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Press release

Starbreeze announces terms of its fully guaranteed rights issue of SEK 250 million

August 12, 2020 | 08:30 CEST | Regulatory

Starbreeze AB (publ) (“Starbreeze” or the “Company”) announced on June 30, 2020 that the Board of Directors had resolved on a rights issue of series A and series B shares with preferential rights for existing shareholders of approximately SEK 250 million before deduction of transaction costs (the “Rights Issue”). The proceeds from the Rights Issue will be used to strengthen the financial position and for operational purposes, enabling the Company to fully focus on continued development of PAYDAY 3, and support the Company to fulfil its obligations to its creditors in line with the reorganization plan and the judicial composition. The Rights Issue is subject to approval by an extraordinary general meeting (the “EGM”) to be held on August 13, 2020. The Board of Directors of Starbreeze hereby announces the terms of the Rights Issue through this press release.

Summary

- Shareholders in Starbreeze have preferential right to subscribe for one (1) new share per one (1) existing share of the same share class, i.e. a subscription ratio of 1:1.
- The subscription price is SEK 0.69 per new share regardless of share class, which means that the Company will raise proceeds of approximately SEK 250 million before deduction of transaction costs.
- The last day of trading in the Starbreeze shares including the right to receive subscription rights in the Rights Issue is August 18, 2020.
- The record date for the Rights Issue is August 20, 2020, and the subscription period runs from and including August 24, 2020, until and including September 7, 2020.

- The estimated date for publication of the prospectus is August 18, 2020
- The Rights Issue is subject to approval by the EGM to be held on August 13, 2020. Shareholders representing in aggregate approximately 40 percent of the total number of shares and approximately 57 percent of the total number of votes in the Company have, as previously communicated, subject to customary conditions, committed to subscribe or expressed their intention to subscribe for their pro rata share of the Rights Issue and to vote in favor of the Rights Issue at the EGM.¹
- In addition, the remaining portion of the Rights Issue has been underwritten by a consortium of underwriters consisting of institutional and private professional investors. The Rights Issue of approximately SEK 250 million is thus fully guaranteed.

Terms and conditions of the Rights Issue

Those who are registered shareholders in the share register maintained by Euroclear Sweden AB on the record date August 20, 2020 receive one (1) subscription right for each series A share and one (1) subscription right for each series B share (primary preferential right). The subscription rights grant the holder a preferential right to subscribe for new shares, whereby one (1) subscription right of series A entitles the shareholder to subscribe for one (1) new share of series A and one (1) subscription right of series B entitles the shareholder to subscribe for one (1) new share of series B. In addition, investors are offered the possibility to subscribe for shares without subscription rights.

Shares not subscribed for on the basis of primary preferential right will be offered for subscription to all existing shareholders in proportion to the number of shares previously owned, irrespective of share class (subsidiary preferential right) and, to the extent that this is not possible, by drawing of lots. In the event that all shares are not subscribed for with primary or subsidiary preferential right, the Board of Directors shall, up to the maximum amount of the Rights Issue, resolve to allot the remaining shares firstly to others who have applied for subscription of shares without preferential right, pro rata in relation to submitted applications, and secondly to those who have entered into underwriting undertakings with the Company, pro rata in relation to their respective underwriting amounts. To the extent allotment in accordance with the above cannot be made pro rata, allotment shall be made by drawing of lots.

The subscription price is SEK 0.69 per new share, regardless of share class. Through the Rights Issue, Starbreeze's share capital will increase by a maximum of SEK 7,246,092.69, from the current SEK 7,246,092.69, to not more than SEK 14,492,185.38 through the issuance of not more than 84,729,084 new shares of series A and not more than 277,575,549 new shares of series B. After the Rights Issue, the number of shares in Starbreeze will amount to not more than 724,609,266 shares, of which not more than 169,458,168 shares of series A and not more than 555,151,098 shares of series B. Through the fully guaranteed Rights Issue, Starbreeze will raise proceeds of approximately SEK 250 million, before deduction of transaction costs.

