

A leading free-to-play powerhouse

Interim report

Third quarter 2020



STILLFRONT AT A GLANCE



A leading free-to-play powerhouse of 16 gaming studios creating significant operational synergies

20
million

20 million MAUs and 4 million DAUs



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

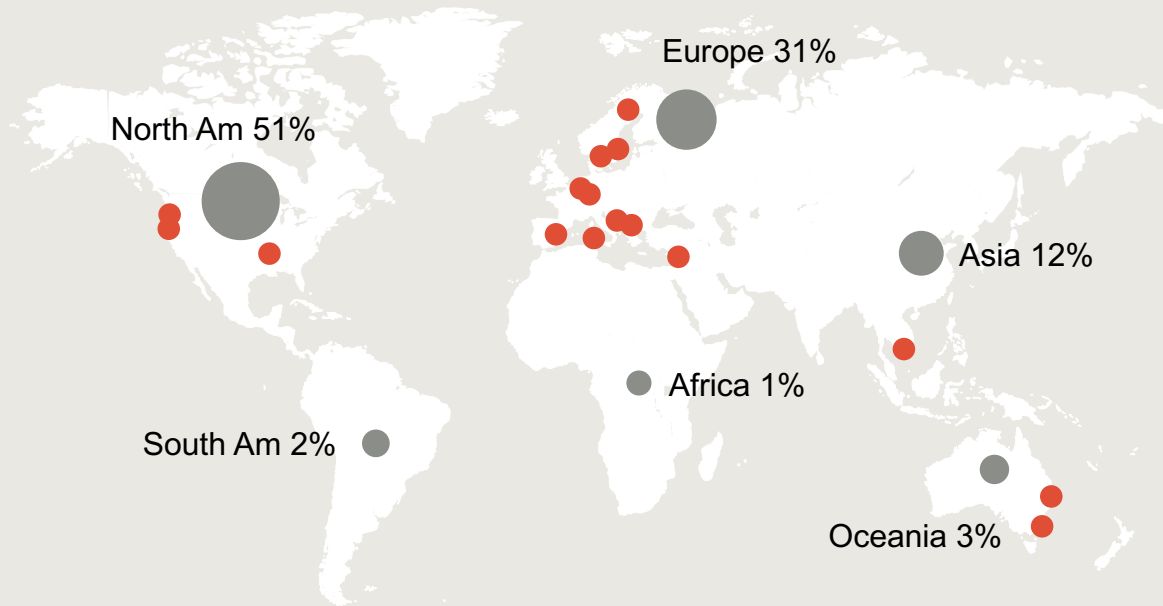


Main markets by revenue are US, Germany, MENA, UK and Canada

~1,000
professionals

Headquartered in Stockholm with a group of 16 studios operating in Australia, Bulgaria, Canada, Croatia, Germany, Jordan, Malta, Romania, Spain, Sweden, United States and Vietnam.

