STILLFRONT
GROUP

SINCE 2010

Year-End Report 2019

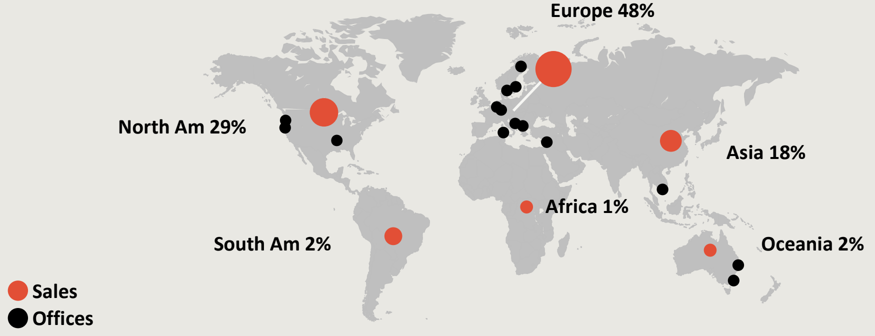
Investor presentation February 19, 2020

Stillfront – a free-to-play power house

STILLFRONT AT A GLANCE

- A global group of gaming studios in the free-to-play online games genre
- A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games
- Main markets by revenue are US, Germany, MENA, France and UK
- Headquartered in Stockholm with a group of twelve studios operating in Australia, Bulgaria, Canada, Germany, Jordan, Malta, Romania, Sweden, United States and Vietnam with a total of ~700 professionals

GLOBAL PRESENCE



GAME STUDIOS

Goodgame Games, POWERCHALLENGE, eRepublik Labs, KIXEYE, DORADO GAMES, GOOD GAME, SIMUTRONICS, Playa Games, COLDWOOD, BYTRO, Imperia Online Game Production Company

MASSIVE TRACK RECORD

1.4m DAU
avg. # of DAUs

All time 600m
users to date

€ ~2bn
in lifetime deposits

6.0m MAU
avg. # of MAUs

Empire
is one of the biggest strategy games of all time

HIGHLIGHTS FOURTH QUARTER

- Net revenue growth of 51% YoY supported by a well-balanced product mix
- Adj. EBIT margin of 32% as a result of continued good monetisation
- Strong development YoY in Big products, Nida Harb 3 and the midsized portfolio
- UAC amounted to 107 MSEK or 19% in relation to net revenue

HIGHLIGHTS FULL-YEAR 2019

- Stillfront platform built for further growth; organisation, structure and scale
- Strong financial development - revenue growth of 48%
- Adj. EBIT margin of 33%
- Goodgame Studios presented solid growth FY o FY
- Kixeye preparing for growth 2020: collaboration between Kixeye, Goodgame and Babil

Portfolio update Q4

Diversified portfolio: largest game represents less than 15 percent of revenue

28% EMPIRE BRAND

- Five products: Empire, Four Kingdoms, Millennium, WW3, Age of Knights

Q3

- Deposits*: 151 MSEK (-3% YoY)
- UAC: 13 MSEK (-12% YoY)
- Sequential growth, 12%
- Very strong EBIT contribution
- New mobile title Empire: Age of Knights in global soft launch

17% BIG BRAND

- Three products: Big Farm, Mobile Harvest and Skytopia

Q3

- Deposits*: 90 MSEK (+29% YoY)
- UAC: 38.5 MSEK (+67% YoY)
- Sequential growth, 6%
- Big Farm: Mobile Harvest in top 3 products driving organic YoY growth, +46%

