GLOSSARY

LTV (Lifetime Value): LTV refers to the total revenue a mobile game anticipates generating from a player throughout their entire engagement with the game. It is a crucial metric for assessing the long-term financial viability of the game.

Marketing Funnel: The marketing funnel illustrates the stages a player goes through, from discovering the game to becoming a paying customer. It typically involves stages such as awareness, consideration, conversion, and retention.

Retention: Retention measures the ability of a game to retain players over time. It is often expressed as a percentage and reflects the number of players who continue to engage with the game after their initial download.

Live Operations: Live operations involve the continuous management and updating of a game post-launch. This includes events, updates, and ongoing content releases to keep players engaged.

Mid Core Games: Mid core games bridge the gap between casual and hardcore games, offering a balance of depth and accessibility. They target players who desire a more engaging experience than casual games but without the steep learning curve of hardcore ones.

Platforms: Platforms refer to the devices or systems on which a mobile game is available, such as iOS, Android, or specific gaming consoles.

User Experience: User Experience (UX) encompasses the overall interaction and satisfaction players have with the game. It includes design, ease of use, and overall enjoyment.

Development Cycles: Development cycles represent the stages involved in creating and updating a game, from initial conception and design to testing, release, and subsequent updates.

Tech Stack: The tech stack refers to the combination of technologies and tools used in the development of a mobile game, including programming languages, frameworks, and databases.

Gacha Games: Such games are a genre where players collect and advance heroes and spend in-game currency to receive randomized virtual items or characters.

Direct Ads: Direct ads involve promoting a game directly to the target audience through channels like social media, websites, or other platforms.

In-Game Purchases: In-game purchases involve transactions within the game, where players can buy virtual items, currency, or other enhancements using real money.

Soft Launch: A soft launch is a limited release of a game to a specific region or audience before the full global launch. It allows developers to gather feedback and make necessary adjustments.

Onboarding: Onboarding is the process of introducing new players to the game and guiding them through the initial steps to ensure a smooth and enjoyable start.

Cost Per Install (CPI): Cost Per Install is a mobile gaming metric that measures the average expense incurred by a developer or advertiser for each new installation of a mobile game. It is calculated by dividing the total advertising spend by the number of installations generated.

Discord is a communication platform popular in the gaming community. Discord provides text, voice, and video communication features, allowing users to create servers for specific interests or games, fostering real-time interactions and community building in games.

CONFIRMED
CONFIRMED
EMPTY

SOLIDCLOUDS

CONFIRMED
CONFIRMED
EMPTY

SOLIDCLOUDS

OUR APPROACH

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

OUR STRATEGY

Solid Clouds focuses on **high quality games with exceptional visual fidelity**, with emphasis on mid core games with high LTV potential.

OUR CORE TENETS

Design for Mobile first.

Facilitate simple and intuitive user experience that translates well to other platforms.

Build for cross platform to extend reach and lessen dependence on 3rd party vendors like App/Play Store.

Swift development cycles to stay in tune with market trends.

- Cohesive and experienced team of approximately **25 team members** with game releases across multiple genres and platforms.

- **Solid Clouds** has built its own **technological framework** enabling **accelerated production times**, which significantly **reduces development costs and other associated risk factors** for its future games.

- Having released its **first PC game in 2020**, the company is close to **Scaling** its **second game, Starborne FRONTIERS**.

POST /// PROGRESS

01
01
01

369

B8.07

OPTION 1
OPTION 2
▶ OPTION 3
OPTION 4

01
02
03
04

SOLIDCLOUDS

KEY MANAGEMENT

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Holds a B.S. degree in computer science from Reykjavik University. Previously worked for Marel, one of Iceland's leading technology firms. He also managed the multiplayer game Austerlitz, and was a professional gamer and early investor in CCP.

Stefán Gunnarsson
CEO

Holds a MSc degree in corporate finance from the University of Iceland. Previously worked at Iceland's Financial Supervisory Authority as chief credit analyst and was the chairman of the joint credit risk committee of FSA and the Central bank of Iceland.

Stefán Björnsson
CFO

Holds a MSc degree in computer science from Reykjavik University. He was a research scholar in machine learning at Emory University. Before Solid Clouds he was the tech lead and co-founder of Radiant games.

Þorgeir Auðunn Karlsson
CTO

Holds a MBA degree from Cambridge University and a BS degree in Software Engineering from the University of Iceland. Previously a consultant at JAGEX, the publisher of RuneScape, one of the world's leading massively multiplayer online games. Founder of Convex games.

Egill Sigurjónsson
Producer

Holds a BA degree in digital art from the Animation Workshop. He serves as art director. Before Solid Clouds he was the art director of Lumenox Games and worked as a digital artist at Caoz.
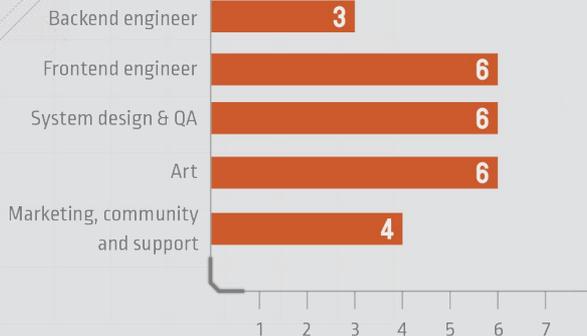
Ágúst Kristinsson
Art Director

Holds a B.S. degree in computer science from Reykjavik University. Previously worked as a backend developer at Lumenox games.

Marinó Vilhjálmsson
Technical Lead

SOLIDCLOUDS

TEAM COMPOSITION

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Role	Count
Backend engineer	3
Frontend engineer	6
System design & QA	6
Art	6
Marketing, community and support	4

1 2 3 4 5 6 7

Total team size: 25

Solid Clouds leverages a skilled team of experienced developers, designers, and marketers, **empowering us to seamlessly produce and effectively market captivating computer games** in the dynamic gaming industry.

Following the full-scale launch of Frontiers in 2024, the team could potentially be divided, with one part dedicated to maintaining Starborne: Frontiers and the other part initiating the development of a new game.

TEAM EXPERIENCE:

CCP kuu hubb EPIC GAMES NOKIA

UZ JAGEX radiant GAMES RETURN

ten square games GAGARIN HuUUGE

SOLIDCLOUDS

BOARD OF DIRECTORS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Sigurlína Ingvarsdóttir holds a B. Sc. in Industrial Engineering from the University of Iceland. She has management experience from CCP, EA, Ubisoft and DICE. Sigurlína has worked on some of the largest games in world, including Star Wars Battlefront and FIFA.

