

Q4

Stillfront Group Year-End Report 2019

STILLFRONT
GROUP



Highlights fourth quarter

- Net revenue of 551 (366) MSEK, an increase of 51 percent compared to the fourth quarter of 2018
- Adjusted EBITDA (EBITDA excluding items affecting comparability) of 209 (160) MSEK, an increase of 30 percent
- Adjusted EBIT* of 177 (137) MSEK, an increase of 30 percent
- Items affecting comparability amounted to -5 (-5) MSEK. Amortization of PPA-items amounted to -38 (-9) MSEK
- EBIT of 135 (123) MSEK, an increase of 10 percent
- Financial net of -19 (-50) MSEK in the quarter
- Net result of 87 (26) MSEK
- Net result per share undiluted of 3.23 (1.02) SEK. Net result per share diluted of 3.22 (1.02) SEK
- Net debt of 820 (521) MSEK and adjusted leverage ratio, pro forma of 0.9 (0.9)x
- The Stillfront Board of Directors proposes no dividend for 2019. Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions.

Highlights full year 2019

- For the full year, net revenue increased to 1,967 (1,325) MSEK, an increase of 48 percent compared to full year 2018
- Adjusted EBITDA amounted to 768 (490) MSEK, corresponding to an EBITDA-margin of 39 (37) percent
- Adjusted EBIT* amounted to 645 (397) MSEK, corresponding to an adjusted EBIT*-margin of 33 (30) percent
- Net result of 341 (157) MSEK
- Net result per share undiluted of 13.41 (6.72) SEK. Net result per share diluted of 13.36 (6.68) SEK

*Adjusted EBIT is defined as EBIT excluding items affecting comparability and amortization of PPA-items. Alternative performance measures used in this report are explained on page 17.

NET REVENUE	ADJ. EBIT*	ADJ. EBIT* MARGIN
551 MSEK	177 MSEK	32%

Comment from the CEO

“We ended 2019 with yet another record quarter supported by a well-balanced product mix. In total, we reported 51 percent growth in net revenues together with an adjusted EBIT margin of 32 percent in the quarter. As usual the fourth quarter is strong compared to the third quarter, and we continue to have good growth of our user base year over year, with continued good monetization.

Our financial development for the full year 2019 was also strong, with a revenue growth of 48 percent and high profitability with an adjusted EBIT margin of 33 percent. It is also pleasing to conclude that one of our larger studios, Goodgame Studios with a portfolio of Big and Empire products, presented solid growth full year over full year.

The growth in the fourth quarter was underpinned by substantial development year over year in our Big products and Nida Harb 3. Our mid-sized game portfolio is fueling our growth and Supremacy 1914 is a great example of an evergreen game where we have reinvested in a platform extension and updated content and features with the result of tripling the revenues year over year.

After the reporting period we entered into an agreement to acquire Storm8, a leading mobile mash-up game developer headquartered in California. The combination of Stillfront's and Storm8's complementary product portfolios and audiences is an excellent strategic fit and significantly increases Stillfront's addressable market. We have also strengthened the balance sheet through a financing package of both equity and debt which provides opportunities for additional M&A activities moving forward.

In November, we set out an ambition to triple our revenues within five years, and I am very confident with the steps we have taken towards creating a leading powerhouse of gaming studios.”

Jörgen Larsson, CEO, Stillfront Group AB

Operational overview of the fourth quarter

Stillfront's games portfolio is continuously evolving. We divide the portfolio into four product categories: Empire, Big, Core and Other. The active portfolio, consisting of Empire, Big and Core categories is presented in the below numbers and pertains to the 37 largest games as ranked per revenue.

Game performance

2019 Q4	Total	Empire	Big	Core
Deposits (MSEK)	537	151	90	296
Y-o-Y %	49%	-3%	29%	118%
Share of total, %		28%	17%	55%
UAC (MSEK)	107	13	39	56
Y-o-Y %	42%	-12%	67%	47%
DAU ('000) (1)	1,394	264	331	798
Y-o-Y %	22%	-21%	1%	68%
MAU ('000) (1)	6,018	1,265	1,518	3,235
Y-o-Y %	26%	1%	3%	59%
MPU ('000) (1)	236	62	53	121
Y-o-Y %	28%	-10%	21%	71%
ARPMPU (SEK) (1)	756	809	565	813
Y-o-Y %	16%	8%	7%	27%

(1) Online games only

Deposits are revenues excluding IFRS revenue recognition adjustments and other game related revenues such as advertising revenues.

UAC IN RELATION TO REVENUE

19 %

Deposits (revenues excluding IFRS revenue recognition adjustments and other game related revenues), in the fourth quarter amounted to 537 MSEK. The increase of 49 percent year over year, is due to strong development in Big Farm: Mobile Harvest, Nida Harb 3, strong growth in medium sized games such as Supremacy 1914 as well as contribution from Kixeyes four games.

