

2021

A leading free-to-play powerhouse

Interim report

Third quarter 2021

STILLFRONT
GROUP

STILLFRONT AT A GLANCE*



A leading free-to-play powerhouse of 21 gaming studios creating significant operational synergies

62
million

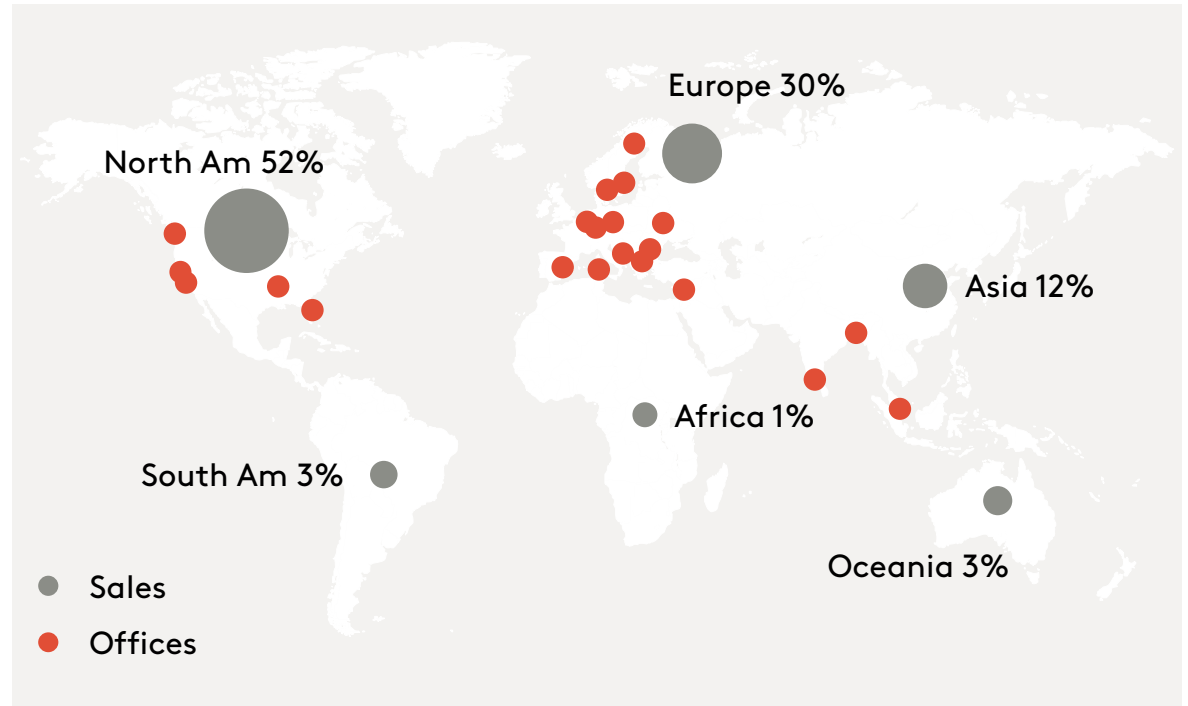
62 million MAU and 12 million DAU
Main markets by revenue are US, Germany, MENA, UK and Canada



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



* Jawaker not included in user data, sales numbers, offices or employees.

