Interim Report January–March 2018

STILLFRONT GROUP AB (PUBL)

THE INTERIM PERIOD JANUARY – MARCH 2018

Altigi GmbH has been consolidated into Stillfront Group as of January 1, 2018. Thus the 2018 numbers reflect the new business combination. 2017 numbers pertain to Altigi GmbH, unless stated otherwise. The acquisition is described in Note 3.

- Net revenues amounted to 314.8 MSEK (corresponding period 2017: 250,5 MSEK), which is an increase of 25.7%. Net revenues of Stillfront Group (excluding Altigi GmbH) the first quarter 2017 amounted to 30.0 MSEK, thus the first quarter of 2018 had a net revenue increase of 949% as compared to net revenues in the first quarter 2017.
- EBITDA adjusted for non-recurring and transaction related costs (refer to Note 5) amounted to 106.3 MSEK (98.9), which is an increase of 7.4%.
- EBIT adjusted for non-recurring and transaction related costs amounted to 75.0 MSEK (77.6).
- Operating result after financial items amounted to 67.7 MSEK (41.0). The net result for the period amounted to 45.8 MSEK (26.2).
- Net result per share before dilution for the interim period amounted to 2.00 SEK (1.56 SEK). Net result per share after dilution amounted to 1.99 SEK (1.56 SEK).
- Big Farm Mobile Harvest, Nida Harb III: Empire of Steel and War and Peace: Civil War were all fully launched in the fourth quarter 2017. They have performed very well during the interim period, with excellent growth in Nida Harb III.
- Empire: Millennium Wars went into global launch in the end of the interim period. Empire: Millennium Wars is a mobile strategy game based on the highly successful brand Goodgame Empire. Further Call of War for Android and iOS was launched in the interim period as was Conflict of Nations for Steam.
- The acquisition of Altigi GmbH was completed in January 2018, whereby 16,868,623 shares were issued and a bond issue of 390 MSEK was performed. From an accounting perspective the acquisition has been reported as a reverse acquisition, where Altigi GmbH is the accounting acquirer and Stillfront Group AB is the legal acquirer. This means that comparative periods up to December 31, 2017 refer to Altigi GmbH.

EVENTS AFTER THE INTERIM PERIOD

- On May 22, Stillfront initiated a process to amend the terms and conditions of the 2017/2020 bond. The objective of the amendment is to enable Stillfront to optimise its financing of working capital and of small to mid-size acquisitions.

IMPORTANT NOTICE: This Interim Report is a non-official translation from Swedish of the Delårsrapport issued by Stillfront Group AB (publ) May 29, 2018. This translation is solely provided as convenience. Should there be any ambiguity between the Swedish and the English text, the Swedish text will prevail.

A GREAT START OF AN EXCITING YEAR

"The first quarter of 2018 marks an important milestone for Stillfront Group. We completed the acquisition of Goodgame Studios and it is the first time we are reporting as a combined entity.

The consolidated Group has had a flying start with record breaking revenues and earnings. The existing products Goodgame Empire, Empire Four Kingdoms and Big Farm continue to deliver very solid growth, and our investments in the recent game launches, Big Farm Mobile Harvest, War and Peace and Nida Harb III, have resulted in a very strong positive contribution in the first quarter of 2018. We also see good progress towards realisation of identified synergies within the combined group.

We continue to develop new games with established brands and proven engines which provides us with a favourable risk/reward, and is a balanced and capital efficient way of expanding our portfolio. We have a healthy pipeline of upcoming launches as well as acquisition targets, and I am confident that we are on the right path towards becoming the leading group in our Niche," says Jörgen Larsson, CEO Stillfront Group.

KEY FIGURES, THE GROUP

KSEK	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Net Revenues	314 811	250 481	977 011	912 681
Growth in revenues	25.7%			
EBITDA adjusted*	106 271	98 944	320 115	312 788
EBITDA margin adjusted*	33.8%	39.5%	32.8%	34.3%
EBIT adjusted*	74 996	77 609	224 945	227 558
EBIT margin adjusted*	23.8%	31.0%	23.0%	24.9%
Net Result	45 802	26 192	95 097	75 487

* excluding non-recurring items

PROFORMA KEY FIGURES, GROUP

The below table summarises key pro forma financials for the new group as if the acquisition was made January 1, 2017.

KSEK	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Net Revenues	314 811	280 485	1 112 993	1 078 667
Growth in revenues	12.2%			
EBITDA adjusted*	106 271	106 606	364 718	365 053
EBITDA margin adjusted*	33.8%	38.0%	32.8%	33.8%

* excluding non-recurring i-tems

INVESTOR PRESENTATION

An Investor Presentation is available at Stillfront's website with the address: stillfront.com/site/investor-relations/financial-reports/

A Word from Jörgen Larsson, CEO

A flying start setting new records – on a substantially larger scale

The first quarter 2018 marks an important milestone for Stillfront Group. We completed the acquisition of Goodgame Studios, and it is the first time we are reporting as a combined entity. The merger with Goodgame Studios and strong organic growth in the first quarter, means that we are now operating on a substantially larger scale.

