

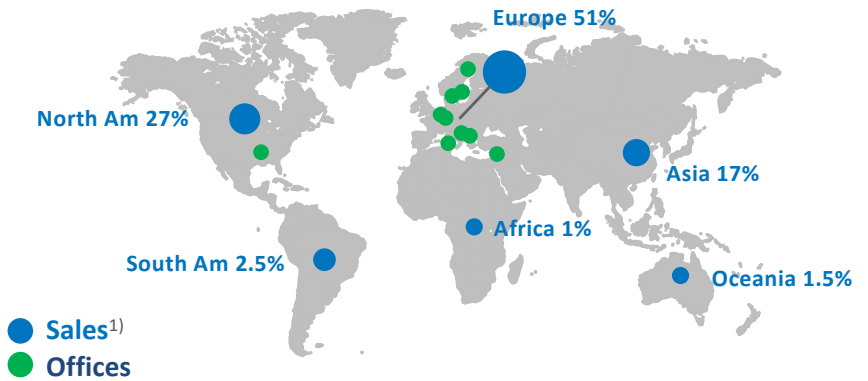


# Stillfront – a market leader in online strategy games

## Stillfront at a glance

- Market leader in the genre free to play browser and mobile strategy games, with a loyal customer base and long game life cycles
- Well-diversified game portfolio with established blockbuster IPs and many small to mid-sized growing and profitable IPs
- 4.8 million monthly users, MAUs, and 1.1 million daily users, DAUs
- Main markets by revenue are US, Germany, MENA, France and UK
- Headquarter in Stockholm with a group of eleven studios operating in Bulgaria, Germany, Jordan, Malta, Romania, Sweden and United States with a total of 500 professionals

