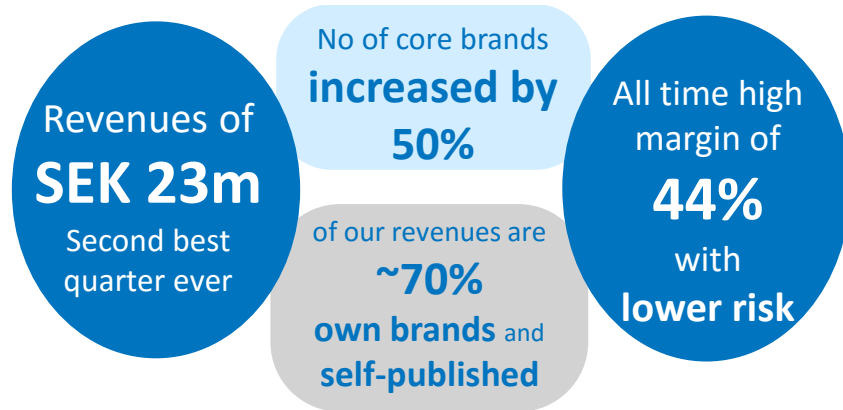




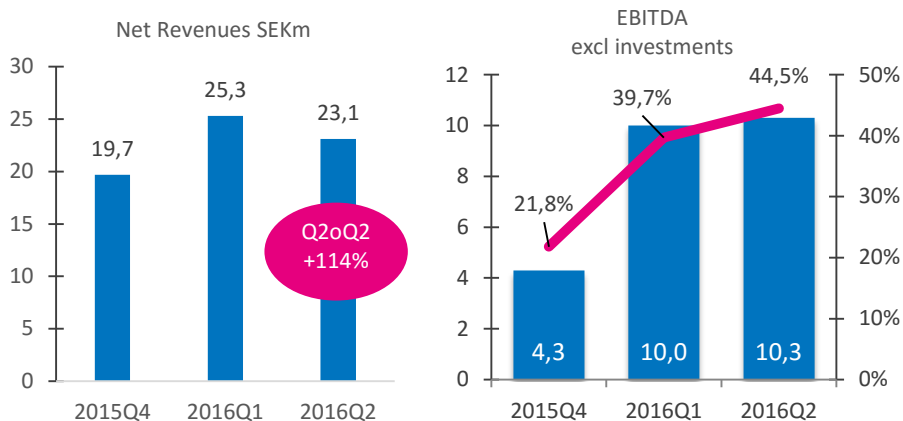
Presentation Q2 Report  
August 26, 2016

# Selected highlights Q2 report

## SF portfolio significantly strengthened



## All time high earnings and strong growth



## Simutronics investment – strategically important



Adds a fifth studio in a new territory



Increases our core brands portfolio

Adds state-of-the-art capabilities within mobile with a new mobile strategy game in development

**SIMUTRONICS®**

## Unravel delivers



Unravel sales during Q2 were very strong...

...and have given us additional royalty payments.

**Unravel sequel project has commenced.** The ambition is high - to build a strong Unravel franchise over long time.



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# Attractive and diversified games portfolio

**BYTRO** Launch in: 2009



16% of group revenue

- ▶ Still stable high revenues after 7 years
- ▶ Total cumulative sales since inception is SEKm 82.1

**BYTRO** Q2 2015



33% of group revenue

- ▶ Most successful launch to date
- ▶ Total cumulative sales first year is SEKm 34.7
- ▶ Lower volumes in Q2 '16 due to less spend in user acquisitions as prices rose dramatically in Q2
- ▶ When prices normalises, revenues can grow again

**BYTRO** Q2 2016



<1% of group revenue

- ▶ New grand strategy game based on the successful Bytro engine
- ▶ Open Beta in June 2016
- ▶ Very good KPIs, ramp up slowed down due to the high user acquisition prices in Q2


**COLDWOOD** Q1 2016



Incl in Coldwood's 31% of group revenue

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

**SIMUTRONICS** 1987



9% of group revenue

- ▶ Developed in several generations
- ▶ Still growing after 29 years
- ▶ Exceptional customer loyalty

**SIMUTRONICS** 1996



6% of group revenue

- ▶ Still growing after 20 years
- ▶ Exceptional customer loyalty

**POWERCHALLENGE** Q3 2001



5% of group revenue

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

**DORADO GAMES**



<1% of group revenue

- ▶ Gathered responsibility for Group's long tail
- ▶ Up at speed as developer on Bytro's game engine

