

2021

A leading free-to-play powerhouse

Interim report

Second quarter 2021

STILLFRONT
GROUP

STILLFRONT AT A GLANCE



A leading free-to-play powerhouse of 20 gaming studios creating significant operational synergies

67
million

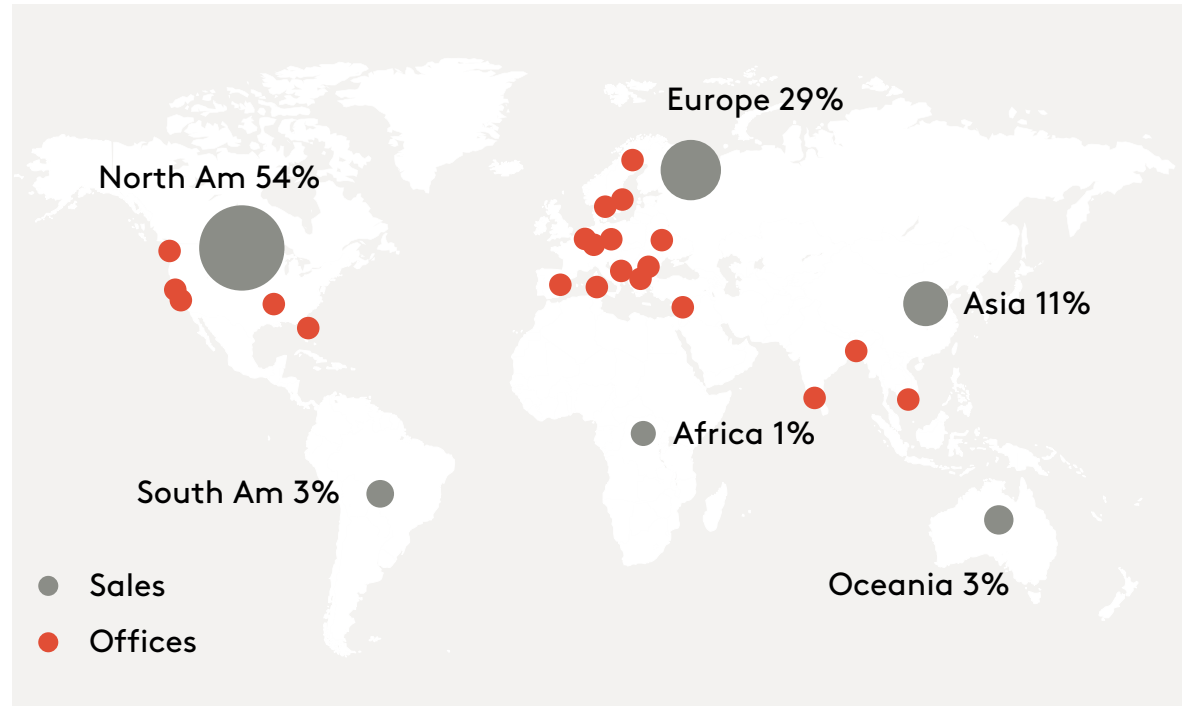
67 million MAU and 13 million DAU
Main markets by revenue are US, Germany, MENA, UK and Canada



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

1,200+
professionals

Headquartered in Stockholm with a group of studios operating across the globe



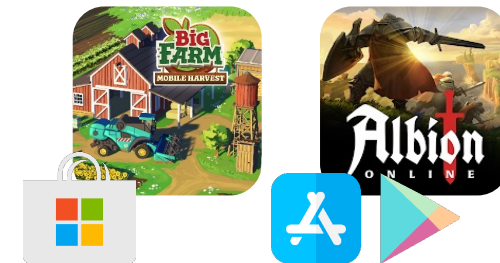
Game highlights in the second quarter

- 4 new titles added to the active portfolio during Q2, 56 games in active portfolio and more than 30 titles in soft launch/development
- Acquisition of first asset: Crush Them All, an idle RPG, operated by Imperia Online and supported with marketing by Goodgame
- Successful mobile launch of Albion Online, more than 2 million mobile downloads during the first 30 days and increasing DAUs by more than 50%
- Softer performance from Super Free's titles with lower downloads numbers as a result of decreased UA spend
- Successful expansion of Big Farm: Mobile Harvest to Microsoft Store, showing promising performance of marketing campaigns, to be expanded in Q3 and Q4
- Strong performance from BitLife with its highest gross revenue day of the year on May 2, with ongoing success with marketing expansion to Europe as well as new game updates

