

Annual Report 2015

STILLFRONT GROUP AB (PUBL)



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About Stillfront

Stillfront is an independent creator, publisher and distributor of digital games – with a vision to become one of Europe's leading indie game creators and publishers. Stillfront operates through four near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, and Dorado Online Games in Malta. Stillfront's games are distributed globally. The main markets are Sweden, Germany, the United States and South America.

IMPORTANT NOTICE: This Annual Report is a translation from Swedish of the Årsredovisning that will filed with the Swedish Companies Registration Office upon its approval by the Annual General Meeting of the shareholders of Stillfront Group AB (publ). This translation is solely provided as convenience. Should there be any ambiguity between the Swedish and the English text, the Swedish text will prevail.

Photos/ Cover and page 8: Electronic Arts/Coldwood Interactive. Page 11: Jenny Lagerqvist/Merrymore Design/ Catino

2015 in Summary

SUCCESSFUL IPO

SEK 75 m

Raised
Oversubscribed several times

**STRENGTHENED
OWNER STRUCTURE**


Well renowned
and long-term

+ 68 %

Share price
Dec 8th -31st



CALL OF WAR PROVING STRONG MOMENTUM



0,4	4	10,1
Q2	Q3	Q4

Quarterly Sales SEKm

SEK 40m annualized sales in Q4 2015...

... with estimated peak yet to be reached...

... and life-cycle to be years-long with strong recurring profits as a result.

ACCELERATED GROWTH WITH HIGH MARGINS

29	57
2014	2015

+ 96 %

Net Revenue (SEKm)

8	23
2014	2015

+ 15 pp

Underlying EBITDA margin

UNRAVEL LAUNCHED FEBRUARY 9, 2016

20+ awards at E3 and winner of best Strategy Game 2015 at gamescom












Further positive media and user reviews following the Launch

A Word from the CEO

2015 – a very strong year for Stillfront

2015 has been Stillfront's strongest year so far. In tandem, it has been a very important year in Stillfront's development with several key milestones achieved.

The growth in both revenues and earnings have been extraordinary. The revenues in the fourth quarter increased by 34% as compared to the third quarter. The year-on-year growth 2014 - 2015 was 96% – all organic growth.

The increase in our online games corresponds well to the development of MAU and DAU as communicated previously. The growth in revenues has been driven mainly by Call of War, developed by our German studio Bytro Labs. The game was launched in May 2015 and had in the fourth quarter revenues of 10.1 MSEK, which compares with 4.0 MSEK in revenues in the third quarter. The increase can be attributed to the very successful marketing campaigns of a high quality and highly appreciated product. Careful monitoring of campaigns with subsequent adjustments has resulted in excellent return on investment of the campaigns. Bytro has during the year demonstrated an exceptional ability to develop and specifically publish strategy games. We will continue to build on this ability with significant investments.

Stillfront's studio Coldwood has completed the development contract for the game Unravel. The publisher Electronic Arts released the game for sale February 9, 2016. Coldwood is entitled to a royalty, which may be significant if sales of Unravel reach certain levels. The success

of building a game with such quality and attracting such an overwhelming appreciation gives us good hopes about what further investments in Coldwood can bring in the next few years.

ManagerZone, managed by our subsidiary PowerChallenge, in which players manage football and ice hockey teams, has built a very loyal player base. ManagerZone Football, launched in 2001, still has players who have stayed with it since its launch. During the course of the year, we have achieved good progress in our systematic efforts to raise the quality, increase revenues per paying player and making the platform scalable. This is creating fertile soil for growth in the coming years, both in existing sports and also by adding new sports to the existing platform.

The launch of Dorado's Gladiator Online has not met our expectations. The causes hereto have been analyzed and appropriate action have been taken to strengthen the development of Dorado.

There is a clear foundation on which we have built, and will continue to build, Stillfront – to continuously strive to optimize risk/return. This is to me and the board the basis for building the leading company we are envisioning.

Again, the excellent development of Stillfront's business provides proof that our strategy PLEX works as the tool to reach our vision and support the foundation to optimize risk/return.

In December, Stillfront performed a new share issue and a subsequent listing on Nasdaq First North. The interest of participating in the new issue was overwhelming and it was oversubscribed several times. I am very proud of the great interest and of the new reputable and long-term owners Stillfront obtained in the new share issue, providing the stability and foundation that is very valuable for the long term development of the group.

It is with great confidence that I look ahead. In the coming years Stillfront plans to continue implementing the strategy with both organic growth and acquisitions.

I want to thank all our employees for all the hard and dedicated work to achieve success as well to deal with setbacks. The passion is amazing and it creates power, pleasure and performance.

JÖRGEN LARSSON, CEO

Mission, vision and strategy

Stillfront's mission is to deliver leading risk/reward by acquiring and managing strong game studios that develop and/or publish attractive game titles.

The gaming industry is still young and in some ways difficult to predict. Stillfront games ManagerZone has certainly attracted loyal players since 2001, but since then the gaming industry demonstrated both unexpected success and surprising flops. Stillfront believes that the gaming industry as a whole is very interesting and there are excellent opportunities to build great values, given that there is a strategy to balance risk and reward.

Stillfront's mission is to deliver market-leading risk/reward as above. Stillfront has a strategy for achieving this mission. The strategy is based on three pillars: **PLEX**, **Growth** and **Increased IP ownership**.

By working with a portfolio (**P**) of games the title and technology risks are reduced. Stillfront has seven games in addition to so-called long-tail games with limited sales and/or at the end of their life cycle. Several games have been very successful, while other games have not met the company's expectations.

Stillfront's games should provide a long term gaming experience (**L**). This will provide for stable revenues while user acquisition costs can be kept low relative to the expected life cycle revenue per player.

By using a technical structure based on game engines (engines - **E**), cost efficiency by scalability is achieved as the engine can be re-used over several games. Part of a game's Game Dynamics is managed by the engine. Thus, the title risk of a game is reduced by utilizing a proven engine.

Stillfront provides games on several platforms (Cross-Platform - **X**). Stillfront does not expose itself to one platform only, thus reducing the risk of investing in a platform that later proves to be difficult from a profitability perspective.

Growth is a means for Stillfront to increase its profitability. Given Stillfront's PLEX strategy, increased volumes provide excellent profit margins and contribute to increased profitability.

Stillfront has a structured approach to identify suitable acquisition targets that fit into the company's strategy.

Stillfront's subsidiary Coldwood has so far mainly worked on development projects for external publishers. Coldwood is now planning to also develop its own IPs, which - for successful games - can bring good profits.

IMPROVE RISK/REWARD 1

- P** Portfolio of games
- L** Long life cycle games
- E** Engines for scalability
- X** X (cross) platform

GROW TO HIGHER PROFITABILITY 2



MORE IP OWNERSHIP IN COLDWOOD 3



Market

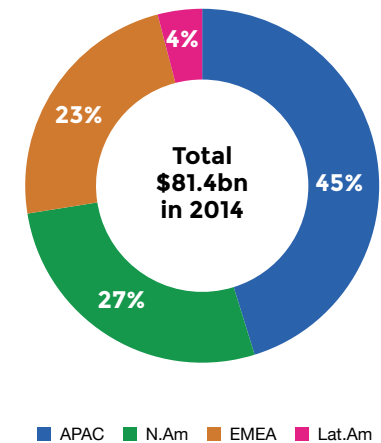
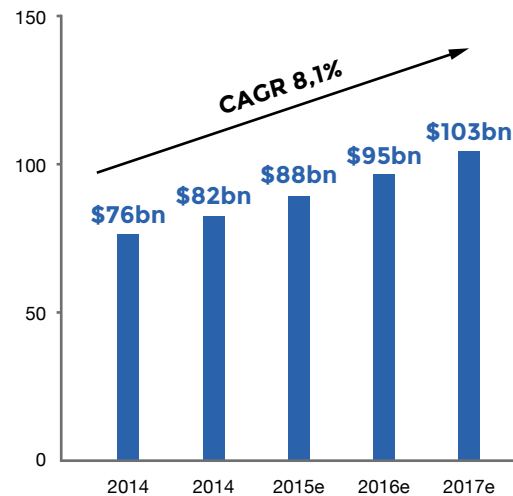
According to the Newzoo Annual Global Games Market Report, the global games market will reach 100 billion USD in 2017. The same report forecasts annual growth of eight percent for the period 2013-2017.