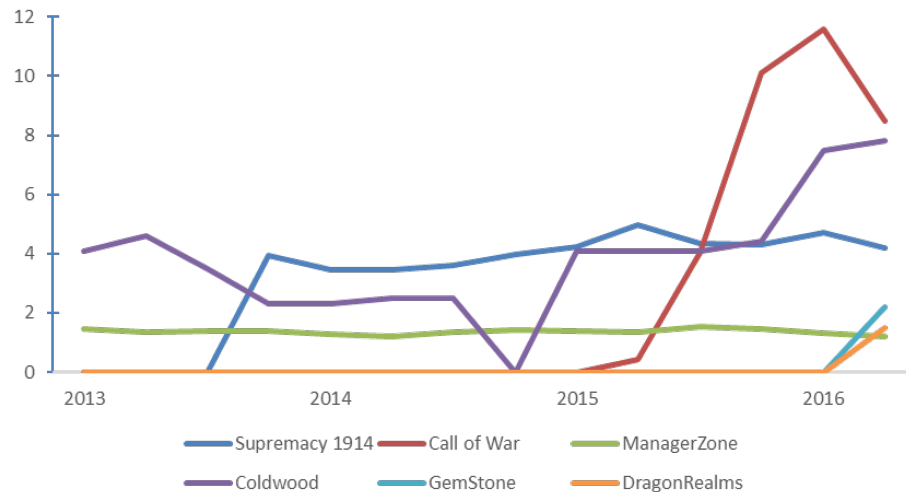
# Portfolio Revenue Mix\*

- Systematic work with improving portfolio is key in our PLEX strategy
- The mix has significantly improved last 18 months
  - Number of brands is doubled to six
  - Higher levels with significant lower risk
  - Lower volumes in product largely compensated by others
- Profitability from core brands significantly higher last 2 quarters
- Further improvements include adding number of core brands
- Portfolio is managed both over revenue, profitability and risk metrics

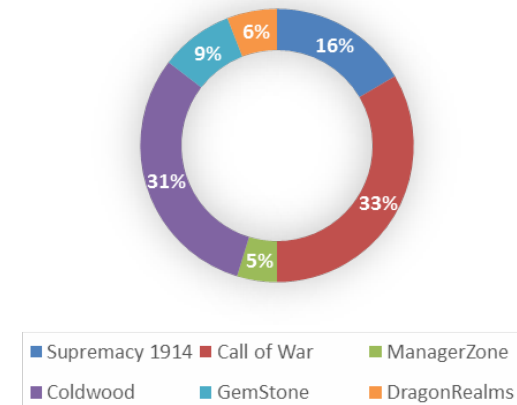
## Core Brands



Quarterly Revenues in SEKm



Revenue Split Core Products Q2 '16



\* Gemstone and DragonRealms are shown with full Q2 revenues, however only June has been consolidated in the Groups Q2 report.



