STILLFRONT GROUP

SINCE 2010

# INVITATION TO SUBSCRIBE FOR SHARES IN STILLFRONT GROUP AB (PUBL)

**Please note that the subscription rights are expected to have an economic value.**

In order to not lose the value of the subscription rights, holders must either:

- Exercise the subscription rights received and subscribe for new shares no later than 16 March 2022; or
- Sell the subscription rights received, but not exercised, no later than 11 March 2022.

Please note that shareholders with nominee-registered shareholdings subscribe for new shares through their custodian/nominee.

**The distribution of this prospectus and the subscription for new shares are subject to restrictions in certain jurisdictions (see "*Selling and transfer restrictions*").**

*Joint Global Coordinators and Joint Bookrunners*

DNB Markets

Nordea

Swedbank

# IMPORTANT INFORMATION

For certain definitions used in this prospectus, see "*Certain definitions*" on the next page. See also "*Definitions and glossary*".

A Swedish version of this prospectus has been approved by the Swedish Financial Supervisory Authority (the "**SFSA**") in accordance with Article 20 in Regulation (EU) 2017/1129 of the European parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**").

The prospectus and the offering hereunder are governed by Swedish law. Disputes arising in connection with this prospectus, the offering and related legal matters shall be settled exclusively by Swedish courts. The prospectus has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail.

Stillfront has not taken, and will not take any actions to allow a public offering in any jurisdiction other than Sweden, Denmark and Finland. The offering is not being made to persons resident in the United States, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore or South Africa or any other jurisdiction where participation would require additional prospectuses, registration or measures besides those required by Swedish, Danish or Finnish law. Consequently, the prospectus may not be distributed in or into the mentioned countries or any other country or jurisdiction in which distribution or the offering in accordance with this prospectus require such measures or otherwise would be in conflict with applicable regulations. Subscription of shares and other acquisitions of securities in violation of the restrictions described above may be void. Recipients of this prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations. For further information, see "*Selling and transfer restrictions*".

Investing in shares is associated with risk (see "*Risk factors*"). When an investor makes an investment decision, he or she must rely on his or her own analysis of Stillfront and the offering in accordance with this prospectus, including applicable facts and risks. Potential investors should, before making an investment decision, engage their own professional advisers and carefully evaluate and consider their investment decision. Investors may only rely on the information in this prospectus and any possible supplements to this prospectus. No person is authorised to provide any information or make any statements other than those made in this prospectus. Should such information or statement nevertheless be provided or be made, it should not be considered to have been approved by Stillfront, and Stillfront is not responsible for such information or statements. Neither the publication of this prospectus nor any transaction made in respect of it shall be deemed to imply that the information in this prospectus is accurate or applicable at any time other than on the date of the publication of this prospectus or that there have been no changes in Stillfront's business since this date. If significant changes relating to the information contained in this prospectus occur, such changes will be announced in accordance with the provisions on prospectus supplements under the Prospectus Regulation.

As a condition for subscription of shares under the offering in this prospectus, each person applying for subscription of shares shall be deemed to have made or, in some cases, be required to make, certain representations and warranties that will be relied upon by Stillfront and its advisors (see "*Selling and transfer restrictions*"). Stillfront reserves the right to declare null and void any subscription of shares that Stillfront and its advisors believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

### *Important information to investors in the United States*

No subscription rights, paid subscription shares (Sw. *betalda tecknade aktier* – "**BTA**") or new shares in Stillfront ("**Securities**") have been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction of the United States and may not be offered, subscribed for, exercised, pledged, sold, resold, granted, delivered or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. The Securities are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. A public offering of the Securities will not be made in the United States. Any offering of the Securities made in the United States will only be made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, to a limited number of existing shareholders that (i) are qualified institutional buyers as defined in Rule 144A under the Securities Act ("**QIBS**"); (ii) are existing shareholders in Stillfront on the date hereof and on the date of subscription; and (iii) have executed and delivered an *investor letter* in form and substance acceptable to Stillfront. Persons receiving the prospectus are hereby notified that Stillfront may be relying on an exemption from the registration requirements of Section 5 of the Securities Act. For a description of these and certain further restrictions regarding the Securities and the distribution of this prospectus, see "*Selling and transfer restrictions*". Notwithstanding what is otherwise stated in this prospectus, Nordea will not carry out any transactions or facilitate or attempt to facilitate the acquisition or sale of any Securities in or to the United States in connection with the rights issue.

Up until 40 days after the first date upon which the Securities were offered to the public, an offer or a transfer of Securities within the United States made by a securities broker (regardless of whether such securities broker participates in the rights issue or not) may imply a breach of the registration requirements of the Securities Act.

The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (SEC), any state regulatory authority in the United States or any other U.S. regulatory authority. Nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

### *Important information to investors in the EEA and the EU*

Within the European Economic Area ("**EEA**") and the United Kingdom, no public offering of Securities is made in other countries than Sweden, Denmark and Finland. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in their national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in their national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law. For additional information, see "*Selling and transfer restrictions*".

### *Information to distributors*

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares, subscription rights and BTAs in Stillfront have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Target Market Assessment**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II. Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares, subscription rights and BTAs in Stillfront may decline and investors could lose all or part of their investment; the shares, subscription rights and BTAs in Stillfront offer no guaranteed income and no capital protection; and an investment in the shares, subscription rights and BTAs in Stillfront is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the shares, subscription rights and BTAs in Stillfront is not compatible with investors who need full capital protection or full repayment of the amount invested, have no risk tolerance or require a fully guaranteed income or fully predictable return profile. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the rights issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares, subscription rights and BTAs.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares, subscription rights and BTAs in Stillfront and determining appropriate distribution channels.

### *Forward-looking statements*

The prospectus contains certain forward-looking statements that reflect Stillfront's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking statements. Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements are not a guarantee of future results or development, and actual outcomes may differ materially from those set out in the forward-looking statements.

Factors that may cause Stillfront's future results and development to differ from the forward-looking statements include, but are not limited to, those described in "*Risk factors*". The forward looking statements contained in this prospectus apply only as of the date of this prospectus. Stillfront does not undertake any obligation to publicly announce any update or change in forward-looking statements as a result of new information, future events or similar circumstances other than as required by applicable laws and regulations.

### *Presentation of financial information*

Certain figures in this prospectus, including financial data, have been rounded to facilitate understanding of the information. Accordingly, figures shown in totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. Unless otherwise stated, no information in this prospectus has been reviewed or audited by Stillfront's auditor.

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## The rights issue in brief

**Preferential rights**
Each existing share in Stillfront entitles to one (1) subscription right. Ten (10) subscription rights entitle to subscription for three (3) new shares. To the extent that new shares have not been subscribed for by exercise of subscription rights, these shares shall be offered to all shareholders and other investors for subscription.

**Subscription price**
SEK 17 per share

**Record date for participation in the rights issue**
1 March 2022

**Subscription period**
2–16 March 2022

**Trading in subscription rights**
2–11 March 2022

**Trading in BTA**
2–25 March 2022

**Subscription and payment by exercise of subscription rights**
Subscription by exercise of subscription rights is made during the subscription period through simultaneous cash payment.

**Subscription and payment without subscription rights**
Application for subscription without subscription rights shall be made to Swedbank no later than 16 March 2022 on a separate application form that can be obtained from Stillfront's website, www.stillfront.com, from any Swedbank office in Sweden or from Swedbank's website for prospectuses, www.swedbank.se/prospekt. Payment for allotted shares shall be made in accordance with instructions on the notice of allotment. Custody account holders shall instead apply with, and in accordance with, instructions from the custodian.

**Other information**

| | |
|---|---|
| Ticker for the share: | SF |
| ISIN code share | SE0015346135 |
| ISIN code subscription right: | SE0017564016 |
| ISIN code BTA: | SE0017564024 |
| LEI code | 529900SYKCO4GYBTIJ54 |

**Financial calendar**

| | |
|---|---|
| Annual report 2021 | 21 April 2022 |
| Interim report January–March 2022 | 4 May 2022 |
| Interim report January–June 2022 | 21 July 2022 |
| Interim report January–September 2022 | 26 October 2022 |
| Annual General Meeting 2022 | 12 May 2022 |

## Certain definitions

In this prospectus, the following definitions are used:

"**Stillfront**" or the "**Company**" refers to, depending on the context, Stillfront Group AB (publ) (corporate ID No 556721-3078) or the group in which Stillfront Group AB (publ) is the parent company. The "**Group**" refers to Stillfront Group AB (publ) and its subsidiaries.

"**DNB**" refers to DNB Markets, a part of DNB Bank ASA, Sweden Branch.

"**Joint Global Coordinators**" and "**Joint Bookrunners**" refers to DNB, Nordea and Swedbank.

"**Nordea**" refers to Nordea Bank Abp, filial i Sverige.

"**Swedbank**" refers to Swedbank AB (publ).

"**Euroclear Sweden**" refers to Euroclear Sweden AB.

"**Nasdaq Stockholm**" refers to the Swedish regulated market Nasdaq Stockholm or its operator Nasdaq Stockholm AB, as the context may require.

"**SEK**", "**EUR**", "**GBP**" and "**USD**" refers to Swedish kronor, Euro, British pound sterling and U.S. dollars, respectively.

See also "*Definitions and glossary*".

# SUMMARY

## Introduction and warnings

This prospectus has been drawn up in relation to a rights issue of shares in Stillfront Group AB (publ) (corporate ID No 556721-3078), Kungsgatan 38, SE-111 35 Stockholm, with preferential rights for the Company's shareholders. The ISIN code of shares is SE0015346135. Stillfront's LEI code is 529900SYKCO4GYBTIJ54.

On 25 February 2022, the SFSA (P.O. Box 7821, SE-103 97 Stockholm, telephone number +46 (0)8 408 980 00 and website www.fi.se) in its capacity as competent authority under the Prospectus Regulation approved this prospectus.

This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability may only attach to those persons who have tabled the summary, including any translation thereof, only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, or where it does not provide, together with other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

## Key information on the issuer

### Who is the issuer of the securities?

Stillfront Group AB (publ) (corporate ID No 556721-3078) is the issuer of the securities under this prospectus. The Board of Directors of Stillfront has its statutory seat (Sw. *säte*) in the municipality of Stockholm, Sweden. The Company is a public limited liability company (Sw. *publikt aktiebolag*) that conducts operations in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). Stillfront's LEI code is 529900SYKCO4GYBTIJ54.

#### *Principal activities*

Stillfront is a global group of 22 gaming studios located in Europe, North America, Asia and the Middle East and North Africa (MENA) region. Stillfront is an independent developer, publisher and distributor of online games distributed globally, and its main markets are the United States, Germany, the MENA region, the United Kingdom and Canada. The Group's diverse games portfolio has two common themes: loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody the Group's growth strategy. In 2021, Stillfront had 1,208 average number of employees around the world and is headquartered in Stockholm, Sweden.

#### *Major shareholders*

The table below shows Stillfront's shareholders who have a direct or indirect holding corresponding to five per cent or more of the number of shares or votes in the Company, as of 15 February 2022 with subsequent changes known. No shareholder, directly or indirectly, independently controls the Company.

| Holder/nominee/custodian bank | Number of shares | Shares and votes, % |
|---|---|---|
| Laureus Capital GmbH | 46,460,257 | 11.91 |
| Swedbank Robur Funds | 37,562,032 | 9.63 |
| SEB Funds | 24,238,119 | 6.21 |
| *Other shareholders* | *281,787,528* | *72.24* |
| **Total** | **390,047,936** | **100.00** |

The information about shareholders is based on information from Euroclear Sweden and Modular Finance, which may result in nominees being included and that the actual owners are therefore not stated.

#### *Executive Management*

The Executive Management consists of Jörgen Larsson (CEO), Alexis Bonte (COO), Andreas Uddman (CFO), Clayton Stark (CTO), Johanna Lundberg (General Counsel), Marina Andersson (Head of M&A), Phillip Knust (CPO) and Sofia Wretman (Head of IR, Communication and Sustainability).

### *Auditors*

Öhrlings PricewaterhouseCoopers AB (SE-113 97 Stockholm) is Stillfront's auditor, with authorised public accountant Nicklas Kullberg as auditor-in-charge.

### What is the key financial information regarding the issuer?

The financial information below for the financial years 2019 and 2020 has been derived from Stillfront's annual report and consolidated financial statements for the financial years 2019 and 2020, respectively, which have been prepared in accordance with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*), RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee, as endorsed by the EU) and audited by the Company's auditor.

The financial information for the financial year 2021 has been derived from the Group's year-end report for the period January–December 2021, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The year-end report has not been reviewed or audited by the Company's auditor.

### *Condensed income statement*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Organic growth[1)] | -8% | 16% | 18% |
| Operating profit[1)2)] | 1,034 | 993 | 517 |
| Operating margin (EBIT-margin) [1)] | 19% | 25% | 26% |
| Net profit for the year[3)] | 596 | 581 | 341 |
| Profit for the year per share attributable to the parent company's shareholders, before dilution, SEK/share | 1.61 | 1.79 | 1.34 |
| Profit for the year per share attributable to the parent company's shareholders, after dilution, SEK/share | 1.61 | 1.78 | 1.34 |

[1)] Alternative performance measures.
[2)] Named "Operating result (EBIT)" in the year-end report for the period January–December 2021.
[3)] Named "Net result for the period" in the year-end report for the period January–December 2021.

### *Condensed balance sheet*

| SEK million | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| Total assets | 20,049 | 12,366 | 4,052 |
| Total shareholders' equity[1)] | 9,795 | 6,146 | 1,959 |

[1)] Named "Total equity" in the annual report 2019.

### *Condensed cash flow statement*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash flow from operating activities[1)] | 1,620 | 1,251 | 484 |
| Cash flow from investment activities | -4,176 | -4,737 | -1,251 |
| Cash flow from financing activities | 2,612 | 4,214 | 861 |
| Cash flow for the year | 56 | 729 | 94 |

[1)] Named "Cash flow from operations" in the year-end report for the period January–December 2021.

### Pro forma financial information

Stillfront has during the financial years 2021 and 2022 acquired the following companies that are deemed to have a material impact on the Group; Super Free Games, Moonfrog Labs, Jawaker and 6waves. The purpose of the pro forma financial information is to present the hypothetical impact of Stillfront's acquisitions and financing of:

- Super Free Games, Moonfrog Labs, Jawaker and 6waves would have had on Stillfront's consolidated income statement for the period 1 January–31 December 2021, as if the acquisition had been completed on 1 January 2021; and
- 6waves would have had on Stillfront's consolidated balance sheet as of 31 December 2021, as if the acquisition had been completed on 31 December 2021.

### *Selected pro forma income statement items*

| SEK million | Stillfront | Super Free Games | Moonfrog Labs | Jawaker | 6waves | Adjustment of accounting principles | Acquisition-related adjustments | Pro forma income statement |
|---|---|---|---|---|---|---|---|---|
| | 1 Jan–31 Dec | 1 Jan–31 Jan | 1 Jan–28 Feb | 1 Jan–30 Sep | 1 Jan–31 Dec | | | 1 Jan–31 Dec |
| | IFRS | US GAAP | Indian GAAP | IFRS | HKFRS | | | IFRS |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Net revenues | 5,455 | 92 | 41 | 199 | 376 | 373 | 0 | 6,536 |
| Operating profit | 1,034 | -69 | -14 | 142 | 109 | 13 | -207 | 1,008 |
| Net profit for the period | 596 | -68 | 2 | 141 | -186 | 9 | -123 | 374 |

### *Selected pro forma balance sheet items*

| SEK million | Stillfront | 6waves | Adjustment of accounting principles | Acquisition-related adjustments | Pro forma balance sheet |
|---|---|---|---|---|---|
| | 31 Dec | 31 Dec | | | 31 Dec |
| | IFRS | HKFRS | | | IFRS |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Total assets | 20,049 | 624 | -391 | 2,992 | 23,274 |
| Total Shareholders' equity | 9,795 | -536 | -403 | 3,027 | 11,882 |
| Total non-current liabilities | 7,368 | 531 | 0 | 204 | 8,104 |
| Total current liabilities | 2,886 | 628 | 12 | -239 | 3,286 |
| Total Liabilities and Shareholders' equity | 20,049 | 624 | -391 | 2,992 | 23,274 |

## What are the key risks specific for the issuer?

### *The Group is dependent on certain key employees and employees*

The Group's operations are dependent on certain key employees, senior executives and persons with specialist competence, some of whom are founders of certain Group companies. If any of these key employees terminate their employment with the Group or significantly change or reduce their involvement within the Group, there is a risk that the Group may not, within a reasonable time, be able to replace these persons or their services with other persons who may contribute equally to the Group's operations. In addition, there is a risk that failure to attract and retain new key employees may have a negative impact on the Group's net revenue growth, profitability and management function.

### *The continued success and growth of the Group's operations depends on its ability to continue to develop new games and to broaden its existing game offering*

The Group's ability to increase revenue and profitability depends on its ability to continuously develop new games and to improve its existing games in a way that improves the gaming experience for both paying and non-paying players while encouraging players to purchase virtual items in the games. If the Group fails to develop new games and improve its existing games, there is a risk that these games will generate lower revenues, which in turn may have a material negative impact on the Group's net revenues, results of operations and intangible assets. Delays in, or non-completion of planned and ongoing game development projects entail a higher cost for the Group and may have a negative impact on cash flow, revenues and operating margins in the Group.

### *A limited number of games and users currently account for a majority of the Group's revenues*

The Group has a wide range of games in its portfolio. However, the Group is dependent on a relatively limited number of games that generate the majority of the Group's revenues. Thus, the Group is also dependent on the ability to continuously develop and improve its game portfolio, particularly games with high popularity. If the Group's investments in new user acquisitions and monetisation strategies do not produce the desired results, the Group may fail to attract, retain or monetise on users and may experience a decrease in the level of spending of existing paying users, which would result in lower revenues attributable to the Group's games and thereby risk having a material negative impact on the Group's operating expenses, net revenues, results of operations and profitability.

### *The Group uses a business model where games are free to play and is therefore dependent on players who make optional in-game purchases and the value of virtual items sold*

The majority of the Group's games are available free of charge to players, and the majority of revenue is generated from the sale of virtual items when players make voluntary in-game purchases. If the Group fails to price virtual items in the games in line with player expectations or at normal price standard in the market, players may be less inclined to spend money and time in the games, thus resulting in lower revenues for the Group, which may have a material negative impact on the Group's net revenues and results of operations.

### *Risks related to currency fluctuations*

The Group's exposure to exchange rate risks arises from transaction exposure and translation exposure. The translation effect that may arise from the conversion of the subsidiaries' results into SEK may have a material negative impact on the Company's net revenues and results of operations as well as affect the Company's future cash flow and market value. The translation effect that may arise when the subsidiaries' net assets are converted from the respective foreign currency into SEK may have a material negative impact on the Company's equity. In particular, transaction exposure (i.e. exchange rate risk associated with time delay between entering into an acquisition agreement and completing the acquisition as well as exchange rate risk related to deposits and disbursements in different currencies) could have a material negative impact on the Group's results of operations.

### *Financing risks*

To the extent that cash flow generated by the Group is not sufficient, the Company is dependent on external financing in order to carry out acquisitions and conduct game development. There is a risk that the Company will not be able to obtain financing on acceptable terms or on terms that allow the Company to implement its strategy and acquisitions including any earn-out consideration in relation to completed acquisitions. This may cause the Group's non-organic growth to stagnate or fail to materialise, or result in the Company not having sufficient financial resources to conduct the business in the desired manner, which may have a material negative impact on the Group's net revenue growth and results of operations.

### *The Group may have carried out or may come to carry out acquisitions, investments, establishments or divestments that do not lead to the expected favourable effect on the Group's business activities*

As part of the Group's strategy, the Group has previously carried out, will explore opportunities for and may in the future carry out acquisitions, establishments, investments and divestments that may not be completed or, if completed, do not turn out to be beneficial for the Group. Carrying out acquisitions, establishments, investments and divestments is often a comprehensive and complex process that entails costs for legal, financial and other advisors as well as costs related to, for example, financing. Furthermore, there is a risk that the Group will not be able to complete an initiated transaction or is unable to integrate and manage the acquired business in an effective manner, anticipate expected liabilities or achieve expected cost-savings and synergies. In addition, an acquisition is associated with risks relating to the acquired company.

### *Risks related to the processing of personal data*

The Group processes personal data about, among other things, its employees and users. The Group is subject to data protection laws, rules and regulations in several jurisdictions. Any non-compliance by the Group of applicable laws, regulations and rules regarding data protection could lead to negative publicity and damage the Group's reputation and lead to loss of users and revenue. It may also lead to fines and damage claims from individuals and injunctions from authorities to address the deficiency. Non-compliance with the rules applicable in the markets in which the Group operates may thus have a material negative impact on the Group's reputation, operations and results of operations.

### *Risks related to gaming regulation issues*

The gaming industry is being increasingly monitored by authorities in the various jurisdictions in which the Group operates. The close monitoring of new and changed regulations in all jurisdictions in which the Group operates entails costs for legal advisors and may lead to both reduced revenues and increased costs should an unforeseen adaptation of the games be required in order not to violate applicable regulations or as a result of the monetisation mechanism applied in the games not being considered lawful. Furthermore, the Group may incur unexpected costs if authorities impose fines on the Group due to the Group having made a different assessment and application of regulations. Accordingly, the aforementioned risks may have a material negative impact on the Group's operations, operating expenses, net revenues and results of operations.

#### *Risks related to changes in taxation or interpretation and application of applicable tax laws*

The Group's operations are conducted through subsidiaries in several jurisdictions, and the Group is therefore tax resident in Sweden as well as several other jurisdictions. There is a risk that tax authorities, courts or other public entities consider the Group's interpretation and application of the tax legislation to be incorrect. In addition, systematic errors by the Group, for example, with respect to value-added tax or transfer pricing, may be accumulated over several years and have to be corrected, which could result in large one-time costs for the Group. If tax legislation in one or several jurisdictions in which the Group operates changes or is misinterpreted by the Group, the Group may be imposed further taxes, interest, fees or sanctions that adversely affect the Group's liquidity, financial position and operating profit.

#### *If the Group fails to adequately manage growth, its operations may be adversely affected*

The Group has experienced rapid growth, which increases the demands on the Group's management, operational control, information and reporting systems and financial control. There is a risk that the Company will not be able to successfully implement revenue or cost strategies, which may lead to delays in meeting user demand. Future growth will also entail increased responsibility for the Group's management with respect to the need to identify, recruit, train and integrate additional employees. There is a risk that the Company will not be able to handle such development and growth in the future or in a desirable manner, which may have a material negative impact on the Group's net revenue growth, operating expenses and results of operations.

## Key information on the securities

### What are the main features of the securities?

This prospectus relates to a rights issue of not more than 117,014,379 shares (ISIN code SE0015346135), with preferential rights for Stillfront's shareholders. The shares have been issued in accordance with Swedish law, are fully paid and denominated in SEK. The quota value is SEK 0.07 per share. As of the date of this prospectus, there are 390,047,936 shares in the Company.

### Rights attached to the shares

The rights associated with shares issued by the Company, including rights resulting from the Company's Articles of Association, may only be changed pursuant to the procedures set out in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

Each share entitles the holder to one (1) vote. Each shareholder is entitled to vote for the total number of shares held without limitation of the voting powers. Each share entails an equal right to dividend as well as any surplus in the event of liquidation.

If the Company issues new shares, warrants or convertibles in connection with a cash or set-off issue, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares they hold prior to the issue. As of the date of this prospectus, there is nothing in the Company's Articles of Association that limits the possibility to issue new shares, warrants or convertibles with the exception of the shareholders' preferential rights as set out in the Swedish Companies Act.

### Dividend policy

To support value creation, Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions and therefore, does not expect to pay dividends during the financial years 2021–2023.

### Where will the securities be traded?

Stillfront's shares are admitted to trading on Nasdaq Stockholm, Large Cap. The ticker for the shares is SF. Shares that are issued in the forthcoming rights issue will also be admitted to trading on Nasdaq Stockholm.

### What are the key risks that are specific to the securities?

#### *The future price of the Company's shares cannot be foreseen, the share price may fluctuate, and the liquidity of the Company's shares may be limited*

The value of the Company's shares may increase but also decrease, and there is a risk that investors will not get back all or part of the capital invested. Various factors beyond the Company's control, such as but not exclusively, market conditions on the stock market in general or in particular in the industry in which the Group operates, actual or expected fluctuations in the Group's quarterly financial and operating results may cause fluctuations in the market price and demand for the Company's shares, which may limit or prevent investors from quickly selling their shares and otherwise adversely affect the liquidity of the Company's shares. Furthermore, the financial market may be volatile and share prices may be subject to extraordinary fluctuations for the foreseeable future, which is why there is a risk that the share price of the Company's shares will follow the general market volatility due to the continuation and development of Covid-19 and possible mutations of the virus.

#### *Future issues may adversely affect the value of the shares and lead to dilution*

The Company may seek additional capital to finance operating activities or to make additional acquisitions, pay earn-out consideration or carry out other investments. Such funding may be sought through new issues of shares, warrants, other equity securities or convertible debt securities without preferential rights for the shareholders as well as through the issuance of additional bond loans. Issues of shares without preferential rights for shareholders entailing a dilution of existing shareholders' share in the Company.

#### *There is a risk that trading in subscription rights and BTA may be limited*

Trading in subscription rights and paid subscribed shares (Sw. *betalda tecknade aktier* – "**BTA**") may be limited, which may cause problems for individual holders to sell their subscription rights and/or BTA. Limited liquidity may also reinforce the fluctuations in the market price for subscription rights and/or BTA. There is thus a risk that the pricing of these instruments will be incorrect or misleading.

#### *Shareholders who do not participate in the rights issue will suffer dilution*

For shareholders who are unable or for other reason chooses not to exercise or sell their subscription rights in the forthcoming rights issue in accordance with the procedure described in this prospectus, the subscription rights will lapse and become worthless without the holder being entitled to any compensation. In such cases, the shareholders' proportionate ownership and voting rights in Stillfront will diminish, where applicable, without such shareholders being financially compensated through the sale of subscription rights.

## Key information on the offer of securities to the public and the admission to trading on a regulated market

### Under which conditions and timetable may I invest in this security?

On 19 January 2022, the Board of Directors of Stillfront resolved, subject to approval by the general meeting, to increase the Company's share capital through a rights issue with preferential rights for Stillfront's shareholders. On 21 February 2022, the Board of Directors of Stillfront resolved on the terms of the rights issue, including subscription price and subscription ratio. The Board of Directors' rights issue resolution was approved by the Extraordinary General Meeting on 23 February 2022.

The rights issue resolution entails that Stillfront's share capital will increase by a maximum of SEK 8,191,006.53, from the current SEK 27,303,355.52, to not more than SEK 35,494,362.05, through the issuance of not more than 117,014,379 new shares. After the rights issue, the number of shares in Stillfront will amount to not more than 507,062,315 shares. Stillfront's shareholders have preferential rights to subscribe for new shares in relation to the number of shares previously held. The record date for participation in the rights issue is 1 March 2022.

Each existing share held on the record date entitles to one (1) subscription right. Ten (10) subscription rights entitle to subscription for three (3) new shares. To the extent that new shares are not subscribed for by exercise of subscription rights, they shall be allotted to shareholders and other investors who have subscribed for shares without exercise of subscription rights. Subscription shall take place during the period from and including 2 March 2022 up to and including 16 March 2022, or such later date as determined by the Board of Directors. The subscription price has been set at SEK 17 per share.

Following registration of the new shares with the Swedish Companies Registration Office (Sw. *Bolagsverket* – the "**SCRO**"), the new shares will be admitted to trading on Nasdaq Stockholm. Registration with the SCRO for the new shares subscribed for by exercise of subscription rights is expected to take place on or around 22 March 2022. Thereafter, BTA will be converted to shares. No securities account notification will be sent in connection with this re-registration. Registration with the SCRO for the new shares subscribed for without subscription rights is expected to take place on or around 28 March 2022. After payment of subscribed and allotted new shares has taken place, and the new shares have been registered with the SCRO, Euroclear Sweden will send a notification confirming the registration of the new shares in the subscriber's securities account. No BTAs will be registered in the subscriber's securities account, but the subscriber will receive shares immediately.

The rights issue will, if fully subscribed, result in an increase of the number of shares in the Company from 390,047,936 shares to 507,062,315 shares, representing an increase of approximately 30.0 per cent. Shareholders who choose not to participate in the rights issue will have their holdings diluted by a total of 117,014,379 new shares, corresponding to approximately 23.1 per cent of the total number of shares in Stillfront after the rights issue. The costs for the rights issue are estimated at SEK 37 million. Stillfront will not impose any charges or other fees on investors.

### Why is this prospectus being produced?

On 19 January 2022, Stillfront announced that the Company had entered into an agreement to acquire 6waves. The acquisition was completed on 1 February 2022, whereby Stillfront accessed 100 per cent of the shares. The initial purchase price amounted to USD 201 million on a cash and debt free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront. The acquisition was financed through Stillfront's existing credit facilities and existing cash and cash equivalents.

The acquisition of 6waves is another important step in Stillfront's ambition to build the leading free-to-play powerhouse of gaming studios. Stillfront believes that 6waves is one of the leading publishers of mobile free-to-play strategy games in Japan. With the acquisition, Stillfront intends to establish a strong foothold in East Asia and significantly strengthen Stillfront's presence in the attractive Japanese gaming market. 6waves adds several top grossing strategy titles to Stillfront's portfolio and is expected to provide a powerful platform with local expertise for continued growth through add-on acquisitions in East Asia.

The rights issue will, if fully subscribed, raise approximately SEK 1,989 million for Stillfront before deduction of transaction costs, which are estimated at approximately SEK 37 million. The net proceeds of not more than approximately SEK 1,952 million are intended to be used to repay the temporary increase in debt that the acquisition of 6waves has entailed and to strengthen the balance sheet after the acquisition of 6waves, and thereby increase Stillfront's financial flexibility in order to take advantage of future acquisition opportunities in line with Stillfront's growth strategy.

### Subscription and guarantee undertakings, etc.

The shareholder Laureus Capital GmbH ("**Laureus**") – which, as of the date of this prospectus, holds approximately 11.9 per cent of the shares and votes in Stillfront – has, on customary terms and conditions, undertaken to subscribe for its pro rata share in the forthcoming rights issue. Furthermore, Laureus has undertaken to guarantee the subscription of the rights issue up to a total amount of SEK 300 million, less the amount covered by its subscription undertaking. In total, Laureus's combined subscription and guarantee undertaking corresponds to approximately 15.1 per cent of the rights issue.

In addition, Swedbank Robur Funds, AMF Pension & Funds and TIN Funds, which, as of 15 February 2022, together held approximately 13.4 per cent of the shares and votes in Stillfront, have declared their intention to subscribe for their respective pro rata share of the rights issue.

### Interest of advisors, etc.

DNB, Nordea and Swedbank are acting as Stillfront's financial advisers in connection with the rights issue. DNB, Nordea and Swedbank (and affiliated companies) have provided, and may provide in the future, various banking, financial, investment, commercial and other services to Stillfront, for which they have been, or may be, remunerated. Furthermore, DNB, Nordea and Swedbank (and their affiliates) are lenders and/or brokers of loans granted to Stillfront.

# RISK FACTORS

*This section describes the risk factors that are considered material for the Company's operations and future development. The risks are attributable to the Company's operations, industry and market, financial factors, legal and regulatory conditions and the Company's shares. Before a potential investor makes a decision to invest in securities, the investor shall carefully consider the risk factors below, evaluate external factors and make an independent assessment. The assessment of the materiality of each risk factor is based on the likelihood of its occurrence for the Company and its expected negative effects for the Company should the risk occur. The risks currently considered to be most material are presented first under each category, but otherwise the risk factors are not ranked in any specific order of importance. The description of risk factors does not claim to be exhaustive, but contains only examples of such risks that the Company deems specific to the Company's operations and which, if they occur, may have an impact on the Group's operations, financial position and/or results of operations. The description of the risk factors below is based on information available on the date of this prospectus.*

## Risks related to the Group's business and industry

### The Group is dependent on certain key employees and employees

The Group's operations are dependent on certain key employees, senior executives and persons with specialist competence, some of whom are founders of certain Group companies. On average, approximately two to three persons in each subsidiary, approximately 55 persons in total within the Group, are considered key employees. These key employees typically have good relationships with market participants and a good understanding of the environment in which the Group operates. Consequently, these key employees are central to the successful development of the Group's operations. If any of these key employees terminate their employment with the Group or significantly change or reduce their involvement within the Group, there is a risk that the Group may not, within a reasonable time, be able to replace these persons or their services with other persons who may contribute equally to the Group's operations. The employment contracts for the Group's key employees typically include non-compete and non-solicitation clauses that are effective for a certain limited period following termination of their employment in countries where such clauses are valid. However, non-compete and non-solicitation clauses are not enforceable in all countries where the Group operates or for all categories of employees. Accordingly, there is a risk that key employees may conduct competitive business following their departure from the Group.

In addition, the Group's competitiveness in the markets in which the Group operates depends on its ability to retain and motivate its existing workforce and to recruit employees with relevant industry knowledge. Failure to retain key employees or attract new talent could increase the Group's costs, as new employees may be more expensive and require on-boarding. The risk of losing founders of studios and key employees in acquired companies is accentuated after the end of the period for which such employees are entitled to earn-out consideration. There is thus a risk that failure to attract and retain new key employees may have a negative impact on the Group's net revenue growth, profitability and management function.

In order to be able to retain and attract new key employees and employees, the Group may need to incur costs for compensation to these persons with regard to salary, bonuses and other incentives. In addition, there is a risk that employees may make a claim against the employer in case of, for example, lack of work environment, incorrect or unfounded dismissals or incorrect payments. Labour law claims may lead to negative publicity and reputational damages as well as liability for damages for the Group.

### The continued success and growth of the Group's operations depends on its ability to continue to develop new games and to broaden its existing game offering

The Group's ability to increase revenue and profitability depends on its ability to continuously develop new games and to improve its existing games in a way that improves the gaming experience for both paying and non-paying players while encouraging players to purchase virtual items in the games. If the Group's current game development model ceases to be effective in creating or acquiring games that are appealing to both new and existing players, or in developing existing games in order to continue to retain the players' interest in the existing game offering, there is a risk that the Group may lose players. Accordingly, the Group will need to continuously adapt its game development model to evolving market demand in order for the Group to maintain its growth. If not as many users play and make in-game purchases, it may result in lower revenue for the Group and this could have a material negative impact on the Group's results of operations. There is a risk that the Group will not be able to continue to customise a sufficient number of games, if any, on its existing platforms in order to meet user demands, or successfully implement them into new platforms in order to generate the significant purchases of virtual items on which the Group's current strategy and economic growth are based.