New games in the active portfolio

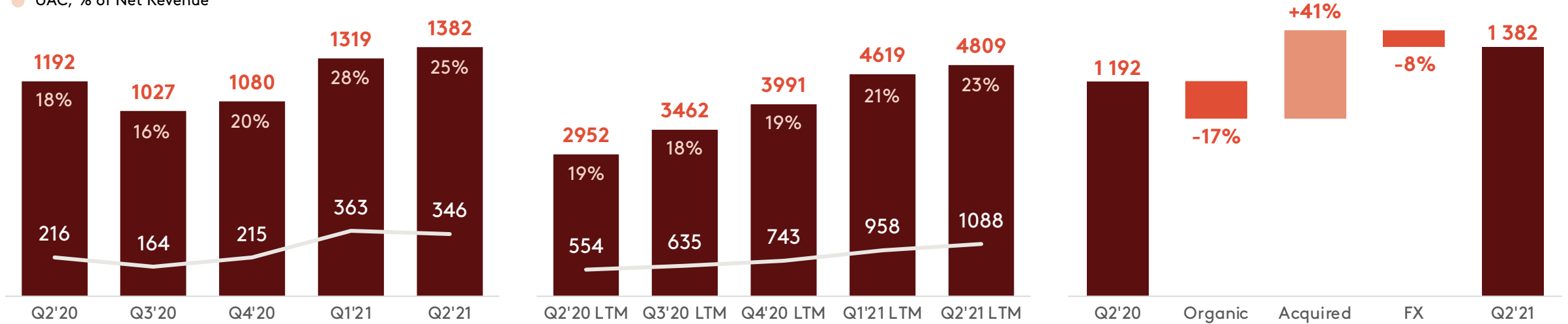


Select new platform launches



NET REVENUE, UAC DEVELOPMENT & ORGANIC GROWTH

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



Q2 Net Revenue growth of

16%

YoY

Q2 UAC in relation to Net Revenue

25%

Q2 organic growth, excl. FX effects

-17%

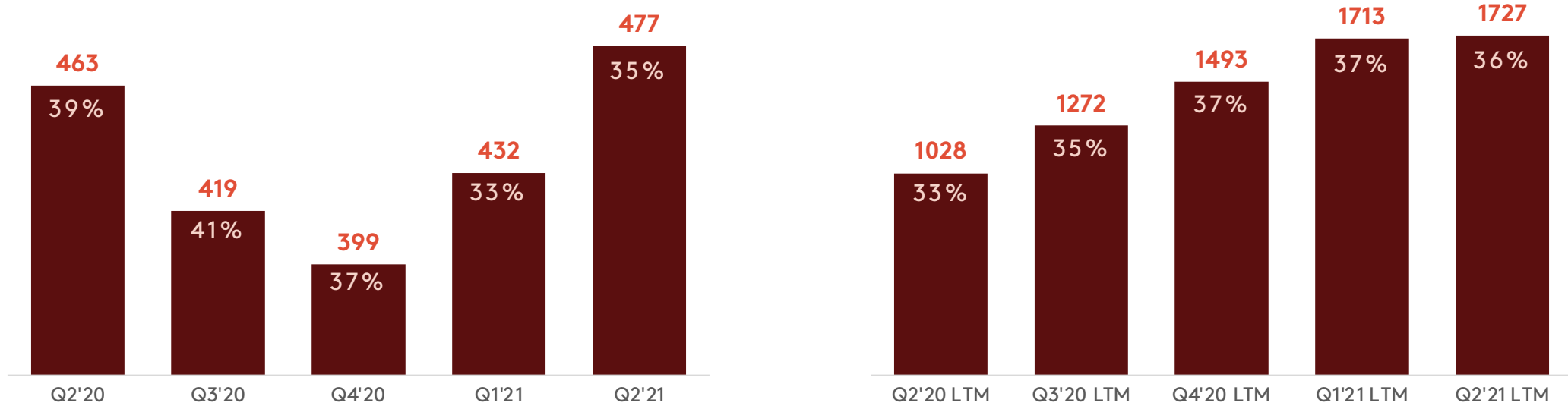
YoY

COMMENTS

- Net revenue growth of 16% in Q2, driven primarily by growth from acquired studios
- Organic growth of -17% in Q2, driven by an organic decline in active players compared to Q2 last year
 - Challenging YoY comparisons following exceptional inflow of users in Q2'20
 - Organic ARPDAU increased in Q2, offsetting some of the user base decline
- The annual proforma organic growth rate the past 24 months was in line with our addressable market (including Storm8 and Candywriter, excluding Kixeye)

ADJ. EBIT DEVELOPMENT

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



Adj. EBIT growth of

3%

YoY

Q2 Adj. EBIT
in relation to
Net Revenue

35%

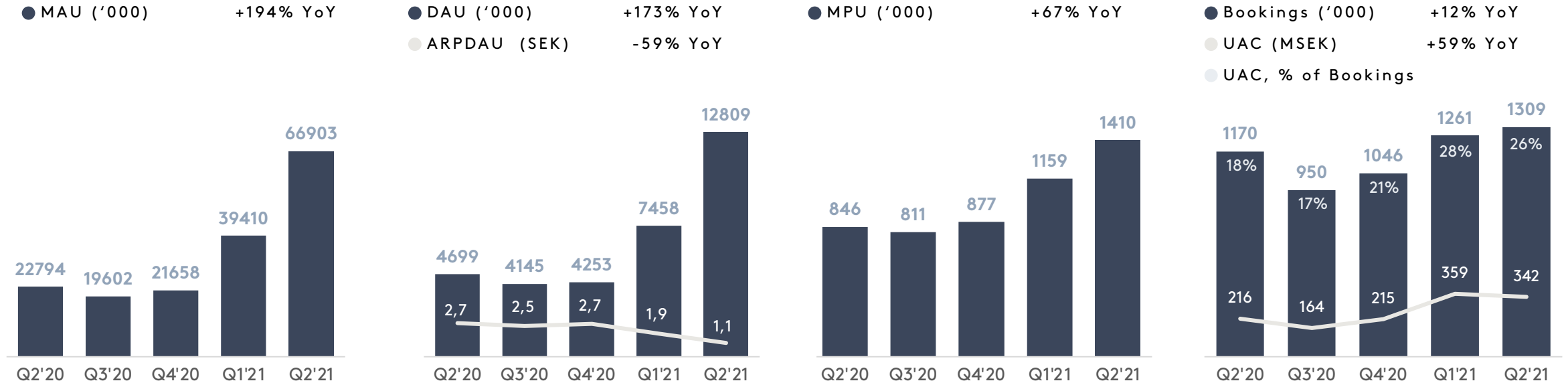
LTM Adj. EBIT
in relation to
Net Revenue

36%

COMMENTS

- High profitability in Q2 with Adj. EBIT of 35%
 - Higher profitability QoQ driven by a lower UA spend across the portfolio
 - A larger share of advertising revenues has continued to have a positive impact on gross margins in the quarter
- The new product mix with a larger share Casual & Mash-up games will drive increased UA spend going forward

ACTIVE PORTFOLIO: TOTAL



DIVERSIFIED PORTFOLIO



56

Games

77%

Mobile

19%

Ad bookings

45%

Casual & Mash-up

COMMENTS

- 4 new titles added to the active portfolio in Q2 with the acquisition of Game Labs and the addition of Crush Them All to Imperia Online's portfolio
- Advertising bookings continued to increase, mainly driven by Super Free being included for the full quarter
- Mobile bookings remained steady quarter-over-quarter at 77%, up slightly from 75% during the same period last year
- DAU and MAU increased significantly, driven by both Super Free and Moonfrog being included for the full quarter
- ARPDAU down as a result of the new product mix, organic ARPDAU up with enhanced monetization across the portfolio year-over-year

ACTIVE PORTFOLIO: STRATEGY

● MAU ('000)

