

Starbreeze & Smilegate agree to amend convertible bond terms - extended to 2024 for an estimated surcharge of SEK 165 million. Both are subordinated & will be paid from available cash flow

STOCKHOLM (December 6th, 2019) – As part of the reconstruction process for Starbreeze, the company has reached agreement with Smilegate on amended convertible bond terms and other dealings related to the Crossfire game project. The maturity of the convertible bond will be extended from February 2020 to December 2024 and subordinated to other debt. The surcharge to Starbreeze in exchange for these amendments is estimated at SEK 165 million, will be subordinated to other debts and carried for five years at zero (0) percent interest.

With the intention of settling all debts in the reconstruction, Starbreeze has reached an agreement with Smilegate regarding all dealings between the companies, including the convertible bond of SEK 215 million that Starbreeze issued to Smilegate. Starbreeze's goal for the reconstruction is to minimize risk by ensuring that the majority of the debt in composition is converted from current liabilities to non-current liabilities. The convertible bond of SEK 215 million at two (2) percent interest that matures in February 2020 has comprised the single largest debt item in the reconstruction process. Under the new agreement, the terms of the convertible bond will be amended to extend maturity until 6 December 2024 at the same interest terms. The surcharge that will be paid by Starbreeze under the amended terms, which will be finalized in January 2020, is estimated at SEK 165 million. The surcharge will be carried at zero (0) percent interest and will be paid after all other debt under the reconstruction has been repaid and is linked to positive cash flow for Starbreeze.

As part of the agreement, Smilegate has also requested an adjusted conversion price for the convertible bond. Based on the request for adjusted terms regarding the redemption price for the convertible, the board of directors of Starbreeze AB will soon notify shareholders of an extraordinary meeting, at which the average price for the trading days of 9 December 2019–10 January 2020 will be proposed. The extraordinary general meeting will be held no later than 13 January 2020. The agreement is conditional upon approval of the proposal by the general meeting. The current terms specify a conversion price of SEK 13.49 per share or a lowest price of SEK 9.35 per share, based on the average price over the 60 days immediately preceding the date conversion is called.

Smilegate has a representative on the board of Starbreeze AB and that director has not participated in the negotiations to avoid a conflict of interest.

This agreement is part of the larger debt settlement package, which also includes the discontinuation, conditional upon the decision by the extraordinary general meeting, of cooperation between the companies related to the Crossfire game project, which was also announced today. Further information is available on the company's website.

Starbreeze AB (publ) and five subsidiaries has been in reconstruction since 3 December 2018. A creditors' meeting during composition negotiations will be held at the Stockholm District Court on 6 December 2019 from 13:00 (1:00 PM) to 15:00 (3:00 PM).

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 13:10 CET on December 6th, 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