The Group's ability to successfully develop new games and improve existing games as well as its ability to achieve commercial success are subject to a number of challenges, such as the need to constantly anticipate and adapt to the changes taking place in the gaming industry, especially within the mobile and social platforms; the ability to successfully compete against a large and growing number of industry players; the ability to develop and launch new game-related intellectual property rights and new games on time and within budget; the ability to develop new forms of play that increase player engagement and generate revenue; the ability to adapt to evolving player references; the ability to improve existing games by adding features that encourage continued player engagement in the game; the ability to hire and retain competent staff, including when the Group seeks to expand its development capabilities; the ability to achieve a positive return on advertising investments; the ability to achieve continued and successful organic growth; and the ability to minimise and quickly manage bugs and interruptions in the games.

If the Group fails to develop new games and improve its existing games, there is a risk that these games will generate lower revenues, which in turn may have a material negative impact on the Group's net revenues, results of operations and intangible assets. Delays in, or non-completion of planned and ongoing game development projects entail a higher cost for the Group and may have a negative impact on cash flow, revenues and operating margins in the Group. Delays may occur both in internal projects and projects where an external partner manages the development. Completing a game development project may also require more resources than originally expected. This applies especially to internal projects where the Group normally accounts for the development cost, which may have a material negative impact on the Group's operating expenses and results of operations.

### A limited number of games and users currently account for a majority of the Group's revenues

The Group has a wide range of games in its portfolio. However, the Group is dependent on a relatively limited number of games that generate the majority of the Group's revenues. Thus, the Group is also dependent on the ability to continuously develop and improve its game portfolio, particularly games with high popularity.

In order to reduce the Group's reliance on a limited number of games, the Group must constantly improve, expand and upgrade its entire game portfolio with new features, offers and content that players find attractive. As a result, each of the Group's games requires significant product development, marketing and other resources. The Group's costs attributable to product development have on average increased over time for the Group. Moreover, even with these investments, the Group may experience sudden declines in the popularity of any of its games and fluctuations in the number of daily and monthly average users. If customer payments from the Group's top games are lower than expected and the Group is unable to broaden its game portfolio or increase customer payments from such top games, the Group will not be able to maintain or increase its revenues, which may have a material negative impact on the Group's net revenues and profitability.

Furthermore, the revenues from free-to-play games usually rely on a small percentage of players who spend moderate to large amounts of money in games in order to receive special benefits, levels, access and other features, offers or content. The vast majority of users play for free or only occasionally spend money in the games. The Group sees a tendency that only a small percentage of the total number of users are paying users. A large proportion of the revenue therefore comes from a small subset of paying users. It is particularly important for the Group to retain as large a proportion of paying users as possible and to get these users to maintain or increase their spending levels, as many users do not generate revenue and all paying users generate different amounts of revenue. There is a risk that the Group will not be able to retain paying users or that paying users will not maintain or increase their spending levels. In addition, there is a risk that the Group may lose more paying users than the Group gains in the future, which could have a material negative impact on the Group's net revenues and profitability.

The Group continuously invests in new user acquisitions and monetisation strategies to convert users to paying users, retain existing paying users and maintain or increase spending levels for paying users. If the Group's investments in new user acquisitions and monetisation strategies do not produce the desired results, the Group may fail to attract, retain or monetise on users and may experience a decrease in the level of spending of existing paying users, which would result in lower revenues attributable to the Group's games and thereby risk having a material negative impact on the Group's operating expenses, net revenues, results of operations and profitability (see also "*Risks related to identification for advertisers*" below).

### The Group uses a business model where games are free to play and is therefore dependent on players who make optional in-game purchases and the value of virtual items sold

The majority of the Group's games are available free of charge to players, and the majority of revenue is generated from the sale of virtual items when players make voluntary in-game purchases. Users spend money in the Group's games based on the perceived value of the virtual items that the Group offers for purchase. The perceived value of these virtual items may be affected by various actions that the Group takes in the games, such as offering discounts, giving away virtual items in promotions, or providing simpler virtual items for free in order to promote continued gaming. If the Group fails to price virtual items in the games in line with player expectations or at normal price standard in the market, players may be less inclined to spend money and time in the games, thus resulting in lower revenues for the Group, which may have a material negative impact on the Group's net revenues and results of operations.

Parties unrelated to the Group have developed, and may continue to develop, "cheats" or guides that allow players to advance in the Group's games or result in various types of malfunctions, which may reduce the demand for virtual items in the games. This risk is particularly high for the Group's games where players play against each other, since such "cheats" may allow players to gain unfair advantages to the detriment of those players who play fairly as well as damaging the experience of these players. In addition, such external third parties may attempt to mislead the Group's players with programmes that generate false offers for virtual items or other in-game benefits. These scams may damage the players' experience, disrupt the economy of the games and reduce demand for virtual items, which could lead to increased costs in order to fight such activities, or decreased net revenues due to that players have a negative gaming experience and thereby become less likely to spend money in the games. This could have a material negative impact on the Group's reputation, net revenues and results of operations.

### The Group must stay innovative and adapt to technological progress and users' preferences and requirements

The Group's success depends on its ability to successfully innovate, develop and publish new games. In addition, the online gaming industry is driven by users' preferences and requirements. This means that game developers, publishers and operators must be able to continuously offer new products and services to attract and retain a wide range of users. In order to operate in an industry characterised by the rapid emergence and development of new products, services, technologies and the development of player preferences, the Group needs to constantly stay innovative and adapt to the technological advances and preferences that arise on an ongoing basis. Widespread adaptation to new internet technologies and higher standards may require the Group to allocate significant funds to replace, upgrade, modify or adapt its existing game offering, which may have a material negative impact on the Group's short- and long-term operating expenses and earnings.

### Risks related to identification for advertisers

Identification for Advertisers ("**IDFA**") is a random device identifier provided by Apple to a user's device. Advertisers, including the Group, use this to track data and identify a user (without disclosing personal information) so that they can deliver tailored advertising. The data can then be used to identify which features a user is using in the app. Accordingly, the Group is able to use data gathered through IDFA to obtain information about players' preferences and interests and thereby develop and adapt the games in a manner that is appealing to the Group's users, as well as implement targeted marketing measures. Android's corresponding IDFA feature is called GPS AdID (or Google Play Services ID for Android). A user has access to its IDFA or GPS AdID in their settings menu on the device and is thus able to choose to turn the feature on and off. Apple previously had the feature on as a default setting, but with the launch of iOS 14, which was introduced in the fall of 2020, users must explicitly allow IDFA to be used. In February 2022, also Google announced that it intends to dissolve the GPS AdID functionality. Google has not yet announced when the change will be implemented.

A large number of players tend to choose not to have the IDFA feature activated on their devices, which is why the Group's opportunities to obtain important data in order to be able to design marketing in an efficient and more precise way based on users' preferences have thus been limited. This change has affected the entire gaming industry and limited the ability of third party publishers to provide the full range of distribution channels with the same level of quality. The Group's marketing efforts have thus been forced to adapt to Apple's IDFA change, for example by prioritising channels that depend on less accessible data or to move towards more contextual models to reach the right users, with initially lower levels of customer acquisition as a result. Future changes in Apple's or Google's software terms may lead to negative effects on the Group's ability to attract and retain existing players, and that users' willingness to purchase virtual items in the games decreases, which in turn may negatively affect the Group's net revenues.

### The Group's dependence on a few material distributors

The Group's sales are largely made with the help of a few significant distributors, mainly in the growing mobile application sector where the Group relies particularly on Google Play, App Store and Facebook to distribute its games. In 2021, approximately 77 per cent of the Group's revenue was attributable to games distributed through Google Play and App Store. The distributors' range of digital distribution channels are crucial for the Group's monetisation from its mobile applications segment. If, for any reason, any of these material distributors were to close down their platform or restrict the Group's access to or terms of use of its platform, or suspend certain games from distribution through the platforms, this may result in revenue loss for the Group. It is not uncommon for the standard terms of these significant distributors to include provisions on termination with a relatively short notice period which could mean that cooperation with such significant distributors may cease on short notice, or contain far-reaching provisions that require Stillfront to indemnify distributors in certain events. In addition, the Group depends on the accuracy of the financial information provided by the distributors and is obliged to rely on the distributors' documentation when calculating the revenue reflecting a player's actual consumption. If there is an interruption or restriction in the Group's access to one or several platforms, in whole or for long periods of time, or if the data obtained from distributors is materially incorrect, to the effect that the Group has calculated its revenues incorrectly, it may have a material negative impact on the Group's net revenues and results of operations.

### Negative perception and publicity about the gaming industry as well as lack of trust in the gaming industry and of online payment systems and other transaction systems

The online gaming industry is exposed to publicity related to gaming behaviour, under-age gaming and lack of compliance, as well as standards established to promote responsible gaming. Negative perceptions and prejudices about the gaming industry may lead to the Group experiencing difficulties in attracting more or new users or that the Group's operations risk gaining a bad reputation, regardless of the type of games that the Group provides, which may result in revenue being less than expected. In addition, if a general perception develops that the online gaming industry is unable to address public concerns about gaming addiction, political pressure and public opinion may lead to increased regulation of the online gaming industry. Such new regulation may lead to significant costs for the Group to adapt its existing games or make adjustments in its development work in order to comply, which may have a material negative impact on the Group's operating expenses and profitability (see also "*Risks related to gaming regulation issues*" below). It may also result in the Group being prohibited from providing any or all of its games in certain jurisdictions, or the Group being delayed in its launch of new games due to required adaptation to new regulations, which may have a material negative impact on the Group's net revenues and results of operations.

Furthermore, the Group's operations depend on its users' trust in, and the acceptance of, online payments. Historically, users have been reluctant to consider internet payment methods as a safe and reliable way of transferring money. Although users have become more inclined to making online payments and other online transfers, there is a risk that the general perception may change direction again so that fewer users view online payments as a safe and reliable payment method. In the gaming segment, where in-game purchases are most commonly made through online payments, the reluctance to use this payment method may have a material negative impact on the Group's revenues, as the Group is highly dependent on revenue generated from such purchases. Negative publicity and lack of trust in the Group's games and products or payment methods among the Group's users risk making users less inclined to play the Group's games or buy in-game items and may reduce the Group's revenues.

### The Group may have inadequate intellectual property protection, be prevented from protecting its intellectual property rights and may risk infringing on third party intellectual property rights

The Group's ability to grow successfully depends, among other things, on its ability to protect, register and maintain its intellectual property rights. In the early phase of the life cycle of the Group's games, the Group relies mainly on trademark protection through trademark registration as well as on registration of logos, copyright protection and domain name registrations. Some of the Group's trademarks and logos are not registered and/or pending trademark registrations, and certain trademarks and logos can, for various reasons, not be registered as trademarks. There is a risk that the Group will not be able to complete registrations regarding such trademarks and logos and/or future trademarks or logos.

The Group is dependent on securing ownership or licensing rights of its intellectual property rights through agreements with employees, consultants and partners. Furthermore, the Group is dependent on knowledge and trade secrets. The Group strives to achieve protection of its intellectual property rights, knowledge and trade secrets by, for example, entering into agreements on the transfer of intellectual property rights to the Group and confidentiality agreements with employees, consultants and partners. However, this is not always the case and it is not possible to ensure full transfer of intellectual property rights or full protection against unauthorised distribution of information. There is a risk that competitors and other operators may gain access to sensitive information, which may lead to a decrease in the value of such information or that competitors use such information to their advantage to the detriment of the Group.

Although the Group's intellectual property rights are generally protected by copyright, such protection covers only the original literal expression of the Group's source code and not the concepts and ideas expressed by it. Furthermore, the Group's intellectual property rights are, as a general rule, by their very nature not patentable. Consequently, other than protection through trademark registrations, copyright protection and domain name registrations, the Group's intellectual property rights enjoy limited legal protection. This may limit the Group's ability to bring an action and defend itself against intellectual property infringements.

The Group also faces the risk that the use and exploitation of its intellectual property rights, in particular rights related to its software, may infringe on the intellectual property rights of third parties. The costs of bringing or defending an intellectual property infringement action may be significant. A non-successful outcome of such dispute for the Group may result in the Group being forced to pay royalties or damages or the Group having to cease the use such intellectual property rights and/or incorporate such intellectual property. Furthermore, alleged infringements of intellectual property rights may result in the Group signing coexistence or settlement agreements regarding the use of intellectual property, which may limit the Group's use of intellectual property. If the Group is unable to effectively protect its intellectual property rights or if claims regarding an intangible infringement are directed against the Group, it may have a material negative impact on the Group's operations, net revenues, intangible assets and results of operations.

### The Group and its users may be exposed to risks of hacking, viruses, malicious measures and other cybercrime

The Group's online gaming business is exposed to the risk of system intrusion, virus spread and other forms of IT crime or harmful behaviour by individual players or other actors. Such actions may interfere with websites, cause system failures and disruptions to the operations, lead to loss of databases and may harm computer equipment and infrastructure held or used by the Group or its users. The effect of such actions or the Group's failure to successfully protect itself against such attacks may have a material negative impact on the Group's operations, net revenues and results of operations.

If the Group fails to successfully protect itself from such attacks, the effect of such actions may result in significant loss of revenue due to the affected games becoming unavailable to players while the Group remedies the disruption or damage. Furthermore, the Group possesses personal data relating to its users. If this information illegally falls into the hands of unauthorised parties, the Group may be subject to claims from users and regulatory authorities which may result in significant costs in the form of fines or for implementing the measures required to ensure that the Group's IT system has a sufficient level of security (see also "*Risks related to the processing of personal data*" below). It may also lead to players losing confidence in the Group's systems and games, which in turn may lead to loss of users and thus reduced revenues. This may have a material negative impact on the Group's profitability, net revenues and results of operations.

### The Group's operations depend on the security, integrity and operational performance of the systems, products and services that the Group offers

The Group's product range consists exclusively of online games that depends on the security and good functioning of the internet connection through which users play the Group's games. Consequently, the Group's operations depend on the integrity, reliability and operational performance of IT systems as well as the users' access to the internet. The operation of IT systems within the Group's operations and its suppliers or partners may be disrupted for reasons beyond the Group's control, such as damage caused by accidents, disruptions in the provision of tools or services, extreme weather events, safety problems, system failures or pollution. Furthermore, there may be technical challenges in launching new products and services that lead to temporary interruptions in the Group's systems, which means that players cannot play while the interruption is in progress. This may cause revenue streams to be halted during that time. Although the Group's operations are based on separate servers and platforms, which means that it is unlikely that a significant number of servers are affected by disruptions at the same time, disruptions or events related to a number of the most revenue-generating games may result in loss of players and thus reduced revenues as well as potential complaints against the Group for interruptions, or otherwise adversely affect the Group's ability to sell products and services to its users. It is therefore crucial that the Group and its studios can act quickly to ensure that there are no interruptions in the Group's IT environment. An obsolete IT environment or servers that are not kept up to date can accentuate these risks. Failure to do so and deficiencies in the security, integrity and operational performance of the systems, products and services offered by the Group may have a material negative impact on the Group's net revenues and profitability.

### Risks related to insurance

The Group holds insurance coverage that the Company deems customary for the Group's business operations. However, there is a risk that such insurance may not always cover all risks associated with the Group's business operations. For example, it is difficult to insure against historical risks in connection with acquisitions. The Group's insurance policies also contain, for example, certain limitations such as deductibles and maximum compensation amounts. In addition, it is expensive and difficult to obtain adequate insurance with regards to cybersecurity and IT risks, as there are a limited number of available relevant insurances, which not often offer full protection and are only offered at a high insurance premium. There is also a risk that the insurance coverage in newly acquired companies is inadequate, which may lead to costs and additional work to ensure that all acquired companies and studios have adequate insurance coverage. The Group may incur losses beyond such limitations or that are outside the scope of the insurance.

Furthermore, an unintended failure to comply with policy requirements may result in claims not being reimbursed by the insurance company. There is a risk that an insurance is not available within a reasonable time or is not sufficient to fully compensate for any losses that may arise for the Group. Accordingly, there is a risk that, in the future, the Group will not be able to maintain its current level of insurance coverage, or may not receive insurance cover at all, and that the Group's premiums may increase significantly in relation to the protection that the Group currently holds. All insurance claims entail a risk of protracted disputes, reputational damages, costs for legal fees, costs and expenses and that management's focus is taken from the operations of the Group, which could have a material negative impact on the Group's operations, operating expenses, net revenues and results of operations.

### Competition from other online game developers, console developers and other entertainment companies

The Group operates in a highly competitive industry. Generally, competition increases when new game developers, console developers, game publishers and gaming operators enter the gaming market or when current competitors expand their game offerings. The Group's focus is to provide high-quality entertainment, where also other entertainment companies are viewed as main competitors. Online gaming products and services are also sensitive to consumer trends and there is a risk that the Group's market share diminishes if competitors make improvements to or expand their product offering. Failure by the Group to effectively compete may result in the Group losing users or failing to attract new users.

Increased competition may also lead to lower margins and price pressure, and that the Group, as a consequence, is forced to reduce the price of its products and services in order to retain its users and current market share. In addition, some competitors may offer a more attractive range of online games or complementary products and services than the Group, which may result in the Group having to develop or offer similar products and services or the Group losing its users. This may also result in the Group incurring increased development costs associated with the development of a specific type of product or service. If the Group fails to meet increased competition in a fast and efficient way, and develop new games and services that attract more users, there is a risk that the Group's revenues will decrease, which may have a material negative impact on the Group's net revenues, results of operations and profitability (see also "*The continued success and growth of the Group's operations depends on its ability to continue to develop new games and to broaden its existing game offering*" above).

### The Group uses open source software in its games that may subject the Group's software code to general publishing requirements or that may require the Group to redesign such code

The Group uses open source software in game development. Certain open source software licenses require developers who distribute open source software to disclose all or part of the source code of such software on unfavourable terms or free of charge. There is a risk that such licenses may be interpreted in a way that entails unexpected consequences or limitations on the Group's ability to market the games or that the Group inadvertently infringes on the intellectual property rights of other actors. In addition, there is a risk that outdated, and potentially unsafe, open source software is included in the Group's products. Although the Group monitors its use of open source software and continuously screens for outdated or unsafe software and ensures that open source software is used in a way that prevents the Group from disclosing its source code or otherwise violating the terms of an open source code agreement, such use may inevitably occur. This may result in the Group being required to disclose and make available its own source code, pay damages due to a breach of contract, reconstruct its games, suspend distribution of affected games should the redesign not be completed in a timely manner, or take other corrective actions that may divert resources from the Group's game development work in general. This may have a material negative impact on the Group's net revenues, results of operations and intangible assets.

### The global economic outlook and the impact of the COVID-19 pandemic are affecting the global gaming industry

The Group operates in the online gaming market and is affected by the global economic trend, consumer trends and user preferences. During the first quarter of 2020, the Covid-19 pandemic broke out globally. The Company is closely monitoring developments and evaluating the extent to which the effect and new outbreaks of the Covid-19 pandemic may affect the Group's operations in both the short and long term. The Group is a decentralised organisation with subsidiaries and employees in a number of countries, the majority located in Europe and North America. The Company has proactively taken a number of preventive measures to ensure the Group's operational continuity and limit the spread of the virus among its employees, for example by enabling remote working. There is, however, a risk that these measures are not effective and sufficient for employees to avoid the infection, and if a majority of the Group's employees are infected and several employees are unable to carry out their work at the same time, it may have a negative impact on the Group's normal functionality and ability to generate future revenues. Although the Company focuses on digital entertainment and has digital processes in place to ensure that the Group's organisation operates more or less as usual, the Group's revenues are largely affected by the users' disposable income and gaming activities. The Covid-19 pandemic and any mutations of the virus or other pandemics are considered to have a negative impact on the global economic outlook and any negative developments in the global economy may affect users' disposable income and the ability and willingness of the gaming industry to invest money in the Group's products, which may have a material negative impact on the Group's operations, net revenues and results of operations.

### Risk related to the Group's games being categorised as gambling or so called hazard games, and misuse of the Group's games

Some of the Group's games allow players to purchase points, chips or other in-game benefits. The points or chips could be characterised as a type of virtual currency. However, none of the games allow players to sell or redeem such virtual currency. Furthermore, there are restrictions and prohibitions on transferring such virtual currency to other players under the terms and conditions of the games. In some jurisdictions, the sale of such virtual currency from the Group to the players is made through resellers. Since there is no way for players to withdraw money or transfer the currency or anything else of value out of the games, the Company assesses that the games do not constitute hazard games or gambling under current regulations in the jurisdictions in which the Group operates. However, in some jurisdictions where the Group offers its games, the regulations on hazard games and gambling are not well-developed and to a certain extent unclear. Therefore, there is a risk that certain games offered by the Group could be characterised as hazard games or gambling. If this were to happen, there is a risk that the Group will be subject to criminal law measures and sanctions, or be forced to cease offering the game in question.

There is also misuse of the Group's games which, among other things, may be expressed in incorrect claims for credit card refunds, shadow trading in virtual currency and/or player profiles/accounts as well as so-called "chip farming". Shadow trading in virtual currency may occur when a player or a group of players deliberately loses to one or several other players, and is a way by which players can sell virtual currency to each other. Furthermore, virtual currency trading may take place on the retail level where retailers distribute virtual currency. Chip farming can, for example, involve a number of players joining forces to gain an advantage over other players and thereby increasing their own profits, or that some players create a large number of accounts and collect daily bonuses on all such accounts. This misuse can affect the authorities' view of the games' compliance and reduce the Group's revenue, as players perform transactions outside the games instead of within the games. The Company has taken a number of measures to counteract the misuse listed above, including expressively prohibiting the conduct under the relevant subsidiaries' general terms and conditions applicable to players, as well as in the relevant subsidiaries' retailer agreements. In addition, the subsidiaries have implemented algorithms and processes to quickly detect and intervene against misuse. The Company is not aware that the monetisation mechanisms in the Group's games are currently in violation of the legal frameworks within relevant jurisdictions. However, there is a risk that authorities within one or several jurisdictions make a different assessment or consider that the Group's anti-abuse measures are not sufficient. Should this be the case, it may result in certain games being banned or certain gaming features having to be removed and, in extreme cases, that income from such games may be forfeited and fines may be issued, which could have a material negative impact on the Group's operations, net revenues and profitability.

Furthermore, new rules, which may be applicable to the Group and could vary greatly between jurisdictions, may require certain game mechanics to be changed or removed from games, which could affect player engagement and monetisation from the games or otherwise damage the Group's business performance. It is difficult to foresee how existing or new laws can be applied to these or similar game mechanics. In addition, the increased attention on liability issues due to lawsuits and bills may damage the Group's reputation or otherwise affect the growth of the Group's operations. The Company closely monitors the legal development in all jurisdictions in which the Group operates in order to avoid violations of applicable laws and regulations affecting the gaming sector, including consumer law aspects of different types of games (see also "*Risks related to gaming regulation issues*" and "*The Group is subject to laws, regulations and rules in several different jurisdictions*" below).

The close monitoring of the interpretation and application of existing regulations, as well as new and changed regulations, in all jurisdictions in which the Group operates entails costs for legal advisors and internal control functions, and may lead to both reduced revenues and increased costs should an unforeseen adaptation of the games be required in order not to violate applicable regulations or as a result of the monetisation mechanism applied in the games not being considered lawful. Furthermore, the Group may incur unexpected costs if authorities impose fines on the Group due to the Group having made a different assessment and application of regulations. Accordingly, the aforementioned risks having a material negative impact on the Group's operations, operating expenses and results of operations.

## Risks relating to the Group's financial position

### Risks related to currency fluctuations

The Company's accounting currency is SEK. However, through its subsidiaries, the Company operates in several different countries and has users on a global level. The majority of the Company's costs are in EUR and USD, while revenues are also generated in a number of other currencies. The Group is therefore exposed to exchange rate risks. The Group's exposure to exchange rate risks arises from transaction exposure (i.e. exchange rate risk associated with time delay between entering into an acquisition agreement and completing the acquisition as well as exchange rate risk related to deposits and disbursements in different currencies) as well as translation exposure (i.e. in particular when the income of the subsidiaries, but also assets and liabilities in foreign currency, are to be translated into the Company's accounting currency SEK).

The translation effect that may arise from the conversion of the subsidiaries' results into SEK may have a material negative impact on the Company's net revenues and results of operations as well as affect the Company's future cash flow and market value. The translation effect that may arise when the subsidiaries' net assets are converted from the respective foreign currency into SEK may have a material negative impact on the Company's equity. In particular, transaction exposure could have a material negative impact on the Group's results of operations.

A change in the exchange rate of the EUR by -5 per cent in relation to SEK, with all other variables constant, would have negatively affected net profits before depreciation by SEK 32 million and equity by SEK 135 million, respectively, in 2021. A change in the exchange rate of the USD by -5 per cent in relation to SEK, with all other variables constant, would have negatively affected net profits before depreciation by SEK 54 million and equity by SEK 343 million, respectively, in 2021.

### Financing risks

The Company's loan financing primarily consists of bond loans with variable interest rates, and a revolving credit facility with variable interest rate. To the extent that cash flow generated by the Group is not sufficient, the Company is dependent on external financing in order to carry out acquisitions and conduct game development. There is a risk that the Company will not be able to obtain financing on acceptable terms or on terms that allow the Company to implement its strategy and acquisitions including any earn-out consideration in relation to completed acquisitions. This may cause the Group's non-organic growth to stagnate or fail to materialise, or result in the Company not having sufficient financial resources to conduct the business in the desired manner. The ability to secure capital financing through loans on favourable terms or at all depends on a number of factors beyond Stillfront's control, including conditions prevailing at the time on the international credit and capital markets. If Stillfront fails to repay its existing or future debts, to renew or refinance existing or future credit facilities on acceptable terms or at all, or to perform existing financial obligations, this would have a material adverse effect on the Group's liquidity, results of operations and financial position.

If the Group breaches commitments under the revolving credit facility, the lenders may have the right to terminate the loan for early repayment. The terms under the facility also contain a right for the lenders to demand early repayment under certain conditions, for example if there is a change of ownership in the Company, so that a person or a group of persons acting by mutual agreement acquires shares that represent more than 50 per cent of the shares or votes in the Company, or acquires control of more than 50 per cent of the shares or votes in the Company, or if the Company ceases to be listed on Nasdaq First North Growth Market or Nasdaq Stockholm.

If the Group violates its obligations under the terms and conditions of the Company's outstanding bonds, bondholders may have the right to request that the bonds be redeemed prematurely. Furthermore, the terms and conditions allow bondholders to request, under certain conditions, that all, but not only some, of the bonds held by them be repurchased at a price per bond amounting to 101 per cent of the outstanding nominal amount together with accrued but unpaid interest. The right to early redemption arises, among other things, if there is a change of ownership in the Company, so that a person or group of persons acting by mutual agreement acquires control, directly or indirectly, of more than 50 per cent of the votes in the Company, or the right to, directly or indirectly, appoint or dismiss all or a majority of the Board members in the Company. If the right to redemption or repurchase arises, and one or more bondholders exercise that right, it may have a material negative impact on the Group's operations, results of operations and financial position. Should the Company need to refinance the bonds at the maturity date of the bonds or for any other reason, including early redemptions or repurchases, there is a risk that the Company cannot obtain financing on favourable terms or at all, which may have a material negative impact on the Group's financial position and results of operations.

### Risks related to the valuation of goodwill

Goodwill represents the difference between the purchase price for acquisitions and the fair value of acquired assets, liabilities assumed and contingent liabilities. Goodwill constitutes a significant proportion of the Group's balance sheet assets. As of 31 December 2021, the Group's goodwill amounted to SEK 12,752 million. Goodwill is recognised as an intangible asset and is subject to an impairment review, at least annually or upon indication of impairment. There is a risk that changes in circumstances affecting the Group's operations and general financial position, or of the many factors that the Group takes into account in its assessments, assumptions and estimates in connection with the impairment testing of goodwill, may in the future require the Company to write-down goodwill, completely or partially.

If the Company makes an impairment loss on goodwill, it affects the Group's balance sheet by reducing the value of intangible fixed assets. Such impairment would also be recognised as an expense (impairment of intangible fixed assets) in the Group's income statement. Any significant impairment loss may thus have a material negative impact on the Company's results of operations and financial position.

### Risks related to capitalised game development expenses

The Company capitalises its product development costs in accordance with IFRS. As of 31 December 2021, the Company's capitalised gaming development expenses and other non-current intangible assets amounted to SEK 5,244 million, which constitutes a significant part of Stillfront's balance sheet. Normally, Stillfront commences capitalisation when all capitalisation criteria are met, which means that capitalisation in most cases occurs from start. However, there is a risk that capitalisation criteria are not met. The Group continuously invests in game development and there is a risk that one or more game development projects cannot be commercialised, do not meet set legal requirements or other requirements, or otherwise do not meet the Group's or the market's demands. If, for any reason, the Company fails to develop or commercialise its games after incurring development costs, this may result in significant write-downs. If the Company makes an impairment loss on capitalised costs for game development, it affects the Group's balance sheet by lowering balanced development expenses. Such impairment would also be recognised as an expense (impairment of intangible fixed assets) in the Group's income statement. Any significant impairment loss may thus have a material negative impact on the Company's results of operations and financial position.

### Interest rate risks

Interest rate risk refers to the risk of higher interest expenses due to changes in market interest rates, in particular STIBOR, EURIBOR, USD LIBOR, SONIA and, from and including 31 December 2022, SOFR. The Company is exposed to interest rate risks through its outstanding bonds and its revolving credit facility. The bonds carry interest determined on the basis of a floating rate, where the interest rate is affected by changes in market interest rates and STIBOR in particular. The revolving credit facility carries interest determined on the basis of a floating rate, where the interest rate is particularly affected by EURIBOR, STIBOR, USD LIBOR, SONIA, and SOFR (depending on the currency in which the Company chooses to borrow). As of 31 December 2021, the Group had outstanding bonds of SEK 3,100 million and outstanding debt under its revolving credit facility of SEK 1,456 million. The coupon rate of the outstanding bonds is calculated based on STIBOR. An average increase of 2 per cent in 2021 of STIBOR would have negatively affected the Group's results by SEK 62 million per year. An average increase of 2 per cent in 2021 of EURIBOR and USD LIBOR would have negatively affected the Group's results by SEK 29 million per year.

## Credit risk

Credit risk refers to the risk that the Group's counterparties will not fulfil their financial obligations to the Group on time or at all. The Group's main credit risk derives from subsidiaries' accounts receivable and contractual assets with mainly stable and reputable counterparties such as Apple, Google and PayPal. The Group's maximum credit exposure is set out in the table below.

| SEK million | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Accounts receivable | 390 | 270 |
| Contract assets (accrued income) | 39 | 17 |
| Other receivables | 299 | 109 |
| Cash and cash equivalents | 1,133 | 1,005 |
| **Total** | **1,791** | **1,401** |

If any of the aforementioned counterparties is unable to fulfil its obligations to the Company or any of its subsidiaries on time or at all, the Group may not receive cash and cash equivalents as planned, or at all, which in turn may affect the Group's liquidity and financial position. The risk related to existing cash and cash equivalents is if the bank holding the cash is unable to fulfil its obligations towards the Company or any of its subsidiaries.

## Risks related to liabilities to pay earn-out consideration

The Group is exposed to a risk regarding earn-out consideration related to some of the Group's completed acquisitions. There are commitments for Stillfront under several acquisition agreements that may entail an obligation for Stillfront to pay earn-out consideration, both in cash and through the issue of own shares. The calculation of the earn-out consideration is based on the financial results of the acquired companies. If maximum earn-outs need to be paid, this may cause the Company's liquidity to become strained at times or lead to the Company having to take additional bank loans and thereby incur a higher interest expense. Higher earn-out consideration may thus have a material negative impact on the Group's liquidity, cash flows and indebtedness.

Calculations of the purchase price and earn-out consideration to the sellers of the acquired object are calculated based on future results, attributable to the acquired object in question. Underestimation of such results may lead to greater cash payment and/or greater dilution of the shareholding in the Company if payment is made with shares in the Company than the Company could anticipate at the time of the acquisition. There is also a risk that completed acquisitions and provisions on earn-out consideration may lead to disputes or legal claims. Fortis Advisors LLC, representing the founders and sellers of Kixeye, has filed a complaint against Stillfront Midco AB in the Court of Chancery in the U.S. state of Delaware. The founders are no longer active in Kixeye. Fortis claims that Stillfront Midco AB has breached the acquisition agreement in bad faith and owes the sellers the maximum earn-out consideration of USD 30 million payable under the acquisition agreement for the financial year 2019. Furthermore, Fortis claims that Stillfront Midco AB must pay interest on the claimed earn-out amount, compensation for alleged consequential damages, and attorney fees. Stillfront has previously communicated that no earn-out amount is due or owing under the acquisition agreement for the financial year 2019 and that Kixeye continued to underperform also during 2020, which resulted in a cost optimisation project of Kixeye that was initiated in the beginning of 2021. Stillfront has made no provision with regard to this dispute as it deems that Fortis's claims lack any factual or legal basis and as the potential impact on consolidated earnings, if any, is currently expected to be non-material. However, there is a risk that the outcome of legal proceedings or disagreements with sellers about earn-out consideration may be unfavourable to Stillfront and may have a negative impact on its results and operations. Furthermore, Stillfront risks incurring costs for legal and other advisors. Negative publicity in connection with legal proceedings also risks damaging Stillfront's reputation.

## Risks related to the Company's strategy

### The Group may have carried out or may come to carry out acquisitions, investments, establishments or divestments that do not lead to the expected favourable effect on the Group's business activities

As part of the Group's strategy, the Group has previously carried out, will explore opportunities for and may in the future carry out acquisitions, establishments, investments and divestments that may not be completed or, if completed, do not turn out to be beneficial for the Group. In addition, there is a risk that the Company will not be able to identify suitable acquisitions or carry out acquisitions, investments or divestments on acceptable terms, obtain necessary permits or regulatory approvals (*e.g.* from competition authorities) due to restrictions in the Company's financing agreements. There is also a risk that increased competition for acquisition objects and increased consolidation within the online gaming industry may lead to higher acquisition prices and thereby make it more difficult for Stillfront to carry out acquisitions. This may result in the Company not being able to achieve set growth targets in accordance with its strategy. Acquisitions also entail risks related to purchase prices and earn-out consideration (see "*Risks related to liabilities to pay earn-out consideration*" above).

Carrying out acquisitions, establishments, investments and divestments is often a comprehensive and complex process that entails costs for legal, financial and other advisors as well as costs related to, for example, financing. A significant part of such costs is charged to the Company even if an acquisition, investment or divestment is not completed or if a new establishment does not prove successful. Furthermore, there is a risk that the Group will not be able to complete an initiated transaction or is unable to integrate and manage the acquired business in an effective manner, anticipate expected liabilities or achieve expected cost-savings and synergies. In addition, an acquisition process, regardless of whether the transaction has been completed or not, leads to the management's attention being drawn from the day-to-day management of the Group's operations to temporarily focusing on the current transaction, which risks affecting the Company's other operations during the acquisition processes.

