Annual Report 2017

STILLFRONT GROUP AB (PUBL)

Contents

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

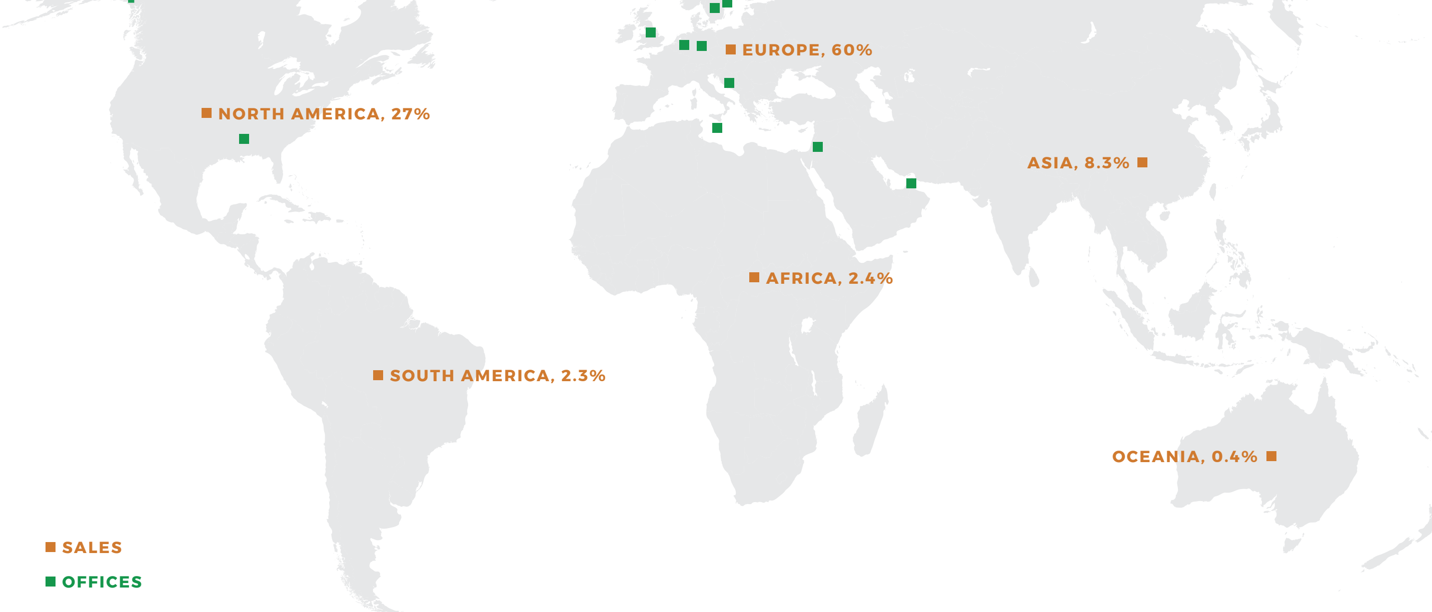
About Stillfront

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: Goodgame Studios, Bytro Labs and OFM Studios 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 and eRepublik in Ireland and Romania. 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.

Stillfront – market leader in online strategy games

- Market leader in the free-to-play browser and mobile strategy games genre, with very loyal customer base and long game life cycles
- Well-diversified game portfolio with established block-buster IPs and many small to mid-sized growing and profitable IPs
- 5.1 million monthly users, MAUs, and 1.1 million daily users, DAUs, with main markets by revenue in US, Germany, UK, MENA and France
- Group of nine studios operating in Germany, Sweden, Romania, United States, Jordan, and Malta, with a total of 380 professionals. Headquartered in Stockholm
- ~35% of the Group is owned by active key individuals

Global presence



MASSIVE TRACK RECORD

€200m marketing spend, profitable ROI	All time 400m registered users to date	€ > 1bn in lifetime deposits

5.1m MAU avg. # of MAUs during Q4 2017	EMPIRE IS ONE OF THE BIGGEST STRATEGY GAMES OF ALL TIME

2017 in summary

*Selected highlights 2017 year-end report**

STILLFRONT PORTFOLIO SHOWS STRENGTH AND STABILITY

FY net revenues
166 MSEK
FYoFY 75% revenue growth

Q4 revenues **53** MSEK,
EBITDA **29%**,
YoY **+116%**

37 consecutive months
of ATH in LTM revenues

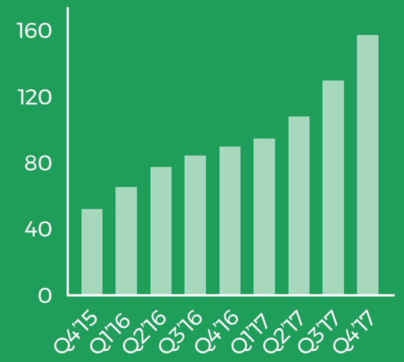
Solid FY margins of
32% EBITDA

WAR AND PEACE AND NIBA HARB III – VERY SUCCESSFUL LAUNCHES

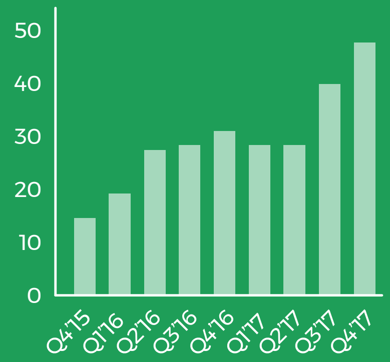
- Several featurings achieved
- Monetization metrics really strong
- Continued strong development 2018
- These two products are currently the largest grossing games excluding Goodgame

HIGH GROWTH AND STRONG EARNINGS MSEK

Net revenues rolling LTM



EBITDA rolling LTM



ACQUISITION OF GOODGAME STUDIOS

- Goodgame is one of the European gaming superstars
- Brings two massive brands to the Stillfront portfolio
- World-class marketing and distribution
- The strategic fit is very strong

GOOD GAME

* Goodgame Studios not included in Stillfront Group numbers, as they are consolidated from January


نداء الحرب III
إمبراطورية الفولاذ

A word from the CEO

2017 – A giant leap

2017 has been a fantastic year for Stillfront. We have taken many steps, as well as a giant leap towards our vision:

”to create the leading group of indie studios, delivering superior shareholder value through driving strong growth with diversified risk”

The giant leap during the year was the acquisition of Goodgame Studios. Goodgame is one of the super-stars on the European gaming scene, Germany’s most successful gaming company with more than 1 bUSD in lifetime bookings and with massive IPs in the portfolio, especially the Empire brand. Empire is one of the most successful strategy IPs of all time with more than 170 million registered users.

The Goodgame deal was signed in December and closed in January. Hence, consolidation will be seen in the figures from January 2018.

In tandem with achieving high profitable growth, many new key elements have been established for long and strong future progress for Stillfront Group.

Our work to broaden our portfolio of games and studios have continued according to our strategies with results exceeding our expectations. During 2017 we have increased the number of core games by 100% and the number of studios by 33%. This is excluding the acquisition of Goodgame Studios.

The high investment pace from 2016 and the first half of 2017 is paying off as planned. The number of products in launch phase is at a record high and also the number of products in development is the highest ever. All of this make the pipeline for 2018 exceptionally interesting and exciting.

Most notable of the new products launched during 2017 are War and Peace from eRepublik and Nida Harb III from Babil Games.

War and Peace was launched in Q4 and quickly reached sales making the product the Group's highest grossing game in December. In total it generated deposits of 7.4 MSEK in Q4, recouping the initial 1 MSEK investment in a few weeks.

Nida Harb III was launched in late November. The product has gained tremendous traction. We can already conclude that it will be a success, as it is our top grossing* game during the first four months of 2018, in close competition with War and Peace. Also, Nida Harb III was most capital efficient with only 1 MSEK in initial investment regarding adaptions.

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

Call of War has developed with stability and good growth in Q4. 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 Mobile extension is performed in three steps; a HTML5 mobile browser version to Progressive Web App version and finally a version wrapped into native apps.

* Excluding Goodgame's portfolio

The platform extension has proven to improve KPIs such as player engagement, retention, distribution and monetization. Currently, approximately 12-15% 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, when we made the acquisition, eRepublik had quarterly revenues of approximately 10 MSEK. In Q4 the revenues were 73% higher. Acquiring eRepublik was made with the initial dilution of 7% whereas eRepublik represent 33% of our Q4 revenues. That is creating shareholder value.

Our four-step model of creating value through M&A works. This is further proven by Babil Games reaching record levels.

Investments in product development in relation to revenues is now decreasing as planned, and through the acquisition of Goodgame we will reach the target level of less than 10% early 2018.

The share of revenues coming from own brands and own publishing amounts to about 91% in fourth quarter, up from 74% during the fourth quarter 2016. The share of mobile revenues in the fourth quarter was 48%, up from 47% in the third quarter. This has been in line with our plans and targets.

In order to strengthen Stillfront's financial capacity for acquisitions, and to facilitate the execution of the company's growth strategy, Stillfront issued a bond loan in May. The initial issue amounted to 110 MSEK within a frame of 500 MSEK. The bond was listed on Nasdaq STO Corporate Bonds on July 21. The bond was fully issued up to 500 MSEK in January 2018 as a part of the financing of the Goodgame acquisition.

Stillfront was approved for listing on Nasdaq First North Premier in June. First North Premier places higher requirements on accounting and corporate governance; among other things, Stillfront is obliged to prepare consolidated financial statements according to IFRS, and to apply the Swedish Corporate Governance Code. Having taken this step is something we can benefit from as we have initiated the process aiming for the main market within 12 months.

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 flow. We have high standards for potential acquisitions we wish to pursue, and evaluations are ongoing continuously.

It is with confidence and excitement I look forward to taking the next step. We see that our business model works and that our strategy is delivering results, which gives us strong momentum for years to come.

I want to thank all our talented individuals and teams for all the hard and dedicated work to reach successes and handle challenges. The passion that exists throughout the Group is fantastic and creates spirit, joy and results.

We have just begun!
JÖRGEN LARSSON, CEO

Mission, vision, strategy and financial targets

Stillfront's mission is to deliver leading risk/reward by acquiring and managing strong game studios that develop and/or publish attractive game titles. The vision is to become the leading group of indie game creators and publishers. New financial targets were adopted by the Board of Directors in December, 2017.

The gaming industry is young but is growing fast. The gaming industry as a whole is very attractive and there are excellent opportunities to create value given that there is a strategy that balances risk and return. There are examples of great successes, but also failures. Stillfront applies a strategy for balancing risk and return. The strategy is based on three pillars: **PLEX**, **HiGS³** and **PuB**.

Product Strategy - PLEX

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

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

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

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

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

PRODUCT STRATEGY 1

P Portfolio of games
L Long term gaming experience
E Engines for scalability
X X (cross) platform

GROWTH STRATEGY 2

H Hi Growth by leveraging
i Scalability,
G Structure of organization and
S³ Systematic M&A

MARKETING STRATEGY 3

Pu Publishing
& and
B Brands

Increase publishing and own brands Untapped potential in 3rd party publishing

Growth Strategy - HiGS³

Our growth strategy is known as **HiGS³** – Hi Growth by Leveraging Scalability, Structure of Organization and Systematic M & A. Stillfront's strategy for growth is two-fold: Stillfront focuses on organic growth in existing studios through the development of new games and refinement of existing games and by expanding operations through the acquisition of new studios.

Stillfront has evaluated many potential acquisitions in 2017. The evaluation attaches great importance to the potential acquisition object's existing products, their development potential and the potential of products under development. Stillfront also looks at the people behind the potential acquisition object. It is very important that they have a proven experience in developing and running successful games, as well as sharing Stillfront's vision and strategy.

Marketing Strategy - PuB

Stillfront's marketing strategy is called **PuB** – Publishing & Brands. It aims to strengthen Stillfront's position in the value chain by increasing the share of owned IPs, extending own brands and to publishing external studios' titles. Albeit about 91% of Stillfront's revenues currently derives from its own brands, Stillfront's strategy is to increase this share. This is expected to improve risk / return ratio, increase gross margins and increase entry barriers.

Financial targets

Stillfront has communicated the following financial targets and dividend policy:

- Growth: Stillfront's long-term revenue growth objective is to have a yearly organic growth above market growth. In addition to organic growth, Stillfront intends to continue to grow through acquisitions.

- Profitability: Stillfront's long-term profitability goal is to have an EBIT margin in excess of 30%.

- Leverage: Stillfront intends to maintain a Net Debt / EBITDA ratio below 1.5. The Group may however, under certain circumstances, choose to exceed such level during some periods of time.

- Dividend policy: Stillfront's dividend policy is to distribute annual dividends up to 50% of the Group's net profit. Dividends may vary from year to year depending on acquisition activity and the Group's financial position. Under the terms of current bond, dividends cannot be distributed.

Goodgame Studios

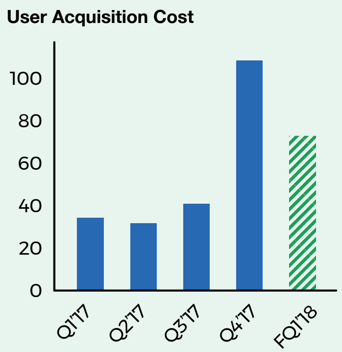
Germany's most successful game developer

Stillfront entered an agreement to acquire Altigi GmbH in December 2017. Altigi GmbH operates under the brand Goodgame Studios, which develops and publishes the hugely successful games Goodgame Empire, Empire Four Kingdoms, Big Farm and Big Farm Mobile Harvest, and is considered Germany's most successful gaming company.

Selected highlights 2017 year-end report*

PORTFOLIO SHOWS STRENGTH AND STABILITY

- FY net revenues **917 MSEK**
- Q4 net revenues **231 MSEK,** with **16% EBITDA** margin**
- Q3oQ4 equals **11% growth** in deposits***
- FY margins** of **34% EBITDA** and **25% EBIT**



HIGH AND PROFITABLE USER ACQUISITION SPEND

- FY UAC equals 23% of FY revenues
- UAC for Big Farm: Mobile Harvest in Q4 is 65 MSEK, equal to 28% of revenues
- Expected UAC in Q1 is 70 – 75 MSEK for Goodgame

BIG FARM: MOBILE HARVEST – MASSIVE LAUNCH

- Big Farm: Mobile Harvest is a stand alone new mobile product built on the Big Farm brand
- Massive 'trampoline' launch in October
- Revenues of 13.5 MSEK in Q4
- More content are being added continuously to increase monetization and revenues further

EMPIRE: MILLENIUM WARS

- Further expansion planned of the Empire brand with two new products
- Soft launches are being conducted in several steps to improve KPIs and ROI on marketing
- Stepwise, 'ladder', launch approach, resulting in lower launch-related UAC

* Goodgame Studios not included in Stillfront Group numbers, as they are consolidated from January.

** Adjusted for non-recurring items.

*** Deposits from users net of VAT from managements accounts. IFRS accounting standards are not applied.

Goodgame Studios is a leading German gaming company that develops and publishes free-to-play strategy games in the browser game segment and in the mobile gaming segment. Goodgame Studios has four highly successful products based on two major game IPs; Goodgame Empire and Big Farm, both available for both browsers and mobile. Goodgame Studios reported a revenue of 94.7 MEUR for 2017 and an EBIT margin of 24.9 percent.

Since the founding of Goodgame Studios in 2009, the company has had more than 340 million registered players who together paid more than 1 bUSD to enjoy benefits that give an enhanced gaming experience in the games.

The most recently launched game, Big Farm Mobile Harvest, launched during the second half of 2017, has shown very good key figures and strong growth. The game is fully adapted to gaming pattern on mobile devices, ie more but shorter game sessions.

Goodgame Studios will launch new products under its Empire brand in 2018; Goodgame Empire Millennium Wars - both as a browser-based game and as a mobile game. Each of these is optimized for its respective platform.

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.

Thus, the gaming industry is close to the global sports industry, which estimates sales of between 130 bUSD and 150 bUSD, including media rights, sponsorship, merchandise and tickets. With the current growth rates, the global gaming industry is expected to pass the global sports industry within 3 to 4 years. Newzoo estimates the global gaming market to reach more than 140 bUSD by 2020 and a 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%.

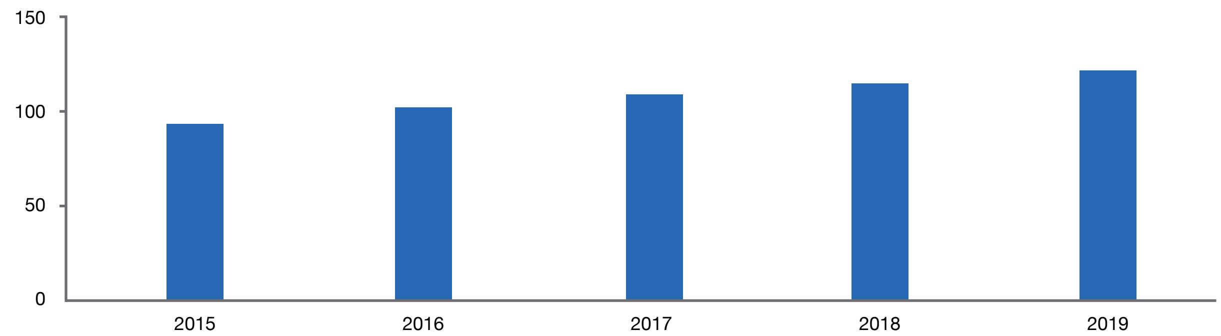
Asia in general and China in particular is the largest single market for gaming. China generated more revenues in 2017 than the United States. Asia accounted for 47.1% of global revenues with 9.2% growth from 2016, while North America and Europe together accounted for 45.3%, with 4.6% growth. The fastest 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.