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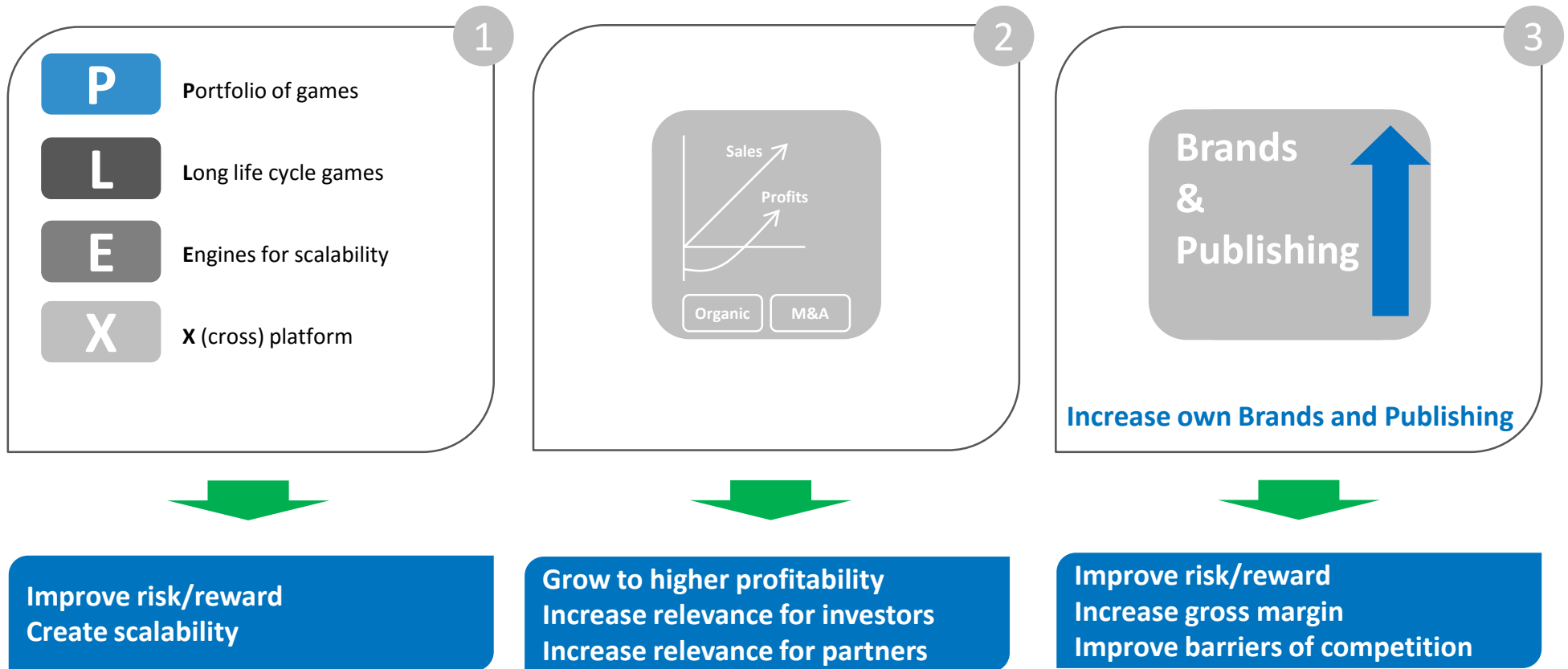
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# Business strategy – 3 pillars

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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# Financial targets

**Target net revenue by 2020:**

**>SEK 300m**

**Target mid-term EBITDA margin excl invest:**

**25–30%**

**Target portfolio expansion:**

**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 brands and self-publishing

**...enabling important achievements...**

## High growth

Continue to grow at high levels  
Critical mass established  
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

Preparations for producing own brand started  
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 – 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 full launch to start in September given normalized market prices of User Acquisition
- Soft launch of Simutronics mobile strategy game during 2016
- Next product on Bytro's engine to the market within six months
- Mobile (HTML5) version of Call of War live within six months
- Get our second team in starting production at Coldwood within six months

## Development of our marketing and publishing capabilities

- New market partnerships are under evaluation both in existing and new markets
- Stronger analysis and development of existing user base behavior to increase life-time-value
- Stronger focus on marketing, channels and publishing in our acquisition strategy



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# Evaluating potential move to Nasdaq main market small cap list

## Preparing for the possibility to move to main market

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1

### Organization and processes

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- IR and market communication
- Board experience
- Sharpened processes for reporting

2

### Accounting principles

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- Accounting in IFRS
- Transparency
- Comparability to peers

3

### Market Cap and size

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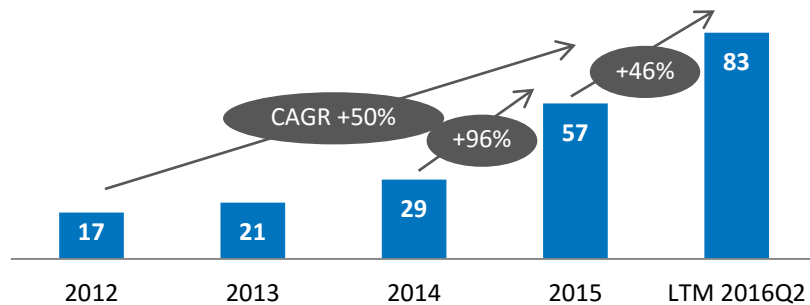
- Already at median size
- SF growth rate high
- Cost for re-listing less impact on margins as we grow

The group would benefit from this in many ways; increased trading volumes, credibility and visibility.

