Stillfront Q3 2024 Interim Report

Continued strong cash flow in the third quarter

- Net revenue of 1,595 MSEK in Q3, down by 4.6 percent YoY and by 0.8 percent organically
- Gross profit margin of 80 percent, in line with Q2 and up by 2.0 pp YoY, driven by mix effects and increased share of bookings from DTC channels
- Adjusted EBITDAC margin at 24 percent, down by 0.4 pp YoY due to increased user acquisition costs
- Free cash flow of 298 MSEK in Q3, up by 49 percent YoY

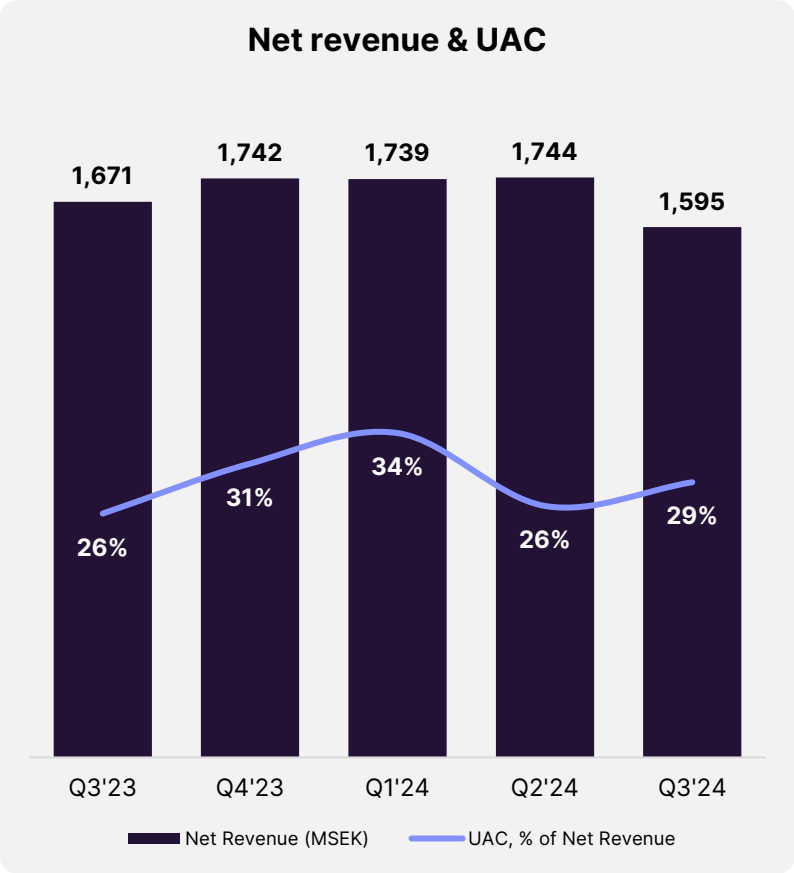
Net revenue -4.6% YoY

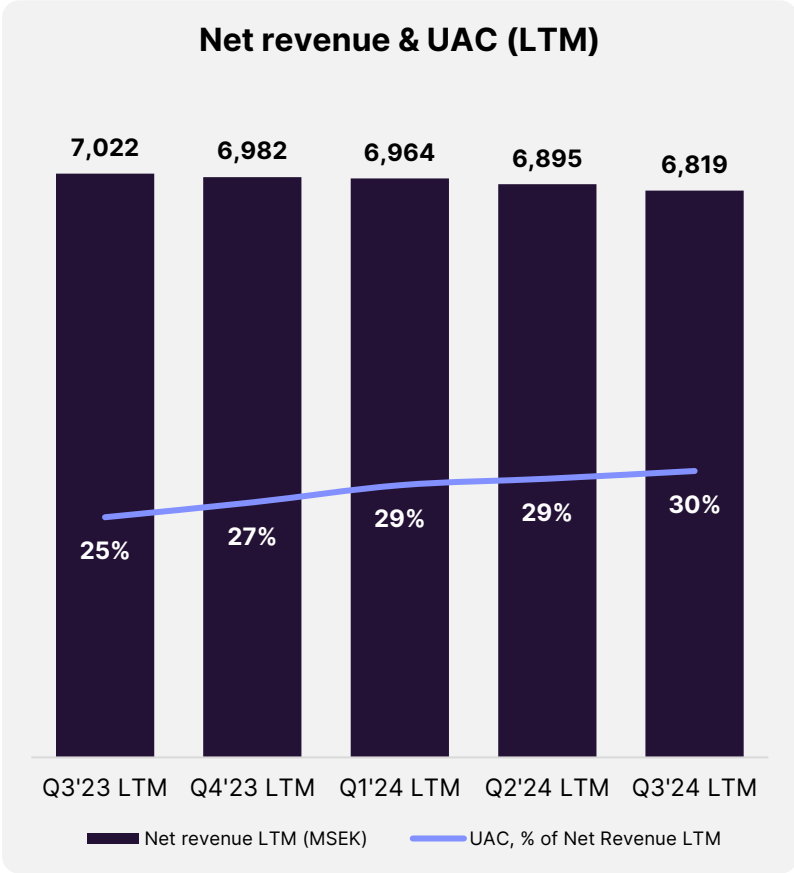
1,595 MSEK

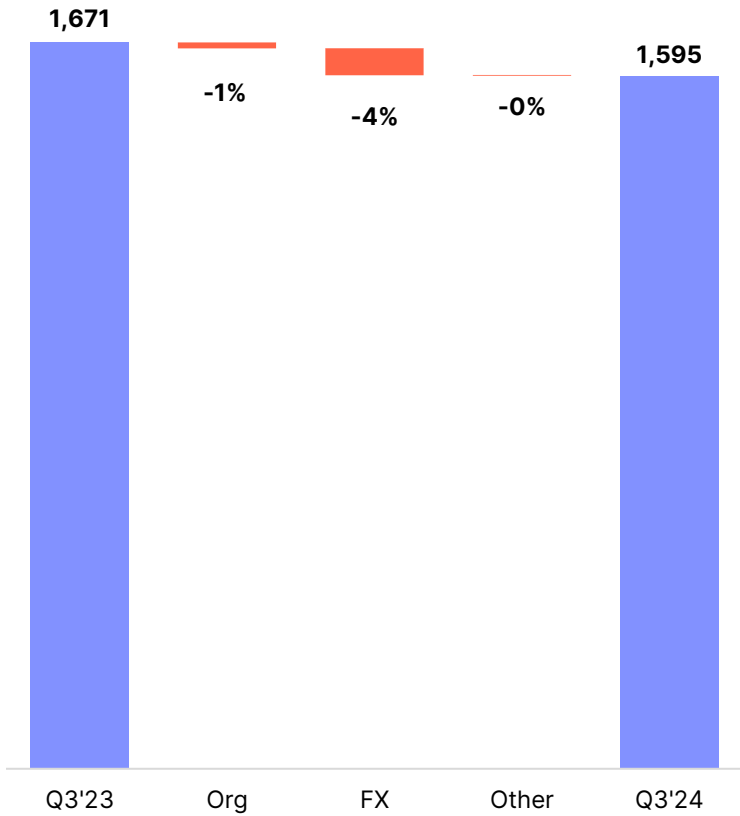
Gross profit -2.1% YoY

1,269 MSEK

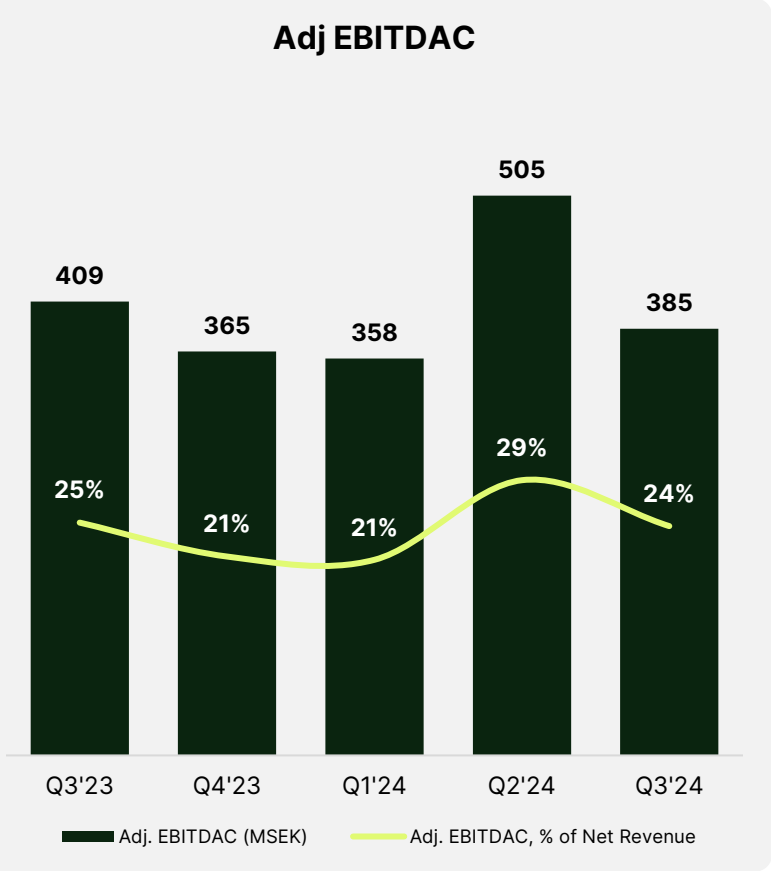
Higher than usual user acquisition costs in Q3

