



Interim Report January–September 2017

STILLFRONT GROUP AB (PUBL)

THE INTERIM PERIOD JANUARY – SEPTEMBER 2017

- Net revenues amounted to 112.7 MSEK (corresponding period 2016: 70.3 MSEK), which is an increase of 60% compared to the corresponding period 2016. Total operating revenues amounted to 139.2 MSEK (87.0).
- EBITDA amounted to 36.9 MSEK compared to 27.5 during the corresponding period 2016. EBITDA has increased due to a written-off debt and has been charged with acquisition costs, costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS, acquisitions and move to Nasdaq First North Premier with no net effect on the profit and loss.
- Profit/loss before tax was 11.3 MSEK (22.3). Financial items have been charged with accounting financial costs related to the contingent considerations. Profit/loss after tax was 8.7 MSEK (13.3).
- Earnings per share before dilution amounted to 1.09 SEK (1.45 SEK). Earnings per share after dilution amounted to 1.08 SEK (1.42 SEK).
- As of September 30 cash and cash equivalents amounted to 71.1 MSEK. As of Dec 31, 2016 cash and cash equivalents amounted to 35.8 MSEK.

THE QUARTER JULY – SEPTEMBER 2017

- Net revenues amounted to 45.4 MSEK (corresponding period 2016: 21.8 MSEK) which is an increase of 108% compared to the corresponding period 2016. Total operating revenues amounted to 55.6 MSEK (29.8).
- EBITDA amounted to 19.2 MSEK compared to 6.8 MSEK during the corresponding period 2016. EBITDA has increased due to a written-off debt and been charged with acquisition costs with a total of 2.0 MSEK.
- Profit/loss before tax was 4.8 MSEK (5.2). Profit/loss after tax was 6.6 MSEK (2.1).
- Earnings per share before dilution amounted to 0.50 SEK (0.07 SEK). Earnings per share after dilution amounted to 0.50 SEK (0.07 SEK).
- The launch of Siege: Titan Wars continued during the quarter. In early July, the product was globally featured by Apple. In total, the product has been installed by 1.8 million users as of September 30.
- July 18, the acquisition of the German sports management game OFM was completed. In connection with this, a publishing agreement was entered into regarding Football Empire.
- Stillfront's bond was listed on Nasdaq STO Corporate Bonds 21 July.

EVENTS AFTER THE INTERIM PERIOD

- October 19, a global launch of eRepublic Lab's new game "War and Peace: Civil War" was launched. The launch yielded very strong key performance indicators.
- Bytro's successful game Call of War was launched on the Steam platform on October 19th.
- Babil's Nida Harb 3: Empire of Steel was launched on November 10th.



OUR STRONGEST QUARTER EVER - IN ALL AREAS

“In the third quarter, we reach new all-time highs in terms of sales and EBITDA for a single quarter, as well as rolling twelve-month revenue. We have achieved new sales records with very good margins for 34 consecutive months. My conclusion is that our strategy of creating good returns with diversification and balanced risk is working. We have established a very stable foundation for continued good development over the long term”, says Jörgen Larsson, CEO.

KEY FIGURES, THE GROUP

KSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Last 12 mnths	2016 Jan-Dec
Net Revenues	45 432	21 837	112 747	70 280	137 299	94 832
Growth in revenues	108%		60%			
EBITDA	19 226	6 828	36 903	27 491	43 676	34 264
EBITDA margin	42.3%	31.3%	32.7%	39.1%	31.8%	36.1%
Profit/loss before tax	4 754	5 223	11 327	22 281	12 489	23 443
Profit/loss after tax	6 631	2 094	8 703	13 308	16 371	20 976

INVESTOR PRESENTATION

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

IMPORTANT NOTICE: This Interim Report is a non-official translation from Swedish of the Delårsrapport januari-september 2017 issued by Stillfront Group AB (publ) November 14, 2017. This translation is solely provided as convenience. Should there be any ambiguity between the Swedish and the English text, the Swedish text will prevail.



A Word from Jörgen Larsson, CEO

Our Strongest quarter ever – in all areas

In the third quarter, we once again recorded a new all-time high for revenues and EBITDA in a quarter as well as rolling twelve-month revenue. We now have 34 months in a row of achieving new sales records, at very good margins - my conclusion is that our strategy for creating good returns with balanced risk is working. We have established a very stable foundation for continued good development over the long term.

