

Acquisitions of Super Free Games & Sandbox Interactive

M&A Update

18 December 2020



IMPORTANT INFORMATION

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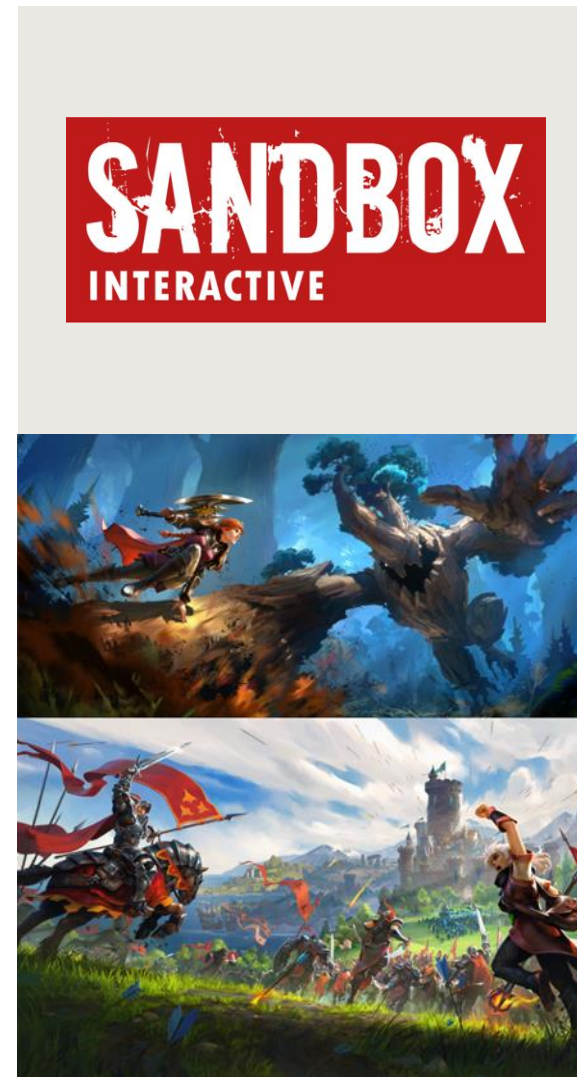
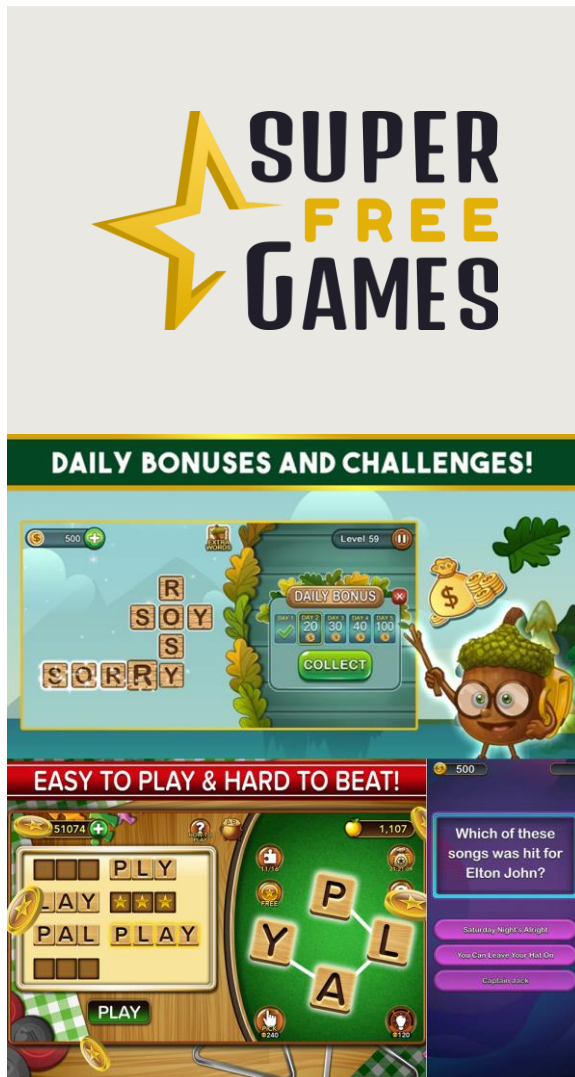
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Stillfront has prepared preliminary unaudited financials for Jan-Sep 2020 for both Targets, with the purpose of describing the financial situation of Stillfront post-closing of the Transactions. The financial information included in this presentation is condensed, preliminary, unaudited and subject to revision upon completion of the Company’s closing and audit processes. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the financial information, opinions or conclusions expressed herein.