Deposits for Empire brands remain stable, -3 percent compared to the fourth quarter last year with a modest UAC, user acquisition cost, of 13 MSEK.

The deposits for the Big products continue to develop very well with a growth of 29 percent year over year. Deposits within Core products amounted to 296 MSEK, an increase of 118 percent due to organic growth mainly driven by Nida Harb 3 +68 percent year over year and Supremacy 1914 +191 percent year over year. Supremacy 1914 - The Great War is today a true cross-platform game and during 2019 both content and features were updated to ensure its continued success as a leading grand strategy WWI game. The four Kixeye products: Battle Pirates, Vega Conflict, War Commander and War Commander: Rogue Assault have all been added to the Core products in 2019.

ARPMPU

756 SEK

User acquisition cost, UAC, in the fourth quarter amounted to 107 MSEK compared to 83 MSEK in the third quarter of 2019, corresponding to 19 percent in relation to net revenue (16 percent in Q3). MPU, monthly paying users, grew 28 percent year over year mainly as a result of the acquisition of Kixeye. The loyal paying user base remain stable year over year. ARPMPU, average revenue per monthly paying user totalled average revenue of 756 SEK, an increase of 16 percent compared to the same period last year. The year over year increase in ARPMPU is mainly due to the contribution from Nida Harb 3 and the four Kixeye games added to the portfolio.

MOBILE SHARE OF REVENUE

54 %

The mobile share of revenue during the fourth quarter was 54 percent compared to 56 percent in the third quarter of 2019.

In the fourth quarter, Stillfront soft-launched EMPIRE: Age of Knights globally.

Financial overview of the fourth quarter

Revenue and operating profit

MSEK	2019	2018	Chg%	2019	2018	Chg%
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net Revenue	551	366	51	1,967	1,325	48
EBITDA	204	156	31	740	479	55
EBITDA margin, %	37	43		38	36	
EBIT	135	123	10	517	353	46
EBIT margin, %	25	34		26	27	
Items affecting comparability	-5	-5	-4	-28	-11	151
Adjusted EBITDA*	209	160	30	768	490	57
Adjusted EBITDA margin*, %	38	44		39	37	
Amortization of PPA items	-38	-9	333	-101	-32	210
Adjusted EBIT*	177	137	30	645	397	63
Adjusted EBIT margin*, %	32	37		33	30	

*Adjusted EBITDA is defined as EBITDA excluding items affecting comparability. Adjusted EBIT is defined as EBIT excluding items affecting comparability and amortization of PPA-items.

Net revenue in the fourth quarter amounted to 551 (366) MSEK. The increase of 51 percent is mainly due to strong development in the Big products, Nida Harb 3 and our mid-sized portfolio besides the growth from Kixeye that was consolidated in Q3 2019.

Adjusted EBITDA amounted to 209 (160) MSEK during the fourth quarter, corresponding to an EBITDA-margin of 38 (44) percent.

Adjusted EBIT amounted to 177 (137) MSEK during the fourth quarter, corresponding to an adjusted EBIT-margin of 32 (37) percent.

Product development

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Capitalization of product development	84	53	248	156
Amortization of product development	-28	-22	-96	-87
Amortization of PPA items	-38	-9	-101	-32

During the fourth quarter investments in product development have been capitalised by 84 (53) MSEK. Investments include development of new games such as EMPIRE: Age of Knights. Investments also pertain to other new titles based on existing engines as well as larger extensions and additions to existing games.

Amortization of product development of -28 (-22) MSEK was charged during the fourth quarter. Amortization of purchase price allocation, PPA items, amounted to -38 (-9) MSEK.

Financial net

The financial net was -19 (-50) MSEK in the fourth quarter. Items in the financial net were interest net of -17 (-9) MSEK, non-cash interest charge on earnout consideration and currency effects of -5 (-5) MSEK and revaluation of provisions for earnout of 3 (0) MSEK.

Tax

The Group's tax expense for the fourth quarter totalled -29 MSEK compared to -22 MSEK in the third quarter. The reported tax rate for the fourth quarter was 25 percent. Year to date the tax expense totalled -113 MSEK and the reported tax rate was 25 percent.

Financing

	2019	2018
	31 Dec	31 Dec
Net debt	820	521
Cash and cash equivalents	342	246
Adjusted Interest Coverage Ratio, pro forma, x	11.7	6.9
Adjusted Leverage Ratio, pro forma, x	0.9	0.9

Net debt as of December 31, 2019 amounted to 820 MSEK (521 MSEK). In addition, the Group has as of the same date liabilities of 331 MSEK for provisions for earnouts, to be settled during 2020, 2021 and 2022 of which about 57 percent is expected to be paid out in cash and 43 percent in newly issued shares. About 206 MSEK of the provisions for earnouts is expected to be settled at latest the third quarter of 2020 of which about 61 percent in cash and 39 percent in newly issued shares.

