

Interim Report January – September 2018

“In the third quarter our net revenue grew by 25% YoY, mainly due to strong development in Core products. Overall, revenues reflected the seasonal pattern and we aligned our marketing expenses accordingly, resulting in a strong EBIT margin of 28%. Our growth journey continues and in Q3 we acquired Imperia Online, a leading game developer and publisher in Southeast Europe. In November we secured a new debt financing package at favourable terms. With this flexible and attractive financing platform we are well equipped to capture upcoming organic and M&A driven growth opportunities.”

Altigi GmbH (Goodgame Studios), has been consolidated into Stillfront Group as a reverse acquisition from January 1, 2018. Therefore, the 2018 financials reflect the new business combination whereas the 2017 financial numbers refer to Altigi GmbH only. The proforma figures for 2017 represent the acquisition as if it had been completed January 1, 2017.

Q3 2018 HIGHLIGHTS

- Net revenues amounted to 315 MSEK (corresponding period previous year 206 MSEK), an increase of 53% compared to the same period last year. On a proforma basis, net revenues increased by 25%.
- Adjusted EBITDA (EBITDA excluding items affecting comparability) amounted to 120 MSEK (83), an increase of 44%. On a proforma basis, adjusted EBITDA increased by 21%.
- Adjusted EBIT (EBIT excluding items affecting comparability) amounted to 89 MSEK (62), an increase of 42% compared to the same period last year. On a proforma basis, adjusted EBIT increased by 25%.
- Items affecting comparability amounted to 0 MSEK (-1).
- EBIT amounted to 89 MSEK (61), an increase of 45% compared to the same period last year. On a proforma basis, EBIT increased by 26%.
- The net result for the quarter amounted to 54 MSEK (41). The net result per share undiluted amounted to 2.42 SEK (2.42). The net result per share diluted amounted to 2.40 SEK (2.42).
- Net debt amounted to 386 MSEK (-226) and the Adjusted Leverage Ratio was 0.81x.

KEY FIGURES, GROUP

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | Chg% | 2018 Jan-Sep | 2017 Jan-Sep | Chg% | Latest 12 months | 2017 Jan-Dec |
|-------------------------------------|-----------------|-----------------|------|-----------------|-----------------|------|------------------------|-----------------|
| Net Revenues | 315 | 206 | 53 | 959 | 682 | 41 | 1 190 | 913 |
| Adjusted EBITDA* | 120 | 83 | 44 | 330 | 277 | 19 | 366 | 313 |
| Adjusted EBITDA margin*, % | 38 | 40 | | 34 | 41 | | 32 | 34 |
| Adjusted EBIT* | 89 | 62 | 42 | 237 | 214 | 11 | 250 | 228 |
| Adjusted EBIT margin*, % | 28 | 30 | | 25 | 31 | | 21 | 25 |
| Items affecting comparability | 0 | -1 | | -12 | -46 | | -77 | -112 |
| EBIT | 89 | 61 | 45 | 225 | 168 | 34 | 173 | 116 |
| EBIT margin, % | 28 | 30 | | 23 | 25 | | 15 | 13 |
| Profit before tax | 72 | 61 | 19 | 192 | 168 | 14 | 139 | 116 |
| Net Result | 54 | 41 | 33 | 131 | 112 | 17 | 94 | 75 |
| Net result per share undiluted, SEK | 2.42 | 2.42 | 0 | 5.72 | 6.62 | -14 | 4.46 | 4.47 |
| Net result per share diluted, SEK | 2.40 | 2.42 | -1 | 5.69 | 6.62 | -14 | 4.43 | 4.47 |

* Adjusted EBIT and EBITDA are defined as EBITDA and EBIT excluding items affecting comparability.

PROFORMA KEY FIGURES, GROUP

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | Chg% | 2018 Jan-Sep | 2017 Jan-Sep | Chg% | Latest 12 months | 2017 Jan-Dec |
|----------------------------|-----------------|-----------------|------|-----------------|-----------------|------|------------------------|-----------------|
| Net Revenues | 315 | 252 | 25 | 959 | 794 | 21 | 1 244 | 1 079 |
| Adjusted EBITDA* | 120 | 99 | 22 | 330 | 312 | 6 | 380 | 362 |
| Adjusted EBITDA margin*, % | 38 | 39 | | 34 | 39 | | 31 | 34 |
| Adjusted EBIT* | 89 | 70 | 26 | 237 | 233 | -4 | 256 | 253 |
| Adjusted EBIT margin*, % | 28 | 28 | | 25 | 29 | | 21 | 23 |

* Adjusted EBIT and EBITDA are defined as EBITDA and EBIT excluding items affecting comparability.

Comment by the CEO

High profitability and continued M&A in a seasonally soft quarter

In the third quarter net revenues on a proforma basis grew by 25% YoY, mainly due to strong development in Core products.

Overall, revenues reflected the seasonality pattern for Q3, with softer gaming activity during the summer months. We therefore aligned our marketing spend accordingly which resulted in a strong EBIT margin for the quarter.

The customer loyalty and average revenues per monthly paying user (ARPMU) are core strengths of our portfolio and this quarter we reached an all-time-high record, with an ARPMU of 664 SEK.

Our largest brands Empire and BIG, consisting of seven game titles, are in total generating stable revenues, with "BIG" growing and "Empire" declining.

It is very encouraging to see that our successful titles BIG Farm: Mobile Harvest and Nida Harb III, which were released in Q4 2017 have both surpassed 100 MSEK accumulated revenues in less than twelve months after their launches. Call of War also continues to develop very well and generated all-time-high revenues in the third quarter, following the successful platform extension to Steam and mobile.

We continue to develop new games with established brands and proven engines, which is a capital-efficient way of organically expanding our portfolio. During the quarter we launched two new games: BIG COMPANY: Skytopia and Vietnam War: Platoons and two new titles entered into soft launch: SIEGE: World War II and Strike of Nations.

Our growth journey continues – the Stillfront Group now consists of ten studios offering a total portfolio of 26 products, from small niche products like OFM, to mid-sized ones like Call of War and Nida Harb, to the massive brands of e.g. Empire and Big. Important to note however is that no single game generates more than 25% of net revenue for the Group.

A key event in the quarter has been the acquisition of Imperia Online, a leading game developer and publisher in Southeast Europe with a head office in Sofia, Bulgaria. The acquisition strengthens the Group and adds a loyal user base of games with a proven long-life cycle to the portfolio. Imperia Online is also providing the Group with a solid presence in South America. Imperia Online is consolidated in the Group from October 1, 2018.

