



Stillfront
GROUP

Presentation Q2 Report
August 29, 2017

Stillfront Group in brief*

A developer and publisher of games, with the aim of becoming the leading group of independent studios

Our Consumers

- Approximately 1,000,000 MAUs and 200,000 DAUs with exceptional loyalty and spending. Growing rapidly.
- Global reach with consumers from over 100 countries
- Major markets are US, Germany, MENA, France and UK

Our Group

- Seven studios in seven countries in three continents
- ~150 highly skilled and experienced game professionals
- Combines small indie studios' agility with the strength of a professional public structure

Our Owners

- ~30% owned by active key individuals in our studios
- Key industry institutions hold significant positions
- 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

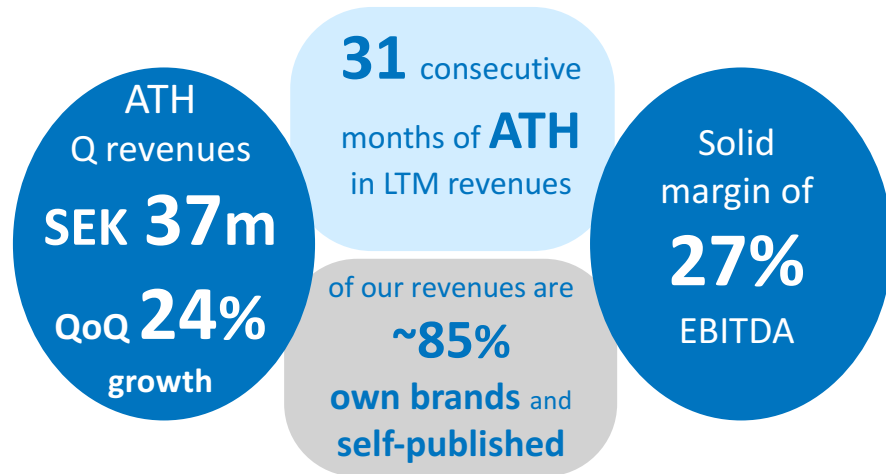


- Appr 50 million consumers have played our games, whereof many are very loyal to our brands
- Majority of current brands are long term free-to-play strategy games
- ~90% of run rate revenues are from own brands and self-publishing
- Run rate split: Mobile 46%, Downloadable 10% and Browser 44%

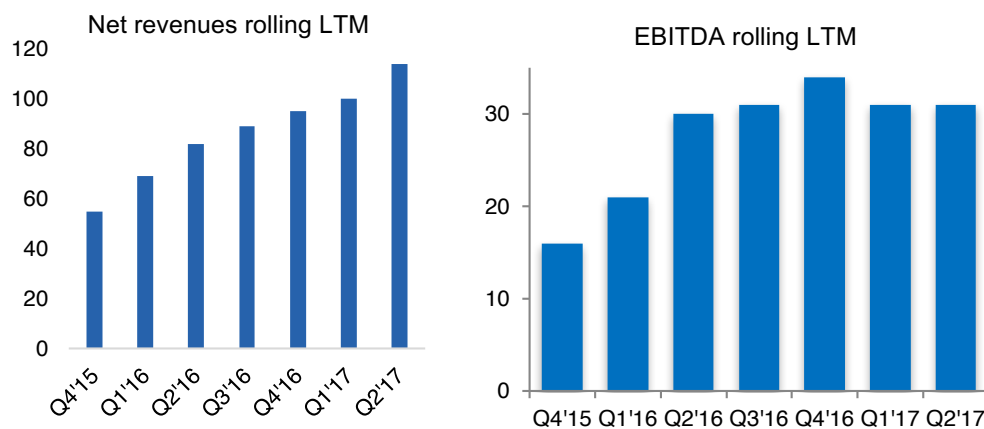
*) By June 2017

Selected highlights Q2 report

Stillfront portfolio shows strength and stability



High growth and solid earnings



Investments have built a strong growth momentum



eRepublik Labs®
crafting game worlds

- ✓ High level of investments in Q3, Q4 and Q1 have built a very strong pipeline
- ✓ Out of total 4 new brands 2-3 are on track for being new core products
- ✓ Acquisition of eRepublik Labs, which have performed over expectations
- ✓ 3rd party publishing is being accelerated

Successful issuing and listing of corporate bond

- ✓ Initial volume of 110 mSEK
- ✓ Total frame of 500mSEK
- ✓ Enables 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...

<p>Thrilling market</p>	<ul style="list-style-type: none"> • 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
<p>Uncertainties before launches</p>	<ul style="list-style-type: none"> • High volatility for most companies with title risks, tech shifts and fast moving consumers • Significant CAPEX needed with little ROI-predictability
<p>Profitable launched products</p>	<ul style="list-style-type: none"> • 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
<p>Consolidation opportunities</p>	<ul style="list-style-type: none"> • 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?

