

A cartoon illustration featuring two characters in a medieval-style setting. In the foreground, a young man with spiky black hair, wearing a purple tunic and a silver ring, holds a large blue sword. Behind him, a taller man with blonde hair, wearing a silver breastplate and tan pants, smiles broadly. The background shows a rustic village with wooden buildings, a stone archway, and a large stone statue of a dragon. The sky is a warm orange-brown color.

STILLFRONT
GROUP

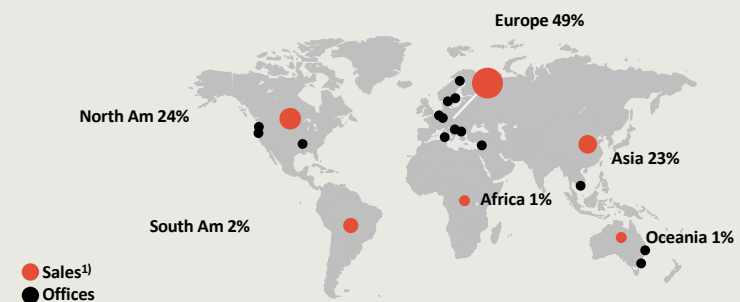
Second
Quarter 2019

Stillfront – a market leader in online strategy games

STILLFRONT AT A GLANCE

- A global group of gaming studios in the free-to-play online strategy games genre
- A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games
- 5.9 million monthly active users, MAUs, and 1.3 million daily active users, DAUs¹⁾
- Main markets by revenue are US, Germany, MENA, France and UK¹⁾
- 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 +600 professionals

GLOBAL PRESENCE



GAME STUDIOS



MASSIVE TRACK RECORD

Marketing spend
€250m
with high ROI¹⁾



All time
500m
users to date¹⁾

€ ~2bn
in lifetime deposits

5.9m MAU
avg. # of MAUs¹⁾

Empire
is one of the biggest
strategy games of all time



FINANCIAL HIGHLIGHTS Q2

- Revenue growth of 46% YoY
- Adjusted EBIT margin of 32%
- Long term goal of > 30% Adjusted EBIT LTM reached
- UAC amounted to 99 MSEK or 21% in relation to net revenue
- New debt financing in place and a successfully conducted share issue supporting further growth

OPERATIONAL HIGHLIGHTS Q2

- Strong live ops in many products, further improving monetization and margins
- Solid profitability on marketing campaigns
- Nida Harb 3 became largest product in group portfolio in Q2
- Acquisition of Kixeye, industry leader and strategy game pioneer
- Significant synergies realizing in marketing and live ops

Portfolio update Q2

All three active product areas deliver a third quarter of sequential growth

36%

EMPIRE BRAND



- Four products: Empire, Four Kingdoms, Millennium, World War 3

Q2

- Deposits¹: 163 MSEK (-1% YoY)
- UAC: 13 MSEK (-49% YoY)
- Sequential growth; 1.6%
- Strong monetisation through effective live ops
- Very strong EBIT contribution

18%

BIG BRAND



- Three products: Big Farm, Mobile Harvest and Skytopia

Q2

- Deposits¹: 80 MSEK (+9% YoY)
- UAC: 32 MSEK (-37% YoY)
- Sequential growth; 1.5%
- Big Farm: Mobile Harvest top 3 products YoY driving organic growth

46%

CORE PRODUCTS



- In total 25 products

Q2

- Deposits¹: 208 MSEK (+133% YoY)
- UAC: 55 MSEK (+175% YoY)
- Largest products: Nida Harb 3 (88 MSEK), Shakes & Fidget (29 MSEK), Strike of Nations (17 MSEK)
- Nida Harb 3 largest Stillfront product during Q2
- Game of Trenches launched in June