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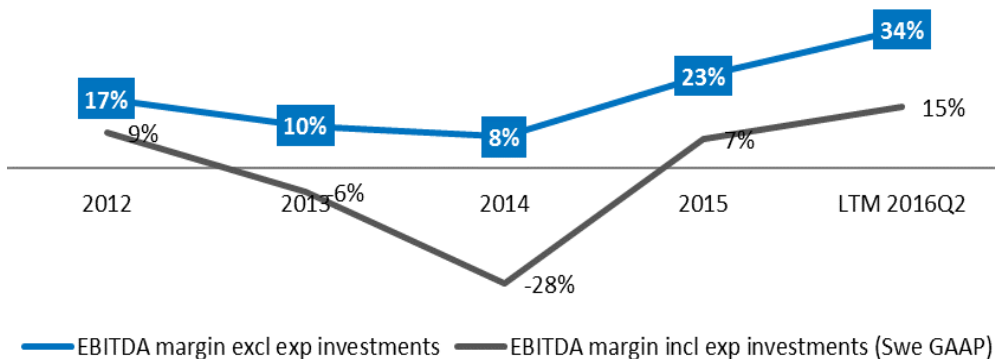
# Strong current financials

## Net revenue (SEKm)



- 46% net revenue growth Latest 12 months compared to FY 2015
- 114% growth 1H'16 over 1H'15
- 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

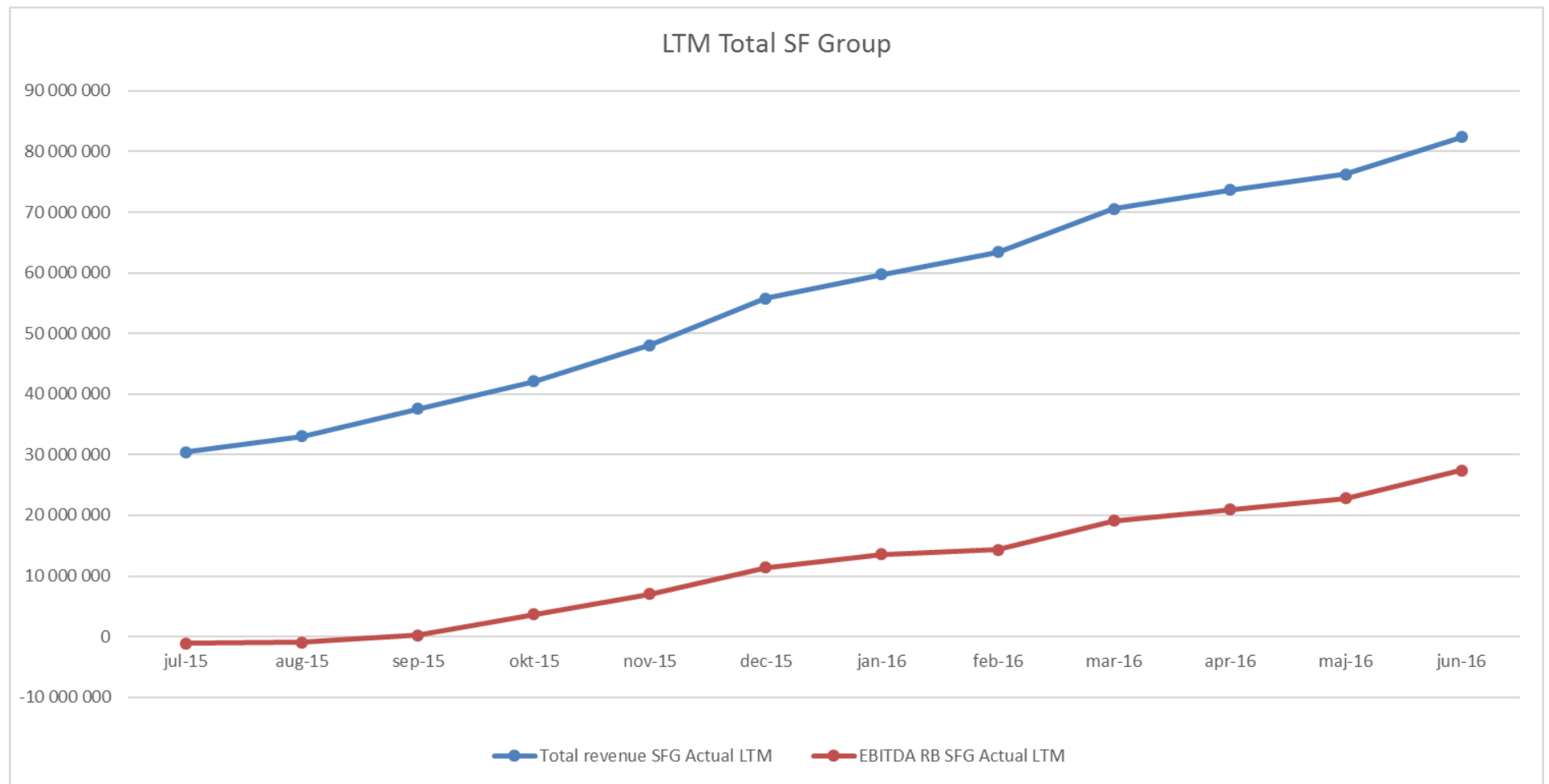


- EBITDA margin excluding expensed investments getting even stronger
  - 44.5% in 2016 Q2 equal to 10.3 mSEK
  - 42.0% in 2016 1H
- ...mainly attributable to the stronger revenue mix...
- ...as sales growth positively affects EBITDA margin due to low marginal costs
- Further strengthened by very strong Bytro margins and lower marketing spend

