STILLFRONT
GROUP

Annual Report 2023

Content

This is an interactive, clickable pdf. Moving between the different sections is easy with the help of a navigation menu at the left side of the page.

STILLFRONT
GROUP

About this report

Stillfront Group AB (publ) 556721–3078 reports the group's financial and non-financial information in a joint report. The formal annual report consists of a board of directors report, financial statements on pages 61–105 and has been audited by external auditors. The Sustainability reporting forms an integrated part of this report and fulfills the requirement for a statutory sustainability report found in the Swedish Annual Accounts Acts. Key sustainability sections are located on pages 12–43.

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STILLFRONT GROUP

Stillfront in brief

THIS IS US

Stillfront is a global games company founded in 2010. We develop digital games for a diverse gaming audience and our broad games portfolio is enjoyed by more than 50 million people every month. Stillfront is focused on realizing synergies by connecting and empowering game teams globally through our Stillops platform.

We are headquartered in Stockholm with a group of games studios operating across the globe. Our professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm.

For more detailed information about us and our operations, our studios, and our games, please visit stillfront.com.

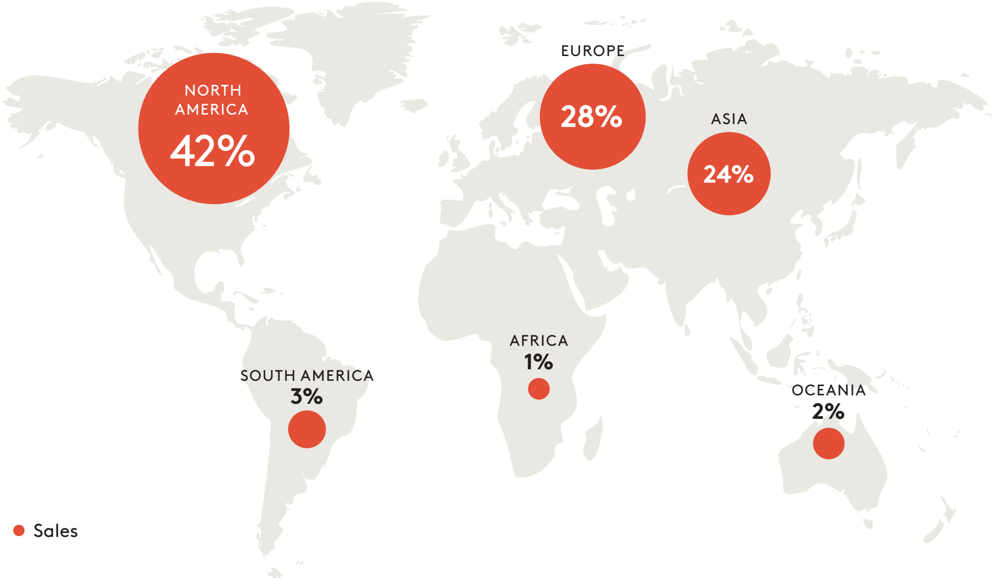
OUR MISSION

Gaming can be a rewarding hobby, a great social experience or a strategic challenge, which is why millions of people enjoy Stillfront's games every day. Our mission is to make a positive impact in our gamers' everyday lives. To achieve that we create social, entertaining and affordable games that can be enjoyed in a sustainable way.

OUR VISION

Our vision is to build the best games company in the world. To do that, we connect and empower the best game teams around the world through our unique Stillops platform.

GLOBAL PRESENCE



Numbers refer to the active portfolio for full-year 2023.

Our mission is to make a positive impact in our gamers' everyday lives.

55m+
monthly active users

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The year at a glance

ENTERING A NEW PHASE

In 2023, Stillfront entered its fourth phase, where it will focus on further leveraging the scale built during the past years to optimize the operations of the business and increase value for shareholders. Stillfront has taken important steps in generating synergies across the group, it has launched several group-wide cost initiatives and increased efficiency in capital allocation for game development.

OPTIMIZING MARGINS ACROSS THE GROUP

Stillfront took steps in 2023 to increase its adjusted EBITDAC margin by lowering direct costs, staff and operating costs, and capitalized development costs. Stillfront's adjusted EBITDAC margin amounted to 24.4 percent in 2023, up by 1.8 percentage points compared to 2022. Stillfront's gross profit margin improved by 1.7 percentage points during the year, driven by a continued focus on increasing the share of direct-to-consumer bookings across the active portfolio. Capitalized development costs as a percentage of net revenue decreased by 2.6 percentage points compared to last year, as Stillfront was more focused in how it allocated investments for new game development in 2023.

A STRONG FINISH TO THE YEAR

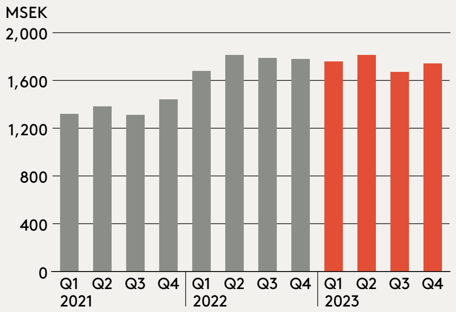
Stillfront's bookings returned to organic growth in the months of November and December. The recovery in organic performance was driven by significant scaling of new and existing games, in particular the successful launch of Sunshine Island, part of the Big Farm franchise.

PREPARED FOR NEW ESG LEGISLATION

Stillfront will be subject to the new EU legislation on sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). In 2023, Stillfront conducted a double materiality assessment according to the new European Sustainability Reporting Standards (ESRS) and the sustainability statement on page 12 seeks to report currently available information requested in the standards. The statement is a first step in preparing for full compliance when the new legislation comes in to force in 2024.

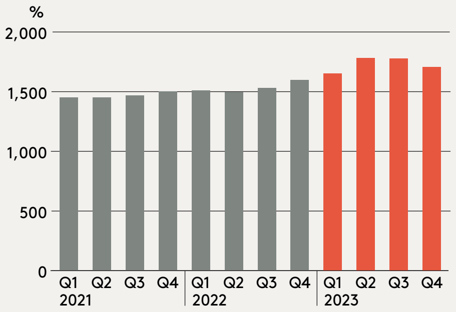
NET REVENUE 2023

6,982 MSEK



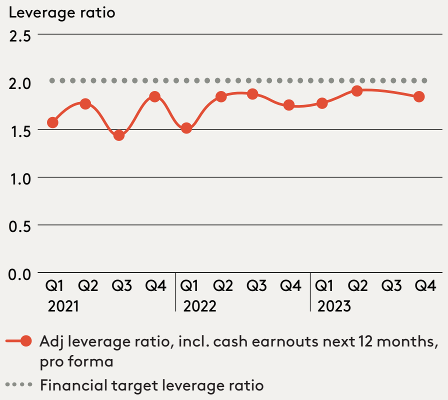
ADJUSTED EBITDAC 2023

1,705 MSEK

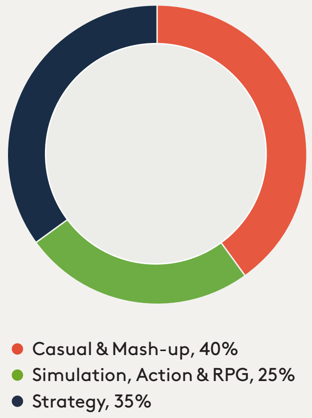


ADJUSTED LEVERAGE RATIO PRO FORMA 2023

1.84x



ACTIVE PORTFOLIO 2023



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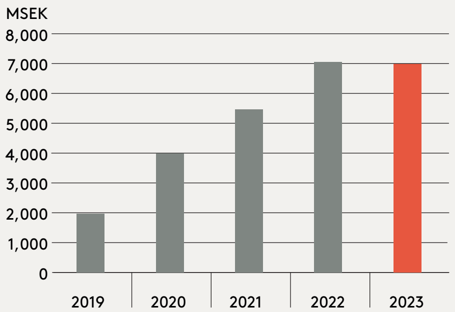
Multi-year summary

GROUP CONSOLIDATED

MSEK	2019	2020	2021	2022	2023
Net revenue	1,967	3,991	5,455	7,058	6,982
EBIT	517	993	1,034	850	754
Adj EBITDA	768	1,697	2,124	2,595	2,510
Capex	248	444	620	996	805
Adj EBITDAC	520	1,252	1,503	1,599	1,705
Profit before tax	454	799	793	753	156
Total assets	4,052	12,366	20,049	24,126	22,605
Total shareholders' equity	1,959	6,146	9,795	14,242	13,846

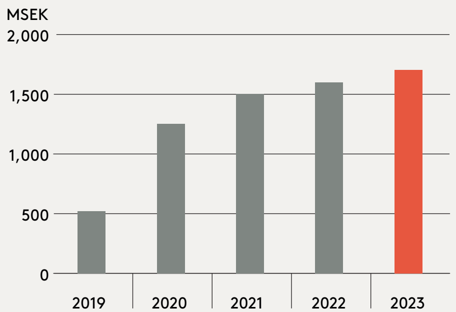
NET REVENUE 2023

6,982 MSEK



ADJUSTED EBITDAC 2023

1,705 MSEK



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CEO COMMENT

Increased profitability in 2023

Dear Stillfront shareholders,
Stillfront entered its fourth phase in 2023. In this new phase for Stillfront, we are leveraging the scale that we have achieved during the past years. We took important steps during 2023, which led to us strengthening our profitability while maintaining a strong cash flow in a challenging market environment. During the year, we were able to grow our adjusted EBITDAC by 7 percent, despite a slightly lower topline. The adjusted EBITDAC margin for the full year amounted to 24.4 percent, an increase of 1.8 percentage points compared to 2022.

Stillfront's net revenue amounted to 6,982 MSEK in 2023, representing a decline of 1 percent compared to 2022. On an organic basis, Stillfront's net revenue declined by 6 percent during the year, which was mostly offset by a positive effect from currency movements of 5 percent. Stillfront's bookings returned to organic growth towards the end of the year, with positive organic year-over-year growth in the months of November and December.

Focused new game investments increased our returns

In 2023, we communicated an ambition to become more efficient in how we allocate capital for game development. By imposing tougher requirements on development projects and allocating a larger share of investments towards key franchises, we aim to increase our returns on our investments. During the year, we were able to lower our investments in relation to net revenue by 2.6 percentage points to 11.5 percent. What is more important, however, is that we by doing so were able to increase the returns on our investments in new products. Going forward, we will continue to focus capital allocation to reach our targets of investing approximately 10 percent of net revenue in new game development, which we regard as a sustainable level over time.

In 2023, we added three new games to the active portfolio, of which two games were additions to existing key franchises. The most successful new game release of the year was Sunshine Island, a tropical island-building simulation game in our Big Farm franchise. The game, which entered global launch in late August, has shown impressive KPIs during its first months since launch and we are excited about the game's prospects. The successful expansion of our existing Big Farm franchise gives us further confidence in our chosen strategy to allocate a larger share of our new product investments to our existing franchises.

Synergies help drive positive margin development

Stillfront's operational model, size and genre diversification create substantial benefits of scale. Our size and genre diversification enable us to maintain a high and profitable user acquisition spend over time. Our ability to allocate user acquisition spend across our existing game portfolio without compromising on our payback requirements is what enables us to have strong margins and cash generation. If Stillfront had been smaller and less diversified, we would not have been able to maintain a stable user acquisition spend without compromising on returns, which would have had clear negative effects on our profit margins and cash generation.

Our operational platform, Stillops, also enables synergy creation across our game studios, both on the cost side and on the revenue side. The past year we have made significant progress both in how we create and how we measure synergies across our group. Revenue synergies comprise of revenues created by two studios working together on a specific franchise, such as the Supremacy or the BitLife franchise. In 2023, almost 9 percent of Stillfront's total net revenue came from games that two or more Stillfront studios developed together. Cost synergies mostly comprise of cost savings from utilizing internal group services instead of sourcing the same services externally or managing such a function at

"The adjusted EBITDAC margin for the full year 2023 amounted to 24.4 percent, an increase of 1.8 percentage points compared to 2022."

Jörgen Larsson
CEO and Founder, Stillfront Group

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the studio level. The largest cost synergies in 2023 came from the Marketing hub, the Payment hub and group deals.

Solid balance sheet and cash flow generation

In 2023, Stillfront generated free cash flow of 833 MSEK, despite significantly higher interest rate levels compared to last year. A strong cash flow is important as it enables us to deleverage our balance sheet, do buybacks and invest in different growth initiatives. Our cash flow generation continues to be a key priority for us and as we become more focused and efficient in our operations, we expect to see even stronger cash flows going forward.

Thanks to our cash generation, we have a significant deleveraging capacity in our business. In 2023, we settled cash earnouts of 822 MSEK and bought back shares for 270 MSEK. By the year's end, our leverage ratio was at 1.84x, well within our financial targets to be below 2.0x. Stillfront enters 2024 with a strong balance sheet with a cash position of 807 MSEK and 2,432 MSEK of undrawn credit facilities.

The year of artificial intelligence

The field of AI saw a transformation in 2023 and generative AI emerged as one of the most impactful and tangible technological advancements we have seen in years. Generative AI is particularly relevant for mobile game development due to its data driven processes and fast production cycles. Albeit early, generative AI has already made a clear mark on the games industry and on Stillfront's daily operations.

In the beginning of 2023, Stillfront lifted generative AI as a prioritized strategic initiative to enhance various aspects of our game development processes and increase efficiency throughout the group. There are numerous aspects of our business where we see potential of improving our processes with the help of AI, and so far, it has proven to be particularly effective in areas like game and marketing art, game localization, and creative writing. During the year, our AI initiatives have both increased productivity and enabled cost savings. A great example is how Stillfront's marketing hub has worked with AI during the year and been able to increase productivity, by enabling its artists to significantly boost their output, rapidly iterate ideas, and explore new art styles. We have also seen successful examples of cost reductions across the group, with studios, for example, being able to significantly lower their localization costs.

ESG update

At Stillfront, we strive to make a positive impact in our gamer's everyday lives. Our ESG strategy is developed in close collaboration with Stillfront's stakeholders and in line with global sustainability initiatives. Our strategy focuses on creating a positive experience for our large gaming audience; engagement and wellbeing of employees; and conducting business with compliance and integrity.

In 2023, we updated our materiality analysis which is based on the concept of double materiality. This means that Stillfront has explored the environmental and social impact as well as the related financial impact of key topics outlined in the Corporate Sustainability Reporting Directive (CSRD). In the analysis, Stillfront has identified six relevant topics that are material to Stillfront, of which consumers and end-users, our own workforce and climate change are deemed most material. You can read more about our ESG work on pages 12-43 in this report.

A market returning to growth

Following a weak 2022 in the global games market, the industry experienced a return to market growth in the latter part of 2023. Going forward, we expect a more stable market with positive growth rates. We are obviously disappointed with how the share performed during the year, but thanks to the profitability measures taken in 2023 and the ongoing efficiency work across the group, Stillfront is in a strong position to benefit from improving market conditions in the coming years.

In addition to better short-term prospects, the attractive long-term prospects for the gaming industry remain unchanged. Almost 3.4 billion people play digital games today and engagement levels rise with each younger generation. The number of players continues to increase as new generations come of age, while existing gamers continue to play and spend money on games. Regions like Latin America, South Asia, Middle East, and Africa are driving significant player growth, and mobile games remain the dominating games segment within these growing markets. These clear trends strengthen us in our belief that we have a very attractive market position and the right strategy to deliver on our growth strategy for many years to come.

A universe of positive gaming experiences

In 2024, we will take additional steps in the fourth phase of Stillfront's journey. We will continue to leverage the scale and the capabilities we have built during the past years and maintain our focus on synergy creation across the group. We will build a Stillfront ecosystem that will strengthen our relationships with our gaming audiences and open exciting opportunities for our players by, for example, enhancing social features, cross-promotion, and seamless transitions between our games.

We believe there is a great opportunity to build Stillfront's brand so that our studios and games can better use it as a strength, both for employer branding and in marketing towards players. With that in mind, we have developed an updated strategic brand framework and brand story that we think will resonate better with our target audiences. The outcome is an even stronger brand identity focused around creating a universe of positive gaming experience, linking the game brands and studio brands closer to the group.

We have many exciting things in store for 2024 and we look forward to continue our journey and deliver on our financial targets.

Thank you for your invaluable support.

Best regards,
Jörgen

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Market, business and operational model

Our market

The games industry is one of the largest entertainment industries globally and is growing as more and more people discover the joys of digital games. Stillfront focuses on F2P (free-to-play) games, which is the largest and fastest growing segment within the games industry. We develop games primarily for mobile platforms with diverse audiences mainly aged 16 and above.

Stillfront operates in a highly competitive market, in which we compete with both other game companies and other forms of digital entertainment. The industry is consolidating and Stillfront has taken an active role in this development. We have a strong track-record of acquiring and unlocking growth and synergies from independent game studios.

We have a broad and diverse audience. During 2023, more than 55 million gamers all over the globe enjoyed our games every month.

Our value creation

We are guided in all business decisions by our mission to make a positive impact in our gamers' everyday lives, through creating a social, entertaining and affordable gaming experience.

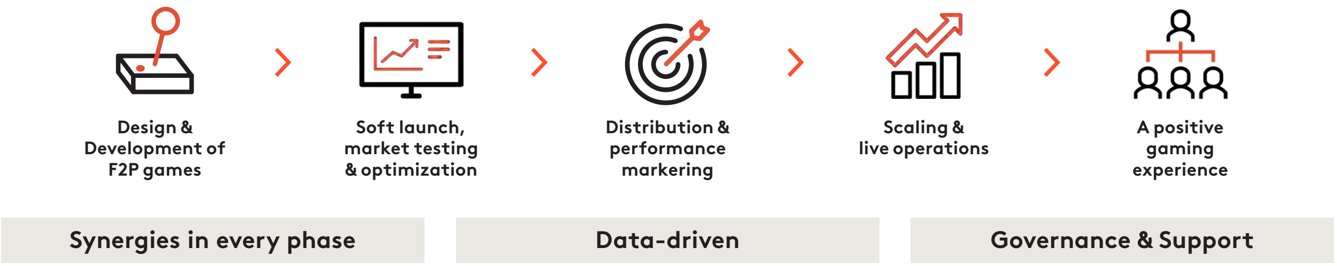
F2P games allow the gamer access to the game without paying for it, with the option to conduct micro-transactions. Some users are willing to make purchases or pay for access to new content throughout the lifetime of the games whereas others are monetized through advertising inventory.

Developing, operating and scaling F2P games is an iterative and data-driven process with minimal initial investments. When Stillfront develops new games, our studios work with market tests and so-called soft launches, where games are evaluated in an early phase with a real audience. This approach enables us to allocate new product investments to the most promising new games early in the development cycle, while avoiding large investments in unsuccessful new game projects.

Our game studios typically develop and publish games in-house or in cooperation with other studios in the group. Stillfront manages marketing in-house through strong performance marketing expertise. Our portfolio approach to UAC (user acquisition cost) enables the ability to dynamically reallocate UA spend between marketing channels and games based on performance, allowing higher overall spending levels with continued strong returns.

The active portfolio, generating revenues every day, consists of games with broad appeal to people across the world. These are divided into three product areas: Strategy; Simulation, Action & RPG; and Casual & Mash-up. The portfolio mix enables diversified revenue streams and strong cash flows without having to depend heavily on the success of a few specific titles. Recurring revenues, at a low cost, are driven by the ability to retain users over a longer period and our studios work actively with updating and adding content to our games, what we call live operations.

We grow our revenues by both attracting new gamers that play our games, as well as through live operations. We also grow by adding more games and broadening our genres of games, both organically and through carefully selected and executed acquisitions. This is accelerated by synergies and collaborations between the studios.



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Our operational model

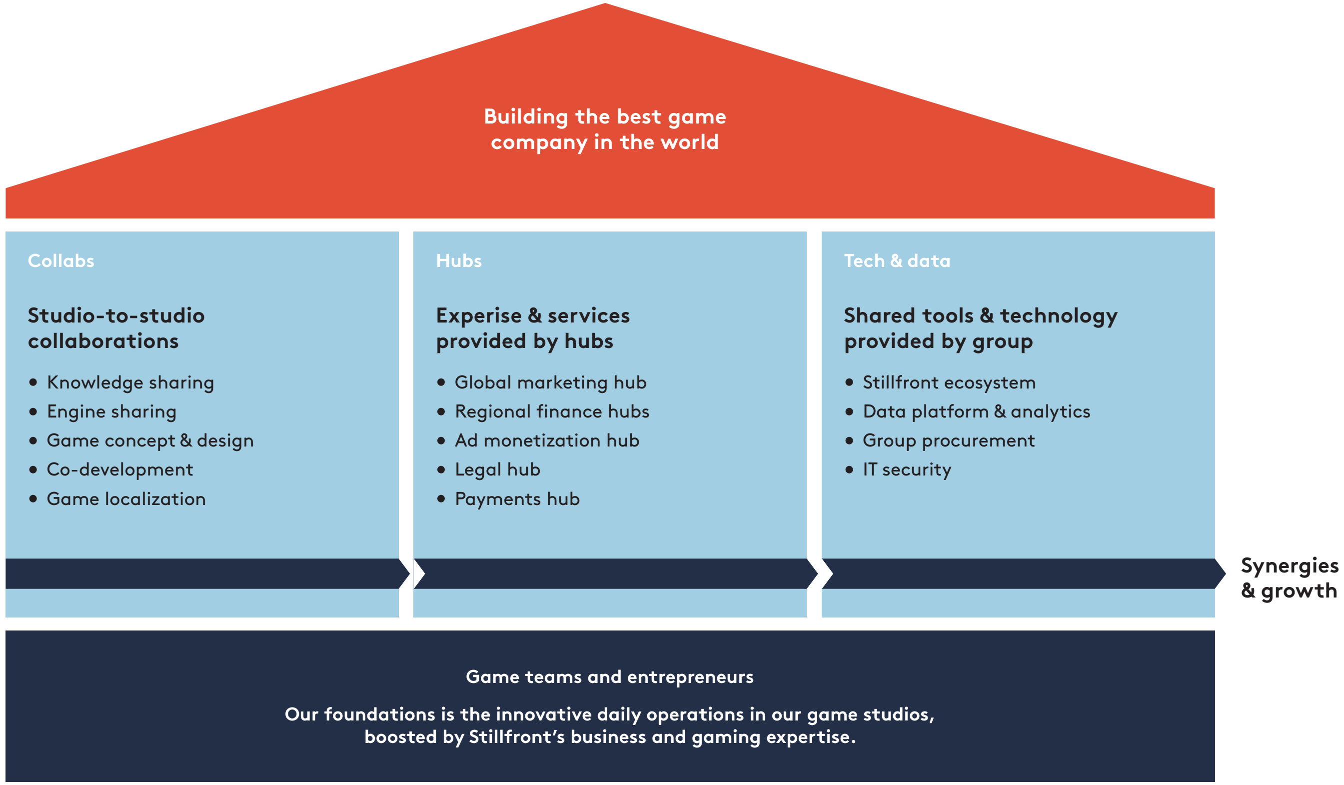
Stillfront connects and empowers the best game teams globally through our established Stillops platform, enabling collaborations and creative exchanges between our studios across the world.

Stillfront's operational model relies on entrepreneurship, scale, and structure as well as synergies. We believe that the entrepreneurial spirit is key to our success and ensures that studios that join Stillfront maintain their unique identities. By adding scale and structure, as well as access to shared knowledge and services, we unlock growth for our studios by enabling them to focus on what they do best: develop and grow great games. Our studios have access to global reach and a vast amount of resources, data, knowledge and tools, while game development and decision-making is done as close as possible to our gamers and game communities.

This operational model is called the Stillops platform. The platform consists of three main pillars:

- Collabs (studio-to-studio collaborations such as engine sharing),
- Hubs (expertise and services provided by hubs such as our central performance marketing experts) and
- Tech & data (shared tools and technology provided by the group such as our data and knowledge sharing platforms).

The Stillops platform enables synergies across our gaming studios, whilst the distributed approach ensures speed and enables us to leverage each studio's strengths. By having access to user data derived from several billion game downloads across our diversified portfolio, our studios can share best-practice across geographies and benefit from collaborating with other studios across the globe. Our strong brands and marketing skills in the F2P model, paired with our successful Stillops platform and strong track-record of value creating acquisitions, provide a good foundation for continued strong growth years to come.



We connect and empower the best game teams around the world through our unique Stillops platform.

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How we create and measure synergies

The Stillops platform enables synergy creation across our studios. Stillfront creates synergies both on the revenue side and on the cost side.

Revenue synergies

Revenue synergies mostly comprise of revenues created by two studios working together on a specific game project. Revenue synergies can also be incurred by cross promotion. In 2023, almost 9 percent of Stillfront's total net revenue came from games that two or more different Stillfront studios developed in collaboration.

Cost savings

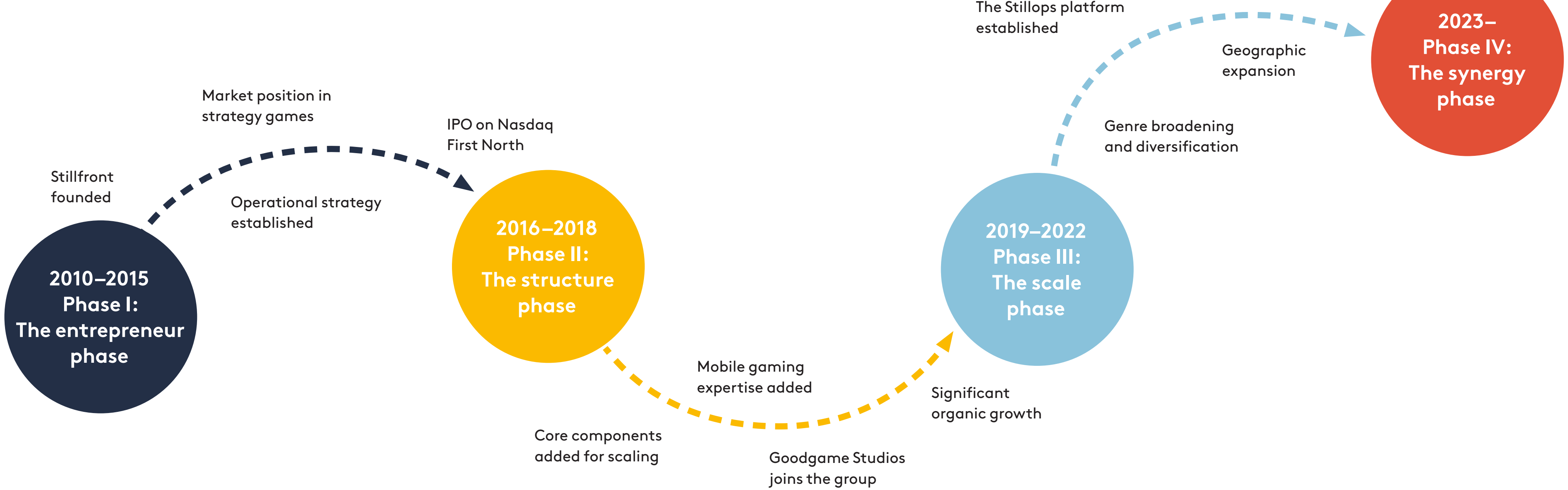
Cost saving synergies are incurred by avoiding external costs – i.e. the cost savings provided by utilizing internal services instead of sourcing the same services externally or managing such a function at the studio level. Cost saving synergies are also incurred when costs are saved on more favorable group terms, compared to if a studio would procure a service as single entity. The largest cost synergies in 2023 came from the Marketing hub, the Payment hub and group deals.

A FEW EXAMPLES OF STILLFRONT'S COST SYNERGIES IN 2023

- Stillfront's Marketing Hub, where Stillfront's marketing team is used instead of an external marketing agency.
- Stillfront's Payment Hub, where Stillfront's proprietary payment services are used instead of external payment platforms.
- Shared services such as our Regional Finance Hubs where local overhead costs are avoided.
- Co-development where one studio uses developers from another studio rather than external developers.
- Group deals where the group as whole negotiates contracts, using our benefits of scale, to create favorable terms otherwise unattainable for single studios.

STILLFRONT'S GROWTH JOURNEY

Stillfront's fourth phase



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Updated financial targets from 2023

In connection with the Capital Markets Day in February 2023, Stillfront announced updated financial targets. Stillfront's updated financial targets will be followed up annually and are valid until further notice.

		Target	Result 2023
Growth	Annual organic revenue growth above addressed market (supported by selective and accretive M&A). In 2023, Stillfront's addressed market decreased by approximately –2%. Stillfront's addressed market is defined as the global mobile games market excluding China (for additional info, see Outlook section on page 48).	ORGANIC GROWTH >market	ORGANIC GROWTH -5.9%
Profitability	Annual adjusted EBITDAC margin in the range 26-29 percent. Stillfront's Adjusted EBITDAC is defined as profit before interest, tax, depreciation, amortization, less capitalized product development, adjusted for items affecting comparability.	ADJUSTED EBITDAC MARGIN ~26–29%	ADJUSTED EBITDAC MARGIN 24.4%
Leverage	Leverage ratio below 2.0x (including cash earnouts next 12 months). Stillfront's leverage ratio is defined as net interest-bearing debt, including short-term cash earnout payments, in relation to the last twelve month's Adjusted EBITDA pro forma. Stillfront may, under certain circumstances, choose to exceed this level during shorter time periods.	NET DEBT/ADJUSTED EBITDA RATIO <2.0x	NET DEBT/ ADJUSTED EBITDA RATIO 1.84x

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Sustainability statement

As people spend more of their free time playing games, our mission becomes even more important. Stillfront as a group is responsible for ensuring that the content that we publish is in accordance with our values and that we can create a gaming universe that is digital, affordable, equal, and sustainable. Playing a Stillfront game is about having a rewarding hobby, a great social experience, or a strategic challenge.

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STILLFRONT GROUP

About the sustainability statement

This sustainability statement has been developed using the European Sustainability Reporting Standards (ESRS). This statement seeks to report currently available information that is requested in the ESRS standards, as a first step in preparing for full compliance. The statement is therefore not fully compliant with the Corporate Sustainability Reporting Directive (CSRD).

General information

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Basis for preparation

Frameworks and data selection

The sustainability statements are prepared with reference to the ESRS standards issued by the European Financial Reporting Advisory Group (EFRAG). All sustainability topics included in the report have been assessed as material according to our double materiality assessment. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

Consolidation, accounting and estimations

The sustainability statements are prepared on a consolidated basis of Stillfront and all its subsidiaries. Stillfront uses assessments and estimates for the reporting of some data points, for example data points in the EU Taxonomy on Sustainable Finance and scope 3 emissions where actual data was unavailable.

The estimations and judgements are regularly reassessed based on experience, the development of ESG reporting and increased data quality.

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Business model and strategy

Building a sustainable gaming business

Stillfront is a global games company. We develop digital games for a diverse gaming audience and we have a broad games portfolio that is enjoyed by more than 50 million people every month. Stillfront's active portfolio consists of approximately 70 games, spanning over genres such as strategy, simulation, role play, action and casual & mash-up games. The target audiences of Stillfront's games are adults, aged 16 and above. Stillfront's games are predominantly within the free-to-play (F2P) segment. Main geographical regions, in terms of sales, include North America, Europe and Asia.

Value chain

Stillfront combines individual and well-run game studios and teams with support by our global group, offering an ecosystem of talent and know-how. Key to our business is our talent. We are dependent on attracting, developing, and retaining talent, which is why it is crucial for us to offer an attractive, competitive, and healthy workplace.

Our operating model ensures that our game teams operate individually and agile, at the same time we grow together as one company and as individuals, and we believe in long-term relationships and decentralized leadership.

Stillfront's core expertise is to develop digital games and most of our core disciplines within game production, including design, development and marketing, are conducted internally. Stillfront's games are to a large extent published and distributed on external platforms such as app stores. Stillfront's upstream supply chain mainly consists of energy providers, office tenants, providers of electric equipment and data server solutions. Stillfront's business partners include technology providers such as Unity, platform providers such as Apple, Google and Steam, as well advertising networks.

Stillfront emits GHG (greenhouse gas emissions) through its operations both directly (office premises, company cars e.g) and indirectly in its value chain. The most significant source of emissions is within use of sold products which are related to the players energy consumption when playing a Stillfront game. Networks and data centres are other major sources of GHG emissions.

STILLFRONT'S VALUE CHAIN

	Upstream	Own operations	Downstream
ENVIRONMENT	• Extraction of raw materials • Material processing, electronic equipment • Data centres and servers • Energy providers • Landlords	• HQ/Studios • Use of electronic equipment • Office materials • Office energy consumption • Business travel	• Consumer use • Players dependent on electronic hardware • End-of-life
SOCIAL	• Supply chain	• Own workforce • Skilled labour • Employee wellbeing and engagement • Health and safety • Talent attraction/retention	• Partners • Community platforms • Distribution/publishing • Platform providers e.g. Apple, Google, Steam

Sustainability framework and targets

Our sustainability framework is set up to focus our resources on the most relevant environmental, social and governance issues to drive performance and to engage internal and external stakeholders. The framework is made up of Stillfront's material topics, targets and objectives. The sustainability targets and results are reviewed on an annual basis but please note that some of the targets include a longer perspective.

Stillfront's sustainability framework consists of three core areas:

- Climate impact and environment
- Social and employer responsibility
- Responsible business

Sustainability targets and results 2023

	Target 2023	Result 2023
Climate impact	Stillfront commits to reduce absolute scope 1 and 2 GHG emissions by 42 percent and scope 3 GHG emissions by 51.6 percent by 2030.	**Scope 1 and 2 emissions** -16% (477) tCO_2e **Scope 3 emissions** -8% (52,588) tCO_2e
Employee wellbeing and engagement, eNPS	Stillfront's target for global employee wellbeing, Employee Net Promoter Score (eNPS), should be at minimum 25. The eNPS measures how likely our employees are to recommend Stillfront as a good place to work	**Average global eNPS** 32 (eNPS 2022: 22)
Equality, diversity, and inclusion	The gender balance should be at least 40/60 at all levels of positions within the group.	**Gender balance** 32% women 68% men At all levels within the group
Open climate and culture	To ensure that Stillfront is fostering an open climate and culture, we target to act upon 100 percent of substantiated reported incidents in our speak-up channels.	**100 percent of substantiated reported incidents were acted upon according to our strict protocol.**
Responsible play	We strive to create a positive in-game environment for our players, why we have zero tolerance for abusive behavior in our platforms and communities. 100 percent of substantiated reported incidents should be acted upon.	**100 percent of substantiated reported incidents were acted upon according to our strict protocol.**
Data privacy & protection	Our players should feel that their privacy and data are protected, always. 100 percent of substantiated reported incidents should be acted upon.	**100 percent of substantiated reported incidents were acted upon according to our strict protocol.**

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Stakeholder engagement

Open and continuous dialogue with key stakeholders is vital to proactively and effectively identify concerns, as well as to track global trends and market expectations. Stillfront has a frequent dialogue with stakeholders to ensure their interests and views are considered when formulating and amending the sustainability strategy, supported by targets. The results of the stakeholder views are presented to Stillfront's executive management team and board of directors annually. Depending on the stakeholder, Stillfront uses different methods to engage and organize. The frequency of engagement also varies from stakeholder to stakeholder.

