



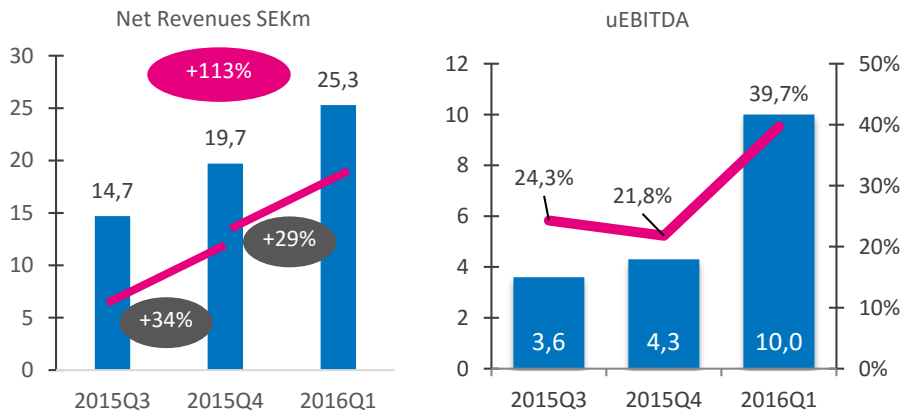
Presentation Q1 Report
May 18, 2016

Selected highlights Q1 report

SF portfolio delivers the best ever quarter

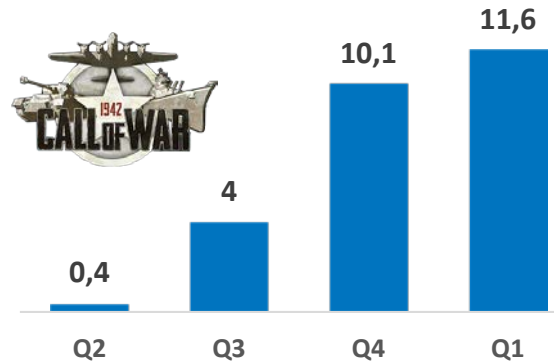


Strong growth with highest margin leap ever



Call of War: Continued growth with increased profit

Quarterly Sales SEKm



SEK 46m annualized sales in Q1 2016 ...

... profitability rockets still with high growth...

...and life-cycle to be years-long with strong recurring profits as a result.

EA partnership expands



Unravel sales during first ~7 weeks is most satisfying...

...have given us first royalty payments for Q1...

...and further to come during next quarters.

Unravel sequel agreed with EA. The ambition is high - to build a strong Unravel franchise over long time.



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Attractive and diversified games portfolio

bytroLabs  Launch in: 2009



19% of group revenue

- ▶ Still growing since launch in 2009

bytroLabs  Q2 2015



45% of group revenue

- ▶ Most successful launch to date

bytroLabs  Q2 2016



- ▶ New strategy game based on the successful Bytro engine
- ▶ Release in June 2016

 COLDWOOD INTERACTIVE Q1 2016



Incl in Coldwood's 30% of group revenue

- ▶ Launched February 9, 2016
- ▶ Overwhelming response
- ▶ Most satisfying sales