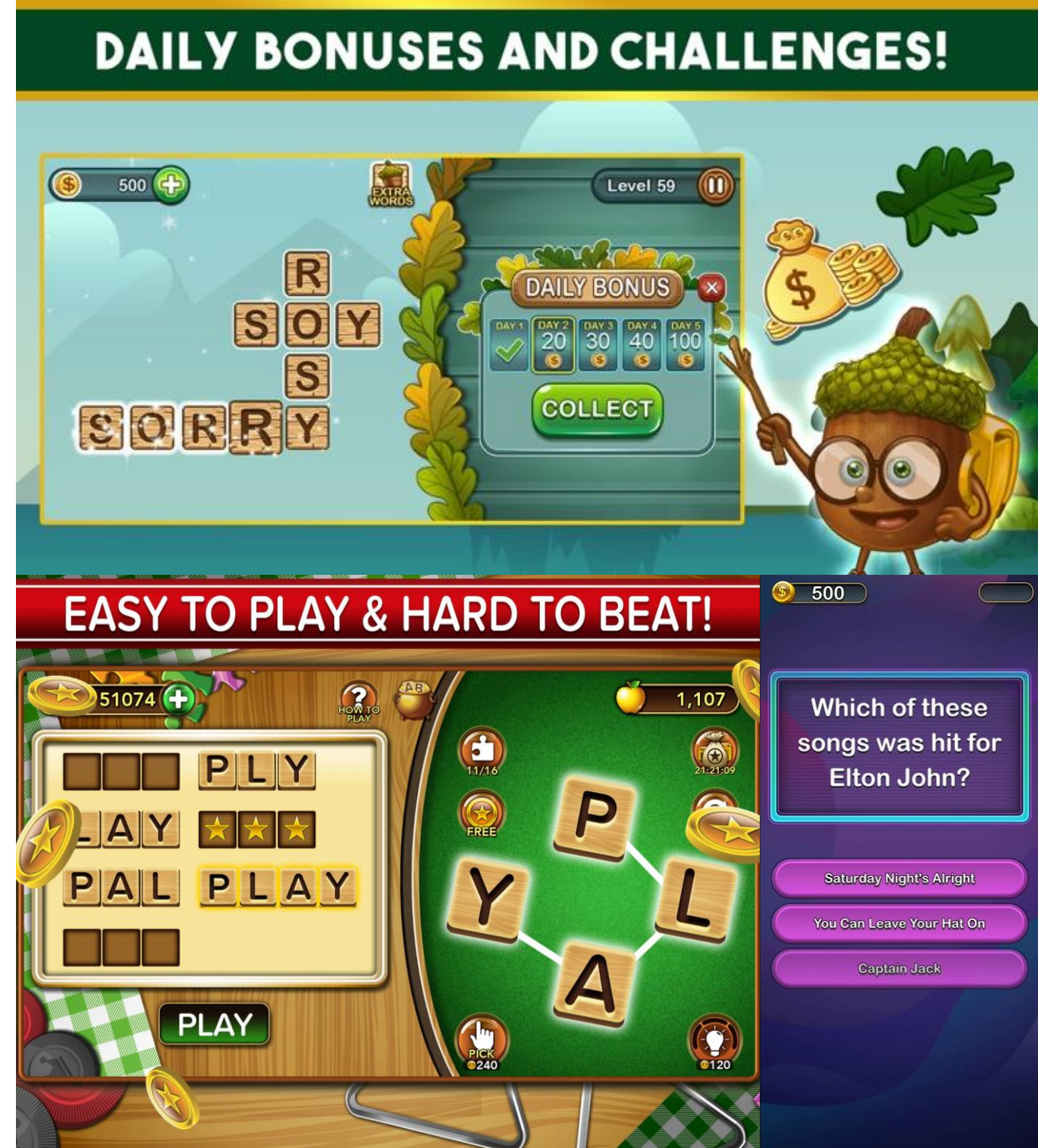
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TWO LEADING GAME DEVELOPERS JOINING STILLFRONT