Sigurlína Ingvarsdóttir
Chairman

Ólafur Andri Ragnarsson holds an MSc in computer science from Oregon University. He is one of the founders of the gaming companies Betware and Raw Fury, and used to be an adjunct lecturer at the School of Computer Science at Reykjavik University.

Ólafur Andri Ragnarsson
Vice Chairman

Eggert Árni Gíslason holds a Cand.oecon. degree in business from University of Iceland. He has invested in startups like CCP and Play and is the General Manager of Mata hf. Eggert also serves as a board member for several other companies.

Eggert Árni Gíslason
Member

Svanhvít Friðriksdóttir holds a M.A. degree in Public Relations and Public Communications from University of Westminster. She was the senior vice president of communications and marketing at WOW air and works as the public relations consultant and owner of SF Communications.
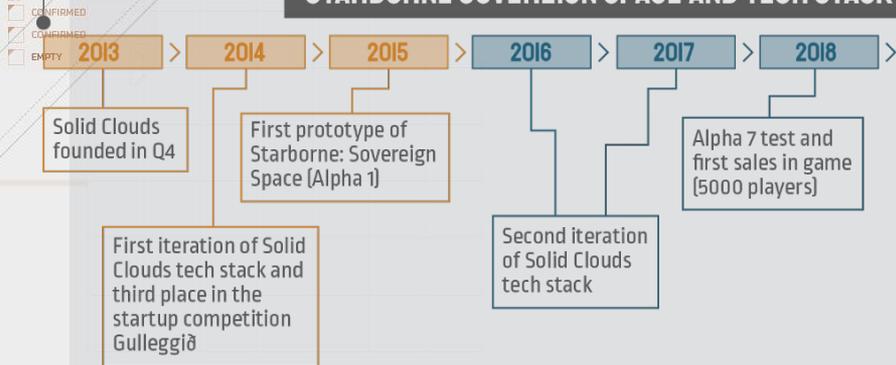
Svanhvít Friðrikssdóttir
Member

Brynjólfur Erlingsson holds an M.Sc degree in Engineering and Management of Information Systems from Kungliga Tekniska Högskolan. He was the head of growth of Toca Boca and before that worked for game studios such as Mojang, Paradox Interactive, DICE, and CCP.
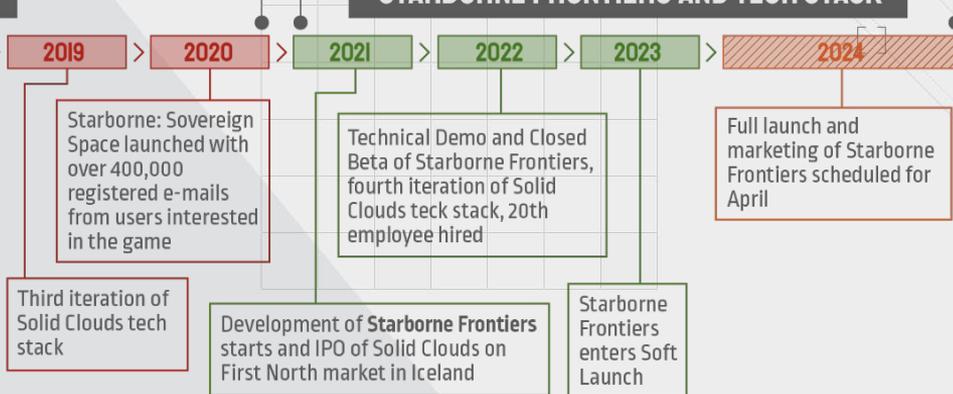
Brynjólfur Erlingsson
Member

SOLIDCLOUDS

COMPANY MILESTONES

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

STARBORNE SOVEREIGN SPACE AND TECH STACK

STARBORNE FRONTIERS AND TECH STACK

2013 | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024**

Solid Clouds founded in Q4

First prototype of Starborne: Sovereign Space (Alpha 1)

First iteration of Solid Clouds tech stack and third place in the startup competition Gulleggið

Second iteration of Solid Clouds tech stack

Alpha 7 test and first sales in game (5000 players)

Starborne: Sovereign Space launched with over 400,000 registered e-mails from users interested in the game

Third iteration of Solid Clouds tech stack

Development of **Starborne Frontiers** starts and IPO of Solid Clouds on First North market in Iceland

Technical Demo and Closed Beta of Starborne Frontiers, fourth iteration of Solid Clouds teck stack, 20th employee hired

Starborne Frontiers enters Soft Launch

Full launch and marketing of Starborne Frontiers scheduled for April

Grants and R&D tax credits:		Investment:		Grants and R&D tax credits:		Investment:		Grants and R&D tax credits:		Investment:		Grants and R&D tax credits:		Investment:	
23 m.kr.		65 m.kr.		155 m.kr.		372 m.kr.		83 m.kr.		298 m.kr.		383 m.kr.		743 m.kr.	130 m.kr.	220-400 m.kr.

Total: 88 m.kr.

Total: 527 m.kr.

Total: 331 m.kr.

Total: 1091 m.kr.

Total: 350-530 m.kr.

Lessons learned from Sovereign Space for future projects

- Deeper analytics of player behaviour needed
- Better balance between Player vs. Player and Player vs. Environment content
- Optimized marketing material prioritized
- Design for Multiplatform from the beginning

PC GAMER

"Sovereign Space is already shaping up to be an MMORTS unlike anything I've played before, following the adventurous and boundary-pushing spirit I'd expect from its EVE developer DNA."

- By Len Hafer, published June 03, 2019

SOLIDCLOUDS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

SOLIDCLOUDS

STARBORNE: FRONTIERS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

- **Frontiers** is a mid-core **tactical hero collector** where players assemble and upgrade fleets to explore and conquer the **Starborne universe**.

  ○ Players engage in battles with strategic and skillful gameplay on a multiplatform experience, which plays well on both **PC** and **Mobile.**

- Frontiers' visual style is designed for a **Western audience** in Gacha style **monetization** and **progression** systems, that have been popularized and well **established** in games like:

  ○ Summoners Wars, Genshin Impact and Raid: Shadow Legends which are among the world's leading mobile games in terms of popularity and revenue generation.

- **User feedback** on recent game updates has been **positive**, leading to a notable **increase** in Google Play ratings now at **4.2** with 1.900 votes, where the majority of marketing spend is deployed. Current **IOS APP store rating is** at **4.6** with 200 votes.

