



April 26, 2023

Q1 2023

Maria Redin, CEO
Lasse Pilgaard, CFO

Forge of Empires



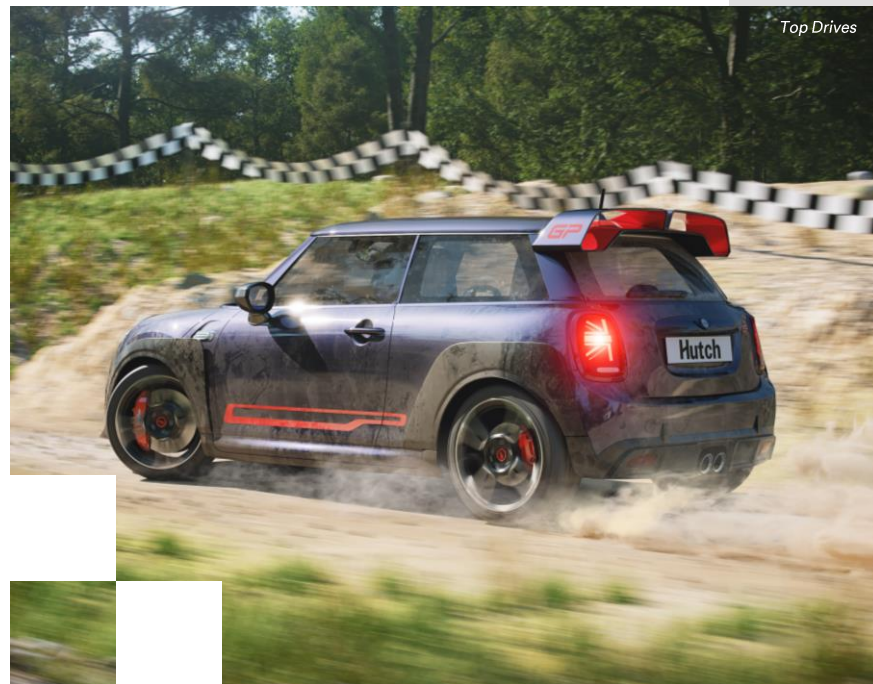
Strong underlying performance in PlaySimple and Ninja Kiwi & signs of stabilization from InnoGames in second half of Q1

Reported revenues down 4% YoY & organic revenues down 11% YoY to SEKm 1,306 due to tough InnoGames comps and PlaySimple platform incentive in Q1'22

Strong underlying performance for PlaySimple and Ninja Kiwi in Q1. New Word Games continue to scale successfully in Q1

Gradual improvement in Strategy & Simulation performance after tough first half of Q1

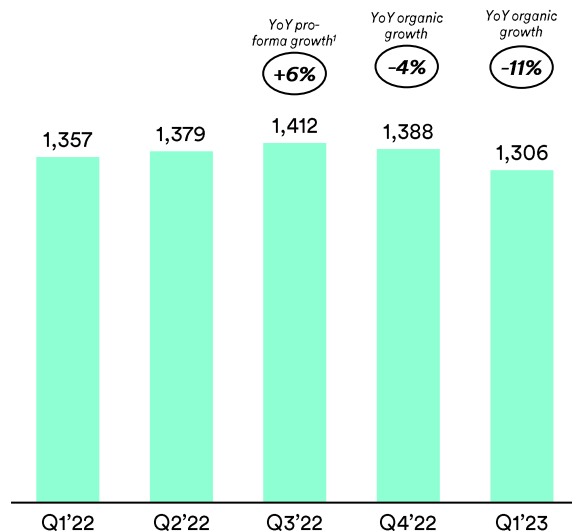
Adj. EBITDA of SEKm 263 with an adj. EBITDA margin of 20% and underlying margin up slightly YoY on a like for like basis



Organic revenues down 11% due to tough comps for PlaySimple and weak start to Q1 and post-pandemic boost in Q1 22 for Innogames

