.1	-42.7
Profit margin, %	-101.0	-15.2	-83.7
Equity to assets ratio, %	14.7	31.2	18.2
Closing price of A share for the period, SEK	0.92	1.50	1.01
Closing price of B share for the period, SEK	1.01	1.52	1.00
Basic earnings per share, SEK	-0.03	-0.01	-0.14
Diluted earnings per share, SEK	-0.03	-0.01	-0.14
Number of shares at end of period before dilution	724,609,266	724,609,266	724,609,266
Number of shares at end of period after dilution	724,609,266	734,609,266	724,609,266
Average number of shares before dilution	724,609,266	724,609,266	724,609,266
Average number of shares after dilution	724,609,266	734,609,266	724,609,266
Average number of employees	147	130	135
Number of employees at the end of the period	150	133	138

ALTERNATIVE PERFORMANCE MEASURES, GROUP

EBITDA

Earnings before interest, tax, depreciation and amortization.

Adjusted EBITDA

Earnings before interest, tax, depreciation and amortization adjusted for non-recurring items related to the license agreement for PAYDAY Crime War.

EBIT

Earnings before interest and taxes.

EBITDA margin

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

Adjusted EBITDA margin

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

non-recurring items related to the license agreement for PAYDAY Crime War.

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

Equity

Reported equity including 78 percent of untaxed reserves.



Reconciliation of alternative performance measures

	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
<i>EBITDA</i>			
Operating profit (-loss), SEKk	-9,906	8,119	-53,720
Amortization of intangible assets, SEKk	10,334	9,355	39,456
plant and equipment, SEKk	4,126	5,121	20,532
EBITDA	4,554	22,595	6,268
EBITDA adjusted, SEKk	4,554	22,595	74,940
<i>EBITDA margin, %</i>			
EBITDA, SEKk	4,554	22,595	6,268
EBITDA adjusted, SEKk	4,554	22,595	74,940
Net sales, SEKk	23,532	27,923	125,689
EBITDA margin, %	19.4	80.9	5.0
EBITDA margin, % adjusted	19.4	80.9	59.6
<i>EBIT margin, %</i>			
Operating profit (-loss), SEKk	-9,906	8,119	-53,720
Net sales, SEKk	23,532	27,923	125,689
EBIT margin, %	-42.1	29.1	-42.7
<i>Profit margin, %</i>			
Profit (-loss) before tax, SEKk	-23,773	-4,248	-105,226
Net sales, SEKk	23,532	27,923	125,689
Profit margin, %	-101.0	-15.2	-83.7
<i>Equity to assets ratio, %</i>			
Total equity	97,954	222,537	122,817
Total equity and liabilities, SEKk	666,299	712,611	674,147
Equity to assets ratio, %	14.7	31.2	18.2

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	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	7,536	5,029	24,100
Other operating revenue	2,410	5,046	35,116
Total sales	9,946	10,075	59,216
Other external expenses	-2,666	-3,043	-12,500
Employee benefit expense	-9,957	-5,678	-28,597
Depreciation of property, plant and equipment	-40	-80	-244
Operating profit (-loss)	-2,717	1,274	17,875
Profit from holdings in group companies	-	19	19
Other financial income	1,465	1,300	5,599
Financial expenses	-13,694	-11,866	-50,008
Profit (-loss) after net financial income/expense	-14,946	-9,273	-26,515
Appropriations	-	-	-
Profit (-loss) before tax	-14,946	-9,273	-26,515
Income tax	-	-	-
Net profit (-loss) for the period	-14,946	-9,273	-26,515

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

Parent Company balance sheet

SEKk	2022-03-31	2021-03-31	2021-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	105	259	145
<i>Financial assets</i>			
Investments in group companies	325,924	322,703	325,924
Investments in associates	4,656	4,656	4,656
Other financial assets	2,057	2,621	2,621
Total non-current assets	332,742	330,239	333,346
<i>Current assets</i>			
Trade and other receivables	997	997	1,223
Receivables from group companies	1,350,292	1,338,665	1,346,719
Prepaid expenses and accrued income	637	559	629
Cash and cash equivalents	8,662	5,722	7,594
Total current assets	1,360,588	1,345,943	1,356,165
TOTAL ASSETS	1,693,330	1,676,182	1,689,511

Parent Company balance sheet (cont.)

SEKK	2022-03-31	2021-03-31	2021-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	14,492	14,492	14,492
Share premium reserve	1,912,127	1,912,127	1,912,128
Retained earnings	-1,168,602	-1,142,087	-1,142,088
Net profit (-loss) for the period	-14,946	-9,273	-26,515
Total equity	743,071	775,259	758,017
<i>Non-current liabilities</i>			
Other non-current liabilities	333,208	281,657	319,514
Total non-current liabilities	333,208	281,657	319,514
<i>Current liabilities</i>			
Trade payables	1,881	1,274	1,531
Liabilities to group companies	600,883	580,967	598,807
Other liabilities	2,568	29,485	2,452
Accrued expenses and deferred income	11,719	7,540	9,190
Total current liabilities	617,051	619,266	611,980
TOTAL EQUITY AND LIABILITIES	1,693,330	1,676,182	1,689,511

NOTES

NOT 1 ACCOUNTING AND VALUATION PRINCIPLES

This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles and methods are consistent with those applied in 2021.

