

A leading free-to-play powerhouse

Year-end report

Fourth quarter and full year 2020

STILLFRONT
GROUP

STILLFRONT AT A GLANCE



A leading free-to-play powerhouse of 19 gaming studios creating significant operational synergies

22
million

22 million MAUs and 4 million DAUs¹



A diverse and evolving game portfolio with two common themes; loyal users and long lifecycle games



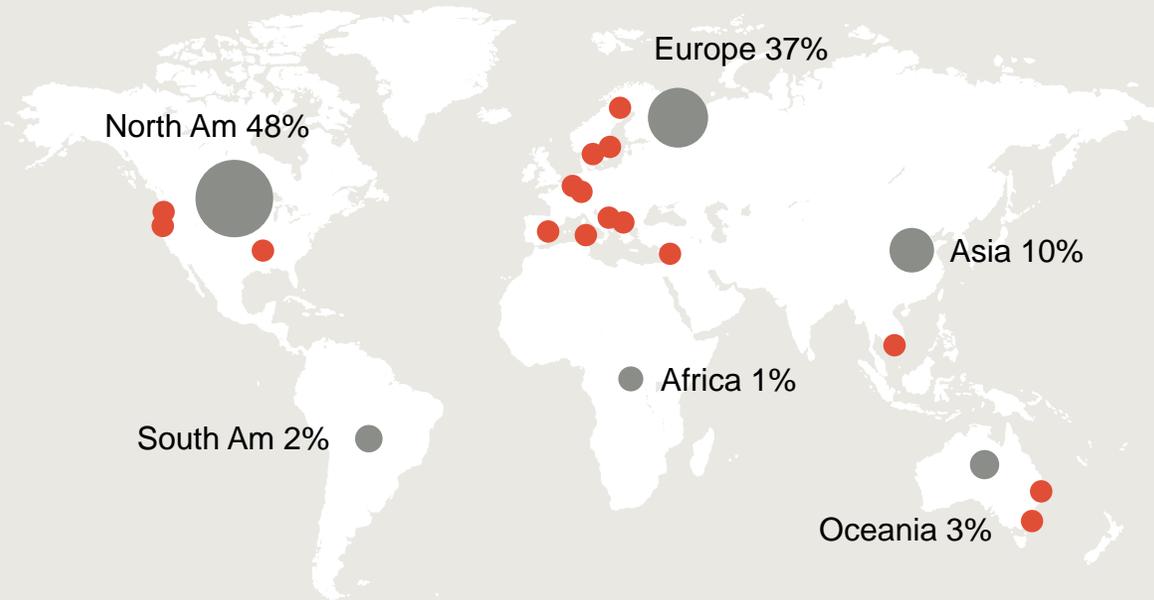
Main markets by revenue are US, Germany, MENA, UK and France

1,000+
professionals

Headquartered in Stockholm with a group of 19 studios operating in Australia, Bangladesh, Bulgaria, Canada, Croatia, Germany, India, Jordan, Malta, Romania, Singapore, Spain, Sweden, United States and Vietnam.

1) Per December 31st, does not include users from Sandbox Interactive, Super Free Games or Moonfrog Labs