SOLIDCLOUDS

THE LOOK AND FEEL OF STARBORNE

THE WORLD

- Takes place 400 years after the events of Starborne: Sovereign space

- The stage is set in the Spiral Expanse, an unexplored and newly discovered region

- Deeper emphasis on the Factions and characters of the universe

THE FEELING

- Giving players the sense of a "PC game on mobile"

- A Fresh visual take on the hero collection genre

- AAA gaming quality

- Deep Worldbuilding with stories suitable for mobile device playtimes

SOLIDCLOUDS

GAMEPLAY VIDEO

SOLIDCLOUDS

CORE GAME & MONETIZATION LOOP

TR-2 //LOG_02

☐ CONFIRMED
☐ CONFIRMED
☐ EMPTY

THE TOWER OF WANT

I want to:

survive as long as possible

so that I can:

earn rewards

so that I can:

upgrade my heroes

so that I can:

survive for longer

so that I can:

earn more rewards

so that I can:

upgrade my heroes further

so that I can:

beat harder levels

so that I can:

progress further

Spend:

BATTLE

71650

Earn rewards through gameplay or in-game purchases:

Earn:
+stats
+characters

UPGRADE & COLLECT

Spend:

Energy	30	
Recruitment beacons	1	
Refit	500k	
Equipment	20	
Skill Neurons	25	
Credits	9000	

SOLIDCLOUDS

THE PRODUCTION OF FRONTIERS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Task	2021			2022				2023				2024	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1. Concept Phase													
Establish Core Gameplay													
1st Art Pass Charaters & Ships & UI)													
User Tests on Prototypes													
2. Functional Game Build Phase													
Payment System & Offer Tooling													
Game Modes: Campaign & Bounties & Arena													
Analytics System													
3. Live Testing Phase													
Secret Launch in Australia + Philippines													
Comprehensive Visual Overhaul													
Tutorial& Alliances Implementation													
LiveOps Offer: Battle Pass													
4. Global Soft Launch Phase													
Global Soft Launch													
Abyss End Game System													
Subscription Offers													
Start Marketing + Community + Support Tooling													
5. Full Launch Preparation Phase													
Final Polishing of Existing Systems													
Prepare Scale Up Marketing Efforts													
Establish Social Systems													
Player Type Offer Targeting													

In mid-2021, the production of Starborne Frontiers commenced which capitalizes on the expertise of our experienced team and a robust technical stack which was developed during the creation of Sovereign Space.

- We contend that this prior experience and established tech stack cut production time in half.

While the overall production of Frontiers has progressed smoothly, deviations from the initial plans have resulted in delays.

- Recognizing the competitive nature of the gaming market, especially for titles boasting superior graphics, gameplay, and balance, the decision was made to enhance the polish and overall quality of Frontiers.

- This decision aims to maximize the game's revenue potential in a market where higher-quality games tend to fare better.
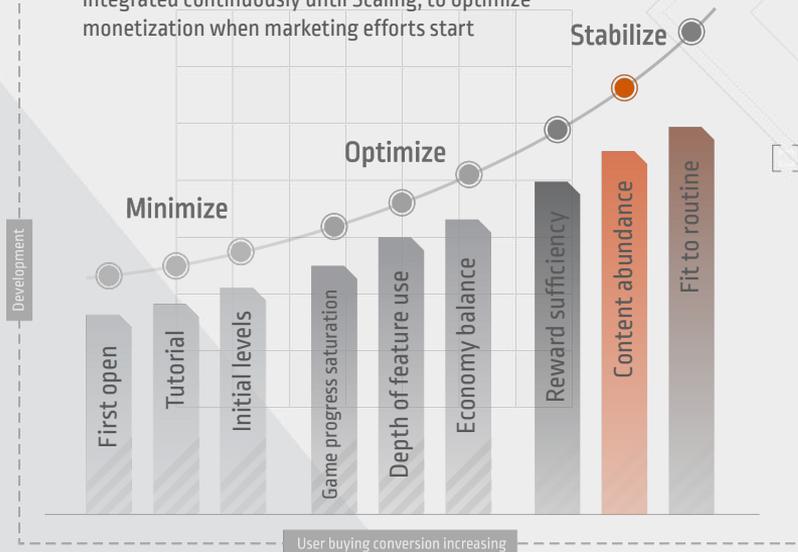
SOLIDCLOUDS

DEVELOPMENT PROGRESS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

- **Soft launch started in February 2023** where the focus was to get user data on both Apple and Android devices.

- Many of the key features are completed and the remaining ones are well on their way.

- We are now in the **Stabilize** and **Fit to routine** phases which are the **final** development stages.

  - In these phases we are adding new game modes, live operations systems and more monetization systems.

  - These features will enable us to keep players playing for the **long run** and **maximize** Starborne FRONTIERS **revenue** potential.

- **Scaling** will begin with a large **strategic** and **targeted** marketing campaign after the completion of the Stabilize phase.

  - Our marketing funnel is set to be optimized and ready to scale, where initially in the Scaling process we aim to increase our daily installs **tenfold**.

SOFT LAUNCH LEARNINGS

integrated continuously until Scaling, to optimize monetization when marketing efforts start

Stabilize

Optimize

Minimize

Development

First open
Tutorial
Initial levels
Game progress saturation
Depth of feature use
Economy balance
Reward sufficiency
Content abundance
Fit to routine

User buying conversion increasing

COMPLETED

- Frontiers soft launched
- Store integrations
- Visual quality achieved
- Server scalability
- Support tools

IN PROGRESS

Progression layers	95%
Art production	90%
Onboarding optimization	95%
Game balance	95%
Game content	95%
Marketing material	70%

SOLIDCLOUDS

THE JOURNEY AHEAD TO SCALING

New units - 10 Epic and 5 Legendary heroes added. Increased total count to 115. Extra units should add to the player lifetime value (LTV) potential.

Visual update - In-between chapter animations & visual sequence, improving the new player experience.

Player onboarding - User experience in the tutorial improved and cleaned up, improving the new player experience.

Fusion system introduced - fusions are new player goals which can improve player retention.

Player onboarding II - Enriched campaign narrative with elevated goal setting. These enchantments aim to improve Day 1 to Day 3 player retention.

Marketing funnel - **Ready** for scale on Google and Facebook.

Global release - Scaling begins with increases to marketing budget and influencer campaigns.

Live operation - Frontiers is ready and future development goals are aimed at maintaining live operations.

SEPTEMBER

NOVEMBER

JANUARY

APRIL

2023

2024

OCTOBER

DECEMBER

MARCH

The Abyss -Large content patch which adds 30 minutes of daily playtime which increases long term player retention.

Implant system - New player progression layer introduced. This enables us to seed rewards to new game content.

Arena overhaul - An existing social game mode improved. Strong social systems generally increase retention.

Summoning events - Multiple new events introduced for live operations which boost monetization.

PC version ready - marketing reach **and** targeting extended.