The Parent Company's report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

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.

NOT 2 PLEDGED ASSETS

The Group's pledged assets consist of rental guarantees, pledged shares in subsidiaries and bank accounts relating to Nordea loan facilities.

SEKk	2022-03-31	2021-03-31	2021-12-31
Pledged assets	585	585	585



NOT 3 NET SALES PER CATEGORY

SEKK JAN-MAR 2022	Starbreeze Games	Other	Total
PC	18,908	137	19,045
Consoles, Digital	4,345	13	4,358
Consoles, Retail	40		40
Licensing	-	-	-
Other	38	51	89
Total net sales	23,331	201	23,532
SEKK JAN-MAR 2021	Starbreeze Games	Other	Total
PC	22,341	242	22,583
Consoles, Digital	4,497	-174	4,323
Consoles, Retail	60	-	60
Licensing	235	682	917
Other	40	-	40
Total net sales	27,173	750	27,923

NOT 4 GROUP DEPRECIATION AND AMORTIZATION BY FUNCTION

SEKk	2022	2021	2021
	JAN-MAR	JAN-MAR	JAN-DEC
Depreciation and impairment of property, plant and equipment			
Direct costs	-194	-947	-3,233
Selling and marketing costs	-6	-1	-8
Administrative expenses	-3,926	-4,173	-17,291
Total depreciation and impairment of property, plant and equipment	-4,126	-5,121	-20,532
Amortization and impairment of intangible assets			
Direct costs	-10,263	-9,287	-39,179
Administrative expenses	-71	-68	-277
Total amortization and impairment of intangible assets	-10,334	-9,355	-39,456
Total depreciation and amortization and impairment	-14,460	-14,476	-59,988

NOT 5 JOINT VENTURES**STARVR CORPORATION**

The company's joint venture with Acer, StarVR Corporation, is a sales and marketing company for StarVR's headset StarVR One. The company provides marketing and sales to the corporate market, as well as support and after-sales services. Starbreeze owns the intellectual property rights, such as patents, source codes and trademarks related to StarVR, while Acer is responsible for the manufacturing of the product. Development and the reference design work for the StarVR headset is performed by Starbreeze and Acer jointly. StarVR Corporation is responsible for all costs associated with the marketing and sale of the StarVR headset. Up until September 2018, Starbreeze incurred R&D-related costs, but these have since been transferred to StarVR Corporation. Manufacturing costs are borne by Acer, the exclusive supplier to StarVR Corporation.

The following reconciliation reflects adjustments made by the Group in applying the equity method, including fair value adjustments at the time of acquisition and adjustments for differences in accounting policies.

SEKk	2022-03-31
<i>Reconciliation of net carrying amount:</i>	
Balance of net assets at 1 January	3,434
Net profit (-loss) for the period	51
Exchange differences	40
Closing balance net assets	3,525
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Group's share	33%
Group's share in SEKk	1,163
Net carrying amount	1,163

The table below provides condensed financial information for the holding in the joint venture company (StarVR Corporation) that the Group has deemed to be material. The information shows the amounts recognized in the joint venture's financial statements, and not Starbreeze's share of those amounts. The reconciliation of Starbreeze's share is shown above.

SEKk	2022-03-31
<i>Balance sheet in summary:</i>	
Current assets	11,421
Non-current assets	65
Current liabilities	-7,961
Net assets	3,525
<hr/>	
<i>summary:</i>	
Sales	1
Net profit (-loss) for the period	51
period	51



Investor relations

Current information about Starbreeze is available on the company's website starbreeze.com. It is possible to contact the company by email: ir@starbreeze.com, by calling: +46 (0)8-209 229, or by mail: Box 7731, 103 95 Stockholm, Sweden.

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Reports are published on the company's website starbreeze.com.

For live presentation of the report, May 11, 2022, CET 09.00 visit:

<https://www.finwire.tv/webcast/starbreeze/q1-presentation-2022/>

Financial calendar

Interim report, Q2 2022

August 18, 2022

Interim report, Q3 2022

November 17, 2022

Year-end report 2022

February 16, 2023

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 7:30 am CET on May 11, 2022.

About Starbreeze

Starbreeze is an independent developer, creator and distributor of PC and console games targeting the global market, with studios in Stockholm, Barcelona and Paris. With the successful PAYDAY brand at its core, 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, with ISIN codes SE007158928 (A share) and SE0005992831 (B share).



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