



**Press release November 12<sup>th</sup> 2015**

**Starbreeze AB (publ) Interim Report July 1<sup>st</sup> 2015 – September 30<sup>st</sup> 2015**

The full Q1 2015/2016 report is available at [www.starbreeze.com/investor-relations/](http://www.starbreeze.com/investor-relations/)

#### **FIRST QUARTER (JULI – SEPTEMBER 2015)**

- Net sales amounted to SEK 49.9 million, (SEK 30.0 million), an increase of 66%. Total revenue amounted to SEK 75.9 million (SEK 31.8 million), an increase of 139% year on year.
- Operating income before depreciation, EBITDA, amounted to SEK 8.4 million (SEK 8.5 million)
- Profit before tax amounted to SEK 7.2 million, (SEK 4.2 million) and profit after tax amounted to SEK 6.4 million (SEK 2.5 million)
- Earnings per share before dilution were SEK 0.03 (SEK 0.01) and earnings per share after dilution were SEK 0.03 (SEK 0.01)
- Cash flow from operating activities amounted to SEK 49.5 million (SEK 24.5 million)
- As of September 30, the cash balance amounts to SEK 123.6 million (SEK 161.7 million).
- During the quarter, PAYDAY 2 net sales amounted SEK 48.4 million (SEK 28.3 million).
- In July, the Los Angeles developer studio Orange Grove Media was acquired.
- In July, 3D and VR game engine Valhalla was acquired.
- Also in July, Starbreeze announced that it had acquired the majority of the remaining shares in PAYDAY Productions LLC, which finally gathered the remaining IP rights to PAYDAY into the group.
- In August Starbreeze announced its first virtual reality publishing project in collaboration with Lionsgate; a first person shooter game in VR based on the hit movie IP John Wick.

- In August, Starbreeze and OVERKILL hosted the first edition of PAYDAYCON in Seattle, USA. PAYDAYCON aims to provide PAYDAY-fans with a venue to hang out with likeminded and meet the developers and talents connected to the franchise.
- In September, Starbreeze announced its collaboration with Tobii to integrate their eye tracking technology into Starbreeze Virtual Reality-headset, StarVR.

## **AFTER THE PERIOD**

- The second edition of Crimefest was launched October 15. Crimefest is a 10-day community festival celebrating the PAYDAY-franchise four-year anniversary. During the celebrations the game gained 10 updates.
- As the first update of Crimefest, the Black Market Update was released and Steam Economy was implemented into PAYDAY 2. The update enables players to optionally utilize micro transactions to acquire cosmetic or feature enhancing items. The Steam Marketplace, where the transactions take place, is fully integrated with Steam's digital distribution platform.
- In February 2014 PAYDAY 2 had the fifth largest community on the PC digital distribution platform Steam with around 350 000 members. Today PAYDAY 2 has the largest official community on Steam and had in November over 3,3 million members.
- In October, Starbreeze share of the revenue for PAYDAY 2 sales via the PC platform Steam amounted to 10,9 MSEK.

## **CEO BO ANDERSSON KLINT GIVES HIS COMMENT**

### **Starbreeze On Track**

Closing Starbreeze first quarter of its new financial year 2015/16 I can yet again conclude that the group continues to deliver both strong growth and a healthy profit. We have now repeated this four quarters in a row - two years post the launch of PAYDAY 2.

During Starbreeze first quarter the group deliver significant financial performance with net sales reaching 49.9 MSEK an increase by 66 per cent compared to Q1 last year. Our best selling franchise, PAYDAY 2, continues to delivers exceptional growth at an all time high 71 per cent reaching 48.4 MSEK.

The running costs for the new organization and brands have stabilized. That said, we'll continue the tight supervision and control of our operating expenses by being both cautious and selective on how we invest. The run rate for our operating expenses has decreased with 13 MSEK vs. the previous quarter.

EBITDA reached 8.4 MSEK which is at the same level as the corresponding quarter last year despite a period where we're building out the business to generate revenues from multiple IPs and products.

During the years to come we'll continue to grow our organization and expand our business simultaneously as we deliver growing revenues and an improved EBITDA margin.

During the quarter Starbreeze has strengthened its cash position through a strong cash flow from its own operations and the group is ending the quarter with cash balance north of 120 MSEK.