The purpose and usability of the outcome from engagement varies, however the overall purpose is to ensure alignment between stakeholders and their views with Stillfront's strategy and business model. The table illustrates Stillfront’s most important stakeholders, engagement, and organization as well as the purpose of engagement and use of the findings. In 2023, the purpose of the engagement was particularly focused on the double materiality assessment.

Stakeholders	Engagement and organization	Purpose and outcome
Current owners / investors	Regular reporting, meetings and dialogue.	Ensure alignment on Stillfront’s sustainability strategy and targets as well as sustainability performance targets.
Lenders / banks	Regular meetings and dialogue.	Ensure alignment on Stillfront's sustainability risks and opportunities.
Customers / users	Feedback from product organization, customer surveys, customer studies.	Understand customers’ preferences within sustainability topics.
Employees	Regular engagement with employees, i ncluding quarterly engagement surveys. Internal culture study conducted in 2023.	Understand and monitor sustainability topics from an employee perspective.
Authorities	Review and assess emerging sustainability related regulations and requirements.	Ensure compliance with existing and future legislation and awareness of potential risks and opportunities that may be driven by regulation.
Suppliers / partners	Regular dialogue with suppliers/partners.	Monitor and review suppliers’ matureness and best practices. Ensure alignment on Stillfront’s sustainability strategy.
Sustainability organizations	SBTi, UN Global Compact etc	Commitments to take responsibility within the sustainability strategy
Potential new investors	Regular reporting, meetings and dialogue	Educate on Stillfront’s material sustainability topics, risks and opportunities.

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Double materiality assessment

Assessment process

In 2023, as a response to upcoming CSRD regulation, a double materiality assessment according to the ESRS standards, was performed. The aim with the double materiality assessment has been to identify impacts, risks and opportunities related to the topics, subtopics and sub-subtopics in the ESRS standards.

The scope of the double materiality assessment includes Stillfront's and its subsidiaries' value chain, upstream and downstream. The work includes internal and external assessment and data including Scope 1, 2, 3 GHG emissions baseline, employee engagement and wellbeing survey, peer benchmarks, due diligence process, consumer studies, and analyses of industry reports and various expert reports as input for the assessment.

Methodology of the assessment

Our starting point was the impact assessment of Stillfront's impacts on the environment and society, which is similar to how we previously have identified and assessed sustainability-related impacts of our own operations and value chain. Impacts were evaluated using scale, scope and irremediability determining the severity of an impact as well as likelihood for potential impacts.

We have also conducted a financial assessment of the sustainablity-related risks we are exposed to as a business. In the financial materiality assessment, risks and opportunities were assessed by the scope of the financial consequence as well as likelihood.

To verify the results, Stillfront held a structured dialogue with key stakeholders including shareholders, analysts, industry organizations, partners, and internal stakeholders such as members of the management team and subsidiaries. The list of topics was discussed with each stakeholder group from a double materiality perspective and the importance to stakeholders was assessed on a scale high, medium, low. The material topics as identified by Stillfront were confirmed by the stakeholder dialogue and are presented on next page. The identified material topics have been discussed and agreed in Stillfront's management team and by the board of directors.

Disclosure requirements in ESRS standards to be included in Stillfronts future sustainability reporting

The table contains references to the ESRS standards that will be included in Stillfront's sustainability reporting when the regulation comes into force. The sustainability report for 2023 aims to report currently available information requested according to the ESRS standards. The sustainability statement for 2023 is therefore not fully compatible with CSRD.

ESRS Standard		Disclosure requirements
ESRS 2	General information	BP-1 – BP-2, GOV-1 – GOV-5, SMB-1 – SMB-3, IRO-1 – IRO-2, DC-P,A,M,T
ESRS E1	Climate change	E1-1 – E1-9
ESRS E5	Resource use and circular economy	E5-1 – E5-6
ESRS S1	Own workforce	S1-1 – S1-17
ESRS S2	Workers in the value chain	S2-1 – S2-5
ESRS S4	Consumers and end-users	S4-1 – S4-5
ESRS G1	Business conduct	G1-1 – G1-6

CONTENT

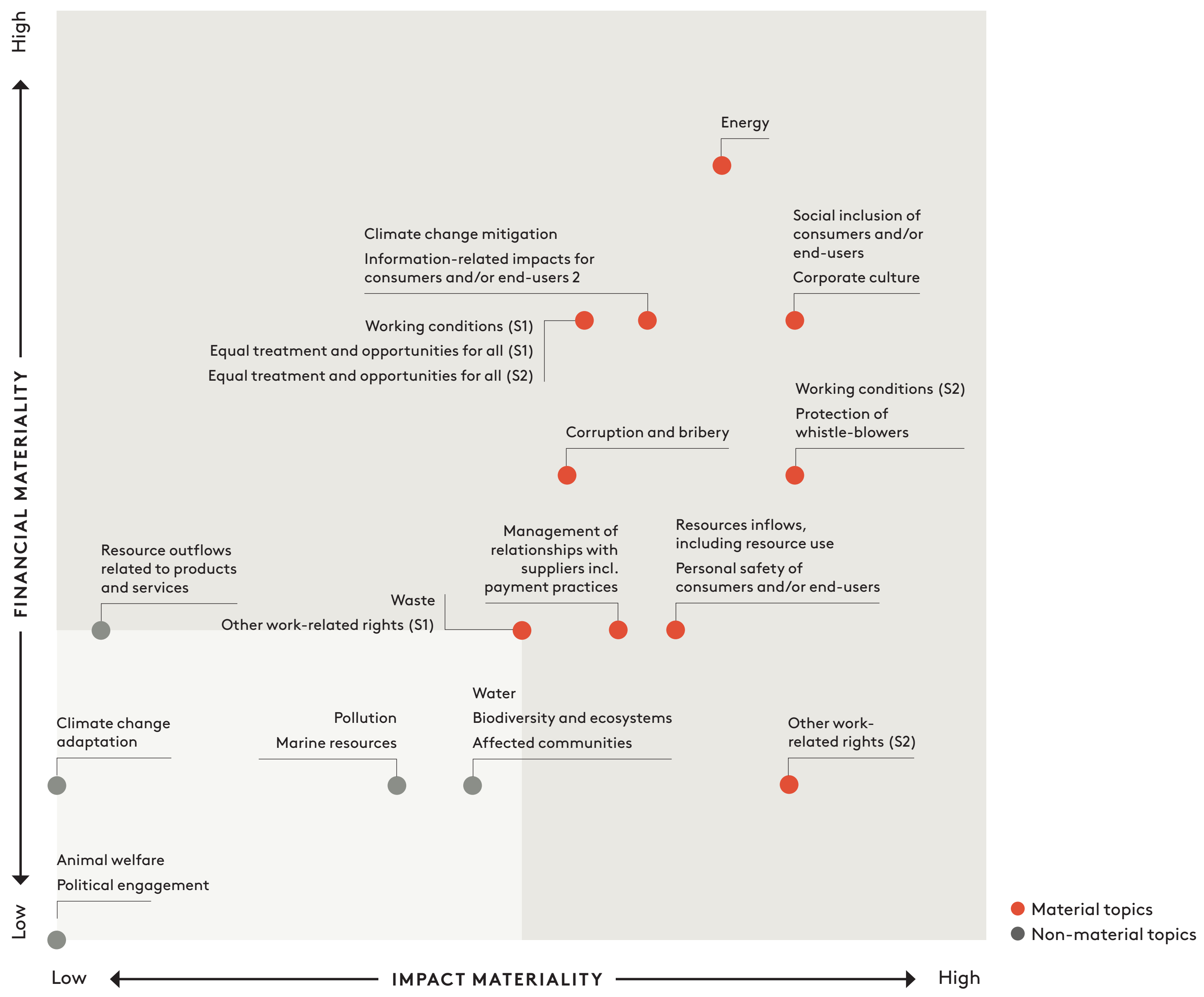
Material impacts, risks and opportunities

The materiality assessment concludes in total six material topics that reflect areas where Stillfront has and will continue to have significant positive impact on people, planet and society. The six material topics also reflect the areas where we see the largest risks related to sustainability and where we need to continuously manage our negative impact. The areas are:

- Climate change
- Resource use and circular economy
- Own workforce
- Workers in the value chain
- Consumers and end users
- Business conduct

Within the six main material areas, we have identified 17 sustainability topics and subtopics that are material for Stillfront. In the next pages, we provide a high-level description of the topics and sub-topics.

RESULT DOUBLE MATERIALITY ASSESSMENT



STILLFRONT GROUP

CONTENT

DESCRIPTION OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

ENVIRONMENTAL

Climate change (E1)

Climate change mitigation

Stillfront emits GHG emissions through its operations both directly (office premises, company cars e.g) and indirectly in its value chain. The most significant source of emissions is within Scope 3.11 use of sold products, that are related to the players' energy use when playing the Stillfront games.

Network and data centre is another major source of GHG emissions.

Energy

Mainly related to energy demands of upstream suppliers and end users (players) when using the products Stillfront provide. To some extent office energy consumption.

Gaming business relies on data centers and servers that require significant energy for cooling and maintenance. These facilities contribute to energy consumption and, in turn, carbon emissions, particularly if they are powered by non-renewable sources.

The energy consumption is projected to increase until 2030 due to an increased demand for cloud storage.

Stillfront mainly offers free-to-play mobile games, which requires less energy from consumer devices (mostly mobile) compared to PC games.

Resource use and circular economy (E5)

Resources inflows, including resource use

Stillfront has an impact on resource use, both in the upstream value chain where the electronic devices and office materials used by Stillfront employees are produced, as well as in the downstream value chain where gamers rely on electronic hardware. The production of hardware involves mining and extraction of raw materials such as metals and rare earth elements. This impact resouce flows and use of resources. In addition, gaming hardware, primarly mobile devices for Stillfront, usually has a short product life-cycle.

Waste

The gaming industry contributes to electronic waste generation. As technology advances, players frequently upgrade their hardware, leading to the disposal of older PCs and mobile devices. Improper disposal can lead to environmental pollution and the release of hazardous substances to local environments.

SOCIAL

Own workforce (S1)

Working conditions

Working conditions is seen as important for attracting and retaining skilled labour, which is key for Stillfront why employee wellbeing and engagement is a business advantage and a risk. Industry risks include "crunch-time" and work-life balance as game development processes could be subject to short deadlines.

Stillfront could potentially be related to negative impacts on working conditions in studios situated in risk countries/regions.

Equal treatment and opportunities for all

Ensuring equal treatment and opportunities for all employees is key in creating a positive workplace. Important to ensure that all employees share equality and diversity values across the global operations.

Other work-related rights

Stillfront holds a large workforce why safeguarding their personal data and information is a key topic. Prevention against hacker attacks, data breaches, or in other ways failure to ensure Stillfront's employees integrity is a high priority.

Other work-related issues such as child labour and forced labour is not seen as an issue in Stillfront's own workforce.

Workers in the value chain (S2)

Working conditions

Upholding good working conditions in the value chain is also important for attracting and retaining skilled labour. In the immediate value chain this includes consultants, contractors and other workers supporting the studios. Current workforce are primarily full-time employees and the dependence of consultants and contractors is limited.

Stillfront has an indirect risk in purchasing hardware and other material, which includes rare earth minerals and potentially conflict minerals, which means that that the risk for child labour and forced labour is high. Here Stillfront is only linked to the impact through its business relationships, and its ability to control or manage the impact is very low.

Equal treatment and opportunities for all

Ensuring equal treatment and opportunities for all employees is key in creating a positive workplace. Important to ensure that all employees share equality and diversity values across the global operations. Industry risks could potentially include risk of discrimination and harassment.

Other work-related rights

Stillfront may be indirectly related to negative impacts on child labour and forced labour upstream in the manufacturing of electronics as these are known industry risks and also regional risks, especially in Asia, but Stillfront's ability to control or manage the risk is very limited.

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CONTENT

DESCRIPTION OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

SOCIAL (CONT.)

Consumers and end-users (S4)

Information-related impacts for consumers and/or end-users

Stillfront may be related to data leakages or cyber attacks should they lead to the loss of customer data e.g. This could potentially lead to high fines, as well as reputational damage.

Personal safety of consumers and/or end-users

Stillfront's games target an adult audience (+16 and above), however, Stillfront is dependent on platforms such as Google, Apple and Steam, to set the correct requirements and labels. Negative impact could therefore occur when children that should not play the games get access. There is also a negative impact in that players might harass and discriminate each other in communities and forums. Responsible content production and high ethical standards according to the FAIR principles is therefor key for Stillfront.

Social inclusion of consumers and/or end-users

Stillfront's FAIR principles raises the importance of creating responsible content for a diverse audience. Limitations regarding diversity and inclusion may occur in targeted games such as unabilities in diversity of characters representing a wide variety of ethnicities or genders.

Stillfront's games require an electronic device for access and can therefore be limited to people that are unable to buy or use an electronic device. Stillfront is following certain requirements which promotes inclusion in the UX/UI of games.

GOVERNANCE

Business conduct (G1)

Corporate culture

Stillfront has a robust governance model and the subsidiaries are fully owned by Stillfront and share the same business principles and culture. Stillfront has a policy program and speak-up system in place and trainings and follow-ups are conducted regularly, which helps the group to address potential negative impact.

Protection of whistle-blowers

Stillfront has a whistleblower function (a speak-up channel) in place and conduct regular trainings with all employees to ensure understanding and commitment to Stillfront's business conduct and values.

Management of relationships with suppliers incl. payment practices

By establishing strong relationships with reliable suppliers, Stillfront can reduce the risk of delays and disruptions locally and globally. By working with suppliers who share the groups values and commitment to sustainability, we can reduce or otherwise manage our environmental impact and support our sustainability targets.

Corruption and bribery

Corruptive behaviour may occur in the value chain, especially in countries with low transparency indexes. Stillfront operates in many markets and geographical regions. High anti-bribery and anti-corruption standards are key.

STILLFRONT GROUP

CONTENT

Sustainability governance

Governance model, roles and responsibilities

The board of directors is responsible for Stillfront's overall strategy, in which sustainability is integrated. The board, which consists of six non-executive members, 50 percent female and 50 percent male, is composed to possess strong experience and skills in the conduct of business leadership, as well as in the development and publishing of digital games for a global audience.

The board is also responsible for Stillfront's key policies and steering documents including the Code of Conduct, Sustainability, HR, Data Protection & Privacy as well as Anti-bribery and Anti-corruption policies. The FAIR (Forum & Communities, Age protection, Inclusion & Diversity, Responsible Marketing and Monetization) guidelines are the primary steering document for how to operate the games and forums in a responsible manner and comprise the values and principles that serve as Stillfront's base as a responsible games company.

The executive management team, which consists of eight members, 38 percent female and 62 percent male. It comprises of CEO & Founder, CFO, General Counsel, CPO, COO, CIO, EVP Corporate Development and M&A and EVP Communication & Sustainability. The executive management team represents broad experiences and skills within product development, business leadership, technology, finance and compliance as well as on legal and sustainability topics.

The executive management team is responsible for carrying out sustainability due diligence, conducting double materiality assessment and defining Stillfront's ESG strategy and action plan, which is reviewed annually. The executive management team is, together with the board of directors, responsible for ensuring that ESG impact, risks and opportunities are integrated in the company strategy and processes. ESG risks are addressed in the enterprise risk assessment conducted annually by the executive management team and are overseen by the board of directors. Stillfront's executive management team owns the agenda for prioritizing the group's material sustainability topics and developing tools and processes that guide the head office and the studios. The EVP Communication & Sustainability is responsible for execution of the sustainability strategy and priorities set by the board.

The ESG strategy and action plan are implemented by Stillfront's ESG forums that meet two to three times per year to discuss priorities, targets and progress. The ESG forums include representatives of all subsidiaries. The management of each subsidiary is responsible for implementing the group policies and guidelines.

In 2023, the board of directors, the executive management team and the ESG forums have, among many, addressed the material topics such as, climate change mitigation, employee wellbeing as well as data protection.

STILLFRONT'S KEY POLICIES AND STEERING DOCUMENTS

Stillfronts's policies are assessed and approved by the board of directors on an annual basis, and policy trainings for the Stillfront's employees are conducted yearly.

- Code of Conduct
- Sustainability policy
- HR policy
- Data Protection & Privacy policy
- Anti-bribery & Anti-corruption policy
- Speak Up policy
- FAIR (responsible gaming) guidelines

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Sustainability-linked incentives

Stillfront's remuneration guidelines govern the remuneration to the executive management team and links compensation to Stillfront's business strategy, sustainability, long-term interests and long-term value for its shareholders. Stillfront's sustainability targets and ambitions are incorporated into our remuneration framework. For more details, please see Note 8, pages 84-86.

Statement on due diligence

Core elements of due diligence	
Embedding due diligence in governance, strategy and business model	Overseeing sustainability strategy and targets. Integration of sustainability-related performance targets in incentive programs. Material impacts, risks and opportunities and alignment with strategy and business model.
Engaging with affected stakeholders in all key steps of due diligence	Overseeing sustainability strategy and targets. Interest and views of stakeholders. Description of the processes to identify and assess material impacts, risks and opportunities.
Identifying and assessing impact	Description of the processes to identify and assess material impacts, risks and opportunities. Material impacts, risks and opportunities and alignment with strategy and business model.
Taking action to adress material impacts	Assessment of climate change. Actions and policies related to resource use and circular economy. Policies related to own work force. Policies related to workers in the value chain. Steering documents related to affected communities.
Tracking and communication	Targets related to material topics. Policies related to managing risks and opportunities.

Risk management and internal controls

Stillfront's sustainability reporting is governed by Stillfront's enterprise risk management system and internal controls framework to ensure completeness, accuracy and integrity of reported data. In cases where data is not available in time or available at all, Stillfront uses best estimates or extrapolation to provide the most accurate disclosures possible.

Stillfront uses internationally recognized standards to support the calculation of relevant datapoints. Furthermore, Stillfront uses external experts to calculate GHG emissions. All datapoints are reviewed in comparison to previous periods and expected results to assess validity. Stillfront's prioritization of completeness, data accuracy and timely data is based on materiality. Stillfront reports on progress on the ESG strategy and metrics to stakeholders on a yearly basis.

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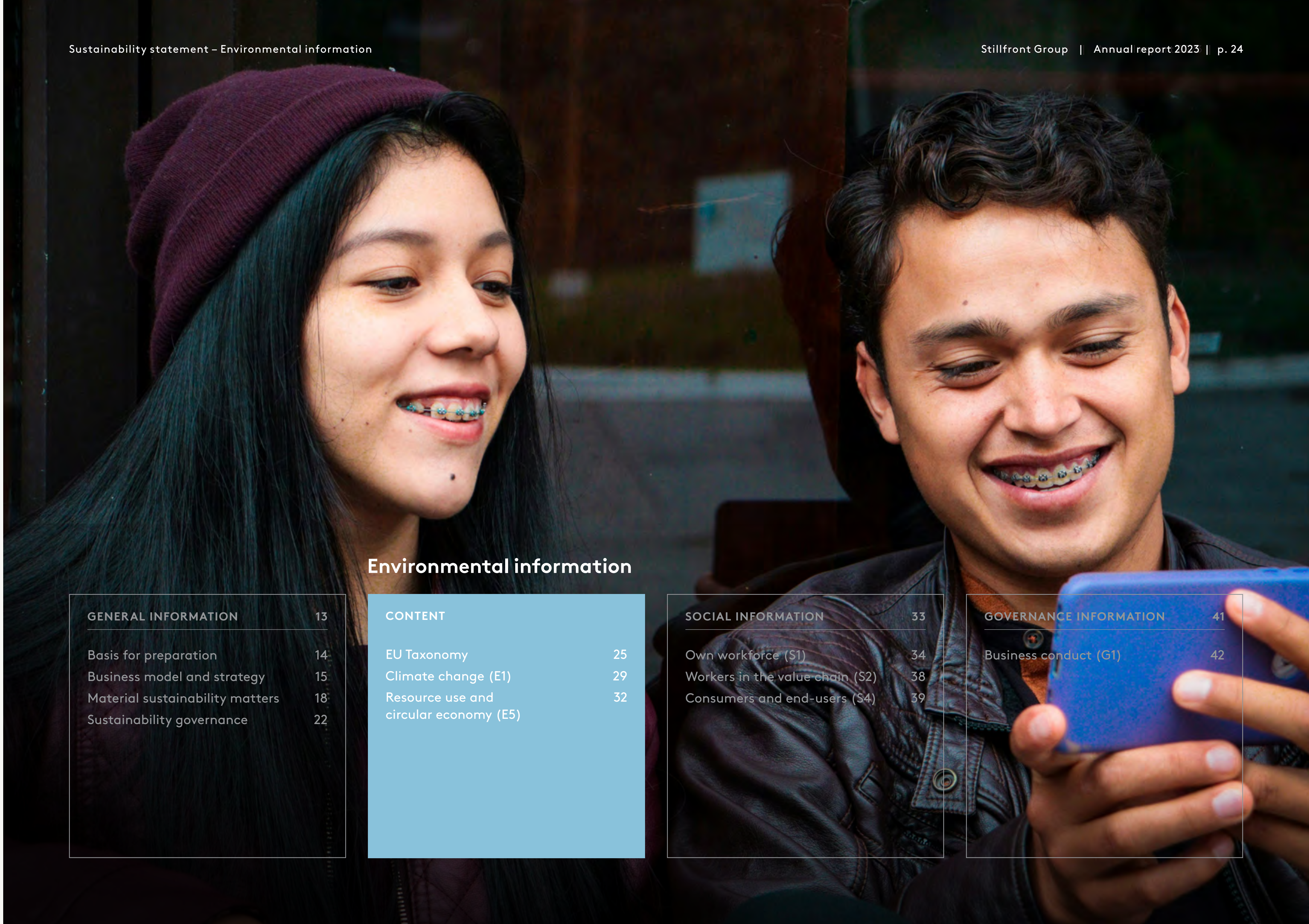


Environmental information

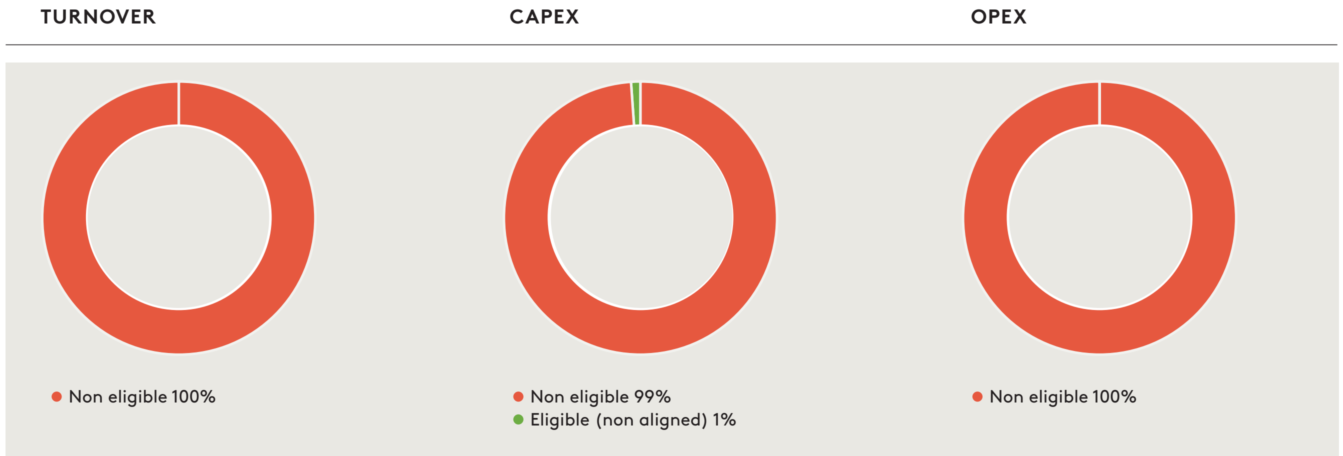
CONTENT

EU Taxonomy

Stillfront is in scope for the taxonomy since 2021. Besides the previous year's two objectives (Climate change mitigation and Climate change adaptation), this year's reporting includes the four remaining objectives (Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and restoration of biodiversity and eco-systems). For the previous two objectives, eligibility and alignment are reported, but for the four new objectives, only eligibility.

By screening its business activities, Stillfront has concluded its activities as developer and publisher of games, not being covered by the Climate Delegated Act and consequently Taxonomy-non-eligible.

Below, a presentation of the share of Stillfront's group turnover, capital expenditure (capex) and operating expenditure (opex) for the reporting period 2023.



Revenue Taxonomy-non-eligible

Total Turnover corresponds to Net revenues in the Consolidated statement of comprehensive income in the financial statements. See also note 5 in the financial statements. Turnover in Stillfront is considered as non-eligible.

Capex Taxonomy-eligible

Total Capex corresponds to additions, including business combinations, to balance sheet items intangible assets excluding goodwill, and equipment, tools, fixtures, and fittings, before depreciation, amortization, or impairment, as specified in notes 14 and 17 (lines Acquisition of companies, Internal development in the year, and New acquisitions) to the Consolidated statement of financial position, complemented by additions/changes to right-of-use assets as specified in note 16. In Stillfront, Capex in real estate in the form of additions to right-of-use assets for office premises is considered as eligible, whereas all other capex is non-eligible, according to activity 7.7, Acquisition and ownership of buildings in Annex I.

Opex Taxonomy-non-eligible

Total Opex corresponds to non-capitalized short-term leases (see note 16), maintenance, and repair costs and other direct costs for the day-to-day servicing of equipment, tools, fixtures, and fittings. Opex in Stillfront is for all practical purposes considered as non-eligible since Opex as defined in the EU Taxonomy is considered as not material for our business model. As a publisher of games our business model does not generally lead to expenditures related to maintenance, repair or similar.

Taxonomy alignment

Taxonomy-aligned Capex

To determine if an economic activity is Taxonomy-aligned, it must first comply with the first requirement as described in the Taxonomy Regulation. It must contribute substantially to one or more of the environmental objectives. Secondly it must not significantly harm any of the other environmental objectives.

For the eligible CAPEX activities, obtaining evidence that supports a substantial contribution has largely not been possible. The same applies to the Do no significant harm (DNSH) criteria for Taxonomy-aligned activities where we have not obtained evidence that supports the assumption of DNSH. Therefore, the proportion of our Capex that is eligible, is reported as not Taxonomy-aligned.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year January-December		**2023**		**Substantial contribution criteria**						**DNSH criteria (Do No Significant Harm)**									
	Code(s)	Turnover	Proportion of turnover, year 2023	Climate change mitiga-tion	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1. or eligible(A.2.) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
										Y	Y	Y	Y	Y	Y	Y			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)										Y	Y	Y	Y	Y	Y	Y			
Of which Enabling										Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional										Y	Y	Y	Y	Y	Y	Y			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
			%	EL	EL			EL											
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned																			
A. Turnover of Taxonomy eligible activities (A.1+A.2)																			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		6,982	100%																
TOTAL		6,982	100%																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0%	0%
Climate change adoptation	0%	0%
Water		0%
Circular economy		0%
Pollution		0%
Biodiversity		0%

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PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year January-December	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
	Code(s)	OpEx	Proportion of turnover, year 2023	Climate change mitiga-tion	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1. or eligible(A.2.) OpEx, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
										Y	Y	Y	Y	Y	Y	Y	%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)										**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**%**		
Of which Enabling										Y	Y	Y	Y	Y	Y	Y	%	E	
Of which Transitional										Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
			%	EL	EL			EL									%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																	%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)																			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		6	100%																
TOTAL		6	**100%**																

	Proportion of operating expenditure/ Total operating expenditure	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0%	0%
Climate change adoptation	0%	0%
Water		0%
Circular economy		0%
Pollution		0%
Biodiversity		0%

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PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year January-December	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
	Code(s)	CapEx	Proportion of CapEx, year 2023	Climate change mitiga-tion	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1. or eligible(A.2.) CapEx, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
										Y	Y	Y	Y	Y	Y	Y	%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)										**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**%**		
Of which Enabling										Y	Y	Y	Y	Y	Y	Y	%	E	
Of which Transitional										Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
Acquisition (leasing) of buildings	7.7	11	1%	EL	EL			EL									%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. CapEx of Taxonomy eligible activities (A.1+A.2)		11	1%														%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		831	99%																
TOTAL		842	100%																

	Proportion of capital expenditure/ Total capital expenditure	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0%	1%
Climate change adoptation	0%	1%
Water		1%
Circular economy		1%
Pollution		1%
Biodiversity		1%

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**No**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**No**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**No**
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**No**
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**No**
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**No**

CONTENT

Climate change

Approach and policies

Stillfront is committed to reduce the environmental footprint caused by its operations, by making efficient use of energy and natural resources. Stillfront and its subsidiaries are to strive to minimize environmental damage and reduce waste generation. The overall aim is to run a sustainable business by striving for Stillfront's business processes to have the lowest possible impact on the environment.

Stillfront monitors, measures, works to reduce, and reports annually on its carbon footprint in accordance with the international standard Greenhouse Gas (GHG) Protocol. Climate change and mitigation is regulated in Stillfront's sustainability policy.

Material Impacts, Risks, and Opportunities

The only environmental topic that is currently assessed as posing significant financial risks and opportunities for Stillfront is climate change. Stillfront's business strategy entails an asset-light business model with a primarily digital value chain and low-carbon footprint, which makes Stillfront resilient towards climate related risks. The climate change impact comes from the energy consumption required to produce and play games. There are also risks related to climate change adaptation, mainly related to operations in areas of high temperatures such as the Middle East and India.

Energy consumption and mix

Energy consumption is critical for Stillfront's operations, and consumers, and could come at higher costs. Energy efficiency could at the same time save cost. Stillfront aims to transition to renewable energy sources to reduce GHG emissions, lower energy costs and contribute to its science-based targets achievements. The direct impact of Stillfront's own operations are related to energy usage in offices. The indirect impact relates to the energy consumption from players when playing a Stillfront game.

Actions and resources

In 2023, Stillfront's board of directors approved the overall ambition for Stillfront climate impact work including reduction targets. In 2024, an action plan with focus on reduction will be implemented across the group.

Metrics and targets

Early 2024, Stillfront's near-term science-based emissions targets were approved by the Science Based Targets initiative, SBTi. The approval underscores Stillfront's commitment to align with the latest climate science and contributing effectively to global climate action efforts, consistent with levels required to meet the goals of the Paris Agreement.

Stillfront's emissions reduction targets

Stillfront commits to reduce absolute scope 1 and 2 GHG emissions 42 percent by 2030 from a 2022 base year. Stillfront also commits to reduce scope 3 GHG emissions 51.6 percent per SEK value added within the same timeframe.

In 2023, Stillfront reduced scope 1 and 2 emissions by –16 percent compared to 2022, to 477 tCO_2e. Scope 3 emissions totaled 52,588 tCO_2e, a reduction of –8 percent compared to 2022. As a company with a mainly digital value chain, development of methodologies to further understand and disclose our emissions are ongoing. 2023 saw a decrease in absolute Scope 3 emissions compared to 2022, but increases in subcategories can be attributed to e.g., increased data coverage.

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E1-4 Targets related to climate change mitigation and adaption

Milestones and target years	As of emissions of base year 2022
Scope 1	
Absolute emissions reduction (tCO_2e)	31
Percentage emissions reduction	–42%
Scope 2	
Absolute market-based emissions reduction (tCO_2e)	207
Percentage emissions reduction	–42%
Scope 3	
Intensity emissions reduction (tCO_2e/MSEK Value added)	–0.30
Percentage emissions reduction	52%

Emissions of base year and target year	2022	2030
Scope 1 GHG Emissions (tCO_2e)	75	43
Scope 2 GHG emissions (tCO_2e)	493	286
Scope 3 GHG emissions (tCO_2e)[1]	2,935	N/A

1) Scope 3 GHG emissions target is based on intensity, therefore no absolute target is available.

Optional Scope 3 categories are excluded from the base year and targets.

E1-5 Energy consumption and mix

Energy consumption and mix	2022	2023	Change %
Total fossil energy consumption (MWh)	1,731	1,621	–6%
Share of fossil sources in total energy consumption (%)	86%	82%	–5%
Consumption from nuclear sources (MWh)	0	63	N/A
Share of consumption from nuclear sources in total energy consumption (%)	0%	3%	N/A
Fuel consumption for renewable sources, including biomass (MWh)	0	3	N/A
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	293	299	2%
The consumption of self-generated non-fuel renewable energy (MWh)	0	0	N/A
Total renewable energy consumption (MWh)	293	302	3%
Share of renewable sources in total energy consumption (%)	14%	15%	5%
Total energy consumption (MWh)	2,023	1,986	–2%

Overall energy consumption extrapolated, consumption of energy from renewable and nuclear sources not extrapolated, potentially overestimating the share of energy consumption from fossil sources. Extrapolated energy represents a share of 18%.