The growth in both revenues and earnings have been extraordinary satisfying. Net revenues in the first quarter reached 315 MSEK with an adjusted EBITDA of 106 MSEK and an adjusted EBIT of 75 MSEK (excluding non-recurring costs) equalling margins of 34% and 24%, respectively.

It is strategically important that we have been able to achieve these results with a high degree of stability and predictability, hence with lower risk.

GROWTH FROM EXISTING PRODUCTS AND SUCCESSFUL LAUNCHES

The acquisition of Goodgame Studios has significantly strengthened Stillfront's market position and game portfolio, focusing mainly on free-to-play strategy games. The Stillfront live portfolio now consists of 23 products, from small niche products like OFM, through mid-sized like Call of War and Nida Harb, to massive brands Empire and Big Farm. The Empire brand is one of the most successful strategy IPs of all time with more than 175 million registered users.

It is very satisfying to conclude that the existing massive products Goodgame Empire, Empire Four Kingdoms and Big Farm continue to deliver very solid numbers and a QoQ growth of 4% in deposits. The consumer loyalty to these top brands show tremendous strength, providing an impressive monetization.

The customer loyalty and average revenue (ARPMPU) are core strengths of our portfolio with strong performance during the quarter. Our games are played not only in months, they are played for many years or even decades. This creates a stability and predictability.

Most notable of the new products launched in Q4 2017, Big Farm Mobile Harvest, War and Peace and Nida Harb III have all developed very strong in Q1:

- Big Farm Mobile Harvest was launched in October through a massive and very successful launch campaign. During the first quarter the product has stabilised on a high level and the user base is being refined. Additional content and features are being and will be added during Q2 and Q3, for further growth over long time. The deposits in the quarter amounted to 27.4 MSEK.
- Nida Harb III was launched in late November. The product has gained tremendous traction. In Q1 Nida Harb III was the largest product after Empire and Big Farm with deposits of 12.7 MSEK, fuelled by a 1 MUSD UAC with exceptional short ROI and several featurings. Also, Nida Harb III was most capital efficient, with only 1 MSEK in initial investment for product adaptions.

- War and Peace quickly reached sales making the product the Group's highest grossing game in December (excluding Goodgame games), recouping the initial 1 MSEK investment in a few weeks. In total it generated deposits of 10.8 MSEK in Q1.

STRONG PIPELINE FOR 2018 AND 2019

The number of products in soft launch and under development is the highest ever. All of this make the pipeline for 2018 and 2019 very exciting. In parallel to having the strongest pipeline ever, we have also been able to reach our long-term target of organic investments (i.e. excluding acquisitions) at around 10% of net revenues.

At the end of the first quarter Empire: Millennium Wars was launched on mobile. The product is being launched in small and iterative steps and is planned to accelerate in parallel with the upcoming sister product on browser, which is planned for late Q2. We expect both Millennium Wars products to contribute significantly from Q3 and onwards.

GOOD PROGRESS OF GO-TO-MARKET STRATEGIES

We continue to develop new games with established brands and proven engines which provides us with a favourable risk/reward balance and capital efficient way of expanding our portfolio. During several years we have systematically developed different means of making our go-to-market models increasingly efficient. Seeing how these means pay off is very pleasing and encourage us to continue our work even harder.

Call of War has developed with continued stability and good growth in Q1. What is especially important is that Call of War and the Bytro team has successfully performed a broad platform extension of the Call of War product, into both Steam and into mobile.

The platform extension has proven to improve KPIs such as player engagement, retention, distribution and monetization. Currently, approximately 15-20% of Call of War's revenues come from the platform extensions. Bytro is sharing their state-of-the-art knowledge and experiences throughout the Group for other studios on how to extend their products to other platforms.

Further, we are excited to see the very strong development within eRepublik since joining Stillfront Group. In Q2 2017, when we made the acquisition, eRepublik had quarterly revenues of approximately 10 MSEK. In Q1 2018 the revenues were 93% higher.

Even more impressive is that Babil Games has reached record quarterly revenues of 15.2 MSEK, equal to a 187% growth compared to Q1 2017.

OUR STRATEGY DELIVERS – STRONG MOMENTUM FOR THE FUTURE

Our four-step model of creating shareholder value through M&A works extremely well.

The share of revenues coming from own brands and own publishing amounts to about 99% in first quarter, up from 76% during Q1 2017. The share of mobile revenues in the first quarter was 49%, up from pro forma 44% in the fourth quarter, in line with our plans and targets.

