



Press release February 27th 2014

Half-Year Report July 1st - December 31st 2013

SECOND QUARTER (OCTOBER- DECEMBER 2013)

- > Net sales amounted to SEK 40.1 million (SEK 13.1 million).
- > Operating income before depreciation, EBITDA, amounted to SEK 29.1 million (SEK 0.2 million).
- > Profit before tax amounted to SEK 24.3 million (SEK -1.0 million) and profit after tax amounted to SEK 18.1 million (SEK -0.8 million).
- > Earnings per share before and after dilution were SEK 0.01 (SEK -0.00).
- > As of 31st December 2013, cash and cash equivalents to SEK 77.6 million (SEK 20.7 million).
- > In December a new agreement was signed with 505 Games for continued development of PAYDAY 2. The agreement ensures revenue of USD 6 million during a two-year period for Starbreeze.
- > In the second quarter PAYDAY 2 accounts for SEK 35.5 million of net sales.
- > Brothers - Tale of Two Sons began generating revenue for Starbreeze during the quarter. The quarter's revenue of sold games amounts to SEK 1.6 million.
- > During the quarter, PAYDAY: The Heist game sold for SEK 3.0 million.

THE HALF YEAR (JULY - DECEMBER 2013)

- > Net sales amounted to SEK 130.4 million (SEK 25.8 million).
- > Operating income before depreciation, EBITDA, amounted to SEK 110.5 million (SEK -0.1 million).

- > Profit before tax amounted to SEK 103.7 million (SEK -2.5 million) and profit after tax amounted to SEK 90.3 million (SEK -2.5 million).
- > Earnings per share before and after dilution were SEK 0.06 (SEK -0.00).

AFTER THE PERIOD

- > In January the third expansion pack called PAYDAY 2: Gage Weapon Pack 2 was released on PC platform Steam.
- > As of February, PAYDAY 2 was the fifth largest official community on the PC platform Steam, with more than 350,000 active members.
- > In January Starbreeze's share of the revenue from sales of PAYDAY 2, via the PC platform Steam, amounted to SEK 4.4 million.
- > The Board has resolved to apply for listing of the company shares on First North, and will convene an Extraordinary General Meeting of reverse split where the timetable also will be specified.

CEO BO ANDERSSON KLINT GIVES HIS COMMENT

During the second quarter, net sales were SEK 40.1 million, which means SEK 27.0 million more than the same quarter last year. PAYDAY 2 accounted for SEK 35.5 million, PAYDAY: The Heist for SEK 3.0 million and Brothers - A Tale of Two Sons for SEK 1.6 million.

Operating income before depreciation this quarter was SEK 29.1 million (SEK 0.2 million).

This has been a very good quarter which we attribute to a working digital pulse sale that mainly took place via the digital distribution service Steam. We have succeeded in launching several new add-on packages for PAYDAY 2, and we continue to keep both interest in and sales of the product at a high level. We can clearly identify the pattern of the prequel PAYDAY: The Heist, albeit with a much higher magnitude on the sales curve.

Net sales for the past six months amounted to SEK 130.4 million, which means SEK 104.6 million more than in the same six months last year. PAYDAY 2 accounted for SEK 121.1 million, PAYDAY: The Heist for SEK 7.7 million and Brothers - A Tale of Two Sons for SEK 1.6 million.

Operating income before depreciation for the six months amounted to SEK 110.5 million (SEK 0.2 million).

PAYDAY 2 and Brothers - A Tale of Two Sons launched last quarter, and has now been on sale for just under six months. PAYDAY 2 showed strong sales in both the first and second quarter. At the time of writing, PAYDAY 2 has established itself on Steam as the fifth largest official player community with over 350,000 active members. The ongoing close collaboration with Valve has continued: since Christmas, PAYDAY 2 players can rob a bank in PAYDAY 2 from the Classic Valve game Counter-Strike: Global Offensive.

We also signed a new agreement with the publisher 505 Games, replacing the previous agreement, which initially promised five additional packages. The new improved contract, worth 6 million U.S.

dollars, gives us the security to, for the next 20 months, focus on developing and refining PAYDAY 2 so that it becomes the best co-operative gaming experience available on the market, with many more add-on packages and other exciting events planned. This Agreement does not affect our royalty.

Brothers - A Tale of Two Sons has finally begun to generate royalty income for the company. The game has continued to win awards and gain accolades, including the prestigious award for "Best Xbox Game" at Spike TV / VGX Awards Show in the U.S., winning over games like Grand Theft Auto V, BioShock Infinite and Tomb Raider.

We now have a large cash reserve, have created a stable cost structure, a modern business model, we have continued full control of our own brands and have placed ourselves into a position where we have three games that generate royalties every single day. Brothers - A Tale of Two Sons continue to be loved by players and press alike. PAYDAY 2 and its predecessor PAYDAY: The Heist continues to generate new interest and new revenue streams. We are also continuously working on actively creating more income sources around the brand PAYDAY through games, merchandising and spin-off products.

To put the past six months in perspective, I would like to highlight that Starbreeze historically, from 1998 to June 2013, accumulated a total loss of SEK 94 million. Thanks to our new business model, reorganization and a focus on our own brands, we have - in only two quarters - generated a profit before tax of SEK 104 million. I would like to think that is what they call a turnaround. Keeping this in mind, I as CEO can continue to move the company away from a survival strategy and towards a strategy focused on growth, sustained profits, and value maximization of our own brands.

As a first step towards this goal, The Board is pursuing a list change to First North, with the future goal being a listing on Nasdaq OMX Small Cap list.

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BRIEF INFORMATION ABOUT STARBREEZE

Starbreeze is developing computer- and video games in-house and in partnership with leading international game publishers. Our game portfolio consists of ten full titles and numerous DLC packs, where PAYDAY 2 and Brothers - A Tale of Two Sons are the latest games to have been released.

Starbreeze was founded in 1998 and has approximately 7 500 shareholders.

See also: www.starbreeze.com