

CONFLICT OF NATIONS

МОДЕРИ ШИДЯ



Presentation Q3 Report
November 22, 2016

Stillfront Group in brief

Strong fundamentals for future development

Our Consumers

- More than 300.000 MAUs with exceptional loyalty and ARPPU
- Global reach with consumers from over 100 countries
- Major markets are US, Germany, Scandinavia, France, Poland, Turkey, Brazil and Argentina

Our Group

- Five studios in five countries
- ~100 highly skilled and experienced game professionals
- Combines small indie studios' agility with the strength of a professional public structure

Our Owners

- Strong ownership structure;
- ~30% owned by active key individuals in our studios
- Key industry institutions holds significant positions
- Good retail spread (~1200 shareholders)

Our Performance

- Strong organic growth: 50 - 100+% p.a.
- Non-organic expansion through new studios
- Operational profitability of 30 – 45%
- Lower volatility than many peers thanks to strong revenue mix

Our Brands and our Publishing



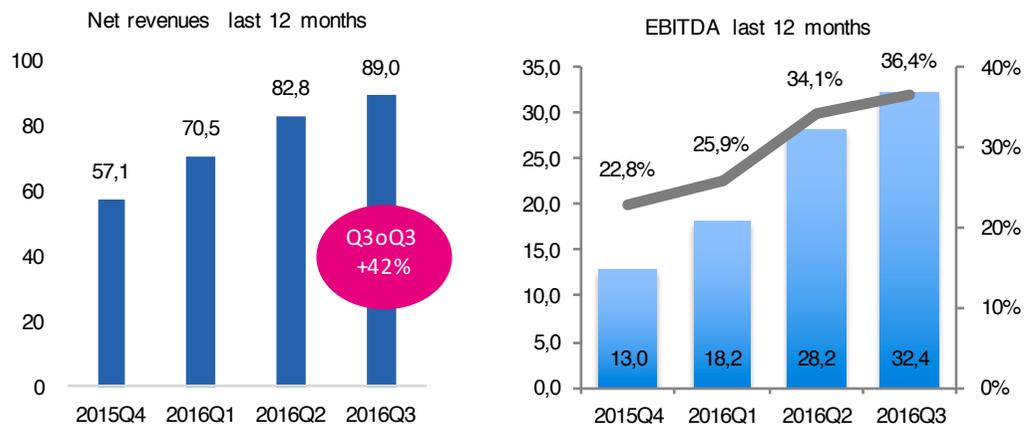
- Many million users have played our games whereof many are loyal to our brands
- Majority of current brands are long term free-to-play Strategy games
- >70% of revenues comes from own brands and self-publishing
- Unravel is published and owned by EA (we are one of very few)

Selected highlights Q3 report

SF portfolio show strength with lower risk



High growth and strong earnings



Simutronics developing better than expectations



Core Products are growing and delivers stable high margins



The new mobile strategy game **Siege: Titan wars** is soft launched.

SIMUTRONICS®

Unravel delivers



Unravel sales during Q3 were still strong...

...and have given us additional royalty payments.

In Q4 royalties still are expected, however lower.

Unravel sequel well under way. Project is running according to plan and with high ambition.



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The gaming market is exciting and contains some specific challenges

The key to long term success is to balance reward and risk

Thrilling market

- Soon the largest entertainment market globally exceeding 100 billion USD and still growing by ~8% pa.
- Dynamic with many new areas evolving
- Fragmented and unstructured market

Volatility and immaturity

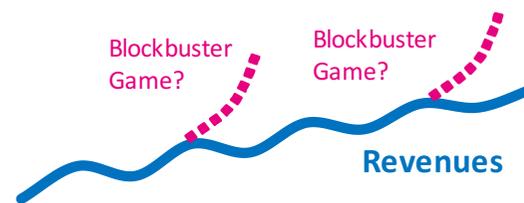
- By nature high profitability in already fairly successful products
- Highly volatile for most companies with title risks, tech shifts and fast moving consumers
- Huge amount of small product driven companies that are underexploited

Consolidation opportunities

- Multidimensional opportunities for M&A and alliances in the existing market
- Hard to invest without detailed industry knowledge, operational experience and personal network
- We combine small indie studios' agility with the strength of a professional public structure

The reward/ risk balancing is the **red thread** in all what we do

Less volatility and lower risk



- We work systematically with utilizing the opportunities of this market into a sound and predictable business
- We would like to create value in the consolidation of the gaming market coming 3-5 years

Diversified long life games portfolio to gear up reward/risk

BYTRO Launch in: 2009



18% of group revenue

- ▶ Still stable high revenues after 7 years
- ▶ Total cumulative sales since inception is 86.1 mSEK