The market is therefore very big, but the competition is substantial as well, and in certain segments, tough. Stillfront Group strategy is to meet this competition by offering qualitatively excellent games that deliver an extremely compelling gaming experience for consumers.

The majority of the games in Stillfront's portfolio are online games that are played in web browsers. There is a low threshold for online games when it comes to attracting new players and offering free to play, but that offers clear advantages for players willing to pay for extra functions and features. This means good player liquidity can be achieved, in parallel with a large paying player base with high average revenues per user.

Stillfront's studio Coldwood works primarily with console games, i.e. games designed to be played on consoles such as Playstation and Xbox. In some cases PC versions of the games are developed. Via a marketing partnership with Electronic Arts (EA), Unravel, a game developed by Coldwood, has been positioned as one of the most interesting new products on the market for

consoles and PCs. Demand for qualitatively excellent and unique game concepts is assessed as excellent, which in combination with EA's strong marketing capacity, has created fertile soil for establishing the Unravel brand for many years to come.



The Gaming Market according to Newzoo

Games

Stillfront Group has four autonomous studios. These studios develop and publish games. The exception is Coldwood which so far has exclusively developed games for third parties. As mentioned in the section Strategy, Coldwood is planning to develop its own IP, i.e. games for which Coldwood will hold all Intellectual Property rights. Coldwood has been in the business of developing games for consoles and PC for a long time. As of 2015, Coldwood had produced games with a value of MSEK 600-1,000 million in retail.

UNRAVEL

Recently, Coldwood has developed the game Unravel on behalf of the world leading games publisher Electronic Arts (EA). The game has attracted much attention and received 20 awards. EA has the rights to the game. Unravel was launched February 9, 2016. Coldwood is entitled to a royalty should the game sell above a certain level.

SUPREMACY 1914

Stillfront's German studio Bytro Labs GmbH develops and publishes strategy games. The games, which are played online, are so-called free-to-play games, which means that the games basically can be played at no cost to the player, but special features and games benefits are only available against payment. The games have a character that encourages players to continue to play the games for a long time.

Bytro launched the game Supremacy 1914 in 2009. Supremacy 1914 is a war strategy game where the player acts as the commander in the armed forces during the First World War. The game continues to have a loyal player base, and the fourth quarter 2015 provided an all time high revenue. The game is based on the engine SUP, which is also used as the engine for the game Call of War.

CALL OF WAR

Call of War was launched in April 2015 and has enjoyed a very strong growth. During the last quarter of 2015 the game had revenues amounting to 10.1 MSEK. Call of War is as Supremacy 1914 a war strategy game, however set during World War II.

MANAGERZONE

Power Challenge develops and publishes sports management games for the sports football (ManagerZone Football) and ice hockey (ManagerZone Hockey). ManagerZone launched as early as 2001. The games allows the player to act as a manager of a football or ice-hockey team. Through clever tactics, cunning player acquisitions, diligent training and long-term development of young talent, the player can get to the top. ManagerZone is like Call of War, a free-to-play game. The player can enjoy certain advantages in the game against a payment.





The Share and Shareholders

The Share

The share of Stillfront Group is traded on Nasdaq First North since December 8, 2015. The share price of December 31 was 65.50 SEK.

Share Capital

1,923,000 shares were issued during the fourth quarter. As of December 31, 2015 the number of shares outstanding was 5,006,583, with a total share capital of 3,504,608.10 SEK. The nominal value of each share is 0.70 SEK.

The share capital history is provided in Note 20.

Outstanding Warrants

As of December 31, 2015 the company had 83,648 outstanding warrants, please refer to Note 21.

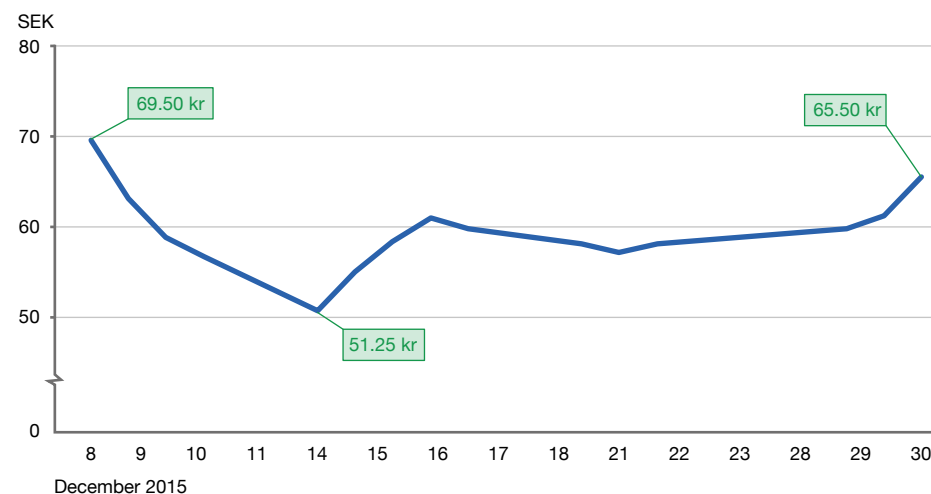
Ownership Structure

The largest shareholders are Acacia Asset Management (11.8 percent of the shares) and Swedbank Robur Ny Teknik BTI (9.0 percent) as of December 30, 2015.

Policy for Dividends

Stillfront Group is in a growth phase, which will require capital to finance the expansion. During this growth phase, no dividends will be proposed.

Development of the Share Price



The price for the shares issued in the new share issue during the fourth quarter was 39 SEK. The share price of December 30 was 65.50 SEK.

Largest Shareholders as of December 30, 2015

OWNER	NUMBER OF SHARES	PERCENT OWNERSHIP
Acacia Asset Management AB	593,373	11.85%
Swedbank Robur Ny Teknik BTI	450,592	9.00%
FKL Holding GmbH	426,886	8.53%
IQ Capital Fund I L.P.	318,484	6.36%
Silverbeam AB	267,990	5.35%
Fyrmax Ltd	243,117	4.86%
IdeCap AB	204,836	4.09%
RCL Holding AB	192,308	3.84%
Vasastaden Holding AB	146,333	2.92%
Strömberg Förvaltnings AB	100,000	2.00%
Other shareholders	2,062,664	41.20%
Total	5,006,583	100.00%

Board of Directors and Auditors



Left to Right: Alexander Bricca, Fredrik Åhlberg, Jörgen Larsson and Per Skyttvall. Max Bautin is not present.

Per Skyttvall

CHAIRMAN

Born 1967. Chairman since 2013.

Education and work experience: Studies at Linköping and Stockholm University. Per is the sole owner of a consultant company and has been the Managing Director of companies throughout the years amongst others Dreampark AB and Zenterio AB (publ).

Other current positions: Chairman of the board of directors of Idea2Innovation Sweden AB. Board member of Acacia Asset Management AB, Acacia Finans AB, and PGS Sweden AB.

Shareholding: 16,648 shares indirectly through PGS Sweden AB where Per Skyttvall is the sole shareholder.

Max Bautin

BOARD MEMBER

Born 1976. Board member since 2012.

Education and work experience: Bachelor of Arts in Economics from the University of Maryland (USA) and MBA from the University of Cambridge (UK). Presently serving as Managing Partner of IQ Capital Partners LLP.

Other current positions: Board member of Grapeshot Ltd. (UK), board observer Fluidic Analytics Ltd (UK). Director of IQ Capital Partners GP Ltd. (UK), IQ Capital Partners GP 2 Ltd. (UK) and several other subsidiaries of IQ Capital Partners LLP.

Shareholding: Holds 33% of IQ Capital Partners LLP which holds 12,114 shares in the Company. IQ Capital Fund I L.P., a fund managed by IQ Capital Partners LLP, also holds 318,484 shares in the Company.