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E1-6 Gross Scope 1, 2, 3 and total GHG emissions

	Base year (2022)	2022	2023	Change %
Scope 1 GHG emissions				
Gross Scope 1 GHG Emissions (tCO_2e)	75	75	78	4%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	N/A	N/A
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (tCO_2e)	511	511	492	–4%
Gross market-based Scope 2 GHG emissions (tCO_2e)	493	493	399	–19%
Significant scope 3 GHG emissions				
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	56,827	56,827	52,588	–8%
1 Purchased goods and services	1,492	1,492	1,744	17%
Sub-category: Cloud computing and data centre services	177	177	267	51%
Sub-category: Digital marketing	957	957	1,058	11%
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	108	108	94	–13%
4 Upstream transportation and distribution	121	121	3	–98%
5 Waste generated in operations	3	3	10	276%
6 Business travel	508	508	932	84%
7 Employee commuting	467	467	440	–6%
9 Downstream transportation	0	0	0	N/A
11 Use of sold products	54,129	54,129	49,365	–9%
Total GHG emissions				
Total GHG emissions (location-based) (tCO_2e)	**57,412**	**57,412**	**53,157**	**–7%**
Total GHG emissions (market-based) (tCO_2e)	**57,394**	**57,394**	**53,064**	**–8%**

Emissions of greenhouse gases have been calculated in line with the GHG Protocol. Sources for emission factors are e.g., DEFRA and IEA. Extrapolations were made for studios that had no available data. Extrapolated data represents an overall share of 1%.

Resource use and circular economy

Approach and policies
Stillfront's material environmental impact is limited to climate change and resource use and circular economy. The objective of the circular economic model is to reduce waste, maximize resource efficiency, and promote sustainable usage and is regulated in Stillfront's sustainability policy.

Stillfront's games are predominantly within the free-to-play (F2P) segment for primarily mobile devices. Developing, operating and scaling F2P games is an iterative, data-driven and resource-efficient process.

Resource inflows and outflows
By developing games, Stillfront is part of the digital economy, and the productivity gains is constantly increasing. Standardized game engines are used for multiple games and the games have long lifecycles for large audiences. Artificial intelligence, AI, has further increased productivity and technology gains, by the efficient creation of graphics and content.

Stillfront are committed to reducing the environmental footprint caused by its operations, by making efficient use of energy and natural resources. Stillfront and its subsidiaries strive to minimize use of material that may cause environmental damage and reduce waste generation. Stillfront and its subsidiaries maintain a waste diversion for its operations through a combination of waste reduction, reusing and responsible recycling.

In 2024, an action plan with focus on reduction and resource efficiency will be implemented across the group.

Metrics and targets

E5-5 Resource outflow

WASTE AMOUNTS	2023
Total waste generated (tonnes)	**7**
Waste types	
Hazardous waste (tonnes)	0
Non hazardous waste (tonnes)	7
Radioactive waste (tonnes)	0
Waste recycling	
Non-recycled waste (tonnes)	6
Non-recycled waste (%)	79%
Recycled waste (tonnes)	2

WASTE TREATMENT TYPES	2023	
	Hazardous waste	Non-hazardous waste
Waste diverted from disposal		
Reuse	0	0
Recycling	0	2
Other recovery	0	0
Total	**0**	**2**
Waste diverted to disposal		
Incineration	0	4
Landfilling	0	2
Other disposal	0	0
Total	**0**	**6**

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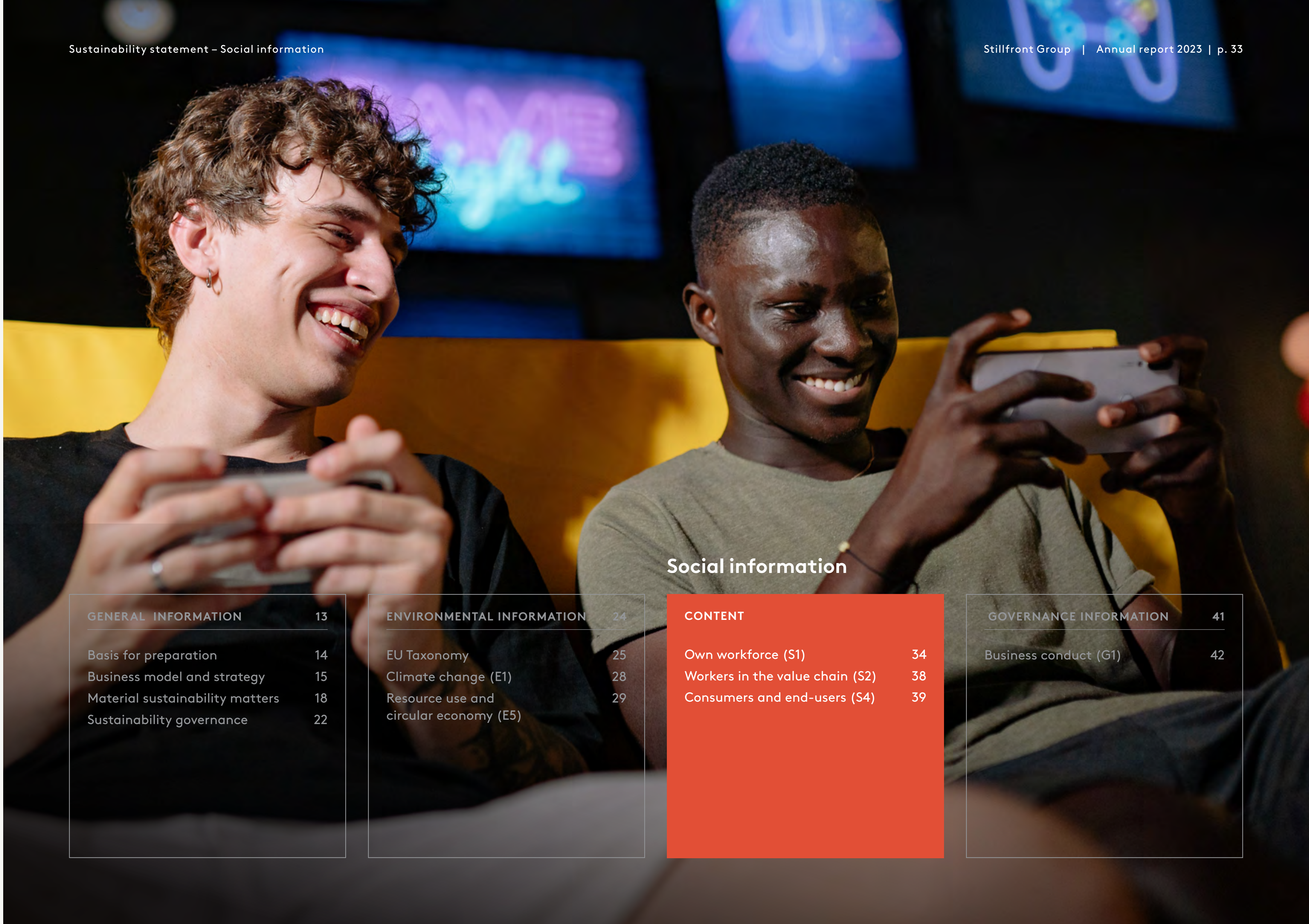

Social information

CONTENT

Own workforce

Approach and policies
A safe and healthy working environment is fundamental for Stillfront and is a right for all employees. Stillfront is committed to providing a safe and secure place to work and an environment that supports the health and well-being of all employees. Stillfront's employees shall be able to work under legal conditions where diversity is treasured, privacy of the individual is protected, and where freedom of association and collective bargaining is a common right. All these statements including employee safety, engagement and wellbeing, diversity, equality and inclusion, professional development as well as remuneration, are covered in Stillfront's HR policy. Stillfront supports parental leave, and the group has zero tolerance against harassment and discrimination.

Stillfront became a signatory the UN Global Compact ("UNGC") in 2021 and is committed to the Ten Principles of the UNGC for responsible business conduct within the areas of human rights, labour, environment, and anti-corruption. As stated in Stillfronts code of conduct, the group supports and respects basic human rights for all and strives to uphold these essential rights in the ways that Stillfront conduct business. Violations of human rights are unacceptable and will, under no circumstances, be tolerated. The use of child labour of any kind is strictly forbidden and child labour as well as forced labour is not seen as an issue in Stillfront's own workforce.

All employees have easy access to the code of conduct which outlines the group's value framework, its approach to doing business as well as its views on human rights. Awareness training is conducted on an annual basis. Further, as part of onboarding, all new employees are trained in the code of conduct and all other relevant policies for a new employee.

Employee wellbeing and engagement
Stillfront conducts yearly employee engagement surveys and on quarterly basis Stillfront measure the employee's engagement and wellbeing by asking "how likely are you to recommend Stillfront as a good place to work", resulting in a global Employee Net Promoter Score (eNPS).

Equality, diversity and inclusion
Stillfront is present in many regions and countries across the globe. Our workforce is diverse in many different aspects: diverse not only in terms of geographic presence, nationality and language skills, but also in experiences, skillsets, and perspectives. A diverse workforce is also key for understanding Stillfront's global audiences. The demand for developing games in multiple languages, adapted to different cultures, religions and customs is increasing.

Training and skills
At Stillfront, we are committed to cultivating and expanding a skilled workforce. We firmly believe that for employees to thrive and perform effectively, collaboration and exchange of knowledge is key. Stillfront's local game teams, present around the world, have a lot to share between each other and our internal channels are important for day-to-day learning. Stillfront conducts regular training and knowledge sharing sessions focused on specific disiplines and expertise, across the group. We also host regular summits with focus on prioritized areas such as AI, that is highly relevant for all game teams.

Speak-up channel
Stillfront has a speak-up policy and system in place, to ensure that all employees can report suspected serious violation of law and other serious matters with Stillfront including incidents of discrimination and harassment. The speak-up channel helps to ensure fairness, justice, and protection for individuals and communities. If an employee has experienced an instance of bullying, discrimination, or harassment e.g, they are to utilize the speak-up channel. The speak up channel is available on Stillfront's website and also allows for reports sent by e-mail or by post. Cases are handled by Stillfront's speak up committee in a fair, consistent way, without bias.

Metrics and targets

At the end of the year, Stillfront had 1,270 employees measured as head count. Most of Stillfront's employees are in Germany, followed by United States and Jordan. 77 percent are permanently employed and 32 percent of the workforce are female.

Employee wellbeing, eNPS
Stillfront's target for global employee wellbeing, eNPS, should be at least 25 in 2023. The eNPS measures how likely our employees are to recommend Stillfront as a good place to work. At year end, 2023, Stillfronts average global Employee Net Promoter Score (eNPS) was 32, to be compared with 22 in 2022.

Equality, diversity and inclusion
The gender balance should be at least 40/60 at all levels of positions within the group. In 2023, the gender balance was 32 percent women and 68 percent men at all levels within the group, to be compared with 31 percent women and 69 percent men in 2022.

Open climate and culture
To ensure that Stillfront is fostering an open climate and culture, we target to act upon 100 percent of substantiated reported incidents in our speak-up channels.

In 2023, no substantiated cases of discrimination and harassment was received. Stillfront is not aware of any breach on work-related grievances, incidents and complaints related to social and human rights matters in the group in 2023. Stillfront has not received any fines, penalities or compensation for damages because of violations regarding social and human rights factors.

According to our policies, 100 percent of Stillfront's employees are entitled to take parental leave in a gender equitable manner due to local legislation or policies.

S1-6 Characteristics of the Stillfront's employees

HEAD COUNT BY GENDER

Gender	2023
Male	857
Female	411
Other	2
Total employees	**1,270**

EMPLOYEE HEAD COUNT IN COUNTRIES WHERE AT LEAST 50 EMPLOYEES REPRESENT AT LEAST 10 PERCENT OF THE TOTAL NUMBER OF EMPLOYEES

	2023	
Country	Number of employees (head count)	Percentage
Bulgaria	58	5%
Jordan	126	10%
India	115	9%
Croatia	114	9%
Canada	67	5%
Germany	400	31%
United States	158	12%

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Cont. S1-6 Characteristics of Stillfront's employees

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY GENDER

	Female	Male	Other	Not disclosed	Total
Number of employees (head count/FTE)	401	854	2	0	**1,258**
Number of permanent employees (head count/FTE)	378	826	2	0	**1,206**
Number of temporary employees (head count/FTE)	10	14	0	0	**24**
Number of non-guaranteed hours employees (head count/FTE)	14	14	0	0	**28**

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY REGION

	Bulgaria	Jordan	India	Croatia	Canada	Germany	United States
Number of employees (head count/FTE)	58	126	115	114	67	372	157
Number of permanent employees (head count/FTE)	58	126	115	102	67	356	157
Number of temporary employees (head count/FTE)	0	0	0	5	0	15	0
Number of non-guaranteed hours employees (head count/FTE)	0	0	0	7	0	2	0

Region/country where at least 50 employees represent at least 10% of the total number of employees.

EMPLOYEE TURNOVER	2023
Employees who have left	338
Percentage of employee turnover	25

Employee numbers reported in FTE and as of 31/12/2023, unless specified otherwise. ESRS methodology No. of employees that left in 2023 divided by the average no. of employees in 2023.

The average no. of employees in 2023 is calculated as the sum of employees in the beginning and at the end of the year, divided by 2.

S1-7 – Characteristics of non-employee workers in the company's own workforce

Number of non-employees	**2023**
Self-employed people	146
People provided by other organizations	73
Other	46
Total non-employees	**264**

S1-8 – Collective bargaining coverage and social dialogue

Number of employees within and outside EEA	**2023**
Total number of employees within EEA	689
Total number of employees outside EEA	581
Total employees	1,270
Collective bargaining agreement coverage	
Coverage of employees within EEA	13
Coverage of employees outside EEA	0
Total number of employees covered	13
Percentage of coverage	1%
Worker's representative councils	
Total number of employees within EEA covered by workers' representatives	0
Percentage of employees within EEA covered by workers' representatives	0%

S1-9 Diversity metrics

GENDER DISTRIBUTION OF TOP MANAGEMENT	2023	
	Number of headcount	Percentage
Male	82	77%
Female	25	23%
Other	0	0%
Total (in top management)	**107**	

Top management defined as management positions in all subsidiaries including the group's executive management.

AGE DISTRIBUTION OF ALL EMPLOYEES	2023	
	Number of headcount	Percentage
Below 30	372	29%
Between 30–50	856	67%
Above 50	42	3%
Total	**1,270**	

S1-10 Adequate wages

	2023
Total employees in the organization	1,270
Total employees earning below applicable adequate wage bench-mark	0
Percentage of total employees paid below the applicable adequate wage benchmark	0%

Adequate benchmark include no lower than 60% of the country's median wage and 50% of the gross average wage.

S1-11 Social protection

	2023
Number of employees not covered by social protection	0

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S1-13 Training and skills development metrics

PERCENTAGE OF EMPLOYEES THAT RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	2023
Male	78%
Female	79%
Other	50%
Total	**79%**

AVERAGE NUMBER OF TRAINING HOURS BY GENDER

	2023
Male	14
Female	18
Other	2
Total	**15**

S1-14 Health and safety metrics, own workforce

	2023
Own workforce	
Health and safety management system coverage	38%
Number of work-related accidents	1
Accident rate	0.43
Number of work-related ill health cases	0
Number of days lost to work-related injuries, work-related ill health and fatalities	0
Number of fatalities as result of work-related injuries and work-related ill health	0
Other workers on undertaking's sites	
Number of fatalities as result of work-related injuries and work-related ill health	0

Accident rate measured as accidents per 1,000,000 working hours. Extrapolated total working hours are based on reported working hours.

S1-15 Work-life balance metrics

PERCENTAGE OF EMPLOYEES ENTITLED TO TAKE FAMILY-RELATED LEAVE

Percentage of employees entitled to take family-related leave	**94%**

Percentage of employees that took family-related leave	**2023**
Male	5%
Female	10%
Other	0%
Total	**7%**

Percentage of employees that took family-related leave is based on the number of employees entitled to family-related leave.

S1-17 Incidents, complaints and severe human rights impacts

Discrimination and harrassment incidents	**2023**
Number of Incidents of discrimination, including harrassment	0
Number of complaints filed through own workforce grievance mechanisms not included above	0
Number of complaints filed to National Contact Points f or OECD Multinational Enterprises	0
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors (EUR)	0 €
Severe human rights incidents	
Number of severe human rights issues and incidents connected to own workforce	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce (EUR)	0 €

Workers in the value chain

Approach and policies

All professionals involved in Stillfront's value chain are collectively essential to Stillfront's business, and it's our responsibility to respect their rights, driven by our values and commitment to be a fair and equal company. We respect human rights and fair working conditions of everyone working across our value chain.

We focus on supporting decent jobs with fair compensation and benefits in safe, secure workplaces free from discrimination, where workers have a voice, equal opportunities to develop, and freedom of association is respected. Upholding good working conditions in the value chain is also important for attracting and retaining skilled labour. In the immediate value chain this includes consultants, contractors and other workers supporting our studios and game teams.

Our work is aligned with our HR policy and the UN Guiding Principles for Business and Human Rights, among others. We assess our salient human rights issues on an annual basis, but also the long-term risks and impacts for different parts of our operations and value chain.

Current workforce are primarily full-time employees and the dependence of consultants and contractors is limited.

Metrics and targets

Speak-up channel
Stillfront has a speak-up policy and system in place, to ensure that all employees as well as partners can report suspected serious violation of law and other serious matters with Stillfront. The speak-up channel helps to ensure fairness, justice, and protection for individuals and communities. If an employee has experienced an instance of bullying, discrimination, or harassment e.g, they are to utilize the speak-up channel. The speak-up channel is available on Stillfront's website and also allows for reports sent by e-mail or by post. Cases are handled by Stillfront's speak-up committee in a fair, consistent way, without bias.

Stillfront is not aware of any breach on work-related grievances, incidents and complaints related to social and human rights matters and Stillfront has not received any fines, penalities or compensation for damages because of violations regarding social and human rights factors.

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Consumers and end-users

Approach and policies

Stillfront is committed to the Ten Principles of the UNGC for responsible business conduct within areas of human rights, labour, environment, and anti-corruption. Violation of human rights (also for partners and end-consumers) are unacceptable and will, under no circumstances, be tolerated. Applicable policies including Data privacy and protection policy, the FAIR Guidelines as well as the Code of Conduct are approved by the Stillfront board of directors. Stillfront's FAIR guidelines regulate how the group takes responsibility for products and end-users and comprise the group's values and principles. Stillfront considers its code of conduct and related policies to be aligned with internationally recognized standards.

Data privacy and protection
Data privacy and data protection are of the utmost importance to Stillfront. The group's processes have been designed to safeguard confidentiality, privacy and access to information and data. Stillfront is continuously striving to maintain the highest standards to protect its players from cyberattacks and card fraud when playing Stillfront's games. Stillfron strives to comply with all applicable legislations and rules to achieve utmost security and expect the same of business partners and suppliers.

Over the years, Stillfront have put considerable resources into ensuring that the privacy program meets the criteria of the General Data Protection Regulation (GDPR) and other applicable data protection and privacy regulations. Stillfront's website contains information on the rights that users have and descriptions of how Stillfront processes personal data. The end-user data is processed by the studios and such processing activities are subject to the privacy notice applicable for the respective games. Deloitte is engaged as the group's external Data Protection Officer (DPO), a role that includes recurring targeted audits.

Responsible play
Stillfront's aim is to create a positive in-game environment for end-users. The gamers should feel safe and respected in the digital world of Stillfront, and as people spend more of their free time playing games, responsibility of ensuring a good gaming culture is more important than ever.

- Stillfront has zero tolerance for abusive behavior among gamers.
- Keeping things fair, without cheating or exploitation, is a requirement.
- No one is allowed to engage or promote harmful behavior including harassment or attacks on race, sexual orientation, gender identity/expression, religion or political beliefs, heritage, country of origin, or unwelcome sexual advances and messages.

The ecosystem that Stillfront is active in, consist of game developers, publishers, platform providers and players, has over time established standards of what defines responsible content.

Stillfront games do not offer any real money features, including gambling for real money and in-game contests that reward real money. Players need to transfer their money via verified purchases into in-game currencies and items that cannot be transferred back to cash. The purchase is a transparent process and in accordance with the platform regulations and applicable law Stillfront studios have processes and software to detect and intervene against activities violating the games' terms of services.

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Actions

The FAIR guidelines and Stillfront's view on responsible gaming are integrated in the general business processes and business reviews. Stillfront's Chief Product Officer is responsible for implementation together with the operational team.

Stillfront manages toxic behavior with built-in functions and algorithms that filter out bad language and gamers that are not complying with the games terms of services are put on mute and/or banned. Stillfront has zero tolerance for abusive behavior amongst users and our studios have dedicated teams focusing on creating a positive and inclusive environment.

All professionals of Stillfront are offered regular data privacy and data protection trainings. Stillfront provides best-practice templates and guidance that have enabled the younger and less mature studios to quickly establish a more solid and formal foundation for their privacy capabilities. Stillfront has during 2023 implemented a record of processing activities (ROPA) software that facilitates the group's compliance efforts in respect of recording its processing activities in relation to personal data. The ROPA software ensures efficient record keeping procedures and accountability within the group, which promotes compliance with the GDPR requirements.

Metrics and targets

Positive gaming experience
We strive to create a positive in-game environment for our players, why we have zero tolerance for abusive behavior in our platforms and communities. During 2023, 100 percent of substantiated reports were acted upon according to our strict protocol.

Data privacy and protection
Our players should feel that their privacy and data are protected, at all times. In 2023, 100 percent of substantiated reports were acted upon according to our strict protocol.

S4-5 Substantiated complaints concerning breaches of customer privacy and losses of customer data

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY

Complaints	2023
Complaints received from outside parties and substantiated by the organization	0
Complaints from regulatory bodies	0
Total number of substantiated complaints	**0**

LOSSES OF CONSUMER DATA

Incidents	2023
Total number of identified leaks, thefts or losses of customer data	6

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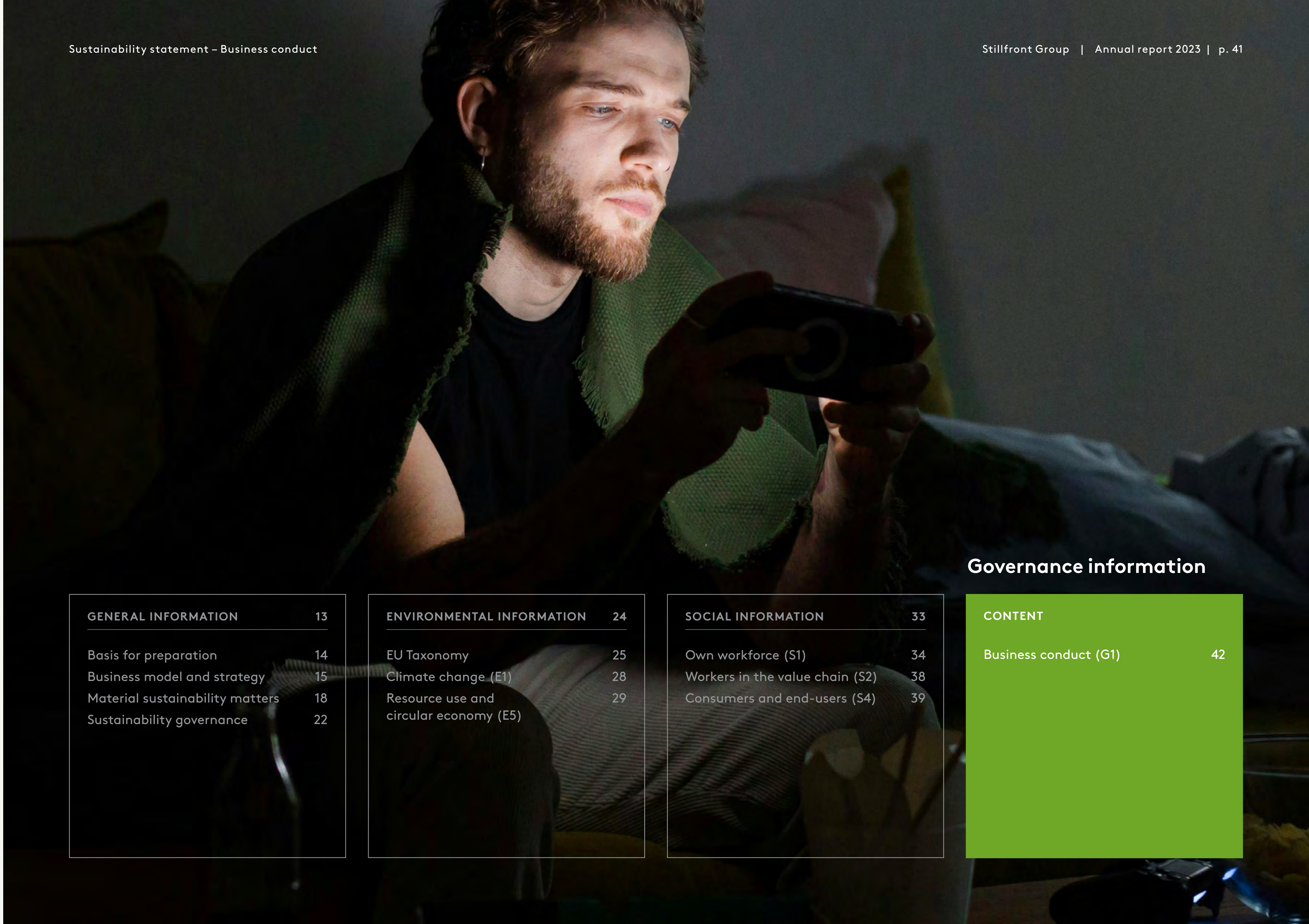

Governance information

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Business conduct

Business conduct and corporate culture
Stillfront strive to uphold a healthy corporate culture with a high level of integrity, providing guidance to all employees on the expected behaviour at Stillfront and in interactions with stakeholders. We are committed to the Ten Principles of the United Nations Global Compact for responsible business conduct, within the areas of human rights, labour, environment, and anti-corruption.

We work actively on ethics and compliance awareness across the business using our code of conduct and values in our daily activities. Through our policy program and compliance function, we aim to ensure that we live up to our high standards and that all the companies we do business with also operate according to our values.

Stillfront's continued expansion to additional markets offers business opportunities, but at the same time may come with higher exposure to compliance risks, as with every growth and expansion process. Stillfront has a zero-tolerance stance against bribery, corruption and money laundering and has adopted an anti-bribery and anti-corruption policy that apply to all companies and professionals of the group. Stillfront is further committed to observing the standards of conduct set forth in applicable anti-bribery, anti-corruption and anti-money laundering laws and regulations.

Protecting whistle-blowers
Stillfront's speak-up culture is critical to promoting and maintaining an ethical work environment and sustainable business. Our employees, including work related third parties such as suppliers, can in good faith report concerns and violation of our Code of Conduct and applicable laws and regulations anonymously without the risk of retaliation.

Management of relationships with suppliers including payment practices
Supplier management in Stillfront involves overseeing the procurement process, negotiating contracts with suppliers, and ensuring that the services provided by our suppliers meet the necessary quality standards. Additionally, supplier management ensure the smooth and efficient operation of Stillfront. By establishing strong relationships with reliable suppliers, Stillfront can reduce the risk of delays and disruptions locally and globally. In addition, effective supplier management can lead to cost savings. By negotiating favorable terms with suppliers and establishing long-term partnerships, Stillfront can secure lower prices for the services it purchases. Finally, supplier management is also important for maintaining our sustainability efforts. By working with suppliers who share the groups values and commitment to sustainability, we can reduce or otherwise manage our environmental impact and support our sustainability targets.

Stillfront normally pays its suppliers on or immediately before the agreed due date, which commonly is 30 days from the invoice date.

Political influence and lobbying activities
Stillfront does not make any political donations or participate in lobbying activities connected to local, regional or national political campaigns or organizations. All of our regulatory and public affairs work is carried out taking outmost account of relevant EU laws and policies related to transparency, anti-bribery, corruption and corporate compliance in general.

Metrics and targets

Incidents of Corruption or Bribery
Stillfront has not been convicted or received any fines for violation of anti-corruption and anti-bribery laws. Further, Stillfront has not identified any insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.

Approach to Taxes
The Stillfront tax strategy, is aligned with Stillfront's business strategy. Stillfront recognizes that tax is at the core of its corporate responsibility and plays an important part in continuing to deliver value to the society as a whole and making a positive impact. By paying taxes companies contribute to societies in which they operate. Stillfront aims to take decisions regarding tax in compliance with applicable tax laws, tax treaties and relevant international guidance. The key principles according to which tax affairs within Stillfront shall be managed are set out in the Finance Policy. The Finance Policy is adopted by the board of directors and reviewed annually.

The tax rate for 2023 is 30 (28) percent (excluding the impact of non-deductible transaction costs, non-cash earnout interest, tax-free earnout revaluations and withholding tax on dividends).

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Gov-1 The role of the administrative management and supervisory bodies

Board diversity	2023 Number of (head count)	2023 Percentage
Male	3	50%
Female	3	50%
Other	0	
Total board members	6	
Board's gender diversity ratio	1	

Number of members (head count)	2023
Executive	0
Non-executive	6

G1-3 - Prevention and detection of corruption and bribery

Training coverage anti-corruption and bribery	2023
At risk functions	
Number of employees in at-risk functions	1,270
Number of employees in at-risk functions receiving training	1,270
Percentage of employees in at-risk functions receiving training	100%

Number of employees excluding any employees on long-term leave.

G1-4 Incidents of corruption or bribery

Violations of anti-corruption and anti-bribery laws	2023
Number of convictions for violation of anti-corruption and anti-bribery laws	0
Amount of fines for violating anti-corruption and anti-bribery laws (EUR)	0 €
Incidents of corruption or bribery	
Number of confirmed incidents of corruption or bribery	0
Number of confirmed incidents where workers where dismissed or disciplined	0
Number of confirmed incidents where business partner contracts were terminated or not renewed	0

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Auditor’s report on the statutory sustainability report

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN STILLFRONT GROUP AB (PUBL), CORPORATE IDENTITY NUMBER 556721-3078

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 12–43 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 22 April 2024
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

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Corporate governance report

Stillfront strives to be the best games company in the world and our corporate governance work shall therefore guide our professionals in sound business conduct, ensuring a responsible risk culture. We are to build and maintain trust with our professionals, users, shareholders and business partners – whom all make the Stillfront journey possible.

Principles for corporate governance

Stillfront is a Swedish limited liability company, publicly traded on Nasdaq Stockholm. Stillfront follows the Swedish Code of Corporate Governance (the Code). In addition, corporate governance at Stillfront is based on other external regulations and rules, such as the Swedish Companies Act, the Swedish Bookkeeping Act, the Swedish Annual Accounts Act, the Market Abuse Regulation (MAR) and Nasdaq Stockholm's rules for issuers on Nasdaq Stockholm as well as internal regulations such as Stillfront's articles of association, rules of procedure for the board of directors, the board's instructions for the CEO and other group policies, instructions, and guidelines.

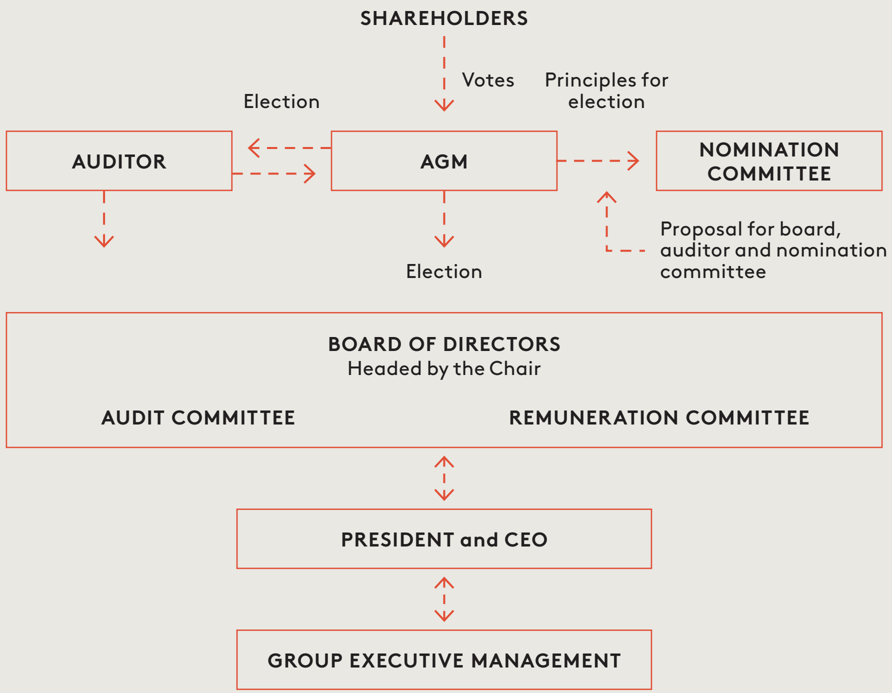
Stillfront has no deviations from the Code to report for 2023. This corporate governance report has been reviewed by Stillfront's auditor, as presented on page 54.

Shares and shareholding

As of 31 December 2023, Stillfront had 517,968,480 outstanding shares and 24,176 known shareholders. All shares are of the same class, each grants entitlement to one vote at the general meeting. At the general meeting, a shareholder may vote for the total number of shares represented. The largest shareholder on 31 December 2023 was Laureus Capital GmbH, which owned 11.72 percent of the outstanding shares and votes.

Laureus Capital GmbH was the only shareholder with an ownership greater than 10 percent of outstanding shares and votes. The ten largest shareholders represented 44.76 percent of the outstanding shares and votes in Stillfront.

Corporate governance model



Important external regulations

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- Nasdaq's regulations for issuers on Nasdaq Stockholm
- The Swedish Code of Corporate Governance (the Code)

Important internal regulations and Instructions

- Articles of association
- Rules of procedure for the board of directors, Committee instructions
- CEO instructions including reporting instruction
- Code of Conduct
- Information security policy and other IT governing documents
- Treasury policy and financial handbook
- Processes for internal control and risk management
- Information and insider policy
- Sustainability policy
- Anti-bribery and anti-corruption policy

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STILLFRONT GROUP

Annual general meeting

The highest decision-making body of Stillfront is the AGM through which the shareholders exercise their influence over the company. The AGM is held within six months from the end of the financial year. The date, time and location are announced no later than in connection with the third quarter financial report. Information on how a shareholder can have a matter addressed at the meeting, and by which date such a request must be received by the company for the matter to be included in the notice to attend the AGM, is announced on Stillfront's website no later than in conjunction with publication of the third quarter financial report. Notice of the AGM is issued no earlier than six and no later than four weeks before the meeting. The notice contains information on registration, participation and voting at the AGM, an agenda with the issues to be addressed, information on the proposed dividend and the main content of other recommendations. To be entitled to vote at the AGM, shareholders must be recorded in the share register on the fifth business day before the meeting and must notify the company of their participation no later than the date stated in the notice of the meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the number of days before the meeting as set out in the Swedish Companies Act. Shareholders who cannot attend in person may participate through a proxy representative. Decisions at the AGM are normally made by a simple majority of votes cast. However, according to the Swedish Companies Act, certain types of resolutions require a certain quorum or majority of voting rights.

