



Q1 2017

KEY FIGURES	2017	2016	2016
KSEK	Q1	Q1	JAN - DEC
Net revenue	57,270	40,802	345,463
EBITDA	-35,332	-4,248	81,220
Income after tax	-50,628	-14,773	57,091
Earnings per share, SEK	-0.18	-0.06	0.22
Cash flow from operations	-4,785	4,042	15,291
Net revenue per employee	260	358	2,288

THE FUTURE OF ENTERTAINMENT

COMMENTS FROM THE CEO BO ANDERSSON KLINT

Together with the development team of OVERKILL's The Walking Dead, we have decided to extend the production schedule to the second half of 2018 so the title can reach its full potential and in order for us to drive our original vision one step further. We are developing a brand new co-op game with new characters and storylines. This year, we have chosen not to exhibit at E3 but instead we made wholehearted efforts to establish our own online information platform: Starstream, which was broadcast on May 10, 2017. During Starstream, we showcased large portions of our portfolio, released titles and projects under development while giving more exposure to the Starbreeze brand. We gave a first glimpse into OVERKILL's The Walking Dead, announced a completely new update of PAYDAY 2 VR and much, much more.

FIRST QUARTER (JANUARY-MARCH 2017)

- Net revenue amounted to SEK 57.3 million (SEK 40.8 million), representing a growth of 40.4 %.
- During the second quarter, PAYDAY 2 represented SEK 23.7 million (SEK 39.6 million) of net revenue. Dead by Daylight represented SEK 20.9 million (SEK 0.0 million).
- Operating income before depreciation and amortization, EBITDA, amounted to SEK -35.3 million (SEK -4.3 million), implying a marginal of -33.1%.
- Earnings per share before dilution were SEK -0.18 (SEK -0.06) and earnings per share after dilution were SEK -0.18 (SEK -0.06).
- As of March 31, 2017, cash and cash equivalents totaled SEK 516.9 million (SEK 416.5 million).

IMPORTANT EVENTS (DURING AND AFTER THE PERIOD)

- In January, it was announced that the first IMAX VR pilot center had opened in Los Angeles and that the form of the agreement between Starbreeze and Acer was under renegotiation.
- In January, an agreement was signed with Behaviour Digital on a digital version of Dead by Daylight for Playstation4 and Xbox One and with 505 Games for its physical distribution.
- In February, an agreement was signed with Double Fine Productions to publish the Psychonauts 2 game where Starbreeze is investing USD 8 million.
- In March, an agreement was signed with Otherside Entertainment to publish the System Shock 3 game where Starbreeze is investing USD 12 million.
- In May, it was announced that the launch window for OVERKILL's The Walking Dead was extended to the second half of 2018, to ensure that the game reaches its full potential.

ABOUT STARBREEZE

Starbreeze is an independent creator, publisher and distributor of high quality entertainment products. With studios in Stockholm, Paris, Los Angeles, Barcelona and Brussels, the company creates games and other virtual reality entertainment products, based on proprietary design and licensed content. Starbreeze most recent games include PAYDAY 2®, John Wick VR shooter and upcoming survival co-op FPS OVERKILL's The Walking Dead. Under its publishing initiative, Starbreeze has together with Canadian studio Behaviour Digital successfully launched horror thriller *Dead by Daylight*.

Starbreeze has set out to develop truly immersive virtual reality experiences, by integrating software and hardware in its StarVR® head mounted display, which is produced together with Acer, displaying a unique field of view and a mission to bring top-end VR to large audiences. Together with IMAX, Starbreeze aspires to dominate the location based VR market with the IMAX VR centers. The first IMAX VR center opened in Los Angeles in January 2017.

Headquartered in Stockholm, Sweden, Starbreeze's shares are listed on Nasdaq Stockholm First North Premier under the tickers STAR A and STAR B with the ISIN-codes SE0007158928 (A share) and SE0005992831 (B share). Remium Nordic is the company's Certified Adviser.

For more information, please visit <http://www.starbreeze.com>, <http://www.starvr.com>, <http://www.overkillsoftware.com>

Q1
2017



THE FUTURE OF ENTERTAINMENT

CEO BO KLINT ANDERSSON GIVES HIS COMMENTS

Due to seasonality, revenues for the first quarter of the calendar year is usually lower than the following quarters, which also hold true this year, as there are fewer sales activities for both PC and console platforms. Nevertheless, net revenue rose by over 40% compared with the first quarter 2016, driven by continued good momentum for Starbreeze Publishing and Dead by Daylight.

This year, PAYDAY 2 had its big spring campaign on Steam, "Spring Break" in Q2, instead of in Q1 as in previous years. Despite this, sales of the quarter held up well, mainly because we as the sole IP owner, enjoy 100% of revenues. The shift in timing for "Spring Break" also gave us a solid start of the second quarter with April sales of SEK 11.6 million (SEK 2.0 million) directly related to PAYDAY 2.

We are almost done building the three parallel teams that will create more PAYDAY content and get OVERKILL's The Walking Dead and Crossfire ready for our fans. We have also formed an advanced tech team that both performs R&D for StarVR and supports game development. The marketing team has been expanded to meet the needs we have for the increasing number of both own games and publishing activities. With all this in place, we expect a slower increase in the number of employees and related costs from the third quarter. A significant cost item in our income statement is outsourcing of more volume-related game production tasks. When we get approval from the Indian Investment Authority, we'll close the acquisition of Dhruva Interactive and expect to lower our costs for these tasks.

The second quarter usually holds most of our marketing costs, mainly due to our participation at the trade show E3 in Los Angeles. This year, our marketing costs will instead peak in the first quarter as we shifted from E3 to activities that we believe give "more bang for the buck". The quarter has also been charged with non-recurring costs relating to the ongoing listing on Nasdaq Stockholm.