GLOBAL PRESENCE



- Sales
- Offices

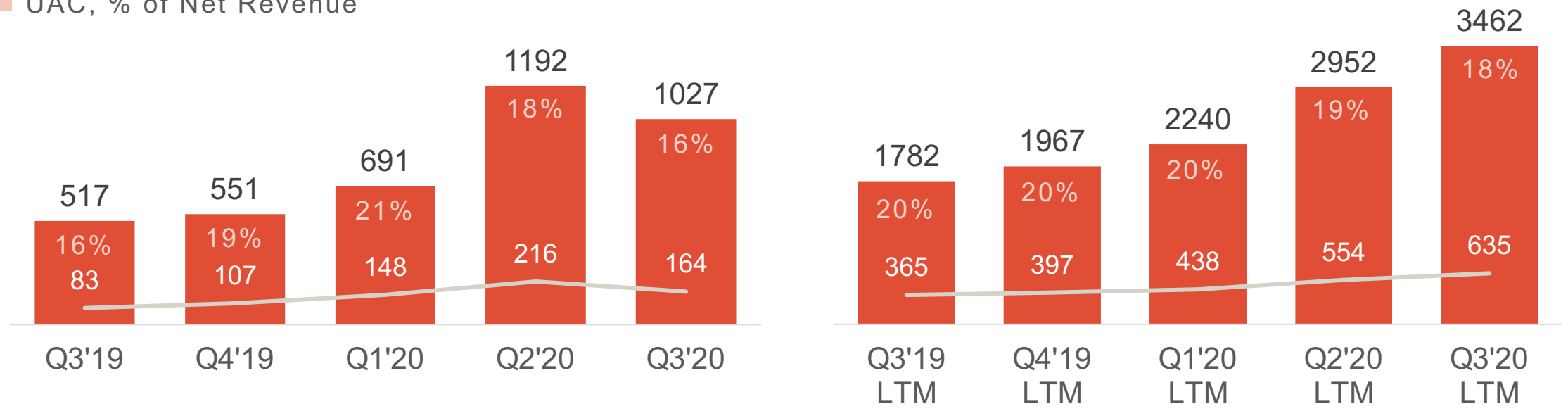
STILLFRONT
GROUP

16 GAME STUDIOS



NET REVENUE, UAC DEVELOPMENT

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



Net revenue growth of

99%

YoY

UAC in relation to revenue

16%

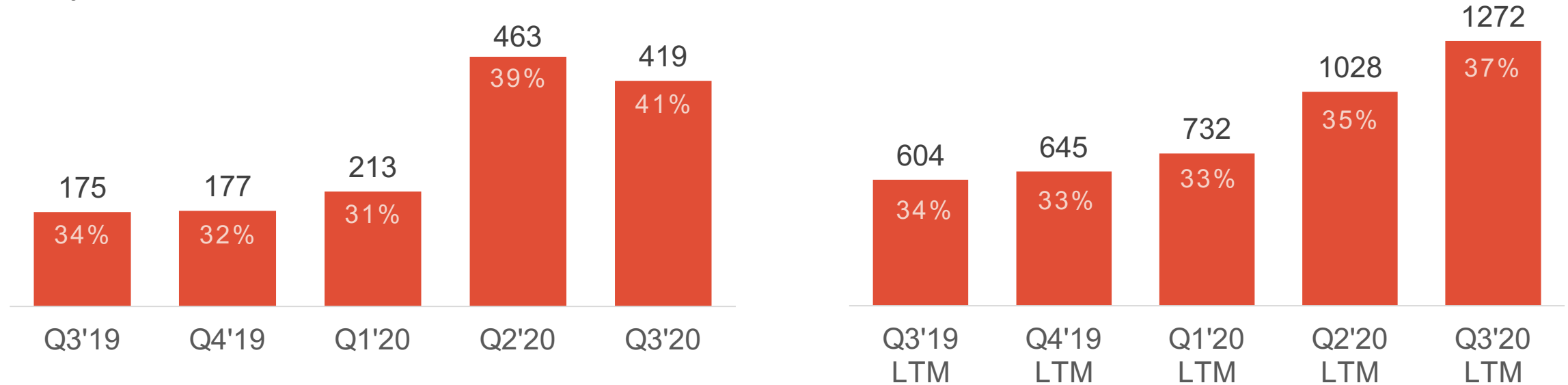
COMMENTS

- Strong business momentum in the quarter
- Revenue growth of 99% driven by solid organic growth, paired with acquired growth from Storm8 and Candywriter
- The accelerated demand and large inflow of new users in March-May started to normalize in June, a trend which has remained in Q3
- FX headwinds and seasonality effects impacted revenues negatively

