

Interim Report, Q3 2023

QUOTE FROM THE CEO

“Stillfront’s net revenue declined by 7 percent year-over-year in the third quarter to 1,671 MSEK, while adjusted EBITDAC declined by 1 percent to 409 MSEK. Our adjusted EBITDAC margin amounted to 25 percent, up by 1.5 percentage points year-over-year, despite a lower revenue base. The development in the third quarter was impacted by a significant one-off event related to Sandbox Interactive’s hit franchise Albion Online, which negatively impacted net revenue and adjusted EBITDAC by approximately 80 MSEK and 50 MSEK respectively. We continue to generate strong cash flow across the group, and free cash flow for the last twelve months amounted to 941 MSEK. Going forward, we are seeing that the underlying market is normalizing compared to the past two years paired with more favorable performance marketing conditions. We expect a significant sequential organic growth improvement in the fourth quarter but given the impact from Albion Online and the lower run-rate towards the end of the third quarter, we now find it less likely than previously to return to organic growth before year-end.”

FINANCIAL HIGHLIGHTS Q3

- Net revenue 1,671 (1,787) MSEK, a decline of 7 percent
- Organic net revenue decline of 10 percent
- EBIT 135 (250) MSEK, a decline of 46 percent
- EBITDA 566 (660) MSEK, a decline of 14 percent
- Adj EBITDA 593 (668) MSEK, a decline of 11 percent, Adj EBITDA margin of 36 (37) percent
- Items affecting comparability impacting EBITDA of -27 (-8) MSEK, mainly costs for staff reduction
- Capitalization of product development amounted to 184 (257) MSEK
- Adjusted EBITDAC of 409 (412) MSEK, a decline of 1 percent, Adj EBITDAC margin of 25 (23) percent
- Net result of -5 (83) MSEK
- Free cash flow last 12 months of 941 (983) MSEK
- Total net debt, including cash earnout for next 12 months, of 4,905 (4,777) MSEK
- Adjusted leverage ratio, pro forma was 1.7x (1.5x)
- Adjusted leverage ratio, including cash earnout for next 12 months, pro forma was 1.9x (1.9x)
- Cash position of 1,039 (1,350) MSEK and 2,563 (2,216) MSEK of undrawn credit facilities

KEY FIGURES

MSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Last 12 months	2022 Jan-Dec
Bookings	1,664	1,772	5,219	5,254	6,979	7,014
Deferred revenue	7	16	22	23	43	44
Net revenue	1,671	1,787	5,241	5,277	7,022	7,058
EBIT	135	250	624	780	695	850
EBITDA	566	660	1,882	1,890	2,537	2,545
Items affecting comparability, EBITDA	-27	-8	-59	-33	-76	-50
Adjusted EBITDA	593	668	1,941	1,923	2,613	2,595
Adjusted EBITDA margin, %	36	37	37	36	37	37
Capitalization of product development	184	257	601	761	836	996
Adjusted EBITDAC	409	412	1,341	1,162	1,777	1,599
Adjusted EBITDAC margin, %	25	23	26	22	25	23
Profit before tax	11	163	121	539	335	752
Net result	-5	83	2	344	205	547
Number of employees	1,437	1,612	1,437	1,612	1,437	1,589
Adjusted leverage ratio, pro forma, x	1.68	1.51	1.68	1.51	1.68	1.46
Adjusted leverage ratio incl. NTM cash earnout payments, pro forma, x	1.88	1.87	1.88	1.87	1.88	1.75
Earnings per share undiluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15
Earnings per share diluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15

Comments by the CEO

Weaker topline performance and earnings in the third quarter affected by one-off event

Stillfront's net revenue declined by 7 percent year-over-year in the third quarter to 1,671 MSEK, while adjusted EBITDAC declined by 1 percent to 409 MSEK. Our adjusted EBITDAC margin amounted to 25 percent in the quarter, up by 1.5 percentage points year-over-year, despite a lower revenue base. We continue to generate strong cash flow across the group, and free cash flow for the last twelve months amounted to 941 MSEK.

The development in the third quarter was impacted by a significant one-off event related to Sandbox Interactive's hit franchise Albion Online and to a lesser extent by delayed game launches.

Following the very successful launch of Albion East in the first half of the year, the game experienced an increase of in-game bots that negatively impacted the overall gameplay for legitimate players. As the studio implemented effective anti-botting measures, the studio suffered numerous massive DDoS attacks against parts of its server infrastructure. Both issues have been resolved, but the negative impact was larger and more prolonged than we first anticipated, amounting to approximately 80 MSEK on topline and 50 MSEK on Adj EBITDAC in the third quarter. Going forward, we expect to see stronger performance from Albion Online in the coming quarters, further fueled by more frequent content updates, starting with the Wild Blood update in October.

On an organic basis, Stillfront's net revenues declined by 10 percent year-over-year in the quarter, against challenging comparison numbers from the third quarter last year, when Stillfront outgrew the underlying market by double digits. The outcome was impacted by the Albion Online challenges described above, as well as by delays in our new game development pushing two planned game releases into the fourth quarter. Our studios Candywriter and Jawaker continued to show strong growth in the quarter, driven by successful live ops in their key franchises.

Optimizing margins across the group

During the quarter, we continued to take steps to increase our Adjusted EBITDAC margin by lowering our direct costs, staff and operating costs and capitalized development costs. Our Adjusted EBITDAC margin amounted to 25 percent in the quarter, up by 1.5 percentage points compared to the same quarter last year, despite a lower revenue base. Our gross profit improved by 2.2 percentage points year-over-year, driven by a continued focus on increasing the share of direct-to-consumer bookings across the active portfolio. Capitalized development costs as a percentage of net revenue decreased by 3.4 percentage points compared to the same quarter last year, as we remain disciplined in how we allocate investments for game development across the group.

We continue to work with our cost base and the group's staff and operating costs decreased by 10 MSEK quarter-over-quarter. Cost optimization projects in certain studios in the quarter led to a combined reduction of our workforce by approximately 60 FTEs towards the end of the quarter. Going forward, we are confident that the impacted studios will operate with better focus, higher efficiency, and a more suitable cost structure.

New game launches in the fourth quarter

User acquisition spend amounted to 429 MSEK in the third quarter, representing 26 percent in relation to net revenue. The higher user acquisition percentage compared to the second quarter is driven by a stronger soft-launch portfolio with more new games being launched towards the end of the third quarter.

One new game, Sunshine Island, was added to the active portfolio during the quarter. Sunshine Island is a tropical island-building simulation game in our Big Farm franchise. The game, which was developed and published by New Moon Production, entered global launch in late August and has shown promising KPIs during its first months. Going into the fourth quarter, we have several exciting game launches and content updates, including new games from 6waves, Game Labs and Everguild.

