

Q1

2021

First quarter 2021

- Net sales amounted to SEK 27.9 million (22.0). PAYDAY accounted for SEK 26.9 million (21.7).
- EBITDA* amounted to SEK 22.6 million (16.9).
- Amortization, depreciation and impairments amounted to SEK 14.5 million (10.4).
- Profit before tax was SEK -4.2 million (-97.3).
- Basic and diluted earnings per share were SEK -0.01 (-0.28).
- Cash and cash equivalents amounted to SEK 148.5 million (107.9).
- Starbreeze has entered into a global co-publishing agreement with the leading European publishing partner Koch Media for PAYDAY 3.
- The first chapter of PAYDAY 2: City of Gold were successfully launched during the quarter.
- Tobias Sjögren was appointed permanent CEO of Starbreeze AB.

KEY FIGURES	2021	2020	2020
SEKk	Q1	Q1	JAN - DEC
Net sales	27,923	22,037	118,006
EBITDA*	22,595	16,872	49,317
Profit (-loss) before tax	-4,248	-97,338	-130,473
Earnings per share, SEK	-0.01	-0.28	-0.28
Cash flow from operations	28,524	3,818	-24,640
Net sales per employee	215	175	959

* See page 17 for definitions of key ratios.



Starbreeze in brief

Starbreeze is an independent developer, creator and distributor of games for PC and console with a global market focus and studios in Stockholm, Barcelona and Paris. Focusing on the successful PAYDAY brand, 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 (Class A) and SE0005992831 (Class B).

More information: starbreeze.com

CEO's comments

PUBLISHING PARTNER FOR PAYDAY 3 - THE ROAD AHEAD IS CLEAR

I am most proud of our achievement during this first part of the year, a continued increase of the PAYDAY 2 results and two publishing agreements signed. During the quarter we made a co-publishing agreement with Koch Media for the launch of PAYDAY 3 during 2023.

Thanks to this co-publishing agreement and together with the money we already put into the game, PAYDAY 3 is fully funded. The planned investment in development and marketing can range over 50 MEUR up until 18 months after the release of the game, but our plans for how to service the PAYDAY 3 customers obviously extends much longer than that. Starbreeze will continue to own the PAYDAY IP and to develop the PAYDAY 3 game. The co-publishing structure means that while we co-invest into the game we also have a revenue share that will be great for Starbreeze over the games lifetime.

Operating a game on the global market today is all about the ability of reaching a wide audience while adapting to local variances and needs. Koch Media's long track record of international publishing will enable us to reach local communities around the world much easier than we ever could achieve on our own. Our own international and diverse team ensures an understanding of our audience and their varying expectations. Combined with Koch Media's long track record of international publishing and local presence around the globe we build a strong foundation for a growing PAYDAY community.

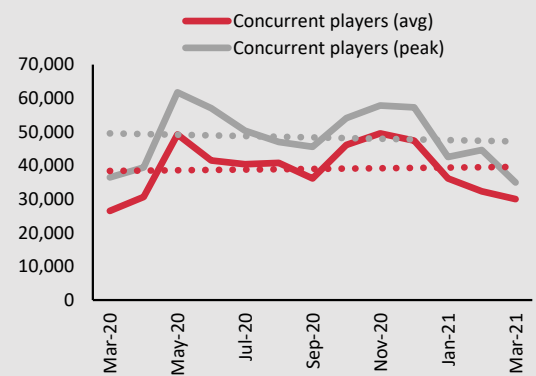
Our Steam sales in Q1-2021 increased with 53% in compared to the same period last year and EBITDA increased to 22.6 MSEK compared to 16.9 MSEK previous year. This proves not only that our PAYDAY IP has a bright future but also that our team has performed exemplary during the Corona restrictions and while working from home due. As planned, we have continued to strengthen our development organization and have onboarded 27 new team members so far in 2021.

Our focus is set on creating games that continuously monetize over long periods of time and PAYDAY 2 has certainly proved us very capable of just that. Since we launched our new DLC strategy in late 2019, PAYDAY 2 has grown significantly both in revenue and active player base. The fact that the game continuously is found on Steam's top-ranking over concurrent players, is proof that serving gamers with free updates and paid content builds a loyal community over time. During the quarter we successfully released the first DLC, Dragon Heist, of a total of four in the new season City of Gold.

After the end of the first quarter, we signed a licensing agreement with the Canadian mobile publisher PopReach for the mobile title PAYDAY Crime War. This is a game we have worked on internally for quite some time. With PopReach taking over the project and licensing the right to publish PAYDAY Crime War, Starbreeze has taken the first step to broaden our IP beyond our own production capabilities. We look forward to working with PopReach to

Q1 2021

PAYDAY 2



Source: Steam

At peak,

44,614

were playing PAYDAY 2
simultaneously during Q1

ensure that PAYDAY Crime War brings the same action-packed gameplay to mobile devices as our players and community already know and love on other platforms.

