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## *SPYR, INC.*

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If ever there was a quiet storm brewing in the OTC Markets, **SPYR, Inc.** (OTCQB: **SPYR**) may be just that – and a developing opportunity for investors. The Denver-based holding company, which develops and publishes mobile games and apps, has put together a game plan to compete in the mobile games industry, and has methodically gone about implementing that plan. The exciting part for investors who are keeping an eye on SPYR, is that this is a real ground-floor opportunity as we watch the strategy play out right before our eyes.

We have identified a number of areas where SPYR's management has positioned the company for future success. SPYR has (1) entered the fast growing and lucrative mobile games market; (2) surrounded the company with experts and thought leaders from the industry; (3) implemented a development strategy that is both cost effective and reduces the risk to the company; and (4) quickly identified and published a game (**Pocket Starships**) that provides the opportunity for significant, sustained revenue growth.

In this report, we will introduce you to SPYR's flagship game, Pocket Starships, the mobile games industry, industry thought leaders that are a part of the company's management team and its advisory board, and such terms as MMO, eSports, and cross-platform. This report initiates Stock Market Media Group's coverage on SPYR, Inc. and will serve as the firm's explanation for issuing a **Speculative Buy** rating on the company.

SPYR, Inc. 4643 S. Ulster St. Denver, CO 80237 Website: <a href="http://www.spyr.com">www.spyr.com</a> Email: <a href="mailto:contact@spyr.com">contact@spyr.com</a> Telephone: (303) 991-8000	
Company Ticker Symbol	SPYR
Current Price as of 7/5/2016	\$0.262
52-Week Range	\$0.12/0.5449
Outstanding Shares – as of 3/29/2016	152,858,127
Est. Public Float	42,061,253
Market Capitalization	\$54,328,375
Stock Market Media Group Rating	Speculative Buy

## Company Overview

SPYR, Inc. and its CEO, James R. Thompson, have been busy since entering the mobile games and apps development and publishing industry about a year ago. It was then, in 2015, that the company changed its business model and its name to SPYR, Inc. and when Thompson said:

*“My goal when I assumed the position of President and CEO was to*

*position SPYR in markets where the growth potential was greatest; and the mobile games and applications market is one of them.”*



After making that statement, SPYR APPS, LLC, SPYR’s wholly owned subsidiary

(d/b/a [SPYR Games](#)), has developed, published, or co-published with third-party developers a handful of mobile games including Plucky, Plucky Rush, Rune Guardian, Retro Shot and Pocket Starships.

Before we discuss more about the four areas we've highlighted, we'd be remiss if we didn't make a brief mention of the company's share structure. SPYR has about 153 million outstanding shares with 65% of those shares being held by insiders leaving only around **54 million shares to be traded in the public float**. This, along with the fact that all insiders have restricted shares, is a sure sign of confidence in SPYR's future from the company's insiders, and it should give investors some comfort in the company's direction.

### SPYR – Industry Experts & Thought Leaders

Wisely, SPYR's CEO surrounded the company and its future with well-known industry experts. After developing the business plan and entering the mobile games and apps space, Thompson began adding one industry thought leader after another to his management team and to the company's Advisory Board.



Thompson started by hiring **Paul Thind**, who was named the Managing Director of Games and Applications for SPYR.

Paul, who has about 20 years of experience in the industry and is a recognized digital authority in online games, mobile games, and virtual worlds, is managing the acquisition, development, marketing, and monetization of mobile games and apps for the company.

Paul has extensive experience operating, launching, marketing and monetizing profitable web and mobile games for companies of all sizes. He has provided his expertise to companies such as 20th Century Fox, formulating the marketing and launch strategy for the "Family Guy" game.

Paul is the former General Manager for Disney's Virtual Magic Kingdom, and he is the former COO of Outspark, an entertainment services company that published engaging online multiplayer games. Additionally, he served as the Head of Business Development, North America, for InMobi as well as Spil Games.

Thind is also the former U.S. CEO and General Manager for Habbo North America, a global teen virtual world community with offices and communities in 32 countries. He was responsible for launching the service and later the daily operations of Habbo's U.S. and Canadian websites, as well as identified, negotiated and secured payment partnerships. While at Habbo, Paul grew the North American user base from 5 million users to 25 million users.

After bringing Paul Thind on board, Thompson and Thind began to build an impressive **Advisory Board for SPYR Games** that included a Who's Who among leaders in the industry; including, Reinout te Brake, Lars Koschin, Juhana Kotilainen and Edward Laws.

