

A leading free-to-play powerhouse

Interim report

Second Quarter 2020



TODAY'S PRESENTERS



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STILLFRONT AT A GLANCE



A leading free-to-play powerhouse of 14 gaming studios creating significant operational synergies

23
million

23 million MAUs and 5 million DAUs



A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games

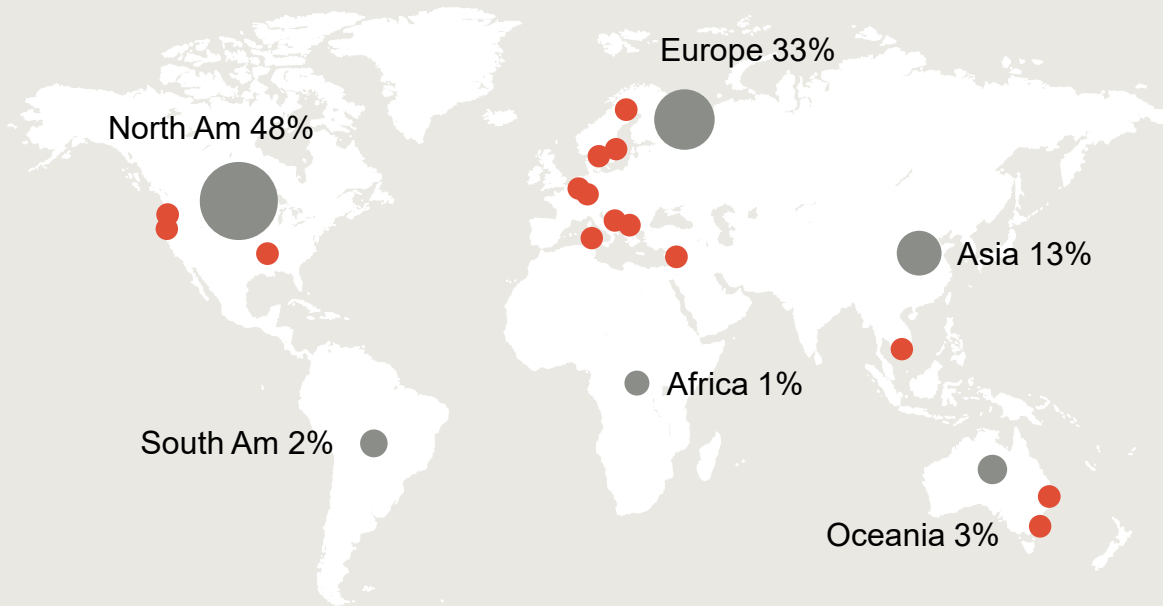


Main markets by revenue are US, Germany, MENA, UK and Canada

+800
professionals

Headquartered in Stockholm with a group of 14 studios operating in Australia, Bulgaria, Canada, Germany, Jordan, Malta, Romania, Sweden, United States and Vietnam.

