

Stillfront Group Full-year report 2022

15 February 2023

Outperforming a weak market with successful live ops and efficient user acquisition

24
percent

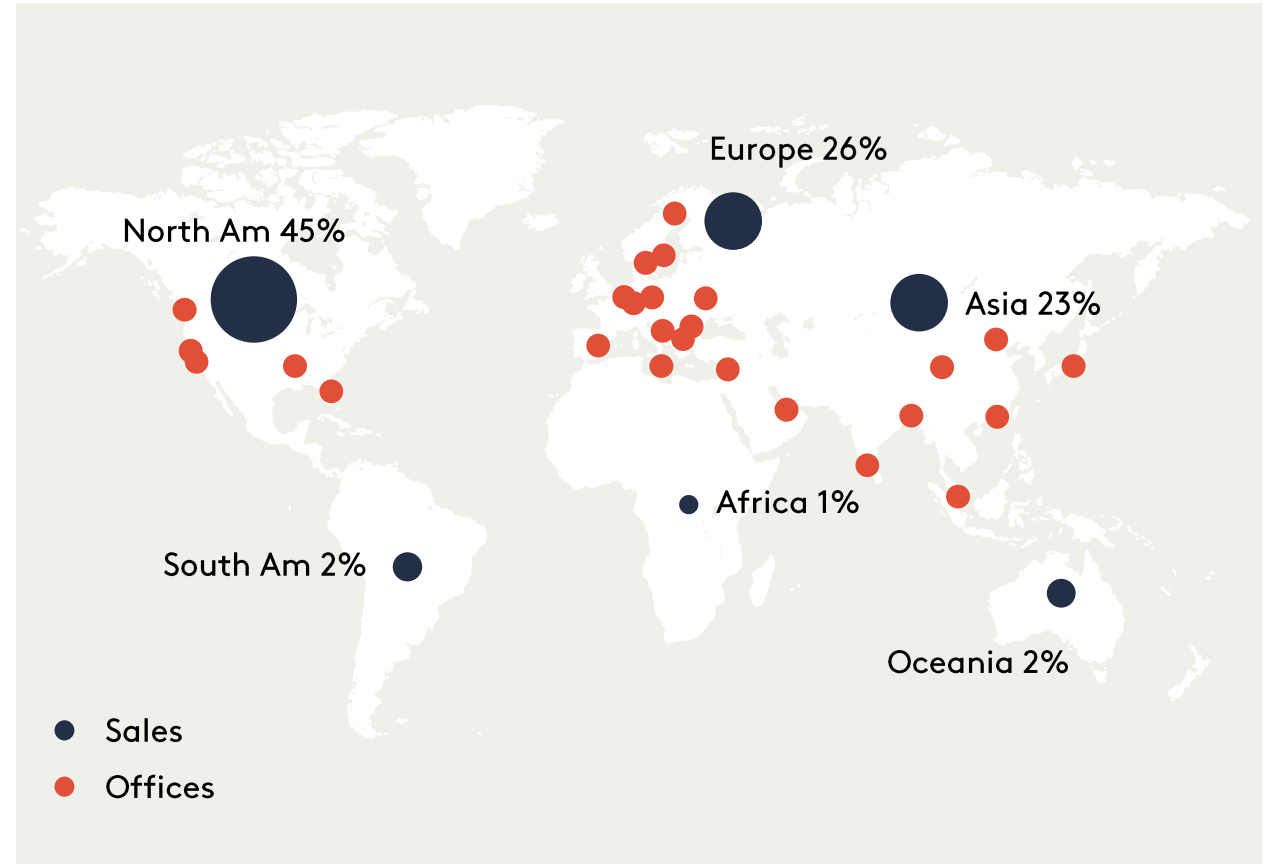
Net revenue growth of 24 percent, performing significantly better than the global mobile games market



Strong performance from several key franchises, successful live ops and efficient user acquisition



Continued strong cash generation and balance sheet



Strong performance from several key franchises

Portfolio highlights

- › BitLife continued its successful growth journey with major content update in the fourth quarter, driving significant organic growth
- › Albion Online had a strong second half of 2022, gearing up for Asian expansion in late Q1 2023
- › Jawaker continued to grow in the fourth quarter, despite negative impact from FIFA World Cup

