

CONFLICT OF NATIONS

МОДЕРН ШАДЯ



Presentation Q1 Report
May 16, 2017

Stillfront Group in brief

Strong fundamentals for future development

Our Consumers

- Approximately 500.000 MAUs and 150.000 DAUs with exceptional loyalty and spending. Growing rapidly.
- Global reach with consumers from over 100 countries
- Major markets are US, Germany, MENA, France, UK and Scandinavia

Our Group

- Six studios in six countries in three continents
- ~120 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 hold significant positions. Institutional interest built for further investments
- Good retail spread (~1500 shareholders)

Our Performance

- Strong growth: CAGR 2012 – 2016 of 53%
- Solid operational profitability of 25 – 35% rolling LTM EBITDA since listing
- Diversified portfolio and strong mix of studios and games render a financial stability and lowers risk

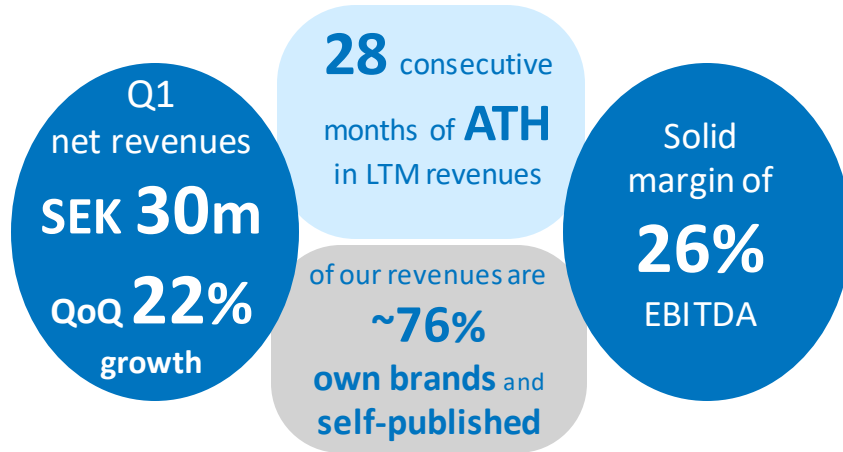
Our Brands and our Publishing



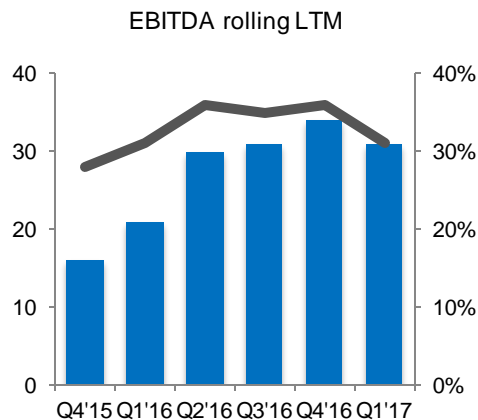
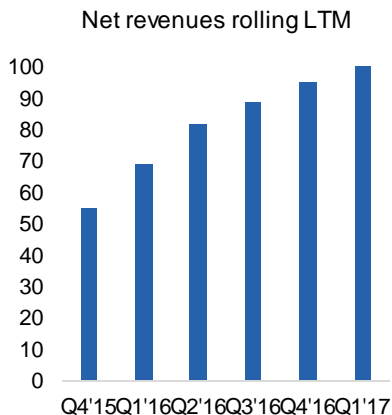
- Many million consumers have played our games whereof many are very loyal to our brands
- Majority of current brands are long term free-to-play strategy games
- ~80% of run rate revenues are from own brands and self-publishing
- Unravel is published and owned by EA (one of very few chosen)

Selected highlights Q1 report

Stillfront portfolio shows strength and stability



Solid financial development



Investments have built a strong pipeline



- ✓ High level of investments in Q3, Q4 and Q1 have built a very strong pipeline
- ✓ Out of total 8 ongoing dev projects, 5 are products to be fully launched in Q2
- ✓ CoN had already in March revenues qualifying to be a Core Product
- ✓ Organic investment pace, in relation to revenues, to decrease gradually from 2H

Debt financing is being examined

- ✓ Solid performance and good traction - ready to gear up
- ✓ Advisors have been engaged to investigate the possibilities to issue bonds on the Nordic corporate bond market
- ✓ Would enable to accelerate M&A activities...
- ✓ ...and get strong leverage on equity coming years



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The gaming market is exciting but contains some specific challenges

Balancing reward and risk...