<1%

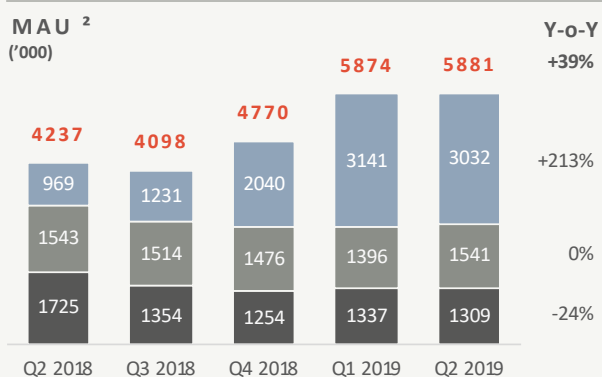
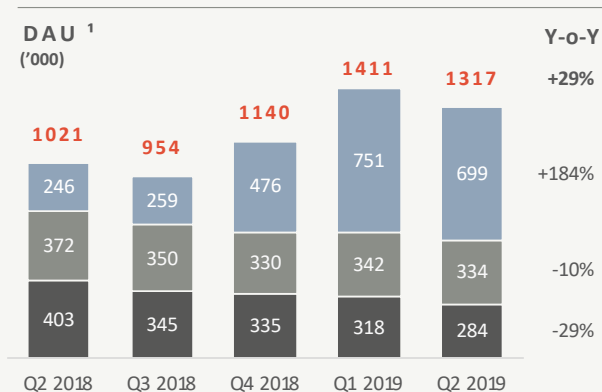
OTHER



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

Note 1: Deposits are unadjusted revenues from paying users

Active User Base

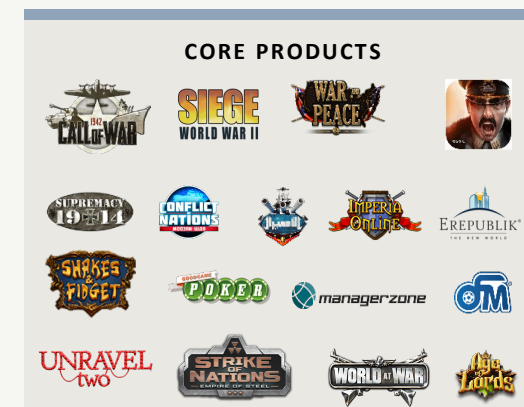
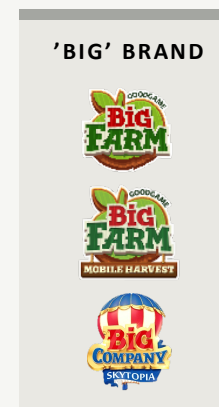
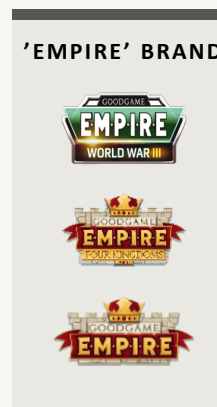
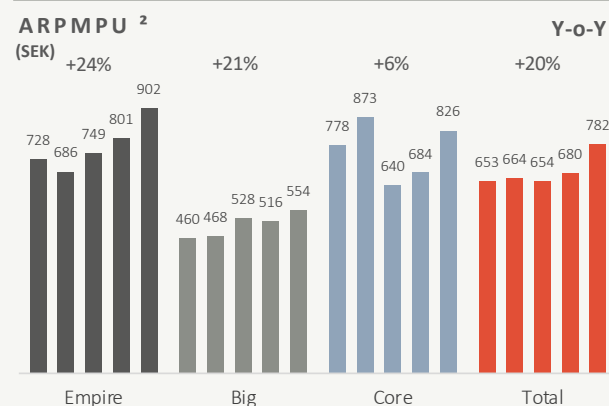
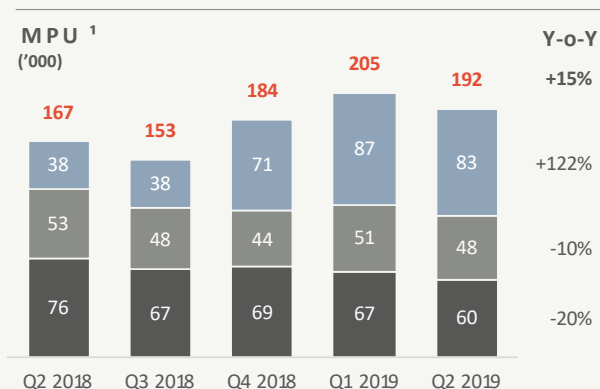


COMMENTS Q1 2019

- MAU and DAU at stable levels near ATH
- Slight decline in DAU QoQ expected after two global launches early in Q1 and a higher marketing spend in Q1
- Game of Trenches launch not driving much impact in DAU/MAU numbers

Note 1: Average unique daily active users over the quarter – pertains to online games only
Note 2: Average unique monthly active users over the quarter – pertains to online games only