In addition, an acquisition is associated with risks related to the acquired company. Within the framework of the Company's acquisition process, the Company combines the due diligence of acquired companies with a negotiated more or less comprehensive warranty catalogue. Deficiencies or similar identified in the course of the due diligence are usually addressed through price reductions and/or specific indemnity commitments. Unknowns, about which neither the seller(s) nor the buyer have actual knowledge, are handled by warranties. Where deemed appropriate, the Company strives to take out M&A insurance to insure liability for the guarantees of one or more insurers. Although the Company normally strives to take out M&A insurance, the seller(s) is/are typically responsible for any indemnity and other liabilities and in some cases for uninsured risks. The Company thus faces a risk that counterparties in the acquisition agreements will experience financial difficulties, which may affect the Group's ability to receive compensation for any claims that arise due to the counterparty's possible breach of contract in the relevant transaction. Furthermore, there is a risk that potential risks or deficiencies, such as tax risks, customer losses, disputes, complaints, compliance deficiencies or unexpected expenses have not been detected through the due diligence process carried out prior to the acquisition or that full protection against such deficiencies and risks cannot be obtained through the acquisition agreement even if they have been detected.

Establishments within the Group's various business areas require significant investments, the profitability of which depends on the new establishment being successful. This, in turn, relies on the new establishment attracting a sufficient number of players and users and that the required investment does not incur higher than expected costs for the Company. If the Company's calculation of the costs associated with the establishment or its assessment of customer interest prove to be incorrect and the profitability of the establishment is thus absent or significantly lower, and in the event that the establishment results in higher or more extended operating deficits than expected, these factors may have a material negative impact on the Group's operations, net revenues and results of operations. In addition, there is a risk that acquired companies will not perform in accordance with Stillfront's expectations and forecasts, which may require additional measures and investments on the part of Stillfront to achieve profitability. For example, Super Free Games underperformed on the revenue side during the second, third and fourth quarters of 2021, when the studio spent less than expected on marketing. This has affected both the studio's and Stillfront's revenues negatively.

If the Company is not be able to identify suitable targets or carry out acquisitions, there is a risk that the Company will not reach its communicated financial targets. Furthermore, there is a risk that the Company is not able to carry out investments on acceptable terms or obtain full protection through the acquisition agreements against, for example, tax risks, customer losses, disputes, complaints, non-compliance deficiencies or that unexpected costs are not detected through a due diligence process carried out prior to the acquisition. Moreover, there is a risk that a significant part of the costs resulting from an acquisition, investment or divestment that has not been completed, or a new establishment that does not prove successful, are charged to the Company. The aforementioned risks may result in increased costs, including costs for something that the Company is subsequently unable to absorb revenue from and which may thus have a material negative impact on the Group's net revenue growth, future financial results and the possibility to finance future acquisitions.

### The Company may fail in connection with the integration of acquired companies and operations

There is a risk that the Group will not be able to successfully integrate a target and that such integration may require more investments than expected, and that the Group may thus incur unknown or unexpected liability and obligations in relation to users, employees or other parties. The process of integrating a target may also be disruptive to the Group's operations due to, among other things, conflicting interests with minority shareholders in partly-owned subsidiaries, unforeseen legal issues and difficulties in realising operational synergies (e.g. cultural differences) or failures to maintain the quality of the services that have historically been provided and thus affected the Group's reputation. Furthermore, future acquisitions may divert the Group's attention from day-to-day management and cause additional liabilities for the Group. During the integration phase, the Group is particularly dependent on retaining key employees in the acquired company. If the Company is unable to retain key employees in connection with the acquisitions, the integration of an acquired company risks taking longer and the Group risks losing valuable knowledge of the acquired company's culture, products and the markets in which the company operates (see also "*The Group is dependent on certain key employees and employees*" above).

## Legal and regulatory risks

### Risks related to the processing of personal data

The Group processes personal data about, among other things, its employees and users. The Group is subject to data protection laws, rules and regulations in several jurisdictions (including but not limited to the Data Protection Regulation ((EU) 2016/679) ("**GDPR**") and the California Consumer Privacy Act ("**CCPA**")). Compliance with all such laws, regulations and rules is complicated and costly. Any non-compliance by the Group of applicable laws, regulations and rules regarding data protection could lead to negative publicity and damage the Group's reputation and lead to loss of users and revenue. It may also lead to fines and damage claims from individuals and injunctions from authorities to address the deficiency. Failure to comply with the GDPR may result in administrative fines up to the higher amount of EUR 20 million or 4.0 per cent of the Group's total annual turnover. Non-compliance with the rules applicable in the markets in which the Group operates may thus have a material negative impact on the Group's reputation, operations and results of operations.

On 16 July 2020, the Court of Justice delivered judgment in Case C-311/18 (so-called "**Schrems II**") concerning the admissibility of the transfer of personal data from operators established within the EU/EEA to countries outside the EU/EEA ("**third countries**"). The ruling invalidates the certification that companies had previously relied on when transferring personal data to the United States, known as "Privacy Shields", with immediate effect. The ruling also limited the use of EU standard contractual clauses for transfer to third countries. The European Data Protection Board (EDPB) provided guidance, in its recommendations 01/2020 and 02/2020, on the processing of the transfer of personal data to third countries. It follows from the guidance that, despite the fact that EU standard contractual clauses are applied as a transfer mechanism, exporters are obliged to carry out a risk analysis of the transfers of personal data carried out and to take additional security measures to the extent that the legislation of the recipient country restricts the protection of privacy. Such additional security measures may include, for example, encrypting personal data both in transit and during storage.

On 4 June 2021, the European Commission adopted a new set of standard contractual clauses for the transfer of personal data to third countries. Agreements that contain the previous standard contractual clauses must be replaced by the new standard contractual clauses before 27 December 2022. The new standard contractual clauses contain corresponding requirements for risk analysis regarding the recipient country's legislation that apply in accordance with the EDPB's guidelines. The ruling and the new standard contractual clauses result in the Group being required to carry out comprehensive legal risk analyses and renegotiate existing agreements. Furthermore, there is a risk that the Group may be limited in its choice of suppliers and partners, or fail to comply with the GDPR as a result of unauthorised transfer of personal data to third countries, which may have a material negative impact on the Group's operating expenses, operations and results of operations.

### Risks related to gaming regulation issues

The gaming industry is being increasingly monitored by authorities in the various jurisdictions in which the Group operates. One aspect of games that is being reviewed is so-called loot boxes and similar elements with game-like features included in some of the gaming products within in the Group's portfolio. Questions about whether loot boxes and similar in-game features fall within the definition of a regulated game have been discussed on an ongoing basis by individual countries within the European Union, the United Kingdom, the United States and other jurisdictions, and are under increasing scrutiny from authorities.

In December 2017, Apple updated its terms of service to require publishers of applications containing loot boxes to disclose the odds of receiving each type of item in each loot box to players prior to purchase. Google similarly updated its terms of service in May 2019. Loot boxes are a commonly used monetisation technology in free-to-play mobile games where a player can acquire a virtual loot box without knowing which virtual item or items he or she will receive (which may be a common, rare or extremely rare item and may be duplicated by an item that the player already has in its inventory) until the loot box is opened. The player will always receive one or more virtual items when it opens the loot box. If Apple, Google or any of the Group's other platform providers were to change their service development terms to include more onerous requirements or if any of the Group's platform providers prohibit the use of loot boxes in games distributed on its digital platform, the Group would need to restructure the monetisation of the affected games in order to continue distribution on current platforms, which would likely cause a decrease in revenue from those games. If Apple, Google or any of the Group's other platform providers cease the distribution of any or all games, the Group would temporarily or permanently lose the revenue stream associated with the distribution of relevant games from such platform. If the Group is forced to restructure its monetisation or is prevented from distributing one or more games on any platform, it could have a material negative impact on the Group's operations, net revenues and results of operations.

New rules on monetisation mechanisms, which may vary greatly between jurisdictions and which the Group may need to comply with, could require certain game mechanics to be changed or removed from games, which may affect player engagement and monetisation from the games or otherwise damage the Group's business performance. It is difficult to predict how existing or new laws can be applied to these or similar game mechanics. In addition, the increased attention on liability issues due to lawsuits and bills may damage the Group's reputation or otherwise affect the growth of the Group's operations. The close monitoring of new and changed regulations in all jurisdictions in which the Group operates entails costs for legal advisors and may lead to both reduced revenues and increased costs should an unforeseen adaptation of the games be required in order not to violate applicable regulations or as a result of the monetisation mechanism applied in the games not being considered lawful. Furthermore, the Group may incur unexpected costs if authorities impose fines on the Group due to the Group having made a different assessment and application of regulations. Accordingly, the aforementioned risks may have a material negative impact on the Group's operations, operating expenses, net revenues and results of operations.

### Risks related to changes in taxation or interpretation and application of applicable tax laws

The Group's operations are conducted through subsidiaries in several jurisdictions, and the Group is therefore tax resident in Sweden as well as several other jurisdictions. In 2020 and 2021, the tax for the year amounted to SEK 219 million and SEK 197 million, respectively. The Group's tax position, both with respect to previous, current and future years, may change as a result of decisions by local tax authorities or changes to laws or regulations (including applicable tax rates or precedents in the jurisdictions in which the Group operates). This could result in increased future tax costs for the Group as well as costs attributable to the interpretation of, and adaptation to, potential changes in tax legislation. As an example, new tax legislation focusing on digital services, which may become relevant in certain jurisdictions in which the Group operates, may negatively affect the Group through increased tax costs.

The Group conducts and reports its operations in accordance with internal rules and in line with professional advisors' interpretation of applicable tax legislation, regulations, administrative proceedings and legal precedents in the jurisdictions in which the Group operates. There is a risk that tax authorities, courts or other public entities consider the Group's interpretation and application of the tax legislation to be incorrect. For example, when the Company is acquiring shares in companies from private individuals, there is a risk that the expected tax treatment in connection with the transaction and the payment of the purchase price or earn-out consideration prove to be wrong, which could lead to non-beneficial taxation of private individuals and/or unexpected social fees for the Group. Moreover, the right to deduct transaction costs may be limited in certain cases, which may result in increased tax costs for the Group. Since the Group's Executive Management is partially located outside of Sweden, the Company may have to register and pay tax in other jurisdictions than Sweden. In addition, systematic errors by the Group, for example, with respect to value-added tax or transfer pricing, may be accumulated over several years and have to be corrected, which could result in large one-time costs for the Group.

If tax legislation in one or several jurisdictions in which the Group operates changes or is misinterpreted by the Group, the Group may be imposed further taxes, interest, fees or sanctions that adversely affect the Group's liquidity, financial position and operating profit.

### The Group is subject to laws, regulations and rules in several different jurisdictions

The Group's studios and games are available in a large number of jurisdictions worldwide, many of which have their own individual regulations governing the running of business operations in general and online gaming in particular. Stillfront's operations in the global online gaming market and its geographical spread expose the Group to risks related to sustainability factors such as human rights, working conditions and corruption. The Group closely monitors its compliance with such regulations as well as any changes thereto to ensure that it always complies with applicable regulations in the online gaming industry. However, there is a risk that the Group is not always fully compliant with all local laws and regulations due to a different interpretation of applicable rules than the authorities, which may result in the Group being subject to legal proceedings, complaints or injunctions, or that fines, damages or other charges will be directed at the Group. This may incur costs for the Group and adversely affect the Group's reputation. Such risks may be accentuated in a decentralised organisational model ( see "*The Group applies a decentralised organisational model that may adversely affect the Group's corporate governance, internal control, financial reporting and decision-making*" below).

Through the acquisition of 6waves, who develops games in China and has an office in Beijing, the Group must also comply with Chinese laws and regulations. The Group's ability to conduct game development in China is dependent on a number of factors, including macroeconomic, other market conditions and political factors and Stillfront may be adversely affected by the complexity, uncertainties and changes in Chinese regulations governing the online gaming industry. For example, in China, the validity, enforceability and scope of protection available under the relevant intellectual property laws is uncertain and still evolving. There is a risk that the regulatory and political environment in China may change rapidly and impede Stillfront's game development in East Asia.

Furthermore, the Group is obliged to maintain a trading license for its business activities in the United Arab Emirates. Although the Group's operations do not currently require any other specific permits or licenses, applicable laws are constantly reviewed and amended by the regulatory authorities of the relevant countries. There is a risk that the Group may be subject to such additional laws, regulations and rules, directly or indirectly, or that its trading license in the United Arab Emirates is revoked, which would prevent the relevant subsidiary from operating as planned, thereby losing revenue and possibly contributing to the costs of closing or divesting the operations.

Even if the Group takes measures to prevent minors from playing the Group's online games, there is a risk that some users playing the Group's games are minors. This could result in negative publicity that may damage the Group's reputation and lead to a loss of users, or result in disputes that are time consuming and costly for the Group, both of which may have a material impact on the Group's profitability, revenues and results of operations.

The Group is also subject to anti-spam regulations in certain jurisdictions where it operates, which limit the Group's use of, for example, email and SMS/text message as a marketing channel. In some jurisdictions, marketing is a strictly regulated measure that requires explicit consent and is a highly contentious issue. The Group promotes its games in some of these jurisdictions, thus exposing the Group to a risk of violating relevant regulations and incurring complaint and claims. In this regard, claims addressed to the Group may be detrimental to the Group's reputation, while also being costly and time consuming, and may thus have a material negative impact on the Group's net revenues, results of operations and reputation.

### Resistance to so-called interactive social gaming

In September 2018, the World Health Organization added "gambling disorder" to the international classification of diseases, and defined the disease as a behavioural pattern characterised by impaired control over games and an increase in game priority over other interests and daily activities. The awareness of these issues has increased in the wake of the Covid-19 pandemic, as time and activities linked to mobile phones, tablets and computers has increased as people spend more time at home and on their devices. Some jurisdictions have anti-gambling lobbying groups that specifically target social casino games which the Group offers through, for example, its game studios Moonfrog Labs and Super Free Games. In such jurisdictions, the opposition could lead to the passing of legislation or introduction of regulations to specifically control interactive social or social casino games, which may result in a complete ban on interactive social or social casino games, limit the Group's ability to advertise games or significantly increase the Group's costs for complying with such rules. This may have a material negative impact on the Group's operations, operating expenses, net revenues and results of operations. The Group is, however, currently unable to predict the probability, timing, scope or terms of such legislation or regulation or the extent to which it may affect the Group's operations.

### Risks related to competition law issues

In connection with acquisitions and possible divestments, the Company itself, together with counterparties and the respective parties' advisors, conducts competition law and other ownership change-related analyses, and makes notifications to the competition authorities deemed relevant. If such analyses fail and the competition authority, or other authority, questions transactions, analyses and/or notifications, or if the Group otherwise acts in violation of applicable competition rules, it may result in fees and other sanctions being imposed on the involved parties and, in particular cases, that the transactions carried out are deemed invalid, which may have a material negative impact on the Group's operations and results of operations.

### Risks related to reclassification of consultants

Consultants are often hired throughout the Group. In several of the jurisdictions in which the Group operates, hiring consultants instead of having own employees normally entails a risk that a contractual relationship will be reclassified as employment for consultants. In the event of such a reclassification, the consultant would typically be entitled to protection from dismissal and the relevant Group company would be liable to pay tax and social fees on the remuneration paid to the consultant, and possibly employment-related compensation such as holiday pay and pension benefits. This may result in the Group incurring unexpected fees in its capacity as employer for the hired consultants, which may have a material negative impact on the Group's results of operations.

### Risks related to the use of temporary workers

The Group uses, or has used, and may in the future use, temporary workers. The labour hire of workers/temporary workers is strictly regulated in some of the countries in which the Group operates and non-compliance may have an economic impact on both the company renting out the labour and the company hiring the labour. The main risk associated with such contracting labour is, to the extent that it is not conducted in accordance with applicable regulations, that the temporary employees in question may demand to become employed by the company that is hiring them (including employment law consequences such as protection from dismissal, withholding tax and social fees). Failure to comply with current regulations, for example in Germany as well as other jurisdictions in which the Group operates, is also an administrative offence which may result in the imposition of substantial fines on both the company hiring the labour and the company renting out the labour. In Germany, for example, such fines may amount to EUR 30,000 and in some cases up to EUR 500,000. The above risk may result in the Group, in its capacity as employer, being subject to unexpected fees and high fines if the Group does not comply with the rules on temporary workers, which may have a material negative impact on the Group's results of operations.

## Risks related to internal control

### If the Group fails to adequately manage growth, its operations may be adversely affected

The Group has experienced rapid growth, which increases the demands on the Group's management, operational control, information and reporting systems and financial control. In order to achieve its revenue and growth goal of reaching SEK 10 billion in net revenues by 2023, the Company must successfully manage business opportunities, revenue streams, the quality of products and services and the operations in general. In addition, the Company must be able to increase capacity and strengthen the infrastructure in line with user demand in the jurisdictions in which the Group operates. This requires the Group to retain and hire qualified personnel in order to meet the new challenges posed by growth. The Company may need to explore new and diversified monetising strategies and the increasing complexity of the business may place additional demands on the Company's systems, controls, procedures and management team, which may affect the Company's ability to successfully manage future growth. There is a risk that the Company will not be able to successfully implement revenue or cost strategies, which may lead to delays in meeting user demand. Future growth will also entail increased responsibility for the Group's management with respect to the need to identify, recruit, train and integrate additional employees. There is a risk that the Company will not be able to handle such development and growth in the future or in a desirable manner, which may have a material negative impact on the Group's net revenue growth, operating expenses and results of operations.

### The Group applies a decentralised organisational model that may adversely affect the Group's corporate governance, internal control, financial reporting and decision-making

The Group applies a decentralised organisational model, which means that the subsidiaries are largely responsible for and conduct their respective operations independently of the Company, and that the number of cross-subsidiary collaborations within the Group is limited. To ensure that the Group maintains the necessary level of internal control and governance while maintaining its decentralised structure, each subsidiary is required to refer certain decisions or provide certain information to the Company's Board of Directors.

Corporate governance in a decentralised organisation places high demands on financial reporting and follow-up. If the Company's corporate governance and internal control procedures prove to be insufficient or are not properly implemented or applied, there is a risk that the Group will not be able to deliver the necessary financial information and effectively monitor the Group companies' operations, financial position, risk management and compliance. This may, for example, relate to non-compliance with laws and regulations related to, among other things, human rights, money laundering, IT security and data protection (including GDPR), corporate governance, export controls and sanctions, IFRS and other rules relating to accounting and financial reporting, tax, environment, work environment, business ethics and equal treatment. Since Stillfront's operations are global and its organisational structure decentralised, where the various studios have both operational responsibility and responsibility for results and thus conduct their respective operations without involving group-wide functions in all business decisions, it is complex and time-consuming to fully monitor and control that the entire organisation complies with internal policies and codes of conduct. This risk increases as the number of Group companies and studios increases. Inadequate and inefficient corporate governance or internal control may cause the Group to suffer unexpected costs and damage public confidence in the Group, which risks reducing demand for the Group's products and eventually reducing revenues. This could have a material negative impact on the Group's net revenues, operating expenses and results of operations.

The Group's operations are conducted through the subsidiaries and the Company is dependent on receiving funding from its subsidiaries. In certain jurisdictions where the Group operates, there are legal or financial restrictions that limit the possibility for the subsidiaries to transfer funds to the Company through, for example, dividends, loans or advances. Examples of such restrictions include currency control rules that restrict or prohibit subsidiaries from transferring funds outside the countries in which they are incorporated without the required permits from relevant authorities. Such restrictions are applicable in India, Bangladesh and Ukraine where the Company's subsidiaries Moonfrog Labs, ULKA Games Limited and Game Labs, respectively, are incorporated. The transfer of funds outside these countries without the necessary permits may lead to sanctions and fines. Consequently, there is a risk that the Company may not receive funding from Moonfrog Labs, ULKA Games Limited and/or Game Labs due to these restrictions. Dividends from the subsidiaries may also result in certain tax consequences, such as the obligation to withhold tax at source for the subsidiaries.

## Risks related to the Company's shares

### The future price of the Company's shares cannot be foreseen, the share price may fluctuate, and the liquidity of the Company's shares may be limited

The value of the Company's shares may increase but also decrease, and there is a risk that investors will not get back all or part of the capital invested. An exhaustive analysis of the Company, its market and general information should therefore precede any investment in the Company. Various factors beyond the Company's control, such as but not exclusively, market conditions on the stock market in general or in particular in the industry in which the Group operates, actual or expected fluctuations in the Group's quarterly financial and operating results, the launch of new products and services by the Group or its competitors, the issuance of new or amended reports or recommendations from securities analysts, sales of large share items, new or departing key employees, regulatory developments, litigation and government investigations, as well as economic and political conditions or events may cause fluctuations in the market price and demand for the Company's shares, which may limit or prevent investors from quickly selling their shares and otherwise adversely affect the liquidity of the Company's shares. The market for trading in the Company's shares may also be affected by research and reports on the Group or its operations published by industry and securities analysts. If one or more of these analysts stop following the Company or do not publish regular reports, investors' insight into the Group's expected financial results may decrease, which in turn may result in a decrease in the share price or trading volumes. In addition, the share price may decrease if one or more of the analysts who follow the Company downgrade the shares or if the Company's results does not fulfil their expectations.

Furthermore, the financial market may be volatile and share prices may be subject to extraordinary fluctuations for the foreseeable future, which is why there is a risk that the share price of the Company's shares will follow the general market volatility due to the continuation and development of Covid-19 pandemic and possible mutations of the virus. This is despite the Group's operational and financial development in general, and that the Company's share is thus at risk of decreasing in value.

### Future issues may adversely affect the value of the shares and lead to dilution

The Company may seek additional capital to finance operating activities or to make additional acquisitions, pay earn-out consideration or carry out other investments. Such funding may be sought through new issues of shares, warrants, other equity securities or convertible debt securities without preferential rights for the shareholders and through the issuance of additional bond loans. In connection with acquisitions, the Company has entered into commitments to pay earn-out consideration to sellers in the form of newly issued shares in the Company. Furthermore, there are warrants issued within the framework of incentive programmes. Issues of shares without preferential rights for shareholders entailing a dilution of existing shareholders' share in the Company. In addition, there is a risk that the Company will not be able to obtain funding through issues of shares on reasonable terms. If the Company were not to receive such funding on reasonable terms or if dilution occurs, it could have a material negative impact on the current market price of the Company's shares.

### Future dividends

In order to support value creation, Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions and is therefore not expected to pay dividends during the financial years 2021–2023. A dividend presupposes that the Group's financial position is sufficient for operating activities while the Group's expansion plans may be completed. The financing agreements entered into by the Company also include provisions that may limit the possibility to issue dividends. This may affect both the possibility to resolve on dividends in the Company at all, and the size of future dividends.

Any future dividends that the Company may issue will therefore depend on a number of factors, such as the Company's future revenues, financial position, cash flows, working capital needs, investment costs and other factors. The Company or its subsidiaries or associated companies may also lack sufficient distributable funds and its shareholders may not resolve to issue dividends.

### Future sale of the Company's shares

In the acquisition agreements for the acquisition of new companies, where a certain amount of the purchase price is paid to the sellers through newly issued shares in the Company, the Company negotiates lock-up agreements. Through the lock-up agreements, sellers who receive share consideration undertake not to sell or otherwise divest their respective shareholdings in the Company during the lock-up period. The lock-up period is normally between six and 18 months, sometimes even longer periods, from the date on which the sellers received the shares in question. As lock-up agreements terminates, there is a risk that a large share of the Company's shares will be divested at the same time, which may adversely affect the share price of the Company's shares.

### Shareholders in other jurisdictions are subject to specific risks

The Company's shares are admitted to trading on Nasdaq Stockholm in SEK and the Company will only pay any dividend in SEK. This may result in shareholders domiciled outside Sweden, having a negative effect on the value of their holdings and potential dividends when they are converted into other currencies, if SEK decreases in value in relation to the currency in question. In some jurisdictions, including Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa and the United States, there may also be securities laws that prevent shareholders domiciled in such jurisdictions from participating in new issues and other offers of transferable securities to the public. Consequently, if the Company issues new shares with preferential rights to the Company's shareholders in the future, shareholders in such jurisdictions may be subject to restrictions that result in that they cannot exercise their preferential rights or that their participation is otherwise impeded or restricted. Such restrictions pose a significant risk of dilution for shareholders in the United States and other jurisdictions where such restrictions are applied.

## Risks related to the rights issue

### There is a risk that trading in subscription rights and BTA may be limited

A person who is registered as a shareholder of Stillfront on the record date will receive subscription rights pro rata to its existing shareholding. The subscription rights are expected to have an economic value, which will only accrue to the holder if the holder either exercises the rights and subscribes for new shares not later than 16 March

2022 or sells them not later than 11 March 2022. After 16 March 2022, unexercised subscription rights will be removed, without notice, from the holder's securities account, whereupon the holder will entirely miss out on the expected economic value of the subscription rights. Both subscription rights and paid subscribed shares (Sw. *betalda tecknade aktier* – "**BTA**") which, following payment, are recorded on securities accounts belonging to subscribers for new shares, will be the subject to trading on Nasdaq Stockholm for a limited time. During the period in which trading in BTA is expected to take place on Nasdaq Stockholm (2 March 2022 up to and including 25 March 2022), there may be limited trading in these instruments, which may cause problems for individual holders to sell their subscription rights and/or BTA, with the result that the holder cannot receive compensation for the economic dilution effect of the rights issue (see "*Shareholders who do not participate in the rights issue will suffer dilution*" below*)*. Investors thus risk being unable to realise the value of their BTAs. Such circumstances may constitute a significant risk for individual investors. Limited liquidity may also reinforce the fluctuations in the market price for subscription rights and/or BTA. There is thus a risk that the pricing of these instruments will be incorrect or misleading.

### Shareholders who do not participate in the rights issue will suffer dilution

For shareholders who are unable or for other reason chooses not to exercise or sell their subscription rights in the forthcoming rights issue in accordance with the procedure described in this prospectus, the subscription rights will lapse and become worthless without the holder being entitled to any compensation. Consequently, such shareholders' proportionate ownership and voting rights in Stillfront will diminish. Shareholders who choose not to participate in the rights issue will have their holdings diluted by a total of 117,014,379 new shares, corresponding to approximately 23.1 per cent of the total number of shares in Stillfront after the rights issue. Furthermore, such shareholders will not be compensated for the dilution of Stillfront's earnings per share by up to 23.1 per cent, which the rights issue entails. Their relative share of Stillfront's equity will also diminish. If a shareholder chooses to sell unexercised subscription rights or if such subscription rights are sold on behalf of the shareholder, there is a risk that the compensation that the shareholder receives for the subscription rights on the market will not correspond to the economic dilution of the shareholder's ownership in Stillfront following completion of the rights issue. This constitutes a significant risk for individual shareholders.

### Non-secured subscription and guarantee commitments, etc.

The shareholder Laureus Capital GmbH ("**Laureus**") – which, as of the date of this prospectus, holds approximately 11.9 per cent of the shares and votes in Stillfront – has, on customary terms and conditions, undertaken to subscribe for its pro rata share in the forthcoming rights issue. In addition, Laureus has undertaken to guarantee the subscription of the rights issue up to a total amount of SEK 300 million, less the amount covered by its subscription undertaking. In total, Laureus's combined subscription and guarantee undertaking corresponds to approximately 15.1 per cent of the rights issue. However, the undertakings are not secured through, for example, bank guarantee. Consequently, there is a risk that Laureus will fail to perform its undertakings. In addition, Swedbank Robur Funds, AMF Pension & Funds and TIN Funds, which, as of 15 February 2022, together held approximately 13.4 per cent of the shares and votes in Stillfront, have declared their intention to subscribe for their respective pro rata share of the rights issue. In the event the above-mentioned subscription or guarantee commitments or declarations of intent are not fulfilled, this will adversely affect Stillfront's possibilities to successfully carry out the rights issue.

# INVITATION TO SUBSCRIBE FOR SHARES IN STILLFRONT GROUP AB (PUBL)

On 19 January 2022, the Board of Directors of Stillfront resolved, subject to approval by the general meeting, to increase the Company's share capital through a rights issue with preferential rights for Stillfront's shareholders. On 21 February 2022, the Board of Directors of Stillfront resolved on the terms of the rights issue, including subscription price and subscription ratio. The Board of Directors' rights issue resolution was approved by the Extraordinary General Meeting on 23 February 2022.

The rights issue resolution entails that Stillfront's share capital will increase by a maximum of SEK 8,191,006.53, from the current SEK 27,303,355.52, to not more than SEK 35,494,362.05, through the issuance of not more than 117,014,379 new shares. After the rights issue, the number of shares in Stillfront will amount to not more than 507,062,315 shares. Stillfront's shareholders have preferential rights to subscribe for new shares in relation to the number of shares previously held. The record date for participation in the rights issue is 1 March 2022.

Each existing share held on the record date entitles to one (1) subscription right. Ten (10) subscription rights entitle to subscription for three (3) new shares. To the extent that new shares are not subscribed for by exercise of subscription rights, they shall be allotted to shareholders and other investors who have subscribed for shares without exercise of subscription rights in accordance with the principles set out in "*Terms and conditions*". Subscription shall take place during the period from and including 2 March 2022 up to and including 16 March 2022, or such later date as determined by the Board of Directors, and otherwise in accordance with the instructions included in the section "*Terms and conditions*".

The subscription price has been set at SEK 17 per share. Provided that the rights issue is fully subscribed, Stillfront will consequently raise approximately SEK 1,989 million before transaction costs.[1]

Shareholders who choose not to participate in the rights issue will have their holdings diluted by up to approximately 23.1 per cent, but have the possibility to compensate themselves financially for the dilution by selling their subscription rights.

## Subscription and guarantee undertakings, etc.[2]

The shareholder Laureus – which, as of the date of this prospectus, holds approximately 11.9 per cent of the shares and votes in Stillfront – has, on customary terms and conditions, undertaken to subscribe for its pro rata share in the forthcoming rights issue. In addition, Laureus has undertaken to guarantee the subscription of the rights issue up to a total amount of SEK 300 million, less the amount covered by its subscription undertaking. In total, Laureus's combined subscription and guarantee undertaking corresponds to approximately 15.1 per cent of the rights issue. In addition, Swedbank Robur Funds, AMF Pension & Funds and TIN Funds, which, as of 15 February 2022, together held approximately 13.4 per cent of the shares and votes in Stillfront, have declared their intention to subscribe for their respective pro rata share of the rights issue.[3]

*The shareholders of Stillfront are hereby invited to subscribe for new shares in Stillfront with preferential rights in accordance with the terms and conditions of this prospectus.*

Stockholm, 25 February 2022
**Stillfront Group AB (publ)**
*The Board of Directors*

[1] Transaction costs estimated at approximately SEK 37 million will be deducted from the rights issue proceeds of not more than approximately SEK 1,989 million. Net of transaction costs, Stillfront is estimated to raise a maximum of approximately SEK 1,952 million through the rights issue.

[2] See "*Subscription and guarantee undertakings, etc.*" in the section "*Legal considerations and supplementary information*".

[3] See "*Non-secured subscription and guarantee commitments, etc.*" in the section "*Risk factors*".

# BACKGROUND AND REASONS

On 19 January 2022, Stillfront announced that the Company had entered into an agreement to acquire 6waves. The acquisition was completed on 1 February 2022, whereby Stillfront accessed 100 per cent of the shares. The initial purchase price amounted to USD 201 million on a cash and debt free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront. The acquisition was financed through Stillfront's existing credit facilities and existing cash and cash equivalents.

The acquisition of 6waves is another important step in Stillfront's ambition to build the leading free-to-play powerhouse of gaming studios. Stillfront believes that 6waves is one of the leading publishers of mobile free-to-play strategy games in Japan. With the acquisition, Stillfront intends to establish a strong foothold in East Asia and significantly strengthen Stillfront's presence in the attractive Japanese gaming market. 6waves adds several top grossing strategy titles to Stillfront's portfolio and is expected to provide a powerful platform with local expertise for continued growth through add-on acquisitions in East Asia. See "*The acquisition of 6waves*" in the section "*Business description*" for additional information.

## Use of proceeds

The rights issue will, if fully subscribed, raise approximately SEK 1,989 million for Stillfront before deduction of transaction costs, which are estimated at approximately SEK 37 million. The net proceeds of approximately SEK 1,952 million are intended to be used to repay the temporary increase in debt that the acquisition of 6waves has entailed and to strengthen the balance sheet after the acquisition of 6waves, and thereby increase Stillfront's financial flexibility in order to take advantage of future acquisition opportunities in line with Stillfront's growth strategy.

*The Board of Directors of Stillfront is responsible for the content of this prospectus. To the best knowledge of the Board of Directors, the information provided in the prospectus is in accordance with the facts and nothing has been omitted that is likely to affect its import.*

Stockholm, 25 February 2022

**Stillfront Group AB (publ)**
*The Board of Directors*

# TERMS AND CONDITIONS

## Preferential rights and subscription rights

The offering encompasses not more than 117,014,379 new shares in Stillfront. Those who are registered as shareholders in Stillfront's share register maintained by Euroclear Sweden on the record date 1 March 2022 will receive one (1) subscription right for each share held in Stillfront. Ten (10) subscription rights entitle to subscription for three (3) new shares. Only entire shares can be subscribed for (i.e., no fractions). Application for subscription for new shares can also be made without subscription rights. Such applications must be made on the application form "Subscription of shares without subscription rights" (see "*Subscription for shares without subscription rights*" below).

Shareholders who choose not to participate in the rights issue will have their holdings diluted by a total of 117,014,379 new shares, corresponding to approximately 23.1 per cent of the total number of shares in Stillfront after the rights issue. These shareholders can financially compensate for the dilution effect by selling their subscription rights.

## Subscription price

The subscription price is SEK 17 per share. Stillfront does not charge any fees or other costs in connection with the rights issue. No commission will be charged.

## Record date

The record date for determining which shareholders are entitled to receive subscription rights under the rights issue is 1 March 2022. The Company's shares are traded including the right to receive subscription rights up to and including 25 February 2022. The shares are traded excluding the right to receive subscription rights from and including 28 February 2022.

## Subscription period

Subscription for new shares is to be carried out during the period from and including 2 March 2022 up to and including 16 March 2022. The Board of Directors reserves the right to extend the subscription period.

## Trading in subscription rights

Trading in subscription rights takes place on Nasdaq Stockholm during the period from and including 2 March 2022 up to and including 11 March 2022 under the short name (ticker) SF TR. The ISIN code for the subscription rights is SE0017564016. Swedbank and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of subscription rights. If a shareholder does not exercise its subscription rights through payment by 16 March 2022 or does not sell its subscription rights by 11 March 2022, such shareholder's unexercised subscription rights will lapse without value and the holder will not receive any compensation.

## Admission to trading in the new shares on Nasdaq Stockholm

Stillfront's shares are admitted to trading on Nasdaq Stockholm. Following registration of the new shares with the Swedish Companies Registration Office (Sw. *Bolagsverket* – the "**SCRO**"), the new shares will be admitted to trading on Nasdaq Stockholm. The shares are expected to be admitted to trading on Nasdaq Stockholm on or around 29 March 2022, subject to registration with the SCRO. Shares are expected to be registered in securities accounts on or around 31 March 2022.

## Right to dividend

The new shares carry the right to dividend for the first time on the dividend record date that occurs immediately following the registration of the new shares with the SCRO and entering in the share register of Euroclear Sweden. Dividends are paid following a resolution by the general meeting. Payment of dividends will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the respective nominee. The right to dividend accrues to those who on the record date were registered as owners of shares in the share register maintained by Euroclear Sweden.