**Reinout te Brake** is regarded as one of the thought leaders of the international gaming industry. He is a successful international serial entrepreneur, kickstarter, investor and business leader.



Currently Reinout is mentoring and investing in several early stage gaming companies. He's also focused on developing a strong eco-system of companies in his home country of Holland that can assist game developers with soft launches, engagement/community, marketing and payments.

In this endeavor, he has been involved with such companies as Mobilizer, GetSocial, CloudGames and Creel.



**Lars Koschin** began his career in the interactive entertainment industry as co-founder of Gamigo, one of the biggest online game magazines and MMO Publishers in Germany, where he spent the next six years overseeing all technical and MMO game-related operations as Chief Technical Officer.

In July of 2007, he took over as the Chief Technical Officer of Curse Inc., a highly popular MMO game portal. Later he led the U.S. Office for Gameforge and founded Frogster America Inc. to launch Runes of Magic, one of the most successful free-to-play MMOs on the market.

In his career he has launched about 25 MMO games. His academic achievements include degrees from the Management Akademie of RWE and from TraiCen Technology School, both based in Muenster, Germany. He also holds the official multimedia-teaching license of the German government.

**Juhana Kotilainen** has over 10 years of experience in mobile and social games, having worked with global brands like Sulake's "Habbo Hotel" and as early marketing executive on Rovio's "Angry Birds."



He is currently the CEO and Founder of Silvermile, a new mobile games company based in Helsinki, Finland, San Francisco and Bogota, Colombia.

Silvermile has raised funding from a number of sources globally and has other veterans from Rovio Entertainment and Habbo Hotel as part of its founding team.

Juhana Kotilainen has a successful record of accomplishment in creating industry changing solutions and new commercial channels in mobile, advertising, marketing, cross-promotion, branding, partnerships, product design, and monetizing mobile games.

As one of the early hires at Rovio, Juhana was responsible for marketing, business development, branding, partnerships, user acquisition, licensing, and creative solutions to maximize the growth of the hugely successful "Angry Birds" mobile game. During his tenure, the company grew from 20 employees to 700 employees, and it experienced 1 billion downloads and \$195 million in yearly revenue.



**Edward Laws** has held leadership positions in online and mobile, initially as a finance director counting the beans and subsequently a commercial SVP earning the beans. Edward has specialist industry expertise in mobile advertising and mobile monetization across verticals such as Gaming, Music, Entertainment, Media and Social.

## SPYR – Pocket Starships

It is with its most recent game, Pocket Starships, that SPYR seems to have identified a real opportunity for significant sustained revenue growth. In



fact, we recently wrote about the agreement to publish the free-to-play Digital Game and Massive Multiplayer Online game or

MMO, Pocket Starships, and at that time we recognized that SPYR's involvement in publishing the game could lead to the game becoming the company's "diamond in the rough."

Pocket Starships is a true real-time cross-platform game, and because of this, Pocket Starships is considered unique in the digital games space. The game is unlike other games in the market that claim to be cross-platform games because Pocket Starships can be downloaded as an app on most mobile devices, and it can also be played online at [www.pocketstarships.com](http://www.pocketstarships.com) in any web browser – with all of the players on all platforms playing together in real-time, including having real-time space battles across all platforms. Other games that claim to be cross-platform are either multi-platform games, where players are only playing against other players on that particular platform, or are turn-based games without any real-time battles.

Being a true real-time, cross-platform game, SPYR can market Pocket Starships to a much wider audience and promote social interaction among the players. A recent survey by GamesBond, owned by Mauj Mobile, found that "multi-platform gamers" spend way more time and money on mobile games than "mobile-only gamers."

So, with the publishing of Pocket Starships and other future games, which will use this same cross-platform development strategy, SPYR is taking

advantage of every angle possible to generate revenue with this game and others in the future.

Revenue generated by Pocket Starships is currently driven by “in-game purchases,” so increasing the user-base is naturally key to driving more of those in-game purchases.



The company has said that constantly upgrading the game with new content and new features is not only a great way for the game to stay fresh and exciting, but

it also creates new opportunities for existing players to spend money in the game and to drive new players to Pocket Starships.