Interest coverage ratio, pro forma was 11.7 (6.9)x as of December 31, 2019. The Adjusted leverage ratio, pro forma was 0.9 (0.9)x. Stillfront has a financial target of maximum 1.5x for the adjusted leverage ratio pro forma.

As of December, 31 2019, unutilised credit facilities amounted to 522 MSEK and a cash balance of 342 MSEK.

Cash flow

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operations	148	50	484	210
Cash flow from investment activities	-86	-236	-1,251	-288
Cash flow from financing activities	-94	281	861	140
Cash flow for the period	-32	95	94	62
Cash and cash equivalents at the end of period	342	246	342	246

Cash flow from operations was 148 (50) MSEK in the fourth quarter. Impacted by seasonal tax payments of 48 MSEK and a positive effect from changes in operating liabilities and operating receivables of 89 (-23) MSEK. Cash flow from investment activities amounted to -86 (-236) MSEK. The cash flow from investment activities is primarily related to investments in product development of 84 (54) MSEK. Cash flow from financing activities amounted to -94 (281) MSEK, in large attributed to repayment of debt of 83 MSEK.

Employees

	2019	2018
	31 Dec	31 Dec
Number of Employees	681	482

The number of employees at the end of period was 681 (482). The increase compared to the same period previous year is primarily due to the acquisition of Kixeye.

Significant events in and after the reporting period

Global release of EMPIRE: Age of Knights

In October, Goodgame Studios announced the global soft-launch of a new game within the EMPIRE family containing of five games in total. EMPIRE: Age of Knights is available globally on all major mobile platforms.

Nomination Committee for the 2020 Annual General Meeting has been appointed

The committee comprises following members:

Kai Wawrzinek – Laureus Capital

Niklas Johansson – Handelsbanken Fonder, Chairman of the Nomination Committee

Ossian Ekdahl – Första AP-fonden

Jan Samuelson, Chairman Stillfront Group

Capital Markets Day 2019 including updated financial targets

At the Capital Markets Day November 27, 2019, Stillfront presented updated financial targets.

Growth: Stillfront's target is to reach a net revenue of 4,000 MSEK by the end of 2022. Growth will be achieved organically as well as through acquisitions.

Profitability: Stillfront's target is to reach an adjusted EBIT margin in the region of 35 percent. The adjusted EBIT margin is defined as EBIT excluding amortization of PPA-items and items affecting comparability in relation to net revenue. The adjusted EBIT margin may vary quarter to quarter depending on mainly the level of user acquisition and product development.

Leverage: the net debt/adjusted EBITDA ratio should not exceed 1.5x. Adjusted EBITDA proforma is defined as adjusted EBITDA including acquisitions and excluding items affecting comparability for the last twelve months. Stillfront may however, under certain circumstances, choose to exceed this level during short time periods.

Johanna Bergsten appointed as General Counsel

In December, Johanna Bergsten is appointed as General Counsel and member of the Group's executive management team. Johanna Bergsten has experience from working at Evolution Gaming, a Nasdaq Stockholm listed company. Prior to Evolution Gaming, Johanna held senior associate positions focusing on M&A and Banking & Finance related projects at various Swedish law firms. Johanna holds an LL.M. from Uppsala University and has previously been a member of the Swedish Bar Association.

Extraordinary General Meeting, December 10, 2019

Stillfront held an extraordinary general meeting which adopted the following resolutions:

- Resolved to give the BoD authorization to, until the next AGM, with or without deviation from the shareholder's preferential rights, on one or several occasions resolve to issue shares, convertible instruments and/or warrants. The increase of the share capital may correspond to a dilution of a maximum of 10 percent of the share capital at the time of the first use of the authorisation to issue shares, convertible instruments and/or warrants. The authorisation shall primarily be used for the purpose of acquisitions or financing.
- Resolved to adopt an employee stock option program for senior executives of Stillfront. Not more than 200,000 employee stock options can be issued to approximately ten senior executives in the group. Upon a full subscription by virtue of the warrants, a maximum of 200,000 new shares may be issued, corresponding to a dilution of approximately 0.75 percent of the total number of shares and votes in Stillfront.
- The general meeting resolved to amend the Company's articles of association. The amendments include the limits of the share capital and number of shares, that it shall no longer be possible to appoint deputy board members, and the auditor/s and deputy auditor/s shall be appointed yearly.

Acquisition of Storm8, Inc.

