

Q1

2020

First quarter 2020

- Net sales were SEK 22.0 million (47.8). PAYDAY accounted for SEK 21.7 million (26.7), in the comparison period for 2019 a non-reoccurring revenue of SEK 13,2 million is included.
- EBITDA* amounted to SEK 10.5 million (-106.7).
- Depreciation, amortization and impairments totalled SEK 10.4 million (49.9).
- Costs related to the reconstruction amounted to SEK 3.8 million (11.0).
- Loss before tax of SEK -97.3 million (-167.3).
Basic and diluted earnings per share were -0.28 (-0.52).
- An extraordinary general meeting was held 13 January 2020. The EGM resolved in accordance with the board's proposal to amend the terms of the company's outstanding convertible bond to extend its maturity to December 2024 and adjust the conversion price to SEK 2.25 per share.
- Starbreeze executed a directed issue of Class A shares in the amount of SEK 51.3 million to several institutional investors including Swedbank Robur, AP1 and AP4.
- Mats Juhl was appointed Chief Financial Officer (CFO) and took over that role effective 4 May 2020.

KEY FIGURES	2020	2019	2019
SEKk	Q1	Q1	JAN - DEC
Net sales	22,037	47,792	280,002
EBITDA*	10,517	-106,674	-116,457
Profit (-loss) before tax	-97,338	-167,284	-452,424
Earnings per share, SEK	-0.28	-0.52	-1.22
Cash flow from operations	3,818	-27,848	49,508
Net sales per employee	175	82	1,239

* See page 16 for definitions of key figures.



About Starbreeze

Starbreeze is an independent developer, creator, publisher and distributor of games for PC and console with a global market focus and studios in Stockholm, Barcelona and Paris. Centered around the successful PAYDAY brand, Starbreeze develops games based on its own and others' brands, both internally and in collaboration with external game developers.

Starbreeze shares are listed on Nasdaq Stockholm under the tickers STAR A and STAR B with the ISIN codes SE0007158928 (Class A) and SE0005992831 (Class B).

More information: starbreeze.com

The CEO remarks on the report

ALL FOCUS ON PAYDAY

We maintained full focus during the first quarter on the core business – creating games with PAYDAY front and centre.

Consequent upon changes in living conditions in the wake of Covid-19 and the release of PAYDAY 2: Silk Road – Cartel Business, demand for our products has increased during the quarter.

Our discussions with potential partners regarding a future publishing agreement for PAYDAY 3 are continuing in a positive spirit, but travel restrictions due to Covid-19 have somewhat impeded ongoing discussions. We are optimistic that a good publishing agreement is in the offing.

Covid-19 has had profound impact on the world and on Starbreeze as a company. We are carefully monitoring developments, adjusting to prevailing circumstances and following the recommendations of government authorities. To ensure the well-being of our people to the greatest extent possible, all employees have been working remotely since mid-March. Although this is a new situation for most, it is working well and has had no discernible effect on our productivity. At the same time, we see that the previously implemented cost savings established and having full effect. We executed a directed issue during the quarter which will create stability for the company.

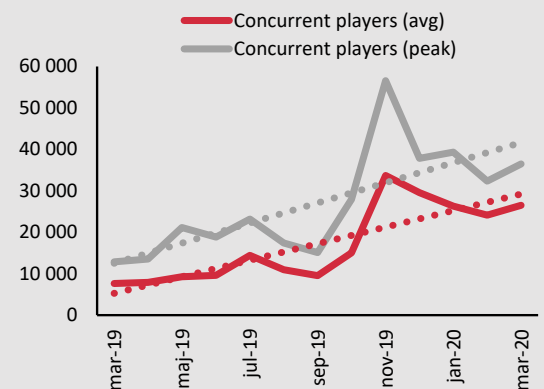
Focus going forward will be on continuing to maintain good and high-quality production and closing the publishing agreement for PAYDAY 3.

Mikael Nermark
CEO Starbreeze

Q1

2020

PAYDAY 2



Source: steamcharts.com

At peak

39,376

**Played PAYDAY 2 concurrently
in Q1**

SIGNIFICANT EVENTS DURING THE QUARTER

A summary of significant events during the quarter follows. Please visit Starbreeze.com for detailed information about events in Q1.

Increased revenue split from Steam

PAYDAY 2 and its DLC met the first sales criterion in Valve's stepped approach to a higher revenue split on 3 January. As a result, Starbreeze now receives 75% of revenues from Steam after tax and returns.

Extraordinary General Meeting

An EGM was held 13 January 2020, which resolved in accordance with the board's proposal to amend the terms of the company's outstanding convertible bond to extend its maturity to December 2024 and adjust the conversion price to SEK 2.25 per share.

