



NEXT GAMES

ANNUAL GENERAL MEETING 2019

CEO'S REVIEW

Teemu Huuhtanen

CEO

Annual General Meeting

21 May, 2019



LEADING MOBILE GAME PUBLISHER & DEVELOPER

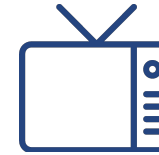
Approachable, **high production value** mobile service-based (free to play) games.

One-Stop-Shop: We develop, market & run the live games

Focus on **licensed games** based on entertainment franchises, such as movies, TV shows and books.



MOBILE



DEVELOPMENT



F2P



PUBLISHING



IP



TECHNOLOGY

BUSINESS MODEL

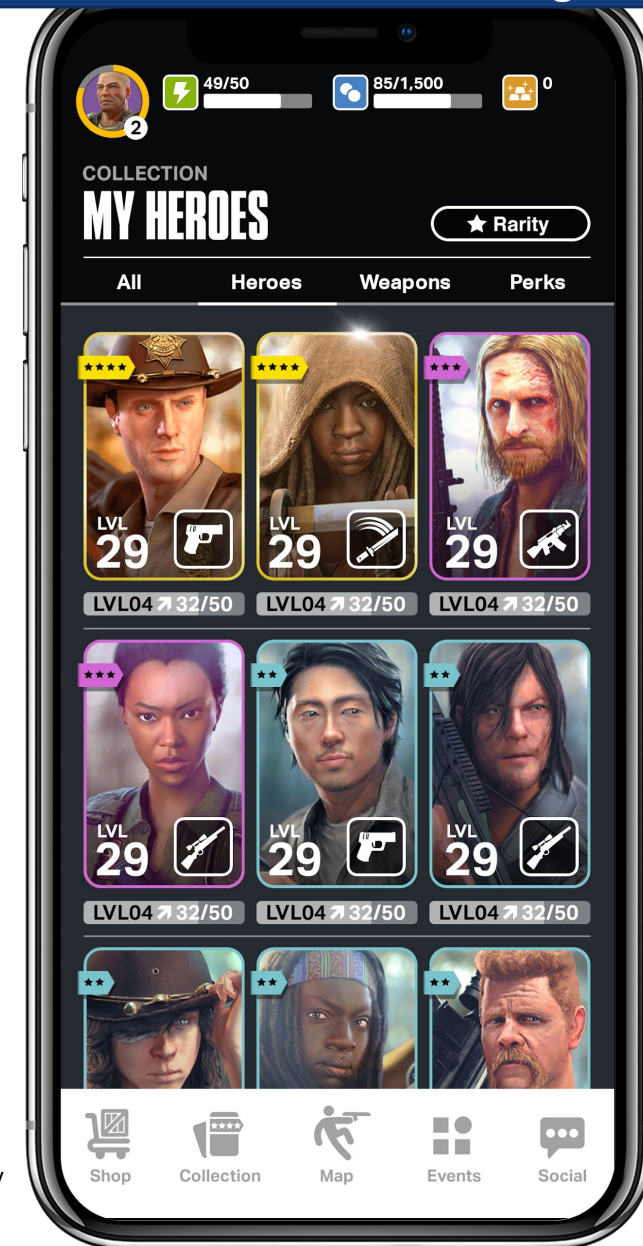


MARKET OVERVIEW

FINNISH GAME INDUSTRY REPORT STATISTICS

- The industry has matured to an over two billion Euro annual business
- The Finnish game industry employs approx 3,200 people, of which as many as 27 per cent are from abroad
 - Finnish game studios estimate that more than 500 jobs will be created in the next 12-18 months.
- In 2018 the number of new games published was approx 100 compared to 150-200 games per year rate in the past. Mainly due to developers shifting to create games as maintainable services instead of launching new ones more often
 - Only five out of the 30 biggest game studios launched a new game in 2018