# Group performance rolling 12 months

Rolling 12 month ATH for 19<sup>th</sup> consecutive month

Our strategy has proven to be a powerful tool for performing a strong growth and margins with low volatility



# KPI Highlights Q2

## Bytro

### All Games

- Revenues, SEKm 12.8
- EBITDA\* margin 55.6%
- UAC, SEKm 3.9 (30%)
- PPC, SEKm 1.0 (7.7%)

### Supremacy 1914

- DAU 22,923
- MAU 82,305

### Call of War

- DAU 29,306
- MAU 106,259

## Coldwood

### All Games

- Revenues, SEKm 7.8
- EBITDA\* margin 65%
- UAC, SEKm N/A
- PPC, SEKm N/A

## Power Challenge

### All Games

- Revenues, SEKm 1.2
- EBITDA\* margin 0%
- UAC, SEKk 65 (5.2%)
- PPC, SEKk 77 (6.1%)

### ManagerZone

- DAU 17,265
- MAU 35,882

## Simutronics\*\*

### All Games (June)

- Revenues, SEKm 1.1
- EBITDA\* margin 48%
- UAC, SEKk 0 (0%)
- PPC, SEKk 78 (5.8%)

### Gemstone

- DAU 1,377
- MAU 2,746

### DragonRealms

- DAU 1,184
- MAU 2,922



\* EBITDA excluding investments

\*\* Simutronics KPIs June only



# Profit and Loss

SEKm	2014	2015	LTM 2016Q2	2016H1
Net revenue	29,1	57,1	82,8	48,4
Other revenue	1,9	0,3	-0,6	0,0
<b>Total revenue</b>	<b>31,0</b>	<b>57,3</b>	<b>82,2</b>	<b>48,5</b>
Personnel	-17,0	-19,5	-27,8	-17,8
Other external expenses	-22,1	-33,8	-42,0	-21,1
Other operating expenses	—	—	—	—
<b>EBITDA incl expensed investments</b>	<b>-8,2</b>	<b>4,0</b>	<b>12,3</b>	<b>9,5</b>
<i>Add back expensed investments<sup>(1)</sup></i>	<i>10,4</i>	<i>8,9</i>	<i>15,9</i>	<i>10,8</i>
<b>EBITDA excl expensed investments</b>	<b>2,3</b>	<b>12,9</b>	<b>28,2</b>	<b>20,3</b>
Depreciation & amortization	-15,0	-8,3	-6,7	-2,2
<b>EBIT</b>	<b>-23,1</b>	<b>-4,2</b>	<b>5,6</b>	<b>7,3</b>
Net income from fin. fixed assets	-0,6	0,1	0,1	—
Interest income	0,1	0,0	0,2	0,2
Interest expenses	-0,1	-0,3	-1,5	-1,4
<b>EBT</b>	<b>-23,8</b>	<b>-4,5</b>	<b>4,3</b>	<b>6,2</b>
Tax	—	-1,8	-4,8	-3,4
<b>NI</b>	<b>-23,8</b>	<b>-6,3</b>	<b>-0,5</b>	<b>2,8</b>
Net revenue growth, YoY	40,4%	96,3%	—	—
EBITDA Margin excl investments	7,8%	22,6%	34,1%	42,0%
EBITDA Margin incl investments	neg.	7,1%	14,9%	19,7%

- The increase in net revenues LTM is attributable to increased contracting fees in Coldwood and the successful launch of Bytro's Call of War
- Increase in 2016H1 strengthened by Coldwood royalties
- The increase in net revenue and Expenses in 2014 is mainly attributable to the consolidation of Bytro (December 2013)