GLOBAL PRESENCE¹



- Sales
- Offices

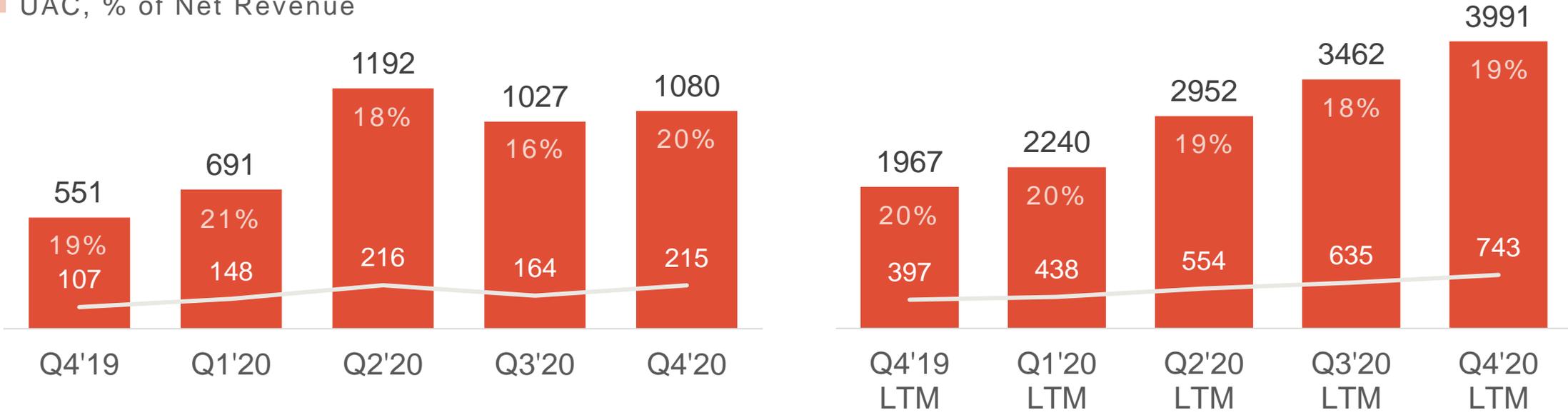
1) Per December 31st, does not include sales or offices from Sandbox Interactive, Super Free Games or Moonfrog Labs.

19 GAME STUDIOS



NET REVENUE, UAC DEVELOPMENT

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



Net revenue growth of

96%

YoY

UAC in relation to revenue

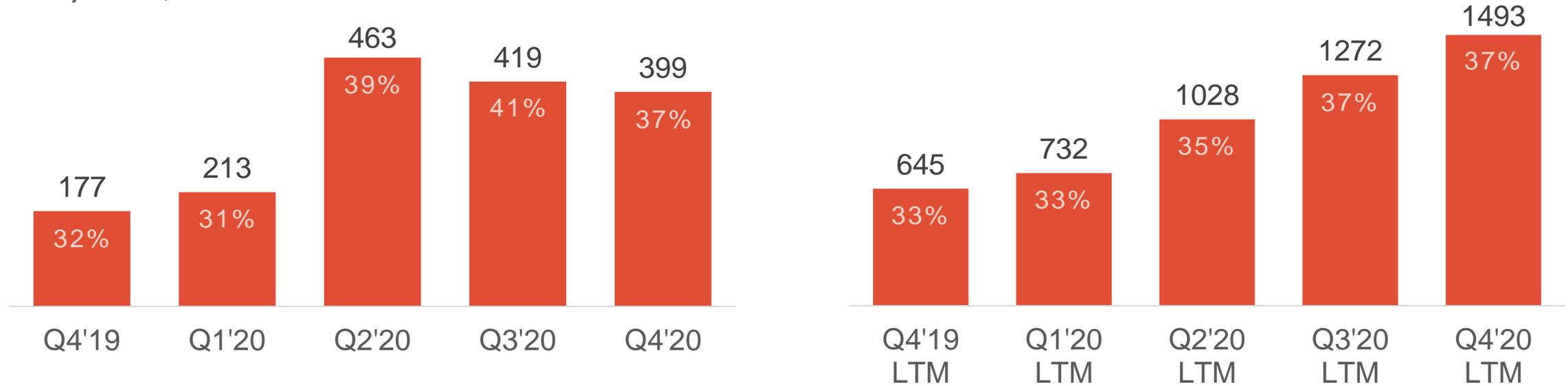
20%

COMMENTS

- Strong revenue growth of 96% in Q4, driven primarily by acquired growth from Storm8, Candywriter, Nanobit and Everguild
- Decent organic growth in Q4, with varied contribution across the portfolio
- Price volatility on online marketing negatively impacting user acquisition volumes during the first part of the quarter
- Revenues in the quarter were negatively impacted by FX effects of -60 MSEK compared to the third quarter