-13% YoY

● DAU ('000)

-18% YoY

● MPU ('000)

-11% YoY

● Bookings ('000)

-17% YoY

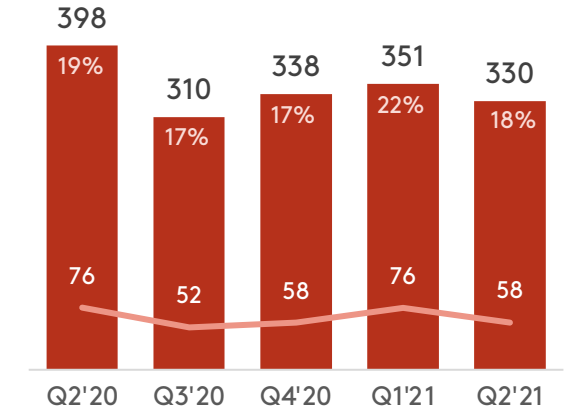
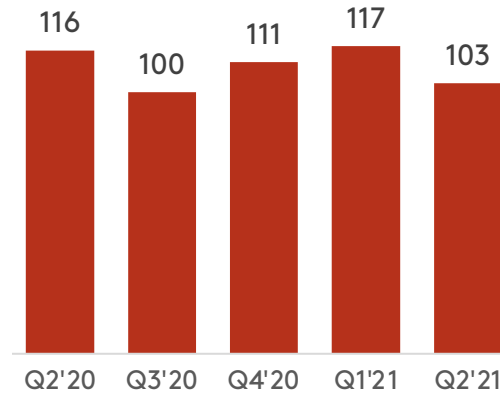
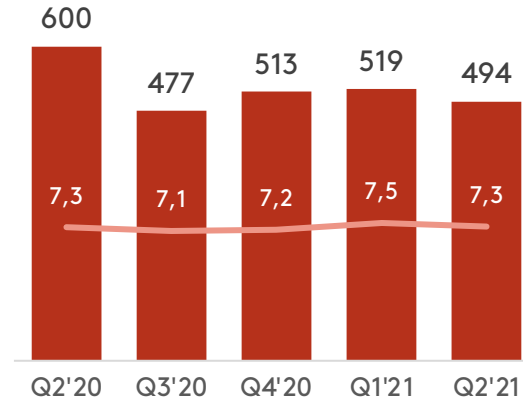
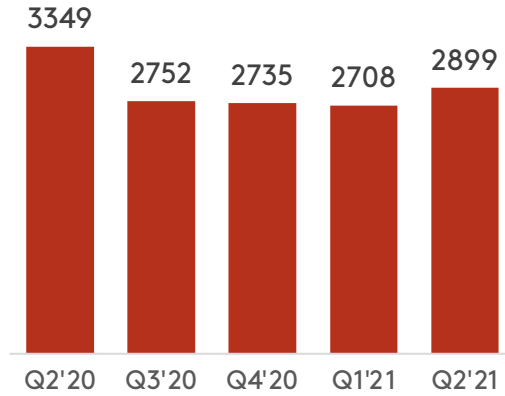
● ARPPDAU (SEK)

+1% YoY

● UAC (MSEK)

