

STILLFRONT GROUP



Acquisition of Storm8

Investor presentation January 2020

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Stillfront has prepared unaudited preliminary pro forma financials for Q3 2019, from which certain selected pro forma information is presented in this presentation, with the purpose of describing a hypothetical financial result as if the Transaction had been completed per 1 January 2020. 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 Storm8. The preliminary allocation of the purchase price of 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. As a result of the finalisation of this allocation after the acquisition's final completion, Stillfront expects to make adjustments to the acquisition analysis, where some of these adjustments could be material. Differences between the preliminary and the final acquisition analysis could have a material impact on Stillfront's pro forma financial performance. The financial information included in this presentation is 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.

Transaction structure

DEAL SUMMARY

- **Initial transaction consideration of USD 300m on cash and debt free basis, 4.7x LTM Q3'19 Adj. EBIT**
 - Cash payment of USD 225m (SEK ~2,125m)
 - New Stillfront shares valued at USD75m at VWAP
 - One year lock-up from the date of receipt of the shares
- **Earn-out of max USD 100m and total transaction consideration capped at USD 400m, 6.3x LTM Q3'19 Adj. EBIT**
 - Earn-out tranche 1 based on outcome of 2020 EBIT
 - Earn-out tranche 2 based on outcome of 2021 EBIT
 - Both earn-out tranches paid in 75% cash and 25% newly issued Stillfront shares
- **Envisaged funding structure for the USD 225m upfront cash payment**
 - Equity issue placed with institutional investors SEK 900-1,100m (~10% of market cap)
 - New bank facilities with Nordea and Swedbank of in total SEK 1,900 - 2,100m, and extended the maturity profile to 3.5 years, of which parts will be utilised for the acquisition and the remainder for general corporate purposes
 - Indicative net leverage post transaction of ~1.4x pro forma adjusted EBITDA as per Q3 2019
 - The Company might evaluate a tap issue under its 2019/2024 senior unsecured bond to replace parts of the bank facilities and further diversify its funding and create future flexibility, subject to market conditions
- **Purchase price adjustments**
 - Customary enterprise value to equity value adjustment
 - Net of accounts receivable / accounts payable
 - Cash position at closing (which equals USD 2m post extraordinary dividend to current owners)

CONTEMPLATED TRANSACTION STRUCTURE

Purchase price table	USDm	SEKm	EV/Adj.EBIT LTM Q3'19
Total upfront Transaction consideration	300	2,834	4.7x
Consideration shares	75	708	
Consideration cash	225	2,125	
Maximum earn-out consideration	100	945	
Consideration shares	25	236	
Consideration cash	75	708	
Total maximum Transaction consideration	400	3,779	6.3x

INDICATIVE SOURCES AND USES

Sources	USDm	SEKm	Uses	USDm	SEKm
Equity issue directed to the sellers	75	708	Upfront transaction consideration	300	2,834
Equity issue placed with institutional investors	102	964	General corporate purposes including transaction related costs	8	76
New senior bank debt	132	1,247			
Total sources	308	2,909	Total uses	308	2,909

Note: SEK numbers assuming an USD/SEK exchange rate of 9.44636 at time of transaction

Agenda

→ Intro to Stillfront

Intro to Storm8

Transaction Rationale

Financial overview

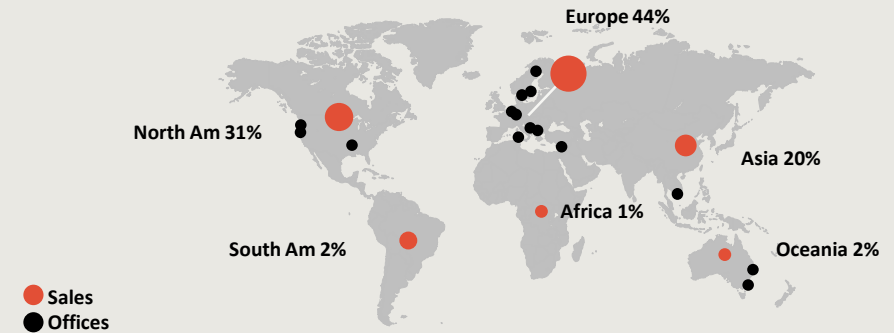
Appendix

Stillfront – a free-to-play power house

STILLFRONT AT A GLANCE

- A global group of gaming studios in the free-to-play online strategy games genre
- A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games
- 6.0 million monthly active users, MAUs, and 1.4 million daily active users, DAUs
- Main markets by revenue are US, Germany, MENA, France and UK
- Headquartered in Stockholm with a group of twelve studios operating in Australia, Bulgaria, Canada, Germany, Jordan, Malta, Romania, Sweden, United States and Vietnam with a total of +650 professionals

GLOBAL PRESENCE



GAME STUDIOS



MASSIVE TRACK RECORD

Marketing spend
€250m
with high ROI¹



All time
600m
users to date

€ ~2bn
in lifetime deposits

6.0m MAU
avg. # of MAUs

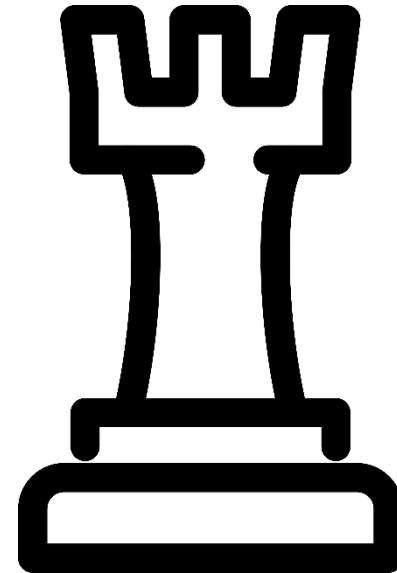
Empire
is one of the biggest
strategy games of all time

Note: 1) Not including KIXEYE

Our growth vision

3x

revenue within 5 years



Financial targets 2020-2022

GROWTH
NET REVENUE

4,000

SEKm by end of 2022

Stillfront's growth target is to reach a net revenue of SEK 4,000m by the end of 2022

Growth is to be achieved organically as well as through acquisitions

PROFITABILITY
ADJ. EBIT MARGIN

~35%

Stillfront's target is to reach an Adjusted EBIT margin in the region of 35 percent

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

The Net debt/ Adj. EBITDA ratio should not exceed 1.5x

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

At the forefront of the converging gaming industry

F2P data driven and process oriented business



Convergence
in many
dimensions



Middle getting
squeezed

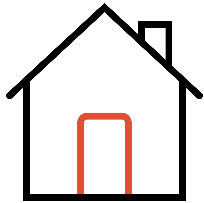


A race for market
leadership



Traditional AA+
downloadable games
businesses

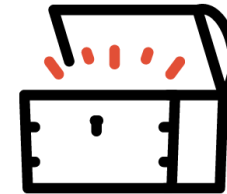
Proven models for acceleration



A free-to-play
powerhouse



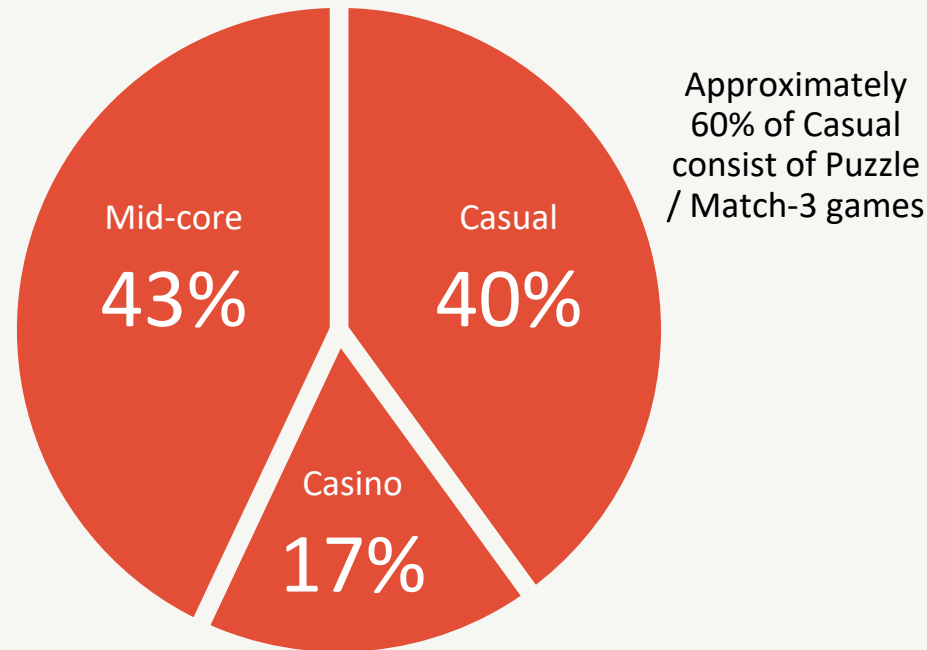
Entrepreneurship,
Scale & Structure



Leading risk/reward
creation model

Market split and how to take a leading position

SHARE OF REVENUE IN TOP 200 ESTIMATED BY DATAMAGIC



Casual and Mid-core are similar in size

50% of the Mid-Core genre consist of Strategy games

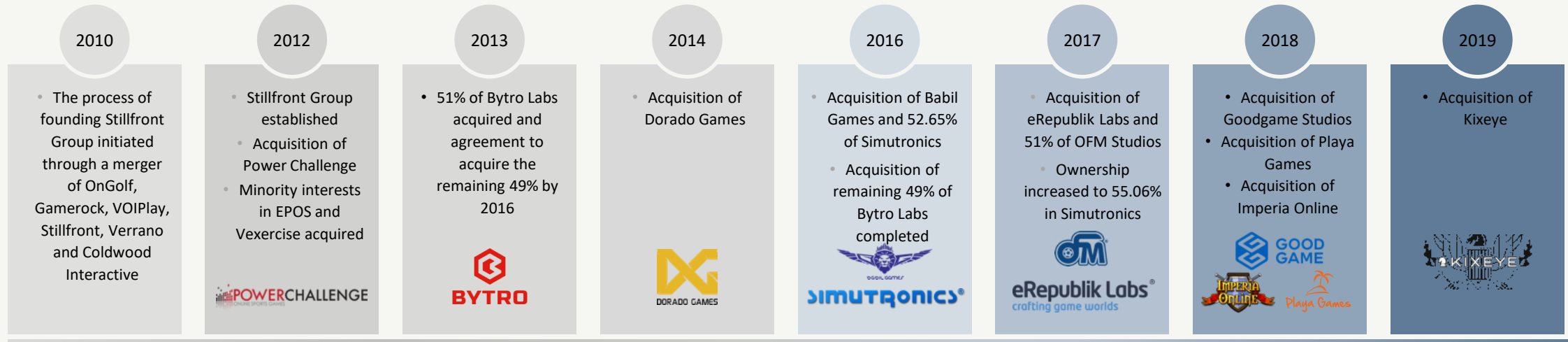
Casual and mid-core genres are partly converging - new successful games combine best elements of both