Going forward we will continue to work with partners to increase the value of our IP's creating new experiences and products. I believe that in the future, successful entertainment brands need to serve existing and new fans in various media formats to build engagement and long-time loyal following. We are currently seeing many examples of this trend of exploring video game IP's in other media and Starbreeze will certainly develop our own capabilities and work with the right partners to be a strong player in this field.

To summarize, Starbreeze has now put a strong foundation for further growth in place. We have signed two great deals for the PAYDAY franchise and PAYDAY 2 sales are better than in many years. I am confident in our team and our abilities to continuously update PAYDAY 2 with new exciting content and build a great new game in PAYDAY 3.

Tobias Sjögren

CEO Starbreeze

SIGNIFICANT EVENTS DURING THE QUARTER

A summary of significant events during the quarter follows. Please visit Starbreeze.com for detailed information about events during the quarter.

On March 19, 2021, Starbreeze announced that it had entered into a global co-publishing agreement with the leading European publishing partner Koch Media. The agreement covers both product development and marketing of PAYDAY 3, as well as continued development and marketing of the game according to its 'games as a service' model.

The first chapter of PAYDAY 2: City of Gold were successfully launched during the quarter.

On March 24, Tobias Sjögren was appointed permanent CEO of Starbreeze.

Mike Gable and Thomas Lindgren are proposed by the Nomination Committee ahead of the forthcoming Annual General Meeting as new members of the Starbreeze Board.

Impact of COVID-19

Starbreeze is continuously monitoring the impact of the ongoing COVID-19 pandemic on the business. Ongoing revenue-generating operations have shown no disruptions because the majority of revenues are generated by a digital distribution model in which product availability and interaction among players is uninterrupted regardless of general public social distancing measures. All the employees are continuing to work from home. The company's assessment that the short-term impact on ongoing projects will be minor still stands, but the long-term effects on future business and the impact on the efficiency of the project organizations may result in delayed deliveries. The effect on the company's revenues has been positive.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

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On April 14, Starbreeze signed a licensing agreement with PopReach Corporation for PAYDAY Crime War, the mobile gaming version of PAYDAY 2. Starbreeze receives a license fee based on future sales and a lump sum in connection with the transfer of the source code.

SALES AND PROFIT

The comparative period for sales and profit is the corresponding period of the preceding year.

First quarter 2021

Sales

Net sales for the first quarter of 2021 amounted to SEK 27.9 million (22.0), of which PAYDAY accounted for SEK 26.9 million (21.7).

Net sales for PAYDAY increased by 24% over the corresponding period of the preceding year. Net sales were SEK 22.3 million (17.0) for PC and SEK 4.6 million (4.6) for Console. Net sales for the base game PAYDAY 2 on Steam increased by 12% (SEK 0.5m) compared to the first quarter of 2020, and net sales of DLC (sale of add-on bundles) increased by 39% (SEK 4.2 million). SEK 1.4 million (1.0) of net sales in the period is attributable to the increased revenue share achieved in the first quarter of 2020, where Starbreeze receives 75% of the revenues from Steam. This results in aggregate terms in an increase of SEK 5.1 million in Steam revenues generated by PAYDAY 2 for the period.

Console revenues are on a par with the corresponding period of the preceding year.

Changes in the dollar exchange rate had a negative impact on net sales of SEK 3.3 million compared to the average exchange rate in the corresponding period of the previous year.

During the quarter, Starbreeze received the first revenue share from the out-licensed Geminose brand. In April, Majesco Entertainment, Ultimas and Silver Bullet Studios announced in a press release that Geminose would be released digitally on Nintendo Switch for the global market in May 2021 followed by physical sale in June. Based on the revenues generated by the brand, Starbreeze is entitled to further revenue sharing.

Expenses

Direct costs amounted to SEK 11.6 million (9.5) and consist of expenses related to game production and game development. Direct costs include depreciation and amortization of SEK 10.2 million (6.1). The increase is mainly due to increased amortization of intangible assets as the depreciation plan for the company's assets has been revised for 2021 onwards.

Capitalized development expenses reduced direct costs by SEK 21.6 million (17.6) and relate to the games PAYDAY: Crime War, PAYDAY 2 and PAYDAY 3.

Selling and marketing expenses amounted to SEK 2.4 million (2.0) and relate mainly to personnel costs.