Calibrating store offers and fine tuning the monetization to increase the revenue per active player.

SOLIDCLOUDS

PROMISING TIMES AHEAD

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

- **Starborne FRONTIERS** already has highly engaging gameplay that readily **converts** new players into **paying customers**.

- Additional content for **long term player retention** is being developed with a clear path towards the full scale marketing efforts of Starborne FRONTIERS.

- **A PC version** is scheduled to be ready in **Q2** enabling broader accessibility and improving customer acquisition efforts while reducing costs associated with third-party vendors like Apple and Google.

STARBORNE FRONTIERS will be ready for Scaling in **APRIL 2024**

- The **technical framework** and team **experience** has grown significantly during the development of Starborne FRONTIERS and we are equipped and ready to **explore** new opportunities once Starborne FRONTIERS enters into **live operation**.

SOLIDCLOUDS

SOLIDCLOUDS

GLOBAL GAMING MARKET

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Solid Cloud's total addressable market is estimated to be up to: **15BN USD**

Estimated **3.4 BILLION** video game players worldwide in 2023 with that number set to grow to **3.8 BILLION** in 2027

After realising significant growth in recent years, the **global gaming market** size is on track for **$188BN** in 2023, targeting **$212BN** by 2026, exceeding the combined revenues of the TV, film and music industries.

There were nearly **90 BILLION** mobile game downloads in 2022

TOTAL MARKET GEOLOCATION SPLIT

Asia-Pacific	46%
North America	27%
Europe	18%
Latin America	5%
Middle East & Africa	4%

Generally highest paying users

GLOBAL VIDEO GAME MARKET (USD IN Bɴ)

Year	Console & PC Market	Mobile Market	Total
2016	73	27	100
2017	66	50	116
2018	72	63	135
2019	84	68	152
2020	92	87	179
2021	102	91	193
2022	91	92	183
2023	95	93	188
2024	83	113	196
2025			204 *
2026			212 *

■ Mobile Market   ■ Console & PC Market
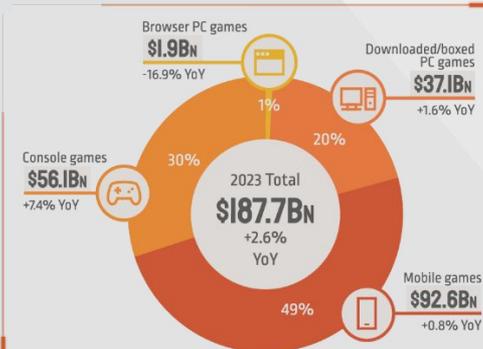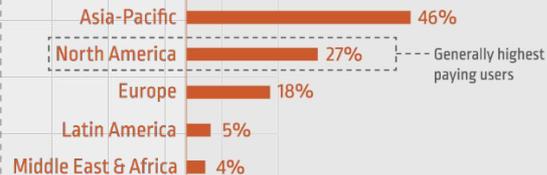
Revenues in the **global mobile market** from **in-game spending** are expected to generate a staggering **$90BN** in 2023 covering **97%** of the segment's global revenues

Browser PC games
$1.9Bɴ
-16.9% YoY
1%

Downloaded/boxed PC games
$37.1Bɴ
+1.6% YoY
20%

Console games
$56.1Bɴ
+7.4% YoY
30%

2023 Total
$187.7Bɴ
+2.6% YoY

49%

Mobile games
$92.6Bɴ
+0.8% YoY

Source: Newzoo.com | Global Games Market Report August 2023 & Older Reports
* Newzoo does not break down its forecast in available reports for 2025 & 2026

SOLIDCLOUDS

COMPETITION IN GACHA MOBILE GAMES

TR-2 //LOG_02

☐ CONFIRMED
☐ CONFIRMED
☐ EMPTY

Title: Raid Shadow Legends

Published in: 2019

Downloads: > 75M

Lifetime revenue: > $2B

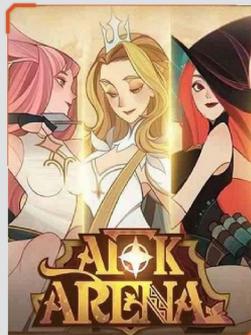Publisher: Plarium

Style: Fantasy

Title: Summoners War

Published in: 2014

Downloads: > 110M

Lifetime revenue: > $2B

Publisher: Gamevil

Style: Anime

Title: AFK Arena

Published in: 2018

Downloads: > 20M

Lifetime revenue: > $1B

Publisher: Lilith Games

Style: Anime

WHY GACHA GAMES?

- **Gacha games are video games that incentivize players to use in-game currency to acquire virtual items as they advance.** These games typically involve players obtaining said items by spending in-game currency or by purchasing them using real-life currency.

- Growing segment of the Mobile game market.

- Gacha games have one of the **highest Lifetime Value per Player (LTV)** in the gaming sector.

- Several games in the genre have achieved huge sales.

NO SPACE THEMED GAME IN THE GENRE

- RAID: Shadow Legends has demonstrated that there is a market for semi-realistic hero collector games in the Western market.

- **Frontiers can be differentiated by offering players more freedom and exploration than RAID and many other party battler games.**

- Space is more popular in the West than in the East, as witnessed by popular games such as Star Trek Fleet Command, Eve Online and Mass Effect.

Source: Appmagic.rocks, Sensor Tower & Game Industry.biz

SOLIDCLOUDS

IDENTIFYING THE TARGET MARKET

TR-2 //LOG_02

- CONFIRMED
- CONFIRMED
- EMPTY

- In order for Starborne Frontiers to be successful, we need to find the **right customers** at the most **favorable prices** possible as approximately **85%** of new users in free to play games will enter the game through **direct marketing**.

- Through user surveys we have identified **Achievers** as the primary persona, complemented by Explorers.
  - This has been validated by **running hundreds of A/B tests** with over 100+ different creatives and 5M ad impressions on both broad and focused groups.
  - All test groups have over 2.000 test subjects and are split into three separate age brackets; 18-29, 30-39 and 40+.

- Diverse ship collections and dynamic gameplay tends to captivate this group of users more than others.