ADJ. EBIT DEVELOPMENT

■ Adj. EBIT, MSEK

■ Adj. EBIT, % of Net Revenue



Adj. EBIT growth of

140%

YoY

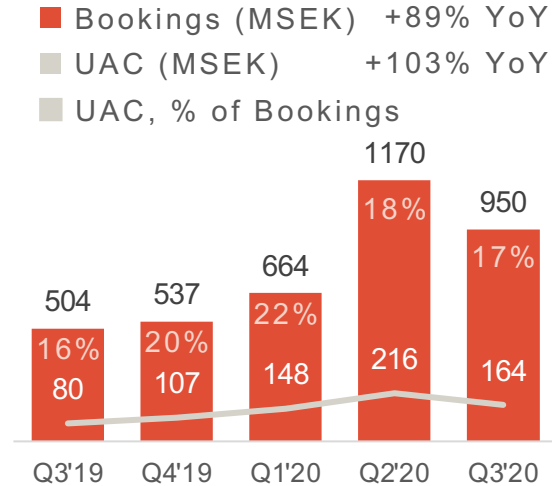
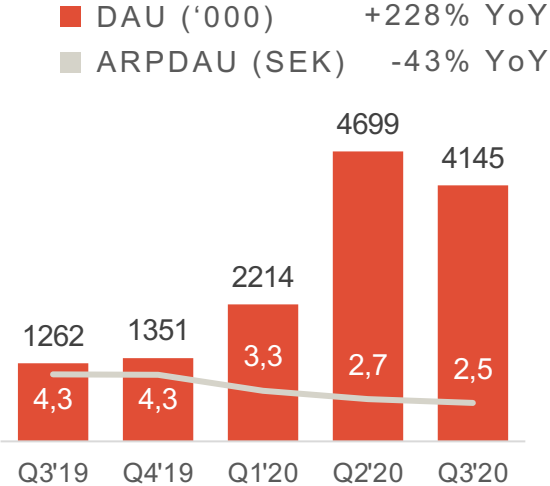
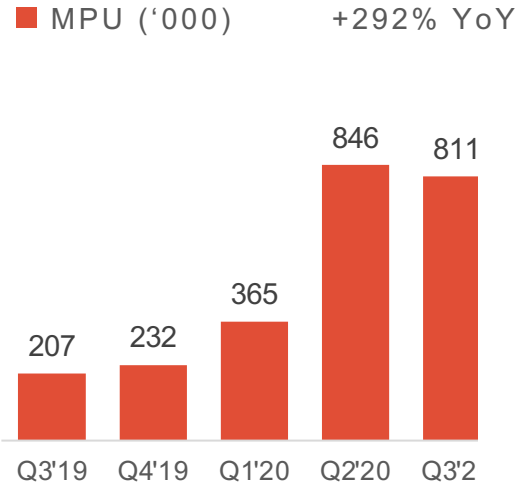
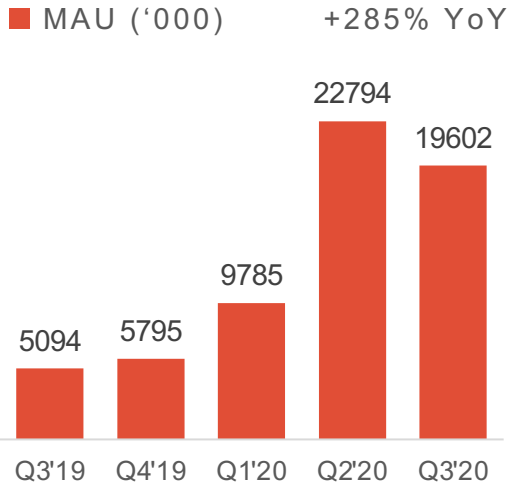
Adj. EBIT in relation to revenue

41%

COMMENTS

- Record high profitability – Adj. EBIT margin Q3 LTM 37%
 - High profitability a result of operational excellence and well-executed live operations from across the group
- Adj. EBIT growth YoY driven by both organic and acquired growth (Storm8 and Candywriter)

