

Starbreeze and Smilegate reach agreement to discontinue the Crossfire project and Starbreeze will post an impairment loss of SEK 111 million in the fourth quarter of 2019

STOCKHOLM (December 6, 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 parties have decided to discontinue the collaboration related to the Crossfire project. For Starbreeze, this will entail an impairment loss of SEK 111 million in the fourth quarter of 2019, attributable to capitalized development costs. The impairment loss is for accounting purposes only and will have no effect on the company's liquidity.

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. Under the terms of the agreement, the collaboration related to the Crossfire project will be discontinued, which will entail an impairment loss of SEK 111 million for Starbreeze in the fourth quarter, attributable to capitalized development costs. The impairment loss is for accounting purposes and will have no effect on the company's liquidity. All rights to the game will revert to Smilegate. The final contractual agreement is conditional upon approval of the amendments to the terms of the convertible bond by an extraordinary general meeting to be held no later than 13 January 2020.

This agreement is part of the larger debt settlement package that also includes adjusted convertible bond terms, 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 13:13 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