STILLFRONT
GROUP

Annual Report
2020

Stillfront in brief

This is us

> Stillfront is a free-to-play powerhouse of gaming studios. The group consists of 19 gaming studios in Europe, the US and the MENA region and we are growing. 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 1,000+ co-workers thrive in an organization that engenders the spirit of entrepreneurship.

We are headquartered in Stockholm, Sweden, and the company is listed on Nasdaq First North Premier Growth Market.

Our product portfolio

> Stillfront offers a diversified portfolio of games, developed and published organically or through acquisitions, with broad appeal to gamers. Our studios work methodically to improve the retention of our games throughout their lifetime. Most of our titles are long lifecycle with a loyal player base and stable revenues. The active portfolio, generating revenues every day, consists of 40+ games divided into three categories: Strategy; Simulation, RPG & Action and Casual & Mash-up.

If you want to find out more detailed information about us and our operations, our studios and our games, please navigate to our website stillfront.com.

Our vision & values

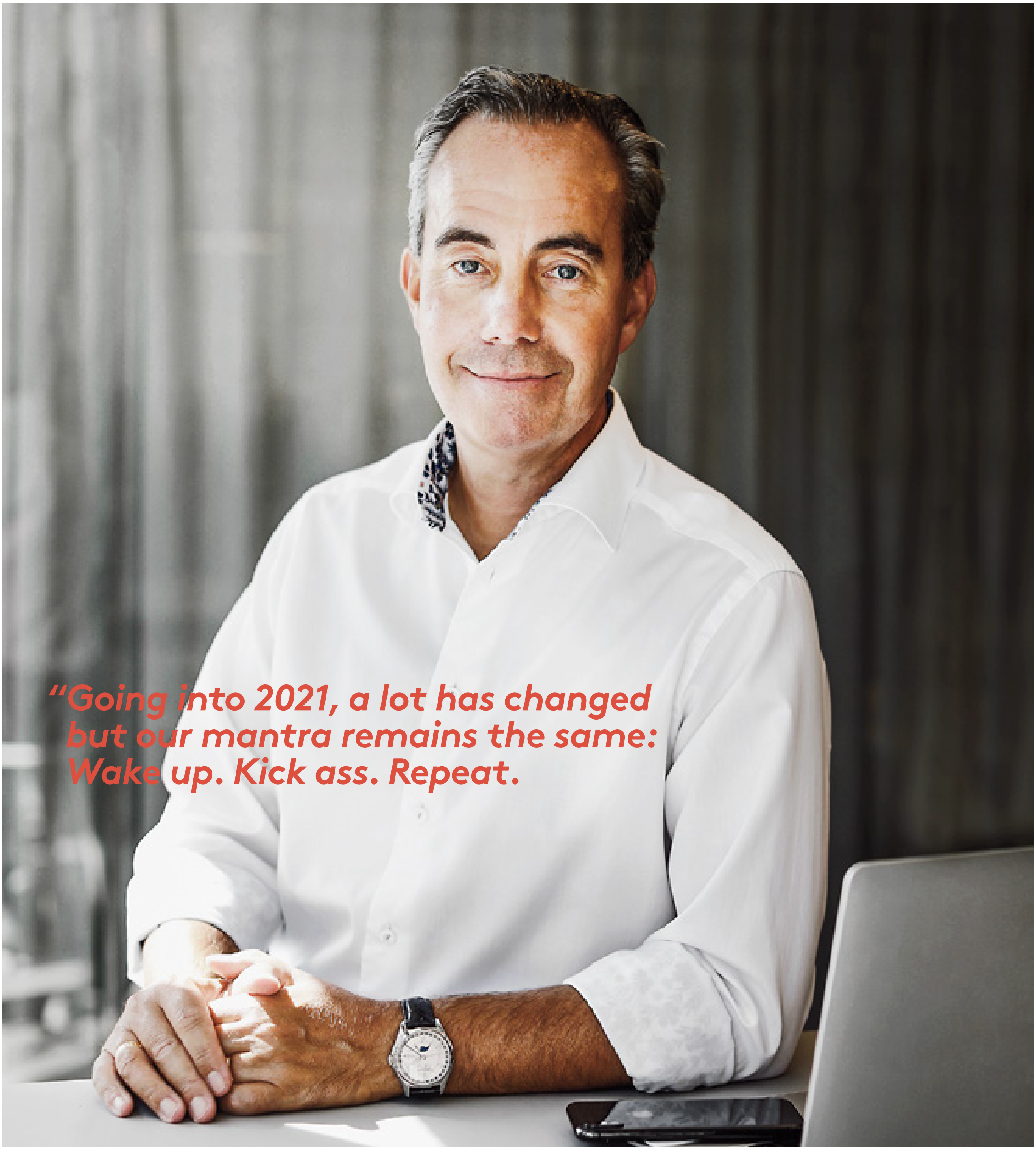
> Stillfront's vision is to be *The leading free-to-play powerhouse.*

Offer long term first class digital entertainment

Develop high quality X-platform games

Combine Entrepreneurship, Scale and Structure for operational excellence

Provide predictable high profitable growth



"Going into 2021, a lot has changed but our mantra remains the same: Wake up. Kick ass. Repeat.

Well positioned to deliver on our growth agenda

In 2020, we further strengthened the Stillfront business platform for long-term growth. We made six acquisitions during the year, all focused on broadening and diversifying our portfolio of long life-cycle games. We have successfully met the surge in demand from a growing gaming audience and we are well positioned to deliver on our growth agenda going forward.

Highlights of 2020 – a year of growth, diversification, and scaling

In 2020, Stillfront celebrated ten years as a company and five years on the stock exchange, and what an eventful year it was. We delivered an annual growth rate of 103 percent, while successfully diversifying the business and achieved high profitability with an EBIT margin of 25 percent and an adjusted EBIT margin of 37 percent. The strong growth was a combination of value-adding acquisitions and remarkable execution from our existing studios throughout the year.

We continued to increase our profitability during the year, driven by a combination of efficient user acquisition, newly acquired well-run studios and successful collaboration projects across the group. In the past years, we have been able to significantly lower our user acquisition cost in relation to net revenues, while growing at organic growth rates above the general market. This is a proof to us that our strategy to scale and build an operational business platform that enables data and knowledge sharing across the group, while encouraging successful collaborations between studios, is working.

Several of the more mature game titles in Stillfront's portfolio, some that were released more than 10 years ago, had their best-performing year in 2020. This shows the incredible potential that lies in developing and nurturing long lifecycle games with loyal users and strong player communities. Our acquired studios also contributed to our strong growth during the year, with Storm8 and Candywriter showing impressive business performance since joining the group during the first half of 2020. In addition, the four studios acquired during the second part of the year will deliver additional value for the group in the years to come.

During the autumn, we updated our financial growth target for the period 2021-2023, replacing the previous target, which was communicated in conjunction with the Capital Markets Day in November 2019. Our new target states that we are to reach a net revenue of SEK 10 billion by 2023, by growing both organically and through value-adding acquisitions, while maintaining our previously communicated profitability and leverage targets. This year we have continued to build our leading operational platform and further diversified our portfolio of games, which provides us with a unique market position generating high and stable returns in a high-growth industry. I'm confident in our ability to continue to deliver strong growth and meet our highly set goals for the future.

Covid-19

Covid-19 had an immense impact on the world in 2020. At Stillfront, our main priority has been to ensure the safety and wellbeing of all professionals across the company and our studios. By working closely with our studios globally, we were able to make sure that our employees across the globe were safe. Being a truly digital company helped us significantly during the beginning of the pandemic and throughout the year, as we were able to quickly adjust to working remotely from our homes, without losing business momentum.

The actions taken to prevent the spread of Covid-19 across the globe in 2020, such as working from home and practicing social distancing, had a positive impact on the activity in the global market for digital entertainment. For the months March, April and May, we experienced an accelerated gaming activity, both a large inflow of newly registered users as well as increased activity from existing user bases, across our portfolio of games. We also experienced increased returns on our marketing campaigns during the period, which further supported growth across the group.

The effects from Covid-19 normalized in June and we experienced more normal business conditions in terms of user activity and marketing costs during the second half of the year. It is encouraging to see that the users that we acquired during the months of March, April and May exhibit similar user behavior as users acquired during other periods, implying that many of the newly acquired users will continue to play our games over a long period of time.

At Stillfront, we are proud that we were able to make the stay-at-home experience in 2020 more enjoyable and social for the millions of people that play our games and interact with our strong player communities. During this difficult year, it has become clearer than ever that digital tools play an important role in providing people with the entertainment and social interaction that we crave in our everyday life, and we are convinced that this will continue for many years to come.

A strengthened platform for the best game talents >

Our unique operating model continues be at the heart of Stillfront. I'm more confident than ever that our decentralized approach secures speed, market proximity and agility, which have been more important than ever in 2020. Stillfront's group resources are there to support and govern the studios, freeing up time to focus on what's most important for our studios, creating and operating great games.

What we have seen over the past years is that an entrepreneurial mindset encourages collaborations that benefit both parties. In 2020, we have therefore continued to build a structured business platform that encourages and enables collaborations across our studios. As the group grows, new studios bring unique expertise to the platform, while immediately benefiting from existing resources, data and tools. This creates a scaling network of expertise which drives collaboration projects and synergies. At the end of 2020, we had more than 60 ongoing collaboration projects across Stillfront, ranging from user acquisition projects to large development projects on shared game engines.

Stillfront also grew its team in 2020 with a number of important key hires, including Clayton Stark who joined Stillfront's Executive Management team as Group CTO and Armin Busen who has joined as Senior Vice President Business Operations and member of the business management team. Stillfront's ability to attract top international game talent is a key component in our growth strategy and the recruitments to the team in 2020 show that we can do just that.

Broadened addressable market and diversified revenue streams through value-adding acquisitions >

2020 was a truly transformational year for Stillfront in how we were able to successfully broaden and expand our games portfolio and diversify our revenue streams. During the course of the year, we grew our Stillfront family from 12 to 18 studios, making significant progress in our ambition to become the leading free-to-play powerhouse of gaming studios. As a founder and entrepreneur by heart, it has been an amazing experience to meet and to welcome the teams from Storm8, Candywriter, Nanobit, Everguild, Sandbox Interactive and Super Free Games, and see how each studio adds value and further diversification to the whole group.

With the acquisitions of Storm8 and Candywriter during the spring, we took a large step in delivering on our communicated strategy to add new types of games to our existing games portfolio and increase Stillfront's addressable market. By adding Casual & Mash-up game titles, we were able to add a new type of gamer audience to our portfolio and further diversify our revenue streams. The acquisitions of two mobile-only studios also increased our share of revenues from mobile devices, which is the fastest growing segment within the gaming industry.

Following the acquisitions of Storm8, we announced in April that we would implement a new, improved structure of how we work with and report our active game portfolio. With the new portfolio structure, we increase our focus on the games in our shared portfolio with the highest potential

"Scale is crucial in our business and will become increasingly important the coming years. This year we have taken a large step in this direction."

for growth and longevity. In the fourth quarter of 2020, our portfolio of active games consisted of no less than 42 titles, divided across the three areas Strategy; Simulation, RPG & Action; and Casual & Mash-up.

In September, we announced and closed the acquisition of Nanobit, a leading mobile games developer based in Croatia. With Nanobit joining the Stillfront family, we were able to expand our footprint into the narrative lifestyle RPG genre and further strengthen our portfolio of Simulation, Action and RPG games. The acquisition marked another step in our strategy to broaden our addressable market, and further expand our offering towards the female gaming population.

In October, we continued to expand our portfolio of Simulation, Action and RPG games with the acquisition of Everguild, a rapidly growing independent game studio focusing on the digital Collectible Card Games genre. Everguild is a small and agile studio active within an exciting and popular niche, and we see a large scaling potential in its successful game The Horus Heresy: Legions going forward.

In the last weeks of December, we announced the two acquisitions of Sandbox Interactive and Super Free Games. Sandbox Interactive is the developer and publisher of Albion Online, a leading title within the MMORPG genre. Albion Online is an amazingly complex and deep game in which the team at Sandbox Interactive has put their heart into during the past eight years, which shows in the game's strong gamer community. The game has been developed truly cross-platform from the start, and Stillfront look forward in supporting the studio with its official mobile launch in 2021.

Super Free Games is a rapidly growing mobile games studio with a focus on casual games within primarily the word subgenre. In addition to its strong portfolio of word and trivia games, the company has developed a proprietary engine and state-of-the art analytics platform, which enables rapid game production and data-driven scaling, and which can be further leveraged as a part of Stillfront Group.

The six studios combined will provide significant contribution to Stillfront's long-term financial growth during the coming years and provide further platform and genre diversification, while enabling additional collaboration projects across the studios. With 19 studios being part of Stillfront Group in the first quarter 2021, we are in a great position to deliver on our ambition to build the leading free-to-play powerhouse of game studios.

What it means to be a leading free-to-play powerhouse

As people spend more of their free time playing our games, we want to ensure that we are making a positive impact in people's lives. We want to take the social experience and the positive connotations of traditional games, like chess and other board games, and create the same experience and environment online. Gaming as entertainment can be a rewarding hobby, a great social experience or a strategic masterpiece that connects us to history, politics and sports. But gaming also needs to be a place where everyone feels welcome. That is why in 2020 we took additional steps and launched what we call the FAIR model, a framework outlining how we take clear action and responsibility across our group of studios in how we encourage and ensure a safe and fair game environment for all players playing Stillfront's games.

For Stillfront to become the leading free-to-play powerhouse and a leading company within the gaming industry, we need to build for the future, a future which is digital and carbon-free, intelligent, equal and sustainable. That is why we have built a business which is truly digital from the start.

Perfectly positioned to scale and grow our business platform further in 2021

> Gaming is an amazing industry where growth and structural change occurs at a tremendous pace, which continues to favor companies with clear growth strategies backed and the right team to execute on them. The industry is converging along several dimensions and the consolidation has continued in 2020, with Stillfront as one of the leading consolidators in the free-to-play space. Free-to-play and gaming-as-a-service business models continued to grab market share in 2020, and with Stillfront's strong position in the space we will continue to benefit from the shift towards a more data-driven, process-oriented business.

Stillfront delivers organic growth in existing studios by developing and releasing new games, updating and refining old titles, and leveraging our strength in live ops. Live ops are what we call the activities and events that we run in our existing games to increase player engagement and retention, while making sure that our games stay relevant and are enjoyed by our players over a long period of time. Our strength in live ops is built on a combination of both data and craftmanship. Within Stillfront we have gathered data from more than 2.5 billion users across our games to date and that data, and our ability to analyze and leverage it, are key components in our success.

Scale is crucial in our business and will become increasingly important the coming years. We are constantly working on improving our platform and adding more studios and more games to build on our free-to-play eco-system. By increasing the size of our player universe and offering more titles across game genres, we have a larger opportunity to keep our players within our ecosystem, gradually decreasing our dependency on outside user acquisition. This year we have taken a large step in this direction, and we are convinced that our ability to reach sufficient scale will play a key role in our ambition to become the leading free-to-play powerhouse.

As we wrap up the eventful year of 2020 and enter 2021, I'm more excited than ever about Stillfront's position. We have a more diversified group of studios, a larger addressable market, a broader business platform base, more diversified revenue streams and an even stronger team. I want to take this opportunity to thank everyone involved for the incredibly hard work put in during the year and for the excitement and joy that you bring to Stillfront. Going into 2021, a lot has changed but our mantra remains the same: *Wake up. Kick ass. Repeat.*

Stockholm in April 2021

Jörgen Larsson

During 2020 the Stillfront family welcomed six new studios and in the beginning of 2021 Moonfrog joined.

SANDBOX INTERACTIVE – *Albion Online*

CANDYWRITER – *BitLife*

NANOBIT – *Hollywood story*

STORM8 – *Home Design Makeover*

EVERGUILD – *The Horus Heresy: Legions*

SUPER FREE GAMES – *Word Forest*


Sustainability Report
2020


"We want to take the social experience and the positive connotations of traditional games and create the same experience and environment online."

Building for the future >

People have played games for thousands of years. Playing games let us enjoy the company of others, sometimes in a competitive setting, while entertaining ourselves. As people spend more of their free time playing our games, we want to ensure that we are making a positive impact in people's lives. We want to take the social experience and the positive connotations of traditional games, like chess and other board games, and create the same experience and environment online. Gaming as entertainment can be a rewarding hobby, a great social experience or a strategic masterpiece that connects us to history, politics and sports. But gaming also needs to be a place where everyone feels welcome. The future is digital, and screen based. It's also carbon-free, intelligent, equal and sustainable. For Stillfront to become the leading free-to-play powerhouse and a leading company within the gaming industry, we need to build for the future.

Jörgen Larsson, Founder & CEO

STILLFRONT AT A GLANCE

In building a company that generates long-term value, sustainability must be an integral part in all decisions and our strategy. Stillfront has prepared a sustainability report, comprising the Group companies, in accordance with the Swedish Annual Accounts Act. We have also considered the principles of the United Nations Global Compact, The Global Goals as well as supporting regulations and guidelines.

~60m

Monthly Active Users, MAUs

1,000+

Co-workers

19

No. of studios

~50

Active Games

Including Super Free Games and Moonfrog Labs.

A DIVERSE AND EVOLVING GAME PORTFOLIO WITH TWO COMMON THEMES; LOYAL GAMERS AND LONG LIFECYCLE GAMES

OUR 2020 SUSTAINABILITY HIGHLIGHTS

2020 was an important year for sustainability at Stillfront. We worked hard to integrate the three dimensions of sustainability, Environment, Social and Governance, into both our daily operations and business decisions. It's been a year of concrete action. Some highlights are:

CLIMATE NEUTRAL

We have measured and compensated for our carbon impact in full. Stillfront, our studios and our gamers are now climate neutral. The greenhouse gas calculation covered our daily operations, our studios' business and the energy usage of gamers playing our games.

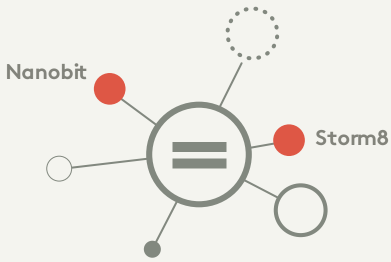
TALENT MANAGEMENT PROGRAM

We initiated a Talent Management Program including corporate values, Code of Conduct training as well as sustainability education.

RESPONSIBLE CONTENT DECLARATION

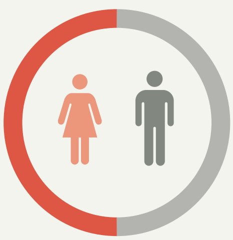
We approved a new Responsible Content Declaration. This document contains new guidelines on studios' and gamers' responsibilities and will help us create a great gaming experience.

STRATEGIC ACQUISITIONS



We acquired two new studios targeting mainly female gamers to diversify our portfolio: Storm8 and Nanobit.

FEMALE REPRESENTATION



We are proud of having 50% women and 50% men on our Board. In 2020, we had 26 % of women universally in our group.

INCREASED TRANSPARENCY

We updated our whistleblowing system, which is open for both internal and external reporting. During 2020, we had no substantiated reported incidents.

Our business model

> Stillfront is a purpose driven company. We have a vision to be the leading free-to-play powerhouse and we are guided in all business decisions by our purpose *to make a positive impact in our gamers' everyday life, through creating a social, entertaining and positive gaming experience.*

For Stillfront, sustainability is about creating long-term value for society and our shareholders and by developing well-run companies that make a positive contribution to the communities in which they do business, to the environment and to the economy. We strive to make a positive impact in the fast-growing gaming industry by connecting the best game talents around the world through an established platform with robust strategies and operating models. Stillfront acquires and develops studios and creates long-lifecycle games, ensuring long-lasting value for all our stakeholders. This enables organic and acquired growth and realizes synergies between the studios. We act as one company with shared values and principles, while our decentralized organization lets us seize local opportunities. Our diverse markets also present different sustainability challenges, which we as a group have to be aware of and handle. At the same time, Stillfront offers a shared framework of values and business principles to underpin local implementation and drive sustainability improvement in our different markets.

Our business model is built on our long-term perspective in regards to our ownership, towards our professionals and to create the best environment for our gamers. During 2020, we have taken a major leap towards strengthening these three arenas by increasing our focus on our mission and purpose as well as letting our sustainability strategy further drive our business decisions. By expanding our sustainability work to cover everything from our daily operations to the environmental impact of our games, we have widened our perspective of how we can make a positive impact on the people and planet. Our purpose and sustainability strategy drives integrity within our group, guiding us to be bold in carefully selecting acquisitions that meet our standard.

During 2020, we implemented sustainability in all steps of our business.

Our business

> Stillfront aims to build a leading powerhouse providing digital entertainment in the form of low-risk, long lifecycle games for loyal gamers. Stillfront acquires and develops gaming studios and realizes synergies between them to create a broad and diversified portfolio of games where long life cycles and a loyal player base generate stable income. This engenders strong cash flow and enables organic and acquired growth. Our business model is built on long-term relationships as regards to our ownership role as well as in relation to our professionals and our gamers.

OUR PURPOSE

To make a positive impact in our gamers everyday life, through creating a social, entertaining and positive gaming experience.

OUR VISION

We have a vision to be the leading free-to-play powerhouse.

OUR VALUE CREATION MODEL

DESIGN & DEVELOPMENT

- Babil Games
  Bytro Labs
  Candywriter
  Coldwood
  Dorado Games
  eRepublik Labs
  Everguild
  Goodgame Studios
  Imperia Online
  Kixeye
  Moonfrog
  Nanobit
  OFM Studios
  Playa Games
  Power Challenge
  Sandbox
  Simutronics
  Storm8
  Super Free Games

MARKETING & PUBLISHING

- Stillfront Group strengthens its position in the value chain through in-house performance marketing expertise
- Stillfront takes full responsibility for sales

DISTRIBUTION

- Browser
- Mobile platforms, mainly iOS and Android
- PC & Console

GAMERS

- Approximately 60 million gamers all over the globe are enjoying our games

How we govern sustainability

> Stillfront's sustainability work relies on the foundation of UN Global Compact as well as other regulations and guidelines such as Nasdaq ESG Reporting Guide. Stillfront's F.A.I.R gaming model and Sustainability policy are internal governance tools. Global Compact guides our corporate and professional behaviour globally, sted in the Code of Conduct. The F.A.I.R model regulates how we take responsibility for our content and our gamers behavior towards each other.

Our sustainability strategy

> Our sustainability strategy guides us in focusing our resources on the most relevant environmental, social and economic factors. The strategy supports us in creating value for our people, reducing our negative impact on the environment and creating economic value for our shareholders. Our strategy focuses on our most material topics and contains targets and key performance indicators. When establishing this strategy, we have considered the principles of the United Nations Global Compact, the Global Goals as well as supporting regulations and guidelines. During 2020, we have carried out the process of setting KPI:s for our most material aspects of sustainability. These will be followed up on yearly and disclosed publicly.

Stillfront's sustainability platform relies on three pillars: *Living our values, Creating games for all,* and *Smart resource use.*

SUSTAINABILITY STRATEGY

LIVING OUR VALUES

Living our values is about how we as a global group and platform will be able to attract and connect the best game talents globally and help them grow.

GAMES FOR ALL

We're developing games that are fun, smart and entertaining, and at the same time have a positive impact on people and society. We always try to make sure that gaming isn't only a great social experience, we also take responsibility for a safe and welcoming environment for everyone.

SMART RESOURCE USE

For us, smart resource use is a given for the long-term prosperity of gaming and the planet. That is why we offset our emissions and make sure our games are carbon neutral, including our gamers' energy usage.

SUSTAINABILITY MANAGEMENT

ENVIRONMENT

KEY ASPECTS

> Environmental Governance & Reporting
> Becoming climate neutral
> In-game activities

For KPIs see page 17

SOCIAL

KEY ASPECTS

> Our Group Culture
> Equality, diversity and inclusion
> Employee engagement and well-being
> Responsible gaming

For KPIs see page 20

GOVERNANCE

KEY ASPECTS

> Policies and reporting
> Anti-bribery and Anti-corruption
> Management
> Data Privacy and Security

For KPIs see page 26

What we do – Environment, Social, Governance

Risks and management >

The gaming industry is mostly impacted by social risks, the two main areas being human capital and data privacy. Environmental efforts, such as control over and disclosure of CO_2 emissions, are risks if unmanaged. Governance risks include representation on the Board of Directors and data privacy and security issues. During 2020, we took a big step forward in managing our sustainability risks. In the next sections, we will go into detail about how.

Environment >

ENVIRONMENTAL GOVERNANCE AND REPORTING

During 2020, we conducted our first climate impact measurement, measuring our impact for 2019 and 2020. Being a truly digital company, our biggest footprint lies within scope 3, our indirect emissions, which makes up 97.9 percent of our total emissions for 2019 and 95.8 percent for 2020. The largest part is the energy consumed by our users when playing our games, adding up to 95.7 percent of our scope 3 emissions for 2019 and 95.2 percent for 2020. Following the *Greenhouse Gas Protocol*, we have chosen to expand our corporate responsibility to include our indirect emissions, and to compensate for them as well in order to offer products that are carbon neutral.

2020 was an anomaly in many ways, including our environmental footprint. We worked predominantly from home in all our studio locations and had very limited business travels. On the other hand, we saw an increase in the usage of our games, which we hope will continue to be a positive and social active entertainment for our gamers.

During 2021, we will create a carbon reduction plan in addition to our business plan that spans until 2023. As we have developed our environmental work further, we will during 2021 assess internal managerial responsibilities to ensure correct and transparent reporting from our studios.

BECOMING CLIMATE NEUTRAL

As we provide digital entertainment and do not have a physical product in our value chain, one of our main responsibilities is to cover the emissions formed when users play our games. This is why we have measured and compensated for all of the emissions created by using our products. This amounted to 28,707.9 tCO_2e (tonnes of carbon dioxide equivalent) emissions in 2019 and 27,682.4 tCO_2e in 2020, which we have compensated for fully in certified projects.

Being climate neutral necessitates measuring your footprint, reducing it as much as possible and then compensating for the remains. For compensation, it is important to partner with an actor that is trustworthy and has projects that are certified gold standard. We have chosen to partner with South Pole, who meets these requirements.

Becoming a certified climate neutral company is only the beginning of our environmental strategy. We are committed to lowering our footprint with improved waste management, especially focusing on electronic waste, as well as more sustainable purchasing procedures. Stillfront's studios continue to use cloud-based server solutions, which are compensated for and have a high proportion of renewable energy.

CLIMATE NEUTRAL	INDIRECT EMISSION	ENERGY CONSUMED BY USERS
FULL COMPENSATION 2019 AND 2020 IN CERTIFIED PROJECTS	95.8% OF TOTAL EMISSIONS	95.2% OF INDIRECT EMISSIONS

STILLFRONT – CLIMATE COMPENSATION

At Stillfront, we have calculated and compensated for all of our greenhouse gas emissions for 2019 and 2020. For 2019, the total figure was 28,707.9 tco$_2$e and for 2020, it amounted to 27,682,4 tco$_2$e. In our calculations and the adhering compensation, we have chosen to take responsibility for scope 3, including the energy needed for users to play our games. This activity makes up a vast majority of our climate footprint. Every time a Stillfront-gamer charges their device, the energy consumed has been calculated and compensated for.

We have compensated for our emissions by investing in two projects, *Bhadla solar power* in India, and *Isangi forest conservation* in the Democratic Republic of Congo.

> **BHADLA SOLAR POWER** is a project that focuses on sustainable electricity generation, replacing fossil fuels with the production of renewable energy for the Indian grid.

India is the world's third-largest energy consuming country, with energy usage having doubled since 2000. 80 percent of the demand is met by coal, oil and solid biomass. Located in Rajasthan, this project is installing a large solar farm, generating electricity that is sent back to the regional grid. Thanks to this project, more than 180,000 households can be powered by renewable energy.

Bhadla solar power in India focuses on sustainable electricity generation, replacing fossil fuels with the production of renewable energy for the Indian grid.

BHADLA SOLAR POWER'S ACHIEVEMENTS

46
training sessions provided
on site safety and operation, Jan. 2019 to Sept. 2020.

832,000
MWh
of clean electricity generated on average per year.

20
permanent jobs
created thanks to the project.

538,660
solar modules
installed to drive India towards a more sustainable future.

779,000
tonnes of CO$_2$e
mitigated on average annually.

Cont. Stillfront – Climate compensation

> **THE ISANGI FOREST CONSERVATION PROJECT** protects over 187,000 hectares of a biodiverse rainforest from deforestation.