Ensuring a flexible financing platform

In September, we announced that we have successfully issued senior unsecured bonds in an amount of SEK 1 billion to refinance our outstanding 2019/2024 bonds. We are very pleased to have secured new debt financing at attractive terms in this market, while successfully extending the maturity profile of our debt portfolio. With the new bond framework, we maintain a flexible financing platform and a strong balance sheet, with no maturities until May 2025. In the third quarter, we decreased our total net debt including short-term cash earnouts by 225 MSEK compared to the second quarter. Going forward, our focus continues to be on generating significant cash flows and further strengthening our balance sheet.

Looking ahead

The underlying business continues to perform well and looking at organic growth over a two-year perspective, we are on par with the underlying market development. In addition, our cost optimization initiatives and the progress that we have made in generating synergies in the past quarters enable us to continue to deliver high margins and strong cash flows, ensuring that we are in an even stronger position when we return to growth.

We are seeing that the underlying market is normalizing compared to the past two years paired with more favorable performance marketing conditions. We expect a significant sequential organic growth improvement in the fourth quarter but given the impact from Albion Online and the lower run-rate towards the end of the third quarter, we now find it less likely than previously to return to organic growth before year-end.

All in all, we are in good shape to deliver on our long-term growth targets. We have a strong balance sheet, we continue to generate significant cash flows and we have a healthy pipeline of game launches for the coming quarters

including exciting news from studios like Storm8, Bytro Labs and Jawaker.

JÖRGEN LARSSON, CEO, STILLFRONT GROUP

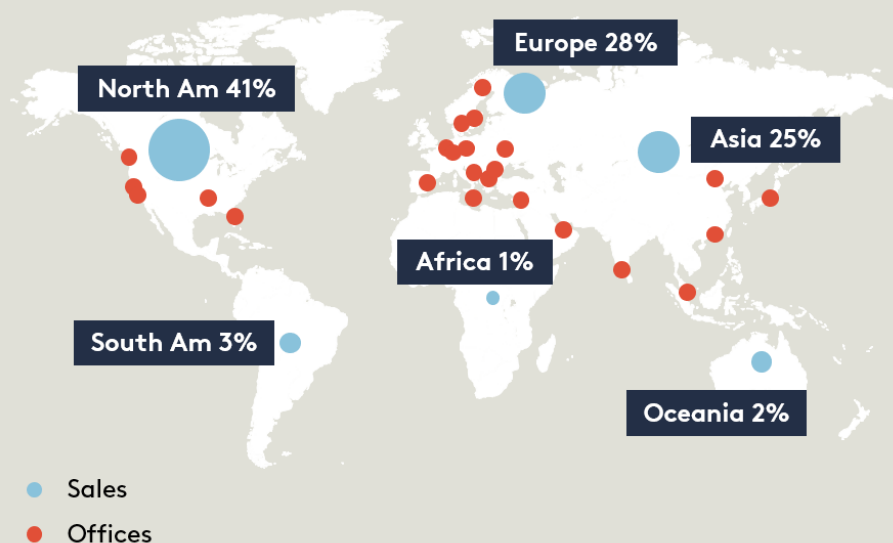
Stillfront at a glance

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 more than 50 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 1,400+ professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm Large Cap.

Preparing for upcoming sustainability legislation

Stillfront is included in the companies that will be covered by the upcoming EU legislation on sustainability, Corporate Sustainability Reporting Directive (CSRD) effective 2024. During the third quarter, Stillfront finalized a double materiality assessment. A third-party has conducted a materiality analysis of Stillfront's business and value chain, applying the double materiality perspective i.e. a quantitative analysis of Stillfront's impact on, as well as how we are impacted financially by, sustainability risks and opportunities.



Percentage figures refer to Bookings in Q3 2023 by assumed location of gamers based on IP address or similar.

72

games in active portfolio in Q3

50%

bookings in active portfolio from top 5 franchises in Q3

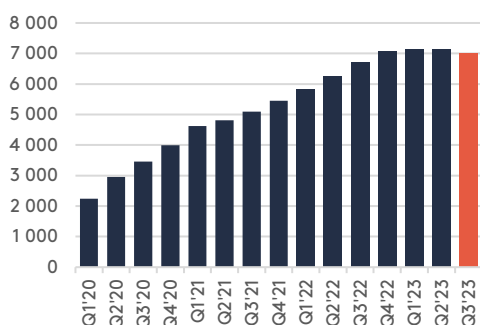
52m

monthly active users in Q3

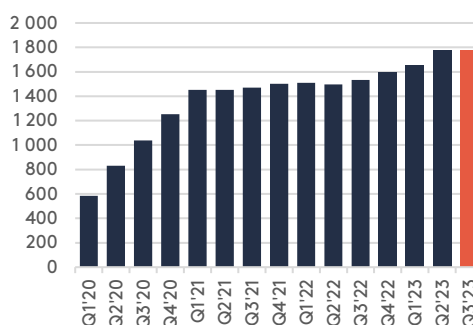
1,437

professionals

NET REVENUE LTM (MSEK)



ADJ. EBITDAC LTM (MSEK)



Portfolio overview



Game performance

Bookings in the third quarter amounted to 1,664 MSEK, of which 1,586 in the active portfolio. The decline of 6 percent year-over-year in the active portfolio was driven by strong comparison numbers in Strategy and softer performance from Casual & Mash-up.

Bookings from other games outside of the active portfolio amounted to 77 MSEK in the third quarter. Other games consist of new game releases that have not yet been added to the active portfolio as well as smaller long-tail games and platform deals. The sequential decline was mostly related to lower bookings from Nanobit's platform deals, including its second collaboration with Netflix, which was mostly realized in the second quarter.

Stillfront reports group bookings in its active portfolio in three categories: Ad bookings, 3rd party stores, and Direct-to-consumer (DTC).

Ad bookings are bookings generated from selling advertising in Stillfront's games. In the third quarter, ad bookings amounted to 13 percent of bookings in the active portfolio, in line with the second quarter and slightly down from 14 percent in the same period last year. The year-over-year decline is mostly driven by a different product mix with more in-app purchases across the portfolio.

Bookings from 3rd party stores are defined as bookings from purchases on external platforms such as App Store, Google Play Store, Steam and Microsoft Store. Bookings from 3rd party stores amounted to 59 percent of bookings

in the active portfolio, compared to 61 percent in the second quarter and 65 percent in the same period last year.

DTC primarily consist of bookings generated from Stillfront's own internal proprietary payment platforms. Payment processing fees and other related expenses for in-app purchases are significantly lower in Stillfront's proprietary channels compared to 3rd party stores. The category also includes bookings from reseller networks. In the third quarter, Stillfront increased its share of DTC bookings to 28 percent compared to 26 percent in the second quarter and 20 percent in the same period last year.

ARPDau for the active portfolio was up by 18 percent year-over-year to 1.7 SEK in the third quarter. The increase was driven by improved monetization and positive FX effects.

User acquisition costs, UAC, in the active portfolio was stable year-over-year in absolute terms and amounted to 426 MSEK in the third quarter, corresponding to 27 percent of bookings in the active portfolio, compared to 25 percent during the same period last year.