Revenues



- 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



8% 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 97 mSEK
- ▶ MAU: 54,678 DAU: 16,634

BYTRO Q2 2015



19% of group revenues

- ▶ Our highest grossing brand in 2016
- ▶ Life time grossing is 63 mSEK
- ▶ Built for a long life similar to Supremacy 1914
- ▶ MAU: 140,066 DAU: 28,771

eRepublik Labs 2008 - 2016



26% of group revenues

- ▶ eRepublik.com has been live since 2008 and still vital
- ▶ 85% of revenues are mobile
- ▶ World at War is in Q2 Stillfront's top grossing game with 19% of the Group's revenues

COLDWOOD Q1 2016



15% of group revenues**

- ▶ Unravel 1 launched February 9, 2016
- ▶ Winner of 20+ awards world wide
- ▶ Very strong sales
- ▶ Sequel under development

SIMUTRONICS 1987 & 1996



11% of group revenues

- ▶ Developed in several generations
- ▶ Still growing after 30 years
- ▶ Exceptional customer loyalty and ARPU
- ▶ MAU: 5,943 DAU: 2,778

ASAFAT GAMES Q4 2014



9% of group revenues

- ▶ Asefat Adebabat (Tank Storm) has stable high revenues after 2.5 yrs
- ▶ Life time grossing exceeds to date 5mUSD
- ▶ Exceptional customer loyalty and ARPPU
- ▶ MAU: 20,100 DAU: 4,576

ASAFAT GAMES Q2 2016



5% of group revenues

- ▶ Admiral has stable revenues after 1 year
- ▶ Life time grossing exceeds to date 1 mUSD
- ▶ Strong customer loyalty and ARPPU
- ▶ MAU: 14,500 DAU: 2,497

POWERCHALLENGE Q3 2001



3% of group revenues

- ▶ 16-year life-cycle – still stable revenues
- ▶ ~40% of usage is on Mobile (HTML 5)
- ▶ MAU: 31,303 DAU: 15,516

* Includes pro forma eRepublik's full Q2 numbers

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

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

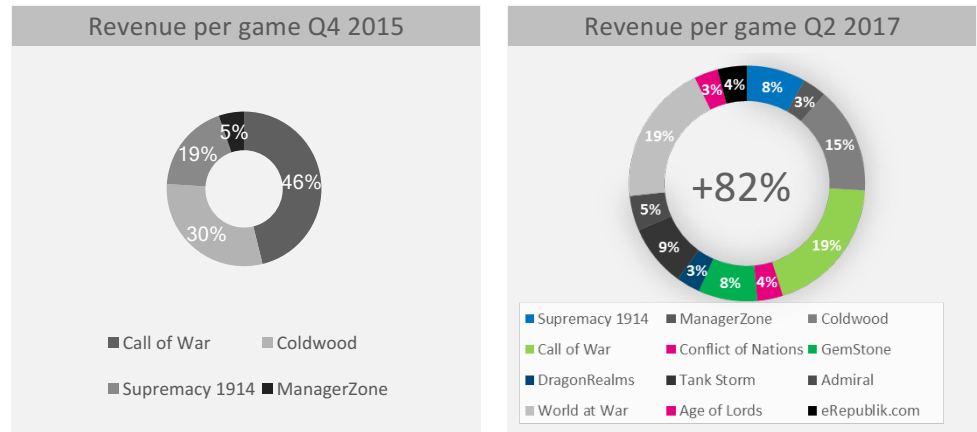
Significant development at decreased risk...

Stillfront risk-balancing achievements:

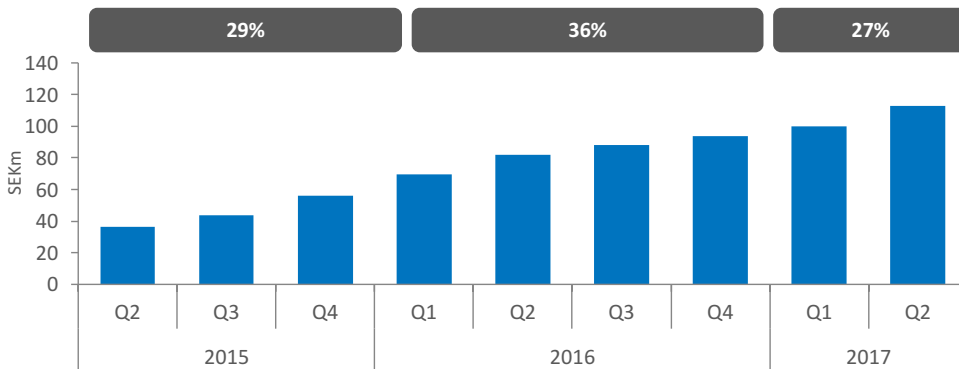
- ✓ Diversified platform mix with mobile growing fastest
- ✓ No of studios up by 75% and no of core products up by 200%
- ✓ Broader geographical presence and distribution
- ✓ Risk-weighted revenues and earnings increase
- ✓ Rolling 12 months revenues at ATH for the 31th consecutive month