In January 2020, Stillfront entered into an agreement with the owners of Storm8, a leading mobile mash-up game developer headquartered in California, to acquire 100 percent of the shares in Storm8, for an upfront consideration of USD 300 million and, if certain EBIT levels for the financial years 2020 and 2021 are achieved, an earn-out consideration up to USD 100 million, on a cash and debt free basis. USD 75 million of the upfront consideration is payable in 1,910,671 newly issued shares and the remainder in cash. 75 percent of the earn-out consideration is payable in cash and 25 percent in newly issued shares. The transaction is financed as follows:

- A set off share issue of 1,910,671 shares
- A new SEK 1,6 billion revolving credit facility with a tenor of 3.5 years from Nordea and Swedbank
- A directed share issue of a maximum of 3,424,129 shares as part of an accelerated book building procedure (see below for details)
- A SEK 500 million term loan facility with a maturity of 12 months is made available by Nordea Bank and Swedbank for further financial flexibility and may be utilized at the sole discretion of Stillfront or replaced by a subsequent bond issue under Stillfront's outstanding 2019/2024 bond loan, subject to market conditions.

Completion of the transaction is subject to customary closing conditions and is envisaged to occur no later than 28 February 2020. Stillfront's total costs for the transaction are estimated to amount to approximately SEK 80 million of which SEK 45 million will be accounted for in Q1 2020 and the rest will be accounted for over the course of the respective financial instrument's maturity.

Stillfront's directed share issues raised proceeds of SEK 1.3 billion

In January 2020, the Board of Directors of Stillfront resolved on a directed share issues of 3,424,129 shares at a price of SEK 381 per share. The subscription price was determined through an accelerated bookbuilding procedure. Through the share issue, Stillfront received proceeds of approximately SEK 1.3 billion before transaction costs.

Issuance of subsequent bonds

In January 2020, Stillfront issued 500 MSEK of subsequent bonds under the SEK 1.0 billion framework of its 2019/2024 senior unsecured bond loan (ISIN: SE0012728830). The total amount outstanding under the bond loan is SEK 1.0 billion. The net proceeds from the issue will be applied

towards general corporate purposes and contribute to maintain financial flexibility. The issue received strong interest from Nordic institutional investors and was heavily oversubscribed. The bonds issued were priced at 105.25 which corresponds to a cost of funding of 3m Stibor +3.47% to maturity. The previously announced term loan facility of SEK 500 million has been cancelled and replaced by the subsequent bond issue under the existing 2019/2024 bond framework, of the same amount, and is therefore no longer available.

Extraordinary General meeting held February 7, 2020

- The general meeting approved the board of directors' resolution on a directed share issue through an issue of not more than 527,717 shares implying that Stillfront's share capital increases by not more than SEK 369,401.90.
- The general meeting approved the board of directors' resolution on a directed share issue through an issue of not more than 262,467 shares implying that Stillfront's share capital increases by not more than SEK 183,726.90. The shares are issued without preferential subscription rights for Stillfront's shareholders. The right to subscribe for the new shares vests in Laureus Capital GmbH. The subscription price is SEK 381, which is based on the price determined in an accelerated bookbuilding procedure
- The general meeting resolved to carry out an issue of new shares paid by set-off of claims. Stillfront's share capital increases by not more than SEK 1,337,469.7 through an issue of not more than 1,910,671 shares. The right to subscribe for the new shares vests in the sellers of Storm8, Inc. The subscription price is SEK 370.80.

For more information, please visit: <http://www.stillfront.com/en/section/investors/press-releases/>

Market

The global gaming industry is one of the largest sectors of the entertainment industry globally. In 2019, the global games market generated revenues of \$152.1 billion, a +9.6% year-on-year increase. By 2022, the global games market will grow to \$196.0 billion with a CAGR (2018-2022) of +9.0%. Latin America is now the fastest growing games market in the world boasting a CAGR of +10.4%, driven by improving infrastructure and an increased appetite for games and esports. Mobile gaming (smartphone and tablet combined) will produce revenues of \$95.4 billion in 2022, growing with a CAGR of +11.3% to account for almost half (49%) of the entire games market. Revenues and growth will be driven predominantly by smartphones, with revenues of \$79.7 billion by 2022 (a CAGR of +12.8%). Tablet will account for the remaining \$15.7 billion. Revenues generated by the console segment will reach \$61.1 billion in 2022, increasing with a healthy CAGR of +9.7%. Game revenues for PC will grow at a slower pace than mobile and console revenues. Nevertheless, the overall PC gaming market will grow with a CAGR of +3.5% to total \$39.5 billion by 2022. This year, the Asia-Pacific (APAC) region will account for 47% of total global game revenues. North America will, once more, be the second-largest region (by game revenues), taking more than a quarter (26%) of 2019's total global games market. Game revenue growth in the Europe, Middle East, and Africa region (EMEA) will be slightly lower than North America's, representing 23% of the total global games market. Meanwhile, Latin America will make up 4% of the games market. Stillfront Group is well positioned to grow faster than the market in the coming years. A portfolio of games and game engines across all major platforms, with the fastest growing mobile market and strong brands and marketing skills in the free-to-play model, provides a good platform for growth. Stillfront Group is very active in the fast-growing MENA region in addition to the main markets Europe and North America.