GLOBAL PRESENCE



- Sales
- Offices

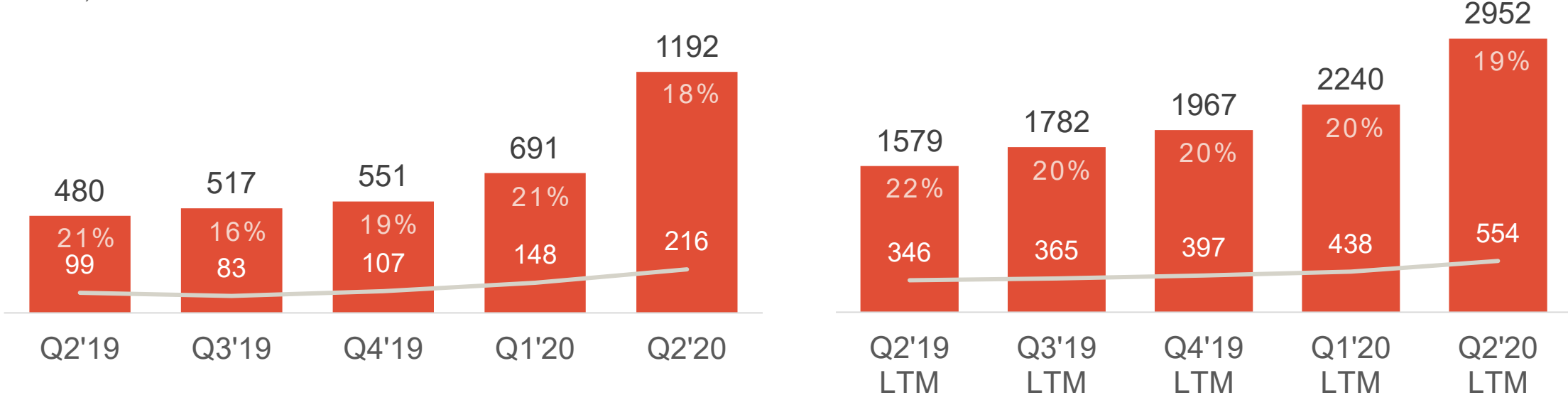
Note: Candywriter included since May 1, 2020.

14 GAME STUDIOS



NET REVENUE, UAC DEVELOPMENT

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



Net revenue growth of

148%

YoY

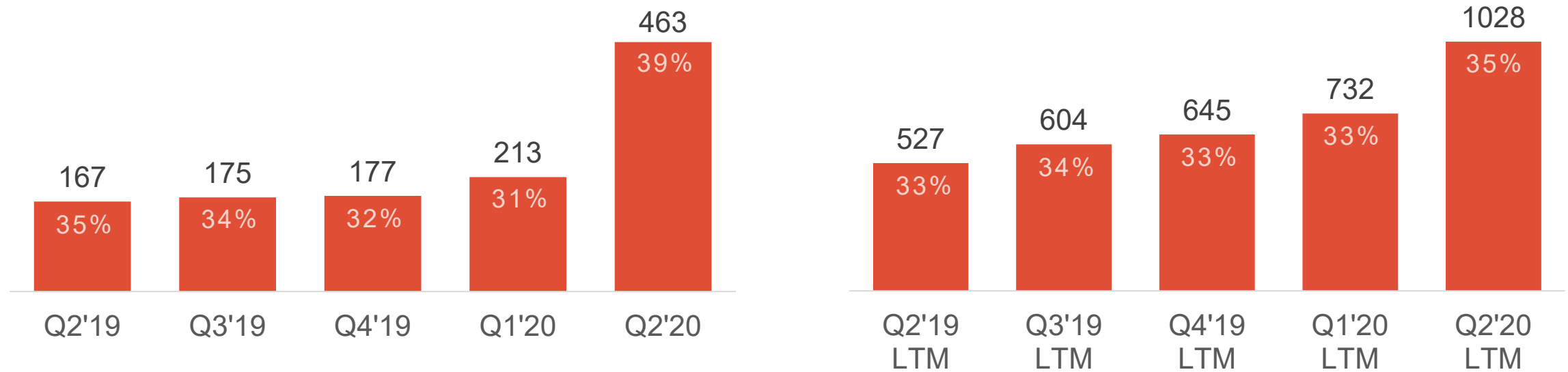
UAC in relation to revenue

18%

- Revenue growth driven by
 - Acquired studios Kixeye, Storm8 and Candywriter
 - Strong organic growth – high gaming activity across the portfolio
- Record return on user acquisition, paired with record spending levels
- Increased level of live operations yielding stronger monetization in the existing user base

