

Starbreeze announces terms for its rights issue of approximately SEK 450 million

On April 28, 2023, Starbreeze AB (publ) (“Starbreeze” or the “Company”) announced that the Board of Directors had resolved on a rights issue of class A and class B shares of approximately SEK 450 million before transaction costs (the “Rights Issue”), subject to approval by an extraordinary general meeting to be held on May 24, 2023 (the “EGM”). The net proceeds from the Rights Issue are intended 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. Today, Starbreeze announces the terms for the Rights Issue.

Summary

- Those who on the record date, May 30, 2023, are registered as shareholders in the share register maintained by Euroclear Sweden on behalf of Starbreeze have preferential right to subscribe for new shares in relation to the number of shares held on the record date.
- Each existing share in Starbreeze held on the record date entitles to one (1) subscription right. Six (6) subscription rights entitle to subscription for five (5) new shares, whereby subscription rights of class A entitle to subscription of shares of class A and subscription rights of class B entitle to subscription of shares of class B.
- The subscription price has been set at SEK 0.75 per new share regardless of share class, which means that the Company will raise proceeds of approximately SEK 453 million before deduction of transaction costs estimated at approximately SEK 36 million, provided that the Rights Issue is fully subscribed.
- The subscription period runs from and including June 1, 2023, until and including June 15, 2023.
- Of the net proceeds from the Rights Issue of not more than approximately SEK 417 million, SEK 150 million are intended to be used to settle the refinancing charge owed to Digital Bros, and a maximum amount of approximately SEK 267 million are intended to be used to accelerate game development and third-party publishing.

- The Rights Issue is supported by larger shareholders and encompassed by subscription and underwriting commitments covering at least approximately 55 percent of the Rights Issue, meaning that at least approximately SEK 250 million of the Rights Issue is secured, as further described below.

Terms and conditions of the Rights Issue

Those who are registered shareholders in the share register maintained by Euroclear Sweden AB on the record date May 30, 2023 will receive one (1) subscription right for each share held in Starbreeze. Six (6) subscription rights entitle to subscription for five (5) new shares, whereby subscription rights of class A entitle to subscription of shares of class A and subscription rights of class B entitle to subscription of shares of class B (primary preferential right). In addition, investors are offered the possibility to subscribe for shares without subscription rights.

Shares not subscribed for on the basis of primary preferential right will be offered for subscription to all existing shareholders in proportion to the number of shares previously owned (subsidiary preferential right) and, to the extent that this is not possible, by drawing of lots. In the event that all shares are not subscribed for with primary or subsidiary preferential right, the Board of Director shall, up to the maximum amount of the Rights Issue, resolve to allot the remaining shares firstly to others who have applied for subscription of shares without preferential right, pro rata in relation to submitted applications, secondly to Digital Bros in accordance with its underwriting undertaking, and thirdly to others who have entered into underwriting undertakings with the Company, pro rata in relation to their respective underwriting amounts. To the extent allotment in accordance with the above cannot be made pro rata, allotment shall be made by drawing of lots.

The subscription price has been set at SEK 0.75 per new share, regardless of share class. Through the Rights Issue, Starbreeze's share capital will increase by a maximum of SEK 12,076,821.04, from the current SEK 14,492,185.37, to not more than SEK 26,569,006.42 through the issuance of not more than 136,923,830 new shares of class A and not more than 466,917,220 new shares of class B. After the Rights Issue, the number of shares in Starbreeze will amount to not more than 1,328,450,316 shares, of which not more than 301,232,428 shares of class A and not more than 1,027,217,888 shares of class B. Through the Rights Issue, Starbreeze will raise gross proceeds of approximately SEK 453 million, provided that the Rights Issue is fully subscribed.

The subscription period runs from and including June 1, 2023, until and including June 15, 2023, with a right for the Board of Directors of Starbreeze to extend the subscription period and the time for payment. Trading in subscription rights will take place on Nasdaq Stockholm during the period from and including June 1, 2023, until and including June 12,

2023, and trading in paid subscribed shares (Sw. betalda tecknade aktier) will take place during the period from and including June 1, 2023, until and including June 21, 2023.

Shareholders who elect not to participate in the Rights Issue will have their holdings diluted by up to approximately 45 percent, but have the possibility to compensate themselves financially for the dilution by selling their subscription rights not later than June 12, 2023.

The Rights Issue is subject to approval by the EGM to be held on May 24, 2023. The notice to the EGM is available on Starbreeze's website, www.starbreeze.com.

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 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 at least approximately 55 percent of the Rights Issue, meaning that at least approximately SEK 250 million of the Rights Issue is secured.

On May 16, 2023, Starbreeze announced that the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) had - in relation to Digital Bros' undertaking to subscribe for its pro rata share of the Rights Issue - granted Digital Bros an exemption from the mandatory takeover bid requirement that would arise if Digital Bros' holdings of shares or votes in Starbreeze would exceed 30 percent as a consequence of Digital Bros' subscription commitment. Digital Bros has also been granted an exemption from the mandatory takeover bid requirement in relation to its undertaking to underwrite the Rights Issue with an amount of SEK 100 million, subject to (i) the shareholders of the Company being informed ahead of the EGM about the maximum ownership level that Digital Bros may reach upon utilization of its underwriting undertaking; and (ii) the EGM's resolution to approve the Rights Issue being supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the EGM, whereby shares held and represented by Digital Bros must be disregarded.

Based on the subscription price of SEK 0.75 per share, and assuming that the Rights Issue is subscribed only to the extent covered by subscription and underwriting commitments from shareholders and external guarantors (i.e. that the Rights Issue raises gross issue proceeds of approximately SEK 250 million and that Digital Bros' underwriting undertaking is fully utilized), Digital Bros would hold approximately 28 percent of the shares and approximately 42 percent of the votes in Starbreeze following the Rights Issue.

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.

The mandatory takeover bid exemption described above does not encompass said conversion. This means that Digital Bros, upon said conversion, would be required to make a mandatory takeover bid unless Digital Bros, within four weeks from the

conversion, converts class A shares to class B shares and/or divests shares in order for its holdings of shares and votes in Starbreeze to fall below the threshold that would trigger the mandatory takeover bid.

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 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)
June 16, 2023	<ul style="list-style-type: none">▪ Announcement of the outcome of the Rights Issue

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.

For more information, please contact:

Tobias Sjögren, CEO

Tel: +46 (0)8-209 229, email: ir@starbreeze.com

Mats Juhl, CFO

Tel: +46 (0)8-209 229, email: ir@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, through the agency of the contact persons above, at 08:30 CEST on May 23, 2023.

About Starbreeze

Starbreeze is an independent developer, creator, 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.

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.

This press release may not be released, published or distributed, directly or indirectly, in or into Australia, Hong Kong, Canada, New Zealand, Singapore, the United States of America, including its territories and possessions, any state of the United States or the District of Columbia (the "**United States**") or any other jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, registrations or other actions in addition to what follows from Swedish, Danish, Finnish or Norwegian law. Nor may the information in this press release be forwarded, reproduced or disclosed in a manner that contravenes such restrictions or would entail such requirements. Failure to comply with this instruction may result in a violation of applicable securities laws.

The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), or under the securities laws of any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, in or into the United States absent exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with securities laws of the relevant state or other jurisdiction in the United States. All offers and sales of securities in connection with any rights offer by the Company will be made, subject to certain limited exceptions, outside of the United States and in reliance on, and in compliance with, Regulation S under the Securities Act. There will be no public offering in the United States.

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.