



**Press release February 25<sup>th</sup> 2016**

**Starbreeze AB (publ) Year-end report October 1<sup>st</sup> 2015 – December 31<sup>st</sup> 2015**

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

**CHANGED FISCAL YEAR**

Note that in accordance with the decision taken on the Annual Shareholders Meeting in November 2015, this will be the last report of the fiscal year 2015/2016. The next report to be issued from Starbreeze will be the First Quarterly Report of 2016 and will be distributed on May 12 2016.

**SECOND QUARTER (OCTOBER – DECEMBER 2015)**

- Net sales amounted to SEK 48.9 million, (SEK 47.7 million), an increase of 3%. Total revenue amounted to SEK 73.6 million (SEK 50.5 million), an increase of 46% year on year.
- Operating income before depreciation, EBITDA, amounted to SEK 15.2 million (SEK 24.8 million).
- Profit before tax amounted to SEK 14.0 million, (SEK 20.4 million) and profit after tax amounted to SEK 15.4 million (SEK 14.0 million).
- Earnings per share before dilution were SEK 0.07 (SEK 0.06) and earnings per share after dilution were SEK 0.07 (SEK 0.06).
- Cash flow from operating activities amounted to SEK -3.0 million (SEK 19.0 million).
- As of December 31 2015, the cash balance amounted to SEK 85.4 million (SEK 184.4 million).
- During the quarter, PAYDAY 2 net sales amounted to SEK 47.7 million (SEK 45.4 million).
- For the PAYDAY-franchise, the Crimefest 2016 campaign took place in October and in December the yearly Steam Winter Sale occurred as usual.

- On October 15<sup>th</sup>, 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 November Starbreeze participated in the Nokia OZO launch event, MAKING VIRTUAL REALITY, that took place in Los Angeles.

## **AFTER THE PERIOD**

- In January Starbreeze signed an agreement with the Korean company Smilegate. Starbreeze will develop a game based on Smilegate's Crossfire franchise and adapt it for the Western markets. Smilegate also becomes Starbreeze's distribution partner for PAYDAY 2 and OVERKILL's The Walking Dead on the Asian markets.
- On the VRLA event in January the StarCade project was announced. It was communicated that Starbreeze will open a arcade-like VR center in Los Angeles later in the year.
- In February Dead by Daylight website was launched with an initial journal from the developers. Visit the website at – [www.deadbydaylight.com](http://www.deadbydaylight.com).
- In February an extraordinary general meeting was held. At the meeting the proposed targeted share issue for Smilegate Holdings Inc. was approved. The meeting also decided to expand the Board by one member and to appoint Joon Ho Sung, CIO at Smilegate, for the vacant seat.
- In January, Starbreeze share of the revenue for PAYDAY 2 sales via the PC platform Steam amounted to SEK 7.0 million.

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

### **THE STARBREEZE CONTINUES**

CEO Bo Andersson Klint comments

Step by step our team is continuing to build Starbreeze into a true global entertainment company.

### **FINANCIAL HEALTH**

With an un-broken sequence of five quarters in a row Starbreeze continues to build a solid track record of profitable growth with one single franchise, PAYDAY.

During Starbreeze second and final quarter of the shortened financial year 2015, the group generated net sales of 48.9 MSEK an increase by 3 per cent compared to Q2 last year. Our bestselling franchise, PAYDAY 2, continues to deliver exceptional growth.

When we presented our fourth quarter last financial year we established that our operational expenses would settle back down. Last quarter our operating expenses declined and we continue to

deliver on our promise by further decreasing our running costs with additional 9.3 MSEK, still with focused expansions building for the future.

EBITDA reached a healthy level of 15.2 MSEK simultaneously as we're gearing up our portfolio to generate revenues from multiple IPs and products for years to come.

With a EBITDA margin of 31% we've reached a sound check point on our route towards unleashing the full potential of the financial powers of our business model.

Our cash balance when exiting the financial year amounts to 85.4 MSEK with 13.8 MSEK generated from our operations. With the cash injection from Smilegate of 344,1 MSEK Starbreeze will have a liquidity that stands out industry wide.