Our work to broaden our portfolio of games and studios continues. During the quarter we acquired the game Online Fussball Manager with its associated operating organization. Online Fussball Manager is a well-established brand for a successful sports management game with stable revenue and good profitability. We have also entered into a publishing agreement with Digamore Entertainment regarding the mobile game Football Empire, a game that combines the popular genres of sport management games and strategy games. Football Empire has gained FC Liverpool's famous and popular coach Jürgen Klopp as a brand ambassador. The game has now entered a test phase. Launch is planned around the turn of the year.

We continue to develop new games with established brands and proven engines. Examples of this are broadening of Bytro's Call of War to both mobile platforms as well as to the leading PC platform Steam. Through this we have created a significantly stronger cross platform experience for both our existing loyal players as well as for new players. More than 50,000 of our Call of War players regularly play via Steam and/or mobile.

eRepublik Labs, acquired during the second quarter, initiated a global launch of the mobile game War and Peace: Civil War in October. The game is based on the same engine as eRepublik's successful strategy titles Age of Lords and World at War: WW2 Strategy MMO. The initial revenues are very satisfactory and War and Peace has already established itself as one of the group's largest products with a revenue rate which qualifies it as a so-called core product, i.e. having a revenue of more than 5 MSEK per year.

During the quarter, the launch of Siege: Titan Wars continued. In early July, the product was globally featured by Apple. In total, the product has been installed by 1.8 million users and during the third quarter total gross revenue was about \$ 1.2 million, which is highest of all Stillfront's products. Through the partnerships we have, the revenue is shared with our partners, which means that we recorded a revenue of SEK 4.5 million during the quarter. The extensive work of launching a product globally to this extent takes considerable time and resources, work continues in Q4 with unabated intensity. It is still too early to assess Siege's full long-term potential.

Our work on identifying and evaluating interesting acquisitions continues. The market's awareness of Stillfront Group is increasing, which is reflected in a strong deal flow. We have high standards on potential acquisitions we wish to pursue and evaluation is ongoing. With the frame work of the bond loan taken during the second quarter, we have strong financial resources for future acquisitions.

It is with great confidence that I look into the future. Our business model and strategy work well, we have a strong financial position and we are an attractive business partner, which gives us good momentum for continued growth.

Jörgen Larsson, CEO



Significant events during the interim period

During the interim period, revenues have been solid, especially from the second quarter and forward, when eRepublik Labs was consolidated in Stillfront's accounts as of May. The eRepublik.com browser game, the Age of Lords mobile game, and the mobile game World at War: WW2 Strategy MMO, all record sales figures that qualify them as core products, i.e. with yearly revenues rate exceeding 5 MSEK.

The solid revenue levels within Simutronics's games DragonRealms and Gemstone IV have sustained in the third quarter and are the highest in several years. Simutronics's mobile game Siege: Titan Wars initiated its global launch in July with a strong featuring in Apple's App Store. The launch continues with tuning of the product and adaptations for the Chinese market.

Coldwood enjoys royalty income from Unravel also during the third quarter, however declining levels. Unravel was launched in the first quarter of 2016. Work on the development of a sequel to Unravel on behalf of Electronic Arts continues according to plan.

Babil's games TankStorm and Admiral still generate fine earnings during the interim period. During the interim period, the games Heroes' Adventure and Age of Kings were launched. These games have so far not met expectations. Measures to improve primarily the game Age of Kings as well as improvements regarding live operations are being implemented to increase volumes.

In June, Bytro Labs beta-launched the mobile version of its most successful game Call of War. The mobile version is undergoing further development based on promising initial key indicators. During the interim period Bytro has developed a Steam version of Call of War, as a part of the continued leverage of the Call of War brand. During the interim period, Bytro has migrated to an improved operating environment with secure and scalable capacity. This migration has resulted in costs of MSEK 1.0.

In accordance with Stillfront's product strategy PLEX, the portfolio of games and studios is continuously expanded. Investments in new and expanded products have taken place during the interim period, mainly by Bytro, Coldwood, Simutronics and eRepublik. Several of these products have already been launched or are scheduled to be launched during the current year.

Stillfront acquired eRepublik Labs in May. The company - with most of its operations in Bucharest, Romania - currently has three profitable games and a number of development projects are in progress. One of these – War and Peace: Civil War was successfully launched after the end of the interim period.

Stillfront's revenue mix changes through the above launches and acquisitions, thereby increasing the share of mobile gaming revenue, as well as the share of self-published products. In the third quarter, the share of the company's revenues that came from own brands and own publishing amounted to 90%, and the share of mobile revenues was approx. 47%.

