

Interim Report, Q2 2023

QUOTE FROM THE CEO

“In the second quarter of 2023, we continued to deliver on our communicated agenda from our capital markets day in February with a focus on growing profitability and cash flows. Stillfront’s net revenue was stable year-over-year at 1,812 MSEK in the quarter, while Adjusted EBITDAC grew by 32 percent to 516 MSEK and Adjusted EBITDA by 11 percent to 708 MSEK, corresponding to all-time highs for both metrics. The increased profitability was driven by an increasing share of direct-to-consumer bookings, continued cost optimization, and lower levels of user acquisition and capitalized development costs. We continued to generate strong cash flow across the group and free cash flow in the second quarter increased by 51 percent year-over-year to 363 MSEK.”

FINANCIAL HIGHLIGHTS Q2

- Net revenue 1,812 (1,811) MSEK, an increase of 0 percent
- Organic net revenue decline of 5 percent
- EBIT 275 (258) MSEK, an increase of 7 percent
- EBITDA 695 (632) MSEK, an increase of 10 percent
- Adj EBITDA 708 (639) MSEK, an increase of 11 percent, Adj EBITDA margin of 39 (35) percent
- Items affecting comparability impacting EBITDA of -13 (-7) MSEK, mainly costs for long-term incentive programs
- Capitalization of product development amounted to 192 (249) MSEK
- Adjusted EBITDAC of 516 (390) MSEK, an increase of 32 percent, Adj EBITDAC margin of 28 (22) percent
- Net result of -54 (117) MSEK
- Free cash flow last 12 months of 969 (1,089) MSEK
- Total net debt, including cash earnout for next 12 months, of 5,130 (4,684) MSEK
- Adjusted leverage ratio, pro forma was 1.6x (1.4x)
- Adjusted leverage ratio, including cash earnout for next 12 months, pro forma was 1.9x (1.8x)
- Cash position of 874 (1,470) MSEK and 2,262 (2,305) MSEK of undrawn credit facilities

KEY FIGURES

MSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Last 12 months	2022 Jan-Dec
Bookings	1,810	1,805	3,555	3,482	7,087	7,014
Deferred revenue	2	6	15	8	51	44
Net revenue	1,812	1,811	3,570	3,489	7,138	7,058
EBIT	275	258	489	530	809	850
EBITDA	695	632	1,315	1,229	2,631	2,545
Items affecting comparability	-13	-7	-32	-25	-233	-226
Adjusted EBITDA	708	639	1,348	1,255	2,688	2,595
Adjusted EBITDA margin, %	39	35	38	36	38	37
Capitalization of product development	192	249	417	504	908	996
Adjusted EBITDAC	516	390	931	750	1,780	1,599
Adjusted EBITDAC margin, %	28	22	26	22	25	23
Profit before tax	3	176	110	376	487	752
Net result	-54	117	7	261	293	547
Number of employees	1,498	1,580	1,498	1,580	1,498	1,589
Adjusted leverage ratio, pro forma, x	1.64	1.41	1.64	1.41	1.64	1.46
Adjusted leverage ratio incl. NTM cash earnout payments, pro forma, x	1.91	1.84	1.91	1.84	1.91	1.75
Earnings per share undiluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15
Earnings per share diluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15

Comments by the CEO

Record high profitability and cash flow

In the second quarter of 2023, we continued to deliver on our communicated agenda from our capital markets day in February with a focus on growing profitability and cash flows. Stillfront's net revenue was stable year-over-year at 1,812 MSEK in the quarter, while Adjusted EBITDAC grew by 32 percent to 516 MSEK and Adjusted EBITDA by 11 percent to 708 MSEK, corresponding to all-time highs for both metrics. The increased profitability in the quarter was driven by an increasing share of direct-to-consumer bookings, continued cost optimization, and lower levels of user acquisition and capitalized development costs. We continued to generate strong cash flow across the group. Free cash flow in the second quarter increased by 51 percent year-over-year to 363 MSEK with last twelve months free cash flow at about 1 billion SEK.

On an organic basis, net revenues declined by 5 percent year-over-year in the second quarter, in line with the decline we saw in the first quarter of the year. Several studios continued to perform well, including Candywriter, Jawaker and Sandbox Interactive, and quarter-over-quarter the organic net revenue growth amounted to 2 percent in the second quarter. The organic year-over-year decline is in line with our expectations as we significantly outperformed the underlying market in the second quarter last year when our portfolio of strategy games grew by more than 80 percent. The underlying market has continued to recover during the second quarter, and we maintain our view that both Stillfront and the market will return to organic growth during the second half of the year.

Stillops enabling synergies driving margin improvements

When we announced our updated financial targets on our capital markets day in February this year, we provided a roadmap on how we would significantly improve our Adjusted EBITDAC margin by lowering our direct costs, staff and operating costs, and capitalized development costs. It is encouraging to see the progress that we have already made during these first six months and how our Stillops platform continues to create tangible synergies across the group. During the second quarter, we were able to lower our direct costs and strengthen our gross margin by 2.5 percentage points compared to the same period last year, driven by a continued strategic focus to increase the share of direct-to-consumer bookings across the portfolio paired with a slightly different portfolio mix compared to last year with more revenues generated from cross-platform franchises. We were also able to lower our capitalized development costs in relation to net revenue by 3.1 percentage points in the quarter compared to last year, driven by a stricter allocation of investments focusing on our largest franchises.

Accelerating our AI efforts

In early May, we held an internal Stillfront artificial intelligence summit in Hamburg. At the summit, representatives from Stillfront's operations team and several of our studios met up to exchange best practice and

discuss how we can further develop our processes with generative AI to increase productivity in areas like localization, art generation, and game development. Artificial intelligence already plays an important role in the games industry and will become even more important going forward, and our Stillops model enables Stillfront to move fast and roll out successful initiatives across the entire group. The development pace in the past six months has been impressive and we are excited about what it will mean for the future of our industry.



Adjusting and settling earnouts in the second quarter

Sandbox Interactive's popular franchise Albion Online, which was launched in Asia late March, continued its strong performance from the first quarter into the second quarter. The studio has significantly outperformed our expectations during the first half of the year and as a result we have adjusted our expected earnout provisions for the studio for the financial years 2023 and 2024, while we have done additional adjustments for other studios. Total earnout revaluations, which were mostly driven by discounting effects, had a negative non-cash effect of 171 MSEK impacting the financial net in the second quarter.

During the second quarter, we settled the equity and the majority of the cash components of our outstanding earnout debts for the financial year 2022. The share repurchase program that was carried out during the first and second quarter enabled us to use our own existing shares for most of the equity component of the earnout debt, which limited the dilution effects for our shareholders. Our strong cash flow generation during the first half of the year has enabled us to deleverage our balance sheet and we are in a very strong financial position to continue to deliver on our strategy for the rest of the year and onwards.

The gaming industry returning to long-term growth

Gaming is truly one of the most exciting spaces to be in. Gaming as a source of entertainment continues to dominate our everyday lives and will continue to grow for many more years to come. A recent study from Newzoo shows that more than 75 percent of the global online

population play online games, with a majority playing on their mobile devices. The high penetration rates are driven by younger generations where more than 90 percent play games, and very little suggests that these gamers stop playing as they become older. This, together with continued strong player growth from regions like Latin America, India, Middle East and Africa, will drive structural growth in the gaming industry for many years to come.

For the second half of 2023, we have several exciting opportunities in front of us. We have new games going into soft-launch and we have exciting cross-studio collaboration

projects that will strengthen the group further. Meanwhile, we continue to focus on optimizing our cost base and how we allocate investments to ensure high profitability and strong cash flows. We expect to see the usual seasonality effects in the third quarter that we experience most years, with lower activity levels during the summer months. We have seen indications of a stronger underlying market development in the second quarter, and we are confident that we are in a good position to return to organic growth during the second half of the year.