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

...through increased diversification*

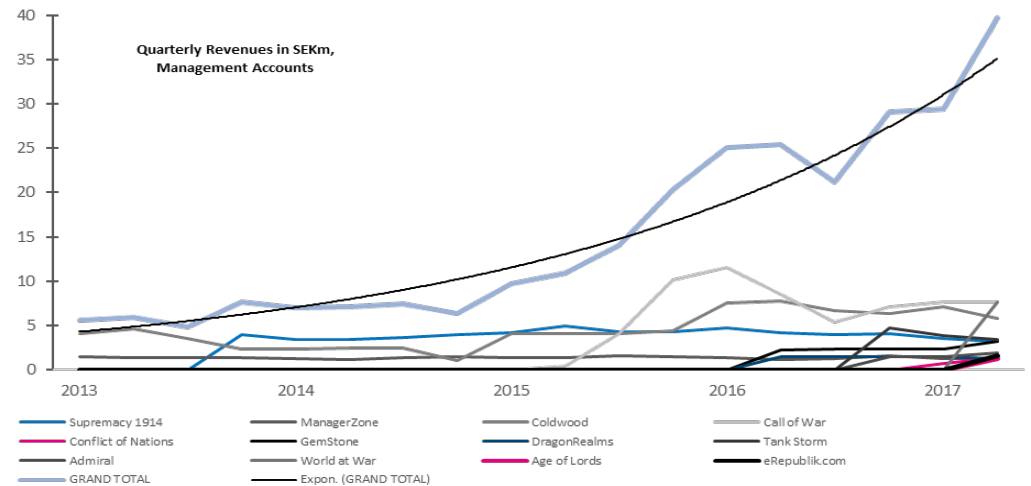


LTM net revenue development*



EBITDA margin for the full year 2015 & 2016 and for H1 2017

Quarterly net revenue development per game*



* Includes pro forma eRepublik's full Q2 numbers



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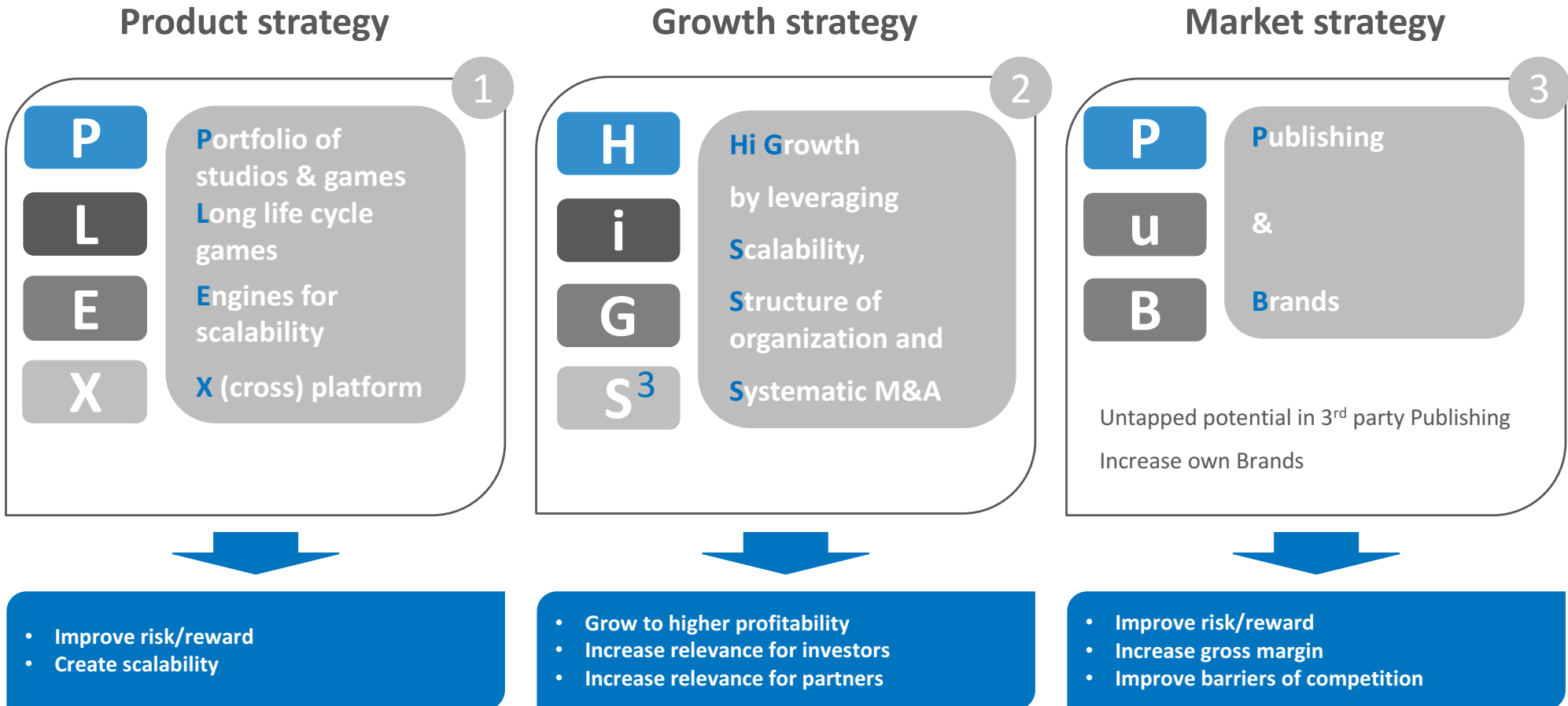
Financials