Jörgen Larsson

BOARD MEMBER AND CEO

Born 1964. Board member since 2007.

Education and work experience: Master of Science in Industrial Engineering from Linköpings Tekniska Högskola and additional studies in physics and philosophy at Uppsala University. CEO of Stillfront Group since October 2015. Before being formally engaged as CEO, Jörgen Larsson performed work for Stillfront on a consultancy basis. Experience from work as CEO and presently provides management consulting services through IdeCap AB where Jörgen Larsson is the sole shareholder.

Other current positions: Chairman of the board of directors in Abalon Holding AB. Board member and Managing Director of Mind Improvement Group Scandinavia AB. Board member of Idecap AB, Sontagh & Larsson Investment Strategy AB, Coldwood Interactive AB, Stillfront Online Games AB and Bothnia Bay Capital AB. Deputy member of 4P Business Consulting AB and Sandhammaren Utveckling AB.

Shareholding: 204,836 shares indirectly through IdeCap AB where Jörgen Larsson is the sole shareholder. 6,540 shares through Sontagh & Larsson Investment Strategy AB where Jörgen Larsson holds 50% of the shares.

Alexander Bricca

BOARD MEMBER

Born 1976. Board member since 2008.

Education and work experience: Master's degree in business law and Bachelor of Arts in business administration and managerial economics. Alexander Bricca is currently the CFO of Viaplay AB has experience as the CFO of Voddler Group AB as an Investment Manager at Deseven Capital AB.

Other current positions: Deputy Board Member in Bet2aid Sweden AB, Octen AB and Coldwood Interactive AB.

Shareholding: 4,194 shares

Fredrik Åhlberg

BOARD MEMBER

Born 1971. Board member since 2015.

Education and work experience: MBA from INSEAD and Master of Science in Electrical Engineering from KTH Royal Institute of Technology.

Fredrik has experience as CEO of Tele2 Czech Republic, Head of Expansion for Ebay in Europe as a member of the management team of King.com Ltd.

Other current positions: Board member i Aktiebolaget Stangus, Virtusize AB and Like a Boss Games AB.

Shareholding: 4,275 shares

Auditors

MAZARS SET REVISIONSBYRÅ AB

with Michael Olsson as head auditor, Authorized Public Accountant. Born 1974.

Management

Jörgen Larsson

CEO

Please refer to Board of Directors

Sten Wranne

CFO

Born 1961. CFO in the company since 2010, full time since September 2015.

Education and work experience: Master of Science in Engineering Physics from Chalmers University of Technology. Sten has previously been working as CFO for Vodder Group AB. Sten is furthermore working as a consultant in his company Black Ocean Development AB, where he has provided services as an interim manager and strategic advisory.

Other current positions: Board member of Black Ocean Development Aktiebolag, Deseven International Aktiebolag, Pamplemousse Holding AB, F2NS Holding AB and D702 Invest AB. Deputy board member of Motion Value Grids AB, Influence AB. Deputy board member and Managing Director of Deseven Capital Aktiebolag.

Shareholding: 6,540 through an endowment insurance and 19,923 shares through Lacebark Consultants Ltd where Sten Wranne is the sole shareholder. Furthermore, Fyrmax Ltd holds 243,117 shares in the Company. Deseven International AB, where Sten Wranne, through a legal entity, holds 25 per cent of the shares, owns 100% of Fyrmax Ltd.

Christopher Holmberg

Born 1977. Managing Director of Coldwood Interactive AB since 2003.

Education and work experience: Christopher Holmberg has served as the Managing Director of Coldwood Interactive AB since 2003.

Other current positions: Board member of Aktiebolaget Norra Teknikinvest. Deputy board member of Bothnia Bay Capital AB.

Shareholding: 64,061 shares.

Jakob Marklund

Born 1973. Technical Director in Coldwood Interactive AB since 2004.

Education and work experience: Master's degree in Physics from Umeå University.

Other current positions: -

Shareholding: 56,812 shares.

Patrick Armstrong

Born 1970 Managing Director of Power Challenge AB since 2011, Power Challenge Holding Limited and ManagerZone Inc.

Education and work experience: Experience from positions as Managing Director within the Group since 2011.

Other current positions: Board member and Managing Director of Power Challenge AB. Director of Power Challenge Holding Limited.

Shareholding: 41,769 warrants entitling to subscription of the same number of shares in Stillfront Group.

Tobias Krings

Born 1980. Managing Director for Bytro Labs GmbH since 2009.

Education and work experience: Master of Science in Cognitive Science.

Other current positions: Managing Director for FKL Holding GmbH.

Shareholding: Holder of 33.3% of FKL Holding GmbH which owns 426,886 shares in Stillfront Group AB.

Felix Faber

Born 1980. Managing Director (Operations) for Bytro Labs GmbH since 2009.

Education and work experience: Master of Science in Computer Science. Advisor to 5DLab GmbH.

Other current positions: Managing Director for FKL Holding GmbH.

Shareholding: Holder of 33.3% of FKL Holding GmbH which owns 426,886 shares in Stillfront Group AB

Christopher Lörken

Born 1980. Managing Director (Technology) for Bytro Labs GmbH since 2009.

Education and work experience: Master of Science in Cognitive Science.

Other current positions: Managing Director for FKL Holding GmbH

Shareholding: Holder of 33.3% of FKL Holding GmbH which owns 426,886 shares in Stillfront Group AB

Key Indicators and Definitions, Group Consolidated

	2015	2014
Net Revenues, KSEK	57,052	29,062
Underlying EBITDA, KSEK	12,918	2,252
EBITDA, KSEK	4,029	-8,168
Pre Tax Profit, KSEK	-4,469	-23,767
Net Profit, KSEK	-6,253	-23,767
Underlying EBITDA margin, %	22.6%	7.8%
EBITDA-margin, %	7.1%	-28.1%
Equity Ratio, %	86%	79%
Shareholders' equity per share undiluted SEK	15.88	8.10
Shareholders' equity per share diluted SEK	15.62	7.81
Earnings per share undiluted SEK	-1.56	-8.89
Earnings per share diluted SEK	-1.52	-8.53
No of shares period end undiluted	5,006,583	2,998,510
No of shares period end diluted	5,090,231	3,111,586
Average number of shares undiluted	4,002,547	2,674,797
Average number of shares diluted	4,100,909	2,787,873

EBITDA

Operating profit before depreciation and impairments.

Underlying EBITDA

EBITDA adjusted for expensed investments.

EBITDA margin

EBITDA as percentage of net revenues.

Underlying EBITDA margin

Underlying EBITDA as percentage of net revenues.

Equity ratio

Shareholders' equity as a percentage of total capital.

Shareholders' equity per share ¹⁾

Shareholders' equity divided by the number of shares at the end of the period.

Earnings per share ²⁾

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

1) Shareholders' equity per share have been calculated after the 7:1 consolidation of shares and completed withdrawal of shares.

2) Earnings per share have been calculated after the 7:1 consolidation of shares and completed withdrawal of shares.

Directors' Report

OVERALL

Stillfront Group AB (publ) is an independent creator, publisher and distributor of digital games – with a vision to become one of Europe's leading indie game creators and publishers. Stillfront operates through four near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, and Dorado Online Games in Malta. Stillfront's games are distributed globally. The main markets are Sweden, Germany, the United States and South America.

MISSION

Stillfront's mission is to deliver leading risk/reward by acquiring and managing strong game studios that develop and/or publish attractive game titles.

SIGNIFICANT EVENTS

Bytro's Call of War, launched in April 2015, continued its rapid growth and had in the fourth quarter revenues of 10.1 MSEK, as compared to 4.0 MSEK in the third quarter. Bytro's Supremacy 1914 continues to enjoy a stable and strong customer base along with a solid revenue level.

Gladiator Online was launched in May 2015. The game was well received, but the targeted player base was not reached due to a leading web browser's unexpected withdrawal of support for a necessary plug-in. Adaptations of Gladiator Online to reach larger customer groups through Steam have been completed and the game was re-launched on Steam in November. Even though the number of players was high, the game did not reach the promising KPIs from the first launch. Analysis of reasons hereto have been completed.