MAU, monthly active users, decreased by 10 percent quarter-over-quarter, while DAU, daily active users, decreased by 8 percent. MPU, monthly paying users, decreased by 12 percent quarter-over-quarter. The sequential decline in user numbers was primarily driven by lower player activity across the active portfolio. The higher year-over-year declines in user numbers were driven by the discontinuation of Snap Games in February, which had a negative effect on DAU and MAU in Ludo Club, paired with lower UAC levels in the strategy portfolio and the pausing of Moonfrog's operations in Bangladesh.

2023 Q3	Active Portfolio	Strategy	Sim / RPG / Action	Mashup / Casual	Other games
Bookings (MSEK)	1,586	542	384	661	77
Y-o-Y change, %	-6%	-10%	3%	-9%	
Ad bookings, %	13%	2%	5%	28%	
3rd party stores, %	59%	64%	55%	57%	
DTC, %	28%	34%	40%	15%	
UAC (MSEK)	426	145	93	188	4
Y-o-Y change, %	0%	-12%	10%	6%	
DAU ('000)	9,918	672	1,186	8,061	
Y-o-Y change, %	-21%	-13%	-9%	-23%	
MAU ('000)	52,407	3,433	6,294	42,681	
Y-o-Y change, %	-20%	-19%	-9%	-22%	
MPU ('000)	1,094	158	255	681	
Y-o-Y change, %	-23%	-15%	2%	-31%	
ARPDau (SEK)	1.7	8.8	3.5	0.9	
Y-o-Y change, %	18%	3%	13%	19%	

Product areas

The active portfolio

Stillfront has a diversified portfolio of major franchises and smaller, niche products, that together make up Stillfront's active portfolio. During the third quarter, Stillfront's five largest franchises represented 50 percent of total bookings in the active portfolio.

The active portfolio is divided into three different product areas: Strategy; Simulation, RPG & Action; and Casual & Mash-up. During the third quarter, one new game was added to the active portfolio. The active portfolio consisted of 72 games at the end of the third quarter.

Strategy

The strategy portfolio consists of 21 classic war and so called 4X strategy games, including Empire, Conflict of Nations, Supremacy 1914 and Shishinogotoku. Strategy games amounted to 34 percent of the bookings in the active portfolio in the third quarter. Strategy bookings decreased by 10 percent year-over-year to 542 MSEK. The year-over-year decline was driven by strong comparison numbers in the comparison period, paired with a lower user acquisition spend in the portfolio.

User acquisition spend in the strategy portfolio amounted to 145 MSEK in the third quarter, down by 12 percent compared to the same period last year. User acquisition spend as a percentage of bookings amounted to 27 percent in the quarter.

Daily and monthly active users were down year-over-year by 13 percent and 19 percent respectively, driven by lower user acquisition spend compared to the same period last year. ARPDAU in the product area increased by 3 percent in the quarter compared to the same period last year, primarily driven by positive FX effects.

Simulation, RPG & Action

Simulation, RPG & Action is a diversified portfolio of 27 games 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. In the third quarter, Sunshine Island, a tropical island-building simulation game in our Big Farm franchise, was added to the portfolio.

Simulation, RPG & Action totalled 24 percent of the bookings in the active portfolio in the third quarter. Bookings increased by 3 percent compared to the same period last year and amounted to 384 MSEK in the quarter. The sharp sequential decline in bookings compared to the second quarter was driven by Albion Online, which suffered severe issues with in-game bots and DDoS attacks during the third quarter. Both issues have been resolved, but the issues had a significant negative effect on the game during the third quarter. Stillfront expects better performance from Albion Online going forward, driven by less issues and a higher frequency of content updates in the coming quarters. Despite the issues in the third quarter, Albion Online grew significantly on a year-over-year basis.

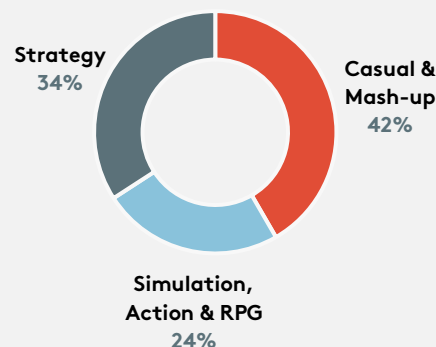
User acquisition spend in Simulation, RPG & Action was up by 10 percent compared to the same period last year.

Casual & Mash-up

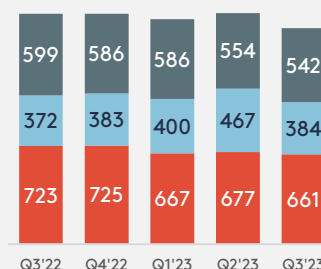
The Casual & Mash-up portfolio consists of 24 games, including Property Brothers Home Design, BitLife, Trivia Star, Jawaker and Ludo Club. The product area totalled 42 percent of the bookings in the active portfolio in the third quarter and amounted to 661 MSEK, representing a decline by 9 percent compared to the same period last year. The year-over-year decline was driven by Stillfront's decision to pause Moonfrog's operations in Bangladesh during the fourth quarter 2022, as well as a softness in advertising bookings, which was partly offset by increased monetization and positive FX effects. User acquisition spend in Casual & Mash-up increased by 6 percent compared to the same period last year.

Super Free's trivia franchise declined in the quarter, as the studio has struggled with scaling marketing spend for the games. During the third quarter, Stillfront worked with Super Free Games to better adapt its cost base to its current performance,

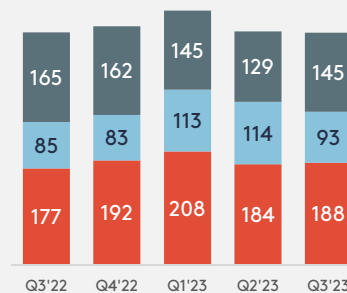
Product areas as share of bookings in total active portfolio in Q3'23



Bookings in total active portfolio per product area



UAC in total active portfolio per product area



which unfortunately has led to a reduction of Super Free's workforce by approximately 30 FTEs.

BitLife performed well in the third quarter, showing significant organic growth year-over-year. The success with highly appreciated content updates paired with geographic expansion drove continued growth for the title in the quarter. Stillfront is working with additional cross-studio projects for BitLife, including new geographic expansions planned for 2024.

Stillfront's two key franchises Jawaker and Ludo Club continued their strong performance in the third quarter, with both franchises showing double-digit organic growth year-over-year.