Forests play an important role in climate change mitigation, as they have the ability to store carbon. When forests are cut down, it both releases the stored carbon and harms biodiversity. The project also improves the livelihoods of the local communities as it develops sustainable income streams. This has resulted in the building of three schools and three small bridges in the area.

The project mitigates 324,534 tco_2e every year and it has created 397 jobs.

The Isangi Forest Conservation project protects over 187,000 hectares of a biodiverse rainforest from deforestation.

ISANGI FOREST CONSERVATION PROJECT'S ACHIEVEMENTS

Improved
food security
thanks to 35 new productive Tilapia ponds and increased production of pineapple and rice.

14,000+
USD
spent on medicine over 8 years. As well as increased access to dean water and antibiotics.

24+
workshops
on sanitation, education, waste management, biodiversity restoration, beekeeping, and 416 hours of educational radio.

397+
jobs
created, including 10 teachers, 40 in forestry, 1 nurse & 12 in micro-finance.

3+3
schools & small bridges
built in the project area.

324,534
tonnes of CO_2e
mitigated on average annually.

187,571
hectares
of land protected by the project.

Habitat
preservation
14 different primates, 11 % of the world's bird species, and 700 distinct native tree species recorded in the project area.

Social

OUR GROUP CULTURE

For a company like Stillfront, our most important asset is human capital. Therefore, social factors are where to put time and effort when it comes to sustainability work. We are taking a big leap towards creating a work culture that is including, diverse, attracts talent and is value-based. During 2020, Stillfront has continued to focus on our journey as a purpose-driven company and we strengthened our values across the group.

We believe in long-lasting relationships and a decentralized leadership. All our co-workers share the vision that acting sustainably is key to retain our vision of building the leading free-to-play powerhouse. We aim to grow together as a company and as individuals. The values that shape our culture is balance between Entrepreneurship, Scale and Structure.

EQUALITY, DIVERSITY AND INCLUSION

Our industry faces challenges in the areas of gender equality, diversity and inclusion. We have therefore put effort into creating a better work balance, decreasing discrimination and harassment, enforcing gender neutral recruitment and supporting parental leave.

During 2021, we will be bolder and set targets for women in management positions, set targets for creating diverse game development teams and increase diversity in our gaming content. This will be measured yearly. In 2020, Stillfront comprised of 26 percent women and 74 percent men. Senior positions held by women comprised of 25 percent. Women in Stillfront's Board of Directors comprised 50 percent men and 50 percent women and Stillfront´s Executive Management team comprised eight members whereof three are women.

We are also aware of how a diversified workforce is key to understanding our global gamers. Not only is the share of women who are playing games increasing, but there is also a demand for high-quality entertainment in multiple languages, adapted to different cultures, religions and customs. This is why, for us at Stillfront, equality, diversity and inclusion are not only important aspects for creating a culture where everyone can grow – but it is also increasingly important for our product. It has recently been shown that gamers are equally concerned with inclusion being a part of their gaming experience as they are with gaming quality and content. Toxicity stands out as an issue that affects their experience badly. In order to meet these concerns, we have begun to diversify our portfolio, as we purchased the studios Storm8 and Nanobit with women being the primary target audience. Our journey with diversifying our portfolio will continue during 2021.

SHARE OF FEMALE PROFESSIONALS	SENIOR POSITIONS HELD BY WOMEN	EMPLOYEE TURNOVER PER YEAR	CODE OF CONDUCT E-LEARNING COMPLETED
26%	25%	7.23%	90%

EMPLOYEE ENGAGEMENT AND WELLBEING

Our business depends on the wellbeing of our professionals. We operate in an industry that revolves around expertise and talent. Behaving responsibly and sustainably is crucial for our success: an inclusive, equal workplace with high diversity will attract and retain the foremost talent in the industry.

Stillfront is a knowledge company with highly skilled professionals. Everyone is encouraged to continue learning and training to make a positive contribution to our business and culture. To ensure continuous learning and wellbeing of our staff, we will continue to build on a talent management program for all employees. This program is still under development and will include for example employee development talks, clear career paths, corporate values, policies and Code of Conduct training. The program will also include sustainability training for all staff, including an understanding of their GHG impact. This will be followed by an employee satisfaction survey, taking place and being disclosed yearly.

In Stillfront Group, each studio has its own identity and culture with its own organization, working methods and processes and local market knowledge. It is our ambition, and our challenge, to let studios work autonomously while simultaneously deriving benefits from collaboration with other parts of the business, as Stillfront grows and scales up.

RESPONSIBLE GAMING

The gaming market is growing and becoming a larger share of the entertainment industry. This means that our responsibility of ensuring a good gaming culture is more vital than ever. We strive to have a culture of respect amongst our users, where ill behavior is not allowed. Our F.A.I.R model regulates how we take responsibility for our products and our users' behavior towards each other. We want our gamers to feel safe and respected in our digital worlds. The opportunity to interact with other gamers is a central and appreciated function in many of our games, but there is some toxic behavior. During 2020, we had several reported incidents and we take these very seriously. We manage toxic behavior with built-in functions and algorithms that filter out bad language and we have zero tolerance of threats and personal attacks. As a part of creating a positive in-game environment, we also have to make sure that our products follow our ideas of responsible content. During 2020, we have established a responsible content-declaration where we address, and have a plan for, unacceptable content covering our own games and gamers actions. During 2021 we will implement this declaration across the group.

During the lockdowns of Covid-19, we saw an increase in gaming activity. We hope that our games have been a way for people to escape confinement and solitude, and instead engage in social activities online. We will continue to offer a diversified portfolio of games that attract different types of players, but we only target an adult user base.

Stillfront´s model for positive play

> Stillfront's portfolio of games has grown into an exciting and vibrant ecosystem for millions of gamers. Our basic principle is that playing games should be fun, positive, fair and safe for all. We, as a group, have a social responsibility for the growing gaming population that play our games and the social platforms we create for them. We influence many gamers with our content which is why it is of great importance that we all share the same values and principles that we base our content on.

THE STILLFRONT FAIR MODEL

F A I R

Forum & Communities.
Age protection.
Inclusion & Diversity.
Responsible Games, Marketing and Monetization.

F FORUM & COMMUNITIES

> Treat others as they would like to be treated – don't engage or promote harmful behavior including attacks on race, sexual orientation, gender identity/expression, religion, heritage, country of origin, or unwelcome sexual advances and messages.

> Keep things fair – no cheating or exploitation.

> Share clean content – create and share stuff that is appropriate.

> Follow local laws – keep it legal in our games and services, just as you would wherever you are IRL.

> Where applicable we utilize automated chat filters, which evaluates words and statements using textual clues and blocks players that breach our guidelines. The filters are to block cursing, sexual comments, racist or hateful language, personal threats, bullying etc. for the supported languages.

> If a user regularly "misbehaves", we will take actions like banning players from the game or remove their access to multiplayer features. Filters should also be able to restrict the sharing of links and images.

A AGE PROTECTION

> Provide correct age recommendations and label the game's content in a correct and honest manner.

> The target audience of our gaming studios are aged 16 and above, as per their terms and conditions and their games are to be classified by the International Age Rating Coalition (IARC).

I INCLUSION & DIVERSITY

> We view diversity as a source of competitive advantage. We believe in creating games and experiences for our global user community that are a reflection of a diverse world.

> We celebrate diversity of thought, cultural differences, lifestyle, age, background, experience, religion, economic and social status, gender identity and marital status.

> Let's make sure we together create a diverse range of characters and avoid gender stereotyping.

> In places where our gamers can create their own characters, we should offer them diverse options.

R RESPONSIBLE GAMES, MARKETING & MONETIZATION

> We are responsible for publishing content according to our values regulated in our Code of Conduct.

> Our eco-system of game developers, publishers and platform providers as well as gamers have created social standards of what defines responsible content and not. Our games are to follow the guidelines and recommendations set by the gaming eco-system.

> We do not allow content including personal threats, harassment or bullying of any appointed target persons or groups.

> We avoid defamatory, discriminatory, or mean-spirited content, including references or commentary about religion, race, sexual orientation, gender, national/ethnic origin, or other targeted groups.

> We do not try to profit from sensitive current events such as natural disasters, atrocities, conflicts, deaths or other tragic events.

> We do not allow sexual or pornographic material, such as explicit content of nudity or display of sexual activities in our games.

> We do not allow sexistic content or language in our games.

> The marketing of our games should be ethical, honest and reflect generally accepted social standards.

> We comply with the ratings and recommendations in each market with regards to content and age.

> There is no mechanism in Stillfront games to withdraw or transfer in-game currency out of a game account.

> Gamers are not allowed to buy, sell or trade in-game currencies for real-world money among each other or with any third-party. The purchase is a transparent process and in accordance with the platform regulations and applicable law.

> Free-to-play games allow any gamer to access and experience a game independent of their ability to pay. When it comes to offering optional monetized content, our games are only using fair and transparent methods and will never try to trick a player by not delivering what was offered.

Governance

POLICIES AND REPORTING

As a part of our new sustainability strategy, we strive for increased transparency and disclosure. 2020 will be the baseline for us when conducting our yearly measurements, and when reporting our challenges and progress. During the reporting period, we have updated our policies in order for them to reflect our new sustainability standards.

During 2020, we have underlined that all employees have the freedom of association and launched an e-learning course on our Code of Conduct for all professionals. To date, 90 percent of all staff have undergone the training. Our whistleblowing system has been updated and is now publicly available on our website and open for both internal and external reporting. Reports can also be made by e-mail or by post. All reports stay anonymous. Cases are handled in confidence by Stillfront's Whistleblowing Team which comprises the Chairman of the Board and the General Counsel. No substantiated cases were reported during the year.

During 2020, we have updated our due diligence process. Potential acquisitions of new studios are structurally evaluated from a sustainability perspective and significant risks are identified. This evaluation process takes the form of discussions and interviews with the studio's management team. All companies that we acquire undergo a risk assessment specifically focusing on internal processes that safeguard financial security, including corruption prevention as well as a cultural evaluation with focus on corporate values and principles.

In steering our sustainability work effectively, we engage in close dialogue with our stakeholders. The stakeholder groups have been identified as the groups that are affected by our operations most and which have a major impact on the ability to follow through on our strategies to reach our goals.

RESULTS FROM STAKEHOLDER DIALOGUES

STAKEHOLDER GROUP	FORMAT	KEY ASPECTS
> Shareholders and investors	> Interviews > Meetings > Analysis > Capital markets update	> Data privacy and security > Responsible games > Anti-corruption
> ESG specialists	> Meetings > Interviews	> Data privacy and security > Responsible content > Social aspects of gaming > GHG emissions > Sustainable business model
> Users/consumers	> Customer dialogue > Internal analysis by product specialists	> Regular product updates > Data privacy and security > Climate impact
> Professionals	> Surveys > Formalized meetings with managers	> Sustainable, accountable, equal workplace > High-quality, long-lasting products > Data privacy

ANTI-BRIBERY AND ANTI-CORRUPTION

Stillfront has a zero-tolerance stance against bribery, corruption and money laundering and has adopted an Anti-bribery and Anti-corruption Policy that apply to all companies and professionals of the Stillfront Group. We are further committed to observing the standards of conduct set forth in applicable anti-bribery, anti-corruption and anti-money laundering laws and regulations of the countries in which we operate, including the United Kingdom Bribery Act 2010 and the United States Foreign Corrupt Practices Act.

All companies that we acquire undergo due diligence specifically focusing on internal processes that safeguard financial security, including preventing corruption. Professionals that are engaging with external stakeholders are trained in the Anti-bribery and Anti-corruption Policy on a regular basis. Any breach of the principles set out in the policy must be reported through the designated channels, which includes Stillfront's Whistleblower Channel.

Stillfront is continuously striving to maintain the highest standards to protect its users from cyber-attacks and card fraud when playing our games. We comply with all applicable legislations and rules to achieve utmost security and expect the same of our business partners and suppliers. Stillfront's Goodgame Studios has developed its own fraud prevention solution, which has been implemented at several of our other studios. The solution monitors payment patterns in real time and reacts in the event of fraudulent behavior.

MANAGEMENT

The Board of Directors is responsible for Stillfront's overall strategy, in which sustainability is integral to value creation. To assist the Board in monitoring the implementation of our sustainability agenda, Stillfront has continuous dialogue with the Board on improvement plans and sustainability strategy.

Stillfront's Management develops tools and processes that guide the head office and our studios. During 2020, we developed a studio support program, which includes training and guidelines on sustainability, key performance indicators, and the updated policy package. The program will be fully implemented during 2021.

All our studios and their professionals are expected to be familiar with and live up to our sustainability ambitions. The Studio Head is responsible for implementation, carrying out training and follow-up. An approach that is resource-efficient, decentralized and digital is key to our business' success.

Board diversity and independence is important for us. Our CEO cannot be Chairman of the Board. Our Board is composed of 50 percent women and 50 percent men.

The payment of taxes is a central link between governments, communities and businesses. Stillfront has assessed how different tax rules affects its operations, to ensure an accurate tax status. Stillfront reports and pays tax in accordance with applicable legislations, taking into account expert advice from tax advisors.

DATA PRIVACY AND SECURITY

Being a data-driven organization is central to Stillfront. Analyzing user data enables us to identify behavior patterns, information of our operations and other insights, which allow us to be even better at developing games, as well as following events, activities and campaigns for a better experience. The users' interactions with our studios' customer services are an important intelligence when developing our games and new functions. The marketing of our games is data-driven and crucial in attracting users to play free-to-play games.

Data privacy and data protection are of the utmost importance to Stillfront. Over the years, we have put considerable resources into ensuring that our privacy program meets the criteria of the General

BOARD DIVERSITY EVEN BOARD REPRESENTATION	CODE OF CONDUCT E-LEARNING COMPLETED	DATA PROTECTION
50%	**90%**	DELOITTE APPOINTED GROUP'S EXTERNAL DATA PROTECTION OFFICER (DPO)

Data Protection Regulation (GDPR) and other applicable data protection and privacy regulations. Our processes have been designed to safeguard confidentiality, privacy and access to information and data.

Stillfront's external website contains information on the rights that users have and descriptions of how Stillfront processes personal data. The end-user data is processed by the studios and such processing activities are subject to the privacy notice applicable for the respective games.

In 2020, we engaged Deloitte as the group's external Data Protection Officer (DPO). Deloitte has an experienced team with specialists within privacy, data protection, risk management and cyber/IT/information security. As part of their onboarding process, Deloitte has carried out a series of activities for the group companies to measure the maturity of the respective group company's privacy capabilities and level of compliance with the GDPR requirements. These activities have included GAP assessments, data discovery exercises, and risk analyses based on interviews with key stakeholders and reviews of their existing documentation. As a result of these activities, Stillfront was able to provide best-practice templates and accelerators which enabled the younger and less mature studios to quickly establish a more solid and formal foundation for their privacy capabilities. The coordination and knowledge sharing across the group will facilitate a more rapid and consistent remediation of the identified improvement areas.

The DPO role includes targeted audits, in addition to continuously advising the business in regard to privacy and GDPR. The purpose of the audits is to test and assess compliance with GDPR, local privacy legislation and evaluate how previously identified compliance gaps have been handled. The result from each audit will be documented and reported to the Stillfront's internal Privacy Group as well as Stillfront's Board of Directors. Deloitte has identified certain focus areas for their annual DPO audit plan for 2021 , including retention and legal basis for processing.

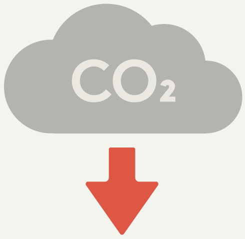
All professionals of Stillfront are offered regular data privacy and data protection training.

We recognize that data privacy and data protection is an ongoing project that demands continuous improvement. In 2020 no substantiated claims about data breaches were reported.

SUSTAINABILITY PLANS FOR 2021

Going forward, we will explore how our business can contribute to global agendas. During 2021, we will connect our impact to the Global Goals and apply these in our reporting.

CARBON REDUCTION PLAN

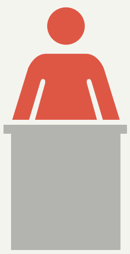


Establish a carbon reduction plan.

SUSTAINABILITY TRAINING

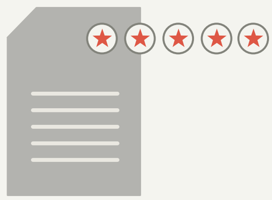
All co-workers will receive sustainability training.

WOMEN IN MANAGEMENT POSITIONS



We will set a target for share of women in management positions.

EMPLOYEE SATISFACTION SURVEY



The Talent Management Program will be followed by an employee satisfaction survey.

DIVERSIFIED PORTFOLIO

Explore how we can further diversify our portfolio.

THE GLOBAL GOALS

We will connect our impact to the Global Goals.

"Regular data privacy and data protection training is an ongoing project that demands continuous improvement. In 2020 no substantiated claims about data breaches were reported."

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Stillfront Group AB (publ), corporate identity number 556721-3078.

Engagement and responsibility

> It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 10–28 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

> Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

> A statutory sustainability report has been prepared.

Stockholm, 20 April 2021

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Risk factors and risk management

There will always be uncertainty about future events in any business operations. Stillfront is no exception. Future events may have positive impact on the business, thus enabling increased value creation. Future events may also be negative and may potentially have negative impact on Stillfront's operations and earnings.

Stillfront's Board of Directors is responsible for the Group's risk management. Matters regarding risks associated with business development and long-term strategic planning are prepared by Group Executive Management and decided by the Board of Directors. A number of key policies form the basis for operational risk management in the organization. Stillfront works continually on assessing and evaluating the risks to which the Group is or could become exposed. Critical risks in Stillfront's business environment are managed strategically through product and business development, and operationally through daily processes.

The tables below present some of the risks that could have implications for the Group's future development. The risks are not arranged by order of importance or potential financial impact on the Group's profit or financial position. For financial risk factors that affect the company's business, see Note 3.

Operational-related risks

RISK	MITIGATION
REPUTATION	
> Stillfront's sales and results are dependent on the company's reputation remaining positive.	> Stillfront Group has implemented a Group Code of Conduct for all the studios and co-workers to comply with, in order to ensure that we act as one company, with one set of standards and business principles.
ACQUISITION RELATED RISKS	
> The Group's growth is based on organic growth and acquisitions. The Group has acquired several businesses. These acquisitions may fail to meet the expectations regarding growth and/or profitability, management and staff retention and quality, product development and capacity.	> Acquisitions are made after conclusion of comprehensive due diligence. Considerations in acquisitions normally contain an earn-out component for several years for the sellers, who are usually a member of the management of the acquired company, thus incenting sellers/management to deliver results. Part of the consideration is paid in Stillfront shares subject to lock-up, thus ensuring alignment of interest.
USER PREFERENCES, PRODUCT MAINTENANCE AND PRODUCT DEVELOPMENT	
> Stillfront's operational and financial performance is dependent on the attractiveness of the products developed and marketed by the Group. Decreasing attractiveness could lead to unfavorable development of the Group's performance.	> Stillfront monitors gamers' appreciation of the games and develops games in an incremental fashion, taking gamer feedback into the product design and development. Further diversification of the games portfolio through acquisitions reduces the risk by a broader market presence targeting new genres and audiences.

Operational-related risks
continued

RISK	MITIGATION
DELAY IN GAME DEVELOPMENT > All game development encompasses some element of uncertainty with regards to time and resources required to complete the game. Delay in product launch can impact Stillfront adversely.	> Stillfront's incremental model for developing games reduces the risk of "scope creep" – one common cause of delay in development projects. Further, Stillfront's frequent use of proven game engines reduces the development risks.
DEPENDENCY ON EXTERNAL DISTRIBUTION PLATFORMS > Stillfront develops and publishes browser and mobile games. Essentially, the distribution of mobile games is conducted by Google Play, Apple App Store and Facebook whereas browser games are mainly distributed by Stillfront's studios.	> Stillfront strives to maintain good relations with the mobile platform distributors. In parallel, Stillfront evaluates other means to reach the mobile market.
DEPENDENCY ON KEY INDIVIDUALS > Key individuals, senior executives and persons with specialist competence, some of whom are the founders of the Group companies, may have critical competencies and their departure could be detrimental to Stillfront's business. Being able to attract and retain qualified personnel and its Executive Management is vital to Stillfront Group's future operations.	> By promoting career development and other development opportunities for co-workers including remuneration and competitive long-term incentives, we safeguard our ability to attract and retain co-workers for a long-term.

Industry and market related risks

RISK	MITIGATION
DEMAND FOR UNDERLYING PRODUCTS > The gaming industry is very competitive and sometimes hit driven. In order to maintain growth and profitability, Stillfront must continue to develop and publish games that attract gamers.	> Stillfront's product strategy PLEX aims to mitigate some of the market risks by maintaining a broad portfolio of games. Further, Stillfront's incremental development model enables us to evaluate games at an early stage, and the games can be adapted and designed to meet gamers' preferences. Stillfront uses of game engines to reduce technical and functional risks in the game development.
COMPETITION > Competition in the gaming sector is fierce. At an overall level, gaming also competes with other entertainment forms, such as social media and video streaming.	> Stillfront has chosen to primarily work in a game genre with proven long-term profitability, free-to-play online games. In addition, Stillfront continuously explores new genres with characteristics that fit Stillfront's strategies.
INTELLECTUAL PROPERTY > Stillfront may be subject to infringement of intellectual property or may unintentionally infringe others' intellectual property.	> Key trademarks are secured. In Stillfront's product development work, care is taken not to infringe on others' intellectual property.
TECHNICAL DEVELOPMENTS > Technical developments in the gaming market could make Stillfront's games obsolete or outdated.	> Stillfront evaluates technical developments in the market and the potential impact on Stillfront's business. Based on the evaluations, Stillfront takes appropriate measures.

Industry and market related risks
continued

RISK	MITIGATION
CYBERCRIME AND MALICIOUS ATTACKS	
> Stillfront and its customers are vulnerable to hacking, viruses, malicious acts and other types of cybercrime. Stillfront's IT operations are critical for its revenues and disruptions to IT operations may impact revenues negatively.	> Stillfront applies customary counter measures against these threats. Stillfront's IT operations are designed to be robust with anti-fraud solutions and detection programs in place.
REGULATORY RISKS	
> Stillfront's line of business is gaming. Online gaming is a "young" industry and new regulations to online gaming could impact Stillfront's ability to operate profitably. Data privacy regulations are already in place, such as GDPR.	> Stillfront adheres to relevant data privacy regulations. Stillfront continuously follows the potential development of regulations regarding gaming. For example local legislations regarding loot boxes.

Financial related risks

RISK	MITIGATION
CURRENCY EXPOSURE	
> Stillfront operates in several countries and has customers in approximately 180 countries. Most of the Group's costs are in EUR and USD, whereas revenues are generated in numerous other currencies. Hence, the Group is exposed to currency risks. Exposure stems from transaction exposure as well as translation exposure.	> Most of the Group's revenues are in EUR and USD, thus there is some balance with regards to currency exposure. Stillfront reports in SEK. Should the SEK be strengthened against other currencies, the Group's reported revenues and profits would be negatively impacted, the latter less so. Liabilities related to conditional contingent considerations are in the same currency as the related asset. Stillfront's borrowings are partially in foreign currency.
INTEREST RATE RISK	
> Stillfront is exposed to interest rate risk, primarily through the bond loans that amounted to SEK 1,602m on December 31, 2020. Interest on these bonds are linked to STIBOR, which may fluctuate over time. The bond's tenor are November 2022 and June 2024.	> Stillfront closely monitors the development of market interest rates in order to plan for alternative measures should it be necessary.
CREDIT RISKS	
> Stillfront has a credit risk regarding receivables from payment providers and banks.	> Counterparties are in general well reputable and stable with marginal financial risk.
FUNDING RISKS	
> Stillfront is dependent on funding for acquisitions, earnout payments and development of games, in those circumstances where cash flow generated by Stillfront does not suffice.	> Acquisitions are partly funded by new share issues directed to the sellers, thus reducing the need for cash funding. Stillfront seeks to have a diversified funding structure including equity, bond and bank facilities with maturities that creates a well-balanced portfolio. Stillfront has as of December 31, 2020 a revolving credit facility of SEK 3,750m.
PRICING RISKS	
> The Group is exposed to a price risk, primarily through the earnouts that are related to some of the Group's acquisitions. Earnouts are based on the financial results of the acquired entities.	> All earnouts have a cap. The payment of the earnouts is partially financed through the cash flow from the acquired entity.

Financial related risks
continued

RISK	MITIGATION
TAX RISK	
> Stillfront's tax expense is affected by the countries where its operations generate profits and the tax laws in these countries. New laws, taxes or rules could give rise to limitations in operations or place new and higher requirements. There is also a risk that Stillfront's interpretation of applicable tax laws, tax agreements and regulations will not correspond to the interpretations made by the tax authorities.	> Together with external experts, Stillfront has assessed how different tax rules affects its operations, to ensure an accurate tax status. Stillfront reports and pays tax in accordance with applicable legislations, taking into account expert advice from tax advisors.
CAPITALIZED GAME DEVELOPMENT EXPENSES	
> In accordance with IFRS, Stillfront capitalizes product development expenses. The failure of a developed product may lead to write-downs.	> Stillfront's incremental development model reduces the investment needed to take a product to the market. Due to Stillfront's broad portfolio of games, a single game's failure – and subsequent write down – has only limited impact on the profits.
GOODWILL VALUATION	
> Stillfront's growth strategy is partly based on acquisitions. Acquisitions might result in goodwill items in the balance sheet. Impairment of goodwill might lead to considerable write downs and therefore financial losses.	> Acquisitions are made subject to careful due diligence and may involve considerable potential for value creating synergies when acquisitions are integrated in the Stillfront group. The company continuously assesses the performance of the acquired entities and has a robust process for identifying potential write downs of goodwill.

Corporate governance report

Stillfront seeks to apply strict standards and efficient processes so that its entire operations create long-term value for shareholders and other stakeholders. This requires maintaining an efficient organizational structure, internal control and risk management systems as well as ensuring true and fair reporting and information. Stillfront complies with the Swedish Corporate Governance Code (the Code). Corporate governance defines the decision-making systems through which shareholders, directly or indirectly, control the company. This corporate governance report has been approved for publication by Stillfront's Board of Directors on 20 April 2021.

Principles for Corporate governance

Corporate governance at Stillfront is based on external regulations and rules, such as the Swedish Companies Act, the Swedish Bookkeeping Act, the Swedish Annual Accounts Act, the Market Abuse Regulation (MAR), the Code and Nasdaq Stockholm's rules for issuers on Nasdaq Stockholm First North Premier Growth Market and internal regulations such as Stillfront's Articles of Association, Rules of Procedure for the Board of Directors, the Board's Instructions for the CEO and other Group wide policies, instructions and guidelines.

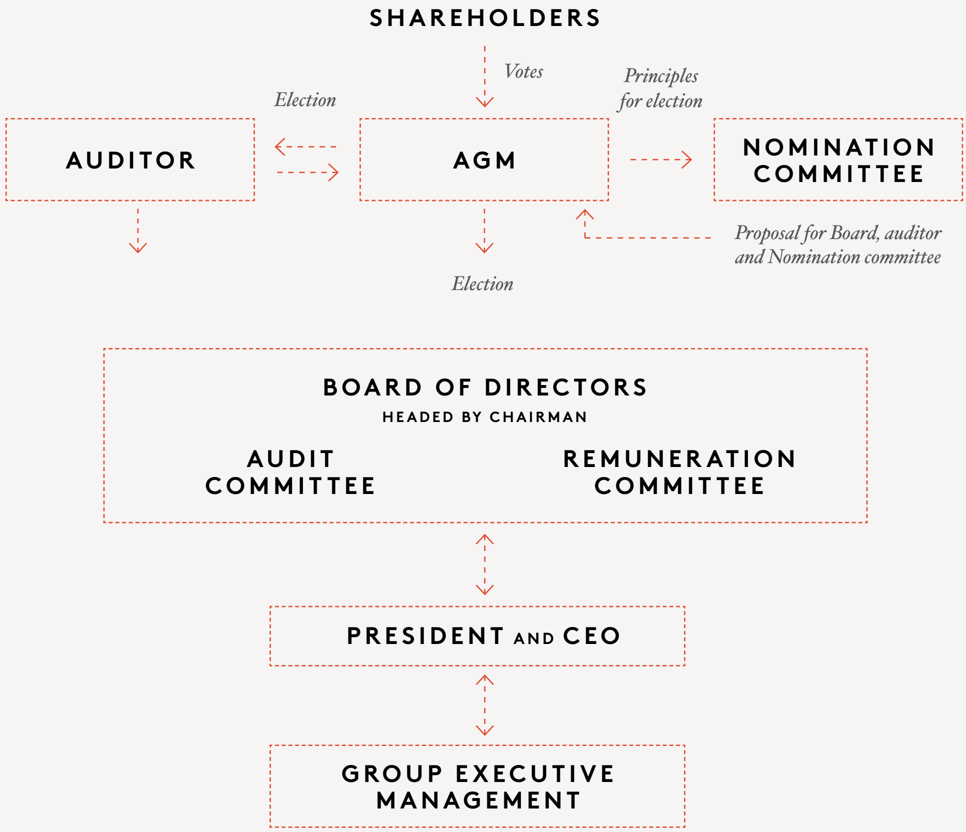
Shares and shareholding

As of 31 December 2020, Stillfront had 346,537,200 outstanding shares and 19,450 shareholders. All shares are of the same class, each grants entitlement to one vote at the General Meeting. At the General Meeting, a shareholder may vote for the total number of shares represented. The largest shareholder on 31 December 2020 was Laureus Capital GmbH, which owned 12.85 percent of the outstanding shares and votes. Laureus Capital GmbH was the only shareholder with an ownership greater than 10 percent of outstanding shares and votes. The ten largest shareholders represented 50.12 percent of the outstanding shares and votes.

