

Stillfront Q2 2024 Interim Report



Strong margin development in second quarter

- Net revenue of 1,744 MSEK in Q2, in line with Q1 and down by -4 percent YoY
- Gross profit margin of 80 percent, in line with Q1 and up by 2pp YoY
- Adjusted EBITDAC margin at 29 percent, up by 8 pp QoQ driven by lower user acquisition costs, up by 0.5pp YoY
- Free cash flow of 272 MSEK in Q2, up by 97 percent QoQ

Net revenue

-3.8% YoY

1,744 MSEK

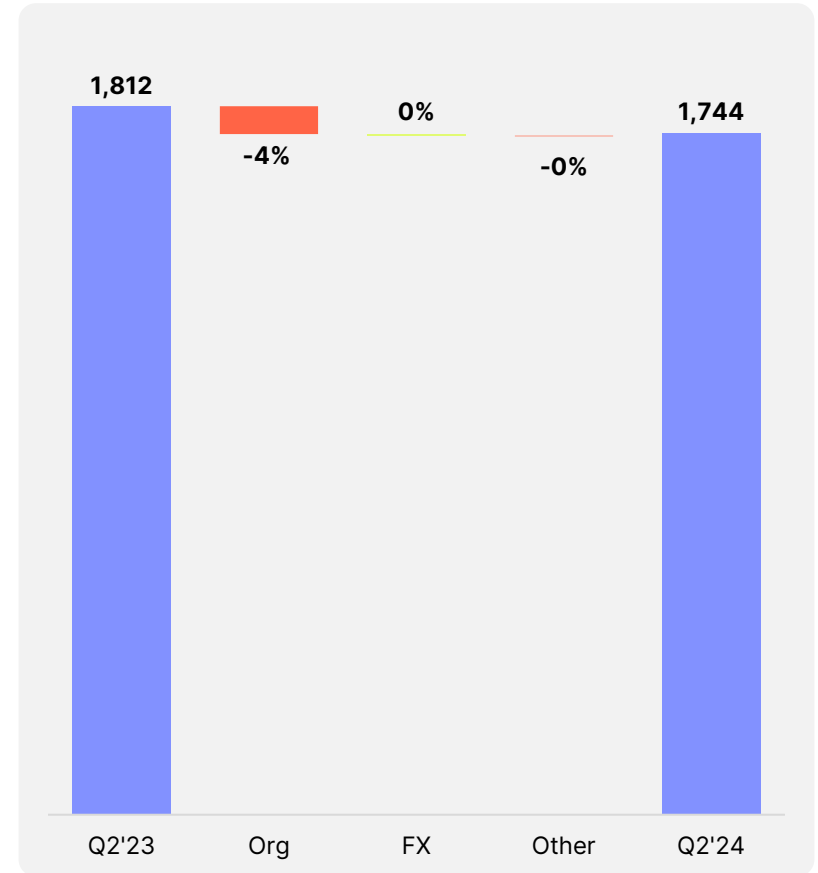
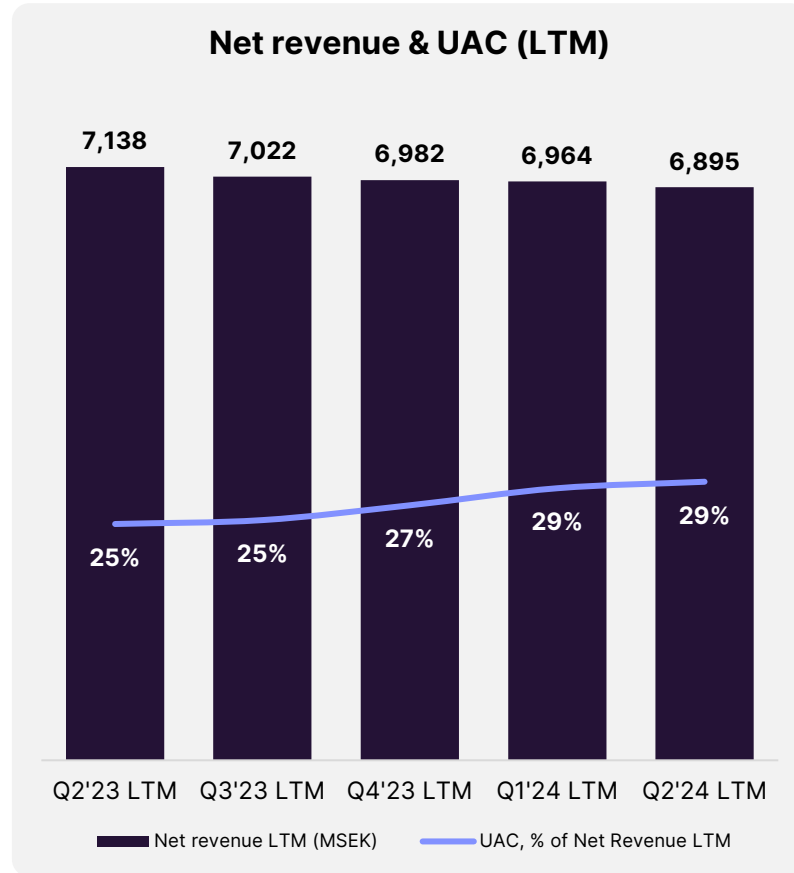
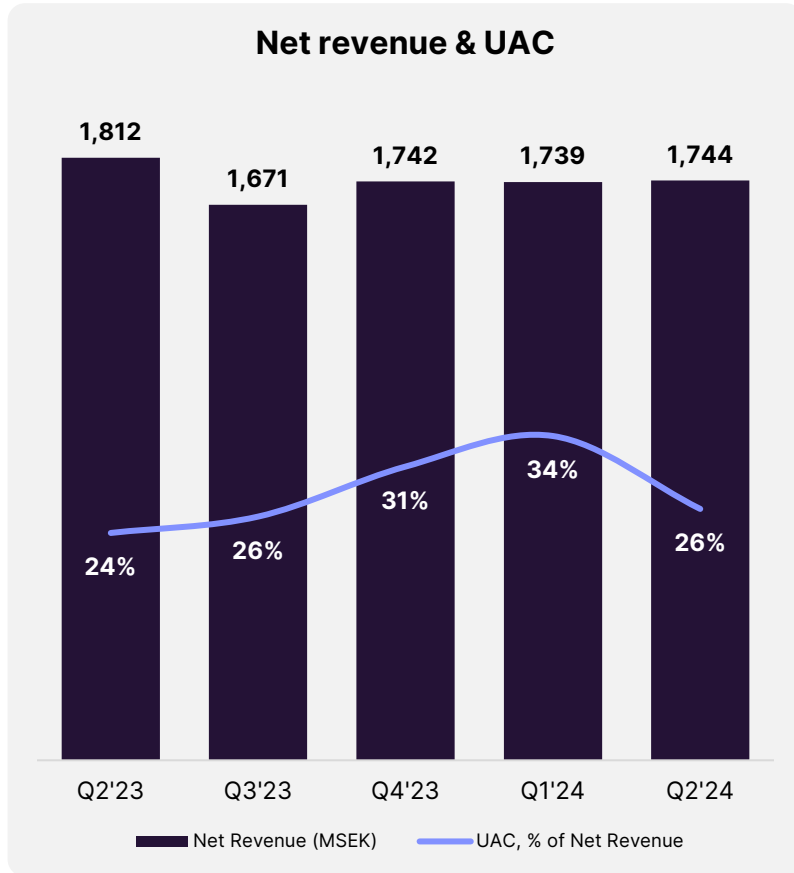
Gross profit