Our work on identifying and evaluating interesting acquisitions continues. The market's awareness of Stillfront Group is increasing, which is reflected in a strong deal pipeline. We have high standards for potential acquisitions, and evaluations are ongoing continuously. Our M&A focus is still strategy games, however we have broadened our criteria slightly to also include other game genres. The key common denominator is still games and brands with long life cycles.

We see that our business model and strategy work and give us strong momentum for years to come, and I am confident that we are on the right path towards becoming the leader in our niche.

Our exciting journey continues!

Jörgen Larsson, CEO

Events during the interim period

On January 9, 2018 the acquisition of Altigi GmbH, known under the brand name Goodgame Studios, was completed when an extra general meeting of the shareholders of Stillfront Group resolved to issue 16,868,623 shares to the sellers of Altigi GmbH. The same general meeting resolved to issue bonds amounting to 390 MSEK and to elect Dr Christian Wawrzinek as board member of Stillfront Group.

Key game launches during the interim period were Empire: Millennium Wars, Call of War for Android and iOS and Conflict of Nations for Steam. Empire: Millennium Wars is a mobile strategy game based on the highly successful brand Empire. Call of War is an established game on the browser and the platform extensions for Android and iOS has been received well among the players. Conflict of Nations on Steam, is another example of our successful platform extension strategy.

The yearly growth in users was very strong during the interim period. During the first quarter of 2018, the average number of monthly active users – MAUs – was 4,893,000. The number of daily active users – DAUs – was 1,115,000 on average during the quarter. The corresponding figures for the first quarter of 2017 were 3,425,000 and 931,000 DAUs (including Goodgame Studios). During the first quarter of 2018, the number of MAUs increased by 43%, and the number of DAUs increased by 20%, compared with the first quarter of 2017.

Big Farm Mobile Harvest, Nida Harb III: Empire of Steel and War and Peace: Civil War were all fully launched in the fourth quarter 2017. These launches have contributed strongly to the increase in MAUs and DAUs.

Product development has continued during the interim period and there is a solid pipeline of upcoming launches.

Events after the interim period

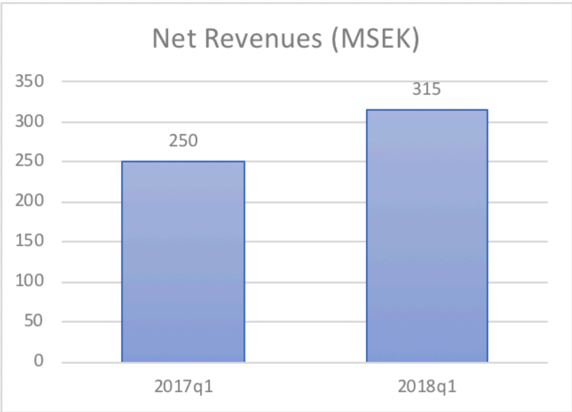
On May 22, 2018 Stillfront initiated a process to amend the terms and conditions of the 2017/2020 bond. The objective of the amendment is to enable Stillfront to optimise its financing of working capital and small to mid-size acquisitions.

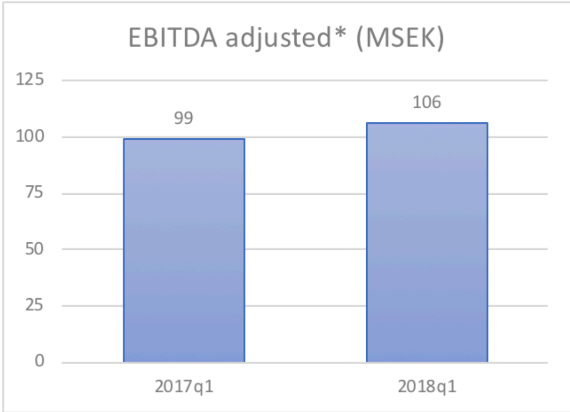
Revenues and profit/loss

The acquisition of Altigi GmbH, which was completed in January 2018, has been reported as a reverse acquisition from an accounting point of view, meaning that comparative periods up to December 31, 2017 refer to Altigi GmbH.

Net revenues during the first quarter amounted to 314.8 MSEK (250.5 MSEK). The increase pertains mainly to the consolidation of the new group.

Total revenues during the interim period, which includes internally accrued and other revenues amounted to 351.8 MSEK (268.5).





*excluding non-recurring items

EBITDA adjusted for non-recurring items amounted to 106.3 MSEK (98.9) during the interim period, corresponding to an adjusted EBITDA-margin of 33.8% (39.5%). The decrease in adjusted EBITDA-margin was caused by increased marketing spending and a higher share of revenues from mobile games. Non-recurring items were mainly restructuring costs and transactions costs related to the acquisition of Altigi GmbH. EBITDA including non-recurring items was 104.5 MSEK (62.4).