ADJ. EBIT DEVELOPMENT

- Adj. EBIT, MSEK
- Adj. EBIT, % of Net Revenue



Adj. EBIT growth of

125%

YoY

Adj. EBIT in relation to revenue

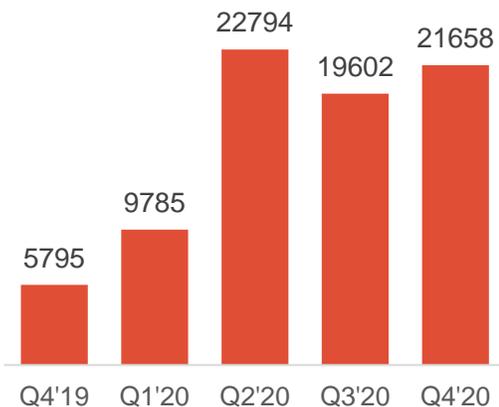
37%

COMMENTS

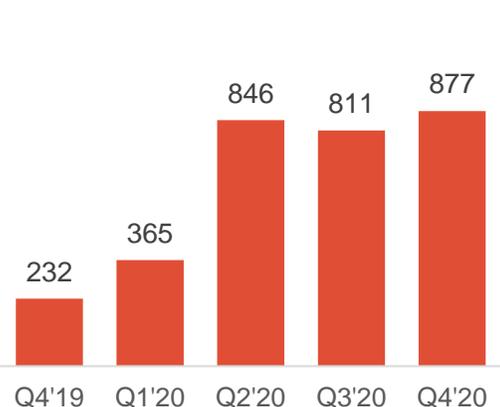
- Continued high profitability – Adj. EBIT margin Q4 LTM at 37%
- Maintained high profitability a result of continued operational excellence and well-executed live operations from across the group
- Adj. EBIT growth YoY driven by both organic growth and acquired growth from high-margin studios (Storm8 and Candywriter)