Source: <http://www.neogames.fi/finnish-game-industry-report-2018/>



GLOBAL GAMES MARKET

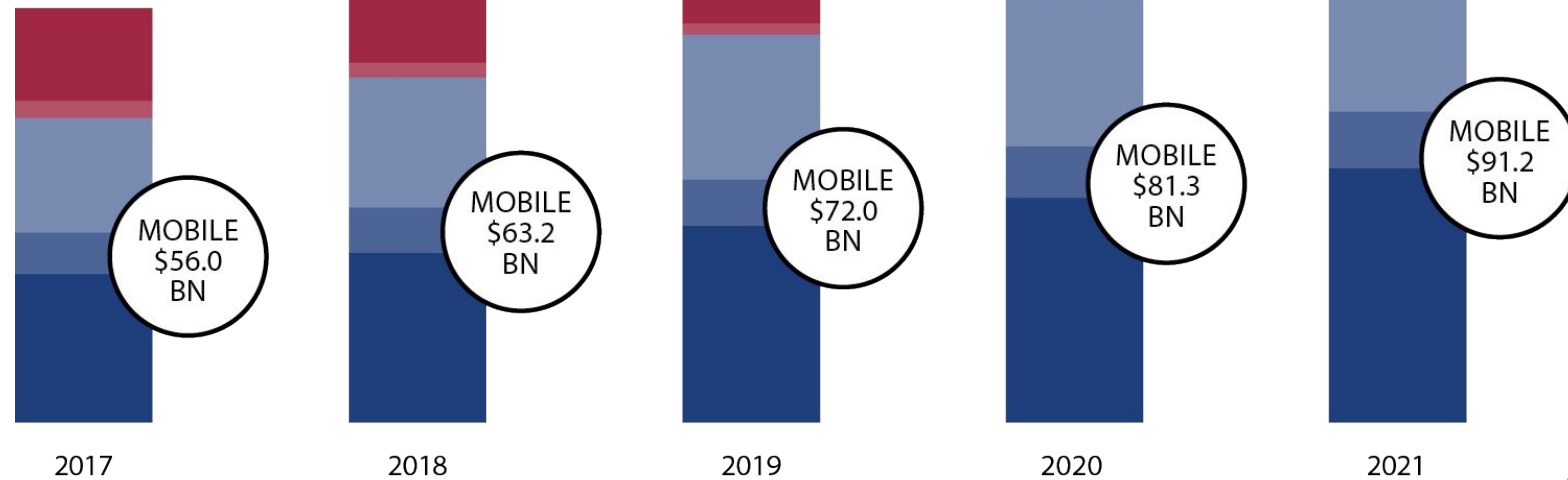
+9,3 %

2017-2021

Global Games Market

©2018 Newzoo

\$121.7Bn

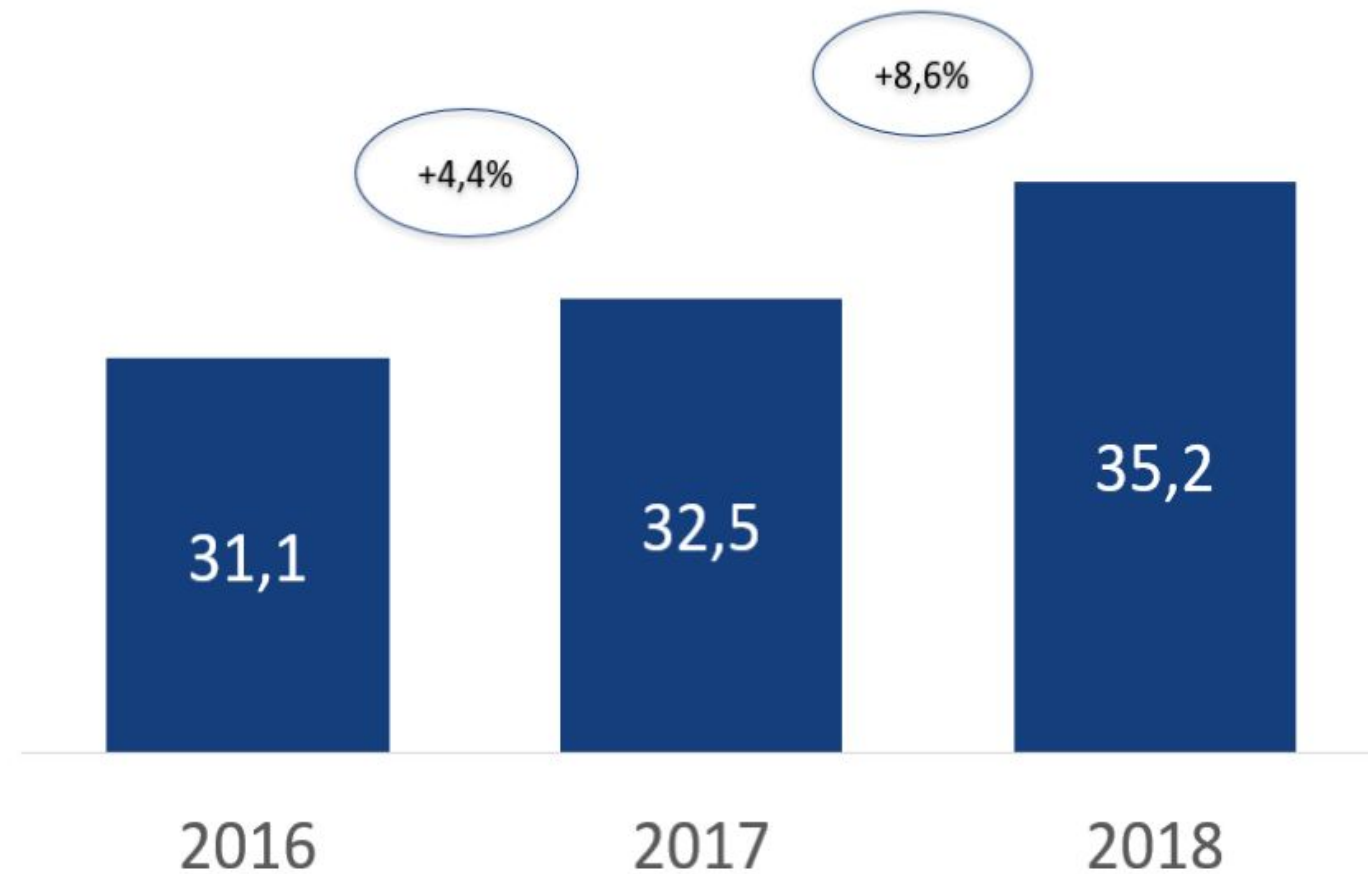


Boxed/Downloaded PC Browser PC Console Tablet Smartphone

YEAR 2018

Revenue

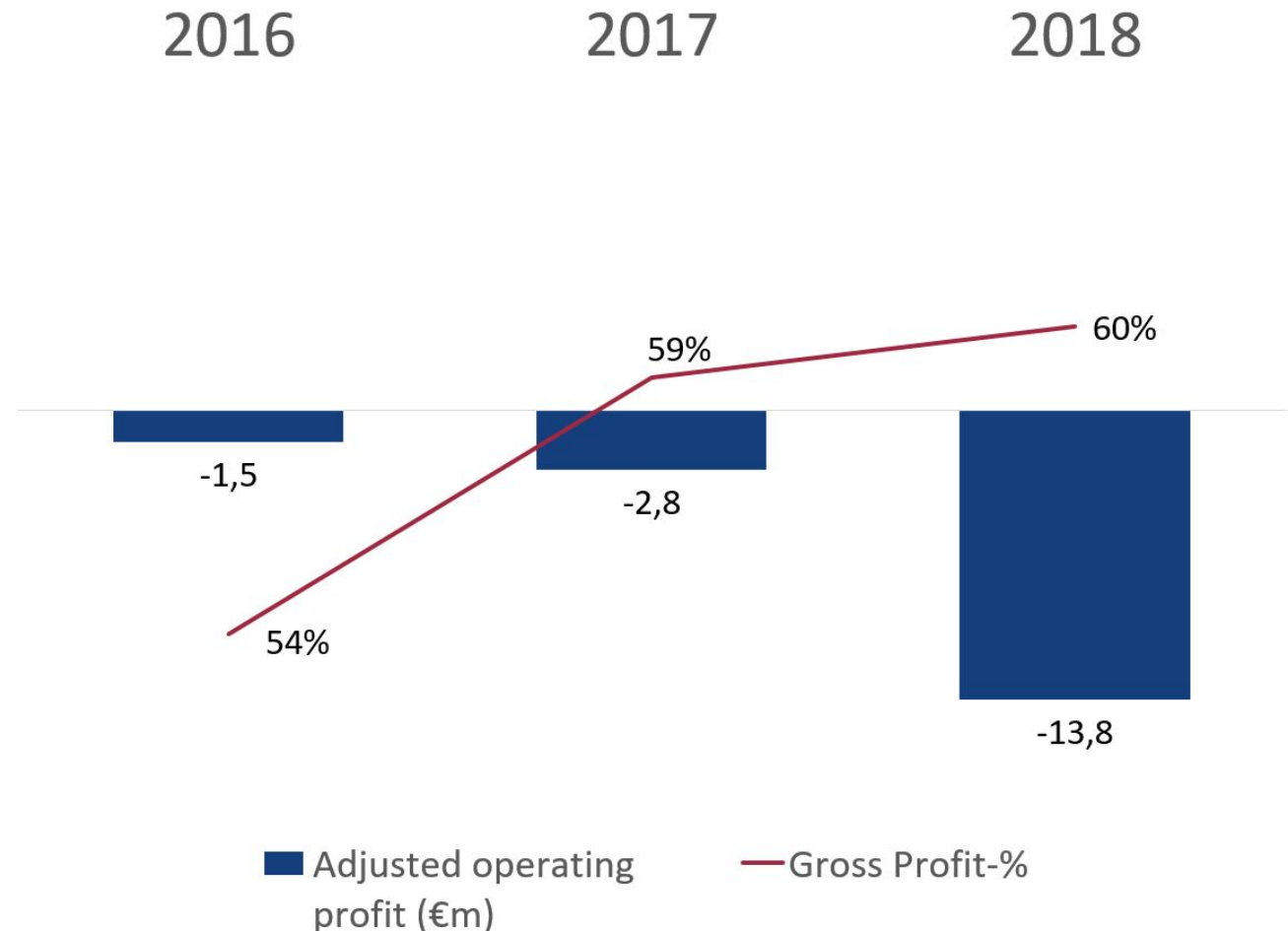
Revenue, million euros



- Next Games' revenue were 35,2 million euros (32,5)
- Revenue increased 8,6% (4,4%)
- New game TWD: Our World published on July 2018

Gross profit and adjusted operating result

- Adjusted operating result were -13,8 million euros (-2,8)
- Gross profit were 60% of revenue (59%)
- Adjusted operating result were affected remarkably by marketing investments on release of the TWD: Our World