At the AGM, the following matters shall be handled:

- presentation of annual report and the auditor's report and consolidated accounts and auditor's report for the group,
- resolution on
  - adopting of the profit and loss statement and the balance sheet and consolidated profit and loss statement and balance sheet
  - allocation of the company's profit or loss according to the adopted balance sheet, and
  - discharge from liability for the board of directors and the CEO
- resolution to establish the remuneration for the board of directors and the auditor
- resolution on the number of directors to be appointed
- appointment of the directors and auditor and deputy auditor, and
- other matter relevant to the meeting according to the Swedish Companies Act or the articles of association.

In addition, shareholders resolve upon any changes to the articles of association of the company. The articles of association establish, inter alia, the name of the company, the headquarter of the board of directors, the operations of the company, aspects of the share capital, the shareholders' right to participate at the AGM and what matters shall be dealt with at the AGM.

Extra ordinary general meetings (EGMs) can be summoned when necessary. Information, including the notices and suggestions for the AGMs and EGMs, as well as minutes from previous AGM/EGMs are available on Stillfront's website, stillfront.com.

Annual general meeting 2023

The AGM was held on 11 May 2023 in Stockholm, Sweden. In accordance with Stillfront's articles of association, the board of directors resolved that shareholders could exercise their voting rights at the AGM by post as well as in person at the meeting.

A total of 257,109,077 shares and votes were represented at the AGM which corresponded to 50.1 percent of the number of the outstanding shares and votes at the date of the AGM. The Chair of the board was elected as the Chair of the AGM.

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

- to adopt the profit and loss statement and the balance sheet and consolidated profit and loss statement and balance sheet,
- in accordance with the proposal of the board of directors and the CEO that the earnings available for distribution shall be carried forward
- to discharge the directors of the board and the CEO from liability of the fiscal year 2022
- in accordance with the nomination committee's proposal, to elect David Nordberg as new member of the board of directors and to re-elect Erik Forsberg, Katarina G. Bonde, Birgitta Henriksson, Marcus Jacobs and Ulrika Viklund as members of the board of directors for the period until the close of the annual general meeting 2024. Katarina G. Bonde was elected as new chair of the board of directors for the period until the close of the annual general meeting 2024, in accordance with the nomination committee's proposal. The remuneration to the board of directors shall be according to the proposal from the nomination committee
- to re-elect the accounting firm Öhrlings PricewaterhouseCoopers AB as auditors, Nicklas Kullberg will continue as the auditor in charge
- that the remuneration to the auditor shall be paid according to current approved invoices

- to authorize the board of directors to issue shares, convertible instruments and/or warrants. The increase of the share capital which entails issuance, conversion or subscription for new shares, may correspond to a dilution of a maximum of 10 percent of the shares in the company at the time when the board of directors first utilizes the authorization
- on eight directed new share issues to the sellers of eight of the companies that Stillfront previously has acquired
- to authorize the board of directors to, on one or several occasions during the period until the next annual general meeting, resolve on repurchase of own shares and transfer of own shares
- to implement a share based long-term incentive program in accordance with the board of directors' proposal (LTIP 2023/2027), meaning that a maximum of 2,024,200 restricted stock units shall be offered to no more than 65 participants, consisting of the CEO, senior executives and other key personnel of the group. In order to ensure delivery of shares to the participants in the long-term incentive program, the board of directors may enter into a swap agreement with a third party
- to not approve the proposals by the board of directors on a directed issue and transfer of warrants and transfer of own shares, respectively, to ensure delivery of shares in the company under the long-term incentive program.

For more information about the AGM 2023, visit Stillfront's website https://www.stillfront.com/en/arsstamma-agm-2023/.

Annual general meeting 2024

The AGM 2024 will take place on 14 May 2024 in Stockholm. Information regarding the AGM, together with all required documents, will be published on the company's website, www.stillfront.com.

Nomination committee

In accordance with the resolution of the AGM on 11 May 2023, the Chair of the board shall, based on the shareholding as of the last business day in August each year, convene Stillfront's three largest registered shareholders to elect one representative each for the nomination committee. A shareholder representative shall be appointed Chair of the nomination committee. Neither the Chair of the board nor another director of the board shall serve as Chair of the nomination committee.

The Nomination Committee of Stillfront Group AB (publ) ahead of the 2024 Annual General Meeting consists of the following members:

- Anna Magnusson, Första AP-fonden (AP1), Chair of the nomination committee
- Niklas Johansson, Handelsbanken Fonder
- Patrik Jönsson, SEB Fonder
- Katarina G. Bonde, Chair of the Board of Directors of Stillfront Group AB (publ) (adjunct)

The Nomination Committee's tasks shall be to prepare and draw up proposals regarding appointment of Chair of the Annual General Meeting, Chair of the Board of Directors and other directors of the board, remuneration to the Chair of the Board of Directors and the other directors of the board, including any remuneration for committee work, appointment of auditor, remuneration to the auditor and principles for the appointment of Nomination Committee. No remuneration shall be paid to the Nomination Committee. If deemed necessary, the Nomination Committee may engage external consultants to find candidates with relevant experience and the Company shall cover the cost for such consultants. The Nomination Committee shall, in connection with performing its tasks, forward certain information to the Company so that the Company can comply with applicable obligations to disclose information. The term of the Nomination Committee expires when a new Nomination Committee has been appointed.

The composition of the nomination committee meets the Code's requirements for independent members. Following the formation of the nomination committee and until the day of the approval of the corporate governance report, the nomination committee have had [five] meetings.

The nomination committee has proposed that the AGM 2024 elects six ordinary board members with no deputy directors. Katarina G. Bonde, Erik Forsberg, Marcus Jacobs and David Nordberg have been proposed to be re-elected as board members. The nomination committee proposes that Maria Hedengren and Lars-Johan Jarnheimer are elected as new members of the board. The nomination committee has proposed that Katarina G. Bonde is re-elected as Chair of the board of directors. Birgitta Henriksson and Ulrika Viklund have informed the nomination committee that they will not be available for re-election as board members at the 2024 annual general meeting.

The nomination committee's complete proposals and motivated statement has been announced together with the notice to the AGM 2024.

Auditor

One or several auditors are elected by the AGM, for a term running up until the end of the AGM during the financial year after the election. The auditor is assigned to review Stillfront's annual report, accounting records and the administration performed by the board and the CEO. The auditor(s) deliver(s) a report to the AGM. Shareholders have the opportunity to ask the auditor(s) questions during the AGM.

The AGM 2023 re-elected accounting firm Öhrlings PricewaterhouseCoopers AB as auditor until the end of the AGM 2024. The chief auditor is Nicklas Kullberg.

In 2023, the auditors have, in addition to auditing the company's annual report, performed review of the company's third interim report. The auditor of the company has been present at a board meeting to present his conclusions from the 2023 audit and address questions from the board of directors without any member of the executive management present.

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Board of directors

The board has overarching responsibility for the organization and management of the company's business. The board shall continually assess the financial situation of the company and ensure that the organization of the company is structured in such a way that the accounting, the management of assets and the financial situation of the company in other respects are monitored in a safe manner. It is also incumbent upon the board of directors to ensure that there is sufficient control over the company's compliance with laws and other regulations applicable to the company's business, and that essential ethical guidelines are estab-lished for the company's conduct. The board appoints the CEO.

Composition of the board

According to Stillfront's articles of association, the board of directors shall consist of at least three and at most eight members, with no deputies, elected at the AGM to serve until the end of the next AGM. There is no rule on the maximum period a director may serve on the board. The requirement to achieve diversity and breadth, as well as an effort to achieve an even distribution of gender, have been taken into account in the composition of Stillfront's board of directors.

The AGM 2023 elected David Nordberg and re-elected Katarina G. Bonde, Erik Forsberg, Birgitta Henriksson, Marcus Jacobs and Ulrika Viklund as board members. The AGM elected Katarina G. Bonde as Chair of the board. Jan Samuelson did not candidate for re-election as board member at the AGM and his appointment as board member and Chair of the board therefore terminated in connection with the AGM.

Independence

According to the Code, a majority of the board members elected by the general meeting is to be independent of the company and its executive management. At least two of the of board members who are independent of the company and its executive management are also to be independent in relation to the company's major shareholders. The nomination committee's opinion is that the board fulfils the requirements pursuant to the Code regarding board members' independence.

The nomination committee has assessed that all board members are independent in relation to the company, the executive management and the company's major shareholders.

Board work

The board resolves on written rules of procedure for its work as well as CEO instructions including reporting instructions for the CEO, these are adopted annually at the constitutional meeting after the AGM. The rules of procedure specify how work is to be divided among the board of directors, its committees and the CEO. During 2023, 19 board meetings were held. At its scheduled meetings, the agenda was as determined by its rules of procedure and included items such as business performance, liquidity, annual accounts and interim reports. Three of the board meetings were held prior to the release of interim reports and one prior to the year-end report. One meeting addressed the company's operational strategy and budget. At one board meeting the board met the company's auditor without the CEO or any other member of the executive management present.
A constitutional meeting was held in conjunction with the AGM i.a. resolving signatories, working procedures of the board, CEO and committee instructions and schedule for the meetings of the coming year. The board members attendance is set out on page 49 in Stillfront's annual report.

Board meetings are usually convened by way of a notice issued to members at least five days in advance. The directors shall receive written supporting material regarding the issues to be discussed prior to the board meeting.

Except for when the board meets the auditor without any of the executive management present or when executive management remuneration is discussed/resolved, the CEO, CFO and the General Counsel take part in the board meetings. The CEO reports on operational performance at each ordinary board meeting and the CFO reports on financial performance. The General Counsel acts as secretary of the board. Other representatives from the management and other part of the organisation participates in board meetings when relevant.

The Chair's role

The Chair of the board organizes and manages the board's work so that is conducted in accordance with the Swedish Companies Act, other legal acts and regulations, the Code and the board's internal governing documents. The Chair monitors operations through continuous contact with the CEO and is responsible for ensuring that the other board members receive relevant information. The Chair ensures that the CEO's work is evaluated annually and that the board is informed about the results of the evaluation.

Once a year, the Chair of the board carries out an evaluation and analysis of the board's work through a board assessment tool developed by a third party. The evaluation addresses issues such as the climate of cooperation, corporate governance models, the breadth of knowledge and the quality and efficiency of the board work. The intention is to get a picture of how the members perceive that the board work has been carried out and what measures can be taken to streamline and improve the work. The Chair of the board reports the evaluation to the board of directors and to the nomination committee.

Remuneration

Remuneration to the board of directors is proposed by the nomination committee and resolved by the AGM. Information on remuneration for the board of directors and the committee members is shown in the table in note 8 in the annual report.

Remuneration to the CEO and other members of the executive management consists of a base salary, and, for certain managers, a variable performance remuneration, other benefits and pension. The AGM 2023 adopted guidelines for the remuneration of senior executives, available on Stillfront's website www.stillfront.com/en/remuneration. These guidelines have been adhered to without deviations during the year.

The remuneration committee of the board negotiates the remuneration and terms of employment for the CEO. The remuneration for CEO is approved by the board of directors.

The CEO negotiates the remuneration and terms of employment for the other members of the executive management after consultation with the remuneration committee. For further information, see note 8 in the annual report.

ATTENDANCE BOARD MEETINGS 2023

	Attendance	Audit committee	Attendance	Remuneration committee	Attendance
Katarina Bonde, Chair[1]	17/19			Chair	3/3
Erik Forsberg, member	17/19	Chair	5/5		
Birgitta Henriksson, member	19/19	Member	5/5		
Marcus Jacobs, member	19/19			Member[2]	1/1
Ulrika Viklund, member	19/19				
David Nordberg, member[3]	10/10				
Jan Samuelsson, Chair[4]	9/9			Chair[5]	

1) Chair of the board since the AGM 2023
2) Member of the remuneration committee since the AGM 2023
3) Board member since the AGM 2023
4) Chair of the board until the AGM 2023
5) Chair of the remuneration committee until the AGM 2023

Board committees

The audit committee

The audit committee consists of Erik Forsberg (Chair) and Birgitta Henriksson. The audit committee has the responsibilities, the competence and authority that follows from the Swedish Companies Act and the Code.

The duties of the audit committee include:
- reviewing the financial reports
- monitoring the efficiency of internal control, including risk management, with respect to financial reporting
- staying informed about the external audit
- reviewing and, as appropriate, granting prior approval when external auditors are appointed for assignments other than audit services
- follow-up on previous matters.

During 2023, five meetings were held by the audit committee. Both members of the audit committee attended along with the CEO, CFO, General Counsel, the company's auditor and relevant members of the finance team.

The remuneration committee

The remuneration committee consists of Katarina Bonde (Chair) and Marcus Jacobs. The remuneration committee has the responsibilities and authority that follows the Swedish Companies Act and the Code.

The duties of the remuneration committee include:
- preparing and evaluating guidelines for remuneration to senior executives
- preparing and evaluating goals and principles for variable remuneration
- preparing proposals regarding remuneration and other terms of employment to the executive management
- monitor and evaluate programs for variable remuneration
- prepare and make proposals for shareholders' resolutions regarding share or share priced related incentive programs for the executive management
- prepare any resolutions regarding bonus schemes, and
- prepare the board's CEO succession plan and review of the group's overall succession planning concerning top management.

During 2023, three meetings were held by the remuneration committee where both members attended.

The executive management and its working methods

The executive management is presented on page 53 in Stillfront's annual report. At the executive management meetings, which are held regularly, business development, financial monitoring and business plans are discussed. The management team has recurring meetings with representatives of the company's subsidiaries throughout the year. The executive management monitors that the agreed authorities, policies, and processes are not exceeded. Effective management and governance structures have been established within each subsidiary.

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Internal control and risk assessment regarding financial reporting

The board is responsible for the company's internal control and that financial reporting follows the regulations and rules applicable to companies traded on Nasdaq Stockholm, as well as Swedish legislation such as the Swedish Companies Act, the Swedish Annual Accounts Act as well as the Swedish Code of Corporate Governance. To ensure compliance to rules and regulations and good internal control, Stillfront has defined and implemented internal policies, instructions, routines, controls and a system for delegating roles and responsibility. This internal control system is a key component for compliance with rules and regulations but also for the mitigation of enterprise risks and to ensures reliable reporting and decision making.

Control environment

Stillfront's operations are organized in independent subsidiaries. The CEO of the group appoints an entity head in charge of each subsidiary's governance, development and management.

Stillfront's decentralized organization, with many subsidiaries, entails demanding requirements on the management teams of subsidiaries, as well as their competence, values and ethics. Further, this requires understanding and respect for delegation of roles. This also requires that the division of responsibility within and between the executive management and the management teams of the subsidiaries are well-defined and that the communication between all these units works well. Instructions on governing documents, accounting principles, guidelines and routines are regularly communicated to affected employees.

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

Risk management & Control activities

Stillfront's operations are affected by a number of risk factors that cannot be fully controlled by the company. The board has a work agenda determined at the constituting meeting. It provides the basis for the board's work and for effective handling of the risks to which the company is exposed. For a more comprehensive description of financial risks see note 3 in Stillfront's annual report.

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

Stillfront has an internal control framework in place ensuring the identification of, and adequate response to, key company risks. A risk is defined as the uncertainty whether an event will occur and its effect on Stillfront Group's ability to achieve its business goals in a given period. The internal control framework is based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). There is also an ICFR policy governing the internal control over financial reporting, which describes the control environment, risk assessments, control activities, information, communication, and monitoring activities. Key controls in the ICFR area have been tested in the year mainly through self-assessments based on an internal control plan approved by the board. The audit committee receives a update on ICFR activities every quarter.

The most significant items and processes in which the risk of significant errors can typically arise encompass financial assets and instruments in the income statement and balance sheet, and the investment process. Stillfront has established documented work routines and continuously evaluates how well the controls function in relation to these items and processes.

Monitoring

Stillfront's CFO, together with the audit committee, annually reviews the company's minimum requirements for internal control and routines for financial reporting and reports the result to the board of directors. These minimum requirements serve to prevent, uncover and correct errors and deviations in the financial reporting. Reviews include, i.e., approval of significant agreements, follow-up of risk exposure, checking account balances and analyzing financial results.

The subsidiaries' observance of Stillfront's requirements of internal review and processes for financial reporting is monitored continuously by the CEO and CFO, both remotely and onsite. Onsite reviews are selected based on particular needs and timed depending on internal reviews and assessments already performed.

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The group's subsidiaries report income and balance sheets, as well as relevant operational KPI's on a monthly basis. The monthly reports of the subsidiaries and the consolidated monthly report of the group are analyzed by the executive management.

Each month the board is updated on the financial performance of the group and its studios. Quarterly, the board of directors is given a business report where the group's operational KPI's, risk limits and compliance are reviewed.

Internal audit

Given the group's structure and processes for internal audit of financial reporting, the board has not assessed it necessary to establish a special internal audit function for its financial reporting. Instead, Stillfront, on instructions from the audit committee, engages external parties and have implemented an internal audit program utilizing peer audits, to follow up and evaluate work related to inter alia risk management and internal audit. This assessment is revisited yearly by the board.

Information

The Head of Communication & Sustainability is responsible for the implementation of group policies regarding internal information and communication.

The company's external information follows the Information policy established by the board of directors. The policy states what should be communicated, by whom and in what manner – to ensure that both external and internal information is correct, compliant and complete.

Stillfront provides information to shareholders and other stakeholders through published press releases, interim and year-end reports, the annual report and the company's website (www.stillfront. com). The press releases, financial reports and presentation materials are published on the company's website, along with information on corporate governance. Interim reports, annual reports and press releases are translated into English and published on the company's website (stillfront.com).

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Board of directors

KATARINA BONDE
Chair of the Board

Born 1958.

Board member since 2018.

Education: M.Sc. Physics and Mathematics, KTH Royal Institute of Technology, Mathematics and Social history, Salem College, North Carolina, Economics, Stockholm University.

Former positions, selection: CEO and Chair UniSite Software, Global Sales & Marketing Captura Software Inc., Marketing Director Dun & Bradstreet Software Inc., VP Sales and Marketing Timeline Inc. CEO Programator Industri AB.

Other current assignments, selection: Chairman Stratsys AB, Mentimeter AB and Zimpler Holding AB.

Board member Mycronic AB (publ) and Ysäter AB.

Shareholding[1]**:** 35,000.

Member of the remuneration committee

Independent in relation to the company, company management and major shareholders.

ERIK FORSBERG
Board member

Born 1971.

Board member since 2018.

Education: M.Sc. Business and Administration, Stockholm School of Economics.

Former positions, selection: CFO Intrum AB, CFO Cision AB and Business Area CFO, Group Treasurer and Business Controller at EF Education.

Other current assignments, selection: Chair Collectia Group (Care Bidco Aps DK) and Lectogo AB. Board member Enento Group Plc. Board member and owner Deltalite AB.

Shareholding[1]**:** 65,000.

Other senior unsecured bond holding: 1,250,000.

Chair of the Audit Committee.

Independent in relation to the company, company management and major shareholders.

BIRGITTA HENRIKSSON
Board member

Born 1963.

Board member since 2017.

Education: Bachelor's degree, Economics, Business Administration, Uppsala University.

Former positions, selection: Partner Brunswick Group, Head of Investor Relations and Corporate Communications, Carnegie Investment Bank.

Other current assignments, selection: Partner Fogel & Partners. Board member Sdiptech AB.

Shareholding[1]**:** 57,050.

Member of the audit committee.

Independent in relation to the company, company management and major shareholders.

MARCUS JACOBS
Board member

Born 1975.

Board member since 2022.

Education: M.Sc. General Law Stockholm University, M.Sc Business Law, Linköping University, Bachelor in Economics, Stockholm University.

Former positions, selection: Member of the Executive Management of King (various positions), CCO Embark Studios, Director of Monetization of Electronic Arts.

Other current assignments, selection: COO/Co-founder Seidr AB, CEO of Steelmind AB, Chairman of Sidledes AB (Strafe), Board member of Jumpgate AB, Learnifier and wrlds creations AB.

Shareholding[1]**:** 72,000.

Independent in relation to the company, company management and major shareholders.

DAVID NORDBERG
Board member

Born 1974.

Board member since 2023.

Education: Master's degree Marketing, Stockholm University, Architecture & Design, KTH Royal Institute of Technology.

Former positions, selection: CPO Stryda, CMO Mr Green, Interim CCO Glorious Games Group, CMO Mag Interactive, Senior Marketing Director Electronic Arts, CPO King, Sales and Marketing Director Svenska Spel. Board member Sidledes AB (Strafe)

Significant current assignments: CEO North M AB.

Shareholding[1]**:** 7,000.

Independent in relation to the company, company management and major shareholders.

ULRIKA VIKLUND
Board member

Born 1981.

Board member since 2017.

Education: B Sc, Mittuniversitetet, Systems development and Project Management, Amsterdam University of Applied Sciences.

Former positions, selection: General Manager Magine, Consumer Group Global, CEO film2home, Director International Growth, Spotify.

Other current assignments, selection: Co-Founder House Be, E14 Invest and Spira Globalt. Chairman Idea2Innovation Sweden AB and Spektrumare AB. Board member Nextory AB, Spira Globalt AB and E14 Invest AB, House Be AB and Adgie Consulting AB.

Shareholding[1]**:** 650.

Independent in relation to the company, company management and major shareholders.

[1] Shareholding and bond holding as of 31 December, 2023.

Changes during 2023

The 2023 annual general meeting resolved, in accordance with the nomination committee's proposal, to elect David Nordberg as new member of the board and Katarina G. Bonde was elected as new chair of the board. For the nomination committee's proposal of the board of directors ahead of the 2024 annual general meeting, see page 47.

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Executive management

JÖRGEN LARSSON
CEO and President

Born 1964.

Founder and CEO since 2010.

Education: Master of Science in Industrial Engineering from Linköpings Tekniska Högskola.

Former positions, selection: Co-Founder & Chairman ESN, Partner Deseven, Founder & CEO, Mind AB.

Shareholding[1]: 1,997,540.

Warrants/Employee stock options:
70,000[2] (LTIP 2019/2023); 100,000[2] (LTIP 2020/2024); 525,000 (LTIP 2021/2025); 300,000 (LTIP 2022/2026); 300,000 (LTIP 2023/2027).

MARINA ANDERSSON
EVP Head of Corporate Development & M&A

Born 1972.

Head of M&A since 2019.

Education: Two master's degrees from Stockholm University and Russian Herzen State Pedagogical University.

Former positions, selection: Director Deloitte Corporate Finance Advisory team, Director ICECAPITAL Securities, Associate partner & Investment manager, Deseven and analyst, Carnegie.

Shareholding[1]: 3,965.

Warrants/Employee stock options:
10,000[2] (LTIP 2019/2023); 7,200[2] (LTIP 2020/2024); 190,000 (LTIP 2021/2025); 95,000 (LTIP 2022/2026); 95,000 (LTIP 2023/2027).

JOHANNA LUNDBERG
EVP General Counsel

Born 1983.

General Counsel since 2020.

Education: LL.M. from Uppsala University.

Former positions, selection: Senior Group General Legal Counsel at Evolution Gaming Group AB and senior associate positions at Advokatfirman Cederquist AB and G Grönberg Advokatbyrå Aktiebolag.

Shareholding[1]: 4,090.

Warrants/Employee stock options:
10,000[2] (LTIP 2020/2024); 140,000 (LTIP 2021/2025); 95,000 (LTIP 2022/2026); 95,000 (LTIP 2023/2027).

ALEXIS BONTE
COO

Born 1976.

COO since 2019.

Education: BA Honors Degree International Business & Languages, European Business School, London, Global Leadership and Public Policy, Harvard University, Transformational Leadership Program University of Oxford/Said Business School.

Former positions, selection: Co-founder and CEO eRepublik Labs, various positions at lastminute.com: Head of Business Development, UK, Marketing and Sales Director, France and MD, Italy.

Shareholding[1]: 1,215,442.

Warrants/Employee stock options:
50,000[2] (LTIP 2019/2023); 88,300[2] (LTIP 2020/2024); 350,000 (LTIP 2021/2025); 220,000 (LTIP 2022/2026); 220,000 (LTIP 2023/2027).

PHILLIP KNUST
CPO

Born 1988.

CPO since 2019

Education: Data processing, EPS Lübeck, Computer Sience, TH Lübeck

Former positions, selection: CPO Goodgame Studios. Creative founder of EMPIRE and BIG brand.

Shareholding[1]: 56,980.

Warrants/Employee stock options:
20,000[2] (LTIP 2019/2023); 22,000[2] (LTIP 2020/2024); 140,000 (LTIP 2021/2025); 95,000 (LTIP 2022/2026); 95,000 (LTIP 2023/2027).

BJÖRN TÖNNE
Chief Information Officer, CIO

Born 1977.

CIO since 2023.

Education: Studied Business Management at University of Utah, Executive leadership at Hanken & SSE.

Former positions, selection: Engineering Director at Klarna, Head of Operations at IBM and Senior Vice President at EVRY.

Shareholding[1]: –.

Warrants/Employee stock options/RSUs:
50,000 (LTIP 2023/2027).

ANDREAS UDDMAN
CFO

Born 1979.

CFO since 2019.

Education: Chartered Management Accountant (ACMA), Master's in management, EADA Business school, M.A. in Politics from University of Glasgow.

Former positions, selection: CFO Qliro Financial Services, CFO Vireo Energy, Finance and Business Development positions Shell.

Shareholding[1]: 53,769.

Warrants/Employee stock options:
40,000[2] (LTIP 2019/2023); 20,000[2] (LTIP 2020/2024); 350,000 (LTIP 2021/2025); 220,000 (LTIP 2022/2026); 220,000 (LTIP 2023/2027).

SOFIA WRETMAN
EVP IR, Communication & Sustainability

Born 1977.

Head of IR, Communication & Sustainability, since 2018.

Education: Master of political science, Stockholm University

Former positions, selection: Head of IR & Communication, Alimak Group, Senior Consultant Halvarsson & Hallvarsson, Communication Manager, SAS Institute.

Shareholding[1]: —

Warrants/Employee stock options:
10,000[2] (LTIP 2019/2023); 7,500[2] (LTIP 2020/2024); 140,000 (LTIP 2021/2025); 95,000 (LTIP 2022/2026); 95,000 (LTIP 2023/2027).

[1] Shareholding as of 31 December, 2023.
[2] Post the share split on 28 December 2020, each warrant/employee stock option entitles the holder to subscribe for 10 new shares in the company subject to the terms of the relevant LTIP.

Changes during 2023
Björn Tönne joined Stillfront as CIO and member of the executive management team on April 20, 2023.

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Auditor’s report on the Corporate governance statement

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN STILLFRONT GROUP AB (PUBL), CORPORATE IDENTITY NUMBER 556721-3078

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 45–53 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 22 April 2024
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Risk factors and risk management

Uncertainty is an inherent aspect of predicting future events within any business operation, and Stillfront is not an exception. While future events may have a positive impact on the business, enabling increased value creation, they may also have adverse effects that could potentially have a negative impact on Stillfront's operations and earnings.

Stillfront's board of directors is responsible for the group's risk management. Matters relating to risks associated with business development and long-term strategic planning are prepared by group executive management and decided by the board of directors. The enterprise risk management within Stillfront is based on a number of key policies and Stillfront works continuously on assessing and evaluating the risks to which the group is or could become exposed. Critical risks in Stillfront's business environment are managed strategically through product and business development, and operationally through daily processes.

The tables below present some of the risks that could have implications for the group's future development. The risks are not arranged by order of importance or potential financial impact on the group's profit or financial position. Furthermore, the risks described below are not the only risks that we face. There are potential risks and uncertainties that we are not currently aware of, or that we currently consider to be insignificant, which could nevertheless negatively impact our business activities. Risks related to sustainability are presented separately in the sustainability report section of the annual report. For financial risk factors that affect the company's business, see note 3.

Risks related to the group's business and industry

> Risks related to the groups dependency on key individuals

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.

> Mitigation

By promoting career development and other development opportunities for co-workers including remuneration and competitive long-term incentives, Stillfront safeguards its ability to attract and retain co-workers both in the near and in the long term. Additionally, Stillfront has succession plans in place for key individuals within the group to ensure that operations can continue in the event of unforeseen events.

> Risks related to development of new and existing game offerings

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.

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.

> Mitigation

Stillfront's incremental model for developing games reduces the risk of "scope creep" – one common cause of delay in development projects. Further, Stillfront's frequent use of proven game engines reduces the development risks. Stillfront is also continuously looking for opportunities to acquire games suitable for the group's game portfolio, which further increases the diversification and reduces the dependence on existing games.

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> Risks related to the group being dependent on a limited number of games and users

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 a 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 monetization strategies do not produce the desired results, the group may fail to attract, retain or monetize 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.

> Mitigation

Stillfront continuously works with providing updates and additional content to its existing games with the aim of retaining as many existing users as possible. Furthermore, Stillfront has internal processes to ensure that its studios utilize efficient and profitable user acquisition methods and are continuously looking for opportunities to acquire new users through acquisitions of suitable games.

> Risks related to the free-to-play model

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 standards 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.

> Mitigation

Stillfront has developed tools and systems that allows for continuous tracking of how its games are performing and can use information from such tools and systems to quickly and effectively make appropriate adjustments to relevant parameters and quickly confirm the efficiency of the same.

> Risks related to technological progress and consumer 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. To successfully operate in an industry characterized 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.

> Mitigation

Stillfront evaluates technical developments in the market and the potential impact on Stillfront's business. Based on the evaluations, Stillfront takes appropriate measures.

> Risks related to changes in marketing norms and standards

The success of the group is highly dependent on the effectiveness of new user acquisitions and marketing of the live game titles. As such any changes to marketing norms or standards could have a significant impact on the group's profitability by increasing marketing costs or rendering marketing initiatives less effective.

> Mitigation

Stillfront continuously monitors the regulatory landscape in relevant jurisdictions and information from device/platform providers to be able to in a timely manner adjust to any further changes in the regulatory landscape and/or device/platform providers' policies and terms and conditions.

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> Risks related to distribution channels

The group's sales are largely generated through a few significant 3rd party stores, mainly in the growing mobile application sector where the group relies particularly on Google Play and App Store. In 2023, approximately 60 percent of the group's revenue from games in its active portfolio was attributable to games distributed through 3rd party stores.

The distributors' range of digital distribution channels is crucial for the group's monetization from its mobile applications segment. If, for any reason, any of these material distributors were to close 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. Additionally, 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. Furthermore, the group also runs the risk of being subject to higher external platform fees from the distribution channels, which in turn would have a significant impact on the group's expenses and results of operations.

> Mitigation

Stillfront strives to maintain good relations with the mobile platform distributors. Stillfront's studios also have good working relationships with the platform providers to ensure that processes related to approval of new games and/or content are efficient. In parallel, Stillfront evaluates other means to reach the mobile market. Such efforts include the development of Stillfront's own internal proprietary payment platform, which includes lower payment processing fees and other related expenses compared to other distribution channels, as well as mitigates the impact related to the potential risk of increased fees from other distribution channels.

> Risks related to negative perception or publicity

The online gaming industry is subject to scrutiny related to gaming behavior, under-age gaming and lack of compliance, as well as standards established to promote responsible gaming. Negative perceptions and prejudices about the gaming industry or Stillfront, or the group itself, 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. Furthermore, if the group specifically were to fail in complying with said standards and regulations, the group faces the risk of additional scrutiny or possible fines or regulatory fees.

> Mitigation

The ecosystem Stillfront is active in, consisting of game developers, publishers, platform providers as well as gamers, have over time established standards of what defines responsible content. Our games are to follow the industry standards set by the gaming ecosystem. In addition, Stillfront has established its own responsible content declaration that addresses and includes a plan for how we deal with unacceptable content and behavior from gamers' action in the games. Stillfront has zero tolerance for abusive behavior among gamers. During 2023, 100 percent of the substantiated incidents have been acted on by the studios according to our strict protocol.

> Risks related to Intellectual property – infringement on third party trademarks

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 on, among other things, 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 mainly relies 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 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. 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.

> Mitigation

Material trademarks have been registered in relevant intellectual property offices. In Stillfront's product development work, care is taken not to infringe on others' intellectual property.

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.

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> Risk related to 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 behavior 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.

> Mitigation

Stillfront is continuously striving to maintain the highest standards to protect its users from cyberattacks and card fraud when playing our games. We have implemented policies and procedures to comply with all applicable legislations and rules to achieve adequate information security and expect the same of our business partners and suppliers.

> Risks related to the security, integrity and operational performance of systems, products and services.

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.

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.

> Mitigation

The security of Information Technology ("IT") assets is core to our business. It is critical that measures are taken to ensure that IT assets are made and kept secure from cybersecurity attacks and/or human error that can lead to data breach, data loss, data corruption, and natural disasters.

To mitigate these risks the group has Disaster Recovery and Business Continuity Plans framework in place for retaining or reinstituting business operations in the event of a disruption.

> Risks related to competition

The group operates in a highly competitive industry. 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 risk that the group loses 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.

> Mitigation

Stillfront has chosen to primarily work within free-to-play online games, which has proven long-term profitability. In addition, Stillfront continuously explores new genres with characteristics that fit Stillfront's strategies.

> Risk related to the use of open-source software

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 unfavorable 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.

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.

> Mitigation

The group continuously monitors its use of open-source software and screens for outdated or unsafe software to mitigate the risks involved.

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> Risk of force majeure

The group operates in the online gaming industry and is affected by the global economic trend, consumer trends and user preferences. Although the group focuses on digital entertainment and has digital processes in place to ensure that the group's organization operates more or less as usual in case of an force majeure event, the group's revenues are largely affected by the users' disposable income and gaming activities. Moreover, any force majeure event can 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.

> Mitigation

Stillfront continuously evaluates its performance so that it at an early stage can identify potential issues and take appropriate actions to address the same.

> Risks related to synergies within the group

There is a risk that the group will be unable to integrate and manage the acquired business in an effective manner, anticipate expected liabilities or achieve expected cost-savings and synergies. Should the group fail in realizing operational synergies such as engine sharing, localization, marketing or monetization mechanics, there is a risk of negative impact on the group's operations and results of operations.

