



Interim Report January–June 2017

STILLFRONT GROUP AB (PUBL)

THE INTERIM PERIOD JANUARY - JUNE 2017

- Net revenues amounted to 67.3 MSEK (corresponding period 2016: 48.4 MSEK), which is an increase of 39% compared to the corresponding period 2016.
- EBITDA amounted to 17.7 MSEK compared to 20.7 during the corresponding period 2016 when there were significant high margin royalty payments regarding Unravel. EBITDA has been charged with costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS, acquisitions and move to Nasdaq First North Premier with a total of 2.1 MSEK.
- Profit/loss before tax was 6.6 MSEK (17.1). Profit/loss after tax was 2.1 MSEK (11.2).
- Earnings per share before dilution amounted to 0.58 SEK (1.42 SEK). Earnings per share after dilution amounted to 0.57 SEK (1.39 SEK).
- As of June 30 cash and cash equivalents amounted to 91.8 MSEK. As of Dec 31, 2016 cash and cash equivalents amounted to 35.8 MSEK.

THE QUARTER APRIL - JUNE 2017

- Net revenues amounted to 37.3 MSEK (corresponding period 2016: 23.1 MSEK).
- EBITDA amounted to 10.0 MSEK compared to 9.5 MSEK during the corresponding period 2016, when there were significant high margin royalty payments regarding Unravel. EBITDA has been charged with costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS and move to Nasdaq First North Premier with a total of 1.3 MSEK.
- Profit/loss before tax was 3.7 MSEK (7.8). Profit/loss after tax was 1.4 MSEK (5.1).
- Earnings per share before dilution amounted to 0.34 SEK (0.76 SEK). Earnings per share after dilution amounted to 0.34 SEK (0.75 SEK).
- The acquisition of eRepublic Labs Limited was announced May 30 and completed June 27.
- Stillfront issued a bond loan amounting to 110 MSEK within in a frame of 500 MSEK May 23.
- Stillfront's share was moved to Nasdaq OMX First Nordic Premier June 29

EVENTS AFTER THE INTERIM PERIOD

- The German sports management game OFM was acquired July 18. A publishing agreement regarding Football Empire was entered in connection with the acquisition.
- Stillfront's bond was listed on Nasdaq OMX Nordic July 21.



ALL TIME HIGH REVENUES AND CONTINUED ACQUISITION ACTIVITIES

“Our exciting growth journey continues. The acquisitions of eRepublic and OFM are in line with our strategy to achieve good returns through a wide portfolio of games and studios. The acquisitions also add significantly more than just profitable products. Thanks to our attractive business model, we can also obtain new skills and capabilities that will benefit the entire Stillfront Group. We continue to work intensely with acquisitions and the bond loan we raised during the quarter, with a framework of 500 MSEK, gives us financial strength for continued growth”, says Jörgen Larsson, CEO.

KEY FIGURES, THE GROUP

KSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	Last 12 mnts	2016 Jan-Dec
Net Revenues	37 311	23 139	67 315	48 443	113 704	94 832
Growth in revenues	61%		39%			
EBITDA	10 015	9 502	17 677	20 663	31 278	34 264
EBITDA margin	26.8%	41.1%	26.3%	42.7%	27.5%	36.1%
Profit/loss before tax	3 678	7 811	6 573	17 058	12 958	23 443
Profit/loss after tax	1 442	5 074	2 072	11 214	11 834	20 976

IMPORTANT NOTICE: This Interim Report is a non-official translation from Swedish of the Delårsrapport januari-juni 2017 issued by Stillfront Group AB (publ) August 29, 2017. This translation is solely provided as convenience. Should there be any ambiguity between the Swedish and the English text, the Swedish text will prevail.

A Word from Jörgen Larsson, CEO

All Time High Revenues and Continued Acquisition Activities

In the second quarter, we once again recorded a new all-time high for rolling twelve-month revenue. We now have 31 months in a row to achieve new sales records, at very good margins - my conclusion is that our strategy for creating good returns with balanced risk is working. We have established a very stable foundation for continued good development over the long term.

Net sales in the second were 61% higher than in the corresponding period previous year and 24% higher than in the previous quarter. The EBITDA margin amounts to 27%, and has been affected by the cost of SEK 1.3 million in the quarter for new and secure operating environment within Bytro, IFRS conversion and listing on First North Premier, all with objective of building a Stillfront well equipped for continued growth.