Administrative expenses amounted to SEK 10.7 million (19.5) and relate to items including office expenses and salaries of employees who do not work in game production or marketing, as well as external costs related to legal work. The decrease in administrative expenses is mainly attributable to lower consultancy and legal expenses.

Administrative expenses include amortization of SEK 4.2 million (4.3). Capitalized development expenses reduced administrative expenses by SEK 6.6 million (6.8) and relate to PAYDAY: Crime War, PAYDAY 2 and PAYDAY 3.

Other income/expenses amounted to SEK 4.9 million (15.5). The item consists mainly of currency effects due to changes in the USD and

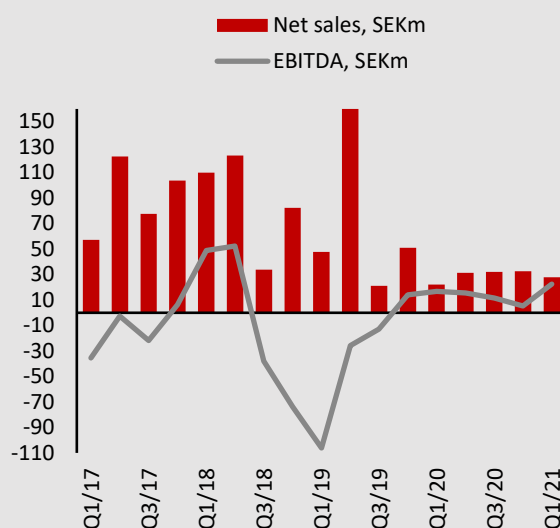
Q1

2021

Sales and profit

	2021	2020
SEKk	Q1	Q1
Net sales	27,923	22,037
EBITDA *	22,595	16,872
Profit (-loss) before tax	-4,248	-97,338
Net profit (-loss) for the period	-4,381	-96,863
Earnings per share, SEK	-0.01	-0.28
Net sales growth, %	26.7	-53.9
EBITDA margin, %	80.9	76.6

*See page 17 for the definitions of key figures



EUR exchange rates against SEK. The currency effect had a positive impact on the individual quarter.

Operating results

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to SEK 22.6 million (16.9).

The share of profit and loss in the joint venture StarVR Corporation amounted to SEK 0.0 million (-0.3).

Net financial income was reduced during the quarter by interest on lease liabilities of SEK 0.3 million (0.4), an effect of the reporting standard IFRS16.

Net financial income/expense

Net financial expense/expense amounted to SEK -12.4 million (-103.9). The expense is attributable mainly to the company's convertible loans and associated liability of SEK 11.6 million (100.8). In the corresponding period of the preceding year, we had a negative impact of SEK 90.9 million related to the renegotiation loss on convertible loans.

Profit before tax and net profit for the period

Profit before tax for the quarter was SEK -4.2 million (-97.3).

Net profit for the quarter was SEK -4.4 million (-96.9).

Basic and diluted earnings per share were SEK -0.01 (-0.28).

Specification of net financial income/expense

	2021	2020
SEkk	Q1	Q1
Interest on convertible bonds	-6,633	-4,534
Net profit (-loss) from StarVR Corp.	31	-278
Renegotiation loss convertible bond	-	-90,934
Implicit interest	-4,938	-5,314
Interest Nordea	-527	-1,797
Interest on lease liability	-316	-414
Interest on non-current liabilities according composition proposal	-	-423
Other items	16	-156
Total	-12,367	-103,851

OTHER FINANCIAL INFORMATION

Q1
2021

The comparison period for financial information is the corresponding period in the preceding year.

First quarter 2021

Cash flow

Cash flow from operating activities increased and amounted to SEK 28.5 million (3.8) in the period. The improved cash flow is mainly attributable to improved operating profit of SEK 8.0 million but is also positively impacted by increased operating liabilities of SEK 4.5 million and lower trade and other operating receivables of SEK 5.8 million.

Adjustments for non-cash items amounted to SEK 11.1 million (-4.1), of which depreciation of assets is SEK 14.5 million and currency effects are SEK -3.4 million.

The depreciation plan for the company's assets has been revised, with the result that depreciation for the period increased to SEK 14.5 million against SEK 10.4 million for the corresponding period of the preceding year.

Cash flow from investing activities was SEK -27.9 million (-25.0), of which investments in proprietary game development amounted to SEK -28.2 million.

Cash flow from financing activities amounted to SEK -9.6 million (45.6), of which the effect of IFRS 16 Leases amounted to SEK -4.8 million. Repayment of loans to Nordea has been made in the sum of SEK -4.9 million. In Q1 2020, a new share issue of SEK 50.7 million was carried out, which had a positive impact in the corresponding period of the preceding year.

