

2021

A leading free-to-play powerhouse

Interim report

First quarter 2021

STILLFRONT
GROUP

STILLFRONT AT A GLANCE



A leading free-to-play powerhouse of 19 gaming studios creating significant operational synergies

60
million

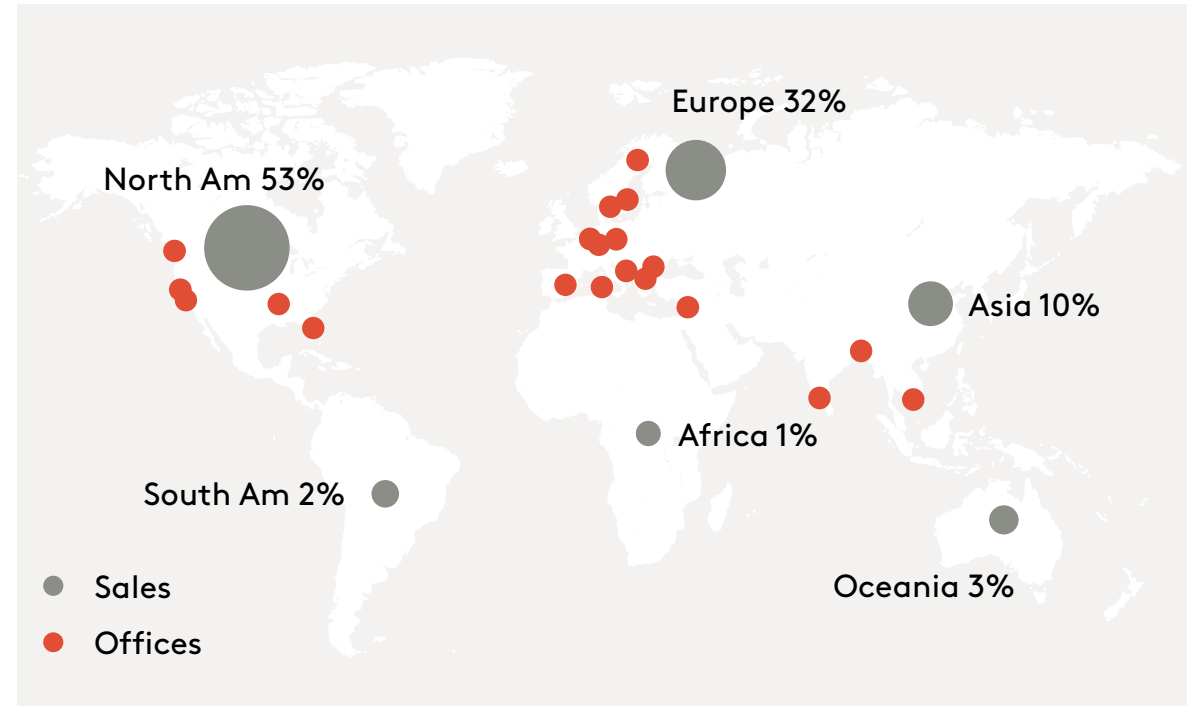
60 million MAU and 12 million DAU in March (39 million and 7 million in Q1)
Main markets by revenue are US, Germany, MENA, UK and France