> Mitigation

The group has in 2023 continued to build and operationalize its Stillops platform that accelerates synergies by leveraging our assets and capabilities to maximize cost efficiency and growth.

Risks relating to the group's financial position

> Risks relating to the group's financial position

The ability to secure financing for the group and to control financial exposure in line with policies and guidelines is essential if the group is to reach its targets.

> Mitigation

Financial risk such as currency risk, liquidity risk, financing risk, interest risk, credit risk is managed centrally by the group's Finance and Treasury department in accordance with the policy set annually by the board of directors. For a more detailed description of established risk levels and how adherence to these is ensured, see note 3.

Risks related to the company's strategy

> Risk related to acquisitions, investments, establishments or divestments.

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 group 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 Group's financing agreements. This may result in the group not being able to achieve its set growth targets in accordance with its strategy.

> Mitigation

Acquisitions are made after conclusion of comprehensive due diligence. Considerations in acquisitions normally contain an earn-out component for several years for the sellers, who are usually a member of the management of the acquired company, thus incentivizing sellers/management to deliver results. Part of the consideration is paid in Stillfront shares that are subject to lock-up, thus ensuring alignment of interest.

Additionally, the group applies an integration framework with designated resources that works together with the acquired company's management to integrate the company successfully.

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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. Any non-compliance by the group with 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.

> Mitigation

Being a data-driven organization is central to Stillfront. Analyzing user data enables us to identify behavior patterns, information of our operations and other insights, which allow us to be even better at developing games, as well as following events, activities, and campaigns for a better user experience. The users' interactions with our studios' customer services are an important intelligence when developing our games and new functions. The marketing of our games is data-driven and crucial in attracting users to play free-to-play games.

Data privacy and data protection are of the utmost importance to Stillfront. Over the years, we have put considerable resources into ensuring that our privacy program meets the criteria of the General Data Protection Regulation (GDPR) and other applicable data protection and privacy regulations. Stillfront's processes have been designed to safeguard confidentiality, privacy and access to information and data. Additionally, all professionals of Stillfront are offered regular data privacy and data protection training.

> Risks relating 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 exposes the group to risks related to sustainability factors such as human rights, working conditions and corruption. This includes the groups exposure to differences in interpretation and application of applicable tax laws in multiple jurisdictions while the Groups is a tax resident in Sweden.

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. Especially should an unforeseen adaptation of the games be required in order not to violate applicable regulations, or as a result of the monetization mechanism applied in the games not being considered lawful. Examples of this could be different jurisdictions regulations or views on games being categorized as gambling or so called "hazard games".

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 decentralized organizational model.

> Mitigation

Adapting operations to changes in laws and regulations is an ongoing process and is achieved by monitoring relevant regulatory changes, through analysis and training, and by producing governing documents. The group also maintains a dialogue with the supervisory authorities to keep them informed about the group's operations for compliance with laws and regulations.

Stillfront has also adopted a code of conduct and a wide range of different policies and procedures that apply to all employees within the Stillfront Group and aim to ensure that Stillfront complies with rules and regulations related to topics such as anti-corruption and anti-money laundering.

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Financial reporting

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Directors' report

The board of directors and the CEO hereby submit the annual report and consolidated accounts for Stillfront Group AB (publ), 556721-3078, for the financial year 2023.

Operations

Stillfront Group AB (publ) is the parent company of a global group of gaming studios focused on realizing synergies by connecting and empowering game teams globally through its Stillops platform. The diverse games portfolio holds more than 70 active games within a wide variety of genres, from casual and mash-up games to strategy and role-playing games. The purpose is to offer long-term first-class digital entertainment, with the mission to make a positive impact through games. Stillfront operated through 22 gaming studios at the end of 2023: 6waves, Babil Games, Bytro Labs, Candywriter, Coldwood Interactive, Dorado Games, eRepublik Labs, Everguild, Game Labs, Goodgame Studios, Imperia Online, Jawaker, Kixeye, Moonfrog Labs, Nanobit, New Moon Production, OFM Studios, Playa Games, Simutronics, Storm8, Sandbox Interactive and Super Free Games. The main markets are United States, Japan, Germany, UK and the MENA region (Middle East and North Africa).

Revenue and profit/loss

Net revenue for 2023 amounted to 6,982 (7,058) MSEK. The decrease of –1.1 percent is driven negative organic growth (–5.9 percent) and other change (–0.9 percent), offset by acquired studios (+0.7 percent) and currency movements (+5.0 percent). Other change includes the revenue impact of the decision in November 2022 to pause operations in Bangladesh and the divestment in October 2023 of the studio Power Challenge.

Operating profit (EBIT) amounted to 754 (850) MSEK and EBITDA amounted to 2,413 (2,545) MSEK for the full year. Adjusted EBITDA amounted to 2,510 (2,595) MSEK, corresponding to an adjusted EBITDA margin of 36 (37) percent. Total IAC affecting EBITDA amounted to –96 (–50) MSEK, comprising of restructuring costs of –44 (–9) MSEK, costs for long-term incentive programs of –24 (–26) MSEK, transaction costs for acquisitions of –0 (–14) MSEK and other items of –28 (–0) MSEK. Adjusted EBITDAC amounted to 1,705 (1,599) MSEK, corresponding to an adjusted EBITDAC margin of 24 (23) percent.

Profit after financial items amounted to 156 (752) MSEK. Tax expense for the year was –143 (–206) MSEK, corresponding to 92 percent (27 percent) of profit before tax. Excluding the impact of non-deductible transaction costs, non-cash earnout interest, tax-free earnout revaluations and withholding tax on dividends, the tax rate for the year would have been 30 (28) percent.

The net result for the year was 12 (547) MSEK.

Key ratios and alternative performance measures (APMs) are defined on [pages 98–99] and reconciled in [note 30]. For further information about the parent company's and group's earnings and position, please refer to the statements of comprehensive income and financial position, summaries of changes in equity, cash flow statements and notes.

Key events in 2023

3 January 2023, Stillfront announced that Jan Samuelson, Chair of the Board of Directors of Stillfront Group AB (publ), had informed the nomination committee that he was not available for re-election at the 2023 annual general meeting. Jan had been chair of the board of directors of Stillfront since 2018. The nomination committee proposed that Katarina G. Bonde be elected as new chair of the board of directors at the annual general meeting 2023, for the period until the close of the annual general meeting 2024.

15 February 2023, Stillfront held a digital Capital Markets Day and announced updated financial targets. The updated financial targets replaced the previous financial targets, initially announced in connection with the Capital Markets Day in November 2019 and updated in connection with the Capital Markets Update in September 2020. The updated financial targets state that the company should achieve annual organic revenue growth above addressed market (supported by selective and accretive M&A) with an annual adjusted EBITDAC margin in the range 26–29 percent, while having a leverage ratio below 2.0x (including cash earnouts next 12 months). Stillfront's updated financial targets will be followed up annually and are valid until further notice.

15 February 2023, the Board of Directors of Stillfront resolved, pursuant to the authorization granted by the Annual General Meeting held on 12 May 2022, to acquire own shares on Nasdaq Stockholm. The purpose of the repurchase was to enable payment with the company's own shares of certain earn-out payments relating to previous acquisitions. The repurchases were administered by Nordea Bank Abp, that acted in accordance with instructions from Stillfront.

20 April 2023, Stillfront announced that Björn Tönne had joined Stillfront as Chief Information Officer (CIO) and member of Stillfront Group's executive management team. Björn joined Stillfront Group from Klarna. Previous experience also includes roles as Head of Operations at IBM and Senior Vice President Operations at EVRY. Björn assumed his position on April 20, 2023.

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11 May 2023, Stillfront held its annual general meeting where, in addition to customary resolutions, it was resolved: (i) on eight directed new share issues to the sellers of eight of the companies that Stillfront previously has acquired; (ii) to authorize the board of directors to resolve on issuance of shares, repurchase of own shares and transfer of own shares; and (iii) implement a long-term incentive program. The meeting also resolved, in accordance with the nomination committee's proposal, to elect David Nordberg as new member of the board of directors. Katarina G. Bonde was elected as new chair of the board of directors until the close of the next annual general meeting.

15 May 2023, Stillfront announced it had successfully concluded the share repurchase program that was announced on 15 February 2023. Stillfront's acquisitions of own shares commenced on 16 February 2023 and were concluded on 11 May 2023. Stillfront in total acquired 13,441,510 own shares under the share repurchase program for a total amount of approximately 270 MSEK. The acquired shares were used for payment of certain earnout payments relating to previous acquisitions.

7 September 2023, Stillfront announced that it had successfully issued senior unsecured bonds in an amount of SEK 1 billion. The new bonds were issued under a total framework of SEK 2 billion, carry a floating interest rate of 3m Stibor + 395 basis points and will mature on 14 September 2027. The proceeds from the bonds issue were used to refinance the outstanding SEK 1 billion bonds issued under the 2019/2024 senior unsecured bond framework due 2024 with ISIN SE0012728830.

Cash flow and financial position

The group had cash flows from operating activities in the year of 1,690 (2,028). Free cash flow for the year amounted to 833 (974) MSEK with a cash conversion rate of 0.35 (0.38).

At year-end, cash and cash equivalents for the group amounted to 807 (989) MSEK, and unutilized credit facilities were 2,432 (2,401) MSEK, of which 2,057 (2,279) MSEK were long-term credit facilities. Earnout provisions and other liabilities for business combinations were settled during the year with 822 (1,041) MSEK in cash and 336 (262) MSEK in Stillfront shares, whereof 4,769,026 (6,137,139) were new issued shares and 13,441,510 (0) were shares that had been repurchased for 270 (0) MSEK.

Stillfront issued new senior unsecured 2023/2027 bonds in an initial amount of 1,000 MSEK during the year. The bonds were issued under a total framework of 2,000 MSEK, carrying a floating interest rate of 3m Stibor+3.95 percent, with maturity in September 2027. The new bonds were used for a repurchase of around half of the outstanding 2019/2024 bonds, and for a voluntary early redemption of the other half of the outstanding 2019/2024 bonds.

Net debt as of year-end 2023, amounted to 4,115 (3,826) MSEK.

Adjusted interest coverage ratio, pro forma was 7.0x (11.8x) at the end of the year, and the adjusted leverage ratio, pro forma, including cash earnouts for the next 12 months, was 1.8x (1.8x).

Key ratios and alternative performance measures (APMs) are defined on page 112-113 and reconciled in note 30.

Investments and depreciation

During the year, investments in product development have been capitalized by 805 (996) MSEK. Investments include development of new games in soft launch as well as other not yet launched games. Investments also pertain to larger extensions and additions to existing games.

Amortization of product development of –739 (–518) MSEK was charged during the year. In 2022, comparison disturbing amortization was recorded of –176 MSEK on developed games with shortened economic lifetime. Amortization of PPA items amounted to –846 (–929) MSEK.

Parent company

Customary group management functions and group wide services are provided via the parent company. Net revenues for the parent company during the year were 164 (144) MSEK with profit before tax amounting to 826 (–230) MSEK.

Financial targets

In connection with the Capital Markets Day on February 15, 2023, Stillfront announced updated financial targets. The updated financial targets replaced the previous financial targets. Stillfront's updated financial targets will be followed up annually and are valid until further notice.

Growth: Annual organic revenue growth above addressed market (supported by selective and accretive M&A). Stillfront's addressed market is defined as the global mobile games market excluding China.

Profitability: Annual adjusted EBITDAC margin in the range 26–29 percent. Stillfront's Adjusted EBITDAC is defined as profit before interest, tax, depreciation, amortization, less capitalized product development, adjusted for items affecting comparability.

Leverage: Leverage ratio below 2.0x (including cash earnouts next 12 months). Stillfront's leverage ratio is defined as net interest-bearing debt, including short-term cash earnout payments, in relation to the last twelve month's Adjusted EBITDA pro forma. Stillfront may, under certain circumstances, choose to exceed this level during shorter time periods.

Shares and share capital

On December 31, 2023, the number of shares in Stillfront Group AB (publ) was 517,968,480 (513,199,454). The share capital was 36,257,794 (35,923,962 SEK) SEK. Shares in Stillfront Group AB (publ) have been listed on Nasdaq First North since December 8, 2015, and on Nasdaq Stockholm since May 26, 2021. On December 29, 2023, the closing price was SEK 12.17 per share. Movements during the year in the number of shares are described in note 20. The number of known shareholders at year-end was 24,176.

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The largest shareholders on December 31, 2023, were Laureus Capital GmbH with 11.7 percent of the outstanding shares and votes, Handelsbanken Funds with 6.4 percent, DNB Funds with 5.2 percent, First Swedish National Pension Fund with 5.1 percent and SEB Funds with 3.5 percent.

The articles of association contain no restrictions on the transferability of the company's shares, such as post-transfer acquisition rights clauses, and no other circumstances of that type have been identified that the company is liable to disclose under the provisions in chapter 6, section 2a, paragraphs 3–11 of the Swedish Annual Accounts Act.

Sustainability, employees and the environment

Stillfront has, in accordance with the Annual Accounts Act, prepared a statutory sustainability report, approved for issue by the board of directors and the CEO. The Statutory Sustainability report comprises pages 12–43. The report covers the parent company and the group's subsidiaries.
In 2019, a sustainability framework was established as the platform for governance. The Code of Conduct together with the sustainability policy and the group's FAIR model are the main governance documents. Risks pertaining to sustainability issues are integrated into the group's work identifying and managing risks.

In 2023, the average number of people employed in the group was 1,262 (1,516) of whom 31 percent were women. Stillfront is a knowledge-based company with highly educated employees in a flat organization in which everyone is encouraged to make a positive contribution to the business. Employees regularly participate in continuing professional training. At Stillfront, everyone is treated equally regardless of sex, ethnicity, religion, sexual orientation, or disability.

Stillfront conducts no business operations in Sweden subject to licensing or registration under the Environmental Code. In every country, environmental requirements are applied to the business operations that, at a minimum, correspond to local environmental regulations, so far as they apply to the group's operations. The environmental impact from Stillfront's business activities is only indirect, in the form of energy consumption in conjunction with data traffic and data storage as well as travel.

Risks and uncertainty factors

Stillfront has a model for risk management that aims to identify, control, and reduce risks. The board of directors is responsible for the group's risk management. Matters regarding risks associated with business development and long-term strategic planning are prepared by executive management and decided by the board. Several group-wide policies form the basis for operational risk management in the organization. Critical risks in Stillfront's business environment are managed strategically through product and business development, and operationally through daily processes. For a more detailed description of Stillfront's risks and risk management, see note 3 and the Risk management section on pages 55–60.

Events after year-end

February 5, 2024 Stillfront announced that Stillfront's targets for reducing greenhouse gas (GHG) emissions have been validated by the Science Based Targets initiative (SBTi) as aligned with the latest climate science and consistent with the goals of the Paris Agreement. Stillfront committed to set targets in line with SBTi's criteria in December 2022 and submitted the new targets for validation in June 2023.

March 14, 2024 Stillfront announced that the arbitrator had decided in favor of Stillfront in the arbitration process with certain sellers of Kixeye Inc. and had ruled that Stillfront is not liable for any earnout payments to the Kixeye sellers.

March 20 2024, Stillfront issued senior unsecured bonds of 1,000 MSEK and announced the results of a tender offer to the holders of the 2021/2025 bond of 1,500 MSEK. The new bonds carry a floating interest of 3m Stibor+3.65 percent and will mature in September 2028.

Outlook

Stillfront's future development depends mainly on the development of our studios. In addition, general market conditions and trends in the gaming industry as well as the financial markets can have a significant impact on the group's reported revenues and financial position. Stillfront operates in a market with strong, underlying growth drivers although 2022 and 2023 have been difficult years for mobile gaming. The mobile games market declined by approximately –2 percent in 2023 (Stillfront's addressed market is defined as the global mobile games market excluding China, using average market growth numbers from data.ai, Newzoo and Sensor Tower). Even though market visibility remains low, several market institutes expect that the global games market will return to growth during 2024.

In February 2023, Stillfront announced updated financial targets that include: 1) annual organic growth above addressed market, 2) annual adjusted EBITDAC margin of 26–29 percent, and 3) a leverage ratio below 2.0x (including cash earnouts next 12 months). Stillfront may, however, under certain circumstances decide to exceed the net debt/adjusted EBITDA ratio target during short time periods.

Corporate Governance

The company is subject to Swedish laws and regulations such as the Companies Act (2005:551), the Bookkeeping Act (1999:1078) and the Annual Accounts Act (1995:1554). The company applies the Swedish Code of Corporate Governance (the Code).

Corporate governance is exercised through shareholders' meetings, the board of directors and the CEO. The company's auditor, who is appointed by the annual general meeting, reviews the company's accounts and the administration of the company by the board and the CEO.

According to Stillfront's articles of association, the company's board shall consist of at least three and no more than eight directors. All members of the board are elected by the

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annual general meeting. The corporate governance report also contains disclosures about the most important elements of the group's system for internal control and preparation of financial statements, on pages 50–51.

Guidelines for executive remuneration

Guidelines for remuneration of the CEO and executive managers are presented in note 8. The board's proposal to the 2024 annual general meeting is found below.

The board of directors proposal for resolution for executive remuneration

These guidelines apply to remuneration and other terms of employment of the CEO and other individuals of the executive management of Stillfront group.

The guidelines for executive remuneration as approved by the annual general meeting 2023 remain unchanged.

Subject to what is set out in the next paragraph, these guidelines shall also apply in relation to a member of the board of directors of Stillfront who receives any remuneration from the company and any reference herein to the "executive management" and/or an "executive" shall for such purposes be deemed to also include such board member.

These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2024.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Stillfront's business strategy is to be a leading free-to-play powerhouse, offering long-term first class digital entertainment through its global group of gaming studios. Organic growth and carefully selected and executed acquisitions embody Stillfront's growth strategy. For more information regarding the company's business strategy, please see https://www.stillfront.com/en/about-the-company/.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The overall guidelines for remuneration to the company's executive management shall be based on the position, the individual performance, the company's earnings and that the remuneration shall be competitive.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration based on annual performance targets (bonus), extraordinary cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed salary

The fixed salary shall be based on the individual's experience, field of responsibility and related to the relevant market. Fixed salary shall be revised annually.

Variable cash remuneration

The satisfaction of criteria for awarding variable cash remuneration shall be measured annually. The variable cash remuneration for an executive manager may, as the main rule, correspond to not more than 50 percent (50%) of the fixed annual cash salary. However, the variable cash remuneration may correspond to up to 100 percent (100%) of the fixed annual cash salary of an executive manager if justified by remuneration structures or extraordinary arrangements in the individual case.

The variable cash remuneration shall be linked to predetermined and measurable criteria such as earnings, achievements in relation to the budget, the development of the company's share price, fulfilled sustainability goals and personal performance. Thereby, the variable cash remuneration is linked to the company's business strategy, long-term interests and sustainability.

The board of directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation in so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Extraordinary cash remuneration

Additional cash remuneration may be paid out in extraordinary circumstances, provided that such arrangement is of a one-off nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall be in line with market practice and may for example include a one-off cash payment, retention bonus or similar. Extraordinary remuneration shall not exceed the fixed annual cash salary and shall not be paid more than once a year per individual. Decisions regarding such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

Variable long-term incentive program (LTIP)

Long-term incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The incentive programs include the executive management and other key individuals of the company and its subsidiaries. The programs are conditional upon certain holding periods of several years. For more information regarding these programs, including the criteria which the outcome depends on, please see https://www.stillfront.com/en/remuneration/.

Pension benefits and other benefits

Pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent (30%) of the fixed annual cash salary.

Other benefits may include, for example, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits shall be limited and not exceed 5 percent (5%) of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

Members of the executive management shall be offered employment terms in accordance with the laws and practices applicable to the country in which the employee is employed. Employment agreements between the company and members of the executive management generally apply until further notice. Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one (1) year for any executive. In the event of termination by the executive, the notice period may not exceed six (6) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies.

Salary and employment conditions for executive management

When evaluating whether these guidelines and the limitations set out herein are reasonable, the board of directors (including the remuneration committee) has considered the total income of all employees of the company, including the various components of their remuneration as well as the increase and growth rate over time.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' preparation of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Information on remuneration resolved but not yet due

There is no resolved remuneration that is not yet due.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Allocation of earnings proposed by the board of directors

The board of directors proposes that the 2024 annual general meeting resolve to carry forward the net result for the year. Stillfront aims to invest its profits and cash flows in organic growth initiatives and acquisitions. The full proposal for allocation of earnings is presented in note M17.

For further information on the earnings and financial position of the parent company and the group, please refer to the income statements, balance sheets, summary of changes in shareholders' equity, cash flow statements and notes.

Annual general meeting

The annual general meeting of Stillfront Group AB (publ), corporate identity number 556721-3078, will be held on May 14, 2024, in Stockholm.

Publication of the Annual Report

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the Securities Markets Act. The information was submitted for publication on 22 April 2024.

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Consolidated statement of comprehensive income

MSEK	Note	2023	2022
Revenues			
Net revenues	5,6	6,982	7,058
Capitalized work for own account		575	609
Other operating revenue	5	27	28
		7,584	**7,695**
Operating expenses			
Other external expenses	7,16	–3,878	–3,915
Personnel expenses	8	–1,275	–1,221
Depreciation, amortization and impairment	14,16,17	–1,660	–1,695
Other operating expenses		–18	–15
Total operating expenses		**–6,830**	**–6,845**
Operating profit		**754**	**850**
Profit/loss from financial items			
Financial income	9	74	256
Financial expenses	10	–672	–353
Net financial items		**–598**	**–97**
Profit after financial items		**156**	**752**
Profit before tax		156	752
Tax for the period	11	–143	–206
Net profit for the year		**12**	**547**
Other comprehensive income			
Items that later can be reversed in profit			
Change in translation reserve attributable to the translation of foreign operations		–406	2,389
Comprehensive income attributable to hedging of currency risks in foreign operations		–88	–954
Tax on other comprehensive income		7	119
Total other comprehensive income		**–488**	**1,554**
Total comprehensive income for the year		**–475**	**2,101**

MSEK	Note	2023	2022
Profit for the year attributable to:			
Equity holders of the parent company		7	559
Non-controlling interests		6	–12
Comprehensive income for the year attributable to:			
Equity holders of the parent company		–481	2,113
Non-controlling interests		5	–12
Average number of shares	12		
Undiluted		512,191,294	483,877,769
Diluted		512,191,294	483,877,769
Earnings per share attributable to equity holders of the parent company:			
Undiluted, SEK/share		0.01	1.15
Diluted, SEK/share		0.01	1.15

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Consolidated statement of financial position

MSEK	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	14,15		
Game products		847	1,048
Licenses, market and customer related assets		2,813	3,605
Capitalized development expenditure		1,567	1,496
Goodwill		15,595	16,043
Right-of-use assets	16	60	101
Equipment, tools, fixtures and fittings	17	56	56
Deferred tax assets	11	21	75
Other non currents assets		16	16
Total non-current assets		**20,975**	**22,440**
Current assets			
Accounts receivable	18	519	472
Current tax asset		47	10
Other receivables		126	90
Prepaid expenses and accrued income	19	132	124
Cash and cash equivalents	27	807	989
Total current assets		**1,630**	**1,686**
TOTAL ASSETS		**22,605**	**24,126**

MSEK	Note	2023	2022
EQUITY AND LIABILITIES			
Shareholder's equity	20		
Share capital		36	36
Other paid-up capital		11,050	10,942
Other reserves		947	1,434
Retained earnings incl. profit for the year		1,805	1,825
Total equity attributable to parent company shareholders		**13,838**	**14,237**
Non-controlling interests		8	6
Total shareholder's equity		**13,846**	**14,242**
Non-current liabilities			
Deferred tax liability	11	929	1,127
Bond loans	21	2,488	2,496
Liabilities to credit institutions	21	1,693	1,471
Term loan	21	666	668
Other non-current liabilities	16,21	1,478	2,090
Other provisions	22	58	58
Total non-current liabilities		**7,310**	**7,909**
Current liabilities			
Liabilities to credit institutions	21	27	79
Accounts payable		170	151
Current tax liabilities		20	40
Other current liabilities	16,21,22,23	850	1,286
Accrued expenses and deferred income	24	382	419
Total current liabilities		**1,449**	**1,975**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**22,605**	**24,126**

Consolidated statement of changes in shareholders’ equity

MSEK	Share capital	Other paid-up capital	Other reserves	Retained earnings incl. Profit of the year	Attributable to equity holders of the parent company	Non-controlling interest	Total equity
Opening balance, 1 Jan. 2022	**27**	**8,541**	**–120**	**1,325**	**9,772**	**23**	**9,795**
Profit for the year				559	559	–12	547
Change in translation reserve attributable to the translation of foreign operations			2,389		2,389	1	2,389
Comprehensive income attributable to hedging of currency risks in foreign operations			–954		–954		–954
Tax on other comprehensive income			119		119		119
Total comprehensive income	**0**	**0**	**1,554**	**559**	**2,113**	**–12**	**2,101**
New share issue	8	1,981			1,989		1,989
Issue for non-cash consideration	1	408			409		409
Issue expenses		–35			–35		–35
Tax impact of issue expenses		7			7		7
Share-based incentive programs		27			27		27
Equity swap		12			12		12
Transactions with non controlling interests				-58	–58	–6	–64
Total transactions with shareholders recognized directly against equity	**9**	**2,401**	**0**	**-58**	**2,352**	**–6**	**2,346**
Closing balance, 31 Dec. 2022	**36**	**10,942**	**1,434**	**1,825**	**14,237**	**6**	**14,242**
Opening balance, 1 Jan. 2023	**36**	**10,942**	**1,434**	**1,825**	**14,237**	**6**	**14,242**
Profit for the year				7	7	6	12
Change in translation reserve attributable to the translation of foreign operations			–406		–406	–1	–406
Comprehensive income attributable to hedging of currency risks in foreign operations			–88		–88		–88
Tax on other comprehensive income			7		7		7
Total comprehensive income	**–**	**–**	**–487**	**7**	**–481**	**5**	**–475**
New share issue		0			0		0
Issue for non-cash consideration	0	87			87		87
Issue expenses		–0			–0		–0
Share-based incentive programs		22			22		22
Repurchase of own shares		–270			–270		–270
Re-distribution of repurchased own shares		270		-21	249		249
Transactions with non controlling interests				–6	–6	–3	-9
Total transactions with shareholders recognized directly against equity	**0**	**108**	**–**	**–27**	**82**	**–3**	**79**
Closing balance, 31 Dec. 2023	**36**	**11,050**	**947**	**1,805**	**13,838**	**8**	**13,846**

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Consolidated statement of cash flows

MSEK	Note	2023	2022
Operating activities			
Profit after financial items		156	752
Adjustment of non-cash items, etc.	26	1,940	1,640
Tax paid		–322	–310
Cash flow from operating activities before changes in working capital		**1,774**	**2,082**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		–94	74
Increase (+)/decrease (–) in operating liabilities		10	–129
Cash flow from changes in working capital		**–84**	**–54**
Cash flow from operating activities		**1,690**	**2,028**
Investing activities			
Acquisition of operation, net of cash acquired	13	–838	–2,724
Divestment of operation, net of cash acquired	13	1	–
Purchase/sale of property, plant and equipment	17	–28	–30
Purchase of intangible assets	14	–805	–996
Acquisition of game assets		–	–31
Change in financial fixed assets		–2	22
Cash flow from investment activities		**–1,671**	**–3,758**
Financing activities			
Proceed from borrowings	21	992	653
Repayment of loans	21	–1,000	–801
Net change in overdraft and revolving credit facilities	21	210	–139
Cash effect from currency derivatives		–54	–159
Cash outflow lease agreements	21	–52	–57
Issue expenses		–0	–35
New share issue		–	2,001
Repurchase of own shares		–270	–
Cash flow from financing activities		**–175**	**1,462**
Cash flow for the year		**–156**	**–267**

MSEK	Note	2023	2022
Cash and cash equivalents at beginning of year		989	1,133
Exchange rate difference in cash and cash equivalents		–27	123
Cash and cash equivalents at end of year		**807**	**989**

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Parent company income statement

MSEK	Note	2023	2022
Revenues			
Net revenues		164	144
Own work capitalized		14	14
Total revenues		**178**	**158**
Operating expenses			
Other external expenses	M2	–61	–68
Personnel expenses	M3	–132	–116
Depreciation, amortization and impairment	M7	–4	–3
Total operating expenses		**–197**	**–188**
Operating profit/loss		**–19**	**–30**
Profit/loss from financial items			
Financial income, etc.	M4	1,418	723
Financial expenses, etc.	M5	–481	–1,176
Net financial items		**937**	**–453**
Profit/loss oss after financial items		**918**	**–484**
Appropriations			
Group contributions		–92	254
Total appropriations		**–92**	**254**
Profit/loss before tax		**826**	**–230**
Tax for the period	M6	–83	60
Net profit/loss for the year		**743**	**–170**
Parent company Statement of Comprehensive Income			
Net profit/loss for the year		743	–170
Total comprehensive income		**743**	**–170**

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Parent company balance sheet

MSEK	Note	2023	2022
ASSETS			
Non-current assets			
Licenses, market and customer related assets	M7	26	16
Equipment, tools, fixtures and fittings		1	1
Financial assets			
Participations in group companies	M8	18,884	18,479
Receivables from group companies	M15	3,017	2,971
Deferred tax assets	M6	21	75
Other financial assets	M15	1	1
Total non-current assets		**21,951**	**21,542**
Current assets			
Current tax assets	M6	7	–
Receivables from group companies	M15	28	358
Other receivables		23	11
Prepaid expenses and accrued income	M9	14	21
Cash and cash equivalents		0	0
Total current assets		**73**	**390**
TOTAL ASSETS		**22,024**	**21,932**

MSEK	Note	2023	2022
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		36	36
Total restricted equity		**36**	**36**
Non-restricted equity			
Share premium reserve		13,456	13,347
Accumulated profit or loss		–722	–531
Profit/loss for the year		743	–170
Total non-restricted equity		**13,476**	**12,646**
Total shareholders' equity		**13,513**	**12,682**
Provisions			
Other provisions	M11	1,247	1,637
Total provisions		**1,247**	**1,637**
Non-current liabilities			
Interest bearing liabilities	M10	4,898	4,706
Non-current liabilities to group companies		0	139
Total non-current liabilities		**4,898**	**4,846**
Current liabilities			
Interest bearing liabilities	M10	27	79
Other current provisions	M11	440	747
Accounts payable		5	6
Liabilities to group companies		1,828	1,873
Equity swap		19	20
Other current liabilities		2	12
Accrued expenses and deferred income	M12	45	31
Total current liabilities		**2,367**	**2,767**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**22,024**	**21,932**

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Parent company statement of changes in equity

	RESTRICTED EQUITY	NON-RESTRICTED EQUITY		
MSEK	Share capital	Share premium reserve	Retained earnings incl. loss of the year	Total equity
Opening balance, 1 Jan. 2022	**27**	**10,958**	**–543**	**10,442**
Loss for the year			–170	–170
Total comprehensive income	**0**	**0**	**–170**	**–170**
New share issue	9	2,390		2,399
Issue expenses		–35		–35
Tax impact of issue expenses		7		7
Share-based incentive programs		27		27
Equity swap			12	12
Total transactions recognized directly against equity	**9**	**2,389**	**12**	**2,410**
Closing balance, 31 Dec. 2022	**36**	**13,347**	**–701**	**12,682**
Opening balance, 1 Jan. 2023	**36**	**13,347**	**–701**	**12,682**
Profit for the year			743	743
Total comprehensive income	**-**	**-**	**743**	**743**
New share issue	0	87		87
Issue expenses		–0		–0
Share-based incentive programs		22		22
Repurchase of own shares		–270		–270
Re-distribution of repurchased shares		270	-21	249
Total transactions recognized directly against equity	**0**	**109**	**-21**	**88**
Closing balance, 31 Dec. 2023	**36**	**13,456**	**21**	**13,513**

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Parent company cash flow statement

MSEK	Note	2023	2022
Operating activities			
Profit after financial items and group contributions		826	–230
Adjustment of non-cash items, etc.	M14	42	1,001
Tax paid		–26	–29
Cash flow from operating activities before changes in working capital		**841**	**742**
Cash flow from changes in working capital			
Increase(–)/decrease (+) in operating receivables		–4	23
Increase (+)/decrease (–) in operating liabilities		1	–25
Cash flow from changes in working capital		**–3**	**–2**
Cash flow from operating activities		**839**	**739**
Investing activities			
Purchase of intangible assets		–14	–15
Lending/net settlement to subsidiaries		71	323
Change in financial fixed assets		–	12
Acquisition of operation	M8	–771	–2,674
Cash flow from investment activities		**–715**	**–2,354**
Financing activities			
Net change in borrowings		201	–287
Issue expenses		–0	–35
Repurchase of own shares		–270	–
Realized foreign currency swap		–54	–159
New share issue		–	2,001
Cash flow from financing activities		**–123**	**1,520**
Cash flow for the year		**1**	**–95**
Cash and cash equivalents at beginning of year		0	77
Exchange rate difference in cash and cash equivalents		–1	18
Cash and cash equivalents at end of year		**0**	**0**

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Notes

Note 1. General information

Stillfront Group AB (publ), corporate identification number 556721-3078, and its subsidiaries (collectively termed the group) are a group of gaming studios focused on realizing synergies by connecting and empowering game teams globally through its Stillops platform. Stillfront is active through 22 studios: Babil Games, Bytro Labs, Candywriter, Coldwood Interactive, Dorado Games, eRepublik Labs, Everguild, Game Labs, Goodgame Studios, Imperia Online, Jawaker, Kixeye, Moonfrog Labs, Nanobit, New Moon Production, OFM Studios, Playa Games, Sandbox Interactive, Simutronics, 6waves, Storm8 and Super Free Games.

The parent company is a public limited company registered in Sweden, with its registered office in Stockholm. The address of the head office is Kungsgatan 38, SE-111 35 Stockholm, Sweden. 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's 2021/2025 bond with ISIN SE0015961065 and Stillfront's 2023/2027 bond with ISIN SE0020846624 are listed on Nasdaq OMX Stockholm.

The board of directors approved these consolidated accounts for publication on 22 April 2024.

Note 2. Material accounting policies

The financial statements are presented in SEK, Swedish kronor, which is the functional currency of the parent company. All amounts, unless otherwise stated, are rounded to the nearest million (MSEK). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Reclassifications without impact on net profit or shareholders' equity have been made retrospectively by restating amounts for 2022.

