

# Interim Report, Q3 2022

## QUOTE FROM THE CEO

“Stillfront’s positive development continued in the third quarter. The year-over-year growth increased to 36 percent, driven by stable performance from our acquired studios, a positive FX effect as a result of the strong US dollar and continued organic growth from our studios. We increased our adjusted EBITDA by 29 percent to 668 MSEK while adjusted EBIT grew by 20 percent to 518 MSEK. Given the challenging market conditions, we are pleased with our above-market growth pace that is a result of successful in-game events and campaigns, strong performance from our strategy games and contribution from several new game launches during the past 12 months. As we enter the last months of the year, we expect that we will continue to build on the positive organic growth trend from the past two quarters and that our organic growth rate will accelerate further during the fourth quarter. We expect to continue to deliver above-market organic growth also in the fourth quarter but due to the recent softer mobile games market, we no longer expect to reach our previous guidance of mid-single digit organic growth for the full year 2022. Looking ahead, the global games market will grow for many years to come and we remain confident in our market position and strategy.”

## FINANCIAL HIGHLIGHTS Q3

- Net revenue of 1,787 (1,311) MSEK, an increase of 36 percent
- Net revenue increased by 1.4 percent organically
- EBIT of 250 (243) MSEK, an increase of 3 percent
- Adj EBIT of 518 (433) MSEK, an increase of 20 percent. Adj EBIT margin of 29 (33) percent
- Items affecting comparability impacting EBIT amounted to -8 (-20) MSEK, mainly driven by costs for share-based compensation programs. Amortization of PPA-items amounted to -260 (-170) MSEK
- EBITDA of 660 (499) MSEK, an increase of 32 percent
- Adj EBITDA of 668 (519) MSEK, an increase of 29 percent. Adj EBITDA margin of 37 (40) percent
- Net result of 83 (129) MSEK
- Net debt of 3,860 (2,654) MSEK and adjusted leverage ratio, pro forma of 1.5x (1.2x)
- Free cash flow last 12 months of 983 (991) MSEK
- Cash position of 1,350 (1,171) MSEK and 2,216 (3,449) MSEK of undrawn credit facilities

## KEY FIGURES

MSEK	2022	2021	2022	2021	Last 12	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Bookings	1,772	1,304	5,254	3,994	6,699	5,440
Deferred revenue	16	7	23	19	20	16
Net revenue	1,787	1,311	5,277	4,013	6,719	5,455
EBIT	250	243	780	785	1,029	1,034
Adjusted EBIT	518	433	1,520	1,342	1,980	1,802
Adjusted EBIT margin, %	29	33	29	33	29	33
EBITDA	660	499	1,890	1,488	2,422	2,020
Adjusted EBITDA	668	519	1,923	1,568	2,479	2,124
Adjusted EBITDA margin, %	37	40	36	39	37	39
Items affecting comparability	-8	-20	-33	-80	-57	-104
Profit before tax	163	187	539	613	719	793
Net result	83	129	344	427	513	596
Number of Employees	1,612	1,256	1,612	1,256	1,612	1,381
Adjusted Leverage Ratio, pro forma, x	1.5	1.2	1.5	1.2	1.5	1.6

# Comments by the CEO

## Continued growth in the third quarter

Stillfront's positive development continued in the third quarter. The year-over-year growth in the quarter increased to 36 percent, driven by stable performance from our acquired studios, a positive FX effect and continued organic growth from our studios. Net revenue amounted to 1,787 MSEK in the quarter and adjusted EBITDA grew by 29 percent to 668 MSEK while adjusted EBIT grew by 20 percent to 518 MSEK, resulting in an adjusted EBITDA margin of 37 percent and an adjusted EBIT margin of 29 percent.

The organic net revenue growth amounted to 1.4 percent in the third quarter, a slight improvement compared to the second quarter and an improvement of 13 percentage points compared to the same quarter last year. The organic growth was lower than we anticipated when we published our last report in July, driven by a softer-than-expected underlying global mobile games market. Given the challenging market conditions, we are pleased with our above-market growth pace that is a result of successful in-game events and campaigns, strong performance from our strategy games and contribution from several new game launches during the past 12 months.

As we enter the last months of the year, we expect that we will continue to build on the positive organic growth trend from the past two quarters and that our organic growth rate will accelerate further during the fourth quarter. We expect to continue to deliver above-market organic growth also in the fourth quarter but due to the recent softer mobile games market, we no longer expect to reach our previous guidance of mid-single digit organic growth for the full year 2022.

## Strong contribution from acquired studios

Our two recently acquired studios Jawaker and 6waves continued to deliver stable performances, with both studios performing well in the third quarter. Jawaker has continued its successful expansion by launching new games and expanding to new Arabic-speaking markets, and the Jawaker app now consists of more than 40 different games. Jawaker has showed continuous strong growth during its first twelve months as part of Stillfront and will be included as organic from October 1, 2022. 6waves had a stable quarter with strong live ops performance from its key titles. The studio continues to work on its pipeline of new games, including several exciting collaboration projects with other Stillfront studios to be launched on the attractive Japanese market.

## Seasonality during summer months

The third quarter is typically the softest for Stillfront, as activity in our games goes down during the summer months. This year, the normal seasonal decline was largely offset by a positive FX effect between the second and third quarter, resulting in a small sequential decline in net revenues in the third quarter. Our investments in user acquisition grew by 34 percent year-over-year to 429 MSEK, corresponding to 24 percent of net revenues. Going

into the seasonally stronger fourth quarter and with a strong pipeline of new games, we expect to increase our user acquisition expenses.

## Continued investments in growth initiatives

During the last 12 months, we have spent more on new game development compared to previous years, which has shown results as we have been able to launch 15 new titles that have qualified for our active portfolio. In the third quarter, we added one new title, and our active portfolio now consists of 77 games that are enjoyed by 66 million players every month. As a result of our increased investments in growth initiatives, including in new products and our data platform capabilities, we have had a higher level of amortization of intangible assets in the past few quarters. The higher level of amortization, and the higher direct costs driven by a different product mix with a higher share of in-game purchases, explains the lower margin compared to last year. In the short term, we expect these effects to remain, but over time these growth initiatives will drive further organic growth and margin expansion. Our ambition is also to increase our gross margin by lowering our direct costs through several strategic initiatives, including increasing our share of advertising bookings and lowering the share of third-party publishing titles.

## Strong cash flow and a further diversified financing platform

Cash flow from operations before net working capital grew by 41 percent to 549 MSEK in the third quarter and by 34 percent to 2,013 MSEK in the last twelve months. Free cash flow for the last twelve months amounted to 983 MSEK, in line with the same period last year, despite being negatively impacted by changes in net working capital and higher growth investments during the last twelve months.

During the quarter, we announced a new unsecured term loan facility of 60 MEUR with the Swedish Export Credit Corporation. The proceeds from the new loan were used to redeem our 2018/2022 bond, which took place a few days after the quarter ended, on October 5, 2022. The new facility has a four-year term and strengthens Stillfront's financial position and further diversifies our financing platform. At the end of the third quarter, we had a strong financial position with our adjusted leverage ratio, pro forma in line with our communicated target at 1.5x. Combining our solid financial position with our strong cash flow generation, we are well positioned to continue to deliver on our strategy the coming years.

## A structurally growing market

The games market has been significantly softer than anticipated during the second and third quarters of the year, with external data sources pointing to double-digit negative market growth for mobile games. With this backdrop, it is encouraging that we have reported organic growth for two consecutive quarters and that we have been able to significantly outgrow our underlying market during the first nine months of 2022.

Given the current global situation, with lower visibility than usual and consumer spending expected to decrease as a result of rising inflation and interest rates, we are continuously monitoring our players' behavior and the underlying market development. So far, Stillfront has fared well, and we believe that we have a strong market position with our diversified portfolio of exciting free-to-play games. We are confident that people will continue to play games on both mobile and PC, and that free-to-play games offer an enjoyable and affordable form of entertainment for people all over the world.

Looking ahead, the global games market will grow for many more years to come. More than three billion people play digital games today and that number will continue to grow as younger generations embrace games, while existing gamers continue to age while still playing and spending on games. Regions like Latin America, Asia, Middle East and Africa will drive significant player growth going forward, and mobile games will remain the dominating segment within these growing markets. With this in mind, we remain confident in our market position and our chosen strategy and we look forward to continuing our successful growth journey for many years to come.