ACTIVE PORTFOLIO: TOTAL



38

GAMES

77%

MOBILE

7%

AD BOOKINGS

40%

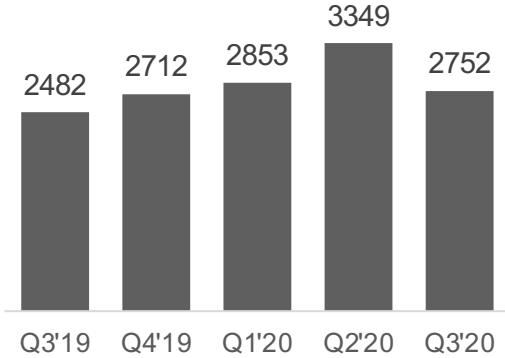
CASUAL & MASH-UP

COMMENTS

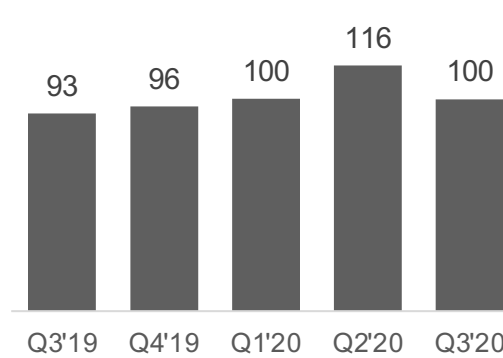
- Casual & Mash-up area continue to develop well, accounted for 40% of total bookings in the active portfolio
- Ad bookings increased from 5% to 7% QoQ
- 4% of total bookings (36 MSEK) from games not in active portfolio
- Efficient UA campaigns performed well in the quarter and continued to meet our highly set expectations
 - Increasing volatility in prices for online marketing at quarter-end