Outlook 2017



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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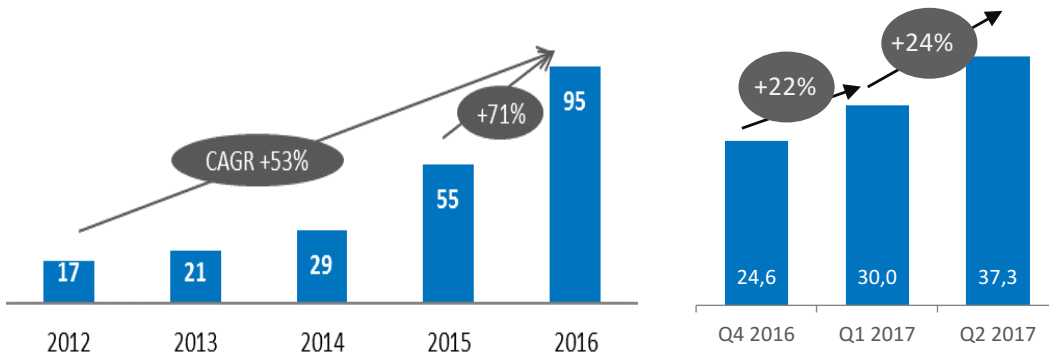
Financials

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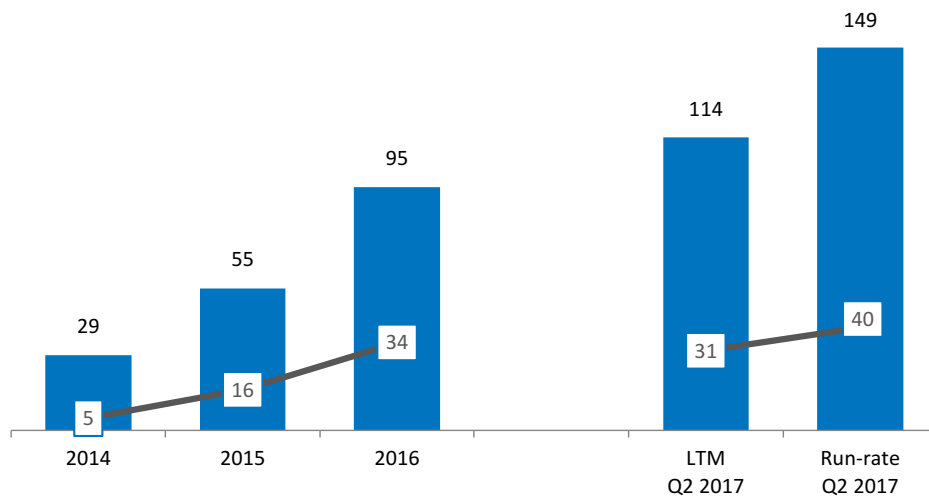
Strong financials

Net revenue growth (SEKm)



- Q2 Revenues: 37,3 mSEK
- Accelerating growth of 24% Q2'17 over Q1'17
- Growth last year mainly from
 - Successful development for Call of War
 - Good momentum at Simutronics
 - Strong growth in Coldwood
 - Babil acquisition
 - eRepublik acquisition
- 53% CAGR from 2012 to 2016 attributable mainly to organic growth