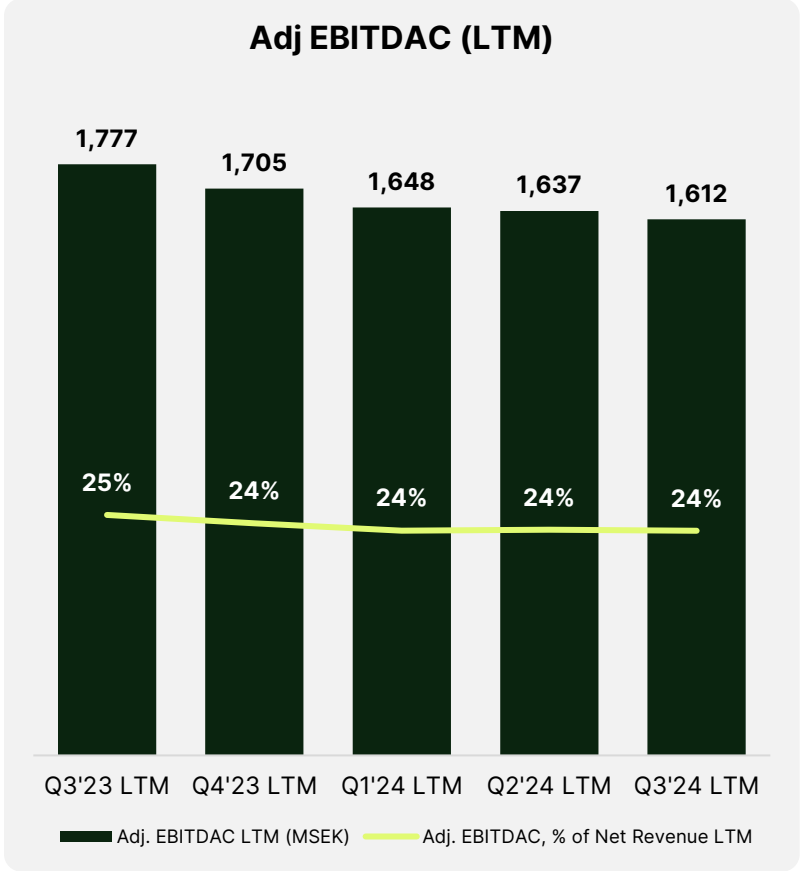






Gross margin improvement mostly compensates for higher UAC in Q3

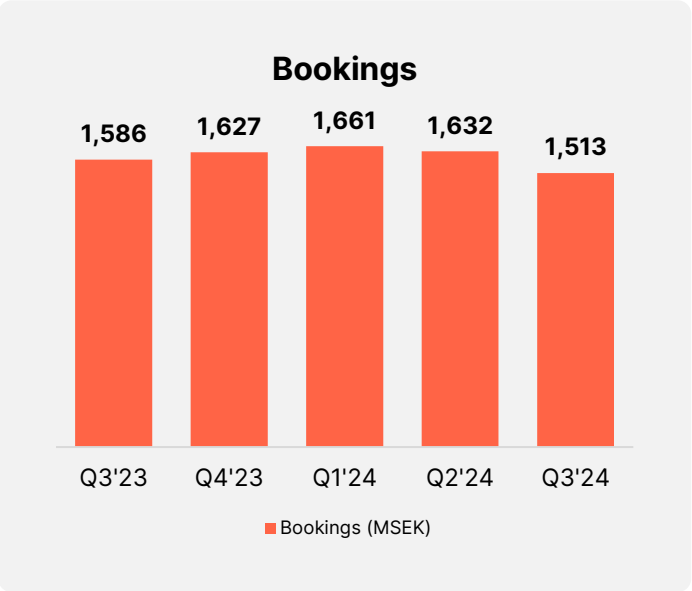


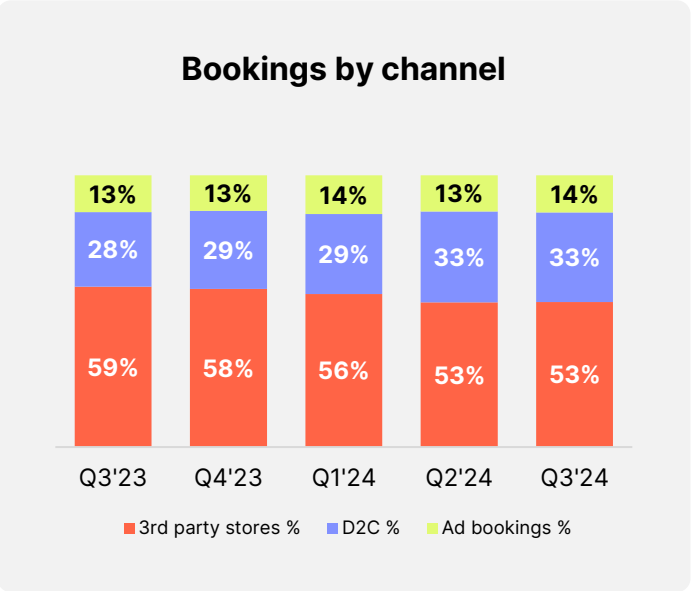


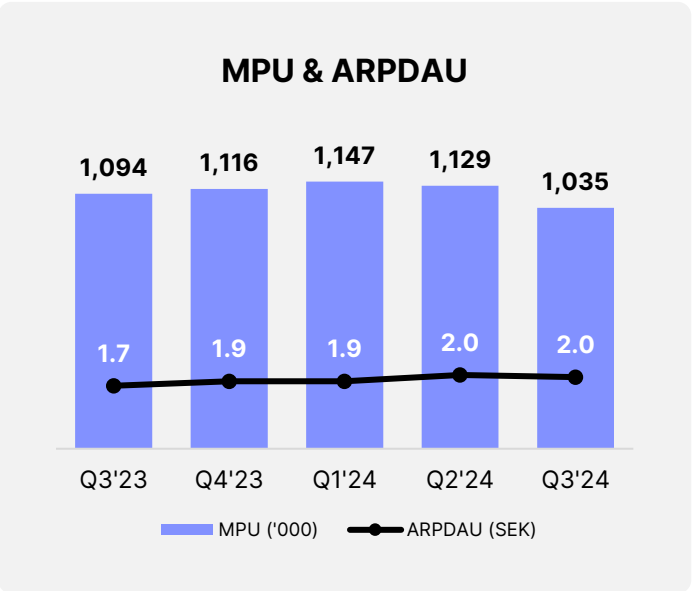
- Adjusted EBITDAC margin of 24 percent, down by 0.4 pp YoY, driven by higher UAC
- Gross margin improvement of 2.0 pp YoY
- Staff costs as a percentage of net revenue down by 1.4 pp YoY
- UAC up by 3.2 pp YoY driven by titles Trivia Star and Word collect
- Focused product investments driving lower capitalization with improved return on investment

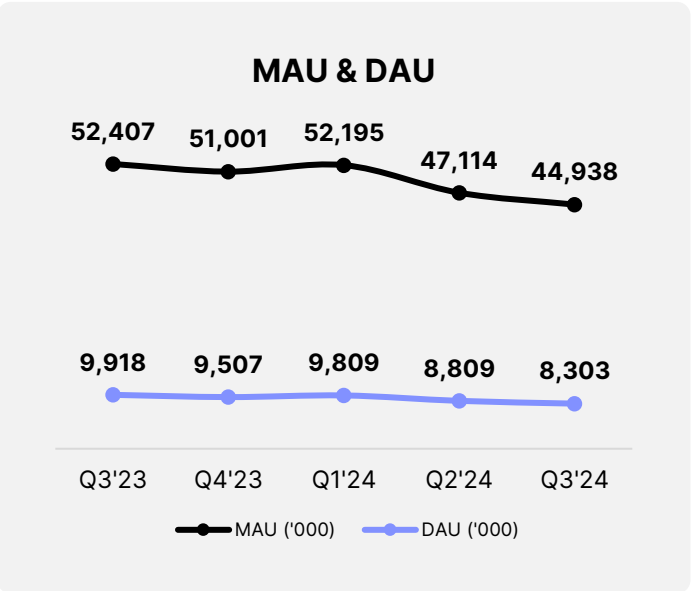
Continued strong ARPDAU development in the quarter

- Bookings in active portfolio declined by 5 percent YoY, and organically by 1 percent
- ARPDAU was up by 14 percent YoY driven by strong monetization due to successful live ops across the portfolio
- MPU, MAU and DAU were down due to seasonal effects and portfolio shift towards high-value users
- Direct-to-Consumer (DTC) was up by 5 pp YoY driven by ongoing strategic initiative to increase share of own channels, driving gross margin improvement