BYTRO Q2 2015



25% of group revenue

- ▶ Most successful launch to date
- ▶ Total investment until Launch was less than 2 mSEK
- ▶ Total cumulative sales since launch is 40.1 mSEK
- ▶ Built for a long life similar to Supremacy 1914

BYTRO Q3 2016



3% of group revenue

- ▶ New grand strategy game based on the successful Bytro engine
- ▶ Full Launch in September 2016
- ▶ Sales in Q3 is 0.6 mSEK

COOWGLJO Q1 2016



Incl in Coldwood's 30% of group revenue

- ▶ Launched February 9, 2016
- ▶ Winner of 20+ awards at E3 and gamescom
- ▶ Very strong sales
- ▶ Sequel under development

SIMUTRONICS 1987



11% of group revenue

- ▶ Developed in several generations
- ▶ Still growing after 29 years
- ▶ Exceptional customer loyalty and ARPU
- ▶ Low cost of operations provides very high margins

SIMUTRONICS 1996



7% of group revenue

- ▶ Still growing after 20 years
- ▶ Exceptional customer loyalty and ARPU
- ▶ Low cost of operations provides very high margins

POWERCHALLENGE Q3 2001



5% of group revenue

- ▶ 14-year life-cycle – still stable revenues
- ▶ Fully mobile playable version live in Q3