- **Achiever-targeted creatives show 3x lower user customer acquisition costs.**

KILLERS   ACHIEVERS

SOCIALIZERS   EXPLORERS

UPGRADE **SKILLS**

UPGRADE **YOUR FLEET**

STARBORNE **FRONTIERS**

EXPLORE **THE ABYSS**

CTR 4 - 6%
UAC $1.0 - $1.9

SOLIDCLOUDS

TARGET MARKET

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY
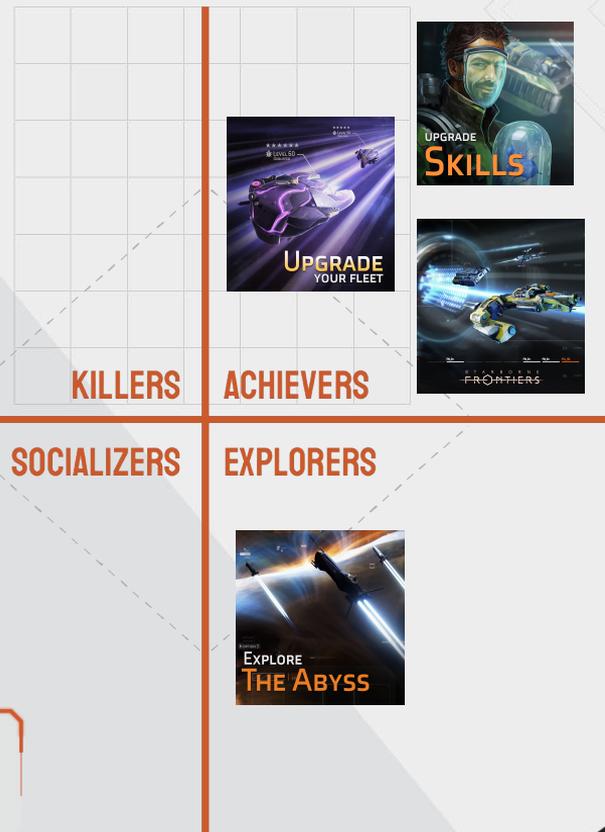
ACHIEVERS

- Motivated by mastery
- Love upgrading, progressing and overcoming obstacles
- We see massive potential with this group

SOCIALIZERS

- Motivated by relatedness
- Want to interact with others and create social connections
- There is some potential there for future growth

FREE SPIRITS

- Motivated by autonomy and self expression
- Want to create and explore
- As the game expands opportunities to reach this group will grow

- **Achievers** want to be the best at things or, at least, be achieving things within the game. The vast majority of Gacha games players are achievers.

- Will compete with others, but as a way to become better than others.

- May also be motivated by status as a representation of their personal achievement.

- They need a game that will enrich them and lead them towards **mastery**.

- **We designed a game for achievers because this demographic tends to be high spenders in computer games.** The Company possesses a deep understanding of this player type, gained through the development of Sovereign Space.

DIFFERENT MOTIVATIONS

Rewards
Progression
PvP
Challenges
Freedom

— Achievers   — Socializers   — Free Spirits

SOLIDCLOUDS

TARGET MARKET

WESTERN COUNTRIES ARE OUR MAIN TARGET

We expect 50-60% of revenue to come from **USA**

SOLIDCLOUDS

GO-TO MARKET STRATEGY & NEXT STEPS

TR-2 //LOG_02

☐ CONFIRMED
☐ CONFIRMED
☐ EMPTY

MONETIZATION

Optimizing and testing the monetization mechanics will help achieving positive ROI.

RETENTION

Keeping the players engaged through captivating gameplay and rich content generates higher lifetime value.

PLAYER ONBOARDING

Continuously improving user onboarding increases the tutorial pass through rate significantly.

USER AQCUISITION

Using deep learning and algorithms to find and target the right audience cost efficiently.

- With over 25 years of experience in the Finnish mobile game industry, **Tanja Levo**, a seasoned marketing expert, is named **Head of Growth** at Solid Clouds. The company strategically employs tools like **AppsFlyer** to meticulously track and enhance the efficacy of its marketing campaigns.

- A key strategy in marketing Starborne Frontiers is the development of a **vibrant player community**, primarily through Discord, a player community portal. **Aron Ólafsson**, recently named **Chief Marketing Officer**, contributes a wealth of experience from his previous success in building a 15,000-strong esports community in Iceland. In tandem we will continue to enhance the social aspects of the game to **boost organic growth and player retention** even further.

- Solid Clouds aims to build a library of **world-class marketing material** on top of our current library which consists of 200+ videos and 100+ images.

- We will **continue performing A/B tests to optimize marketing materials** before commencing a **full-scale marketing campaign** following the hard launch of Starborne: FRONTIERS. Additionally we will pitch Apple, Google, and press for visibility on mobile platforms and review sites.
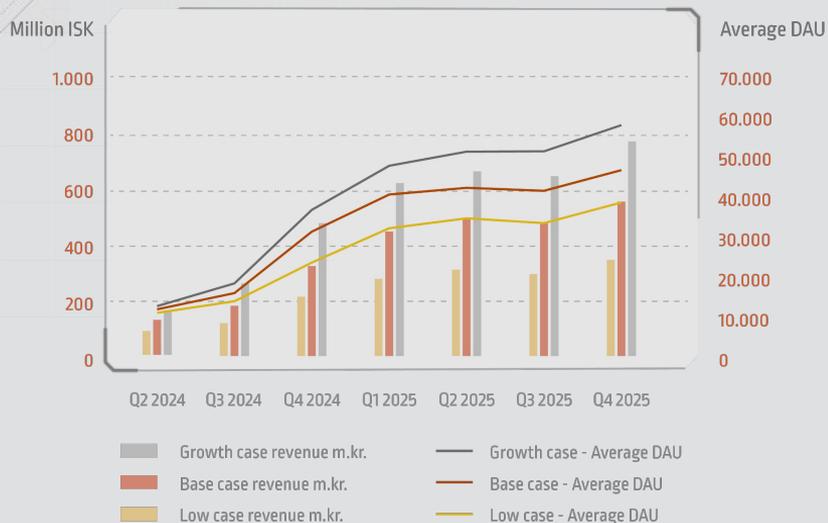
SOLIDCLOUDS

1. COMPANY OVERVIEW

2. THE PRODUCT

3. MARKET OVERVIEW

4. **KPI & FINANCIALS**

5. THE SHARE OFFERING

SOLIDCLOUDS

REVENUE SCENARIOS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

REVENUE PER QUARTER

The revenue scenarios are based on several key assumptions, such as securing a minimum of ISK 400 million in funding, the Effective Cost Per Install (eCPI), the size of the Daily Active User (DAU) pool, maintaining player engagement, the Average Revenue Per Daily Active User (ARPDAU), the distribution of revenue between PC and Mobile platforms and rate at which advertising expenditure generates income.

LTV - (eCPI + OTHER COSTS) = PROFIT / LOSS

- Player Lifetime Value (LTV)
- Effective Cost Per Install (eCPI)
- Retention curve along with players' average spend per day determines LTV
- Costs > Salaries, servers, payment fees, etc.