It is strategically important that we continue to grow and broaden our portfolio of games and studios. This is the clear red thread in everything we do - we shall be leading in our industry to achieve a good return with balanced risk. We had twelve core products at the end of the interim period. 13 months ago we had four. This provides for a considerably improved stability in our business. Core products are defined as products with a yearly rate of revenues exceeding 5 MSEK. During the second quarter, the acquisition of eRepublik Labs was completed, contributing three game titles with good revenues and great results, as well as new skills. After the end of the quarter we also acquired the Online Fussball Manager game, which is a well-established brand with very loyal customers. We have identified many interesting acquisitions and new opportunities are constantly being added.

Our financial capacity for acquisitions is now very strong following our successful issue of a bond loan with a limit of SEK 500 million.

In parallel with the acquisition activities, a number of development projects are being run within the framework of our existing studios. The projects concern both brand new products as well as extensions of existing products. Three to four of the new products are scheduled to be launched in 2017. We have also begun our work on the delivery of third-party products, in addition to the publishing business already in place in Babil, with the purpose of broadening our portfolio, taking advantage of our solid publishing expertise and to launch new products without financing the entire product development cost.

It is our assessment that the high investment rate in development projects will decrease gradually as a share of revenues during the year and in 2018. During the second quarter, investments as a share of revenues were lower than in the first quarter. In the long term, we estimate that a reasonable level is around 10%.

The share of our revenues from our own brands and own publishing increases steadily and amounts to approximately 85% during the second quarter. It is our assessment that this will increase further, in line with our marketing strategy.

It is with great confidence that I look into the future. Our business model and strategy work well, we have a strong financial position and we are an attractive business partner, which gives us good momentum for continued growth.

Jörgen Larsson, CEO





Significant events during the interim period

During the interim period, revenues have been solid, especially during the second quarter, when eRepublik Labs was consolidated in Stillfront's accounts as of May. Both the eRepublik.com browser game and the Age of Lords mobile game, both developed and deployed by eRepublik Labs, record sales figures that qualify them as core products, i.e. with yearly revenues rate exceeding 5 MSEK. eRepublik's third major product, World at War: WW2 Strategy MMO, launched successfully less than a year ago, had total revenues of exceeding SEK 5 million in May and June.

The solid revenue levels within Simutronics's games DragonRealms and Gemstone IV have sustained in the second quarter and are the highest in several years. Simutronics's mobile game Siege: Titan Wars was completed for global launch during the interim period.

Coldwood enjoys royalty income from Unravel also during the second quarter, however declining levels. Unravel was launched in the first quarter of 2016. Work on the development of a sequel to Unravel on behalf of Electronic Arts continues according to plan.

Babil's games TankStorm and Admiral still generate fine earnings during the interim period. During the interim period, the games Heroes' Adventure and Age of Kings were launched. Heroes' Adventure has not met expectations. Age of Kings is early in its product cycle and is expected to provide reasonable revenues.

In June, Bytro Labs beta-launched the mobile version of its most successful game Call of War. The mobile version is undergoing further development based on promising initial key indicators. During the second quarter, Bytro has migrated to an improved operating environment with secure and scalable capacity. This migration has resulted in costs of MSEK 1.0.

In accordance with Stillfront's product strategy PLEX, the portfolio of games and studios is continuously expanded. Investments in new and expanded products have taken place during the interim period, mainly by Bytro, Coldwood, Simutronics and eRepublik. Several of these products are scheduled to be launched during the current year.

Stillfront acquired eRepublik Labs in May. The company - with most of its operations in Bucharest, Romania - currently has three profitable games and a number of development projects are in progress, two of which are scheduled to be launched this year. In addition to a strong game portfolio, eRepublik adds new competencies both in mobile game development and publishing through its 34 employees.

Stillfront's revenue mix changes through the above launches and acquisitions, thereby increasing the share of mobile gaming revenue, as well as the share of self-published products. In the second quarter, the share of the company's revenues came from own brands and own publishing amounted to 85%.

At an extraordinary general meeting in April, it was resolved to issue 299 189 warrants, to be used in an incentive program directed at current and future key employees within the Stillfront Group. Each warrant entitles the holder to subscribe for one share during the period May 15, 2020 - June 1, 2020 at the subscription price SEK 152.74.