At an extraordinary general meeting in April, it was resolved to issue 299 189 warrants, to be used in an incentive program directed at current and future key employees within the Stillfront Group. Each warrant entitles the holder to subscribe for one share during the period May 15, 2020 - September 1, 2020 at the subscription price SEK 152.74.

At the annual general meeting in May, three new board members were elected: Birgitta Henriksson, Ulrika Viklund and Sture Wikman. Per Skyttvall and Fredrik Åhlberg had declined re-election. Annette Brodin Rampe was elected chairman of the board.



In May, Stillfront issued a bond loan amounting to MSEK 110. The frame for this bond loan is MSEK 500. Thus, Stillfront has strong financial ability for acquisitions, which is part of the company's growth strategy. The bond was listed on Nasdaq STO Corporate Bonds on July 21.

In July, Stillfront was approved for listing on Nasdaq First North Premier. First North Premier places higher requirements on accounting and corporate governance, among other things, it is necessary for Stillfront to prepare consolidated financial statements according to IFRS. The Swedish Corporate Governance Code is applied by Stillfront.

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

Significant events after the end of the interim period

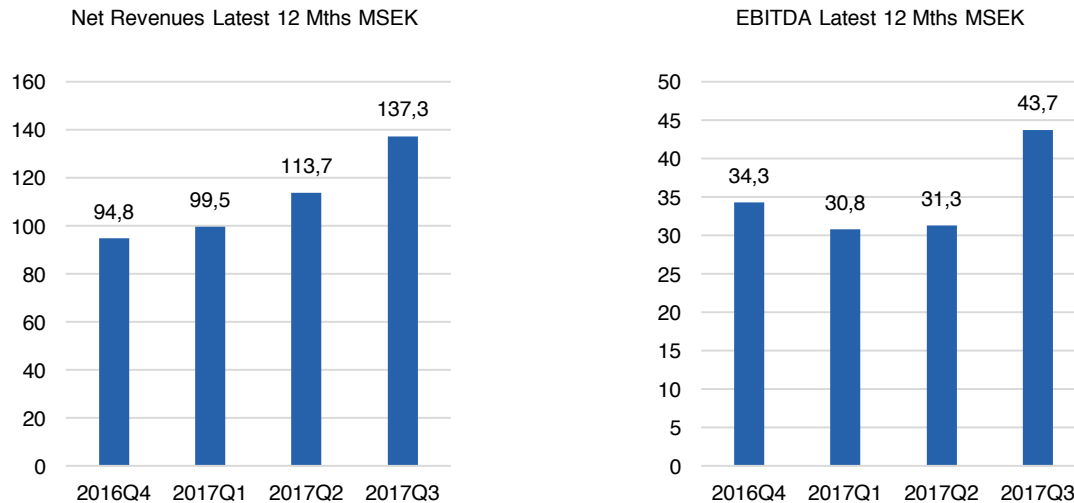
After the end of the interim period, eRepublik has initiated the global launch of the War and Peace: Civil War. The launch, supported by a featuring on Google Play, was successful and initial revenue is judged to be an indication that the game may become the most successful eRepublik game to date.

Bytro launched a version of Call of War adapted to Steam in October. Steam is a leading platform for distributing games on PC. Call of War has been well received within its product category. Launch of Call of War as a native Android app has also taken place which complements the mobile range of the product.

In October, Stillfront's board director Alexander Bricca announced that he will leave his board assignments in Stillfront Group AB and Coldwood Interactive AB.

Revenues and profit/loss

Starting with the Year End Report for 2016, Stillfront Group submits its financial reporting in accordance with IFRS. All comparative figures have been restated in accordance with IFRS. All Details concerning the transition to IFRS can be found in Stillfront's Annual Report for 2016.



Net revenues during the first three quarters 2017 amounted to 112.7 MSEK (70.3 MSEK). The increase pertains mainly to revenues in eRepublik, Simutronics and Babil Games. Net revenues during the third quarter amounted to 45.4 MSEK (21.8).

Total operating revenues, which includes internally accrued revenues and other revenues amounted to 139.2 MSEK (87.0). The corresponding number for the third quarter was 55.6 MSEK (29.8)

During the interim period, EBITDA amounted to MSEK 36.9 (27.5), which corresponds to an EBITDA margin of 32.7% (39.1%). The increase in EBITDA pertains to good profitability in eRepublik Labs, acquired during the interim period, and the launch of Siege: Titan Wars. The decline EBITDA margin compared with the corresponding period of the previous year is explained by the fact that significant high margin royalties for Unravel were recorded during the corresponding period of 2016. EBITDA has increased due to a written-off debt and has been charged with acquisition costs, costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS, acquisitions and move to Nasdaq First North Premier with no net effect on the profit and loss. EBITDA for the quarter amounted to 19.2 (6.8), of which a one-time items as per above improved the EBITDA with 2.0 MSEK.