ADJ. EBIT DEVELOPMENT

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



Adj. EBIT growth of

177%

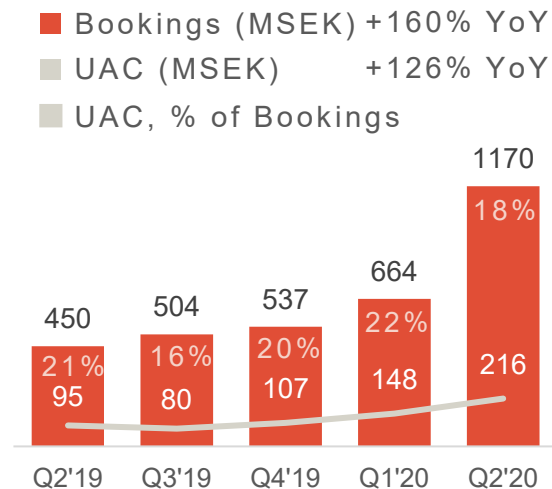
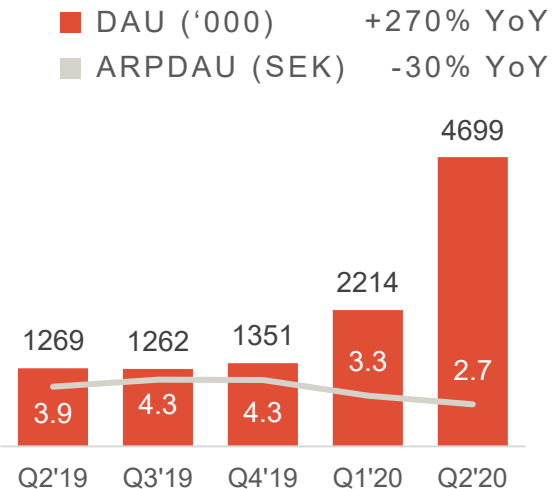
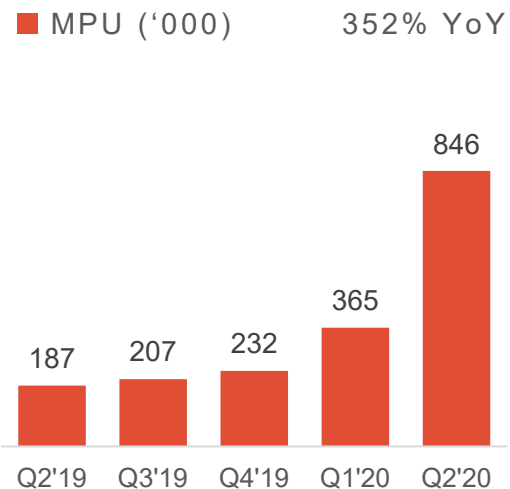
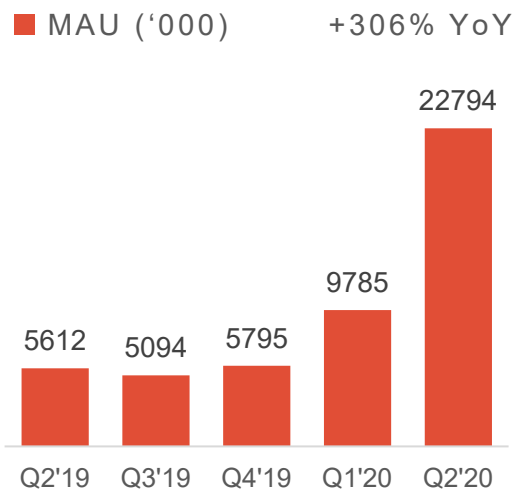
YoY

Adj. EBIT in relation to revenue

39%

- Adj. EBIT growth driven by
 - Acquired studios Kixeye, Storm8 and Candywriter
 - Further improved product mix through the product area Casual & Mash-up
 - Strong organic growth and marketing investments on record levels yielded positive results