-1.6% YoY

1,396 MSEK

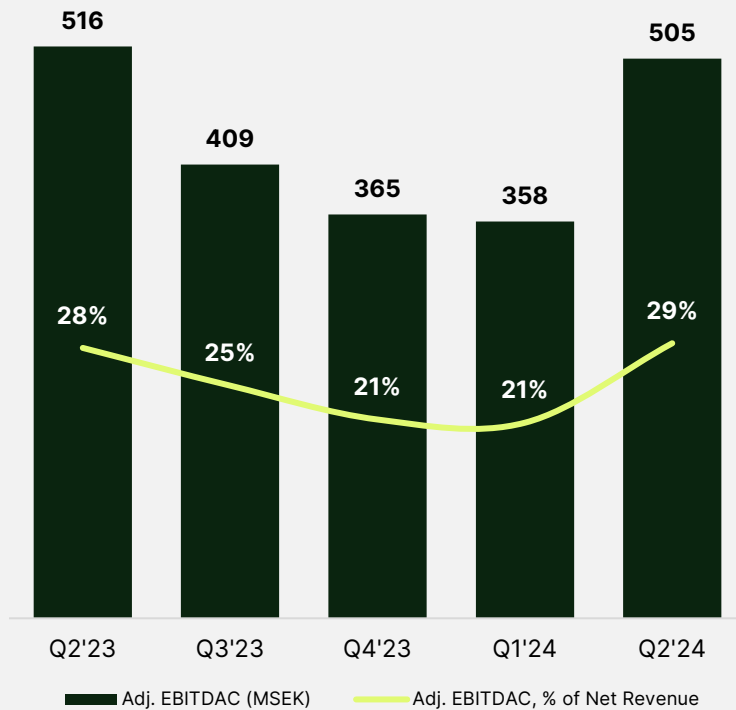


Lower user acquisition costs in Q2

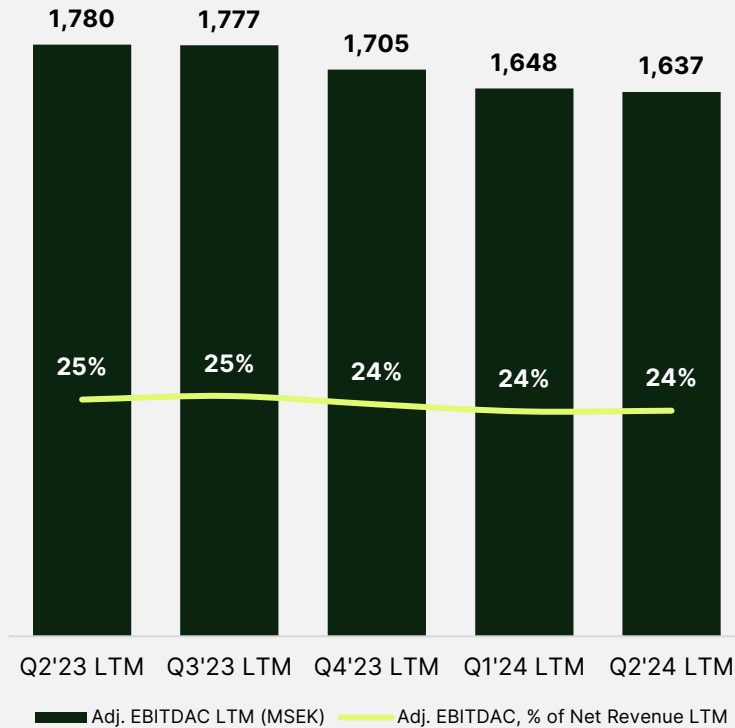


Lower cost base drives strong margin development in Q2

Adj EBITDAC



Adj EBITDAC (LTM)