The interim period profit before tax was SEK 11.3 million (22.3) and the profit after tax for the period amounted to SEK 8.7 million (13.3). For the quarter, the corresponding figures were 4.8 (5.2) and 6.6 (2.1). Stillfront's financial expenses increased during the interim period partly due to interest expense related to the newly issued bond, partly due to the fact that contingent considerations related to acquisitions are recorded as long term debts and thus generate an accounting financial cost. The latter, however, does not affect Stillfront's current cash flow.

Cash flow and financial position

Cash flow for the interim period was 34.8 MSEK (-16.9). Cash flow from operating activities was MSEK 13.9 (25.9). For the quarter, the corresponding figures were -21.5 (-20.0) and 1.9 (-9.6).

The equity ratio as of September 30, 2017 was 38.8%, compared to 47.7% at December 31, 2016. The Group's available liquid assets, including unutilized credit commitments, amounted to SEK 72.7 million at the end of the period, compared with SEK 37.4 million on 31 December 2016.

The interest coverage ratio (defined as EBITDA divided by net financial items for the past 12 months) was as of September 30, 2017 5.6, compared with 28.3 at December 31, 2016. The change is due to increased financial expenses related to the bond issued during the second quarter as well as accounting financial costs related to the contingent considerations.

Leverage ratio (defined as adjusted net debt as of 30 September divided by EBITDA for the past 12 months) was 30 September 1.4. As of December 31, 2016, the leverage ratio was negative, i.e. the company did not have a net debt. In this context, adjusted net debt is defined as long-term liabilities excluding contingent considerations reduced by cash and bank.

Investments and Depreciation

During the interim period, investments have been made which have been capitalized by MSEK 32.7 (21.9). Investments include the games Siege: Titan Wars, Call of War Mobile, new eRepublik games and an upcoming game developed by Coldwood. The corresponding figure for the quarter was 13.2 MSEK (10.7). In relation to net revenues, investments in the third quarter were 29%, while investments in the second quarter accounted for 26% of net revenues.

Depreciation and amortization of tangible and intangible assets during the interim period amounted to 17.6 MSEK (3.9). Depreciation and amortization mainly pertains to intangible assets acquired by the Group in connection with the acquisition of subsidiaries and capitalizing product development expenses. A write down of one game has taken place amounting to 2.3 MSEK. Depreciation and amortization of tangible and intangible assets during the quarter was MSEK 9.2 (1.4).

Employees

The number of employees at the end of period was 141.

Market

The gaming industry is globally one of the largest areas in digital entertainment. In 2016 the market was estimated to exceed USD 100 billion. Thus, the game industry is a larger industry than the film and music industries together. In recent years, the annual growth is estimated to be 7%, and the market is expected to USD 119 billion 2019.

North America and Europe account for 43% of the global market. In Europe the number of players was estimated in 2016 to 337 million in North America to 198 million. Growth in both these markets is expected to be lower than average. Other markets such as the MENA (Middle East and North Africa) is estimated to have stronger growth than the average.



The market is very large, but the competition is also, in some segments, hard. Stillfront Group's strategy is to meet the competition by offering high quality games with highly engaging play experiences for consumers with a long life cycle.

Stillfront's online games have a low threshold to attract new players and offer free-to-play, but offers clear advantages for the players who pay for extra features and characteristics. In this way, a good player liquidity is achieved in parallel with a large paying player base with high average revenues. Expansion of Stillfront's games to mobile platforms and Steam increases the reach.

Parent Company

Standard group management functions and group wide services are provided via the parent company. The revenues for the parent was during the interim period were 3.4 MSEK (0.0). Total operating revenues was 6.2 MSEK (0.0). The interim period's profit/loss after tax amounted to -6.1 MSEK (-5.8). During quarter, the revenues were 1.2 MSEK (0.0) and the total operating revenues was 4.0 MSEK (0.0). The profit/loss after tax of the quarter amounted to -2.3 MSEK (-1.9).