Material accounting policies applied when preparing these annual accounts are stated below. The policies have been applied consistently for all years presented, unless otherwise stated. Stillfront applies the updated version of IAS 1 Presentation of Financial Statements, which requires information about material accounting policies to be disclosed. The previous version required disclosure of significant accounting policies. The change entails less voluminous disclosures in comparison to earlier Annual reports.

The parent company's accounting policies are consistent with the group's unless otherwise stated. Any discrepancies are listed in note M1.

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Stillfront's consolidated accounts have been prepared in accordance with 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 adopted by the EU. The accounts have been prepared in accordance with historical cost accounting, apart from contingent considerations (earnout provisions), which are measured at fair value through profit or loss, and derivatives used for currency hedging which are measured at fair value through other comprehensive income.

Estimates that are of material significance to the consolidated accounts are stated in note 4.

New and amended standards adopted by the group

From 2023, new versions of IAS 8, IAS 12, IFRS 16 and IFRS 17 apply and from 2024 new versions of IAS 1, IAS 7, IAS 21, IFRS 7 and IFRS 16 apply. The impact is insignificant for the group. There are no other already decided changes in accounting standards that are expected to have a significant impact on Stillfront's financial reports.

CONSOLIDATED ACCOUNTS

The consolidated financial statements cover the accounts of the parent company and the companies in which the parent company has a direct or indirect controlling interest, in accordance with IFRS 10 Consolidated financial statements. Business combinations are accounted for according to IFRS 3 Business combinations.

Business combinations in Stillfront usually entail a proportion of the consideration payable as a contingent consideration (earnout) paid over a number of years, normally related to achieved results in the acquired unit. The fair value of the liability for contingent consideration is updated regularly. For more information, see the separate section "Provision for earnouts/contingent considerations" and note 21 Interest bearing debt. Expected future payments of deferred purchase price consideration are discounted to their present value at a risk-adjusted interest rate for each payment that reflects the average cost of capital for the investment.

Acquisitions of legal entities which only consist of one asset or group of similar assets, but no ongoing business, are accounted for as asset acquisitions.

Non-controlling interests in subsidiary earnings and equity are recognized separately in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position. If Stillfront is bound by an agreement to acquire the shares from the non-controlling shareholders, then the fair value of the future purchase price is recognized in the statement of financial position as a liability and not as a non-controlling interest.

TRANSLATION OF FOREIGN CURRENCY

Translation of items in foreign currency

Foreign exchange differences arising on translation of monetary assets and liabilities are recognized in profit or loss for the year. Foreign exchange differences from monetary assets and liabilities designated as a hedging instrument under hedge accounting are recognized in other comprehensive income. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing at the date of the transaction.

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Cont. note 2.

Financial statements of foreign subsidiaries
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the group's reporting currency, SEK, at foreign exchange rates at the closing rate at the date of the statement of financial position. Revenues and expenses of foreign operations are translated to SEK at the period average exchange rates. Revenues and expenses of a foreign operation acquired in the year are translated to SEK at the average exchange rate during the period of ownership. Translation differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income and are accumulated in a separate component of equity, a translation reserve.

INTANGIBLE ASSETS

Intangible assets within the group relates to goodwill, capitalized development expenditures, game products, market and customer related assets and licenses.

The group recognizes intangible assets according to IAS 38 Intangible assets. Goodwill that arises upon acquisition of companies is recognized in accordance with the rules in IFRS 3.

An intangible asset can be recognized through a separate acquisition, as part of a business combination or be internally generated. Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in accordance with IAS 36 Impairment of assets.

An assessment of the recoverable amount and remaining useful life of an asset is made on a regular basis and may result in an adjustment of the amortization period.

Game products
The group's game products derive from games that have been acquired through the acquisition of an operation or of assets. According to IFRS 3 Business combinations, the fair value of the games is established on the acquisition date of the operation. Subsequently the value of the game products is carried at cost less accumulated amortizations and impairments. Game products are amortized on a straight-line basis over 5–10 years.

Licenses, market and customer related assets
The group has acquired licenses, market and customer related assets through business combinations. The assets are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortizations and impairments.

The measurement of paying gamers (market and customer related assets) is allocated by game product and amortized over the same period as them or shorter. Market and customer-related assets are amortized over 2–10 years on a straight-line basis. On the sale of an entity, the amount of game products is included in the gain/loss that arises.

Licenses have been acquired through subsidiaries and mainly consist of software licenses. The assets are measured at fair value on the acquisition date and subsequently carried at cost less accumulated amortizations and impairments. Licenses are amortized over 3–10 years. Amortization is charged on a straight-line basis over the estimated economic life of the assets.

Capitalized development expenditure
The capitalized development expenditure items consist of technology acquired through business combinations and of internally developed technology including game products.

The following basis of capitalization applies for internal development:

Expenditure for maintenance of software is expensed as it occurs. Development expenditure directly relating to the development and test of identifiable and unique software products (game development projects) that are controlled by the group, are recognized as capitalized development expenditure when the criteria specified in IAS 38 are satisfied. Normally, the entity does not commence the development process before these criteria are satisfied, which means that in most cases, capitalization is from the starting date.

Directly related expenditures that are capitalized mainly consist of expenditure for employees, external subcontractors, user testing and a reasonable portion of indirect expenses.

Intangible assets are recognized at cost less accumulated amortization and impairment. The cost of an internally generated intangible asset is the total of the expenditure arising from the date when the intangible asset first satisfies the capitalization criteria in IAS 38. Amortization begins when the asset is ready for use, which is the same time as when the test launch is complete. Useful life is judged on the basis of the period the expected benefits are expected to flow to the group.

The amortization of the capitalized expenditure is recognized on a straight-line basis and has been judged to have a useful life of 3–5 years.

Development expenditure that does not satisfy these criteria is expensed as it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods.

Goodwill
Goodwill is recognized according to IFRS 3 Business combinations and IAS 38 Intangible assets. Goodwill, which has an indefinite useful life, is not amortized but is tested for impairment annually, or upon indication of impairment in accordance with IAS 36 Impairment of assets. When testing for impairment, the entire group is considered as one single cash-generating unit.

LEASES

Stillfront applies IFRS 16 Leases. All long-term leases, except leases of low value, are recognized in the statement of financial position as right-of-use assets, and interest-bearing lease liabilities. Almost all IFRS 16 leases are lease contracts on office premises and are classified as right-of-use assets for buildings. Stillfront has a few other leases such as office equipment, IT equipment, cars and other. These other leases are grouped together and classified as others. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date. The lease payments are discounted using the interest rate implicit in the lease, or commonly the lessee's incremental borrowing rate. Right of use assets are depreciated over the lease term. The new updated Stillfront incremental interest is recalculated and used as a discount rate when a new lease agreement is signed within the group.

The parent company applies the exception from application of IFRS 16. Leasing costs are charged to profit and do not impact the statement of financial position. Lease payments are recognized on a straight-line basis over the term of the lease.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported in accordance with IAS 16 Property, plant and equipment. The tangible assets in the group comprise equipment, tools, fixtures and fittings which are depreciated on a straight-line basis over 3–15 years. The useful lives as well as the residual value of the tangible assets are reviewed annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets are tested for impairment in accordance with IAS 36 Impairment of assets.

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Cont. note 2.

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not amortized but tested annually for any impairment. Assets that are depreciated or amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying value might not be recoverable. An impairment is made for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and value in use. For assets (other than goodwill) previously impaired, a test for reversal is conducted at each reporting date.

The recoverable amount of goodwill is based on value in use, which is the present value of the expected future cash flows without regard to potential future expansions of operations and restructuring. Resource allocation among the group's games and businesses is determined centrally with the profitability of the entire group in mind. This is a major success factor for the group. Financial performance is therefore monitored on the level of the entire group rather than on a more granular level. Hence, Stillfront is for impairment testing purposes viewed as a single cash-generating unit.

FINANCIAL INSTRUMENTS

Stillfront applies IFRS 9 Financial Instruments, except for the hedge accounting requirements in IFRS 9, where the group has chosen to continue to apply the hedge accounting requirements in IAS 39.

Financial liabilities are measured at amortized cost, except when the liability refers to a financial instrument at fair value through profit or loss, such as a derivative, or a provision for earnouts that is recognized by an acquirer in a business combination in accordance with IFRS 3. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss. Financial liabilities include the liability for equity swaps entered into in order to meet Stillfront's commitments under long-term incentive programs. The liability is measured at amortised cost. A deposit made in connection with the annual renewal of the equity swap to the bank that entered into the swap agreement with Stillfront is treated as a partial redemption of the swap liability.

ACCOUNTS RECEIVABLE

Accounts receivable are amounts to be paid by customers for goods sold or services rendered in operating activities. Sales to end-customers are either via platforms owners, for example Apple and Google for mobile games, or payment providers. Payments from platform owners and payment intermediaries are executed after the end-customer (gamer) has made a purchase. If payment is expected within one year or earlier (or during a normal business cycle if longer), they are classified as current assets. If not, they are recognized as non-current assets.

CASH AND CASH EQUIVALENTS

In the statement of financial position and statement of cash flows, cash and cash equivalents include cash, bank balances and other investments in securities, etc. In the statement of financial position, utilized overdraft facilities are recognized as loan liabilities among current liabilities.

ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they are due within one year or earlier (or during a normal business cycle if this is longer). If not, they are reported as non-current liabilities.

BORROWING

Bond loans, term loans, overdraft facilities, other credit facilities, contingent considerations (earnout provisions) and currency derivatives with a negative value are recognized as borrowings in the group.

PROVISION FOR EARNOUTS/CONTINGENT CONSIDERATIONS

Stillfront has liabilities pertaining to contingent considerations from acquisitions (earnout provisions). Contingent considerations are settled with cash or shares in Stillfront, based on an amount which is determined by the terms and conditions in the agreement.

If the contingent consideration is expected to be settled within twelve months from the reporting date, it is classified as a current financial liability. The liability is measured at fair value, and changes in its value are recognized in profit or loss as financial items. The liability is part of a hedging relationship, and therefore currency translation differences are recognized in other comprehensive income whereas other fair value changes are recognized in net financial items.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are reported in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

HEDGE ACCOUNTING

Stillfront applies hedge accounting to its net investments in foreign operations. As of its treasury policy, Stillfront finances its foreign operations partly in currencies other than the functional currency of the parent company (SEK). Liabilities in foreign currency other than the functional currency of the parent company (SEK), including contingent considerations, as well as currency derivatives, are used as hedging instruments. To the extent a gain or loss (currency translation effect) on the hedging instrument is measured as an effective portion of hedging, it is recognized in other comprehensive income. Hedge accounting is performed under IAS 39. Stillfront does not apply cash flow hedges or fair value hedges.

CURRENT AND DEFERRED INCOME TAX

Income taxes are reported in accordance with IAS 12 Income taxes.

Income tax consists of current tax and deferred tax. Income tax is recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized in other comprehensive income or directly in equity, in which case the corresponding tax impact is reported among other comprehensive income or directly in equity. Current and deferred tax is calculated based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in the countries where the parent company and its subsidiaries are operating and generate taxable income.

Deferred tax assets and liabilities are only offset when there is a legal right to offset the tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to taxes charged by the same taxation authority and are either for the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments. Deferred tax relating to leases accounted for according to IFRS 16 are calculated on a gross basis but may set off in the statement of financial position as described above.

Deferred tax liabilities are reported for retained earnings in subsidiaries only if future dividends are expected to be subject to income tax or withholding tax and such dividends are intended to be made in the foreseeable future.

EMPLOYEE BENEFITS

The IAS 19 Employee benefits standard requires an expense to be recorded as the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. If an employee receives share-based payments, such transactions are however not within the scope of IAS 19 but instead IFRS 2 Share-based payments. The fair value of employee stock options allotted to staff is calculated at issue according to the Black & Scholes valuation model. The fair value of restricted stock units allotted is estimated by using Monte Carlo simulation. The value of share-based instruments allotted is recognized as a personnel cost in the profit and loss statement, over the vesting period, with a corresponding increase in shareholders' equity. The cost recognized corresponds to the fair value of options and restricted stock units that have been allotted.

Cont. note 2.

Equity swap agreements entered into with a bank in order to meet Stillfront's commitments under long-term incentive programs are accounted for as a financial liability at amortised cost and as a reduction of shareholders' equity. Consequently, the fair value of the underlying shares when the agreement was signed is accounted for as a liability and the fees to the bank are recognized over time as financial costs. A deposit made in connection with the annual renewal of the equity swap to the bank that entered into the swap agreement with Stillfront is treated as a partial redemption of the swap liability.

Short term employee benefits
Short-term employee benefits within the group include salary, social security contributions, vacation pay and bonuses. These are all expensed in the period in which the employees render the services. Provisions for bonuses are allocated with the full expected amounts, which are then adjusted to reflect the actual outcome.

Long-term employee benefits
Post-employment benefit plans are classified either as defined contribution or defined benefit plans. There are no defined benefit pension plans in the group.

Termination benefits and restructuring plans
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

The group recognizes a liability and an expense for termination benefits when it no longer can withdraw the offer of those benefits. A provision is made for a restructuring plan when the group has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

REVENUE FROM CONTRACTS WITH CUSTOMERS
Stillfront applies IFRS 15 Revenue from contract with customers, which among other things provides application guidance specific to the recognition of revenue for licenses of intellectual property.

Stillfront's revenues come from game experience delivered to players primarily in socalled free-to-play games, where the group charges for virtual goods, subscriptions, advertising and contracting. Net revenues are calculated by adjusting payments received for deferred revenues.

Platform fees to suppliers like Apple or Google are deducted when payments are made to Stillfront but are reported in the profit and loss statement as operating expenses and not as revenue reductions.

Timing of revenue recognition in the income statement is described below.

Free-to-play games
The games within Stillfront are essentially so called free-to-play games. This means that the base platform can be used by a player without paying an entry fee. The player can play the games without paying a license fee. The revenue occurs instead when a player makes in-game purchases to access additional content, functions, features or advantages in the games.

All games have different characteristics which can differ between studios and also within studios. Hence the standard terms may differ based on the specifics of a game.

A player buys In Game Currency (IGC). This virtual money/currency, tokens or tickets (referred to as "virtual currency") can be used to get different types of "virtual goods", i.e. different types of tools to use in the games or services in-game. A virtual good can be used either immediately or unlimited over the playing time (the playing time can be either unlimited or limited in time). In addition, vouchers can be used for so-called "subscriptions" which means that the player uses his voucher to access various functions for a limited amount of time.

The group's contracts contain two distinct performance obligations (PO):
- Virtual goods (additional tools to use when playing) if there is a selling price to a virtual item that has been paid for.
- Purchased subscriptions (additional functionality and features to use when playing).

Each PO is priced separately which constitutes the stand-alone selling price for each PO. The access to the game platform is considered a license "to access" the game. However, as the game is free-to-play, the satisfaction of this PO does not result in any revenue recognition. Virtual goods and subscriptions are evaluated either as licenses "to use" or "to access" Stillfront's intellectual property. Revenue is, hence, recognized at the point in time when a player uses a virtual currency as payment for the virtual goods if the benefit that the player receives from the license is considered as basically immediate and without further obligations for Stillfront, or over the estimated time during which the virtual goods and subscription are delivered under the license if they are considered to benefit the player going forward. If the virtual goods or subscription do not depend on Stillfront's future maintenance of the game platform, and hence no obligation, then this corresponds to a classification of the license as "to use".

Advance payments from customers
Gamers can pay real money or use in-game purchases to acquire IGC. Such a transaction is referred to as a booking. Revenue is as described above recognized when the gamer uses the IGC to acquire virtual goods or premium subscriptions. Measuring the portion of the payment received that is deferred income, i.e. advance payments from gamers, requires certain estimates and judgements of a gamer's activity. Gamers are classified as inactive after a period of inactivity in each game. The length of these periods is determined by game based on gaming patterns. After a gamer has been classified as inactive, the value of this player's advance payment is recognized as revenue.

Gifted items
Stillfront's free-to-play games are based on the player acquiring IGC by paying real money and using such IGC to acquire virtual goods or premium subscriptions. Some offers to the gamers contain a combination of IGC and free in-game virtual items ("gifted items"). Reliably determining the value of the gifted items is challenging as some items are only available as gifts and others may be priced differently based on volume and/or bundling. As all in-games items are virtual, there is no guide to value the items based on the production cost. The group has analyzed the gifted items and concluded that the value of the gifted items is not material, and that reliably determining the amount of revenue relating to the gifted items is not possible. Therefore, no revenue is allocated to the gifted items.

The license to use the game on the base platform means gamers can access all updates of the game. Stillfront's opinion is that this license should be treated as the right to access the game platform in its current form throughout the license term, which would involve revenue recognition over time, i.e. allocation over the term of usage. However, the price of this license is zero, which means that no policy for revenue recognition needs to be adopted.

Other games related revenues
In-game advertising revenues are recognized when they occur, i.e. when a player watches or consumes an ad in the games.

Contracting
Contracting involves Stillfront developing a game for a publisher independent of Stillfront. Typically, contracting assignments involve two payment components from the publisher to Stillfront. One is based on the labor involved in building the game, and the second is sales-based royalty.

Stillfront's development for an independent publisher is considered a distinct performance obligation that is satisfied over time. The labor from Stillfront in these types of projects is typically constant, or almost constant, over the lifetime of the project. Revenue relating to the development is recognized in accordance with an input

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CONTENT

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Cont. note 2.

method which means that the revenue is recognized on a straight-line basis as the input is constant over the lifetime of the project.

Royalty is recognized in the period that is the basis for computing royalties, in accordance with the guidance for sales-based royalties in IFRS 15. The amount of royalties recognized is consistent with what is documented in a royalty statement issued by the publisher. The purchase of subscriptions should also be treated in the same way as purchasing virtual goods, i.e. revenue recognition is when IGC is used as payment for the subscription.

Is Stillfront contracted to develop a complete game at fixed price for an external owner, then revenue is recognized over time as milestones are fulfilled which reflect the completion of performance obligations.

When Stillfront acts as a publisher of games owned by an external developer, who makes all decisions about setting prices etc, then Stillfront is an agent for the game developer, and accounts for revenues net after deduction of reimbursement to the developer and platform providers.

OTHER TYPES OF REVENUE

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

GOVERNMENT GRANTS

Stillfront applies IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Government grants received are recognized as a cost reduction over the period in which the expenses that are compensated for by grants are reported. Grants related to investments in assets and to expenses which are capitalized are presented as a reduction of the acquisition cost for the assets, whereby the cost for depreciation and amortization is reduced.

COST FOR REVENUE-BASED ROYALTIES

There are contracts where Stillfront acquires a right from the owner of intangible property during a specific period of time to use trademarks or other content in a game against a revenue-based royalty. The royalty is calculated as a percentage of revenues or similar. Remuneration for the royalty may take place in advance where the royalty earned by the intangible property owner is recouped in arrears, or with a different payment model. Minimum guarantees exist. Irrespective of payment model, Stillfront accrues the cost for the royalty in the period during which its revenues from the contract are earned. If the minimum guaranteed amount is not expected to be reached during the contract period, accruals are made up to the guaranteed amount. Any difference between expensed and paid royalty is reported in the statement of financial position as prepaid expenses or accrued expenses.

CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method, whereby earnings are adjusted for transactions not involving cash payments in the period. The company's cash and cash equivalents consist of cash and bank balances. The cash flow impact of currency hedging derivative transactions is reported within cash flows from financing activities.

EARNINGS PER SHARE

IAS 33 Earnings per share deals with principles for the determination and presentation of earnings per share before and after dilution. Basic earnings per share are computed by dividing earnings attributable to equity holders of the parent by a weighted average number of outstanding ordinary shares.

For computing diluted earnings per share, the weighted average number of outstanding ordinary shares is restated for the dilution effect of all potential ordinary shares. The parent company has issued share options that have a potential dilution effect. In 2022 and 2023, Stillfront did however not have any options and warrants that may cause dilution. Potential ordinary shares only give rise to a dilution effect in cases where the conversion of them results in lower earnings per share or a higher loss per share.

SEGMENTS

Stillfront's operations are conducted through its subsidiaries, the studios. Studio heads report to the members of group management team, whose members report directly or indirectly to Stillfront's CEO. However, operational monitoring is focused on individual games rather than the subsidiaries themselves.

Stillfront markets its games worldwide. Revenues are monitored closely for each game, but all costs are not allocated on a game-by-game basis. Additionally, games have certain shared components that cannot be allocated to an individual game. Accordingly, Stillfront's financial position and results of operations cannot be presented by segments in a way that would improve analysis of the company.

The group Business management is Stillfront's Chief Operating Decision Maker (CODM). Monitoring and management of the group are based on the group's overall financial position, because as stated above, it is not possible to allocate operations into segments that are meaningful from a monitoring/management perspective. Accordingly, all operations are treated as a single segment.

PARENT COMPANY ACCOUNTING POLICIES

See note M1.

STILLFRONT GROUP

Note 3. Financial risk management

Through its operations, the group is exposed to a number of financial risks such as market risk (mainly involving currency risk and interest rate risk), credit risk and liquidity risk. Risk management is in accordance with predetermined principles, and the group's overall risk management policy endeavors to minimize unforeseen unfavorable effects on the group's results of operations and financial position.

CURRENCY RISK

The group operates internationally and is exposed to currency risks from various currency exposures. Currency risk arises through future business transactions, recognized assets and liabilities, as well as net investments in foreign operations. Currency risk occurs when future business transactions, recognized assets and liabilities are denominated in currencies other than the functional currency of the group entities. In the financial years presented, the group has not employed currency forward contracts. The currency exposures in net assets in foreign subsidiaries are partly hedged by having external loans in the parent company denominated in the same currencies, where hedge accounting is applied when the loans constitute an effective hedge of the group's exposure. All earnout liabilities (contingent considerations) are in foreign currency and are considered as hedges of currency exposures. Currency risks are also hedged with derivatives. The main currencies the group is exposed to are EUR and USD. The group's risk exposure in net investments in foreign operations the end of the financial year, expressed in Swedish krona (SEK), was as follows:

NET INVESTMENTS IN FOREIGN OPERATIONS BY CURRENCY

	31 Dec 2023		31 Dec 2022	
MSEK	Net Assets	Thereof hedged	Net Assets	Thereof hedged
EUR	7,448	2,495	5,010	2,202
USD	13,822	3,296	14,163	4,900
Other foreign currencies	1,191	14	1,562	23

CONSOLIDATED NET REVENUES BY CURRENCY

MSEK	2023	2022
EUR	2,967	2,256
USD	2,975	3,269
Other foreign currencies	1,019	1,506
SEK	22	27
Total net revenues	**6,982**	**7,058**

CONSOLIDATED EBITDA BY CURRENCY

MSEK	2023	2022
EUR	954	695
USD	1,100	1,334
Other foreign currencies	362	508
SEK	–3	7
Total EBITDA	**2,413**	**2,545**

If the EUR exchange rate had been 5 percent higher or lower versus the SEK with all other variables constant, EBITDA would have been 48 (35) MSEK higher or lower respectively, and the impact on equity would have been 248 (140) MSEK. If the USD exchange rate had been 5 percent higher or lower versus the SEK with all other variables constant, EBITDA would have been 55 (67) MSEK higher or lower respectively, and the impact on equity would have been 526 (463) MSEK. Currency hedging of net investments in foreign operations had an impact on other comprehensive income for the year of –81 (–835) MSEK net of tax.

INTEREST RATE RISK

Interest rate risk means the risk that fair value or future cash flows fluctuate due to altered market interest rates. The interest risk is managed by funding the group with loans that have an interest rate fixing maturity which reflects the duration profile of the assets and the business. The average interest rate duration of the loan portfolio should be between 3 and 36 months. At year-end, the outstanding loans had an interest rate duration of 3 months. The group has during the year had outstanding bond loans amounting to up to 2,500 (2,500) MSEK and liabilities to credit institutions of 1,693 (1,471) MSEK at year end as well as a term loan from the Swedish Export Credit Corporation amounting to 666 (668) MSEK at year-end. The group has floating rate based interest-bearing liabilities. The revolving credit facility has IBOR and SOFR based reference rates and the bond loans have STIBOR as the basis for their coupon rates. A 2 percent increase in the reference rates based on the value at year-end would negatively impact profit by 98 (94) MSEK. Stillfront updated the RCF contract in 2021 to reflect the IBOR transition.

PRICE RISK

Financial liabilities measured at fair value

The group has contingent considerations/ provisions for earnouts measured at fair value. If future EBIT assumptions used in fair value measurement would increase 5 percent for those operations where contingent considerations have been measured for payment based on performance in 2024 to 2026, this would impact net profit by –122 (–81) MSEK at the date of fair value measurement. If future EBIT assumptions would decrease 5 percent, the impact on net profit would be 122 (81) MSEK.

CREDIT RISK

Credit risk means exposure to receivables in the form of investments of surplus liquidity and accounts receivable. The group's accounts receivable and contract assets are limited and counterparties are stable and reputable companies such as Apple, Google and PayPal. Accordingly, the group judges that the risk of bad debt is limited. The largest total exposure to all financial instruments with a single bank was 74 (76) MSEK.

MAXIMUM EXPOSURE TO CREDIT RISK

MSEK	31 Dec. 2023	31 Dec. 2022
Accounts receivable	519	472
Contract assets (accrued income)	61	67
Other receivables	102	88
Bank balances	807	989
Total	**1,489**	**1,616**

LIQUIDITY RISK

Liquidity risk means the risk that the group encounters problems in fulfilling the obligations relating to the group's financial liabilities. Financing risk means the risk that the group is unable to arrange sufficient finance for a reasonable cost. To a significant extent, the group finances its operations with new share issues, bond loan issues and bank facilities. Acquisitions of new businesses are partly financed through earnouts, i.e. parts of payments are deferred, and these amounts are computed on the basis of the acquired entity's estimated future financial performance. To minimize liquidity risk, most earnout agreements include caps on maximum payouts. The following tables analyze the group's financial liabilities allocated by the time remaining until agreed due dates on the reporting date. The amounts stated in the table are contractual undiscounted cash flows, assuming unchanged currency and interest rates. The provision for earnout presented in the below table is partly settled in new issued Stillfront Group shares (158 MSEK with maturity 3–12 months and 485 MSEK with maturity 1–5 years).

CONTENT

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Cont. note 3.

MATURITY ANALYSIS OF CONTRACTUAL PAYMENTS FOR FINANCIAL LIABILITIES INCLUDING INTEREST

MSEK	0–3 months	3–12 months	1–5 years	>5 years
Bond Loans	46	139	2,774	–
Contingent consideration for shares in subsidiaries	–	661	1,666	–
Lease liabilities	13	26	57	–
Term Loan	10	30	735	–
Liabilities to credit institutions	14	87	2,173	–
Liabiltities to credit institutions (Overdraft facitlities)	1	27	–	–
Equity swap	–	19	–	–
FX currency swap	–14	–8	52	–
Accounts payable	170	–	–	–
Total	240	981	7,456	–

CAPITAL

The group's target for its capital structure is to safeguard the group's ability to continue its operations so that they can generate returns for shareholders and benefit other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or alter its capital structure, the group can alter dividends paid to shareholders, repurchase own shares, repay capital to shareholders, issue new shares, increase liabilities or sell assets to reduce liabilities. Capital is estimated based on the group's equity/ assets ratio. The company's board of directors and management continuously evaluate the group's long-term need for capital and finance alternatives. The bonds have no financial maintenance covenants, only financial incurrence covenants. The company has also arranged credit facilities with banks. Some of these facilities have maintenance covenants regarding leverage, all of which were satisfied during the year.

Fair value measurement

The following table illustrates financial instruments measured at fair value on the basis of classification in the fair value hierarchy. The different levels are defined as follows:

Level 1: Quoted prices of identical assets or liabilities on active marketplaces.

Level 2: Observable data for the asset or liability other than listed prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. sourced from price quotations).

Level 3: Data for the asset or liability not based on observable market data (i.e. non-observable data).

The following table illustrates changes in fair value adjustments for instruments in level 3:

MSEK	Level 1	Level 2	Level 3
Financial liabilities			
Contingent purchase price considerations			
Opening balance 1 January 2022			3,328
Acquisitions during the year			402
Settled during the year			–1,073
Other fair value changes (currency/interest)			372
Closing balance 31 December 2022			**3,027**
Acquisitions during the year			–
Settled during the year			–1,158
Other fair value changes (currency/interest)			174
Closing balance 31 December 2023			**2,043**

Additionally, there was at year-end a net liability for currency derivatives of 29 (83) MSEK, in Level 2.

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Note 4. Critical accounting estimates and judgements

Stillfront's financial statements are prepared in accordance with IFRS. This means that the preparation of financial statements and application of accounting policies are often based on estimates and assumptions considered reasonable and well-balanced at the time they are made. However, given other judgements, assumptions and estimates, results of operations may differ, and events may occur that require material fair value adjustments of the carrying amounts of the affected asset or liability. The critical areas where estimates and judgements have been made and are assessed to have the most impact on the financial statements, follow.

CAPITALIZATION AND IMPAIRMENT TESTS OF DEVELOPMENT EXPENDITURE

The timing of capitalization of development; the group's expenditure for game development is capitalized when games are sufficiently technologically specified to enable evaluation of their commercial potential. The judgement of commercial ability and returns is based on experience of previous games.

Incomplete development because the group's capitalized expenditure for development has not yet commenced amortization (as yet not ready for use) is subject to annual impairment tests. The most important underlying assumption of these estimates may alter, and accordingly, have a material impact on the group's results of operations and financial position. The carrying amount of capitalized development expenditure is stated in note 14.

IMPAIRMENT TESTS OF GOODWILL AND OTHER ACQUISITION-RELATED ASSETS

Each year, Stillfront investigates whether goodwill and other acquisition-related assets are impaired pursuant to the accounting policies stated in note 2. Measurement is conducted in tandem with impairment tests based on estimates and assumptions. The critical assumptions underlying these judgements are the growth rate, free cash flow and discount rate. Estimates other than those that management conducted may result in different results of operations and a different financial position. For more information see note 15.

DEFERRED TAXES, INCOME TAX AND VALUE ADDED TAX

Deferred tax assets and liabilities are recognized for temporary differences and for tax loss carry forwards. Stillfront's deferred tax assets are mainly attributable to tax loss carry forwards, deferred income and lease liabilities. The deferred tax liabilities are mainly attributable to games and capitalized development costs. The valuation of temporary differences and tax loss carry forwards is based on management's estimates of future taxable profits in different tax jurisdictions and is primarily based on business plans.

Tax assets that derive from tax loss carry forwards have been generated in loss-making subsidiaries. The tax losses have been assessed to be able to be utilized against future taxable income. New assessments are done on a regular basis based on the current es- timated future ability to utilize the deferred tax assets. Assessment regarding future utilization of tax loss carry forwards can change over time which can impact recorded tax expense in profit or loss. Carrying amounts at each reporting date are stated in note 11.

Accounting for income tax and value added tax is based upon evaluation of income and value added tax rules in all jurisdictions where the group performs activities. Management regularly assesses and discusses with the board of directors its judgements of transactions and estimates of probable outcomes in fiscal matters.

ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS)

The measurement of identifiable assets and liabilities in acquisitions of operations includes items in the acquired entity's balance sheet, and various types of items that have not been recognized in the acquired entity's balance sheet, such as intangible assets. Firstly, intangible assets that may have value need to be identified, such as game products, other technical processes and market-related assets, for example.

Normally, there are no quoted prices for the assets and liabilities to be measured, and accordingly, different measurement techniques must be applied. These techniques are based on differing assumptions such as future cash flows, growth rates for revenues, EBIT margins as well as tax rates and discount factors in different countries. Measurements of this kind involve a high degree of judgement, which needs thorough examination, measurement and analysis. This also means that preliminary measurement usually needs to be conducted, and subsequently restated. All acquisition measurements are subject to final fair value adjustments by no later than one year after the acquisition date. For more information on acquisitions, see note 13.

CONTINGENT CONSIDERATIONS (PROVISION FOR EARNOUTS)

For several business combinations, Stillfront has agreed on contingent considerations. These are continuously measured at fair value, and measurement is based on a number of judgements and assumptions. The critical assumptions underlying these judgements are stated in note 29. Estimates other than those made by management may result in different results of operations and financial position.

SUBSIDIARY'S OPERATIONS IN BANGLADESH

Stillfront evaluates since November 2022 a potential process to close the group's operations in Bangladesh, due to recent measures taken by Bangladeshi authorities including a new interpretation of what constitutes online gaming as opposed to online gambling under the laws of Bangladesh. The impact on consolidated revenues and earnings of such a decision would be non-material. Cash and bank balances in the group include 74 MSEK on bank accounts in Bangladesh. Other assets and liabilities in Bangladesh amount to insignificant amounts in the consolidated balance sheet. No impairment of the carrying values of cash and bank balances or other assets in Bangladesh is assessed to be necessary.

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Note 5. Revenues from clients

	GROUP	
MSEK	2023	2022
Net revenues		
Subscriptions and virtual goods	6,071	5,966
Advertising revenues	911	1,092
Total net revenues	**6,982**	**7,058**
Other operating revenues		
Exchange rate differences	8	9
Other	19	19
Total other operating revenues	**27**	**28**

Subscriptions and virtual goods consist mainly of "bookings" adjusted for deferred revenues. Bookings are derived from gamers in the geographical continents as follows: North America 42 percent, South America 3 percent, Europe 28 percent, Africa 1 percent, Asia 24 percent, and Oceania 2 percent. No individual customer represents more than 10 percent of net revenues.

Note 6. Revenues and non-current assets per country

NET REVENUES

	GROUP	
MSEK	2023	2022
Bulgaria	85	135
Croatia	362	370
United Arab Emirates	789	707
Malta	482	422
Romania	107	113
United Kingdom	24	19
Sweden	22	27
Germany	2,016	1,721
United States	2,186	2,562
India	363	374
Hong Kong	548	608
Total	**6,982**	**7,058**

NON-CURRENT ASSETS EXCLUDING DEFERRED TAX

	GROUP	
MSEK	31 Dec. 2023	31 Dec.2022
Bulgaria	265	282
Croatia	1,101	1,183
United Arab Emirates	3,452	3,699
Malta	61	57
Romania	29	41
United Kingdom	78	75
Sweden	1,177	1,173
Germany	2,999	3,056
United States	8,293	9,109
India	1,021	1,094
Jordan	16	13
Hong Kong	2,462	2,584
Total	**20,953**	**22,365**

The allocation of net revenues and non-current assets is based on the countries where the studio has its registered office.