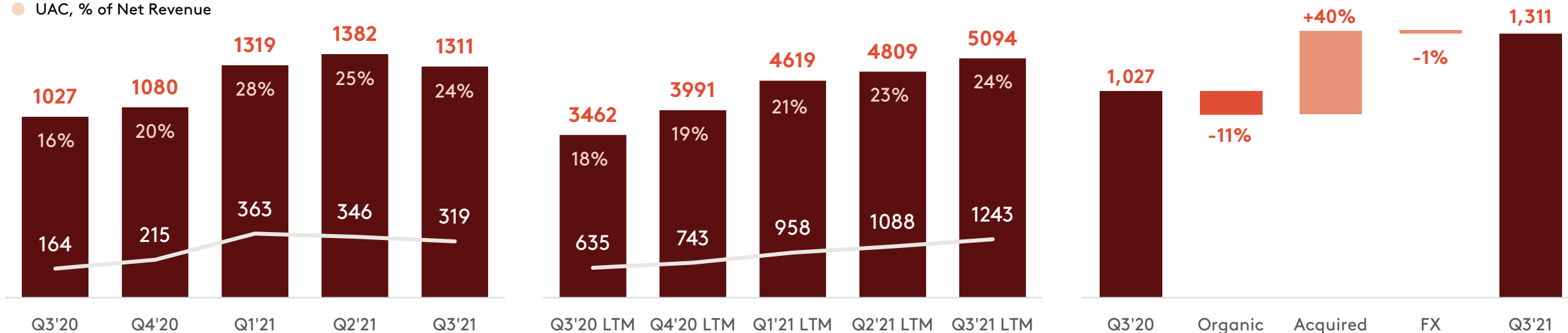
Game highlights in the third quarter

- Strong year-over-year organic growth performance from War & Peace, BitLife and Conflict of Nations
- Moonfrog's Ludo Club was ranked the #1 game on Snapchat worldwide in September
- Record-high number of new titles in pipeline and soft-launch
 - Goodgame established its new publishing division publishing the real time strategy game War Alliance
 - Several exciting soft-launches, including DogLife by Candywriter released in early November
- Significant UA spend ramp-up across several studios during the second half of the quarter as the mobile advertising market stabilizes and studios are getting ready for the seasonally stronger upcoming quarters



NET REVENUE, UAC DEVELOPMENT & ORGANIC GROWTH

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



Q3 Net Revenue
growth of

28%

YoY

Q3 UAC in relation
to Net Revenue

24%

Q3 organic
bookings growth,
excl. FX effects

-8%

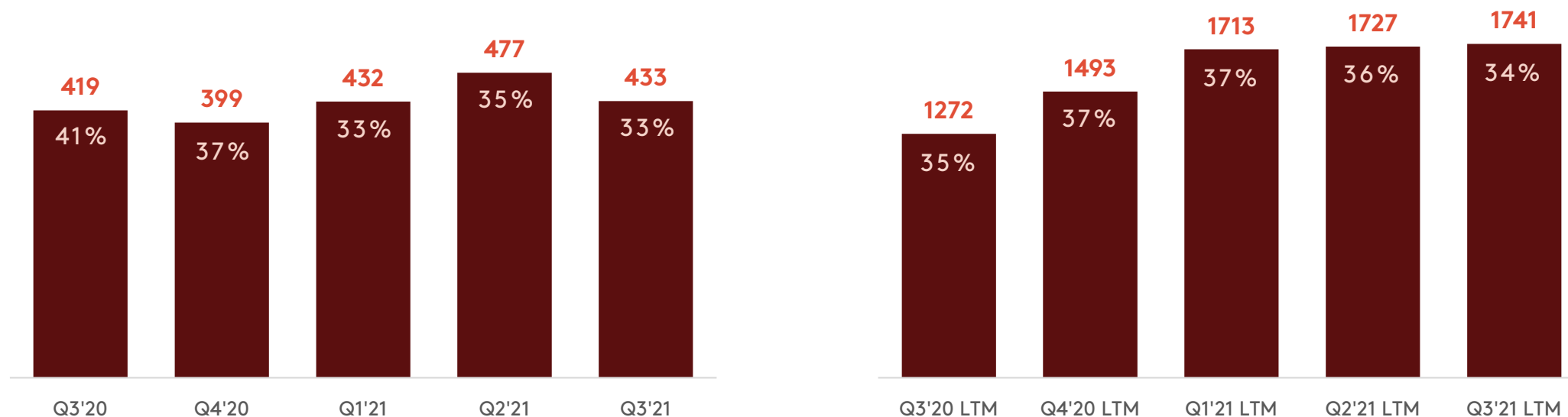
YoY

COMMENTS

- Bookings growth of 32% and net revenue growth of 28%, driven by acquired studios as well as strong organic growth from several studios
 - Revenues in upper part of the communicated guidance range (1275-1325 MSEK)
 - Usual seasonality quarter-over-quarter with less activity during the summer months
- Organic bookings growth of -8% and net revenue growth of -11%, driven by continued normalization from the pandemic levels as well as a large deferral effect in Q3'20
- Organic ARPDAU increased by 13% in Q3, with contribution from all product areas
- The proforma growth rate the past 24 months for organic studios close to 10% per year (excluding Kixeye)