Global gaming market, billion USD

Source: Newzoo Global Games Market Report 2017



Games

Stillfronts games are - with the exception of the games developed by the studio Coldwood - so-called free-to-play games. This means that the player has access to the game without paying. If the player wants to enjoy certain benefits in the game that raises the gaming experience the player needs to pay. This business model has proved to be very successful and dominant in browser-based games and mobile games.

With the acquisition of Goodgame Studios, Stillfront has expanded the portfolio of games. Goodgame's leading games are based on two brands: Empire and Big Farm. These two brands are two of the four areas in which Stillfront divides the gaming portfolio. The other two areas are Core Products and Other. Core Products are defined as games with the potential to reach revenue of 100 MSEK over its lifetime and / or with revenue exceeding 5 MSEK annually. A selection of the games in Stillfront's portfolio are presented below.

GOODGAME: EMPIRE

Goodgame Empire is one of the most successful browser-based strategy games throughout of all times. Goodgame Empire is a strategy game with a medieval theme. The game was launched in 2011 and has until now had 93 million players who together paid 400 million Euro in the game.

GOODGAME: EMPIRE FOUR KINGDOMS

Goodgame Empire Four Kingdoms is a purely mobile game entirely independent of Goodgame Empire. Goodgame Empire Four Kingdoms has been designed to provide an optimized gaming experience for the mobile platform. 77 million players have spent 300 million Euros since its launch in 2013.

GOODGAME: BIG FARM

Big Farm is a strategy game where the player builds and develops a farmhouse. In its genre, this game has a very large depth and attracts a high proportion of female players. The game was launched in 2012 and has until now had more than 50 million players who together paid 110 million Euro in the game.

SUPREMACY 1914

In 2009 Bytro launched the game Supremacy 1914. Supremacy 1914 is a war strategy game where the player takes the role of a commander in a nation's armed forces during the First World War. The game continues to have a loyal player base. During the first quarter of 2016 it recorded an all-time-high revenue. The game is based on the engine SUP, which is also used as the engine in the game Call of War and Conflict of Nations.

CALL OF WAR

Call of War was launched in 2015 and has had a very strong growth. The game is based on the SUP-engine. The game is, similarly as Supremacy 1914, a war strategy game, but is set during World War II.

CONFLICT OF NATIONS: MODERN WAR

Conflict of Nations is a game developed by a collaboration between Bytro and Stillfront's studio Dorado in Malta. The game is similarly as Call of War, based on the game engine SUP however set in a contemporary scenario.

MANAGERZONE

ManagerZone launched as early as 2001. The games allow the player to act as the manager of a football or hockey team. Through clever tactics, cunning football/hockey player acquisitions, diligent training and long-term development of young talent the player can get to the top. ManagerZone is a free-to-play game. The player can enjoy advantages in the game against payment.

GEMSTONE IV OCH DRAGONREALMS

Gemstone IV and DragonRealms have been developed by Stillfront's US studio Simutronics. The games - which are free-to-play with premium features - take place in a fantasy world where players interact with each other. The games launched in 1987 and 1996 respectively.

WORLD AT WAR: WW2 STRATEGY MMO

World at War is a mobile strategy game, developed by eRepublik Labs, which allows the player to be the commander of an army during World War II. To be victorious, you need to design sharp strategies and form strong alliances. In March 2018, World at War recorded five million installs on Google Play since launch.

WAR AND PEACE: CIVIL WAR

War and Peace was developed by eRepublik Labs based on the same game engine as World at War. The game, with a scenario based on the US Civil War, was launched in the fall of 2017, and has achieved great success.

NIDA HARB III

Nida Harb III is marketed by Stillfront's studio Babil Games. It is a mobile game in the strategy genre Babil Games has adapted to the market in the Middle East and North Africa. The game launched late 2017 and delivers excellent earnings.

UNRAVEL

Coldwood has developed the game Unravel for the world leading games publisher Electronic Arts (EA). The game has enjoyed massive media coverage and been awarded around 20 awards. EA holds the rights to the game. Sales started in February, 2016. EA has retained Coldwood for a sequel to Unravel.

ONLINE FUSSBALL MANAGER

The Online Fussball Manager was launched in 2003 and has a stable community of enthusiasts who run and develop their football teams.

SIEGE: TITAN WARS

Siege: Titan Wars is a mobile strategy game developed by Simutronics. The game is a real-time player-vs.-player game with the social components and has enjoyed great appreciation.

Studios

Stillfront has nine semi-autonomous studios in Europe, North America and Asia.

BABIL GAMES

Babil Games, with operations in UAE and Amman, focuses on adapting and publishing mobile games for the Middle East and North African market (MENA). Babil adapts games from external - mainly Chinese - developers to the specific requirements of the Arab market. The adoptions relate to language, graphics, and in some cases also to adding social functions.

BYTRO LABS

Bytro focuses on free-to-play strategy games with great game depths such as Supremacy 1914 and Call of War. The games have so far been designed primarily for browser. Bytro has now come a long way in making games available also on mobile platforms and Steam – Platform Extension. By making the games available on multiple platforms, players can play more sessions which improves engagement.

COLDWOOD

Coldwood develops games for game consoles such as PlayStation and Xbox as well as for PC. Coldwood has a long history as a successful and talented developer and has received several awards. Games that preceded the success Unravel include games such as Lights Out: The Fight, Move Fitness, Ski-Doo Challenge and Hermann Maier Ski Racing.

DORADO

Dorado on Malta is a studio with a very experienced management team, who has worked on well-known free-to-play games such as Battlestar Galactica. The studio has developed the game Gladiator Online launched on Steam and lately Conflict of Nations: Modern War available as a browser game and on Steam.

EREPUBLIK LABS

eRepublik Labs, acquired in 2017, has operations in Ireland and Romania. Several successful games have been launched, such as eRepublik.com, World at War and in 2017 War and Peace: Civil War.

GOODGAME STUDIOS

The acquisition of Goodgame Studios was announced in December 2017 and completed in January 2018. Goodgame Studios is one of Germany's most successful gaming companies. In total, games by Goodgame have generated player payments exceeding 1 bUSD from more than 340 million players. Goodgame's biggest games are under the brand names Empire and Big Farm.

OFM STUDIOS

OFM studios runs the game Online Fussball Manager. The game is one of the leading sports management games and has been in operation for fifteen years.

POWER CHALLENGE

Power Challenge develops and publishes the games ManagerZone Football and ManagerZone Hockey. These sports management games allow the player to take the role of a team manager and lead the team from the lower divisions to the sports elite. ManagerZone Football was launched in 2001.

SIMUTRONICS

Simutronics was founded by industry veteran David Whatley in St. Louis, Missouri. David has worked in the industry since the 1980s. In addition to the games Gemstone IV and Dragon Realms, Simutronics develops advanced mobile games such as Lara Croft Relic Run - developed on behalf of Square Enix and downloaded 22 million times - and the renowned game Siege: Titan Wars.


UNRAVEL

The Share and Shareholders

The Share

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. Since June 29, 2017, the shares are traded on Nasdaq First North Premier. Closing price as of December 31, 2017 was 191.00 SEK/share.

Share Capital

The total number of shares as of December 31, 2017 was 6,425,008 with a total share capital of 4,497,505.60 SEK. The nominal value per share is 0.70 SEK. The development of the share capital is described in Note 26.

Warrants Issued

As of December 31, 2017 the company had 361,396 outstanding warrants.

Ownership Structure

The main shareholders as of December 31, 2017 are listed in the table to the right:

OWNER	NUMBER OF SHARES	OWNERSHIP %
FKL Holding GmbH	930,257	14.48%
Swedbank Robur Fonder	493,102	7.67%
Avanza Pension	331,386	5.16%
Bengt Eriksson	243,275	3.79%
Nordnet Pensionsförsäkring	239,736	3.73%
Idinvest Partners	230,681	3.59%
Prioritet Finans	215,690	3.36%
Idecap AB	204,836	3.19%
Handelsbanken Fonder	208,226	3.00%
ÖstVäst Capital Management	176,604	2.75%
Other shareholders	3,151,215	49.05%

Policy for Dividend

Stillfront's dividend policy is to distribute annual dividends up to 50 per cent of the Group's net profit. Dividends may vary from year to year depending on M&A activity and the Group's financial position.

Development of the Share Price

Board of Directors and Auditors

Alexander Bricca

BOARD MEMBER

Born 1976. Board member since 2008.

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

Other current positions: Deputy Board Member of Coldwood Interactive AB.

Shareholding*: 4,194 shares

Annette Brodin Rampe

CHAIRMAN OF THE BOARD

Born 1962. Board member since 2016.

Education and work experience: Master of Science in Industrial Chemistry from Chalmers University of Technology. Annette Brodin Rampe is CEO of Internationella Engelska Skolan and has experience as the Managing Partner for Europe of Brunswick. She is now Senior Adviser for Brunswick. Before joining Brunswick in 2007, Annette was Senior Vice President of Sales and Marketing at E.ON Sverige AB. She has also served as CEO of Senea.

Other current positions: Board Member of Ferronordic Machines AB, Sund1 AB, Hus1 AB and Jobb1 AB.

Shareholding: 9,677 shares

Birgitta Henriksson

BOARD MEMBER

Born 1963. Board member since 2017.

Education and work experience: Bachelor's degree, Economics, Business Administration, Uppsala University. Birgitta Henriksson is a Partner with Brunswick Group. She has experience as the Head of Investor Relations and Corporate Communications, Carnegie Investment Bank, where she also worked in Investment Banking with IPO and M&A advisory.

Other current positions: None.

Shareholding: 2,250

Mark Miller

BOARD MEMBER

Born 1973. Board member since 2016.

Education and work experience: Diploma in Economics and business at the University of Witten/Herdecke and the University of Texas at Austin. Mark Miller holds a BA in business administration, has worked at Deutsche Bank in the corporate client and asset management businesses before joining Bertelsmann AG as a strategic investment analyst. Founder and managing partner of CatCap GmbH, an international M&A firm. He has been involved in more than 100 successful transactions.

Other current positions: None.

Shareholding: No shareholding.

*Shareholding reported refers to the shareholding as of the date 25 April 2018.

Ulrika Viklund

BOARD MEMBER

Born 1981. Board member since 2017.

Education and work experience: B Sc, Mittuniversitetet, Amsterdam University of Applied Sciences, Systems Development and Project Management. Co-Founder and CEO of House Be. Co-Founder of Spira Globalt. General Manager Magine Consumer Group Global. CEO "Plejmo". Spotify, Director International Growth.

Other current positions: Board member of God El i Sverige AB, Idea2Innovation Sweden AB, Spira Globalt AB, House Be i Åre AB, E14 Invest AB and Adgie Consulting AB. Board member Magine Sweden AB.

Shareholding: No shareholding

Sture Wikman

BOARD MEMBER

Born 1954. Board member since 2017.

Education and work experience: MSc KTH, MBA INSEAD. CEO of Naeco AB and previously CEO of Wikman & Malmkjell AB.

Other current positions: Board member of Naeco AB.

Shareholding: 43,693 shares.

Dr. Christian Wawrzinek

BOARD MEMBER

Born 1980. Board member since 2018.

Education and work experience: Dentist and Dr of Dentistry, Kiels University. Founder and Chief Strategy Officer of Goodgame Studios.

Other current positions: Managing Director of Goodgame Studios and Laureus Capital GmbH.

Shareholding: 6,283,570 shares owned by Laureus Capital GmbH, of which 50% is indirectly owned by Dr. Christian Wawrzinek.

Auditors

MAZARS SET REVISIONSBYRÅ AB

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

Management

GROUP

Jörgen Larsson

BOARD MEMBER AND CEO

Born 1964. Board member 2007-2017.
CEO since 2015.

Education and work experience: Master of Science in Industrial Engineering from Linköpings Tekniska Högskola and additional studies in physics and philosophy at Uppsala University. CEO of Stillfront Group since October 2015. Before being formally engaged as CEO, Jörgen Larsson performed work for Stillfront on a consultancy basis. Experience from Ericsson, Mind AB and a number of other management positions.

Other current positions: Board member and Managing Director of Mind Improvement Group Scandinavia AB. Board member of Idecap AB, Sontagh & Larsson Investment Strategy AB, Coldwood Interactive AB, Stillfront Online Games AB, Power Challenge and Stillfront Midco AB. Deputy member of 4P Business Consulting AB and Sandhammaren Utveckling AB.

Shareholding: 204,836 shares indirectly through IdeCap AB where Jörgen Larsson is the sole shareholder. 6,540 shares through Sontagh & Larsson Investment Strategy AB where Jörgen Larsson holds 50 per cent of the shares. 60,000 warrants in the 2017/2020 programme.

Sten Wranne

CFO

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

Education and work experience: Master of Science in Engineering Physics from Chalmers University of Technology. Sten Wranne has previously been working as CFO for Adcore AB, Connecta AB and Voddler Group AB. He has extensive experience as a strategy and management consultant, as well as various management-for-hire assignments.

Other current positions: Board member of Black Ocean Development AB, Black Ocean Invest AB, Deseven International AB, Pamplemousse Holding AB, F2NS Holding AB and D702 Invest AB. Deputy board member of Stillfront Online Games AB, Stillfront Midco AB, Power Challenge AB and Influence AB. Deputy board member and Managing Director of Deseven Capital Aktiebolag.

Shareholding: 6,300 shares directly and 80,703 shares through Lacebark Consultants Ltd where Sten Wranne is the sole shareholder. 40,000 warrants in the 2017/2020 programme.

STUDIOS

Tobias Kringe

Born 1980. Managing Director and Founder of Bytro Labs GmbH since 2009.

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

Other current positions: Managing Director of Kringesche Vermögensverwaltungs GmbH and Kringe Holding GmbH.

Shareholding: 310,086 shares through the wholly owned company Kringesche Vermögensverwaltungs GmbH.

Felix Faber

Born 1980. Senior Manager since 2018 and Founder of Bytro Labs GmbH.

Education and work experience: Master of Science in Computer Science. Managing Director of Bytro Labs GmbH 2009 – 2017. Advisor to 5DLab GmbH.

Other current positions: Managing Director of Neongelb Invest GmbH and Faber Holding GmbH.

Shareholding: 235,086 shares through the wholly owned company Neongelb Invest GmbH.

Christopher Lörken

Born 1980. Managing Director (Technology) and Founder of Bytro Labs GmbH since 2009.
Education and work experience: Master of Science in Cognitive Science.
Other current positions: Managing Director of Lörken Invest GmbH and Lörken Holding GmbH.
Shareholding: 310,085 shares through the wholly owned company Lörken Invest GmbH.

Christopher Holmberg

Born 1977. Studio Manager and Founder of Coldwood Interactive AB since 2003.
Education and work experience: Christopher Holmberg has served as the Studio Manager of Coldwood Interactive AB since 2003.
Other current positions: Board member of Aktiebolaget Norra Teknikinvest.
Shareholding: 20,000 shares.

Jakob Marklund

Born 1973. Technical Director of Coldwood Interactive AB since 2004.
Education and work experience: Master's degree in Physics from Umeå University.
Other current positions: -
Shareholding: 21,812 shares.

Alexis Bonte

Born 1976. CEO and Co-founder of eRepublik Labs since 2007.
Education and work experience: BA Honors degree from Regent's University London. Business development and Managing Director (Italy) of lastminute.com.
Other current positions: Chairman of Trilulilu and Zonga.fm. Board member of Bossa Studios, Venture Partner at Atomico, Board member of GeneralCom SA and SEII (Sociedad de Estudios de Investimentos Imobiliarios).
Shareholding: 79,160 shares.

Dr. Christian Wawrzinek

Please refer to Board of Directors.

Dr. Kai Wawrzinek

Born 1976. CEO and Founder of Goodgame Studios since 2009.
Education and work experience: Lawyer and Dr of Law, Heidelberg University.
Other current positions: Managing Director of Laureus Capital GmbH.
Shareholding: 6,283,570 shares owned by Laureus Capital GmbH, of which 50% is indirectly owned by Dr. Kai Wawrzinek.

David Whatley

Born 1966. CEO and Founder of Simutronics Corp since 1987.
Education and work experience: Senior Lead Developer for Simutronics' entire product portfolio including products such as GemStone IV and DragonRealms.
Other Current Positions: -
Shareholding: 18,851 shares.

MJ Fahmi

Born 1985. CEO and Founder of Babil Games LLC since 2012.
Education and work experience: B.Sc. in Graphics Design. Business Development Manager at Peak Games. Established SouliT, a networking company, in Jordan.
Other Current Positions: -
Shareholding: 109,196 shares.

Key Ratios and Definitions, Group Consolidated

	2017 JAN-DEC	2016 JAN-DEC
Net revenues, KSEK	165,986	94,832
Growth in revenues	75%	71%
EBITDA[1], KSEK	52,265	34,264
Operating result after financial items, KSEK	92,608	23,443
Net result, KSEK	91,440	20,976
EBITDA margin, %	31.5%	36.1%
Interest Coverage Ratio, x	6.2	28.3
Equity Ratio, %	52.2%	47.7%
Leverage Ratio, x	1.30	neg
Shareholders' equity per share undiluted, SEK	38.64	22.44
Shareholders' equity per share diluted, SEK	38.07	22.21
Earnings per share undiluted, SEK	14.35	2.89
Earnings per share diluted, SEK	14.15	2.86
No of shares end of period undiluted	6,425,008	5,983,775
No of shares end of period diluted	6,512,009	6,045,171
Average no of shares period undiluted	6,210,452	5,328,763
Average no of shares period diluted	6,297,453	5,392,059

[1]EBITDA excluding effects of revaluations of conditional contingent considerations

Key ratios not Defined in IFRS

Stillfront applies IFRS, see Note 2. IFRS defines only a few key ratios. As of the 2017 year-end report, Stillfront applies ESMA's (European Securities and Markets Authority) guidelines for alternative key performance indicators, Alternative Performance Measures. An alternative key ratio 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 key ratios 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 key ratios are shown below.