-24% YoY

● UAC, % of Bookings



SELECTED TITLES



13

Games

66%

Mobile

1%

Ad bookings

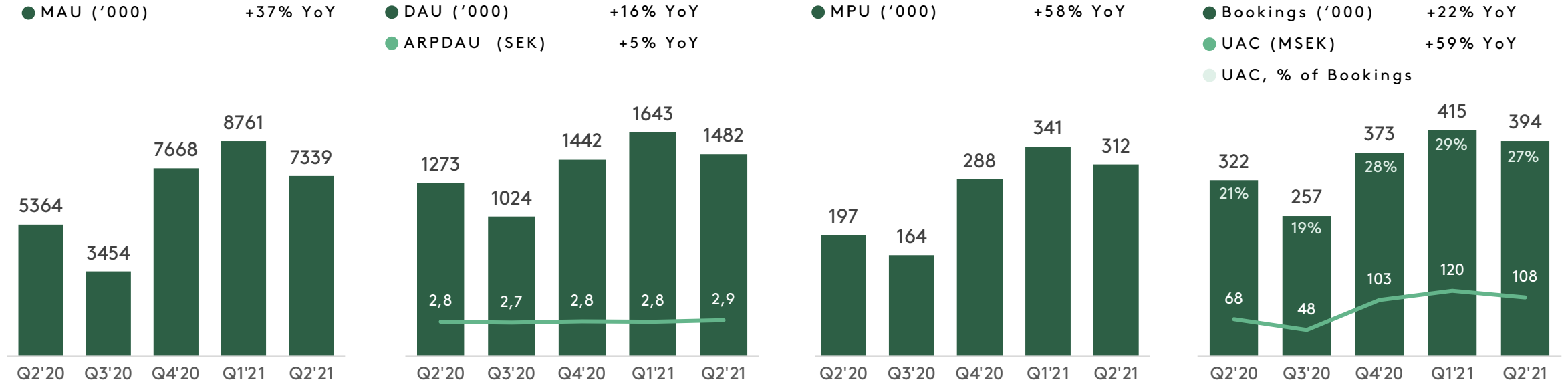
43%

Europe

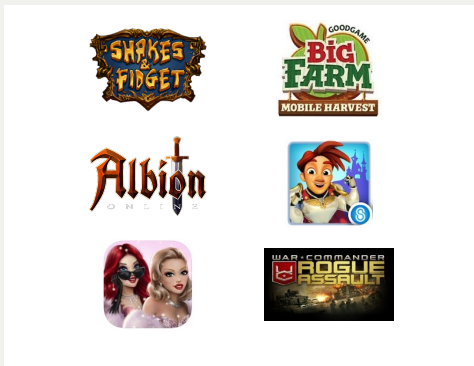
COMMENTS

- Totals 25% of bookings in the active portfolio
- Ultimate Admiral: Age of Sail added to the strategy portfolio following the acquisition of Game Labs
- Bookings declined by -17% YoY, driven by lower user numbers and lower UA spend
- Both Conflict of Nations: WW3 and War and Peace continued to perform well, showing strong organic growth year-over-year
- Ad bookings increased more than 3x compared to same period last year as a result of organic projects and knowledge-sharing between studios

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION



SELECTED TITLES



26
Games

59%
Mobile

5%
Ad bookings

45%
N. America

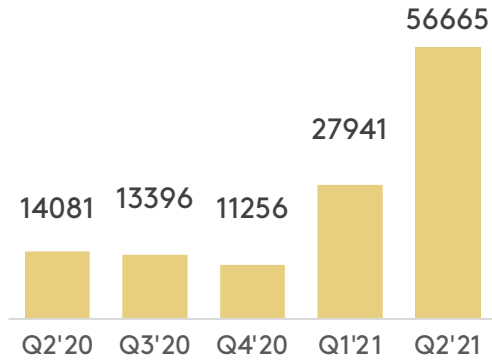
COMMENTS

- Totals 30% of bookings in the active portfolio
- Crush Them All, Naval Action and This Land is My Land added to the Simulation, RPG & Action portfolio
- YoY growth of 22% driven primarily by newly acquired titles
- Share of mobile bookings decreased to 59% with the addition of Albion Online
- Ad bookings steady QoQ at 5%

ACTIVE PORTFOLIO: CASUAL & MASH-UP

● MAU ('000)

+302% YoY

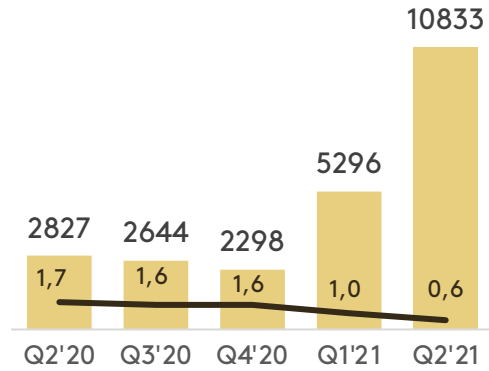


● DAU ('000)

