



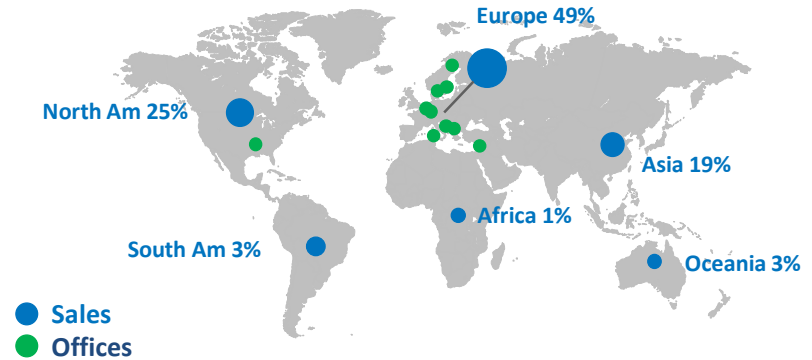
Q3 2018  
Financial Results

# Stillfront – a market leader in online strategy games

## Stillfront at a glance

- Market leader in the genre free to play browser and mobile strategy games, with a loyal customer base and long game life cycles
- Well-diversified game portfolio with established blockbuster IPs and many small to mid-sized growing and profitable IPs
- 4.1 million monthly users, MAUs, and 1.0 million daily users, DAUs<sup>1)</sup>
- Main markets by revenue are US, Germany, MENA, France and UK
- Headquarter in Stockholm with a group of ten studios operating in Bulgaria, Germany, Jordan, Malta, Romania, Sweden and United States with a total of 460 professionals

## Global presence<sup>1)</sup>



## Game Studios



## Massive track record<sup>1)</sup>



Note: 1) Excluding Imperia Online.

# Key highlights Q3



## Financial highlights

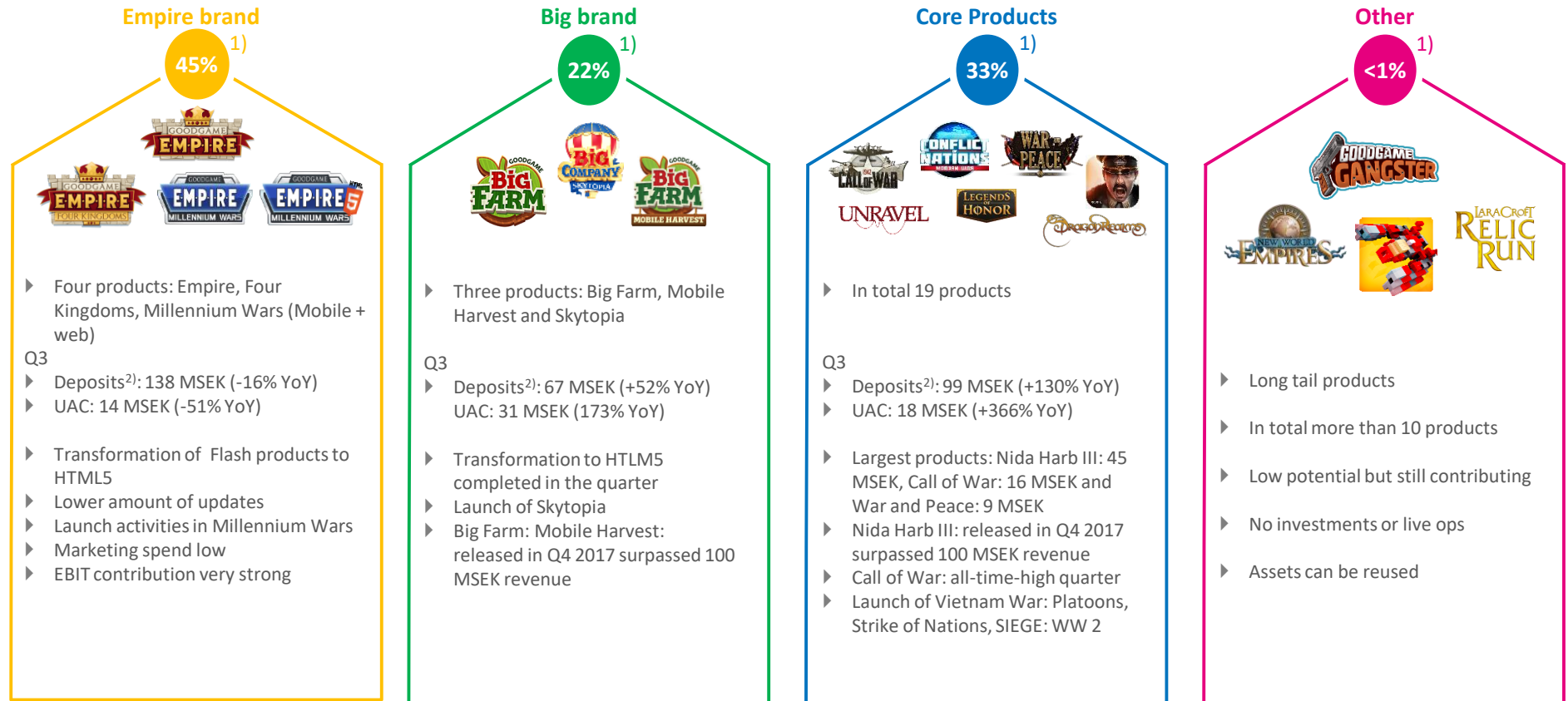
- Proforma net revenue growth of 25% YoY
- High profitability – strong Adjusted EBIT margin of 28%
- After the reporting period: new financing package in place