The synergies in the Group continue to materialize. The studios within the Group are collaborating to optimize performance marketing cross studios and games, as well as sharing technical insights and methods.

The preparations for our planned list change to Nasdaq OMX Stockholm during 2019 continue.

Lastly, I am pleased to report that we during November secured a new debt financing package at favourable terms. With this flexible and attractive financing platform in place, we are well equipped to capture upcoming organic and M&A driven growth opportunities.

Jörgen Larsson, CEO, Stillfront Group



Operational overview of the third quarter

GAME PERFORMANCE

| 2018 Q3 | Total | Core** | Empire** | Big** |
|---------------------|-------|--------|----------|-------|
| DAU ('000) | 954 | 259 | 345 | 350 |
| Y-o-Y % | 6 | 3 | -25 | 82 |
| MAU ('000) | 4 098 | 1 231 | 1 354 | 1 514 |
| Y-o-Y % | 18 | 7 | -23 | 175 |
| MPU ('000) (*) | 153 | 38 | 67 | 48 |
| Y-o-Y % | 7 | 2 | -10 | 55 |
| ARPPMU (SEK) (*) | 664 | 873 | 686 | 468 |
| Y-o-Y % | 13 | 127 | -7 | -2 |
| Deposits (MSEK) (*) | 304 | 99 | 138 | 67 |
| Y-o-Y % | 21 | 130 | -16 | 52 |
| UAC (MSEK) | 64 | 18 | 14 | 31 |
| Y-o-Y % | 44 | 366 | -51 | 173 |

Notes:

* Deposits are revenues excluding IFRS revenues recognition adjustments and online games only, hence the difference versus reported revenues. All Y-o-Y comparable numbers represent the Altigi-acquisition as if it had been completed January 1, 2017.

** Core, Empire, Big are product categories. For further description, see definitions, page 22.

Deposits in the third quarter amounted to 304 MSEK (251). The increase of 21% is due to the strong development in Nida Harb III and BIG Farm: Mobile Harvest. The largest brands, Empire and BIG, consisting of seven game titles, are in total generating stable deposits, with "BIG" growing and "Empire" declining. The decrease in "Empire" is partly due to a lower marketing spend and an ongoing transformation to HTML5. Core products continued to develop well. Deposits within Core products amounted to 99 MSEK, an increase of 130% with a UAC of 18 MSEK.

User acquisition cost, UAC, in the third quarter amounted to 64 MSEK (45), corresponding to 20% in relation to net revenues. The increase of 44% is due to a significantly larger UAC in Core products compared to the third quarter 2017. The increase is also a result of the larger portfolio for BIG and Empire brands today consisting of seven games in comparison to three games in the third quarter 2017.

The customer loyalty and average revenues per monthly paying user (ARPPMU) are core strengths of the Stillfront portfolio and this quarter totalled average revenues of 664 SEK, an increase of 13% compared to the same period last year and an all-time-high record for the Group.

The share of mobile revenues during the third quarter was 57% compared to 53% in the second quarter 2018.

Two new games were launched in the third quarter: BIG COMPANY: Skytopia and Vietnam War: Platoons and two new titles entered into soft launch: SIEGE: World War II and Strike of Nations.

OTHER SIGNIFICANT EVENTS

In September, Stillfront Group announced the acquisition of Imperia Online JSC, one of the leading game developers and publishers in South Eastern Europe with 25 released games and over 45 million users worldwide. Imperia Online is based in Sofia, Bulgaria and has about 50 employees. The Company generated net revenues of about EUR 4.1 million, with an EBIT margin of about 48% for the period January – August 2018. Imperia Online is consolidated in the Group from October 1, 2018.

Financial overview of the third quarter

REVENUES AND OPERATING PROFIT

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | Chg% | 2018 Jan-Sep | 2017 Jan-Sep | Chg% | Latest 12 months | 2017 Jan-Dec |
|-------------------------------|-----------------|-----------------|------|-----------------|-----------------|------|------------------------|-----------------|
| Net Revenues | 315 | 206 | 53 | 959 | 682 | 41 | 1 190 | 913 |
| Adjusted EBITDA* | 120 | 83 | 44 | 330 | 277 | 19 | 366 | 313 |
| Adjusted EBITDA margin*, % | 38 | 40 | | 34 | 41 | | 32 | 34 |
| Adjusted EBIT* | 89 | 62 | 42 | 237 | 214 | 11 | 250 | 228 |
| Adjusted EBIT margin*, % | 28 | 30 | | 25 | 31 | | 21 | 25 |
| Items affecting comparability | 0 | -1 | | -12 | -46 | | -77 | -112 |
| EBIT | 89 | 61 | 45 | 225 | 168 | 34 | 173 | 116 |
| EBIT margin, % | 28 | 30 | | 23 | 25 | | 15 | 13 |

* Adjusted EBIT and EBITDA are defined as EBITDA and EBIT excluding items affecting comparability.

Net revenues in the third quarter amounted to 315 MSEK (206). The increase of 53% is due to the consolidation of the new Group and a strong development in BIG Farm: Mobile Harvest and Nida Harb III. On a proforma basis, net revenues increased 25%.

Adjusted EBITDA amounted to 120 MSEK (83) during the third quarter, corresponding to an Adjusted EBITDA-margin of 38% (40%) due to a strong development in BIG Farm: Mobile Harvest and Nida Harb III. On a proforma basis, Adjusted EBITDA increased by 21 MSEK, corresponding to an Adjusted EBITDA margin of 38% (40%). Lower margins are due to a higher marketing spend as well as a higher share of mobile revenues which are subject to platform fees to Apple and Google.

Adjusted EBIT amounted to 89 MSEK (62) during the third quarter, corresponding to an Adjusted EBIT-margin of 28% (30%). On a proforma basis, Adjusted EBIT increased by 26%, corresponding to an Adjusted EBIT-margin of 28% (30%).

PRODUCT DEVELOPMENT

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | 2017 Jan-Dec |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capitalization of product development | 36 | 19 | 106 | 50 | 68 |
| Depreciations and amortization | -27 | -20 | -89 | -56 | -75 |

During the third quarter investments in product development have been capitalized by 36 MSEK (19). The comparable period previous year pertains to Goodgame Studios only, which had a lower level of product development investments. Investments include new games inter alia BIG Company: Skytopia, Vietnam War: Platoons, SIEGE: World War II and Strike of Nations and other new titles based on existing engines as well as extensions and additions to existing games.