A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games

1,250
professionals

Headquartered in Stockholm with a group of studios operating across the globe



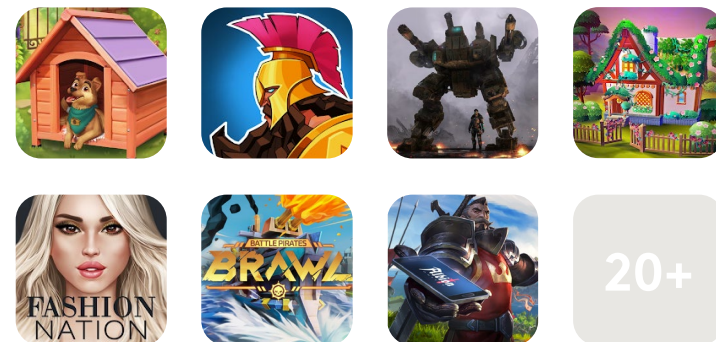
Game highlights in the first quarter

- 10 new titles from acquired studios added to the active portfolio
- Word Collect and Trivia Star consistently ranked within top 3 downloaded apps in US in Word and Trivia categories in Q1
- Successful BitLife launch in the UK in Q1, #1 downloaded app on iOS in late January
- Conflict of Nations: WW3 continues to scale well on mobile and showing strong performance since September launch
- Legendary Dungeon event in Shakes & Fidget in March lead to +25% increase in monthly bookings
- Fashion Nation from Nanobit in soft launch in USA, showing strong early metrics
- Albion Online mobile version proceeds to next testing milestone, with launch scheduled for June
- Horus Heresy: Legions onboarding with marketing Stillhub completed, lead to tripling of marketing investment on product by late Q1

