



Starbreeze Rights Issue 2023

Frequently Asked Questions

General questions

Why is Starbreeze carrying out this Rights Issue and transaction now?

ANSWER: Starbreeze has decided to accelerate investments in game development and third-party publishing to achieve further growth. Starbreeze believes that an acceleration of such investments will lead to Starbreeze generating future revenues from a more diversified games portfolio and thus reduces Starbreeze's dependency on the PAYDAY franchise.

Of the proceeds from the Rights Issue, which if fully subscribed amounts to approximately SEK 453 million, SEK 150 million are intended to be used to settle a refinancing charge owed to Digital Bros, and a maximum amount of approximately SEK 267 million (after deduction of transaction costs) are intended to be used to accelerate game development and third-party publishing.

The Rights Issue was approved by an Extraordinary General Meeting on May 24, 2023.

Wouldn't it have been better to wait until after the release of PAYDAY 3?

ANSWER: As the release date for PAYDAY 3 draws closer, the team working actively on a daily basis with PAYDAY 3 begins to shrink as their tasks are completed. In order not to risk losing the great developers who otherwise go idle, Starbreeze wants to accelerate the development of the next game, and recruit - internally and externally - to the new project team. Therefore, Starbreeze has the ambition to expand its operations with the aim of achieving further growth and a more diversified games portfolio.

How big is the issue and how will the proceeds be used?

ANSWER: The Rights Issue aims to raise not more than approximately SEK 453 million, of which approximately SEK 250 million is encompassed by subscription and underwriting commitments by major shareholders and external guarantors. SEK 150 million are intended to be used to settle the refinancing charge owed to Digital Bros. The remainder of the proceeds, maximum approximately SEK 267 million (after deduction of transaction costs), is intended to be used for investments in game development of co-operative, multiplayer titles where Starbreeze can leverage its Games-as-a-Service business model and

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experience, as well as third-party publishing of titles that can benefit from Starbreeze's engaged community.

Future growth initiatives will include expanding the IP portfolio with additional IPs and new game development, expanding the third-party publishing operations, and expanding the PAYDAY franchise with additional games and content for other entertainment genres.

Further investments into these growth initiatives are also expected to reduce the Company's dependency on one game franchise, which Starbreeze believes will generate additional shareholder value.

Does this Rights Issue serve to finance PAYDAY 3?

ANSWER: No. PAYDAY 3 is fully funded and set for release on September 21, 2023.

What is the support from existing larger shareholders and external underwriting commitments?

ANSWER: Digital Bros, First AP Fund and the Fourth AP Fund have undertaken to subscribe for shares in the Rights Issue. In addition, Digital Bros, has undertaken to underwrite the Rights Issue with an amount of SEK 100 million. In addition, Starbreeze has received underwriting commitments from a consortium of external underwriters for SEK 63 million. In total, these commitments amount to at least approximately SEK 250 million.

What is a Rights Issue?

ANSWER: A rights issue is a way for a company to raise money by issuing additional shares to its existing shareholders.

Essentially, the company gives its current shareholders the right to subscribe for new shares at a discounted price, in proportion to the number of shares they already own.

If a shareholder doesn't want to subscribe for the new shares, they can sell their right to do so to someone else. Overall, a rights issue is a way for a company to raise capital and for shareholders to maintain their ownership percentage in the company.

What is a subscription right?

ANSWER: A subscription right is a security that gives the holder the right to, during a set period of time, subscribe for new shares in a company at a predetermined subscription price. The subscription right has a financial value if the subscription price is lower than the share price.

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About subscription in the Rights Issue

How do I receive subscription rights?

ANSWER: All shareholders who were registered as shareholders on the record date of May 30, 2023 received one (1) subscription right per existing share in Starbreeze that entitle to participation in the Rights Issue. The final terms of the Rights Issue were announced on May 23, 2023 and entail, among other things, that six (6) subscription rights entitle to subscription for five (5) new shares in Starbreeze, whereby subscription rights of class A entitle to subscription of shares of class A and subscription rights of class B entitle to subscription of shares of class B.

What is the value of the subscription right?

ANSWER: The value of the subscription right is determined by Starbreeze' share price, and can fluctuate during the subscription period. The value is calculated according to "TERP" (Theoretical Ex-Rights Price). TERP is the theoretical price per share after the completion of the Rights Issue, under the assumption that all rights are subscribed.

What is the subscription price?

ANSWER: The subscription price has been set at SEK 0.75 per share.

When is the subscription period?

ANSWER: The subscription period takes place during the period June 1-June 20, 2023.

Do I, as a shareholder in Starbreeze, need to do anything to get my subscription rights?

ANSWER: No, all shareholders that were registered on the record date of May 30, 2023 automatically received subscription rights. This did not include shareholders that are legally hindered due to legal restrictions in certain jurisdictions (such as Australia, Hong Kong, Canada, New Zealand, Singapore and the United States).

What happens if I, as a shareholder in Starbreeze, choose to not participate in the Rights Issue?

ANSWER: If you don't participate in the Rights Issue, your shareholding will be diluted. You can sell your subscription rights on Nasdaq Stockholm during the period June 1-June 15, 2023, to financially compensate for the dilutive effect.

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Can I subscribe for more shares than I have the right to?

ANSWER: Yes, you can buy more subscription rights on Nasdaq Stockholm during the period June 1-June 15, 2023.

Where is there more information about the Rights Issue?

ANSWER: Starbreeze has published a Rights Issue prospectus and a prospectus supplement. The prospectus was published on May 26, 2023 and the prospectus supplement was published on June 16, 2023.

What will be the conversion rate for Digital Bros convertible?

ANSWER: The conversion rate will be recalculated after the Rights Issue has been completed, in accordance with the terms of the convertible loan. It is too early to speculate on a recalculated conversion price, as this depends on the future price development of the B share as well as a theoretical value of the subscription right in the Rights Issue.