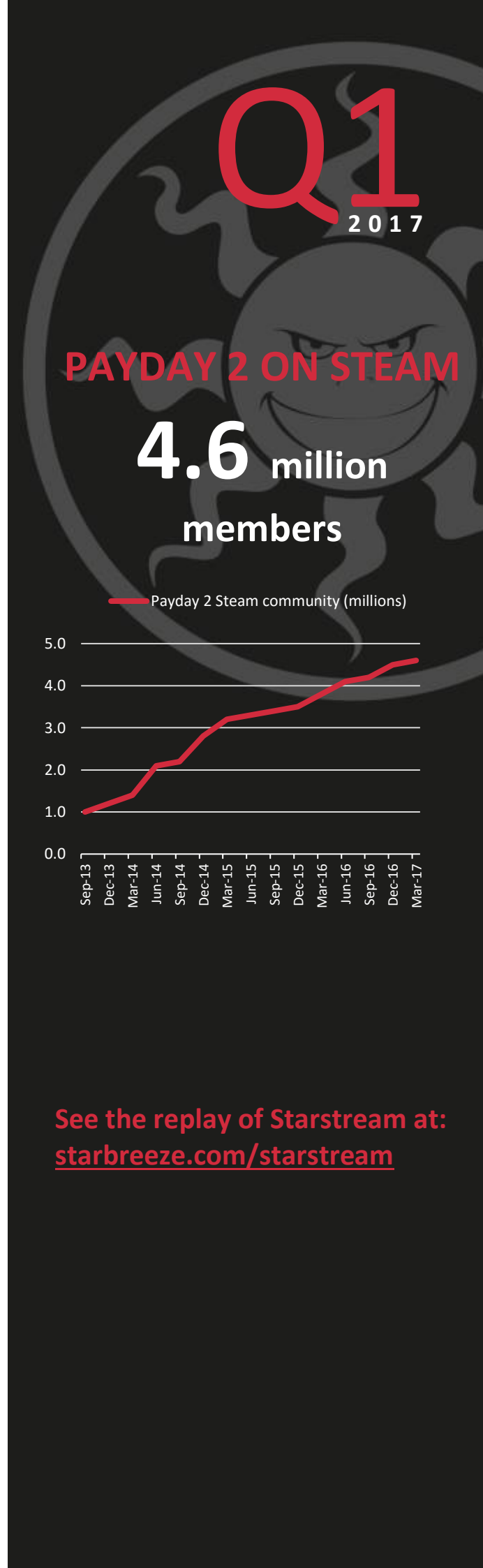
Our joint venture with Acer, StarVR Corporation, carries all marketing and sales costs of StarVR, but as long as Starbreeze maintains the IP rights, we carry R&D related costs. In the first quarter, these amounted to 9.4% of total operating expenses. At the same time, we have no manufacturing costs as these are carried by Acer.

The seasonality impact on our top-line combined with the ramp up of key production and marketing teams, resulted in an EBITDA of SEK -35.3 million (SEK -4.2 million), costs in line with planned budget. Our plan is, and will always be, long-term and optimized to create great years, not single quarterly profits.

It is worth mentioning that depreciation got a temporary uptick as we took the bulk of the investment in John Wick: Chronicles upfront. A treatment driven by IFRS accounting rules.

Cash flow from operations was slightly negative by SEK -4.8 million (SEK 4.0 million) and net cash flow from investments was SEK -146.6 million (SEK -54.2 million). The latter higher amount was due, inter alia, to a larger lump sum payment to StarVR Corporation, in accordance with the financing milestone plan totaling USD 12.5 million as previously announced. We are now halfway through this financing plan. The first quarter also included the first and thus large milestone payments for major publishing projects such as Psychonauts 2.

We exit the quarter with a stable cash at hand of SEK 516.9 million (SEK 416.5 million) and yet again, let me repeat that this significant cash balance will be used for selected key investments, which we over time foresee will generate great returns.



See the replay of Starstream at: starbreeze.com/starstream

NEW LAUNCH WINDOW FOR OTWD

Together with the development team of OVERKILL's The Walking Dead, we have decided to extend the production schedule so that the title can reach its full potential and to drive our original vision one step further. It's a brand new co-op game we are developing with new characters and storylines. The game will have great re-playability with many unique dynamic levels. In order to reach our vision, we are developing completely new technologies that we need to refine to get where we want. We are completely intent on succeeding, but it will take a little longer than we estimated when we started the project. We and Skybound Entertainment are fully dedicated to releasing an unforgettable experience for fans worldwide and then continuing to support it with high quality content in coming years.

STARSTREAM AND STARBREEZE PRODUCT PORTFOLIO

This year we have chosen not to participate at E3. Instead we are wholeheartedly committed to establishing our own online information platform: Starstream, which was broadcast on May 10th, 2017.

During Starstream, we showcased large portions of our portfolio, released titles and projects under development, and also give the Starbreeze brand more dedicated focus. We gave a first glimpse into the production of OVERKILL's The Walking Dead as well as a taste of where we want to take Crossfire co-op. For OVERKILL's The Walking Dead, we have more than 80 developers dedicated to the project and we talked about the foundation and game concept. In true co-op spirit the game encourages players to complete missions with varying degrees of difficulty. With focus on characters and technological advances that enable deeper re-playability than we have had in previous products, we aim to deliver a game that satisfies both the franchise's fans and hard core gamers.