DECISIVE FACTORS TO TAKE A LEADING POSITION

- ✓ Idea and operational leadership
- ✓ Size will matter even more
- ✓ Increase addressable market
- ✓ Genre broadening
- ✓ Genre convergence/mash-up
- ✓ Agile to consumer preferences

Continuing the proven M&A track record

Stillfront's acquisition history and process



- Enabling acquired studios to accelerate growth through shared best practise within the company
- Develop a strong and strategic platform by retaining the key people to continue to be operationally active in the studio and the company
- In conjunction with an acquisition, a plan is established for how the acquired studio can be further developed. The actions primarily targets areas such as: performance marketing and distribution, engine leverage, platform extension, theme selection and funding

Stillfront has strong M&A pipeline and continues to see strong opportunities for profitable growth through acquisitions

From acquired to organic growth



Part of Stillfront since 2016

167%

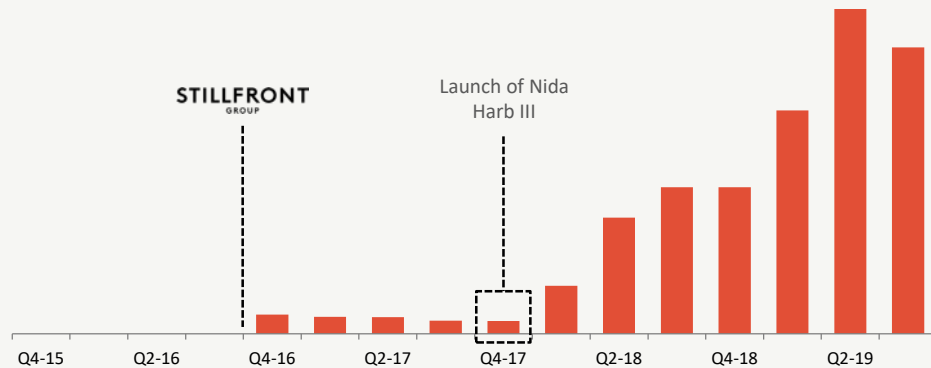
CAGR¹ %, revenue

207%

CAGR¹ %, EBITDA

Unique market position,
MENA

Performance
marketing



BYTRO

Part of Stillfront since 2013

30%

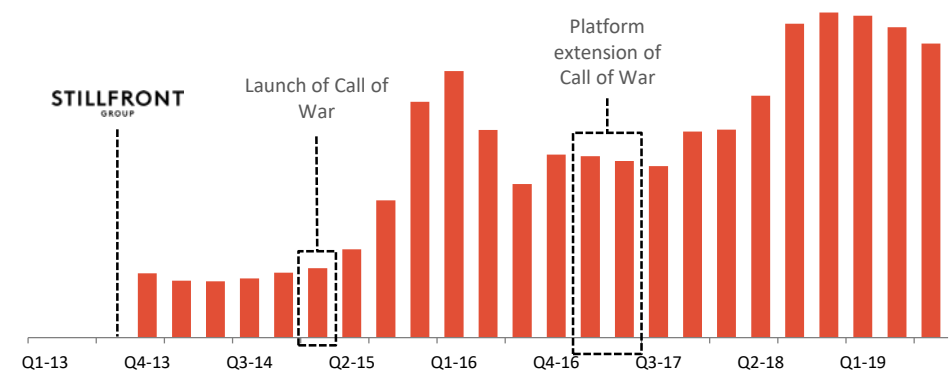
CAGR² %, revenue

35%

CAGR² %, EBITDA

Engine for unique
strategy games

Cross platform
publishing



Stillfront's key success factors include shared best practises, world-class marketing & distribution and access to working capital

Note: 1) For the period Q4'16 – Q3'19. 2) For the period Q4'13 - Q3'19

Agenda

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→ Intro to Storm8

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Storm8 – Leading mobile mash-up games publisher

STORM8 AT A GLANCE

- Storm8 is a California-based market leading mobile game publisher with expertise within casual and puzzle / match-3 games
- Founded in 2009, Storm8 has published more than 50 games across a variety of genres, with 155+ countries reached and over 1 billion downloads
- In its two most recent games Home Design Makeover and Property Brothers Home Design Storm8 has successfully combined its match-3 expertise with progression meta layers, achieving successful genre mash up

KEY PERSONNEL

				
Perry Tam CEO & Co-founder	William Siu CPO & Co-founder	Chak Ming Li CTO & Co-founder	Laura Yip Chief People Officer & Co-founder	Terence Fung Chief Strategy Officer
Overall strategic vision, long tail games and new game development	New game prototyping and scaling, product mgmt / marketing	New game prototyping and scaling, technical infrastructure	S8 culture, admin, HR, legal	Partnerships, UA, ad monetization, BD/business affairs

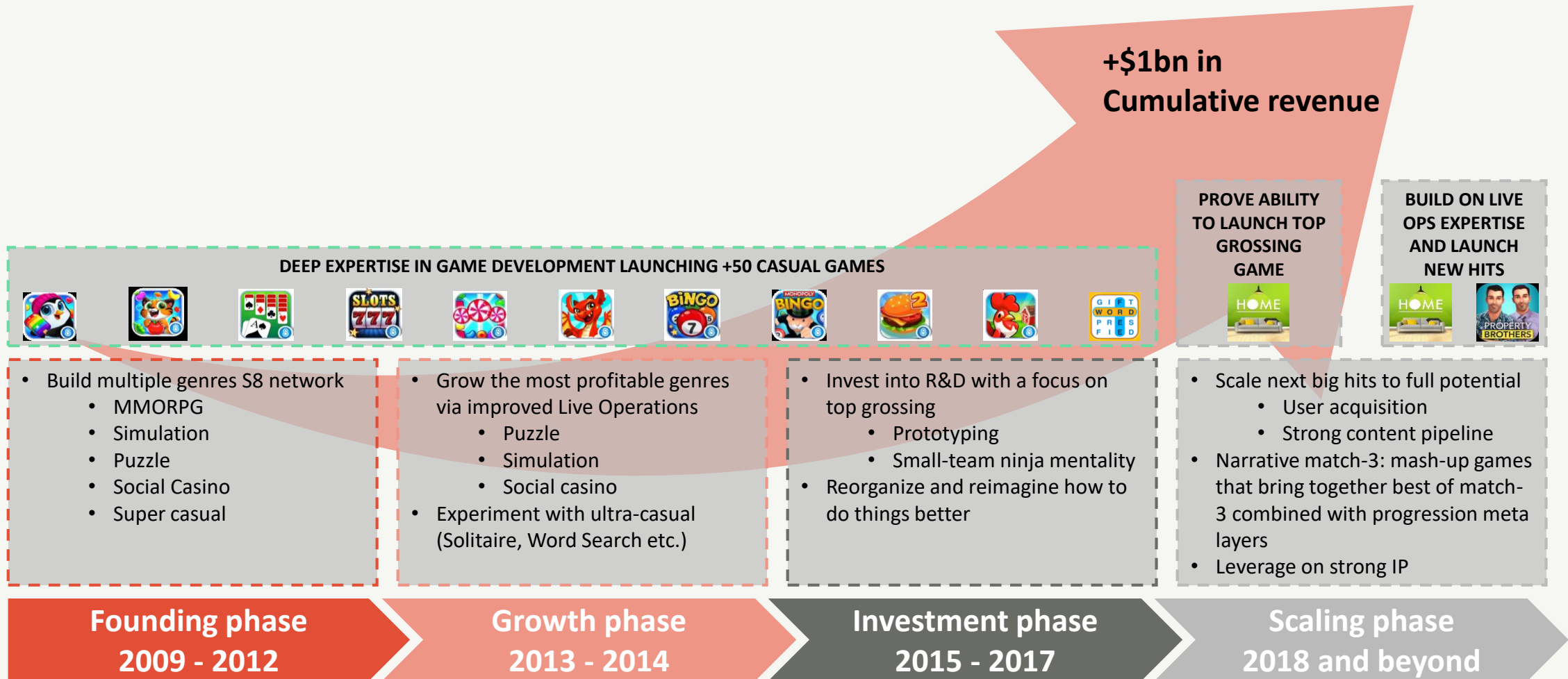
GAMES PORTFOLIO



MASSIVE TRACK RECORD

+1bn Cumulative Download	+\$1bn Cumulative Gross Revenue	~90% Organic Installs	\$118M¹ LTM net revenue
\$58M¹ LTM EBIT	~70 Employees	9M Avg. MAU	2009 Founding year

A brief history of Storm8



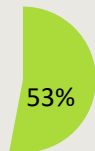
Three core product groups

HOME DESIGN MAKEOVER!