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.

Operating result after financial items
Net result for the period before taxes.

» Indicates the performance excluding income tax effects.

EBITDA margin
EBITDA as a percentage of Net revenues.

» Indicates the profitability in relation to the 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.


CONFLICT
NATIONS

Directors' Report

Stillfront Group AB (publ) is an independent creator, publisher and distributor of digital games – with a vision to become a leading indie game creator and publisher.

Stillfront operates through nine subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, Dorado Online Games in Malta, Simutronics in St Louis, USA, Babil Games in UAE and Jordan, eRepublik Labs on Ireland and in 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.

MISSION

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

SIGNIFICANT EVENTS DURING THE YEAR

Stillfront's growth strategy is based on growth in existing games and studios as well as on a structured process for the acquisition of new studios.

During the year, eRepublik Labs Limited was acquired. The company mainly operates in Bucharest in Romania and had at the time of the acquisition 34 employees. After the acquisition, eRepublik Labs has expanded its already successful and profitable game portfolio with the highly successful War and Peace: Civil War game, a mobile strategy game with the American Civil War as the theme. The initial purchase price for the acquisition was 7.5 MEUR, of which 3.45 MEUR was paid in the form of 441,233 newly issued shares. Furthermore, Stillfront will pay, given that certain targets are reached in 2017, 2018 and 2019, a contingent conditional consideration up to a maximum of 13 MEUR. The contingent conditional consideration will be paid with a combination of shares and cash.

In July, rights to the game Online Fussball Manager were acquired by Stillfront's subsidiary OFM Studios GmbH. Online Fussball Manager is a sports management game that has attracted devoted players for fifteen years. The purchase price for the rights amounted to 0.7 MEUR.

In December, an acquisition agreement was entered regarding Altigi GmbH. Altigi GmbH operates under the brand Goodgame Studios. Goodgame Studios is a leading German game development company that develops and publishes strategy games in the browser game segment and in the mobile gaming segment. Goodgame Studios has four success products on two major game IPs; Goodgame Empire and Big Farm, both available for both browsers and mobile. Goodgame Studios reported net sales of 917 MSEK for 2017 and an adjusted EBIT margin of 25 percent.

The acquisition of Goodgame Studios was paid by 390 MSEK in cash and 16,868,623 newly issued shares. The cash element was financed using a bond loan. Issue resolutions were taken at an Extraordinary General Meeting January 9, 2018.

Efforts to identify and evaluate potential acquisitions continues. There are several highly interesting potential acquisitions, and Stillfront has several parallel discussions on-going. The evaluation of the potential acquisitions pay particular attention to the object's fit into Stillfront the PLEX strategy and that management and owners share Stillfront's values. After the acquisition of Goodgame Studios, Stillfront is now searching for somewhat larger potential acquisition objects than what it used to do.

Stillfront's existing portfolio of studios and games continued the development and launch of new and enhanced games. During the year, War and Peace: Civil War, Nida Harb III, Siege: Titan Wars, Call of War Mobile and Call of War Steam were launched.

In May 2017, Stillfront issued bonds of 110 MSEK within a framework of 500 MSEK, which can be regarded as a confirmation that the market is confident with Stillfront's strategies. The remaining 390 MSEK in the framework was utilized in January 2018 in conjunction with the acquisition of Goodgame Studios. The bond loan matures in May 2020.

In June, Nasdaq approved the Stillfront share for trading on First North Premier. Compared to First North, First North Premier places higher requirements on the issuer, for example that the issuer applies IFRS. In connection with the move to First North Premier, Stillfront announced that the Swedish Corporate Governance Code (the Code) was applied.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On January 9, 2018, the acquisition of Altigi GmbH was completed, with 16,868,623 shares being issued and bonds of 390 MSEK being issued. At the Extraordinary General Meeting on the same day, Dr. Christian Wawrzinek was elected as member of Stillfront's Board.

The Board of Directors of Stillfront Group has deemed Altigi GmbH to be the acquiring company and Stillfront Group AB to be the acquired company from an accounting perspective, i.e. a reverse acquisition. The acquisition will be consolidated from January 2018. Upon a reverse acquisition, the purchase price analysis is 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. A consolidated financial statement prepared after a reverse acquisition is issued in the name of the legal parent company but is described in the notes as a continuation of the legal subsidiary's financial statements. As of the fiscal year 2018, the comparative figures in Stillfront Group's financial reporting will consequently be attributable to the legal subsidiary Altigi GmbH. Please refer to Note 35.

During March the games Conflict of Nations: Modern War for Steam, Call of War for Android and iOS, and Empire: Millenium Wars for Android and iOS were launched.

Year Summary

GROUP CONSOLIDATED

KSEK	2017	2016	2015	2014	2013
Net Revenues	165,986	94,832	55,380	29,202	20,699
EBITDA[1]	52,386	34,264	15,779	4,769	-1,212
Operating results after financial items	92,608	23,443	2,873	-4,895	-18,505
Total Capital	513,280	322,534	121,513	50,223	50,516
Shareholders' Equity	267,983	153,994	100,908	39,094	41,078
Equity Ratio	52%	48%	83%	78%	81%

PARENT

KSEK	2017	2016	2015	2014	2013
Net Revenues	7,905	1,678	1,020		
Operating results after financial items	-18,474	-6,384	-2,547	-3,125	-10,309
Total Capital	370,346	350,352	144,989	78,778	81,149
Shareholders' Equity	234,014	211,509	140,749	75,508	73,028
Equity Ratio	63%	60%	97%	96%	90%

1) EBITDA excluding effects of revaluations of conditional contingent considerations

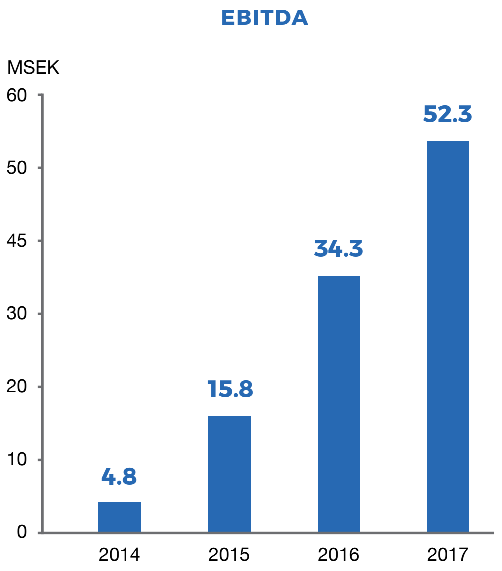
Revenues and profit/loss

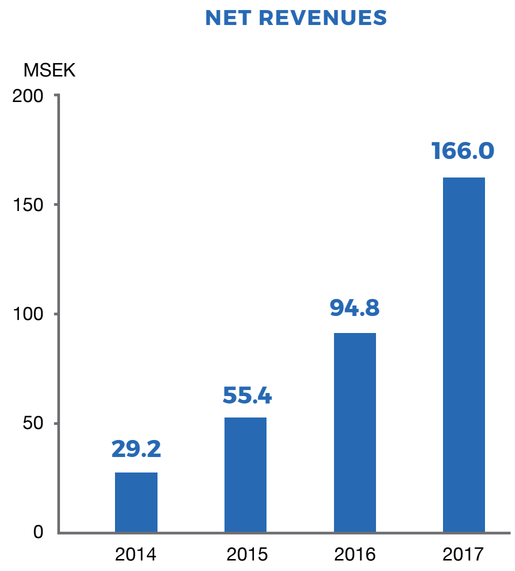
Net revenues during 2017 were 166.0 MSEK (2016: 94.8), an increase of 75%. The increase pertains mainly to eRepublik Labs, acquired in May, the launch of Siege and Babil Games, acquired in December 2016.

Other revenues amounted to 87.0 MSEK (1.3 MSEK). At the point in time for the acquisitions of Simutronics and Babil a calculation was made of the fair value of the respective conditional contingent considerations based on the companies' estimated financial results for the period 2017 – 2019. At the end of the fiscal year, a new fair value calculation has been made, which has resulted in a decrease of the assessed conditional contingent considerations. As a result, 83.0 MSEK has been recognized as other revenues. Goodwill for these two acquisitions have been impairment tested in the normal course and has been found to be valid.

The EBITDA amounted to 135.3 MSEK (34.3 MSEK) during the year. EBITDA excluding effects of revaluations of conditional contingent considerations amounted to 52.3 MSEK (34.3 MSEK), which is an increase of 53%. This corresponds to an EBITDA margin of 31.5% (36.1%). EBITDA has increased due to a written-off debt and has been charged with acquisition costs, costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS, acquisitions and move to Nasdaq First North Premier with no net effect on the profit and loss. The mobile sales share has increased during 2017 – according to plan – which has contributed to lower EBITDA margins during the year.

Operating result after financial items amounted to 92.6 MSEK (23.4 MSEK). Net result amounted to 91.4 MSEK (21.0 MSEK).





EBITDA in the above figure refers to EBITDA excluding effects of revaluations of conditional contingent consideration.

Cash flow and financial position

Cash flow for the year was 30.2 MSEK (-38.4 MSEK). Cash flow from operations was 28.5 MSEK (30.0 MSEK). Equity ratio as of December 31, 2017 was 52 percent (48 percent). Cash and cash equivalents for the Group, including not utilised credit facilities, were at the end of the year 67.5 MSEK compared to 37.4 MSEK as of December 31, 2016.

The interest coverage ratio (defined as EBITDA divided by net financial items for the past 12 months) was as of December 31, 2017 6.2, compared with 28.3 at December 31, 2016.

The change is due to increased financial expenses related to the bond issued during the second quarter as well as accounting financial costs related to the contingent considerations.

Leverage ratio (defined as adjusted net debt as of 31 December divided by EBITDA for the past 12 months) was 31 December 1.30. As of December 31, 2016, the leverage ratio was negative, i.e. the company did not have a net debt. In this context, adjusted net debt is defined as non-current liabilities excluding contingent considerations reduced by cash and bank.

Investments and Depreciation

During the year investments have been made that have been capitalized with 44.1 MSEK (31.0 MSEK). Investments include, inter alia, the games Siege: Titan Wars, War and Peace: Civil War, and Nida Harb III. Furthermore, investments have been made both in a number of other new games, and new functionality in some existing games.

Depreciation and amortization of 26.3 MSEK (9.6 MSEK) was charged during the year. Depreciation and amortization primarily pertains to goodwill and other intangible assets acquired by the Group related to the Group's acquisitions of subsidiaries and to capitalization of product development expenses. A write-down of one game has taken place amounting to 2.3 MSEK.

During the year, the Group increased intangible assets (capitalized product development expenses, goodwill and game rights) by 137.9 MSEK and the Group's non-current liabilities increased by 46.3 MSEK. The change of non-current liabilities is essentially attributable to conditional contingent considerations related to the Group's acquisition of eRepublik Labs, Simutronics and Babil as well as to the issue of a bond loan.

Corporate Governance

The Company is subject to Swedish laws and regulations such as the Companies Act (2005:551), the Bookkeeping Act (1999:1078) and the Act on Annual Accounts (1995:1554). The Company applies the First North Rulebook. The Swedish Corporate Governance Code (the Code) is applicable to all companies that are listed on regulated markets. Nasdaq First North Premier is not a regulated market, thus the Company has voluntarily taken upon itself to apply the Code.

The corporate governance is exercised, inter alia, through the general meeting, the Board of Directors and the Managing Director. The Company's auditor, who is appointed by the annual general meeting, supervises the Company's accounts and the management of the Company by the Board of Directors and the Managing Director.

For further information on corporate governance, please refer to the Corporate Governance report on page 75.

Remuneration to the Board and senior management

Fees and other compensation for board members, including the Chairman, are resolved by the AGM. The AGM resolved that the Chairman of the Board shall be reimbursed with an amount of 150,000 SEK and that the other directors, not employed by the group, shall be reimbursed with an amount of 75,000 SEK each.

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

Parent Company

Standard group management functions and group wide services are provided via the parent company. The net revenues for the parent during the year were 5.1 MSEK (1.7 MSEK). The yearly profit/loss amounted to -8.6 MSEK (15.0 MSEK).

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 December 31, 2017 was 191.00 SEK/share.

The largest shareholders were FKL Holding GmbH with 14.5 percent of the shares in Stillfront Group AB, and Swedbank Robur Fonder with 7.7 percent of the shares. Avanza Pension owned 5.2 percent of the shares in the company as per December 31, 2017. The total number of shares as of December 31, 2017 was 6,425,008.

Risk Factors

Some of the risks related to Stillfront's business are listed below. A more comprehensive overview of risk factors can be found in "Prospectus Stillfront Group AB (publ) Bond 2017/2020", which is available on Stillfront's website in the Investors / The Bond section.

KEY INDIVIDUALS AND RECRUITING

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

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

PRODUCTS
When developing new games, Stillfront's studios must be innovative and adapt to technological advances as well as consumer preferences and demands. All game development may be subject to unexpected delays. Technology shifts may force Stillfront of convert or to re-engineer products or may make products obsolete. New games may not appeal to gamers as expected and thus not generate expected revenues.

MARKETING
Stillfront is dependent on attracting new players to its games. The majority of the marketing is done by means of online marketing. Any restrictions on online marketing and / or changing attitudes to online marketing in the public may affect Stillfront's ability to attract new players negatively.

FINANCIAL POSITION
Stillfront operates in several countries and has customers in more than 100 countries. Most the Group's costs are in EUR and USD, whereas revenues are received in numerous other currencies. Hence, the Group is exposed to a currency risk.

Stillfront is exposed to interest rate risk, primarily through the bond loan that amounted to 110 MSEK on December 31. Interest on this bond is linked to STIBOR, which may vary over time. The bond's tenor is May 2020.

The Group is exposed to a price risk, primarily through the contingent conditional considerations that are related to some of the Group's acquisitions. Contingent conditional considerations are based on the financial results of the acquired entities and have a cap.

Stillfront has a credit risk regarding receivables from payment providers and banks.

The Group is exposed to a liquidity risk primarily related to bond loans and contingent conditional considerations.

Please refer to Note 3.

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

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

Proposed Distribution of Earnings
The Board of Directors of Stillfront Group proposes the earnings available for distribution, 229,515,849 SEK, to be treated according the following:

	AMOUNTS IN SEK
Free Reserves	277,716,047
Retained Earnings	-39,626,418
Net Income for the Year	-8,573,780
Total	**229,515,849**
To be Carried Forward	229,515,849
Total	**229,515,849**

Annual General Meeting
The annual general meeting of Stillfront Group AB (publ), 556721-3078, will be held May 30, 2018 at 11.00, in the offices of DLA Piper Sweden, Kungsgatan 9, Stockholm.

Consolidated income statement

KSEK	NOTE	2017 JAN-DEC	2016 JAN-DEC
	1, 2, 3, 4		
Operating income			
Net revenues		165,986	94,832
Internally accrued during the year		30,496	23,669
Other revenues	5	86,997	1,348
Operating expenses			
Other operating expenses	7, 8	-77,697	-40,216
Personnel expenses	9	-70,397	-45,369
Depreciations and write-downs		-26,313	-9,611
Other operating expenses		-120	-
Operating result		**108,953**	**24,653**
Result from financial items			
Financial income	10	798	1,836
Financial expenses	11	-17,143	-3,046
Total financial items		-16,345	-1,210
Operating result after financial items		**92,608**	**23,443**
Taxes for the period	13	-1,168	-2,467
Net result for the period		**91,440**	**20,976**

Consolidated income statement, continued.

KSEK	NOTE	2017 JAN-DEC	2016 JAN-DEC
Other comprehensive income			
Items that later can be reversed in profit			
Foreign currency translation differences		-7,335	3,853
Total other comprehensive income for period		**84,105**	**24,829**
Period net result attributed to:			
Parent company shareholders		89,124	15,408
Minority interests		2,316	5,568
Period total comprehensive income			
Parent company shareholders		83,637	19,075
Minority interests		468	5,754
Average number of shares	14		
Undiluted		6,210,452	5,328,763
Diluted		6,297,453	5,392,059
Net result per share attributable to the parent company shareholders			
Undiluted, SEK/ share		14.35	2.89
Diluted, SEK/ share		14.15	2.86

Consolidated balance sheet

KSEK	NOTE	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development expense	16	77,063	41,782
Game products	17	36,018	32,099
Goodwill	18	289,270	190,618
Total intangible non-current assets		**402,414**	**264,499**
Tangible non-current assets			
Machinery and equipment	19	1,293	775
Total tangible non-current assets		**1,293**	**775**
Deferred tax asset	20	**11,575**	**7,780**
Current assets			
Current receivables			
Accounts receivable	23	14,181	6,209
Current tax asset		10	368
Other receivables		11,008	3,195
Prepaid expenses and accrued income	24	6,868	3,934
Cash and equivalents	25	65,931	35,774
Total current assets		**97,998**	**49,480**
TOTAL ASSETS		**513,280**	**322,534**

Consolidated balance sheet, continued.