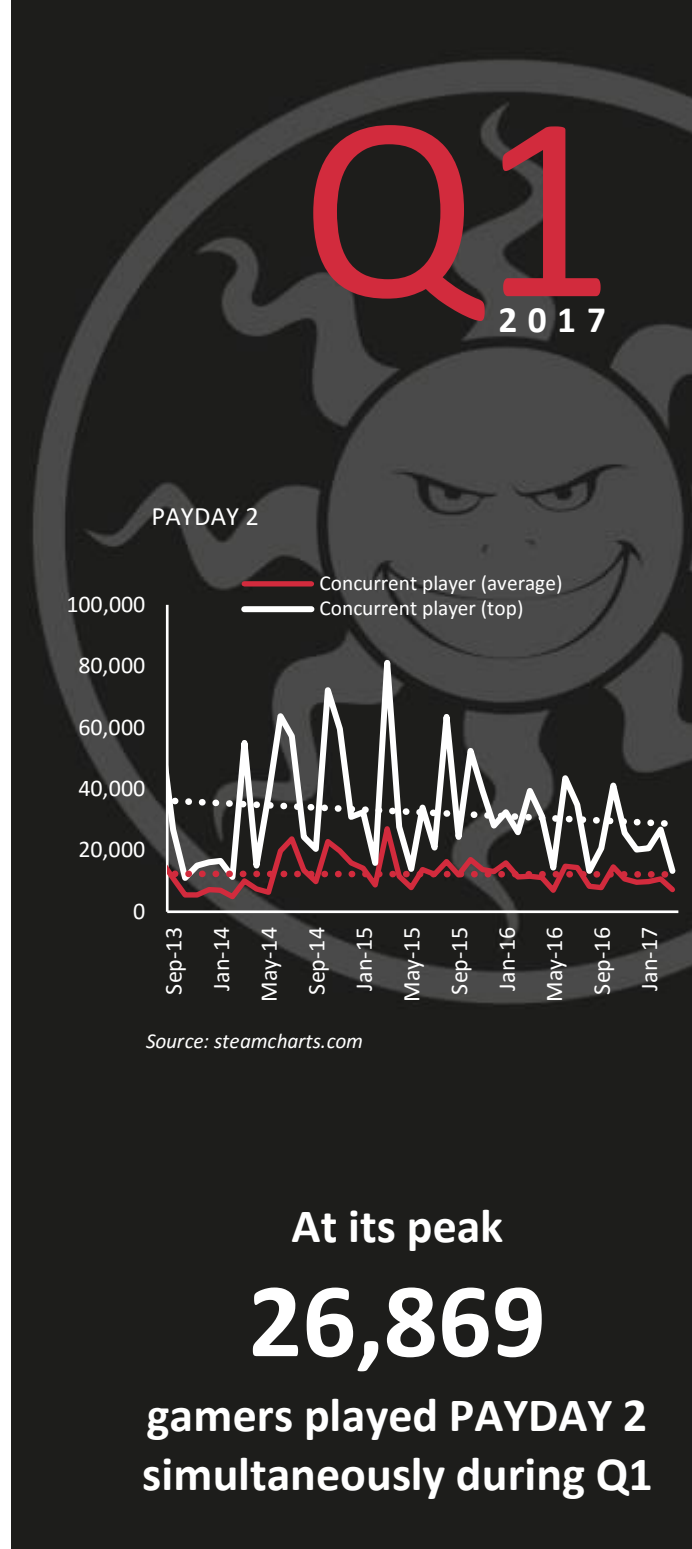
Our next game release in Starbreeze publishing, RAID: World War II, also premiered the RAID groups new taskmaster; through the character "Control", the eminent John Cleese will guide the players through their adventures. We also showed the Indie Publishing's premiere title Antisphere and opened for pre-orders on the digital platform Steam. PAYDAY players who pre-order the game will get six brand new masks as an added bonus. In the System Shock 3 segment, our latest publishing project, Warren Spector presented for the first time conceptual images for the game and shared his vision. In a panel, together with industry veteran Tim Shafer, Warren discussed the industry in general and how it has evolved over the decades.

For our blockbuster product PAYDAY, we showed a first trailer for our upcoming mobile game PAYDAY: CrimeWar. We also announced the market's largest VR game with PAYDAY 2 VR. Here we presented something groundbreaking where players for the first time can play co-op on the same mission regardless if they play via Steam on PC or through a compatible VR headset on the same platform.

PAYDAY 2 is still our biggest source of revenue and we have proven the business model for almost four years. Since the game has repaid its investment several times, we have decided to continue to update the game for another year, completely free for players. We enable this by releasing a new version of PAYDAY 2, The Ultimate Edition, where we bundle all DLCs and put the price to 45 USD. Our previous total price for the base game with all paid updates had a total price over 200 USD. That way, we offer players all of PAYDAY 2 at an attractive price and with an unbeatable amount of content. In addition, we make PAYDAY VR a component of PAYDAY 2: Ultimate Edition to further enhance its appeal and yet again renew and expand PAYDAY.

Storm has long been an IP we have kept behind locked doors, but that we now presented a vision for. As a hub for our VR ecosystem, we showed a preview of Storm as co-operative PC game and competitive e-sport experience in virtual reality. Our investments in various technologies all build towards this vision.

Let's keep building this!



Q1 2017

PAYDAY 2

Concurrent player (average)
Concurrent player (top)

Month	Concurrent player (average)	Concurrent player (top)
Sep-13	~10,000	~100,000
Jan-14	~10,000	~50,000
May-14	~10,000	~60,000
Sep-14	~10,000	~70,000
Jan-15	~10,000	~80,000
May-15	~10,000	~60,000
Sep-15	~10,000	~50,000
Jan-16	~10,000	~40,000
May-16	~10,000	~30,000
Sep-16	~10,000	~20,000
Jan-17	~10,000	~10,000

Source: steamcharts.com

At its peak
26,869
gamers played PAYDAY 2
simultaneously during Q1



JAN–MAR 2017

Q1 2017

REVENUE AND PERFORMANCE

For revenue and cash flow, the comparative period refers to the corresponding quarter of the previous year. For balance sheet items, the comparative period refers to the closing balance on December 31, 2016.

STARBREEZE GAMES

PAYDAY 2

During the quarter, PAYDAY 2 accounted for SEK 23.7 million (SEK 39.6 million) of net revenue.

PAYDAY 2, which was released during 2013, continues to generate substantial revenues and the growing player base is still delivering good levels of concurrent players. At its peak, 26,869 gamers played PAYDAY 2 simultaneously during the quarter.

In April 2017, revenues from PAYDAY 2, via the Steam PC distribution platform, amounted to SEK 11.6 million (SEK 2.0 million).

STARBREEZE PUBLISHING

DEAD BY DAYLIGHT

During the quarter, Dead by Daylight accounted for SEK 20.9 million (SEK 0.0 million) of net revenue.

At its peak, 31,992 gamers played Dead by Daylight simultaneously during the quarter.

Under April 2017 uppgick intäkterna från Dead by Daylight, via PC-plattformen Steam, till 2,8 MSEK (0,0 MSEK).