Source: Newzoo, Global Games Market Report 2019.

Parent Company

Customary group management functions and group wide services are provided via the parent company. The revenue for the parent during the fourth quarter was 30 MSEK (-7). The profit before tax amounted to 65 MSEK (-66).

Related Party Transactions

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

The Share and Shareholders

#	Owners	No of shares	Capital/ votes
1	Laureus Capital GmbH	4,190,602	15.9%
2	Swedbank Robur Funds	2,545,511	9.7%
3	First Swedish National Fund	2,481,212	9.4%
4	Handelsbanken Funds	2,249,645	8.5%
5	SEB Funds	2,171,430	8.2%
6	Länsförsäkringar Funds	1,122,707	4.3%
7	Avanza Pension	662,343	2.5%
8	Carnegie Funds	622,906	2.4%
9	Life Insurance Skandia	455,444	1.7%
10	Master Creating GmbH	425,913	1.6%
11	Other Shareholders	9,441,656	35.8%

The total number of shares per December 31, 2019, was 26,339,453.

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. As of June 29, 2017, the share is traded on First North Premier Growth Market. Closing price as of December 30, 2019 was 367.50 SEK/share.

Stillfront's 2018/2022 bond with ISIN: SE0011897925 is traded on Nasdaq Stockholm.

Stillfront's 2019/2024 bond with ISIN: SE0012728830 is traded on Frankfurt Stock Exchange.

Accounting Policies

This interim report has been prepared in accordance with IAS34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS 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 RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. No material changes in accounting principles have taken place since the Annual Report for 2018, other than IFRS 16.

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (MSEK). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Transition to IFRS 16 Leases

Stillfront has assessed the impact of the transition to the new standard IFRS 16 Leases effective January 1, 2019. Stillfront has chosen the modified transition approach, which means that comparative information from previous periods will not be restated. The opening balance lease liability consists of the discounted remaining lease payments as of 1 January 2019. For all leases, the right-of-lease asset is an amount corresponding to the lease liability, restated for prepaid or accrued lease payments recognized in the Statement of Financial Position on the date of initial application. The transition to IFRS 16 does not have any impact on equity.

Stillfront applies the practical expedients for those leases where the underlying asset is of low value, and short-term arrangements, which also include leases signed in 2019. Stillfront's significant leases are lease contracts on office premises, but to a limited extent, there are also other agreements such as office equipment. As a result of the implementation of IFRS 16, the Group's total assets has increased through the inclusion of right-of-use assets and lease liabilities. Lease payments, recognized as other external expenses in the Income Statement pursuant to IAS 17, has been replaced by amortization of right-of-use assets, which are recognized as an expense in operating profit or loss, and interest on the lease liability, which is recognized as a financial expense. The lease payment is allocated between amortization of the lease liability and payment of interest. On transition to IFRS 16, the present value of all remaining lease charges has been computed using Stillfront's incremental borrowing rate. The borrowing rate has been 3.5% as of 1 January 2019. Below is a specification on the effect of the new standard on the balance sheet and income statement as of 1 January 2019, excluding Kixeye.

MSEK	Opening balance 2019-01-01
Right-of-use assets	45
Lease liabilities	45

Risks and Uncertainty Factors

As a global group with a wide geographic spread, Stillfront is exposed to several strategic, financial, market and operational risks. Attributable risks include for example risks relating to market conditions, regulatory risks, tax risks and risks attributable to public perception. Other strategic and financial risks are risks attributable to acquisitions, credit risks and funding risks. Operational risks are for example risks attributable to distribution channels, technical developments and intellectual property. The risks are described in more detail in the Annual Report of 2018. No significant risks are considered to have risen besides those being described in the Annual Report.

Dividend

The Stillfront Board of Directors proposes no dividend for 2019. Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions.

Declaration

The Board of Directors and the CEO provide their assurance that this year-end report provides an accurate overview of the operations, position and earnings of the Company and the Group, and that it also describes the principal risks and sources of uncertainty faced by the Company and its subsidiaries.