EBIT adjusted for non-recurring items amounted to 75.0 MSEK (77.6) during the interim period, corresponding to an adjusted EBIT-margin of 23.8% (31.0%). The decrease in adjusted EBIT-margin was caused by increased amortisations, increased marketing spending and a higher share of revenues from mobile games. The increased amortisations in the new consolidated group are an effect of the Altigi acquisition.

Operating result after financial items amounted to 69.7 MSEK (41.0). Net result amounted to 45.8 MSEK (26.2).

Cash flow and financial position

Cash flow for the interim period was -36.2 MSEK (-25.6). Cash flow from operations was 60.4 MSEK (-12.7).

Equity ratio as of March 31, 2018 was 48.1% compared to 15.7% as of December 31, 2017.

Cash and cash equivalents for the Group, including not utilised credit facilities, were at the end of the interim period 346.2 MSEK compared to 376.0 MSEK as of December 31, 2017.

The interest coverage ratio (defined as EBITDA divided by net financial items for the past 12 months) was 55 as of March 31, 2018, compared with 1 374 as of December 31, 2017. The change is due to the fact that Altigi, which had no bond liabilities, had relatively low net financial income as at 31 December 2017.

Leverage ratio (defined as adjusted net debt as of 31 March divided by EBITDA for the past 12 months) was 1.46 as of March 31, 2018. Leverage ratio Pro forma (i.e. including “old” Stillfront Group EBITDA 2017 Q2-Q4) was 1,0 as of March 31, 2018. As of December 31, 2017, the leverage ratio was negative, i.e. the company did not have a net debt. In this context, adjusted net debt is defined as non-current liabilities excluding contingent considerations reduced by cash and bank.

Investments and Depreciation

During the interim period investments have been made that have been capitalized with 31,0 MSEK (13.8). Investments include new games inter alia Empire: Millennium Wars, a new Simutronics title and other new titles based on existing engines as well as extensions and additions to existing games,

Depreciation and amortization of 31.3 MSEK (21.3) was charged during the interim period. Depreciation and amortization primarily pertains to intangible assets acquired by the Group related to the Group's acquisitions of subsidiaries and to capitalization of product development expenses.

Employees

The number of employees at the end of period was 430.

Market

The gaming industry is one of the largest sectors of the entertainment industry globally. In 2017, the gaming market was estimated to exceed 116 bUSD according to Newzoo, up 10.7% from 2016. Newzoo estimates the global gaming market to reach more than 140 bUSD by 2020 and an average annual growth of 8.2% during 2016 – 2020.

According to Newzoos segmentation, the largest and fastest growing platform is smartphones and tablets. They account for 43% of the market, with 23.3% growth from 2016. The remaining market is shared equally by console games (PlayStation, Xbox, Nintendo) and PC games, including browser games. Console games accounted for 29% of the market in 2017, a growth of 3.7%, while PC games accounted for 28% of the market, with growth of 1.4%.

Asia in general and China in particular is the largest single market for gaming. China generated more revenues in 2017 than the United States. Asia accounted for 47.1% of global revenues with 9.2% growth from 2016, while North America and Europe together accounted for 45.3%, with 4.6% growth. The fastest growing region in the world is the Middle East and Africa, accounting for 3.6% of global revenues. This region grew by 25% from 2016, driven primarily by the countries of the MENA region (Middle East and North Africa), according to Newzoo.

The largest growth areas, based on platform and geography; mobiles/tablets and Asia respectively, are both largely driven by the same global trend: The shift in business model from premium to free-to-play. Traditionally, games have been sold at a predetermined price as a one-time transaction. In free-to-play, the business model is recurring revenue for a long time from some of the players, while other players do not pay. This business model which has long been applied in browser games, has over the last few years taken over the mobile segment, and begins to gain market share also on PC-downloadable and console markets. In Asia and especially China, free-to-play is the ruling business model, and it also wins strong ground in the rest of the world on all platforms.

Stillfront Group is well positioned to grow faster than the market in the coming years. A portfolio of games and game engines across all major platforms, with the fastest growing mobile market and strong brands and marketing skills in the free-to-play model, provide a good platform for growth. Asia's largest growth engine, China, has high barriers to foreign companies and is not a focus for Stillfront Group at the present time. On the other hand, Stillfront Group is very active in the fast growing MENA region in addition to the main markets Europe and North America.

Parent Company

Standard group management functions and group wide services are provided via the parent company. The revenues for the parent was during the interim period were 3.6 MSEK (0.0). The profit/loss amounted to -3.7 MSEK (-2.7).

Related Party Transactions

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

The Share and Shareholders

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. As of June 29, 2017, the share is traded on First North Premier. Closing price as of March 31, 2018 was 173.00 SEK/share.