**JÖRGEN LARSSON, CEO, STILLFRONT GROUP**

# Stillfront at a glance

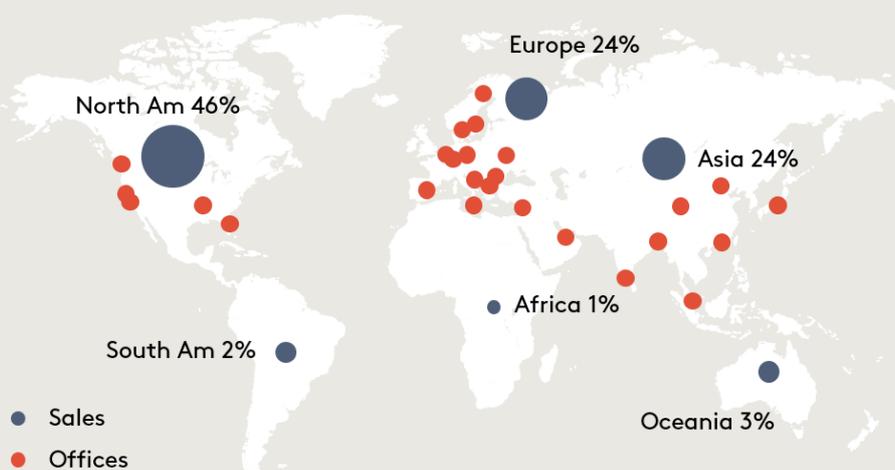
## A global games company

Stillfront is a global games company founded in 2010. We develop digital games for a diverse gaming audience and our broad games portfolio is enjoyed by almost 70 million people every month. Stillfront is focused on realizing synergies by connecting and empowering game teams globally through our Stillops platform. We are a fast-growing company and an active global strategic acquirer. Our 1,500+ professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm Large Cap.

## Driving a sustainable gaming business

Stillfront's purpose is to make a positive impact in our gamers' everyday life, by creating a social, affordable, entertaining and positive gaming experience. Our sustainability framework consists of three areas: Gaming for all – focusing on the value we create through our products; Living our values – internal and cultural perspectives; and Smart resource use – climate impact and reduction plan. To read more about our long-term sustainability targets, please visit [www.stillfront.com/en/sustainability](http://www.stillfront.com/en/sustainability).

### GLOBAL PRESENCE



Percentage figures refer to Bookings in Q3 2022 by assumed location of gamers based on IP address or similar.

77

games in active portfolio in Q3

77%

mobile share of bookings in Q3

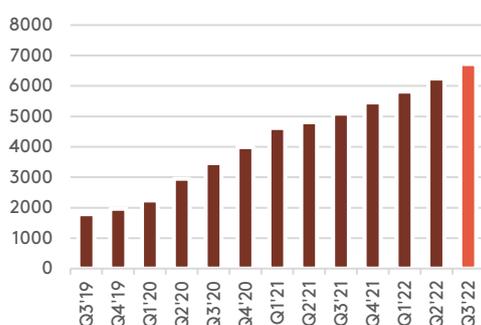
14%

ad share of bookings in Q3

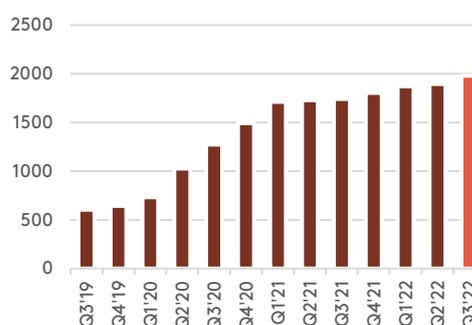
1,612

professionals

### NET REVENUE LTM (MSEK)



### ADJ. EBIT LTM (MSEK)



# Portfolio overview

## Game performance

Bookings in the third quarter amounted to 1,772 MSEK, of which 1,693 MSEK in the active portfolio. The increase of 38 percent year-over-year in the active portfolio was driven by the addition of games from recently acquired studios, positive FX effects and organic growth from a number of key titles in the portfolio.

Bookings from other games amounted to 78 MSEK in the third quarter. Other games consist of new game releases that have not yet been added to the active portfolio, smaller long-tail games and Nanobit's "Too Hot to Handle" collaboration with Netflix, which is not included in the active portfolio.

Advertising bookings in the active portfolio increased by 11 percent compared to the same period last year and accounted for 14 percent of total bookings in the active portfolio in the third quarter, down from 16 percent in the second quarter. This lower share of advertising bookings was driven mainly by the addition of new games from acquired studios and strong performance from Strategy games that are monetized mainly through in-game purchases.

Mobile share of bookings decreased to 77 percent in the third quarter, down from 79 percent in the second quarter and up from 76 percent in the same period last year. The slight sequential decrease was evenly spread throughout all product areas.

ARPDau for the active portfolio was up by 36 percent year-over-year from 1.1 SEK to 1.5 SEK. The sharp increase is mainly driven by positive FX effects, Strategy games accounting for a larger share of total bookings, and improved monetization in Casual & Mash-up.

User acquisition costs, UAC, in the active portfolio amounted to 427 MSEK in the third quarter, up by 37 percent compared to 312 MSEK the same period last year. This corresponds to 25 percent of bookings in the active portfolio, in line with the same quarter last year but down slightly from 27 percent compared to the second quarter driven by normal seasonality effects.

MAU, monthly active users, increased by 6 percent compared to the same period last year, while MPU, monthly paying users, grew by 4 percent year-over-year, both driven by the addition of recently acquired studios and the growth in Strategy.

2022 Q3	Active Portfolio	Strategy	Sim / RPG / Action	Mashup / Casual	Other games
<b>Bookings (MSEK)</b>	<b>1,693</b>	599	372	723	78
Y-o-Y %	38%	99%	-6%	36%	
<i>Ad bookings, %</i>	14%	1%	5%	30%	
<i>Mobile bookings, %</i>	77%	77%	57%	87%	
<b>UAC (MSEK)</b>	<b>427</b>	165	85	177	2
Y-o-Y %	37%	137%	-25%	37%	
<b>DAU ('000)</b>	<b>12,519</b>	768	1,303	10,449	
Y-o-Y %	2%	73%	-9%	0%	
<b>MAU ('000)</b>	<b>65,767</b>	4,240	6,907	54,619	
Y-o-Y %	6%	76%	-9%	4%	
<b>MPU ('000)</b>	<b>1,424</b>	185	250	989	
Y-o-Y %	4%	85%	-15%	1%	
<b>ARPDau (SEK)</b>	<b>1.5</b>	8.5	3.1	0.8	
Y-o-Y %	36%	15%	3%	36%	

## Product areas

### Strategy

The strategy portfolio consists of 21 classic war and so called 4X strategy games, including titles like Empire, Conflict of Nations, Supremacy 1914 and Shishinogotoku. The strategy games amounted to 35 percent of the bookings in the active portfolio in the third quarter. Strategy bookings increased by 99 percent year-over-year to 599 MSEK, driven by the addition of games from recently acquired studios as well as strong organic growth. Quarter-over-quarter, there was a slight decline of -1 percent, driven by the usual seasonality in the Strategy product area.

User acquisition spend in Strategy during the third quarter was up by 137 percent compared to the same period last year and amounted to 165 MSEK. This corresponds to 27 percent of bookings in the third quarter, 2 percentage points higher than in the second quarter of 2022. The high level of user acquisition was again driven by the strong traction from the strategy titles built on Bytro Lab's grand strategy game engine.

As a result of the continued high user acquisition spend in the product area over the last 12 months and the addition of 6waves, daily and monthly active users were up year-over-year by 73 percent and 76 percent respectively. ARPDAU increased by 15 percent in the quarter compared to the same period last year, primarily driven by 6waves' games and FX effects. All engagement numbers, except for ARPDAU, decreased somewhat sequentially due to the slower summer season. Due to the situation in Ukraine, Game Labs has experienced delays in game development projects which has resulted in lower-than-expected bookings from the studio in the quarter.