+283% YoY

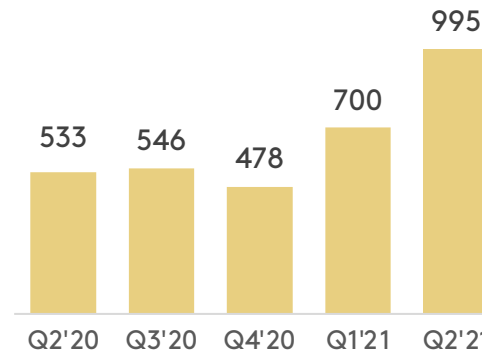
● ARPDau (SEK)

-66% YoY



● MPU ('000)

+87% YoY



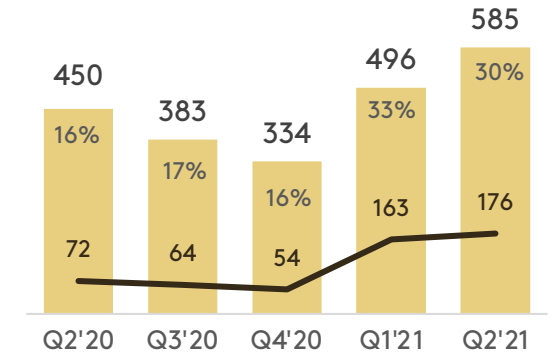
● Bookings ('000)

+30% YoY

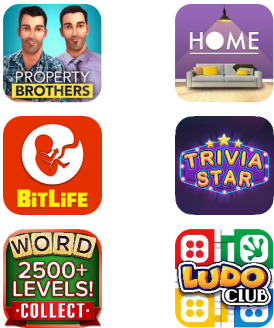
● UAC (MSEK)

+145% YoY

● UAC, % of Bookings



SELECTED TITLES



17

Games

96%

Mobile

38%

Ad bookings

69%

N. America

COMMENTS

- Totals 45% of bookings in the active portfolio
- YoY growth of 30% driven by newly acquired titles and strong organic growth from Candywriter
- Moonfrog has performed above expectations since joining Stillfront in February 2021
- Super Free softer than expected on top line but significantly better than expected on profitability driven by lower UA spend
- DAU and MAU up substantially and ARPDau down as Moonfrog adds large number of players with lower monetization

Financial highlights

Second quarter 2021



Revenue growth of 16% paired with
Adj. EBIT margin of 35%



Cash generative business
with record level cash flow
from operations of 443 MSEK



Continuously strong financial
position with a cash balance of 850
MSEK and an undrawn credit
facility of 2,605 MSEK

1.56x

1,500 MSEK bond issuance completed
in the quarter at attractive terms
Leverage at around the leverage
target of 1.5x



Strong underlying financial performance and a more diversified financing platform
creates flexibility to support further growth

