

Starbreeze AB (publ) half-year Q2 2019 report

Second quarter 2019

- Net sales amounted to SEK 160.0 million (123.5). SEK 137.1 million is attributable to the sale of the publishing rights for Psychonauts 2 and 10 Crowns. PAYDAY accounted for SEK 14.4 million (31.3).
- EBITDA* amounted to SEK -25,8 million (52.4).
- Depreciation, amortization and impairments totaled SEK 22.0 million (46.7).
- Costs related to the reconstruction amounted to SEK 12.6 million for the quarter.
- The loss before tax amounted to SEK -60.1 million (26.2).
- Basic and diluted earnings per share were SEK -0.20 (0.13).
- The Stockholm District Court ruled that the reconstruction of Starbreeze was permitted to continue through 3 September 2019.
- The Indian subsidiary Dhruva was divested, as were the publishing rights for 10 Crowns and Psychonauts 2 for total consideration of USD 22.4 million.

First half 2019

- Net sales decreased by 12 percent to SEK 207.8 million (233.6). PAYDAY accounted for SEK 41.1 million (56.3).
- EBITDA* amounted to -132,4 MSEK (101,2).
- The loss before tax was SEK -227.3 million (19,8).
- Basic and diluted earnings per share were SEK -0.71 (0.12).
- Cash and cash equivalents at the end of the period amounted to SEK 137.8 million (269.6).

Acting CEO Mikael Nermark remarks on the report:

Continued focus on core games business

Second quarter 2019

The work with the reconstruction is continuing, full steam ahead. As previously mentioned, my number one priority and focus is securing the long-term financing for the company. In the short term, our finances are now secured as we have divested assets belonging to our non-core segment which has generated liquidity taking us to the second quarter in 2020. The work with the long-term financing is on-going with multiple parallel tracks, while we at the same time are negotiating with our creditors.

As an effect of the refocusing to our core business, game development with own IP, we have now taken actions on most of our non-core businesses. In parallel, we have adjusted the company and its organization for the core business and made the necessary adjustments in head count, which will have full effect on our cost base during the third quarter. The restructuring of the group to clarify our assets and simplify the legal structure is complete.

Sales in the second quarter amounted to SEK 160.0 million (123.5), of which PAYDAY accounted for SEK 14.4 million (31.3). SEK 137.1 million is attributable to the sale of the publishing rights for Psychonauts 2 and 10 Crowns. EBITDA amounted to SEK -25.8 million (52.4). The decline in earnings is due primarily to capital losses on the divestitures of the subsidiaries Dhruva and Nozon totalling SEK 30.6 million and poorer gross profit consequent upon the sale of the publishing rights to Psychonauts 2 and 10 Crowns. Costs related to OVERKILL's The Walking Dead that were capitalized last year were an additional cause of the write-down.

After the quarter

Development of PAYDAY: Crime War is in progress with our publishing partner Universal and we have just expanded our test markets to more countries in Europe, including our domestic market, Sweden. The tests we are now performing will assure our KPIs ahead of the coming global release.

With a strengthened cash position and multiple ongoing parallel tracks for future financing, we are hard at work to secure our future.

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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on August 20, 2019.

About Starbreeze

Starbreeze is an independent developer, creator, publisher and distributor of PC and console targeting the global market, with studios in Stockholm, Barcelona and Paris. Housing the smash hit IP PAYDAY, Starbreeze develops games based on proprietary and third-party rights, both in-house and in partnership with external game developers. Starbreeze shares are listed on Nasdaq Stockholm under the tickers STAR A and STAR B with the ISIN-codes SE0007158928 (A share) and SE0005992831 (B share). Starbreeze including certain subsidiaries is, since December 3 2018, in reconstruction. For more information, please visit starbreeze.com