### Simulation, RPG & Action

Simulation, RPG & Action is a diversified portfolio of 29 game titles including simulation games such as Big Farm: Mobile Harvest and Hollywood Story, action games such as Battle Pirates, and RPGs such as Albion Online and Shakes & Fidget.

Simulation, RPG & Action totalled 22 percent of the bookings in the active portfolio in the third quarter, with bookings decreasing by -3 percent compared to last quarter and by -6 percent compared to the same period last year. The decline is a result of lower user acquisition spend in the product area, as other product areas have been able to show higher returns on ad spend. User acquisition spend in Simulation, RPG & Action was down by -8 percent quarter-over-quarter and -25 percent year-over-year, and as a result MAU and DAU were down during the same periods.

Sandbox Interactive continued to scale its title Albion Online following the successful launch on mobile last year. During the quarter, the game was launched in localized versions in Italian and Japanese, and the game showed good momentum in the third quarter. Nanobit's portfolio of narrative games was stable in the quarter compared to the same period last year.

Kixeye's titles have performed below expectations in the third quarter and during the first half of 2022. As a result, Kixeye has implemented a cost optimization project after the end of the third quarter to ensure that the studio's cost base is better aligned with the performance of its games portfolio.

### Casual & Mash-up

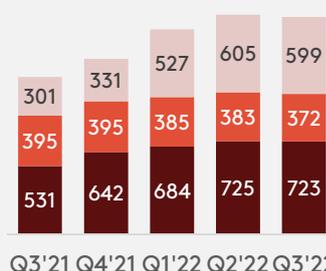
The Casual & Mash-up portfolio consists of 27 games, including titles like Property Brothers Home Design, BitLife, Word Collect, Trivia Star and Ludo Club. One new title was added to the product area in the third quarter. The product area totalled 43 percent of the bookings in the active portfolio in the third quarter, growing by 36 percent compared to the same period last year, driven primarily by the addition of Jawaker and positive FX effects. User acquisition spend in Casual & Mash-up grew in line with bookings at 37 percent year-over-year.

Candywriter's key title BitLife had another strong quarter, with a major content update launched in the third quarter. Moonfrog's key title Ludo Club also performed well, significantly increasing its advertising bookings year-over-year during the quarter.

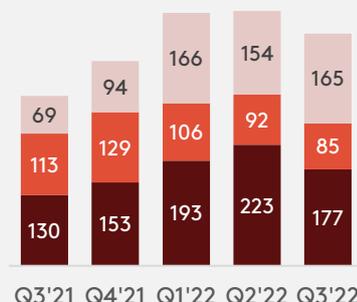
Product areas as share of bookings in Q3 2022 in total active portfolio



Bookings in total active portfolio per product area



UAC in total active portfolio per product area



Super Free's title Fun Feud Trivia, which was added to the active portfolio in the second quarter, continued to scale in the third quarter. Super Free added a new title to the active portfolio in the third quarter and has now added new titles to the active portfolio for four consecutive quarters. Super Free has several upcoming titles planned for launch during the remainder of the year and the studio is showing good progress on its return to organic growth.

Jawaker, which will be included as organic from the fourth quarter 2022, continued its strong performance and delivered solid growth in the third quarter. Jawaker has continued to develop and release new games within the Jawaker app and now has more than 40 different playable titles available in its app.

## FINANCIAL OVERVIEW OF THE THIRD QUARTER

### Revenue and operating profit

MSEK	2022			2021			Last 12	
	Jul-Sep	Jul-Sep	Chg%	Jan-Sep	Jan-Sep	Chg%	months	Jan-Dec
Net Revenue	1,787	1,311	36	5,277	4,013	31	6,719	5,455
EBITDA	660	499	32	1,890	1,488	27	2,422	2,020
EBITDA margin, %	37	38		36	37		36	37
EBIT	250	243	3	780	785	-1	1,029	1,034
EBIT margin, %	14	18		15	20		15	19
Items affecting comparability	-8	-20	-58	-33	-80	-58	-57	-104
Adjusted EBITDA	668	519	29	1,923	1,568	23	2,479	2,124
Adjusted EBITDA margin, %	37	40		36	39		37	39
Amortization of PPA items	-260	-170	53	-707	-477	48	-894	-665
Adjusted EBIT	518	433	20	1,520	1,342	13	1,980	1,802
Adjusted EBIT margin, %	29	33		29	33		29	33

Net revenue in the third quarter amounted to 1,787 (1,311) MSEK. The increase of 36 percent is driven by acquired studios (+22 percent year-over-year), currency movements (+13 percent year-over-year), and organic growth (+1 percent year-over-year).

Stillfront experienced a positive impact from currency movements on net revenues in the third quarter, mainly driven by the strong USD compared to the SEK year-over-year. Currency rates in the quarter are outlined in the currency table on page 21 in this report.

Net revenue growth	2022		2021		2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	
Change through acquisitions, %	22.0	40.3	23.2	52.5	48.5
Change through currency movements, %	12.9	-1.3	9.8	-5.7	-3.9
Organic growth, %	1.4	-11.4	-1.6	-8.9	-7.8
Total net revenue growth, %	36.3	27.7	31.5	37.9	36.8

Stillfront had a gross margin of 75 percent in the quarter, compared to 78 percent in the same quarter last year. 6waves is included since February 2022, which, as communicated in connection with the acquisition, has a slightly negative impact on Stillfront's gross margins as the studio has higher direct costs than other studios in the group offset by a lower cost base for product development and user acquisition.

Stillfront's personnel expenses as a percentage of net revenue amounted to 17 percent in the quarter, compared to 18 percent in the same quarter last year. Other external expenses amounted to 6 (6) percent of net revenue.

EBITDA amounted to 660 (499) MSEK in the third quarter. Adjusted EBITDA amounted to 668 (519) MSEK, corresponding to an adjusted EBITDA margin of 37 (40) percent in the quarter.

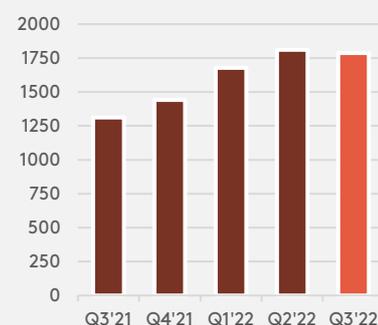
EBIT amounted to 250 (243) MSEK in the third quarter. Adjusted EBIT amounted to 518 (433) MSEK, corresponding to an adjusted EBIT margin of 29 (33) percent. Items affecting comparability amounted to -8 (-20) MSEK in the quarter and consisted mainly of costs for incentive programs.

### Product development

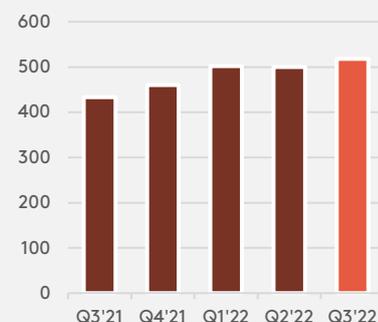
MSEK	2022		2021		Last 12	
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Capitalization of product development	257	143	761	436	946	620
Amortization of product development	-131	-72	-350	-184	-429	-263
Amortization of PPA items	-260	-170	-707	-477	-894	-665

In the third quarter, investments in product development have been capitalized by 257 (143) MSEK. Investments include development of new games such as Bible Trivia as well as other not yet announced games. Investments also pertain to larger extensions and additions to existing games.

### Net revenue development (MSEK)



### Adj EBIT development (MSEK)



Amortization of product development of -131 (-72) MSEK was charged during the third quarter. Amortization of PPA items amounted to -260 (-170) MSEK, where the increase is driven by recent acquisitions and currency movements.

## Financial net

MSEK	2022	2021	2022	2021	Last 12	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Net interest excluding interest on earnouts	-64	-41	-159	-109	-203	-154
Interest on earnout consideration (non-cash)	-26	-17	-89	-67	-108	-87
Currency exchange differences	4	3	10	1	13	4
Other	-	-0	-	-0	-0	-0
Changes in fair value of contingent consideration	-0	0	-4	2	-11	-5
<b>Net financial items</b>	<b>-86</b>	<b>-55</b>	<b>-241</b>	<b>-172</b>	<b>-310</b>	<b>-242</b>

The financial net was -86 (-55) MSEK in the third quarter, consisting of net interest expenses -64 (-41) MSEK, non-cash interest charge on earnout provision -26 (-17) MSEK and currency exchange differences 4 (3) MSEK. Stillfront's debt portfolio is exposed to changes in reference rates and the increase in net interest expenses in the quarter is driven by higher reference rates.