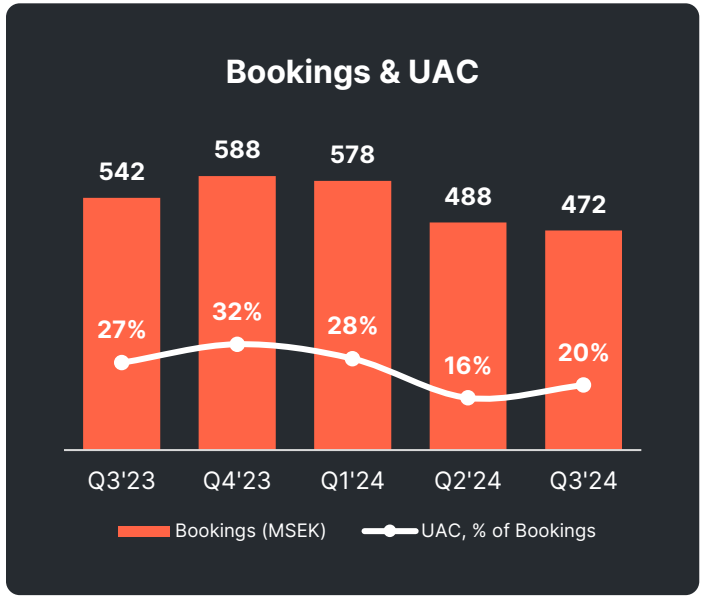


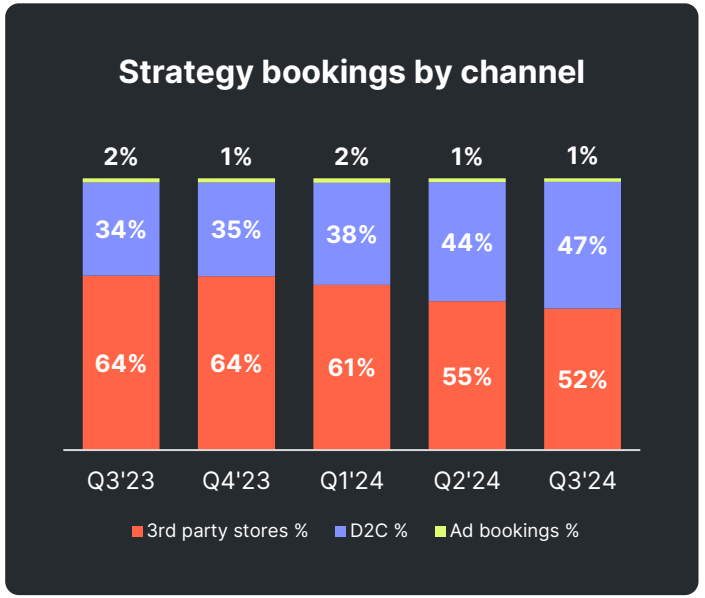


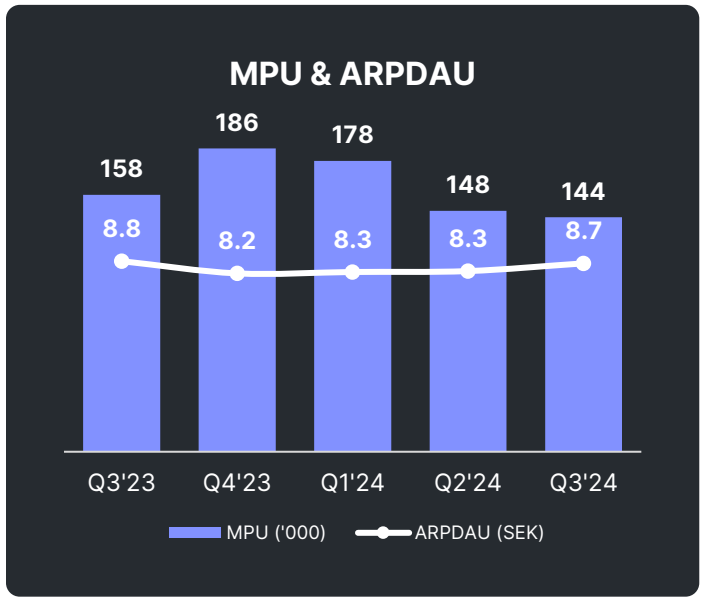
Product area: Strategy

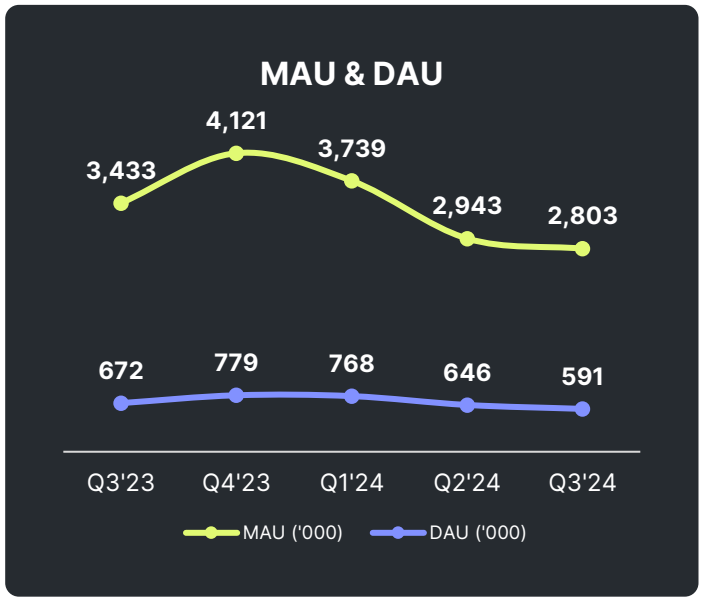
Slow return to normal UAC levels in Strategy

- Lower bookings in Strategy driven by seasonality QoQ and by decreased UAC YoY
  - Supremacy bookings declined slightly YoY and QoQ
  - Empire remains stable with no user acquisition spend, leading to high profitability
  - 6Waves negatively impacted bookings following low UAC, however raising margins
- UAC down by 35% YoY, but up 20% QoQ
- Bookings down by 13 percent YoY, gross profit down by 8 percent
- Continued increased share of Strategy bookings generated from DTC channels, up by 13 pp compared to same period last year