Directed issue

As a component of financing operations, Starbreeze executed a directed issue of Class A shares in the amount of SEK 51.3 million to institutional investors including Swedbank Robur, AP1 and AP4. The issue comprised 32,936,784 Class A shares at a subscription price of SEK 1.557, which corresponds to the volume-weighted average price of the Class A share on 18 February 2020. The board of directors resolved in favour of the directed issue based on the authorization granted by the annual general meeting of shareholders in Starbreeze held 4 June 2019.

Mats Juhl appointed CFO

Starbreeze has appointed Mats Juhl as Chief Financial Officer (CFO). He succeeds Acting CFO Claes Wenthzel and took over the role on 4 May 2020.

Impact of Covid-19

Starbreeze has continuously monitored the impact of the ongoing Covid-19 pandemic on the business. There is no direct impact on ongoing revenue-generating operations because the majority of revenues are generated through a digital distribution model in which there is no disruption to product availability or player interaction regardless of general public measures related to social distancing. The effect on the company's revenues has been positive

As the majority of ongoing operations and game development can be carried out remotely, focus has been on strengthening the infrastructure for remote working. All employees are currently working from home. The company has assessed the short-term effect on ongoing projects as minor, but the long-term effects on future business and the efficiency of the project organisations could result in delayed deliveries.

Q1

2020

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the period.

Q1

2020

SALES AND PROFIT

The comparison period for sales and profit and loss is the corresponding period in the preceding year.

Segment reporting

Game development centred around PAYDAY is Starbreeze's core business. Accordingly, as of the 2020 financial year, the company has one segment, which accounts for the absolute majority of sales and profit. As such, no historic comparison figures will be given according to the past segments.

First quarter 2020

Sales

Net sales for the first quarter of 2020 amounted to SEK 22.0 million (47.8), of which PAYDAY accounted for SEK 21.7 million (26.7).

Costs

Direct costs amounted to SEK 9.5 million (170.6) and consist of costs related to game production and game development. The decrease is attributable mainly to capitalized development costs for sold publishing rights that were expensed in Q1 2019, but also to a reduction in the workforce and capitalization of a larger share of development work in 2020. Direct costs include depreciation, amortization and impairments of SEK 6.1 million (41.8).

Capitalized development costs reduced direct costs by SEK 17.6 million (10.3) and refer to PAYDAY: Crime War, PAYDAY 2 and PAYDAY 3.

Sales and marketing costs amounted to SEK 2.0 million (4.4) and are related primarily to employee benefits expenses. The reduction is mainly due to lower employee benefits expenses for marketing personnel.

Administrative expenses totalled SEK 19.5 million (37.8) and refer to items including office costs and payroll for employees who do not work in game production or marketing, as well as costs related to the reconstruction process. The reduction is mainly due to lower costs related to the reconstruction process. Administrative expenses include amortization of SEK 4.0 million (8.1). Capitalized development costs reduced administrative expenses by SEK 6.8 million (9.0) and refer to PAYDAY: Crime War, PAYDAY 2 and PAYDAY 3.

Other income amounted to SEK 9.2 million (8.3). The item consists of currency effects due to changes in the USD and EUR exchange rates against SEK.

Operating results

EBITDA amounted to SEK 10.5 million (-106.7).

Net financial expense

Net financial expense amounted to SEK -103.9 million (-10.6). The increase is due to the costs of extending the convertible bond. The total cost charged to net financial items as a result of the extension of the convertible loan is SEK 96.2 million. However, this has not affected liquidity. See the specification in the table on page 7. Remeasurement of earnouts amounted to SEK 0.0 million (-2.1). The share of profit and loss in the joint venture StarVR Corporation amounted to SEK -0.3 million (-1.9). Net financial income was reduced during the quarter by interest on lease liabilities of SEK 0.4 million (0.6), which is an effect of the IFRS 16 reporting standard.