Depreciation and amortization of -27 MSEK (-20) was charged during the third quarter. Depreciation and amortization primarily pertain to intangible assets acquired by the Group related to the Group's acquisitions of subsidiaries and to capitalization of product development expenses.

FINANCIAL NET

The financial net was -16 MSEK for the third quarter (0). Interest on Stillfront's 500 MSEK bond was 10 MSEK. Other items in the financial net were capitalized transaction costs, FX effects and non-

cash interest charge on contingent conditional considerations. Comparable numbers for 2017 refer to Altigi GmbH, which did not have any material borrowings.

TAX

The Group's tax expense for the third quarter was -18 MSEK (-20). The reported tax rate was 25% (32.7%). The change in tax rate compared to the same quarter last year is due to consolidation of the new Group.

FINANCING

| | 2018 30-Sep | 2017 30-Sep |
|---------------------------------------|----------------|----------------|
| Net debt | 386 | -226 |
| Cash and cash equivalents | 152 | 240 |
| Interest Coverage Ratio, x | 10 | - |
| Pro forma Interest Coverage Ratio, x | 10 | 39 |
| Adjusted Leverage Ratio, x | 0.81 | - |
| Pro forma Adjusted Leverage Ratio*, x | 0.82 | - |

Net Debt as of September 30, 2018 amounted to 386 MSEK. The group has as of the same date liabilities of 74 MSEK for contingent conditional considerations, to be settled during 2019 and 2020. About 33% of the contingent conditional consideration is expected to be paid out during 2019. The contingent conditional consideration will be paid out half in cash, half in newly issued shares.

The Interest Coverage ratio was 10x as of September 30, 2018 and 10x on a proforma basis as of the same date, compared to 39x on September 30, 2017. The Adjusted Leverage ratio was 0.81x as of September 30, 2018 and 0.82x on a proforma basis as of the same date. The change in Interest Coverage ratio and Adjusted Leverage ratio compared to last year is due to Altigi's very limited financial debt. The proforma Adjusted Leverage ratio of 0.82 is well within the group's financial policy of maximum 1.5 for this ratio.

As of September 30, 2018, unutilized credit facilities amounted to 48 MSEK.

CASH FLOW

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | Latest 12 months | 2017 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| Cash flow from operations | 121 | 55 | 160 | 136 | 235 | 211 |
| Cash flow from investment activities | -48 | -19 | -52 | -49 | -70 | -67 |
| Cash flow from financing activities | -3 | -6 | -141 | 0 | -262 | -120 |
| Cash flow for the period | 70 | 31 | -33 | 87 | -97 | 23 |
| Cash and cash equivalents at the end of period | 152 | 240 | 152 | 240 | 152 | 176 |

Cash flow from operations was 121 MSEK (55). The increase in cash flow from operations was due to a better result after financial items and an increase in operating liabilities related to reclassification of earn-out payments to be made 2019 amounting to 37 MSEK. Cash flow from investment activities amounted to -48 MSEK (-19). The increase in cash flow from investment activities was due to increased investments in product development and payment of earn-outs. As a result, free cash flow (cash flow from operations less cash flow from investment activities) amounted to 73 MSEK (36), an increase of 103% compared to the same period last year.

EMPLOYEES

| | 2018 30 Sep | 2017 31 Dec |
|---------------------|----------------|----------------|
| Number of Employees | 417 | 287 |

The number of employees at the end of period was 417. The increase compared to the same period previous year is due to the consolidation of the new Group.

Events after the third quarter

October 11, 2018, Stillfront Group completed the acquisition of Imperia Online JSC.

November 13, 2018 Stillfront Group placed 600 MSEK in senior unsecured bonds due 2022, under a new bond framework of up to 1,000 MSEK. The proceeds from the bond issue will be used for early redemption of the Company's outstanding 500 MSEK 2017/2020 senior secured bond loan due 2020 and for general corporate purposes. The Company has also agreed terms on bank facilities in the amount of 600 MSEK, of which 100 MSEK is a working capital facility and 500 MSEK is a revolving credit facility maturing in 2021.

The interest rate for the new bond loan was set to Stibor 3m + 500bps and the terms include several beneficial changes as compared to the Company's outstanding bond loan, including release of security, more flexible terms for bank financing and permission for dividends in line with the Company's financial policy. The bonds were placed with Nordic institutional and private investors.

During the fourth quarter of 2018, Stillfront estimates that it will recognize items affecting comparability with a negative impact of about 32 MSEK in the financial net. Of this amount, about 19 MSEK is a prepayment fee for the current bonds and about 9 MSEK is a write-off of capitalized fees for the current bonds. The prepayment fee will be more than offset by the lower interest on the new bonds compared to the current bonds during the coming years.

Market

The gaming industry is one of the largest sectors of the entertainment industry globally. In 2017, the gaming market was estimated to exceed 116 bUSD according to Newzoo, up 11% from 2016. Newzoo estimates the global gaming market to reach more than 140 bUSD by 2020 and an average annual growth of 8% during 2016 – 2020.

According to Newzoos segmentation, the largest and fastest growing platform is smartphones and tablets. They account for 43% of the market, with 23% growth from 2016. The remaining market is shared equally by console games (PlayStation, Xbox, Nintendo) and PC games, including browser games.

North America and Europe together accounted for 45% of total global revenue with 5% growth. The fastest growing region in the world is the Middle East and Africa, accounting for 4% of global revenues. North America and Europe grew by 25% from 2016, driven primarily by the countries of the MENA region, according to Newzoo.

Stillfront Group is well positioned to grow faster than the market in the coming years. A portfolio of games and game engines across all major platforms, with the fastest growing mobile market and strong brands and marketing skills in the free-to-play model, provide a good platform for growth. Stillfront Group is very active in the fast-growing MENA region in addition to the main markets Europe and North America.

Parent Company

Customary group management functions and group wide services are provided via the parent company. The revenues for the parent during the third quarter was 18 MSEK (4). The profit before tax amounted to 0 MSEK (-3).

Related Party Transactions

Other than customary transactions with related parties such as remuneration to key individuals, there has been no transactions with related parties.