KSEK	NOTE	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity	26		
Share capital		4,498	4,189
Contributed capital		241,089	210,834
Other reserves	27	-2,936	2,551
Profit brought forward		5,580	-83,313
Equity attributable to parent shareholders		**248,231**	**134,261**
Minority	21	19,809	19,733
Total equity		**268,040**	**153,994**
Non-current liabilities			
Deferred tax liability	30	30,730	24,513
Bond	28	102,929	-
Other non-current liabilities	28	60,728	123,576
Total non-current liabilities		**194,387**	**148,089**
Current liabilities			
Accounts Payable		8,551	3,458
Current tax liability		227	-
Other current liabilities	28	26,914	5,000
Accrued expenses and deferred income	31	15,162	11,993
Total current liabilities		**50,854**	**20,451**
TOTAL EQUITY AND LIABILITIES		**513,280**	**322,534**

Shareholders' equity, Group

KSEK	SHARE CAPITAL	CONTRIBUTED CAPITAL	OTHER RESERVES	PROFIT BROUGHT FORWARD	EQUITY ATTRIBUTABLE TO PARENT SHAREHOLDERS	MINORITY	TOTAL EQUITY
Opening balance 2016-01-01	**3,505**	**191,840**	**-1,116**	**-98,721**	**95,508**	**5,400**	**100,908**
Profit/Loss for the period				15,408	15,408	5,568	20,976
Other comprehensive income							
*** Foreign currency translation differences			3,667		3,667	186	3,853
Total other comprehensive income			**3,667**	**15,408**	**19,075**	**5,754**	**24,829**
New share issue	684	56,911			57,595		57,595
Issue Costs		-1,591			-1,591		-1,591
Acquisition of minority		-36,326			-36,326	-11,150	-47,476
Acquisition of subsidiary						19,729	19,729
Total transactions booked against share capital	**684**	**18,994**	**0**	**0**	**19,678**	**8,579**	**28,257**
Closing balance 2016-12-31	**4,189**	**210,834**	**2,551**	**-83,313**	**134,261**	**19,733**	**153,994**
Profit/Loss for the period				89,124	89,124	2,316	91,440
Other comprehensive income							
*** Foreign currency translation differences			-5,487		-5,487	-1,848	-7,335
Total other comprehensive income			**-5,487**	**89,124**	**83,637**	**468**	**84,105**
New share issue	309	33,101			33,410		33,410
Issue Costs		-2,846			-2,846		-2,846
Acquisition of minority				-230	-230	-513	-743
Acquisition of subsidiary						120	120
Total transactions booked against share capital	**309**	**30,255**	**0**	**-230**	**30,334**	**-393**	**29,941**
Closing balance 2017-12-31	**4,498**	**241,089**	**-2,936**	**5,580**	**248,231**	**19,809**	**268,040**

Cash flow in summary, Group

KSEK	NOTE	2017 JAN-DEC	2016 JAN-DEC
Operations			
Operating result after financial items		97,292	23,443
Adjustments for items not affecting cash flow	33	-56,505	9,553
Tax paid		-288	-1,953
Cash flow from operations before changes in working capital		**40,499**	**31,042**
Change in working capital			
Increase(-)/Decrease(+) in current receivables		-14,887	-647
Increase(+)/Decrease(-) in current liabilities		-2,814	-437
Cash flow from change in working capital		**-17,701**	**-1,084**
Cash flow from operation activities		**22,798**	**29,959**
Investing activities			
Acquisition of business	15	-37,202	-21,556
Acquisition of tangible assets		-776	-740
Acquisition of non-tangible assets		-53,953	-30,960
Cash flow from investing activities		**-91,931**	**-53,255**
Financing activities			
New share issue		-	29
New share issue costs		-2,846	-1,592
Acquisition of minority shares		-743	-13,552
Borrowings	33	102,929	-
Cash flow from financing activities		**99,340**	**-15,115**
Cash flow for the year		**30,207**	**-38,411**
Cash and equivalents at the beginning of the year		**35,774**	**73,454**
Translation differences		**-50**	**731**
Cash and equivalents at year end		**65,932**	**35,774**

Parent company income statement

KSEK	NOTE	2017 JAN-DEC	2016 JAN-DEC
Revenues			
Net revenues		5,120	1,688
Other revenues		2,785	-10
Total operating revenues		**7,905**	**1,678**
Operating expenses			
Other external expenses	7, 8	-7,950	-3,283
Personnel expenses	9	-6,908	-4,473
Operating result		**-6,953**	**-6,077**
Result from financial items			
Financial income	10	659	115
Financial expenses	11	-12,181	-422
Total financial items		**-11,521**	**-307**
Resultat after financial items		**-18,474**	**-6,384**
Appropriations			
Group contributions	12	6,615	14,865
Total appropriations		**6,615**	**14,865**
Profit before tax		**-11,859**	**8,481**
Tax for the period	13	3,285	6,489
PROFIT BEFORE TAX		**-8,574**	**14,970**

Statement of comprehensive income – Parent company		
Net result for the year	-8,574	14,970
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**-8,574**	**14,970**

Parent company balance sheet in summary

KSEK	NOTE	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	21	71,659	293,128
Receivables from group companies	22	256,844	26,742
Deferred tax assets	20	9,774	6,489
Total financial assets		**338,276**	**326,359**
Total non-current assets		**338,276**	**326,359**
Current assets			
Current receivables			
Receivables from group companies		2,436	769
Other receivables		6,274	203
Prepaid expenses and accrued income	24	3,036	266
		11,746	**1,238**
Cash and equivalents	25	20,324	22,755
Total current assets		**32,070**	**29,993**
TOTAL ASSETS		**370,346**	**350,352**

Parent company balance sheet in summary, continued.

KSEK	NOTE	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital		4,498	4,189
Total restricted equity		**4,498**	**4,189**
Non-restricted equity			
Share premium reserve		277,716	246,946
Profit brought forward		-39,626	-54,596
Profit for the year		-8,574	14,970
Total non-restricted equity		**229,516**	**207,320**
Total equity		**234,014**	**211,509**
Provisions			
Provisions	29	25,229	126,304
Total provisions		**25,229**	**126,304**
Non-current liabilities	28, 34		
Bond		102,929	-
Total non-current liabilities		**102,929**	**0**
Current liabilities	34		
Accounts payable		1,382	219
Liabilities to group companies		3,541	7,708
Other liabilities		223	3,432
Accrued expenses and deferred income	31	3,028	1,180
Total current liabilities		**8,174**	**12,539**
TOTAL EQUITY AND LIABILITIES		**370,346**	**350,352**

Changes in shareholders' equity, parent company

KSEK	RESTRICTED EQUITY SHARE CAPITAL	UNRESTRICED EQUITY FAIR VALUE RESERVE	SHARE PREMIUM RESERVE	SHAREHOLDERS' EQUITY
Shareholders' equity as of 2015 12 31	**3,505**	**191,841**	**-54,596**	**140,750**
Net result of the year			14,970	14,970
Total Comprehensive income for the year			**14,970**	**14,970**
New share issue	684	56,696		57,380
Issue costs		-1,591		-1,591
Total transactions with the owners recognized directly in equity	684	55,105	0	55,789
Shareholders' equity as of 2016 12 31	**4,189**	**246,946**	**-39,626**	**211,509**
Net result of the year			-8,574	-8,574
Total Comprehensive income for the year			**-8,574**	**-8,574**
New share issue	308	33,102		33,410
Issue costs		-2,846		-2,846
Warrant issue		515		515
Total transactions with the owners recognized directly in equity	**308**	**30,771**	**0**	**31,079**
Shareholders' equity as of 2017 12 31	**4,497**	**277,717**	**-48,200**	**234,014**

Cash flow, parent company

KSEK	NOTE	2017 JAN-DEC	2016 JAN-DEC
Operating activities			
Result after financial items		-16 971	-6 384
Adjustment for items not affecting cash flow	33	262	-
Cash flow before change in working capital		**-16 709**	**-6 384**
Change in working capital			
Increase(-)/Decrease (+) in current receivables		-8 069	-12 442
Increase(+)/Decrease (-) in current liabilities		-4 365	5 513
Cash flow from operating activities		**-29 143**	**-13 314**
Investing activities			
Aquisition of subsidiary		-40 456	-40 746
Loan to subsidiary		-32 911	-
Cash flow from investing activities		**-73 369**	**-40 746**
Financing activities			
New share issues		-	29
Issues costs		-2 846	-1 592
Borrowings	33	102 929	-
Group contributions		-	14 865
Cash flow from financing activities		**100 083**	**13 303**
Cash flow for the year		**-2 429**	**-40 758**
Cash and equivalents at the beginning of the year		**22 755**	**63 513**
Cash and equivalents at the end of the year		**20 324**	**22 755**

Notes

Note 1 General Information

Stillfront Group AB (publ) and its subsidiaries (the "Group") is an independent creator, publisher and distributor of digital games – with a vision to become a leading indie game creator and publisher. Stillfront operates through eight near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, Dorado Online Games in Malta, Simutronics in St Louis, USA, Babil Games in UAE and Jordan, eRepublik Labs on Ireland and in Romania and OFM Studios in Germany. Stillfront's games are distributed globally. The main markets are Germany, the United States, France, UK and MENA.

The Parent company with company registration number 556721-3078, is incorporated under the laws of Sweden, registered in Stockholm. The address to the head office is Gamla Tanneforsvägen 17c, 582 54 Linköping.

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015, with the ticker SF.

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

The annual report and the consolidated financial statements were approved for publication by the board of directors May 4, 2018. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders.

Note 2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Unless otherwise indicated, the accounting policies of the parent company are the same as those of the Group. Any differences between the policies are listed at the end of this summary.

BASIS FOR PREPARATION OF THE REPORTS

The consolidated financial statements for Stillfront have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They have been prepared using the cost method, with the exception of available-for-sale financial assets, which are recognised at fair value through other comprehensive income, and contingent conditional considerations, which are recognised at fair value through the income statement.

All reports prepared in compliance with IFRS require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the Group's accounting policies. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the consolidated financial statements are primarily the balance sheet items of capitalised expenditure on development, game products, contingent conditional considerations and goodwill. Further information on these items is provided in the respective notes.

New standards and interpretations that have not yet been applied by the Group

A number of new standards and interpretations come into effect for financial years beginning after 31 December 2016, which have not been applied in the preparation of these financial statements. None of these are expected to have any significant impact on the consolidated financial statements, with the exception of the following standards.

- 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 and adds a new expected loss impairment model. Stillfront's preliminary assessment is that the standard will not affect future financial statements other than in the form of changed/increased disclosure requirements. The standard applies as of 1 January 2018.

- 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. Stillfront has conducted a preliminary review in which it has documented revenue types in accordance with the five-step model that forms the basis of IFRS 15 i.e.: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price (standalone selling prices), 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognise revenue when (or as) the entity satisfies a performance obligation. Stillfront's preliminary assessment following this documentation and analysis is that the point at which revenue from contracts with customers is recognised in the Group will not be affected. The standard will involve more extensive disclosures, however. The standard applies as of 1 January 2018.

- IFRS 16 "Leases" is the new standard for leases. IFRS 16 replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities relating to all leases, with some exceptions, to be recognised on the balance sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right. Recognition by the lessor will essentially remain unchanged. The standard applies as of 1 January 2019, but has not yet been approved by the EU. Stillfront has operating leases in the form of tenancy agreements; see note on leases. The preliminary assessment is that these agreements will result in the recognition of assets and liabilities on the balance sheet.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the Group.

CONSOLIDATION

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed or entitled to a variable return from its holdings in the company and is able to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

The purchase method is used for reporting the Group's business combinations.

The purchase price for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities assumed by the Group to the former owners of the acquired business and any shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities resulting from an agreement on contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. For each acquisition – in other words on an acquisition by acquisition basis – the Group determines whether a non-controlling interest in the acquired company is recognised at fair value or at the non-controlling interest's proportionate share of the carrying amount of the acquired company's identifiable net assets.

Costs associated with acquisitions are expensed as they arise.

Where part or all the purchase price is deferred, the future payments are discounted to the present value at the time of acquisition. The discount rate is the company's marginal borrowing rate, which is the interest rate the company would have paid for financing through loans for equivalent periods and on similar terms.

Contingent conditional considerations are classified either as equity or as a financial liability. Amounts classified as financial liabilities are revalued at fair value every period. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are recognised through the income statement. For further information, see the separate section entitled "Contingent conditional considerations".

If the business combination takes place in several stages, the previous shares of equity in the acquired company are revalued at their fair value at the time of acquisition. Any gain or loss arising on these revaluations is recognised through profit and loss.

Intra-Group transactions, balance sheet items, and income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions that are recognised in assets are also eliminated. Where applicable, the accounting policies of subsidiaries have been amended to guarantee a consistent application of the Group's policies.

Non-controlling interests in the profit and equity of subsidiaries are recognised separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet.

Changes in the share of ownership in a subsidiary without any change of controlling influence

Transactions with non-controlling interests that do not result in a loss of control are recognised as equity transactions, in other words as transactions with owners in their role as owners. A change in the share of ownership is recognised through an adjustment to the carrying amounts of non-controlling interests so that they reflect the changes in their relative holdings in the subsidiaries. In the case of acquisitions from non-controlling interests, the difference between the fair value of the purchase price paid and the share actually acquired of the fair value of the subsidiary's shares is recognised in equity. Gains and losses on sales to non-controlling interests are also recognised in equity.

Reporting when the controlling influence ceases

When the Group no longer has a controlling influence, each remaining shareholding is valued at fair value at the time when it loses the controlling influence. The change in the carrying amount is recognised in the income statement. The fair value is applied as the initial carrying amount and forms the basis for the future reporting of the remaining shareholding as an associate, joint venture or financial asset. All amounts relating to the entity sold, which were previously recognised in other comprehensive income, are recognised as if the Group had sold the attributable assets or liabilities directly. This may result in amounts previously recognised in other comprehensive income being reclassified as profit and loss.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and presentation currency

Items included in the financial statements for the various units of the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). Swedish kronor (SEK), the presentation currency of the Group, is used in the consolidated financial statements.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency at the exchange rates that apply on the transaction date. Foreign exchange gains and losses arising upon payment of such transactions and upon translation of monetary assets and liabilities in foreign currencies at closing date rates are recognised in the income statement.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the income statement as financial income or financial expenses. All other foreign exchange gains and losses are recognised in other operating income and other operating expenses respectively.

INTANGIBLE NON-CURRENT ASSETS

Capitalised expenditure for product development

The costs of software maintenance are expensed as they arise. Expenses for development that are directly attributable to the development and testing of identifiable and unique software products (game development projects) controlled by the Group are recognised in intangible assets if the following criteria are met:

- It is technically possible to prepare the asset so that it can be used or sold.
- It is the company's intention to prepare the asset for use or sale.
- The conditions are in place for the use or sale of the asset.
- It can be demonstrated how the asset will generate probable future economic benefits.
- There are sufficient financial and other resources to complete the development and to use or sell the asset.
- The expenses attributable to the asset during its development can be measured reliably.

The Group does not normally begin development until the above criteria are met, which means that in most cases expenses are capitalised from the outset.

Directly attributable expenses that are capitalised primarily include expenses for employees, external subcontractors, user testing and a reasonable proportion of indirect expenses.

Intangible assets are recognised at cost less accumulated amortisation and any write-downs. The cost of an internally developed intangible asset comprises the total of the expenses arising as of the point at which the intangible asset first meets the criteria for capitalisation as specified above.

Amortisation begins when the asset is ready for use, which coincides with the point at which the test launch is complete. The useful life is calculated from the period when the company is expected to receive the anticipated benefits. The useful life of existing games is deemed to be 3–5 years and amortisation is applied on a straight-line basis over this period.

Expenses for development that do not fulfil these criteria are expensed as they arise. Expenses for development that were previously expensed are not recognised as an asset in subsequent periods.

Game products
Fully developed games at Stillfront have been acquired through business combinations and are recognised at fair value on the date of acquisition. The games referred to here are mainly IFE and Online Fussball Manager. The rights to games are therefore recognised at cost less accumulated amortisation and write-downs.

Goodwill
Goodwill arising from business combinations is included in intangible assets. Goodwill refers to the amount by which the purchase price exceeds the fair value of identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate possible impairment. The carrying amount at the cash-generating unit to which the goodwill has been allocated is compared with the recoverable amount, which is the higher of the value in use and the fair value less selling expenses. Any impairment is recognised immediately as an expense and is not reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management. Goodwill is monitored for each subsidiary.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is recognised at cost less depreciation. Cost includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. The carrying amount of the part replaced is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the period in which they are incurred.

Straight-line depreciation is applied as follows:

Equipment, tools, fixtures and fittings: 5 years

The residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not written down but are tested annually for impairment. Assets that are written down are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. A write-down is made of 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 its value in use. When assessing the need for impairment, assets are grouped at the lowest levels at which there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) which have previously been written down, a test is carried out on each balance sheet date to ascertain whether a reversal should be made.

FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: loan receivables and trade receivables, and available-for-sale financial assets. 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.

Classification
Loan receivables and trade receivables
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.

Recognition and valuation
Purchases and sales of financial assets are recognised at the transaction date, which is the date when the Group undertakes to buy or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which applies to all financial assets that are not recognised at fair value through profit and loss. 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.