New games in the active portfolio

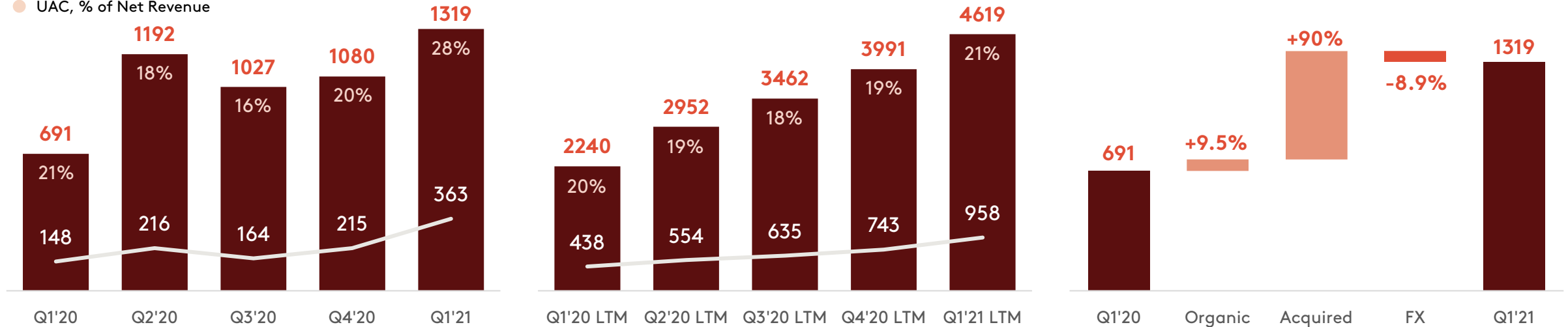


Games currently in soft launch/development



NET REVENUE, UAC DEVELOPMENT & ORGANIC GROWTH

- Net Revenue, MSEK
- UAC, MSEK
- UAC, % of Net Revenue



Q1 Net Revenue growth of

91%

YoY

Q1 UAC in relation to Net Revenue

28%

Q1 organic growth, excl. FX effects

9.5%

YoY

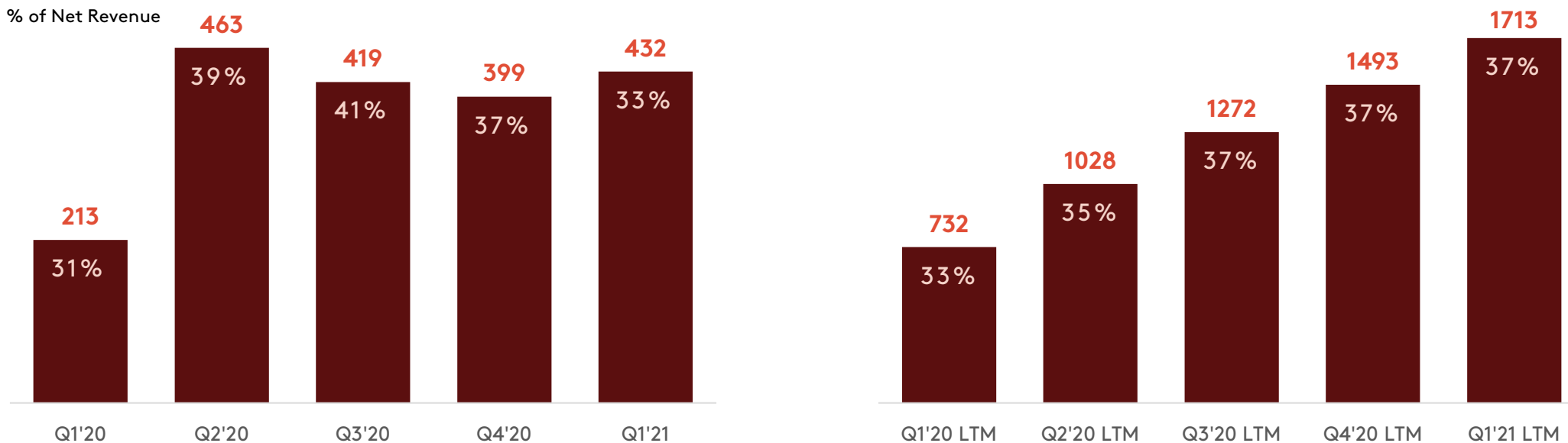
COMMENTS

- Strong revenue growth of 91% in Q1, driven primarily by growth from acquired studios
- Organic growth of 9.5% in Q1, with varied contribution across the portfolio
 - Tough comparison numbers had negative impact on organic growth in late Q1 and we expect a negative organic growth in Q2
- Revenues in the quarter were negatively impacted by FX effects of -8.9% compared to the same period last year, mainly due to the weaker USD

ADJ. EBIT DEVELOPMENT

● Adj. EBIT, MSEK

● Adj. EBIT, % of Net Revenue



Adj. EBIT growth of

103%

YoY

Q1 Adj. EBIT
in relation to
Net Revenue

33%

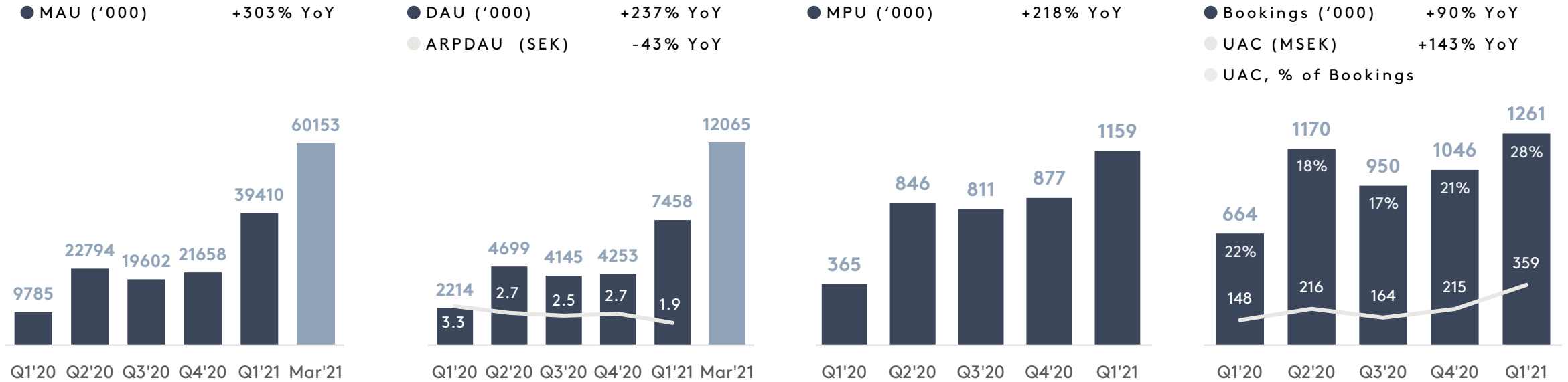
LTM Adj. EBIT
in relation to
Net Revenue

37%

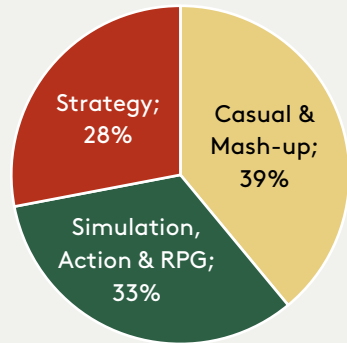
COMMENTS

- Continued high profitability with Adj. EBIT of 33% in Q1
 - Maintained high profitability despite increase in UA spend
 - Larger share of advertising revenues have had a positive impact on profitability in the quarter
- New product mix in the group with a larger share Casual & Mash-up games and more titles in growth phase will continue to drive UA spend going forward