JÖRGEN LARSSON, CEO, STILLFRONT GROUP

Stillfront at a glance

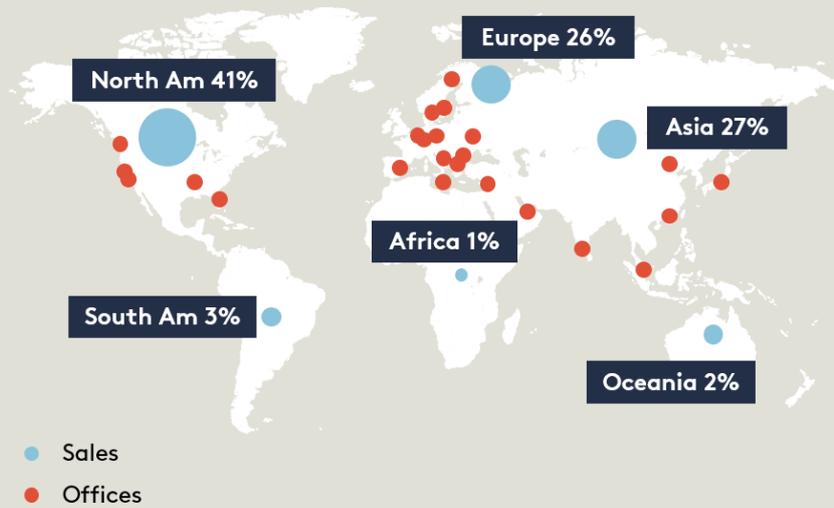
A global games company

Stillfront is a global games company founded in 2010. We develop digital games for a diverse gaming audience and our broad games portfolio is enjoyed by almost 60 million people every month. Stillfront is focused on realizing synergies by connecting and empowering game teams globally through our Stillops platform. We are a fast-growing company and an active global strategic acquirer. Our 1,500 professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm Large Cap.

Building a sustainable gaming business

In 2023, Stillfront has continued to focus on reaching previously communicated long-term sustainability targets. In the first half of the year, we have sent our climate reduction targets for validation to Science Based Targets initiative (SBTi). We have also focused on cultural initiatives with particular focus on talent acquisition and employee wellbeing. During the third quarter we will finalize our double materiality analysis.

Please read more in the Annual & Sustainability Report for 2022 available on stillfront.com.



Percentage figures refer to Bookings in Q2 2023 by assumed location of gamers based on IP address or similar.

71

games in active portfolio in Q2

51%

bookings in active portfolio from top 5 franchises in Q2

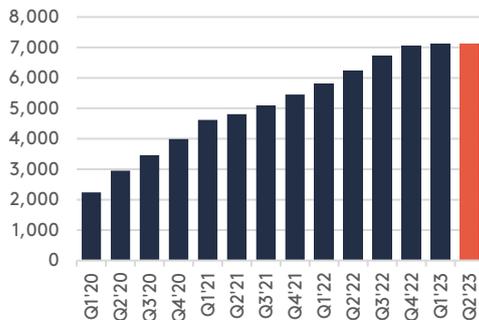
58m

monthly active users in Q2

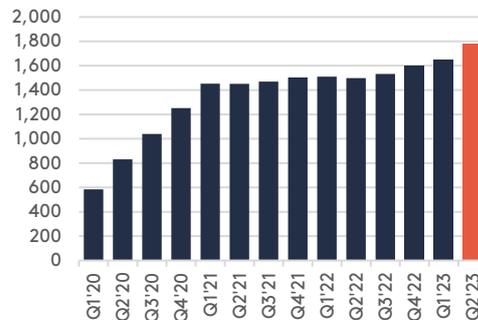
1,498

professionals

NET REVENUE LTM (MSEK)



ADJ. EBITDAC LTM (MSEK)



Portfolio overview



Game performance

Bookings in the second quarter amounted to 1,810 MSEK, of which 1,698 in the active portfolio. The decline of 1 percent year-over-year in the active portfolio was driven by strong comparison numbers in Strategy and softer performance from Casual & Mash-up, which was partly offset by strong performance from Sim, RPG & Action.

Bookings from other games outside of the active portfolio amounted to 112 MSEK in the second quarter. Other games consist of new game releases that have not yet been added to the active portfolio, smaller long-tail games, as well as Nanobit's second collaboration with Netflix, which is not included in the active portfolio.

Since the first quarter 2023, Stillfront reports group bookings in its active portfolio in three categories: Ad bookings, 3rd party stores, and Direct-to-consumer (DTC).

Ad bookings are bookings generated from selling advertising in Stillfront's games. In the second quarter, ad bookings amounted to 13 percent of bookings in the active portfolio, compared to 13 percent in the first quarter of the year and 16 percent in the same period last year. The year-over-year decline is mostly driven by a different product mix with more in-app purchases across the portfolio.

Bookings from 3rd party stores are defined as bookings from purchases on external platforms such as App Store, Google Play Store, Steam and Microsoft Store. Bookings from 3rd party stores amounted to 61 percent of bookings in the active portfolio, compared to 63 percent in the first quarter and 66 percent in the same period last year.

DTC primarily consist of bookings generated from Stillfront's own internal proprietary payment platforms. Payment processing fees and other related expenses for in-app purchases are significantly lower in Stillfront's proprietary channels compared to 3rd party stores. The category also includes bookings from reseller networks. In the second quarter, Stillfront increased its share of DTC bookings to 26 percent compared to 24 percent in the first quarter and 19 percent in the same period last year.

ARPPDAU for the active portfolio was up by 17 percent year-over-year to 1.7 SEK in the second quarter. The increase was driven by improved monetization across the portfolio and positive FX effects.

User acquisition costs, UAC, in the active portfolio declined by 9 percent year-over-year and amounted to 428 MSEK in the second quarter, corresponding to 25 percent of bookings in the active portfolio, compared to 27 percent during the same period last year.

MAU, monthly active users, decreased by 4 percent quarter-over-quarter, while DAU, daily active users, decreased by 6 percent. The sequential decline was primarily driven by lower user acquisition spend in the active portfolio. MPU, monthly paying users, was stable quarter-over-quarter, but decreased year-over-year driven by Stillfront's decision to pause Moonfrog's operations in Bangladesh during the fourth quarter 2022. The year-over-year declines in DAU and MAU were driven by the discontinuation of Snap Games in February, which had a negative effect on DAU and MAU in Ludo Club, paired with lower UAC levels in the active portfolio and the pausing of Moonfrog's operations in Bangladesh.

2023 Q2	Active Portfolio	Strategy	Sim / RPG / Action	Mashup / Casual	Other games
Bookings (MSEK)	1,698	554	467	677	112
Y-o-Y change, %	-1%	-8%	22%	-7%	
Ad bookings, %	13%	1%	4%	29%	
3rd party stores, %	61%	72%	51%	57%	
DTC, %	26%	27%	45%	13%	
UAC (MSEK)	428	129	114	184	6
Y-o-Y change, %	-9%	-16%	24%	-17%	
DAU ('000)	10,830	734	1,334	8,762	
Y-o-Y change, %	-15%	-12%	-2%	-17%	
MAU ('000)	57,971	3,522	7,156	47,293	
Y-o-Y change, %	-12%	-20%	2%	-13%	
MPU ('000)	1,237	164	316	757	
Y-o-Y change, %	-19%	-16%	20%	-29%	
ARPPDAU (SEK)	1.7	8.3	3.8	0.8	
Y-o-Y change, %	17%	4%	25%	12%	

Product areas

The active portfolio

Stillfront has a diversified portfolio of major franchises and smaller, niche products, that together make up Stillfront's active portfolio. During the second quarter, Stillfront's five largest franchises represented 51 percent of total bookings in the active portfolio.

The active portfolio is divided into three different product areas: Strategy; Simulation, RPG & Action; and Casual & Mash-up. During the second quarter, no new games were added to the active portfolio. The active portfolio consisted of 71 games at the end of the second quarter.

Strategy

The strategy portfolio consists of 21 classic war and so called 4X strategy games, including Empire, Conflict of Nations, Supremacy 1914 and Shishinogotoku. Strategy games amounted to 33 percent of the bookings in the active portfolio in the second quarter. Strategy bookings decreased by 8 percent year-over-year to 554 MSEK. The year-over-year decline was driven by strong comparison numbers as the product area grew by more than 80 percent during the same period last year.

User acquisition spend in the strategy portfolio amounted to 129 MSEK in the second quarter, down by 16 percent compared to the same period last year. User acquisition spend as a percentage of bookings amounted to 23 percent in the quarter.