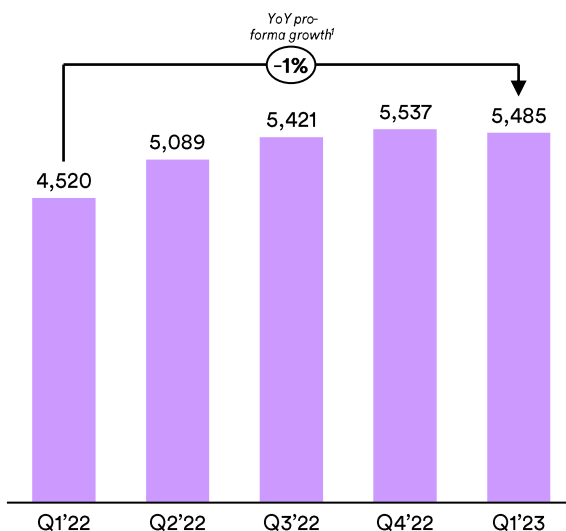
Reported revenue, SEKm

Reported net revenues down 4% year on year



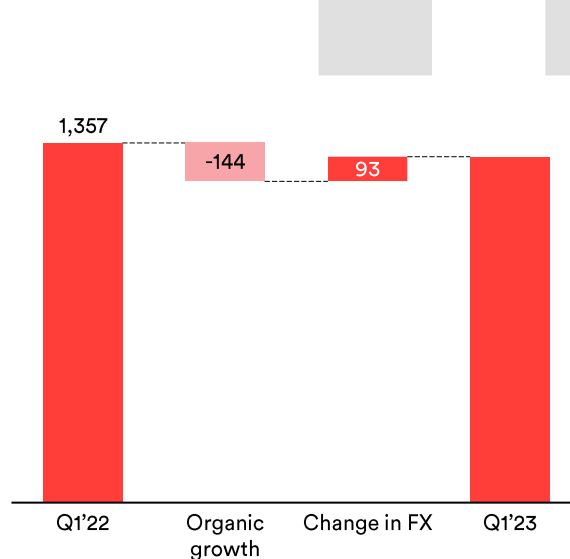
Reported revenue, SEKm LTM

PlaySimple and Ninja Kiwi showing growth, decline in Hutch, InnoGames and Kongregate