Thrilling market

- The largest entertainment market globally exceeding USD 100bn and still growing by ~6.6% p.a.¹
- Dynamic with many new areas evolving
- Fragmented and unstructured market

Uncertainties before launches

- High volatility for most companies with title risks, tech shifts and fast moving consumers
- Significant CAPEX needed with little ROI-predictability

Profitable launched products

- By nature high profitability in already fairly successful products
- Large number of small and product-driven companies that are underexploited
- Some CAPEX needed also for proven titles, but with higher ROI-predictability

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

... is key

Stillfront's reward/risk profile

Less volatility and lower risk



Blockbuster game? Blockbuster game?



- Stillfront works systematically by utilizing the opportunities in the market to form a sound and predictable business
- Stillfront combines small indie studios' agility with the strength of a professional public structure
- Stillfront would like to participate and create value in the consolidation of the gaming market in the coming 3-5 years

Stillfront targets a low-risk segment of the gaming industry

1) Newzoo's "2016 Global Games Market Report"

Stable long life games portfolio to gear up reward/risk

BYTRO Launch in: 2009



SUPREMACY 1914

12% of group revenues

- ▶ Still stable high revenues after 8 years
- ▶ December 2016 revenues highest since July 2015 and Q1'16 ATH
- ▶ Life time grossing is 94 mSEK
- ▶ MAU: 66,046 DAU: 19,289

BYTRO Q2 2015



1942 CALL OF WAR

26% of group revenues

- ▶ Our highest grossing brand in 2016
- ▶ Life time grossing is 55 mSEK
- ▶ Built for a long life similar to Supremacy 1914
- ▶ MAU: 153,565 DAU: 30,259

DORADO GAMES **BYTRO**



CONFLICT OF NATIONS
МОДЕРН ВОЙНА

2% of group revenues

- ▶ New war strategy game based on the successful Bytro engine
- ▶ Fully launched in April
- ▶ Total cumulative sales is 0.7 mSEK
- ▶ MAU: 15,400 DAU: 1,855

COLDWOOD Q1 2016



UNRAVEL

24% of group revenues*

- ▶ Launched February 9, 2016
- ▶ Winner of 20+ awards world wide
- ▶ Very strong sales
- ▶ Royalties in Q1 exceeding expectations
- ▶ Sequel under development

SIMUTRONICS® 1987 & 1996



Gemstone IV
Dragon Realms

13% of group revenues

- ▶ Developed in several generations
- ▶ Still growing after 29 years
- ▶ Exceptional customer loyalty and ARPU
- ▶ MAU: 6,834 DAU: 2,775

GGDIL GAMES Q4 2014



عاصفة الدبابات

13% of group revenues

- ▶ Asfat Adebabat (Tank Storm) has stable high revenues after 2.5 yrs
- ▶ Life time grossing exceeds to date 5mUSD
- ▶ Exceptional customer loyalty and ARPPU
- ▶ MAU: 19,252 DAU: 4,863

GGDIL GAMES Q2 2016



Admiral

5% of group revenues

- ▶ Admiral has stable revenues after 1 year
- ▶ Life time grossing exceeds to date 0.7 mUSD
- ▶ Strong customer loyalty and ARPPU
- ▶ MAU: 17,410 DAU: 2,514

POWERCHALLENGE Q3 2001



managerzone Football

5% of group revenues

- ▶ 14-year life-cycle – still stable revenues
- ▶ Fully mobile playable version
- ▶ MAU: 31,840 DAU: 15,842

