

# Acquisition of Moonfrog

1 February 2021



# IMPORTANT INFORMATION

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Stillfront has prepared preliminary unaudited financials for Jan-Sep 2020 for Moonfrog, SuperFree, Sandbox and Stillfront with the purpose of describing the financial situation of Stillfront as if the acquisitions had been completed per 1 January 2020. No synergies have been taken into consideration. The financial information included in this presentation is condensed, preliminary, unaudited and subject to revision upon completion of the Company's closing and audit processes. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the financial information, opinions or conclusions expressed herein. The preliminary allocation of the consideration for the acquisitions used in this unaudited preliminary pro forma information is based upon Stillfront's preliminary estimates at the date of preparation of this preliminary pro forma information.

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# MOONFROG – A LEADING CARD AND BOARD GAME BUSINESS FROM INDIA

## MOONFROG AT A GLANCE

- India-based market-leading social card and board game business founded in 2013 by a group of experienced gaming professionals
- Approx. 160 FTEs based in India and Bangladesh
- One of India's fastest growing gaming companies with approx. 9m DAU
- Portfolio of top-tier games including Ludo Club and Teen Patti Gold
- Proprietary tech stack, custom-built to support portfolio games and adapt to local and fast-changing market conditions
- Wide reseller network established throughout the Indian subcontinent

## 20+ GAMES PORTFOLIO WITH TOP TITLES



## TRACK RECORD

**2013**

Founding year

**c. 160**

Employees (FTEs)

**USD 21m**

Q3'20 YTD Net revenue\*

**USD 12m**

Q3'20 YTD Adj. EBITDA\*

**DAU 9m**

SEP 2020

**MAU 38m**

SEP 2020

\* Net revenue and adjusted EBITDA according to IFRS unaudited proforma figures, adjusted for non-recurring items, financials based on INR/USD rate of 0.0132

## STRONG MARKET POSITION IN RAPIDLY GROWING GEOGRAPHY

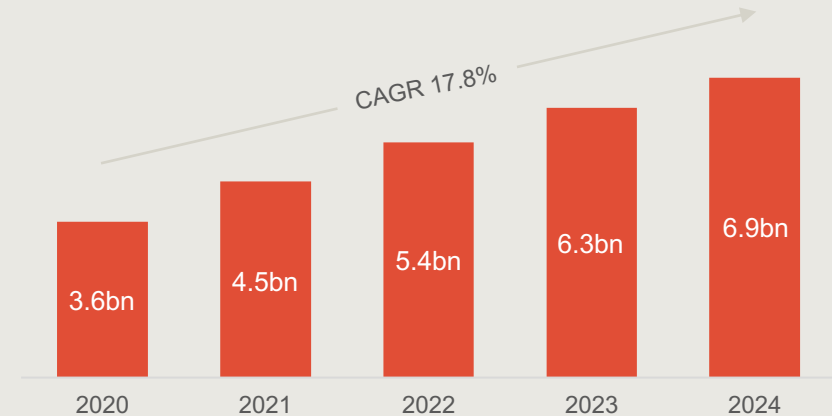
### THE INDIAN SUBCONTINENT IS ONE OF THE FASTEST GROWING MOBILE GAMES MARKETS

- The market for mobile gaming in the Indian subcontinent is expected to generate revenues of more than USD 4.5 billion in 2021\*
  - Growing significantly faster than the global market, driven by economic growth and increasing penetration
- Indian subcontinent expected to have more than 230 million mobile gamers in 2021, representing 12.8% of total population\*
  - Penetration expected to further increase, still significantly lower than the global market
- India is currently ranked as the fifth largest mobile gaming market in the world in terms of revenue\*
- India ranked #1 in downloads with more than 9 billion mobile game downloads in 2020, almost double that of the US market\*\*