DORADO GAMES



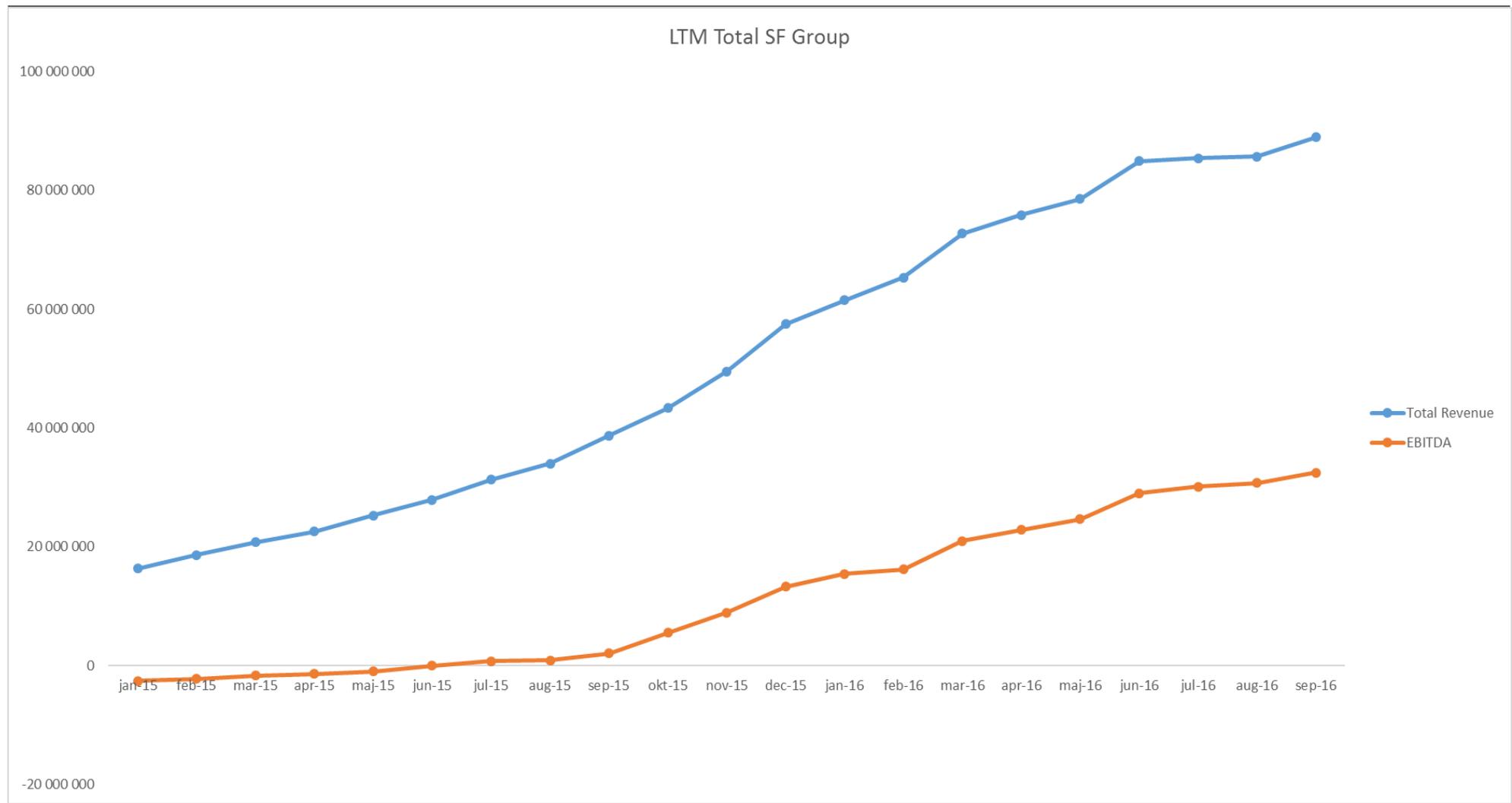
2% of group revenue

- ▶ Gathered responsibility for Group's long tail
- ▶ Conflict of Nations announced for December built on Bytro's successful SUP engine

Group performance rolling 12 months

Rolling 12 month ATH for 22nd consecutive month

Our strategy has proven to work performing strong growth and margins with lower volatility and risk





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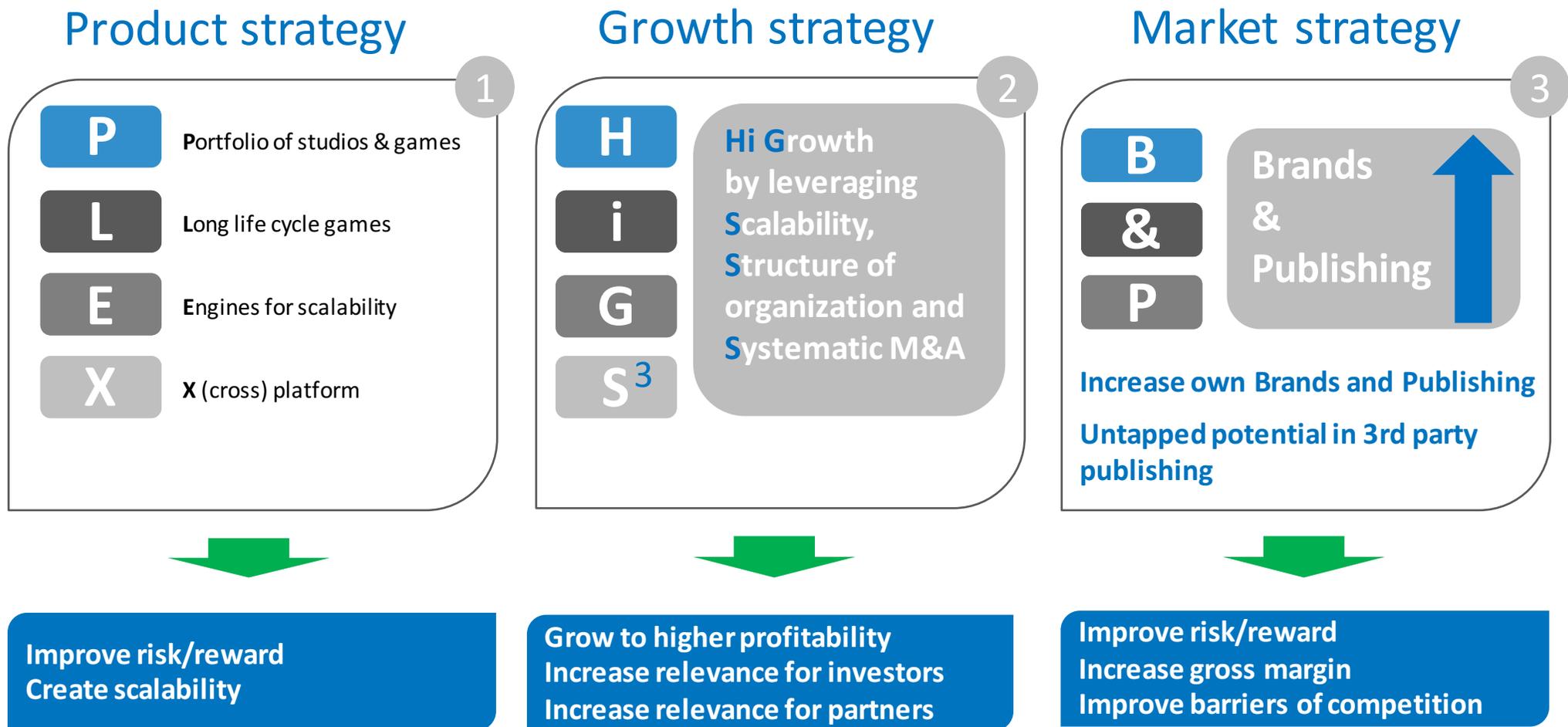
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Some new stuff