Daily and monthly active users were down year-over-year by 12 percent and 20 percent respectively, driven by lower user acquisition spend compared to the same period last year. ARPDAU in the product area increased by 4 percent in the quarter compared to the same period last year, primarily driven by positive FX effects.

Simulation, RPG & Action

Simulation, RPG & Action is a diversified portfolio of 26 games including simulation games such as Big Farm: Mobile Harvest and Hollywood Story, action games such as Battle Pirates, and RPGs such as Albion Online and Shakes & Fidget.

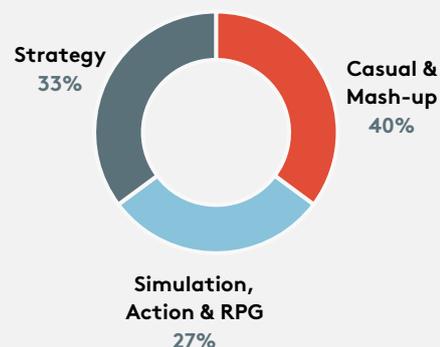
Simulation, RPG & Action totalled 27 percent of the bookings in the active portfolio in the second quarter. Bookings increased by 22 percent compared to the same period last year and amounted to 467 MSEK in the quarter. Most of the year-over-year increase was driven by impressive performance from Albion Online, which continued its strong performance from the first quarter into the second quarter of the year. User acquisition spend in Simulation, RPG & Action was up by 24 percent compared to the same period last year.

Sandbox Interactive's key franchise Albion Online launched its Asian server, Albion East, towards the end of the first quarter and the positive momentum for Albion Online continued into the second quarter, with the franchise growing by more than 200 percent compared to the same period last year and becoming one of Stillfront's largest franchises. By early July, bookings had normalized at a slightly lower level than the run-rate in the second quarter, while still contributing significantly to organic growth on a year-over-year basis.

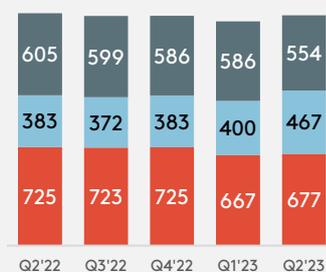
Casual & Mash-up

The Casual & Mash-up portfolio consists of 24 games, including Property Brothers Home Design, BitLife, Trivia Star, Jawaker and Ludo Club. The product area totalled 40 percent of the bookings in the active portfolio in the second quarter and amounted to 677 MSEK, representing an increase of 1 percent compared to the first quarter of the year and a decline by 7 percent compared to the same period last year. The year-over-year decline was mostly driven by Stillfront's decision to pause Moonfrog's operations in Bangladesh during the fourth quarter 2022, as well as a softness in advertising bookings, which was partly offset by increased monetization and positive FX effects. User acquisition spend in Casual & Mash-up was down by 17 percent compared to the same period last year.

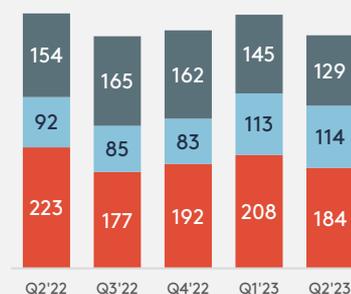
Product areas and mobile share as share of bookings in Q2 2023 in total active portfolio



Bookings in total active portfolio per product area



UAC in total active portfolio per product area



Moonfrog's key franchise Ludo Club performed strongly in the second quarter, driven by continued solid performance in the Indian subcontinent paired with a marketing push across new geographies.

BitLife and Jawaker continued their impressive performances from recent quarters. Both franchises have been able to increase both in-app purchases and ad bookings sequentially compared to the first quarter. The Jawaker app continued its impressive growth journey in the second quarter and the Jawaker team is now working together with other studios across Stillfront to further leverage and expand the Jawaker franchise across the Arabic-speaking population worldwide.

FINANCIAL OVERVIEW OF THE SECOND QUARTER

Revenue and operating profit

MSEK	2023		2022		2023		2022	
	Apr-Jun	Apr-Jun	Chg%	Jan-Jun	Jan-Jun	Chg%	Last 12 months	Jan-Dec
Net revenue	1,812	1,811	0	3,570	3,489	2	7,138	7,058
Gross profit	1,418	1,373	3	2,784	2,680	4	5,487	5,384
Gross profit margin, %	78	76		78	77		77	76
EBIT	275	258	7	489	530	-8	809	850
EBITDA	695	632	10	1,315	1,229	7	2,631	2,545
EBITDA margin, %	38	35		37	35		37	36
Items affecting comparability, EBITDA	13	7	97	32	25	28	57	50
Adjusted EBITDA	708	639	11	1,348	1,255	7	2,688	2,595
Adjusted EBITDA margin, %	39	35		38	36		38	37
Capitalization of product development	192	249	-23	417	504	-17	908	996
Adjusted EBITDAC	516	390	32	931	750	24	1,780	1,599
Adjusted EBITDAC margin, %	28	22		26	22		25	23

Net revenue in the second quarter amounted to 1,812 (1,811) MSEK. Revenue development for the quarter includes the impact of currency movements (+7 percent year-over-year) and organic growth (-5 percent year-over-year).

Currency movements on net revenues in the second quarter were mainly driven by the strong EUR and USD compared to the SEK year-over-year. Currency rates in the quarter are outlined in the currency table on page 20 in this report.

The decision in November last year to pause operations in Bangladesh impacted Stillfront's net revenue growth negatively in the second quarter by -1 percent. The negative impact on net revenue growth is described as 'Other change' in the table below.

Net revenue growth	2023		2022		2022	
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Change through acquisitions, %	0.0	20.5	1.5	23.8	20.0	
Change through currency movements, %	6.6	9.8	7.0	8.3	11.1	
Organic growth, %	-5.5	0.7	-5.2	-3.0	-1.4	
Other change %	-1.1	0.0	-1.1	0.0	-0.3	
Total net revenue growth, %	0.0	31.0	2.3	29.1	29.4	

Stillfront had a gross margin of 78 (76) percent in the quarter.

Stillfront's personnel expenses as a percentage of net revenue amounted to 18 (17) percent in the quarter, while other external expenses amounted to 6 (6) percent.

EBITDA amounted to 695 (632) MSEK in the second quarter. Adjusted EBITDA amounted to 708 (639) MSEK, corresponding to an adjusted EBITDA margin of 39 (35) percent in the quarter. Items affecting comparability amounted to -13 (-7) MSEK in the quarter, comprising mainly costs for long-term incentive programs and other.

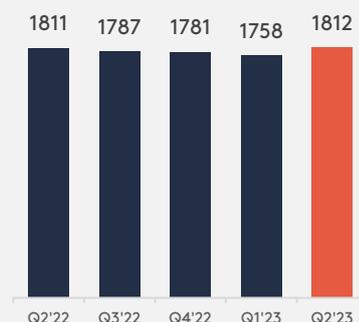
Adjusted EBITDAC amounted to 516 (390) MSEK in the second quarter, corresponding to an adjusted EBITDAC margin of 28 (22) percent. The improved EBITDAC margin is primarily driven by more efficient investments in product development, lower direct costs and lower user acquisition costs.

EBIT amounted to 275 (258) MSEK in the second quarter.

Product development

MSEK	2023		2022		2022	
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Last 12 months	Jan-Dec
Capitalization of product development	192	249	417	504	908	996
Amortization of product development	-181	-121	-351	-218	-650	-518
Amortization of PPA items	-222	-236	-442	-447	-924	-929

Net revenue development (MSEK)



Capitalization of product development in relation to net revenues in Q2

10.6%

Adj EBITDAC development (MSEK)



In the second quarter, investments in product development have been capitalized by 192 (249) MSEK. Investments include development of new games in soft launch as well as other not yet launched games. Investments also pertain to larger extensions and additions to existing games.

Amortization of product development of -181 (-121) MSEK was recorded during the second quarter. Amortization of PPA items amounted to -222 (-236) MSEK.