- The key drivers behind different revenue scenarios is the projected lifetime value (LTV) of each gamer during their active period in the game and the rate at which advertising expenditure generates income (Return on Advertising Spend, ROAS).
  - The LTV is shaped by both player retention and their in-game purchases.
  - DAU - The number of Daily Active Users
  - USD/ISK exchange 139.

Here below are target KPIs for **low, base and growth** scenarios:

	Low Case	Base Case	Growth
Projected Lifetime Value (LTV)	$6	$10	$14

- **Solid Clouds will continuously develop Starborne Frontiers** and the growth drivers will be new content, localization for non English speaking markets, new platforms and social systems.

SOLIDCLOUDS

IMPROVEMENTS IN KPIS FROM AUGUST

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Rapid progress in game development

Between August 2023 and January 2024, our game development efforts have been concentrated on **boosting player engagement**. This period has seen consistent progress, particularly in key metrics such as **Day 1, Day 7, and Day 30 retention rates**. Additionally, there has been a **notable rise in the average daily playtime** and **Average Revenue Per Daily Active User.** These enhancements reflect our commitment to creating a more captivating and enduring gaming experience for our players.

Engagement KPIs witnessed growth from August 2023 to January 2024:

- Day 1 retention ("D1") has increased by **31%**
- Day 7 retention ("D7") has increased by **21%**
- Day 30 retention ("D30") has increased by **164%**
- Average playtime has increased by **163%**

Monetization KPIs witnessed growth from August 2023 to January 2024:

- Average Revenue per Daily Active User ("ARPDAU") has increased by **100%**
- Average daily conversion saw a **49%** increase
- Monthly repeat buyers rose by **5%**

ROAS (Return On Ad Spend) means measuring how much revenue was earned in comparison to how much budget was spent. ROAS serves as a crucial metric for gauging the effectiveness of advertising campaigns. A campaign that generates in revenue within a week at least 20% to the advertising expenditure signals a strong indicator of the campaign's profitability.

Solid Clouds has achieved 7 days ROAS of:

- **28%** in December 2023
- **41%** in January 2024

As we approach the scaling phase for Frontiers, our primary focus will continue to be on **optimizing the current game systems**. During this period, we anticipate **continuous enhancements across all Key Performance Indicators (KPIs)**, with a particular emphasis on monetization strategies starting in the first quarter of 2024.

SOLIDCLOUDS

HOW WE WILL CONTINUE TO INCREASE OUR TARGET KPIS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Retention

Short term retention	Long term retention

Introducing a PC client will enhance user experience and convenience, thereby contributing to improved retention rates.

Revamped onboarding for a smooth player transition into the main game loop.

The **initial download size** for both Apple and Android users will be **reduced**.

Building up our community (Discord channel) with more interactive initiatives.

User **notifications will be revamped** to provide segmented, personalized reminders for players to log in and claim rewards

New player guides, various content and promotional codes will be distributed across several platforms.

Better D1 retention will feed into increased D7 to D90 retention.

Monetization and marketing

Average Revenue Per Daily Active User	Cost per Install (CPI)

Refinement of the game economy and balance will enhance monetization.

Tailored special offers will be developed to align with diverse player styles, enhancing the individual gaming experience and **optimizing revenue streams.**

The focus will be on players who complete the tutorial and engage in in-app purchases (tracking Return-On-ad spend ROAS).

Better targeting afforded on **PC devices** will keep down cost per install.

Increased Precision in **User Targeting** on mobile devices.

Further A/B testing for text, icons, imagery, and videos to **optimize our App Store presence.**

Partnerships with YouTubers and influencers to create engaging content for Starborne Frontiers.

The **500k-strong email list** from Sovereign Space community will be used for scale-up of Starborne Frontiers.
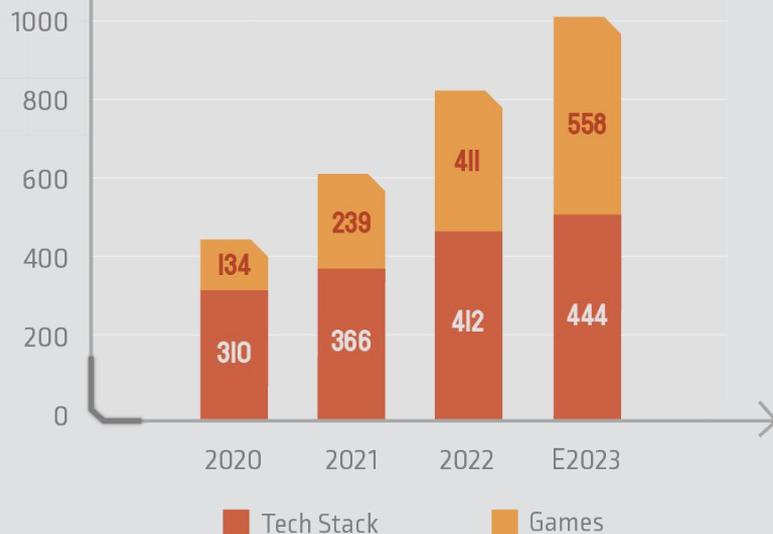
Research and refinement and A/B testing, on messaging and visuals in advertising will set accurate player expectations.

SOLIDCLOUDS

CAPITALIZED R&D TO DATE

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

THE BOOK VALUE OF CAPITALIZED DEVELOPMENT COSTS

m.kr.

1000				
800				558
600		239	411	
400	134			444
200	310	366	412	
0	2020	2021	2022	E2023

■ Tech Stack ■ Games

Solid Clouds has made **significant investments in developing its tech stack and the Company's games**, such as Sovereign Space and Frontiers. The following provides a historical overview of the book value of capitalized development costs.

SOLIDCLOUDS

USE OF PROCEEDS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Solid Clouds has raised ISK 220 million through a private placement, enabling the launch and marketing of Starborne Frontiers in April 2024. The company plans to raise an additional ISK 180 million via a share offering to cover 2024's operational and marketing costs. Should key performance indicators show favorable results, Solid Clouds intends to obtain further financing through a share offering to accelerate its marketing efforts.