55% CORE PRODUCTS

- In total 29 products

Q3

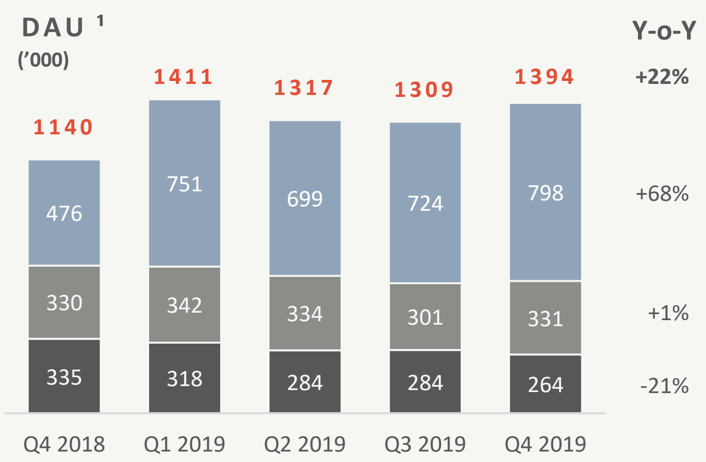
- Deposits*: 296 MSEK (+118% YoY)
- UAC: 55.5 MSEK (+47% YoY)
- Largest products: Nida Harb 3 (70 MSEK), Shakes & Fidget (36 MSEK), Battle Pirates (32 MSEK)
- Nida Harb 3, Strike of Nations in top3 products driving organic YoY growth

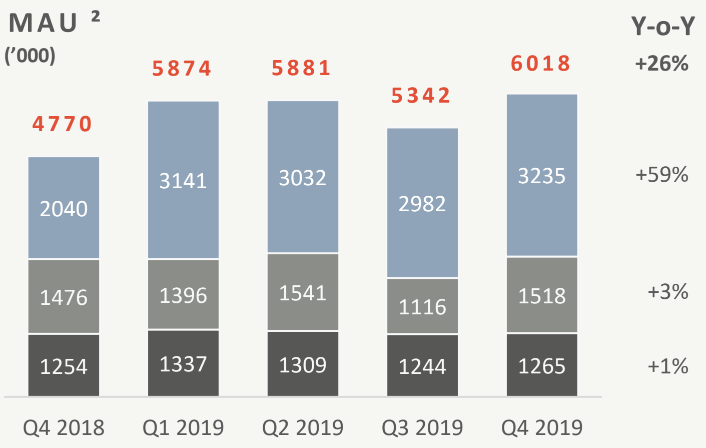
<1% OTHER

- Long tail products
- In total more than 10 products
- Low potential but still contributing
- No investments or live ops
- Assets can be reused

*Deposits are unadjusted revenues from paying users

Active User Base





’EMPIRE’ BRAND

’BIG’ BRAND

CORE PRODUCTS

COMMENTS Q4 2019

- Sequential seasonality and efficient UA
- MAU increased 13% QoQ and DAU increased 6% QoQ
- Higher UA spend for Big Farm: Mobile Harvest fuels sequential MAU increase
- Age of Knights globally soft launched during quarter

1: Average unique Daily active users over the quarter – pertains to online games only
2: Average unique Monthly active users over the quarter – pertains to online games only

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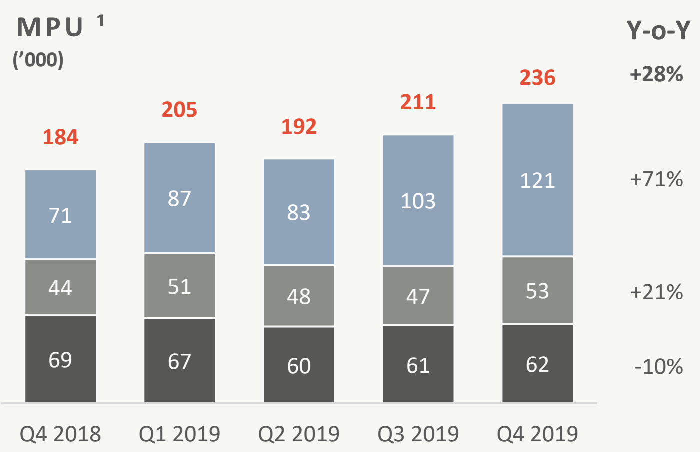
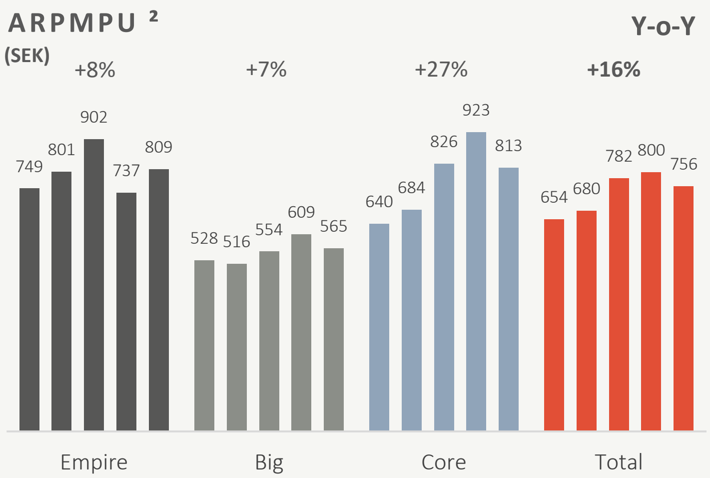
Paying User Base





