

# STILLFRONT GROUP

Press Release  
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## Stillfront Group acquires Sandbox Interactive, a cross-platform free-to-play MMORPG studio

**INSIDE INFORMATION:** Stillfront Group AB (publ) (“Stillfront”), a leading free-to-play powerhouse of gaming studios, today entered into an agreement to acquire 100 percent of the shares in Sandbox Interactive GmbH (“Sandbox”) (the “Transaction”), a rapidly growing and highly profitable gaming company and the developer and publisher of the popular cross-platform free-to-play (F2P) sandbox MMORPG Albion Online. The sellers are the four co-founders of Sandbox. The consideration payable to the sellers will be paid partly in cash and partly in shares in Stillfront.

### TRANSACTION IN BRIEF

- The total upfront consideration payable upon completion of the acquisition of 100 percent of the shares in Sandbox amounts to EUR 130 million on a cash and debt free basis (the “**Upfront Purchase Price**”). Of the Upfront Purchase Price, approximately EUR 30 million, is payable in 337,403 newly issued shares in Stillfront, and the remaining part of the Upfront Purchase Price, equivalent of approximately EUR 100 million, is payable in cash to the sellers.
- In addition, the sellers may receive an earn-out payment of 1x EBIT for each of the financial years 2021, 2022, 2023 and 2024 (the “**Earn-out Purchase Price**”), depending on the level of EBIT generated during each of those years, payable approximately 78 percent in cash and approx. 22 percent in newly issued shares in Stillfront.
- Sandbox has a preliminary unaudited IFRS converted net revenue and adjusted EBITDA for the period Jan-Sep 2020 of approximately EUR 9.5 million and approximately EUR 5.2 million, respectively.
- The acquisition of Sandbox will provide Stillfront with further platform and genre diversification as Stillfront broadens its current portfolio with a successful title within the MMORPG genre. Furthermore, the acquisition will enable substantial scaling and collaboration potential within Stillfront with the mobile launch of the game planned for H1 2021.
- Closing of the Transaction is subject to customary closing conditions and is envisaged to occur no later than 30 December 2020 and Sandbox will be consolidated into Stillfront’s group financial reporting from 1 January 2021.

“We are very happy to welcome the talented team at Sandbox to the Stillfront family. With its title Albion Online, Sandbox has developed a truly evergreen cross-platform sandbox MMORPG title with a rapidly growing and loyal player community. The studio has strong expertise within PC Client free-to-play, which provides further platform expansion and knowledge to Stillfront, while we are looking forward to assisting the studio with its official release on mobile in 2021. We are confident that Sandbox will play an integral part in our ambition to create the leading free-to-play powerhouse of long lifecycle games”, says Jörgen Larsson, CEO, Stillfront.

“In the past 8 years, we have grown Albion Online into a genre leading game in the sandbox MMORPG space, offering a deep and authentic play experience that keeps players engaged for a very long time. In Stillfront we have found the right partner who shares our vision and supports us on our journey to build the best cross-platform MMORPG in the world”, says Robin Henkys, CEO, Sandbox Interactive.

## **BACKGROUND AND REASONS**

Founded in 2012 by MMO enthusiasts and experienced gaming veterans in Germany, Sandbox is a rapidly growing and highly profitable gaming company. The company is the developer and publisher of Albion Online, a free-to-play sandbox MMORPG with modern games attributes set in an open medieval fantasy world. Albion Online combines the classic sandbox MMO experience with modern game attributes to offer a superior player experience. The game, which has more than 120,000 highly engaged DAUs, is free-to-play with a fair business model and strong revenue generation. Sandbox has approximately 50 FTEs located in Berlin, Germany.

The acquisition of Sandbox will provide Stillfront with further platform and genre diversification as Stillfront broadens its current portfolio with a successful and proven title within the MMORPG genre. The acquisition adds rapidly growing revenue with premium profitability on PC Client, macOS and Linux, where Stillfront previously has limited presence. Furthermore, the acquisition will enable substantial scaling and collaboration potential within Stillfront, including the large potential to leverage Stillfront’s user acquisition and localization expertise to further enhance marketing efforts and grow the user base. Having developed the game as a true cross-platform title from the start, Sandbox is planning its official mobile release for H1 2021.

## **THE TRANSACTION**

The Transaction involves the acquisition of 100 percent of the shares in Sandbox, completion of which is expected to occur no later than 30 December 2020. Sandbox will be consolidated into Stillfront’s group financial reporting from 1 January 2021. The sellers are the four co-founders of Sandbox.