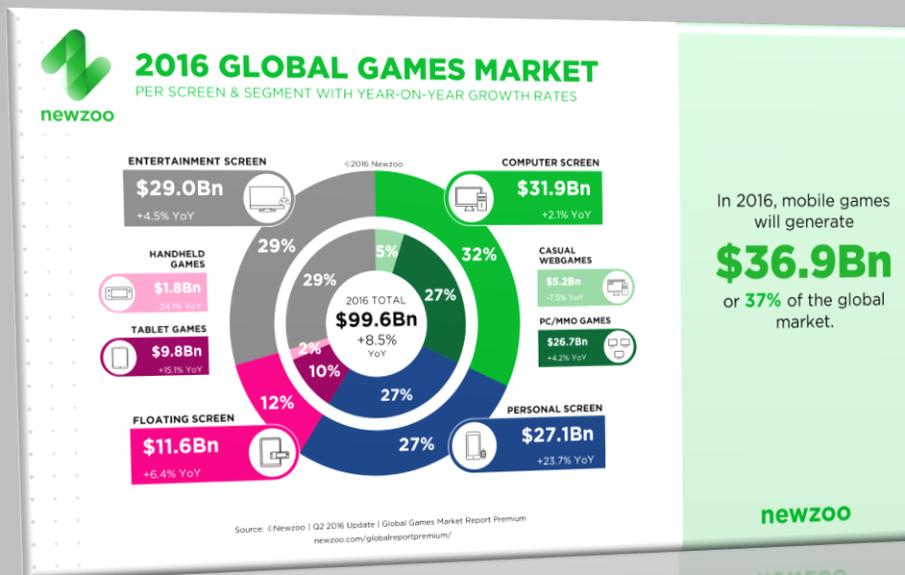
### SPYR – Digital Games Industry

SPYR operates in the mobile game and app development and publishing industry – an industry that’s growing exponentially every year. Inside this space, SPYR will enjoy revenue from in-game purchases from those gamers accessing its digital games content.

According to a report from gaming intelligence firm SuperData Research, worldwide digital games sales hit a record \$61 billion in 2015, which represents a growth of 8 percent over revenues reported in 2014.

Annual revenues in the digital games market are again expected to set a new record in 2016 if projections by Newzoo are accurate.

In the firm's 2016 Global Games Market report, Newzoo estimates that the worldwide digital games market will generate \$99.6 billion in revenues, which would be another 8+ percent increase year over year.



Included in that figure, Newzoo estimates that mobile games will generate \$36.9 billion or 37% of the global market.

Newzoo says that the Computer Screen is the most lucrative on a global scale, with revenues of almost \$32 billion. The vast

majority of this will come

from mid-core PC/MMO games (Pocket Starships falls into this category as well), while casual web game revenues continue to decline.

This is followed closely by the Entertainment Screen (TV/Console), which will grow to \$29.0 billion.

The Personal Screen (smartphones) is the fastest growing with a Year over Year growth rate of 23.7% and by 2018 will take the lead globally. The Floating Screen (tablets & handheld consoles) remains the least important gaming screen, with revenues of \$11.6 billion.

Clearly the worldwide explosion in the use of mobile devices is adding to the exponential growth in the industry. In the U.S. alone, smartphone users will surpass 200 million by 2017 according to eMarketer, which represents nearly 65% of the country's entire population.

And this is just smartphones. When we discuss all mobile connected devices, their use is expected to increase to more than 4.5 billion units worldwide by 2018.

## SPYR – MMO Game & eSports Markets

Keep in mind that because Pocket Starships allows all of its players to play together within a single game universe, it falls into the category of being a Massive Multiplayer Online (MMO) game. So, not only does the game fit into the digital games market, but it's also a part of the **MMO market**, a sub category within the digital games market, which according to SuperData Research is on track to earn \$19.8 billion in 2016, roughly 60% of all digital PC game revenue.

So, whether gamers are accessing Pocket Starships online at [www.pocketstarships.com](http://www.pocketstarships.com) or through the Apple App Store, the Google Play



Store, or the Amazon App Store, SPYR's cross-platform strategy is inviting to all gamers.

Below you will find last year's top 5-selling digital games by platform, as measured by SuperData Research.

In these figures you will recognize **“World of**

**Tanks,”** which is an MMO game that Lars Koschin (SPYR Advisory Board and developer of Pocket Starships) helped to publish while on the Advisory Board of [wargaming.net](http://wargaming.net).