 COLDWOOD INTERACTIVE Undisclosed



Incl in Coldwood's 30% of group revenue

- ▶ A sequel is signed in partnership w EA
- ▶ Details TBD

 POWERCHALLENGE Q3 2001



5% of group revenue

- ▶ 14-year life-cycle – still stable revenues

 POWERCHALLENGE Q2 2003



 DORADO GAMES



1% of group revenue

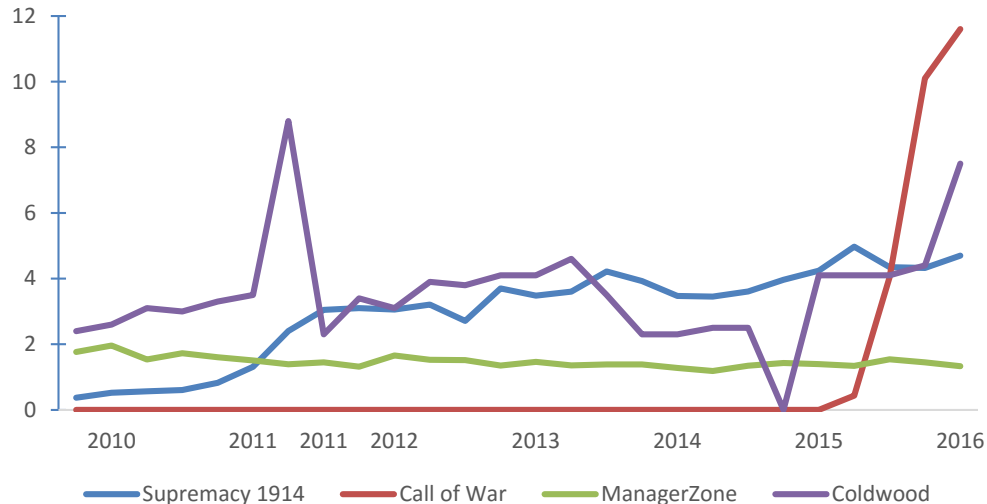
Portfolio Revenue Mix

- Systematic work with improving portfolio is key in our PLEX strategy
- The mix has significantly improved last five quarters
 - Increased by one product
 - Balanced on higher levels
 - All products increase or are stable in revenues
 - Profitability from core products significantly higher
- Further improvements include adding the number of core products
- Portfolio is managed both over revenue, profitability and risk metrics

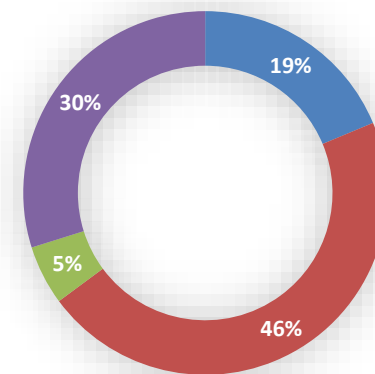
The Core Products



Quarterly Revenues Core Products in SEKm



Revenue Split Core Products Q1 '16



■ Supremacy 1914 ■ Call of War ■ ManagerZone ■ Coldwood



UNRAVEL



Winner of 20+ awards at E3 and gamescom



Coldwood and EA partnership expands



Unravel enjoys strong sales and has opened the way for broadened partnership with EA

Game launched

- Unravel was released February 9 with strong sales
- Coldwood has delivered with high quality and on time

Unravel royalty revenues

- Very satisfying sales during first 7 weeks giving royalties accounted for in Q1
- EA has fully recouped during Q1
- Further royalties are expected coming quarters

Coldwood and EA partnership expands – Unravel sequel

- Coldwood and EA has agreed to develop a new high profiled product – an Unravel sequel
- No product details are disclosed
- The project has very high ambitions building a strong Unravel Franchise over long time

Unique partnership with industry giant



- EA publishes games for a mere few independent studios annually
- The fact that Coldwood has been chosen again proves that Coldwood capabilities are on international absolute top level
- Stillfront and Coldwood are proud of the partnership with EA
- The partnership fits Stillfront Group perfectly as being an attractive risk/reward business, now also being a long life product.

SUPREMACY 1914

✈ Player name:

✈ Password:

✈ Email:

Our games are subject to the following: [Terms & Conditions](#)

Play for free now!

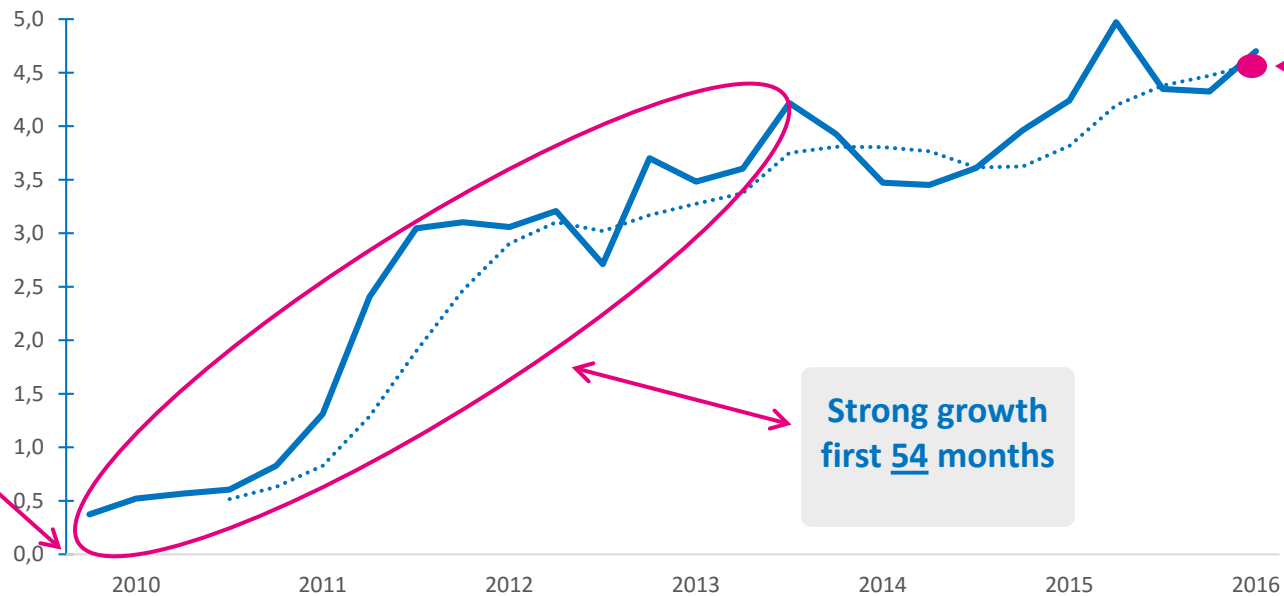
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Still growing since launch in 2009