ADJ. EBIT DEVELOPMENT

- Adj. EBIT, MSEK
- Adj. EBIT, % of Net Revenue



Adj. EBIT growth of

3%

YoY

Q3 Adj. EBIT
in relation to
Net Revenue

33%

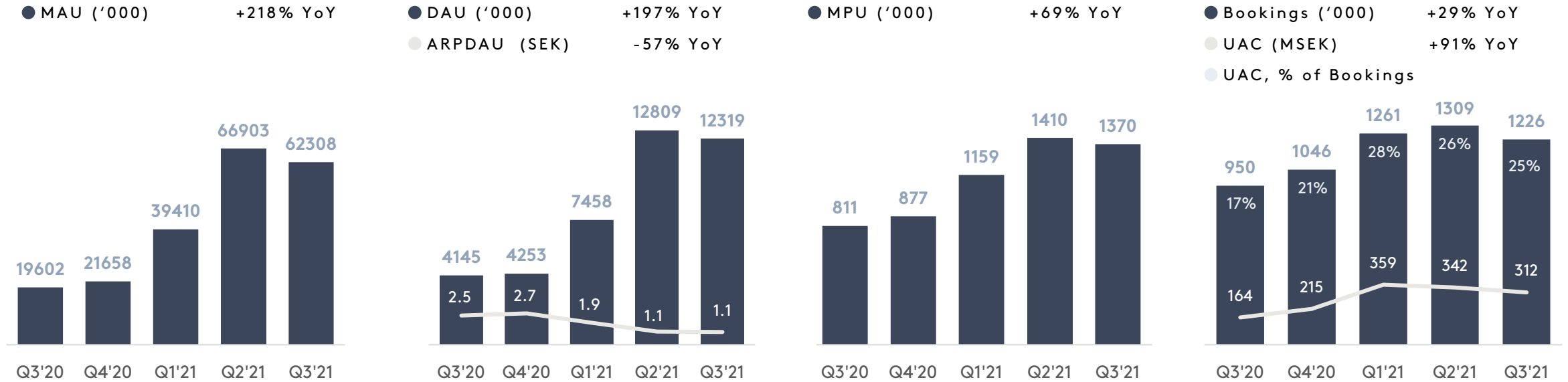
LTM Adj. EBIT
in relation to
Net Revenue

34%

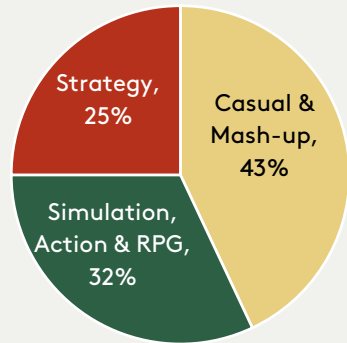
COMMENTS

- Q3 Adj. EBIT of 433 MSEK or 33% in relation to Net Revenue, above the communicated guidance range (375-415 MSEK)
- Continued high and stable profitability through leveraging our broad range of marketing channels
- Lower EBIT margin year-over-year driven by higher UA spend (up by 95% compared to last year) than usual during Q3