At the annual general meeting in May, three new board members were elected: Birgitta Henriksson, Ulrika Viklund and Sture Wikman. Per Skyttvall and Fredrik Åhlberg had declined re-election. Annette Brodin Rampe was elected chairman of the board.

In May, Stillfront issued a bond loan amounting to MSEK 110. The frame for this bond loan is MSEK 500. Thus, Stillfront has strong financial ability for acquisitions, which is part of the company's growth strategy. The bond was listed on Nasdaq STO Corporate Bonds on July 21.

In June, Stillfront was approved for listing on Nasdaq First North Premier. First North Premier places higher requirements on accounting and corporate governance, among other things, it is necessary for Stillfront to prepare consolidated financial statements according to IFRS, and to apply the Swedish Corporate Governance Code.

Significant events after the end of the interim period

Siege: Titan Wars commenced its global launch in the first week of July. The launch is proceeding as planned throughout the third quarter, in parallel with further development of the product, including specific adaptations prior to launch on the Chinese market. It is still too early to make any conclusions about the games long-term potential.

In July, Stillfront acquired the game Online Fussball Manager (OFM) along with an operating organization through an asset acquisition. The operations are, after the acquisition, run by the company OFM Studios GmbH, of which Stillfront Group owns 51%. The remaining 49% is owned by Maik Dokter, founder of OFM and CEO of OFM Studios GmbH. OFM is a leading sports management game in Germany and has a loyal player base that generates good revenues. In connection with this acquisition, Stillfront entered a publishing agreement with Digamore Entertainment GmbH regarding the mobile game Football Empire. Maik Doctor is the main owner of Digamore. Stillfront Group has an option to acquire 51% of Digamore at a company valuation of 3 MEUR, that is, Stillfront Group acquires 51% for just over 1.5 MEUR.

Revenues and profit/loss

Starting with the Year End Report for 2016, Stillfront Group submits its financial reporting in accordance with IFRS. All comparative figures have been restated in accordance with IFRS. All Details concerning the transition to IFRS can be found in Stillfront's Annual Report for 2016.



Net revenues during the first half year 2017 amounted to 67.3 MSEK (48.4 MSEK). The increase pertains mainly to revenues in eRepublik, Simutronics and Babil Games. Net revenues during the second quarter amounted to 37.3 MSEK (23.1)

During the interim period, EBITDA amounted to MSEK 17.7 (20.7), which corresponds to an EBITDA margin of 26.8% (42.7%). The decline in EBITDA and EBITDA margin compared with the corresponding period of the



previous year is explained by the fact that significant high margin royalties for Unravel were recorded during the first half of 2016. The consolidation of Babil has further contributed to reduced margins due to the low-risk business model of Babil with lower margins than within other parts of the group. In addition, the first half of 2017 has been charged with costs related to Bytro's improved IT operating environment, the transition to IFRS, acquisition costs and costs related to list transfer totaling 2.1 MSEK. EBITDA for the quarter amounted to 10.0 (9.5), charged with costs as described above amounting to 1.3 MSEK.

The interim period profit before tax was SEK 6.6 million (17.1) and the profit after tax for the period amounted to SEK 2.1 million (11.2). For the quarter, the corresponding figures were 3.7 (7.8) and 1.4 (5.1). Stillfront's financial expenses increased during the interim period partly due to interest expense related to the newly issued bond, partly due to the fact that contingent considerations related to acquisitions are recorded as long term debts and thus generate an accounting financial cost. The latter, however, does not affect Stillfront's cash flow.

Cash flow and financial position

Cash flow for the interim period was 56.3 MSEK (3.0). Cash flow from operating activities was MSEK 11.8 (35.5). For the quarter, the corresponding figures were 61.1 (-1.4) and 11.5 (26.2).

The equity ratio as of June 30, 2017 was 38.4%, compared to 47.7% at December 31, 2016. The Group's available liquid assets, including unutilized credit commitments, amounted to SEK 93.4 million at the end of the period, compared with SEK 37.4 million on 31 December 2016.

The interest coverage ratio (defined as EBITDA divided by net financial items for the past 12 months) was as of June 30, 2017 11.3, compared with 28.3 at December 31, 2016. The change is due to increased financial expenses related to the bond issued during the second quarter as well as accounting financial costs related to the contingent considerations.