## Global presence



## Game Studios



## Massive track record

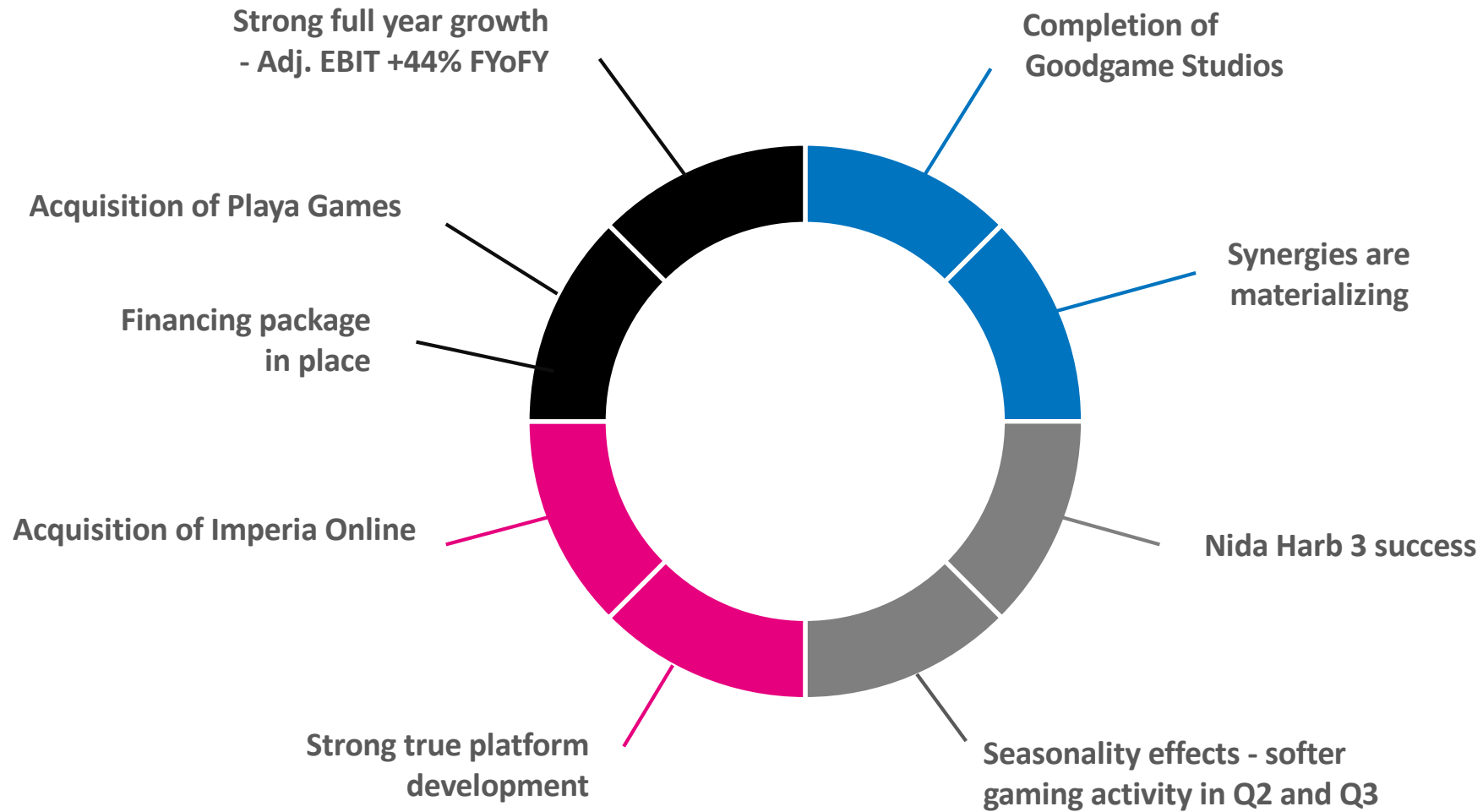


Note: 1) Excluding Playa Games.

# Reflections on 2018

A transforming year

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# Key highlights Q4



## Financial highlights

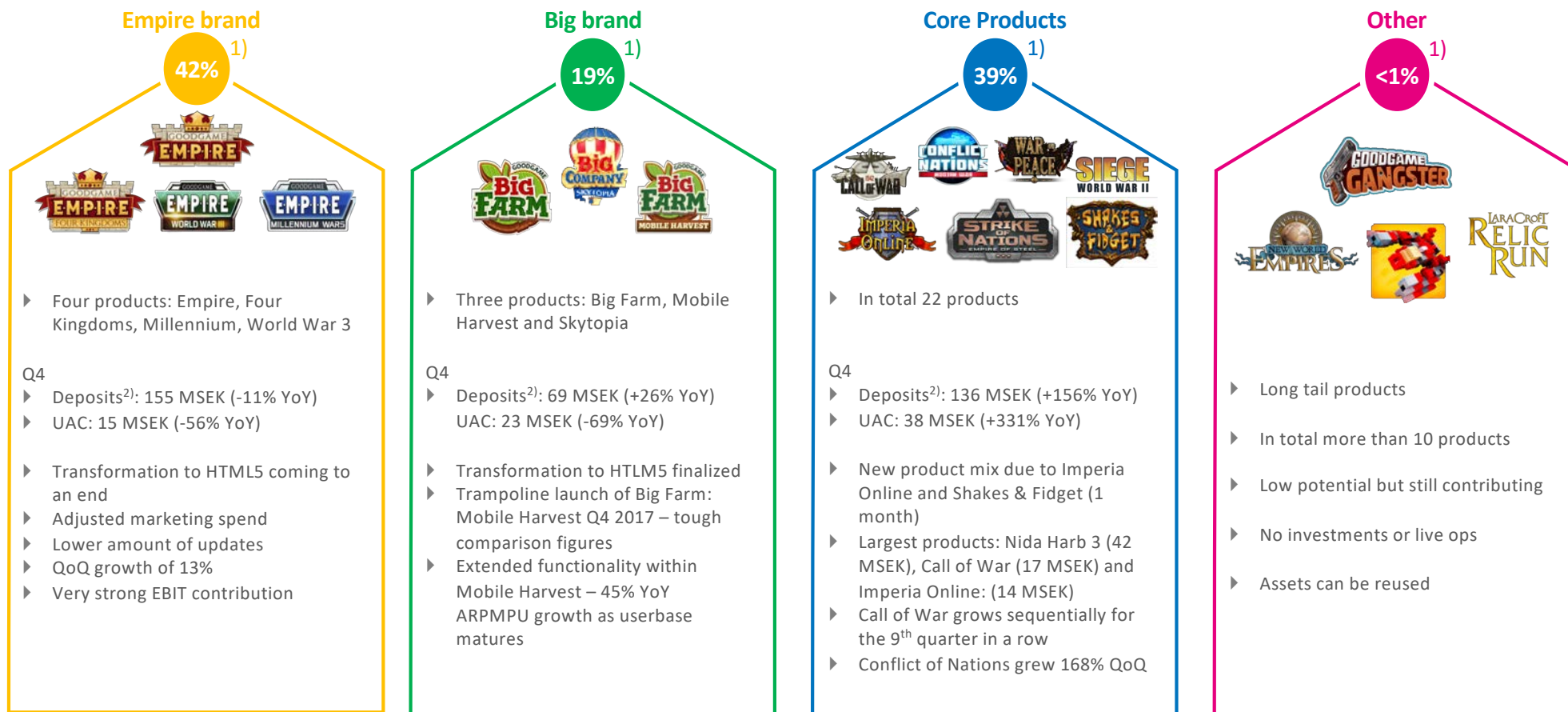
- Strong finish of 2018
- Proforma net revenue growth of 29% YoY
- Strong profitable growth: adjusted EBIT margin of 35%
- High profitability and QoQ growth in Empire