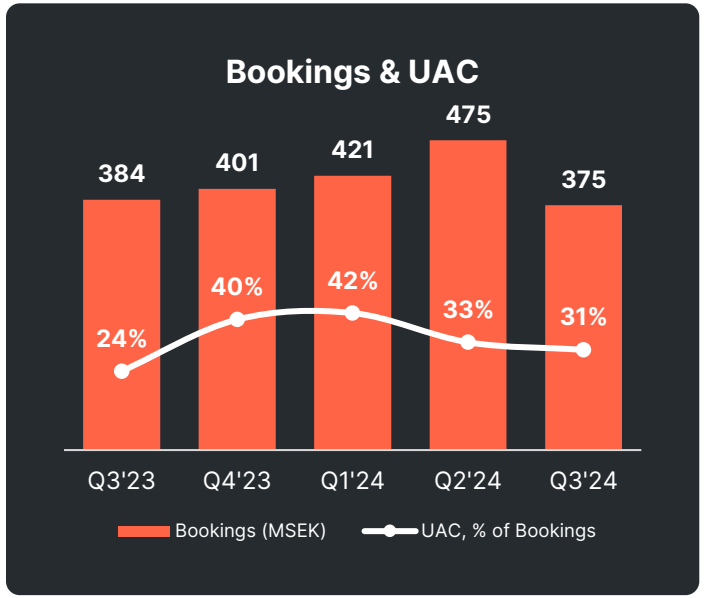


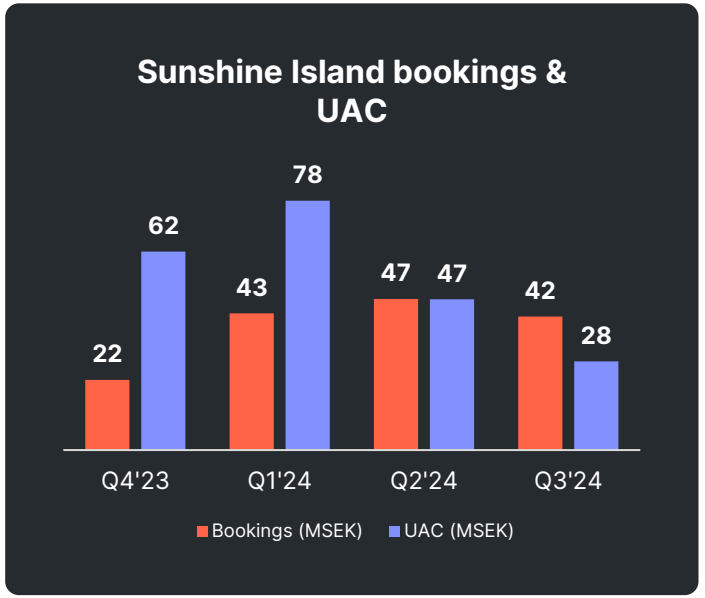


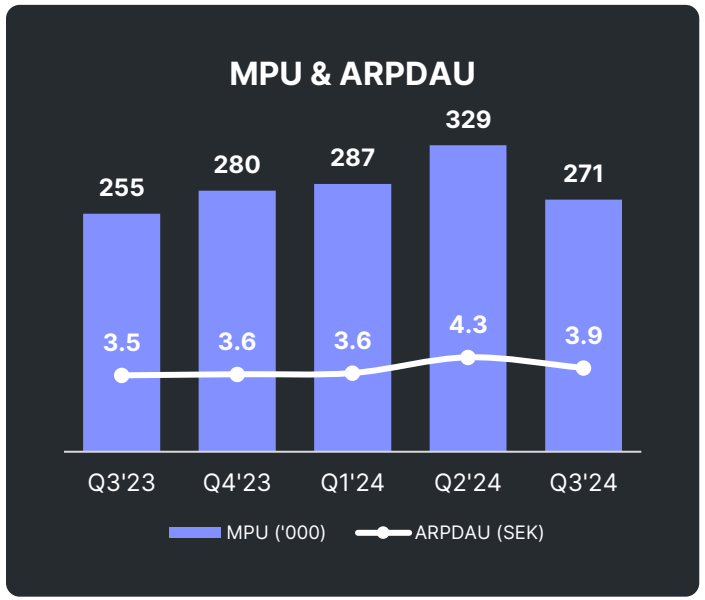
Product area: Sim, RPG & Action

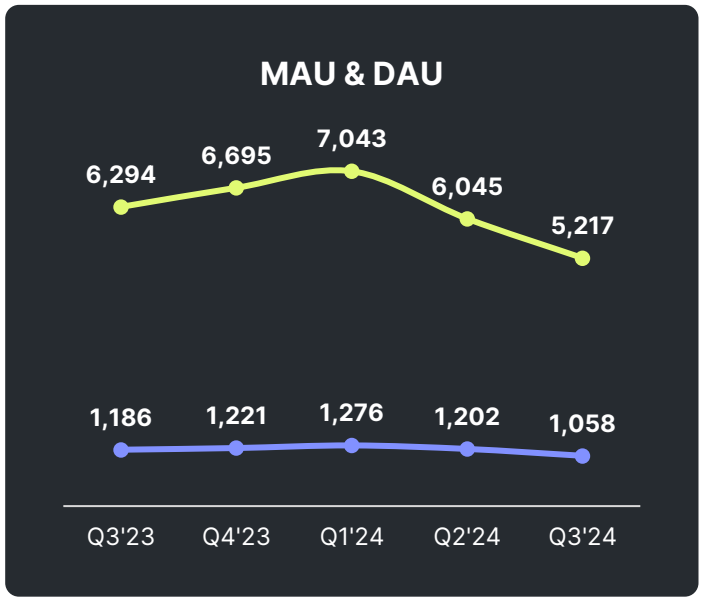
Preparing Sunshine Island for the next phase

- Lower Sim, RPG & Actions bookings QoQ
- Sunshine Island user acquisition spend was down by 41% QoQ
  - Q3 focus was on building content and optimizing for further scaling in seasonally stronger winter months
- Albion Online bookings were down QoQ driven by normalizing user numbers following Albion Online's EU server launch in Q2, but increased YoY
- Shakes & Fidgets bookings declined following an update of its user experience that is being corrected