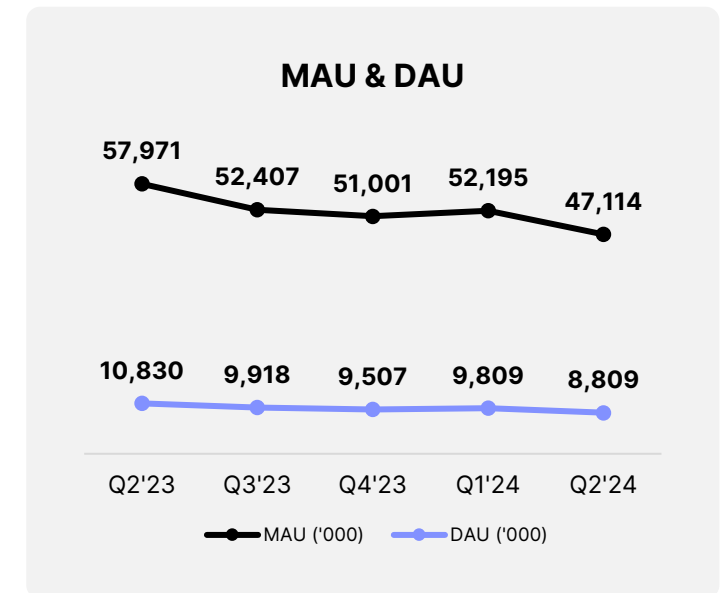
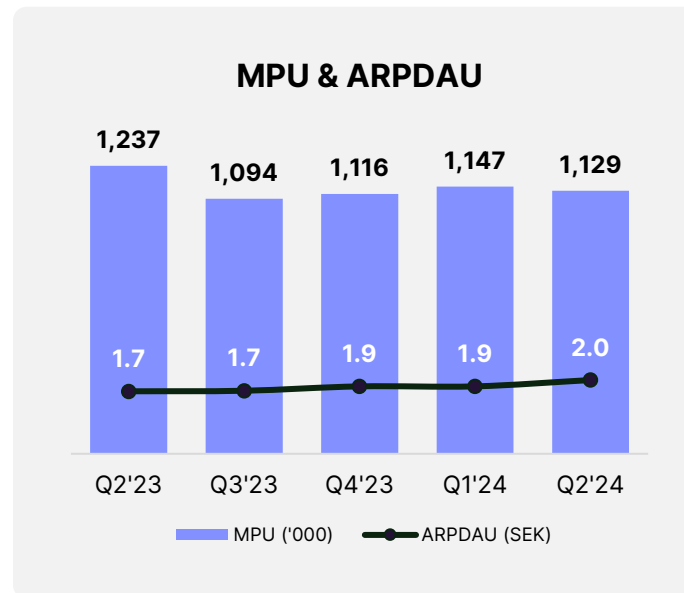
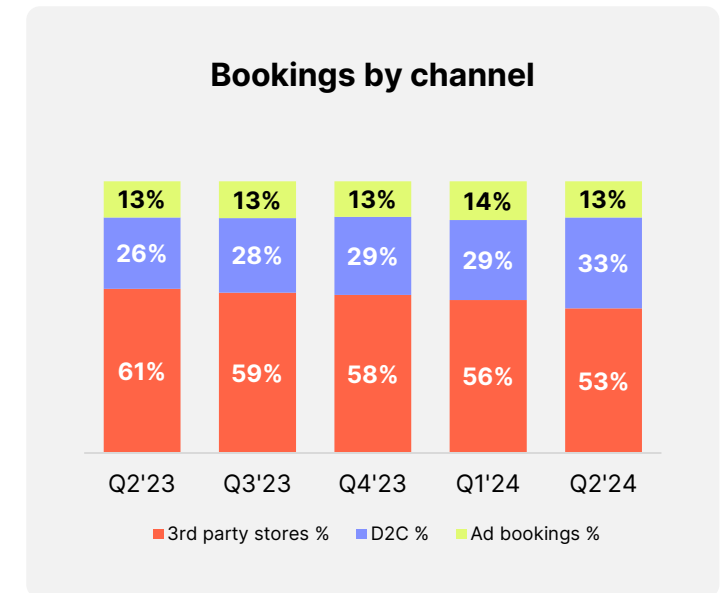
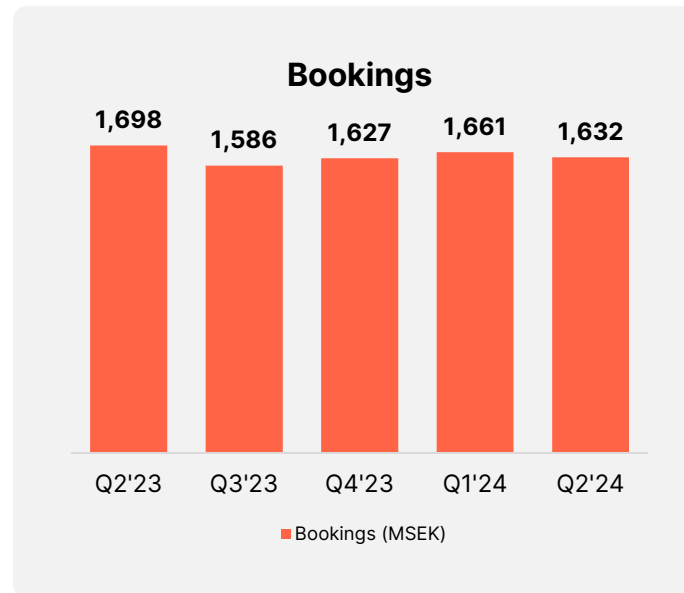
- Adjusted EBITDAC margin 29 percent, up by 8 pp QoQ driven by lower UAC
- Gross margin improvement of 2 pp YoY
- Staff costs as a percentage of net revenue down by 1.6 pp YoY
- UAC up by 2.5 pp YoY driven by new title Sunshine Island
- Focused product investments driving lower capitalization with improved ROI