## Announcement of the outcome of the rights issue

Stillfront will announce the preliminary outcome of the number of shares subscribed for in the rights issue through a press release on or around 17 March 2022. Stillfront will announce the final outcome of the number of shares subscribed for in the rights issue through a press release on or around 18 March 2022.

## Issue statement

### Directly registered shareholders

A so-called "CEO-letter", instructions in the form of a "How to proceed" as well as a pre-printed issue statement with attached bank giro slip will be sent to directly registered shareholders and representatives of shareholders who, on the record date 1 March 2022, were registered in the share register maintained by Euroclear Sweden on behalf of Stillfront, with the exception of those resident in certain unauthorised jurisdictions (see the section "*Shareholders in certain unauthorised jurisdictions*" below). The issue statement shows, inter alia, the number of subscription rights received and the total number of new shares that may be subscribed for. No securities notification will be issued regarding registration of subscription rights in securities accounts. Shareholders who are included in the separate list of pledge holders and trustees maintained in connection with the share register will not receive any issue statement and will be notified separately.

### Nominee-registered shareholders

Shareholders whose holdings are nominee-registered with a bank or other nominee will not receive any information letter or issue statement. Instead, subscription and payment should be carried out in accordance with instructions from the respective nominee.

### Shareholders in certain unauthorised jurisdictions

Allotment of subscription rights and new shares through the exercise of subscription rights to persons who are resident in other countries than Sweden, Denmark and Finland (into which the prospectus will be passported) may be affected by securities legislation in such countries. For example, shareholders who have their shares directly registered in securities accounts with registered addresses in United States, Australia, Hong Kong, Japan, Canada, New Zeeland, Singapore or South Africa (subject to certain exceptions) or any other jurisdiction where participation in the rights issue would require any additional prospectus, registration or other regulatory approval will not receive this prospectus. In addition, such shareholders will not receive any subscription rights in their securities accounts. The subscription rights that otherwise would have been registered to such shareholders will be sold and the sales proceeds will be paid to such shareholders (with deduction for costs). Amounts of less than SEK 100 from such sales will not be paid out.

Even if nominees with directly registered holdings (unless they have registered addresses in any unauthorised jurisdiction) are expected to receive subscription rights in their securities accounts, shareholders resident in one of the above unauthorised jurisdictions will, subject to certain exceptions, not be entitled to participate in the rights issue. Notwithstanding the above, in the United States, QIBs will be eligible to participate in the rights issue and allowed to participate if they have issued and delivered a so-called "investor letter" in prescribed form to Stillfront. Banks, nominees, or other financial intermediaries holding shares for shareholders in Stillfront (i.e. nominee-registered shares) may not, without Stillfront's consent, or pursuant to instructions provided by Stillfront, Stillfront's financial advisers in connection with the rights issue or representatives of either of them, send this prospectus, the "investor letter", the pre-printed issue statement or other documents in connection with the rights issue to shareholders who have an address in, or are located or resident in, any unauthorised jurisdiction.

## Subscription for shares by exercise of subscription rights

Subscription for new shares by exercise of subscription rights is to be carried out through cash payment during the period from and including 2 March 2022 up to and including 16 March 2022. Upon expiry of the subscription period, unexercised subscription rights will be invalid, and will be deleted from the holder's securities account without notice from Euroclear Sweden. To ensure that the value of the subscription rights obtained is not lost, the holder must either:

- exercise the subscription rights and subscribe for new shares no later than 16 March 2022, or
- sell the subscription rights that have not been exercised no later than 11 March 2022.

An application for subscription for new shares by exercise of subscription rights is irrevocable and subscribers may not cancel or modify a subscription for new shares.

### Directly registered shareholders resident in Sweden

Subscription for new shares by exercise of subscription rights is to be carried out through cash payment, either by use of the pre-printed bank giro slip or a separate application form, with concurrent payment in accordance with one of the following options:

- the bank giro slip is to be used if all subscription rights in the issue statement from Euroclear Sweden are to be exercised; or
- the application form for subscription of shares by exercise of subscription rights is to be used if subscription rights have been purchased, sold or transferred from another securities account, or if, for some other reason, the number of subscription rights to be exercised differs from the number on the issue statement. Payment for subscribed new shares must be made concurrent to submitting the application form for subscription of shares by exercise of subscription rights, which may be obtained from Swedbank, www.swedbank.se/prospekt, or Stillfront, www.stillfront.com.

Payment of exact amount must be received by Swedbank no later than 16 March 2022.

### Directly registered shareholders who are not resident in Sweden

Directly registered eligible shareholders who are not resident in Sweden and who are not subject to the restrictions described in "*Shareholders in certain unauthorised jurisdictions*" and who cannot use the pre-printed bank giro slip, may pay in Swedish kronor (SEK) through a foreign bank in accordance with the following:

Stillfront Group AB (publ)
c/o Swedbank Emissioner C66
SE-105 34 Stockholm, Sweden
SWIFT: SWEDSESS
IBAN-number: SE4880000890117346832962
Account name: Stillfront Group AB

Upon payment, the subscriber's name, address, securities account number and the reference "Stillfront" must be stated. Application form and payment must be received by Swedbank, Emissioner C66, SE-105 34 Stockholm, Sweden no later than 16 March 2022.

### Nominee-registered shareholders

Nominee-registered shareholders who wish to subscribe for new shares by exercise of subscription rights shall apply to subscribe for shares in accordance with the instructions from their respective nominee or nominees.

### Paid subscribed shares (BTA)

After subscription and payment for new shares by exercise of subscription rights, Euroclear Sweden will distribute a securities notification as confirmation that the paid subscribed shares (Sw. *betalda tecknade aktier* – "**BTA**") have been registered in the subscriber's account. The new shares subscribed for by exercise of subscription rights will be registered as BTA in the account until registration of the rights issue has been made with the SCRO. The shares subscribed for by exercise of subscription rights are expected to be registered with the SCRO on or around 22 March 2022. Subsequently, the BTA will be re-registered as shares, which is expected to take place on or around 31 March 2022. No securities account notification will be sent in connection with this re-registration.

### Trading with BTA

BTA subscribed for by exercise of subscription rights will be admitted to trading on Nasdaq Stockholm. Trading with BTA subscribed for by exercise of subscription rights are expected to take place on Nasdaq Stockholm from and including 2 March 2022 up to and including 25 March 2022 under the short name (ticker) SF BTA. Swedbank and other securities institutions will provide brokerage services in connection with the purchase and sale of BTA subscribed for by exercise of subscription rights. The ISIN code for BTA is SE0017564024.

## Subscription for shares without subscription rights

### Directly registered shareholders

Application for subscription for new shares without subscription rights is to be made on the application form for subscription without subscription rights. An incomplete or wrongfully completed application form may be discarded without being considered. Please note that the registration is binding. Only one application form per person may be submitted. If several application forms are submitted, only the application form first received by Swedbank will be considered.

An application form may be obtained from Swedbank (www.swedbank.se/prospekt) or Stillfront (www.stillfront.com). The application form must be sent to Swedbank AB (publ), Emissioner C66, SE-105 34 Stockholm, Sweden and be received by Swedbank no later than 16 March 2022.

### Nominee-registered shareholders

Nominee-registered shareholders who wish to subscribe for new shares without subscription rights may apply for subscription in accordance with the instructions from their respective nominee or nominees.

### Requirement for NID/LEI number

As of 3 January 2018, investors are required to have a global identification code in order to carry out a securities transaction pursuant to Directive 2014/65/EU of the European Parliament and of the Council. These requirements result in legal entities needing to apply for registration of a LEI code (Legal Entity Identifier) and natural persons needing to find out their NID number (National ID or National Client Identifier) in order to participate in the rights issue. Please note that it is the legal status of the shareholder that determines whether a LEI code or a NID number is needed, and that an issuing institution may be prevented from carrying out the transaction for the shareholder in question.

## Allotment of shares subscribed for without subscription rights

If not all of the shares are subscribed for by exercise of subscription rights, the Board of Directors shall resolve on allotment of shares subscribed for without the exercise of subscription rights up to the maximum amount of the rights issue. In such case, priority will be given firstly to those who have subscribed for shares by the exercise of subscription rights and, in addition, have applied for subscription without subscription rights (including Laureus according to its guarantee undertaking), irrespective of whether the subscriber was a shareholder on the record date or not and, in case of oversubscription, pro rata in relation to the number of subscription rights each one has exercised for subscription of shares. Secondly, allotment shall be made to others who have applied for subscription without subscription rights (the general public in Sweden and qualified investors) and, in case of oversubscription, pro rata in relation to the number of shares stated in each subscription application. Thirdly, allotment shall be made to other than Laureus who have entered into guarantee commitments with the Company up to their respective guarantee amount, and in case all such parties do not receive full allotment, the shares shall be allotted pro rata in relation to the respective guarantee amount. To the extent allotment in the case of oversubscription or to guarantors cannot be made pro rata in accordance with the above, allotment shall be made by drawing of lots.

As confirmation of the allotment of new shares subscribed for without subscription rights, a settlement note will be sent to subscribers on or around 21 March 2022. No notice will be sent to subscribers who have not received an allotment. Subscribed and allotted new shares must be paid in cash within two banking days, in accordance with the instructions on the settlement note sent to the subscriber.

After payment of subscribed and allotted new shares has taken place, and the new shares have been registered with the SCRO, Euroclear Sweden will send a notification confirming the registration of the new shares in the subscriber's securities account. No BTA will be registered in the subscriber's securities account, but the subscriber will receive shares immediately. The shares subscribed for without subscription rights are expected to be registered with the SCRO on or around 28 March 2022. Registration of shares in securities accounts are expected to take place on or around 31 March 2022. Nominee-registered shareholders receive notification of allotment and payment in accordance with the respective nominee's procedures.

## Additional information and processing of personal data

In the event that an excessive amount has been paid by a subscriber for the new shares, Stillfront will arrange for the excess amount to be refunded. No interest will be paid on excess amounts. A subscription for new shares, with or without subscription rights, is irrevocable and the subscriber may not cancel or modify a subscription for new shares. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is made late, is insufficient or is paid incorrectly, the subscription application may be disregarded entirely or subscription may be made with a lower amount. Payments that have not been claimed will in such cases be repaid.

Swedbank is a so-called issuer agent for the rights issue, which means that Swedbank assists the Company with certain administrative services related to the rights issue. The fact that Swedbank is the issuer agent does not imply that Swedbank considers the subscriber to be a customer of Swedbank. The subscriber is only considered a customer of Swedbank for the investment if the subscriber has an existing customer relationship with the bank. The consequence of Swedbank not considering the subscriber as a customer for the investment is that the rules on investor protection in the Securities Market Act (2007:528) (*Sw. lagen om värdepappersmarknaden*) will not be applied to the investment. This means, among other things, that neither so-called customer categorisation nor so-called suitability assessment will take place with regard to the investment. The subscriber is thus responsible for ensuring it has sufficient experience and knowledge to understand the risks associated with the investment.

Anyone who subscribes for shares in the rights issue will submit personal data to Swedbank. Personal data provided to companies in the Swedbank group will be processed in computer systems to the extent necessary to provide services and administer customer engagement in the Swedbank group. Personal data obtained from other than the customer to whom the processing relates may also be processed. In addition, personal data may also be processed in computer systems at companies and organisations with which companies in the Swedbank group cooperate. For information about Swedbank and the savings banks' processing of personal data, please see the website or contact the customer centre or office of Swedbank or the relevant savings bank. Address information may be collected by Swedbank through an automatic data run at Euroclear Sweden.

If you have any questions regarding the rights issue, please contact your bank or your securities institution.

## Important information about taxation

**Tax legislation in the investor's home country and in Sweden may affect any income received from shares in Stillfront.**

The taxation of any dividend, as well as any capital gains tax and regulations on capital losses on divestment of securities, depend on the specific situation of each individual shareholder. Special tax rules apply to certain categories of taxpayers and certain types of investment forms. Each holder of shares and subscription rights should therefore consult a tax advisor with regard to the specific tax consequences that may arise in individual cases, including the applicability and effect of foreign tax rules and tax treaties.

# HOW TO PROCEED

| | |
|---|---|
| **Terms** | For each existing share in Stillfront that you hold on the record date, you receive one (1) subscription right. Ten (10) subscription rights entitle to subscription for three (3) new shares in Stillfront. |
| **Subscription price** | SEK 17 per share |
| **Record date for participation in the rights issue** | 1 March 2022 |
| **Subscription period** | 2–16 March 2022 |
| **Trading in subscription rights** | 2–11 March 2022 |
| **Trading in BTA** | 2–25 March 2022 |

## Subscription for shares by exercise of subscription rights

### 1. You are being allotted subscription rights

| | | | |
|---|---|---|---|
| For each existing share in Stillfront that you hold on 1 March 2022, you will receive one (1) subscription right | 1 share in Stillfront | → | 1 subscription right |

### 2. How to exercise your subscription rights

| | | | | |
|---|---|---|---|---|
| Ten (10) subscription rights + SEK 51 (17 x 3) entitle to three (3) new shares in Stillfront | 10 subscription rights | + SEK 51 (17 x 3) | → | 3 new shares in Stillfront |

### 3. Are you a directly registered shareholder or are your shares nominee-registered?

| | | |
|---|---|---|
| You have a securities account (*i.e.* you are directly registered) and live in Sweden | → | If you exercise all subscription rights, use the pre-printed bank giro slip from Euroclear Sweden. |
| | → | If you have purchased, sold or transferred subscription rights to/from you securities account, use the application form for subscription by exercise of subscription rights. The separate application form is available on www.stillfront.com and www.swedbank.se/prospekt. Payment must be made in accordance with the instructions on the application form. |
| You have a securities account (*i.e.* you are directly registered) and live abroad[4] | → | See "*Directly registered shareholders who are not resident in Sweden*" in the section "*Terms and conditions*". |
| You have a custody account (*i.e.* you are a nominee-registered shareholder) | → | If you have your Stillfront shares in one or more custody accounts with a bank or other securities institution, you will receive information from your nominee/nominees about the number of subscription rights. **Follow the instructions that you receive from your custodian(s)/nominee(s).** |

## Subscription for shares without subscription rights[5]

| | | |
|---|---|---|
| You have a securities account | → | Use the application form for subscription without subscription rights available on www.stillfront.com and www.swedbank.se/prospekt. |
| You have a custody account (*i.e.* you are a nominee-registered shareholder) | → | Subscription and payment should be made through the respective nominee. **Follow the instructions that you receive from your custodian(s)/nominee(s).** |

**Please note that certain custodians/nominees may apply a shorter application period. Please check the instructions that you receive from your custodian(s)/nominee(s).**

[4] Please note that special rules apply to shareholders resident in the United States and certain other jurisdictions. See "*Shareholders in certain unauthorised jurisdictions*" in the section "*Terms and conditions*".

[5] Any allotment will be made in accordance with what is stated in "*Allotment of shares subscribed for without subscription rights*" in the section "*Terms and conditions*". Please note that special rules apply to shareholders resident in the United States and certain other jurisdictions. See "*Shareholders in certain unauthorised jurisdictions*" in the section "*Terms and conditions*".

# BUSINESS DESCRIPTION

## About Stillfront and its operations

Stillfront is a global group of 22 gaming studios located in Europe, North America, Asia and the Middle East and North Africa ("**MENA**") region. Stillfront is an independent developer, publisher and distributor of online games distributed globally, and its main markets are the United States, Germany, the MENA region, the United Kingdom and Canada. The Group's diverse games portfolio has two common themes: loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody the Group's growth strategy. In 2021, Stillfront had 1,208 average number of employees around the world and is headquartered in Stockholm, Sweden.

## History

The Company was incorporated in Stockholm, Sweden in 2006. In 2010, Stillfront merged with several companies, including Gamerock AB, Verrano AB and Coldwood Interactive, and was established in its current form with the vision of building a well-diversified portfolio of long lifecycle games by acquiring independent gaming studios and letting these operate independently within the same group. The consolidation process was completed in 2012, at which time operations in accordance with the current operating structure began. Stillfront has an active acquisition agenda and has since 2012 acquired e.g. Power Challenge, Bytro Labs, Babil Games, Simutronics, eRepublik, Good Game Studios, Imperia Online, Playa Games, Kixeye, Candywriter, Nanobit, Everguild, Sandbox Interactive, Super Free Games, Moonfrog Labs, Jawaker and 6waves.

In December 2015, Stillfront's shares were listed on Nasdaq First North Stockholm (currently Nasdaq First North Premier Growth Market). In June 2017, the listing was moved to First North Premier. Since 26 May 2021, Stillfront's shares are listed on Nasdaq Stockholm.

## Business idea and target group

The Group's gaming studios mainly develop, distribute and market free-to-play games. Free-to-play games enable the Group to develop games in an iterative fashion with a minor initial investment. The free-to-play segment is a data-driven, process-oriented business. The Group develops, tests, iterates and optimises its games in close collaboration with its users. Free-to-play games allow the user access to the game without paying for it. The revenues are generated through users making purchases in order to access new content and features, or by offering in-game advertising throughout the game's life time.

Recurring income, at a low cost, is driven by the ability to retain users over a longer period. The Group's games usually have a long lifecycle, which can be extended through regular updates. Regular updates are made to the games in order to maintain and create new interest among users, so-called "live ops". By actively managing the portfolio and working systematically with live ops across the Group's markets, the Group can increase both user retention and revenue generation in the games.

## Business model

The Company's current subsidiaries apply three different business models:

1. **Proprietary development and publishing**

Game development is financed internally, which enables retained intellectual property rights and value creation. The investment risk is mitigated by the use of game engines, as the investment per game reduces for every new game released on the same game engine. The revenue model is free-to-play with revenue generation through in-game purchases and advertising. Proprietary development and publishing is the business model most commonly used in the Group's operations.

2. **Partnership development and publishing**

Development and publishing are carried out in collaboration with a global publisher, such as Sony or EA, who obtains the intellectual property rights of the game but finances the development, marketing and distribution. The absence of investments in the development, marketing and distribution reduces the risk for the Group while the loss of intellectual property rights limits the upside. The revenue model is based on contracting fees with royalty participation on sold copies.

3. **Adaptation and publishing**

Adaptation and publishing do not entail game development, but localised adaptation of games from external developers to meet the requirements of a certain market. The adaptations are attributable to language, graphics and in some cases also the addition of social features. Revenues are generated through a free-to-play model with in-game purchase options.

## Platforms

The Company's games are predominantly within the free-to-play segment. The free-to-play model has dominated the browser game market as well as the mobile segment for years. Free-to-play games allow players free access to games, as opposed to premium games which must be paid for prior to being played. The free-to-play business model relies upon different usage levels. The majority of the users are non-paying users, but can still be very dedicated to the game and generate, among other things, revenue through in-game advertising in several of the games. The vast majority of the paying users spend small amounts to unlock extra features or purchase digital currency to use within the game, while a smaller majority are very dedicated and spend more, both in time and money, on their favourite games.

The Group is mainly active and primarily manages games on two platforms: online/browser and mobile. In 2021, online/browser games accounted for approximately 19 per cent of the Group's net revenue, and mobile games accounted for approximately 77 per cent of the Group's net revenue.

- **Online/browser**

Online/browser games are played directly through an internet browser. These games do not have to be downloaded or purchased in physical copies and can therefore be consumed anywhere with access to the internet.

- **Mobile**

Mobile games are developed for smartphones and tablets. Mobile games have historically been so-called "casual games" with a simplistic gaming character, shorter playing times at each playing occasion and a lower degree of player engagement. Today, mobile devices are more powerful and the games have been better adapted and more advanced, which in turn has created loyal players and games with longer life cycles. As a result, the gaming experience and the revenue potential for mobile games have increased.

## Studios

The Group operates through 22 studios: Bytro Labs, Goodgame Studios, Playa Games, OFM Studios[6] and Sandbox Interactive in Germany; Coldwood Interactive and Power Challenge in Sweden; Dorado Games[7] in Malta; Kixeye in Canada and the United States; Simutronics[8], Storm8 and Candywriter in the United States; Super Free Games in the United States and Singapore; Game Labs in the United States and Ukraine, Jawaker in the United Arab Emirates, Babil Games in the United Arab Emirates and Jordan; eRepublik Labs in Ireland and Romania; Imperia Online in Bulgaria; Nanobit[9] in Croatia, Hungary and the United Kingdom; Everguild in the United Kingdom and Spain; Moonfrog Labs[10] in India and Bangladesh, and 6waves in Hong Kong. The Group's games are distributed globally, although its main markets are the United States, the United Kingdom, Germany, Canada and the MENA region.

- **6waves** develops and publishes mobile-adapted strategy games depicting medieval Asia. Revenue is generated through a free-to-play model with in-game purchase options.
- **Babil Games** primarily focuses on adapting and publishing mobile games for the Arabic speaking population. The Company adapts games from external developers to the specific requirements of the Arabic speaking population, including the adaptation of language, graphics and in some cases the addition of social features. Revenues are generated through a free-to-play model with in-game purchase options.

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[6] As of the date of this prospectus, Stillfront owns 51 per cent of OMF Studios.

[7] As of the date of this prospectus, Stillfront owns 80 per cent of Dorado Games.

[8] As of the date of this prospectus, Stillfront owns 55 per cent of Simutronics.

[9] As of the date of this prospectus, Stillfront owns 78 per cent of Nanobit.

[10] As of the date of this prospectus, Stillfront owns 91 per cent of Moonfrog Labs.

- **Bytro Labs** develops and publishes mobile and browser-based war strategy games, and generates revenue through a free-to-play model with in-game purchase options and advertising.
- **Candywriter** develops and publishes mobile and "mash-up" games. The revenue generates primarily from advertising and in-game purchases.
- **Coldwood Interactive** is a game studio currently developing games on a contractual basis and has a long history of console games. Coldwood Interactive typically generates revenues by way of contracting fees during game development and through royalties on each sold copy of a game.
- **Dorado Games** develops and publishes browser-based strategy games, and generates revenue through a free-to-play model with in-game purchase options.
- **eRepublik Labs** develops mobile and browser-based strategy games, and generates revenue through a free-to-play model with in-game purchase options.
- **Everguild** develops and publishes platform games, with a focus on the digital Collectible Card Games (CCC) genre.
- **Game Labs** develops strategy and action games for PC, such as Ultimate General: Gettysburg, Naval Action and Ultimate General: Civil War.
- **Goodgame Studios** develops mobile and browser-based strategy games, and generates revenue through a free-to-play model with in-game purchase options and advertising.
- **Imperia Online** develops mobile and browser-based strategy games, and generates revenue through a free-to-play model with in-game purchase options.
- **Jawaker** focuses on board and card games, as well as other popular games specific to the MENA region.
- **Kixeye** creates, develops and publishes massively multiplayer online (MMO)[11] real-time strategy games for PC and mobile devices, and generates revenue through a free-to-play model with in-game purchase options.
- **Moonfrog Labs** develops and publishes social card and board games, such as Teen Patti Gold and Ludo Club. Revenue is generated through in-game purchase options and advertising.
- **Nanobit** develops and publishes mobile games with a focus on lifestyle and simulation role-playing, targeting a female audience. Revenue is generated through in-game purchase options and advertising.
- **OFM Studios** develops and publishes mobile and browser-based social sports management games, and generates revenue primarily through a free-to-play model with game purchase options.
- **Playa Games** is active within browser-based and mobile games, and generates revenue through a free-to-play model with in-game purchase options.
- **Power Challenge** develops and publishes mobile and browser-based social sports management games, and generates revenue through a free-to-play model with in-game purchase options.
- **Sandbox Interactive** develops and publishes the cross-platform free-to-play Sandbox massive multiplayer online role-playing game (MMORPG)[12], Albion Online.
- **Simutronics** is a multi-platform developer and publisher, covering a wide range of genres.
- **Storm8** develops and publishes mobile mash-up games, and generates revenue through a free-to-play model with in-game purchase options and online advertising.
- **Super Free Games** develops and publishes games within the casual segment, such as Word Collect, Word Nut and Trivia Star. Revenue is generated through in-game purchase options and advertising.

[11] Massively Multiplayer Online Games (MMO) is a category of online games which can have millions of registered uses and hundreds of thousands simultaneous players.

[12] Massive multiplayer online role-playing game (MMORPG) is a genre of online role-playing games where a large number of players interact with each other's in a virtual world.

The table below set outs the Group's net revenue split by the geographical markets in which the Group operates. The net revenue split is based on the countries in which the subsidiaries have their registered seat.[13]

| SEK million | 2021 | 2020 |
|---|---|---|
| Bulgaria | 143 | 71 |
| United Arab Emirates | 396 | 425 |
| India | 273 | 0 |
| Croatia | 406 | 110 |
| Malta | 216 | 107 |
| Romania | 95 | 62 |
| United Kingdom | 19 | 3 |
| Sweden | 19 | 23 |
| Germany | 1,476 | 1,361 |
| United States | 2,413 | 1,829 |
| **Total** | **5,455** | **3,991** |

## Gaming portfolio

The Group has a well-diversified gaming portfolio across a range of genres and platforms, focusing on online games in three genre categories: "Strategy", "Simulation, RPG & Action" and "Casual & Mashup". None of the Group's games include betting or gambling where one can win money or material prizes. No in-game rewards/prizes are transferable outside the game and players are not allowed to transfer in-game items for monetary purposes. There are elements in some games where players can trade different in-game currencies for rewards in the game. Where applicable, the Group's games comply with Apple's and Google's guidelines regarding disclosing the probability of receiving randomised rewards. The Group's active portfolio titles include, among others:

- Albion Online, PC-based MMORPG launched in 2017;
- Battle Pirates, browser-based post-apocalyptic strategy game launched in 2011;
- Big Farm: Mobile Harvest, mobile-based farming strategy game launched in 2017;
- BitLife, mobile-based simulation/role playing game launched in 2018;
- Call of War, browser-based World War II strategy game launched in 2015;
- Conflict of Nations, browser and mobile cross-platform strategy game set in a contemporary scenario launched in 2017;
- Crush Them All, mobile-based idle RPG[14] game launched in 2017;
- DogLife, mobile-based simulation/role playing game launched in 2021;
- Empire: Four Kingdoms, mobile-based medieval strategy game launched in 2013;
- Goodgame Big Farm, browser-based farming strategy game launched in 2012;
- Goodgame: Empire, browser-based medieval strategy game launched in 2011;
- Hollywood Story, mobile-based narrative game launched in 2015;
- Home Design Makeover, mobile-based home design casual mashup game launched in 2018;
- Jawaker, browser and mobile-based social application containing about 30 different board and card games launched in 2011;
- Ludo Club, mobile-based social board game launched in 2017;
- Nida Harb III, a mobile contemporary war strategy game launched in 2017;
- Property Brothers, mobile-based home design casual mashup game launched in 2019;
- Rise of Firstborn, mobile-based strategy game that combines role-playing elements with real-time player-versus-player (PVP) launched in 2018;
- Shakes & Fidget, browser and mobile cross-platform fantasy game launched in 2009;
- Shishi, mobile-based strategy game launched in 2019;
- Strike of Nations, mobile contemporary war strategy game launched in 2018;
- Trivia Star, mobile-based quiz game launched in 2020;
- WC: Rogue Assault, mobile-based contemporary war strategy game launched in 2016;

[13] Revenues from 6waves are not shown in the table since the acquisition of 6waves was completed in 2022. See "*The acquisition of 6waves*" below.

[14] Role Playing Game, i.e. role-play game or online role-play game.

- Word Collect, mobile-based word game launched in 2018.

## The acquisition of 6waves

On 19 January 2022, Stillfront announced that the Company had entered into an agreement to acquire 6waves. The acquisition was completed on 1 February 2022, whereby Stillfront accessed 100 per cent of the shares.

Founded in 2008 in Hong Kong, 6waves is a developer and publisher of mobile free-to-play strategy games. The games are primarily adapted for the Japanese market, which accounted for 97 per cent of 6waves's revenue during the nine-month period ending 30 September 2021. During the nine-month period ending 30 September 2021, 6waves's four largest games Shishi, 3K STG Teamtop, Tenchinogotoku and AOTK, all of which are free-to-play games where revenue is generated through In App Purchases, generated approximately 98 per cent of 6waves's revenue. During the twelve-month period ending 30 September 2021, 6waves's revenue amounted to USD 89 million and its adjusted EBITDA amounted to USD 30 million. In September 2021, the 6waves's gaming portfolio had 171 thousand MAUs. 6waves had 135 employees as of 30 September 2021, with headquarters in Hong Kong as well as offices in Tokyo and Beijing.[15]

The four largest games are so-called midcore 4X[16] strategy games in a medieval Asia setting, adapted for a Japanese audience. In line with Stillfront's strategy, the games in the gaming portfolio have a long life cycle and a loyal user base. These games are developed externally and published by 6waves in the Japanese market with a revenue-share model. Stillfront believes that 6waves has an interesting pipeline of in-house developed games as well as games developed by an external party where 6waves owns the intellectual property rights.

With the acquisition of 6waves, Stillfront increases its geographical presence in Asia and the Japanese market. The acquisition strengthens Stillfront's portfolio of strategy games in one of the world's largest and most lucrative markets for mobile games.[17] In addition, the acquisition of 6waves creates opportunities for cross-publishing, where Stillfront can publish titles in Japan and 6waves can publish titles in the western markets and in the MENA region. With the acquisition of 6waves, Stillfront gains access to a platform with local expertise for continued growth in East Asia.

The initial purchase price amounted to USD 201 million on a cash and debt-free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront. The initial purchase price was financed through Stillfront's existing credit facilities (see "*Revolving credit facility with DNB Sweden AB, Nordea and Swedbank*" in the section "*Capitalisation, indebtedness and other financial information*") and existing cash and cash equivalents. The Company attaches great value in retaining and stimulating the management of 6waves, which are also the sellers in the transaction. This is usually achieved through an earn-out consideration, based on certain financial targets during a certain period of time in the acquired company, which is partly paid with shares in the Company and partly in cash. In connection with the acquisition of 6waves, any earn-out consideration will be paid in accordance with the distribution 75 per cent in cash and 25 per cent in newly issued shares, based on targets related to 6waves's EBITDA during the period 2022–2025. As of 31 December 2021, the Stillfront's net debt/adjusted EBITDA, pro forma-ratio was 1.56x. For illustrative purposes, following completion of the acquisition of 6waves and the forthcoming rights issue, the Group's net debt/adjusted EBITDA, pro forma-ratio (calculated based on an illustrative net debt of SEK 3,350 million, an adjusted EBITDA, pro forma of SEK 2,336 million and an adjusted EBITDA, pro forma for 6waves of SEK 232 million) would have amounted to 1.30x as of 31 December 2021. Please refer to "*Earn-out consideration with payment in the form of the Company's shares*" in the section "*Shares, share capital and ownership structure*", "*Acquisitions*" in the section "*Legal considerations and supplementary information*", and section "*Pro forma financial information*".

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[15] Source: 6waves's internal management accounts. Financial and operational information related to 6waves does not include the portfolio of games divested by 6waves prior to, and which was not included in, Stillfront's acquisition.

[16] 4X ("Explore, Expand, Exploit, Exterminate") is a subgenre in strategy games where the player controls an empire and explores, expands, exploits and exterminates.

[17] Source: SensorTower (www.sensortower.com/blog/per-capita-app-spending-q1-q3-2021). Information derived from third party has been accurately reproduced, and as far as the Company is aware and is able to ascertain from the information published by this third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the information provided by the third party, and therefore, the completeness or accuracy of the information from the third party presented in the prospectus cannot be guaranteed.

## Intellectual property rights

The Group owns a number of trademarks, copyrights, domain names, source codes and other intellectual property rights, which are deemed to be material for its business. The Group also uses various software through licensing agreements. The Group primarily secures ownership and its right to use intellectual property rights through registrations and license agreements.

The Company's strategy is to register trademarks in relevant jurisdictions for all material game titles. Among other things, the Company has registered the STILLFRONT trademark in the register of European Union trademarks. In addition, Stillfront Group has registered the trademark STILLFRONT in the international register of trademarks maintained under the Madrid Agreement and the Protocol.

The Company strives to work actively in protecting its intellectual property rights in the jurisdictions in which the Group conducts operations. This is ensured, among other things, through registration of intellectual property rights, continuous monitoring and that the Group takes legal action when deemed necessary. The Company assesses that the Group holds the essential intellectual property rights required for its operations.

See also "*The Group may have inadequate intellectual property protection, be prevented from protecting its intellectual property rights and may risk infringing on third party intellectual property rights*" in the section "*Risk factors*".

## Vision and financial targets

### Vision

The Company's vision is to be the leading free-to-play powerhouse.

### Financial targets for the period 2021–2023

Stillfront's growth target is to reach a net revenue of SEK 10 billion by 2023. Growth will be achieved organically as well as through acquisitions.

Stillfront's target for profitability is to reach an adjusted EBIT margin in the region of 35 per cent. The adjusted EBIT margin is defined as EBIT excluding amortisation of purchase price allocation (PPA) items and items affecting comparability, in relation to net revenue. The adjusted EBIT margin may vary quarter to quarter depending mainly on the level of user acquisition and product development.

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

***The above financial targets constitute forward-looking statements. Forward-looking statements do not constitute a guarantee of future results or developments and the actual outcomes could differ significantly from what is stated in the forward-looking statements. See "Forward-looking statements" in the section "Important information". See also "Profit forecast" in the section "Capitalisation, indebtedness and other financial information".***

## Strategy

In order to bring the Company's vision to life, the Group has a strategy of acquiring profitable, low-risk games and studios with global reach, based on the Group's well-proven product (PLEX), growth (HiGS) and market (PuB) strategies.

### Product strategy (PLEX)

The Group focuses on:

- a well-diversified product portfolio,
- a long-term gaming experience,
- a technical structure based on proven game engines, and
- providing games across several platforms at once.

### Growth strategy (HiGS)

The Group focuses on:

- achieving scalability through organic growth,
- achieving pace through an efficient organisation structure, and
- systematic acquisitions.

### Marketing strategy (PuB)

The Group focuses on:

- successfully increasing its ability within publishing and building a strong portfolio of its own brands (PuB).

### Acquisition strategy

The Company has a well-established pre-screening acquisition process and post-acquisition strategies.

Synergies resulting from the Group's acquisition strategy, and which the Group is currently benefiting from, include cross promotion, true cross-platform development and asset sharing, as well as a competence centre for marketing and product development. Moreover, the Group's studios are collaborating to optimise performance marketing across studios and games, as well as the sharing of technical insights and methods. Out of the Group's 22 studios, a majority are involved in intra-group activities and offer help, skills and experience where needed, which forms closer ties between the studios.

The Company places great value in retaining and incentivising management in acquired studios. Where the management are also sellers of the acquired studios, this is often achieved through the purchase price being paid partly with shares in the Company, as well as through earn-out structures that may entitle to additional payment for multiple years following the acquisition.

## IDFA

The Group acquires users on various platforms and distribution channels with the support of a number of third party publishers. Some third party publishers provide distribution channels that rely on tracking information provided by the specific platforms, such as Apple's Identifier for Advertisers (IDFA) on iOS devices or Google Play Services ID (GPS AdID) on Android devices. Advertisers use these tools to track data and identify users (without disclosing personal data) in order to deliver customised advertisements. The data can then be used to identify which app functions a player uses. Accordingly, the Group can use data gathered through IDFA or GPS AdID in order to receive information on players' preferences and interests, and thus be able to develop and customise the games in a way that is appealing for the Group's users, as well as carry out directed marketing actions.