Power Challenge has continued to implement its strategy to increase the quality of the player base. We note that the revenue per player has increased significantly. This means that now we can put more resources into profitable player recruitment.

Coldwood completed the contracted development work for Unravel with high quality and according to plan. Unravel has been very well received at E3 and gamescom, being awarded 20 awards. Unravel was launched to consumers by Electronic Arts February 9, 2016.

On December 8, trading of the Stillfront Group AB share commenced on Nasdaq First North. A new share issue amounting to 75 MSEK was carried out prior to the first day of trading. The issue was oversubscribed and Stillfront received a large number of new investors, including Swedbank Robur New Technology BTI, RCL Holding AB and Vasastaden Holding AB.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

Electronic Arts, publisher of Coldwood's game Unravel, launched Unravel 9 February 2016. Professional reviewers as well as the public has given Unravel very high ratings. MetaCritic, a service that consolidates a large number of established reviewers, gave the game 80 points out of 100, placing Unravel clearly ahead of blockbusters as Star Wars Battlefront and Call of Duty: Black Ops III - Awakening.

During the first half of 2016 Stillfront intends to acquire the remaining 49% of Bytro Labs GmbH. This will be done in accordance with the acquisition agreement entered into in 2013. The acquisition will be made with effect January 1, 2016.

Year Summary

GROUP CONSOLIDATED

KSEK	2015	2014	2013	2012 ³⁾
Net Revenues	57,052	29,063	20,699	17,053
Underlying EBITDA ⁴⁾	12,918	2,252	2,165	2,910
EBITDA	4,029	-8,168	-1,212	1,485
Profit Before Tax	-4,469	-23,767	-18,505	-51,115
Total Capital	92,753	30,650	50,516	43,014
Shareholders' Equity	79,516	22,071	41,164	33,391
Equity Ratio	86%	72%	81.5%	78.9%

PARENT

KSEK	2015	2014	2013	2012 ³⁾
Net Revenues	1,020	-	-	4,820
Profit Before Tax	3,617	-2,791	-10,573	-33,958
Total Capital	144,989	78,778	81,149	62,895
Shareholders' Equity	140,749	75,508	73,028	58,094
Equity Ratio	97%	96%	90%	92%

3) Data for 2012 have not been recalculated according to BFNAR 2012:1 which may cause deficient comparability.

4) Underlying EBITDA is defined as EBITDA excluding expensed investments. Stillfront expenses investments as they are incurred. Thus, investments are included in EBITDA.

Revenues and Profit/Loss

Net revenues for the year was 57.1 MSEK (29.1 MSEK), corresponding to a net revenue growth of 96%. The increase is primarily attributable to the continued success of Bytro's game Call of War and solid revenues at Coldwood related to development projects.

The Underlying EBITDA for the year was 12.9 MSEK (2.3 MSEK in 2014), which corresponds to an Underlying EBITDA margin of 22.6% (7.8%). Underlying EBITDA is defined as EBITDA excluding expensed investments. Stillfront expenses investments as they are incurred. Thus, investments are included in EBITDA. The full year EBITDA was 4.0 MSEK (-8.2 MSEK), which corresponds to an EBITDA margin of 7.1% (neg). High gross margins on the increased revenues, contributed to the strong growth in earnings.

Profit/loss after tax for the full year was -6.3 MSEK (-23.8 MSEK).

Financial Position

Equity ratio as of December 31 was 86 percent compared to 79 percent as of December 31 2014. Cash and cash equivalents for the group, including not utilised credit facilities, were at year end 75.1 MSEK compared with 5.6 MSEK on December 31 2014.

Cash Flow

The year's cash flow, 69.2 MSEK (-3.5 MSEK), was strengthened by the new share issue. Cash flow from operations was 3.8 MSEK (-8.2 MSEK).

Investments and Depreciations

Stillfront Group expenses investments made in games at cost. During the year, 8.9 MSEK has been invested (10.4 MSEK). Investments have been made primarily in Gladiator Online including the DOG engine.

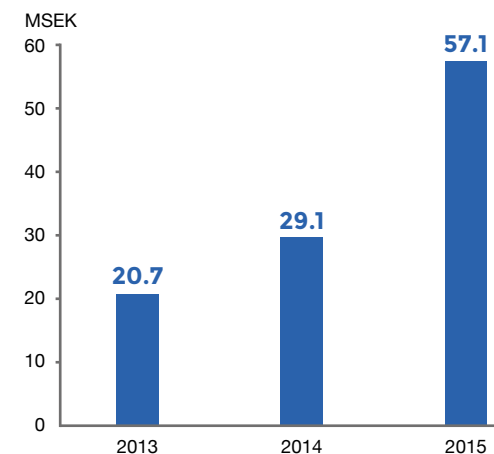
Depreciation and appreciation of 8.3 MSEK (15.0 MSEK) was charged during the year. Depreciation and appreciation primarily pertains to goodwill, however also pertains to intangible assets acquired by the Group related to the Group's acquisitions of subsidiaries.

Corporate Governance

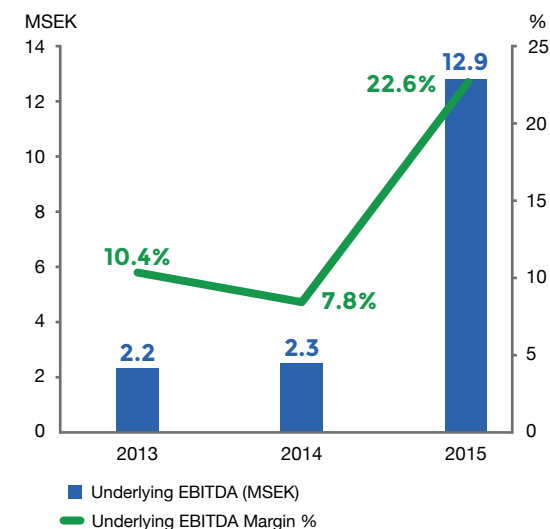
The Company is subject to Swedish laws and regulations such as the Companies Act (2005:551), the Bookkeeping Act (1999:1078) and the Act on Annual Accounts (1995:1554). The Company applies the First North Rulebook. Corporate governance is exercised by the AGM, the Board and the CEO. The company's auditor, appointed by the Annual General Meeting, reviews the company's accounts and the management of the company by the board and the CEO.

For further information on corporate governance, please refer to the Company's website.

NET REVENUES



UNDERLYING EBITDA



Remuneration to the Board and senior management

Fees and other compensation for board members, including the Chairman, are resolved by the AGM. The AGM resolved that the Chairman of the Board shall be reimbursed with an amount equal to approximately 44,500 SEK and that no remuneration be paid to the other directors.

Remuneration to the CEO and management team consist of fixed salary, bonus, other benefits and pension. Neither the directors or senior management are entitled to any benefits after completing their engagement.

Parent Company

The parent company conducts customary corporate functions and corporate services. The revenues of the parent company were during the year SEK 1.0 million (SEK 0.0 million). Profit after tax amounted to SEK 3.6 million (SEK -2.8 million).

The Share and Shareholders

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. Closing price as of December 30 was 65.50 SEK/share.

The largest shareholders are Acacia Asset Management with 11.8 percent of the shares and Swedbank Robur Ny Teknik BTI with 9.0 percent of the shares in the company as per December 30, 2015.

Risk Factors

Some of the risks related to Stillfront's business are listed below.

KEY INDIVIDUALS AND RECRUITING

Stillfront is dependent on certain key individuals and employees and the loss of such persons, or difficulties in attracting new employees, may negatively impact the Group's business and ability to implement current and future strategies.

INTELLECTUAL PROPERTY RIGHTS

Stillfront may be unable to protect its intellectual property rights and could be at risk of infringing third party intellectual property rights.

PRODUCT DEVELOPMENT

When developing new games, Stillfront's studios must be innovative and adapt to technological advances as well as consumer preferences and demands. All game development may be subject to unexpected delays. New games may not appeal to gamers as expected and thus not generate expected revenues.

ACQUISITIONS

Stillfront has made and may make acquisitions that prove unsuccessful or strain or divert the Group's resources.