JOHN WICK: CHRONICLES

During the quarter, John Wick: Chronicles generated revenues amounting to SEK 7.3 million (SEK 0.0 million), of which the majority consisted of production support from the IP owner Lionsgate Inc.

REVENUE

Net revenue during the first quarter amounted to SEK 57.3 million (SEK 40.8 million). Of the net revenue, PAYDAY 2 accounted for SEK 23.7 million (SEK 39.6 million) and Dead by Daylight accounted for SEK 20.9 million (SEK 0.0 million).

During the first quarter, Starbreeze also sold PAYDAY 2, Dead by Daylight and John Wick: Chronicles in a package campaign for three days via the Humble Bundle service, where a part of the revenues went to a charity selected by the buyer. The campaign generated more than SEK 2 million in sales revenue for Starbreeze.

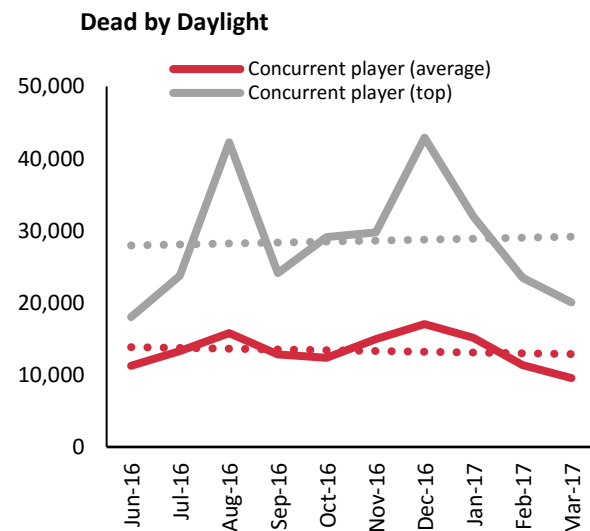
Note that payments in the form of advance royalties are not taken up as revenue on the date of payment but only when sales of the game commence.

Capitalization of development projects during the period amounted to SEK 49.6 million (SEK 29.3 million). The increase was driven by more projects as well as higher activity in projects such as OVERKILL's The Walking Dead and the StarVR technology project.

Total revenues and capitalizations during the quarter amounted to SEK 106.9 million (SEK 70.1 million).

Starbreeze's revenues and operating income are partly affected by seasonal variations. Generally speaking, private consumption is clearly lower during the first quarter. This was also the trend for Starbreeze in the past four years where the January-March period has been the weakest or second weakest period.

At its peak
31,992
played Dead by Daylight
simultaneously during Q1



Source: steamcharts.com

COSTS AND PERFORMANCE

The increase in costs during the quarter related to a continued acceleration of game development projects, both proprietary projects as well as projects in the publishing business segment. Marketing costs also increased due to the release of more titles and DLCs. These costs are also rising at an increasing rate. Other external expenses increased to SEK 86.2 million (SEK 44.4 million) and of these, royalties to partners in the company's publishing business segment accounted for SEK 10.7 million (SEK 0.0 million). Costs for services purchased in connection with production for games development increased to SEK 31.8 million (SEK 21.3 million). Exhibition costs increased to SEK 13.6 million (SEK 0.1 million).

Personnel expenses during the first quarter amounted to SEK 52.5 million (SEK 26.4 million), where the increase was mainly explained by additional personnel from acquired companies and also by increased recruitment in existing parts of the Group, particularly in Stockholm. These recruitments are required to meet the needs in the increasing number of projects that will be completed and released over the coming years.

Operating income before depreciation and amortization, EBITDA, amounted to SEK -35.3 million (SEK -4.2 million).

Income before tax fell to SEK -56.3 million (SEK -15.0 million).

Income after tax fell to SEK -50.6 million (SEK -14.8 million).

Earnings per share before dilution amounted to SEK -0.18 (SEK -0.06).

Earnings per share after dilution amounted to SEK -0.18 (SEK -0.06).

FINANCIAL POSITION

Goodwill at the end of the quarter amounted to SEK 402.8 million (SEK 404.5 million). Goodwill is carried at the closing day exchange rate.

Other intangible assets at the end of the quarter amounted to SEK 588.2 million (SEK 594.7 million). These assets are carried at the closing day exchange rate. The intangible assets were amortized by SEK 13.2 million (SEK 4.2 million) during the quarter.

Capitalized development expenditure increased by SEK 78.7 million during the quarter and amounted to SEK 382.5 million (SEK 303.8 million).

The capitalized development work consisted of proprietary game development projects such as OVERKILL's The Walking Dead and the StarVR technology development project. This balance, also includes the Group's investments in publishing projects of SEK 104.3 million (SEK 71.7 million).

The publishing projects are entered directly in the balance sheet and are therefore not included in the capitalized development work item in the income statement but affect cash flow.

Trade receivables and other receivables amounted to SEK 25.8 million (SEK 25.6 million).

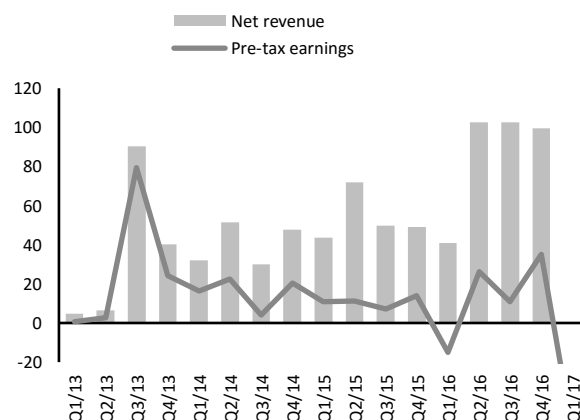
Prepaid expenses and accrued income at the end of the quarter amounted to SEK 38.1 million (SEK 56.2 million), of which SEK 10.0 million (SEK 35.1 million) related to a receivable for sales on Steam.