ACTIVE PORTFOLIO: TOTAL



DIVERSIFIED PORTFOLIO



56
Games

76%
Mobile

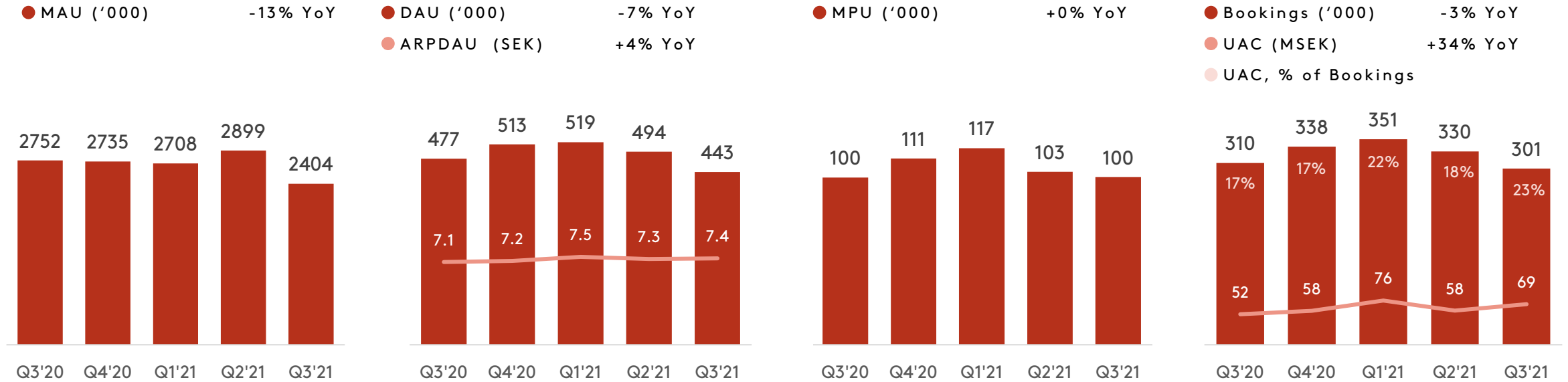
18%
Ad bookings

43%
Casual & Mash-up

COMMENTS

- Bookings in the active portfolio increased by 29%
- DAU and MAU increased year-over-year, driven by addition of both Super Free and Moonfrog, but decreased slightly quarter-over-quarter
- ARPDau down as a result of the new product mix, organic ARPDau up with continued enhanced monetization across the portfolio year-over-year
- Bookings from games outside the active portfolio increased to 78 MSEK in Q3, driven by new game releases that have not yet been added to the active portfolio

ACTIVE PORTFOLIO: STRATEGY



SELECTED TITLES



13

Games

65%

Mobile

1%

Ad bookings

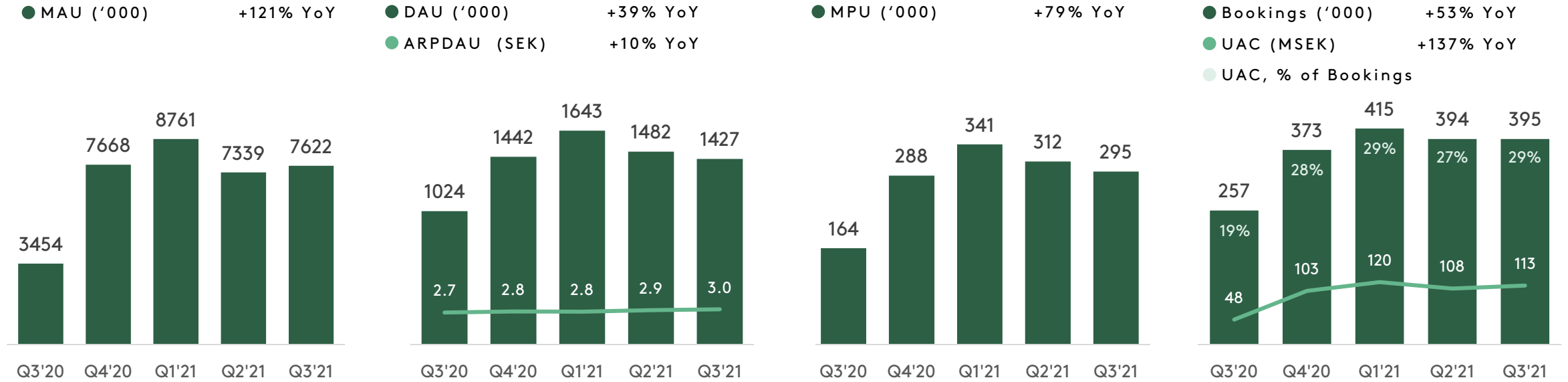
44%

Europe

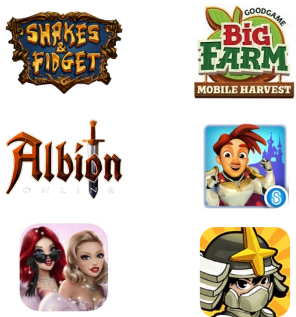
COMMENTS

- Totals 25% of bookings in the active portfolio
- Bookings declined by -3% YoY, driven by lower user numbers, but partly offset by better monetization
- Conflict of Nations grew by almost 200% year-over-year and is now one of the largest titles in the Strategy product area
- War and Peace continues to do well with strong organic growth year-over-year
- The Empire titles were stable in the quarter
- Ad bookings continued to increase and grew by more than 4x compared to same period last year (from low levels)