Leverage ratio (defined as adjusted net debt as of 30 June divided by EBITDA for the past 12 months) was 30 June 1.3. As of December 31, 2016, the leverage ratio was negative, i.e. the company did not have a net debt.. In this context, adjusted net debt is defined as long-term liabilities excluding contingent considerations reduced by cash and bank.

Investments and Depreciation

During the interim period, investments have been made which have been capitalized by MSEK 19.6 (14.6). Investments include the games Siege: Titan Wars, Call of War Mobile, new eRepublik games and an upcoming game developed by Coldwood. The corresponding figure for the quarter was 9.6 MSEK (10.1). In relation to net revenues, investments in the second quarter were 26%, while investments in the first quarter accounted for 33% of net revenues.

Depreciation and amortization of tangible and intangible assets during the interim period amounted to MSEK 8.4 (2.5). Depreciation and amortization mainly pertains to intangible assets acquired by the Group in connection with the acquisition of subsidiaries and capitalizing product development expenses. The corresponding figure for the quarter was MSEK 4.6 (1.4).

Employees

The number of employees at the end of period was 140.



Market

The gaming industry is globally one of the largest areas in digital entertainment. In 2016 the market was estimated to exceed USD 100 billion. Thus, the game industry is a larger industry than the film and music industries together. In recent years, the annual growth is estimated to be 7%, and the market is expected to USD 119 billion 2019.

North America and Europe account for 43% of the global market. In Europe the number of players was estimated in 2016 to 337 million in North America to 198 million. Growth in both these markets is expected to be lower than average. Other markets such as the MENA (Middle East and North Africa) is estimated to have stronger growth than the average.

The market is very large, but the competition is also, in some segments, hard. Stillfront Group's strategy is to meet the competition by offering high quality games with highly engaging play experiences for consumers with a long life cycle.

Stillfront's online games have a low threshold to attract new players and offer free-to-play, but offers clear advantages for the players who pay for extra features and characteristics. In this way, a good player liquidity achieved in parallel with a large paying player base with high average revenues.

Parent Company

Standard group management functions and group wide services are provided via the parent company. The revenues for the parent was during the interim period were 2.2 MSEK (0.0). The interim period's profit/loss after tax amounted to -3.8 MSEK (-3.8). During quarter, the revenues were 2.1 MSEK (0.0) and the profit/loss after tax amounted to -1.0 MSEK (-2.1).

Related Party Transactions

At an extraordinary general meeting in April, it was resolved to issue 299,189 warrants, to be used in an incentive program directed at current and future key employees within the Stillfront Group. Each warrant entitles the holder to subscribe for one share during the period May 15, 2020 - June 1, 2020 at the subscription price SEK 152.74. Further information about the incentive program and the terms of the warrants can be found in documentation from the Meeting, which are found on Stillfront's website.

Other than what is described above and customary transactions with related parties such as remuneration to key individuals, there has been no transactions with related parties.

After the end of the interim period, Stillfront's subsidiary OFM Studios GmbH has acquired the game Online Fussball Manager and entered a publishing agreement with Digamore Entertainment GmbH, as described above under the heading "Significant events after the end of the interim period".

The Share and Shareholders

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. Closing price as of June 30 2017 was 89.75 SEK/share.

The largest owners are FKL Holding GmbH with 15.55% of the shares in Stillfront Group AB and Ålandsbanken ABP with 8.86% of the shares. Swedbank Robur Fonder has 8.19%, Öhman Bank SA 6.39% and Priority Finance 4.23% of the shares. The total number of shares as of 30 June was 6,425,008, including 441,233 shares issued



to the sellers of eRepublik Labs, but not registered by the Swedish Companies Registration Office as of June 30, 2017. The ownership distribution above refers to registered shares.

Accounting and Valuation Principles

This interim report has been prepared in accordance with IFRS. Stillfront's first applied IFRS when closing the books for fiscal year 2016. All comparative figures have been restated under IFRS.

Risks and Uncertainty Factors

Risks and uncertainties are described in Stillfront Company Description December 4, 2015, which is available on the company's website www.stillfront.com/site/investor-relations.

Review

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

Certified Adviser

Avanza Bank is Stillfront's Certified Adviser, and can be reached at +46-8-4094 2120.