A user has access to its IDFA or GPS AdID in their settings menu on the device and is thus able to choose to turn the feature on and off. Apple previously had the feature on as a default setting, but with the launch of iOS 14, which was introduced in the fall of 2020, users must explicitly allow IDFA to be used. In February 2022, also Google announced that it intends to dissolve the GPS AdID functionality. Google has not yet announced when the change will be implemented, but has communicated that it will present a new solution before the GPS AdID is dissolved, and has invited industry representatives, developers and governmental representatives to discuss what a future solution may look like.

See also ”*Risks related to identification for advertisers*” in the section ”*Risk factors*”.

## Employees

In 2021 and 2020, the Group had 1,208 and 896 average number of employees, respectively. The average number of employees is based on attendance hours paid by the Group related to normal working hours. The table below shows the average number of employees (excluding consultants) in the Group by geographical region.

| Country | 2021 | 2020 |
|---|---|---|
| Australia | 3 | 25 |
| Bangladesh | 34 | – |
| Bulgaria | 78 | 85 |
| United Arab Emirates | 5 | – |
| India | 104 | – |
| Ireland | 1 | 4 |
| Jordan | 65 | 49 |
| Canada | 76 | 68 |
| Croatia | 119 | 83 |
| Malta | 28 | 23 |
| Portugal | 1 | – |
| Rumania | 26 | 25 |
| Russia | 1 | – |
| Singapore | 18 | – |
| Spain | 9 | 13 |
| Sweden | 42 | 34 |
| Germany | 393 | 328 |
| Ukraine | 2 | – |
| United States | 196 | 113 |
| Vietnam | 7 | 47 |
| **Total** | **1,208** | **896** |

# SELECTED FINANCIAL INFORMATION

This prospectus contains certain financial information for the financial years 2019 and 2020. The financial information for the financial years 2019 and 2020 has been derived from Stillfront's annual report and consolidated financial statements for the financial years 2019 and 2020, respectively, which have been prepared in accordance with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*), RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee, as endorsed by the EU and audited by the Company's auditor.

The financial information for the financial year 2021 has been derived from the Group's year-end report for the period January–December 2021, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act (*Sw. årsredovisningslagen (1995:1554)*). The year-end report has not been reviewed or audited by the Company's auditor.

Stillfront's financial reports for the financial years 2019 and 2020, and for the period January–December 2021 are incorporated by reference into this prospectus (see "*Incorporation by reference, etc*." in the section "*Legal considerations and supplementary information*"). Other than as stated above and in the section "*Pro forma financial information*", no information in this prospectus has been reviewed or audited by the Company's auditor.

## Alternative and operational performance measures

In this section, the Company presents selected financial and operational performance measures, including measures that have not been defined in accordance with IFRS. The Company assesses that the alternative performance measures are used by certain investors, securities analysts and other stakeholders as a complementary measure of earnings development and financial position. However, the alternative performance measures are not necessarily comparable with performance measures from other companies and have certain limitations as an analysis tool. Accordingly, the alternative performance measures should not be considered separately from, or as a substitute for, the Group's financial information prepared in accordance with IFRS. Key measures presented in this section have been derived from Stillfront's financial reports and internal management accounts.

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Gross profit[1)] | 4,232 | 2,888 | 1,461 |
| Gross profit margin[1)] | 78% | 72% | 74% |
| Operating profit[1)3)] | 1,034 | 993 | 517 |
| Operating margin (EBIT-margin)[1)] | 19% | 25% | 26% |
| Adjusted operating profit (adjusted EBIT)[1)] | 1,802 | 1,493 | 645 |
| Adjusted operating margin (adjusted EBIT-margin)[1)] | 33% | 37% | 33% |
| EBITDA[1)] | 2,020 | 1,553 | 741 |
| EBITDA-margin[)] | 37% | 39% | 38% |
| Adjusted EBITDA[1)] | 2,124 | 1,697 | 768 |
| Adjusted EBITDA-margin[)] | 39% | 43% | 39% |
| Cash conversion rate[1)] | 0.47 | 0.50 | 0.29 |
| Net debt/adjusted EBITDA, pro forma[1)] | 1.6x | 0.9x | 0.9x |
| Adjusted interest coverage ratio, pro forma[1)] | 15.5x | 18.4x | 13.5x |
| Organic growth[1)] | -8% | 16% | 18% |
| ARPDAU (SEK)[2)] | 1.3 | 2.7 | 3.9 |
| DAU (millions)[2)] | 11.3 | 3.8 | 1.4 |
| MAU (millions)[2)] | 58.1 | 18.5 | 5.8 |
| MPU (millions)[2)] | 1.3 | 0.7 | 0.2 |

[1)] Alternative performance measures.
[2)] Operational performance measures.
[3)] Named "Operating result (EBIT)" in the year-end report for the period January–December 2021.

### Reconciliation tables for alternative performance measures

#### *Gross profit*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Platform fees | -1,224 | -1,103 | -506 |
| **Gross profit** | **4,232** | **2,888** | **1,461** |

## *Gross profit margin*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Gross profit | 4,232 | 2,888 | 1,461 |
| **Gross profit margin** | **78%** | **72%** | **74%** |

## *Operating margin (EBIT-margin)*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Operating profit[1)] | 1,034 | 993 | 517 |
| **Operating margin (EBIT-margin)** | **19%** | **25%** | **26%** |

[1)] Named “Operating result (EBIT)” in the year-end report for the period January–December 2021.

## *Adjusted operating profit (adjusted EBIT)*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating profit[1)] | 1,034 | 993 | 517 |
| Items affecting comparability | 104 | 144 | 28 |
| Amortisation of PPA items | 665 | 357 | 101 |
| **Adjusted operating profit (adjusted EBIT)** | **1,802** | **1,493** | **645** |

[1)] Named “Operating result (EBIT)” in the year-end report for the period January–December 2021.

## *Adjusted operating margin (adjusted EBIT-margin)*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Adjusted operating profit (adjusted EBIT) | 1,802 | 1,493 | 645 |
| **Adjusted operating margin (adjusted EBIT-margin)** | **33%** | **37%** | **33%** |

## *EBITDA*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating profit[1)] | 1,034 | 993 | 517 |
| Amortisation of PPA items | 665 | 357 | 101 |
| Other depreciation | 321 | 203 | 123 |
| **EBITDA** | **2,020** | **1,553** | **741** |

[1)] Named “Operating result (EBIT)” in the year-end report for the period January–December 2021.

## *EBITDA-margin*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| EBITDA | 2,020 | 1,553 | 741 |
| **EBITDA-margin** | **37%** | **39%** | **38%** |

## *Adjusted EBITDA*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| EBITDA | 2,020 | 1,553 | 741 |
| Items affecting comparability | 104 | 144 | 28 |
| **Adjusted EBITDA** | **2,124** | **1,697** | **768** |

## *Adjusted EBITDA-margin*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net revenues | 5,455 | 3,991 | 1,967 |
| Adjusted EBITDA | 2,124 | 1,697 | 768 |
| **Adjusted EBITDA-margin** | **39%** | **43%** | **39%** |

## *Cash conversion rate*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash flow from operating activities[1)] | 1,620 | 1,251 | 484 |
| IFRS 16 repayment leasing | -46 | -34 | -23 |
| Purchase of intangible fixed assets | -621 | -444 | -248 |
| **Free cash flow** | **953** | **773** | **213** |
| EBITDA | 2,020 | 1,553 | 741 |
| **Cash conversion rate** | **0.47** | **0.50** | **0.29** |

[1)] Named "Cash flow from operations" in the year-end report for the period January–December 2021.

## *Net debt/Adjusted EBITDA, pro forma*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Adjusted EBITDA | 2,124 | 1,697 | 768 |
| EBITDA, acquired companies | 212 | 355 | 133 |
| **Adjusted EBITDA, pro forma** | **2,336** | **2,052** | **901** |
| | | | |
| Bond loans | 3,092 | 1,602 | 1,085 |
| Liabilities to credit institutions | 1,456 | 1,217 | 79 |
| Equity swap | 223 | – | – |
| Currency derivatives | 11 | – | – |
| Cash and cash equivalents | -1,133 | -1,005 | -342 |
| **Net debt** | **3,649** | **1,814** | **822** |
| | | | |
| **Net debt/Adjusted EBITDA, pro forma** | **1.6x** | **0.9x** | **0.9x** |

## *Adjusted interest coverage ratio, pro forma*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Adjusted EBITDA, pro forma | 2,336 | 2,052 | 901 |
| | | | |
| Net financial items | -242 | -193 | -64 |
| Total items affecting comparability in net financial items | 5 | 30 | -14 |
| | | | |
| Interest earn-out consideration, financial items[1)] | 87 | 52 | 11 |
| **Adjusted net financial items** | -150 | **-112** | **-67** |
| | | | |
| **Adjusted interest coverage ratio, pro forma** | **15.5x** | **18.4x**[18] | **13.5x** |

[1)] Does not include any foreign exchange effects.

## *Organic growth*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Changes through acquisitions | 49% | 89% | 25% |
| Changes relating to currency effects | -4% | -2% | 5% |
| Organic growth | -8% | 16% | 18% |
| **Reported growth total business** | **37%** | **103%** | **48%** |

[18] The definition of adjusted interest coverage ratio, pro forma has been updated in 2021 compared to previous years in order to harmonise with the financial covenants in the Group's external financing. The definition now also includes add-back of the item "Interest earn-out consideration, financial items" (see "*Definitions of alternative performance measures*" below). Adjusted interest coverage ratio, pro forma for 2020 has been updated in accordance with the new definition. In Stillfront's annual report 2020, the adjusted interest coverage ratio, pro forma, with application of the previous definition, amounted to 12.6x (adjusted EBITDA, pro forma of SEK 2,052 million divided by adjusted net financial items of SEK -163 million).

### *Items affecting comparability*

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Revenue** | | | |
| Other revenue | 7 | – | – |
| **Costs** | | | |
| Transaction costs | -74 | -114 | -20 |
| Long term incentive programs | -10 | -19 | - |
| Other costs | -26 | -10 | -7 |
| | | | |
| **Total items affecting comparability in operating profit (EBIT)** | **-104** | **-144** | **-28** |
| | | | |
| **Financial items** | | | |
| Positive revaluation of earn outs | - | 0 | 80 |
| Negative revaluation of earn outs | -5 | -30 | -66 |
| **Total items affecting comparability in net financial items** | **-5** | **-30** | **14** |

## Definitions of alternative performance measures

| Alternative performance measures | Definition | Reason for use |
|---|---|---|
| Gross profit | Net revenues minus platform fees. | Used to assess Stillfront's underlying profitability. |
| Gross profit margin | Gross profit as a percentage of net revenues. | Used to assess Stillfront's underlying efficiency and value creation. |
| Operating profit (EBIT) | Operating profit. | Used to assess Stillfront's underlying profitability. |
| Operating margin (EBIT-margin) | Operating profit (EBIT) divided by net revenues. | Used to assess Stillfront's underlying efficiency and value creation. |
| Adjusted operating profit (adjusted EBIT) | Operating profit (EBIT) adjusted by items affecting comparability and acquisition-related depreciation. Acquisition-related assets refer to such consolidated surplus values identified in in connection with acquisition analysis. | Used to assess Stillfront's underlying profitability. |
| Adjusted operating profit (adjusted EBIT-margin) | Adjusted operating profit (adjusted EBIT) divided by net revenues. | Used to assess Stillfront's underlying efficiency and value creation. |
| EBITDA | Operating profit (EBIT) before depreciation and impairment. | Used to assess Stillfront's underlying profitability. |
| EBITDA-margin | EBITDA divided by net revenues. | Used to assess Stillfront's underlying efficiency and value creation. |
| Adjusted EBITDA | EBITDA adjusted by items affecting comparability. | Used to assess Stillfront's underlying profitability. |
| Adjusted EBITDA-margin | Adjusted EBITDA divided by net revenues. | Used to assess Stillfront's underlying efficiency and value creation. |
| Cash conversion rate | Free cash flow over a period of 12 months as a percentage of EBITDA for the last 12 months. Free cash flow refers to operating cash flow minus purchase of intangible fixed assets and repayment of leasing. | Used to assess Stillfront's efficiency in converting profit to cash flow. |
| Net debt/Adjusted EBITDA, pro forma | Net debt divided by adjusted EBITDA, pro forma the last twelve months. Net debt refers to interest-bearing liabilities minus cash and cash equivalents. Earn-out consideration is not included in the interest-bearing liabilities in the key ratio. With adjusted EBITDA, pro forma refers to adjusted EBITDA where | Used to assess how many years it would take to pay off the company's net debs with current earnings. Included in the financial covenants for Stillfront's revolving credit facility. |

| Alternative performance measures | Definition | Reason for use |
|---|---|---|
| | acquired units have been included from beginning of the accounting period. | |
| Adjusted interest coverage ratio, pro forma | Adjusted EBITDA, pro forma divided by adjusted net financial items the last twelve months. Adjusted net financial items refer to net financial items adjusted for items affecting comparability and interest on earn-out consideration.[19] | Used to assess Stillfront's ability to cover financial costs. |
| Organic growth | Change in sales, excluding translation differences due to changes in exchange rates and acquisitions. Acquired units' net sales are defined as acquired growth over a period of 12 months from the respective acquisition date. | The organic growth is a measure of the development of Stillfront's existing operations that the company management has the opportunity to influence. |
| Items affecting comparability | Significant income statement items that are not included in the Group's normal recurring operations and which distort the comparison between the periods, including transaction costs for M&A and costs for long-term incentive programs. | Items affecting comparability are specified because they are difficult to predict and have low forecast value for the Group's future earnings development. |

## Reconciliation tables operational performance measures

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| DAU (million) | 11.3 | 3.8 | 1.4 |
| Bookings | 5,440 | 3,964 | 1,959 |
| Total days | 365 | 366 | 365 |
| **ARPDAU (SEK)** | **1.3** | **2.7** | **3.9** |

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Bookings | 5,440 | 3,964 | 1,959 |
| Deferred revenue[1)] | 16 | 27 | 8 |
| Net revenues | 5,455 | 3,991 | 1,967 |

[1)] In 2020 and 2019 named "Change in prepaid income".

## Definitions of operational performance measures

| Operational performance measures | Definition | Reason for use |
|---|---|---|
| ARPDAU | Average revenue per daily active user in the active portfolio. Revenue here refers to Bookings. Bookings refer to revenue before changes in prepaid revenue, including deposits from paying users, in-game advertising revenue and other gaming-related revenue. | Used to assess the underlying development of Stillfront's games. |
| DAU | Daily active unique users. | Used to assess the underlying development of Stillfront's games. |
| MAU | Monthly active unique users. | Used to assess the underlying development of Stillfront's games. |
| MPU | Monthly paying users. | Used to assess the underlying development of Stillfront's games. |

[19] The definition of adjusted interest coverage ratio, pro forma has been updated in 2021 compared to previous years in order to harmonise with the financial covenants in the Group's external financing. The definition now also includes add-back of the item "Interest earn-out consideration, financial items".

# CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

## Capitalisation and indebtedness

### Capitalisation and indebtedness

Set forth below is the Group's capitalisation and indebtedness as of 31 December 2021. Only interest-bearing liabilities are reported.

| SEK million | 31 December 2021 |
|---|---|
| **Total current debt** (including current portion of non-current debt) | **820** |
| Guaranteed | 0 |
| Secured | 0 |
| Unguaranteed/unsecured | 820 |
| **Total non-current debt** (excluding current portion of non-current debt) | **3,950** |
| Guaranteed | 0 |
| Secured | 0 |
| Unguaranteed/unsecured | 3,950 |
| **Shareholders' equity** | **9,795** |
| Share capital | 27 |
| Legal reserve(s) | 0 |
| Other reserves | 9,768 |
| **Total** | **14,566** |

### Net financial indebtedness

Set forth below is the Group's net financial indebtedness as of 31 December 2021. Both interest-bearing and non-interest-bearing liabilities are reported.

| SEK million | 31 December 2021 |
|---|---|
| (A) Cash | 1,133 |
| (B) Cash equivalents | 0 |
| (C) Other current financial assets | 0 |
| **(D) Liquidity (A)+(B)+(C)** | **1,133** |
| (E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) | 234 |
| (F) Current portion of non-current financial debt | 597 |
| **(G) Current financial indebtedness (E)+(F)** | **831** |
| **(H) Net current financial indebtedness (G)-(D)** | **-302** |
| (I) Non-current financial debt (excluding current portion and debt instruments) | 1,456 |
| (J) Debt instruments | 2,494 |
| (K) Non-current trade and other payables | 0 |
| **(L) Non-current financial indebtedness (I)+(J)+(K)** | **3,950** |
| **(M) Total financial indebtedness: (H)+(L)** | **3,649** |

### Changes since 31 December 2021

On 1 February 2022, Stillfront's acquisition of 6waves was completed. The initial purchase price amounted to USD 201 million on a cash and debt-free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront.

The cash part of USD 185 million on a cash and debt-free basis (SEK 1,701 million paid after adjustments for 6waves's net debt and unpaid transaction costs) was financed through Stillfront's existing cash and cash equivalents and existing credit facilities, which in the table for Net financial indebtedness affected the items (A) and (I) by SEK -131 million and SEK +1,570 million, respectively.

In the table for Capitalisation and indebtedness, the issuance of 2,913,857 new shares, paid through set-off of the sellers' claims, affected the item Shareholders' equity by SEK +160 million. The financing from existing credit facilities affected the item Total non-current debt by SEK +1,570 million.

## Contingent liabilities and agreements on earn-out consideration in connection with acquisitions

As of 31 December 2021, there was no indirect indebtedness or any contingent liabilities, other than earn-out consideration.

As of 31 December 2021, there were commitments to disburse, under certain conditions, cash based earn-out consideration amounting to a maximum of approximately SEK 2,281 million during 2022–2027. According to the Company's preliminary assessment, earn-out consideration of approximately SEK 691 million will be disbursed in 2022. For more information on agreed earn-out consideration, see "*Earn-out consideration with payment in the form of the Company's shares*" in the section "*Shares, share capital and ownership structure*" and "*Acquisitions*" in the section "*Legal considerations and supplementary information*".

### Conditional earn-out consideration

The Company has commitments to disburse earn-out consideration relating to acquisitions. Certain acquisition agreements, but not all, include a maximum amount that may be paid in the form of earn-out consideration. The earn-out consideration is settled in cash as well as in shares in the Company, where the number of shares transferred on settlement of the earn-out consideration is based on an amount in relevant currency which is converted to SEK, as stipulated in the terms and conditions that apply to the calculation of the respective earn-out consideration.

The estimated value of earn-out consideration for acquired studios are based on current assessment of the future profits for each studio based on the terms and conditions as per the purchase agreement. As of 31 December 2021, the Company reported the following debt regarding conditional earn-out consideration:

| SEK million | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|---|---|---|
| Cash | 691 | 629 | 419 | 298 | 150 | 94 | 2,281 |
| Shares | 339 | 297 | 190 | 115 | 64 | 40 | 1,046 |
| **Total** | **1,030** | **926** | **609** | **414** | **215** | **134** | **3,328** |

The amounts in the table refer to reported liabilities in the balance sheet, which corresponds to the present value of the expected future nominal payments, stated per year when they will be settled. Conditional earn-out consideration does not include a nominal interest rate.

## Borrowing requirement and financing structure

As a general rule, the Company primarily holds liquidity in the currencies USD, EUR and SEK, which are held in accounts in the countries in which the Company operates. The Company's policy is to minimise cash and cash equivalents held by the subsidiaries, and that excess liquidity is to be deposited with the parent company. Furthermore, the Company's policy is to only use banks with a credit rating of A- or better. To hedge against exchange rate risks, the Company has entered into certain derivative contracts.

The Company's loan financing primarily consists of bond loans with variable interest rates, and a revolving credit facility with variable interest rate. The Company has no fixed-rate financing. The Company's borrowing requirements are primarily related to acquisitions, which is why the borrowing requirements are not seasonal.

### Bonds

The Company has issued three bonds that are admitted to trading on Nasdaq Stockholm.

#### *Bond 2018/2022*

In November 2018, the Company issued the senior unsecured bond 2018/2022 of SEK 600 million under a framework of up to SEK 1,000 million due in November 2022. The proceeds from the bond issue were used to reimburse previous bond loans. The interest rate for the bond loan was set at STIBOR 3m +5 per cent. The bond is listed on Nasdaq Stockholm. The ISIN code for bond 2018/2022 is SE0011897925.

The Company has the right to repurchase all bonds before the maturity date. The Company also has the right to redeem all bonds before the maturity date (so-called "call option") at a fixed redemption price that depends on when redemption takes place. In addition, the bondholders have the right to call for redemption under certain circumstances, with the result that the bond immediately falls due. The right to early redemption may arise if the Company's shares cease to be listed on a regulated market or trading platform, or if there is a change of ownership in the Company so that a person or a group of persons acting in concert acquires control, directly or indirectly, of more than 50 per cent of the votes in the Company or acquires the right to, directly or indirectly, appoint or remove all or a majority of the Board members in the Company. Furthermore, the bond terms contain certain commitments and restrictions in relation to, among other things, dividends, mortgaging, provision of collateral, intellectual property assets and divestments.

### *Bond 2019/2024*

The Company issued, in June 2019, the senior unsecured bond 2019/2024 of SEK 500 million under a framework of up to SEK 1,000 million due in 2024. The proceeds from the bond issue were used to reimburse the bridge facility loan used to finance the acquisition of Kixeye and for general purposes in order to strengthen the Company's capacity and flexibility for further growth. The interest rate for the new bond loan was set at STIBOR 3m +4.75 per cent.

In January 2020, the Company issued additional senior unsecured bonds of SEK 500 million under the framework of bond 2019/2024. The total outstanding amount under the bond loan is thus SEK 1,000 million. The bonds were priced at 105.25 per cent, which corresponds to a loan cost of 3.47 per cent.

The bond 2019/2024 was initially listed on the Open Market segment on the Frankfurt Stock Exchange Open Market in August 2019. In June 2020, the bond 2019/2024 was listed on Nasdaq Stockholm. The ISIN code for bond 2019/2024 is SE0012728830. On 15 October 2020, the bond was delisted from the Frankfurt Stock Exchange Open Market.

The Company has the right to repurchase all bonds before the maturity date. The Company also has the right to redeem all bonds before the maturity date (so-called "call option") at a fixed redemption price that depends on when redemption takes place. In addition, the bondholders have the right to call for redemption under certain circumstances, with the result that the bond immediately falls due. The right to early redemption may arise if the Company's shares cease to be listed on a regulated market or trading platform, or if there is a change of ownership in the Company so that a person or a group of persons acting in concert acquires control, directly or indirectly, of more than 50 per cent of the votes in the Company or acquires the right to, directly or indirectly, appoint or remove all or a majority of the Board members in the Company. Furthermore, the bond terms contain certain commitments and restrictions in relation to, among other things, dividends, mortgaging, provision of collateral, intellectual property assets and divestments.

### *Bond 2021/2025*

In May 2021, the Company issued senior unsecured bonds for SEK 1,500 million (2021/2025) under a new framework of up to SEK 2,000 million due in 2025. The proceeds from the bond issue will be used for general purposes within the Group (including but not limited to refinancing, investments, acquisitions and payment of earn-out consideration). The interest rate for the bond loan is set at STIBOR 3m +2.75 per cent (however, the interest rate can never fall below zero). The bonds were listed on Nasdaq Stockholm on 19 May 2021. The ISIN code for bond 2021/2025 is SE0015961065.

The Company has the right to repurchase all bonds before the maturity date. The Company also has the right to redeem all bonds before the maturity date (so-called "call option") at a fixed redemption price that depends on when redemption takes place. In addition, the bondholders have the right to call for redemption under certain circumstances, with the result that the bond immediately falls due. The right to early redemption may arise if the Company's shares cease to be listed on a regulated market or trading platform or if there is a change of ownership in the Company so that a person or a group of persons acting in concert acquires control, directly or indirectly, of more than 50 per cent of the votes in the Company or acquires the right to, directly or indirectly, appoint or remove all or a majority of the Board members in the Company. Furthermore, the bond terms contain certain commitments and restrictions in relation to, among other things, dividends, mortgaging, provision of collateral, intellectual property assets and divestments.

## Credit and loan facilities

### *Revolving credit facility with DNB Sweden AB, Nordea and Swedbank*

In December 2020, the Company entered into an agreement regarding an unsecured revolving credit facility of SEK 3.75 billion with DNB Sweden AB, Nordea Bank Plc, filial i Sverige and Swedbank AB (publ) as original lenders and the Company and Stillfront Midco AB as borrowers and guarantors (the "**Facility Agreement**"). The revolving credit facility matures in December 2023; however, the Facility Agreement includes an extension option for the Company, subject to the lenders' approval (where the Company has chosen not to exercise the first extension option, but still has the option of extending the term by two years in 2022). The purpose of the revolving credit facility was to refinance the outstanding amounts under the previous revolving credit facility agreement and to use the borrowed amounts towards working capital and general corporate purposes of the

Group (including acquisitions permitted under the Facility Agreement and payment of transaction costs related thereto).

The interest cost of the revolving credit facility is determined by a margin plus relevant IBOR interest rate for attributable currency. This margin may, however, be increased depending on, inter alia, the ratio of net debt to adjusted EBITDA, pro forma in respect of the most recently completed reference period. The Facility Agreement includes customary representations, which were made on the date of signing of the Facility Agreement and on certain subsequent dates. Moreover, the Facility Agreement includes certain financial covenants as well as customary undertakings and restrictions (subject to certain agreed exceptions and qualifications) relating to, inter alia, compliance with laws and regulations, negative pledge, acquisitions, mergers, divestments, intellectual property, leverage and interest cover ratios, granting of loans and guarantees, restrictions for subsidiaries to incur debt, prohibition of change of business and the maintaining of insurance.

In December 2021, the Company agreed with the lenders on certain changes to the terms of the revolving credit facility, among other things to enable lending with risk-free interest rates in connection with the termination of LIBOR in relation to certain currencies and tenors.

As of the date of this prospectus, Stillfront has utilised SEK 3,102 million under the revolving credit facility (where SEK 1,570 million was utilised in the acquisition of 6waves (see "*Acquisition of 6waves*" in the section "*Business description*")). Stillfront intends to use the net issue proceeds of approximately SEK 1,952 million for repayment of the revolving credit facility (see "*Use of proceeds*" in the section "*Background and reasons*").

#### *Overdraft facility*

On 18 January 2021, the Company entered into an overdraft facility of SEK 200 million, with a maturity of 12 months with Swedbank AB (publ). The facility is connected to the Company's group account with Swedbank AB (publ). The interest on the overdraft facility amounts to STIBOR 7d +0.75 per cent. The overdraft facility does not contain covenants regarding the debt/equity ratio.

On 25 November 2021, the overdraft facility was extended on the same terms and conditions, with a term until 31 December 2022.

## Working capital statement

As of the date of the prospectus, the Company assesses that the working capital (excluding the net proceeds from the forthcoming rights issue) is sufficient for the Group's present requirements during the next twelve months. In this context, 'working capital' refers to the Group's ability to access liquid funds in order to meet its liabilities as they fall due.

## Investments

The Group invests continuously in the development of intangible assets. The Group has not made any material investments since 31 December 2021. The Group has no ongoing material investments, and has no firm commitments for future material investments.

## Profit forecast

Stillfront's financial growth and profitability targets (see "*Financial targets for the period 2021–2023*" in the section "*Business description*") are considered to constitute a profit forecast under Article 1(d) of the Commission delegated regulation (EU) 2019/980.

### Material accounting principles

The profit forecast has been compiled and prepared on a basis which is comparable to the Group's historical financial information, and is consistent with the Group's accounting principles, which are set out in the Group's annual report for 2020 (see "*Note 2 – Critical accounting policies*" on p. 69–82).

### Assumptions upon which the forecast is based

The main assumptions upon which the forecast is based are described below:

#### *Assumptions which Stillfront can influence*

- That the Group's gaming portfolio, including planned gaming launches, generates revenue according to the Company's forecast.
- That the Group has the ability to launch new products as planned.

- That the growth in the number of users of the Group's games grows according to the Company's forecast.
- That the Company delivers in accordance with its acquisition strategy.
- That the Group can attract relevant key personnel.

### *Assumptions which are outside Stillfront's influence*

- That there are market conditions to receive funding in the form of debt and equity.
- That new and/or changed laws and regulations that materially affect the Group's operations do not enter into force.
- That there are no material negative exchange rate fluctuations.

## Recent trends

Stillfront ended the fourth quarter of 2021 with solid financial performance and profitability. The business continued to generate strong free cash flow despite record high investments in game development. The marketing landscape continued to improve during the fourth quarter 2021, and Stillfront's user acquisition spend reached all-time high with sustained high returns. The Company believes that its studios have adapted well to Apple's IDFA changes and have been successful in their marketing campaigns with increased spend towards the end of 2021. In the fourth quarter 2021, Stillfront added eight new titles to its active portfolio, which now consists of 64 games. Stillfront believes that its Stillops operating model has contributed to increased efficiency in the game development and enabled development projects where the Company shares game engines across studios, which helps Stillfront to bring down cost for new game development while the Company is increasing the likelihood of success.

Jawaker, which was consolidated from and including 1 October 2021, had a very strong first quarter as part of Stillfront and has outperformed the Company's expectations. Super Free Games has underperformed Stillfront's growth expectations. Towards the end of the fourth quarter 2021, Super Free Games was, however, able to reverse its negative trend and the studio saw better traction in its marketing efforts. Stillfront remains positive in Super Free Games's long-term prospects and its ability to return to historical growth levels. From 1 February 2022, Super Free Games will be included in Stillfront's organic growth, which Stillfront expects will have significant negative effect on the organic growth in the first quarter 2022. Stillfront thus expects negative organic growth for the Group during the first quarter 2022, in line with the fourth quarter 2021. For the full-year 2022, growth is expected to be achieved both organically as well as through acquisitions, and Stillfront expects mid-single digit positive organic growth for the Group.

In 2021, Stillfront continued to strengthen its business for the long term. Stillfront has grown its active games portfolio, increased its advertising revenues and expanded its geographic reach with studios in regions like MENA, East Asia, and the Indian Subcontinent. Stillfront considers itself entering 2022 as a further diversified and stronger gaming powerhouse than ever before. Stillfront has had a positive start to 2022 and has an additional 15 upcoming soft launches planned for the coming half year. In 2022, Stillfront expects to report a solid organic growth for the full-year where the Company expects to leverage the scale and the platform that Stillfront has built to deliver additional growth.

## Significant changes since 31 December 2021

On 19 January 2022, the Board of Directors of Stillfront resolved, subject to approval by the general meeting, to increase the Company's share capital through a rights issue with preferential rights for Stillfront's shareholders. On 21 February 2022, the Board of Directors of Stillfront resolved on the terms of the rights issue, including subscription price and subscription ratio. The Board of Directors' rights issue resolution was approved by the Extraordinary General Meeting on 23 February 2022.

On 19 January 2022, Stillfront announced that the Company had entered into an agreement to acquire 6waves. On 1 February 2022, the acquisition was completed, whereby Stillfront accessed 100 per cent of the shares. The initial purchase price amounted to USD 201 million on a cash and debt-free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront. The cash part of USD 185 million was financed through Stillfront's existing credit facilities and existing cash and cash equivalents.

Otherwise, no significant changes in the financial position or financial performance of Stillfront have occurred since 31 December 2021.

# PRO FORMA FINANCIAL INFORMATION

*The financial pro forma financial information has been prepared in accordance with the requirements under the Delegated Regulation (EU) 2019/980 to describe a hypothetical situation and has been prepared solely for illustrative purposes. The financial pro forma information does not necessarily reflect Stillfront's actual operating results and/or financial position as if the acquisitions had been carried out as of the previous date set out below and such pro forma financial information should not be seen as an indication of Stillfront's operating result or financial positions for any future period. The pro forma financial information should be read together with Stillfront's financial statements that are incorporated into this prospectus by reference (see "Incorporation by reference, etc.*" *in the section "Legal considerations and supplementary information"). Consequently, potential investors should not attach undue importance to the pro forma financial information. The pro forma financial information has been reviewed by the Company's auditor, see "Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus" below.*

## Background

Stillfront is a global group of 22 gaming studios in Europe, North America, Asia and the MENA-region (Middle East and North Africa). Stillfront is an independent developer, publisher and distributor of online games distributed globally, and its main markets are the United States, Germany, the MENA-region, the United Kingdom and Canada. The Group's diversified games portfolio has two common themes: loyal users and long lifecycle games.

In December 2015, Stillfront's shares were listed on Nasdaq First North Stockholm (currently Nasdaq First North Premier Growth Market). In June 2017, the listing was moved to First North Premier. Since 26 May 2021, Stillfront's shares are listed on Nasdaq Stockholm. Stillfront has, as a step in its growth strategy, during the financial years 2021 and 2022 acquired the following companies that are deemed to have a material impact on the Group:

- In December 2020, Stillfront entered into an agreement to acquire 100 per cent of the shares in Super Free Games, a U.S.-based game developer. Super Free Games develops and publishes games within the casual segment, such as Word Collect, Word Nut and Trivia Star. The acquisition was completed on 29 January 2021 and Super Free Games was consolidated in Stillfront's consolidated financial reporting from 1 February 2021.
- In February 2021, Stillfront entered into an agreement to acquire 100 per cent of the shares in Moonfrog Labs, a game studio based in Bangalore, India. Moonfrog Labs develops and publishes social card and board games, such as Teen Patti Gold and Ludo Club. The transaction is carried out through four tranches, whereby the first tranche corresponds to 91 per cent of the shares in Moonfrog Labs. Access to the first tranche took place on 26 February 2021 and Moonfrog Labs was consolidated in Stillfront's consolidated financial reporting from 1 March 2021.
- In September 2021, Stillfront entered into an agreement to acquire 100 per cent of the shares in Jawaker, a mobile game developer based in Abu Dhabi, U.A.E. Jawaker focuses on board and card games, as well as other popular games specific to the MENA region. The acquisition was completed on 4 October 2021 and was consolidated in Stillfront's consolidated financial reporting from 1 October 2021.
- In January 2022, Stillfront entered into an agreement to acquire 6waves, a mobile game developer based in Hong Kong. 6waves develops and publishes mobile-adapted strategy games depicting medieval Asia. The acquisition of 100 per cent of the shares was completed on 1 February 2022 and 6waves was consolidated in Stillfront's consolidated financial reporting from 1 February 2022.

For further information on the acquisitions, see "*Basis for pro forma financial information*" and "*Acquisition-related adjustments*" below and "*Acquisitions*" in the section "*Legal considerations and supplementary information*". As the acquisitions are deemed to have a significant impact on Stillfront's future results and financial position, pro forma financial information has been prepared.

Auditor's report from the review of the pro forma accounting is made known by "*Independent auditor's assurance report on the compilation of pro forma financial information in a prospectus*" below.