FINANCIAL OVERVIEW OF THE THIRD QUARTER

Revenue and operating profit

MSEK	2023		2022		2023		2022	
	Jul-Sep	Jul-Sep	Chg%	Jan-Sep	Jan-Sep	Chg%	Last 12 months	Jan-Dec
Net revenue	1,671	1,787	-7	5,241	5,277	-1	7,022	7,058
Gross profit	1,296	1,348	-4	4,080	4,028	1	5,435	5,384
Gross profit margin, %	78	75		78	76		77	76
EBIT	135	250	-46	624	780	-20	695	850
EBITDA	566	660	-14	1,882	1,890	0	2,537	2,545
EBITDA margin, %	34	37		36	36		36	36
Items affecting comparability, EBITDA	27	8	225	59	33	77	76	50
Adjusted EBITDA	593	668	-11	1,941	1,923	1	2,613	2,595
Adjusted EBITDA margin, %	36	37		37	36		37	37
Capitalization of product development	184	257	-28	601	761	-21	836	996
Adjusted EBITDAC	409	412	-1	1,341	1,162	15	1,777	1,599
Adjusted EBITDAC margin, %	25	23		26	22		25	23

Net revenue in the third quarter amounted to 1,671 (1,787) MSEK. Revenue development for the quarter includes the impact of currency movements (+5 percent year-over-year) and organic growth (-10 percent year-over-year).

Currency movements on net revenues in the third quarter were mainly driven by the strong EUR and 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.

The decision in November last year to pause operations in Bangladesh impacted Stillfront's net revenue growth negatively in the third quarter by -1 percent. The negative impact on net revenue growth is described as 'Other change' in the table below.

Net revenue growth	2023		2022		2022	
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Jan-Dec
Change through acquisitions, %	0.0	22.0	1.0	23.2	20.0	
Change through currency movements, %	4.6	12.9	6.2	9.8	11.1	
Organic growth, %	-10.2	1.4	-6.9	-1.6	-1.4	
Other change %	-0.9	0.0	-1.0	0.0	-0.3	
Total net revenue growth, %	-6.5	36.3	-0.7	31.5	29.4	

Stillfront had a gross margin of 78 (75) percent in the quarter.

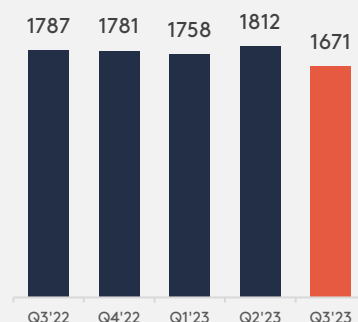
Stillfront's personnel expenses for the quarter were -309 (-307) MSEK, corresponding to 18 (17) percent of net revenue in the quarter, while other external expenses amounted to 6 (6) percent of net revenue.

EBITDA amounted to 566 (660) MSEK in the third quarter. Adjusted EBITDA amounted to 593 (668) MSEK, corresponding to an adjusted EBITDA margin of 36 (37) percent in the quarter. Items affecting comparability amounted to -27 (-8) MSEK in the quarter, comprising mainly costs for staff reductions in Super Free as well as costs for long-term incentive programs.

Adjusted EBITDAC amounted to 409 (412) MSEK in the third quarter, corresponding to an adjusted EBITDAC margin of 25 (23) percent. The improved EBITDAC margin is primarily driven by more efficient investments in product development and lower direct costs.

EBIT amounted to 135 (250) MSEK in the third quarter.

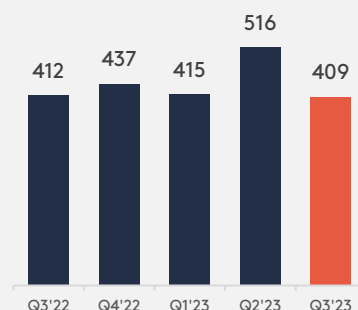
Net revenue development (MSEK)



Capitalization of product development in relation to net revenues in Q3

11.0%

Adj EBITDAC development (MSEK)



Product development

MSEK	2023	2022	2023	2022	Last 12	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Capitalization of product development	184	257	601	761	836	996
Amortization of product development	-192	-131	-543	-350	-711	-518
Amortization of PPA items	-218	-260	-660	-707	-882	-929

In the third quarter, investments in product development have been capitalized by 184 (257) MSEK. Investments include development of new games in soft launch as well as other not yet launched games. Investments also pertain to larger extensions and additions to existing games.

Amortization of product development of -192 (-131) MSEK was recorded during the third quarter. Amortization of PPA items amounted to -218 (-260) MSEK.

Financial net

MSEK	2023	2022	2023	2022	Last 12	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Net interest excluding interest on earnouts	-98	-64	-253	-159	-326	-232
Interest on earnout consideration (non-cash)	-16	-26	-64	-89	-88	-113
Currency exchange differences	-5	4	-11	10	-10	11
Other	-5	-	-5	-	-5	-
Changes in fair value of contingent consideration	-	-0	-171	-4	70	237
Net financial items	-124	-86	-503	-241	-360	-97

The financial net was -124 (-86) MSEK in the third quarter, consisting of net interest expenses -98 (-64) MSEK, non-cash interest charge on earnout provision -16 (-26) MSEK, currency exchange differences of -5 (4) MSEK and other financial items of -5 (0) MSEK. The higher interest expense in the quarter is due to the higher interest rate environment compared to the same period last year. Other financial items consist primarily of costs for the repurchase of around half of the outstanding bonds 2019/2024.

Tax

MSEK	2023	2022	2023	2022	Last 12	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Profit before tax	11	163	121	539	335	752
Total taxes for the period	-16	-80	-119	-195	-129	-206
Tax rate, %	145	49	98	36	39	27
Transaction costs	-	-0	-0	-14	-0	-14
Earnout interest	-16	-26	-64	-89	-88	-113
Earnout revaluations	-	-0	-171	-4	70	237
Profit before tax, excl. transaction costs and earnout interest & revaluations	27	190	355	645	353	643
Tax on dividends	-2	-13	-10	-13	-23	-26
Adjustment of tax previous quarter	-	-18	-	-	-	-
Underlying tax excl. tax on dividends	-13	-49	-109	-182	-107	-180
Underlying tax rate, %	50	26	31	28	30	28

The group's tax cost amounted to -16 (-80) MSEK for the third quarter, equivalent to a non-meaningful tax rate of 145 (49) percent.

Tax costs for each quarter are affected by non-deductible items such as costs for transactions, earnout interest and earnout revaluations, as well as special tax items such as irrecoverable tax on dividends received from studios or adjustments for earlier periods. An underlying tax rate, which better describes tax costs related to Stillfront's ongoing business, can be calculated excluding such special items.

The underlying tax rate for the quarter, excluding non-deductible transaction costs, earnout interest and one-off adjustments of tax for earlier periods, was 50 (26) percent. The underlying tax rate for the quarter is higher than in the corresponding period last year mainly due to a different mix between taxable profits and losses in

different jurisdictions. The underlying tax rate for the nine-month period January-September was 31 (28) percent.

Financing

MSEK	2023	2022
	30 Sep	30 Sep
Total net debt incl. cash earnout NTM	4,905	4,777
Net debt	4,388	3,860
Cash and cash equivalents	1,039	1,350
Interest coverage ratio, x	7.8	13.0
Adjusted interest coverage ratio, pro forma, x	7.8	13.3
Adjusted leverage ratio incl. NTM cash earnout, pro forma, x	1.9	1.9

In the first and second quarters, a total of 13,441,510 (0) shares were repurchased for a total of 270 (0) MSEK, and 4,769,026 (4,130,895) new shares were issued. These 18,210,536 (4,130,895) shares were used in the second quarter to settle earnout liabilities of 336 (170) MSEK. Additionally in the second quarter, 621 (523) MSEK of earnout liabilities were settled in cash. In the third quarter, further earnout liabilities were settled with 200 (290) MSEK in cash and 0 (90) MSEK with 0 (1,972,152) new issued shares. Thereby, all earnout liabilities settlements expected in the year 2023 have been finalized.