ACTIVE PORTFOLIO: TOTAL

■ MAU ('000) +274% YoY

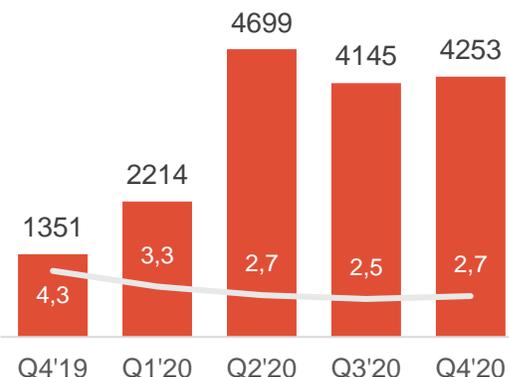


■ MPU ('000) +278% YoY



■ DAU ('000) +215% YoY

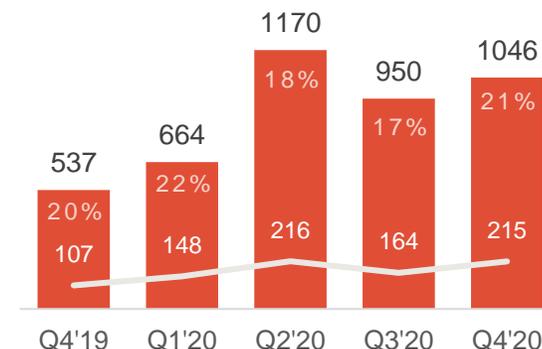
■ ARPDau (SEK) -38% YoY



■ Bookings (MSEK) +95% YoY

■ UAC (MSEK) +101% YoY

■ UAC, % of Bookings



42

GAMES

77%

MOBILE

8%

AD BOOKINGS

36%

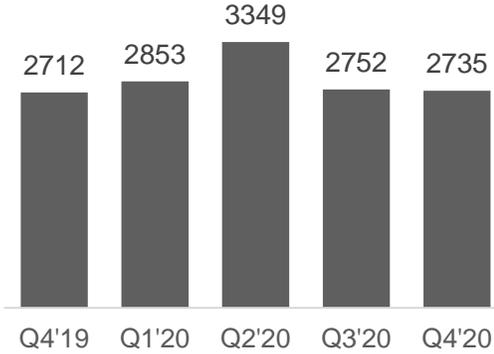
SIM, RPG & ACTION

COMMENTS

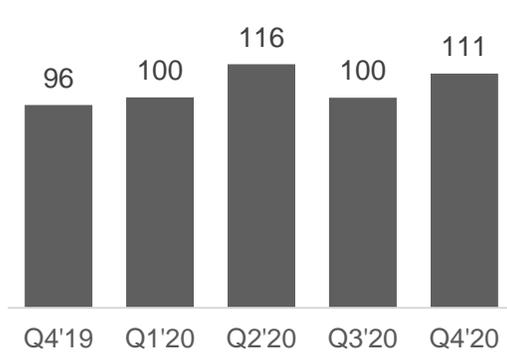
- Simulation, RPG & Action the largest product area in Q4, following addition of Nanobit's titles to the portfolio
- Share of Ad bookings increased from 7% to 8% from last quarter and from 2% in Q4 2019
- 4% of total bookings (39 MSEK) from games not in active portfolio
- Increased volatility in prices for online marketing impacted UA campaigns during the quarter, but overall performance continued to meet our highly set expectations
- 20+ upcoming titles in pipeline for soft-launch 2021, including Pet Clinic, Game of Nations and mobile version of Albion Online