INCOME STATEMENT Q2 2021

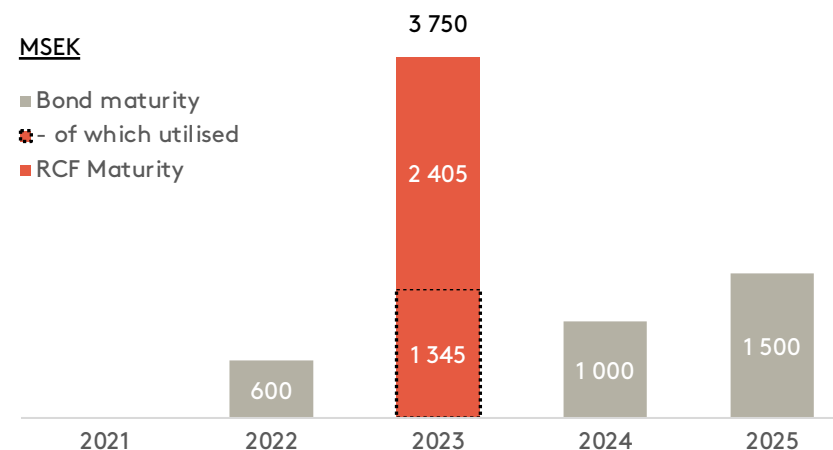
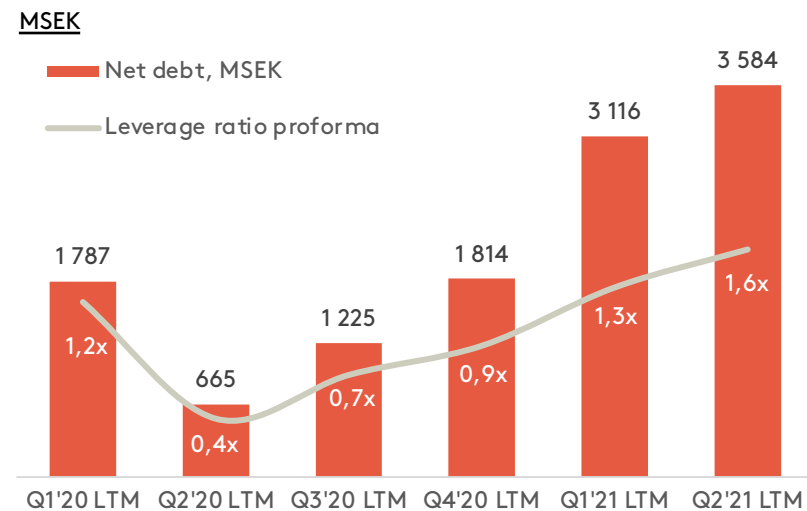
MSEK	Q2 2021	Q2 2020	Δ
Net revenue	1 382	1 192	16%
Platform fees	-314	-343	-9%
Gross profit	1 069	849	26%
<i>Gross profit margin</i>	<i>77%</i>	<i>71%</i>	<i>6 pp</i>
User acquisition costs (UAC)	-346	-216	60%
<i>UAC/Net revenue</i>	<i>-25%</i>	<i>-18%</i>	<i>-7 pp</i>
Other external expenses	-72	-47	53%
<i>Other external expenses/Net revenue</i>	<i>-5%</i>	<i>-4%</i>	<i>-1 pp</i>
Personnel expenses	-222	-164	35%
<i>Personnel expenses/Net revenue</i>	<i>-16%</i>	<i>-14%</i>	<i>-2 pp</i>
Adjusted EBITDA	551	510	8%
Depreciation & Amortization (non PPA)	-73	-47	55%
Adjusted EBIT	477	463	3%
<i>Adjusted EBIT margin</i>	<i>35%</i>	<i>39%</i>	<i>-4 pp</i>
Items affecting comparability (IAC)	-25	-33	-24%
Amortization of PPA items	-163	-94	74%
EBIT	289	336	-14%
Net financial items	-72	-85	-15%
Result after financial items (EBT)	217	251	-13%
Taxes for the period	-68	-64	7%
Net profit	149	188	-20%

CASH FLOW AND BALANCE SHEET METRICS

CASH FLOW STATEMENT

MSEK	Q2 2021	Q2 2020	Δ
Cash flow from operations (before NWC)	434	467	-7%
Change in NWC	9	-123	-107%
Cash flow from operations (CFFO)	443	344	29%
Cash flow from investment activities	-1 004	-469	114%
Cash flow from financing activities	211	609	-65%
Cashflow for the period	-350	485	-172%
Last 12 months			
CFFO (- IFRS 16 lease repayment)	1 395	725	92%
- of which NWC	30	-88	-134%
Acquisition of intangible assets	-530	-351	51%
- in relation to CFFO (- IFRS 16 lease repayment)	-38%	-48%	10 pp
Free Cash Flow	865	375	131%
EBITDA last 12 months	1 860	1 091	70%
Cash Conversion rate	0.46	0.34	35%

BALANCE SHEET METRICS



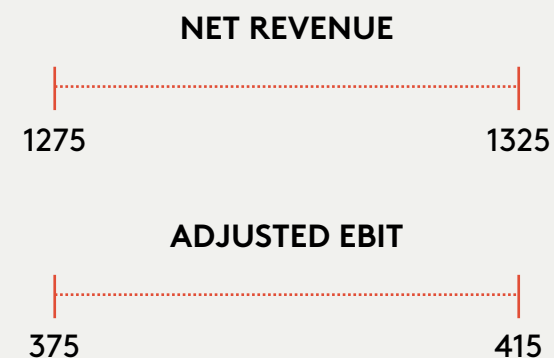
Summary & Operational update

Second quarter 2021

Indicative guidance for third quarter

- Challenging comparison numbers from Covid-19 cohorts will continue into Q3, organic growth to return in latter part of the year
- Usual seasonality effects during July and August
- Guidance for Q3*:
 - Net revenue of 1,275 to 1,325 MSEK
 - Adj. EBIT of 375 to 415 MSEK
- Net revenue guidance for Q3 suggests growth of 24% to 29% YoY