* Contains Coldwood's total revenues which is mainly from Unravel

Risk goes down and financials go up – our strategy kicks in

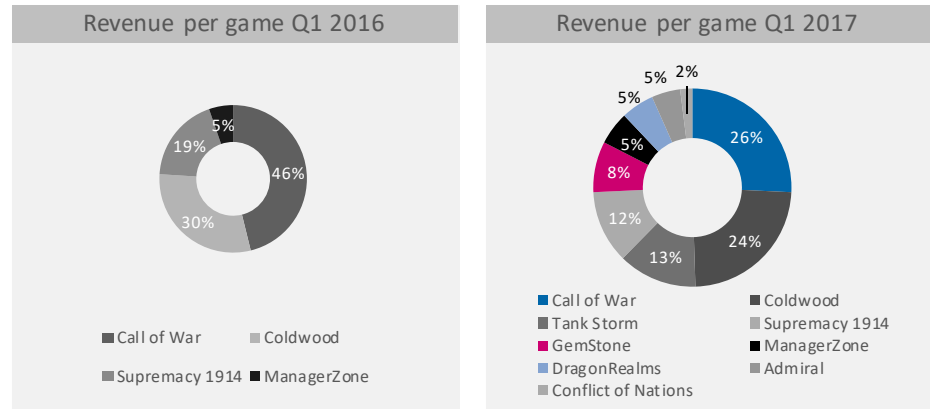
Significant development at decreased risk...

Stillfront risk-balancing achievements:

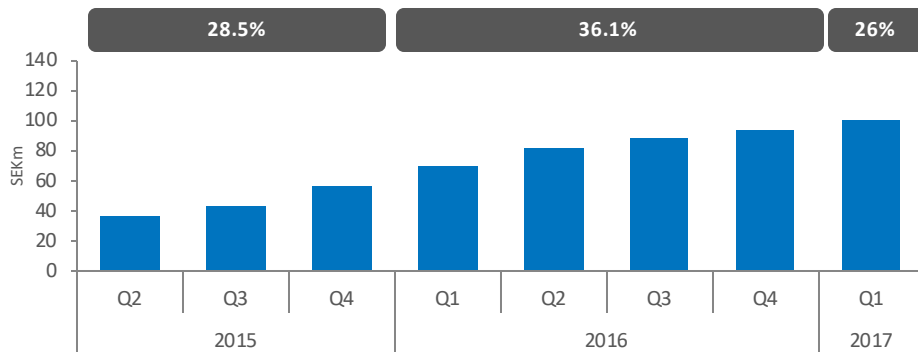
- ✓ Diversified platform mix with mobile growing fastest
- ✓ No of studios up by 50% and no of core products up by 125%
- ✓ Broader geographical presence and distribution
- ✓ Risk-weighted revenues and earnings increase
- ✓ Rolling 12 months revenues at ATH for the 28th consecutive month

Stillfront's strategy has proven to work performing strong growth and margins with lower risk