ACTIVE PORTFOLIO: STRATEGY

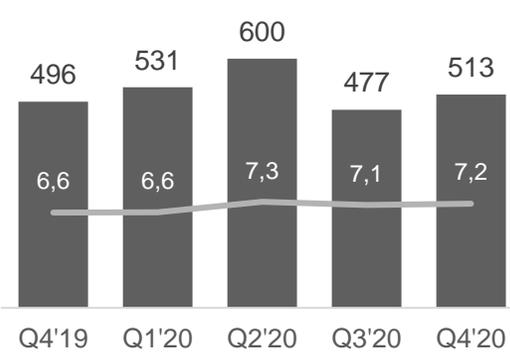
■ MAU ('000) +1% YoY



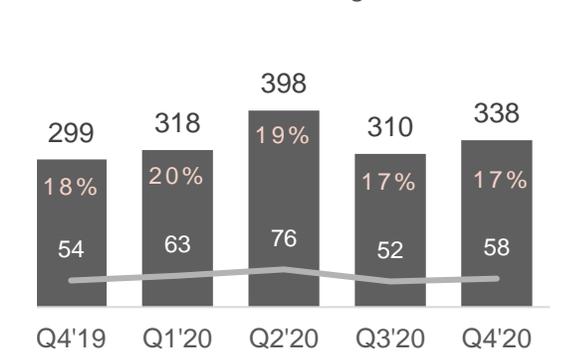
■ MPU ('000) +16% YoY



■ DAU ('000) +3% YoY



■ Bookings (MSEK) +13% YoY



12
GAMES

63%
MOBILE

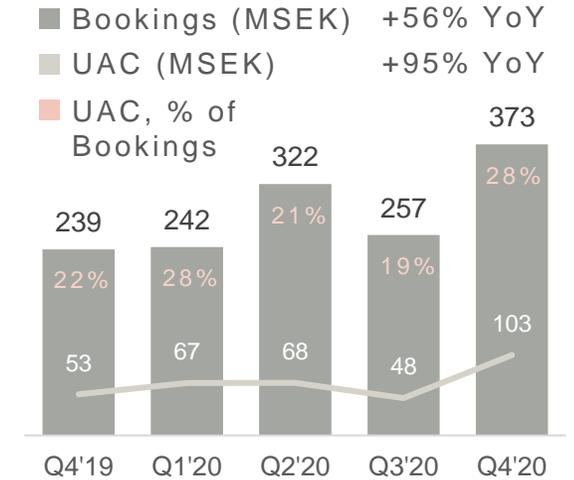
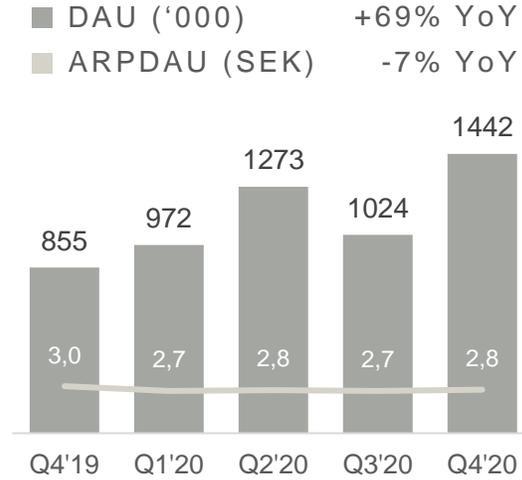
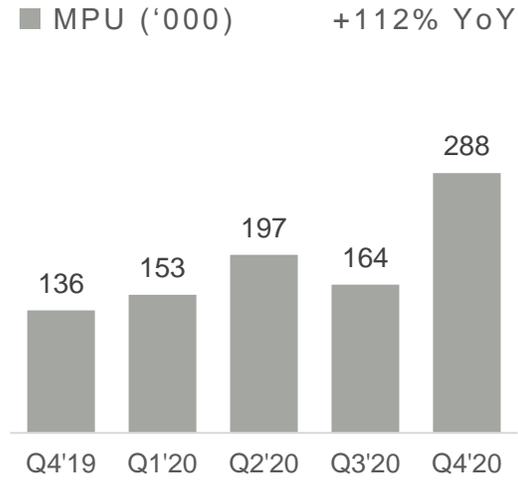
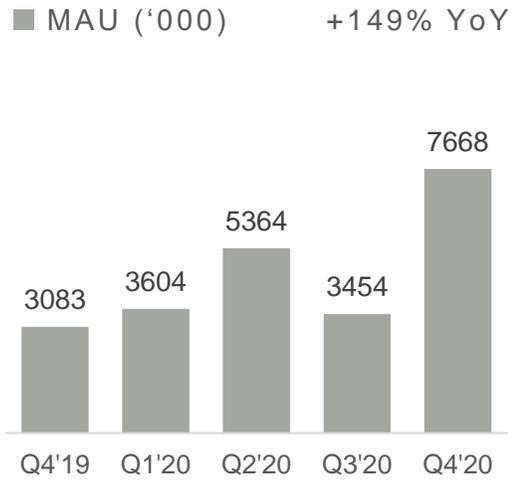
0%
AD BOOKINGS

49%
EUROPE

COMMENTS

- Totals 32% of bookings in the active portfolio
- YoY growth of 13% mainly driven by mid-sized products
 - Call of War, Supremacy 1914 and War and Peace continued to perform well in Q4
- Conflict of Nations: WW3 continued to deliver above our expectations following successful mobile launch
- War and Peace and Conflict of Nations, both launched in 2017, reached all-time-high bookings during the fourth quarter
- Nida Harb III and Strike of Nations together had slightly lower activity levels during the quarter

ACTIVE PORTFOLIO: SIMULATION, RPG & ACTION



22
GAMES

70%
MOBILE



5%
AD BOOKINGS

46%
EUROPE

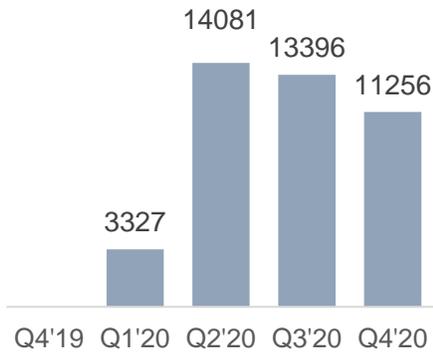


COMMENTS

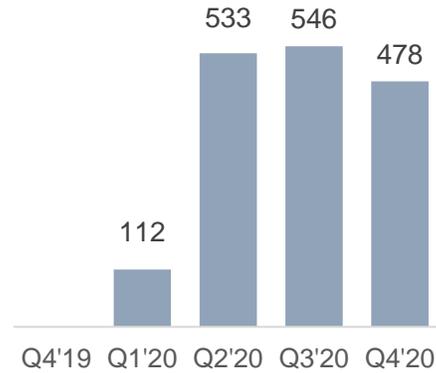
- Totals 36% of bookings in the active portfolio
- YoY growth of 56% driven by newly acquired titles and continued strong performance from key titles
 - Nanobit's key titles and Everguild included in the quarter
 - Nanobit recorded lower revenues than expected due to the volatile conditions for performance marketing in the period, delivering EBIT margin in line with expectations
 - Big Farm: Mobile Harvest and Shakes & Fidget both continued to perform well in Q4
- Share of mobile bookings increased to 70% and ad bookings continued to increase to 5%, mainly driven by Nanobit's titles