The Share and Shareholders

| # | Owners | No of shares | Capital/ Votes |
|----|-----------------------------------|--------------|-------------------|
| 1 | Laureus Capital GmbH | 6 283 570 | 26.6% |
| 2 | Handelsbanken Fonder | 2 228 897 | 9.4% |
| 3 | Swedbank Robur Fonder | 2 185 896 | 9.3% |
| 4 | Första AP-fonden | 2 092 599 | 8.9% |
| 5 | Carnegie Fonder | 698 712 | 3.0% |
| 6 | Global Founders Capital GmbH & Co | 638 104 | 2.7% |
| 7 | Avanza Pension | 525 603 | 2.2% |
| 8 | SEB Fonder | 503 543 | 2.1% |
| 9 | Prioritet Finans | 429 089 | 1.8% |
| 10 | Danica Pension | 377 743 | 1.6% |

The total number of shares per September 30, 2018 was 23,352,915.

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. As of June 29, 2017, the share is traded on First North Premier. Closing price as of September 30, 2018 was 187 SEK/share.

Stillfront's 2017/2020 bond with ISIN SE0009973050 is traded on Nasdaq OMX Stockholm.

Accounting and Valuation Principles

This interim report has been prepared in accordance with IFRS. Please see note 1, Accounting principles, for more details.

Risks and Uncertainty Factors

Risks and uncertainties are described in Prospectus Stillfront Group AB (publ) Bond 2017/2020, which is available on the company's web site <http://www.stillfront.com/site/the-bond/>

Declaration

This interim report gives a true and fair view of the company's and the group's operations, financial position and results of operations, and describes significant risks and uncertainties faced by the company and the companies in the Group.

Stockholm, November 22, 2018

Jörgen Larsson, CEO, Stillfront Group

Auditor's review report

Stillfront Group AB (publ) corporate reg. nr. 556721-3078

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Stillfront Group AB (publ) as of 30 September 2018, and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 22, 2018

Mazars SET Revisionsbyrå AB

Michael Olsson
Authorized Public Accountant

Bengt Ekenberg
Authorized Public Accountant

Financial reports

Income statement in summary, Group

| MSEK | Note 1,2,3 | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | Latest 12 Months | 2017 Jan-Dec |
|---|------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| Revenues | | | | | | | |
| Net revenues | | 315 | 206 | 959 | 682 | 1 190 | 913 |
| Work performed by the company for its own use | | 31 | 17 | 96 | 50 | 113 | 67 |
| Other revenues | 4 | 4 | 1 | 24 | 8 | 26 | 10 |
| Operating expenses | | | | | | | |
| Other external expenses | 5 | -172 | -107 | -569 | -327 | -765 | -523 |
| Personnel expenses | | -58 | -36 | -171 | -181 | -255 | -265 |
| Depreciations, amortisation and write-downs | | -31 | -21 | -93 | -63 | -115 | -85 |
| Other expenses | | 0 | | -21 | | -21 | |
| Operating result | | 89 | 61 | 225 | 168 | 173 | 116 |
| Result from financial items | | | | | | | |
| Net financial items | | -16 | 0 | -33 | 0 | -33 | 0 |
| Result after financial items | | 72 | 61 | 192 | 168 | 139 | 116 |
| Taxes for the period | | -18 | -20 | -61 | -56 | -45 | -40 |
| Net result for the period | | 54 | 41 | 131 | 112 | 94 | 75 |
| Other comprehensive income | | | | | | | |
| <i>Items that later can be reversed in profit</i> | | | | | | | |
| Foreign currency translation differences | | 9 | 0 | 7 | 0 | 7 | 0 |
| Total comprehensive income for period | | 63 | 41 | 137 | 112 | 101 | 75 |
| Net result for the period attributed to: | | | | | | | |
| Parent company shareholders | | 56 | 41 | 132 | 112 | 96 | 75 |
| Non-controlling interest | | -2 | 0 | -1 | 0 | -1 | 0 |
| Period total comprehensive income | | | | | | | |
| Parent company shareholders | | 64 | 41 | 138 | 112 | 102 | 75 |
| Non-controlling interest | | -1 | 0 | -1 | 0 | -1 | 0 |
| Average number of shares | | | | | | | |
| Undiluted | | 23 344 485 | 16 868 623 | 23 123 572 | 16 868 623 | 21 546 982 | 16 868 623 |
| Diluted | | 23 501 101 | 16 868 623 | 23 256 493 | 16 868 623 | 21 675 554 | 16 868 623 |
| Net result per share attributable to the parent company shareholders | | | | | | | |
| Undiluted, SEK/share | | 2.42 | 2.42 | 5.72 | 6.62 | 4.46 | 4.47 |
| Diluted, SEK/share | | 2.40 | 2.42 | 5.69 | 6.62 | 4.43 | 4.47 |

Balance sheet in summary, Group

| MSEK | Note 1,2,3,7 | 2018-09-30 | 2017-12-31 | 2017-09-30 |
|--|--------------|--------------|------------|------------|
| Intangible non-current assets | 6 | 1 546 | 150 | 149 |
| Tangible non-current assets | | 8 | 10 | 11 |
| Deferred tax assets | | 14 | 0 | 0 |
| Current receivables | | 143 | 72 | 59 |
| Cash and cash equivalents | | 152 | 176 | 240 |
| Total assets | | 1 864 | 408 | 459 |
| Shareholders' equity | | | | |
| Shareholders' equity attributable to parent company's shareholders | | 961 | 64 | 294 |
| Non-Controlling interest | | 13 | 0 | 0 |
| Total Shareholders' equity | | 974 | 64 | 294 |
| Non-current liabilities | | 136 | 99 | 41 |
| Bond | | 491 | 0 | 0 |
| Current liabilities | | 263 | 245 | 124 |
| Total Liabilities and Shareholders' equity | | 1 864 | 408 | 459 |