## Operational highlights

- Strong momentum in Core products
- Acquisition of Playa Games
- HTML5 transformation coming to an end
- Realizing synergies, 10+ inter-studio projects

# Portfolio update Q4

Diversified portfolio generating growth and profitability



Largest single product not more than ~20% of total deposits

Note: 1) As of Q4 2018.

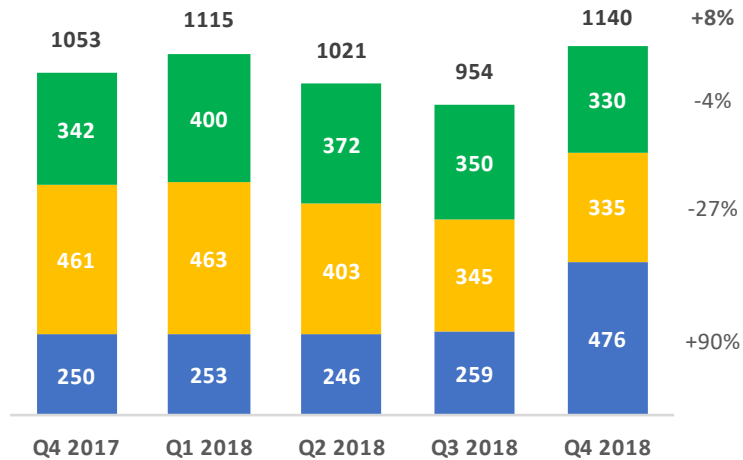
Note: 2) Deposits are unadjusted revenues. % share of Group deposits in Q4 2018.

# Active User Base

DAU\*

Y-o-Y

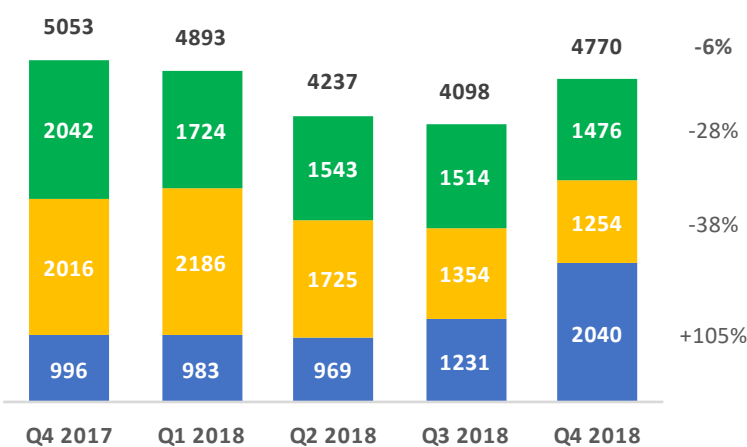
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MAU\*\*

Y-o-Y

('000)



## Comments Q4 2018

Tough comparison figures Q4 2017:

- Massive trampoline launch of Big Farm: Mobile Harvest
- Two other global launches: War & Peace and Nida Harb 3
- Strong growth in Core products organically and through acquisitions
- DAU – all time high figure
- Strong growth despite low marketing spend