Investor contact

The latest information on the company is published on its website www.stillfront.com. The company can be contacted by email ir@stillfront.com, or by phone +46-725-139914.

Financial Calendar

Interim report third quarter 2017: November 14, 2017

Year end report 2017: February 22, 2018

Note

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 above, at 08.30 CEST on August 29, 2017.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Board Declaration

The Board of Directors and the Chief Executive Officer hereby certify that 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, Aug 28, 2016

Annette Brodin Rampe, Chairman

Alexander Bricca

Birgitta Henriksson

Mark Miller

Ulrika Viklund

Sture Wikman

Jörgen Larsson, CEO

Key figures, Group

	2017 APR-JUN	2016 APR-JUN	2017 JAN-JUN	2016 JAN-JUN	LAST 12 MNTHS	2016 JAN-DEC
Net Revenues, KSEK	37 311	23 139	67 315	48 443	113 704	94 832
EBITDA, KSEK	10 015	9 502	17 677	20 663	31 278	34 264
Profit before tax, KSEK	3 678	7 811	6 573	17 058	12 958	23 443
Profit after tax, KSEK	1 442	5 074	2 072	11 214	11 834	20 976
EBITDA margin, %	26,8%	41,1%	26,3%	42,7%	27,5%	36,1%
Interest Coverage Ratio, x	11,3		11,3		11,3	28,3
Equity Ratio, %	38,4%	65,4%	38,4%	65,4%	38,4%	47,7%
Leverage Ratio, x	1,3	neg	1,3	neg	1,3	neg
Shareholders' equity/share undiluted, SEK	26,07	17,67	26,07	17,67	26,07	22,44
Shareholders' equity/share diluted, SEK	25,83	17,35	25,83	17,35	25,83	22,21
Earnings/share undiluted, SEK	0,34	0,76	0,58	1,42	2,02	2,89
Earnings/share diluted, SEK	0,34	0,75	0,57	1,39	2,00	2,86
No of shares end of period undiluted	6 425 008	5 586 158	6 425 008	5 586 158	6 425 008	5 983 775
No of shares end of period diluted	6 486 404	5 689 323	6 486 404	5 689 323	6 486 404	6 045 171
Average no of shares period undiluted	6 032 801	5 057 891	6 008 288	5 032 304	5 813 299	5 328 763
Average no of shares period diluted	6 094 197	5 161 056	6 069 684	5 135 469	5 874 695	5 390 159

DEFINITIONS KEY FIGURES, GROUP

EBITDA

Operating profit before depreciation and amortization.

EBITDA margin

EBITDA as percentage of net revenues.

Interest Coverage Ratio

EBITDA divided by net financial items for the past 12 months. Stated starting 2017.

Equity ratio

Shareholders' equity as a percentage of total capital.

Leverage Ratio

Adjusted net debt (long-term liabilities excluding contingent considerations reduced by cash and bank) divided by EBITDA for the past 12 months.

Shareholders' equity/share

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

Earnings/share

Earnings after tax attributable to the parent company shareholders divided by the average number of shares during the period.

Consolidated income statement

KSEK	NOT 1	2017 APR-JUN	2016 APR-JUN	2017 JAN-JUN	2016 JAN-JUN	LAST 12 MNTHS	2016 JAN-DEC
Revenues							
Net revenues		37 311	23 139	67 315	48 443	113 704	94 832
Internally accrued during the year		8 292	5 539	15 666	8 725	30 610	23 669
Other revenues		413	42	567	42	1 873	1 348
Total Operating Revenues		46 016	28 720	83 548	57 210	146 187	119 849
Operating expenses							
Other operating expenses		-18 440	-9 096	-33 241	-18 721	-54 736	-40 216
Personnel expenses		-17 561	-10 406	-32 630	-17 826	-60 173	-45 369
Depreciations and write-downs		-4 615	-1 428	-8 410	-2 477	-15 544	-9 611
Other expenses		0	284	0	0	0	
Operating result		5 400	8 074	9 267	18 186	15 734	24 653
Result from financial items							
Financial Income		-197	232	31	240	1 627	1 836
Financial expenses		-1 525	-495	-2 725	-1 368	-4 403	-3 046
Total financial items		-1 722	-263	-2 694	-1 128	-2 776	-1 210
Operating result after financial items		3 678	7 811	6 573	17 058	12 958	23 443
Taxes for the period		-2 236	-2 737	-4 501	-5 844	-1 124	-2 467
Net result for the period		1 442	5 074	2 072	11 214	11 834	20 976
Items that later can be reversed in profit							
Foreign currency translation differences		-907	860	-4 969	1 778	-2 894	3 853
Total other comprehensive income for		535	5 934	-2 897	12 992	8 940	24 829
Period net result attributed to:							
Parent company shareholders		2 059	3 856	3 488	7 145	11 751	15 408
Minority interests		-617	1 218	-1 416	4 069	83	5 568
Period total comprehensive income							
Parent company shareholders		736	1 796	-1 482	8 826	8 767	19 075
Minority interests		-201	4 138	-1 415	4 166	173	5 754
Number of shares¹							
Undiluted		6 425 008	5 586 158	6 425 008	5 586 158	6 425 008	5 328 763
Diluted		6 486 404	5 689 323	6 486 404	5 689 323	6 486 404	5 390 159
Net result per share attributable to the parent company shareholders							
Undiluted		0,34	0,76	0,58	1,42	2,02	2,89
Diluted		0,34	0,75	0,57	1,39	2,00	2,86

