

STILLFRONT GROUP

Press Release
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Stillfront Group acquires Super Free Games, a leading developer of Casual Word games

INSIDE INFORMATION: Stillfront Group AB (publ) ("Stillfront"), a leading free-to-play powerhouse of gaming studios, today entered into an agreement to acquire 100 percent of the shares in Super Free Games, Inc. (under name change from Super Lucky Casino Inc.) ("Super Free") (the "Transaction"), a rapidly growing and profitable US-headquartered gaming company focusing on market-leading Casual games including successful titles such as Word Collect, Word Nut and Trivia Star. The sellers are the joint founders and main owners of Super Free as well as certain key employees and other investors. The consideration payable to the sellers will be paid partly in cash and partly in shares in Stillfront.

TRANSACTION IN BRIEF

- The total upfront consideration payable upon completion of the acquisition of 100 percent of the shares in Super Free amounts to USD 150 million on a cash and debt free basis (the "**Upfront Purchase Price**"). Of the Upfront Purchase Price, 47.5 percent, equivalent of approximately USD 71 million, is payable in cash, and 52.5 percent, equivalent of approximately USD 79 million, is payable in 750,324 newly issued shares in Stillfront to the sellers.
- In addition, the sellers may receive an earn-out payment of 0-2x EBITDA for each of the financial years 2021, 2022 and 2023 (the "**Earn-out Purchase Price**") depending on the level of EBITDA generated by Super Free during each of those years, whereof 47.5 percent is payable in cash and 52.5 percent in newly issued shares in Stillfront to the sellers.
- Super Free has a preliminary unaudited IFRS converted net revenue and adjusted EBITDA for the period Jan-Sep 2020 of approximately USD 57.6 million and approximately USD 8.7 million, respectively.
- The acquisition of Super Free will help Stillfront build size, add to Stillfront's future organic growth, and broaden its genre as well as ad monetization expertise. Furthermore, it will enable substantial scaling and collaboration potential within Stillfront.
- Closing of the Transaction is subject to customary closing conditions including the merger control clearance and is envisaged to occur on 29 January 2021 and Super Free will be consolidated into Stillfront's financial reporting from 1 February 2021.

“The acquisition of Super Free is a highly attractive opportunity for Stillfront to broaden our portfolio of casual games into the popular niches of word and trivia games addressing a broader audience of “non-gamers”. Super Free has proven great success in developing and scaling multiple top-grossing titles in several genres, they have a strong company culture and a dedicated team of mobile game experts which makes an excellent fit with Stillfront. The game portfolio including Word Collect, Word Nut and Trivia Star has shown rapid growth during the past two years and we see a promising growth potential going forward, including a strong pipeline of new games,” says Jörgen Larsson, CEO, Stillfront.

“Stillfront is an amazing group of free-to-play studios that reflect our values and share our beliefs in what makes a successful gaming company. With the support from Stillfront and the shared expertise from across the group of successful studios, we are now in a perfect position to take the next step in our ambition to build, distribute, and operate best-in-class mobile games to be enjoyed by fans around the world,” say the Super Free Founders.

BACKGROUND AND REASONS

Founded in 2011 Super Free is a San Francisco based rapidly growing developer of market leading Casual games. The company has a strong portfolio of games, including successful titles such as Word Collect, Word Nut and Trivia Star. Super Free has previously focused on Social Casino games but pivoted successfully to the Casual and Mash-up genre during 2017-2019. Since its foundation, Super Free has been able to develop and scale multiple top-grossing titles in several genres generating in excess of USD 50 million over their lifetime. Super Free has a strong company culture and a dedicated team of approximately 80 mobile game experts, including developers, designers and UA/monetization managers based in multiple countries across the world.

The acquisition of Super Free will strengthen Stillfront’s position within the Casual & Mash-up game genre, especially within Word games. Super Free has a strong portfolio of existing games and a high potential catalog of 5+ games in the pipeline. The proprietary state-of-the art games engine of Super Free will enable Super Free and other studios within Stillfront to scale the development of new games on this engine. Further, Super Free’s sophisticated data-driven analytics and marketing platform creates potential for KPI improvement across Stillfront studios’ game portfolio. As most of Super Free’s revenues originate in the US, Stillfront sees significant opportunity to scale these games geographically through its network. Super Free shows strong KPIs including impressive retention, which enables further marketing potential for Stillfront.

THE TRANSACTION

The Transaction involves the acquisition of 100 percent of the shares in Super Free, the completion of which is expected to occur no later than 29 January 2021. Super Free will be consolidated into Stillfront’s financial reporting from 1 February 2021.