## Operational highlights

- Strong development in Core products
- Lower gaming activity due to seasonality
- Acquisition of Imperia Online
- Synergies coming into play

# Portfolio update Q3

## Stable and highly profitable portfolio

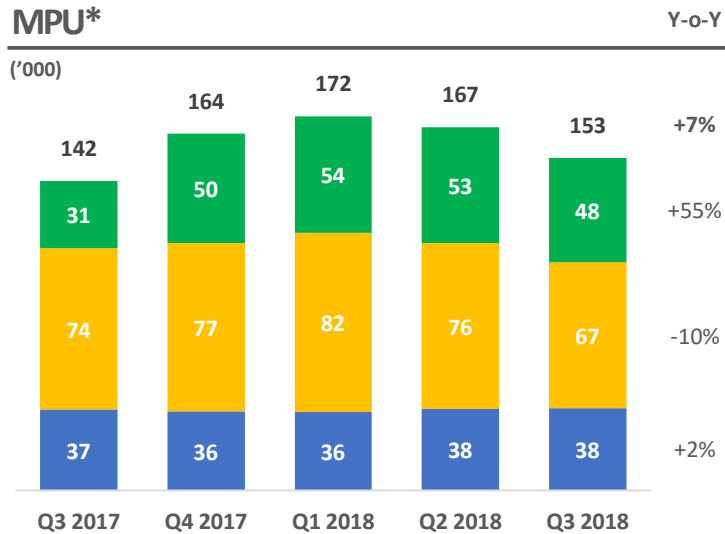


Empire and BIG brands show stability in total deposits

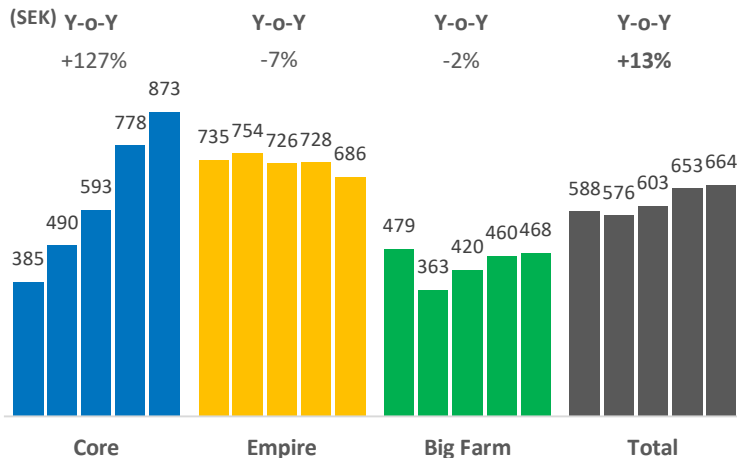
Note: 1) As of Q3 2018. 2) Deposits are unadjusted revenues. % share of Group deposits in Q3 2018.