'EMPIRE' BRAND

'BIG' BRAND

CORE PRODUCTS

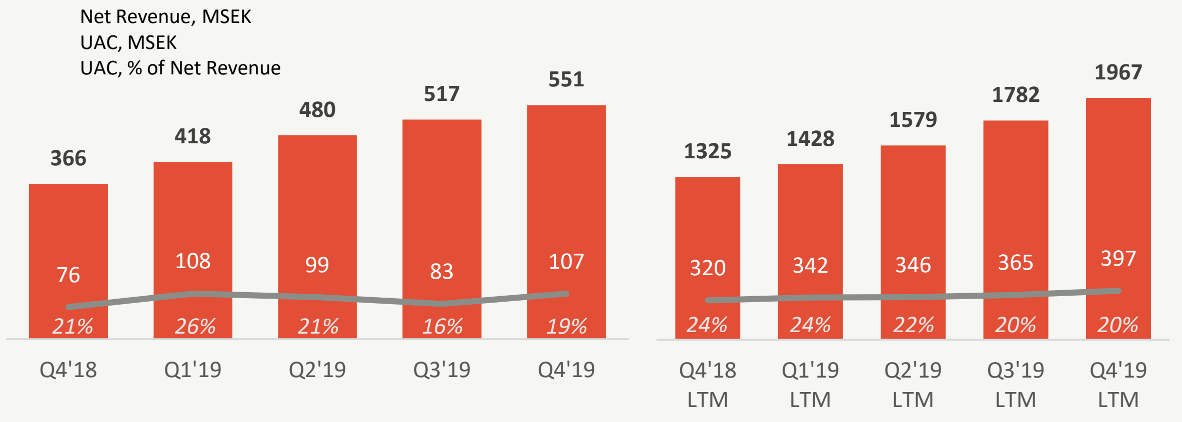
COMMENTS Q4 2019

- Loyal paying user base, excluding acquired studios, remain stable YoY
- Group's All time high in MPU, 28% YoY, paired with 16% YoY ARPMPU growth
- Shakes & Fidget main driver of sequential +12% MPU, -5% ARPMPU QoQ
- Stable Empire and growing Big drives YoY growth for Goodgame studios