Annual General Meeting

The highest decision-making body of Stillfront is the Annual General Meeting (AGM) through which the shareholders exercise their influence over the company. The AGM is held within six months from the end of the financial year. The date, time and location are announced no later than in connection with the third quarter financial report. Information on how a shareholder can have a matter addressed at the meeting, and by which date such a request must be received by the company in order for the matter to be included in the notice to attend the AGM, is announced on Stillfront's website no later than in conjunction with publication of the third quarter financial report. Notice of the AGM is issued no earlier than six and no later than four weeks before the meeting. The notice contains information on registration, participation and voting at the AGM, an agenda with the issues to be addressed, information on the proposed dividend and the main content of other recommendations. To be entitled to vote at the AGM, shareholders must be recorded in the share register on the fifth business day before the meeting and must notify the Company of their participation no later than the date stated in the notice of the meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the number of days before the meeting as set out in the Swedish Companies Act. Shareholders who cannot attend in person may participate through a proxy representative. Decisions at the AGM are normally made by a simple majority of votes cast. However, according to the Swedish Companies Act, certain types of resolutions require a certain quorum or majority of voting rights.

CORPORATE GOVERNANCE MODEL



IMPORTANT EXTERNAL REGULATIONS

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- Nasdaq's regulations for issuers on Nasdaq First North Premier Growth Market
- The Swedish Code of Corporate Governance (the Code)

IMPORTANT INTERNAL REGULATIONS AND INSTRUCTIONS

- Articles of Association
- Rules of procedure for the Board of Directors, Committee instructions
- CEO instructions including reporting instruction
- Information security policy, finance policy, financial handbook, etc.
- Code of Conduct
- Processes for internal control and risk management
- Information and insider policy

At the AGM, the following matters shall be handled:
– presentation of annual report and the auditor's report and, if applicable, consolidated accounts and auditor's report for the group,
– resolution on
  • adopting of the profit and loss statement and the balance sheet and, if applicable, consolidated profit and loss statement and balance sheet,
  • allocation of the Company's profit or loss according to the adopted balance sheet, and
  • discharge from liability for the Board of Directors and the managing director,
– resolution to establish the remuneration for the Board of Directors and the auditor,
– resolution on the number of directors to be appointed,
– appointment of the directors and auditor and deputy auditor, and
– other matter relevant to the meeting according to the Swedish Companies Act or the Articles of Association.

In addition, shareholders resolve upon any changes to the Articles of Association of the company. The Articles of Association establish, inter alia, the name of the Company, the headquarter of the Board of Directors, the operations of the Company, aspects of the share capital, the shareholders' right to participate in the AGM and what matters shall be dealt with at the AGM.

Extra ordinary general meetings can be summoned when necessary. Information, including the notices and suggestions for the AGMs and EGMs, as well as minutes from previous AGM/EGMs are available on Stillfront's website, www.stillfront.com.

Annual General Meeting 2020

> The AGM 2020 was held at the office of the law firm DLA Piper Sweden, Kungsgatan 9, Stockholm, Sweden, on 14 May. Due to covid-19, certain precautionary measures were taken so that consideration was given to the attendees' health while upholding the opportunity for the shareholders to exercise their rights, i.a. the shareholders were able to vote by proxy forms and by post and the general meeting passed a resolution to live broadcast the general meeting via the Company's website.

During the meeting, shareholders were provided the opportunity to ask the Chairman of the Board and the CEO questions. A total of 52 shareholders who were entitled to vote participated at Stillfront's AGM 2020. They represented 17,145,236 shares or approximately 53 percent of the outstanding shares and votes at the date of the AGM. At the AGM, the Chairman of the Board together with the other Board of Directors, the CEO as well as the auditor participated either physically or online. The Chairman of the Board was elected as the Chairman of the AGM.

At the AGM, the shareholders, inter alia, resolved:
– to adopt the profit and loss statement and the balance sheet and consolidated profit and loss statement and balance sheet,
– in accordance with the proposal of the Board of Directors, to reimburse a conditional shareholder's contribution in the amount of SEK 2,205,184. It was resolved, in accordance with the proposal of the Board of Directors and the CEO that the earnings available for distribution shall be carried forward,
– to discharge the Directors of the Board and the CEO from liability of the fiscal year 2019,
– to re-elect the Board members Jan Samuelson, Birgitta Henriksson, Ulrika Viklund, Katarina Bonde, Erik Forsberg and Kai Wawrzinek until the end of the next AGM,
– to re-elect Jan Samuelson as Chairman of the Board,

– that the remuneration to the Board of Directors shall be according to the proposal from the Nomination Committee,
– to re-elect the accounting firm Öhrlings PricewaterhouseCoopers AB as auditors, Nicklas Kullberg will continue as the auditor in chief,
– that the remuneration to the auditor shall be paid according to current approved account,
– on a directed issue of not more than 350,000 warrants intended for a long-term incentive program to certain key-personnel,
– to authorize the Board of Directors to issue shares, convertible instruments and/or warrants. The increase of the share capital which entails issuance, conversion or subscription for new shares, may correspond to a dilution of a maximum of 10 percent of the share capital.
– on a directed new share issue to:
  • the sellers of Babil Games FZ LLC. of not more than 179,217 shares
  • the sellers of Imperia Online JSC, limited of not more than 18,182 shares
  • the sellers of Playa Games GmbH. of not more than 82,272 shares.
– to change § 10 of the Company's articles of association.

For more information about the AGM 2020, visit Stillfront's website https://www.stillfront.com/en/arsstamma-agm-2020/.

Extraordinary General Meetings 2020

> At an Extraordinary General Meeting on 7 February 2020 held at DLA Piper's office at Kungsgatan 9 in Stockholm, it was resolved in accordance with the Board of Directors' proposal to:
– approve the resolution by the Board of Directors on a directed share issue of not more than 527,717 shares
– approve the resolution by the Board of Directors on a directed share issue of note more than 262,467 shares to be issued to Laureus Capital GmbH
– resolve on a new share issue of not more than 1,910,671 shares paid by set off of claims
– authorize the Board of Directors 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.

For more information about the EGM February 2020, visit Stillfront's website https://www.stillfront.com/en/extraordinary-general-meeting-february-2020/.

At an Extraordinary General Meeting on 17 December 2020 that was held only by postal voting, it was resolved in accordance with the Board of Directors' proposal to:
– authorize the Board of Directors 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
– adopt a long-term incentive program by an issue of 125,000 warrants to key personnel
– carry out a share split and, as a consequence thereof, amend the Company´s articles of association.

For more information about the EGM December 2020 visit Stillfront's website https://www.stillfront.com/en/extra-bolagsstamma-december-2020-extraordinary-general-meeting-december-2020/.

Annual General Meeting 2021

> The AGM 2021 will take place on 11 May 2021 in Stockholm. All shareholders wishing to raise an issue during the AGM may make suggestions to the Board, or present nominations for the board members to the Nomination committee. Information regarding the AGM, together with all required documents, will be published on the company's website, www.stillfront.com.

Nomination Committee > In accordance with the resolution of the AGM on 14 May 2020, the Chairman of the Board, shall convene at the end of the third quarter, Stillfront's three latest registered shareholders to elect one representative each for the Nomination Committee. The Nomination Committee may also decide that the Chairman of the Board shall be a member of the Nomination Committee. A shareholder representative shall be appointed chairperson of the Nomination Committee. Neither the Chairman of the Board nor another Director of the Board shall serve as chairperson of the Nomination Committee.

The Nomination Committee for the AGM 2021 consisted of:
– Caroline Sjösten, Swedbank Robur Fonder, Chairman of the Nomination Committee
– Dr Kai Wawrzinek, Laureus Capital
– Jonas Linnell, SEB Fonder
– Jan Samuelson, Chairman Stillfront Group

The duties of the Nomination Committee are to propose, for the AGM 2021, the Chairman of the AGM, the Board of Directors to be elected by the AGM, the Chairman of the Board, remuneration for the members of the Board and the Chairman and any remuneration for committee work, auditors' fees, a proposal on the appointment of auditor (if applicable) and the Nomination Committee's procedures. The Nomination Committee's mandate period runs until the new Nomination Committee has been appointed, in accordance with the decision on appointment of the Nomination Committee passed by the AGM 2021.

The composition of the Nomination Committee meets the Code's requirements for independent members. Following the formation of the Nomination Committee and until the day of the approval of the Corporate Governance Report, the Nomination Committee have had four meetings.

The Nomination Committee's proposal, its justified opinion on the proposed Board of Directors, and supplementary information regarding the nominated members of the Board of Directors are announced in connection with the notice of the AGM, and will be presented at the AGM 2021 together with a report on the Nomination Committee's work.

Board of Directors > The Board has overarching responsibility for the organization and management of the Company's business. The Board shall continually assess the financial situation of the Company and ensure that the organization of the Company is structured in such a way that the accounting, the management of assets and the financial situation of the Company in other respects are monitored in a safe manner. It is also incumbent upon the Board of Directors to ensure that there is sufficient control over the Company's compliance with laws and other regulations applicable to the Company's business, and that essential ethical guidelines are established for the Company's conduct. The Board appoints the CEO.

ATTENDANCE BOARD MEETINGS 2020

	Attend-ance	Audit Committee	Attend-ance	Remuneration Committee	Attend-ance
Katarina Bonde, member	46/46			Member	2/2
Erik Forsberg, member	46/46	Chairman	5/5		
Birgitta Henriksson, member	46/46	Member	5/5		
Jan Samuelson, Chairman	46/46			Chairman	2/2
Ulrika Viklund, member	46/46				
Kai Wawrzinek , member	46/46				

Composition of the Board

According to Stillfront's Articles of Association, the Board of Directors shall consist of at least three and at most eight members, with no deputies, elected at the AGM to serve until the end of the next AGM. There is no rule on the maximum period a Director may serve on the Board. The requirement to achieve diversity and breadth, as well as an effort to achieve an even distribution of gender, have been taken into account in the composition of Stillfront's Board of Directors.

The AGM 2020 re-elected Jan Samuelson, Birgitta Henriksson, Ulrika Viklund, Katarina Bonde, Erik Forsberg and Kai Wawrzinek as board members. The AGM re-elected Jan Samuelson as Chairman of the Board.

Independence

According to the Code, a majority of the Board members elected by the General Meeting is to be independent of the Company and its Executive Management. At least two of the of Board members who are independent of the Company and its Executive Management are also to be independent in relation to the Company's major shareholders. The Nomination Committee's opinion is that the Board fulfils the requirements pursuant to the Code regarding Board members' independence.

The Nomination Committee has assessed that all Board members are independent in relation to the Company and the Executive Management. Five of the Board members are independent in relation to the Company's major shareholders. Kai Wawrzinek has, through his shareholding in Laureus Capital GmbH which is Stillfront's largest shareholder, been considered as dependent in relation to the Company's major shareholder.

Board work

The Board resolves on written rules of procedure for its work as well as CEO instructions including reporting instructions for the CEO, these are adopted annually at the constitutional meeting after the AGM. The rules of procedure specify how work is to be divided among the Board of Directors, its committees and the CEO. During 2020, 46 board meetings were held. At its scheduled meetings, the agenda was as determined by its rules of procedure and included items such as business performance, liquidity, annual accounts, M&A activities and interim reports. Three of the Board meetings were held prior to the release of interim reports and one prior to the year-end report. One meeting addressed the Company's operational planning and budget. At one board meeting the Board met the company's auditor without the CEO or any other member of the Executive Management present. A constitutional meeting was held in conjunction with the AGM resolving signatories, working procedures of the Board, CEO instructions and schedule for the meetings of the coming year. The other Board meetings were dedicated to, inter alia, acquisitions and financing. The Board members attendance is set out on page 39 in Stillfront's annual report.

Board meetings are usually convened by way of a notice issued to members at least five days in advance. The Directors shall receive written supporting material regarding the issues to be discussed prior to the board meeting.

Except for when the Board meets the auditor without any of the Executive Management present, the CEO, CFO and the General Counsel take part in the Board meetings. The CEO reports on operational performance at each ordinary Board meeting and the CFO reports on financial performance. The General Counsel acts as Secretary of the Board. Other representatives from the Executive Management participates in Board meetings when relevant.

The Chairman's role

The Chairman of the Board organizes and manages the Board's work so that is conducted in accordance with the Swedish Companies Act, other legal acts and regulations, the Code and the Board's internal governing documents. The Chairman monitors operations through continuous contact with the CEO and is responsible for ensuring that the other Board members receive relevant information. The Chairman ensures that the CEO's work is evaluated annually and that the Board is informed about the results of the evaluation.

Once a year, the Chairman of the Board carries out an evaluation and analysis of the Board's work through a board assessment tool developed by a third party. The evaluation addresses issues such as the climate of cooperation, corporate governance models, the breadth of knowledge and the quality and efficiency of the board work. The intention is to get a picture of how the members perceive that the board work has been carried out and what measures can be taken to streamline and improve the work. The Chairman of the Board reports the evaluation to the Board of Directors and to the Nomination Committee.

Remuneration

Remuneration to the Board of Directors is proposed by the Nomination Committee and resolved by the AGM. Information on remuneration for the Board of Directors and the Committee members is shown in the table in Note 8 in the annual report.

Remuneration to the CEO and other members of the Executive Management consists of a base salary, and, for certain managers, a variable performance remuneration, other benefits and pension. The AGM 2020 adopted guidelines for the remuneration of senior executives, available on Stillfront's website www.stillfront.com. These guidelines have been adhered to without deviations during the year.

The Chairman of the Board negotiates the remuneration and terms of employment for the CEO. The remunerations for CEO is approved by the Board of Directors.

The CEO negotiates the remuneration and terms of employment for the other members of the Executive Management after consultation with the Remuneration Committee. For further information, see Note 8 in the annual report.

Board Committees

THE AUDIT COMMITTEE

The Audit Committee consists of Erik Forsberg (Chairman) and Birgitta Henriksson. The Audit Committee has the responsibilities and authority that follows from the Swedish Companies Act and the Code.

The duties of the Audit Committee include:
– reviewing the financial reports,
– monitoring the efficiency of internal control, including risk management, with respect to financial Reporting,
– staying informed about the external audit,
– reviewing and, as appropriate, granting prior approval when external auditors are appointed for assignments other than audit services,
– follow-up on previous matter.

THE REMUNERATION COMMITTEE

The Remuneration Committee consists of Jan Samuelson (Chairman) and Katarina Bonde. The Remuneration Committee has the responsibilities and authority that follows the Swedish Companies Act and the Code.

The duties of the Remuneration Committee include:
– preparing and evaluating guidelines for remuneration to senior executives,
– preparing and evaluating goals and principles for variable remuneration,
– preparing proposals regarding remuneration and other terms of employment to the Executive Management,
– monitor and evaluate programs for variable remuneration,
– prepare and make proposals for shareholders' resolutions regarding share or share priced related incentive programs for the Executive Management,
– prepare any resolutions regarding bonus schemes, and
– prepare the Board's CEO succession plan and review of the group's overall succession planning concerning top Management.

Audit

> One or several auditors are elected by the AGM, for a term running up until the end of the AGM during the financial year after the election. The auditor is assigned to review Stillfront's annual report, accounting records and the administration performed by the Board and the CEO. The auditor(s) deliver(s) a report to the AGM. Shareholders have the opportunity to ask the auditor(s) questions during the AGM.

The AGM 2020 re-elected accounting firm Öhrlings PricewaterhouseCoopers AB as auditor until the end of the AGM 2021. The chief auditor is Nicklas Kullberg.

In 2020, the auditors have, in addition to reviewing the company's books, performed review of the Company's third interim report. The auditor of the Company has been present at one Board meeting for presenting his conclusions from the 2020 audit and addressing questions from the Board of Directors without any member of the Executive Management present.

Internal control and risk assessment regarding financial reporting

The Board is responsible for the Company's internal control and review and that financial reporting follows the regulations and rules applicable to companies traded on Nasdaq Stockholm First North Premier Growth Market, as well as Swedish legislation such as the Swedish Companies Act, the Swedish Annual Accounts Act as well as the Swedish Code of Corporate Governance. In addition, there are internal instructions, routines, and a system for delegating roles and responsibility, to ensure good internal control.

The Group's financial position is discussed at Board meetings in conjunction with interim reports.

The Executive Management's working methods

> The Executive Management is presented on pages 46–47 in Stillfront's annual report. At the Executive Management meetings, which are held regularly, business development, financial monitoring and business plans are discussed. The Executive Management has recurring meetings with representatives of the Company's subsidiaries throughout the year. The subsidiaries have high operational freedom within the agreed framework and internal control processes. The Executive Management monitors that the agreed authorities and processes are not exceeded. Effective management and governance structures have been established within each subsidiary.

Control environment

> Stillfront's operations are organized in independent subsidiaries. The CEO of the Group appoints an entity head in charge of each subsidiary's governance, development and management.

Stillfront's decentralized organization, with many subsidiaries, entails demanding requirements on the management teams of subsidiaries, as well as their competence, values and ethics. Further, this requires understanding and respect for delegation of roles. This also requires that the division of responsibility within and between the Executive Management and the management teams of the subsidiaries are well-defined and that the communication between all these units works well. Instructions on governing documents, accounting principles, guidelines and routines are regularly communicated to affected employees.

The authorization instructions in place for Stillfront and all its subsidiaries regulate the decision-making process for material contracts, major investments and other significant decisions, thus becoming an important part of the group's control environment.

Risk management & Control activities

> Stillfront's operations are affected by a number of risk factors that cannot be fully controlled by the Company. The Board has a work agenda determined at the constituting meeting. It provides the basis for the Board's work and for effective handling of the risks to which the company is exposed. For a more comprehensive description of financial risks see Note 3 in Stillfront's annual report.

The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reports. Its efforts focus on significant income and balance items, transactions of high complexity and/or where the effects of any errors could be significant.

Stillfront has an Internal Control framework in place ensuring the identification of, and adequate response to, key company risks. A risk is defined as the uncertainty whether an event will occur and its effect on Stillfront Group's ability to achieve its business goals in a given period. The Internal Control framework is based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). There is also an ICFR policy governing the Internal Control over Financial Reporting, which describes the control environment, risk assessments, control activities, information, communication, and monitoring activities. Key controls in the ICFR area have been tested in the year mainly through self-assessments based on an internal control plan approved by the Audit Committee, and internal control has been strengthened through recruitments.

The most significant items and processes in which the risk of significant errors can typically arise encompass financial assets and instruments in the income statement and balance sheet, and the investment process. Stillfront has established documented work routines and continuously evaluates how well the controls function in relation to these items and processes.

Stillfront's CFO, together with the Audit Committee, annually reviews the Company's minimum requirements for internal control and routines for financial reporting. These minimum requirements serve to prevent, uncover and correct errors and deviations in the financial reporting. Reviews include, i.a., approval of significant agreements, follow-up of risk exposure, checking account balances and analyzing financial results.

The subsidiaries' observance of Stillfront's requirements of internal review and processes for financial reporting is monitored continuously by the CEO and CFO, both remotely and onsite. Onsite reviews are selected based on particular needs and timed depending on internal reviews already performed.

The Group's subsidiaries report income and balance sheets, as well as relevant key figures, on a monthly basis. The monthly reports of the subsidiaries and the consolidated monthly report of the Group are analyzed by the Executive Management.

Internal audit >

Given the Group's structure and processes for internal audit of financial reporting, the Board has not assessed it necessary to establish a special internal audit function for its financial reporting. Instead, Stillfront, on instructions from the Audit Committee, engages external parties, to follow up and evaluate work related to inter alia risk management and internal audit. This assessment is revisited yearly by the Board.

Information >

The Head of IR, Communication & Sustainability has been responsible for the implementation of group policies regarding internal information and communication.

The Company's external information follows the information policy established by the Board of Directors. The policy states what should be communicated, by whom and in what manner – to ensure that both external and internal information is correct, compliant and complete.

Stillfront provides information to shareholders and other stakeholders through published press releases, interim and year-end reports, the annual report and the Company's website (www.stillfront.com). The press releases, financial reports and presentation materials are published on the Company's website, along with information on corporate governance. Interim reports, annual reports and press releases are translated into English and published on the Company's website (www.stillfront.com).

Board of Directors

JAN SAMUELSON
CHAIRMAN OF THE BOARD

Born 1963.

Board member since 2018.

Education: B. Sc Finance, Stockholm School of Economics, LL.M. Master of Law, Stockholm University.

Former positions, selection: Previously co-founder and senior partner Accent Equity Partners AB, SVP EF Travel EF Education First, Management Consultant Carta Corporate Advisors AB, Management Consultant Indevo AB.

Other current assignments, selection: Chairman Sdiptech AB (publ.). Board member Saltå Kvarn AB.

Shareholding: 100,000.

Other senior unsecured bond holding: 2,500,000.

Chairman of the Remuneration Committee.

Independent in relation to the company, company management and major shareholders.

KATARINA BONDE
BOARD MEMBER

Born 1958.

Board member since 2018.

Education: M.Sc. Physics and Mathematics, KTH Royal Institute of Technology, Mathematics and Social history, Salem College, North Carolina, Economics, Stockholm University.

Former positions, selection: CEO and Chair UniSite Software, Global Sales & Marketing Captura Software Inc., Marketing Director Dun & Bradstreet Software Inc., VP Sales and Marketing Timeline Inc. CEO Programator Industri AB.

Other current assignments, selection: Chairman Reason Studios AB, Stratsys AB, Flatfrog Laboratories AB, Mentimeter AB and JonDeTech Sensors AB. Board member Mycronic AB (publ.), Nepa AB (publ.) and ACQ Bure AB (publ.)

Shareholding: –

Member of the Remuneration Committee

Independent in relation to the company, company management and major shareholders.

ERIK FORSBERG
BOARD MEMBER

Born 1971.

Board member since 2018.

Education: M.Sc. Business and Administration, Stockholm School of Economics.

Former positions, selection: CFO Intrum AB, CFO Cision AB and Business Area CFO, Group Treasurer and Business Controller at EF Education.

Other current assignments, selection: Chairman Collectia Group (Care Bidco Aps). Board member and owner Deltalite AB. Board member Kindred Group Plc and Enento Group Plc.

Shareholding: 15,000.

Chairman of the Audit Committee.

Independent in relation to the company, company management and major shareholders.

Shareholding as per 31 March 2021.

BIRGITTA HENRIKSSON
BOARD MEMBER

Born 1963.

Board member since 2017.

Education: Bachelor's degree, Economics, Business Administration, Uppsala University.

Former positions, selection: Partner Brunswick Group, Head of Investor Relations and Corporate Communications, Carnegie Investment Bank.

Other current assignments, selection: Partner Fogel & Partners. Board member Sdiptech AB.

Shareholding: 22,500.

Member of the Audit Committee.

Independent in relation to the company, company management and major shareholders.

ULRIKA VIKLUND
BOARD MEMBER

Born 1981.

Board member since 2017.

Education: B Sc, Mittuniversitetet, Systems development and Project Management, Amsterdam University of Applied Sciences.

Former positions, selection: Co-Founder Spira Globalt AB, General Manager Magine Consumer Group Global, CEO film2home, Director International Growth, Spotify.

Other current assignments, selection: Co-Founder and CEO House Be. Board member Spira Globalt AB, God El i Sverige AB, Idea2Innovation Sweden AB, House Be i Åre AB, E14 Invest AB, NorthWorx AB and Adgie Consulting AB.

Shareholding: –

Independent in relation to the company, company management and major shareholders.

KAI WAWRZINEK
BOARD MEMBER

Born 1976.

Board member since 2019.

Education: Lawyer and Doctor of Law, Heidelberg University, Germany.

Former positions, selection: CEO and Founder of Goodgame Studios.

Other current assignments, selection: Managing Director of Laureus Capital GmbH.

Shareholding: 44,530,690 shares owned by Laureus Capital GmbH, of which 50 percent is indirectly owned by Dr. Kai Wawrzinek.

Dependent in relation to the major shareholders. Independent in relation to the company and company management.

Shareholding as per 31 March 2021.

Executive Management

JÖRGEN LARSSON
CEO AND PRESIDENT

Born 1964.

Founder and CEO since 2010.

Education: Master of Science in Industrial Engineering from Linköpings Tekniska Högskola.

Former positions, selection: Co-Founder & Chairman ESN, Partner Deseven, Founder & CEO, Mind AB.

Shareholding: 1,505,800.

Warrants / Employee stock options: 170,000*.

MARINA ANDERSSON
HEAD OF M&A

Born 1972.

Head of M&A since 2019.

Education: Two master degrees from Stockholm University and Russian Herzen State Pedagogical University.

Former positions, selection: Director Deloitte Corporate Finance Advisory team, Director ICECAPITAL Securities, Associate partner & Investment manager, Deseven and analyst, Carnegie.

Shareholding: 1,550.

Warrants / Employee stock options: 17,200*.

JOHANNA BERGSTEN
GENERAL COUNSEL

Born 1983.

General Counsel since 2020.

Education: LL.M. from Uppsala University.

Former positions, selection: Senior Group General Legal Counsel at Evolution Gaming Group AB and senior associate positions at Advokatfirman Cederquist AB and G Grönberg Advokatbyrå Aktiebolag.

Shareholding: —

Warrants / Employee stock options: 10,000*.

ALEXIS BONTE
COO

Born 1976.

COO since 2019.

Education: BA Honors Degree International Business & Languages, European Business School, London, Global Leadership and Public Policy, Harvard University, Transformational Leadership Program University of Oxford / Said Business School.

Former positions, selection: Co-founder and CEO eRepublik Labs, various positions at lastminute.com: Head of Business Development, UK, Marketing and Sales Director, France and MD, Italy.

Shareholding: 910,620.

Warrants / Employee stock options: 138,300*.

Shareholding as per 31 March 2021.
**Post the share split on 28 December 2020, each warrant/employee stock option entitles the holder to subscribe for 10 new shares in the Company subject to the terms of the relevant LTIP.*

PHILLIP KNUST

CPO

Born 1988.

CPO since 2019

Education: Data processing, EPS Lübeck, Computer Sience, TH Lübeck

Former positions, selection: CPO Goodgame Studios. Creative founder of EMPIRE and BIG brand.

Shareholding: —

Warrants / Employee stock options: 54,000*.

CLAYTON STARK

CTO

Born 1969.

CTO since 2020.

Education: PhD in Neuroscience, University Mechanical Engineering Camosun College 1993.

Former positions, selection: COO Mercurial Communications Inc; CTO Flock Inc; Director Zynga Inc, CTO KIXEYE.

Shareholding: —

Warrants / Employee stock options: 5,000*.

ANDREAS UDDMAN

CFO

Born 1979.

CFO since 2019.

Education: Chartered Management Accountant (ACMA), Master in Management, EADA Business school, M.A. in Politics from University of Glasgow.

Former positions, selection: CFO Qliro Financial Services, CFO Vireo Energy, Finance and Business Development positions Shell.

Shareholding: 27,500.

Warrants / Employee stock options: 60,000*.

SOFIA WRETMAN

HEAD OF IR, COMMUNICATION & SUSTAINABILITY

Born 1977.

Head of IR, Communication & Sustainability, since 2018.