Paying User Base



COMMENTS Q2 2019

- MPU slight decline in line with general DAU/MAU decline
- ARPMU record levels driven by very effective live ops during Q2, over all product areas
- As a consequence of lower marketing spend and stronger focus on live ops, MPU in Empire declines, compensated by higher ARPMU

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

Kixeye at a glance

A perfect fit with strong profitability and loyal customer base

PIONEERS IN FREE-TO-PLAY GAMING

- Founded in 2009, Headquartered in Victoria Canada with 120 FTEs
- Offices in Canada, US, Vietnam and Australia
- Active in same genre as Stillfront focusing on free-to-play games
- Inventors of the multi-billion dollar genre MMORTS - A fusion of PC strategy genre with in-game economy
- Holds the IP's of #1 & #3 grossing game per user on Facebook
- Innovators in monetization – mechanics created by KIXEYE are used industry-wide

POTENTIAL SYNERGIES

A number of potential synergies and increased growth opportunities identified;

- Marketing & Distribution
- Excelling live ops
- Multi platform experience
- Complementary geographic presence

KIXEYE BLOCKBUSTER IPs



#1 grossing game
per user on
Facebook



Cross platform
title – KIXEYE
formula works on
mobile



#3 grossing game
per user on
Facebook

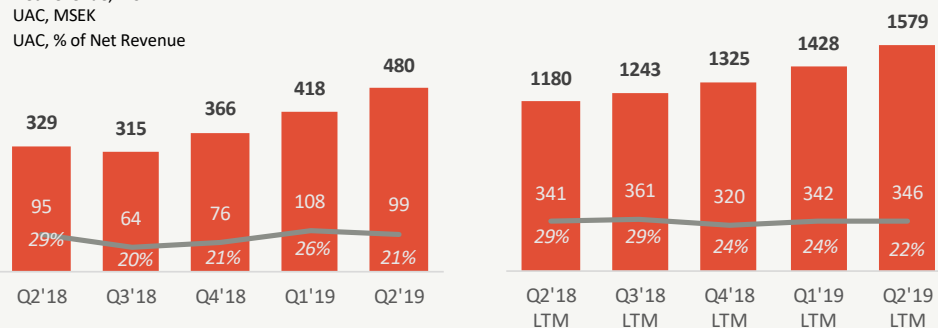


First pure mobile
title with strong growth
potential

Strong revenue growth and solid profitability

NET REVENUE, UAC DEVELOPMENT

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

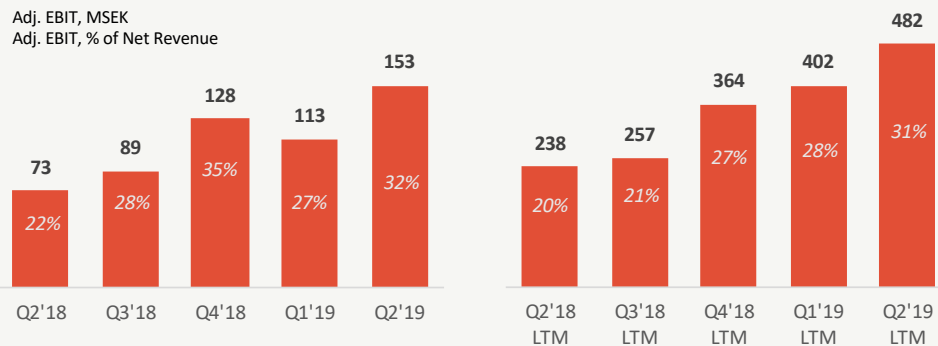


COMMENTS

- **Strong revenue growth of 46% YoY**
- **High profitability: EBIT margin 32%:**
 - UAC of 99 MSEK or 21% in relation to net revenue
 - Higher share of mobile revenues 59% mainly as a result of continued strong revenue growth in Nida Harb 3
 - LTM EBIT margin of 31% reaches long term financial goal for the first time
- **Strong live ops drives improved margin**
 - Particularly Empire live ops improved monetisation and margin
 - Continued good monetisation of strong Q1 cohorts
- **The Group strongly benefits from having a diversified portfolio:**
 - Leveraging both strong live ops and marketing capabilities to drive both strong growth and high profitability