Supremacy 1914 – Revenue development

Supremacy 1914 Revenue Development
per single Q and rolling 4 Qs



Launched
7 years ago
(June 2009)

Strong growth
first 54 months

Strongest
rolling 4Qs
sales to date
are now

Total cumulative sales since inception is SEKm 77.9



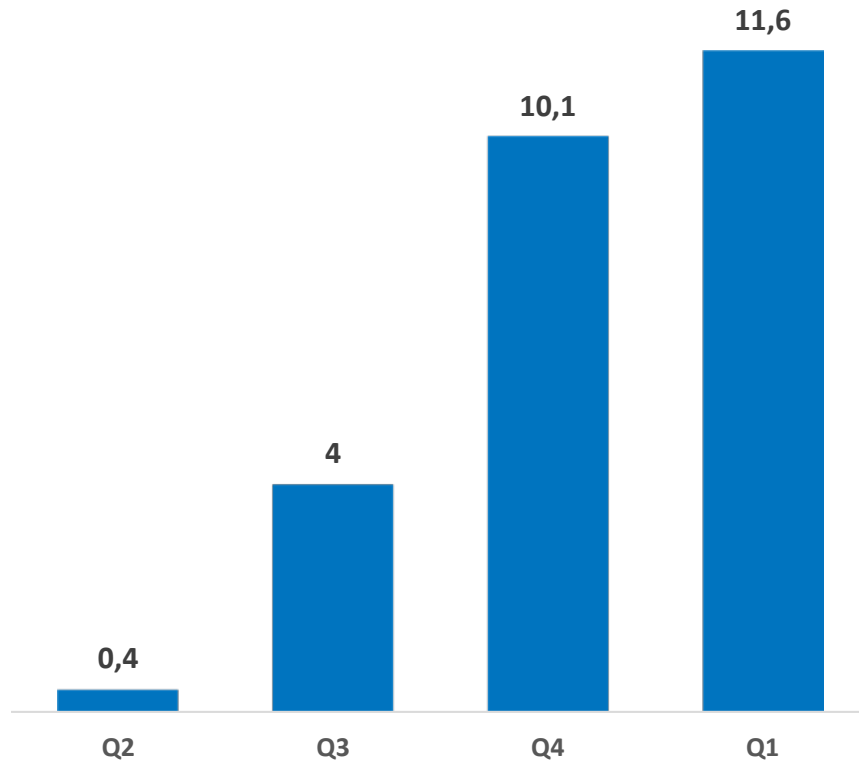
1942 CALL OF WAR

Stillfront's most successful launch to date



Call of War – WW2 Strategy Game

Quarterly Sales SEKm



SEK 11.6m



SEK 46.4m annualized sales

Still growing on high numbers

Call of War accounted for 46% of group revenues in Q1 2016



Profitability very high

With growth and thus UACs held lower, high volumes and high consumer loyalty make profitability **rocket**



Designed for long life-cycle

Call of War is an immersive long-stay grand strategy game with the potential to sustain a high revenue over a long life-cycle

SEK ~2m in initial development costs recouped in terms of sales after first four months.