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION



SELECTED TITLES



26

Games

57%

Mobile

7%

Ad bookings

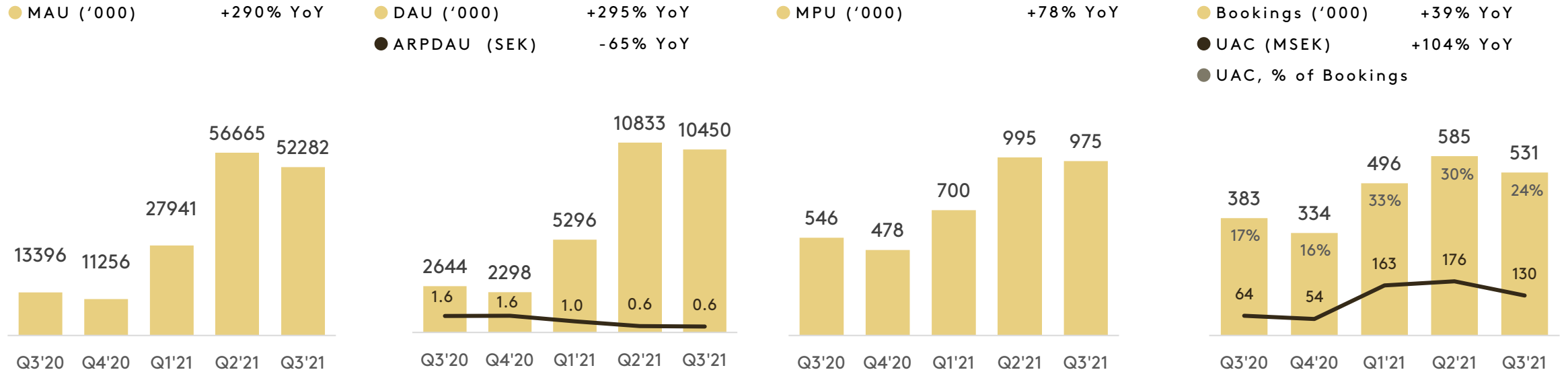
44%

N. America

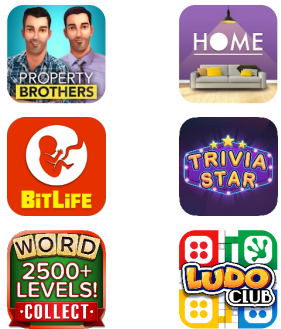
COMMENTS

- Totals 32% of bookings in the active portfolio
- YoY growth of 53% driven primarily by newly acquired titles and strong organic performance from several games
- Weak performance from Kixeye's titles year-over-year, stabilized quarter-over-quarter
- Share of mobile bookings decreased somewhat to 57%
- Ad bookings up to 7% in Q3 from 5% in Q2