\*) Average unique daily active users over the quarter

\*\*) Average unique monthly active users over the quarter

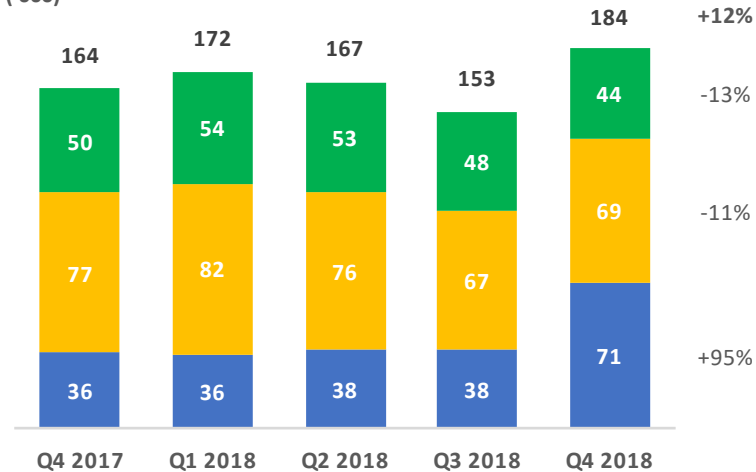
\*\*\*) Numbers pertain to online games only.

# Paying User Base

MPU\*

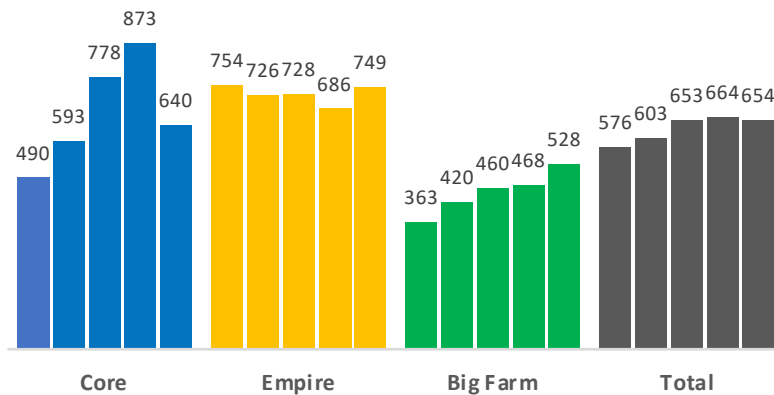
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Y-o-Y



ARPMU\*\*

(SEK) Y-o-Y Y-o-Y Y-o-Y Y-o-Y  
 +31% -1% +45% +14%



## Comments Q4 2018

- MPU figure at all time high, driven by Imperia Online and Shakes & Fidget (1 month)
- ARPMU increase of 14% mainly driven by Nida Harb 3 success and improved monetization in 'Big' Brand
- QoQ Core products ARPMU goes down as MPU almost doubles due to new mix: Imperia Online and Shakes & Fidget (1 month) added
- QoQ growth in Empire both in MPU and ARPMU after soft Q3

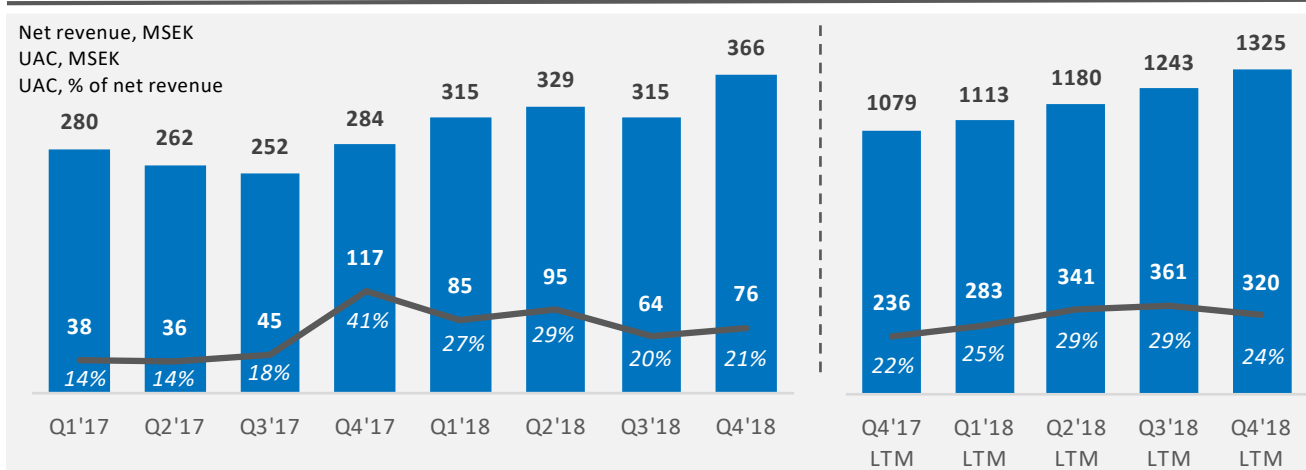
\*) Average unique monthly paying users over the quarter

