

STILLFRONT GROUP

Press Release
18 December 2020 02:52:00 CET

Stillfront Group presents unaudited proforma financials for YTD Q3 2020 and FY 2021 guidance for the acquisitions of Super Free Games and Sandbox Interactive

INSIDE INFORMATION: Stillfront Group AB (publ) ("Stillfront") earlier today announced the signing of agreements to acquire 100 percent of the shares in Super Free Games, Inc. (under name change from Super Lucky Casino Inc.) ("Super Free") and Sandbox Interactive GmbH ("Sandbox") for a combined upfront payment of approximately SEK 2.6 billion (the "Acquisitions"). As a result of the Acquisitions, Stillfront has decided to communicate that its proforma Net revenue and adjusted EBITDA including the Acquisitions amounted to SEK 3,550 million and SEK 1,373 million, respectively, for the period January to September 2020. Furthermore, Stillfront estimates that the Acquisitions will contribute with proforma Net revenue and adjusted EBITDA to Stillfront for the full year 2021 in the range of SEK 1,500-2,000 million and SEK 350-450 million, respectively. All numbers are preliminary and unaudited. Closing of the acquisition of Sandbox is expected no later than 30 December 2020 and closing of the acquisition of Super Free is expected no later than 29 January 2021, as communicated separately earlier today.

UNAUDITED PROFORMA INFORMATION JAN-SEPT 2020

A preliminary proforma income statement for the nine months ended 30 September 2020 is shown below, with the purpose of describing a hypothetical financial result of Stillfront as if the Acquisitions had been completed per 1 January 2020. No synergies have been taken into consideration. Super Free has USD as its reporting currency and Sandbox has EUR as its reporting currency. The USD and EUR figures have been translated to SEK using the average FX-rate for the period, with USD/SEK at 9.4650 and EUR/SEK at 10.5603. Stillfront has carried out a preliminary IFRS conversion of the financial result of the Acquisitions for the purposes of the proforma financial statements.

PROFORMA INCOME STATEMENT

| IFRS Unaudited SEKm | Stillfront (As reported) YTD Q3'20 | Super Free YTD Q3'20 | Sandbox YTD Q3'20 | Stillfront (Pro forma) YTD Q3'20 |
|---------------------------|--|-------------------------|----------------------|--|
| Net revenue | 2,910 | 539 | 101 | 3,550 |
| Own work capitalized | 241 | 31 | 12 | 285 |
| Other revenue | 11 | 1 | 1 | 13 |

| | | | | |
|-------------------------------|--------------|------------|------------|--------------|
| Total revenue | 3,162 | 571 | 113 | 3,847 |
| Adjusted EBITDA[1] | 1,236 | 81 | 55 | 1,373 |
| <i>Adjusted EBITDA margin</i> | <i>42%</i> | <i>15%</i> | <i>55%</i> | <i>39%</i> |
| Adjusted EBIT[2] | 1,094 | 68 | 49 | 1,212 |
| <i>Adjusted EBIT margin</i> | <i>38%</i> | <i>13%</i> | <i>49%</i> | <i>34%</i> |

Following completion of the Acquisitions, Stillfront's leverage ratio will be approximately 1.4x EBITDA, within its communicated leverage target of 1.5x EBITDA.

The preliminary proforma financial statements do not include further adjustments for other acquisitions Stillfront has completed during the year prior to their respective consolidation in the Stillfront group. All numbers are preliminary and unaudited.

Stillfront has not completed the detailed valuation analysis 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 Acquisitions. The preliminary allocation of the consideration for the Acquisitions used in this unaudited preliminary proforma information is based upon Stillfront's preliminary estimates at the date of preparation of this preliminary proforma information. As a result of the finalization of this allocation after the Acquisitions' final completions, 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 proforma financial performance.

UNAUDITED FORECAST FIGURES FOR THE ACQUISITIONS FOR THE FULL YEAR 2021

For the full year 2021, Stillfront estimates that the Acquisitions jointly will contribute to the Stillfront group with

- Proforma net revenue of SEK 1,500-2,000 million, and
- Proforma adjusted EBITDA of SEK 350-450 million.

Closing of the acquisition of Sandbox is expected no later than 30 December 2020 and closing of the acquisition of Super Free is expected no later than 29 January 2021, as communicated separately earlier today.

The financial assumptions are based on management accounts and forecasts for the Acquisitions. Projected growth is mainly driven by the games Word Collect, Word Nut and Trivia Star and projected game pipeline for Super Free and mobile release, game updates, enhanced marketing and localization of Albion Online for Sandbox.

The upfront consideration for Super Free amounts to USD 150 million and the upfront consideration for Sandbox amounts to EUR 130 million, in each case on a cash- and debt free basis. The combined upfront payment for the Acquisitions thus amounts to approximately SEK 2.6 billion.

For the conversion to SEK the following rates have been used USD/SEK of 8.4813 as the Riksbank rate as of 30 November 2020, EUR/SEK of 10.1579 as the Riksbank rate as of 30 November 2020.

CONFERENCE CALL FOR INVESTORS, ANALYSTS AND MEDIA

Representatives of Stillfront will participate in a conference call on December 18, at 10.00 CET. To participate, please use the details set out below.

To participate by telephone, please dial:

SE: +46 8 505 58 351
UK: +44 33 330 092 66
US: +1 833 526 8382

To participate via audiocast:

<https://tv.streamfabriken.com/press-conference-18-dec-2020>

IMPORTANT INFORMATION

Forward-looking statements

This press release contains certain forward-looking statements that reflect Stillfront's current views or expectations of future events and financial and operational performance, including statements regarding guidance, planning, prospects and strategies. Words such as "intends", "anticipates", "expects", "plans", "estimates", "may", and similar expressions regarding indications or predictions of future developments or trends that are not based on historical facts, constitute forward-looking information. Although Stillfront believes that these statements are based upon reasonable assumptions and expectations, Stillfront cannot give any assurances that any such forward-looking statements will materialize. Because these forward-looking statements involve both known and unknown risks and uncertainties, actual results may differ materially from the information set forth in the forward-looking information. Such risk and uncertainties include but are not limited to the following: Super Free's and Sandbox's respective future business development; the expected growth of Super Free's and Sandbox's respective user base; the expectation regarding the rate at which each of Super Free's and Sandbox's can gain active users; each of Super Free's and Sandbox's ability to monetize the user base; and each of Super Free's and Sandbox's ability to launch new products according to plan. Forward-looking statements in this press release apply only at the time of the press release and are subject to change without notice. Stillfront undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, other than as required by applicable law or stock market regulations.

[1] 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 and SEK -15.2m for Sandbox relating to estimated advisory transaction costs.

[2] 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 and SEK -69m for Sandbox relating to amortization of Purchase Price Allocation ("PPA") items and estimated advisory transaction costs.

For additional information, please contact:

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About Stillfront

Stillfront is a leading free-to-play powerhouse of gaming studios. Our diverse and exciting games portfolio has two common themes; loyal users and long lifecycle games. Organic growth and carefully selected and executed acquisitions embody our growth strategy and our approx. 1,000 co-workers thrive in an organization that engenders the spirit of entrepreneurship. Our main markets are the US, Germany, MENA, France and Canada. We are headquartered in Stockholm, Sweden, and the company is listed on Nasdaq First North Premier Growth Market. For further information, please visit: stillfront.com

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This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2020-12-18 02:52 CET.

Attachments

[Stillfront Group presents unaudited proforma financials for YTD Q3 2020 and FY 2021 guidance for the acquisitions of Super Free Games and Sandbox Interactive](#)