Shareholders' equity, Group

| MSEK | Share capital | Other Shareholder Contribution | Other reserves | Other equity incl profit of the year | Equity attributed to parent share holders | Non-controlling interest | Total equity |
|--|---------------|--------------------------------|----------------|--------------------------------------|---|--------------------------|--------------|
| Opening balance 2017-01-01 | 1 | 32 | | 149 | 182 | 0 | 182 |
| Net result for the period | | | | 112 | 112 | | 112 |
| Other comprehensive income | | | | | 0 | | 0 |
| *** Foreign currency translation differences | | | 0 | | 0 | | 0 |
| Total comprehensive income | 0 | 0 | 0 | 112 | 112 | 0 | 112 |
| New share issue | | | | | | | 0 |
| Issue costs | | | | | | | 0 |
| Total transactions with shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing balance 2017-09-30 | 1 | 32 | 0 | 261 | 294 | 0 | 294 |
| Opening balance 2018-01-01 | 1 | 32 | 0 | 31 | 64 | 0 | 64 |
| Net Result for the period | | | | 132 | 132 | -1 | 131 |
| *** Foreign currency translation differences | | | 7 | | 7 | 1 | 8 |
| Total comprehensive income | 0 | 0 | 7 | 132 | 139 | 0 | 139 |
| Issue | 0 | 11 | | | 11 | | 11 |
| Issue costs | | -52 | | | -52 | | -52 |
| Issue for non-cash consideration* | | 1 186 | | | 1 186 | | 1 186 |
| Warrants | | 1 | | | 1 | | 1 |
| Dividend** | | | | -388 | -388 | | -388 |
| Re-classification to legal parent structure* | 16 | -32 | | 16 | 0 | 14 | 14 |
| Total transactions with shareholders | 16 | 1 114 | 0 | -372 | 758 | 14 | 772 |
| Closing balance 2018-09-30 | 16 | 1 146 | 7 | -208 | 961 | 14 | 974 |

*Note 3.

** Due to reverse acquisition, cash consideration paid to the sellers of Altigi GmbH is classified as a dividend.

Cash flow in summary, Group

| MSEK | Note 3 | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | Latest 12 Months | 2017 Jan-Dec |
|--|--------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| Operations | | | | | | | |
| Result after financial items | | 79 | 53 | 200 | 168 | 150 | 118 |
| Adj for items not in cash flow etc | | 26 | 20 | 95 | 53 | 178 | 137 |
| Tax paid | | -30 | -19 | -66 | -47 | -68 | -49 |
| Cash flow from operations before changes in working capital | | 74 | 53 | 229 | 174 | 261 | 206 |
| Changes in working capital | | | | | | | |
| Increase(-)/Decrease (+) operating receivables | | -6 | 8 | -35 | 13 | -39 | 8 |
| Increase (+)/Decrease (-) in operating liabilities | | 54 | -6 | -34 | -51 | 14 | -3 |
| Cash flow from changes in working capital | | 47 | 2 | -69 | -38 | -26 | 5 |
| Cash flow from operations | | 121 | 55 | 160 | 136 | 235 | 211 |
| Investment activities | | | | | | | |
| Acquisition of business | | -11 | | 55 | | 55 | |
| Acquisition of tangible assets | | 0 | 0 | -1 | 1 | -1 | 1 |
| Acquisition of intangible assets | | -36 | -19 | -106 | -50 | -124 | -68 |
| Cash flow from investment activities | | -48 | -19 | -52 | -49 | -70 | -67 |
| Financing activities | | | | | | | |
| New debt | | -4 | -6 | 382 | | 382 | |
| Issue cost | | 0 | | -52 | | -52 | |
| Warrants | | 1 | | 1 | | 1 | |
| Payment to shareholders (incl. dividend paid) | | 0 | 0 | -85 | 0 | -205 | -120 |
| Dividend reversed acquisition | | 0 | | -388 | | -388 | |
| Cash flow from financing activities | | -3 | -6 | -141 | 0 | -262 | -120 |
| Cash flow for the period | | 70 | 31 | -33 | 87 | -96 | 23 |
| Cash and cash equivalents at start of period | | 80 | 209 | 176 | 153 | 240 | 153 |
| Translation differences | | 2 | | 9 | | 8 | |
| Cash and cash equivalents at end of period | | 152 | 240 | 152 | 240 | 152 | 176 |

Key figures, Group

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | Latest 12 Months | 2017 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| Deposits | 312 | 212 | 958 | 690 | 1 191 | 922 |
| Deferred revenue | -3 | 5 | -1 | 8 | 0 | 9 |
| Net revenues | 315 | 206 | 959 | 682 | 1 190 | 913 |
| Adjusted EBITDA* | 120 | 83 | 330 | 277 | 366 | 313 |
| <i>Adjusted EBITDA margin*, %</i> | <i>38.0</i> | <i>40.3</i> | <i>34.4</i> | <i>40.7</i> | <i>32.5</i> | <i>34.3</i> |
| Adjusted EBIT* | 89 | 62 | 237 | 214 | 250 | 228 |
| <i>Adjusted EBIT margin*, %</i> | <i>28.1</i> | <i>30.3</i> | <i>24.7</i> | <i>31.4</i> | <i>21.0</i> | <i>24.9</i> |
| Net result | 54 | 41 | 131 | 112 | 94 | 75 |
| Interest Coverage Ratio, x | 7.4 | - | 9.9 | - | 12 | - |
| Pro forma Interest Coverage Ratio, x | 7.4 | 19.4 | 9.9 | 39.5 | 23.1 | 22.3 |
| <i>Equity Ratio, %</i> | <i>52.3</i> | <i>64.0</i> | <i>52.3</i> | <i>64.0</i> | <i>52.3</i> | <i>15.7</i> |
| Adjusted Leverage Ratio*, x | 0.81 | | 0.81 | | | |
| Pro forma Adjusted Leverage Ratio*, x | 0.82 | | 0.82 | | | |
| Shareholders' equity per share undiluted, SEK | 0.04 | 0.02 | 0.04 | 0.02 | 0.04 | 0.00 |
| Shareholders' equity per share diluted, SEK | 0.04 | 0.02 | 0.04 | 0.02 | 0.04 | 0.00 |
| Earnings per share undiluted, SEK | 2.42 | 2.42 | 5.72 | 6.62 | 4.46 | 4.47 |
| Earnings per share diluted, SEK | 2.40 | 2.42 | 5.69 | 6.62 | 4.43 | 4.47 |
| No of shares end of period undiluted | 23 352 915 | 16 868 623 | 23 352 915 | 16 868 623 | 23 352 915 | 16 828 623 |
| No of shares end of period diluted | 23 509 532 | 16 868 623 | 23 481 487 | 16 868 623 | 23 481 487 | 16 828 623 |
| Average no of shares period undiluted | 23 344 485 | 16 868 623 | 23 123 572 | 16 868 623 | 21 546 982 | 16 828 623 |
| Average no of shares period diluted | 23 501 101 | 16 868 623 | 23 256 493 | 16 868 623 | 21 675 554 | 16 828 623 |
| * Excluding items affecting comparability | | | | | | |

RATIOS NOT DEFINED PER IFRS

Stillfront applies IFRS, see Note 1. IFRS defines only a few key ratios. Stillfront applies ESMA's (European Securities and Markets Authority) guidelines for alternative key performance indicators, Alternative Performance Measures. An alternative performance measure is a financial measurement of historical or future earnings performance, financial position or cash flow that is not defined or specified in IFRS. To facilitate analysis of Stillfront's development, certain performance measures are disclosed, which are not defined in IFRS. This additional information is supplementary information to IFRS and is not to be regarded as substitute for key ratios defined in IFRS. Stillfront's definitions of alternative performance measures are shown on page 22.