- Home Design Makeover! is a narrative mash-up match-3 puzzle game where you help lucky families do a complete makeover of their homes
- Home Design Makeover! was soft-launched in January 2018

Share of
net revenue Q3'19



PROPERTY BROTHERS HOME DESIGN



- Property Brothers Home Design: IP based spin-off created on Home Design Makeover engine
- Based on the TV show "Property Brothers": in the game you help clients achieve their home design dreams
- Property Brothers Home Design was soft-launched in May 2019 and globally launched in June 2019

Share of
net revenue Q3'19



LONG TAIL GAMES



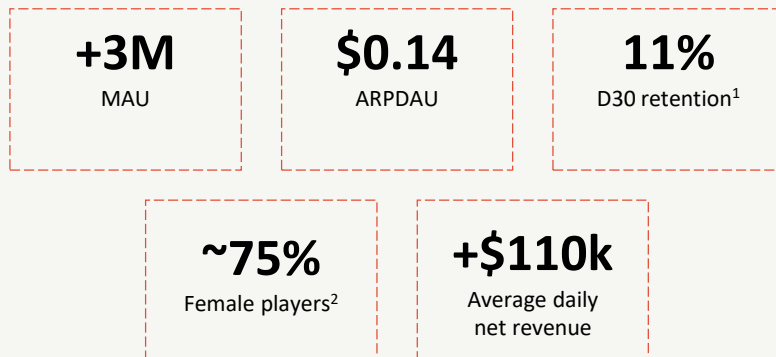
- Storm8 has a portfolio of ~50 long tail games
- Including genres puzzle, simulation and social casino games

Share of
net revenue Q3'19



Home Design Makeover!

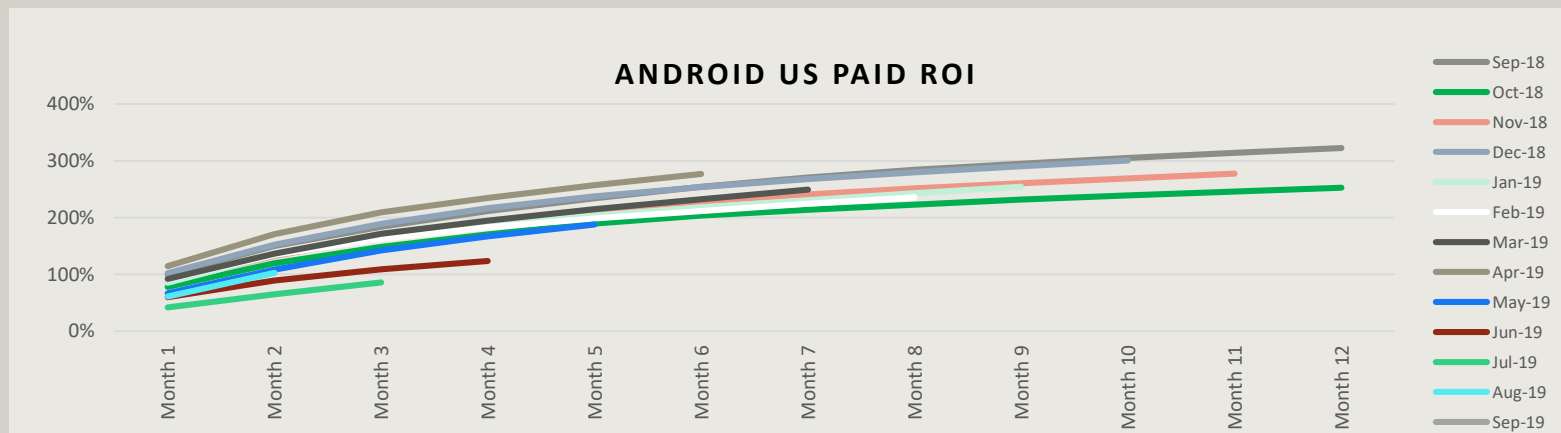
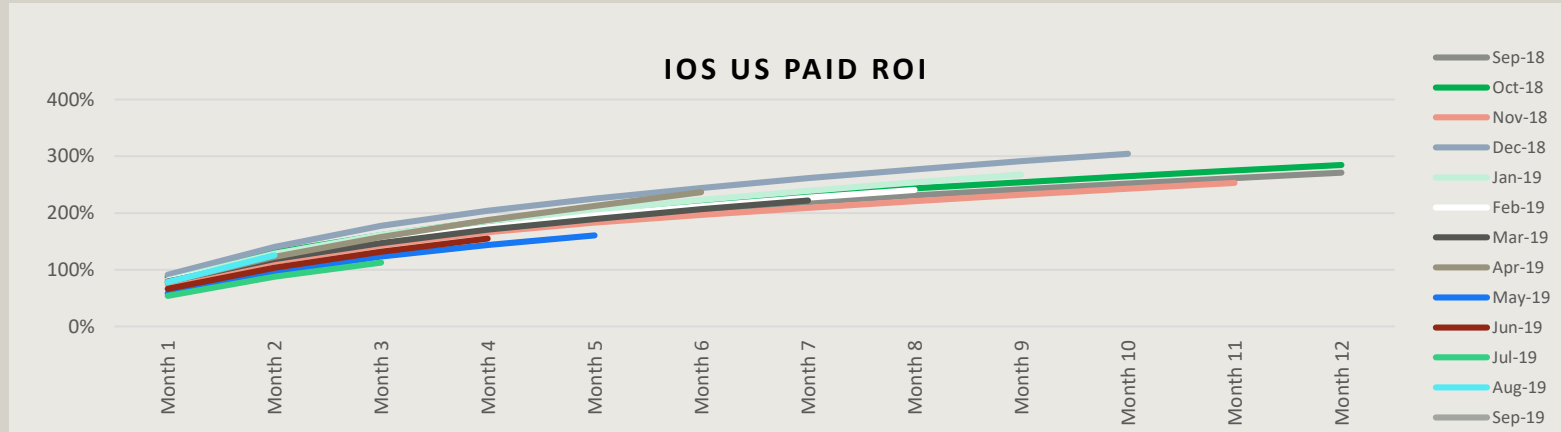
- Home Design Makeover! was soft-launched in January 2018 and initiated scaling in June 2018 after Android release late May
- Innovative mash-up game: narrative match-3 puzzler with design meta layer focused on players helping families transform dreams into reality with home makeovers
- Thoughtful approach, constantly adapting/adjusting/tuning to audience preferences – more than 100 versions of Home Design Makeover! released



Note: 1) Monthly average YTD as of Sep-19. 2) Excluding players with unknown gender



Home Design Makeover! KPIs

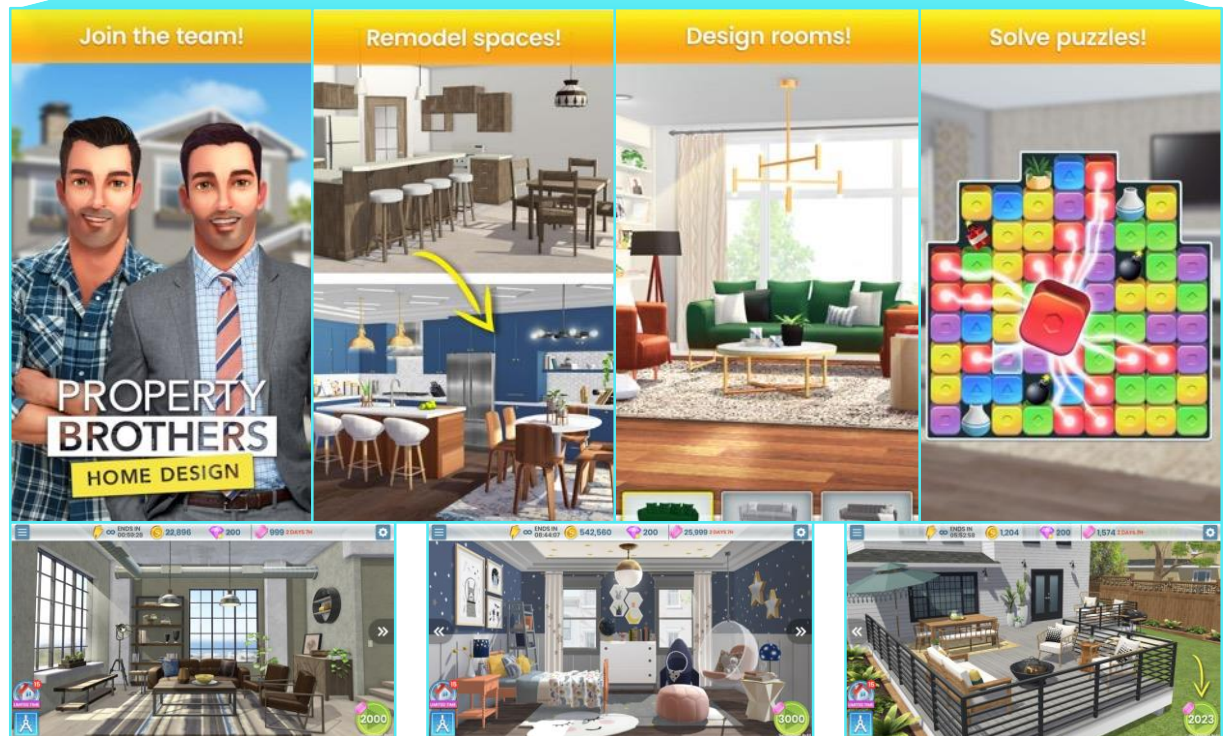


COMMENTARY

- Very high ROI across all channels
- Historical data shows that ROI/LTV grows after current 100% ROI during first 60-90 days
- Significant room for scaling up UA to grow the product
- Major upside potential with improving marketing