Revenue bridge, SEKm

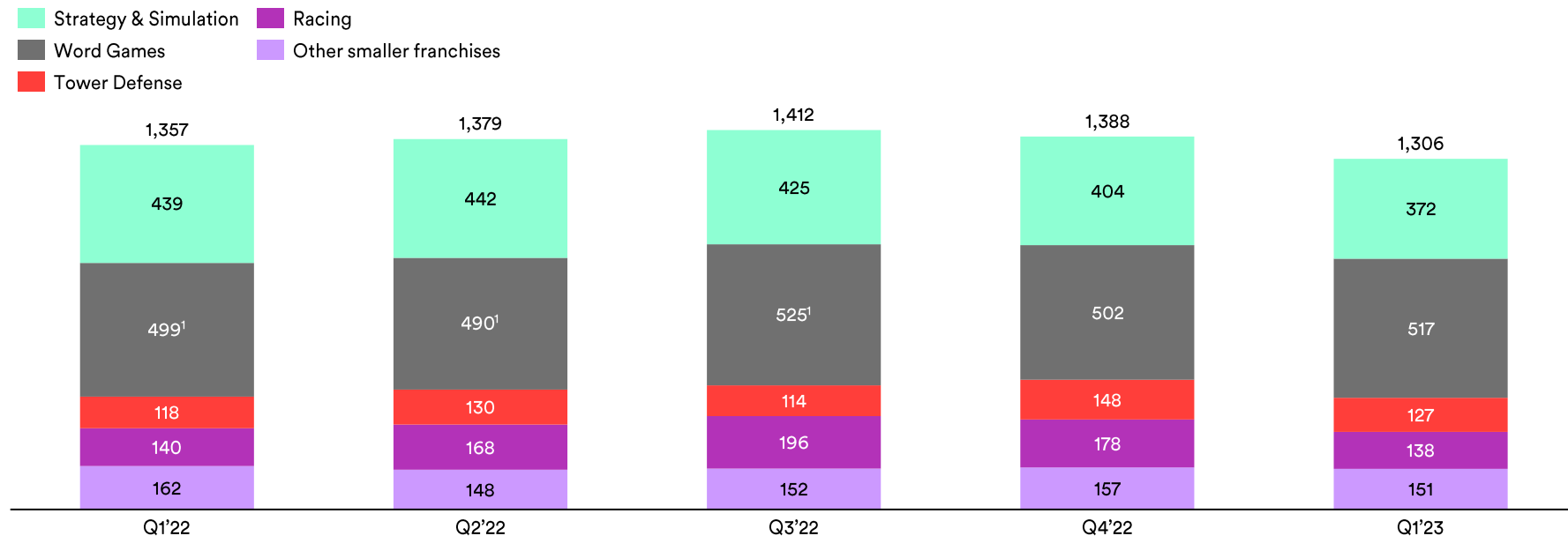
Organic growth of -11%



¹) Growth rates calculated at constant FX. Unaudited pro forma figures. Pro forma as if all acquisitions have always been a part of the MTG

Word Games strongest franchise for 5th consecutive quarter & YoY performance of Tower Defence testaments to IP strength

Revenue by franchise, SEKm



1) Revenues from the Word Games franchise for Q1-Q3 in 2022 boosted by the platform migration payment received by PlaySimple

New Word Games scaling successfully, and exciting new games pipeline for 2023 and beyond for the group

Pre-launch



Upcoming season change in F1 Clash (Hutch)



Browser version of Sunrise Village, targeting launch in H2 2023 (InnoGames)