Related Party Transactions

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

During the interim period, Stillfront's subsidiary OFM Studios GmbH has acquired the game Online Fussball Manager and Stillfront entered a publishing agreement with Digamore Entertainment GmbH, as described above under the heading "Significant events during the interim period".

Other than what is described above and customary transactions with related parties such as remuneration to key individuals, there has been no transactions with related parties.

The Share and Shareholders

Stillfront Group's shares are traded on Nasdaq First North since December 8, 2015. The Stillfront shares were moved to First North Premier June 29, 2017. Closing price as of September 30 2017 was 84.50 SEK/share.

The largest owners are FKL Holding GmbH with 14.50% of the shares in Stillfront Group AB and Swedbank Robur Fonder with 7.69% of the shares. Prioritet Finans owns 3.95%, Idivest Partners owns 3.59% and Avanza Pension owns 3.36%. The total number of shares as of September 30 was 6,425,008.

Accounting and Valuation Principles

This interim report has been prepared in accordance with IFRS. Stillfront's first applied IFRS when closing the books for fiscal year 2016. All comparative figures have been restated under IFRS.



Risks and Uncertainty Factors

Risks and uncertainties are described in Stillfront Company Description December 4, 2015, which is available on the company's website www.stillfront.com/site/investor-relations.

Review

This report has been reviewed by the company's auditors.

Certified Adviser

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

Investor contact

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

Financial Calendar

Year end report 2017:	22 Feb, 2018
Interim report third quarter 2017:	29 May, 2018
Annual General Meeting:	30 May, 2018
Interim report third quarter 2017:	28 Aug, 2018
Interim report third quarter 2017:	22 Nov, 2018
Year end report 2018:	22 Feb, 2019

Note

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CET on November 14, 2017.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Board Declaration

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

Stockholm, Nov 14, 2017

Annette Brodin Rampe, Chairman

Alexander Bricca

Birgitta Henriksson

Mark Miller

Ulrika Viklund

Sture Wikman

Jörgen Larsson, CEO



Review report

Auditor's review report for interim financial information in summary (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Stillfront Group AB (publ) as of 30 September 2017, and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 14, 2017

Mazars SET Revisionsbyrå AB

Michael Olsson
Authorized Public Accountant

Key figures, Group

	2017 JUL-SEP	2016 JUL-SEP	2017 JAN-SEP	2016 JAN-SEP	LAST 12 MNTHS	2016 JAN-DEC
Net Revenues, KSEK	45 432	21 837	112 747	70 280	137 299	94 832
EBITDA, KSEK	19 226	6 828	36 903	27 491	43 676	34 264
Profit before tax, KSEK	4 754	5 223	11 327	22 281	12 489	23 443
Profit after tax, KSEK	6 631	2 094	8 703	13 308	16 371	20 976
EBITDA margin, %	42,3%	31,3%	32,7%	39,1%	31,8%	36,1%
Interest Coverage Ratio, x	5,6		5,6		5,6	28,3
Equity Ratio, %	38,8%	71,6%	38,8%	71,6%	38,8%	47,7%
Leverage Ratio, x	1,4	neg	1,4	neg	1,4	neg
Shareholders' equity/share undiluted, SEK	25,23	19,20	25,23	19,20	25,23	22,44
Shareholders' equity/share diluted, SEK	24,92	18,87	24,92	18,85	24,92	22,21
Earnings/share undiluted, SEK	0,50	0,07	1,09	1,45	2,42	2,89
Earnings/share diluted, SEK	0,50	0,07	1,08	1,42	2,39	2,86
No of shares end of period undiluted	6 425 008	5 586 158	6 425 008	5 586 158	6 425 008	5 983 775
No of shares end of period diluted	6 504 368	5 682 982	6 502 447	5 690 922	6 499 352	6 045 171
Average no of shares period undiluted	6 425 008	5 586 158	6 149 237	5 218 951	6 025 316	5 328 763
Average no of shares period diluted	6 504 368	5 682 982	6 226 676	5 323 714	6 099 661	5 390 159

DEFINITIONS KEY FIGURES, GROUP

EBITDA

Operating profit before depreciation and amortization.

EBITDA margin

EBITDA as percentage of net revenues.

Interest Coverage Ratio

EBITDA divided by net financial items for the past 12 months. Stated starting 2017.

Equity ratio

Shareholders' equity as a percentage of total capital.

Leverage Ratio

Adjusted net debt (long-term liabilities excluding contingent considerations reduced by cash and bank) divided by EBITDA for the past 12 months.

Shareholders' equity/share

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

Earnings/share

Earnings after tax attributable to the parent company shareholders divided by the average number of shares during the period.