Property Brothers Home Design

- Property Brothers Home Design was globally launched in June 2019
- IP based spin-off created on Home Design Makeover engine
- Based on HGTV stars Drew & Jonathan Scott's show Property Brothers, launched in 2011. In the game you help clients achieve their home design dreams
- Launched with 15 rooms initially, now over 1500 levels, total of 37 rooms have been released
- Launched with major tech improvements



+150
Countries TV show has been aired in

+2-3M
Combined social following¹

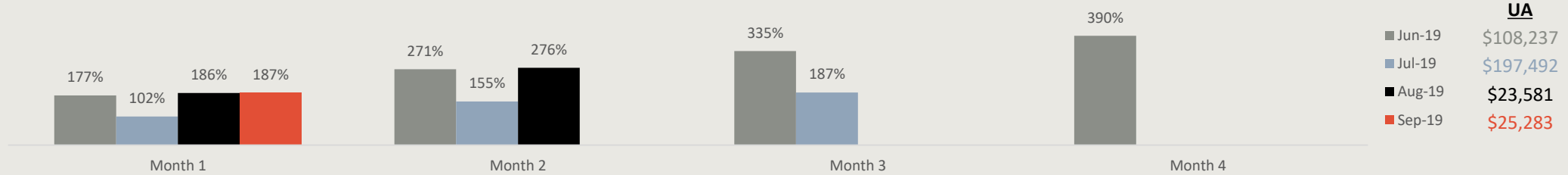
+2M
MAU

18M
Viewers²

Note: 1) For Drew and Jonathan Scott across each of Instagram, Facebook and Twitter. 2) Weekly viewers as of September 2019

Property Brothers Home Design KPIs

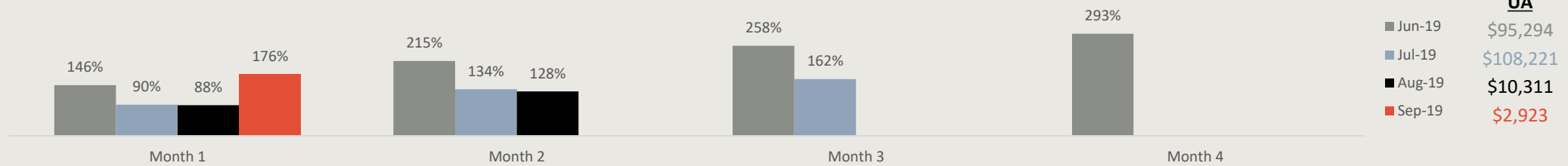
IOS US PAID ROI



UA

Jun-19	\$108,237
Jul-19	\$197,492
Aug-19	\$23,581
Sep-19	\$25,283

ANDROID US PAID ROI



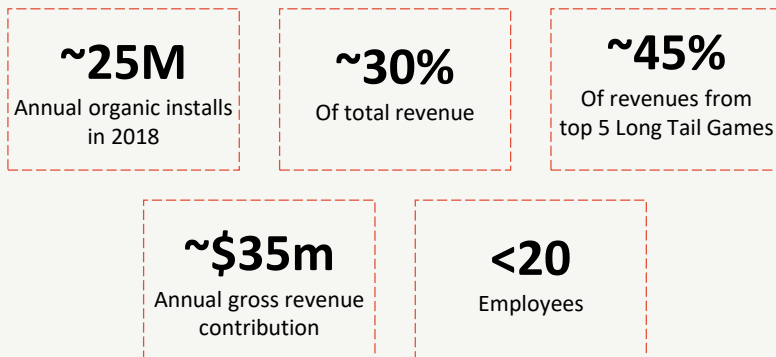
UA

Jun-19	\$95,294
Jul-19	\$108,221
Aug-19	\$10,311
Sep-19	\$2,923

→ Initial KPIs indicate scalability

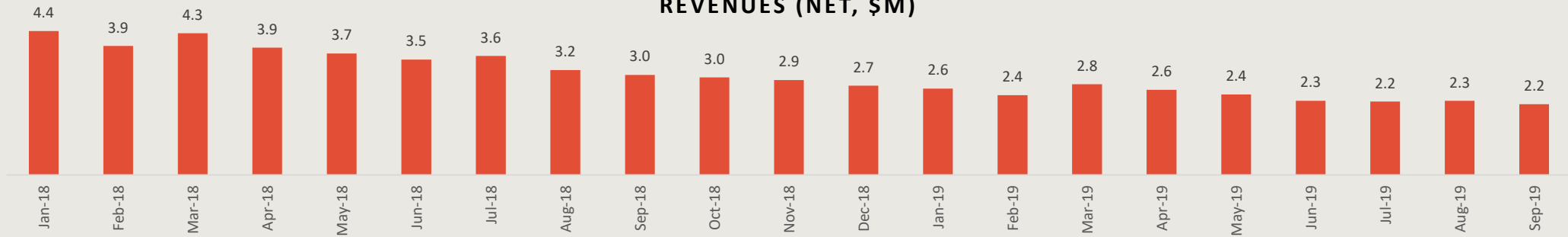
Long Tail Games

- The Long Tail Games portfolio consists of ~50 games
- Deep expertise in game development from launching +50 casual games between 2009 and 2017
- A diversified and profitable portfolio that is managed as a testing tool
- Efficiency is driven by shared learnings/technology among portfolio

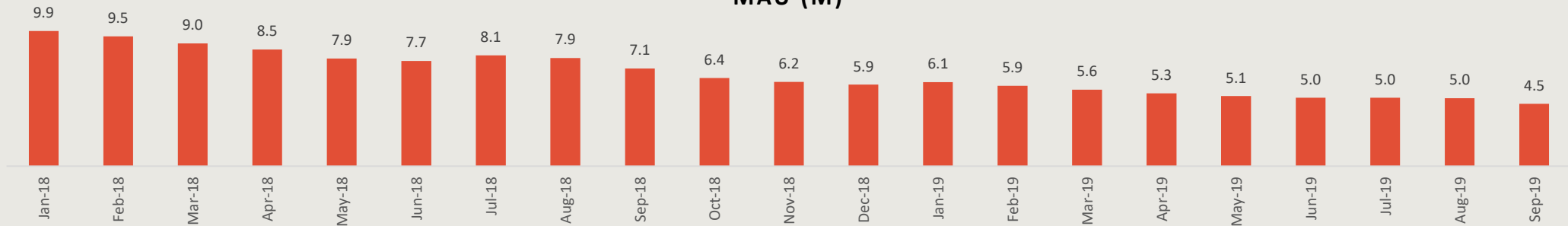


Long Tail Games KPIs

REVENUES (NET, \$M)



MAU (M)












→ No UA spend on Long Tail Games since February 2018: predictable decline

Development

HDM / PBHD TEAM

Creative director	UA creative designers
Engineers	Tech artists
UI designers	QA / Release manager
Game designers	Artists / Outsourcing producers

COLLABORATION TOOLS

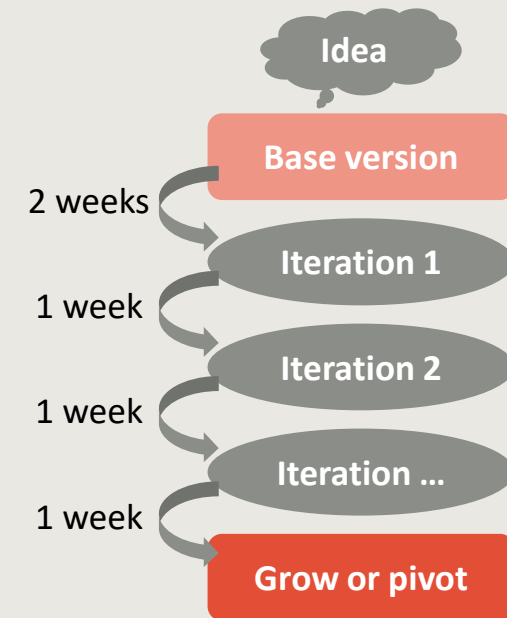
Development  	Team collab 	Content mgmt 
Task & bug tracking 	Source control  	Analytics  

GAME DEVELOPMENT

PHILOSOPHY

- **Be open minded and challenge all assumptions**
 - Passion to build for greatness -> Experiment -> Measure
- **Greatness is worth killing for**
 - Learn and move on
- **Exceptionally hard to build Greatness**
 - 2 years, 20+ games, 100+ experiments
- **Data-driven, rapid development**
 - 2 weeks base prototype, weekly iteration

PROCESS



Agenda

Intro to Stillfront

Intro to Storm8

→ Transaction Rationale

Financial overview

Appendix

Transaction rationale



REVENUE EXPANSION AND SYNERGIES

- Apply each company's expertise within marketing, e.g. Stillfront's expertise within achieving longevity with building/progressing and expertise in monetizing this kind of meta layer to Storm8's puzzle/design mash-up approach
- Leverage on cross-marketing opportunities for Storm8's and BigFarm's audience
- Leverage on Storm8's Facebook marketing knowledge on Stillfront's wide range of marketing channels
- Expand target audience and total addressable market: Storm8 focuses on female audience (>70% of HDM and PB players are females¹) across broad age range centered 25-45, complementing middle-age male audience of Stillfront
- Build size: increasing revenue by ~50%, almost tripling DAU and MAU



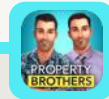
ENGINE RECYCLING

- Apply Storm8's knowledge of mash-up on Stillfront's game portfolio
- Use Storm8 engine to build new games with or without IP



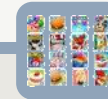
HOME DESIGN MAKEOVER!