The cumulative sales amounts to SEK 26.1m



NEW WORLD

EMPIRES



bytroLabs 



An additional game concept added

Exploration Concept

Opens a partly new game genre

Can reach a broader audience

Could be a used in a series of products

Combined with existing strengths

The Exploration Game Concept is combined with the existing battle oriented grand strategy war game concept, to leverage our assets and knowledge

Contains significant enhancements in engine

Territories

“Terra incognita” and the exploration of it
Multiple dimensional levels

Unit categories

Multiple new unit categories adding dimension in game play

Battle System

Allowing other categories of battles e.g. row battles

New World Empire - The Game

More extensive scenario

Played over longer time in history

Game scenarios includes more extensive mission

New dimension creates more sophisticated strategy challenges

Opening larger market

Enables attraction to partly new audience along with existing user base for cross promotion

SEK ~3m in total Investment until full Launch, whereof approximately 30-40% is in the Engine





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Business strategy – 3 pillars

1

P

Portfolio of games

L

Long life cycle games

E

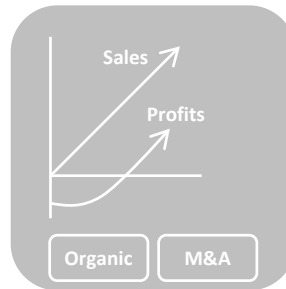
Engines for scalability

X

X (cross) platform

Improve risk/reward

2



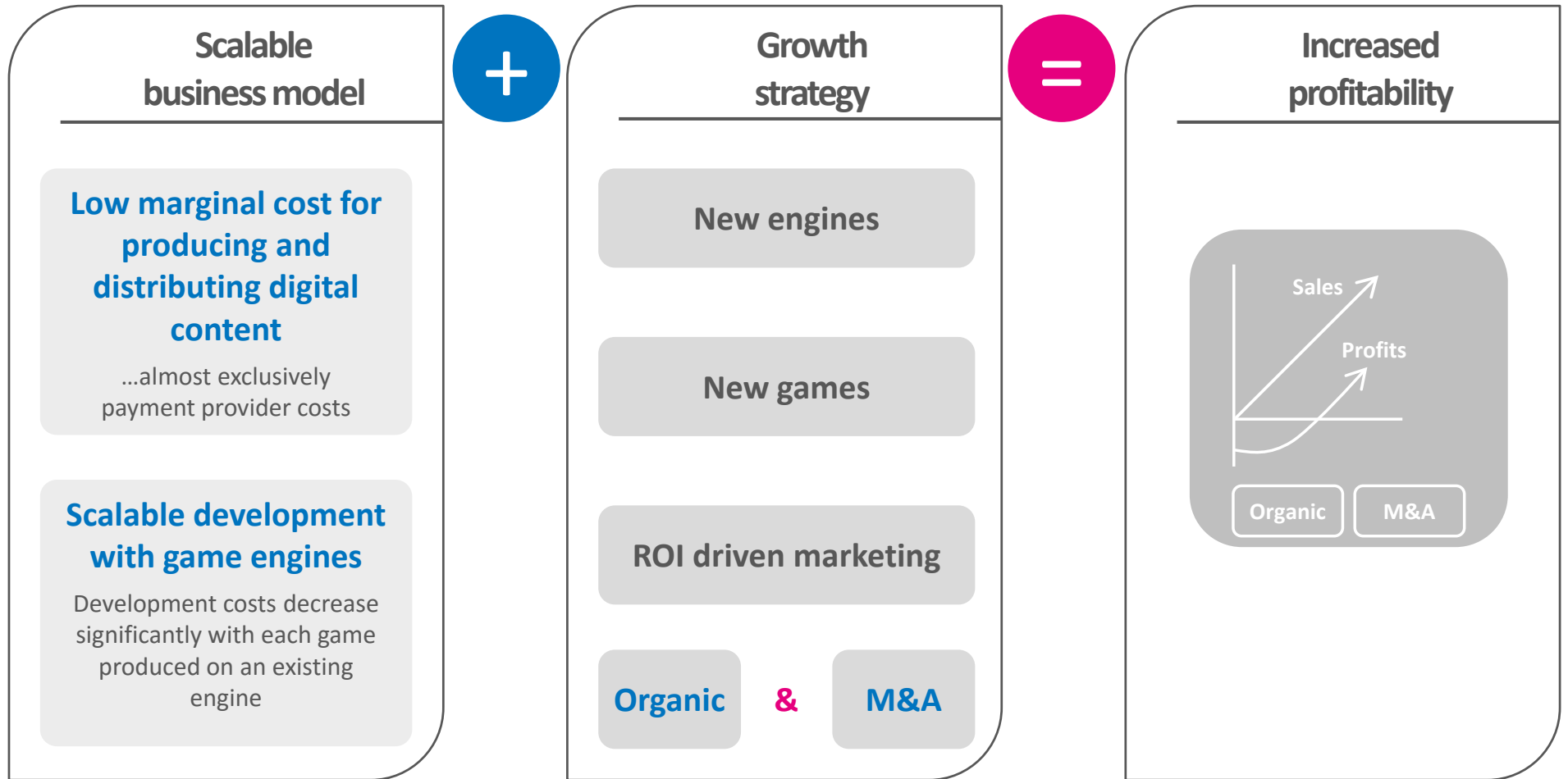
Grow to higher profitability

3



More IP ownership in Coldwood

Higher profitability by capitalizing on scalable business model with growth strategy





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Financial & product targets

Target net revenue by 2020:

>SEK 300m

Target mid-term Underlying EBITDA margin:

25–30%

Target game releases:

2016: 2-4

2017–2018: 4-6 per year

2019–2020: 5-7 per year

Current Position

Our business model works...

Scalable

Low marginal cost on producing and distributing digital content
Scalable development with game engines

Step-by-step better risk/reward

Portfolio strategy reduces risk and stabilizes revenue growth while capturing synergies
Combining Contracting/Royalties with own publishing

...enabling important achievements...

High growth

Continue to grow at high levels
Increasing MAU with high retention
Traction with new and long-lived cash cow games

High profitability

We can gear growth/margin efficiently depending on marketing fROI
Royalties on Contracting adds to margins with low risk

Coldwood position

Lower pace in establishing parallel teams than targeted
Stronger development in partnership with EA than planned

...making us hungry for further acceleration

Organic growth

New games
New engines
Performance based marketing