ACTIVE PORTFOLIO: CASUAL & MASH-UP

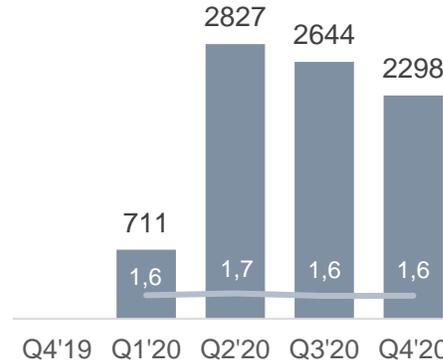
■ MAU ('000)



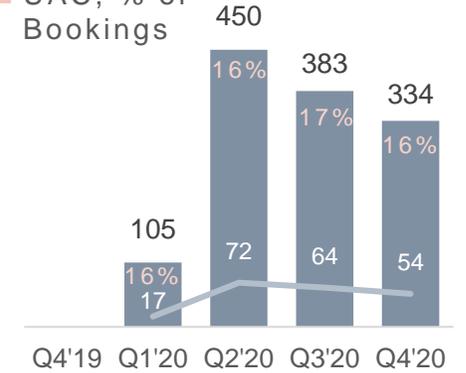
■ MPU ('000)



■ DAU ('000)
■ ARPDau (SEK)



■ Bookings (MSEK)
■ UAC (MSEK)
■ UAC, % of Bookings



8
GAMES

100%
MOBILE

20%
AD BOOKINGS

72%
N.AMERICA

COMMENTS

- Totals 32% of bookings in the active portfolio
- Candywriter's BitLife performed well in Q4
 - Entering new markets
- Storm8's titles continue to develop well in the quarter, although somewhat softer development compared to the record-high levels in Q2 and Q3
- The product area has large exposure to the US market and was heavily impacted by FX effects

FINANCIAL HIGHLIGHTS Q4



Revenue growth of 96% paired with
Adj. EBIT margin of 37%



Cash generative business with 281
MSEK of free cash flow prior to
acquisitions and financing



Continuously strong financial position with
a cash balance of 1,005 MSEK and an
undrawn long-term credit facility of 2,534
MSEK at year-end

0.88x

Leverage ratio below the group's
leverage target of 1.5x



Strong underlying financial performance and a strong financing platform creates financial
flexibility for further growth and market consolidation through M&A

INCOME STATEMENT Q4 2020

MSEK	Q4 2020	Q4 2019	△
Net revenue	1 080	551	96%
OWC and Other Revenue	91	67	36%
Total revenues	1 172	618	90%
Platform Fees	-291	-142	105%
<i>Gross Margin %</i>	<i>73%</i>	<i>74%</i>	<i>-1 pp</i>
User acquisition costs	-215	-107	101%
<i>UAC/net revenues %</i>	<i>-20%</i>	<i>-19%</i>	<i>0 pp</i>
Other external expenses	-43	-49	-12%
Personnel expenses	-162	-111	45%
IAC	-43	-5	837%
EBITDA	418	204	105%
Amortization of PPA items	-111	-38	196%
Depreciation, amortization and write-downs	-61	-31	97%
EBIT	245	135	81%
Adj. EBIT	399	177	125%
IAC financial items	-0	3	-100%
Financial items ex IAC	-57	-22	160%
EBT	188	116	62%
Taxes for the period	-25	-29	-13%
Net result for the period	163	87	88%

*Adjusted EBIT is defined as EBIT excluding items affecting comparability and amortization of PPA-items.