## Tax

The group's tax cost amounted to -80 (-58) MSEK for the third quarter, equivalent to a tax rate of 49 (31) percent. Excluding the impact of non-deductible transaction costs and non-cash earnout interest, the tax rate for the quarter would have been 42 (26) percent. One-off tax adjustments relating to tax for previous periods have been charged to tax cost for the quarter in the amount of -31 MSEK. Excluding the impact of non-deductible costs and one-off adjustments for previous periods, the tax rate for the quarter would have been 26 percent.

## Financing

MSEK	2022	2021
	30 Sep	30 Sep
Net debt	3,860	2,654
Cash and cash equivalents	1,350	1,171
Adjusted Interest Coverage Ratio, pro forma, x	13.3	14.5
Adjusted Leverage Ratio, pro forma, x	1.5	1.2

In the first quarter, a directed issue of shares to the sellers of 6waves took place, in the amount of 147 MSEK and a preferential rights issue of 2,001 MSEK was completed to finance the acquisition of 6waves and to increase financial flexibility. In the second quarter, earnout provisions were settled of which 523 (617) MSEK in cash and 170 (153) MSEK in new issued shares. In the third quarter, additional earnout provisions were settled of which 290 (0) MSEK in cash and 90 (154) MSEK in new issued shares.

Also in the third quarter, Stillfront signed an agreement for a new term loan of 60 MEUR from the Swedish Export Credit Corporation with a four-year term. The loan strengthens Stillfront's financial position and further diversifies the company's financing platform. In the beginning of October, Stillfront applied for a voluntary early redemption of all of its outstanding senior floating rate bonds maturing on 22 November 2022 with ISIN SE0011897925 and outstanding amount of SEK 600 million. Therefore, there will be no significant impact on Net debt or the leverage ratio.

Net debt as of September 30, 2022, amounted to 3,860 (2,654) MSEK.

Adjusted interest coverage ratio, pro forma was 13.3x (14.5x) at the end of the quarter.

The adjusted leverage ratio, pro forma was 1.5x (1.2x). Stillfront has a financial target for the adjusted leverage ratio pro forma to not exceed 1.5x, with the ability to exceed this target for shorter periods.

The liability for Stillfront's equity swap was reduced to 19 (224) MSEK through the deposit of 201 MSEK with the bank that entered into the swap agreement. The swap agreement was initially entered into a year ago in order to meet Stillfront's commitments under the long-term incentive program established at the Annual General Meeting in May 2021 (LTIP 2021/2025). The 201 MSEK deposit gives Stillfront more favorable terms under the agreement. It may be recovered from the bank at any time and is therefore considered as an unutilized credit facility.

At the end of the quarter, Stillfront had a total of unutilized credit facilities of 2,216 (3,449) MSEK, of which 1,815 (3,249) MSEK were long-term credit facilities. Cash balances amounted to 1,350 (1,171) MSEK.

The Group's financial assets and liabilities are in general measured at amortized cost, which is also a good approximation of their fair value. Bond loans with a carrying value of 3,095 (3,091) MSEK, however, have a fair value of 3,010 (3,159) MSEK. FX forwards and currency basis swaps with a carrying amount of -167 (-8) MSEK are measured at fair value through other comprehensive income. Contingent purchase considerations (earnout provisions) with a carrying amount of 3,628 (2,282) MSEK are measured at fair value through profit and loss.

MSEK	2022	2023	2024	2025	2026	2027	Total
<b>Provisions for earnouts</b>							
Cash	-	917	681	529	282	157	2,567
Equity	2	397	282	198	115	67	1,061
<b>Total provisions for earnout</b>	<b>2</b>	<b>1,314</b>	<b>963</b>	<b>728</b>	<b>397</b>	<b>225</b>	<b>3,628</b>

The amounts stated above refer to provisions in the balance sheet, calculated as present values of nominal expected future payments, by year of expected settlement. As of the quarter-end, the Group had liabilities of 3,628 (2,282) MSEK for earnout provisions, of which 1,315 (790) MSEK current and 2,312 (1,492) MSEK non-current. The amounts will be settled during 2022 to 2027, where 2,567 MSEK of the book value corresponds to amounts expected to be paid out in cash and 1,061 MSEK expected to be paid out in newly issued shares.

## Cash flow

MSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	Last 12 months	2021 Jan-Dec
Cash flow from operations	499	486	1,544	1,178	1,985	1,620
Cash flow from investment activities	-579	-181	-3,278	-2,661	-4,793	-4,176
Cash flow from financing activities	-103	-14	1,764	1,597	2,778	2,612
Cash flow for the period	-184	291	29	115	-29	56
Cash and cash equivalents at the end of period	1,350	1,171	1,350	1,171	1,350	1,133

The Group had cash flows from operations of 499 (486) MSEK in the third quarter. The amount includes taxes paid of -78 (-53) MSEK during the quarter and changes in working capital of -51 (97) MSEK, including timing impacts of settlements received from platform providers and payments to suppliers.

Cash flows from investment activities amounted to -579 (-181) MSEK, including -290 (8) MSEK related to cash settlements of earnouts, -22 (0) MSEK related to a net debt adjustment of the purchase price paid for acquisitions and -257 (-143) MSEK related to investments in product development.

Cash flows from financing activities amounted to -103 (-14) MSEK.

A classification between cash flows from operations and cash flows from financing activities has been made, as regards settlements of currency hedging transactions, with retrospective impact from the beginning of 2022. With the adjusted classification principle applied in the half-year report, cash flows from operations for the period January-June would have been 1,045 MSEK rather than the reported amount 973 MSEK. The impact for periods prior to 2022 would have been insignificant.

Cash flow from operations before net working capital for the last twelve months amounted to 2,013 (1,503) MSEK.

Free cash flow for the last twelve months amounted to 983 (991) MSEK. The cash conversion rate, defined as free cash flow for the last twelve months divided by EBITDA for the last twelve months, amounted to 0.41 (0.52). The lower cash conversion is primarily driven by higher investments in product development and temporary changes in net working capital.

## SIGNIFICANT EVENTS IN THE QUARTER

### **Voluntary early redemption of the 2022 bonds and new unsecured EUR 60 million term loan facility agreement with Swedish Export Credit Corporation (SEK)**

September 9, Stillfront exercised its right to make a voluntary early redemption of all of its outstanding senior floating rate bonds maturing on 22 November 2022 with ISIN SE0011897925 and outstanding amount of SEK 600 million. In accordance with an irrevocable notice of redemption, on October 5, the bonds were redeemed in accordance with their terms and conditions at a price equal to 100.50 percent of the outstanding nominal amount plus accrued and unpaid interest from, but excluding, the previous interest payment date until, and including, the early redemption date.

Stillfront redeemed the bonds with proceeds from a new unsecured term loan facility agreement of EUR 60 million with Swedish Export Credit Corporation (SEK) as lender. The new term loan facility agreement has a four (4) year term and strengthens Stillfront's financial position and further diversifies the company's financing platform.

For more information on events, please visit: <https://www.stillfront.com/en/section/media/press-releases/>

## MARKET

The gaming industry is today the largest entertainment industry in the world with more than 3 billion gamers globally. In 2022, the gaming industry is expected to generate revenues of around USD 196.8 billion, a year-over-year increase by 2.1 percent, according to Newzoo. The global number of players playing games is expected to reach 3.2 billion players by year-end. The games market is expected to continue to grow in the coming years with an expected CAGR of 4.7 percent between 2020 to 2025. Newzoo expects the total global games market to exceed USD 225 billion by 2025.