In 2015, “World of Tanks” earned \$446 million in revenues, and over the past three years alone, “World of Tanks” has generated more than \$1.3 billion in revenue. The revenue figures below are in millions with the top grossing games in both categories earning well over \$1 billion last year:

### Digital PC

1. “League of Legends” (Tencent/Riot Games, \$1,628)
2. “Crossfire” (SmileGate, \$1,110)
3. “Dungeon Fighter Online” (Neople, \$1,052)
4. “World of Warcraft” (Activision, \$814)
5. “**World of Tanks**” (Wargaming.net, \$446)

### Mobile

1. “Clash of Clans” (Supercell, \$1,345)
2. “Game of War: Fire Age” (Machine Zone, \$799)
3. “Puzzle & Dragons” (Gungho Online Ent. Inc., \$729)
4. “Candy Crush Saga” (King Digital, \$682)
5. “MonsterStrike” (Mixi, \$674)

Another unique advantage that Pocket Starships enjoys over other games is that it is designed in such a way that it’s ideally positioned to enter the growing **electronic sports** or “**eSports**” market in 2016.

eSports is a thriving world within the games industry that is exploding in popularity worldwide. ESPN and FOX Sports are broadcasting it, Yahoo has an app for it, and Turner Broadcasting, the parent company of



CNN, TNT and TBS, host it. [Even Bud Light is getting involved in eSports.](#) Yes, the same Bud Light that is a huge sponsor of the NFL and the NBA is now taking an interest in becoming the first beer brand in the space as advertisers and sponsors vie for their place in the burgeoning industry.

This competitive video gaming known as eSports is growing at an alarming rate. In its report on the growth of the eSports audience, Newzoo estimates that there are currently about 1.1 billion people around the world who are



aware of what eSports is and that number is expected to grow by 400 million people in three short years to more than 1.5 billion people by 2019.

eSports is a world where video games are played competitively for an audience of millions – both online, on sites like Twitch [www.twitch.tv](http://www.twitch.tv), and/or in front of tens of thousands of fans in arenas. These games are called **MOBA**'s or Multiplayer Online Battle Arena games and include familiar titles like; World of Warcraft, Call of Duty and League of Legends.

There are professional teams in this eSports world and increasingly big salaries and prizes as more and more sponsors pile into the market.

Conceptually, Pocket Starships is right at home in the eSports arena. The game's real-time space battles, where players join one of two factions and fight for interstellar dominance, can be perfectly molded into a tournament format. SPYR announced that an update to Pocket Starships, which would allow for tournament modes and position the game for entry into eSports,

is in the early stages, and the company is very excited about the prospects for Pocket Starships in eSports.

While eSports has been steadily growing over the last several years for console and PC-based games, the marriage between mobile games and eSports (**Mobile eSports**) is a largely untapped market. The only mobile game that has really made a splash so far in the eSports world is Super Evil Megacorp's "Vainglory."

In a May 7, 2015, article published by The Guardian, Kristian Segerstrale of Super Evil Megacorp explained that the eSports opportunity for mobile games can be 5 times bigger than PC-only games like "League of Legends" because of both the sheer number of mobile devices out there and the immediacy of downloading a mobile game.

The beauty of Pocket Starships is that as a truly cross-platform game, after SPYR's eSports upgrade to the game, tournaments could be held with players simultaneously playing each other on mobile devices and PCs.

### **SPYR – Development & Publishing Strategy**

SPYR has chosen to use a development and publishing model that greatly reduces the company's risk. After bringing Paul Thind on board to be the director of the Games & Applications division of SPYR, Thind took advantage of his knowledge and the relationships he's made in the industry. It was then that SPYR chose to work only with reputable third-party developers that have a proven record of success.

The last two games that SPYR published, Retro Shot and Pocket Starships, are perfect examples of Thind implementing his plan. With Retro Shot, SPYR worked with industry pros like Kalle Makinen and his team at Super+ Games, who were part of the team at Rovio Entertainment that developed and published "Angry Birds." Most recently, SPYR invested in the expertise of Lars Koschin and his team to publish Pocket Starships.



By working directly with third-party mobile game developers, SPYR is limiting its risk. Using this strategy, the company does not incur any large-scale development costs or have to invest great amounts of time developing games.

Instead, SPYR can make “milestone” payments as the project progresses if they're happy with the work they see. Then SPYR can recoup that money as the first revenues from the published game are realized.