Active portfolio

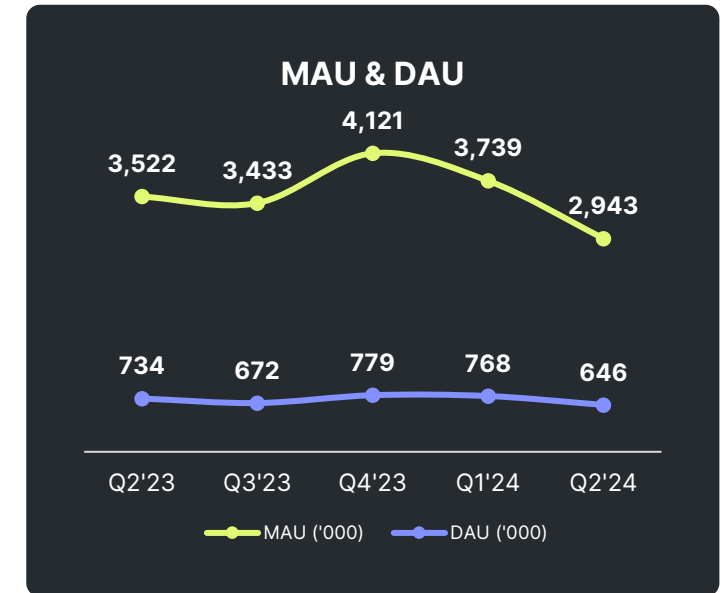
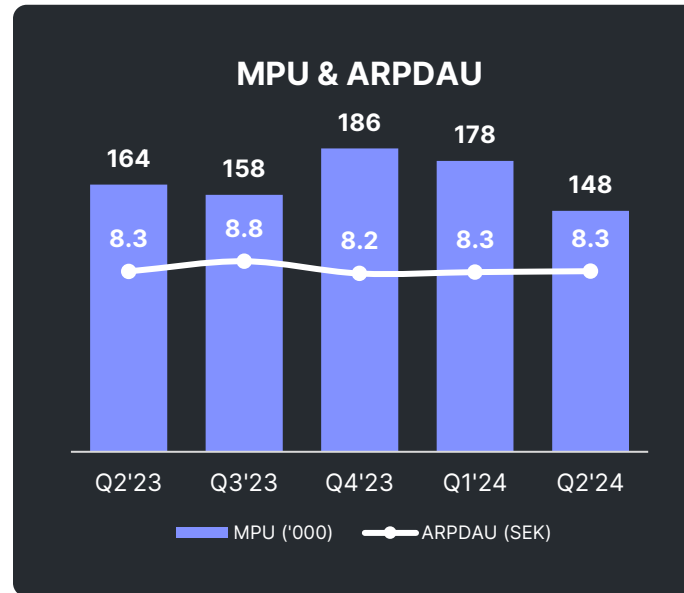
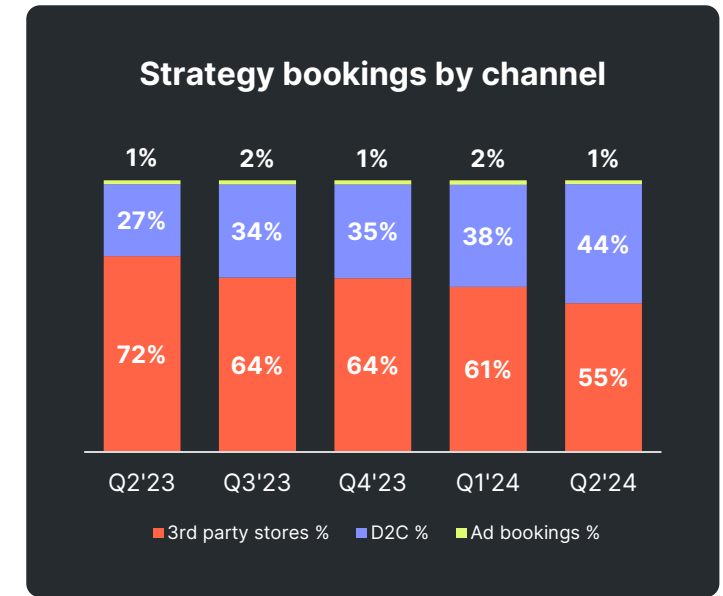
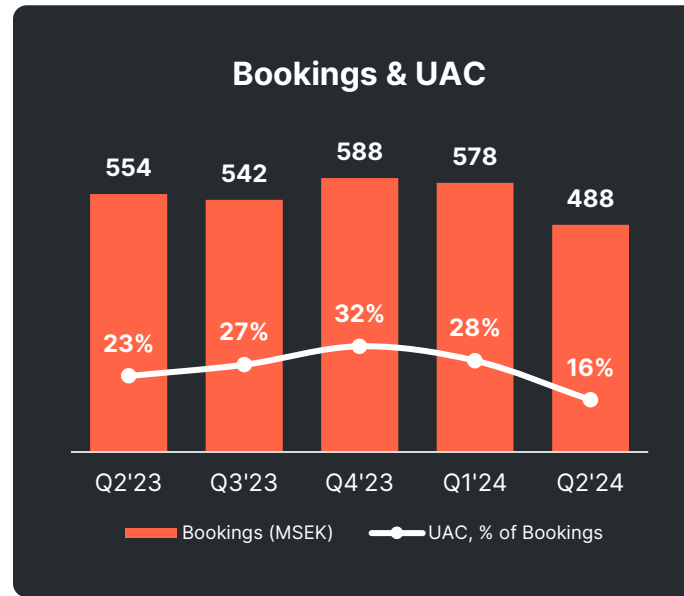
DTC strategy drives continued gross margin improvements

- Bookings in active portfolio declined by -2 percent QoQ
- ARPDAU up significantly both QoQ and YoY driven by strong monetization owing to successful live ops across portfolio
- MPU stable QoQ, MAU and DAU down by -10% due to lower UAC and portfolio shift towards high-value users
- Direct-to-Consumer (DTC) up by 7 pp YoY driven by ongoing strategic initiative to increase share of own channels, driving gross margin improvement