Acquisition of Super Free Games

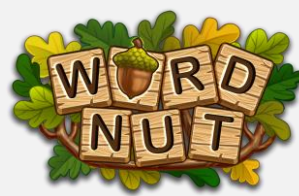


SUPER FREE GAMES – A US BASED CASUAL GAMES DEVELOPER

SUPER FREE AT A GLANCE

- Founded in 2011 in San Francisco, California, with an additional office in Singapore
- Rapidly growing developer of market leading Casual games including successful titles such as Word Collect, Word Nut and Trivia Star
- Successfully pivoted from Social Casino to Casual games during 2017-2019, undergoing name change (previously Super Lucky)
- Strong company culture and dedicated team of 80 mobile games experts, including developers, designers and UA/monetization managers based in multiple countries across the world

GAMES PORTFOLIO



TRACK RECORD

2011

Founding year

1.4m

DAU – SEP 2020

USD 57.6m

Q3 YTD Net Revenue¹

8.0m

MAU – SEP 2020

USD 8.7m

Q3 YTD ADJ. EBITDA¹

c. 80

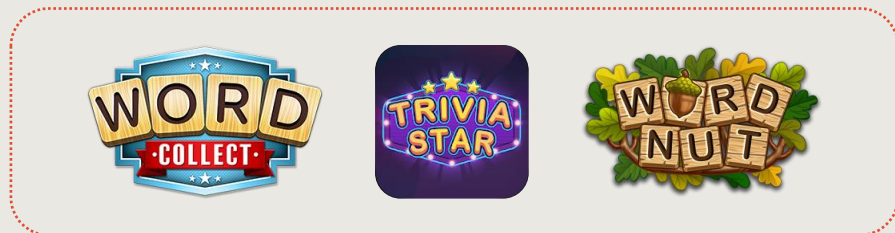
Employees

1) Net revenues and adjusted EBITDA according to IFRS unaudited proforma figures, adjusted for non-recurring items

SUPER FREE'S SUCCESSFUL TRANSITION



GAME PORTFOLIO



- The Casual games account for approx. 80% of revenues in 2020 Q3 YTD, rapidly growing share of total revenues
- Main titles include Word Collect, Word Nut and Trivia Star, all showing impressive retention and KPIs
 - Word Collect, flagship title with approx. 800k DAU, revenues are split 50/50 between IAP and ads
- Strong pipeline: several games in soft launch and 5+ titles in the pipeline
 - New games are within emerging and high potential categories, including Puzzle, Mash-ups and new Word games

SOPHISTICATED GAMES PLATFORM



- Proprietary game engine enabling rapid game production of successful titles
- State-of-the art analytics platform offering significant opportunities to improve the user experience and optimize KPIs

TRANSACTION RATIONALE

BROADENS GENRE AND AUDIENCE, INCREASES AD MONETIZATION EXPERTISE

- Adds >USD 100m run-rate, rapidly growing revenue on an annual basis
- Adds word game genre and access to a new valuable audience: “Non-Gamers”
- Further strengthens Stillfront’s expertise within ad monetization
- Proprietary engine and state-of-the art analytics platform enabling rapid game production and data-driven scaling
- High potential pipeline of 5+ Casual & Mash-up games

SUBSTANTIAL SCALING AND COLLABORATION POTENTIAL WITHIN STILLFRONT

- Potential to scale Super Free’s games geographically
- Solid pipeline of Casual & Mash-up titles that Stillfront can help develop, publish and scale
- Strong KPIs including impressive retention compared to other Casual sub-genres
- High amount of MAU enables cross selling potential for the female/casual audience within the group



Acquisition of Sandbox Interactive



SANDBOX – A FAST-GROWING GERMAN F2P MMORPG STUDIO

SANDBOX AT A GLANCE

- Founded in 2012 in Berlin, Germany
- Rapidly growing and highly profitable cross-platform F2P MMORPG studio
- Developer and publisher of Albion Online, a F2P sandbox MMORPG set in an open medieval fantasy world with modern game attributes
 - Deep and complex game, developed and iterated in close collaboration with player community for seven years before full F2P release in 2019
 - Built as cross-platform from start, mobile versions scheduled for official release in H1 2021 following extensive beta testing over the past years
- Approx. 50 employees, all based in Berlin



TRACK RECORD¹

2012

Founding year

120k

DAU

EUR 9.5m

Q3 YTD Net Revenue²

600k

MAU

EUR 5.2

Q3 YTD ADJ. EBITDA²

96%

Revenue retention YTD³

1) Financial and operational highlights as of September 2020

2) Net revenues and adjusted EBITDA according to IFRS unaudited proforma figures, adjusted for non-recurring items