IT OPERATIONS

Stillfront and its customers are vulnerable to hacking, viruses, malicious acts and other cybercrime. Stillfront's IT operations are critical for its revenues and disruptions to IT operations may impact revenues negatively.

Proposed Distribution of Earnings

The Board of Directors of Stillfront Group proposes the earnings available for distribution, 137,244,708 SEK, to be treated according the following:

AMOUNTS IN SEK

Free Reserves	191,840,523
Retained Earnings	-58,212,841
Net Income for the Year	3,617,026
Total	137,244,708
To be Carried Forward	137,244,708
Total	137,244,708

Annual General Meeting

The annual general meeting of Stillfront Group AB (publ), 556721-3078, will be held May 18, 2016 at 11.00, in the offices of DLA Piper Sweden, Kungsgatan 9, Stockholm.

Consolidated Income Statement

KSEK	NOTE	2015	2014
Net revenues		57,052	29,062
Other operating income	5	268	1,896
Total operating income		57,320	30,958
Other external costs	6, 7	-33,761	-22,134
Personnel costs	8	-19,530	-16,992
Depreciation and write-downs	2, 13	-8,267	-14,981
Total operating costs		-61,558	-54,107
Profit/loss securities that are fixed assets	9	51	-600
Interest income	9	21	116
Interest costs	9	-303	-134
Financial Profit/Loss		-231	-618
Pre Tax Profit		-4,469	-23,767
Tax for the year	11	-1,784	0
Profit/loss for the year		-6,253	-23,767
Attributable to:			
Parent company shareholders		-7,414	-23,300
Minority interests		1,161	-467
Earnings per share undiluted SEK	12	-1.56	-8.89
Earnings per share diluted SEK	12	-1.52	-8.53

Consolidated Balance Sheet

ASSETS, KSEK	NOTE	2015-12-31	2014-12-31
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized development costs	13	-	2,019
Concessions, patents, licenses, trademarks and similar rights	13	259	-
Goodwill	14	9,992	16,292
		10,251	18,311
<i>Tangible fixed assets</i>			
Equipment	15	241	225
		241	225
<i>Financial fixed assets</i>			
Other long term securities	18	-	5,309
		-	5,309
Total fixed assets		10,492	23,845
Current assets			
Accounts receivable		3,270	832
Tax receivable		493	96
Other receivable		1,941	914
Prepaid expenses and accrued income	19	3,103	677
		8,807	2,519
Cash and cash equivalents		73,454	4,286
Total current assets		82,262	6,805
TOTAL ASSETS		92,754	30,650

Consolidated Balance Sheet cont.

EQUITY AND LIABILITIES, KSEK	NOTE	2015-12-31	2014-12-31
Equity			
Share capital	20	3,505	2,189
Other capital contribution		191,841	131,532
Other capital including this year's profit/loss		-119,108	-111,650
Total equity pertaining to parent shareholders		76,237	22,071
Minority		3,279	2,221
Total equity		79,516	24,291
Appropriations			
Deferred tax liability	11	301	443
		301	443
Non current liabilities			
Other liabilities to credit institutions		298	-
Other non current liabilities		-	889
		298	889
Current liabilities			
Accounts payable		5,242	1,051
Tax liabilities		1,748	460
Other current liabilities		2,226	1,346
Accrued expenses and prepaid income	22	3,423	2,170
		12,638	5,027
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		92,754	30,650
Pledged securities & contingent liabilities	23	1,300	3,300

Shareholders' Equity, Group

KSEK	SHARE CAPITAL	OTHER CONTRIBUTION	OTHER EQUITY INCL. PROFIT OF THE YEAR	EQUITY PERTAINING TO PARENT SHAREHOLDERS	MINORITY	TOTAL EQUITY
Opening balance 2015-01-01	2,189	131,532	-111,650	22,071	2,221	24,291
New Share Issue	1,346	73,651		74,997		74,997
Issue Costs		-10,814		-10,814		-10,814
Withdrawal of Shares	-30	-2,529		-2,559		-2,559
Translation Differences			-44	-44	-102	-146
Profit/Loss for the Period incl. Minority Interests			-7,414	-7,414	1,161	-6,253
Closing Balance 2015-12-31	3,505	191,841	-119,108	76,237	3,279	79,516

Cash Flow, Group

KSEK	2015	2014
Operating activities		
Operating income	-4,470	-23,767
Adjustments for items not included in the cash flow	8,123	13,646
Tax paid	-1,035	-172
Cash flow from operating activities before changes in working capital	2,619	-10,294
<i>Changes in working capital</i>		
Increase(-)/Decrease (+) of current receivables	-5,891	1,634
Increase(-)/Decrease (-) of current liabilities	7,073	489
Cash flow from operating activities	3,801	-8,171
<i>Investing activities</i>		
Acquisition of subsidiaries and other operations	-	-
Acquisitions of tangible assets	-277	-138
Acquisitions of intangible assets	-	-
Sales of non-current assets	2,051	-
Cash flow from investing activities	1,774	-138
<i>Financing activities</i>		
New share issue	64,184	5,270
Loans raised	-	-
Repayment of loans	-591	-444
Cash flow from financing activities	63,593	4,826
CASH FLOW FOR THE YEAR	69,168	-3,484
Cash and cash equivalents at start of the year	4,286	7,770
Cash and cash equivalents at year-end	73,454	4,286

Income Statement, Parent

KSEK	NOTE	2015	2014
Net revenues		1,020	-
Total operating income		1,020	-
Other external cost	6, 7	-2,808	-2,437
Personnel cost	8	-545	-
Total operating costs		-3,353	-2,437
Profit/loss securities	9	51	-600
Interest income	9	-	12
Interest cost	9	-265	-100
Financial profit/loss		-214	-688
Operating result after financial items		-2,547	-3,125
Group contribution	10	6,164	335
Pre tax profit		3,617	-2,790
Tax for the year	11	-	-
PROFIT/LOSS FOR THE YEAR AFTER TAX		3,617	-2,790

Balance Sheet, Parent

ASSETS, KSEK	NOTE	2015-12-31	2014-12-31
Fixed assets			
<i>Financial fixed assets</i>			
Shares in group companies	16	65,938	65,938
Receivables from group companies	17	14,103	7,111
Other long term securities	18	-	5,309
Total fixed assets		80,041	78,358
Current assets			
Receivables from group companies		225	-
Other receivables		1,139	56
Prepaid expenses and accrued income	19	72	30
		1,436	85
Cash and cash equivalents		63,513	335
Total current assets		64,949	421
TOTAL ASSETS		144,990	78,778

Balance Sheet, Parent cont.

EQUITY AND LIABILITIES, KSEK	NOTE	2015-12-31	2014-12-31
Equity			
<i>Restricted equity</i>			
Share capital	20	3,505	2,189
		3,505	2,189
<i>Non-restricted equity</i>			
Other capital contribution		191,841	131,532
Other capital		-58,213	-55,422
Profit/loss of the year		3,617	-2,791
		137,245	73,319
Total equity		140,749	75,508
Non current liabilities			
Liabilities to group companies		-	1,361
Other non current liabilities		-	889
		0	2,250
Current liabilities			
Accounts payable		3,880	218
Other current liabilities		248	750
Accrued expenses and prepaid income	22	112	53
		4,240	1,021
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		144,990	78,778
Pledged securities & contingent liabilities	23	1,300	3,300

Shareholders' Equity, Parent

KSEK	SHARE CAPITAL	OTHER CONTRIBUTION	RETAINED EARNINGS INCL. NET PROFIT OF THE YEAR
Opening balance 2015-01-01	2,189	131,532	-58,213
New Share Issue	1,346	73,651	
Issue Costs		-10,814	
Withdrawal of Shares	-30	-2,529	
Profit for the year			3,617
Closing Balance 2015-12-31	3,505	191,841	-54,596

Cash Flow, Parent

KSEK	2015	2014
Operating activities		
Operating income	-2,547	-3,126
Adjustments for items not included in the cash flow	-51	600
Tax paid	-	-
Cash flow from operating activities before changes in working capital	-2,598	-2,526
<i>Changes in working capital</i>		
Increase(-)/Decrease (+) of current receivables	-8,343	-236
Increase(-)/Decrease (-) of current liabilities	2,609	-4,406
Cash flow from operating activities	-8,332	-7,167
<i>Investing activities</i>		
Acquisition of subsidiaries and other operations	-	-
Acquisitions of tangible assets	-	-
Acquisitions of intangible assets	-	-
Sales of non-current assets	2,051	-
Cash flow from investing activities	2,051	-
<i>Financing activities</i>		
New share issue	64,184	5,270
Group contribution	6,164	335
Repayment of loans	-889	-444
Cash flow from financing activities	69,459	5,161
CASH FLOW FOR THE YEAR	63,178	-2,006
Cash and cash equivalents at start of the year	335	2,341
Cash and cash equivalents at year-end	63,513	335

Notes

Note 1 General Information

Stillfront is an independent creator, publisher and distributor of digital games – with a vision to become one of Europe’s leading indie game creators and publishers. Stillfront operates through four near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, and Dorado Online Games in Malta. Stillfront’s games are distributed globally. The main markets are Sweden, Germany, the United States and South America.