¹The number of shares includes shares issued as consideration to the sellers of eRepublik Labs Limited, which were not registered with the Swedish Companies Registration Office at the end of the interim period.

Consolidated balance sheet in summary

KSEK	NOTE	2017-06-30	2016-12-31	2016-06-30
Intangible non current assets	3, 4	356 114	264 499	93 912
Tangible non current assets		1 111	775	593
Deferred tax assets		7 698	7 779	1 070
Non current receivables		441		
Current receivables		17 804	13 707	9 561
Cash and bank		91 830	35 774	76 500
Total assets		474 998	322 534	181 636
Shareholders' equity				
Shareholders' equity attributable to parent company's shareholders		167 528	134 261	98 696
Minorities		14 974	19 733	20 084
Total Shareholders' equity		182 502	153 994	118 780
Non-current liabilities	5	267 503	148 090	27 453
Current liabilities		24 993	20 450	35 403
Total Liabilities and Shareholders' equity		474 998	322 534	181 636

Shareholders' equity, Group

KSEK	SHARE CAPITAL	NOT REGISTERED SHARE CAPITAL	OTHER CONTRIBUTIONS	OTHER EQUITY INCL PROFIT OF PERIOD	EQUITY PERTAIN TO PARENT SHARE HOLDERS	MINORITY	TOTAL EQUITY
Opening balance 2015-12-31	3 505	191 840	-1 116	-98 721	95 508	5 400	100 908
Profit/Loss for the period				7 143	7 143	4 069	11 212
Other comprehensive income							
*** Foreign currency translation			1 683		1 683	96	1 779
Total other comprehensive income			1 683	7 143	8 826	4 165	12 991
New share issue	406	34 857			35 263		35 263
Issue costs		-163			-163		-163
Acquisition of minority		-40 738			-40 738	-6 629	-47 367
Acquisition of subsidiary						17 148	17 148
Total transactions booked against share capital	406	-6 044	0	0	-5 638	10 519	4 881
Closing balance 2016-06-30	3 911	185 796	567	-91 578	98 696	20 084	118 780
Opening balance 2017-01-01	4 189	210 834	2 551	-83 313	134 261	19 733	153 994
Profit/Loss for the period				4 949	4 949	-2 877	2 072
Other comprehensive income							
*** Foreign currency translation differences			-3 555		-12 240	-1 414	-13 654
Total other comprehensive income			-3 555	4 949	1 394	-4 291	-2 897
New share issue	309	33 101			33 410		33 410
Issue costs		-1 262			-1 262		-1 262
Acquisition of minority		-275			-275	-468	-743
Total transactions booked against share capital	309	31 564	0	0	31 873	-468	31 405
Closing balance 2017-06-30	4 498	242 398	-1 004	-78 364	167 528	14 974	182 502