Offsetting financial instruments
Financial assets and liabilities are offset and recognised net on the balance sheet only when there is a legal right to offset the recognised amounts and the intention is to settle them as a net amount or simultaneously realise the asset and settle the liability. This legal right must not be dependent on future events and it must be legally binding on the company and the counterparty, both in the normal course of business and in the event of suspension of payments, insolvency or bankruptcy.

Impairment of financial assets
Assets recognised at amortised cost
At the end of each reporting period, the Group assesses whether there is objective evidence of a need for the impairment of a financial asset or group of financial assets. A financial asset or group of financial assets requires impairment and is written down only if there is objective evidence of a need for impairment as a result of one or more events occurring after the initial recognition of the asset (a "loss event") where this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

Objective evidence of a need for impairment exists, for example, where there are indications that a debtor or group of debtors is experiencing significant financial difficulties, that interest or capital payments have been missed or are delayed, that it is likely that the debtor or group of debtors will enter into bankruptcy or undergo some other form of financial restructuring, or that there is observable evidence to indicate that there is a measurable reduction in estimated future cash flows, such as changes in overdue debts or other financial conditions that equate to credit losses.

Impairment for the category of loan receivables and trade receivables is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding unrealised future credit losses), discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is impaired and the impairment amount is recognised in the consolidated income statement.

If the need for impairment reduces in a subsequent period and this reduction can be objectively related to an event occurring after the impairment was recognised (such as an improvement in the creditworthiness of the debtor), the previously recognised impairment is reversed in the consolidated income statement.

TRADE RECEIVABLES
Trade receivables are amounts due from customers for goods sold or services provided in operating activities. If payment is expected within one year or less (or during the normal business cycle if this is longer), they are classified as current assets. If not, they are recognised as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents, both on the balance sheet and in the statement of cash flows, includes cash, bank deposits and other short-term investments. Other short-term investments are classified as cash and cash equivalents when they mature within three months of the acquisition date, can be converted easily into cash at a known amount and are subject to insignificant risk of value fluctuations. Overdraft facilities are recognised on the balance sheet as loan liabilities under current liabilities. Stillfront does not have any short-term investments for the financial year reported.

SHARE CAPITAL
Ordinary shares are classified as equity.

Transaction costs that can be directly attributed to the issue of new ordinary shares are recognised, net of tax, in equity as a deduction from the issue proceeds.

TRADE PAYABLES
Trade payables are obligations to pay for goods or services acquired in operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year (or during the normal business cycle if this is longer). If not, they are recognised as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost by applying the effective interest method.

BORROWING
The Group's recognised borrowing principally comprises liabilities to credit institutions and overdraft facilities, contingent conditional considerations and other non-current liabilities.

Borrowing is initially recognised at fair value net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method.

CONTINGENT CONDITIONAL CONSIDERATIONS
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.

PROVISIONS
A provision is a liability where the due date or amount are uncertain. A provision is recognised when the Group has an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The provisions are valued at the present value of the amount expected to be required in order to settle the obligation. A discount rate before tax that reflects a current market assessment of the time-related value of money and the risks associated with the provision is used here. The increase in the provision relating to the passage of time is recognised as an interest expense. There were no provisions at the end of the financial year reported.

HEDGE ACCOUNTING
Stillfront applies hedges of net investments. This means that loans, in this case, contingent conditional considerations, constitute hedging instruments. To the extent that profit or loss (currency translation effect) of the hedging instrument is determined to be an effective part of the hedge, this part is reported in other comprehensive income.

CURRENT AND DEFERRED INCOME TAX
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except where the tax relates to items recognised in other comprehensive income or directly against equity. In such cases, the tax is also recognised in other comprehensive income or against equity, respectively.

The current tax expense is calculated on the basis of the tax regulations enacted or substantively enacted at the balance sheet date. The management regularly assesses the submissions made in tax returns in relation to situations where the applicable tax regulations are subject to interpretation. Where it deems appropriate, it makes provisions for amounts that it is probable will have to be paid to the tax authorities.

Deferred tax is recognised for all temporary differences between the tax values of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised, however, if they arise as a result of the initial recognition of goodwill.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

EMPLOYEE REMUNERATION

Pension obligations

Stillfront has only defined contribution plans. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to the employees' service in current or previous periods. The contributions are recognised as staff costs when they fall due. Prepaid contributions are recognised as an asset to the extent that the Group may benefit from a cash refund or a reduction in future payments.

Termination benefits

Termination benefits begin when an employee's job is terminated by the Group before the normal pensionable age or if an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises termination benefits at the earlier of the following: (a) when the Group is no longer able to withdraw the offer of benefits; and (b) when the company recognises expenses for restructuring within the scope of IAS 37 and this involves the payment of severance pay. There were no provisions for termination benefits at the end of the financial year reported.

The Group recognises a liability and an expense for bonus schemes and variable remuneration. The Group reports a provision when there is a legal obligation or an informal commitment as a result of previous practice.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or that will be received and is equivalent to the amounts received for goods sold less discounts and value-added tax.

The Group principally has two different revenue streams: development/publication of online games and contracting. Revenue is recognised as described below.

Development/publication of online games

Stillfront's online games are free-to-play games, where in principle the game is free for the player. The player can also pay to obtain benefits or access to enhanced features and functions in the game. Payment can be made either in the form of a subscription or through the purchase of so-called "in-game currency" (IGC), a kind of token that represents a value in the game.

A subscription entitles the player to access and enjoy premium functions and in-game benefits. Subscriptions are usually available as weekly, monthly, quarterly, six monthly or annual subscriptions. The subscription is called Premium Subscription (PS).

IGC is used by players to access functions or to buy objects in the game that will provide an enhanced game experience and/or access to premium functions and features.

Players can buy PS and IGC through payment intermediary services such as PayPal, Skrill, Apple AppStore, Google Play and credit card companies. These purchases are called Deposits. Stillfront does not have any direct transactions with players. Revenues are recognised gross, before the deduction of payment services providers' fees. Following the acquisition of Babil, the Apple AppStore and Google Play channels are used to a limited extent.

When a player makes in a deposit, in other words acquires PC or IGC, the whole of this amount is recognised as a liability. Revenue recognition subsequently takes place immediately when a deposit is exchanged, in other words used to acquire the objects or functions available in the game and described above.

Contracting

Contracting, also called work-for-hire, is business where Stillfront develops a game for a publisher other than Stillfront. The payment from the publisher to Stillfront under a contract typically has two components. There is one component based on the work performed to develop the game and there is another component based on the successful sale of the game (called a royalty).

Remuneration for work performed is usually a fixed fee that is paid in instalments as agreed milestones are achieved. A development project often takes one to two years to complete. The labour resources provided by Stillfront are constant or near-constant over the lifetime of the project. Stillfront recognises revenues in equal portions in each period over the entire lifetime of the project.

The royalty is recognised in the period that forms the basis for the calculation of the royalty. The amount of royalty recognised is as documented in a royalty statement issued by the publisher.

Other types of revenues

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

LEASES

Leases where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (after deduction of any incentives from the lessor) are expenses in the income statement on a straight-line basis over the term of the lease.

Leases for non-current assets where the economic risks and benefits associated with ownership have essentially been transferred to the Group are classified as finance leases. Finance leases are recognised on the balance sheet at the beginning of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Stillfront has agreements that are classified as operating leases.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. The reported cash flow comprises solely transactions that result in the inflow and outflow of funds. The company's cash and cash equivalents comprise cash and bank deposits.

EARNINGS PER SHARE

Earnings per share before dilution is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of ordinary shares outstanding.

To calculate earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The parent company has issued share options which have a potential dilution effect. For share options, a calculation is made of the number of shares that could have been purchased at fair value for an amount equivalent to the monetary value of the subscription options associated with the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued, assuming that the share options are exercised. Options and subscription options only have a dilution effect, however, if they would result in the issue of ordinary shares at a price lower than the average price during the period. Potential ordinary shares also only give rise to a dilution effect in those cases where their conversion results in lower earnings per share or increased loss per share.

SEGMENTS

Stillfront's operations are performed in subsidiaries. Subsidiaries report to Stillfront's CEO. The operational follow-up is, however, focused on individual games, not the subsidiaries per se.

Stillfront markets games all over the world. No matter where in the world the players are, the games and distribution channels are the same. Revenues are monitored carefully per game, but all costs are not distributed to each game. Furthermore, there are some common components that can not be allocated to individual games. Thus, Stillfront's financial position and results can not be presented in segments that would provide a meaningful basis for analysis.

The CEO is Stillfront's top decision maker. Follow-up and management of the Group is based on the Group's financial position as a whole, as above, it is not possible to divide the business into parts that are meaningful from the follow-up / governance perspective. Thus, all operations are considered as one segment.

PARENT COMPANY ACCOUNTING POLICIES

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 means that the parent company applies all IFRS approved by the EU, as far as possible, within the framework of the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations and with due consideration of the relationship between reporting and taxation.

The annual accounts have been prepared using the cost method.

The difference between the accounting policies of the parent company and those of the Group are described below.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised using the cost method, which means that the shareholdings are recognised on the balance sheet at cost, less any impairment. Cost includes acquisition-related costs. Where there is an indication that shares in subsidiaries have decreased in value, their recoverable amount is calculated. If this is lower than the carrying amount, impairment is applied. Impairment is reported in the item "Earnings from shareholdings in Group companies". Dividends from subsidiaries are recognised as dividend income.

DEFERRED INCOME TAX

The amounts of provisions made in untaxed reserves constitute taxable temporary differences. Owing to the relationship between reporting and taxation, however, a legal person reports the deferred tax liability on untaxed reserves as part of the untaxed reserves. Appropriations in the income statement are also reported inclusive of deferred tax.

RECOGNITION OF GROUP CONTRIBUTIONS

Group contributions are recognised in accordance with the alternative rule of RFR 2, which means that both Group contributions paid and received are recognised as appropriations in the income statement.

FINANCIAL INSTRUMENTS

IAS 39 is not applied at the parent company and financial instruments are valued at cost.

PRESENTATION OF THE INCOME STATEMENT AND BALANCE SHEET

The income statement and balance sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. The statement of changes in equity uses the same presentation format as the Group, but must include the components indicated in the Swedish Annual Accounts Act. This also results in the use of different terms compared with the consolidated financial statements, primarily in relation to financial income and expenses and equity.

Contingent conditional considerations are reported in the Parent Company as a provision, whereas in the Group, the corresponding item is reported as financial liability at fair value. A change of the provision is reported as an adjustment of the carrying amount of shares in subsidiaries.

Note 3 Financial risk management

The Group's activities expose it to a number of financial risks, such as market risk (consisting primarily of currency risk, plus an insignificant interest risk), credit risk and liquidity risk. Risk management takes place in accordance with established principles and the Group's overall risk management policy seeks to minimise potential adverse effects on the Group's results and financial position.

CURRENCY RISK

The Group operates internationally and is exposed to currency risks arising from various currency exposures. Currency risk arises from future business transactions, recognised assets and liabilities, and net investments in foreign operations. Currency risk arises when future business transactions and recognised assets and liabilities are denominated in another currency than the functional currency of the Group. The Group did not make use of any currency forward contracts during the financial year presented. The main currencies to which the Group is exposed are EUR and USD.

The Group's risk exposure in foreign currency at the end of the financial year, expressed in Swedish kronor (KSEK), was as follows (regarding items causing transaction exposure):

	2017 12 31 EUR	2017 12 31 USD	2016 12 31 EUR	2016 12 31 USD
Trade receivables	1	899	1	2,129
Trade Payables	945	16	4	1
Non-Current Liabilities	52,716	31,204		123,575

If the EUR rate had been 5% higher, or respectively lower, in relation to SEK, with all other variables remaining constant, the profit for the year would have been 3.1 MSEK higher, or respectively lower. If the USD rate had been 5% higher, or respectively lower, in relation to SEK, with all other variables remaining constant, the profit for the year would have been 1.9 MSEK higher, or respectively lower, as a result of the exposure in the Group's balance sheet items.

INTEREST RISK

Interest risk refers to the risk of a fluctuation in fair value or future cash flows as a result of changes in market interest rates. The Group issued a bond in May 2017 to the amount of 110 MSEK, which has an interest rate based on STIBOR. Should STIBOR increase with 2%, the net result will be negatively affected by 2.2 MSEK.

The risk related to variable interest on liquid assets is deemed to be insignificant as interest rates are low or negative.

PRICE RISK

Available-for-sale financial assets

There were no financial instruments in this category in the group.

Financial liabilities measured at fair value

The Group has contingent concitional considerations measured at fair value (the principles are described in note 28). Should the assumed

EBIT-margins change 2% in the acquired companies for which a contingent conditional consideration has been assumed to be paid based on the performance in 2018 and 2019, the net result of the year would change by 6.7 MSEK.

CREDIT RISK

Credit risk refers to the exposure of receivables in the form of investments of surplus liquidity and trade receivables. The Group's trade receivables are limited, as the majority are paid in advance and refunds are made only to a very limited extent. The Group's risk of bad debts is therefore considered to be limited.

The largest total exposure for all financial instruments at a single bank was 21.2 MSEK (23.8 MSEK).

Maximum exposure to credit risk

	GROUP 2017 12 31	GROUP 2016 12 31	PARENT 2017 12 31	PARENT 2016 12 31
Trade receivables	14,181	6,209	-	-
Receivables from group companies	-	-	2,436	769
Accrued income	2,620	2,633	-	-
Other receivables	11,018	3,563		
Cash and cash equivalents/Cash and bank deposits	65,931	35,774	20,324	22,755
Total	**93,750**	**48,179**	**22,760**	**23,524**

LIQUIDITY RISK

Liquidity risk refers to the risk that Group will be unable to meet its obligations in relation to the Group's financial liabilities. Finance risk refers to the risk that the Group will be unable to arrange financing at a reasonable cost.

The Group finances its operations to a significant extent through new share issues and issues of corporate bonds. Acquisitions of new businesses is partly financed by contingent conditional considerations, where the size of the contingent conditional considerations depends on the financial performance of the acquired business. Consequently, parts of the considerations are deferred. All contingent conditional considerations have a cap, in order to reduce the liquidity risk.

The tables below provide an analysis of the Group's financial liabilities, distributed by the contractual time to maturity at the balance sheet date. The stated amounts are the agreed, non-discounted amounts.

Maturity analysis of contractual payments for financial liabilities

	0-3 MTHS	3-12 MTHS	1-5 YEARS	5 YEARS
Liabilities to credit institutions			110,000	
Contigent Conditional Considerations	23,440		66,927	
Other liabilities	3,117	358		
Trade payables	8,192	359	0	
Total	**34,749**	**717**	**176,927**	

CAPITAL

The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can generate a return for its shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to keep capital costs down. In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. The capital is assessed on the basis of the Group's equity ratio. The company's Board of Directors and management continuously assess the Group's long-term capital requirements and financing options.

Under the terms and conditions of the bond loan issued in 2017, Stillfront has undertaken to meet certain metrics, so-called covenants, meaning that the debt-to-equity ratio should be below 4.50: 1 at the last day of each quarter. In this context, debt is defined as Net Debt (excluding indebted but not finalized contingent conditional considerations) divided by EBITDA over the past 12 months. During the year the covenants have been met.

Fair Value Calculation

The table below shows financial instruments measured at fair value, based on the classification made in the fair value hierarchy. The differ-ent levels are defined as follows:

Level 1	Quoted prices on active markets for identical assets or liabilities
Level 2	Other observable data for the asset or liability other than the quoted prices included in level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).
Level 3	Data for assets or liabilities that is not based on observable market data (i.e. non-observable data).

		LEVEL 1	LEVEL 2	LEVEL 3
Financial Liabilities				
Contingent conditional considerations	2016-12-31			123,575
	2017-12-31			83,920

The following table shows the change in instruments at level 3.

	LEVEL 1	LEVEL 2	LEVEL 3
Contingent conditional considerations			
			-
Opening balance 2016 01 01			0
Arising during the year			123,575
Closing Balance 2016 12 31			**123,575**
Opening balance 2017-01-01			123,575
Acquisition of operations during the year			50,087
Revaluation fair value			-83,000
Other revaluations (Currency/Interest)			-6,742
Closing balance per 2017-12-31			**83,920**

Note 4 Significant accounting estimates and assessments

Stillfront's financial reports are prepared in accordance with IFRS. This means that the preparation of financial statements and the application of accounting policies are often based on estimates and assumptions that are considered reasonable and well balanced at the time when the assessment is made. Different assessments, assumptions and estimates may give different results, however, and events may occur that require a material adjustment to the carrying amount of the affected asset or liability. Below are the most important areas where assessments and assumptions have been made and which are considered to have the biggest impact on the financial statements.

CAPITALISATION OF EXPENSES FOR DEVELOPMENT

Timing of capitalisation of development; The Group's expenses for game development are capitalised when the game concept is sufficiently defined to enable their commercial potential to be assessed. The assessment of commercial potential and return is based on experience from previous games.

Development in progress; Where the Group's capitalised expenses for games have not yet begun to be amortised (not yet ready for use), impairment is tested annually. The key assumptions on which these assessments are based may change and result in a significant impact on the Group's results and financial position. The carrying amount of capitalised expenses for development is indicated in Note 16.

IMPAIRMENT TESTING OF GOODWILL

Stillfront tests goodwill for impairment every year, in accordance with the accounting policies described in Note 2. Impairment testing involves calculations made on the basis of assessments and assumptions. The most important assumptions forming the basis for these assessments are among others growth rate and discount rate. Assessments that are different from those made by the management may lead to completely different results and a different financial position. More information is provided in Note 18.