The largest shareholders as of March 31, 2018 were Laureus Capital GmbH owning 27.0 percent of the shares in the company, Swedbank Robur Fonder owning 9.4 percent, Första AP-fonden owning 9.0 percent, Handelsbanken Fonder owning 7.5 percent and Global Founders Capital GmbH & Co. Beteiligungs KG Nr.1 owning 5.5% of the company. The total number of shares was 23,293,631.

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

Accounting and Valuation Principles

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

Risks and Uncertainty Factors

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

Review

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

Certified Adviser

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

Investor contact

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

Financial Calendar

Annual General Meeting	30 May 2018
Interim Report January-June 2018	28 August 2018
Interim Report January-September 2018	22 November 2018
Year End Report 2018	22 February 2019

Note

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07.00 CEST on May 29, 2018.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Sten Wranne, CFO
Tel: 0705-851258, sten@stillfront.com

Board Declaration

The Board of Directors and the Chief Executive Officer hereby certify that this Interim Report gives a true and fair view of the company's and the group's operations, financial position and results of operations, and describes significant risks and uncertainties faced by the company and the companies in the group.

Stockholm, May 29, 2018

Annette Brodin Rampe, Chairman

Mark Miller

Alexander Bricca

Birgitta Henriksson

Ulrika Viklund

Sture Wikman

Dr. Christian Wawrzinek

Jörgen Larsson, CEO

Key figures, Group

KSEK	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Unadjusted revenues, KSEK	316 656	250 820	987 478	921 642
Net revenues, KSEK	314 811	250 481	977 011	912 681
EBITDA adjusted*, KSEK	106 271	98 944	320 115	312 788
EBIT , adjusted*	74 996	77 609	224 945	227 558
Net result, KSEK	45 802	26 192	95 097	75 487
EBITDA margin adjusted*, %	33.8%	39.5%	32.8%	34.3%
EBIT margin adjusted*	23.8%	31.0%	23.0%	24.9%
Interest Coverage Ratio, x	55		55	1 374
Equity Ratio, %	48.1%	58.3%		15.7%
Leverage Ratio adjusted*, x	1.46		Neg	Neg
Shareholders' equity per share undiluted, SEK	36.90	3.81		12.36
Shareholders' equity per share diluted, SEK	36.71	3.81		12.36
Earnings per share undiluted, SEK	2.00	1.56	4.12	4.49
Earnings per share diluted, SEK	1.99	1.56	4.10	4.49
No of shares end of period undiluted	23 253 631	16 828 623	23 253 631	16 828 623
No of shares end of period diluted	23 375 557	16 828 623	23 375 557	16 828 623
Average no of shares period undiluted	23 253 631	16 828 623	18 434 875	16 828 623
Average no of shares period diluted	23 375 557	16 828 623	18 465 356	16 828 623

* excluding non-recurring items

KEY RATIOS NOT DEFINED IN IFRS

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

DEFINITIONS ALTERNATIVE PERFORMANCE MEASURE, GROUP

Alternative Performance Measure	Definition	Purpose
Unadjusted revenues	Unadjusted revenues represents Net revenue before IFRS adjustments for prepayments from customer	Shows the actual payment, excl VAT, from customer. Unadjusted revenues gives a relevant view of Stillfront's operational performance during a given period.
Growth in Revenues	Growth in Net revenues compared to the corresponding period the previous year.	Indicates the growth rate
EBITDA	Operating profit before depreciation and amortization.	Indicates the profits in the running business
EBIT	Net result for the period before interest and taxes	Indicates the profits after depreciation and amortisation
EBITDA margin	EBITDA as a percentage of Net revenues	Indicates the profitability in relation to the Net revenues.
EBIT margin	EBIT as a percentage of Net revenue	Indicates the profitability after depreciation and amortisation in relation to Net revenues
Interest Coverage Ratio	EBITDA divided by net financial items for the past 12 months.	Indicates the ability to pay interest on debts
Equity Ratio	Shareholders' equity as a percentage of total capital	Describes the capital structure
Leverage Ratio	Adjusted net debt (non-current liabilities excluding contingent considerations reduced by cash and bank) divided by EBITDA for the past 12 months	Describes the capital structure and financial risk
Shareholders' equity/share	Shareholders' equity attributable to the parent company shareholders divided by the number of shares at the end of the period.	Indicates the value of the equity per share