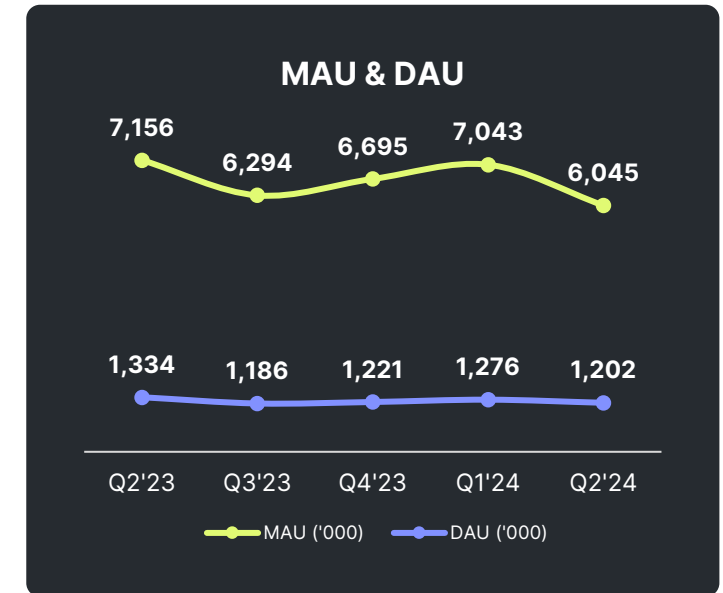
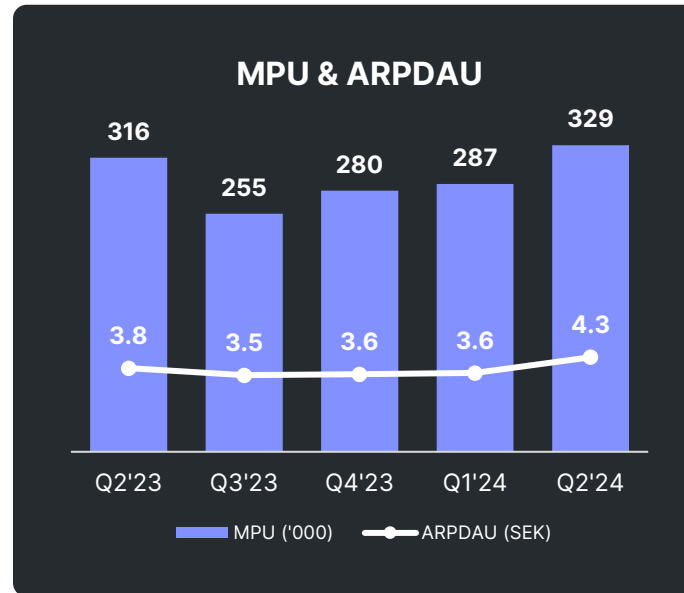
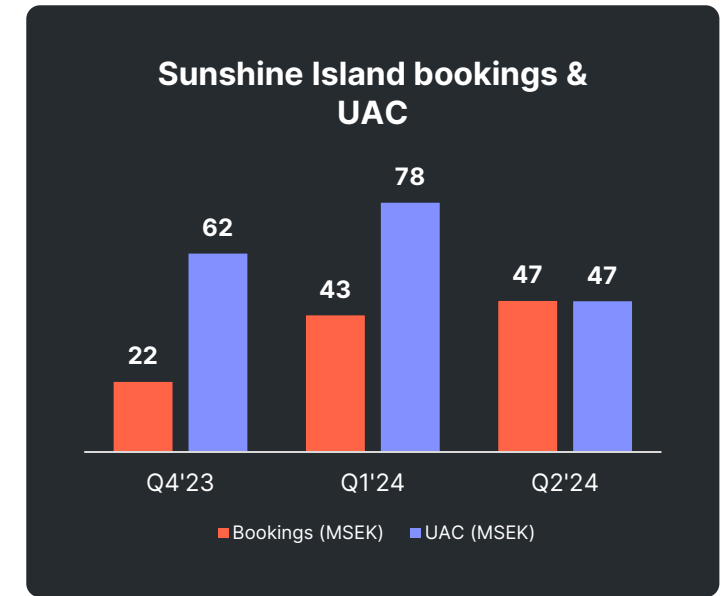
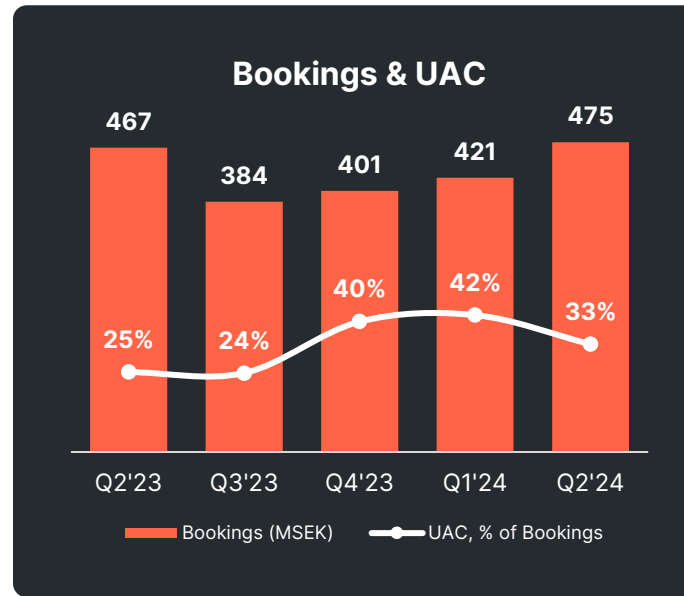
Lower activity and user acquisition spend in Strategy

- › Lower bookings in Strategy driven by significantly decreased UAC
 - › Supremacy bookings declined slightly YoY
 - › Empire remains stable with no user acquisition spend, leading to high profitability
- › UAC down by -40% YoY, more difficult to scale user acquisition in Strategy during the quarter, driving decline in active users
- › Bookings down by -12 percent YoY, gross profit down by -7 percent
- › Continued increased share of Strategy bookings generated from DTC channels, up by 17 pp compared to same period last year