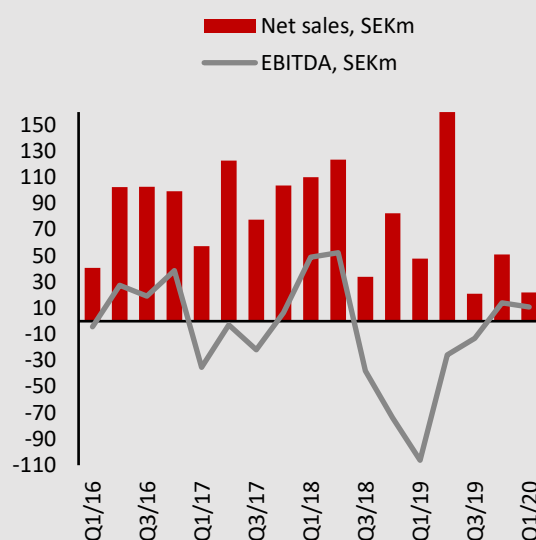
Q1

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Sales and profit

	2020	2019
SEKk	Q1	Q1
Net sales	22 037	47 792
EBITDA *	10 517	-106 674
Profit (-loss) before tax	-97 338	-167 284
Net profit (-loss) for the period	-96 863	-168 096
Earnings per share, SEK	-0,28	-0,52
Net sales growth, %	-53,9	-56,6
EBITDA margin, %	47,7	-223,2

*See page 16 for the derivation of the key figure.



Loss before tax and net loss for the period

The loss before tax for the quarter and the period was SEK -97.3 million (-167.3)

Basic and diluted earnings per share were SEK -0.28 (-0.52).

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Specification of net financial income or expense

	2020	2019
SEkk	Q1	Q1
Remeasurement of earnouts	-	-2 138
Interest on convertible bonds	-4 534	-4 485
Remeasurement of derivatives attributable to convertible bonds	-	11
Net profit (-loss) from StarVR Corp.	-278	-1 914
Renegotiation loss convertible bond	-90 934	-
Implicit Interest	-5 314	-1 008
Credit cost including interest for fully amortized loan	-1 797	-
Interest on lease liability	-414	-594
Interest on non-current liabilities according composition proposal	-423	-
Other items	-186	-521
Total	-103 881	-10 649

OTHER FINANCIAL INFORMATION

The comparison period for financial information is the corresponding period in the preceding year.

Cash flow

Cash flow from operating activities amounted to SEK 3.8 million (-27.8). The increase is attributable to the improvement in the operating result. Cash flow from (-used in) investing activities was SEK -25.0 million (-20.6). See also "Investments" below.

Cash flow from (-used in) financing activities has increased to SEK 46.6 million (-6.7), primarily related to the share issue conducted in the quarter.

Total cash flow for (-used in) the quarter was SEK 24.6 million (-55.2). Cash and cash equivalents at the end of the period amounted to SEK 107.9 million (14.5)

Investments

Consolidated investments in property, plant and equipment during the quarter amounted to SEK 0.0 million (0.3). Investments in own game and technology development totalled SEK 24.4 million (19.4).

Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 46.8 million (58.7). Intangible assets, which consist primarily of IP rights, amounted to SEK 237.0 million (351.3).

Capitalized costs for own game and technology development totalled SEK 104.9 million (186.2). The decrease is due mainly to the impairment of Crossfire.

Investments in publishing projects amounted to SEK 4.0 million (130.4). The decrease is attributable to the sale of the publishing rights to System Shock 3, Psychonauts 2 and 10 Crowns in 2019.

Amortizations and impairments of intangible assets amounted to SEK 4.5 million (11.0) during the quarter.

Current assets

Trade and other receivables amounted to SEK 18.2 million (4.3). Prepaid expenses and accrued income at the end of the period totalled SEK 31.1 million (31.7) where SEK 13.1 million (6.2) refers to the receivable for digital sales, mainly via Steam, PlayStation Store, Xbox Live and Switch.

Available-for-sale assets

Available-for-sale assets amounted to SEK 0.0 million (80.3) at the reporting date.

Equity

Consolidated equity was SEK 31.2 million (177.0) at the reporting date.

Non-current liabilities

Non-current liabilities amounted to SEK 421.5 million (255.7), where the convertible bond was SEK 213.9 million and long-term debt to Nordea, which was SEK 101.8 million. The non-current portion of the lease liability was SEK 51.3 million (91.7) and non-current trade payables amounted to SEK 12.3 million (0.0). The deferred tax liability was SEK 8.4 million (58.5).

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2020

Cash and cash equivalents at

31 March 2020

SEK 107.9 million

Current liabilities

Trade and other payables at the end of the period amounted to SEK 127.7 million (504.7), of which SEK 52.9 million relates to frozen liabilities in accordance with the reconstruction plan. SEK 19.6 million (20.1) refers to current lease liabilities. Accrued expenses and deferred income at the end of the period amounted to SEK 37.6 million (52.7).

Leases

IFRS Leases has been applied since 1 January 2019

The deposit paid for the premises in Stockholm have been reported as a non-current financial asset on the balance sheet.

Starbreeze has applied the incremental borrowing rate per country as the discount rate for discounting future lease payments. The incremental borrowing rate is based on the lessee's financial strength, country and the term of the relevant lease.