ACTIVE PORTFOLIO: STRATEGY

■ MAU ('000) +11% YoY

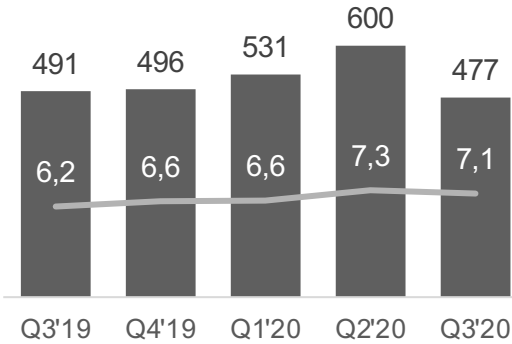


■ MPU ('000) +7% YoY



■ DAU ('000) -3% YoY

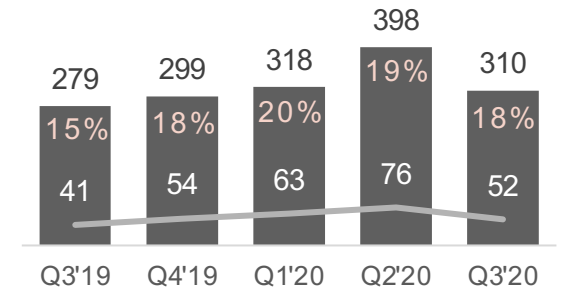
■ ARPDAU (SEK) +15% YoY



■ Bookings (MSEK) +11% YoY

■ UAC (MSEK) +26% YoY

■ UAC, % of Bookings



12

GAMES

61%

MOBILE

0%

AD BOOKINGS

24%

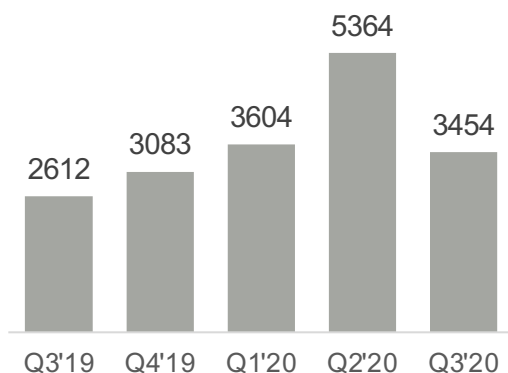
ASIA

COMMENTS

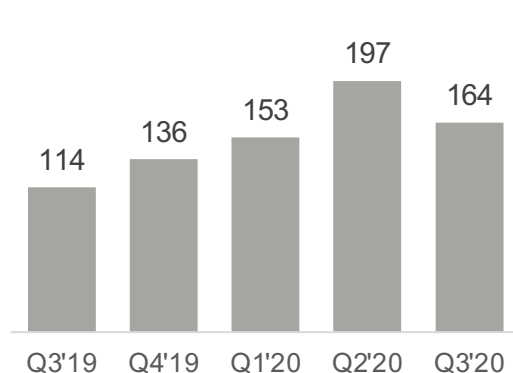
- Totals 33% of bookings in the active portfolio
- YoY growth of 11% mainly driven by mid-sized products
 - Call of War, Supremacy 1914 and Conflict of Nations, built on same game engine, continue to perform well
- Successful launch of Conflict of Nations Mobile during September
- Imperia Online and War and Peace both had strong performance in the quarter
- Nida Harb III decreased sequentially after very high activity in Q2