Mobile gaming is the world's most popular form of gaming. Newzoo expects mobile games to account for 53 percent of the total games market globally and generate revenues of USD 103.5 billion in 2022. According to Sensor Tower, worldwide player spending in mobile games declined by 6.6 percent year-over-year during the first half of 2022 to USD 44.1 billion, as mobile game spending has been impacted by both normalization after the surge during the pandemic as well as economic headwinds worldwide. Sensor Tower expects the growth rate to pick up towards the end of the year but expects worldwide App Store and Google Play user spending to be down by 2.3 percent in 2022. Although market data show that growth has slowed in 2022, Sensor Tower's five-year market forecast still projects that global mobile game spending on App Store and Google Play will grow with a 5.6 percent CAGR to reach USD 117 billion in 2026.

People across all age demographics play games. The average age of a gamer in the US is 33 years of age, according to the Entertainment Software Association, ESA, and 76 percent of gamers are above 18 years old. The number of female gamers has increased during the past years, and today 48% of US video game players identify as female and 52% identify as male.

### **Sources for market data:**

Newzoo's Global Games Market Report 2022

Sensor Tower's Mobile Gaming Market Outlook 2022

Essential Facts of the Video Game Industry 2022, by ESA

## PARENT COMPANY

Customary group management functions and group wide services are provided via the parent company. The revenue for the parent company during the quarter was 40 (35) MSEK. The profit before tax amounted to -314 (-143) MSEK.

## RELATED PARTY TRANSACTIONS

Other than customary transactions with related parties such as remuneration to key individuals, there have been no transactions with related parties.

## THE SHARE AND SHAREHOLDERS

#	Owners	No of shares	Capital/votes
1	Laureus Capital GmbH	60,702,417	11.8%
2	First National Pension Fund	29,437,545	5.7%
3	Swedbank Robur Funds	28,426,554	5.5%
4	DNB Funds	20,702,961	4.0%
5	SEB Funds	18,593,163	3.6%
6	Vanguard	14,753,025	2.9%
7	Columbia Threadneedle	14,750,756	2.9%
8	Handelsbanken Funds	9,033,850	1.8%
9	Glennie Capital	8,334,623	1.6%
10	Skandia Funds	7,844,098	1.5%
11	Other Shareholders	300,586,370	58.6%

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

The total number of shares per September 30, 2022, was 513,165,362. This is the number of shares registered at the Companies' Registration Office at that date.

The shares are traded on Nasdaq Stockholm. Closing price as of September 30, 2022, was 24.04 SEK/share.

Following bonds are traded on Nasdaq Stockholm:

2019/2024 bond: ISIN: SE0012728830

2021/2025 bond: ISIN: SE0015961065

## ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. No material changes in accounting principles have taken place since the latest Annual Report.

A deposit made in connection with the annual renewal of the equity swap to the bank that entered into the swap agreement with Stillfront is treated as a partial redemption of the swap liability.

The definitions of the alternative performance measures Adjusted Operating profit (EBIT) and Adjusted Operating profit (EBIT) margin have been clarified. See below under Definitions.

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (MSEK). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## RISKS AND UNCERTAINTY FACTORS

As a global group with a wide geographic spread, Stillfront is exposed to several strategic, financial, market and operational risks. Attributable risks include for example risks relating to market conditions, regulatory risks, tax risks and risks attributable to public perception. Other strategic and financial risks are risks attributable to acquisitions, credit risks and funding risks. Operational risks are for example risks attributable to distribution channels, technical developments and intellectual property. The risks are described in more detail in the latest Annual Report. No significant risks are considered to have arisen besides those being described in the Annual Report.

## FORWARD-LOOKING STATEMENTS

Some statements herein are forward-looking that reflect Stillfront's current views or expectations of future financial and operational performance. Because these forward-looking statements involve both known and unknown risks and uncertainties, actual results may differ materially from the information set forth in the forward-looking information. Such

risks and uncertainties include but are not limited to general business, economic, competitive, technological and legal uncertainties and/or risks. Forward-looking statements in this report apply only at the time of announcement of the report and are subject to change without notice. Stillfront undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, other than as required by applicable law or stock market regulations.

## **SIGNATURE**

Stockholm, 26 October 2022

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Jörgen Larsson,  
CEO & Founder

## AUDITOR'S REPORT (UNOFFICIAL TRANSLATION)

Stillfront Group AB (publ) corp. reg. no. 556721-3078

### Introduction

We have reviewed the condensed interim financial information (interim report) of Stillfront Group AB (publ) ("the Parent Company") and its subsidiaries (together "the Group") as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the condensed interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 26 October 2022

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg

Authorized Public Accountant

# Financial reports

## INCOME STATEMENT IN SUMMARY, GROUP

MSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	Last 12 months	2021 Jan-Dec
<b>Revenues</b>						
Bookings	1,772	1,304	5,254	3,994	6,699	5,440
Deferred revenue	16	7	23	19	20	16
<b>Net revenue</b>	<b>1,787</b>	<b>1,311</b>	<b>5,277</b>	<b>4,013</b>	<b>6,719</b>	<b>5,455</b>
Own work capitalized	160	116	447	338	571	462
Other revenue	8	2	21	14	26	19
<b>Operating expenses</b>						
Direct costs	-439	-284	-1,248	-918	-1,554	-1,224
User acquisition costs	-429	-319	-1,371	-1,028	-1,749	-1,407
Other external expenses	-111	-72	-315	-202	-407	-294
Personnel expenses	-307	-234	-887	-649	-1,126	-888
Items affecting comparability	-8	-20	-33	-80	-57	-104
Amortization of product development	-131	-72	-350	-184	-429	-263
Amortization of PPA items	-260	-170	-707	-477	-894	-665
Depreciation	-19	-14	-53	-42	-70	-59
<b>Operating result (EBIT)</b>	<b>250</b>	<b>243</b>	<b>780</b>	<b>785</b>	<b>1,029</b>	<b>1,034</b>
<b>Result from financial items</b>						
Net financial items	-86	-55	-241	-172	-310	-242
<b>Profit before tax</b>	<b>163</b>	<b>187</b>	<b>539</b>	<b>613</b>	<b>719</b>	<b>793</b>
Taxes for the period	-80	-58	-195	-186	-206	-197
<b>Net result for the period</b>	<b>83</b>	<b>129</b>	<b>344</b>	<b>427</b>	<b>513</b>	<b>596</b>
<b>Other comprehensive income</b>						
<b>Items that later can be reversed in profit</b>						
Foreign currency translation differences	1,972	242	2,401	429	2,661	689
<b>Total comprehensive income for period</b>	<b>2,055</b>	<b>371</b>	<b>2,744</b>	<b>856</b>	<b>3,174</b>	<b>1,285</b>
<b>Net result for the period attributed to:</b>						
Parent company shareholders	83	128	345	420	515	590
Non-controlling interest	-0	1	-2	7	-3	6
<b>Period total comprehensive income attributed to:</b>						
Parent company shareholders	2,744	370	2,744	848	3,175	1,278
Non-controlling interest	-0	2	-0	7	-1	6
<b>Average number of shares</b>						
Undiluted	511,579,066	365,745,314	473,999,341	359,796,530	451,989,799	366,572,354
Diluted	511,579,066	366,152,848	473,999,341	360,606,890	452,022,691	367,143,219
<b>Net result per share attributable to the parent company's shareholders</b>						
Undiluted, SEK/share	0.16	0.35	0.73	1.17	1.14	1.61
Diluted, SEK/share	0.16	0.35	0.73	1.16	1.14	1.61

## BALANCE SHEET IN SUMMARY, GROUP

MSEK	2022-09-30	2021-09-30	2021-12-31
Goodwill	16,764	10,591	12,752
Other non-current intangible assets	7,077	4,008	5,244
Tangible non-current assets	137	127	127
Deferred tax assets	178	49	39
Other non-current assets	17	7	7
Current receivables	812	565	747
Cash and cash equivalents	1,350	1,171	1,133
<b>Total assets</b>	<b>26,335</b>	<b>16,518</b>	<b>20,049</b>
<b>Shareholders' equity</b>			
Shareholders' equity attributable to parent company's shareholding	14,867	8,749	9,772
Non-Controlling interest	13	24	23
<b>Total Shareholders' equity</b>	<b>14,880</b>	<b>8,773</b>	<b>9,795</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,348	881	1,053
Bond loans	2,495	3,091	2,494
Liabilities to credit institutions	1,933	501	1,456
Other liabilities	164	54	67
Provisions for earnout	2,312	1,492	2,298
<b>Total non-current liabilities</b>	<b>8,252</b>	<b>6,019</b>	<b>7,368</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	-	1	-
Bond loans	600	-	597
Equity swap	19	224	223
Other liabilities	1,268	711	1,035
Provisions for earnout	1,315	790	1,030
<b>Total current liabilities</b>	<b>3,203</b>	<b>1,726</b>	<b>2,886</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>26,335</b>	<b>16,518</b>	<b>20,049</b>