...through increased diversification

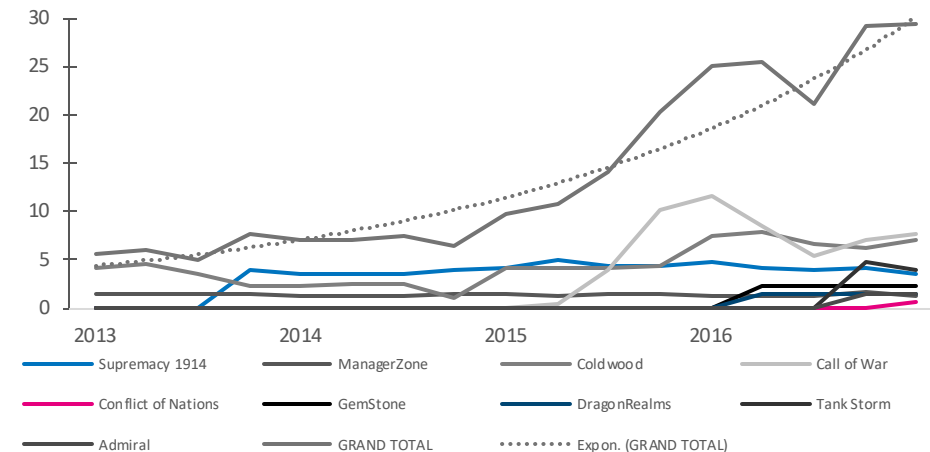


LTM net revenue development



EBITDA margin for the full year 2015 & 2016 and for Q1 2017

Quarterly net revenue development per game





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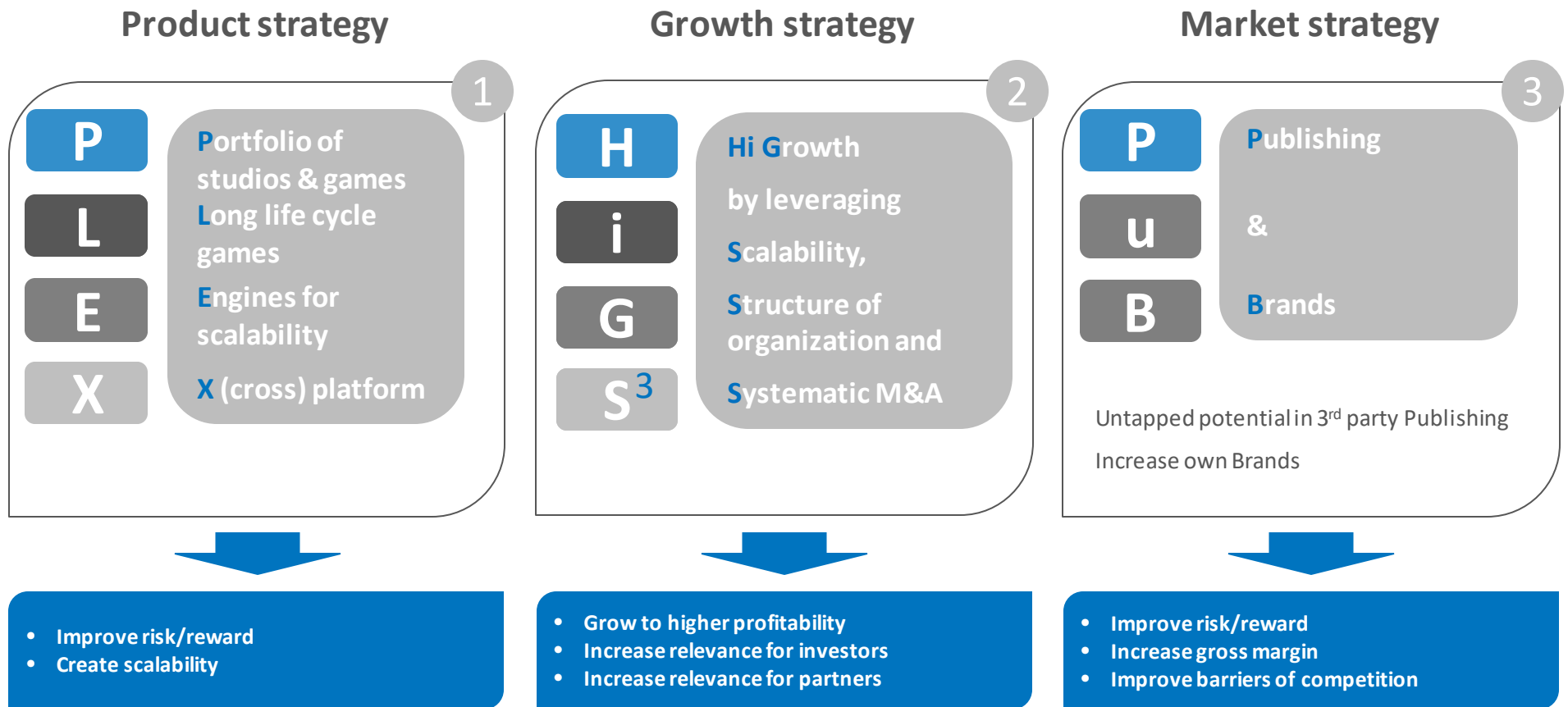
Outlook 2017