Hutch working on two major titles from based on international licensed brands



Kongregate working on new game based on major global IP



Ninja Kiwi working working on 3 new games, targeting launches in 2024 and 2025

Early launch/Scaling



Rise of Cultures



Sunrise Village



Bloons TD Battles 2

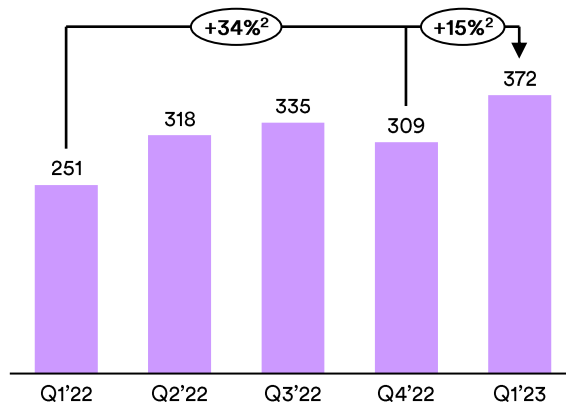


Crossword Explorer



Word Search

New games 12m revenue run-rate¹, SEKm



Live games

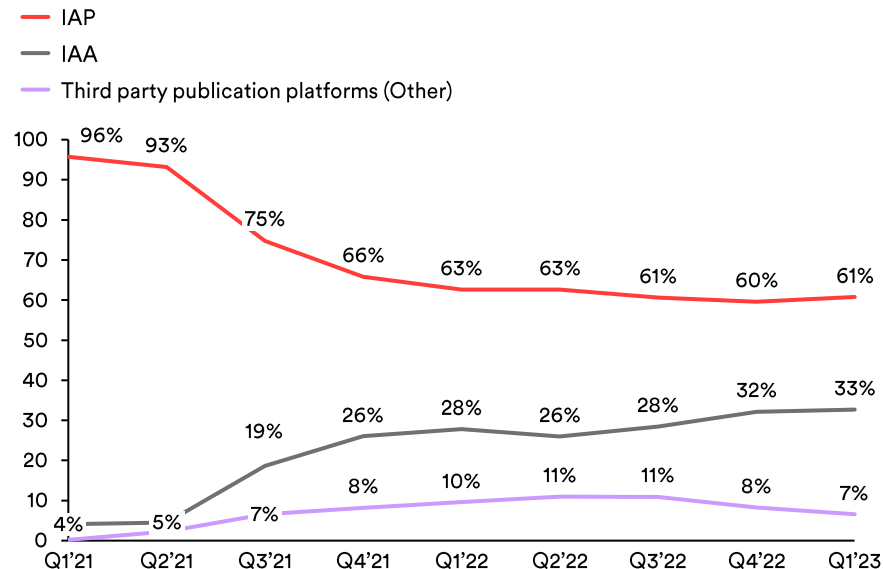
- PlaySimple's new titles, Crossword Explorer and Word Search, saw an impressive 75% sequential growth
- Pipeline of incremental improvement for Sunrise Village to improve monetization
- InnoGames is planning to revamp Rise of Cultures at the end of 2022 (while ensuring current players have a positive experience)
- Update 36 for Bloons TD 6 well received at launch in early April and immediately followed by successful Steam Sale
- 3 new supported languages, 2 new tracks and several improvements in F1 Clash
- Kongregate published 5 new games from external publishers on their platform & Bitverse games saw an increase in engagement with NFTs every week in the quarter

1) Calculated as quarterly revenue times 4

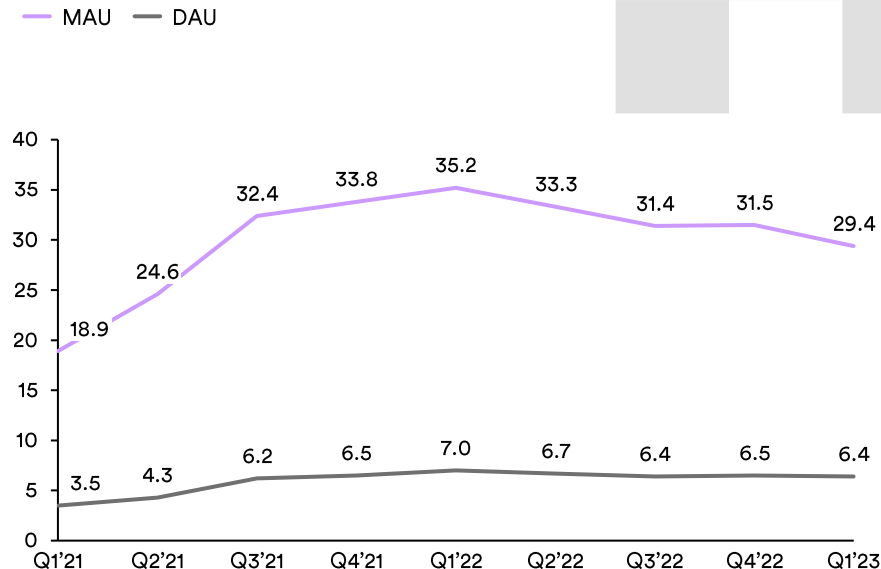
2) In constant FX

Player growth in Word Games offsets continued challenges in attracting new Strategy & Simulation players in first half of Q1