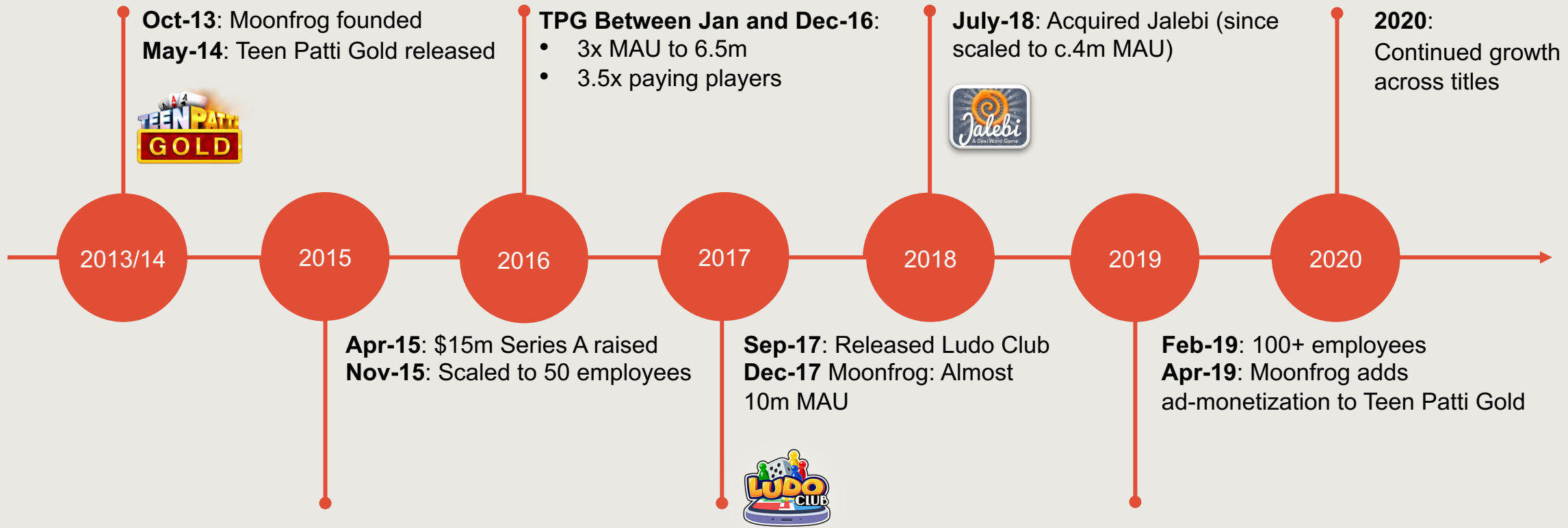
\* Forecast from Statista Digital Market Outlook,

\*\* Based on numbers from Sensor Tower, Google Play and App Store only, China excluded  
Indian subcontinent defined as Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka

### PROJECTED REVENUE MOBILE GAMING INDIAN SUBCONTINENT 2020-2024 (USD)



# MOONFROG'S SUCCESSFUL JOURNEY



## TWO TOP-TIER GAMES



*A worldwide title*

- A worldwide title with large userbases on both Facebook (where it is the #1 board instant game) and mobile, generating revenues across the globe
- Available across iOS, Android and Instant Games (through Facebook)
- #1 board game title in Facebook and top 5 Instant Game overall, #1 board game rank in approx. 60 countries on iOS, including Brazil, Germany and Malaysia
- Strong ad-monetization mechanics and social features such as chat, leagues and leader boards

**5m**  
DAU

**25m**  
MAU

**37%**  
IAP monetization

**100%**  
Organic traffic



*Popular social card game*

- Moonfrog's take on the local Teen Patti card game (Three Cards Gold) with innovative features and game modes
- Available across iOS, Android, Web and Instant Games (through Facebook)
- #1 social card game in India
- Features multiple game modes that keeps the userbase engaged and drive the virality of the game

**3m**  
DAU

**10m**  
MAU

**94%**  
IAP monetization

**82%**  
Organic traffic

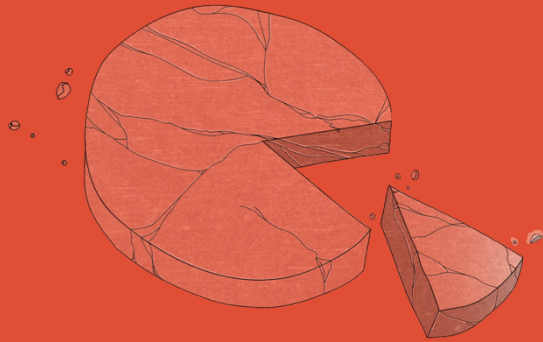
## TRANSACTION RATIONALE

### STRATEGIC MOVE INTO FAST-GROWING MOBILE GAMES MARKET

- Adds more than USD 21m in revenue for the first nine months 2020, rapidly growing with high consistent profitability
- Strong footprint and large userbase in the fast-growing Indian Subcontinent mobile games market
- Experts at organic player acquisition – approx. 98% of the approx. 100m installs in 2019 were organic
- Proprietary tech stack tailored for successful operations in the Indian subcontinent
- Unique local game-distribution expertise including successful collaborations with local resellers and platform to acquire smaller local studios

### SUBSTANTIAL SCALING AND COLLABORATION POTENTIAL WITHIN STILLFRONT

- Potential to localize and scale Moonfrog's games geographically
- Potential to expand other Stillfront titles into the Indian subcontinent – Moonfrog can serve as bridge head into this market for other Stillfront products
- Established in an attractive region with good access to development talent
- Ability to leverage Stillfront's marketing expertise and increase UA spend