دخول اللعبة

V1.0.4

Business strategy based on three pillars

The strategy pillars have different purposes



Stillfront's strategy has proven to be a powerful tool for reaching new targets and achieving progress



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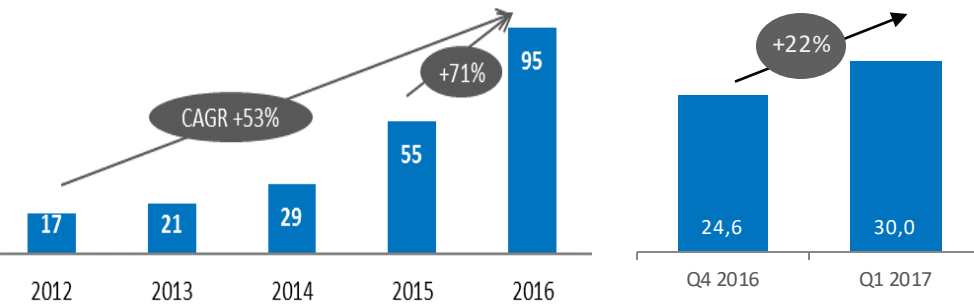
Financials

Outlook 2017



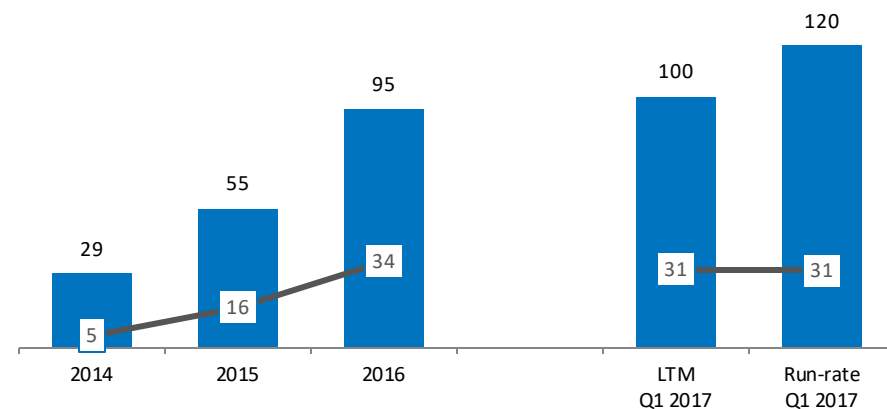
Strong financials

Net revenue growth (SEKm)



- 22% growth Q1'17 over Q4'16
- Growth mainly from
 - Successful development for Call of War
 - Good momentum at Simutronics
 - Strong growth in Coldwood
 - Babil acquisition
- 53% CAGR from 2012 to 2016 attributable to both organic and acquisition growth

Revenues and margins 12 months (SEKm)



- Solid 12 month revenue and EBITDA development
- LTM: Revenues: 100 mSEK and EBITDA: 31 mSEK
- Run rate: Revenues: 120 mSEK and EBITDA: 31 mSEK
- Q1: Revenues: 30.0 mSEK and EBITDA: 7.7 mSEK
- Q1 was hurt by a couple of non-regular costs
 - 0.3 mSEK related to IFRS conversion
 - 0.4 mSEK related to acquisitions

Balance Sheet

KSEK	2017-03-31	2016-12-31	2016-03-31
Intangible non current assets	266 318	264 499	41 675
Tangible non current assets	690	775	448
Financial non current assets		0	
Deferred tax assets	7 798	7 779	1 057
Current receivables	13 783	13 707	10 642
Cash and bank	31 084	35 774	77 951
Total assets	319 673	322 534	131 773
Shareholders' equity			
Shareholders' equity attributable to parent company's shareholders	130 570	134 261	99 639
Minorities	18 051	19 733	8 279
Total Shareholders' equity	148 621	153 994	107 918
Non-current liabilities	150 588	148 090	5 174
Current liabilities	20 464	20 450	18 681
Total Liabilities and Shareholders' equity	319 673	322 534	131 773