Total cash flow for the period was SEK -9.0 million (24.4). Adjusted for the effect of the new share issue in the previous year, cash flow for the period improved by SEK 17.3 million. Cash and cash equivalents at the end of the quarter amounted to SEK 148.5 million (107.9).

Investments

Consolidated investments in property, plant and equipment during the period amounted to SEK 0.1 million (0.0). Investments in proprietary game and technology development amounted to SEK 28.2 million (24.4).

Financial position

Non-current assets

Goodwill at the end of the period amounted to SEK 41.1 million (46.8). Intangible assets, which consist primarily of IP rights, amounted to SEK 221.4 million (237.0).

Capitalized expenditure on proprietary game and technology development amounted to SEK 197.5 million (104.9).

Investments in publishing projects amounted to SEK 4.0 million (4.0).

Amortization and impairment of intangible assets amounted to SEK 9.4 million (4.5) during the period.

Current assets

Trade and other receivables amounted to SEK 4.8 million (18.2).

Prepaid expenses and accrued income at the end of the period amounted to SEK 30.6 million (31.1), of which SEK 12.3 million (13.1)

Cash and cash equivalents

as at March 31, 2021

148.5
SEKm

relates to receivables for digital sales, primarily through Steam, PlayStation Store, Xbox Live and Switch.

Equity

Consolidated equity amounted to SEK 222.5 million (31.2) at the reporting date.

Non-current liabilities

Non-current liabilities amounted to SEK 338.2 million (421.5), of which convertible loans and related liability amounted to SEK 281.7 million and liabilities to Nordea amounted to SEK 11.0 million. The non-current component of lease liability was SEK 33.3 million (51.3). Deferred tax liability amounted to SEK 0.0 million (8.4).

Current liabilities

Current liabilities amounted to SEK 151.9 million (184.9). Trade payables and other liabilities at the end of the period amounted to SEK 101.5 million (127.7), of which SEK 40.0 million relates to Nordea. Current liability for lease contracts amounted to SEK 18.9 million (19.6). Accrued expenses and deferred income at the end of the period amounted to SEK 31.4 million (37.5).

Leases

IFRS 16 Leases has been applied since 1 January 2019. The deposit paid for the premises in Stockholm is recognized as a financial asset on the balance sheet.

In discounting future lease payments, Starbreeze has used the marginal lending rate per country as a discount rate. The incremental borrowing rate is based on the lessee's financial strength, country and the term of the relevant lease.

The parent company has prepared its parent company in accordance with the Swedish Annual Accounts Act (SFS 1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The interim report for the parent company has been prepared using the same accounting policies and calculation methods as for the 2020 annual report (Note 1, pages 55-60) except that the parent company applies the exception permitted under RFR2 and recognizes all lease obligations as operating leases.

Share capital

Share capital at the end of the period amounted to SEK 14,492,185 (7,246,093) divided into 724,609,266 shares (362,304 633), of which 169,210,216 A-shares (85 530 241) and 555,399,050 B-shares (276,774,392).

Risks and uncertainties

The preparation of interim reports and annual reports in accordance with generally accepted accounting practices requires management to make estimates, judgments and assumptions that affect the value of assets, liabilities and revenue reported in the financial statements. Actual outcomes may differ from these estimates and judgments.

The short-term effect on profit and loss from fluctuations in exchange rates can be positive or negative, depending on the current currency exposure from trade receivables, bank balances and other assets and liabilities in foreign currency. However, a falling dollar rate in the longer term always has a negative impact on profit margins. As the Group includes foreign subsidiaries, there is also translation exposure.

The largest risks and uncertainties are low revenues in connection with game releases and project delays. These and other risks such as copyright infringements, loss of key individuals and exchange rate fluctuations are described in Starbreeze's Annual Report 2020 in the Report of the Board of Directors on page 46, and in Note 3. Furthermore, the value of certain assets and liabilities is based on expected outcomes. Consequently, these items have to be regularly remeasured and thus may affect future profit and loss.

The company continuously monitors the Group's liquidity and capital requirement for the next twelve months. The Board of Directors has assessed whether the assumption of going concern is fulfilled. The factors underlying the Board's assessment are described below: The Company has signed publishing agreements for PAYDAY 3 with Koch Media which mean that game development for PAYDAY 3 is funded until and after launch in 2023. The Company's contractual repayments for the period until the end of April 2022 are SEK 45 million. The Company will receive ongoing revenues from sale linked to PAYDAY 2. Based on the above, the assumption of going concern is judged to be fulfilled.