ACTIVE PORTFOLIO: TOTAL



DIVERSIFIED PORTFOLIO



52

Games

77%

Mobile

15%

Ad bookings

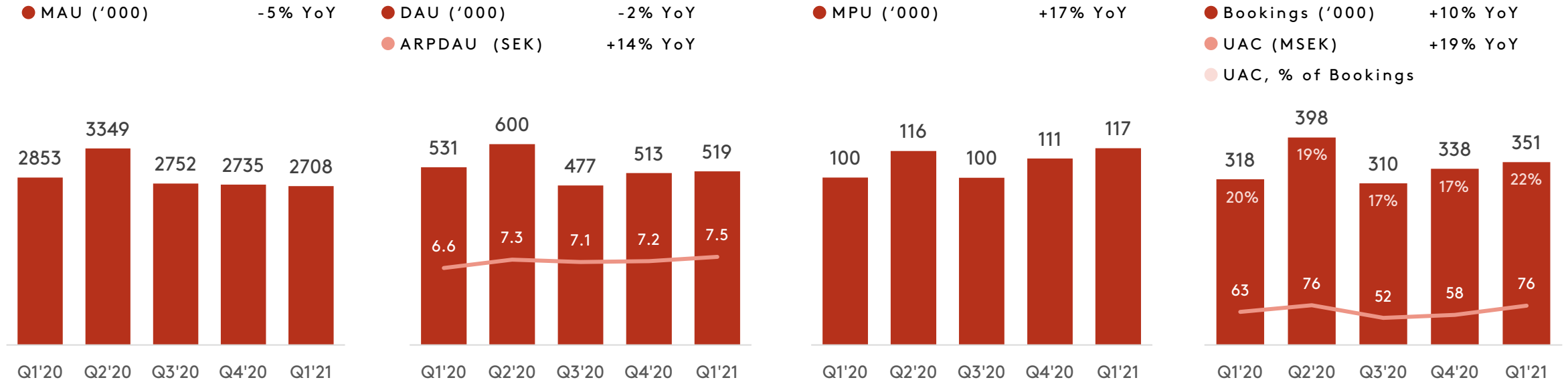
39%

Casual & Mash-up

COMMENTS

- 10 new titles added to the active portfolio in Q1 following the acquisitions of Sandbox, Super Free and Moonfrog
- Advertising bookings increased significantly in the quarter, mainly driven by the addition of Super Free for two months in the quarter
- Mobile bookings remained steady quarter-over-quarter at 77%, but grew from 65% during the same period last year
- In March 2021, the first month with Sandbox, Super Free and Moonfrog all being included in the group, MAU and DAU amounted to 60m and 12m, respectively