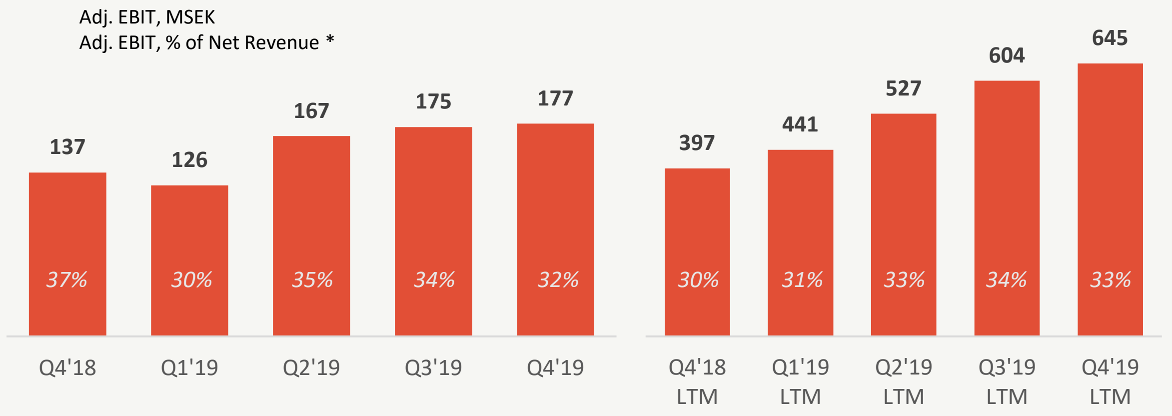
1: Average unique monthly paying users over the quarter – pertains to online games only
2: Average deposits per monthly paying user over the quarter – pertains to online games only

Strong revenue growth and solid profitability

NET REVENUE, UAC DEVELOPMENT



ADJ. EBIT DEVELOPMENT



COMMENTS

Net revenue growth of 51% YoY

- Strong organic growth in the Big products and Nida Harb 3
- Medium sized products combined contribute to growth
- Playa and Kixeye driving acquisitive growth

Good profitability: Adj. EBIT margin 32%

- Excluding IAC and amortization of PPA-items
- UAC of 107 MSEK or 19% in relation to net revenue
- Share of mobile revenues 54% (56% in Q3)

Net revenue growth of 48% LTM

- Efficient and disciplined UA spend at around 20% of revenue
- Adj. EBIT margin improvement of 3 percentage points
- 62% adj. EBIT growth

*New definition of Adj. EBIT – excluding items affecting comparability and amortization of PPA-items

Income statement Q4 2019

MSEK	2019 Oct-Dec	2018 Oct-Dec
Net revenue	**551**	**366**
OWC	62	22
Other revenue	5	-1
Total	**618**	**387**
Other operating expenses	-303	-169
Personnel expenses	-111	-65
EBITDA	**204**	**156**
Depreciation, amortization and write-downs	-69	-32
EBIT	**135**	**123**
Financial items	-19	-50
EBT	**116**	**73**
Taxes for the period	-29	-46
Net result for the period	**87**	**26**

COMMENTS	
Deposits	537 MSEK
IFRS effect	3 MSEK
Other game related revenues	11 MSEK
Gross Margin	**74%**
Other operating expenses:	**-302 MSEK**
• Payment providers, platform fees, royalties	-142 MSEK
• UAC	-107 MSEK
• Items affecting comparability	-5 MSEK
• Other operating costs	-49 MSEK
Depreciation and Amortization	**-69 MSEK**
• PPA items	-38 MSEK
• Capitalized development expenses	-28 MSEK
• IFRS 16 Leases and fixed assets	-3 MSEK
Adj. EBIT / Margin	**177 MSEK/32%**
Net financial items:	**-19 MSEK**
• Interest net	-17 MSEK
• Non-cash interest charge on earnouts and currency effects	-5 MSEK
• Revaluation of provision for earnouts	3 MSEK
Taxes for the period	**-29 MSEK**

Income statement Full-Year 2019

MSEK	2019	2018
Net revenue	**1,967**	**1,325**
OWC	197	118
Other revenue	11	7
Total	**2,175**	**1,450**
Other operating expenses	-1,078	-732
Personnel expenses	-356	-236
EBITDA	**740**	**479**
Depreciation, amortization and write-downs	-223	-125
EBIT	**517**	**353**
Financial items	-63	-89
EBT	**454**	**265**
Taxes for the period	-113	-107
Net result for the period	**341**	**157**

COMMENTS

Net revenues amounted to 1,967 (1,325) MSEK, an increase of 48%

- Organic and acquisitive growth drive diversification and create a better balance in the portfolio
- Increased ARPMPU driven by live ops increasing 16% YoY
- Other revenues increased to 39 (13) MSEK, i.e. increased to 2% of total revenues

