

2021

# Acquisition of Jawaker

9 September 2021

STILLFRONT  
GROUP

# IMPORTANT INFORMATION

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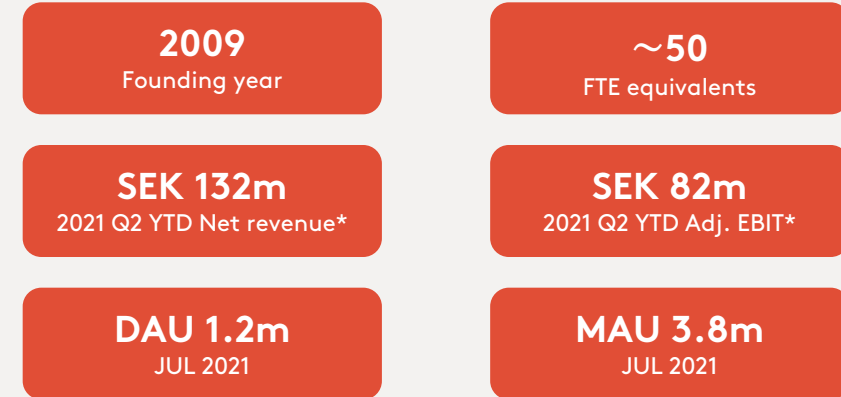
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## JAWAKER AT A GLANCE

### Jawaker at a glance

- Jawaker is a leading, highly profitable mobile gaming studio in the Middle East, with one of the largest classic PvP gaming apps in the world
- Focus on social board & card games and other popular games that are specific to the region and important parts of Arabic culture and history
- The Jawaker app is a single hub for +30 games and allows users to play, connect with friends, join clubs and socialize
- The “one-app” approach bundles a high number of players in one ecosystem, supporting cross promotion between titles within the app
- Majority of revenues from the MENA region, but also significant share of revenue from the Arabic diaspora in Europe and North America
- Headquartered in Abu Dhabi

### Track record



### Jawaker's keys to success



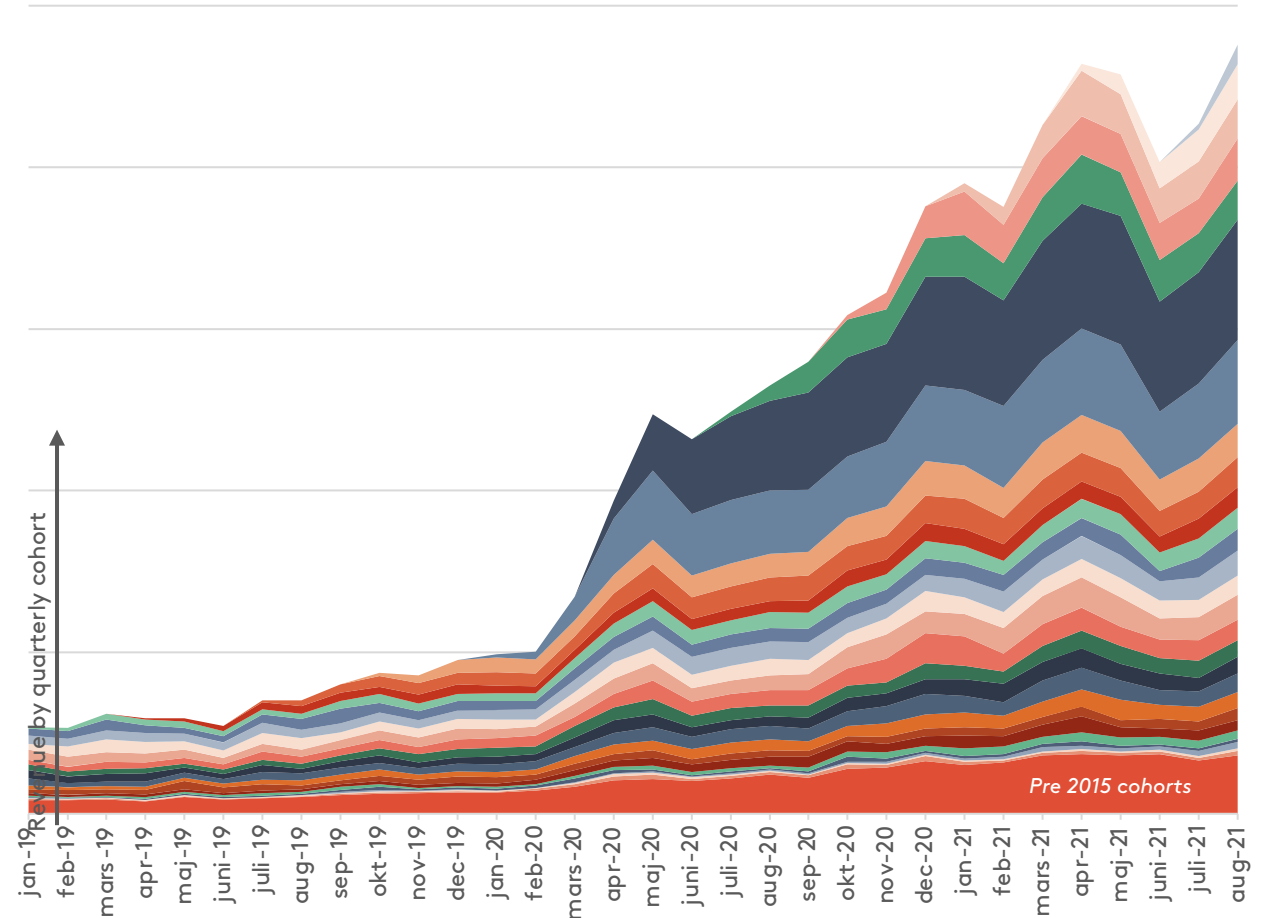
\* Net revenue and adjusted EBIT according to IFRS unaudited proforma figures