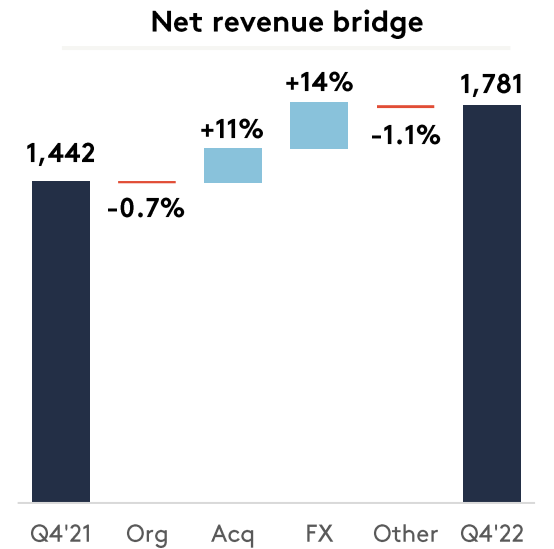
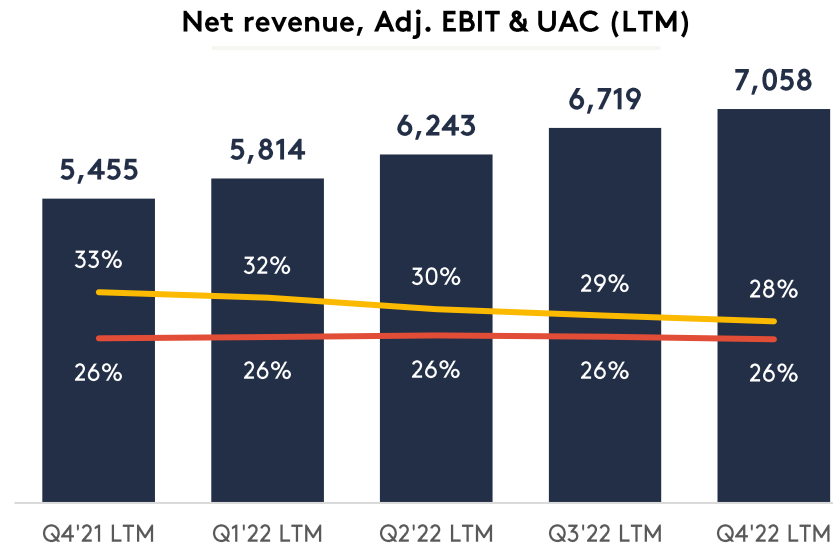
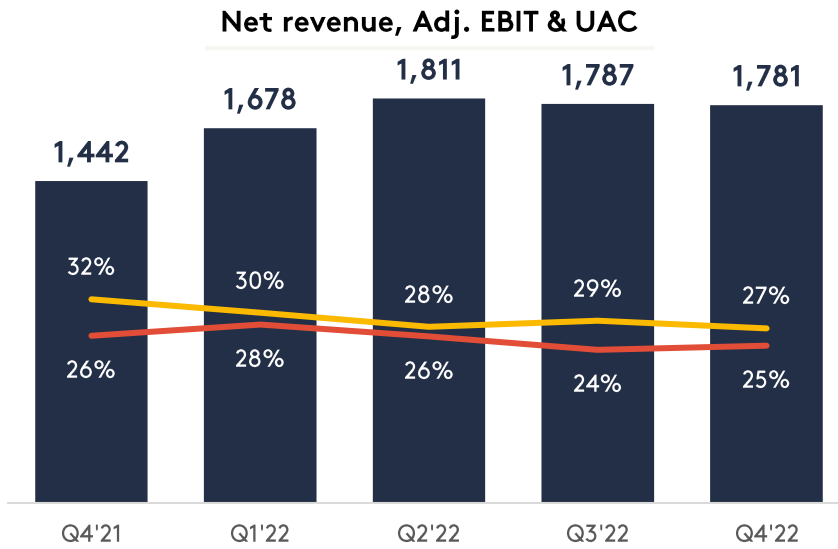
Continued expansion of active portfolio