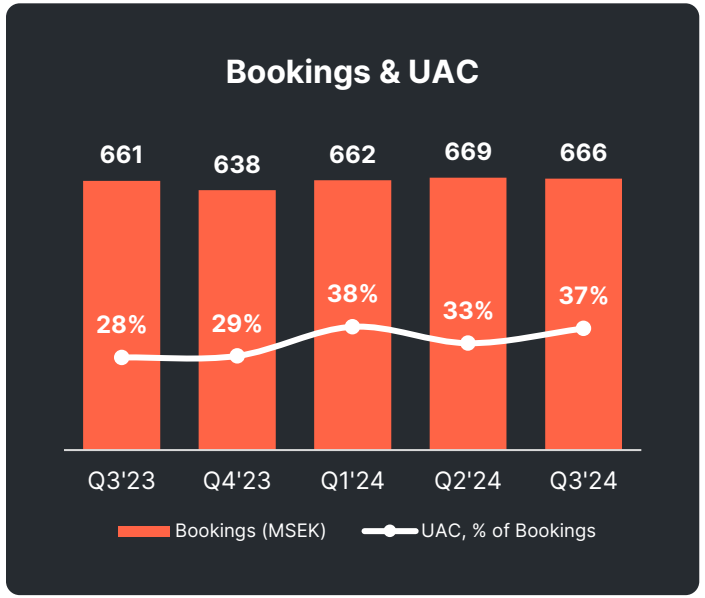


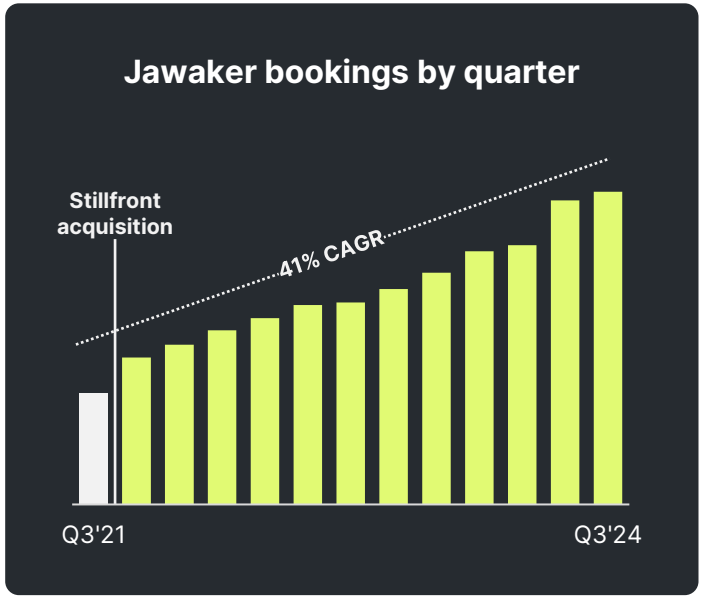


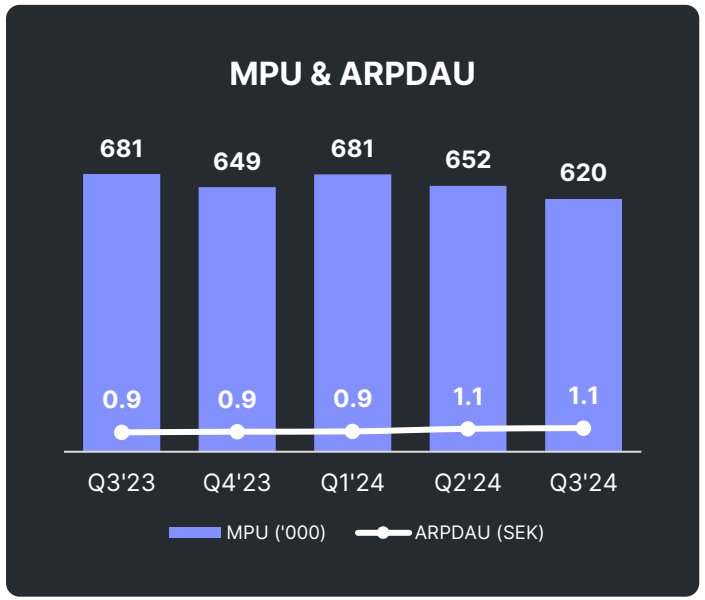
Product area: Casual & Mash-up

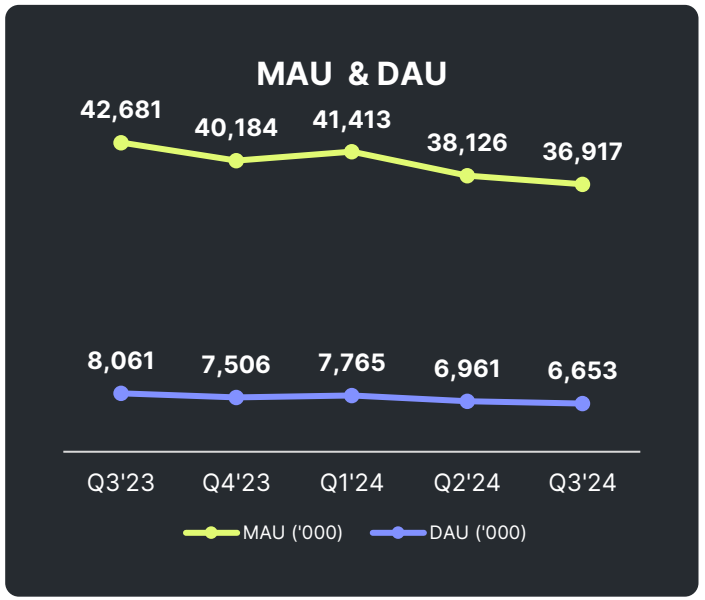
Jawaker continues its strong performance

- Bookings were flat sequentially and increased by 1% YoY in Casual & Mashup
- Super Free's Word franchise continued to scale well in the third quarter, driving user acquisition spend and strong growth for the franchise
- Jawaker continues its impressive performance despite tension in Middle East, growing bookings YoY by 35% with very high profitability
- Continued challenges for Storm8 with Home Design franchise negatively affecting bookings growth, and new game "Ellen's Garden Restoration" growing but not compensating