Acquisition strategy

Target high quality gaming companies adding strategic, operational and financial value mutually

Resource optimization

Gather long tail responsibility
Spread capability to develop on successful engines to gear up

2016 outlook

Overall focus in all we do is to improve Risk/Reward ratio

- Our vision of being leading means for us to have the best Risk/Reward balance
- Our PLEX Strategy is a strong tool for us in this work
- PLEX has proven to work very well in building Stillfront Group

We must be fast, fluid and flexible as business moves fast

- Solid PLEX-strategy to base decisions on
- Decentralized decision making
- Pragmatic, opportunistic and fast adoptable modus operandi throughout the Group

Improve leverage on existing assets throughout Group

- Focused management of long tail games increases efficiency
- Sharing best engines inter studios increases overall development capacity
- Sharing best practices on marketing and market knowledge becomes increasingly rewarding

Offensive high Investments

- Total budgeted investments are significantly increased
- Large share of this years investments will pay off next fiscal year – long term focused is key
- The investments are stage gated by Group Mgmt, for derisking, assessment and potential new decisions
- Investments are both in organic and non-organic areas

Efforts increased to make value adding Acquisitions

- Efforts has been accelerated giving us strong momentum
- See further next slide

Risks

- Recruiting may take longer time than planned and delay growth
- IT Operations and Security issues may significantly impact online revenues
- User Acquisition Costs are continuously rising which is a potential risk for lower fROI on campaigns and growth
- The Group is still dependent on a handful of key individuals
- Each new product contains a title risk

Acquisition strategy – structural search but also opportunistic approach

Target companies

- Focused gaming company that fits well within Stillfront Group
- Devoted founder(s) and/or entrepreneurs eager to continue to develop the business
- Successful launches of games with sales of SEK 5–15m, that could increase along within Stillfront

Acquisition rationale

- Value add to target companies and the Group mutually
- Brings professional structure, guided creativity and synergies to target enabling them to focus on core
- Accelerates growth and leverage assets
- Creates value

Objectives

- Add strategic components to the Group e.g. Market, Segment, Genres, Competences or Technology
- Making deals with financial leverage besides the business rewards
- 1–3 acquisitions over the next few years, may be accelerated