# Paying User Base



## ARPMU\*\*



## Comments Q3 2018

- Q3 affected by seasonality
- Strong monetization development, YoY
- All-time-high ARPMU of 664 SEK, an increase of 13% mainly driven by Nida Harb III success in MENA region

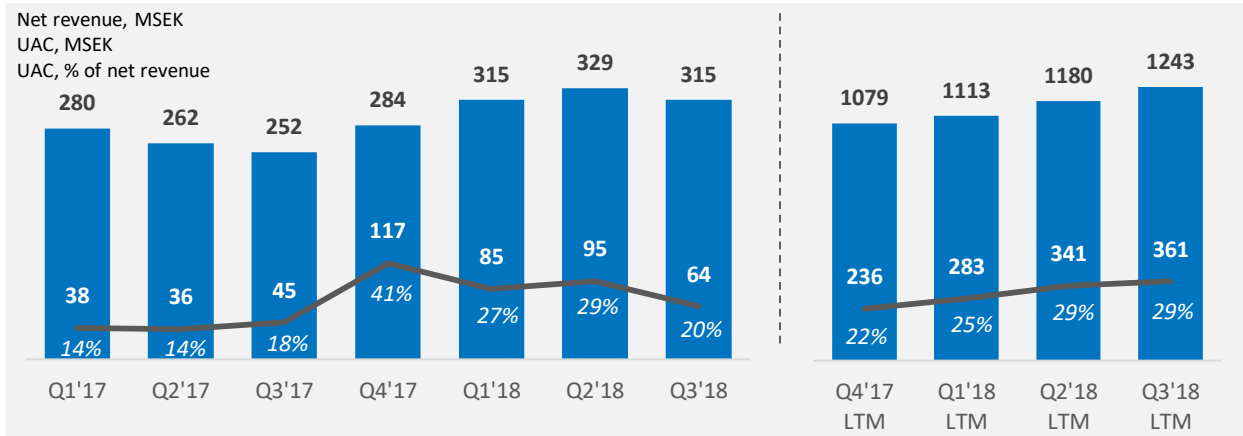
\*) Average unique monthly paying users over the quarter

\*\*) Average deposits net VAT per monthly paying user over the quarter

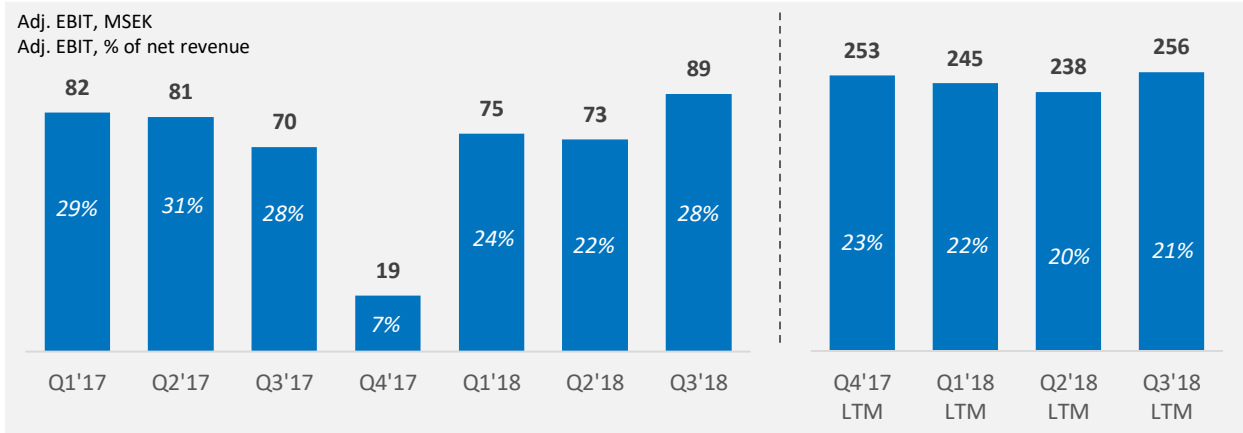
\*\*\*) Numbers pertain to online games only.