## **THE GREAT SMILEGATE PARTNERSHIP**

One of the most significant deals we've done in Starbreeze history took place just after the New Year, and as a result we proudly welcome Korean company Smilegate to the family as a significant strategic partner. Mr. Sung, Smilegates Chief Investment Officer has now joined our Board of Directors and we look forward to a future where we together can work towards building bridges between our two markets. There are many extraordinary components to our collaboration, but to mention a few:

We've secured the rights to develop our own interpretation of the Crossfire-franchise for the Western markets. Crossfire is one of the largest online FPS franchises in the world with over 500 million players having installed the game and with sales reaching \$1.1 billion during the fiscal year 2014.

We've gained a superb and knowledgeable partner in the Eastern markets, who will help us take our products to Asia. Overkill's The Walking Dead will simultaneously be developed for both the Western and Eastern audiences but will be carefully tuned to deliver an experience tailored for each market. Likewise, PAYDAY will receive an overhaul to meet the expectations and requirements of the Asian markets.

Instrumental in the deal is additionally that we've managed to secure at least two years' additional burn rate in funding. Over the next few months we will increase our efforts and strengthen the Stockholm development team to meet the requirements for running these simultaneous productions. During the past two years we've grown organically, starting at around 40 developers in Stockholm by the time we listed on First North, to now employ over 120 people across three offices, including Paris and Los Angeles.

## **OUR GROWING ORGANISATION**

Saul Gascon, our Global Development Director that joined us last year, is working diligently to setup our new global production pipeline. Additionally, Johanna Wikland has just joined as a new Global HR Director to make sure we can continue to grow in the pace we set from a people perspective. Maeva Sponbergs is strengthening her communications team with an IR & Communications Analyst that'll increase our bandwidth to meet the many requests coming through from potential investors and media alike. Our internal marketing team is additionally getting increased support to back our VR

initiatives and assure we're the best development and publishing partner possible for independent developers.

We are looking to recruit a good number of both senior and junior developers for our many exciting projects. Starbreeze is a great place to experience and partake in the charge of changing the entertainment industry as a whole.

With our VR initiatives gradually walking into the public forum we are also becoming a great attraction for superior talent worldwide that want to join the VR industry at the top.

## **STARBREEZE PUBLISHING IN ACTION**

With Dead by Daylight, Behaviour will be our first development partner releasing a game this year. Since announcing the website for Dead by Daylight earlier this month, the steam community has grown to more than 36 000 members and we've gotten great community feedback and are looking forward to telling you more in the weeks and months to come.

The John Wick VR experience is being continuously developed. We are constantly adapting its schedule together with our partners to reach an optimal release window. Our collaboration with Lionsgate evolves further and together we now have John Wick VR, John Wick- and Point Break collaborations for PAYDAY.

## **STARVR TECHNOLOGY EVOLVING**

Speaking of things we're looking forward to; we recently announced our next project for VR; the StarCade initiative where we launch an all new concept for showcasing VR in Los Angeles. In our Arcade-like, StarVR exclusive setup, we will be able to provide the absolutely best and high fidelity VR-experiences possible using our own StarVR headset. We're rolling out the arcade concept in several phases, to Starbreeze, location based VR is key in our StarVR strategy, and this is step two in that evolution where we're moving from pure R&D to actually testing our technology in a fully commercial environment.

The announcement has generated spectacular attention so far and we're excited to have created such a great demand for collaborations. It'll be worthwhile paying attention to these developments in VR in 2016 and be sure Starbreeze is there with StarVR to take market shares.

## **PAYDAY DEVELOPMENT CONTINUING**

PAYDAY continues to mature and we're still seeing growth and increased acquisition of new players. To that end, we will focus our efforts to continuously work on improving the experience for new and returning players.

We continue our collaborations and crossovers building an awesome roster of partnerships and learnings from this. Look forward to seeing more fun, thrilling and unexpected things, ranging from classic gems to more hardcore PAYDAY experiences during the year.

## **THE NEW YEAR IS NOW**

As 2016 begins we come out running at full speed. With Smilegate, 505 Games and Lionsgate as our main partners we aim for a year of continued investments in development, technology and more collaborations to build the next generation of the digital studio.

A year of development discipline, financial control and execution and testing of our strategy is in front of us. I as CEO can't wait for us to refine and propel Starbreeze even further.

Let's do this!

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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>.