Business strategy – 3 pillars

Our strategy has proven to be a powerful tool for reaching targets and achieving progress

The strategy pillars have different purposes





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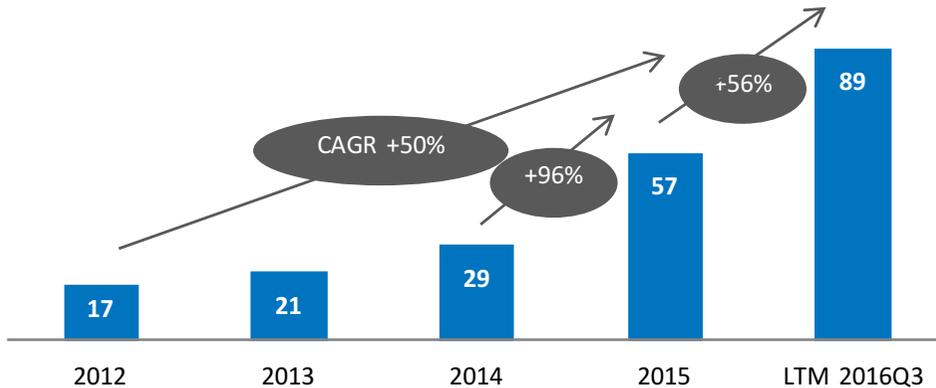
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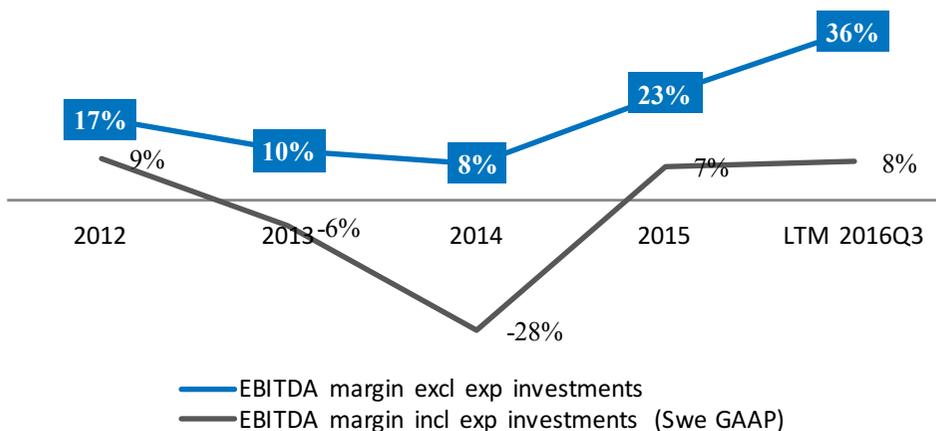
Strong current financials

Net revenue (SEKm)



- 56% net revenue growth Latest 12 months compared to FY 2015
- 85% growth YTD'16 over YTD'15
- Growth mainly from
 - Successful development for Call of War
 - Strong growth in Coldwood
- 50% CAGR from 2012 to 2015 attributable to both organic and acquisition growth

EBITDA margins



- EBITDA margin excluding expensed investments continue to be very strong:
 - 37% in 2016 Q3 equal to 7.8 mSEK
 - 41% in YTD'16
- ...mainly attributable to the stronger revenue mix...
- ...as sales growth positively affects EBITDA margin due to low marginal costs
- Further strengthened by very strong Bytro margins and lower marketing spend

KPI Highlights Q3

Bytro

All Games

- Revenues, SEKm 9.5
- EBITDA* margin 51%
- UAC, SEKm 2.9 (31%)
- PPC, SEKm 0.6 (6.3%)

Supremacy 1914

- DAU 19,035
- MAU 67,812

Call of War

- DAU 22,195
- MAU 92,555

Coldwood

All Games

- Revenues, SEKm 6.6
- EBITDA* margin 61%
- UAC, SEKm N/A
- PPC, SEKm N/A

Power Challenge

All Games

- Revenues, SEKm 1.3
- EBITDA* margin 0%
- UAC, SEKk 80 (6.3%)
- PPC, SEKk 77 (6.3%)

ManagerZone

- DAU 16,359
- MAU 34,117

Simutronics

All Games

- Revenues, SEKm 3.6
- EBITDA* margin 36%
- UAC, SEKk 0 (0%)
- PPC, SEKk 106 (3.0%)

Gemstone

- DAU 1,384
- MAU 2,801

DragonRealms

- DAU 1,175
- MAU 2,783



* EBITDA excluding investments

Reporting according to IFRS

We intend to close the annual accounts for 2016 in accordance with IFRS with the purpose:

1

Increased transparency

Our investments appear to be perceived by the market as costs, not investments.