The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act (SFS 1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The interim report for the parent company has been prepared using the same accounting policies and calculation methods applied in the 2019 annual report (Note 1, pages 56-64) apart from that the parent company applies the exception permitted under RFR2 and reports all lease obligations as operating leases.

Share capital

Share capital at the end of the period amounted to SEK 7,246,000 (6,506,000) distributed among 362,304,633 shares (325,295,554) of which 85,530,241 Class A shares (53,397,677) and 276,774,392 Class B shares (271,897,877).

Risks and uncertainties

The preparation of interim reports and annual reports in accordance with generally accepted accounting practices requires management to make estimates, judgments and assumptions that affect the value of assets, liabilities and revenue reported in the financial statements. Actual outcomes may differ from these estimates and judgments.

The short-term effect on profit and loss 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. As the Starbreeze Group includes foreign subsidiaries, there is also translation exposure.

The largest risks and uncertainties are low revenues in connection with game releases 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 2019 in the Board of Directors' Report on page 47 and in Note 3. Furthermore, the value of certain assets and liabilities is based on expected outcomes. Consequently, these items must be regularly remeasured and thus may affect future profit and loss.

Starbreeze exited reconstruction in December 2019 and in January 2020 the outstanding convertible bond was extended to December 2024. Without additional financing, liquidity injections from divestitures or distribution agreements for Payday 3, the company expects a liquidity shortfall in the fourth quarter of 2020. This entails risk that the company will not have sufficient secured funds to guarantee continued operations for the next 12 months.

In the opinion of the board of directors, Starbreeze will be able to close a publishing agreement for PAYDAY 3 and PAYDAY: Crime War. However, due to the ongoing Covid-19 pandemic, the board of directors

NUMBER OF EMPLOYEES

	2020	2019
	Q1	Q1
Employees	133	580
Men	117	516
Women	16	64

133

Employees at Starbreeze

cannot guarantee that the publishing agreement will be executed by mid-year 2020.

Parent company

The group's business was conducted during the year in the parent company Starbreeze AB (publ) and the following subsidiaries: Starbreeze Production AB, Starbreeze Studio AB, Starbreeze Publishing AB, Starbreeze VR AB, Starbreeze USA Inc, Starbreeze LA Inc, Starbreeze IP LUX, Starbreeze IP LUX II Sarl, Starbreeze Barcelona SL, Starbreeze Paris SAS, New Starbreeze Studios AB, New Starbreeze Publishing AB and Enter-space AB. The Belgian subsidiary Parallaxter was divested during the quarter.

The parent company's net sales during the quarter amounted to SEK 9.9 million (19.8). Sales refer primarily to allocation of management fees.

The loss before and after tax was SEK -93.6 million (0.9)

Cash and cash equivalents at the end of the period amounted to SEK 12.4 million (1.0) and parent company equity was SEK 614.9 million (530.4).

Non-current liabilities increased to SEK 269.7 million (91.2). The increase is due primarily to the extension of the company's convertible bond, which is now classified as non-current.

Related party transactions

There were no related party transactions during the period other than payment of salaries and other compensation and intragroup transactions.

Auditor's review

This report has not been reviewed by the company's statutory auditors.

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Investor relations

Up-to-date information about Starbreeze is available on the company's website at starbreeze.com. You may contact the company via email: ir@starbreeze.com, phone: or mail: Box 7731, 103 95 Stockholm, Sweden

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The reports are published on the company's website, starbreeze.com.

Stockholm, 12 May 2020

Torgny Hellström

Chairman of the Board

Directors

Kerstin Sundberg

Hyung Nam Kim (Harold Kim)

Tobias Sjögren

Jan Benjaminson

Stefano Salbe

Financial calendar

Interim report Q2 2020 **18 August 2020**

Interim report Q3 2020 **10 November 2020**

Year-end report 2020..... **16 February 2021**

Starbreeze AB is required to disclose this information under the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the above contact persons for publication on 12 May 2020 at 08:00 CET.