- › Weaker than expected performance from soft-launches in the quarter
- › Increased ROI requirements leading to one-off amortization costs of -176 MSEK
- › One new game added to active portfolio in the quarter, the active portfolio now consists of 78 games



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

FINANCIAL DEVELOPMENT



- Net revenue growth of 24% year-over-year driven by acquisitions and positive FX effects, slightly offset by 0.7% negative organic development and paused operations in Bangladesh
- Lower margin year-over-year driven by higher amortization following higher product investments, EBITDA margin stable YoY
- Organic development significantly better than underlying mobile games market

Q4 Net revenue
growth of

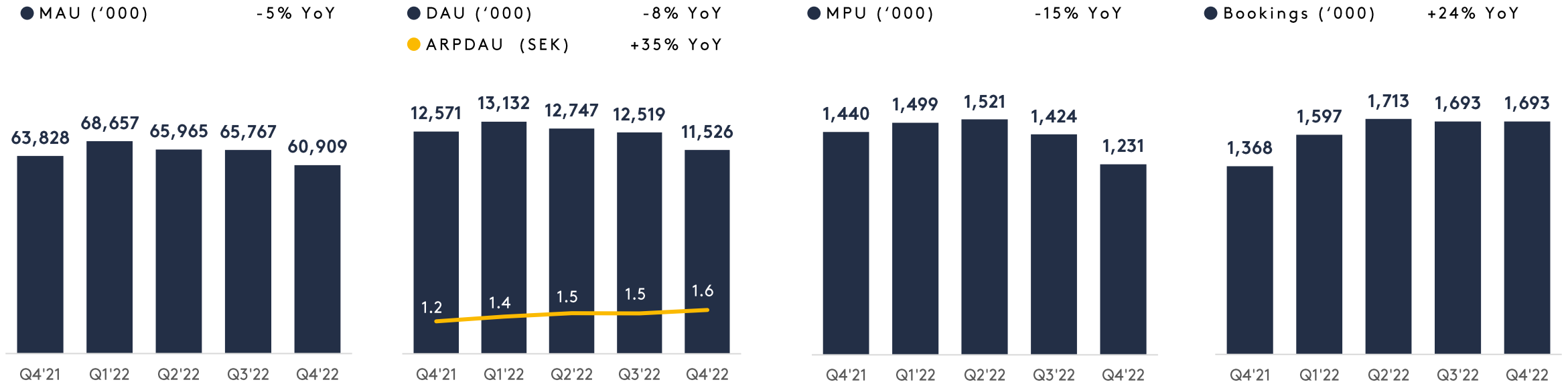
24%

YoY

Q4 Adjusted EBIT
margin of

27%

ACTIVE PORTFOLIO: TOTAL



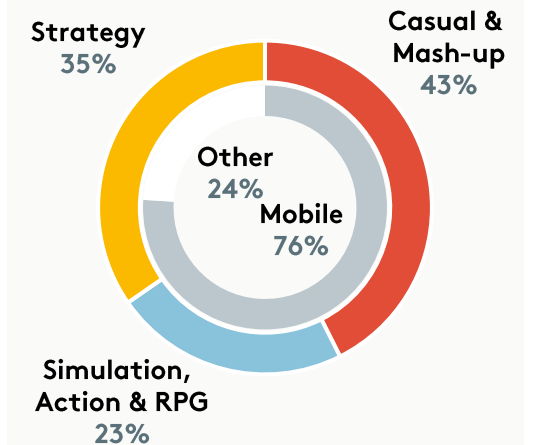
- DAU, MAU and MPU down year-over-year driven mainly by paused operations in Bangladesh
- ARPDau significantly up year-over-year driven by positive FX effects and strategy games having a larger weight in the portfolio
- Ad bookings up by 2 percentage points quarter-over-quarter driven by a slightly different product mix