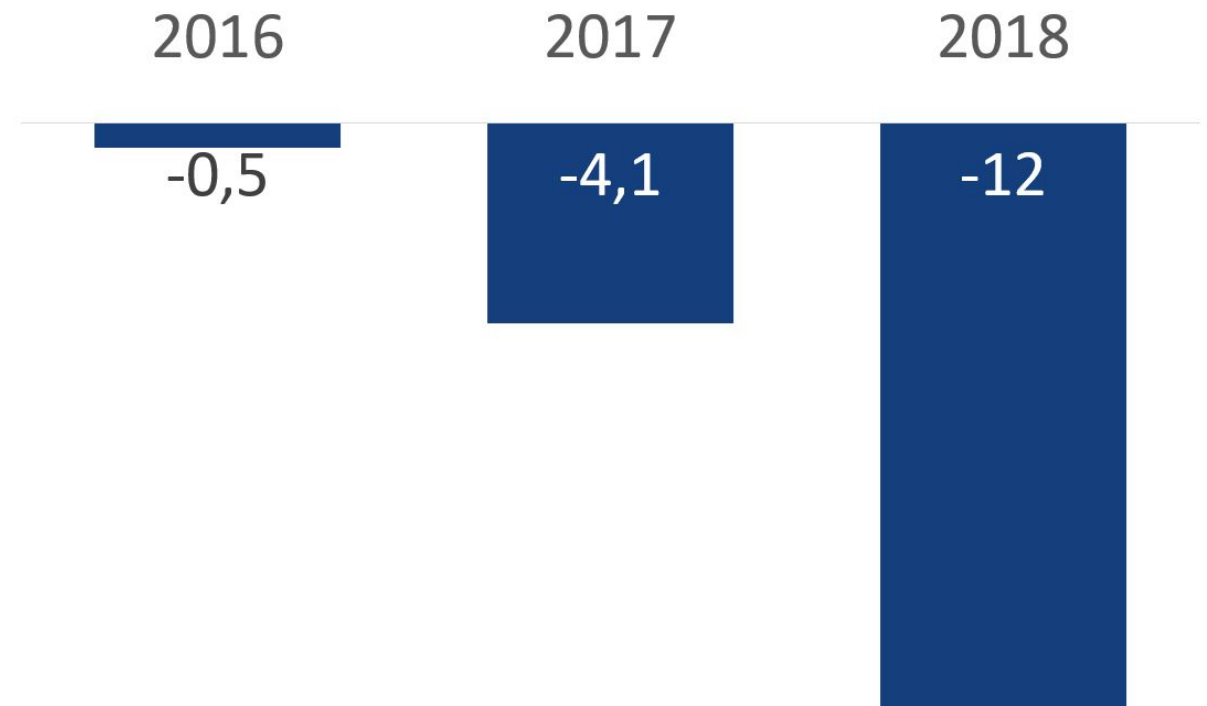
Profit and Loss Statement

EUR thousand	Jan 1 – Dec 31, 2018	Jan 1 - Dec 31, 2017
Total revenue	35,245	32,466
Cost of Revenue	-13,952	-13,158
Gross profit	21,294	19,308
Other operating income	71	53
R&D total	-10,418	-7,034
Sales and Marketing total	-23,643	-12,713
Admin total	-4,218	-4,686
Operating profit	-16,915	-5,071
Finance income	757	37
Finance costs	-608	-541
Finance costs - net	149	-504
Share of associates' profit/loss	-122	-455
Profit (loss) before taxes	-16,887	-6,031
Current income taxes	-143	-
Change in deferred tax	-1,008	-106
Profit (loss) of the year	-18,037	-6,137
Profit (loss) for the period attributable to:		
Owners of the parent	-18,037	-6,137
Basic earnings per share, EUR	-0.99	-0.37
Diluted earnings per share, EUR	-0.99	-0.37

Cash flows and balance sheet

- Net cash flows from operating activities in 2018 were -12,0 million euros (-4,1)
- Cash and cash equivalents at the end of period 31.12.2018 were 7,3 million euros (26,3)
- Equity ratio 65% (87%)
- Equity and liabilities total 36,5 million euros (45,7) and interest-bearing loans 5,9 million euros* (1,0)

Net cash flows from operating activities, million euros



*includes lease liabilities by IFRS 16 -standard

Balance Sheet

Unofficial translation from the Finnish original

EUR thousand	Dec 31, 2018	Dec 31, 2017
Assets		
Non-current assets		
Intangible assets	10,347	6,776
Goodwill	3,344	3,344
Property, plant and equipment	6,734	275
Shares of associates	388	509
Long-term debtors	395	820
Deferred tax assets	1,621	2,629
Non-current assets total	22,829	14,353