Deferred tax assets, relating to outstanding loss carryforwards in the parent company Starbreeze AB, amounted to SEK 10.4 million (SEK 5.3 million) at the end of the quarter. Deferred tax assets, relating to outstanding loss carryforwards in foreign subsidiaries, amounted to SEK 25.3 million (SEK 12.1 million). In the Swedish subsidiaries, deferred tax assets, relating to loss carryforwards, amounted to SEK 27.6 million (SEK 13.4 million). The increase is due to the updated assessment that it will be possible to use these deficits against future profits.

Q1

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KSEK	Q1	
	2017	2016
Net revenue	57,270	40,802
EBITDA	-35,332	-4,248
Income before tax	-56,255	-14,954
Income after tax	-50,628	-14,773
Earnings per share, SEK	-0.18	-0.06
Exchange difference	-4,186	-651
Net revenue growth, %	40.4	-14.5
EBITDA margin, %	-33.1	-6.1



+40,4 %
Net Revenue

Q1 2017

On the balance sheet date, consolidated equity amounted to SEK 1,314.8 million (SEK 1,370.2 million) and the equity/assets ratio was 61.4 percent (63.8 percent).

Non-current liabilities for earnouts increased to SEK 306.2 million (SEK 307.1 million). The balance sheet item relates to earnouts for the acquisitions carried out by the Group.

Trade payables and other liabilities at the end of the quarter amounted to SEK 65.8 million (SEK 42.0 million).

Accrued expenses and deferred income amounted to SEK 39.4 million (SEK 45.0 million) at the end of the quarter.

CASH FLOW

Cash and cash equivalents at the start of the period amounted to SEK 669.4 million (SEK 85.4 million).

Cash flow from operating activities during the quarter amounted to SEK -4.8 million (SEK 4.0 million). Cash flow from investing activities was SEK -146.6 million (SEK -54.2 million). Cash flow from financing activities was SEK 0.0 million (SEK 384.9 million).

Total cash flow for the period was SEK -151.3 million (SEK 334.7 million). Cash and cash equivalents at the end of the period amounted to SEK 516.9 million (SEK 416.5 million).

INVESTMENTS

During the quarter, the Group's investments in tangible fixed assets amounted to SEK 14.1 million (SEK 1.5 million) and investment in the form of capitalized expenditure for games development, amounted to SEK 84.2 million (SEK 52.2 million) and investments through corporate acquisitions amounted to SEK 0.0 million (SEK 0.0 million).

PARENT COMPANY

The Group's operations are conducted in the parent company Starbreeze AB (publ), the subsidiaries Starbreeze Production AB, Starbreeze Studios AB, Starbreeze Publishing AB, Starbreeze VR AB, Starbreeze Ventures AB, Starbreeze USA Inc, Starbreeze LA Inc, Starbreeze Paris, Starbreeze IP LUX, Starbreeze IP LUX II Sarl, Starbreeze Barcelona and ePawn, Nozon and Parallaxter.

The parent company's net revenue for the first quarter amounted to SEK 11.1 million (SEK 16.3 million) and income before tax was SEK -25.5 million (SEK -18.6 million). Income after tax was SEK -20.3 million (SEK -3.8 million).

As of March 31, 2017, cash and cash equivalents totaled SEK 418.1 million (SEK 540.1 million).

The parent company's equity at the end of the quarter was SEK 1,199.1 million (SEK 1,222.0 million).

61.4%

Equity/asset ratio as
of 31 March 2017



OTHER INFORMATION

Q1

2017

ACCOUNTING AND VALUATION PRINCIPLES

This interim report is prepared in accordance IAS 34, Interim Financial Reporting. The accounting policies and calculation methods correspond to the principles applied in the annual financial statements for 2016.

In the parent company, the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act were applied in preparation of this interim report.

No new or revised IFRS standards became effective, which are expected to have any material impact on the Group.

For all financial assets and liabilities, the carrying amount is a good approximation of fair value.

RISKS AND UNCERTAINTIES

In order to prepare interim and annual reports according to generally accepted accounting principles, the company management have to make judgements and assumptions that affect the value of assets, liabilities and revenue reported in the annual financial statements. Actual outcomes may differ from these estimates.

The short-term effect on income from fluctuations in exchange rates can be positive or negative, depending on the current currency exposure from trade receivables, bank balances and other assets and liabilities in foreign currency. However, a falling dollar rate in the longer term always has a negative impact on profit margins. Due to the acquisition of several foreign subsidiaries, the Group also has translation exposure.

The largest risks and uncertainties are low revenues in connection with game launches and project delays. These and other risks such as copyright infringements, loss of key people and exchange rate fluctuations are described in Starbreeze's Annual Report 2016 in the Report of the Board of Directors on page 57 and in Note 3.

Furthermore, the value of certain assets and liabilities is based on expected outcomes, which means that these items should be regularly re-measured and thus may affect future results.

The sales trend for PAYDAY 2 and Dead by Daylight, the launch of new games and the funds that Smilegate, Acer and Första AP-fonden and others provided during 2016, means that the company estimates that the current financing is sufficient to conduct the business in its current size at least during the next 12 months. The company's Board and Management continually evaluate the Group's long-term capital requirements and financing alternatives.

POST-BALANCE SHEET EVENTS

- > In April, Starbreeze announced that PAYDAY 2 is in development for Nintendo Switch. Release is expected in 2017.
- > In April, Starbreeze along with Behaviour and 505 Games announced the intended release date and selling price of Dead by Daylight's console version.
- > In April, the highest number of concurrent players of PAYDAY 2 was recorded in 18 months, 52,906 gamers in total.
- > In April, a number of immersive Virtual Reality stories were presented for LBE (Location Based Entertainment) in StarVR Virtual Reality HMD.
- > In May, it was announced that the launch window for OVERKILL's The Walking Dead was extended to the second half of 2018 in order to ensure that the game reaches the desired AAA-quality.

	Q1	
	2017	2016
Employees	239	121
Men	198	105
Women	41	16
Net income per employee	-212 KSEK	-122 KSEK

-212 KSEK

Net income per employee

INVESTOR CONTACT

Up-to-date information about Starbreeze is available on the company's website www.starbreeze.com. You may contact the company via email: ir@starbreeze.com, phone: +46 8 209 208 or by mail: Box 7731, 103 95 Stockholm.