ACTIVE PORTFOLIO: STRATEGY



SELECTED TITLES



12

Games

66%

Mobile

0%

Ad bookings

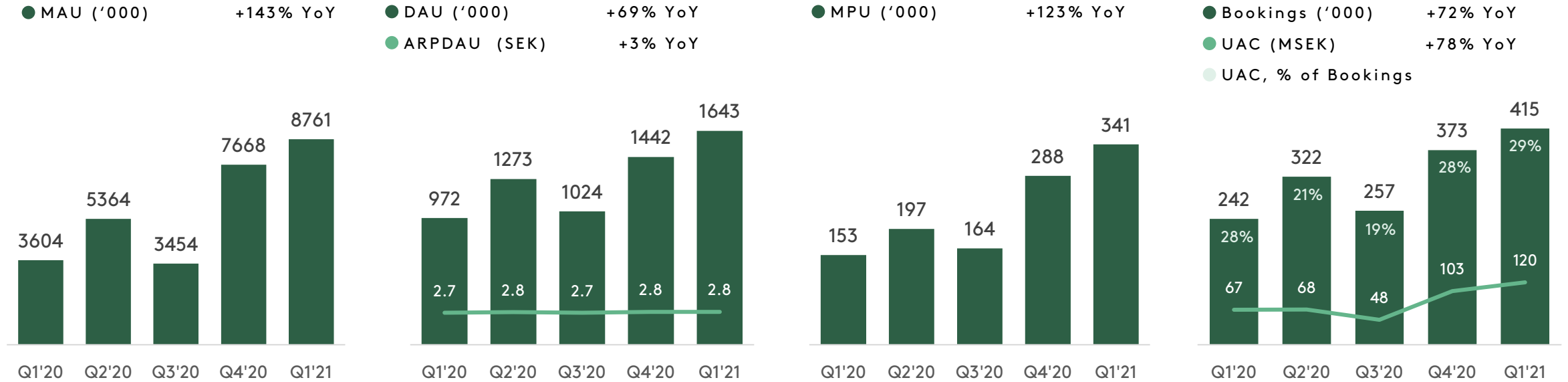
45%

Europe

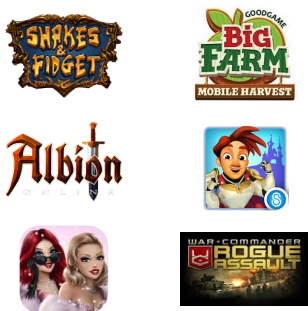
COMMENTS

- Totals 28% of bookings in the active portfolio
- YoY growth of 10% mainly driven by mid-sized products and Conflict of Nations
 - Call of War, Supremacy 1914 and War and Peace continued its strong performance into Q1
- Conflict of Nations: WW3 continued to deliver exceptionally well, growing by more than 200% for its second consecutive quarter
- Nida Harb III, first released in 2017, has entered a mature phase and declined year-over-year

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION



SELECTED TITLES



23

Games

62%

Mobile

5%

Ad bookings

44%

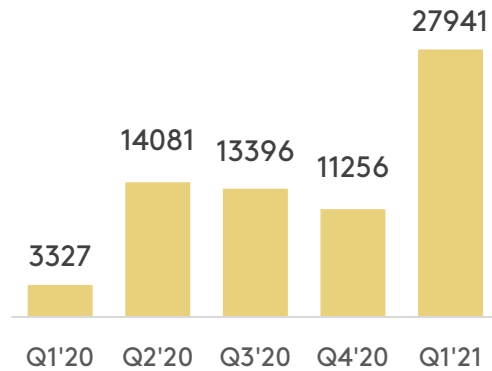
N. America

COMMENTS

- Totals 33% of bookings in the active portfolio
- YoY growth of 72% driven by newly acquired titles and continued strong performance from key titles
 - Strong start from Albion Online, which was included for the full quarter
 - Big Farm: Mobile Harvest and Shakes & Fidget both continued to perform well in Q1
- Share of mobile bookings decreased to 62% with the addition of Albion Online
- Ad bookings steady quarter-over-quarter at 5%
- Kixeye's titles delivering below expectations in Q1, negatively effecting organic growth

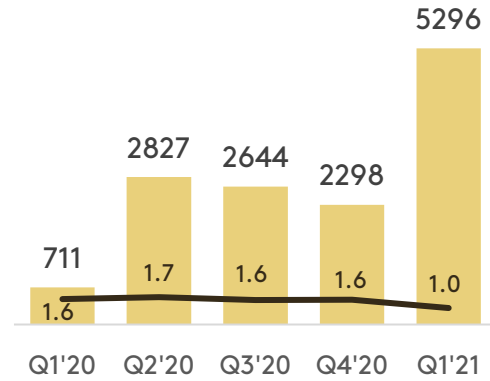
ACTIVE PORTFOLIO: CASUAL & MASH-UP

● MAU ('000)

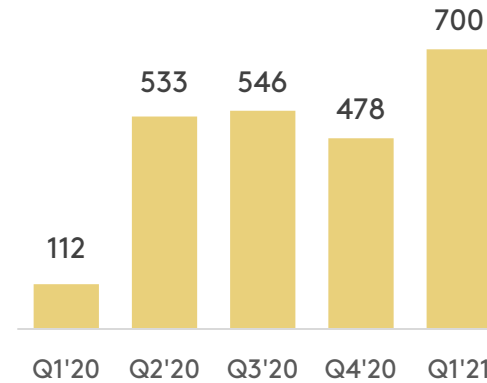


● DAU ('000)