Current assets		
Trade and other receivables	6,339	4,979
Cash and cash equivalents	7,306	26,377
Current assets total	13,646	31,356
Total assets	36,475	45,709

EUR thousand	Dec 31, 2018	Dec 31, 2017
Equity and liabilities		
Shareholders' equity		
Share capital	80	80
Invested non-restricted equity reserve	53,925	53,866
Retained earnings	-13,091	-8,437
Profit (loss) for the period	-18,037	-6,137
Shareholders' equity	22,876	39,372
Liabilities		
Non-current		
Non-current governmental agency loan	518	642
Lease liabilities	4,145	-
Non-current liabilities total	4,663	642
Current		
Current governmental agency loan	222	84
Lease liabilities	992	224
Deferred revenue	1,458	914
Trade payables	2,731	1,162
Other liabilities	204	205
Accruals and deferred income	3,329	3,105
Current liabilities total	8,936	5,694
Liabilities total	13,598	6,336
Equity and liabilities total	36,475	45,709

Cash Flow Statement

EUR thousand

	Jan 1 – Dec 31, 2018	Jan 1 - Dec 31, 2017
Cash flows from operating activities	-12,004	-4,111
Cash flows from investing activities	-6,736	-2,487
Cash flows from financing activities	-555	29,772
Net decrease (-)/increase in cash and cash equivalents	-19,295	23,173
Cash and cash equivalents at the beginning of the period	26,377	3,664
Exchange gains/losses (-) on cash and cash equivalents	224	-459
Cash and cash equivalents at the end of period	7,306	26,377

Key Operational Metrics

Daily Active Users (DAU)

432,000 → 458,000
2017 2018

Monthly Active Users (MAU)

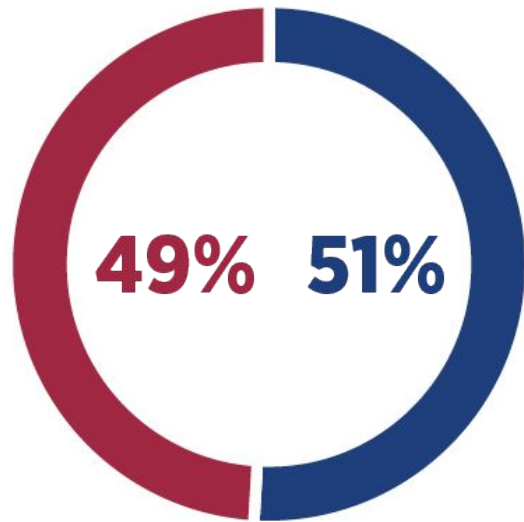
1,300,000 → 1,600,000
2017 2018

Average Revenue Per Daily Active User (ARPDau)