We need to capitalize investments in order to increase transparency and to provide a relevant picture of our finances.

2

Increased comparability

It has affected us negatively in comparison with our peers, as all of them apply IFRS

3

Preparation for list move

Adopting IFRS is a pre-requisite for our ambition to move list at Nasdaq during 2017

2016 outlook – investments increase for continued high growth

What's in focus

- Leverage our increased **investment** pace to develop our brand portfolio
- Increase share of own **brands and self-publishing**
- Improve our **marketing ROI** through new channels and increased life-time-value
- Assessment of **new studios** to join the group

Strongest pipeline ever

- New World Empires launched 1.0 in September with 0.6 mSEK in Q3 revenues
- Conflict of Nations in open beta in December
- Soft launch of Simutronics mobile strategy
- Mobile (HTML5) version of Call of War live within three months
- Get our second team in starting production at Coldwood within three months

*Stillfront Group have a momentum like never before
in building for exciting quarters ahead*





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МОДЕРНИ ШЛЯ

Conflict of Nations – Modern War

The game

Extensive scenarios

Played over longer time in history ranging from the 1980s cold war era to highly modern 21st century battlefield technology.

Wide range of strategies, including weapons of mass destruction and it's consequences, have to be mastered

More strategy depth

New dimensions creates more sophisticated strategy challenges

Game positioning

The game uses several of the elements of the Grand Strategy functions developed for New World Empires

The target group

The most requested strategy war scenario

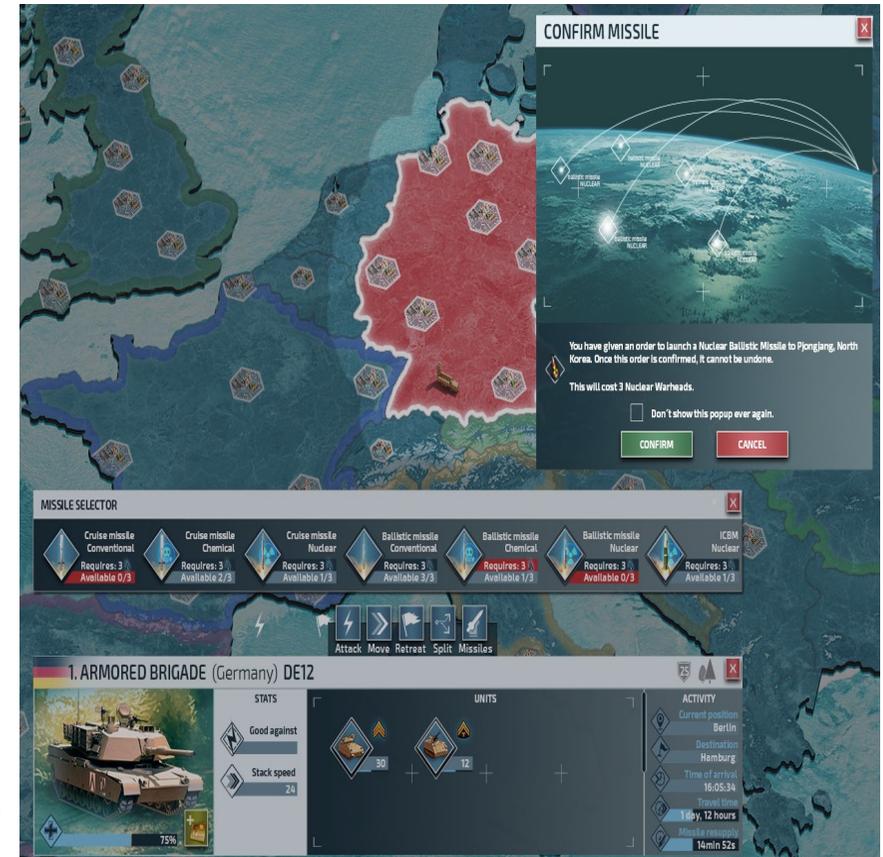
From the five million fans of Bytro's existing games, modern war and cold war are the most requested scenarios

Cross promotion opportunity

We expect strong cross promotion opportunities

Less competition

Modern and Cold War era themed games have less competition than WW2 and Call of War



SEK ~2.5m in total Investment until open beta, including knowledge transfer from Bytro to Dorado

SIEGE

TITAN WARS





Thank you