Revenue streams

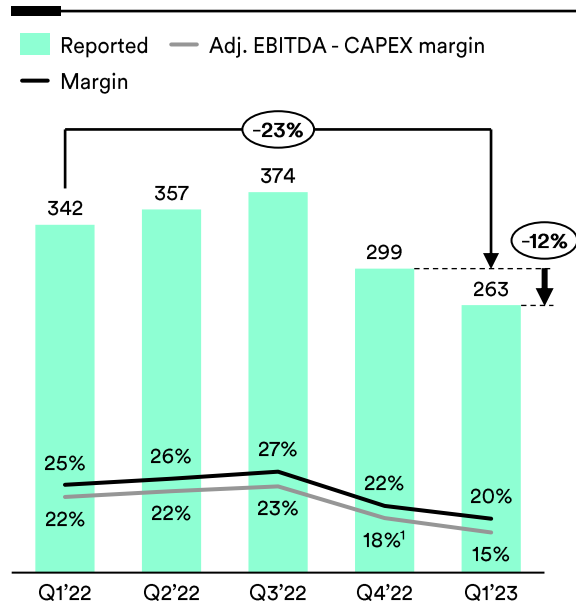


User development, millions

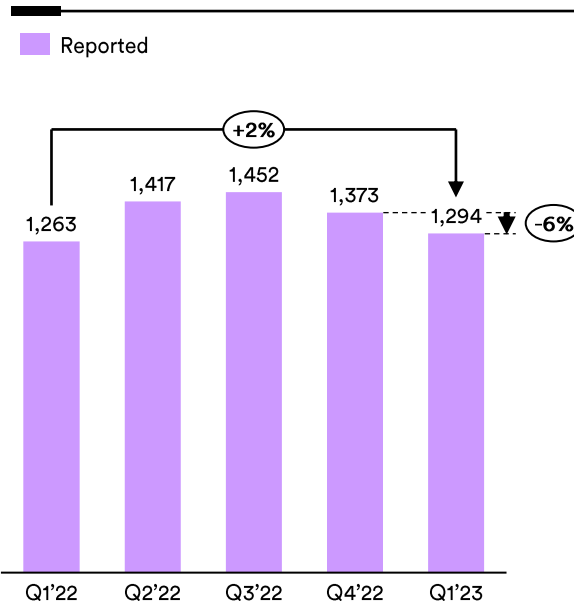


Adj. EBITDA margin of 20% & margin up slightly YoY on a like for like basis when adjusting for platform incentive bonus

