

April 28, 2023

Starbreeze resolves on rights issue of SEK 450 million to accelerate growth initiatives and strengthen its balance sheet, and announces preliminary financial information for the first quarter 2023

The Board of Directors of Starbreeze AB (publ) ("Starbreeze" or the "Company") has resolved on a rights issue of class A and class B shares of approximately SEK 450 million before transaction costs (the "Rights Issue"). The net proceeds from the Rights Issue are intended to be used to accelerate investments in game development and third-party publishing to achieve further growth and a diversified games portfolio as well as to strengthen the Company's balance sheet through a SEK 150 million debt repayment. The Rights Issue is supported by the Company's larger shareholders and is covered by subscription undertakings and underwriting commitments in a total amount of approximately SEK 250 million. In addition, Digital Bros S.p.A ("Digital Bros") has undertaken to convert its convertible loan of approximately SEK 215 million to class B shares, subject to completion of the Rights Issue as set out below. After these transactions, the Company will have a strong net cash position and very limited debt on the balance sheet. The Company also announces preliminary financial information for the first quarter 2023.

Commenting on the announcement, Tobias Sjögren, CEO of Starbreeze said:

"We are thrilled to announce this transaction, which will enable us to accelerate the execution of our set growth strategy. We are happy with the strong support from our largest shareholders through subscription commitments and guarantee undertakings, where Digital Bros, in addition to its support for the Rights Issue, also has undertaken to convert its outstanding convertible loan to class B shares. With a cleaner balance sheet and a net cash position, we can fully focus on growth and generating value – for our players and our shareholders."

The Rights Issue in brief

- The Board of Directors of Starbreeze has decided to accelerate investments in game development and third-party publishing to achieve further growth. The Company believes that an acceleration of such investments will lead to the Company generating future revenues from a more diversified games portfolio and thus reduces the Company's dependency on the PAYDAY franchise.
- Furthermore, the Board of Directors has decided to repay certain debt owed to Digital Bros (a refinancing charge) to strengthen the Company's balance sheet.
- Therefore, the Board of Directors of Starbreeze has resolved, subject to approval by an extraordinary general meeting (the "EGM"), on the Rights Issue of class A and class B shares of approximately SEK 450 million before deduction of transaction costs.
- Of the proceeds from the Rights Issue, SEK 150 million are intended to be used to settle the refinancing charge owed to Digital Bros (the refinancing charge has a nominal amount of SEK 165 million and a value agreed upon by the Company and Digital Bros of SEK 150 million), and a maximum amount of SEK 300 million are intended to be used to accelerate game development and third-party publishing.
- Digital Bros, controlling approximately 12 percent of the shares and approximately 29 percent of the votes in the Company, has undertaken to subscribe for its pro rata share of the Rights Issue, corresponding to approximately SEK 54 million. In addition to its subscription undertaking, Digital Bros has undertaken to underwrite the Rights Issue with an amount of SEK 100 million.
- The First AP Fund and the Fourth AP Fund, together controlling approximately 13 percent of the shares and approximately 19 percent of the votes in the Company, have undertaken to subscribe for shares in the Rights Issue. These shareholders' subscription commitments are relative to the final issue size of the Rights Issue but will together cover not less than approximately 7 percent of the Rights Issue, corresponding to at least approximately SEK 33 million. These shareholders intend to maintain their current percentage ownership following the Rights Issue.
- Swedbank Robur Funds, controlling approximately 14 percent of the shares and approximately 13 percent of the votes, has declared its intention to vote in favor of the Rights Issue at the EGM.
- In addition, the Company has received underwriting commitments from a consortium of external underwriters for approximately SEK 63 million.
- In total, the subscription undertakings and the underwriting commitments described above cover approximately 56 percent of the Rights Issue, meaning that approximately SEK 250 million of the Rights Issue is secured.
- Digital Bros has undertaken to convert its convertible loan of approximately SEK 215 million to class B shares, subject to completion of the Rights Issue as set out below.

- A convening notice for the EGM will be announced in a separate press release later today. The EGM will be held on or around May 24, 2023.
- The record date for participation in the Rights Issue is expected to be on or around May 30, 2023, and the subscription period is expected to run from and including June 1, 2023 up to and including June 15, 2023.
- Detailed terms and conditions for the Rights Issue, including the subscription price, the share capital increase, and the number of shares to be issued, are expected to be resolved upon by the Board of Directors and announced on or around May 23, 2023.
- The Company announces preliminary financial information for the first quarter 2023. Net sales and EBITDA totaled SEK 26.7 million (23.5) and SEK 4.1 million (4.6), respectively. As of March 31, 2023, the Company's cash and cash equivalents amounted to SEK 78.0 million.