# Strong EBIT margin in a seasonally soft quarter

## Net revenue, UAC development



## Adj. EBIT development



## Comments

- 25% growth in net revenues
- Strong EBIT margin of 28% despite higher share of mobile (57%), royalty costs and limited royalty revenues
- UAC alignments due to seasonality – drives a higher margin
- UAC Q4 2017 at exceptional level due to massive launch of BIG Farm Mobile Harvest
- The Group strongly benefits from having a diversified portfolio:
  - The natural volatility drives weaker growth for some products - balanced by stronger growth for other products
  - Some strongly cash-generative products fuel organic growth in other products

# Income Statement Q3 2018

<b>MSEK</b>	<b>Jul-Sep 2018</b>
<b>Net revenues</b>	<b>315</b>
OWC	31
Other revenues	4
Total	350
Other operating expenses	-172
Personnel expenses	-58
Adjusted EBITDA	120
Depreciation, amortization and write-downs	-31
Adjusted EBIT	89
Items affecting comparability	0
EBIT	89
Financial items	-16
<b>EBT</b>	<b>72</b>
Taxes for the period	-18
<b>Net result for the period</b>	<b>54</b>

## Comments

- Gross margin 75%
- Major cost items:
  - Payment providers, platforms fees, royalties 79 MSEK
  - UAC 64 MSEK
  - Staff 58 MSEK
- Capitalized Product Development 36 MSEK
- No Items affecting comparability during Q3



# Balance Sheet 2018-09-30

MSEK	2018-09-30
Intangible non-current assets	1 546
Tangible non-current assets	8
Deferred tax assets	14
Current receivables	143
Cash and cash equivalents	152
<b>Total assets</b>	<b>1 864</b>
<b>Shareholders' equity</b>	
Shareholders' equity attributable to parent company's shareholders	961
Non-Controlling interest	13
<b>Total Shareholders' equity</b>	<b>974</b>
Non-current liabilities	136
Bond	491
Current liabilities	263
<b>Total Liabilities and Shareholders' equity</b>	<b>1 864</b>

## Comments

Intangible assets mainly consist of:

- Capitalized product development 202 MSEK
- Acquired products 198 MSEK
- Goodwill 1 140 MSEK

Non-current liabilities mainly attributable to:

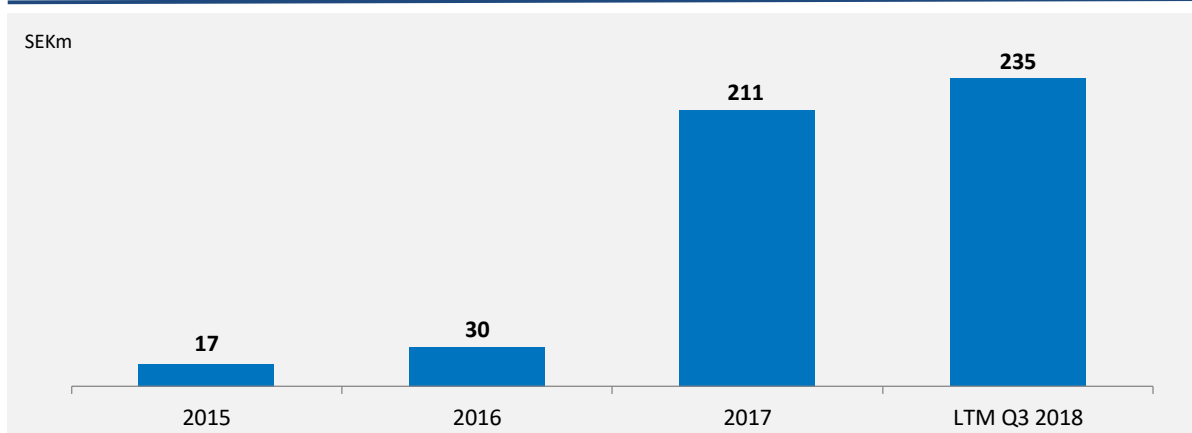
- Expected earn-outs: 37 MSEK
- Deferred tax liability: 89 MSEK

