

STILLFRONT GROUP

Press Release
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Stillfront Group acquires Everguild and expands into the CCG genre

Stillfront Group AB (publ), a leading free-to-play powerhouse of gaming studios, hereby announces that it today has acquired 100% of the shares in Everguild Limited ("Everguild"), a rapidly growing independent game studio focusing on the digital Collectible Card Games (CCG) genre, for an upfront consideration of approx. GBP 1.06 million on a cash and debt free basis, of which GBP 0.54 million is payable in 5,971 newly issued shares in Stillfront and the remaining amount is payable in cash. The sellers are the joint founders and main owners of Everguild, Andres Tallos and Isabel Tallos (the "Founders"), and certain investors and key employees. The upfront cash consideration has today been paid to the sellers and the upfront share consideration has today been issued to the Founders.

Everguild was co-founded in 2014 by Andres Tallos and Isabel Tallos and employs six employees at its office in Madrid, Spain. Everguild has so far released two cross-platform games within the CCG genre; Drakenlords and The Horus Heresy: Legions. Its first title, Drakenlords, was a cross-platform CCG with deep gameplay and accessible mechanics. It received platform featuring in Google Play and the App Store when launched in November 2016. Its second title, The Horus Heresy: Legions, is a card-battler based on Games Workshop's Warhammer 40,000 universe. It follows the story and characters of The Horus Heresy, with its massive background of novels (including numerous New York Times best-sellers), miniatures and board games. The game was launched on Apple's App Store and Google Play in July 2018 and has attracted a stable and long-term userbase.

Everguild has a preliminary unaudited IFRS converted net revenue and adjusted EBIT for the period LTM 31 August 2020 of approx. GBP 1.18 million and approx. GBP 0.21 million, respectively.

"With the acquisition of Everguild, Stillfront enters the fast-growing CCG genre, further broadening our gaming audience and adding additional titles to our portfolio of role playing games. Everguild is a small and agile studio active within an exciting and popular niche. Everguild's successful game The Horus Heresy: Legions has substantial growth potential going forward, and the studio has a promising pipeline of new games", says Jörgen Larsson, CEO, Stillfront.

“Joining Stillfront represents an amazing opportunity for Everguild to continue scaling up, bringing our love for deep CCGs to a larger audience. Stillfront’s focus on long lifecycle games fits perfectly with our commitment to nurture and grow the passionate communities of players that enjoy our games. We are thrilled to become part of such an impressive family of successful studios, and look forward to the exciting opportunities ahead”, say Andres Tallos and Isabel Tallos, co-founders of Everguild.

Of the upfront consideration, approx. GBP 0.54 million was paid by way of set-off against transfer of 5,971 newly issued shares in Stillfront to the Founders. The new share issue was resolved based on the mandate to the board of directors of Stillfront granted at the annual general meeting held on 14 May 2020. Through the new share issue, Stillfront’s share capital will increase by SEK 4,179.70. The reason for the deviation from the shareholders’ pre-emption rights was to allow Stillfront to fulfill its commitments made in connection with the acquisition of Everguild. The number of newly issued shares has been calculated by using the volume weighted average price per share in Stillfront traded on Nasdaq First North Premier Growth Market during the five trading days preceding the date hereof (excluding the date hereof) converted into GBP at the average exchange rate between SEK and GBP of the Swedish Central Bank (Sw. *Riksbanken*) published at <https://www.riksbank.se/en-gb/> during the same period, i.e. the subscription price per share related to the upfront consideration amounts to SEK 1039.27. This corresponds to a dilution of 0.0172% on a fully diluted basis (i.e. based on the total number of shares and votes registered in Stillfront after the share issue in connection with the payment of the upfront consideration). The newly issued shares were subscribed and paid for on the date hereof. Payment was made by way of set-off. The newly issued shares shall be entitled to dividend as from the first record day for dividend after such shares have been registered with the Swedish Companies Registration Office and in the share register kept by Euroclear Sweden AB.

Further, an earn-out consideration may be payable by Stillfront to the sellers in an aggregate maximum amount of GBP 9.94 million on a cash and debt free basis. Any portion of the earn-out consideration payable to the Founders shall be satisfied with approx. 50% payable in cash and approx. 50% in newly issued shares in Stillfront and in relation to the other sellers, in cash only. The ultimate size of the yearly earn-out component will depend on the EBIT development of Everguild for the financial years 2021, 2022, 2023 and 2024. The total purchase price payable by Stillfront for the transaction cannot exceed GBP 11 million on a cash and debt free basis.

The subscription price for newly issued shares related to the earn-out consideration will be based upon the volume weighted average price of the shares in Stillfront traded on Nasdaq Firth North Premier Growth Market for a period of five trading days prior to and five trading days following Stillfront’s announcement of financial results for the financial years 2021, 2022, 2023 and 2024 (as applicable), converted into GBP at the average exchange rate between SEK and GBP of the Swedish Central Bank (Sw. *Riksbanken*) published at <https://www.riksbank.se/en-gb/> during the same period as set forth above.

Everguild will be consolidated into Stillfront's consolidated financial reporting from 1 November 2020.

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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 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; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in Stillfront may decline and investors could lose all or part of their investment; the shares in Stillfront offer no guaranteed income and no capital protection; and an investment in the shares 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. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the share issue to the Founders of Everguild.

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 in Stillfront.

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

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About Stillfront

Stillfront is a leading free-to-play powerhouse of gaming studios. Our diverse and exciting games portfolio has two common themes; loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody our growth strategy and our approx. 1,000 co-workers thrive in an organization that engenders the spirit of entrepreneurship. Our main markets are the US, Germany, MENA, France and Canada. We are headquartered in Stockholm, Sweden, and the company is listed on Nasdaq First North Premier Growth Market. For further information, please visit: stillfront.com

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Attachments

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