## The purpose of the pro forma financial information

The purpose of the pro forma financial information is to present the hypothetical impact of Stillfront's acquisitions and financing of:

- Super Free Games, Moonfrog Labs, Jawaker and 6waves would have had on Stillfront's consolidated income statement for the period 1 January–31 December 2021, as if the acquisition had been completed on 1 January 2021; and
- 6waves would have had on Stillfront's consolidated balance sheet as of 31 December 2021, as if the acquisition had been completed on 31 December 2021.

The acquisitions are included separately in the pro forma financial information up until the respective consolidation date, after which the acquisitions are included in Stillfront's consolidated financial statements for the period.

## Basis for pro forma financial information

The pro forma income statement for the period 1 January–31 December 2021 is based on Stillfront's unaudited year-end report for the corresponding period. The format of the year-end report has been adapted in the pro forma financial information to follow the format that Stillfront applies in the annual report. In the year-end report for the period January–December 2021, Stillfront separately reports a number of items which are included in the pro forma financial item "*Other external expenses*". These items are "*Platform fees*", "*User acquisition costs*", "*Other external expenses*" and "*Items affecting comparability*". In the year-end report for the period January–December 2021, Stillfront also separately reports the items "*Amortisation of product development*", "*Amortisation of PPA items*" and "*Depreciations*", which in the pro forma financial information are included in item *"Depreciation, amortisation and impairment".*

The pro forma balance sheet as of 31 December 2021 is based on Stillfront's unaudited year-end report for the corresponding balance sheet date.

The financial information for the pro forma companies for the equivalent periods is based on unaudited internal financial reports. See the table below for an overview of financial information which forms the basis for the pro forma financial information.

Stillfront's applied accounting principles are the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's (RFR) recommendation RFR1 Supplementary Accounting Rules for Groups, as well as the International Financial Reporting Standards (IFRS) and Interpretations from the IFRS Interpretations Committee as endorsed by the EU. The pro forma companies' financial reports that form the basis for the pro forma financial information are prepared in accordance with the respective company's local accounting principles (*generally accepted accounting principles* – "**GAAP**") in accordance with the summary in the table below. The pro forma financial information is prepared in accordance with Stillfront's accounting principles as described in Stillfront's annual report 2020.

| Acquisition | Applied accounting principles | Consolidation date | Period adjusted for in the pro forma income statement 2021 | Basis for financial information |
|---|---|---|---|---|
| Super Free Games | US GAAP | 1 Feb 2021 | 1 Jan 2021–31 Jan 2021 | Unaudited financial statements |
| Moonfrog Labs | Indian GAAP | 1 Mar 2021 | 1 Jan 2021–28 Feb 2021 | Unaudited financial statements |
| Jawaker | IFRS | 1 Oct 2021 | 1 Jan 2021–30 Sep 2021 | Unaudited financial statements |
| 6waves | HKFRS | 31 Jan 2022 | 1 Jan 2021–31 Dec 2021 | Unaudited financial statements |

In the preparation of the pro forma financial information, an analysis has been made of the differences in the accounting principles that are applied by Stillfront, Super Free Games, Moonfrog Labs, Jawaker and 6waves respectively. The result of the analysis is presented under "*Pro forma adjustments*" below.

Stillfront and the acquired companies apply to some extent different presentation formats and principles to classify income statement and balance sheet items. When preparing the pro forma income statements, the acquired companies' income statements have been adapted to align with Stillfront's presentation format and classification of income statement items. When preparing the pro forma balance sheet, 6waves's balance sheet has been adapted to align with Stillfront's presentation format and classification of balance sheet items.

No pro forma adjustments have been considered in terms of synergies or integration costs. Integration costs after acquisition dates are included in Stillfront's consolidated financial performance.

# Assumptions for the pro forma financial information

The following assumptions have been made in the preparation of the pro forma financial information. The pro forma adjustments are described in more detail in the notes to the pro forma income statement and the pro forma balance sheet.

## Preliminary and final purchase price allocation analyses

The effects of the acquisitions of Super Free Games, Moonfrog Labs, Jawaker and 6waves have been prepared based on the preliminary purchase price allocation analyses. The final purchase price allocation analysis is expected to be determined in 2022 and 2023. Differences between preliminary and final purchase price allocation analyses are not assumed to be material (see "*Preliminary purchase price allocation analyses*" below). The effects of other acquisitions are calculated on the basis of final purchase price allocation analyses. For further information regarding preliminary and final purchase price allocation analyses, see below under "*Pro forma adjustments*".

## Tax effects

The tax effects have been considered in all adjustments assumed to be deductible in the pro forma financial information. The estimated tax rates in the adjustments are attributed to the respective companies and approximately amounts to;

| Company | Estimated tax rate |
|---|---|
| Stillfront | 20.6% |
| Super Free Games | 28% |
| Moonfrog Labs | 29.1% |
| Jawaker | 0% |
| 6waves | 16.5% |

Actual tax rate for the transactions may differ from the estimated tax rate used in the pro forma financial information.

## Exchange rate effects

Information in currencies other than Swedish kronor (SEK) has been recalculated based on the Riksbank's specified rates. For Super Free Games, Jawaker and 6waves, the recalculation has been made from acquisition currency U.S. dollar (USD) to SEK based on the average rates for the period each company is adjusted for in the pro forma financial information. Moonfrog Labs' financial information has been recalculated from Indian rupees (INR) to SEK by the average rate for the period. As the purchase price for Moonfrog Labs was determined in USD, the recalculation has also been made from USD to INR for the purchase price allocation analysis where the exchange rate on the acquisition date is applied. Applied exchange rates are specified in the table below.

| Acquisition | Recalculation | Source | Period | Rate |
|---|---|---|---|---|
| Super Free Games | USD/SEK | The Riksbank | 1 Jan–31 Jan 2021 | 8.2971 |
| Moonfrog Labs | INR/SEK | The Riksbank | 1 Jan–28 Feb 2021 | 0.1141 |
| Moonfrog Labs | USD/INR | The Riksbank | 28 Feb 2021 | 73.074 |
| Jawaker | USD/SEK | The Riksbank | 1 Jan–30 Sep 2021 | 8.4825 |
| 6waves (income statement) | USD/SEK | The Riksbank | 1 Jan–31 Dec 2021 | 8.5756 |
| 6waves (balance sheet) | USD/SEK | The Riksbank | 31 Dec 2021 | 9.0437 |

# Pro forma adjustments

The pro forma adjustments overall nature is described below and should be read together with note information in connection with the pro forma income statement and pro forma balance sheet.

## Adjustments for differences in accounting principles

When preparing the pro forma financial information, an analysis of the differences of accounting principles applied by Stillfront and the accounting principles applied by Super Free Games, Moonfrog Labs, Jawaker and 6waves, respectively, has been made. The general differences identified are described below. Also see notes of the pro forma income statement and the pro forma balance sheet, respectively.

### *Revenue recognition*

Stillfront applies IFRS 15 *Revenue from contracts with customers* to report revenue from acquisitions in games. The players purchase within the game virtual currency used to purchase virtual goods, i.e., various types of tools used in the game or services in the game. Some virtual goods can be used immediately or unlimited during the time of the game. Furthermore, coupons can be used for so called “subscriptions”, which means that the player uses one coupon to access various functions during a limited time. Virtual goods and subscriptions are assessed as to whether they constitute a license “to use” or “to gain access to” Stillfront’s intellectual property rights. The revenue is therefore reported either at the time the player uses the virtual currency as payment for the virtual goods if the assessment is that the benefit the player receives from their license is immediate and without remaining commitments for Stillfront, or during the estimated time the virtual goods and the subscription are provided within the license if the assessment is that these give use to the player going forward.

Super Free Games reports revenues from in-game purchases linearly over the player’s expected lifetime in each game. Moonfrog Labs and Jawaker report revenue from in-game purchases when the player purchases the virtual currency in the game.

The revenue recognition in 6waves differentiates from Stillfront’s report on how they define themselves as principal in relation to customers that use respective company’s games in accordance with IFRS 15 *Revenue from contracts with customers,* where Stillfront is principal in its agreements, while 6waves defines itself as an agent according to the agreements. This means that Stillfront reports the whole revenue from the principal agreements in the Group’s revenue (so called gross method), while 6waves has, for a number of games offered to customers, a different contractual relationship with the companies that developed the games, meaning that 6waves until now has defined itself as an agent for the game developers in relationship to the customers, and therefore only reported the net revenue after deduction of compensation to the game developers and platform providers as revenue (so called net method).

The agreements for some of the games provided by 6waves have been renegotiated, with the effect that the gross method shall be applied for these games. In the pro forma financial information, the gross method is implemented for the games where the agreement has so far been renegotiated, meaning an increase in revenue of SEK 373 million during 2021 for 6waves compared to the reported revenue from the annual report that 6waves prepares for the financial year 2021, without influence on the result.

Discussions and renegotiations are ongoing regarding agreements for a number of other games that 6waves provides, which may have the effect that the gross method will be implemented for further games from future dates during 2022 or later.

In the pro forma income statement, each acquisition’s revenue recognition has been adapted to correspond to Stillfront’s principle for accrual of revenues in the income statement and associated accounting of prepaid income. The effect of the adaption of the respective acquisitions’ revenue recognition to Stillfront’s principles amounts in the pro forma financial information for the period 1 January–31 December 2021 to an increase of net revenue of SEK 373 million and an increase of other external expenses of SEK 373 million.

### *Capitalisation of intangible assets*

Stillfront capitalises development expenditure that is directly attributable to the development and testing of identifiable and unique software (game development projects) controlled by the Group when the criteria in IAS 38 *Intangible assets* are met. Development expenditure that does not meet these criteria are expensed when they occur.

In connection with the respective acquisition, Stillfront has analysed whether the acquired company applies a model for capitalisation of development expenditure consistent with the Group’s accounting principles. In relation to the acquisitions of Super Free Games, Moonfrog Labs, Jawaker and 6waves, it has been identified that no capitalisation of development expenditures is made, whereupon an adjustment to accounting in accordance with Stillfront’s accounting principles is added as a pro forma adjustment in the pro forma income statement. Regarding 6waves, balanced expenses that have not burdened the income statement have been identified. These have been adjusted for in the pro forma income statement without effect on operating profit.

In the pro forma income statement for the period 1 January–31 December 2021, adjustment is made for an increase in capitalised work for own account amounting to SEK 33 million as well as reduction of other external expenses amounting to SEK 14 million. Amortisation attributable to the future intangible assets are also adjusted in the pro forma income statement in accordance with Stillfront’s principles, resulting in increased costs for depreciation, amortisation and impairment amounting to SEK 7 million.

### *Leases*

Stillfront applies IFRS 16 *Leases*, meaning that virtually all leases are reported in the balance sheet as right-of-use assets and lease liabilities. In the income statement, depreciation of the right-of-use assets and interest expenses on the lease liabilities is reported.

None of the acquired companies, other than 6waves, reports leases in accordance with IFRS 16, and leases are classified by them either as operational or financial. In the accounting of Super Free Games, Moonfrog Labs and Jawaker, the leases are reported as operational leases, which means that the lease fee has been expensed linearly in the result over the lease period. In the pro forma income statement, other external expenses are reduced at the same time as depreciation of right-of-use assets and interest expenses on lease liabilities are added for Super Free Games, Moonfrog Labs and Jawaker.

In the pro forma income statement for the period 1 January–31 December 2021, the acquired companies' accounting for leases was adapted to Stillfront's principles, meaning that other external expenses are reduced with SEK 1 million, depreciation, amortisation and impairment are reduced with SEK 1 million and financial expenses increase with SEK 0 million.

## Acquisition-related adjustments

### *Super Free Games*

The consideration for the acquisition of Super Free Games consisted of an initial purchase price of USD 150 million on a cash and debt free basis. Provided that some EBIDTA levels are reached during the financial years 2021, 2022 and 2023, an additional earn-out consideration is also obtained. In the pro forma financial information, the discounted earn-out consideration is estimated to amount to approximately USD 46 million. The acquisition price is also adjusted in consideration to net debt and unpaid transaction costs, preliminary estimated to approximately USD 8 million. The preliminary estimated total purchase price therefore amounts to USD 204 million.

### *Moonfrog Labs*

Stillfront acquires Moonfrog Labs through four tranches, of which the first tranche, consisting of 91 per cent of the shares in Moonfrog Labs, was acquired through a cash purchase price of approximately USD 90 million on a cash and debt free basis. The remaining 9 per cent of the shares in Moonfrog Labs are acquired through a maximum of three further tranches. The partial purchase price for the additional tranches depends on the EBITDA development during the financial years 2021, 2022 and 2023. In the pro forma financial information, the discounted purchase price for the additional tranches is estimated to amount to USD 25 million. In addition to the conditional earn-out consideration, which is included in the acquisition price, there are also expected bonus payments to employees which, similarly, are connected to the EBITDA development. As the payments to the employees are dependent on continued employment, these are reported as salary costs and therefore not included in the purchase price allocation analysis. Preliminary adjustments regarding net debt increases the acquisition price with approximately USD 4 million. The preliminary estimated total purchase price therefore amounts to approximately USD 117 million.

### *Jawaker*

The consideration for the acquisition of Jawaker consisted of an initial purchase of approximately USD 205 million on a cash and debt free basis. Provided that certain EBIT levels are reached during the financial years 2022, 2023, 2024, 2025 and 2026, an earn-out consideration is also received. In the pro forma financial information, the discounted earn-out consideration is estimated to amount to approximately USD 135 million. The acquisition price is also adjusted for net debt and unpaid transaction costs, preliminary estimated to amount to approximately USD 4 million. The preliminary estimated total purchase price therefore amounts to USD 344 million.

### *6waves*

The consideration for the acquisition of 6waves consisted of an initial purchase of approximately USD 201 million on a cash and debt free basis. Provided that some EBITDA levels are reached during the financial years 2022, 2023, 2024, 2025 and 2026, an earn-out consideration is also received. In the pro forma financial information, the discounted earn-out consideration is estimated to amount to approximately USD 62 million. The acquisition price is also adjusted for net debt and unpaid transaction costs, preliminary estimated to amount to approximately USD -4 million. The preliminary estimated total purchase price therefore amounts to USD 259 million.

### *Preliminary purchase price allocation analyses*

| | Super Free Games | Moonfrog Labs | Jawaker | 6waves |
|---|---|---|---|---|
| | MUSD | MUSD | MUSD | MUSD |
| **Purchase price** | **204** | **117** | **344** | **259** |
| *Of which in cash* | *79* | *92* | *156* | *181* |
| *Of which consideration shares* | *79* | *-* | *53* | *16* |
| *Of which conditional earn-out* | *46* | *25* | *135* | *62* |
| | | | | |
| Reported net assets | 7 | 8 | 6 | -5 |
| Surplus values attributable to intangible assets | 80 | 28 | 120 | 109 |
| Deferred tax attributable to surplus values | -21 | -7 | -25 | -18 |
| Consolidated goodwill | 139 | 88 | 243 | 173 |
| **Sum** | **204** | **117** | **344** | **259** |

In the purchase price allocation analyses (preliminary and final, see "*Assumptions for the pro forma financial information*" above) according to the table above, surplus values attributable to intangible assets in each acquisition are identified. The intangible assets are impaired linearly over each respective asset's estimated useful life. In case the assets are deemed to have an indefinite useful life, no impairment is made. The pro forma income statement includes amortisation on the intangible assets that are deemed to have a determinable useful life. Stillfront preliminary assesses the remaining useful lives according to the table below, causing additional amortisations corresponding to approximately SEK -214 million (tax effect of SEK 40 million) on a yearly basis:

| **(year)** | **Super Free Games** | **Moonfrog Labs** | **Jawaker** | **6waves** |
|---|---|---|---|---|
| Capitalised development expenditure | 5–10 | 5 | 5 | 5 |
| Gaming products | 7–10 | 10 | 10 | 6–9 |
| Licenses, market and customer-related assets | 2 or indefinite | 2–10 | 10 | 10 |

## Financing

### *Revolving credit facility*

The cash considerations in all acquisitions are from a pro forma point of view assumed to be financed through the use of Stillfront's revolving credit facility (see "*Revolving credit facility with DNB Sweden AB, Nordea and Swedbank*" in the section "*Capitalisation, indebtedness and other financial information*"). The interest expense for the Facility Agreement is determined by a margin plus relevant IBOR-rate for the applicable currency. Considering the fact that the interest received on the use of amount from the Facility Agreement depends on other factors than just that specific amount which, in the acquisition, is used under the Facility Agreement, the interest rate received at the respective acquisition date for the entire pro forma period of each acquisition has been used from a pro forma point of view.

For the acquisition of Jawaker, a new share issue was also carried out, which decreased the part of the cash purchase price financed by the revolving credit facility, which affects estimated interest in the pro forma income statement.

### *Rights issue*

In the pro forma income statement and the pro forma balance sheet, it is assumed that the forthcoming rights issue is fully subscribed and completed. This is assumed in the pro forma income statement to have occurred as of 1 January 2021 and that the revolving credit facility is thereby repaid and held profit-neutral. In the pro forma balance sheet, it is assumed to have occurred as of 31 December 2021. In the event the rights issue is not fully subscribed and the revolving credit facility is not being repaid, the financing costs related to the credit facility would increase.

## Transaction costs

In connection with each acquisition, Stillfront has incurred costs directly attributable to the transactions regarding fees to financial, legal and other advisors. The transaction costs burden the pro forma income statement when it is prepared under the assumption that the transaction costs arise at the time of acquisition, i.e., 1 January 2021 for all acquisitions. Regarding the acquisitions of Super Free Games, Moonfrog Labs and Jawaker, the transaction costs have been included in Stillfront's consolidated result for the financial year 2021, why no adjustment is made in the pro forma income statement. The transaction costs for 6waves are to some extent included in Stillfront's consolidated income statement for the period 1 January–31 December 2021 and the remaining portion has been adjusted for in the pro forma income statement. The costs directly connected to the acquisitions are of a one-off nature and are not recurring.

## Preference shares

At the time of the acquisition of 6waves, there were preference shares recorded as liabilities in the balance sheet that were revalued to actual value via the income statement. In the pro forma income statement and the pro forma balance sheet, these preference shares have been assumed not to be included, since they are included in the shares acquired by Stillfront. In the pro forma income statement, an adjustment has been made regarding financial expenses amounting to SEK 202 million. In the pro forma balance sheet, the adjustment has been made against equity amounting to SEK 816 million.

## Pro forma income statement for the period 1 January–31 December 2021

| SEK million | Stillfront | Super Free Games | Moonfrog Labs | Jawaker | 6waves | Pro forma adjustments: Adjustment of accounting principles | Note | Pro forma adjustments: Acquisition-related adjustments | Note | Pro forma income statement |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 Jan–31 Dec | 1 Jan–31 Jan | 1 Jan–28 Feb | 1 Jan–30 Sep | 1 Jan–31 Dec | | | | | 1 Jan–31 Dec |
| | IFRS | US GAAP | Indian GAAP | IFRS | HKFRS | | | | | IFRS |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | | Unaudited | | Unaudited |
| ***Revenues*** | | | | | | | | | | |
| Net revenues | 5,455 | 92 | 41 | 199 | 376 | 373 | A | 0 | | 6,536 |
| Capitalised work for own account | 462 | 0 | 0 | 0 | 0 | 33 | B | 0 | | 495 |
| Other operating revenue | 26 | 0 | 0 | 10 | 9 | 0 | | 0 | | 45 |
| | | | | | | | | | | |
| ***Operating expenses*** | | | | | | | | | | |
| Other external expenses | -3,024 | -154 | -11 | -55 | -107 | -386 | A, B, C | 0 | | -3,737 |
| Personnel expenses | -898 | -7 | -11 | -13 | -151 | 0 | B | -7 | D | -1,086 |
| Depreciation, amortisation and impairment | -986 | 0 | -1 | 0 | -5 | -8 | B, C | -214 | D | -1,213 |
| Other operating expenses | 0 | 0 | -32 | 0 | -13 | 0 | | 13 | E | -32 |
| **Operating profit** | **1,034** | **-69** | **-14** | **142** | **109** | **13** | | **-207** | | **1,008** |
| | | | | | | | | | | |
| ***Profit/loss from financial items*** | | | | | | | | | | |
| Financial income | 24 | 0 | 22 | 0 | 0 | 0 | | 0 | | 47 |
| Financial expenses | -265 | 0 | 0 | -1 | -203 | 0 | C | 0 | F, G, H | -468 |
| **Net financial items** | **-242** | **0** | **22** | **0** | **-203** | **0** | | **0** | | **-421** |
| **Profit after financial items** | **793** | **-69** | **8** | **141** | **-94** | **12** | | **-207** | | **586** |
| | | | | | | | | | | |
| Tax for the period | -197 | 1 | -6 | 0 | -92 | -3 | I | 84 | I | -213 |
| **Net profit for the period** | **596** | **-68** | **2** | **141** | **-186** | **9** | | **-123** | | **374** |

### Notes to the pro forma income statement

A. The acquired companies' revenue recognition principle of in app purchases has been adapted to Stillfront's accounting principles in addition to adjustment for gross method accounting of 6waves's agreement, which in the pro forma income statement for the period 1 January–31 December 2021 leads to an increase of net revenues of SEK 373 million and an increase of other external expenses of SEK 373 million. The effect of the adjustment is expected to be recurring.

B. The acquired companies' principle for capitalisation of intangible assets has been adapted to Stillfront's accounting principles, which in the pro forma income statement for the period 1 January–31 December 2021 leads to an increase of capitalised work for own account amounting to SEK 33 million and increased other external expenses amounting to SEK 14 million. Amortisation attributable to the future intangible assets are also adapted in the pro forma income statement in accordance with Stillfront's principles, which leads to an increase of costs for depreciation, amortisation and impairment amounting to SEK -7 million. The effect of the adjustment is expected to be recurring.

C. In the pro forma income statement for the period 1 January–31 December 2021, the acquired companies' accounting for leases are adapted to Stillfront's principles, which leads to other external expenses being reduced with SEK 1 million, depreciation, amortisation and impairment being reduced with SEK 1 million and financial expenses being increased with SEK 0 million. The effect of the adjustment is expected to be recurring.

D. In connection with the acquisitions, purchase price allocation analyses (preliminary or final, see "*Assumptions for the pro forma financial information*" above) have been prepared. Amortisation of identified and amortisable intangible assets in the purchase price allocation analyses has been included in the pro forma income statement. The amortisations are set out in the foreign businesses' functional currency and recalculated to SEK with the average rate for the period each acquisition is included in the pro forma income statement. In the pro forma income statement for the period 1 January–31 December 2021, depreciation, amortisation and impairment are adjusted as above, with SEK -207 million. In relation to the acquisition of Moonfrog Labs, some of the conditional earn-out consideration has also been classified as salary in the reporting since this will be paid to employees where there are continued employment requirements. The effects of this adjustment in the pro forma accounting are increased personnel expenses of SEK -7 million. The effects of the adjustments are expected to be recurring.

E. In connection with each acquisition, Stillfront has incurred expenses directly attributable to the transactions regarding fees to financial, legal and other advisors. The transaction costs impact the pro forma income statement for the period 1 January–31 December 2021 when the pro forma financial information is prepared under the assumption that the transaction costs occur at the time of acquisition, meaning 1 January 2021 for 6waves. For Super Free Games, Moonfrog Labs and Jawaker, the transaction costs have been included in Stillfront's consolidated result for the financial year 2021. Hence, no adjustment is made in the pro forma income statement. In the pro forma income statement for the period 1 January–31 December 2021, the transaction costs amount to SEK -88 million, which affect other operating expenses. The effect of the adjustment is not expected to be recurring.

F. In the purchase price for all acquisitions included in the pro forma financial information, there are components relating to conditional earn-out consideration. The purchase price is dependent on the development in underlying performance measures for the acquired company during a certain period. Included in the purchase price allocation analyses is the earn-out consideration to the fair value at the time of acquisition, which includes assessments on future earnings and a discounting of the expected payments. In the pro forma income statement for the period 1 January–31 December 2021, an interest expense attributable to the conditional earn-out consideration is included to reflect the time that each acquisition has been adjusted for in the pro forma financial information. The conditional earn-out consideration for each acquisition is denominated in USD, whereby the interest expense adjusted in the pro forma income statement is also recalculated to SEK with the average rate for the period each acquisition was adjusted for in the pro forma income statement. The total financial expenses amount to SEK -195 million. The effects of the adjustments are expected to be recurring.

G. In accordance with what it set out under "*Financing*" above, it is assumed in the pro forma financial information that the cash consideration for Super Free Games and Moonfrog Labs is financed with funds from a revolving credit facility (the Facility Agreement). For Jawaker, only a portion of the cash purchase price was financed with the revolving credit facility and the remaining portion by the new share issue carried out in connection with the acquisition. From the Facility Agreement, funds are used in the currency that the purchase price is determined in, meaning USD for the acquisitions. The interest rate for the funds used from the Facility Agreement is based on a margin applicable to the respective drawing of funds from the Facility Agreement with add-ons for the IBOR-rate connected to the currency which the funds are drawn in. Total financial expenses for the amounts adjusted for in the pro forma income statement amounts to SEK -6 million. The acquisition of 6waves is in the pro forma income statement assumed to be financed through the forthcoming rights issue. See further under "*Rights issue*" above, where this is assumed to give a neutral effect on the financing expenses attributable to the acquisition of 6waves. The effect of the adjustment is expected to be recurring.

H. In accordance with what is set out under "*Preference shares*" above, it is assumed in the pro forma financial information that the actual value adjustment made in 6waves should not exist since these shares are included in total acquired shares. In the pro forma income statement, the adjustment amounts to SEK 202 million. The effect of the adjustment not expected to be recurring.

I. In the pro forma income statement for the period 1 January–31 December 2021, a tax effect has been included for all pro forma adjustments which are assumed to be deductible. The applied tax rate is dependent on which country the adjustment is assumed to be attributable to. For a summary of used tax rates, see "*Assumptions for the pro forma financial information*" above.

# Pro forma balance sheet as of 31 December 2021

| | | | Pro forma adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | Stillfront | 6waves | Adjustment of accounting principles | Note | Acquisition-related adjustments | Note | Pro forma balance sheet |
| | 31 Dec | 31 Dec | | | | | 31 Dec |
| | IFRS | HKFRS | | | | | IFRS |
| **SEK million** | **Unaudited** | **Unaudited** | **Unaudited** | | **Unaudited** | | **Unaudited** |
| Goodwill | 12,752 | 0 | 12 | K | 1,731 | L | 14,495 |
| Other non-current intangible assets | 5,244 | 18 | 0 | | 976 | L | 6,238 |
| Tangible non-current assets | 127 | 7 | 0 | | 0 | | 134 |
| Deferred tax asset | 39 | 0 | 0 | | 0 | | 39 |
| Other non-current assets | 7 | 0 | 0 | | 0 | | 7 |
| Current receivables | 747 | 99 | 0 | | 0 | | 846 |
| Cash and cash equivalents | 1,133 | 500 | -403 | J | 285 | L, N | 1,514 |
| ***Total assets*** | **20,049** | **624** | **-391** | | **2,992** | | **23,274** |
| | | | | | | | |
| ***Shareholders' equity*** | | | | | | | |
| Shareholders' equity attributable to the parent company's shareholding | 9,772 | -536 | -403 | J | 3,027 | L, M, N | 11,859 |
| Non-Controlling interests | 23 | 0 | 0 | | 0 | | 23 |
| **Total Shareholders' equity** | **9,795** | **-536** | **-403** | | **3,027** | | **11,882** |
| | | | | | | | |
| ***Non-current liabilities*** | | | | | | | |
| Deferred tax liabilities | 1,053 | 0 | 0 | | 161 | L | 1,214 |
| Bond loans | 2,494 | 0 | 0 | | 0 | | 2,494 |
| Liabilities to credit institutions | 1,456 | 0 | 0 | | 0 | N | 1,456 |
| Other liabilities | 67 | 531 | 0 | | -530 | M | 68 |
| Provisions for earnout | 2,298 | 0 | 0 | | 574 | L | 2,872 |
| **Total non-current liabilities** | 7,368 | 531 | 0 | | 204 | | 8,104 |
| | | | | | | | |
| ***Current liabilities*** | | | | | | | |
| Liabilities to credit institutions | 0 | 0 | 0 | | 0 | | 0 |
| Bond loans | 597 | 0 | 0 | | 0 | | 597 |
| Equity swap | 223 | 0 | 0 | | 0 | | 223 |
| Other liabilities | 1,035 | 628 | 12 | K | -239 | M | 1,436 |
| Provisions for earnout | 1,030 | 0 | 0 | | 0 | | 1,030 |
| **Total current liabilities** | **2,886** | **628** | **12** | | **-239** | | **3,286** |
| **Total Liabilities and Shareholders' equity** | **20,049** | **624** | **-391** | | **2,992** | | **23,274** |

## Notes to the pro forma balance sheet

J. In connection with the acquisition of 6waves, payment of cash will take place as a dividend, which has been adjusted for in the pro forma balance sheet amounting to SEK 403 million and is adjusted against equity.

K. The acquired companies' principle for revenue recognition of in-game purchases has been adapted to Stillfront's accounting principles, which in the pro forma balance sheet as of 31 December 2021 leads to an increase of other liabilities with SEK 12 million and an increase of goodwill by the same amount.

L. The acquisition elimination has been based on a preliminary purchase price allocation analysis. The purchase price of SEK 2,364 million. The acquisition of 6waves has increased goodwill by SEK 1,731 million. The pro forma adjustment for identifiable intangible assets attributable to the preliminary purchase price allocation analysis identified game development corresponding to SEK 976 million. Deferred tax liabilities attributable to game development correspond to SEK 161 million and has been calculated with a tax rate of 16.5 per cent. The adjustment of equity refers to an elimination of 6waves's equity attributable to the parent company's shareholders of SEK 268 million, which is countered by increased equity regarding the forthcoming rights issue of approximately SEK 1,989 million. The transaction costs of SEK 37 million reduce equity with the corresponding increase on other current liabilities. The total transaction costs attributable to the acquisition of 6waves amounts to SEK 10 million. The costs impact Stillfront's equity attributable to the parent company's shareholders and increase other current liabilities. As transaction costs attributable to the acquisition are not deductible, no adjustment is made for tax. The acquisition financing is kept neutral depending on the forthcoming rights issue of approximately SEK 1,989 million and does not affect debt but increases cash with SEK 285 million.

M. In accordance with what is set out under "*Preference shares*" above, it is assumed in the pro forma balance sheet that the value of the preference shares reported as debt in 6waves should not be debt, since these shares are included in total acquired shares. The adjustment in the pro forma balance sheet amounts to SEK 816 million.

N. The forthcoming rights issue of approximately SEK 1,989 million has increased equity attributable to the parent company's shareholders and reduced liabilities to credit institutions. The total transaction costs attributable to the rights issue are estimated to amount to SEK 37 million. Stillfront's equity attributable to the parent company's shareholders has thereby been reduced by SEK 37 million and increased other current liabilities.

## Additional information to the pro forma financial information

The below key measures are defined and calculated based on the definitions and reconciliation tables specified in *"Alternative and operational performance measures*" in the section "*Selected financial information*".

### Items affecting comparability – pro forma

| | 1 January–31 December 2021 | | |
|---|---|---|---|
| SEK million | **Stillfront** | **Acquired entities[1)]** | **Total pro forma** |
| **Revenues** | | | |
| Other revenues | 7 | 0 | 7 |
| **Costs** | | | |
| Transaction costs | -74 | -88 | -162 |
| Long term incentive programmes | -10 | -111 | -121 |
| Other costs | -26 | 5 | **-21** |
| **Total items affecting comparability, EBIT** | **-104** | **-194** | **-298** |

[1)] Acquired entities for the period for which they have been adjusted in the pro forma income statement, including pro forma adjustments regarding accounting principles and acquisition-related adjustments.

### Alternative performance measures - pro forma

| | 1 January–31 December 2021 | | |
|---|---|---|---|
| SEK million | **Stillfront** | **Acquired entities[1)]** | **Total pro forma** |
| **Operating profit** | **1,034** | **-27** | **1,008** |
| Excluding | | | |
| Items affecting comparability | 104 | 194 | 298 |
| Amortisation of PPA items | 665 | 214 | 879 |
| **Adjusted EBIT** | **1,802** | **381** | **2,185** |
| Depreciation excluding PPA items | 321 | 13 | 334 |
| **Adjusted EBITDA** | **2,124** | **394** | **2,519** |

[1)] Acquired entities for the period for which they have been adjusted in the pro forma income statement, including pro forma adjustments regarding accounting principles and acquisition-related adjustments.

### Other external expenses – pro forma

| | 1 January–31 December 2021 | | |
|---|---|---|---|
| SEK million | **Stillfront** | **Acquired entities[1)]** | **Total pro forma** |
| **Other external expenses** | **-3,024** | **-703** | **-3,727** |
| Platform fees | -1,224 | -419 | -1,643 |
| User acquisition costs (UAC) | -1,407 | -226 | -1,633 |
| Other external expenses | -393 | -58 | -451 |

[1)] Acquired entities for the period for which they have been adjusted in the pro forma income statement, including pro forma adjustments regarding accounting principles and acquisition-related adjustments.

# Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus

*This is a literal translation of the Swedish original report*

To the Board of Directors of Stillfront Group AB (publ), org.nr 556721-3078

## Report on the compilation of pro forma financial information included in a prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Stillfront Group AB (publ) ("**the company**") by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as at 31 December 2021, the pro forma income statement for the period from 1 January 2021 to 31 December 2021 and related notes as set out on pages 62–65 of the prospectus issued by the company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on page 56.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisition of Super Free Games, Inc., Moonfrog Labs Private Limited, Jawaker FZ LLC and Six Waves Inc. ("**the acquired entities**") on the Stillfront Group AB (publ)'s consolidated income statement for the period from 1 January 2021 to 31 December 2021 as if the transactions had taken place at 1 January 2021; and to illustrate the hypothetical impact that the acquisition and financing of Six Waves Inc. by Stillfront Group AB (publ) would have had on the Stillfront Group AB (publ)'s consolidated balance sheet as at 31 December 2021 as if the acquisition of Six Waves Inc. had taken place at 31 December 2021.

As part of this process, information about the company's financial position and financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 31 December 2021, on which no auditor's report or review report has been published.

### Responsibilities of the Board of Directors for the pro forma financial information

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

### Our independence and quality control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2021 and 31 December 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

**Opinion**

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on page 56 and these bases are consistent with the accounting policies applied by the company.

Stockholm, 25 February 2022
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

# SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

## Share information

According to the Company's Articles of Association, the share capital shall be not less than SEK 18,900,000 and not more than SEK 75,600,000, divided into not less than 270,000,000 shares and not more than 1,080,000,000 shares. As of 31 December 2021, the Company's share capital was SEK 27,099,385.53, represented by 387,134,079 shares. As of the date of this prospectus, the share capital in the Company amounts to SEK 27,303,355.52, represented by 390,047,936 shares.