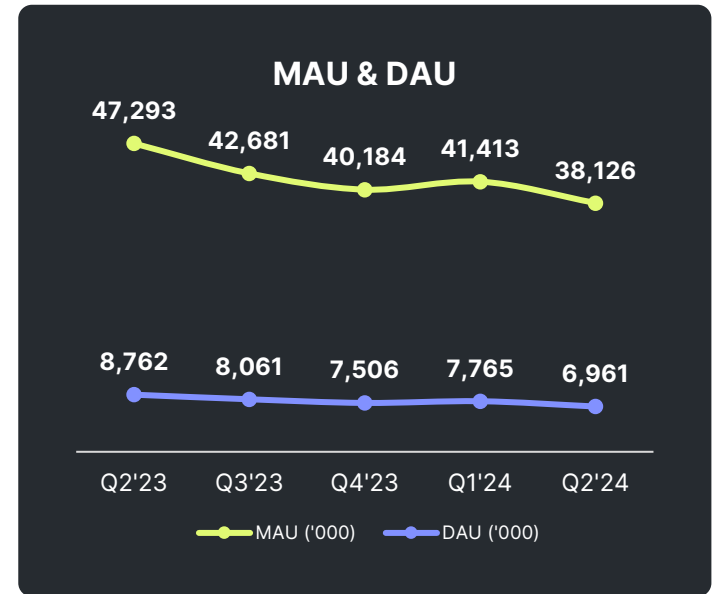
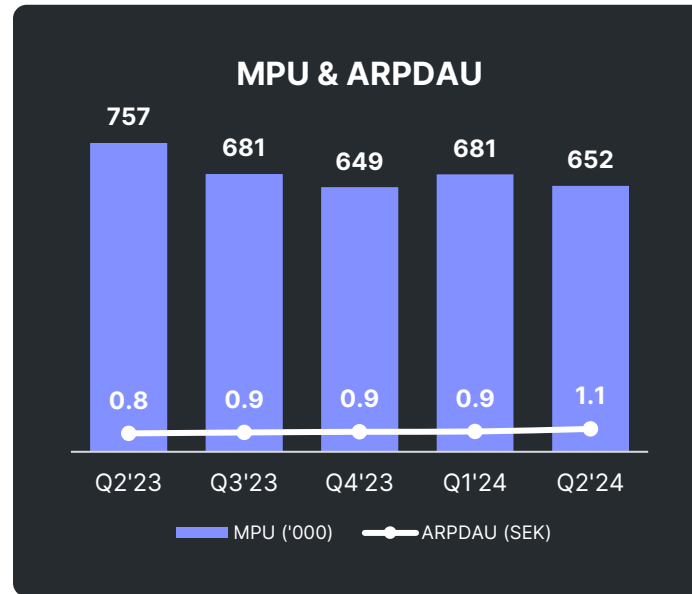
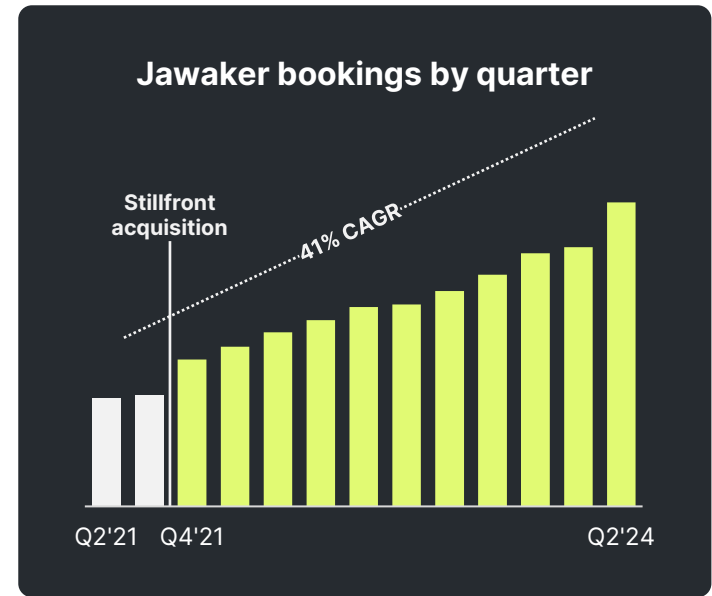
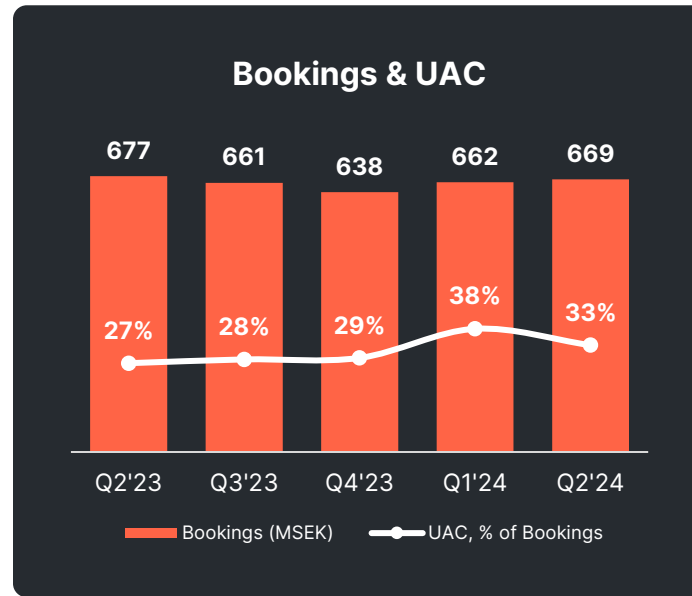
Sunshine Island continues to deliver on growth plan

- › Sequential increase in bookings and users driven by continued successful scaling of Sunshine Island and Albion Online EU server launch
- › Sunshine Island grew bookings by 10 percent QoQ, while user acquisition spend was down by 40%
 - › Focus on building content and optimizing for further scaling in seasonally strong Q4
- › Albion Online down YoY due to tough comparison from the Asian server launch in March last year