- Intangible assets mainly consists of
 - Capitalized product development
 - Acquired products
 - Goodwill
- Deferred tax mainly attributable to accumulated losses
- Non-current liabilities mainly attributable to
 - expected earn-out payments
 - tax related to subsidiaries not capitalizing product development

Studio highlights Q1

Showing solid performance and development



- Revenues, SEKm 12.2
- EBITDA margin 41%
- UAC, SEKm 3.1 (26%)
- PPC, SEKm 0.8 (7.0%)



- Revenues, SEKm 1.3
- EBITDA margin 38%
- UAC, SEKk 0 (0%)
- PPC, SEKk 121 (9.3%)



- Revenues, SEKm 5.3
- EBITDA margin 5.7%*
- UAC, SEKm 1.0 (19%)
- PPC, SEKm N/A



- Revenues, SEKm 4.1
- EBITDA margin 34%
- UAC, SEKk 0 (0%)
- PPC, SEKk 115 (2.8%)



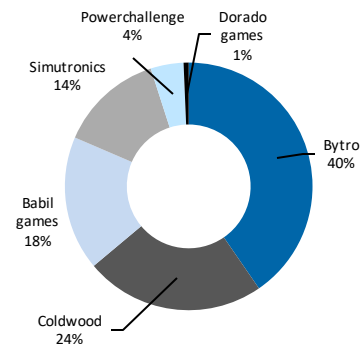
- Revenues, SEKm 7.1
- EBITDA margin 46%
- UAC, SEKm N/A
- PPC, SEKm N/A



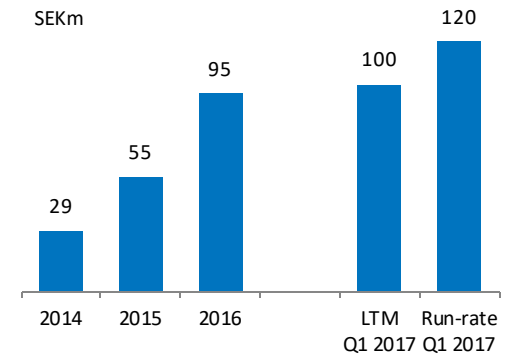
- Revenues, SEKm 0.2**
- EBITDA margin 0%
- UAC, SEKm N/A
- PPC, SEKm N/A