Current liabilities

- Overdraft liability: 52 MSEK
- Expected earn-outs: 37 MSEK

# Cash flow statement Q3 2018

## Cash flow from operations



## Cash flow

MSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Latest 12 months	2017 Jan-Dec
Cash flow from operations	121	55	160	136	235	211
Cash flow from investment activities	-48	-19	-52	-49	-70	-67
Cash flow from financing activities	-3	-6	-141	0	-262	-120
<b>Cash flow for the period</b>	<b>70</b>	<b>31</b>	<b>-33</b>	<b>87</b>	<b>-96</b>	<b>23</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>152</b>	<b>240</b>	<b>152</b>	<b>240</b>	<b>152</b>	<b>176</b>

## Comments

- Cash flow from operations positively impacted by reclassification of current liabilities related to earnouts (positive impact on cash flow from working capital) by 37 MSEK
- Investment activities related to product development and payment of earnouts

# New financing package in place



- 600 MSEK in senior unsecured bonds due 2022 under a new bond framework of up to 1000 MSEK
- The proceeds from the bond issue will be used for:
  - Early redemption of outstanding 500 MSEK 2017/2020 senior secured bond loan
  - General corporate purposes
- Bank facilities in the amount of 600 MSEK
  - 100 MSEK working capital facility
  - 500 MSEK revolving credit facility maturing in 2021
- Favourable terms:
  - Stibor 3m + 500bps
  - More flexible terms

# Acquisition of Imperia Online

## Leading game developer and publisher in Southeastern Europe

Focus on long term gamer relations

- 25 released games and over 45 million users worldwide
- Flagship title Imperia Online, a MMO strategy game both for browser and mobile platforms
- Net revenue of app 4.1 MEUR, operating margin of app 48%, January-August 2018

Profitability, efficiency and low risk

- Solid highly profitable base
- Addition to Core portfolio with 2 games
- Increased presence and knowledge in Eastern Europe and South America regions

Perfect strategic fit

- Successful cross platform technology
- Proven state-of-the-art ability in Game-as-a-Service
- Solid performance marketing capabilities



# Outlook

## Profitable growth

### Strategic and tactical priorities

- Growth agenda both organically and through M&A
- EBIT margin
- Synergies and leverage
- Further reward/risk balancing for predictability and stability

### Further expansion of portfolio

- Extensions of engines for future rapid development of titles; Siege, SUP, Big and Empire engines
- Successful true cross platform extension
- Strike of Nations & SIEGE: WWII: promising but at an early stage
- 2 products from Imperia Online added to Core products from October 1, 2018

### Synergies

- Performance marketing optimization - 20% cost savings
- Goodgame supporting Babil and Simutronics in launching Strike of Nations and SIEGE: WWII
- Payment shop and fraud-systems shared between studios

### Acquisitions

- M&A provides attractive value creation opportunities with appealing reward/risk model
- Deal flow is high both in volume, quality and size
- Broader game genre

### **In short:** Stillfront well positioned for capturing future profitable growth

- New financial package in place at favourable terms
- Synergies in the Group providing us with a powerful platform



Thank you