## INVESTMENT HIGHLIGHTS

### Classic evergreen games with high retention, premium profitability and high growth

- Adds c. SEK 132m Q2 YTD in rapidly growing revenue with premium sustainable profitability
  - 62% Adj. EBIT margin Q2 YTD
- Jawaker is a leading brand among Arabic speaking players across the globe
- Board and card games are truly evergreen genres with broad user bases and an important part of Arabic culture
- Jawaker successfully addresses the growing “non-gamers” audience, further growing Stillfront’s user base in the region
- High MAU and share of organic installs
- High retention and organic growth underpinned by social and PvP features and all games being available within one single app
  - More than 50% of Jawaker’s users play two or more different games within the app every week
  - Impressive cohort longevity
- Successful monetization supported by Jawaker’s local expertise and successful reseller network, creating a great competitive advantage and entry barrier

### Exceptionally strong cohorts that continue playing and spending in the games over long time



**Excellent synergy and scaling potential within Stillfront Group**

- **One-app approach** eases future cross-promotion activities supporting our strategic initiative to keep more traffic within Stillfront's own ecosystem
- **Significant scaling potential** in the MENA region and by addressing Arabic speaking population worldwide through increasing UA spend based on Stillfront's successful experience from marketing Babil's games
- Jawaker's **regional expertise** in the MENA region is **complementary to Babil** from genre, local reach and revenue model perspective, opening up for more synergies and scaling of Stillfront's titles in the MENA region
- Substantial knowledge sharing and **collaboration potential with Moonfrog** regarding managing and further leveraging the reseller network
- **Potential to scale** Jawaker's games internationally in Western countries and the Indian Subcontinent using **Stillfront's expertise in performance marketing and localization**



## TRANSACTION STRUCTURE

### Transaction structure

- Upfront consideration of USD 205m on a cash and debt free basis
  - Cash consideration of USD ~152m
  - Share consideration of USD ~53m
- Earn-out consideration
  - For 2021:
    - Max USD 20 million if Jawaker reaches certain EBIT targets for 2021, zero for the midpoint of the communicated EBIT range
    - Payable 100 percent in cash
  - For 2022-2026:
    - 1.0x EBIT for the respective year
    - Payable 70 percent in cash and 30 percent in newly issued shares

### Financing considerations

- The total upfront consideration for the acquisition of:
  - Jawaker equals SEK ~1.8bn<sup>1</sup>, of which SEK ~1.3bn is payable in cash
- The cash component will be financed with available cash and credit facilities and an equity issue placed with institutional investors SEK 1,000m (~4%) of market cap
- Post the acquisition of Jawaker, the leverage ratio for Stillfront will be around Stillfront's financial target
- For the share consideration, Stillfront will issue shares to the sellers of Jawaker at a 20-day VWAP<sup>2</sup> resulting in a dilution of 2.3%

1) USD/SEK of 8.5924 as the Swedish Riksbank rate as of August 31, 2021.