ACTIVE PORTFOLIO: CASUAL & MASH-UP



SELECTED TITLES



17
Games

96%
Mobile

35%
Ad bookings

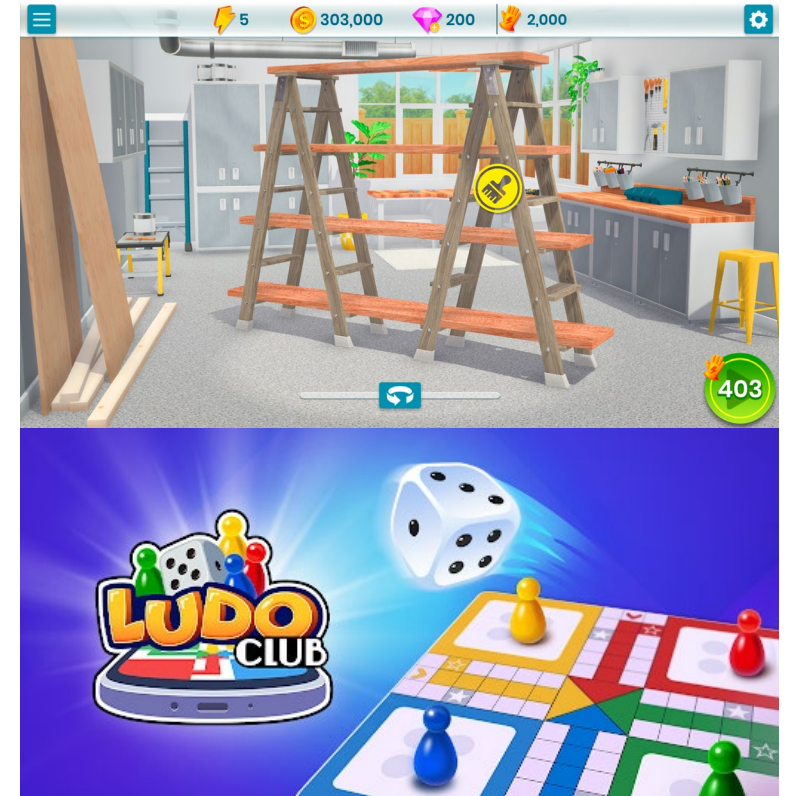
65%
N. America

COMMENTS

- Totals 43% of bookings in the active portfolio
- YoY growth of 39% driven by newly acquired titles and strong organic growth from Candywriter
- Continued strong performance from Moonfrog and Candywriter in the quarter
- Super Free Games performing significantly below expectations on bookings
- DAU and MAU up substantially and ARPDau down as Moonfrog adds large number of players with lower monetization

The fast-moving Casual & Mash-up portfolio

- The Casual & Mash-up revenues move both up and down more rapidly by nature
- Storm8 grew significantly during its first quarters as part of Stillfront and has now stabilized at high levels
 - New match 3 game in development, aimed for late Q4 release
- Super Free had a strong Q1 but has showed significantly weaker top line development
 - Super Free has not been able to market their games at same levels as in Q1'21
 - Full focus from management to return to growth, remaining confident in the studio's long-term prospects
- Candywriter has been a key growth driver in Q2'21 and Q3'21
 - BitLife became the second largest title in Stillfront's games portfolio in Q3'21
 - DogLife launched in November and additional games in development
- Moonfrog Labs has had strong first seven months as a part of the group, showing strong growth in its key titles



Financial highlights

Third quarter 2021

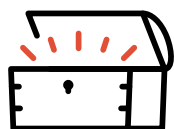
FINANCIAL HIGHLIGHTS Q3 2021



Revenue growth of 28% paired with
Adj. EBIT margin of 33%



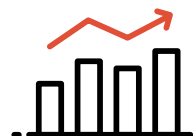
Cash generative business
with a strong cash flow from
operations of 486 MSEK in Q3



Continuously strong financial
position with a cash balance of 1 171
MSEK and an undrawn credit
facility of 3,249 MSEK

1.2x

Leverage below the financial target
of 1.5x partly following a directed
share issuance completed during the
quarter*



Strong financial performance and a diversified financing platform creates flexibility to
support further growth

* A directed issue of shares in the amount of 877 MSEK was completed and included in Q3 2021. An additional directed share issue of 123 MSEK was completed after the end of the quarter including the Jawaker acquisition, with this taken into consideration the leverage ratio would have been around our financial targets.