Parent company income statement, summary

| MSEK | 2018 Jul-Sep | 2017 Jul-Sep | 2018 Jan-Sep | 2017 Jan-Sep | Latest 12 Months | 2017 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| Revenues | | | | | | |
| Net revenues | 18 | 1 | 26 | 3 | 28 | 5 |
| Other revenues | 0 | 3 | 0 | 3 | 0 | 3 |
| Operating expenses | | | | | | |
| Other external expenses | -2 | -2 | -7 | -5 | -10 | -8 |
| Personnel expenses | -2 | -2 | -8 | -5 | -10 | -7 |
| Operating result | 14 | 0 | 11 | -3 | 8 | -7 |
| Financial items | | | | | | |
| Financial income | 0 | 0 | 3 | 0 | 4 | 1 |
| Financial expenses | -14 | -3 | -32 | -3 | -41 | -12 |
| Total financial items | -14 | -3 | -29 | -3 | -37 | -12 |
| Result after financial items | 0 | -3 | -17 | -6 | -30 | -18 |
| Appropriations | | | | | | |
| Group contribution | 0 | 0 | 0 | 0 | 7 | 7 |
| Total appropriations | 0 | 0 | 0 | 0 | 7 | 7 |
| Profit before tax | 0 | -3 | -17 | -6 | -23 | -12 |
| Tax for the period | 0 | 0 | 3 | 0 | 6 | 3 |
| Net result for the period/Comprehensive income for the period | 0 | -2 | -15 | -6 | -17 | -9 |

Parent company balance sheet, summary

| MSEK | NOTE 3, 7 | 2018-09-30 | 2017-12-31 | 2017-09-30 |
|---|-----------|--------------|------------|------------|
| Financial non-current assets | | 3 924 | 338 | 298 |
| Current receivables | | 29 | 12 | 12 |
| Cash and bank | | 23 | 20 | 36 |
| Total assets | | 3 975 | 370 | 346 |
| Shareholders' equity | | 3 292 | 234 | 236 |
| Provisions for contingency consideration | | 71 | 25 | 0 |
| Non-current liabilities | | 64 | 0 | 0 |
| Bond | | 491 | 103 | 103 |
| Current liabilities – Overdraft | | 52 | 0 | 0 |
| Other current liabilities | | 5 | 8 | 6 |
| Total liabilities & Shareholders' equity | | 3 975 | 370 | 346 |

NOTES

Note 1 Accounting and valuation principles

Stillfront's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS such as adopted by the EU and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act.

Changes in significant accounting policies

IFRS 9 and IFRS 15 are applied by the company from January 1, 2018. Further, the accounting principles applied are consistent with the publication of the 2017 annual report. New standards adopted since 2018 have not had material impact on the financial position.

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. The final version of IFRS 9 was published in July 2014. It replaces those parts of IAS 39 that deal with the classification and measurement of financial instruments, hedge accounting and adds a new expected loss impairment model. The revenues of Stillfront mainly arise from prepaid revenues and the group has historically had very few credit losses. Therefore, this new model did not result in any changes of historically figures and is not assessed to have any material effect of future outcome. Stillfront will continue to hedge net investment in foreign operations without any changes. The new classification of financial instrument will not affect the valuation of financial instruments; All financial assets within the group is still classified and measured as amortised costs and all liabilities, excluding contingent consideration, is still classified and measured as amortised costs. The contingent consideration will still be classified and measured as liabilities measured as financial liabilities a fair value through profit and losses.

IFRS 15 "Revenue from Contracts with Customers" is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts. IFRS 15 is based on the principle that revenues are recognised when the customer gains control over the good or service sold – a principle which replaces the principle that revenues are recognised when the risks and benefits have been transferred to the purchaser.

To determine when revenues are to be reported, Stillfront has conducted a detailed analysis of standard contracts, against the various types of sales channels that exist, to assess how revenue from these will be reported.

The games within Stillfront are so called "Free to play games". This means that the base platform can be used by a player without paying an entry fee. The player can play the games without paying a license fee. The revenue is generated when a player makes in game purchases to access additional content, functions, features or advantages in the games. When a player makes a deposit in the game, he/she obtains various types of virtual means of payment. These means of payment can be used to get different types of "virtual goods" ie. different types of tools to use in the games or services in-game. Some "virtual goods" can be used either immediately or unlimited over the playing time (the playing time can be either unlimited or limited in time).

Access to the game platform

The license to use the game in its base platform means that the player has access to all updates that occur in the game. Stillfront's assessment is that this license should be treated as a right to gain access to the gaming platform in its existing state throughout the license period, which would mean accrual over the useful life. The price is however 0 SEK for this right, thus no revenue accounting principle needs to be established.

Virtual goods

The right to use virtual goods is considered to be a "license in the license" and the acquisition does not include any future updates of this specific acquisition or this specific license. Stillfront's assessment is therefore that this license meets the definition of "To use" and that revenues should therefore be recognized directly upon acquisition, i.e. when the means of payment is used as payment for the goods.

Premium subscriptions

The assessment is that premium subscriptions also shall be treated as "to use", based on the same notes as for virtual goods, i.e. the revenues are generated when the means of payment is used.

In summary, revenue recognition will occur at the same time as before i.e. when the means of payment is used for the purchase of "virtual goods" or "premium subscription".

IFRS 16 "Leases" is the new standard for leases. IFRS 16 replaces IAS 17 Leases and the related interpretations. The standard will enter in to force January 1, 2019.

The standard requires assets and liabilities relating to all leases, with some exceptions, to be recognised on the balance sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right. Stillfront has operating leases in the form of agreements of office premises. The analysis of consequences will be presented in the interim report for Q4.

Note 2 Fair values

All liabilities, excluding contingent consideration, are recognized at amortized cost. Financial assets and liabilities recognized at amortized cost have variable interest rates. The fair value of these are in all material aspects consistent with book value. No financial assets or liabilities have been transferred between valuation categories. Stillfront reports additional consideration in connection with the acquisition of operations. These additional contingent considerations are valued at fair value in accordance with the IFRS 3.