Stockholm, February 19, 2020

Jan Samuelsson
Chairman of the Board

Katarina Bonde

Birgitta Henriksson

Erik Forsberg

Kai Wawrzinek

Ulrika Viklund

Jörgen Larsson, CEO

Financial reports

Income statement in summary, Group

MSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Revenues				
Net revenue	551	366	1,967	1,325
Work performed by the company for its own use	62	22	197	118
Other revenue	5	-1	11	7
Operating expenses				
Other external expenses	-302	-169	-1,076	-738
Personnel expenses	-111	-65	-356	-236
Amortization of product development	-28	-22	-96	-67
Amortization of PPA items	-38	-9	-101	-32
Depreciation	-3	-1	-27	-26
Other expenses	-1	2	-1	2
Operating result	135	123	517	353
Result from financial items				
Net financial items	-19	-50	-63	-89
Result after financial items	116	73	454	265
Taxes for the period	-29	-46	-113	-107
Net result for the period	87	26	341	157
Other comprehensive income				
Items that later can be reversed in profit				
Foreign currency translation differences	-136	-5	4	2
Total comprehensive income for period	-49	21	345	159
Net result for the period attributed to:				
Parent company shareholders	85	24	338	156
Non-controlling interest	2	2	2	1
Period total comprehensive income				
Parent company shareholders	-50	19	341	157
Non-controlling interest	-0	2	2	2
Average number of shares				
Undiluted	26,339,453	23,653,566	25,237,953	23,256,070
Diluted	26,456,873	23,763,071	25,330,083	23,386,780
Net result per share attributable to the parent company shareholders				
Undiluted, SEK/share	3.23	1.02	13.41	6.72
Diluted, SEK/share	3.22	1.02	13.36	6.68

Balance sheet in summary, Group

MSEK	31/12/2019	31/12/2018
Intangible non-current assets	3,293	2,179
Tangible non-current assets	76	14
Deferred tax assets	71	5
Current receivables	251	153
Cash and cash equivalents	342	246
Total assets	4,033	2,598
Shareholders' equity		
Shareholders' equity attributable to parent company's shareholding	1,941	1,081
Non-Controlling interest	18	15
Total Shareholders' equity	1,959	1,096
Deferred tax liabilities	251	102
Bond	1,085	588
Non-current liabilities	224	430
Current liabilities	515	382
Total Liabilities and Shareholders' equity	4,033	2,598

Shareholders' equity, Group

MSEK	Share capital	Other Shareholders Contributions	Other Reserves	Other equity incl profit of the year	Equity attributed to parent shareholders	Non controlling interest	Total equity
Opening balance							
2018-01-01	1	32	-	31	64	-	64
Net result for the period				156	156	1	157
Foreign currency translation differences			1		1	1	2
Total comprehensive income	-	-	1	156	157	2	159
Transactions with shareholders	16	1,215	-	-371	859	13	873
Total transactions with shareholders	16	1,215	-	-371	859	13	873
Closing balance							
2018-12-31	16	1,247	1	-184	1,081	15	1,096
Opening balance							
2019-01-01	16	1,247	1	-184	1,081	15	1,096
Net Result for the period				338	338	2	341
Foreign currency translation differences			3	-	3	-0	3
Total comprehensive income	-	-	3	338	341	2	344
Total transactions with shareholders	2	517			519		519
Closing balance							
2019-12-31	18	1,765	4	154	1,941	18	1,959

Cash flow in summary, Group

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operations				
Result after financial items	116	70	454	270
Adj for items not in cash flow etc	-9	34	205	129
Tax paid	-48	-31	-118	-97
Cash flow from operations before changes in working capital	59	72	540	301
Changes in working capital				
Increase(-)/Decrease(+) in operating receivables	33	7	-45	-28
Increase (+)/Decrease(-) in operating liabilities	55	-30	-11	-64
Cash flow from changes in working capital	89	-23	-56	-92
Cash flow from operations	148	50	484	210
Investment activities				
Acquisition of business	3	-179	-996	-124
Acquisition of tangible assets	-5	-3	-7	-4
Acquisition of intangible assets	-84	-54	-248	-160
Cash flow from investment activities	-86	-236	-1,251	-288
Financing activities				
New debt	-0	747	500	1,129
Repayment debt	-83	-500	-114	-500
IFRS 16 lease repayment	-23		-23	
Credit facilities	12	35	14	35
Issue cost	-0	-1	-17	-53
Warrants	-	-	-	1
Share issue	-	-	500	-
Payment to shareholders (incl. dividend paid)	-	-	-	-85
Dividend reversed acquisition	-	-	-	-388
Cash flow from financing activities	-94	281	861	140
Cash flow for the period	-32	95	94	62
Cash and cash equivalents at start of period	385	152	246	176
Translation differences	-11	-	3	9
Cash and cash equivalents at end of period	342	246	342	246

Parent company income statement, summary

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revenue				
Net revenue	30	-7	55	19
Operating expenses				
Other external expenses	3	-5	-41	-12
Personnel expenses	-7	-5	-21	-13
Operating result	26	-16	-8	-5
Financial items				
Financial income	0	-	3	3
Financial expenses	-37	-50	-81	-82
Total financial items	-36	-50	-78	-79
Result after financial items	-10	-66	-86	-84
Appropriations				
Group contribution	75	-	75	-
Profit before tax	65	-66	-11	-84
Tax for the period	8	-13	26	-10
Net result for the period	73	-80	16	-95