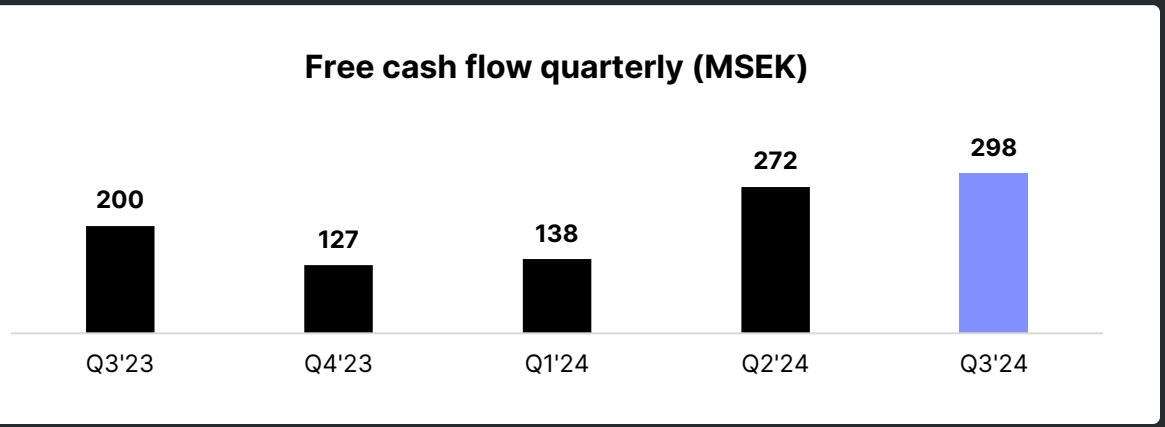


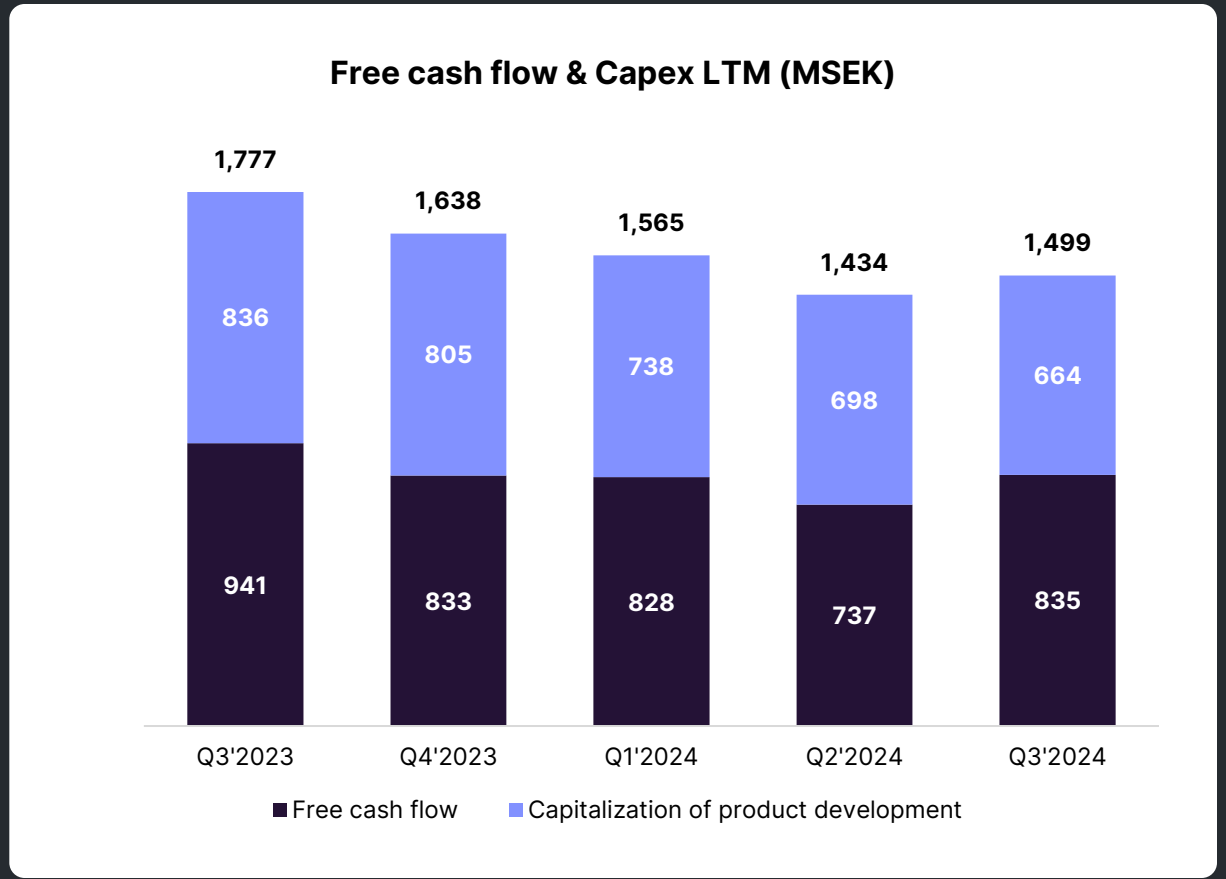




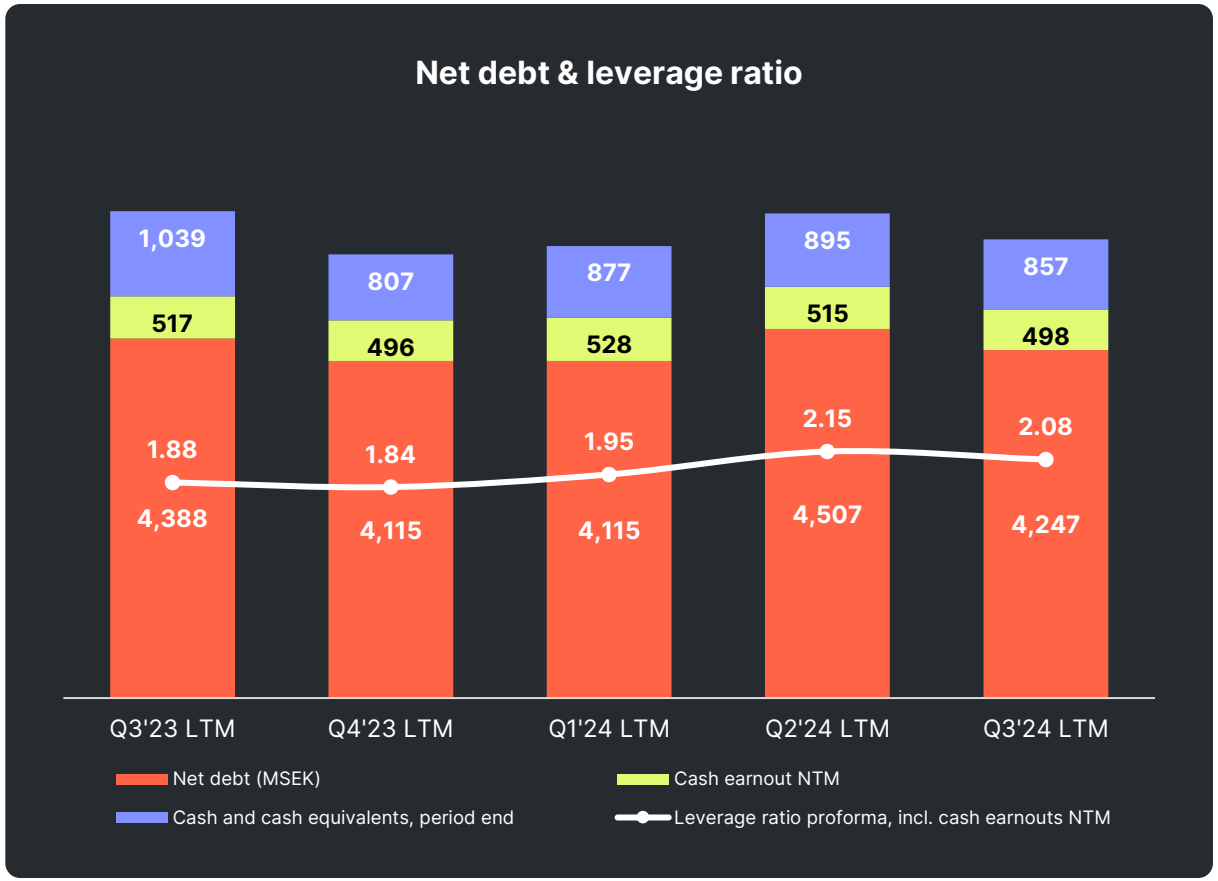
Strong free cash flow generation in the quarter