Cash flow in summary, Group

KSEK	NOT	2017	2016	2017	2016	LAST	2016
		APR-JUN	APR-JUN	JAN-JUN	JAN-JUN	12 MNTH	JAN-DEC
Operations							
Result after financial items		3 678	7 811	6 573	17 058	12 958	23 443
Adj for items not in cash flow etc		7 795	2 162	14 322	4 025	19 850	9 553
Tax paid		-1 419	-739	-4 077	-734	-5 296	-1 953
Cash flow from operations before changes in working capital		10 054	9 234	16 819	20 349	27 512	31 042
Changes in working capital							
Increase(-)/Decrease (+) operating receivables		-1 865	969	-1 472	-966	-1 152	-647
Increase (+)/Decrease (-) in operating liabilities		-3 457	15 985	-3 512	16 105	-20 053	-437
Cash flow from changes in working capital		-5 322	16 954	-4 984	15 138	-21 206	-1 084
Cash flow from operations		4 732	26 188	11 835	35 487	6 306	29 959
Investment activities							
Acquisition of business		-37 206	-20 736	-37 256	-20 736	-38 076	-21 556
Acquisition of tangible assets		-131	-173	-125	-424	-440	-740
Acquisition of non-tangible assets		-9 801	-6 570	-19 758	-11 118	-39 600	-30 960
Cash flow from investment activities		-47 138	-27 479	-57 139	-32 279	-78 116	-53 255
Financing activities							
New share issue		0	-163	0	-163	192	29
New share issue costs		-63	69	-1 262	0	-2 854	-1 592
Acquisition of minority shares		0	0	-743	0	-14 295	-13 552
New debt		103 622	0	103 622	0	103 622	0
Amortization of debt		0	-66	0	0	0	0
Cash flow from financing activities		103 559	-160	101 617	-163	86 666	-15 115
Cash flow for the period		61 153	-1 451	56 313	3 046	14 856	-38 411
Cash and cash equivalents at start of period		31 084	77 951	35 774	73 454	76 500	73 454
Translation differences²		-407	0	-256	0	474	731
Cash and cash equivalents at end of period		91 830	76 500	91 830	76 500	91 830	35 774

² Translation differences are separately reported from the year end report 2016-12-31

Parent company income statement

KSEK	NOT	2017 APR-JUN	2016 APR-JUN	2017 JAN-JUN	2016 JAN-JUN	LATEST 12 MNTHS	2016 JAN-DEC
<i>Revenues</i>		2 128	0	2 172	0	3 860	
Net revenues		0	0	0	0	-10	1 678
Total operating revenues		2 128	0	2 172	0	3 850	1 678
<i>Operating expenses</i>							
Other external expenses		-1 286	-974	-2 850	-1 679	-4 453	-3 282
Personnel expenses		-1 611	-1 002	-2 832	-2 043	-5 262	-4 473
Operating result		-769	-1 976	-3 510	-3 722	-5 865	-6 077
Financial income		-7	-1	0	0	115	115
Financial expenses		-256	-94	-256	-94	-584	-422
<i>Total financial items</i>		-263	-95	-256	-94	-469	-307
Result after financial items		-1 032	-2 071	-3 766	-3 816	-6 334	-6 384
Group contribution		0	0	0	0	14 865	14 865
Tax for the period		0	0	0	0	6 489	6 489
Net result for the period/Comprehensive income for		-1 032	-2 071	-3 766	-3 816	15 020	14 970

Parent company balance sheet in summary

KSEK	NOT	2017-06-30	2016-12-31	2016-06-30
Financial non current assets		284 763	326 359	155 375
Current receivables		2 898	1 238	688
Cash and bank		64 136	22 755	51 806
Total assets		351 797	350 352	207 869
Shareholders' equity		239 890	211 509	171 825
Appropriations			126 304	9 680
Non current liabilities		105 421	7 708	11 518
Current liabilities		6 486	4 831	14 846
Total liabilities & Shareholders' equity		351 797	350 352	207 869

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. Applied accounting principles are consistent with those stated in the most recent annual report. New or changed standards, with effect from January 1, 2017, have not had any effect on Stillfront's financial reports.

NOTE 2 FAIR VALUES

All liabilities, excluding contingent consideration, are recognized at amortized cost. Financial assets and liabilities are 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 Tier 3.