ACTIVE PORTFOLIO: TOTAL



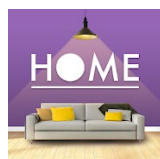
38
GAMES

75%
MOBILE



5%
AD BOOKINGS

34%
STRATEGY

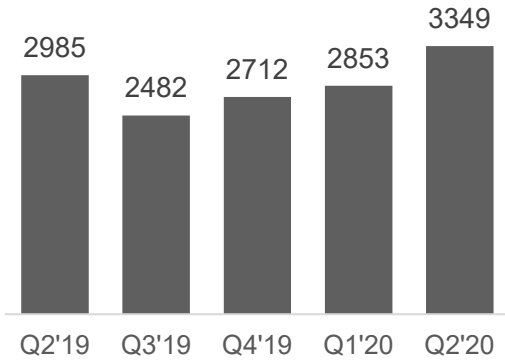


COMMENTS

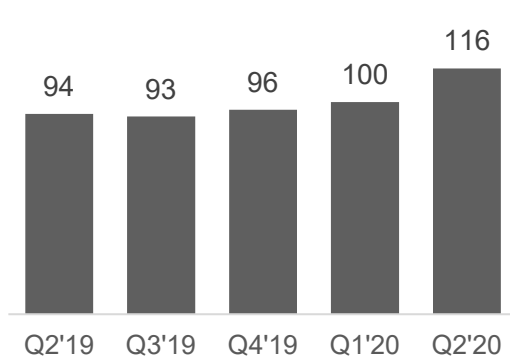
- A well diversified active portfolio consisting of 38 games in 3 product areas: Strategy; Simulation, RPG & Action; and Casual & Mash-up
- Strong performance in the quarter with increased MAU, ARPDau and Bookings across all 3 product areas
- Storm8 and Candywriter (2 months) consolidation changes blended metrics:
 - Much larger user base with lower average monetization per active user (lowering total ARPDau in active portfolio)
 - User base is predominantly mobile, 75% of revenues mobile
 - Almost 50% of revenues from North American users
- 3% of total bookings (39 MSEK) from games not in active portfolio