● ARPDau (SEK)



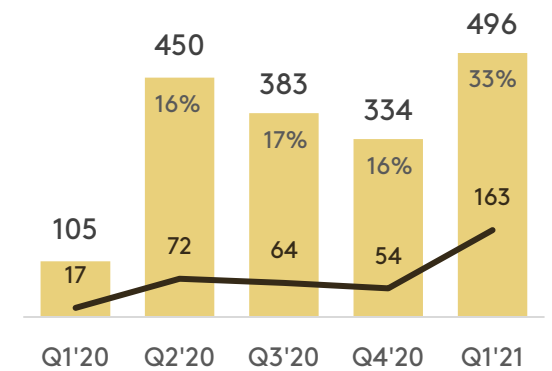
● MPU ('000)



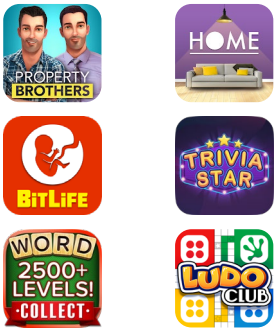
● Bookings ('000)

● UAC (MSEK)

● UAC, % of Bookings



SELECTED TITLES



17

Games

98%

Mobile

33%

Ad bookings

73%

N. America

COMMENTS

- Totals 39% of bookings in the active portfolio
- Super Free and Moonfrog have delivered in line with expectations
 - 9 new titles added from Super Free (2 months) and Moonfrog (1 month)
- Storm8's titles continue to perform well and both Property Brothers Home Design and Home Design Makeover have stabilized quarter over quarter
- Ad bookings increase to 33%, primarily driven by Super Free's titles

Financial highlights

First quarter 2021

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FINANCIAL HIGHLIGHTS Q1 2021



Revenue growth of 91% paired with
Adj. EBIT margin of 33%



Cash generative business with 249
MSEK of cash flow from operations
after change in NWC



Continuously strong financial position
with a cash balance of 1,225 MSEK and
an undrawn long-term credit facility of
1,103 MSEK

1.3x

Leverage at conservative levels,
below the leverage target of 1.5x,
despite recent M&A activity



Strong underlying financial performance and a strong financing platform creates
financial flexibility for further growth and market consolidation through M&A