Note 3 Acquisitions

Acquisition of Altigi GmbH

The acquisition of Altigi GmbH was completed in January 2018. The operations are conducted under the name Goodgame Studios. The purpose of the acquisition is to increase the scope of Stillfront's operations and to benefit from the strong marketing skills within Goodgame Studios.

Purchase price of the acquisition are as follows:

| MSEK | |
|-------------------------------------|--------------|
| Purchase price | |
| Cash and cash equivalents | 390 |
| Ordinary shares issued | 3 112 |
| Total purchase consideration | 3 502 |

In connection with the acquisition of Altigi GmbH, 16,868,623 shares were issued at the price of SEK 184.60 per share. The cash component of the purchase price was financed with a tap issue of Stillfront's corporate bond by SEK 390 million. The acquisition was carried out on a debt- and cash-free basis.

Reverse acquisition

The Board of Directors of Stillfront Group has deemed, according to IFRS 3 Business Combinations, Altigi GmbH to be the accounting acquirer and Stillfront Group AB to be the legal acquirer i.e. a reverse acquisition.

Upon a reverse acquisition, the purchase price analysis will be established with the legal subsidiary as the acquirer and the legal parent company as the acquired company. The purchase price analysis is based on the Stillfront Group Financial Statements by 2017-12-31.

The consolidated financial statement after the reverse acquisition is issued in the name of the legal parent company, Stillfront Group AB, but is described in the notes as a continuation of the legal subsidiary Altigi GmbH's financial statements. The comparative figures in Stillfront Group's financial reporting is consequently attributable to the legal subsidiary Altigi GmbH.

Equity

The purchase price in the reverse acquisition is calculated on the basis of the number of shares that had been required to be issued to the legal subsidiary for the acquisition of Stillfront Group, and the value is estimated to be 1 186 MSEK. The compensation that Stillfront has paid in cash for

its acquisition of the legal subsidiary, 388 MSEK, is considered in the reverse acquisition as a dividend to Altigi i.e. the accounting parent company. The equity pertained is in its entirety from comparative figures from the legal subsidiary with the addition of the Stillfront Group. The reported outgoing share capital, however, should reflect the share capital of the legal parent company, which means 15.6 MSEK have been reclassified from capital to equity capital.

Purchase price analysis

A purchase price analysis of Stillfront Group AB is provided below. As there are multiple forms of intangible assets distributed over several countries, the purchase price analysis is to be considered preliminary. Minor changes have been made since the second quarter. Finalization is expected to be completed in conjunction with the reporting of the fourth quarter. Hence, the consideration as described below differs from the purchase consideration stated above, due to the fact this is a reverse acquisition from an accounting point of view.

The fair value of acquired assets and assumed liabilities (MSEK):

| | |
|---|-----------|
| Intangible non-current assets | 222 |
| Property, plant and equipment | 1 |
| Deferred tax assets | 12 |
| Current receivables excl cash and bank | 32 |
| Cash and cash equivalents | 66 |
| Non-current liabilities | -164 |
| Deferred tax liabilities | -59 |
| Current liabilities | -51 |
| Total net assets acquired excluding goodwill | 59 |
| Non-controlling interest | -13 |
| Total consideration attr. Parent excl. goodwill | 46 |
| Goodwill | 1140 |
| Total consideration | 1186 |

The previous consolidated group Stillfront Group is from an accounting point of view the acquired business and is included in the new Stillfront Group consolidated net sales with 264 MSEK and in the period's net result with 2 MSEK.

Acquisition of Imperia Online

On September 21, 2018, Stillfront announced its acquisition of 100% of the shares in Imperia Online JSC, a leading game developer and publisher in Southeastern Europe with focus on long-term gamer relations. The acquisition was completed October 11, 2018.

The upfront consideration was 10M EUR, of which 5 MEUR were paid in cash and 5 MEUR by 269,412 newly issued shares in Stillfront. The sellers of Imperia Online are entitled to an earn-out consideration in an aggregate maximum amount of EUR 17,500,000 out of which 50% shall be paid in cash and 50% in newly issued shares in Stillfront. The earn-out consideration is payable annually following the approval of each of the annual reports for the financial years ending December 31, 2018, 2019, 2020 and 2021. The ultimate amount of the yearly earn-out component will depend on the EBIT development of Imperia Online.

Imperia Online generated net revenues of approximately 4.1 million MEUR, with approximately 48% in operating margin for the period January – August 2018. Imperia Online is consolidated in the Group from October 1, 2018.

Purchase Price Analysis will be presented in the year-end-report.

Note 4 Other revenues

| MSEK | 2018 Jul-Sep | 2018 Jan-Sep |
|---------------------------------------|-----------------|-----------------|
| Conditional contingent considerations | 0 | 16 |
| Currency exchange gains | 0 | 3 |
| Publishing revenues | 2 | 3 |
| Other revenues | 2 | 2 |
| Total | 4 | 24 |

Note 5 Items affecting comparability

| MSEK | 2018 Jul-Sep | 2018 Apr-Jun | 2018 Jan-Mar | 2018 Jan-Sep | 2017 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Revaluation of Conditional Contingent Considerations | | 12 | 4 | 16 | |
| Total IAC Revenues | 0 | 12 | 4 | 16 | 0 |
| Costs | | | | | |
| Revaluation of Conditional Contingent Considerations | | -21 | | -21 | 0 |
| Restructuring Costs | | | | | -46 |
| Transaction Costs | | -1 | -6 | -7 | -67 |
| Total IAC Costs | 0 | -22 | -6 | -28 | -112 |
| TOTAL IAC – Period | 0 | -10 | -2 | -12 | -112 |

Note 6 Intangible assets

The preliminary purchase analysis indicates that the goodwill amounts to 1 140 MSEK and intangible assets to 222 MSEK. The intangible assets identified are in-house developed technologies, engines, in-house technologies in development, games, studio titles and customer relationships.