In the third quarter, new senior unsecured 2023/2027 bonds were issued in an initial amount of 1,000 MSEK. The bonds were issued under a total framework of 2,000 MSEK, carrying a floating interest rate of 3m Stibor+3.95 percent, with maturity in September 2027. The new bonds were used for a repurchase of around half of the outstanding 2019/2024 bonds, and for a voluntary early redemption of the other half of the outstanding 2019/2024 bonds. The repurchase of bonds was settled at the end of the third quarter. The remainder of the proceeds from the newly issued bonds temporarily reduced the liabilities under the revolving credit facility and working capital facility until the settlement of the voluntary early redemption which took place in the beginning of the fourth quarter.

Net debt as of the end of the third quarter amounted to 4,388 (3,860) MSEK. Total net debt, including cash earnouts for the next 12 months, amounted to 4,905 (4,777) MSEK.

The adjusted interest coverage ratio, pro forma was 7.8x (13.3x) at the end of the quarter.

The adjusted leverage ratio, pro forma, including cash earnouts for the next 12 months, was 1.9x (1.9x). Stillfront has a financial target for the adjusted leverage ratio pro forma, including cash earnouts for the next 12 months, not to exceed 2.0x.

At the end of the quarter, Stillfront had total unutilized credit facilities of 2,563 (2,216) MSEK, of which 2,162 (1,815) MSEK were long-term credit facilities. Cash balances amounted to 1,039 (1,350) MSEK.

Stillfront'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 2,988 (3,095) MSEK, however, have a fair value of 3,002 (3,010) MSEK. FX forwards and currency basis swaps with a carrying amount of -142 (-162) MSEK are measured at fair value through other comprehensive income. Contingent purchase considerations (earnout provisions) with a carrying amount of 2,193 (3,628) MSEK are measured at fair value through profit and loss.

MSEK	2023	2024	2025	2026	2027	Total
Provisions for earnouts						
Cash	-	517	531	324	229	1,601
Equity	-	165	195	134	98	592
Total provisions for earnout	-	682	727	457	327	2,193

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 2,193 (3,628) MSEK for earnout provisions, of which 682 (1,315) MSEK current and 1,511 (2,312) MSEK non-current. The book value of the amounts that will be settled during 2024 to 2027 comprises 1,601 MSEK expected to be paid out in cash and 592 MSEK expected to be settled in Stillfront shares.

Earnout provisions at the end of June 2023 were 2,398 MSEK and decreased during the third quarter to 2,193 MSEK at the end of September, driven by non-cash discounting interest of 16 MSEK, settlements in cash of -200 MSEK and currency exchange differences of -21 MSEK.

Cash flow

MSEK	2023	2022	2023	2022	Last 12	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Cash flow from operations	395	499	1,343	1,544	1,827	2,028
Cash flow from investment activities	-387	-579	-1,460	-3,278	-1,940	-3,758
Cash flow from financing activities	164	-103	139	1,764	-162	1,463
Cash flow for the period	172	-184	21	29	-275	-267
Cash and cash equivalents at the end of period	1,039	1,350	1,039	1,350	1,039	989

The Group had cash flows from operations of 395 (499) MSEK in the third quarter. The amount includes taxes paid of -69 (-78) MSEK during the quarter, and changes in working capital of -4 (-51) MSEK, including timing impacts of settlements received from platform providers and payments to suppliers.

Cash flows from investment activities amounted to -387 (-579) MSEK, including -200 (-290) MSEK in cash settlements of earnout obligations, 0 (-22) MSEK of net debt adjustments of the purchase price paid for acquisitions, and -184 (-257) MSEK in product development investments.

Cash flows from financing activities amounted to 164 (-103) MSEK, including proceeds received from new issued bonds of 992 (0) MSEK, cash outflow for repurchasing old bonds of -503 (0) MSEK, cash outflows for currency derivatives of -22 (-32) MSEK, lease payments of -11 (-14) MSEK and other net movements on credit facilities of -292 (-58) MSEK. The settlement for the voluntary early bond redemption of -506 MSEK took place after the end of the third quarter and was financed with credit facilities.

Free cash flow for the last twelve months amounted to 941 (983) 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 0.37 (0.41). The lower cash conversion rate compared to the comparison period is driven by higher interest payments.

SIGNIFICANT EVENTS IN THE QUARTER

Stillfront successfully issued senior unsecured bonds in an amount of SEK 1 billion

On 7 September 2023, Stillfront announced that it had successfully issued senior unsecured bonds in an amount of SEK 1 billion. The new bonds were issued under a total framework of SEK 2 billion, carries a floating interest rate of 3m Stibor + 395 basis points and will mature on 14 September 2027. The proceeds from the bonds issue was used to refinance the outstanding SEK 1 billion bonds issued under the 2019/2024 senior unsecured bond framework due 2024 with ISIN SE0012728830.

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

MARKET

The games industry is one of the largest entertainment industries globally and is growing as more and more people discover the joys of digital games. According to Newzoo, the global games market is expected to generate revenues of USD 187.7 billion in 2023 and mobile games make up almost 50 percent of the total global games market. In 2023, almost 3.4 billion people across the world will play digital games, of which almost 2.9 billion people play on mobile devices.

In 2022, the mobile games industry declined following many years of strong growth. Newzoo estimates that the mobile games market declined by -6.7 percent and generated revenues of USD 91.8 billion in 2022, accounting for 50 percent of the total games market globally. According to data.ai's estimates, global player spending in mobile games declined by approximately -5 percent year-over-year in 2022 to USD 109.5 billion, and by more than -10 percent excluding China, as mobile game spending has been impacted by both normalization after the surge during the pandemic as well as economic headwinds worldwide.

Data.ai and IDC expect that consumer spending on mobile games market will decline by -2 percent in 2023. In the coming years, the total games industry is expected to grow with an expected CAGR of approximately 4 percent from 2022 to 2026, according to Newzoo. Newzoo expects the global games market to exceed USD 212 billion by 2026 and the total number of players to reach almost 3.8 billion.

People across all demographics play games. Nearly two-thirds of US adults play video games regularly and the average age of a gamer in the US is 32 years old, according to the Entertainment Software Association, ESA. The number of female gamers has increased during the past years, and today 46 percent of US video game players identify as female, and 53 percent identify as male.