The shares are denominated in SEK and with a quota value of SEK 0.07 per share. The shares in the Company have been issued in accordance with Swedish law, are fully paid and are not subject to any restrictions on transferability (see also "*Lock-up arrangements*" below). As of the date of this prospectus, the Company does not hold any treasury shares. The rights of the shareholders may only be changed pursuant to the procedures set out in the Swedish Companies Act (*Sw. aktiebolagslagen (2005:551)*).

### Forthcoming rights issue

The forthcoming rights issue will, if fully subscribed, result in an increase of the number of shares in Stillfront from 390,047,936 shares to 507,062,315 shares.

### *Dilution*

Shareholders who choose not to participate in the rights issue will have their holdings diluted by a total of 117,014,379 new shares, corresponding to approximately 23.1 per cent of the total number of shares in Stillfront after the rights issue.

As of 31 December 2021, the Company's net asset value[20] was SEK 25.30. The subscription price in the rights issue is SEK 17 per share.

## Certain rights attached to the shares

The rights associated with shares issued by the Company, including rights resulting from the Company's Articles of Association, may only be changed pursuant to the procedures set out in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551*)).

### General Meetings

Notice of general meetings shall be published in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. Simultaneously, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet. To be entitled to participate in a General Meeting, the shareholder must be registered in Stillfront's share register six banking days prior to the meeting (while voting registrations made by nominees not later than four banking days prior to the General Meeting will be taken into account), and notify the Company of the participation not later than on the day specified in the notice of the meeting.

### Voting rights

Each share entitles the holder to one (1) vote. Each shareholder is entitled to vote for the total number of shares held without limitation of the voting powers.

### Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in connection with a cash or set-off issue, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares they hold prior to the issue. As of the date of this prospectus, there is nothing in the Company's Articles of Association that limits the possibility to issue new shares, warrants or convertibles with the exception of the shareholders' preferential rights as set out in the Swedish Companies Act.

### Right to dividends and surplus in the event of liquidation

All shares carry the same right to share in the Company's profit and any surplus in the event of liquidation.

[20] Calculated as equity (SEK 9,795,343,973) divided by the number of shares (387,134,079) outstanding as of 31 December 2021.

Dividends are resolved upon by the general meeting and the payment is administered by Euroclear Sweden. Dividends may only be paid if Stillfront, after such dividends, still has full coverage of its restricted equity and further to the extent that such dividends are justified taking into consideration (i) the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations, and; (ii) Stillfront's and the Group's consolidation needs, liquidity and financial position in general (the so-called prudence rule). As a general rule, the shareholders may not resolve upon larger dividends than those proposed or approved by the Board of Directors. Dividends are normally paid to shareholders in cash on a per share basis, but may also be paid in kind.

On the record date established by the general meeting, holders recorded as owners of shares in the register of shareholders maintained by Euroclear Sweden will be entitled to receive dividends. If a shareholder cannot be paid through Euroclear Sweden, such shareholder still retains its claim to the dividend amount, and the claim remains against Stillfront subject to a statutory limitation of 10 years. Should the claim become barred by the statute of limitations, the dividend amount is forfeited to Stillfront. Neither the Swedish Companies Act nor the Company's Articles of Association contain any restrictions regarding dividend rights of shareholders outside Sweden. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same manner as for shareholders resident in Sweden.

The tax legislation in Sweden and in the shareholder's home country may affect the income received from any dividend. Please refer to "*Important information about taxation*" in the section "*Terms and conditions*".

### *Dividend and dividend policy*

No dividend has been paid for the financial year 2020. Furthermore, the Board of Directors has not proposed any dividend for the financial year 2021.

To support value creation, Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions and therefore, does not expect to pay dividends during the financial years 2021–2023.

## Central securities depository

Stillfront's shares are book-entry registered in a securities register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The register is operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden). The shares are registered on person. No share certificates have been issued for the shares or will be issued for the new shares. The ISIN code for the shares is SE0015346135.

## Share-related incentive programmes

As of the date of this prospectus, the Company has three outstanding incentive programmes, in the form of employee stock options and warrant programmes, respectively, which in total encompasses 477,000 warrants that in total entitle to subscription for 4,777,000 shares in the Company.

### Incentive programme series 2019/2023: 200,000 outstanding employee stock options with associated warrants

At an Extraordinary General Meeting on 10 December 2019, it was resolved to implement an employee stock option programme of a maximum of 200,000 employee stock options for approximately ten senior executives in the Group. Provided that the participant is still employed in the Group at the time of the exercise of the employee stock options each employee stock option entitles, following recalculation as a result of the Company's share split in 2021, the employee a right to acquire ten (10) new shares in the Company during the period from and including 15 December 2022 up to and including 15 December 2023 for a price of SEK 50.00 per share. To secure delivery of shares to the participants in the employee stock option programme, the general meeting also resolved to issue not more than 200,000 warrants of series 2019/2023 to a wholly-owned subsidiary, which, following recalculation as a result of the Company's share split in 2021, entitle to subscription of 2,000,000 shares.

### Incentive programme series 2020/2024: 277,000 outstanding warrants

At the Annual General Meeting on 14 May 2020, it was resolved to implement a warrant programme of 350,000 warrants for nine key employees in the Company. A total of 277,000 warrants were subscribed under the programme. Each warrant entitles the holder, following recalculation as a result of the Company's share split in 2021, to subscribe for ten (10) new shares in the Company at a subscription price of SEK 78.549 per share (calculated as of the first exercise option) at a time taking place on the last banking day in any of the months during the period from and including 1 June 2023 up to and including 31 May 2024. The remaining 73,000 warrants were cancelled on 18 December 2020.

### Incentive programme series 2021/2025: 3,500,000 outstanding employee stock options

At the Annual General Meeting on 11 May 2021, it was resolved to implement an employee stock option programme of a maximum of 3,500,000 employee stock options for senior executives and key employees on studio level, in total 45 participants. The employee stock options are to be allotted free of charge no later than 11 May 2022, and are vested gradually during a three-year period based on the employee's employment in the Group. Each vested employee stock option entitles the participant to acquire one (1) new share in the Company during any of the periods: (i) from and including the day of the Company's Q1 report 2025 up to and including seven days thereafter, (ii) from and including the day of the Company's Q2 report 2025 up to and including seven days thereafter, (iii) from and including the day of the Company's Q3 report 2025 up to and including seven days thereafter. The price for the shares upon exercise shall correspond to the volume-weighted average price (VWAP) of the Company's shares on First North Premier (or such other stock exchange or trading place where the Company's shares are listed) during a period of ten trading days before allotment of the employee stock options to each participant, increased by 8 per cent per year.

In order to meet its commitments under the incentive programme 2021/2025, Stillfront entered into an equity swap agreement with a bank during the third quarter of 2021. Under the agreement, the bank undertakes to distribute Stillfront shares to participants in the programme when the date for allotment occurs in accordance with the terms and conditions of the programme. The fair value of the underlying Stillfront shares when the swap agreement was signed amounted to SEK 224 million, and is recorded as a liability and as a reduction of equity, as if the shares would had been repurchased by the Company.

### Recalculation due to corporate events

According to the warrant terms and conditions for all outstanding incentive programmes, the number of shares that the warrant holders are entitled to subscribe for and the subscription price is subject to recalculation in certain corporate events specified in the terms and conditions, for example the forthcoming rights issue.

## Earn-out consideration with payment in the form of the Company's shares

In connection with the acquisition of some of the subsidiaries, the Company has undertaken to issue shares in the Company as consideration to the sellers, provided that certain targets are achieved. The basis for calculating the number of consideration shares to be issued is set out in the respective acquisition agreement. The purchase price is determined annually in connection with the Annual General Meeting, where the Board of Directors proposes that the corresponding number of shares be issued against payment by set-off of each seller's claim for consideration. The sellers are normally employed by the Group and the decision to issue the shares is therefore adopted in accordance with Chapter 16 of the Swedish Companies Act. Given that the exact amount of the earn-out consideration cannot be definitively determined in time for the Annual General Meeting, the general meeting normally resolves that a maximum number of shares shall be issued, which corresponds to the estimated earn-out price.

As of the date of this prospectus, the following commitments regarding share-based earn-out consideration are outstanding and may be paid:

| Subsidiaries | Earn-out consideration regarding year | Distribution cash/shares (%) |
|---|---|---|
| Storm8 | 2021 | 75/25 |
| Candywriter | 2021 and 2022 | 50/50 |
| Nanobit | 2021 and 2022 | 70/30 |
| Everguild | 2021, 2022, 2023 and 2024 | 50/50 |
| Sandbox Interactive | 2021, 2022, 2023 and 2024 | 78/22 |
| Super Free Games | 2021, 2022 and 2023 | 47.5/52.5 |
| Game Labs | 2021, 2022 and 2023 | 70/30 |
| Jawaker | 2022, 2023, 2024, 2025 and 2026[21] | 70/30 |
| 6waves | 2022, 2023, 2024 and 2025 | 75/25 |

See also ”*Conditional earn-out consideration*” in the section ”*Capitalisation, indebtedness and other financial information*” and ”*Acquisitions*” in the section ”*Legal considerations and supplementary information*”.

## Authorisations

### Authorisation from the Extraordinary General Meeting on 4 October 2021

An Extraordinary General Meeting held on 4 October 2021 resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to, within the scope of the Articles of Association, with or without deviation from the shareholders’ preferential rights, on one or several occasions during the period until the next Annual General Meeting, resolve to increase the Company’s share capital by issuing new shares, warrants or convertibles in the Company. The authorisation shall be limited whereby the Board of Directors may not resolve to issue shares, warrants or convertibles that involve the issue of, or conversion into shares corresponding to, more than ten (10) per cent of the shares in the Company at the time when the Board of Directors first utilises the authorisation. The issues shall be made on market terms and payment may, apart from payment in cash, be made in kind or by set-off or otherwise with conditions. The authorisation replaces the authorisation adopted at the Annual General Meeting on 11 May 2021.

The authorisation was partly utilised in connection with the acquisition of 6waves, which was completed on 1 February 2022, whereby a total of 2,913,857 new shares were issued to some of the sellers of 6waves.

## Ownership structure

The table below shows Stillfront’s largest shareholders as of 15 February 2022, with subsequently known changes.

| Holder/nominee/custodian bank | Number of shares | Shares and votes, % |
|---|---|---|
| Laureus Capital GmbH | 46,460,257 | 11.91 |
| Swedbank Robur Funds | 37,562,032 | 9.63 |
| SEB Funds | 24,238,119 | 6.21 |
| Handelsbanken Funds | 15,706,473 | 4.03 |
| Fidelity Investments (FMR) | 14,073,119 | 3.61 |
| Columbia Threadneedle | 13,610,044 | 3.49 |
| First Swedish National Pension Fund | 11,891,411 | 3.05 |
| AMF Pension & Funds | 9,650,000 | 2.47 |
| Man Hay Tam | 5,230,474 | 1.34 |
| TIN Funds | 5,089,610 | 1.30 |
| **Total, ten largest shareholders** | **183,511,539** | **47.05** |
| Other shareholders | *206,536,397* | *52.95* |
| **Total** | **390,047,936** | **100.00** |

The information about shareholders is based on information from Euroclear Sweden and Modular Finance, which may result in nominees being included and that the actual owners are therefore not stated.

In Sweden, the minimum level for reportable shareholdings (so-called flagging) is 5 per cent of all shares or voting rights for all shares.

[21] In addition, some sellers may receive an additional cash purchase price of a maximum of USD 20 million if Jawaker achieves certain EBIT targets for the financial year 2021.

## Lock-up arrangements

### Lock up for sellers in acquisition agreements

In the acquisition agreements for acquisition of new companies where a certain part of the purchase price to the sellers is paid through newly issued shares in the Company, the Company negotiates lock-up agreements. Through the lock-up agreements, sellers who receive share consideration undertake not to sell or otherwise dispose of their respective shareholdings in the Company during the lock-up period. The lock-up period is mainly between six and 18 months, sometimes even longer periods, from the date on which the sellers received the shares in question. However, under the lock-up agreements, the Company may, under certain circumstances, grant exemptions from the lock-up. In addition, the agreements are, as a general rule, subject to customary exceptions, including the possibility to participate in a public takeover offer of the Company's shares.

### Lock-up commitments from senior executives in connection with a directed share issue on 9 September 2021

In connection with the directed share issue that Stillfront carried out on 9 September 2021 in order to finance the acquisition of Jawaker, Stillfront's senior executives entered into lock-up commitments on customary terms and conditions not to sell shares within 180 days from the settlement date of the directed share issue.

### Lock-up commitments from the Company in connection with the forthcoming rights issue

The Company has, subject to customary exemptions for issues under incentive programmes, for payment of earn-out consideration for completed acquisitions and for payment with own shares in connection with acquisitions, undertaken to the Joint Global Coordinators not to issue additional shares or implement increases in the share capital during a period of 90 days following the date of the announcement of the final outcome of the rights issue.

## Shareholders' agreements, etc.

To the Board of Directors' knowledge, there are no shareholders' agreement or other agreements between shareholders in Stillfront intended to exercise joint control of the Company. Nor is the Board of Directors aware of any agreements which may result in a change of control of Stillfront.

## Information about takeover bids and redemption of minority shares

The shares in Stillfront are not subject to any public takeover bid. There have been no public takeover bids for the Company's shares during the current or previous financial year.

Pursuant to the Swedish Takeover Act (2006:451), anyone who holds no shares, or who holds shares representing less than 30 per cent of the voting rights for all shares in a Swedish limited liability company whose shares are admitted to trading on a regulated market, and who, through the acquisition of shares in such a company, alone or together with related parties, achieves a shareholding representing at least 30 per cent of the voting rights, shall immediately disclose the size of his shareholding in the company and within four weeks thereafter make a public takeover offer regarding the remaining shares in the company (mandatory takeover).

A shareholder who personally, or through a subsidiary, holds more than 90 per cent of the shares in a Swedish limited liability company has the right to redeem the rest of the shares in the company. The owners of the rest of the shares have a corresponding right to have their shares redeemed by the majority shareholder. The formal procedure for the redemption of minority shareholders' shares is regulated in the Swedish Companies Act.

# BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

## Board of Directors

The Board of Directors has its registered office in Stockholm municipality. Pursuant to the Company's Articles of Association, the Board of Directors shall comprise three to eight members. The Board of Directors currently comprises six members, including the Chairman of the Board, with no deputies, all of whom are elected for the period up until the end of the next Annual General Meeting. See also "*The Nomination Committee's proposal for the Annual General Meeting 2022*" below.

Detailed information is provided below regarding the Board members year of birth, year for election to the Board of Directors, experience, their current and previous assignments throughout the five years preceding the date of this prospectus, the companies in which they are employed, own or are partners in, as well as whether they are independent in relation to the Company, the Company's management and major shareholders, as defined in the Swedish Corporate Governance Code (the "**Code**"). In addition, detailed information is provided regarding the Board members' holdings in the Company as of the date of this prospectus. Shareholdings in the Company include own and related parties' holdings.

### Jan Samuelson, born 1963

*Chairman of the Board of Directors since 2018. Chairman of the Remuneration Committee.*
**Experience:** B.Sc. Finance, Stockholm School of Economics, Sweden. LL.M Master of Laws, Stockholm University, Sweden. Senior partner and founder of Accent Equity Partners AB and SVP EF Travel at EF Education First. Management Consultant at Carta Corporate Advisors AB and Indevo AB.
**Current assignments:** Board member and Chairman of Sdiptech AB (publ), Sdip A AB and Sdip Holdings AB. Board member of Saltå Kvarn Aktiebolag, Independia Invest AB, Independia AB and Business Partner Sweden AB. Deputy Board member of EF-Gruppen AB.
**Previous assignments (last five years):** Board member and Chairman of Resurs Bank Aktiebolag, Resurs Holding AB (publ), Saltå Kvarn Aktiebolag and Tigerholm Group AB. Board member of Todavia AB and Bostadsrättsföreningen August Blanche.
**Independent in relation to the company and the company management***:* Yes.
**Independent in relation to the major shareholders:** Yes.
**Holdings:** 200,000 shares, of which 155,000 shares through the wholly-owned company Independia AB. Bond holding corresponding to SEK 2,500,000 through the wholly-owned company Independia AB.

### Erik Forsberg, born 1971

*Board member since 2018. Chairman of the Audit Committee.*
**Experience:** M.Sc. Business and Administration, Stockholm School of Economics, Sweden. CFO Intrum AB, CFO Cision AB and Business Area CFO, Group Treasurer and Business Controller of EF Education.
**Current assignments:** Board member of Kindred Group Plc and Enento Group Plc. Board member and owner of Deltalite AB. Chairman of the Board of Collectia Group (Care DK Bidco Aps). Various consultancy assignments.
**Previous assignments (last five years):** CEO and Board member of Lndrff International AB. Board member of Opus Group AB (publ), Intrum Justitia International Aktiebolag, Intrum Holding AB, Lindorff Sverige Holding AB, Indif AB and Avarda AB. Deputy Board member of Lantella Ledarskap AB.
**Independent in relation to the company and the company management:** Yes.
**Independent in relation to the major shareholders:** Yes.
**Holdings***:* 25,000 shares. Bond holding corresponding to SEK 1,250,000.

### Birgitta Henriksson, born 1963

*Board member since 2017. Member of the Audit Committee.*
**Experience:** Bachelor's degree, Economics and Business Administration, Uppsala University, Sweden. Partner of Fogel & Partners and Brunswick Group. Head of Investor Relations and Corporate Communications at Carnegie Investment Bank.
**Current assignments:** Board member of Sdiptech AB (publ) and Ideella föreningen Storasyster with company name Storasyster.
**Previous assignments (last five years):** Partner of Brunswick Group.
**Independent in relation to the company and the company management***:* Yes.
**Independent in relation to the major shareholders:** Yes.
**Holdings***:* 28,500 shares.

### Ulrika Viklund, born 1981

*Board member since 2017.*
**Experience:** B.Sc., Mittuniversitetet, Sweden. Systems Development and Project Management, Amsterdam University of Applied Sciences, Netherlands. General Manager of Magine Consumer Group Global AB and several assignments within the Magine group. CEO of Plejmo and Director International Growth for Spotify.
**Current assignments:** Board member and Chairman of the Board of Idea2Innovation Sweden AB and Spektrumare AB. Board member of Nextory AB, Spira Globalt AB and E14 Invest AB. Board member of House Be AB, House Be i Västernorrland AB, House Be i Åre AB, House Be i Umeå AB, House Be i Skellefteå AB and Adgie Consulting AB.
**Previous assignments (last five years):** CEO of film2home AB. Chairman of the Board of House Be i Åre AB. Board member of My Academy Sweden AB, CancerRehab Fonden, GodEl i Sverige AB and Åre Corporate Finance AB. Deputy managing director of House Be AB and Magine Holding AB.
**Independent in relation to the company and the company management:** Yes.
**Independent in relation to the major shareholders***:* Yes.
**Holdings:** 500 shares owned by Adgie Consulting AB, of which 50 per cent is owned by Ulrika Viklund.

### Kai Wawrzinek, born 1976

*Board member since 2019.*
**Experience:** Staatsexamen within law, University of Heidelberg and University of Kiel and Doctor of Law, Heidelberg University, Germany.
**Current assignments:** CEO of Laureus Capital GmbH, Qubit5 GmbH and Qubit9.
**Previous assignments (last five years):** CEO and founder of Altigi GmbH (Goodgame Studios).
**Independent in relation to the company and the company management:** Yes.
**Independent in relation to the major shareholders***:* No.
**Holdings:** 46,460,257 shares owned by Laureus Capital GmbH, of which 50 per cent is owned by Kai Wawrzinek.

### Katarina Bonde, born 1958

*Board member since 2018. Member of the Remuneration Committee.*
**Experience:** M.Sc. Physics and Mathematics, KTH Royal Institute of Technology, Sweden. Mathematics and Social history, Salem College, North Carolina, United States. Economics, Stockholm University, Sweden. Marketing Director of Dun & Bradstreet Software Inc. VP Sales and Marketing of Timeline Inc. CEO and Chairman of UniSite Software. CEO of Captura Software Inc. CEO of Programator Industri AB.
**Current assignments:** Board member and Chairman of Reason Studios Aktiebolag, Stratsys AB, FlatFrog Laboratories AB, Mentimeter AB, Nepa AB, AddSecure Group AB and Propellerhead Intressenter AB. Board member of Mycronic AB (publ.), Seafox AB, ACQ Bure AB, MD International AB and Ysäter AB. Deputy Board member of Racoonaissance AB.
**Previous assignments (last five years):** Board member and Chairman of Opus Group AB (publ), IMINT Image Intelligence AB, JonDeTech Sensors AB (publ), JonDeTech Licensing AB, and Allihoopa AB. Board member of Sjätte AP-fonden, Nordax Group AB, Nordax Bank AB (publ), Avega Group AB, Fingerprint Cards AB, IMINT Incentive AB, Micro Systemation AB (publ), Carlsquare AB, and Aptilo Holding AB.
**Independent in relation to the company and the company management:** Yes.
**Independent in relation to the major shareholders:** Yes.
**Holdings***:* 0 shares.

## Executive Management

### Jörgen Larsson, born 1964

*CEO (Chief Executive Officer) since 2010.*
**Experience:** Master of Science in Industrial Engineering, Linköpings Tekniska Högskola, Sweden. Founder and Chairman of ESN, and Partner at Deseven, Founder of the Group in its current form.
**Current assignments:** None.
**Previous assignments (last five years):** CEO and Board member of Mind Improvement Group Scandinavia AB. Founder and CEO of Mind AB. Board member and Chairman of Abalon Holding AB. Board member of Idecap AB, Idecap Intressenter AB, and Sontagh & Larsson Investment Strategy AB. Board assignments within the Group. Deputy Board member of 4P Business Consulting AB and Sandhammaren Utveckling AB.
**Holdings:** 1,505,800 shares, 100,000 warrants (LTIP 2020/2024), 70,000 employee stock options (LTIP 2019/2023) and 525,000 employee stock options (LTIP 2021/2025).

### Marina Andersson, born 1972

*Head of M&A since 2019.*
**Experience:** Master of Science in Business Administration, Stockholm University, Sweden. Master's degree in language, Russian Herzen State Pedagogical University, Russia. Director M&A/Corporate Finance, Deloitte and Director, ICECAPITAL Securities. Associate partner & Investment manager at Deseven and analyst at Carnegie.
**Current assignments:** Board assignments within the Group.
**Previous assignments (last five years):** Board assignments within the Group.
**Holdings***:* 3,050 shares, 7,200 warrants (LTIP 2020/2024), 10,000 employee stock options (LTIP 2019/2023) and 190,000 employee stock options (LTIP 2021/2025).

### Johanna Lundberg, born 1983

*General Counsel since 2020.*
**Experience:** Master of Laws (LL.M.), Uppsala University, Sweden. Senior Group Legal Counsel of Evolution AB (publ) and senior associate at Advokatfirman Cederquist AB and G Grönberg Advokatbyrå Aktiebolag.
**Current assignments:** Board assignments within the Group.
**Previous assignments (last five years):** None.
**Holdings:** 10,000 warrants (LTIP 2020/2024) and 140,000 employee stock options (LTIP 2021/2025).

### Phillip Knust, born 1988

*CPO (Chief Product Officer) since 2019.*
**Experience:** Data processing, EPS Lübeck and Computer Science, TH Lübeck, Germany. Studio Head of Altigi. CPO at Goodgame Studios. Creative founder of EMPIRE and BIG brand.
**Current assignments:** None.
**Previous assignments (last five years):** None.
**Holdings:** 43,831 shares, 22,000 warrants (LTIP 2020/2024), 20,000 employee stock options (LTIP 2019/2023) and 140,000 employee stock options (LTIP 2021/2025).

### Alexis Bonte, born 1976[22]

*COO (Chief Operational Officer) since 2019.*
**Experience:** BA Honors Degree International Business & Languages, European Business School, London, United Kingdom. Global Leadership and Public Policy, Harvard University, United States. Transformational Leadership Program, University of Oxford / Said Business School, United Kingdom. Venture Partner, Atomico. CEO and founder of eRepublik Labs. Various positions at lastminute.com.
**Current assignments:** Director, Laika Games S.L. Generalcom S.A., Bonte Capital S.R.L., Ibercapital Ltd. and SCI Luso Spntini. Non-Executive Member of Foundation Counsel, Tezos Foundation. Independent Board Member, Ohbibi.
**Previous assignments (last five years):** Board member of Bossa Studios. Director, Zonga Music S.A. and Trilulilu.
**Holdings:** 910,620 shares, 88,300 warrants (LTIP 2020/2024), 50,000 employee stock options (LTIP 2019/2023) and 350,000 employee stock options (LTIP 2021/2025).

### Clayton Stark, born 1969

*CTO (Chief Tech Officer) since 2020.*
**Experience:** Master of Science in Mechanical Engineering, Camosun College, Canada. Studio Head and CTO of Kixeye. COO of Mercurial Communications Inc, CTO of Flock Inc and Director of Zynga Inc.
**Current assignments:** None.
**Previous assignments (last five years):** None.
**Holdings***:* 5,000 warrants (LTIP 2020/2024) and 120,000 employee stock options (LTIP 2021/2025).

[22] Alexis Bonte is engaged on a consultancy basis.

### Andreas Uddman, born 1979

*CFO (Chief Financial Officer) since 2019.*
**Experience:** Chartered Management Accountant (ACMA), Master in Management, EADA Business School, Spain, M.A. in Politics, University of Glasgow, Scotland. CFO of Qliro AB and Vireo Energy. Finance and Business Development positions at Shell.
**Current assignments:** Board assignments within the Group. Deputy Board member of MAJEU AB.
**Previous assignments (last five years):** None.
**Holdings***:* 33,500 shares, 20,000 warrants (LTIP 2020/2024), 40,000 employee stock options (LTIP 2019/2023) and 350,000 employee stock options (LTIP 2021/2025).

### Sofia Wretman, born 1977

*Head of IR, Communication and Sustainability since 2018.*
**Experience:** Master of Political Science, Stockholm University, Sweden. Head of IR & Communications, Alimak Group AB. Senior Consultant Halvarsson & Hallvarsson, and Communication Manager, SAS Institute.
**Current assignments:** Deputy Board member of Ture Credit Advice Aktiebolag.
**Previous assignments (last five years):** None.
**Holdings:** 7,500 warrants (LTIP 2020/2024), 10,000 employee stock options (LTIP 2019/2023) and 140,000 employee stock options (LTIP 2021/2025).

## The Nomination Committee's proposal for the Annual General Meeting 2022

The Nomination Committee has proposed that the Annual General Meeting 2022 (to be held on 12 May 2022) elects six ordinary Board members with no deputy Board members. Jan Samuelson, Katarina Bonde, Erik Forsberg, Birgitta Henriksson and Ulrika Viklund are proposed to be re-elected as Board members. Furthermore, Jan Samuelson is proposed to be re-elected as Chairman of the Board of Directors.

The Nomination Committee has also proposed that the Annual General Meeting 2022 elects Marcus Jacobs as new Board member. Marcus Jacobs brings extensive commercial and strategic experience from the gaming industry, in which he has been active for over 25 years. Marcus Jacobs has i.a. been part of the executive management of the gaming company King for seven years, focusing on mobile games and free to play.

Kai Wawrzinek has informed the Nomination Committee that he will not be available for re-election at the Annual General Meeting 2022.

## Other information concerning the Board of Directors and Executive Management

There are no family relationships between any of the members of the Board of Directors and/or Executive Management. In addition to what is stated below, there are no conflicts of interest or potential conflicts of interest between the Board members or senior executives' obligations in relation to the Company and their private interests or other assignments. However, the majority of the Board members and senior executives have financial interests in the Company as a result of shareholdings and holdings of other financial instruments in the Company. The Company's Board of Directors is deemed by the Company to meet the Code's requirements for independence in relation to the Company, the management and the Company's major shareholders.

Ulrika Viklund was CEO of film2home AB at the time when the company's bankruptcy proceedings were initiated in July 2015, and at the time of the bankruptcy in May 2018.

No Board member or senior executive, in addition to what is stated above, has been subject to bankruptcy, liquidation or receivership during the past five years in their capacity as a member of the administrative, management or supervisory bodies or a senior executive. Nor have any charges and/or sanctions been issued by statutory or regulatory authorities (including designated professional bodies) during the past five years against any of the Board members or senior executives. No Board member or senior executive has, during the past five years, been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.

All members of the Board of Directors and Executive Management may be reached through the Company's address Kungsgatan 38, SE-111 35 Stockholm, Sweden.

For information on remuneration to the Board of Directors and Executive Management, see "*Note 8 – Average number of employees, personnel expenses, pensions etc.*", on pages 91–94 in the Group's annual report for 2020.

For information on commitments from senior executives not to sell shares (so-called lock up), see "*Lock-up commitments from senior executives in connection with a directed share issue on 9 September 2021*" in the section "*Shares, share capital and ownership structure*".

## Auditor

Öhrlings PricewaterhouseCoopers AB (Torsgatan 21, SE-113 97 Stockholm, Sweden) has been the Company's auditor since the Annual General Meeting 2019 and was re-elected at the Annual General Meeting 2021 for the period until the end of the Annual General Meeting 2022. Nicklas Kullberg is the auditor in charge. Nicklas Kullberg is an authorised public accountant and member of FAR, the professional institute for authorised public accountants in Sweden.

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## Information about the prospectus

A Swedish language version of this prospectus has been approved by the SFSA as competent authority under the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The SFSA has only approved the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The prospectus has been prepared as a simplified prospectus in accordance with Article 14 of Prospectus Regulation (EU) 2017/1129.

This prospectus is valid for up to twelve months after the date of the approval of the prospectus provided that it is complemented by any supplement required pursuant to Article 23 of the Prospectus Regulation. Any supplements will be published on Stillfront's website. Investors who in such a case already have applied for participation in the rights issue may, under certain circumstances, have a right to withdraw the application. The obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply once the subscription period has ended and once the shares in the Company that are issued in the rights issue have been admitted to trading on Nasdaq Stockholm.

## General corporate and group information

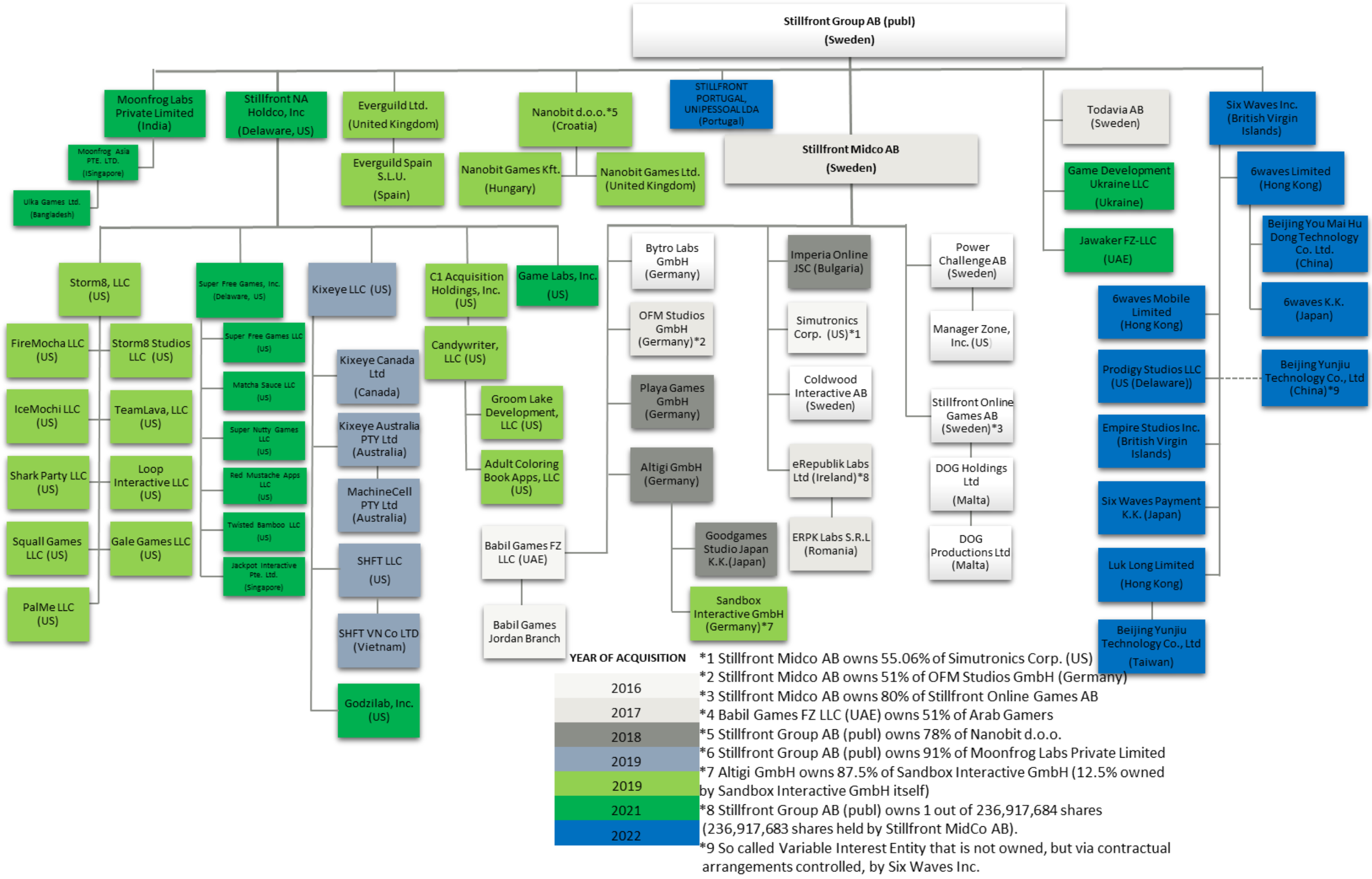
The legal name of the Company (and its commercial name) is Stillfront Group AB (publ). Stillfront's corporate ID No. is 556721-3078 and the Company has its registered office in Stockholm municipality, Sweden. The Company was incorporated in Sweden on 2 November 2006 and registered with the SCRO on 22 January 2007. The Company is a Swedish public limited liability company governed by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551))*. The Company's LEI code is 529900SYKCO4GYBTIJ54. The Company's shares have been listed on Nasdaq Stockholm since 26 May 2021 and was before that, since 2015, listed on Nasdaq First North Stockholm (current Nasdaq First North Growth Market), and since 2017 on the premier segment of First North Premier, under the ticker SF.

The address to the Company's website is www.stillfront.com. The information on the Company's website, as well as other websites referred to in this prospectus, have not been reviewed or approved by the Swedish Financial Supervisory Authority and does not form part of this prospectus, unless the information is incorporated into the prospectus by reference (see section "*Incorporation by reference, etc.*" below).

The Company's object is, pursuant to § 3 of the Company's Articles of Association, that the Company shall, directly and through subsidiaries or through associated companies, joint ventures and other forms of cooperation, develop, provide and market (1) computer, mobile and video games and (2) online, community and entertainment services on the Internet and pursue activities related therewith.

### Organisation and Group structure

The Company is the parent company of the Group. In addition to the Company, the Group consists of 72 subsidiaries distributed over 22 studios. Set out below are the Group's subsidiaries and the ownership structure of such subsidiaries.