- Increase marketing spend towards Stillfront's internal 180-day target over time
- Stillfront has extensive marketing and monetization expertise and may provide such expertise to Storm8 via GGS center of excellence
- Large top-line growth potential (short- and long-term)
- Short-term lower margin but higher cash generation in absolute terms
- Long-term margin increase and high cash generation



PROPERTY BROTHERS HOME DESIGN

- Large ramp-up potential, albeit from low levels
 - Further leverage on the strong organic growth
- Scaling up HDM is the first priority as it seems to have the highest potential and contributes a lot of organic traffic to PB
- As with HDM, GGS centre of excellence expertise within marketing and monetization may be used to scale up PB



LONG TAIL GAMES

- Storm8's knowledge and experience in developing casual games enable more mash-ups in existing and new Stillfront products
- Low stand-alone strategic value of the product
- Continuous declining top-line assumed in the investment case
- Longer term: evaluate strategy using live ops expertise

Agenda

Intro to Stillfront

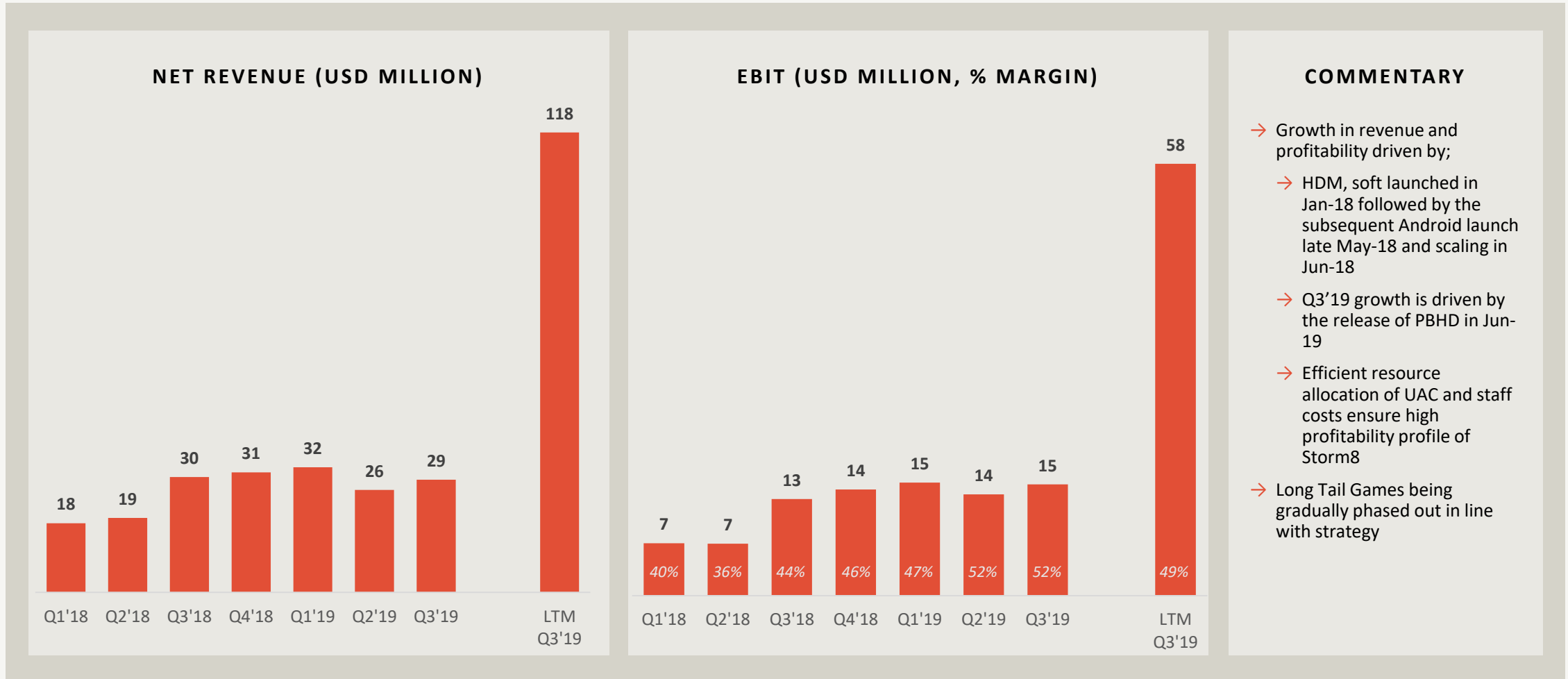
Intro to Storm8

Transaction Rationale

→ Financial overview

Appendix

Financial highlights



Note: Data shown is based on Storm8's reported results per internal management accounts, prior to any pro forma alignment to Stillfront's accounting; net revenue is however largely in line with Stillfront's definition and revenue recognition principles; note that Storm8 does not capitalize any development costs as would be allowed under IFRS

Pro forma income statement

PRELIMINARY PRO FORMA INCOME STATEMENT LTM 30 SEP 2019			
IFRS Unaudited SEK m	Stillfront Group (As reported) LTM 30 Sep 2019	Storm8 (IFRS) LTM 30 Sep 2019	Stillfront Group (Pro forma) LTM 30 Sep 2019
Net revenues	1,782	1,101	2,883
Work performed by the company for its own use	157	73	230
Other revenue	5	0	5
Total Revenues	1,944	1,174	3,118
EBITDA	692	605	1,257
<i>EBITDA margin</i>	39%	55%	44%
EBIT^{1, 2}	505	588	844
<i>EBIT margin</i>	28%	54%	29%
Adj. EBITDA³	720	611	1,331
<i>Adj. EBITDA margin³</i>	40%	56%	46%
Adj. EBIT⁴	603	595	1,198
<i>Adj. EBIT margin⁴</i>	34%	54%	42%

- The transaction creates a much larger and diverse Stillfront Group (LTM pro forma figures):
- Net Revenues increase by ~62%
 - Adj. EBITDA increases by ~85%
 - Adj. EBIT increases by ~99%
 - Adj. EBIT margin 42%

*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 acquisition of Kixeye, Inc, prior to its consolidation date in the Stillfront Group*

Note: 1) Pro forma EBIT of SEK 844m contains adjustments of SEK -249m, comprising amortization of Purchase Price Allocation (“PPA”) items and estimated advisory transaction costs
2) The preliminary pro forma financial information does not include any potential accounting effects of performance or retention bonuses or similar incentives to Storm8 key personnel
3) Adjusted EBITDA is EBITDA adjusted for Items Affecting Comparability (“IAC”). Adjusted EBITDA margin is EBITDA margin adjusted for IAC
4) 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

Pro forma balance sheet

PRELIMINARY PRO FORMA BALANCE SHEET PER 30 SEP 2019

IFRS Unaudited SEK m	Stillfront Group (As reported) 30 Sep 2019	Storm8 (IFRS) 30 Sep 2019	Adjustments	Stillfront Group (Pro forma) 30 Sep 2019
Intangible non-current assets ¹	3,428	0	4,075	7,503
Tangible non-current assets	61	25	0	86
Deferred tax assets	33	0	5	38
Current receivables	271	131	0	402
Cash and cash equivalents ^{2,3}	385	20	0	405
Total assets	4,178	176	4,080	8,434
Shareholders' equity attributable to parent company	1,963	139	1,537	3,640
Non-Controlling interest	18	0	0	18
Total Shareholder's equity	1,980	139	1,537	3,657
Deferred tax liability	273	0	291	564
Non-current liabilities ¹	1,391	18	2,211	3,620
Current liabilities	534	19	40	593
Total Liabilities and Shareholders' equity	4,178	176	4,080	8,434

COMMENTARY

- Intangible assets increase with ~SEK 4bn, whereof ~SEK 3bn relate to goodwill assuming full earnout
- Increase in non-current liabilities mainly consists of provisions for earnouts and debt financing as part of the transaction
- Adjusted Leverage Ratio, pro forma approximately 1.4x

Preliminary pro forma financials with the purpose of describing hypothetical financial results after the transaction. All numbers are preliminary and unaudited

Note: The pro forma assumes an equity raise of SEK 1,000m, which drives debt levels

1) Pro forma amount assumes full earnout and does not assume amendment to accounting value of the consideration based on share price at close

2) The preliminary pro forma financial information does not include any potential accounting effects of performance or retention bonuses or similar incentives to Storm8 key personnel

3) Storm8 amount adjusted to agreed cash on close USD 2m

STILLFRONT GROUP



Appendix

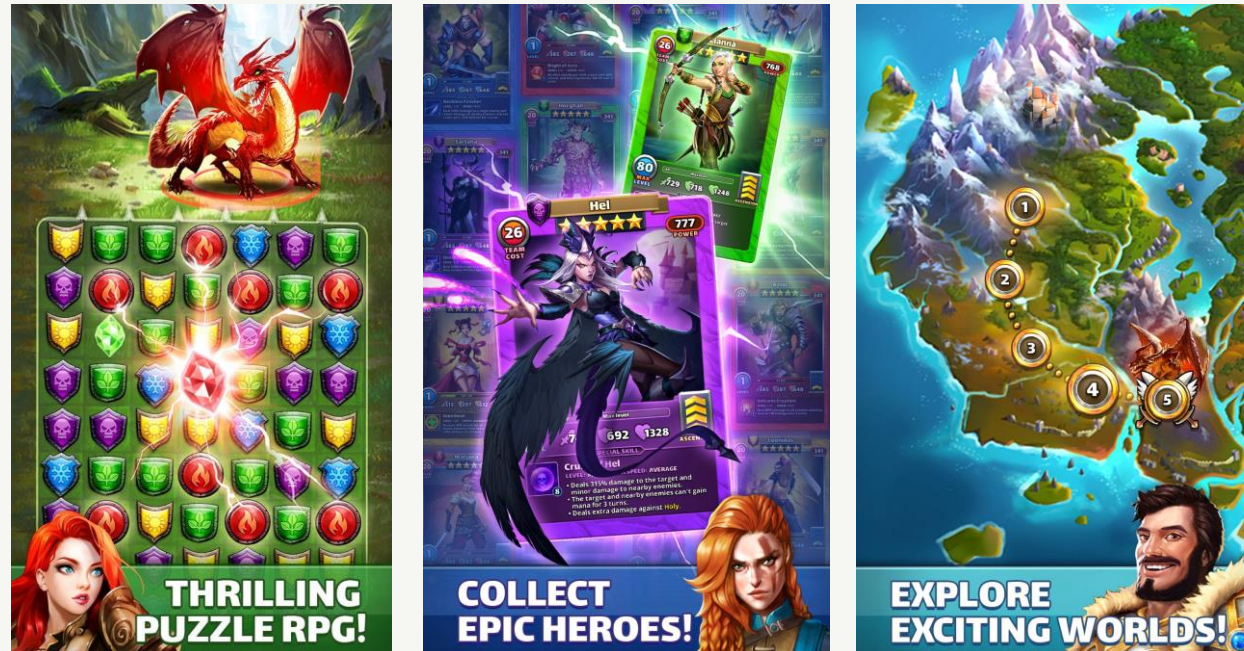
Genre mashups



The Best of Both Worlds

- Mashups mix genres to **combine each others strengths and reduce their weaknesses**
- The challenge of developing genre mashups is that **expertise in all included genres is required**
- By **bringing experts from multiple genres together**, Stillfront can approach promising genre-mashups in an efficient way