Note 7. Audit fees and reimbursement

	GROUP	
MSEK	2023	2022
PwC		
Audit	12	11
Other audit	1	2
Tax advisory	0	0
Sub-total, PwC	**13**	**12**
Other audit firms		
Audit	1	1
Total	**14**	**13**

Auditing means fees for the statutory audit, i.e. work necessary for presenting an audit report, and audit consultancy provided in tandem with the audit. Other audit means fees for various types of quality-assurance service. 3 (3) MSEK of the audit fees relates to PwC Sweden.

CONTENT

Note 8.
Average number of employees, personnel expenses, pensions etc.

AVERAGE NO. OF EMPLOYEES, GROUP

	GROUP	
	2023	**2022**
Bangladesh		
Women	1	4
Men	10	33
Total	**11**	**37**
Bulgaria		
Women	26	32
Men	32	52
Total	**58**	**84**
Canada		
Women	9	14
Men	58	72
Total	**67**	**86**
China		
Women	16	19
Men	30	41
Total	**46**	**60**
Croatia		
Women	59	64
Men	53	57
Total	**112**	**121**
Germany		
Women	86	124
Men	223	282
Other	1	–
Total	**310**	**406**
United Kingdom		
Women	–	–
Men	1	2
Total	**1**	**2**
Hong Kong		
Women	12	14
Men	20	22
Total	**32**	**36**

	GROUP	
	2023	**2022**
India		
Women	22	27
Men	101	117
Total	**123**	**144**
Ireland		
Women	1	1
Men	–	–
Total	**1**	**1**
Japan		
Women	10	10
Men	12	12
Total	**22**	**22**
Jordan		
Women	53	51
Men	87	91
Total	**140**	**142**
Malta		
Women	10	8
Men	32	26
Total	**42**	**34**
Portugal		
Women	–	–
Men	2	1
Total	**2**	**1**
Romania		
Women	13	12
Men	10	15
Total	**23**	**27**
Singapore		
Women	9	7
Men	9	11
Total	**18**	**18**

	GROUP	
	2023	**2022**
Spain		
Women	5	4
Men	16	14
Total	**21**	**18**
Sweden		
Women	10	9
Men	18	36
Total	**28**	**46**
United Arab Emirate		
Women	3	4
Men	16	16
Total	**19**	**20**
Ukraine		
Women	2	2
Men	1	4
Total	**2**	**6**
United States		
Women	67	70
Men	102	135
Total	**169**	**205**
Vietnam		
Women	3	0
Men	12	2
Total	**15**	**2**
All countries		
Women	417	475
Men	844	1,041
Other	1	–
Total	**1,262**	**1,516**

Additionally, the group engages contractors who are included in the number of employees as reported in the interim reports.

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Cont. note 8.

GENDER DIVISION IN GROUP EXECUTIVE MANAGEMENT

	GROUP	
	2023	2022
Board members	6	6
of which men	3	3
President and other senior executives	8	8
of which men	5	5
Total	**14**	**14**
of which men	**8**	**8**

SALARIES AND OTHER BENEFITS, GROUP

MSEK	2023	2022
Total salaries and benefits	**941**	**972**
(Thereof boards of directors, Presidents and other senior executives)	36	47
Social security	97	91
Pensions	19	14
Total	**1,057**	**1,077**

REMUNERATION FOR GROUP EXECUTIVE MANAGEMENT

2023 (SEK 000)	CEO and President	Other senior executives	Total
Fixed salary	9,115	18,604	27,719
Variable remuneration	1,128	1,705	2,833
Cost for shared based benefits	3,380	9,248	12,628
Other benefits	0	41	41
Pension expenses	0	2,069	2,069
Total remuneration	**13,623**	**31,667**	**45,290**

2022 (SEK 000)	CEO and President	Other senior executives	Total
Fixed salary	7,734	19,778	27,512
Variable remuneration	0	65	65
Cost for shared based benefits	5,506	11,719	17,225
Pension expenses	1,193	1,633	2,826
Total remuneration	**14,433**	**33,195**	**47,628**

As of October 2022, the CEO is employed in a legal entity in Portugal and receives his remuneration in EUR currency. Fixed salary for 2022 in the table has been restated to be comparable with his new terms of employment.

FEES TO THE BOARD OF DIRECTORS

SEK 000	2023	2022
Jan Samuelson, Chair (up to June 2023)	371	853
Katarina Bonde , Chair (from June 2023)	618	318
Birgitta Henriksson	375	358
Erik Forsberg	550	533
Ulrika Viklund	300	283
Marcus Jacobs	335	196
David Nordberg (from June 2023)	175	–
Kai Wawrzinek (up to June 2022)	–	108
Total	**2,724**	**2,649**

At the annual general meeting in May 2023, Jan Samuelson resigned from the board, and David Nordberg was elected as a new board member.

THE GROUP'S PENSION PLANS

All the group's pension plans are defined contribution plans.

REMUNERATION TO THE BOARD OF DIRECTORS

Fees are payable to the Chair of the board and other board members in accordance with resolutions by shareholders' meetings.

REMUNERATION GUIDELINES FOR EXECUTIVE MANAGEMENT

The following remuneration guidelines for the CEO and other persons in the company's executive management for the period until the next annual general meeting were adopted on the AGM in May 2023.

These guidelines apply to remuneration and other terms of employment of the Chief Executive Officer (the "CEO") and other individuals of the executive management of Stillfront Group AB (publ), reg. no. 556721-3078 ("Stillfront" or the "Company").

The guidelines for executive remuneration as approved by the Annual General Meeting 2022 remain largely unchanged. However, clarifications have been made regarding, inter alia, criteria for variable remuneration.

Subject to what is set out in the next paragraph, these guidelines shall also apply in relation to a member of the board of directors of Stillfront who receives any remuneration from the Company and any reference herein to the "executive management" and/or an "executive" shall for such purposes be deemed to also include such board member.

These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2023.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Stillfront's business strategy is to be a leading free-to-play powerhouse, offering long-term first class digital entertainment through its global group of gaming studios. Organic growth and carefully selected and executed acquisitions embody Stillfront's growth strategy. For more information regarding the Company's business strategy, please see https://www.stillfront.com/en/about-the-company/.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The overall guidelines for remuneration to the Company's executive management shall be based on the position, the individual performance, the Company's earnings and that the remuneration shall be competitive.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration based on annual performance targets (bonus), extraordinary cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed salary

The fixed salary shall be based on the individual's experience, field of responsibility and related to the relevant market. Fixed salary shall be revised annually.

Variable cash remuneration

The satisfaction of criteria for awarding variable cash remuneration shall be measured annually. The variable cash remuneration for an executive manager may, as the main rule, correspond to not more than 50 percent (50%) of the fixed annual cash salary. However, the variable cash remuneration may correspond to up to 100 percent (100%) of the fixed annual cash salary of an executive manager if justified by remuneration structures or extraordinary arrangements in the individual case.

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Cont. note 8.

The variable cash remuneration shall be linked to predetermined and measurable criteria such as earnings, achievements in relation to the budget, the development of the Company's share price, fulfilled sustainability goals and personal performance. Thereby, the variable cash remuneration is linked to the Company's business strategy, long-term interests and sustainability.

The board of directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation in so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Extraordinary cash remuneration
Additional cash remuneration may be paid out in extraordinary circumstances, provided that such arrangement is of a one-off nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall be in line with market practice and may for example include a one-off cash payment, retention bonus or similar. Extraordinary remuneration shall not exceed the fixed annual cash salary and shall not be paid more than once a year per individual. Decisions regarding such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

Variable long-term incentive program (LTIP)
Long-term incentive programs have been implemented in the Company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The incentive programs include the executive management and other key individuals of the Company and its subsidiaries. The programs are conditional upon certain holding periods of several years. For more information regarding these programs, including the criteria which the outcome depends on, please see https://www.stillfront.com/en/remuneration/.

Pension benefits and other benefits
Pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent (30%) of the fixed annual cash salary.

Other benefits may include, for example, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits shall be limited and not exceed 5 percent (5%) of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

TERMINATION OF EMPLOYMENT
Members of the executive management shall be offered employment terms in accordance with the laws and practices applicable to the country in which the employee is employed. Employment agreements between the Company and members of the executive management generally apply until further notice. Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one (1) year for any executive. In the event of termination by the executive, the notice period may not exceed six (6) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies.

SALARY AND EMPLOYMENT CONDITIONS FOR EXECUTIVE MANAGEMENT
When evaluating whether these guidelines and the limitations set out herein are reasonable, the board of directors (including the remuneration committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES
The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' preparation of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

INFORMATION ON REMUNERATION RESOLVED BUT NOT YET DUE
There is no resolved remuneration that is not yet due.

DEROGATION FROM THE GUIDELINES
The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

There has been no deviation from the remuneration guidelines resolved by the annual general meeting 2023.

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Note 9. Financial income/other interest income, etc.

	GROUP	
MSEK	2023	2022
Financial income		
Interest income	74	8
Exchange gain	–	11
Change in fair value of contingent consideration	–	237
Total	**74**	**256**

Stillfront has liabilities for contingent considerations (earnouts). The earnout liability is calculated by discounting expected future payments at the weighted average cost of capital (WACC). Over time, the discounting effect is released over profit and loss split into interest cost (based on the marginal cost of debt) and earnout revaluations (corresponding to the risk premium, which is the difference between the WACC and the marginal cost of debt). Changes in fair value of contingent considerations (earnout revaluations) are the total of the impact of the risk premium and forecast revisions. Net earnout revaluations amounted to –150 (237) MSEK.

	GROUP	
MSEK	2023	2022
Changes in fair value of contingent consideration		
Risk premium	–212	–442
Forecast adjustments	62	678
Total	**–150**	**237**

Note 10. Financial expenses/other interest expenses, etc.

	GROUP	
MSEK	2023	2022
Financial expenses		
Interest expenses	–421	–240
Earnout interest	–80	–113
Changes in fair value of contingent consideration	–150	–
Other	–12	–
Exchange loss	–10	–
Total	**–672**	**–353**

Note 11. Taxes

	GROUP	
MSEK	2023	2022
Tax expense		
Current tax expense for the year	–288	–289
Adjustments of tax for previous years	20	–26
Deferred tax	125	109
Total tax expense	–143	–206
Profit or loss before tax	**156**	**753**
Reconciliation of effective tax		
Tax at applicable rate 20.6%	–32	–155
Effect of foreign tax rates	–35	–26
Non-deductible expenses [1]	–69	–53
Non-taxable revenues	0	49
Adjustment of tax for previous years	20	–2
Net effect of use of unrecognized loss carry-forwards for the year and previous years	2	1
Withholding tax on dividends	–29	–26
Other items	0	6
Total tax expense	**–143**	**–206**

1) Mainly pertaining to interest and revaluations of contingent considerations, non-deductible interest and non-deductible transaction costs.

DEFERRED TAX BALANCES

Deferred tax assets and liabilities are derived from the balance sheet items as shown in the table below.

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Intangible assets	–1,109	–1,267
Right-of-use assets	-7	-12
Deferred income	25	29
Lease liabilities	8	14
Loss carry-forwards	123	115
Other	52	69
Net deferred tax assets/liabilities	**–908**	**–1,052**
Deferred tax asset	21	75
Deferred tax liability	–929	–1,127

CHANGE IN NET DEFERRED TAX ASSETS/LIABILITIES

	GROUP	
MSEK	2023	2022
Opening balance, net	–1,052	–1,014
Recognized in net income	127	83
Recognized in other comprehensive income	7	119
Acquisitions/divestments of subsidiaries	4	–112
Translation difference	6	–128
Closing balance, net	**–908**	**–1,052**

Tax effects reported directly in Other comprehensive income amount to SEK 7 (119) million, and tax effects reported directly in equity amount to SEK 0 (7) million.

INTANGIBLE ASSETS

Deferred tax liabilities for intangible assets include temporary differences related to development expenses which are capitalized only

CONTENT

Cont. note 11.

for accounting purposes but not for tax purposes. The main part of the amount, however, is related to intangible assets such as capitalized development expenditures, game products and customer related assets that are recognized in the purchase price allocation following a business combination.

TAX LOSSES CARRIED FORWARD

Deferred tax assets are only recognized in countries and by amounts where the company expects to be able to generate in the foreseeable future sufficient taxable income to benefit from tax reductions. Tax losses carried forward exist primarily in Sweden and the United States, and can be utilized without time limitations. The amount includes deferred tax assets related to interest costs in Sweden that are not deductible in the current year, but are expected to be applied against future taxable profits.

OTHER

Other deferred tax assets include 47 (52) MSEK of R&D credits recognized in the United States which can be applied against future state and local tax. Additionally, 139 (121) MSEK of R&D credits exists, 21 (25) MSEK with a 20 year time limit and 118 (95) MSEK without time limit, but are not recognized as they are not expected to be applied offset against current tax in the foreseeable future.

GLOBAL MINIMUM CORPORATE INCOME TAX

In connection with the implementation of the OECD initiative “pillar two”, a global minimum corporate income tax rate of 15 percent applies from 2024 for groups with global revenues above EUR 750 million. Stillfront has companies for example in the United Arab Emirates, where the corporate income tax rate currently is below the 15 percent threshold, but did not have global revenues in 2023 above EUR 750 million. As a result, Stillfront is not subject to the global minimum income tax in 2024 but may become so in the future as a result of growing revenues.

Note 12. Earnings per share

Basic earnings per share is computed by dividing earnings attributable to equity holders of the parent company by a weighted average number of outstanding ordinary shares in the period. For diluted earnings per share, the amount used for computing basic earnings per share is restated by considering the effect of dividends and interest expenses on potential ordinary shares, and the weighted average of the additional ordinary shares that would be outstanding given conversion of all potential shares.

Share warrants only cause dilution if they result in an issue of ordinary shares at a price that is below the average price for the period. Additionally, potential shares only cause dilution if conversion of a number of potential ordinary shares results in lower earnings per share or a higher loss per share.

	GROUP	
	2023	2022
Number of shares outstanding at year-end	517,968,480	513,199,454
Weighted number of outstanding shares before dilution	512,191,294	483,877,769
Weighted number of outstanding shares after dilution	512,191,294	483,877,769
Profit for the year attributable to equity holders of the parent (MSEK)	**7**	**559**
Basic earnings per share (SEK)	0.01	1.15
Diluted earnings per share (SEK)	0.01	1.15

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Note 13. Acquisitions

MSEK, Purchase price	6waves
Cash and cash equivalents	1,740
New shares issued	147
Contingent consideration (earnout), see note 3 and note 21	389
Total purchase consideration	**2,277**
Fair value of acquired assets and assumed liabilities	
Intangible non-current assets	789
Property, plant and equipment	1
Current receivables excl cash and bank	107
Cash and cash equivalents	37
Deferred tax liabilities	–104
Current liabilities	–134
Total net assets acquired excluding goodwill	**696**
Goodwill	1,581
Total net assets acquired	**2,277**
Less	
Cash and cash equivalents	–37
Ordinary shares issued	–147
Provision for earnout	–389
Net cash outflow on acquisition of business	**1,703**
Percentage of shares and votes acquired (%)	100
Transaction costs	29
Consolidated since	1 Feb 2022
Net revenues for the year, before being consolidated by Stillfront	67
Adjusted EBITDA for the year, before being consolidated by Stillfront	18

ACQUISITION IN 2023

In december 2023, further shares were acquired in Simutronics Inc, leading to an increase in shareholding from 88,03 to 100 percent.

Cash outflows on acquisitions of business in 2023

(amounts in MSEK, including earnout payments for earlier made acquisitions) 68 for 6waves; 241 for Jawaker; 201 for Moonfrog; 21 for Superfree; 4 for Game Labs; 155 for Candywriter; 9 for OFM; 37 for Sandbox. Shareholding increase in minorities interests; 1 for Simutronics; 95 for Nanobit and 2 for Everguild.

ACQUISITION IN 2022

On January 19, 2022, Stillfront announced the acquisition of up to 100 percent of the shares and votes in Six Waves Inc. ("6waves"), a leading publisher of mobile free-to-play strategy games in Japan, for a total upfront consideration of USD 201 million on a cash and debt free basis. The sellers of 6waves were the founders, employees, and investors. Of the upfront consideration, approx. 92 percent was payable in cash, and approx. 8 percent was payable in a total of 2,913,857 newly issued shares in Stillfront. 6waves was consolidated into Stillfront's consolidated financial reporting from February 1, 2022. The purchase price allocation analysis is provided above, and was finalized since the previous Annual report for new assumptions regarding fair values of assets, liabilities and earnouts. It is finally being updated in the beginning of 2023. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

Increase in shareholding in minority interests

In March 2022, further shares were aquired in OFM Studios Germany, leading to an increase in shareholding from 51 to 100 percent.

In October 2022, further shares were aquired in Simutronics US, leading to an increase in shareholding from 55.06 to 88.03 percent.

Cash outflows on acquisitions of business in 2022

(amounts in MSEK, including earnout payments for earlier made acquisitions) 1,687 for 6waves; 344 for Jawaker; 168 for Moonfrog; 112 for Superfree; 8 for Game Labs; 208 for Storm8; 105 for Candywriter; 50 for OFM; 31 for Sandbox (shareholding increase in minorities interests); 10 for Imperia.

CONTENT

Note 14.
Intangible assets

	Capitalized development expenditure		Game products		Licenses, market and customer related assets		Goodwill		Total	
GROUP, MSEK	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Opening accumulated acquisition cost	3,129	1,899	1,531	1,361	5,544	4,122	16,043	12,752	26,248	20,134
Acquisition of companies	–	–	–	–	–	789	12	1,603	12	2,392
Internal development in the year	793	989	–	–	10	8	–	–	803	997
Disposals during the year	-	-2	-2	–	-41	-2	–	–	-43	-5
Reclassifications during the year	–	6	-44	–	0	-6	–	–	-44	0
Translation differences	–92	238	–41	170	–174	635	–460	1,688	–767	2,730
Divestment of subsidiaries	**–3**	–	–	–	**–10**	–	–	–	**–14**	–
Closing accumulated acquisition cost	**3,827**	**3,129**	**1,444**	**1,531**	**5,330**	**5,544**	**15,595**	**16,043**	**26,195**	**26,248**
Opening accumulated amortisation	–1,633	–876	–483	–273	–1,940	–988	–	–	–4,055	–2,138
Amortization for the year	–686	–645	–178	–170	–719	–808	–	–	–1,583	–1,623
Disposals during the year	–	2	1	-0	40	2	–	–	42	5
Reclassifications during the year	–	-4	44	0	-0	4	–	–	44	-0
Translation differences	58	–110	19	–40	91	–150	–	–	168	–299
Divestment of subsidiaries	1	–	–	–	10	–	–	–	11	–
Closing accumulated amortization	**–2,260**	**–1,633**	**–597**	**–483**	**–2,517**	**–1,940**	**–**	**–**	**–5,374**	**–4,055**
Closing carrying amount	**1,567**	**1,496**	**847**	**1,048**	**2,813**	**3,605**	**15,595**	**16,043**	**20,822**	**22,192**

The remaining economic life for intangible assets is reviewed annually which in 2022 resulted in comparison disturbing amortization recorded in the amount of –176 MSEK.

Note 15.
Impairment test

GOODWILL IMPAIRMENT TEST

Goodwill is monitored by management and tested for impairment within the cash-generating unit. The recoverable amount is based on value in use, which is the present value of the expected future cash flows without regard to potential future expansions of operations and restructuring. When testing for impairment, the assets are grouped in cash-generating units. Stillfront has determined that all its operations are defined as being one single cash-generating unit.

Net operating assets in the cash-generating unit, including goodwill with a carrying value of 15,595 (16,043) MSEK, have been tested for impairment in connection with closing the annual accounts.

Important factors for the test were estimated cash flows for the five coming years, estimated growth after the forecast period of 2 (2) percent per year and a discount rate corresponding to the weighted average cost of capital (WACC) before tax of 8.7 (8.2) percent or after tax of 8.1 (7.8) percent. The Board and management have defined assumptions on revenue growth in years 2–5 of 4 (5) percent per year which are based on the company's internal budget and forecasts, and comparisons against external market research (from e g NewZoo) on expected industry market growth. The forecasts include assumptions on margin improvements during the five-year period in line with the company's financial targets, which are supported by concrete action plans.

A sensitivity analysis reveals that there is no impairment even if the annual perpetual growth is assumed to be 1 (0) percent or if the discount rate is assumed to be 9.0 (10.0) percent.

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GROUP

Note 16. Leasing and right-of-use assets

BALANCE SHEET ITEMS REFERRING TO LEASING

	GROUP	
MSEK	**31 Dec. 2023**	**31 Dec. 2022**
Buildings	51	95
Others	9	6
Total right-of-use assets	**60**	**101**
Lease liabilities		
Current	33	44
Non-current	34	62
Total lease liabilities	**67**	**106**
Additions to the right-of-use assets during the financial year were	11	43

DEPRECIATION OF RIGHT-OF-USE ASSETS CHARGED TO PROFIT AND LOSS

	GROUP	
MSEK	**2023**	**2022**
Depreciation charge of right-of-use assets		
Buildings	–48	–51
Others	–3	–2
Total	**–50**	**–53**
Other information about leasing contracts		
Interest expense (included in financial expenses)	–5	–5
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	–6	–4
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	–1	–1
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	–12	–10
The total cash outflow for leases in the year was	–74	–72

Note 17. Equipment, tools, fixtures and fittings

	GROUP	
MSEK	**2023**	**2022**
Opening accumulated acquisition cost	105	71
Acquisition of companies	–	1
New acquisitions	28	36
Disposals	–57	–14
Reclassifications during the year	8	–0
Translation difference	–3	11
Closing accumulated acquisition cost	**81**	**105**
Opening accumulated depreciation	–49	–37
Depreciation	–24	–19
Disposals	56	14
Reclassifications during the year	–8	0
Translation differences	1	–7
Closing accumulated depreciation	**–25**	**–49**
Total closing carrying amount	**56**	**56**

Note 18. Accounts receivable

	GROUP	
MSEK	**31 Dec. 2023**	**31 Dec. 2022**
Accounts receivable		
Accounts receivable gross	520	474
Provision for doubtful receivables	–2	–2
Accounts receivable, net	**519**	**472**
Accounts receivable not due	459	416
Accounts receivable, overdue with no reserve		
Overdue by 0–3 mth.	53	53
Overdue by 3–6 mth.	1	1
Overdue by 6–12 mth.	1	0
Overdue by >12 mth.	4	3
Total remaining maturity as of 31 December	**519**	**472**

As of 31 December 2023, accounts receivable amounted to 519 (472) MSEK of which 459 (416) MSEK were not overdue. Expected credit losses are insignificant. Based on credit history, these amounts are expected to be received on their due date. The group has not sold any of these receivables using a factoring solution. Information on the credit risk policy for accounts receivable and contract assets is in notes 2 and 3.

Note 19. Prepaid expenses and accrued income

	GROUP	
MSEK	**31 Dec. 2023**	**31 Dec. 2022**
Other prepaid expenses	70	57
Contract assets (accrued income)	61	67
Total	**132**	**124**

Contract assets (accrued income) are royalties and other revenues earned in the year but not yet invoiced or received before year-end.

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Note 20. Shareholders' equity

OTHER COMPREHENSIVE INCOME

Other comprehensive income consists of currency translation effects on the translation of foreign subsidiaries, and currency from foreign currency loans to hedge net investments, i.e. subsidiaries' net assets.

EQUITY

Group

Share capital
Holders of ordinary shares are entitled to dividends resolved in arrears, and the shareholding confers voting rights at shareholders' meetings, at one vote per share. All shares carry the same entitlement to the group's remaining net assets.

Other paid-up capital
Other paid-up capital wholly consists of amounts paid in share issues over and above the quotient value of issued shares.

Other reserves
Other reserves wholly consist of currency translation effects on the translation of foreign subsidiaries and currency from foreign currency loans for hedging net investments, i.e. subsidiaries' net assets.

Retained earnings including profit for the year
Retained earnings including profit for the year consists of accrued earnings in the parent company and its subsidiaries.

Dividend
No dividend will be proposed at the AGM 2024.

	PARENT COMPANY	
MSEK	**2023**	**2022**
Share capital	36	36
Change in number of shares:		
Opening balance	**513,199,454**	**387,134,079**
New share issue, 15 June 2023 (earnouts)	4,769,026	–
New share issue, 31 January 2022	–	2,913,857
Rights issue, 22 March 2022	–	115,726,752
Rights issue, 25 March 2022	–	1,287,627
New share issue, (earn-outs 2021), 6 July 2022	–	4,130,895
New share issue, (earn-outs 2021), 20 September 2022	–	1,972,152
New shares issue, (earn-outs 2021), 30 December 2022	–	34,092
Closing balance	**517,968,480**	**513,199,454**

In 2023, Stillfront repurchased 13,441,510 (0) own shares which were subsequently used in the year to settle earnout liabilities of 270 (0) MSEK. The parent company's ordinary shares have a quotient value of SEK 0.07 per share. Each share carries one vote.

Restricted equity
Restricted equity may not be reduced by the distribution of profits.

Share premium reserve
The share premium reserve wholly consists of amounts paid in share issues over and above the quotient value of issued shares and comprises non-restricted equity.

Accumulated profit or loss
Consists of the previous year's non-restricted equity after any dividends are paid. Comprises total non-restricted equity with the share premium reserve and profit for the year.

CAPITAL MANAGEMENT

Equity comprises shareholders' equity attributable to parent company shareholders and non-controlling interests. There are no external capital requirements other than those that follow from the Swedish Companies Act.

The capital structure is measured by monitoring the key performance indicator Leverage ratio, defined as net interest-bearing debt including cash earnout payments in the next twelve months, in relation to the last twelve month's Adjusted EBITDA pro forma.It is one of the financial targets of the company for the Leverage ratio to remain below 2.0, but Stillfront may, under certain circumstances, choose to exceed this level during shorter time periods. The key figure is calculated in note 30.

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 in 2024.

CONTENT

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Note 21. Interest-bearing liabilities

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Contingent considerations for shares	2,043	3,027
Bond loans	2,488	2,496
Liabilities to credit institutions	1,693	1,471
Term loan	666	668
Overdraft facility	27	79
Leasing liabilities	67	106
Other interest-bearing liabilities	19	20
Total	**7,003**	**7,865**
Movement in the year		
Opening balance	7,865	8,194
Cashflows		
Proceeds from borrowings	992	653
Repayment of loans	-1,000	–801
Net change in revolving credit facility	262	–217
Net change in overdraft facility	–52	79
Contingent considerations paid out in cash	–822	–811
Payment of lease liabilities	–52	–53
Non cash changes		
New/changed IFRS16 lease liabilities	47	54
Contingent consideration new acquis-tions	–	402
Contingent considerations interest	80	113
Contingent considerations settled	–336	–262
Contingent considerations revaluation	150	–237
Accrual	–	0
Equity swap	–	–
Translation differences	–131	750
Closing balance	**7,003**	**7,865**

MATURITY STRUCTURE

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Contingent considerations		
Repayment within 2–5 yr.	1,392	1,956
Repayment after more than 5 yr.	–	–
Non-current liability	**1,392**	**1,956**
Current liability	**651**	**1,071**
Total Contingent considerations	**2,043**	**3,027**
Bond loans		
Repayment within 2–5 yr.	2,488	2,496
Repayment after more than 5 yr.	–	–
Non-current liability	**2,488**	**2,496**
Current liability	**–**	**–**
Total bond loans	**2,488**	**2,496**
Term Loans		
Repayment within 2–5 yr.	666	668
Non-current liability	**666**	**668**
Liabilities to credit institutions		
Repayment within 2–5 yr.	1,693	1,471
Repayment after more than 5 yr.	–	–
Non-current liability	**1,693**	**1,471**
Current liability (overdraft facilties)	**27**	**79**
Total liabilities to credit institutions	**1,720**	**1,550**
Other non-current liabilities and non-current lease liabilities		
Repayment within 2–5 yr.	34	57
Repayment after more than 5 yr.	–	4
Non-current liability	**34**	**61**
Current liability	**33**	**63**
Total other non-current liabilities and non-current lease liabilities	**67**	**124**

REVOLVING CREDIT FACILITY

The group has a revolving credit facility of 3,750 MSEK at competitive market terms, maturing in December 2025. As of December 31, 2023, 1,693 (1,471) MSEK had been utilized. Utilizations and repayments during the year are presented as a net (net change in overdraft and revolving credit facility).

The group has unutilized credit facilities as of the closing date of SEK 2,432 (2,401) MSEK including remaining overdraft facility.

BOND LOANS

The group and the parent company have two outstanding bond loans with an aggregate liability recognized as of 31 December 2023 of 2,488 (2,496) MSEK: Bond 2023/2027 of 1,000 MSEK matures in September 2027 and has an interest rate corresponding to STIBOR 3 months+3.95 percent. The market value of the bond as of the closing date was 1,005 (-)MSEK. Bond 2021/2025 of 1,500 MSEK matures in May 2025 and has an interest corresponding to STIBOR 3 months+2.75 percent. The market value of the bond as of the closing date was 1,492 (1,414) MSEK. The bond terms include change of control clauses implying that holders of the bond loans are entitled to demand redemption of the loans in the event of any party taking control of 50 percent of the votes or capital of Stillfront Group. The group exercised its right to make a voluntary early redemption of Bond 2019/2024 of 1,000 MSEK in September 2023, in conjunction with the Bond 2023/2027.

TERM LOAN

Stillfront entered into an unsecured term loan facility agreement of EUR 60 million with Swedish Export Credit Corporation (SEK) in September 2022 and utilized it in October 2022. The term loan facility agreement matures in September 2026.

CONTINGENT CONSIDERATION (EARNOUT PROVISIONS)

Stillfront has contingent considerations from acquisitions. These contingent considerations are settled in cash and shares in Stillfront, where the number of shares transferred on settlement of the contingent consideration is based on an amount in SEK, as stipulated in the terms and conditions for computing the contingent consideration. The value of the earnouts for the 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. At year end ten studios had an expected earnout payout. Earnouts to be settled relate to performance based on the years 2023 to 2026, of which the last payout is due in 2027. Contingent considerations are classified as financial liabilities, which in turn, are classified as current if they are to be settled within 12 months of the reporting date. Liabilities are measured at fair value and value changes are recognized in financial items in the Income Statement.

Note 22. Provisions

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Opening balance	89	25
Provision in the year	6	18
Acquisition of companies	0	170
Settled in the year	–8	–123
Reversed provision	–	–1
Reclassifications	–	–3
Translation difference	2	2
Closing balance, other provisions	**88**	**89**
Whereof current provisions	**31**	**31**

Other provisions are mainly for compensation on termination of premises and staff.

Note 23. Other current liabilities

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Contingent considerations	651	1,071
Other provisions	24	31
Current lease liabilities	33	44
Equity swap	19	20
VAT payable	71	65
Employee withholding taxes	8	10
Social security contributions	7	4
Other short term liabilities	37	43
Total	**850**	**1,286**

Note 24. Accrued expenses and deferred income

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Accrued personnel expenses	88	103
Other accrued expenses	198	225
Deferred income (contract liability)	96	91
Total	**382**	**419**

Note 25. Pledged assets, contingent liabilities, acquisition commitments and contingent assets

	GROUP	
MSEK	31 Dec. 2023	31 Dec. 2022
Collateral for liabilities to credit institutions		
Corporate mortgages	0	0
Pledged shares in subsidiaries	0	0
Total	**0**	**0**
Contingent liabilities	**None**	**None**
Acquisition commitments	**None**	**None**
Contingent assets	**None**	**None**

Note 26. Cash flow

NON-CASH ITEMS

	GROUP	
MSEK	2023	2022
Depreciation and amortization	1,660	1,696
Change in fair value of contingent consideration	150	–237
Interest on contingent consideration	80	113
Unrealised exchange rate differences	–37	29
Other items	87	40
	1,940	**1,640**

INFORMATION ABOUT INTEREST AND DIVIDEND

	GROUP	
MSEK	2023	2022
Interest paid during the year	–351	–208

No dividend has been received during 2022 or 2023.

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Note 27. Financial assets and liabilities

The fair value of financial assets and liabilities is stated in the following table. See also note 3 Financial risk management. The group has bond loans, credit facilities, overdraft facilities and contingent considerations as stated in note 21. Bond loans are reported in the statement of financial position at amortised cost but have a different fair value as disclosed below, as they have quoted prices on an exchange. The group also has an equity swap which is accounted for at amortised cost which may differ from its fair value. Other receivables and other liabilities include currency derivatives carried at fair value. The bond loans are classified as level 1 in the fair value hierarchy, the equity swaps and the currency derivatives as level 2. The contingent considerations are classified as level 3 in the fair value hierarchy.

	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss	
GROUP, MSEK	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2023**	**31 Dec. 2022**
Financial assets								
Accounts receivable	519	472						
Other receivables (level 2 for currency derivatives)	86	79	23	–				
Accrued income	54	14						
Cash and cash equivalents	807	989						
Total	**1,466**	**1,554**	**23**	**–**				
Financial liabilities								
Bond loans (level 1)					2,497	2,415		
Liabilities to credit institutions					1,720	1,549		
Term loan					666	668		
Other non-current liabilities (level 2 for currency derivatives)					34	62	52	72
Contingent consideration, long portion (level 3)							1,392	1,956
Contingent consideration, short portion (level 3)							651	1,071
Accounts payable					170	151		
Equity swap (level 2)					19	20		
Other liabilities (level 2 for currency derivatives)					69	88	0	11
Accrued expenses					286	328		
Total					**5,461**	**5,281**	**2,095**	**3,110**

Cash and cash equivalents as of 31 December 2023 included 74 MSEK on bank accounts in Bangladesh, where certain officers of the group entity that is the account holder are subject to an investigation by the authorities.

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Note 28. Transactions with related parties

Purchase and sales transactions with related parties are on market terms. Transactions between the parent company and subsidiaries are service and management fees. Salaries and benefits to senior executives are reported in note 8. There are no purchases of goods and services from related parties.

Note 29. Significant events after the end of the year

In February 2024, Stillfront announced that its targets for reducing greenhouse gas emissions, that were submitted for validation in June 2023, had been validated by the Science Based Targets initiative (SBTi) as aligned with the Paris Agreement.