- Financing in excess of ISK 400 million will enable the Company to **scale up its marketing efforts more rapidly**

- The Company anticipates that tax credits earned in 2023 and **reimbursed this year** will amount to approximately **ISK 130 million.**

INCREASED REVENUES

More players

The larger the marketing budget

The bigger the investment

SOLIDCLOUDS

USE OF PROCEEDS - SCENARIOS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

SCENARIO I
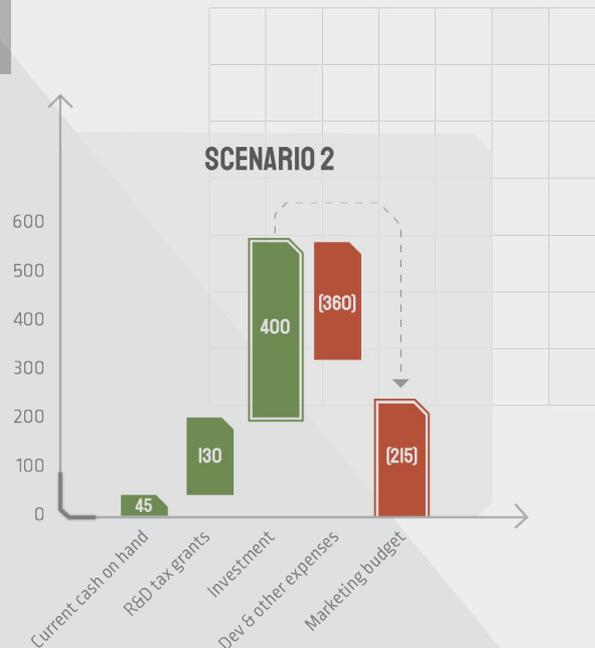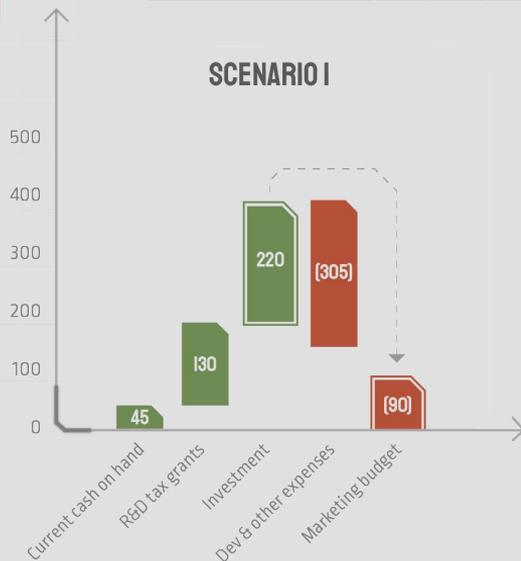
SCENARIO 2

USE OF FUNDS - SCENARIOS

Displayed above are **two scenarios** showing the use of funds depending on the **total amount issued in the share offering proposed.** All revenue during the first months after scaling will go into advertising. **None of the scenarios include any potential revenue.**

- **Scenario 1:** 220 m.kr. Investment with reduced operating costs
- **Scenario 2:** 400 m.kr. investment

SOLIDCLOUDS

HISTORICAL USE OF PROCEEDS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

FUNDING OF SOLID CLOUDS

■ Grants and R&D tax credits
■ Investments

Current round

Proceeds from IPO and pre IPO financing

Period	Value
2014-16	229
2017	317
2018	68
2019	232
2020	148
2021	845
2022	112
2023	134
2024	350 - 530
Total	2436 - 2616
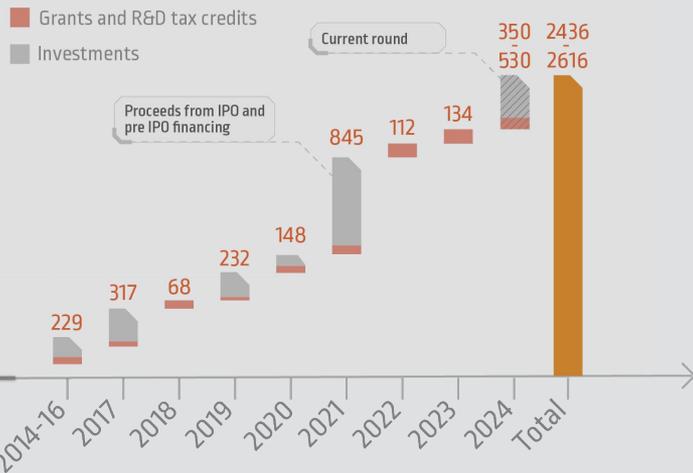
STRONG FOUNDATION
supports future success

LARGE and **GROWING** market

Business model with **HIGH MARGIN POTENTIAL**

- The future of the **gaming industry** is exciting, demonstrating **strong growth** in an **growing sector**.

- **Solid Clouds** has consistently received **positive feedback from users**, representing the accomplishments achieved and driven by the company's experienced team.

- With the proposed share offering in hand, the funds will be used to:

  ○ **Generate revenues** as they play a key role in the **marketing efforts** during **Scaling**. In addition, the funds will support the final stages of development of Starborne FRONTIERS by the creation of additional game content, **ensuring player retention** and **achieving** our **revenue potential**.

HISTORICAL USE OF CAPITAL

- Graphic Design — 33%
- Other Expenses — 5%
- Game design & marketing — 11%
- Engineering — 51%
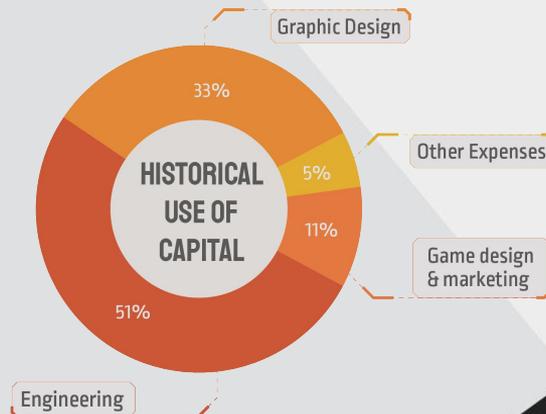
SOLIDCLOUDS

FINANCIAL HIGHLIGHTS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Solid Clouds has **invested significantly** in recent years, with capitalized development costs close to ISK 1003 million on 31 December 2023.

Figures in ISK millions	2021	2022	2023 E
Operating revenues	14	12	20
Grants and R&D tax credits	102	112	139
Total revenues	**116**	**124**	**159**
Development cost	286	351	365
Other operating expenses	32	44	70
Total operating expenses	**318**	**395**	**435**
Financial income	**1**	**12**	**9**
Cash at end of period	**567**	**310**	**45**

Solid Clouds anticipates that **R&D tax credits** earned in 2023 and reimbursed this year will amount to approximately ISK 130 million.