As Starbreeze now moves into the new fiscal year, we're focusing on capitalizing on the many new and exciting opportunities that has arisen since E3 and the reveal of our Virtual Reality (VR) headset, StarVR. There's currently an amazing drive in the global VR community and its exhilarating for us to participate in the shaping of how the second generation of VR technology will evolve.



Our VR bus, the Overkill's The Walking Dead mobile VR-experience has been touring the US with Walker Stalker Con since it's premiere at Comic Con San Diego in July. We've had an amazing time connecting with The Walking Dead-fans across the continent and at the same time had a wealth of feedback during the tour. We'll make the last Walker Stalker stop for this leg of the journey in New York in December. The VR bus will then be re-purposed and re-shaped for new VR adventures in the next year.

In august we announced the collaboration with Tobii, where we will work together to integrate their amazing eye-tracking technology into StarVR. These type of collaborations will be key in our strategy and ambition to provide high end world class VR experiences where we can learn and develop together with other world leading tech-companies. The road forward for VR in the different areas of the entertainment industry is still in early development but our agile organization, software development strategy and the opportunistic way of making business makes us well geared to quickly make tactical and strategic decisions where needed to keep in the fore front.

In this, relative to our fourth quarter calmer period, the biggest news for our community has no doubt been the game changer we implemented into PAYDAY 2. With the Black Market Update, we introduced Steam Economy, the possibility to utilize trading between users of in-game items and the limited use of uniform micro transactions in the game to acquire those items.

All players can now be awarded an item in the game, a safe, that can contain certain cosmetic and feature enhancing items. To gain access to these optional items, the safe must be opened with a drill that can be awarded in the game for free as part of the normal game mechanic, or optionally acquired through the Steam Marketplace if the user wants it faster or simply more items. Any player not wanting to invest in a drill, can either gift or sell the safe on the marketplace and thereby participate and benefit from it.

The decision has by some been perceived as a controversial option for PAYDAY and we expected this to be a well discussed feature.

All in all, we are content with the development we're seeing so far. It is important to note that our approach is the same as other Steam games such as Counter Strike GO and DOTA 2 that are hugely successful due to this and live on for years fueled by the Steam Market. This is by no means something that will change our revenues immediately but something Starbreeze needs to learn and monitor for the future.

We have already seen some positive and interesting outcomes:

- Peak amount of players in September were around 25 000. The number has been surpassed almost all days since the Steam Economy was launched in PAYDAY.
- The weekly play time of the active average player is for the last 30 days up by a incredible 40 percent which is the highest number in the past 7 months.
- The Steam Marketplace has so far seen items traded from 3 cents up to 300 USD. The game economy underneath is working and is balanced.
- Almost 100 000 new members have joined the PAYDAY 2 Steam Community during the Crimifest activities this year. It now hosts more than 3.3 million members.

We also managed to update and patch the long standing problem with PAYDAY matchmaking on XboxOne, having to switch to Microsoft's new matchmaking system, which was released on the console just after our release of PAYDAY 2: Crimewave Edition. It is now finally deployed to users and is working as intended. We're now working hard on getting up to speed with the next generation DLC plan for the consoles.

PAYDAY remains strong and is frequently played among the top 10 games on Steam. Our objective is to remain in this position for the full year of 2016 and the game will see a lot of new interesting content and features to keep our players entertained.

Having recently hosted our first global internal Producers Summit where all our producers presented the current state of their projects to each other, I'm really confident when I see the progress were making. Moving into the colder months of the year, we're eagerly looking forward to the Lionsgate John Wick VR launch and our Canadian colleagues first preview of Dead by Daylight. It'll definitely give you and your friends a good scare. With Geminose and our other projects on track, 2016 couldn't come sooner.

Let's keep doing it!

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**For more information, please contact:**

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### **About Starbreeze**

Starbreeze is an independent creator, publisher and distributor of high quality entertainment products. With studios in Stockholm, Paris and Los Angeles, the company creates games by own design and through licensed content, aiming to create franchises that prosper as games and elsewhere. We live and die by gameplay.

Starbreeze's most recent games include PAYDAY 2, the adrenaline fuelled bank robbing co-op game and the upcoming survival co-op FPS OVERKILL's The Walking Dead based on the hit comic series. Starbreeze is pioneering digital self-publishing, inviting developers to leverage its self publishing knowhow on Steam, having one of the largest communities on the digital distribution platform.

Next, Starbreeze is set to develop truly immersive virtual reality experiences, integrating software and hardware in the Project StarVR and the StarVR head mounted display.

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>.