2) 20 days VWAP as of market close the September 6, 2021

## Preliminary pro forma income statement

IFRS Unaudited SEKm <sup>1</sup>	Stillfront (As reported) YTD Q2'21	Jawaker YTD Q2'21	Stillfront (Pro forma) YTD Q2'21
Net revenue	2 702	132	2 834
Own work capitalized	223	4	227
Other revenue	12	0	12
<b>Adjusted EBITDA<sup>2</sup></b>	<b>1 049</b>	<b>84</b>	<b>1 133</b>
<i>Adjusted EBITDA margin</i>	<i>39%</i>	<i>64%</i>	<i>40%</i>
<b>Adjusted EBIT<sup>3</sup></b>	<b>909</b>	<b>82</b>	<b>991</b>
<i>Adjusted EBIT margin</i>	<i>34%</i>	<i>62%</i>	<i>35%</i>

*Preliminary pro forma financials with the purpose of describing hypothetical financial results after the transaction. All numbers are preliminary and unaudited. The preliminary pro forma financial information does not include the acquisitions of Super Free, Moonfrog or Game Labs, prior to their respective consolidation date in the Stillfront Group*

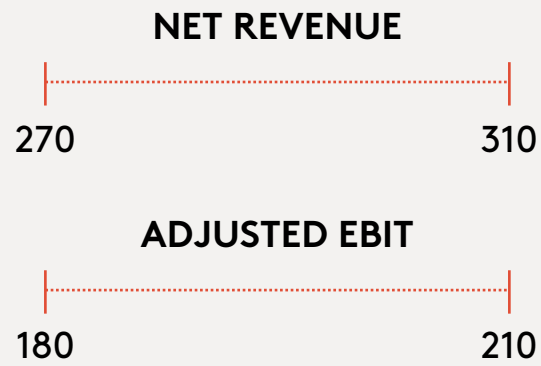
## Commentary

- Net revenue increases by SEK 132m corresponding to a 4.9% increase relative to reported figures for Stillfront YTD Q2
- Adjusted EBIT increases by SEK 82m corresponding to a 9.0% increase relative to reported figures for Stillfront YTD Q2
- High margin business with the opportunity to scale UA further as a part of Stillfront Group

- 1) The USD figures have been translated to SEK using the average FX-rate from the Swedish Riksbank for the period, with USD/SEK at 8.4039
- 2) Adjusted EBITDA is EBITDA adjusted for Items Affecting Comparability ("IAC"). Adjusted EBITDA margin is EBITDA margin adjusted for IAC. IAC affecting EBITDA amounts to SEK -17m for Jawaker relating to estimated advisory transaction costs
- 3) Adjusted EBIT is EBIT adjusted for IAC and excluding amortization of PPA-related items. Adjusted EBIT margin is EBIT margin adjusted for IAC and excluding amortization of PPA-related items. Amortization of Purchase Price Allocation ("PPA") items and IAC affecting EBIT (estimated advisory transaction costs) amounted to SEK -66m

## JAWAKER FORECAST

### Jawaker FY 2021 forecast range<sup>1,2</sup> on Net revenue & Adj. EBIT (SEKm)



### Financing considerations

- Jawaker, during the full financial year 2021, is expected to contribute with:
  - SEK 270 – 310 million to Stillfront's pro forma net revenue
  - SEK 180 – 210 million to Stillfront's pro forma Adj. EBIT
  - As if consolidated from 1 January 2021
- Upfront EV / Adj. EBIT multiple of 8.9x<sup>3</sup>

1) The financial assumptions are based on management accounts and forecasts for the acquisition.  
2) USD/SEK of 8.4694 as the Swedish Riksbank YTD average rate as of August 31, 2021.  
3) Implied adj. EBIT multiple is calculated in USD based on upfront consideration assuming mid-range EBIT for 2021.



# Continuing our growth journey

- Adds rapidly growing revenue with premium sustainable profitability
- Bundles players in one ecosystem, supporting cross promotion
- Solidifies Stillfront's position in the attractive MENA region
- Brings substantial scaling opportunities as a part of Stillfront Group
- Continued strong pipeline of new games and M&A targets



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