Revenue split and development

Revenue per studio Q1 2017



Revenue development



* Launch costs of 0.9 SEKm taken in March for Heroes' Adventures

** Dorado revenues contains of long tail only, not any from Conflict of Nations which are accounted for in Bytro



SIEGE TITAN WARS

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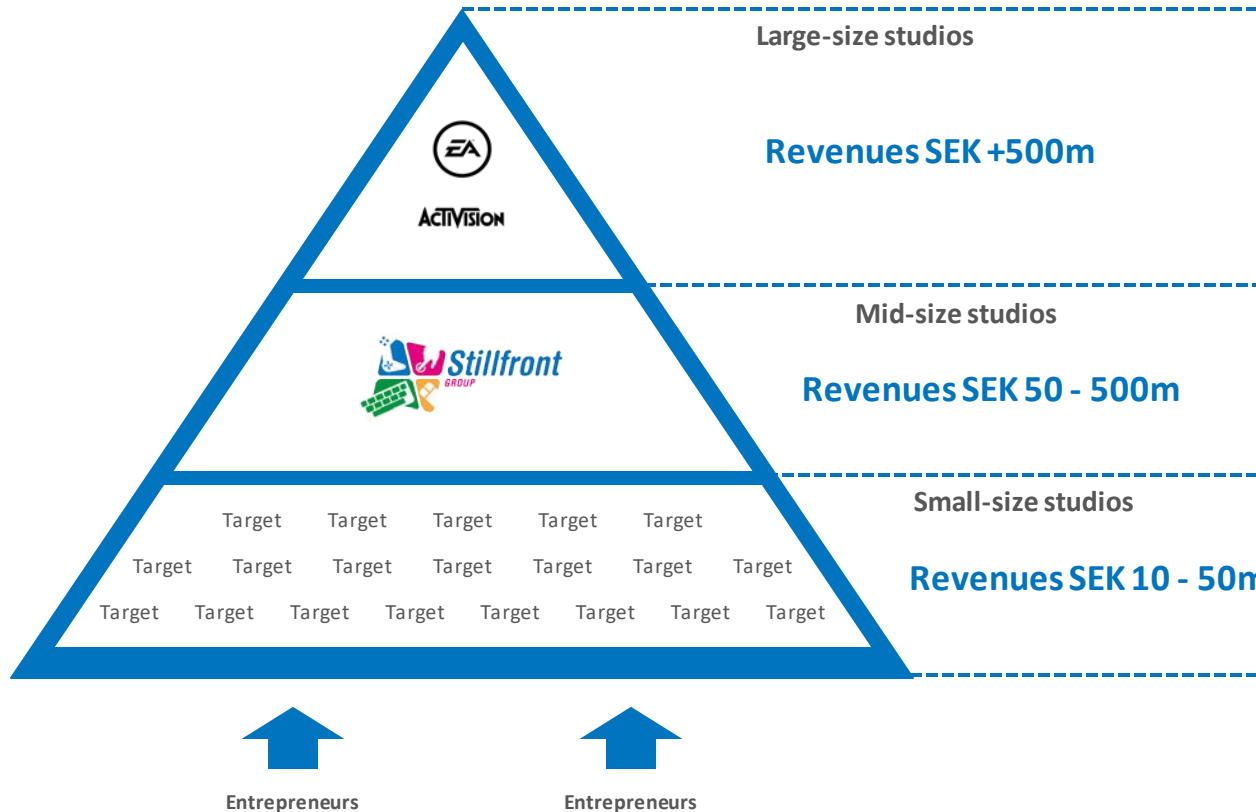
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Stillfront is actively searching for stable and long-lived small-size games

Distribution of market players



Comments

- Stillfront is actively looking for small-size studios, typically with a few well established highly profitable games. The space within small-size studios with revenues between SEK 10-50m is large and fragmented with several attractive targets with suitable characteristics for Stillfront
 - Stable revenues and user base
 - Long-lived profitable products with low technological risk (i.e. established game platforms)
 - High-quality and well maintained
 - A proven capable team
- Stillfront combines small indie studios' agility with the strength of a professional and larger public structure

Multiple advantages from a larger platform to consolidate small-size studios and attracting synergies to a lower operational risk

2017 outlook

Growth is highest priority

Strategic and tactical priorities

1. Growth in portfolio of products and studios
2. Further reward/risk balancing
3. Increased diversity in platforms
4. Development of operational model for increased synergies and efficiency

Siege and other new products on the way to the market

- Conflict of Nations and Heroes Adventures are launched
- Babil's next strategy game is targeted to be soft launched in Q2
- Siege: Titan wars: Our extensive soft launch is coming to an end. We target Global Launch to mid-late June
- CoW mobile is targeted to be soft launched in Q2

Further expansion of portfolio

- Bytro has initiated next SUP based product in Q1, "SUP6", with target to reach market in Q4'17
- Bytro has started development on next generation engine "E2" targeting Q1'18
- CWIP1 concept and engine developed, still need to gear up production capacity

Acquisitions

- Deal flow significantly higher both in volume and quality
- Attractive reward/risk with the Stillfront business model letting units being semi-autonomous
- Deals can be made with valuation arbitrage
- Increased financial capacity and flexibility are being investigated through potential bond issue

General:

- Our vision is to create the leading group of indie studios, delivering high shareholder value through high profitable growth with lower risk than comparable companies
- **IF** we have to have to choose lower margins a single quarter to gain long term strength – we will. SF play a long term game
- Organic investment pace in relation to revenues to go down from 2H 2017. Mid term we expect it to be at ~10%
- As acquisition opportunities are attractive, we seek to use the momentum fueled by an increased financial capacity

Q1 constitutes a solid start to an exciting 2017



Thank you