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION

■ MAU ('000) +32% YoY

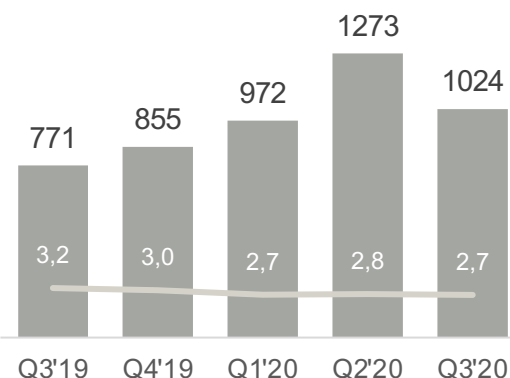


■ MPU ('000) +45% YoY



■ DAU ('000) +33% YoY

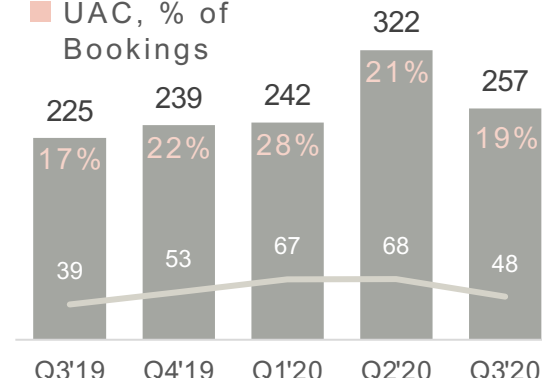
■ ARPDAU (SEK) -14% YoY



■ Bookings (MSEK) +14% YoY

■ UAC (MSEK) +22% YoY

■ UAC, % of Bookings



18

GAMES

58%

MOBILE

3%

AD BOOKINGS

47%

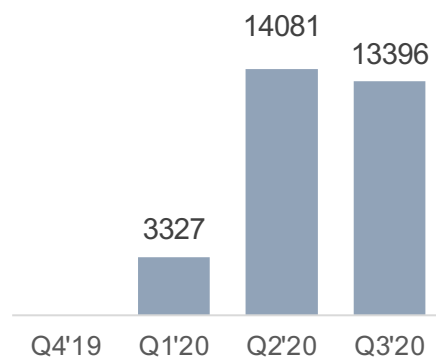
EUROPE

COMMENTS

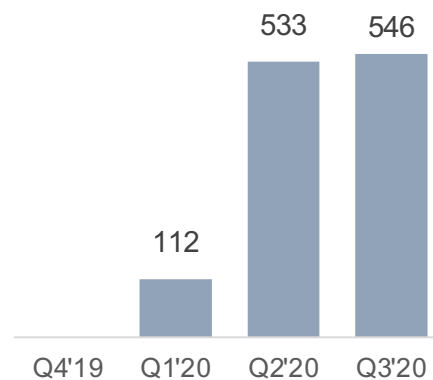
- Totals 27% of bookings in the active portfolio
- Big Farm: Mobile Harvest and Shakes & Fidget both continued to perform well following their strong performance in Q2
- The smaller titles Gemstone IV, SIEGE: World War II and Online Fussball Manager showed particularly strong growth
- Weaker performance from Kixeye's action titles, partly driven by decreased UA and negative FX effects
- Ad bookings more than doubled YoY, mainly driven by Big Farm: Mobile Harvest

ACTIVE PORTFOLIO: CASUAL & MASH-UP

■ MAU ('000)

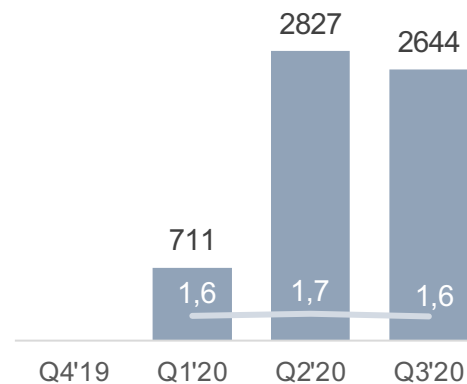


■ MPU ('000)



■ DAU ('000)

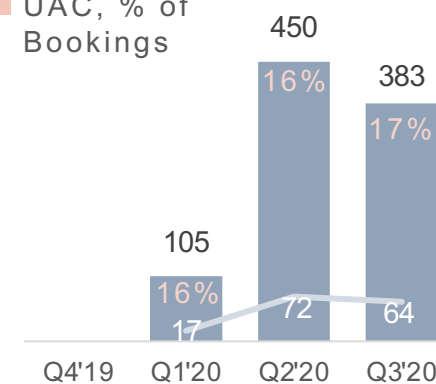
■ ARPDAU (SEK)



■ Bookings (MSEK)

■ UAC (MSEK)

■ UAC, % of Bookings



8

GAMES

100%

MOBILE

16%

AD BOOKINGS

74%

N.AMERICA

COMMENTS

- Totals 40% of bookings in the active portfolio
- Candywriter's title BitLife was included in the full quarter
 - UA campaigns supported a healthy user growth for BitLife
- Storm8's titles continue to develop well in the quarter, although somewhat softer development due to challenging marketing conditions at quarter-end
- The product area has large exposure to the US market and was heavily impacted by FX effects

FINANCIAL HIGHLIGHTS Q3



Revenue growth of 99% paired with
Adj. EBIT margin of 41%



Cash generative business with 207
MSEK of free cash flow prior to
acquisitions and financing



Strong financial position with
a cash position at 1,052 MSEK and an
undrawn long-term credit facility of 926
MSEK at quarter-end

0.67x

Leverage ratio below the group's
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 Q3 2020

MSEK	Q3 2020	Q3 2019	Δ
Net revenue	1,027	517	99%
OWC and Other Revenue	89	60	50%
Total revenue	1,117	577	94%
Platform Fees	-280	-137	104%
<i>Gross Margin %</i>	<i>73%</i>	<i>74%</i>	<i>1 pp</i>
User Acquisition Cost	-164	-83	97%
<i>UAC/net revenue %</i>	<i>-16%</i>	<i>-16%</i>	<i>0 pp</i>
Other external expenses	-52	-49	6%
Personnel expenses	-150	-100	50%
IAC	-18	-3	544%
EBITDA	454	205	121%
Amortization of PPA items	-95	-36	165%
Depreciation, amortization and write-downs	-53	-33	59%
EBIT	306	136	125%
Adj. EBIT¹	419	175	140%
IAC financial items	-	16	-100%
Financial items ex IAC	-48	-19	149%
EBT	258	133	94%
Taxes for the period	-104	-22	376%
Net result for the period	154	111	38%