ACTIVE PORTFOLIO: STRATEGY

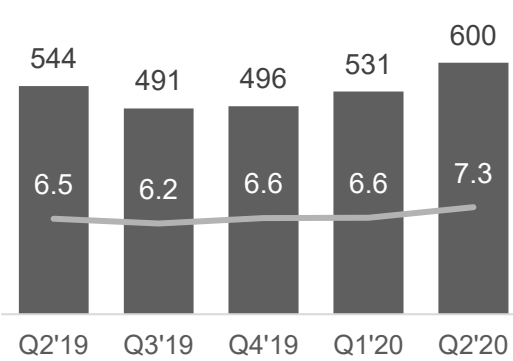
■ MAU ('000) +12% YoY



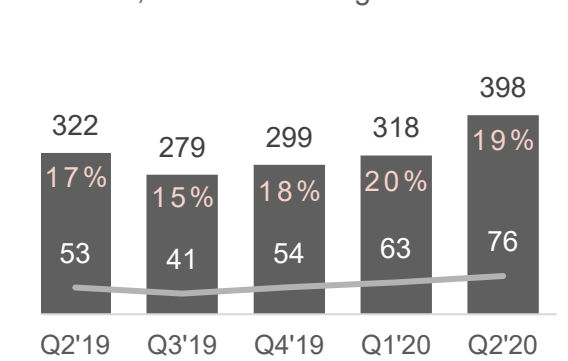
■ MPU ('000) +23% YoY



■ DAU ('000) +10% YoY
■ ARPDau (SEK) +12% YoY



■ Bookings (MSEK) +23% YoY
■ UAC (MSEK) +43% YoY
■ UAC, % of Bookings



12
GAMES

61%
MOBILE

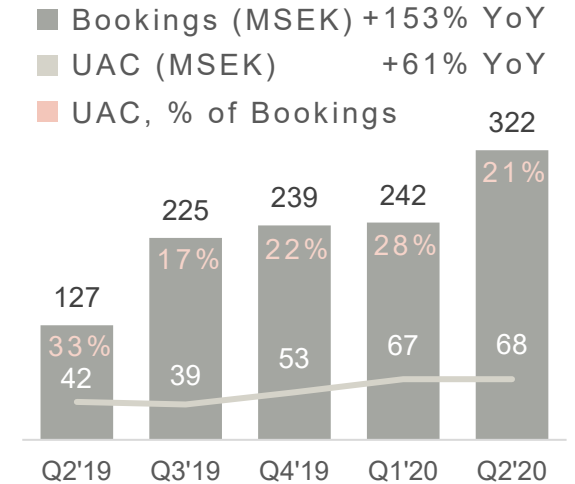
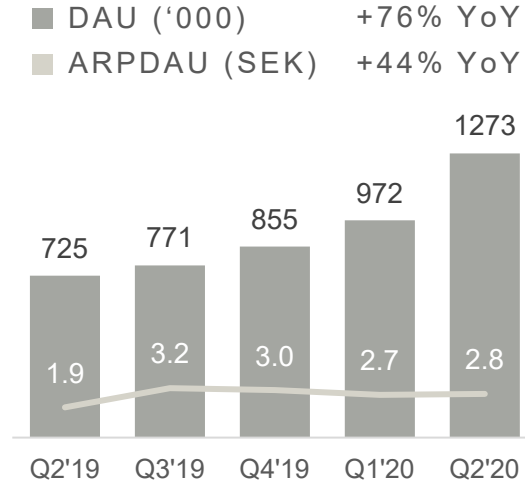
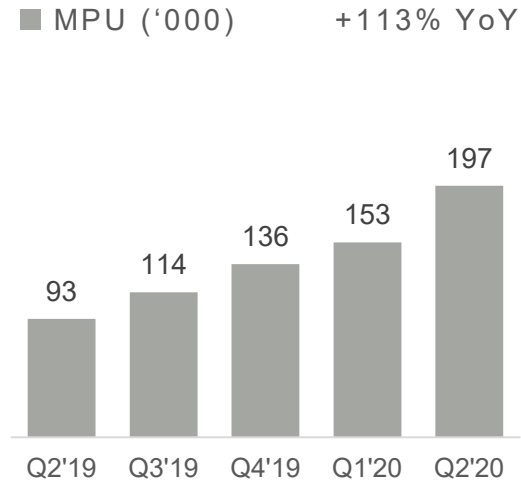
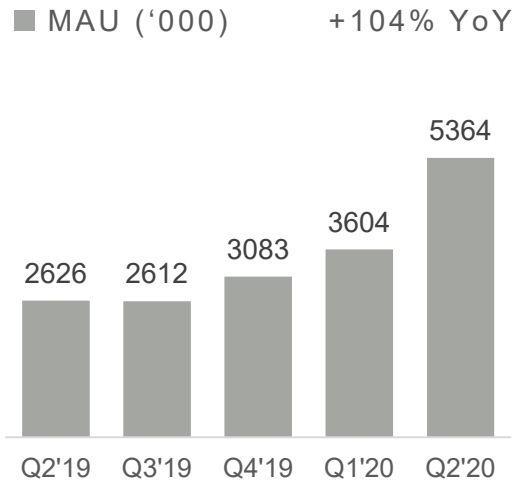
0%
AD BOOKINGS

25%
ASIA

COMMENTS

- Totals 34% of bookings in the active portfolio
- YoY growth of 23% mainly driven by mid-sized products and Nida Harb III
 - Call of War, Supremacy 1914 and Conflict of Nations, built on same game engine, all grew > 100% YoY, driven by strong momentum accelerated by Covid-19, particularly in North America
 - Nida Harb III, fueled by Ramadan, became the largest Strategy game in the portfolio for the first time
 - Imperia Online had an ATH bookings quarter (previous ATH in 2014)
- EMPIRE: continued stable performance, Age of Knights continues global soft launch