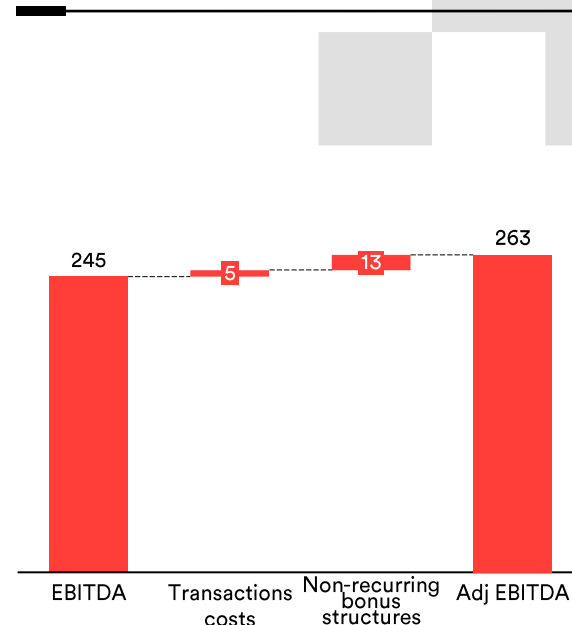
Reported adj EBITDA, SEKm



Reported adj EBITDA, SEKm LTM



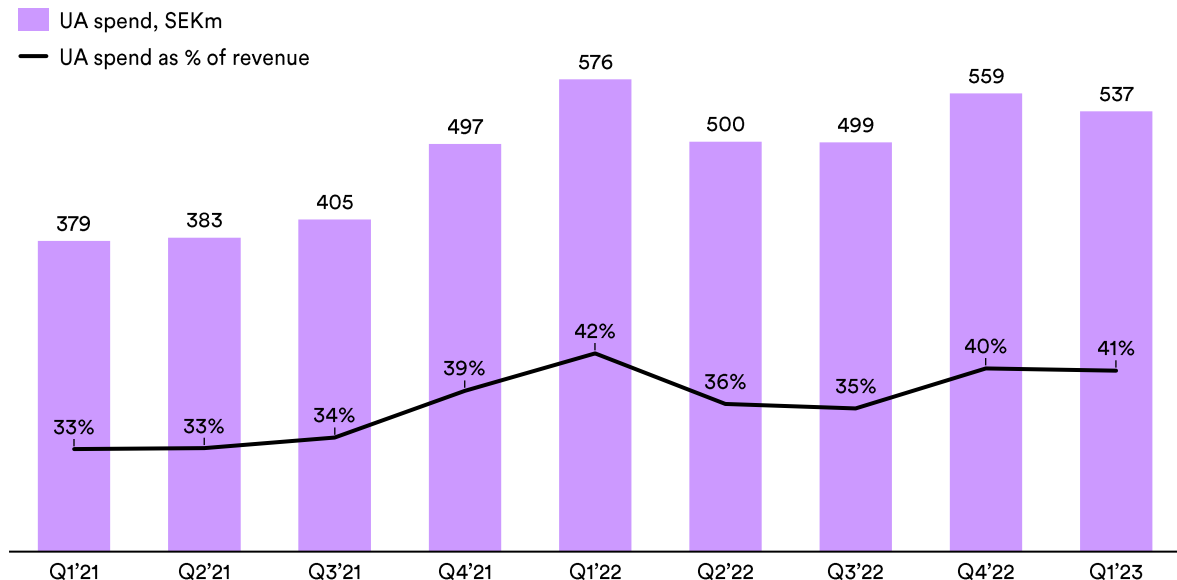
EBITDA to adj EBITDA, SEKm



1) Corrected

UA spend driven by successful scaling of the new games in PlaySimple but down YoY due to lower UA spend from InnoGames

UA spend development



Comments

- 41% of total revenues spent on user acquisition
- UA spend down YoY mainly due to lower spend from InnoGames in Q1'23, offset by PlaySimple scaling new games
- Overall marketing environment improving in the second half of Q1

Continued strong cash position. Strong balance sheet enables future M&A and shareholder value creation

Group cash flow statement, SEKm

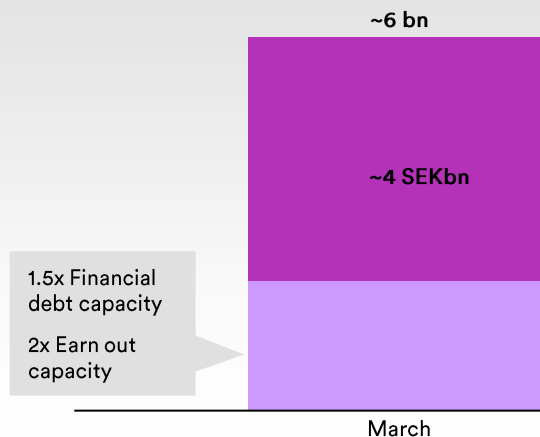
	Q1 2023	LTM
Cash flow from operations ¹	320	1,512
Taxes paid	-78	-419
Changes in working capital	-46	-90
Capex	-62	-233
Free cash flow	134	769
Adj. EBITDA	263	1,293
Cash conversion rate	51%	60%
Earnout payment	-463	-781
Free cash flow after earnout payment²	-329	-12

1) Excluding realised FX effects

2) Including FX the free cash flow after earnout payments is -263 for Q1 and 228 for the LTM period

Balance sheet, SEKbn

- Cash Position Q1'23
- Debt capacity (3.5x Adj EBITDA)



Providing full year outlook on the back of improving operational momentum and early indications of positive shift in our marketing environment

Outlook

Encouraging positive momentum and healthy dynamics for the group as a whole and our market in Q1 provide us with confidence for 2023. We expect to see sequential improvement in each quarter of the year.

2023 outlook

- Full year sales expected within a -3% to +2% range when adjusting for currency effects
- Adj. EBITDA margin within our long-term outlook of 23-25%
- Expect our performance to continue improving sequentially throughout 2023

Market context

- We currently expect our IAP market to decline by low single digits in 2023
- Market already showing early signs of stabilization, with continued improvement in each quarter of 2023 now expected

Long-term outlook remains unchanged





Word Trip

Q&A