0.20€ → 0.21€
2017 2018

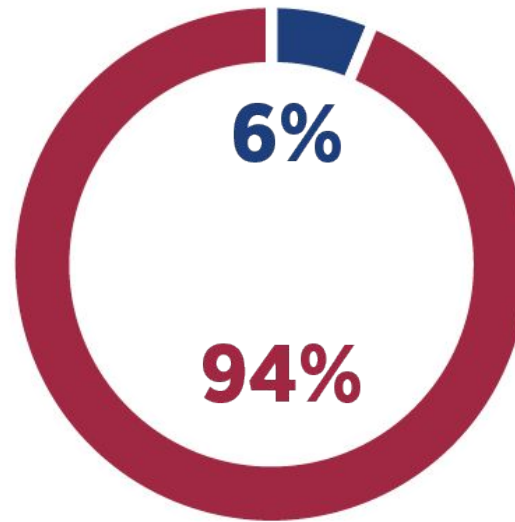
Gross Bookings

Gross Bookings by Platform



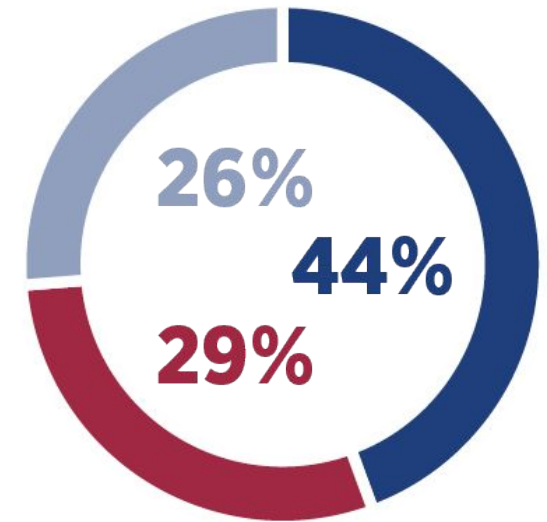
- iOS
- Android

Gross Bookings by Source



- AD Sales (AD)
- In App Purchases (IAP)