## SHAREHOLDERS' EQUITY, GROUP

MSEK	Share capital	Other shareholders' contributions	Other Reserves	Other equity incl profit of the year	Equity attributed to parent shareholders	Non controlling interest	Total equity
<b>Opening balance 2021-01-01</b>	24	6,179	-808	734	6,129	17	6,146
Net result for the period				420	420	7	427
Foreign currency translation differences			428		428	1	429
<b>Total comprehensive income</b>	-	-	428	420	848	7	856
<b>Total transactions with shareholders</b>	2	1,769	-	-	1,772	-	1,772
<b>Closing balance 2021-09-30</b>	26	7,948	-380	1,155	8,749	24	8,773
<b>Opening balance 2022-01-01</b>	27	8,541	-120	1,325	9,772	23	9,795
Net Result for the period				345	345	-2	344
Foreign currency translation differences			2,399	-	2,399	1	2,401
<b>Total comprehensive income</b>	-	-	2,399	345	2,744	-0	2,744
<b>Total transactions with shareholders</b>	9	2,393	-	-51	2,350	-10	2,340
<b>Closing balance 2022-09-30</b>	36	10,933	2,279	1,618	14,867	13	14,880

## CASH FLOW IN SUMMARY, GROUP

MSEK	2022	2021	2022	2021	Last 12	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
<b>Operations</b>						
Profit before tax	163	187	539	613	719	793
Adj for items not in cash flow etc	464	256	1,266	733	1,576	1,043
Tax paid	-78	-53	-196	-136	-282	-221
<b>Cash flow from operations before changes in working capital</b>	<b>549</b>	<b>389</b>	<b>1,609</b>	<b>1,210</b>	<b>2,013</b>	<b>1,615</b>
<b>Changes in working capital</b>						
Increase(-)/Decrease(+) in operating receivables	49	120	45	49	-7	-2
Increase (+)/Decrease(-) in operating liabilities	-100	-23	-110	-81	-21	7
<b>Cash flow from changes in working capital</b>	<b>-51</b>	<b>97</b>	<b>-65</b>	<b>-32</b>	<b>-28</b>	<b>5</b>
<b>Cash flow from operations</b>	<b>499</b>	<b>486</b>	<b>1,544</b>	<b>1,178</b>	<b>1,985</b>	<b>1,620</b>
<b>Investment activities</b>						
Acquisition of business	-312	8	-2,518	-2,125	-3,710	-3,317
Acquisition of tangible assets	-9	-3	-21	-10	-25	-14
Capitalization of product development	-257	-143	-761	-436	-946	-621
Acquisition of game assets	0	-42	-0	-89	-134	-223
Net change in financial assets	-1	-1	22	-1	22	-0
<b>Cash flow from investment activities</b>	<b>-579</b>	<b>-181</b>	<b>-3,278</b>	<b>-2,661</b>	<b>-4,793</b>	<b>-4,176</b>
<b>Financing activities</b>						
Net change in borrowings	-89	-868	-161	693	750	1,604
IFRS 16 lease repayment	-14	-10	-43	-33	-56	-46
Proceeds from share issuance	-	877	2,001	951	2,124	1,074
Issue cost	-0	-14	-34	-14	-40	-20
<b>Cash flow from financing activities</b>	<b>-103</b>	<b>-14</b>	<b>1,764</b>	<b>1,597</b>	<b>2,778</b>	<b>2,612</b>
<b>Cash flow for the period</b>	<b>-184</b>	<b>291</b>	<b>29</b>	<b>115</b>	<b>-29</b>	<b>56</b>
Cash and cash equivalents at start of period	1,470	850	1,133	1,005	1,171	1,005
Translation differences	64	29	187	50	208	72
<b>Cash and cash equivalents at end of period</b>	<b>1,350</b>	<b>1,171</b>	<b>1,350</b>	<b>1,171</b>	<b>1,350</b>	<b>1,133</b>

## PARENT COMPANY INCOME STATEMENT, SUMMARY

MSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	Last 12 months	2021 Jan-Dec
<b>Revenue</b>						
Net revenue	40	35	108	101	144	136
Own work capitalized	4	-	9	-	9	-
<b>Operating expenses</b>						
Other external expenses	-19	-14	-56	-57	-67	-68
Personnel expenses	-31	-29	-85	-58	-107	-80
<b>Operating result</b>	<b>-5</b>	<b>-8</b>	<b>-24</b>	<b>-14</b>	<b>-22</b>	<b>-11</b>
<b>Result from financial items</b>						
Net financial items	-309	-134	-744	-213	-901	-371
<b>Result after financial items</b>	<b>-314</b>	<b>-143</b>	<b>-768</b>	<b>-227</b>	<b>-923</b>	<b>-382</b>
<b>Appropriations</b>						
Group contribution	-	-	-	-	95	95
<b>Profit before tax</b>	<b>-314</b>	<b>-143</b>	<b>-768</b>	<b>-227</b>	<b>-828</b>	<b>-287</b>
Tax for the period	88	27	227	38	182	-7
<b>Net result for the period</b>	<b>-226</b>	<b>-116</b>	<b>-541</b>	<b>-189</b>	<b>-646</b>	<b>-294</b>

## PARENT COMPANY BALANCE SHEET, SUMMARY

MSEK	2022-09-30	2021-09-30	2021-12-31
Intangible assets	11	4	4
Tangible non-current assets	1	1	1
Financial non-current assets	21,953	16,076	19,018
Deferred tax	235	39	5
Current receivables	122	65	190
Cash and bank	126	177	77
<b>Total assets</b>	<b>22,446</b>	<b>16,361</b>	<b>19,294</b>
Shareholders' equity	12,296	9,956	10,442
Provisions for earnouts	2,971	1,360	2,491
Non-current liabilities	47	1	3
Bond loans	3,095	3,091	3,092
Liabilities to credit institutions	1,933	501	1,456
Equity swap	19	224	223
Other current liabilities	2,086	1,229	1,588
<b>Total liabilities &amp; Shareholders' equity</b>	<b>22,446</b>	<b>16,361</b>	<b>19,294</b>

## KEY FIGURES, GROUP

MSEK	2022	2021	2022	2021	Last 12	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Bookings	1,772	1,304	5,254	3,994	6,699	5,440
Deferred revenue	16	7	23	19	20	16
Net revenue	1,787	1,311	5,277	4,013	6,719	5,455
EBIT	250	243	780	785	1,029	1,034
EBIT margin, %	14	18	15	20	15	19
Adjusted EBIT	518	433	1,520	1,342	1,980	1,802
Adjusted EBIT margin, %	29	33	29	33	29	33
EBITDA	660	499	1,890	1,488	2,422	2,020
EBITDA margin, %	37	38	36	37	36	37
Adjusted EBITDA	668	519	1,923	1,568	2,479	2,124
Adjusted EBITDA margin, %	37	40	36	39	37	39
Profit before tax	163	187	539	613	719	793
Net result	83	129	344	427	513	596
Number of Employees	1,612	1,256	1,612	1,256	1,612	1,381
Adjusted Interest Coverage Ratio, pro forma, x	13.3	14.5	13.3	14.5	13.3	15.5
Adjusted Leverage Ratio, pro forma, x	1.51	1.20	1.51	1.20	1.51	1.56
Shareholders' equity per share undiluted, SEK	28.97	23.23	28.97	23.23	28.97	25.24
Shareholders' equity per share diluted, SEK	28.97	23.20	28.97	23.18	28.97	25.24
Earnings per share undiluted, SEK	0.16	0.35	0.73	1.17	1.14	1.61
Earnings per share diluted, SEK	0.16	0.35	0.73	1.16	1.14	1.61
No of shares end of period undiluted	513,165,362	376,664,420	513,165,362	376,664,420	513,165,362	387,134,079
No of shares end of period diluted	513,165,362	377,071,955	513,165,362	377,474,780	513,165,362	387,134,079
Average no of shares period undiluted	511,579,066	365,745,314	473,999,341	359,796,530	451,989,799	366,572,354
Average no of shares period diluted	511,579,066	366,152,848	473,999,341	360,606,890	452,022,691	367,143,219

## CURRENCY TABLE (MAIN CURRENCIES)

MSEK	Average	Average	Average	Average	Closing	Closing
	2022	2021	2022	2021	2022	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
1 EUR=SEK	10.6211	10.1951	10.5287	10.1515	10.9177	10.2010
1 USD=SEK	10.5470	8.6481	9.9213	8.4891	11.1227	8.7911
100 JPY=SEK*	7.6266	7.8555	7.7249	7.8019	7.7050	7.8551

The average rates are used for converting profit and loss items in foreign currency during each respective period to Swedish currency, SEK. The closing rates are used for converting assets and liabilities in foreign currency at the end of each period to Swedish currency, SEK.