Consolidated statement of comprehensive income

SEKk	NOTE	2020	2019	2019
		Q1	Q1	JAN - DEC
Net sales	3	22,037	47,792	280,002
Direct costs		-9,508	-170,565	-661,520
Gross profit (-loss)		12,529	-122,773	-381,518
Selling and marketing costs		-2,019	-4,392	-12,048
Administrative expenses		-19,541	-37,781	-109,609
Other revenue		9,190	8,327	19,221
Other expenses		-	-	-20,408
Operating profit (-loss)		159	-156,619	-504,362
Financial income		30	11	84,266
Financial expenses		-103,881	-8,762	-30,866
Share in profit or loss of holdings accounted for using the equity method		6,355	-1,914	-1,462
Profit (-loss) before tax		-97,338	-167,284	-452,424
Income tax		475	-812	51,325
Net profit (-loss) for the period		-96,863	-168,096	-401,099
<i>Other comprehensive income that may subsequently be reclassified to profit and loss</i>				
Exchange differences		-6,240	5,973	4,162
Total comprehensive income for the period		-103,103	-162,123	-396,937
Total comprehensive income for the period attributable to:				
Owners of the parent		-103,103	-162,102	-397,087
Non-controlling interests		-	-21	150
Earnings per share attributable to owners of the parent during the period (SEK):				
- Basic		-0.28	-0.52	-1.22
- Diluted		-0.28	-0.52	-1.22

CONSOLIDATED BALANCE SHEET

SEkk	NOTE	2020/03/31	2019/03/31	2019/12/31
ASSETS				
<i>Intangible assets</i>				
Goodwill		46,816	58,700	43,601
Other non-current assets		236,998	351,349	240,221
Capitalized development cost for own games and technology development		104,948	186,193	81,518
Investments in publishing projects		3,962	130,438	4,056
<i>Financial assets</i>				
Financial assets		8,101	9,780	6,258
Investments in joint ventures	5	2,917	2,742	3,195
Non-current lease receivable		5,388	-	5,716
Deferred tax assets		-	16	-
<i>Property, plant and equipment</i>				
VR facilities, IT equipment and other equipment		11,035	28,563	12,850
Right-of-Use asset-Buildings		60,129	111,520	63,764
Total non-current assets		480,293	879,301	461,179
<i>Current assets</i>				
Inventories		-	50	-
Trades and other receivables		18,240	4,325	10,391
		-	-	3,106
Prepaid expenses and accrued income		31,146	31,711	33,425
Cash and cash equivalents		107,936	14,466	82,787
Total current assets		157,323	50,552	129,709
Assets held for sale		-	80,290	1,084
Total assets held for sale		-	80,290	1,084
TOTAL ASSETS		637,616	1,010,143	591,972
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		7,246	6,506	6,587
Other contributed capital		1,762,433	1,639,516	1,711,334
Reserves		14,883	23,071	21,400
Retained earnings including net profit or loss for the period		-1,753,335	-1,494,136	-1,733,163
Non-controlling interests		-	2,016	-
Total equity		31,227	176,973	6,158
<i>Non-current liabilities</i>				
Non-current liabilities, earnouts		68	91,221	62
Deferred tax liability		8,374	58,539	7,853
Non-current lease liability		51,268	91,694	55,272
Other non-current liabilities		361,752	14,253	121,009
Total non-current liabilities		421,462	255,707	184,196
<i>Current liabilities</i>				
Trade and other payables		127,744	504,687	342,468
Current lease liability		19,637	20,106	19,181
Accrued expenses and deferred income		37,546	52,670	38,506
Total current liabilities		184,927	577,463	400,155
Liabilities held for sale		-	-	1,463
Total liabilities held for sale		-	-	1,463
TOTAL EQUITY AND LIABILITIES		637,616	1,010,143	591,972

Consolidated statement of changes in equity

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Non controlling interest	Total equity
Balance at 1 January 2020	6,587	1,711,334	21,400	-1,733,163	6,158	-	6,158
Net profit (-loss) for the period	-	-	-	-96,863	-96,863	-	-96,863
Other comprehensive income for the period							
Translation differences	-	-	-6,517	-	-6,517	-	-6,517
Total comprehensive income	6,587	1,711,334	14,883	-1,830,026	-97,222	-	-97,222
Transactions with shareholders:							
New issue through exercise of stock options	-	-	-	-	-	-	-
New issue through exercise of convertible bonds	659	50,064	-	-	50,723	-	50,723
Shareholders' contributions from composition proposal	-	0	-	76,692	76,692	-	76,692
Non-cash issue in progress	-	1,034	-	-	1,034	-	1,034
Total contribution from and value transfers to shareholders, recognized directly in equity	659	51,098	-	76,692	128,449	-	128,449
Balance at 31 March 2020	7,246	1,762,432	14,883	-1,753,334	31,227	-	31,227
Balance at 1 January 2019	6,506	1,639,516	17,098	-1,326,061	337,059	1,947	339,006
Correction 2018	-	-	140	-429	-289	-	-289
Net profit (-loss) for the period	-	-	-	-401,249	-401,249	150	-401,099
Other comprehensive income for the period							
Sale of subsidiary with minority interest	-	-	-	-	-	-2,123	-2,123
Translation differences	-	-	4,162	-	4,162	26	4,188
Total comprehensive income	6,506	1,639,516	21,400	-1,727,739	-397,376	-1,947	-399,323
Transactions with shareholders:							
New issue through exercise of stock options	81	71,632	-	-	71,713	-	71,713
Shareholders' contributions received	-	186	-	-	186	-	186
Issue costs recognized in equity	-	-	-	-5,424	-5,424	-	-5,424
Total contribution from and value transfers to shareholders, recognized directly in equity	81	71,818	-	-5,424	66,475	-	66,475
Balance at 31 December 2019	6,587	1,711,334	21,400	-1,733,163	6,158	-	6,158
					2020		2019
CHANGE IN NUMBER OF OUTSTANDING SHARES					JAN-MAR		JAN - DEC
Number of shares at the beginning of the period					329,367,849		325,295,554
Subscription of shares through exercise of options					-		-
New subscription of shares through exercise of convertibles					-		4,072,295
New issue					32,936,784		-
Total shares outstanding at the end of the period					362,304,633		329,367,849