Upon completion of the Transaction, EUR 130 million on a cash and debt free basis will be paid to the sellers, of which EUR 30 million is payable in 337,403 newly issued shares in Stillfront and the remaining EUR 100 million is payable in cash. The newly issued shares will be issued based on the mandate to the board of directors of Stillfront granted at the extraordinary general meeting held on 17 December 2020. The number of shares in relation to the Upfront Purchase Price has been calculated using the volume weighted average price per share in Stillfront traded on Nasdaq First North Premier Growth Market during the ten trading days up to and including 16 December 2020 converted into EUR at the average exchange rate between SEK and EUR 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 Purchase Price amounts to SEK 885.69. This corresponds to a dilution of 0.96 percent on a fully diluted basis (i.e. based on the total number of shares and votes registered in Stillfront after completion of the share issue in relation to the Transaction). The Upfront Purchase Price will be subject to adjustment based on the cash, financial debt, transaction expenses and the difference between target and actual net working capital of Sandbox as of the effective date of the Transaction. The adjustment amount is payable by Stillfront in cash.

In addition, the sellers may receive the Earn-out Purchase Price which is a payment of 1x EBIT for each of the financial years 2021, 2022, 2023 and 2024. The Earn-out Purchase Price shall be satisfied as to approximately 78 percent of such sum in cash and, as to approximately 22 percent in the form of newly issued shares in Stillfront. The subscription price for newly issued shares related to the Earn-out Purchase Price (if any) will be based upon the volume weighted average price of the shares in Stillfront traded on Nasdaq First North Premier Growth Market for a period of ten trading days up to and including the day before Stillfront's announcement of financial results for the applicable earn-out period.

The cash portion of the Upfront Purchase Price including the adjustment consideration is intended to be financed by cash at hand and available credit facilities.

The 337,403 newly issued shares in Stillfront that are to be issued to the sellers upon payment of the Upfront Purchase Price are subject to customary transfer restrictions during a period of eighteen months from the date the sellers are registered as holder of such shares. The newly issued shares in Stillfront that are to be issued to the sellers upon payment of the Earn-out Purchase Price payments are subject to customary transfer restrictions during a period of twelve months from the date the sellers are registered as holder of such shares.

The co-founders and other key employees will remain within Sandbox and be part of the management of Sandbox post-closing of the Transaction.

#### **PRELIMINARY UNAUDITED FIGURES FOR SANDBOX FOR JAN-SEP 2020**

The below presented preliminary unaudited financials are solely intended to describe the financial situation of Sandbox pre-closing of the Transaction. All figures are preliminary and unaudited. Sandbox has a preliminary IFRS net revenue of approximately EUR 9.5 million and adjusted EBITDA of approximately EUR 5.2 million for the period January – September 2020.

#### **ABOUT SANDBOX INTERACTIVE**

Sandbox is an ambitious game development studio based in the heart of Berlin. The company was founded in 2012 and currently employs a team of 50, bringing together some of the best in the industry. The company is the developer and publisher of Albion Online, a cross-platform free-to-play sandbox MMORPG with modern games attributes set in an open medieval fantasy world. Albion Online combines the classic sandbox MMO experience with modern game attributes to offer a superior player experience.

#### **ABOUT STILLFRONT GROUP**

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 approximately 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.

#### **FINANCIAL AND LEGAL ADVISORS**

DLA Piper Sweden is legal advisor and EY is financial and tax due diligence advisor to Stillfront in connection with the Transaction. Voigt Wunsch Holler is legal advisor and Aream & Co. is financial advisor to the sellers in connection with the Transaction.

## CONFERENCE CALL FOR INVESTORS, ANALYSTS AND MEDIA

Representatives of Stillfront will participate in a conference call on December 18, at 10.00 CET. To participate, please use the details set out below.

### *To participate by telephone, please dial:*

SE: +46 8 505 58 351

UK: +44 33 330 092 66

US: +1 833 526 8382

### *To participate via audiocast:*

<https://tv.streamfabriken.com/press-conference-18-dec-2020>

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision in connection with the share issue must be made on the basis of all publicly available information relating to Stillfront and Stillfront's shares. Such information has not been independently verified by Stillfront. The information contained in this press release is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this press release or its accuracy or completeness.

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This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. Stillfront has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the share issue. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

### **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 sellers of Sandbox Interactive.

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.

**For additional information, please contact:**

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## **About Stillfront**

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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](http://stillfront.com)

## **Certified Adviser:**

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*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 persons set out above, at 2020-12-18 00:35 CET.*

## **Attachments**

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[Stillfront Group acquires Sandbox Interactive, a cross-platform free-to-play MMORPG studio](#)