3) Revenue retention calculated as September 2020 revenue from cohorts present in January 2020



- Albion Online is a sandbox MMORPG set in an open medieval fantasy world
- Founded in 2012 by MMO enthusiasts and experienced industry veterans
- Albion Online combines the sandbox MMO experience with modern game attributes to offer a superior player experience
- Built for cross-platform since inception, inherently social with deep user emotional and cognitive connections built into the game DNA
- Well-developed and sophisticated game economy
- Bootstrapped by founders with community driven crowdfunding campaign to bring Albion Online to life



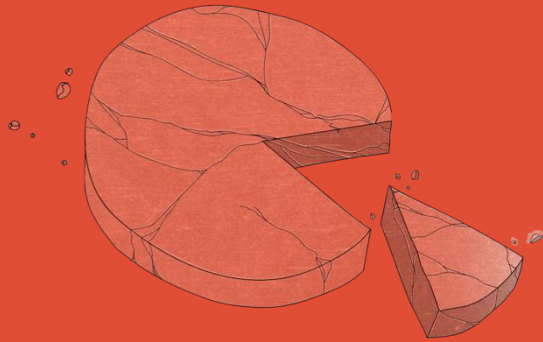
TRANSACTION RATIONALE

GENRE AND PLATFORM DIVERSIFICATION SECURS FOOTHOLD IN CONVERGING MARKET

- Allows Stillfront to enter the MMORPG genre with a strong sandbox game with modern features
- Adds rapidly growing revenue with premium profitability on Windows, macOS and Linux
- Strong supportive community of highly engaged players
- Built F2P and cross-platform from the start, advanced experience in direct PC downloadable and Steam Premium + F2P distribution

SIGNIFICANT SCALING POTENTIAL WITHIN STILLFRONT GROUP

- Mobile version to be officially launched in H1 2021 – Stillfront to support launch and help scale
- Extensive value-adding potential to enhance marketing with competence from across the Stillfront Group
- Large potential to grow revenue in new markets with Stillfront's localization expertise
- Scalable long lifecycle game engine and proprietary technology



Financial highlights & Summary

TRANSACTION STRUCTURE

TRANSACTION STRUCTURES

SUPER FREE

- **Upfront consideration of USD 150m on a cash and debt free basis**
 - Cash consideration of USD 71m
 - Share consideration of USD 79m
- Earn-out consideration of 0-2x EBITDA for 2021-2023, whereof 47.5 percent in cash and 52.5 percent in newly issued shares

SANDBOX

- **Upfront consideration of EUR 130m on a cash and debt free basis**
 - Cash consideration of EUR ~100m
 - Share consideration of EUR ~30m
- Earn-out consideration of 1x EBIT for 2021-2024, whereof ~78 percent in cash and ~22 percent in newly issued shares

FINANCING CONSIDERATIONS

- The total upfront consideration for the acquisition of:
 - Super Free equals SEK ~1.3bn¹, of which SEK ~0.6bn is payable in cash
 - Sandbox equals SEK ~1.3bn¹, of which SEK ~1.0bn is payable in cash
- The cash component will be financed with available cash and credit facilities
- Post the acquisitions of Super Free and Sandbox, the leverage ratio for Stillfront will be approximately 1.4x EBITDA, i.e. within the financial target
- For the share consideration, Stillfront will issue 1,087,727 shares to the sellers of Super Free and Sandbox at a 10-day VWAP resulting in a dilution of 3.04%

1) USD/SEK of 8.4813 as the Swedish Riksbank rate as of November 30, EUR/SEK of 10.1579 as the Swedish Riksbank rate as of November 30

COMBINED GROUP, PRO FORMA

PRELIMINARY PRO FORMA INCOME STATEMENT YTD Q3 2020

IFRS Unaudited SEKm ³	Stillfront (As reported) YTD Q3'20	Super Free YTD Q3'20	Sandbox YTD Q3'20	Stillfront (Pro forma) YTD Q3'20
Net revenue	2,910	539	101	3,550
Own work capitalized	241	31	12	285
Other revenue	11	1	1	13
Total revenue	3,162	571	113	3,847
Adjusted EBITDA¹	1,236	81	55	1,373
<i>Adjusted EBITDA margin</i>	<i>42%</i>	<i>15%</i>	<i>55%</i>	<i>39%</i>
Adjusted EBIT²	1,094	68	49	1,212
<i>Adjusted EBIT margin</i>	<i>38%</i>	<i>13%</i>	<i>49%</i>	<i>34%</i>