Parent company

The Group's business was conducted during the quarter in the parent company Starbreeze AB (publ) and the following subsidiaries: Starbreeze Production AB, Starbreeze Studio AB, Starbreeze Publishing AB, Starbreeze VR AB, Starbreeze USA Inc, Starbreeze LA Inc, Starbreeze IP LUX, Starbreeze IP LUX II Sarl, Starbreeze Barcelona SL, Starbreeze Paris SAS, New Starbreeze Studios AB, New Starbreeze Publishing AB and Enter-space AB.

The parent company's net sales during the quarter amounted to SEK 5.0 million (9.9). Sales relate primarily to allocation of management fees.

Profit before and after tax was SEK -9.3 million (-93.6).

Cash and cash equivalents at the end of the quarter amounted to SEK 5.7 million (12.4) and parent company equity was SEK 775.3 million (614.9).

Non-current liabilities increased during the period to SEK 281.7 million (269.7).

Related-party transactions

There were no related party transactions during the period other than payment of salaries and other remuneration and intra-Group transactions.

Auditor's review

This report has not been reviewed by the company's statutory auditors.

Number of employees

	2021	2020
	Q1	Q1
Employees	133	133
Men	107	117
Women	26	16

133

employees at Starbreeze

Investor relations contact

Up-to-date information about Starbreeze is available on the company's website [starbreeze.com](https://www.starbreeze.com). The company can be contacted by e-mail: ir@starbreeze.com, telephone: +46 (0)8-209 208 or mail: Box 7731, 103 95 Stockholm, Sweden.

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The reports are published on the company's website, [starbreeze.com](https://www.starbreeze.com).

Stockholm, May 11, 2021

Torgny Hellström
Chairman of the Board

Directors

Kerstin Sundberg

Anna Lagerborg

Tobias Sjögren

Jan Benjaminson

Financial calendar

Annual General Meeting 2021.....May 12, 2021

Interim Report Q2 2021.....August 18, 2021

Interim Report Q3 2021.....November 12, 2021

Year-end Report 2021.....February 16, 2022

Starbreeze AB is required to disclose this information under the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the above contact persons for publication on May 11, 2021 at 8.00 am CET.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKk	NOTE	2021	2020	2020
		Q1	Q1	JAN - DEC
Net sales	3	27,923	22,037	118,006
Direct costs		-11,590	-9,508	-31,074
Gross profit (-loss)		16,333	12,529	86,932
Selling and marketing costs		-2,386	-2,019	-8,464
Administrative expenses		-10,744	-19,541	-69,428
Other revenue*		4,916	15,545	1,835
Operating profit (-loss)		8,119	6,514	10,875
Financial income		18	30	628
Financial expenses		-12,416	-103,603	-139,864
Share in profit or loss of holdings accounted for using the equity method*		31	-278	-2,112
Profit (-loss) before tax		-4,248	-97,338	-130,473
Income tax		-133	475	193
Net profit (-loss) for the period		-4,381	-96,863	-130,280
<i>Other comprehensive income that may subsequently be reclassified to profit and loss</i>				
Exchange differences		-1,580	-6,240	246
Total comprehensive income for the period		-5,961	-103,103	-130,034
Total comprehensive income for the period attributable to:				
Owners of the parent		-5,961	-103,103	-130,034
Earnings per share attributable to owners of the parent during the period (SEK):				
- Basic		-0.01	-0.28	-0.28
- Diluted		-0.01	-0.28	-0.28

*The comparative figures for Q1 2020 have been reclassified compared to the previously published Q1 2020 report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKk	NOTE	2021-03-31	2020-03-31	2020-12-31
ASSETS				
<i>Intangible assets</i>				
Goodwill		41,092	46,816	38,827
Other intangible assets		221,446	236,998	228,514
Capitalized development cost for own games and technology development		197,530	104,948	171,435
Investments in publishing projects		3,974	3,962	3,974
<i>Financial assets</i>				
Financial assets		7,770	8,101	7,683
Investments in joint ventures	5	1,114	2,917	1,083
Non-current lease receivable		2,375	5,388	2,612
Deferred tax assets		387	-	161
<i>Property, plant and equipment</i>				
IT equipment and other equipment		5,396	11,035	6,704
Right-of-Use asset-Buildings		45,168	60,129	48,866
Total non-current assets		526,252	480,293	509,859
<i>Current assets</i>				
Trades and other receivables		4,757	18,240	4,061
Current lease receivable		2,519	-	2,627
Prepaid expenses and accrued income		30,620	31,146	34,736
Cash and cash equivalents		148,463	107,936	157,423
Total current assets		186,359	157,323	198,847
TOTAL ASSETS		712,611	637,616	708,706
EQUITY AND LIABILITIES				
<i>Equity attributable to owners of the parent</i>				
Share capital		14,492	7,246	14,492
Other contributed capital		1,979,111	1,762,433	1,979,111
Reserves		20,066	14,883	21,646
Retained earnings including net profit or loss for the period		-1,791,132	-1,753,335	-1,786,751
Total equity		222,537	31,227	228,498
<i>Non-current liabilities</i>				
Non-current liabilities, earnouts		-	68	-
Deferred tax liability		-	8,374	-
Non-current lease liability		33,276	51,268	37,147
Other non-current liabilities		304,916	361,752	292,702
Total non-current liabilities		338,192	421,462	329,849
<i>Current liabilities</i>				
Current liabilities, earnouts		18	-	18
Trade and other payables		101,531	127,744	103,345
Current lease liability		18,939	19,637	19,135
Accrued expenses and deferred income		31,394	37,546	27,861
Total current liabilities		151,882	184,927	150,359
TOTAL EQUITY AND LIABILITIES		712,611	637,616	708,706