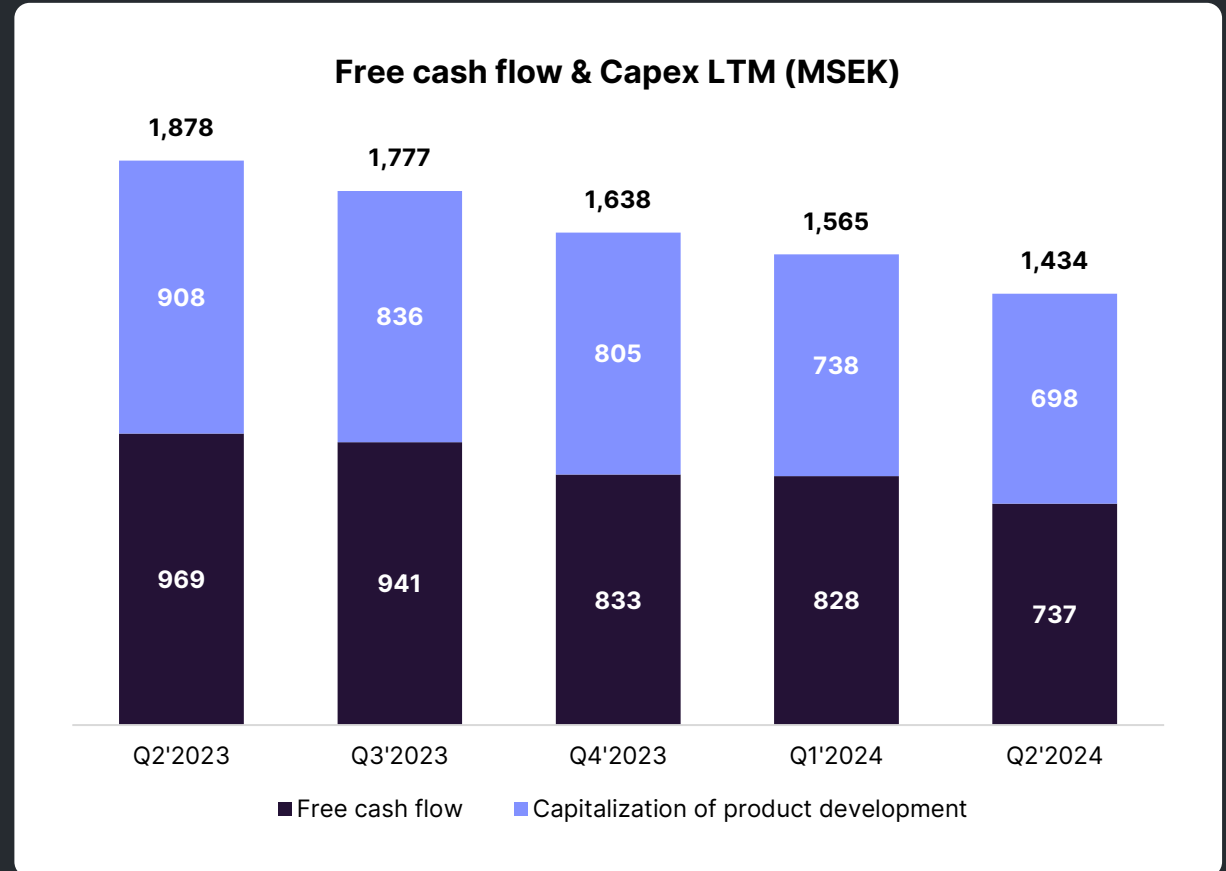
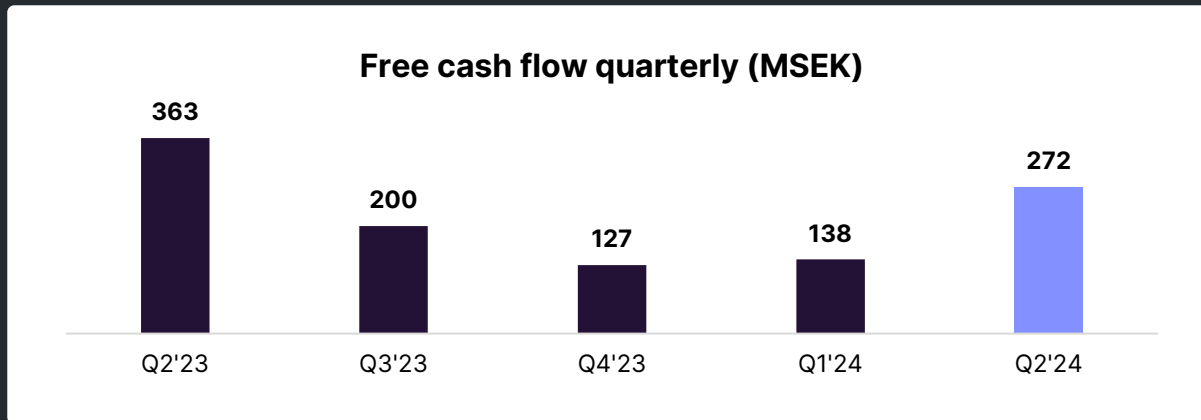
Jawaker continues its strong performance

- › Bookings were flat both sequentially and YoY in Casual & Mashup
- › Super Free’s Word franchise continued to scale well in the second quarter, driving user acquisition spend and organic growth for the franchise
- › Jawaker continues its impressive performance, growing bookings with very high profitability, driving positive earnout revaluation in quarter
- › Soft performance from Storm8’s Home Design franchise negatively affected growth YoY, and new game “Ellen’s Garden Restoration” had its global soft-launch in April, slowly making progress