Preliminary pro forma financials with the purpose of describing hypothetical financial results after the transaction. All numbers are preliminary and unaudited. The preliminary pro forma financial information does not include the acquisitions of Storm8, Candywriter, Nanobit or Everguild, prior to their respective consolidation date in the Stillfront Group

COMMENTARY

- Net revenue increases by 640 MSEK corresponding to a 22 % increase relative to reported figures for Stillfront YTD Q3
- Achieves further revenue diversification through
 - New games and genres
 - Increased advertising revenues
 - More cross platform
- Existing games and pipeline create strong growth momentum going into 2021
- Super Free impacts Stillfront's proforma historical margins due to the company's rapid growth phase

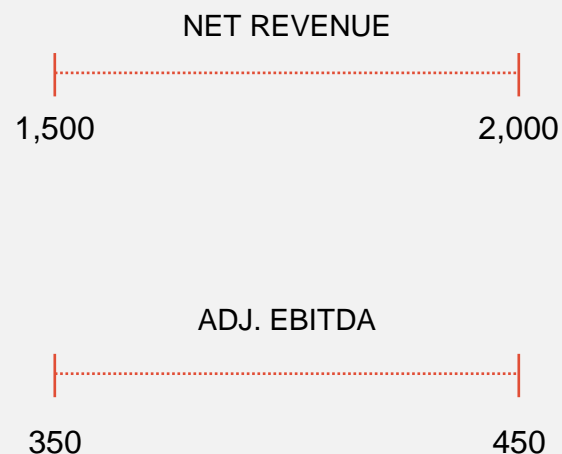
1) Adjusted EBITDA is EBITDA adjusted for Items Affecting Comparability ("IAC"). Adjusted EBITDA margin is EBITDA margin adjusted for IAC. IAC affecting EBITDA amounts to SEK -28m for Super Free and SEK -15.2m for Sandbox relating to estimated advisory transaction costs

2) Adjusted EBIT is EBIT adjusted for IAC and excluding amortization of PPA-related items. Adjusted EBIT margin is EBIT margin adjusted for IAC and excluding amortization of PPA-related items. IAC affecting EBIT amounts to SEK -100m for Super Free and SEK -69m for Sandbox relating to amortization of Purchase Price Allocation ("PPA") items and estimated advisory transaction costs

3) The USD and EUR figures have been translated to SEK using the average FX-rate from the Swedish Riksbank for the period, with USD/SEK at 9.4650 and EUR/SEK at 10.5603

FORECAST AND GUIDANCE FOR SUPER FREE AND SANDBOX FY 2021

SUPER FREE AND SANDBOX COMBINED FY 2021 FORECAST RANGE¹ NET REVENUE & ADJ. EBITDA (SEKm²)



COMMENTARY

- Super Free and Sandbox combined, during the financial year 2021, are expected to contribute with;
 - SEK 1,500-2,000 million to Stillfront's pro forma net revenue
 - SEK 350-450 million to Stillfront's pro forma Adj. EBITDA
 - As if consolidated from 1 January 2021
- Upfront EV / Adj. EBITDA multiple of 6.5x³
- The acquisitions combined provide significant contribution to Stillfront's long-term financial growth targets

1) The financial assumptions are based on management accounts and forecasts for the acquisitions. Projected growth is mainly driven by the Word Collect, Word Nut and Trivia Star and projected game pipeline for Super Free and mobile release, game updates, enhanced marketing and localization of Albion Online for Sandbox

2) USD/SEK of 8.4813 as the Swedish Riksbank rate as of November 30, EUR/SEK of 10.1579 as the Swedish Riksbank rate as of November 30

3) Implied adj. EBITDA multiple is calculated based on upfront consideration assuming mid-range EBITDA for 2021

REITERATING OUR FINANCIAL TARGETS FOR 2021-2023

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

18
studios

Accelerating the M&A agenda

- 6 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
- Meeting the surge in demand from a growing gaming audience

Continued strong outlook heading into 2021

- Two rapidly growing and profitable game studios added to the group
- Provides further platform and genre diversification
- Strong pipeline of potential acquisitions and new games launches heading into 2021

STILLFRONT

GROUP