| MSEK | Intangible assets validated in the preliminary purchase analysis | | | | | | | Intangible assets going concern | | 2018-09-30 |
|---|--|-----------|---------------------------|-----------|---------------|-----------------------|--------------|---------------------------------|--|--------------|
| | Developed Technology | Engines | Technology in development | Games | Studio titles | Customer relationship | Goodwill | Licenses and similar rights | Capitalized expenditure on development | |
| Opening cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 414 | 446 |
| Acquisitions in operations | 70 | 49 | 12 | 37 | 14 | 41 | 1 140 | 0 | 0 | 1 362 |
| Internal development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 105 | 106 |
| Translations differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 29 | 31 |
| Closing accumulated cost | 70 | 49 | 12 | 37 | 14 | 41 | 1 140 | 34 | 549 | 1 945 |
| Opening accumulated depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -25 | -271 | -296 |
| This year's depreciations | -11 | -4 | -2 | -4 | 0 | -4 | 0 | -1 | -63 | -89 |
| Translations differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | -13 | -14 |
| Closing accumulated depreciation | -11 | -4 | -2 | -4 | -0 | -4 | 0 | -27 | -347 | -399 |
| Closing carrying amount | 52 | 45 | 11 | 33 | 13 | 38 | 1 140 | 6 | 202 | 1 546 |

Amortization principles

| Intangible assets on-going business | Years |
|--|-------|
| Licenses and similar rights | |
| Purchased licenses | 2-5 |
| Purchased software licenses | 3-7 |
| Capitalized expenditure on development costs | 4-5 |

For capitalised expenditure on development costs, a layered approach is applied, meaning that product development regarding add-ons on existing titles are amortised over 3-5 years from the release of the add-on.

The amortization periods for the intangible assets in the acquired business Stillfront Group AB, defined in the preliminary purchase analysis, are described in the table below.

| Intangible assets according to preliminary purchase price analysis | Years |
|--|-------|
| Developed Technology | 5 |
| Engines | 10 |
| In -Developed Technology | 5 |
| Pure mobile games | 5 |
| Pure browser games/cross platform | 8 |
| Evergreen games | 10 |
| Studio titles | 10 |

Note 7 Financial assets and liabilities

Financial assets

The Group classifies its financial assets in the category: "Financial assets valued at amortized cost". The classification is based on the Group's business model to hold financial assets with the objective of collecting agreed cash flows. These financial assets are included in current assets, with the exception of items maturing later than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets principally comprise of trade receivables, other receivables, accrued income, and cash and cash equivalents.

Financial assets are recognised after the time of acquisition at amortised cost by applying the effective rate method. The application of the effective rate method means that receivables that are interest-free or that are subject to interest that deviates from the market rate of interest and have a duration exceeding 12 months, are recognised at a net present value and change in value over time is recognised as interest income in the income statement. The discounting effect is considered to be insignificant for receivables due within 12 months.

Financial liabilities

Stillfront has contingent conditional considerations in relation to acquisitions. The contingent conditional considerations are settled both in cash and as shares in Stillfront, where the number of shares transferred on settlement of the contingent conditional consideration is based on an amount in Swedish kronor, which is specified in the conditions that apply to the calculation of the contingent conditional consideration. The contingent conditional considerations are classified as a financial liability, which is classified as current if settlement is to be made within 12 months of the balance sheet date. The liability is measured at fair value and changes in value are recognised through operating profit and loss in the income statement.

Other financial liabilities are valued at amortized cost.

Financial instruments

All financial assets and liabilities are subject to floating interest, therefore the carrying amount is estimated to correspond to fair value. Transfer of financial assets and liabilities between value categories has not taken place during the period

Definitions

KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

ARPMU

Average revenues per monthly paying user.

Average number of employees

Average number of employees during the period, recalculated to full-time positions.

BIG

Category of games based on the BIG brand.

Core

Category of games not belonging to the categories of Long Tail, Empire or BIG

DAU

Daily active unique users.

Deposits

Includes all deposits from customers excluding VAT during a given period.

EBITDA

Operating profit before depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for IAC.

EBITDA margin

EBITDA as a percentage of Net revenues. Adjusted EBITDA margin is EBITDA margin adjusted for IAC.

EBIT

Profit before financial items and tax. Adjusted EBIT is EBIT adjusted for IAC.

EBIT margin

EBIT as a percentage of Net revenue. Adjusted EBIT margin is EBIT margin adjusted for IAC.

Empire

Category of games based on the Empire brand.

Free Cash Flow

Cash flow from operations minus capital expenditures.

Items affecting comparability, IAC

Significant income statement items which distort the comparison between the periods.

Interest Coverage Ratio

EBITDA divided by net financial items for the past twelve months.

Adjusted Leverage ratio

Net interest-bearing debt excluding earn-out payments in relation to the last twelve months Adjusted EBITDA.

MAU

Monthly active unique users.

MPU

Monthly paying users.

Shareholders' equity/share

Shareholders' equity attributable to the parent company shareholders divided by the number of shares at the end of the period.

Unadjusted revenues

Unadjusted revenues represent Net revenue before IFRS adjustments for prepayments from customer.

FINANCIAL CALENDAR

| | |
|-----------------------------------|------------------|
| Year End Report 2018 | 22 February 2019 |
| Interim Report January-March 2019 | 3 May 2019 |
| Annual General Meeting | 9 May 2019 |

This information is information that Stillfront Group AB (publ) 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 below, at 07.00 CET on November 22, 2018.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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This interim report is a non-official translation from Swedish of the Delårsrapport issued November 22, 2018. In the event of discrepancies between the language versions the Swedish wording will prevail.

ABOUT STILLFRONT

Stillfront is a group of independent creators, publishers and distributors of digital games - with a vision to become the leading group of indie game creators and publishers. Stillfront operates through ten near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, Dorado Online Games in Malta, Simutronics in the United States, Babil Games in UAE and Jordan, eRepublik in Ireland and Romania, OFM Studios in Germany, Goodgame Studios in Germany and Imperia Online, Bulgaria. Stillfront's games are distributed globally. The main markets are Germany, the United States, France, UK and MENA. For further information, please visit www.stillfront.com.

SELECTED GAMES

Stillfront's portfolio includes games across multiple platforms. Unravel and Unravel Two are widely acclaimed console games developed by Coldwood in collaboration with Electronic Arts. Supremacy 1914 and Call of War are high-immersion war strategy games developed by Bytro Labs. ManagerZone is a sports management strategy game launched in 2001. DragonRealms and GemStone IV are MUD-style games with a very loyal player base. Siege: Titan Wars (TM) is a popular mobile game developed by Simutronics. Nida Harb III and Admiral are mobile strategy games with very strong player bases, which are published by Babil Games. World at War: WW2 and War and Peace: Civil War are successful mobile strategy games developed and published by eRepublik Labs. Online Fussball Manager is a leading sports management game. EMPIRE and BIG FARM are major brands operated by Goodgame Studios. Imperia Online, is a MMO strategy game published on both browser and mobile platforms by Imperia Online.