\*\*) Average deposits net VAT per monthly paying user over the quarter

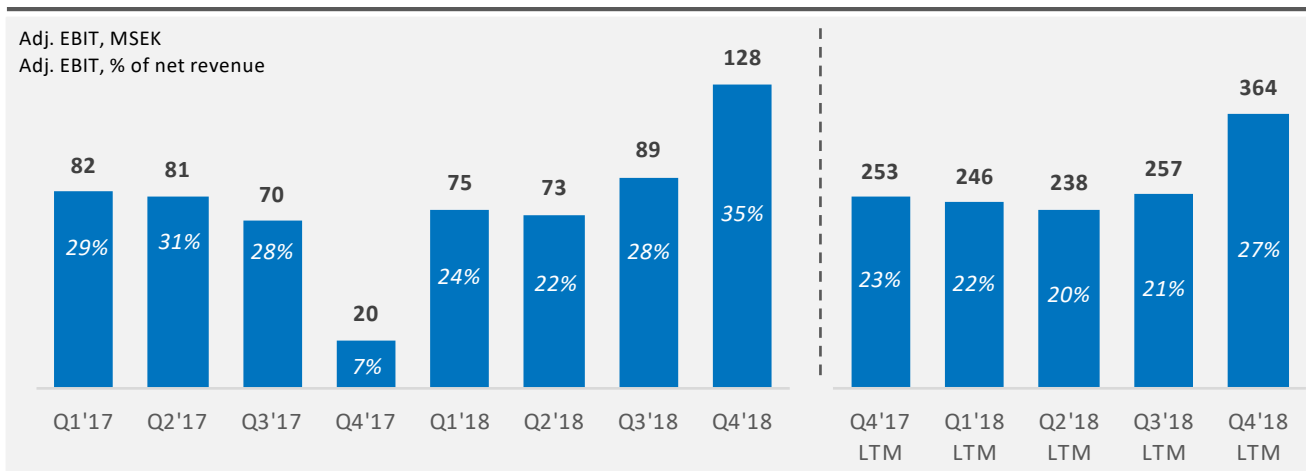
\*\*) Numbers pertain to online games only.

# Strong growth in revenue and EBIT margin

## Net revenue, UAC development



## Adj. EBIT development



## Comments

- Q4 29% growth in net revenues YoY
- All-time-high 35% EBIT margin, as a result of:
  - High growth although normal UAC levels
  - Acquired studios contributing with high margins
  - Lower share of mobile revenues drives higher margin 51% (57%)
  - Scalability in our business model
- Good discipline and agility in executing and adjusting marketing and product plans
  - Around 50% of UAC was spent in the fast growing 'Core' product area
- 2018 vs 2017 full year:
  - Revenue growth 23%
  - EBIT growth 44%
  - EBIT margin at 27% for full year 2018
- The Group strongly benefits from having a diversified portfolio:
  - Natural volatility: weaker growth for some products - balanced by stronger growth for other products
  - Some strongly cash-generative products fuel organic growth in other products



# Income Statement Q4 2018

<b>MSEK</b>	<b>Oct-Dec 2018</b>
<b>Net revenue</b>	<b>366</b>
OWC	22
Other revenues	-1
Total	387
Other operating expenses	-162
Personnel expenses	-65
Adjusted EBITDA	160
Depreciation, amortization and write-downs	-32
Adjusted EBIT	128
Items affecting comparability	-5
EBIT	123
Financial items	-50
<b>EBT</b>	<b>73</b>
Taxes for the period	-46
<b>Net result for the period</b>	<b>26</b>

## Comments

- Gross margin 75%
- Major cost items:
  - Payment providers, platforms fees, royalties. 104 MSEK
  - UAC 76 MSEK
  - Staff 65 MSEK
- Capitalized Product Development 53 MSEK
- Items affecting comparability, IAC -5 MSEK
- Financial items subject to one-off refinancing -36 MSEK
  - EBT excluding one-off 109 MSEK
- One-off tax item -12 MSEK
- **Net result excluding one-offs 75 MSEK**