Education: Master of political science, Stockholm University

Former positions, selection: Head of IR & Communication, Alimak Group, Senior Consultant Halvarsson & Hallvarsson, Communication Manager, SAS Institute.

Shareholding: —

Warrants / Employee stock options: 17,500*.

Shareholding as per 31 March 2021.
**Post the share split on 28 December 2020, each warrant/employee stock option entitles the holder to subscribe for 10 new shares in the Company subject to the terms of the relevant LTIP.*

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Stillfront Group AB (publ), corporate identity number 556721-3078.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 34–47 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 20 April 2021

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Directors' report

Stillfront Group AB (publ) is the Parent Company of a global group of gaming studios with a vision to become the leading free-to-play powerhouse. The purpose is to offer long-term first-class digital entertainment through a global group of gaming studios. This is done by working in partnership in a decentralized organization combining entrepreneurship, scalability and structure.

Stillfront operates through 19 gaming studios: Babil Games, Bytro Labs, Coldwood Interactive, Dorado Games, eRepublik Labs, Goodgame Studios, Imperia Online, Kixeye, Moonfrog Labs, OFM Studios, Playa Games, Power Challenge, Simutronics, Storm8, Candywriter, Nanobit, Everguild, Sandbox and Super Free Games. The main markets are France, the Middle East and North Africa (MENA), the United Kingdom, Germany and the United States.

Stillfront was founded in 2010 by CEO Jörgen Larsson. Stillfront's shares are listed on the Nasdaq Stockholm First North Premier Growth Market under the ticker SF.

Stillfront's Parent Company, Stillfront Group AB (publ) has its registered office at Sveavägen 9, SE-111 57 Stockholm, Sweden. The Company's corporate identity number is 556721-3078.

Stillfront's growth strategy is based on organic growth and carefully selected and executed acquisitions.

Key events in 2020

In January, Stillfront announced the acquisition of Storm8, Inc., a leading developer of mobile games across a variety of genres, headquartered in California. To finance part of the transaction, an extraordinary meeting of shareholders was held to approve an issue of set-off rights and of new shares for SEK 1.3 billion. Stillfront also secured a new SEK 1.6b revolving credit facility with a tenor of 3.5 years from Nordea Bank Abp, branch in Sweden, and Swedbank AB (publ) to finance part of the transaction. In addition, the same banks provided a SEK 500m loan facility with a tenor of 12 months for additional financial flexibility. The acquisition was finalized in February.

In January, the Company issued bonds for an additional SEK 500m under Stillfront's existing 2019/2024 senior unsecured bond loan, at a funding cost corresponding to Stibor 3m + 3.47 percent to maturity. After this issue, the total amount outstanding under the bond loan is SEK 1b.

In March, Clayton Stark was appointed Stillfront's Chief Technology Officer (CTO). Clayton Stark is also Studio Head at Kixeye.

In April, Stillfront announced the acquisition of Candywriter, LLC, a U.S. mobile games developer and publisher focusing on casual and mash-up games.

In April, Armin Busen was appointed Senior Vice President Business Operations, taking on the role in June.

In April, the Company launched War Storm, the Arabic-language version of Kixeye's mobile game War Commander: Rogue Assault, "Asefat Al-Harb," in collaboration with Babil Games and Goodgame Studios.

The Annual General Meeting in May re-elected Jan Samuelson, Birgitta Henriksson, Ulrika Viklund, Katarina G. Bonde, Erik Forsberg and Kai Wawrzinek to the Board of Directors. Jan Samuelson was re-elected Chairman of the Board. The meeting approved the Board's proposal to issue warrants that can be transferred on market terms to key personnel in the Group and also authorized the Board to decide, during the time until the next Annual General Meeting, to issue shares, convertible instruments and/or warrants corresponding to a dilution of no more than 10 percent, chiefly for acquisitions and funding. The meeting also approved three share issues directed to the sellers of the companies that Stillfront had previously acquired (Babil Games, Imperia Online and Playa Games).

In June, new shares were issued to institutional investors, in Sweden and abroad, and other eligible investors, raising gross proceeds of SEK 1,2b for Stillfront.

Following the publication in June of a bond prospectus, the Company's unsecured bonds totaling SEK 1,000m, carrying variable interest and maturing in 2024 were listed on the Corporate Bond List of Nasdaq Stockholm. Trading in the bonds commenced on Nasdaq Stockholm on June 24, 2020.

In September, Stillfront announced the acquisition of all shares in Nanobit d.o.o., a leading developer and publisher of mobile games based in Zagreb, Croatia. The studio focuses on narrative lifestyle role-play games (RPG), mainly aimed at the female gaming population. In September, 78 percent of the shares were acquired, and the company's earnings were consolidated as of October.

At Stillfront's Capital Markets Day in September, the Company announced an updated financial growth target: to achieve net revenue of SEK 10 billion during 2023 (compared to the previous goal of SEK 4 billion by year-end 2022). See also under the heading Financial targets.

In October, the Company announced the acquisition of all shares in Everguild Limited ("Everguild"), a fast-growing independent gaming studio focusing on collectible card games (CCGs). To date, Everguild has released two platform games in the CCG genre, Drakenlords and The Horus Heresy: Legions. Their first title, Drakenlords, is a cross-platform CCG with deep gameplay and accessible mechanics.

In December, Stillfront announced it had contracted for an unsecured revolving credit facility totaling SEK 3.75b, expiring in December 2023, to replace the secured credit facility for SEK 1.6b under a loan agreement from January 2020. The credit facility is provided by DNB Bank, Nordea Bank Abp, branch in Sweden and Swedbank AB.

An Extraordinary General Meeting in December resolved matters that included a stock split to increase the number of shares in the Company by dividing each existing share into 10 shares (10:1).

In December, Stillfront announced the acquisition of all shares in Sandbox Interactive GmbH, a fast-growing and profitable game developer in Germany and the developer and publisher of Albion Online, a popular free-to-play (F2P) sandbox MMORPG (massively multiplayer online role-playing game). Stillfront also announced the acquisition of all shares in Super Free Games, Inc., a fast-growing and profitable U.S. game developer focusing on best-in-class casual games including successful titles such as Word Collect, Word Nut and Trivia Star.

Revenue and profit/loss

Net revenue for 2020 totaled SEK 3,991m (SEK 1,967m), up 103 percent. The increase is mainly related to acquisitions together with stable organic growth across the Group.

Operating profit (EBIT) totaled SEK 993m (SEK 517m) for the full year. EBIT excluding items affecting comparability and amortization related to acquisitions equaled SEK 1,493m (SEK 645m), up 131 percent.

That corresponds to an adjusted EBIT margin of 37 percent (33 percent). The margin expansion is a result of a new genre mix in the game portfolio as well as well executed live operations. Items affecting comparability primarily consist of costs for acquisitions and mergers and for preparations for moving the share listing to the main market.

Profit after financial items totaled SEK 799m (SEK 454m), which included restatements of earnout consideration amounting to SEK 30m (SEK -14m) net.

Tax expense for 2020 was SEK 219m (SEK 113m), corresponding to 27 percent (25 percent) of profit/loss before tax. Excluding the impact of non-deductible transaction costs the tax rate for the full year would have been 24 percent.

Profit for the year was SEK 581m (SEK 341m).

Key ratios and alternative performance measures (APMs) are defined on page 133. To track financial ratios, see Note 30. For further information about the Parent Company's and Group's earnings and position, please refer to the statements of comprehensive income and financial position, summaries of changes in equity, cash flow statements and notes.

Cash flow and financial position

> Cash flow for the year amounted to SEK 729m (SEK 94m). Cash flows from operating activities totaled SEK 1,251m (SEK 484m). At year-end, cash and cash equivalents for the Group equaled SEK 1,005m (SEK 342m). Unutilized credit facilities were SEK 2,534m (SEK 522m). Cash and cash equivalents including unutilized credit facilities were SEK 3,539m at year-end (SEK 864m).

The adjusted proforma interest coverage ratio, defined as adjusted EBITDA (including acquired entities as if they had been acquired at January 1) divided by adjusted net financial items for the most recent 12 months, equaled 12.6 (11.7). For the proforma ratio, net financial items were adjusted for restatements of earnout consideration.

Net debt at 31 December divided by proforma adjusted EBITDA for the most recent 12 months (including acquired entities as if they had been acquired at January 1, was 0.9 (0.9).

Investments and depreciation

> During the year, the Group's investments in intangible assets totaled 444m (SEK 248m).

Investments included development of new games such as Pet Clinic and Game of Nations, as well as other not yet announced games. In addition, investments were made in a number of new games based on existing game engines as well as new functionality and content in existing games. No research and development is based on existing game engines in the Group besides development of software and the functionality and content in games.

Depreciation and amortization of SEK 560m (SEK 224m) was charged for the year.

Depreciation and amortization primarily pertain to intangible assets acquired by the Group in conjunction with the acquisition of subsidiaries and capitalization of product development expenses.

During the year, the Group increased intangible assets (capitalized product development expenses, goodwill and game rights) by SEK 7,458m. The Group's non-current liabilities increased SEK 3,282m. The increase in intangible assets was mainly attributable to business combinations. The change in non-current liabilities for the year is described in Note 21.

Parent Company

Group Executive Management functions and Group-wide services are provided via the Parent Company. Net revenues for the Parent Company during the year totaled SEK 119m (SEK 55m), and profit/loss before tax was SEK 150m (SEK –11m).

Financial targets

At the Capital Markets Day in September, Stillfront announced an updated financial growth target, while other financial targets remained unchanged. The financial targets are as follows.

Growth: Stillfront's updated target is to reach net revenue of SEK 10 billion by the end of 2023. The Group will expand based on organic growth and 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 the EBIT margin excluding amortization of purchase price allocation (PPA) items and items affecting comparability of net revenue. The adjusted EBIT margin may vary quarter to quarter mainly depending on the level of user acquisition and product development.

Leverage: The net debt/adjusted EBITDA ratio should not exceed 1.5. Proforma adjusted EBITDA is defined as the adjusted EBITDA including acquisitions and excluding items affecting comparability for the most recent 12 months. However, Stillfront may choose, under certain circumstances, to exceed this level for a brief period.

Shares and share capital

At December 31, 2020, the number of shares in Stillfront Group AB (publ) was 346,537,200. Shares in Stillfront Group AB (publ) have been listed on Nasdaq First North since December 8, 2015, and on Nasdaq First North Premier Growth Market since June 29, 2017. At December 31, 2020, the closing price was SEK 100.00 per share.

In December, a stock split was carried out that increased the number of shares in the Company by dividing each existing share into 10 shares (10:1 split). The split increased the number of shares in the Company to 346,537,200 shares, with a quotient value of SEK 0.07.

The largest shareholders at December 31, 2020, were Laureus Capital GmbH with 12.9 percent of the outstanding shares and votes, Swedbank Robur Holding with 9.0 percent, SEB Funds with 8.4 percent, Handelsbanken Funds with 5.6 percent and AMF Pension&Funds with 4.0 percent.

The articles of association contain no restrictions on the transferability of the Company's shares, such as post-transfer acquisition rights clauses, and no other circumstances of that type have been identified that the Company is liable to disclose under the provisions in chapter 6, section 2a, paragraphs 3–11 of the Swedish Annual Accounts Act.

Sustainability, employees and the environment

Stillfront's sustainability work is integral to all operations and is therefore part of the annual report. In accordance with the Swedish Companies Act, Stillfront has prepared a Sustainability Report; see pages 10–28. The Report covers the Parent Company and the Group's subsidiaries. In 2019, a sustainability framework was established as the platform for governance. The Code of Conduct is the main governance document. Risks pertaining to sustainability issues are integrated into the Group's work identifying and managing risks.

The average number of people employed in the Group was 896 (700), of whom 30 percent (26) were women. Stillfront is a knowledge-based company with highly educated employees in a flat organization in which everyone is encouraged to make a positive contribution to the business. Employees regularly participate in continuing professional training. At Stillfront, each individual is to be treated equally regardless of sex, ethnicity, religion, sexual orientation or disability.

Stillfront conducts no business operations in Sweden subject to licensing or registration under the Environmental Code. In every country, environmental requirements are applied to the business operations that, at a minimum, correspond to local environmental regulations, so far as they apply to the Group's operations. Stillfront provides digital entertainment, so there is no physical product in the value chain. Thus, the environmental impact is only indirect, in the form of energy consumption in conjunction with data traffic and data storage as well as travel.

Events after year-end

In January, Stillfront completed the acquisition of Super Free Games, Inc.

In February 2021, Stillfront entered into an agreement to acquire 100 percent of the shares in Moonfrog Labs, a rapidly growing independent game studio based in Bangalore, India, focusing on board and social card games, for an initial consideration of approximately USD 90m on a cash and debt free basis. The sellers are Moonfrog's joint founders and institutional investors. The consideration payable to the sellers is paid partly in cash and partly in shares in Stillfront. Moonfrog is consolidated into Stillfront's financial reporting from March 1, 2021.

Effects of Covid-19

A new business risk for many companies in 2020 is the spread of covid-19, which has had a significant negative impact on the world economy and many people's health. For Stillfront, however, Covid-19 has rather had a positive impact on revenues, as the Group has seen an accelerated gaming activity since the end of March 2020. The actions taken to prevent the spread of Covid-19, such as working from home and practicing social distancing, have had a positive impact on the global demand for digital entertainment. Stillfront has only had limited benefits of the government support offered in Sweden and many other countries. No requirement for impairment of assets or credit losses has been noted in the year resulting from the pandemic.

Risks and uncertainty factors

Stillfront has a model for risk management that aims to identify, control and reduce risks. The Board of Directors is responsible for the Group's risk management. Matters regarding risks associated with business development and long-term strategic planning are prepared by Executive Management and decided by the Board. A number of Group-wide policies form the basis for operational risk management in the organization. Critical risks in Stillfront's business environment are managed strategically through product and business development, and operationally through daily processes. For a more detailed description of Stillfront's risks and risk management, see Note 3 and the Risk management section on pages 30–33.

Future outlook

Stillfront's future development depends mainly on the development of our studios. In addition, trends in the gaming industry as well as the financial markets can have a significant impact on the Group's reported revenues and financial position.

Stillfront operates in a growing and profitable market and has communicated updated financial targets for 2021–2023 including a growth target for net revenue of SEK 10 billion by the end of 2023, an adjusted EBIT margin in the region of 35 percent and a net debt/adjusted EBITDA ratio not to exceed 1.5. Stillfront may, however, under certain circumstances decide to exceed the net debt/adjusted EBITDA ratio target during short time periods.

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 Annual Accounts Act (1995:1554). The Company applies the First North Rulebook and the Swedish Code of Corporate Governance (the Code).

Corporate governance is exercised through shareholders' meetings, the Board of Directors and the CEO. The Company's auditor, who is appointed by the Annual General Meeting, reviews the Company's accounts and the administration of the Company by the Board and the CEO.

According to Stillfront's articles of association, the Company's Board shall consist of at least three and no more than eight directors. All members of the Board are elected by the Annual General Meeting. In 2020, the Board held 46 meetings (17 the preceding year). For more information, see the Corporate Governance report on pages 34–48. The corporate governance report also contains disclosures about the most important elements of the Group's system for internal control and preparation of financial statements, on pages 42–43.

Guidelines for executive remuneration

Guidelines for remuneration of the CEO and executive managers are presented in Note 8. The Board's proposal to the 2021 Annual General Meeting is found below.

Board of Directors' proposal for guidelines for executive remuneration

These guidelines apply to remuneration and other terms of employment of the CEO and other individuals of the Executive Management of Stillfront Group AB (publ), corporate identity number 556721 3078. Subject to what is set out in the next paragraph, these guidelines shall also apply in relation to a member of the Board of Directors of Stillfront who receives any remuneration from the Company and any reference herein to the Executive Management and/or an executive shall for such purposes be deemed to also include such Board member. These guidelines do not apply to any remuneration decided or approved by the general meeting. The guidelines are forward-looking, that is, they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2021.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Stillfront's business strategy is to be a leading free-to-play powerhouse, offering long term first class digital entertainment through its global group of gaming studios. Organic growth and carefully selected and executed acquisitions embody Stillfront's growth strategy. For more information regarding the Company's business strategy, please see https://www.stillfront.com/en/about-the-company/. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The overall guidelines for remuneration to Executive Management shall be based on the position, the individual performance, the Company's earnings and that the remuneration shall be competitive.

TYPES OF REMUNERATION, ETC

The remuneration shall be on market terms and may consist of the following components: fixed salary, variable cash remuneration based on annual performance targets (bonus), pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed salary

The fixed salary shall be based on the individual's experience, field of responsibility and related to the relevant market. Fixed salary shall be revised annually.

Variable cash remuneration

The satisfaction of criteria for awarding variable cash remuneration shall be measured annually. The variable cash remuneration for an executive manager may, as the main rule, correspond to not more than fifty percent (50%) of the fixed annual cash salary. However, the variable cash remuneration may correspond to up to one hundred percent (100%) of the fixed annual cash salary of an executive manager if justified by remuneration structures or extraordinary arrangements in the individual case.

The variable cash remuneration shall be linked to predetermined and measurable criteria such as earnings, achievements in relation to the budget, the development of the Company's share price, fulfilled sustainability goals and personal performance.

The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Variable long-term incentive programs (LTIP)

Long-term incentive programs have been implemented in the Company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The LTIPs include the executive management and other key individuals of the Company and its subsidiaries. The programs are conditional upon certain holding periods of several years. For more information regarding these LTIPs, including the criteria which the outcome depends on, please see https://www.stillfront.com/en/remuneration/.

Pension benefits and other benefits

Pension benefits, including health insurance shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than thirty percent (30%) of the fixed annual cash salary.

Other benefits may include, for example, medical insurance and company cars. Such benefits shall be limited and not exceed five percent (5%) of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

TERMINATION OF EMPLOYMENT

Members of the Executive Management shall be offered employment terms in accordance with the laws and practices applicable to the country in which the employee is employed. Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one (1) year for any executive. When termination is made by the executive, the notice period may not exceed six (6) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies.

SALARY AND EMPLOYMENT CONDITIONS FOR EXECUTIVE MANAGEMENT

When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the Remuneration Committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the Executive Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the Remuneration Committee are independent of the Company and its Executive Management. The CEO and other members of the Executive Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

INFORMATION ON REMUNERATION RESOLVED BUT NOT YET DUE

There is no resolved remuneration that is not yet due.

DEROGATION FROM THE GUIDELINES

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

There has been no derogation from the remuneration guidelines resolved by the annual general meeting 2020.

Allocation of earnings proposed by the Board of Directors

> The Board of Directors proposes that the 2021 Annual General Meeting resolve to carry forward the profit for the year. Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions. The 2020 Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to repay a conditional shareholder contribution of SEK 2,205,184. See Note M17, page 122.

SEK	31 Dec. 2020
Share premium reserve	8,371,866,074
Profit/loss brought forward	- 125,905,177
Profit/loss for the year	100,369,924
Total	**8,346,330,821**
Carried forward	8,346,330,821
Total	**8,346,330,821**

Annual General Meeting

> The Annual General Meeting of Stillfront Group AB (publ), corporate identity number 556721-3078, will be held on May 11, 2021, at 4 pm, at the offices of DLA Piper Sweden, Sveavägen 4, in Stockholm.

Multi-year summary

GROUP

SEKm	2020	2019	2018	2017
Net revenues	3,991	1,967	1,325	913
Operating profit	993	517	353	116
Profit after financial items	799	454	265	116
Total assets	12,366	4,052	2,598	408
Shareholders’ equity	6,146	1,959	1,096	64

PARENT COMPANY

SEKm	2020	2019	2018	2017	2016
Net revenues	119	55	19	5	2
Operating profit	1	–8	–5	–7	–6
Profit after financial items	225	–86	–84	–18	–6
Total assets	13,299	5,358	4,461	370	350
Shareholders’ equity	8,371	3,850	3,315	234	212

Comparable numbers for 2016 and earlier are not available for the Group.

Consolidated Statement of Comprehensive Income

SEKm	NOTE	2020	2019
Revenues			
Net revenues	5,6	3,991	1,967
Capitalized work for own account		328	197
Other operating revenue	5	15	11
		4,334	**2,175**
Operating expenses			
Other external expenses	7,16	–2,160	–1,076
Personnel expenses	8	–616	–356
Depreciation, amortization and impairment	14,16,17	–560	–224
Other operating expenses		–6	–1
Total operating expenses		**–3,342**	**–1,657**
Operating profit		**993**	**517**
Profit/loss from financial items			
Financial income	9	12	90
Financial expenses	10	–205	–154
Net financial items		**–193**	**–64**
Profit after financial items		**799**	**454**
Profit before tax		799	454
Tax for the period	11	–219	–113
Net profit for the year		**581**	**341**
Other comprehensive income			
Items that later can be reversed in profit			
Change in translation reserve attributable to the translation of foreign operations		–1,081	20
Comprehensive income attributable to hedging of currency risks in foreign operations		348	–16
Tax on other comprehensive income		–80	0
Total other comprehensive income		**–814**	**4**
Total comprehensive income for the year		**–233**	**345**
Profit for the year attributable to:			
Equity holders of the Parent Company		580	338
Non-controlling interests		0	2
Comprehensive income for the year attributable to:			
Equity holders of the Parent Company		–233	342
Non-controlling interests		–1	3
Average number of shares	12		
Undiluted		324,161,085	252,379,530
Diluted		325,531,355	253,300,830
Earnings per share attributable to equity holders of the Parent Company			
Undiluted, SEK/share		1.79	1.34
Diluted, SEK/share		1.78	1.34

The number of shares and earnings per share are restated taking into account the 10:1 share split that took place in December 2020.

Consolidated Statement of Financial Position

SEKm	NOTE	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Intangible assets	14,15		
Game products		678	185
Licenses, market and customer related assets		761	37
Capitalized development expenditure		1,383	860
Goodwill		7,929	2,211
Right-of-use assets	16	84	57
Equipment, tools, fixtures and fittings	17	29	18
Deferred tax assets	11	31	90
Other non currents assets		11	0
Total non-current assets		**10,906**	**3,458**
Current assets			
Accounts receivable	18	270	150
Current tax asset		21	4
Other receivables		109	54
Prepaid expenses and accrued income	19	56	41
Cash and cash equivalents		1,005	342
Total current assets		**1,461**	**592**
TOTAL ASSETS		**12,366**	**4,052**

Continued

SEKm	NOTE	31 Dec. 2020	31 Dec. 2019
EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		24	18
Other paid-up capital		6,179	1,765
Other reserves		–808	4
Retained earnings incl. profit for the year		734	154
Total equity attributable to Parent Company shareholders		**6,129**	**1,942**
Non-controlling interests		17	18
Total shareholders' equity		**6,146**	**1,959**
Non-current liabilities			
Deferred tax liability	11	631	269
Bond loans	21	1,602	1,085
Liabilities to credit institutions	21	1,216	30
Other non-current liabilities	16,21	1,398	162
Other provisions	22	3	24
Total non-current liabilities		**4,850**	**1,570**
Current liabilities			
Liabilities to credit institutions	21	1	49
Accounts payable		74	84
Current tax liabilities		60	14
Other current liabilities	16,21,22,23	977	258
Accrued expenses and deferred income	24	259	118
Total current liabilities		**1,371**	**523**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,366**	**4,052**

Consolidated Statement of Changes in Equity

SEKm	Share capital	Other paid-up capital	Other reserves	Retained earnings incl. Profit of the year	Attributable to equity holders of the Parent Company	Non-controlling interest	Total equity
Opening balance, 1 Jan. 2019	16	1,247	1	–184	1,081	15	1,096
Profit for the year				338	338	2	341
Change in translation reserve attributable to the translation of foreign operations			20		20		20
Comprehensive income attributable to hedging of currency risks in foreign operations			–16		–16	0	–16
Total comprehensive income	**0**	**0**	**4**	**338**	**342**	**2**	**344**
New share issue	2	498			500		500
Issue expenses		–10			–10		–10
Issue for non-cash consideration	0	29			29		29
Total transactions with shareholders recognized directly against equity	**2**	**517**	**0**	**0**	**519**	**0**	**519**
Closing balance, 31 Dec. 2019	**18**	**1,765**	**4**	**154**	**1,942**	**18**	**1,959**
Opening balance, 1 Jan. 2020	18	1,765	4	154	1,942	18	1,959
Profit for the year				580	580		580
Change in translation reserve attributable to the translation of foreign operations			–1,081		–1,081	–1	–1,082
Comprehensive income attributable to hedging of currency risks in foreign operations			348		348		348
Tax on other comprehensive income			–80		–80		–80
Total comprehensive income	**0**	**0**	**–813**	**580**	**–233**	**–1**	**–234**
New share issue	4	2,533			2,537		2,537
Issue for non-cash consideration	2	1,903			1,905		1,905
Issue expenses		–57			–57		–57
Tax impact of issue expenses		12			12		12
Warrants		20			20		20
Employee share options		5			5		5
Repayment of shareholders' contribution		–2			–2		–2
Total transactions with shareholders recognized directly against equity	**6**	**4,414**	**0**	**0**	**4,420**	**0**	**4,420**
Closing balance, 31 Dec. 2020	**24**	**6,179**	**–808**	**734**	**6,129**	**17**	**6,146**

Consolidated Statement of Cash Flows

SEKm	NOTE	2020	2019
Operating activities			
Profit after financial items		800	454
Adjustment of non-cash items, etc.	26	660	205
Tax paid		–286	–118
Cash flow from operating activities before changes in working capital		**1,174**	**540**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		35	–45
Increase (+)/decrease (–) in operating liabilities		42	–11
Cash flow from changes in working capital		**77**	**–56**
Cash flow from operating activities		**1,251**	**484**
Investing activities			
Acquisition of operation, net of cash acquired	13	–4,273	–996
Purchase/sale of property, plant and equipment	17	–1	–7
Purchase of intangible assets	14	–462	–248
Cash flow from investment activities		**–4,737**	**–1,251**
Financing activities			
Proceeds from borrowings		1,800	514
Repayment of loans		–48	–114
Repayment of shareholders contribution		–2	–
Cash outflow lease agreements		–34	–23
Issue expenses		–57	–17
Warrants		20	0
New share issue		2,536	500
Cash flow from financing activities		**4,214**	**861**
Cash flow for the year		**729**	**94**
Cash and cash equivalents at beginning of year		342	246
Exchange rate difference in cash and cash equivalents		–66	3
Cash and cash equivalents at end of year		**1,005**	**342**

Parent Company Income Statement

SEKm	NOTE	2020	2019
Revenues			
Net revenues		119	55
Total revenues		**119**	**55**
Operating expenses			
Other external expenses	M2	–60	–41
Personnel expenses	M3	–53	–21
Depreciation, amortization and impairment	M7	–5	0
Total operating expenses		**–118**	**–62**
Operating profit		1	–8
Profit/loss from financial items			
Financial income, etc.	M4	366	3
Financial expenses, etc.	M5	–142	–81
Net financial items		**224**	**–78**
Profit after financial items		**225**	**–86**
Appropriations			
Group contributions		–75	75
Total appropriations		**–75**	**75**
Profit before tax		**150**	**–11**
Tax for the period	M6	–49	26
Net profit for the year		**101**	**16**
Parent Company Statement of Comprehensive Income			
Net profit for the year		101	16
Total comprehensive income		**101**	**16**

Parent Company Balance Sheet

SEKm	NOTE	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Licenses, market and customer related assets		7	3
Equipment, tools, fixtures and fittings		1	0
Financial assets			
Participations in group companies	M8	4,547	3,504
Receivables from group companies		8,034	499
Deferred tax assets	M6	1	26
Other financial assets		1	1
Total non-current assets		**12,592**	**4,033**
Current assets			
Receivables from group companies		558	1,296
Other receivables		15	13
Prepaid expenses and accrued income	M9	19	2
Cash and cash equivalents		115	15
Total current assets		**706**	**1,325**
TOTAL ASSETS		**13,299**	**5,358**

Parent Company Balance Sheet Continued

SEKm	NOTE	31 Dec. 2020	31 Dec. 2019
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital		24	18
Total restricted equity		**24**	**18**
Non-restricted equity			
Share premium reserve		8,372	3,957
Accumulated profit or loss		–126	–141
Profit/loss for the year		101	16
Total non-restricted equity		**8,347**	**3,832**
Total shareholders' equity		**8,371**	**3,850**
Provisions			
Other provisions	M11	631	125
Total provisions		**631**	**125**
Non-current liabilities			
Interest bearing liabilities	M10	2,205	1,085
Total non-current liabilities		**2,205**	**1,085**
Current liabilities			
Overdraft facility	M10	0	48
Other current provisions	M11	773	160
Accounts payable		7	5
Liabilities to group companies		1,274	76
Current tax liabilities	M6	12	0
Other current liabilities		2	1
Accrued expenses and deferred income	M11	25	9
Total current liabilities		**2,093**	**299**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,299**	**5,358**

Parent Company Statement of Changes in Equity

	Restricted equity	Non-restricted equity		
SEKm	Share capital	Share premium reserve	Retained earnings incl. profit of the year	Total equity
Opening balance, 1 Jan. 2019	**16**	**3,440**	**–141**	**3,315**
Profit for the year			16	16
Total comprehensive income	**0**	**0**	**16**	**16**
New share issue	2	527		529
Issue expenses		–10		–10
Total transactions recognized directly against equity	**2**	**517**	**0**	**519**
Closing balance, 31 Dec. 2019	**18**	**3,957**	**–125**	**3,850**
Opening balance, 1 Jan. 2020	18	3,957	–125	3,850
Profit for the year			101	101
Total comprehensive income	**0**	**0**	**101**	**101**
New share issue	6	4,435		4,441
Issue expenses		–57		–57
Tax impact of issue expenses		12		12
Warrants		20		20
Repayment of shareholders' contribution		–	–2	–2
Employee share options		5		5
Total transactions recognized directly against equity	**6**	**4,415**	**–2**	**4,421**
Closing balance, 31 Dec. 2020	**24**	**8,372**	**–25**	**8,371**

Parent Company Cash Flow Statement

SEKm	NOTE	2020	2019
Operating activities			
Profit after financial items		225	–86
Adjustment of non-cash items, etc.	M14	–299	26
Tax paid		1	0
Cash flow from operating activities before changes in working capital		**–73**	**–60**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		–19	1
Increase (+)/decrease (–) in operating liabilities		–21	–10
Cash flow from changes in working capital		**–40**	**–9**
Cash flow from operating activities		**–113**	**–69**
Investing activities			
Purchase of property, plant and equipment		–1	0
Purchase of intangible assets		–8	–2
Lending/net settlement to subsidiaries		122	–812
Acquisition of operation	M8	–3,374	–125
Payment, previous year's acquisitions		–75	0
Cash flow from investing activities		**–3,337**	**–940**
Financing activities			
New loans		1,101	513
Repayment of shareholders contribution		–2	0
Repayment of loan		–48	0
Issue expenses		–57	–17
Warrants		20	0
New share issue		2,536	500
Cash flow from financing activities		**3,550**	**996**
Cash flow for the year		**101**	**–12**
Cash and cash equivalents at beginning of year		15	26
Cash and cash equivalents at end of year		115	15

Notes

Note 1. General information

Stillfront Group AB (publ.), corporate identification number 556721-3078 and its subsidiaries (collectively termed the Group) are a Group of gaming studios with the vision of being a leading free-to-play powerhouse. Stillfront is active through nineteen studios: Babil Games, Bytro Labs, Coldwood Interactive, Dorado Games, eRepublik Labs, Everguild, Goodgame Studios, Imperia Online, Kixeye, Moonfrog Labs, Nanobit, OFM Studios, Playa Games, Power Challenge, Simutronics, Storm8 and Super Free Games.