The subscription period runs from and including August 24, 2020, until and including September 7, 2020, with a right for the Board of Directors of Starbreeze to extend the subscription period and the time for payment. Trading in subscription rights will take place on Nasdaq Stockholm during the period from and including August 24, 2020, until and including September 3, 2020, and trading in paid

¹ Under the commitments, the shareholders are free to convert series A shares into series B shares as long as the total number of shares they hold remain unchanged until they have satisfied their commitments.

subscribed shares (Sw. *betalda tecknade aktier*) will take place during the period from and including August 24, 2020, until and including September 11, 2020.

Shareholders who elect not to participate in the Rights Issue will have their holdings diluted by up to approximately 50.0 percent, but have the possibility to compensate themselves financially for the dilution by selling their subscription rights.

The Rights Issue is subject to approval by the EGM to be held on August 13, 2020. The notice to the EGM is available on Starbreeze's website, www.starbreeze.com

Support from larger shareholders and external underwriting commitments

The Company's four largest shareholders, Swedbank Robur (holding 10,180,153 series A shares and 43,327,893 series B shares), Första AP-fonden (holding 7,795,179 series A shares and 34,999,996 series B shares), Digital Bros (holding 26,695,287 series A shares and 9,733,948 series B shares), and Fjärde AP-fonden (holding 10,620,895 series A shares and 700,000 series B shares) (representing in aggregate approximately 40 percent of the total number of shares and approximately 57 percent of the total number of votes in the Company), have, subject to customary conditions, committed to subscribe or expressed their intention to subscribe for their pro rata share of the Rights Issue and to vote in favor of the Rights Issue at the EGM.²

In addition, the remaining portion of the Rights Issue has been underwritten by a consortium of underwriters consisting of institutional and private professional investors. The Rights Issue of approximately SEK 250 million is thus fully guaranteed.

Rights Issue timetable

This timetable is preliminary and may be subject to change.

- August 13, 2020: EGM to approve the Board of Directors' resolution on the Rights Issue
- August 18, 2020: Publication of the interim report for the period January–June 2020
- August 18, 2020: Last day of trading in the Starbreeze shares, including the right to receive subscription rights
- August 18, 2020: Publication of the prospectus
- August 20, 2020: Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register on this day will receive subscription rights for participation in the Rights Issue
- August 24, 2020–September 3, 2020: Trading in subscription rights
- August 24, 2020–September 7, 2020: Subscription period
- August 24, 2020–September 11, 2020: Trading in BTAs (Sw. *Betald Tecknad Aktie*)
- Around September 9, 2020: Announcement of the outcome of the Rights Issue

Advisers

Carnegie Investment Bank AB (publ) is acting as financial advisor and Mannheimer Swartling Advokatbyrå is acting as legal advisor to Starbreeze in connection with the Rights Issue. Wesslau

² Under the commitments, the shareholders are free to convert series A shares into series B shares as long as the total number of shares they hold remain unchanged until they have satisfied their commitments.

Söderqvist Advokatbyrå is acting as legal advisor to Starbreeze in connection with the Rights Issue and the Company's compliance with the reorganization plan and composition.

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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 persons set out above, at 08:30 CEST on August 12, 2020.

About Starbreeze

Starbreeze is an independent developer & creator 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). For more information, please visit starbreeze.com

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in the Company in any jurisdiction. Any invitation to the persons concerned to subscribe for shares in Starbreeze will only be made through the prospectus that Starbreeze estimates to publish on or around August 18, 2020.

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and in accordance with securities laws of the relevant state or other jurisdiction in the United States. All offers and sales of securities in connection with any rights offer by the Company will be made, subject to certain limited exceptions, outside of the United States and in reliance on, and in compliance with, Regulation S under the Securities Act. There will be no public offering in the United States.

Within the European Economic Area (“EEA”), no public offering of securities is made in other countries than Sweden. In other member states of the EU, such an offering of securities may only be made in accordance with an applicable exemption in the Prospectus Regulation (EU) 2017/1129.

This press release contains certain forward-looking information that reflects the Company’s present view of future events as well as financial and operational development. Words such as “intend”, “assess”, “expect”, “may”, “plan”, “believe”, “estimate” and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.