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKk	NOT	2020	2019	2019
		Q1	Q1	JAN - DEC
Operating profit				
Operating profit		159	-156 620	-504 362
Adjustment for non-cash items		2 283	116 366	586 897
Interest paid		-	-	-9 301
Income taxes paid		-	-7 391	-
Cash flow from (-used in) operating activities		2 442	-47 645	73 234
Cash flow from changes in working capital				
Increase (-)/decrease (+) in operating receivables		79 663	38 668	32 538
Increase (+)/decrease (-) in operating liabilities		-78 287	-18 871	-56 264
Cash flow from (-used in) operating activities		3 818	-27 848	49 508
Investing activities				
Purchase of property, plant and equipment		-15	-295	-2 092
Divested subsidiaries		-480	-	67 202
Investments in other financial assets		-86	2 766	-1 067
Investments in own games and technology		-24 396	-19 410	-92 412
Investments in publishing projects		-	-3 687	-8 087
Cash flow from (-used in) investing activities		-24 977	-20 626	-36 239
Financing activities				
New issue		50 723	-	-
Increase in non-current liabilities		-666	472	-
Effect of financial lease		-4 489	-7 158	-
Cash flow from financing activities		45 568	-6 686	-
Cash flow for (-used in) the period		24 409	-55 160	13 269
Cash and cash equivalents at the beginning of the period		82 787	69 289	69 289
Exchange difference in cash and cash equivalents		740	337	229
Cash and cash equivalents at the end of the period		107 936	14 466	82 787

Key data, Group

	2020	2019	2019
	Q1	Q1	JAN - DEC
Net sales, SEKk	22,037	47,792	280,002
EBITDA, SEKk	10,517	-106,674	-116,457
EBIT, SEKk	159	-156,619	-504,362
Profit (-loss) before tax, SEKk	-97,338	-167,284	-452,424
Profit (-loss) after tax, SEKk	-96,863	-168,096	-401,099
EBITDA margin, %	47.7	-223.2	-41.6
EBIT margin, %	0.7	-327.7	-180.1
Profit margin, %	-441.7	-350.0	-161.6
Equity to assets ratio, %	4.9	17.5	1.0
Closing price of A share for the period, SEK	1.35	0.97	1.85
Closing price of B share for the period, SEK	1.30	0.85	1.86
Basic earnings per share, SEK	-0.28	-0.52	-1.22
Diluted earnings per share, SEK	-0.28	-0.52	-1.22
Number of shares at end of period before dilution	344,569,441	325,295,554	329,367,849
Number of shares at end of period after dilution	344,569,441	325,295,554	329,367,849
Average number of shares before dilution	344,569,441	325,295,554	328,349,775
Average number of shares after dilution	344,569,441	325,295,554	328,349,775
Average number of employees	126	586	331
Number of employees at the end of the period	133	580	127

Key data, Group

EBITDA

Operating profit or loss before depreciation, amortization and impairments (Earnings Before Interest, Taxes, Depreciation and Amortization).

EBIT

Operating profit or loss after depreciation and amortization (Earnings Before Interest and Taxes).

EBITDA margin

Operating profit or loss before depreciation, amortization and impairments (Earnings Before Interest, Taxes, Depreciation and Amortization) as a percentage of net sales.

EBIT margin

Operating profit or loss as a percentage of net sales.

Profit margin

Profit or loss after net financial income/expense as a percentage of the sum of net sales.

Equity to assets ratio

Equity as a percentage of total assets.