Because Pocket Starships has already been developed, SPYR avoids the expense of funding an idea through the long development process and the risk of not knowing what the final product will look like, or how it will perform.

With this development and publishing strategy, SPYR is working with experienced teams of developers. Working with Lars Koschin, for instance, is a real privilege for SPYR. He is a successful MMO management specialist and entrepreneur. He also sits on SPYR's advisory board, which is the same position he enjoyed at Wargaming, the producer of the award-winning “World of Tanks” -- one of the most successful MMO games ever.

And then there are the founders of Super+ Games, who SPYR worked with to develop and publish Retro Shot. The founders have almost 30 years of combined experience in the industry, and they have been involved in the development of more than 70 games.

## SPYR – Management Team

### President & Chief Executive Officer



**James R. Thompson** – Over the past 28 years, Jim has deftly managed a colorful spectrum of legal clients and situations. In the process he has helped many companies—both large and small—thrive.

A master communicator with a history of long, valued client relationships, Jim approached each case with equal parts

entrepreneurial spirit and business acumen, investing himself as if the venture in question was his own.

Now as CEO, President and General Counsel of SPYR, Inc., Jim welcomed the challenge to take the Company—and his career—in an entirely new direction. And, true to character, he got right down to business. Soon after joining the company, Jim was instrumental in the decision to dramatically shift the company's core focus and offerings—one that resulted in the rebirth of the Company as SPYR, Inc., a mobile games and apps development and publishing holding company.

A native of Philadelphia, PA, Jim holds a JD from Rutgers University and a BSBA from the University of Denver.

### **Executive Vice President, Secretary & Asst. General Counsel**

**Jennifer Duettra** – Jennifer and Jim share a long and successful working history, and when given the opportunity to join the SPYR team with him, Jennifer couldn't say no.



Jennifer brings to the table not only a law degree from Harvard and 10 years of sophisticated legal experience, but also a great deal of knowledge in mobile gaming and pop culture; a combination you don't run into every day. She was thrilled by the prospect to combine her law experience with a chance to be creative.

In her role as Executive Vice President, Secretary and Assistant General Counsel of SPYR, Jennifer has wide ranging responsibilities. From drafting and reviewing contracts and press releases, to evaluating business opportunities and brainstorming new ideas for the games and apps.

Jennifer was born and raised in Colorado receiving her Bachelor of Arts in Political Science and Speech Communication from Colorado State University. She ventured out of Colorado for law school, earning her Juris Doctor at Harvard.

## About Stock Market Media Group

Stock Market Media Group is a Content Development IR firm offering a platform for corporate stories to unfold in the media with research reports, corporate videos, CEO interviews and feature news articles.

Stock Market Media Group is an exclusive publisher for news, updates, alerts and information on SPYR, Inc. [“SPYR”]. Our publications about SPYR are based solely upon SPYR’s authorized press releases, and SPYR’s legal disclosures made in SPYR’s filings with the U.S. Securities and Exchange Commission. Before we publish any SPYR related content, our articles undergo compliance reviews and factual verifications, including written confirmation of the facts we publish from SPYR, and separately from SPYR’s Legal Counsel for Securities and Regulatory compliance, Mailander Law Office, Inc.

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We are not a registered broker, dealer, analyst, or adviser. We hold no investment licenses and may not sell, offer to sell or offer to buy any security. Our publications about SPYR are not a recommendation to buy or sell a security.

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### **COMPENSATION DISCLOSURE**

Section 17(b) of the 1933 Securities and Exchange Act requires publishers who distribute information about publicly traded securities for compensation, to disclose who paid them, the amount, and the type of payment. In order to be in full compliance with the Securities Act of 1933, Section 17(b), we are disclosing that we entered into a contract with SPYR for one year on February 1, 2015. We agreed to publish articles, news, updates, alerts and information about SPYR, subject to SPYR's written confirmation of factual content, and the separate confirmation of factual content by SPYR's Legal Counsel for Securities and Regulatory Compliance. In exchange for our services, SPYR agreed to compensate us with a monthly fee of \$5,000.00. Additionally, SPYR agreed to issue to us 250,000 shares of SPYR's Restricted Common Stock. Our rights to sell any of this Restricted Common Stock are subject to prior compliance with all U.S. Securities Laws, including but not limited to Rule 144. Further, our sale of any of the Restricted Common Stock is subject to a volume restriction providing that we may only sell 5,000 shares daily for every 250,000 shares of daily trading volume.

For more information:

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