Gross Margin 74% (75%) slightly lower FY o FY driven by higher share of revenue from mobile and Babil, offset by other revenues and scalability of our business model

UAC increases with 24%, but decreased in relation to revenues to 20% (24%)

Personnel costs amounted to -356 (-236) MSEK, an increase with 51%

- Personnel cost with affect on P&L increases with 35%

Depreciation, amortization and write-downs increased 78%

- Mainly driven by amortization of PPA items which increased to -101 (-32) MSEK

Adj. EBIT amounted to 645 (397) MSEK, an increase of 63% and Adj. EBIT Margin increased 3 p.p. to 33%

Taxes YTD totalled -113 MSEK, reported tax rate YTD was 25%

Net result amounted to 341 (157) MSEK, an increase of 117%

Balance sheet 2019-12-31

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MSEK	2019-12-31	2018-12-31
Intangible non-current assets	3,293	2,179
Tangible non-current assets	76	14
Deferred tax assets	71	5
Current receivables	251	153
Cash and cash equivalents	342	246
Total assets	**4,033**	**2,598**
Shareholders' equity		
Shareholders' equity attributable to parent company's shareholders	1,941	1,081
Non-Controlling interest	18	15
Total Shareholders' equity	1,959	1,096
Deferred tax liabilities	251	102
Bond	1,085	588
Non-current liabilities	224	430
Current liabilities	515	382
Total Liabilities and Shareholders' equity	**4,033**	**2,598**

COMMENTS

Intangible assets mainly consist of:

Capitalized product development and acquired products	1,083 MSEK
Goodwill	2,211 MSEK
Cash balance	342 MSEK
Non-current liabilities:	224 MSEK
Mainly attributable to provisions for earnouts and utilised RCF	
Current liabilities	515 MSEK
Mainly attributed to provision for earnouts, WCF and payables	
Net debt	820 MSEK
Adj. Leverage ratio, pro forma	0.9x
Adj. Interest coverage ratio pro forma	11.7x

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Cash flow statement Q4 2019

CASH FLOW

MSEK	2019 Oct-Dec	2018 Oct-Dec	FY 2019	FY 2018
Cash flow from operations	148	50	484	210
Cash flow from investment activities	-86	-236	-1 251	-288
Cash flow from financing activities	-94	281	861	140
Cash flow for the period	-32	95	94	62
Cash and cash equivalents at the end of the period	**342**	**246**	**342**	**246**

COMMENTS

Q4

Cash flow from operations for Q4 2019 amounted to 148 (50) MSEK

- Positively impacted from changes in operating liabilities and operating receivables of 89 MSEK, partly offset by by seasonal tax payments of 48 MSEK

Cash flow from investment activities amounted to -86 (-236) MSEK

- Primarily driven by investments in product development

Cash flow from financing activities -94 (-281) MSEK

- Driven by repayment of long-term debt of 83 MSEK at year end, impacting cash flow for the period negatively

Full-Year

Cash flow from operations 484 (210) MSEK, an improvement of 120% FY o FY excluding positive IFRS 16 effect

- Overall driven by revenue growth coupled with a 3 p.p improvement in adj. EBIT margin