# Cash flow

SEKm	LTM		
	2015	2016Q2	2016H1
EBT	-4,5	4,3	6,2
Adjustments for non-cash items	8,1	9,3	3,8
Paid tax	-1,0	-1,2	-0,7
<b>Cash flow from operations before adjustments of NWC</b>	<b>2,6</b>	<b>12,4</b>	<b>9,2</b>
Increase(-)/Decrease(+) of accounts receivable	-5,9	-4,0	-1,0
Increase(+)/Decrease(-) of accounts payable	7,1	17,6	16,1
<b>Cash flow from operations</b>	<b>3,8</b>	<b>26,0</b>	<b>24,4</b>
Investments in subsidiaries	—	-20,7	-20,8
Investments in tangible fixed assets	-0,3	-0,7	-0,4
Sales of financial fixed assets	-0,3	—	—
Investments in financial fixed assets	2,1	2,1	—
<b>Cash flow from investing activities</b>	<b>1,8</b>	<b>-19,4</b>	<b>-21,2</b>
New issue	64,2	64,0	-0,2
Other equity contributions	—	—	—
New loans	—	—	—
Repayments of loans	-0,6	-0,4	—
<b>Cash flow from financing activities</b>	<b>63,6</b>	<b>63,7</b>	<b>-0,2</b>
<b>Net increase(+)/decrease(-) in cash &amp; cash equivalents</b>	<b>69,2</b>	<b>70,3</b>	<b>3,0</b>
Cash & cash equivalents at beginning of period	4,3	6,2	73,5
<b>Cash &amp; cash equivalents end of period</b>	<b>73,5</b>	<b>76,5</b>	<b>76,5</b>

- 2015 New issue strengthened cash position
- Strong cash flow from operations
- Finalization of Bytro acquisition and Simutronics acquisition have consumed cash

# Financial position (Assets)

SEKm	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016
Capitalized development expenses	—	—	—
Concessions, patents, licenses & trademarks	0,3	0,0	32,3
Goodwill	10,0	9,1	22,7
<b>Total intangible fixed assets</b>	<b>10,3</b>	<b>9,4</b>	<b>55,0</b>
Inventory, equipment & installations	0,2	0,4	0,6
<b>Total tangible fixed assets</b>	<b>0,2</b>	<b>0,4</b>	<b>0,6</b>
Receivables from group companies	—	—	—
Shares in associated companies	—	—	—
Other non-current securities	—	—	—
Other non-current receivables	—	—	—
<b>Total financial fixed assets</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total fixed assets</b>	<b>10,5</b>	<b>9,8</b>	<b>55,6</b>
Prepaid expenses to suppliers	—	—	—
Accounts receivable	3,3	3,7	3,4
Receivables from group companies	—	—	—
Tax receivables	0,5	0,5	0,0
Other receivables	1,9	2,1	1,6
Prepaid expenses & accrued income	3,1	4,3	4,4
Cash & cash equivalents	73,5	78,0	76,5
<b>Total current assets</b>	<b>82,3</b>	<b>88,6</b>	<b>86,1</b>
<b>Total assets</b>	<b>92,8</b>	<b>98,4</b>	<b>141,7</b>

- Intangibles increased as a result of acquisition of Simutronics and Bytro
- Solid cash position

# Financial position (Equity & Liabilities)

SEKm	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016
Equity	3,5	3,5	3,5
Equity issue under registration	—	—	0,4
Free reserves	—	—	—
Other equity contributions	191,8	191,8	185,8
Other equity incl. net income	-119,1	-117,9	-117,7
<b>Total equity attributable to parent company</b>	<b>76,2</b>	<b>77,4</b>	<b>72,0</b>
Minority interests	3,3	5,5	16,8
<b>Total equity</b>	<b>79,5</b>	<b>82,9</b>	<b>88,8</b>
Deferred tax	0,3	0,3	11,6
<b>Total provisions</b>	<b>0,3</b>	<b>0,3</b>	<b>11,6</b>
Other non-current debt	0,3	0,4	9,7
<b>Total non-current liabilities</b>	<b>0,3</b>	<b>0,4</b>	<b>9,7</b>
Accounts payable	5,2	1,1	1,4
Tax liabilities	1,7	3,8	2,9
Other current debt	2,2	2,1	14,7
Accrued expenses and deferred income	3,4	7,8	12,5
<b>Total current liabilities</b>	<b>12,6</b>	<b>14,8</b>	<b>31,5</b>
<b>Total equity &amp; liabilities</b>	<b>92,8</b>	<b>98,4</b>	<b>141,7</b>
Book solidity	0,86	0,84	0,63

- 63% book solidity as of June 30, 2016
- Increase in debts partly due to consideration to be paid to the sellers of Bytro



Thank you