The Parent Company is a limited company registered in Sweden, with its registered office in Stockholm. The address of the head office is Sveavägen 9, SE-111 57 Stockholm, Sweden. The Parent Company has been listed on Nasdaq First North, with the ticker SF, since December 8, 2015 and as of June 29, 2017, the share is traded on First North Premier Growth Market.

Stillfront's 2018/2022 bond, with ISIN code SE0011897925, and Stillfront's 2019/2024 bond, with ISIN code SE0012728830, are listed on Nasdaq OMX Stockholm.

The Board of Directors approved these consolidated accounts for publication on April 20, 2021.

Note 2. Critical accounting policies

The financial statements are presented in SEK, Swedish kronor, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m). 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.

Reclassifications without impact on net profit or shareholders' equity have been done retrospectively by restating amounts for 2019.

The critical accounting policies applied when preparing these annual accounts are stated below. The policies have been applied consistently for all years presented, unless otherwise stated. The Parent Company's accounting policies are consistent with the Group's unless otherwise stated. Any discrepancies are listed in Note M1.

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Stillfront's consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's (RFR) recommendation RFR1 Supplementary Accounting Rules for Groups, as well as the International Financial Reporting Standards (IFRS) and Interpretations from the IFRS Interpretations Committee as endorsed by the EU. The accounts have been prepared in accordance with acquisition accounting, apart from contingent considerations (earnout provisions), which are measured at fair value through profit or loss.

Preparing accounts consistent with IFRS requires the application of significant estimates for accounting purposes. This also requires Management to make certain judgements on the application of the Group's accounting policies. Estimates are of material significance to the consolidated accounts are stated in Note 4.

New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Cont. Note 2

– Definition of Material – amendments to IAS 1 and IAS 8.
– Definition of a Business – amendments to IFRS 3.
– Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.
– Revised Conceptual Framework for Financial Reporting.

The group also elected to adopt the following amendment early:
– Annual Improvements to IFRS Standards 2018-2020 Cycle.

The impact of applying the amended standards in 2020 is rather insignificant.

The new accounting rules in IFRS 16 Leases have been applied since the financial year 2019. In 2020, an amendment was made to IFRS 16 entailing certain practical expedients for lessees to account for covid-19-related temporary rent reductions. This amendment has not had a significant impact for Stillfront.

As of 2021, Stillfront will apply the amendments to IFRS 7 and IFRS 9 that are made in connection with the ongoing IBOR reform. There is a practical expedient whereby the replacement of the existing interest rate benchmark may be treated as any other change of a variable interest rate, as a modification of the effective interest rate without any change of the carrying value, and is not considered as a break of a hedging relationship.

There are no other already decided changes in accounting standards that are expected to have a significant impact on Stillfront's financial reports.

CONSOLIDATED ACCOUNTS

The consolidated financial statements cover the accounts of the Parent Company and the companies in which the Parent Company has a direct or indirect controlling interest, in accordance with IFRS 10 Consolidated financial statements. A subsidiary refers to an entity in which the parent directly or indirectly owns more than half of the voting rights or otherwise controls the investee. Control over an investee occurs when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is included in the consolidated financial statements from the date the investor obtains control of the investee, which normally coincides with the acquisition date. Consolidation ceases when control is lost.

Business combinations are accounted for according to IFRS 3 Business combinations.

At the time of an acquisition, the fair value of the identifiable assets and liabilities of the acquired operations is established. These fair values include participations in the assets and liabilities attributable to any remaining non-controlling interests in the acquired operations. Identifiable assets and liabilities include assets, liabilities, and provisions, as well as commitments and claims from external parties that are not recognized in the balance sheet of the acquired operations. Provisions are not to be made for coming restructuring measures that result from the acquisition. The difference between the consideration transferred for the acquisition and the acquired share in the fair value of net assets of the acquired operations is classified as goodwill and recognized in the statement of financial position. Any transaction costs related to an acquisition are expensed in the period in which they arise.

If the consideration is contingent on future events, it is initially measured at fair value. The subsequent measurement depends on the classification of the contingent consideration. If it is classified as an equity instrument, no subsequent re-measurement is to occur. If the contingent consideration is classified as a financial liability it is subsequently measured at fair value through profit and loss. For more information, see the separate section "Provision for earnouts/ contingent considerations" and Note 21 Interest-bearing debt.

Cont. Note 2

Under certain circumstances, the legal acquirer is treated as the Group subsidiary and the legally acquired subsidiary is treated as the acquirer. This is a 'reverse acquisition', which is when the consolidated accounts are prepared with the legal subsidiary as acquirer and the legal parent as the acquired entity. The purchase price allocation was prepared based on the legal parent's financial statements. The consolidated accounts were prepared as an extension of the legal subsidiary's financial statements. When judging which entity was the acquirer from a Group perspective, analysis is based on a number of factors, such as the relative voting-shares in the merged entity after the business combination, the composition of management bodies, the entities' relative sizes (measured by assets or revenues or earnings, for example). Stillfront's acquisition of the subsidiary Altigi GmbH was treated as a reverse acquisition in 2018.

In cases where all or parts of a purchase consideration are deferred, the future payments are discounted to present value at the acquisition date. The discount rate is the company's incremental borrowing rate, which is the interest rate the company would have paid to finance a loan for the corresponding periods, and on similar terms, or a risk adjusted interest rate, specific for the transaction.

If a business combination is conducted as a step acquisition, the previous equity interest in the acquired entity is restated to fair value at the time of consolidation as a subsidiary. Any gain or loss arising from the fair value adjustments is recognized through profit or loss.

Intragroup transactions, balance sheet items, revenues and expenses on transactions between group companies are eliminated. Gains and losses resulting from intragroup transactions that are recognized in assets are also eliminated. Where applicable, the accounting policies of subsidiaries have been amended to achieve a consistent application of the Group's policies.

Non-controlling interests in subsidiary earnings and equity are recognized separately in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position. If Stillfront is bound by an agreement to acquire the shares from the non-controlling shareholders, then the fair value of the future purchase price is recognized in the statement of financial position as a liability and not as a non-controlling interest.

Changes in participation in a subsidiary without change of controlling interest

Transactions with non-controlling interests that do not result in loss of control are recognized as equity transactions, i.e. as transactions with owners in their capacity as owners. A change in participation is recognized by restating the carrying amounts of the non-controlling interests so that they reflect changes in their relative participation in subsidiaries. On acquisitions from non-controlling interests, the difference between fair value of the consideration and the actual acquired participation in the carrying amount of the subsidiary's participations is recognized in equity. Gains and losses on sales to non-controlling interests are also recognized in equity.

TRANSLATION OF FOREIGN CURRENCY

Translation of items in foreign currency

Foreign currency is translated into an entity's functional currency at the exchange rate in effect on the transaction date.

The functional currency is the currency of the primary economic environment in which the Group entities operate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate prevailing at that date Foreign exchange differences arising on translation of monetary assets and liabilities are recognized in profit or loss for the year. Foreign exchange differences from monetary assets and liabilities designated as a hedging instrument under hedge accounting are recognized in other comprehensive income. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing at the date of the transaction.

Cont. Note 2

Financial statements of foreign subsidiaries

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's reporting currency, SEK, at foreign exchange rates at the closing rate at the date of the balance sheet. Revenues and expenses of foreign operations are translated to SEK at the period average exchange rates. Revenues and expenses of a foreign operation acquired in the year are translated to SEK at the average exchange rate during the period of ownership. Translation differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income and are accumulated in a separate component of equity, a translation reserve.

INTANGIBLE ASSETS

Intangible assets within the Group relates to goodwill, capitalized development expenditures, game products, market and customer related assets and licenses.

The Group recognizes intangible assets according to IAS 38 Intangible assets. Goodwill that arises upon acquisition of companies is recognized in accordance with the rules in IFRS 3.

The intangible asset is an identifiable, non-monetary asset in the Group's control which generates future economic benefits. An intangible asset is measured initially at cost.

An intangible asset can be recognized through a separate acquisition, as part of a business combination or be internally generated. Separately acquired intangible assets are measured at cost.

If an intangible asset is internally generated, it is classified as either in a research phase or in a development phase. When the development phase is reached, the Group recognizes the expenditures generated as intangible assets. The intangible asset due from development is only capitalized if the criteria's described under Capitalized development expenditure below are met.

Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in accordance with IAS 36 Impairment of assets.

Game products

The Group's game products derive from games that have been acquired through the acquisition of an operation. According to IFRS 3 Business combinations the fair value of the games is established on the acquisition date of the operation. Subsequently the value of the game products is carried at cost less accumulated amortizations and impairments. Game products are amortized on a straight-line basis over 5–10 years.

Market and customer related assets and licenses

The Group has acquired market and customer related assets through business combinations. The assets are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortizations and impairments.

The measurement of paying gamers (market and customer related assets) is allocated by game product and amortized over the same period as them. Market and customer-related assets are amortized over 3–10 years on a straight-line basis. On the sale of an entity, the amount of game products is included in the gain/loss arising.

Licenses have been acquired through subsidiaries and mainly consist of software licenses. The assets are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortizations and impairments. Licenses are amortized over 5–10 years. Amortization is on a straight-line basis over the estimated economic life of the assets.

Cont. Note 2

Capitalized development expenditure

The capitalized development expenditure items consist of technology acquired through business combinations and internally developed technology including game products.

The following basis of capitalization applies for internal development:

Expenditure for maintenance of software is expensed as it occurs. Development expenditure directly relating to the development and test of identifiable and unique software products (game development projects) that are controlled by the Group, are recognized as capitalized development expenditure when the following criteria are satisfied:
– technological feasibility for completing the asset for use or sale has been achieved,
– the entity intends to complete and use or sell the asset,
– the entity has the ability to use or sell the asset,
– the entity can demonstrate that the asset will generate probable future economic benefits,
– technical, financial, and other resources are available to complete development of the asset,
– the entity has the ability to reliably measure the expenditures.

Normally, the entity does not commence the development process before the above criteria are satisfied, which means that in most cases, capitalization is from the starting date.

Directly related expenditures that are capitalized mainly consist of expenditure for employees, external subcontractors, user testing and a reasonable portion of indirect expenses.

Intangible assets are recognized at cost less accumulated amortization and impairment. The cost of an internally generated intangible asset is the total of the expenditure arising from the date when the intangible asset first satisfies the above capitalization criteria.

Amortization begins when the asset is ready for use, which is the same date as the test launch is complete. Useful life is judged on the basis of the period the expected benefits are expected to flow to the Group.

The amortization of the capitalized expenditure is recognized on a straight-line basis and have been judged to have a useful life of 3–5 years.

Development expenditure that does not satisfy these criteria is expensed as it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods.

Goodwill

Goodwill are recognized according to IFRS 3 Business combinations and IAS 38 Intangible assets.

Goodwill is the value by which the purchase price exceeds the fair value of the net assets acquired in a business combination. Goodwill, which has an indefinite useful life, is not amortized but is tested for impairment annually, or upon indication of impairment in accordance with IAS 36 Impairment of assets.

Goodwill recognized within the Group emerges from the business combinations. Goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies from the business combination.

An assessment is made at the end of each reporting period whether there is any indication that goodwill may be impaired. If any such indication exists, the recoverable amount of the cash-generating unit shall be estimated. Goodwill is tested at least annually for impairment or more frequently if indicators of impairment exist. Any impairment is recognized immediately as an expense and not reversed. The current cash-generating units identified for impairment testing of goodwill comprise of Stillfront Group AB as one cash generating unit.

Cont. Note 2

LEASES

Stillfront applies IFRS 16 Leases from January 1, 2019.

All leases, except leases with a term of less than 12 months and leases where the underlying asset is of low value, are recognized in the statement of financial position as right-of-use assets, and interest-bearing lease liabilities.

Almost all IFRS 16 leases are lease contracts on office premises and are classified as right- of- use assets due to buildings. Stillfront has a few other leases such as office equipment, IT-equipment, cars and other. These other leases are grouped together and classified as others.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

A contract is a lease if it conveys the right to control the use of an identified asset during a specific time period in exchange for consideration. The lease term is the non-cancellable period of the lease, taking into consideration any extension or termination option for the contract and whether it is reasonably certain that this option will be exercised. The lease term in a contract is not extended until the agreement is signed by both parties if both the lessor and the lessee have the right to terminate the contract without penalties.

Contracts may contain both lease and non-lease components. Stillfront separates non-lease components such as service charges, property tax, electricity, water, heating etc. in a contract, and does not include the non-lease component in the calculation of the value of the right-of-use where it is possible to separate such costs.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date. The lease payments include variable lease payments that depend on an index or a rate.

Rights of use of buildings, office equipment and other leases are depreciated over the lease term.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The new updated Stillfront incremental interest is recalculated and used as a discounted rate when a new lease agreement is signed within the Group.

The Parent Company applies the exception from application of IFRS 16 Leases. Leasing costs are charged to profit and do not impact the balance sheet. Lease payments are recognized on a straight-line basis over the term of the lease.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported in accordance with IAS 16 Property, plant and equipment.

Tangible assets are recognized using the cost method. Measurement after recognition is cost less depreciation and any potential impairment. The tangible assets in the Group comprise of equipment, tools, fixtures and fittings which are depreciated on a straight-line basis over 3–15 years. The useful lives as well as the residual value for the tangible assets are reviewed annually. If any decreases of the useful life are detected, the Group will also test the asset for impairment.

Cont. Note 2

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of a replaced part is derecognized from the balance sheet. All other forms of repair and maintenance are recognized as costs in the period in which they occur.

The residual values and useful lives of assets are tested at each reporting date and restated as required. The carrying amount of an asset is depreciated immediately to recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on sale are determined through a comparison between sales revenue and the carrying amount and are recognized in other operating income and other operating expenses in the Income Statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets are tested for impairment in accordance with IAS 36 Impairment of assets.

The assets that are tested for impairment on a regular basis within Stillfront relate to goodwill and capitalized development expenditures that are under development. For the Group's other non-financial assets, an impairment test is performed if there is any indication that the carrying amount exceeds the recoverable amount for the asset.

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not amortized but tested annually for any impairment requirement. Assets that are depreciated or amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying value might not be recoverable. An impairment is made for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and value in use. For assets (other than goodwill) previously impaired, a test for reversal is conducted at each reporting date.

The recoverable amount of goodwill is based on value in use, which is the present value of the expected future cash flows without regard to potential future expansions of operations and restructuring. When goodwill is tested for impairment, the assets are grouped in cash generating units. The current cash generating units identified for impairment testing of goodwill comprise of Stillfront Group AB as one cash generating unit.

FINANCIAL ASSETS

Stillfront applies IFRS 9 Financial Instruments, except for the hedge accounting requirements in IFRS 9, where the Group has chosen to continue to apply the hedge accounting requirements in IAS 39.

Recognition and derecognition

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provision of the instrument. Transactions of financial assets are accounted for at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognized when the Group has an unconditional right to consideration. Liabilities are recognized when the other party has performed and there is a contractual obligation to pay.

Derecognition, fully or partially, of a financial asset occurs when the rights in the contract have been realized or mature, or when the Group no longer has control over it. A financial liability is derecognized, fully or partially, when the obligation specified in the contract is discharged or otherwise expires. Gains and losses from derecognition or modifications are recognized in profit or loss.

Cont. Note 2

CLASSIFICATION OF FINANCIAL ASSETS

Classification and measurement of financial instruments

Financial instruments are recognized in the financial statement as current if they are expected to be settled within twelve months. Contrary, if financial instruments are not expected to be settled within twelve months, they are classified as non-current. Liabilities that are due within twelve months, or do not have an unconditional right to defer settlement for at least twelve months, are classified as current. The current portion of long-term liabilities is presented as other current liabilities.

Financial instruments are classified at initial recognition. The classification decides the measurement of the instruments.

Financial assets

The classification of financial assets that are debt instruments is based on the entity's business model for managing the assets and the asset's contractual cash flow characteristics. The instruments are classified at:
– amortized cost,
– fair value through other comprehensive income (FVOCI), or
– fair value through profit or loss (FVTPL).

Financial assets at amortized cost are at initial recognition measured at fair value including transaction costs. After initial recognition, they are measured at the effective interest rate method. Assets classified at amortized cost are held under the business model of collecting the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The assets are subject to a loss allowance for expected credit losses.

Debt instruments measured at FVOCI are assets held both for selling and collecting contractual cash flows that are solely payment of principal and interest. Such instruments are measured at fair value with the changes in values recognized in other comprehensive income until derecognition when they are reclassified to profit or loss. Instruments at FVTPL are all other debt instruments that are not measured at amortized cost or FVOCI. Financial instruments in this category are recognized at fair value at initial recognition and changes in fair value are recognized in profit or loss.

Equity instruments are classified at FVTPL unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to classify them at FVOCI with no subsequent reclassification to profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost, except when the liability refers to a financial instrument at fair value through profit or loss, such as a derivative, or a provisions for earnouts that are recognized by an acquirer in a business combination in accordance with IFRS 3. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Financial liabilities at amortized cost are at initial recognition measured at fair value including transaction costs. After initial recognition, they are measured at the effective interest rate method.

ACCOUNTS RECEIVABLE

Accounts receivable are amounts to be paid by customers for goods sold or services rendered in operating activities. Sales to end-customers are either via platforms owners, mainly Apple and Google for mobile games, or payment providers such as credit card companies, PayPal and WorldPay. Payments from platform owners and payment intermediaries are executed after the end-customer (gamer) has made a purchase. If payment is expected within one year or earlier (or during a normal business cycle if longer), they are classified as current assets. If not, they are recognized as non-current assets.

Cont. Note 2

CASH AND CASH EQUIVALENTS

In the balance sheet and statement of cash flows, cash and cash equivalents include cash, bank balances and other investments in securities, etc. In the balance sheet, the overdraft facility is recognized as loan liabilities in current liabilities. Stillfront does not hold any material investments in securities, etc. for the financial year.

ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they become due within one year or earlier (or during a normal business cycle if this is longer). If not, they are recognized as non-current liabilities.

BORROWING

Bond loans, overdraft facilities, other credit facilities, and contingent considerations (earnout provisions) are recognized as borrowings in the Group.

Borrowing is initially recognized at fair value net of transaction costs. Borrowing is subsequently recognized at amortized cost and any difference between the amount received (net of transaction costs) and the repayment amount is recognized through profit or loss allocated over the loan term, by applying the effective interest method.

PROVISION FOR EARNOUTS/ CONTINGENT CONSIDERATIONS

Stillfront has liabilities pertaining to contingent considerations from acquisitions. Contingent considerations are settled with cash or shares in Stillfront, based on an amount in SEK, which is determined by the terms and conditions in the agreement.

Considerations are classified as a financial liability. If the contingent consideration is expected to be settled within twelve months of the reporting date, it is classified as a current liability and if it is estimated to be settled after twelve months, it is classified as a non-current liability. Contingent consideration is referred to as provisions for earnout. This liability is measured at fair value, and changes in value are recognized in profit or loss as financial net. The liability is part of a hedging relationship, and therefore currency translation differences are recognized in other comprehensive income whereas other fair value changes are recognized in net financial items.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are reported in accordance to IAS 37 Provisions, contingent liabilities and contingent assets. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

HEDGE ACCOUNTING

Stillfront applies hedge accounting to some of its net investments in foreign operations. As of its treasury policy, Stillfront finances its foreign operations partly in currencies other than the functional currency of the Parent Company (SEK). Liabilities in foreign currency other than the functional currency of the Parent Company (SEK), including contingent considerations, are used as hedging instruments. To the extent a gain or loss (currency translation effect) on the hedging instrument is

Cont. Note 2

measured as an effective portion of hedging, it is recognized in other comprehensive income. Hedge accounting is performed under IAS 39. Stillfront does not apply cash flow hedges or fair value hedges.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

CURRENT AND DEFERRED INCOME TAX

Income taxes are reported in accordance to IAS 12 Income taxes.

Income tax consists of current tax and deferred tax. Income tax is recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity, or a business combination. In such case, tax is also recognized in other comprehensive income and equity.

Deferred tax assets and liabilities are only offset when there is a legal right to offset the tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to taxes charged by the same taxation authority, and are either for the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments.

Current tax is tax to be paid or received with respect to the current year, or adjustments of current tax attributable to prior periods. Current income taxes are based on each entity's taxable income for the period. This item includes adjustments for current income tax attributable to previous periods.

Deferred tax is reported in accordance with the balance sheet method on all temporary differences arising between reported and fiscal values of assets and liabilities. Deferred tax on temporary differences are not recognized if it occurs due to initial recognition of goodwill. Deferred tax is calculated using tax rates that are adopted or announced as of the balance sheet date and that are expected to apply when the deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets related to deductible temporary differences and loss carryforwards are recognized only to the extent that it is likely that they can be utilized. The value of the deferred tax asset is reduced when it is no longer considered probable that they can be utilized.

Deferred tax assets are recognized to the extent it is likely that future taxable surpluses will be available that the temporary differences can be used against.

EMPLOYEE BENEFITS

The IAS 19 Employee benefits standard requires an entity to recognize a liability when an employee has provided service in exchange for employee benefits to be paid in the future, and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. If an employee receives share-based payments, such transactions are not within the scope of IAS 19 but instead IFRS 2 Share-based payments.

The fair value of employee stock options allotted to staff is calculated at issue according to the Black & Scholes valuation model. The value is recognized as a personnel cost in the profit and loss statement, over the vesting period, with a corresponding increase in shareholders' equity.

Cont. Note 2

Short term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled within twelve months after the end of the annual reporting period in which the employees render the related service.

Short-term employee benefits within the Group refer to salary, social security contributions, vacation pay and bonuses. These are all expensed in the period in which the employees render the services. Provisions for bonuses are allocated with the full expected amounts, which are then adjusted to reflect the actual outcome.

Long-term employee benefits

Post-employment benefit plans are classified either as defined contribution or defined benefit plans. Under a defined contribution plan, the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits.

Defined contributions plans are expensed when employees provide services entitling them to the contribution.

Defined benefit plans are plans where it is the Group's obligation to provide agreed benefits to current and former employees.

There are no defined benefit pension plans in the Group.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

The Group recognizes a liability and an expense for termination benefits when it no longer can withdraw the offer of those benefits.

REVENUE FROM CONTRACTS WITH CUSTOMERS

According to IFRS 15 Revenue from contract with customers, an entity shall recognize revenue when the customer gains control over the sold goods or services. The standard includes a five-step model for recognizing revenue. The standard also provides application guidance specific to the recognition of revenue for licenses of intellectual property.

Stillfront's revenues come from game experience delivered to players primarily in so-called free-to-play games, where the Group charges for virtual goods, subscriptions, advertising and contracting. Net revenues are calculated by adjusting payments received for deferred revenues.

Platform fees to suppliers like Apple or Google are deducted when payments is made to Stillfront, but are reported in the profit and loss statement as operating expenses and not as revenue reductions.

Timing of revenue recognition in the income statement is described below.

Free-to-play games

The games within Stillfront are essentially so called free-to-play games. This means that the base platform can be used by a player without paying an entry fee. The player can play the games without paying a license fee. The revenue occurs instead when a player makes in game purchases to access additional content, functions, features or advantages in the games.

Cont. Note 2

All games have different characteristics which can differ between studios and also within studios. Hence the standard terms may differ based on the specifics of a game.

A player buys In Game Currency (IGC). This virtual money/currency or tickets (referred to as “virtual currency”) can be used to get different types of “virtual goods” i.e. different types of tools to use in the games or services in-game. A virtual good can be used either immediately or unlimited over the playing time (the playing time can be either unlimited or limited in time). In addition, vouchers can be used for so-called “subscriptions” which means that the player uses his voucher to access various functions for a limited amount of time.

The Group’s contracts contain two distinct performance obligations (PO):

– Virtual goods (additional tools to use when playing) if there is selling price to a virtual item that has been paid for.
– Purchased subscriptions (additional functionality and features to use when playing).

Each PO is priced separately which constitutes the stand-alone selling price for each PO. The access to the game platform is considered a license “to access” the game. However, as the game is free-to-play, the satisfaction of this PO does not result in any revenue recognition. Virtual goods and subscriptions are evaluated either as licenses “to use” or “to access” Stillfront’s intellectual property. Revenue is, hence, recognized at the point in time when a player uses a virtual currency as payment for the virtual goods if the benefit that the player receives from the license is considered as basically immediate and without further obligations for Stillfront, or over the estimated time during which the virtual goods and subscription are delivered under the license if they are considered to benefit the player going forward. If the virtual goods or subscription do not depend on Stillfront’s future maintenance of the game platform, and hence no obligation, then this corresponds to a classification of the license as “to use”.

Bookings

Gamers can pay real money or they use in-game purchases to acquire IGC. Such a transaction is referred to as a booking. Revenue is as described above recognized when the gamer uses the IGC to acquire virtual goods or premium subscriptions. To measure the portion of the payment received that is deferred income, i.e. advance payments from gamers, requires certain estimates and judgements of a gamer’s activity. Gamers are classified as inactive after a period of inactivity in each game. The length of these periods is determined by game based on gaming patterns. After a gamer has been classified as inactive, the value of this player’s advance payment is recognized as revenue.