78
games in
active portfolio

76%
mobile share
of bookings

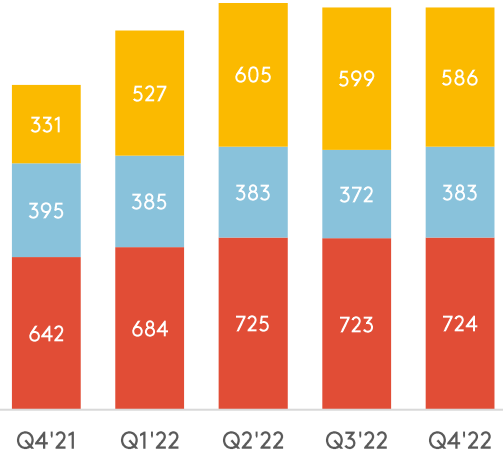
16%
ad bookings

43%
Casual & Mash-up

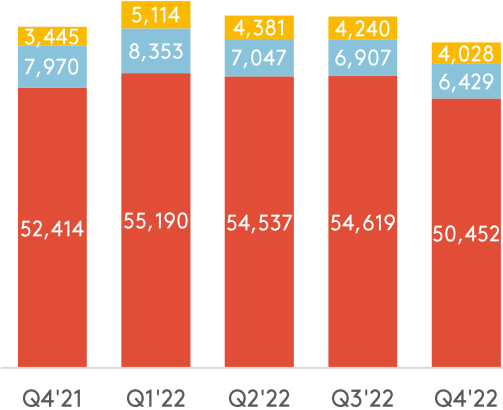


ACTIVE PORTFOLIO: TOTAL

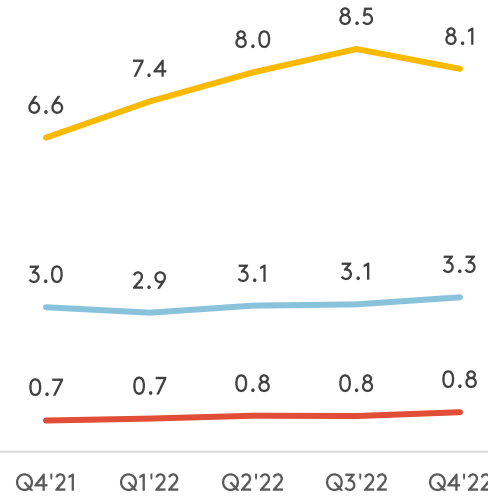
Bookings (MSEK)



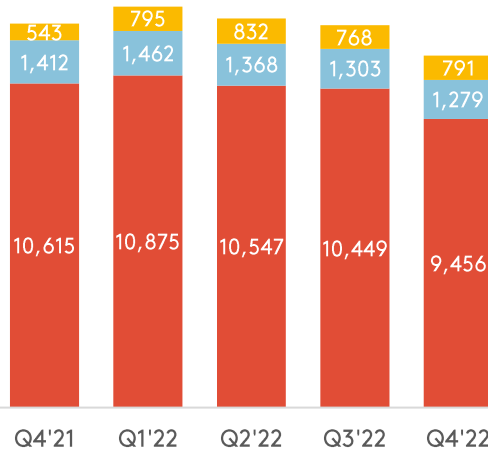
Monthly active users ('000)



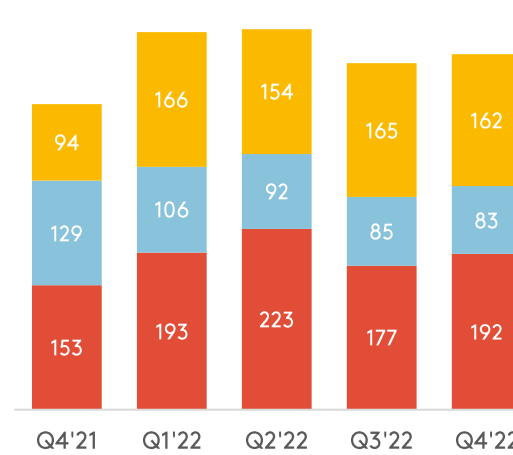
ARPPDAU (SEK)