Upon completion of the Transaction, USD 150 million on a cash and debt free basis will be paid to the sellers, of which 47.5 percent, equivalent of approximately USD 71 million, is payable in cash, and 52.5 percent, equivalent of approximately USD 79 million, is payable in 750,324 newly issued shares in Stillfront. The newly issued shares will be issued based on the mandate to the board of directors of Stillfront granted at the extraordinary general meeting held on 17 December 2020. The number of shares in relation to the Upfront Purchase Price has been calculated using the volume weighted average price per share in Stillfront traded on Nasdaq First North Premier Growth Market during the ten trading days up to and including 16 December 2020 converted into USD at the average exchange rate between SEK and USD of the Swedish Central Bank (Sw. Riksbanken) published at <https://www.riksbank.se/en-gb/> during the same period, i.e. the subscription price per share related to the Upfront Purchase Price amounts to SEK 885.69. This corresponds to a dilution of 2.12 percent on a fully diluted basis (i.e. based on the total number of shares and votes outstanding after the share issue).

In addition, the sellers may receive the Earn-out Purchase Price which is a payment of 0-2x EBITDA for each of the financial years 2021, 2022 and 2023 depending on the level of EBITDA generated during each of those years. The Earn-out Purchase Price is payable in 47.5 percent cash to the sellers and 52.5 percent in newly issued shares in Stillfront to the sellers. The subscription price for newly issued shares related to the Earn-out Purchase Price (if any) will be based upon the volume weighted average price of the shares in Stillfront traded on Nasdaq First North Premier Growth Market for a period of ten trading days up to and including the day before Stillfront's announcement of financial results for the applicable earn-out period.

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

The 750,324 newly issued shares in Stillfront that are to be issued to the sellers upon payment of the Upfront Purchase Price are subject to customary transfer restrictions during a period of eighteen months of such date of receipt by the sellers of such shares. The newly issued shares in Stillfront that are to be issued to the sellers upon payment of the Earn-out Purchase Price payments are subject to customary transfer restrictions during a period of twelve months from the date of receipt by the sellers of such shares.

Completion of the Transaction is subject to customary closing conditions including the merger control clearance and is envisaged to occur no later than 29 January 2021.

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

ABOUT SUPER FREE GAMES

Founded in 2011 Super Free is a San Francisco based rapidly growing developer of market leading Casual and Mash-up games. The company possesses a strong portfolio of games, including successful titles such as Word Collect, Word Nut and Trivia Star. Super Free has previously focused on Social Casino games but pivoted successfully to the Casual and Mash-up genre during 2017-2019. Since its foundation, Super Free has been able to develop and scale multiple top-grossing titles in multiple genres generating in excess of USD 50m over their lifetime. Super Free has a strong company culture and a dedicated team of approximately 80 mobile games experts, including developers, designers and UA/monetization managers based in multiple countries across the world.

ABOUT STILLFRONT GROUP

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

PRELIMINARY UNAUDITED FIGURES FOR SUPER FREE FOR JAN-SEP 2020

The below presented preliminary unaudited financials are solely intended to describe the financial situation of Super Free pre-closing of the Transaction. All figures are preliminary and unaudited.

Super Free has a preliminary IFRS net revenue of approximately USD 57.6 million and adjusted EBITDA of approximately USD 8.7 million for the period January – September 2020.

FINANCIAL AND LEGAL ADVISORS

Carnegie Investment Bank is financial advisor, DLA Piper Sweden is legal advisor and EY is financial and tax due diligence advisor to Stillfront in connection with the Transaction.

Oakvale Capital is financial advisor and Latham & Watkins is legal advisor to the sellers in connection with the Transaction.

CONFERENCE CALL FOR INVESTORS, ANALYSTS AND MEDIA

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

To participate by telephone, please dial:

SE: +46 8 505 58 351

UK: +44 33 330 092 66

US: +1 833 526 8382

To participate via audiocast:

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

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

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This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933 (the "**Securities Act**"), as amended, and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a Transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into, Australia, Canada, Japan, Hong Kong, New Zealand, Singapore, South Africa, Switzerland, the United States or in any other jurisdiction where such

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

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

Information to distributors

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

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

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

For additional information, please contact:

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About Stillfront

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

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This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2020-12-18 02:46 CET.

Attachments

[Stillfront Group acquires Super Free Games, a leading developer of Casual Word games](#)