Use case

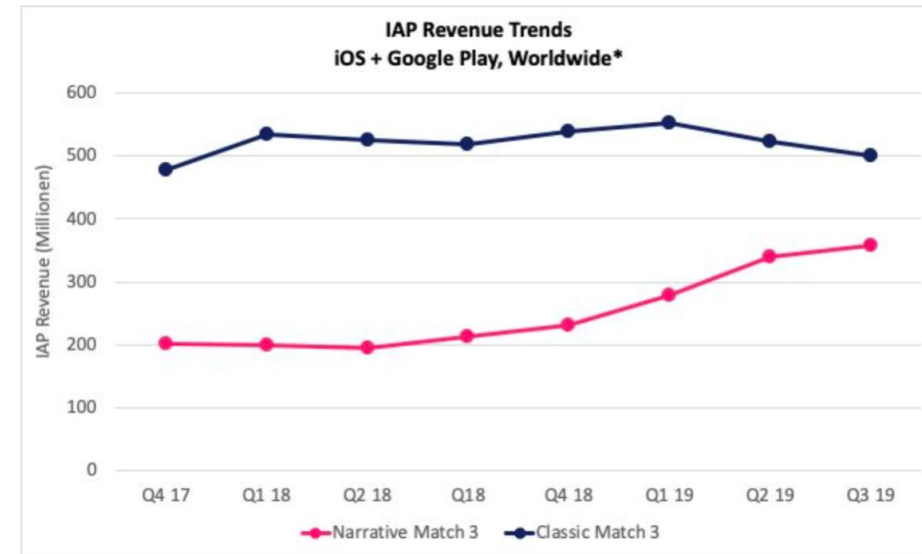
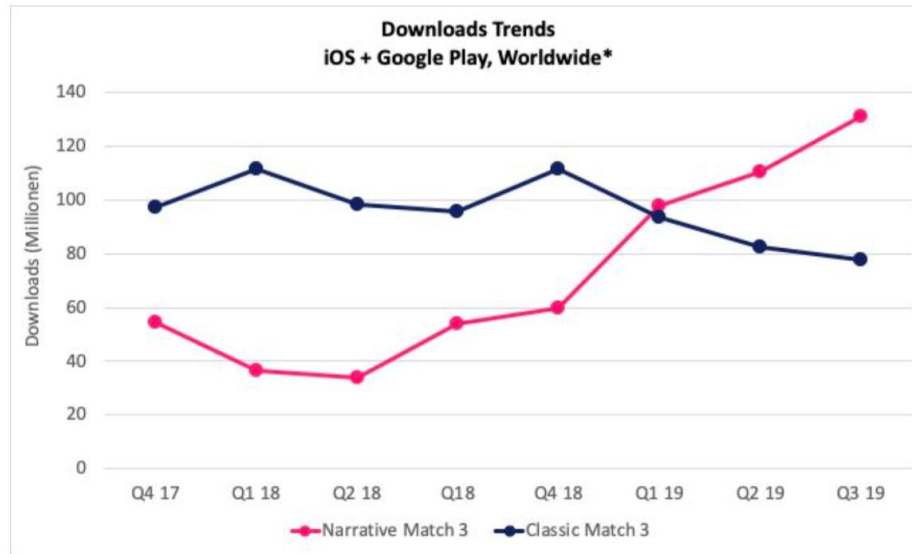


Empires & Puzzles by Small Giant Games

- Empires & Puzzles: Epic Match-3 is a successful mashup that combines the strengths of three genres:
 - Match-3 gameplay from **Puzzle Games**
 - Hero collection from **RPG Games**
 - Building from **Strategy Games**
- By combining the best of multiple genres, the games achieves a **monthly revenue of USD 22m¹**

Note: 1) Sum of Revenue from iOS and Android in December 2019, as estimated by AppAnnie

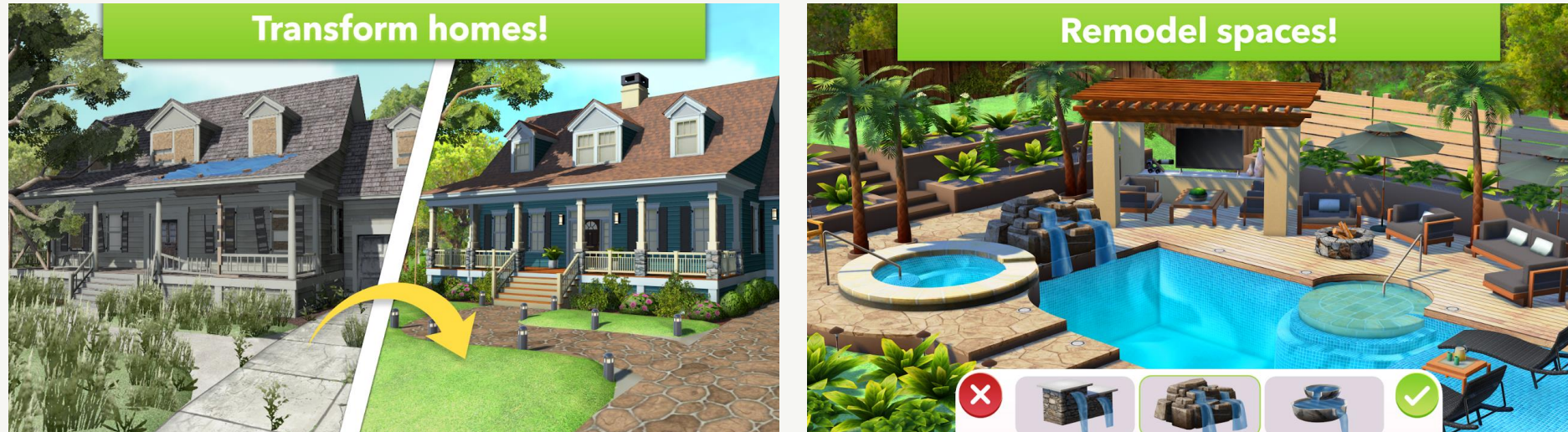
Rise of mashups



Narrative Match-3 genre has already surpassed Classic Match-3 in terms of download volumes

- The weakness of low longevity in classic match-3 titles has been addressed by combining this genre with **new elements that support longevity**
- Stronger longevity makes a higher marketing investment possible, leading to the **strong rise of Narrative Match-3 game mashups**

Storm8 approach to longevity



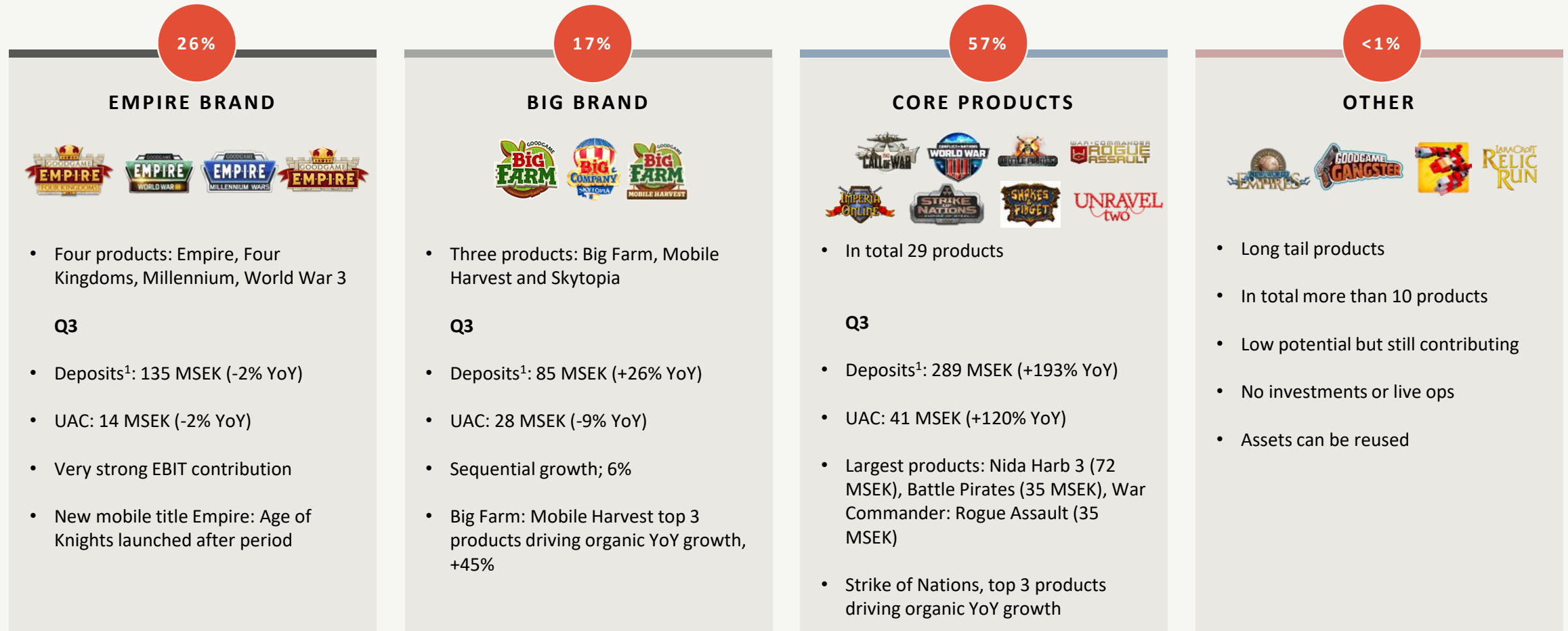
Storm8 presents its games as narrative building experiences