The Parent company with company registration number 556721-3078, is incorporated under the laws of Sweden with a registered address in Stockholm.

Stillfront Group’s shares are traded on Nasdaq First North since December 8, 2015.

The annual report and the consolidated financial statements were approved for publication by the board of directors April 19, 2016. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders.

Note 2 Accounting Policies

All amounts in KSEK unless stated otherwise.

GENERAL ACCOUNTING POLICIES

Starting 2014, the group and the parent apply the Swedish Annual Accounts Act and Swedish Accounting Standards Board’s general guidelines BFNAR 2012:1 (K3) when preparing financial reports.

VALUATION POLICIES

Revenue Recognition

The Group’s revenues are generated through the sale of in-house developed games as a publisher, and by developing games for other publishers. Proceeds from in-game revenue sales are recognized as the gamers complete their purchases. Compensation from game development projects are recognized as revenue as development work is performed. Any additional royalties from developed games are recognized as the corresponding end user sales takes place.

Assets, provisions and liabilities are valued at cost unless otherwise stated below.

Intangible Assets

Game Development - Stillfront expenses expenditures for game development as they are incurred. Game Rights or development projects acquired directly or as part of business acquisitions, are reported at cost less accumulated amortization and impairment losses.

Depreciation - Depreciation is linear over the asset’s estimated useful life. Depreciation is recognized as an expense in the income statement.

	GROUP YEARS	PARENT YEARS
<i>Acquired intangible assets</i>		
Capitalized expenditures for development and similar work	5	5
Licences	5	5
Goodwill	5	-

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost includes, in addition to addition to the purchase price, expenses directly attributable to the acquisition.

Depreciation - Depreciation is linear over the estimated useful life as it reflects the expected consumption of the asset’s future economic benefits. The depreciation is recognized as expense in the income statement. The following depreciation periods apply:

	GROUP YEARS	PARENT YEARS
<i>Tangible Fixed Assets</i>		
Equipment, tools and installations	5	5

The difference between the above depreciation and tax depreciation is reported in the individual companies as accumulated depreciation, which is included in untaxed reserves.

Leasing - Lessee

All leases are classified as operating or finance leases. A finance lease is a lease under which the risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operating lease is a lease other than a finance lease. Stillfront Group has operating leases only.

Operating Leases

Lease payments under operating leases, including increased first-time rent but excluding costs for services such as insurance and maintenance are recognized as an expense over the lease period.

Tax

Income tax expense in the income statement consists of current tax and deferred tax. Current tax is the income tax for the current financial year relating to the taxable income and the part of the previous financial year income tax that has not yet been reported. Deferred tax is the tax on taxable income relating to future financial years as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences, except for temporary differences arising from the initial recognition of goodwill. Deferred tax assets are recognized for deductible temporary differences and the possibility of future use of tax loss carry forwards. The valuation is based on how the carrying value of the corresponding asset or liability is expected to be recovered or settled. The amount is based on the tax rates and tax rules enacted by the balance sheet date and have not discounted to present value.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax liability and equity.

CONSOLIDATION POLICIES

Subsidiaries

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence. Control is the power to govern the financial and operating policies so as to obtain benefits. Accounting for business combinations is based on the entity approach. Subsequently, the acquisition analysis is prepared as of the date when the acquirer gains a controlling in-

fluence. As of that date, the acquirer and the acquiree are considered as an accounting entity. The application of this principle entails all assets (including goodwill) and liabilities. Revenues and expenses are included in their entirety also for partly owned subsidiaries.

Cost of the subsidiary is calculated as the sum of the fair value as of the acquisition date of the assets plus incurred and assumed liabilities and equity instruments issued, expenditure that is directly attributable to the business combination and any additional consideration. The acquisition analysis establishes the fair value, with some exceptions, at the acquisition date of acquired identifiable assets and assumed liabilities and minority interest. Minority interest is valued at fair value as of the acquisition date.

All of the acquired company's income and expenses, identifiable assets and liabilities and any goodwill or negative goodwill are included in the consolidated financial statements from the date of acquisition.

Goodwill

Goodwill arises when the acquisition value for the acquisition of shares in subsidiaries exceeds the established value of the acquiree's identifiable net assets based on the acquisition analysis. Goodwill is stated at cost less accumulated depreciation and any impairment.

Note 3 Financial Risk Management

The Group's activities expose the Group to a number of financial risks: market risk (comprising mainly of currency risk), credit risk and liquidity risk. The Group has sales in more than 100 countries. Currency fluctuations may affect the Group, both positively and negatively. The Group has not had any futures contracts during the year. Credit risk is considered limited since the Group's sales to consumers occurs through established payment providers and enterprise business is made with reputable and stable counterparties. Liquidity risk is managed through continuous monitoring of the Group's cash and forecasting cash positions.

RECEIVABLES AND PAYABLES IN FOREIGN CURRENCIES

Receivables and payables in foreign currencies are translated at the closing rate. The difference between the acquisition cost and the closing day value is recognized in the income statement.

Note 4 Significant estimates and assessments for accounting purposes

Estimates and assessment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be plausible given the known circumstances.

The Group makes estimates and assessments concerning the future. The estimates for accounting purposes that result from these will, by definition, seldom equal the related actual outcomes. The Company believes that the estimates and assessments which may have significant impact on the company's financial position and assessment of future income taxes.

As a result of uncertainty as to when unused tax losses can be utilized, the company has chosen not to recognize a deferred tax asset relating to tax loss carry forwards. See also Note 11.

Note 5 Other Operating Income

The Group has had in other operating income during the year amounting to 268 KSEK (previous year 1,896 KSEK). These stem mainly from changes in exchange rates on intercompany debt / asset.

Note 6 Auditors' Fees

KSEK	2015	GROUP 2014	2015	PARENT 2014
Mazars				
Audit	275	177	178	106
Other engagements	-	14	-	14
Total	275	191	178	120

KSEK	2015	GROUP 2014	2015	PARENT 2014
Other Auditors				
Audit	57	-	-	-
Total	57	0	0	0

Note 7 Operating Leasing

KSEK	GROUP		PARENT	
	2015	2014	2015	2014
<i>Assets held by means of operations lease agreements</i>				
Minimum leasing fees	2,128	1,276	-	-
Total	2,128	1,276	0	0
<i>Contractual leasing fees for non-cancellable operating leases due for payment:</i>				
Within one year	1,496	1,443	176	-
Within one to five years	430	799	16	-
Total	1,926	2,242	192	0

Significant agreements consist primarily of agreements relating to the lease of office space.

Note 8 Number of employees

AVERAGE NUMBER OF EMPLOYEES	2015		2014	
	NUMBER	OF WHICH ARE MEN	NUMBER	OF WHICH ARE MEN
Parent	2	2	-	-
Total Parent	2	2	-	-
<i>Subsidiaries</i>				
Malta	3	2	-	-
UK	1	1	1	1
Sweden	22	21	20	19
Germany	17	15	17	12
Total Subsidiaries	43	39	38	32
TOTAL GROUP	45	41	38	32

The CEO and CFO has been engaged as consultants in the Group during parts of 2015. From October 2015, the CEO has been employed by the parent company full time. From December 2015, the CFO has been employed by the parent company full time. CEO and CFO has been accounted for as employees in the above 2015 numbers.