Earnings per share

Profit or loss after tax divided by the average number of shares during the period.

Equity

Recognized equity including 78 percent of untaxed reserves.

Reconciliation of Alternative Performance Measures

	2020	2019	2019
	Q1	Q1	JAN - DEC
EBITDA			
Operating profit (-loss), SEKk	159	-156,619	-504,362
Less: Amortization of intangible assets, SEKk	4,543	11,019	326,860
Less: Depreciation of property, plant and equipment, SEKk	5,815	38,926	61,045
EBITDA	10,517	-106,674	-116,457
EBITDA margin, %			
EBITDA, SEKk	10,517	-106,674	-116,457
Net sales, SEKk	22,037	47,792	280,002
EBITDA margin, %	47.7	-223.2	-41.6
EBIT margin, %			
Operating profit (-loss), SEKk	159	-156,619	-504,362
Net sales, SEKk	22,037	47,792	280,002
EBIT margin, %	0.7	-327.7	-180.1
Profit margin, %			
Profit (-loss) before tax, SEKk	-97,338	-167,284	-452,424
Net sales, SEKk	22,037	47,792	280,002
Profit margin, %	-441.7	-350.0	-161.6
Equity to assets ratio, %			
Total equity	31,227	176,973	6,158
Total equity and liabilities, SEKk	637,616	1,010,143	591,972
Equity to assets ratio, %	4.9	17.5	1.0

Alternative Performance Measures (APMs) are financial indicators of performance, financial position and cash flow not defined in the applicable reporting framework (IFRS). These are considered to be important additional key figures for the Group's performance. Since not all entities calculate financial measurements in the same way, they are not always comparable to those used by other entities.

Parent company income statement

	2020	2019	2019
SEKk	Q1	Q1	JAN - DEC
Net sales	9,918	19,849	58,990
Other operating revenue	10,919	3,265	25,037
Total sales	20,837	23,114	84,027
Other external expenses	-8,439	-18,750	-59,586
Employee benefit expense	-6,883	-9,356	-38,574
Depreciation of property, plant and equipment	-60	-60	-217
Other operating expenses	-579	-	-7,078
Operating profit (-loss)	4,875	-5,052	-21,428
Profit from holdings in group companies	902	-	-224,439
Other financial income	1,761	466	98,039
Financial expenses	-101,187	-4,533	-54,260
Profit (-loss) after net financial income/expense	-93,649	-9,119	-202,088
Appropriations	-	10,002	187,393
Profit (-loss) before tax	-93,649	883	-14,695
Income tax	-	-	-
Net profit (-loss) for the period	-93,649	883	-14,695

For the parent company, net profit or loss for the period corresponds to comprehensive income.

Parent company balance sheet

SEKk	2020/03/31	2019/03/31	2019/12/31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	375	527	421
<i>Financial assets</i>			
Investments in group companies	322,753	517,481	295,806
Investments in associates	4,656	4,656	4,656
Other financial assets	2,791	585	585
Total non-current assets	330,575	523,249	301,468
<i>Current assets</i>			
Trade and other receivables	-	7,123	-
Receivables from group companies	1,137,394	399,372	1,080,277
Prepaid expenses and accrued income	966	983	837
Cash and cash equivalents	12,377	968	12,009
Total current assets	1,150,737	408,446	1,093,123
TOTAL ASSETS	1,481,312	931,695	1,394,591
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	7,246	6,506	6,587
Statutory reserve	76,692	-	-
Share premium reserve	1,699,097	1,577,401	1,649,033
Retained earnings	-1,074,507	-1,054,388	-1,059,812
Net profit (-loss) for the period	-93,649	883	-14,695
Total equity	614,879	530,402	581,113
<i>Provisions</i>			
Other provisions	-	-	31,230
Total provisions	-	-	31,230
<i>Non-current liabilities</i>			
Non-current liabilities	31,675	-	-
	-	-	305,865
Other non-current liabilities	141,771	91,220	260
	96,248	-	-
Total non-current liabilities	269,694	91,220	306,125
<i>Current liabilities</i>			
Trade payables	8,027	11,483	8,060
Liabilities to group companies	363,851	5,386	239,012
Other liabilities	3,343	279,722	218,022
Accrued expenses and deferred income	221,518	13,482	11,029
Total current liabilities	596,739	310,073	476,123
TOTAL EQUITY AND LIABILITIES	1,481,312	931,695	1,394,591

NOTES

Note 1: Accounting and measurement policies

This interim report has been prepared in accordance IAS 34, Interim Financial Reporting. The accounting policies and calculation methods are the same as those applied in 2019.