ADJ. EBIT DEVELOPMENT

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



Income statement Q2 2019

MSEK	2019 Apr-Jun	2018 Apr-Jun
Net revenue	480	329
OWC	38	35
Other revenue	57	14
Total	575	378
Other operating expenses	-328	-225
Personnel expenses	-76	-59
EBITDA	171	94
Depreciation, amortization and write-downs	-43	-31
EBIT	128	63
Financial items	-23	-11
EBT	105	52
Taxes for the period	-31	-21
Net result for the period	73	31

COMMENTS

Deposits	451 MSEK
IFRS effect	19 MSEK
Other game related revenues	10 MSEK
Gross Margin	75%
Payment providers, platform fees, royalties	122 MSEK
Depreciation and Amortization	43 MSEK
• PPA items	14 MSEK
• Capitalized development expenses	22 MSEK
• IFRS 16 Leases and fixed assets	7 MSEK
Items affecting comparability	26 MSEK
• Transaction costs related to Kixeye	20 MSEK
• Revaluation of conditional contingent liabilities in other costs	60 MSEK
• Revaluation of conditional contingent liabilities in other revenues	- 54 MSEK
Net financial items:	23 MSEK
• Interest net	11 MSEK
• Fx impact and non-cash items interest charge on earn-outs	6 MSEK
• Non-recurring costs related to bridge facility and bond issuance	6 MSEK

Balance sheet 2019-06-30

MSEK	2019-06-30	2018-06-30
Intangible non-current assets	2,242	1,531
Tangible non-current assets	55	9
Deferred tax assets	18	14
Current receivables	1,124	133
Cash and cash equivalents	324	80
Total assets	3,763	1,767
Shareholders' equity		
Shareholders' equity attributable to parent company's shareholders	1,751	895
Non-Controlling interest	14	22
Total Shareholders' equity	1,764	917
Deferred tax liabilities	105	80
Bond	1,082	489
Non-current liabilities	319	188
Current liabilities	492	93
Total Liabilities and Shareholders' equity	3,763	1,767

COMMENTS

Intangible assets mainly consist of:

Capitalized product development and acquired products	553 MSEK
Goodwill	1689 MSEK

Acquisition of Kixeye: booked as a current receivable in the balance sheet, investments in cashflow 878 MSEK

New financing in place

Directed share issue in June	500 MSEK
Successful bond issuance end of June	500 MSEK

Non-current liabilities:

Mainly attributable to provisions for earnouts and utilised RCF 319 MSEK

Net debt 904 MSEK

Adj. Leverage ratio, proforma, excluding EBITDA contribution from Kixeye 1.4x

Adj. Interest coverage ratio pro forma, excluding EBITDA contribution from Kixeye 6.5x

Cash flow statement Q2 2019

CASH FLOW FROM OPERATIONS

MSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	LTM	2018 Jan-Dec
Cash flow from operations	135	-22	228	39	399	210
Cash flow from investment activities	-1,037	-37	-1,102	-4	-1,386	-288
Cash flow from financing activities	955	-8	948	-138	1,227	140
Cash flow for the period	52	-67	75	-104	240	62
Cash and cash equivalents at the end of the period	324	80	324	80	324	247

COMMENTS

Cash flow from operations for Q2 2019 amounted to 135 MSEK (-22)

- Healthy cash flow generation from operations

Cash flow from investment activities amounted to -1,037 (-37)

- Primarily a result of the acquisition of Kixeye -878 MSEK
- Payment of earn-outs of -116 MSEK
- Investments in tangible and intangible assets of -43 MSEK

Cash flow from financing activities 955 MSEK (-8)

- Long term financing by a directed share issue of 500 MSEK and Bond issuance of 500 MSEK
- Reduction in credit facility utilisation of 29 MSEK
- Issue costs 17 MSEK

Summary

OUR AIM:

To be the leading group of indie game developers and publishers

- Offering long term first class digital entertainment
- with high quality cross platform games
- Operational excellence combining Entrepreneurship, Scale and Structure
- Providing predictable high profitable growth

1,
IDEALLY POSITIONED
IN THE LARGEST AND
FASTEST GROWING
ENTERTAINMENT
MARKET

2,
DIVERSIFIED
REVENUE
STREAMS
COMBINED WITH
CAPITAL EFFICIENT
GROWTH

3,
PROVEN TRACK
RECORD OF
SUCCESSFUL M&A
EXECUTION

4,
HIGH PROFITABILITY
COMBINED WITH A
STRONG FINANCIAL
POSITION AND
CONSERVATIVE
LEVERAGE

STILLFRONT

GROUP

