



Press release November 13th 2014

Interim Report July 1st - September 30th 2014

FIRST QUARTER (JUNE - SEPTEMBER 2014)

- > Net sales amounted to SEK 30.0 million (SEK 90.3 million).
- > Operating income before depreciation, EBITDA, amounted to SEK 8.5 million (SEK 81.4 million).
- > Profit before tax amounted to SEK 4.2 million (SEK 79.4 million) and profit after tax amounted to SEK 2.5 million (SEK 72,2 million).
- > Earnings per share before dilution were SEK 0.02 (SEK 0.52) and earnings per share after dilution were SEK 0.02 (SEK 0.51).
- > As of September 30 2014, cash and cash equivalents to SEK 161.7 million (SEK 92.6 million).
- > During the quarter, PAYDAY 2 net sales amounted to SEK 22.8 million.
- > In August 2014 it was announced that Starbreeze are proceeding with a long-term cooperation with Skybound to create games based on the IP The Walking Dead. At the same time, it was announced that Starbreeze will also deliver a brand new co-op game, titled OVERKILL's The Walking Dead.
- > In September 2014 the company acquired the US company Geminose Inc. Geminose is a franchise for kids between the ages 5-12 that combines toys and interactive gameplay on multiple platforms, including iOS. On 11/09/2014 Geminose merged with the Group's newly established subsidiary Starbreeze USA Inc.

AFTER THE PERIOD

- > In October the Crimefest launched, a festival of twelve days to celebrate the PAYDAY-franchise three-year anniversary.

- > In February the PAYDAY 2 community was the fifth largest user group on the PC platform Steam with about 350,000 active members. In July the group became the biggest group on Steam. As of November, the group has more than 1,9 million active members.
- > In October, the doors opened to OVERKILL Software's own merchandise store - <http://store.overkillsoftware.com>
- > In October it was announced that Starbreeze in collaboration with Lions Gate would make John Wick a playable character in PAYDAY 2
- > In October, an announcement was made regarding collaboration between Starbreeze and indie studio Lion Game Lion, who are currently working on a DLC to PAYDAY 2 titled "The Bomb".
- > In October Starbreeze's share of the revenue from the sale of PAYDAY 2, via the PC platform Steam, amounted to SEK 15.1 million.

CEO BO ANDERSSON KLINT GIVES HIS COMMENT, SUMMARY

The PAYDAY brand, 9 million heisters!

During the quarter, we released no less than three updates to PAYDAY 2, which with continued strong sales from previous releases yielded a good turnover.

Additionally, in October PAYDAY 2 contributed SEK 15.1 million in revenue on Steam during our Crimefest activity. A strong Q2 is thus to be expected.

The first quarter's revenue decline compared to last year was expected. This time last year we released PAYDAY 2 – we're currently nurturing this product and are developing others, with retained profitability. Increased costs of the quarter include cost of outsourcing, employee stock options and costs related to the acquisition of Geminose.

A year ago we proudly announced that we had sold SEK 1.58 million units of PAYDAY 2, providing a small taste of the new digital strategy that we now have realized and capitalize on. Today, with even more pride, we announce that PAYDAY: The Heist and PAYDAY 2 together have sold more than 9 million units per November 1st 2014. We have also sold more than 8 million paid DLC packages since PAYDAY 2 was released.

As of September 30 2014, Starbreeze revenue for PAYDAY 2 totals SEK 201.5 million, proving the strength of the brand a year after its initial release. We're seeing that PAYDAY 2 is syndicating and establishing itself as one of the more permanent games in the digital gaming world.

Our strategic turn-around has yielded good results; we adapt and improve ourselves all the time. The PAYDAY-series has seen more than 100 updates and we're now seeing the payoff. Our expandable design with frequent updates and close contact with the customer base has paid off and we are rapidly growing. In the coming days we will, as the first group ever, reach 2 million members in the PAYDAY 2 community on Steam. We will also find new ways to broaden our customer base through marketing collaborations such as with Lionsgate's John

Wick movie. All our activities generate knowledge that we accumulate and assimilate while we plan for the future.

Our sale pulses lead the way and have proven that PAYDAY 2 is a product that will continue to give. We have adjusted our strategy accordingly: simply, make more PAYDAY.

During our Crimefest celebrations, there were no less than thirteen PAYDAY products included on Steam's site wide 100 top-sellers list at a given time. Worth noting is that during the past nine months, Steam has added over 1,300 titles on their service. PAYDAY 2 is at the time of writing, the fourth most played game on Steam, a full 14 months after the games release. Only Valve's own products are more popular. The value of the PAYDAY brand must be nurtured and further invested in, in order to be maintained throughout 2015 and 2016.

To maximize the life of PAYDAY, we have teamed up with the independent game studio Lion Game Lion with the aim to jointly expand PAYDAY 2 in the years to come.

2015 will see our first launch on Xbox One and PlayStation 4 together with 505 Games as publisher - PAYDAY 2 for next-generation consoles in both digital and physical versions will be released. This technical upgrade is also very important for our future products.

With OVERKILL's The Walking Dead on the road map, paired with PAYDAY 2's continued success, the strength of our portfolio is growing. The Walking Dead is a huge brand with millions of fans worldwide. OVERKILL is to deliver a great title where focus and discipline is a requirement: a production of this magnitude will require hundreds of man-years of development and testing. The potential is just as enormous and should not be overlooked for short profit taking.

STORM continues to be in production and we have a stable plan for it. We believe that with our current product focus and our internal development capabilities will best benefit a STORM release outside of 2015. Storm is our future.

We intend to release STORM in 2017 and it will give us the maximum revenue in a large existing customer base. Along with Geminose' technology, this kind of release will be optimal, both from a cost- and a marketing standpoint.

Geminose is in preproduction and is using a small core team in Los Angeles and very cost effective outsourcing. In Los Angeles, we are setting up a new office, which will be operational around March 2015. It will provide space for our growing business, housing Geminose, developing technology for STORM, enabling more business around the PAYDAY brand, as well as increased publishing focus and support for our big investment in OVERKILL's The Walking Dead. The office will house about 15 to 20 people during 2015.

In the calendar year of 2016, Geminose will be launched. OVERKILL's The Walking Dead will completely dominate the last half of the same calendar year.

During 2015, we are looking to launch at least one publishing collaboration. Starbreeze has a very large customer base and a leading global knowledge of digital distribution that we must take advantage of to maximize our revenue and our value. With regular product releases in 2015, 2016 and 2017, we see a fantastic Starbreeze that can build long-term value with good cash flow without the need of external financing. We have a growing cash reserve and a strong team of experienced developers.

I eagerly look forward to maintaining our digital sales pulses, generating good revenue and gaining market shares in the digital world during 2015.

We'll never stop making PAYDAY.

BRIEF INFORMATION ABOUT STARBREEZE:

Starbreeze is an independent creator, publisher and distributor of high quality entertainment products, headquartered in Stockholm, Sweden. At Starbreeze we create games by our own design and through licensed content, establishing franchises that can live and prosper outside the game itself. We live and die by gameplay.

Starbreeze is pioneering digital self-publishing, currently hosting one of the largest community groups on the digital distribution platform Steam. Starbreeze's most recent products include PAYDAY 2, our adrenaline fuelled bank robbing co-op game and the critically acclaimed Brothers – A Tale of Two Sons.

Starbreeze AB is publicly traded on Nasdaq Stockholm First North Premier under the ticker STAR and the ISIN code: SE0005992831. Starbreeze brands include OVERKILL Software and the PAYDAY series.

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