Gross Bookings by Geography

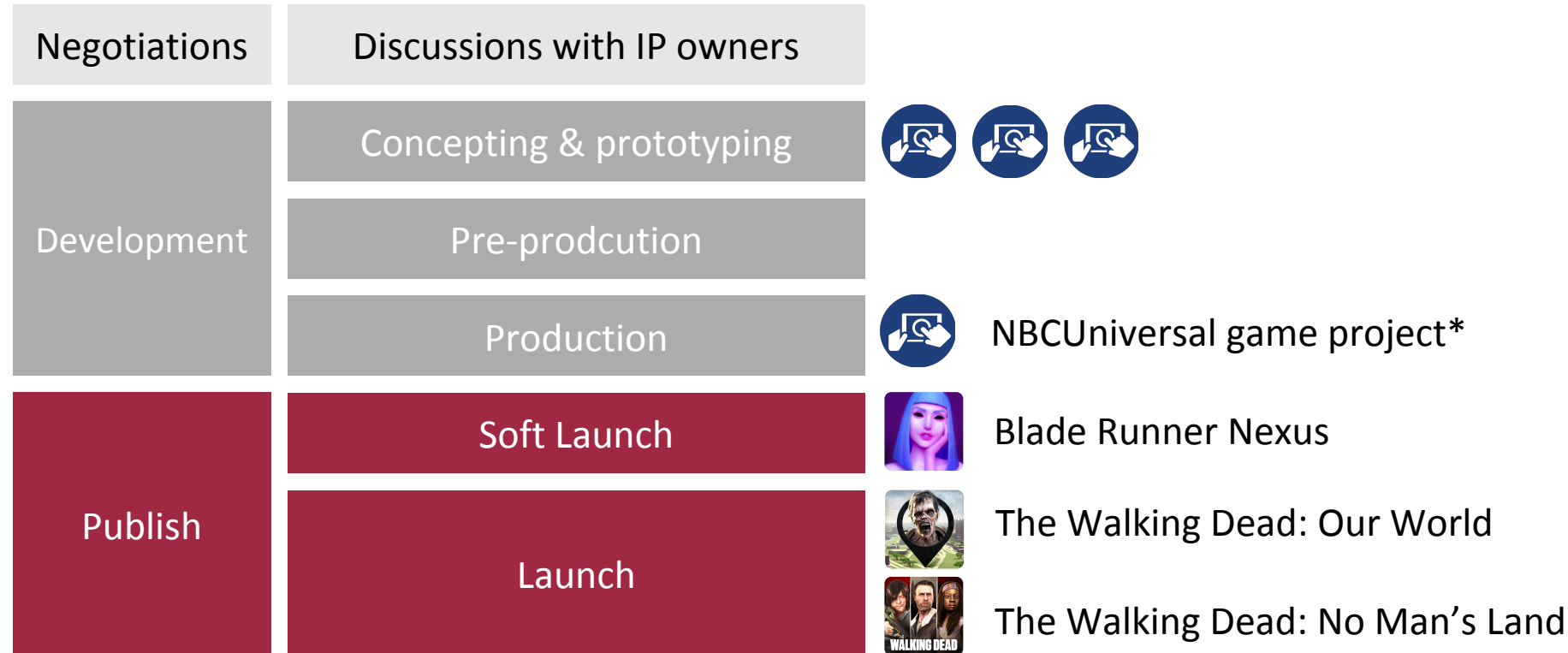



- North America
- EU Countries
- Other

2018: Building Foundations and Renewed Focus

- In 2018, we continued **to build foundations** for future growth
 - We started the process to renew our product development process and ways of working and developed risk management related to products
 - We continued to invest to our technology and analytics platforms and to the Google Maps technology integration
 - Change to IFRS reporting
- Renewed focus
 - Focus on reusing existing technology and code, which has the potential to reduce product development times and time to market for new products
 - Minimum 1 game per year, multiple games into soft launch