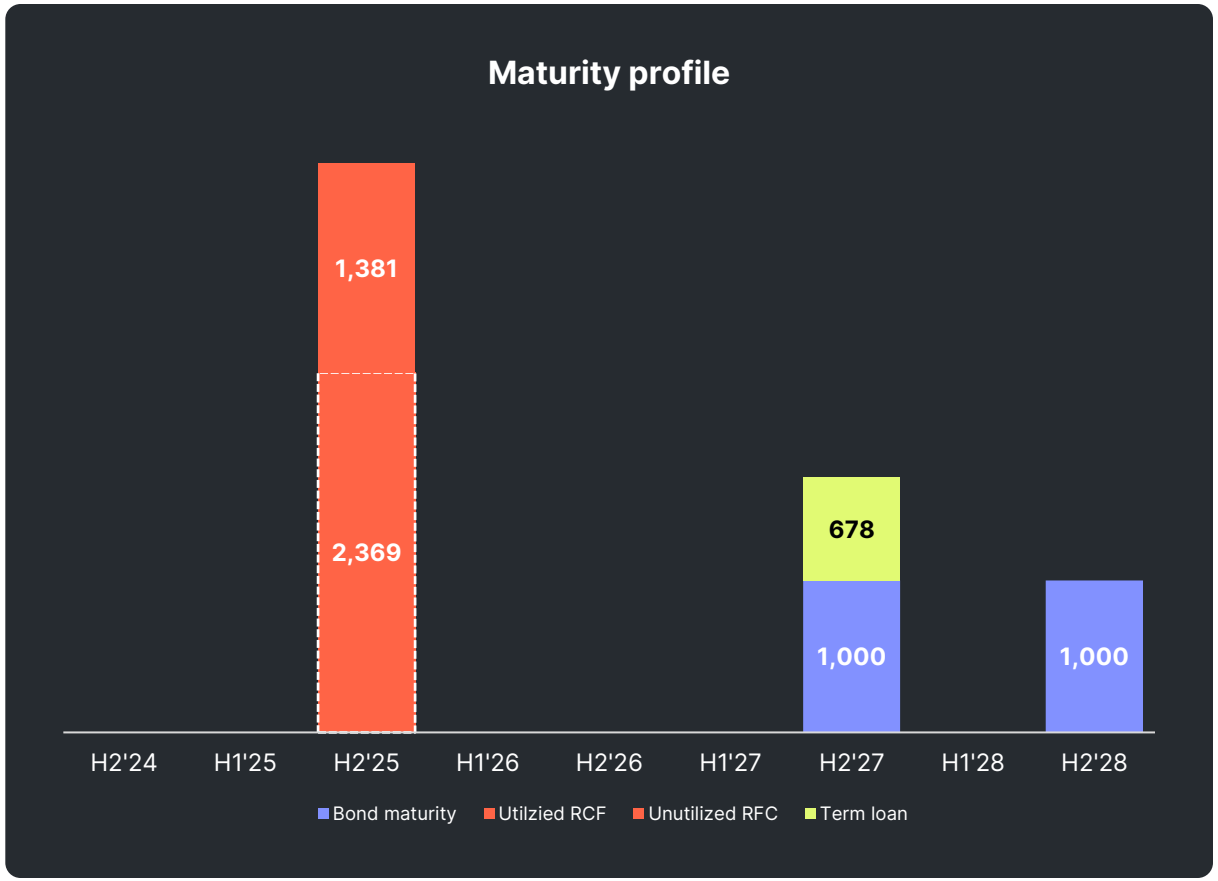
MSEK	Q3 2024	Q3 2023
Cash flow from operations (before NWC)	**383**	**399**
Change in net working capital	74	-4
Cash flow from operations (CFFO)	**457**	**395**
Cash flow from investment activities	-161	-387
Cash flow from financing activities	-307	164
Cash flow for the period	**-11**	**172**





Extended term loan further improves 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 40 MSEK
- Stillfront’s intention is to complete the repurchase program prior to the closed period ahead of the year-end 2024 report

Seasonal effects in Q3, accelerated optimizations going forward

- Unusually long seasonal slowdown that was mentioned in the last quarter has driven lower activity levels across our games
- High UAC spend in the third quarter with UAC as a share of bookings reaching 29 percent, affecting EBITDAC negatively short term, but largely compensated with higher gross profit and lower fixed costs
- User acquisition investments in Q4 to sequentially increase due to higher player activity, however, US elections could impact timing of deployment in the quarter
- Accelerating the communicated optimization and reorganization program delivering 200-250 MSEK by the fourth quarter of 2025:
  - Slightly ahead of plan with 39 MSEK of annualized costs savings with full effect in Q1 2025
  - New organization model will allow for increased speed and focus resources into key franchises
  - Move declining games to lower-cost locations and addressing low performing games
  - Rolling out DTC solutions to larger Casual games

Save the date: Capital Markets Day – February 6, 2025

On February 6, 2025, Stillfront will host a Capital Markets Day in Stockholm, Sweden. The event will also be streamed live for those who cannot attend in person.

The afternoon event will feature updates on the company's recently announced optimization activities. Presentations from the CEO, CFO, and other executives will provide insights into Stillfront's strategic direction and latest developments.

More information, including the agenda and participation details, will be shared closer to date and will also be made available on Stillfront's website.

Stillfront