Status

- The deal flow has increased significantly both in quality and quantity since our IPO
- Several ongoing discussions at different stages and maturity
- Target to announce one acquisition within coming 4-6 months



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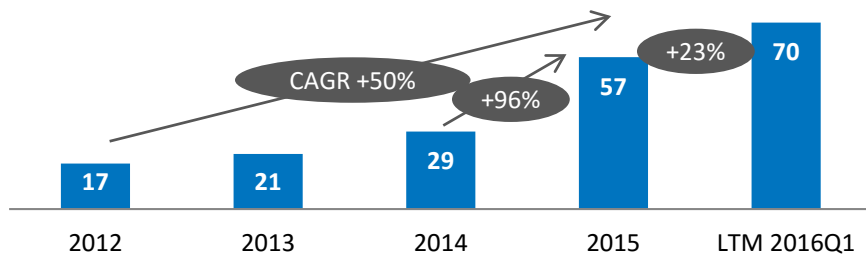
Use of proceeds

Outlook 2016

Financials

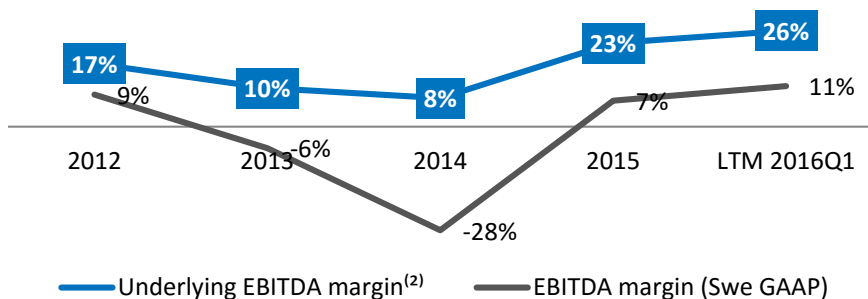
Strong current financials

Net revenue (SEKm)



- 96% organic net revenue growth in 2015 compared to 2014
- 23% organic net revenue growth Latest 12 months compared to FY 2015
- 113% organic growth Q1
- Growth mainly from
 - Successful launch of Call of War
 - Strong growth in Coldwood
- 50% CAGR from 2012 to 2015 attributable to both organic and acquisition growth

EBITDA margins



- Underlying EBITDA margin getting even stronger
 - 39.7% in 2016Q1
 - 10 MSEK in 2016 Q1
- ...mainly attributable to the strong sales growth...
- ...as sales growth positively affects Underlying EBITDA margin due to low marginal costs
- Further strengthened by very strong Bytro margins

(1) Underlying EBITDA excludes expenses considered by management as "expensed investments".

KPI Highlights Q1

Bytro

All Games

- Revenues, SEKm 16.3
- uEBITDA margin 54%
- UAC, SEKm 5.6 (34%)
- PPC, SEKm 1.1 (6.7%)

Supremacy 1914

- DAU 24,457
- MAU 77,935

Call of War

- DAU 38,451
- MAU 163,706

Coldwood

All Games

- Revenues, SEKm 7.5
- uEBITDA margin 43%
- UAC, SEKm N/A
- PPC, SEKm N/A

Power Challenge

All Games

- Revenues, SEKm 1.3
- uEBITDA margin 1%
- UAC, SEKk 179 (13%)
- PPC, SEKk 78 (5.8%)

ManagerZone

- DAU 17,641
- MAU 36.396



Profit and Loss

SEKm	2014	2015	LTM	
			2016Q1	2016Q1
Net revenue	29,1	57,1	70,5	25,3
Other revenue	1,9	0,3	—	—
Total revenue	31,0	57,3	70,5	25,3
Personnel	-17,0	-19,5	-22,6	-7,4
Other external expenses	-22,1	-33,8	-39,5	-11,0
Other operating expenses	—	—	-0,5	-0,3
Reported EBITDA⁽¹⁾	-8,2	4,0	7,6	6,6
<i>Add back expensed investments⁽¹⁾</i>	<i>10,4</i>	<i>8,9</i>	<i>10,6</i>	<i>3,4</i>
Underlying EBITDA⁽¹⁾	2,3	12,9	18,2	10,0
Depreciation & amortization	-15,0	-8,3	-7,4	-1,0
EBIT	-23,1	-4,2	0,2	5,6
Net income from fin. fixed assets	-0,6	0,1	0,1	—
Interest income	0,1	0,0	—	—
Interest expenses	-0,1	-0,3	-1,1	0,9
EBT	-23,8	-4,5	-0,9	4,7
Tax	—	-1,8	-3,7	-2,2
NI	-23,8	-6,3	-4,6	2,5
Net revenue growth, YoY	40,4%	96,3%	—	—
Underlying EBITDA margin	7,8%	22,6%	25,8%	39,7%
Reported EBITDA margin	neg.	7,1%	10,8%	26,1%