Financial net

MSEK	2023	2022	2023	2022	Last 12	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	Jan-Dec
Net interest excluding interest on earnouts	-83	-47	-155	-94	-293	-232
Interest on earnout consideration (non-cash)	-24	-33	-47	-62	-98	-113
Currency exchange differences	5	3	-6	6	-1	11
Other	-	-0	-	-0	0	-
Changes in fair value of contingent consideration	-171	-4	-171	-4	70	237
Net financial items	-272	-81	-379	-154	-322	-97

The financial net was -272 (-81) MSEK in the second quarter, consisting of net interest expenses -83 (-47) MSEK, non-cash interest charge on earnout provision -24 (-33) MSEK, earnout revaluations of -171 (-4) MSEK and currency exchange differences of 5 (3) MSEK. The higher interest expense in the quarter is due to the higher interest rate environment compared to the same period last year. The non-cash earnout revaluations of -171 MSEK comprise -47 MSEK of realized and non-realized forecast adjustments, mainly driven by Sandbox Interactive's strong performance, and -124 MSEK of risk premium (the difference between the WACC and the marginal cost of debt).

Tax

MSEK	2023	2022	2023	2022	Last 12	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	Jan-Dec
Profit before tax	3	176	110	376	487	752
Total taxes for the period	-57	-59	-103	-115	-194	-206
Tax rate, %	1,820	34	94	31	40	27
Transaction costs	-0	-1	-0	-14	-0	-14
Earnout interest	-24	-33	-47	-62	-98	-113
Earnout revaluations	-171	-4	-171	-4	70	237
Profit before tax, excl. transaction costs and earnout interest & revaluations	198	215	328	455	516	643
Tax on dividends	-	-	-7	-	-33	-26
Underlying tax excl. tax on dividends	-57	-59	-96	-115	-161	-180
Underlying tax rate, %	29	28	29	25	31	28

The group's tax cost amounted to -57 (-59) MSEK for the second quarter, equivalent to a not meaningful tax rate of 1,820 (34) percent.

Tax costs for each quarter are affected by non-deductible items such as costs for transactions, earnout interest and earnout revaluations, as well as special tax items such as irrecoverable tax on dividends received from studios. An underlying tax rate, which better describes tax costs related to Stillfront's ongoing business, can be calculated excluding such special items.

The underlying tax rate for the quarter, excluding non-deductible transaction costs, earnout interest and earnout revaluations, was 29 (28) percent. The underlying tax rate for the quarter is higher than in the corresponding period last year mainly due to a different mix between taxable profits in different jurisdictions.

Financing

MSEK	2023	2022
	30 Jun	30 Jun
Total net debt incl. cash earnout NTM	5,130	4,684
Net debt	4,404	3,571
Cash and cash equivalents	874	1,470
Adjusted interest coverage ratio, pro forma, x	9.2	15.0
Adjusted leverage ratio incl. NTM cash earnout, pro forma, x	1.9	1.8

In the second quarter, 2,956,510 (0) shares were repurchased for a total of 67 (0) MSEK. Shares repurchased in the first and second quarters, in total 13,441,510 (0) shares, and 4,769,026 (4,130,895) newly issued shares, have at the end of the second quarter been used to settle earnout liabilities of 336 (170) MSEK. Additionally in the second quarter, 621 (523) MSEK of earnout liabilities have been settled in cash.

Net debt as of the end of the second quarter amounted to 4,404 (3,571) MSEK. Total net debt, including cash earnouts for the next 12 months, amounted to 5,130 (4,684) MSEK.

The adjusted interest coverage ratio, pro forma was 9.2x (15.0x) at the end of the quarter.

The adjusted leverage ratio, pro forma, including cash earnouts for the next 12 months, was 1.9x (1.8x). Stillfront has a financial target for the adjusted leverage ratio pro forma, including cash earnouts for the next 12 months, not to exceed 2.0x. Stillfront has debt instruments in different currencies, and closing balances in SEK are calculated using the closing rates on the last day of the quarter. Using average FX rates during the last 12 months, Stillfront's adjusted leverage ratio, pro forma, including cash earnouts for the next 12 months, would have been 1.8x in the quarter.

At the end of the quarter, Stillfront had total unutilized credit facilities of 2,262 (2,305) MSEK, of which 1,869 (2,105) MSEK were long-term credit facilities. Cash balances amounted to 874 (1,470) MSEK.

Stillfront's financial assets and liabilities are in general measured at amortized cost, which is also a good approximation of their fair value. Bond loans with a carrying value of 2,496 (3,094) MSEK, however, have a fair value of 2,494 (2,922) MSEK. FX forwards and currency basis swaps with a carrying amount of -164 (-78) MSEK are measured at fair value through other comprehensive income. Contingent purchase considerations (earnout provisions) with a carrying amount of 2,398 (3,722) MSEK are measured at fair value through profit and loss.

MSEK	2023	2024	2025	2026	2027	Total
Provisions for earnouts						
Cash	208	517	533	321	227	1,807
Equity	-	165	195	133	97	591
Total provisions for earnout	208	682	728	454	325	2,398

The amounts stated above refer to provisions in the balance sheet, calculated as present values of nominal expected future payments, by year of expected settlement. As of the quarter-end, the group had liabilities of 2,398 (3,722) MSEK for earnout provisions, of which 891 (1,597) MSEK current and 1,507 (2,125) MSEK non-current. Out of the current liabilities, 208 MSEK are expected to be settled in the third quarter. The book value of the amounts that will be settled during 2023 to 2027 comprises 1,807 MSEK expected to be paid out in cash and 591 MSEK expected to be settled in shares.

Earnout provisions at the end of March 2023 were 3,033 MSEK and decreased during the second quarter to 2,398 MSEK at the end of June, driven by revaluations of 171 MSEK, non-cash discounting interest of 24 MSEK, settlements in Stillfront shares of -336 MSEK, settlements in cash of -621 MSEK and currency exchange differences of 127 MSEK. Revaluations in the quarter of -171 MSEK are described above under financial net.

Cash flow

MSEK	2023		2022		Last 12 months	
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Dec
Cash flow from operations	567	503	948	1,045	1,931	2,028
Cash flow from investment activities	-825	-829	-1,073	-2,699	-2,132	-3,758
Cash flow from financing activities	319	-57	-25	1,867	-430	1,463
Cash flow for the period	61	-382	-150	213	-631	-267
Cash and cash equivalents at the end of period	874	1,470	874	1,470	874	989

The Group had cash flows from operations of 567 (503) MSEK in the second quarter. The amount includes taxes paid of -130 (-58) MSEK during the quarter, whereof -28 MSEK is income tax for previous years and -15 MSEK is withholding tax on dividends in the previous quarter. Changes in working capital amounted to 66 (-27) MSEK, including timing impacts of settlements received from platform providers and payments to suppliers.

Cash flows from investment activities amounted to -825 (-829) MSEK, including -621 (-523) MSEK in cash settlements of earnout obligations and -192 (-249) MSEK in product development investments.

Cash flows from financing activities amounted to 319 (-57), including 408 (13) MSEK increased net borrowings and -67 (0) MSEK for share buy-backs. Cash flows related to realized currency derivatives in the second quarter of last year have been reclassified between cash flows from operations and cash flows from financing activities.

Free cash flow for the last twelve months amounted to 969 (1,089) MSEK. The cash conversion rate, defined as free cash flow for the last twelve months divided by EBITDA for the last twelve months, amounted to 0.37 (0.48). The lower cash conversion rate compared to the comparison period is driven by changes in net working capital.

SIGNIFICANT EVENTS IN THE QUARTER

Björn Tönne joined Stillfront Group as Chief Information Officer

On 20 April 2023, Stillfront announced that Björn Tönne has joined Stillfront as Chief Information Officer (CIO) and member of Stillfront Group's executive management team. Björn joined Stillfront Group from Klarna. Previous experience also includes roles as Head of Operations at IBM and Senior Vice President Operations at EVRY. Björn assumed his position on April 20, 2023.

Announcement from Stillfront's annual general meeting

On 11 May 2023, Stillfront held its annual general meeting where, in addition to customary resolutions, it was resolved: (i) on eight directed new share issues to the sellers of eight of the companies that Stillfront previously has acquired; (ii) to authorize the board of directors to resolve on issuance of shares, repurchase of own shares and transfer of own shares; and (iii) implement a long-term incentive program. The meeting also resolved, in accordance with the nomination committee's proposal, to elect David Nordberg as new member of the board of directors. Katarina G. Bonde was elected as new chair of the board of directors until the close of the next annual general meeting.