Revenues and margins 12 months (SEKm)



- Q2 EBITDA: 10,0 mSEK
- Q2 EBITDA has been charged with costs pertaining to improved IT infrastructure at Bytro, conversion to IFRS and move to Nasdaq First North Premier with a total of 1.3 MSEK
- Solid 12 month revenue and EBITDA development
- LTM: Revenues: 114 mSEK and EBITDA: 31 mSEK
- Run rate: Revenues: 149 mSEK and EBITDA: 40 mSEK


Balance Sheet

KSEK	2017-06-30	2016-12-31	2016-06-30
Intangible non current assets	356 114	264 499	93 912
Tangible non current assets	1 111	775	593
Deferred tax assets	7 698	7 779	1 070
Non current receivables	441		
Current receivables	17 804	13 707	9 561
Cash and bank	91 830	35 774	76 500
Total assets	474 998	322 534	181 636
Shareholders' equity			
Shareholders' equity attributable to parent company's shareholders	167 528	134 261	98 696
Minorities	14 974	19 733	20 084
Total Shareholders' equity	182 502	153 994	118 780
Non-current liabilities	267 503	148 090	27 453
Current liabilities	24 993	20 450	35 403
Total Liabilites and Shareholders' equity	474 998	322 534	181 636

- 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
 - bond issued during Q2
 - tax related to subsidiaries not capitalizing product development

Studio highlights Q2


Showing solid performance and development




• Revenues, SEKm	12.4*
• EBITDA margin	43%
• UAC, SEKm	1.8 (15%)
• PPC, SEKm	0.8 (6.7%)




• Revenues, SEKm	1.3
• EBITDA margin	40%
• UAC, SEKk	0 (0%)
• PPC, SEKk	116 (8.9%)



• Revenues, SEKm	5.5
• EBITDA margin	1.8%**
• UAC, SEKm	1.2 (22%)
• PPC, SEKm	N/A

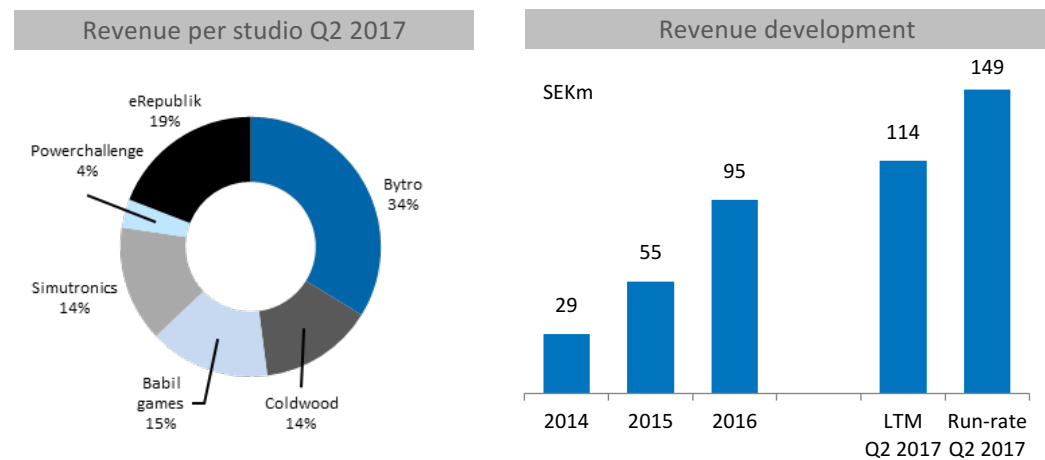


• Revenues, SEKm	5.3****
• EBITDA margin	48%
• UAC, SEKk	0 (0%)
• PPC, SEKk	127 (2.3%)



• Revenues, SEKm	5.8
• EBITDA margin	39%
• UAC, SEKm	N/A
• PPC, SEKm	N/A

Revenue split and development***



* Bytro includes Dorado

** Costs of 0.5 SEKm taken in Q2 for establishing Influencer network

*** Contains only the consolidated months May and June

**** Revenues from Siege: Titan Wars are only net revenues, after store fees and partner rev shares



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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

Several new products is being launched

- Conflict of Nations is launched and established as a core product with revenues of 1.4mSEK in Q2
- Age of Kings, Call of War Mobile and Siege is in the launch process
- We continue with having launch process over several months for products showing strong potential

Further expansion of portfolio

- Bytro's "SUP 6" functionality will be integrated in the current CoW brand
- Bytro are in development on next generation engine's new product "E2" targeting Q1'18
- eRepublik has two mobile strategy games in pipeline for launch 2017
- Babil will launch a new war strategy title round year end