Consolidated income statement

KSEK	NOTE 3	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Revenues					
Net revenues		314 811	250 481	977 011	912 681
Internally accrued during the year		30 955	13 761	83 757	66 563
Other revenues	4	6 007	4 264	11 731	9 988
Operating expenses					
Other operating expenses	5	-193 224	-114 741	-601 332	-522 849
Personnel expenses		-54 005	-91 404	-227 887	-265 286
Depreciations, amortisation and write-downs		-31 275	-21 335	-95 171	-85 230
Other expenses					
Operating result		**73 270**	**41 027**	**148 109**	**115 867**
Result from financial items					
Financial Income		1 970	2	1 972	3
Financial expenses		-7 511	0	-7 741	-231
Total financial items		-5 540	2	-5 769	-228
Operating result after financial items		**67 729**	**41 029**	**142 340**	**115 639**
Taxes for the period		-21 928	-14 836	-47 243	-40 152
Net result for the period		**45 802**	**26 192**	**95 097**	**75 487**
Other comprehensive income					
Items that later can be reversed in profit					
Foreign currency translation differences		2 324	-110	2 404	-30
Total other comprehensive income for period		**48 126**	**26 082**	**97 501**	**75 457**
Period net result attributed to:					
Parent company shareholders		46 587	26 192	95 881	75 487
Minority interests		-785	0	-785	0
Period total comprehensive income					
Parent company shareholders		48 606	26 082	97 981	75 457
Minority interests		-480	0	-480	0
Average number of shares					
Undiluted		23 253 631	16 828 623	23 253 631	16 828 623
Diluted		23 375 557	16 828 623	23 375 557	16 828 623
Net result per share attributable to the parent company shareholders					
Undiluted, SEK/share		2.00	1.56	4.12	4.49
Diluted, SEK/share		1.99	1.56	4.10	4.49

Consolidated balance sheet in summary

KSEK	Note 3	2018-03-31	2017-12-31	2017-03-31
Intangible non current assets	6	1 521 721	150 097	151 884
Tangible non current assets		10 126	9 766	13 038
Financial non current assets		63	0	0
Deferred tax assets		13 795	0	0
Current receivables	7	132 567	71 641	69 709
Cash and bank		144 542	176 061	122 408
Total assets		**1 822 813**	**407 564**	**357 039**
Shareholders' equity				
Shareholders' equity attributable to parent company's shareholders		858 080	64 120	208 020
Non-Controlling interest		19 329	0	0
Total Shareholders' equity		**877 409**	**64 120**	**208 020**
Non-current liabilities	7	179 041	98 875	34 251
Bond	7	497 017	0	0
Current liabilities	7	269 346	244 570	114 769
Total Liabilites and Shareholders' equity		**1 822 813**	**407 564**	**357 039**

Shareholders' equity, Group

KSEK	SHARE CAPITAL	NOT REGISTERED SHARE CAPITAL	OTHER CONTRIBUTION	OTHER EQUITY INCL PROFIT OF THE YEAR	EQUITY PERTAIN TO PARENT SHARE HOLDERS	NON-CONTROLLING INTEREST	TOTAL EQUITY
Closing balance 2016-12-31	**675**	**31 804**	**0**	**149 557**	**182 037**	**0**	**182 037**
Profit/Loss for the period				26 093	26 093		26 093
Other comprehensive income					0		0
*** Foreign currency translation differences				-110	-110		-110
Total other comprehensive income	**0**	**0**	**0**	**25 983**	**25 983**		**25 983**
New share issue							0
Issue costs							0
Total transactions booked against share capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance 2017-03-31	**675**	**31 804**	**0**	**175 540**	**208 020**	**0**	**208 020**
Opening balance 2018-01-01	**727**			**63 045**	**63 771**	**0**	**63 771**
Profit/Loss for the period				46 587	46 587	-785	45 802
*** Foreign currency translation differences			2 019		2 019	305	2 324
Total other comprehensive income	**0**	**0**	**2 019**	**46 587**	**48 606**	**-480**	**48 126**
Issue costs, Note 3			-52 487		-52 487		-52 487
Issue for non-cash consideration, Note 3			1 186 064		1 186 064		1 186 064
Dividends, Note 3				-387 873	-387 873		-387 873
Re-classification to share capital, Note 3	15 579			-15 579	0	19 809	19 809
Total transactions booked against share capital	**15 579**	**0**	**1 133 577**	**-403 452**	**745 704**	**19 809**	**765 512**
Closing balance 2018-03-31	**16 306**	**0**	**1 135 596**	**-293 821**	**858 080**	**19 329**	**877 409**