Consolidated income statement

KSEK	NOT 1	2017 JUL-SEP	2016 JUL-SEP	2017 JAN-SEP	2016 JAN-SEP	LAST 12 MNTHS	2016 JAN-DEC
Revenues							
Net revenues		45 432	21 837	112 747	70 280	137 299	94 832
Internally accrued during the year		7 294	7 355	22 960	16 080	30 549	23 669
Other revenues		2 889	616	3 456	658	4 146	1 348
Total Operating Revenues		55 614	29 808	139 162	87 018	171 993	119 849
Operating expenses							
Other operating expenses		-19 100	-9 912	-52 341	-28 633	-63 924	-40 216
Personnel expenses		-17 168	-13 068	-49 798	-30 894	-64 273	-45 369
Depreciations and write-downs		-9 183	-1 381	-17 593	-3 858	-23 346	-9 611
Other expenses		-120	-	-120	-	-120	-
Operating result		10 043	5 447	19 310	23 633	20 330	24 653
Result from financial items							
Financial Income		593	445	624	685	1 775	1 836
Financial expenses		-5 882	-669	-8 607	-2 037	-9 616	-3 046
Total financial items		-5 289	-224	-7 983	-1 352	-7 841	-1 210
Operating result after financial items		4 754	5 223	11 327	22 281	12 489	23 443
Taxes for the period		1 877	-3 129	-2 624	-8 973	3 882	-2 467
Net result for the period		6 631	2 094	8 703	13 308	16 371	20 976
Items that later can be reversed in profit							
Foreign currency translation differences		-6 883	2 659	-11 852	4 437	-12 436	3 853
Total other comprehensive income for		-252	4 753	-3 149	17 745	3 935	24 829
Period net result attributed to:							
Parent company shareholders		3 232	414	6 720	7 559	14 569	15 408
Minority interests		3 399	1 680	1 983	5 749	1 802	5 568
Period total comprehensive income							
Parent company shareholders		-1 485	2 949	-2 967	11 775	4 333	19 075
Minority interests		1 233	1 804	-182	5 970	-398	5 754
Number of shares							
Undiluted		6 425 008	5 586 158	6 149 237	5 218 951	6 025 316	3 289 000
Diluted		6 504 368	5 682 982	6 226 676	5 323 714	6 099 661	3 350 396
Net result per share attributable to the parent company shareholders							
Undiluted		0,50	0,07	1,09	1,45	2,42	4,68
Diluted		0,50	0,07	1,08	1,42	2,39	4,60

Consolidated balance sheet in summary

KSEK	NOTE	2017-09-30	2016-12-31	2016-09-30
Intangible non current assets	3, 4	359 168	264 499	104 744
Tangible non current assets		1 077	775	737
Deferred tax assets		8 174	7 779	767
Non current receivables		4 768	-	-
Current receivables		22 595	13 707	9 822
Cash and bank		71 131	35 774	56 835
Total assets		466 914	322 534	172 905
Shareholders' equity				
Shareholders' equity attributable to parent company's shareholders		162 110	134 261	107 258
Minorities		19 159	19 733	16 572
Total Shareholders' equity		181 269	153 994	123 830
Non-current liabilities	5	264 147	148 090	31 674
Current liabilities		21 497	20 450	17 401
Total Liabilities and Shareholders' equity		466 914	322 534	172 905

Shareholders' equity, Group

KSEK	SHARE CAPITAL	NOT REGISTERED SHARE CAPITAL	OTHER CONTRIBUTIONS	OTHER EQUITY INCL PROFIT OF PERIOD	EQUITY PERTAIN TO PARENT SHARE HOLDERS	MINORITY	TOTAL EQUITY
Opening balance 2015-12-31	3 505	191 840	-1 116	-98 721	95 508	5 400	100 908
Profit/Loss for the period				15 408	15 408	5 568	20 976
Other comprehensive income							
*** Foreign currency translation			3 667		3 667	186	3 853
Total other comprehensive income			3 667	15 408	19 075	5 754	24 829
New share issue	684	56 911			57 595		57 595
Issue costs		-1 591			-1 591		-1 591
Acquisition of minority		-36 326			-36 326	-11 150	-47 476
Acquisition of subsidiary						19 729	19 729
Total transactions booked against share capital	684	18 994	0	0	19 678	8 579	28 257
Closing balance 2016-12-31	4 189	210 834	2 551	-83 313	134 261	19 733	153 994
Profit/Loss for the period				6 720	6 720	1 983	8 703
Other comprehensive income						0	
*** Foreign currency translation differences			-9 687		-9 687	-2 165	-11 852
Total other comprehensive income			-9 687	6 720	-2 967	-182	-3 149
New share issue	309	33 101			33 410		33 410
Issue costs		-2 839			-2 839		-2 839
Acquisition of minority				-230	-230	-513	-743
Acquisition of subsidiary						120	120
Option premiums		476			476		476
Total transactions booked against share capital	309	30 738	0	-230	30 817	-393	30 424
Closing balance 2017-09-30	4 498	241 572	-7 136	-76 823	162 111	19 158	181 269