INCOME STATEMENT Q3 2021

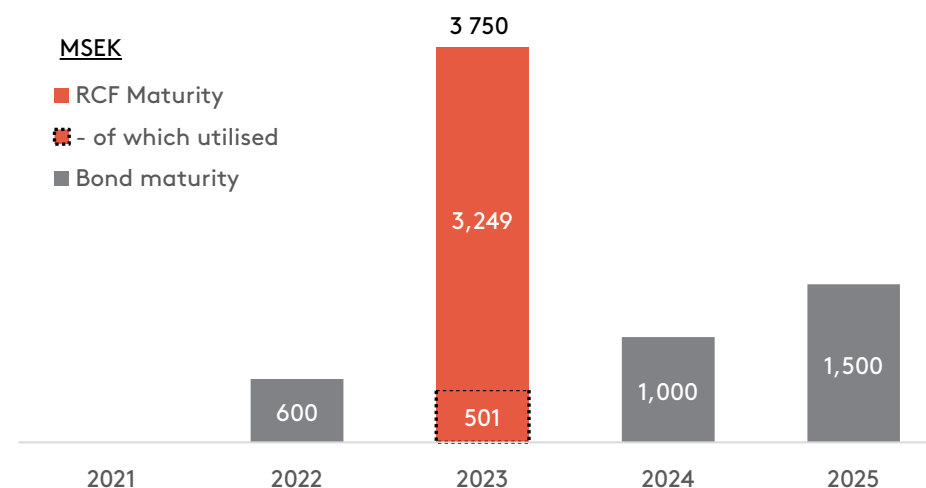
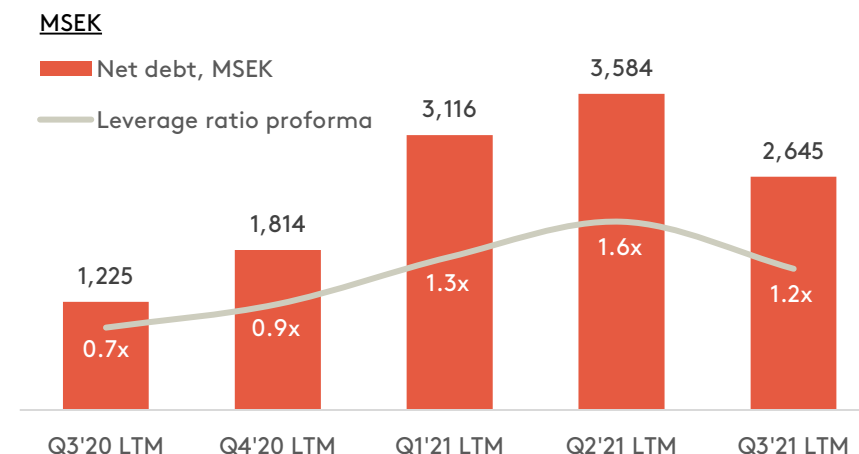
MSEK	Q3 2021	Q3 2020	Δ
Net revenue	1 311	1 027	28%
Platform fees	-284	-280	1%
Gross profit	1 027	748	37%
<i>Gross profit margin</i>	<i>78%</i>	<i>73%</i>	<i>6 pp</i>
User acquisition costs (UAC)	-319	-164	95%
<i>UAC/Net revenue</i>	<i>-24%</i>	<i>-16%</i>	<i>-8 pp</i>
Other external expenses	-72	-52	40%
<i>Other external expenses/Net revenue</i>	<i>-6%</i>	<i>-5%</i>	<i>-1 pp</i>
Personnel expenses	-234	-150	56%
<i>Personnel expenses/Net revenue</i>	<i>-18%</i>	<i>-15%</i>	<i>-3 pp</i>
Adjusted EBITDA	519	472	10%
Depreciation & Amortization (non PPA)	-86	-53	63%
Adjusted EBIT	433	419	3%
<i>Adjusted EBIT margin</i>	<i>33%</i>	<i>41%</i>	<i>-8 pp</i>
Items affecting comparability (IAC)	-20	-18	11%
Amortization of PPA items	-170	-95	80%
EBIT	243	306	-21%
Net financial items	-55	-48	16%
Result after financial items (EBT)	187	258	-27%
Taxes for the period	-58	-104	-45%
Net profit	129	154	-16%

CASH FLOW AND BALANCE SHEET METRICS

CASH FLOW STATEMENT

MSEK	Q3 2021	Q3 2020	Δ
Cash flow from operations (before NWC)	389	293	33%
Change in NWC	97	38	153%
Cash flow from operations (CFFO)	486	332	47%
Cash flow from investment activities	-181	-858	-79%
Cash flow from financing activities	-14	648	-102%
Cash flow for the period	291	122	139%
Last 12 months			
CFFO (- IFRS 16 lease repayment)	1 549	939	65%
- of which NWC	88	46	92%
Acquisition of intangible assets	-558	-406	37%
- in relation to CFFO (- IFRS 16 lease repayment)	-36%	-43%	7 pp
Free Cash Flow	991	533	86%
EBITDA last 12 months	1 906	1 339	42%
Cash conversion rate	0.52	0.40	31%

BALANCE SHEET METRICS



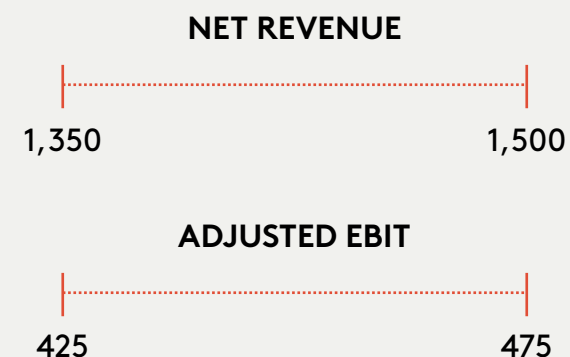
Summary & Operational update

Third quarter 2021

Indicative guidance for fourth quarter

- Guidance for Q4*:
 - Net revenue of 1,350 to 1,500 MSEK
 - Adj. EBIT of 425 to 475 MSEK
- Net revenue guidance for Q4 suggests growth of 25% to 39% YoY
- Midpoint Q4 guidance implies full-year 2021 net revenue of 5,438 MSEK and adjusted EBIT of 1,792 MSEK