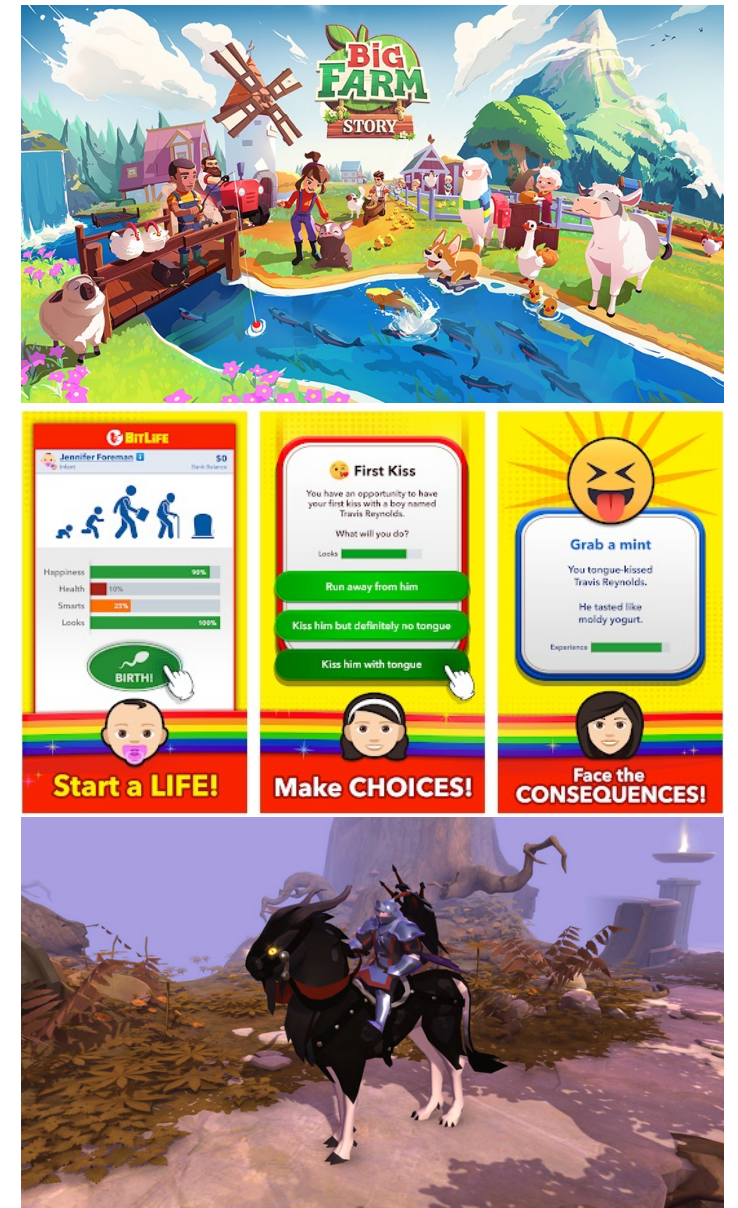
INDICATIVE GUIDANCE FOR Q3 2021



*The assumed exchange rates used for Q3 YTD is 8.4378 for USD/SEK and 10.1389 for EUR/SEK, which is the average YTD rate as of July 2021 closing.

Continuing our growth journey

- The underlying business continues to perform well with increased monetization paired with strong margins across the portfolio
- Impressive performance from acquired studios over past 24 months, highlighting the strength of our Stillops platform
- Strong pipeline of new games and M&A targets
- Executing on our strategy, in a good position to return to organic growth and deliver on our long-term financial targets



STILLFRONT GROUP