Stillfront concluded share repurchase program

On 15 May 2023, Stillfront announced it had successfully concluded the share repurchase program that was announced on 15 February 2023. Stillfront's acquisitions of own shares commenced on 16 February 2023 and were concluded on 11 May 2023. Stillfront in total acquired 13,441,510 own shares under the share repurchase program for a total amount of approximately 270 MSEK. The acquired shares have been used for payment of certain earn-out payments relating to previous acquisitions.

Earn-out considerations for financial year 2022 determined

The earn-out considerations related to the financial year 2022 to the sellers of certain previously acquired entities have been determined. Stillfront has agreed on the earn-out considerations for the financial year 2022 with the sellers of Candywriter LLC; Everguild, Ltd; Game Labs, Inc; Jawaker FZ LLC; Nanobit d.o.o.; Sandbox Interactive GmbH; Six Waves Inc.; and Super Free Games Inc.. See page 21 for further information.

For more information on events, please visit: <https://www.stillfront.com/en/section/media/press-releases/>

MARKET

The gaming industry is one of the largest entertainment industries in the world with more than 3 billion gamers globally and mobile gaming is the world's most popular form of gaming.

In 2022, the mobile games industry declined following many years of strong growth. Newzoo estimates that the mobile games market declined by -6.7 percent and generated revenues of USD 91.8 billion in 2022, accounting for 50 percent of the total games market globally. According to data.ai's estimates, global player spending in mobile games declined by approximately -5 percent year-over-year in 2022 to USD 109.5 billion, and by more than -10 percent excluding China, as mobile game spending has been impacted by both normalization after the surge during the pandemic as well as economic headwinds worldwide.

Data.ai expects that the mobile games market will decline by -3 percent in 2023. In the coming years, the mobile games industry is expected to grow with an expected CAGR of approximately 4 percent from 2022 to 2025. Newzoo expects the mobile global games market to exceed USD 103 billion by 2025.

People across all demographics play games. Nearly two-thirds of US adults play video games regularly and the average age of a gamer in the US is 32 years old, according to the Entertainment Software Association, ESA. The number of female gamers has increased during the past years, and today 46 percent of US video game players identify as female, and 53 percent identify as male.

Sources for market data:

Newzoo's Newzoo's Games Market Estimates and Forecasts May 2023
data.ai State of Mobile 2023
data.ai 5 Mobile App Forecasts for 2023
Essential Facts about the US Video Game Industry 2023, by ESA

PARENT COMPANY

Customary group management functions and group wide services are provided via the parent company. The revenue for the parent company during the quarter was 41 (36) MSEK. The result before tax amounted to 267 (-430) MSEK.

RELATED PARTY TRANSACTIONS

Other than customary transactions with related parties such as remuneration to key individuals, there have been no transactions with related parties.

THE SHARE AND SHAREHOLDERS

#	Owners	No of shares	Capital/votes
1	Laureus Capital GmbH	60,702,417	11.8%
2	First National Pension Fund	36,644,709	5.7%
3	DNB Funds	30,517,213	5.5%
4	Handelsbanken Funds	29,256,112	4.0%
5	SEB Funds	18,112,546	3.6%
6	Vanguard	15,863,087	2.9%
7	Nordea Liv & Pension	14,956,434	2.9%
8	Utah State Retirement Systems	13,520,680	1.8%
9	DNB Funds	10,030,095	1.6%
10	Alaska Permanent Fund	9,405,483	1.5%
11	Other Shareholders	278,959,704	53.9%

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

The total number of shares outstanding per June 30, 2023, was 517,968,480. This is the number of shares registered at the Companies' Registration Office at that date.

The shares are traded on Nasdaq Stockholm. Closing price as of June 30, 2023, was 18.03 SEK/share.

Following bonds are traded on Nasdaq Stockholm:

2019/2024 bond: ISIN: SE0012728830

2021/2025 bond: ISIN: SE0015961065

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act. No material changes in accounting principles have taken place since the latest Annual Report.

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (MSEK). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

RISKS AND UNCERTAINTY FACTORS

As a global group with a wide geographic spread, Stillfront is exposed to several strategic, financial, market and operational risks. Attributable risks include for example risks relating to market conditions, regulatory risks, tax risks and risks attributable to public perception. Other strategic and financial risks are risks attributable to acquisitions, credit risks and funding risks. Operational risks are for example risks attributable to distribution channels, technical developments and intellectual property. The risks are described in more detail in the latest Annual Report. No significant risks are considered to have arisen besides those being described in the Annual Report.

FORWARD-LOOKING STATEMENTS

Some statements herein are forward-looking that reflect Stillfront's current views or expectations of future financial and operational performance. 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 risks and uncertainties include but are not limited to general business, economic, competitive, technological, and legal uncertainties and/or risks. Forward-looking statements in this report apply only at the time of announcement of the report 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.

DECLARATION

The Board of Directors and the CEO provide their assurance that the six-month report provides an accurate overview of the operations, position and earnings of the Company and the Group, and that it also describes the principal risks and sources of uncertainty faced by the Company and its subsidiaries.

Stockholm, 21 July 2023

Katarina Bonde
Chairman of the Board

Erik Forsberg

Birgitta Henriksson

Marcus Jacobs

David Nordberg

Ulrika Viklund

Jörgen Larsson,
CEO & Founder

The interim report has not been reviewed by the Company's auditors.

Financial reports

INCOME STATEMENT IN SUMMARY, GROUP

MSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Last 12 months	2022 Jan-Dec
Revenues						
Bookings	1,810	1,805	3,555	3,482	7,087	7,014
Deferred revenue	2	6	15	8	51	44
Net revenue	1,812	1,811	3,570	3,489	7,138	7,058
Own work capitalized	148	151	306	288	628	609
Other revenue	3	6	13	13	28	28
Operating expenses						
Direct costs	-394	-439	-786	-809	-1,651	-1,675
User acquisition costs	-434	-473	-907	-942	-1,775	-1,811
Other external expenses	-104	-115	-213	-204	-430	-421
Personnel expenses	-323	-303	-635	-580	-1,249	-1,195
Items affecting comparability	-13	-7	-32	-25	-233	-226
Amortization of product development	-181	-121	-351	-218	-650	-518
Amortization of PPA items	-222	-236	-442	-447	-924	-929
Depreciation	-18	-18	-34	-35	-72	-72
Operating result (EBIT)	275	258	489	530	809	850
Result from financial items						
Net financial items	-272	-81	-379	-154	-322	-97
Profit before tax	3	176	110	376	487	752
Taxes for the period	-57	-59	-103	-115	-194	-206
Net result for the period	-54	117	7	261	293	547
Other comprehensive income						
Items that later can be reversed in profit						
Foreign currency translation differences	711	1,145	658	1,331	882	1,556
Total comprehensive income for period	658	1,262	665	1,592	1,176	2,102
Net result for the period attributed to:						
Parent company shareholders	-57	117	2	262	299	559
Non-controlling interest	3	-0	5	-1	-6	-12
Period total comprehensive income attributed						
Parent company shareholders	660	1,593	660	1,593	1,180	2,113
Non-controlling interest	5	-1	5	-1	-4	-10
Average number of shares						
Undiluted	501,966,262	507,243,893	506,318,353	454,898,044	509,376,607	483,877,769
Diluted	501,966,262	507,243,893	506,318,353	454,898,044	509,376,607	483,877,769
Net result per share attributable to the parent company's shareholders						
Undiluted, SEK/share	-0.11	0.23	0.00	0.58	0.59	1.15
Diluted, SEK/share	-0.11	0.23	0.00	0.58	0.59	1.15