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION



18
GAMES

58%
MOBILE

2%
AD BOOKINGS

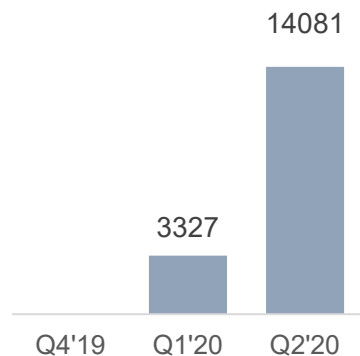
47%
EUROPE

COMMENTS

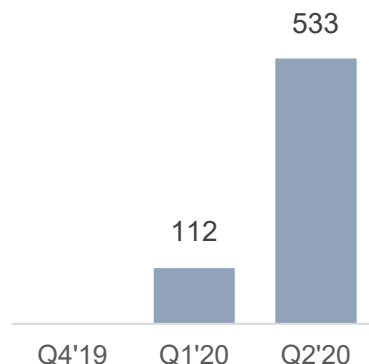
- Totals 28% of bookings in the active portfolio
- Shakes & Fidget had ATH Bookings in Q2, driven by significantly improved monetization in addition to very strong marketing performance
- Continued strong YoY growth in 3rd year for Big Farm: Mobile Harvest
- War Storm (MENA-version of War Commander: Rogue Assault) launched

ACTIVE PORTFOLIO: CASUAL & MASH-UP

■ MAU ('000)

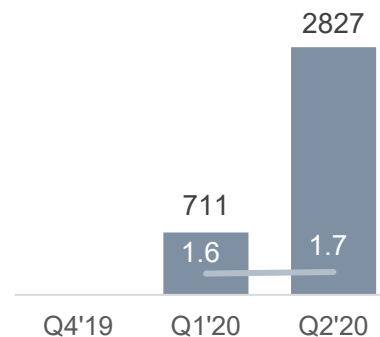


■ MPU ('000)



■ DAU ('000)

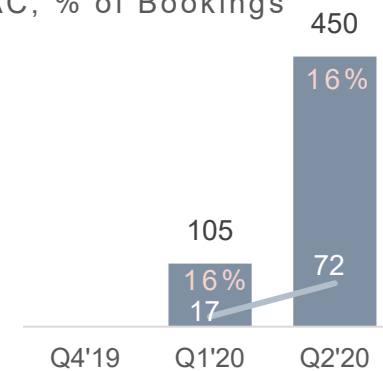
■ ARPPDAU (SEK)



■ Bookings (MSEK)

■ UAC (MSEK)

■ UAC, % of Bookings



8
GAMES

100%
MOBILE

11%
AD BOOKINGS

71%
N.AMERICA

COMMENTS

- Totals 38% of bookings in the active portfolio
- BitLife new game in portfolio, consolidated for two months in the quarter
- BitLife saw a decrease in ad revenue due to Covid-19, which was partially offset by increased amount of in-app purchases
- Storm8 marketing campaigns performed very well in Q2, driving strong growth in particular for Property Brothers, which became the largest game of the product area

FINANCIAL HIGHLIGHTS Q2



Revenue growth of 148% - further increased revenue diversification paired with Adj. EBIT margin of 39%



Cash generative business with 228 MSEK of free cashflow prior to acquisitions and financing



Strong financial position following 1,200 MSEK rights issue
Cash position at 936 MSEK and an undrawn long-term credit facility of 1,600 MSEK at quarter end

0.37x

Leverage ratio clearly below the group leverage target of 1.5x creating financial flexibility



Strong underlying financial performance and a strong financing platform creates financial flexibility for further growth and market consolidation through M&A