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

BALANCE SHEET Q3 2020

MSEK	Q3 2020	Q2 2020	Δ	31 Dec 2019
Intangible non-current assets	8 608	8 897	-3%	3 293
Tangible non-current assets	110	125	-12%	76
Deferred tax assets & current receivables	1 273	720	77%	341
Cash and cash equivalents	1 052	936	12%	342
Total assets	11 043	10 679	3%	4 052
Total Shareholders' equity	5 866	5 819	1%	1 959
Deferred tax & non-current liabilities	669	745	-10%	330
Bonds loans & long-term credit facilities	2 276	1 602	42%	1 115
Provision for earnouts long-term	912	938	-3%	125
Current liabilities	447	554	-19%	316
Provision for earnouts short-term	872	1 021	-15%	206
Total Liabilities and Shareholders' equity	11 043	10 679	3%	4 052
Net debt	1 225	665	84%	820
Adj. Leverage ratio, pro forma	0.67	0.37	79%	0.91
Adj. Interest coverage ratio, pro forma	14.25	17.85	-20%	11.69

CASH FLOW Q3 2020

MSEK	Q3 2020	Q3 2019	△	Q3 2020 LTM	Q3 2019 LTM	△
Cash flow as reported						
Cash flow from operations	332	114	191%	969	475	104%
Cash flow from investment activities	-858	-63	1,261%	-3,813	-1,213	214%
Cash flow from financing activities	648	-0	-	3,538	934	279%
Cash flow for the period	122	51	139%	694	196	254%
Free cash flow¹						
CFFO including IFRS 16 effect ²	322	108	198%	939	458	105%
- of which working capital movements	38	-96	-140%	46	-74	-163%
Investments in product development	-115	-59	95%	-406	-200	103%
Free cash flow (CFFO - Product development)	207	49	322%	533	258	107%
Net profit	154	111	38%	504	308	63%
Cash conversion ratio³	1.35	0.44	205%	1.06	0.84	26%

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.

ACQUISITION OF EVERGUILD



- Rapidly growing independent game studio focusing on the digital Collectible Card Games (CCG) genre
- Small agile team with 6 employees at its office in Madrid, Spain
- The Horus Heresy: Legions
 - Licensed CCG based on The Horus Heresy, a subset of the Warhammer 40,000 universe
 - Profitable and growing title with a cutting-edge design, game engine and live-ops and great scaling potential
 - Strong commercial success with stable, long-term player base
- Strong pipeline with planned release of new cross-platform title in 2021

GROWTH
NET REVENUE

10,000

MSEK by 2023

Growth is to be achieved organically
as well as through acquisitions

PROFITABILITY
ADJ. EBIT MARGIN

~35%

The Adjusted EBIT margin may vary
quarter to quarter depending on
mainly the level of user acquisition
and product development

LEVERAGE
NET DEBT / ADJ. EBITDA RATIO

<1.5x

Stillfront may under certain
circumstances, choose to exceed
this level during short time periods

1
group

Building the leading F2P powerhouse

- Further strengthening and leveraging the Stillfront platform for long-term growth

16
studios

Accelerating the M&A agenda

- 4 acquisitions added in 2020
- A focus on long life-cycle games: acquisition of well-run studios and attractive assets

2bn
players

Diversified portfolio of games

- Expanded footprint and diversification of revenues
- Increased focus in targeting the female gaming population

Continued strong business momentum in Q3

- Record-high profitability with Adj. EBIT margin of 41 percent
- Solid organic growth paired with strong acquisitive growth
- Challenging online marketing environment, high volatility at end of the quarter

STILLFRONT

GROUP

