



Starbreeze acquires Indian art production company Dhruva Interactive for 8.5 MUSD

STOCKHOLM, SWEDEN (December 16, 2016) Starbreeze AB, an independent creator, publisher and distributor of high quality entertainment products, has agreed to acquire 90.5% of the shares in the Indian art production company Dhruva Interactive, for a total consideration of 8.5 MUSD whereof 7.0 MUSD (approximately 68.5 MSEK) in cash and 1.5 MUSD in newly issued Starbreeze B-shares.

Dhruva Interactive is a highly reputed and best-of-breed art production house, with whom Starbreeze has a long-standing relationship. Founded in 1997, Dhruva is India's leading game developer with over 320 employees, providing art production services to the global games industry. Dhruva has three state-of-the-art studios, two in the southern Indian city of Bangalore, and a studio in the northern Indian city of Dehradun, located at the foothills of the Himalayan mountains.

Dhruva will continue to operate under its own brand and continue servicing its clients in the global games industry. Dhruva has worked with the biggest in the industry on numerous AAA-titles such as Halo 5, Forza Horizon 3, Days Gone, Sea of Thieves and Quantum Break. Led by a seasoned leadership team, Dhruva attracts and retains the best talent from all over India, including a team focused on serious gaming. For several years, the company has provided the major part of the art asset production for PAYDAY 2.

Through the acquisition, Starbreeze secures its art production needs for projects such as OVERKILL's The Walking Dead and Nozon's VFX production, improves the quality of its in-house production projects and lowers its operating costs. It will also enable Starbreeze to provide full end to end services to its participating publishing partners and to add significant value to its VR ecosystem.

"Bold plans need the right partners and Content is King. We have worked with Dhruva Interactive for several years and know them well. I am confident that bringing Dhruva into the Starbreeze family will strengthen Starbreeze as a global entertainment company," said Starbreeze CEO Bo Andersson-Klint. "Dhruva will continue to operate independently under its own brand and run business as usual with existing partners, while greatly contributing to Starbreeze pipeline and adding pronounced value to our publishing services and VR ecosystem."

"Starbreeze has been a great client, and over time we realized that Starbreeze is exactly the kind of company that we'd like to evolve with. They have strong games, an awesome vision for VR, similar culture and a skilled management team", said Dhruva CEO and Founder Rajesh Rao. "Our talent art teams contribute to the some of the biggest and most visually stunning games in the industry today. As part of the Starbreeze family, we will be able to add cutting edge VR content to our repertoire as well. It's an extremely exciting time."

The deal contains an earn-out agreement of no more than 0.8 MUSD over the next four years.

Dhruva Interactive's ongoing outsourcing business will have a limited but positive impact on Starbreeze revenue and profit from day one. In the financial year ending March 2016 Dhruva Interactive's revenues amounted to 4.6 MUSD.

Dhruva is acquired for 7.0 MUSD in cash and 1.5 MUSD in Starbreeze B-shares, valued at the share price and exchange rate per closing date of the transaction. New shares will be issued by the board utilizing its authorization from the AGM and would if valued as of today correspond to approximately 789 900 shares or 0.26% of the share capital on a fully diluted basis.

The deal is expected to close at the end of the first quarter 2017, subject to approval processes for foreign investors in India.

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More information about Dhruva Interactive can be found here: <http://www.dhruva.com>
Dhruva Interactive acquisition announcement video on YouTube: https://youtu.be/w-_k1Al_wLw

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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 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>