Gifted items

Stillfront’s free-to-play games are based on the player acquiring IGC by paying real money and using such IGC to acquire virtual goods or premium subscriptions. Some offers to the gamers contain a combination of IGC and free in-game virtual items (“Gifted Items”). Reliably determining the value of the gifted items is challenging as some items are only available as gifts and other may be priced differently based on volume and/or bundling. As all in-games items are virtual, there is no guide to value the items based on the production cost. The Group has analyzed the gifted items and concluded that the value of the gifted items is not material, and that reliably determining the amount of revenue relating to the gifted items is not possible. Therefore, no revenue is allocated to the gifted items.

The license to use the game on the base platform means gamers can access all updates of the game. Stillfront’s opinion is that this license should be treated as the right to access the game platform in its current form throughout the license term, which would involve revenue recognition over time, i.e. allocation over the term of usage. However, the price of this license is zero, which means that no policy for revenues needs to be adopted.

Cont. Note 2

Other games related revenues

In-game advertising revenues are recognized when they occur i.e. when a player watches or consumes an ad in the games.

Contracting

Contracting involves Stillfront developing a game for a publisher independent of Stillfront. Typically, contracting assignments involve two payment components from the publisher to Stillfront. One is based on the labor involved in building the game, and the second is sales-based royalty.

Stillfront's development for an independent publisher is considered a distinct performance obligation that is satisfied over time. The labor from Stillfront in these types of projects is typically constant, or almost constant, over the lifetime of the project. Revenue relating to the development is recognized in accordance with an input method which means that the revenue is recognized linearly as the input is constant over the lifetime of the project.

Royalty is recognized in the period that is the basis for computing royalties, in accordance with the guidance for sales-based royalties in IFRS 15. The amount of royalties recognized is consistent with what is documented in a royalty statement issued by the publisher. The purchase of subscriptions should also be treated in the same way as purchasing virtual goods, i.e. revenue recognition is when IGC is used as payment for the subscription.

OTHER TYPES OF REVENUE

Interest income is recognized using the effective interest method. Dividends are recognized when the right to receive dividend has been verified.

CASH FLOW STATEMENT

The Cash Flow Statement has been prepared in accordance with the indirect method. Recognized cash flow only covers transactions involving payments received or made. The company's cash and cash equivalents consist of cash and bank balances.

EARNINGS PER SHARE

IAS 33 Earnings per share deals with principles for the determination and presentation of earnings per share before and after dilution. Basic earnings per share are computed by dividing earnings attributable to equity holders of the parent by a weighted average number of outstanding ordinary shares.

For computing diluted earnings per share, the weighted average number of outstanding ordinary shares is restated for the dilution effect of all potential ordinary shares. The Parent Company has issued share options that have a potential dilution effect. For share options, the number of shares that could have been purchased at fair value for an amount corresponding to the monetary value of the subscription rights associated with outstanding share options is computed. The number of shares computed as above is compared to the number of shares that would have been issued assuming that the share options had been exercised. However, options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options, i.e. if they are in the money. Currently, Stillfront has share warrants that may cause dilution. Additionally, potential ordinary shares only give rise to a dilution effect in cases where the conversion of them results in lower earnings per share or a higher loss per share.

Cont. Note 2

SEGMENTS

Stillfront's operations are conducted through its subsidiaries. Subsidiary Presidents report to the members of group management team, whose members report directly to Stillfront's CEO or COO. However, operational monitoring is focused on individual games rather than the subsidiaries themselves.

Stillfront markets its games worldwide. Revenues are monitored closely for each game, but all costs are not allocated on a game by game basis. Additionally, games have certain shared components that cannot be allocated to an individual game. Accordingly, Stillfront's financial position and results of operations cannot be presented by segments in a way that would improve analysis of the company.

The CEO is Stillfront's Chief Operating Decision Maker (CODM). Monitoring and management of the Group is based on the Group's overall financial position, because as stated above, it is not possible to allocate operations into segments that are meaningful from a monitoring/management perspective. Accordingly, all operations are treated as a single segment.

PARENT COMPANY ACCOUNTING POLICIES

See Note M1.

Note 3. Financial risk management

Through its operations, the Group is exposed to a number of financial risks such as market risk (mainly involving currency risk and interest rate risk), credit risk and liquidity risk. Risk management is in accordance with predetermined principles, and the Group's overall risk management policy endeavors to minimize unforeseen unfavorable effects on the Group's results of operations and financial position.

CURRENCY RISK

The Group operates internationally and is exposed to currency risks from various currency exposures. Currency risk arises through future business transactions, recognized assets and liabilities, as well as net investments in foreign operations. Currency risk occurs when future business transactions, recognized assets and liabilities are denominated in currencies other than the functional currency of the Group entities. In the financial years presented, the Group has not employed currency forward contracts. The currency exposures in net assets in foreign subsidiaries are partly hedged by having external loans in the parent company denominated in the same currencies, where hedge accounting is applied when the loans constitute an effective hedge of the Group's exposure. The main currencies the Group is exposed to are EUR and USD. The Group's risk exposure in net investments in foreign operations the end of the financial year, expressed in Swedish krona (SEK m), was as follows:

NET INVESTMENTS IN FOREIGN OPERATIONS BY CURRENCY

	31 Dec. 2020		31 Dec. 2019	
SEKm	Net assets	Thereof hedged through loans in foreign currency	Net assets	Thereof hedged through loans in foreign currency
EUR	4,626	1,257	1,112	215
USD	5,493	2,006	1,077	146
Other foreign currencies	1,455	56	256	0

Cont. Note 3

CONSOLIDATED NET REVENUES IN FOREIGN CURRENCY

SEKm	2020	2019
EUR	1,423	1,245
USD	2,254	594
Other foreign currencies	184	50
SEK	130	78
Total net revenues	**3,991**	**1,967**

CONSOLIDATED EBITDA

SEKm	2020	2019
EUR	638	546
USD	832	144
Other foreign currencies	49	31
SEK	34	20
Total EBITDA	**1,553**	**741**

If the EUR exchange rate had been 5 percent higher or lower versus the SEK with all other variables constant, EBITDA would have been SEK 32m (SEK 27m) higher or lower respectively, and the impact on equity would have been SEK 168m (SEK 46m).

If the USD exchange rate had been 5 percent higher or lower versus the SEK with all other variables constant, EBITDA would have been SEK 42m (SEK 7m) higher or lower respectively, and the impact on equity would have been SEK 174m (SEK 47m).

Currency hedging of net investments in foreign operations had an impact on other comprehensive income for the year of SEK 268m (SEK -16m) net of tax.

INTEREST RATE RISK

Interest rate risk means the risk that fair value or future cash flows fluctuate due to altered market interest rates. The interest risk is managed by funding the Group with loans that have an interest rate fixing maturity which reflects the duration profile of the assets and the business. The average interest rate duration of the loan portfolio should be between 3 and 36 months. At year-end, the outstanding loans had an interest rate duration of 3 months. The Group has during the year had outstanding bond loans amounting to up to SEK 1,600m and liabilities to credit institutions of SEK 1,217m at year end. The Group has STIBOR based interest bearing liabilities and the bond loans have STIBOR as the basis of their coupon rate. A 2 percent increase in STIBOR based on the value at year-end would negatively impact profit by SEK 56m. The risk of variable interest rates on cash and cash equivalents is considered marginal because interest rates are low, and in certain cases, negative.

The IBOR transition may affect the Group in various ways. LIBOR is scheduled to cease to be published by year end 2021 and liquidity for new LIBOR products is expected to diminish gradually. Agreements currently based on LIBOR may need to be amended to include new benchmark rates. EURIBOR and STIBOR are expected to remain the predominant market standard for loans and bonds in the relevant currencies for the foreseeable future, with new risk-free rates available as alternative benchmarks.

Cont. Note 3

PRICE RISK

Financial liabilities measured at fair value

The Group has contingent considerations/ provisions for earnouts measured at fair value. If future EBIT assumptions used in fair value measurement increase (decrease) 5 percent for those operations where contingent considerations have been measured for payment based on performance in 2021 to 2024, this would impact net profit by SEK -43m (SEK 53m) at the date of fair value measurement.

CREDIT RISK

Credit risk means exposure to receivables in the form of investments of surplus liquidity and accounts receivable. The Group's accounts receivable and contract assets are limited when the majority is paid advances and repayments are only made to a very limited extent. The Group's counterparties are stable and reputable companies such as Apple, Google, PayPal and credit card companies. Accordingly, the Group judges that the risk of bad debt is limited.

The largest total exposure to all financial instruments with a single bank was SEK 197m (SEK 106m).

MAXIMUM EXPOSURE TO CREDIT RISK

	GROUP	
SEKm	31 Dec. 2020	31 Dec. 2019
Accounts receivable	270	150
Contract assets (accrued income)	17	41
Other receivables	109	54
Bank balances	1,005	342
Total	**1,401**	**587**

LIQUIDITY RISK

Liquidity risk means the risk that the Group encounters problems in fulfilling the obligations relating to the Group's financial liabilities. Financing risk means the risk that the Group is unable to arrange sufficient finance for a reasonable cost. To a significant extent, the Group finances its operations with new share issues, bond loan issues and bank facilities. New operations are partly financed through earnouts, i.e. parts of payments are deferred, and these amounts are computed on the basis of the acquired entity's estimated future financial performance. To minimize liquidity risk, all earnout agreements include caps on maximum payouts.

The following tables analyze the Group's financial liabilities allocated by the time remaining until agreed due dates on the reporting date. The amounts stated in the table are contractual undiscounted cash flows. The provision for earnout presented in the below table is partly settled in new issued Stillfront Group shares (SEK 272m with maturity 3–12 months and SEK 536m with maturity 1–5 years).

MATURITY ANALYSIS OF CONTRACTUAL PAYMENTS FOR FINANCIAL LIABILITIES

SEKm	0–3 Mth.	3–12 Mth.	1–5 Yr.	>5 Yr.
Bond loans	19	58	1,747	–
Contingent consideration for shares in subsidiaries	–	789	1,739	–
Lease liabilities	7	23	53	10
Other liabilities	1	–	1,216	–
Accounts payable	74	–	–	–
Total	**101**	**870**	**4,755**	**10**

Cont. Note 3

CAPITAL

The Group's target for its capital structure is to safeguard the Group's ability to continue its operations so that they can generate returns for shareholders and benefit other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or alter its capital structure, the Group can alter dividends paid to shareholders, repay capital to shareholders, issue new shares, increase liabilities or sell assets to reduce liabilities. Capital is estimated based on the Group's equity/assets ratio. The company's Board of Directors and Management continuously evaluates the Group's long-term need for capital and finance alternatives.

The bonds issued in 2018 and 2019 have no financial maintenance covenants, only financial incurrence covenants. The company has also arranged credit facilities with banks. Some of these facilities have covenants regarding leverage, all of which were satisfied during the year.

Fair value measurement

The following table illustrates how financial instruments measured at fair value on the basis of classification in the fair value hierarchy. The different levels are defined as follows:

Level 1: Quoted prices of identical assets or liabilities on active marketplaces.

Level 2: Observable data for the asset or liability other than listed prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. sourced from price quotations).

Level 3: Data for the asset or liability not based on observable market data (i.e. non-observable data).

The following table illustrates changes in fair value adjustments for instruments in level 3:

SEKm	Level 1	Level 2	Level 3
Financial liabilities			
Contingent considerations			
Opening balance, 1 Jan. 2019			404
Acquisition of operation in the year			46
Settled in the year			–126
Changes in fair value			–14
Other fair value changes (currency/interest)			21
Closing balance, 31 Dec. 2019	**–**	**–**	**331**
Acquisition of operation in the year			2,144
Settled in the year			–155
Changes in fair value			30
Other fair value changes			–247
Closing balance, 31 Dec. 2020	**–**	**–**	**2,103**

Note 4. Critical accounting estimates and judgements

> Stillfront's financial statements are prepared in accordance with IFRS. This means that the preparation of financial statements and application of accounting policies are often based on estimates and assumptions considered reasonable and well-balanced at the time they are made. However, given other judgements, assumptions and estimates, results of operations may differ, and events may occur that require material fair value adjustments of the carrying amounts of the affected asset or liability. The critical segments where estimates and judgements have been made, assessed to have the most impact on the financial statements, follow.

CAPITALIZATION AND IMPAIRMENT TESTS OF DEVELOPMENT EXPENDITURE

The timing of capitalization of development; the Group's expenditure for game development is capitalized when games are sufficiently technologically specified to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience of previous games.

Incomplete development because the Group's capitalized expenditure for development has not yet commenced amortization (as yet unready for use), it is subject to yearly impairment tests. The most important underlying assumption of these estimates may alter, and accordingly, have a material impact on the Group's results of operations and financial position. The carrying amount of capitalized development expenditure is stated in Note 14.

IMPAIRMENT TESTS OF GOODWILL AND OTHER ACQUISITION-RELATED ASSETS

Each year, Stillfront investigates whether goodwill and other acquisition-related assets are impaired pursuant to the accounting policies stated in Note 2. Measurement is conducted in tandem with impairment tests based on estimates and assumptions. The critical assumptions underlying these judgements are the growth rate, free cash flow and discount rate. Estimates other than those management conducted may result in completely different results of operations and a different financial position. For more information see Note 15.

DEFERRED TAXES, INCOME TAX AND VALUE ADDED TAX

Deferred tax assets and liabilities are recognized for temporary differences and for tax loss carry forwards. Stillfront's deferred tax assets is attributable to tax loss carry forwards, deferred income and lease liabilities. The deferred tax liabilities are attributable to capitalized development costs. The valuation of temporary differences and tax loss carry forwards is based on management's estimates of future taxable profits in different tax jurisdictions and are primarily based on business plans.

Tax assets that derive from tax loss carry forwards have been generated in loss making subsidiaries. The tax losses have been assessed to be able to be utilized against future taxable income. New assessments are done on a regular basis based on the current estimated future ability to utilize the deferred tax assets. Assessment regarding future utilization of tax loss carry forwards can change over time which can impact recorded tax expense in profit or loss. Carrying amounts at each reporting date are stated in Note 11.

Accounting for income tax and value added tax is based upon evaluation of income and value added tax rules in all jurisdictions where the Group performs activities.

The Management regularly participates in the judgements of transactions and estimates of probable outcomes in fiscal matters.

ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS)

The measurement of identifiable assets and liabilities in acquisitions of operations includes items in the acquired entity's Balance Sheet, and various types of item that have not been recognized in the acquired entity's Balance Sheet, such as intangible assets. Firstly, intangible assets that may have value need to be identified, such as game products, other technical processes and market-related assets, for example.

Cont. Note 4

Normally, there are no quoted prices for the assets and liabilities to be measured, and accordingly, different measurement techniques must be applied. These techniques are based on differing assumptions such as future cash flows, growth rates for revenues, EBIT margins as well as tax rates and discount factors in different countries. Measurements of this kind involve a high degree of estimation, which all need thorough examination, measurement and analysis. This also means that preliminary measurement may need to be conducted, and subsequently restated. All acquisition measurements are subject to final fair value adjustments by no later than one year after the acquisition date. In acquisitions, an acquirer also needs to be identified, which is not always the legal Parent Company. A number of factors need to be evaluated in this context, as reported in Note 1. The Board's judgment for the financial year 2018 was that the legally acquired subsidiary should be viewed as a reverse acquisition, i.e. where the legal subsidiary is treated as the Parent Company for accounting purposes. For more information on acquisitions, see Note 13.

CONTINGENT CONSIDERATIONS (PROVISION FOR EARNOUTS)

For certain business combinations, Stillfront has agreed on contingent considerations. These are continuously measured at fair value, and measurement is based on a number of judgements and assumptions. The critical assumptions underlying these judgements are stated in Note 29. Estimates other than those made by Management may result in different results of operations and financial position.

Note 5. Revenues from clients

	GROUP	
SEKm	2020	2019
Net revenues		
Virtual goods and subscriptions	3,728	1,940
Advertising revenues	263	27
Total net revenues	**3,991**	**1,967**
Other operating revenues		
Exchange rate differences	5	5
Other	10	6
Total other operating revenues	**15**	**11**

Note 6. Revenues and non-current assets per country

NET REVENUES

	GROUP	
SEKm	2020	2019
Bulgaria	71	50
Croatia	110	–
United Arab Emirates/Jordan	425	361
Malta	107	53
Romania	62	62
United Kingdom	3	–
Sweden	23	25
Germany	1,361	1,183
United States	1,829	233
Total	**3,991**	**1,967**

Cont. Note 6

NON-CURRENT ASSETS EXCLUDING DEFERRED TAX

	GROUP	
SEKm	**2020**	**2019**
Bulgaria	245	248
Croatia	1,084	–
United Arab Emirates/Jordan	56	39
Malta	39	27
Romania	48	52
United Kingdom	71	–
Sweden	1,182	1,179
Germany	2,749	772
United States	5,400	1,054
Total	**10,874**	**3,370**

The allocation of net revenues and non-current assets is based on the countries where the Group company has its registered office.

Note 7. Audit fees and reimbursement

	GROUP	
SEKm	**2020**	**2019**
PwC		
Audit	7	3
Other auditing	1	0
Sub-total, PwC	**8**	**4**
Other audit firms		
Audit	1	2
Total	**9**	**6**

Auditing means fees for the statutory audit, i.e. work necessary for presenting an audit report, and audit consultancy provided in tandem with the audit. Other auditing means fees for various types of quality-assurance service. Other means anything not included in auditing, other auditing or tax consultancy. SEK 3m of the audit fees relates to PwC Sweden, SEK 0m of the tax consultancy fees relates to PwC Sweden, SEK 0m of the other auditing fees relates to PwC Sweden.

Note 8. Average number of employees, personnel expenses, pensions etc.

AVERAGE NO. OF EMPLOYEES

	GROUP	
	2020	**2019**
Australia		
Women	5	5
Men	20	20
Total	**25**	**25**
Bulgaria		
Women	36	28
Men	49	41
Total	**85**	**68**
Jordan		
Women	20	11
Men	29	17
Total	**49**	**28**
Canada		
Women	8	4
Men	60	57
Total	**68**	**62**
Croatia		
Women	38	0
Men	45	0
Total	**83**	**0**
Malta		
Women	5	5
Men	18	17
Total	**23**	**22**
Romania		
Women	12	12
Men	13	17
Total	**25**	**29**
Spain		
Women	1	0
Men	12	0
Total	**13**	**0**
Sweden		
Women	7	4
Men	27	26
Total	**34**	**30**

Cont. Note 8

AVERAGE NO. OF EMPLOYEES, CONT.

	GROUP	
	2020	2019
Germany		
Women	91	91
Men	237	223
Total	**328**	**314**
United States		
Women	33	12
Men	80	70
Total	**113**	**82**
Vietnam		
Women	11	7
Men	36	33
Total	**47**	**40**
Ireland		
Women	2	0
Men	2	0
Total	**4**	**0**
All countries		
Women	268	179
Men	628	521
Total	**896**	**700**

GENDER DIVISION IN GROUP EXECUTIVE MANAGEMENT

	GROUP	
	2020	2019
Board members	6	6
of which men	3	3
President and other senior executives	8	5
of which men	5	3
Total	**14**	**11**
of which men	**8**	**6**

Cont. Note 8

SALARIES AND OTHER BENEFITS

	GROUP	
SEKm	2020	2019
Australia	16	9
Bulgaria	24	19
Ireland	1	0
Canada	53	26
Croatia	6	–
Malta	9	1
Romania	12	14
Sweden	49	43
Germany	171	157
United States	117	35
Jordan	15	4
Vietnam	11	5
Total salaries and benefits	**484**	**313**
(Thereof Boards of Directors, Presidents and other senior executives)	**40**	**13**
Social security	60	37
Pensions	16	6
Total	**560**	**356**

THE GROUP'S PENSION PLANS

All the Group's pension plans are defined contribution plans.

REMUNERATION TO THE BOARD OF DIRECTORS

Fees are payable to the Chairman of the Board and other Board members in accordance with resolutions by shareholders' meetings.

REMUNERATION POLICY FOR EXECUTIVE MANAGEMENT

Remuneration to the CEO is decided by the Board of Directors, and remuneration to other senior executives, by the CEO. The CEO is entitled to a 6 month notice period. Mutual notice periods of 3–6 months apply to other senior executives.

REMUNERATION GUIDELINES FOR EXECUTIVE MANAGEMENT

The following remuneration policy for the CEO and other persons in the Company's Executive Management for the period until the next annual general meeting was adopted on the AGM in May 2020.

The guidelines apply to remuneration and other terms of employment of the CEO and other individuals of the Executive Management of Stillfront Group AB (publ), reg no. 556721-3078 (Stillfront or the Company). These guidelines shall also apply in relation to a member of the Board of Directors of Stillfront who receives any remuneration from the Company and any reference herein to the Executive Management and/or an Executive shall for such purposes be deemed to also include such Board member. The guidelines do not apply to any remuneration decided or approved by the general meeting. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020.

Cont. Note 8

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Stillfront's business strategy is to be a leading free-to-play powerhouse, offering long term first class digital entertainment through its global group of gaming studios. Organic growth and carefully selected and executed acquisitions embody our growth strategy. For more information regarding the Company's business strategy, please see https://www.stillfront-com/en/about-the-company/. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, through these guidelines is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The overall guidelines for remuneration to Executive Management shall be based on the position, the individual performance, the Company's earnings and that the remuneration shall be competitive in the country of employment.

TYPES OF REMUNERATION

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration based on annual performance targets (bonus), pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed salary

The fixed salary shall be based on the individual's experience, field of responsibility and related to the relevant market. Fixed salary shall be revised annually.

Variable cash remuneration

The satisfaction of criteria for awarding variable cash remuneration shall be measured annually. The variable cash remuneration for an executive manager may correspond to not more than fifty (50) percent of the fixed annual cash salary. If an employee stock option program is not resolved to be established at the Annual General Meeting 2020, the variable cash remuneration may correspond to up to one hundred (100) percent of the fixed annual cash salary. The variable cash remuneration shall be linked to predetermined and measurable criteria such as earnings, achievements in relation to the budget, the development of the Company's share price and personal performance.

The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Variable long-term incentive program (LTIP)

Long-term incentive programs have been implemented in the Company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The LTIPs include the Executive Management and other key individuals of the Company and its subsidiaries. The programs are conditional upon certain holding periods of several years. For more information regarding these LTIPs, including the criteria which the outcome depends on, please see https://www.stillfront.com/en/incentive-programs/.

Cont. Note 8

Pension benefits and other benefits

Pension benefits, including health insurance, shall be premium defined. Variable remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than twenty-five (25) percent of the fixed annual cash salary.

Other benefits may include, for example, medical insurance and company cars. Such benefits shall be limited and not exceed five (5) percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

TERMINATION OF EMPLOYMENT

Members of the Executive Management shall be offered employment terms in accordance with the laws and practices applicable to the country in which the employee is employed. Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one (1) year for any executive. When termination is made by the executive, the notice period may not exceed six (6) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than six (6) months following termination of employment.

SALARY AND EMPLOYMENT CONDITIONS FOR EXECUTIVE MANAGEMENT

When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the remuneration committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the Executive Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its Executive Management. The CEO and other members of the Executive Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

INFORMATION ON REMUNERATION RESOLVED BUT NOT YET DUE

There is no resolved remuneration that is not yet due.

Cont. Note 8

DEROGATION FROM THE GUIDELINES

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

There has been no derogation from the remuneration guidelines resolved by the Annual General Meeting 2020.

REMUNERATION FOR GROUP EXECUTIVE MANAGEMENT

2020	CEO and President	Other senior executives	Total
Fixed salary	5,522	14,291	19,813
Variable remuneration	2,052	2,223	4,275
Cost for shared based benefits	4,381	8,582	12,963
Pension expenses	1,080	1,376	2,456
Total remuneration	**13,035**	**26,472**	**39,507**

2019	CEO and President	Other senior executives	Total
Total remuneration	**3,091**	**8,374**	**11,465**

Executive Management refers to the CEO and the Executive Management, eight persons in total.

FEES TO THE BOARD OF DIRECTORS

SEK 000	2020	2019
Jan Samuelson, Chairman	558	485
Katarina Bonde	247	230
Birgitta Henriksson	267	250
Erik Forsberg	370	300
Fabian Ritter (until May 2019)	0	83
Ulrika Viklund	212	200
Kai Wawrzinek (from May 2019)	212	117
Total	**1,866**	**1,665**

Board fees as detailed in the table refer to amounts expensed during each year. The Board fees approved by the Annual General Meeting each year accrue over the period June in the same year until May the following year. As approved by the Annual General Meeting in 2020, the fees for the period June 2020-May 2021 amount to SEK 550k to the Chairman of the Board Jan Samuelson and SEK 220k for each of the other Board members. In addition, the Chairman of the Audit Committee Erik Forsberg receives SEK 200k and the member of the Audit Committee Birgitta Henriksson receives SEK 60k. Furthermore, Jan Samuelson receives SEK 60k as Chairman of the Remuneration Committee and Katarina Bonde SEK 30k as member of the Remuneration Committee.

Note 9. Financial income/other interest income, etc.

SEKm	GROUP 2020	GROUP 2019
Financial income		
Interest income	9	1
Exchange gain	3	9
Other financial income	0	0
Change in fair value of contingent consideration (earn out provisions)	0	80
Total	**12**	**90**

Note 10. Financial expenses/other interest expenses, etc.

SEKm	GROUP 2020	GROUP 2019
Financial expenses		
Interest expenses	–166	–75
Transaction expenses	–9	–1
Changes in fair value of contingent consideration (earn out provisions)	–30	–69
Other financial expenses	0	–9
Total	**–205**	**–154**

Note 11. Taxes

SEKm	GROUP 2020	GROUP 2019
Tax expense		
Current tax expense for the year	–294	–140
Adjustments of current tax for previous years	–1	0
Deferred tax	76	27
Total tax expense	**–219**	**–113**
Profit or loss before tax	**799**	**454**
Reconciliation of effective tax		
Tax at applicable rate 21.4% (22.0%)	–171	–98
Effect of foreign tax rates	–42	–57
Non-deductible expenses*	–59	–23
Non-taxable revenues	19	23
Effect of changed tax rates	0	2
Adjustment of tax for previous years	–3	0
Net effect of use of unrecognized loss carry-forwards for the year and previous years	32	40
Other items	4	0
Total tax expense	**–219**	**–113**

** Essentially pertaining to restatement of contingent considerations, non-deductible interest and non-deductible transaction costs.*

Cont. Note 11

DEFERRED TAX BALANCES

Deferred tax assets and liabilities are derived from the balance sheet items as shown in the table below.

	GROUP	
SEKm	**2020**	**2019**
Intangible assets	–672	–269
Deferred income	9	22
Other	2	0
Loss carry-forwards	60	68
Net deferred tax assets/liabilities	**–601**	**–179**
Deferred tax asset	30	90
Deferret tax liability	–631	–269

CHANGE IN NET DEFERRED TAX ASSETS/LIABILITIES

	GROUP	
SEKm	**2020**	**2019**
Opening balance, net	–179	–97
Recognized in net income	76	27
Recognized in other comprehensive income	–68	0
Acquisitions/divestments of subsidiaries	–490	–109
Reclassification	0	0
Translation difference	60	0
Closing balance, net	**–601**	**–179**

Tax effects reported directly in Other comprehensive income amount to SEK -80m (SEK 0m), and tax effects reported directly in equity amount to SEK 12m (SEK 0m).

TAX LOSSES CARRIED FORWARD

Deferred tax assets are only recognized in countries and by amounts where the Company expects to be able to generate in the foreseeable future sufficient taxable income to benefit from tax reductions. Tax losses carried forward exist primarily in the United States, and can be utilized without time limitations. Tax losses carried forward for which no deferred tax asset is reported amount to SEK 12m (SEK 0m), and refer to the United States.

Note 12. Earnings per share

Basic earnings per share is computed by dividing earnings attributable to equity holders of the Parent Company by a weighted average number of outstanding ordinary shares in the period. For diluted earnings per share, the amount used for computing basic earnings per share is restated by considering the effect of dividends and interest expenses on potential ordinary shares, and the weighted average of the additional ordinary shares that would be outstanding given conversion of all potential shares.

Share warrants only cause dilution if they result in an issue of ordinary shares at a price that is below the average price for the period. Additionally, potential shares only cause dilution if conversion of a number of potential ordinary shares results in lower earnings per share or a higher loss per share. Stillfront has share warrants that cause dilution.

	GROUP	
	2020	**2019**
Number of shares outstanding at year-end	346,537,200	263,394,530
Weighted number of outstanding shares before dilution	324,161,085	252,379,530
Weighted number of outstanding shares after dilution	325,531,355	264,315,830
Profit for the year attributable to equity holders of the Parent Company (SEKm)	**580**	**338**
Basic earnings per share (SEK)	1.79	1.34
Diluted earnings per share (SEK)	1.78	1.34

The number of shares and earnings per share are restated taking into account the 10:1 share split that took place in December 2020.