INCOME STATEMENT Q1 2021

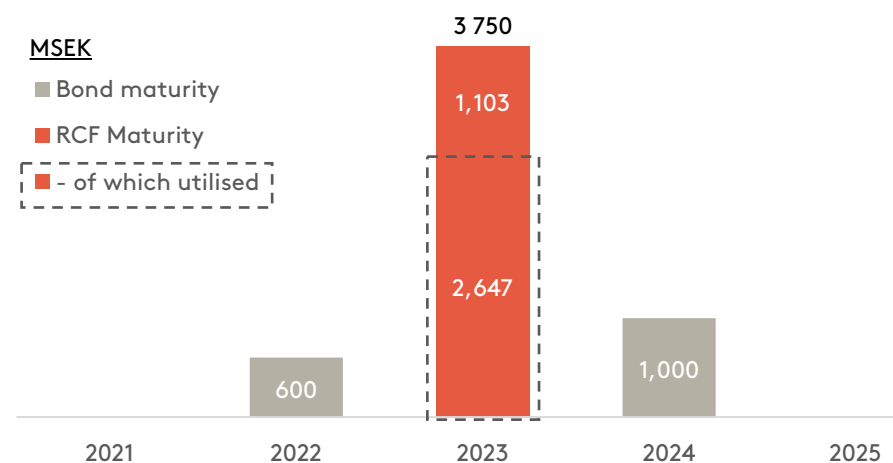
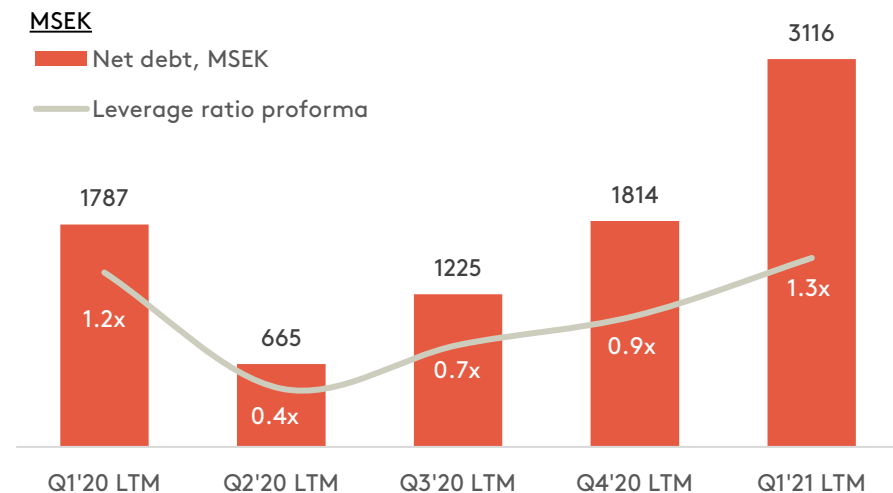
MSEK	Q1 2021	Q1 2020	Δ
Net revenue	1 319	691	91%
Platform fees	-320	-189	70%
Gross profit	999	502	99%
<i>Gross profit margin</i>	<i>76%</i>	<i>73%</i>	<i>3 pp</i>
User acquisition costs (UAC)	-363	-148	145%
<i>UAC/Net revenue</i>	<i>-28%</i>	<i>-21%</i>	<i>-6 pp</i>
Other external expenses	-57	-53	8%
<i>Other external expenses/Net revenue</i>	<i>-4%</i>	<i>-8%</i>	<i>3 pp</i>
Personnel expenses	-194	-122	59%
<i>Personnel expenses/Net revenue</i>	<i>-15%</i>	<i>-18%</i>	<i>3 pp</i>
Adjusted EBITDA	498	254	96%
Depreciation & Amortization (non PPA)	-66	-42	59%
Adjusted EBIT	432	213	103%
<i>Adjusted EBIT margin</i>	<i>33%</i>	<i>31%</i>	<i>2 pp</i>
Items affecting comparability (IAC)	-35	-50	-29%
Amortization of PPA items	-144	-56	154%
EBIT	253	106	138%
Net financial items	-45	-4	1040%
Result after financial items (EBT)	208	102	104%
Taxes for the period	-60	-26	134%
Net profit	148	77	94%

CASH FLOW AND BALANCE SHEET METRICS

CASH FLOW STATEMENT

MSEK	Q1 2021	Q1 2020	Δ
Cash flow from operations (before NWC)	387	120	222%
Change in NWC	-138	43	-423%
Cash flow from operations (CFFO)	249	163	53%
Cash flow from investment activities	-1 475	-2 401	-39%
Cash flow from financing activities	1 400	2 358	-41%
Cash flow for the period	174	120	44%
Last 12 months	Q1 2021	Q1 2020	Δ
CFFO (-IFRS 16 lease repayment)	1 299	520	150%
- of which NWC	-103	22	-567%
Acquisition of intangible assets	-489	-283	73%
- Divided by CFFO (-IFRS 16 lease repayment)	-38%	-55%	17 pp
Free Cash Flow	810	236	243%
EBITDA last 12 months	1 811	790	129%
Cash conversion rate	0.45	0.30	50%