\* The year-to-date rate for 100 JPY=SEK refers to the average rate during February-September, as 6waves was consolidated from 1 February 2022.

## ACQUISITIONS

### MSEK

Purchase price	Super Free	Moonfrog	Game Labs	Jawaker	6waves
Cash and cash equivalents	657	756	204	1,365	1,729
New shares issued	665	-	82	462	147
Contingent consideration (earnout)	383	207	77	1,183	593
<b>Total purchase consideration</b>	<b>1,704</b>	<b>963</b>	<b>363</b>	<b>3,010</b>	<b>2,469</b>
<b>The fair value of acquired assets and assumed liabilities (SEKm):</b>					
Intangible non-current assets	665	231	190	1,048	1,038
Property, plant and equipment	1	2	-	1	1
Current receivables excl cash and bank	105	29	4	11	108
Cash and cash equivalents	82	65	15	56	74
Non-current liabilities		-0	-		
Deferred tax liabilities	-170	-62	-40	-216	-83
Current liabilities	-140	-59	-6	-15	-230
<b>Total net assets acquired excluding goodwill</b>	<b>544</b>	<b>205</b>	<b>163</b>	<b>886</b>	<b>907</b>
Goodwill	1,160	758	200	2,125	1,562
<b>Total net assets acquired</b>	<b>1,704</b>	<b>963</b>	<b>363</b>	<b>3,010</b>	<b>2,469</b>
<b>Less</b>					
Cash and cash equivalents	-82	-65	-15	-56	-74
Ordinary shares issued	-665	-	-82	-462	-147
<b>Provision for earnout</b>	<b>-383</b>	<b>-207</b>	<b>-77</b>	<b>-1,183</b>	<b>-593</b>
<b>Net cash outflow on acquisition of business</b>	<b>575</b>	<b>691</b>	<b>189</b>	<b>1,309</b>	<b>1,655</b>
Percentage of shares and votes acquired (%)	100	100	100	100	100
Transaction costs	22	23	13	16	29
Consolidated since	1 Feb 2021	1 Mar 2021	1 May 2021	3 Oct 2021	1 Feb 2022
Net revenues for the year, before being consolidated	91	41	15	199	67
Adjusted EBITDA for the year, before being consolidated	-3	15	6	148	18

The acquisitions in 2021 of Super Free Games, Moonfrog Labs, Game Labs and Jawaker, and their preliminary purchase price allocations are described in the Annual Report 2021. The purchase price allocation for Super Free Games, Moonfrog Labs, Game Labs and Jawaker have been finalized.

On January 19, 2022, Stillfront announced it had entered into an agreement to acquire up to 100 percent of the shares and votes in Six Waves Inc., a leading publisher of mobile free-to-play strategy games in Japan, for a total upfront consideration of USD 201 million on a cash and debt free basis. The sellers of 6waves were the founders, employees, and investors. Of the upfront consideration, approx. 92 percent was payable in cash, and approx. 8 percent was payable in a total of 2,913,857 newly issued shares in Stillfront. 6waves was consolidated into Stillfront's consolidated financial reporting from February 1, 2022.

The preliminary purchase price allocation analysis of 6waves is provided above. The purchase price allocation is based on assumptions regarding fair values of intangible assets and earnouts among other things, which may be adjusted during the twelve-months period following the acquisition. Goodwill recognized in the acquisition pertains to the value of the skills within the company in terms of its capability to develop and publish new games and new versions of existing games.

## DEFINITIONS

### Key figures and alternative performance measures

#### ARPDau

Average revenue per daily active user. Calculated as Bookings in the quarter divided by days in the quarter divided by average daily active users in the quarter.

#### Bookings

Revenue before changes in deferred revenue, including deposits from paying users, in-game advertising revenue and other game-related revenue.

#### Cash conversion ratio

Free cash flow for the last twelve months divided by EBITDA for the last twelve months.

#### DAU

Average daily active users. Calculated as the average daily active users each month of the quarter, divided by months in the quarter.

#### EBITDA

Operating profit before depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for items affecting comparability.

#### EBITDA margin

EBITDA as a percentage of Net revenue. Adjusted EBITDA margin is EBITDA margin adjusted for items affecting comparability.

#### Operating profit (EBIT)

Profit before financial items and tax. Adjusted Operating profit (EBIT) is EBIT excluding items affecting comparability and amortization of intangible assets acquired through business combinations and identified in purchase price analyses.

#### Operating profit (EBIT) margin

EBIT as a percentage of Net revenue. Adjusted Operating profit (EBIT) margin is EBIT margin excluding items affecting comparability and amortization of intangible assets acquired through business combinations and identified in purchase price analyses.

#### Free cash flow

Cash flow from operations minus acquisitions of intangible assets and repayment of lease liabilities.

#### Gross profit margin

Gross profit as a percentage of Net revenue, where Gross profit is defined as Net revenue minus Direct costs.

#### IAC, Items affecting comparability

Significant income statement items that are not included in the Group's normal recurring operations and which distort the comparison between the periods.

#### Interest Coverage Ratio

Adjusted EBITDA Pro forma divided by net financial items excluding revaluation of provision for earnouts and interest on earnout consideration for the past twelve months.

#### Adjusted Leverage ratio

Net interest-bearing debt excluding earnout payments in relation to the last twelve months Adjusted EBITDA Pro forma.

#### MAU

Average monthly active users. Calculated as monthly active users each month of the quarter, divided by months in the quarter.

#### MPU

Average monthly paying users. Calculated as monthly paying users each month of the quarter, divided by months in the quarter.

#### Net Debt

Interest bearing liabilities, including the book value of equity swaps and currency derivatives, minus cash and cash equivalents. Provisions for earnouts are not considered interest bearing in this context.

#### Organic growth

Change in consolidated net revenues, excluding the translation impact of changed currency exchange rates and acquisitions. Net revenues in acquired operations are considered as acquired growth during twelve months from the acquisition date.

#### Shareholders' equity/share

Shareholders' equity attributable to the parent company shareholders divided by the number of shares at the end of the period.

#### UAC

User acquisition cost.