Acquisitions

- Deal flow significantly higher both in volume and quality
- Attractive reward/risk with the Stillfront business model letting units being semi-autonomous
- eRepublik Labs is a perfect match for the Group and is performing well
- Recent acquisition and option to acquire Digamore Entertainment constitutes good additions to portfolio

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 cont'd to go down increasing cash conversion. Mid term we expect it to be at ~10%
- As acquisition opportunities are attractive, we seek to use the momentum fueled by our increased financial capacity

A solid first half of an exciting 2017

Siege update



The extensive launch is well underway

Massive initial Apple featuring - a kick start to launch period

- Massive featuring globally from Apple including top position in US app store
- As of Aug 28, 1.5 million downloads is reached
- Our global launch plan consists marketing activities and product improvement over a ~four months period

China launch in several steps

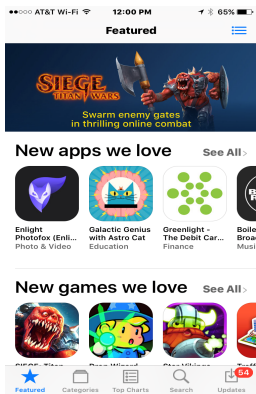
- We work with SkyMobi as our Chinese partner
- Strong presence at the important ChinaJoy trade show, providing good PR
- China mainland iOS launch and featuring on Aug 25
- China mainland Android launch requires work to integrate with several Chinese Android stores

Financial set-up differs

- As a consequence of our partner arrangements with Tilting Point and SkyMobi, the net revenues will be our top-line and not the games gross revenues
- As all costs for marketing and live operations are carried by the partners – gives us close to 100% margin
- With this set-up investments are kept at a sound level, risks are significant lower and still providing the potential

Too early to draw conclusions

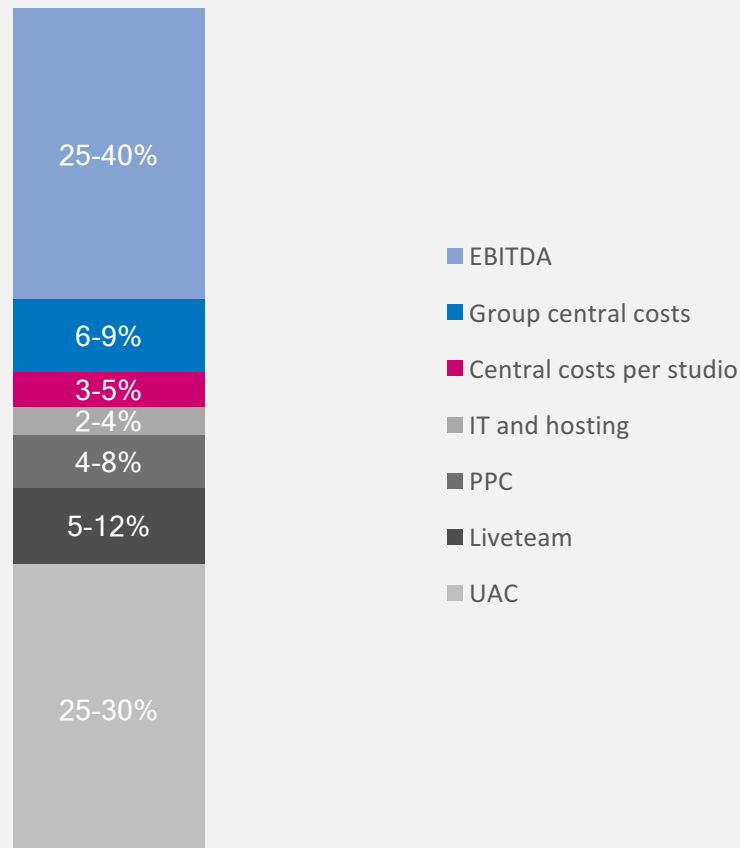
- Siege is already on revenue levels qualifying it as a Stillfront core product
- First launch is in line with our plan, still work to be done to further improve some KPIs
- The global launch contains massive work for both us and our partners, which requires lead time
- As a consequence it is too early to draw conclusions of Siege long term potential



High margins can be used for further expansion

High game/studio specific EBITDA margin...