Note 13. Acquisitions

ACQUISITION OF STORM8

In February 2020, Stillfront acquired 100 percent of the shares and votes in Storm8, a leading mobile mash-up game developer headquartered in US. The upfront consideration was USD 300m and, if certain EBIT levels for the financial years 2020 and 2021 are achieved, an earnout consideration up to USD 100m, on a cash and debt free basis will be paid. USD 75m of the upfront consideration was paid in 1,910,671 newly issued shares and the remainder in cash. 75 percent of the earnout consideration is, if certain EBIT levels are achieved, payable in cash and 25 percent in newly issued shares. Transaction costs for the acquisition amounted to SEK 42m. Storm8 was consolidated into Stillfront's financial reporting from 1 March 2020.

SEKm	
Purchase price	
Cash and cash equivalents	2,290
New shares issued	805
Provision for earnout	901
Total purchase consideration	**3,996**

Purchase price allocation analysis

The final purchase price allocation analysis of Storm8 is provided below. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Cont. Note 13

SEKm	
The fair value of acquired assets and assumed liabilities	
Intangible non-current assets	993
Property, plant and equipment	22
Current receivables excl cash and bank	171
Cash and cash equivalents	277
Non-current liabilities	–27
Deferred tax liabilities	–213
Current liabilities	–367
Total net assets acquired excluding goodwill	**856**
Goodwill	3,140
Total net assets acquired	**3,996**
Less	
Cash and cash equivalents	–277
New shares issued	–805
Provision for earnout	–901
Net cash outflow on acquisition of business	**2,013**

ACQUISITION OF CANDYWRITER

In April 2020, Stillfront acquired 100 percent of the shares and votes in Candywriter, a US based mobile games developer and publisher focusing on casual and mash-up games for an upfront consideration of approximately USD 74.4m on a cash and debt free basis, of which USD 37.5m was paid in 708,463 newly issued shares in Stillfront and the remaining approx. USD 36.9m was paid in cash. Further, an earnout consideration may be payable by Stillfront in an aggregate maximum total amount of USD 120.6m on a cash and debt free basis, out of which 50 percent shall be paid in cash and 50 percent in newly issued shares in Stillfront. The ultimate size of the yearly earnout component will depend on the EBIT development of Candywriter for the financial years 2020, 2021 and 2022. The total purchase price payable by Stillfront cannot exceed USD 195m. Transaction costs for the acquisition amounted to SEK 17m. Candywriter was consolidated into Stillfront's financial reporting from 1 May 2020.

SEKm	
Purchase price	
Cash and cash equivalents	381
New shares issued	414
Provision for earnout	469
Total purchase consideration	**1,264**

Purchase price allocation analysis

The preliminary purchase price allocation analysis of Candywriter is provided below. The purchase price allocation is based on assumptions regarding fair values of intangible assets and earnouts among other things, that may be adjusted during the twelve-months period following the acquisition. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Cont. Note 13

SEKm	
The fair value of acquired assets and assumed liabilities	
Intangible non-current assets	334
Property, plant and equipment	0
Current receivables excl cash and bank	39
Cash and cash equivalents	30
Non-current liabilities	–
Deferred tax liabilities	–90
Current liabilities	–37
Total net assets acquired excluding goodwill	**275**
Goodwill	987
Total net assets acquired	**1,263**
Less	
Cash and cash equivalents	–30
New shares issued	–414
Provision for earnout	–469
Net cash outflow on acquisition of business	**350**

ACQUISITION OF NANOBIT

In September 2020, Stillfront announced the signing of an agreement to acquire 100 percent of the shares and votes in Nanobit, a leading developer and publisher of mobile games based in Zagreb, Croatia. The transaction will be executed in two tranches, whereof 78 percent of the shares in Nanobit was purchased for an initial consideration of approximately USD 100m on a cash and debt free basis. Approx. USD 30m of the first tranche is payable in 280,542 newly issued shares in Stillfront to the founders and the remaining approximately. USD 70m is payable in cash to the sellers.

22 percent of the shares in Nanobit will be purchased for a second tranche consideration of an amount depending on the EBITDA development of Nanobit for the financial years 2021 and 2022 but however not exceeding USD 48m on a cash and debt free basis. The second tranche will be payable by Stillfront in 2023, out of which 70 percent will be paid in cash and 30 percent in newly issued shares in Stillfront. Transaction costs for the acquisition amounted to SEK 12m. Nanobit was consolidated into Stillfront's financial reporting from 1 October 2020.

SEKm	
Purchase price	
Cash and cash equivalents	695
New shares issued	263
Provision for earnout	220
Total purchase consideration	**1,178**

Purchase price allocation analysis

The preliminary purchase price allocation analysis of Nanobit is provided below. The purchase price allocation is based on assumptions regarding fair values of intangible assets and earnouts among other things, that may be adjusted during the twelve-months period following the acquisition. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Cont. Note 13

SEKm	
The fair value of acquired assets and assumed liabilities	
Intangible non-current assets	359
Property, plant and equipment	6
Current receivables excl cash and bank	53
Cash and cash equivalents	62
Non-current liabilities	–
Deferred tax liabilities	–62
Current liabilities	–32
Total net assets acquired excluding goodwill	**386**
Goodwill	791
Total net assets acquired	**1,177**
Less	
Cash and cash equivalents	–62
New shares issued	–263
Provision for earnout	–220
Net cash outflow on acquisition of business	**633**

ACQUISITION OF EVERGUILD

October 28, 2020, Stillfront announced the acquisition of 100 percent of the shares and votes in Everguild, a rapidly growing independent game studio focusing on the digital Collectible Card Games (CCG) genre, for an upfront consideration of approx. GBP 1.06m on a cash and debt free basis, of which GBP 0.54m is payable in 5,971 newly issued shares in Stillfront and the remaining amount is payable in cash. Transaction costs for the acquisition amounted to SEK 3m. Everguild was consolidated into Stillfront's financial reporting from 1 November 2020.

SEKm	
Purchase price	
Cash and cash equivalents	8
New shares issued	6
Provision for earnout	57
Total purchase consideration	**71**

Purchase price allocation analysis

The preliminary purchase price allocation analysis of Everguild is provided below. The purchase price allocation is based on assumptions regarding fair values of intangible assets and earnouts among other things, that may be adjusted during the twelve-months period following the acquisition. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Cont. Note 13

SEKm	
The fair value of acquired assets and assumed liabilities	
Intangible non-current assets	21
Property, plant and equipment	0
Current receivables excl cash and bank	1
Cash and cash equivalents	3
Non-current liabilities	–
Deferred tax liabilities	–4
Current liabilities	–1
Total net assets acquired excluding goodwill	**20**
Goodwill	52
Total net assets acquired	**72**
Less	
Cash and cash equivalents	–3
New shares issued	–6
Provision for earnout	–57
Net cash outflow on acquisition of business	**6**

ACQUISITION OF SANDBOX INTERACTIVE

In December 2020, Stillfront entered into an agreement to acquire 100 percent of the shares and votes in Sandbox Interactive GmbH. Sandbox is a rapidly growing and highly profitable gaming company and the developer and publisher of the popular cross-platform free-to-play sandbox MMORPG Albion Online. The total upfront consideration payable upon completion of the acquisition of 100 percent of the shares in Sandbox amounts to EUR 130m on a cash and debt free. Of the upfront purchase price, approximately EUR 30m, is payable in 3,374,030 newly issued shares in Stillfront, and the remaining part of the upfront purchase price, equivalent of approximately EUR 100m, is payable in cash to the sellers. In addition, the sellers may receive an earn-out payment of 1x EBIT for each of the financial years 2021, 2022, 2023 and 2024, depending on the level of EBIT generated during each of those years, payable approximately 78 percent in cash and approximately 22 percent in newly issued shares in Stillfront. Transaction costs for the acquisition amounted to SEK 10m. The transaction was closed on 30 December 2020, and is consolidated in Stillfront's balance sheet as of 31 December. The profit and loss of Sandbox will be consolidated into Stillfront's group financial reporting from 1 January 2021.

SEKm	
Purchase price	
Cash and cash equivalents	1,045
New shares issued	337
Provision for earnout	497
Total purchase consideration	**1,880**

Preliminary purchase price allocation analysis

The preliminary purchase price allocation analysis of Sandbox is provided below. The purchase price allocation is based on assumptions regarding fair values of intangible assets and earnouts among other things, that may be adjusted during the twelve-months period following the acquisition. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Cont. Note 13

SEKm	
The fair value of acquired assets and assumed liabilities	
Intangible non-current assets	402
Property, plant and equipment	2
Current receivables excl cash and bank	9
Cash and cash equivalents	110
Non-current liabilities	–
Deferred tax liabilities	–121
Current liabilities	–86
Total net assets acquired excluding goodwill	**316**
Goodwill	1,564
Total net assets acquired	**1,880**
Less	
Cash and cash equivalents	–110
New shares issued	–337
Provision for earnout	–497
Net cash outflow on acquisition of business	**935**

CONTRIBUTION FROM ACQUIRED COMPANIES TO CONSOLIDATED REVENUES AND EBITDA

Storm8, Candywriter, Nanobit, Everguild, and Sandbox would have contributed an additional SEK 923m to revenues and SEK 355m to EBITDA if they had all been consolidated from 1 January 2020.

ACQUISITION OF SUPER FREE GAMES

In December 2020, Stillfront entered into an agreement to acquire 100 percent of the shares and votes in Super Free Games for an upfront consideration of USD 150m on a cash and debt free basis, and an earnout payment of 0-2x EBITDA for each of 2021, 2022 and 2023. The transaction was closed on 29 January 2021, and is consolidated in Stillfront's balance sheet as of 1 February 2021.

The preliminary purchase price allocation analysis of Super Free Games is provided below.

SEKm	
Fair value of acquired assets and assumed liabilities	
Intangible non-current assets	665
Deferred tax asset	2
Current liabilities	–17
Total net assets acquired excluding goodwill	**650**
Goodwill	1,262
Total net assets acquired	**1,912**
Less	
New share issues	–665
Provision for earnout	–616
Net cash outflow on acquisition of business	**631**

Cont. Note 13

ACQUISITION OF MOONFROG LABS

In February 2021, Stillfront entered into an agreement to acquire 100 percent of the shares and votes in Moonfrog Labs for an initial consideration of approximately USD 90m on a cash and debt free basis. The closing of the transaction is expected to occur 26 February 2021 and Moonfrog will be consolidated into Stillfront's financial reporting from 1 March 2021. The purchase price allocation has not yet been completed.

ACQUISITION OF KIXEYE IN 2019

In June 2019, Stillfront acquired 100 percent of the shares and votes 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 90m on a cash and debt free basis. The sellers would have been entitled to a cash earnout consideration if certain EBITDA levels for the financial year 2019 had been achieved. Kixeye was consolidated into Stillfront's consolidated financial reporting from 1 July 2019.

SEKm	
Purchase consideration	
Cash and cash equivalents	871
Contingent consideration	0
Total purchase consideration	**871**

The purchase price allocation has been finalized in 2020.

SEKm	
Fair value of acquired assets and liabilities taken over	
Intangible non-current assets	386
Property, plant and equipment	1
Current receivables excluding cash and cash equivalents	60
Cash and cash equivalents	15
Deferred tax liabilities	–55
Current liabilities	–73
Total net assets acquired excluding goodwill	**334**
Goodwill	537
Total acquired net assets	**871**
Less	
Cash and cash equivalents	–15
Contingent consideration	0
Net cash outflow on acquisition of operation	**856**

Note 14. Intangible assets

GROUP, SEKm	Capitalized development expenditure		Game products		Market and customer related assets		Goodwill		Total	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Opening accumulated cost	1,437	588	208	255	67	91	2,211	1,674	3,922	2,608
Acquisition of companies	686	281	637	207	788	27	6,489	533	8,600	1,048
Other external acquisitions	–	25	–	–	9	3	–	–	9	28
Internal development in the year	436	220	–	–1	–	–	–	–	436	220
Reclassifications during the year	–242	313	30	–253	265	–56	–	–	53	3
Finalization of PPA	–	–	–	–	–	–	–	3	–	3
Translation differences	–171	9	–80	–	–119	1	–770	1	–1,141	11
Closing accumulated cost	**2,145**	**1,437**	**795**	**208**	**1,009**	**66**	**7,929**	**2,211**	**11,878**	**3,921**
Opening accumulated amortisation	–576	–367	–23	–30	–30	–33	–	–	–629	–430
Amortization for the year	–268	–165	–62	–23	–189	–2	–	–	–519	–190
Reclassifications during the year	41	–40	–43	30	–51	5	–	–	–53	–5
Translation differences	42	–4	11	–	22	–	–	–	74	–4
Closing accumulated amortization	**–762**	**–576**	**–117**	**–23**	**–248**	**–29**	**–**	**–**	**–1,126**	**–628**
Closing carrying amount	**1,383**	**860**	**678**	**185**	**761**	**37**	**7,929**	**2,211**	**10,752**	**3,293**
Of which incomplete development	**–**	**130**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**130**

Note 15. Impairment test

GOODWILL IMPAIRMENT TEST

Goodwill is monitored by Management and tested for impairment. The recoverable amount is based on value in use, which is the present value of the expected future cash flows without regard to potential future expansions of operations and restructuring. When goodwill is testing for impairment, the assets are grouped in cash-generating units. The current cash-generating units identified for impairment testing of goodwill comprise of Stillfront Group AB as one single cash generating unit.

Goodwill related to Stillfront Group AB has been tested for impairment. Material factors for the test were estimated cash flows for the coming five years, estimated growth after the forecast period of 2 (2) percent, an unchanged EBITDA margin during the forecast period and the weighted average cost of capital (WACC) before tax of 7.1 (10.0) percent. The assumption on revenue growth in years 2–5 is in line with external market research on industry market growth, while free cash flow in years 1–5 was on par with 2020 figures in relation to revenues. A sensitivity analysis reveals that a margin to impairment remains when either growth during the forecast periods, perpetual growth or average weighted cost of capital (WACC) is adversely changed by 20 percent.

Note 16. Leasing and right-of-use assets

The balance sheet shows the following amounts relating to leases:

SEKm	GROUP 31 Dec. 2020	GROUP 31 Dec. 2019
Buildings	83	58
Others	1	0
Closing accumulated cost	**84**	**58**
Lease liabilities		
Current	29	22
Non-current	56	36
Total	**86**	**58**
Additions to the right-of-use assets during the 2019 financial year were	60	33

Cont. Note 16

Depreciation of right-of-use assets charged to profit and loss

	GROUP	
SEKm	2020	2019
Depreciation charge of right-of-use assets		
Buildings	–32	–21
Others	–1	–1
Total	**–32**	**–22**
Other information about leasing contracts		
Interest expense (included in financial expenses)	–3	–2
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	–2	–4
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	0	–1
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	–6	–6
Total cash outflow for leases	**–44**	**–35**

Note 17. Equipment, tools, fixtures and fittings

	GROUP	
SEKm	2020	2019
Opening cost	39	64
Acquisition of companies	6	2
New acquisitions	17	8
Disposals in the year	0	–36
Reclassifications during the year	1	–
Translation difference	–7	1
Closing accumulated cost	**57**	**39**
Opening accumulated depreciation	–21	–51
Depreciation	–9	–6
Reclassifications during the year	–1	0
Disposals in the year	0	36
Translation differences	3	0
Closing accumulated depreciation	**–27**	**–21**
Total closing carrying amount	**29**	**18**

Note 18. Accounts receivable

SEKm	GROUP 2020	GROUP 2019
Accounts receivable		
Accounts receivable gross	271	150
Reserve for doubtful debt	–1	0
Accounts receivable, net	**270**	**150**
Accounts receivable not due	266	146
Accounts receivable, overdue with no reserve		
Overdue by 0–3 mth.	2	2
Overdue by 3–6mth.	0	0
Overdue by 6–12 mth.	0	0
Overdue by >12 mth.	2	2
Total remaining maturity as of 31 December	**270**	**150**

As of 31 December 2020, accounts receivable amounted to SEK 270m of which SEK 266m were not overdue. Expected credit losses are insignificant. Based on credit history, these amounts are expected to be received on their due date. The Group has not sold any of these receivables using a factoring solution.

Information on the credit risk policy for accounts receivable and contract assets is in Notes 2 and 3.

Note 19. Prepaid expenses and accrued income

SEKm	GROUP 2020	GROUP 2019
Other prepaid expenses	39	16
Contracted assets (accrued income)	17	25
Total	**56**	**41**

Note 20. Shareholders' equity

OTHER COMPREHENSIVE INCOME

Other comprehensive income consists of currency translation effects on the translation of foreign subsidiaries, and currency from foreign currency loans to hedge net investments, i.e. subsidiaries' net assets.

EQUITY

Group

Share capital

Holders of ordinary shares are entitled to dividends resolved in arrears, and the shareholding confers voting rights at shareholders' meetings, at one vote per share. All shares carry the same entitlement to the Group's remaining net assets.

Other paid-up capital

Other paid-up capital wholly consists of amounts paid in share issues over and above the quotient value of issued shares.

Other reserves

Other reserves wholly consist of currency translation effects on the translation of foreign subsidiaries and currency from foreign currency loans for hedging net investments, i.e. subsidiaries' net assets.

Cont. Note 20

Retained earnings including profit for the year

Retained earnings including profit for the year consists of accrued earnings in the Parent Company and its subsidiaries.

Dividend

No dividend will be proposed at the AGM 2021.

PARENT COMPANY SEKm	2020	2019
Share capital	24	18
Change in number of shares:		
Opening balance	**26,339,453**	**23,622,327**
New share issue, 8 January 2019		425,913
New share issue, 18 June 2019		2,080,732
New share issues (earn-outs 2018) , 6 September 2019		206,173
New share issue, 16 September 2019		4,308
New share issue, 22 January 2020	2,633,945	
New share issue, 10 February 2020	527,717	
New share issue, 2 March 2020	262,467	
New share issue, 3 March 2020	1,909,222	
New share issue, 30 April 2020	708,463	
Share registration after exercise of warrants under LTIP 2017/2020, 20 May 2020	189,000	
Share registration after exercise of warrants under LTIP 2017/2020, 27 May 2020	10,000	
Share registration after exercise of warrants under LTIP 2017/2020, 5 June 2020	5,000	
New share issue, 17 June 2020	1,558,441	
New share issues (earn-outs 2019), 16 July 2020	223,499	
New share issue, 1 October 2020	280,542	
New share issue, 2 November 2020	5,971	
Share split 10:1, 28 December 2020	311,883,480	
Closing balance	**346,537,200**	**26,339,453**

The Parent Company's ordinary shares have a quotient value of SEK 0.7 per share. Each share carries one vote.

Restricted equity

Restricted equity may not be reduced by the distribution of profits.

Share premium reserve

The share premium reserve wholly consists of amounts paid in share issues over and above the quotient value of issued shares and comprises non-restricted equity.

Accumulated profit or loss

Consists of the previous year's non-restricted equity after any dividends are paid. Comprises total non-restricted equity with the share premium reserve and profit for the year.

Cont. Note 20

CAPITAL MANAGEMENT

Equity comprises shareholders' equity attributable to parent company shareholders and non-controlling interests. There are no external capital requirements other than those that follow from the Swedish Companies Act.

The capital structure is measured by monitoring the key performance indicator Net Debt/adjusted EBITDA, where the financial target of the Board requires this measure not to exceed 1.5x on a rolling twelve months basis. The key performance indicator is calculated in note 30.

To support value creation, Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions and therefore, does not expect to pay dividends or buy back shares during 2021–2022.

Note 21. Interest-bearing liabilities

	GROUP	
SEKm	31 Dec. 2020	31 Dec. 2019
Contingent considerations for shares in subsidiaries	2,103	331
Bond loans	1,602	1,085
Liabilities to credit institutions	1,217	90
Leasing liabilities	86	49
Other interest-bearing liabilities	0	0
Total	**5,008**	**1,554**
Movement in the year		
Opening balance	1,554	1,171
Cashflows		
Proceeds from borrowings	1,800	514
Repayment of loans	–48	–114
Contingent considerations paid out in cash	–76	–95
Payment of lease liabilities	–34	–23
Non cash changes		
New accounting principle IFRS 16	–	61
New/changed IFRS16 lease liabilities	71	0
Contingent considerations from new acquisitions	2,144	46
Contingent considerations ,interest	52	11
Contingent considerations, settlement	–80	–31
Contingent considerations, revaluation	30	–14
Contingent considerations, revaluations not recognized in the income statement	–47	0
Translation differences	–360	28
Closing balance	**5,008**	**1,554**

Cont. Note 21

MATURITY STRUCTURE

SEKm	GROUP 31 Dec. 2020	GROUP 31 Dec. 2019
Contingent considerations for shares in subsidiaries		
Repayment within 2–5 yr.	1,330	125
Repayment after more than 5 yr.	–	–
Non-current liability	**1,330**	**125**
Current liability	**773**	**206**
Total Contingent considerations for shares in subsidiaries	**2,103**	**331**
Bond loans		
Repayment within 2–5 yr.	1,602	1,085
Repayment after more than 5 yr.	–	–
Non-current liability	**1,602**	**1,085**
Current liability	**–**	**0**
Total bond loans	**1,602**	**1,085**
Liabilities to credit institutions		
Repayment within 2–5 yr.	1,216	30
Repayment after more than 5 yr.	–	–
Non-current liability	**1,216**	**30**
Current liability	**1**	**49**
Total liabilities to credit institutions	**1,217**	**79**
Other non-current liabilities and non-current lease liabilities		
Repayment within 2–5 yr.	49	26
Repayment after more than 5 yr.	8	0
Non-current liability	**56**	**26**
Current liability	**29**	**22**
Total other non-current liabilities and non-current lease liabilities	**86**	**48**

BOND LOANS AND REVOLVING CREDIT FACILITY

The Group has a revolving credit facility of SEK 3,750m with three years to maturity at competitive market terms. As of December 31, 2020, SEK 1,216m had been utilized. The Group and the Parent Company have two issued bond loans with an aggregate liability recognized as of 31 December 2020 of SEK 1,602m: Bond 2019/2024 of SEK 1,000m (whereof SEK 500m issued in 2020) matures in June 2024 and has an interest rate corresponding to STIBOR 3 months+4.75 percent. The market value of the bond as of the closing date was SEK 1,048m. Bond 2018/2022 of SEK 600m matures in November 2022 and has an interest rate corresponding to STIBOR 3 months+5.00 percent. The market value of the bond as of the closing date was SEK 613m. The bond terms include change of control clauses implying that holders of the bond loans are entitled to demand redemption of the loans in the event of any party taking control of 50 percent of the votes or capital of Stillfront Group.

Cont. Note 21

CONTINGENT CONSIDERATION (EARNOUT PROVISIONS)

Stillfront has contingent considerations from acquisitions. These contingent considerations are settled in cash and shares in Stillfront, where the number of shares transferred on settlement of the contingent consideration is based on an amount in SEK, as stipulated in the terms and conditions for computing the contingent consideration.

The value of the earnouts for the acquired studios are based on current assessment of the future profits for each studio based on the terms and conditions as per the purchase agreement. At year end seven studios had an expected earnout payout. Earnouts to be settled relate to performance based on the years 2020 to 2024, of which the last payout is due in 2025.

Contingent considerations are classified as financial liabilities, which in turn, are classified as current if they are to be settled within 12 months of the reporting date. Liabilities are measured at fair value and value changes are recognized in financial items in the Income Statement.

The Group has unutilized credit facilities as of the closing date of SEK 2,534m (SEK 522m).

Note 22. Provisions

	GROUP	
SEKm	31 Dec. 2020	31 Dec. 2019
Opening balance	24	6
Provision in the year	18	20
Settled in the year	–4	–3
Reversed provision	–13	–
Translation difference	–2	0
Closing balance, other provisions	**23**	**24**
Whereof current provisions	**20**	**0**

Other provisions are mainly for compensation on termination of premises and staff.

Note 23. Other current liabilities

	GROUP	
SEKm	2020	2019
Contingent considerations	773	206
Other provisions	20	0
Current lease liabilities	29	22
VAT payable	29	18
Employee withholding taxes	6	4
Social security contributions	2	2
Other short term liabilities	118	6
Total	**977**	**258**

Note 24. Accrued expenses and deferred income

	GROUP	
SEKm	2020	2019
Accrued personnel expenses	47	37
Other accrued expenses	127	11
Deferred income (contract liability)	85	81
Total	**259**	**118**

Note 25. Pledged assets, contingent liabilities, acquisition commitments and contingent assets

	GROUP	
SEKm	2020	2019
Collateral for liabilities to credit institutions		
Corporate mortgages	0	0
Pledged shares in subsidiaries	0	1,578
Total	**0**	**1,578**
Contingent liabilities	None	None
Acquisition commitments	1,228	None
Contingent assets	None	None

Acquisition commitments refer to the shares in Super Free Games, Inc.

Note 26. Cash flow

NON-CASH ITEMS

	GROUP	
SEKm	2020	2019
Depreciation and amortization	560	223
Change in fair value of contingent consideration	30	–14
Unrealized exchange rate differences	–2	–
Other items	72	–5
Total non-cash items	**660**	**205**

INFORMATION ABOUT INTEREST AND DIVIDEND

	GROUP	
SEKm	2020	2019
Interest paid during the year	–106	–65
Interest received during the year	2	1

No dividend has been received during 2020 and 2019.

Note 27. Financial assets and liabilities

The fair value of financial assets and liabilities is stated in the following table. See also Note 3 financial risk management. The Group has bond loans, credit facilities, overdraft facilities and contingent considerations as stated in Note 21. The bond loans are classified as level 1 in the fair value hierarchy. The contingent considerations (earnout provisions) are classified as level 3 in the fair value hierarchy.

GROUP

	Financial assets measured at amortized cost		Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss	
SEKm	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Financial assets						
Accounts receivable	270	150				
Other receivables	92	54				
Accrued income	17	25				
Cash and cash equivalents	1,005	343				
Total	**1,384**	**572**	**–**	**–**	**–**	**–**
Financial liabilities						
Bond loans			1,661	1,135	–	–
Other non-current liabilities			1,273	68	–	–
Contingent consideration, long portion			–	–	1,330	124
Contingent consideration, short portion			–	–	773	206
Accounts payable			74	84	–	–
Overdraft facility			0	48	–	–
Other liabilities			155	51	–	–
Accrued expenses			174	37	–	–
Total	**–**	**–**	**3,336**	**1,423**	**2,103**	**330**

Note 28. Transactions with related parties

Purchase and sales transactions with related parties are on market terms. Transactions between the Parent Company and subsidiaries are service and management fees. Salaries and benefits to senior executives are reported in Note 8. There are no purchases of goods and services from related parties.

Note 29. Significant events after the end of the year

STILLFRONT GROUP COMPLETED THE ACQUISITION OF SUPER FREE GAMES

In January 2021, Stillfront completed the acquisition of Super Free Games, Inc. See also Note 13.

STILLFRONT GROUP ACQUIRED MOONFROG LABS

In February 2021, Stillfront entered into an agreement to acquire 100 percent of the shares in Moonfrog Labs Private Ltd, a rapidly growing independent game studio based in Bangalore, India, focusing on Board and Social Card Games, for an initial consideration of approximately USD 90m on a cash and debt free basis. The sellers are Moonfrog's joint founders and institutional investors.