# Financial highlights



## COMBINED GROUP, PRO FORMA

### PRELIMINARY PRO FORMA INCOME STATEMENT YTD Q3 2020

IFRS Unaudited SEKm <sup>1</sup>	Stillfront (As reported) YTD Q3'20	Super Free YTD Q3'20	Sandbox YTD Q3'20	Stillfront, Super Free & Sandbox YTD Q3'20	Moonfrog YTD Q3'20	Stillfront (Pro forma) YTD Q3'20
Net revenue	2,910	539	101	3550	199	3,749
Own work capitalized	241	31	12	285	15	300
Other revenue	11	1	1	13	0	13
<b>Total revenue</b>	<b>3,162</b>	<b>571</b>	<b>113</b>	<b>3,847</b>	<b>214</b>	<b>4,061</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>1,236</b>	<b>81</b>	<b>55</b>	<b>1,373</b>	<b>115</b>	<b>1,487</b>
<i>Adjusted EBITDA margin</i>	<i>42%</i>	<i>15%</i>	<i>55%</i>	<i>39%</i>	<i>58%</i>	<i>40%</i>
<b>Adjusted EBIT<sup>3</sup></b>	<b>1,094</b>	<b>68</b>	<b>49</b>	<b>1,212</b>	<b>108</b>	<b>1,320</b>
<i>Adjusted EBIT margin</i>	<i>38%</i>	<i>13%</i>	<i>49%</i>	<i>34%</i>	<i>54%</i>	<i>35%</i>

Preliminary pro forma financials with the purpose of describing hypothetical financial results as if the transactions had been completed per 1 January 2020. No synergies have been taken into consideration. All numbers are preliminary and unaudited. The preliminary pro forma financial information does not include the acquisitions of Storm8, Candywriter, Nanobit or Everguild, prior to their respective consolidation date in the Stillfront Group. Stillfront has not completed the detailed valuation analyses necessary to arrive at the final estimates of the fair market value of the assets to be acquired and the liabilities to be assumed in connection with the acquisition of Moonfrog. The preliminary allocation of the consideration for the acquisition used in this unaudited preliminary pro forma information is based upon Stillfront's preliminary estimates at the date of preparation of this preliminary pro forma information.

1) The USD, EUR and INR figures have been translated to SEK using the average FX-rate from the Swedish Riksbank for the period, with USD/SEK at 9.4650, EUR/SEK at 10.5603 and INR/SEK at 0.1252

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 -28m for Super Free, SEK -15m for Sandbox and -23m for Moonfrog 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. IAC affecting EBIT amounts to SEK -100m for Super Free, SEK -69m for Sandbox and SEK -49m for Moonfrog relating to amortization of Purchase Price Allocation ("PPA") items and estimated advisory transaction costs

### COMMENTARY

- Net revenue increases by 199 MSEK corresponding to a 7% increase relative to reported figures for Stillfront YTD Q3'20
- Achieves further revenue diversification through
  - New geographic markets
  - New free-to-play game titles
  - Increased advertising revenues
- High profitability profile driven by low marketing spend and cost-efficient organization

## TRANSACTION STRUCTURE

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- Stillfront acquires Moonfrog in four tranches, of which the first tranche of 91% of the shares in Moonfrog for a consideration of USD 90 million on a cash and debt free basis
  - 1<sup>st</sup> tranche payable in cash upon completion of the 1<sup>st</sup> tranche acquisition
- The remaining 9% of the shares in Moonfrog are acquired through a maximum of three additional tranches in which the consideration payable in cash shall be
  - 2<sup>nd</sup> tranche: 1.00x EBITDA for the period 1 January – 31 December 2021
  - 3<sup>rd</sup> tranche: 1.00x EBITDA if EBITDA is up to USD 20 million, and 1.25x EBITDA if EBITDA exceeds USD 20 million for the period 1 January – 31 December 2022
  - 4<sup>th</sup> tranche: 0.50x EBITDA for the period 1 January – 31 December 2023

### FINANCING CONSIDERATIONS

- Consideration for the First Tranche is equivalent of approx. 6x Moonfrog's preliminary and unaudited adjusted EBITDA for the calendar year 2020
- The consideration will be financed with available cash and credit facilities
- Post the acquisition of Moonfrog, Stillfront's leverage ratio will be within the leverage target of 1.5x EBITDA

**GROWTH**  
NET REVENUE

**10,000**

MSEK by 2023

Growth is to be achieved organically  
as well as through acquisitions

**PROFITABILITY**  
ADJ. EBIT MARGIN

**~35%**

The Adjusted EBIT margin may vary  
quarter to quarter depending on  
mainly the level of user acquisition  
and product development

**LEVERAGE**  
NET DEBT / ADJ. EBITDA RATIO

**<1.5x**

Stillfront may under certain  
circumstances, choose to exceed  
this level during short time periods

# STILLFRONT GROUP