VALUATION OF LOSS CARRYFORWARD

Deferred tax assets for tax loss carryforwards are recognised only in cases where it is probable that future taxable profit will be available against which the temporary difference can be utilised. The carrying amount on each balance sheet date is shown in Note 20.

CONTINGENT CONDITIONAL CONSIDERATIONS

Stillfront has agreed contingent conditional considerations for some business combinations. These are valued on an ongoing basis at fair value and the calculation is based on a number of assessments and assumptions, which are described in Note 28. Assessments that are different from those made by the management may lead to completely different results and a different financial position.

Note 5 Other operating income

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Exchange rate fluctuations	90	348	-	-
Grants	556	872	-	-
Adjustment of contingent conditional consideration	83,000	-	-	-
Other income	3,351	127	2,785	-
Total	**86,997**	**1,348**	**2,785**	**0**

Note 6 Classification of net revenue and assets

NET REVENUE COUNTRIES	GROUP 2017 JAN-DEC
UAE	19,603
Malta	29
Ireland	36,297
Sweden	28,215
Germany	54,902
USA	26,940
Grand Total	**165,986**

ASSETS, EXCL TAXES COUNTRIES	2017-12-31
UAE	134,456
Malta	6,521
Ireland	130,873
Sweden	7,498
Germany	61,655
USA	62,705
Grand Total	**403,707**

The classification of net sales and fixed assets are based on the countries in which the group company has its registered office.

Note 7 Auditors' fees and expenses

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Mazars SET				
Audit assignment	1,020	504	570	287
Tax advice	-	8	-	8
Other audit assignment	329	61	329	61
Total	**1,394**	**573**	**899**	**356**
Other audit firms				
Audit assignments	280	-	-	-
Other services	-	-	-	-
Tax advice	-	-	-	-
Other missions	**-**	**-**	**-**	**-**
Total	**280**	**0**	**0**	**0**

Audit assignment refers to the fee for the statutory audit, i.e. such work that has been necessary in order to provide the audit report and so-called audit advice, which is submitted with the audit assignment. Auditing activities in addition to the audit assignment refers to the fee for various kinds of quality assurance services. Other services refers to such services that do not form part of the audit assignment, audit activities or tax advice.

Note 8 Operating leases

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Lease expenses	2,454	2,238	243	154
The nominal value of future leases is distributed as follows:				
Remaining term as of December 31:				
Due within 1 year	2,319	2,451	373	-
Between 2 and 5 years	2,453	5,935	-	-
Later than 5 years	190	-	-	-
Total remaining terms as of December 31	**4,963**	**8,386**	**373**	**0**

Significant leases are primarily those relating to the lease of office premises.

Note 9 Average number of employees, staff costs, pensions etc.

AVERAGE NUMBER OF EMPLOYEES IN THE GROUP	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Sweden				
Women	1	1	-	-
Men	25	24	2	2
Total	**26**	**25**	**2**	**2**
Malta				
Women	2	2		
Men	11	5		
Total	**13**	**7**		
Great Britain				
Women	-	-		
Men	0	1		
Total	**0**	**1**		
Germany				
Women	8	9		
Men	28	20		
Total	**36**	**29**		
USA*				
Women	2	3		
Men	10	19		
Total	**12**	**22**		
Jordan**				
Women	5	4		
Men	10	8		
Total	**15**	**12**		
Romania***				
Women	10	-		
Men	17	-		
Total	**27**	**0**		

AVERAGE NUMBER OF EMPLOYEES IN THE GROUP	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
All countries				
Women	28	19		
Men	101	77		
Total	**129**	**96**		

*The average number of employees 2016 in the US pertains to the period from June 1, 2016 to Dec 31, 2016.

**The average number of employees 2016 in Jordan pertains to the period from Dec 1, 2016 to Dec 31, 2016.

***The average number of employees 2017 in Romania pertains to the period from May 1, 2017 to Dec 31, 2017

GENDER DISTRIBUTION IN THE COMPANY MANAGEMENT	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Board members	6	6	6	6
of which are men	3	5	3	5
Other senior executives	11	9	2	1
of which are men	11	9	2	1
Totalt	**17**	**15**	**8**	**7**
of which are men	**14**	**14**	**5**	**6**

SALARIES AND OTHER REMUNERATION	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Board Members and Managing Directors	11,799	11,063	3,146	1,619
Other employees	48,113	26,537	1,759	1,163
	59,911	**37,599**	**4,904**	**2,782**
Social security expenses				
Pension costs for the Board and Managing Directors	479	532	373	488
Pension costs for other employees	990	555	266	165
Other statutory and contractual social security expenses	9,167	7,100	1,336	871
	10,637	**8,187**	**1,975**	**1,524**

Of the above remuneration 66 KSEK has been invoiced (975 KSEK 2016)

THE GROUP'S PENSION PLANS

All pensions plans in Group are defined contribution plans.

REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration is paid to the Chairman and members of the Board in accordance with the AGM's decision. Remuneration to the CEO is decided by the Board and remuneration to other senior executives of the CEO. The CEO and senior executives have premium based pension insurance solutions. There are no agreements for severance pay. The CEO is entitled to 6 months' notice. For other senior executives, a notice period of 3-6 months applies. Below is a summary of remuneration and benefits to the Board and senior executives.

2017	SALARY/ BOARD FEE	OTHER/ REMUNERATION	PENSION EXPENSES	TOTAL
Chairman of the board				
Per Skyttvall, 1/1-19/5	29			**29**
Annette Brodin Rampe, 19/5-31/12	100			**100**
Board members				
Alexander Bricca	65			**65**
Annette Brodin Rampe	15			**15**
Mark Miller	65			**65**
Birgitta Henriksson	50			**50**
Fredrik Åhlberg	15			**15**
Ulrika Viklund	50			**50**
Sture Wikman	50			**50**
CEO	**2,492**		**300**	**2,792**
Other senior executives (10 individuals)	**9,519**	**875**	**428**	**10,822**
Total	**12,450**	**875**	**728**	**14,053**

2016	SALARY/BOARD FEE	OTHER/ REMUNERATION	PENSION EXPENSES	TOTAL
Chairman of the board				
Per Skyttvall	59	66	-	59
Board members				0
Alexander Bricca	30			30
Annette Brodin Rampe	30			30
Mark Miller	30			30
Fredrik Åhlberg	30			30
CEO	1,530			2,018
Other senior executives (9 individuals)	5,670	1,117	175	6,962
Total	**7,379**	**1,117**	**663**	**9,159**

Other remuneration relates to consulting services outside of the scope ordinary assignments. These services have been provided at market conditions.

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

Note 10 Financial income/Other interest and similar income

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Financial income				
Ränteintäkter	174	406	638	115
Foreign exchange gain	624	1,430	-	-
Rearesultat	-	-	21	-
Total financial income	**798**	**1,836**	**659**	**115**

Note 11 Financial expenses/Other interest and similar expenses

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Financial expenses				
Interest expenses	-9,692	-430	-6,289	-421
Foreign exchange loss	-2,150	-2,616	-592	-
Other financial expenses	-5,300	-	-5,300	-
Total financial expenses	**-17,143**	**-3,046**	**-12,181**	**-421**

Note 12 Appropriations

	PARENT 2017	PARENT 2016
Group contributions	6,615	14,865
Totalt	**6,615**	**14,865**

Note 13 Tax on profit/loss for the year

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Tax expense				
Current tax expense	-866	-1,783	-	-
Deferred tax (note 20 och 29)	-302	-684	3,285	6,489
Total tax expense	**-1168**	**-2,467**	**3,285**	**6,489**
Pre-tax profit/loss	**92,608**	**22,443**	**-11,859**	**8,481**
Reconciliation of effective tax				
Tax at applicable tax rate (22 %)	-20,373	-5,157	2,609	-1,866
Effect of foreign tax rates	221	-1,733	-	-
Non-deductible expenses	-547	-113	-508	-83
Non-taxable income*	18,364	-	-	-
Unrecognised loss carryforwards	-386	-2,941	-	-
Effect of application of previously unrecognised loss carryforwards	-	8,450	-	8,438
Other	1,553	-973	1,184	-
Total tax expense	**-1,168**	**-2,467**	**2,609**	**6,489**

* Pertains primarily to revaluation of contingent conditional considerations

Note 14 Earnings per share

Earnings per share undiluted is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of ordinary shares outstanding during the period. To calculate earnings per share diluted, the amounts used to calculate earnings per share diluted are adjusted to take into account the effect of dividends and interest expenses on potential ordinary shares and the weighted average of the additional ordinary shares that would have been outstanding if all potential shares were converted.

Stillfront has warrants that could result in dilution. Warrants only cause dilution, however, if they result in the issue of ordinary shares at a price lower than the average price during the period. Potential shares also only give rise to dilution where the conversion of a number of potential ordinary shares results in lower earnings per share or increased loss per share. Some of Stillfront's warrants schemes result in dilution, but there is no dilution effect for those years where there is a loss for the year attributable to the shareholders of the parent company.

	GROUP 2017	GROUP 2016
Weighted number of shares outstanding undiluted	6,210,452	5,328,763
Weighted number of shares outstanding diluted	6,297,453	5,392,059
Undiluted		
Profit/loss for the year (KSEK)	89,124	15,408
Earnings per share (SEK)	14.35	2.89
Diluted		
Result per share	14.15	2.86

Note 15 Business Combinations

In May 2017, Stillfront acquired a 100% stake in eRepublik Labs Limited. Operations are conducted on Ireland and Romania. eRepublik is a successful developer and publisher of strategy games that fit well into the portfolio of Stillfront. The purpose of the acquisition is to expand Stillfront's product portfolio and to strengthen Stillfront's capabilities as a publisher, primarily within the mobile sector.

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

KSEK	
Purchase Price	
Cash and Cash Equivalents	**40,357**
Ordinary shares issues	**33,410**
Contingent conditional consideration	**50,087**
Total purchase consideration	**123,854**

In connection with the acquisition of eRepublik 441,233 shares have been issued at a price of 75.72 SEK / share. Contingent conditional consideration is calculated based on the acquisition's estimated future economic outcomes for the period ending in 2019.

KSEK	
The fair value of acquired assets and assumed liabilities (KSEK):	
Games	13,369
Machinery equipment	422
Deferred tax asset	177
Current assets excluding cash and cash equivalents	3,652
Cash and cash equivalents	3,156
Current liabilities	-9,652
Deferred tax liabilities	-903
Total net assets acquired excluding goodwill (KSEK)	**10,221**
Reported goodwill	**113,634**
Total net assets acquired	123,855
Total purchase consideration	**123,855**
Less:	
Cash and cash equivalents	-3,156
Common shares	-33,410
Contingent conditional consideration	-50,087
Net cash outflow on acquisition of business	**37,202**

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

Acquisition costs amounted to 734 KSEK and are included in the income statement as other external expenses.

The acquired business eRepublik is included in Stillfront's consolidated net sales of with 36,297 KSEK and a profit of 11,095 KSEK. If the acquired business had been consolidated from January 1, 2017, eRepublik would have consolidated with a revenue of approx. 50 MSEK and a profit of approx 13 MSEK.

Note 16 Capitalised expenditure on development

	GROUP 2017	GROUP 2016	PARENT 2017	PARENT 2016
Opening cost	88,266	56,131	15,978	15,978
Aqcuisitions	7,306	-	-	-
Internal development	44,090	30,960	-	-
Translation differences	162	1,175	-	-
Closing accumulated cost	**139,824**	**88,266**	**15,978**	**15,978**
Opening accumulated depreciation	-46,484	-40,762	-12,782	-12,782
Depreciation	-13,460	-5,511	-	-
Write-downs	-2,310	-	-	-
Translation differences	-507	-211	-	-
Closing accumulated depreciation	**-62,761**	**-46,484**	**-12,782**	**-12,782**
Opening accumulated depreciation			-3,196	-3,196
Closing accumulated cost	**0**	**0**	**-3,196**	**-3,196**
Closing carrying amount	**77,063**	**41,782**	**0**	**0**
Of which development in progress, i.e. where depreciation has not yet commenced	**13,432**	**12,777**		

Note 17 Game products

	GROUP 2017	GROUP 2016
Opening cost	35,842	-
Acqusitions	2,562	-
Acqusitions through operations	13,163	32,296
Translation differences	-3,156	3,546
Closing accumulated costs	**48,411**	**35,842**
Opening accumulated depreciation	-3,743	-
Depreciation	-9,125	-3,528
Translation differences	538	-215
Closing accumulated depreciation	**-12,330**	**-3,743**
Closing carrying amount	**36,081**	**32,099**

Note 18 Goodwill

KSEK	GROUP 2017	GROUP 2016
Opening cost	196,370	28,344
Acquisitions in operations	113,633	171,066
Translation differences	-14,981	-3,040
Closing accumulated cost	**295,022**	**196,370**
Opening impairment and write-downs	-5,752	-5,752
Impairment and write-downs for the year	-	-
Closing impairment and write-downs	**-5,752**	**-5,752**
Closing carrying amount	**289,270**	**190,618**

IMPAIRMENT TESTING OF GOODWILL

Goodwill is monitored by the management allocated to cash-generating units, where each subsidiary constitutes a separate cash-generating unit.

2017	OPENING CARRYING AMOUNT	ADDITIONS	DISPOS-ALS	IMPAIR-MENT	TRANSLATION DIFFERENCES	CLOSING CARRYING AMOUNT
Power Challenge Holding Ltd	5,752	-	-	-	-	5,752
Bytro Labs GmBH	16,840	-	-	-	-	16,840
Simutronics Corp	22,648	-	-	-	-2,124	20,524
Babil Games LLC	145,377	-	-	-	-13,626	131,751
eRepublik Labs Ltd		113,634	-	-	769	114,403
Total	**190,617**	**113,634**	**0**	**0**	**-14,981**	**289,270**

Power Challenge Holding Ltd	5,752	-	-	-	-	5,752
Bytro Labs GmBH	16,840	-	-	-	-	16,840
Simutronics Corp	0	20,282	-	-	2,366	22,648
Babil Games LLC	0	150,784	-	-	-5,407	145,377
Total	**22,592**	**171,066**	**0**	**0**	**-3,041**	**190,617**

Goodwill represents the value of the competences available in acquired companies, including the ability to develop, localize and publish first-class games. The Group continuously tests whether any impairment loss for goodwill exists.

Impairment tests have been made for goodwill attributable to Babil, Bytro, eRepublik, Power Challenge and Simutronics. Significant factors for the testing have been the estimated cash flows for the next five years, estimated growth after the forecast period (0 – 10% depending on subsidiary), EBITDA margin during the forecast period and weighted cost of capital (13 - 16%). A sensitivity analysis shows that a margin to write-down also persists with revenue growth reduced by 30% or a raised weighted cost of capital to 20%.

Note 19 Equipment, tools, fixtures and fittings

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Opening cost	5,864	2,214	0	0
Acquisitions through operations	415	2,948	-	-
Separate acqusitions	775	685	-	-
Translation differences	-258	17		
Closing accumulated cost	**6,796**	**5,864**	**0**	**0**
Opening accumulated depreciations	-5,089	-1,972	0	0
Depreciations	-671	-360	-	-
Reclassifications		-2,748	-	-
Translation differences	257	-9		
Closing accumulated depreciations	**-5,503**	**-5,089**	**0**	**0**
Closing carrying amount	**1,293**	**775**	**0**	**0**

Note 20 Deferred tax asset

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Valuation of loss carryforward				
Opening carrying amount	6,489	0	6,489	0
In profit/loss for the year	3,285	6,489	3,285	6,489
Closing carrying amount	**9,774**	**6,489**	**9,774**	**6,489**

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Current assets and liabilities				
Opening carrying amount	1,291	1,049	0	0
In profit/loss for the year	-134	3	-	-
Through acquisition	634	208	-	-
Translation differences	10	31	-	-
Closing carrying amount	**1,801**	**1,291**	**0**	**0**
Accumulated closing carrying amount	**11,575**	**7,780**	**9,774**	**6,489**

For valuation of deferred tax assets, please refer to Note 2

Note 21 Shares in group companies

	2017-12-31	2016-12-31
Opening carrying amount	293,128	65,938
Acquisition of subsidiaries	3,394	179,714
Sales to subsidiary*	-136,334	-
Write-down of contingent conditional considerations	-88,529	-
Aquisition of minority	-	47,476
Closing carrying amount	**71,659**	**293,128**

* Sale within the Group. Pledged assets in conjunction with issue of bonds.

SPECIFICATION OF THE PARENT COMPANY'S SHAREHOLDINGS IN GROUP COMPANIES

All of the Group's subsidiaries are shown below. Unless otherwise indicated, their share capital consists solely of ordinary shares held directly by the Group and the share of ownership is the same as the share of votes.