In March 2024 it was announced that the arbitrator had decided in favor of Stillfront in the arbitration process with certain sellers of Kixeye Inc. and had ruled that Stillfront is not liable for any earnout payments to the Kixeye sellers.

In March 2024, Stillfront issued senior unsecured bonds of 1,000 MSEK and announced the results of a tender offer to the holders of the 2021/2025 bond of 1,500 MSEK. The new bonds carry a floating interest of 3m Stibor+3.65 percent and will mature in September 2028.

Note 30. Reconciliation of key performance measures

ITEMS AFFECTING COMPARABILITY

	GROUP	
MSEK	**2023**	**2022**
Revenue		
Refund purchase price for shares	–	–
Total IAC Revenues affecting EBIT	**–**	**–**
Costs		
Transaction costs	–0	–14
Long term incentive programs	–24	–26
Comparison-disturbing amortization of product development	–	–176
Restructuring costs	–44	–9
Other costs	–28	–0
Total IAC Costs affecting EBIT	**–96**	**–226**
Total IAC affecting Operating income	**–96**	**–226**
Financial income and expenses		
Revaluation of earnouts	–150	237
Other costs	–10	–
Total IAC in net financial items	**–160**	**237**

ALTERNATIVE PERFORMANCE MEASURES

	GROUP	
MSEK	**2023**	**2022**
Net revenue	6,982	7,058
Direct costs	–1,537	–1,675
Gross profit	**5,445**	**5,384**
Operating profit (EBIT)	754	850
Amortization of PPA items	846	929
Other amortization and depreciation	813	590
Comparison disturbing amortizations	–	176
EBITDA	**2,413**	**2,545**
Operating profit (EBIT)	754	850
Items affecting comparability	96	226
Amortization of PPA items	846	929
Other amortizations and deprecation	813	590
Adjusted EBITDA	**2,510**	**2,595**
Capitalization of product development	–805	–996
Adjusted EBITDAC	**1,705**	**1,599**

	GROUP	
	2023	**2022**
In relation to net revenue		
Gross profit margin, %	*78*	*76*
EBITDA margin, %	*35*	*36*
Adjusted EBITDA margin, %	*36*	*37*
Adjusted EBITDAC margin, %	*24*	*23*

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Cont. note 30

	GROUP	
MSEK	**2023**	**2022**
Adjusted EBITDA	2,510	2,595
Divided by		
Net financial items	598	97
Total IAC affecting financial items	–160	237
Interest on earn-out consideration	–80	–113
Adjusted interest coverage ratio, x	**7.0**	**11,7**
Bond loans	2,488	2,496
Liabilities to credit institutions	1,720	1,549
Term loan	666	668
Equity swap	19	20
Currency derivatives	29	83
Cash and cash equivalents	–807	–989
Total net debt	**4,115**	**3,826**
Cash earnout next 12 months	496	748
Total net debt incl cash earnout next 12 months	**4,611**	**4,575**
Divided by		
Adjusted EBITDA	2,510	2,595
Adjusted leverage ratio	**1.64**	**1.47**
Adjusted leverage ratio incl earnout next 12 months	**1.84**	**1.76**
Cash flow from operations	1,690	2,028
Cash outflow lease agreements	–52	–57
Purchase of intangible assets	–805	–996
Free cash flow	**833**	**974**
Divided by		
EBITDA	2,413	2,545
Cash conversion rate	**0.35**	**0.38**

Net revenue growth	**2023**	**2022**
Change through acquisitions, %	0.7	20.0
Change through currency movements, %	5.0	11.1
Organic growth, %	–5.9	–1.4
Other, %	–0.9	–0.3
Total net revenue growth, %	**–1.1**	**29.4**

PRO FORMA MEASURES

MSEK	**2023**	**2022**
Adjusted EBITDA	2,510	2,595
Including		
EBITDA, Acquired companies	-	18
Adjusted EBITDA, pro forma	**2,510**	**2,612**
Divided by		
Net financial items	598	97
Total IAC affecting financial items	–160	237
Interest on earn-out consideration	–80	–113
Adjusted interest coverage ratio, pro forma	**7.0**	**11.8**
Net debt	4,115	3,826
Cash earnout next 12 months	496	748
Total net debt incl cash earnout next 12 months	4,611	4,574
Divided by		
Adjusted EBITDA, pro forma	2,510	2,612
Adjusted leverage ratio, pro forma	**1.64**	**1.46**
Adjusted leverage ratio, pro forma incl cash earnout next 12 months	**1.84**	**1.75**

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Note M1. Critical accounting policies

PARENT COMPANY ACCOUNTING POLICIES

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that as far as possible, the parent company applies all IFRS as endorsed by the EU within the auspices of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation. The annual accounts have been prepared in accordance with the cost method. Differences between the parent company's and the group's accounting policies are reviewed below.

PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries are recognized according to the cost method, which means that participations are recognized at cost less potential impairment in the Balance Sheet. Cost includes acquisition-related expenses. When there is an indication of value impairment of participations in subsidiaries, recoverable amount is measured. If this is less than carrying amount, impairment is taken. Impairment is recognized in the "profit/loss from participations in group companies" item. Dividends from subsidiaries are recognized as dividend income.

DEFERRED TAX

Amounts provisioned to untaxed reserves are taxable temporary differences. However, due to the relationship between accounting and taxation, legal entities account the deferred tax liability on untaxed reserves as part of untaxed reserves. Appropriations in the Income Statement are also recognized including deferred tax.

ACCOUNTING OF GROUP CONTRIBUTIONS

Group contributions are accounted pursuant to the alternative rule of RFR 2, which means that group contributions made and received are recognized as appropriations in the Income Statement.

HEDGE ACCOUNTING

The parent company does not apply hedge accounting. Those currency exchange differences which are in the consolidated accounts reported within other comprehensive income are reported in the Income Statement of the legal entity.

LEASES

The parent company applies the exemption from application of IFRS 16 Leases. Leasing costs are charged to profit and do not impact the balance sheet. Lease payments are recognized on a straightline basis over the term of the lease.

FORMAT OF INCOME STATEMENT AND BALANCE SHEET

The Income Statement and Balance Sheet are consistent with the formats stipulated by the Swedish Annual Accounts Act. The Statement of Changes in Equity is consistent with the group's format but should contain those components stated in the Swedish Annual Accounts Act. Additionally, differences in designation compared to the consolidated accounts are mainly for financial income, financial expenses and equity.

PROVISION FOR EARNOUT/CONTINGENT CONSIDERATIONS

In the parent company, provision for earnout/contingent consideration is recognized as part of the acquisition value if it is probable that they will fall out. If, in subsequent periods, it becomes apparent that the initial assessment needs to be revised, the acquisition value is adjusted under provision. In the group the corresponding item is recognized as a financial liability at fair value. A change in the provision is recognized in the parent company in participations in subsidiaries or group receivables, exchange gains and losses and interest.

Note M2. Audit fees and reimbursement

	PARENT COMPANY	
MSEK	2023	2022
PwC		
Audit	3	3
Other auditing	–	0
Tax advisory	0	0
Total	**3**	**3**

Auditing means fees for the statutory audit, i.e. work necessary for presenting an audit report, and audit consultancy provided in tandem with the audit. Other auditing means fees for various types of quality-assurance service. Other means anything not included in auditing, other auditing or tax consultancy. 3 (3) MSEK of the audit fees relates to PwC Sweden.

Note M3. Average number of employees, personnel expenses, pensions etc

AVERAGE NO. OF EMPLOYEES, PARENT COMPANY

	PARENT COMPANY	
	2023	2022
Stockholm, Sweden		
Women	11	9
Men	17	17
Total	**28**	**26**

SALARIES AND OTHER BENEFITS, PARENT COMPANY

MSEK	2023	2022
Boards of directors, Presidents and senior executives	15	26
Other employees	21	20
Total	**36**	**46**
Social security	10	10
Pensions	5	6
Total	**51**	**62**

The tables refer to employees on the payroll of the parent company.

CONTENT

Note M4.
Financial income/other interest income, etc

	PARENT COMPANY	
MSEK	2023	2022
Financial income		
Dividends	1,241	676
Interest income	91	47
Exchange gain	83	–
Other financial income	3	–
Total	**1,418**	**723**

Note M5.
Financial expenses/other interest expenses, etc

	PARENT COMPANY	
MSEK	2023	2022
Financial expenses		
Interest expenses	–472	–309
Exchange loss	–	–782
Other financial expenses	–9	–85
Total	**–481**	**–1,176**

Note M6.
Taxes

	PARENT COMPANY	
MSEK	2023	2022
Tax expense		
Current tax expense	–29	–2
Deferred tax	–54	62
Total tax expense	**–83**	**60**
Profit or loss before tax	**826**	**–230**
Reconciliation of effective tax		
Tax at applicable rate 20.6%	–170	47
Non-deductible expenses	–54	–57
Tax-free income	256	139
Foreign withholding tax	–26	–2
Controlled foreign taxation of non-domestic subsidiary	–89	–67
Total tax expense	**–83**	**60**

	PARENT COMPANY	
Deferred tax assets and liabilities	2023	2022
Loss carry-forwards	15	60
Financial instruments	6	15
Total	**21**	**75**

	PARENT COMPANY	
Change in net deferred tax assets	2023	2022
Opening balance, net	75	5
Recognized in net income	–54	62
Recognized in equity	–	7
Closing balance, net	**21**	**75**

There was no tax effect reported directly in Other comprehensive income. Tax effects reported directly in equity amounted to 0 (7) MSEK.

Note M7.
Intangible assets

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Opening accumulated cost	24	11
Other external acquisitions	14	15
Disposals of the year	–	–2
Closing accumulated cost	**39**	**24**
Opening accumulated amortisation	–8	–8
Amortization for the year	–4	–3
Disposals of the year	–	2
Closing accumulated amortization	**–12**	**–8**
Closing carrying amount	**26**	**16**

Note M8.
Participations in group companies

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Opening carrying amount	18,479	16,158
Acquisition of subsidiaries	404	2,321
Closing carrying amount	**18,884**	**18,479**

SPECIFICATION OF PARENT COMPANY HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

The parent company Stillfront Group AB holds 100 percent of the shares in Stillfront Midco AB, Todavia AB, Stillfront NA Holdco inc. Jawaker FZ LLC., Everguild Ltd, Game Development Ukraine LLC, Six Waves Inc., Stillfront Portugal UNIPESSOAL LDA and Nanobit d.o.o. as well as 98 percent of the shares in Moonfrog Labs private Ltd.Stillfront Midco AB and Stillfront NA Holdco own directly or indirectly the Studios listed below. Unless otherwise stated, they have share capital consisting of ordinary shares only that are held directly by the group, and participation in equity is equal to share of the vote.

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STILLFRONT GROUP

Cont. note M8

Name	Country	Reg. office	Corp. ID no.	Participating interest, %	Main activity	Book value, 31 Dec. 2023	Book value, 31 Dec. 2022
Todavia AB	Sweden	Stockholm	559100-2893	100	Owning and managing securities	1	1
Everguild Ltd	Great Britain	London	09334050	100	Developing and publishing online games	24	32
- Everguild Spain S.L.U	Spain	Madrid	M-708852	100	Developing and publishing online games		
Nanobit d.o.o	Croatia	Zagreb	80640383	100 (78)	Developing and publishing online games	1,104	969
- Nanobit games Ltd	Great Britain	London	11572354	100	Developing and publishing online games		
Stillfront Midco AB	Sweden	Stockholm	559110-4053	100	Owning and managing securities	3,502	3,502
- Stillfront Germany GmbH (Altigi GmbH)	Germany	Hamburg	HRB 99869	100	Owning and managing securities, developing and publishing online games		
- OFM studios GmbH	Germany	Cologne	HRB 145244	100 (51)	Developing and publishing online games		
- Playa Games GmbH	Germany	Hamburg	HRB 109725	100	Developing and publishing online games		
- Sandbox Interactive GmbH	Germany	Berlin	HRB141903B	100	Developing and publishing online games		
- Bytro Labs GmbH	Germany	Hamburg	HRB 118884	100	Developing and publishing online games		
- Babil Games LLC	UAE	Dubai	2987/2012 FCZ	100	Publishing mobile games		
- Babil Games Jordan Branch	Jordan	Amman	2740	100	Developing mobile games		
- Imperia Online JSC	Bulgaria	Sofia	205098993	100	Developing and publishing online games		
- Stillfront Online Games AB	Sweden	Stockholm	556721-9430	80	Developing and publishing online games		
- Dorado Games Holdings Ltd	Malta	Malta	C64760	100	Developing and publishing online games		
- DOG Productions Ltd	Malta	Malta	C55850	100	Developing and publishing online games		
- Coldwood Interactive AB	Sweden	Stockholm	556641-6532	100	Developing and publishing online games		
- eRepublik Labs. Ltd	Ireland	Dublin	462101	100	Developing and publishing online games		
- ERPK Labs SRL	Romania	Bucharest	J40/6415/2009	100	Developing and publishing online games		
Stillfront NA Holdco, Inc	US	Wilmington	7805241	100	Holding company	7,496	7,538
- Simutronics Corp	US	Maryland Heights	311296	100 (88.03)	Developing and publishing online games		
- Kixeye LLC.	US	Wilmington	935057-91	100	Developing and publishing online games		
- Kixeye Canada Ltd.	Canada	Vancouver	BC0952509 (CRA 846529931)	100	Developing and publishing online games		
- KIXEYE Australia PTY LTD	Australia	Benowa	157747870	100	Developing and publishing online games		
- MachineCell PTY Ltd.	Australia	Benowa	616523329	100	Developing and publishing online games		
- Super Happy Fine Time LLC	US	Wilmington	5947380	100	Developing and publishing online games		
- Super Happy Fun Time VN Co LTD	Vietnam	Ho Chi Minh City	314465736	100	Developing and publishing online games		
- Godzilab, LLC.	US	Redondo Beach	C3119998	100	Developing and publishing online games		
- C1 Acquisition Holdings, Inc	US	Wilmington	7942009	100	Developing and publishing online games		
- Candywriter LLC	US	Miami	7617501	100	Developing and publishing online games		
- Groom Lake Development, LLC	US	Wilmington	7617509	100	Developing and publishing online games		
- Adult Coloring Book Apps, LLC	US	Wilmington	7611302	100	Developing and publishing online games		
- Storm 8 LLC	US	Wilmington	4712338	100	Developing and publishing online games		
- Storm 8 Studios LLC	US	Wilmington	5681701	100	Developing and publishing online games		
- Storm 8 LLC	US	Sacramento	200907610226	100	Developing and publishing online games		
- FireMocha LLC	US	Wilmington	201112010353	100	Developing and publishing online games		

Cont. note M8

Name	Country	Reg. office	Corp. ID no.	Participating interest, %	Main activity	Book value, 31 Dec. 2023	Book value, 31 Dec. 2022
- IceMochi LLC	US	Wilmington	201120810180	100	Developing and publishing online games		
- Shark Party LLC	US	Wilmington	201111910254	100	Developing and publishing online games		
- TamLava LLC	US	Wilmington	200932910077	100	Developing and publishing online games		
- Gale Games LLC	US	Wilmington	5581347	100	Developing and publishing online games		
- Loop Interactive LLC	US	Wilmington	5381218	100	Developing and publishing online games		
- PalMe, LLC	US	Wilmington	5304488	100	Developing and publishing online games		
- Squall Games LLC	US	Wilmington	5304495	100	Developing and publishing online games		
- Storm8 Studios LLC	US	Wilmington	5681701	100	Developing and publishing online games		
- Superfree Games Inc.	US	Wilmington	4391799	100	Developing and publishing online games		
- Super Free Games LLC	US	San Francisco	201721210175	100	Developing and publishing online games		
- Matcha Sauce LLC	US	San Francisco	201728910428	100	Developing and publishing online games		
- Super Nutty Games LLC	US	San Francisco	201728910430	100	Developing and publishing online games		
- Red Mustache Apps LLC	US	San Francisco	201729610299	100	Developing and publishing online games		
- Twisted Bamboo LLC	US	San Francisco	201729610319	100	Developing and publishing online games		
- Super Free Games Pte. Ltd.	Singapore	Singapore	201314929M	100	Developing and publishing online games		
- My Daily Bread LLC	US	San Francisco	202250310558	100	Developing and publishing online games		
- Gamelabs Inc.	US	Wilmington	5727645	100	Developing and publishing online games		
- Game Development Ukraine LLC	Ukraine	Kyiv	44371956	100	Developing and publishing online games		
Moonfrog Labs Private Limited	India	Bangalore	U72400KA 2013PTC072054	97.93 (94.14)	Developing and publishing online games	1,148	948
- Moonfrog Asia PTE. LTD.	Singapore	Singapore	201832514H	100	Developing and publishing online games		
- Ulka Games Ltd.	Bangladesh	Dhaka	C-150257/2019	99.99	Developing and publishing online games		
Jawaker FZ-LLC	UAE	Abu Dhabi	BL136/20	100	Developing and publishing online games	3,669	3,365
- Cosmic Perspective Company LLC	Jordan	Amman	63286	100	Developing and publishing online games		

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Cont. note M8

Name	Country	Reg. office	Corp. ID no.	Participating interest, %	Main activity	Book value, 31 Dec. 2023	Book value, 31 Dec. 2022
Six Waves Inc.	Hong Kong	Wanchai	1512629	100	Holding company	1,939	2,124
- 6waves Limited	Hong Kong	Wanchai	1216243	100	Developing and publishing online games		
- 6waves K.K	Japan	Tokyo	0104-01-092929	100	Developing and publishing online games		
- Beijing Youmai Hudong Technology Company Limited	China	Beijing	1-03283416	100	Developing and publishing online games		
- Prodigy Studios LLC	US	Delaware	99-0361905	100	Developing and publishing online games		
- 6waves Mobile Limited	Hong Kong	Wanchai	1516241	100	Developing and publishing online games		
- Empire Studios Inc.	BVI	Tortola	1801048	100	Developing and publishing online games		
- Six Waves Payment K.K.	Japan	Tokyo	0104-01-153727	100	Developing and publishing online games		
- Luk Long Limited	Hong Kong	Wanchai	1824247	100	Dormant		
- Luk Long Limited Taiwan Branch	Taiwan	Wanchai	53662350	100	Developing and publishing online games		
Stillfront Portugal, UNIPESSOAL LDA	Portugal	Lisboa	516803450	100	Group management services		
Closing carrying amount						**18,884**	**18,479**

NON-CONTROLLING INTERESTS

Condensed financial information for each subsidiary that has a non-controlling interest that is material to the group is provided below. The amounts stated for each subsidiary are before intra-group eliminations.

CONDENSED BALANCE SHEET

	Simutronics		OFM		Stillfront Online Games	
MSEK	**31 Dec. 2023 1)**	**31 Dec. 2022 1)**	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2023**	**31 Dec. 2022**
Non-current assets	–	57	–	–	69	57
Current assets	–	12	–	–	19	17
Total assets	**–**	**69**	**–**	**–**	**88**	**74**
Non-current liabilities	–	38	–	–	3	45
Current liabilities	–	6	–	–	35	14
Total liabilities	**–**	**44**	**–**	**–**	**38**	**60**
Net assets	–	25	–	–	50	14
Total non-controlling interests	**–**	**3**	**–**	**–**	**10**	**3**

CONDENSED INCOME STATEMENT

	SIMUTRONICS		OFM		Stillfront Online Games	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues	34	34	–	21	482	422
Profit for the year	–7	–76	–	4	25	–7
Profit attributable to the non-controlling interests	**–1**	**–10**	**–**	**0**	**4**	**–2**

1) In 2023 the shareholding in Simutronics increased from 88.03 percent to 100 percent.

STILLFRONT GROUP

CONTENT

Note M9. Prepaid expenses and accrued income

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Prepaid rent	1	1
Prepaid insurance	1	0
Prepaid financing expenses	8	14
Other prepaid expenses	4	6
Total	**14**	**21**

Note M10. Interest-bearing liabilities

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Bond loans		
Repayment within 2–5 yr.	2,488	2,496
Non-current liability	**2,488**	**2,496**
Current liability	**0**	**0**
Total bond loans	**2,488**	**2,496**
Term Loan		
Repayment within 2-5 yr.	666	668
Total term loans	**666**	**668**
Liabilities to credit institutions		
Repayment within 2–5 yr.	1,693	1,471
Non-current liability	**1,693**	**1,471**
Current liability	**27**	**79**
Total liabilities to credit institutions	**1,720**	**1,549**

Note M11. Provisions

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Contingent considerations		
Opening balance	2,386	2,490
Acquisitions	–	402
Settlement	–774	–865
Revaluation	58	–138
Exchange rate differences	–45	404
Interest	63	91
Closing balance, contingent considerations	**1,687**	**2,384**
Whereof current contingent considerations	440	747

Note M12. Accrued expenses and deferred income

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Personnel expenses	10	7
Other expenses	35	24
Total	**45**	**31**

Note M13. Pledged assets

	PARENT COMPANY	
MSEK	31 Dec. 2023	31 Dec. 2022
Collateral for liabilities to credit institutions		
Corporate mortgages	0	0
Pledged shares in subsidiaries	0	0
Total	**0**	**0**

Note M14. Cash flow

NON-CASH ITEMS

	PARENT COMPANY	
MSEK	2023	2022
Depreciation and amortization	4	3
Interest on contingent consideration	63	91
Unrealised exchange rate differences	-63	874
Other items	38	33
Total	**42**	**1,001**

INFORMATION ABOUT INTEREST AND DIVIDEND

	PARENT COMPANY	
MSEK	2023	2022
Interest paid during the year	–409	–203
Interest recieved during the year	82	47
Dividends recieved	1,241	676

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Note M15. Financial assets and liabilities (fair value)

	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss	
MSEK	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Financial assets								
Intercompany receivables	3,046	3,329						
Other receivables	1	1	23	–				
Cash and cash equivalents	0	0						
Total	**3,047**	**3,330**	23	–				
Financial liabilities								
Intercompany liabilities					1,828	2,012		
Bond loans					2,497	2,415		
Term loan					666	668		
Other non-current liabilities					1,693	1,471	52	72
Accounts payable					5	6		
Equity swap					19	20		
Other liabilities					27	79	–	11
Accrued expenses					45	33		
Total					**6,780**	**6,704**	**52**	**83**

No significant credit loss is considered to exist in intercompany receivables.

Note M16. Transactions with related parties

Purchase and sales transactions with related parties are on market terms. Transactions between the parent company and subsidiaries are service and management fees. Salaries and benefits to senior managers are reported in note M3. There are no purchases of goods and services from related parties.

RELATED PARTY DISCLOSURES, PARENT COMPANY

MSEK	2023	2022
Sales to group companies	164	144
Purchased services from group companies	–54	–41
Interest income from group companies	79	46
Interest expense to group companies	–16	–3
Non-current receivables from group companies	3,017	2,971
Non-current liabilites to group companies	0	139
Current receivables from group companies	28	358
Current liabilities to group companies	1,828	1,873

Note M17. Appropriation of profits

The board of directors proposes that the disposable funds of SEK 13,476,280,431 are appropriated as follows:

SEK	31 Dec. 2023	31 Dec. 2022
Share premium reserve	13,455,811,916	13,346,954,423
Profit/loss brought forward	–722,289,374	–530,942,614
Profit/loss for the year	742,757,889	–169,978,666
Total	**13,476,280,431**	**12,646,033,143**
Carried forward	13,476,280,431	12,646,033,143
Total	**13,476,280,431**	**12,646,033,143**

STILLFRONT GROUP

The board of directors and the President and CEO hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in the regulation (EU) no. 1606/2002 of the European Parliament and Council dated July 19, 2002, pertaining to the application of international financial reporting standards. The Annual Report and the consolidated financial statements give a true and fair view of the parent company's and the group's financial position and results. The Report of the Directors pertaining to the parent company and the group gives a fair overview of the development of the parent company's and the group's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the companies included in the group.

Stockholm, 22 April 2024

Katarina Bonde
Chair of the board

Erik Forsberg
Board member

Birgitta Henriksson
Board member

Marcus Jacobs
Board member

David Nordberg
Board member

Ulrika Viklund
Board member

Jörgen Larsson
President and Chief Executive Officer

Our Auditor's Report was submitted on 22 April 2024
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

STILLFRONT GROUP

Auditor's report

(Unofficial translation)

To the general meeting of the shareholders of Stillfront Group AB (publ), corporate identity number 556721-3078

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Stillfront Group AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 62-104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and consolidated statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

STILLFRONT GROUP

Key audit matter

> Revenue recognition – cut-off

We refer to the Notes 2 Material accounting policies, 5 Revenues from clients and 24 Accrued expenses and deferred income.

The Group's revenue amounts to MSEK 6 982 in 2023. The majority of Stillfront Group's revenue consists of in game purchases in free-to-play games. A purchased virtual currency can be used for acquisition of virtual goods or so-called subscriptions. Revenue is recognized at the point in time when a player uses a virtual currency as payment for the virtual goods or over the time relevant for a purchased subscription. Stillfront also has revenue from in game advertising. These revenues are reported in the period in which the advertising takes place as this is deemed to comprise the correct measure of when the revenue has been earned. Stillfront also has revenues from contracting work. These are recognized in accordance with the economic implications of the agreements in place.

The risk is that there can exist a difference between the point in time when Stillfront provides goods or services and when the control is transferred to clients. When the goods or services are seen to have been provided to the clients, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements.

How our audit addressed the Key audit matter

In our audit, we have analyzed Stillfront's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures on the right areas.

Our audit procedures included the following:

- Analysis of revenues as compared with the prior period.
- We have tested, on a random basis, the reported revenue against payments received and agreements, if applicable, to determine if these items have been reported in the correct amounts in the correct periods.
- We have tested a sample of receivables against payments received after the year end.
- We have by analysis of values accounted for, by analysis of unused virtual currency balances and by assessment of the management's assumptions about use of virtual currency balances tested that deferred revenue is recognized in the correct amount.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

> Capitalization of development expenditure

We refer to the Notes 2 Material accounting policies, 4 Critical accounting estimates and judgements and 14 Intangible assets.

Capitalised development expenditure in the amount of MSEK 1 567 comprises a significant portion of Stillfront Group's balance sheet as at the end of December 2023. There is a risk that criteria for capitalization of development expenditure have not been met.

Normally, Stillfront commences development when all the recognition criteria are met, therefore development expenditure is capitalized from the starting date. The assets are subject to ongoing depreciation.

In our audit, we have analyzed Stillfront's processes and controls regarding capitalization of development expenditure and checked that criteria for capitalization are met. Our audit procedures included the following:

- We have performed a recalculation of the development expenditure capitalization schedule.
- We have agreed the inputs of the capitalization schedule to supporting documentation on a sample basis.
- We have performed analytical procedures over management's estimate of the percentage of payroll costs to be capitalized.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

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> Impairment test of goodwill and intangible assets

We refer to the Notes 2 Material accounting policies, 4 Critical accounting estimates and judgements, 14 Intangible assets and 15 Impairment test.

Goodwill in the amount of MSEK 15 595 and other intangible assets in the amount of MSEK 5 227 comprise a significant portion of Stillfront Group's balance sheet as at the end of December 2023. There is a risk that the future estimated cash flow will not be equivalent to the book value of goodwill and other intangible assets and that, as a result, an impairment risk exists.

According to the Stillfront Group's routine, the value of goodwill and other intangible assets is tested annually for impairment. Stillfront has a process for executing this test. This testing is based on the recoverable amount, which is equivalent to the value of the discounted cash flows for the identified assets.

The calculated recoverable value is based on budgets and forecasts for the next five years approved by the Board of Directors. The cash flows after the forecast period are extrapolated based on the estimated long-term growth rate. The process, consequently, includes significant assumptions relevant for the impairment assessment. These include the assumptions regarding revenue growth, growth of free cash flows and the discount rate (WACC). The whole Stillfront Group comprises a single cash-generating unit.

In evaluating the assumptions for a combined impairment test for goodwill and other intangible assets, as reported in Note 15, we have undertaken the following audit measures to assess the valuation of such assumptions and model:

- We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. We test the assumptions based on what is included in the budgets and business plans, the results of the group and our knowledge of the Stillfront Group's development. This includes the follow-up of the accuracy of the forecasts for historical periods and provides us with a basis for testing the assumptions regarding future development. In terms of discount rate, this is based on our review of the company's calculation of WACC and the assessment of the inherent risk of operating in current markets.
- With help of PwC's internal valuation specialists, we have tested accuracy of the impairment test model.
- We have also, in conjunction with the analysis of the impairment test, checked the sensitivity of the valuation through a sensitivity analysis, to determine if there are negative changes in significant parameters which individually, or on a collective basis, could imply the existence of a need for impairment.
- We have assessed the correctness of determining the cash-generating units.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

> Valuation of contingent consideration

We refer to the Notes 2 Material accounting policies, 4 Critical accounting estimates and judgements and 21 Interest-bearing liabilities.

The contingent consideration amounts to MSEK 2 043 as at the end of December 2023. This is deemed to comprise a significant item in the consolidated statement of financial position. Valuation of contingent consideration is based on the management's estimates regarding future performance of subsidiaries as specified in agreements related to business acquisitions. The valuation is based on future budgets and forecasts approved by the Board of Directors.

In our audit, we have assessed the process for valuation of contingent consideration and the underlying management's estimates. The audit procedures included, amongst other:

- We evaluated the management's assumptions regarding assessed future results in subsidiaries with contingent consideration.
- We performed a follow-up of the accuracy of the forecasts for historical periods.
- We checked the calculation of WACC which is applied in discounting expected future cash flows.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

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Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-61 and 112-114. The information in "Stillfront Group remuneration report 2023" to be published on the company web page at the same time as this report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

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Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Stillfront Group AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Stillfront Group AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Stillfront Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation that the Esef report has been prepared in a valid XHTML and a reconciliation that the Esef report agrees to the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and the notes have been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Stillfront Group AB (publ) by the general meeting of the shareholders on the 11 May 2023 and has been the company's auditor since the 9 May 2019.

Stockholm 22 April 2024

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

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Key figures and glossary

Alternative Performance Measures

Stillfront applies the ESMA Guidelines on Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. For Stillfront's consolidated accounts, this typically means IFRS. APMs are disclosed when they complement performance measures defined by IFRS. The basis for disclosed APMs are that they are used by management to evaluate the financial performance and in so believed to give analysts and other stakeholders valuable information. Definitions of all APMs, operational key figures and other definitions are found below.

Financial key figures

Key figure	Definition	Purpose
EBIT	Operating profit.	Used to evaluate the underlying profitability of Stillfront.
EBIT margin	EBIT divided by net revenues.	Used to evaluate the underlying profitability and value creation of Stillfront.
EBITDA	EBIT before depreciation, amortization and write-downs.	Used to evaluate the underlying profitability of Stillfront.
EBITDA margin	EBITDA divided by net revenues.	Used to evaluate the underlying profitability and value creation of Stillfront.
Items affecting comparability (IAC)	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 values for the group's future earnings trend.
Adjusted EBITDA	EBITDA adjusted for IAC.	Used to evaluate the underlying profitability of Stillfront and to calculate Leverage.
Adjusted EBITDA margin	Adjusted EBITDA divided by net revenues.	Used to evaluate the underlying profitability of Stillfront.
Adjusted EBITDAC	Adjusted EBITDA less capitalized product development.	Used to evaluate the underlying profitability of Stillfront.
Adjusted EBITDAC margin	Adjusted EBITDAC divided by net revenues.	Used to evaluate the underlying profitability of Stillfront.
Net Debt incl cash earnout next twelve months/adjusted EBITDA, pro forma	Net Debt incl cash earnout payments next twelve months, divided by adjusted EBITDA, pro forma, for the past twelve months.	Used to determine how many years it would take to repay the company's debt with its current profitability. Included among the financial convents under Stillfront's bonds.
Leverage	Net interest-bearing debt, including short-term cash earnout payments, in relation to the last twelve month's Adjusted EBITDA pro forma.	Used to determine how many years it would take to repay the company's debt with its current profitability.
Adjusted interest coverage, pro forma	Adjusted EBITDA, pro forma, divided by financial items for the past twelve months.	Used to assess Stillfront's capability of covering its financial expenses.
Cash conversion ratio	Free cash flow divided by EBITDA.	Measure of how well the group's earnings are converted to positive cash flows.
Free cash flow	Cash flow from operating activities minus purchase of intangible assets and cash outflow from lease agreements.	Measure of cash flow available for investments and repayments of loans.

Operational key figures

Key figure	Definition	Purpose
ARPDAU	Average revenue per daily active user.	Used to assess the underlying development of Stillfront's games.
DAU	Average daily active users.	Used to assess the underlying development of Stillfront's games.
MAU	Average monthly active users.	Used to assess the underlying development of Stillfront's games.
MPU	Average monthly paying users.	Used to assess the underlying development of Stillfront's games.

Other definitions

Key figure	Definition
Adjusted EBITDA, pro forma	Adjusted EBITDA, where acquired units are included from the beginning of the period.
Amortizations of PPA items	Amortization of fair value adjustments identified in connection with purchase price analyses.
Bookings	Revenue before changes in deferred revenue, including deposits from paying users, in-game advertising revenue and other game-related revenue.
Net Debt	Interest bearing liabilities, including equity swap and currency derivatives, minus cash and cash equivalents. Contingent liabilities for earnouts are not considered as interest bearing in this context.
Organic growth	Change in consolidated net revenues, excluding the translation impact of changed currency exchange rates andacquisitions and divestments. Net revenues in acquired operations are considered as acquired growth during twelve months from the acquisition date. The impact of pausing operations in Bangladesh is excluded from the measure.
Shareholders' equity/share	Shareholders' equity attributable to the parent company shareholders divided by the number of shares at the end of the period.
UAC	User acquisition costs.

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Five strong reasons to invest in Stillfront

1
Well positioned in the attractive mobile games industry.

2
Driving further growth while diversifying risk.

3
Unique Stillops platform, creating and utilizing benefits of scale.

4
Strong financial position with high profitability and cash generation.

5
Sustainability principles deeply embedded into our culture.

Financial calendar

Interim Report January–March 2024	25 April 2024
Annual general meeting, Stockholm	14 May 2024
Interim Report January–June 2024	22 July 2024
Interim Report January–September 2024	23 October 2024

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This Annual report is a non-official translation from Swedish.
In the event of discrepancies between the language versions
the Swedish wording will prevail.

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