# Balance Sheet 2018-12-31

MSEK	2018-12-31
Intangible non-current assets	2 179
Tangible non-current assets	14
Deferred tax assets	5
Current receivables	153
Cash and cash equivalents	246
<b>Total assets</b>	<b>2 598</b>
<b>Shareholders' equity</b>	
Shareholders' equity attributable to parent company's shareholders	1 081
Non-Controlling interest	15
<b>Total Shareholders' equity</b>	<b>1 096</b>
Deferred tax liabilities	102
Bond	588
Non-current liabilities	430
Current liabilities	382
<b>Total Liabilities and Shareholders' equity</b>	<b>2 598</b>

## Comments

Intangible assets mainly consist of:

- Capitalized product development and acquired products 502 MSEK
- Goodwill 1 678 MSEK

Non-current liabilities mainly attributable to:

- Expected earn-outs and utilized RCF 280 MSEK

Deferred tax liability pertains to acquired products 102 MSEK

Current liabilities including earn-outs to be settled in 2019 125 MSEK

# Cash flow statement 2018





## Cash flow from operations

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Cash flow from operations	50	75	210	211
Cash flow from investment activities	-236	-19	-288	-67
Cash flow from financing activities	281	-120	140	-120
<b>Cash flow for the period</b>	<b>95</b>	<b>-64</b>	<b>62</b>	<b>23</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>247</b>	<b>176</b>	<b>247</b>	<b>176</b>

## Comments

- Cash flow from operations for 2018 amounted to 210 MSEK (211)
  - Negatively impacted by cash flow from changes in working capital
- Cash flow from operations in Q4 was 50 MSEK (75)
- Cash flow from operations impacted by non-recurring financial cost related to the re-financing package amounting to 36 MSEK
- Cash flow from investment activities amounted to -236 (-19)
  - Due to the acquisitions of Playa Games and Imperia Online and investments in product development

# Financial targets & dividend

		TARGET	ACTUAL 2018
GROWTH	 <ul style="list-style-type: none"> <li>• Stillfront's long-term revenue growth objective is to have a yearly organic growth above market growth</li> <li>• In addition to growing organically, Stillfront will continue to grow through acquisitions</li> </ul>	ABOVE MARKET <sup>1)</sup>	23%
MARGIN	 <ul style="list-style-type: none"> <li>• Stillfront's long-term profitability goal is to have an EBIT margin in excess of 30%</li> </ul>	> 30%	27%
DIVIDEND	 <ul style="list-style-type: none"> <li>• Stillfront's dividend policy is to distribute annual dividends up to 50% of the Company's net profit</li> <li>• Dividends may vary from year to year depending on M&amp;A activity and the Company's financial position</li> </ul>	UP TO 50%	NO DIVIDEND PAYMENT 2018
LEVERAGE	 <ul style="list-style-type: none"> <li>• Stillfront intends to maintain a NIBD / Adj. EBITDA ratio below 1.5x</li> <li>• The Company may however, under certain circumstances, choose to exceed such level during short time periods</li> </ul>	< 1.5x	0.91x

Stillfront has a process with the aim to be listed on Nasdaq Stockholm main market during 2019

Note: 1) Newzoo estimates the global gaming market to reach more than 174 bUSD by 2021 and a total CAGR of 9.3% during 2017-2021.

# Acquisition of Playa Games

One of Germany's leading casual strategy game developer and publisher

Long term gamer relations

- The flagship title is Shakes & Fidget, a cartoon style massive multiplayer online role-playing game (MMORPG)
- Net revenue of approximately EUR 7.7 million, with approx. 55% in EBIT margin for the period January-September 2018

Profitability, efficiency and low risk

- Five released games and approximately 60 million registered players
- Solid long term revenue base
- Addition to Core portfolio with 1 game

Perfect strategic fit

- Strong performance in operating cross platform Games-as-a-Service
- Increased footprint in Europe and growth opportunities globally particularly in US
- Significant synergy opportunities in marketing, in particular influencer marketing and HTML5 engine



# Looking forward to 2019

Let the game begin!

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Further expansion of portfolio – products and engines

Continue to deliver synergies – marketing, distribution and technology

Accelerate value add through M&A – leverage on a strong pipeline

Focus on leveraging our scale, assets and efficient governance model  
Move to Nasdaq main market

## Our aim:

**Being a leading indie game developer and publisher**

- Offering long term first class digital entertainment
- With high quality cross platform games
- Being the most competent team and combining Entrepreneurship, Scale and Structure
- Providing predictable high profitable growth



Thank you