Note 30. Reconciliation of key performance measures

ITEMS AFFECTING COMPARABILITY (IAC)

	GROUP	
SEKm	2020	2019
Costs		
Transaction costs	–114	–20
Long term incentive programs	–19	0
Other costs	–10	–7
Total IAC in Operating profit (EBIT)	**–144**	**–28**
Net financial items		
Positive revaluation of earnouts	0	80
Negative revaluation of earnouts	–30	–66
Total IAC in net financial items	**–30**	**14**

ALTERNATIVE PERFORMANCE MEASURES

	GROUP	
SEKm	2020	2019
Operating profit (EBIT)	993	517
Amortization of PPA items	357	101
Other amortization and depreciation	203	123
EBITDA	**1,553**	**741**

	GROUP	
SEKm	2020	2019
Operating profit (EBIT)	993	517
Items affecting comparability	144	28
Amortization of PPA items	357	101
Adjusted Operating profit (EBIT)	**1,493**	**645**
Other amortization and depreciation	203	123
Adjusted EBITDA	**1,697**	**768**

PRO FORMA ADJUSTMENTS

	GROUP	
SEKm	2020	2019
EBITDA, acquired companies	355	133
Adjusted EBITDA, pro forma	**2,052**	**901**
Net financial items	–193	–64
Total IAC in net financial items	30	–14
Adjusted net financial items	**–163**	**–78**
Adjusted interest coverage ratio, pro forma	**12.6**	**11.7**

Cont. Note 30

SEKm	GROUP 2020	GROUP 2019
Bond loans	1,602	1,085
Liabilities to credit institutions	1,217	79
Cash and cash equivalents	–1,005	–342
Net Debt	**1,814**	**822**
Adjusted EBITDA, pro forma	2,052	901
Net Debt/Adjusted EBITDA pro forma	**0.88**	**0.91**

SEKm	GROUP 2020	GROUP 2019
Net revenues	3,991	1,967
Operating profit (EBIT)	993	517
Operating margin (EBIT margin), %	**25**	**26**

SEKm	GROUP 2020	GROUP 2019
Net revenues	3,991	1,967
EBITDA	1,553	741
EBITDA margin, %	**39**	**38**

SEKm	GROUP 2020	GROUP 2019
Net revenues	3,991	1,967
Adjusted operating profit (EBIT)	1,493	645
Adjusted operating margin (EBIT margin), %	**37**	**33**

SEKm	GROUP 2020	GROUP 2019
Net revenues	3,991	1,967
Adjusted EBITDA	1,697	768
Adjusted EBITDA margin, %	**43**	**39**

RECONCILIATION OF CHANGE IN NET REVENUES

	GROUP 2020		GROUP 2019	
SEKm	SEKm	%	SEKm	%
Net revenues previous year	1,967		1,325	
Change through acquisitions	1,756	89	337	25
Change through currency movements	–45	–2	69	5
Organic growth	313	16	236	18
Net revenues	**3,991**	**103**	**1,967**	**48**

For definitions and glossary, see also page 133.

Note M1. Critical accounting policies

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that as far as possible, the Parent Company applies all IFRS as endorsed by the EU within the auspices of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation.

The annual accounts have been prepared in accordance with the cost method.

Differences between the Parent Company's and the Group's accounting policies are reviewed below.

PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries are recognized according to the cost method, which means that participations are recognized at cost less potential impairment in the Balance Sheet. Cost includes acquisition-related expenses. When there is an indication of value impairment of participations in subsidiaries, recoverable amount is measured. If this is less than carrying amount, impairment is taken. Impairment is recognized in the "profit/loss from participations in group companies" item. Dividends from subsidiaries are recognized as dividend income.

DEFERRED TAX

Amounts provisioned to untaxed reserves are taxable temporary differences. However, due to the relationship between accounting and taxation, legal entities account the deferred tax liability on untaxed reserves as part of untaxed reserves. Appropriations in the Income Statement are also recognized including deferred tax.

ACCOUNTING OF GROUP CONTRIBUTIONS

Group contributions are accounted pursuant to the alternative rule of RFR 2, which means that Group contributions made and received are recognized as appropriations in the Income Statement.

FINANCIAL INSTRUMENTS

The Parent Company applies the exception in RFR 2 not to apply IFRS 9.

Instead, the Parent Company applies the items specified in RFR 2 (IFRS 9 Financial Instruments, p. 3–10). Financial fixed assets are valued on the basis of acquisition value adjusted for impairment and financial current assets according to the principle of the lowest value. The acquisition value of interest-bearing instruments is adjusted for the accrued difference between what was originally paid, after deduction of transaction costs, and the amount paid on the due date.

LEASES

The Parent Company applies the exception from application of IFRS 16 Leases. Leasing costs are charged to profit and do not impact the balance sheet. Lease payments are recognized on a straight-line basis over the term of the lease.

FORMAT OF INCOME STATEMENT AND BALANCE SHEET

The Income Statement and Balance Sheet are consistent with the formats stipulated by the Swedish Annual Accounts Act. The Statement of Changes in Equity is consistent with the Group's format but should contain those components stated in the Swedish Annual Accounts Act. Additionally, differences in designation compared to the consolidated accounts are mainly for financial income, financial expenses and equity.

Cont. Note M1

PROVISION FOR EARNOUT / CONTINGENT CONSIDERATIONS

In the Parent Company, provision for earnout/contingent consideration is recognized as part of the acquisition value if it is probable that they will fall out. If, in subsequent periods, it becomes apparent that the initial assessment needs to be revised, the acquisition value is adjusted under provision. In the Group the corresponding item is recognized as a financial liability at fair value. A change in the provision is recognized in the Parent Company in group receivables, exchange gains and losses and interest.

Note M2. Audit fees and reimbursement

	PARENT COMPANY	
SEKm	2020	2019
PWC		
Audit	2	1
Sub-total, PWC	**2**	**1**
Other audit firms		
Audit	–	2
Sub-total, other audit firms	**–**	**2**
Total	**2**	**3**

Auditing means fees for the statutory audit, i.e. work necessary for presenting an audit report, and audit consultancy provided in tandem with the audit. Other auditing means fees for various types of quality-assurance service. Other means anything not included in auditing, other auditing or tax consultancy. SEK 2m of the audit fees relates to PwC Sweden, SEK 0m of the tax consultancy fees relates to PwC Sweden, SEK 0m of the other auditing fees relates to PwC Sweden.

Note M3. Average number of employees, personnel expenses, pensions etc

AVERAGE NO. OF EMPLOYEES

	PARENT COMPANY	
	2020	2019
Stockholm, Sweden		
Women	6	4
Men	10	5
Total	**16**	**9**

SALARIES AND OTHER BENEFITS

	PARENT COMPANY	
SEKm	2020	2019
Boards of Directors, presidents and senior executives	40	13
Other employees	9	2
Total	**49**	**15**
Social security	10	4
Pensions	3	3
Total	**62**	**22**

Note M4. Financial income/other interest income, etc.

SEKm	PARENT COMPANY 2020	2019
Financial income		
Interest income	12	2
Exchange gain	354	0
Total	**366**	**2**

Note M5. Financial expenses/other interest expenses, etc.

SEKm	PARENT COMPANY 2020	2019
Financial expenses		
Interest expenses	–134	–60
Other financial expenses	–8	–21
Total	**–142**	**–81**

Note M6. Taxes

SEKm	PARENT COMPANY 2020	2019
Tax expense		
Current tax expense	–12	0
Deferred tax	–37	26
Total tax expense	**–49**	**26**
Profit or loss before tax	**150**	**–11**
Reconciliation of effective tax		
Tax at applicable rate 21.4% (22.0%)	–32	2
Non-deductible expenses	–22	–13
Effect of use of previously unrecognized loss carry-forwards	5	37
Total tax expense	**–49**	**26**

Deferred tax assets derived from the balance sheet items as shown in the table below.

SEKm	PARENT COMPANY 2020	2019
Loss carry-forwards	1	26
Total	**1**	**26**

Cont. Note M6

CHANGE IN NET DEFERRED TAX ASSETS

	PARENT COMPANY	
SEKm	2020	2019
Opening balance, net	26	26
Recognized in net income	–25	0
Closing balance, net	**1**	**26**

Tax effects reported directly in Other comprehensive income amount to SEK 0m, and tax effects reported directly in equity amount to SEK 12m.

Note M7. Intangible assets incl licenses etc

	PARENT COMPANY	
SEKm	31 Dec. 2020	31 Dec. 2019
Opening accumulated cost	3	1
Other external acquisitions	8	0
Reclassifications during the year	0	2
Closing accumulated cost	**11**	**3**
Opening accumulated amortisation	0	0
Amortization for the year	–5	0
Closing accumulated amortization	**–5**	**0**
Closing carrying amount	**7**	**3**

Note M8. Participations in Group companies

	PARENT COMPANY	
SEKm	31 Dec. 2020	31 Dec. 2019
Opening carrying amount	3,504	3,906
Acquisition of subsidiaries	6,719	0
Sale of subsidiary*	–5,676	–402
Closing carrying amount	**4,547**	**3,504**

** Sale of subsidiary is an intra-group restructuring. The sold entity is still part of the Stillfront Group.*

SPECIFICATION OF PARENT COMPANY HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

The Parent Company Stillfront Group AB holds 100 percent of the shares in Stillfront Midco AB, Todavia AB, Everguild Ltd and 78 percent of the shares in Nanobit d.o.o. Stillfront Midco AB own directly or indirectly the Studios listed below. Unless otherwise stated, they have share capital consisting of ordinary shares only that are held directly by the Group, and participation in equity is equal to share of the vote.

Cont. Note M8

Name	Country	Reg. office	Corp. ID no.	Partici-pating interest, %	Main activity	Book value, SEKm 31 Dec. 2020	Book value, SEKm 31 Dec. 2019
Todavia AB	Sweden	Stockholm	559100-2893	100	Owning and managing securities	0	2
Nanobit d.o.o	Croatia	Zagreb	HR56906077918	78	Developing and publishing online games	970	–
Everguild Ltd	Great Britain	London	09334050	100	Developing and publishing online games	76	–
Stillfront Midco AB	Sweden	Stockholm	559110-4053	100	Owning and managing securities	3,502	3,502
– Altigi GmbH	Germany	Hamburg	HRB 99869	100	Developing and publishing online games		
– Goodgames Studio Japan K.K.	Japan			100			
– Babil Games LLC	UAE	Dubai	2987/2012 FCZ	100	Publishing mobile games		
– Babil Games Jordan Branch	Jordan		2740	100			
– Arab Gamers League FZ LLC	UAE	Fujairah	12166/2018	51	New media services, event management and digital media services		
– Imperia Online JSC	Bulgaria	Sofia	205098993	100	Developing and publishing online games		
– Kixeye Inc.	US	Wilmington	935057-91	100	Developing and publishing online games		
– Kixeye Canada Ltd.	Canada	Vancouver	BC0952509 (CRA 846529931)	100	Developing and publishing online games		
– KIXEYE Australia PTY LTD	Australia	Benowa	157747870	100	Developing and publishing online games		
– MachineCell PTY Ltd.	Australia	Benowa	616523329	100	Developing and publishing online games		
– SHFT Inc.	US	Wilmington	5947380	100	Developing and publishing online games		
– SHFT VN Co LTD	Vietnam	Ho Chi Minh City	314465736	100	Developing and publishing online games		
– Simutronics	US	Maryland Heights	311296	55.06	Developing and publishing online games		
– Stillfront Online Games AB	Sweden	Stockholm	556721-9430	80	Developing and publishing online games		
– Dorado Games Holdings Ltd	Malta	Malta	C64760	100	Developing and publishing online games		
– DOG Prodcutions Ltd	Malta	Malta	C55850	100	Developing and publishing online games		
– OFM studios	Germany		HRB 145244	51	Developing and publishing online games		
– Power Challenge AB	Sweden	Linköping	556719-9871	100	Developing console games		
– Coldwood Interactive AB	Sweden	Umeå	556641-6532	100	Developing and publishing online games		
– Bytro Labs GmbH	Germany	Hamburg	HRB 118884	100	Developing and publishing online games		
– eRepublik Labs. Ltd	Ireland	Dublin	264101	100	Developing and publishing online games		
– ERPK Labs SRL	Romania	Bucharest	25622297	100	Developing and publishing online games		
– Playa Games GmbH	Germany	Hamburg	HRB 109725	100	Developing and publishing online games		
– Candywriter LLC	US	Miami	7617501	100	Developing and publishing online games		
– Storm 8 Inc	US	Wilmington	4712338	100	Developing and publishing online games		
– Sandbox Interactive GmbH	Germany	Berlin	HRB141903B	100	Developing and publishing online games		
Closing carrying amount						**4,547**	**3,504**

Cont. Note M8

NON-CONTROLLING INTERESTS

Condensed financial information for each subsidiary that has a non-controlling interest that is material to the Group is provided below. The amounts stated for each subsidiary are before intra-group eliminations.

CONDENSED BALANCE SHEET

	SIMUTRONICS		OFM		SOG	
SEKm	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Non-current assets	84	87	11	11	39	27
Current assets	4	4	21	15	11	13
Total assets	**88**	**91**	**32**	**26**	**50**	**41**
Non-current liabilities	47	49	11	12	26	2
Current liabilities	26	13	7	6	9	35
Total liabilities	**73**	**62**	**18**	**18**	**35**	**36**
Net assets	15	29	14	8	16	4
Accumulated non-controlling interests	**7**	**13**	**7**	**4**	**3**	**1**

CONDENSED INCOME STATEMENT

	SIMUTRONICS		OFM		SOG	
SEKm	2020	2019	2020	2019	2020	2019
Revenues	62	40	18	11	116	53
Profit for the year	–12	–3	6	5	12	7
Profit attributable to the non-controlling interests	**–5**	**–1**	**3**	**2**	**2**	**1**

Note M9. Prepaid expenses and accrued income

	PARENT COMPANY	
SEKm	2020	2019
Prepaid expenses and accrued income	19	2
Total	**19**	**2**

Note M10. Interest-bearing liabilities

MATURITY STRUCTURE

	PARENT COMPANY	
SEKm	2020	2019
Bond loans		
Repayment within 2–5 yr.	1,602	1,085
Repayment after more than 5 yr.	–	–
Non-current liability	**1,602**	1,085
Current liability	**0**	**0**
Total bond loans	**1,602**	1,085
Liabilities to credit institutions		
Repayment within 2–5 yr.	602	–
Repayment after more than 5 yr.	–	–
Non-current liability	**602**	**–**
Current liability	**0**	**48**
Total liabilities to credit institutions	**602**	**48**

Note M11. Provisions

SEKm	PARENT COMPANY 2020	PARENT COMPANY 2019
Contingent considerations		
Opening balance	285	406
Acquisitions	1,427	–
Settlement	–155	–130
Restatement	–203	–14
Interest	49	23
Closing balance, contingent considerations	**1,404**	**285**
Whereof current contingent considerations	773	160

Note M12. Accrued expenses and deferred income

SEKm	PARENT COMPANY 31 Dec. 2020	PARENT COMPANY 31 Dec. 2019
Personnel expenses	7	2
Other expenses	18	7
Total	**25**	**9**

Note M13. Pledged assets

SEKm	PARENT COMPANY 2020	PARENT COMPANY 2019
Collateral for liabilities to credit institutions		
Corporate mortgages	0	0
Pledged shares in subsidiaries	0	3,502
Total	**0**	**3,502**

Note M14. Cash flow

NON-CASH ITEMS

SEKm	PARENT COMPANY 2020	PARENT COMPANY 2019
Depreciation and amortization	5	0
Interest on contingent consideration	50	–
Unrealized exchange rate differences	–353	19
Other items	–1	7
Total	**–299**	**26**

INFORMATION ABOUT INTEREST AND DIVIDEND

SEKm	PARENT COMPANY 2020	PARENT COMPANY 2019
Interest paid during the year	–83	–49
Interest received during the year	5	2

No dividend has been received during 2020 and 2019.

Note M15. Fair values of financial assets and liabilities

PARENT COMPANY

	Financial assets measured at amortized cost		Financial liabilities measured at amortized cost	
SEKm	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Receivables from group companies	8,594	1,795	–	–
Other receivables	14	12	–	–
Accrued income	–	–	–	–
Cash and bank balances	115	15	–	–
Other non-current liabilities	–	–	2,263	1,135
Liabilities to group companies	–	–	1,274	65
Accounts payable	–	–	7	5
Overdraft facility	–	–	–	48
Other liabilities	–	–	1	1
Accrued expenses	–	–	25	9
Total	**8,723**	**1,822**	**3,570**	**1,263**

No significant credit loss is considered to exist in receivables from group companies.

Note M16. Transactions with related parties

Purchase and sales transactions with related parties are on market terms. Transactions between the Parent Company and subsidiaries are service and management fees. Salaries and benefits to senior managers are reported in Note 8. There are no purchases of goods and services from related parties.

RELATED PARTY DISCLOSURES

	PARENT COMPANY	
SEKm	2020	2019
Sales to Group companies	119	54
Purchased services from Group companies	–5	0
Interest income from Group companies	2	2
Interest expense to Group companies	0	–2
Non-current receivables from Group companies	8,034	499
Current receivables from Group companies	558	1,296
Current liabilities to Group companies	1,275	76

Note M17. Appropriation of profits

The Board of Directors proposes that the disposable funds of SEK 8,346,330,821 are appropriated as follows:

	PARENT COMPANY	
SEK	31 Dec. 2020	31 Dec. 2019
Share premium reserve	8,371,866,074	3,956,512,661
Profit/loss brought forward	–125,905,177	–140,336,811
Profit/loss for the year	100,369,924	15,531,625
Total	**8,346,330,821**	**3,831,707,475**
Repayment of conditional shareholder's contribution	0	2,205,184
Carried forward	8,346,330,821	3,829,502,291
Total	**8,346,330,821**	**3,831,707,475**

The consolidated annual accounts and the annual accounts, respectively, have been prepared in compliance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of IFRS and generally accepted accounting principles, and provide a true and fair view of the position and results of the Group and the Parent Company. The Report of the Directors for the Group and the Parent Company provides a true and fair view of the operations, financial position and results of the Group and the Parent Company, and describes the principal risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, April 20, 2021

Jan Samuelson Chairman	Katarina Bonde Board member	Erik Forsberg Board member
Birgitta Henriksson Board member	Ulrika Viklund Board member	Kai Wawrzinek Board member

Jörgen Larsson
President and Chief Executive Officer

Our Auditor's Report was submitted on April 20, 2021
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Stillfront Group AB (publ), corporate identity number 556721-3078.

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Stillfront Group AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 49-123 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and 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 general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and consolidated statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
REVENUE RECOGNITION – CUT-OFF *We refer to the Notes 2 Critical accounting policies, 5 Revenue from clients and 24 Accrued expenses and deferred income.* The Group's revenue amounts to SEK 3 991m in 2020. The majority of Stillfront Group's revenue consists of in game purchases in free-to-play games. A purchased virtual currency can be used for acquisition of virtual goods or so-called subscriptions. Revenue is recognized at the point in time when a player uses a virtual currency as payment for the virtual goods or over the time relevant for a purchased subscription. Stillfront also has revenue from in game advertising. These revenues are reported in the period in which the advertising takes place as this is deemed to comprise the correct measure of when the revenue has been earned. Stillfront also has revenues from contracting work. These are recognized in accordance with the economic implications of the agreements in place. The risk is that there can exist a difference between the point in time when Stillfront provides goods or services and when the control is transferred to clients. When the goods or services are seen to have been provided to the clients, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements.	In our audit, we have analyzed Stillfront's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures on the right areas. Our audit procedures included the following: – Analysis of revenues as compared with the prior period. – We have tested, on a random basis, the reported revenue against payments received and agreements, if applicable, to determine if these items have been reported in the correct amounts in the correct periods. – We have tested a sample of receivables against payments received after the year end. – We have by analysis of values accounted for and analysis of unused virtual currency balances tested that deferred revenue is recognized in the correct amount. – We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. The results of these activities have produced no significant observations as regards the audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
CAPITALIZATION OF DEVELOPMENT EXPENDITURE *We refer to the Notes 2 Critical accounting policies, 4 Critical accounting estimates and judgements and 14 Intangible assets.* Capitalised expenses for product development in the amount of SEK 1 383m comprise a significant portion of Stillfront Group's balance sheet as at the end of December 2020. There is a risk that criteria for capitalization of development expenditure have not been met. Normally, Stillfront commences development when all the recognition criteria are met, therefore development expenditure is capitalized from the starting date. The assets are subject to ongoing depreciation.	In our audit, we have analyzed Stillfront's processes and controls regarding capitalization of development expenditure and checked that criteria for capitalization are met. Our audit procedures included the following: – We have performed a recalculation of the development expenditure capitalization schedule. – We have agreed the inputs of the capitalization schedule to supporting documentation on a sample basis. – We have performed analytical procedures over management's estimate of the percentage of payroll costs to be capitalized. – We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. No significant observations were made in the audit resulting in reporting to the Audit Committee.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS

We refer to the Notes 2 Critical accounting policies, 4 Critical accounting estimates and judgements, 14 Intangible assets and 15 Impairment test.

Goodwill in the amount of SEK 7 929m and other intangible assets in the amount of 2 822 comprise a significant portion of Stillfront Group's balance sheet as at the end of December 2020. There is a risk that the future estimated cash flow will not be equivalent to the book value of goodwill and other intangible assets and that, as a result, an impairment risk exists.

According to the Stillfront Group's routine, the value of goodwill and other intangible assets is tested annually or impairment. Stillfront has a process for executing this test. This testing is based on the recoverable amount, which is equivalent to the value of the discounted cash flows for the identified assets.

The calculated recoverable value is based on future budgets and forecasts, approved by the Board of Directors, for the next ten years. The cash flows after the first ten years are extrapolated based on the estimated long-term growth rate. The process, consequently, includes assumptions of a major significance in the testing of impairment requirements. These include the assumptions regarding revenue growth, growth of free cash flows and the discount rate (WACC). The whole Stillfront Group comprises a single cash-generating unit.

In evaluating the assumptions for a combined impairment test for goodwill and other intangible assets, as reported in Note 15, we have undertaken the following audit measures to assess the valuation of such assumptions and model:

- We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. We test the assumptions based on what is included in the budgets and business plans, the results of the group and our knowledge of the Stillfront Group's development. This includes the follow-up of the accuracy of the forecasts for historical periods and provides us with a basis for testing the assumptions regarding future development. In terms of discount rate, this is based on our review of the company's calculation of WACC and the assessment of the inherent risk of operating in current markets.
- With help of PwC's internal valuation specialists, we have tested accuracy of the impairment test model.
- We have also, in conjunction with the testing of possible impairment requirements, checked the sensitivity of the valuations through sensitivity analyses, to determine if there are negative changes in significant parameters which individually, or on a collective basis, could imply the existence of an impairment requirement.
- We have assessed correctness of determining the cash-generating units.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF CONTINGENT CONSIDERATION *We refer to the Notes 2 Critical accounting policies, 4 Critical accounting estimates and judgements and 21 Interest-bearing liabilities.* The contingent consideration amounts to SEK 2 103m as at the end of December 2020. This is deemed to comprise a significant item in the group's balance sheet. Valuation of contingent consideration is based on the management's estimates regarding future performance of subsidiaries as specified in agreements related to business acquisitions. The valuation is based on future budgets and forecasts, approved by the Board of Directors.	In our audit, we have assessed the process for valuation of contingent consideration and the underlying management's estimates. The audit procedures included, amongst other: – We evaluated the management's assumptions regarding assessed future results in subsidiaries with contingent consideration. – We performed a follow-up of the accuracy of the forecasts for historical periods. – We checked the calculation of WACC which is applied in discounting expected future cash flows. – We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. No significant observations were made in the audit resulting in reporting to the Audit Committee.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS) *We refer to the Notes 2 Critical accounting policies and 13 Acquisitions.* In 2020, Stillfront acquired five subsidiaries (Storm8, Candywriter, Nanobit, Everguild and Sandbox) for a total upfront consideration of SEK 4 419m in cash and SEK 1 825m in own shares. The sellers will be also entitled to an earn-out consideration based on the performance of the acquired subsidiaries. Upon initial consolidation of the acquired subsidiaries, Stillfront determined the fair value of contingent consideration in the amount of SEK 2 144m. Stillfront applies a probability-weighted average of payouts associated with each possible outcome when estimating the fair value of contingent consideration. According to the purchase price allocation, goodwill on the subsidiaries acquired in 2020 amounts to SEK 6 534m. The purchase price allocation for Candywriter, Nanobit, Everguild and Sandbox will be finalized in 2021.	In our audit, we have assessed the process for performing purchase price allocation for business acquisitions. The audit procedures included, amongst other: – We evaluated the management's assumptions in determining fair values of acquired identifiable assets and liabilities. – With help of PwC's internal valuation specialists, we have tested accuracy of the purchase price allocation models. – We tested consideration paid upon acquisition and checked valuation of contingent consideration payable. – We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. No significant observations were made in the audit resulting in reporting to the Audit Committee.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–48 and 133–135. The information in "Stillfront Group remuneration report 2020" to be published on the company web page at the same time as this report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Stillfront Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Director's and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Stillfront Group AB (publ) by the general meeting of the shareholders on the 14 May 2020 and has been the company's auditor since the 9 May 2019.

Stockholm, 20 April 2021

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Key figures and glossary

ALTERNATIVE PERFORMANCE MEASURES

Stillfront applies the ESMA Guidelines on Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. For Stillfront's consolidated accounts, this typically means IFRS. APMS are disclosed when they complement performance measures defined by IFRS. The basis for disclosed APMS are that they are used by Management to evaluate the financial performance and in so believed to give analysts and other stakeholders valuable information. Definitions of all APMS, operational key figures and other definitions are found below.

Financial key figures

KEY FIGURE	DEFINITION	PURPOSE
EBIT	Operating profit.	Used to evaluate the underlying profitability of Stillfront.
EBIT MARGIN	EBIT divided by net revenues.	Used to evaluate the underlying profitability and value creation of Stillfront.
ADJUSTED EBIT	EBIT adjusted for IAC and amortization of PPA items.	Used to evaluate the underlying profitability of Stillfront.
ADJUSTED EBIT MARGIN	Adjusted EBIT divided by net revenues.	Used to evaluate the underlying profitability and value creation of Stillfront.
EBITDA	EBIT before depreciation, amortization and write-downs.	Used to evaluate the underlying profitability of Stillfront.
EBITDA MARGIN	EBITDA divided by net revenues.	Used to evaluate the underlying profitability and value creation of Stillfront.
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, including transaction costs for M&A and costs for long-term incentive programs.	Items affecting comparability are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.
ADJUSTED EBITDA	EBITDA adjusted for IAC.	Used to evaluate the underlying profitability and value creation of Stillfront.
ADJUSTED EBITDA MARGIN	Adjusted EBITDA divided by net revenues.	Used to evaluate the underlying profitability of Stillfront.
NET DEBT/ADJUSTED EBITDA, PRO FORMA	Net Debt divided by adjusted EBITDA, pro forma, for the past twelve months.	Used to determine how many years it would take to repay the company's debt with its current profitability. Included among the financial convents under Stillfront's revolving credit facility.

Financial key figures
continued

KEY FIGURE	DEFINITION	PURPOSE
ADJUSTED INTEREST COVERAGE, PRO FORMA	Adjusted EBITDA, pro forma, divided by financial items for the past twelve months.	Used to assess Stillfront's capability of covering its financial expenses.
ORGANIC GROWTH	Change in consolidated net revenues, excluding the translation impact of changed currency exchange rates and acquisitions. Net revenues in acquired operations are considered as acquired growth during twelve months from the acquisition date.	Organic growth is a measure of the development of the Group's existing operations that management has the ability to influence.

Operational key figures

KEY FIGURE	DEFINITION	PURPOSE
ARPDAU	Average revenue per daily active user.	Used to assess the underlying development of Stillfront's games.
DAU	Average daily active users.	Used to assess the underlying development of Stillfront's games.
MAU	Average monthly active users.	Used to assess the underlying development of Stillfront's games.
MPU	Average monthly paying users.	Used to assess the underlying development of Stillfront's games.

Other definitions

KEY FIGURE	DEFINITION
ADJUSTED EBITDA, PRO FORMA	Adjusted EBITDA, where acquired units are included from the beginning of the period.
ADJUSTED FINANCIAL ITEMS	Financial items adjusted for IAC.
AMORTIZATIONS OF PPA ITEMS	Amortization of fair value adjustments identified in connection with purchase price analyses.
BOOKINGS	Revenue before changes in deferred revenue, including deposits from paying users, in-game advertising revenue and other game-related revenue.
NET DEBT	Interest bearing liabilities minus cash and cash equivalents. Contingent liabilities for earnouts are not considered as interest bearing in this context.
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 costs.

Four strong reasons to invest in Stillfront

1. **Ideally positioned in the largest and fastest growing entertainment market**
2. **Capital efficient growth with diversified revenue streams**
3. **Successful M&A execution with proven track record**
4. **Strong financial position with conservative leverage and high profitability**

Financial calendar

Interim Report January–March 2021	5 May 2021
Annual General Meeting, Stockholm	11 May 2021
Interim Report January–June 2021	11 August 2021
Interim Report January–September 2021	10 November 2021
Year End Report 2021	16 February 2022

Contact

Stillfront Group
Hitech Building
Sveavägen 9 5th floor
SE 111 57 Stockholm
Sweden

ir@stillfront.com

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In the event of discrepancies between the language versions the Swedish wording will prevail.

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