UPCOMING EVENTS

Interim Report Q2 2017	August 24, 2017
Interim Report Q3 2017	November 16, 2017
Year-end Report 2017	February 15, 2018
Annual Report 2017	April 12, 2018

FOR FURTHER INFORMATION

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Michael Hjorth
Chairman of the Board

Board member

Christoffer Saidac Matias Myllyrinne Eva Redhe Harold Kim

Bo Andersson Klint
CEO

This information is such that Starbreeze AB is required to disclose according to the Swedish Securities Markets Act. The information was submitted for publication on May 11, 2017 at 08:30 CET.

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CALENDAR

Interim Report Q2 2017
August 24, 2017

Interim Report Q3 2017
November 16, 2017

Year-end Report 2017
February 15, 2018

Annual Report 2017
April 12, 2018

LEFT BEHIND



DEAD BY DAYLIGHT

FREE UPDATE

INTRODUCING
BILL
NEW SURVIVOR

MARCH 8TH  STEAM

CONSOLIDATED INCOME STATEMENT

KSEK	2017	2016	2016
	Q1	Q1	JAN - DEC
Net revenue	57,270	40,802	345,463
Capitalized development work	49,632	29,293	154,450
Other operating revenue	-	-	23,132
Total	106,902	70,095	523,045
Other external expenses	-86,175	-44,429	-292,106
Employee expenses	-52,482	-26,356	-148,517
Amortization of intangible assets	-13,160	-4,185	-20,600
Depreciation of property, plant and equipment	-2,307	-1,066	-4,166
Other operating expenses	-3,577	-3,558	-1,202
Operating income	-50,799	-9,499	56,454
Financial income	74	10	17,511
Financial expenses	-5,325	-5,465	-18,196
Income before tax	-56,255	-14,954	55,900
Income tax	5,627	181	1,191
Net income for the period	-50,628	-14,773	57,091
Other comprehensive income			
Other comprehensive income that may be reclassified to net income			
Exchange differences	-4,186	-651	-4,375
Total comprehensive income for the period	-54,814	-15,424	52,716

As there are no non-controlling interests in the Group, the entire net income and comprehensive income for the period refer to the parent company's shareholders.

Earnings per share attributable to the parent company's shareholders during the period (expressed in SEK):

- before dilution	-0.18	-0.06	0.22
- after dilution	-0.18	-0.06	0.22

CONSOLIDATED BALANCE SHEET

KSEK	NOTE	2017/03/31	2016/03/31	2016/12/31
ASSETS				
<i>Intangible assets</i>				
Goodwill		402,774	73,109	404,530
Other intangible fixed assets		588,183	194,477	594,728
Capitalized expenditure for games and technology development		382,450	149,716	303,763
<i>Financial assets</i>				
Financial assets		80,184	16,001	31,971
Investments in joint ventures		8,433		8,638
Deferred tax assets		63,231	6,351	30,712
<i>Tangible assets</i>				
Computers and other equipment		35,123	17,276	23,458
Total non-current assets		1,560,378	456,930	1,397,800
<i>Current assets</i>				
Inventories		2	2	2
Trade receivables and other receivables		25,840	33,004	25,576
Prepaid expenses and accrued income		38,128	21,911	56,183
Cash and cash equivalents		516,900	416,466	669,380
Total current assets		580,870	471,383	751,141
TOTAL ASSETS		2,141,248	928,313	2,148,941
EQUITY AND LIABILITIES				
<i>Equity attributable to parent company shareholders</i>				
Share capital		5,538	4,863	5,538
Other contributed capital		1,175,873	422,412	1,175,563
Reserves		-514	7,395	3,671
Retained earnings including net income for the period		133,905	113,587	185,451
Total equity		1,314,802	548,257	1,370,223
<i>Non-current liabilities</i>				
Non-current liabilities, additional consideration		306,237	8,284	307,099
Deferred tax liability		144,941		119,134
Other non-current liabilities		270,105	261,458	265,535
Total non-current liabilities		721,283	269,742	691,768
<i>Current liabilities</i>				
Trade payables and other liabilities		65,785	42,166	41,990
Accrued expenses and deferred income		39,378	68,148	44,960
Total current liabilities		105,163	110,314	86,950
TOTAL EQUITY AND LIABILITIES		2,141,248	928,313	2,148,941

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	Share capital	Other contributed capital	Reserves	Retained earnings	Sum of equity
Balance at 1 January 2017	5,538	1,175,563	3,671	185,451	1,370,223
Net income for the period	-	-	-	-50,628	-50,628
Other comprehensive income for the period					
Exchange differences	-	-	-4,185	-	-4,185
Total comprehensive income	5,538	1,175,563	-514	134,823	1,315,410
Transactions with shareholders:					
Vested employee stock options	-	310	-	-	310
Issue cost recognized in equity	-	-	-	-1,177	-1,177
Deferred tax effect on issue cost recognized in equity	-	-	-	259	259
Total contribution from and value transfers to shareholders, recognized directly in equity		310	-	-918	-608
Closing balance at March 31, 2017	5,538	1,175,873	-514	133,905	1,314,802

Balance at 1 January 2016	4,607	257,352	8,046	128,360	398,365
Net income for the period	-	-	-	-14,776	-14,776
Other comprehensive income for the period					
Exchange differences	-	-	-651	-	-651
Total comprehensive income	4,607	257,352	7,395	113,584	382,938
Transactions with shareholders:					
New issue through exercise of stock options	64	33,746	-	-	33,810
Shareholders' contributions received	-	1,992	-	-	1,992
Vested employee stock options	-	483	-	-	483
New issue	192	128,839	-	-	129,031
Total contribution from and value transfers to shareholders, recognized directly in equity	256	165,060			165,316
Closing balance at March 31, 2016	4,863	422,412	7,395	113,584	548,254