Sources for market data:

Newzoo's games market revenue estimates and forecasts by region and segment for 2023, August 2023

Data.ai+IDC 2023 Gaming Spotlight Report, August 2023

Essential Facts about the US Video Game Industry 2023, 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 42 (40) MSEK. The result before tax includes dividends from subsidiaries and amounted to 81 (-314) 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	36,644,709	5.7%
3	Handelsbanken Funds	32,126,757	5.5%
4	DNB Funds	26,894,258	4.0%
5	SEB Funds	18,217,105	3.6%
6	Vanguard	16,084,989	2.9%
7	Nordea Liv & Pension	14,958,290	2.9%
8	Utah State Retirement Systems	13,520,680	1.8%
9	DNB Funds	9,853,854	1.6%
10	Alaska Permanent Fund	9,455,139	1.5%
11	Other Shareholders	279,510,282	54.0%

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 outstanding per September 30, 2023, was 517,968,480. 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 29, 2023, was 16.00 SEK/share.

Following bonds are traded on Nasdaq Stockholm:

2021/2025 bond: ISIN: SE0015961065
2023/2027 bond: ISIN: SE0020846624

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.

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, 25 October 2023

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 2023 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, 25 October 2023
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Financial reports

INCOME STATEMENT IN SUMMARY, GROUP

MSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Last 12 months	2022 Jan-Dec
Revenues						
Bookings	1,664	1,772	5,219	5,254	6,979	7,014
Deferred revenue	7	16	22	23	43	44
Net revenue	1,671	1,787	5,241	5,277	7,022	7,058
Own work capitalized	136	160	442	447	604	609
Other revenue	8	8	21	21	27	28
Operating expenses						
Direct costs	-374	-439	-1,160	-1,248	-1,586	-1,675
User acquisition costs	-429	-429	-1,336	-1,371	-1,775	-1,811
Other external expenses	-108	-111	-321	-315	-427	-421
Personnel expenses	-309	-307	-944	-887	-1,252	-1,195
Items affecting comparability	-27	-8	-59	-33	-252	-226
Amortization of product development	-192	-131	-543	-350	-711	-518
Amortization of PPA items	-218	-260	-660	-707	-882	-929
Depreciation	-21	-19	-55	-53	-74	-72
Operating result (EBIT)	135	250	624	780	695	850
Result from financial items						
Net financial items	-124	-86	-503	-241	-360	-97
Profit before tax	11	163	121	539	335	752
Taxes for the period	-16	-80	-119	-195	-129	-206
Net result for the period	-5	83	2	344	205	547
Other comprehensive income						
Items that later can be reversed in profit						
Foreign currency translation differences	-95	1,972	563	2,401	-282	1,556
Total comprehensive income for period	-100	2,055	565	2,744	-76	2,102
Net result for the period attributed to:						
Parent company shareholders	-7	83	-5	345	209	559
Non-controlling interest	2	-0	7	-2	-3	-12
Period total comprehensive income attributed to:						
Parent company shareholders	558	2,744	558	2,744	-74	2,113
Non-controlling interest	7	-0	7	-0	-3	-10
Average number of shares						
Undiluted	517,968,480	511,579,066	510,244,403	473,999,341	510,987,089	483,877,769
Diluted	517,968,480	511,579,066	510,244,403	473,999,341	510,987,089	483,877,769
Net result per share attributable to the parent company's shareholders						
Undiluted, SEK/share	-0.01	0.16	-0.01	0.73	0.41	1.15
Diluted, SEK/share	-0.01	0.16	-0.01	0.73	0.41	1.15

BALANCE SHEET IN SUMMARY, GROUP

MSEK	9/30/2023	9/30/2022	12/31/2022
Goodwill	16,611	16,764	16,043
Other non-current intangible assets	5,762	7,077	6,149
Tangible non-current assets	140	137	157
Deferred tax assets	77	178	75
Other non-current assets	16	17	16
Current receivables	815	812	697
Cash and cash equivalents	1,039	1,350	989
Total assets	24,460	26,335	24,126
Shareholders' equity			
Shareholders' equity attributable to parent company's shareholding	14,876	14,867	14,237
Non-Controlling interest	13	13	6
Total Shareholders' equity	14,889	14,880	14,242
Non-current liabilities			
Deferred tax liabilities	1,034	1,348	1,127
Bond loans	2,486	2,495	2,496
Liabilities to credit institutions	1,588	1,933	1,471
Term loan	690	-	668
Other liabilities	206	164	192
Provisions for earnout	1,511	2,312	1,956
Total non-current liabilities	7,515	8,252	7,909
Current liabilities			
Liabilities to credit institutions	0	-	79
Bond loans	502	600	-
Equity swap	18	19	20
Other liabilities	853	1,268	805
Provisions for earnout	682	1,315	1,071
Total current liabilities	2,056	3,203	1,975
Total Liabilities and Shareholders' equity	24,460	26,335	24,126

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
Opening balance 2022-01-01	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
Total comprehensive income	-	-	2,399	345	2,744	-0	2,744
Total transactions with shareholders	9	2,393	-	-51	2,350	-10	2,340
Closing balance 2022-09-30	36	10,933	2,279	1,618	14,867	13	14,880
Opening balance 2023-01-01	36	10,942	1,434	1,825	14,237	6	14,242
Net Result for the period				-5	-5	7	2
Foreign currency translation differences			563	-	563	0	563
Total comprehensive income	-	-	563	-5	558	7	565
Repurchase of own shares				-270	-270	-	-270
Other transactions with shareholders	0	81	-	270	352	-	352
Closing balance 2023-09-30	36	11,023	1,997	1,820	14,876	13	14,889

CASH FLOW IN SUMMARY, GROUP

MSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Last 12 months	2022 Jan-Dec
Operations						
Profit before tax	11	163	121	539	335	752
Adj for items not in cash flow etc	457	464	1,538	1,266	1,911	1,640
Tax paid	-69	-78	-242	-196	-355	-310
Cash flow from operations before changes in working capital	399	549	1,417	1,609	1,891	2,082
Changes in working capital						
Increase(-)/Decrease(+) in operating receivables	39	49	-58	45	-29	74
Increase (+)/Decrease(-) in operating liabilities	-44	-100	-17	-110	-35	-129
Cash flow from changes in working capital	-4	-51	-75	-65	-64	-54
Cash flow from operations	395	499	1,343	1,544	1,827	2,028
Investment activities						
Acquisition of business	-200	-312	-837	-2,518	-1,043	-2,724
Acquisition of tangible assets	-5	-9	-23	-21	-32	-30
Capitalization of product development	-184	-257	-601	-761	-836	-996
Acquisition of game assets	-	0	-	-1	-30	-31
Net change in financial assets	1	-1	0	22	1	22
Cash flow from investment activities	-387	-579	-1,460	-3,278	-1,940	-3,758
Financing activities						
Net change in borrowings	198	-58	492	-45	249	-288
Realized foreign currency swap	-22	-32	-46	-116	-89	-159
IFRS 16 lease repayment	-11	-14	-36	-43	-50	-57
Proceeds from share issuance	-	-	-	2,001	-	2,001
Issue cost	-0	-0	-1	-34	-1	-35
Repurchase of own shares	-	-	-270	-	-270	-
Cash flow from financing activities	164	-103	139	1,764	-162	1,463
Cash flow for the period	172	-184	21	29	-275	-267
Cash and cash equivalents at start of period	874	1,470	989	1,133	1,350	1,133
Translation differences	-7	64	28	187	-36	123
Cash and cash equivalents at end of period	1,039	1,350	1,039	1,350	1,039	989