BALANCE SHEET METRICS



Summary & Operational update

First quarter 2021

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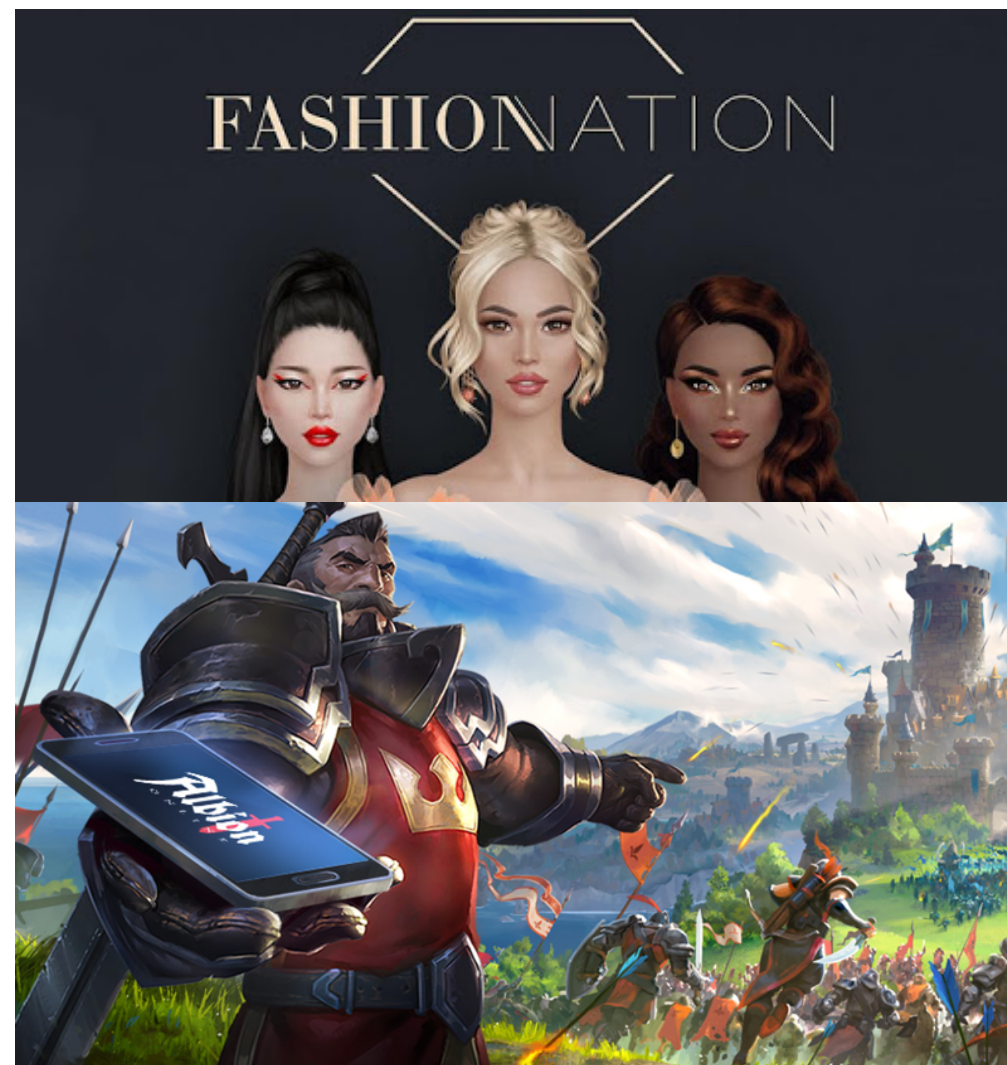
Proactive approach to IDFA removal

- During April, Apple started rolling out changes to identifier for advertisers (IDFA) as a part of the iOS 14.5 update
 - Previously, 20-40% of iOS players chose to manually opt out from app tracking in iOS settings
 - As players now have to opt in, the numbers of players allowing app tracking is expected to decrease going forward
 - CPI is expected to drop short- to mid-term while the industry adapts
- Stillfront has a high provider diversification, which gives us an edge in comparing solutions and spotting scaling potential
- We have prepared for the IDFA updates since June last year, conducting extensive A/B testing and experimenting with selected studios
- Stillfront is well prepared to take on this change and we are confident in our ability to handle any limitations, as well as to quickly seize potential opportunities



Solid start to the year in line with our expectations

- A solid start to 2021 with continued strong growth and high profitability, in line with our expectations
- Strong pipeline of games entering soft launch in 2021
- Tough comparison numbers expected to lead to a negative organic growth rate in Q2
- Intensified process to transfer from First North to Nasdaq Stockholm's main market



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