CHANGE IN NUMBER OF OUTSTANDING SHARES	Q1	JAN - DEC
Number of shares at the start of the period	276,879,720	230,361,091
Non-cash issue		1,138,385
Subscription of shares through exercise of options	49,992	6,560,898
New issue		38,819,346
Number of shares at the end of the period	276,929,712	276,879,720

CONSOLIDATED STATEMENT OF CASH FLOWS

KSEK	NOTE	2017	2016	2016
		Q1	Q1	JAN - DEC
Operating activities				
Cash flow from operations	3	-3,246	9,642	8,868
Interest paid		-2,153	-409	-2,682
Interest received		1,975	9	5,410
Income taxes paid		-1,361	-5,200	3,695
Cash flow from operating activities		-4,785	4,042	15,291
Investing activities				
Purchase of property, plant and equipment		-14,133	-1,561	-9,449
Investments in subsidiaries		-	-	-60,412
Purchase of intangible assets		-	-	-15,354
Investment in other financial assets		-48,213	-378	-9,668
Investment in capitalized expenditure for games development		-84,209	-52,246	-194,871
Cash flow from investing activities		-146,555	-54,185	-289,754
Financing activities				
New issue		-	162,841	554,906
Payments for stock options		-	1,992.00	14,128.00
Increase in non-current liabilities		-	220,052.00	284,945.00
Cash flow from financing activities			384,885	853,463
Cash flow for the period		-151,340	334,742	579,000
Cash and cash equivalents at the beginning of the period		669,380	85,354	85,354
Exchange difference in cash and cash equivalents		-1,140	-3,650	5,026
Cash and cash equivalents at the end of the period		516,900	416,446	669,380

KEY RATIOS, GROUP

	2017	2016	2016
	Q1	Q1	JAN - DEC
Net revenue, KSEK	57,270	40,802	345,463
EBITDA, KSEK	-35,332	-4,248	81,220
EBIT, KSEK	-50,799	-9,499	56,454
Income before tax, KSEK	-56,255	-14,954	55,900
Income after tax, KSEK	-50,628	-14,773	57,091
EBITDA margin, %	-33.1	-6.1	15.5
EBIT margin, %	-47.5	-13.6	10.8
Profit margin, %	-52.6	-21.3	10.7
Equity/asset ratio, %	61.4	59.1	63.8
Closing price of A share for the period, SEK	15.30	15.40	19.20
Closing price of B share for the period, SEK	15.30	15.30	19.30
Earnings per share before dilution, SEK	-0.18	-0.06	0.22
Earnings per share after dilution, SEK	-0.18	-0.06	0.22
Number of shares at end of period before dilution	276,929,712	243,133,362	276,879,720
Number of shares at end of period after dilution,	304,402,443	245,849,583	304,352,451
Average number of shares before dilution	276,929,712	239,502,766	255,276,469
Average number of shares after dilution	278,796,145	242,218,987	257,234,798
The average number of employees	220	114	151
The number of employees at the end of the period	239	121	212

KEY RATIOS, GROUP

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBIT

Earnings before interest and taxes.

EBITDA margin (from Q1 2016 calculated as a percentage of total revenue)

Earnings before interest, taxes, depreciation and amortization as percentage of total revenue.

EBIT margin (from Q1 2016 calculated as a percentage of total revenue)

Earnings before interest and taxes as percentage of total revenue.

Profit margin (from Q1 2016 calculated as a percentage of total revenue)

Profit as percentage of total revenue.

Equity/assets ratio

Equity as a percentage of total capital.

Earnings per share

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

Equity

Reported equity including 78 percent of untaxed reserves.

DEFINITIONS

Location-based entertainment (LBE)

Location-based entertainment (LBE), is various forms of entertainment linked to specific places. LBE is often used as a broad expression for entertainment such as theme parks, movie theaters, bowling alleys, arcades or where visitors go to play computer games and so on. IMAX VR center is a typical example of LBE.

PARENT COMPANY INCOME STATEMENT

	2017	2016	2016
KSEK	Q1	Q1	JAN - DEC
Net revenue	11,144	16,319	100,686
Other operating revenue	-	-	-
Total revenue	11,144	16,319	100,686
Other external expenses	-18,778	-21,978	-86,811
Employee benefit expenses	-12,451	-5,959	-19,921
Depreciation of property, plant and equipment	-181	-166	-432
Other operating expenses	-228	-2,238	-2,342
Operating income	-20,494	-14,022	-8,820
Other financial income	327	809	2,041
Financial expenses	-5,303	-5,408	-432
Income after financial items	-25,470	-18,621	-7,211
Appropriations		13,713	51,887
Income before tax	-25,470	-4,908	44,676
Income tax	5,145	1,100	5,258
Net income for the period	-20,325	-3,808	49,934

For the parent company, net income for the period corresponds to total comprehensive income.

PARENT COMPANY BALANCE SHEET

KSEK	2017/03/31	2016/03/31	2016/12/31
ASSETS			
<i>Fixes assets</i>			
Computers and other equipment	1,087	1,671	1,265
Participations in group companies	768,995	152,122	690,126
Deferred tax assets	10,397	6,352	5,252
Participations in associated companies	46,500	-	8,507
Total non-current assets	826,979	160,145	705,150
<i>Current assets</i>			
Receivables from Group companies	730,093	267,300	761,308
Other receivables	539	4,959	549
Prepaid expenses and accrued income	1,829	1,251	1,295
Cash and cash equivalents	418,121	346,869	540,118
Total current assets	1,150,582	625,247	1,303,270
TOTAL ASSETS	1,977,561	785,392	2,008,420
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	5,538	4,863	5,538
Fair value reserve	329	-332	2,054
Share premium reserve	1,129,776	376,315	1,129,465
Retained earnings	83,757	76,945	76,945
Net income for the period	-20,325	-3,808	7,991
Total equity	1,199,075	453,983	1,221,993
<i>Untaxed reserves</i>			
Accumulated excess depreciation	16	16	16
Total untaxed reserves	16	16	16
<i>Non-current liabilities</i>			
Other non-current liabilities	570,014	227,158	565,179
Total non-current liabilities	570,014	227,158	565,179
<i>Current liabilities</i>			
Trade payables	975	1,782	3,391
Liabilities to Group companies	187,985	49,211	195,499
Other liabilities	2,830	1,421	6,664
Accrued expenses and deferred income	16,666	51,821	15,678
Total current liabilities	208,456	104,235	221,232
TOTAL EQUITY AND LIABILITIES	1,977,561	785,392	2,008,420

NOTES

NOT 1: PLEDGED ASSETS

CONSOLIDATED PLEDGED ASSETS AND LIABILITIES

During 2014/2015, the company entered into an agreement with a distribution partner where the distributor has the opportunity to obtain a bonus if certain sales targets are achieved. The company made the assessment last year that it was unlikely that these targets would be met, and therefore the commitment of SEK 33.4 million had been entered as a contingent liability and not as a liability in the balance sheet. The agreement has now been renegotiated, which means that the contingent liability no longer remains.