PARENT COMPANY INCOME STATEMENT, SUMMARY

MSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Last 12 months	2022 Jan-Dec
Revenue						
Net revenue	42	40	124	108	160	144
Own work capitalized	3	4	11	9	16	14
Operating expenses						
Other external expenses	-13	-19	-47	-56	-63	-72
Personnel expenses	-34	-31	-99	-85	-131	-116
Operating result	-3	-5	-11	-24	-18	-30
Result from financial items						
Net financial items	84	-309	400	-744	690	-453
Result after financial items	81	-314	388	-768	672	-484
Appropriations						
Group contribution	-	-	-	-	254	254
Profit before tax	81	-314	388	-768	926	-230
Tax for the period	-7	88	-8	227	-175	60
Net result for the period	74	-226	381	-541	751	-170

PARENT COMPANY BALANCE SHEET, SUMMARY

MSEK	9/30/2023	9/30/2022	12/31/2022
Intangible assets	24	11	16
Tangible non-current assets	1	1	1
Financial non-current assets	21,870	21,953	21,451
Deferred tax	77	235	75
Current receivables	64	122	390
Cash and bank	170	126	0
Total assets	22,206	22,446	21,932
Shareholders' equity	13,144	12,296	12,682
Provisions for earnouts	1,707	2,971	2,384
Non-current liabilities	104	47	212
Bond loans	2,988	3,095	2,496
Liabilities to credit institutions	1,588	1,933	1,549
Term loan	690	-	668
Equity swap	18	19	20
Other current liabilities	1,966	2,086	1,921
Total liabilities & Shareholders' equity	22,206	22,446	21,932

KEY FIGURES, GROUP

MSEK	2023	2022	2023	2022	Last 12	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	Jan-Dec
Bookings	1,664	1,772	5,219	5,254	6,979	7,014
Deferred revenue	7	16	22	23	43	44
Net revenue	1,671	1,787	5,241	5,277	7,022	7,058
Gross profit	1,296	1,348	4,080	4,028	5,435	5,384
Gross profit margin, %	78	75	78	76	77	76
EBIT	135	250	624	780	695	850
EBITDA	566	660	1,882	1,890	2,537	2,545
EBITDA margin, %	34	37	36	36	36	36
Items affecting comparability, EBITDA	27	8	59	33	76	50
Adjusted EBITDA	593	668	1,941	1,923	2,613	2,595
Adjusted EBITDA margin, %	36	37	37	36	37	37
Capitalization of product development	184	257	601	761	836	996
Adjusted EBITDAC	409	412	1,341	1,162	1,777	1,599
Adjusted EBITDAC margin, %	25	23	26	22	25	23
Profit before tax	11	163	121	539	335	752
Net result	-5	83	2	344	205	547
Number of Employees	1,437	1,612	1,437	1,612	1,437	1,589
Adjusted interest coverage ratio, pro forma, x	7.8	13.3	7.8	13.3	7.8	11.8
Adjusted leverage ratio incl. NTM cash earnout payments, pro forma, x	1.88	1.87	1.88	1.87	1.88	1.75
Shareholders' equity per share undiluted, SEK	28.72	28.97	28.72	28.97	28.72	27.74
Shareholders' equity per share diluted, SEK	28.72	28.97	28.72	28.97	28.72	27.74
Earnings per share undiluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15
Earnings per share diluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15
No of shares end of period undiluted	517,968,480	513,165,362	517,968,480	513,165,362	517,968,480	513,199,454
No of shares end of period diluted	517,968,480	513,165,362	517,968,480	513,165,362	517,968,480	513,199,454

CURRENCY TABLE (MAIN CURRENCIES)

MSEK	Average	Average	Average	Average	Closing	Closing
	2023	2022	2023	2022	2023	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
1 EUR=SEK	11.7638	10.6211	11.4758	10.5287	11.4923	10.9177
1 USD=SEK	10.8098	10.5470	10.5887	9.9213	10.8413	11.1227
100 JPY=SEK*	7.4815	7.6266	7.6745	7.7249	7.2926	7.7050

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 average 2022 Jan-Sep rate for 100 JPY=SEK refers to the average rate during February-Sep 2022, as 6waves was consolidated from 1 February 2022.

ACQUISITIONS

MSEK

Purchase price	6waves
Cash and cash equivalents	1,740
New shares issued	147
Contingent consideration (earnout)	389
Total purchase consideration	2,277
The fair value of acquired assets and assumed liabilities (SEKm):	
Intangible non-current assets	789
Property, plant and equipment	1
Current receivables excl cash and bank	107
Cash and cash equivalents	37
Non-current liabilities	
Deferred tax liabilities	-104
Current liabilities	-134
Total net assets acquired excluding goodwill	696
Goodwill	1,581
Total net assets acquired	2,277
Less	
Cash and cash equivalents	-37
Ordinary shares issued	-147
Provision for earnout	-389
Net cash outflow on acquisition of business	1,703
Percentage of shares and votes acquired (%)	100
Transaction costs	29
Consolidated since	1 Feb 2022
Net revenues for the year, before being consolidated	67
Adjusted EBITDA for the year, before being consolidated	18

No business combinations have taken place in the first nine months of 2023.

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 final purchase price allocation analysis of 6waves is provided above.

DEFINITIONS

Key figures and alternative performance measures

ARPDUA

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.

Operating profit (EBIT)

Profit before financial items and tax.

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.

Adjusted EBITDAC

EBITDA less capitalized product development, adjusted for items affecting comparability.

Adjusted EBITDAC margin

Adjusted EBITDAC as a percentage of Net revenue.

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.

Adjusted interest coverage ratio, pro forma

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 debt in relation to the last twelve months' Adjusted EBITDA. Adjusted leverage ratio, pro forma is calculated as Net debt in relation to the last twelve month's Adjusted EBITDA pro forma.

Adjusted leverage ratio, including NTM cash earnout

Net debt, including cash earnout payments for the next twelve months, in relation to the last twelve months' Adjusted EBITDA. Adjusted leverage ratio, including NTM cash earnout, pro forma is calculated as Net debt, including cash earnout payments for the next twelve months, 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. The impact of pausing operations in Bangladesh is excluded from the measure.

Shareholders' equity/share

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

Tax rate

Tax rate is calculated as total tax for the period divided by profit before tax. Underlying tax rate is calculated as underlying tax divided by profit before tax excl. transaction costs, earnout interest and earnout revaluations.