Cash flow in summary, Group

KSEK	NOT	2017	2016	2017	2016	LAST	2016
		JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	12 MNTH	JAN-DEC
Operations							
Result after financial items		4 753	5 222	11 327	22 281	12 489	23 443
Adj for items not in cash flow etc		3 114	808	17 633	4 833	22 353	9 553
Tax paid		5 490	-2 051	1 413	-2 786	2 245	-1 953
Cash flow from operations before changes in working capital		13 357	3 979	30 373	24 328	37 087	31 042
Changes in working capital							
Increase(-)/Decrease (+) operating receivables		-7 576	199	-9 048	-767	-8 927	-647
Increase (+)/Decrease (-) in operating liabilities		-3 867	-12 316	-7 378	2 326	-10 141	-437
Cash flow from changes in working capital		-11 442	-12 117	-16 426	1 559	-19 069	-1 084
Cash flow from operations		1 915	-8 138	13 946	25 887	18 019	29 959
Investment activities							
Acquisition of business		-	-	-37 206	-5 722	-53 041	-21 556
Acquisition of tangible assets		-61	-287	-187	-712	-215	-740
Acquisition of non-tangible assets		-21 751	-10 739	-41 508	-21 857	-50 611	-30 960
Cash flow from investment activities		-21 812	-11 027	-78 901	-28 290	-103 866	-53 255
Financing activities							
New share issue		-	-	-	-	29	29
New share issue costs		-	-	476	-	476	-
Acquisition of minority shares		-1 577	-807	-2 839	-970	-3 461	-1 592
New debt		-	-	-743	-13 552	-743	-13 552
Amortization of debt		-	-	102 900	-	102 900	-
Cash flow from financing activities		-1 577	-807	99 794	-14 522	99 201	-15 115
Cash flow for the period		-21 474	-19 971	34 839	-16 926	13 354	-38 411
Cash and cash equivalents at start of period		91 830	76 500	35 774	73 454	56 835	73 454
Translation differences¹		775	306	518	306	943	731
Cash and cash equivalents at end of period		71 131	56 835	71 131	56 835	71 131	35 774

¹ Translation differences are separately reported from the year end report 2016-12-31

Parent company income statement

KSEK	NOT	2017 JUL-SEP	2016 JUL-SEP	2017 JAN-JUN	2016 JAN-JUN	LATEST 12 MNTHS	2016 JAN-DEC
<i>Revenues</i>							
Net revenues		1 241	-	3 413	-	5 101	1 678
Other revenues		2 786	-	2 786	-	2 776	
Total operating revenues		4 027	-	6 199	-	7 877	1 678
<i>Operating expenses</i>							
Other external expenses		-1 848	-881	-4 698	-2 560	-5 420	-3 282
Personnel expenses		-1 791	-1 204	-4 623	-3 247	-5 849	-4 473
Operating result		388	-2 085	-3 122	-5 807	-3 392	-6 077
Financial income		72	70	72	70	117	115
Financial expenses		-2 960	83	-3 216	-11	-3 627	-422
<i>Total financial items</i>		-2 888	153	-3 144	59	-3 510	-307
Result after financial items		-2 500	-1 932	-6 266	-5 748	-6 902	-6 384
Group contribution		0	-	0	-	14 865	14 865
Tax for the period		200	-	200	-	6 689	6 489
Net result for the period/							14 970
Comprehensive income for the period		-2 300	-1 932	-6 066	-5 748	14 652	

Parent company balance sheet in summary

KSEK	NOT	2017-09-30	2016-12-31	2016-09-30
Financial non current assets		298 066	326 359	156 258
Current receivables		6 077	1 238	585
Cash and bank		35 674	22 755	43 787
Total assets		339 817	350 352	200 630
Shareholders' equity		236 490	211 509	169 887
Appropriations		-	126 304	9 679
Non current liabilities		97 278	7 708	19 412
Current liabilities		6 049	4 831	1 652
Total liabilities & Shareholders' equity		339 817	350 352	200 630

NOTES

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

Stillfront's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS such as adopted by the EU and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. Applied accounting principles are consistent with those stated in the most recent annual report. New or changed standards, with effect from January 1, 2017, have not had any effect on Stillfront's financial reports.