The Company is primarily engaged in group-wide tasks, such as providing financing to the subsidiaries within the Group and M&A activities. Stillfront Midco AB is a holding company for some of the operating subsidiaries within the Group. Todavia AB is a subsidiary owned directly by the Company and has been formed for the sole purpose of holding the warrants issued by the Company. Other subsidiaries of the Company are operating subsidiaries or subsidiary groups (gaming studios). All subsidiaries are 100 per cent owned except for Simutronics Corp.(55 per cent ownership), OFM Studios GmbH (51 per cent ownership), Stillfront Online Games AB (80 per cent ownership), Nanobit d.o.o. (78 per cent ownership) and Moonfrog Labs Private Limited (91 per cent ownership). Stillfront has a right and obligation to acquire 100 per cent of Nanobit d.o.o. and Moonfrog Labs Private Limited.

The Group's organisation is concentrated to the Company providing professional group management with respect to the Group's gaming studios. This management framework provides a professional structure in order to guide the operations in the entrepreneurial game-development subsidiaries and to obtain inter-subsidiary synergies.

## Material agreements

Presented below is a summary of material agreements entered into by Stillfront during the past two years as well as other agreements entered into by Stillfront, which contains any obligation or entitlement that is material to Stillfront (in both cases excluding agreements entered into in the ordinary course of business).

### Acquisitions

#### *Kixeye*

On 3 June 2019, the Company entered into an agreement to acquire 100 per cent of the shares in Kixeye. The acquisition closed on 24 June 2021. The transaction was conducted through a so-called reverse triangular merger under U.S. law against an initial purchase price paid in cash to the sellers of USD 90 million on a cash and debt-free basis. The initial purchase price was subject to adjustments for working capital, net debt and net liquid assets. According to the agreement, a cash based earn-out consideration of a maximum of USD 30 million could be rewarded if a certain EBITDA level for the financial year 2019 was achieved. Stillfront has announced that no earn-out consideration shall be paid in accordance with the acquisition agreement (see "*Risks related to liabilities to pay earn-out consideration*" in the section "*Risk factors*").

The purchase price was financed through own resources and available credit facilities and through a new bridge loan facility amounting to a maximum of SEK 900 million. The bridge loan facility was provided by Swedbank and entered into under current market conditions. In connection with the acquisition, the Company issued the bonds in 2019/2024 and carried out a directed share issue of SEK 500 million.

### *Storm8*

On 21 January 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Storm8 for an initial purchase price amounting to USD 300 million on a cash and debt-free basis, of which USD 75 million was paid through 1,909,222 newly issued shares in the Company and the remainder in cash. The acquisition closed on 28 February 2020. For the financial year 2020, the sellers received an earn-out consideration amounting to USD 72.4 million, of which USD 18.1 million was paid through a new share issue of 1,429,537 newly issued shares in the Company and the remainder in cash.

The sellers may also be entitled to an earn-out consideration of up to USD 27.8 million to be paid 75 per cent in cash and 25 per cent in newly issued shares in the Company, if certain EBIT levels for the financial year 2021 are reached. The final amount of the earn-out consideration for the financial year 2021 depends on Storm8's EBIT development. Any additional earn-out consideration will be rewarded in 2022 after approval of the audited annual accounts for the financial year 2021.

### *Candywriter*

On 23 April 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Candywriter. Upon closing, which occurred on 29 April 2020, approximately USD 74.4 million was paid to the sellers on a cash and debt-free basis, of which USD 37.5 million was paid through set-off against 708,463 newly issued shares in the Company and the remaining approximately USD 36.9 million was paid in cash. For the financial year 2020, the sellers received an earn-out consideration amounting to USD 21.2 million, of which USD 10.6 million was paid through a new share issue of 791,189 newly issued shares in the Company and the remainder in cash.

An additional earn-out consideration may be rewarded by the Company with a maximum total amount of USD 99.4 million on a cash and debt-free basis, of which 50 per cent shall be paid in cash and 50 per cent in newly issued shares in the Company. The earn-out consideration, if any, shall be paid annually after approval of each of the audited annual accounts for the financial years 2021 and 2022. The final amount of the earn-out consideration depends on the EBIT development in Candywriter for the current financial years. The total purchase price paid by the Company may not exceed USD 195 million.

### *Nanobit*

On 17 September 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Nanobit. The transaction is carried out in two tranches. Upon closing of the first tranche, which occurred on 30 September 2020, which represents 78 per cent of the shares in Nanobit, a remuneration amounting to approximately USD 100 million was paid to the sellers on a cash and debt-free basis. Of the consideration, approximately USD 30 million was paid through set-off against 280,542 newly issued shares in the Company through a directed share issue to the two founders of Nanobit and the remaining approximately USD 70 million was paid in cash to the sellers.

Access to the second tranche, which represents the remaining 22 per cent of the shares in Nanobit, is expected to take place in 2023. The purchase price of the second tranche depends on the EBITDA development of Nanobit for the financial years 2021 and 2022, but will not exceed USD 48 million on a cash and debt-free basis, of which 70 per cent shall be paid in cash and 30 per cent in newly issued shares in the Company.

In connection with the acquisition, the Company has entered into a shareholders' agreement with the remaining owners in Nanobit to regulate how corporate governance, etc. of the company is to be handled. The shareholders' agreement terminates when the Company acquires 100 per cent of the shares in the company.

### *Everguild*

On 28 October 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Everguild. The acquisition closed on the same date. The initial purchase price amounted to approximately GBP 1.06 million on a cash and debt-free basis, of which approximately GBP 0.54 million was paid through 5,971 newly issued shares in the Company and the remainder in cash.

The sellers may be entitled to an earn-out consideration of a total maximum amount of GBP 9.94 million on a cash and debt-free basis. The earn-out consideration to the founders of Everguild shall be paid through approximately 50 per cent in cash and approximately 50 per cent in newly issued shares in the Company, and in relation to other sellers cash only. The final amount of the annual earn-out consideration depends on the development of EBIT in Everguild for the financial years 2021, 2022, 2023 and 2024. The maximum purchase price that the Company may pay for the transaction cannot exceed GBP 11 million on a cash and debt-free basis.

### *Sandbox Interactive*

On 18 December 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Sandbox Interactive. Upon closing, which occurred on 30 December 2020, EUR 130 million was paid to the sellers on a cash and debt-free basis, of which EUR 30 million was paid by set-off against 3,374,030 newly issued shares in the Company and the remaining EUR 100 million was paid in cash.

The sellers may be entitled to an earn-out consideration equal to a purchase price of 1.00x EBIT for each of the financial years 2021, 2022, 2023 and 2024. The earn-out consideration, if any, shall be paid approximately 78 per cent in cash and approximately 22 per cent in the form of newly issued shares in the Company.

### *Super Free Games*

On 18 December 2020, the Company entered into an agreement to acquire 100 per cent of the shares in Super Free Games. The acquisition closed on 29 January 2021. The total purchase price amounted to approximately USD 150 million on a cash and debt-free basis. Approximately USD 79 million of the purchase price was paid by set-off against 7,503,240 newly issued shares in the Company and the remainder in cash.

The sellers may be entitled to an earn-out consideration in the range of 0–2x EBITDA for each of the financial years 2021, 2022 and 2023. The earn-out consideration, if any, shall be paid approximately 47.5 per cent in cash and approximately 52.5 per cent in the form of newly issued shares in the Company to the sellers.

### *Moonfrog Labs*

On 1 February 2021, the Company entered into an agreement to acquire 100 per cent of the shares in Moonfrog Labs. The transaction is carried out through four tranches, the first tranche representing 91 per cent of the shares in Moonfrog Labs. Upon entry of the first tranche, which occurred on 26 February 2021, USD 90 million was paid to the sellers on a cash and debt-free basis.

The remaining 9 per cent of the shares in Moonfrog Labs are acquired through a maximum of three additional tranches. The second instalment shall correspond to an amount corresponding to 1.00x EBITDA for the period 1 January–31 December 2021, which will be paid in cash upon closing of the second tranche expected to take place in 2022. The third instalment shall correspond to an amount equal to 1.00x EBITDA, if EBITDA corresponds to up to USD 20 million and 1.25x EBITDA if EBITDA exceeds USD 20 million for the period 1 January–31 December 2022, and will be paid in cash upon closing of the third tranche expected to take place in 2023. The fourth instalment shall correspond to an amount corresponding to 0.50x EBITDA for the period 1 January–31 December 2023, which will be paid in cash upon closing of the fourth tranche expected to take place in 2024.

In connection with the acquisition, the Company has entered into a shareholders' agreement with the remaining owners in Moonfrog Labs to regulate how corporate governance, etc. of the company is to be handled. The shareholders' agreement terminates when the Company acquires 100 per cent of the shares in the company.

### *Game Labs*

On 7 May 2021, the Company entered into an agreement to acquire 100 per cent of the shares in Game Labs. The acquisition closed on the same date. The initial purchase price amounted to USD 32.5 million on a cash and debt-free basis. Of the initial purchase price, approximately USD 9.75 million was paid through 981,813 newly issued shares in the Company and the remainder in cash.

The sellers may also be entitled to an earn-out consideration of up to USD 30 million, of which 70 per cent will be paid in cash and 30 per cent in newly issued shares in the Company if certain EBIT levels for the financial years 2021, 2022 and 2023 are reached. The final size of the earn-out consideration is due to Game Labs' EBIT development. The earn-out consideration, if any, will be paid during the following year for the respective earn-out consideration period.

### *Jawaker*

On 8 September 2021, the Company entered into an agreement to acquire 100 per cent of the shares in Jawaker. The initial purchase price amounted to USD 205 million on a cash and debt-free basis. The acquisition closed on 4 October 2021. Of the initial purchase price, approximately USD 53 million was paid through 8,540,092 newly issued shares in the Company and the remainder in cash. For the financial year 2021, the sellers may be entitled to an earn-out consideration limited to a maximum of USD 20 million if a certain EBIT level for the financial year 2021 is reached.

The sellers may also be entitled to an additional consideration of 1.00x EBIT for the financial years 2022, 2023, 2024, 2025 and 2026. The earn-out consideration, if any, will be paid during the following year for the respective earn-out consideration period, and shall be paid 70 per cent in cash and 30 per cent in newly issued shares in the Company.

### *6waves*

On 19 January 2022, the Company entered into an agreement to acquire 6waves. On 1 February 2022, the acquisition was completed, whereby Stillfront accessed 100 per cent of the shares. The initial purchase price amounted to USD 201 million on a cash and debt-free basis, of which approximately 92 per cent was paid in cash of USD 185 million and approximately 8 per cent was paid through 2,913,857 newly issued shares in Stillfront.

Operational sellers may also be entitled to an earn-out consideration of up to 1.00x EBITDA for the financial years 2022, 2023, 2024 and 2025, limited to a maximum of USD 100 million, depending on the fulfilment of certain operational targets. Any earn-out consideration shall be paid 75 per cent in cash and 25 per cent in newly issued shares in Stillfront. The earn-out consideration, if any, will be paid during the following year for each earn-out consideration period.

### Financing agreements

See "*Borrowing requirements and financing structure*" in the section "*Capitalisation, indebtedness and other financial information*".

### Platform agreements

The Group has agreements with and uses a number of essential platform providers to distribute its games, such as Google Play, the App Store and Facebook. The agreements are entered into on the suppliers' standard terms and conditions.

## Legal and arbitration proceedings

The Group is involved in disputes and other legal proceedings from time to time in the ordinary course of business, including in connection with minor claims mainly concerning alleged infringements of intellectual property rights and trademark infringements. To the Company's knowledge, the Company is not and has not been a party to any governmental, legal or arbitration proceedings in (including any such proceedings which are pending or threatened of which the issuer is aware) during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the Group' financial position or profitability.

## Related-party transactions

No related-party transactions that individually or collectively are material to Stillfront have occurred after 31 December 2021.

See "*Note 28 – Transactions with related parties*" on p. 112 in the Group's annual report for 2020.

## Subscription and guarantee undertakings, etc.

### Combined subscription and guarantee undertaking from Laureus

The shareholder Laureus[23] – which, as of the date of this prospectus, holds approximately 11.9 per cent of the shares and votes in Stillfront – has, on customary terms and conditions, undertaken to subscribe for its pro rata share in the forthcoming rights issue. In addition, Laureus has undertaken to guarantee the subscription of the rights issue up to a total amount of SEK 300 million, less the amount covered by Laureus's subscription undertaking. Laureus's combined subscription and guarantee undertaking corresponds to approximately 15.1 per cent of the rights issue.

Laureus has also undertaken to, until the announcement of the final outcome of the rights issue, not reduce its holding in the Company without consent from the Company. The combined subscription and guarantee undertaking was entered into on 11 January 2022. No compensation is paid for the combined subscription and guarantee undertaking. Any shares subscribed for without subscription rights (including in accordance with Laureus's guarantee undertaking) will be allocated in accordance with the principles set out under "*Allotment of shares subscribed for without subscription rights*" in the section "*Terms and conditions*".

The combined subscription and guarantee undertaking is not secured through, for example, bank guarantee or blocking funds (Sw. *spärrmedel*), but contains no provisions that entitle Laureus to revoke its undertaking.[24]

### Declarations of intent

Swedbank Robur Funds, AMF Pension & Funds and TIN Funds, which, as of 15 February 2022, together held approximately 13.4 per cent of the shares and votes in Stillfront, have declared their intention to subscribe for their respective pro rata share of the rights issue.

### Total undertakings and declarations of intent

Laureus's undertaking, together with the declarations of intent, encompass in total 28.5 per cent of the rights issue.

## Summary of information announced in accordance with MAR

The information that Stillfront during the past 12 months has announced in accordance with the Market Abuse Regulation (596/2014) ("**MAR**") and that is relevant as of the date of this prospectus is set forth below.

### Financial reports

- On 5 May 2021, Stillfront published its interim report for the period January–March 2021.
- On 11 August 2021, Stillfront published its interim report for the period January–June 2021.
- On 10 November 2021, Stillfront published its interim report for the period January–September 2021.
- On 16 February 2022, Stillfront published its year-end report for the period January–December 2021.

### Forthcoming rights issue

- On 19 January 2022, Stillfront announced that the Board of Directors had resolved on the forthcoming rights issue of shares with preferential rights for existing shareholders, of approximately SEK 2.0 billion before transaction costs.
- On 21 February 2022, Stillfront announced the terms and conditions for the forthcoming rights issue, including subscription price and subscription ratio.

### Acquisitions

- On 7 May 2021, Stillfront announced that the Company had entered into an agreement to acquire 100 per cent of the shares in Game Labs. The initial purchase price amounted to USD 32.5 million on a cash and debt-free basis.
- On 8 September 2021, Stillfront announced that the Company had entered into an agreement to acquire 100 per cent of the shares in Jawaker for a total purchase price of USD 205 million on a cash and debt-free basis. The acquisition of Jawaker was completed on 4 October 2021.

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[23] Address: Theodorstraße 42-90, House 9, 22761 Hamburg, Germany.

[24] See "*Non-secured subscription and guarantee commitments, etc.*" in the section "*Risk factors*".

- On 19 January 2022, Stillfront announced that the Company had entered into an agreement to acquire 6waves for an initial purchase price of USD 201 million on a cash and debt-free basis. The acquisition of 6waves was completed on 1 February 2022, whereby Stillfront accessed 100 per cent of the shares.

### Financing and capital market transactions, etc.

- On 6 May 2021, Stillfront announced that the Company was considering raising a senior unsecured bond loan. On 11 May 2021, Stillfront announced that the Company had issued SEK 1,500 million in 4-year senior unsecured bonds, maturing in 2025.
- On 8 September 2021, Stillfront announced that the Company intended to carry out a directed share issue to finance the acquisition of Jawaker. On 9 September 2021, Stillfront announced that the Company had completed a directed share issue, which provided the Company with gross proceeds of SEK 1 billion.

## Advisors, etc.

Stillfront's financial advisors in relation to the rights issue are DNB, Nordea and Swedbank. DNB, Nordea and Swedbank are also Joint Global Coordinators and Joint Bookrunners in connection with the offer under this prospectus. From time to time, DNB, Nordea and Swedbank (and their affiliates) have in the ordinary course of business provided, and may in the future provide, various banking, financial, investment, commercial and other services to Stillfront for which they have received, and may receive, compensation. Furthermore, DNB, Nordea and Swedbank (and their affiliates) are lenders and/or brokers of loans granted to Stillfront.

Mannheimer Swartling Advokatbyrå is Stillfront's legal advisor in the rights issue as to Swedish law. DLA Piper LLC is Stillfront's legal advisor in the rights issue as to U.S. law. White & Case Advokataktiebolag is the Joint Global Coordinators' and Joint Bookrunners' legal advisor in the rights issue.

## Incorporation by reference, etc.

The Company's consolidated financial statements for the financial years 2019 and 2020 and the year-end report for the period January–December 2021 are incorporated into this prospectus by reference and consequently form part of this prospectus and are to be read as a part hereof. The said financial statements are included in the Company's annual report and consolidated financial statements for the financial years 2019 and 2020 and the Company's year-end report for the period January–December 2021. Reference to incorporated documents takes place as follows:

- Annual report 2019:[25] Consolidated Statement of Comprehensive Income (p. 53); Consolidated Statement of Financial Position (p. 54–55); Consolidated Statement of Changes in Equity (p. 56); Consolidated Cash Flow Statement (p. 57); and notes (p. 63–107) as well as auditor's report (p. 109–117).
- Annual report 2020:[26] Consolidated Statement of Comprehensive Income (p. 59); Consolidated Statement of Financial Position (p. 60–61); Consolidated Statement of Changes in Equity (p. 62); Consolidated Statement of Cash Flows (p. 63); and notes (p. 69–122) as well as auditor's report (p. 124–132).
- Year-end report for the period January–December 2021:[27] income statement in summary, Group (p. 13); balance sheet in summary, Group (p. 14); shareholders' equity, Group (p. 15); cash flow in summary, Group (p. 16).

Non-incorporated parts of the above reports contain information presented elsewhere in this prospectus or which is deemed not relevant to investors in the forthcoming rights issue. The Group's annual report for the financial years 2019 and 2020 have been audited by the Company's auditor. The Group's year-end report for the period January–December 2021 has not been audited or reviewed by the Company's auditor.

## Documents on display

Stillfront's Articles of Association and certificate of registration are available during the validity period of this prospectus in electronic form on Stillfront's website (www.stillfront.com).

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[25] https://www.stillfront.com/en/wp-content/uploads/sites/2/2020/04/stillfront-stillfront-publishes-annual-sustainability-report-for-2019-200423.pdf.

[26] https://www.stillfront.com/en/wp-content/uploads/sites/2/2021/04/stillfront-stillfront-publishes-annual-sustainability-report-for-2020-210420.pdf.

[27] https://www.stillfront.com/en/wp-content/uploads/sites/2/2022/02/stillfront-stillfront-groups-full-year-results-2021-220216.pdf.

# SELLING AND TRANSFER RESTRICTIONS

*The distribution of subscription rights and the offer to subscribe for new shares in Stillfront by exercise of subscription rights as well as without subscription rights (the "**Rights Issue**") to persons resident in, or who are citizens of, countries other than Sweden, Denmark and Finland may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisers as to whether their relevant jurisdiction requires any governmental or other consent or if there is a need to observe any other formalities in order to enable them to exercise subscription rights or to subscribe for new shares without subscription rights.*

## General

Stillfront has not taken and will not take any action to permit a public offering of the new shares being issued in the Rights Issue (through the exercise of the subscription rights or otherwise) in any jurisdiction other than Sweden, Denmark and Finland. Receipt of this prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for information only and must not be copied or redistributed.

Except as otherwise disclosed in this prospectus, if an investor receives a copy of this prospectus in any jurisdiction other than Sweden, Denmark and Finland, the investor may not treat the prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the subscription rights, paid subscribed shares/interim shares (*betalda tecknade aktier (BTA)/interimsaktier*) or new shares being granted or offered, respectively, in the Rights Issue (the "**Securities**"), unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Securities could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if an investor receives a copy of this prospectus, the investor should not distribute or send the same, or transfer the Securities to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If any investor forwards this prospectus into any such jurisdictions (whether under a contractual or legal obligation or otherwise), such investor should draw the recipient's attention to the contents of this section. Except as otherwise expressly noted in this prospectus, the following applies:

- the Securities may not be offered, subscribed for, sold or transferred, directly or indirectly, to or in the United States, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore or South Africa or any other jurisdiction in which it would not be permissible to offer the Securities or where such action would require additional prospectuses, registration or measures other than those pursuant to Swedish law (an "**Ineligible Jurisdiction**", together the "**Ineligible Jurisdictions**");
- the prospectus may not be sent to any person in any Ineligible Jurisdiction; and
- the transfer of subscription rights to an account of a shareholder or other person in an Ineligible Jurisdiction or of a citizen of an Ineligible Jurisdiction (referred to as "**Ineligible Persons**") does not constitute an offer to such persons of new shares and Ineligible Persons may not exercise subscription rights.

If an investor subscribes for, receives, transfers, trades or otherwise deals in the Securities, that investor will be deemed to have made, or, in some cases, be required to make, among other things, the following representations and warranties to Stillfront and any person acting on its behalf (unless such requirement is waived by Stillfront):

- the investor is not located in an Ineligible Jurisdiction;
- the investor is not an Ineligible Person;
- the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- unless the investor is a holder of Shares and a QIB, the investor is located outside the United States, and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the investor and any such person will be located outside the United States;
- the investor understands that the Securities have not been or will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered, subscribed for, exercised, pledged, sold, resold, allotted, delivered or otherwise transferred within the United States, or for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act; and

- the investor may lawfully be offered, exercise, subscribe for and receive Securities in the jurisdiction in which it resides or is currently located.

Stillfront and any person acting on its behalf will rely upon the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of subscription rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to Stillfront with respect to the exercise of subscription rights on behalf of the holder. If such person does not or is unable to provide the aforementioned representations and warranties, Stillfront will not be bound to authorise the allocation of any Securities to that person or the person on whose behalf the other is acting.

Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians and trustees) who is located outside of Sweden wishes to exercise, deal in or subscribe for Securities, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any taxes due in such territories.

**The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise subscription rights or otherwise subscribe for Securities, that investor should consult professional advisers without delay.**

For shareholders who on the record date 1 March 2022 hold shares in Stillfront through financial intermediaries, all subscription rights will initially be credited to such financial intermediaries for such shareholders' accounts. A financial intermediary may not exercise any subscription rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of subscription rights to certify the same.

Subject to certain exceptions, financial intermediaries are not permitted to send this prospectus or any other information about the Rights Issue into any Ineligible Jurisdiction or to any Ineligible Person. The crediting of subscription rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of Securities to such persons. Nominees, which include banks, brokers, custodians and other financial intermediaries, holding for Ineligible Persons may consider selling any or all subscription rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions or certifications regarding subscription sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Securities will not be delivered to an addressee in any Ineligible Jurisdiction. Stillfront reserves the right to reject any exercise or revoke any accepted exercise made in the name of any person who provides an address in an Ineligible Jurisdiction for exercise or delivery of Securities, who does not or is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to Stillfront or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, Stillfront reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of subscription rights which appears to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this prospectus, Stillfront reserves the right to permit a holder to exercise its subscription rights if Stillfront in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described below. In any such case, Stillfront does not accept any liability for any actions that a holder takes or for any consequences that such holder may suffer by Stillfront's acceptance of the holder's exercise of subscription rights.

None of Stillfront, the Joint Global Coordinators or any of their respective representatives is making any representation to any offeree, subscriber or purchaser of the Securities regarding the legality of an investment in the Securities by such offeree, subscriber or purchaser under applicable laws. Each investor should consult with its own advisors and make its independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Securities.

**Investing in the Securities involves risks. See "*Risk factors*" for a discussion of risks that prospective investors should consider before investing in the Securities.**

## United States

The Securities have not been and will not be registered under the Securities Act or under the securities legislation of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. Any offering of the Securities to be made in the United States will be made by the issuer and only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, to a limited number of investors who (i) are existing holders of shares in Stillfront and qualified institutional buyers as defined in Rule 144A under the Securities Act ("**QIBs**") and (ii) have executed and delivered an *investor letter*, in form and substance acceptable to Stillfront.

Accordingly, subject to certain limited exceptions, this document will not be sent to, and no subscription rights will be credited to, any shareholder with a registered address in the United States. In addition, Stillfront and the Joint Global Coordinators reserve the right to reject any instruction in respect of the Securities sent by or on behalf of any securities account holder with a registered address in the United States.

Up until 40 days after the expiration of the subscription period in the Rights Issue, an offer, sale or transfer of the Securities within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act. The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission ("**SEC**"), any state regulatory authority in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Securities are distributed, offered or sold <u>within</u> the United States will, by accepting delivery of this prospectus or by its subscription for Securities, be deemed to have represented, acknowledged and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Securities, as the case may be, that, among other things:

1. it, and any account for which it is exercising any rights, is at the time of receipt of the prospectus, and at the time of any exercise by it of subscription rights, an existing shareholder of the Company and a QIB.
2. it understands and acknowledges that the Rights Issue is made in reliance on an exemption from registration under the Securities Act and that none of the Securities have been or will be registered under the Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below.
3. it understands that the subscription rights may only be transferred, assigned, sold or resold outside the United States in reliance on Regulation S under the Securities Act, and not in any case inside or into the United States.
4. as a purchaser in a private placement of securities that have not been registered under the Securities Act, it may only acquire subscription rights, paid subscribed shares/Interim shares and new shares upon the exercise of such subscription rights, for its own account, or for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such subscription rights or of any paid subscribed shares/Interim shares or new shares issuable upon exercise of the subscription rights.
5. it understands and agrees that, although offers and sales in the United States of the subscription rights are being made only to QIBs, and that the subscription rights may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in paragraph 4 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, pledge, hypothecate or otherwise transfer any subscription rights, or any paid subscribed shares/Interim

shares or new shares issued upon the exercise of subscription rights, it and such other persons will do so only (i) pursuant to an effective registration statement under the Securities Act; (ii) with respect to paid subscribed shares/Interim shares or new shares, to a QIB in a transaction meeting the requirements of Rule 144A; (iii) outside the United States pursuant to Rule 904 under Regulation S under the Securities Act in an “offshore transaction” (and not in a pre-arranged transaction resulting in the resale of such subscription rights, paid subscribed shares/Interim shares or new shares into the United States); or (iv) in the case of new shares issued upon the exercise of subscription rights, in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of new shares.

6. it understands that for so long as new shares issued upon the exercise of subscription rights are “restricted securities” within the meaning of U.S. federal securities laws, no such new shares may be deposited into any U.S. depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such new shares will not settle or trade through the facilities of the Depository Trust Company or any other U.S. exchange or clearing system.

7. it has received a copy of this prospectus and has had access to such financial and other information concerning Stillfront as it has deemed necessary in connection with making its own investment decision to exercise subscription rights and has consulted with its own independent advisers or otherwise satisfied itself concerning the legal, tax and other economic considerations related to exercising its subscription rights. It acknowledges and agrees that neither Stillfront or the Joint Global Coordinators nor any person representing Stillfront or the Joint Global Coordinators has made any representation to it with respect to Stillfront or the offer in the Rights Issue other than as set forth in the prospectus. It will hold any offering materials, including the prospectus, it receives directly or indirectly from Stillfront or the Joint Global Coordinators in confidence, and it understands that any such information received by it is solely for it and may not be redistributed or duplicated by it. It acknowledges and agrees that the Securities have not been offered to it by Stillfront or the Joint Global Coordinators in any form of general solicitation or general advertising (in the meaning set forth in Regulation D under the Securities Act).

8. it, and each other QIB, if any, for whose account it may acquire subscription rights, paid subscribed shares/Interim shares or new shares, in the normal course of business, invests in or purchases securities similar to the Securities, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring subscription rights and new shares and is aware that it must bear the financial risk of an investment in each subscription right and any paid subscription share and new share for an indefinite period of time and is able to bear such risk for an indefinite period.

9. it understands that these representations and undertakings are required under United States securities laws and irrevocably authorises Stillfront and the Joint Global Coordinators to produce these undertakings and the investor letter to any interested parties in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

10. it represents that if, in the future, it offers, resells, pledges or otherwise transfers the Securities, it shall notify such subsequent transferee of the transfer restrictions set out herein.

11. it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of Stillfront, and is not acting on behalf of an affiliate of Stillfront.

12. it understands and acknowledges that Stillfront, the Joint Global Coordinators and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

In addition, each person exercising subscription rights or otherwise subscribing for new shares will be deemed to have acknowledged and agreed that no person is authorised to give any information or make any representations other than those contained in the prospectus and, if given or made, such information or representations will not be relied upon as having been authorised by Stillfront or the Joint Global Coordinators, nor will Stillfront or the Joint Global Coordinators have any liability or responsibility therefore.

Each person to which Securities are distributed, offered or sold outside the United States will, by its subscription for, or purchase of, Securities, be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Securities, as the case may be, that:

- it is acquiring the Securities from Stillfront in an "*offshore transaction*" as defined in Regulation S under the Securities Act; and
- the Securities have not been offered to it by Stillfront by means of any "*directed selling efforts*" as defined in Regulation S under the Securities Act.

## Agreement of confidentiality

Any recipient of this document in the United States is hereby notified that this document is being furnished to it on a confidential basis and must not be reproduced, resent or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorised to use this document solely for the purpose of considering a subscription for Securities and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each recipient and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Securities. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

## Enforcement of liabilities and service of process

Stillfront is a Swedish limited liability company (Sw. *Aktiebolag*). The majority members of the Board of Directors and the steering group are resident outside the United States. A substantial portion of the assets of Stillfront and such persons are located outside the United States. As a result, it may not be possible for investors to serve writ of summons upon Stillfront or such persons or to enforce against them in U.S. courts judgments obtained in such courts. Original actions, or actions for the enforcement of judgments of a U.S. court, relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Sweden. The United States and Sweden do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by a U.S. court based on civil liability will not be directly enforceable in Sweden. However, if the party in whose favour such final judgment is rendered brings a new lawsuit in a competent court in Sweden, that party may submit to the Swedish court the final judgment that has been rendered in the United States. Although a judgment by a federal or state court in the United States against the Company or the Group will neither be recognised nor enforced by a Swedish court, it may serve as evidence in a similar action in a Swedish court.

## Passive Foreign Investment Company

Prospective purchasers of the Securities who are resident in, or citizens of, the United States should be aware that the purchase, holding and disposing of the Securities may have tax consequences and such parties are solely responsible for determining the tax consequences applicable to their particular circumstances and should consult their own tax advisors concerning the investment described herein. In particular, and without limiting the foregoing, no determination has been made as to whether Stillfront is a "passive foreign investment company" ("**PFIC**"), as defined in the U.S. Internal Revenue Code, for U.S. federal income tax purposes for its most recent taxable year. The determination of whether the Company is a PFIC is complex and it is possible that Stillfront could be classified as a PFIC, especially if there are changes in the composition of its assets or income, as well as changes in the company's market capitalisation.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75 per cent of its gross income is classified as "passive income"; or (ii) 50 per cent of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any assets of any corporation in which it holds a 25.0 per cent or greater interest.

Under the PFIC rules, if Stillfront were considered a PFIC at any time that a U.S. shareholder holds Securities, Stillfront would continue to be treated as a PFIC with respect to such shareholder's investment unless (i) the company ceases to be a PFIC; and (ii) the U.S. shareholder has made a "deemed sale" election under the PFIC rules.

Upon the written request of a U.S. shareholder, Stillfront will determine whether it qualifies as a PFIC during any taxable year following the offering and make such determination available to the U.S. shareholder.

### EEA

Within the European Economic Area ("**EEA**"), no public offering of Securities is made in other countries than Sweden, Denmark and Finland. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in their national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in their national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law. Each recipients of this prospectus will be considered to have represented and guaranteed that they do not have or will not make any offer to the public in any member state of the EEA.

### Other jurisdictions

The Securities have not been and will not be registered in United States, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore or South Africa or any other jurisdiction outside Sweden and may not be offered, subscribed for, exercised, pledged, sold, resold, delivered or otherwise transferred, directly or indirectly, in or to any such jurisdiction other than in such exceptional cases when a prospectus would not be required under applicable laws and regulations of such jurisdiction.

## DEFINITIONS AND GLOSSARY

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|---|---|
| “6waves” | means Six Waves Inc., reg. no. 1512629 and, depending on the context, one or several subsidiaries |
| “Babil Games” | means Babil Games FZ LLC, reg. no. 2987/2012 and, depending on the context, one or several subsidiaries |
| “Bytro Labs” | means Bytro Labs GmbH, reg. no. HRB 99869 |
| “Candywriter” | means C1 Acquisition Holdings, Inc. reg. no. 7942009 and, depending on the context, one or several subsidiaries, as well as Candywriter Holdings, Inc. |
| “Coldwood Interactive” | means Coldwood Interactive AB, reg. no. 556641-6532 |
| “Company”, “Group” or “Stillfront” | means, depending on the context, Stillfront Group AB (publ), reg. no. 556721-3078, one or several subsidiaries to the Company or the group in which the Company is parent company |
| “Dorado Games” | means DOG Holdings Ltd, reg. no. C64760 and, depending on the context, one or several subsidiaries |
| “eRepublik” | means eRepublik Labs. Limited, reg. no. 462101 and, depending on the context, one or several subsidiaries |
| “EUR” | means euro |
| “Euroclear Sweden” | means Euroclear Sweden AB, reg. no. 556112-8074 |
| “Everguild” | means Everguild Limited, reg. no. 09334050 and, depending on the context, one or several subsidiaries |
| “Game Labs” | means Game Labs Inc., reg. no. 5727645 |
| “GBP” | means British pound sterling |
| “Goodgame Studios” | means Altigi GmbH, reg. no. HRB 99869 and, depending on the context, one or several subsidiaries |
| “IDFA” | means Identifier for Advertisers |
| “IFRS” | means International Financial Reporting Standards |
| “Imperia Online” | means Imperia Online JSC, reg. no. 205098993 |
| “Jawaker” | means Jawaker FZ LLC, reg. no. 136 |
| “Kixeye” | means KIXEYE Inc, reg. no. 4520117 and, depending on the context, one or several subsidiaries |
| “MENA” | means the regions Middle east and North Africa |
| “Moonfrog Labs” | means Moonfrog Labs Private Limited, reg. no. U72400KA2013PTC072054 and, depending on the context, one or several subsidiaries |
| “M” | means millions |
| “Nanobit” | means Nanobit d.o.o., reg. no. 080640383 and, depending on the context, one or several subsidiaries |
| “Playa Games” | means Playa Games GmbH, reg. no. HRB 109725 |
| “Power Challenge” | means Power Challenge AB, reg. no. 556719-9871 and, depending on the context, one or several subsidiaries |
| “Sandbox Interactive” | means Sandbox Interactive GmbH, reg. no. HRB 141903 B |
| “SEK” | means Swedish krona |
| “Storm8” | means Storm8, Inc., reg. no. 4712338 and, depending on the context, one or several subsidiaries |
| “Super Free Games” | means Super Free Games, Inc., reg. no. C3404849 |
| “USD” | means U.S. dollars |

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