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	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Last 12 months	2022 Jan-Dec
Items affecting comparability, IAC						
Revenue						
Other	-	-	-	-	-	-
Total IAC Revenues affecting EBIT	-	-	-	-	-	-
Costs						
Restructuring costs	-17	-0	-29	-0	-38	-9
Transaction costs	-	-0	-0	-14	-0	-14
Long term incentive programs	-7	-8	-17	-19	-24	-26
Other costs	-4	-0	-13	-0	-13	-0
Amortization of product development	-	-	-	-	-176	-176
Total IAC Costs affecting EBIT	-27	-8	-59	-33	-252	-226
Total IAC in operating profit (EBIT)	-27	-8	-59	-33	-252	-226
Financial income						
Revaluation of earnouts	-	-	-	-	237	237
Other	-5	-	-5	-	-5	-
Total IAC financial income	-5	-	-5	-	232	237
Financial costs						
Revaluation of earnouts	-	-0	-171	-4	-167	-
Total IAC financial costs	-	-0	-171	-4	-167	-
Total IAC in net financial items	-5	-0	-175	-4	65	237

APM

	2023	2022	2023	2022	Last 12 months	Jan-Dec
MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2022
MSEK						
Net revenue	1,671	1,787	5,241	5,277	7,022	7,058
Direct costs	-374	-439	-1,160	-1,248	-1,586	-1,675
Gross profit	1,296	1,348	4,080	4,028	5,435	5,384
EBITDA						
Operating profit (EBIT)	135	250	624	780	695	850
Amortization of PPA items	218	260	660	707	882	929
Other amortization and depreciation	213	150	598	403	785	590
Comparison disturbing amortizations	-	-	-	-	176	176
EBITDA	566	660	1,882	1,890	2,537	2,545
Adjusted EBITDA and EBITDAC						
EBITDA	566	660	1,882	1,890	2,537	2,545
Items affecting comparability	27	8	59	33	76	50
Adjusted EBITDA	593	668	1,941	1,923	2,613	2,595
Capitalization of product development	-184	-257	-601	-761	-836	-996
Adjusted EBITDAC	409	412	1,341	1,162	1,777	1,599
In relation to net revenue						
Gross profit margin, %	78	75	78	76	77	76
EBITDA margin, %	34	37	36	36	36	36
Adjusted EBITDA margin, %	36	37	37	36	37	37
Adjusted EBITDAC margin, %	25	23	26	22	25	23
Cash conversion last 12 months						
Cash flow from operations last 12 months	1,827	1,985	1,827	1,985	1,827	2,028
IFRS 16 lease repayment last 12 months	-50	-56	-50	-56	-50	-57
Acquisition of intangible assets last 12 months	-836	-946	-836	-946	-836	-996
Free cash flow last 12 months	941	983	941	983	941	975
Divided by						
EBITDA last 12 months	2,537	2,422	2,537	2,422	2,537	2,545
Cash conversion rate	0.37	0.41	0.37	0.41	0.37	0.38
	2023	2022	2023	2022	Last 12 months	Jan-Dec
MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2022
Adjusted interest coverage ratio						
Adjusted EBITDA last 12 months	2,613	2,479	2,613	2,479	2,613	2,595
Divided by						
Net financial items last 12 months	360	310	360	310	360	97
Total IAC affecting financial items last 12 months	65	-11	65	-11	65	237
Interest on earnout consideration affecting financial items last 12m	-88	-108	-88	-108	-88	-113
Adjusted interest coverage ratio, x	7.8	13.0	7.8	13.0	7.8	11.7
Adjusted leverage ratio						
Bond loans	2,988	3,095	2,988	3,095	2,988	2,496
Liabilities to credit institutions	1,588	1,933	1,588	1,933	1,588	1,549
Term loan	690	-	690	-	690	668
Equity swap	18	19	18	19	18	20
Currency derivatives	142	162	142	162	142	83
Cash and cash equivalents	-1,039	-1,350	-1,039	-1,350	-1,039	-989
Net debt	4,388	3,860	4,388	3,860	4,388	3,826
Cash earnout next 12 months	517	917	517	917	517	748
Total net debt incl. cash earnout NTM	4,905	4,777	4,905	4,777	4,905	4,575
Divided by						
Adjusted EBITDA last 12 months	2,613	2,479	2,613	2,479	2,613	2,595
Adjusted leverage ratio, x	1.68	1.56	1.68	1.56	1.68	1.47
Adjusted leverage ratio incl. NTM cash earnout, x	1.88	1.93	1.88	1.93	1.88	1.76

APM pro forma

	2023	2022
MSEK	Jan-Sep	Jan-Sep
Adjusted EBITDA, pro forma		
Adjusted EBITDA last 12 months	2,613	2,479
<i>Including</i>		
EBITDA, acquired companies	-	71
Adjusted EBITDA, pro forma	2,613	2,550
Adjusted interest coverage ratio, pro forma		
Adjusted EBITDA last 12 months, pro forma	2,613	2,550
<i>Divided by</i>		
Net financial items last 12 months	360	310
Total IAC affecting financial items last 12 months	65	-11
Interest on earnout consideration affecting financial items	-88	-108
Adjusted interest coverage ratio, x, pro forma	7.8	13.3
Adjusted leverage ratio, pro forma, x		
Net debt	4,388	3,860
Cash earnout next 12 months	517	917
Total net debt incl. cash earnout NTM	4,905	4,777
<i>Divided by</i>		
Adjusted EBITDA, pro forma	2,613	2,550
Adjusted leverage ratio, pro forma, x	1.68	1.51
Adjusted leverage ratio incl. NTM cash earnout, pro forma, x	1.88	1.87

Share data

	2023	2022	2023	2022	Last 12	Jan-Dec
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	months	2022
Equity per share						
Shareholders' equity attributable to parent co's shareholders, MSEK	14,876	14,867	14,876	14,867	14,876	14,237
<i>Divided by</i>						
No of shares end of period undiluted	517,968,480	513,165,362	517,968,480	513,165,362	517,968,480	513,199,454
Shareholders' equity per share undiluted, SEK	28.72	28.97	28.72	28.97	28.72	27.74
No of shares end of period diluted	517,968,480	513,165,362	517,968,480	513,165,362	517,968,480	513,199,454
Shareholders' equity per share diluted, SEK	28.72	28.97	28.72	28.97	28.72	27.74
Earnings per share						
Net result for the period attributed to parent co's shareholders, MSEK	-7	83	-5	345	209	559
<i>Divided by</i>						
Average no of shares period undiluted	517,968,480	511,579,066	510,244,403	473,999,341	510,987,089	483,877,769
Earnings per share undiluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15
Average no of shares period diluted	517,968,480	511,579,066	510,244,403	473,999,341	510,987,089	483,877,769
Earnings per share diluted, SEK	-0.01	0.16	-0.01	0.73	0.41	1.15

Financial calendar

Year-end report 2023	7 February 2024 (new date)
Interim report January-March 2024	25 April 2024
Annual General Meeting 2024	14 May 2024
Interim report January-June 2024	22 July 2024
Interim report January-September 2024	23 October 2024

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on October 25, 2023, at 07.00 CEST.

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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 more than 50 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 1,400+ 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

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