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKk	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2021	14,492	1,979,111	21,646	-1,786,751	228,498
Net profit (-loss) for the period	-	-	-	-4,381	-4,381
Other comprehensive income for the period					
Translation differences	-	-	-1,580	-	-1,580
Total comprehensive income	-	-	-1,580	-4,381	-5,961
Balance at 31 March 2021	14,492	1,979,111	20,066	-1,791,132	222,537
Balance at 1 January 2020	6,587	1,711,334	21,400	-1,733,163	6,158
Net profit (-loss) for the period	-	-	-	-130,280	-130,280
Translation differences	-	-	246	-	246
Total comprehensive income	-	-	246	-130,280	-130,034
Transactions with shareholders:					
New issue through exercise of convertible bonds	7,905	293,368	-	-	301,273
Issue costs recognized in equity	-	-30,273	-	-	-30,273
Shareholders' contributions from composition proposal	-	-	-	76,692	76,692
Other	-	4,683	-	-	4,683
Total contribution from and value transfers to shareholders, recognized directly in equity	7,905	267,777	-	76,692	352,374
Balance at 31 December 2020	14,492	1,979,111	21,646	-1,786,751	228,498
				2021	2020
CHANGE IN NUMBER OF OUTSTANDING SHARES				JAN-MAR	JAN - DEC
Number of shares at the beginning of the period				724,609,266	329,367,849
New issue				-	395,241,417
Total shares outstanding at the end of the period				724,609,266	724,609,266

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKk	NOTE	2021	2020	2020
		Q1	Q1	JAN - DEC
<i>Operating activities</i>				
Cash flow from operations		8,119	6,514	10,875
Adjustment for non-cash items		11,107	-4,072	37,053
Interest paid		-	-	-385
Income taxes paid		-994	-	-
Cash flow from (-used in) operating activities		18,232	2,442	47,543
<i>Cash flow from changes in working capital</i>				
Increase (+)/decrease (-) in operating receivables		4,492	79,663	66,851
Increase (+)/decrease (-) in operating liabilities		5,800	-78,287	-139,034
Cash flow from (-used in) operating activities		28,524	3,818	-24,640
<i>Cash flow from changes in working capital</i>				
Purchase of property, plant and equipment		-121	-15	-944
Sold non-current assets		67	-	51
Divested subsidiaries		-	-480	-472
Investments in other financial assets		-39	-86	-
Change in other financial assets		365	-	-
Investments in own games and technology		-28,215	-24,396	-94,541
Investments in publishing projects		-	-	-309
Cash flow from (-used in) investing activities		-27,943	-24,977	-96,215
<i>Investments in other financial assets</i>				
New issue		-	50,723	301,273
Costs related to new issues		-	-	-30,274
Increase in non-current liabilities		-	-666	-1,598
Repayment of loans		-4,872	-	-55,000
Effect of financial lease		-4,751	-4,489	-18,802
Cash flow from financing activities		-9,623	45,568	195,599
Cash flow for (-used in) the period		-9,042	24,409	74,744
Cash and cash equivalents at the beginning of the period		157,423	82,787	82,787
Exchange difference in cash and cash equivalents		82	740	-108
Cash and cash equivalents at the end of the period		148,463	107,936	157,423