... allows for additional investments



Illustrative cost division and profitability

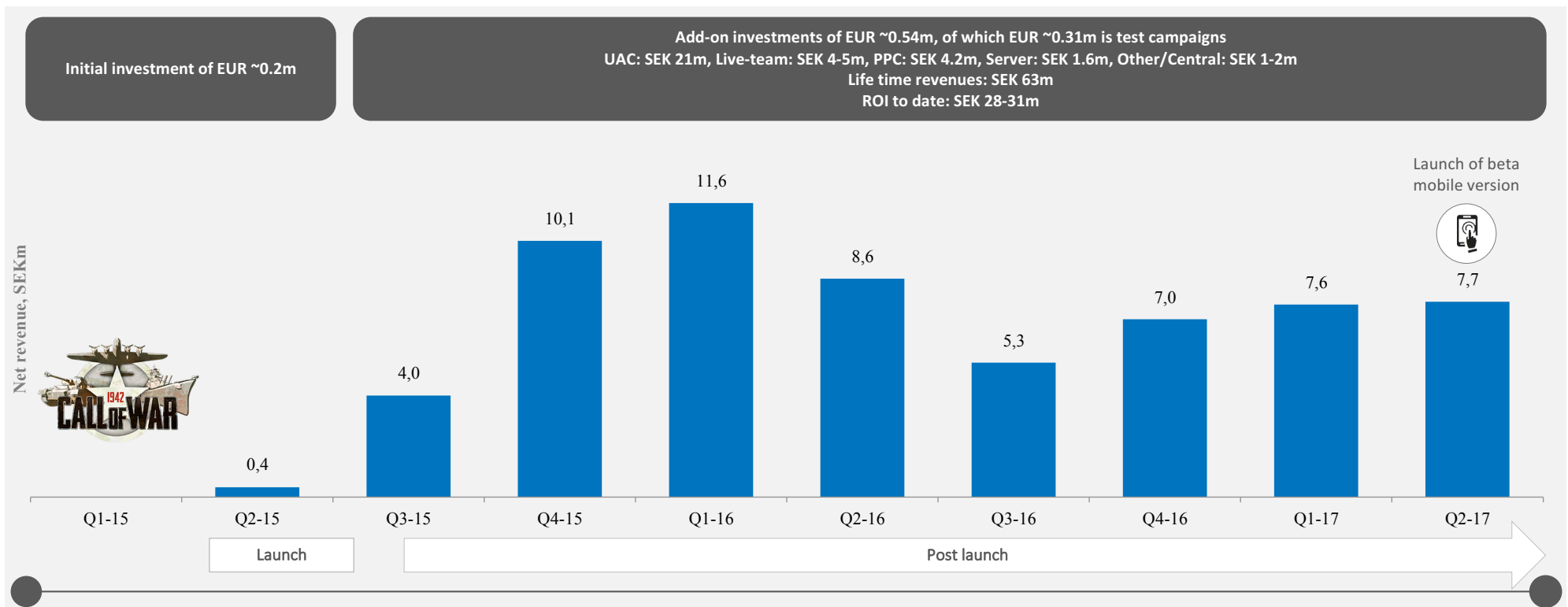
- **UAC** is all costs that is attributable to acquiring new customers. In an initial phase, these costs are relatively high
- Cost for **live-team** is part of personnel costs. The live-team is responsible for fixing bugs, maintenance of games and operational improvements
- **PPC** is the cost for payment providers. The costs vary between different games and studios, mostly based on geographic location
- **IT and hosting** costs are mainly attributable to IT operations and IT related expenses
- **Central costs** are mainly attributable to general management, accounting and auditing

Since many of the operational costs are fixed relative to volume and number of users, the EBITDA margin is fairly stable and increases for well-performing games.

Allowing investments in additional games and studios

Case study organic growth: Call of War

Cash flow yielding new products... yielding further cash flow and investment capacity...



DEVELOPMENT

- ▶ Call of War is developed by Bytro Labs based on the same SUP-engine as the successful game Supremacy 1914
- ▶ Initial investment approximately EUR 0.2m
- ▶ Stillfront recouped its investment in Call of War after 6 months, at that time, Call of War generated quarterly revenues of SEK 10.1m