Cash flow in summary, Group

KSEK	NOTE 3	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Operations					
Result after financial items		68 733	41 201	145 901	118 368
Adj for items not in cash flow etc		26 966	14 202	149 284	136 520
Tax paid		-1 325	-15 140	-34 867	-48 682
Cash flow from operations before changes in working capital		**94 374**	**40 262**	**260 318**	**206 206**
Changes in working capital					
Increase(-)/Decrease (+) operating receivables		-24 465	-1 335	-15 341	7 789
Increase (+)/Decrease (-) in operating liabilities		-9 461	-51 627	39 432	-2 734
Cash flow from changes in working capital		**-33 926**	**-52 961**	**24 091**	**5 056**
Cash flow from operations		**60 449**	**-12 699**	**284 410**	**211 262**
Investment activities					
Acquisition of business, Note 3		65 931	-	65 931	-
Acquisition of tangible assets		10	859	-254	595
Acquisition of non-tangible assets		-32 779	-13 819	-87 023	-68 063
Cash flow from investment activities		**33 162**	**-12 960**	**-21 346**	**-67 468**
Financing activities					
New debt		394 088	8	394 091	11
Issue cost		-52 487	-	-52 487	-
Payment to shareholders (incl. dividend paid)		-83 541	-	-204 032	-120 491
Dividend reverse acquisition		-387 873	-	-387 873	-
Cash flow from financing activities		**-129 813**	**8**	**-250 301**	**-120 480**
Cash flow for the period		**-36 202**	**-25 651**	**12 763**	**23 314**
Cash and cash equivalents at start of period		**176 061**	**148 043**	**180 765**	**152 747**
Translation differences		**4 729**	**-**	**4 729**	**-**
Cash and cash equivalents at end of period		**144 588**	**122 392**	**198 257**	**176 061**

Parent company income statement

KSEK	NOTE 3	2018 JAN-MAR	2017 JAN-MAR	LATEST 12 MONTHS	2017 JAN-DEC
Revenues					
Net revenues		3 628	44	8 704	5 120
Other revenues		-	-	2 785	2 785
Operating expenses					
Other external expenses		-2 473	-1 564	-8 859	-7 950
Personnel expenses		-1 891	-1 221	-7 578	-6 908
Operating result		**-736**	**-2 741**	**-4 948**	**-6 953**
Financial income		2 119	7	2 772	659
Financial expenses		-7 124	-	-19 305	-12 181
Total financial items		-5 005	7	-16 533	-11 521
Result after financial items		**-5 740**	**-2 734**	**-21 480**	**-18 474**
Appropriations					
Group contribution		-	-	6 615	6 615
Total appropriations		**0**	**0**	**6 615**	**6 615**
Profit before tax		**-5 740**	**-2 734**	**-14 865**	**-11 859**
Tax for the period		2 088	0	5 373	3 285
Net result for the period/Comprehensive income for the period		**-3 652**	**-2 734**	**-9 492**	**-8 574**

Parent company balance sheet in summary

KSEK	Note 3,7	2018-03-31	2017-12-31	2017-03-31
Financial non current assets		3 900 577	338 276	329 185
Current receivables		23 981	11 746	1 257
Cash and bank		63 439	20 324	13 798
Total assets		**3 987 997**	**370 346**	**344 240**
Shareholders' equity		3 291 822	234 014	207 576
Appropriations		84 063	25 229	126 304
Non current liabilities		43 098	-	4 528
Bond		497 017	102 929	-
Current liabilities		71 997	8 174	5 832
Total liabilities & Shareholders' equity		**3 987 997**	**370 346**	**344 240**

NOTES

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

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

Changes in significant accounting policies

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

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

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

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

The games within Stillfront are 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 is generated when a player makes in game purchases to access additional content, functions, features or advantages in the games. When a player makes a deposit in the game, he/she obtains various types of virtual means of payment. These means of payment can be used to get different types of "virtual goods" ie. different types of tools to use in the games or services in-game. Some "virtual goods" can be used either immediately or unlimited over the playing time (the playing time can be either unlimited or limited in time).

Access to the game platform

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

Virtual goods

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

Premium subscriptions

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

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

NOTE 2 FAIR VALUES

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

NOTE 3 ACQUISITIONS

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

Purchase price of the acquisition are as follows:

KSEK

Purchase price

Cash and cash equivalents	387 873
Ordinary shares issued	3 113 948
Total purchase consideration	**3 501 821**

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

Reverse acquisition

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

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

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

Equity

The purchase price in the reverse acquisition is calculated on the basis of the number of shares that had been required to be issued to the legal subsidiary for the acquisition of Stillfront Group, and the value is estimated to be 1 186 MSEK. The compensation that Stillfront has paid in cash for its acquisition of the legal subsidiary, 388 MSEK, is considered in the reverse acquisition as a dividend to Altigi i.e. the accounting parent company. The equity pertained is in its entirety from comparative figures from the legal subsidiary with the addition of the Stillfront Group. The reported outgoing share capital, however, should reflect the share capital of the legal parent company, which means 15.6 MSEK have been reclassified from capital to equity capital.