INCOME STATEMENT Q2 2020

MSEK	Q2 2020	Q2 2019	▲
Net revenue	1 192	480	148%
OWC and Other Revenue	88	41	115%
Total revenue	1 280	521	146%
Platform Fees	-343	-122	181%
<i>Gross Margin %</i>	<i>71%</i>	<i>75%</i>	<i>3 pp</i>
User Acquisition Cost	-216	-99	118%
<i>UAC/net revenue %</i>	<i>-18%</i>	<i>-21%</i>	<i>-3 pp</i>
Other external expenses	-47	-27	74%
Personnel expenses	-164	-76	115%
IAC	-33	-20	65%
EBITDA	477	176	170%
Amortization of PPA items	-94	-14	584%
Depreciation, amortization and write-downs	-47	-30	59%
EBIT	336	133	153%
Adj. EBIT¹	463	167	177%
IAC financial items	-30	-5	478%
Financial items ex IAC	-54	-23	135%
EBT	251	105	140%
Taxes for the period	-64	-31	104%
Net result for the period	188	73	155%

1. Adjusted EBIT is defined as EBIT excluding items affecting comparability and amortization of PPA-items.

BALANCE SHEET Q2 2020

MSEK	Q2 2020	Q1 2020	▲	31 Dec 2019
Intangible non-current assets	8 897	7 852	13%	3 293
Tangible non-current assets	2 541	2 388	6%	1 158
Deferred tax assets & current receivables	720	642	12%	341
Cash and cash equivalents	936	472	98%	342
Total assets	10 679	9 072	18%	4 052
Total Shareholders' equity	5 819	4 320	35%	1 959
Deferred tax & non-current liabilities	745	689	8%	330
Bonds loans & long-term credit facilities	1 602	2 257	-29%	1 115
Provision for earnouts long-term	938	1 076	-13%	125
Current liabilities	554	507	9%	316
Provision for earnouts short-term	1 021	223	358%	206
Total Liabilities and Shareholders' equity	10 679	9 072	18%	4 052
Net debt	665	1 787	-63%	820
Adj. Leverage ratio, pro forma	0.37	1.15	-68%	0.91
Adj. Interest coverage ratio, pro forma	17.85	22.68	-21%	11.69

CASH FLOW Q2 2020

MSEK	Q2 2020	Q2 2019	▲	Q2 2020 LTM	Q2 2019 LTM	▲
Cash flow as reported						
Cash flow from operations	344	140	145%	752	410	83%
Cash flow from investment activities	-469	-1 037	-55%	-3 018	-1 386	118%
Cash flow from financing activities	609	949	-36%	2 890	1 216	138%
Cash flow for the period	485	52	829%	624	240	160%
Free cash flow¹						
CFFO including IFRS 16 effect ²	336	135	149%	725	399	82%
<i>- of which working capital movements</i>	-123	-14	796%	-88	-25	249%
Investments in product development	-107	-40	168%	-351	-195	80%
Free cash flow (CFFO - Product development)	228	95	142%	375	204	83%
Net profit	188	73	155%	462	224	106%
Cash conversion ratio³	1.22	1.29	-5%	0.81	0.91	-11%

1. Free cashflow excludes acquisitions and financing activities and demonstrates underlying cash flow generation from the business.

2. All leases relate to offices which are needed to run operations, IFRS16 cashflow effect is recorded under financial activities under IFRS but here shown under CFFO to demonstrate underlying operational cashflow.

3. Cash conversion ratio is defined as free cash flow divided by net profit.

AT THE FOREFRONT OF THE CONVERGING GAMING INDUSTRY

1
group

14
studios

38
games in active
portfolio

2bn
players

Increased addressable market
Mirroring the industry composition

Well-diversified product-mix
Solid presence in largest game genres (Mid-Core & Casual)
Strong growth across all three product areas

Stillfront's platform realizing synergies
+50 active collaboration projects across the group
Increasing revenues and driving efficiencies

Accelerated growth agenda
Strong combination of acquired and organic growth
M&A focus on well-run studios and long life-cycle games

STILLFRONT GROUP