The report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

No new or revised IFRSs have entered into force that are expected to have any material impact on the Group. The carrying amount of all financial assets and liabilities is a good approximation of fair value.

The sale of the publishing rights to System Shock 3 and Psychonauts 2 was arranged so that Starbreeze will recover its investment over time. In accordance with IFRS reporting rules, the Group has initially recognized a loss on the deal, as IFRS 15 does not permit recognition of future royalties in revenue even if these are directly connected to the sale of the publishing rights; instead, the carrying amount of the sold asset must be immediately expensed. In future periods, only revenues related to these transactions will be recognized, as all costs have thus been absorbed.

Note 2: Pledged assets

Consolidated pledged assets and contingent liabilities

Consolidated pledged assets refer to rent guarantees and pledged shares in subsidiaries and bank accounts related to loans from Nordea.

SEKk	3/31/2020	3/31/2019	12/31/2019
Pledged assets	585	171,224	6,594

Note 3: Net sales by category

SEKk Q4 2019	Starbreeze Games	Other	Total
PC	16,933	182	17,115
Consoles, Digital	4,546	19	4,565
Consoles, Retail	65	-	65
Total net sales	21,604	432	22,037

Note 4: Consolidated depreciation and amortization by function

SEKk	2020 Q1	2019 Q1	2019 JAN-DEC
<i>Depreciation and impairment of property, plant and equipment</i>			
Direct costs	-1 587	-30 880	-38 217
Selling and marketing costs	-	-14	-28
Administrative expenses	-4 229	-8 032	-22 800
Total depreciation and impairment of property, plant and equipment	-5 815	-38 926	-61 045
<i>Amortization and impairment of intangible assets</i>			
Direct costs	-4 476	-10 957	-326 606
Selling and marketing costs	-	-	-
Administrative expenses	-67	-62	-254
Total amortization and impairment of intangible assets	-4 543	-11 019	-326 860
Total depreciation and amortization and impairment	-10 358	-49 945	-387 905

Note 5: Joint venture company StarVR Corporation

The company's joint venture with Acer, StarVR Corporation, is a sales and marketing company for the StarVR One headset. The company manages sales and marketing, primarily to the B2B market, as well as support and aftermarket support. Starbreeze owns the intellectual property, such as patents, source code and brands related to StarVR, while Acer is responsible for manufacturing the product. R&D and reference design work for the StarVR headset is carried out jointly by Starbreeze and Acer. StarVR Corporation bears all costs for selling and marketing the StarVR headset. Starbreeze was responsible for R&D-related costs until September 2018, but these costs have been transferred to StarVR Corporation. Production costs will be paid by Acer, which is also an exclusive supplier to StarVR Corporation.

The reconciliation below reflects adjustments made by the Group upon application of the equity method, including adjustments to fair value at acquisition date and adjustments for differences in accounting policies.

SEKk	3/31/2020
<i>Reconciliation of net carrying amount:</i>	
Balance of net assets at 1 January	14,110
Net profit (-loss) for the period	-4,808
Exchange differences	379
Closing balance net assets	9,681
Group's share	33%
Group's share in SEKk	3,195
Net carrying amount	2,917

The table below provides condensed financial information for the holding in the joint venture (StarVR Corporation) that the Group has deemed material. The information shows the amounts recognized in the financial reports for the joint venture and not Starbreeze's share of these amounts. The reconciliation of Starbreeze's share is shown above.

SEKk	3/31/2020
<i>Balance sheet in summary:</i>	
Current assets	14,324
Non-current assets	1,597
Current liabilities	7,023
Net assets	8,840
<i>Statement of comprehensive income in summary:</i>	
Sales	226
Net profit (-loss) for the period	-727
Total comprehensive income for the period	-727

Note 6: Divested subsidiaries

Net assets at date of sale of the companies

Shares in the Belgian company Parallaxter were sold during the period. The transactions resulted in a capital gain for the Group of SEK 5.5 million in total. The net assets in the subsidiary at the sale date, the consolidated gain on the sales and the effect of the transactions on cash flow are shown in the table below.

	Parallaxter
Net assets disposed	31 januari 2020
Intangible assets	-15
Capitalized development cost for own games and technology develop	-192
Financial assets	343
Fixed assets	199
Trades and other receivables	8
Prepaid expenses and accrued income	385
Cash and cash equivalents	480
Total asset	1,208
<hr/>	
Trade and other payables	2,166
Total liabilities	3,762
<hr/>	
Net assets disposed	-2,554
Net result incl amortization of intercompany receivables	5,454
Selling price	1
Liquid funds in in divested operations	-480
TOTAL CASH FLOW IMPACT	-479