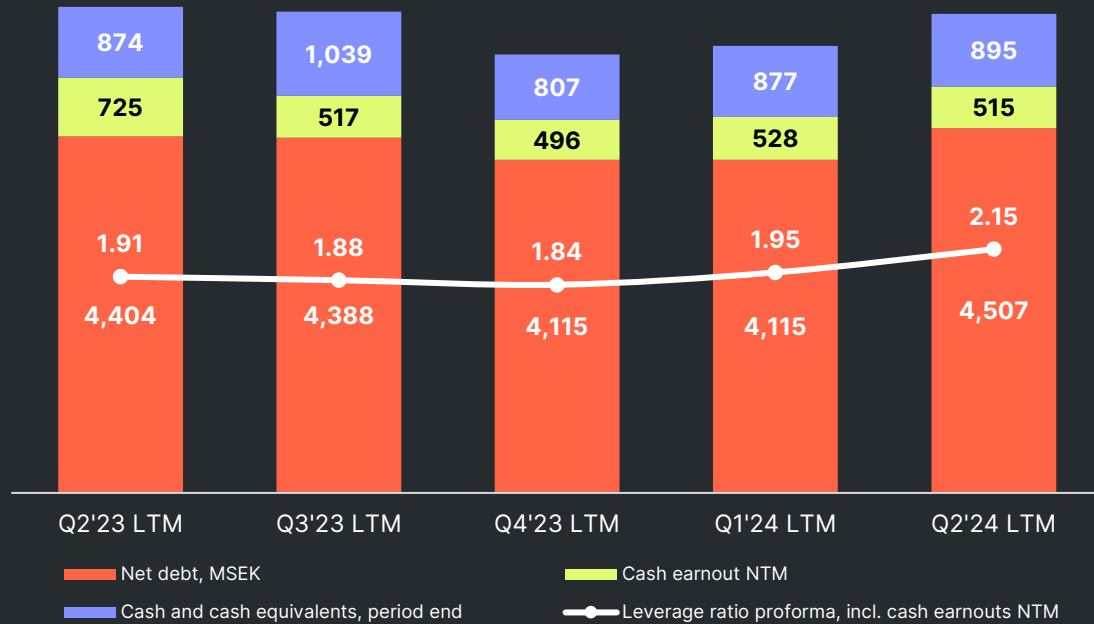
Strong free cash flow generation in quarter

MSEK	Q2 2024	Q2 2023
Cash flow from operations (before NWC)	482	501
Change in net working capital	-48	66
Cash flow from operations (CFFO)	434	567
Cash flow from investment activities	-668	-825
Cash flow from financing activities	260	319
Cash flow for the period	25	61

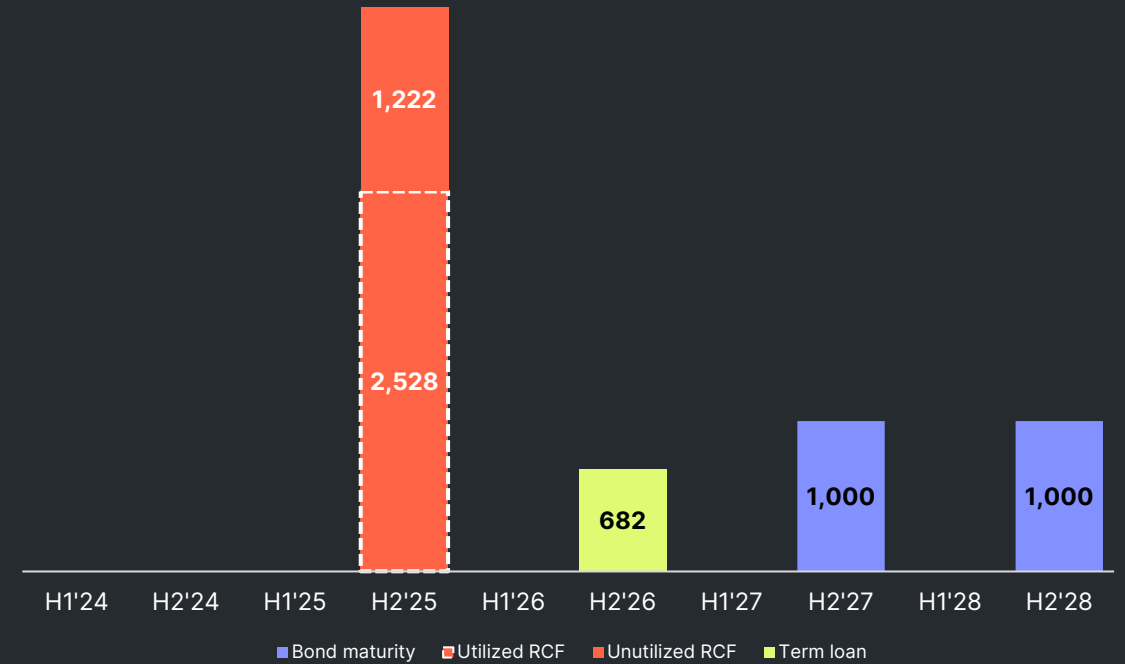


Leverage slightly above targets driven by share buybacks

Net debt & leverage ratio



Maturity profile



Share repurchase program

- Stillfront's cash flow generation and strong balance sheet enable us to launch another share repurchase program
- The repurchased shares will be used to cover parts of the equity component of Stillfront's earnout provisions for coming years and the total program amounts to up to 80 MSEK
- Stillfront's intention is to complete the repurchase program prior to the closed period ahead of the Q3 report



Strong margin development in second quarter, seasonally slower months ahead

- Strong profitability in the second quarter with adjusted EBITDAC margin of 29 percent
- Seasonal effects have driven lower activity levels across our games towards the end of the second quarter, which are expected to continue into the third quarter
- Reacceleration of user acquisition spend and scaling of new titles expected towards the second half of the third quarter and into the seasonally stronger fourth quarter
- Profitability-enhancing measures being identified, aim to increase transparency and accountability, heighten operational efficiencies and lower cost base



 **Stillfront**