NAME	COUNTRY	REGISTERED OFFICE	ORG NO	SHARE OF OWNERSHIP	PRINCIPAL BUSINESS	CARRYING AMOUNT 2017-12-31	CARRYING AMOUNT 2016-12-31
Todavia AB	Sweden	Stockholm	559100-2893	100%	Own and manage securities	565	0
Babil Games LLC	UAE		2987/2012 FCZ	100%	Publishing of mobile games	68,264	156,793
Stillfront Midco AB	Sweden	Linköping	559110-4053	100%	Own and manage securities	2,830	0
-Simutronics	USA		0311296	53%	Development and publishing of online games	0	22,921
-Stillfront Online Games AB	Sweden	Linköping	556721-9430	80%	Development and publishing of online games	0	0
-Dorado Games Holdings Ltd	Malta		C64760		Development and publishing of online games	0	0
-Dorado Productions Ltd	Malta		C55850		Development and publishing of online games	0	0
-OFM Studios GmbH	Germany		HRB 145244	51%	Development and publishing of online games	0	0
-Power Challenge Holding Ltd	UK		07099333	100%	Development and publishing of online games	0	18,460
-Power Challenge AB	Sweden	Linköping	556719-9871		Development and publishing of online games	0	
-Coldwood Interactive AB	Malta	Umeå	556641-6532	100%	Development of console/PC games	0	27,855
-Bytro Labs GmbH	Germany		HRB 118884	100%	Development and publishing of online games	0	67,099
-eRepublik Labs. Ltd	UK		462101	100%	Development of console/PC games	0	0
-ERPK Labs SRL	Romania		25622297		Development and publishing of online games	0	0
Closing carrying amount						**71,659**	**293,128**

HOLDINGS WITHOUT A CONTROLLING INFLUENCE

Summarised financial information is provided below for each subsidiary with a holding without a controlling influence that is of significance to the Group. The amounts indicated for each subsidiary are before intra-Group eliminations. Bytro Labs GmBH was owned by 51% until June 22, 2016.

	BYTRO		SIMUTRONICS	
CONDENSED BALANCE SHEET	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Non-current assets	-	-	62,947	63,420
Current assets	-	-	3,469	1,977
Total Assets	**0**	**0**	**66,416**	**65,397**
Non-current liabilities	-	-	22,615	23,332
Current liabilities	-	-	1,436	391
Total liablities	**0**	**0**	**24,051**	**23,723**
Net assets	**0**	**0**	**42,365**	**41,674**
Accumulated holdings without a controlling influence			**19,050**	**19,733**

	BYTRO		SIMUTRONICS	
STATEMENT OF COMPREHENSIVE INCOME	2017-12-31	2016-12- 31	2017-12-31	2016-12-31
Revenue	-	35,724	36,933	14,274
Profit/loss for the year	-	11,431	3,764	116
Profit attributable to holdings without a controlling influence	**0**	**5,514**	**1,692**	**54**

CONDENSED CASHFLOW	SIMUTRONICS 2017
Cash flow from operating activities	13,343
Cash flow from investing activities	-13,048
Cash flow from financing activities	0
Cash flow for the year	**295**

Note 22 Receivables from group companies

KSEK	PARENT 2017-12-31	PARENT 2016-12-31
Opening carrying amount	26,742	14,106
Net change	230,102	12,636
Closing carrying amount	**256,844**	**26,742**

None of the receivables has fallen due for payment.

Note 23 Trade receivables

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Trade receivables				
Trade receivables	14,181	6,209	0	0
Net trade receivables	**14,181**	**6,209**	**0**	**0**
Trade receivables past due for which no provisions are made				
Overdue by 0-3 months	14,440	6,202	-	-
Overdue by 4-6 months	-	7	-	-
Overdue 2-5 years	-259	-	-	-
Net trade receivables	**14,181**	**6,209**		

As of December 31, 2017, accounts receivable amounting to 14,181 KSEK were due without any impairment loss. Based on credit history, the amounts are expected to be received by the due date. The Group has no mortgage as collateral for these claims.

Note 24 Prepaid expenses and accrued income

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Prepaid expenses	4,248	1,301	3,036	266
Accrued revenue	2,620	2,633	-	-
Total	**6,868**	**3,935**	**3,036**	**266**

Note 25 Cash and bank

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Cash and bank balances	65,931	35,774	20,324	22,755
Total	**65,931**	**35,774**	**20,324**	**22,755**

Note 26 Other comprehensive income/Equity

OTHER COMPREHENSIVE INCOME

Other comprehensive income consists of translation differences on the translation of foreign subsidiaries and currency from loans in foreign currency for the hedging of net investments, i.e. the net assets of the subsidiaries.

EQUITY

Group

Share capital

Holders of ordinary shares are entitled to a dividend determined on a gradual basis and the shareholding provides entitlement to voting rights at the Annual General Meeting with one vote per share. All shares have the same entitlement to the Group's remaining net assets.

Other contributed capital

Other contributed capital consists entirely of amounts paid over and above the par value of shares issued at the time of issue.

Other reserves

Other reserves consists entirely of translation differences on the translation of foreign subsidiaries and currency from loans in foreign currency for the hedging of net investments, i.e. the net assets of the subsidiaries. See specification in note 27.

Retained earnings including profit/loss for the year

Retained earnings including profit/loss for the year includes profits earned at the parent company and its subsidiaries.

Dividend

No dividend will be proposed to the Annual General Meeting 2018.

Parent

		2017-12-31	2016-12-31
Share Capital (KSEK)		**4,498**	**4,189**
Change in number of shares:			
Opening balance		5,983,775	5,006,583
New share issue	2016-06-22		560,724
New share issue	2016-06-23		18,851
New share issue	2016-12-09		41,769
New share issue	2016-12-16		355,848
New share issue	2017-06-20	441,233	
Closing Balance		**6,425,008**	**5,983,775**

The parent company's ordinary shares have a par value of 0.70 SEK per share. Each share provides entitlement to one vote.

Restricted equity

Restricted equity may not be reduced through the payment of dividends.

Share premium account

The share premium account consists entirely of amounts paid over and above the par value of shares issued at the time of issue and constitutes unrestricted equity.

Retained earnings

Comprises unrestricted equity from previous years less any dividends paid. Together with the share premium account and the profit for the year, constitutes total unrestricted equity.

Note 27 Other reserves

	GROUP 2017-12-31	GROUP 2016-12-31	CHANGES DURING THE YEAR
Translation differences from the translation of foreign subsidiaries	-14 043	404	-14 447
Translation differences from loans in foreign currency for the hedging of net investments	14 239	2 753	11 486
Tax on translation differences from loans in foreign currency for the hedging of net investments	-3 132	-606	-2 526
Total amount	**-2 936**	**2 551**	**-5 487**

Note 28 Non-current liabilities/Provisions

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Contingent conditional considerations				
Payment within 2-5 years	60,728	123,575	-	-
Payment later than 5 years	-	-	-	-
Non-current liabilities	**60,728**	**123,575**	**0**	**0**
Current Liabilities	**23,192**	**0**	**0**	**0**
Total contingent conditional considerations	**83,920**	**123,575**	**0**	**0**
Liabilities to credit institutions				
Payment within 2-5 years	102,929	-	102,929	-
Payment later than 5 years	-	-	-	-
Non-current liabilities	**102,929**	**0**	**102,929**	**0**
Current Liabilities	**0**	**0**	**0**	**0**
Total liabilities to credit institutions	**102,929**	**0**	**102,929**	**0**

The Group has overdraft facilities amounting to 1.6 MSEK, of which none was used as per 2017 12 31. In May 2017, a secured bond loan of 110 MSEK was issued within a framework of 500 MSEK. The bond runs at a floating rate based on Stibor 3m + 7.5%. The loan's tenor is 3 years.

CONTINGENT CONDITIONAL CONSIDERATIONS

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.

Note 29 Provisions

	PARENT 2017-12-31	PARENT 2016-12-31
Opening balance	**126,304**	**0**
Acquisitions	19,402	125,944
Transfer to Midco	-33,934	-
Revaluation of contingent conditional consideration	-88,529	-
Interest	1,986	360
Closing carrying amount	**25,229**	**126,304**

Note 30 Deferred tax liability

	GROUP 2017-12-31	GROUP 2016-12-31
Tax in relation to:		
Intangible non-current assets		
Opening balance	24,513	3,567
Acquisitions through operations	1,360	11,304
Translation differences	1,406	2,165
Change recognised through profit and loss	3,451	7,477
Closing carrying amount	**30,729**	**24,513**
Tax in relation to:		
Untaxed reserves		
Opening balance	0	301
Change in income statement	-	-301
Closing carrying amount	**0**	**0**
Total deferred tax liability	**30,729**	**24,513**

Note 31 Accrued expenses and prepaid income

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Accrued Expenses	8,444	5,764	3,028	1,180
(of which personnel relat-ed expenses)	4,746	3,533	104	247
(of which other expenses)	3,698	2,230	2,924	933
Pre paid income	6,718	6,230	-	-
Total	**15,162**	**11,993**	**3,028**	**1,180**

Note 32 Pledged assets

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Assets pledged				
Assets pledged as collateral for overdraft facilities	1,600	1,300	1,600	1,300
Pledged shares in subsidiaries	222,088	-	2,830	
Total assets pledged	**223,688**	**1,300**	**4,430**	**1,300**

Note 33 Non-cash items

	GROUP 2017-12-31	GROUP 2016-12-31	PARENT 2017-12-31	PARENT 2016-12-31
Depreciation	26,312	9,612		
Revaluation of contingent conditional consideration	-83,000			
Other items	183	-59	262	51
	-56,505	**9,553**	**262**	**51**

GROUP	2016-12-31	AQUISITION OF OPERATIONS DURING THE YEAR	REVALUATION FAIR VALUE	OTHER REVALUATIONS (CURRENCY/ INTEREST)	AFFECTING CASH-FLOW	2017-12-31
Bond	0	-	-	-	102,929	102,929
Conditional considerations	123,575	50,087	-83,000	-6,742	0	83,920
Total	**123,575**	**50,087**	**-83,000**	**-6,742**	**102,929**	**186,849**

PARENT	2016-12-31	AFFECTING CASH-FLOW	2017-12-31
Bond	0	102,929	102,929
Total	**0**	**102,929**	**102,929**

Note 34 Financial assets and liabilities

The fair values of financial assets and liabilities are shown in the table below. See also Note 3 Financial risk management. The Group has overdraft facilities amounting to 1.6 MSEK, of which none was used as per 2017 12 31.

THE GROUP	TRADE RECEIVABLES AND LOAN RECEIVABLES		FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Other non-current receivables						
Trade receivables	14,181	6,209	-	-	-	-
Other receivables	11,018	3,563	-	-	-	-
Accrued income	2,620	2,633	-	-	-	-
Cash and cash equivalents	65,931	35,774	-	-	-	-
Total	**93,750**	**48,179**	**0**	**0**	**0**	**0**
Liability to credit institutions	-	-	102,929	-	-	-
Contingent conditional considerations	-	-	-	-	83,920	123,576
Trade payables	-	-	8,550	3,458	-	-
Other liabilities	-	-	3,950	5,000	-	-
Accrued expenses	-	-	8,444	5,764	-	-
Total	**0**	**0**	**123,873**	**14,222**	**83,920**	**123,576**

THE PARENT	TRADE RECEIVABLES AND LOAN RECEIVABLES		FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Receivables from group companies	259,280	27,511	-	-
Other receivables	6,273	203	-	-
Accrued income and pre-paid expenses	3,036	-	-	-
Cash and bank balances	20,324	22,755	-	-
Other non-current liabilities	-	-	102,928	-
Liabilities to group companies	-	-	3,542	7,708
Trade liabilities	-	-	1,382	219
Other liabilities	-	-	223	3,432
Accrued expenses and deferred income	-	-	3,028	1,180
Total	**288,913**	**50,469**	**111,103**	**12,539**

The carrying amounts on the balance sheet are deemed to correspond to the fair value.

Note 35 Events after the balance sheet date

On December 6, 2017 Stillfront entered into an agreement to acquire 100% of the shares in Altigi GmbH in Germany. The acquisition was completed as of January 9, when an Extraordinary General Meeting resolved to approve the acquisition and to issue shares to the sellers of Altigi GmbH. The operations are conducted under the name Goodgame Studios. Goodgame Studios is the leading developer and publisher of free-to-play games in Germany with four very successful games; Goodgame Empire, Empire Four Kingdoms, Big Farm and Big Farm Mobile Harvest. 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	390 000
Ordinary shares issued	3 113 948
Total purchase consideration	**3 503 948**

In connection with the acquisition of Altigi GmbH, 16,868,623 shares were issued at the price of 184.60 SEK per share. The cash component of the purchase price was financed with a tap issue of Stillfront's corporate bond by 390 MSEK. The acquisition was carried out on a debt- and cash-free basis. At the time of the acquisition, Altigi GmbH had a credit facility of 20 MEUR, which was not utilized.

The Board of Directors of Stillfront Group has deemed Altigi GmbH to be the acquiring company and Stillfront Group AB to be the acquired company from an accounting perspective, i.e. a reverse acquisition. The acquisition will be consolidated from January 2018. 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 will be based on the Stillfront Group Financial Statements by 2017-12-31. A consolidated financial statement prepared after a reverse acquisition is issued in the name of the legal parent company but is described in the notes as a continuation of the legal subsidiary's financial statements. As of the fiscal year 2018, the comparative figures in Stillfront Group's financial reporting will consequently be attributable to the legal subsidiary Altigi GmbH.

A preliminary purchase price analysis is provided below. Please note that in the preliminary purchase price analysis, The purchase price analysis including the allocation of surplus values can change as the final fair value analysis of assets and liabilities is finalized. Altigi GmbH is the acquiring company and Stillfront Group AB the acquired company. Hence, the consideration as described below differs from the purchase consideration stated above.

The fair value of acquired assets and assumed liabilities (MSEK):	
Intangible non-current assets	218.0
Property, plant and equipment	1.3
Deferred tax asset	11.6
Current receivables excl cash and bank	32.0
Cash and bank	65.9
Non-current liabilities	-163.7
Deferred tax liabilities	-53.8
Current liabilities	-50.9
Total net assets acquired excluding goodwill (MSEK)	**60.6**
Minority	-19.8
Total net assets attributable to parent company's shareholders excl goodwill (MSEK)	**40.7**
Recognized goodwill	1,145.3
Total consideration	**1,186.1**

Altigi GmbH had net revenues of 917 MSEK in 2017 and an adjusted EBITDA of 314 MSEK. Pro forma if the acquisition had taken place on January 1, 2017, the group had a turnover of 1,083 MSEK and an adjusted EBITDA of 367 MSEK.

Goodwill presented above represents, as a preliminary assessment, the value of the competencies in the company regarding the ability to develop and publish games. None of the goodwill value will be tax deductible.

Note 36 Related party transactions

Purchase and sales transactions with related parties take place on market terms. Transactions between parent and group companies pertains to service and management fees.

In July 2017, Stillfront acquired the game Online Fussball Manager (OFM) along with an operating organization through an asset acquisition. The operations are, after the acquisition, run by the company OFM Studios GmbH, of which Stillfront Group owns 51%. The remaining 49% is owned by Maik Dokter, founder of OFM and CEO of OFM Studios GmbH. In connection with this acquisition, Stillfront entered a publishing agreement with Digamore Entertainment GmbH regarding the mobile game Football Empire. Maik Doctor is the main owner of Digamore. Stillfront Group has an option to acquire 51% of Digamore at a company valuation of 3 MEUR, that is, Stillfront Group acquires 51% for just over 1.5 MEUR.

Remuneration to the Board of Directors, the CEO and other senior executives are described in Note 9.

	SALES OF GOODS OR SERVICES TO RELATED PARTIES		SALES OF GOODS OR SERVICES TO RELATED PARTIES	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Group				
Related party relationship				
Key personnel	-	-	-	-
Other related parties	-	-	-	-
Total	**0**	**0**	**0**	**0**
Parent				
Related party relationship				
Subsidiary	5,113	1,688	-1,572	-
Key personnel	-	-	-	-
Other related parties	-	-	-	-
Total	**5,113**	**1,688**	**-1572**	**0**

	RECEIVABLES FROM RELATED PARTIES		LIABILITIES TO RELATED PARTIES	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Group				
Related party relationship				
Key personnel	-	-	-	-
Other related parties	-	-	-	-
Total	**0**	**0**	**0**	**0**
Parent				
Related party relationship				
Parent company	-	-	-	-
Subsidiary	259,280	27,512	3,541	7,708
Key personnel	-	-	-	-
Other related parties	5,932	-	-	-
Total	**265,212**	**27,512**	**3,541**	**7,708**

Note 37 Proposed distribution of earnings

The Board of Directors of Stillfront Group proposes the earnings available for distribution, 229,515,849 SEK, to be treated according the following:

	AMOUNTS IN SEK
Free Reserves	277,716,047
Retained Earnings	-39,626,418
Net Income for the Year	-8,573,780
Total	**229,515,849**
To be Carried Forward	229,515,849
Total	**229,515,849**

The income statements and balance sheets will be presented to the AGM May 30, 2018 for adoption.
The board and CEO assure that the annual accounts were prepared in accordance with generally accepted principles in Sweden, and the consolidated accounts were prepared in accordance with international accounting standards described in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a fair view of the parent company's and group's financial results and position. The directors' report for the parent compa- ny and group gives a fair view of the changes in the parent company's and group's business, position, and earnings and describes significant risks and uncertainties faced by the parent company and group companies.
The directors' report for the parent company and group gives a fair view of the changes in the parent company's and group's business, position, and earnings and describes significant risks and uncertainties faced by the parent company and group companies.

Stockholm May 4 Stillfront Group AB (publ)

Annette Brodin Rampe
CHAIRMAN OF THE BOARD

Alexander Bricca
BOARD MEMBER

Birgitta Henriksson
BOARD MEMBER

Mark Miller
BOARD MEMBER

Ulrika Viklund
BOARD MEMBER

Dr. Christian Wawrzinek
BOARD MEMBER

Sture Wikman
BOARD MEMBER

Jörgen Larsson
CEO

Our audit report was issued on the 4 of May 2018

Mazars SET Revisionsbyrå AB

MICHAEL OLSSON
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 2017. The annual accounts and consolidated accounts of the company are included on pages 28-68 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 as of 31 December 2017, 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 2017, 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 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 board of directors 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.