NOTE 2 FAIR VALUES

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

NOTE 3 INTANGIBLE ASSETS

Capitalized Development Costs KSEK	2017-09-30	2016-12-31	2016-09-30
<i>Accumulated costs</i>			
Opening balance	88 266	56 131	56 131
External acquisitions	6 267	0	
Internally accrued during the year	32 665	30 960	21 858
Translation difference	-1 480	1 175	611
Closing Balance	125 708	88 266	78 600
<i>Accumulated depreciation/amortization</i>			
Opening balance	-46 484	-40 762	-40 762
This year's depreciations	-11 108	-5 511	-3 438
Translation difference	77	-211	5
Closing Balance	-57 515	-46 484	-44 195
Book Value	68 193	41 782	34 405

Goodwill KSEK	2017-09-30	2016-12-31	2016-09-30
<i>Accumulated costs</i>			
Opening balance	196 370	28 344	28 344
Investments in businesses	81 722	171 066	15 794
Other adjustments	0		
Translation difference	-19 742	-3 040	
Closing Balance	258 350	196 370	44 138
<i>Accumulated depreciation</i>			
Opening balance	-5 752	-5 752	-5 752
This year's depreciations	-	-	-
Closing Balance	-5 752	-5 752	-5 752
Book Value	252 598	190 618	37 090
Games KSEK			
<i>Accumulated costs</i>			
Opening balance	35 842	0	
External acquisitions	2 587		
Investments in businesses	13 352	32 296	32 334
Translation difference	-4 284	3 546	1 496
Closing Balance	47 500	35 842	33 792
<i>Accumulated depreciation/amortization</i>			
Opening balance	-3 743	0	
This year's depreciations	-6 086	-3 528	-1 839
Translation difference	707	-215	
Closing Balance	-9 122	-3 743	-1 839
Book Value	38 374	32 099	31 953
Total book value of intangible assets	359 169	264 499	104 744

NOTE 4 ACQUISITIONS

In May 2017 100% of the shares in eRepublik Labs Limited were acquired. eRepublik Labs Limited is an Irish company with its operations on Ireland and in Romania. eRepublik is a successful developer and publisher of strategy games with a good fit to the Stillfront portfolio. The purpose of the acquisition is to expand Stillfront's portfolio of games and to strengthen Stillfront's publishing capabilities, primarily in the mobile games space.

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

KSEK

Purchase price

Cash and cash equivalents	40 357
Ordinary shares issued	33 410
Contingent consideration	19 402
Total purchase consideration	93 169

In connection with the acquisition of eRepublik 441 233 shares have been issued at a price of 75,72 SEK / share. Contingent consideration is calculated based on the acquisition's estimated future economic outcomes for the period ending in 2020.

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

Games	13 351
Machinery equipment	422
Current assets excluding cash and cash equivalents	3 647
Cash and cash equivalents	3 151
Current liabilities	-8 222
Deferred tax liabilities	-902
Total net assets acquired excluding goodwill (KSEK)	11 447
Reported goodwill	81 722
Total net assets acquired	93 169
Total purchase consideration	93 169
<i>Less:</i>	
Cash and cash equivalents	-3 151
Common shares	-33 410
Contingent consideration	-19 402
Net cash outflow on acquisition of business	37 206

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

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



The acquired business eRepublik is included in Stillfront's consolidated net sales of with 19 101 KSEK and a profit of 5 528 KSEK. If the acquired business had been consolidated from January 1, eRepublik would have consolidated with a revenue of 32 428 KSEK and a profit of 8 740 KSEK.

NOTE 5 LONG TERM DEBT

Of long-term liabilities 131.4 MSEK refer to additional contingent consideration and 102.3 MSEK refer to the bond issued during the second quarter. The bond matures May 23 2020 and has an interest rate of 7.5%.

Shares in subsidiaries have been put as collateral for the bond loan. The consolidated value of these shares amounts to 177.4 MSEK. In the parent company, the book value of these shares is 50 KSEK and in its subsidiary 230.5 MSEK.



ABOUT STILLFRONT

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

SELECTED GAMES

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