INCOME STATEMENT FULL YEAR 2020

MSEK	FY 2020	FY 2019	△
Net revenue	3 991	1 967	103%
OWC and Other Revenue	343	208	65%
Total revenues	4 334	2 175	99%
Platform Fees	-1 103	-506	118%
<i>Gross Margin %</i>	<i>72%</i>	<i>74%</i>	<i>-2 pp</i>
User acquisition costs	-743	-397	87%
<i>UAC/net revenues %</i>	<i>-19%</i>	<i>-20%</i>	<i>2 pp</i>
Other external expenses	-195	-147	33%
Personnel expenses	-597	-356	67%
IAC	-144	-28	421%
EBITDA	1 553	741	110%
Amortization of PPA items	-357	-101	255%
Depreciation, amortization and write-downs	-203	-123	65%
EBIT	993	517	92%
Adj. EBIT*	1 493	645	131%
IAC financial items	-30	14	-321%
Financial items ex IAC	-163	-77	111%
EBT	799	454	76%
Taxes for the period	-219	-113	94%
Net result for the period	581	341	71%

*Adjusted EBIT is defined as EBIT excluding items affecting comparability and amortization of PPA-items.

BALANCE SHEET Q4 2020

MSEK	Q4 2020	Q3 2020	Δ	31 Dec 2019
Intangible non-current assets	10 751	8 608	25%	3 293
Tangible non-current assets	113	110	3%	76
Deferred tax assets & current receivables	497	1 273	-61%	341
Cash and cash equivalents	1 005	1 052	-4%	342
Total assets	12 366	11 043	12%	4 052
Total Shareholders' equity	6 146	5 866	5%	1 959
Deferred tax & non-current liabilities	703	669	5%	330
Bonds loans & long-term credit facilities	2 819	2 276	24%	1 115
Provision for earnouts long-term	1 330	912	46%	125
Current liabilities	596	447	33%	316
Provision for earnouts short-term	773	872	-11%	206
Total Liabilities and Shareholders' equity	12 366	11 043	12%	4 052
Net debt	1 814	1 225	48%	820
Adj. leverage ratio, pro forma	0.88	0.67	32%	0.91
Adj. interest coverage ratio, pro forma	12.6	14.2	-11%	11.7

CASH FLOW Q4 AND FULL YEAR 2020

MSEK	Q4 2020	Q4 2019	△	FY 2020	FY 2019	△
Cash flow as reported						
Cash flow from operations	413	131	215%	1 251	484	158%
Cash flow from investment activities	-1 010	-86	1070%	-4 737	-1 251	279%
Cash flow from financing activities	599	-77	-879%	4 214	861	390%
Cashflow for the period	2	-32	-106%	728	94	679%
Free cash flow						
CFFO including IFRS 16 effect	403	125	222%	1 217	462	164%
<i>- of which working capital movements</i>	120	89	35%	77	-56	-238%
Investments in product development	-122	-84	45%	-444	-248	79%
Free cash flow (CFFO - Product development)	281	41	587%	772	213	262%
Net profit	163	87	88%	581	341	71%
Cash conversion ratio	1.72	0.47	266%	1.33	0.63	112%

1. Free cashflow excludes acquisitions and financing activities and demonstrates underlying cash flow generation from the business.
2. All leases relate to offices which are needed to run operations, IFRS16 cashflow effect is recorded under financial activities under IFRS but here shown under CFFO to demonstrate underlying operational cashflow.
3. Cash conversion ratio is defined as free cash flow divided by net profit.

High speed ended 2020

- Continued strong growth and high profitability in the fourth quarter
- High volatility in the prices of online marketing early in the quarter
- Continued negative impact from FX headwinds
- 3 new studios joined the group



Building the leading F2P powerhouse

- Further strengthening and leveraging the Stillfront platform for long-term growth
- Sustainability framework in place
 - Measured and compensated for all the CO2 emissions by our operations and usage of our products
 - Full compensation, certified projects >> Climate Neutrality stamp
- 60+ collaboration projects across the Group
- Continued focus on long life-cycle games: acquisition of well-run studios and attractive assets
- Expanded footprint and diversification of games and revenues

Business outlook

- Positive start to the year: strong performance across our game portfolio in January
- Tough comparison numbers short-term due to strong positive impact from Covid-19 in the same period last year
- Strong business momentum and exciting opportunities ahead:
 - 20+ upcoming game titles in pipeline for soft launch 2021
 - Strong pipeline of M&A opportunities



STILLFRONT GROUP