Cash flow from investment activities amounted to -1,251 (-288) MSEK

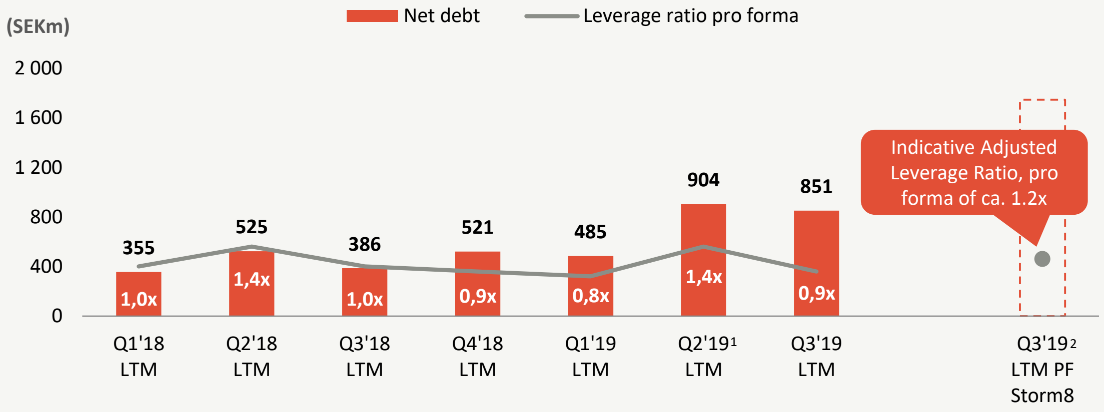
- Acquisition of Kixeye and cash payments of earnouts -996 (-124) MSEK. Investments in product development increased with 55% to -248 (-160) MSEK

Cash flow from financing activities 861 (140) MSEK

- 500 MSEK of equity and 500 MSEK of long-term bond financing raised. Offset by a reduction in outstanding bank debt of 100 MSEK and IFRS 16 reporting effect

Robust financing platform enables further growth

CONSERVATIVE LEVERAGE



DEBT PROFILE

Debt source	Commitment	Outstanding amount	Maturity
Senior Unsecured Bond Loan	-	SEK 600m	Nov 2022
Senior Unsecured Bond Loan	-	SEK 1,000m	June 2024
Revolving Credit Facility	SEK 1,600m	SEK 30m[3]	July 2023

KEY HIGHLIGHTS

- Cash generative business with high debt service capacity
- Leverage at conservative levels, continuously below the leverage target of 1.5x, despite recent M&A activity
- Proven access to capital markets, both equity and debt
- Bank facilities in place in Q1 2020 with a revolving credit facility of SEK 1.6bn with a tenor of 3.5 years
- Strengthened financing platform creates financial flexibility for further growth, supported by a well-diversified maturity profile and conservative leverage target

Note: 1) Leverage ratio reflects full debt funding for the acquisition of Kixeye, but excludes the EBITDA contribution from Kixeye
2) Net debt reflects the SEK 1.3bn equity raise
3) Reported Q4 numbers and further utilisation needed to fund the Storm 8 acquisition

Storm8 – Leading mobile mash-up games publisher

STORM8 AT A GLANCE

- Storm8 is a California-based market leading mobile game publisher with expertise within casual and puzzle / match-3 games
- Founded in 2009, Storm8 has published more than 50 games across a variety of genres, with 155+ countries reached and over 1 billion downloads
- In its two most recent games Home Design Makeover and Property Brothers Home Design Storm8 has successfully combined its match-3 expertise with progression meta layers, achieving successful genre mash up

KEY PERSONNEL

Perry Tam
CEO & Co-founder
Overall strategic vision,long tail games and new game development

William Siu
CPO & Co-founder
New game prototyping and scaling, product mgmt / marketing

Chak Ming Li
CTO & Co-founder
New game prototyping and scaling, technical infrastructure

Laura Yip
Chief People Officer & Co-founder
S8 culture, admin, HR, legal

Terence Fung
Chief Strategy Officer
Partnerships, UA, ad monetization, BD/business affairs

GAMES PORTFOLIO

MASSIVE TRACK RECORD

+1bn Cumulative Download	**+$1bn** Cumulative Gross Revenue	**~90%** Organic Installs	**$118M[1]** LTM net revenue
$58M[1] LTM EBIT	**~70** Employees	**9M** Avg. MAU	**2009** Founding year

Source: 1) Management accounts, Q3 LTM

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Looking ahead

At the forefront of the converging gaming industry

Build size – increase the addressable market, genre broadening

Further leverage the positive scaling of our business model to accelerate synergies

Accelerate value add through M&A – leverage on a strong pipeline

Use our unique organisational model to develop and attract the best talents and studios

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