KSEK	2017/03/31	2016/03/31	2016/12/31
Pledged assets	5,348	4,499	5,387
Contingent liabilities	-	32,589	-

NOT 2: FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

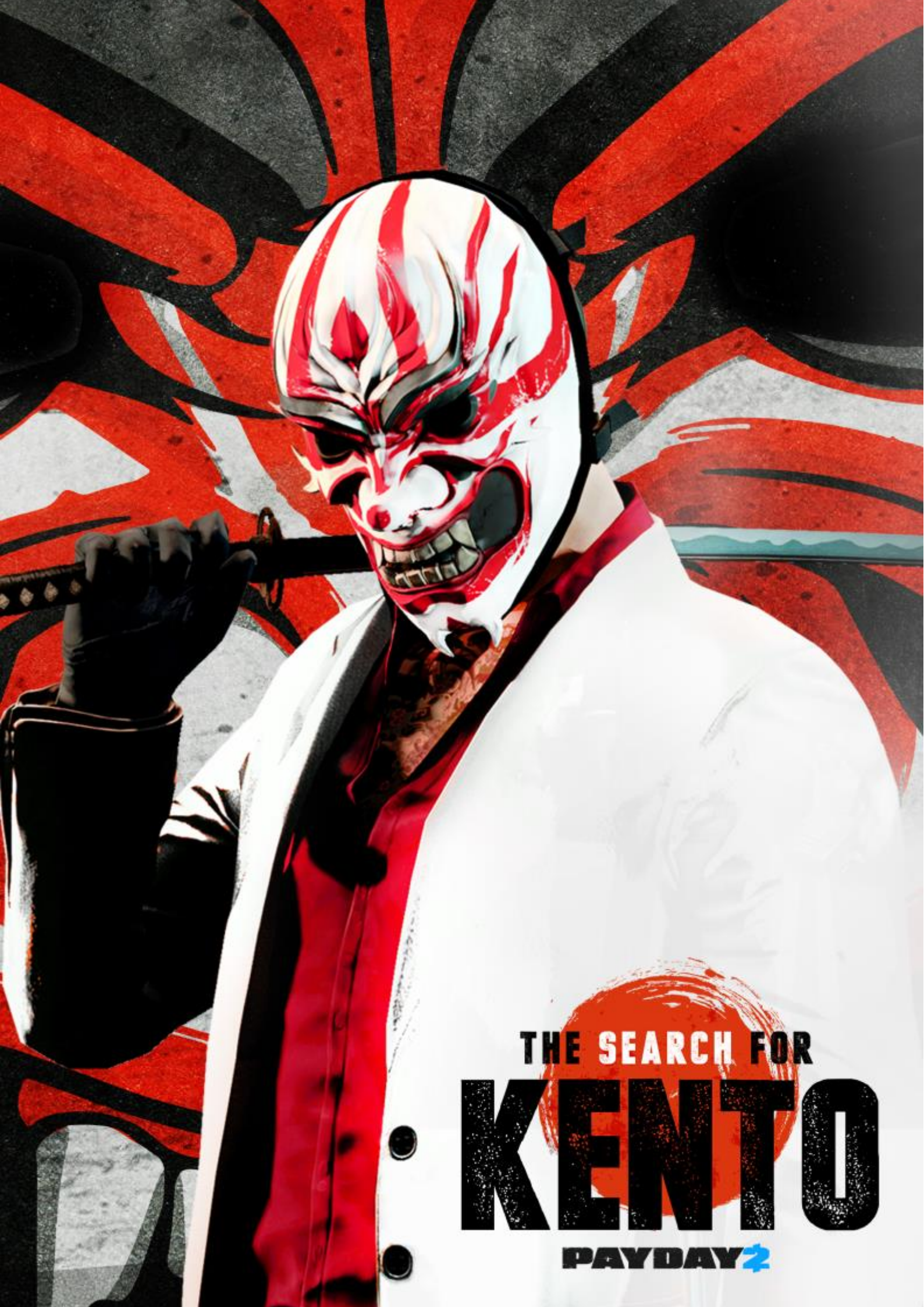
TSEK	3/31/2017	12/31/2016	Level
Assets classified as available for sale			
Financial assets, shares in Cmunne	11,502	11,502	2
Financial assets at fair value through profit or loss			
Investments in convertible loans	30,707	14,183	2
Financial debts			
Additional consideration	306,237	307,099	3
Konvertible loans	20,000	16,857	2

Information on fair value and fair value hierarchy, is available in the statutory accounts for 2016

NOT 3: CASHFLOW FROM OPERATIONS

CASH FLOW FROM OPERATIONS

TSEK	2017 Q1	2016 Q1	2016 JAN-DEC
Operating income	-50,799	-9,499	55,900
Adjustments for items with no cash flow effect:			
-Amortization of intangible assets	13,160	4,185	20,600
-Depreciation of tangible assets	2,307	1,066	4,166
-Financial net	0	0	554
-Unrealized exchange rate differences	1,360	890	19,332
Increase (-) decrease (+) of current receivables	6,931	10,678	-49,337
Increase (+) decrease (-) of current liabilities	23,795	2,322	-42,347
Cash flow from operations	-3,246	9,642	8,868



THE SEARCH FOR
KENTO
PAYDAY 2