Parent company balance sheet, summary

MSEK	31/12/2019	31/12/2018
Intangible assets	3	1
Tangible non-current assets	0	-
Financial non-current assets	5,289	4,399
Deferred tax	26	-
Current receivables	14	35
Cash and bank	15	26
Total assets	5,347	4,461
Shareholders' equity	3,850	3,315
Provisions for earnouts	285	406
Non-current liabilities	26	-
Bond	1,085	588
Current liabilities – Overdraft	48	35
Other current liabilities	54	117
Total liabilities & Shareholders' equity	5,347	4,461

Key figures, Group

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Unadjusted revenues	549	369	1,959	1,326
Deferred revenue	3	-3	8	-1
Net revenue	551	366	1,967	1,325
EBITDA	204	156	740	479
<i>EBITDA margin %</i>	<i>37</i>	<i>43</i>	<i>38</i>	<i>36</i>
EBIT	135	123	517	353
<i>EBIT margin %</i>	<i>25</i>	<i>34</i>	<i>26</i>	<i>27</i>
Adjusted EBITDA*	209	160	768	490
<i>Adjusted EBITDA margin*, %</i>	<i>38</i>	<i>44</i>	<i>39</i>	<i>37</i>
Adjusted EBIT*	177	137	645	397
<i>Adjusted EBIT margin*, %</i>	<i>32</i>	<i>37</i>	<i>33</i>	<i>30</i>
Profit before tax	116	73	454	265
Net result	87	26	341	157
Adjusted Interest Coverage Ratio, pro forma, x	11.7	6.9	11.7	6.9
Adjusted Leverage Ratio, pro forma, x	0.91	0.91	0.91	0.91
Shareholders' equity per share undiluted, SEK	73.69	44.93	73.69	44.93
Shareholders' equity per share diluted, SEK	73.37	44.69	73.44	44.69
Earnings per share undiluted, SEK	3.23	1.02	13.41	6.72
Earnings per share diluted, SEK	3.22	1.02	13.36	6.68
No of shares end of period undiluted	26,339,453	24,048,240	26,339,453	24,048,240
No of shares end of period diluted	26,456,873	24,178,949	26,431,583	24,178,949
Average no of shares period undiluted	26,339,453	23,653,566	25,237,953	23,256,070
Average no of shares period diluted	26,456,873	23,763,071	25,330,083	23,386,780

*Adjusted EBITDA defined as EBITDA excluding items affecting comparability. Adjusted EBIT defined as EBIT excluding items affecting comparability and amortization of PPA-items.

Acquisitions

Acquisition of Kixeye

In June 2019, Stillfront acquired Kixeye, a leading developer and publisher of online strategy games headquartered in Canada. The upfront consideration which was paid in cash to the sellers of Kixeye amounted to USD 90 million on a cash and debt free basis. The sellers are entitled to a cash earnout consideration if certain EBITDA levels for the financial year 2019 are achieved. The earnout consideration is subject to a cap of USD 30 million. Kixeye was consolidated into Stillfront's consolidated financial reporting from 1 July 2019.

MSEK

Purchase price

Cash and cash equivalents	871
Ordinary shares issued	-
Provision for earnout	46
Total purchase consideration	917

Purchase price allocation analysis

The purchase price allocation analysis of Kixeye is provided below.

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

Intangible non-current assets	386
Property, plant and equipment	1
Current receivables excl cash and bank	60
Cash and cash equivalents	15
Non-current liabilities	-
Deferred tax liabilities	-55
Current liabilities	-73
Total net assets acquired excluding goodwill	334
Goodwill	583
Total net assets acquired	917
Less	
Cash and cash equivalents	-15
Ordinary shares issued	-
Provision for earnout	-46
Net cash outflow on acquisition of business	856

Definitions

Key figures and alternative performance measures

ARPMU

Average non-adjusted revenue per monthly paying user.

Big

Category of games based on the Big brand.

Core

Category of games not belonging to the categories of Empire or Big.

DAU

Daily active unique users.

Deposits

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

EBITDA

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

EBITDA margin

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

EBIT

Profit before financial items and tax. Adjusted EBIT is EBIT excluding items affecting comparability and amortization of PPA, purchase price allocation-items.

EBIT margin

EBIT as a percentage of Net revenue. Adjusted EBIT margin is EBIT margin excluding items affecting comparability and amortization of PPA, purchase price allocation-items.

Empire

Category of games based on the Empire brand.

Items affecting comparability, IAC

Significant income statement items that are not included in the Group's normal recurring operations and which distort the comparison between the periods.

Interest Coverage Ratio

Adjusted EBITDA divided by net financial items excluding revaluation of provision for earnouts for the past twelve months.

Adjusted Leverage ratio

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

MAU

Monthly active unique users.

MPU

Monthly paying users.

Net Debt

Interest bearing liabilities minus cash and cash equivalents. Provisions for earnouts is not considered interest bearing in this context.