BALANCE SHEET IN SUMMARY, GROUP

MSEK	6/30/2023	6/30/2022	12/31/2022
Goodwill	16,718	15,649	16,043
Other non-current intangible assets	6,038	6,771	6,149
Tangible non-current assets	155	140	157
Deferred tax assets	81	137	75
Other non-current assets	25	18	16
Current receivables	840	908	697
Cash and cash equivalents	874	1,470	989
Total assets	24,731	25,092	24,126
Shareholders' equity			
Shareholders' equity attributable to parent company's shareholding	14,979	13,616	14,237
Non-Controlling interest	11	13	6
Total Shareholders' equity	14,990	13,629	14,242
Non-current liabilities			
Deferred tax liabilities	1,097	1,307	1,127
Bond loans	1,494	2,497	2,496
Liabilities to credit institutions	1,881	1,645	1,471
Term loan	708	-	668
Other liabilities	180	116	192
Provisions for earnout	1,507	2,125	1,956
Total non-current liabilities	6,866	7,690	7,909
Current liabilities			
Liabilities to credit institutions	9	0	79
Bond loans	1,002	597	-
Equity swap	22	224	20
Other liabilities	951	1,356	805
Provisions for earnout	891	1,597	1,071
Total current liabilities	2,875	3,774	1,975
Total Liabilities and Shareholders' equity	24,731	25,092	24,126

SHAREHOLDERS' EQUITY, GROUP

MSEK	Share capital	Other shareholders' contributions	Other Reserves	Other equity incl profit of the year	Equity attributed to parent shareholders	Non controlling interest	Total equity
Opening balance 2022-01-01	27	8,541	-120	1,325	9,772	23	9,795
Net result for the period				262	262	-1	261
Foreign currency translation differences			1,331		1,331	0	1,331
Total comprehensive income	-	-	1,331	262	1,593	-1	1,592
Total transactions with shareholders	8	2,296	-	-53	2,251	-10	2,241
Closing balance 2022-06-30	35	10,836	1,211	1,534	13,616	13	13,629
Opening balance 2023-01-01	36	10,942	1,434	1,825	14,237	6	14,242
Net Result for the period				2	2	5	7
Foreign currency translation differences			658	-	658	0	658
Total comprehensive income	-	-	658	2	660	5	665
Repurchase of own shares				-270	-270		-270
Total transactions with shareholders	0	82	-	270	353	-	353
Closing balance 2023-06-30	36	11,024	2,091	1,827	14,979	11	14,990

CASH FLOW IN SUMMARY, GROUP

MSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Last 12 months	2022 Jan-Dec
Operations						
Profit before tax	3	176	110	376	487	752
Adj for items not in cash flow etc	628	413	1,081	802	1,918	1,640
Tax paid	-130	-58	-172	-118	-364	-310
Cash flow from operations before changes in working capital	501	531	1,018	1,059	2,041	2,082
Changes in working capital						
Increase(-)/Decrease(+) in operating receivables	43	11	-97	-4	-19	74
Increase (+)/Decrease(-) in operating liabilities	22	-38	27	-10	-91	-129
Cash flow from changes in working capital	66	-27	-70	-14	-110	-54
Cash flow from operations	567	503	948	1,045	1,931	2,028
Investment activities						
Acquisition of business	-621	-573	-638	-2,206	-1,155	-2,724
Acquisition of tangible assets	-11	-6	-18	-11	-36	-30
Capitalization of product development	-192	-249	-417	-504	-908	-996
Acquisition of game assets	-	-0	-	-1	-30	-31
Net change in financial assets	-0	-1	-1	23	-2	22
Cash flow from investment activities	-825	-829	-1,073	-2,699	-2,132	-3,758
Financing activities						
Net change in borrowings	408	13	294	13	-7	-288
Realized foreign currency swap	-11	-53	-24	-84	-99	-159
IFRS 16 lease repayment	-12	-15	-25	-29	-53	-57
Proceeds from share issuance	-	-	-	2,001	-	2,001
Issue cost	-0	-2	-0	-34	-1	-35
Repurchase of own shares	-67	-	-270	-	-270	-
Cash flow from financing activities	319	-57	-25	1,867	-430	1,463
Cash flow for the period	61	-382	-150	213	-631	-267
Cash and cash equivalents at start of period	776	1,740	989	1,133	1,470	1,133
Translation differences	37	112	35	123	35	123
Cash and cash equivalents at end of period	874	1,470	874	1,470	874	989

PARENT COMPANY INCOME STATEMENT, SUMMARY

MSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Last 12 months	2022 Jan-Dec
Revenue						
Net revenue	41	36	82	68	158	144
Own work capitalized	4	5	9	5	17	14
Operating expenses						
Other external expenses	-16	-20	-34	-38	-68	-72
Personnel expenses	-35	-27	-65	-54	-128	-116
Operating result	-7	-7	-9	-18	-21	-30
Result from financial items						
Net financial items	274	-423	316	-435	298	-453
Result after financial items	267	-430	307	-454	277	-484
Appropriations						
Group contribution	-	-	-	-	254	254
Profit before tax	267	-430	307	-454	531	-230
Tax for the period	19	113	-1	139	-81	60
Net result for the period	286	-317	306	-314	450	-170

PARENT COMPANY BALANCE SHEET, SUMMARY

MSEK	6/30/2023	6/30/2022	12/31/2022
Intangible assets	22	7	16
Tangible non-current assets	1	1	1
Financial non-current assets	21,682	21,689	21,451
Deferred tax	81	145	75
Current receivables	73	121	390
Cash and bank	-	184	0
Total assets	21,859	22,146	21,932
Shareholders' equity	13,064	12,425	12,682
Provisions for earnouts	1,695	2,937	2,384
Non-current liabilities	67	7	212
Bond loans	2,496	3,094	2,496
Liabilities to credit institutions	1,890	1,645	1,549
Term loan	708	-	668
Equity swap	22	224	20
Other current liabilities	1,918	1,814	1,921
Total liabilities & Shareholders' equity	21,859	22,146	21,932

KEY FIGURES, GROUP

MSEK	2023	2022	2023	2022	Last 12	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	Jan-Dec
Bookings	1,810	1,805	3,555	3,482	7,087	7,014
Deferred revenue	2	6	15	8	51	44
Net revenue	1,812	1,811	3,570	3,489	7,138	7,058
Gross profit	1,418	1,373	2,784	2,680	5,487	5,384
Gross profit margin, %	78	76	78	77	77	76
EBIT	275	258	489	530	809	850
EBITDA	695	632	1,315	1,229	2,631	2,545
EBITDA margin, %	38	35	37	35	37	36
Items affecting comparability, EBITDA	13	7	32	25	57	50
Adjusted EBITDA	708	639	1,348	1,255	2,688	2,595
Adjusted EBITDA margin, %	39	35	38	36	38	37
Capitalization of product development	192	249	417	504	908	996
Adjusted EBITDAC	516	390	931	750	1,780	1,599
Adjusted EBITDAC margin, %	28	22	26	22	25	23
Profit before tax	3	176	110	376	487	752
Net result	-54	117	7	261	293	547
Number of Employees	1,498	1,580	1,498	1,580	1,498	1,589
Adjusted interest coverage ratio, pro forma, x	9.2	15.0	9.2	15.0	9.2	11.8
Adjusted leverage ratio incl. NTM cash earnout payments, pro forma, x	1.91	1.84	1.91	1.84	1.91	1.75
Shareholders' equity per share undiluted, SEK	28.92	26.85	28.92	26.85	28.92	27.74
Shareholders' equity per share diluted, SEK	28.92	26.64	28.92	26.64	28.92	27.74
Earnings per share undiluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15
Earnings per share diluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15
No of shares end of period undiluted	517,968,480	507,062,315	517,968,480	507,062,315	517,968,480	513,199,454
No of shares end of period diluted	517,968,480	511,193,210	517,968,480	511,193,210	517,968,480	513,199,454

CURRENCY TABLE (MAIN CURRENCIES)

MSEK	Average	Average	Average	Average	Closing	Closing
	2023	2022	2023	2022	2023	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
1 EUR=SEK	11.4609	10.4739	11.3235	10.4787	11.7917	10.6801
1 USD=SEK	10.5194	9.8382	10.4718	9.5856	10.8509	10.2194
100 JPY=SEK*	7.6607	7.5823	7.7764	7.7879	7.4954	7.5073

The average rates are used for converting profit and loss items in foreign currency during each respective period to Swedish currency, SEK. The closing rates are used for converting assets and liabilities in foreign currency at the end of each period to Swedish currency, SEK.