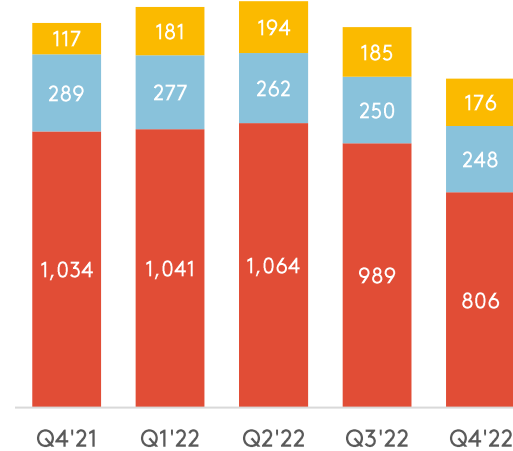
Daily active users ('000)



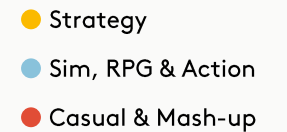
User acquisition cost (MSEK)



Monthly paying users ('000)



- Strong growth in bookings year-over-year for Strategy (+77%)
- Simulation, RPG & Action bookings down slightly year-over-year (-3%) driven by lower UA allocation
- Improved monetization year-over-year across portfolio driven by positive FX and acquired studios
- Maintained high UA spend in Strategy driving stable and long-term growth in product area
- Decline in MAU, DAU and MPU in Casual & Mash-up driven by paused operations in Bangladesh



Continued strong cash generation

Q4, MSEK	Q4 2022	Q4 2021	
Cash flow from operations (before NWC)	474	405	17%
Change in net working capital	10	37	-72%
Cash flow from operations (CFFO)	484	442	10%
Cash flow from investment activities	-480	-1,515	-
Cash flow from financing activities	-301	1,014	-
Cash flow for the period	-297	-59	-

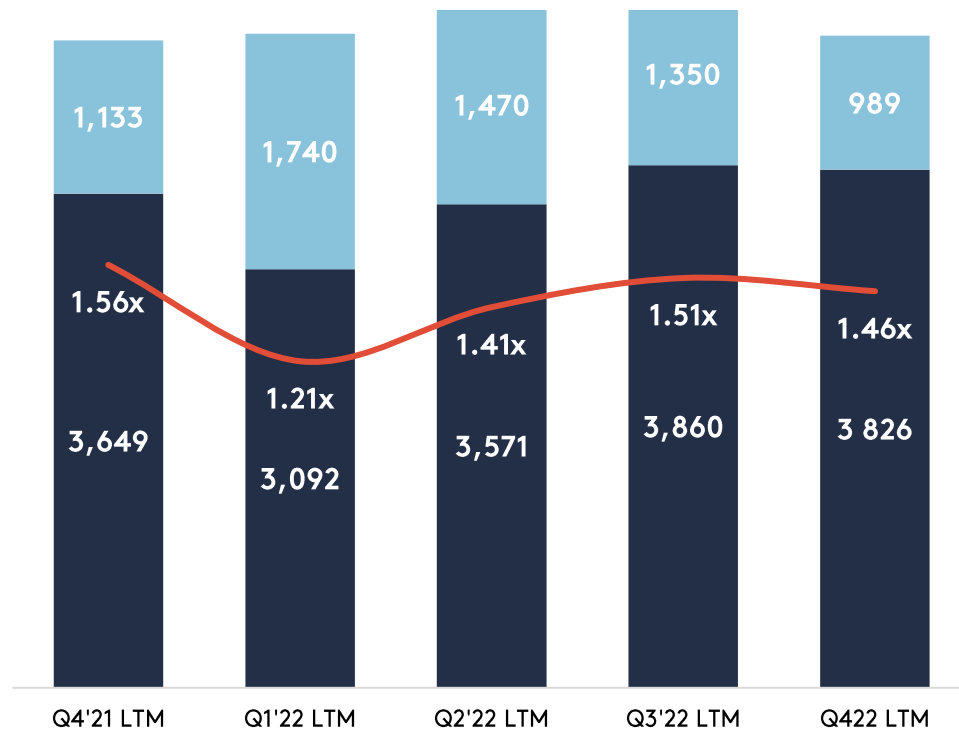
Last 12 months, MSEK	Q4 2022	Q4 2021	
Cash flow from operations (before NWC)	2,082	1,615	29%
Change in net working capital	-54	5	-
IFRS 16 lease repayment	-57	-46	24%
CFFO (- IFRS 16 lease repayment)	1,971	1,574	26%
Capitalization of product development	-996	-621	61%
- in relation to CFFO (- IFRS 16 lease repayment)	-51%	-40%	-11 pp
Free cash flow	974	953	3%
EBITDA last 12 months	2,545	2,020	26%
Cash conversion rate	0.38	0.47	-18%