- Storm8 is a market leader in casual games, because it leads the trend by **combining Classic Match-3 with additional genres**
 - Match-3 gameplay from **Puzzle Games**
 - Narrative storytelling from **RPGs/Adventure Games**
 - Building from **Strategy Games**
- The **audience is directly addressed with narrative and building** in mind, instead of presenting a casual puzzling pastime
 - This longevity approach leads to **player cohorts still performing after 20+months¹**
- With Stillfront's expertise in these genres we want to **expand this strengths and explore further mashups**

Note: 1) Home Design Makeover player cohorts from February, March and April 2018 all generated significant revenue in their 20th month of playtime

Portfolio update Q3

Diversified portfolio: largest game represents less than 15 percent of revenue

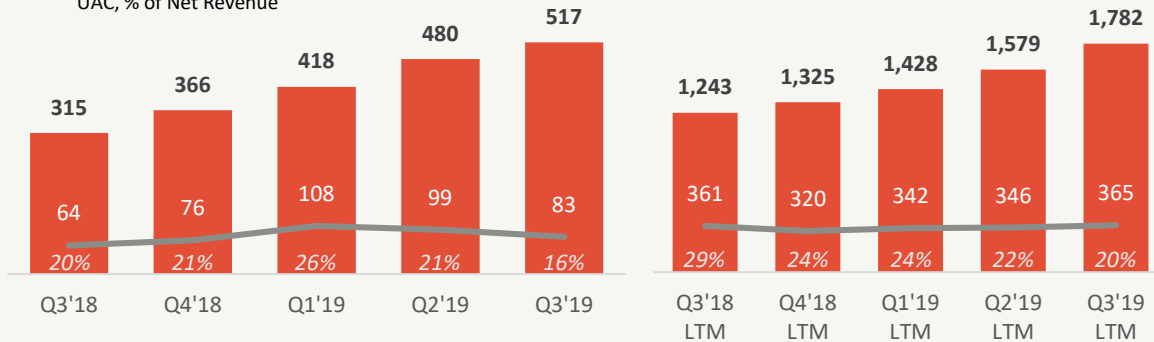


Note: 1) Deposits are unadjusted revenues from paying users

Strong revenue growth and solid profitability

NET REVENUE, UAC DEVELOPMENT

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



COMMENTS

Net revenue growth of 64% YoY

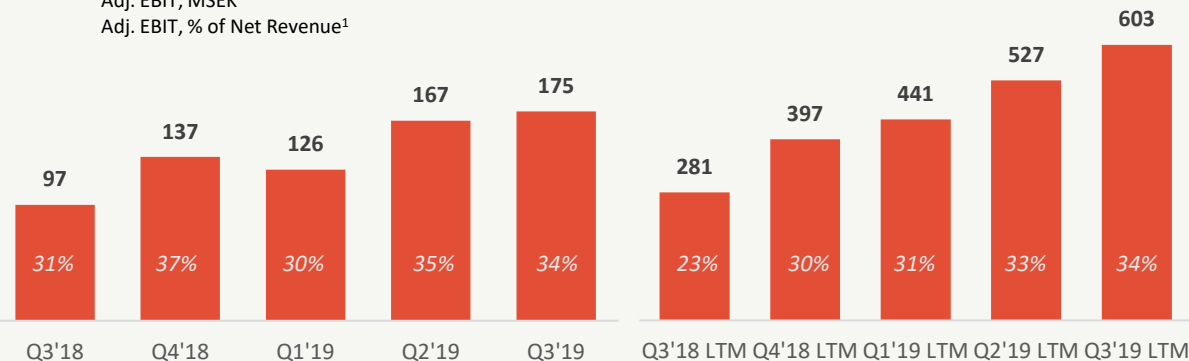
- Strong organic growth in Nida Harb 3 and Big Farm: Mobile Harvest
- Medium sized products combined contribute significantly to growth
- Imperia Online, Playa and Kixeye driving acquisitive growth

Good profitability development: Adj. EBIT margin 34%

- Excluding IAC and amortization of PPA-items
- UAC of 83 MSEK or 16% in relation to net revenue
- Somewhat lower share of mobile revenues 56% (59% in Q2)
- Sequential margin development lowers naturally with seasonality

ADJ. EBIT DEVELOPMENT

Adj. EBIT, MSEK
Adj. EBIT, % of Net Revenue¹

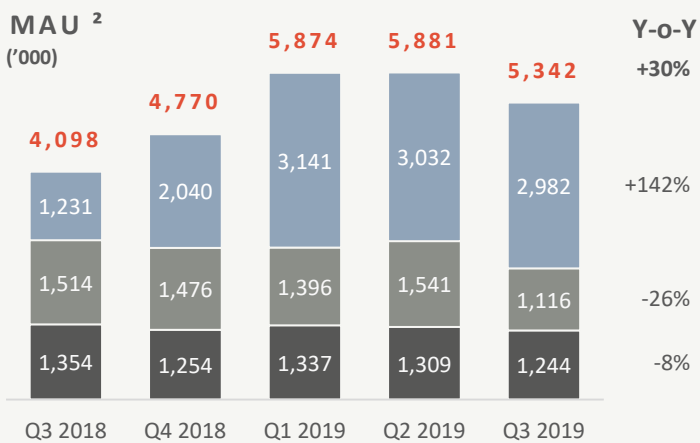
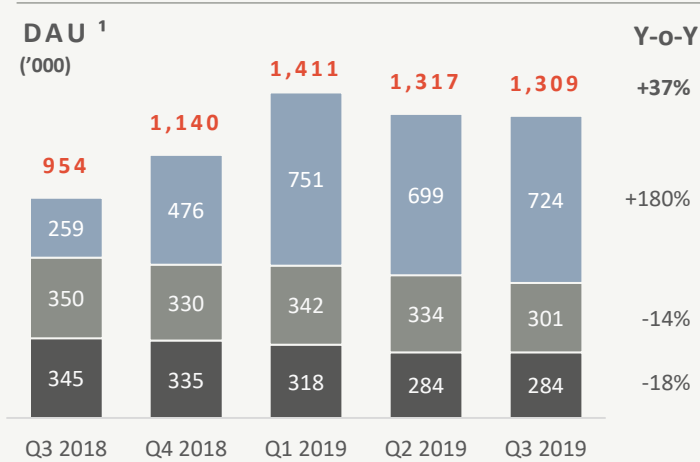


Very strong LTM development YoY

- 43% revenue growth
- Efficient and disciplined UA spend drives a 9 percentage points reduction in UAC share of revenue
- EBIT margin improvement of 11 percentage points
- 115% EBIT growth

Note: 1) New definition of Adj. EBIT – excluding items affecting comparability and amortization of PPA-items