PERSONNEL COSTS (KSEK)	PARENT		SUBSIDIARY		GROUP	
	2015	2014	2015	2014	2015	2014
Wages, salaries and other remuneration	377	-	14,996	12,302	15,373	12,302
Social security costs	165	-	3,773	3,369	3,938	3,369
(of which pension costs)	50	-	446	377	496	377
Summa	542	-	18,769	15,671	19,311	15,671

Remuneration of the board directors amounted to 45 KSEK in 2015 (45).

Note 9 Financial income and expense

KSEK	GROUP		PARENT	
	2015	2014	2015	2014
Profit from disposal of securities that are financial fixed assets	51	-	51	-
Interest income	21	116	-	12
Total financial income	72	116	51	12
Write down of financial fixed assets	-	-600	-	-600
Interest expense	-303	-134	-265	-100
Total financial expense	-303	-734	-265	-700
Total	-231	-618	-214	-688

Note 10 Allocations

KSEK	PARENT	
	2015	2014
Group contribution	6,164	335
Summa	6,164	335

Note 11 Income Tax and Deferred Tax

KSEK	GROUP		PARENT	
	2015	2014	2015	2014
Current tax	-1,924	-	-	-
Deferred tax	141	-	-	-
Total	-1,783	0	0	0
<i>Actual tax charge</i>				
Profit/loss before tax	-4,470	-27,004	3,617	-6,100
Tax according to current tax rate 22%	983	5,941	-796	1,342
<i>Accounted tax</i>				
Adjustment for tax rates in foreign subsidiaries	-39	726	-	-
Non-deductible expenses	-638	-8	-	-
Amortization of goodwill	-1,386	-2,601	-	-
Deferred tax assets not accounted for / Temporary differences	-1,811	-3,853	-	-1,342
Used deferred tax assets not previously accounted for	942	147	796	-
Other	166	-352	-	-
Total	-1,783	0	0	0

The deferred tax liabilities recognized in the consolidated balance sheet are entirely attributable to untaxed reserves. As of December 31, 2015 there were unused tax loss carry forwards within the Group amounting to 34 MSEK (27). As a result of the uncertainty as to when the unused loss carry forwards can be utilized, the company has chosen not to recognize a deferred tax asset relating to tax loss carry forwards.

Note 12 Earnings per share

KSEK	2015	2014
Earnings per share undiluted SEK	-1.56	-8.89
Earnings per share diluted SEK	-1.52	-8.53
No of shares period end undiluted	5,006,583	2,998,510
No of shares period end diluted	5,090,231	3,111,586
Average number of shares undiluted	4,002,547	2,674,797
Average number of shares diluted	4,100,909	2,787,873

Earnings per share have been calculated after the 7:1 consolidation of shares and completed withdrawal of shares.

Note 13 Intangible Fixed Assets

KSEK	GROUP		PARENT	
	2015	2014	2015	2014
<i>Accumulated costs</i>				
At the beginning of the year	29,848	29,114	15,978	15,978
Acquisitions	135	-	-	-
Translation differences for the year	230	734	-	-
Total	30,213	29,848	15,978	15,978
<i>Accumulated depreciation</i>				
At the beginning of the year	-21,827	-18,666	-12,782	-12,782
Depreciation according to plan	-1,844	-2,720	-	-
Translation differences for the year	-281	-441	-	-
Total	-23,952	-21,827	-12,782	-12,782
<i>Accumulated write-downs</i>				
At the beginning of the year	-6,002	-6,002	-3,196	-3,196
Write-downs	-	-	-	-
Total	-6,002	-6,002	-3,196	-3,196
NET AMOUNT AT YEAR END	259	2,019	0	0

The Group expenses investments in product development. When acquired companies, at the time of acquisition, have capitalized development costs, these are amortized according to plan, after impairment testing.

Note 14 Goodwill

KSEK	2015	2014
<i>Accumulated costs</i>		
At the beginning of the year	85,934	85,573
Acquisitions	-	-
Adjustment of acquisition analysis	-	361
Total	85,934	85,934
<i>Accumulated depreciation</i>		
At the beginning of the year	-20,342	-14,042
Depreciation according to plan	-6,300	-6,300
Total	-26,643	-20,342
<i>Accumulated write-downs</i>		
At the beginning of the year	-49,299	-43,547
Write-downs	-	-5,752
Total	-49,299	-49,299
NET AMOUNT AT YEAR END	9,992	16,292

Note 15 Tangible Fixed Assets

KSEK	2015	KONCERNEN 2014
<i>Accumulated costs</i>		
At the beginning of the year	2,070	1,926
Acquisitions	148	138
Translation differences for the year	-4	6
Total	2,214	2,070
<i>Accumulated depreciation</i>		
At the beginning of the year	-1,846	-1,651
Depreciation according to plan	-122	-193
Translation differences for the year	-4	-2
Total	-1,972	-1,846
NET AMOUNT AT YEAR END	241	225

Note 16 Shares in Group Companies

KSEK	2015	2014
<i>Accumulated costs</i>		
At the beginning of the year	97,498	97,498
Total	97,498	97,498
<i>Accumulated write-downs</i>		
At the beginning of the year	-31,560	-31,560
Total	-31,560	-31,560
NET AMOUNT AT YEAR END	65,938	63,938

SPECIFICATION OF THE PARENTS PARTICIPATION IN GROUP COMPANIES

The ownership of capital, which also corresponds to the proportion of votes for the total number of shares.

SUBSIDIARY/REGISTRATION NO	NUMBER OF SHARES	AS %	BOOKED VALUE
Stillfront Online Games AB, 556721-9430, Stockholm	800	80	-
Coldwood Interactive AB, 556641-6532, Umeå	1,000	100	27,855
PowerChallenge Holding Ltd, 07099333, England and Wales		100	18,460
Bytro Labs GmbH, HRB 118884, Hamburg, Tyskland		51	19,623
Total			65,938

Note 17 Receivables from Group Companies

	PARENT	
ACCUMULATED COSTS KSEK	2015	2014
At the beginning of the year	7,111	6,595
Additional receivables	6,992	2,362
Settled receivables	-	-1,846
Total	14,103	7,111

Note 18 Other Long Term Securities

	GROUP		PARENT	
KSEK	2015	2014	2015	2014
<i>Accumulated costs</i>				
At the beginning of the year	5,909	5,909	5,909	5,909
Disposals	-5,309	-	-5,309	-
Total	600	5,909	600	5,909
<i>Accumulated write-downs</i>				
At the beginning of the year	-600	-600	-600	-600
Total	-600	-600	-600	-600
NET AMOUNT AT YEAR END	0	5,309	0	5,309

Note 19 Prepayments and accrued income

	GROUP		PARENT	
KSEK	2015	2014	2015	2014
Prepayments	208	677	72	30
Accrued income	2,895	-	-	-
Total	3,103	677	72	30