* The average 2022 Jan-Jun rate for 100 JPY=SEK refers to the average rate during February-June 2022, as 6waves was consolidated from 1 February 2022.

ACQUISITIONS

MSEK	
Purchase price	6waves
Cash and cash equivalents	1,740
New shares issued	147
Contingent consideration (earnout)	389
Total purchase consideration	2,277
The fair value of acquired assets and assumed liabilities (SEKm):	
Intangible non-current assets	789
Property, plant and equipment	1
Current receivables excl cash and bank	107
Cash and cash equivalents	37
Non-current liabilities	
Deferred tax liabilities	-104
Current liabilities	-134
Total net assets acquired excluding goodwill	696
Goodwill	1,581
Total net assets acquired	2,277
Less	
Cash and cash equivalents	-37
Ordinary shares issued	-147
Provision for earnout	-389
Net cash outflow on acquisition of business	1,703
Percentage of shares and votes acquired (%)	100
Transaction costs	29
Consolidated since	1 Feb 2022
Net revenues for the year, before being consolidated	67
Adjusted EBITDA for the year, before being consolidated	18

No business combinations have taken place in the first six months of 2023.

On January 19, 2022, Stillfront announced it had entered into an agreement to acquire up to 100 percent of the shares and votes in Six Waves Inc., a leading publisher of mobile free-to-play strategy games in Japan, for a total upfront consideration of USD 201 million on a cash and debt free basis. The sellers of 6waves were the founders, employees, and investors. Of the upfront consideration, approx. 92 percent was payable in cash, and approx. 8 percent was payable in a total of 2,913,857 newly issued shares in Stillfront. 6waves was consolidated into Stillfront's consolidated financial reporting from February 1, 2022. The final purchase price allocation analysis of 6waves is provided above.

The earn-out considerations related to the financial year 2022 to the sellers of certain previously acquired entities have been determined. Additional information relating to the entities where a part of the purchase price/earnout consideration consists of shares is set out below.

Candywriter LLC

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 10,174,282 shares and transfer of no more than 10,174,282 own shares to the sellers of Candywriter LLC, as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Candywriter LLC pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 28 667 398. Out of the 8,173,696 Stillfront shares that have been paid as part of the earnout consideration, Stillfront's board of directors has resolved that 3,404,670 shares are to be paid in the form of own shares repurchased under Stillfront's buy-back program and that 4,769,026 shares are to be paid in the form of newly issued shares. Subscription for the newly issued shares has been completed and the board of directors of Stillfront has resolved to allot 4,769,026 subscribed shares to the sellers of Candywriter LLC, entailing an increase of Stillfront's share capital by SEK 333,831.82. Payment for the newly issued shares has been made by way of set-off of the sellers' claim of USD 8,363,142.68 and payment for the transfer of own shares has been made by way of set-off of the sellers' claim of USD 5,970,556.88, which totals an amount of USD 14,333,699.56 and corresponds to the part of the agreed earn-out consideration to be paid in the form of newly issued shares in Stillfront.

Everguild, Ltd

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 97,115 shares and transfer of no more than 97,115 own shares to the sellers of Everguild, Ltd, as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Everguild, Ltd pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of GBP 274,912. Stillfront's board of directors has resolved that the 77,692 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of GBP 119,568.92 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Game Labs, Inc

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 121,453 shares and transfer of not more than 121,453 own shares to the sellers of Game Labs, Inc, as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Game Labs, Inc pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 584 620. Stillfront's board of directors has resolved that the 100,013 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of USD 175,386.54 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Jawaker FZ LLC

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 6,859,385 shares and transfer of no more than 6,859,385 own shares to the sellers of Jawaker FZ LLC, as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Jawaker FZ LLC pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 32,080,935. Stillfront's board of directors has resolved that the 5,488,178 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of USD 9,624,274.57 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Nanobit d.o.o.

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 2,580,034 shares and transfer of no more than 2,580,034 own shares to the sellers of Nanobit d.o.o, as part of the purchase price for the approx. 22% of the shares in Nanobit d.o.o. that Stillfront acquired in June 2023 pursuant to the terms of the acquisition agreement. The purchase price for the shares, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 12,536,965. Stillfront's board of directors has resolved that the 2,041,002 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of USD 3,761,089.52 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Sandbox Interactive GmbH

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 748,368 shares and transfer of no more than 748,368 own shares to the sellers of Sandbox Interactive GmbH, as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Sandbox Interactive GmbH pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of EUR 4,595,240. Stillfront's board of directors has resolved that the 598,694 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of EUR 1,029,335.80 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Six Waves Inc.

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 1,159,007 shares and transfer of no more than 1,159,007 own shares to the sellers of Six Waves Inc., as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Six Waves Inc. pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 7,063,708. Stillfront's board of directors has resolved that the 926,142 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of

set-off of the sellers' claim of USD 1,624,117.31 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

Super Free Games Inc.

The Annual General Meeting in Stillfront resolved on 11 May 2022 on a directed new share issue of not more than 1,012,005 shares and transfer of no more than 1,012,005 own shares to the sellers of Super Free Games Inc., as part of the earn-out consideration to be paid following Stillfront's acquisition of all shares in Super Free Games Inc. pursuant to the terms of the acquisition agreement. The earn-out consideration for the financial year 2022, which shall be paid partly in cash and partly in the form of shares in Stillfront, has now been determined to a total amount of USD 3,347,480. Stillfront's board of directors has resolved that the 805,119 shares to be paid as part of the earnout consideration are to be paid in the form of own shares acquired under Stillfront's buyback program. Payment for the transfer of own shares has been made by way of set-off of the sellers' claim of USD 1,411,886.84 which corresponds to the part of the agreed earn-out consideration to be paid in the form of shares in Stillfront.

DEFINITIONS

Key figures and alternative performance measures

ARPDau

Average revenue per daily active user. Calculated as Bookings in the quarter divided by days in the quarter divided by average daily active users in the quarter.

Bookings

Revenue before changes in deferred revenue, including deposits from paying users, in-game advertising revenue and other game-related revenue.

Cash conversion ratio

Free cash flow for the last twelve months divided by EBITDA for the last twelve months.

DAU

Average daily active users. Calculated as the average daily active users each month of the quarter, divided by months in the quarter.

Operating profit (EBIT)

Profit before financial items and tax.

EBITDA

Operating profit before depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for items affecting comparability.

EBITDA margin

EBITDA as a percentage of Net revenue. Adjusted EBITDA margin is EBITDA margin adjusted for items affecting comparability.

Adjusted EBITDAC

EBITDA less capitalized product development, adjusted for items affecting comparability.

Adjusted EBITDAC margin

Adjusted EBITDAC as a percentage of Net revenue.

Free cash flow

Cash flow from operations minus acquisitions of intangible assets and repayment of lease liabilities.

Gross profit margin

Gross profit as a percentage of Net revenue, where Gross profit is defined as Net revenue minus Direct costs.

IAC, Items affecting comparability

Significant income statement items that are not included in the Group's normal recurring operations and which distort the comparison between the periods.

Adjusted interest coverage ratio, pro forma

Adjusted EBITDA pro forma divided by net financial items excluding revaluation of provision for earnouts and interest on earnout consideration for the past twelve months.

Adjusted leverage ratio

Net debt in relation to the last twelve months' Adjusted EBITDA. Adjusted leverage ratio, pro forma is calculated as Net debt in relation to the last twelve month's Adjusted EBITDA pro forma.

Adjusted leverage ratio, including NTM cash earnout

Net debt, including cash earnout payments for the next twelve months, in relation to the last twelve months' Adjusted EBITDA. Adjusted leverage ratio, including NTM cash earnout, pro forma is calculated as Net debt, including cash earnout payments for the next twelve months, in relation to the last twelve months' Adjusted EBITDA pro forma.

MAU

Average monthly active users. Calculated as monthly active users each month of the quarter, divided by months in the quarter.

MPU

Average monthly paying users. Calculated as monthly paying users each month of the quarter, divided by months in the quarter.

Net debt

Interest bearing liabilities, including the book value of equity swaps and currency derivatives, minus cash and cash equivalents. Provisions for earnouts are not considered interest bearing in this context.