Active User Base

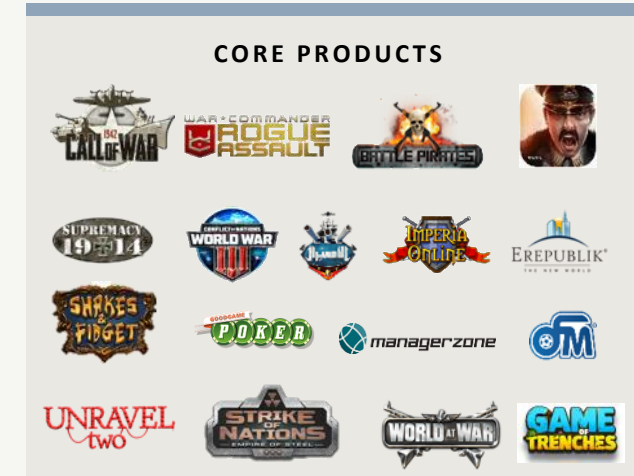
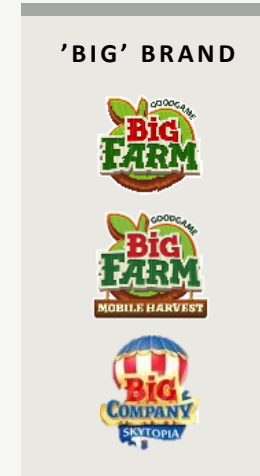
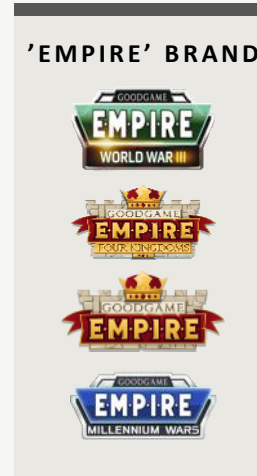
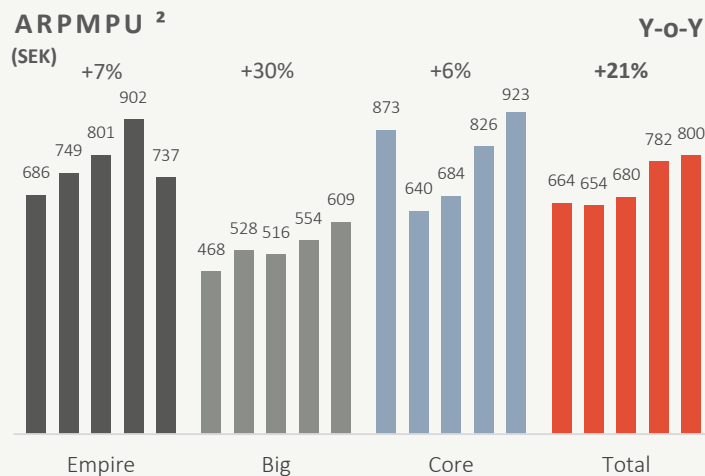
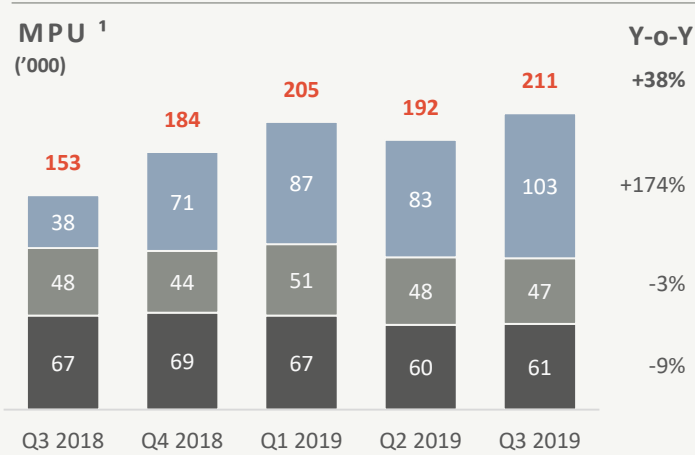


COMMENTS Q3 2019

- Sequential seasonality and efficient UA
- MAU decreased 9% QoQ and DAU decreased 1% QoQ resulting in higher stickiness
- Higher natural fluctuation pattern in MAU
- No new games released in the quarter

Note: 1) Average unique Daily active users over the quarter – pertains to online games only
2) Average unique Monthly active users over the quarter – pertains to online games only

Paying User Base

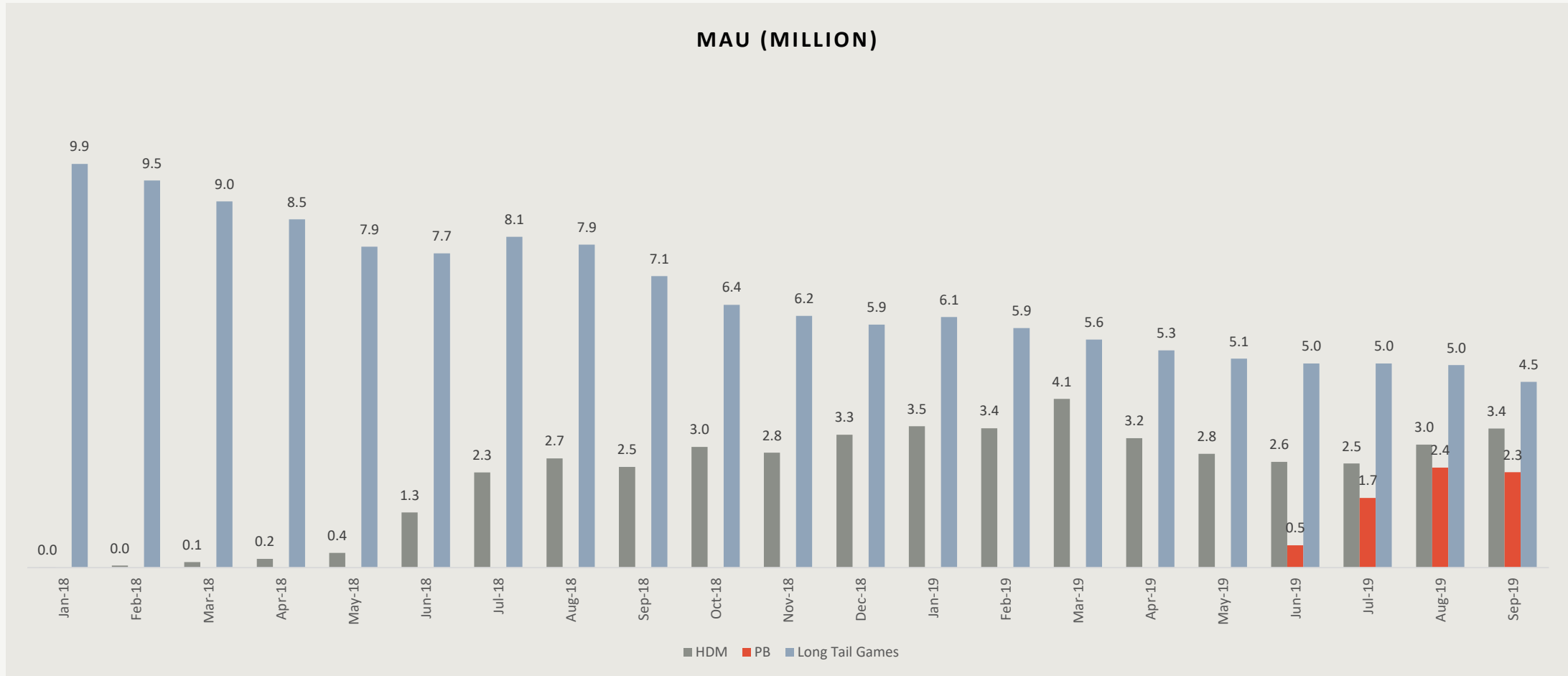


COMMENTS Q3 2019

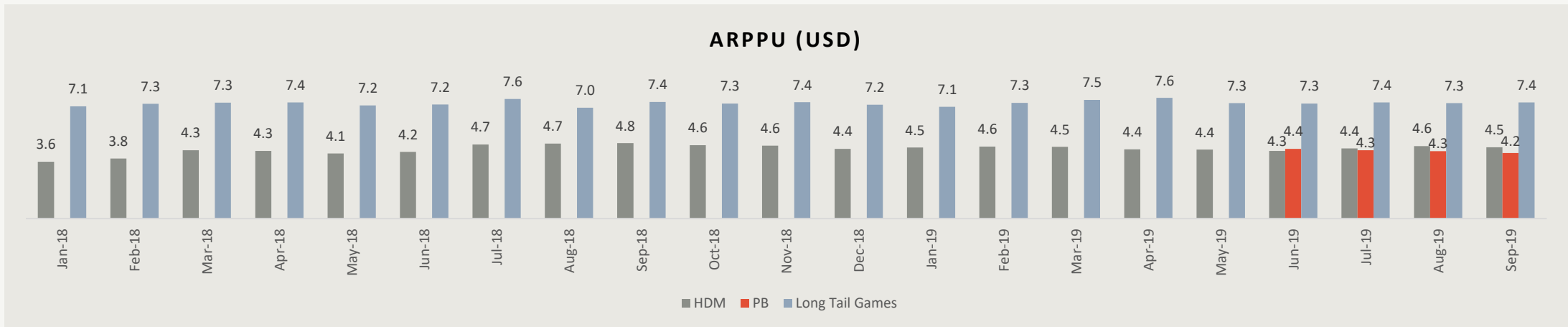
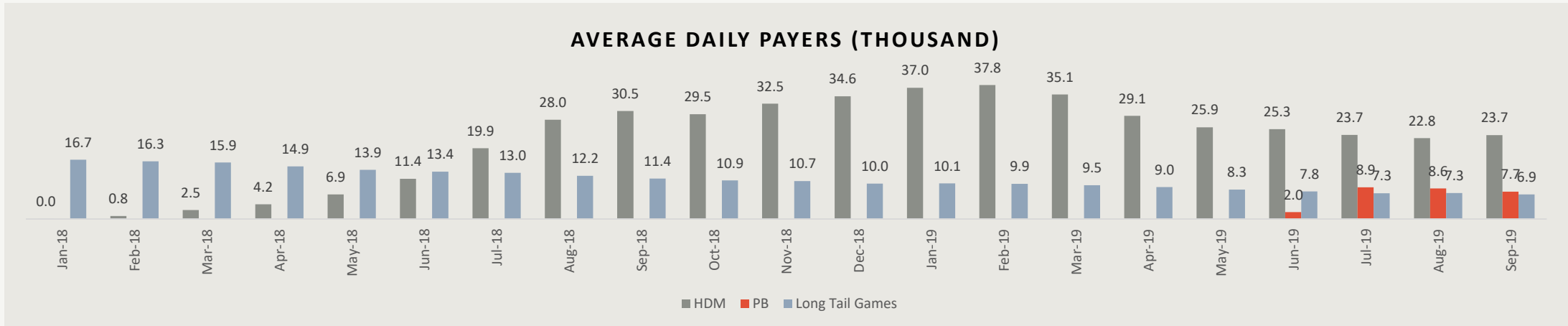
- Loyal paying user base, excluding acquired studios, remain stable YoY
- Group's All time high in MPU and ARPMU – Kixeye higher than average ARPMU
- Lower Live op's activity in Empire from record levels in Q2
- Big and Core products: All time high in monetization

Note: 1) Average unique monthly paying users over the quarter – pertains to online games only
2) Average deposits per monthly paying user over the quarter – pertains to online games only

Additional KPIs (1/2)



Additional KPIs (2/2)



STILLFRONT GROUP