Note 20 Number of Shares

DATE	EVENT	CHANGE IN NUMBER OF SHARES	TOTAL NUMBER OF SHARES	CHANGE IN SHARE CAPITAL (SEK)	SHARE CAPITAL (SEK)
2015-12-09	New Share Issue	573,000	5,006,583	401,000.0	3,504,608.1
2015-11-27	New Share Issue	1,350,000	4,433,583	945,000	3,103,508.1
2015-10-27	Consolidation of Shares	-17,601,498	3,083,583	0.0	2,158,508.1
2015-10-27	New Share Issue	5	20,685,081	0.5	2,158,508.1
2015-08-28	Reduction of Share Capital	-304,494	20,685,076	-30,449.4	2,158,507.6
2014-07-28	New Share Issue	1,343,545	20,989,570	134,354.5	2,188,957.0
2014-02-25	New Share Issue	200,233	19,646,025	20,023.3	2,054,602.5
2014-01-14	New Share Issue	2,988,200	19,445,792	298,820.0	2,034,579.2
2013-06-03	New Share Issue	3,982,463	16,457,592	398,246.3	1,735,759.2
2012-11-13	New Share Issue	2,690,951	12,475,129	269,095.1	1,337,512.9
2012-10-11	New Share Issue	534,355	9,784,178	53,435.5	1,068,417.8
2012-03-19	New Share Issue	304,494	9,249,823	30,449.4	1,014,982.3
2011-09-05	New Share Issue	383,783	8,945,329	38,378.3	984,532.9
2011-03-14	New Share Issue	463,501	8,561,546	46,350.1	946,154.6
2010-12-13	New Share Issue	5,467,591	8,098,045	546,759.1	899,804.5
2010-04-27	New Share Issue	110,802	2,630,454	11,080.2	353,045.4
2010-01-15	New Share Issue	353,893	2,519,652	35,389.3	341,965.2
2008-12-17	New Share Issue	841,373	2,165,759	84,137.3	306,575.9
2008-06-25	New Share Issue	474,386	1,324,386	47,438.6	222,438.6
2007-11-15	New Share Issue	750,000	850,000	75,000.0	175,000.0
2007-01-22	Incorporation	100,000	100,000	100,000.0	100,000.0

The quoted value of the shares post consolidation October 27, 2015 is 0.7 SEK. The Extraordinary General Meeting held October 12, 2015 authorized the Board, until the next AGM, to issue shares, warrants and/or convertible bonds up to the amount that is within limits on the share capital according to the Articles of Association. The new share issues filed November 27, 2015 and December 9, 2015 were resolved under this authorization.

Note 21 Warrants

309,000 warrants were issued to BestBuy LLC in 2010. These options would, subject to the fulfilment of certain conditions, give BestBuy LLC the right to subscribe to one share per option. Stillfront and BestBuy LLC have reached an agreement that all conditions have not been met, whereas BestBuy LLC has a right to subscribe to at the most 103,000 shares (corresponding to 14 715 shares post consolidation of shares). The warrants may be executed at the latest May 12, 2019.

322,535 warrants were issued to key individuals in 2012, each warrant giving the right to subscribe to one share. This corresponds to 46,077 shares post consolidation of shares. The warrants may be executed at the latest May 2, 2022.

ScandCap AB had as of December 31, 2015 the right to a maximum of 160,000 warrants, equivalent to 22,858 post consolidation of shares. Scandcap AB has after the end of the year agreed with the company to waive its right to such warrants.

Note 22 Accrued Expenses and Prepaid Income

KSEK	GROUP		PARENT	
	2015	2014	2015	2014
Accrued expenses	3,423	2,170	112	53
(Of which personnel related costs)	2,570	1,799	71	-
(Of which other costs)	853	-	41	53
Prepaid Income	-	-	-	-
Total	3,423	2,170	112	53

Note 23 Pledged Securities

The Company has pledged assets totalling 1,300 KSEK (3,300) in favour of overdrafts of subsidiaries.

Note 24 Related Party Transactions

All transactions between companies within the Group are conducted on normal commercial terms and at arm's length.

100% (0%) of the Parent's revenues relates to group companies. 0% (0%) of the Parent's operating costs relate to group companies.

TRANSACTIONS WITH BOARD AND CEO

PGS Sweden AB, a company which is wholly-owned by the chairman of the Board of Directors Per Skyttvall, has entered into an agreement with the Company whereby Per Skyttvall is entitled to charge the Company for consultancy work which is not a part of the ordinary duties of the Board of Directors. PGS Sweden AB is furthermore a minority shareholder of the Company. The consultancy agreement is entered into on market terms. All assignments pursuant to the agreement are subject to prior approval by the CEO. The agreement is effective until further notice with a notice period of two months unless the parties mutually agree on other terms. During 2015, PGS Sweden AB has received SEK 103,000 in consultancy fees from Stillfront Group.

Per Skyttvall is furthermore a member of the Board of Directors of Acacia Finans AB and its shareholder, Acacia Asset Management AB. Acacia Asset Management AB is the largest shareholder of the Company. Acacia Finans AB has entered into a loan agreement with the Company where the Company has been granted a credit line from Acacia Finans AB. The amount used under the credit is SEK 3,300,000. The loan was fully repaid as of December 31, 2015.

Jörgen Larsson, the Company's CEO previously provided services through his wholly owned company 4P Business Consulting AB to Stillfront Group AB on market terms. During 2015, 4P Business Consulting AB has received approximately SEK 1,500,000 in consultancy fees from Stillfront Group. This consulting agreement has been terminated and there are no outstanding obligations under any agreement. Jörgen Larsson is since autumn 2015 employed by Stillfront Group AB as CEO.

TRANSACTIONS WITH OTHER SENIOR MANAGEMENT

Sten Wranne, Stillfront Group AB's CFO, previously provided services through his wholly owned company Black Ocean Development AB, on market terms. During 2015, Black Ocean Development AB has received SEK 260,000 in consultancy fees from Stillfront Group. This consulting agreement has been terminated and there are no outstanding obligations under any agreement. Sten Wranne is, since autumn 2015, employed by Stillfront Group AB as CFO.

The Managing Director of Coldwood Interactive, Christopher Holmberg, is the sole shareholder of AB Norra Teknikinvest. AB Norra Teknikinvest has a consultancy agreement with Stillfront Group AB pursuant to which Stillfront Group may engage Christopher Holmberg to carry out services which are not within the scope of this position as Managing Director of Coldwood Interactive. The agreement has been entered into on market terms. The services include business development with a focus on strategic technology matters. The agreement is effective until further notice with a notice period of one month.

The income statements and balance sheets will be presented to the AGM May 18, 2016 for adoption.

The board and CEO assure that the financial statements were prepared in accordance with generally accepted principles in Sweden and the Swedish Annual Accounts Act. The annual accounts and consolidated accounts give a fair view of the parent company's and group's financial results and position. The directors' report gives a fair view of the changes in the parent company's and group's business, position, and earnings and describes significant risks and uncertainties faced by the parent company and group companies.

Stockholm, April 19, 2016, Stillfront Group AB (publ)

Per Skyttvall

CHAIRMAN OF THE BOARD

Max Bautin

BOARD MEMBER

Alexander Bricca

BOARD MEMBER

Jörgen Larsson

BOARD MEMBER, CEO

Our audit report was issued April 19, 2016

Fredrik Åhlberg

BOARD MEMBER

MAZARS SET Revisionsbyrå AB

MICHAEL OLSSON

Authorized Public Accountant

Auditor's Report

To the annual meeting of the shareholders of Stillfront Group AB Corporate identity number 556721-3078

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Stillfront Group AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 15-42.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2015 and of their financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Stillfront Group AB for the year 2015.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, April 19, 2016

Mazars SET Revisionsbyrå AB

MICHAEL OLSSON

Authorized Public Accountant

Annual General Meeting

The AGM of Stillfront Group AB (publ), 556721-3078, will be held May 18, 2016 at 11.00, in the offices of DLA Piper Sweden, Kungsgatan 9, Stockholm.

Shareholders who wish to participate at the annual general meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB on Thursday, May 12, 2016;
- no later than Thursday, May 12, 2016, 16.00 (CET), have given notice of their participation and potential assistants to Stillfront Group AB, "Årsstämma", Västra Trädgårdsgatan 15, 11153 Stockholm or by email: ir@stillfront.com, stating full name, personal identification number or registration number, address, day-time phone number and, when applicable, information regarding any representative, proxy or assistant.

Shareholders whose shares are nominee-registered must, in order to have the right to attend the annual general meeting, request to be temporarily registered in the share register kept by Euroclear Sweden AB. The shareholder must instruct their nominee thereof in ample time prior to Thursday, May 12, 2016, by which date such registration must be executed.

Shareholders represented by proxy shall issue a written and dated power of attorney signed by the shareholder. A power of attorney issued by a legal entity shall have a registration certificate attached, or if such certificate do not exist, equivalent documents. A power of attorney form for shareholders who wish to participate by proxy are available on the Company's website. The power of attorney shall be presented in original at the annual shareholders meeting.



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