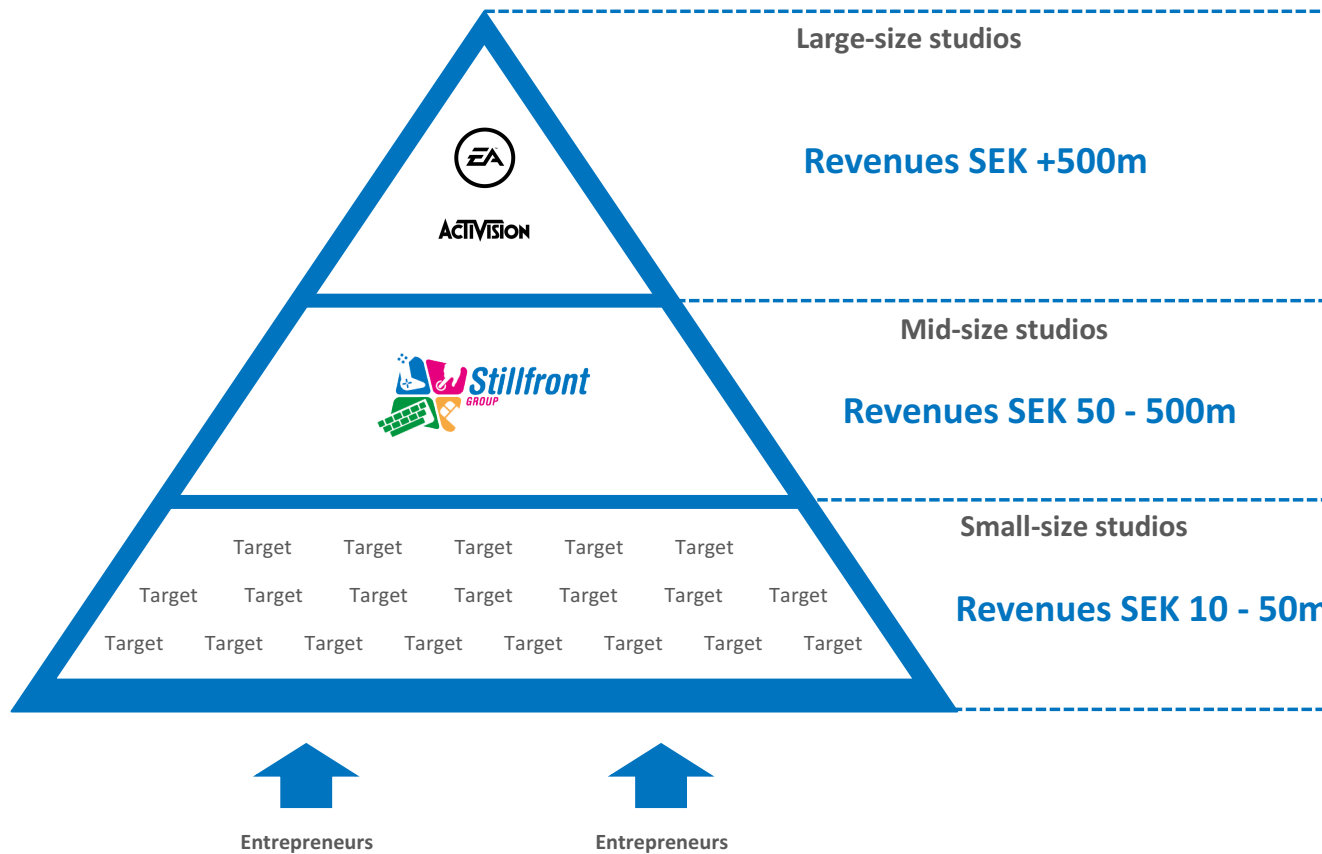


MATURITY

- ▶ H1 2017 Call of War provided the highest contribution to group revenue of all of Stillfront's games
- ▶ The game has stable and loyal user base with high spending
- ▶ Call of War can benefit from other games that are based on the same SUP-engine, which is highly cost-effective

Stillfront's position and financial capacity creates a huge potential

Structure of the market opens vast acquisition opportunities...



...that our Bond issue can fuel

- Stillfront corporate bond issue provides capacity and flexibility for years to come
- Healthy terms
 - 7.5% + 3m STIBOR
- Initial volume of 110 mSEK
- Within a frame for total Bond issue volume of 500 mSEK
- Bond issue at these terms was possible due to our proven stable EBITDA, low volatility and controlled risk
- Creates a significant leverage potential on our equity coming years
- **Fully utilized bond creates an acquisition capability of ~500 mSEK in added revenues***

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

* Given that future acquisitions are paid 50% with equity and acquired at similar P/S multiples as the previous acquisitions made

Case study acquired growth: eRepublik Labs

Significant and immediate growth at decreased risk...

- ✓ Strong publishing capabilities
- ✓ Focus on mobile, representing 83% of revenues and all new products
- ✓ Highly skilled loyal team and experienced business builders
- ✓ Shared view on strategy and philosophy
- ✓ Higher growth and higher profitability

Growth through eRepublik acquisition provides immediate strong growth in revenues and profits with lower risk

Increase in revenues*...

30%

...through instant increased portfolio of core products



Growth through eRepublik acquisition provides immediate 33% increase in diversification and lower risk

Increase in no of shares...

7%

**This is leverage –
adding significant shareholder value!**

* Based on Q1 Management Accounts



SIEGE TITAN WARS

Thank you