KEY RATIOS, GROUP

	2021	2020	2020
	Q1	Q1	JAN - DEC
Net sales, SEKk	27,923	22,037	118,006
EBITDA, SEKk	22,595	16,872	49,317
EBIT, SEKk	8,119	6,514	10,875
Profit (-loss) before tax, SEKk	-4,248	-97,338	-130,473
Profit (-loss) after tax, SEKk	-4,381	-96,863	-130,280
EBITDA margin, %	80.9	76.6	41.8
EBIT margin, %	29.1	29.6	9.2
Profit margin, %	-15.2	-441.7	-110.6
Equity to assets ratio, %	31.2	4.9	32.2
Closing price of A share for the period, SEK	1.50	1.35	1.06
Closing price of B share for the period, SEK	1.52	1.30	1.09
Basic earnings per share, SEK	-0.01	-0.28	-0.28
Diluted earnings per share, SEK	-0.01	-0.28	-0.28
Number of shares at end of period before dilution	724,609,266	344,569,441	724,609,266
Number of shares at end of period after dilution	724,609,266	344,569,441	724,609,266
Average number of shares before dilution	724,609,266	344,569,441	469,754,144
Average number of shares after dilution	724,609,266	344,569,441	469,754,144
Average number of employees	130	126	123
Number of employees at the end of the period	133	133	124

Key ratios, Group

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization.

EBIT

Earnings Before Interest and Taxes.

EBITDA margin

Operating profit before depreciation, amortization and impairments as a percentage of net sales.

Operating margin

Operating profit as a percentage of net sales.

Profit margin

Profit after net financial income/expense as a percentage of the sum of net sales.

Equity/assets ratio

Equity as a percentage of capital employed.

Earnings per share

Profit after tax divided by the average number of shares during the period.

Equity

Recognized equity including 78 percent of untaxed reserves.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	2021	2020	2020
	Q1	Q1	JAN - DEC
EBITDA			
Operating profit (-loss), SEKk	8,119	6,514	10,875
Amortization of intangible assets, SEKk	9,355	4,543	16,628
Depreciation of property, plant and equipment, SEKk	5,121	5,815	21,814
EBITDA	22,595	16,872	49,317
EBITDA margin, %			
EBITDA, SEKk	22,595	16,872	49,317
Net sales, SEKk	27,923	22,037	118,006
EBITDA margin, %	80.9	76.6	41.8
EBIT margin, %			
Operating profit (-loss), SEKk	8,119	6,514	10,875
Net sales, SEKk	27,923	22,037	118,006
EBIT margin, %	29.1	29.6	9.2
Profit margin, %			
Profit (-loss) before tax, SEKk	-4,248	-97,338	-130,473
Net sales, SEKk	27,923	22,037	118,006
Profit margin, %	-15.2	-441.7	-110.6
Equity to assets ratio, %			
Total equity	222,537	31,227	228,498
Total equity and liabilities, SEKk	712,611	637,616	708,706
Equity to assets ratio, %	31.2	4.9	32.2

Alternative Performance Measures (APMs) are financial indicators of performance, financial position and cash flow not defined in the applicable reporting framework (IFRS). These are considered to be important additional key figures for the Group's performance. Since not all entities calculate financial measurements in the same way, they are not always comparable to those used by other entities.

PARENT COMPANY INCOME STATEMENT

	2021	2020	2020
SEKk	Q1	Q1	JAN - DEC
Net sales	5,029	9,918	29,762
Other operating revenue	5,046	10,919	8,542
Total sales	10,075	20,837	38,304
Other external expenses	-3,043	-8,439	-24,374
Employee benefit expense	-5,678	-6,883	-29,961
Depreciation of property, plant and equipment	-80	-60	-188
Other operating expenses	-	-579	-
Operating profit (-loss)	1,274	4,875	-16,219
Profit from holdings in group companies	19	902	-
Other financial income	1,300	1,761	6,508
Financial expenses	-11,866	-101,187	-134,561
Profit (-loss) after net financial income/expense	-9,273	-93,649	-144,272
Appropriations	-	-	-
Profit (-loss) before tax	-9,273	-93,649	-144,272
Income tax	-	-	-
Net profit (-loss) for the period	-9,273	-93,649	-144,272

For the parent company, net profit or loss for the period corresponds to comprehensive income.