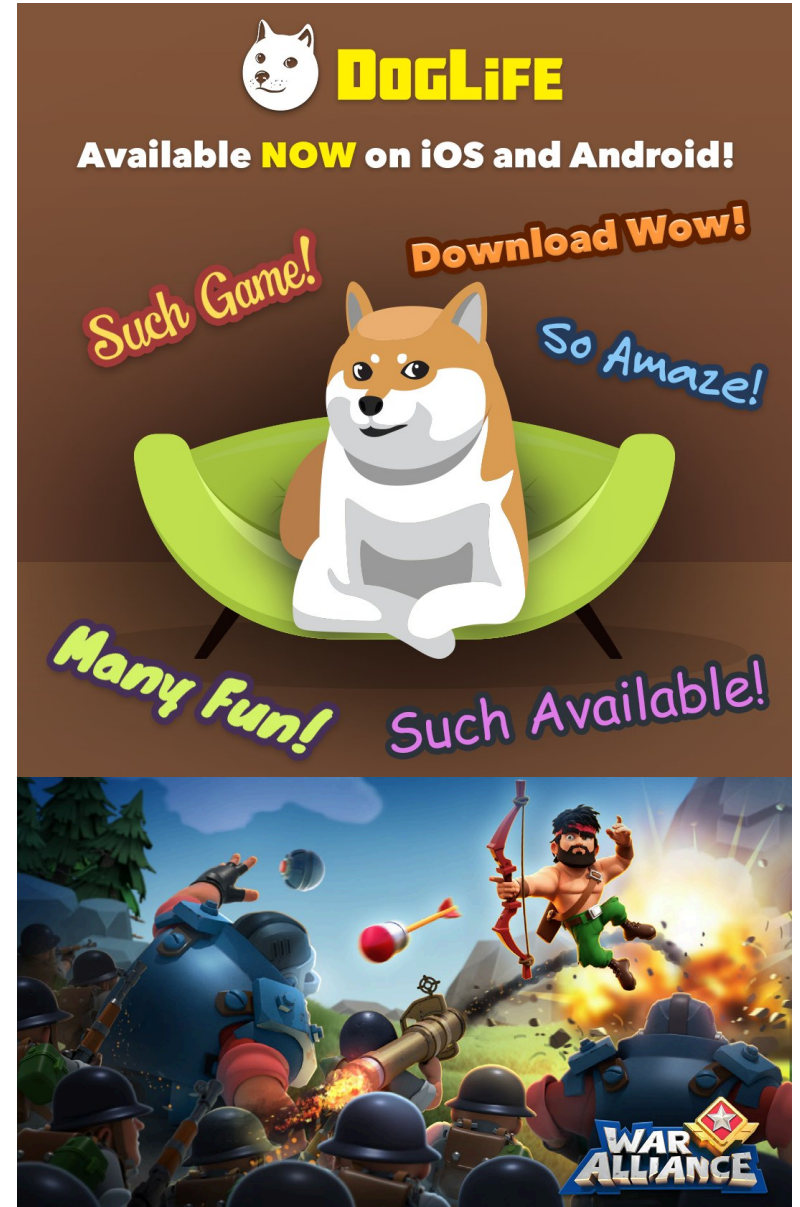
INDICATIVE GUIDANCE FOR Q4 2021



**The assumed exchange rates used for Q4 YTD is 8.5075 for USD/SEK and 10.1426 for EUR/SEK, which is the average YTD rate as of October 2021 closing.*

Summary

- The business continues to be stable and perform well in the quarter, with several studios showing strong organic growth
- The comparison figures driven by the pandemic and the IDFA changes are transitory
- Several exciting game releases during Q4 and more to come in 2022
- In a good position to return to organic growth in the latter part of Q4



STILLFRONT

GROUP