The purpose of each key figure and alternative performance measure is described in the latest Annual Report.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

### Items Affecting Comparability, IAC

MSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	Last 12 months	2021 Jan-Dec
<b>Items affecting comparability, IAC</b>						
<b>Revenue</b>						
Other	-	-	-	7	-	7
<b>Total IAC Revenues affecting EBIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>Costs</b>						
Transaction costs	-0	-18	-14	-54	-34	-74
Long term incentive programs	-8	-2	-19	-7	-23	-10
Other costs	-0	0	-0	-26	-1	-26
<b>Total IAC in operating profit (EBIT)</b>	<b>-8</b>	<b>-20</b>	<b>-33</b>	<b>-80</b>	<b>-57</b>	<b>-104</b>
<b>Financial income</b>						
Revaluation of earnouts	-	-	-	-	-	-
<b>Total IAC financial income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial costs</b>						
Revaluation of earnouts	-0	0	-4	2	-11	-5
<b>Total IAC financial costs</b>	<b>-0</b>	<b>0</b>	<b>-4</b>	<b>2</b>	<b>-11</b>	<b>-5</b>
<b>Total IAC in net financial items</b>	<b>-0</b>	<b>0</b>	<b>-4</b>	<b>2</b>	<b>-11</b>	<b>-5</b>

## APM

	2022	2021	2022	2021	Last 12	Jan-Dec
MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2021
Net revenue	1,787	1,311	5,277	4,013	6,719	5,455
Direct costs	-439	-284	-1,248	-918	-1,554	-1,224
<b>Gross profit</b>	<b>1,348</b>	<b>1,027</b>	<b>4,028</b>	<b>3,095</b>	<b>5,165</b>	<b>4,232</b>
<b>Gross profit margin, %</b>	<b>75</b>	<b>78</b>	<b>76</b>	<b>77</b>	<b>77</b>	<b>78</b>
<b>EBITDA and EBIT</b>						
Operating profit (EBIT)	250	243	780	785	1,029	1,034
Amortization of PPA items	260	170	707	477	894	665
Other amortization and depreciation	150	86	403	226	499	321
<b>EBITDA</b>	<b>660</b>	<b>499</b>	<b>1,890</b>	<b>1,488</b>	<b>2,422</b>	<b>2,020</b>
<b>Adjusted EBITDA and EBIT</b>						
Operating profit (EBIT)	250	243	780	785	1,029	1,034
Items affecting comparability	8	20	33	80	57	104
Amortization of PPA items	260	170	707	477	894	665
<b>Adjusted Operating profit (EBIT)</b>	<b>518</b>	<b>433</b>	<b>1,520</b>	<b>1,342</b>	<b>1,980</b>	<b>1,802</b>
Other amortization and depreciation	150	86	403	226	499	321
<b>Adjusted EBITDA</b>	<b>668</b>	<b>519</b>	<b>1,923</b>	<b>1,568</b>	<b>2,479</b>	<b>2,124</b>
<b>In relation to net revenue</b>						
EBITDA margin, %	37	38	36	37	36	37
Adjusted EBITDA margin, %	37	40	36	39	37	39
Operating profit (EBIT) margin, %	14	18	15	20	15	19
Adjusted operating profit (EBIT) margin, %	29	33	29	33	29	33
<b>MSEK</b>						
	2022	2021	2022	2021	Last 12	Jan-Dec
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2021
<b>Adjusted interest coverage ratio</b>						
Adjusted EBITDA last 12 months	2,479	2,028	2,479	2,028	2,479	2,124
<i>Divided by</i>						
Net financial items last 12 months	310	229	310	229	310	242
Total IAC affecting financial items last 12 months	-11	2	-11	2	-11	-5
Interest on earn-out consideration affecting financial items	-108	-79	-108	-79	-108	-87
<b>Adjusted interest coverage ratio, x</b>	<b>13.0</b>	<b>13.3</b>	<b>13.0</b>	<b>13.3</b>	<b>13.0</b>	<b>14.1</b>
<b>Adjusted Leverage Ratio</b>						
Bond loans	3,095	3,091	3,095	3,091	3,095	3,092
Liabilities to credit institutions	1,933	502	1,933	502	1,933	1,456
Equity swap	19	224	19	224	19	223
Currency derivatives	162	8	162	8	162	11
Cash and cash equivalents	-1,350	-1,171	-1,350	-1,171	-1,350	-1,133
<b>Total net debt</b>	<b>3,860</b>	<b>2,654</b>	<b>3,860</b>	<b>2,654</b>	<b>3,860</b>	<b>3,649</b>
<i>Divided by</i>						
Adjusted EBITDA last 12 months	2,479	2,028	2,479	2,028	2,479	2,124
<b>Adjusted Leverage Ratio, x</b>	<b>1.56</b>	<b>1.31</b>	<b>1.56</b>	<b>1.31</b>	<b>1.56</b>	<b>1.72</b>
<b>Cash conversion last 12 months</b>						
Cash flow from operations last 12 months	1,985	1,591	1,985	1,591	1,985	1,620
IFRS 16 lease repayment last 12 months	-56	-43	-56	-43	-56	-46
Acquisition of intangible assets last 12 months	-946	-558	-946	-558	-946	-621
<b>Free cash flow last 12 months</b>	<b>983</b>	<b>991</b>	<b>983</b>	<b>991</b>	<b>983</b>	<b>953</b>
<i>Divided by</i>						
EBITDA last 12 months	2,422	1,906	2,422	1,906	2,422	2,020
<b>Cash conversion rate</b>	<b>0.41</b>	<b>0.52</b>	<b>0.41</b>	<b>0.52</b>	<b>0.41</b>	<b>0.47</b>

## APM Pro Forma

	2022	2021
MSEK	Jan-Sep	Jan-Sep
<b>Adjusted EBITDA, pro forma</b>		
Adjusted EBITDA last 12 months	2,479	2,028
<i>Including</i>		
EBITDA, Acquired companies	71	189
<b>Adjusted EBITDA, pro forma</b>	<b>2,550</b>	<b>2,217</b>
<b>Adjusted interest coverage ratio, pro forma</b>		
Adjusted EBITDA last 12 months, pro forma	2,550	2,217
<i>Divided by</i>		
Net financial items last 12 months	310	229
Total IAC affecting financial items last 12 months	-11	2
Interest on earn-out consideration affecting financial items	-108	-79
<b>Adjusted interest coverage ratio, x, pro forma</b>	<b>13.3</b>	<b>14.5</b>
<b>Adjusted Leverage Ratio, pro forma</b>		
Bond loans	3,095	3,091
Liabilities to credit institutions	1,933	502
Equity swap	19	224
Currency derivatives	162	8
Cash and cash equivalents	-1,350	-1,171
<b>Net debt</b>	<b>3,860</b>	<b>2,654</b>
<i>Divided by</i>		
Adjusted EBITDA, pro forma	2,550	2,217
<b>Adjusted Leverage Ratio, pro forma, x</b>	<b>1.51</b>	<b>1.20</b>

## Share data

	2022	2021	2022	2021	Last 12	Jan-Dec
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2021
<b>Equity per share</b>						
Shareholders' equity attributable to parent co's shareholders, MSEK	14,867	8,749	14,867	8,749	14,867	9,772
<i>Divided by</i>						
No of shares end of period undiluted	513,165,362	376,664,420	513,165,362	376,664,420	513,165,362	387,134,079
<b>Shareholders' equity per share undiluted, SEK</b>	<b>28.97</b>	<b>23.23</b>	<b>28.97</b>	<b>23.23</b>	<b>28.97</b>	<b>25.24</b>
No of shares end of period diluted	513,165,362	377,071,955	513,165,362	377,474,780	513,165,362	387,134,079
<b>Shareholders' equity per share diluted, SEK</b>	<b>28.97</b>	<b>23.20</b>	<b>28.97</b>	<b>23.18</b>	<b>28.97</b>	<b>25.24</b>
<b>Earnings per share</b>						
Net result for the period attributed to parent co's shareholders, MSEK	83	128	345	420	515	590
<i>Divided by</i>						
Average no of shares period undiluted	511,579,066	365,745,314	473,999,341	359,796,530	451,989,799	366,572,354
<b>Earnings per share undiluted, SEK</b>	<b>0.16</b>	<b>0.35</b>	<b>0.73</b>	<b>1.17</b>	<b>1.14</b>	<b>1.61</b>
Average no of shares period diluted	511,579,066	366,152,848	473,999,341	360,606,890	452,022,691	367,143,219
<b>Earnings per share diluted, SEK</b>	<b>0.16</b>	<b>0.35</b>	<b>0.73</b>	<b>1.16</b>	<b>1.14</b>	<b>1.61</b>

# Financial calendar

Year-end report 2022	15 February 2023
Annual & Sustainability report 2022	20 April 2023
Interim report January-March 2023	3 May 2023
Annual general meeting 2023	11 May 2023
Interim report January-June 2023	21 July 2023
Interim report January-September 2023	25 October 2023

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## About Stillfront

Stillfront is a global games company founded in 2010. We develop digital games for a diverse gaming audience and our broad games portfolio is enjoyed by almost 70 million people every month. Stillfront is focused on realizing synergies by connecting and empowering game teams globally through our Stillops platform. We are a fast-growing company and an active global strategic acquirer. Our 1,500+ professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm Large Cap. For further information, please visit: [www.stillfront.com](http://www.stillfront.com)

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