NOTE 3 INTANGIBLE ASSETS

Capitalized Development Costs KSEK	2017-06-30	2016-12-31	2016-06-30
<i>Accumulated costs</i>			
Opening balance	88 266	56 131	56 131
External acquisitions	158	-	
Internally accrued during the year	19 599	30 960	9 407
Translation difference	-399	1 175	220
Closing Balance	107 624	88 266	65 758
<i>Accumulated depreciation/amortization</i>			
Opening balance	-46 484	-40 762	-40 762
This year's depreciations	-4 476	-5 511	-271
Translation difference	-108	-211	-208
Closing Balance	-51 068	-46 484	-41 241
Book Value	56 556	41 782	24 517

Goodwill KSEK	2017-06-30	2016-12-31	2016-06-30
<i>Accumulated costs</i>			
Opening balance	196 370	28 344	28 344
Investments in businesses	81 722	171 066	14 498
Other adjustments	0	-	
Translation difference	-12 188	-3 040	
Closing Balance	265 904	196 370	42 842
<i>Accumulated depreciation/amortization</i>			
Opening balance	-5 752	-5 752	-5 752
This year's depreciations	0	-	
Closing Balance	-5 752	-5 752	-5 752
Book Value	260 152	190 618	37 090
Games KSEK			
<i>Accumulated costs</i>			
Opening balance	35 842	-	-
External acquisitions	13 352	32 296	32 334
Internally accrued during the year	0	-	
Translation difference	-2 559	3 546	-30
Closing Balance	46 635	35 842	32 304
<i>Accumulated depreciation/amortization</i>			
Opening balance	-3 743	-	
This year's depreciations	-3 891	-3 528	
Translation difference	405	-215	
Closing Balance	-7 229	-3 743	
Book Value	39 406	32 099	32 304
Total book value of intangible assets	356 114	264 499	93 911

NOTE 4 ACQUISITIONS

In May 2017 100% of the shares in eRepublik Labs Limited were acquired. eRepublik Labs Limited is an Irish company with its operations on Ireland and in Romania. eRepublik is a successful developer and publisher of strategy games with a good fit to the Stillfront portfolio. The purpose of the acquisition is to expand Stillfront's portfolio of games and to strengthen Stillfront's publishing capabilities, primarily in the mobile games space.

Purchase price and the book values of the acquisition are preliminary as follows:

KSEK

Purchase price

Cash and cash equivalents	40 357
Ordinary shares issued	33 410
Contingent consideration	19 402
Total purchase consideration	93 169

In connection with the acquisition of eRepublik 441 233 shares have been issued at a price of 75,72 SEK / share. Contingent consideration is calculated based on the acquisition's estimated future economic outcomes for the period ending in 2020.

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

Games	32 297
Machinery equipment	204
Current assets excluding cash and cash equivalents	4 164
Cash and cash equivalents	4 723
Current liabilities	-3 230
Deferred tax liabilities	-11 304
Total net assets acquired excluding goodwill (KSEK)	27 102
Reported goodwill	171 066
Total net assets acquired	198 168
Total purchase consideration	178 438
<i>Less:</i>	
Cash and cash equivalents	-4 723
Common shares	-23 428
Contingent consideration	125 944
Net cash outflow on acquisition of business	21 556

Goodwill relating to eRepublik represents the value of the competencies in the company regarding the ability to develop and publish high end mobile games.

Acquisition costs amounted to 368 KSEK and is included in the income statement as other external expenses.



The acquired business eRepublik is included in Stillfront's consolidated net sales of with 7 125 KSEK and a profit of 1 755 KSEK. If the acquired business had been made from January 1, Simutronics would have consolidated with a revenue of 20 463 KSEK and a loss of 4 969 KSEK.

NOTE 5 LONG TERM DEBT

Of long-term liabilities 135,3 MSEK refer to additional contingent consideration and 103,1 MSEK refer to the bond issued during the second quarter. The bond matures May 23 2020 and has an interest rate of 7.5%.



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 eight 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 and OFM Studios in Germany. Stillfront's games are distributed globally. The main markets are France, UK, Germany, the United States and MENA. For further information, please visit www.stillfront.com.

SELECTED GAMES

Stillfront's portfolio includes games across multiple platforms. *Unravel*, developed by Coldwood in collaboration with Electronic Arts, won 20+ awards at E3 and gamescom and was released in February 2016. *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. *Lara Croft Relic Run™* is a popular mobile game developed by Simutronics. *Tank Storm* and *Admiral* are mobile strategy games with very strong player bases, which are published by Babil Games. *World at War* is a successful mobile strategy game developed and published by eRepublik Labs. *OFM* is a popular sports management game developed and published by OFM Studios.