Organic growth

The average increase in net revenues to prior period, excluding acquisitions.

Shareholders' equity/share

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

UAC

User acquisition cost.

Reconciliation of Alternative Performance Measures

Items Affecting Comparability, IAC

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Costs				
Transaction Costs	-	-5	-20	-11
Other	-5	-	-7	-
Total IAC affecting EBIT	-5	-5	-28	-11
Financial income				
Revaluation of earnouts	10	-	80	16
Total IAC financial income	10	-	80	16
Financial costs				
Revaluation of earnouts	-7	-	-66	-22
Total IAC financial costs	-7	-	-66	-22
Total IAC affecting financial items	3	-	14	-5

APM

MSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Adjusted EBITDA and EBIT				
Operating result	135	123	517	353
Excluding				
Items affecting EBIT comparability	5	5	28	11
Amortization of PPA items	38	9	101	32
Adjusted EBIT	177	137	645	397
Amortization and depreciation excluding PPA items	31	24	123	93
Adjusted EBITDA	209	160	768	490
Adjusted interest coverage ratio				
Adjusted EBITDA latest 12 months	768	490	768	490
Divided by				
Net financial items latest 12 months	63	89	63	89
Total IAC affecting financial items latest 12 months	14	-5	14	-5
Adjusted interest coverage ratio, x	10.0	5.9	10.0	5.9
Adjusted leverage ratio				
Bond	1,085	588	1,085	588
Other interest-bearing liabilities	78	179	78	179
Cash and cash equivalents	-342	-246	-342	-246
Total net debt	820	521	820	521
Divided by				
Adjusted EBITDA latest 12 months	768	490	768	490
Adjusted leverage ratio	1.07	1.06	1.07	1.06

APM Pro Forma

MSEK	2019 Jan-Dec	2018 Jan-Dec
Adjusted EBITDA, pro forma		
Adjusted EBITDA latest 12 months	768	490
Including		
EBITDA, latest 12 months, Acquired companies	133	84
Adjusted EBITDA, pro forma	901	574
Adjusted interest coverage ratio, pro forma		
Adjusted EBITDA latest 12 months, pro forma	901	574
Divided by		
Net financial items latest 12 months	63	89
Total IAC affecting financial items latest 12 months	14	-5
Adjusted interest coverage ratio, x, pro forma	11.7	6.9
Adjusted leverage ratio, pro forma		
Net debt	820	521
Divided by		
Adjusted EBITDA latest 12 months, pro forma	901	574
Adjusted leverage ratio, pro forma	0.91	0.91

Share data

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Equity per share				
Shareholders' equity attributable to parent company's shareholders, MSEK	1,941	1,081	1,941	1,081
Divided by				
No of shares end of period undiluted	26,339,453	24,048,240	26,339,453	24,048,240
Shareholders' equity per share undiluted, SEK	73.69	44.93	73.69	44.93
No of shares end of period diluted	26,456,873	24,178,949	26,431,583	24,178,949
Shareholders' equity per share diluted, SEK	73.37	44.69	73.44	44.69
Earnings per share				
Net result for the period attributed to parent company's shareholders, MSEK	85	24	338	156
Divided by				
Average no of shares period undiluted	26,339,453	23,653,566	25,237,953	23,256,070
Earnings per share undiluted, SEK	3.23	1.02	13.41	6.72
Average no of shares period diluted	26,456,873	23,763,071	25,330,083	23,386,780
Earnings per share diluted, SEK	3.22	1.02	13.36	6.68

Financial calendar

Interim Report January-March 2020	6 May 2020
Publishing of Annual Report	Week 17
Annual General Meeting 2019	14 May 2020
Interim Report April-June 2020	12 August 2020
Interim Report July-September 2020	11 November 2020

The 2020 Annual General Meeting of Stillfront will be held on May 14, 2020 at 16.00 CEST at the offices of DLA Piper, Kungsgatan 9, Stockholm.

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on February 19, 2019 at 07.00 CET.

For further information, please contact:

Jörgen Larsson, CEO
Tel: 070-321 18 00, jorgen@stillfront.com

Andreas Uddman, CFO
Tel: 070-080 78 46, andreas@stillfront.com

About Stillfront

Stillfront is a global group of gaming studios and a market leader in the free-to-play online games genre. Our diverse and exciting games portfolio has two common themes; loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody our growth strategy and our 700 co-workers thrive in an organisation that engenders the spirit of entrepreneurship. Our main markets are the US, Germany, MENA, France and UK. We are headquartered in Stockholm, Sweden and the company, is listed on Nasdaq First North Premier Growth Market.

For further information, please visit: www.stillfront.com

Certified Adviser:

FNCA, Phone: +46 8 528 00 399 E-mail: info@fnca.se

STILLFRONT
GROUP