- The increase in net revenue 2015 is attributable to increased contracting fees in Coldwood and the successful launch of Bytro's Call of War
- Increase in 2016Q1 strengthened by Coldwood royalties
- The increase in net revenue and Expenses in 2014 is mainly attributable to the consolidation of Bytro (December 2013)
- Underlying EBITDA excludes expensed development investments. It is the Management's opinion that this better portrays the business' underlying operations

Underlying EBITDA excludes expenses considered by management as "expensed investments".

Cash flow

SEKm	LTM		
	2015	2016Q1	2016Q1
EBT	-4,5	-0,9	4,7
Adjustments for non-cash items	8,1	9,1	1,8
Paid tax	-1,0	-0,8	—
Cash flow from operations before adjustments of NWC	2,6	7,4	6,6
Increase(-)/Decrease(+) of accounts receivable	-5,9	-6,6	-1,9
Increase(+)/Decrease(-) of accounts payable	7,1	5,4	0,1
Cash flow from operations	3,8	6,2	4,8
Investments in subsidiaries	—	—	—
Investments in tangible fixed assets	-0,3	-0,5	-0,3
Sales of financial fixed assets	-0,3	2,1	—
Investments in financial fixed assets	2,1	—	—
Cash flow from investing activities	1,8	1,5	-0,3
New issue	64,2	64,1	-0,1
Other equity contributions	—	—	—
New loans	—	—	—
Repayments of loans	-0,6	-0,4	0,1
Cash flow from financing activities	63,6	63,7	0,0
Net increase(+)/decrease(-) in cash & cash equivalents	69,2	71,4	4,5
Cash & cash equivalents at beginning of period	4,3	6,5	73,5
Cash & cash equivalents end of period	73,5	78,0	78,0

- 2015 New issue strengthened cash position
- Positive cash flow from operations
- Finalization of Bytro acquisition will decrease cash

Financial position (Assets)

SEKm	Dec 31, 2015	Mar 31, 2016
Capitalized development expenses	—	—
Concessions, patents, licenses & trademarks	0,3	0,0
Goodwill	10,0	9,1
Total intangible fixed assets	10,3	9,4
Inventory, equipment & installations	0,2	0,4
Total tangible fixed assets	0,2	0,4
Receivables from group companies	—	—
Shares in associated companies	—	—
Other non-current securities	—	—
Other non-current receivables	—	—
Total financial fixed assets	—	—
Total fixed assets	10,5	9,8
Prepaid expenses to suppliers	—	—
Accounts receivable	3,3	3,7
Receivables from group companies	—	—
Tax receivables	0,5	0,5
Other receivables	1,9	2,1
Prepaid expenses & accrued income	3,1	4,3
Cash & cash equivalents	73,5	78,0
Total current assets	82,3	88,6
Total assets	92,8	98,4

- Goodwill amounted to SEK 10.0 m as of 31 December 2015. Depreciation 1 MSEK in Q1
- Balance sheet assets dominated by cash

Financial position (Equity & Liabilities)

SEKm	Dec 31, 2015	Mar 31, 2016
Equity	3,5	3,5
Equity issue under registration	—	—
Free reserves	—	—
Other equity contributions	191,8	191,8
Other equity incl. net income	-119,1	-117,9
Total equity attributable to parent company	76,2	77,4
Minority interests	3,3	5,5
Total equity	79,5	82,9
Deferred tax	0,3	0,3
Total provisions	0,3	0,3
Other non-current debt	0,3	0,4
Total non-current liabilities	0,3	0,4
Accounts payable	5,2	1,1
Tax liabilities	1,7	3,8
Other current debt	2,2	2,1
Accrued expenses and deferred income	3,4	7,8
Total current liabilities	12,6	14,8
Total equity & liabilities	92,8	98,4

- 84% book solidity as of March 31, 2016
- Very limited debts



Thank you