Purchase price analysis

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

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

Intangible non-current assets	222.4
Property, plant and equipment	1.3
Deferred tax assets	11.6
Current receivables excl cash and bank	32.1
Cash and bank	65.9
Non-current liabilities	-163.7
Deferred tax liabilities	-52.1
Current liabilities	-50.9
Total net assets acquired excluding goodwill (MSEK)	**66.7**
Minority	-19.8
Total net assets attributable to parent company's shareholders excl goodwill (MSEK)	**46.8**
Recognized goodwill	1 139.2
Total consideration	**1 186.1**

The previous consolidated group Stillfront Group is from an accounting point of view the acquired business and is included in the new Stillfront Group consolidated net sales with 66.2 MSEK and in the period's net result with -2.1 MSEK.

NOTE 4 OTHER REVENUE

KSEK	2018 JAN-MAR
Revaluation of contingent considerations	3 784
Currency exchange gains	1 671
Other revenue	552
Total Other revenue	**6 007**

NOTE 5 NON-RECURRING ITEMS

2018 January to March

Transaction-related costs associated to the reverse acquisition are charged to the operational result amounting to 5.5 MSEK. Further, a non-recurring item relating to a revaluation of contingent conditional consideration been recognised as revenue. The effect of the revaluation is an increase of Group revenues amounting to 3.8 MSEK.

2017

During 2017 Altigi GmbH performed a restructuring of the company which meant a substantial part of the employees had to leave the company. The non-recurring item is mainly related to compensation to employees and suppliers.

NOTE 6 INTANGIBLE ASSETS

The preliminary purchase analysis indicates that out of the equity value identified of Stillfront (pre acquistion) (i.e. 1,303.6 MSEK), the goodwill amounts to 1,1139.2 MSEK and intangible assets to 222.4 MSEK. The intangible assets identified are in-house developed technologies, in-house technologies in development, games, studio titles and customer relationships.

MSEK	Inhouse developed technology	Inhouse technology in development	Games	Studio titles	Customer relationship	Goodwill	Licenses and similar rights	Capitalised expenditure on development	2018-03-31
Opening cost							**31.9**	**414.5**	**446.4**
Acquisitions in operations	118.2	12.3	37.4	13.5	41.0	1 139.2	0.1	0.0	1 361.7
Internal development								32.6	32.6
Translations differences							1.4	19.7	21.1
Closing accumulated cost	**118.2**	**12.3**	**37.4**	**13.5**	**41.0**	**1 139.2**	**33.4**	**466.7**	**1 861.8**
									0.0
Opening accumulated depreciation							**-25.1**	**-271.2**	**-296.3**
This year's depreciations	-5.9	-0.6	-1.4	-0.3	-1.3	0.0	-0.7	-19.6	-29.8
Translations differences							-1.2	-12.9	
Closing accumulated depreciation	**-5.9**	**-0.6**	**-1.4**	**-0.3**	**-1.3**	**0.0**	**-26.9**	**-303.6**	**-340.0**
Closing carrying amount	**112.3**	**11.7**	**36.0**	**13.2**	**39.7**	**1 139.2**	**6.5**	**163.1**	**1 521.7**

Amortization principles

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

For capitalised expenditure on development costs, a layered approach is applied, meaning that product development regarding add-ons on existing titles are amortised over 4 years from the release of the add-on.

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

Intangible assets validated in the preliminary purchase analysis	Years
Inhouse developed technology	5
Inhouse technology in development	5
Mobile games titles	5
Browser games/cross platform titles	8
Evergreen game titles	10
Studio titles	10
Customer relationships, mobile games	5
Customer relationships, browser games/cross platform	8
Customer relationships, Evergreen	10

NOTE 7 FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group classifies its financial assets in the following categories: loan receivables and trade receivables. The classification depends on the purpose for which the financial asset was acquired. The classification of financial assets is determined by management upon initial recognition. Loan receivables and trade receivables are financial assets that do not constitute a derivative, that have fixed payments or payments that can be determined and that are not listed on an active market. They are included in current assets, with the exception of items maturing later than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loan receivables and trade receivables principally comprise trade receivables, other receivables, accrued income, and cash and cash equivalents.

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

Financial liabilities

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

Other financial liabilities are valued at amortized cost.

Financial instruments

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

ABOUT STILLFRONT

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

SELECTED GAMES

Stillfront's portfolio includes games across multiple platforms. Unravel is a widely acclaimed console game developed by Coldwood in collaboration with Electronic Arts. Supremacy 1914 and Call of War are high-immersion war strategy games developed by Bytro Labs. ManagerZone is a sports management strategy game launched in 2001. DragonRealms and GemStone IV are MUD-style games with a very loyal player base. Siege: Titan Wars(TM) is a popular mobile game developed by Simutronics. Nida Harb 3 and Admiral are mobile strategy games with very strong player bases, which are published by Babil Games. World at War: WW2 and War and Peace: Civil War are a successful mobile strategy games developed and published by eRepublik Labs. Online Fussball Manager is a leading sports management game. Empire and BigFarm are major IPs operated by Goodgame Studios.

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