Organic growth

Change in consolidated net revenues, excluding the translation impact of changed currency exchange rates and acquisitions. Net revenues in acquired operations are considered as acquired growth during twelve months from the acquisition date. The impact of pausing operations in Bangladesh is excluded from the measure.

Shareholders' equity/share

Shareholders' equity attributable to the parent company shareholders divided by the number of shares at the end of the period.

Tax rate

Tax rate is calculated as total tax for the period divided by profit before tax. Underlying tax rate is calculated as underlying tax divided by profit before tax excl. transaction costs, earnout interest and earnout revaluations.

UAC

User acquisition cost.

The purpose of each key figure and alternative performance measure is described in the latest Annual Report.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Items Affecting Comparability, IAC

MSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Last 12 months	2022 Jan-Dec
Items affecting comparability, IAC						
Revenue						
Other	-	-	-	-	-	-
Total IAC Revenues affecting EBIT	-	-	-	-	-	-
Costs						
Restructuring costs	-1	-	-13	-	-22	-9
Transaction costs	-0	-1	-0	-14	-0	-14
Long term incentive programs	-6	-5	-11	-11	-26	-26
Other costs	-6	-	-9	-	-9	-0
Amortization of product development	-	-	-	-	-176	-176
Total IAC Costs affecting EBIT	-13	-7	-32	-25	-233	-226
Total IAC in operating profit (EBIT)	-13	-7	-32	-25	-233	-226
Financial income						
Revaluation of earnouts	-	-	-	-	237	237
Other	-	-	-	-	-	-
Total IAC financial income	-	-	-	-	237	237
Financial costs						
Revaluation of earnouts	-171	-4	-171	-4	-167	-
Total IAC financial costs	-171	-4	-171	-4	-167	-
Total IAC in net financial items	-171	-4	-171	-4	70	237

APM

	2023	2022	2023	2022	Last 12 months	Jan-Dec
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	2022
MSEK						
Net revenue	1,812	1,811	3,570	3,489	7,138	7,058
Direct costs	-394	-439	-786	-809	-1,651	-1,675
Gross profit	1,418	1,373	2,784	2,680	5,487	5,384
EBITDA						
Operating profit (EBIT)	275	258	489	530	809	850
Amortization of PPA items	222	236	442	447	924	929
Other amortization and depreciation	198	139	385	253	722	590
Comparison disturbing amortizations	-	-	-	-	176	176
EBITDA	695	632	1,315	1,229	2,631	2,545
Adjusted EBITDA and EBITDAC						
EBITDA	695	632	1,315	1,229	2,631	2,545
Items affecting comparability	13	7	32	25	57	50
Adjusted EBITDA	708	639	1,348	1,255	2,688	2,595
Capitalization of product development	-192	-249	-417	-504	-908	-996
Adjusted EBITDAC	516	390	931	750	1,780	1,599
In relation to net revenue						
Gross profit margin, %	78	76	78	77	77	76
EBITDA margin, %	38	35	37	35	37	36
Adjusted EBITDA margin, %	39	35	38	36	38	37
Adjusted EBITDAC margin, %	28	22	26	22	25	23
Cash conversion last 12 months						
Cash flow from operations last 12 months	1,931	1,973	1,931	1,973	1,931	2,028
IFRS 16 lease repayment last 12 months	-53	-52	-53	-52	-53	-57
Acquisition of intangible assets last 12 months	-908	-832	-908	-832	-908	-996
Free cash flow last 12 months	969	1,089	969	1,089	969	975
Divided by						
EBITDA last 12 months	2,631	2,261	2,631	2,261	2,631	2,545
Cash conversion rate	0.37	0.48	0.37	0.48	0.37	0.38
	2023	2022	2023	2022	Last 12 months	Jan-Dec
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	2022
Adjusted interest coverage ratio						
Adjusted EBITDA last 12 months	2,688	2,330	2,688	2,330	2,688	2,595
Divided by						
Net financial items last 12 months	322	279	322	279	322	97
Total IAC affecting financial items last 12 months	70	-11	70	-11	70	237
Interest on earnout consideration affecting financial items last 12m	-98	-99	-98	-99	-98	-113
Adjusted interest coverage ratio, x	9.2	13.8	9.2	13.8	9.2	11.7
Adjusted leverage ratio						
Bond loans	2,496	3,094	2,496	3,094	2,496	2,496
Liabilities to credit institutions	1,890	1,645	1,890	1,645	1,890	1,549
Term loan	708	-	708	-	708	668
Equity swap	22	224	22	224	22	20
Currency derivatives	164	78	164	78	164	83
Cash and cash equivalents	-874	-1,470	-874	-1,470	-874	-989
Net debt	4,404	3,571	4,404	3,571	4,404	3,826
Cash earnout next 12 months	725	1,113	725	1,113	725	748
Total net debt incl. cash earnout NTM	5,130	4,684	5,130	4,684	5,130	4,575
Divided by						
Adjusted EBITDA last 12 months	2,688	2,330	2,688	2,330	2,688	2,595
Adjusted leverage ratio, x	1.64	1.53	1.64	1.53	1.64	1.47
Adjusted leverage ratio incl. NTM cash earnout, x	1.91	2.01	1.91	2.01	1.91	1.76

APM pro forma

MSEK	2023	2022
	Jan-Jun	Jan-Jun
Adjusted EBITDA, pro forma		
Adjusted EBITDA last 12 months	2,688	2,330
<i>Including</i>		
EBITDA, acquired companies	-	211
Adjusted EBITDA, pro forma	2,688	2,541
Adjusted interest coverage ratio, pro forma		
Adjusted EBITDA last 12 months, pro forma	2,688	2,541
<i>Divided by</i>		
Net financial items last 12 months	322	279
Total IAC affecting financial items last 12 months	70	-11
Interest on earnout consideration affecting financial items	-98	-99
Adjusted interest coverage ratio, x, pro forma	9.2	15.0
Adjusted leverage ratio, pro forma, x		
Net debt	4,404	3,571
Cash earnout next 12 months	725	1,113
Total net debt incl. cash earnout NTM	5,130	4,684
<i>Divided by</i>		
Adjusted EBITDA, pro forma	2,688	2,541
Adjusted leverage ratio, pro forma, x	1.64	1.41
Adjusted leverage ratio incl. NTM cash earnout, pro forma, x	1.91	1.84

Share data

	2023	2022	2023	2022	Last 12	Jan-Dec
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	months	2022
Equity per share						
Shareholders' equity attributable to parent co's shareholders, MSEK	14,979	13,616	14,979	13,616	14,979	14,237
<i>Divided by</i>						
No of shares end of period undiluted	517,968,480	507,062,315	517,968,480	507,062,315	517,968,480	513,199,454
Shareholders' equity per share undiluted, SEK	28.92	26.85	28.92	26.85	28.92	27.74
No of shares end of period diluted	517,968,480	511,193,210	517,968,480	511,193,210	517,968,480	513,199,454
Shareholders' equity per share diluted, SEK	28.92	26.64	28.92	26.64	28.92	27.74
Earnings per share						
Net result for the period attributed to parent co's shareholders, MSEK	-57	117	2	262	299	559
<i>Divided by</i>						
Average no of shares period undiluted	501,966,262	507,243,893	506,318,353	454,898,044	509,376,607	483,877,769
Earnings per share undiluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15
Average no of shares period diluted	501,966,262	507,243,893	506,318,353	454,898,044	509,376,607	483,877,769
Earnings per share diluted, SEK	-0.11	0.23	0.00	0.58	0.59	1.15

Financial calendar

Interim report January-September 2023
Year-end report 2023

25 October 2023
14 February 2024

This information is information that Stillfront Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, on July 21, 2023, at 07.00 CEST.

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About Stillfront

Stillfront is a global games company founded in 2010. We develop digital games for a diverse gaming audience and our broad games portfolio is enjoyed by almost 60 million people every month. Stillfront is focused on realizing synergies by connecting and empowering game teams globally through our Stillops platform. We are a fast-growing company and an active global strategic acquirer. Our 1,500 professionals thrive in an organization that embodies the spirit of entrepreneurship. Stillfront shares (SF) are listed on Nasdaq Stockholm Large Cap. For further information, please visit: www.stillfront.com

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