Figures in ISK millions	31.12.2023 Preliminary numbers	
Assets	Pre-increase	Post-increase
Capitalized development costs	1002	1002
Rental properties	11	11
Income tax credit	130	130
Total fixed assets	**1143**	**1143**
Receivables	8	8
Other receivables	4	4
Cash and cash equivalents	45	→ 265-445[1]
Total current assets	**56**	**→ 276-456**
Total assets	**1199**	**→ 1419-1599**
Total liabilities	**45**	**45**
Total equity	**1154**	**→ 220-400**
Total equity and liabilities	**1199**	**→ 1419-1599**

[1]Excluding transaction costs and other related costs to the proposed share capital increase

For further information, please see the full financial statement for 1H 2023 at Solid Cloud's investor relations website.

SOLIDCLOUDS

TR-2 //LOG_02

CONFIRMED

CONFIRMED

EMPTY

SOLIDCLOUDS
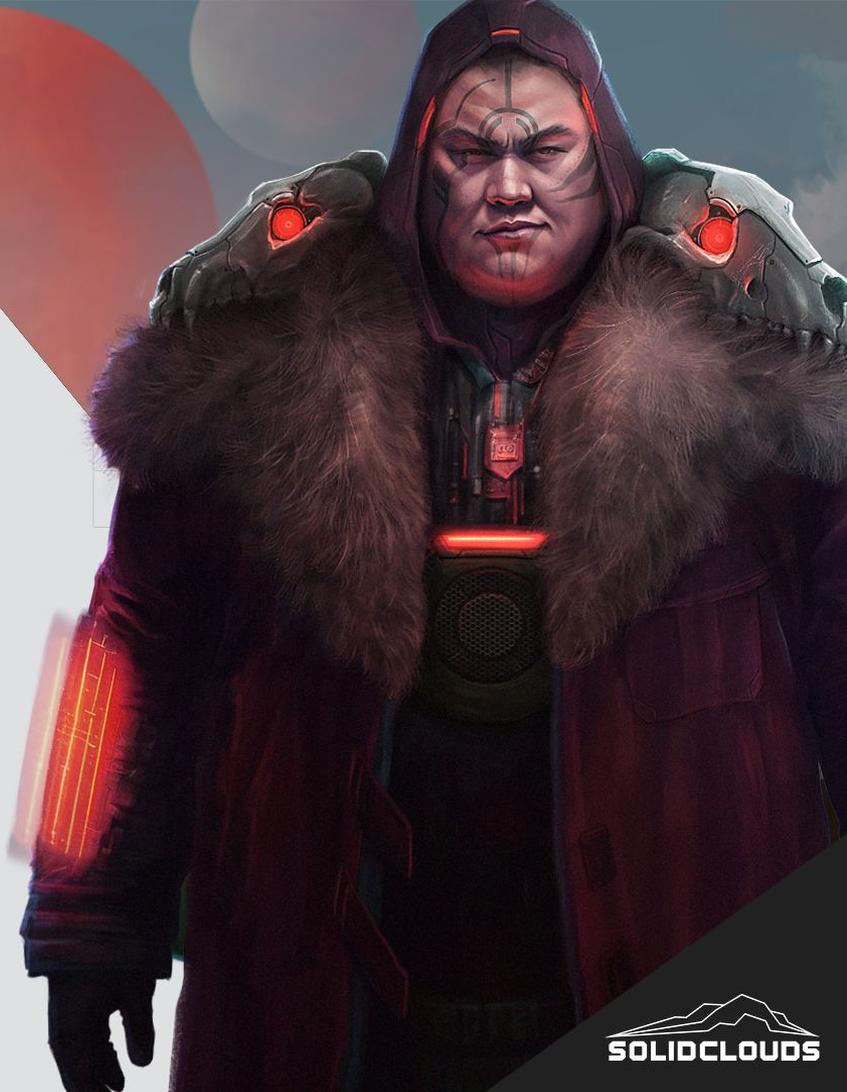
THE SHARE OFFERING

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

	PREEMPTIVE RIGHTS OFFERING	PUBLIC OFFERING
OFFERING SIZE:	90,000,000 shares *(up to approx. 23% ownership post-money)*	
SUBSCRIPTION AMOUNT:	No minimum subscription amount	Subscription amounting from ISK 100,000
PARTICIPATION:	Preemptive rights holders	Icelandic Investors
PRICE:	Fixed price of ISK 2 per share	
ALLOCATION*:	The Company's Board of Directors decides the allocation to investors in the public offering. New shares will first be allocated to those parties who are entitled to preemptive rights. If new shares remain unallocated after the preemptive rights offering, those shares will be allocated in the public offering	

Allotment to investors in the public offering depends on the fact that subscriptions have not been obtained for all the new shares in the preemptive rights offering. For that reason, the allocation in the public offering will take place after the allocation in the preemptive rights offering.

SOLIDCLOUDS

KEY DATES OF THE SHARE OFFERING

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

KEY DATES

- **16-20 February** | Subscription period
- **20 February** | The results of the Offerings expected to be published
- **22 February** | Allotment of the Offerings expected to be announced
- **27 February** | Expected final due date for payment by investors
- **27-29 February** | Expected delivery of new shares
- **29 February** | Expected first day of trading with new shares

FEBRUARY

MO.	TU.	WE.	TH.	FR.	SA.	SU.
				1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

SOLIDCLOUDS

POTENTIAL TAX BENEFITS

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

Solid Clouds has currently obtained confirmation from the Icelandic Tax Authorities regarding the applicability of tax deduction for individuals' investment in share capital increase in the company.

Related to the issuance, individuals that are domiciled and taxable in Iceland and invest in shares in Solid Clouds, by participation in share capital increase, may be applicable for tax deduction from their income tax/capital gains base of up to 75% of such investment.

To be applicable, the minimum investment by each individual utilizing the tax deduction shall be ISK 300 thousand and the maximum deductible investment is ISK 15 million per individual. The deductibility is not applicable for investments of legal entities.

For tax benefits to be valid investors need to hold the shares for at least three years. If not, the tax deduction is reclaimed with a +15% surcharge on the initial investment.

Investors are encouraged to seek assistance from tax specialists for further information. Other conditions from Iceland Revenue and Customs may apply. It shall be noted that the requirements for both the company and the individual investor for tax deduction must be applicable at the time of each share capital increase.

See rules here:
https://www.skatturinn.is/einstaklingar/tekjur-og-fradrattur/hlutabrefafradrattur/

See calculator here: Áhrif skattfrádráttar vegna hlutabréfakaupa í Solid Clouds – GRID / see current applicable legislation in art. 1. tölul. B-liðar 1. mgr. 30. gr. of Act 90/2003 found here https://www.althingi.is/lagas/nuna/2003090.html

SOLIDCLOUDS

LEGAL DISCLAIMER

TR-2 //LOG_02

CONFIRMED
CONFIRMED
EMPTY

SOLIDCLOUDS

SOLIDCLOUDS

www.solidclouds.com