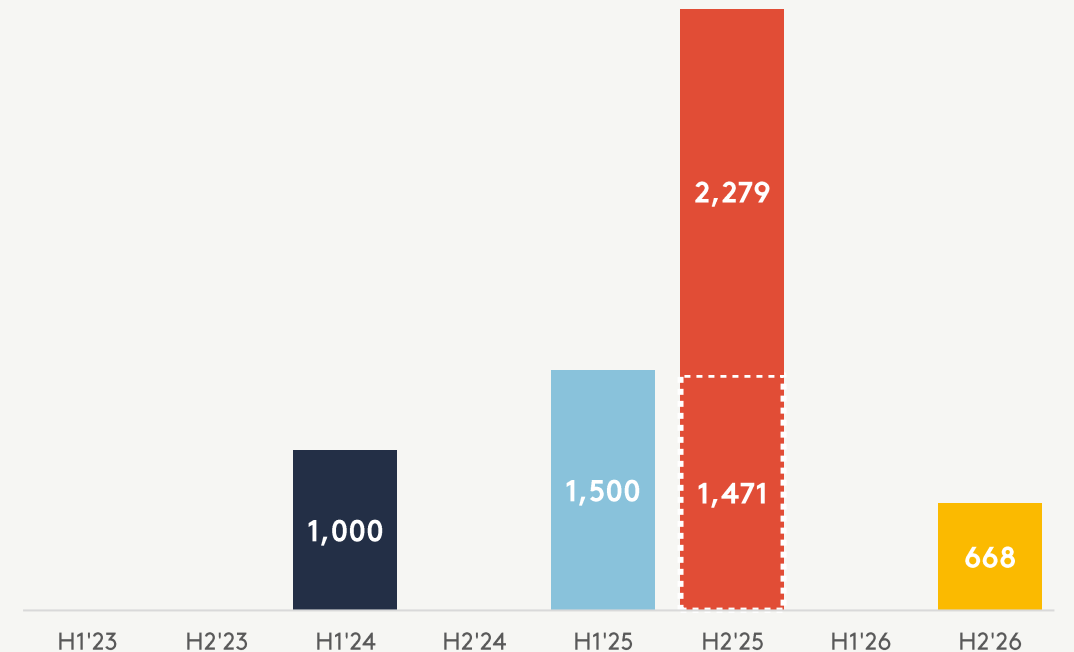
Cash flow from operations
(before changes in NWC)
of more than **2 billion SEK**

**Free cash flow up
year-over-year** despite
61% increase in product
development

Conservative leverage and well-balanced maturity profile



- Net debt, MSEK
- Cash and cash equivalents
- Leverage ratio proforma



- RCF Maturity, MSEK
- Bond 2024, MSEK
- Term loan facility, MSEK*
- of which utilized
- Bond 2025, MSEK

Launch of share repurchase program

- › Cash flow generation and strong balance sheet enable Stillfront to launch share repurchase program up to a total amount of SEK 270 million
- › The repurchased shares will be used to cover the majority of the equity component of Stillfront's 2023 earnout provisions
- › Acquisitions may be made on one or several occasions between 16 February 2023 and the 2023 Annual General Meeting on 11 May 2023

Entering a new phase with updated financial targets

- › Stillfront significantly outgrew the mobile games market in 2022, with high profitability and strong cash flows
- › New financial targets announced better reflecting the value generation potential in the business going forward
- › Stillfront in a strong position to continue its growth journey for many more years to come

1.

Annual organic revenue growth above addressed market

Supported by selective and accretive M&A

2.

Annual adjusted EBITDAC¹ margin in the range 26-29 percent

3.

Leverage ratio below 2.0x
Including cash earnouts next 12 months

Stillfront Group's updated financial targets will be followed up annually and are valid until further notice

¹ Adjusted EBITDAC is defined as profit before interest, tax, depreciation, amortization, less capitalized product development, adjusted for items affecting comparability

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GROUP