PARENT COMPANY BALANCE SHEET

SEKk	2021-03-31	2020-03-31	2020-12-31
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>			
Computers and other equipment	259	375	268
<i>Financial assets</i>			
Investments in group companies	322,703	322,753	322,702
Investments in associates	4,656	4,656	4,656
Other financial assets	2,621	2,791	2,594
Total non-current assets	330,239	330,575	330,220
<i>Current assets</i>			
Trade and other receivables	997	-	933
Receivables from group companies	1,338,665	1,137,394	1,332,388
Prepaid expenses and accrued income	559	966	524
Cash and cash equivalents	5,722	12,377	10,906
Total current assets	1,345,943	1,150,737	1,344,751
TOTAL ASSETS	1,676,182	1,481,312	1,674,971
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	14,492	7,246	14,492
Statutory reserve	-	76,692	-
Share premium reserve	1,912,127	1,699,097	1,912,127
Retained earnings	-1,142,087	-1,074,507	-997,796
Net profit (-loss) for the period	-9,273	-93,649	-144,272
Total equity	775,259	614,879	784,551
<i>Non-current liabilities</i>			
Other non-current liabilities	281,657	269,694	270,085
Total non-current liabilities	281,657	269,694	270,085
<i>Current liabilities</i>			
Trade payables	1,274	8,027	1,013
Liabilities to group companies	580,967	363,851	576,975
Other liabilities	29,485	3,343	34,544
Accrued expenses and deferred income	7,540	221,518	7,803
Total current liabilities	619,266	596,739	620,335
TOTAL EQUITY AND LIABILITIES	1,676,182	1,481,312	1,674,971

NOTES

Note 1: Accounting and measurement policies

This interim report has been prepared in accordance IAS 34, Interim Financial Reporting. The accounting policies and calculation methods are the same as those applied in 2020.

The report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

No new or revised IFRSs have entered into force that are expected to have any material impact on the Group. The carrying amount of all financial assets and liabilities is a good approximation of fair value.

Note 2: Pledged assets

Consolidated pledged assets and contingent liabilities

Consolidated pledged assets relate to rent guarantees and pledged shares in subsidiaries and bank accounts related to loans from Nordea.

SEKk	2021-03-31	2020-03-31	2020-12-31
Pledged assets	585	585	585

Note 3: Net sales by category

SEKk Q1 2021	Starbreeze Games	Other	Total
PC	22,341	242	22,583
Consoles, Digital	4,497	-174	4,323
Consoles, Retail	60	-	60
Licensing	235	682	917
Other	40	-	40
Total net sales	27,173	750	27,923

SEKk Q1 2020	Starbreeze Games	Other	Total
PC	16,933	182	17,115
Consoles, Digital	4,546	19	4,565
Consoles, Retail	65	-	65
Other	61	231	292
Total net sales	21,605	432	22,037

Note 4: Group depreciation and amortization by function

SEKk	2021	2020	2020
	Q1	Q1	JAN-DEC
<i>Depreciation and impairment of property, plant and equipment</i>			
Direct costs	-947	-1,587	-5,302
Selling and marketing costs	-1	-	-
Administrative expenses	-4,173	-4,229	-16,512
Total depreciation and impairment of property, plant and equipment	-5,121	-5,815	-21,814
<i>Amortization and impairment of intangible assets</i>			
Direct costs	-9,287	-4,476	-16,353
Administrative expenses	-68	-67	-275
Total amortization and impairment of intangible assets	-9,355	-4,543	-16,628
Total depreciation and amortization and impairment	-14,476	-10,358	-38,442

Note 5: Joint venture company StarVR Corporation

The company's joint venture with Acer, StarVR Corporation, is a sales and marketing company for the StarVR One headset. The company manages sales and marketing, primarily to the B2B market, as well as support and aftermarket support. Starbreeze owns the intellectual property, such as patents, source code and brands related to StarVR, while Acer is responsible for manufacturing the product. Development and reference design work for headsets is carried out jointly by Starbreeze and Acer. StarVR Corporation bears all expenses for marketing and sale of the StarVR headset. Starbreeze was responsible for R&D-related expenses until September 2018, but these have been transferred to StarVR Corporation. Production expenses are borne by Acer, which is also an exclusive supplier to StarVR Corporation.

The reconciliation below reflects adjustments made by the Group on application of the equity method, including adjustments to fair value at acquisition date and adjustments for differences in accounting policies.

SEKk	2021-03-31
<i>Reconciliation of net carrying amount:</i>	
Balance of net assets at 1 January	3,282
Net profit (-loss) for the period	-64
Exchange differences	159
Closing balance net assets	3,377
Group's share	33%
Group's share in SEKk	1,114
Net carrying amount	1,114

The table below provides condensed financial information for the holding in the joint venture (StarVR Corporation) that the Group has deemed material. The information shows the amounts recognized in the financial reports for the joint venture and not Starbreeze's share of these amounts. The reconciliation of Starbreeze's participation is shown above.

SEKk	2021-03-31
<i>Balance sheet in summary:</i>	
Current assets	11,326
Non-current assets	62
Current liabilities	-8,011
Net assets	3,377
<i>Statement of comprehensive income in summary:</i>	
Sales	136
Net profit (-loss) for the period	-64
Total comprehensive income for the period	-64