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 there-on, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Capitalized development expenses

See note 16 regarding capitalized development expenses and note 2 regarding accounting principles for detailed information and descriptions regarding the area.

The company capitalizes development expenses when certain criteria are met. Amortization begins when the asset is ready for use, which coincides with the point at which the test launch is complete. The book value of non-completed games is tested annually for impairment. Games for which amortization has started are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The book value of capitalized development expenses as per 31 December 2017 was 77 msek.

We focused on this area since capitalized development expenses is a material part of the Group’s activities and because the evaluation that is performed by management includes significant accounting estimates and assessments.

Our audit of capitalized development expenses has included, but not been limited to, the following procedures: assessing that correct accounting policies have been adopted and that sufficient information has been given in the notes to the financial statements, assessing the company's procedures for capitalizing development expenses, tests of detail of supporting documentation for capitalized development expenses and assessing impairment tests of specific games.

Valuation of goodwill
See note 18 regarding goodwill and note 2 regarding accounting principles for detailed information and descriptions regarding the area.

Due to business acquisitions Stillfront accounts for goodwill in the Groups balance sheet. As per December 31, 2017 the book value of goodwill amounted to 289 msek.

Management monitors the book value of goodwill. Goodwill is tested for impairment per cash generating unit where each subsidiary constitutes a separate cash-generating unit. Significant factors for the testing have been the estimated cash flows for the next five years, estimated growth after the forecast period, EBITDA-margin during the forecast period and the weighted cost of capital assumptions.

We focused on this area since goodwill is a material part of the Group's balance sheet and because the evaluation that is performed by management includes significant accounting estimates and assessments.

Our audit of the valuation of goodwill has included, but not been limited to, the following procedures: assessing that correct accounting policies have been adopted and that sufficient information has been given in the notes to the financial statements, assessing the company's procedures for impairment testing of goodwill and assessing the impairment tests of specific cash generating units, including critical assessment of the significant factors that have greatest bearing on the impairment test.

Valuation of contingent conditional considerations
See not 28 regarding non-current liabilities and note 2 regarding accounting principles for detailed information and descriptions regarding the area.

Due to financing of business acquisitions Stillfront accounts for contingent conditional considerations. As per December 31 2017 the book value of the liability connected to contingent conditional considerations amounted to 84 msek.

Management monitors the book value of contingent conditional considerations. The size of the liability depends on several factors which are specified in the agreements related to the business acquisitions. The liability is measured at fair value and changes in value are recognized through operating profit and loss in the Group's income statement.

We focused on this area since contingent conditional considerations is a material part of the Group's acquisition financing and because the evaluation that is performed by management includes significant accounting estimates and assessments.

Our audit has included, but not been limited to, the following procedures: assessing that correct accounting policies have been adopted and that sufficient information has been given in the notes to the financial statements and assessing the calculations of contingent conditional considerations of specific acquisitions.

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 1-27 and page 74. 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 Directors 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Directors and the Managing Director of Stillfront Group AB (publ) for the year 2017 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 Directors 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 Directors 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's 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 my 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Mazars SET Revisionsbyrå AB, Box 1317, 111 83 Stockholm, was appointed auditor of Stillfront Group AB (publ) by the general meeting of the shareholders on May 19, 2017 and has been the company's auditor since the general meeting of the shareholders in June 2012.

Stockholm, May 4th, 2018

Mazars SET Revisionsbyrå AB

MICHAEL OLSSON
Authorized Public Accountant

Annual General Meeting

The AGM of Stillfront Group AB (publ), 556721-3078, will be held May 30, 2018 at 11.00, in the offices of DLA Piper Sweden, Kungsgatan 9, Stockholm.

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

- be recorded in the share register maintained by Euroclear Sweden AB on May 24, 2018;

- no later than May 24, 2018, 16.00 (CEST), have given notice of their participation and potential assistants to Stillfront Group AB, ”Årsstämma”, Västra Trädgårdsgatan 15, 11153 Stockholm or by email: ir@stillfront.com, stating full name, personal identification number or registration number, address, day-time phone number and, when applicable, information regarding any representative, proxy or assistant.

Shareholders whose shares are nominee-registered must, in order to have the right to attend the annual general meeting, request to be temporarily registered in the share register kept by Euroclear Sweden AB. The shareholder must instruct their nominee thereof in ample time prior to May 24, 2018, by which date such registration must be executed.

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

Corporate governance report

Stillfront observes the Swedish Code for Corporate Governance (the Code) since June 2017. Corporate governance defines the decision-making systems through which shareholders, directly or indirectly, control the company. This corporate governance report has been established by Stillfront's board of directors and was approved for publication May 4, 2018. The Corporate governance report is not a part of the Directors' report.

Principles for corporate governance

Corporate governance at Stillfront is based on external regulations, such as the Swedish Companies Act, the Swedish Bookkeeping Act, the Swedish Annual Accounts Act, the Swedish Code of Corporate Governance and Nasdaq/OMX Stockholm's regulations for issuers. Stillfront's Articles of Association are also key regulatory documents for Stillfront's corporate governance. The Articles of Association establish, among other things, the name of the company, headquarters of the Board of Directors, the operations of the company and aspects of the share capital.

SHAREHOLDING

As of 2017-12-31, Stillfront had 6,425,008 shares, each with one vote. The largest owner was FKL Holding GmbH, which owned 14.48% of the shares at year-end. FKL Holding GmbH was the only shareholder with an ownership greater than 10% of outstanding shares. In connection with the acquisition of Altigi GmbH, completed in January 2018, a total of 16,868,623 shares were issued. At the issue of this corporate governance report, Laureus Capital GmbH had 6,283,570 shares and was the only shareholder with more than 10% of the shares.

ANNUAL GENERAL MEETING

The highest decision-making body is the Annual General Meeting (AGM). 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 recommended dividend and the main content of other recommendations. Shareholders or their proxies may vote for the full number of shares they own or represent.

At the AGM, Stillfront's shareholders should determine the following, among other things:

- Who shall serve on Stillfront's Board and who shall be company auditors
- Determination of directors' and auditors' fees
- Adoption of the Income Statement and Balance Sheet and
- Consolidated Income Statement and Consolidated Balance Sheet
- Appropriation of profits or losses
- Discharging the members of the Board of Directors and the president from liability
- Guidelines for remuneration to leading executives

In addition, shareholders resolve upon any changes to the Articles of Association of the company. The Articles of Association establish, inter alia, 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 general meetings can be summoned when necessary. Information, including the notice and suggestions for the AGM, as well as minutes from previous AGM/EGMs are available on Stillfront's website, Stillfront.com.

ANNUAL GENERAL MEETING 2017

The AGM 2017 was held at the offices of the law firm DLA Piper Sweden, Kungsgatan 9, Stockholm, Sweden, on May 19. During the meeting shareholders were provided the opportunity to ask the Chairman of the Board and the CEO questions. A total of 13 shareholders who were entitled to vote participated at Stillfront's AGM 2017. They represented 1 784 068 shares or approximately 29.8 percent of the capital and votes.

At the AGM, the Chairman of the Board and three Board Members – of which one was the CEO – participated. The elected auditor also participated. Chairman of the AGM was the Attorney at Law, Peter Ihrfelt.

At the AGM, the shareholders resolved the following inter alia:

- That the Board shall consist of six members elected by the AGM, with no deputies
- That Board members Annette Brodin Rampe, Alexander Bricca and Mark Miller were re-elected and Birgitta Henriksson, Sture Wikman and Ulrika Viklund were elected until the end of the next AGM
- That Annette Brodin Rampe was elected as Chairman of the Board
- That remuneration to the Chairman shall be 150,000 SEK and 75,000 to each of the Board Members elected by the AGM
- That the auditing firm MAZARS SET Revisionsbyrå was appointed as auditors with Michael Olsson appointed as chief auditor
- A fee to the auditor in accordance with approved invoices
- Authorization for the board of directors to, with or without deviation from the shareholders' preferential rights, on one or several occasions resolve to issue shares, convertible instruments and/or warrants. The increase of the share capital, may correspond to a dilution of a maximum of 10 percent of the share capital.

EXTRA GENERAL MEETING 2017

At an extra general meeting April 18, 2017, it was resolved to issue warrants to be used in incentive program. 299 189 warrants were issued. The warrants give the holder the right to subscribe to shares at a price of 152.74 SEK during the period May 15, 2020 – June 1, 2020.

EXTRA GENERAL MEETING 2018

At an extra general meeting January 9, 2018, it was resolved to issue shares to be used as part of the consideration in conjunction with the acquisition of Altigi GmbH. 16 868 623 shares were issued. Further, it was resolved that the board should have 7 members and Dr Christian Wawrzinek was elected as board member.

ANNUAL GENERAL MEETING 2018

The AGM 2018 will take place May 30, 2017 at 11 a.m. at the offices of the law firm DLA Piper Sweden, Kungsgatan 9, Stockholm, Sweden. All shareholders wishing to raise an issue during the AGM could make suggestions to the Chairman of the Board, or present nominations to the nomination committee. It will not be possible to follow or participate from other locations with the help of communication technology. Information regarding the AGM is published on the website, Stillfront.com.

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting on May 19, 2017, the Chairman of the Board, shall convene, at the end of the third quarter, Stillfront's three largest registered shareholders, to elect one representative each for the nomination committee.

The Nomination committee for the AGM 2018 initially consisted of

- Annette Brodin Rampe, Chairman of the Board and convener
- Felix Faber, FKL Holding
- Joachim Spetz, Swedbank Robur fonder
- Niclas Ericsson, representing himself and related parties.

Upon the completion of the acquisition of Altigi GmbH, there was major change in the ownership of Stillfront Group, whereas the nomination committee was reformed according to the following:

- Annette Brodin Rampe, Chairman of the Board and convener
- Joachim Spetz, Swedbank Robur fonder
- Dr. Kai Wawrzinek, Laureus Capital GmbH
- Ossian Ekdahl. Första AP-fonden.

The duties of the Nomination committee is to propose, for the AGM 2018, the Chairman of the AGM, the Board members to be elected by the AGM, the Chairman of the Board, Directors' fees, auditors' fees and the Nomination committee's procedures.

The nomination committee proposes the following to the AGM 2018: Re-election of the board members Birgitta Henriksson and Ulrika Viklund and election of Katarina Bonde, Erik Forsberg, Fabian Ritter and Jan Samuelson. Annette Brodin Rampe, Mark Miller, Sture Wikman, Christian Wawrzinek and Alexander Bricca have declined re-election. Jan Samuelson is proposed as chairman.

The Nomination Committee has attached weight to the matter of equal gender distribution in the Board. If the AGM adopts the committee's suggestion, the proportion of female Board Members will be 50 percent.

The Nomination Committee proposes that remuneration be paid to the Board Members with a total of 1,425,000 SEK, distributed as follows: 425,000 is allocated to the Chairman, 200,000 to each of the members elected at the AGM. Board members that have other remuneration from the company shall not be entitled to board remuneration. In addition, 100,000 SEK shall be paid to the chairman of the audit committee and 50,000 each to the members of the committee. Further, 60,000 SEK shall be paid to the chairman of the audit committee and 30,000 each to the members of the committee.

BOARD OF DIRECTORS

According to Stillfront's Articles of Association, the Board of Directors shall consist of at least three and at most eight members, with a maximum of eight deputies, elected each year 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 AGM 2017 reelected Annette Brodin Rampe, Alexander Bricca and Mark Miller and elected Birgitta Henriksson, Sture Wikman and Ulrika Viklund. The AGM elected Annette Brodin Rampe as Chairman. An extra general meeting January 9, 2018 resolved to extend the board with one member and to elect Dr. Christian Wawrzinek as board member.

The nomination comittee considers all board members except Dr. Christian Wawrzinek and Mark Miller independent in relation to the Company and management, in accordance with the Swedish code of corporate governance. Dr. Christian Wawrzinek is owner of 50% of Laureus Capital GmbH which is Stillfront's largest shareholder. Further, Dr. Wawrzinek is the CSO of Goodgame Studios. Mark Miller has been an adviser to FKL Holding which was Stillfront's largest shareholder. More information on the Board and management can be found on page 21 of this annual report.

BOARD WORK

During 2017 20 meetings were held at which minutes were recorded. At its scheduled meetings, the Board agenda in compliance with its rules of procedure, such as business con- outcomes, liquidity, annual accounts and interim reports. One recurring matter has been the streamlining of targets.

Four of the Board meetings were held prior to the release of interim reports. One meeting addressed the Company's operational planning and budget. 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 year. The other board meetings were dedicated to inter alia acquisitions and financing.

Prior to Board meetings, the Directors have received written material regarding the issues to be discussed. Part of this material for the meetings that deal with the interim reports is the CEO's written report on operations.

The CEO of Stillfront takes part in Board Meetings to submit reports. During 2017, the CEO served as secretary for the Board.

The Board resolves on written rules of procedure for its work as well as CEO-instructions including reporting instructions for the CEO. The rules of procedure determine the work that is required over and above the Companies Act and Articles of Association.

BOARD MEMBER	PRESENT/NUMBER OF MEETINGS
Annette Brodin Rampe	19/20
Per Skyttvall	11/11
Jörgen Larsson	11/11
Fredrik Åhlberg	9/11
Alexander Bricca	17/20
Birgitta Henriksson	9/9
Mark Miller	17/20
Sture Wikman	8/9
Ulrika Wiklund	8/9

THE CHAIRMAN'S ROLE

The Chairman 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 the making sure that the other board members receive relevant information. The Chairman ensures that the Board's and CEO's work is evaluated annually and that the Nomination Committee is informed about the results of the evaluation.

EVALUATION OF THE BOARD'S WORK

Once a year, the Chairman of the Board carries out an evaluation of the Board's work, partly through a questionnaire, and partly through individual discussions with the members. Several different issues are highlighted, such as the climate of cooperation, the breadth of knowledge and how the board work has been carried out. 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 reports the evaluation to the Board and, in addition, to the Nomination Committee.

The Board evaluates the work of the CEO by monitoring the development of the business and by reviewing the CEO's written reports.

THE CORPORATE MANAGEMENT'S WORKING METHODS

Group management consists of CEO and CFO. Group management has ongoing meetings with subsidiaries. In the management meetings, business development, financial monitoring and business plans are discussed. The subsidiaries have high operational freedom within the agreed framework. Group management monitors that these boundaries are not crossed. Effective management structures have been established within each subsidiary.

REMUNERATION

Remuneration to the Board of Directors is determined for the next year during the AGM. For 2017, the AGM determined a total fee of 525,000 SEK, of which 150,000 SEK to the Chairman of the Board and 75,000 to each of the Directors.

A compensation committee was established consisting of Annette Brodin Rampe (chair), Sture Wikman and Alexander Bricca.

Remuneration to the CEO and other officials consists of a basic salary, a variable performance remuneration, other benefits and pension.

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

The CEO negotiates the remuneration and terms of employment for the heads of subsidiaries who report to the CEO. For further information, see Note 9 in the annual report.

AUDIT

An auditor is 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 President. The auditor delivers a report to the AGM. Shareholders have the opportunity to ask the auditor questions during the AGM.

The AGM 2017 elected the accounting firm of MAZARS SET Revisionsbyrå as auditor until the end of the AGM 2017. The chief auditor is Michael Olsson. MAZARS has conducted the audit of Stillfront and the majority of its subsidiaries.

In 2017, the auditors have, in addition to reviewing the company's books, performed brief audits of the company's third interim report and of the Year-End Report. The auditors have participated at two Board meetings during the year, ahead of the Year-End Report and again in connection with the third interim report, which they reported significant observations from their audit.

AUDIT COMMITTEE

The audit committee consists of the entire board.

INTERNAL CONTROL AND RISK ASSESSMENT REGARDING FINANCIAL REPORTING

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

CONTROL ENVIRONMENT

Stillfront's operations are organized in independent subsidiaries. Each subsidiary appoints a entity head in charge of the 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, common 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 group management team and the management teams of the subsidiaries is well-defined and that the communication between all these units works well.

Instructions on governing documents, accounting principles, guidelines and routines are regularly distributed to affected employees.

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

RISK MANAGEMENT

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 2 in the annual report.

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

Stillfront's CFO 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 results.

INFORMATION AND COMMUNICATION

The group CFO is responsible for the implementation of group policies regarding internal information and communication.

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

FOLLOW-UP

The subsidiaries' observance of Stillfront's requirements of internal review and processes for financial reporting is monitored continuously by the CFO during visits to subsidiaries, which are selected based on particular needs and timed depending on internal reviews already performed.

The group's subsidiaries report income and balance sheets in a monthly basis, as well as relevant key figures. The monthly reports of the subsidiaries and the consolidated monthly report of the group are analyzed by corporate management.

INTERNAL REVIEW

Given the group's structure and processes for internal review of financial reporting, the Board has not assessed it necessary to instate a special function for internal review.

INFORMATION

The Company's external information follows the information policy for Stillfront established by the Board. The policy states what should be communicated, by whom and in what manner – to ensure that both external and internal information is correct 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 (stillfront.com). The press releases, financial reports and presentation materials for the past few years are all published on the website, along with information on corporate governance. Interim reports, annual reports and press releases are translated into English and published on the company website.

Auditor's report on the corporate governance statement

To the annual 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 financial year 2017 on pages 75-79 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 2018-05-04

Mazars SET Revisionsbyrå AB

MICHAEL OLSSON
Authorized Public Accountant


SIEGE
TITAN WARS

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