

Starbreeze successfully completes directed share issue of 385 MSEK

STOCKHOLM, SWEDEN (October 7, 2016) - Starbreeze AB today announced today that it after closing October 6 successfully completed a directed share issue of 16,452,991 new B-shares, at a subscription price of 23.40 SEK. The directed share issue was decided on by the Board of Directors of Starbreeze, pursuant to authorization granted by the EGM on September 9, 2016. The share issue was directed to a small number of reputable long term institutional investors in Sweden. Första AP-fonden subscribed to a majority of the issue.

Based on the closing price on Thursday October 6, the issue price represents a discount of 2.1 %. Compared to a five-day volume weighted average, the issue price represents a discount of 0.1%.

The purpose of the resolution to issue new shares, deviating from the shareholders' preferential rights, is primary to raise capital in a time efficient manner, strengthen and diversify the shareholder base and leverage the interest in the company from such qualified investors. The share issue raised 385 MSEK to Starbreeze which will be utilized to further expand its business in areas such as virtual reality, publishing and future internal projects like PAYDAY 3

"We're extremely happy to welcome Första AP-fonden as a significant shareholder in Starbreeze and we believe that it will significantly validate the long term value and proposition of the company in years to come, benefitting all shareholders. The strategic value of further institutional shareholding positions Starbreeze for future growth on the market" said Starbreeze Chairman of the Board, Michael Hjorth.

Första AP-fonden is one of five AP-funds which ensures stability in the Swedish national income pension system. The fund's assets under management totals ca SEK 300 billion and the global portfolio consists of equities, fixed income securities and alternative investments. The Fund's mission is to generate high long-term returns, while maintaining a low level of risk, and thus contribute to a high and predictable income pension for current and future pensioners.

Together with shares purchased earlier in September, Första AP-fonden will hold 22,388,889 shares representing 8.2 % of the capital and 2.8 % of the votes.

The 16,452,991 new B shares will, post transaction, represent 6.0 % of shares and 2.1 % of votes of the outstanding shares and votes in Starbreeze AB and will be issued under authority from the EGM. After the issue, the total number of B-shares in Starbreeze is 217,243,739 and the total number of shares in Starbreeze 274,709,567.

ABG Sundal Collier and Carnegie Investment Bank acted as placing agents to Starbreeze.

For more information, please contact:

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This information is information that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on October 7 2016.

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 and other virtual reality entertainment products, based on proprietary design and licensed content. Starbreeze's most recent games include PAYDAY 2, the adrenaline fueled bank robbing co-op game and the upcoming John Wick VR shooter and survival co-op FPS OVERKILL's The Walking Dead.

Starbreeze has set out to develop truly immersive virtual reality experiences, by integrating software and hardware in its StarVR head mounted display, to be produced together with Acer, displaying a unique field of vision and a mission to bring top-end VR to large audiences. Starbreeze launched StarVR with a VR-experience at the Electronic Entertainment Expo (E3) in June 2015, gained by teaming up with French Infinite Eye. In January 2016, Starbreeze unveiled the StarCade initiative; centers that invites people to immerse themselves into premium VR experiences. The first cinematic VR experience "Cockatoo Spritz" directed by Stephane Barbato, premiered at the 69th Cannes Film Festival 2016.

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>