Background and reasons

Starbreeze is an independent developer, publisher and distributor of games for PC and console, targeting the global market, with studios or teams in Sweden, Spain, France and the United Kingdom with head office in Stockholm. The Company operates on the global games market and its products are sold via platforms such as Steam, PlayStation Store and Xbox Games Store. Starbreeze's end customers, i.e. those who play the Company's games, are located across the world. Currently, most of the Company's players are located in North America, Europe and Asia. The proprietary games are aimed primarily at players with a focus on the Company's core genre, namely cooperative games.

Starbreeze currently focuses on the PAYDAY franchise, which Starbreeze believes provides a stable revenue generating foundation. The PAYDAY franchise, with the live game operations of PAYDAY 2 and the game development of PAYDAY 3, occupies the majority of the employees. Starting a period before PAYDAY 3 is launched later during 2023, a significant number of the Company's developers will become available to be reallocated to develop other new games. Therefore, Starbreeze has the ambition to expand its operations with the aim of achieving further growth and a more diversified games portfolio.

Future growth initiatives will include expanding the IP portfolio with additional IPs and new game development, expanding the third-party publishing operations, and expanding the PAYDAY franchise with additional games and content for other entertainment genres. Further investments into these growth initiatives are also expected to reduce the Company's dependency on one game franchise, which Starbreeze believes will generate additional shareholder value.

Digital Bros holds a convertible loan issued by Starbreeze, with a nominal amount of approximately SEK 215 million. In connection with an amendment of the terms and conditions for the convertible loan as part of the Company's now completed

reorganization (Sw. *företagsrekonstruktion*), the Company incurred a refinancing charge, which is owed to Digital Bros since 2020, with a nominal amount of SEK 165 million and a value agreed upon by the Company and Digital Bros of SEK 150 million (subject to certain conditions).

Through the Rights Issue, Starbreeze will raise not more than SEK 450 million before transaction costs. Of the proceeds from the Rights Issue, SEK 150 million are, firstly, intended to be used to settle the refinancing charge owed to Digital Bros, which, together with Digital Bros' conversion of the convertible loan of approximately SEK 215 million (as further described below) will significantly strengthen the Company's balance sheet. The remainder of the proceeds (maximum SEK 300 million) are, secondly, intended to be used for investments in game development of co-operative, multiplayer titles where Starbreeze can leverage its Games-as-a-Service business model and experience, as well as third-party publishing of titles that can benefit from Starbreeze's engaged community.

The Rights Issue

The Board of Directors of Starbreeze has resolved, subject to approval by the EGM, on the Rights Issue of class A and class B shares of approximately SEK 450 million before deduction of transaction costs. Those who are registered shareholders in the share register held by Euroclear Sweden AB on the record day, May 30, 2023, will have a preferential right to subscribe for new shares in proportion to the number of shares that the holder already owns of the same class (primary preferential right). Shares that have not been subscribed for with primary preferential right will be offered to all existing shareholders in proportion to the number of shares previously owned, irrespective of share class (subsidiary preferential right). In connection with transfer of a subscription right (primary preferential right), the subsidiary preferential right is also transferred to the new holder of the subscription right. In addition, investors may submit their interest in subscribing for new shares without primary or subsidiary preferential right. Shares not subscribed for in accordance with the above will be allotted firstly to Digital Bros in accordance with its underwriting commitment, whereby payment for new shares is to be made by set-off against the refinancing charge, and secondly to any other underwriters in proportion to their respective underwriting commitments.

Detailed terms and conditions for the Rights Issue, including the subscription price, the share capital increase and the number of shares to be issued, are expected to be resolved upon by the Board of Directors and announced on or around May 23, 2023. The subscription period is expected to run from and including June 1, 2023 up to and including June 15, 2023, or a later date as resolved by the Board of Directors. Trading in subscription rights is expected to take place on Nasdaq Stockholm during the period from and including June 1, 2023 up to and including June 12, 2023. Trading in BTAs (Sw.

betalda tecknade aktier) is expected take place on Nasdaq Stockholm during the period from and including June 1, 2023 up to and including June 21, 2023.

The Rights Issue is subject to approval by the EGM to be held on or around May 24, 2023. The convening notice for the EGM will announced in a separate press release later today.

Support from larger shareholders and external underwriting commitments

The Rights Issue is supported by larger shareholders and encompassed by subscription and underwriting commitments in accordance with the following:

- Digital Bros, controlling approximately 12 percent of the shares and approximately 29 percent of the votes in the Company, has undertaken to subscribe for its pro rata share of the Rights Issue, corresponding to approximately SEK 54 million. In addition to its subscription undertaking, Digital Bros has undertaken to underwrite the Rights Issue with an amount of SEK 100 million. Digital Bros' underwriting undertaking shall be utilized prior to any underwriting undertakings by external parties being utilized. Any shares allotted to Digital Bros under its underwriting undertaking are to be paid for by Digital Bros through set-off against the refinancing charge.
- The First AP Fund and the Fourth AP Fund, together controlling approximately 13 percent of the shares and approximately 19 percent of the votes in the Company, have undertaken to subscribe for shares in the Rights Issue. These shareholders' subscription commitments are relative to the final issue size of the Rights Issue, but will together cover not less than approximately 7 percent of the Rights Issue, corresponding to at least approximately SEK 33 million. These shareholders intend to maintain their current percentage ownership following the Rights Issue.
- Swedbank Robur Funds, controlling approximately 14 percent of the shares and approximately 13 percent of the votes, has expressed its support for the Rights Issue and declared its intention to vote in favor of the Rights Issue at the EGM.
- In addition, the Company has received underwriting commitments from a consortium of external underwriters for approximately SEK 63 million.
- In total, the subscription undertakings and the underwriting commitments described above cover approximately 56 percent of the Rights Issue, meaning that approximately SEK 250 million of the Rights Issue is secured.

Conversion of convertible loan

Digital Bros has undertaken to exercise its right to convert the total outstanding loan amount of approximately SEK 215 million under its convertible loan into class B shares in the Company, for a conversion price in accordance with the terms and conditions for the convertible loan following recalculation after completion of the Rights Issue. Digital Bros'

conversion request shall be made within 30 days from the last date of the subscription period in the Rights Issue, including any extensions, or (if later) within seven days as from being notified in writing about the re-calculated conversion price. Digital Bros' undertaking to convert the convertible loan is conditional upon the EGM resolving on the Rights Issue, and the Rights Issue being encompassed by subscription undertakings and underwriting commitments that in total correspond to an amount of approximately SEK 250 million.

Digital Bros and the Company have also agreed that upon said conversion, the parties' respective rights and obligations relating to the convertible loan are finally settled, meaning that Digital Bros waives its right to accrued but unpaid interest related to the convertible loan.

Prospectus

Comprehensive information regarding the Rights Issue will be included in the prospectus which is expected to be published on or around May 26, 2023.

Preliminary timetable for the Rights Issue

The timetable below is preliminary and may be subject to change.

May 8, 2023	<ul style="list-style-type: none"> ▪ Publication of the interim report for the period January 1, 2023 to March 31, 2023
May 23, 2023	<ul style="list-style-type: none"> ▪ Planned announcement date of the detailed terms and conditions, including subscription price and number of shares to be issued
May 24, 2023	<ul style="list-style-type: none"> ▪ EGM to approve the Board of Directors' resolution on the Rights Issue
May 26, 2023	<ul style="list-style-type: none"> ▪ Last day of trading in Starbreeze shares including the right to participate in the Rights Issue
May 26, 2023	<ul style="list-style-type: none"> ▪ Planned announcement date of the prospectus
May 30, 2023	<ul style="list-style-type: none"> ▪ Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register on this day will receive subscription rights for participation in the Rights Issue
June 1-12, 2023	<ul style="list-style-type: none"> ▪ Trading in subscription rights
June 1-15, 2023	<ul style="list-style-type: none"> ▪ Subscription period
June 1-21, 2023	<ul style="list-style-type: none"> ▪ Trading in BTAs (Sw. betalda tecknade aktier)

Preliminary financial information for the first quarter 2023

The Company announces preliminary financial information for the first quarter 2023. Net sales and EBITDA¹ totaled SEK 26.7 million (23.5) and SEK 4.1 million (4.6), respectively. As of March 31, 2023, the Company's cash and cash equivalents amounted to SEK 78.0 million.

All financial information in this press release is preliminary and has not been audited or reviewed by the Company's auditor. The Company will publish its interim report for the first quarter 2023 on May 8, 2023, in accordance with its financial calendar.

Advisors

Carnegie Investment Bank AB (publ) is acting as financial advisor and Sole Global Coordinator and Bookrunner, Lazard is acting as financial advisor, and Mannheimer Swartling Advokatbyrå is acting as legal advisor to Starbreeze in connection with the Rights Issue.

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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, through the agency of the contact person above, at 08:00 CEST on April 28, 2023.

About Starbreeze

Starbreeze is an independent developer, publisher and distributor of PC and console 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 with the ISIN-codes SE0007158928 (A share) and SE0005992831 (B share). For more information, please visit www.starbreeze.com.

¹ Earnings before interest, taxes, depreciation and amortization.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in the Company in any jurisdiction. Any invitation to the persons concerned to subscribe for shares in Starbreeze will only be made through the prospectus that Starbreeze estimates to publish on or around May 26, 2023 at its website www.starbreeze.com.

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Within the European Economic Area (“**EEA**”), no public offering of securities is made in other countries than Sweden, Denmark, Finland and Norway. In other member states of the EU, such an offering of securities may only be made in accordance with an applicable exemption in the Prospectus Regulation (EU) 2017/1129.

This press release contains certain forward-looking information that reflects the Company’s present view of future events as well as financial and operational development. Words such as “intend”, “assess”, “expect”, “may”, “plan”, “believe”, “estimate” and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.