

STILLFRONT GROUP

Press Release
30 September 2020 17:50:00 CEST

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Stillfront Group completes the acquisition of 78% of the shares in Nanobit

Stillfront Group AB (publ) (“Stillfront”), a leading free-to-play powerhouse of gaming studios, has completed the acquisition of the first tranche of the shares in Nanobit, d.o.o, representing 78% of the shares in Nanobit, (the “First Tranche Transaction”) which was announced through a press release on 17 September 2020. The sellers are the joint founders and main owners of Nanobit, Alan Sumina and Zoran Vučinić, as well as certain key employees (the “Sellers”).

The consideration for the First Tranche Transaction, which has been paid to the Sellers of Nanobit on the date hereof, amounted to approx. USD 100 million, on a cash and debt free basis. Of the consideration, approx. USD 30 million was paid by way of set-off against transfer of 280,542 newly issued shares in Stillfront through a directed share issue to the two founders of Nanobit, Alan Sumina and Zoran Vučinić (the “**Founders**”), and the remaining approx. USD 70 million was paid in cash to the Sellers. The new share issue was resolved by the Board of Stillfront based on the mandate granted at the annual general meeting held on 14 May 2020. Through the new share issue, Stillfront’s share capital will increase by SEK 196,379.4. The reason for the deviation from the shareholders’ pre-emption rights was to allow Stillfront to fulfill its commitments made in connection with the acquisition of Nanobit and payment under the First Tranche Transaction. The subscription price per share was SEK 937.076, determined through negotiations with the Sellers, and corresponds to the volume weighted average price of Stillfront’s share for a period of ten (10) trading days preceding 17 September 2020 (excluding 17 September 2020) on Nasdaq First North Premier Growth Market and a USD/SEK exchange rate of 8.763 corresponding to the average exchange rate between SEK and USD of the Swedish Central Bank (Sw. *Sveriges Riksbank*) published at <https://www.riksbank.se/en-gb/> during the same period. The newly issued shares were subscribed and paid for on the date hereof. Payment was made by way of set-off. The newly issued shares shall be entitled to dividend as from the first record day for dividend after such shares have been registered with the Swedish Companies Registration Office and in the share register kept by Euroclear Sweden AB. Through the new issue of the shares in connection with the completion of the First Tranche Transaction, the Founders of Nanobit, collectively hold approx. 0.81 percent of the outstanding shares and votes in Stillfront, and consequently, the dilution for the current shareholders in Stillfront is 0.81 percent. All conditions for closing of the First Tranche Transaction have now been fulfilled.

The closing of the acquisition of the remaining 22% of the shares in Nanobit (the “**Second Tranche Transaction**”) will occur in 2023 for a consideration which is depending on the EBITDA development of Nanobit for the financial years 2021 and 2022 but however not exceeding USD 48 million on a cash and debt free basis, out of which 70% shall be paid in cash and 30% in newly issued shares in Stillfront. The consideration for the Second Tranche Transaction is payable upon completion of the Second Tranche Transaction in 2023.

The total purchase price payable by Stillfront in relation to all shares in Nanobit cannot exceed USD 148 million on a cash and debt free basis.

Due to that Stillfront will acquire the remaining 22% of the shares in the Second Tranche Transaction, Stillfront and the Founders have as of today entered into a shareholders’ agreement. The shareholders’ agreement has been entered into in order to establish certain terms and conditions regarding the business of Nanobit and in order to regulate the internal relationship between Stillfront and the Founders with respect to ownership of shares in and governance of Nanobit. The shareholders’ agreement will be terminated when consideration under the Second Tranche Transaction has been paid and Stillfront is the owner of 100% of the shares in Nanobit.

Further, Stillfront and the Founders have as of today entered into a share pledge agreement in which the remaining shares in Nanobit to be purchased in the Second Tranche Transaction has been pledged to Stillfront by the Founders.

Nanobit will be consolidated into Stillfront’s consolidated financial reporting from 1 October 2020.

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Information to distributors

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

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

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

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About Stillfront

Stillfront is a leading free-to-play powerhouse of gaming studios. Our diverse and exciting games portfolio has two common themes; loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody our growth strategy and our +800 co-workers thrive in an organization that engenders the spirit of entrepreneurship. Our main markets are the US, Germany, MENA, France and Canada. We are headquartered in Stockholm, Sweden, and the company, is listed on Nasdaq First North Premier Growth Market. For further information, please visit: stillfront.com

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Attachments

[Stillfront Group completes the acquisition of 78% of the shares in Nanobit](#)