Game Development Pipeline 31.12.2018

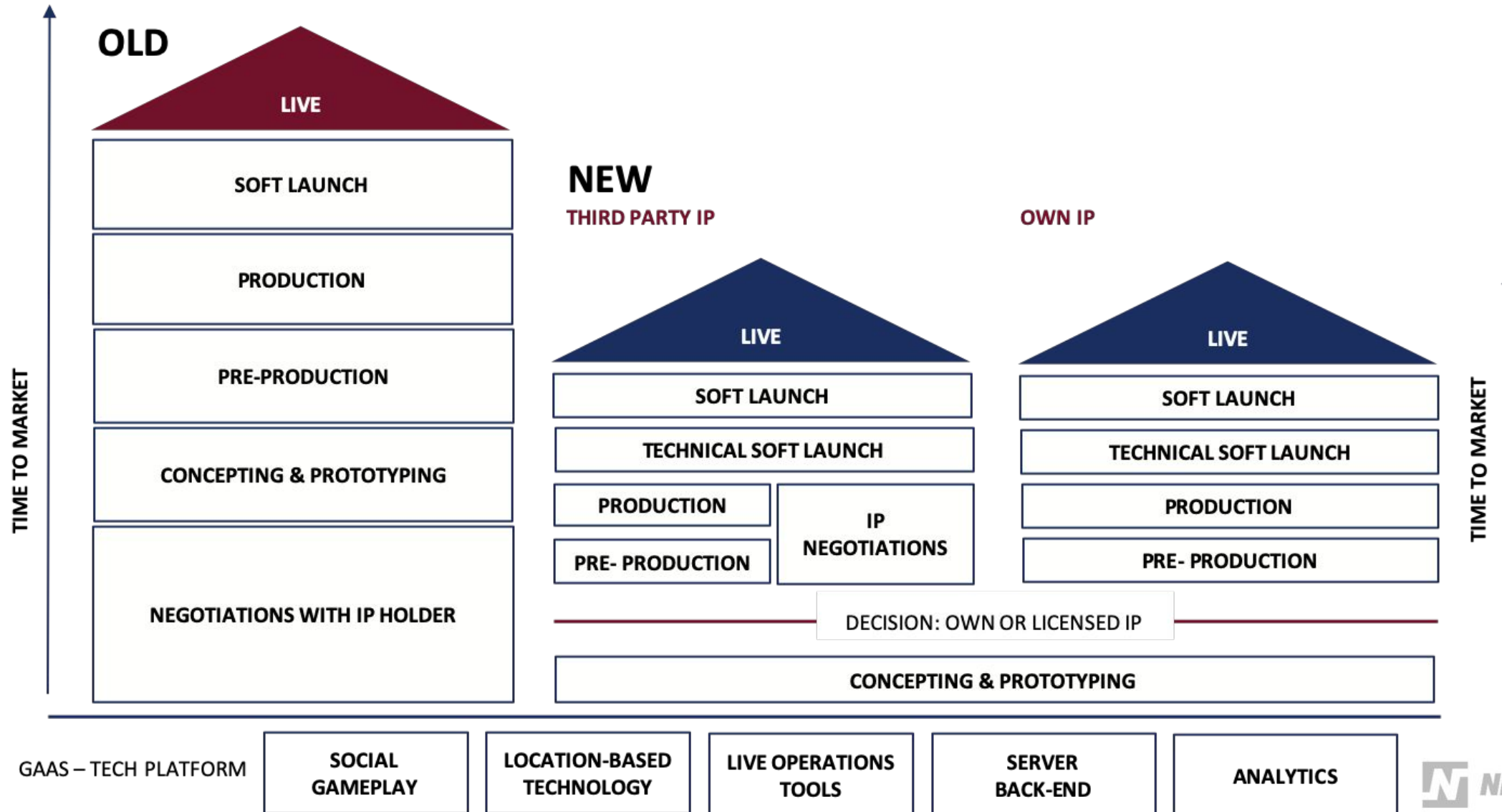


 = 1 game in specific phase

* game project discontinued after the reporting period in January 2019

STRATEGY AND OUTLOOK 2019

Renewed Game Development Process



Strategy & Outlook 2019

Next Games is settling to a new stable foundation due to:

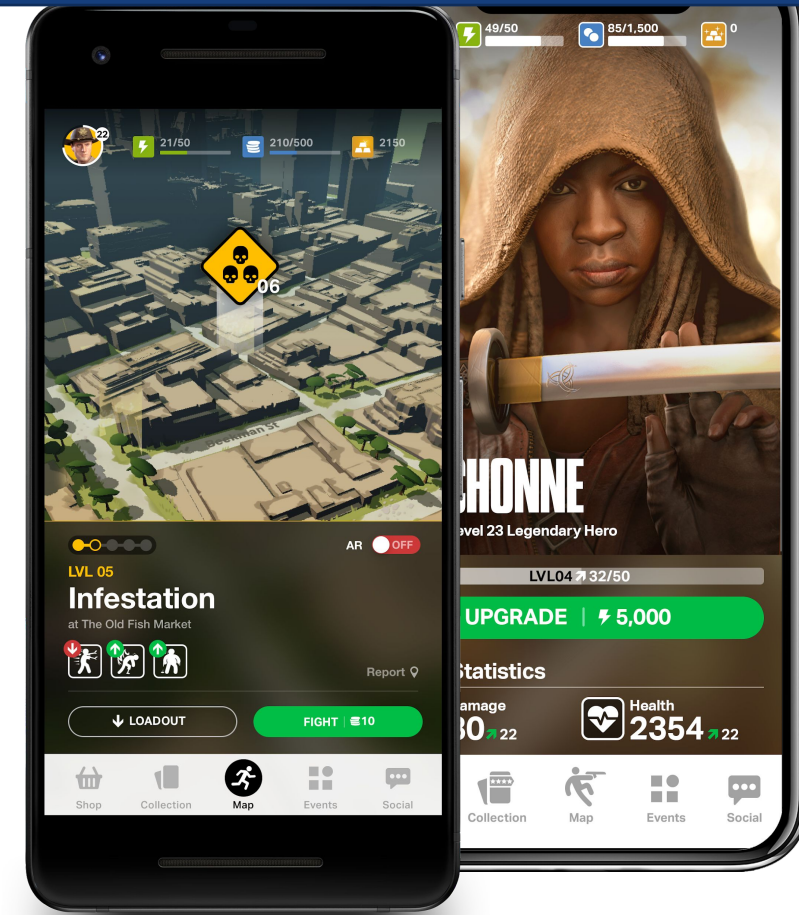
- Adapting our cost structure to a new level and
- Renewing our operational model and focusing on reusability through the company's technology and analytics platform, GaaS, code reuse and already developed gameplay mechanics

Next Games is in a good position to reconstruct its product portfolio with:

- More agile product development with faster time to market
- Very solid pipeline of potential 3rd party IPs to partner with
- Option to develop own IP

The company seeks year-on-year revenue growth and aims to achieve cash flow neutrality.

- First priority in 2019 has been to **stabilize the foundations** of the business operations to a new level.
- Secondly, potential **additional financing will be directed towards future product development needs as well as product launch investments**



THANK YOU!



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